

Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **April 24, 2019 City Council Agenda Item #24**

On Wednesday, April 24, 2019, your City Council agenda includes item number 24 which is the FY 2018-19 Mid-Year Appropriation Ordinance. This ordinance amends Ordinance number 30991, previously approved on September 18, 2018, as amended by Ordinance number 31035, previously approved on November 14, 2018, authorizing certain transfers and appropriation adjustments.

A correction was made to the ordinance as previously posted to strikethrough Trinity Watershed Management on page 3 which was inadvertently included. This line was not included in the budget ordinance approved by City Council on September 18, 2018 and should not have been listed on the mid-year ordinance. Additionally, the transfer actions in Section 4 on pages 9 and 10 have been reordered to reflect previous actions before reflecting recommended changes.

Please let me know if you have any questions or concerns.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
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Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Aleqresh, Chief Innovation Officer
Directors and Assistant Directors

Office of Cultural Affairs	** <u>20,453,188</u> [19,973,188]
Office of Budget	3,796,050
Office of Economic Development	4,972,909
Office of Housing and Neighborhood Revitalization	4,213,724
Office of Management Services	<u>31,688,439</u> [31,520,619]
Park and Recreation	<u>99,042,371</u> [98,542,371]
Planning and Urban Design	3,171,871
Police	<u>487,002,691</u> [486,752,691]
Procurement Services	2,443,038
Public Works	75,856,653
Sustainable Development and Construction	2,194,525
Transportation	47,219,419
[Trinity Watershed Management	1,302,754]
Contingency Reserve	2,319,383
Salary and Benefits Reserve	2,200,000
Liability/Claims Fund	2,751,145

* An increase to \$1,631,698 was previously approved by Resolution No. 18-1641.

** An increase to \$20,453,188 was previously approved by Resolution No. 19-0296.

GENERAL FUND TOTAL **\$1,367,351,406 [~~1,365,966,274~~]**

GRANT FUNDS **PROPOSED**
2018-19

Court and Detention Services
Law Enforcement Officer Standards and Education (S104) 1,685

Management Services
Fair Housing FHAP Award 14-15 (F439) 6,126
Fair Housing FHAP Award 15-16 (F471) 22,671

GRANT FUNDS TOTAL **\$30,518**

TRUST AND OTHER FUNDS **PROPOSED**
2018-19

Communication and Information Services
Information Technology Equipment Fund (0897) 5,450,000 [~~1,450,000~~]

Court and Detention Services
Employee Morale Fund (0902) 11
Technology Fund (0401) 343,587

(11) Transfer funds, not to exceed \$216,305, from New Markets Tax Credit Fund 0065, Unit P607, Object 3899, to General Fund 0001, Department ECO, Unit (Various), Object 5011, in support of economic development activities.

(12) Transfer funds, not to exceed \$800,000, from the General Fund 0001 Unit 1165, Object Code 3690, to South Dallas Fair Park Opportunity Fund 0351, Unit 0448, Revenue Source 9201, for Special Grant/Loan Program for catalyst economic development initiatives.

(13) Transfer and administer gifts and bequests to the city in accordance with the terms and conditions accompanying the gifts or bequests and, for this purpose, the appropriation of donated amounts is hereby made.

(14) Transfer funds, not to exceed \$4,000,000, from the Rate Case Reimbursement Reserve Fund 0007, Unit P155, Object 3690, to the Information Technology Equipment Fund 0897, unit 3719, Revenue Source 9201 for information technology servers, computers, storage, network and other IT equipment including related software, hardware, and implementation services.

(15) Transfer funds, not to exceed \$250,000, from Fund 0001, Department NBG, Unit 1000, Revenue Code RTRF, to Fund 0001, Dept. DPD, Appropriation Unit 0001DPD, Unit 2181, Revenue Source 9229; and a clearing entry, in the same amount, to Fund 0001, Department BMS, Balance Sheet Account 0991 (Debit) and to Fund 0001, Department BMS, Balance Sheet Account 0950 (Credit).

(16) Transfer funds, not to exceed \$500,000, from Fund 0001, Department NBG, Unit 1000, Revenue Code RTRF, to Fund 0001, Dept. PKR, Appropriation Unit 0001PKR, Unit 5071, Revenue Source 9229; and a clearing entry, in the same amount,

to Fund 0001, Department BMS, Balance Sheet Account 0991 (Debit) and to Fund 0001, Department BMS, Balance Sheet Account 0950 (Credit).

(17) Transfer funds, not to exceed \$101,480, from the General Fund 0001, Unit 1987, Object 3070, to the Capital Construction Fund 0671, Unit W221, Revenue Source 9201 for maintenance of city facilities.

(18) Transfer positions from Management Services, Fund 0294, Unit 3856 and Unit 3857, to Park and Recreation, Fund 0294, Unit 3856 and Unit 3857, to facilitate implementation of the General Obligation Bond Program.”

SECTION 3. That Section 9 of Ordinance No. 30991, as amended (2018-19 FY Operating and Capital Budgets’ Appropriation Ordinance), is amended by adding capital funds to fund appropriations for fiscal year 2018-19 to read as follows:

“SECTION 9. (a) That the following amounts are hereby appropriated from the funds indicated for projects listed in the FY 2018-19 capital budget:

CAPITAL FUNDS

From the Aviation Capital Construction Fund (0131)	<u>20,154,155</u> [17,804,155]
From the Aviation Passenger Facility Charge Near Term Projects Fund (A477)	40,350,000
From the Capital Assessment 2003BP Fund (L003)	540,233
From Capital Assessment 2006BP Fund (L006)	169,987
From Capital Assessment 2012BP Fund (L012)	121,487
From Capital Assessment Fund-85 Fund (L085)	90,017

Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **May 8 City Council Agenda Meeting – Kleberg-Rylie Recreation Center**

Pursuant to City Council Resolution 18-0849, adopted June 13, 2018, four of the second Wednesday Council Agenda meetings of each month will begin at 2:00 p.m. at community locations throughout the City, with zoning cases to begin no earlier than 6:00 p.m. The second offsite meeting will be held on Wednesday, May 8, at the Kleberg-Rylie Recreation Center in District 8.

The Kleberg-Rylie Recreation Center is located at 1515 Edd Road, Dallas, 75253. A map and driving directions to the center are attached. Front door parking will be reserved for Councilmembers. A van to transport City Council will also be available at City Hall at 1:15 p.m. if needed. All other parking will be reserved for the public, and staff is being instructed to park offsite and carpool and to only attend if necessary for an agenda item.

The meeting will occur in the gymnasium, which includes bleacher seating for 200 persons. We will also place chairs in an arrangement similar to the Feb. 13 meeting. Security will provide metal detectors. There will be piped draping and carpeted tiles placed over the gym floor to reduce acoustic reflectivity. An overflow room with streaming of the meeting will be set up adjacent to the gym.

Lunch will be provided for the Mayor and City Councilmembers at 1:45 p.m. Dinner will be provided at 5:00 p.m. between the routine voting agenda and the public hearings.

All City Council materials will be distributed per the normal process. The meeting will be livestreamed and recorded. Wifi will be available onsite and CIS will be enhancing connectivity at the recreation center during the meeting. BSD (formerly EBS) is providing power strips at the dais for your charging devices.

Please note the Dallas Police Department Police Memorial Ceremony is also scheduled on Wednesday, May 8, at 12 noon. National Police Week will take place the following week, and several DPD officers will be in attendance at the national event to honor Officer Rogelio Santander, Jr.

Should you have any questions or concerns, please contact Carrie Prysock at 214.670.5682 or carrie.prysock@dallascityhall.com.



T. C. Broadnax
City Manager

c: Chris Caso, City Attorney (Interim)
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager

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M. Elizabeth Reich, Chief Financial Officer
Laila Aleqresh, Chief Innovation Officer
Directors and Assistant Directors



CITY OF DALLAS

PUBLIC AFFAIRS AND OUTREACH

For Immediate Release:

May 1, 2019

For More Information Contact:

Public Affairs and Outreach

PAO@dallascityhall.com

Biliera Johnson, City Secretary

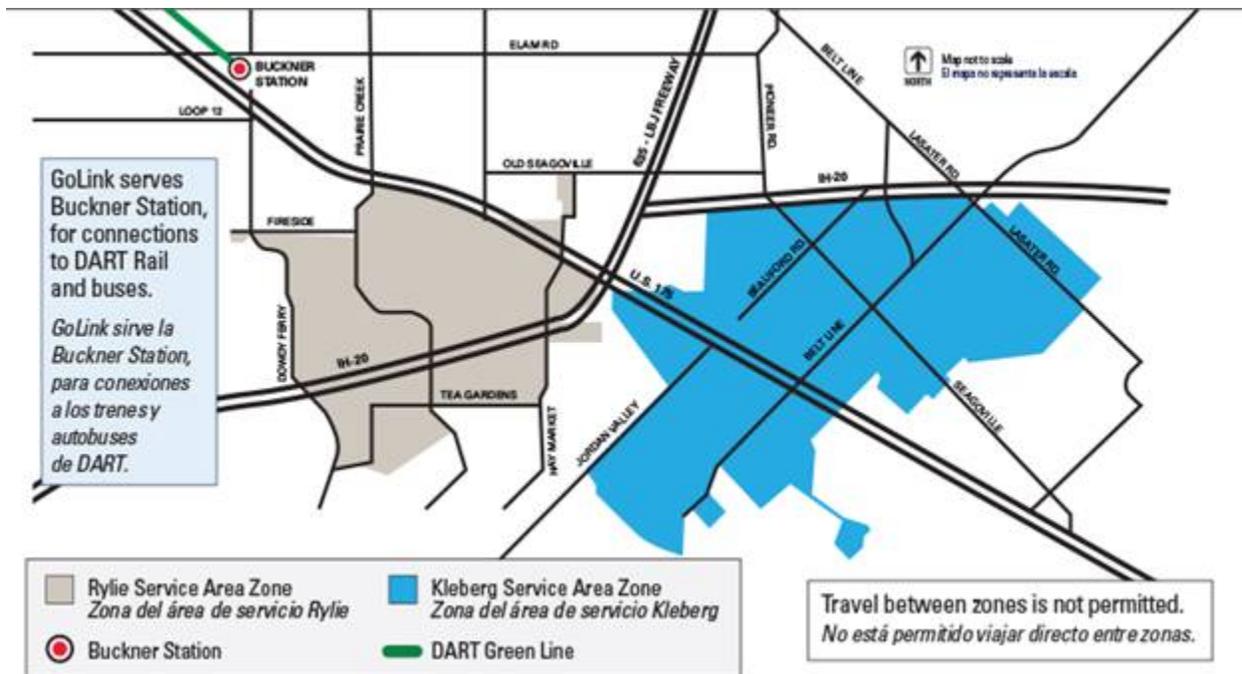
CitySecretary@dallascityhall.com

Next Offsite City Council meeting scheduled at Kleberg-Rylie Recreation Center

Dallas – On May 8, 2019, the Dallas City Council meeting will be held at Kleberg-Rylie Recreation Center at 1515 Edd Rd. The agenda regular order of business will begin at 2 p.m. Zoning cases will begin no sooner than 6 p.m.

The offsite City Council meetings are designed to encourage civic participation in local government by holding meetings within the community. To register to speak at a Council meeting, contact the City Secretary's Office. Email CitySecretary@dallascityhall.com or dial 214-670-3738.

Mobility options available through DART for individuals who may need public transport to attend the meeting can be accessed via the [DART GoPass app](#) (available in the Apple Store and Google Play). In addition to real-time trip planning and integrated maps, the GoPass app allows you to pay for your trip through either a credit card or cash pre-loaded at a participating retail location.



A sample trip planned in the app below:

- 12:00 Leave Dallas City Hall
 1500 Marilla, Dallas, TX
 Walk (2 minutes) to Akard@Canton bus stop
- 12:02 Board 026 Bus
- 12:22 Arrive at JB Jackson Jr. Transit Center
 Walk (1 minute) to MLK Station
- 12:26 Board Green Line to Buckner Station
- 12:43 Arrive at Buckner Station
- 12:49 GoLink Shuttle arrives
- 12:58 Arrive at 1515 Edd Road, Dallas, TX

TOTAL TRIP TIME: 56 minutes

TOTAL TRIP COST: \$2.00

Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Robert E. Lee Sculpture**

As you may recall, by memorandum on February 22, 2019, I informed the City Council that staff would solicit fine auction house proposals for the potential sale of the Alexander Phimister Proctor sculpture, Robert E. Lee and Confederate Soldier (the "Lee"), and that I would bring this matter back to City Council in April 2019 for consideration.

While City Council in April 2018 voted against directing the City Manager to procure a fine auction house for the sale of the Lee, I acted based on City Council's vote in February 2019 to remove the Confederate Monument and because City Council will still need to decide whether to proceed with an auction.

The Dallas City Code requires that fine art owned by the City and deemed as surplus property must be sold through public auction. Therefore, the City may directly conduct request for proposals (RFP) process to satisfy the auction requirement and identify a buyer deemed most advantageous to the City. We have been in contact with various fine auction houses since February but have not identified any interested vendors.

If City Council desires to proceed with the sale of the Lee through an RFP process, I am requesting that formal direction be provided to me by the full City Council.

Please let me know if you have questions.

A handwritten signature in black ink, appearing to read 'T.G. Broadnax'.

T.G. Broadnax
City Manager

c: Chris Caso, City Attorney (Interim)
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
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Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Dallas City News Network Broadcasting Studio at Fair Park**

Summary:

This memorandum is to inform you that staff will bring forward a final change order on Wednesday, April 24, 2019, to increase the original scope of work for the Dallas City News Network broadcasting studio project. This change order will address structural modifications, repairs and unforeseen conditions discovered during the project's construction phase. Information is also included to provide you with background on the overall project and outline next steps for operations.

Project Background:

On June 17, 2015, the Dallas City Council authorized a professional services contract with Russ Berger Design Group, Inc. for the Dallas City News Network government access television studio located at the Science Place II Building in Fair Park in the amount of \$301,000.

Staff briefed the City Council on November 2, 2016, on the project's construction build out and a program concept, called the Communications Policy Institute (CPI) that would be administered at the studio in collaboration with local educational partners.

On December 14, 2016, the City Council authorized a building construction services contract with Phoenix I Restoration and Construction, Ltd in an amount not to exceed \$5,146,800. Construction began in March 2017. Due to the historic nature of the building, the project has had two previous change orders over the course of construction. These change orders included required and necessary additions that had to be completed.

Although construction on the building began as scheduled, the final scope for the CPI program, and the interlocal agreements and memorandums of understanding between the City and educational partners to administer the program were never completed and executed. This was in large part due to the need to further assess viable options for the use of the building, and the lack of community engagement in the concept for the CPI.

Project Funding:

The Dallas City News Network project was funded using PEG (Public, Education, Government) funds. On December 14, 2016, in addition to awarding the construction contract, the City Manager was authorized to increase appropriations in PEG funding to

DATE April 19, 2019

SUBJECT **Dallas City News Network Broadcasting Studio at Fair Park**

increase the project's original estimated cost of \$5,146,800 for construction to \$10,774,151.37 to also account for equipment and furniture.

The construction phase totaled \$6,375,299.37 which included the required change orders. The remaining project balance is estimated at \$4.4 million to outfit the building with the necessary equipment and furniture.

Next Steps – Operations and Programming:

In FY 2019, the Public Affairs and Outreach Office (PAO) was transitioned under new leadership and has taken time to assess and review the original concept for the Dallas City News Network broadcasting studio, and subsequently the CPI program.

As a result, PAO is now focusing on revamping the programming concept to align more with a program centered around television broadcasting, and film and video production to promote and highlight City services. The PAO FY 2019 adopted budget included \$25,000 earmarked for the facility. Staff will utilize this funding for programming support and initial operational expenses.

Staff is also exploring the creation of an advisory group that would include members from the creative and film community to provide insight on how community members can take advantage of the facility's amenities (i.e. meeting space, video shooting stages, video editing space, podcasting, voice recording, etc.)

Additionally, staff is developing a more robust and comprehensive hands-on approach to immerse high school and undergrad students in television broadcasting and podcasting through the lens of City government.

Following next week's City Council Agenda Meeting, staff will schedule meetings with each Council Member to share the proposed program concept and discuss ways to leverage the City's government access television to engage with community members through visual storytelling. Staff will also be available at the GPFM Committee on Monday, May 20, 2019, to answer any further questions related to this project.

Please contact me or Gwendolyn Schuler, PAO director, if you have any questions.



Kimberly Bizer Tobert
Chief of Staff to the City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Billerae Johnson, City Secretary
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Majed A. Al-Ghafry, Assistant City Manager
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Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE April 18, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Dallas County District Attorney Conversation**

Dallas County District Attorney John Creuzot will brief the Public Safety and Criminal Justice Committee on Monday, April 22, 2019. Chair McGough extended an invitation to DA Creuzot earlier in the year, but due to scheduling conflicts this meeting was pushed to the Monday meeting.

On April 11, 2019, DA Creuzot sent out the attached memorandum outlining his 2019 proposed reforms to the County's criminal justice system. Councilmember McGough is inviting all councilmembers to attend this conversation.

This meeting will be held in the Council Chambers at 11:00am on Monday.

Please let me know if you have any questions.

A handwritten signature in black ink that reads "Jon Fortune".

Jon Fortune
Assistant City Manager

Attachment

c: T.C. Broadnax, City Manager
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JOHN CREUZOT
CRIMINAL DISTRICT ATTORNEY
DALLAS COUNTY, TEXAS

April 11, 2019

To the People of Dallas County,

When I ran to become your District Attorney, I promised you that I would bring changes to our criminal justice system. The changes that I promised will be a step forward in ending mass incarceration in Dallas County, and will make our community safer by ensuring that our limited resources are spent where they can do the most good. My office has made tremendous strides in these last 90 days, and I am proud to announce the following reforms:

First-Offense Marijuana

Although African Americans and people of other races use marijuana at similar rates, in Dallas County African Americans are three times more likely to be prosecuted for misdemeanor marijuana possession than are people of other races. After arrest, African Americans are assessed money bond at a higher rate for marijuana possession, and are assessed higher bond amounts than other races. African Americans are more likely to be convicted of marijuana possession once charged and are more likely to serve a jail sentence.¹

The District Attorney must take action to end that disparity. To that end, I have declined prosecution on misdemeanor possession of marijuana cases for first-time offenders whose offenses do not occur in a drug-free zone, involve the use or exhibition of a deadly weapon, or involve evidence of delivery. After the first offense, people will be offered a program that, if successfully completed, will keep their record clear. I am also in the process of dismissing all pending misdemeanor marijuana cases filed before I took office, according to the new policy stated above. To date, I have dismissed over a thousand misdemeanor marijuana cases.

THC Possession

Prosecution will be declined on State Jail Felony and 3rd Degree Felony Possession of Tetrahydrocannabinol (THC) cases for first time THC offenders whose offenses do not occur in a drug-free zone, involve the use or exhibition of a deadly weapon, or involve evidence of delivery.

