

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE**  
**MEETING MINUTES**  
**DECEMBER 11, 2018 at 9:30 AM**  
**MUNICIPAL PLAZA, B ROOM**

|                    |   |
|--------------------|---|
| Committee Present: | Councilmember John Courage, <i>District 9, Chair</i><br>Councilmember Roberto C. Treviño, <i>District 1</i><br>Citizen Member Judy Treviño  |
| Committee Absent:  | Councilmember Clayton Perry, <i>District 10</i><br>Citizen Member Priscilla Soto  |
| Staff Present:     | Sheryl Sculley, <i>City Manager</i> ; Kevin Barthold, <i>City Auditor</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> ; Peter Zaroni, <i>Deputy City Manager</i> ; Carlos Contreras, <i>Assistant City Manager</i> ; Roderick Sanchez, <i>Assistant City Manager</i> ; Lori Houston, <i>Assistant City Manager</i> ; Michael Shannon, <i>Director of Development Services</i> ; Verónica Soto, <i>Director of Neighborhood &amp; Housing Services</i> ; Craig Hopkins, <i>Director of Information Technology Services</i> ; Russ Handy, <i>Director of Aviation</i> ; Lori Steward, <i>Director of Human Resources</i> ; David McCary, <i>Director of Solid Waste Management</i> ; Xavier Urrutia, <i>Director of Parks &amp; Recreation</i> ; John Jacks, <i>Director of Center City Development</i> ; Debra Ojo, <i>Director of Risk Management</i> ; Shanon Shea Miller, <i>Chief Preservation Officer</i> ; Leticia Saenz, <i>Deputy City Clerk</i> ; Ed Guzman, <i>Deputy City Attorney</i> ; Michael Sindon, <i>Assistant Director of Economic Development</i> ; Mike Etienne, <i>Assistant Director of Neighborhood &amp; Housing Services</i> ; Megan Dodge, <i>Assistant Director of Government &amp; Public Affairs</i> ; Homer Garcia III, <i>Assistant Director of Parks &amp; Recreation</i> ; Steve Whitworth, <i>Assistant City Attorney</i> ; Scott Zimmerer, <i>Assistant City Attorney</i> ; Mark Bigler, <i>Audit Manager</i> ; Buddy Vargas, <i>Audit Manager</i> ; Gabe Treviño, <i>Audit Manager</i> ; Abigail Medina, <i>Auditor</i> ; Lorenzo Garza, <i>Auditor</i> ; Daniel Kuntzelman, <i>Auditor</i> ; Susan VanHoozer, <i>Auditor</i> ; Sally Basurto, <i>Federal Legislative Administrator</i> ; Lauron Fischer, <i>Executive Management Assistant</i> ; Cecily Hope Pretty, <i>Office of the City Clerk</i> |

**CALL TO ORDER**

Chairman Courage called the meeting to order.

**1. Approval of the Minutes from the Audit & Accountability Committee Meeting on November 13, 2018**

Councilmember Treviño moved to approve the minutes of the November 13, 2018 Audit and Accountability Council Committee meeting. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

**CONSENT AGENDA**

**Post-Solicitation High Profile Items**

**2. Water Treatment Services for Municipal Pools [Parks & Recreation]**

**Final Internal Audit Reports**

**3. AU18-F02 Follow-up Audit of CCDO HPARC Contract**

**4. AU17-026 Audit of SWMD Pay as You Throw Program**

Councilmember Treviño moved to accept Items 2 through 4. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

**ITEMS FOR INDIVIDUAL CONSIDERATION**

**Select Pre-Solicitation High Profile Briefings**

**5. Federal Representation Services [Government & Public Affairs]**

Sally Basurto stated that Item 5 was comprised of two Requests for Proposals (RFPs) that would open concurrently. She noted that one RFP was for representation in Washington, D.C. and the other was for a local liaison for federal affairs. She stated that the Washington, D.C. representative was responsible for advancing the City's federal legislative program. She provided an overview of solicitation requirements including Veteran Owned Small Business (VOSB) Preference points. She noted that Small Business Enterprise Development Advocacy (SBEDA) requirements were waived and Local Preference would not apply to encourage greater participation by firms local to Washington, D.C.

