

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE**  
**MEETING MINUTES**  
**NOVEMBER 29, 2017 at 10:00 AM**  
**MUNICIPAL PLAZA BUILDING, B ROOM**

Committee Present:	Councilmember John Courage, <i>District 9, Chair</i> Councilmember Roberto C. Treviño, <i>District 1</i> Councilmember Clayton Perry, <i>District 10</i>
Committee Absent:	Citizen Member Tom Nichta
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; Andy Segovia, <i>City Attorney</i> ; Ben Gorzell, Jr., <i>Chief Financial Officer</i> ; Troy Elliott, <i>Deputy Chief Financial Officer &amp; Director of Finance</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Peter Zanon, <i>Deputy City Manager</i> ; Jeff Coyle, <i>Director of Government and Public Affairs</i> ; Debra Ojo, <i>Director of Risk Management</i> ; Bridgett White, <i>Director of Planning</i> ; Jorge Perez, <i>Director of Building &amp; Equipment Services</i> ; Michael Sawaya, <i>Director of Convention &amp; Sports Facilities</i> ; Leticia Saenz, <i>Deputy City Clerk</i> ; Roderick Sanchez, <i>Assistant City Manager</i> ; María Villagómez, <i>Assistant City Manager</i> ; Lisa Biedeger, <i>Assistant City Attorney</i> ; Lauren O'Connor, <i>Assistant City Attorney</i> ; Chris Hebner, <i>Assistant City Attorney</i> ; Christie Chapman, <i>Assistant Director of TCI</i> ; Rudy Nino, <i>Assistant Director of Planning</i> ; Michael Sindon, <i>Assistant Director of Economic Development</i> ; Melanie Keeton, <i>Assistant Director of Finance</i> ; Norbert Dziuk, <i>Procurement Operations Lead</i> ; Patricia Cantor, <i>Assistant Director of Convention &amp; Sports Facilities</i> ; Mark Bigler, <i>Audit Manager</i> ; Tina Flores, <i>Compliance Auditor</i> ; Christopher Moreno, <i>Auditor</i> ; Amy Barnes, <i>Auditor</i> ; Lauron Fischer, <i>Executive Management Assistant</i> ; Derek Roberts, <i>District 9</i> ; Cecily Hope Pretty, <i>Office of the City Clerk</i>
Others Present:	Angela Dunlap, <i>Grant Thornton</i> ; Bhakti Patel, <i>Grant Thornton</i> ; Andres Peña, <i>Kaufman &amp; Killen, Inc.</i> ; Thomas Marks, <i>The DeBerry Group</i> ; Joey Palacios, <i>Texas Public Radio</i>

**CALL TO ORDER**

Chairman Courage called the meeting to order.

Items 1 and 2 were addressed jointly.

- 1. Approval of the minutes from the October 3, 2017 meeting of the Audit and Accountability Committee**
- 2. Approval of the minutes from the October 17, 2017 meeting of the Audit and Accountability Committee**

Councilmember Perry moved to approve the Minutes of the October 3, 2017 and October 17, 2017 Audit and Accountability Council Committee Meetings. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

Chairman Courage stated that Item 3 would be addressed following the items on the Consent Agenda.

#### **Consideration of Pre-Solicitation High Profile Items**

- 4. Supplemental Event Security Services at Alamodome [Convention & Sports Facilities]**
- 5. Custodial Services at La Villita, Market Square, Botanical Gardens and SA Garden Center [Center City Development & Operations]**
- 6. Firmware for Traffic Signal Controllers [TCI]**
- 7. Program Management Services for Street Maintenance Program [TCI]**

#### **Consideration of Post-Solicitation High Profile Items**

- 8. Commercial Garbage Collection Disposal and Recycling [Finance]**
- 9. Annual Contract for Elevator and Escalator Preventative Maintenance for Various City Facilities [Building & Equipment Services]**
- 10. Distributed Antenna System [Convention & Sports Facilities]**

Councilmember Treviño moved to accept Items 4 through 10. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

#### **3. Required Communications with the Audit and Accountability Committee for the Fiscal Year 2017 External Independent Audit**

Melanie Keeton stated that communication by the external auditor to the Committee was mandated by the American Institute of Certified Public Accountants (AICPA) and was performed at the beginning of each audit with follow-up results presented the following spring. She noted that the city's previous external audit contract had expired and provided an overview of the solicitation process resulting in the selection of Grant Thornton. She stated that the contract was for three years with two, 1-year renewal options. She explained the difference between internal and external audits and stated that City Charter and State Statute required an external audit to verify that the financial statements are free from material misstatements and comply with Federal and State standards.

