

**BUDGET, FINANCE, & AUDIT COMMITTEE**  
DALLAS CITY COUNCIL COMMITTEE AGENDA

RECEIVED

2017 MAY 26 PM 4: 58

CITY SECRETARY  
DALLAS, TEXAS

MONDAY, JUNE 5, 2017  
CITY HALL  
COUNCIL BRIEFING ROOM, 6ES  
1500 MARILLA  
DALLAS, TEXAS 75201  
1:00 P.M. – 2:30 P.M.

**Chair**, Councilmember Jennifer S. Gates  
**Vice-Chair**, Councilmember Philip T. Kingston  
Deputy Mayor Pro Tem Erik Wilson  
Councilmember Rickey D. Callahan  
Councilmember Scott Griggs  
Councilmember Lee M. Kleinman

Call to Order

1. Consideration of the minutes from the May 15, 2017 Budget, Finance, & Audit Committee meeting
2. Consideration of Upcoming Agenda Items Memo(s) for June 14, 2017 City Council Meeting

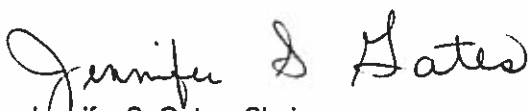
**BRIEFINGS**

3. Collision Activity Zeronda Smith, Director  
*Office of Risk Management*
4. Sunset Review: Potential Opportunities Jack Ireland, Director  
*Office of Financial Services*

**FYI:**

5. FY 2016-17 Financial Forecast Report  
*Information as of March 31, 2017 follow-up*
6. March 31, 2017 Quarterly Investment Report
7. Commercial Paper Programs –  
Update on Credit Agreements

Adjourn



Jennifer S. Gates, Chair  
Budget, Finance, & Audit Committee

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.

#### **Handgun Prohibition Notice for Meetings of Governmental Entities**

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

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

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

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

# **Budget, Finance, & Audit Committee**

## **Meeting Record**

**Meeting Date:** May 15, 2017

**Convened:** 1:01 pm

**Adjourned:** 2:42 pm

### **Committee Members Present:**

Jennifer S. Gates, Chair  
Erik Wilson  
Rickey D. Callahan

Lee Kleinman  
Philip Kingston, Vice Chair  
Scott Griggs

### **Committee Members Absent:**

### **Other Council Members Present:**

### **Staff Present:**

Elizabeth Reich  
Stephanie Cooper  
Jack Ireland  
Don Knight  
Akilah McLaughlin

Randall Hanks  
Donzell Gipson  
Daniel Huerta  
Doug O'Rourke  
Barbara Hobbs

Carol Smith  
Rick Galceran  
Janette Weedon  
Lance Sehorn  
Waran Moreland

Mark Duebner  
David Coatney  
Barbara McAninch  
Mark Duebner  
John Cheffy

Roger Reach

### **Others Present:**

N/A

### **AGENDA:**

#### **Call to Order**

1. **Consideration of the March 20, 2017 Minutes**

Presenter(s):

Information Only: \_

Action Taken/Committee Recommendation(s):

A motion was made to approve the May 15, 2017 minutes. Motion passed unanimously.

Motion made by: Lee Kleinman

Motion seconded by: Erik Wilson

2. **Consideration of Upcoming Agenda Items Memo for May 24, 2017 City Council Meeting**

Presenter(s): N/A

Information Only: \_

Action Taken/Committee Recommendation(s):

A motion was made to forward to the City Council on May 24, 2017. Motion passed unanimously.

Motion made by: Rickey Callahan

Motion seconded by: Erik Wilson

# **Budget, Finance, & Audit Committee**

## **Meeting Record**

### **Briefings**

3. **Atmos Energy Corporation – Dallas Annual Rate Review**

Presenter(s): Nick Fehrenbach, Manager of Regulatory Affairs, *Office of Financial Services*

Information Only: \_

Action Taken/Committee Recommendation(s):

Motion made by: Rickey Callahan

Motion seconded by: None

Motion was made to forward to full Council to accept the City Manager's negotiated settlement rate. Motion failed.

Motion made by: Phillip Kingston

Motion seconded by: None

Motion was made to forward to full Council with committee recommendation to deny the rate request. Motion failed.

Motion made by: Rickey Callahan

Motion seconded by: Lee Kleinman

Motion was made to forward to full Council to deny requested rate, set rate at \$5 million overall increase until rate is decided upon, and request City Manager file a full rate case. Motion passed on a divided vote.

4. **Office of the City Auditor – Fiscal year 2017 Third Quarter Update**

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

Information Only: \_

Action Taken/Committee Recommendation(s):

Motion made by: Phillip Kingston

Motion seconded by: Rickey Callahan

Motion was made to forward to full Council with committee recommendation for approval. Motion passed unanimously.

5. **Property Tax Overview and Senior Exemptions**

Presenter(s): Jack Ireland, Director, *Office of Financial Services*

Information Only: \_\_

Action Taken/Committee Recommendation(s):

Motion made by: Lee Kleinman

Motion seconded by: Rickey Callahan

Motion was made to forward to full Council to increase property tax senior exemption to \$90,000.00. Motion passed unanimously.

# **Budget, Finance, & Audit Committee**

## **Meeting Record**

6. **FY 2016-17 Financial Forecast Report** *Information as of February*

Presenter(s): Jack Ireland, Director, *Office of Financial Services*

Information Only: \_\_\_

Action Taken/Committee Recommendation(s):

Motion made by: Rickey Callahan

Motion seconded by: Lee Kleinman

Motion was made to forward to full Council amending appropriations of up to \$20 million of unused interest and General Fund surplus for street work and materials.

Adjourn

---

Jennifer S. Gates, Chair  
Budget, Finance, & Audit Committee

DRAFT

# Memorandum



CITY OF DALLAS

DATE June 1, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair),  
Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs,  
Lee M. Kleinman

SUBJECT **Upcoming Draft Agenda Items for June 14th Council Agenda Meeting**

The following draft agenda items are scheduled to go before City Council on June 14th.

## **Draft Agenda Item A**

Authorize a three-year service contract for grounds maintenance at nine Dallas Police Department properties - Good Earth Corporation, most advantageous proposer of six - Not to exceed \$684,555 - Financing: Current Funds (subject to annual appropriations)

## **Draft Agenda Item B**

Authorize a three-year service contract for painting and electrical services with Acumen Enterprises, Inc. through the Texas Multiple Award Schedule - Not to exceed \$6,773,144 - Financing: Current Funds (\$3,984,966), Convention and Event Services Current Funds (\$1,475,010), Water Utilities Current Funds (\$750,105), and Aviation Current Funds (\$563,063) (subject to annual appropriations)

## **Draft Agenda Item C**

Authorize a three-year master agreement for pumps, pump parts, and accessories – Master Pumps & Equipment Corp. in the amount of \$263,500, Environmental Improvements, Inc. in the amount of \$153,500, Odessa Pumps & Equipment, Inc. in the amount of \$97,500, Texas Underground, Inc. in the amount of \$46,000, and HD Supply Facilities Maintenance LTD dba USA Bluebook in the amount of \$6,000, lowest responsible bidders of five – Total not to exceed \$566,500 - Financing: Water Utilities Current Funds

DATE June 1, 2017  
SUBJECT Upcoming Agenda Items for June 14<sup>th</sup> Council Agenda Meeting

On June 2, we will post full background on each item in the Council materials. Should you have any questions on these items, please contact me at (214) 670-7804.



M. Elizabeth Reich  
Chief Financial Officer

c: Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Raquel Favela, Chief of Economic Development & Neighborhood Services  
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)  
Jill A. Jordan, P.E., Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Chief of Community Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors

# Memorandum



CITY OF DALLAS

DATE June 1, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT **Collision Activity**

On June 5, 2017, the Office of Risk Management will brief the Budget, Finance, & Audit Committee on Collision Activity. I have attached the briefing for your review.

Please let me know if you need additional information.

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

M. Elizabeth Reich  
Chief Financial Officer

#### Attachment

c: T.C. Broadnax, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Kimberly Bizor Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager

Raquel Favela, Chief of Economic Development & Neighborhood Services  
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)  
Jill A. Jordan, P.E., Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Chief of Community Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors



# Collision Activity

Budget, Finance & Audit

June 5, 2017

Elizabeth Reich, CFO  
Zeronda Smith, Director,  
Office of Risk  
Management



**City of Dallas**

# Presentation Overview

- Purpose
- Definitions
- Incident and Collision Activity
  - Preventable and Non-Preventable
  - Auto Claim Activity
- Options Under Review

# Purpose

- Provide auto incident/collision data valued as of 4/30/17
- Provide auto claim data valued as of 4/30/17
- Discuss options under review to reduce auto incidents/collisions and claims

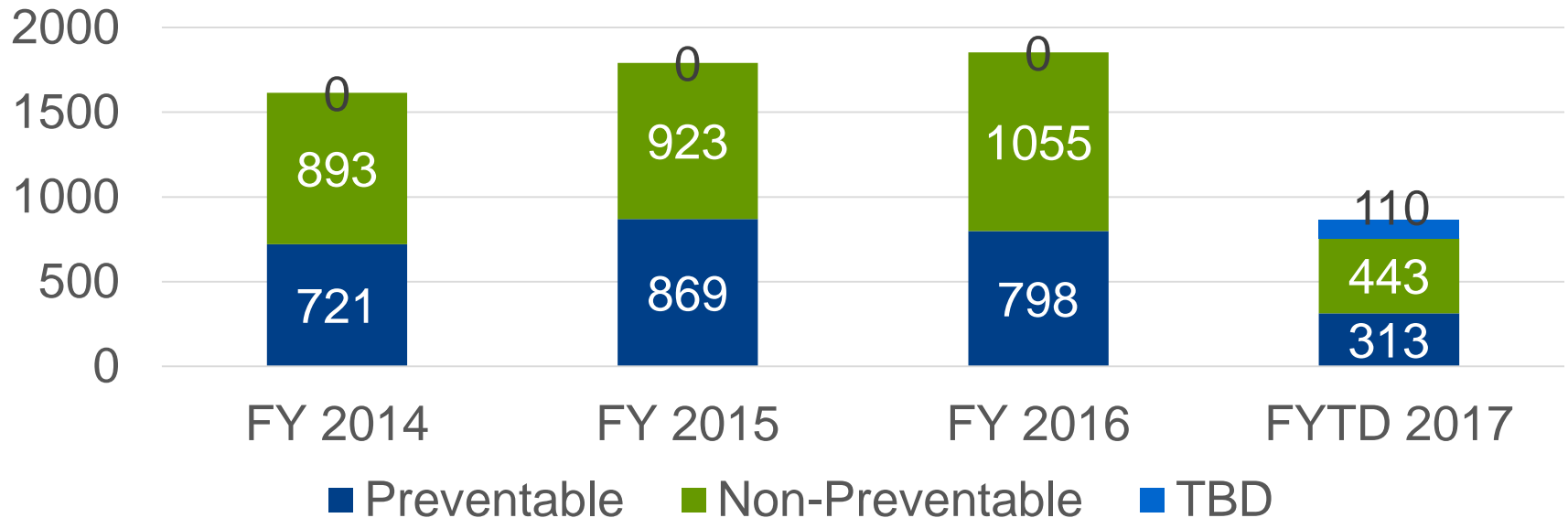
# Definitions

- **Incident** – an unplanned event involving the operation of City equipment in which contact is made but the equipment is stationary
- **Collision** – an unplanned event involving the operation of City equipment that is moving and in which contact is made
- **Preventable** – when an employee failed to take reasonable action, which could have avoided or prevented the unplanned event, violated a City or departmental rule, policy, or procedure which contributed to the event or committed moving traffic violation(s), whether cited or not
- **Non-Preventable** - occurs despite the driver or other operator of City equipment having taken reasonable action to avoid or prevent the event

4

# Preventable and Non-Preventable

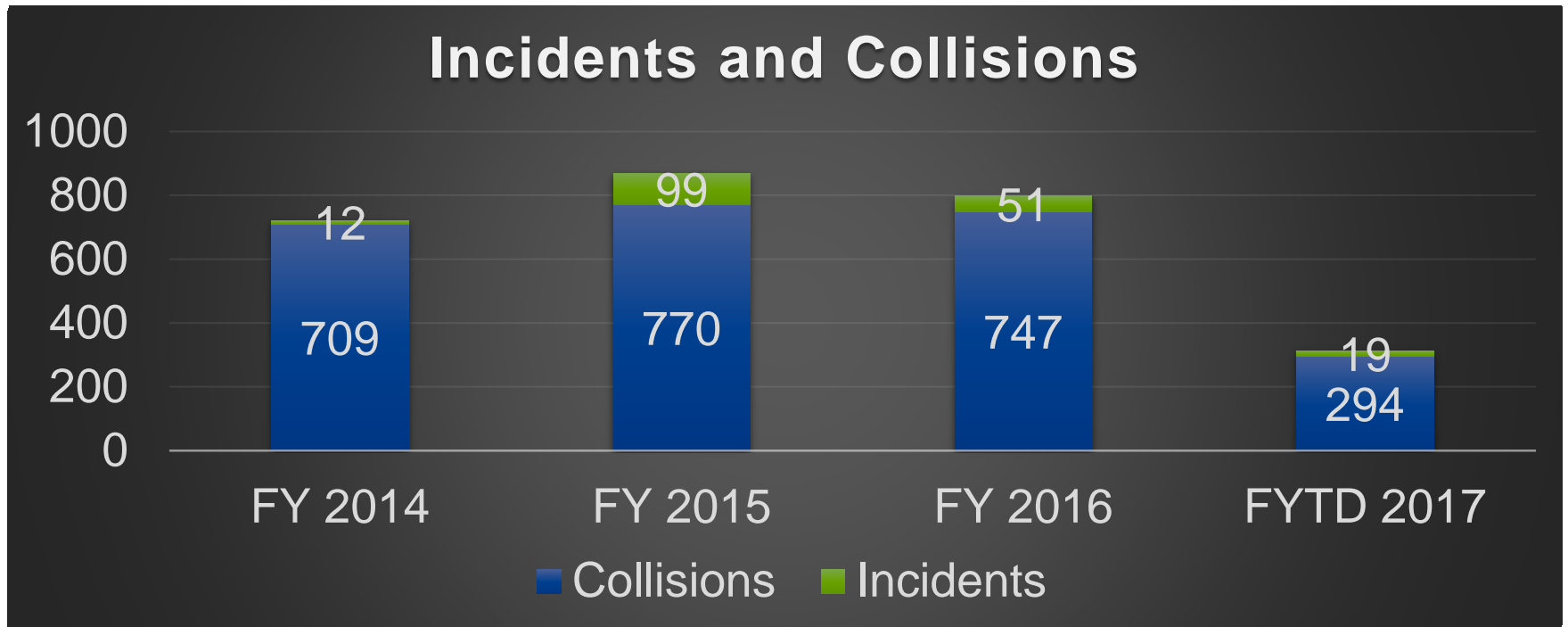
Combined Incidents and Collisions



The following number of incidents/collisions are not included in the above totals because they have not been examined by a Collision Review Committee:

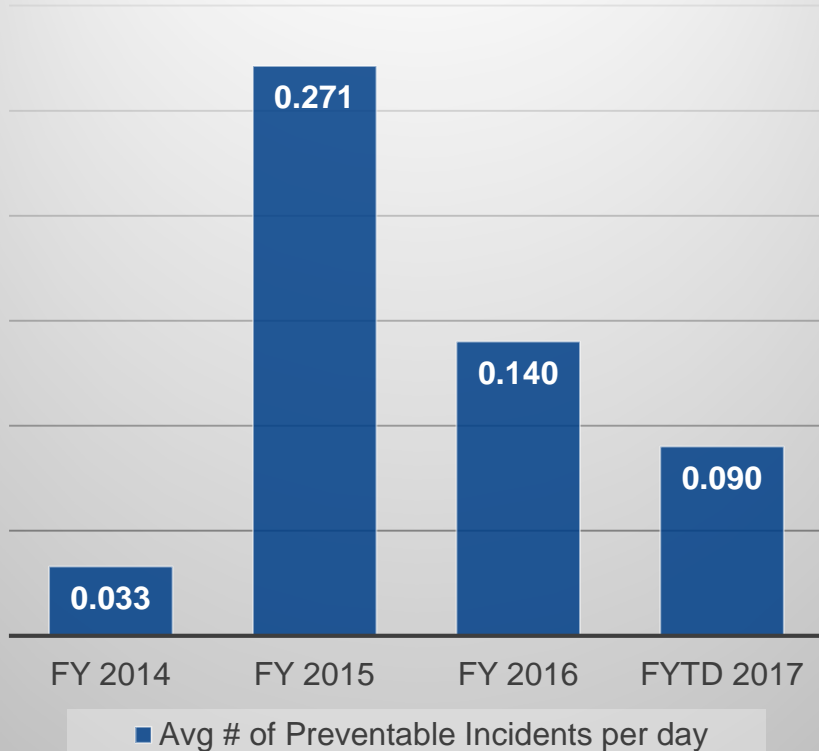
- DPD – 67 accidents
- DFR – 43 accidents