Trace Amount Drug Possession

No person will be prosecuted in Dallas County for possessing less than .01 grams of drug "trace" evidence.

Drug Possession Cases without Laboratory Reports

Historically, when an individual is arrested for State Jail and Third Degree Felony drug cases they are taken to jail. The accused may sit in jail for an extended period of time awaiting the

¹ Dallas County Misdemeanor Filing Data, 2015-2018



JOHN CREUZOT
CRIMINAL DISTRICT ATTORNEY
DALLAS COUNTY, TEXAS

testing of the alleged contraband. My office is returning these cases until the laboratory report is completed. If, in fact, the substance is a controlled substance, we will be requesting that the District Clerk issue a summons instead of a warrant.

Criminal Trespass

Right now, our county jail is the largest mental health provider in the county. However, the jail is not a suitable place for the mentally ill and homeless -- those most often charged with misdemeanor criminal trespass -- whose only crime is not having a place to go. Around 90 percent of homeless individuals charged with trespass will receive an average jail sentence of 33 days. These prosecutions are an ineffective and inhumane approach to dealing with homelessness or mental illness, and yet since 2015, Dallas County has spent nearly \$11 million just to incarcerate those charged with trespass, not including the costs and resources required to arrest and prosecute their cases. To that end, I have instructed my intake prosecutors to dismiss all misdemeanor criminal trespass cases that do not involve a residence or physical intrusion into property. All pending criminal trespass cases meeting these guidelines will be dismissed, and where appropriate will be referred for outpatient mental health services. I urge Dallas County and its municipalities to use the savings to provide affordable housing and mental health services to this vulnerable population.

Theft of Necessary Items

Study after study shows that when we arrest, jail, and convict people for non-violent crimes committed out of necessity, we only prevent that person from gaining the stability necessary to lead a law-abiding life. Criminalizing poverty is counter-productive for our community's health and safety. For that reason, this office will not prosecute theft of personal items less than \$750 unless the evidence shows that the alleged theft was for economic gain.

Driving While License Suspended (DWLI)

Prosecuting a person for driving while their license is suspended is often just prosecuting a person for being too poor to pay off their fines and fees. I have developed a diversion program that will result in charges being dismissed for defendants who clear their drivers' licenses.

Misdemeanor Pre-Trial Diversion Expunctions

For those people who have successfully completed our pre-trial diversion program, a conditional dismissal or memo agreement, we will now be proactively expunging the arrest instead of the previous policy of waiting two years for the statute of limitations to run.

Probation

While probation was originally intended to be an alternative to incarceration, it is often a lengthy and burdensome process that can actually increase recidivism. When people are kept on probation much longer than they should be, the system is overtaxed with supervision, and true rehabilitation becomes almost impossible. Our community is not made safer by long probation periods: research shows that probation terms should be only as long as needed to



JOHN CREUZOT
CRIMINAL DISTRICT ATTORNEY
DALLAS COUNTY, TEXAS

achieve its goal. Accordingly, I have instructed all prosecutors to presumptively ask for the following recommendations in cases where appropriate:

Misdemeanor: Six months presumptive term

State jail felonies: 180 days presumptive term

Second and Third-Degree Felonies: Two years presumptive term

First Degree Felonies: Five years presumptive term

I have also instructed prosecutors not to ask for jail, state jail, or prison time for “technical” violations such as failing to pay fines or fees and other acts that do not threaten public safety.

Bail

This county’s money bail system must be reformed. Our current system is uncoupled from physical safety and fairness, as people sit in jail not because they pose an identifiable danger to the community, but because they cannot pay their fee to go home. When low-income people are held in jail simply because they cannot afford a few hundred dollars, they lose their jobs, housing, stability, and cannot take care of their children: this makes our communities less safe.

My own moral compass does not allow me to sit and wait for others to decide to act when I also have the power to do so. I am proposing an approach that makes public safety, not wealth, the determining factor in bail decisions. The policy articulated below ensures that those who pose no safety risk can return to their communities, while those who do are either kept in jail or released with conditions. Keeping safety, not wealth, at the centerpiece of policy is sensible and fair. Our system of justice cannot depend on whether individuals can afford to buy their freedom.

Accordingly, my office will adopt the following guidelines when recommending bail amounts:

- **Misdemeanors:** There shall be a presumption of release without pre-trial conditions subject to the below exceptions.
- **State Jail Felonies:** There shall be a presumption of release without pre-trial conditions for all people charged with a state jail felony who have no criminal convictions within the last five years.
- **Exceptions to misdemeanor and state jail felony presumption:** If a prosecutor believes by clear and convincing evidence that the accused will fail to appear and/or is



JOHN CREUZOT
CRIMINAL DISTRICT ATTORNEY
DALLAS COUNTY, TEXAS

a danger to the community or victim, then a risk assessment shall be requested to determine what, if any, conditions of release are appropriate to ensure return to court and community safety. The risk assessment shall be used to determine specific conditions that will aid return and protect community safety, not as a determinant of release.

Valid reasons for believing someone is a flight risk or danger:

1. Direct threats to victim during or after arrest, or;
 2. Prior convictions for violence committed against same complainant or victim; or
 3. More than two failures to appear within the last two years and proof that the failures to appear were an attempt to evade prosecution. Evidence of evasion may include incidents such as evading the police upon arrest on the warrant or using an alias upon police encounter that was used in an intent to evade prosecution.²
- **All other cases:** The prosecutor's recommendation is based on an assessment of risk. While a tool will be used, it is not dispositive, rather, it will be used as a guide for developing appropriate conditions of release. The prosecutor's presumption should be that, unless individuals pose a serious safety risk or flight risk, release remains appropriate, but with the least restrictive conditions imposed to ensure community safety and return to court.

Monetary conditions should never be requested by a prosecutor unless there has first been an ability to pay determination, and then the amount requested should be based on what a person can afford. High bonds should not be used as a form of preventive detention. Instead, people should only be preventively detained if they meet the statutory guidelines for preventive detention,³ and there is an articulated reason that the person poses a specific danger to the community.

Magistration

As soon as construction permits, I will be assigning prosecutors to magistration so that they can screen cases and decline to prosecute those cases that fall within the above policy recommendations. My hope is that soon there will also be defense lawyers in magistration, and

²Alias' means more than a misspelling of a name, the use of a maternal or paternal last name, or the use of a nickname. These factors are based on both pretrial studies for FTA and interests of the Stakeholders.

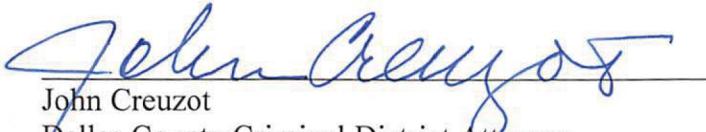
³ See [here](#) (conditions relating to victim safety) and [here](#) (denial of bail for violation of bond where victim is a child).



JOHN CREUZOT
CRIMINAL DISTRICT ATTORNEY
DALLAS COUNTY, TEXAS

recommendations. My hope is that soon there will also be defense lawyers in magistration, and that at that point in time prosecutors can take an active role in making the above bail policy into a reality.

Sincerely,


John Creuzot
Dallas County Criminal District Attorney

Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Additional Information on Proposed Changes to the Dallas Homebuyer Assistance and Housing Rehabilitation Programs**

This memo addresses questions raised during the Economic Development and Housing Committee meeting of April 15, 2019 regarding proposed changes and updates to the Dallas Homebuyer Assistance and Housing Rehabilitation Programs.

Summary

Councilmembers posed questions and comments throughout the briefing on various aspects of the Programs and requested written responses. This memo serves as the Department's response to the questions and comments received.

(1) How will the proposed changes to the housing rehabilitation program increase contractor participation?

The proposed implementation of categories within the program allows for a more diverse set of contractors to participate in the program. The proposed categories of Minor Home Repair, Home Improvement and Preservation, and Home Reconstruction allow smaller contractors to bid on projects for which they are qualified and entice larger contractors to bid on home reconstruction projects that carry higher construction costs. The Minor Home Repair program and the Home Improvement and Preservation Program, capped at \$10,000 and \$40,000 respectively, have lower capacity, insurance, and bonding requirements than the Home Reconstruction program thus allowing a wider range of small contractors to participate in the program. Successful bids can lead to increased capacity. This increased capacity not only increases the value and productivity of local contractors, it also provides the Housing Department with more contractors that are better positioned to bid on larger projects.

(2) What is the Housing Department's annual forecast of housing rehabilitation program production?

Staff developed project cost estimates based on the budgets allocated and the average cost per repair for each rehabilitation program.

Minor Home Repair Program

Budget:	\$1 million (grants to non-profits)
Average Cost:	\$5,000
Total Homes:	200

DATE April 19, 2019

SUBJECT **Additional Information on Proposed Changes to the Dallas Homebuyer Assistance and Housing Rehabilitation Programs**

HIPP/Reconstruction

Budget:	\$4.5 million
Average Cost:	\$75,000
Total Homes:	60

Please note that the above projections and productivity estimates are subject to change based on the actual cost of Home Rehabilitation projects.

(3) What are the barriers that reduce contractor participation in the rehabilitation program and how are we mitigating those barriers?

Barriers to contractor participation have been a key component to delays associated with the Rehabilitation Program. While the proposed changes to the program will improve contractor participation as described in Response #1 above, there are other barriers to contractor participation that Staff are working to remove. The following list identifies many of the existing barriers and the steps being taken to overcome the barriers.

Bonding

Federal requirement that must be followed when projects are funded with federal grants.

Insurance

Housing is currently working with Risk Management to create categories of insurance requirements based on project scope. This will allow contractors to purchase insurance based on the project scope as opposed to a blanket level of insurance that may not be affordable to many contractors.

Due to the varying levels of required insurance, the Department is no longer requiring contractors to purchase a blanket insurance policy prior to receiving a Rehabilitation Program contract. Contractor feedback indicated that purchasing insurance with no guarantee of award was not economically palatable. Contractors will now provide proof of insurance upon award of contract to be approved by Housing and Risk Management.

Staff will explore the development of a customized insurance policy for contractors participating in the housing rehabilitation program.

Outreach to Contractors

Housing Department staff continue to work with the Office of Business Diversity to market housing rehabilitation programs and educate local contractors about the Rehabilitation Program. The Department will also partner with trade associations and community organizations to conduct outreach. Outreach will range from

DATE April 19, 2019

SUBJECT **Additional Information on Proposed Changes to the Dallas Homebuyer Assistance and Housing Rehabilitation Programs**

participation on subject-relevant webinars to networking sessions which will facilitate meaningful partnerships between large and small contractors.

The Housing Department will continue to work with Office of Business Diversity to bolster efforts with small and minority contractors including participation in Diversity University which provides hands on training and technical assistance to Minority/Women Business Enterprises (M/WBE).

Outreach efforts will seek to increase contractor participation in the program as well as build contractor capacity (see below).

Capacity (Financial and Operational)

As outlined in Response #1, the proposed changes to the Rehabilitation Program will allow smaller contractors to bid and secure lower budget projects to increase their financial capacity.

Department Staff continue to work with existing and potential contractors to provide educational assistance with operational capacity as it relates to bookkeeping, invoicing, insurance requirements, bidding requirements, general administration, and other capacity building activities.

Reimbursement Time

In reviewing past reimbursement delays, missing documentation was determined to be the root cause of many delays. Staff will provide assistance and education to contractors to ensure all required documents are included with reimbursement requests.

Application Process

The Housing Department's goal is to simplify the contractor application process to generate more contractor participation. The Housing Department removed the insurance requirement from the application process that proved to be a significant barrier to contractor participation. Housing is also analyzing other options to simplify the application process including reviewing Environmental Protection Agency certification requirements based on project scope, bundling of projects, financial review, and program design.

Internal City Processes

The Housing Department has undergone a significant reorganization to simplify its internal processes as well as increase communication and efficiencies when working with other stakeholders such as Risk Management, Business Diversity, Procurement, and City Attorney's Office.

(4) Provide a list of approved program applicants by council district.

See Exhibit A.

DATE April 19, 2019

SUBJECT **Additional Information on Proposed Changes to the Dallas Homebuyer Assistance and Housing Rehabilitation Programs**

- (5) What efforts is the Housing Department making to ensure landlords operating blighted rental properties are not allowed to participate in the program?**

Prior to participating in the City's Rehabilitation Program, Housing determines if the property owner has

- a) previously entered into agreements with the Department and
- b) if the particular property owner is in good standing with the City.

- (6) Provide a list of all non-profits and contractors the Housing Department worked with since 2014.**

See Exhibit B.

- (7) Can the City work with private insurance companies to customize insurance policies for contractors participating in the program?**

The Housing Department will reach out to private insurance companies to customize insurance policies for contractors participating in the program based on the requirements of Risk Management.

- (8) Provide information regarding historical contractor participation.**

Past outreach conducted by the Housing Department resulted in interest from 106 contractors. This outreach was conducted via educational sessions with Business Diversity, community events, and outreach to trade associations.

- (9) Provide a forecast of future contractor participation.**

Of the 106 different contractors that showed interest in the Rehabilitation Program, 15 contractors applied (14%) and 9 have received conditional approval (8%). The proposed changes to the program are designed to increase these figures; however, these figures may be used as a baseline participation rate moving forward.

Conclusions

The Department of Housing and Neighborhood Revitalization is committed to increasing homeowner and contractor participation in the Rehabilitation Program through the proposed changes to the program. The Department appreciates the opportunity to respond to the Committee's questions and provide clarification to the proposed changes to the Rehabilitation Program.

DATE April 19, 2019
SUBJECT **Additional Information on Proposed Changes to the Dallas Homebuyer Assistance and Housing Rehabilitation Programs**

Should you have any questions, please contact me at 214-670-3619.



David Noguera
Director, Housing and Neighborhood Revitalization

Attachments

C: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
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Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

Exhibit A

Approved Program Applicants By Council District

Census Tract	First Name	Last Name	Street Number	Street Name		Council District
4500	Erik	Osorio	415	Hartsdale	Drive	1
6401	Maricela	Yoder	2853	Poinsettia	Drive	1
5300	Ana	Hernandez	2721	Kingston	Street	1
5200	Nancy	Patlan	1000	S.Marborough	Avenue	1
	Diana	Robles	3812	Mt.Washington	Street	1
4201	Wanda	Eskue	1019	Woodlawn	Avenue	1
9802	Dwright	Savage	3512	Bolivar	Drive	2
2500	Rosie	Thomas	3504	Fairview	Avenue	2
11001	Joann	Sherwood	1636	Russell Glen	Lane	3
11001	Willie	Webb	1111	Oak Park	Drive	3
11001	Marica	Boldon	4841	Darko	Drive	3
16301	Rodriguez	Xiomara	1753	Nina	Drive	3
11001	Elinda	Amstead	1410	Lashley P	Place	3
10805	Zella	Young	3032	Cliff Creek	Drive	3
10803	LaShawn	Horton	4407	Country	Creek	3
11300	Ever	Battee	6112	Concerto	Lane	3
10805	Sharlann	Adams	3924	Kiest Valley	Parkway	3
11103	Linda	Roberson	1027	Golden Trophy	Drive	3
11300	Janice	Jamerson	1303	Woodburn	Trail	3
11001	Joseph	Johnson	1238	Maureen	Drive	3
12206	Harvey	Savage	5725	Hillcroft	Street	3
10804	Doris	Redden	2515	W. Kiest	Bldv	3
11101	Margaret	Javis	6329	ElderGrove	Drive	3
16510	Maria	Sanchez	7410	Elderberry	Lane	3
8802	Rosie	Caldwell	2722	Canary	Drive	4
5400	Cathy	Battle	1531	Arizona	Avenue	4
4900	Clova	Roy	1515	Harlandale	Street	4
5901	Barbara	Talley	1433	Grinnell	Street	4
8604	Ysifredo	Gonzalez	3047	Fordham	Road	4
5901	Eliza	Harrison	4402	S. Ewing	Avenue	4
8900	Willie Lynette	Ellis	420	Faulk	Street	4
8701	Mildred	Pope	3217	E. Ledbetter	Drive	4
11200	Joyce	Harrison	333	Penguin	Drive	4
4900	Carrie	Rhodes	1219	Galloway	Avenue	4
5600	Evelyn	Jackson	3039	Ramsey	Avenue	4
5600	Juana	Mendez	3010	Alaska	Avenue	4
5400	Ruby	Eusey	1726	Alaska	Avenue	4
5400	Geraldine	Bush	1907	Alabama	Avenue	4
8802	Silvia	Gonzalez	2436	E. Overton	Road	4
10601	Gloria	Rodriguez	3303	Clymer	Street	4
4500	Essie	Burns	2123	S. Ewing	Avenue	4
5901	Loreda	Jackson	3714	S. Marsalis	Avenue	4
5400	Linda	Willis	1235	Michigan	Avenue	4
8802	Gladys	Crawford	2637	E. Overton	Road	4

Approved Program Applicants By Council District

Census Tract	First Name	Last Name	Street Number	Street Name		Council District
6002	Sharon	Watkins	536	Parkwood	Drive	4
11900	Vickie	Johnson	1836	Red Cloud	Drive	5
12000	Isabelle	Hinkle	2803	Kirven	Street	5
9104	Geraldine	Kendick	2046	Hillburn	Drive	5
10101	Clinton	Brawley	1814	Dennison	Street	5
11900	Pearline	Shaw	1430	Gardenside	Drive	5
11800	Brenda	Mobley	908	Oakvale	Court	5
9101	Lora	Scott	2441	Utica	Drive	5
11900	Yetta	Williams	10404	Muskogee	Drive	5
9201	Glenda	Shelton	9241	Pondview	Drive	5
10101	Shelitha	Zachery	1850	Leath	Streeth	6
9802	Manuel	Abad	3615	Matador	Drive	6
11500	Nelvin	Jackson	3003	Dorris	Street	7
12210	Mildred	Alleyne	9220	Sweetwater	Drive	7
3902	Willie	Champion	2340	Macon	Street	7
3902	Linda	McGee	2327	Macon	Street	7
12206	Gill	Williams,I	6902	Hunnicut	Place	7
20200	Helen	Crockett	4808	Fellows	Lane	7
2701	Lawrence	Fuller	4602	Baldwin	Street	7
3902	Patricia	Crowder	2616	Stephenson	Street	7
20300	Tia	Adams	2409	Birmingham	Avenue	7
17605	Lillie	McGilbra	10403	Woodleaf	Drive	7
3700	Carlas	Jackson	3728	Dunbar	Street	7
12206	Dore	Madene	5727	Logancraft	Drive	7
11401	Billie	Fullylove	3825	Basswood	Drive	8
11300	Mark	Hawthorne	6616	Erikaglen	Drive	8
11104	Barbara	Potts	751	Clearwood	Drive	8
11601	Ronnie	Holiness	215	Palm Oak	Drive	8
11101	Billie	Thomas	1415	Millstream	Drive	8
9304	George	Edmond	365	Stoneport	Drive	8
9304	Roena	Calicutt	328	Ella	Avenue	8
11401	Bobbie	Offord	3928	Lovingood	Drive	8
20200	Gloria	Lee	3811	Stateoak	Drive	8
10902	Katherine	Mccallister	7228	Coach Light	Road	8
8705	Jimmie	Dixon	5180	Cardiff	Street	8
11200	Henry	Rhone	7304	Harold Walker	Drive	8
11401	Mildred	Thomas	3836	Morningview	Drive	8
16701	Lucia	DeLaRosa	6910	Nandian	Drive	8
12601	Vanessa	Harris	3041	Tres Logos	Lane	9
12400	Alma	Hernandez	10381	Fern	Drive	9
12702	Martin	Parra	2429	Tealford	Drive	9
12702	Christopher	Solomon	10639	Galena	Street	9
12500	Francine	Elmore	2335	Healey	Drive	9
21616	Daniel	Hagen	18715	Platte River	Way	12

Exhibit B

List of Approved Contractors Since 2014

A to Z Electric
Angel A/C Refrigeration
Apex Electrical Services
Builders of Hope
Assured Mechanical Solutions
Astar Heat & Air, Inc.
Atlas Star Energy, Inc., dba A Cooler House
Bethel Construction
Cleta Bryant Construction
Rustown Homes
ElstonAire, Inc.
HAO Texas Builders, Inc.
Hatley Brothers II Roofing & Construction LLC
M&M Constructor
Nationwide Contractors
One Air Earth
Opportunity Developers
PML Air Conditioning, Inc.
Son of Man Air & Heat, Inc.
Torres Construction
Dry Quick Restoration, LLC
Weldon's Interprises
CLA Services
Catastrophe Construction Services, Inc.
FixADrip Plumbing, Inc.
H & W Cleaning Systems, Inc
Ingram Property Management
Miko Trucking Inc.
RCT Property Preservation, CO. LLC
Christopher Tola dba Super Siding and Remodeling
JNT Developers

List of CHDO's Since 2014

Builders of Hope
East Dallas Community Organization (EDCO)
Southfair Community Development Corporation
Intercity Community Development Corporation
City Wide Community Development Corporation

Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **April 17 City Council Briefing - City Manager's Proposed FY 2019-20 HUD Consolidated Plan for FY 2019-20 through FY 2023-24 and FY 2019-20 Annual Budget**

On Wednesday, April 17, we briefed the City Council on the FY 2019-20 HUD Consolidated Plan Budget. The budget was based on estimated grant amounts because the City had not yet received notification from HUD of the actual amounts. After briefing materials were posted on Friday, April 15, HUD posted the final grant allocations for FY 2019-20.