Angela Dunlap introduced herself as an audit partner with Grant Thornton. She provided an overview of external auditor responsibilities and stated that audits were conducted in accordance with generally accepted auditing standards as well as United States Government auditing

standards. She stated that the audit was performed on a scope basis rather than examining each individual transaction but provided reasonable assurance of lack of material misstatements. She reviewed the audit timeline with planning in July 2017, risk assessment and interim fieldwork in August and September 2017, and final fieldwork from December 2017 to February 2018. She stated that the scope was based on materiality with major fund benchmarks determined by total assets or total revenues and Federal or State financial assistance benchmarks determined by total expenditures. She stated that the audit was not required to detect fraud but audit procedures were designed around existing risk factors. She noted that 17 other component units were audited by other firms and would be referenced in the external audit opinion. She stated that Grant Thornton utilized internal specialists, New York Pricing Group, and actuaries, as well as San Antonio partner firms Britts & Associates, LLP; Robert J. Williams CPA; Schriver, Carmona & Company, PLLC; and Armstrong, Vaughan & Associates, P.C. as required by the contract. She highlighted the following areas of focus and their associated procedures:

- Fraud
- Airport Revenues
- Grant Revenues
- Solid Waste Management Revenues
- Capital Assets
- Employee Compensation
- Risk Financing
- Compliance with Uniform Guidance
- Cash and Investments
- Operating Expenses and Accounts Payable
- Debt
- Net Pension Liability
- Adequacy of Disclosures
- Computer Data Acquisition Analysis
- Implementation of New Accounting Standards

Ms. Dunlap added that the following Federal and State programs had been selected for examination:

- Child Care Cluster (CCDS)
- Home Investment Partnerships Program (HOME)
- Highway Planning and Construction Cluster
- Child Care Cluster (Texas Workforce Commission)
- Local Park Grant Program (Texas Parks and Wildlife Commission)

Ms. Dunlap noted that the Passenger Facility Charge would also be examined within the scope of the audit. She highlighted changes to the Governmental Accounting Standards Board and stated that implementation plans would be developed for future standards.

Chairman Courage asked if Grant Thornton had received any direction regarding the scope of the audit. Ms. Dunlap replied that they had not and confirmed that it was determined independently.

No action was required for Item 3.



Item 11 was addressed at this time.

### **Select Pre-Solicitation High Profile Briefings**

#### **11. 1305 Workers Compensation Health Care Network Services [Risk Management]**

Debra Ojo stated that the Workers Compensation Health Care Network Services Contract was designated high profile due to its value of \$448,000 annually totaling \$2.24 million over a three-year period with two, 1-year options for renewal. She stated that under the current program, San Antonio operated as a self-insured city and contracted with Tri-Starr Risk Management for claims costing an average of \$8.4 million annually. She stated that the greatest difference in moving to the new contract would be the utilization of in-network physicians and specialists rather than allowing employees to select their own. She added that a Quality Improvement Program would be implemented to ensure the highest quality care within each specialty area. She provided an overview of the solicitation requirements and noted that SBEDA requirements and audited financial statements had been waived.

Chairman Courage asked of the requirement waiver. Troy Elliott replied that the requirement of audited financial statements often precludes small businesses from participation due to the cost of opinion audits. Michael Sindon stated that the list of qualified, registered vendors did not contain any businesses that would qualify for SBEDA under the contract's restrictions.

Ms. Ojo provided an overview of outreach efforts and the Project Evaluation Committee. Ben Gorzell stated that the network would apply to all employees and therefore the Police and Fire Unions would be asked to participate in the selection process as well as a member of the Employee Management Committee.

Ms. Ojo provided an overview of the project timeline with release of the Request for Proposals December 6<sup>th</sup>, the solicitation conference on December 14<sup>th</sup>, bids due January 18<sup>th</sup>, return to the Committee in February 2018, and City Council consideration in March 2018 for an April 2018 contract start date.

Chairman Courage expressed concern that the new system would limit employees' healthcare choices. Ms. Ojo replied that while physician selection was smaller; care options were not limited. Mr. Gorzell added that the use of a network would allow the city to manage claims costs and have better oversight of quality of care.

