



# CITY OF SAN ANTONIO

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SAN ANTONIO TEXAS 78283-3966

April 3, 2009

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Mayor

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**Diane G. Cibrian**  
Councilwoman, District 8

Mayor and Council Members:

SUBJECT: Aviation Concession Agreements Audit Report

We are pleased to send you the audit report of the Aviation Concession Agreements. This audit began in February 2008 and concluded with an exit meeting with Aviation management on February 18, 2009. Management's verbatim response is included in Appendix D of the report. The Aviation Department should be commended for its cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully submitted,

*Park E. Pearson*

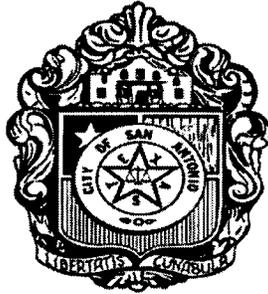
Park E. Pearson, CPA  
Interim City Auditor  
City of San Antonio

**Distribution:**

**Sheryl L. Sculley, City Manager**  
**Penny-Postoak Ferguson, Assistant City Manager**  
**Michael Sawaya, Interim Director, Aviation Department**  
**Michael Bernard, City Attorney**  
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**Larry Zinn, Chief of Staff, Office of the Mayor**  
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**Ruby Perez, Assistant to the Mayor, Office of the Mayor**  
**Edward Benavides, Executive Assistant to the City Manager**  
**Stanley Blend, Audit Committee Member**  
**Manuel Long, Audit Committee Member**

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**CITY OF SAN ANTONIO**  
**OFFICE OF THE CITY AUDITOR**



Audit of Aviation Concession Agreements

Project No. AU08-005

April 3, 2009

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## Executive Summary

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As part of the FY2008 Annual Audit Plan, we conducted an audit of the Aviation Department's concession agreements. We performed the audit to determine whether the concession agreements are working as intended. The audit objectives, conclusions and recommendations follow:

### **1. Are concessionaires in compliance with key terms of the concession agreements?**

We determined that many concessionaires are not in compliance with key terms of their respective concession agreements:

- Seven insurance policies representing 11 concessionaires do not provide the required amount of coverage.
- Two concessionaires are not in compliance with the performance guarantee (letter of credit) requirement in their concession agreements.
- There were 11 concessionaires with 2007 reported gross sales which were not certified by an independent CPA. In addition, 4 concessionaires did not provide required documentation to verify 2007 gross sales.
- One concessionaire does not operate on the weekends or accept credit cards as a form of payment, as required by its concession agreement.

We recommend Aviation Management and Unison require concessionaires to comply with all terms of the concession agreements.

### **2. Did the City receive the correct amount of revenue in CY2007 and CY2008 based on the terms of the concession agreements?**

As noted above, concessionaires did not always provide required documentation to verify 2007 gross sales; however, aside from a few minor exceptions, the City received the correct amount of revenue based on terms of the concession agreements:

- One concessionaire over reported gross sales by \$53,169 to the City, resulting in overpayment of rent in the amount of \$7,710.
- Three concessionaires underreported gross sales to the City by \$7,408, resulting in underpayment of rent to the City in the amount of \$2,613.

We recommend Aviation Management and Unison credit the concessionaire for overpayment of rent in the amount of \$7,710, and recover \$2,613 from the three concessionaires for underpayment of rent.

During the audit, we also noted two issues regarding concession agreement language. Specifically, the requirement for concessionaires to obtain an endorsement letter naming the City as additional insured is not documented in the concession agreements. In addition, the performance guarantee amounts vary significantly for each concessionaire.

We recommend Aviation Management and Unison require all concessionaires to obtain the appropriate letter of endorsement and amend future concession agreements to reflect this requirement. We also recommend that Aviation Management and Unison establish a methodology for determining performance guarantee amounts which are consistent and sufficient to protect the City's interests.

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## Background

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The San Antonio International Airport (the airport), managed by the Aviation Department, has approximately 40 concession locations, including food, merchandise and business services establishments. Each concessionaire is authorized to conduct business at the airport through a concession agreement with the City. According to each concession agreement, the concessionaire must report gross sales to the City on a monthly basis, and pay the City rent revenue. Revenue consists of a Minimum Annual Guarantee (MAG), and in some cases, additional amounts based on a percentage of the concessionaire's gross sales. In CY2007, concessionaires reported approximately \$30.9 million in gross sales and paid the City approximately \$5.7 million in rent revenue.

