

**DECEMBER 7, 2016 CITY COUNCIL BRIEFING AGENDA
CERTIFICATION**

This certification is given pursuant to Chapter XI, Section 9 of the City Charter for the City Council Briefing Agenda dated December 7, 2016. We hereby certify, as to those contracts, agreements, or other obligations on this Agenda authorized by the City Council for which expenditures of money by the City are required, that all of the money required for those contracts, agreements, and other obligations is in the City treasury to the credit of the fund or funds from which the money is to be drawn, as required and permitted by the City Charter, and that the money is not appropriated for any other purpose.



A.C. Gonzalez
City Manager

12-1-16

Date



M. Elizabeth Reich
Chief Financial Officer

12-1-16

Date

RECEIVED

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CITY SECRETARY
DALLAS, TEXAS



COUNCIL BRIEFING AGENDA

December 7, 2016

Date

(For General Information and Rules of Courtesy, Please See Opposite Side.)
(La Información General Y Reglas De Cortesía Que Deben Observarse
Durante Las Asambleas Del Consejo Municipal Aparecen En El Lado Opuesto, Favor De Leerlas.)

General Information

The Dallas City Council regularly meets on Wednesdays beginning at 9:00 a.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council agenda meetings are broadcast live on WRR-FM radio (101.1 FM) and on Time Warner City Cable Channel 16. Briefing meetings are held the first and third Wednesdays of each month. Council agenda (voting) meetings are held on the second and fourth Wednesdays. Anyone wishing to speak at a meeting should sign up with the City Secretary's Office by calling (214) 670-3738 by 5:00 p.m. of the last regular business day preceding the meeting. Citizens can find out the name of their representative and their voting district by calling the City Secretary's Office.

If you need interpretation in Spanish language, please contact the City Secretary's Office at 214-670-3738 with a 48 hour advance notice.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-3738 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act.

The Council agenda is available in alternative formats upon request.

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

Información General

El Ayuntamiento de la Ciudad de Dallas se reúne regularmente los miércoles en la Cámara del Ayuntamiento en el sexto piso de la Alcaldía, 1500 Marilla, a las 9 de la mañana. Las reuniones informativas se llevan a cabo el primer y tercer miércoles del mes. Estas audiencias se transmiten en vivo por la estación de radio WRR-FM 101.1 y por cablevisión en la estación *Time Warner City Cable* Canal 16. El Ayuntamiento Municipal se reúne el segundo y cuarto miércoles del mes para tratar asuntos presentados de manera oficial en la agenda para su aprobación. Toda persona que desee hablar durante la asamblea del Ayuntamiento, debe inscribirse llamando a la Secretaría Municipal al teléfono (214) 670-3738, antes de las 5:00 pm del último día hábil anterior a la reunión. Para enterarse del nombre de su representante en el Ayuntamiento Municipal y el distrito donde usted puede votar, favor de llamar a la Secretaría Municipal.

Si necesita interpretación en idioma español, por favor comuníquese con la oficina de la Secretaría del Ayuntamiento al 214-670-3738 con notificación de 48 horas antes.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-3738 (aparato auditivo V/TDD). La Ciudad de Dallas está comprometida a cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act*. **La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.**

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesía

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*paggers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal.

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que esté presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que esté presidiendo la sesión a tomar acción." Según la sección 3.3(c) de las reglas de procedimientos del Ayuntamiento.

Handgun Prohibition Notice for Meetings of Government Entities

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, DECEMBER 7, 2016
CITY HALL
1500 MARILLA
DALLAS, TEXAS 75201
9:00 A.M.

9:00 am Invocation and Pledge of Allegiance 6ES

 Special Presentations

 Open Microphone Speakers

VOTING AGENDA 6ES

1. Approval of Minutes of the November 9, 2016 City Council Meeting
2. Consideration of appointments to boards and commissions and the evaluation and duties of board and commission members (List of nominees is available in the City Secretary's Office)

ITEMS FOR INDIVIDUAL CONSIDERATION

City Secretary's Office

3. Consideration of appointment to the Dallas Area Rapid Transit Board of Directors for Place 07 to fill the unexpired term beginning January 1, 2017 and ending June 30, 2017 (Closed Session, if necessary, Personnel, Sec. 551.074, T. O. M. A.) (Name of nominee(s) in the City Secretary's Office) - Financing: No cost consideration to the City

BRIEFINGS 6ES

- A. Police and Fire Meet and Confer Briefing
- B. Dallas Police and Fire Pension (and Related Pay Referendum Issues)

Lunch

- C. Hire Dallas

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, DECEMBER 7, 2016

- Closed Session 6ES
Attorney Briefings (Sec. 551.071 T.O.M.A.)
- Legal issues related to the Dallas Police & Fire Pension System.
- Complaint of Crown Castle NG Central LLC against the City of Dallas, Docket No. 45470 before the Public Utility Commission of Texas.
Personnel (Sec. 551.074 T.O.M.A.)
- Interview and discuss qualifications of candidates for the position of City Manager.

Open Microphone Speakers 6ES

The above schedule represents an estimate of the order for the indicated briefings and is subject to change at any time. Current agenda information may be obtained by calling (214) 670-3100 during working hours.

Note: An expression of preference or a preliminary vote may be taken by the Council on any of the briefing items.

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.086]

KEY FOCUS AREA: E-Gov
AGENDA DATE: December 7, 2016
COUNCIL DISTRICT(S): N/A
DEPARTMENT: City Secretary
CMO: Rosa A. Rios, 670-3738
MAPSCO: N/A

SUBJECT

Consideration of appointment to the Dallas Area Rapid Transit Board of Directors for Place 07 to fill the unexpired term beginning January 1, 2017 and ending June 30, 2017 (Closed Session, if necessary, Personnel, Sec. 551.074, T. O. M. A.) (Name of nominee(s) in the City Secretary's Office) - Financing: No cost consideration to the City

BACKGROUND

The Dallas Area Rapid Transit (DART) board was structured by the Texas Legislature in 1993. Membership is allocated among member cities according to population, with recalculations after every U.S. census. At that time, members of the DART board serve staggered terms of 2 years with 8 of the positions' terms to begin July 1 of odd-numbered years and seven positions' terms to begin July 1 of even numbered years. The enabling legislation provides that a member city may not rule by order or ordinance to limit for the number of terms that a member of the DART board may serve.

On August 23, 2011, the DART Board approved a reallocation of the Board based on the 2010 Census data. As a result, the City of Dallas lost one direct appointment to the Board previously shared with the cities of Cockrell Hill, Glenn Heights and Plano. The City of Dallas is now entitled to 7 full members and 1 shared member with the City of Cockrell Hill. This now provides for the terms of 6 members to expire in even-numbered years and 2 to expire on odd-numbered years.

This action provides for one individual to be appointed to fill the unexpired term beginning January 1, 2017 and ending June 30, 2017. The unexpired term resulted from the resignation of James F. Adams to be effective December 31, 2016.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 14, 2016, the TTRPC interviewed nominees, and TTRPC recommended a nominee for appointment to fill the unexpired term.

FISCAL INFORMATION

No cost consideration to the City

December 7, 2016

WHEREAS, the City Council, as of the 2011 Census reallocation, is responsible for appointing 7 full members and 1 shared member, with the City of Cockrell Hill, to the DART Board of Directors; and

WHEREAS, the members of the DART Board of Directors serve staggered two-year terms, commencing July 1, pursuant to Section 452.578 of the Texas Transportation Code; and

WHEREAS, Place 07 term expires June 30, 2017; and

WHEREAS, a resignation was submitted for Place 07 to become effective December 31, 2016; the member to be appointed will fill the unexpired term beginning January 1, 2017 and ending June 30, 2017; and

WHEREAS, Texas Transportation Code Section 452.542(a) states a member of the subregional board serves at the pleasure of the appointing governing body; and

WHEREAS, the City Council may remove any DART Board member appointed by this resolution at any time, with or without cause. That such DART Board member may be removed upon an affirmative vote of nine city council members through the adoption of another resolution.

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the following individual is hereby appointed to the DART Board to fill an unexpired term with service to begin January 1, 2017 and expire June 30, 2017, and that the City Secretary, following appointment, shall assign Place 07 to this individual:

PLACE 07	
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SECTION 2. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

Memorandum



CITY OF DALLAS

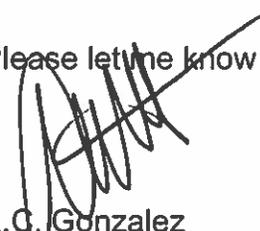
DATE December 1, 2016

TO Honorable Mayor and Members of the City Council

SUBJECT **Police and Fire Meet and Confer Briefing**

On Wednesday, December 7, 2016, the City Council will be briefed on Police and Fire Meet and Confer by the Director of Human Resources, Molly Carroll. The briefing materials are attached for your review.

Please let me know if you have any questions or need additional information.


A.C. Gonzalez
City Manager

c: Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager

Mark McDaniel, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Police and Fire Meet and Confer Briefing

City Council Briefing
December 7, 2016



Overview

- Meet and Confer History
- 2010 Meet & Confer Agreement Summary
- 2013 Meet & Confer Agreement Summary
- Goals for 2016 Agreement
- 2016 Proposed Meet & Confer Agreement
- Financial Provisions of 2016 Agreement
- Non-Financial Provisions of 2016 Agreement
- Meet & Confer Financial Analysis
- Next Steps
- Appendix



City of Dallas - Meet and Confer History

2009	Texas State Legislature approved Meet and Confer for Dallas uniformed officers
Feb. 24, 2010	City Council authorized the City Manager to enter into meet and confer discussions with the Police & Fire Uniform Coalition Team
September 1, 2010	1 st Meet & Confer Agreement approved by Council <ul style="list-style-type: none">• Effective October 1, 2010 through September 30, 2013 (included 6 month extension)
December 11, 2013	2 nd Meet & Confer Agreement approved by Council <ul style="list-style-type: none">• Effective October 1, 2013 through September 30, 2016 (included 6 month extension)
November 2, 2016	Meet & Confer Uniform Coalition Team and City Management sign Joint Statement on tentative three year agreement
December 1, 2016	Uniformed officers voted on and approve three year Meet & Confer Agreement

- **Next Step – City Council must approve the Agreement in order to implement.**



2010 Meet & Confer Agreement Summary



2010 Meet & Confer Agreement Overview

Year 1 (FY10-11)	Year 2 (FY11-12)	Year 3 (FY12-13)
<ul style="list-style-type: none"> • 40 Hours Mandatory City Leave (aka “Furlough Days”) <i>(Equates to a 1.9231% pay reduction)*</i> • Comp Time for Overtime • Establish Phase Down Plan • Delay Fire Rookie Classes from Paramedic School • Reduce Number of Fire Rescue Replacements • Delay Truck 10 Implementation to Jan. 2011 • Hiring for ½ Attrition in DPD • Modify Loss of Merit Step Procedure in DPD • Off Duty Jobs for Special Events • Time Off For Association Business • Reconfigure Fire Dispatch Schedule • Study Single Career Path in Fire • Suspend Fire Wellness Program 	<ul style="list-style-type: none"> • 24 Hours Mandatory City Leave (aka “Furlough Days”) <i>(Equates to a 1.1538% pay reduction)</i> • Reinstate Merit Step Increase (If City Meets Revenue Trigger) <ul style="list-style-type: none"> – If revenue trigger is not met, a “Retention Incentive” will go into effect for recently hired officers 	<ul style="list-style-type: none"> • Reinstate (or continue) Merit Step Increase (if City Meets Revenue Trigger) <ul style="list-style-type: none"> – If revenue trigger is not met, a “Retention Incentive” will go into effect for recently hired officers • 3% Across The Board Pay Raise • 2 Additional Holidays for Uniformed Staff • Increase Education Incentive Pay (April 1st)

• *Fire Personnel in the Emergency Response Bureau work a schedule that is not the ‘Standard’ 40/hrs per week. Because of this, all work hours must be adjusted to account for their modified schedule. For the purpose of this agreement, hours quoted are based on a standard work schedule. See Appendix for Agreement Costs*

2013 Meet & Confer Agreement Summary



2013 Meet & Confer Agreement Summary

Financial Provisions - Overview

Year 1 (FY13-14)	Year 2 (FY14-15)	Year 3 (FY15-16)
<ul style="list-style-type: none"> • Reinstated Merit Steps • Added “Swift Water Pay” as a special pay item in Fire Dept. 	<ul style="list-style-type: none"> • Merit Steps • Effective April 1, 2015, 4% Across-the-Board Increase (over term of Agreement) <ul style="list-style-type: none"> • Tied to Property Tax and Sales Tax Floor benchmarks • Eliminated two additional holidays awarded in 2010 Agreement 	<ul style="list-style-type: none"> • Merit Steps

- Agreement includes a six month extension through March 21, 2017 if no new agreement reached prior to September 30, 2016
- City cannot act unilaterally until the Agreement expires
- See Appendix for Agreement Costs



Goals for 2016 Agreement



Overall Strategy for 2016 Agreement

1. Increase starting pay to be more competitive with other cities
2. Increase pay for early career officers to stem attrition
3. Maintain competitive pay for topped out officers
4. Establish a 'lateral program' to allow Dallas to recruit from other agencies and compensate those officers for their experience
5. Contractually stipulate that pay structures established in Meet & Confer Agreement supersede and preempt the 1979 Pay Referendum ordinance
 - The City's position remains that the 1979 pay adjustments were one time only and that the City met all its obligations at the time of the ordinance



2016 Proposed Meet & Confer Agreement



2016 Proposed Meet & Confer Agreement

Financial Provisions - Summary

Year 1 (FY16-17)	Year 2 (FY17-18)	Year 3 (FY18-19)
<ul style="list-style-type: none"> • Step increase - “Double-steps” • Add a 2% top step to all ranks • Drop bottom step from all ranks • New starting pay: <ul style="list-style-type: none"> • \$46,870 - Police Officer or Fire Rescue Officer • \$45,916 - Fire Prevention Officer 	<ul style="list-style-type: none"> • Step Increase - “Single-step” • Add a 2% top step to all ranks • Drop bottom step from all ranks • New starting pay: <ul style="list-style-type: none"> • \$49,207 - Police or Fire Rescue Officer • \$48,371 - Fire Prevention Officer - • Increase Certification Pay (see next slide) 	<ul style="list-style-type: none"> • Step increase - “Double-step” • Add a 2% top step to all ranks • Drop bottom step from all ranks • New starting pay: <ul style="list-style-type: none"> • \$51,688 Police Officer, Fire Rescue and Fire Prevention Officers • Starting October 1, 2018 the starting pay for a Police Officer with a Bachelor’s degree will be \$55,288.



Increase Certification Pay

- Effective the first day of the first uniformed pay period after January 1, 2018, rates for Certification Pay (Texas Commission on Law Enforcement and Texas Commission on Fire Prevention) will be adjusted as follows:

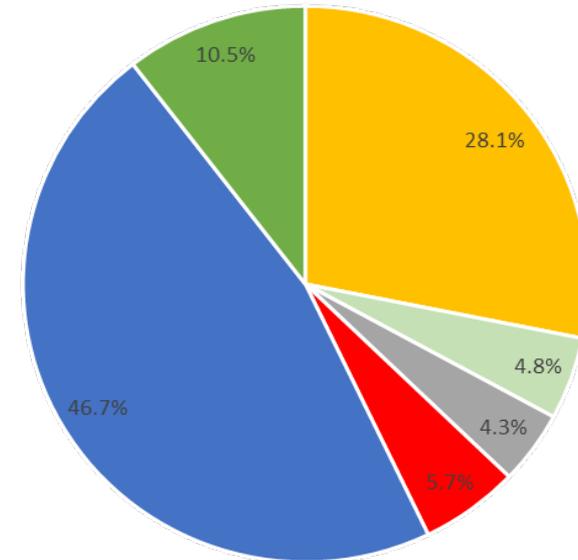
	Intermediate	Advanced	Master
Police Current	\$200/month		\$500/month
<i>Police New</i>	<i>\$200/month</i>	<i>\$400/month</i>	<i>\$600/month</i>
Fire Current	\$175/month	\$250/month	\$500/month
<i>Fire New</i>	<i>\$200/month</i>	<i>\$400/month</i>	<i>\$600/month</i>



Percentage Pay Increase During Three-Year Agreement Term

- Over 57% of Officers will receive at least a 25% pay increase over the three year term of this Agreement

Percentage Pay Increase over term of Agreement



■ Less than 10% ■ 11 to 14.9% ■ 15 to 19.9%
■ 20 to 24.9% ■ 25 to 29.9% ■ 30 or More

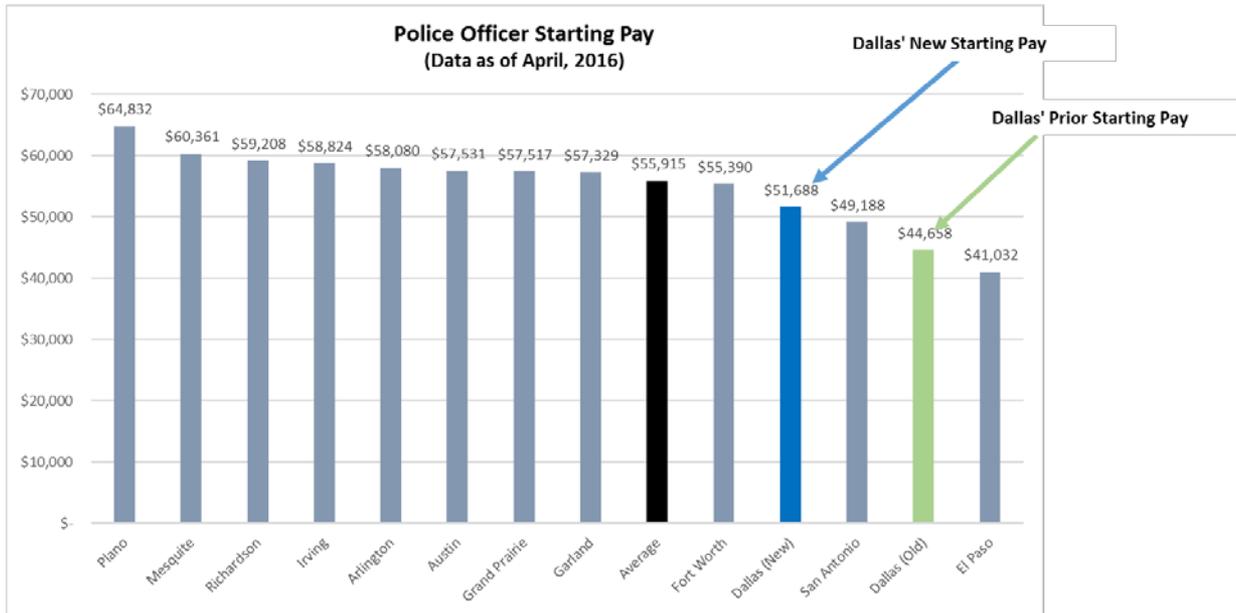


Dallas' Pay Compared to Market (Reminder)



