

Memorandum

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CITY SECRETARY
DALLAS, TEXAS



DATE April 3, 2014

TO Members of the Budget, Finance & Audit Committee:
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Budget, Finance & Audit Committee Meeting

Monday, April 7, 2014, 1:00 p.m.

Dallas City Hall - 6ES, 1500 Marilla St., Dallas, TX 75201

The agenda for the meeting is as follows:

1. Consideration of minutes from the March 3, 2014 Budget, Finance & Audit Committee meeting
2. Employee and Retiree Health Benefits Overview Molly McCall, Director
Human Resources
3. Fuel Purchase Michael Frosch, Director
Business Development and Procurement Services
4. Real Estate Task Force Bonnie Meeder, Assistant Director
Sustainable Development and Construction
5. Water and Sewer Line Warranty Programs Jack Ireland, Director
Office of Financial Services

FYI:

6. February 2014 Financial Forecast Report

Jerry R. Allen, Chair
Budget, Finance & Audit Committee

- c: Honorable Mayor and Members of City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, Interim First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
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Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager

A quorum of the Dallas City Council may attend this Council Committee meeting.

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

1. Contemplated or pending litigation or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.

Budget, Finance & Audit Committee

Meeting Record- DRAFT

Meeting Date: 3.3.2014

Convened: 1:03 p.m.

Adjourned: 2:47 p.m.

Committee Members Present:

Jerry R. Allen, Chair
Sheffie Kadane

Jennifer S. Gates, Vice-Chair

Philip T. Kingston

Committee Members Absent:

Mayor Pro Tem Tennell Atkins

Staff Present:

Jeanne Chipperfield
Jack Ireland
Zeronda Smith
Edward Scott
William Finch
Malik Aziz
Mark Duebner
Cecilia Scheu

Michael Frosch
Corrine Steeger
Lance Sehorn
Theresa O'Donnell
Arthur Hudman
Cynthia Villarreal
Yasmin Barnes
Bonnie Meeder

Robyn Gerard
Craig Kinton
Randall Hanks
Molly McCall
Errick Thompson
Patricia Paulhill
Forest Turner
James Martin

Donna Lowe
Amy Messer
Lon Jones
Tommy Tine
Donzell Gipson
Maria Munoz-Blanco
La Toya Jackson
David Cossum

AGENDA:

1. Approval of the February 18, 2014 Minutes

Presenter(s):

Information Only: —

Action Taken/Committee Recommendation(s):

A motion was made to approve the February 18, 2014 minutes. Motion passed unanimously.

Motion made by: Sheffie Kadane

Motion seconded by: Philip T. Kingston

2. Dallas Central Appraisal District 2014-2015 Proposed Budget

Presenter(s): Ken Nolan, Chief Appraiser, Dallas Central Appraisal District

Information Only: X

Action Taken/Committee Recommendation(s):

N/A

3. Property Appraisal Procedures

Presenter(s): Bonnie Meeder, Assistant Director, Sustainable Development and Construction

Information Only: X

Action Taken/Committee Recommendation(s):

N/A

Budget, Finance & Audit Committee

Meeting Record- **DRAFT**

4. **Office of the City Auditor Fiscal Year 2014 Second Quarter Update**

Presenter(s): Craig D. Kinton, City Auditor

Information Only: X

Action Taken/Committee Recommendation(s):

N/A

5. **Proposed Strategic Plan FY 2015- FY 2017**

Presenter(s): La Toya Jackson, Assistant Director, Strategic Customer Services

Information Only: X

Action Taken/Committee Recommendation(s):

N/A

FYI

6. **Upcoming Agenda Item: Event Set-up and Janitorial Services Contract for the Kay Bailey Hutchison Convention Center Dallas**

Presenter(s): N/A

Information Only: _

Action Taken/ Committee Recommendation(s):

A motion was made to forward to the City Council for consideration on Wednesday, March 26, 2014. Motion passed unanimously.

Motion made by: Philip T. Kingston

Motion seconded by: Jennifer S. Gates

7. **Upcoming Agenda Item: Purchase of Renewable Energy Credits for 2014 - 2016**

Presenter(s): N/A

Information Only: _

Action Taken/ Committee Recommendation(s):

A motion was made to recommend approval by the City Council on Wednesday, March 26, 2014. Motion passed unanimously.

Motion made by: Philip T. Kingston

Motion seconded by: Jennifer S. Gates

Budget, Finance & Audit Committee

Meeting Record- DRAFT

8. **Upcoming Agenda Item: Citywide Data Storage System Acquisition and Maintenance Contract**

Presenter(s): N/A

Information Only: _

Action Taken/ Committee Recommendation(s):

A motion was made to recommend approval by the City Council on Wednesday, February 12, 2014. Motion passed unanimously.

Motion made by: Philip T. Kingston

Motion seconded by: Jennifer S. Gates

9. **Upcoming Agenda Item: Quarterly Investment Report as of December 31, 2013**

Presenter(s): N/A

Information Only: X

Action Taken/ Committee Recommendation(s):

N/A

10. **Upcoming Agenda Item: January 2014 Financial Forecast Report**

Presenter(s): N/A

Information Only: X

Action Taken/ Committee Recommendation(s):

N/A

Jerry R. Allen, Chair
Budget, Finance & Audit Committee

Memorandum



CITY OF DALLAS

DATE April 4, 2014

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Employee and Retiree Health Benefits Overview

The Monday, April 7th Budget, Finance and Audit Committee agenda will include a briefing on the Employee and Retiree Health Benefits Overview. The briefing will be presented by Molly McCall, Director of Human Resources.

Please let me know if you need additional information.

A handwritten signature in blue ink, appearing to read 'A.C. Gonzalez'.

A.C. Gonzalez
City Manager

Attachment

- c: Honorable Mayor and Members of City Council
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
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Molly McCall, Director, Human Resources
Elsa Cantu, Assistant to the City Manager

Employee and Retiree Health Benefits Overview



Budget, Finance and Audit Committee
April 7, 2014

City Benefits

- The City offers an array of benefits
 - Comprehensive Healthcare
 - Insurance Offerings
 - Workers' Compensation
 - Deferred Compensation
 - Paid Leave
 - Pension
- This briefing is about the City's healthcare program

Table of Contents

- Health Plan Overview
 - Health Plan Costs
 - Fully-Insured versus Self-Insured
 - Health Plan Options
 - Health Plan Participation
 - Benefits Administration
- Health Cost Drivers
 - Plan Performance Metrics
 - Plan Performance
 - Mitigating Trend
- 2013 WellAware Program
- Further Considerations
 - Affordable Care Act
 - Plan Changes
 - Upcoming Agenda Items
- Appendix
 - Peer City Review

Health Plan Overview

Cost, Administration, Plan Options and Participation

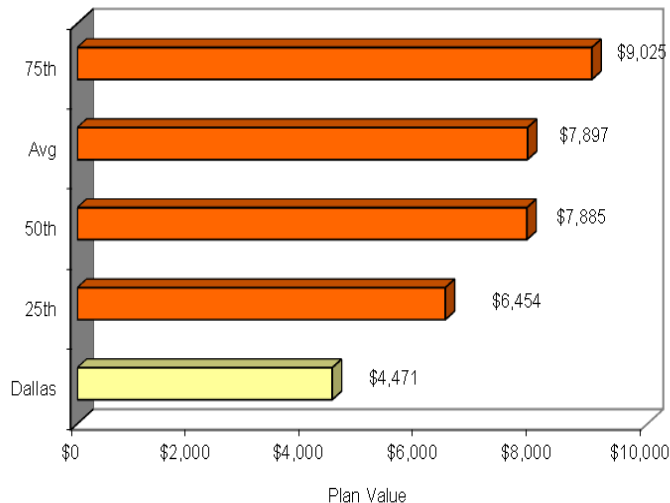
Health Plan Cost

	City Contributions	Employee/Retiree Contributions
Medical Plans HRA Plan PPO – 70/30/3k Medicare Plans	\$66.6 million	\$52.2 million \$25.7 million from Employees \$26.5 million from Retirees
Other Benefits (Dental, Vision, FSA, etc.)	No City Contributions	\$15.6 million

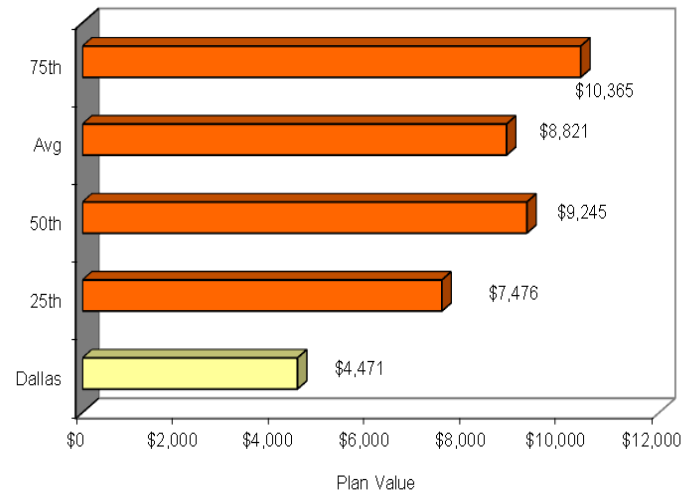
Dallas Compared to Other Employers

- The City's health plan is designed to provide basic health coverage for members
 - A comparison of other Texas cities health plan provisions are provided in the appendix on slide 38
- City engaged Milliman to conduct a Total Compensation study in 2012
- Study showed that the City's health benefits plan is in the bottom quartile compared to other employers

Medical/Vision- Custom Survey



Medical/Vision- Private Sector



Custom survey data is comprised of other local government and quasi governmental entities of similar size as Dallas.

Private sector survey data is from published survey data.

“Fully Insured” versus “Self Insured”

- Employers provide healthcare coverage for employees by either being “Fully Insured” or “Self Insured”

Fully Insured

- Employer purchases an insurance plan from an insurance company
 - Can compare prices of insurance companies and buy the product that best fits their needs
- When a person on the insurance plan receives health care (doctor visit, medical procedure, etc.), **the claim is paid by the insurance company**

Self Insured

- Employer sets aside money to pay for healthcare claims
- When a person on the health plan receives health care (doctor visit, medical procedure, etc.), **the claim is paid by the employer**
- Usually, the employer hires a “Plan Administrator” to manage the healthcare plan

“Fully Insured” versus “Self Insured”

- Large employers (1,000 or more covered lives) normally self-insure because:
 - It is less expensive
 - The employer can design the plan to best meet the needs of the employees
 - Pharmacy plans can be carved out to reduce costs
- The City of Dallas is self insured for active employee and pre-65 retiree healthcare
 - Revenues are collected from the City, the employees, and retirees via the payroll systems
 - Healthcare claims are paid from those revenues

Health Plan Options

Benefit	Covered	Vendor(s)	Funding	Option
Self-Insured Medical & Pharmacy	Active Employees & Pre-65 Retirees	UnitedHealthcare CVS/Caremark	City & Employees/ Retirees	<u>Three Plans:</u> <ul style="list-style-type: none"> • 75/25 HRA (Health Reimbursement Account) • 70/30/\$3,000 - High • 70/30/\$3,000 - Low
Fully-Insured Medicare Supplemental Plans	Medicare Eligible Retirees	UnitedHealthcare	City & Retirees	5 Medicare Supplement Plans, 2 Part D Plans and 2 Medicare Advantage Plans
Fully-Insured Dental	Active Employees, Pre-65 Retirees & Medicare Eligible Retirees	UnitedHealthcare	100% Employees & Retirees	<u>Three Options:</u> <ul style="list-style-type: none"> • Health Maintenance Organization • Exclusive Provider Organization • Preferred Provider Organization
Fully-Insured Vision	Active Employees, Pre-65 Retirees & Medicare Eligible Retirees	UnitedHealthcare	100% Employees & Retirees	<u>Two Options:</u> Standard Plan Buy-Up Plan
<u>Flexible Spending Medical FSA</u> Dependent Care FSA	Active Employees, Pre-65 Retirees & Medicare Eligible Retirees	UnitedHealthcare	100% Employees	\$2,500 Maximum \$5,000 Maximum

Health Plan Participation

- 20,649 Lives covered on the self-insured medical plan
- 1,987 Employees waive medical coverage
- 4,196 Retirees enrolled in fully-insured Medicare Plans

Status	Plan	Lives Covered
Active	75/25 HRA	12,739
Active	70/30 EPO - High	4,197
Active	70/30 EPO - Low	1,767
Terminated	COBRA	15
Retiree (Pre-65)	75/25 HRA	855
Retiree (Pre-65)	70/30 EPO - High	967
Retiree (Pre-65)	70/30 EPO - Low	1
Retiree (Post-65)	70/30/ EPO	108

Benefits Administration

- Plan Administrator – UnitedHealthcare (UHC)
 - Services include:
 - Providing a network of health care providers
 - Processing medical claims
 - Coordinating pharmacy claims with the City's Pharmacy Benefits Manager
 - Providing other services to support the self-insured medical plans, including: Employee Assistance Program, Management of Flexible Spending Accounts, Wellness program support, COBRA administration, Call Center, Nurseline, on-site administrative support, on-site nurse, interactive website, and case management for chronic conditions
- Pharmacy Benefits Manager – CVS/Caremark
 - Manage the pharmacy component of the self-insured health plans. Their services include:
 - Providing a network of pharmacies
 - Negotiating drug prices and rebates with pharmaceutical companies
 - Monitoring the pharmacy spending and suggest ways to make the plan more efficient

Other Healthcare Service Providers

- Benefits Consultants – Currently Buck Consulting
 - Healthcare actuarial services
 - Benefits consulting services
 - GASB liability calculations
 - External audits of vendors
- Voluntary Products - Currently Colonial Life
 - Provide a wide array of “voluntary” (aka 100% employee paid) insurance products including universal life insurance, cancer, short term disability, hospital, and long-term disability
- Life Insurance – Currently Standard Insurance
 - City paid \$50,000 basic life insurance for full time employees
 - 100% employee paid benefits including accidental death and dismemberment, supplemental life, and dependent life

HEALTH COSTS DRIVERS

Plan Performance Metrics

- Health plan performance is measured by the following metrics:

1. “Network” utilization

- Network providers charge approximately 54% of what out-of-network providers charge

