

## **City Council Governance Committee Meeting Minutes**

A meeting of the City Council Governance Committee was held on Wednesday, October 26, 2005 at 2:00 pm in the Media Briefing Room with the following present:

**Council Present:** Mayor Phil Hardberger  
Councilmember Richard Perez, District 4  
Councilmember Delicia Herrera, District 6  
Councilmember Art Hall, District 8  
Councilmember Kevin Wolff, District 9

**Staff Present:** J. Rolando Bono, City Manager; Leticia M. Vacek, City Clerk; Pat Major, City Auditor; Erik Walsh, Assistant to the City Manager; Martha Sepeda, First City Attorney; Dennis Campa, Community Initiatives Director; Milo Nitschke, Finance Director; Mark Webb, Contract Services Director; Ramiro Cavazos, Economic Development Director; Sharon De La Garza; Lena Ellis, Assistant Director Finance; Trey Jacobson, Assistant to the Mayor; Larry Zinn, Assistant to the Mayor; Steve Southers, Assistant City Attorney; Leticia M. Callanen, City Manager Office; Lisa Todd, Finance; Jay Blackwell, Finance; Elizabeth Drouillard, Finance; Phil Harris, Finance; Mark Swann, Assistant City Auditor; Denis Cano, Assistant City Auditor; Evan Bryant, Assistant City Auditor; Mark Bigler, Assistant City Auditor; Barbara Redding, Assistant City Auditor; Jean Chen, Assistant City Auditor; Rudy Gonzales, San Antonio Police Dept.; Philip Campos, Contract Services; Xavier Urrutia; Tonya Drake, City Managers Office; Christina De La Cruz, Public Works; Polo Cervantes, Public Works; Walter Ague, Special Projects Manager

**Other's Present:** Greg Jefferson, Express News; Brian Collister, WOAI; Sandra Posada, UTSA

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### **CALL TO ORDER**

Mayor Hardberger called the meeting to order.

### **III. Staff Briefing Items**

- B. Staff briefing on proposed ordinance to authorize a contract with KPMG for outside auditing services. [Presented by Milo Nitschke, Director, Finance; Melissa Byrne Vossmer, Assistant City Manager]**

Mr. Nitschke recommended extending the KPMG contract for one year in the amount of \$543,895 including \$30,360 fee for SAP Process documentation.

Councilmember Perez entered the meeting at this time.

Councilmember Wolff responded that he supported the one year extension of the KPMG Contract and that the Governance Committee should wait until Sheryl Scully comes on board to determine the reporting structure. Councilmember Wolff further noted that Ms. Major, the City Auditor should be made part of the audit committee. Mr. Nitschke responded he mistakenly left Ms. Major's name off and intended for her to be included.

Mr. Bono entered the meeting at this time.

Ms. Major referenced the Government Financial Officer's Association (GFOA) Pamphlet entitled "Information on Governance Committee Responsibility for Oversight of External Audit Services."

Ms. Major stated a coordinated risk and audit service plan between the City Internal Audit Department and the External Auditors is non-existent under today's contract oversight structure. Municipal oversight and synergies in audit services would be improved if the external audit services contract proponent was reassigned from the City's Finance Department to the Governance Committee or the City Internal Audit Department.

Ms. Major recommended that the Governance Committee participate in the oversight of all audit service delivery, internal and external, on behalf of the City.

Councilmember Herrera stated she also agreed with Councilmember Wolff for a one year extension of the KPMG contract but was concerned with the timeline for the audit plan.

Councilmember Perez asked for the function and role of the audit committee. Mr. Nitschke responded that the audit committee will be provided updates on a quarterly basis. More importantly, would be involved with the request for proposal (RFP) process and procedural prospective from outside of the Finance Department. He added that grants and the city's financial ratings are dependent on the audit. Councilmember Perez stated that he would be in support of the Governance Committee serving as the Audit Committee and the one-year extension to the KPMG contract.

Councilmember Hall moved to forward said item to City Council A Session. Councilmember Perez seconded the motion. Motion carried unanimously.