The table below indicates the actual amounts the City will receive from HUD for the Consolidated Plan Budget for FY 2019-20:

GRANT	Estimated Amounts for FY 2019-20	Actual Amounts for FY 2019-20	Difference
CDBG	\$14,810,163	\$14,697,642	(\$112,521)
HOME	5,886,901	5,427,679	(459,222)
ESG	1,203,874	1,256,675	52,801
HOPWA	6,645,116	7,058,692	413,576
TOTAL	\$ 28,546,054	\$ 28,440,688	(\$105,366)

In order to balance the budget to the actual grant amounts, the proposed FY 2019-20 Consolidated Plan Budget must be revised. Changes to the recommended uses of funds were included in your April 17 briefing and are detailed in column E (HUD Allocation Variance) on the attachment for your consideration.

During your April 17 meeting, Council Members were invited to submit amendments to the Office of Budget by May 3. A public hearing is scheduled for May 22 to receive citizen comments. Final adoption of the FY 2019-20 HUD Consolidated Plan Budget is scheduled for June 12. The FY 2019-20 Action Plan and budget must be submitted to HUD no later than August 16.

DATE April 19, 2019

SUBJECT **April 17 City Council Briefing - City Manager's Proposed FY 2019-20
HUD Consolidated Plan for FY 2019-20 through FY 2023-24 and FY
2019-20 Annual Budget**

Please let me know if you need additional information.



M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Community Development Commission
T. C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
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Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

**FY 2019-20 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**ATTACHMENT A
Revised 4/15/19**

A	B	C	D	E	F
Project Name	FY 2018-19 Amended Budget	FY 2019-20 City Manager's Proposed Budget	CDC Amendment on 4/4/19	HUD Allocation Variance on 4/12/19	FY 2019-20 Revised Proposed Budget
<u>SOURCE OF FUNDS</u>					
Community Development Block Grant					
Entitlement (grant)	14,810,163	14,810,163	0	(112,521)	14,697,642
Program Income - Housing Activities ¹	1,250,000	300,000	0	0	300,000
Program Income - Sub-Recipient Retained	225,000	156,000	0	0	156,000
Reprogramming ²	3,323,870	0	0	0	0
	<u>19,609,033</u>	<u>15,266,163</u>	<u>0</u>	<u>(112,521)</u>	<u>15,153,642</u>
Home Investment Partnership					
Entitlement (grant)	5,886,901	5,886,901	0	(459,222)	5,427,679
Program Income - Housing Activities	1,000,000	1,000,000	0	0	1,000,000
	<u>6,886,901</u>	<u>6,886,901</u>	<u>0</u>	<u>(459,222)</u>	<u>6,427,679</u>
Emergency Solutions Grant					
Entitlement (grant)	1,203,874	1,203,874	0	52,801	1,256,675
Housing Opportunities for Persons with AIDS					
Entitlement (grant)	6,645,116	6,645,116	0	413,576	7,058,692
TOTAL SOURCE OF FUNDS	<u>34,344,924</u>	<u>30,002,054</u>	<u>0</u>	<u>(105,366)</u>	<u>29,896,688</u>
¹ Reduction in FY 2019-20 due to one-time funds available in FY 2018-19.					
² \$2.9M Reprogramming funds were accelerated and added to the Housing 2018 NOFA approved by City Council on Feb 27, 2019, instead of waiting until FY 2019-20.					
<u>USE OF FUNDS</u>					
Community Development Block Grant					
Public Services (15% of CDBG maximum amount allowed)	2,258,979	2,283,872	0	(16,878)	2,266,994
Housing Activities	10,867,677	7,464,258	0	0	7,464,258
Economic Development Activities	225,000	156,000	0	0	156,000
Public Improvements	3,419,373	2,400,000	0	(73,138)	2,326,862
Fair Housing and Program Oversight (20% of CDBG max amount allowed)	2,838,004	2,962,033	0	(22,505)	2,939,528
	<u>19,609,033</u>	<u>15,266,163</u>	<u>0</u>	<u>(112,521)</u>	<u>15,153,642</u>
HOME Investment Partnerships Program					
HOME Programs	6,886,901	6,886,901	0	(459,222)	6,427,679
Emergency Solutions Grant					
ESG Programs	1,203,874	1,203,874	1151073	52,801	1,256,675
Housing Opportunities for Persons with AIDS					
HOPWA Programs	6,645,116	6,645,116	6231540	413,576	7,058,692
TOTAL USE OF FUNDS	<u>34,344,924</u>	<u>30,002,054</u>	<u>0</u>	<u>(105,366)</u>	<u>29,896,688</u>

**FY 2019-20 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**ATTACHMENT A
Revised 4/15/19**

A	B	C	D	E	F
Project Name	FY 2018-19 Amended Budget	FY 2019-20 City Manager's Proposed Budget	CDC Amendment on 4/4/19	HUD Allocation Variance on 4/12/19	FY 2019-20 Revised Proposed Budget
<u>COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)</u>					
<u>CDBG - Public Services</u>					
CD01 PKR Out-of-School Time Program - Provide after school (in collaboration with Dallas ISD) and summer programs for low/mod income youth Monday thru Friday through structured recreational, cultural, social and life skills activities. 26 CDBG funded sites. FY 2019-20: estimated 2,900 children to be served. (formerly After-School/Summer Program)	600,000	600,000	150,000	0	750,000
CD02 Early Childhood and Out-of-School Time Services Program - Provide various programs for children and youth, including after school programs, childcare for special populations (such as special needs children, children who are homeless, children with disabilities, infants and toddlers, etc.) via contracts with nonprofit agencies. Funds are also used to provide child care subsidies for low/mod income working parents and teenage parents who are attending school and do not qualify and/or are unable to access any other forms of public assistance. Estimated 400 children will be served. (Formerly Child Care Services Program)	500,000	500,000	150,000	0	650,000
Youth Programs Sub-Total	1,100,000	1,100,000	300,000	0	1,400,000
CD03 Senior Services Program - Enhance the quality of life for older adults by disseminating support services information and providing direct and emergency support services.	300,000	0	0	0	0
Senior Services Sub-Total	300,000	0	0	0	0
CD04 Community Court Program - Through the community court, offenses to persons and code violations of property are swiftly adjudicated and restitution made by defendants who plead guilty or no contest.	713,126	0	0	0	0
Other Public Services (Non-Youth) Sub-Total	713,126	0	0	0	0
CD05 Overcoming Barriers to Work Program - Provide residents with the skills and needed support to gain and maintain jobs that pay livable wages. Funding will support two focus areas: 1) Job Training/Career Development Programming - this focus area supports programs that enable individuals to obtain and keep good jobs. The goal of this focus area is to enable clients to become self-sufficient through employment and will include a job placement component; and 2) Supportive Services for program participants - this focus area supports programs that enables clients to participate in job training, career development, and job seeking programs by helping them overcome barriers such as lack of transportation and childcare services. Funds to be awarded via Request for Competitive Sealed Proposals (RFCSP).	145,853	1,183,872	(300,000)	(16,878)	866,994
Total CDBG - Public Services	2,258,979	2,283,872	0	(16,878)	2,266,994
CDBG - Public Services 15% Cap	2,280,685	2,283,872	0	0	2,266,994
Under/(Over) Cap	21,706	0	0	0	0
CDBG - Public Services Cap Percentage	15.0%	15.0%	0.0%	0.0%	15.0%

**FY 2019-20 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**ATTACHMENT A
Revised 4/15/19**

A	B	C	D	E	F
Project Name	FY 2018-19 Amended Budget	FY 2019-20 City Manager's Proposed Budget	CDC Amendment on 4/4/19	HUD Allocation Variance on 4/12/19	FY 2019-20 Revised Proposed Budget
<u>CDBG - Housing Activities</u>					
CD06 Dallas Homebuyer Assistance Program - Provide no interest, deferred payment loans for down-payment, principle reduction and closing cost assistance. FY 2019-20: estimated 45 households to be served.	2,500,000	2,500,000	0	0	2,500,000
Homeownership Opportunities Sub-Total	2,500,000	2,500,000	0	0	2,500,000
CD07 Home Improvement and Preservation Program (HIPP) - Provide an all-inclusive repair and rehabilitation program for single-family owner-occupied housing units and landlord/rental multi-family units, with the purpose of making needed improvements and preserving affordable housing. FY 2019-20: estimated 60 households to be served.	8,367,677	4,464,258	0	0	4,464,258
CD08 Residential Development Acquisition Loan Program - Provide loans and grant to affordable housing developers for acquisition, relocation, and demolition to support affordable housing development for low income households at 80% or below AMFI. TBD	0	500,000	0	0	500,000
Homeowner Repair Sub-Total	8,367,677	4,964,258	0	0	4,964,258
Total CDBG - Housing Activities	10,867,677	7,464,258	0	0	7,464,258
<u>CDBG - Economic Development</u>					
CD09 Business Loan Program (Program Income) - Revolving loan fund, where program income generated from business loan repayments is retained and used to provide additional loans.	225,000	156,000	0	0	156,000
Total CDBG - Economic Development	225,000	156,000	0	0	156,000
<u>CDBG - Public Improvements</u>					
CD10 Public Facilities and Improvements - Provide improvements to public facilities and infrastructure within eligible areas.	3,419,373	2,400,000	0	(73,138)	2,326,862
Public Improvement Sub-Total	3,419,373	2,400,000	0	(73,138)	2,326,862
Total CDBG - Public Improvement	3,419,373	2,400,000	0	(73,138)	2,326,862
<u>CDBG - Fair Housing and Planning & Program Oversight</u>					
CD11 Equity and Human Rights Office - Provide housing discrimination investigations, fair housing education and outreach, and citizen referrals. (formerly Fair Housing Enforcement)	743,830	584,110	0	(22,505)	561,605
CD12 Citizen Participation/CDC Support/HUD Oversight - Office of Budget Services/Community Development Division. Provide coordination of ConPlan budget development, citizen participation, and reporting to HUD as primary City liaison.	801,625	840,805	0	0	840,805
CD13 Community Care Management Support - Provide salaries and operational support to manage and administer CDBG-funded programs in the Office of Community Care.	270,518	333,662	0	0	333,662

**FY 2019-20 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**ATTACHMENT A
Revised 4/15/19**

A	B	C	D	E	F
Project Name	FY 2018-19 Amended Budget	FY 2019-20 City Manager's Proposed Budget	CDC Amendment on 4/4/19	HUD Allocation Variance on 4/12/19	FY 2019-20 Revised Proposed Budget
CD14 Housing Management Support - Provide operational support for the management and administration of housing related programs.	1,022,031	1,203,456	0	0	1,203,456
Total CDBG - Fair Housing and Planning & Program Oversight	2,838,004	2,962,033	0	(22,505)	2,939,528
CDBG - FH/PLN/Program Oversight 20% Cap	2,962,033	2,962,033	0	0	2,939,528
Under/(Over) Cap	124,029	(0)	0	0	0
CDBG - FH/PLN/Program Oversight Cap Percentage	19%	20%	0	0%	20%
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT	19,609,033	15,266,163	0	(112,521)	15,153,642
<u>HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)</u>					
HM01 CHDO Development Loan Program -Provide loans to City-certified Community Housing Development Organizations (CHDOs) to develop affordable housing for low to moderate income households earning up to 80% Area Median Family Income. (15% minimum)	885,000	885,000	0	(70,000)	815,000
HM02 CHDO Operating Assistance - Provide operational support to assist with the development and management of CHDO projects. (5% maximum); estimate 3 contracts.	0	150,000	0	0	150,000
HM03 HOME Program Administration - Provide operational support for the administration and servicing of HOME programs. (10% maximum)	688,600	688,690	0	(45,923)	642,767
HM04 Dallas Homebuyer Assistance Program - Provide no interest, deferred payment loans for down-payment, principle reduction and closing cost assistance. FY 2019-20: estimated 45 households to be served.	767,129	767,129	0	0	767,129
HM05 Housing Development Loan For Sale and Rental Program - Provide private and nonprofit organizations with loans for the development of single family housing (1-4units) and multifamily housing (5 or more units); FY 2019-20: estimated 80 homes funded.	4,546,172	4,396,082	0	(343,299)	4,052,783
Home Ownership Opportunities Sub-Total	6,886,901	6,886,901	0	(459,222)	6,427,679
TOTAL HOME INVESTMENT PARTNERSHIP PROGRAM	6,886,901	6,886,901	0	(459,222)	6,427,679
<u>EMERGENCY SOLUTIONS GRANT (ESG)</u>					
ES01 Emergency Shelter - Provide (i) payment of operational costs for shelters or transitional housing facilities for homeless persons, and (ii) essential services to homeless persons residing in shelters or transitional housing facilities, via contracts with non-profit agencies. FY 2019-20: household served = TBD pending RFCSP; contracts = TBD pending RFCSP. (OHS)	439,802	439,000	0	0	439,000

**FY 2019-20 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**ATTACHMENT A
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A	B	C	D	E	F
Project Name	FY 2018-19 Amended Budget	FY 2019-20 City Manager's Proposed Budget	CDC Amendment on 4/4/19	HUD Allocation Variance on 4/12/19	FY 2019-20 Revised Proposed Budget
ES02 Emergency Shelter - Provide essential services to homeless persons residing in shelters or transitional housing facilities. This program is part of the department's strategic goal to support and participate in partnership to respond to human service needs of the residents of Dallas. FY 2019-20: estimated 200 households to be served. (OCC)	131,052	91,052	0	0	91,052
ES03 Street Outreach - Provide direct services designed to meet the immediate needs of unsheltered homeless persons by connecting them with emergency shelter, housing, and/or critical health services. FY 2019-20: estimated 130 households to be served.	71,585	73,561	0	52,801	126,362
Essential Services/Operations Sub-Total	642,439	603,613	0	52,801	656,414
ES04 Homeless Prevention - Provide assistance to persons at-risk of homelessness and meet income limits below 30% of the area median income. Provide short-term (3 months) and medium-term (4 - 24 months) rental assistance; payment of rental arrears up to 6 months. FY 2019-20: estimated 102 households to be served.	80,261	120,261	0	0	120,261
Homeless Prevention Sub-Total	80,261	120,261	0	0	120,261
ES05 Rapid Re-Housing - Provide rapid re-housing assistance to persons who are homeless; Housing relocation and stabilization services, financial assistance and rental assistance; household served = TBD pending RFCSP.	366,654	366,000	0	0	366,000
Rapid Re-Housing Sub-Total	366,654	366,000	0	0	366,000
ES06 HMIS Data Collection - Provide client-level data collection for persons served by the grant, as well as training, generating reports, monitoring and reviewing data quality.	25,000	25,000	0	0	25,000
HMIS Data Collection Sub-Total	25,000	25,000	0	0	25,000
ES07 ESG Administration - Provide monitoring and evaluation of contracts and other program activities. Administrative costs are limited to 7.5% of the grant.	89,520	89,000	0	0	89,000
Program Administration Sub-Total	89,520	89,000	0	0	89,000
TOTAL EMERGENCY SOLUTIONS GRANT	1,203,874	1,203,874	0	52,801	1,256,675
<u>HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)</u>					
HW01 Emergency/Tenant Based Rental Assistance - Provide financial assistance and staff costs for emergency short-term rent/mortgage/utility assistance and long-term tenant-based rental assistance to persons with HIV/AIDS and their families who live in eligible metropolitan area. FY 2019-20: household served = TBD pending RFCSP. (OHS)	2,571,134	2,320,376	0	384,624	2,705,000

**FY 2019-20 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**ATTACHMENT A
Revised 4/15/19**

A	B	C	D	E	F
Project Name	FY 2018-19 Amended Budget	FY 2019-20 City Manager's Proposed Budget	CDC Amendment on 4/4/19	HUD Allocation Variance on 4/12/19	FY 2019-20 Revised Proposed Budget
HW02 Emergency Tenant Based Rental/Financial Assistance - Provide financial assistance and staff costs for emergency short-term rent/morgage/utility assistance and long-term rental assistance to persons with HIV/AIDS and their families who live in eligible metropolitan area. FY 2019-20: estimated 270 households to be served. (OCC)	1,195,000	1,297,203	0	0	1,297,203
HW03 Facility Based Housing - Provide housing operation costs, including lease, maintenance, utilities, insurance and furnishings, and support services at facilities that provide assistance to persons with HIV/AIDS and their families who live in the Dallas eligible metropolitan area. FY 2019-20: household served = TBD pending RFCSP. (Formerly Housing Facilities Operations)	2,040,000	1,900,000	0	0	1,900,000
HW04 Housing Placement & Other Support Services - Provide supportive services and permanent housing placement assistance to persons with HIV/AIDS and their families who live in the Dallas eligible metropolitan area. FY 2019-20: household served = TBD pending RFCSP (OHS)	53,625	125,000	0	0	125,000
HW05 Housing Placement & Other Support Services - Provide supportive services and permanent housing placement assistance to persons with HIV/AIDS and their families who live in the Dallas eligible metropolitan area. FY 2019-20: estimated 185 clients to be served. (OCC)	175,000	93,537	0	0	93,537
HW06 Housing Facilities Rehab/Repair/Acquisition - Provide rehabilitation/repair and/or acquisition of housing units for persons with HIV/AIDS and their families who live in the Dallas eligible metropolitan area; households served = TBD pending RFCSP	0	300,000	0	0	300,000
HW07 Housing Information Services/Resource Identification - Provide housing navigation services consisting of a housing resource center with direct one-on-one housing referral assistance and online searchable housing database and web resources, as well as HMIS client level data collection for persons with HIV/AIDS and their families who live in the Dallas eligible metropolitan area. FY 2019-20: households served = TBD pending RFCSP.	151,212	150,000	0	0	150,000
Other Public Services Sub-Total	6,185,971	6,186,116	0	384,624	6,570,740
HW08 Program Administration/City of Dallas - Provide administrative oversight, evaluation, technical assistance, and HMIS client-level data collection for grant funds and program activities.	186,265	186,000	0	0	186,000
HW09 Program Administration/Project Sponsors - Provide administrative oversight, evaluation, technical assistance, and HMIS client-level data collection for grant funds and program activities.	272,880	273,000	0	28,952	301,952
Program Administration Sub-Total	459,145	459,000	0	28,952	487,952
TOTAL HOUSING OPPORTUNITIES FOR PERSONS W/ AIDS	6,645,116	6,645,116	0	413,576	7,058,692
GRAND TOTAL CONSOLIDATED PLAN BUDGET	34,344,924	30,002,054	0	(105,366)	29,896,688

Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Budget Accountability Report**

On April 15, 2019, the Office of Budget provided information to the Government Performance & Financial Management Committee on the Budget Accountability Report (BAR) based on information through February 2019. This report combined the Financial Forecast Report (FFR), Dallas 365, and Budget Initiative Tracker into a single monthly report. The report is attached for your review.

If you have any questions, please contact Jack Ireland, Director in the Office of Budget.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Aleqresh, Chief Innovation Officer
Directors and Assistant Directors



FEBRUARY 2019
**BUDGET
ACCOUNTABILITY
REPORT**

PREPARED BY THE
OFFICE OF BUDGET

1500 Marilla Street, 4FN
Dallas, TX 75201

214-670-3659
financialtransparency.dallascityhall.com

EXECUTIVE SUMMARY

Financial Forecast Report

Operating Fund	Year-End Forecast vs. Budget	
	Revenues	Expenses
General Fund	✓	✓
Aviation	✓	✓
Convention and Event Services	✓	✓
Municipal Radio	✓	✓
Sanitation Services	✓	✓
Storm Drainage Management	✓	✓
Sustainable Development and Construction	✓	✓
Dallas Water Utilities	✓	✓
Information Technology	✓	✓
Radio Services	✓	✓
Equipment and Fleet Management	✓	✓
Express Business Center	✓	✓
9-1-1 System Operations	✓	✓
Debt Service	✓	✓

✓ YE forecast within 5% of budget

! YE forecast within 6-10% of budget

✗ YE forecast more than 10% from budget or no forecast provided

Dallas 365



On Track



Caution



Needs Improvement

Budget Initiative Tracker



Complete



On Track



Caution



Cancelled

FINANCIAL FORECAST REPORT

The Financial Forecast Report (FFR) provides a summary of financial activity through February 28, 2019, for the General Fund and other annual operating funds of the City. The Adopted Budget reflects the budget adopted by City Council on September 18, 2018, effective October 1 through September 30. The Amended Budget column reflects City Council-approved transfers between funds and programs, approved use of contingency, and other amendments supported by revenue or fund balance.

Year-to-Date (YTD) Actual amounts represent revenue or expenses/encumbrances that have occurred through the end of the most recent accounting period. Departments provide the Year-End (YE) Forecast, which projects anticipated revenues and expenditures as of September 30, 2019. The variance is the difference between the FY 2018-19 Amended Budget and the YE Forecast. Variance notes are provided when the year-end forecast is +/- five percent of the amended budget and/or if YE expenditures are forecast to exceed the amended budget.

General Fund Overview

	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
Beginning Fund Balance	\$182,017,646	\$182,017,646		\$182,017,646	\$0
Revenues	1,365,966,274	1,366,601,406	915,798,763	1,375,935,518	9,334,112
Expenditures	1,365,966,274	1,366,601,406	483,257,228	1,365,410,558	(1,190,850)
Ending Fund Balance	\$182,017,646	\$182,017,646		\$192,542,606	\$10,524,962

The General Fund overview provides a summary of financial activity through February 28, 2019. The Adopted Budget reflects the budget adopted by City Council on September 18, 2018, effective October 1 through September 30. The Amended Budget column reflects City Council approved transfers between funds and programs and approved use of contingency.

Fund Balance. The summary includes fund balance with the year-end (YE) revenue and expenditure forecasts. As of February 28, 2019, the YE forecast beginning fund balance represents the FY 2017-18 unaudited unassigned projected ending fund balance and does not reflect anticipated additional year-end savings. We anticipate adjustments to the FY 2018-19 amended beginning fund balance after FY 2017-18 audited statements become available in April 2019.

Revenues. Through February 28, 2019, General Fund revenues are projected to be \$9,334,000 over budget. This is primarily due to forecasted increases in property tax and sales tax collections, franchise fees, Safelight fines, and interest revenue based on current trends.

Expenditures. Through February 28, 2019, General Fund expenditures are projected to be below budget by \$1,190,000. Departments are under budget primarily because of salary savings from vacant positions.

Amendments. The General Fund budget was amended on:

- November 14, 2018, by resolution #18-1641 in the amount of \$155,000 for the District 4 runoff election.
- February 13, 2019, by resolution #19-0296 in the amount of \$480,000 for the disassembly, removal, and transfer to storage of The Confederate Monument in Pioneer Cemetery.

Financial Forecast Report

GENERAL FUND REVENUE

Revenue Category ¹	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
Property Tax	\$727,886,279	\$727,886,279	\$708,333,054	\$728,936,782	\$1,050,503
Sales Tax ²	311,645,016	311,645,016	106,556,521	316,066,026	4,421,010
Franchise and Other	133,347,988	133,347,988	43,145,796	135,199,176	1,851,188
Charges for Service	110,146,088	110,146,088	29,866,208	111,959,030	1,812,942
Fines and Forfeitures	34,244,958	34,244,958	9,306,798	34,316,634	71,676
Operating Transfers In ³	24,823,767	25,458,899	9,141,937	22,122,899	(3,336,000)
Intergovernmental	9,563,291	9,563,291	301,554	9,692,291	129,000
Miscellaneous ⁴	6,320,104	6,320,104	3,762,190	7,321,625	1,001,521
Licenses and Permits	5,670,499	5,670,499	2,528,937	5,841,873	171,374
Interest ⁵	2,318,284	2,318,284	2,855,768	4,479,181	2,160,897
Total Revenue	\$1,365,966,274	\$1,366,601,406	\$915,798,763	\$1,375,935,518	\$9,334,111

VARIANCE NOTES

General Fund revenue variance notes are provided below for revenue categories with YE forecast variances of +/- five percent and revenue with an amended budget.

General Fund revenue variance notes are provided below for revenue categories with YE forecast variances of +/- five percent and revenue with an amended budget.

1 Revenue Category. Beginning with the December 2018 financial report, revenue categories have been restated to match the City's Chart of Accounts.

2 Sales Tax. Sales tax revenues are forecast to be \$4,421,000 over budget due to increased collections. Over the most recent 12 months, sales tax receipts have increased by 5.1 percent.

3 Operating Transfers In. The revenue budget for Operating Transfer In was amended on November 14, 2018, by resolution #18-1641 for the District 4 runoff election, and on February 13, 2019, by resolution #19-0296 in the amount of \$480,000 for the disassembly, removal, and transfer to storage of The Confederate Monument in Pioneer Cemetery. Revenue is forecast to be below budget due to deferral of inter-fund transfers.

4 Miscellaneous. Miscellaneous revenues are forecast to be \$1,001,000 over budget primarily due to facility rental fees.

5 Interest. Interest revenue is forecast to be \$2,161,000 over budget based on current trends

Financial Forecast Report

GENERAL FUND EXPENDITURES

Expenditure Category	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	\$241,344,527	\$240,498,683	\$90,429,585	\$234,057,699	(\$6,440,984)
Civilian Overtime	6,660,128	6,660,128	3,610,757	7,971,309	1,311,181
Civilian Pension	35,070,258	34,947,747	13,027,023	33,643,425	(1,304,322)
Uniform Pay	423,709,510	423,709,510	159,522,879	415,789,176	(7,920,334)
Uniform Overtime	39,354,268	39,354,268	17,322,261	44,673,342	5,319,074
Uniform Pension	159,002,901	159,002,901	55,629,701	159,002,901	0
Health Benefits	68,816,185	68,816,185	23,221,611	68,816,185	0
Workers Comp	10,508,446	10,508,446	0	10,508,446	0
Other Personnel Services	12,666,100	12,644,950	4,567,884	12,501,196	(143,754)
Total Personnel Services ¹	997,132,323	996,142,818	367,331,700	986,963,679	(9,179,139)
Supplies ²	77,884,269	77,950,378	26,560,735	80,818,661	2,868,282
Contractual Services ³	366,535,382	367,902,028	97,897,000	371,820,677	3,918,651
Capital Outlay ⁴	13,617,618	13,724,618	2,331,709	15,141,455	1,416,837
Reimbursements ⁵	(89,203,318)	(89,118,436)	(10,863,915)	(89,333,915)	(215,479)
Total Expenditures	\$1,365,966,274	\$1,366,601,406	\$483,257,228	\$1,365,410,557	(\$1,190,848)

VARIANCE NOTES

1 Personnel Services. Current year-end civilian pay forecast is \$6,440,000 below budget primarily due to civilian vacancy savings that fully offset the \$1,311,000 overrun in civilian overtime. Uniform overtime YE forecast assumes \$5,368,000 anticipated use of overtime for Dallas Police Department and \$49,000 projected savings for Dallas Fire Rescue offset by salary savings from vacant positions. Uniform pension YE forecast equals budget and includes the \$156,819,000 contribution required to fund the police and fire pension as enacted by the Texas State Legislature through House Bill 3158, and additional funding for supplemental pension.

2 Supplies. Current year-end forecast is \$2,868,000 above budget primarily due to higher than budgeted Park and Recreation gas and water expenses to be offset by additional revenue, greater than budgeted Office of Cultural Affairs gas payments and furniture expenses, and greater usage of medical-surgical supplies by Dallas Animal Services.

3 Contractual Services. Contractual Services are \$3,919,000 over budget due to the use of temporary help and day labor expenses in various departments which is offset by salary savings, software licenses related to the Code Compliance case management system, increased contractual costs as a result of higher Safelight revenues, and equipment upgrades and maintenance in the Fire department.

4 Capital Outlay. Current year-end forecast is \$1,417,000 over budget primarily due to the unbudgeted replacement of five ambulances as a result of wrecks.

5 Reimbursements. General Fund reimbursements reflects contributions from various agencies, including federal and state funds, internal service fund departments, and enterprise fund departments. Current year-end forecasts are \$215,000 greater than budget, primarily due to a greater than budgeted reimbursement to Dallas Fire Rescue from Aviation for costs of operation of Aircraft Rescue and Fire Fighting stations at Dallas Executive Airport and Dallas Love Field.

Financial Forecast Report

GENERAL FUND EXPENDITURES

Expenditure By Department	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
Building Services ¹	\$22,729,907	\$22,729,907	\$9,419,510	\$23,026,399	\$296,492
City Attorney's Office	18,348,876	18,348,876	6,492,790	18,348,876	0
City Auditor's Office ²	3,367,314	3,367,314	1,065,109	3,167,697	(199,617)
City Controller's Office ³	6,768,899	6,768,899	3,020,335	6,972,803	203,904
Independent Audit	917,892	917,892	0	917,892	0
City Manager's Office	2,787,305	2,787,305	967,536	2,773,098	(14,207)
City Secretary ⁴	4,350,544	4,505,676	1,853,585	4,487,932	(17,744)
Civil Service ⁵	3,241,621	3,241,621	1,093,042	3,265,017	23,396
Code Compliance	31,635,395	31,635,395	10,748,004	31,635,287	(108)
Court Services	23,314,074	23,314,074	6,937,452	22,707,701	(606,373)
Jail Contract	8,908,016	8,908,016	2,969,339	8,908,016	0
Dallas Animal Services	14,878,667	14,878,667	5,548,510	14,645,901	(232,766)
Dallas Fire-Rescue	294,483,209	294,483,209	104,759,313	294,354,276	(128,933)
Dallas Police Department	486,752,691	486,752,691	172,016,131	486,752,691	0
Housing and Neighborhood Services	4,213,724	4,213,724	643,399	4,132,408	(81,316)
Human Resources	7,005,071	7,005,071	2,517,433	7,005,071	0
Judiciary	3,446,356	3,446,356	1,339,017	3,416,216	(30,140)
Library	34,138,717	34,138,717	11,989,676	33,944,710	(194,007)
Office of Management Services					
311 Customer Service ⁶	4,495,891	4,495,891	2,111,010	4,723,244	227,353
Council Agenda Office	219,414	219,414	86,435	219,414	0
Office of Equity and Human Rights	998,436	998,436	317,977	998,436	0
Office of Innovation ⁷	603,668	603,668	99,617	490,922	(112,746)
Office of Strategic Partnerships	1,053,433	1,053,433	398,941	998,029	(55,404)
Office of Business Diversity	894,165	894,165	319,440	890,346	(3,819)
Office of Community Care	5,375,877	5,375,877	1,943,903	5,375,017	(860)
Office of Emergency Management	877,113	877,113	114,840	877,113	0
Office of Environmental Quality	2,734,360	2,734,360	1,789,396	2,717,459	(16,901)
Office of Homeless Solutions ⁸	11,546,393	11,546,393	6,323,364	11,688,506	142,113
Public Affairs and Outreach ⁹	2,098,745	2,098,745	541,491	1,823,877	(274,868)
Welcoming Communities	623,124	623,124	175,195	620,858	(2,266)
Mayor and City Council	4,989,530	4,989,530	1,758,256	4,989,530	0
Non-Departmental	92,727,295	92,727,295	6,084,615	92,489,527	(237,768)
Office of Budget	3,796,050	3,796,050	1,291,776	3,685,759	(110,291)
Office of Cultural Affairs ¹⁰	19,973,188	20,453,188	13,635,545	20,453,188	0
Office of Economic Development	4,972,909	4,972,909	2,348,493	4,972,315	(594)
Park and Recreation	98,542,371	98,542,371	41,857,964	98,508,533	(33,838)
Planning and Urban Design ¹¹	3,171,871	3,171,871	1,104,330	2,866,897	(304,974)
Procurement Services ¹²	2,443,038	2,443,038	880,595	2,557,273	114,235
Public Works	75,856,653	75,856,653	38,058,271	75,266,259	(590,394)
Sustainable Development	2,194,525	2,194,525	1,253,112	2,194,525	0
Transportation ¹³	47,219,419	47,219,419	17,382,483	48,271,008	1,051,589
Total Departments	\$1,358,695,746	\$1,359,330,878	\$483,257,228	\$1,358,140,030	(\$1,190,850)
Liability/Claim Fund Transfer	2,751,145	2,751,145	0	2,751,145	0
Contingency Reserve	2,319,383	2,319,383	0	2,319,383	0
Salary and Benefit Reserve	2,200,000	2,200,000	0	2,200,000	0
Total Expenditures	\$1,365,966,274	\$1,366,601,406	\$483,257,228	\$1,365,410,558	(\$1,190,850)

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, departments with an amended budget, and for departments with YE forecast projected to exceed budget.

1 Building Services. Building Services expenditures are forecast to be \$296,000 over budget due primarily to repairs to facilities in the Arts and Central districts, increased usage of pest control, dumpster rentals, and landscaping activities at City Hall.

2 City Auditor's Office. City Auditor's Office expenditures are \$199,000 below budget due to salary savings from vacant positions.

3 City Controller's Office. City Controller's Office expenditures are forecast to be \$203,000 over budget primarily due to unbudgeted vacation/sick termination payouts for two long-time employees which may be offset by use of Salary and Benefit reserve funds later in the fiscal year, if necessary, Certified Accounts Payable Professional training and membership dues, and technology upgrades which may be offset by savings in other departments.

4 City Secretary. City Secretary Office's budget was increased by \$155,000 on November 14, 2018, by resolution #18-1641 for the District 4 runoff election.

5 Civil Service. Civil Service expenditures are \$23,000 over budget due to the installation of a new secure card key entry system, which may be offset by savings in other departments.

6 311 Customer Service. 311 Customer Service expenditures are forecast to be \$227,000 over budget due to unbudgeted vacant/sick termination payouts for one long-time employee, an office reconfiguration, and use of temporary employees, which may be offset by savings in other departments.

7 Office of Innovation. Office of Innovation expenditures are forecast to be under budget by \$112,000 primarily due to vacancies, including two vacant positions that are expected to be filled by mid-April.

8 Office of Homeless Solutions. Office of Homeless Solutions expenditures are forecast to be \$142,000 over budget, primarily due to temporary staff hired to implement the Continuum of Care.

9 Public Affairs and Outreach. Public Affairs and Outreach expenditures are forecast to be \$274,000 under budget due to hiring delays for vacant positions, and lower costs associated with off-site city council meetings.

10 Office of Cultural Affairs. Office of Cultural Affairs' budget was increase by \$480,000 on February 13, 2019 by resolution #19-0296 for the disassembly, removal, and transfer to storage of The Confederate Monument at Pioneer Cemetery.

11 Planning and Urban Design. Planning and Urban Design expenditures are forecast to be \$305,000 under budget due to salary savings from ten vacant positions that occurred due to restructuring with a plan that is currently underway to fill the vacancies.

12 Procurement Services. Procurement Services expenditures are forecast to be \$114,000 over budget due to unbudgeted vacation/sick termination payouts for three long-time employees who are retiring in the Spring which may be offset by use of Salary and Benefit reserve funds later in the fiscal year if necessary.

13 Transportation. Transportation expenditures are forecast to be \$1,052,000 over budget primarily due to increased Safelight program payment to the state offset by increased revenue as well as monthly traffic signal modem charges and an unplanned traffic signal upgrade.