Concessionaires must also comply with the following key terms of the concession agreements:

1. Performance Guarantees. Concessionaires must deliver to the City a clean irrevocable standby letter of credit in the amount required by the City.
2. Insurance. Concessionaires must procure and keep in force specific levels of liability insurance.
3. Annual Statements. Concessionaires must submit an annual statement, signed by an officer of the concessionaire and audited by an independent certified public accountant (CPA), showing the amount of gross sales.
4. Required Documentation. Concessionaires must keep and maintain full and accurate books and source documents, in accordance with *generally accepted accounting principles* (GAAP), of the gross sales. Documentation should be sufficient to provide determination and verification of gross sales and the exclusions therefrom.

The Aviation Department has a Concession Management Contract with Unison Consulting, Inc. (Unison) to provide leasing, marketing and management of the concession facilities at the airport. In managing the concessions facilities, Unison is required to monitor and enforce concessionaire compliance with the terms of their respective concession agreements; including but not limited to, use-clauses, expiration of insurance, pricing policies, and operating hours. The contract also requires Unison to conduct periodic reviews and comparisons of concessionaires' sales reports and other available reporting mechanisms such as sales tax reports. The City paid Unison \$755,000 in 2007 for its services.

## Audit Scope and Methodology

Compliance with Key Terms of Agreements. To determine compliance with key terms of the concession agreements, we reviewed concessionaires' documents such as insurance policies, letters of credit, and annual statements. We tested 39 concession agreements in effect in 2007 through March 2008.

Revenue to the City. To determine if the City received the correct amount of revenue, we verified reported gross sales by examining concessionaires' source documentation such as point of sales records, bank statements and sales tax reports. We selected a sample of 19 concession agreements, based on reported 2007 gross sales greater than \$300,000. We then chose 3 sample months from each of the 19 concession agreements.

Four concessionaires did not provide certain source documentation requested; Blimpies, Brookstone, Famous Famiglia and Never Too Late Business Center. As a result, we were unable to verify their reported 2007 gross sales. See Audit Result A.4 for specific details. Table 1 below summarizes the number and dollar value of total concession agreements and sample of agreements tested.

**Table 1**

<b>Concession Agreements Population and Samples Tested</b>			
<b>Description</b>	<b>Count</b>	<b>2007 Reported Sales</b>	<b>Type of Testing</b>
Population of Agreements	39	\$30,642,701	Compliance with agreements
Sample Agreements Selected	19	\$17,219,974	Revenue to the City
Sample Months Selected (19 X 3 months)	57	\$4,457,619	

Appendix A lists each of the 39 concession agreements tested and exceptions noted for the compliance testing. Appendix B lists each of the 19 concession agreements tested and exceptions noted for the revenue testing.

We relied on computer-processed data from various concessionaire points of sale systems to verify reported gross sales. Our reliance was based on performing direct tests on the data. Our direct testing included comparing the data to original customer receipts and bank statements. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this audit from February 2008 to January 2009 in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate information to provide a reasonable basis for the results based on the audit objectives. We believe the information obtained provides a reasonable basis for the results based on the audit objectives. Our audit included tests of management controls that we considered necessary under the circumstances.

## Audit Results and Recommendations

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### A. Noncompliance with Concession Agreement Terms

Concessionaires did not always comply with terms of their respective concession agreements. Specifically,

1. Annual Statements. We identified 11 concessionaires with annual statements which were not certified by an independent CPA, although required by the terms of the agreement.

- Brookstone
- Famous Famiglia Terminal 1
- Famous Famiglia Terminal 2
- The Clothes Hangar
- Never Too Late Terminal 1
- Never Too Late Terminal 2
- Security Service Federal Credit Union
- Shannon Smith's Terminal 1
- Shannon Smith's Terminal 2
- Snappy Snack Vending
- The Swatch Group

Since concessionaires self-report to the City, annual statements which are not certified by an independent CPA decreases assurance that a concessionaire has accurately reported gross sales throughout the year.

2. Insurance Coverage. We determined that all insurance policies evaluated were still in force; however, not all policies provide the required amount of coverage in one or more of the following categories: commercial general liability, landslide vehicle operation, workers compensation and liquor law liability. Specifically, coverage amounts for 7 policies, representing 11 concessionaires had insufficient coverage in amounts ranging from \$500,000 - \$3 million:

- Las Palapas (1 concession)
- The Clothes Hangar (1 concession)
- Texan Accent (1 concession)
- Never Too Late Business Center (2 concessions)
- News & Gift Shops International, Terminal 2 (3 concessions)
- Shannon Smith's Ent. Inc. (2 concessions)
- Native Texan (1 concession)

As a result of the shortages in coverage the City could become financially liable in the event a claim were filed against an airport concessionaire or the airport.

3. Performance Guarantees. We determined two concessionaires were not in compliance with the performance guarantee (letter of credit) requirement in the concession agreements. Specifically, Never Too Late, Terminal Two (\$7,500), and Texan Accent (\$20,500) did not obtain letters of credit to protect the City should they default on their concession agreements. In the event that concessionaires default on their concession agreements, the City could potentially lose significant revenue while the space remains vacant.
4. Required Documentation. Four concessionaires did not provide required documentation to verify gross sales reported in 2007. Specifically:
  - a. Blimpie's did not provide register tape summaries for 2007. Instead we tested 2008 documentation.
  - b. Brookstone did not provide register tape summaries. In addition, this concessionaire would not provide bank statement documentation, citing proprietary information.
  - c. Famous Famiglia only provided a limited number of register tape summaries.
  - d. Never Too Late Business Center did not provide documentation such as Western Union reports and packaging service allocation support necessary to verify some amounts included in gross sales. The concessionaire also did not provide documentation to verify miscellaneous amounts excluded from gross receipts or to support the exclusion of nine miscellaneous bank deposits valued at \$3,608 from gross receipts.

As a result, 2007 gross sales for these concessionaires could not always be verified. As indicated in A.1 above, Brookstone, Famous Famiglia and Never Too Late also did not provide certified annual statements for 2007.

5. Hours of Operation and Forms of Payment. Shannon Smith's Shoe Shine does not operate on the weekends or accept credit cards as a form of payment, as required by their concession agreement. Reduced hours of operation, and non-acceptance of credit cards likely results in reduced revenue for the concessionaire, which in turn results in less revenue to the City.

These conditions occurred because Unison and the Aviation Department did not always enforce the terms of the concession agreements. Unison's contract requires monitoring and enforcement of concessionaire compliance with the terms of their respective concession agreements.

**Recommendations:** Aviation Management and Unison should:

**A-1.** Require concessionaires to submit annual statements certified by an independent CPA as required by their concession agreements.

**A-2.** Require concessionaires to comply with established insurance requirements.

**A-3.** Require concessionaires to maintain performance guarantees as required in their respective concession agreements.

**A-4.1.** Require concessionaires to retain point of sale system records as required by the concession agreements, and any other documentation necessary to verify reported gross sales and any exclusions from gross sales.

**A-4.2.** Require concessionaires to retain and provide appropriate documentation such as bank statements in future reviews and audits.

**A-5.** Require Shannon Smiths Shoe Shine to comply with the terms of the concession agreement to operate on the weekends and accept credit cards.

**B. Inaccuracies in Gross Sales Reporting**

1. *Incorrect Reporting of Gross Sales.* According to the concession agreements, concessionaires must report gross sales to the City on a monthly basis. Gross sales include all monies paid or payable for sales made or services rendered. Concessionaires did not always report gross sales accurately to the City. Specifically:
  - a. SSP America (Creative Croissants and Las Palapas) over reported gross sales to the City in the amount of \$53,169 for two of its concessionaires. As a result, they overpaid rent to the City in the amount of \$7,710. This occurred because in July 2007, as a result of change in ownership and accounting systems, sales for the period July 13-19 were reported twice to the City in the concessionaire's monthly reports.
  - b. Interspace Airport Advertising (Clear Channel IAA) underreported gross sales to the City by \$6,340. As a result, Clear Channel IAA underpaid percentage rent to the City in the amount of \$2,520.
  - c. Never Too Late inappropriately deducted expenses from gross sales reported to the City. Specifically, the concessionaire deducted the cost of stamps and monthly testing of internet and WiFi services which totaled \$764 for the 3 sample months. This resulted in an underpayment of \$38 in rent to the City.
  - d. Blimpies did not include phone orders in gross sales reported to the City. Specifically, we identified bank deposits in March and April of 2008 which were determined to be phone orders totaling \$304 that were not included in Blimpie's monthly reports. This resulted in an underpayment of \$55 in rent to the City.

**Recommendations:** Aviation Management should:

- B-1.** Credit SSP America (Creative Croissants and Las Palapas) in the amount of \$7,710 for the overpayment of percentage rent.
- B-2.** Recover \$2,520 from Clear Channel IAA for the underpayment of percentage rent in June 2008.
- B-3.** Require Never Too Late and all other concessionaires to report gross sales as required by their concession agreements. Also, the underpaid \$38 in rent revenue should be recovered.
- B-4.** Recover \$55 from Blimpies in unpaid rent due to underreporting of gross sales.

### C. Concession Agreement Language Issues

1. Letters of Endorsement in Insurance Policies. While a letter of endorsement naming the City of San Antonio as additional insured is typically required in City contracts, the requirement is not documented in the concession agreements. Therefore the letters were not obtained for 6 policies.
  - Chelsea's Sandwiches of Texas (Blimpie's)
  - Interspace Airport Advertising (Clear Channel)
  - Famous Famiglia
  - International Duty Free Stores (UETA Duty Free)
  - News & Gift Shops International (News & Gift) Terminal 1
  - Siew Pang Imports (Native Texan)

This occurred because the concession agreements do not state that a letter of endorsement must be obtained and provided, only that the City must be named as additional insured. However, a certificate of insurance does not confer any rights to the City and without a letter of endorsement there is no assurance that the City is protected under the concessionaire's insurance policy. As a result the City could potentially be held financially liable in the event a claim were filed against an airport concessionaire or the airport.

2. Performance Guarantee Amounts. We determined that there is significant variation in the performance guarantee amounts stipulated in the concession agreements. Specifically, based on each concessionaire's average monthly rent, we calculated that current performance guarantee amounts would provide financial protection in amounts ranging from 2.3 to 8.4 months of average rent revenue should the concessionaire default on the concession agreement.

This variation exists because Aviation does not have a methodology in place to ensure performance guarantees are consistent and sufficient to protect the City's interests. In the event that concessionaires default on their concession agreements, the City could potentially lose revenue on past due rent or incur a loss on future rent while the space remains vacant.

#### **Recommendations:** Aviation Management and Unison should:

**C-1.** Require all concessionaires to obtain the appropriate letter of endorsement naming the City of San Antonio/Airport as additional insured and amend future concession agreements to reflect this requirement.

**C-2.** Establish a methodology for determining performance guarantee amounts which are consistent and sufficient to protect the City's interests.

## Appendix A – Summary of Testing - Compliance with Concession Agreements

	Concession Agreement	Type of Exception			Total
		Annual Statement	Performance Guarantee	Insurance Coverage	
1	Alamo Books & Café (News & Gift 262)			X	1
2	Alamo City Microbrewery & Grill	<i>No exceptions noted</i>			
3	Alamo Extra (News & Gift 140)	<i>No exceptions noted</i>			
4	Alamo Extra (News & Gift 154)	<i>No exceptions noted</i>			
5	Alamo Extra (News & Gift 178)	<i>No exceptions noted</i>			
6	Alamo Extra (News & Gift 204)			X	1
7	Alamo Extra (News & Gift 260)			X	1
8	Blimpie Subs & Salads/Smoothie Island	<i>No exceptions noted</i>			
9	Brookstone	X			1
10	Cinnabon	<i>No exceptions noted</i>			
11	Clear Channel	<i>No exceptions noted</i>			
12	Comida Buena	<i>No exceptions noted</i>			
13	Creative Croissants	<i>No exceptions noted</i>			
14	Custom Food Group	X			1
15	Famous Famiglia T-1	X			1
16	Famous Famiglia T-2	X			1
17	Freshens	<i>No exceptions noted</i>			
18	Iceman Gervin's Sports Bar	<i>No exceptions noted</i>			
19	In Celebration of Golf (News & Gift 112)	<i>No exceptions noted</i>			
20	Las Palapas			X	1
21	McDonald's T-1	<i>No exceptions noted</i>			
22	McDonald's T-2	<i>No exceptions noted</i>			
23	Native Texan			X	1
24	Never Too Late Business Center T-1	X		X	2
25	Never Too Late Business Center T-2	X	X	X	3
26	Quizno's	<i>No exceptions noted</i>			
27	Rosario's Cantina	<i>No exceptions noted</i>			
28	Security Service Fed Credit Union	X			1
29	Shannon Smith's Shoe Shine T-1	X		X	2
30	Shannon Smith's Shoe Shine T-2	X		X	2
31	Simply Books/Starbucks	<i>No exceptions noted</i>			
32	Smarte Carte, Inc.	<i>No exceptions noted</i>			
33	Starbucks Coffee T-1	<i>No exceptions noted</i>			
34	Starbucks Coffee T-2	<i>No exceptions noted</i>			
35	Stars of San Antonio (News & Gift 114)	<i>No exceptions noted</i>			
36	Texan Accent		X	X	2
37	The Clothes Hangar	X		X	2
38	The Swatch Group	X			1
39	UETA Duty Free	<i>No exceptions noted</i>			
	<b>Totals</b>	<b>11</b>	<b>2</b>	<b>11</b>	<b>24</b>

## Appendix B – Summary of Revenue Testing

Concession Agreement		Type of Exception				Total
		Revenue Reporting	Sufficient Documents	Hours of Operation	Forms of Payment	
1	Alamo Books & Café (News & Gift 262)	<i>No exceptions noted</i>				
2	Alamo City Microbrewery	<i>No exceptions noted</i>				
3	Blimpie Subs & Salads/Smoothie Island	X	X			2
4	Brookstone		X			1
5	Clear Channel	X				1
6	Creative Croissants/Las Palapas	X				1
7	Famous Famiglia T-1		X			1
8	Freshens	<i>No exceptions noted</i>				
9	Iceman Gervin's Sports Bar	<i>No exceptions noted</i>				
10	McDonald's Terminal 2	<i>No exceptions noted</i>				
11	Native Texan	<i>No exceptions noted</i>				
12	Never Too Late Business Center T-1	X	X			2
13	Alamo Extra (News & Gift 140)	<i>No exceptions noted</i>				
14	Stars of San Antonio (News & Gift 114)	<i>No exceptions noted</i>				
15	Rosario's Cantina	<i>No exceptions noted</i>				
16	Shannon Smith's Shoe Shine T-1			X	X	2
17	Starbucks Coffee T-1	<i>No exceptions noted</i>				
18	The Swatch Group	<i>No exceptions noted</i>				
19	UETA Duty Free	<i>No exceptions noted</i>				
<b>Totals</b>		<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>10</b>

## **Appendix C – Staff Acknowledgment**

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Barry Lipton, CPA, DABFA, Deputy City Auditor  
Theresa Cameron, CPA, CIA, Audit Manager  
Michael Dobratz, CIA, CISA, Auditor-in-Charge  
Rosalia Vielma  
Baltazar Vargas, CFE  
Sylvia Esparza



# CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

Park E. Pearson  
Interim City Auditor  
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of Aviation Concession Agreements

The Aviation Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A-1	Require concessionaires to submit annual statements certified by an independent CPA as required by their concession agreements.	5	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	5/31/09
A-2	Require concessionaires to comply with established insurance requirements.	5	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	5/31/09
A-3	Require concessionaires to maintain performance guarantees as required in their respective concession agreements.	5	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	5/31/09