Ms. Basurto stated that the RFP for the local liaison was not considered high profile but was brought to the Committee because of its connection to the previous contract. She noted that the local liaison would coordinate with the consultant in Washington, D.C. and the Department of Government and Public Affairs to develop San Antonio's federal legislative program. She stated that the contract was valued at \$180,000 for a two-year term with 1, two-year renewal option. She added that the contract for the Washington, D.C. representative was valued at \$1.2 million for the same proposed term. She provided an overview of solicitation requirements for the local liaison including SBEDA, Local Preference, and VOSB Preference points. She noted a SBEDA subcontracting requirement of 22% Minority/Women-Owned Business Enterprises (M/WBE). She

provided an overview of outreach efforts and noted that staff identified the lobby firms retained by the top 25 most populous cities to be contacted directly prior to the release of the solicitation for the Washington, D.C. representative. She provided an overview of the Evaluation Committee and timeline with the RFP to be released on December 17, 2018; City Council consideration in March 2019; and a contract start date of March 25<sup>th</sup>.

Chairman Courage asked if staff investigated advertising in Washington, D.C. publications. Ms. Basurto replied that such advertising was expensive based on previous years' research but the contract services staff would conduct another review.

Citizen Member Treviño asked of the local liaison contract's designation as a new contract. Ms. Basurto replied that the RFPs were previously combined but the combination had discouraged responses from firms based in Washington, D.C.

No action was required for Item 5.

## **6. Financial Advisor Services [Finance]**

Troy Elliott stated that the selected firm would assist the City in the management of its debt program and the design and issuance of bonds, certificates, tax notes, and other financial instruments. He noted that the value of the RFP was estimated at \$2.3 million but could vary depending on the number and nature of projects and issuances. He stated that the proposed term was three years with 1, two-year option. He noted that the current contract would expire March 31, 2019 and staff did not recommend exercising the available two-year renewal due to turnover with the lead firm. He provided an overview of outreach, the Evaluation Committee, and solicitation requirements. He noted the inclusion of points for SBEDA, Local Preference, and VOSB Preference. He reviewed the project timeline with the RFP to be released on December 14<sup>th</sup>, City Council consideration in April 2019, and a contract start date of April 15, 2019.

No action was required for Item 6.

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

## **7. BuildSA Phase 2 [Development Services]**

Michael Shannon stated that Phase 2 of BuildSA would replace existing software for building permits and code enforcement cases. He noted that the Request for Competitive Sealed Proposals (RFCSP) was valued at \$15.8 million over a term of two years with 2, one-year options. He provided an overview of expenditures to date and projected expenditures for Phase 2 totaling \$32.4 million. He provided an overview of the scoring matrix and noted that two of four vendors were shortlisted. He stated that City Council consideration was planned for January 2019 and there were no findings as a result of due diligence.

Chairman Courage asked of the decision to shortlist two firms. Mr. Shannon replied that the firms not selected were deemed not to be a good fit for the project based on initial evaluation.

Citizen Member Treviño moved to forward Item 7 to the full City Council for consideration. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

## **8. Neighborhood Improvement Bond Program – 3830 Parkdale Drive [Neighborhood & Housing Services]**

Verónica Soto stated that the proposed project site totaled seven acres in the Wurzbach Improvement Area. She noted that the RFP sought a developer to construct a rental housing development in accordance with the Urban Renewal Plan. She stated that the land value was estimated at \$2.8 million with gap financing totaling \$4 million. She noted that gap financing was offered to ensure all units would be provided to families at or below 60% of Area Median Income (AMI). She provided an overview of the scoring matrix and noted that heavy weight was placed on Affordable Housing points. She highlighted outreach conducted and noted no findings as a result of due diligence. She stated that the project would be brought to the full City Council for consideration in January 2019.

Citizen Member Treviño moved to forward Item 8 to the full City Council for consideration. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

## **9. Gap Financing for Homeownership Housing Development [Neighborhood & Housing Services]**

Ms. Soto stated that gap financing would be used for homeownership housing development in the community. She noted that it utilized federal Community Development Block Grant (CDBG) and HOME funds and development could be at a single site or comprised of scattered housing. She stated that eligible costs included land acquisition, site preparation, architecture and engineering, infrastructure, and construction hard and soft costs. She noted that the Request for Applications (RFA) was valued at \$3 million with proposed terms ranging from five-year to 15-year affordability periods. She provided an overview of the scoring matrix and noted that staff recommended a \$3 million award to the top-scoring firm. She provided an overview of outreach and noted no findings as a result of due diligence.