Councilmember Perry asked for clarification regarding claims costs and averages. Ms. Ojo stated that the \$8.4 million figure was the average over five years and noted that there had been a spike in 2017 due to catastrophic Police and Fire Department claims. City Manager Sheryl Sculley stated that claims were significantly higher prior to Ms. Ojo's tenure and the current proposal would provide a better working environment. Mr. Gorzell added that claims were technically in decline since they were based on average salaries and employee compensation had risen annually.

Councilmember Perry asked that the timeline be pushed back to allow contractors more time to celebrate the Winter Holidays rather than complete their proposals for the January 2018 deadline.

No action was required for Item 11.

## **12. SA Tomorrow Area Planning Services – Phase II [Planning]**

Bridgett White stated that sub-area plans were being developed in accordance with the SA Tomorrow Comprehensive Plan and as directed by City Council as part of a five-year process. She provided a solicitation overview and noted that the contract for year two of the plan would be worth \$1.055 million over two years with two, 1-year renewal options covering the following regional centers:

- I-35 & 410
- 151 & 1604
- Port San Antonio
- Texas A&M University

Ms. White stated that plans would take 12-15 months to implement and therefore a multi-year contract was required. She provided a history of the SA Tomorrow Comprehensive Plan and reviewed the project scope with Plan Framework as the largest component. She noted a 16% SBEDA Requirement and stated that the Request for Qualifications (RFQ) would be released December 1<sup>st</sup> with responses due by January 8<sup>th</sup> in addition to a briefing to the Committee in February 2018 and full City Council consideration in March 2018.

Councilmember Perry asked of the most important result of planning services. Ms. White replied that it would result in a Land Use Map for the entirety of San Antonio, which currently did not exist. She added that the map would allow better predictions of growth and identification of catalytic sites for reinvestment and revitalization. Councilmember Perry asked of existing plans. Ms. White replied that there were various types of plans that sometimes overlapped, leading to differences and conflicts in interpretation. She added that a comprehensive Land Use Plan would allow the Planning Department to follow up by recommending realignment of zoning designations. Councilmember Perry asked of community participation. Ms. White replied that they had already reached out to Neighborhood Associations to build the planning teams in charge of area plan development.

Councilmember Treviño asked of experience requirements in terms of outreach ability. Ms. White replied that the multi-year nature of the project necessitated a robust outreach strategy from the beginning and they modified their outreach tools depending on the nature of the area to include translation services. She added that equity would be included in the discussion of stakeholder outreach. Councilmember Treviño asked for clarification regarding the planning process. Ms. White replied that they began by examining what was currently in an area and the history of how it reached that point before moving to consideration of zoning changes and specific Land Use Plans.

Councilmember Perry asked that the timeline for responses be extended due to the Winter Holidays.



Chairman Courage asked of the contract for the first phase of the project and if that process had identified any best practices. Ms. White replied that the contract began in March 2017 with MIG and six sub-consultants and future contracts would consider themed development groupings based on the characteristics of regional centers. Chairman Courage asked of possible discontinuity if each phase were awarded to different contractors. Ms. White replied that she preferred contractor continuity but processes were in place to ensure consistency regarding Land Use Plans if contractors changed. She added that the project schedule included an evaluation period following the initial five years of development to determine if adjustments were necessary.

No action was required for Item 12.

**13. Design Build Services for the following projects [TCI]**

- **Prue Road (Babcock Rd to Laureate Dr) Project**
- **City Hall Historical Renovations Project**
- **Broadway Street (Houston St to IH-35) Project**
- **San Antonio Zoo Parking Garage Project**

Mike Frisbie stated that the projects had been combined under one item because all would be delivered using the Design-Build Delivery Method. He noted that all but the City Hall Renovations Project were part of the voter-approved 2017-2022 Bond Program.

Christie Chapman stated that each project would go through its own solicitation process and the solicitation type was carefully determined through collaboration between the Project Management Team, Contract Services Team, and Management Team. She noted that Design-Build Contracts were best for large, complex, multi-agency projects since they allowed one collaborative contract with a Design-Build Team of a consultant and contractor to ensure coordination. She stated that solicitation was a two-step process with an initial issuance of RFQs leading to the issuance of Request for Proposals (RFPs) based on a shortlist of contractors who had responded to the RFQ.