Financial Forecast Report

ENTERPRISE FUNDS

Department	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
AVIATION¹					
Beginning Fund Balance	\$14,216,560	\$14,216,560		\$14,216,560	\$0
Total Revenues	144,132,819	144,132,819	55,182,517	154,991,421	10,858,602
Total Expenditures	144,132,819	144,132,819	46,499,356	154,991,422	10,858,603
Ending Fund Balance	\$14,216,560	\$14,216,560		\$14,216,560	\$0

CONVENTION AND EVENT SERVICES²					
Beginning Fund Balance	\$33,234,399	\$33,234,399		\$33,234,399	\$0
Total Revenues	108,647,915	108,647,915	36,279,361	110,064,832	1,416,917
Total Expenditures	108,647,915	108,647,915	21,221,865	110,057,423	1,409,508
Ending Fund Balance	\$33,234,399	\$33,234,399		\$33,241,808	\$7,409

MUNICIPAL RADIO					
Beginning Fund Balance	\$1,205,492	\$1,205,492		\$1,205,492	\$0
Total Revenues	2,178,813	2,178,813	776,345	2,098,813	(80,000)
Total Expenditures	2,076,728	2,076,728	951,468	2,075,669	(1,059)
Ending Fund Balance	\$1,307,577	\$1,307,577		\$1,228,636	(\$78,941)

Note: FY 2018-19 budget reflects revenue in excess of expenses.

SANITATION SERVICES³					
Beginning Fund Balance	\$29,641,449	\$29,641,449		\$29,641,449	\$0
Total Revenues	112,653,465	112,653,465	50,213,908	115,195,884	2,542,419
Total Expenditures	112,653,465	112,653,465	29,514,374	114,157,465	1,504,000
Ending Fund Balance	\$29,641,449	\$29,641,449		\$30,679,869	\$1,038,420

STORM DRAINAGE MANAGEMENT- DALLAS WATER UTILITIES					
Beginning Fund Balance	\$7,928,950	\$7,928,950		\$7,928,950	\$0
Total Revenues	58,436,837	58,436,837	24,707,810	58,459,482	22,645
Total Expenditures	58,436,837	58,436,837	13,570,772	58,436,836	(1)
Ending Fund Balance	\$7,928,950	\$7,928,950		\$7,951,596	\$22,646

SUSTAINABLE DEVELOPMENT AND CONSTRUCTION					
Beginning Fund Balance	\$43,833,830	\$43,833,830		\$43,833,830	\$0
Total Revenues	33,143,848	33,143,848	15,230,986	33,145,040	1,192
Total Expenditures	34,571,119	34,571,119	12,387,270	34,571,119	0
Ending Fund Balance	\$42,406,559	\$42,406,559		\$42,407,751	\$1,192

Note: FY 2018-19 budget reflects planned use of fund balance.

WATER UTILITIES⁴					
Beginning Fund Balance	\$118,325,578	\$118,325,578		\$118,325,578	\$0
Total Revenues	665,005,577	665,005,577	233,424,928	644,220,939	(20,784,638)
Total Expenditures	665,491,395	665,491,394	228,677,008	650,268,615	(15,222,779)
Ending Fund Balance	\$117,839,760	\$117,839,761		\$112,277,902	(\$5,561,859)

Note: FY 2018-19 budget reflects planned use of fund balance.

Financial Forecast Report

INTERNAL SERVICE FUNDS

Department	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
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INFORMATION TECHNOLOGY

Beginning Fund Balance	\$10,887,991	\$10,887,991		\$10,887,991	\$0
Total Revenues	69,434,657	69,434,657	9,031,111	69,434,657	0
Total Expenditures	77,011,403	77,011,403	40,295,049	76,495,953	(515,450)
Ending Fund Balance	\$3,311,245	\$3,311,245		\$3,826,695	\$515,450

Note: FY 2018-19 budget reflects planned use of fund balance.

RADIO SERVICES

Beginning Fund Balance	\$2,800,576	\$2,800,576		\$2,800,576	\$0
Total Revenues	5,917,772	5,917,772	343,478	5,900,868	(16,904)
Total Expenditures	8,651,413	8,651,413	3,443,084	8,614,748	(36,665)
Ending Fund Balance	\$66,935	\$66,935		\$86,696	\$19,761

Note: FY 2018-19 budget reflects planned use of fund balance.

EQUIPMENT AND FLEET MANAGEMENT⁵

Beginning Fund Balance	\$7,254,000	\$7,254,000		\$7,254,000	\$0
Total Revenues	54,412,850	54,412,850	146,388	54,412,850	0
Total Expenditures	54,912,850	54,912,850	16,778,180	56,162,517	1,249,667
Ending Fund Balance	\$6,754,000	\$6,754,000		\$5,504,333	(\$1,249,667)

Note: FY 2018-19 budget reflects planned use of fund balance.

EXPRESS BUSINESS CENTER

Beginning Fund Balance	\$2,682,143	\$2,682,143		\$2,682,143	\$0
Total Revenues	2,593,790	2,593,790	943,010	2,593,790	0
Total Expenditures	2,137,496	2,137,496	665,476	2,133,439	(4,057)
Ending Fund Balance	\$3,138,437	\$3,138,437		\$3,142,494	\$4,057

Note: FY 2018-19 budget reflects revenue in excess of expenses.

Financial Forecast Report

OTHER FUNDS

Department	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
9-1-1 SYSTEM OPERATIONS					
Beginning Fund Balance	\$7,852,062	\$7,852,062		\$7,852,062	\$0
Total Revenues	12,018,812	12,018,812	4,892,740	12,198,167	179,355
Total Expenditures	15,176,553	15,176,553	4,861,559	15,136,057	(40,496)
Ending Fund Balance	\$4,694,321	\$4,694,321		\$4,914,172	\$219,851

Note: FY 2018-19 budget reflects planned use of fund balance.

DEBT SERVICE

Beginning Fund Balance	\$32,549,163	\$32,549,163		\$32,549,163	\$0
Total Revenues	289,189,656	289,189,656	263,220,071	290,151,456	961,800
Total Expenditures	296,200,044	296,200,044	145,278,350	296,200,044	0
Ending Fund Balance	\$25,538,775	\$25,538,775		\$26,500,575	\$961,800

Note: FY 2018-19 budget reflects planned use of fund balance.

EMPLOYEE BENEFITS

City Contributions	\$94,862,835	\$94,862,835	32,353,396	\$94,862,835	\$0
Employee Contributions	36,126,244	36,126,244	16,391,068	36,126,244	0
Retiree	31,963,243	31,963,243	10,454,438	31,963,243	0
Other	0	0	136,262	136,262	136,262
Total Revenues	162,952,322	162,952,322	59,335,164	163,088,584	136,262
Total Expenditures	\$160,083,133	\$160,083,133	\$42,238,637	\$160,083,133	\$0

Note: FY 2018-19 budget reflects revenue in excess of expenses. The FY 2018-19 YE forecast reflects claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects incurred but not reported claims (IBNR).

RISK MANAGEMENT

Worker's Compensation	\$13,701,708	\$13,701,708	\$1,103,968	\$13,701,708	\$0
Third Party Liability	10,227,315	10,227,315	127,312	10,227,315	0
Purchased Insurance	3,029,284	3,029,284	1,803	3,029,284	0
Interest and Other	749,900	749,900		749,900	0
Total Revenues	27,708,207	27,708,207	1,233,083	27,708,207	0
Total Expenditures	\$34,166,607	\$34,166,607	\$6,954,140	\$34,166,607	\$0

Note: FY 2018-19 budget reflects planned use of fund balance. The FY 2018-19 YE forecast reflect claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects the total current liability for Risk Management (Worker's Compensation/Liability/Property Insurance).

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the beginning fund balance with the YE revenue and expenditure forecasts. As of February 28, 2019, YE forecast beginning fund balance represents the FY 2017-18 unaudited projected ending fund balance and does not reflect additional year-end savings. We anticipate adjustments to the FY 2018-19 amended beginning fund balance after FY 2017-18 audited statements become available in April 2019. Variance notes are provided below for funds with a YE forecast variance of +/- five percent, funds with YE forecast projected to exceed budget, and funds with projected use of fund balance.

1 Aviation. Aviation revenues and expenditures are \$10,859,000 over budget in order to accrue revenues to service a Fall 2019 payment on the Series 2017 Bonds, and for the purchase of IT storage infrastructure.

2 Convention Center. Convention Center expenditures are forecast to be \$1,409,000 over budget due to increased food and beverage sales and is fully offset by \$1,417,000 increased revenues.

3 Sanitation Services. Sanitation Services expenditures are forecast to be \$1,504,000 over budget due to increased equipment maintenance charges from aging fleet, increased landfill operating expenses associated with higher than normal rain in the Fall, increased use of temporary help, and infrastructure repair at various sanitation facilities which may be offset by additional forecasted revenues of \$2,542,000 from stronger than anticipated landfill cash customers and residential revenues.

4 Water Utilities. Water Utilities' (DWU) revenues are projected to be \$20,785,000 under budget due to (1) wholesale customers receiving a credit to revenues as a result of the Sabine River Authority (SRA) settlement which will be offset by use of fund balance, and (2) due to decreased consumption resulting from wetter than normal Fall weather. Expenditures are projected to be \$15,223,000 below budget primarily due to a decreased capital construction transfer to offset the weather-related revenue reduction.

5 Equipment and Fleet Management. Equipment and Fleet Management (EFM) expenditures are projected to be \$1,250,000 over budget due to overtime to support Sanitation fleet maintenance, cost increases for automotive parts, non-emergency wrecker price agreement, and anticipated new costs associated with the use of emergency wrecker services. Billing has been delayed pending a billing program update required by the change in department acronym.

DALLAS 365

The Dallas 365 initiative aligns 35 key performance measures to our six strategic priorities. The department responsible for each measure is noted at the end of the measure's description, and last year's performance is included, if available. Several measures are new for FY 2018-19, so actual performance data is not available (N/A) for last year.

An annual target has been established for each measure. The annual target is then broken down into a year-to-date (YTD) target, which represents October 1 through the current reporting period. Each month, we will compare the YTD target with the YTD actual performance reported by the responsible department and assign a YTD status based on how well actual performance compares to the target.

Measures are designated "on target" (green) if actual YTD performance is within 5 percent of the YTD target. Measures with actual YTD performance within 6 to 20 percent of the YTD target are designated in "caution" (yellow) status. If actual YTD performance is more than 20 percent from the YTD target, the measure is designated as "needs improvement" (red). For most measures, high values indicate positive performance, but for a few measures, the reverse is true. These measures are noted with an asterisk and include measures numbered 6, 8, 13 and 22. Variance notes are provided for each measure that is not On Track.



On Track



Caution



Needs Improvement

#	Measure	FY 2017-18 Actual	FY 2018-19 Target	YTD Target	YTD Actual	YTD Status
Public Safety						
1	Percentage of responses to structure fires within 5 minutes and 20 seconds of dispatch (Fire-Rescue)	86.11%	90.00%	90.00%	82.96%	!
2	Percentage of EMS responses within five minutes (Fire-Rescue)	N/A	90.00%	90.00%	49.19%	✘
3	Percentage of responses to Priority 1 calls within eight minutes (Police)	N/A	60.00%	60.00%	50.69%	!
4	Percentage of 911 calls answered within 10 seconds (Police)	94.21%	91.00%	91.00%	95.69%	✓
5	Homicide clearance rate (Police)	78.35%	60.00%	60.00%	88.72%	✓
6	Violent crime rate (per 100,000 residents) (Police)*	N/A	767	319.58	268.34	✓
Mobility Solutions, Infrastructure & Sustainability						
7	Percentage of annual bond appropriation committed (Bond Program)	N/A	90.00%	37.50%	37.00%	✓ ✓
8	Average response time to emergency sewer calls (in minutes) (Dallas Water Utilities)*	58.68	60	60	59.34	✓
9	Percentage compliance with state and federal standards and regulations for drinking water (Dallas Water Utilities)	100.00%	100.00%	100.00%	100.00%	✓
10	Number of street lane miles resurfaced (Public Works)	208.34	197	82.08	23.05	✘
11	Percentage of potholes repaired within five days (Public Works)	N/A	98.00%	98.00%	100.00%	✓
12	Percentage of streets with a Pavement Condition Index rating of C or better (Public Works)	N/A	77.40%	77.40%	77.40%	✓

DALLAS 365

#	Measure	FY 2017-18 Actual	FY 2018-19 Target	YTD Target	YTD Actual	YTD Status
Mobility Solutions (cont.)						
13	Missed refuse and recycling collections per 10,000 collection points/service opportunities (Sanitation)*	12.83	11	11	12.30	!
14	Residential recycling diversion rate (Sanitation)	19.29%	19.00%	19.00%	18.10%	✓
15	Percentage of surveyed street lights on major streets that are working (Transportation)	94.58%	96.00%	96.00%	95.20%	✓
Economic & Neighborhood Vitality						
16	Number of jobs created or retained through written commitment (Economic Development)	N/A	5,000	2,083	1,890	!
17	Number of Dallas Homebuyer Assistance Program (DHAP) loans provided (Housing)	N/A	81	33.75	11	✗
18	Total number of new housing units produced (sale and rental combined) (Housing)	595	1,500	2,771	12	✗
19	Percentage of single-family permits reviewed in three days (Sustainable Development)	80.00%	85.00%	85.00%	84.80%	✓
20	Percentage of inspections performed same day as requested (Sustainable Development)	97.49%	98.00%	98.00%	96.72%	✓
Human & Social Needs						
21	Number of seniors served (Community Care)	1,833	4,500	1,875	3,332	✓
22	Number of days to resolve a homeless encampment site from date of service request to resolution (Homeless Solutions)*	16.31	21	21	16.36	✓
23	Percentage of unduplicated persons placed in permanent housing who remain housed after six months (Homeless Solutions)	N/A	85.00%	85.00%	89.57%	✓
Quality of Life						
24	Number of single-family rental properties inspected (initial inspections and reinspections) (Code Compliance)	12,099	10,000	4,167	1,364	✗
25	Percentage of 311 Code service requests responded to within estimated response time (Code Compliance)	94.58%	96.00%	96.00%	86.20%	!
26	Percentage of food establishments inspected on schedule (Code Compliance)	N/A	95.00%	95.00%	95.00%	✓
27	Live release rate (Animal Services)	80.30%	81.00%	81.00%	85.46%	✓
28	Percentage increase in field impoundments over prior fiscal year (Animal Services)	17.32%	18.00%	18.00%	23.75%	✓
29	Number of library visits in person, online, and for programs (Library)	9,352,274	7,420,000	3,091,667	3,973,042	✓
30	Number of participants in adult education courses (ELL, GED, basic education, and citizenship) (Library)	N/A	25,000	10,417	11,223	✓
31	Percentage of cultural services contracts awarded to artists or small arts organizations (budgets less than \$100,000) (Cultural Affairs)	N/A	50.00%	50.00%	59.70%	✓
32	Percentage of residents within ½ mile of a park (Park and Recreation)	60.00%	63.00%	63.00%	61.00%	✓

DALLAS 365

#	Measure	FY 2017-18 Actual	FY 2018-19 Target	YTD Target	YTD Actual	YTD Status
Government Performance and Financial Management						
33	Percentage of 311 calls answered within 90 seconds (311)	56.46%	70.00%	70.00%	50.06%	✘
34	Percentage of invoices paid within 30 days (City Controller)	95.51%	94.00%	94.00%	98.72%	✔
35	Percentage of dollars spent with local businesses (Business Diversity)	45.41%	50.00%	50.00%	42.03%	!

VARIANCE NOTES

#1. Due to continued focus on driving safety, high numbers of new inexperienced firefighters, and an increase in heavy apparatus assignments to all “Potential Scenes of Violence.” These apparatus must stay on location until police arrival, which affects response times for other fire emergencies nearby.

#2. Due to high EMS service demand/call volume and finite emergency resources. Units are often deployed from more distant fire stations to serve areas experiencing simultaneous 911 calls for EMS service. DFR is exploring how the tiered EMS software (Priority Dispatch) can help reduce response times over the next few months.

#3. Due to lack of staff, although times have improved. An emphasis on recruiting, changes to Civil Service rules, and increased starting pay should lead to increased staffing and ultimately improved response times.

#10. Due to seasonality of resurfacing efforts. Work ramps up in February and peaks from April to August.

#13. Due to holidays. When City offices are closed, collection days shift, and Sanitation receives more calls from residents. As expected, missed collections dropped to 9.73 per 10,000 in February, and this number should continue to improve.

#16. Job creation through economic development incentives does not occur in a linear fashion. With a robust pipeline of prospects, the City will surpass the annual job creation goal.

#17. FY 2017-18 program changes and updated homebuyer qualification guidelines will result in larger loans, but the process is more time-consuming, resulting in fewer loans.

#18. The target for this measure was adjusted to 1,500 in consultation with Housing and Neighborhood Revitalization. The 2018 Notice of Funds Available (NOFA) is expected to produce 800 units, and the single-family NOFA to be issued in 2019 is expected to produce an additional 200. Other units may be added through the Home Repair program, the incentive zoning ordinance (if approved), and/or tax credit projects that do not require City funding.

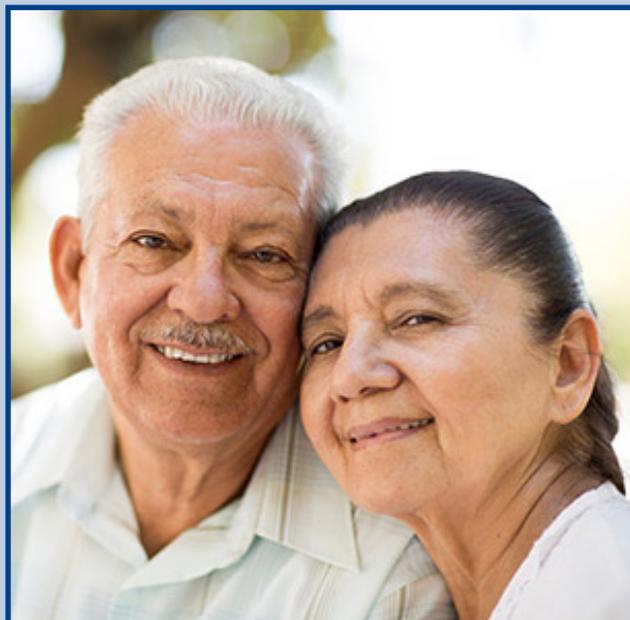
#24/25. Due to conversion from CSR system to the new Code Case Management System, which interrupted service request data retrieval. CIS is aware of the issue and anticipates resolution by the end of March 2019.

#33. Due to increased attrition/reduction in agents trained to process calls, but performance continues to improve, increasing to 76.53% in February.

#35. Due to two water/wastewater projects awarded to non-local vendors Southland Contracting (\$22.44 million) and Oscar Renda Contracting (\$15.81 million).

BUDGET INITIATIVE TRACKER

The Budget Initiative Tracker reports on 44 activities included in the FY 2018-19 and FY 2019-20 biennial budget. For each initiative included in this report, you will find the initiative number, title, description and status. At the end of each description, the responsible department is listed. Each month, the responsible department provides a current status for the initiative and indicates whether the initiative is “complete” (blue circle), “on track” (green check mark), “caution” (yellow exclamation mark), or “canceled” (red x).



In the Spotlight

The Park and Recreation Department and WellMed Charitable Foundation partnered to open a new health and wellness center for senior adults at Redbird Square in December 2018. The Senior Activity Center is designed to keep adults age 60 or older healthy and active at no cost to participants. In its first month, the center saw 201 participants, logged 4,229 check-ins, and hosted 259 program hours.

Budget Initiative Tracker

PUBLIC SAFETY**1 Police & Fire Uniform Pay**

INITIATIVE Increasing pay for police officers and firefighters (1) effective in October 2018 in accordance with the three-year Meet and Confer agreement, which calls for double-step pay increases of approximately 10 percent, adding a 2 percent top step, and increasing starting pay to \$51,688, and (2) effective in January 2019 in accordance with the City Council budget amendment to increase pay by three percent across the board, to a minimum of \$60,000. (Police and Fire-Rescue)

STATUS Uniform pay increases based on the current Meet and Confer agreement went into effect October 2018. On December 23, 2018, City Council authorized the City Manager to enter an Amended Meet and Confer agreement for additional uniform pay increases effective in January 2019.

2 Number of Police Officers

INITIATIVE Recruiting new police officers to bring the number of sworn employees at the end of FY 2018-19 to 3,050. (Police)

STATUS As of February 20, DPD has hired 91 police officers. The department is projected to hire an additional 164 officers this fiscal year for a final sworn strength of 3,034, which is 16 fewer than the goal of 3,050.

3 Number of Firefighters

INITIATIVE Recruiting new firefighters to bring the number of sworn employees at the end of FY 2018-19 to 1,942. (Fire-Rescue)

STATUS Dallas Fire-Rescue anticipates 65 recruits will enter the field in June 2019. DFR plans to delay hiring the spring 2019 rookie class. The class is scheduled to begin July 2019. FY 2018-19 anticipated attrition is now forecast to be 106 members versus 126 members previously forecasted.

4 Police and Fire Uniform Pension

INITIATIVE Contributing \$156.8 million, up \$6.1 million from the current year, to the Dallas Police and Fire Pension System to ensure a secure retirement for our first responders. (Police and Fire-Rescue)

STATUS The City pension contributions are being made in compliance with HB 3158 approved by the state legislature in 2017.

5 Security of City Facilities

INITIATIVE Consolidating security for City facilities into Court and Detention Services and conducting a comprehensive risk assessment to identify future security needs for City facilities and programs. (Court and Detention Services)

STATUS Staff conducted proposal presentations and evaluations on March 20 for a consultant to develop a Citywide security standard and evaluate security services. The contract is tentatively scheduled for City Council consideration on May 8.

6 School Crossing Guards

INITIATIVE Investing more than \$5 million in a school crossing guard program to protect Dallas students. (Court and Detention Services)

STATUS All City Management Services, Inc. (ACMS) conducted two hiring sessions for volunteer school crossing guards in February. Although the participating ISDs, private schools, and interested parents were notified, few representatives from DISD attended the first meeting and none attended the second. Due to spring break there will be no March meetings. City staff and ACMS will meet with participating schools and PTA chairs in April and May to identify obstacles and potential solutions.

7 P-25 Radio System

INITIATIVE Expanding radio coverage area, improving system reliability, lowering operating costs, and improving interoperability across City departments and with other public safety agencies through implementation of the new P-25 radio system. (Communication and Information Services)

STATUS Radio system equipment continues to be installed at radio communication sites, and the City is negotiating new radio sites with their respective owners. The first new shelter will be installed March 28.

8 Firefighter Safety

INITIATIVE Protecting the safety of DFR officers by replacing all self-contained breathing apparatus (SCBA) in phases and providing a second set of personal protective equipment (PPE) to allow for cleaning equipment between fires. (Fire-Rescue)

STATUS Dallas Fire-Rescue has finished researching the safety of the material used to manufacture PPEs and is submitting specifications to Procurement Services for the second set of PPEs and SCBA replacement. Staff expects to advertise and close the solicitation in April.

9 911 Operations Center

INITIATIVE Furthering the City's investment in the 911 emergency system with additional technology and expanded backup capacity. (Communication and Information Services)

STATUS DPD and CIS launched the Text-to-911 system on March 26. CIS has also ordered equipment for the backup CAD system, and the vendor is finalizing the quote for the Dual Production Public Safety Answering Point (PSAP) solution for the backup site.

Budget Initiative Tracker

MOBILITY SOLUTIONS, INFRASTRUCTURE & SUSTAINABILITY

10 Street Conditions

INITIATIVE Investing more than \$125 million of bonds and cash to improve the driving condition of city streets. (Public Works)

STATUS Work orders were issued in December 2018 for the General Fund work plan maintenance. Bids for the preservation contract were opened on February 8. Staff plans to submit the construction award for City Council consideration on April 10.

11 Intersection Safety

INITIATIVE Leveraging \$10 million of federal Highway Safety Improvement Program (HSIP) funds with approximately \$2 million in City funds to improve safety at high-crash locations. (Transportation)

STATUS Dallas was awarded more than anticipated -- \$11.3 million in federal HSIP funds. The City still plans to invest \$2 million of City funds. Staff is currently working on scheduling design and with TxDOT to complete the Local Project Advanced Funding Agreements wherein the City's 10% match is paid.

12 Alley Access

INITIATIVE Creating a \$1.8 million cross-departmental pilot program to improve alley access for residents and utilities. (Sanitation, Water Utilities, and Public Works)

STATUS No bids were submitted for alley repairs, so they will be done in-house to accommodate the construction schedule.

City Council awarded a contract for alley vegetation abatement on January 23. Sanitation is working with the contractor to prioritize work, since the green season started in late February, and anticipates work will begin in April.

13 Bike Lanes

INITIATIVE Expanding bike lanes and improving mobility by increasing the current \$500,000 budget by \$500,000 per year for each of the next three years to achieve a \$2 million per year investment starting in FY 2020-21. (Transportation)

STATUS Transportation anticipates submitting the Union Bikeway contract (\$140K) to City Council for consideration in Q3. Additional signage and striping projects totaling about \$200K will be completed in Q3. Staff are also working with other agencies and departments to strategically place bike lanes throughout the city.

14 OneWater Consolidation

INITIATIVE Combining water, wastewater, and stormwater into one utility to provide comprehensive management of Dallas' valuable water resources. (Water Utilities)

STATUS DWU briefed the MSIS Committee on February 25 about the benefits of a "one water" organization, the current status of the transition, and next steps.

15 Environmental Plan

INITIATIVE Completing an environmental plan that includes solutions to address climate change by using \$500,000 available revenue received from the previous plastic bag ordinance and fee. (Office of Environmental Quality)

STATUS Staff conducted a project kickoff meeting with the vendor, AECOM, on February 5. Staff are developing internal and external task forces to guide plan development and outreach. A series of community meetings are planned April 29 through May 9 to capture resident input.

16 Traffic Signals

INITIATIVE Repairing traffic signals by 1) responding to traffic signal knockdowns and underground cable repairs and 2) replacing broken vehicle detectors at 40 traffic signals across the city. (Transportation)

STATUS This initiative is funded in FY 2019-20, the second year of the biennial.

17 City Facility Major Maintenance

INITIATIVE Repairing City-owned facilities through a \$7 million deferred maintenance program. (Building Services)

STATUS \$6 million has been allocated for general City facilities, projects estimated at \$4.75 million are in progress, including roof replacements at Harry Stone and Beckley-Saner recreation centers, as well as the DFR Complex Maintenance Building C, roof overlay at Fire Station #20, City Hall elevator and parking garage repairs, HVAC repairs at OCMC, replacement of the HVAC system at Fire Station #34, glass replacement at City Hall, Lancaster-Kiest Branch Library roof and window repairs, Hensley Field Operations fire alarm system replacement, and repairs/renovations at the Forest Green Branch Library.

The remaining \$1 million allocated for deferred maintenance is for cultural facilities: \$800,000 at City-owned facilities and \$200,000 for other cultural facilities. Projects estimated at \$600,000 are in progress, including HVAC repairs at Kalita Humphreys Theater, J. Craft Annex floor replacement, exterior painting at the Latino Cultural Center, lighting at the South Dallas Cultural Center, and interior and storefront repairs and flooring at the Oak Cliff Cultural Center.

18 Neighborhood Drainage

INITIATIVE Implementing a new stormwater program dedicated to neighborhood drainage, which will focus efforts on neighborhood outreach and preventing flooding in local streets. (Water Utilities)

STATUS The FY 2019-20 planned budget includes funding for personnel, equipment, and contracts for increased neighborhood drainage maintenance. In addition to reclassifying and advertising the Sr. Program Manager position, additional requisitions are being opened for the newly designated Neighborhood Drainage Division of DWU.

Budget Initiative Tracker

ECONOMIC & NEIGHBORHOOD VITALITY**19 Property Tax Rate** 

INITIATIVE Reducing the property tax rate by 0.37¢, making FY 2018-19 the third consecutive year with a tax rate reduction. (Office of Budget)

STATUS City Council approved a 0.37¢ property tax reduction on September 18, 2018. Dallas County Tax Office distributed property tax bills and will collect revenue on behalf of the City.

20 Housing Policy 

INITIATIVE Implementing the Comprehensive Housing Policy approved by City Council in May 2018 to create and preserve housing throughout the city. (Housing and Neighborhood Revitalization)

STATUS Staff are continuing to implement the Comprehensive Housing Policy. In December 2019, pursuant to the New Construction and Substantial Redevelopment program, City Council approved the award of \$20.3 million in funding for three multi-family housing development projects that will produce a total of 560 affordable units. In February 2019, the Land Bank program officially re-started activity through the Council-approved sale of 51 lots to be developed for affordable housing. Additionally, on April 15, 2019, staff will present a new Land Transfer program that will facilitate the sale of tax-foreclosed and city-owned lots for the development of affordable housing and other redevelopment activities. The Housing Policy Taskforce committees continue to meet on a monthly basis to provide stakeholder input that informs the implementation of the comprehensive housing policy.

21 Stabilization and Emerging Market Areas 

INITIATIVE Targeting \$1 million to historically underserved areas at risk of displacement because of changing market conditions, as well as areas in need of intensive environmental enhancements, master planning, and formalized neighborhood organizations. (Housing and Neighborhood Revitalization)

STATUS Housing is working on a revitalization plan for targeted R/ECAP areas that will include a coordinated effort between the City, DISD, and the Dallas Housing Authority. It will rely on these funds along with federal grant funds and General Obligation bonds. Staff expects to brief the EDH Committee by the end of May 2019.

22 One-Stop Permitting 

INITIATIVE Offering an online one-stop shop for residents and businesses to submit construction plans to the City. (Sustainable Development and Construction)

STATUS Phase 1 of the software was implemented October 1, 2018, and is functioning for our customers. Phase 2 will be implemented in FY 2018-19 with enhanced features to improve efficiency, including a more robust interface that will eliminate duplicate data entry and allow inspectors to see electronically reviewed plans in the field using their mobile devices.

23 Historic Resource Survey 

INITIATIVE Devoting \$100,000 to conduct a historic resource survey with private partners. (Sustainable Development and Construction)

STATUS On January 25, the Texas Historical Commission (THC) notified staff that THC has recommended a \$45,000 award to help fund the Historic Thematic Context Assessment and Survey of Greater Downtown and Intown Dallas. Preservation Dallas and members of the former Preservation Solutions Committee have committed to identifying and raising matching funds by April 2019, although no money has been committed to date. Staff will determine the project scope based on budgeted funds, the THC award, and funds raised by these outside entities and release an RFCSP in March to conduct the survey. Staff anticipates the bid will be submitted for City Council consideration in June, with work beginning in July.

Budget Initiative Tracker

HUMAN & SOCIAL NEEDS**24 Homelessness Programs** 

INITIATIVE Addressing homelessness holistically, including \$2.3 million for strengthening the homeless response system, providing improved supportive housing for chronically homeless seniors, leveraging innovative and collaborative “shovel-ready” projects for affordable housing units, and developing a landlord subsidized leasing program. (Office of Homeless Solutions)

STATUS OHS released two solicitations in January for proposals to strengthen the homeless response system and increase landlord participation in the landlord subsidized leasing program (track 3 of the Homeless Solutions Strategy). Strengthening the response system can include system enhancements, transportation, emergency shelter services, workforce sustainability, or supportive housing for seniors. Bids were opened March 15, oral presentations have been scheduled, and proposals are currently being reviewed/evaluated for final recommendations.

Additionally, OHS continues to develop strategic partnerships to leverage funding and resources.

25 End Panhandling Now 

INITIATIVE Increasing funding for the End Panhandling Now initiative to \$415,000 and continuing public education on ways to effectively assist those in need. (Office of Community Care)

STATUS The City has four full-time resources dedicated to anti-panhandling initiatives. Additionally, two social media campaigns targeting potential contributors in 12 Dallas zip codes resulted in more than 5.4 million impressions. Both campaigns included email marketing to a list of 50,000, with average open rates of 7.7%. Staff briefed the PSCJ Committee on this initiative March 25. Staff recognizes that the education campaign may not be as effective as desired. Staff has compiled research from other cities with similar initiatives, though there are few examples of sustained success.

26 Citizenship Programs 

INITIATIVE Committing \$175,000 to partner with nonprofit organizations to offer civil legal services and promote citizenship to immigrants. (Office of Welcoming Communities and Immigrant Affairs)

STATUS The City Attorney’s Office is reviewing specifications for procurement of civil legal services, and Procurement is reviewing the specifications for citizenship services.

27 Equity 

INITIATIVE Creating an Office of Equity and Human Rights (OEHR) to promote equity as one of the City’s core values and focus on fair housing. (Office of Equity and Human Rights)

STATUS The Government Alliance on Race and Equity (GARE) has trained 200 executives and budget staff on advancing racial equity, and the citywide equity assessment closed on March 29. Additional training has been scheduled for the CORE team of employees and budget staff on using a racial equity tool for programs and services and within the budget process.

28 Fresh Start Re-Entry Program 

INITIATIVE Increasing funding by \$235,000 for the “Fresh Start” re-entry program to support the transition of formerly incarcerated individuals into the community. (Office of Community Care)

STATUS The Office of Community Care, in partnership with at least seven other departments, is hosting the first of a series of hiring events in April. Staff is working with multiple community-based organizations who work with formerly incarcerated individuals and with multiple City programs to recruit potential applicants and ensure they are trained and prepared for the event.

Budget Initiative Tracker

QUALITY OF LIFE

29 Fair Park 

INITIATIVE Transitioning Fair Park's daily operation from City management to Fair Park First, a nonprofit subcontracting with a private management company to expand fundraising opportunities, improve operations, and make capital improvements. (Park and Recreation)

STATUS City Council approved the contract with Fair Park First on October 24, 2018, with the management transition effective January 1, 2019. Fair Park First will provide quarterly updates to the Park Board (first update is scheduled for April 2019).

30 Dangerous Animals 

INITIATIVE Allocating \$410,000 to mobilize a team in Dallas Animal Services dedicated to dealing with aggressive and dangerous animals and preemptively reducing bites. (Dallas Animal Services)

STATUS Dallas Animal Services (DAS) has deployed a team of four officers and a supervisor specifically focused on impounding aggressive and dangerous loose dogs in high-risk areas, with the intention of reducing potential bites. Through February 2019, DAS' collective loose dog intake is up 20% year-over-year, while loose dog bites remain flat.

31 Neighborhood Code Representatives 

INITIATIVE Adding \$650,000 for seven Neighborhood Code Representatives (NCR), further improving outreach efforts and providing more liaisons to address community issues. (Code Compliance)

STATUS The application for the NCR positions closed in NEOGOV. Interviews began in February, pending Civil Service results, start dates will be in early March.

32 Library RFID 

INITIATIVE Implementing a \$2 million Radio Frequency Identification (RFID) system throughout our library system to improve security and better manage our materials and assets. (Library)

STATUS Procurement Services has advertised the RFID project for bid, and vendor proposals are due on April 4.

33 Aquatic Facilities 

INITIATIVE Expediting the opening of three aquatic facilities for summer 2019. (Park & Recreation)

STATUS The Lake Highlands North, Kidd Springs, and Tietze aquatic facilities are on schedule to open for the 2019 summer season.

34 Park and ISD Partnerships 

INITIATIVE Partnering with school districts to offer more green spaces and parks. (Park and Recreation)

STATUS Currently, 25 DISD and 7 RISD schools are open to the public after hours and on weekends, increasing the percentage of residents within half a mile of a park by 2% (to 60% from 58%). For FY 2018-19, Park and Recreation is looking at additional opportunities and partnerships to increase this to 63% (3% increase from last fiscal year). Five of 32 playgrounds are undergoing construction/improvements with anticipated completion in March 2019.

35 WellMed Senior Programs 

INITIATIVE Investing in programs for all ages by partnering with the nonprofit WellMed Charitable Foundation to open a new health and wellness center for residents age 60 and older. (Park and Recreation)

STATUS The WellMed Charitable Foundation Senior Activity Center at Redbird Square opened in December 2018. The center is designed to keep adults age 60 or older healthy and active at no cost to participants. In January, the center saw 201 participants, logged 4,229 check-ins, and hosted 259 programs (1,119 program hours).

36 Cultural Plan 

INITIATIVE Adopting the Dallas Cultural Plan 2018. (Office of Cultural Affairs)

STATUS City Council unanimously adopted the Dallas Cultural Plan 2018 and an updated Cultural Policy on November 28, 2018. Implementation of key initiatives began immediately after adoption.

Budget Initiative Tracker

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

37 Off-Site City Council Meetings

INITIATIVE Expanding opportunities for residents and Council to engage by hosting mobile City Council meetings. (Mayor and City Council)

STATUS The first off-site meeting took place February 13 at Park in the Woods Recreation Center. The remaining two meetings will be:

- May 8 at Kleberg-Rylie Recreation Center
- August 14 at Bachman Lake Branch Library

38 Council District Offices

INITIATIVE Expanding opportunities for residents and Council to engage by expanding the district office program. (Mayor and City Council)

STATUS The City Council opened four district offices in FY 2017-18. The planned District 5 community office was canceled; however, the District 4 community office opened February 8 at the Beckley-Saner Recreation Center. The District 10 office is opening April 12 at the Northeast Service Center.

39 Census 2020

INITIATIVE Encouraging participation in Census 2020, including \$75,000 for the Mayor's Complete Count Committee. (Office of Strategic Partnerships and Government Affairs)

STATUS OSPGA is working with the Complete Count Committee to develop an outreach plan for Census 2020 and plans to conduct quarterly meetings to discuss solutions for accurately measuring hard-to-count areas of Dallas. The office is also preparing a fundraising budget and collaborating with Dallas County and surrounding cities to promote and fundraise for the Census, as well as share strategies throughout the region. Lastly, staff is identifying new partners to include in the National Census Bureau's strategic workshop planned for Spring 2019.