Chairman Courage noted that the recommended firm projected construction of 75 units and asked if they were required to meet this number to receive the full award. Ms. Soto replied that the final number of units would be confirmed during contract negotiation.

Councilmember Treviño asked of the gap offset amount and unit prices. Ms. Soto replied that it was \$40,000 per unit and units were priced at \$120,000.

Citizen Member Treviño asked if the second-ranking firm's projection of five units contributed to the recommendation. Ms. Soto replied that it was part of the consideration in addition to the firm's capacity.

Councilmember Treviño moved to forward Item 9 to the full City Council for consideration. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

## **10. 1305 Workers' Compensation Health Care Network Services [Risk Management]**



Debra Ojo stated that the Health Care Network Services were comprised of contracted and credentialed physicians to provide care to City employees. She noted that the most important aspect of the network was its value to employees including expanded selection of medical providers. She stated that the RFP was valued at \$450,000 annually over a proposed term of three years with 2, one-year options. She provided an overview of the project timeline with City Council consideration in January 2019 for a contract start date of March 1<sup>st</sup>. She reviewed solicitation requirements including points for Local Preference and VOSB Preference. She noted that SBEDA subcontracting requirements were waived. She provided an overview of outreach and noted no findings as a result of due diligence.

Chairman Courage asked of the SBEDA waiver. Michael Sindon replied that there were not enough vendors with the necessary certifications if SBEDA was applied.

Citizen Member Treviño moved to forward Item 10 to the full City Council for consideration. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

### **Final Internal Audit Reports to Be Discussed**

#### **11. AU19-C06 Audit of CCDO San Antonio Fiesta Commission Contract**

Kevin Barthold stated that the audit was requested by the City Council. He noted that the contract specified that the City hold certain streets and properties available for designated Fiesta events and provided a required process to the Commission's solicitation and evaluation of the carnival operator and parade concessionaire. He stated that the contract also specified profit sharing arrangements. He noted that the audit objective was to determine whether the San Antonio Fiesta Commission contract was adequately monitored and managed by Center City Development and Operations (CCDO). He stated that CCDO had proper procedures in place to manage the contract and no recommendations were made by staff.

Councilmember Treviño moved to forward Item 11 to the full City Council for consideration. Citizen Member Treviño seconded the motion. The motion carried unanimously by those present.

#### **12. AU18-008 Audit of OHP Vacant Building Registration Program**

Buddy Vargas stated that the audit objective was to determine if controls for the program were adequate and effectively monitored. He noted that the program goal was to ensure that vacant buildings within the program area were maintained to a minimum standard of care. He stated that staff was responsible for the identification, registration, and monitoring of vacant buildings along with associated fees. He noted that controls were not adequate or effectively monitored due to the following findings: ineffective identification of vacant properties; untimely registration processing; inconsistent inspection performance; lack of segregation of duties; uncollected outstanding fees. He stated that management agreed with the recommendations by staff.

Shanon Shea Miller stated that the program was relatively new and staff was grateful to the auditors for examining their operations and recommending improvements. She noted that revenue was not the intent of the program and it was successful as 375 buildings were no longer

subject to the program since inception. She noted staff's intent to implement the audit recommendations.

Councilmember Treviño asked Mrs. Miller of program challenges to prevent demolition or other undesirable outcomes. Mrs. Miller replied that staff preferred that owners utilize funds to improve their property rather than pay fees for the program and meeting partial program requirements was preferred to non-participation.

Citizen Member Treviño moved to forward Item 12 to the full City Council for consideration. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

### **EXECUTIVE SESSION**

Chairman Courage recessed the meeting into Executive Session at 10:39 am to discuss the following:

**13. Deliberate the appointment, evaluation, and duties of the City Auditor and discuss legal issues pursuant to Texas Government Code Section 551.074 (personnel matters) and Texas Government Code Section 551.071 (consultation with attorney).**

**14. Deliberate the following Information Technology Services Department security audits pursuant to Texas Government Code Section 551.076, deliberation regarding security devices or security audits:**

- AU17-024 Audit of ITSD Surveillance Cameras

### **RECONVENED**

Chairman Courage reconvened the meeting at 11:17 am and announced that no action was taken during Executive Session. No action was required for Item 13.

Citizen Member Treviño moved to accept Item 14. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

### **ADJOURN**

There being no further discussion, Chairman Courage adjourned the meeting at 11:18 am.

**ATTEST:**

  
Leticia Y. Saenz  
Deputy City Clerk

  
John Courage, Chairman