Ms. Chapman stated that the Prue Road Project was valued at \$23.9 million and would be completed in June 2021. She noted that the project included widening of the roadway to four lanes and the addition of a concrete median or turn lane in some areas. She provided an overview of the solicitation requirements including 22% for Minority and Women Business Enterprises (MWBE) and 2% for African-American Business Enterprises (AABE). She stated that requirements were based on availability and teams would be required to enroll in the city's Mentor Protégé Program for two years. She provided an overview of the Goal Setting Committee, Project Evaluation Committee, and timeline including RFQs being issued December 1<sup>st</sup> and due January 2018, RFPs being issued late January and due in February, a return to the Audit and Accountability Committee in March, and City Council consideration and contract commencement in April.

Ms. Chapman stated that an overview of the City Hall Renovations Project had been presented during a B Session in October 2017 with a contract value of \$30 million. She noted that completion was expected in February 2020 and would be a renovation of the entire building including mechanical, HVAC, elevator, exterior, interior, entrance, window, and drainage repairs.

Councilmember Perry asked of his request regarding removal of the fourth floor to restore the building to its original state. Chairman Treviño clarified that this was not a formal direction from City Council and that removal of the fourth floor would dramatically change the scope of the project. Mr. Frisbie stated that they could meet to discuss the pros and cons of including removal in the project scope. Chairman Courage asked that the results of that discussion be shared with the Committee.

Ms. Chapman stated that small business requirements for the project were 40% Small Business Enterprises (SBE), 30% MWBE, and 5% AABE and were higher due to availability within the renovation category. She provided an overview of the Evaluation Committee and project timeline with RFQs released in February 2018 and due in March, RFPs due in April, presentation to the Audit and Accountability Committee in May, and City Council Consideration in June.

Councilmember Perry exited the meeting at this time.

Ms. Chapman stated that Phase 1 of the Broadway Corridor Project was fully funded from the Bond Program at a value of \$25 million including roadway reconstruction, sidewalks, bicycle amenities, lighting, traffic improvements, and drainage improvements. She stated that small business requirements were the same as the Prue Road Project, as well as participation in the Mentorship Program. She stated that the RFQ would be issued in December 2017 and due in January 2018, the RFP would be due in February, and the post-solicitation briefing for the Committee would occur in April 2018 with full City Council Consideration in May 2018.

Ms. Chapman stated that the value of the San Antonio Zoo Parking Garage Project was \$9.4 million and was slated for completion in March 2019 prior to the beginning of Spring Break. She noted that development would include 600 new parking spaces to serve the Zoo, Brackenridge Park, and other nearby venues as well as to help with safety and congestion. She stated the requirements of 19% MWBE and 2% AABE with the participation in the Mentorship Program. She noted that SBEDA points were added to the evaluation criteria because the small size of the project would allow a small business to take the lead as Prime Contractor. She stated that the RFQ would be released in December 2017 and due in January 2018, the RFQ would be issued in late January and due in March, the Committee would receive a briefing in April, and City Council would consider the contract in May.

Ms. Chapman stated that 32 unique National Institute of Governmental Purchasing (NIGP) Codes were identified across all four projects with 2,000 vendors being targeted for solicitation. Chairman Courage asked if the vendors had been pre-approved. Mr. Frisbie replied that none of these projects were part of City Council's pre-approved mass selection and therefore were open to any design firms and contractors that wanted to act as partners.

Chairman Treviño asked that an overview of the different types of build processes be provided to the Committee at a later date and suggested that the city advertise solicitations with partner agencies such as the American Institute of Architects. Ms. Chapman replied that partner agencies are notified by email when solicitations are released.

No action was required for Item 13.



### **Consideration of items for future meetings**

Chairman Courage read a prepared statement in which he discussed recent events related to Centro San Antonio. He noted that embezzled funds appear to have been isolated to non-Public Improvement District (PID) sources but that further examination was necessary to ensure public trust. He stated his agreement with City Manager Sheryl Sculley that the city conduct an audit of Centro PID funding asked that a plan be developed for presentation at the next meeting of the Audit and Accountability Council Committee.

Councilmember Treviño stated the importance of achieving and maintaining trust and thanked the Committee for their examination of city processes.

### **ADJOURN**

There being no further discussion, Chairman Courage adjourned the meeting at 11:45 am.

### **ATTEST:**

  
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**Leticia Y. Saenz**  
**Deputy City Clerk**

  
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**John Courage, Chairman**