

# City of San Antonio



## Minutes Audit Committee

2023 – 2025 Council Members

Chair: Phyllis Viagran, District 3

John Courage, District 9

Citizen Representative Dr. Judy Trevino and Philip M. Harris

Tuesday, March 12, 2024

10:00 AM

Council Briefing Room at  
City Hall Complex

The Audit Committee convened a regular meeting in the City Hall Council Briefing Room beginning at 10:01 AM. City Clerk, Debbie Racca-Sittre took the Roll Call noting a quorum with the following Committee Members present:

**Members Present:** Phyllis Viagran, *Chair*  
John Courage, *Member*  
Dr. Judy Trevino, *Citizen Member*  
Philip Harris, *Citizen Member*

**Members Absent:** None

### Approval of Minutes

#### 1. Approval of minutes of the January 9, 2024 Audit Committee Meeting

Councilmember Trevino moved to Approve the minutes of the January 9, 2024 Audit Committee meeting. Councilmember Harris seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

### Public Comments

Graciela Saenz, Attorney for Jamail Smith Construction, requested to lower the percentage of scoring from 20 to 5 points for the Small Minority Woman Owned Business (SBEDA) percentage for the Job Order Contracts included in the pre-solicitation high profile contract briefings.

Greg Smith, Owner of Jamail Smith Construction, spoke regarding his firm's loss of the contract the last

time it was solicited because of the SBEDA points and he opposed SBEDA points being so high (20) which was equal to price.

Ernest and Belinda Hernandez, owner of B&D Medical Supply and Equipment, thanked the City for supporting small businesses and spoke in support of the SBEDA Program and bidding the Zoll defibrillator supplies.

Kelly Walls commented on the Animal Care Services (ACS) Audit and the failure of the department to audit its contracts, inspect its animal rescues, and ensure that the required liability insurance was maintained.

Jane Gonzalez, owner of local small business MedWheels, commented that Zoll defibrillators was sole sourced by the City, however, her company provided the supplies for the defibrillators but was only given a one year extension and then put into a low bid situation.

Christopher Herring, Global Chamber of Commerce and former Chair of the City of San Antonio SBEDA Committee, spoke in support of MedWheels and provided a written document.

## **CONSENT AGENDA**

### **Final Internal Audit Reports**

#### **2. Acceptance of the Office of the City Auditor Report AU23-010 Audit of ITSD/DSD Accela [Kevin W. Barthold, City Auditor]**

Citizen Member Treviño moved to Approve on the Consent Agenda. Citizen Member Harris seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

#### **3. Acceptance of the Office of the City Auditor Report AU23-002 Audit of Aviation Fleet Operations [Kevin W. Barthold, City Auditor]**

Citizen Member Treviño moved to Approve on the Consent Agenda. Citizen Member Harris seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

#### **4. Acceptance of the Office of the City Auditor Report AU23-023 Audit of ITSD Active Directory Security [Kevin W. Barthold, City Auditor]**

If a Committee Member pulls this item off the consent agenda then this item will be briefed in Executive Session pursuant to Texas Government Code Section 551.076, deliberation regarding security devices or security audit.

Citizen Member Treviño moved to Approve on the Consent Agenda. Citizen Member Harris seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

**5. Acceptance of the Office of the City Auditor Report AU23-031 Audit of SAPD Community Crime Prevention Contracts [Kevin W. Barthold, City Auditor]**

Citizen Member Treviño moved to Approve on the Consent Agenda. Citizen Member Harris seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

**6. Acceptance of the Office of the City Auditor Report AU23-005 Audit of the City Manager's Office City Funded Non-Profit Events [Kevin W. Barthold, City Auditor]**

Citizen Member Treviño moved to Approve on the Consent Agenda. Citizen Member Harris seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

**7. Acceptance of Office of the City Auditor Report AU23-001 Audit of ACS Rescue Group Contracts [Kevin W. Barthold, City Auditor]**

Citizen Member Treviño moved to Approve on the Consent Agenda. Citizen Member Harris seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

**8. Acceptance of the Office of the City Auditor Report AU23-009 Audit of DSD Code Enforcement [Kevin W. Barthold, City Auditor]**

Citizen Member Treviño moved to Approve on the Consent Agenda. Citizen Member Harris seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

**ITEMS FOR INDIVIDUAL CONSIDERATION**

**Pre-Solicitation High Profile Briefings**

**9. Briefing on the release of a solicitation for up to three contracts to provide the Aviation Department with job order contracting (JOC) services for various projects in the total estimated value of \$30,000,000 for 2 years with 3, 1-year options to renew. [Jeff Coyle, Assistance City Manager; Jesus H. Saenz Jr., Director, Aviation]**

Chief Financial Officer, Ben Gorzell, commented that because there were two Job Order Contracts (JOC) being procured at the same time, he recommended taking both items (9 & 10) to the Audit Committee simultaneously. He noted that while both were JOC, the Aviation Contract had the potential to spend Federal funding so it was utilizing the Federal Disadvantaged Business

Enterprise (DBE) Program and the Public Works solicitation was utilizing the City's Small Business Economic Development Advocacy Program (SBEDA).