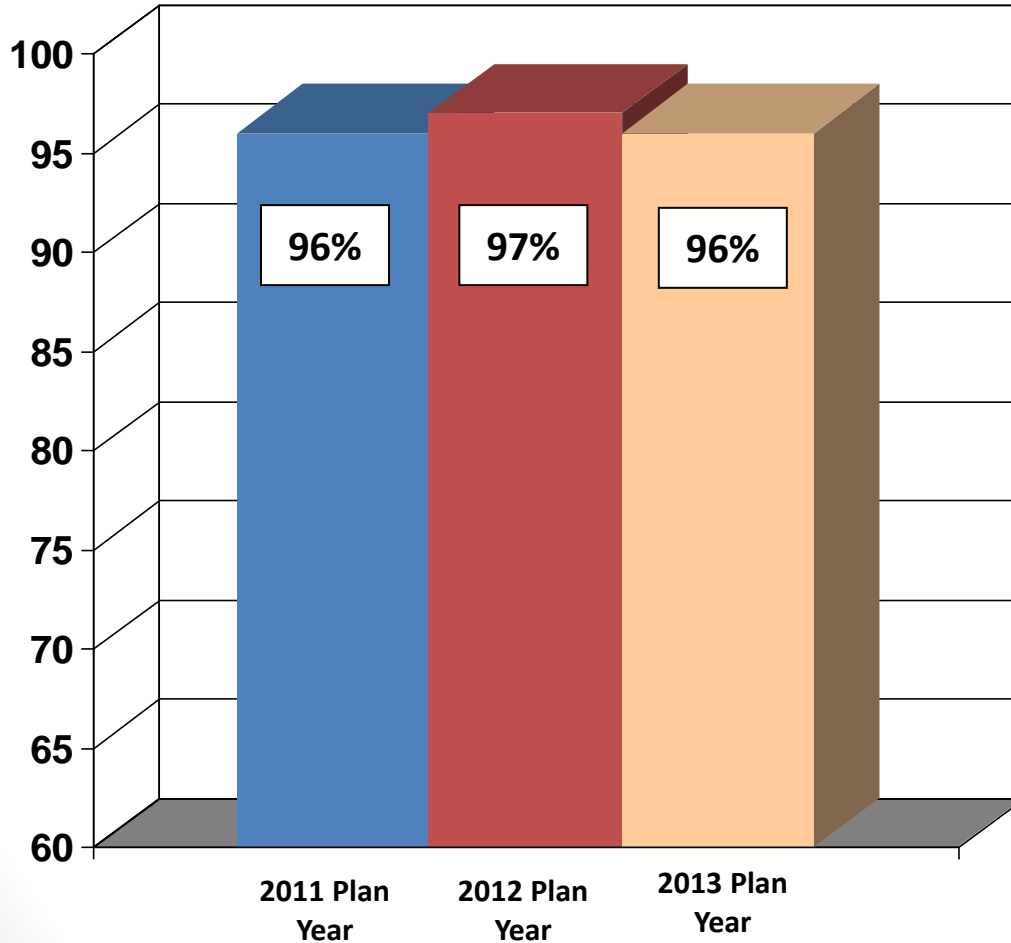
2. Generic drug utilization

- Normative generic utilization benchmark is 78%
- Best-In-Class is 80%

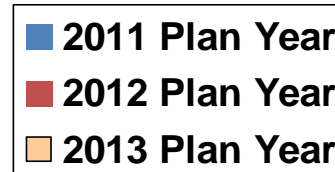
3. Population Demographics

- Dallas has an older population than its peer cities, resulting in higher claims
- Average employee age is approximately 3 years older than peer cities
- Each additional year on average increases cost by 2-4%
- The City has less dependent children on the plan as compared to peer cities
- Family size is 21% lower than peer cities

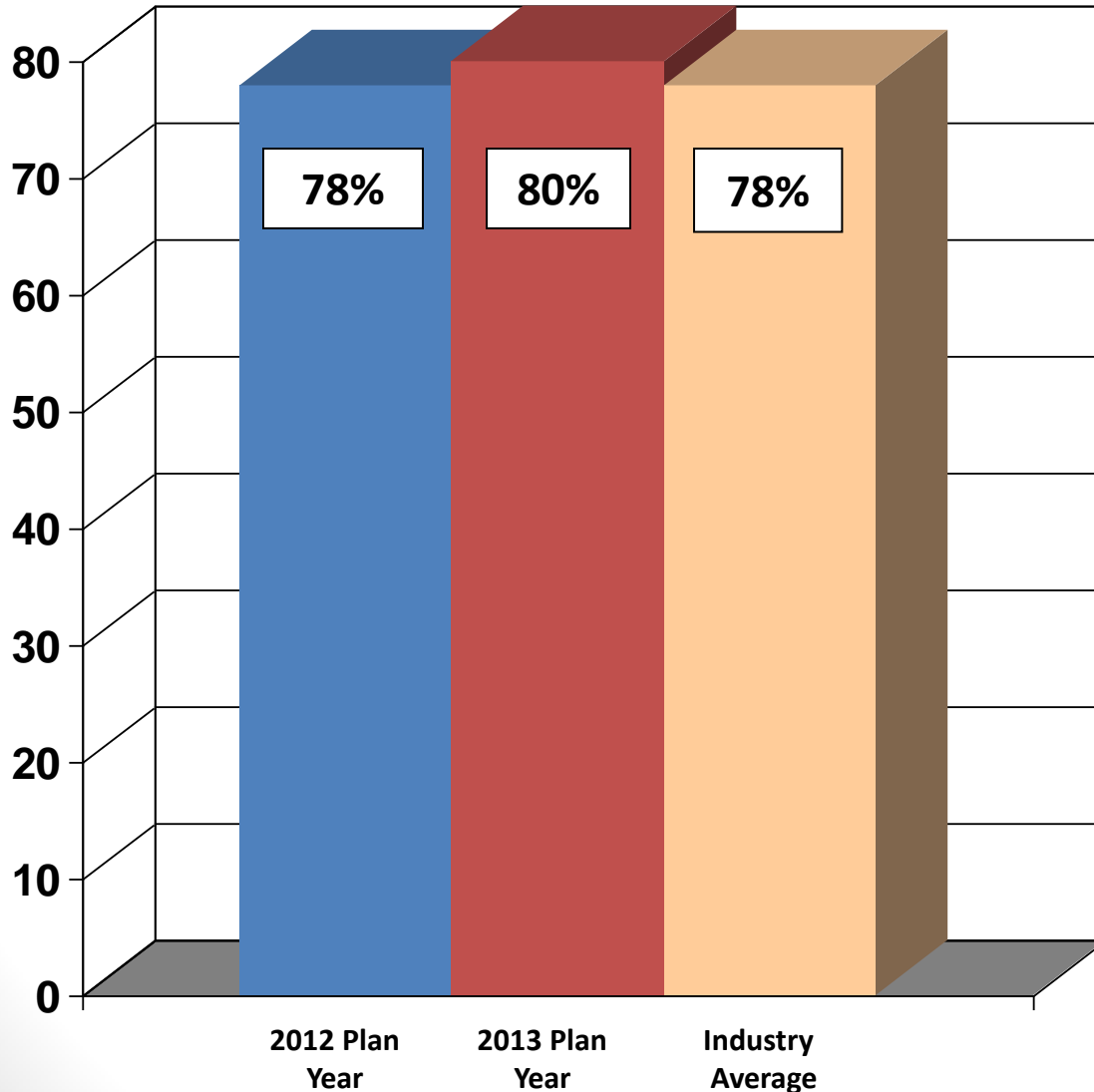
Medical Plan Performance - Network Utilization



- City of Dallas eliminated out of network services in 2011 except in emergencies
- Savings of approximately \$1M per year



Pharmacy - Generic Drug Utilization

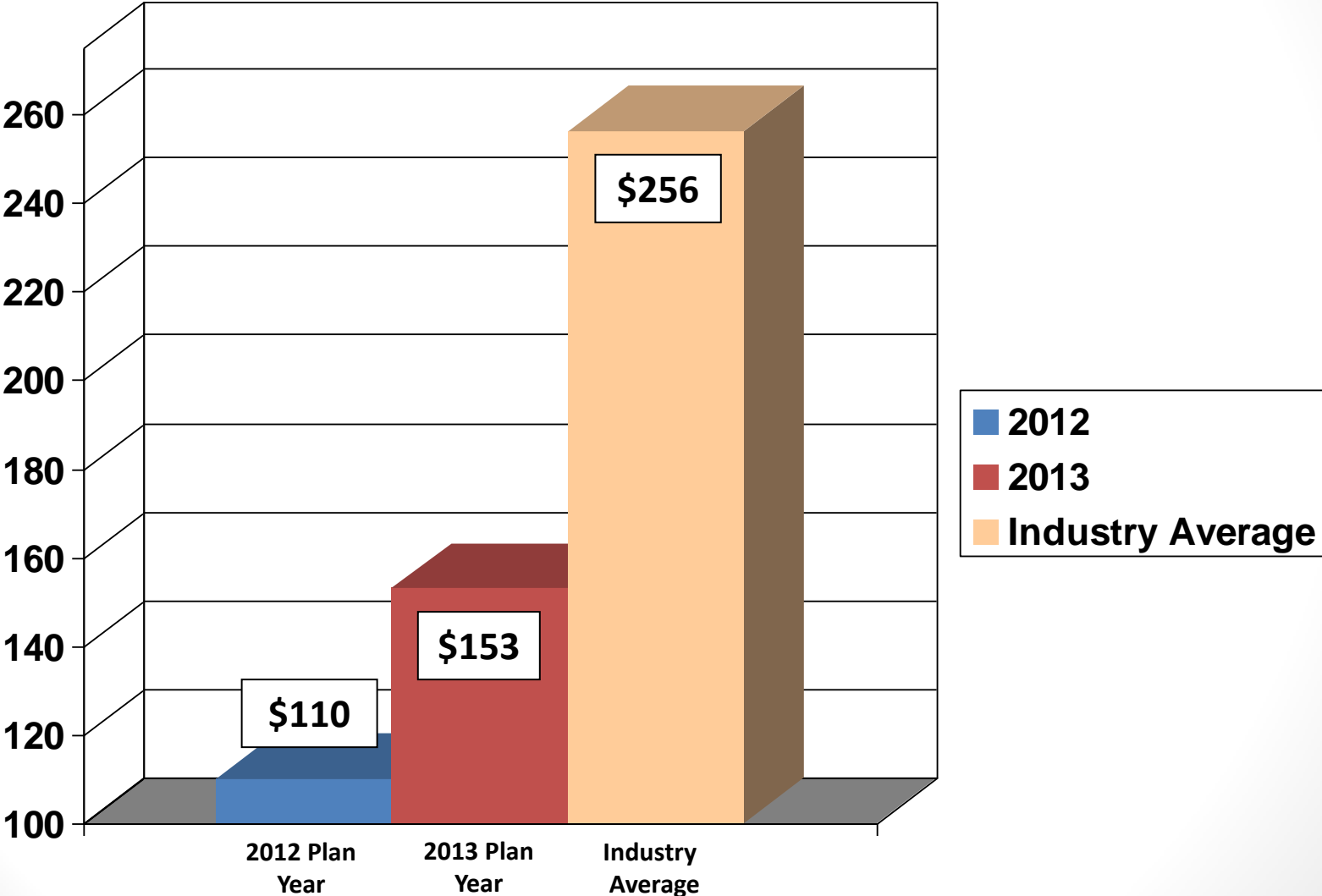


- City's generic drug utilization was around 59% prior to plan design changes
- Every 1% increase in generic drug utilization, decreases prescription drug costs by ½%