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A-4.1	Require concessionaires to retain point of sale system records as required by the concession agreements, and any other documentation necessary to verify reported gross sales and any exclusions from gross sales.	5	Accept	Eric Kaalund; Aviation Department; Renee Alton; Unison Consulting	Completed
A-4.2	Require concessionaires to retain and provide appropriate documentation such as bank statements in future reviews and audits.	5	Accept	Eric Kaalund; Aviation Department; Renee Alton; Unison Consulting	Completed
A-5	Require Shannon Smiths Shoe Shine to comply with the terms of the concession agreement to operate on the weekends and accept credit cards.	5	Accept	Eric Kaalund; Aviation Department; Renee Alton; Unison Consulting	Completed

**Action plan:**

A-1 - Unison will review, and modify as necessary, procedures to ensure concessionaires submit annual statements certified by an independent CPA as required by their concession agreements. The eleven concessionaires cited in the audit report have been notified and are in process of coming into compliance.

A-2 - Unison will review and modify as necessary, procedures to track and ensure concessionaire compliance with lease requirements for insurance coverage. The seven concessionaires cited in the audit report have been notified and are in process of coming into compliance.

A-3 - Unison will continue to require, track, and monitor concessionaire compliance to performance guarantees/letter of credit requirements established per the respective concession agreements. The two concessionaires cited in the audit report have been notified and are in the process of coming into compliance.

A-4.1 Unison has communicated to concessionaires the requirement to comply with the concession agreements and maintain sales records and source documentation in accordance with GAAP sufficient to support and verify reported gross sales and all exclusions from gross sales. Unison will undertake periodic reviews to reinforce this requirement.

A-4.2 - Unison has emphasized to concessionaires the requirement to retain and provide appropriate documentation to include bank information requested during future reviews and audits.

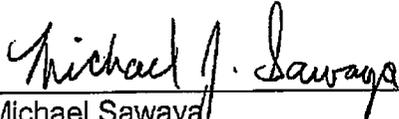
A-5 - Shannon Smith Shoe Shine has been notified to comply with the terms of the concession agreement with respect to operating hours and credit cards.

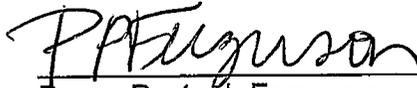
Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
B-1	Credit SSP America (Creative Croissants and Las Palapas) in the amount of \$7,710 for the overpayment of percentage rent.	6	Accepted	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	Completed
B-2	Recover \$2,520 from Clear Channel IAA for the underpayment of percentage rent in June 2008.	6	Accepted	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	Completed
B-3	Require Never Too Late and all other concessionaires to report gross sales as required by their concession agreements. Also, the underpaid \$38 in rent revenue should be recovered.	6	Accepted	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	Completed
B-4	Recover \$55 from Blimpies in unpaid rent due to underreporting of gross sales.	6	Accepted	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	Completed
<p><b><u>Action plan:</u></b></p> <p>B-1 – Unison has applied the credit to future concessionaire percentage rent due            B-2 – Credit issued. The certified annual sales report received from Clear Channel recognized the under reported gross revenue and underpayment of commission.            B-3 – Payment as been received.            B-4 – Payment has been received.</p>					
C-1	Require all concessionaires to obtain the appropriate letter of endorsement naming the City of San Antonio/Airport as additional insured and amend future concession agreements to reflect this requirement.	7	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	5/31/09

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
C-2	Establish a methodology for determining performance guarantee amounts which are consistent and sufficient to protect the City's interests.	7	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	4/30/09
<p><b>Action plan:</b></p> <p>C-1 – Unison will review and modify as necessary procedures to track, monitor, and require all concessionaires to obtain the appropriate letter of endorsement naming the City of San Antonio as an additional insured. Unison has initiated efforts to obtain the letters of endorsement for the six (6) policies identified in this report. Future concession agreements will reflect this requirement.</p> <p>C-2 - The Aviation Department agrees with the recommendation to document in writing the current procedural methodology for setting performance guarantees by April 30, 2009.</p>					

We are committed to addressing the recommendations in the audit report and the plan of actions presented above. The Department of Aviation takes its oversight responsibilities seriously and will be implementing a review process in which a quarterly Department performance review of the Concessions Manager will be conducted to ensure compliance with the terms of their agreement.

Sincerely,

  
 Michael Sawaya  
 Interim Director  
 Aviation Director

  
 Penny Postoak-Ferguson  
 Assistant City Manager  
 City Manager's Office