Tim O'Krongly, Assistant Aviation Director, explained that the Aviation Department was seeking to issue a Request for Competitive Sealed Proposals (RFCSP) for flexibility to use aviation department funding, Federal grants, and other future grants to contract with qualified firms interested in providing job order contracting (JOC) services for various projects in the Department. He noted that services included incidental demolition, construction, repair, rehabilitation, alteration, and deferred maintenance on San Antonio Airport System owned and leased buildings, or other facilities of interest to the Airport.

O'Krongly described the outreach methods expected to be utilized, listed the anticipated evaluation panels, scoring criteria, and additional requirements which included a 17% Disadvantaged Business Enterprise (DBE) goal. He noted that pricing scores would be based on the proposed coefficient. He noted that the timeline included release of the RFCSP on April 3, 2024 with City Council consideration and the contract was expected to begin in October 2024. He added that the estimated \$6 million annual contract was for a two-year term with three, 1-year renewals.

#### DISCUSSION:

Chair ProTempore Courage asked what coefficient pricing was. Hosseini stated that JOCs were based on a standard pricing book and the coefficient was the multiplier that was applied to the standard unit price.

Chair ProTempore Courage requested information on the DBE Program. O'Krongly explained that DBE was a Federal program similar to SBEDA and local small, minority owned businesses participated in the Program.

Citizen Member Treviño requested an explanation on the 17% DBE goal. O'Krongly stated that the goal was based on criteria from the Federal Aviation Administration (FAA) which set the required percentages. Citizen Member Treviño asked why the solicitation was not requesting audited financial statements. Deputy Chief Financial Officer, Troy Elliott, stated that smaller businesses often had a barrier to being audited and a JOC would result in many small task orders.

Councilmember Viagran asked if there were quality or other expectation standards for the contracts. O'Krongly stated that the JOC would need to follow the department's design standards. Councilmember Viagran offered her office to help with outreach to get local small businesses DBE certified.

Item was for briefing only so no action was taken.

- 10. Briefing on the release of a solicitation for up to eight contracts to provide the Public Works Department with job order contracting (JOC) services for various projects in the total estimated value of \$120,000,000 for 2 years with 3, 1-year options to renew. [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works Department]**

Razi Hosseini, Director of Public Works, explained that the Department was seeking to issue a

Request for Competitive Sealed Proposals (RFCSP) for flexibility to use with City funded capital projects. He reported that services included incidental demolition, construction, repair, rehabilitation, alteration, and deferred maintenance on City owned and leased buildings, or other facilities of interest to the City.

Hosseini described the outreach methods expected to be utilized, listed the anticipated evaluation panelists, scoring criteria, and additional requirements which included a 20 points for SBEDA and a subcontracting requirement of 24% MWBE and 3% AABE. He noted that the timeline included release of the RFCSP on April 3, 2024 with City Council consideration and the contract expected to begin in October 2024. He added that the estimated \$24 million annual contract was for a two- year term with three, 1-year renewals. Hosseini anticipated awarding up to eight contracts.

#### DISCUSSION:

Chair ProTempore Courage mentioned the public comment received regarding the JOC noting that 20 points was set aside for SBEDA and he asked how likely would a firm be able to get all 20 points. Small Business Administrator, Michael Sindon, from the Economic Development Department, explained that a firm that was Small (5 points), MWBE (5 points) and ESBE (10 points) would qualify for all the points and that the last time the JOC contracts were solicited, 6 out of 20 bidders received all 20 points.

Chair ProTempore Courage asked about the difference between the subcontracting goal and the prime points. Sindon explained that the subcontracting percentages were requirements and the points were only awarded to a prime and subcontractors could not count toward the prime points. Chair ProTempore Courage asked what an API was. Sindon stated that an API (Affirmative Procurement Initiative) was a tool that the Economic Development Department applied to contracts based on the SBEDA Ordinance.