**C. Staff briefing on Delinquent Property Tax Collection Contract. [Presented by Milo Nitschke, Director, Finance; Melissa Byrne Vossmer, Assistant City Manager]**

Mr. Webb referenced a Power Point presentation entitled "Delinquent Property Tax Collections." He noted that in 1998 the City entered into an agreement with Bexar County-Tax Assessor to mail tax statements, collect tax revenue, issue initial late tax notices, assess tax penalties and

mail delinquent tax notices. Mr. Webb stated that the City uses the outside firm of Linebarger, Goggan, Blair & Sampson LLP. to collect delinquent property taxes.

Councilmember Perez asked what the outside firm charges the city to collect delinquent taxes. Mr. Webb responded 15% of the tax which is added to the taxes due, thus there is no cost to the City.

Mr. Webb stated the original contract with Linebarger, Goggan, Blair & Sampson LLP. began on 12/31/94 through 12/31/97 with four extension periods. The initial extension was made for the duration of 12/31/97 through 12/31/00 and a subsequent extension on 1/1/01 through 12/31/05.

Mr. Webb stated that the contractor Linebarger, Goggan, Blair & Sampson LLP. has met performance requirements, which include diligent collections of delinquent accounts. Linebarger, Goggan, Blair & Sampson LLP. have also ensured the City's collection rate of 98% of the adjusted tax levy. The actual performance (less exclusions) ranges from 99.38% to 99.50% over last three years. The contractor also filed lawsuits and initiated property sales for judgments on property.

Councilmember Perez asked Mr. Webb for clarification of slide 7 entitled "Property Tax Collection 2001" depicting three charts relating to total tax levy and cumulative collection performance. A discussion ensued relating to setting an annual standard as it relates to collections.

Mr. Webb stated that the City Charter allows penalties to be charged for collections of delinquent tax of up to 15 percent. It was noted that Linebarger, Goggan, Blair & Sampson LLP. compensation for delinquent tax recovery from 10/2003 thru 9/2004 was \$1,160,496 and for the period 10/2004 thru 9/2005 was \$1,211,479.

Mr. Webb stated that the Collection Cost and Issues associated with in-house collections efforts would include salaries and benefits, data procession investment and software maintenance expenses. Mr. Webb stated that based on the current contract performance and analysis of in-house collections, staff recommends continuing Delinquent Property Tax Collections with an outside firm. Staff recommended granting a three year extension with the Linebarger Firm with certain changes to the existing performance measures.

Councilmember Hall stated that he did not feel the collection of the delinquent property tax should be done in-house and recommended a three year extension.

Councilmember Hall moved to extend the contract with Linebarger, Goggan, Blair & Sampson LLP. for three years and forward said item to A Session. Councilmember Wolff seconded the motion. The motion carried unanimously.

**I. Approval of minutes from the October 12, 2005 meeting.**

Councilmember Perez moved to approve the minutes of October 12, 2005 with corrections noted by Councilmember Hall. Councilmember Wolff seconded the motion. The motion carried unanimously.

## II. Agenda Planning Related Items

- A. Discussion and consideration of a request to direct staff to bring forward for City Council consideration, a proposed ordinance to authorize the execution of an Affiliation Agreement and a Program Agreement with the College of Public Policy at the University of Texas at San Antonio, which will allow for the placement of volunteer graduate students in City Council District and other City offices, as requested by Council Member Patti Radle, District 5. [Presented by Michael Bernard, City Attorney; J. Rolando Bono, City Manager]**

Councilmember Hall moved to forward said item to the City Council A Session.  
Councilmember Perez seconded the motion. The motion carried unanimously.

- B. Discussion and consideration of a request to direct staff to initiate a comprehensive rezoning initiative for the area encompassed by Kelly USA based on the recently developed Master Plan, as requested by Richard Perez, District 4. [Presented by Emil Moncivais, Director, Planning Department; Jelynn LeBlanc Burley, Assistant City Manager; Florencio Pena, Director, Development Services Department; Christopher J. Brady, Assistant City Manager]**

Councilmember Hall moved to forward said item to the City Council A Session.  
Councilmember Perez seconded the motion. The motion carried unanimously.

