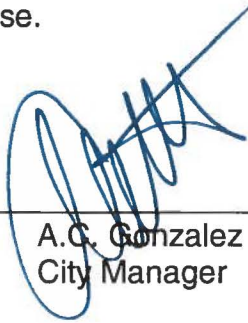


**MAY 7, 2014 CITY COUNCIL BRIEFING AGENDA
CERTIFICATION**

This certification is given pursuant to Chapter XI, Section 9 of the City Charter for the City Council Briefing Agenda dated May 7, 2014. 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

05/02/2014
Date



Edward Scott
City Controller

5/2/14
Date

RECEIVED

2014 MAY -2 PM 5:26

CITY OF DALLAS
DALLAS, TEXAS



COUNCIL BRIEFING AGENDA

May 7, 2014

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.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 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 en 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.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por 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 de 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 este 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 este presidiendo la sesión a tomar acción." Según la sección 3.3 (c) de las reglas de procedimientos del Ayuntamiento.

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, MAY 7, 2014
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 April 16, 2014 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)

BRIEFINGS 6ES

- A. Proposed FY 2014-15 Consolidated Plan Budget Amendments and Straw Votes
- B. Love Field Gate Leases

Closed Session 6ES

Attorney Briefings (Sec. 551.071 T.O.M.A.)

- Danny Cantu, et al. v. Mark Michaels et al., Civil Action No. 3:12-CV-0206-O

Lunch

- C. Texas Horse Park Area Tour
(Great Trinity Forest Way in the vicinity of Elam Road and Pemberton Hill Road)
- D. Texas Horse Park Progress Report
*Trinity River Audubon Center
6500 Great Trinity Forest Way
Dallas, TX 75217
(map attached)*

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, MAY 7, 2014

Closed Session and Open Microphone Speakers to be held at:

*Trinity River Audubon Center
6500 Great Trinity Forest Way
Dallas, TX 75217*

Closed Session

Attorney Briefings (Sec. 551.071 T.O.M.A.)

- City of Dallas v. Rhadames Solano, et al., Cause No. CC-13-00464-C
- City of Dallas v. David Jasso, Jr., et al., Cause No. 12-14270 and properties near the Texas Horse Park on Pemberton Hill Road with alleged code violations.

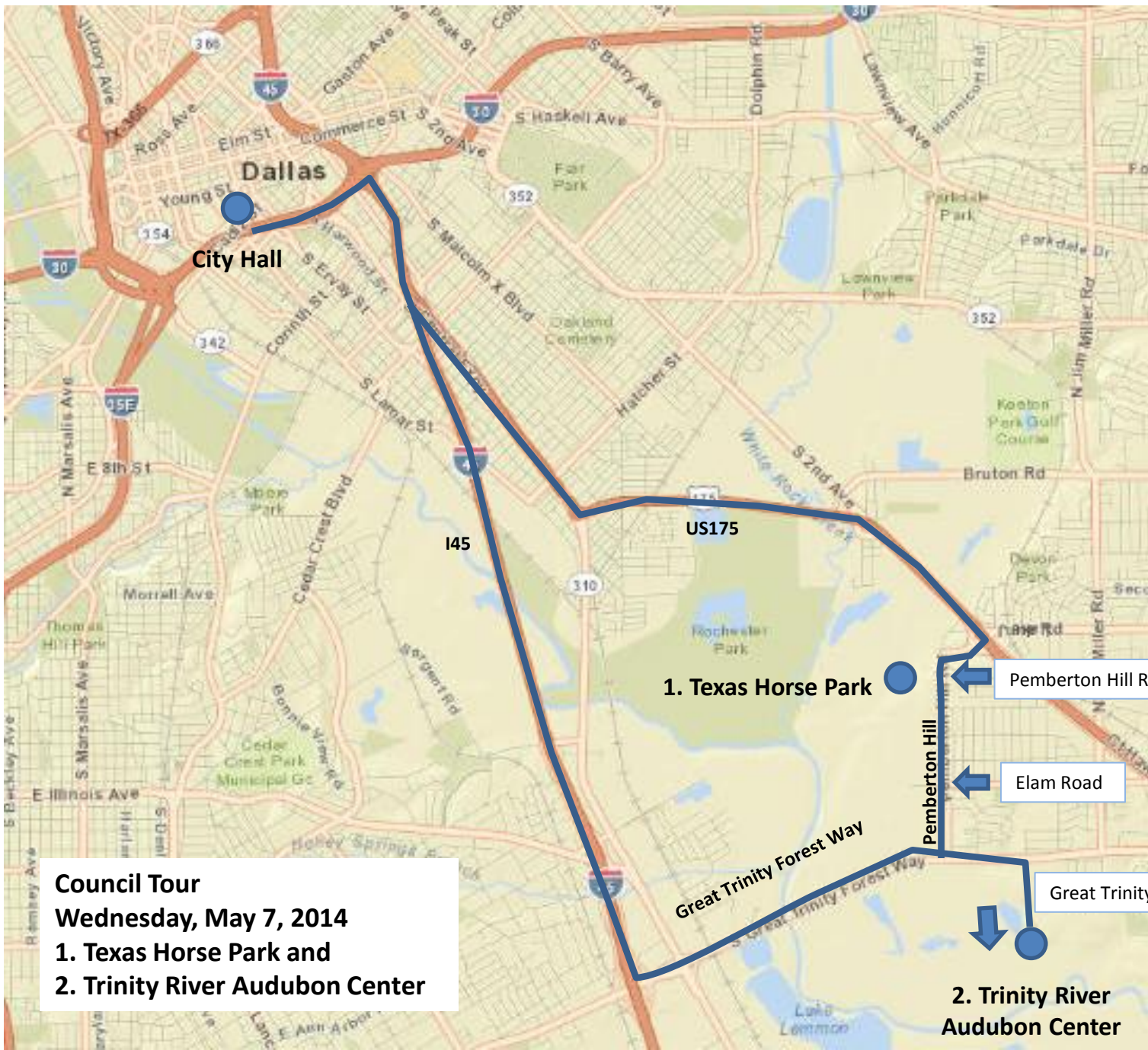
Open Microphone Speakers

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.

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.
6. Deliberations regarding economic development negotiations. Section 551.087 of the Texas Open Meetings Act.



Council Tour
Wednesday, May 7, 2014
1. Texas Horse Park and
2. Trinity River Audubon Center

Pemberton Hill Road

Elam Road

Great Trinity Forest Way

2. Trinity River Audubon Center

Memorandum



CITY OF DALLAS

DATE May 2, 2014

TO The Honorable Mayor and Members
of the City Council

SUBJECT Proposed FY 2014-15 Consolidated Plan Budget
Amendments and Straw Votes

Your May 7, 2014 briefing agenda includes discussion of the Proposed FY 2014-15 Consolidated Plan Budget. Council members were invited to submit amendments to the City Manager by April 24, 2014. No amendments were received.

The Proposed FY 2014-15 Consolidated Plan Budget is provided as Attachment A. The May 14, 2014 agenda will include an action item for preliminary adoption of the FY 2014-15 Consolidated Plan Budget and call for a public hearing to receive public comments on June 11, 2014. Final adoption of the FY 2014-15 Consolidated Plan Budget is scheduled for June 25, 2014.

Please let me know if you need additional information.

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

Jeanne Chipperfield
Chief Financial Officer

Attachment

c: A.C. Gonzalez, City Manager
Warren M. S. Ernst, City Attorney
Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
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

**FY 2014-15 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Project Name	CD	FY 2013-14 Amended Budget	FY 2014-15 CMO Proposed Budget	CDC Proposed Amendments as of 4/3/2014 +/-	FY 2014-15 Proposed Budget
<u>SOURCE OF FUNDS</u>					
Community Development Block Grant					
Entitlement (grant)		13,921,262	13,572,496		13,572,496
Program Income - Housing Activities		400,000	400,000		400,000
Program Income - Section 108		35,000	0		0
Program Income - Sub-Recipient Retained Program Income (SDDC)		600,000	600,000		600,000
Reprogramming		773,873	1,185,650		1,185,650
		15,730,135	15,758,146	0	15,758,146
Home Investment Partnerships Program					
Entitlement (grant)		4,240,210	4,365,818		4,365,818
Program Income Housing Activities		50,000	450,000		450,000
		4,290,210	4,815,818	0	4,815,818
Emergency Solutions Grant					
Entitlement (grant)		1,050,237	1,130,946		1,130,946
Housing Opportunities for Persons with AIDS					
Entitlement (grant)		4,393,520	5,375,659		5,375,659
	TOTAL SOURCE OF FUNDS	25,464,102	27,080,569	0	27,080,569
<u>USE OF FUNDS</u>					
Community Development Block Grant					
Public Services (15% of CDBG maximum amount allowed)		2,132,610	2,116,372	0	2,116,372
Housing Activities		8,437,137	8,332,659	0	8,332,659
Economic Development Activities		1,240,000	1,240,000	0	1,240,000
Public Improvements		1,049,136	1,274,616	0	1,274,616
Fair Housing (included in 20% of CDBG maximum category)		603,307	627,714	0	627,714
Program Oversight (20% of CDBG maximum amount allowed)		2,267,945	2,166,785	0	2,166,785
		15,730,135	15,758,146	0	15,758,146
HOME Investment Partnerships Program					
HOME Programs		4,290,210	4,815,818	0	4,815,818
Emergency Solutions Grant					
ESG Programs		1,050,237	1,130,946	0	1,130,946
Housing Opportunities for Persons with AIDS					
HOPWA Programs		4,393,520	5,375,659	0	5,375,659
	TOTAL USE OF FUNDS	25,464,102	27,080,569	0	27,080,569

**FY 2014-15 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Project Name	CD	FY 2013-14 Amended Budget	FY 2014-15 CMO Proposed Budget	CDC Proposed Amendments as of 4/3/2014 +/-	FY 2014-15 Proposed Budget
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)					
CDBG - Public Services					
1 After-School/Summer Program - Provide after school and summer programs for low income youth Monday thru Friday through structured recreational, cultural, social and life skills activities. 24 CDBG funded sites.	CW	530,647	530,647		530,647
2 Child Care Services Program - Provide after school programs, and daycare for special needs children, children who are homeless, and children with disabilities via contracts with non-profit agencies.	CW	189,129	189,129		189,129
3 City Child Care Services - Provide child care subsidies for low and moderate income working parents and teenage parents who are attending school and do not qualify for any other form of public assistance.	CW	291,294	299,697		299,697
Youth Programs Sub-Total		1,011,070	1,019,473	0	1,019,473
4 Clinical Dental Care Program - Provide dental health services to seniors and low-income youth through age of 19 via contract with non-profit agency.	CW	100,000	100,000		100,000
Clinical Health Services Sub-Total		100,000	100,000	0	100,000
5 City Crisis Assistance - Provide rapid response, crisis intervention, and intensive case management to Dallas residents, age 60 and above, who may have mental health problems causing high-risk behaviors. In addition, the program provides assertive and persistent street outreach to the city's chronic, unsheltered, and hard-to-reach homeless populations.	CW	44,824	0		0
6 City Office of Senior Affairs - Enhance the quality of life for older adults by disseminating support services information and providing direct and emergency support services.	CW	158,236	142,379		142,379
7 Senior Services Program - Provide case management and other programs for seniors, as well as investigative support services in both community and institutional settings via contracts with non-profit agencies.	CW	73,049	73,049		73,049
Senior Services Sub-Total		276,109	215,428	0	215,428
8 South Dallas / Fair Park Community Court - Through the community court, offenses to persons and code violations of property are swiftly adjudicated and restitution made by defendants who plead guilty or no contest.	5,7	265,906	287,159		287,159
9 South Oak Cliff Community Court - Through the community court, offenses to persons and code violations of property are swiftly adjudicated and restitution made by defendants who plead guilty or no contest.	4,8	250,523	252,213		252,213

*CW=City Wide

**FY 2014-15 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Attachment A

Project Name	CD	FY 2013-14 Amended Budget	FY 2014-15 CMO Proposed Budget	CDC Proposed Amendments as of 4/3/2014 +/-	FY 2014-15 Proposed Budget
10 West Dallas Community Court - Through the community court, offenses to persons and code violations of property are swiftly adjudicated and restitution made by defendants who plead guilty or no contest.	1,3,6	204,002	217,099		217,099
11 Training and Employment for Adults with Disabilities - Provide development of life skills, vocational training and job placement for adults with disabilities.	CW	25,000	25,000		25,000
Other Public Services (Non-Youth) Sub-Total		745,431	781,471	0	781,471
Total CDBG - Public Services		2,132,610	2,116,372	0	2,116,372
<u>CDBG - Housing Activities</u>					
12 Housing Development Support - Provide service delivery staff to implement the Mortgage Assistance Program and CHDO Program which benefit low income homeowners.	CW	1,052,706	1,052,706		1,052,706
13 Mortgage Assistance Program - Provide no interest, deferred payment loans for down-payment, principal reduction and closing cost assistance up to a maximum of \$20,000.	CW	1,300,000	1,165,856		1,165,856
14 Housing Services Program - Provides CDBG funds to CHDOs for cost in support of HOME-funded activities, such as housing counseling, loan processing, and other services related to assisting potential homebuyers participating or seeking to participate in HOME funded projects.	CW	50,000	50,000		50,000
Homeownership Opportunities Sub-Total		2,402,706	2,268,562	0	2,268,562
15 Housing Assistance Support - Provide service delivery staff to implement the Major Systems Repair Program and Reconstruction Program, which benefit low income homeowners.	CW	1,939,177	1,945,172		1,945,172
16 Major Systems Repair Program - Provide homeowner assistance with repairs/replacements of two of the following four major systems: heating/air, plumbing/gas, roof and electrical.	CW	1,533,761	1,533,761		1,533,761
17 Minor Plumbing Repair/Replacement Program - Provide leak repairs, low flow toilet and fixture replacement and minor plumbing repair assistance to low income homeowners.	CW	50,000	50,000		50,000
18 Reconstruction Program - Provide deferred loans to low-income homeowners for reconstruction of their existing homes. The reconstruction deferred payment loan is \$103,000 per unit.	CW	937,326	937,326		937,326
19 People Helping People (PHP) Program - Provide for minor exterior repair services to single family homes through volunteers and contract services to lower income, elderly and disabled homeowners.	CW	841,222	871,731		871,731
Homeowner Repair Sub-Total		5,301,486	5,337,990	0	5,337,990

*CW=City Wide

**FY 2014-15 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

	Project Name	CD	FY 2013-14 Amended Budget	FY 2014-15 CMO Proposed Budget	CDC Proposed Amendments as of 4/3/2014 +/-	FY 2014-15 Proposed Budget
20	Dedicated SAFE II Expansion Code Inspection - Code Compliance - Provide enhanced code enforcement activities to supplement police investigations where criminal actions hamper or prevent community revitalization.	CW	96,000	96,000		96,000
21	Dedicated SAFE II Expansion Code Inspection - Fire Department - Provide enhanced code enforcement activities to supplement police investigations where criminal actions hamper or prevent community revitalization.	CW	70,538	70,538		70,538
22	Dedicated SAFE II Expansion Code Inspection - Police Department - Provide enhanced code enforcement activities to supplement police investigations where criminal actions hamper or prevent community revitalization.	CW	66,418	51,994		51,994
23	Neighborhood Investment Program - Code Compliance - Provide enhanced code enforcement activities in the targeted neighborhood areas.	1-8	499,989	507,575		507,575
	Other Housing/Neighborhood Revitalization Sub-Total		732,945	726,107	0	726,107
	Total CDBG - Housing Activities		8,437,137	8,332,659	0	8,332,659
	<u>CDBG - Economic Development</u>					
24	Business Loan Program (Program Income) - SDDC retains program income generated from revolving business loan program to provide additional loans.	CW	600,000	600,000		600,000
25	Business Assistance Center Program - Provide comprehensive technical assistance and business support services to Low/Moderate income persons interested in developing Micro-Enterprises and those who own Micro-Enterprises.	CW	640,000	640,000	0	640,000
	• BAC #1 -		80,000	80,000		80,000
	• BAC #2 -		80,000	80,000		80,000
	• BAC #3 -		80,000	80,000		80,000
	• BAC #4 -		80,000	80,000		80,000
	• BAC #5 -		80,000	80,000		80,000
	• BAC #6 -		80,000	80,000		80,000
	• BAC #7 -		80,000	80,000		80,000
	• BAC #8 -		80,000	80,000		80,000
	Total CDBG - Economic Development		1,240,000	1,240,000	0	1,240,000
	<u>CDBG - Public Improvements</u>					
26	Neighborhood Enhancement Program (NEP) - Provide toolbox of neighborhood improvements to increase aesthetic appeal and compliment community development efforts in Neighborhood Investment and other strategically targeted areas.	1-8	25,000	25,000		25,000

*CW=City Wide

**FY 2014-15 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Project Name	CD	FY 2013-14 Amended Budget	FY 2014-15 CMO Proposed Budget	CDC Proposed Amendments as of 4/3/2014 +/-	FY 2014-15 Proposed Budget
27 Neighborhood Investment Program Infrastructure - Provide infrastructure improvements related to architectural and engineering design in the 5 NIP target areas.	1-8	1,024,136	1,249,616		1,249,616
Public Improvement Sub-Total		1,049,136	1,274,616	0	1,274,616
Total CDBG - Public Improvement		1,049,136	1,274,616	0	1,274,616
<u>CDBG - Fair Housing and Planning & Program Oversight</u>					
28 Fair Housing Enforcement - Provide housing discrimination investigations, fair housing education and outreach and citizen referrals.	CW	603,307	627,714		627,714
29 Citizen Participation/CDC Support/HUD Oversight - Office of Financial Services/Community Development Division. Provide coordination of ConPlan budget development, citizen participation, and reporting to HUD as primary City liaison.	CW	757,815	649,774		649,774
30 Housing Contract Administration - Provide comprehensive management, oversight and technical assistance for both external and internal programs receiving grant funds.	CW	428,426	0		0
31 Housing Management Support - Provide funding for Housing management staff support for housing programs.	CW	732,354	1,160,780		1,160,780
32 Economic Development Oversight - Provide contract administration; compliance and oversight of CDBG funded programs.	CW	256,277	258,853		258,853
33 Parks and Recreation Oversight - This position assists the Contract Compliance Manager with the review of all PKR Public Service programs and contracts for compliance with HUD guidelines.	CW	93,073	97,378		97,378
Total CDBG - Fair Housing and Planning & Program Oversight		2,871,252	2,794,499	0	2,794,499
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT		15,730,135	15,758,146	0	15,758,146
<u>HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)</u>					
34 CHDO Development Loans - Development and pre-development loans to nonprofit City-certified CHDOs developing affordable housing for low income households.	CW	1,000,000	1,000,000		1,000,000
35 CHDO Operating Assistance - Provide operational support to assist with the development and management of CHDO projects.	CW	175,000	175,000		175,000
36 HOME Program Administration - Housing department staff administrative costs.	CW	374,021	386,582		386,582
37 Mortgage Assistance Program - Provide no interest, deferred payment loans for down-payment, principal reduction and closing cost assistance up to a maximum of \$20,000.	CW	800,000	957,158		957,158

*CW=City Wide

**FY 2014-15 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

	Project Name	CD	FY 2013-14 Amended Budget	FY 2014-15 CMO Proposed Budget	CDC Proposed Amendments as of 4/3/2014 +/-	FY 2014-15 Proposed Budget
38	Housing Development Loan Program - Provide private and non-profit organizations with loans/grants for the development of permanent supportive housing and senior housing, including but not limited to pre-development costs, development costs, construction subsidies, relocation costs, demolition costs, acquisition costs, related acquisition costs, rental rehabilitation.	CW	1,621,189	1,977,078		1,977,078
	Home Ownership Opportunities Sub-Total		3,970,210	4,495,818	0	4,495,818
39	Tenant Based Rental Assistance - Provide transitional rental assistance to homeless persons for a minimum of one year while they become stabilized.	CW	270,000	270,000		270,000
40	Tenant Based Rental Assistance (Admin) - Provide comprehensive management, oversight and technical assistance.	CW	50,000	50,000		50,000
	Other Housing Sub-Total		320,000	320,000	0	320,000
	TOTAL HOME INVESTMENT PARTNERSHIP PROGRAM		4,290,210	4,815,818	0	4,815,818
<u>EMERGENCY SOLUTIONS GRANT (HESG)</u>						
41	Contracts - Essential Services - Provide direct services to the homeless to address employment (job placement and training), child care, substance abuse treatment and health prevention services.	CW	57,737	57,737		57,737
42	Contracts - Operations - Provide payment of operational costs for shelters or transitional housing facilities for homeless persons.	CW	92,430	92,430		92,430
43	Homeless Assistance Center - Essential Services - Provide case management services to assist clients in obtaining federal, state and local assistance.	CW	101,696	128,005		128,005
44	Homeless Assistance Center - Operations - Provide payment of utilities and other operating costs for the Homeless Assistance Center.	CW	378,279	378,279		378,279
	Essential Services/Operations Sub-Total		630,142	656,451	0	656,451
45	Homeless Prevention - Financial Assistance - Provide short-term (3 months) and medium-term (4 - 24 months) of rental assistance; rental arrears up to six months; utilities assistance; moving costs, etc. to persons at-risk of homelessness and meet income limits below 30% of the area median income.	CW	33,775	30,000		30,000
46	Homeless Prevention - Housing Relocation and Stabilization - Provide case management, housing search and placement, legal services, credit repair to persons at-risk of homelessness and meet income limits below 30% of area median income.	CW	35,000	30,000		30,000
	Homeless Prevention Sub-Total		68,775	60,000	0	60,000
47	Rapid Re-Housing – Financial Assistance - Provide assistance with application fees, deposits, and rental arrears up to six months for persons who are homeless.	CW	30,000	11,000		11,000

*CW=City Wide

**FY 2014-15 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Project Name	CD	FY 2013-14 Amended Budget	FY 2014-15 CMO Proposed Budget	CDC Proposed Amendments as of 4/3/2014 +/-	FY 2014-15 Proposed Budget
48 Rapid Re-Housing - Housing Relocation & Stabilization - Provide case management, housing search and placement, legal services, credit repair to homeless persons in permanent housing programs.	CW	181,848	253,308		253,308
Rapid Re-Housing Sub-Total		211,848	264,308	0	264,308
49 HMIS Data Collection - Provide client-level data collection for persons served by the grant, as well as training, generating reports, monitoring and reviewing data quality.	CW	60,704	65,367		65,367
HMIS Data Collection Sub-Total		60,704	65,367	0	65,367
50 ESG Administration - Monitor and evaluate contracts and other program activities.	CW	78,768	84,820		84,820
Program Administration Sub-Total		78,768	84,820	0	84,820
TOTAL EMERGENCY SOLUTIONS GRANT		1,050,237	1,130,946	0	1,130,946
<u>HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)</u>					
51 Emergency/Tenant Based Rental Assistance/Financial Assistance - Provide long-term and transitional rental assistance to persons with HIV/AIDS and their families who live in the Dallas eligible metropolitan area.	CW	1,700,000	2,000,000		2,000,000
52 Emergency/Tenant Based Rental Assistance/Housing Services - Provide long-term and transitional rental assistance to persons with HIV/AIDS and their families who live in the Dallas eligible metropolitan area.	CW	440,000	485,000		485,000
53 Housing Facilities Operation - Provide housing operation costs, including lease, maintenance, utilities, insurance and furnishings for facilities that provide assistance to persons with HIV/AIDS and their families who live in the Dallas eligible metropolitan area.	CW	697,412	810,894		810,894
54 Supportive Services - Provide supportive services, information and referral, and outreach in conjunction with housing assistance to persons with HIV/AIDS and their families who live in the Dallas eligible metropolitan area, including hospice/respite care for affected children.	CW	1,075,162	1,315,162		1,315,162
55 Housing Information/Resource Identification - Provide Housing Information Services (including housing counseling, housing advocacy, information and referral services, fair housing information, and housing search and assistance) and Resource Identification (including costs to develop housing assistance resources, outreach and relationship-building with landlords, costs involved in creating brochures, web resources, and time to locate and identify affordable housing vacancies).	CW	100,666	124,859		124,859

**FY 2014-15 CONSOLIDATED PLAN FOR
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

	Project Name	CD	FY 2013-14 Amended Budget	FY 2014-15 CMO Proposed Budget	CDC Proposed Amendments as of 4/3/2014 +/-	FY 2014-15 Proposed Budget
56	Housing Facilities Rehab/Repair/Acquisition - Provides rehabilitation/repair or acquisition funds for facilities that provide housing to persons with HIV/AIDS and their families who live in the metropolitan area.	CW	0	200,000		200,000
	Other Public Services Sub-Total		4,013,240	4,935,915	0	4,935,915
57	Program Administration/City of Dallas - Provide administrative oversight, evaluation and technical assistance for grant funds and program activities.	CW	131,805	161,269		161,269
58	Program Administration/Project Sponsors - Provide administrative costs for project sponsors in oversight and evaluation of program activities.	CW	248,475	278,475		278,475
	Program Administration Sub-Total		380,280	439,744	0	439,744
	TOTAL HOUSING OPPORTUNITIES FOR PERSONS W/ AIDS		4,393,520	5,375,659	0	5,375,659
	GRAND TOTAL CONSOLIDATED PLAN BUDGET		25,464,102	27,080,569	0	27,080,569

*CW=City Wide

Memorandum



CITY OF DALLAS

DATE May 2, 2014

TO Honorable Mayor and Members of the City Council

SUBJECT Love Field Gate Leases

On Wednesday, May 7, 2014, you will be briefed on Love Field gate leases. The briefing material is attached for your review.

A handwritten signature in black ink, appearing to read 'Theresa O'Donnell', written in a cursive style.

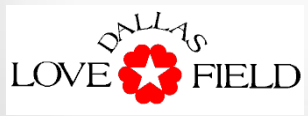
Theresa O'Donnell
Interim Assistant City Manager

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



City of Dallas Aviation

Love Field Gate Leases
City Council Briefing
May 7, 2014



Background

- Dallas Love Field
 - 20 gates (per the five-party agreement and Wright Amendment Reform Act)
 - 4.2 million enplanements in 2013
 - Classified as a “Medium Hub” by Federal Aviation Administration [“FAA”]
- Airports can lease gates on following basis
 - Exclusive use – Airlines have full control, including branding and scheduling, over space
 - Preferential use – Airlines have control but gives right for airport to allow **new** entrants to operate at gates that are not being fully utilized
 - Common use – gate space and time of use is managed by the airport

Background

- Dallas Love Field [“DAL”] has leased all available gates on a preferential use basis
 - Southwest Airlines - 16 gates
 - United Airlines - 2 gates
 - American Airlines - 2 gates
- Typically, ten flights or “turns” per gate is full utilization

Background

- American filed for bankruptcy in November 2011
- In February 2013, American and US Airways proposed a merger as a way out of bankruptcy for American
- In August 2013, the United States Department of Justice [“DOJ”] and attorneys general from six (6) states and the District of Columbia filed an antitrust lawsuit in an attempt to stop the proposed merger

Terms of Proposed Settlement

- In November 2013, DOJ announced a proposed settlement of the antitrust litigation
 - DOJ is requiring gates and slots to be divested to low-cost carriers
- In December 2013, the bankruptcy court approved the merger; however, the antitrust suit is still awaiting final resolution

Terms of Proposed Settlement

- Under the terms of the proposed settlement, American will divest
 - 52 slot pairs at Washington Reagan National Airport
 - 17 slot pairs at New York LaGuardia Airport
 - 2 gates at Boston Logan International Airport
 - 2 gates at Chicago O'Hare International Airport
 - 2 gates at Miami International
 - 2 gates at Los Angeles
 - 2 gates at Dallas Love Field

Terms of Proposed Settlement

- Asset Preservation Order and Stipulation:
 - “Defendants shall not, except as part of a divestiture approved by the United States...remove, sell, lease, assign, transfer, pledge, or otherwise dispose of their respective divestiture assets”
- Proposed Final Judgment:
 - “‘acquirer’ or ‘acquirers’ means the entity or entities, approved by the United States in its sole discretion”

Current Status

- To date, there has been interest expressed in the two (2) gates, should they become available
- The City has not actively solicited interest for the gates from any airline

Issues

- Because of Love Field's unique history, there are three key controlling documents that affect the leasing activities
 - Wright Amendment Reform Act
 - The Five-Party agreement
 - City's use and lease agreement with American Airlines

Wright Amendment Reform Act of 2006

Based on local Five-Party Agreement

- City of Dallas, City of Ft Worth, American Airlines, Southwest Airlines, DFW International Airport
- Flight restrictions end on October 13, 2014, however the following restrictions will remain
 - No international flights
 - Love Field capacity limited to twenty (20) gates
- **Required City & Southwest Airlines to collaborate** on modernization of Love Field

Local Five Party Agreement

Other provisions

- City negotiated a voluntary noise curfew precluding scheduled service between 11pm and 6am
- Both Cities are to oppose efforts to initiate commercial passenger service at any airport other than DFW until October 2014
 - If another airport within 80 mile radius attempts to initiate commercial service, both cities will work to bring that service to DFW, or if that fails, to airports owned by Dallas or Fort Worth

Use & Lease Agreements

- Twenty (20) year term, ending 2028
 - Airlines with little activity can exit leases early in 2018 and 2023
- All gates leased on a “Preferential Use” basis, rather than exclusive
- All baggage areas (outbound & inbound) leased as “common use”
- Office, operations and ticket counter space leased as exclusive use
- All space subject to “accommodation provisions” for **new** entrant airline access to terminal

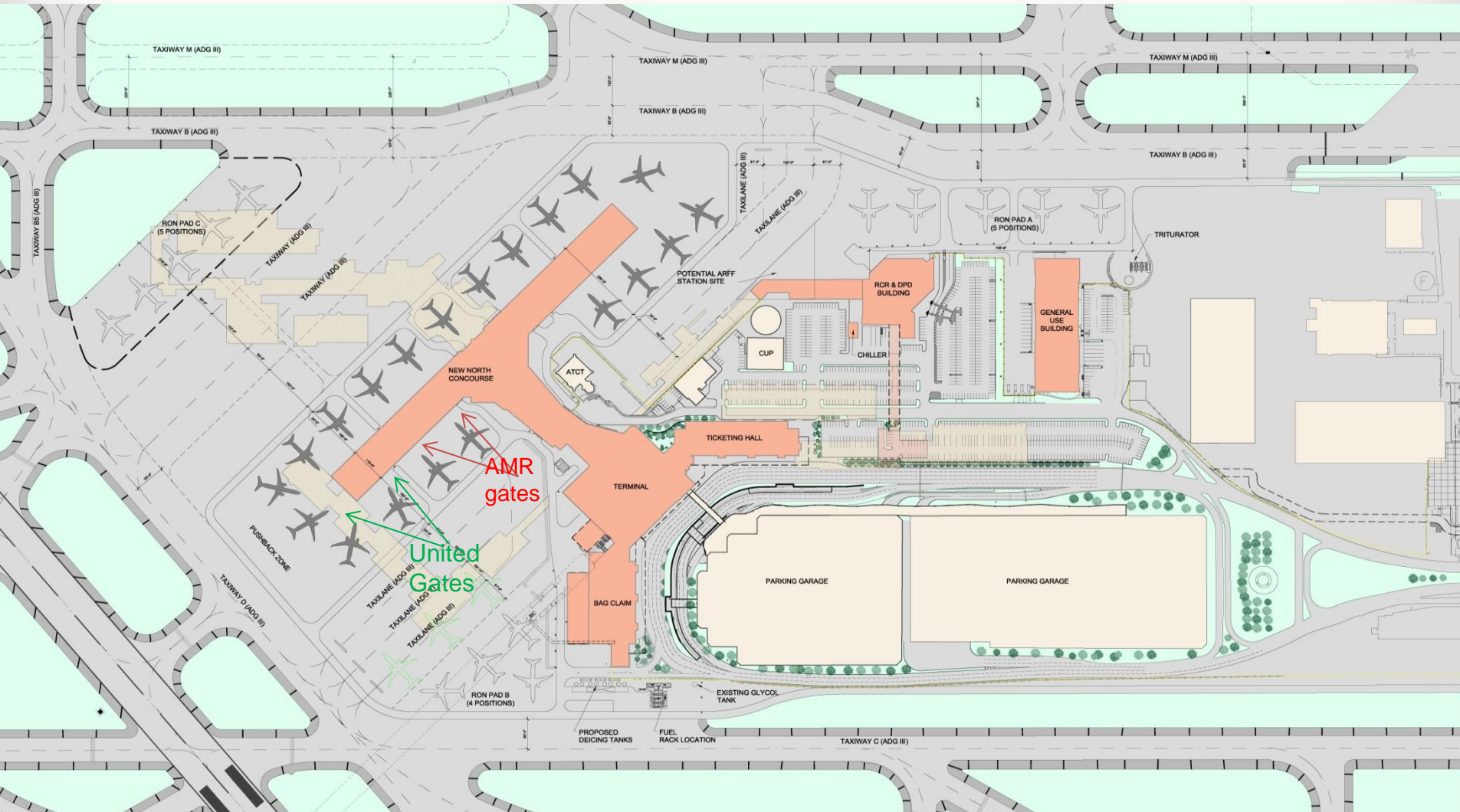
Use & Lease Agreements

- Leases are structured to be consistent with the Five-Party Agreement commitments
 - **Expanded scope** of the lease of terminal space, included **terms for the use of the Airport**, including the airfield, aircraft parking ramp;
 - Incorporated Landing Fee & new Apron Fee in lease rate model
 - Incorporated new **cost recovery rate model** approved in the Term Sheet Allocates Airport costs to Terminal, Apron, Airfield cost centers
 - Airlines pay cost of Love Field Modernization Program (“LFMP”) thru allocations of cost to square foot rental rate
 - Protects non-airline tenants from paying for LFMP
 - Developed **guidelines** for future capital improvements [“CIP”];
 - CIP funded in rate base, **airlines have approval rights** for certain capital improvements affecting their rates

Use & Lease Agreements

- Allows for the sub-lease of the gates
 - American Sub-leased to Delta in July 2009
 - American Sub-leased to Seaport Airlines in June 2011
- If the right to use the preferential gates ceases, they become common use
 - Common use gates are managed by the airport and available to all airlines requesting space to conduct flights until full

Gate Assignments*



*As per current leases

Analysis

- The City has not received formal proposals nor has it solicited any
- City retained a consultant, L.E.K. Consulting L.L.C., to evaluate the public statements of plans by the interested carriers
- Goal was to be prepared for further discussions with American and the Department of Justice regarding the disposition of the gates
- On April 16, 2014, the City received notice from the Department of Justice that American and Virgin American had reached an agreement and that agreement satisfies the Department of Justice

Consultant Credentials

- L.E.K. is a leading strategic advisor to the global airline industry, whose clients include more than half of the top fifty (50) airlines around the world
- Chief architect of the merchandizing (ancillary revenue) movement in the U.S. industry and around the globe
- Extensive work with the most successful and innovative airports and airport groups around the globe
 - Numerous successful engagements developing innovative retail masterplans
 - Traffic forecasting
 - Buy- and sell-side advisory work for airport privatizations

Consultant Scope of Work

- Identify key benefits to Dallas Citizens and Dallas Love Field
- Determine what aligns strategically with continued support of DFW
- Establish weighted criteria to evaluate the public plans from each airline
- Create framework for how the City will evaluate common use proposals, if necessary

Best for Dallas Citizens & Travelers

- Carrier with quality customer service
- Responsible carrier, sensitive to impacts to the community including noise
- Carrier willing to be part of the community
- Broad network with multiple destinations
- Enhancing competition
- Carrier offering various products and services

Best for Love Field

- Fiscally sound carrier
- Modern Fleet
- Sub-lease, carrier manages schedule
- Team player on airport operations and emergency management
- Supports mission of airport
- Environmentally sensitive, cognizant of noise issues
- Diversity of tenants

Best Strategically with DFW

- Minimizes direct competition to ongoing success to DFW
- Focus on domestic routes
- No diminution of service at DFW
- Service that compliments what is presently available at DFW
- Balancing needs of both DFW and Love Field



Love Field Gate Recommendations

Assessment of optimal use of American's divested Love Field gates for the City of Dallas

April 22, 2014

The materials contained in this document are intended to supplement a discussion between the City of Dallas and L.E.K. Consulting on April 22, 2014. These perspectives are confidential and will only be meaningful to those in attendance.

L.E.K. CONSULTING LLC, 75 STATE STREET, 19TH FLOOR, BOSTON, MA 02109, USA
T: 617.951.9500 F: 617.951.9392 WWW.LEK.COM

Bangkok
Beijing
Boston
Chennai
Chicago
London
Los Angeles
Melbourne
Milan
Mumbai
Munich
New Delhi
New York
Paris
San Francisco
São Paulo
Seoul
Shanghai
Singapore
Sydney
Tokyo
Wroclaw

This report has been prepared by L.E.K. Consulting LLC (“L.E.K.”) for the City of Dallas, Inc. (the “User”) in connection with a specified scope of work described in the letter of engagement with the Client (the “Project”). The defined term “L.E.K.” shall mean L.E.K. and its affiliates, and each of their former, current or future owners, partners, members, directors, managers, officers, directors, employees, attorneys and agents and the successors and assigns of the foregoing persons. L.E.K. reserves the right to amend, supplement or replace this report at any time. User shall not rely on any oral communications by L.E.K. employees or representatives with respect to the Project, and the opinions, projections, estimates and conclusions of L.E.K. are solely those set forth in and qualified by this report.

The sole purpose of this report is to assist User in evaluating the Project and this report shall not be used for any other purpose. User acknowledges that it has, either alone or in conjunction with its advisors, made an independent investigation into the advisability of the Project and that this report is not the sole basis for User’s ultimate course of action with respect to the Project. L.E.K. is not and shall not be responsible for decisions made by User. No third party shall be a beneficiary of the report or have any right to rely upon the report, and L.E.K. is not, and shall not be, responsible for any third party’s review or use of the report.

User may not distribute, reproduce, disclose, or describe this report, in whole or in part, to any third party unless and until (a) User receives the prior written consent of L.E.K. (which consent may be withheld for any or no reason in L.E.K.’s sole and absolute discretion) and such third party executes L.E.K.’s standard non-reliance and release agreement or (b) L.E.K. Consulting has provided its consent.












This report is based on information available at the time this report was prepared and on certain assumptions, including, but not limited to, assumptions regarding future events, developments and uncertainties and contains “forward-looking statements” (statements that may include, without limitation, statements about projected revenues, earnings, market opportunities, strategies, competition, expected activities and expenditures, and at times may be identified by the use of words such as “may”, “could”, “should”, “would”, “project”, “believe”, “anticipate”, “expect”, “plan”, “estimate”, “forecast”, “potential”, “intend”, “continue” and variations of these words or comparable words).

L.E.K. is not able to predict future events, developments and uncertainties. Consequently, any of the forward-looking statements contained in this report may prove to be incorrect or incomplete, and actual results could differ materially from those projected or estimated in this report. L.E.K. undertakes no obligation to update any forward-looking statements for revisions or changes after the date of this report and L.E.K. makes no representation or warranty that any of the projections or estimates in this report will be realized. Nothing contained herein is, or should be relied upon as, a promise or representation as to the future.

Agenda

- Background and objectives
- Review of airline proposals and recommendations
- Appendix

Dallas Love Field (DAL) is located in the City of Dallas and is currently restricted to 20 gates

Description	Aerial view	Neighboring airports												
<p>Dallas Love Field (DAL) is a city-owned public airport 6 miles northwest of downtown Dallas, Texas. It was Dallas' main airport until 1974 when Dallas/Fort Worth International Airport opened</p>														
Key Operational Statistics	Route network													
<ul style="list-style-type: none"> Number of aircraft gates: 20* Annual passengers*: 8.1M (2013) Non-stop destinations: 44** Active passenger airlines: 4 	<p>The ten busiest domestic routes out of DAL from Oct 2012- Oct 2013^^:</p> <table border="0"> <tr> <td>1. Houston, TX</td> <td>6. New Orleans, LA</td> </tr> <tr> <td>2. San Antonio, TX</td> <td>7. Albuquerque, NM</td> </tr> <tr> <td>3. Austin, TX</td> <td>8. Lubbock, TX</td> </tr> <tr> <td>4. Kansas City, MO</td> <td>9. El Paso, TX</td> </tr> <tr> <td>5. St. Louis, MO</td> <td>10. Midland, TX</td> </tr> </table> <ul style="list-style-type: none"> Dallas Fort Worth (DFW), the primary international airport in the D/FW Metroplex and the largest hub for American Airlines 		1. Houston, TX	6. New Orleans, LA	2. San Antonio, TX	7. Albuquerque, NM	3. Austin, TX	8. Lubbock, TX	4. Kansas City, MO	9. El Paso, TX	5. St. Louis, MO	10. Midland, TX		
1. Houston, TX	6. New Orleans, LA													
2. San Antonio, TX	7. Albuquerque, NM													
3. Austin, TX	8. Lubbock, TX													
4. Kansas City, MO	9. El Paso, TX													
5. St. Louis, MO	10. Midland, TX													
Airline market share^^	Strategic context													
<table border="0"> <tr> <td>1.</td> <td></td> <td>Southwest:</td> <td>96%</td> </tr> <tr> <td>2.</td> <td></td> <td>United:</td> <td>2%</td> </tr> <tr> <td>3.</td> <td></td> <td>Delta^:</td> <td>2%</td> </tr> </table>	1.		Southwest:	96%	2.		United:	2%	3.		Delta^:	2%	<ul style="list-style-type: none"> Due to the Wright Amendment Reform Act of 2006, in October of 2014, direct flights are no longer limited to the 9 nearby states Southwest Airlines' corporate headquarters is at Love Field, and Dallas is a focus city for them As a result of the American-US Airways merger, AA must divest its 2 gates at DAL The close proximity to downtown Dallas and limited gate availability have generated significant interest in the 2 American gates 	
1.		Southwest:	96%											
2.		United:	2%											
3.		Delta^:	2%											

Note: * Given the Wright Amendment Reform Act of 2006, Love field's capacity is limited to 20 gates; ^ Following the merger of American and US Airways, the U.S. DOJ is requiring American's 2 gates (currently sub-leased to Delta) to be divested at DAL **Nonstop flights with more than 50 passengers per day ^^Based on pax

Source: L.E.K. analysis of ARN Fact book, City of Dallas, Diio Mi; Bing Maps

CONFIDENTIAL




© 2014 L.E.K. Consulting LLC. All rights reserved.

With the expiration of the Wright Amendment, 14 of the top 20 destinations from the Dallas/Fort Worth Metroplex will be served by DAL

Top 20 destinations from the D/FW Metroplex – both DAL and DFW (Q3 2012 – Q3 2013)

Rank	Destination*	Daily pax (incl. connect)	DAL service
1	LAX	2,124	Planned
2	NYC	1,965	Planned
3	CHI	1,652	Planned
4	WAS	1,499	Planned
5	SFO	1,300	No Service
6	DEN	1,261	Planned
7	ATL	1,234	Planned
8	LAS	1,208	Planned
9	HOU	1,066	Currently Served
10	MCO	910	Planned

Rank	Destination*	Daily pax (incl. connect)	DAL service
11	BOS	843	No Service
12	SAT	765	Currently Served
13	PHX	692	Planned
14	PHL	687	No Service
15	SEA	682	No Service
16	MSY	638	Currently Served
17	SAN	616	Planned
18	MSP	590	No Service
19	DTW	565	No Service
20	MCI	557	Currently Served

	Currently served by DAL
	Planned service from DAL
	No service from DAL

Note: * NYC (LGA, JFK, EWR, HPN), LAX (LAX, BUR, SNA, ONT, LGB), CHI (ORD, MDW), WAS (DCA, IAD, BWI) SFO (SFO, SJC, OAK) **Nonstop flight offered to destination from DAL or DFW ^Average of 75% to 85% load factor ^^Some flights may be operated by an E75 with the same number of seats ***Based on the assumption that Delta only gets two gates

Source: L.E.K. analysis of Diio Mi

In its settlement with American, the DOJ is requiring AA to divest its two preferential use gates at Dallas Love Field (DAL)

- American Airlines will have to relinquish the gates at all airports under “commercial terms and conditions identical to those pursuant to which the gates and facilities are leased to New American”
 - There is no restriction on whether American can receive compensation for sub-leasing the gates
 - The DOJ’s intent with the divestiture is to create competition for American out of Dallas by leveraging the more convenient location of DAL to give an advantage to a new entrant
 - The DOJ claims rights to approve the selected carrier; their focus is on increased competition and facilitating new opportunities for low cost carriers
- “... The goal of the divestiture remedy is to enhance the ability of the LCCs to frustrate coordination among the legacy carriers ...”

The U.S. Department of Justice

- The DOJ prefers the gates be assigned to an LCC versus remain open for common use, to ensure that a new entrant has the right number and time for slots to compete effectively
 - The final agreement prohibits the merged company from reacquiring an ownership interest in the divested slots or gates
- “... Section XII of the proposed Final Judgment prohibits the merged company from reacquiring an ownership interest in the divested slots or gates during the term of the Final Judgment ...”

The U.S. Department of Justice

The City of Dallas is looking for a recommendation on the optimal use of American's two gates at DAL

- The close proximity of DAL to downtown Dallas and limited gate availability has generated significant interest in these gates from other airlines, including:



– Southwest (based in Dallas and currently the largest operation at DAL)



– Delta (currently sub-leases the two AA gates)



– Virgin America (potential new entrant at DAL)

- Given the critical role that DAL airport plays in the local economy and the important service they provide for the citizens of Dallas, the City is looking to develop a framework for evaluating potential new airline tenants for the gates
- The City of Dallas is seeking to establish a clear position on what the optimal outcome is for the City and its residents

The intent of this project is to identify the best new use of the AA gates at DAL for the City of Dallas, its citizens, and DAL itself

Primary Objective

- The primary objective of this project is to provide a framework for the City to evaluate the best use of American Airlines' divested gates at DAL and a well-reasoned position on the optimal outcome of the current process for the City of Dallas

Key Issues

- What overall objectives should guide the City's assessment of potential new airline tenants for the DAL gates?
- Who are the key stakeholders in the decision to award American Airlines' divested gates at DAL?
- What are the primary interests of each stakeholder group as they relate to the awarding of the DAL gates?
- What is an appropriate framework for evaluating the options and determining the optimal solution for the City?
- What specific criteria should be used to determine the "best" use of the gates for the City of Dallas? How should those criteria be weighted?
- How does each candidate airline rate across the key evaluation criteria?
- Overall, which airline (or airlines) represent the best fit for the DAL gates given the City's objectives and why?

The City of Dallas selected L.E.K. Consulting to conduct this work based on L.E.K.'s reputation and experience as a leading aviation strategy advisor

L.E.K. Aviation Credentials

- More than 25 years successfully advising on strategic issues in the aviation sector globally, with a combination of airline and airport advisory experience that is unique among consultants in the industry
- Leading strategic advisor to the global airline industry, where clients include more than half of the top 50 airlines around the world by market capitalization, including both major network carriers and leading LCCs
 - 2 of the 3 largest airline mergers in industry history
 - 2 of the 3 largest frequent flier programs in the industry
 - Chief architect of the merchandizing (ancillary revenue) movement in the U.S. industry and internationally
- Extensive work with leading airports and airport groups around the globe
 - Buy- and sell-side advisory work for airport privatizations
 - Commercial air service development strategies
 - Traffic forecasting
 - Retail master plan development

To complete this assessment, L.E.K. conducted extensive secondary research, leveraged internal expertise, and conducted independent analysis

L.E.K. did do

- Worked with DAL and the city of Dallas to understand their primary objectives, views of key stakeholders, and other relevant criteria
- Reviewed relevant proposals and materials prepared by airlines seeking to win the DAL gates
- Identified and outlined the key stakeholders
- Leveraged L.E.K. experience with airport development to outline high level objectives for each stakeholder
- Developed an evaluation framework and determined the relative importance of each scoring criterion
- Identified several potential gate-award scenarios
- Conducted secondary research and independent analysis to determine the attractiveness of each potential gate-award scenario
- Recommended a best case scenario for the City based on L.E.K.'s view of the relative importance of each objective

L.E.K. did not do

- Perform an in-depth, industry wide analysis on each potential airline that may or may not be interested in the DAL gates
- Conduct an interview campaign for each primary and secondary stakeholder to reinforce our independent assumptions
- Perform forecasting analysis to determine future passenger traffic for each gate and potential airline, including any QSI analysis
- Perform a route-level fare analysis to evaluate each potential possibility created with different entrants and scenarios
- Discuss this issue with any carrier, including those submitting a proposal
- Receive input from City officials on their desired outcome

Agenda

- Background and objectives
- Review of airline proposals and recommendations
- Appendix

Delta (DL), Virgin America (VX), and Southwest (WN), have expressed interest in American's (AA) two gates at DAL



Proposed routes (flights/day)	<ul style="list-style-type: none"> ● ATL (6) ● LGA (5) ● MSP (3) ● DTW (3) ● LAX (5) 	<ul style="list-style-type: none"> ● LAX (4) ● SFO (4) ● LGA (4) ● DCA (4) ● ORD (2) 	<ul style="list-style-type: none"> ● CLT ● PHL ● DTW ● MSP ● EWR 	<ul style="list-style-type: none"> ● SFO ● SJC ● OAK ● SMF ● SEA ● PDX 	<ul style="list-style-type: none"> ● BOS ● RDU ● MEM ● IND ● ECP ● CHS
Proposed aircraft	<ul style="list-style-type: none"> ● CRJ-900 (76 seats) ● Boeing 717 (110 seats) 	<ul style="list-style-type: none"> ● A320 (146 seats) 	<ul style="list-style-type: none"> ● 737-700 (143 seats) ● 737-800 (175 seats) 		
Additional considerations	<ul style="list-style-type: none"> ● Requesting gates for common use, which Delta would then use as needed ● Requires 3 gates for its full plan, implying potential access to United's gates 	<ul style="list-style-type: none"> ● Dallas area expansion plans contingent upon obtaining 2 DAL gates ● Virgin has stated that they would exit DFW 	<ul style="list-style-type: none"> ● Southwest already has 16 of 20 gates at DAL ● Southwest cannot fly out of DFW without relinquishing DAL gates, so this is their most realistic expansion opportunity 		
Proposal thesis	<ul style="list-style-type: none"> ● Provide DAL with 1-stop access to global destinations 	<ul style="list-style-type: none"> ● Offer a competing network of flights with a differentiated product and lower fares to large business markets from DAL 	<ul style="list-style-type: none"> ● Introduce meaningful competition to American Airlines and more destinations from DAL 		

Given the City’s responsibilities, Dallas residents and the local business community should be seen as the primary stakeholders in the gate decision

Stakeholders

Primary needs and motivations:

Primary stakeholders

Dallas residents
Local business community

- Greatest number of non-stop destinations from Dallas (DAL + DFW)
- Low fares
- Greatest number of non-stop destinations from Dallas (DAL + DFW)
- Best possible flight schedule / frequency of service
- New convenient premium class service at DAL
- Increased business activity

Secondary stakeholders

DAL airport
DAL airport employees
DFW airport

- Maximum traffic through the airport, increasing airport revenues
- Minimum risk of airline service level changes
- Maximum job creation
- Minimum direct route overlap between DFW and DAL, to reduce potential passenger loss

Other stakeholders not included in this analysis

DOJ
American Airlines

- Increased competition for AA in Dallas
- Greater LCC presence in Dallas and nationally
- Minimize number of competitors in the Dallas area
- Minimize direct route overlap

We have excluded “other stakeholder” considerations from our analysis in order to remain objective; The DOJ’s needs do not necessarily overlap with the needs of the primary stakeholders

The City's main objective should be to maximize O&D passenger throughput across both DAL and DFW, as that would represent maximum utility for stakeholders

Objectives

Tier	Objective
Tier 1 objectives	1 Increase non-stop destinations from DAL
	2 Maximize O&D passenger throughput across DAL & DFW
Tier 2 objectives	3 Lower fares from DAL
	4 Minimize route overlap with DFW
	5 Add convenient premium class service at DAL
Tier 3 objectives	6 Increase number of DAL jobs
	7 Airline stability and commitment at DAL
	8 Add a partner that will contribute to the community

Needs met

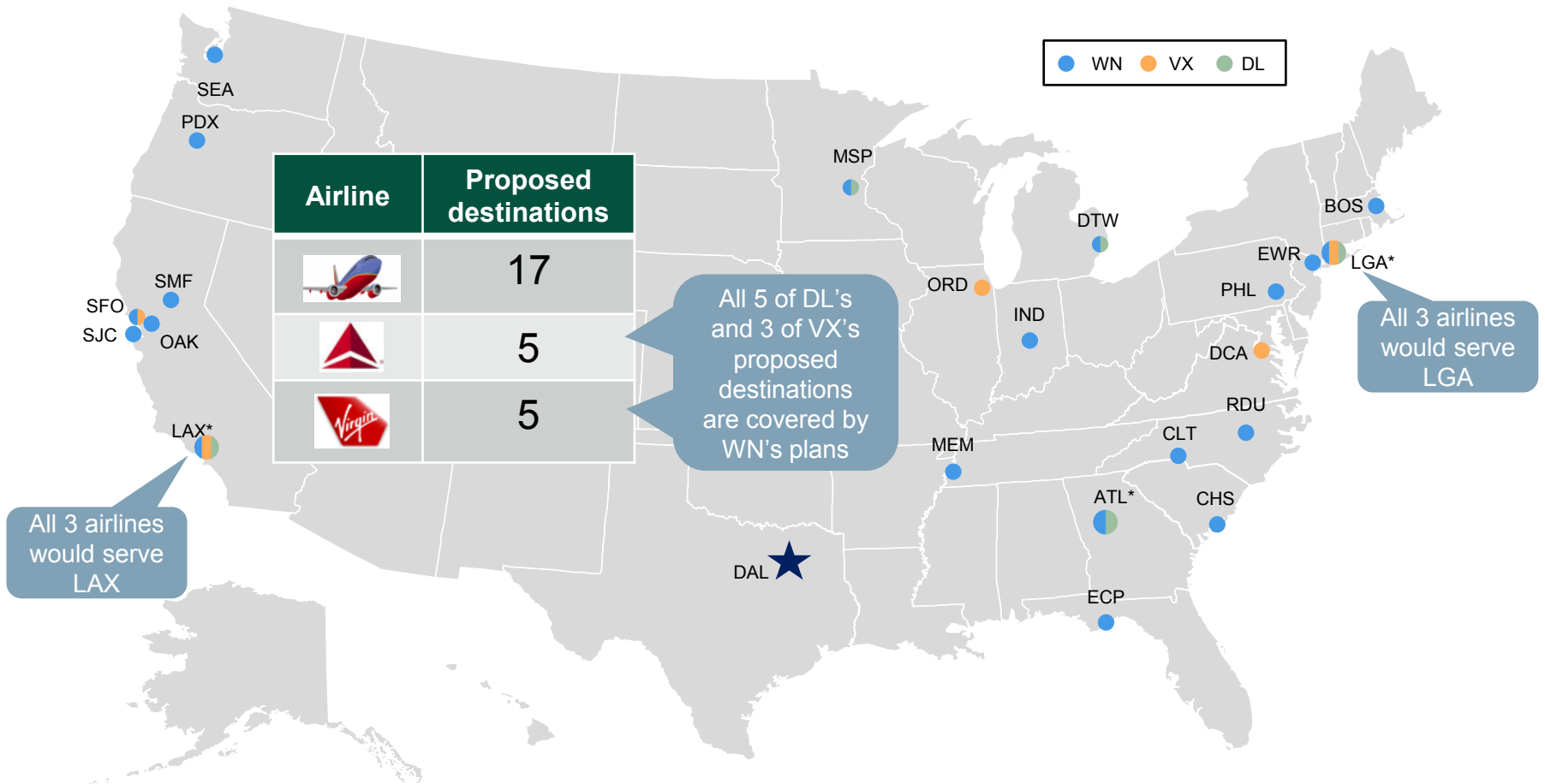
- More non-stop destinations from DAL
- Greatest number of key routes being served (demonstrated by demand)
- Maximize DAL aero & non-aero revenue
- Maximize local economic growth
- Maximize indirect jobs in Dallas
- Lower fares caused either by an increase in competition or new LCC entrant
- Limited cannibalization of existing DFW passenger volume
- New premium (first class) service to key cities from the more convenient DAL location (vs. DFW)
- Increase DAL jobs
- Minimize risk to DAL and City of Dallas given reliance on limited airlines; ensure longstanding commitment
- Commitment to the community

Stakeholders supported

- Residents
Business community
- Residents
Business community
DAL airport
DAL airport employees
- Residents
Business community
- DFW Airport
AA
- Business community
Residents
- DAL airport
DAL airport employees
- Residents
DAL airport
DAL airport employees
- Residents
Business community

1 Southwest's proposal would likely lead to the highest number of non-stop destinations from DAL

Proposed DAL destination airports for WN, VX and DL

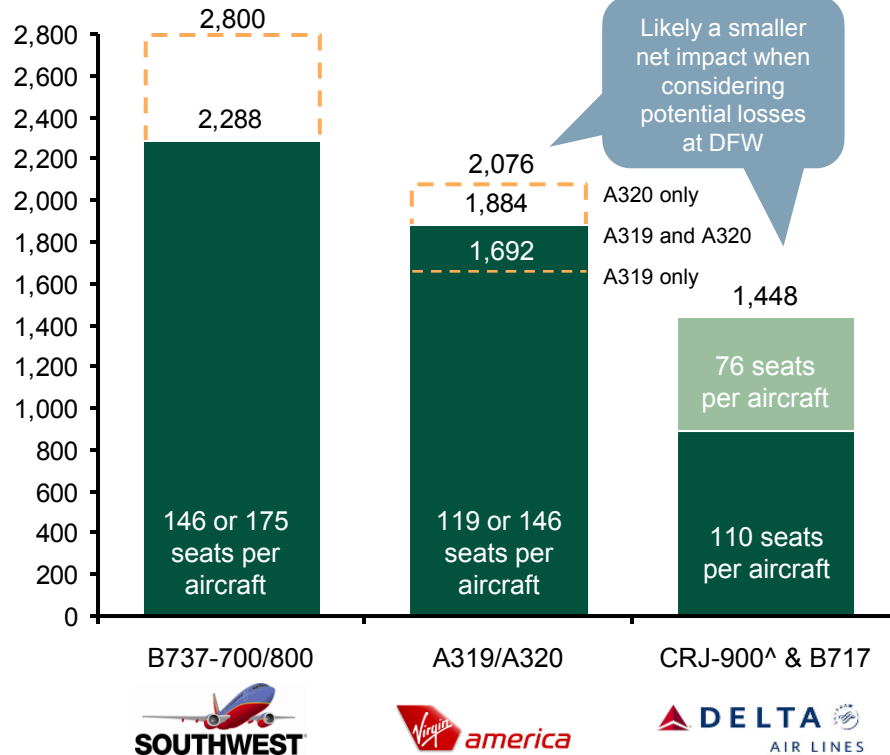


Note: * Current/planned WN destinations w/out gates ^Includes destinations from Delta's and Virgin's proposals that Southwest is already planning to fly with its existing gates
 Source: L.E.K. analysis of company proposals and Dio Mii

2 Based on fleet plans and potential cannibalization at DFW, Southwest would likely drive the most passenger traffic across both DAL & DFW

Potential DAL passengers per day by aircraft type

Number of passengers*



Commentary

- Based on intended aircraft and gate usage, Southwest is projected to have the highest passenger throughput for DAL
 - While Southwest claims 737-800s would be deployed, 737-700s are more probable on marginal routes
- Virgin could serve nearly as many DAL pax as Southwest, but at some risk to DFW
 - While Virgin proposes using A320s; we have assumed they would split their service between A319s and A320s as a new entrant
 - As Virgin will be pulling out of DFW, the net impact to the Metroplex could only be 1,200 – 1,300 pax/day
- With smaller aircraft planned, Delta is expected to serve fewer passengers than WN or VX
 - Delta proposes using 16 CRJ-900s; while they suggest a 3rd gate would be necessary, we have capped their total flights at 20, matching Southwest
 - As these services would overlap with existing DFW service, it is likely that a substantial number of pax would be pulled from the existing service

Proposed flights per day**	20	18	CRJ-900: 14^^ B717: 6
System wide load factor***	80%	79%	84%

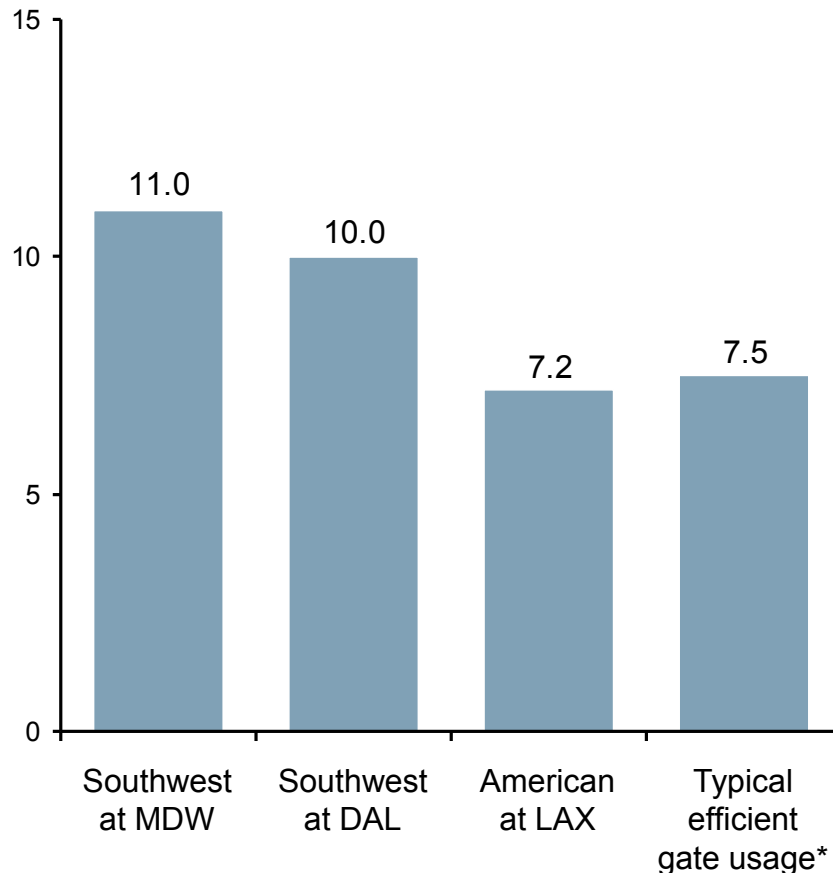
Note: * Calculated as (aircraft seats) x (flights/day) x (system-wide load factor); ** Max potential assumed to be 11 turns per day based on Southwest performance at MDW; typical efficient gate usage is 7-8 turns per day; *** 2012 system wide load factor; ^ Some flights may be operated by an E175 with the same number of seats; ^^ Based on the assumption that Delta only gets two gates (proposing 16 total for 3 gates)

Source: L.E.K. analysis of ADP; company proposals; company seating charts

② The Southwest and Delta proposals likely represent the maximum daily usage of the available gates

Maximum efficient gate usage

Number of gate turns per day



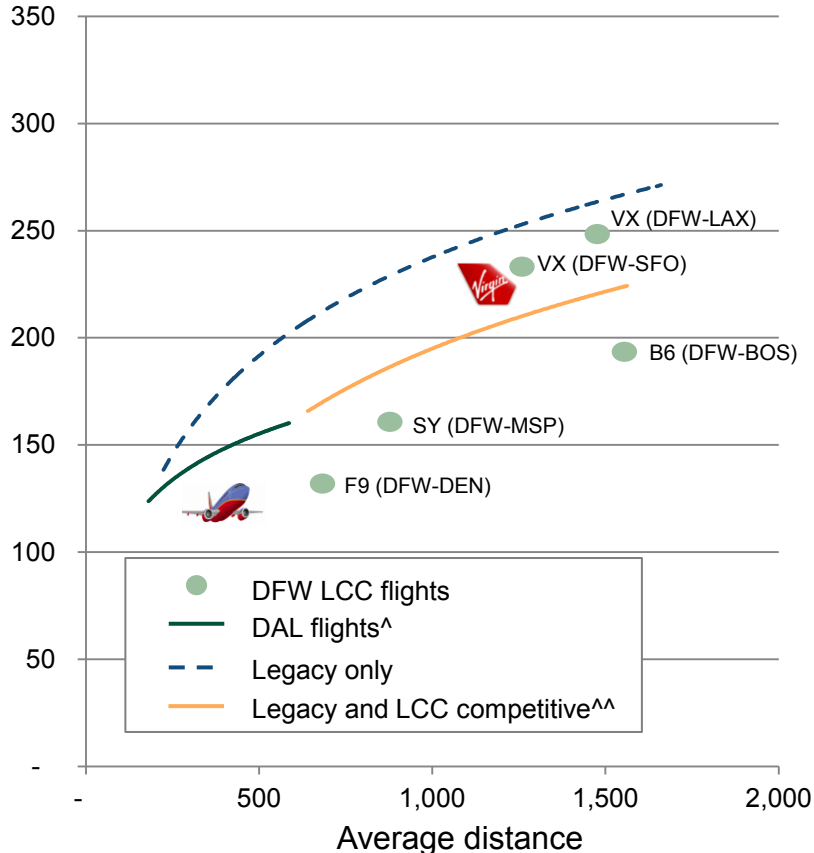
- Maximum efficient gate usage is based on three main factors:
 - (1) Size of aircraft, as larger aircraft take longer to turn
 - (2) Airline operational efficiency, as certain airlines perform better at catering, fueling, inspecting, and loading aircraft
 - (3) Consistency of demand throughout the day, as airlines attempt to match their schedule to the most popular times to fly (typically motivated by business travel)
- In gate-constrained situations, U.S. airlines typically can operate ~7.5 flights per day out of a single gate
 - At LAX, where pre-merger American is gate-constrained, it is able to support ~94 mainline flights per day out of its 13 gates (7.2 flights per gate per day)
 - Southwest, with an all narrow-body fleet and efficient operations, is able to support up to 11 flights per day at some gates at MDW

Given industry evidence of efficient gate usage, we have assumed that 10-11 turns per gate is a reasonable estimate for DAL

Note: * Based on L.E.K. experience and industry observation
Source: L.E.K. analysis of Diio Mi

3 Historically, Southwest has driven a greater fare differential in Dallas than Virgin; however it has a mixed track record in other markets

Average domestic fares from DAL and DFW
(Q3 2012-Q3 2013)
Average fare (dollars)



Fare differentials from legacy fares in similar markets to DAL/DFW
(Q3 2012-Q3 2013)

Comparison	Houston (HOU/IAH)	Chicago (MDW/ORD)
Avg. WN fare differential (%)	20	13
Avg. LCC fare differential (%)	28	28

Key Observations

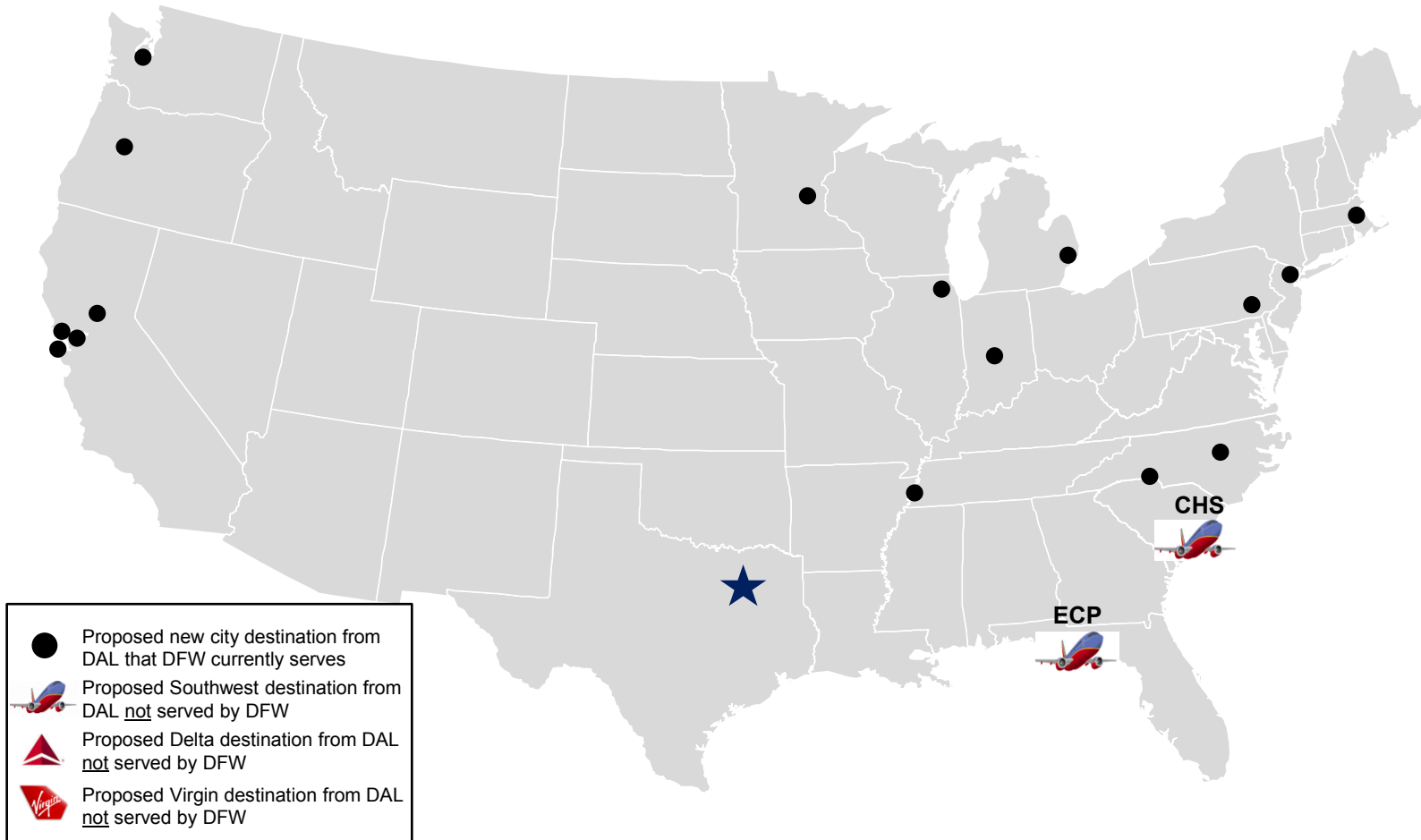
- Historically, Virgin has not offered significantly lower fares in Dallas relative to WN or other LCCs
- Neither Southwest nor Virgin typically offer Dallas fares as low as JetBlue, Frontier, or Sun Country
- While Southwest has historically offered lower fares in Dallas, Houston, and Chicago, its track-record is mixed – fares have actually increased ~23% in ATL (vs. 4% nationally) since Southwest took over AirTran

Note: * Only nonstop destinations from DAL with passengers per day greater than 50 passengers per day; NK was not included in this analysis, as they appear to have minimal impact on other carrier's fares; ^ "DAL flights" are all non-stop flights from DAL; ^^ "Legacy and LCC competitive" are routes with both Legacy and LCC presence

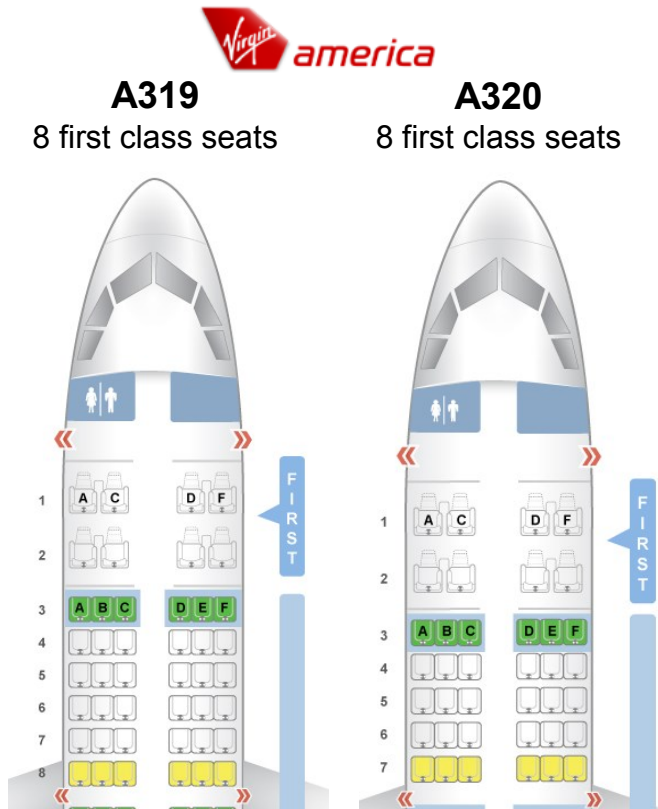
Source: Airlines and Aviation: Dallas Business Telegram, L.E.K. analysis of Dio Mii

4 Despite the substantial increase in nonstop destinations, only CHS and ECP (both Southwest) do not overlap with existing service from DFW

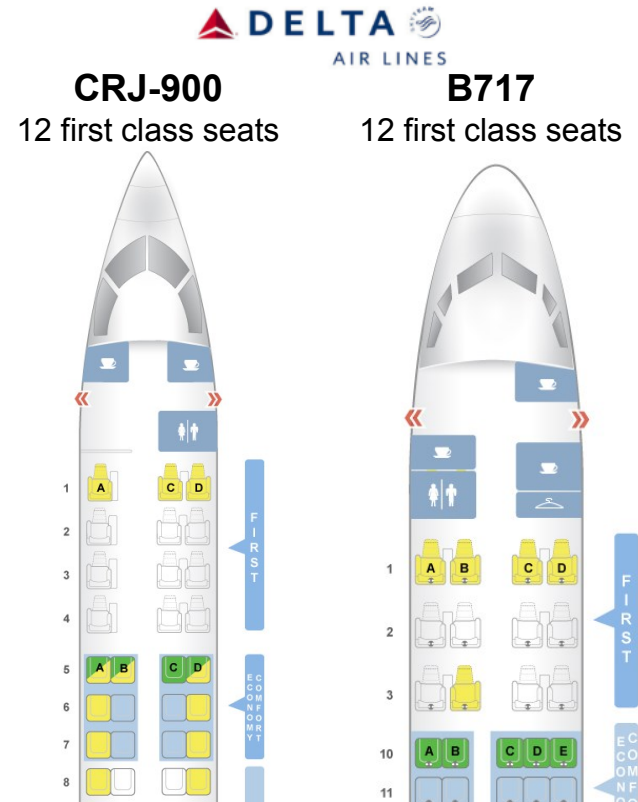
Incremental non-stop destinations from DAL by carrier



5 With both more flights and more first class seats per aircraft, Delta would provide the greatest increase in premium class service at DAL



8 first class seats x 18 flights
= 144 first class seats per day

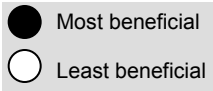


12 first class seats x 20 flights
= 240 first class seats per day

Delta or Virgin would likely create the greatest number of new jobs at DAL and similarly represent a greater opportunity to increase corporate partnership with the community (whereas Southwest is already a strong partner)

	<u>Rationale</u>	<u>Implications</u>
<p>6</p> <p>Increase number of DAL jobs</p>	<ul style="list-style-type: none"> Additional carriers at DAL would likely require incremental airport employees 	<ul style="list-style-type: none"> Virgin or Delta would likely create more jobs at DAL due to the added requirements of supporting an incremental carrier
<p>7</p> <p>Airline stability and commitment</p>	<ul style="list-style-type: none"> Given that DAL currently relies on Southwest for 96% of all passenger throughput, it is significantly exposed to any risk associated with the airline Diversification could mitigate some of DAL's airline customer risk 	<ul style="list-style-type: none"> Delta is the only legacy carrier vying for the gates at DAL and given its scale is likely the most stable of the three carriers; however, DL has left Dallas once before Southwest, one of the largest employers in Dallas, is very likely to remain at DAL; we expect that they will use the gates fully but may not reach new destinations as those markets are unproven While Virgin would help from a diversification standpoint, it would come with some element of risk, as it is the smallest of the three carriers with the smallest existing presence in Dallas
<p>8</p> <p>Add a partner that will contribute to the community</p>	<ul style="list-style-type: none"> American Airlines and Southwest both have a large footprint and positive impact in the Dallas community If a carrier receives preferential gates at restricted DAL, a similar high level of community involvement should be expected 	<ul style="list-style-type: none"> If either Delta or Virgin could use the gates at DAL to grow their presence in the market, they could similarly increase their profile in the community and partnership with the city It is less likely that the gain of 2 incremental gates would have a material impact on Southwest's community support, which is already strong

Southwest is the most attractive option for the City of Dallas, given both expectations for its O&D pax throughput and potential for low fares



Objectives (% weighting)



Rationale

Objective	Delta	Virgin America	Southwest	Rationale	
Tier 1 (50%)	1. Increase non-stop destinations from DAL				<ul style="list-style-type: none"> Southwest is proposing 17 new nonstop destinations vs. 5 (DL) and 5 (VX)
	2. Maximize O&D pax throughput across DAL & DFW				<ul style="list-style-type: none"> While both Southwest and Virgin would serve substantial passengers, Virgin would be removing flights from DFW
Tier 2 (40%)	3. Lower fares from DAL				<ul style="list-style-type: none"> Historically, Southwest has driven a greater fare differential in Dallas than Virgin; however it has a mixed track record in other markets
	4. Minimize route overlap with DFW				<ul style="list-style-type: none"> ECP and CHS (both WN) are the only proposed new destinations that are not currently served by DFW
	5. Add convenient premium class service at DAL				<ul style="list-style-type: none"> With both more flights and more first class seats per aircraft, Delta would provide the greatest increase in premium class service at DAL
Tier 3 (10%)	6. Increase number of DAL jobs				<ul style="list-style-type: none"> VX or DL would likely create more jobs at DAL due to the added requirements of supporting an incremental carrier
	7. Airline stability and commitment				<ul style="list-style-type: none"> Delta's scale gives it stability although it has left Dallas before, while Southwest is fully committed as the home-town carrier
	8. Add a partner that will contribute to the community				<ul style="list-style-type: none"> DL or VX represent a greater opportunity to increase corporate partnership with the community (whereas Southwest is already a strong partner)
Overall attractiveness				<p>Southwest is the most attractive option for the City of Dallas</p>	

A common-use strategy could allow the City to manage the gates in an optimal way across carriers

Benefits of a common-use model

- Airlines could be held accountable for the benefits stated in their proposal (planned routes, aircraft) if they risk losing the gates
 - Conditions can be made public that gate usage is lost when destinations or routes fall below a predetermined number and a competing carrier desires to add service
- Common use is generally seen as the best way to allow new entrants

“... Airport-controlled common-use gates give the airport operator more flexibility to assign gates and to facilitate entry ...”
FAA/OST Task Force, October 1999
- Depending on carrier flexibility, more than one of the bidders could be partially accommodated within the two gates
- Additional carriers that may not be able to support a full gate at DAL would have easier access to the terminal on a more limited basis, for example:
 - JetBlue could shift its three BOS flights from DFW to DAL
 - Allegiant could have a Saturday flight to LAS

Agenda

- Background and objectives
- Review of airline proposals and recommendations
- Appendix

Current DFW and DAL nonstop destinations in the U.S. with more than 50 passengers per day

Airport Code	PAX per day	Airport Code	PAX per day	Airport Code	PAX per day	Airport Code	PAX per day
ORD	1310	DCA	472	MDW	172	RIC	90
LAX	1238	SAN	471	BHM	170	VPS	86
DEN	1215	FLL	462	OMA	161	BTR	83
ATL	1156	SNA	406	CLE	156	HNL	80
LAS	1082	TPA	386	MKE	148	RNO	72
LGA	1061	ELP	353	JAX	147	DSM	72
HOU	1060	ABQ	335	SMF	144	JAN	71
SFO	834	CLT	333	OKC	132	SJU	70
STL	804	BNA	315	ONT	130	XNA	66
SAT	753	TUL	286	CRP	120	ICT	63
MCO	750	SLC	282	HRL	118	TYS	59
BOS	741	LBB	282	BDL	117	PNS	57
PHX	623	MAF	267	SDF	113	ORF	57
PHL	622	MIA	260	RSW	113	GSP	54
MSY	607	IAD	257	COS	105	GRR	53
MCI	547	LIT	247	TUS	103		
MSP	546	AMA	239	MEM	103		
SEA	532	PDX	222	MFE	100		
EWR	529	IND	207	CVG	99		
AUS	520	SJC	203	AZA	98		
DTW	500	CMH	193	OAK	96		
IAH	494	PIT	192	PBI	92		
BWI	487	RDU	174	DAY	91		

Memorandum



CITY OF DALLAS

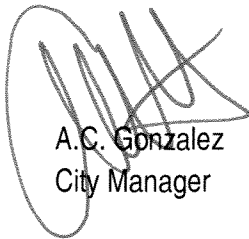
DATE May 2, 2014

TO Honorable Mayor and Members of the City Council

SUBJECT **Texas Horse Park Area Tour**
(Great Trinity Forest Way in the vicinity of Elam Road and Pemberton Hill Road)

Next Wednesday, May 7, 2014, the Council will participate in a tour of the Texas Horse Park Area. Attached is the map of the tour route.

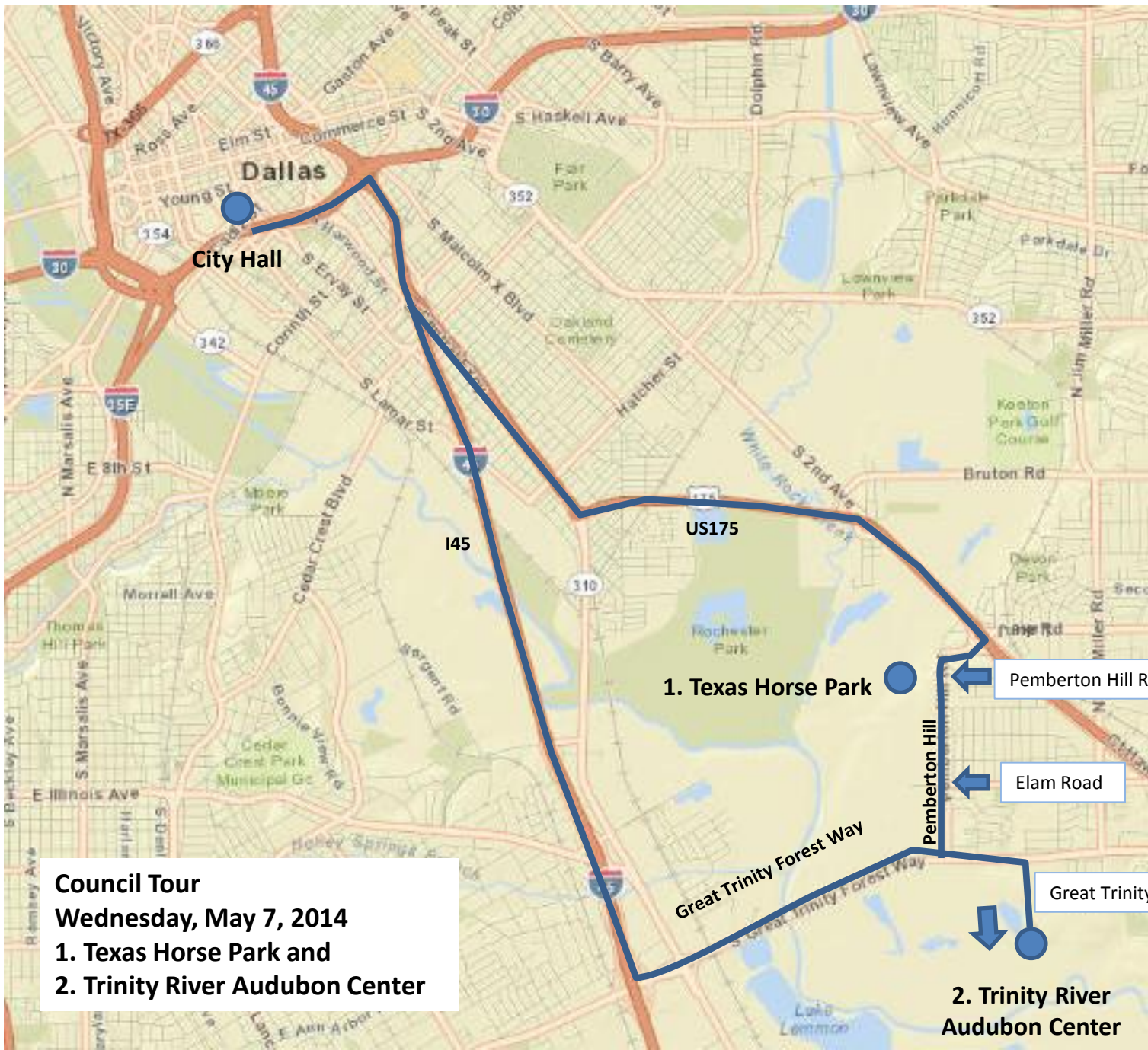
If you have any questions, please contact my office.



A.C. Gonzalez
City Manager

c: Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, (I) 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, (I) Assistant City Manager
Theresa O'Donnell, (I) Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Shawn Williams, (I) Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council



Council Tour
Wednesday, May 7, 2014
1. Texas Horse Park and
2. Trinity River Audubon Center

Pemberton Hill Road

Elam Road

Great Trinity Forest Way

2. Trinity River Audubon Center

Memorandum



CITY OF DALLAS

DATE **May 2, 2014**

TO **Honorable Mayor and Members of the City Council**

SUBJECT **Trinity Horse Park Progress Update**

On Wednesday, May 7, 2014, you will be briefed on the Trinity Horse Park Progress Update. The material for the briefing is attached.

Please contact me if you have any questions.

A handwritten signature in blue ink that reads "Jill Jordan".

Jill A. Jordan, P.E.
Assistant City Manager



THE TRINITY
DALLAS

c: 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, (I) First Assistant City Manager
Forest E. Turner, Assistant City Manager

Joey Zapata, Assistant City Manager
Charles M. Cato, (I) Assistant City Manager
Theresa O'Donnell, (I) Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Shawn Williams, (I) Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council



TEXAS HORSE PARK

AT THE TRINITY

Progress Report

May 7, 2014



Purpose

- Provide progress report on construction activities
- Provide a progress report on partner activities
- Outline next steps
- Summary

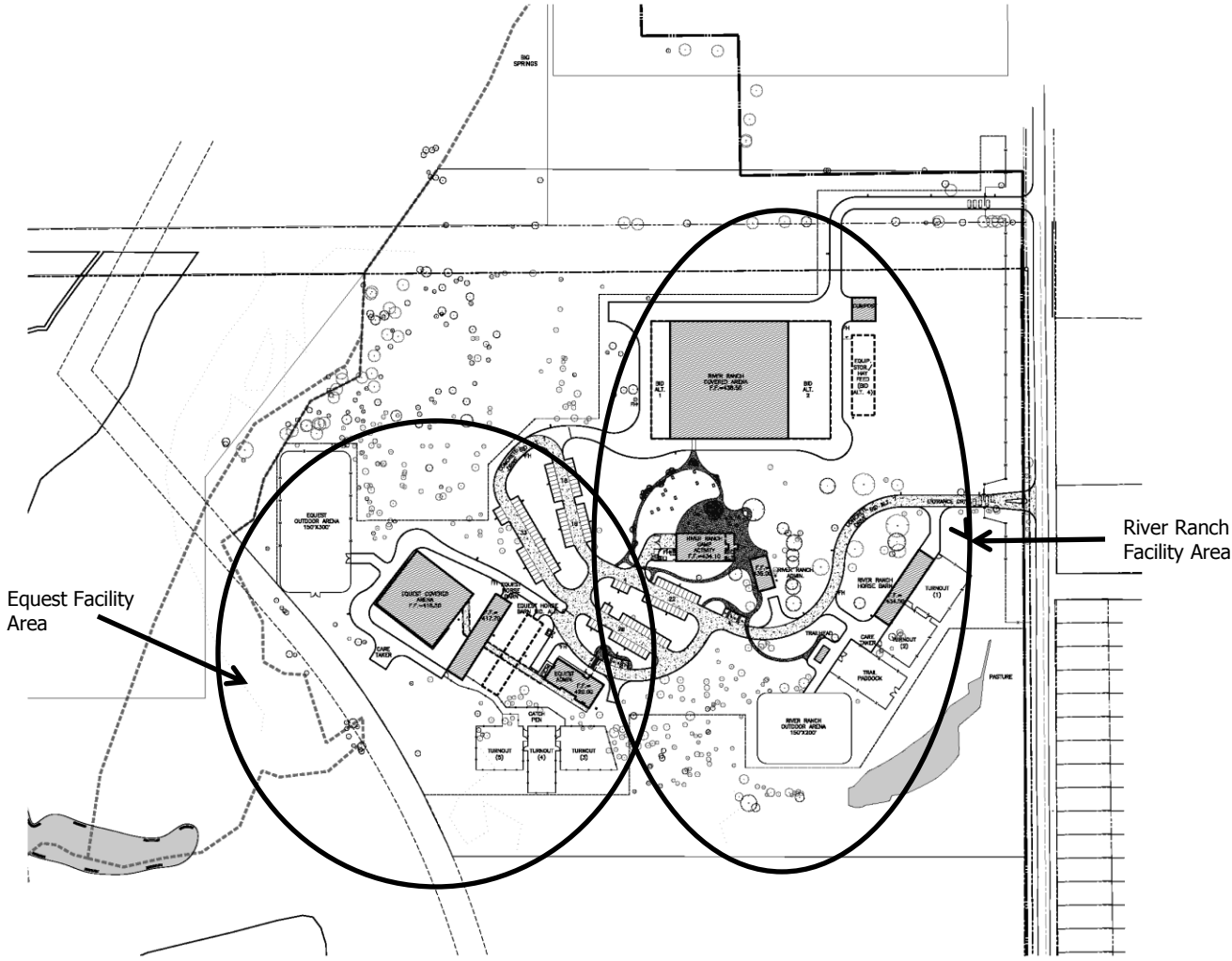
Construction Progress

Site Components

Following components are included in construction:

- ▶ **Two covered arenas**
- ▶ **Two outdoor arenas**
- ▶ **Three barns (60 stalls)**
- ▶ **Camp activity center**
- ▶ **Trail head, pavilion, and barbeque area**
- ▶ **Office/support areas**
- ▶ **Two Compost storage areas**
- ▶ **Equipment maintenance & storage building**
- ▶ **Parking areas**
- ▶ **Fenced pastures and round pens**
- ▶ **Building Signage**

Construction Site Layout



Equest Facility Area

River Ranch Facility Area

1 OVERALL SITE PLAN
7-87-07



75% CONSTRUCTION DOCUMENTS

INTERIM REVIEW DOCUMENTS
BY ORDER OF BOARD OF
CRAIG REYNOLDS
TX REG. NO. 1059

PROFESSIONAL SEAL
CRAIG REYNOLDS ARCHITECT
10000
10000
10000

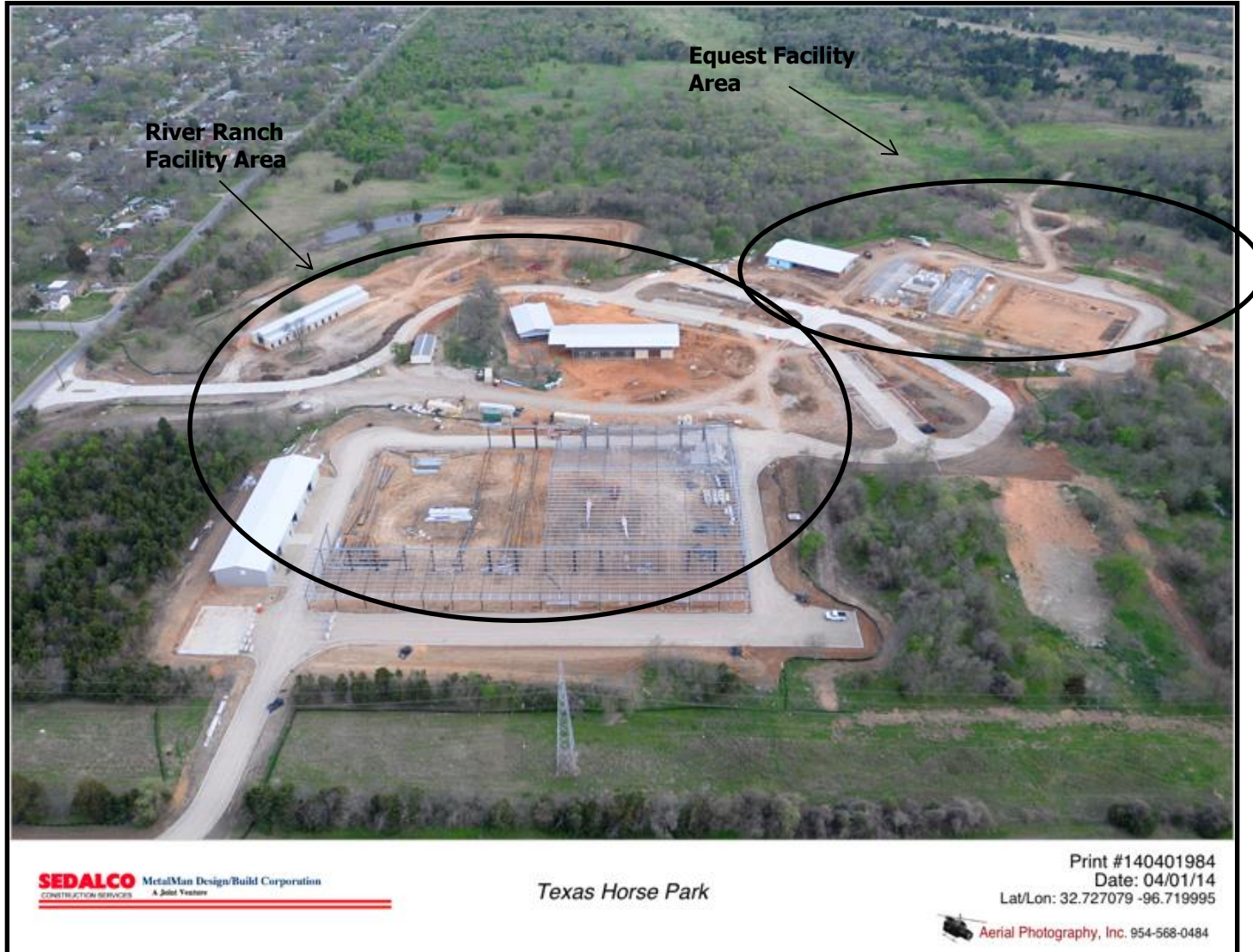


TEXAS HORSE PARK
CITY OF DALLAS
City of Dallas

COMMENT © CRAIG REYNOLDS ARCHITECTS, INC.
DATE: MARCH 14, 2013
DRAWN BY: J.T. AC, CK
CHECKED BY: CD, CS
PROJECT NO.: 200809

AS11

Construction Site Progress



Construction Schedule

- Work to date: Utilities, site grading and foundations complete, building and structures erected, and security planned (partners)
- May 2014 through September 2014: Finish out structures, install landscaping and public art, prepare pastures (partners), complete security enhancements (partners), and prepare kitchen (partners)
- October 2014: Grand Opening of Texas Horse Park (partners)



River Ranch

River Ranch Charity Overview

- 501(c)(3) non-profit charity
- Established in 2003
- “Operation Cowboy Kindness” - offers a place where all individuals are honored, empowered and accepted through the healing experience of horses, community, and nature.



River Ranch Charity Overview

- Currently located in McKinney – Approximately 30 acres with additional 50 acres of riding areas and pasture
 - Over 40,000 guests annually (includes riding, lessons, special events, and camps)
 - 30 Horses, 10 Full Time Staff, 20 Seasonal Staff
 - 75-100 Volunteers



River Ranch Programming

- Finalizing programs and website
(<http://www.texashorsepark.com/>)
- Will offer Free Third Thursday events, similar to the Trinity Audubon
- Services to include:
 - Trail rides*
 - Events
 - Riding lessons and camps*
 - Boarding of horses
 - Senior activities



*Free services will be provided to Dallas participants meeting low-income eligibility criteria (minimum of 25% for the summer camp & 10% for the riding lesson and trail rides)

River Ranch Activities



Administrative Building

Includes 4 Offices, Reception Area and Break Room



Stabling Barn

23 Stalls, Wash Bays, and Small Hay Storage

River Ranch Activities



Camp Activity Building

Seating for 350-600 people (Depending on Set-Up)

Includes Bathroom Facilities, Commercial Kitchen, and Patio Areas

Events such as Summer Kids Camp, Corporate Events, Charity Fundraisers, Weddings

River Ranch Activities



Covered Arena – Seats up to 4990

Events such as Equestrian Shows/Demonstrations, Competitions, Rodeos, and Concerts

River Ranch Next Steps

- Begin installation of pipe rail fence around perimeter of site and pasture areas
- Begin mowing and preparing pasture areas
- Complete installation of security systems
- Complete installation of kitchen
- Continue marketing and outreach to neighborhoods
- July – September staff and horses begin moving on site



Equest[®]

TEXAS HORSE PARK

AT THE TRINITY

Equest

Equest Charity Overview

- 501(c)(3) non-profit charity
- Established in 1981
- Therapeutic Sports Riding Classes & Hippotherapy (“Treatment with the Help of Horses”)
- Currently located in Wylie – 48 acres
 - Over 500 riders annually
 - 35 Horses, 12 Certified Riding Instructors
 - 700 Volunteers (35,000+ hours)



Equest Programming

- Finalizing programs and website
(<http://equest.org/about-us/our-facility/texas-horse-park>)
- Equine-assisted therapy and rehabilitation* for children and adults with physical, cognitive, emotional and/or learning challenges

* minimum of seventy five percent (75%) of services would be for Dallas residents



Equest Programming

- Received two (2) year grant for \$850,000 to support programs targeting children's activities
- Working with the VA Hospital to increase Veteran's Program (Hooves for Heroes) participation at the Texas Horse Park



Equest Activities



Administrative Building

Includes Offices, Reception Area, Conference Room, and Hippotherapy Rooms



Barn and Tack Room

40 Stalls, Wash Bays, Tack Room, Preparation area for Riding, and Small Hay Storage

Equest Next Steps

- Begin installation of pipe rail fence around perimeter of Equest pasture area
- Begin mowing and preparing pasture area
- Complete installation of security systems
- Continue marketing and outreach to neighborhoods
 - 2014 efforts focused on VA program participants
 - 2015 efforts focused on children's programs
- July – September staff and horses begin moving on site

Next Steps

Contract Modifications

- Recent information concerning operators at the Texas Horse Park resulted in a review of the termination provisions in the contracts
- Partners have requested clarification of the insurance requirements and Equest has requested modifications of the operating account balances

Summary of Next Steps

Summary of Next Steps

- Finalize website and other marketing materials, including obtaining appropriate copyrights of the logo
- Request Council approval of Equest contract modifications on May 14th Addendum
- Process Administrative Action for River Ranch contract modifications
- Partners to begin maintenance, preparation of pastures, and complete security installations
- Partners continue marketing and outreach efforts to community
- Partners will begin moving horses and staff on site between July and September 2014
- Hire city staff to oversee contracts
- Open Texas Horse Park in October 2014