Police Officer Starting Pay

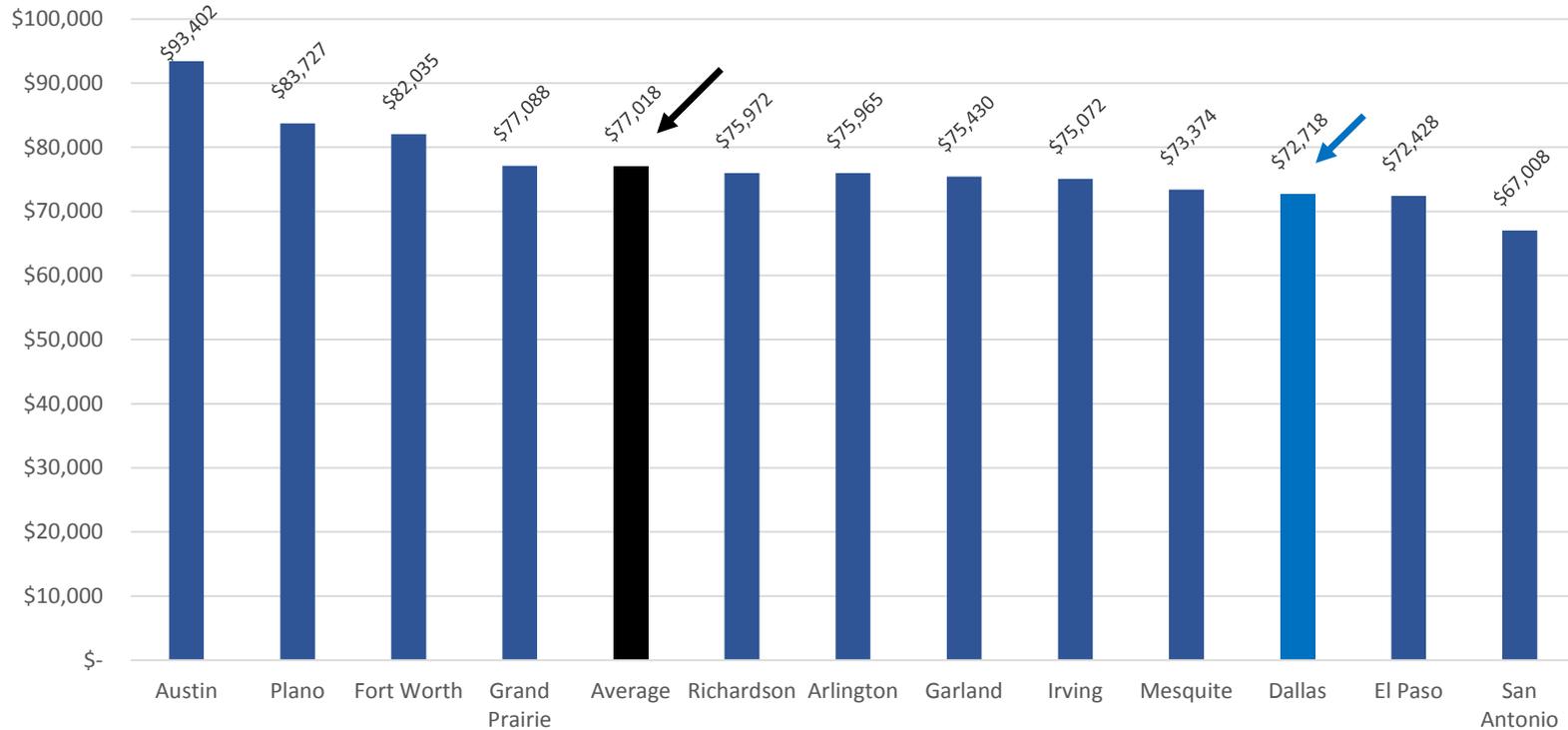
(data as of April, 2016)



- Dallas' starting pay for police officers has been significantly below market.
- With the new Meet & Confer agreement, starting pay will be much more competitive.
- **Beginning on October 1, 2018, the starting salary for a Police Officer with a bachelor's degree will be \$55,288**



Dallas Top Step Pay – Police Officer Rank



- Dallas' top base pay for Police Officers is \$4,300 (5.9%) below the market average.



Dallas Special Pay

- Dallas offers a number of special pay items including:
 - Education Incentive Pay
 - Certification Pay
 - Service Pay (also called Longevity Pay)
 - Detective Assignment Pay
 - Field Training Officer Pay
 - Patrol Duty Pay
 - Police Shift Assignment Pay
 - Aircraft Rescue (ARFF) Pay
 - EMS Assignment Pay
 - Arson Investigator Pay
 - HAZMAT Pay
 - Urban Search and Rescue Pay
- Dallas relies more heavily on special pay than other cities
- When one compares Dallas' top pay including special pay, pay top pay is competitive

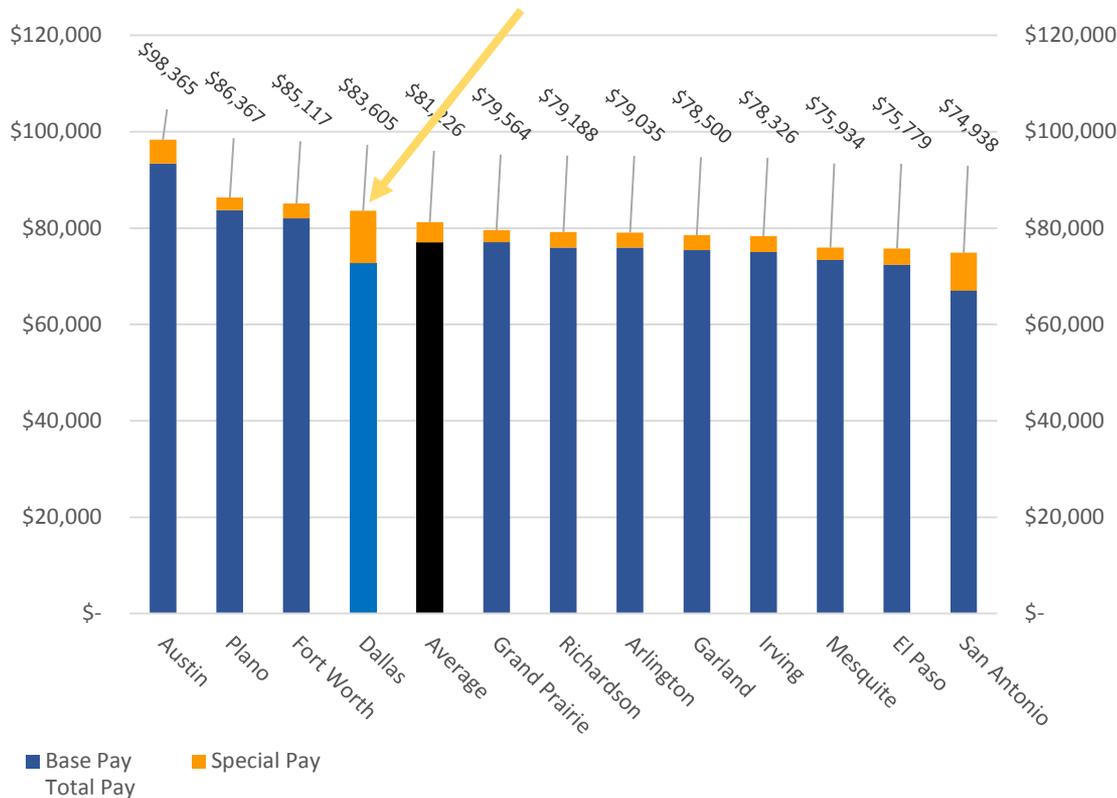


Does Dallas' pay look better
when combining Base pay and
Special pay
(data as of April, 2016)



Top Pay for Police Officer Rank

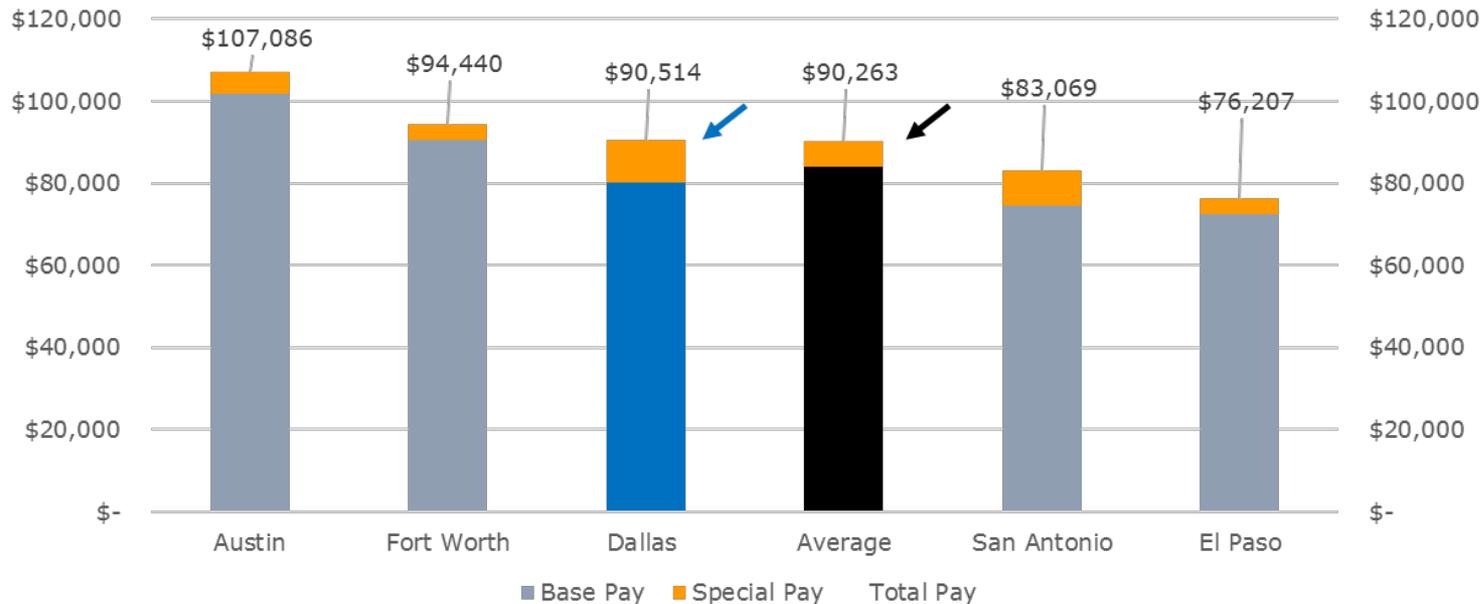
(data as of April, 2016)



- Dallas provides significant compensation in the form of “special pay” including things such as education pay (up to \$3600/year), certification pay (up to \$7,200/year), etc.
- With these special pay elements, Dallas’ pay at the top is very competitive with the market.

Top Pay for Senior Corporal Rank

(data as of April, 2016)

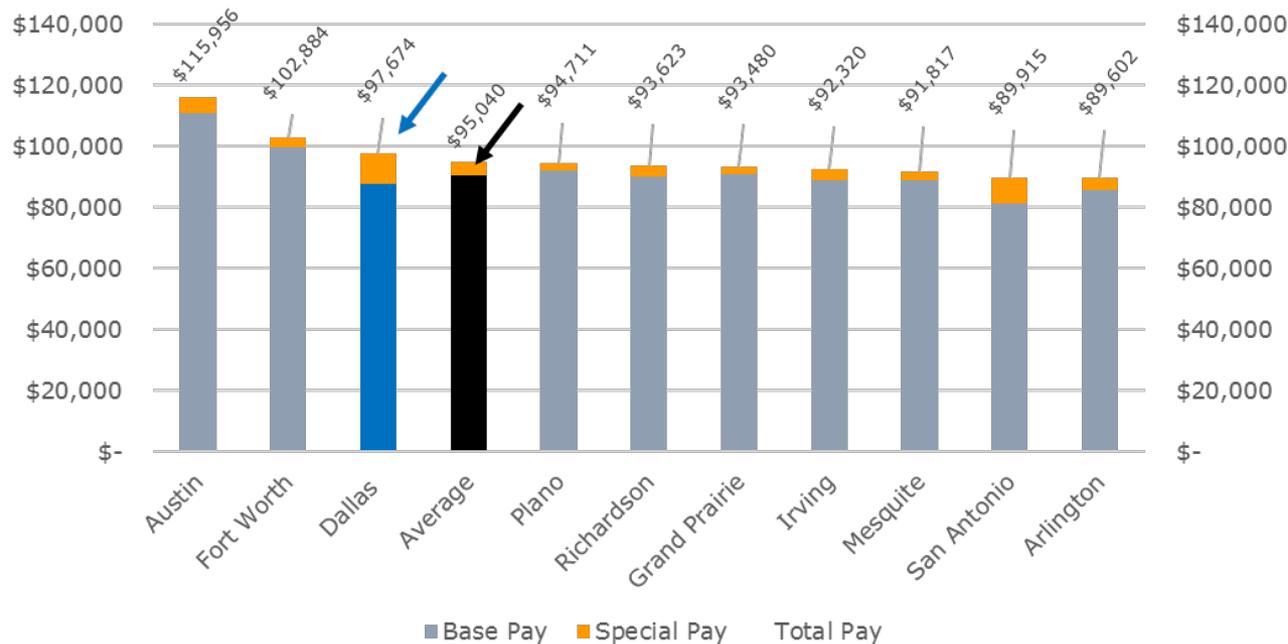


- 31% - Percent of Senior Corporals who are currently topped out
- 40% - Percent of Police Officers who will be topped out after a double step
- 61% - Percent of Police Officers who will top out by the end of the three year Meet & Confer Agreement
- NOTE: Dallas has more Senior Corporals (1400) than it does Police Officers (1100)



Top Pay for Sergeant Rank

(data as of April, 2016)



- 47% - Percent of Sergeants who are currently topped out
- 62% - Percent of Sergeants who will be topped out after a double step
- 87% - Percent of Sergeants who will top out by the end of the three year Meet & Confer Agreement



Top Pay for Lieutenant Rank

(data as of April, 2016)



- 58% - Percent of Lieutenants who are currently topped out
- 72% - Percent of Lieutenants who will be topped out after a double step
- 97% - Percent of Lieutenants who will top out by the end of the three year Meet & Confer Agreement



Other Provisions



Lateral Hire Program for Police Officers

- Currently, officers hired from other agencies have to start at Step 1 on the Police Officer pay schedule, no matter how much experience they have
- Additionally, they have to go through the entire Police Academy training program
- Under this Agreement,
 - The Chief can hire officers in at a higher pay step rate to recognize their experience
 - The lateral officers will go through a truncated training program



Probationary Officers Pay Increases

- Currently, officers have to wait about two years before getting a pay step increase
- Under this agreement, they will be eligible for a pay step increase on their first year anniversary

Promotional Increases

- This agreement revises how promotional pay increases are calculated.
- Currently, some officers promote after receiving a pay step increase for the fiscal year while others promote before receiving a pay step increase.
- This has long frustrated officers.
- Under this agreement, officers' promotional pay increase will be based on the step they would move to later in the fiscal year if they happen to promote before they get their pay step.

Pay Step Increase

- Currently, an officer who receives more than a three day suspension is not eligible for a pay step increase
- Under the new agreement, an officer will lose his or her pay step if he or she receives a 30 day suspension or more

Meet & Confer Financial Analysis



2016 Agreement Costs

Final Agreement					
Proposal	Agreement Term			Obligated Cost	
	FY16-17	FY17-18	FY18-19	FY19-20	
FY16-17 Double Step & New 2% Top Step (1st Year Costs)	\$ 15,814,622				
FY16-17 Double Step & New 2% Top Step (2nd Year Costs)		\$ 15,814,622			
FY16-17 Cost to hire at higher pay rate (1st Year Costs)	\$ 499,165				
FY16-17 Cost to hire at higher pay rate (2nd Year Costs)		\$ 499,165			
FY17-18 Single Step & New 2% Top Step (1st Year Costs)		\$ 8,697,957			
FY17-18 Single Step & New 2% Top Step (2nd Year Costs)			\$ 8,697,957		
FY17-18 Cost to hire at higher pay rate (1st Year Costs)		\$ 527,373			
FY17-18 Cost to hire at higher pay rate (2nd Year Costs)			\$ 527,373		
FY17-18 Cost for Increased Certification Pay (1st Year Costs)		\$ 5,236,401			
FY17-18 Cost for Increased Certification Pay (2nd Year Costs)			\$ 1,745,467		
FY18-19 Double Step & New 2% Top Step (1st Year Costs)			\$ 15,134,074		
FY18-19 Double Step & New 2% Top Step (2nd Year Costs)				\$ 15,134,074	
FY18-19 Cost to hire at higher pay rate (1st Year Costs)			\$ 514,736		
FY18-19 Cost to hire at higher pay rate (2nd Year Costs)				\$ 514,736	
Budget Impact	\$ 16,313,787	\$ 30,775,519	\$ 26,619,607	\$ 15,648,810	\$ 89,357,723

Costs calculated using 27.5% for pension contribution; 1.45% for medicare contribution. Does not include the impact to overtime earnings.

Next Steps

Two items on the December 14, 2016 Addendum

1. Resolution for a three-year Meet & Confer Agreement effective October 1, 2016 through September 30, 2019
 - Includes a six-month extension
2. Resolution authorizing Meet & Confer provisions for uniformed executive staff
 - Meet & Confer does not cover executives

Questions?



Appendix



2010 Agreement Costs

Proposal	Agreement Term		
	FY10-11*	FY11-12	FY12-13
	Budget +/-	Budget +/-	Budget +/-
5 Days Mandatory City Leave*	\$ (7,500,000)	\$ 7,500,000	
Comp Time for OT Police**	\$ (7,457,500)	\$ (3,728,750)	
Comp Time for OT Fire***	\$ (1,200,000)	\$ (600,000)	
Hiring 29 fewer Police Officers for FY09-10	\$ (1,818,249)		
Hiring 88 fewer Police Officers for FY10-11****	\$ (1,518,607)	\$ (3,565,879)	
Delay rookie classes from going to paramedic school*****	\$ (400,000)		
Savings from no Paramedic School	\$ (140,300)		
Fire Dispatch Office Schedule Changes	\$ (400,000)		
Suspend Fire Wellness	\$ (937,000)	Grant Funded	\$ 937,000
Delay Truck 10 Implementation	\$ (350,000)		
Reduce Number of Fire Rescue Units Purchased from 9 to 5	\$ (722,220)		
3 Days Mandatory City Leave*****		\$ (4,500,000)	\$ 4,500,000
3% Across the Board (effective 10/1/2012)			\$ 13,927,316
Reinstate Steps (if Trigger met) - TRIGGER NOT MET			
Retention Incentive (if Trigger <i>not</i> met)		\$ 1,075,443	
Steps continue (if Trigger met) TRIGGER NOT MET			
Retention Incentive (if Trigger <i>not</i> met)			\$ 410,061
2 Holidays*****			\$ 3,800,000
Education Pay Increase (4/1/2013)			\$ 5,721,855
IF REVENUE TRIGGERS NOT MET	\$ (22,443,876)	\$ (3,819,186)	\$ 29,296,232

* Base pay will be reduced by 1.9231%

** Keeps FTO OT of \$851,680 and other Reimbursed OT

*** Only for Admin, Arson, and Inspection units. Comp for OT doesn't work in Operations

**** Assumes 176 Attrition

***** Rookies will be used to fill-in where furloughs are scheduled. Remaining capacity for backfilling OT is \$400,000

***** Base pay will be reduced by 1.1538%

***** Cost for Uniform Staff Only. Cost for implementing for Civilians would be an additional \$3M.



2013 Agreement Costs

2013 Meet & Confer Agreement					
Proposal	Agreement Term			Obligated Cost	
	FY13-14 Budget +/-	FY14-15 Budget +/-	FY15-16 Budget +/-	FY16-17 Budget +/-	
FY13-14 Merit Step Increase (First Year Cost)	\$ 7,600,000				
FY13-14 Merit Step Increase (Second Year Cost)		\$ 7,600,000			
FY13-14 Swift Water Pay	\$ 40,000				
FY14-15 Merit Step Increase (First Year Cost)		\$ 7,600,000			
FY14-15 Merit Step Increase (Second Year Cost)			\$ 7,600,000		
4% ATB (First Year Cost 4/1/15 Implementation)		\$ 9,200,000			
4% ATB (Second Year Cost)			\$ 9,200,000		
FY15-16 Merit Step Increase (First Year Cost)			\$ 7,600,000		
FY15-16 Merit Step Increase (Second Year Cost)				\$ 7,600,000	
Budget Impact	\$ 7,640,000	\$ 24,400,000	\$ 24,400,000	\$ 7,600,000	\$ 64,040,000



Memorandum



CITY OF DALLAS

DATE December 1, 2016

TO The Honorable Mayor and Members of the City Council

SUBJECT Dallas Police and Fire Pension (and Related Pay Referendum Issues)

On Wednesday, December 7, 2016, the City Attorney, City Controller, Director of Human Resources, Deloitte, and I will brief City Council on the Dallas Police and Fire Pension (and Related Pay Referendum Issues). We have attached the briefing for your review.

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

c: A.C. Gonzalez, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Mark McDaniel, Assistant City Manager
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council



DALLAS POLICE & FIRE PENSION **AND RELATED PAY REFERENDUM ISSUES**

City Council Briefing | December 7, 2016



The Story

The Problem: Three Issues

Police and Fire Pay (Meet and Confer)

- Increased pay needed to keep starting salaries competitive
- BUT**
- Once fully implemented in year 4, will add **\$89M/year** to FY 16 P/F compensation of \$599M

Pay Referendum

- One-time pay raise vs a continuous pay differential; plaintiffs allege the differential should be maintained forever
- In 2005, State removed City's Sovereign immunity by redefining how a city agreement can be made
- Could be \$4B hit for back pay (**\$230M/year** debt service) plus **\$330M/year** going forward

Pension

- State set up flawed system, gave control to beneficiaries
- P/F voted themselves benefits and overly generous features (COLA, DROP interest, Supplement)
- **\$6B** current exposure; 46% from features
- Current pension ask is nearly **\$99M/year** more than the **\$124M/year** taxpayers already contribute

What's Needed

Police and Fire Pay (Meet and Confer)

Approve new agreement

Most uniform employees
(57%) will receive at least
a 25% pay increase over
3 years

Pay Referendum

State officials must
reaffirm sovereign
immunity to protect
taxpayers

While not imminent,
along with other P/F
costs, failure to do so
could bankrupt the City

Pension

State must address the
following:

- Change governance
where City/taxpayers
have a veto vote (as well
as members)
- While preserving
constitutionally protected
benefit (CPB), redesign
plan to be fair
- Adjust future payouts for
long-term equity

City to provide more
financial support

The Challenge

It all adds up:

Meet and Confer

+ Pay Referendum

+ Pension

= Dallas taxpayers pay for it all

City Budget in Brief

While we refer to the City's Budget as \$3.1B, actually:

- \$1.2B is the current year general fund budget which supports much of what people relate to:
 - Police, Fire, Parks, Libraries, Streets, etc.
 - Police and Fire's footprint is **\$733M** or 61% of that budget
 - \$615M of this is for Police and Fire compensation

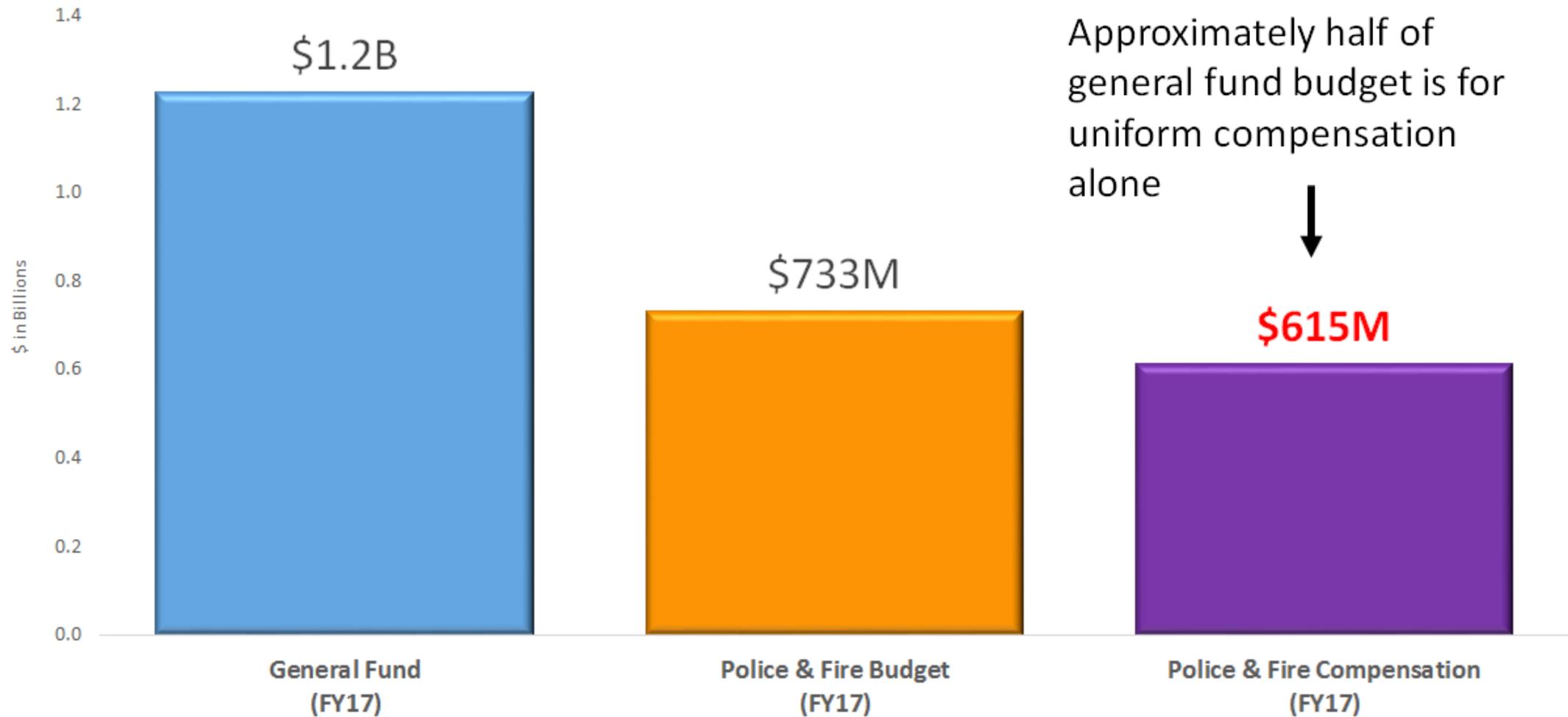
From some context:

Streets*:	\$102M
Parks & Rec:	\$95M
Library:	\$30M

Council is struggling with decisions on a needed bond program

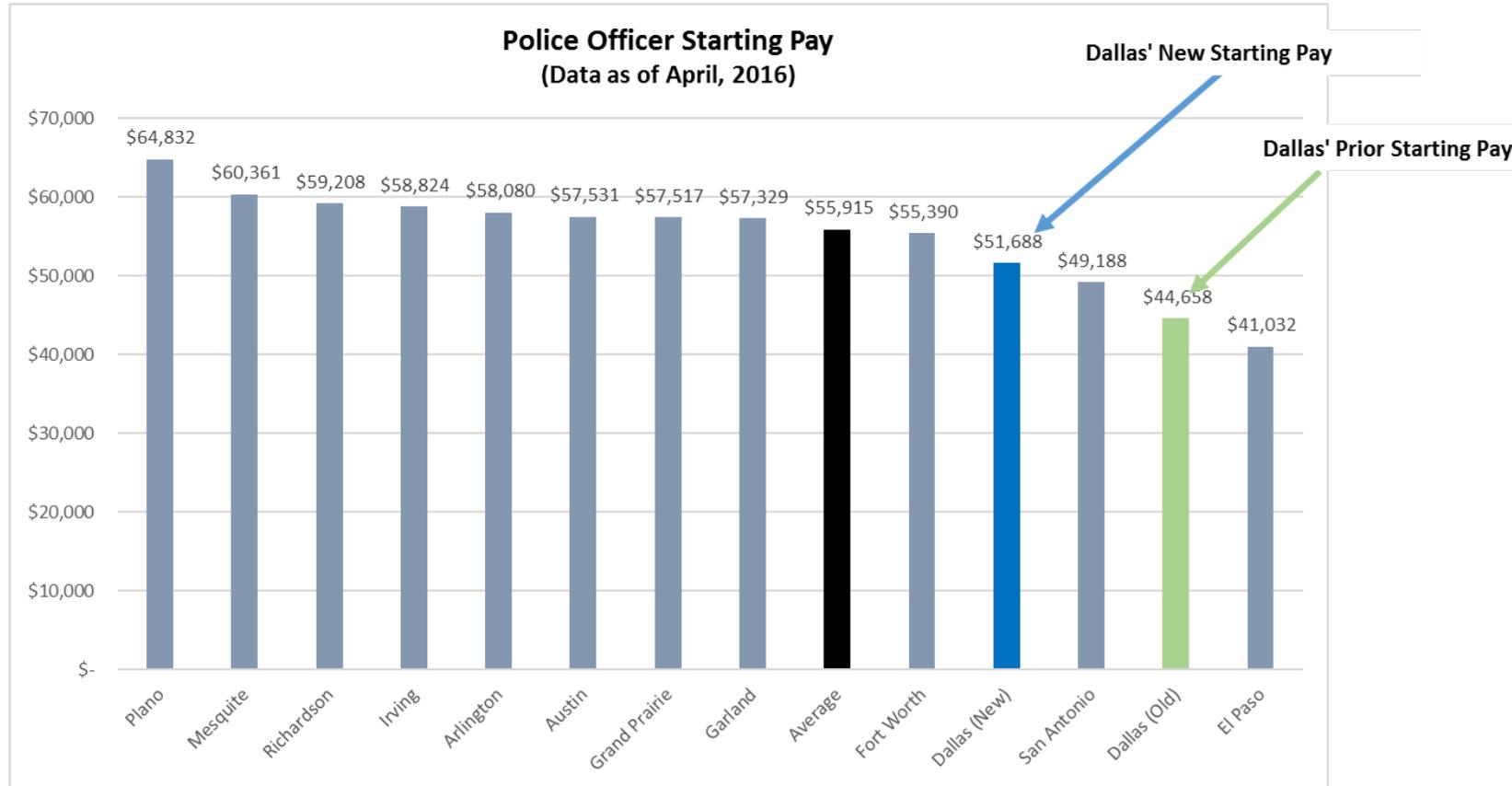
- Needs inventory is \$10.4B
- Of that, the needs inventory for street repair is **\$5.3B**

Public Safety Consumes Majority of General Fund Budget



Police and Fire Pay Meet and Confer Agreement

Police Officer Starting Pay

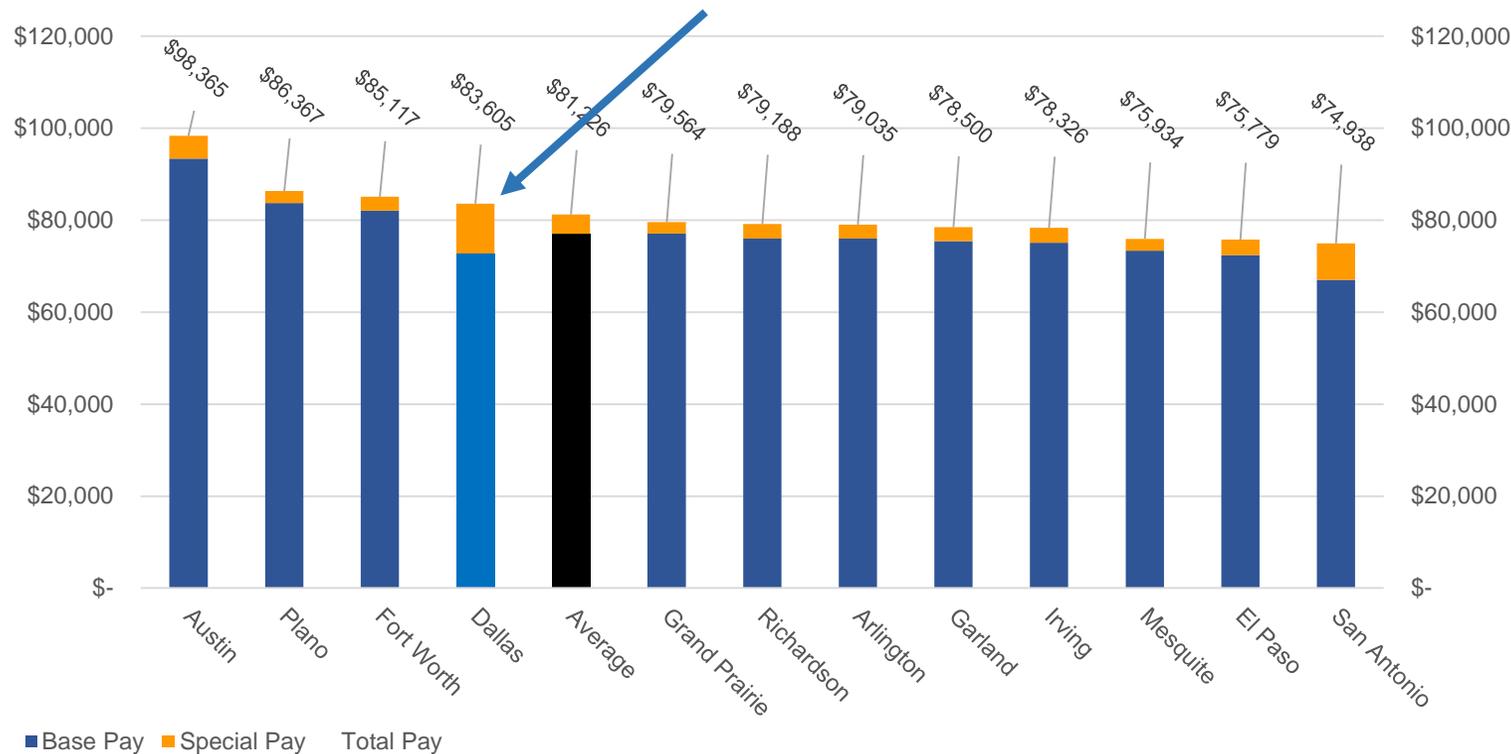


Dallas' starting pay for police officers has been significantly below market

With new Meet & Confer agreement, starting pay will be more competitive

Police Officer starting pay (with bachelor's degree) will be **\$55,288**

Top Pay for Police Officer Rank



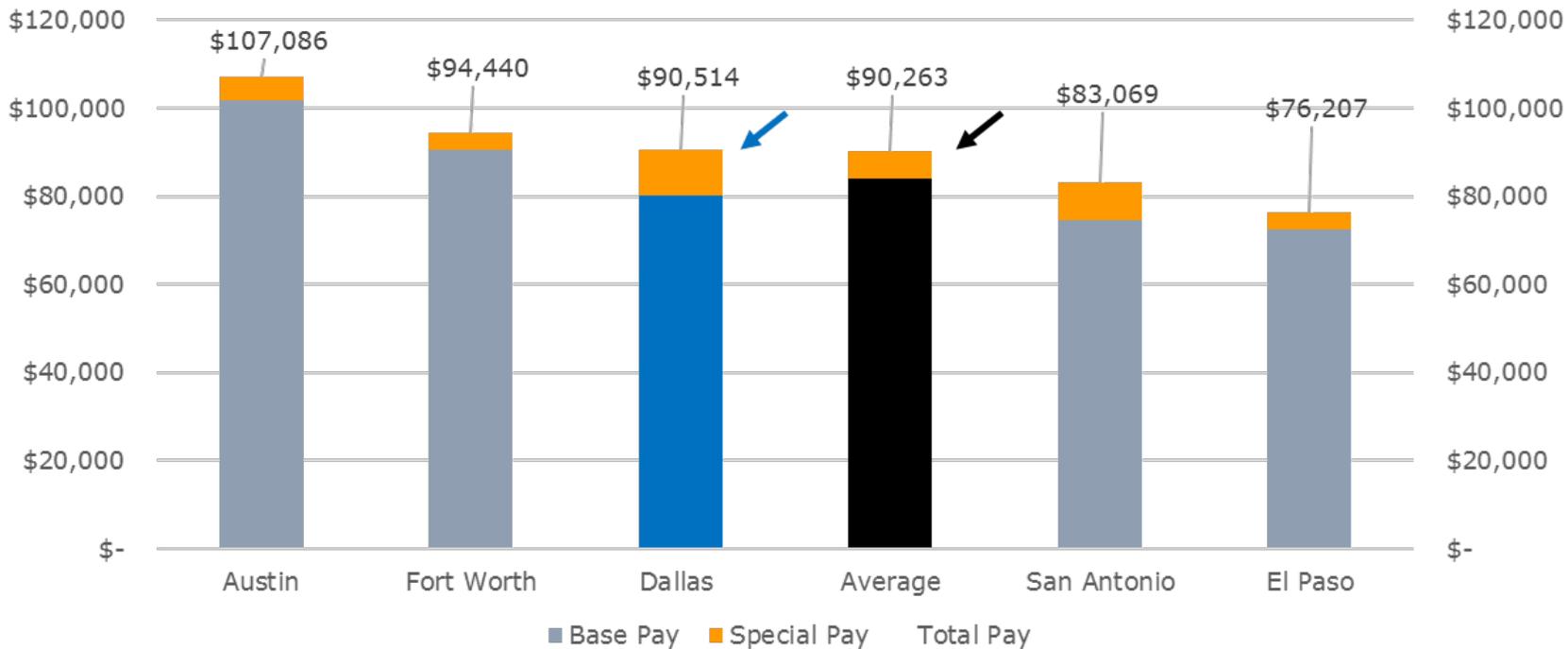
Dallas provides significant compensation in the form of “Special Pay” including:

- Education pay \$3,600/year
- Certification pay \$7,200/year

With Special Pay, Dallas’ pay for senior officers is very competitive with the market

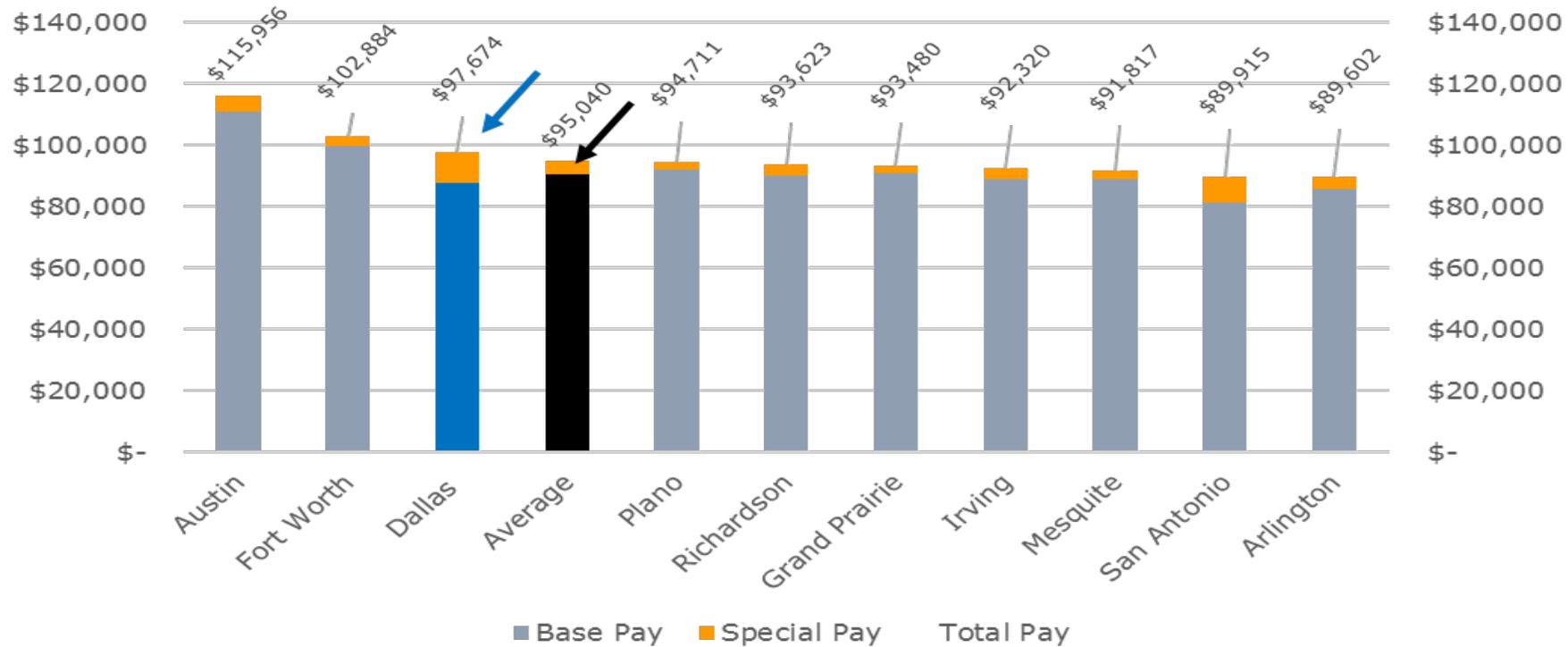
- 16% - Percent of Police Officers who are currently topped out
- 21% - Percent of Police Officers who will be topped out after a double step
- 28% - Percent of Police Officers who will top out with 2-1-2

Top Pay for Senior Corporal Rank



- 31% - Percent of Senior Corporals who are currently topped out
- 40% - Percent of Police Officers who will be topped out after a double step
- 61% - Percent of Police Officers who will top out by the end of the three year Meet & Confer Agreement
- NOTE: Dallas has more Senior Corporals (1400) than it does Police Officers (1100)

Top Pay for Sergeant Rank



- 47% - Percent of Sergeants who are currently topped out
- 62% - Percent of Sergeants who will be topped out after a double step
- 87% - Percent of Sergeants who will top out by the end of the three year Meet & Confer Agreement

Top Pay for Lieutenant Rank



- 58% - Percent of Lieutenants who are currently topped out
- 72% - Percent of Lieutenants who will be topped out after a double step
- 97% - Percent of Lieutenants who will top out by the end of the three year Meet & Confer Agreement

Police Hiring and Staffing Levels

FY2011-12 through FY2016-17

Fiscal Year	Sworn Strength (Budgeted)	Sworn Strength (Actual - 10/1)	Sworn Hired	Sworn Attrition	Percentage Attrition	Hired Above Attrition	Sworn Strength (Actual - 9/30)
2011-12	3,524	3,511	196	-188	5.4%	8	3,519
2012-13	3,524	3,519	192	-215	6.1%	-23	3,496
2013-14	3,546	3,496	231	-204	5.8%	27	3,523
2014-15	3,511	3,523	209	-242	6.9%	-33	3,490
2015-16	3,520	3,490	142	-294	8.4%	-152	3,338
2016-17	3,613	3,338	TBD	TBD	TBD	TBD	TBD

Fire Hiring and Staffing Levels

FY2011-12 through FY2016-17

Fiscal Year	Sworn Strength (Budgeted)	Sworn Strength (Actual - 10/1)	Sworn Hired	Sworn Attrition	Percentage Attrition	Hired Above Attrition	Sworn Strength (Actual - 9/30)
2011-12	1,924	1,738	212	-77	4.4%	135	1,873
2012-13	1,907	1,873	90	-93	5.0%	-3	1,870
2013-14	1,938	1,876	82	-88	4.7%	-6	1,870
2014-15	1,969	1,870	119	-86	4.6%	33	1,903
2015-16	1,975	1,903	90	-123	6.5%	-33	1,870
2016-17	1,937	1,870	TBD	TBD	TBD	TBD	TBD

Meet and Confer Agreement Renegotiated

Needed to address market competition, but it will cost:

- **\$16.3M** in FY16-17
- **\$47.1M** in FY18
- **\$73.7M** in FY 19 (3-year agreement)

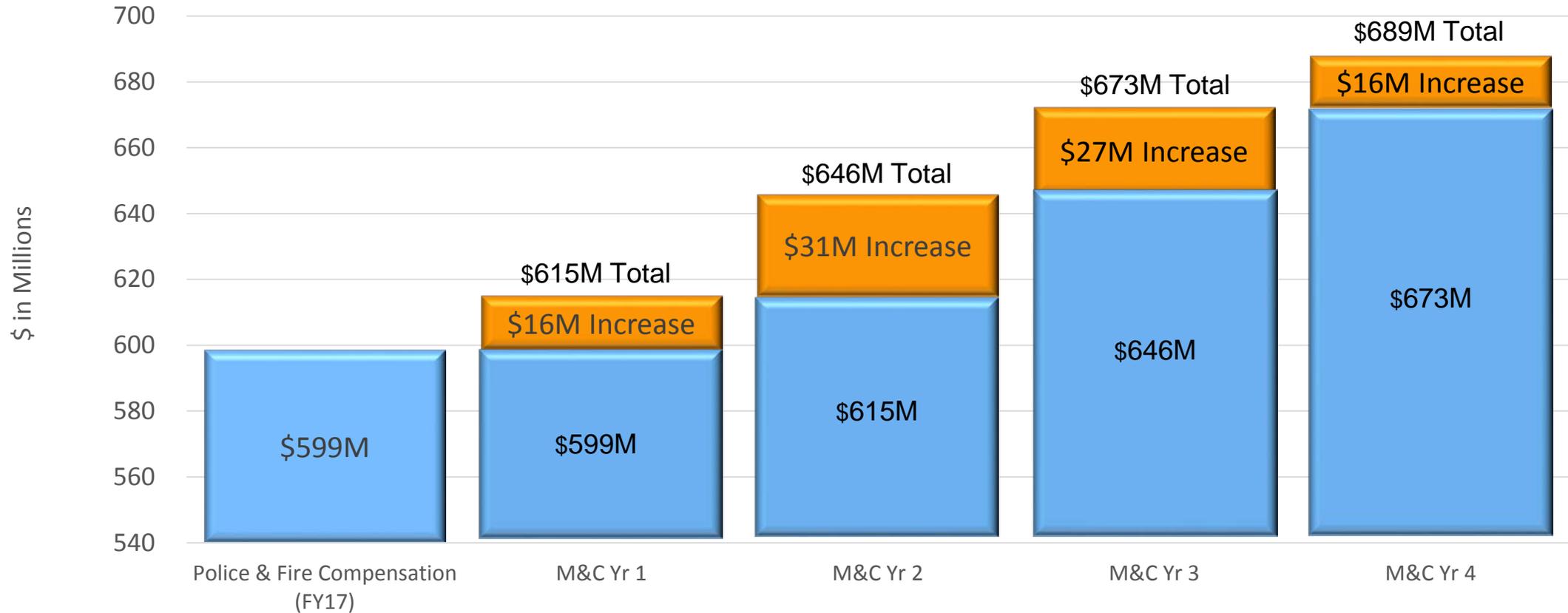
Once fully implemented in year four, will be an **\$89M/year increase** to FY16 Police and Fire compensation budget of **\$599M**

- Does not include funding for any additional officers

For the first time, Meet and Confer agreement recognizes:

- Ordinance for the duration of the agreement overrides the 1979 Pay Referendum ordinance, which has been our position
- the potential harm of the Pension Fund crisis
- Council to consider agreement on Dec. 14th

Meet and Confer Agreement: Phased increase to \$89M



Pay Referendum Litigation

Pay Referendum Litigation 101: It's a lawsuit

The Dispute:

- Whether a 1979 City Referendum requires the City to **forever maintain the pay differential (same % pay increase for all members every time there's a raise)**
- Allegation is that it would apply to all uniformed ranks including Chief's forever
- Cost would be an additional **\$330M/year**
 - Every new police or fire chief would impact every member

The Litigation:

- Involves six cases with two class actions that includes all police and fire sworn employees since 1990
- The legal fight has continued since 1994

Pay Referendum Litigation 101: It's a lawsuit

The City's position:

- We've argued that the referendum was a one-time fix to address Police and Fire salaries, which we did
- Dramatic turn of events happened in 2005:
 - The State passed legislation which drew into question the City's sovereign immunity
- This new legislation:
 - Prolonged litigation with additional immunity issues to be determined
 - Greatly increased the City's exposure
- To fix this, the Legislature needs to reverse their 2005 legislative changes to reaffirm the City's sovereign immunity

Pay Referendum Litigation 101: It's a lawsuit

Why talk about Pay Referendum?

Possible exposure is **\$4B** for back pay and at least **\$330M/year** ongoing

If City loses these cases, first casualty is Pension Fund

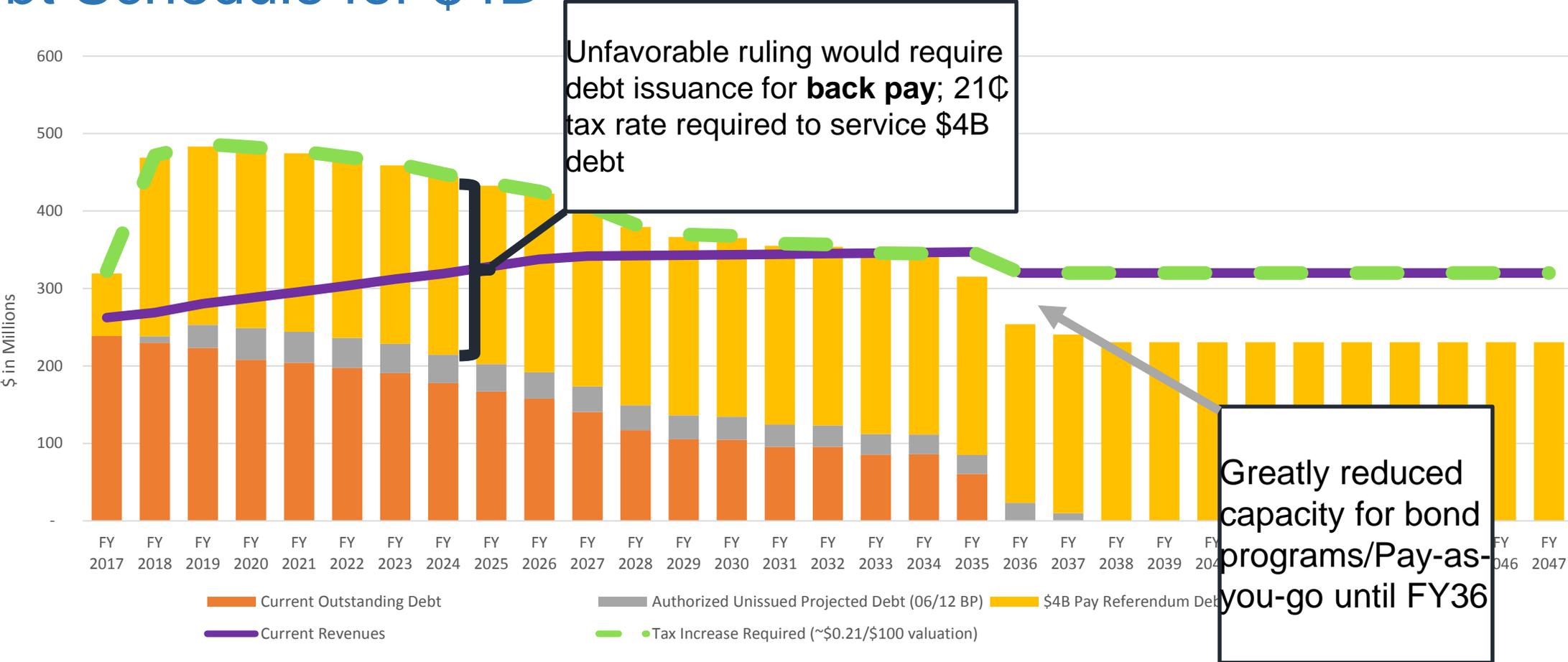
- Awardees receiving back pay would expect an immediate increase in their constitutionally protected benefit

Fiscal impacts to City could be catastrophic:

- Destroys bonding capacity to address other City needs and aspirations
- General Fund budget would be relegated to Police and Fire only
- **While not imminent,** judgments could push City into bankruptcy

Impact of Unfavorable Ruling on Police & Fire Pay:

Debt Schedule for \$4B



The Dallas Police and Fire Pension System (DPFS)

The DPFP System: Major Components

Assets (**\$2B**) & Liabilities (**\$6B**)

Constitutionally Protected Benefit*

Features*:

- COLA (annual)
 - Addresses cost of living increase
- DROP (monthly)
 - Serves as a savings account while working for City
 - COLA and interest are applied
- Supplement (monthly)
 - Intended to address cost of health care

The DPFP System: **Background**

1916: City first created a retirement plan for police and fire, by ordinance.

1933: State of Texas enacted a statute which:

- Still governs the plan today
- Delegates authority to members
 - This allows them to amend the plan in any way, including their own benefits and several other features

The DPFP System: Board of Trustees

Statute provides for 7 members:

- 2 police officers
 - 2 firefighters
 - 3 City Council Members
- Trustees (CMTs)

1996: Members changed the board to 10, with 4 CMTs

2001: Members changed board to 12, with 4 CMTs

November 13, 2016:

- Five members sued the Pension
- Alleged that members did not have authority to add more than 7 trustees, per statute

The DPFP System: Council Member Trustees (CMTs)

Experts at the Pension told CMTs that everything was fine

When CMTs pressed for more complete answers, the Pension Fund attacked them:

- Pension refused to release documents to Mayor Mike Rawlings and former CMT Tennell Atkins; CMT Atkins had to retain personal counsel to obtain documents which revealed Pension was, in fact, overvaluing its assets
- Pension attorneys hired a social media consultant to attack the Mayor and opponents of Museum Tower and sway public opinion
- Pension leaders authorized a forensic investigation on CMT Scott Griggs after he publicly criticized the Pension

The DFPF System: Key Pension Amendments

Approved by Pension Board, Pension Members and State

1989:

- **4%** simple cost of living adjustment (COLA) every year
- Supplement to help address medical costs

1992-1993:

- Deferred Retirement Option Plan (**DROP**)

The DPFP System: Key Pension Amendments

Approved by Board and Members **only**

1998:

- Started a guaranteed return of 8% - 10% interest on DROP

1999:

- Expanded DROP to include retirees

DPFP System: Major components

Assets (**\$2B**) & Liabilities (**\$6B**)

- Constitutionally Protected Benefit*
- Features*:
 - COLA (annual)
 - Addresses cost of living increase
 - 4% since 1989
 - DROP (monthly)
 - Serves as a savings account while working for City
 - COLA and interest are applied
 - Supplement (monthly)
 - Intended to address cost of health care
 - 3% since 1989

Assets: Contributions and Investments

Contributions: Pension Background

- 1984 voter referendum, still in effect, sets maximum contributions of **28.5%** for City and **9%** for members
- Change beyond maximum amounts requires legislative change or voter approval

City

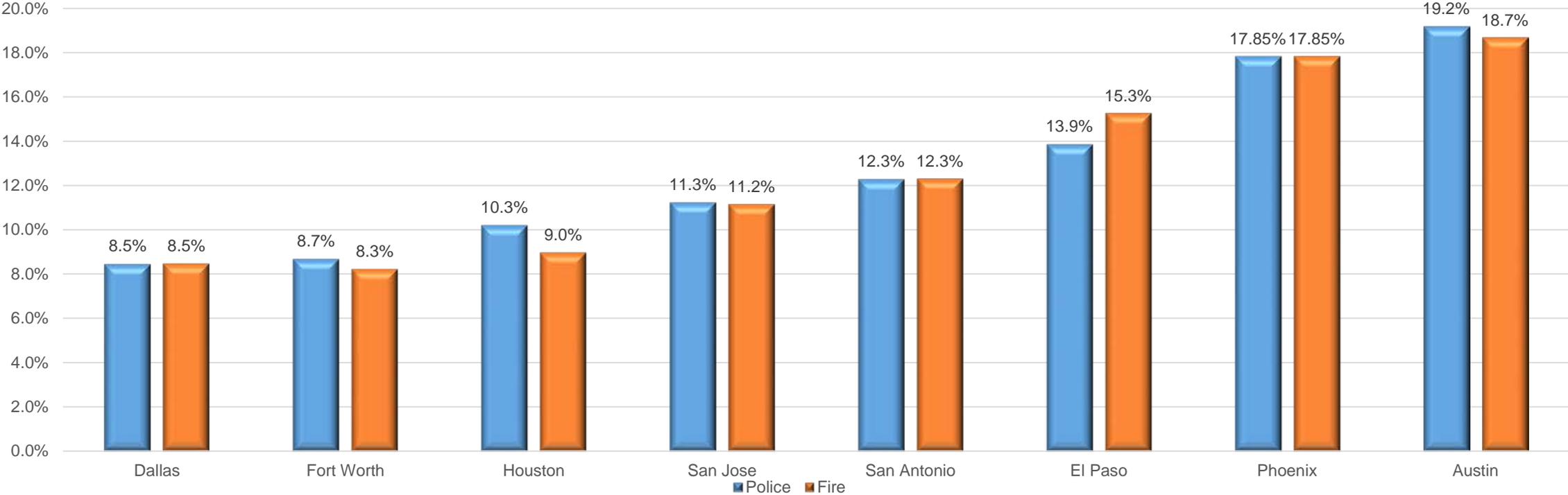
- Current contribution: **27.5%** of total *compensation* (base salary + overtime, special pay, etc.)
- Represents **83%** of total contributions
- This year's budget includes funding for City to increase to **28.5% (\$4.3M)**

Members

- Current contribution: **8.5%** of *computation* pay (base salary), employees in DROP only contribute **4%**
- Represents **17%** of total contributions
- Members' contribution rate lags index cities

Contributions: Uniform Employees

Employee contribution rate required by DPF is lower than the peer group of cities.



*The contributions shown above for Phoenix Fire & Police and Austin Police include 6.20% Social Security contributions.

**Unfortunately, the Fund had a
flawed investment strategy**

Investment History

The Dallas Morning News

Dallas, Texas, February 2013

Dallas police-fire pension fund has \$400 million bet on luxury real estate

The Dallas Morning News

Dallas, Texas, June 2014

Dallas police and fire pension paid \$27 million for Arizona land it's about to sell for \$7.5 million

The Dallas Morning News

Dallas, Texas, January 2014

Feud over Dallas police-fire pension audit threatens to boil over

Forbes

Dallas, Texas, September 2016

Alternative investments gone wrong: The Story of the Dallas Police Pension Plan

The Dallas Morning News

Dallas, Texas, Sept 2014

Real estate losses near \$200M for Dallas police, fire pension fund

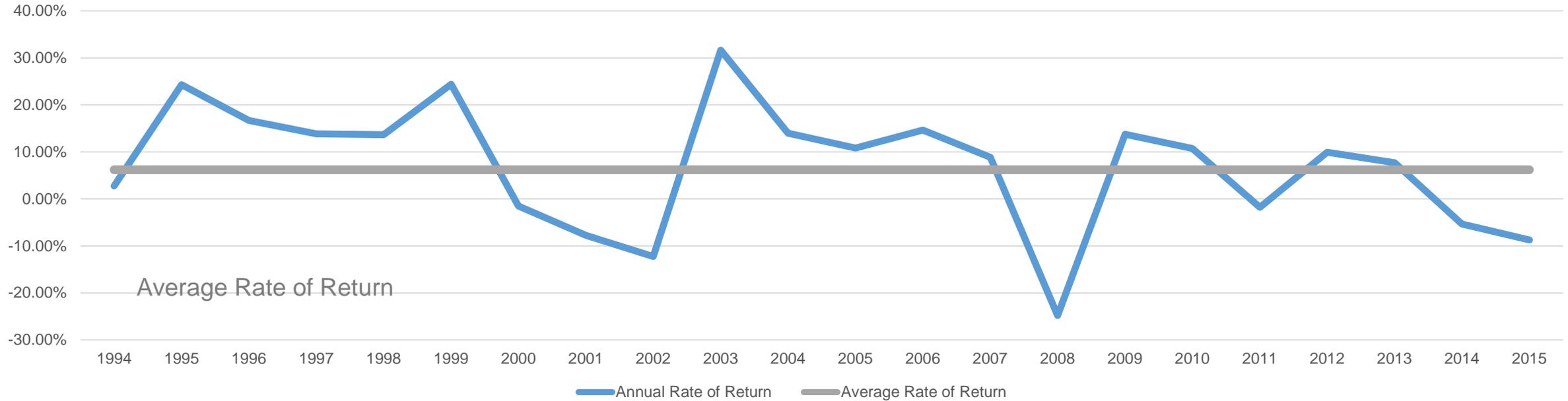
The Dallas Morning News

Dallas, Texas, January 2015

Review of Dallas police-fire pension confirms overvaluation of real estate



Investment History



Pension earnings averaging only 6.23%

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Annual Rate of Return	2.78%	24.33%	16.69%	13.84%	13.68%	24.39%	(1.52%)	(7.76%)	(12.26%)	31.65%	13.96%	10.81%	14.64%	8.85%	(24.80%)	13.78%	10.72%	(1.78%)	9.92%	7.70%	(5.35%)	(8.47%)

Pension Investment Value Changes



Current Investments (as of 10/31)

Asset Class	Target	Actual
Equity	30.00%	27.65%
Fixed Income	33.00%	15.57%
Real Assets (incl Real Estate)	25.00% (12.00%)	42.19% (24.00%)
Other	10.00%	7.60%

Equity Performance YTD through 10/31: **3.72%**

Fixed Income Performance YTD through 10/31: **13.79%**

The Fund is **only investing in liquid assets currently** and is working to sell assets to increase liquidity.

Unfortunately, the Fund had a flawed investment strategy

More unfortunately, they approved for themselves overly generous features, while lowering benefits for newer hires

Liabilities

The City's objective:
**Maintain a defined benefit plan for
Police and Fire sworn staff**

Constitutionally Protected Benefit



Constitutionally Protected Benefit (CPB)

How it's worked:

- It's the pension payment from the formula for earned service
- For most* that formula has been the retirement monthly payment based on **years of service** times highest 3 years of pay times 3%

Problem:

- Because of poor investment returns and overly generous features, the CPB has been lowered for newer recruits through the creation of additional tiers

City Plan Objective:

- Protect the CPB

Features Liabilities: COLA, DROP, Supplement

Plan Feature: Cost of Living Adjustment (COLA)

How it's worked:

- Since 1989, set at a guaranteed COLA of 4% simple

Problem:

- The benefit for retirees between 1991 and 2010 is now about 20% higher than it would be using the Consumer Price Index (CPI)
- 31% of \$6B plan liability is attributable to COLA
- Among 8 peer group cities, half offer COLA tied to an inflation index; others give none or Ad Hoc

City Plan

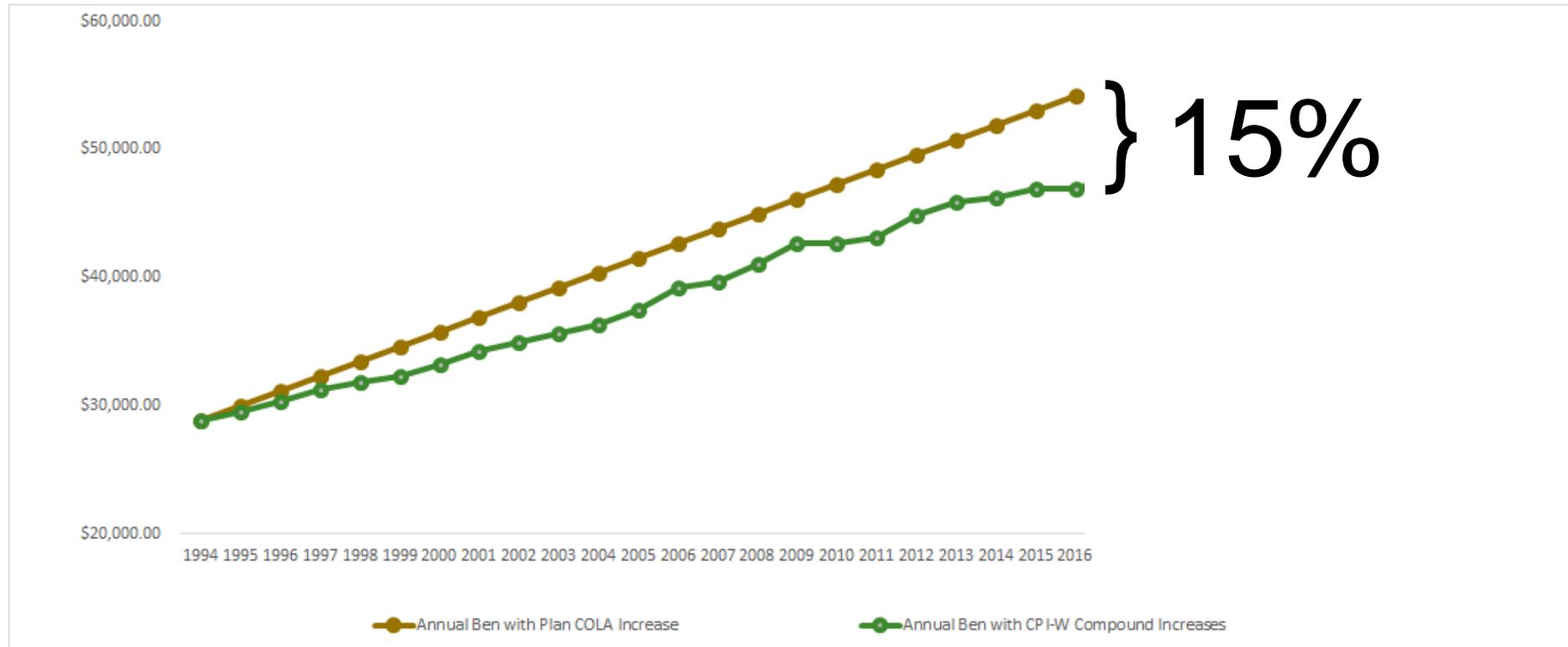
Objective:

- Get to a fair increase in the CPB – one that keeps up with inflation

Plan Feature: COLA

The example below illustrates a retiree who retired in Jan. 1994 with a CPB of \$2,400/month.

The COLA provided since 1994 creates a payment in 2016 that is 15% higher than it would have been using CPI.



Plan Feature: Deferred Retirement Option Program (DROP)

How it's worked:

- Enables an employee to receive both regular paychecks and CPB
- CPB and Supplement deposited into account
- Applies 4% COLA each year to DROP deposits
- Adds interest on DROP account balances (CPB, COLA and Supplement) and it compounds daily – as long as participants have an account balance

Problem:

- Again, COLA credited was about 20% higher than inflation
- DROP interest varied from 8-10% from 1994-2014, currently 6%
- 14% of the plan liability (\$6B) is attributable to DROP interest

City Plan Objective:

- Protect the CPB deposited into DROP

Plan Feature: **Deferred Retirement Option Program (DROP)**

Among peer group cities, Dallas has most generous DROP

Fort Worth, San Antonio and El Paso offer no interest on DROP. Austin and Houston do not offer interest on DROP for Police.

Dallas DROP accounts were credited between 8-10%, with an average compound annual growth rate of 8.9%

Plan Feature: Deferred Retirement Option Program (DROP)

\$4.3M

Highest DROP
account value

\$597,000

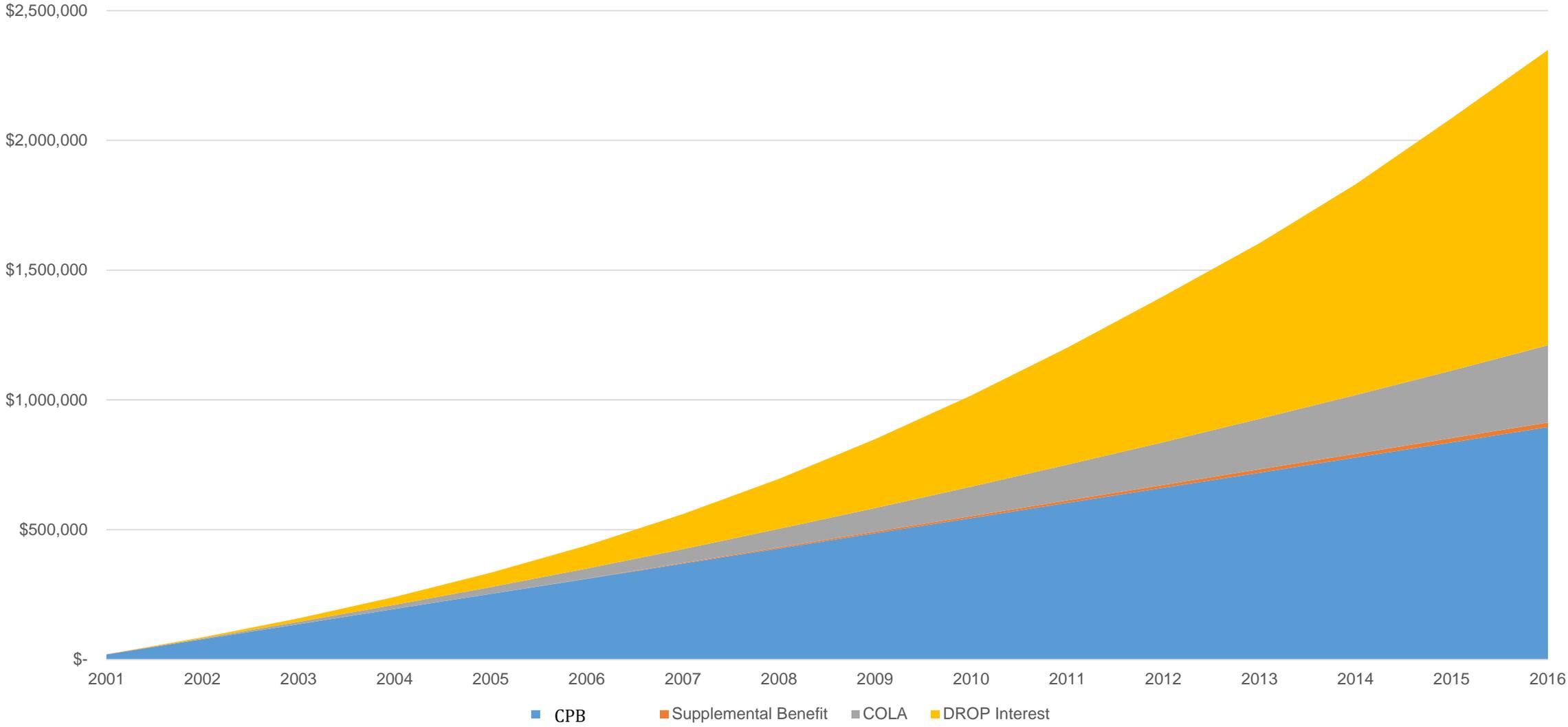
Average DROP
account value

517

Number of accounts
over \$1M*

There are 3,067 DROP accounts.

DROP Balances Growing at Exponential Rate



Making the Problem Worse:

2016 Lump sum withdrawals

Recent withdrawals (almost \$500M since mid-August) have greatly increased the vulnerability of the fund

Examples of the “Run on the Bank,” single withdrawals:

- Sept. 23 \$1,762,961
- Oct. 7 \$2,004,086
- Nov. 10 \$1,465,126

Making the Problem Worse:

Recent lump sum DROP withdrawals

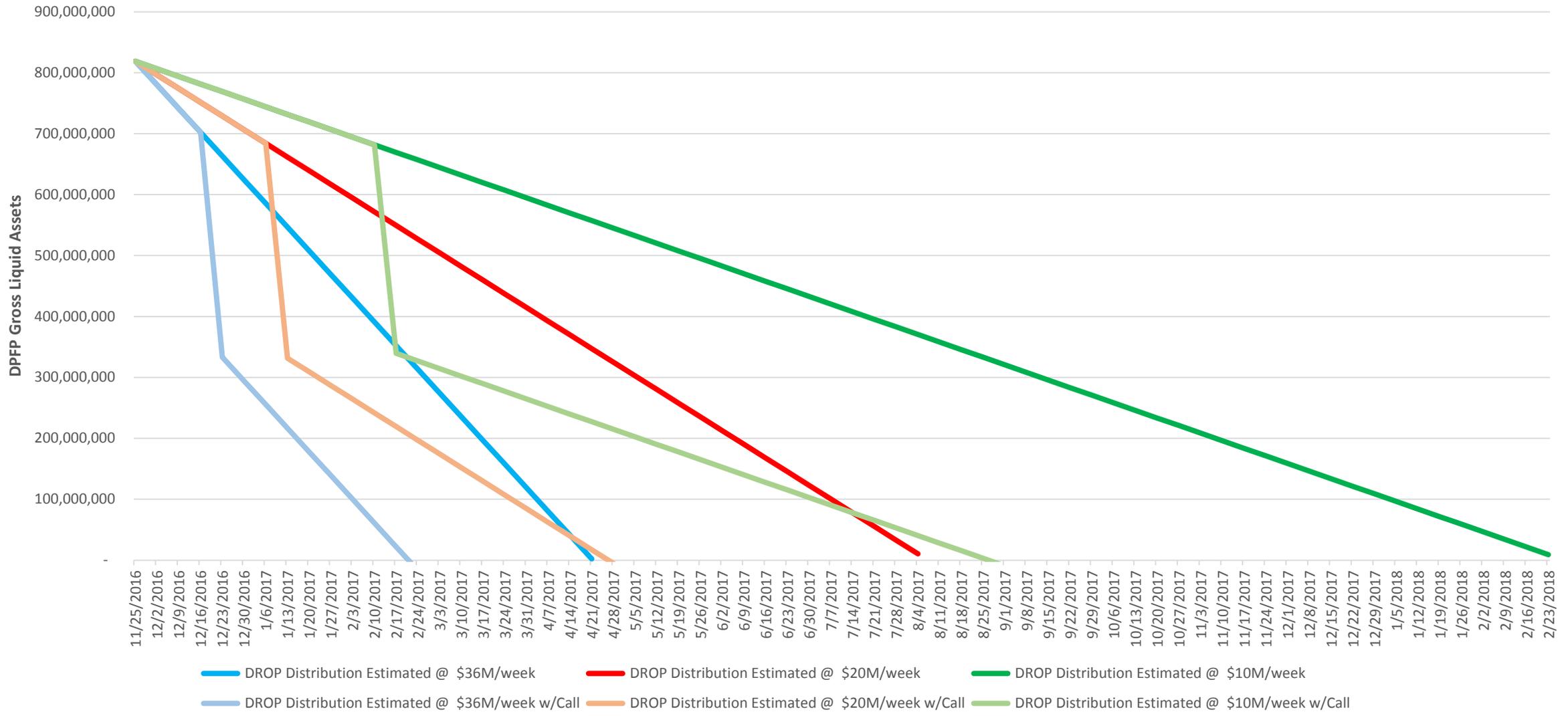
Total paid in 2015	\$80,572,000
Total paid in 2016, YTD (47 wks)	\$588,746,707
Total paid Jan. 1 – Aug. 12, 2016 (32 wks)	\$94,772,975
Total paid Aug. 13 – Nov. 24, 2016 (15 wks)	\$493,973,732

Making the Problem Worse:

Recent lump sum DROP withdrawals

Average weekly paid in 2015	\$1,549,462
Average weekly paid in 2016 YTD	\$12,526,526
Average weekly paid thru Aug. 12, 2016 (32 wks)	\$2,961,655
Average weekly paid Aug. 13 – Nov. 24, 2016 (15 wks)	\$32,931,582

Gross Liquid Assets as of 11/25/16 - Under Varying DROP Scenarios



Impact of Immediate DROP Withdrawals on Solvency

Segal, the Pension's own actuary, calculated the funded ratio at 45.1% on January 1, 2016.

It projected the Pension would be completely insolvent – **meaning out of money** – by 2030.

We knew if DROP participants altered their behavior and withdrew their money from the DROP in an immediate lump-sum, the system would be insolvent as early as calendar year [2027](#).

Impact of Immediate DROP Withdrawals on Solvency

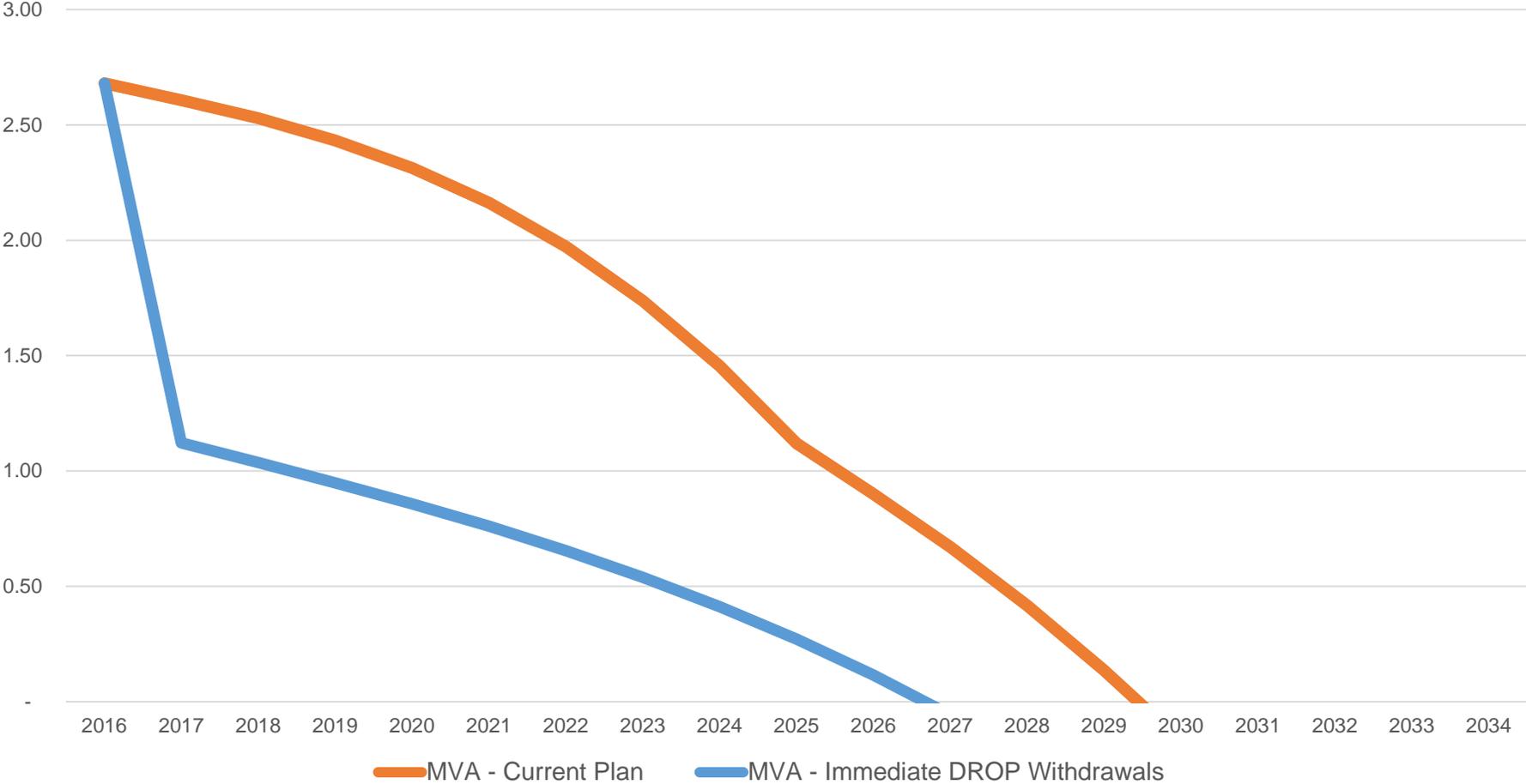
Unfortunately, the “run on the bank” happened

As early as 2027, the Pension could be out of money – that’s just 10 years from now

Under the current plan, contributions only cover about 60% of the money the Pension System pays out each month to pensioners and beneficiaries

Impact of Immediate DROP Withdrawals on Solvency

- The graph below illustrates the market value of assets (MVA) projected to December 31st of each year.



The projections included in this document are based significantly on the actuarial assumptions used to develop those projections. The assumptions used are the same as those used in the January 1, 2016 actuarial valuation prepared by Segal Consulting, the DPFP retained actuary, except as noted throughout. There will be differences between forward-looking information and actual results because actual experience will almost certainly be different than assumed, and those differences may be material.

Plan Feature: Supplement

How it works:

Pension pays a supplement to help address medical costs – greater of \$75 or 3% of the original CPB payable to the member

Problem:

1% of plan liability is attributable to the supplement

City Plan Objective:

Protect the CPB, of which the supplement is not a part

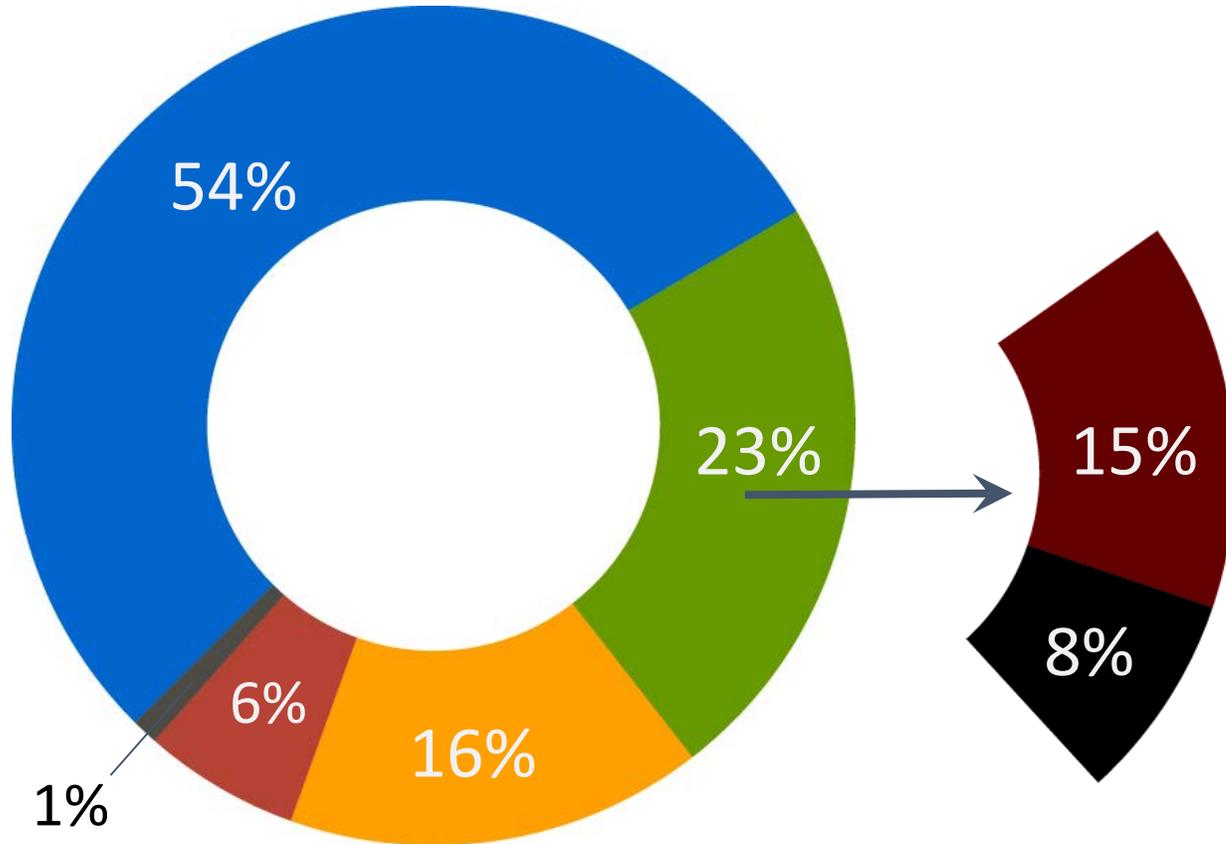
Features Threaten the Fund's Ability to Pay CPB

Together, COLA and DROP interest account for **almost half** of the Fund's total liabilities (**\$6B**)

Much of that liability accrued between 1994 and now

- **23%** of the total liability exposure (\$6B)

Allocation of \$6B Liability



- Benefit
- Past* COLA & Drop Interest
- Future COLA
- Future DROP Interest
- Medical Supplement
- Past COLA
- Past DROP Interest

**Past: 1994 - Present*

Unfortunately, the Fund had a flawed investment strategy

More unfortunately, they approved for themselves overly generous features, while lowering benefits for newer hires

Now the Fund wants Dallas taxpayers to bail out the pension

DPFP Pension System Proposed Plan

What is the Pension Fund doing?

Pension prepared a plan to be presented to its members

- Addressed less than half of its liabilities
- Members sued the Pension to stop the election on the plan amendments

Pension has taken no action to cease DROP withdrawals (which it has the power to do)

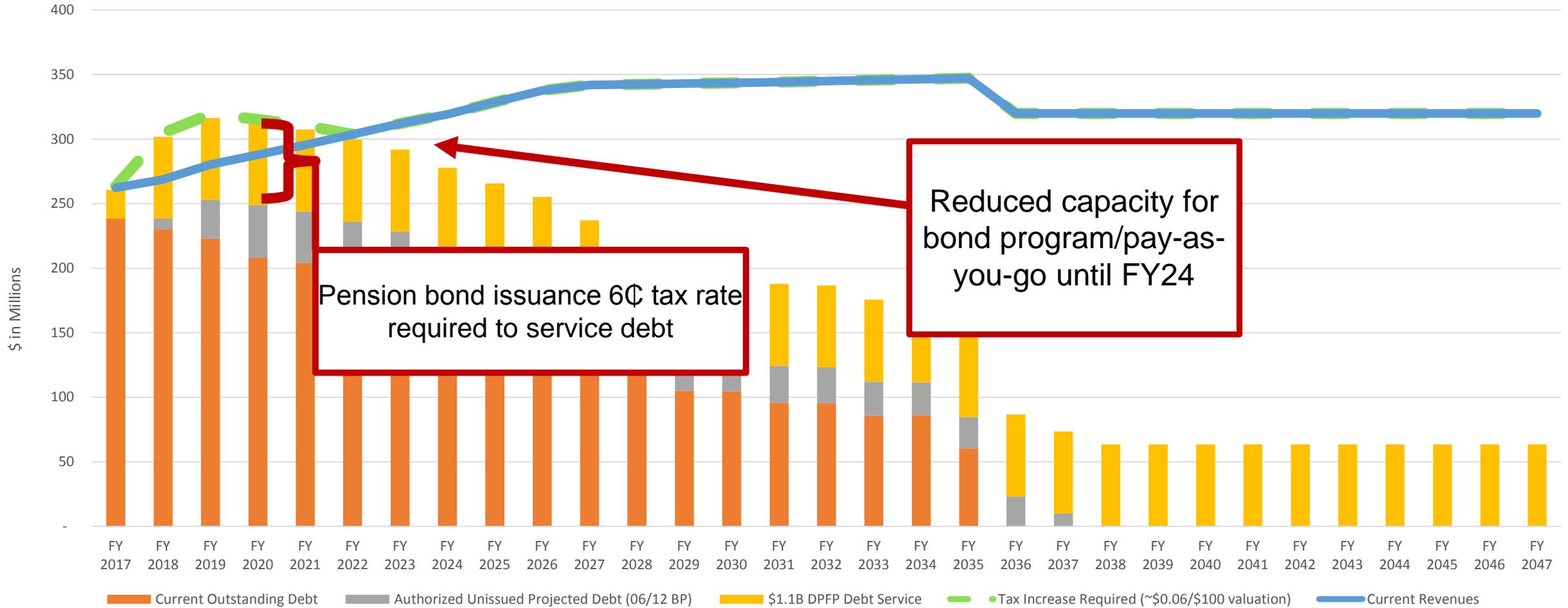
- Pension has sent an invoice for \$36M to the City to pay for the Pension's administrative expenses
- Pension has asked the City to make a one-time \$1.1 billion payment in 2018

Pension's Ask of City Taxpayers

Despite the fact that Dallas taxpayers have made every payment as provided in State law (unlike Houston) and set aside funds in the current fiscal year to go the maximum provided in the statute, their ask has been for City taxpayers to cash-infuse the fund with \$1.1B to address any remaining fiscal need

\$1.1 B would cost approximately **\$65M** per year to service that debt

Request from DPFP: Debt schedule for \$1.1B would require 6¢ tax rate increase



Save the Pension The City of Dallas Proposed Plan Design

What Has the City Been Doing?

Held many discussions with the Pension's leadership regarding possible solutions and needed action

Provided for additional funding in budget anticipating an increase of the City's contribution to the maximum of **28.5%**

Investigated numerous legal strategies that would help provide a path to a fair resolution

Explored many options:



What Has the City Been Doing?

Obtained third party review of the Pension, its liabilities and possible fixes (Deloitte)

- Provided new projections based on most recent available data
- Analyzed effect of Fund's plan amendment proposal
- Analyzed possible solutions and helped to design fix

Developed website that details the City of Dallas Proposed DPFP Plan

The plan provides a secure, stable retirement for our public safety employees

Guiding Principles of “Save the Pension”

- Preserve the constitutionally protected benefit already earned
- Develop a Pension Plan that is market-competitive for current and future sworn staff – enable City to attract and retain officers
- Redesign the features to be fair:
 - Including COLA for all that addresses inflation
 - Preserving DROP deposits
 - Making prior DROP COLA and interest increases fair
- Seek to incent financial behaviors that will be positive for Members and the Fund
- Recognize that the City will have to increase its contribution
- Ensure effective plan governance that requires future plan/benefit changes to be made only after all parties have a say, including the employees and taxpayers

Save the Pension

Resolves \$3.5B in unfunded liabilities in 30 years

Funded Ratio **immediately** Improves



We're in this with you. Let's Save the Pension.

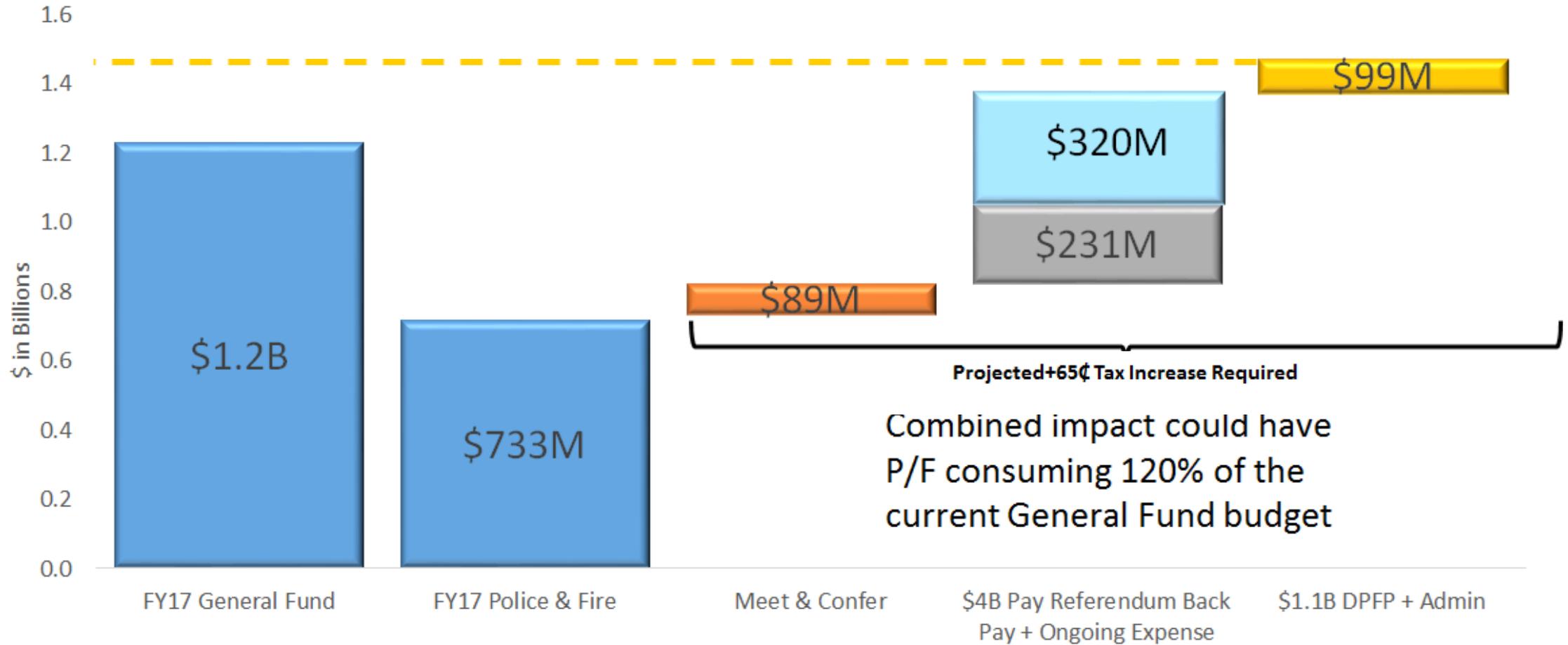
We will all need to contribute:

- Current employees
- Active DROP members
- Retirees
- Taxpayers

We will also need to make changes, [including cuts and enhancements](#), to provide a fair and attractive Pension for our officers and firefighters

To Save the Pension within the next 30 years, we will need to change the future multiplier for all employees, adjust features of the plan, and raise contribution rates

Recap: It's all connected



Save the Pension: A call to action

Uniform employees:

- Visit SaveThePension.com beginning Wednesday, Dec. 7 for more information
- Attend upcoming town hall meetings

Taxpayers:

- Visit our website beginning Dec. 7 to learn about the potential financial impact on the City
- Contact your state officials to fix the pension and reverse their 2005 actions
- [Continue to support and honor our Police and Fire employees](#)

State legislature:

Fix the flawed pension system:

- Redesign benefit and features
- Adjust future payouts
- Give City Council and taxpayers veto power, along with pension members
- Reverse the 2005 action on sovereign immunity

Questions

APPENDIX

Summary of City of Dallas Police & Fire Pension System Current Plan Provisions

	Benefit Feature	Tier 1 participants	Tier 2 participants	Tier 3 participants
1.	Employee Group	Current active employees hired on or before December 31, 2006	Current active employees hired on or after January 1, 2007 and on or before March 1, 2011	Current active employees hired after February 28, 2011
2.	Base benefits	3.0% of average 3 year pay times service (average 5 year pay prior to 2000)	Same as Tier 1 participants	2.0% of average 5 year pay for the first 20 years, 2.5% for the next 5 years and 3.0% thereafter
3.	Supplemental benefits	Greater of 3% or \$75 per month with supplement amount being applied to member's benefit at age 55	Same as Tier 1 participants	Same as Tier 1 participants
4.	COLA	4.0% simple COLA; begins October 1 after DROP entry or retirement; COLA included in DROP	Ad-hoc	None
5.	Normal Retirement Age	Age 50 with at least 5 years of service	Same as Tier 1 participants	Age 55 with at least 10 years of service

Summary of City of Dallas Police & Fire Pension System Current Plan Provisions

	Benefit Feature	Tier 1 participants	Tier 2 participants	Tier 3 participants
6.	Deferred Retirement Option Plan (DROP)	Members in active service who are retirement eligible may elect to enter the DROP. The DROP benefit provides a lump sum payment based on pay and service as of the DROP retirement date times the number of months elected in exchange for a reduced monthly benefit. The monthly benefit is based on pay and all service as of the DROP retirement date.	Same as Tier 1 participants	Same as Tier 1 participants
7.	Historical DROP interest	Inception of DROP (1993) through September 1998, actuarial valuation discount rate. October 1998 through September 2001, 10-year Treasury Bond rate, with floor of 8% and ceiling of 10%. October 1, 2001 through September 2015, 10-year investment return average. From inception of DROP through September 2011, interest rate could not increase or decrease more than 25 basis points per year.	Same as Tier 1 participants	Same as Tier 1 participants
8.	Current DROP interest	Currently earning 7% interest changing to 6% at October 2016, 5% at October 1, 2017 and 0% at October 1, 2018 (based on triggers in place) with interest continuing throughout DROP and DROP benefit payable as a lump sum. There is no time limit for participation in DROP.	Same as Tier 1 participants	Same as Tier 1 participants

Other Provisions for Public Safety Employees in Peer Group

City	Employee Group (Hired before X)	Normal Retirement (Age/Service, Rule of X)	Early Retirement (Age/Service, Rule of X)	Vesting Period	Social Security Participation
Dallas (Tier 1)	Hired before 1/1/2007	50/5	45/5 or 20 YOS	10 Years	No
Dallas (Tier 2)	Hired between 1/1/2007 and 2/28/2011	50/5	45/5 or 20 YOS	10 Years	No
Dallas (Tier 3)	Hired after 2/28/2011	55/10	N/A	10 Years	No
Austin	All employees	Police: Age 62; 55/20; 23 YOS Fire: Age 50 or 25 YOS	Police: N/A Fire: 45/10 or 20 YOS	10 Years	Police: Yes Fire: No
Houston	Police: Sworn in after 10/9/2004 Fire: All employees	Police: 55/10 Fire: 20 YOS	N/A	10 Years	No
Fort Worth	Police: Hired on or after 1/1/2013 Fire: Hired on or after 1/10/2015	Police: 65/5; 25 YOS; Rule of 80 Fire: 65/5 or Rule of 80	50/5	5 Years	No
San Antonio	All employees	20 YOS	N/A	20 Years	No
Phoenix	Hired on or after 1/1/2012	52.5/25	10 YOS	10 Years	Yes
San Jose	Police: Hired on or after 8/4/2013 Fire: Hired after 1/2/2015	60/10	50/10	10 Years	No
El Paso	Police: Hired on or after 6/30/2007 Fire: Hired on or after 6/30/2007	50/25	N/A	10 Years	No

Other Provisions for Public Safety Employees in Peer Group

City	Benefit Formula	Normal Form of Payment	Benefit Supplement
Dallas (Tier 1)	3.0% x Avg 3-yr Pay x Svc	50% Joint and Survivor	Greater of \$75 or 3% of the monthly benefit payable to the Member
Dallas (Tier 2)	3.0% x Avg 3-yr Pay x Svc	50% Joint and Survivor	Greater of \$75 or 3% of the monthly benefit payable to the Member
Dallas (Tier 3)	Sum of (i) 2% x Avg 5-yr Pay x Svc [max 20] (ii) 2.5% x Avg 5-yr Pay x (Svc > 20) [max 5] (iii) 3% x Avg 5-yr Pay x (Svc > 25)	50% Joint and Survivor	Greater of \$75 or 3% of the monthly benefit payable to the Member
Austin	Police: 3.2% x Avg 3-yr Pay x Svc Fire: 3.3% x Avg 3-yr Pay x Svc	Police: Single Life Annuity Fire: 75% Joint and Survivor	N/A
Houston	Police, sum of (i) 2.25% x Avg 3-yr Pay x Svc [max 20] (ii) 2.00% x Avg 3-yr Pay x (Svc > 20) Fire, sum of (i) 50% x Avg 3-yr Pay [First 20 YOS] (ii) 3% x Avg 3-yr Pay x (Svc > 20) [max 10] If less than 20 YOS: 1.7% x Avg 3-yr Pay x Svc	100% Joint and Survivor	Effective 1/1/2011, additional monthly benefit of \$150 (Insurance Subsidy)
Fort Worth	Normal Retirement: 2.5% x Avg 5-yr Pay x Svc Early Retirement: 2.25% x Avg 5-yr Pay x Svc	Single Life Annuity	N/A
San Antonio	Sum of (i) 2.25% x Avg 3-yr Pay x Svc [max 20] (ii) 5% x Avg 3-yr Pay x (Svc > 20) [max 7] (iii) 2% x Avg 3-yr Pay x (Svc > 27) [max 3] (iv) 0.5% x Avg 3-yr Pay x (Svc > 30)	100% Joint and Survivor	Medical Premiums: equivalent of 100% lower cost plans available to active employees; Dental Premium: 100% covered by the City
Phoenix	2.5% x Avg 5-yr Pay x Svc (max 80%) If less than 25 YOS, reduce by 4% per year	100% Joint and Survivor	\$150 / \$100 for Non-Medicare / Medicare Eligible Members \$170 - \$260 for Dependents (Insurance Subsidy)
San Jose	2% x Avg 3-yr Pay x Svc	Single Life Annuity	100% of lowest single or family medical and dental premium available to active City employees
El Paso	2.5% x Avg 3-yr Pay x Svc	75% Joint and Survivor	N/A



COLA Provisions for Public Safety Employees in Peer Group

Half of the cities in the peer group offer automatic COLA. COLAs for the cities of Houston, San Antonio, Phoenix and San Jose are tied to an inflation index. The cities that offer ad hoc COLAs have not offered a COLA in the past several years except for Forth Worth, where participants had been allowed to choose between a 2% guaranteed COLA program and an Ad-Hoc COLA program.

City	COLA	Formula*	Special Conditions
Dallas (Tier 1)	Yes	4% simple interest based on original benefit amount	None
Dallas (Tier 2)	Ad hoc only	None	None
Dallas (Tier 3)	None	None	None
Austin	Ad hoc only	None	None
Houston	Yes	Police: 80% of CPI-U, min 2.4%, max 8% Fire: 3%	None
Fort Worth	None	None	None
San Antonio	Yes	75% of CPI	None
Phoenix	Yes	Based on plan's funded status: Minimum 2%, maximum 4%	Prior year asset return > 10.5% funded ratio > 60%
San Jose	Yes	CPI, maximum 1.5%	None
El Paso	None	None	None

* Soem plans pay 13th and/or 14th checks.

DROP Provisions for Public Safety Employees in Peer Group

All but the city of San Jose in the peer group offer DROP to employees. The city of Phoenix's DROP has been closed to new members since 2011. Among the cities that offer DROP, DFPF offers comparatively the most generous DROP in terms of interest rate and DROP length.

City	Interest Rate	Drop Period	Comments
Dallas (Tier 1)	7%, grading down to 5% after 10/1/2017	Unlimited	Eligible to participate at age 50
Dallas (Tier 2)	7%, grading down to 5% after 10/1/2017	Unlimited	Eligible to participate at age 50
Dallas (Tier 3)	7%, grading down to 5% after 10/1/2017	Unlimited	Eligible to participate at age 55
Austin	Police: 0% Fire: 5%, compounded	Police: Capped at 60 months Fire: Capped at 7 years	Police: Eligible to participate after 23 years of service Fire: Eligible to participate at early retirement date
Houston	Police: 0% Fire: Based on 5-year average fund's earnings/losses*	Police: Unlimited Fire: Interest earning period capped at 10 years, participation period capped at 13 years	Police: Lump sum payment of \$5,000 to DROP at retirement Fire: Increase in annuity of 2% per year of DROP up to 20%
Fort Worth	0%	Capped at 60 months	Eligible to participate at normal retirement date
San Antonio	0%	Capped at lesser of 60 months or the number of months of service in excess of 20 years	Back DROP only
Phoenix	7.50% beginning 7/1/2015	Capped at 60 months	Closed to new members hired after 2011
San Jose	N/A	N/A	DROP not offered
El Paso	0%	Capped at 36 months	Back DROP only

* Monthly benefit increases 2% for every year of DROP participation up to a maximum of 20%

Liability Allocation

The table below estimates the breakdown of the liability (\$ Millions) by participant group and benefit type. For Tier 1 active participants and annuitants, a significant portion of the liability is due to COLA and DROP interest provisions.

Status	Annuity Base Benefits	Annuity Supplemental Benefits	Annuity COLA	DROP – Base	DROP – Supplemental	DROP-COLA	DROP - Interest	Total
Tier 1 Active	\$975	\$15	\$594	\$495	\$15	\$68	\$256	\$2,418
Tier 2 Active	55	1	0	23	1	0	6	86
Tier 3 Active	11	0	0	2	0	0	1	14
Total Active	\$1,041	\$16	\$594	\$520	\$16	\$68	\$263	\$2,518
Retirees	\$1,101	\$45	\$970	\$291	\$9	\$71	\$525	\$3,012
Beneficiaries	145	6	106	13	0	3	23	296
Disabled	38	1	34	0	0	0	0	73
Deferred Retirees	17	0	6	0	0	0	0	23
Total Inactive	\$1,301	\$52	\$1,116	\$304	\$9	\$74	\$548	\$3,404
Total	\$2,342	\$68	\$1,710	\$824	\$25	\$142	\$811	\$5,922
% of Total	40%	1%	29%	14%	0%	2%	14%	100%

- The liability split shown above assumes that all participants enter into DROP at their unreduced retirement age, that they receive no additional benefit accruals under the base or supplemental benefits while in DROP, and there are no withdrawals or transfers to 401(k) throughout the calculation period.
- The retiree liability split for DROP benefits was calculated based on the original benefit at the time of entry into DROP, assuming no withdrawals and that contributions to the DROP stopped at the earlier of the valuation date or age 70. The beneficiary split was calculated using the same ratio as the retiree liability split due to insufficient information.

Liability Breakout by Past and Future Components

	Annuity COLA			DROP COLA			DROP Interest		
Status	Past	Future	Total	Past	Future	Total	Past	Future	Total
Tier 1 Active	\$126	\$468	\$594	\$30	\$38	\$68	\$88	\$168	\$256
Tier 2 Active	0	0	0	0	0	0	0	6	6
Tier 3 Active	0	0	0	0	0	0	0	1	1
Total Active	\$126	\$468	\$594	\$30	\$38	\$68	\$88	\$175	\$263
Retirees	\$600	\$370	\$970	\$71	\$0	\$71	\$361	\$164	\$525
Beneficiaries	65	41	106	3	0	3	16	7	23
Disabled	22	12	34	0	0	0	0	0	0
Deferred Retirees	0	6	6	0	0	0		0	0
Total Inactive	\$687	\$429	\$1,116	\$74	\$0	\$74	\$377	\$171	\$548
Total	\$813	\$897	\$1,710	\$104	\$38	\$142	\$465	\$346	\$811
% of Total	48%	52%	100%	73%	27%	100%	57%	43%	100%

Memorandum



CITY OF DALLAS

DATE December 1, 2016

TO Honorable Mayor and Members of the City Council

SUBJECT **Hire Dallas**

On Wednesday, December 7, 2016, the City Council will be briefed on Hire Dallas. The briefing materials are attached for your review.

Please let me know if you have any questions or need additional information.


A.C. Gonzalez
City Manager

c: Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager

Mark McDaniel, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Hire Dallas

DECEMBER 7, 2016



Hire Dallas Update

- Council briefed on June 1, 2016
- Presented summary of Hire Dallas findings and recommendations
- 5 positions were added to FY 16-17 budget
- Reduced time-to-hire from **125 to 105** calendar days for FY 15-16

Briefing Objectives

- To review current organizational structure with regard to hiring
- To consider the impact of consolidating all hiring functions into one department
- To present recommendations and options for moving forward

Scope

What is in this briefing:

- Focus is on the hiring function of the City
- Does not propose changes to the City's Civil Service grievance and appeal process

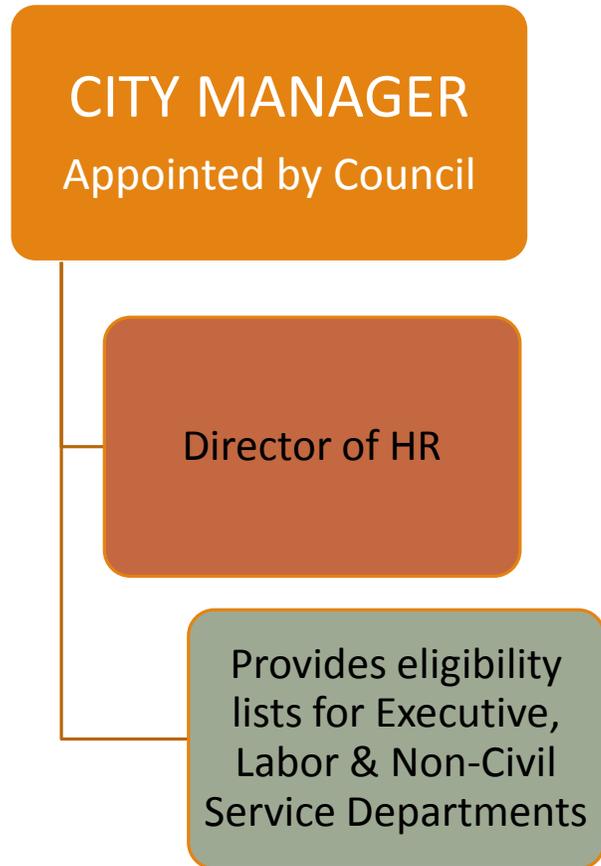
Current Organizational Structure for Hiring

Overview

- Civil Service laws were passed in the City of Dallas in 1930
- Since then, the City has operated with two different departments involved in hiring:
 - Civil Service (CVS)--Responsible for Civilian and Uniform recruitment, application processing, minimum qualifications, employment examinations and hearing procedures. Additional responsibilities include Uniform testing and Reduction-in-Force. The Civil Service Board is responsible for grievance and appeal hearings
 - Human Resources (HR)--Responsible for employee relations and departmental support, classification and compensation, executive recruitment and labor hiring. Additional responsibilities include benefits, training, and meet and confer contract negotiations

Current Organizational Structure

Hiring Accountability

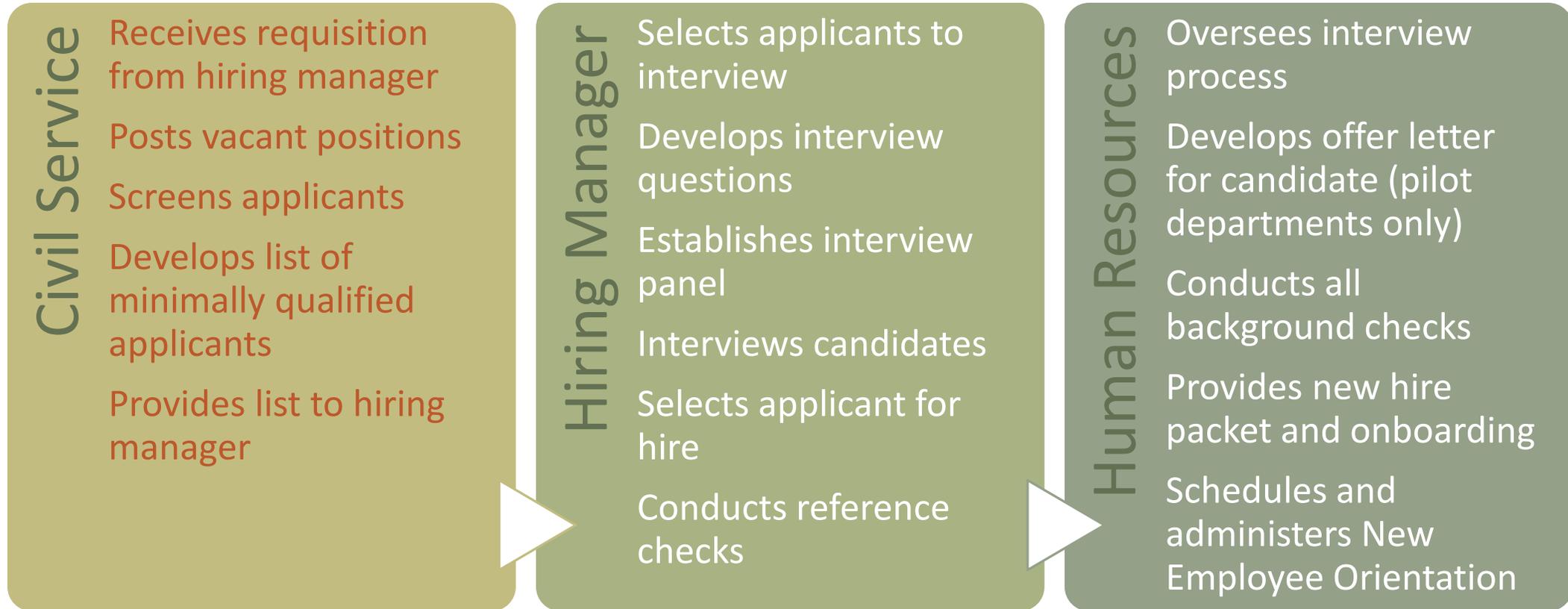


- HR reports to City Manager
- Civil Service Board Secretary reports to Civil Service Board
- Structure results in reduced accountability
- Hiring responsibilities are largely divided between the Civil Service Department and Human Resource Department and sometimes overlap



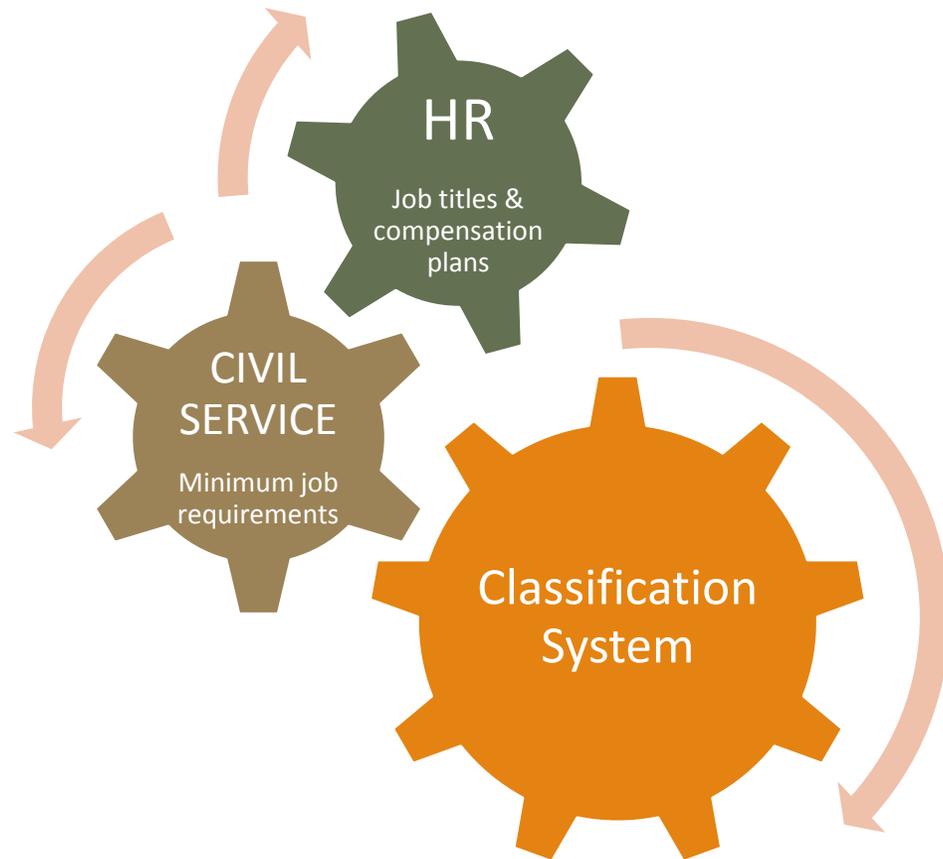
Current Organizational Structure

Hiring Process



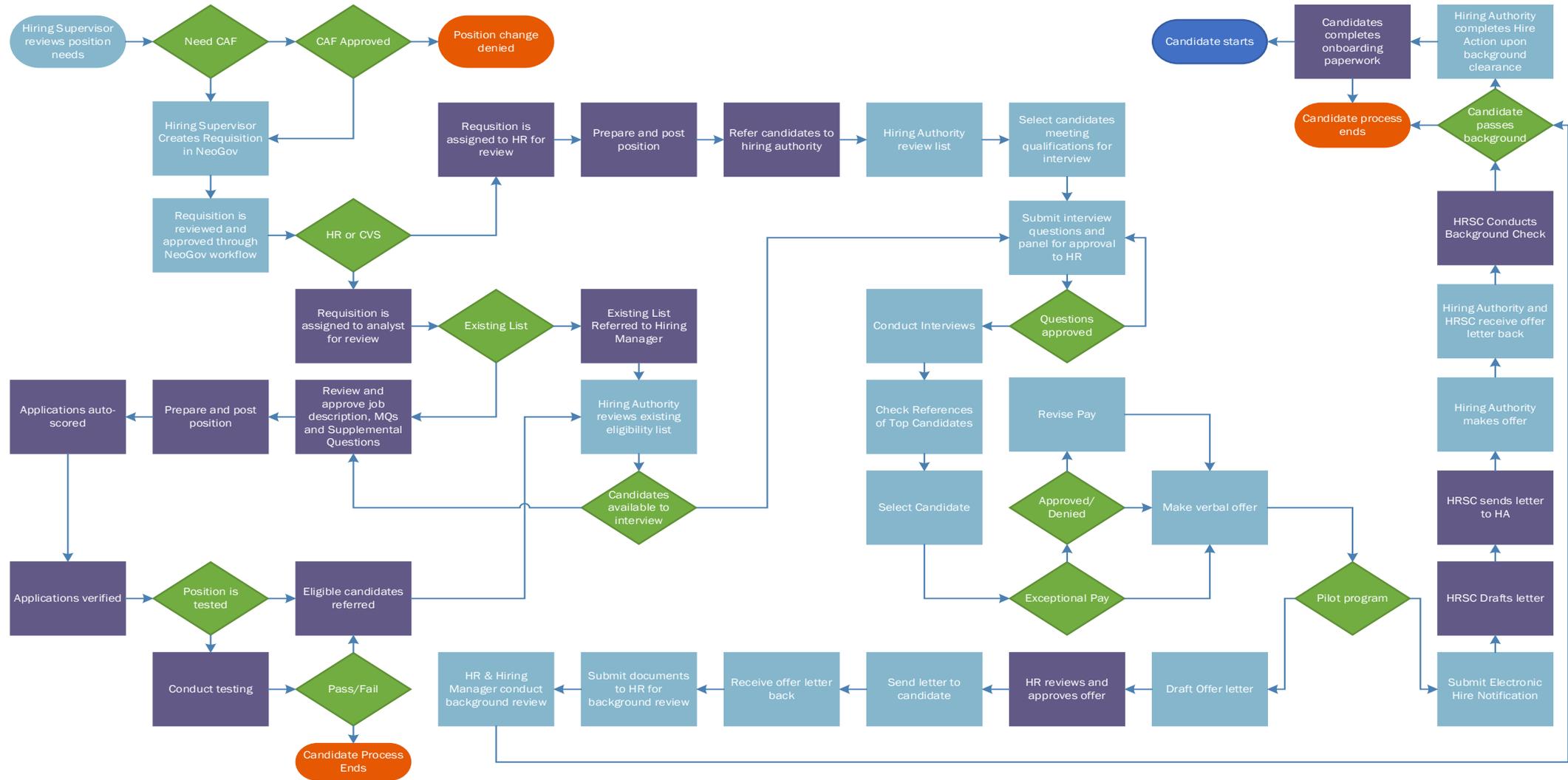
Current Organizational Structure

Overlapping Responsibilities



- Job classification is a system for defining and evaluating the duties, responsibilities, tasks, and authority level of a job
- Both Human Resources and Civil Service have a role in the Classification system
- Job titles and compensation plans are developed by HR with minimum job requirements independently developed by Civil Service

Current Hiring Process



Current Organizational Structure

Issues Summary

Current organizational structure results in:

- Reduced accountability
- Overlapping duties and a complex hiring process
- Confusion among staff and applicants as to who is responsible for various hiring functions
- Delays in hiring
- Poor communication between departments (HR & Civil Service)

Current Organizational Structure

History

- Issues are not new
- Structure has been examined several times over the past twenty years:
 - 2000 “Grading the Cities” report issued by *Governing Magazine*
 - 2004 Joint Civil Service-HR Efficiency task force established
 - 2005 Council briefed on task force recommendations
 - 2014 CPS HR Consulting issued report on hiring practices
 - 2015 Hire Dallas task force established

-See Appendix for detailed background

Current Organizational Structure

Conclusion

- Findings from prior reviews
 - Most public entities do not have two separate departments involved in the hiring function
 - Most cities have one Department (HR) providing all of the human resources services
- Each time the conclusion has been the same
 - A hiring system divided between two departments is not the most efficient way to operate
 - Recommendation has been to consolidate hiring functions into one department
- Prior reviews generated discussion but no action was taken

--See Appendix for full copy of CPS HR Consulting survey results and findings

Options for Moving Forward

Options for Moving Forward

Option 1: No change to department structure- Continue to improve hiring time

Option 2: Consolidate all hiring functions in Civil Service

- a) Civil Service would be responsible for the entire hiring lifecycle from recruiting to onboarding
- b) Civil Service Board would continue to conduct grievance and appeal hearing
- c) Secretary to the Civil Service Board would continue to report to Board and coordinate hearing activities
- d) HR would retain Executive hires

Option 3: Consolidate all hiring functions in HR

- a) HR would be responsible for the entire hiring lifecycle from recruiting to onboarding
- b) Civil Service Board would continue to conduct grievance and appeal hearings
- c) Secretary to the Civil Service Board would continue to report to Board and coordinate hearing activities

Option 4: Consolidate all Civil Service activities in HR, including Civil Service Board

- a) Civil Service Board would become a division of HR
- b) Would move the grievance and appeal process into HR

Options Matrix

#	Description	Increases CM accountability?	Streamlines hiring process?	Places hiring in one department?	Increases communication on hiring between HR & CVS?	Allows CVS Board to focus on grievances and appeals?
1	No Change					
2	All Hiring in CVS		✓	✓	✓	
3	All Hiring in HR	✓	✓	✓	✓	✓
4	Consolidate all CVS into HR	✓	✓	✓		

Recommendation

- Option 3 - Consolidate all hiring functions in HR
- This proposal would not:
 - Eliminate the Civil Service system
 - Eliminate an employee's rights to Civil Service protection
 - Eliminate hiring by merit and fitness
 - Eliminate the employee grievance process
 - Eliminate the Civil Service Board or the Secretary

How Do We Get There?

- Civil Service Board action
 - Civil Service Board votes on delegating hiring responsibilities to the City Manager
 - City Manager would in-turn delegate hiring responsibilities to HR
- Amend City Charter
 - Next opportunity to amend Charter will be May 2017

How Do We Get There? Cont.

Issue	Civil Service Board Action	Amend City Charter
Timeframe	Goal would be to include item on agenda for December or January Board meeting	Goal would be to include any Charter amendments as part of the May 6, 2017 General Election. Ordinance calling election must be approved by Council by February 8, 2017
What would be amended?	Civil Service Rules	City Charter and Personnel Rules (Ordinance)
What vote would be required?	Majority vote by Civil Service Board. Council approval	Council approval of amendments and Ordinance calling election. Voter approval
Permanence of changes	Could be undone by future Civil Service Board action	Would require citizen vote to change
Autonomy	Civil Service Board would retain authority over hiring	Would provide City Manager with accountability and authority over entire hiring function

Draft Timeline: Charter Amendment

- Dec-Jan 2017 CAO/staff identifies all Civil Service Rules, Charter and Personnel Rules which will require amendment
- Dec-Jan 2017 Civil Service Board briefed on proposed Civil Service Rule changes
- Feb 8, 2017 City Council briefed on Civil Service Rule changes, corresponding Charter, and Personnel Rule changes
- Feb 8, 2017 City Council votes on proposed Ordinance to call election
- May 6, 2017 Charter changes appear before voters as item under General Election
- Summer 2017 Proposed departmental consolidation included in budget planning for FY 17-18
- Oct 1, 2017 Department officially begins operating under new structure

Today

- Determine Council direction
 - Change or no change to hiring structure?
- If change, determine option
 - Option 2 (Consolidate all hiring functions in CVS)
 - Option 3 (Consolidate all hiring functions in HR)
 - Option 4 (Consolidate all Civil Service activities in HR, including Civil Service Board)

Looking Ahead

- Continue to implement the Hire Dallas Recommendations
 - Civil Service positions expected to be filled early 2017
- Increase support within departments in the hiring process
 - Strengthen recruiting function on departmental side
- Review grievance and appeals process city-wide
- Conduct HR and Civil Service Sunset Review

Questions?

Appendix

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Summary of Departmental Hiring Responsibilities	pg. 30
Current Civil Service & HR Departmental Responsibilities	pg. 32
Proposed Departmental Responsibilities	pg. 33
Civil Service Categories	pg. 34
Civil Service in the City of Dallas	pg. 35
Staffing Resource Comparison	pg. 39
CPS HR Consulting Peer Cities Review	pg. 40

Background

- Organizational structure has been examined many times over the years
- In 2000, *Governing Magazine* published an article titled “Grading the Cities” in which they evaluated 47 municipalities
 - Report noted City of Dallas had a “peculiar personnel system, in which two departments—Civil Service and Human Resources—share the overall responsibility for recruitment and hiring”
 - “There is no simple logic that explains which applicants are handled by which department”
 - “Applicants seeking City employment have to go through two different hiring departments, sometimes for virtually identical jobs”

Background Cont.

- In August 2004, a joint Civil Service-HR Efficiency task force was established
- Goals were to:
 - Seek employee input regarding two-department system regarding hiring
 - Identify and compare City's organization structure with other comparable cities
 - Consider the impact of consolidating the two departments
 - Identify pertinent rules and regulations that may require amendment, i.e., City Charter, Code, Personnel Rules, and/or Civil Service Rules

Background Cont.

- Recommendations of the task force:
 - Consolidate all hiring functions into HR
 - Retain Civil Service Board to provide an independent employee hearing process for Civilian and Uniformed employees
 - Streamline the appeal process and training employees
- Recommendations supported by the majority of the Uniformed Associations
- Council briefed on February 16, 2005 and September 21, 2005
- Only the last recommendation dealing with the appeal process was implemented

Background Cont.

- In 2014, the City hired CPS HR Consulting to analyze hiring
- CPS noted that the structure was “an impediment to accountability, efficiency, clarity of roles and internal customer service”
- CPS recommended that the City:
 - “Assign all tasks and responsibilities for human resources-related activities within the City, including all of the recruitment and selection activities, into one consolidated Department led by one executive-level Director. In this way, true responsibility and accountability can be assigned, clear expectations can be set for a new vision of efficiency and service, and the total staff complement can be aligned to the most appropriate and important tasks”

Background Cont.

- In November 2015, the City Manager created the Hire Dallas task force to address hiring issues in the City
- Recommendations from the Hire Dallas task force were presented to Council June 1, 2016
- 5 positions dedicated to hiring were included in the FY 16-17 budgeting process and approved by Council (4 in CVS and 1 in HR)

Summary of Hiring Responsibilities

Civil Service – Provides candidates who meet requirements of the job

- Develops qualifications for the position
- Posts the positions being filled
- Coordinates position recruitment as requested
- Conducts tests as appropriate for the position
- Evaluates applicant qualifications
- Provides eligible candidate list to department

Hiring Department – Makes decisions on who to hire and when

- Submits requests to fill (requisitions) when ready to hire
- Reviews eligible candidates for interview selection
- Develops interview questions and establishes panel
- Organizes and conducts interviews
- Makes offer and conducts pre-employment screening

Summary of Hiring Responsibilities

Human Resources – Ensures adherence to City’s hiring process and on-boards new employees

- Reviews and approves interview questions and panelists for legal and best practices
- Reviews and makes recommendations on hiring exceptions (exceptional pay or classification actions)
- Processes New Hire On-boarding paperwork
- Conducts New Hire Orientation
- Responsible for Labor and Executive hiring

Current Civil Service & Human Resources Major Department Responsibilities

Civil Service Department

- Employee Civil Service Board, Trial Board and Administrative Law Judge hearings
- Employment Center operations –screening & evaluating applications
- Written exam development for competitive uniformed & civilian job titles
- Assessment center development & administration for Police & Fire promotional ranks
- Physical Abilities Testing for entry-level firefighter applicants
- Reduction-in-force (all layoff & outplacement activities)

Human Resources Department

- Departmental Support (Generalists)–Employee Relations–Investigations–FMLA administration
- Employee and retiree benefit programs:–Health, Life Insurance–Voluntary Benefits–Contract Administration
- Departmental Payroll (all departments)
- HRIS management
- Performance Management
- Compensation
- Employee development/training
- Executive recruitment & labor hiring
- Employee records–Open records request–EEOC responses–Citywide Personnel records
- New hire physical exam & drug testing
- Unemployment claims
- Criminal background checks for new civilian hires
- Motor vehicle checks for primary drivers

PROPOSED Civil Service & Human Resources Major Departmental Responsibilities

CIVIL SERVICE DEPARTMENT

Civil Service Board, Trial Board and Administrative Law Judge hearings

HUMAN RESOURCES

Requisition posting and applicant assessment (results in development of lists of minimally qualified candidates)

Written exam development for complete uniformed and civilian job titles

Test development and administration for Police & Fire promotional ranks

Physical abilities testing for entry-level firefighter applicants

HUMAN RESOURCES CONT.

Departmental support (Employee relations, investigations, FMLA administration)

Benefits administration

Payroll

Performance Management

Classification and Compensation

Executive recruitment and labor hire

New hire onboarding

Unemployment/Workman's Comp

Reduction in Force

Civil Service Categories in Current System

Non-Civil Service Employees and/or exempt departments	Unclassified	Classified Civil Service Employees
<p>City Attorney's Office City Manager's Office Mayor & Council Office Municipal Court Judges WRR Radio Library Park and Recreation*</p> <p>*Park Board members provide employee hearings</p>	<p>All other department Executives (Directors, Assistant Directors and Third-Tier Executives) City Auditor City Secretary Civil Service Board Secretary Unskilled Laborers*</p> <p>*Laborers are the only "unclassified" employees with hearing rights</p>	<p>All remaining employees (further divided into the "competitive" and "non-competitive" classes, with competitive requiring a written exam and non-competitive requiring defined levels of education, experience or certifications/licenses)</p>

Civil Service

- What is Civil Service?—A system of protection for employees
- What documents govern Civil Service?
 - The Dallas City Charter (Ch. XVI)
 - The Civil Service Board Rules
- Who is covered by Civil Service?
 - Most departments fall under the Civil Service system
 - About 85% of all current employees are covered under the Civil Service system

Civil Service Cont.

- Who is not covered by Civil Service?
 - Per the Charter, the following departments are not covered under Civil Service system: City Attorney's Office, City Manager's Office, Mayor and Council Office, Municipal Court Judges, WRR Radio, Library, Park and Recreation, City Auditor and City Secretary
 - Employees in these departments are exempted from provisions of the Civil Service system

Civil Service Cont.

- Does the Civil Service system afford any rights to employees?
- Yes. The Civil Service system establishes:
 - A disciplinary appeal and grievance process
 - Seniority for retrieval rights and Reduction-In-Force procedures
- These rights apply to any employee covered by Civil Service

Civil Service Cont.

- What does Civil Service mean for employees?
- It is a system of protection for employees
 - With regard to hiring and promotions, it means that positions should be filled on the basis of “merit and fitness” (Dallas City Charter Ch. XVI Sec. 13)
 - Employees are protected from discrimination
 - Employees are protected from coercion for partisan political purposes
- It is important to note that these protections apply to all employees, whether covered by Civil Service or not

Staffing Resource Comparison

City	Population	Total number of employees	Total HR Staff (HR & CVS)	Staff to Employee Ratio	Civilian Time-to-Hire (calendar)
Fort Worth	812,958	6,161	98	1:63	100 days
Austin	912,791	12,000	195	1:62	unavailable
Phoenix	1,537,058	14,000	156	1:90	95 days
San Antonio	1,436,697	9,145	102	1:90	60 days
Houston	2,239,558	21,083	176	1:120	115 days
Dallas	1,281,047	13,000	89	1:146	125 days

- Dallas has fewer HR staff per employee than comparison cities
- Dallas time to hire is higher than comparison cities

Appendix D: Comparative Cities: Civil Service Roles and Structure

Following the presentation of our draft report findings to the City Manager and his staff, the City of Dallas HR Director asked if CPS HR could provide some options or suggestions that the City might consider to address the constraints of the organizational structure issue we identified in our report. Consequently, we conducted some additional research of the Civil Service roles and structures within a comparable group of cities.

Methodology: Using a website, www.infoplease.com, which ranks cities by population, CPS HR included five cities of population higher than the City of Dallas and five with populations lower than the City of Dallas. We also restricted our choices to those in Texas and Western cities, eliminating cities on the East Coast for this comparison.

CPS HR did online research to determine if the cities have Civil Service Departments, what the Commission/Board structure is, the roles/responsibilities, and the reporting structure within the City related to support of Civil Service and the provision of human resources services.

The chart below outlines a summary of our findings.

Name of City	Population as of 7/1/12	Civil Service	Structure
Los Angeles, CA	3,857,799	Yes	Broad Civil Service Rules – General Manager of Human Resources has all personnel responsibilities and attends Commission meetings; Commission has an Executive Director that provides administrative support to the Commission. Human Resources Director is appointed and reports to Mayor’s office.
Houston, TX	2,160,821	Yes	Two Commissions: a Firefighter and Municipal Employee Civil Service (three commissioners) and a Police Civil Service Commission (12 members) – the HR Director acts as the Director and Secretary to both Commissions and is appointed/works for the Mayor. Human Resources provides all human resources services. The Commission administers Civil Service Rules and handles all appeals.

Name of City	Population as of 7/1/12	Civil Service	Structure
Phoenix, AZ	1,488,750	Yes	Five-member Civil Service Board – Human Resources Director manages all Human Resources activities for City, reports to the City Manager, and is the Secretary to the Civil Service Board. The Board hears appeals of discipline and appeals on interpretations of Civil Service Rules.
San Antonio, TX	1,382,951	Yes	Municipal Civil Service Commission with three members and have added a Firefighters and Police Commission (also of three members) – the Commissions are supported by Human Resources and hear appeals of discipline primarily and/or investigate personnel administration as necessary. The Human Resources Director reports to the Chief Financial Officer who reports to the City Manager and handles all HR activities for the City.
San Diego, CA	1,338,348	Yes	Independent Civil Service Commission of five members appointed by Mayor and approved by Council – Personnel Director is appointed by and reports to the Civil Service Commission. Director ensures compliance with Civil Service Rules and runs the Personnel Department for the City, providing all Human Resources services.
Dallas, TX	1,241,162	Yes	Civil Service Commission appoints and oversees a Civil Service Director – responsibilities include providing recruitment services for 90% of positions, developing and administering examinations, and providing an impartial hearing process. Human Resources Department is a separate Department and has a Human Resources Director appointed by the City Manager. Human Resources handles portions of recruitment and selection and other human resources activities for the City.

Name of City	Population as of 7/1/12	Civil Service	Structure
San Jose, CA	982,765	Yes	Civil Service Commission of five members appointed by Council as advisory body – Civil Service works with Human Resources, but is supported by the City Clerk’s office and City Attorney’s Office. Human resources functions are split between Employees Relations, which handles all labor/bargaining aspects and Human Resources, which handles everything else. Both of those Departments report to the City Manager. Civil Service mostly serves as the body to hear disciplinary appeals.
Austin, TX	842,592	Yes	Civil Service Commissions: one for municipal employees and one for Police and Fire – Human Resources staff support Civil Service Commissions with two separate staff assigned from mid-management level of the Human Resources Department. The Human Resources Director reports to the Assistant City Manager. The Human Resources Department handles all aspects of human resources services for the City and ensures compliance with Civil Service Rules.
San Francisco, CA	825,863	Yes	Five-member Civil Service Commission acting as a policy making, auditing, and appeals Board, as well as carrying out other administrative functions – the Human Resources Department manages all human resources functions and administers the Civil Service Systems and Rules. The Human Resources Director is appointed by the Mayor.
Fort Worth, TX	777,992	Yes	Three-member Commission appointed by the City Manager and approved by the City Council Administers Chapter 143 of state regulations pertaining to personnel matters of the Fire and Police Departments – appoints a Director of Civil Service, who acts as Secretary to the Commission and/or Chief Examiner of tests and test appeals. The Human Resources Director manages all human resources activities for the City and also acts as Civil Service Director.

Name of City	Population as of 7/1/12	Civil Service	Structure
El Paso, TX	672,538	Yes	Nine-member Commission: one per District and one from the Mayor – duties of Civil Service include providing recommendations, the adoption of rules, investigations concerning enforcement of rules, and hearing and determining appeals. Human Resources handles human resources activities and provides support to the Civil Service Commission. The Human Resources Director is appointed and reports to the City Manager.

Observations:

- All major cities have Civil Service Commissions and Rules in place. A few cities have separate Civil Service Commissions for police and/or fire (e.g., City of Austin and City of Houston) or just police/fire Civil Service (e.g., City Fort Worth).
- There are variations in the scope of the Civil Service Commission responsibilities, but the most common is to hear appeals of discipline and interpretations of the Civil Service Rules, and make policy recommendations.
- Most cities have one Department providing all of the human resources services and support to the Civil Service Commission and ensuring compliance with Civil Service Rules. The only exception from our research, the City of San Jose, has its labor relations/bargaining functions separately managed from Human Resources; however, both Departments report to the City Manager.
- One agency in our research, the City of San Diego, has an independently organized Civil Service Commission who appoints and oversees the Civil Service Director; however, even in this situation, the Civil Service Director is also the Human Resources Director and manages all human resources functions for the City.