- C. Discussion and consideration of a request to direct staff to schedule a B Session to be held mid to late November for the purposes of providing a Planning and Zoning Commission work session, in order for City Council to learn about the roles of the commissioners with the Council, and what decisions they have to make and the process in which they make those decisions, as requested by Council Members Kevin Wolff, District 9 and Art A. Hall, District 8. [Presented by Emil Moncivais, Director, Planning Department; Jelynn LeBlanc Burley, Assistant City Manager; Florencio Pena, Director, Development Services Department; Christopher J. Brady, Assistant City Manager]**

Councilmember Hall moved to forward said item to the City Council B Session.  
Councilmember Perez seconded the motion. The motion carried unanimously.

- D. Discussion and consideration of a request to direct staff to continue funding the Bienestar and Neema Programs by utilizing remaining \$100,000 in funds from one-time resources budgeted for the Customer Convenience Program; and further directing staff to re-allocate \$200,000 in equal increments of \$18,182 to each Council Members respective Human Development Services Fund accounts so that each**

**Council Member may allocate the dollars for the many needs in their respective City Council Districts, as requested by Council Members Richard Perez, District 4 and Patti Radle, District 5. [Presented by Peter Zanoni, Director, Office of Management and Budget; Erik J. Walsh, Assistant to the City Manager]**

Councilmember Hall moved to forward said item to the City Council A Session.  
Councilmember Perez seconded the motion. The motion carried unanimously.

- E. Discussion and consideration of a request to direct staff to bring forward for City Council consideration, a proposed resolution designating the U.S. Military Veteran's Day Parade as an official City of San Antonio co-sponsored event, on a one-time basis, and further directing staff take necessary action to ensure that the requests specified in the attached Council Consideration memorandum are coordinated and that associated costs valued at \$10,741.26 are either waived or provided for through City funding, as requested by Mayor Phil Hardberger. [Roland Lozano, Assistant to the City Manager; J. Rolando Bono, City Manager]**

Councilmember Hall moved to forward said item to the City Council A Session.  
Councilmember Perez seconded the motion. The motion carried unanimously.

- F. Discussion and consideration of a request to direct staff to bring forward for City Council consideration a proposed resolution in support of the upcoming Alamo Community College District (ACCD) Bond election, as requested by Council Members Sheila D. McNeil, District 2 and Art A. Hall, District 8. [Michael Bernard, City Attorney; J. Rolando Bono, City Manager]**

#### **V. Executive Session**

Mayor Hardberger recessed the meeting into executive session at 2:56 pm. Mayor Hardberger reconvened the meeting at 3:10 pm and announced that no action would be taken.

#### **III. Staff Briefing Items**

- A. Staff briefing regarding bond project balances from pre-2000 Certificates of Obligations, as requested by Council Member Delicia Herrera, District 6. [Presented by Milo Nitschke, Director, Finance; Melissa Byrne Vossmer, Assistant City Manager]**

Said item was not addressed and requested to be placed on the next agenda.

- D. Update and recommendation for course of action related to Accounts Receivable Reconciliation. [Presented by Milo Nitschke, Director, Finance; Melissa Byrne Vossmer, Assistant City Manager]**

Said item was not addressed and requested to be placed on the next agenda.

**E. Presentation on Proposed Debarment Policy. [Presented by Mark Webb, Director, Contract Services; Erik J. Walsh, Assistant to the City Manager]**

Said item was not addressed and requested to be placed on the next agenda.

**IV. Consideration of Scheduling of Items for Future Meetings.**

**A. Quarterly Report on the status of the Emergency Operations Center construction project.**

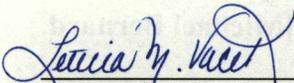
Said item was not addressed and requested to be placed on the next agenda.

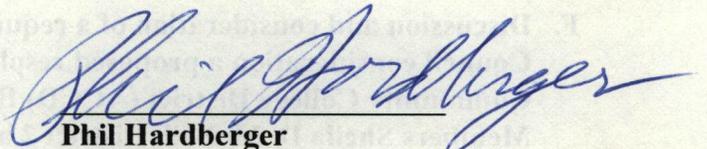
**Adjournment**

**There being no further discussion, the meeting was adjourned at 3:11 pm.**

Copies of these presentations are made part of the file and are available upon request

**ATTEST:**

  
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**Leticia M. Vacek**  
City Clerk

  
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**Phil Hardberger**  
Mayor

BYRON

WILSON

LISTEN RECORDED

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