Citizen Member Treviño asked if a Small business could get three or only all points or no points. Sindon stated that the points in each of the three categories were all or nothing, but a firm could qualify as only Small and just get five points for example so they did not have to get all 20 points.

Item was for briefing only so no action was taken.

#### Post-Solicitation High Profile Briefings

- 11. Approval to proceed with scheduling one contract for City Council consideration to provide the San Antonio Police Department with Alarm Fee Collection and Permit Program services in the estimated total value of \$5,000,000 in expenditure with anticipated revenue of \$30,000,000 for 3 years with 1, 3-year option to renew.** [Maria Villagomez, Deputy City Manager; Chief William McManus, Director, Police Department]

Richard Riley, Assistant Director for San Antonio Police Department (SAPD), explained that the Department had issued a Request for Proposals (RFP) in July 2023 and the sole respondent was

disqualified due to failure to meet the SBEDA subcontracting requirements. He stated that a second RFP was issued in October 2023 and two responses were received and both were interviewed. He noted that the contract would collect annual fees for alarm systems in accordance with the City Code. He added that the \$5 million contract was for a three-year term with one, 3-year option to renew and was expected to collect \$30 million in revenue from the fire alarm system fees.

Riley described the outreach methods utilized, listed evaluation panelists, scoring criteria, and additional requirements which included 10 points for local preference and five points for Veteran-owned small businesses. He indicated that out of 607 vendors notified, one attended the presubmittal conference and two responses were received. He noted that the timeline included release of the RFCSP on April 3, 2024 with City Council consideration and the contract expected to begin in October 2024.

#### DISCUSSION:

Chair ProTempore Courage asked why there were only two respondents since there were so many home alarm companies in business. Riley explained that this was not a contract to monitor home alarms, but a company that managed the permit fees and there were only three firms nationwide operating in the industry; one of the firms was the City's current vendor and they were going out of business so they did not apply. Chair ProTempore Courage asked Riley how many alarms there were citywide and how much the permits cost. Riley reported that there 24,000 residential and 13,500 commercial alarms and the fees for the permits were \$40 for non seniors and \$30 for seniors for residential and \$100 commercial which produced over \$30 million in revenue last year.

Councilmember Viagran requested the number of alarm permits broken down by council district, specifically for senior citizens.

Chair ProTempore Courage asked what happened if a person did not register their alarm system. Riley stated there was a fee for false alarms which began at \$50 for the third false alarm and could go as high as \$100 for repeat false alarms. Chair ProTempore Courage noted that victims of domestic violence were not charged the fee. Riley confirmed this was managed by SAPD's Special Victims Unit.

Citizen Member Treviño moved to recommend and forward the contract to the full City Council for consideration. Citizen Member Harris seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

- 12. Approval to proceed with scheduling one contract for City Council consideration to provide Construction Manager At Risk (CMAR) pre-construction and construction phase services for the Marbach Road Area Streets/Area Drainage (Loop 410 to Horal Street) project located in Districts 4 and 6 in the estimated total value not to exceed \$28,440,795. [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]**

Razi Hosseini, Director of Public Works, explained that the Department had issued a \$24 million

solicitation for a Constructure Manager at Risk (CMAR) for the project which was a two-step including a Request for Proposals (RFP) and interviews. He noted that out of 634 vendors notified, eight attended the presubmittal conference and three responses were received; two of the three were shortlisted and interviewed.

Hosseini described the outreach methods utilized, listed the evaluation panelists, scoring criteria, and additional requirements which included a 20 points for SBEDA and a subcontracting requirement of 19% MWBE and 3% AABE.

#### DISCUSSION:

There were no comments from the committee.

Citizen Member Harris moved to recommend and forward the contract to City Council for consideration. Citizen Member Treviño seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

#### Staff Briefing

- 13. Briefing on the release of a solicitation for Zoll defibrillator accessories in the estimated total value of \$5,500,000 for 3 years with, 2, 1-year renewals.** [María Villagómez, Deputy City Manager; Christopher Monestier, Interim Fire Chief, Fire]

Chief Financial Officer Ben Gorzell, introduced Valerie Frausto, Interim Deputy Fire Chief for the San Antonio Fire Department (SAFD) who explained that the Department was seeking to issue a Request for Competitive Sealed Proposals (RFCSP) for supplies and accessories related to the Zoll defibrillators and ventilators approved by City Council on November 2, 2023. Frausto stated that SAFD was an all hazards fire department utilizing a fire-based Emergency Management System (EMS) that responded to over 190,000 medical incidents annually. The Multi-function defibrillator monitors were carried on every SAFD emergency apparatus (Medic Units, Fire Engines, Trucks and Platforms) and SAFD currently had 156 Zoll defibrillators in service. The Zoll equipment measured blood pressure readings, pulse oximetry, and heart rate and required one-time use accessories such as cables and blood pressure cuffs to be purchased regularly through an annual contract.

Troy Elliott, Deputy Chief Financial Officer, provided background on the Zoll accessories contract which was originally solicited as a low bid with a 15% MWBE subcontracting goal with self-performance from the prime allowed. He indicated that the contract was awarded to MedWheels in 2017 for a two-year term with three additional 1-year renewals. He reported that on November 2, 2023, City Council approved a contract extension until December 31, 2024 with MedWheels. Elliott commented that the Zoll equipment and accessories were debundled in order to allow local small businesses to participate in the contracting for the third-party accessories as Zoll was a sole source for the equipment.

Elliott recommended that the new solicitation would include a local preference up to 5% which meant the City could spend up to 5% more on the price from a local business.

Elliott recommended competitively bidding the accessories so the City could contract with third parties for the approximately \$1,096,550 annual amount and explained that the contract would be awarded by the individual 35 line items so multiple local firms could participate. He stated that the firm would be required to keep a 30 day supply which was lowered from a 90 day supply in order to help more small businesses participate. The solicitation included a 15% MWBE subcontracting goal that could be self-performed by the prime.

Elliott stated that the Central Vendor Registry included 71 potential vendors, however, eight were specifically outreached, three of which were local small businesses. Elliott stated that the plan was to issue the solicitation on March 20, 2024 and return to the Audit Committee for a post-solicitation briefing.

#### DISCUSSION:

Chair ProTempore Courage asked if there were any points for local firms. Elliott stated that points were not allowed because this was a low bid contract and was not scored; even a Request for Competitive Sealed Proposals (RFCSP) which was scored could not include points for local, however, there was the 5% price variance allowed for local businesses. Chair ProTempore Courage requested clarification on the difference between a manufacturer, direct distributor and third party. Elliott stated that Zoll was a manufacturer that built the equipment and Zoll distributed their own equipment directly to cities; they did not use distributors for government customers. Elliott explained that a distributor was an authorized supplier and a third party might or might not be a distributor.

Councilmember Viagran supported SAFD's selection of Zoll for the equipment but expressed concern that there were three local companies that could provide the accessories, but there were five more targeted companies that were non-local. She wanted funds to go to local companies and requested a breakdown of how much residents were charged for EMS services and where the money went. Councilmember Viagran recommended a larger City Council discussion on the contract.

Citizen Member Treviño requested clarification on how much was spent annually which included \$1,429,000 for equipment and \$1,090,550 for the accessories. Elliott stated that \$1,090,550 for the accessories was based on historical estimates but the City Council would consider actual contract bid amounts.

Chair ProTempore Courage asked about the difference between a distributor and a third party and noted that when buying a part for a car, a distributor would ensure that the supplies would be compatible with the car. Chair ProTempore Courage expressed concern that SAFD could ensure that the third party sold the required equipment and it was not a counterfeit or low quality. Elliott stated that the vendor was required to meet specifications that were compatible and not all were Zoll products; some were from other manufacturers. Frausto introduced Eric McGowen, supply chain manager for SAFD, who stated that only specified items were accepted, including name brands that were compatible with the Zoll equipment. McGowen explained that distributors bought products directly from manufacturers and third parties bought products from distributors.

Councilmember Viagran asked MedWheels how long they had supplied SAFD with the products. Gonzalez stated that she had been supplying the specified accessories for several years and



stressed the importance that her firm was a direct distributor for the accessories, not a third party and explained that a distributor's relationship with the manufacturer ensured products would be available when needed, versus a third party which was less reliable.

Citizen Member Treviño requested clarification as to whether some of the accessories were only from Zoll. Gorzell stated that Zoll allowed the accessories to be supplied by other distributors and third parties and they were not all Zoll products, simply compatible with the equipment. Gorzell added that there were likely to be multiple contracts with different distributors for each of the accessories. Elliott explained that Zoll would not likely be bidding on the accessories.

Chair Courage asked how many different vendors provided the accessories last time. Elliott stated that only MedWheels had been providing the accessories under its current contract.

Item was for briefing only, so no action was taken.

### **Executive Session**

Executive Session was not held.

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

Next Scheduled Meeting Date: April 9, 2024

### **ADJOURNMENT**

There being no further business, the meeting was adjourned at

*Phyllis Viagran, Chair*

*Debbie Racca-Sittre, City Clerk*