40 Office of Innovation

INITIATIVE Establishing an Office of Innovation, which will lead City staff in efforts to improve service, increase efficiency, and be more responsive to community input. (Office of Innovation)

STATUS The Office of Innovation was established effective October 1, 2018, and the new Chief Innovation Officer, Laila Aleqresh, joined the City in January 2019.

41 ADA Compliance

INITIATIVE Investing \$200,000 to develop an Americans with Disabilities Act (ADA) transition plan that enhances the City's ADA compliance and addresses accessibility issues in City facilities. (Office of Equity and Human Rights)

STATUS OEHR identified a vendor under a state price agreement and is finalizing the scope of work with City departments. Staff anticipates submitting the contract for City Council consideration in June 2019.

42 Availability & Disparity (A&D) Study

INITIATIVE Conducting a minority business study to inform decision makers on how the City can better support small and local businesses. (Office of Business Diversity)

STATUS Phase 1 of the Availability and Disparity (A&D) Study is about fifty percent (50%) complete. The second public engagement was February 26 at the Bill J Priest Economic Development Center. Over 100 business owners and stakeholders attended this event. The internal survey activity involving the Directors and Project Managers within the City of Dallas is now complete. MGT is finalizing its review and analysis of data received to ensure data gaps are resolved.

43 Compensation Study

INITIATIVE Complete a comprehensive study of the City's position classification and compensation systems. (Human Resources)

STATUS The RFP for the Compensation Study closes March 28, and staff will begin evaluating bids in April.

44 WorkDay HR/Payroll System

INITIATIVE Implementing a new human resource and payroll system and evaluating an additional module for uniformed employee scheduling. (Communication and Information Services)

STATUS Payroll, compensation, benefits, time tracking, absence, recruiting and talent management functionalities have been designed and configured. Data conversion from legacy systems (Lawson, Kronos, IDS, NEOGOV) is an ongoing activity as staff continues to work in those systems. The project team is preparing for Part 2 of end-to-end data conversion in anticipation of end-to-end testing. The Project Governance Board is also re-evaluating project timelines and will provide updated schedules for additional testing, as well as a new go-live date.



Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Council Members

SUBJECT **Standard and Poor's Global Ratings Affirmed Rating and Outlook for City of Dallas Outstanding General Obligation and Convention Center Hotel Development Corp. Debt Rating - INFORMATION**

As previously communicated, on April 18, Standard and Poor's Global Ratings (S&P) affirmed the City's 'AA-' credit rating and stable outlook for General Obligation debt and the Dallas Convention Center Hotel Development Corporation 'A' rating and stable outlook. The S&P rating report echoes the Fitch Ratings report released on Tuesday, highlighting Dallas' economy, fiscal management, and robust City reserves.

In addition to the agency's analysis of the City as an organization with "very strong management, with strong financial policies and practices," bolstered by a "strong economy," S&P states that the affirmed rating and outlook for the General Obligation debt reflects "very strong budgetary flexibility," "very strong liquidity," and a "strong institutional framework score." According to the report, "Dallas' available reserve position continues to grow, which creates greater financial flexibility for the city and is a credit strength," Additionally, S&P states, "supporting our view is the city's exceptional access to external liquidity based on frequent bond issuances, secured by various revenue streams, over the past 15 years."

S&P also affirmed the Dallas Convention Center Hotel Development Corp. moral obligation rating, "based on the strength of the moral obligation of the City of Dallas, given Dallas' city council-adopted grant program resolution, in which council will consider making grants or loans from the city's general fund to the issuer, should the pledged revenues be insufficient to service the corporation's debt." The rating also reflects, "strength in Dallas' local economy," "stable financial metrics, and stabilization of the funded status of the city's pension plans."

Overall, the City of Dallas continues to be economically strong, fiscally stable, and a good investment. I look forward to continuing to work with all ratings agencies on future ratings actions and working towards an enhanced credit profile of the City.

DATE April 19, 2019

SUBJECT Standard and Poor's Global Ratings Affirmed Rating and Outlook for City of Dallas Outstanding General Obligation and Convention Center Hotel Development Corp. Debt Rating - INFORMATION

Please let me know if you need additional information.


M. Elizabeth Reich
Chief Financial Officer

Attachment

C: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

Summary:

Dallas, Texas; General Obligation

Primary Credit Analyst:

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Dallas, Texas; General Obligation

Credit Profile

US\$267.5 mil GO rfdg & imp bnds ser 2019A dtd 05/22/2019 due 02/15/2039		
<i>Long Term Rating</i>	AA-/Stable	New
US\$174.705 mil GO rfdg bnds ser 2019B dtd 05/22/2019 due 02/15/2039		
<i>Long Term Rating</i>	AA-/Stable	New

Rationale

S&P Global Ratings assigned its 'AA-' rating to the City of Dallas' series 2019A and 2019B general obligation (GO) bonds. At the same time, S&P Global Ratings affirmed its 'AA-' long-term and underlying ratings on Dallas' GO bonds. The outlook is stable.

The bonds constitute direct obligations of the city, payable from the proceeds of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within its borders. The maximum allowable rate in Texas is \$2.50 per \$100 of assessed value (AV) for all purposes, with the portion dedicated to debt service limited to \$1.50. The city's total tax rate is well below the maximum, at 77.67 cents, 21.00 cents of which is dedicated to debt service. Based on the application of our criteria, "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness," published Jan. 22, 2018, we view the limited-tax GO debt pledge on par with the city's general creditworthiness. The ad valorem taxes are not levied on a narrower or distinctly different tax base, and there are no limitations on the fungibility of resources available for the payment of debt service.

Proceeds from the sale of series 2019A bonds will be used to refund GO commercial paper notes series A, as well as to fund various improvements throughout the city. Proceeds from the sale of series 2019B bonds will be used to refund special and general obligations of the city in conjunction with final judgments in two longstanding lawsuits relating to city ordinance number 16084. On June 27, 2018, the city council approved a settlement agreement of the two Rockwall County lawsuits not to exceed \$173,312,500. The city and the plaintiffs agreed on the terms of a written settlement agreement and received court approval of the settlement on Feb. 8, 2019.

The 'AA-' rating reflects our view of the city's:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with strong financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Weak budgetary performance, with an operating surplus in the general fund but an operating deficit at the total governmental fund level in fiscal 2018, which incorporates underfunding of the city's total pension actuarially determined contribution (ADC);
- Very strong budgetary flexibility, with an available fund balance in fiscal 2018 of 19% of operating expenditures;

Summary: Dallas, Texas; General Obligation

- Very strong liquidity, with total government available cash at 52.7% of total governmental fund expenditures and 3.3x governmental debt service, and access to external liquidity we consider exceptional;
- Very weak debt and contingent liability profile, with debt service carrying charges at 15.9% of expenditures and net direct debt that is 180.4% of total governmental fund revenue, as well as a large pension and other postemployment benefit (OPEB) obligation; and an evolving plan to sufficiently address the obligation; and
- Strong institutional framework score.

Strong economy

We consider Dallas' economy strong. The city, with an estimated population of 1.3 million, is located in Collin, Dallas, Rockwall, and Denton counties in the Dallas-Fort Worth-Arlington, TX MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 97.2% of the national level and per capita market value of \$100,486. Overall, the city's market value grew by 5.7% over the past year to \$129.3 billion in 2019. The weight-averaged unemployment rate of the counties was 3.8% in 2017.

New development and solid market value, as well as population growth, should help sustain the city's local economy and financial stability in the near term, which contributes to the outlook.

Sustained annual increases in market value, population growth and in-migration, and positive employment metrics continue to bolster Dallas' local economy and further ground the city as a major economic hub in the country. Dallas and the greater metro area continue to be a desirable location for new business as well as recent relocations of corporate headquarters to the area. The strong economic growth is represented in solid annual growth in market value growth since 2011. Dallas has almost 76,000 businesses and over 1.15 million jobs, 3,489 company headquarters, and 242 Class A office buildings. The city's top 10 taxpayers are diverse and represent a modest 3.6% of the total tax base, which is favorably composed of a healthy mix of residential and commercial properties.

The value of new construction has increased by an average of 23% in the last four years. Between 2015 and 2018, the city's public-private partnership program secured approvals by council for 54 business development projects that are expected to generate or retain 16,276 jobs and leverage \$1.4 billion in new private investment. The city benefits from two major airports (Dallas-Fort Worth International Airport and Dallas Love Field) in the area that are home to two large carriers in American and Southwest Airlines.

Recent new developments in the city include Nokia, which is moving its North American headquarters with 2,300 employees to the city. Amazon Services, Inc. began construction on a new 855,000-square-foot e-commerce facility with a total project cost over \$100 million and is expected to bring 1,200 jobs to the city. Construction is also underway on a 1.5 million-square-foot facility for Home Depot with a second large project planned. The total investment of the two phases is approximately \$136 million. The housing market for the city and greater MSA continues to indicate some of the fastest increases in housing prices for large cities nationwide. Dallas is drawing more residents into the central business district (CBD). New construction of residential units downtown has allowed for an estimated population of 13,850 in the city's CBD.

Very strong management

We view the city's management as very strong, with strong financial policies and practices under our FMA methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Dallas uses multiyear trends of certified property tax values, historical sales tax revenue trends, and other revenue stream data, as well as outside sources to formulate the budget. The city uses a third party for sales tax projections and other economic forecasts to further inform budget preparation and planning. Management provides monthly reports to city council and produce a year-end report that reflects expenditures concurrently with publishing a comprehensive annual financial report. City council can amend the budget at any time. City staff prepares and presents a long-range financial forecast for both the general and debt service funds, which are presented to council during the budget development process or during bond program development. Council does not formally adopt these forecasts, but uses them as a financial planning tool in policy deliberations. The city maintains an inventory of capital needs that is updated annually. A formal facility condition assessment was conducted and presented to council in 2016. The assessment is being used to better plan for long-term maintenance and replacement needs. Dallas has historically used a multiyear capital bond program to fund infrastructure improvements. Management also reports investment results quarterly to council, and it reviews the investment policy annually. The city's financial management performance criteria (FMPC) establish guidelines and targets for operating programs and cash-and-debt management, including minimum reserves, debt ratios, and restrictions on debt use and issuance. The FMPC is part of the budget development process, at year-end, and is part of GO bond program development. The city maintains a reserve policy of 40 days of expenditures, to which it currently adheres. It has also developed Dallas 365, which comprises 35 performance measures organized by six key strategic priorities that it tracks and reports on to better inform decision-making throughout the year.

Weak budgetary performance

Dallas' budgetary performance is weak in our opinion. The city had surplus operating results in the general fund of 1.7% of expenditures, but a deficit result across all governmental funds of 2.7% in fiscal 2018. General fund operating results have been stable over the last three years, with a result of 3.3% in 2017 and 0.4% in 2016. Weakening our view of Dallas' budgetary performance is the city's deferral of significant expenditures (pension obligation costs in association with the ADC), which we think inflates the budgetary result ratios.

Continued stable financial performance is the result of close monitoring of expenditures, positive budget variances, and generally increasing revenue streams. General fund revenues were primarily derived from property taxes (49% of total general fund revenues) and sales taxes (25%). In 2018, both revenue streams experienced solid growth, which aided stable performance. Before transfers, general fund revenues outpaced expenditures by \$9.8 million (audited figures). In comparison to the budget for fiscal 2018, general fund revenues were \$11.7 million better than budget and expenses were \$21.5 million less than budget. Yet, also taken into consideration in the city's overall performance was the full cost of Dallas' ADC for pension obligations. Despite recent positive changes to plan benefits and contributions, the city did not contribute 100% of the ADC for the combined plans in fiscal 2018. As a result, to better reflect ongoing budgetary performance, we added back the deferred amount of the ADC to the total governmental fund expenditures, which was about \$37.5 million in fiscal 2018. We anticipate with recent plan changes and increases in contributions that the city will continue to move closer to the ADC with regard to contributions for fiscal 2019.

Budgetary performance in 2019 has remained relatively stable. Year-to-date revenues are trending above budget while expenditures are favorably trending on target. Sales tax revenue is projected to increase 2.7% in fiscal 2019 to \$311.6 million up from actual collections of \$305.4 million in 2018. Property tax values rose 9.94%, which equates to annual growth in property tax revenues. In fiscal 2019, Dallas has committed at least \$157 million to the Police and Fire Pension Fund. Future city financial projections also indicate increases in pension funding in line with changes recently implemented. To improve more than 569 street lane miles, the city will use \$125 million, including \$64 million through pay-as-you-go funding.

Dallas' total tax rate was reduced slightly when compared with previous years. The current rate of 77.67 cents per \$100 of AV is a modest decline from fiscal 2017 and for a third consecutive year, the city has modestly reduced its overall tax rate when combining both maintenance and operations and debt service levies. Officials are anticipating mid-to-high single-digit increases in market value in the near term. Officials note a 2.5% rollback rate cap would have resulted in a loss of nearly \$32 million from the adopted budget for fiscal 2019. Given a history of modest positive budget variances, increases in pension contributions, and growing major revenue streams, we anticipate stable budgetary performance in the near term that could favorably affect our overall view of the city's budgetary performance. Future rating reviews will examine any changes in state statutes that might negatively affect budget formation.

Very strong budgetary flexibility

Dallas' budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2018 of 19% of operating expenditures, or \$233.5 million.

The fiscal 2018 year-end available reserve balance exceeds the city's financial policy requirement of 40 days of general fund operating expenditures, and marks a third consecutive year of growth in available reserves on a dollar basis as well as on a percentage of the city's expenditures. Dallas' available reserve position continues to grow, which creates greater financial flexibility for the city and is a credit strength. Based on current financial trends and performance in fiscal 2019, we anticipate the city's available reserve will remain stable in the near term, if not grow modestly.

Very strong liquidity

In our opinion, Dallas' liquidity is very strong, with total government available cash at 52.7% of total governmental fund expenditures and 3.3x governmental debt service in 2018. In our view, the city has exceptional access to external liquidity if necessary.

The city's liquid and non-restricted investments are short term and are in highly rated investment pools such as Logic and TexPool, and TexSTAR. While the city has pledged moral obligation support for the convention center hotel bonds (series 2009A and 2009B), Downtown Dallas Development Authority tax-increment financing bonds (series 2006 and 2007), and civic center operational insufficiencies, we do not view it as likely that it will need to support these in the near-to-medium term. The fiscal 2018 debt service costs of these obligations amount to about 2% of Dallas' operating revenues. Supporting our view is the city's exceptional access to external liquidity based on frequent bond issuances, secured by various revenue streams, over the past 15 years.

Very weak debt and contingent liability profile

In our view, Dallas' debt and contingent liability profile is very weak. Total governmental fund debt service is 15.9% of total governmental fund expenditures, and net direct debt is 180.4% of total governmental fund revenue.

Combined with debt service requirements, the city's fixed costs amounted to 30.3% of expenditures, which affects our overall view of the debt and liability profile.

We anticipate the city will continue to issue bonds for general infrastructure improvements should AV growth support such issuances. In November 2017, voters approved a \$1.05 billion bond authorization package that included 10 different propositions for various projects and upgrades throughout the city including parks and recreation, flood control, police and fire, city hall, homeless, economic development, streets, library, and cultural arts facility.

The city has a contingent liability to make up any shortfalls in debt service coverage for both the Dallas Convention Center Hotel revenue bonds and the Downtown Dallas tax increment revenue bonds. However, based on revenue trends and coverage for both bonds, general fund support is not anticipated in the near term. The city also maintains a commercial paper program through JPMorgan Chase Bank N.A. The notes have a total program authorization of \$350 million. Liquidity support is provided by JPMorgan through a revolving credit agreement, which extends to Dec. 2, 2020. The term of the notes shall not exceed 270 days after issuance, with a maximum maturity date of Dec. 2, 2020. Upon closing of the 2017 commercial paper program on Nov. 28, 2017, the city issued \$3,500,000 in series B notes that were purchased by JPMorgan pursuant to the note purchase agreement, and at least \$3,500,000 aggregate principal amount of series B notes must remain outstanding for the duration of the term of the agreement. In April 2019, the city also issued \$31.6 million in association with the commercial paper note program.

In our opinion, a credit weakness is Dallas' large pension and OPEB obligation. Dallas' combined required pension and actual OPEB contributions totaled 14.4% of total governmental fund expenditures in 2018. Of that amount, 13.6% represented required contributions to pension obligations, and 0.8% represented OPEB payments. The city made 85% of its annual required pension contribution in 2018. The funded ratio of the largest pension plan is 46.8%.

Dallas provides pension benefits to its employees via three separate retirement plans: the Employees Retirement System (ERF), the Dallas Police and Fire Pension System (DPFP), and the Supplemental Police and Fire Pension Plan of the City of Dallas. The ERF is for all eligible employees, excluding firefighters and police officers. For fiscal 2018, the ERF was 83% funded and the city contributed \$60.5 million, or 65.8%, of its ADC. The plan's funded status improved in 2018 when compared with a 78% funded status in fiscal 2016 and 60% funded status in 2016. The DPFP was a weak 47% funded for fiscal 2018 and the city contributed \$151.8 million or 96% of the statutorily required contribution amount. The plan's funded status improved in 2018 when compared with a 25% funded status in 2017. Weakness in the plan's affordability between 2015 and 2017 was caused by continued negative investment returns as well as actuarial assumption and methodology changes following a five-year experience study. The supplemental plan in 2018 was 53% funded and the city contributed 100% of its ADC, which was a relatively small \$2.2 million.

In the summer of 2017, the state legislature passed House Bill (HB) 3158, which fundamentally changed the contribution to and benefits provided by the DPFP. While we anticipate the plan's funded status will likely not improve in the near term to levels we feel are adequate, the recent changes have stabilized it for the long term. In addition, part of the plan's revisions is that an actuarial study will be conducted in seven years and if certain key funding benchmarks

are not being met, additional changes will be made.

Aside from its pension benefits, Dallas provides certain OPEB for retired employees. As of Sept. 30, 2018, the plan was not funded. The city discontinued offering subsidized retiree health care for employees hired after Jan. 1, 2010. At Sept. 30, 2018, the OPEB liability was \$511.1 million, down from \$518.8 million in the previous year. OPEB costs equaled 0.8% of the city's expenditures. Dallas' combined total pension and OPEB contributions for fiscal 2018 were 14.4% of governmental expenditures.

Strong institutional framework

The institutional framework score for Texas municipalities is strong.

Outlook

The stable outlook reflects strength in Dallas' local economy that we anticipate will continue to expand in the near term, stable financial metrics, as well as leveling-off of the funded status of the city's pension plans, despite a remaining large liability. We do not anticipate changing the rating over the two-year outlook horizon.

Upside scenario

Should the debt and contingent liabilities profile improve significantly and the large and growing pension liabilities moderate, we could raise the rating.

Downside scenario

Weakening in the city's budgetary flexibility, performance, or liquidity could result in a downgrade. Furthermore, if the city's debt service, pension, and OPEB carrying charge elevate to a level we view as unsustainable and negatively affect the city's financial metrics or performance, we could lower the rating.

Ratings Detail (As Of April 18, 2019)		
Dallas GO		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Dallas GO (AGM)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Dallas GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Dallas GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Dallas GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Dallas GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Dallas GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed

Ratings Detail (As Of April 18, 2019) (cont.)

Dallas GO (BAM) (SEC MKT)

Unenhanced Rating

AA-(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Summary: Dallas, Texas; General Obligation

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Summary:

**Dallas Convention Center Hotel
Development Corp.
Dallas, Texas; Moral Obligation**

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Credit Profile

Dallas Convention Center Hotel Development Corp, Texas

Dallas, Texas

Dallas Convtn Ctr Hotel Dev Corp (Dallas)

<i>Long Term Rating</i>	A/Stable	Affirmed
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Dallas Convtn Ctr Hotel Dev Corp (Dallas)

<i>Long Term Rating</i>	A/Stable	Affirmed
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Rationale

S&P Global Ratings has affirmed its 'A' rating on the Dallas Convention Center Hotel Development Corp., Texas' series 2009A and B hotel revenue bonds, issued on behalf of the City of Dallas. The outlook is stable.

The rating is based on the application of our criteria, titled "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness," published Jan. 22, 2018. The rating is based on the strength of the moral obligation of the City of Dallas, given Dallas' city council-adopted grant program resolution, in which council will consider making grants or loans from the city's general fund to the issuer, should the pledged revenues be insufficient to service the corporation's debt. The strength of the city's moral obligation outweighs the strength of the pledged revenue base. This resolution is a revision to the public-private partnership program and guidelines that allow for a local government grant program and general fund appropriations of Chapter 380 grants to the corporation. Loans or grants are subject to annual appropriation by city council.

Obligor involvement is considered weak given the projects funded do not have a clear linkage with the city's basic functions. While the intended payment source (the hotel taxes) is a narrow and reliable revenue stream, the source of payment ultimately supporting the issue is the grants or loans from the city's general fund to the issuer, should the pledged revenues be insufficient to service the corporation's debt. Finally, there has been no evidence of political or community resistance to the city's support of the debt, nor are there any unusual administrative risks that could disrupt timely debt service payments.

The intended payment source is the hotel project's net operating income, 6% state hotel occupancy tax (HOT) revenue collected on the qualified hotel project (limited to the initial 10 years of operation), 6.25% state sales and use tax collected on the qualified hotel project (limited to the initial 10 years of operation), and the citywide 7% local HOT revenues collected and dedicated to debt service. The state hotel occupancy and sales-use tax pledge is limited to 10 years subsequent to the initial opening of the hotel, but the local citywide HOT is pledged as a security for the life of

the bonds.

The corporation issued the series 2009B hotel revenue bonds as federally taxable Build America Bonds (BABs), in which the corporation receives a subsidy from the U.S. Treasury equal to 35% of the stated interest paid. The U.S. Treasury subsidy for BABs, if issued, is paid directly to the corporation, and does not constitute security for the payment of principal or interest on the series 2009B revenue bonds.

The 1,016-room Omni Hotel, which opened in 2011, has at least 80,000 square feet of meeting-room and function space, and 720 structured parking spots. During the past five years, HOT revenues have continued to rise, with relatively stable trends from year to year. In addition, the hotel occupancy rate has steadily increased.

For additional information regarding the city, see our summary published April 18, 2019, on RatingsDirect.

Outlook

The stable outlook reflects the moral obligation of the city, strength in Dallas' local economy that we anticipate will continue to expand in the near term, stable financial metrics, and stabilization of the funded status of the city's pension plans, despite a remaining large liability. We do not anticipate changing the rating over the two-year outlook horizon.

Upside scenario

Should the debt and contingent liabilities profile improve significantly and the large and growing pension liabilities moderate, we could raise the rating.

Downside scenario

Weakening in the city's budgetary flexibility, performance, or liquidity could result in a downgrade. Furthermore, if the city's debt service, pension, and other postemployment benefits carrying charge elevate to a level we view as unsustainable and negatively affect the city's financial metrics or performance, we could lower the rating.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Council Members

SUBJECT **Fitch Ratings Affirmed 'AA' Rating and Stable Outlook for City of Dallas
Outstanding General Obligation - INFORMATION**

As previously communicated, I am pleased to report that on April 16, Fitch Ratings (Fitch) affirmed the City's 'AA' credit rating and stable outlook for General Obligation debt. Fitch states the affirmed rating and outlook for the General Obligation debt reflects the City's "strong revenue growth prospects, conservative budgeting practices, and solid reserve levels." Additionally, "reforms to both the city's civilian and public safety plans have had a positive effect on the city's long-term liability burden, and recent operating performance has been positive despite increased spending on both pensions and public safety salaries."

In the analysis, Fitch assigned 'aaa' grades to two Key Rating Drivers, Revenue Framework and Operating Performance, for "expectations for continued gains in taxable value and sales tax revenues due to ongoing economic expansion," and that the City's "gap-closing capabilities and healthy reserves position it to maintain financial resilience through a typical economic downturn." The report also highlights the City's history of positive budget management practices and pension reform.

With sustained growth in revenue and prudent management practices, the City of Dallas continues to be economically strong, fiscally stable, and a solid investment. As we continue to meet with rating agencies and prepare for upcoming bond issues, I look forward to sharing the successes the City has achieved.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Aleqresh, Chief Innovation Officer
Directors and Assistant Directors



Fitch Rates Dallas, TX \$378MM GO Bonds 'AA'; Outlook Stable

Fitch Ratings-Austin-16 April 2019: Fitch Ratings has assigned an 'AA' rating to the following City of Dallas, TX obligations:

- \$228.6 million general obligation (GO) refunding and improvement bonds, series 2019A;
- \$149.3 million GO refunding bonds, series 2019B.

Both series of bonds are scheduled for a competitive sale on April 30. Series 2019A proceeds will finance infrastructure improvements and refund outstanding commercial paper; series 2019B proceeds will finance a legal settlement.

Fitch has also affirmed the following ratings:

- Issuer Default Rating (IDR) at 'AA';
- \$1.8 billion of outstanding limited tax debt at 'AA'.

The Rating Outlook is Stable.

SECURITY

GO bonds are payable from the city's ad valorem tax levy, limited to \$2.50 per \$100 of taxable assessed valuation (TAV).

ANALYTICAL CONCLUSION

The city's 'AA' IDR and limited tax bond rating reflect strong revenue growth prospects, conservative budgeting practices, and solid reserve levels. Reforms to both the city's civilian and public safety plans have had a positive effect on the city's long-term liability burden, and recent operating performance has been positive despite increased spending on both pensions and public safety salaries. Budgeting pressure is likely to continue as the city attempts to build up police staffing levels and continues with increasing pension contributions.

Economic Resource Base

Dallas is the anchor of the large and diverse Dallas-Fort Worth regional economy. The city is a center for technology, trade, finance and healthcare; it also ranks among the top visitor and leisure destinations in the state.

KEY RATING DRIVERS

Revenue Framework: 'aaa'

Strong revenue growth prospects are based on expectations for continued gains in taxable value and sales tax revenues due to ongoing economic expansion. The assessment also reflects the city's ample independent revenue raising capacity.

Expenditure Framework: 'a'

The city's pace of spending is expected to be generally in line with revenue growth given its mature residential base. Increased pension contributions will keep carrying costs at an elevated level; a rapid debt amortization rate also contributes to the elevated carrying costs.

Long-Term Liability Burden: 'aa'

The long-term liability burden currently represents a moderate 14% of personal income. Recent pension reforms to both the civilian and uniform plans have reduced the combined total liability by roughly 40%. These reforms, in conjunction with continued economic growth, are expected to keep the long-term liability burden within the current range.

Operating Performance: 'aaa'

The city of Dallas' gap-closing capabilities and healthy reserves position it to maintain financial resilience through a typical economic downturn. Elevated debt and retiree benefit outlays will maintain a certain amount of pressure on the city's budget management practices.

RATING SENSITIVITIES

Maintenance of Operating Flexibility: Recent strong revenue performance has enabled management to both successfully absorb larger annual pension contributions and boost public safety salaries without affecting overall general fund performance. Any economic weakness would likely shrink revenue gains and could amplify budgetary pressures. Conversely, continued positive operating performance and successful absorption of additional public safety spending could lead to positive rating action.

CREDIT PROFILE

Dallas is located in north central Texas and with a population of 1.34 million ranks among the top 10 U.S. cities by population. The city serves as corporate headquarters for AT&T, Southwest Airlines, Texas Instruments, 7-Eleven, Inc., HollyFrontier Corp., Pizza Hut, Inc. and other large corporate concerns. Nokia, Vistaprint, Amazon Services and Home Depot lead the list of recent or planned relocations and expansions. Large employers in the education, government and health services sectors lend stability to the city's employment base.

The city's role as a wholesale and retail trade center is enabled by a strong transportation network of airports, rail and interstate highways. Dallas Area Rapid Transit (DART) provides major employers easy access to a highly skilled work force to support growing technology, finance, business and medical service sectors. Driven by professional service, construction, mining and trade sector growth, the city's employment base continues to expand. Top taxpayers represent utility, air transportation, developers, real estate, manufacturing and retail industries, and the tax base has no significant concentration.

Revenue Framework

General fund operations are supported by a diverse mix of revenues led by ad valorem tax revenues (49% of the fiscal 2018 total), sales tax revenues (25%), and franchise fees (12%). General fund revenue growth has accelerated the past several years after sluggish post-recession gains; annual increases have averaged more than 5% over the past five years.

Near term revenue growth prospects are strong based on the overall strength of the local and regional economies, including expansion in the trade/transportation, professional business services and leisure/hospitality sectors. New development continues, as indicated by ongoing growth in the city's residential and commercial building permit activity, including \$2.4 billion in new permit activity in fiscal 2018. This activity is also reflected in recent tax base gains. Annual TAV gains have averaged nearly 9% the past four years, including a 10% increase in fiscal 2019 to \$130.1 billion. The city expects another 6% gain in TAV for fiscal 2020.

The city's fiscal 2019 total tax rate of \$0.7767 per \$100 of TAV has been reduced for three consecutive years and provides ample legal revenue-raising capacity below the constitutional and city charter caps of \$2.50. If a proposed tax rate results in an 8% or higher year-over-year levy increase (based on the prior year's values), the rate increase may be subject to election if petitioned by voters.

Expenditure Framework

As is typical with U.S. cities, public safety is Dallas' largest operating spending category (60% of fiscal 2018 general fund outlays), followed by general government and culture and recreation (both at 12%). General fund spending growth has generally kept pace with revenue gains in recent years.

Fitch expects the pace of spending growth to generally track what is projected to be a positive trajectory in revenues, as future service demands from a relatively mature residential base and increasing public safety and pension outlays should align with increasing operating receipts over the near to medium term.

The recent pension reforms have reduced required contribution amounts but the city's annual carrying costs (debt service, actuarially determined pension contributions, actual other post-employment benefit [OPEB] outlays) remain elevated -- 27% of fiscal 2018 governmental spending. Fitch expects actual carrying costs to remain high, the result of both increased pension contributions to the police and fire plan and debt service associated with a \$1.05 billion GO bond authorization approved by voters in 2017. Fitch's supplemental pension metric, which estimates the annual pension cost based on a level dollar payment for 20 years with a 5% interest rate, indicates that carrying costs are vulnerable to future increases.

The new bond program is heavily weighted toward streets (53%) and parks and recreation (26%). The current carrying costs also reflect a rapid 70% debt amortization rate over the next 10 years, which will lessen somewhat the burden associated with new debt. The city's ability to control headcount and salary costs is strong, providing operational flexibility.

Long-Term Liability Burden

Dallas' long-term liability burden is moderate at 13.6% of personal income, with roughly 45% of the Dec. 31, 2017 total attributable to unfunded pension liabilities; the liability calculation is adjusted by Fitch to assume a more conservative 6% investment return. The burden is down from roughly

19% of personal income recently as a result of the various pension reforms. The city currently has roughly \$2.2 billion in GO debt outstanding (including these offerings), about 20% of the total long-term liability burden. Overlapping debt of \$3.7 billion comprises the remainder of the liability (35% of the total).

Dallas participates in three single employer defined benefit pension plans. The ERF covers non-uniformed employees. The DPFP (combined plan) and the smaller Supplemental Police and Fire Pension Plan of the city of Dallas (supplemental plan) cover police and firefighters.

Under GASB Statement 68, the ERF plan at Dec. 31, 2017 reported a net pension liability (NPL) of roughly \$766 million, with fiduciary assets covering 83% of total pension liabilities at the plan's 7.75% investment return assumption. Changes to the benefit plan were approved by the ERF board, city council and voters in 2016. They apply to employees hired on or after Jan. 1, 2017 and include an increase in the normal retirement age from 60 to 65, an increase in service retirement from 30 to 40 years, elimination of the health benefit supplement, and a reduction in the benefit multiplier from 2.75% to 2.5%. These changes are expected to boost to the long-term viability of the plan.

In response to a steady weakening of the DPFP plan--attributable primarily to issues associated with the deferred retirement option program (DROP) feature--the Texas Legislature in its 2017 regular session approved legislation that made a number of noteworthy changes to the DPFP plan. The modifications included increases in retirement ages for the various tiers of employees, a reduction in the benefit multiplier for most employees and elimination of the current COLA benefit. The legislation also made changes to the troubled DROP, including a 10-year limitation on participation, elimination of interest on DROP accounts after Sept. 1, 2017, and modifications to DROP account distribution options. The legislation also called for increased plan contributions from both the city and employees. These reforms should stabilize the city's obligations to the plan and reduce the risks presented by the DROP feature of the retirement plan, and should enhance the plan's long-term viability.

Under GASB Statement 68, the DPFP plan reported an NPL for the combined and supplemental plans of \$2.4 billion and \$16 million, respectively as of Dec. 31, 2017. The \$2.4 billion combined plan NPL is down from \$6.3 billion in the prior reporting period. Fiduciary assets of the combined plan covered 47% of liabilities based on a 7.25% rate of return assumption. Fiduciary assets covered 53% of the liabilities of the supplemental plan. The Dec. 31, 2017 NPL for all three plans totaled \$3.18 billion, with assets covering 64% of liabilities. The NPL increases to \$4.77 billion and the ratio of assets to liabilities declines to 55% when a 6% investment return assumption is used.

The city has addressed another sizeable potential financial liability, namely several back pay disputes with city public safety employees. The city settled four suits (the Collin County lawsuits) in 2017 for \$61.7 million, and funding was provided through a 2018 GO bond financing. Negotiations on the remaining two class-action back-pay lawsuits (the Rockwall County suits) concluded successfully in 2018, and the city council authorized a \$173 million settlement. The settlement figures, while not immaterial, are substantially less than the potential figures originally cited. The series 2019B GO refunding bonds will finance the Rockwall County suits' settlement.

Operating Performance

Fitch expects Dallas to demonstrate strong financial resilience during economic downturns, as demonstrated by a history of the highest gap-closing capacity and sizable reserves. Audited fiscal 2018 general fund results included a net surplus after transfers of \$21 million and unrestricted reserves of nearly \$235 million (18% of spending), as both revenues and expenditures outperformed budget.

The city has demonstrated positive budget management practices historically, and the positive fiscal 2018 results (that included sharply higher pension contribution amounts) continued that trend and enabled the city to maintain a strong financial cushion. However, the increased annual pension contributions will maintain a degree of pressure on the city's budget management practices for the foreseeable future.

The fiscal 2018 budget was year one of a biennial budget process adopted by the city for the first time. The fiscal 2019 adopted general fund budget was balanced and included a 6.5% spending increase to \$1.366 billion -- due in part to increased public safety spending (both salaries and pensions). The fiscal 2019 DPFP contribution from the city is scheduled at roughly \$157 million and includes a \$13 million supplemental contribution that is scheduled to occur annually until 2024.

Dallas continues to contend with attracting and retaining police officers. The fiscal 2019 budget includes funding for 3,050 officers, down from 3,613 budgeted positions in fiscal 2017. Management is hopeful the recent salary adjustments (increase in starting pay, salary increase for current officers, additional salary step) will stem the recent attrition, which likely reflects both rank and file departures during the pension crisis and police recruiting challenges nationwide. The current projection for fiscal 2019 general fund results suggest another operating surplus of nearly \$13 million, the result reportedly of both revenues and spending again outperforming budget. Sales taxes are projected to total more than \$315 million, a more than 3% increase from the prior year and \$3.6 million above budget.

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In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

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Additional information is available on www.fitchratings.com

Applicable Criteria

U.S. Public Finance Tax-Supported Rating Criteria (pub. 03 Apr 2018)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form

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Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **M/WBE Participation for April 24, 2019 Council Agenda**

For your information staff is providing you with the summary below of M/WBE participation for the voting items scheduled for the April 24, 2019 Council Agenda. The total contract award amount, consisting of 20 agenda items is \$15.24M. **M/WBE is applicable to 19 of the 20 agenda items. For these items, construction and architectural and engineering items total \$9.64M with an overall M/WBE participation of \$2.77M or 28.76%, while goods and services items total \$3.05M with an overall M/WBE participation of \$2.18M or 71.54%.**

As a reminder, the current M/WBE goals are:

Architecture & Engineering	Construction	Professional Services	Other Services	Goods
25.6%	25.0%	36.3%	23.8%	18.0%

2017 Bond Program

The Office of Business Diversity continues to work diligently with the Bond Program Office to ensure, not only that the M/WBE goals are met, but to also include diverse teams on the bond program projects. This agenda includes ten agenda items that are funded by 2017 bond funds. We are pleased to announce that **one of the ten agenda items has 100.00% minority participation. These ten items total \$6.78M with an overall M/WBE participation of \$1.88M or 27.69%.**

Highlighted Items

Capital Project Management System

Agenda Item No. 27 Authorize a five-year professional services contract in the amount of \$2.17M for the implementation of IBM Tririga software for a citywide capital project management system. **This item includes participation from one M/WBE vendor, who is performing as the prime contractor, resulting in \$2.17M participation or 100.00% M/WBE participation on an 36.30% goal.**

Storm Drainage Contract

Agenda Item No. 37 Authorize a professional services contract in the amount of \$340K for the engineering design of Storm Drainage Contract No. 4. **This item includes participation from three M/WBE vendors resulting in \$111K participation or 32.53% M/WBE participation on an 25.66% goal.**

DATE April 19, 2019
SUBJECT April 24, 2019 Council Agenda M/WBE Participation Overview

Construction Management Services

Agenda Item No. 42 Authorize Supplemental Agreement No. 5 to the professional services contract in the amount of \$1.75M to provide additional construction management services for construction contracts related to water quality improvements. **This item includes participation from two M/WBE vendors, resulting in \$449K participation or 25.67% M/WBE participation on an 25.66% goal.**

Please feel free to contact me if you have any questions or should you require additional information.



Zarin D. Gracey
Director
Office of Business Diversity

- c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
- Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors