



## AGENDA MEMORANDUM

Action Item for the City Council Meeting June 27, 2023

**DATE:** June 27, 2023

**TO:** Peter Zanoni, City Manager

**FROM:** George Holland, City Auditor  
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### Amendment #1 Capital Program Operational Risk Assessment

#### **CAPTION:**

Motion authorizing execution of Amendment #1 to the professional services agreement with Talson Solutions, LLC, for \$752,800.00, for a revised total not to exceed \$781,000.00, to extend the term, incorporate minor edits, and include four co-sourced construction audits with one alternate, with FY 2023 funding of \$257,600.00 from the Wastewater, TIRZ #2, Streets Bond 2018, and Public Safety Bond 2020 Capital Funds.

#### **SUMMARY:**

This motion approves Amendment No. 1 to perform a Capital Program Operational Risk Assessment addressing the construction audit services proposed by Talson Solutions, LLC.

#### **BACKGROUND AND FINDINGS:**

City leadership has developed a comprehensive CIP budget program that identifies short, mid, and long-range projects for the period of FY 2023 – FY 2032. In January 2023, the CIP budget was increased \$681.4 million. The City is also the recipient of \$67.5 million in funding from the American Rescue Plan Act of 2021, of which \$34.5 million has been identified by City leadership for infrastructure improvement and/or replacement. In recognition of these aggressive efforts and the increasing need to perform systematic construction audits, the City Auditor's Office has sought co-sourced internal auditing. Co-sourcing will allow for focused efforts on construction auditing, while Internal Audit continues to address audit needs across the city.

This is the inaugural year for the City Auditor's Office construction audit program. To begin this process, the City Auditor's Office contracted with Talson to perform a CIP Risk Assessment, which resulted in a 5-year agile construction audit program. The Audit Committee received a presentation on the results of the risk assessment from Talson and approved the revisions to the 2023 annual audit plan with the knowledge that the next steps would be contracting for the co-sourced construction internal auditors professional services. The first year of the 5-year audit program will cover four construction projects with one alternative.

- A1 Engineering and Corpus Christi- *Water Williams Lift Stations*
- A2 Engineering and Public Works- *Junior Beck Dr.*
- A3 Engineering and Corpus Christi Water- *Greenwood WWRP Electrical*
- A4 Engineering and Police Department- *Police Academy*
- Alternative: A5 Engineering and Parks and Recreation- *Packery Channel/Sidewalk Restoration*

### **ALTERNATIVES:**

City Council may choose not to award Amendment No. 1 Capital Program Operational Risk Assessment, but this will result in delays in identifying any risks to successful CIP project completion.

### **FISCAL IMPACT:**

The fiscal impact in FY 2023 is the amount of \$257,600.00 and \$247,600.00 for years two and three. The project budget totals \$781,000.00 and will need to go back to City Council to exercise year four and five.

### **FUNDING DETAIL:**

Fund: Wastewater 2023 CIP (4259)  
Organization/Activity: 21143-4259-EXP  
Department: Wastewater (46)  
Project #: 21143 – Williams Lift Station Upgrades  
Account: 520002 – General & Administrative Costs  
Amount: \$49,840.00

Fund: Streets Bond 2018 (3557)  
Organization/Activity: 18023A-3557-EXP  
Department: Streets (33)  
Project #: 18023A - Junior Beck Dr (Bear Ln to Dead End)  
Account: 520002 – General & Administrative Costs  
Amount: \$48,840.00

Fund: Wastewater Capital Reserves (4510)  
Organization/Activity: E10180-01-4510-EXP  
Department: Wastewater (46)  
Project #: E10180 - Greenwood WWTP UV Electrical Improvements  
Account: 520002 – General & Administrative Costs  
Amount: \$48,840.00

Fund: Police Bond 2020 (3344)  
Organization/Activity: 21086-3344-EXP  
Department: Police (29)  
Project #: 21086 - Police Training Academy  
Account: 520002 – General & Administrative Costs  
Amount: \$55,040.00

Fund: TIRZ #2 CIP (3278)  
Organization/Activity: 21200-3278-EXP  
Department: Infrastructure (17)  
Project #: 21200 – Packery Channel Restoration  
Account: 520002 – General & Administrative Costs  
Amount: \$55,040.00

**RECOMMENDATION:**

Staff recommends approval of this motion authorizing the execution of Amendment No. 1 as presented. If the motion is not approved additional solicitations will be required and will further delay the performance of these critical audits.

**LIST OF SUPPORTING DOCUMENTS:**

Executed Service Agreement 4594  
Amendment #1