# Preventable

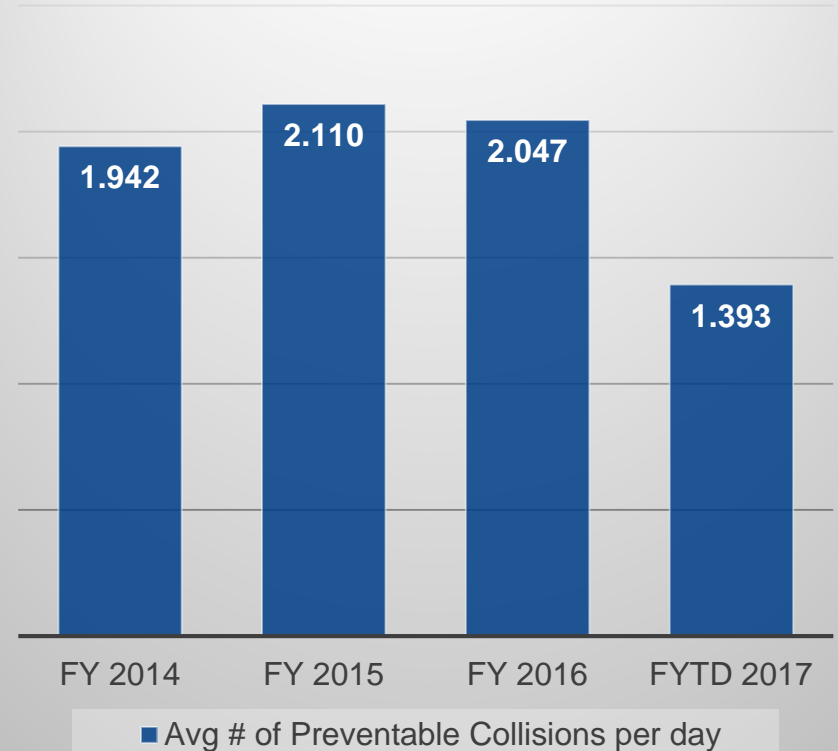


# Preventable – Average per Day

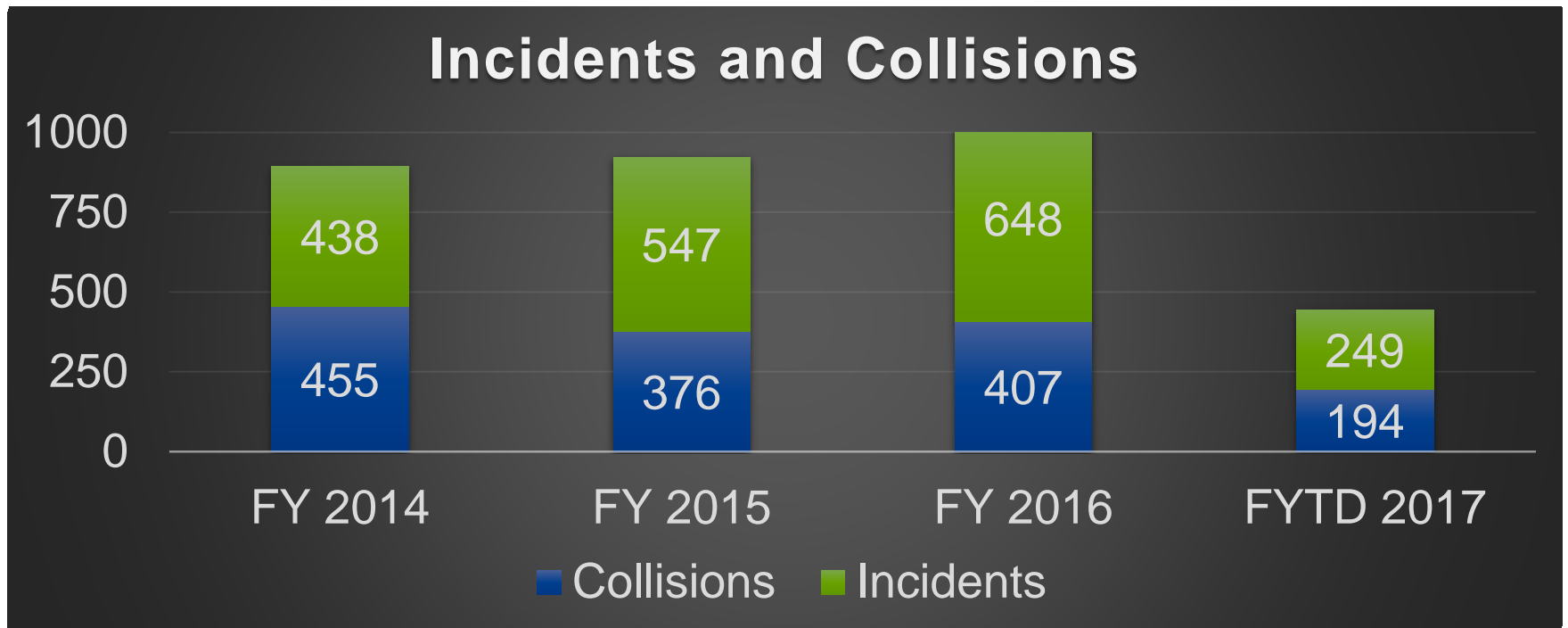
## Incidents



## Collisions



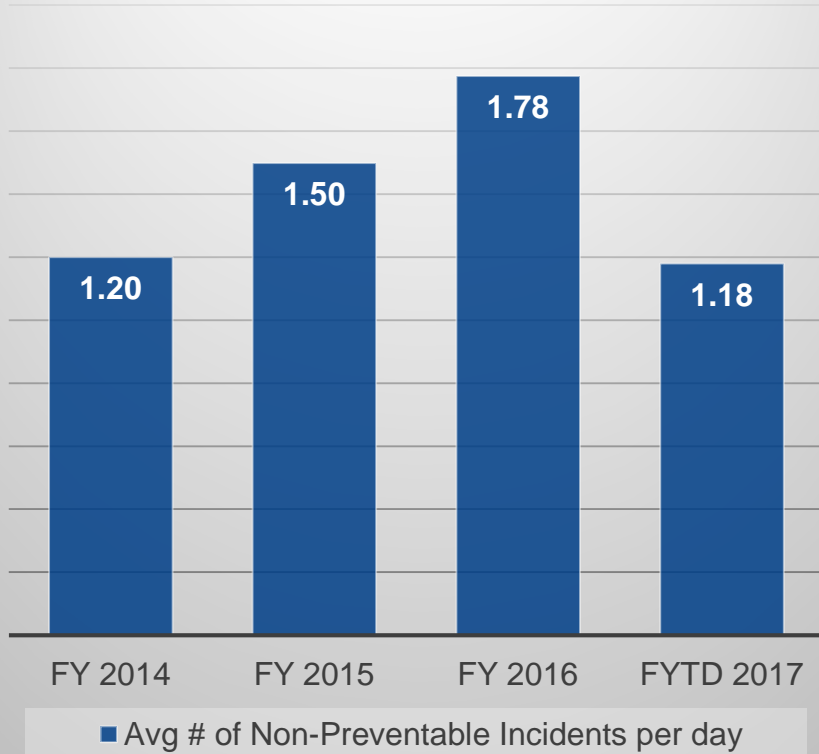
# Non-Preventable



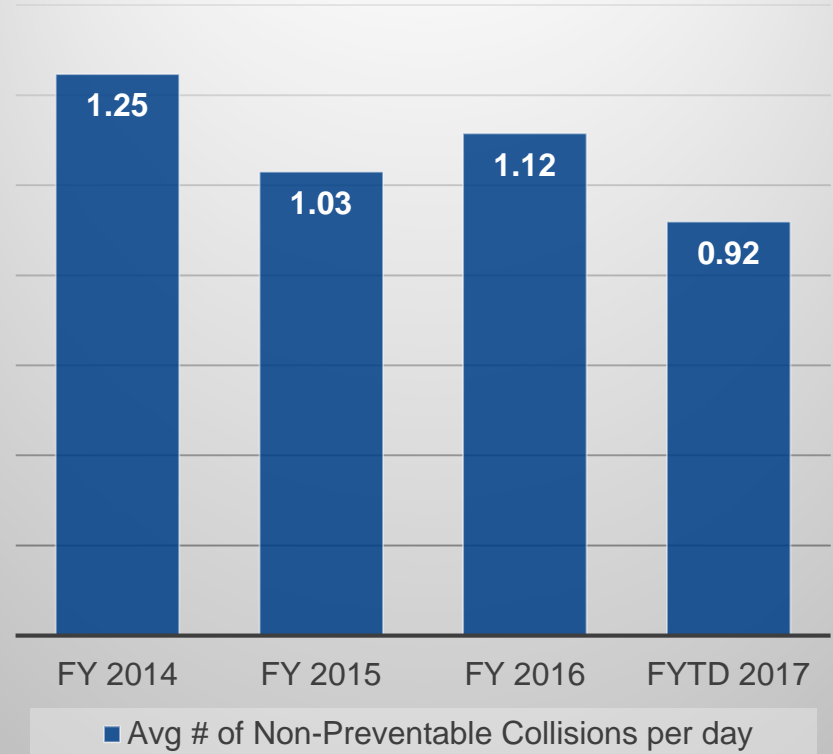


# Non-Preventable – Average per Day

## Incidents

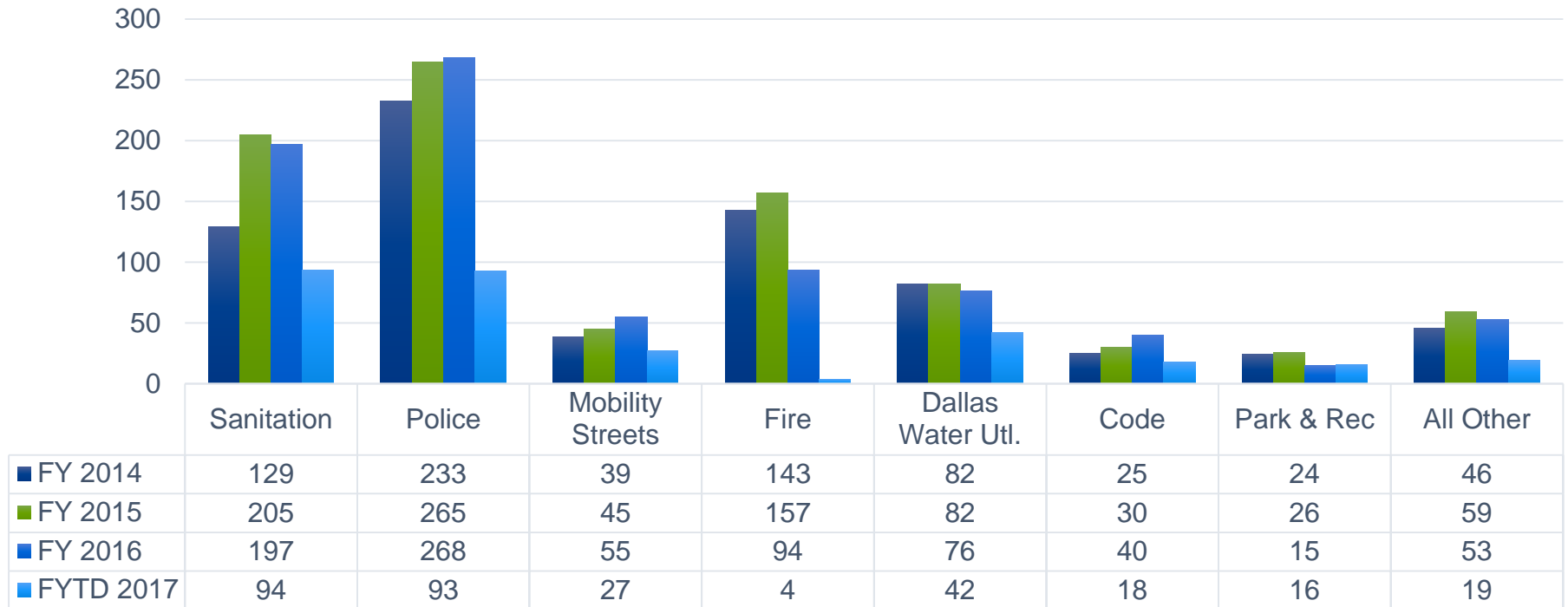


## Collisions



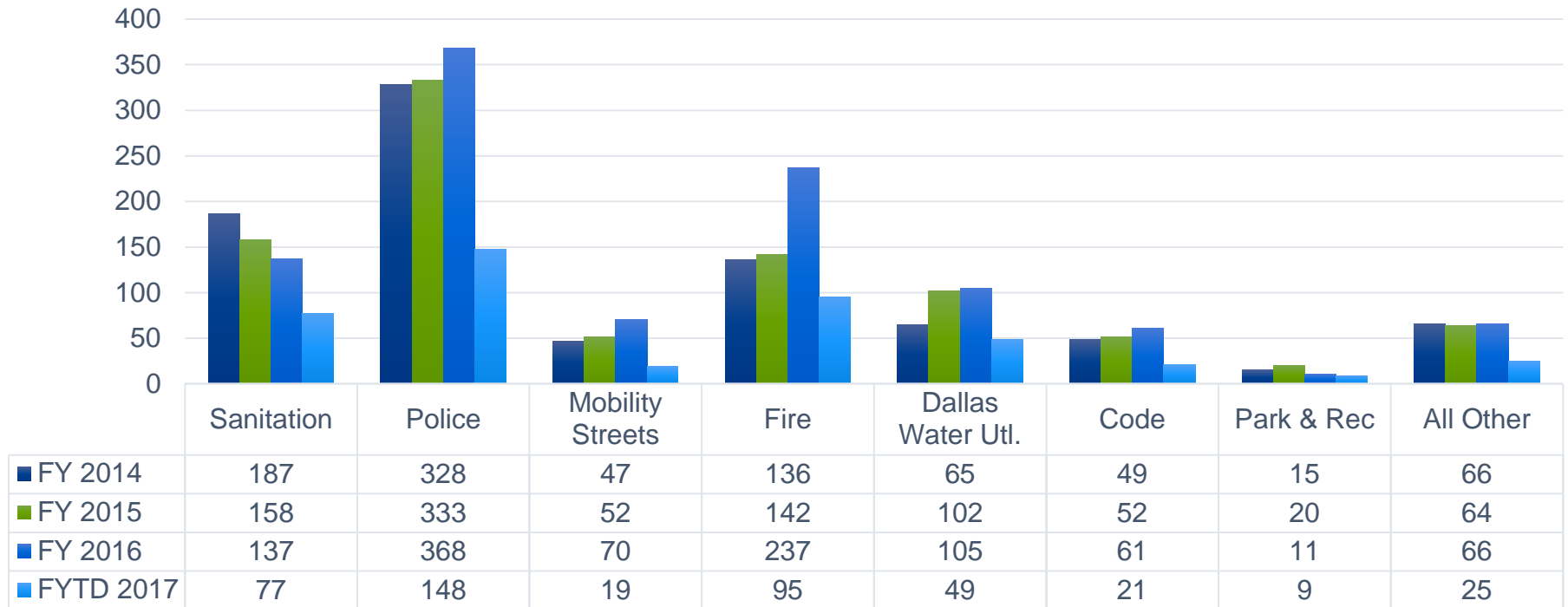
# Preventable Incidents and Collisions by Dept

## Incidents and Collisions



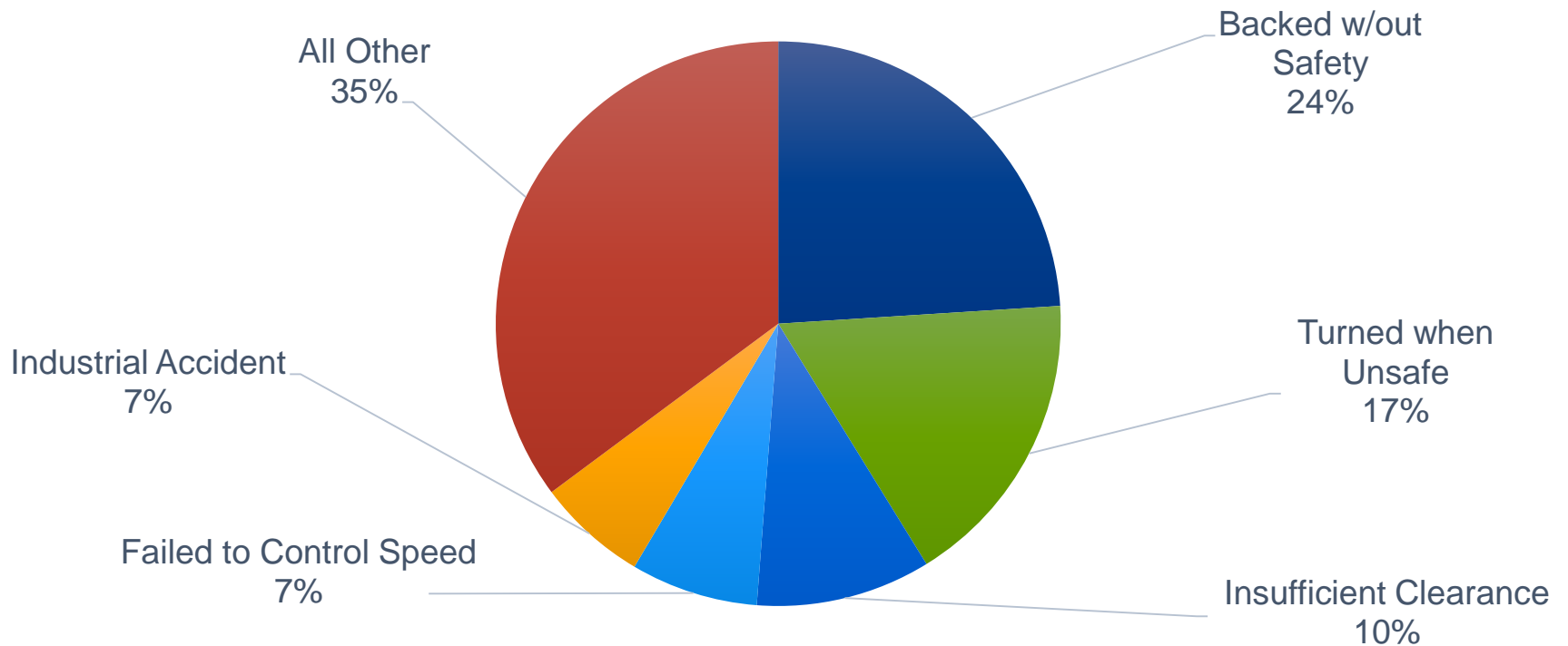
# Non-Preventable Incidents and Collisions by Dept

## Incidents and Collisions



# Top Causes of Incidents/Collisions

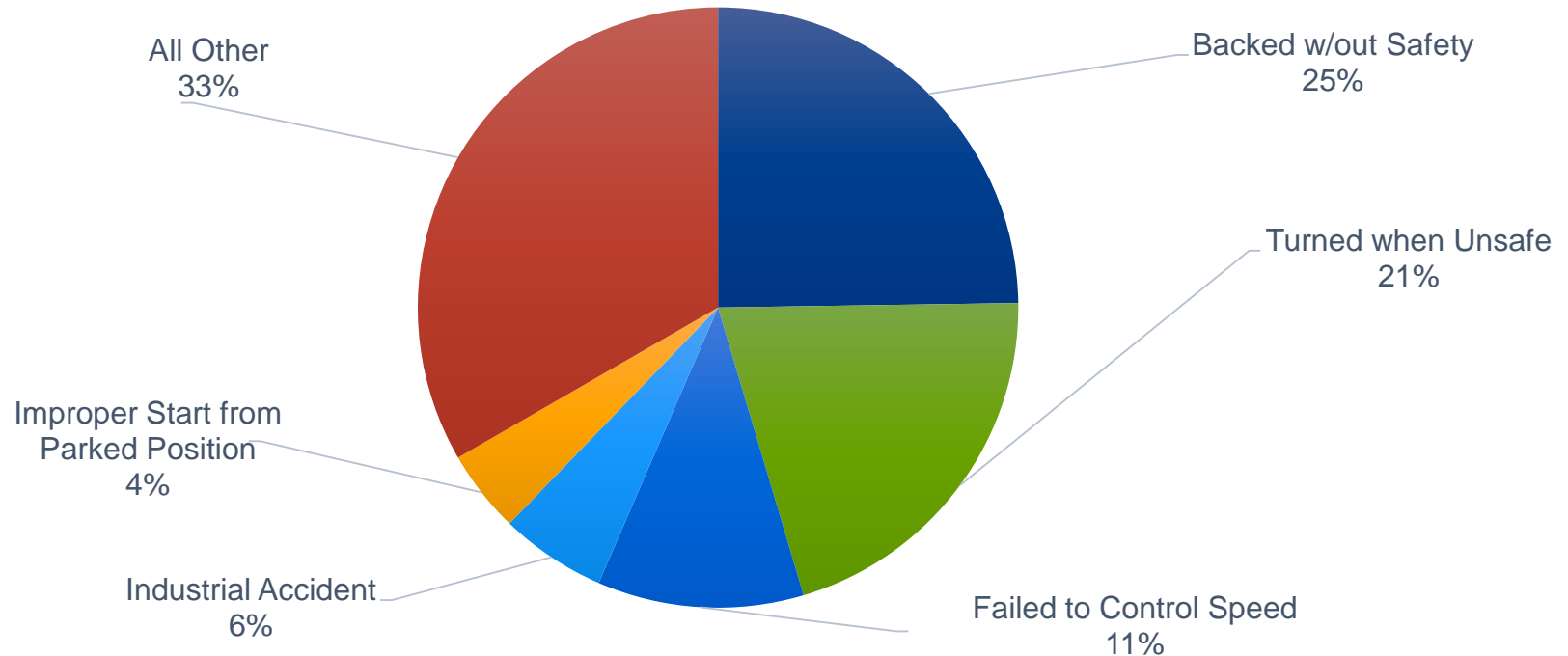
FY 2014, 2015, and 2016



12

# Top Causes of Incidents/Collisions

FYTD 2017



13

# Multi-Incident/Collision Employees

## Preventable – 24 months as of April 30, 2017

Type	# of Employees	# Collisions
1 – Preventable Incident/Collision	1,022	1,022
2 – Preventable Incidents/Collisions	160	320
3 – Preventable Incidents/Collisions	34	102
4 – Preventable Incidents/Collisions	12	48
5 – Preventable Incidents/Collisions	0	0
>5 – Preventable Incidents/Collisions	3	18