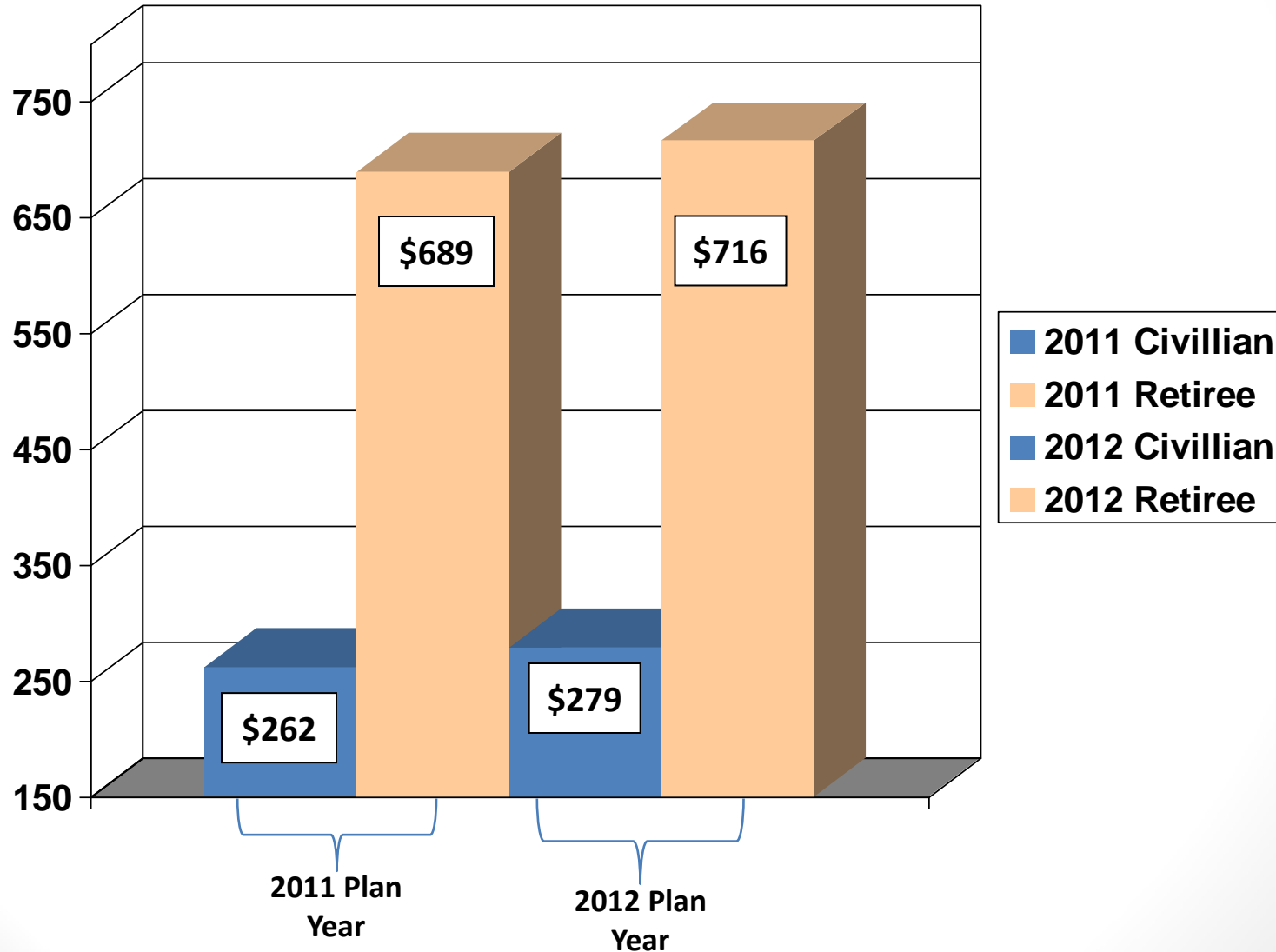


Pharmacy - Specialty Drug Cost

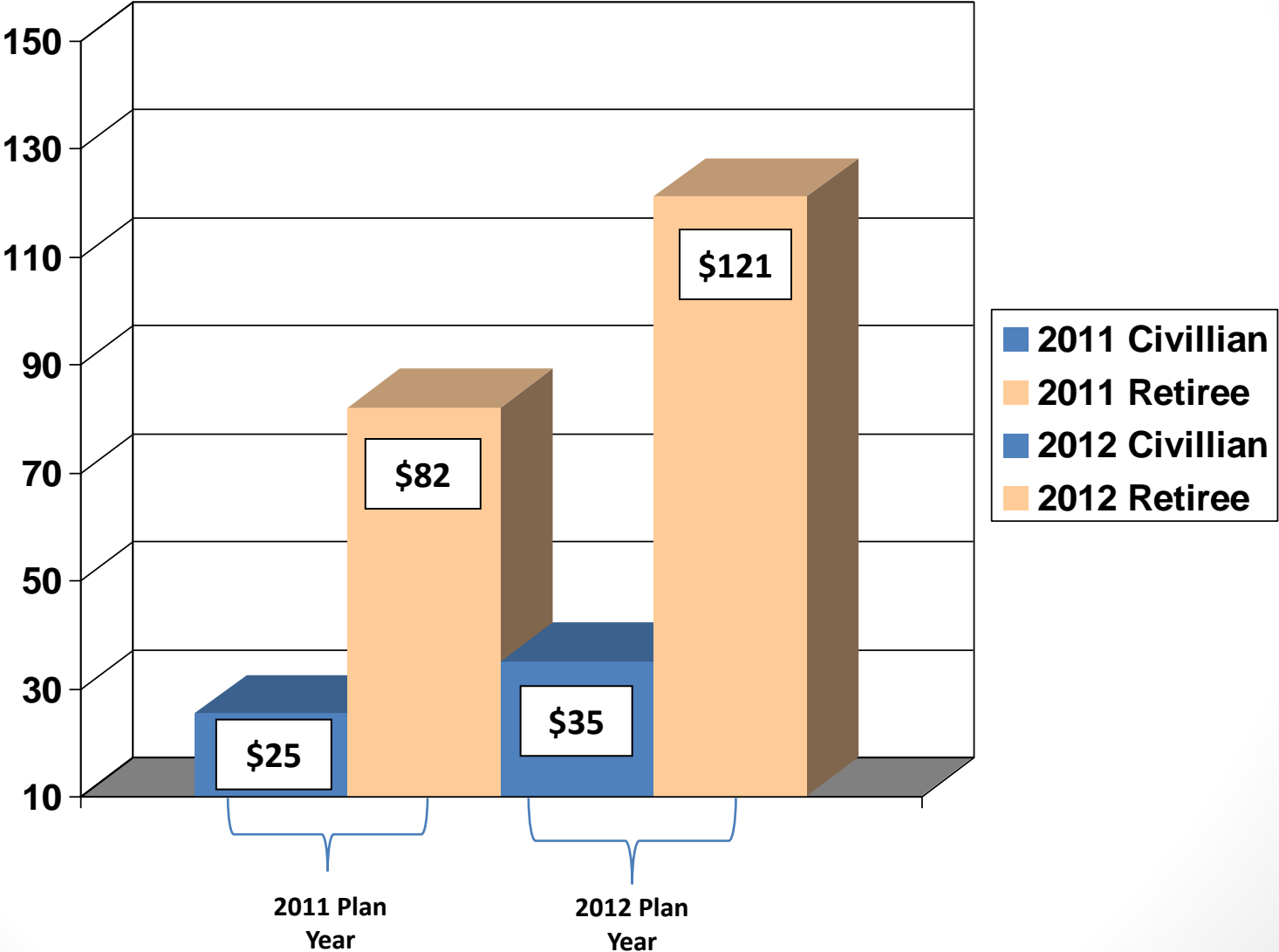
Per Member Per Year Cost (PMPY)



Medical – Net Paid Per Member Per Month



Pharmacy – Net Paid Per Member Per Month



Performance Statistics

- **Obesity**

- 81% of Dallas' health plan members are overweight or obese
- 35% of males and 41% of females taking the health assessment had a BMI 30 or greater
- **This is the highest incidence of overweight/obese members in UHC's entire Book of Business**
- Obesity leads to higher rates of diabetes, cardiovascular disease, hypertension, and high cholesterol; all of which are high cost drivers for health plans

- **Diabetes**

- 30% of high cost claims (claims in excess of \$50,000 per year) are attributable to diabetes
- 28% of the plan expenditures
- Diabetes without complications – 21% higher than peer cities (68.1% higher than expected)
- Diabetes with complications – 11% higher than peer cities (26% higher than expected)

- **Hypertension**

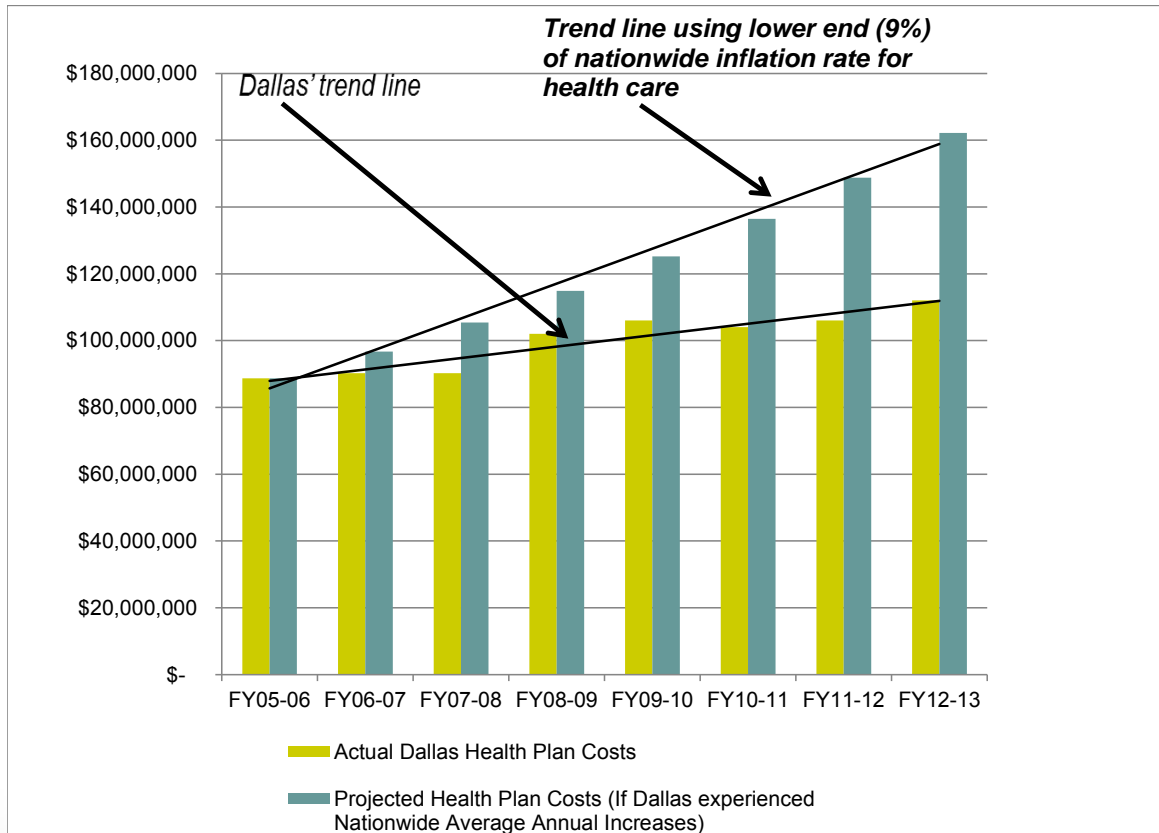
- 40% higher than peer cities
- 51% higher than expected

Costs – Mitigating Trend

- Healthcare experts use the phrase “Mitigate the Trend” which means “have your healthcare costs increase at a slower rate than healthcare costs increase in general”
- Nationwide, inflation (or trend) for healthcare has been outpacing overall inflation for the past several decades
- Up until 2013, the inflation rate for healthcare was trending at around 9% to 12%, depending on the area of the country
- In Dallas, the inflation on healthcare was trending at around 10%

Costs – Mitigating Trend

- Why do we care about “Mitigating the Trend?”



- Since 2005, the nationwide increase on health care costs has been trending between 9% and 12% per year
- By implementing changes to the health plans, the City has been able to mitigate much of the inflationary pressures on its healthcare costs
- If the City cost had increased by 9% per year (the lower end of the nationwide average), the cost FY12-13 would have been about \$162M

Ways to Mitigate the Trend

- **Make plans consumer driven to help members become more savvy healthcare consumers**
 - Buy generics when possible
 - Do not get multiple tests for the same condition
 - Use the right healthcare provider for the right situation – don't go to the Emergency Room for non-emergent conditions
 - Shop for the best prices when possible
- **Shift costs to employees**
 - Higher deductibles
 - Lower co-insurance
 - Higher out-of-pocket maximums
 - Increased premiums

Ways to Mitigate the Trend

- **Increase in-network utilization** – Prices in network are less expensive than out-of-network services
- **Focus on essential health benefits** – Limit plan coverage for items that are not designated as essential health benefits
- **Direct contracting/Narrow networks**
 - Some large employers are directly contracting with healthcare provider groups
 - Pricing for direct contracts can be better than network prices
- **Accountable Care Organizations (ACOs)**
 - Providers use technology to collaborate across specialties
 - Accountable for 100% of expenditures and care of a defined population of patients
 - Financial incentives are tied to patient outcomes

Ways to Mitigate the Trend

- **Wellness** – Improve the overall health of the population
- **Disease Management** - Ensure members with chronic diseases stay compliant with medications so that they do not have critical, high-cost incidents

What Dallas Has Done to Mitigate Trend

- San Antonio has established a Mayor's Task Force to address high costs in their uniform health plans
- San Antonio's uniformed employees have their own health plan with costs projected at over \$13,000 per uniformed employee per year
 - San Antonio's projected civilian cost is \$7,360 for 2014
- Below is a response to the Task Force from their consultants about Dallas' plan

ATTACHMENT I



Question 8; Has anyone from the City reached out to Dallas to determine what they are doing that results in our civilian costs being 2x theirs and our uniform costs being 5x their costs?

The City of Dallas has lower healthcare costs as they only offer three types of Consumer Driven Health Plans (CDHP), to both civilian and uniform employees. Consumer Driven Health Plans help change behavior and reduce costs when compared to traditional medical plans. The City of Dallas was able to drive changes via increased member cost sharing, in addition to reducing overall utilization through improved member decisions resulting in sustainable lower costs. Effective January 1st, 2013, The City of San Antonio offers civilian employees a Consumer Driven Health Plan as an option. While 2013 had only 409 civilians and 11 retirees enrolled in the City's CDHP plan, initial enrollments for 2014 reflect 1,821 civilian and 26 retirees.

What Dallas has done to mitigate trend

- **Reduced Emergency Room visits**

- Contracted with Concentra so employees on the plan can visit any of their 17 clinics for a low co-pay
 - Did this to reduce ER visits which fell by about 6% from 2012
- Dallas' ER visits are 20% lower than UHC's Book of Business
 - Still have work to do – projected that about half of the ER visits in 2013 could have been redirected to urgent care

- **Developed Robust Wellness Program**

- Reducing body weight by 5% reduces diabetes risk by 58%
- Engaged members cost 22% less than non-engaged members
 - Diabetes - engaged members with diabetes cost 16% less than non-engaged diabetics
 - Obesity - Engaged members with a diagnosis of obesity cost 22% less than non-engaged members with a diagnosis of obesity
 - Still have work to do given the current member demographic statistics and level of engagement

- **Tiered Premiums for Engagement**

- Those who engage pay a lower premium and receive higher HRA allocations

Continuing Efforts

- Strengthen the Wellness program
- Offer “Benefits 101” videos to help employees be better healthcare consumers
- Explore direct contracting options
- Additional education around appropriate use of emergency rooms
- Enhance and promote disease management to help those with chronic diseases better manage their health

2013 WellAware Program

Wellness Program

Target Employee Populations



Not Engaged



Obesity



Diabetes

Not engaging in wellness resulted in 22% higher cost

City of Dallas WellPoints Program

58%

Participants completing health risk assessment

21,447

Individual activities tracked

2,147

Employees who earned all 250 Wellpoints and received \$300 additional HRA allocation and a premium discount

414

Retirees < 65 who took the health assessment

74%

Participants who had well exams

21%

Met biometric targets

5%

Completed online programs

41%

Participated in educational offerings

28%

Participants reaching maximum points



Further Considerations

Affordable Care Act and Plan Changes

Provisions of the Affordable Care Act

Provision	COD Pre-PPACA Policy	COD Current Policy	Date of Change
Preventative care covered at 100%	HRA Plan – 100% Coverage 70/30 Plan – 70% Coverage	100% Preventive Coverage	1/1/13
Cover adult children to age 26	Cover unmarried adult children to age 25	Cover married or unmarried adult children to age 26	1/1/11
No life-time maximum	No life-time maximum	No life-time maximum	N/A
Waiting period cannot exceed 90 days	No waiting period	No waiting period	N/A
Elimination of waiting periods for pre-existing conditions for children	12 month waiting period for pre-existing conditions	Elimination of waiting periods for pre-existing conditions for children Adult – 12 month waiting period for pre-existing conditions (will remove in 2014)	1/1/11
3 rd party appeal process	External appeals performed at City's discretion	External appeals required	1/1/13
Health Flexible Spending Account limited to \$2,500	Health Flexible Spending Accounts limited to \$5,000	Health Flexible Spending Account limited to \$2,500	1/1/13

Affordable Care Act Fees

- **Transitional Reinsurance Fee**

- Establishes three-year transitional reinsurance program that is established under health reform to help stabilize premiums in the individual health insurance market from 2014 to 2016

City of Dallas Implication (All Payable in December)	Transitional Reinsurance (Can be paid by Plan)
Estimated 2014 Annual Fee (due Jan 2015)	\$1,117,330
Estimated 2015 Annual Fee	\$744,886
Estimated 2016 Annual Fee	\$465,199

- **Patient Centered Outcomes Research Institute (PCORI)**

- Examines the “relative health outcomes, clinical effectiveness, and appropriateness” of different medical treatments by evaluating existing studies and conducting its own
- Fee- \$2 per average number of lives covered on the plan (current rate \$41,298)

2015 Plan Changes

- The 70/30 High Plan will not be offered in 2015
- The Affordable Care Act states the out-of-pocket maximums for health plans cannot exceed \$6,350
- The current 70/30 High Plan has separate medical and pharmacy out-of-pocket maximums for a combined out-of-pocket maximum of \$10,000
 - This is not compliant with the Affordable Care Act and will not be permissible in 2015
- Plan options are currently being priced to replace this plan

Upcoming Agenda Items

Service	Current Provider	Contract Terms	Contract Status	Action	Agenda Date
Basic Life Insurance	Standard	3 year contract with 2 one-year renewal options	3 year contract expires 12/31/14	Exercising one-year renewal	April 23, 2014
Plan Administrator	UHC	3 year contract with 2 one-year renewal options	3 year contract expires 12/31/14	Negotiating rates for one-year renewal	TBD
Pharmacy Benefits Manager	CVS/ Caremark	3 year contract with 2 one-year renewal options	3 year contract expires 12/31/14	Negotiating rates for one-year renewal	TBD
Healthcare consultant	Buck	3 year contract with 2 one-year renewal options	First renewal expires on 9/30/2014	RFP will be issued for this service	August, 2014
Voluntary Products	Colonial	3 year contract with 2 one-year renewal options	First renewal expires on 6/30/2014	Evaluations underway	May, 2014

Appendix

City of Dallas and Peer Cities

2013 Plan Design (Averages)

	Dallas	Austin	Corpus Christi	El Paso	Ft. Worth	Houston	San Antonio Civilian	San Antonio Uniform
Deductibles In-Network								
Individual	\$1,500	\$500	\$1,025	\$1,433	\$1,066	\$700	\$850	\$250
Family	\$3,000	\$3,000	\$2,450	\$3,083	\$2,633	\$1,433	\$1,700	\$500
Out of Pocket Max								
Individual	\$6,350	\$5,000	\$1,833	\$6,667	\$3,250	\$3,500	\$2,650	\$550
Family	\$12,700	\$10,000	\$5,416	\$6,000	\$5,708	\$7,000	\$5,300	\$1,500
Monthly Premiums								
Individual	\$53	\$5	\$76	\$178	\$77	\$58	\$63	\$0
Family	\$494	\$486	\$280	\$496	\$598	\$345	\$273	\$0

* Averages used when multiple plans offered

Memorandum



CITY OF DALLAS

DATE April 4, 2014

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Fuel Purchase

The Monday, April 7th, Budget, Finance and Audit Committee agenda will include a briefing on the upcoming fuel purchase.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council
A.C. Gonzalez, City Manager
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Fuel Purchase

Presented to the Budget,
Finance and Audit Committee

April 7, 2014



Objectives

- Provide an overview of the City's fuel master agreement procurement process
- Provide a brief overview of the local preference ordinance
- Review fuel purchase options on April 23rd agenda

Fuel Procurement Information

- City has eight multi-pump primary fuel islands and 85 smaller fuel distribution sites (fire stations, service centers, etc.)
- Fuel supports a fleet of over 6,400 units in delivery of City services
- Total projected 3-year usage is 19,246,500 gallons
- Fuel is priced utilizing a +/- adder to Platts' indices
 - Daily index and the recommended bidder is paid this adder per gallon of fuel purchased (ranges from \$0.0688-\$0.1425 depending on type of fuel and quantity delivered)
- The fuel solicitation was categorized in eight separate groups by type of fuel and delivery

Fuel Procurement Information

- City is required to pay a number of state and federal fees and taxes
 - State tax \$0.20/gal
 - Refinery LUST Fee of \$0.001/gal
Leaking Underground Storage Tank (LUST)
 - Federal Oil Spill Fee \$0.001905/gal
 - State Delivery Fee \$2.75-\$11/delivery
Fee varies based on size of delivery truck
- Fees and taxes are passed through as fixed costs
- City has a separate fixed price contract for compressed natural gas (CNG)

Current Fuel Solicitation Results

9 bids received on January 30, 2014, 2 eligible for Local Preference and 2 tie bids

	Local Preference – Option 1	Low Bid – Option 2
Fuel Cost	\$58,035,020.93	\$58,035,020.93
Taxes and Fees	\$3,568,789.16	\$3,568,789.16
Mark Up	\$1,736,487.00	\$1,687,182.00
Total	\$63,340,297.09	\$63,290,992.09

Difference \$49,305.00

Local Preference Overview

City Council adopted a local preference ordinance on June 27, 2012

- Requires the staff to present, for Council approval, bids submitted by local businesses
- Provides:
 - An opportunity to encourage local companies to do business with the City
 - Increased competition
 - Stronger economy for Dallas residents and businesses
- Potential economic benefits created by the contract award including employment of residents of the City and/or increased tax revenues to the City

Local Preference summary

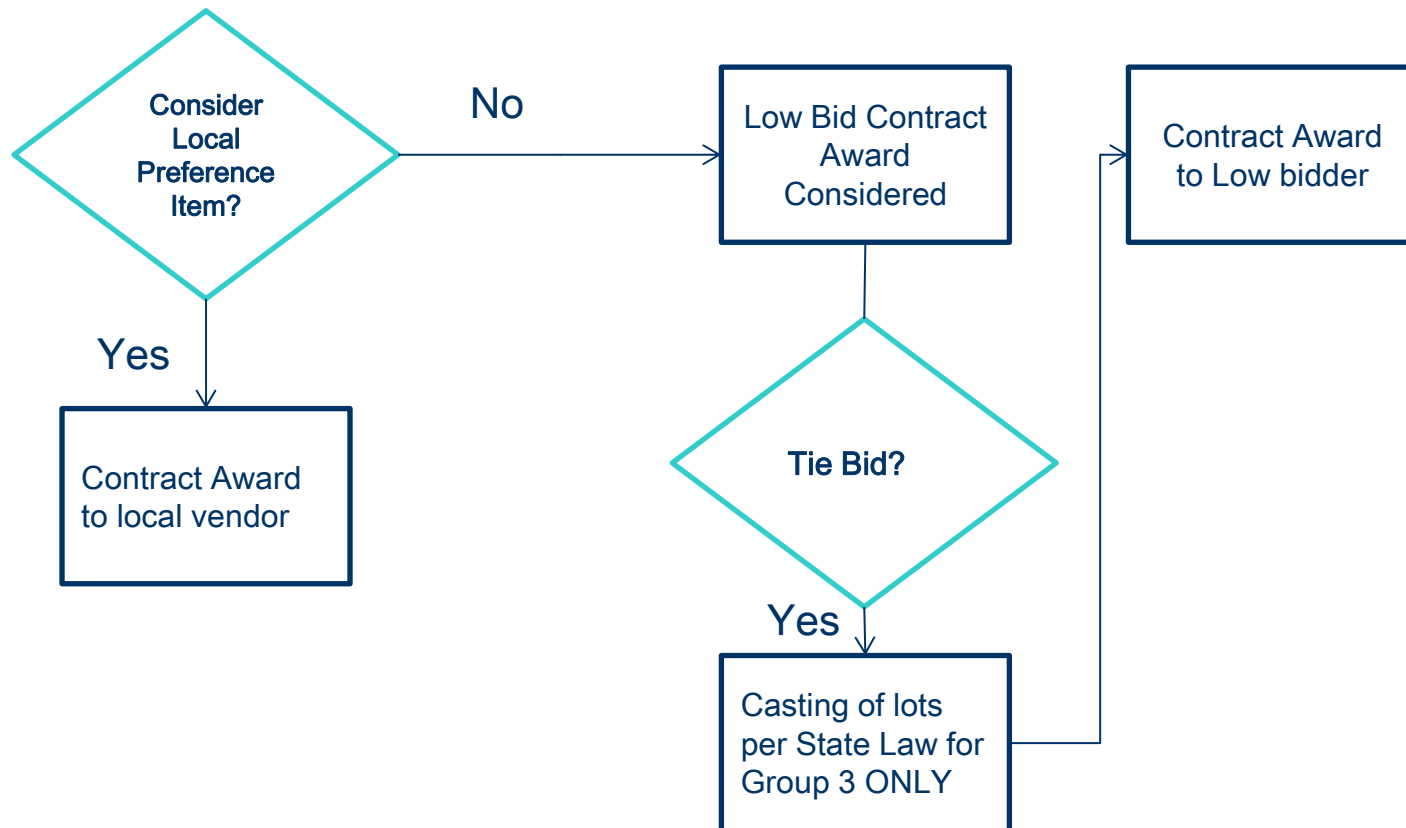
Contract Amount Only <u>Low Bid</u> Contracts	Goods	General Services	Construction Services and Facility Construction
\$0 - \$50,000	No preference	No preference	No preference
\$50,001 - to under \$100,000	5% preference	5% preference	5% preference
\$100,000 – to under \$500,000	5% preference	5% preference	No preference
\$500,000 plus	3% preference*	No preference	No preference

*Highlighted preference applies to this procurement

City Council Options

- On April 23, 2014, Council will be asked to authorize a three-year master agreement, with two one-year renewal options, for the purchase of unleaded and diesel fuels
- Two agenda items will be presented for consideration:
 - First agenda item will be for the consideration of awarding the **low bids** for all groups except 1 and 3, and award of the **local preference** bids for groups 1 and 3 - \$63,340,297 (Appendix)
 - Second agenda item will recommend the award of **low bids** for all groups with tie bids on group 3 - \$63,290,992 (Appendix)
 - Only one resolution will be approved

Fuel Procurement Decision Tree





COUNCIL OPTION 1 LOCAL PREFERENCE

Local Preference - Group 1 - Bid Tabulation – Is bid within 3% of non-local bidder?

Group 1 – Unleaded Gasoline (Tanker)					
<i>Bidder</i>	<i>Local Vendor</i>	<i>Base Bid</i>	<i>Local adjustment</i> <i>(Bid + 3%)</i>	<i>Adjusted Bid Price</i>	<i>Award Bid Price</i>
Hartland Fuel Products, LLC	No	\$23,437,729.50	\$703,131.89	\$24,140,861.39	
Truman Arnold Companies, dba TAC Energy	Yes	\$23,480,209.50	0	\$23,480,209.50	\$23,480,209.50 <i>(.18% or \$42,480 more than low bidder)</i>



Local Preference - Group 3 - Bid Tabulation – Is bid within 3% of non-local bidder?

Group 3 – Texas Low Emission Diesel Fuel (Tanker)					
<i>Bidder</i>	<i>Local Vendor</i>	<i>Base Bid</i>	<i>Local adjustment (Bid + 3%)</i>	<i>Adjusted Bid Price</i>	<i>Award Bid Price</i>
*Martin Eagle Oil Company	No	\$17,422,055.25	\$522,661.66	\$17,944,716.91	
*Mansfield Oil Company of Gainesville	No	\$17,422,055.25	\$522,661.66	\$17,944,716.91	
Truman Arnold Companies, dba TAC Energy	Yes	\$17,428,880.25	0	\$17,428,880.25	\$17,428,880.25 (.04% or \$6,825 more than low bidder)



*Martin Eagle Oil Company and Mansfield Oil Company of Gainesville are tied as the lowest responsive bidder.

Summary of Local Preference By Group

	Local Preference Agenda Item	
Group	Recommended Bidder	Value
1*	Truman Arnold Companies, dba TAC Energy	\$23,480,209.50
2	Mansfield Oil Company of Gainesville	\$2,891,002.95
3*	Truman Arnold Companies, dba TAC Energy	\$17,428,880.25
4	Douglass Distributing	\$5,079,832.50
5	Martin Eagle Oil Company	\$9,518,685.92
6	Martin Eagle Oil Company	\$610,994.96
7	Douglass Distributing	\$4,287,353.25
8	Douglass Distributing	\$43,337.76
Total		\$63,340,297.09

*Note: Groups 1 & 3 are Local Preference, remaining groups are low bid

Local Preference Bidder

- Local Preference applies on two of the eight groups
- Truman Arnold Companies dba TAC Energy has completed the required affidavit indicating they meet the applicable requirements within the ordinance
 - Principal place of business located in Dallas, Texas
 - Currently has 33 employees at its Dallas location and plans to hire one new employee and retain two employees to supply motor fuels, provide logistics, transportation and order processing in relation to this City agreement



COUNCIL OPTION 2 LOW BID AWARD

Low Bid

- Low bidders are being recommended for 7 of the 8 groups
- Received a tie bid for one group which requires the following action outlined by State statutes:
 - Casting of lots to identify the recommended vendor resulting from the bids
 - Casting must be in the presence of the governing body of the municipality

Summary of Low Bid By Group

	Low bid	
Group	Recommended Bidder	Value
1	Hartland Fuel Products, LLC	\$ 23,437,729.50
2	Mansfield Oil Company of Gainesville	\$ 2,891,002.95
3*	Martin Eagle Oil Company	\$ 17,422,055.25
3*	Mansfield Oil Company of Gainesville	\$ 17,422,055.25
4	Douglass Distributing	\$ 5,079,832.50
5	Martin Eagle Oil Company	\$ 9,518,685.92
6	Martin Eagle Oil Company	\$ 610,994.96
7	Douglass Distributing	\$ 4,287,353.25
8	Douglass Distributing	\$ 43,337.76
Total		\$ 63,290,992.09
*Tie Bid		



Questions?

Appendix

- Attachment I- Tie Bids Draft Agenda Item
- Attachment II- Local Preference Draft Agenda Item

KEY FOCUS AREA: Efficient, Effective and Economical Government

AGENDA DATE: April 23, 2014

COUNCIL DISTRICT(S): All

DEPARTMENT: Business Development & Procurement Services
Equipment & Building Services

CMO: Jeanne Chipperfield, 670-7804
Forest E. Turner, 670-3390

MAPSCO: N/A

SUBJECT

Authorize a three-year master agreement, with two one-year renewal options, for the purchase of unleaded and diesel fuels based on Platts index rates – Hartland Fuel Products, LLC in the amount of \$23,437,730, W. Douglass Distributing, LTD. in the amount of \$9,410,523, Martin Eagle Oil Company, Inc. in the amount of \$10,129,681 or \$27,551,736 (**Tie Bids - Group 3**) and Mansfield Oil Company of Gainesville, Inc. in the amount of \$2,891,003 or \$20,313,058 (**Tie Bids - Group 3**), lowest responsible bidders of nine - Total not to exceed \$63,290,992 - Financing: Current Funds (subject to annual appropriations)

BACKGROUND

This action does not encumber funds; the purpose of a master agreement is to establish firm pricing for goods, for a specific term, which are ordered on an as needed basis.

This master agreement will allow the City to purchase multiple types of unleaded and diesel fuels for the City's fleet including unleaded, Texas low-emission diesel, bio-diesel, super unleaded 93 octane and red dye diesel. All fuel under this agreement is priced utilizing a +/- adder to Platts' indices.

Platts' indices showing current fuel prices are generated and published for specific areas of the country on a daily basis. The pricing service is internationally recognized as an accurate and comprehensive index for establishing fuel prices.

**BACKGROUND (Continued)**

The City's projected demand for the three-year agreement is approximately 19,246,500 gallons. Fuel is distributed to approximately 100 City sites including eight fuel islands, fire stations, sanitation locations and pump stations.

This agreement will allow for the purchase of the following fuel types:

- Unleaded fuel used for cars, squad vehicles, pickup trucks
- Super unleaded fuel used for police motorcycles
- Diesel fuel used for fire equipment and some heavy duty vehicles
- Bio-diesel fuel used for sanitation fleet and other heavy duty vehicles
- Red Dye diesel used for off-road vehicles used at the landfill

This action will also require the casting of lots to identify the recommended vendor resulting from tie bids on group 3. This process is being executed in accordance with Texas Local Government Code, Section 271.901. This section of the Texas Local Government Code states, in part:

- The municipality must select identical bids by the casting of lots
- The casting of lots must be in the presence of the governing body of the municipality
- If one of the bidders submitting an identical bid is a resident of the municipality, the municipality must select that bidder

This particular solicitation resulted in identical bids for group 3 from vendors located outside the city limits.

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services (BDPS) used its procurement system to send out 582 email bid notifications to vendors registered under respective commodities. To further increase competition, BDPS uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, notifications were sent by the BDPS' ResourceLINK Team (RLT) to 25 chambers of commerce, the DFW Minority Business Council and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On December 12, 2012, City Council authorized an increase to the master agreement for unleaded and diesel fuels based on Oil Pricing Information Service (previously referred to as Oil Pricing Index Service) rates by Resolution No. 12-3049.

On May 1, 2013, City Council authorized a one-year master agreement for unleaded and diesel fuels based on Platts index rates by Resolution No. 13-0765.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS) (Continued)**

On April 7, 2014, this item was briefed to the Budget, Finance, and Audit Committee.

FISCAL INFORMATION

\$63,290,992.09 - Current Funds (subject to annual appropriations)

M/WBE INFORMATION

133 - Vendors contacted
 133 - No response
 0 - Response (Bid)
 0 - Response (No bid)
 0 - Successful

582 M/WBE and Non-M/WBE vendors were contacted

The recommended awardees have fulfilled the requirements set forth in the Business Inclusion and Development (BID) Plan adopted by Council Resolution No. 08-2826 as amended.

ETHNIC COMPOSITION**Hartland Fuel Products, LLC**

White Male	55	White Female	32
Black Male	0	Black Female	0
Hispanic Male	0	Hispanic Female	3
Other Male	3	Other Female	3

W. Douglass Distributing, LTD.

White Male	72	White Female	33
Black Male	1	Black Female	2
Hispanic Male	2	Hispanic Female	1
Other Male	1	Other Female	1

Martin Eagle Oil Company, Inc.

White Male	14	White Female	7
Black Male	1	Black Female	0
Hispanic Male	5	Hispanic Female	2
Other Male	0	Other Female	0

**ETHNIC COMPOSITION (Continued)****Mansfield Oil Company of Gainesville, Inc.**

White Male	226	White Female	190
Black Male	23	Black Female	21
Hispanic Male	15	Hispanic Female	7
Other Male	8	Other Female	10

BID INFORMATION

The following bids were received from solicitation number BD1402 and were opened on January 30, 2014. This master agreement/service contract will be awarded to the lowest responsive and responsible bidders by group. Information related to this solicitation is available upon request.

*Denotes successful bidders

<u>Bidders</u>	<u>Address</u>	<u>Amount of Bid</u>
*Hartland Fuel Products, LLC	920 10 th Avenue N. Onalaska, WI 54650	Multiple Groups
*W. Douglass Distributing, LTD.	325 E. Forest Ave. Sherman, TX 75090	Multiple Groups
*Martin Eagle Oil Company, Inc.	2700 James St. Denton, TX 76205	Multiple Groups
*Mansfield Oil Company of Gainesville, Inc.	1025 Airport Parkway SW Gainesville, GA 30501	Multiple Groups
Truman Arnold Companies dba TAC Energy	100 Crescent Ct. Suite 1600 Dallas, TX 75201	Multiple Groups
Southern Counties Oil Co., a CA Limited Partnership dba SC Fuels	1800 W. Katella Ave. Suite 400 Orange, CA 92867	Multiple Groups



BID INFORMATION (Continued)

<u>Bidders</u>	<u>Address</u>	<u>Amount of Bid</u>
Lykins Oil Company	5163 Wolfpen-Pleasant Hill Rd. Milford, OH 45150	Multiple Groups
RKA Petroleum Companies, Inc.	28340 Wick Rd. Romulus, MI 48174	Multiple Groups
Petroleum Traders Corporation	7120 Pointe Inverness Way Fort Wayne, IN 46804	Multiple Groups

OWNERS

Hartland Fuel Products, LLC

Ken Simpson, President
Jeff Mackeben, Vice President
Bob Mathy, Secretary

W. Douglass Distributing, LTD.

Brad Douglass, President
Diane McCarty, Secretary

Martin Eagle Oil Company, Inc.

Stephen L. Martin, Vice President
Gary L. Martin, Vice President

Mansfield Oil Company of Gainesville, Inc.

Dough Haugh, President
J. Alexander, Vice President
John Byrd, Secretary

April 23, 2014

WHEREAS, on December 12, 2012, City Council authorized an increase to the master agreement for unleaded and diesel fuels based on Oil Pricing Information Service (previously referred to as Oil Pricing Index Service) rates by Resolution No. 12-3049; and,

WHEREAS, on May 1, 2013, City Council authorized a one-year master agreement for unleaded and diesel fuels based on Platts index rates by Resolution No. 13-0765;

NOW, THEREFORE,

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

Section 1. That a master agreement for the purchase of unleaded and diesel fuels based on Platts index rates is authorized with Hartland Fuel Products, LLC (VS0000082851) in the amount of \$23,437,729.50, W. Douglass Distributing, LTD. (VS0000008853) in the amount of \$9,410,523.51, Martin Eagle Oil Company, Inc. (VS0000038576) in the amount of \$10,129,680.88 or \$27,551,736.13 (**Tie Bids - Group 3**) and Mansfield Oil Company of Gainesville, Inc. (VS0000041706) in the amount of \$2,891,002.95 or \$20,313,058.20 (**Tie Bids - Group 3**) for a term of three years, with two one-year renewal options, in an amount not to exceed \$63,290,992.09.

Section 2. That the Purchasing Agent is authorized, upon appropriate request and documented need by a user department, to issue a purchase order for unleaded and diesel fuels based on Platts index rates. If a written contract is required or requested for any or all purchases of unleaded and diesel fuels based on Platts index rates under the master agreement instead of individual purchase orders, the City Manager is authorized to execute the contract upon approval as to form by the City Attorney.

Section 3. That the City Controller is authorized to disburse funds in an amount not to exceed \$63,290,992.09.

Section 4. 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.

KEY FOCUS AREA: Efficient, Effective and Economical Government

AGENDA DATE: April 23, 2014

COUNCIL DISTRICT(S): All

DEPARTMENT: Business Development & Procurement Services
Equipment & Building Services

CMO: Jeanne Chipperfield, 670-7804
Forest E. Turner, 670-3390

MAPSCO: N/A

SUBJECT

Authorize a three-year master agreement, with two one-year renewal options, for the purchase of unleaded and diesel fuels based on Platts index rates – W. Douglass Distributing, LTD. in the amount of \$9,410,523, Martin Eagle Oil Company, Inc. in the amount of \$10,129,681 and Mansfield Oil Company of Gainesville, Inc. in the amount of \$2,891,003, lowest responsible bidders of nine and Truman Arnold Companies dba TAC Energy in the amount of \$40,909,090, local preference bidder - Total not to exceed \$63,340,297 - Financing: Current Funds (subject to annual appropriations)

BACKGROUND

This action does not encumber funds; the purpose of a master agreement is to establish firm pricing for goods, for a specific term, which are ordered on an as needed basis.

This master agreement will allow the City to purchase multiple types of unleaded and diesel fuels for the City's fleet including unleaded, Texas low-emission diesel, bio-diesel, super unleaded 93 octane and red dye diesel. All fuel under this agreement is priced utilizing a +/- adder to Platts' indices.

Platts' indices showing current fuel prices are generated and published for specific areas of the country on a daily basis. The pricing service is internationally recognized as an accurate and comprehensive index for establishing fuel prices.

The City's projected demand for the three-year agreement is approximately 19,246,500 gallons. Fuel is distributed to approximately 100 City sites including eight fuel islands, fire stations, sanitation locations and pump stations.

BACKGROUND (Continued)

This agreement will allow for the purchase of the following fuel types:

- Unleaded fuel used for cars, squad vehicles, pickup trucks
- Super unleaded fuel used for police motorcycles
- Diesel fuel used for fire equipment and some heavy duty vehicles
- Bio-diesel fuel used for sanitation fleet and other heavy duty vehicles
- Red Dye diesel used for off-road vehicles used at the landfill

On June 27, 2012, City Council authorized an ordinance amending Chapter 2 of the City Code to provide that a preference may be given to local businesses in awarding City contracts under certain circumstances. A business interested in being considered for local preference in a bid award shall complete, sign, and submit the local preference affidavit with their bid. Only a business meeting the local preference requirements may be considered. When using the local preference option, Council must determine that awarding the contract to a local business offers the most advantageous combination of contract price and additional economic development benefits for the City.

Truman Arnold Companies dba TAC Energy, the incumbent, with their principal place of business located in Dallas, TX, is being recommended for two groups based on the local preference ordinance. Truman Arnold Companies dba TAC Energy submitted the local preference affidavit with their bid confirming that the business meets all of the requirements for being granted a local preference. Truman Arnold Companies dba TAC Energy currently has 33 employees at their Dallas location and plans to hire one new employee and retain 2 employees to supply motor fuels, provide logistics, transportation and order processing in relation to this City agreement.

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services (BDPS) used its procurement system to send out 582 email bid notifications to vendors registered under respective commodities. To further increase competition, BDPS uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, notifications were sent by the BDPS' ResourceLINK Team (RLT) to 25 chambers of commerce, the DFW Minority Business Council and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 6, 2012, City Council was briefed on Local Preference/Contract Limits for Competitive Bidding, Claim Settlement Authority and Council Approval.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS) (Continued)**

On June 27, 2012, City Council authorized an ordinance amending Chapter 2 of the Dallas City Code to: (1) provide that a preference may be given to local businesses in awarding City contracts under certain circumstances; (2) raise the thresholds on when City contracts must be competitively bid or approved by the City Council as authorized by state law; and (3) raise the thresholds on when settlements of claims against the City must be approved by the City Council by Resolution No. 12-1711.

On December 12, 2012, City Council authorized an increase to the master agreement for unleaded and diesel fuels based on Oil Pricing Information Service (previously referred to as Oil Pricing Index Service) rates by Resolution No. 12-3049.

On May 1, 2013, City Council authorized a one-year master agreement for unleaded and diesel fuels based on Platts index rates by Resolution No. 13-0765.

On April 7, 2014, this item was briefed to the Budget, Finance, and Audit Committee.

FISCAL INFORMATION

\$63,340,297.09 - Current Funds (subject to annual appropriations)

M/WBE INFORMATION

133 - Vendors contacted
 133 - No response
 0 - Response (Bid)
 0 - Response (No bid)
 0 - Successful

582 M/WBE and Non-M/WBE vendors were contacted

The recommended awardees have fulfilled the requirements set forth in the Business Inclusion and Development (BID) Plan adopted by Council Resolution No. 08-2826 as amended.

ETHNIC COMPOSITION**W. Douglass Distributing, LTD.**

White Male	72	White Female	33
Black Male	1	Black Female	2
Hispanic Male	2	Hispanic Female	1
Other Male	1	Other Female	1

ETHNIC COMPOSITION (Continued)
Martin Eagle Oil Company, Inc.

White Male	14	White Female	17
Black Male	1	Black Female	0
Hispanic Male	5	Hispanic Female	2
Other Male	0	Other Female	0

Mansfield Oil Company of Gainesville, Inc.

White Male	226	White Female	190
Black Male	23	Black Female	21
Hispanic Male	15	Hispanic Female	7
Other Male	8	Other Female	10

Truman Arnold Companies dba TAC Energy

White Male	263	White Female	117
Black Male	25	Black Female	24
Hispanic Male	9	Hispanic Female	9
Other Male	6	Other Female	4

BID INFORMATION

The following bids were received from solicitation number BD1402 and were opened on January 30, 2014. This master agreement will be awarded to the lowest responsive and responsible bidders by group. Information related to this solicitation is available upon request.

*Denotes successful bidders

<u>Bidders</u>	<u>Address</u>	<u>Amount of Bid</u>
*W. Douglass Distributing LTD.	325 E. Forest Ave. Sherman, TX 75090	Multiple Groups
*Martin Eagle Oil Company, Inc.	2700 James St. Denton, TX 76205	Multiple Groups
*Mansfield Oil Company of Gainesville, Inc.	1025 Airport Parkway SW Gainesville, GA 30501	Multiple Groups
*Truman Arnold Companies dba TAC Energy	100 Crescent Ct. Suite 1600 Dallas, TX 75201	Multiple Groups**

**BID INFORMATION (Continued)**

<u>Bidders</u>	<u>Address</u>	<u>Amount of Bid</u>
Hartland Fuel Products, LLC	920 10 th Avenue N. Onalaska, WI 54650	Multiple Groups
Southern Counties Oil Co., a CA Limited Partnership dba SC Fuels	1800 W. Katella Ave. Suite 400 Orange, CA 92867	Multiple Groups
Lykins Oil Company	5163 Wolfpen-Pleasant Hill Rd. Milford, OH 45150	Multiple Groups
RKA Petroleum Companies, Inc.	28340 Wick Rd. Romulus, MI 48174	Multiple Groups
Petroleum Traders Corporation	7120 Pointe Inverness Way Fort Wayne, IN 46804	Multiple Groups

**Truman Arnold Companies dba TAC Energy is recommended for award on Groups 1 and 3 based on local preference. This award by local preference will result in an increase of \$49,305 in comparison to the lowest bidders.

OWNERS**W. Douglass Distributing, LTD.**

Brad Douglass, President
Diane McCarty, Secretary

Martin Eagle Oil Company, Inc.

Stephen L. Martin, Vice President
Gary L. Martin, Vice President

Mansfield Oil Company of Gainesville, Inc.

Dough Haugh, President
J. Alexander, Vice President
John Byrd, Secretary

Truman Arnold Companies dba TAC Energy

Greg Arnold, President
Fred Sloan, Vice President



BUSINESS INCLUSION AND DEVELOPMENT PLAN SUMMARY

PROJECT: Authorize a three-year master agreement, with two one-year renewal options, for the purchase of unleaded and diesel fuels based on Platts index rates – W. Douglass Distributing, LTD. in the amount of \$9,410,523, Martin Eagle Oil Company, Inc. in the amount of \$10,129,681 and Mansfield Oil Company of Gainesville, Inc. in the amount of \$2,891,003, lowest responsible bidders of nine and Truman Arnold Companies dba TAC Energy in the amount of \$40,909,090, local preference bidder - Total not to exceed \$63,340,297 - Financing: Current Funds (subject to annual appropriations)

Truman Arnold Companies dba TAC Energy is a local, non-minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use the following subcontractors. W. Douglass Distributing, LTD., is a non-local, non-minority firm have signed the "Business Inclusion & Development" documentation, and propose to use their own workforces. Martin Eagle Oil Company, Inc. and Mansfield Oil Company of Gainesville, Inc., are a non-local, non-minority firms have signed the "Business Inclusion & Development" documentation, and proposes to use the following subcontractors.

PROJECT CATEGORY: Goods

LOCAL/NON-LOCAL CONTRACT SUMMARY

	<u>Amount</u>	<u>Percent</u>
Total local contracts	\$40,645,059.98	64.17%
Total non-local contracts	\$22,695,237.11	35.83%
TOTAL CONTRACT	\$63,340,297.09	100.00%

LOCAL/NON-LOCAL M/WBE PARTICIPATION

Local Contractors / Sub-Contractors

None

Non-Local Contractors / Sub-Contractors

<u>Non-local</u>	<u>Certification</u>	<u>Amount</u>	<u>Percent</u>
Ricochet Fuel Distributors, Inc.	WFWB59997Y0115	\$2,343,723.08	10.33%
Lucky Lady Oil	WFWB60332Y0215	\$264,029.78	1.16%
Total Minority - Non-local		\$2,607,752.86	11.49%

TOTAL M/WBE CONTRACT PARTICIPATION

	<u>Local</u>	<u>Percent</u>	<u>Local & Non-Local</u>	<u>Percent</u>
African American	\$0.00	0.00%	\$0.00	0.00%



Hispanic American	\$0.00	0.00%	\$0.00	0.00%
Asian American	\$0.00	0.00%	\$0.00	0.00%
Native American	\$0.00	0.00%	\$0.00	0.00%
WBE	\$0.00	0.00%	\$2,607,752.86	4.12%
Total	<u>\$0.00</u>	<u>0.00%</u>	<u>\$2,607,752.86</u>	<u>4.12%</u>

April 23, 2014

WHEREAS, on June 27, 2012, City Council authorized an ordinance amending Chapter 2 of the Dallas City Code to: (1) provide that a preference may be given to local businesses in awarding City contracts under certain circumstances; (2) raise the thresholds on when City contracts must be competitively bid or approved by the City Council as authorized by state law; and (3) raise the thresholds on when settlements of claims against the City must be approved by the City Council by Resolution No. 12-1711; and,

WHEREAS, on December 12, 2012, City Council authorized an increase to the master agreement for unleaded and diesel fuels based on Oil Pricing Information Service (previously referred to as Oil Pricing Index Service) rates by Resolution No. 12-3049; and,

WHEREAS, on May 1, 2013, City Council authorized a one-year master agreement for unleaded and diesel fuels based on Platts index rates by Resolution No. 13-076;

NOW, THEREFORE,

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

Section 1. That City Council determines that awarding a portion of this master agreement to Truman Arnold Companies dba TAC Energy (343033), a local business, offers the best combination of contract price and additional economic development benefits for the City created by the contract award, including employment of the residents of the City and/or increased tax revenue to the City.

Section 2. That a master agreement for the purchase of unleaded and diesel fuels based on Platts index rates is authorized with Truman Arnold Companies dba TAC Energy (343033) in the amount of \$40,909,089.75, W. Douglass Distributing, LTD. (VS0000008853) in the amount of \$9,410,523.51, Martin Eagle Oil Company, Inc. (VS0000038576) in the amount of \$10,129,680.88 and Mansfield Oil Company of Gainesville, Inc. (VS0000041706) in the amount of \$2,891,002.95 for a term of three years, with two one-year renewals, in an amount not to exceed \$63,340,297.09.

Section 3. That the Purchasing Agent is authorized, upon appropriate request and documented need by a user department, to issue a purchase order for unleaded and diesel fuels based on Platts index rates. If a written contract is required or requested for any or all purchases of unleaded and diesel fuels based on Platts index rates under the master agreement instead of individual purchase orders, the City Manager is authorized to execute the contract upon approval as to form by the City Attorney.



April 23, 2014

Section 4. That the City Controller is authorized to disburse funds in an amount not to exceed \$63,340,297.09.

Section 5. 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 April 4, 2014

TO Budget, Finance and Audit Committee: Jerry R. Allen (Chair), Jennifer S. Gates (Vice Chair),
Tennell Atkins (Mayor Pro Tem), Sheffie Kadane, and Philip T. Kingston

SUBJECT Real Estate Task Force

On Monday, March 3, you received a briefing on "Property Appraisal Procedures." As part of that briefing, staff recommended that a Real Estate Task Force be appointed to review the City's appraisal practices.

On Monday, April 7, staff will return to the committee to briefly present recommended membership on the Real Estate Task Force for your approval and a time line for the work to be performed. See Page 2 of this memorandum for additional details.

Please feel free to contact me or David Cossum should you have any questions.

A handwritten signature in black ink that reads "Theresa O'Donnell". The signature is written in a cursive, flowing style.

Theresa O'Donnell
Interim Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M. S. Ernst, City Attorney
Rosa A. Rios, City Secretary
Judge Daniel Solis, Administrative Judge
Craig D. Kinton, City Auditor
Ryan S. Evans, Interim First Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager

**PROPOSED REAL ESTATE TASK FORCE
2013-2014**

Purpose:

Review City Code requirements, policies and procedures relating to acquisition of independent appraisals for two purposes:

1. Acquisition of property for public purpose, and
2. Sale of surplus property

Task Force Members:

Staff is proposing a list of task force members for the committee to approve consisting of the following representation:

1. One representative from Dallas Central Appraisal District
2. Two property appraisers
3. Four consumers of appraisal reports (e.g., development community, title company, realtors)

Suggested Time Frame (4 - 5 months):

April	City Council Budget, Finance and Audit Committee approve task force representation
April - May	First task force meeting to finalize scope of work and meeting schedule
August – Sept.	Task force recommendations presented to Budget, Finance and Audit Committee

Memorandum



CITY OF DALLAS

DATE April 4, 2014

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Water and Sewer Line Warranty Programs

The Monday, April 7th Budget, Finance and Audit Committee agenda will include a briefing on Water and Sewer Line Warranty Programs.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, Interim First Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager

Water and Sewer Line Warranty Programs

Budget, Finance, and Audit Committee

April 7, 2014



Purpose

- Discuss a potential general fund revenue opportunity
 - Water and Sewer Line Warranty Programs
- Seek guidance from the Budget, Finance, and Audit Committee (BFA)

Policy Recommendation

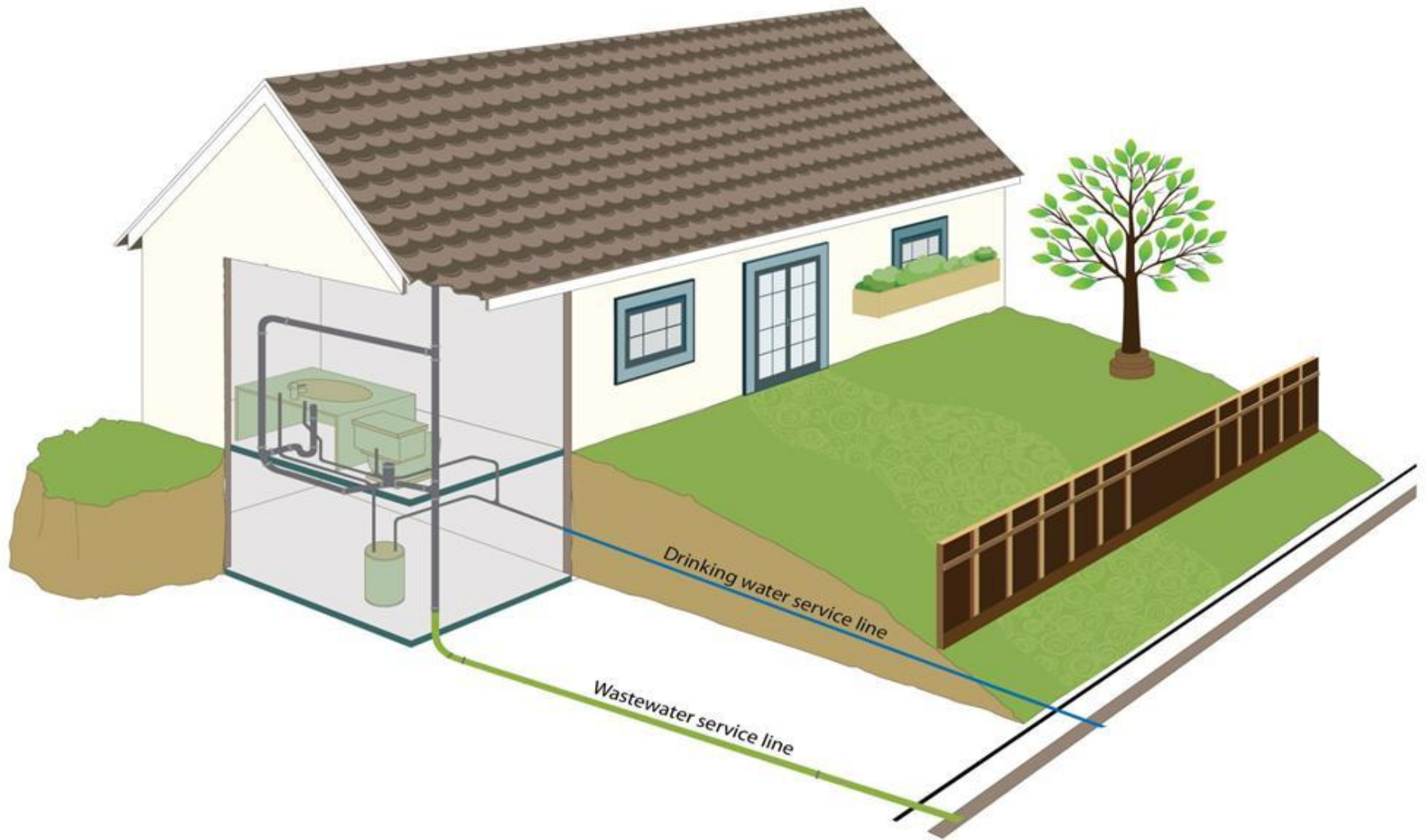
- Is City of Dallas interested in additional opportunities that generate revenue for City?
 - Some private entities may find value in using City name/logo in their marketing efforts
 - Some private entities may find value in advertising through City (such as naming a facility)
- Question to BFA:
 - Does committee recommend staff pursue these opportunities to potentially generate revenue?

New Opportunity

- City has been approached by National League of Cities and warranty providers about a Public-Private Partnership for a water and sewer line homeowner warranty program
- In exchange for using City's name/logo in warranty provider's awareness campaign to Dallas homeowners, City would receive royalty payment for every warranty sold by private company to Dallas homeowners

New Opportunity

- Lateral water and sewer lines run across homeowner property and connect home with City's water and sewer system
 - Lines are not responsibility of City
 - Lines are responsibility of homeowner and may not be covered by homeowner's insurance
- Currently, private companies provide warranties or property insurance to property owners to cover cost of repairs if ever needed
 - Cost of repairs could be \$4,000 or more
 - Cost for both water and sewer coverage is about \$150 per year
- Some warranty providers have expressed interest in partnering with City
 - Allowing warranty provider to use name/logo of City in their awareness campaign and marketing materials could result in royalty payment (revenue) to City
 - Estimated revenue to City could range from \$220K to \$300K per year



Lateral water and sewer lines are not the responsibility of City. These lines are the responsibility of homeowner and may not be covered by homeowner's insurance.

New Opportunity

PROS

- City generates revenue stream
- No liability for City
- All advertising, billing, repairs, customer service, etc. are responsibility of selected warranty provider
- Offer homeowner warranty option to cover cost of water and sewer lateral lines
- Voluntary and optional for homeowners
- Program available to every homeowner in city
- Month to month contract for homeowner
- 24/7/365 customer service
- All repairs performed to local code
- Repairs will be made by local plumbing vendors

CONS

- Negative public perception for allowing use of City name/logo by selected private enterprise
- Risk of damaging City's reputation and possible negative media coverage if there are problems with selected warranty provider
- Participating homeowners may think that City is involved with service delivery if City name/logo used in awareness and marketing materials
 - Could increase 311 call volume
 - 311 and/or DWU would have to respond to questions about warranty program, invoices, policy cancellation, work requests, complaints, etc.

NLC and NCTCOG Endorsements

- Both the National League of Cities and the North Central Texas Council of Governments vetted and endorsed a water and sewer line homeowner warranty provider
 - Utility Service Partners

Several Participating Cities

Many cities have approved water and sewer homeowner warranty programs, including:

Plano, TX

Lewisville, TX

Santa Fe, NM

Phoenix, AZ

Las Vegas, NV

Abilene, TX

San Diego, CA

Mesa, AZ

Midland, TX

Atlanta, GA

Dayton, OH

Odessa, TX

Kansas City, MO

North Las Vegas, NV

Fort Lauderdale, FL

Madison, WI

Englewood, CO

Harrisburg, PA

Lawton, OK

Stillwater, OK

Little Elm, TX

Duncanville, TX

DeSoto, TX

Lancaster, TX

Moore, OK

Waxahachie, TX

Hurst, TX

Daly City, CA

North Little Rock, AR

North Chicago, IL

Next Steps

- Obtain policy guidance from BFA regarding this type of revenue opportunity
- If directed by committee, pursue water and sewer line homeowner warranty program and bring recommendation to full council for consideration/approval
- If directed by committee, pursue other similar opportunities and bring each recommendation to full council for consideration/approval
- Include new revenue in FY 2014-15 general fund budget

Memorandum



CITY OF DALLAS

DATE April 4, 2014
TO The Honorable Mayor and Members of the City Council
SUBJECT Financial Forecast Report

The FY 2013-14 Financial Forecast Report based on information through February 2014 is attached and provided for your information. This report reflects an amended General Fund budget based on Council's approved use of contingency reserve funds by CR# 13-1995 on November 12, 2013.

For FY 2013-14, General Fund revenues are projected to be \$4,312,000 above budget and expenditures are projected to be \$2,223,000 above budget. This results in forecast revenues being in excess of forecast expenditures by \$2,089,000.

We will continue to closely monitor revenues and expenditures and keep you informed.



A.C. Gonzalez
City Manager

Attachment

c: Ryan S. Evans, Interim First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O' Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Jack Ireland, Director, Office of Financial Services

**GENERAL FUND
COMPARISON OF FY 2013-14 REVENUES AND EXPENDITURES
AS OF FEBRUARY 28, 2014
(000s)**

<u>ITEM</u>	<u>BUDGET</u>	<u>YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Revenues	\$1,120,748	\$679,641	\$1,125,060	\$4,312
Expenditures	\$1,120,748	\$446,383	\$1,122,971	\$2,223
Net Excess of Revenues Over Expenditures/Transfers	<u>\$0</u>	<u>\$233,258</u>	<u>\$2,089</u>	<u>\$2,089</u>

FINANCIAL FORECAST REPORT
FY 2013-14
AS OF FEBRUARY 28, 2014

GENERAL FUND

Revenues

- Total General Fund revenues are estimated to be \$4,312,000 above budget.
 - Parking Fines is projected to be \$528,000 below budget due to lower ticket issuance as a result of fewer cars parking downtown because of construction and increased use of public transportation.
 - Library revenue is projected to be \$33,000 below budget due to an increase in the usage of e-materials. Fines and late fees are not collected on e-materials as they are electronically recalled on the due date.
 - Vital Statistics revenue is projected to be \$145,000 below budget due to a decrease in sales of birth certificates.
 - Other Charges for Service revenue is projected to be \$999,000 above budget primarily due to an increase in the number of fire re-inspections, additional events at the Majestic and City Performance Hall, and additional revenue related to the Extended Neighborhood Patrol program.

Expenditures

- Total General Fund expenditures are estimated to be \$2,223,000 above budget.
 - Management Services is projected to be \$299,000 below budget primarily due to vacancies.
 - Sustainable Development and Construction is projected to be \$263,000 below budget primarily due to delays in hiring.
 - The liability reserve transfer is projected to be \$2,743,000 above budget due to an increase in claim activity.

PROPRIETARY FUNDS

- Aviation revenues are projected to be \$5,796,000 above budget due to increased revenue from on-airport lease schedules and improved collections.
- Sustainable Development and Construction expenses are projected to be \$1,922,000 below budget primarily due to delays in hiring.
- WRR Municipal Radio revenues are projected to be \$193,000 under budget primarily due to the sale of commercials being less than planned. Expenditures are projected to be \$264,000 under budget due to vacancies.

**GENERAL FUND
FORECAST OF FY 2013-14 REVENUES
AS OF FEBRUARY 28, 2014
(000s)**

	BUDGET	REVENUES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
TAXES				
Ad Valorem Tax	\$483,898	\$469,469	\$485,778	\$1,880
Sales Tax	\$249,565	\$83,668	\$251,149	\$1,584
TOTAL TAXES	\$733,463	\$553,137	\$736,927	\$3,464
FRANCHISE REVENUES				
Oncor Electric	\$50,110	\$27,775	\$50,382	\$272
AT&T	\$13,422	\$3,587	\$13,444	\$22
Atmos Energy	\$11,228	\$3,428	\$11,311	\$83
Time Warner Cable	\$6,376	\$1,437	\$6,263	(\$113)
Other	\$20,773	\$5,370	\$20,909	\$136
TOTAL FRANCHISE REVENUES	\$101,908	\$41,597	\$102,309	\$400
LICENSES AND PERMITS	\$9,090	\$4,361	\$9,181	\$91
INTEREST EARNED	\$632	\$173	\$632	\$0
INTERGOVERNMENTAL	\$6,203	\$0	\$6,203	\$0
FINES AND FORFEITURES				
Municipal Court	\$13,779	\$5,965	\$13,995	\$216
Vehicle Towing & Storage	\$6,957	\$2,950	\$6,956	(\$1)
Parking Fines	\$5,070	\$686	\$4,542	(\$528)
Red Light Camera Fines	\$6,867	\$0	\$7,037	\$170
Public Library	\$553	\$184	\$520	(\$33)
TOTAL FINES	\$33,227	\$9,785	\$33,051	(\$176)
CHARGES FOR SERVICE				
Sanitation Service	\$62,010	\$25,577	\$62,010	\$0
Parks	\$9,716	\$3,785	\$9,747	\$32
Private Disposal Fees	\$17,694	\$6,217	\$17,666	(\$29)
Emergency Ambulance	\$42,982	\$5,734	\$42,982	\$0
Security Alarm	\$4,500	\$1,806	\$4,543	\$43
Street Lighting	\$1,000	\$112	\$955	(\$45)
Vital Statistics	\$1,581	\$552	\$1,436	(\$145)
Other	\$18,303	\$8,949	\$19,302	\$999
TOTAL CHARGES	\$157,786	\$52,732	\$158,641	\$855
INTERFUND REVENUE	\$67,330	\$13,987	\$67,330	\$0
MISCELLANEOUS	\$11,109	\$3,869	\$10,787	(\$322)
TOTAL REVENUES	\$1,120,748	\$679,641	\$1,125,060	\$4,312

**GENERAL FUND
FORECAST OF FY 2013-14 EXPENDITURES
AS OF FEBRUARY 28, 2014
(000s)**

DEPARTMENT	BUDGET	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$25,609	\$12,591	\$25,730	\$121
Business Dev/Procurement Svcs	\$2,654	\$945	\$2,654	\$0
City Attorney's Office	\$14,013	\$5,731	\$14,432	\$419
City Auditor's Office	\$2,391	\$878	\$2,408	\$17
City Controller's Office	\$4,471	\$1,729	\$4,465	(\$6)
City Manager's Office	\$1,701	\$940	\$1,742	\$41
City Secretary's Office	\$1,783	\$665	\$1,830	\$47
Civil Service	\$2,126	\$689	\$2,128	\$3
Code Compliance	\$33,720	\$11,893	\$33,707	(\$13)
Court Services	\$11,400	\$4,064	\$11,313	(\$88)
Elections	\$1,096	\$34	\$1,096	\$0
Fire	\$219,029	\$90,243	\$219,529	\$500
Housing	\$10,883	\$6,683	\$10,875	(\$7)
Human Resources	\$4,080	\$1,780	\$4,080	\$0
Independent Audit	\$919	\$0	\$919	\$0
Jail Contract - Lew Sterrett	\$8,714	\$8,714	\$8,714	\$0
Judiciary	\$3,528	\$1,258	\$3,429	(\$98)
Library	\$22,370	\$8,900	\$22,370	\$0
Management Services	\$5,968	\$3,035	\$5,669	(\$299)
Mayor and Council	\$3,911	\$1,456	\$3,905	(\$6)
Non-Departmental	\$41,935	\$9,283	\$41,421	(\$515)
Office of Cultural Affairs	\$16,955	\$7,233	\$16,912	(\$43)
Office of Economic Development	\$1,122	\$836	\$1,122	\$0
Office of Financial Services	\$2,886	\$815	\$2,876	(\$10)
Park and Recreation	\$78,614	\$32,381	\$78,599	(\$15)
Police	\$426,401	\$175,431	\$426,395	(\$6)
Public Works	\$7,121	\$4,082	\$6,971	(\$149)
Sanitation Services	\$74,399	\$25,470	\$74,957	\$558
Street Lighting	\$19,201	\$7,018	\$18,528	(\$673)
Street Services	\$61,742	\$20,321	\$61,735	(\$7)
Sustainable Dev/Construction	\$1,788	\$1,079	\$1,525	(\$263)
Trinity Watershed Management	\$661	\$208	\$638	(\$24)
RESERVES AND TRANSFERS				
Contingency Reserve	\$400	\$0	\$400	\$0
Liability/Claim Fund	\$5,088	\$0	\$7,831	\$2,743
Salary and Benefit Reserve	\$2,066	\$0	\$2,066	\$0
TOTAL EXPENDITURES	\$1,120,748	\$446,383	\$1,122,971	\$2,223

PROPRIETARY FUNDS
FORECAST OF FY 2013-14 REVENUES AND EXPENDITURES
AS OF FEBRUARY 28, 2014
(000s)

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Aviation				
Revenues	\$61,184	\$24,999	\$66,980	\$5,796
Expenses	\$61,184	\$25,427	\$60,871	(\$313)
Net Excess of Revenues Over Expenses/Transfer	<u>\$0</u>	<u>(\$428)</u>	<u>\$6,110</u>	<u>\$6,110</u>
Convention Center				
Revenues	\$65,308	\$24,212	\$68,351	\$3,043
Expenses	\$65,307	\$19,903	\$68,226	\$2,919
Net Excess of Revenues Over Expenses/Transfer	<u>\$1</u>	<u>\$4,309</u>	<u>\$126</u>	<u>\$124</u>
Sustainable Dev/Construction				
Revenues	\$26,780	\$10,181	\$26,809	\$29
Expenses	\$25,262	\$7,272	\$23,340	(\$1,922)
Net Excess of Revenues Over Expenses/Transfer	<u>\$1,518</u>	<u>\$2,909</u>	<u>\$3,469</u>	<u>\$1,950</u>
Municipal Radio Fund				
Revenues	\$2,409	\$827	\$2,216	(\$193)
Expenses	\$2,379	\$643	\$2,115	(\$264)
Net Excess of Revenues Over Expenses/Transfer	<u>\$29</u>	<u>\$184</u>	<u>\$101</u>	<u>\$72</u>
Water Utilities				
Revenues	\$595,315	\$223,459	\$585,258	(\$10,057)
Expenses	\$595,315	\$184,190	\$585,258	(\$10,057)
Net Excess of Revenues Over Expenses/Transfer	<u>\$0</u>	<u>\$39,269</u>	<u>\$0</u>	<u>\$0</u>
Communication & Information Svcs.				
Revenues	\$58,765	\$22,525	\$58,803	\$38
Expenses	\$61,459	\$30,020	\$60,750	(\$710)
Net Excess of Revenues Over Expenses/Transfer	<u>(\$2,695)</u>	<u>(\$7,495)</u>	<u>(\$1,947)</u>	<u>\$748</u>

PROPRIETARY FUNDS
FORECAST OF FY 2013-14 REVENUES AND EXPENDITURES
AS OF FEBRUARY 28, 2014
(000s)

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Equipment Services				
Revenues	\$54,212	\$12,647	\$54,245	\$33
Expenses	<u>\$54,212</u>	<u>\$15,297</u>	<u>\$54,186</u>	<u>(\$26)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>\$0</u>	<u>(\$2,650)</u>	<u>\$59</u>	<u>\$59</u>
Express Business				
Revenues	\$4,117	\$1,349	\$4,004	(\$112)
Expenses	<u>\$3,812</u>	<u>\$1,159</u>	<u>\$3,812</u>	<u>\$0</u>
Net Excess of Revenues Over Expenses/Transfer	<u>\$305</u>	<u>\$190</u>	<u>\$193</u>	<u>(\$112)</u>

OTHER FUNDS
FORECAST OF FY 2013-14 REVENUES AND EXPENDITURES
AS OF FEBRUARY 28, 2014
(000s)

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Employee Benefits	\$1,339	\$206	\$1,339	\$0
Risk Management	\$2,441	\$778	\$2,416	(\$25)
9-1-1 System Operations				
Revenues	\$14,046	\$5,090	\$13,480	(\$567)
Expenses	<u>\$19,758</u>	<u>\$3,820</u>	<u>\$19,674</u>	<u>(\$84)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>(\$5,712)</u>	<u>\$1,270</u>	<u>(\$6,194)</u>	<u>(\$482)</u>
Storm Water Drainage				
Revenues	\$50,111	\$20,816	\$50,329	\$217
Expenses	<u>\$55,011</u>	<u>\$10,493</u>	<u>\$54,463</u>	<u>(\$549)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>(\$4,900)</u>	<u>\$10,324</u>	<u>(\$4,134)</u>	<u>\$766</u>

**DEBT SERVICE FUND
FORECAST OF FY 2012-13 REVENUES AND EXPENDITURES
AS OF FEBRUARY 28, 2014
(000s)**

DEBT SERVICE	BUDGET	EXPENDITURES AND REVENUES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Beginning Balance	\$5,027	\$0	\$5,292	\$264
Revenues	\$233,212	\$198,670	\$233,972	\$760
Expenses	\$234,511	\$181,926	\$234,511	\$0
Ending Balance	\$3,729	\$16,744	\$4,752	\$1,024

CONTINGENCY RESERVE STATUS

Beginning Balance October 1, 2013	\$5,300,000
Budgeted Transfer In	<u>\$400,000</u>
FY 2013-14 Available Funds	\$5,700,000
Equipment & Building Services - Emergency repairs at the J. Erik Jonsson Central Library as a result of a sewer pipe burst (November 12, 2013, CR# 13-1995)	(\$2,348,103)
Balance as of February 28, 2014	<u>\$3,351,897</u>

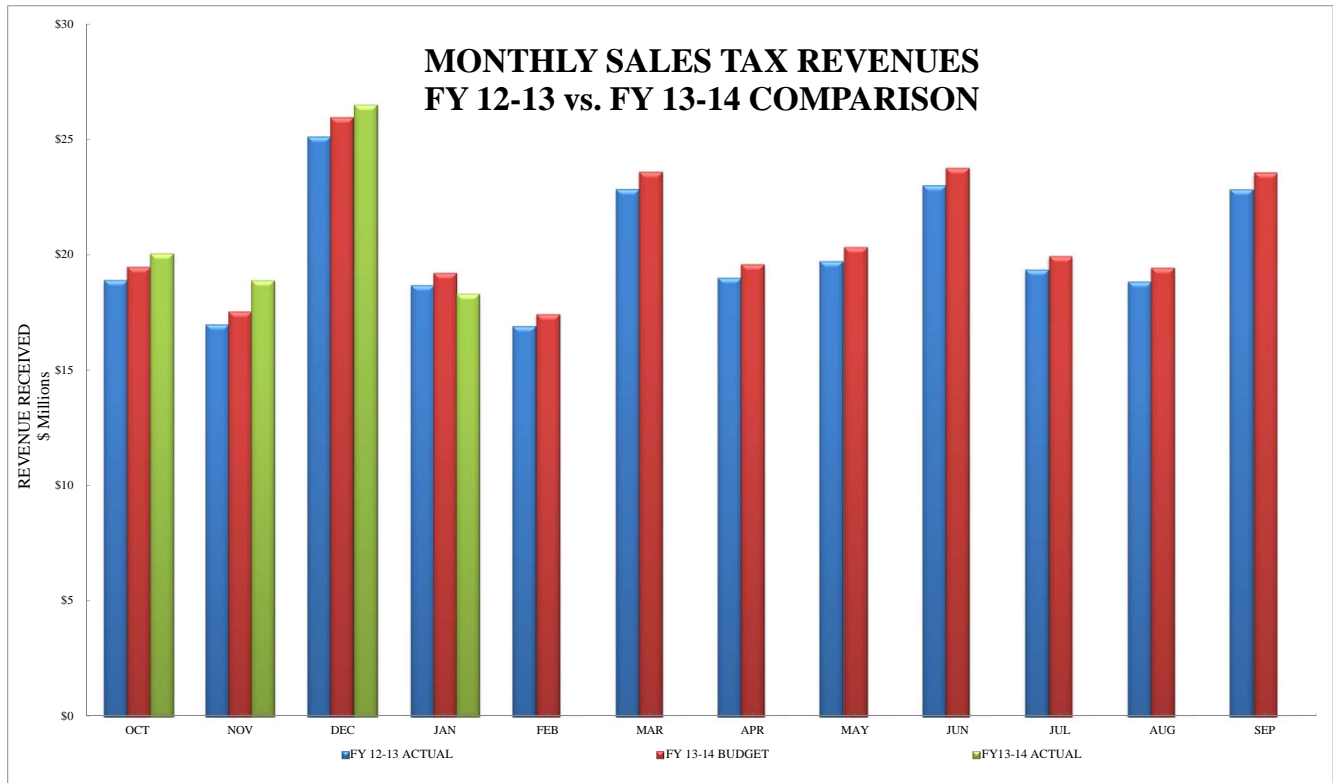
LIABILITY/CLAIMS FUND

Beginning Balance October 1, 2013	\$1,903,284
Revised Budgeted Revenue	<u>\$9,411,373</u>
FY 2013-14 Available Funds	\$11,314,657
Paid October 2013	(\$624,425)
Paid November 2013	(\$426,920)
Paid December 2013	(\$1,846,332)
Paid January 2014	(\$317,321)
Paid February 2014	(\$332,674)
Balance as of February 28, 2014	<u>\$7,766,985</u>

SALES TAX

as of January 2014

	ACTUAL FY 2012-13	BUDGET FY 2013-14	ACTUAL FY 2013-14	YTD VARIANCE FY 13-14 ACT. VS. FY 12-13 ACT.		YTD VARIANCE FY 13-14 ACTUAL VS. BUDGET	
				DOLLARS	PERCENT	DOLLARS	PERCENT
OCT	\$18,909,571	\$19,469,547	\$20,061,677	\$1,152,106	6.1%	\$592,130	3.0%
NOV	16,954,555	17,498,613	18,852,710	1,898,155	11.2%	1,354,097	7.7%
DEC	25,113,531	25,940,249	26,481,621	1,368,090	5.4%	541,372	2.1%
JAN	18,640,007	19,175,626	18,271,632	(368,375)	-2.0%	(903,994)	-4.7%
FEB	16,860,157	17,384,976					
MAR	22,819,012	23,570,356					
APR	18,991,012	19,570,345					
MAY	19,720,602	20,330,987					
JUN	23,000,521	23,756,265					
JUL	19,328,989	19,924,006					
AUG	18,805,897	19,406,369					
SEP	22,802,286	23,537,667					
TOTAL	\$241,946,140	\$249,565,006	\$83,667,640	\$4,049,976	5.1%	\$1,583,605	1.9%



**GENERAL FUND
HISTORICAL REVENUE COMPARISON
AS OF FEBRUARY
(000s)**

	FY 2011-12			FY 2012-13			FY 2013-14		
	FINAL BUDGET	YEAR TO DATE	YEAR-END ACTUAL*	FINAL BUDGET	YEAR TO DATE	YEAR-END FORECAST**	AMENDED BUDGET	YEAR TO DATE	YEAR-END FORECAST***
TAXES									
Ad Valorem Tax	\$434,638	\$422,083	\$439,212	\$451,489	\$437,125	\$450,615	\$483,898	\$469,469	\$485,778
Sales Tax	\$215,508	\$89,499	\$229,577	\$231,463	\$79,618	\$241,592	\$249,565	\$83,668	\$251,149
TOTAL TAXES	\$650,147	\$511,582	\$668,789	\$682,952	\$516,743	\$692,207	\$733,463	\$553,137	\$736,927
FRANCHISE REVENUES									
Oncor Electric	\$51,097	\$28,715	\$52,466	\$49,323	\$27,368	\$51,139	\$50,110	\$27,775	\$50,382
AT&T	\$16,515	\$4,209	\$16,392	\$14,875	\$3,913	\$15,037	\$13,422	\$3,587	\$13,444
Atmos Energy	\$11,474	\$3,068	\$10,444	\$11,174	\$2,569	\$10,984	\$11,228	\$3,428	\$11,311
Time Warner Cable	\$6,170	\$1,587	\$6,440	\$6,170	\$1,580	\$6,391	\$6,376	\$1,437	\$6,263
Other	\$17,212	\$4,361	\$18,345	\$18,096	\$4,720	\$19,463	\$20,773	\$5,370	\$20,909
TOTAL FRANCHISE REVENUES	\$102,469	\$41,941	\$104,087	\$99,639	\$40,150	\$103,015	\$101,908	\$41,597	\$102,309
LICENSES AND PERMITS	\$9,747	\$4,576	\$9,771	\$9,808	\$4,624	\$9,984	\$9,090	\$4,361	\$9,181
INTEREST EARNED	\$914	\$416	\$1,127	\$755	\$221	\$738	\$632	\$173	\$632
INTERGOVERNMENTAL	\$5,430	\$429	\$6,427	\$5,589	\$0	\$6,464	\$6,203	\$0	\$6,203
FINES AND FORFEITURES									
Municipal Court	\$17,822	\$5,730	\$15,241	\$16,540	\$5,315	\$15,052	\$13,779	\$5,965	\$13,995
Vehicle Towing & Storage	\$7,874	\$3,052	\$6,938	\$7,678	\$2,782	\$6,831	\$6,957	\$2,950	\$6,956
Parking Fines	\$5,793	\$1,920	\$5,047	\$5,962	\$957	\$4,770	\$5,070	\$686	\$4,542
Red Light Camera Fines	\$7,276	\$0	\$7,322	\$6,867	\$0	\$6,985	\$6,867	\$0	\$7,037
Public Library	\$603	\$217	\$533	\$603	\$211	\$518	\$553	\$184	\$520
TOTAL FINES	\$39,368	\$10,919	\$35,081	\$37,650	\$9,265	\$34,155	\$33,227	\$9,785	\$33,051
CHARGES FOR SERVICE									
Sanitation Service	\$59,922	\$25,041	\$60,538	\$59,838	\$26,122	\$61,344	\$62,010	\$25,577	\$62,010
Parks	\$7,321	\$2,960	\$8,766	\$8,629	\$3,657	\$9,860	\$9,716	\$3,785	\$9,747
Private Disposal Fees	\$18,336	\$7,409	\$19,663	\$18,864	\$7,057	\$18,844	\$17,694	\$6,217	\$17,666
Emergency Ambulance	\$20,063	\$6,793	\$16,684	\$20,207	\$4,352	\$20,759	\$42,982	\$5,734	\$42,982
Security Alarm	\$4,155	\$1,736	\$4,593	\$4,231	\$1,871	\$4,450	\$4,500	\$1,806	\$4,543
Street Lighting	\$1,493	\$160	\$965	\$1,200	\$130	\$1,447	\$1,000	\$112	\$955
Vital Statistics	\$1,563	\$592	\$1,563	\$1,492	\$596	\$1,581	\$1,581	\$552	\$1,436
Other	\$18,756	\$10,456	\$17,376	\$17,729	\$10,001	\$18,668	\$18,303	\$8,949	\$19,302
TOTAL CHARGES	\$131,610	\$55,148	\$130,148	\$132,190	\$53,785	\$136,952	\$157,786	\$52,732	\$158,641
INTERFUND REVENUE	\$60,584	\$13,866	\$45,572	\$60,410	\$7,687	\$46,710	\$67,330	\$13,987	\$67,330
MISCELLANEOUS	\$12,516	\$4,380	\$12,769	\$12,311	\$4,908	\$11,664	\$11,109	\$3,869	\$10,787
TOTAL REVENUES	\$1,012,786	\$643,257	\$1,013,770	\$1,041,303	\$637,382	\$1,041,889	\$1,120,748	\$679,641	\$1,125,060

* Based on Actual FY 2011-12 year end revenues

** Estimates based on revenues through August 2013

*** Estimates based on revenues through February 2014

**GENERAL FUND
HISTORICAL EXPENDITURE COMPARISON
AS OF FEBRUARY
(000s)**

DEPARTMENT	FY 2011-12			FY 2012-13				FY 2013-14		
	FINAL BUDGET	YEAR TO DATE	YEAR-END ACTUAL*	FINAL BUDGET	YEAR TO DATE	YEAR-END FORECAST**		AMENDED BUDGET	YEAR TO DATE	YEAR-END FORECAST***
Building Services	\$18,180	\$9,185	\$18,083	\$22,602	\$9,316	\$22,599	41%	\$25,609	\$12,591	\$25,730
Business Dev/Procurement Svcs	\$2,116	\$885	\$2,086	\$2,410	\$901	\$2,403	38%	\$2,654	\$945	\$2,654
City Attorney's Office	\$10,754	\$4,093	\$10,741	\$12,915	\$4,848	\$12,888	38%	\$14,013	\$5,731	\$14,432
City Auditor's Office	\$2,067	\$804	\$2,030	\$2,180	\$778	\$2,085	37%	\$2,391	\$878	\$2,408
City Controller's Office	\$3,613	\$1,523	\$3,485	\$4,066	\$1,533	\$3,998	38%	\$4,471	\$1,729	\$4,465
City Manager's Office	\$1,635	\$826	\$1,628	\$1,509	\$793	\$1,448	55%	\$1,701	\$940	\$1,742
City Secretary's Office	\$1,514	\$558	\$1,500	\$1,758	\$689	\$1,718	40%	\$1,783	\$665	\$1,830
Civil Service	\$1,459	\$526	\$1,374	\$1,829	\$641	\$1,821	35%	\$2,126	\$689	\$2,128
Code Compliance	\$28,045	\$10,302	\$27,795	\$30,663	\$11,350	\$30,663	37%	\$33,720	\$11,893	\$33,707
Court Services	\$10,693	\$3,853	\$10,666	\$10,854	\$3,873	\$10,918	35%	\$11,400	\$4,064	\$11,313
Elections	\$1,239	\$48	\$1,133	\$1,120	\$18	\$1,119	2%	\$1,096	\$34	\$1,096
Fire	\$206,958	\$87,365	\$206,691	\$207,275	\$89,452	\$205,922	43%	\$219,029	\$90,243	\$219,529
Housing	\$8,097	\$5,239	\$8,076	\$9,516	\$5,829	\$9,502	61%	\$10,883	\$6,683	\$10,875
Human Resources	\$3,491	\$1,576	\$3,151	\$3,752	\$1,766	\$3,710	48%	\$4,080	\$1,780	\$4,080
Independent Audit	\$937	\$0	\$937	\$903	\$0	\$903	0%	\$919	\$0	\$919
Jail Contract - Lew Sterrett	\$7,852	\$7,852	\$7,852	\$8,229	\$7,543	\$8,229	92%	\$8,714	\$8,714	\$8,714
Judiciary	\$3,077	\$1,304	\$3,006	\$3,286	\$1,289	\$3,153	41%	\$3,528	\$1,258	\$3,429
Library	\$18,462	\$8,127	\$18,111	\$20,295	\$7,818	\$20,147	39%	\$22,370	\$8,900	\$22,370
Management Services	\$3,455	\$2,138	\$3,339	\$4,646	\$2,374	\$4,448	53%	\$5,968	\$3,035	\$5,669
Mayor and Council	\$3,624	\$1,293	\$3,527	\$3,864	\$1,410	\$3,748	38%	\$3,911	\$1,456	\$3,905
Non-Departmental	\$31,147	\$8,105	\$28,592	\$33,239	\$8,271	\$32,479	25%	\$41,935	\$9,283	\$41,421
Office of Cultural Affairs	\$13,895	\$6,151	\$13,083	\$16,025	\$8,738	\$15,853	55%	\$16,955	\$7,233	\$16,912
Office of Economic Development	\$657	\$685	\$647	\$760	\$737	\$760	97%	\$1,122	\$836	\$1,122
Office of Financial Services	\$1,776	\$499	\$1,521	\$2,147	\$601	\$2,129	28%	\$2,886	\$815	\$2,876
Park and Recreation	\$66,636	\$28,383	\$66,281	\$73,442	\$30,197	\$73,367	41%	\$78,614	\$32,381	\$78,599
Police	\$399,406	\$158,774	\$398,795	\$402,252	\$158,975	\$401,923	40%	\$426,401	\$175,431	\$426,395
Public Works	\$5,015	\$3,534	\$4,775	\$5,279	\$4,047	\$5,036	80%	\$7,121	\$4,082	\$6,971
Sanitation Services	\$74,535	\$27,255	\$73,537	\$73,596	\$24,195	\$73,586	33%	\$74,399	\$25,470	\$74,957
Street Lighting	\$18,084	\$6,650	\$16,979	\$18,318	\$6,455	\$18,082	36%	\$19,201	\$7,018	\$18,528
Street Services	\$53,645	\$18,904	\$53,629	\$57,262	\$20,438	\$57,260	36%	\$61,742	\$20,321	\$61,735
Sustainable Dev/Construction	\$1,204	\$883	\$1,004	\$1,238	\$850	\$1,199	71%	\$1,788	\$1,079	\$1,525
Trinity Watershed Management	\$272	\$223	\$265	\$244	\$330	\$244	135%	\$661	\$208	\$638
RESERVES AND TRANSFERS										
Contingency Reserve	\$1,663	\$0	\$1,663	\$200	\$0	\$200		\$400	\$0	\$400
Liability/Claim Fund	\$5,288	\$0	\$5,288	\$3,630	\$0	\$3,630		\$5,088	\$0	\$7,831
Salary and Benefit Reserve	\$2,295	\$0	\$0	\$0	\$0	\$773		\$2,066	\$0	\$2,066
EXPENDITURES	\$1,012,786	\$407,543	\$1,001,271	\$1,041,303	\$416,053	\$1,037,945	40%	\$1,120,748	\$446,383	\$1,122,971

* Based on Actual FY 2011-12 year end expenditures

**Estimates based on expenditures through August 2013

*** Estimates based on expenditures through February 2014