# Assessed Points – Employee Count and Employment Status

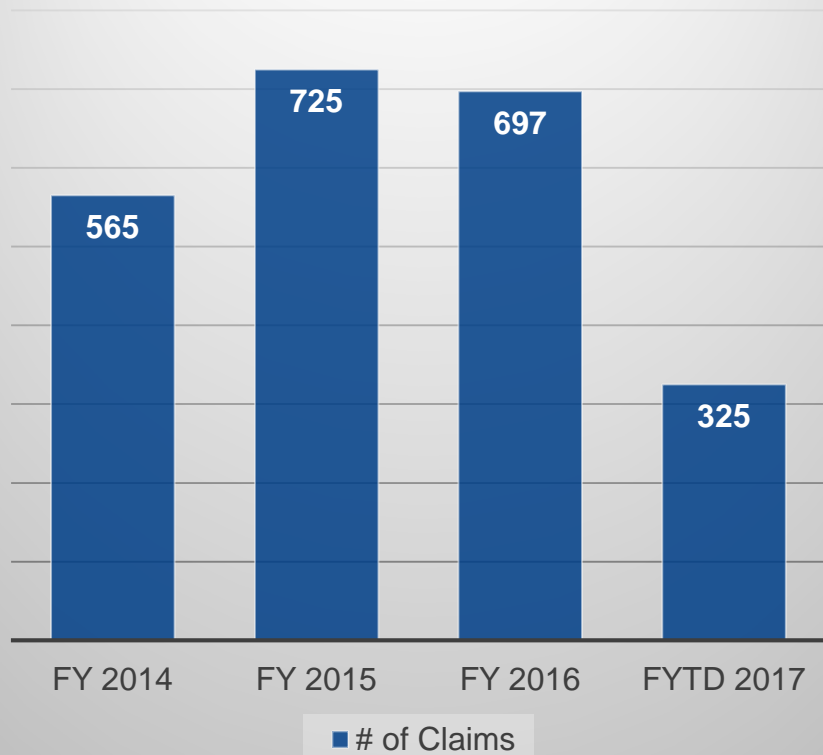
24 Months as of April 30, 2017

Assessed Points on Record	# of Employees	# of Employees Still Employed
1	783	744
2	407	389
3	177	174
4	49	39
5	17	16
6	2	2
7	5	1
8	1	1
9	2	0

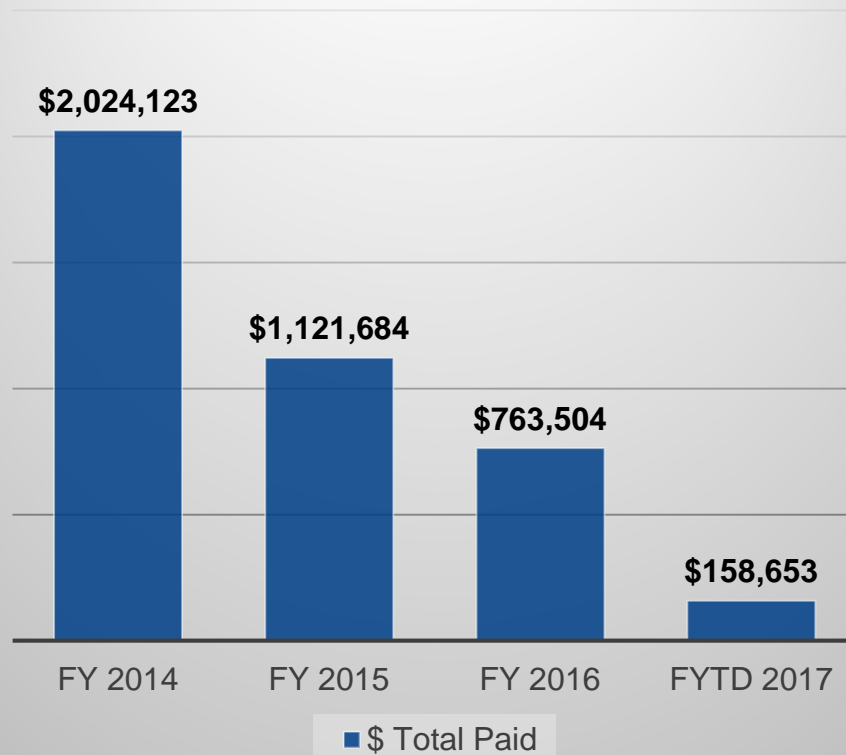
15

# Auto Claims – Valued as 4/30/17

## # of Claims

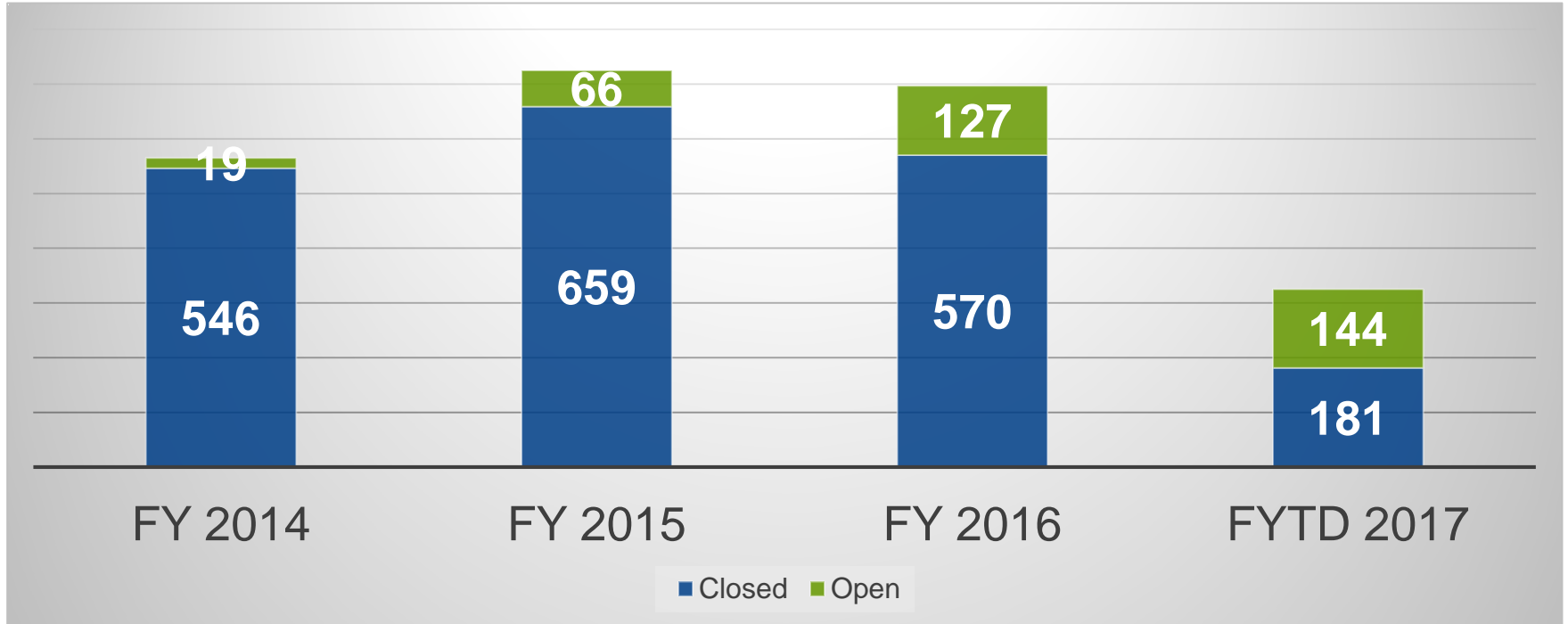


## \$ Total Paid





# Closed and Open Auto Claims

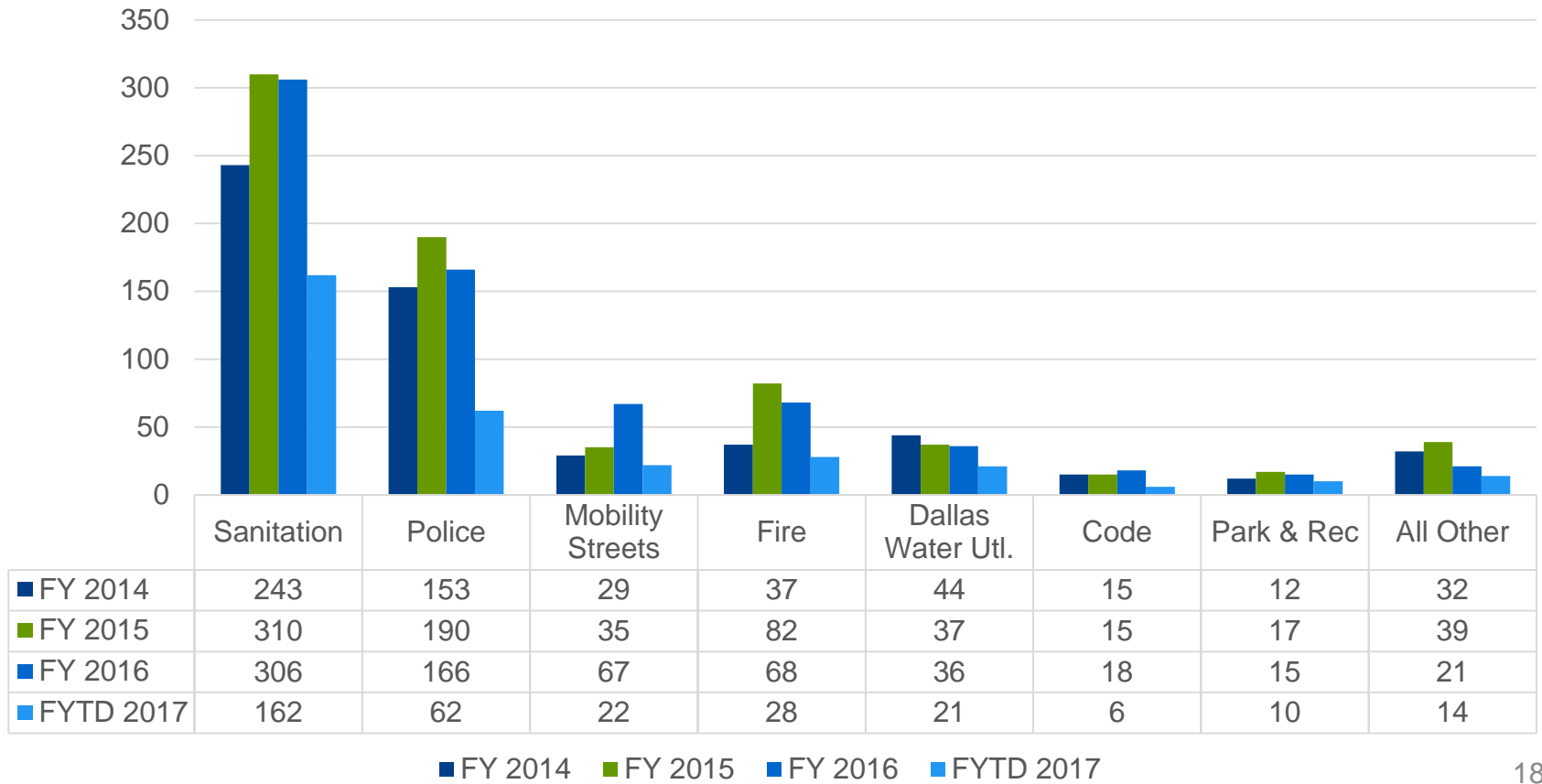


- FY 2014 – 97% Closed
- FY 2015 – 91% Closed

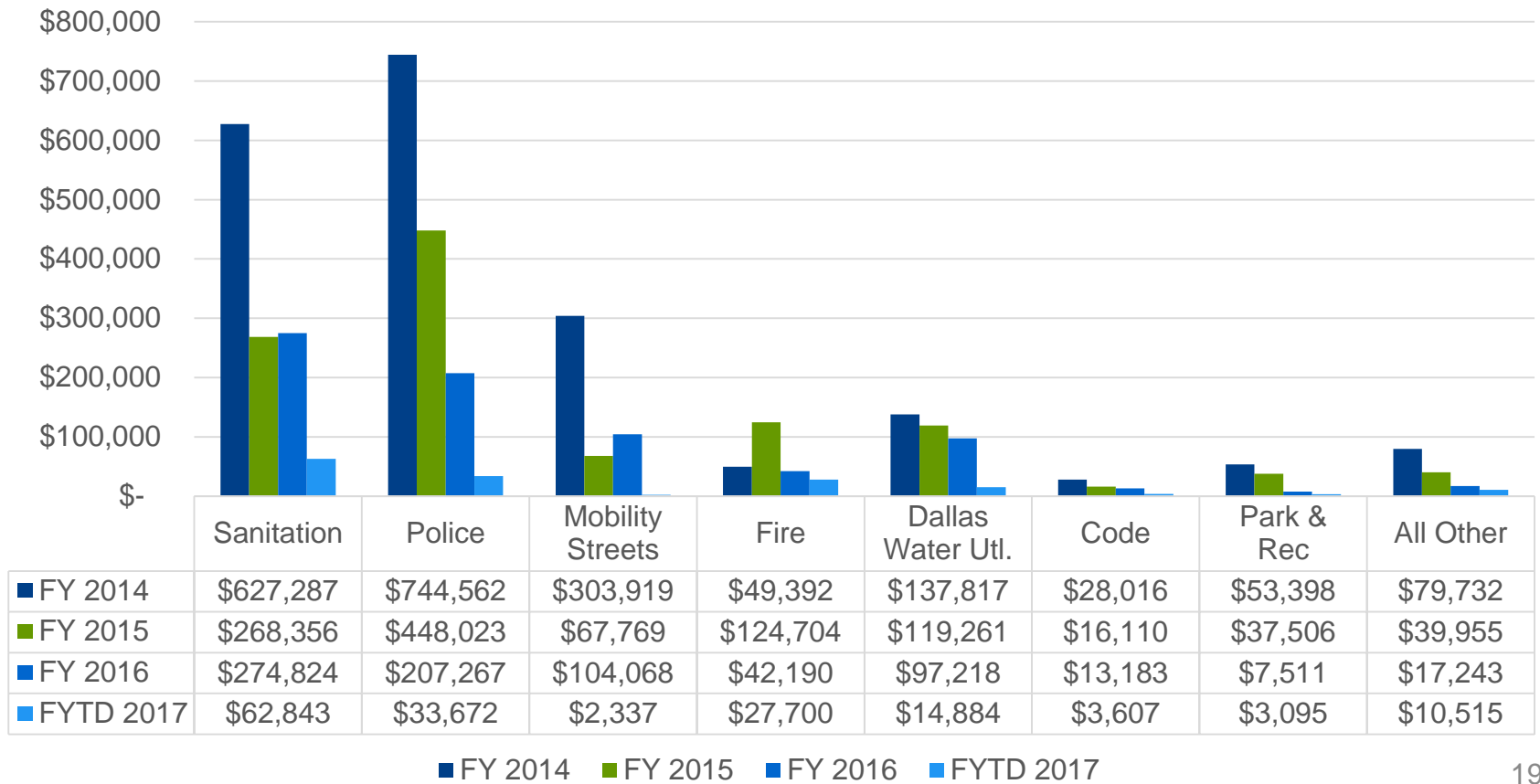
- FY 2016 – 82% Closed
- FYTD 2017 – 56% Closed

17

# Auto Claims by Department

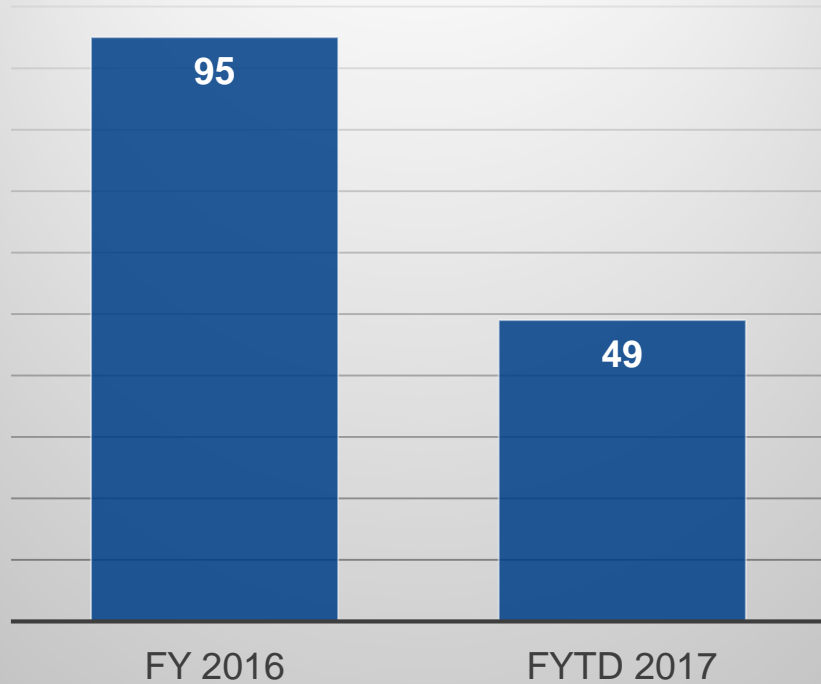


# Auto Claims - Paid by Department



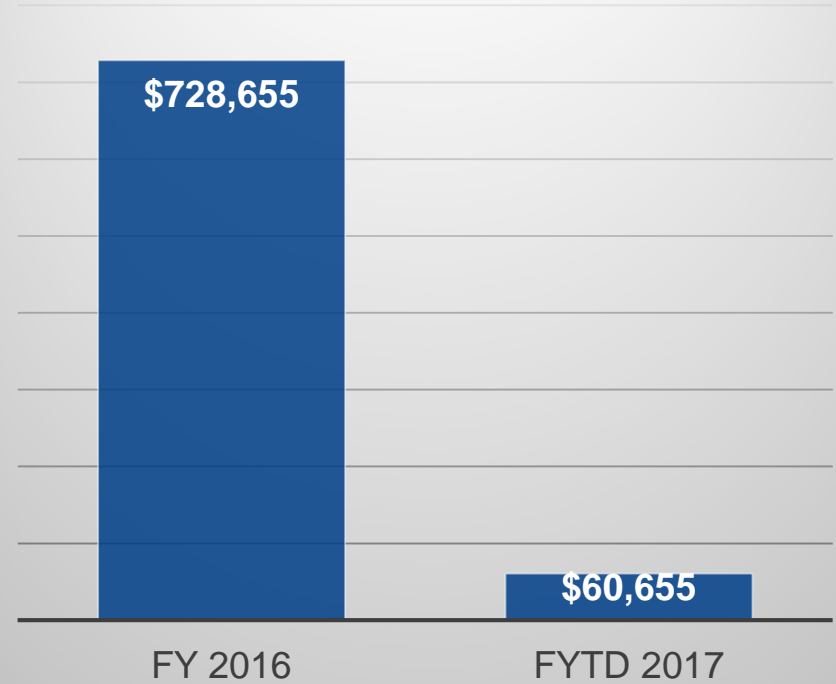
# Work Comp Claims from Collisions

## # of Claims



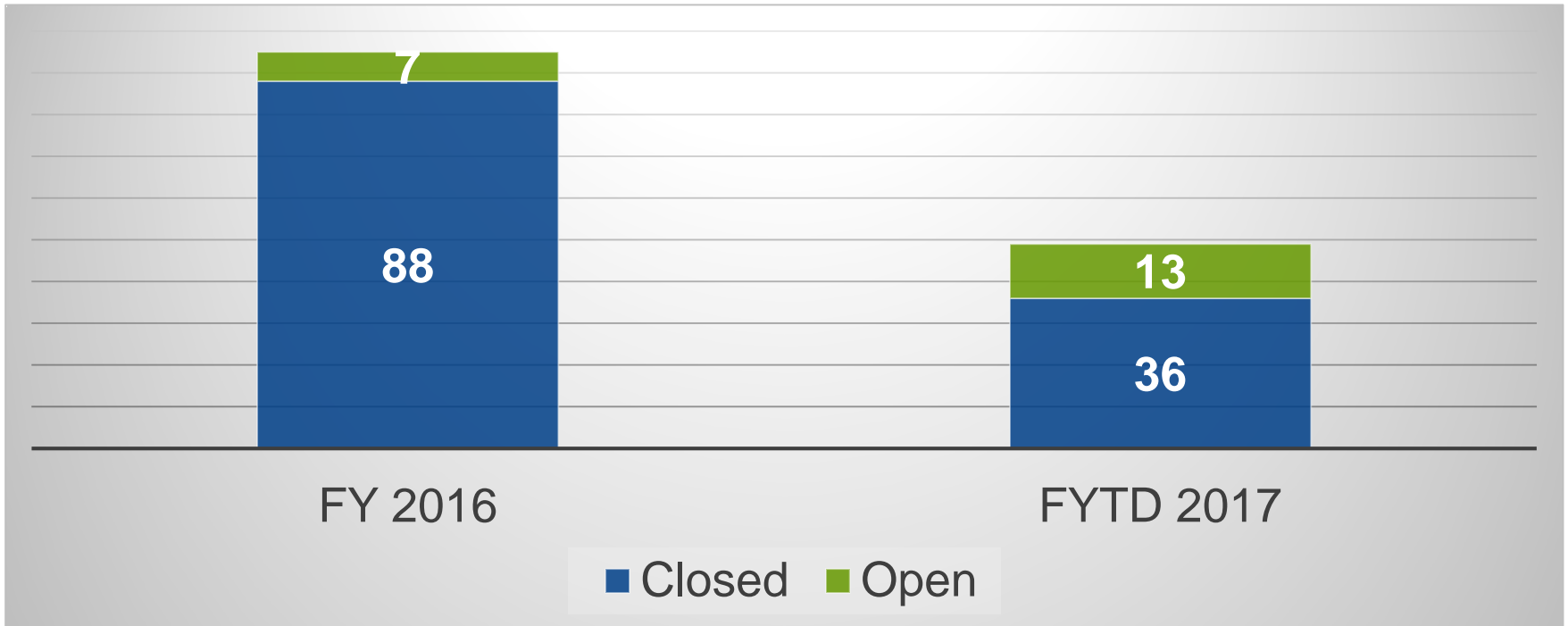
■ # of Claims

## \$ Total Paid



■ \$ Total Paid

# Closed and Open Work Comp Claims



- FY 2016 – 93% Closed

- FYTD 2017 – 73% Closed

# Options Under Review

## Revise Administrative Directive 3-3 Driver Safety Program

Section	Description
Preventability Classification & Rating	<ul style="list-style-type: none"><li>• Eliminate “collisions” and classify all auto related events as “incidents”</li><li>• Incidents are “preventable” or “non-preventable”</li><li>• Reduce the number of preventable incident classification ratings to three (3) tiers for civilian departments</li><li>• Review possibility of modifying incident classification tiers for DFR and DPD</li></ul>
Dallas Police Dept (DPD) Role	<ul style="list-style-type: none"><li>• DPD will no longer respond to ALL City equipment incidents</li><li>• DPD will only respond to incidents:<ul style="list-style-type: none"><li>○ Pursuant to their normal internal procedures</li><li>○ Involving DFR equipment</li><li>○ If EMS services are requested/required</li><li>○ If Safety Officer needs DPD expertise</li></ul></li><li>• City equipment operator must contact supervisor and dedicated Auto Incident Investigator - Office of Risk Management (ORM) employee</li></ul>

22

# Options Under Review

## Revise Administrative Directive 3-3 Driver Safety Program

Section	Description
Auto Incident Investigators	<ul style="list-style-type: none"><li>• Explore staffing options to ease investigation onus</li></ul>
Primary Drivers	<ul style="list-style-type: none"><li>• Eliminate the “150 miles driven” provision</li><li>• Primary Drivers are employees or reserve police officers whose essential job functions require:<ul style="list-style-type: none"><li>○ Routinely driving on behalf of the City</li><li>○ To maintain a CDL to perform their job duties</li><li>○ Authorization to store City equipment at their homes</li></ul></li></ul>
Collision Review Committee (CRC)	<ul style="list-style-type: none"><li>• Change to Incident Review Committee (IRC)</li><li>• The Office of Risk Management will review each City equipment incident, assess preventability and provide a classification rating</li></ul>

# Options Under Review

## Administrative Directive 3-3 Driver Safety Program

Section	Description
Preventability Classification Rating	<ul style="list-style-type: none"><li>• Criteria for each preventable incident tier<ul style="list-style-type: none"><li>• DPD</li><li>• DFR</li><li>• All other departments</li></ul></li><li>• 24 or 36 rolling months accumulated points record</li></ul>
Assigning Points	<ul style="list-style-type: none"><li>• Determine the number of points to be assessed to each preventable incident tier</li></ul>
Disciplinary Action	<ul style="list-style-type: none"><li>• Determine the disciplinary action guidelines to be assessed per:<ul style="list-style-type: none"><li>○ Maximum number of incidents per tier</li><li>○ Maximum number of total incidents</li><li>○ Maximum number of accumulated points</li></ul></li></ul>



# Options Under Review

## Safety Products/Systems/Guidelines/Programs

Section	Description
Technology Solutions	<ul style="list-style-type: none"><li>• Virtual Interactive Simulator Safety Training<ul style="list-style-type: none"><li>○ Addresses top causes of City auto accidents</li><li>○ Entry level driver training that mirrors Federal Motor Carrier Administration (FMCSA) new driver safety training</li><li>○ Monitoring of driver performance</li><li>○ Mandatory driver performance evaluation</li></ul></li><li>• On-board Monitoring Systems<ul style="list-style-type: none"><li>○ Cameras</li><li>○ Fisheye mirrors</li><li>○ Active braking systems</li></ul></li><li>○ Intersection emitters</li><li>○ Attenuators - special freeway blocker truck intended to take the brunt of a crash and save other fire trucks from damage</li></ul>
Guidelines/Programs	<ul style="list-style-type: none"><li>• Develop and implement Cell Phone Use Guideline<ul style="list-style-type: none"><li>○ CDL</li><li>○ Primary and Secondary Drivers</li></ul></li><li>○ Develop and Implement a Ride Along Driver Program</li></ul>

# Options Under Review

## Safety Products/Systems/Guidelines/Programs

Section	Description
Guidelines/Programs	<ul style="list-style-type: none"><li>• Accountability Process<ul style="list-style-type: none"><li>○ Remove drivers with suspended licenses from driving responsibilities</li><li>○ Monitor employees transferred to other departments</li></ul></li><li>• Inspection Program<ul style="list-style-type: none"><li>○ Inspectors monitor in the field driving behavior as well as other quality service issues (e.g., cart placement, litter, etc.)</li></ul></li></ul>
Interfaces	<ul style="list-style-type: none"><li>○ EBS Fleet Management Interface</li></ul>

# Collision Activity

Budget, Finance & Audit

June 5, 2017

Elizabeth Reich, CFO  
Zeronda Smith, Director  
Office of Risk  
Management



**City of Dallas**

# Memorandum



CITY OF DALLAS

DATE June 1, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT **Sunset Review: Potential Opportunities**

On June 5, 2017, the Office of Financial Services will brief the Budget, Finance, & Audit Committee on Sunset Review: Potential Opportunities. I have attached the briefing for your review.

Please let me know if you need additional information.

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

M. Elizabeth Reich  
Chief Financial Officer

#### Attachment

c: T.C. Broadnax, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Sols, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager

Raquel Favela, Chief of Economic Development & Neighborhood Services  
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)  
Jill A. Jordan, P.E., Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Chief of Community Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors

# **Sunset Review: Potential Opportunities**

**Budget, Finance, and Audit Committee Briefing  
June 5, 2017**

**Jack Ireland, Budget Director  
Daisy Fast, Budget Manager  
Maria Chagollan, Budget Manager  
Victoria Chittam, Budget Manager**

**Office of Financial Services  
City of Dallas**



# Presentation Overview

- Provide Budget, Finance, and Audit Committee an update of staff efforts in annual Sunset Review process
- Highlight examples of potential opportunities - - no recommended actions at this time
- City management and staff will further review opportunities through FY 2017-18 budget development process and make recommendations on August 8, 2017 along with budget proposal for next fiscal year



# Background

- City management and staff implement various efforts to cut costs or increase revenues on an annual basis
- At request of Council members, management implemented Sunset Review in FY 2014-15 to provide additional analysis of department budgets
- Five-year rotation schedule implemented for “sunset” and “deep-dive” budget review
  - 14 departments reviewed during first 2 cycles



# Efficiencies & Reductions

(slide 43 from August 11, 2015 budget briefing)

FY16 General Fund Expense Reductions	
FY15 Sunset Review; reductions primarily in municipal court operations (additional savings will be identified for future years through additional analysis and Lean/Six Sigma review of FY15 opportunities)	(\$2.2m)
Review of salary spending; reductions primarily from vacancy rate adjustments	(3.1m)
Reduction in fuel expense from lower prices	(2.3m)
Adjustments made for contract pricing and utilization; such as electricity, jail, and materials	(2.3m)
Eliminate one-time cost funded in FY15	(1.7m)
Miscellaneous adjustments resulting from line item reviews; including reductions in unemployment, clothing, supplies, professional development, etc.	(2.5m)
<b>Total Efficiencies &amp; Reductions</b>	<b>(\$14.1m)</b>

4





# Efficiencies & Reductions

(slide 46 from August 9, 2016 budget briefing)

FY17 General Fund Expense Reductions	
Sunset Review projects	(\$2.7m)
Lean/Six Sigma projects	(\$1.3m)
Elimination of under-utilized positions	(\$1.9m)
Salary and vacancy rate analysis	(\$2.7m)
Line-item budget review and reduction of one-time costs	(\$1.3m)
Electricity contract savings	(\$2.0m)
Cost reductions through use of non-GF resources	(\$2.2m)
Total Efficiencies and Reductions	(\$14.1m)

# Current Year's Review

- Sunset Review has continued through Spring 2017 with review of 6 additional departments

Human Resources	Civil Service	Library
Office of Cultural Affairs	Park and Recreation	Fire-Rescue

- Process begins each year, with each department compiling “self-evaluation report” and analyzing several factors about their department, such as:
  - Purpose and activities
  - Source of funds and revenues
  - Expenditures
  - Personnel
  - Performance

# Current Year's Review

- Cross-departmental review teams then analyze departmental self-evaluation reports, making observations and identifying potential opportunities to:
  - Improve services
  - Improve efficiencies
  - Increase revenues
  - Reduce costs

# Current Year's Review

- Examples of potential opportunities are provided on following slides
- City management and staff will consider various opportunities through FY 2017-18 budget development process and make recommendations with proposed budget on August 8, 2017

# Potential Opportunities: Human Resources and Civil Service

1. Consider consolidating Human Resources and Civil Service due to similarities in their functions
  - Streamline and possibly eliminate duplicated efforts
2. Consider reassigning staff from various City departments that perform tasks/activities that are HR related into Human Resources
3. Consider consolidating staff from various City departments that perform employee training activities
4. Evaluate appropriateness of internal versus external job analysis and employee testing

# Potential Opportunities: Library

5. Evaluate revenue opportunities within Library such as rental fees, library card fees, etc.
6. Analyze historical salary savings within Library and make adjustments
7. Evaluate support positions within Library to determine appropriateness
  - Marketing, social media, print/web design, delivery, receiving, facilities, room reservation, etc.

# Potential Opportunities: Cultural Affairs

8. Consider implementing facility preservation fees at city-owned cultural facilities
9. Review options to maximize scheduling dates that have been held but unused by Dallas Symphony Association
10. Evaluate opportunities to expand revenues at WRR

# Potential Opportunities: Fire-Rescue

11. Evaluate civilianization opportunities within Fire-Rescue department
  - Hire civilian employees for administrative positions and redeploy uniform employees to core services
12. Analyze priority dispatch and deploy staffing/equipment based on need
13. Review and adjust fees that have been set at a level that discourages usage (i.e. Fire Watch)



# Potential Opportunities: Fire-Rescue

14. Consider purchase of light equipment rather than continued rental
15. Analyze funding requirements for Cypress Waters and make adjustments
16. Evaluate staffing level to avoid overtime expense in call-back situations



# Potential Opportunities: Park & Recreation

17. Evaluate contracting opportunities for golf course maintenance versus utilizing staff
18. Review staffing levels within various Park Department services
19. Consider revenue opportunity by allowing food trucks at park locations
20. Evaluate outsourcing operation of Southern Skates

# Potential Opportunities: Park & Recreation

21. Evaluate opportunity to improve coordination and efficiencies related to trail maintenance across various City departments
22. Evaluate park land across city to determine where gaps exist and where surplus exists
23. Consider future of existing pool inventory as new aquatics program is implemented

# Next Steps

- Receive feedback from Budget, Finance, and Audit on potential opportunities
- Continue work with City management and staff through budget development process to determine feasibility of various opportunities
- Present FY 2017-18 proposed budget to City Council on August 8, 2017 and include recommendations regarding opportunities identified through Sunset Review



# **Sunset Review: Potential Opportunities**

**Budget, Finance, and Audit Committee Briefing  
June 5, 2017**

**Jack Ireland, Budget Director  
Daisy Fast, Budget Manager  
Maria Chagollan, Budget Manager  
Victoria Chittam, Budget Manager**

**Office of Financial Services  
City of Dallas**



# Memorandum



CITY OF DALLAS

DATE May 8, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair),  
Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs,  
Lee M. Kleinman

SUBJECT FY 2016-17 Financial Forecast Report

On Monday, May 15, 2017, the Office of Financial Services will brief the Budget, Finance, & Audit Committee on the Financial Forecast Report. I have attached the briefing along with the monthly report for your review.

The Financial Forecast Report is based on information through March 2017 and covers six months of this fiscal year.

We forecast General Fund revenues will exceed expenses at the end of the fiscal year by \$15.9 million. Based on current forecasts, revenues will be \$8.1 million above budget and expenses will be \$7.8 million below budget.

Please let me know if you need additional information.

A handwritten signature in cursive script, appearing to read 'Elizabeth Reich'.

*for* M. Elizabeth Reich  
Chief Financial Officer

c: T.C. Broadnax, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager  
Jill A. Jordan, P.E., Assistant City Manager

Joey Zapata, Assistant City Manager  
Eric D. Campbell, Assistant City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Raquel Favela, Chief of Economic Development & Neighborhood Services  
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors

# **FY 2016-17 Financial Forecast Report**

**(Information as of March 31, 2017)**

**Budget, Finance, and Audit Committee  
May 15, 2017**

**Jack Ireland, Director  
Office of Financial Services  
City of Dallas**



# Purpose

- General Fund Forecast
  - Revenue & Expenditure Projections
  - Highlighted Areas
- Enterprise Fund Forecast
- Appendix – March Financial Forecast Report
- Next Steps







# General Fund



# General Fund as of March 31, 2017

(Dollars in Millions)

	Amended Budget	Year-to-Date Actual	Year-End Forecast	Difference (between Year-End Forecast & Amended Budget)	Difference as Percent of Budget
Revenues	\$1,230.6	\$857.1	\$1,238.7	\$8.1	0.66%
Expenses	\$1,230.6	\$541.3	\$1,222.8	(\$7.8)	(0.63%)
Net Excess	\$0	\$315.8	\$15.9	\$15.9	1.29%

- General Fund budget was amended/increased based on Council’s approved use of contingency reserve funds
- Overall, forecast revenues exceed forecast expenses by \$15.9m





# Property Tax

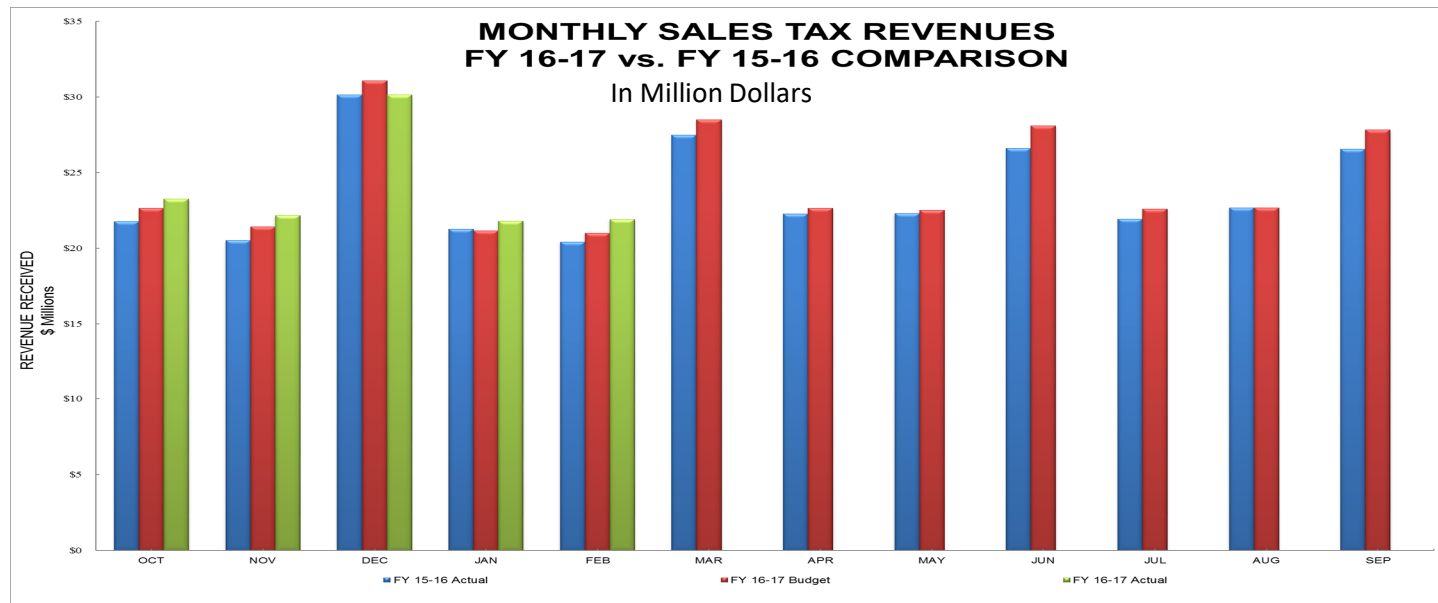
- Current year taxes are due by Jan 31 of each year
- YTD collections represent 99% of property tax budget

Months of FY17	Historical Distribution of Collections	FY17 Budget	FY Actual Receipts
		Dollars in Millions	
October	3.1%	\$18.9	\$12.8
November	3.4%	\$20.7	\$29.1
December	30.3%	\$184.9	\$181.8
January	45.9%	\$280.1	\$252.2
February	14.4%	\$87.9	\$120.1
March	1.2%	\$7.3	\$7.3
April	0.6%	\$3.7	
May	0.3%	\$1.8	
June	0.4%	\$2.4	
July	0.1%	\$0.6	
August	0.2%	\$1.2	
September	0.1%	\$0.6	
Total	100.0%	\$610.2	\$603.2



# Sales Tax

- Revenues for FY17 are above budget by \$2m
- Most recent 12 months are 4.1% better than previous 12 months



# Other General Fund Revenues

- Municipal Court revenues
  - Forecast to be \$1.6m below budget
  - Due to decrease in volume of citations being issued by Police Department
- Fire Department revenues
  - Fire watch fees (\$1.7m), Mobile Community Health Program fees (\$1.8m), and reimbursement from Parkland Hospital System for Biotel services (\$0.5m) are projected less than budget
  - Additional funding of \$8.2m is forecast to be received from the State for Ambulance Supplemental Payment Program



# Highlighted Area: Police & Fire Pay – Complete

- 3-year Meet and Confer agreement approved by Council on 2/14/16 totaling \$89.4m

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

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

# Highlighted Area: Police Hiring – Not on Track

- Budget – Hire 451
- Current forecast – Hire 200
- DPD has forecast to be \$2.9m below budget:
  - Salary savings from reduced hiring
  - Pension savings due to DFPF members rejecting City and member contribution rate increases
  - Offset primarily by increased overtime expense and paying out accrued sick/vacation time for those leaving

Police Sworn Strength	FY17 Budget	Dec Forecast	Mar Forecast
Number of Officers at 9/30/16	3,382	3,338	3,338
FY 17 Attrition	(220)	(350)	(360)
Hiring for FY17 Attrition	220	300	200
Hiring to Replace Prior Year Attrition	129		
Increase Number of Officers above Attrition	100		
Council Amendment (School Resource Officers)	2		
Total Hiring	451	300	200
Forecast Number of Officers at 9/30/17	3,613	3,288	3,178



# Highlighted Area: Overtime – In Progress

- Police Department overtime
  - DPD has projected to exceed overtime budget by \$13.9m
  - Overtime offset by \$24.3m salary savings

DPD	FY 17 Budget	FY 17 Estimate
Salaries - Civilian	\$28,139,410	\$25,027,028
Salaries - Uniform	\$265,045,200	\$243,898,993
<i>Overtime - Civilian</i>	\$0	\$2,781,762
<i>Overtime - Uniform</i>	\$16,133,037	\$27,274,405
Other	\$125,873,360	\$126,391,012
Total Personal Services	\$435,191,007	\$425,373,200





# Highlighted Area: Fire Attrition – Not on Track

- DPD has forecast to be \$0.7m below budget:
  - Salary savings from abnormal attrition
    - Normal attrition – 80
    - Forecast attrition – 190

Fire Sworn Strength	FY17 Budget	Mar Forecast
Number of Officers at 9/30/16	1,902	
FY 17 Attrition	(80)	(190)
Hiring to Replace Prior Year Attrition	104	104
Total Hiring	104	104
Forecast Number of Officers at 9/30/17	1,926	1,816

- Pension savings due to DFPF members rejecting City and member contribution rate increases
- Offset primarily by increased overtime expense and paying out accrued sick/vacation time for those leaving



# Highlighted Area: Overtime – In Progress

- Fire-Rescue Department overtime
  - DFR has projected to exceed overtime budget by \$3.1m
  - Overtime offset by \$4.3m salary savings

DFR	FY 17 Budget	FY 17 Estimate
Salaries - Civilian	\$5,681,644	\$5,494,668
Salaries - Uniform	\$156,640,163	\$152,482,514
Overtime - Civilian	\$118,265	\$389,036
Overtime - Uniform	\$7,262,583	\$10,123,377
Other	\$67,351,750	\$67,389,868
Total Personal Services	\$237,054,405	\$235,879,463



# Highlighted Area: Street and Alley Condition – At Risk

- FY17 budget goal was to maintain overall street condition with zero degradation by improving over 550 lane miles
- Funding strategy relied on \$27.3m of 2017 bond funds to complete approximately 100 lane miles
- Options to replace 2017 bond funds by reallocating or appropriating other funds:
  - \$13m – General Fund surplus forecast for current year
  - \$7m – Unappropriated interest from bond funds
  - Continue to identify additional funds



# Highlighted Area: Dallas Animal Services – On Track

- FY17 budget includes \$2.7m additional funding to implement items related to BCG report
- Implemented on-duty overnight shifts 4 nights a week (August 2016)
- Filled 17 of 21 new positions (7 animal safety officers, 2 supervisors, 8 animal keepers)
- Contract in place for spay/neuter of animals at DAS
  - 486 surgeries completed to date (as of March 31, 2017)
  - 1,600 surgeries estimated for remainder of fiscal year
- Planning stage for free spay/neuter surgeries for owned animals
- Pending agreement with SPCA of Texas and Operation Kindness for a combined 3,000 animals pulled from shelter annually



# Highlighted Area: Dallas Animal Services – On Track

- Planning to purchase identified needs relating to BCG report and audit findings including:
  - Security camera system
  - Medical equipment for another surgery suite due to increase in spay/neuter of shelter animals due to increased intakes
  - Curriculum for Early Childhood Education
- Performance metrics
  - 78% live release rate (Oct-Mar 2017)
  - 20% increase field intake of loose animals (Oct-Mar 2017 compared to Oct-Mar 2016)
  - 122% increase of enforcement/citations (Oct-Mar 2017 compared to Oct-Mar 2016)



# Highlighted Area: Homeless Initiatives – On Track

- FY17 budget includes \$1m additional funding
- Bid closed 4/20/17 for panhandling initiative
- Cleaned and secured Haskell encampment site; cleaning scheduled for Harwood and 2nd Avenue
- 3 properties identified to accept vouchers for homeless clients; City Council has approved 1 property
- Working on partnership with Texas Department of Public Safety Driver License Division to assist with obtaining IDs
- 3 caseworkers hired providing street outreach services and housing navigation
- Homeless Management Information Systems migration to Pieces IRIS occurring 5/1/17 with staff training ongoing



# Highlighted Area: Fair Park Public Private Partnership – *In Progress*

- FY17 budget anticipated transferring operation to non-profit entity in Jan 2017
- City will now continue operation of park throughout FY17
  - Enhanced year-round programming
  - Major maintenance of facilities
- On 4/12/17, City Council authorized service contract with C.H. Johnson Consulting, Inc. to assist with development of RFP for management and operations of Fair Park







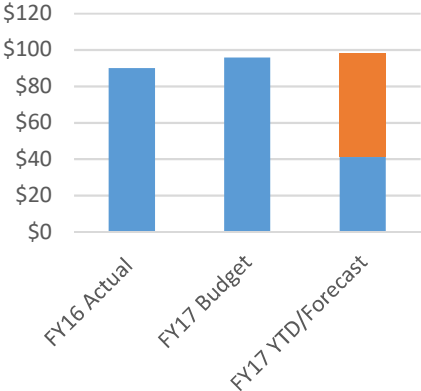
# Enterprise Funds





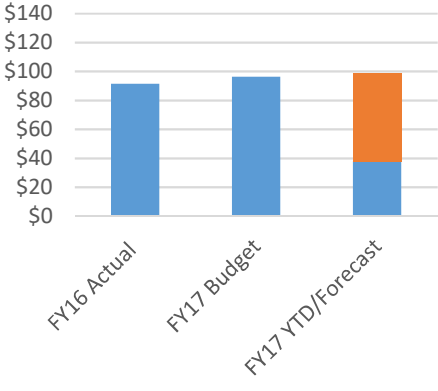
# Enterprise Funds

Sanitation Services Expenditures  
Dollars in Millions



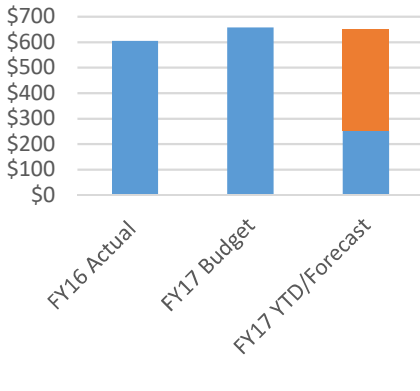
Forecast to be \$2m over budget offset by \$6.6m increased revenue

Convention Center Expenditures  
Dollars in Millions



Forecast to be \$2.5m over budget offset by \$2.5m increased revenue

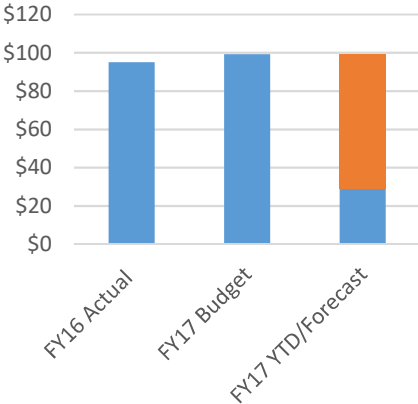
Water Utilities Expenditures  
Dollars in Millions



Forecast to be \$7.9m under budget

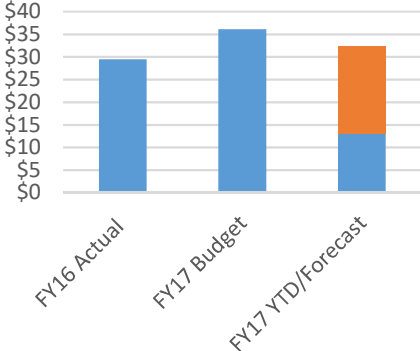
# Enterprise Funds

Aviation Expenditures  
Dollars in Millions



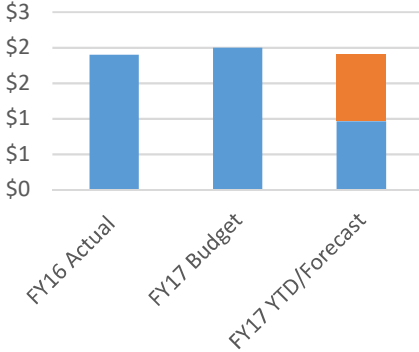
Forecast to be \$11K under budget

Sustainable Development Expenditures  
Dollars in Millions



Forecast to be \$3.7m under budget

Municipal Radio Expenditures  
Dollars in Millions



Forecast to be \$85K under budget

# Next Steps

- Seek council approval in May/June on budget adjustments to fund additional street and alley improvements
  - \$13m – General Fund surplus forecast for current year
  - \$7m – Unappropriated interest from bond funds
- Continue to identify additional funds for street and alley improvements to replace 2017 bond funds
- Continue to closely monitor revenues and expenditures
- Provide BFA committee 3rd quarter update in August including any additional appropriation adjustments
- Seek council approval of final appropriation adjustments for FY17 in August



# **FY 2016-17 Financial Forecast Report**

**(Information as of March 31, 2017)**

**Budget, Finance, and Audit Committee  
May 15, 2017**

**Jack Ireland, Director  
Office of Financial Services  
City of Dallas**







# Appendix: March Financial Forecast Report







FY 2016-17

# Financial Forecast Report

Information as of March 31, 2017



---

# GENERAL FUND

---

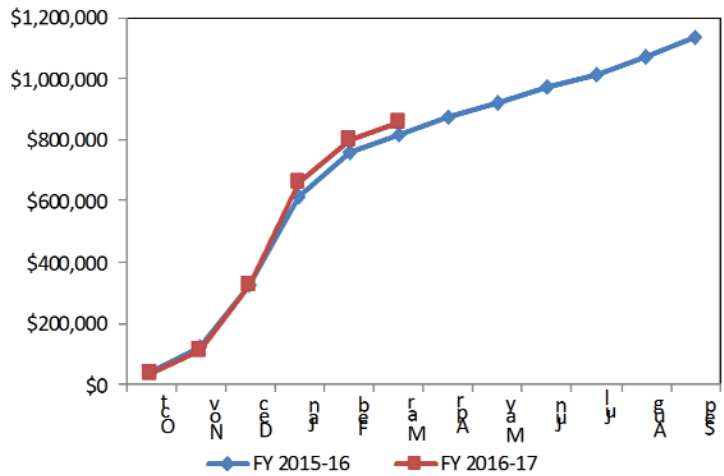
As of March 31, 2017  
(000s)

<b>ITEM</b>	<b>AMENDED BUDGET<sup>1</sup></b>	<b>YEAR TO DATE</b>	<b>YEAR-END FORECAST</b>	<b>BUDGET VS FORECAST VARIANCE</b>
Revenues	\$1,230,598	\$857,118	\$1,238,683	\$8,085
Expenditures	1,230,598	541,282	1,222,798	(7,800)
<b>Net Excess of Revenues Over Expenditures/Transfers</b>	<b>\$0</b>	<b>\$315,835</b>	<b>\$15,885</b>	<b>\$15,885</b>

# GENERAL FUND REVENUES

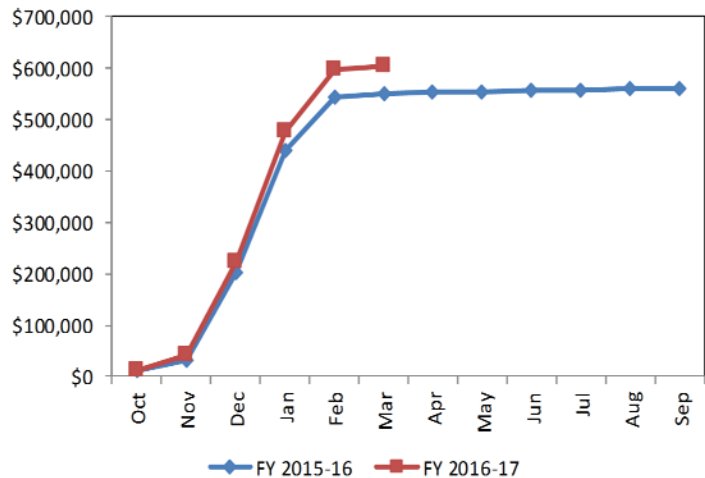
## ALL SOURCES

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Variance</b>
Oct	\$41,660	\$36,761	(\$4,898)
Nov	77,665	75,718	(1,947)
Dec	203,876	210,273	6,397
Jan	288,996	336,924	47,928
Feb	147,975	139,749	(8,226)
Mar	53,193	57,692	4,499
Apr	58,776		
May	49,762		
Jun	47,660		
Jul	45,379		
Aug	56,960		
Sep	62,480		
<b>Total</b>	<b>\$1,134,380</b>	<b>\$857,118</b>	<b>\$43,753</b>



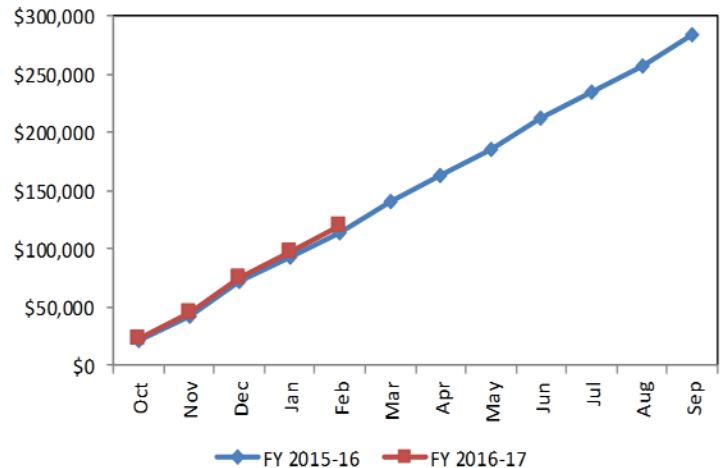
## PROPERTY TAX

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Variance</b>
Oct	\$11,487	\$12,787	\$1,300
Nov	20,589	29,060	8,471
Dec	169,848	181,782	11,934
Jan	237,273	252,156	14,883
Feb	104,025	120,141	16,116
Mar	7,675	7,304	(371)
Apr	2,364		
May	1,593		
Jun	2,523		
Jul	858		
Aug	852		
Sep	891		
<b>Total</b>	<b>\$559,978</b>	<b>\$603,229</b>	<b>\$52,332</b>



## SALES TAX

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Variance</b>
Oct	\$21,769	\$23,256	\$1,487
Nov	20,524	22,167	1,643
Dec	30,137	30,146	9
Jan	21,258	21,810	552
Feb	20,418	21,899	1,480
Mar	27,482		
Apr	22,265		
May	22,311		
Jun	26,609		
Jul	21,921		
Aug	22,670		
Sep	26,554		
<b>Total</b>	<b>\$283,918</b>	<b>\$119,278</b>	<b>\$5,172</b>





# GENERAL FUND REVENUES

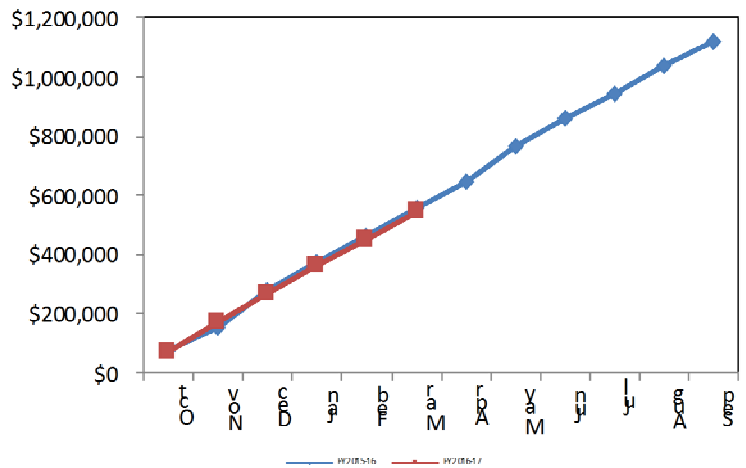
As of March 31, 2017  
(000s)

	<b>AMENDED BUDGET<sup>1</sup></b>	<b>REVENUES YEAR TO DATE</b>	<b>YEAR-END FORECAST</b>	<b>BUDGET VS FORECAST VARIANCE</b>
<b>TAXES</b>				
Ad Valorem Tax <sup>2</sup>	\$610,219	\$603,229	\$611,900	\$1,681
Sales Tax <sup>3</sup>	292,189	119,278	294,146	1,957
<b>TOTAL TAXES</b>	<b>902,408</b>	<b>722,507</b>	<b>906,046</b>	<b>3,638</b>
<b>FRANCHISE REVENUES</b>				
Oncor Electric <sup>4</sup>	51,078	28,417	52,108	1,030
AT&T	9,594	5,198	9,594	0
Atmos Energy <sup>5</sup>	17,157	6,422	16,157	(1,000)
Time Warner Cable	6,210	3,304	6,210	0
Other	29,737	13,785	30,373	636
<b>TOTAL FRANCHISE REVENUES</b>	<b>113,775</b>	<b>57,126</b>	<b>114,441</b>	<b>667</b>
<b>LICENSES AND PERMITS</b>	<b>4,891</b>	<b>3,175</b>	<b>4,891</b>	<b>0</b>
<b>INTEREST EARNED<sup>6</sup></b>	<b>1,316</b>	<b>1,866</b>	<b>2,783</b>	<b>1,467</b>
<b>INTERGOVERNMENTAL<sup>7</sup></b>	<b>8,501</b>	<b>738</b>	<b>9,118</b>	<b>618</b>
<b>FINES AND FORFEITURES</b>				
Municipal Court <sup>8</sup>	18,701	9,125	17,075	(1,626)
Vehicle Towing & Storage <sup>9</sup>	7,146	3,816	7,640	494
Parking Fines	5,022	1,824	5,022	0
Red Light Camera Fines	7,460	0	7,460	0
Public Library <sup>10</sup>	431	90	275	(156)
<b>TOTAL FINES</b>	<b>38,760</b>	<b>14,855</b>	<b>37,472</b>	<b>(1,288)</b>
<b>CHARGES FOR SERVICE</b>				
Parks	10,522	4,530	10,755	233
Emergency Ambulance <sup>11</sup>	32,091	9,552	40,332	8,241
Security Alarm	4,380	2,041	4,295	(85)
Street Lighting	648	336	648	0
Vital Statistics	1,600	878	1,616	16
Other <sup>12</sup>	28,311	11,608	23,042	(5,269)
<b>TOTAL CHARGES</b>	<b>77,552</b>	<b>28,946</b>	<b>80,688</b>	<b>3,136</b>
<b>INTERFUND REVENUE</b>	<b>75,782</b>	<b>24,056</b>	<b>75,549</b>	<b>(232)</b>
<b>MISCELLANEOUS</b>	<b>7,616</b>	<b>3,850</b>	<b>7,694</b>	<b>79</b>
<b>TOTAL REVENUES</b>	<b>\$1,230,598</b>	<b>\$857,118</b>	<b>\$1,238,683</b>	<b>\$8,085</b>

# GENERAL FUND EXPENDITURES

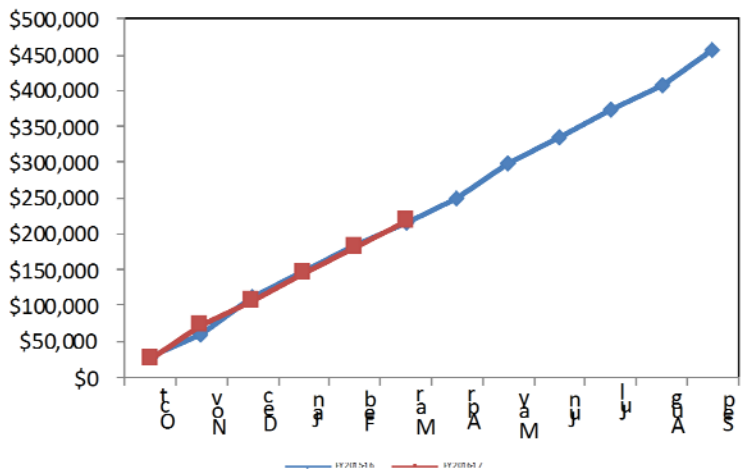
## ALL EXPENSES

	FY 2015-16	FY 2016-17	Variance
Oct	\$75,601	\$71,583	(\$4,018)
Nov	78,065	97,700	19,635
Dec	124,594	98,282	(26,312)
Jan	97,321	94,625	(2,696)
Feb	84,683	87,016	2,333
Mar	95,576	92,076	(3,500)
Apr	86,104		
May	126,118		
Jun	90,989		
Jul	82,900		
Aug	93,679		
Sep	85,148		
<b>Total</b>	<b>\$1,120,778</b>	<b>\$541,282</b>	<b>(\$14,558)</b>



## POLICE

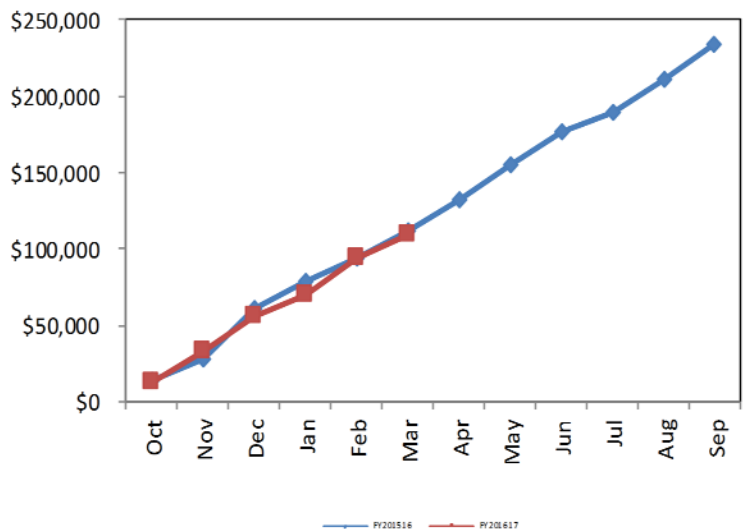
	FY 2015-16	FY 2016-17	Variance
Oct	\$28,488	\$25,289	(\$3,199)
Nov	31,370	46,089	14,719
Dec	52,490	35,634	(16,856)
Jan	35,550	37,304	1,754
Feb	37,126	36,295	(831)
Mar	30,058	37,745	7,687
Apr	34,931		
May	48,649		
Jun	37,058		
Jul	38,075		
Aug	32,689		
Sep	49,363		



<b>Total</b>	<b>\$455,847</b>	<b>\$218,357</b>	<b>\$3,275</b>
--------------	------------------	------------------	----------------

## FIRE

	FY 2015-16	FY 2016-17	Variance
Oct	\$13,994	\$12,198	(\$1,796)
Nov	14,184	20,784	6,600
Dec	32,389	23,355	(9,034)
Jan	17,547	13,952	(3,595)
Feb	16,128	23,830	7,702
Mar	18,076	15,740	(2,336)
Apr	19,295		
May	23,154		
Jun	21,372		
Jul	13,779		
Aug	21,006		
Sep	23,230		



<b>Total</b>	<b>\$234,154</b>	<b>\$109,859</b>	<b>(\$2,459)</b>
--------------	------------------	------------------	------------------

# GENERAL FUND EXPENDITURES

As of March 31, 2017  
(000s)

DEPARTMENT	AMENDED BUDGET <sup>1</sup>	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$25,312	\$13,091	\$25,312	\$0
Business Dev/Procurement Svcs	3,041	1,406	3,037	(3)
City Attorney's Office	16,762	7,717	16,762	0
City Auditor's Office	3,194	1,340	3,071	(123)
City Controller's Office	5,441	2,369	5,393	(48)
City Manager's Office	2,310	1,542	2,310	0
City Secretary's Office	2,029	881	2,029	(0)
Civil Service	2,887	1,127	2,893	6
Code Compliance	42,386	20,497	42,386	0
Court Services	11,976	5,823	11,973	(2)
Elections <sup>13</sup>	1,401	864	1,902	502
Fire <sup>14</sup>	254,603	109,859	253,939	(664)
Housing	14,403	9,134	14,403	(0)
Human Resources	5,220	2,432	5,132	(88)
Independent Audit	865	-	865	0
Jail Contract - Lew Sterret	7,813	3,255	7,813	0
Judiciary	3,296	1,663	3,264	(31)
Library	29,984	14,122	29,984	0
Management Services	10,235	4,933	10,035	(200)
Mayor and Council	4,465	2,125	4,524	58
Mobility and Street Services	84,577	45,179	84,546	(31)
Mobility and Street Services-Street Lighting	16,956	7,974	16,945	(11)
Non-Departmental <sup>15</sup>	70,412	3,360	66,101	(4,312)
Office of Cultural Affairs	19,605	12,968	19,605	0
Office of Economic Development	2,575	2,110	2,575	0
Office of Financial Services	2,957	1,175	2,957	0
Park and Recreation	94,673	43,198	94,673	0
Planning & Urban Design	3,029	1,167	3,054	26
Police <sup>16</sup>	478,004	218,357	475,146	(2,858)
Sustainable Dev/Construction	1,386	1,287	1,367	(19)
Trinity Watershed Management	1,318	328	1,318	0
<b>RESERVES AND TRANSFERS</b>				
Contingency Reserve	1,650	0	1,650	0
Liability/Claim Fund	4,283	0	4,283	0
Salary & Benefit Reserve <sup>17</sup>	1,554	0	1,554	0
<b>TOTAL EXPENDITURES</b>	<b>\$1,230,598</b>	<b>\$541,282</b>	<b>\$1,222,798</b>	<b>(\$7,800)</b>

# PROPRIETARY FUNDS

As of March 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>AVIATION</b>				
BEGINNING FUND BALANCE	\$9,907	\$ -	\$9,907	\$ -
<b>REVENUES:</b>				
Parking	27,143	12,367	26,352	(791)
Terminal Concessions	25,416	11,137	25,403	(12)
Landing Fees	17,784	9,156	17,784	(0)
Rental on Airport - Terminal	14,789	6,844	14,789	0
Rental on Airport - Field	8,586	3,859	8,586	(0)
Fuel Flow Fees	1,225	548	1,225	(0)
All Remaining Revenues	3,230	2,719	4,725	1,495
<b>TOTAL REVENUES</b>	<b>98,174</b>	<b>46,630</b>	<b>98,865</b>	<b>692</b>
<b>TOTAL EXPENDITURES</b>	<b>99,188</b>	<b>29,244</b>	<b>99,177</b>	<b>(11)</b>
<b>ENDING FUND BALANCE</b>	<b>\$8,893</b>	<b>\$ -</b>	<b>\$9,596</b>	<b>\$703</b>
<b>CONVENTION AND EVENT SERVICES</b>				
BEGINNING FUND BALANCE	\$29,150	\$ -	\$29,150	\$ -
<b>REVENUES:</b>				
Hotel Occupancy Tax	58,856	19,391	58,532	(325)
Alcoholic Beverage Tax	12,445	3,140	12,528	82
Operating Revenues	25,002	14,195	27,765	2,763
Office of Special Events	100	59	106	7
<b>TOTAL REVENUES<sup>18</sup></b>	<b>96,403</b>	<b>36,786</b>	<b>98,931</b>	<b>2,528</b>
<b>TOTAL EXPENDITURES<sup>18</sup></b>	<b>96,403</b>	<b>37,896</b>	<b>98,931</b>	<b>2,528</b>
<b>ENDING FUND BALANCE</b>	<b>\$29,150</b>	<b>\$ -</b>	<b>\$29,150</b>	<b>\$0</b>

# PROPRIETARY FUNDS

As of March 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>SUSTAINABLE DEVELOPMENT AND CONSTRUCTION</b>				
BEGINNING FUND BALANCE	\$36,856	\$ -	\$36,856	\$ -
<b>REVENUES:</b>				
Building Permits	19,240	11,170	19,603	363
Certificate of Occupancy	1,412	586	1,412	0
Plan Review	3,749	2,351	3,870	121
Registration/License	1,028	576	1,028	0
Special Plats	887	553	887	0
Private Development	1,010	726	1,156	146
Zoning	1,184	581	1,184	0
Interest Earnings	117	238	155	38
All Remaining Revenues	1,477	927	1,477	0
<b>TOTAL REVENUES</b>	<b>30,103</b>	<b>17,708</b>	<b>30,772</b>	<b>668</b>
<b>TOTAL EXPENDITURES<sup>19</sup></b>	<b>36,090</b>	<b>13,036</b>	<b>32,343</b>	<b>(3,747)</b>
<b>ENDING FUND BALANCE</b>	<b>\$30,869</b>	<b>\$ -</b>	<b>\$35,285</b>	<b>\$4,416</b>
<b>MUNICIPAL RADIO</b>				
BEGINNING FUND BALANCE	\$1,288	\$ -	\$1,288	\$ -
<b>REVENUES:</b>				
Local and National Sales	1,980	875	2,000	20
All Remaining Revenues	75	4	15	(60)
<b>TOTAL REVENUES</b>	<b>2,055</b>	<b>879</b>	<b>2,015</b>	<b>(40)</b>
<b>TOTAL EXPENDITURES</b>	<b>2,032</b>	<b>964</b>	<b>1,948</b>	<b>(85)</b>
<b>ENDING FUND BALANCE</b>	<b>\$1,310</b>	<b>\$ -</b>	<b>\$1,355</b>	<b>\$44</b>

# PROPRIETARY FUNDS

As of March 31, 2017  
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>WATER UTILITIES</b>				
BEGINNING FUND BALANCE	\$87,038	\$ -	\$87,038	\$ -
<b>REVENUES:</b>				
Treated Water - Retail	294,427	130,695	293,119	(1,308)
Treated Water - Wholesale	84,700	40,497	83,761	(939)
Wastewater - Retail	236,075	110,844	230,959	(5,116)
Wastewater - Wholesale	10,554	4,911	10,074	(479)
All Remaining Revenues	31,708	15,088	31,695	(13)
<b>TOTAL REVENUES</b>	<b>657,465</b>	<b>302,034</b>	<b>649,609</b>	<b>(7,856)</b>
<b>TOTAL EXPENDITURES</b>	<b>657,465</b>	<b>252,098</b>	<b>649,609</b>	<b>(7,856)</b>
<b>ENDING FUND BALANCE</b>	<b>\$87,038</b>	<b>\$ -</b>	<b>\$87,038</b>	<b>\$0</b>
<b>COMMUNICATION &amp; INFORMATION SERVICES</b>				
BEGINNING FUND BALANCE	\$11,178	\$ -	\$11,178	\$ -
<b>REVENUES:</b>				
Interdepartmental Charges	58,330	18,906	58,330	0
Telephones Leased	7,723	1,519	7,723	0
Circuits	1,449	0	1,449	0
Desktop Services	0	2	2	2
Interest	150	79	159	20
Equipment Rental	5,002	141	5,002	0
Miscellaneous	171	64	171	1
<b>TOTAL REVENUES</b>	<b>72,825</b>	<b>20,711</b>	<b>72,836</b>	<b>11</b>
<b>TOTAL EXPENDITURES</b>	<b>74,838</b>	<b>40,353</b>	<b>73,371</b>	<b>(1,467)</b>
<b>ENDING FUND BALANCE</b>	<b>\$9,165</b>	<b>\$ -</b>	<b>\$10,642</b>	<b>\$1,478</b>

# PROPRIETARY FUNDS

As of March 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>EQUIPMENT SERVICES</b>				
BEGINNING FUND BALANCE	\$4,450	\$ -	\$4,450	\$ -
REVENUES:				
Rental/Wreck	33,541	14,874	34,657	1,116
Fuel	16,482	5,885	16,482	0
Auto Auction/Non-Taxable	418	267	418	0
Miscellaneous Revenue	391	444	855	464
Interest and Other	5	0	0	(5)
<b>TOTAL REVENUES</b>	<b>50,837</b>	<b>21,470</b>	<b>52,411</b>	<b>1,574</b>
<b>TOTAL EXPENDITURES</b>	<b>50,837</b>	<b>21,995</b>	<b>51,553</b>	<b>716</b>
<b>ENDING FUND BALANCE</b>	<b>\$4,450</b>	<b>\$ -</b>	<b>\$5,308</b>	<b>\$858</b>
 <b>EXPRESS BUSINESS CENTER</b>				
BEGINNING FUND BALANCE	\$1,631	\$ -	\$1,631	\$ -
REVENUES:				
Postage Sales	2,703	1,157	2,703	0
All Other Revenues	1,278	846	1,278	0
<b>TOTAL REVENUES</b>	<b>3,981</b>	<b>2,003</b>	<b>3,981</b>	<b>0</b>
<b>TOTAL EXPENDITURES</b>	<b>3,780</b>	<b>1,724</b>	<b>3,779</b>	<b>(1)</b>
<b>ENDING FUND BALANCE</b>	<b>\$1,833</b>	<b>\$ -</b>	<b>\$1,834</b>	<b>\$1</b>

# PROPRIETARY FUNDS

As of March 31, 2017  
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>SANITATION SERVICES</b>				
BEGINNING FUND BALANCE	\$14,681	\$ -	\$14,681	\$ -
REVENUES:				
Residential Collection	72,502	38,209	73,968	1,465
Cost Plus Bulk/Brush	122	61	126	5
Sale of Recyclables	695	695	1,026	331
City Facility Collection	737	382	764	28
Landfill Revenue	21,890	14,687	26,654	4,764
<b>TOTAL REVENUES<sup>20</sup></b>	<b>95,946</b>	<b>54,034</b>	<b>102,538</b>	<b>6,592</b>
<b>TOTAL EXPENDITURES<sup>20</sup></b>	<b>95,946</b>	<b>41,073</b>	<b>97,941</b>	<b>1,995</b>
<b>ENDING FUND BALANCE</b>	<b>\$14,681</b>	<b>\$ -</b>	<b>\$19,279</b>	<b>\$4,598</b>



# OTHER FUNDS

As of March 31, 2017  
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>9-1-1 SYSTEM OPERATIONS</b>				
BEGINNING FUND BALANCE	\$5,494	\$ -	\$5,494	\$ -
<b>REVENUES:</b>				
9-1-1 Service Receipts - Wireless	6,374	2,926	6,332	(42)
9-1-1 Service Receipts - Wireline	6,450	3,099	6,281	(169)
Interest and Other	48	53	109	60
<b>TOTAL REVENUES</b>	<b>12,873</b>	<b>6,078</b>	<b>12,722</b>	<b>(151)</b>
<b>TOTAL EXPENDITURES</b>	<b>16,389</b>	<b>2,181</b>	<b>16,357</b>	<b>(31)</b>
<b>ENDING FUND BALANCE</b>	<b>\$1,978</b>	<b>\$ -</b>	<b>\$1,859</b>	<b>(\$120)</b>
 <b>STORM DRAINAGE MANAGEMENT</b>				
BEGINNING FUND BALANCE	\$6,754	\$ -	\$6,754	\$ -
<b>REVENUES:</b>				
Storm Water Fees	50,856	24,404	50,856	-
Interest and Other	81	76	81	0
<b>TOTAL REVENUES</b>	<b>50,937</b>	<b>24,481</b>	<b>50,937</b>	<b>0</b>
<b>TOTAL EXPENDITURES</b>	<b>53,008</b>	<b>15,590</b>	<b>52,989</b>	<b>(18)</b>
<b>ENDING FUND BALANCE</b>	<b>\$4,683</b>	<b>\$ -</b>	<b>\$4,701</b>	<b>\$18</b>

# OTHER FUNDS

As of March 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>EMPLOYEE BENEFITS</b>				
<b>BENEFITS ADMINISTRATION</b>				
TOTAL EXPENDITURES	\$998	\$352	\$998	\$0
<b>WELLNESS PROGRAM</b>				
TOTAL EXPENDITURES	\$349	\$76	\$281	(\$69)
<b>RISK MANAGEMENT</b>				
TOTAL EXPENDITURES	\$2,630	\$1,410	\$2,641	\$11
<b>LIABILITY/CLAIMS FUND</b>				
<b>Beginning Balance October 1, 2016</b>				<b>\$3,158</b>
Budgeted Revenue				<b>9,453</b>
<b>FY 2016-17 Available Funds</b>				<b>12,611</b>
Paid October 2016				(596)
Paid November 2016				(315)
Paid January 2017				(422)
Paid February 2017				(343)
Paid March 2017				(424)
<b>Balance as of March 31, 2017</b>				<b>10,511</b>

---

# DEBT SERVICE FUND

---

As of March 31, 2017  
(000s)

<b>DEPARTMENT</b>	<b>BUDGET</b>	<b>YEAR TO DATE</b>	<b>YEAR-END FORECAST</b>	<b>BUDGET VS FORECAST VARIANCE</b>
<b>DEBT SERVICE FUND</b>				
<b>BEGINNING FUND BALANCE</b>	<b>\$10,235</b>	<b>\$ -</b>	<b>\$10,235</b>	<b>\$ -</b>
<b>REVENUES:</b>				
<b>Ad Valorem</b>	<b>242,487</b>	<b>239,638</b>	<b>243,113</b>	<b>625</b>
<b>Interest/Transfers/Other</b>	<b>19,799</b>	<b>665</b>	<b>19,799</b>	<b>0</b>
<b>TOTAL REVENUES</b>	<b>262,287</b>	<b>240,303</b>	<b>262,912</b>	<b>625</b>
<b>TOTAL EXPENDITURES</b>	<b>261,865</b>	<b>209,698</b>	<b>261,865</b>	<b>0</b>
<b>ENDING FUND BALANCE</b>	<b>\$10,657</b>	<b>\$ -</b>	<b>\$11,282</b>	<b>\$625</b>

---

# NOTES

---

(Dollars in 000s)

1. The General Fund budget was amended/increased based on Council's approved use of contingency reserve funds:
  - Increased by \$500 on February 22, 2017 by CR# 17-0438 for additional legal services necessary to continue representing four Dallas City Councilmembers with regard to the Dallas Police and Fire Pension System; and
  - Increased by \$759 on March 22, 2017 by CR# 17-0483 for actuarial services related to the Dallas Police and Fire Pension System.
2. Ad Valorem tax revenues are forecast to be \$1,681 over budget based on current year property tax receipts trending above average.
3. Sales tax revenues are forecast to be \$1,957 over budget based on current sales tax receipts. Sales tax receipts have increased by 4.1 percent over the most recent 12 months.
4. Oncor Electric revenues are forecast to be \$1,030 over budget based on current receipts.
5. Atmos Energy revenues are forecast to be \$1,000 below budget primarily due to a warm fall and winter, which led to decreased gas consumption by customers.
6. Interest earned revenues are forecast to be \$1,467 above budget due to an increase in the market interest rate.
7. Intergovernmental revenues are projected to be \$618 above budget primarily due to a refund check received from the Dallas County Elections Department and a Dallas Fire Rescue deployment reimbursement received from the State.
8. Municipal Court revenues are forecast to be \$1,626 below budget primarily as a result of a decrease in the volume of citations being issued.
9. Vehicle Towing and Storage fines are forecast to be \$494 over budget due to an increase in tows as well as vehicles staying on the auto pound property longer than anticipated.
10. Public Library revenues are projected to be \$156 below budget due to implementation of automatic renewal on materials that have been checked out at library locations and 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.
11. Emergency Ambulance revenues are projected to be \$8,241 over budget due to an anticipated increase in the reimbursement from the State based on the recent cost report.

---

# NOTES

---

(Dollars in 000s)

12. Other Charges for Services is projected to be \$5,269 below budget primarily due to the reduction of fire watch fees, contract delays for the Mobile Community Health Program and a change in the interlocal agreement with Parkland Health System for Biotel services whereby government entities that would formerly reimburse the City for Biotel services now contract directly with Parkland.

13. Elections expenditures are forecast to be \$502 above budget due to an increase in costs associated with several jurisdictions withdrawing from the May Joint Election.

14. Fire Department expenditures are forecast to be \$664 below budget primarily due to salary and pension savings offset by increased use of overtime and increased vacation/sick termination payments. Pension savings are a result of the budget including funds to increase the City's contribution rate contingent upon members increasing their contribution rate via plan election, which did not pass.

15. Non-Departmental expenditures are forecast to be \$4,312 below budget primarily due to savings in the master lease program.

16. Police Department expenditures are forecast to be \$2,858 below budget primarily as a result of salary and pension savings offset by increased use of overtime and increased vacation/sick termination payments. Pension savings are a result of the budget including funds to increase the City's contribution rate contingent upon members increasing their contribution rate via plan election, which did not pass. Additionally, the Police Department planned to hire 451 officers this year, however, that proved to be extremely difficult so the revised plan includes 200 new hires.

17. Salary and Benefit Reserve funds were allocated to City Attorney's Office (\$102) and City Manager's Office (\$344) to offset vacation/sick termination payments.

18. Convention and Event Services is projected to be \$2,528 above budget in revenues and expenditures due to large catered events that exceeded the contractual minimum guarantees.

19. Sustainable Development and Construction is projected to be \$3,747 below budget due to vacancies and technology enhancements deferred to FY 2017-18.

20. Sanitation Services revenues are projected to be \$6,592 above budget due to an increase in cash customers at the landfill. Expenses are projected to be \$1,995 above budget due to increase in landfill activity.

# Memorandum



CITY OF DALLAS

DATE June 1, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT March 31, 2017 Quarterly Investment Report

The City of Dallas Investment Policy, in accordance with the Texas Public Funds Investment Act, requires that the City Council and City Manager receive quarterly investment reports. The purpose of this report is to provide a means for Council members, Council committee members, and staff to regularly review and monitor the City's investment position, and to demonstrate compliance with the City's Investment Policy and the Public Funds Investment Act. We have included summary reports on each of the City's individual portfolios, as well as summary information on the combined portfolio.

For the quarter ending March 31, 2017, the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

Please let me know if you need additional information.

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

M. Elizabeth Reich  
Chief Financial Officer

#### Attachment

c: Honorable Mayor and Members of City Council  
T.C. Broadnax, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Raquel Favela, Chief of Economic Development & Neighborhood Services

Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)  
Jill A. Jordan, P.E., Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Chief of Community Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors



CITY OF DALLAS

March 31, 2017

# QUARTERLY INVESTMENT REPORT



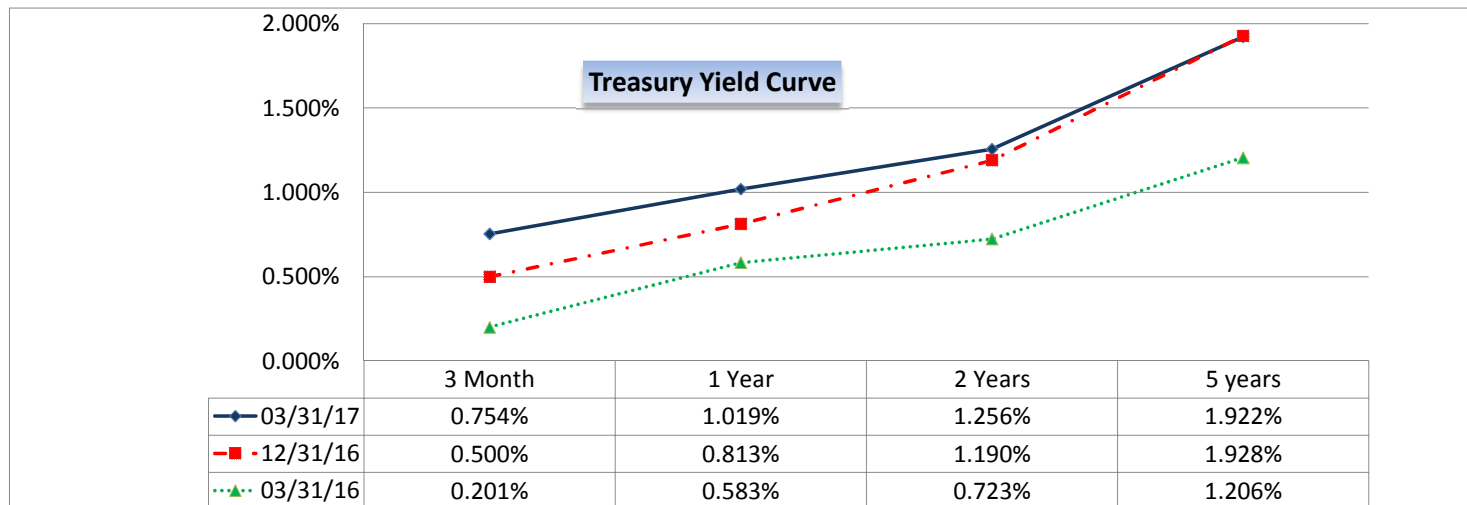
Quarterly National Economic and Market Update  
 Quarter Ended March 31, 2017

- Labor market continued to strengthen and economic activity continued to expand at a moderate pace
- Job gains remained solid and the unemployment rate little changed in recent months
- Household spending continued to rise moderately while business fixed investment appeared to have firmed somewhat
- Inflation increased in recent quarters, moving close to the Committee's 2% longer-term objective
- The Federal Open Market Committee (FOMC) decided to raise the top of the target range for the federal funds rate from 0.50% - 0.75% to 0.75% - 1%.

Source: FOMC March 15, 2017 Statement

National Economic Data	3/31/2016	3/31/2017
Fed Funds Effective Rate Target Range	0.25% -0.50%	0.75%-1.00%
2 Years Treasury Note Yield	0.723%	1.256%
10 Years Treasury Note Yield	1.770%	2.388%
Monthly Unemployment Rate	5.00%	4.50%
Weekly Initial Jobless Claims	276,000	235,000
Monthly Change in Nonfarm Payrolls	208,000	79,000
Monthly New Housing Starts	1,099,000	1,215,000

Source: Bloomberg



Source: Bloomberg



City of Dallas  
Portfolio Holdings  
Combined Investment Summary  
As of 03/31/2017

Portfolio Description	Face Amount	Book Value	Market Value	Accrued Interest	Market Value + Accrued Interest	*Unrealized Gain/(Loss)	Weighted Average Yield To Maturity
01 The City's Investment Pool	1,856,745,000	1,856,734,282	1,855,687,041	3,175,749	1,858,862,790	(1,047,241)	1.12%
02 Convention Center Reserve	23,000,000	23,000,000	22,500,694	85,650	22,586,344	(499,306)	1.34%
03 Water Reserve	90,000,000	89,979,878	89,006,765	157,792	89,164,557	(973,113)	1.26%
04 Art Endowment	2,235,000	2,235,000	2,198,963	3,278	2,202,241	(36,037)	1.32%
05 Ida Green Library Fund	1,000,000	1,000,000	990,628	3,958	994,586	(9,372)	1.25%
10 DWU Commercial Paper Program	13,960	13,960	13,960	0	13,960	-	0.59%
14 Trinity Parkway Escrow	549,384	549,384	549,384	0	549,384	-	0.59%

\*Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the temporary gains and losses are unlikely to be realized.

City of Dallas  
Trade Activity by Portfolio  
As of: 12/31/2016 - 03/31/2017

Portfolio Description	Beginning Face Amount	Beginning Weighted Average Yield To Maturity	Purchased/Deposited	Matured/Called/ Redeemed	Ending Face Amount	Ending Weighted Average Yield To Maturity
<b>City's Investment Pool*</b>						
Federal Agricultural Mortgage Corp.	216,770,000	1.12%	30,000,000	27,000,000	219,770,000	1.18%
Federal Farm Credit Bank	265,000,000	0.92%	54,275,000	-	319,275,000	1.00%
Federal Home Loan Bank	174,850,000	1.15%	100,000,000	-	274,850,000	1.24%
Federal Home Loan Mortgage Corp.	439,000,000	1.21%	-	60,000,000	379,000,000	1.26%
Federal National Mortgage Assoc.	154,830,000	1.15%	-	-	154,830,000	1.15%
<b>Total Portfolio</b>	<b>1,250,450,000</b>	<b>1.12%</b>	<b>184,275,000</b>	<b>87,000,000</b>	<b>1,347,725,000</b>	<b>1.17%</b>

\*Trade activity excludes local government investment pools and money market mutual funds.

<b>Convention Center Reserve</b>						
Federal Home Loan Mortgage Corp.	4,000,000	1.25%	-	-	4,000,000	1.25%
Federal National Mortgage Assoc.	19,000,000	1.36%	-	-	19,000,000	1.36%
<b>Total Portfolio</b>	<b>23,000,000</b>	<b>1.34%</b>	<b>-</b>	<b>-</b>	<b>23,000,000</b>	<b>1.34%</b>

<b>Water Reserve</b>						
Federal Home Loan Bank	5,000,000	1.50%	-	-	5,000,000	1.50%
Federal Home Loan Mortgage Corp.	30,000,000	1.22%	-	-	30,000,000	1.22%
Federal National Mortgage Assoc.	55,000,000	1.26%	-	-	55,000,000	1.26%
<b>Total Portfolio</b>	<b>90,000,000</b>	<b>1.26%</b>	<b>-</b>	<b>-</b>	<b>90,000,000</b>	<b>1.26%</b>

<b>Art Endowment</b>						
Federal Home Loan Mortgage Corp.	2,235,000	1.32%	-	-	2,235,000	1.32%
<b>Total Portfolio</b>	<b>2,235,000</b>	<b>1.32%</b>	<b>-</b>	<b>-</b>	<b>2,235,000</b>	<b>1.32%</b>

<b>Ida Green Library Endowment</b>						
Federal Agricultural Mortgage Corp.	1,000,000	1.25%	-	-	1,000,000	1.25%
<b>Total Portfolio</b>	<b>1,000,000</b>	<b>1.25%</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>1.25%</b>

<b>DWU Commercial Paper</b>						
Money Market - Tax Exempt	17,180	0.40%	13,960	17,180	13,960	0.59%
<b>Total Portfolio</b>	<b>17,180</b>	<b>0.40%</b>	<b>13,960</b>	<b>17,180</b>	<b>13,960</b>	<b>0.59%</b>

<b>Trinity Parkway Escrow</b>						
Money Market	548,793	0.42%	591	-	549,384	0.59%
<b>Total Portfolio</b>	<b>548,793</b>	<b>0.42%</b>	<b>591</b>	<b>-</b>	<b>549,384</b>	<b>0.59%</b>

City of Dallas  
 Summary Statement by Portfolio  
 As of: 12/31/2016 - 03/31/2017

Portfolio Description	Beginning Face Amount	Ending Face Amount	Beginning Book Value	Ending Book Value	Beginning Market Value	Ending Market Value	Deposits/ (Redemptions)	Change in Market Value	Accrued Interest	Ending Weighted Average Yield To Maturity
<b>City's Investment Pool<sup>1</sup></b>										
Local Govt. Investment Pool	327,020,000	458,020,000	327,020,000	458,020,000	327,020,000	458,020,000	131,000,000	-	-	1.04%
Money Market	9,000,000	51,000,000	9,000,000	51,000,000	9,000,000	51,000,000	42,000,000	-	-	0.59%
US Agency	1,250,450,000	1,347,725,000	1,250,529,469	1,347,714,282	1,249,013,108	1,346,667,041	97,275,000	482,733	3,175,749	1.17%
<b>*Total Portfolio</b>	<b>1,586,470,000</b>	<b>1,856,745,000</b>	<b>1,586,549,469</b>	<b>1,856,734,282</b>	<b>1,585,033,108</b>	<b>1,855,687,041</b>	<b>270,275,000</b>	<b>482,733</b>	<b>3,175,749</b>	<b>1.12%</b>
<b>Convention Center Reserve<sup>2</sup></b>										
US Agency	23,000,000	23,000,000	23,000,000	23,000,000	22,459,774	22,500,694	-	40,920	85,650	1.34%
<b>Total Portfolio</b>	<b>23,000,000</b>	<b>23,000,000</b>	<b>23,000,000</b>	<b>23,000,000</b>	<b>22,459,774</b>	<b>22,500,694</b>	<b>-</b>	<b>40,920</b>	<b>85,650</b>	<b>1.34%</b>
<b>Water Reserve<sup>2</sup></b>										
US Agency	90,000,000	90,000,000	89,969,928	89,979,878	88,908,200	89,006,765	-	98,565	157,792	1.26%
<b>Total Portfolio</b>	<b>90,000,000</b>	<b>90,000,000</b>	<b>89,969,928</b>	<b>89,979,878</b>	<b>88,908,200</b>	<b>89,006,765</b>	<b>-</b>	<b>98,565</b>	<b>157,792</b>	<b>1.26%</b>
<b>Art Endowment<sup>3</sup></b>										
US Agency	2,235,000	2,235,000	2,235,000	2,235,000	2,194,902	2,198,963	-	4,061	3,278	1.32%
<b>Total Portfolio</b>	<b>2,235,000</b>	<b>2,235,000</b>	<b>2,235,000</b>	<b>2,235,000</b>	<b>2,194,902</b>	<b>2,198,963</b>	<b>-</b>	<b>4,061</b>	<b>3,278</b>	<b>1.32%</b>
<b>Ida Green Library Endowment<sup>4</sup></b>										
US Agency	1,000,000	1,000,000	1,000,000	1,000,000	988,928	990,628	-	1,700	3,958	1.25%
<b>Total Portfolio</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>988,928</b>	<b>990,628</b>	<b>-</b>	<b>1,700</b>	<b>3,958</b>	<b>1.25%</b>
<b>DWU Commercial Paper<sup>5</sup></b>										
Money Market - Tax Exempt	17,180	13,960	17,180	13,960	17,180	13,960	(3,220)	-	-	0.59%
<b>Total Portfolio</b>	<b>17,180</b>	<b>13,960</b>	<b>17,180</b>	<b>13,960</b>	<b>17,180</b>	<b>13,960</b>	<b>(3,220)</b>	<b>-</b>	<b>-</b>	<b>0.59%</b>
<b>Trinity Parkway Escrow<sup>6</sup></b>										
Money Market	548,793	549,384	548,793	549,384	548,793	549,384	591	-	-	0.59%
<b>Total Portfolio</b>	<b>548,793</b>	<b>549,384</b>	<b>548,793</b>	<b>549,384</b>	<b>548,793</b>	<b>549,384</b>	<b>591</b>	<b>-</b>	<b>-</b>	<b>0.59%</b>

Notes 1-6: See Page 6 for Strategy Statement by Portfolio.

\*Numbers may not sum due to rounding

**City of Dallas**  
**Strategy Statement and Compliance by Portfolio**  
**As of: 12/31/2016 - 03/31/2017**

---

**STRATEGY COMPLIANCE STATEMENT**

---

For the quarter ended March 31, 2017 the portfolios are in compliance with the relevant provisions of the Public Fund Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

---

**STRATEGY STATEMENT BY PORTFOLIO**

---

**1) City's Investment Pool**

The City's Investment Pool is an aggregation of the majority of City funds that includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years.

**2) Convention Center Bond Reserve and Water Bond Reserve**

Non-pooled reserve funds for outstanding revenue bonds (Convention Center and Water) are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest at final maturity or if called prior to final maturity.

**3) Art Endowment**

The Art Endowment Fund was created by the City from a \$1,285,026 repayment to the General Fund from the Convention Center. Pursuant to Resolution No. 84-311 dated September 26, 1984, this endowment fund was created to provide additional monies for the arts, not to replace the current level of support. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

**4) Ida Green Library Endowment**

The Ida M. Green Endowment Fund was created with the proceeds from the sale of stock from the estate of Ms. Green pursuant to Resolution No. 87-0836. Its purpose is to provide funds for the operating and capital expenses of the library's Texas Center for the Book and Children's Center. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

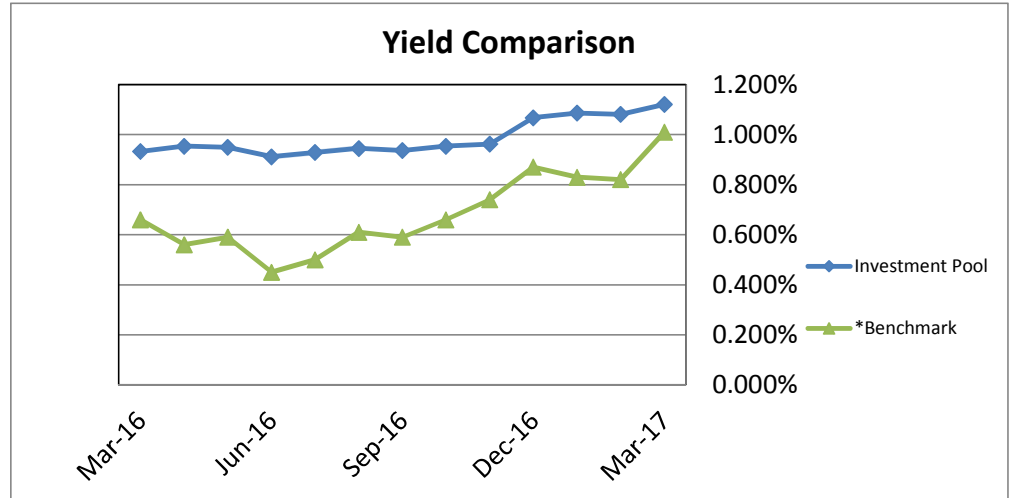
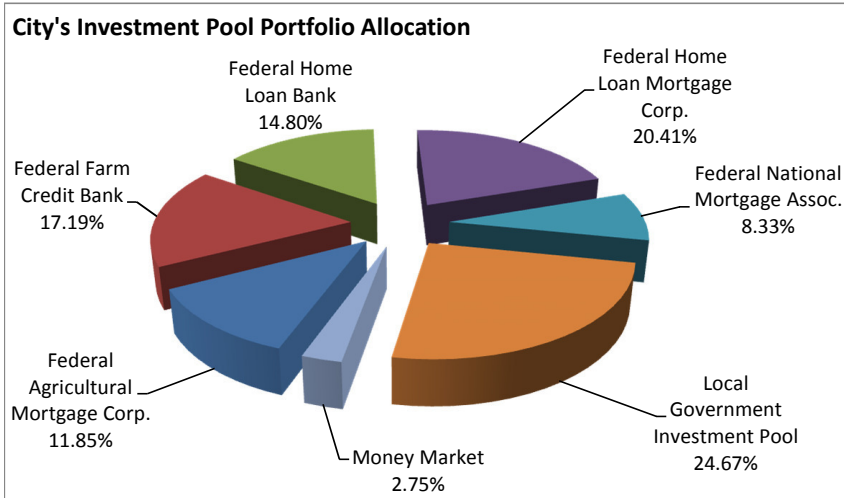
**5) DWU Commercial Paper Program and GO Commercial Paper Program**

The City issues tax-exempt commercial paper notes as an interim financing tool for construction of capital projects. The investment of the proceeds from the issuance of commercial paper debt should have a high degree of liquidity in order to fund payments to contractors.

**6) Trinity Parkway Escrow**

The Trinity Parkway Escrow portfolio was created with the deposit of \$5,000,000 on November 16, 1999 in an escrow account in accordance with an agreement dated as of January 1, 1999 between the City, North Texas Tollway Authority ("NTTA"), and TxDOT pertaining to development of the Trinity Parkway. These funds will be used to share costs for the studies and design efforts related to the Trinity Parkway project. Permitted investments for this account are defined in the Escrow Agreement as those that are consistent with the Public Funds Investment Act.

**City of Dallas**  
**City's Investment Pool Portfolio Allocation**  
**Investment Summary**  
**As of 03/31/2017**



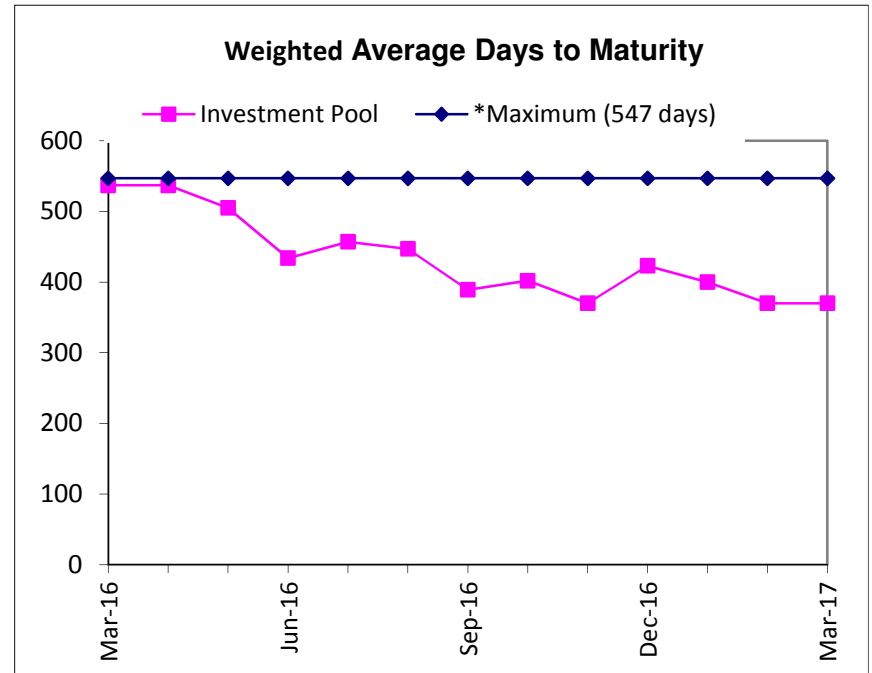
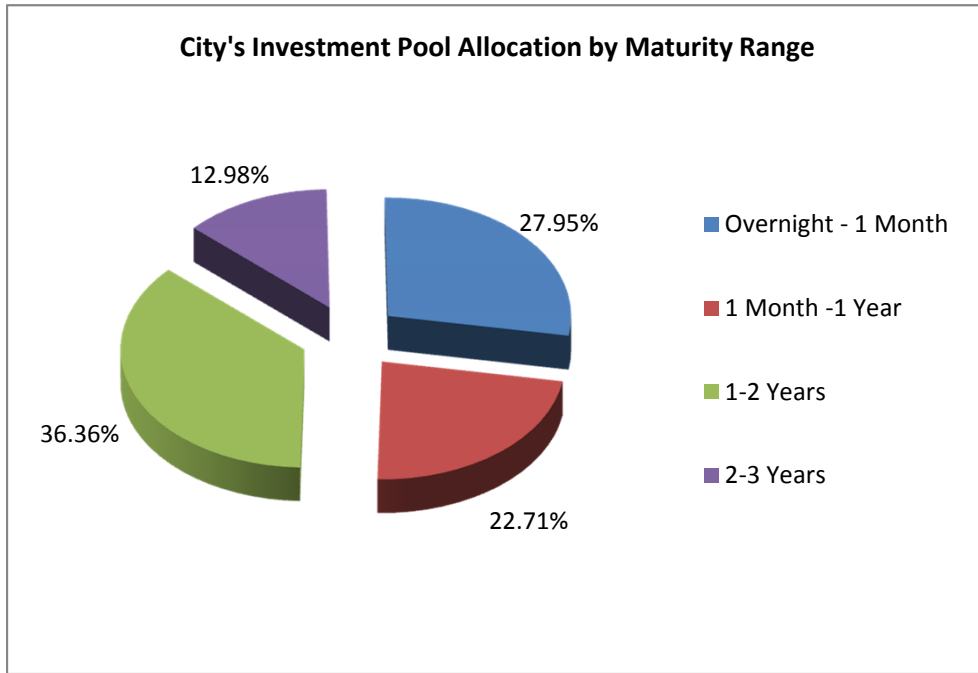
Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Weighted Average Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	219,770,000	219,932,712	219,803,439	(129,273)	496	1.18%	11.85%
Federal Farm Credit Bank	319,275,000	319,239,978	318,890,679	(349,299)	425	1.00%	17.19%
Federal Home Loan Bank	274,850,000	274,854,668	274,747,335	(107,332)	587	1.24%	14.80%
Federal Home Loan Mortgage Corp.	379,000,000	378,942,723	378,621,512	(321,211)	574	1.26%	20.41%
Federal National Mortgage Assoc.	154,830,000	154,744,201	154,604,075	(140,126)	410	1.15%	8.33%
Local Government Investment Pool	458,020,000	458,020,000	458,020,000	-	1	1.04%	24.67%
Money Market	51,000,000	51,000,000	51,000,000	-	1	0.59%	2.75%
<b>***Total Portfolio</b>	<b>1,856,745,000</b>	<b>1,856,734,282</b>	<b>1,855,687,041</b>	<b>(1,047,241)</b>	<b>370</b>	<b>1.12%</b>	<b>100.00%</b>

\*As per Section 17.1 of the City's Investment Policy, the benchmark for the Investment Pool is the 12-month moving average yield on treasury 1-year constant maturities as reported by Federal Reserve Statistical Release H.15.

\*\* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's strategy to hold investments until they mature, the temporary gains and losses are unlikely to be realized.

\*\*\* Numbers may not sum due to rounding

**City of Dallas**  
**City's Investment Pool Allocation by Maturity Range**  
**As of 03/31/2017**



Description	Face Amount/Shares	Book Value	Market Value	Weighted Average Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	519,020,000	519,020,000	519,020,540	0.99%	1	27.95%
1 Month - 1 Year	421,830,000	421,715,941	421,683,776	0.91%	194	22.71%
1-2 Years	674,895,000	675,044,505	674,245,733	1.20%	589	36.36%
2-3 Years	241,000,000	240,953,836	240,736,992	1.54%	861	12.98%
<b>**Total Portfolio</b>	<b>1,856,745,000</b>	<b>1,856,734,282</b>	<b>1,855,687,041</b>	<b>1.12%</b>	<b>370</b>	<b>100%</b>

\*As per Section 13.0 of the City's Investment Policy, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years (547 days).

\*\* Numbers may not sum due to rounding

City of Dallas  
 Date To Date  
 Broker/Dealer Activity  
 As of: FY 16-17 Year to Date

FY 16-17 Year to Date		
Description	Awarded	%
<b>Primary Dealers</b>		
Bank of America	\$30,000,000	6.97%
Jefferies & Co.	15,000,000	3.49%
Morgan Stanley	0	0.00%
RBC Capital Markets, LLC	0	0.00%
Wells Fargo	0	0.00%
<b>Secondary Dealers</b>		
FTN Financials	70,000,000	16.27%
Hilltop Securities Inc.	40,000,000	9.30%
Intl Fcstone Financial Inc.	19,275,000	4.48%
Multi Bank Securities	10,000,000	2.32%
Piper Jaffray & Co.	40,000,000	9.30%
Samco Capital Market	50,000,000	11.62%
SunTrust Robinson Humphrey, Inc.	15,000,000	3.49%
Vining Sparks	56,000,000	13.01%
<b>Secondary Dealers - M/WBE</b>		
Capital Institutional Services, Inc.	10,000,000	2.32%
Loop Capital	20,000,000	4.65%
Rice Financial	10,000,000	2.32%
Stern Brothers & Co.	45,000,000	10.46%
<b>Total</b>	<b>\$430,275,000</b>	<b>100.00%</b>

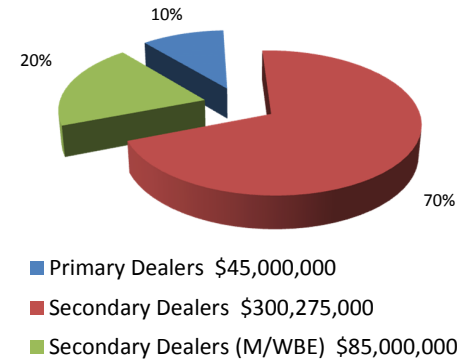
Notes:

Section 9 of the City's investment Policy requires the investment committee to annually review and adopt a list of qualified broker/dealers. These firms represent the broker dealer firms that are currently approved by the Investment Committee as of February 2017.

It is the City's policy to solicit three or more competitive bids/offers each trade except for agency securities purchased at issue.

Q2 FY 16-17		
Description	Awarded	%
Capital Institutional Services, Inc.	\$10,000,000	5.43%
FTN Financials	20,000,000	10.85%
Hilltop Securities Inc.	15,000,000	8.14%
Intl Fcstone Financial Inc.	19,275,000	10.46%
Jefferies & Co.	15,000,000	8.14%
Loop Capital	20,000,000	10.85%
Multi Bank Securities	10,000,000	5.43%
Piper Jaffray & Co.	40,000,000	21.71%
Samco Capital Market	10,000,000	5.43%
Stern Brothers & Co.	25,000,000	13.57%
<b>Total</b>	<b>\$184,275,000</b>	<b>100.00%</b>

Broker/Dealer Activity FY16-17 to Date



**CITY OF DALLAS**

**March 31, 2017**

**QUARTERLY INVESTMENT REPORT**

For the quarter ended March 31, 2017 the portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

---

Chief Financial Officer: *M. Elizabeth Reich*

City Controller: *Samuel R. Scott*

Treasury Manager: *Connie Hayes*



# Memorandum



DATE June 1, 2017

CITY OF DALLAS

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT Commercial Paper Programs – Update on Credit Agreements

Credit agreements supporting the issuance of commercial paper for both the City and Dallas Water Utilities will expire before the end of 2017. Specifically, Water Utilities' \$300 million Series E Commercial Paper Program will need a new credit facility no later than September 30. The credit agreement supporting the City's \$350 million General Obligation Commercial Paper Program also expires this year on December 2, 2017. This memorandum reports on discussions to date with the banks providing the existing facilities.

## Dallas Water Utilities Commercial Paper Programs

JPMorgan Chase Bank, N.A., has offered to continue providing the credit facility supporting DWU's \$300 million Series E conditions for an additional two-year period. The annual fee for the facility backing the existing program is 30 basis points, or 0.30 percent, and would remain the same. Pending successful negotiation of the terms and conditions of the credit agreement, DWU's co-financial advisors, Hilltop Securities and Estrada Hinojosa, recommend acceptance of the offer. Current quotes for comparable facilities from other banks are in the range of 0.40 – 0.45 percent. In addition, the Co-Financial Advisors recommend continuation of JPMorgan Chase as credit provider due to strong market acceptance of commercial paper notes supported by its credit lines.

DWU has used commercial paper to finance capital projects since 1987. Initially established at \$100 million, today's program consists of Series D and E with each series authorized at \$300 million. One or more highly rated financial institutions provide the credit facilities. JPMorgan Chase is the sole bank supporting DWU's Series E notes. State Street Bank and Bank of America Merrill Lynch share the credit facility behind Series D. The rating agencies rate commercial paper programs based on the rating of the banks providing the credit lines. However, the credit line fees adjust upward if the long-term rating

of the sponsoring entity falls. Although DWU's ratings from all three rating agencies remain strong (Moody's: Aa1; S&P: AAA; Fitch: AA+), Moody's recently assigned a negative outlook to DWU based on the challenges facing the City in resolving the police and fire pension fund financial instability.

### General Obligation Commercial Paper Program

JPMorgan has separately offered to continue providing the credit facility supporting the City's \$200 million Series 2010A general obligation commercial paper notes and, in addition, to become the provider of the \$150 million line for the Series 2010C notes. The current provider of the \$150 million credit line for Series 2010C is Wells Fargo Bank. The offer includes providing \$350 million in a credit facility supporting the commercial paper program for two or three years at the City's choice, and the option for JP Morgan to directly purchase commercial paper notes at a fixed spread to an index.

The offer also includes an amendment to the current fee structure of the credit facility which will decrease the annual fee from 65 basis points (0.65) to 40-45 basis points (0.40-0.45) depending upon the term of the facility. The existing credit facilities allow a fee increase of 20 basis points (0.20) to be imposed if the City's general obligation bond rating is further reduced by any of the rating agencies rating the City's long term debt from its current level. With the recent rating changes experienced by the City (the general obligation rating is currently A1/AA-/AA), the City incurred a fee increase of 0.20 to .65 percent in January 2017.

A new feature of this offer would permit JPMorgan Chase to directly purchase commercial paper notes at a fixed spread to an index subject to a 40 - 45 basis points fee (0.40-0.45) depending on the term of the facility. Guaranteed note placement provides stability to the commercial paper program and to the financing of the capital improvement program in a market with current concerns about the City's credit. The City's Financial Advisor for general obligations, PFM, recommends acceptance of the JPMorgan Chase offer to maintain and consolidate support of the general obligation commercial paper program and is working with staff in assessing the financial impact of the term options and note purchase program.

### Next Steps

Staff recommends continuing the negotiations with JPMorgan for maintenance and consolidation of its credit facilities for both commercial paper programs. We will brief the BFA Committee in August after we negotiate the credit agreements and complete our analysis of the offers. With Committee approval of final staff recommendations, the items would be placed on the September 13 agenda for City Council consideration.

DATE June 1, 2017  
SUBJECT Commercial Paper Programs – Update on Credit Agreement

Please let me know if you need additional information.



M. Elizabeth Reich  
Chief Financial Officer

c: TC Broadnax, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Kimberly Bizar Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Raquel Favela, Chief of Economic Development & Neighborhood Services

Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)  
Jill A. Jordan, P.E., Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Chief of Community Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors