

RECEIVED

BUDGET, FINANCE & AUDIT COMMITTEE
DALLAS CITY COUNCIL COMMITTEE AGENDA

2016 AUG 12 AM 10: 57

CITY SECRETARY
DALLAS, TEXAS

MONDAY, AUGUST 15, 2016
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 August 1, 2016 Budget, Finance and Audit Committee meeting

BRIEFINGS

2. CarbonLite Recycling LLC – Tax Equity and Fiscal Responsibility Act (TEFRA) Approval
Lee A. McCormick, President
Community Development Associates
3. Dallas Fort Worth International Airport FY 2017 Proposed Budget
Sean Donohue, Chief Executive Officer
Dallas/Fort Worth International Airport
Christopher Poinsatte,
Executive Vice President-Chief Financial Officer
Dallas/Fort Worth International Airport
4. Dallas Fort Worth International Airport 51st Supplemental Bond Ordinance
Christopher Poinsatte,
Executive Vice President-Chief Financial Officer
Dallas/Fort Worth International Airport
5. Office of the City Auditor:
Fiscal Year 2016 - Fourth Quarter Update
Craig Kinton, City Auditor
6. Office of the City Auditor:
Fiscal Year 2017 Audit Plan
Craig Kinton, City Auditor
7. FY 2015-16 Budget Appropriation Adjustments
Jack Ireland, Director
Office of Financial Service

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

UPCOMING AGENDA ITEMS

August 24, 2016 City Council Meeting

- A. Draft Agenda Item: Authorize the first two-year renewal option to the service contract with Rocket Red, Ltd. for business recruitment and retention services for Dallas Executive Airport - Not to exceed \$240,000 - Financing: Aviation Current Funds (subject to annual appropriations)
- B. Draft Agenda Item: Authorize a three-year service contract for hydraulic cylinder, pump and valve repair - FLR Solutions, LLC, lowest responsible bidder of three - Not to exceed \$2,093,988 - Financing: Current Funds (\$2,020,053), Sanitation Current Funds (\$64,685), Stormwater Drainage Management Current Funds (\$5,800) and Water Utilities Current Funds (\$3,450) (subject to annual appropriations)
- C. Draft Agenda Item: Authorize a five-year collection agency services contract, with two two-year renewal options, for the collection of delinquent utility and other miscellaneous accounts - Southwest Credit Systems, L.P., most responsible proposer of eight - Estimated Annual Net Revenue: \$659,719
- D. Draft Agenda Item: Authorize a three-year master agreement for fire hydrants, parts and accessories - Mueller Co., LLC in the amount of \$1,212,721, HD Supply Waterworks, LTD in the amount of \$801,856, US Pipe Valve & Hydrant, LLC in the amount of \$100,232 and ACT Pipe & Supply, Inc. in the amount of \$4,530, lowest responsible bidders of six - Total not to exceed \$2,119,339 - Financing: Water Utilities Current Funds
- E. Draft Agenda Item: Authorize a three-year master agreement for valves, valve parts and accessories - Mueller Co., LLC in the amount of \$1,573,538, Fortiline, Inc. in the amount of \$1,140,972, ACT Pipe & Supply, Inc. in the amount of \$468,331, Municipal Valve & Equipment Co., Inc. in the amount of \$263,765 and Powerseal Pipeline Products Corp. in the amount of \$24,144, lowest responsible bidders of six - Total not to exceed \$3,470,750 - Financing: Water Utilities Current Funds
- F. Draft Agenda Item: Authorize supplemental agreement no.1 to exercise the first one-year renewal option of the service contract for commercial wireless communication services and equipment - Cellco Partnership dba Verizon Wireless and its Related Entities through the Department of Information Resources, State of Texas Cooperative - Not to exceed \$3,432,429, from \$9,953,000 to \$13,385,429 - Financing: Current Funds (subject to annual appropriations)

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.

"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: August 1, 2016

Convened: 1:03 pm

Adjourned: 2:08 pm

Committee Members Present:

Jennifer S. Gates, Chair
Philip T. Kingston, Vice-Chair

Rickey D. Callahan
Lee M. Kleinman

Scott Griggs
Eric Wilson

Committee Members Absent:

N/A

Other Council Members Present:

N/A

Staff Present:

Joey Zapata
Craig D. Kinton
Michael Frosch
William Finch
Jack Ireland

Akilah McLaughlin
Lance Sehorn
Edward Scott
Craig Kinton
Renee Hayden

Obeng Opokku-Acheampong
Vanessa Gray
Randall Hanks

Others Present:

N/A

AGENDA:

Call to Order

1. Consideration of the June 20, 2016 Minutes

Presenter(s):

Information Only: _

Action Taken/Committee Recommendation(s):

A motion was made to approve the June 20, 2016 minutes. Motion passed unanimously.

Motion made by: Scott Griggs

Motion seconded by: Philip Kingston

2. Nomination and Appointment of the City Auditor

Presenter(s): Craig Kinton, City Auditor

Information Only: _

Action Taken/Committee Recommendation(s):

A motion was made to nominate the Budget, Finance & Audit Committee serve as nominating committee. Motion passed unanimously.

Motion made by: Philip Kingston

Motion seconded by: Rickey Callahan

Budget, Finance & Audit Committee

Meeting Record

A motion was made to nominate Craig Kinton for reappointment to a two-year term to begin September 6, 2016. Motion passed unanimously.

Motion made by: Philip Kingston

Motion seconded by: Scott Griggs

3. Ethics & Diversity Update

Presenter(s): Vanessa Gray, Interim Ethics & Diversity Officer

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

FYI

4. May 2016 Financial Forecast Report

Presenter(s):

Information Only:

Action Taken/Committee Recommendation(s):

N/A

UPCOMING AGENDA ITEMS:

August 10, 2016 City Council Meeting

- A. Agenda Item #6: Authorize a thirty-four month service contract for hardware, software maintenance and support for the City's Symantec electronically stored information discovery system - Symantec distributed by Carahsoft Technology Corp. and sold through TEQSYS, Inc., through the Department of Information Resources, State of Texas Cooperative - Not to exceed \$301,721 - Financing: Current Funds (subject to annual appropriations)**

A motion was made to forward to the City Council on Wednesday, August 10, 2016. Motion passed on unanimous vote.

Motion made by: Philip Kingston

Motion seconded by: Rickey Callahan

- B. Agenda Item #7: Authorize a three-year service contract to provide professional auctioneer services at the City's auctions - Lone Star Auctioneers, Inc., most advantageous proposer of four - Financing: No cost consideration to the City (commissions to be paid by a buyer's premium)**

A motion was made to forward to the City Council on Wednesday, August 10, 2016. Motion passed on unanimous vote.

Motion made by: Philip Kingston

Motion seconded by: Rickey Callahan

Budget, Finance & Audit Committee

Meeting Record

- C. Agenda Item #8: Authorize a three-year master agreement for the purchase of animal food - Lab Animal Supplies, Inc. dba Lab Supply in the amount of \$331,205 and Simba Industries in the amount of \$25,047, lowest responsible bidders of three - Total not to exceed \$356,252 - Financing: Current Funds**

A motion was made to forward to the City Council on Wednesday, August 10, 2016. Motion passed on unanimous vote.

Motion made by: Philip Kingston

Motion seconded by: Rickey Callahan

- D. Agenda Item #9: Authorize a three-year master agreement for hydrogen peroxide to be used in the water purification process – U.S. Peroxide, LLC, lowest responsible bidder of three - Not to exceed \$593,640 - Financing: Water Utilities Current Funds**

A motion was made to forward to the City Council on Wednesday, August 10, 2016. Motion passed on unanimous vote.

Motion made by: Philip Kingston

Motion seconded by: Rickey Callahan

- E. Agenda Item #10: Authorize a three-year master agreement for janitorial supplies, trash bags and liners - MANS Distributors, Inc. in the amount of \$8,134,179, Eagle Brush & Chemical, Inc. in the amount of \$3,611,700, All American Poly Corp. in the amount of \$595,511, Nationwide-Supplies, LP dba USA Supply in the amount of \$140,050, JBG Purchasing Group, LLC in the amount of \$81,639, Interboro Packaging Corp. in the amount of \$68,498, Central Poly Corporation in the amount of \$28,505 and Pollock Investments dba Pollock Paper Distributors in the amount of \$687, lowest responsible bidders of eleven - Total not to exceed \$12,660,769 - Financing: Current Funds (\$3,483,196), Convention and Event Services Current Funds (\$87,333), Aviation Current Funds (\$8,585,878), Water Utilities Current Funds (\$366,021), Sanitation Current Funds (\$94,426), Stormwater Drainage Management Current Funds (\$34,302), Department of State Health Services Grant Funds (\$5,413) and 2016-17 Community Development Block Grant Funds (\$4,200)**

A motion was made to forward to the City Council on Wednesday, August 10, 2016. Motion passed on unanimous vote.

Motion made by: Philip Kingston

Motion seconded by: Rickey Callahan

- F. Agenda Item #11: Authorize supplemental agreement no.1 to increase the service contract with AT&T DataComm, LLC for maintenance and support of the 9-1-1 system - Not to exceed \$702,078, from \$4,333,528 to \$5,035,606 - Financing: 911 System Operations Current Funds (subject to annual appropriations)**

A motion was made to forward to the City Council on Wednesday, August 10, 2016. Motion passed on unanimous vote.

Motion made by: Philip Kingston

Motion seconded by: Rickey Callahan

Budget, Finance & Audit Committee
Meeting Record

Adjourn

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

DRAFT

Memorandum



CITY OF DALLAS

DATE August 12, 2016

TO Honorable 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 CarbonLite Recycling LLC – Tax Equity and Fiscal Responsibility Act (TEFRA) Approval

On Monday, August 15, 2016, the Budget, Finance & Audit Committee will be briefed on the "CarbonLite Recycling LLC – Tax Equity and Fiscal Responsibility Act (TEFRA) Approval". The briefing is attached for your review.

Please let me know if you need additional information.


Jeanne Chipperfield
Chief Financial Officer

Attachment

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

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

DISCUSSION MATERIALS

SUBJECT

- CarbonLITE Recycling LLC (the “Borrower”) has requested the Mission Economic Development Corporation (the “Issuer”) issue solid waste disposal revenue bonds in an aggregate principal amount not to exceed \$50,000,000 (the “Bonds”) to finance or refinance the Project, subject to certain requests, hearings and approvals required pursuant to the Internal Revenue Code of 1986, as amended (the “Code”), and the Development Corporation Act, Chapter 501, Texas Local Government Code (the “Act”); and
- The Borrower will operate a post-consumer polyethylene terephthalate (“pcrPET”) plastic beverage container processing facility (“the Project”) to be located within the city limits of the City of Dallas, Texas. The Project will be located at 4685 Mountain Creek Parkway, Dallas, Texas 75236.

BACKGROUND

- The 2016 Bonds will finance or refinance the costs of acquiring, constructing, rehabilitating, renovating, installing, improving and equipping a post-consumer polyethylene terephthalate (“pcrPET”) plastic beverage container processing facility (the “Facility”), including the leasing of land and existing buildings, the installation of equipment, and the upgrade of utilities of the Facility, and associated equipment and appurtenances thereto, to recycle pcrPET bottles and containers into food-grade recycled polyethylene terephthalate (“PET”) resin pellets to be used to manufacture various PET products (collectively, the “Project”).
- The project’s public benefits include 90-100 new jobs in the City of Dallas and up to \$50 million of new capital equipment being purchased and installed in the City.
- For the Project to be financed or refinanced through the Issuer’s solid waste disposal revenue bonds, the Issuer is hereby requested to exercise its powers within the City for the purpose of issuing such bonds in one or more series, from time to time, in an aggregate principal amount not to exceed \$50,000,000, to finance or refinance the Project. This request is intended to satisfy the requirements of Section 501.159(a) of the Act.
- To comply with Section 147(f) of the Internal Revenue Code, a public hearing has been held on August 15th at 10am in the City, by the duly appointed hearing officer of the Issuer, in which hearing members of the public were permitted to express their views with respect to the Project and the Issuer’s issuance of the Bonds for such purpose. Notice of such hearing was published on August 1st, no less than 14 days prior to such hearing, in a newspaper of general circulation in the City.
- The City, the City Council, the Mayor and all other city officials make no representation or warranty of any kind whatsoever with respect to the Project or the issuance, creditworthiness or repayment of the bonds to be issued by the Issuer with respect to the Project. Under no circumstances shall the City have any liability, financial obligation or responsibility of any kind with respect to the payment of bonds issued for the project or for the construction, maintenance, operation or any other aspect of the project.
- The issuance of the bonds as requested by the company will not constitute a debt or pledge of the faith and credit of the City and neither the faith and credit nor the taxing power of the City will be pledged to the payment of such bonds but will be payable solely from the revenues derived from the company and pledged to the payment thereof.
- The City of Dallas is not being asked to make a loan, guarantee the credit of CarbonLITE Recycling LLC, or to provide funds or credit support for the financing in any manner. The the City’s name will not appear on the promissory note issued by the Issuer.

RECOMMENDATION

- Forward the CarbonLITE Recycling LLC’s request to the City Council, with a recommendation to approve an item on the August 24, 2016 City Council Agenda.

Memorandum



CITY OF DALLAS

DATE August 12, 2016

TO Honorable 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 Dallas Fort Worth International Airport FY 2017 Proposed Budget

On Monday, August 15, 2016, the Budget, Finance & Audit Committee will be briefed on the Dallas Fort Worth International Airport's FY 2017 Proposed Budget. The briefing will be provided by Mr. Christopher Poinsette, Executive Vice President – Chief Financial Officer.

Additionally, today your office was provided with bound copy of the Dallas Fort Worth International Airport's FY 2017 Proposed Budget. This budget was adopted by the DFW Board on June 30, 2016 and is included on the August 24th City Council Agenda.

Please let me know if you need additional information.


Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
AC Gonzalez, City Manager
Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
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Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Dallas Fort Worth International Airport FY 2017 Proposed Budget

Budget, Finance, and Audit Committee

August 15, 2016



KPI Summary

All financial KPIs improved from the Financial Plan projections for FY 2017

Expenditure budget and airline cost increases have been planned for years, primarily due to TRIP debt service



Key Performance Indicators	FY16 Outlook	FY17 Fin'l Plan	FY17 Budget	FY17B Inc (Dec)	
				FY16OL	FY17FP
DFW Cost Center Net Revenues (Ms)	\$121.1	\$122.7	\$131.5	\$10.4	\$8.8
Total 102 Expenditure Budget (Ms)	\$794.3	\$904.8	\$884.6	\$90.2	(\$20.2)
Airline Costs (Ms)	\$328.8	\$428.5	\$401.5	\$72.7	(\$27.0)
Airline Cost Per Enplanement (CPE)	\$9.64	\$12.38	\$11.59	\$1.95	(\$0.79)
Total Passengers (Ms)	66.5	68.0	67.9	1.3	(0.1)
Total Landed Weights (Bs)	41.5	42.3	42.0	0.5	(0.3)

DFW Cost Center

DFW Cost Center – Net to Capital Account

The budget assumes that \$81.6 million will be transferred to the DFW Capital Account at the end of FY 2017

Budget Category (in Millions)	FY17 Budget	Increase (Decrease)	
		FY17B vs. FY16OL	FY17B vs. FY17FP
Revenue Management Revenues			
Parking	\$155.0	\$12.6	\$0.7
Concessions	82.2	9.2	1.7
Rental Car (RAC)	33.0	0.1	(2.6)
Commercial Development	41.4	(8.3)	(0.2)
Total Revenue Mgmt Revs	311.6	13.7	(0.4)
Other Revenues	54.9	10.3	4.5
Total Revenues	\$366.6	\$23.9	\$4.1
Less Expenses & Debt Service	(235.1)	(13.6)	4.7
Less Reduction in Landing Fees	(49.9)	(7.5)	(7.0)
Net to DFW Capital Account	\$ 81.6	\$ 2.9	\$ 1.8



Expenditure Budget

Total Expenditure Budget

FY17 Budget is \$884.6 million, \$90.2 million (11.4%) higher than Outlook, but \$20.2 million (2.2%) less than Plan.

Over 90% of increase from FY16 Outlook is due to:

- \$60.5 million for debt service related to the completion of TRIP and debt restructuring (67.1%)
- \$21.4 million for fixed expense increases and budget restoration (23.7%)



Annual Budget (Millions)	FY16	FY17	FY17	FY17B Inc (Dec)	
	Outlook	Plan	Budget	FY16 OL	FY17FP
Operating Expenses	\$424.4	\$464.4	\$454.2	\$29.8	(\$10.3)
Gross Debt Service	369.9	440.4	430.4	60.5	(10.0)
Total Expenditures Budget	\$794.3	\$904.8	\$884.6	\$90.2	(\$20.2)

FY17 Budget Walkforward from FY16 Outlook

Fixed contract increases and budget restoration represent 72% of budget increase (including operating reserves). FY17 budget reductions offset investments in strategic priorities.

Operating Expenses (in Millions)	Total
FY 2016 Outlook	\$424.4
Budget reductions	(11.4)
Strategic priorities	12.2
Fixed increases	11.3
Restore budget to prior year's levels	5.8
Merit, annualization, and new positions	5.2
Funding policy changes	1.4
Other increases	5.2
Net increase	29.8
FY 2017 Budget	\$454.2

Debt Service

Gross Debt Service is offset by Passenger Facility Charges (PFC's) and other transfers to arrive at Net Debt Service which is used to calculate rates and charges.

Debt Service (in Millions)	FY17 Budget	Increase (Decrease)	
		FY16OL	FY17 FP
Gross Debt Service and Coverage	\$430.4	\$60.5	(\$10.0)
Less PFCs and other offsets	160.7	4.6	(0.4)
Net Debt Service Paid by Rate Base	\$269.7	\$55.9	(\$9.6)

Airline Cost

Airline Cost

FY17 Budget is \$401.5 million, \$72.7 million (22.1%) higher than Outlook.

Airline cost increase has been planned for many years due primarily to TRIP debt service

- Airline cost was projected to be \$435 million with CPE of \$11.99 in original Financial Plan from FY 2011 for FY 2017

70% of increase due to TRIP debt service and Use Agreement items

DFW's CPE remains cost competitive and compares favorably with AA's large hub airports

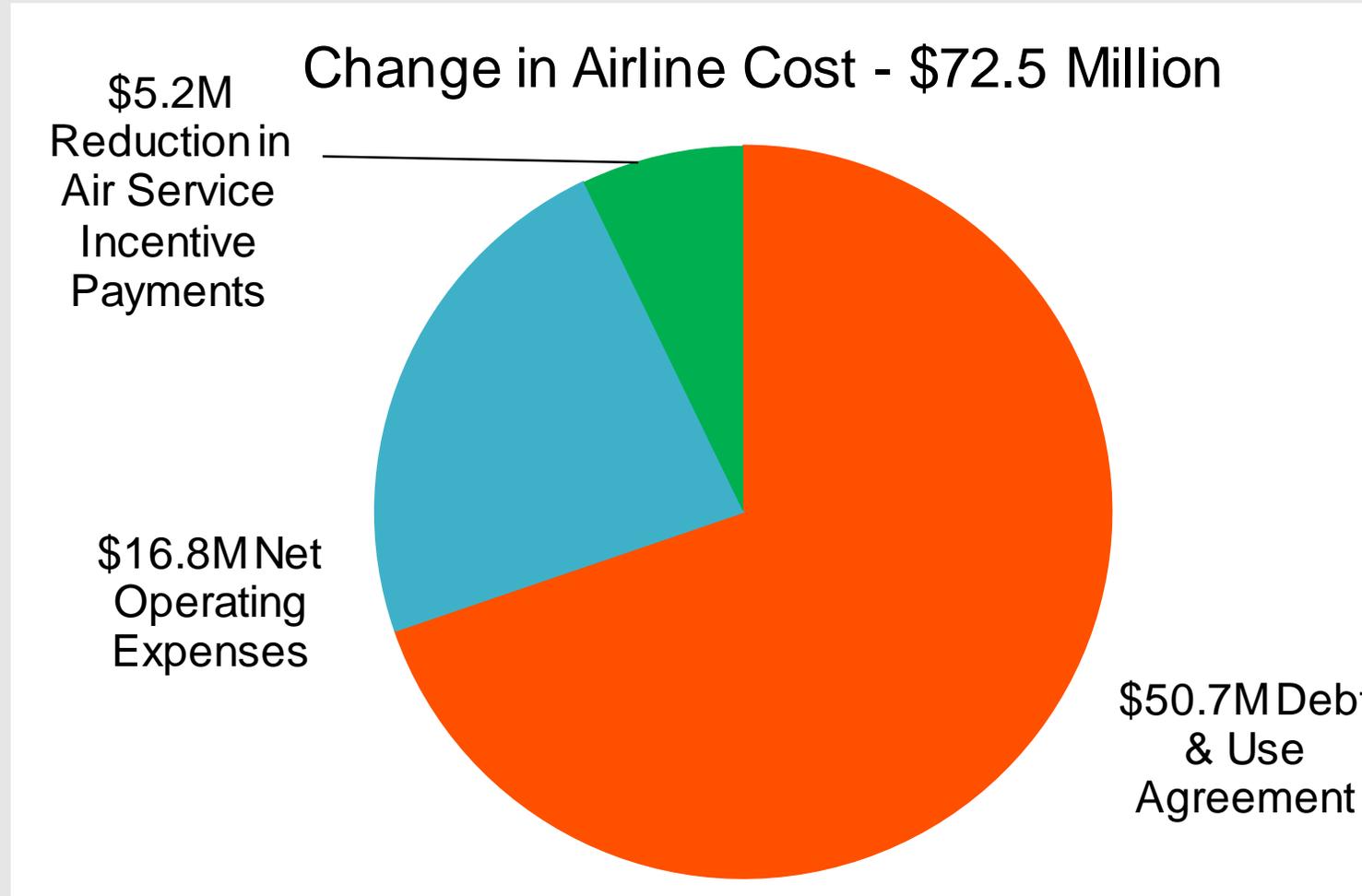


Key Performance Indicator	FY16 Outlook	FY17 Fin'l Plan	FY17 Budget	Increase (Decrease)	
				FY17B vs. FY16OL	FY17B vs. FY17FP
Airline Costs (Ms)	\$328.8	\$428.5	\$401.5	\$72.7	(\$27.0)
Airline Cost per Enplanement	\$9.64	\$12.38	\$11.59	\$1.95	(\$0.79)



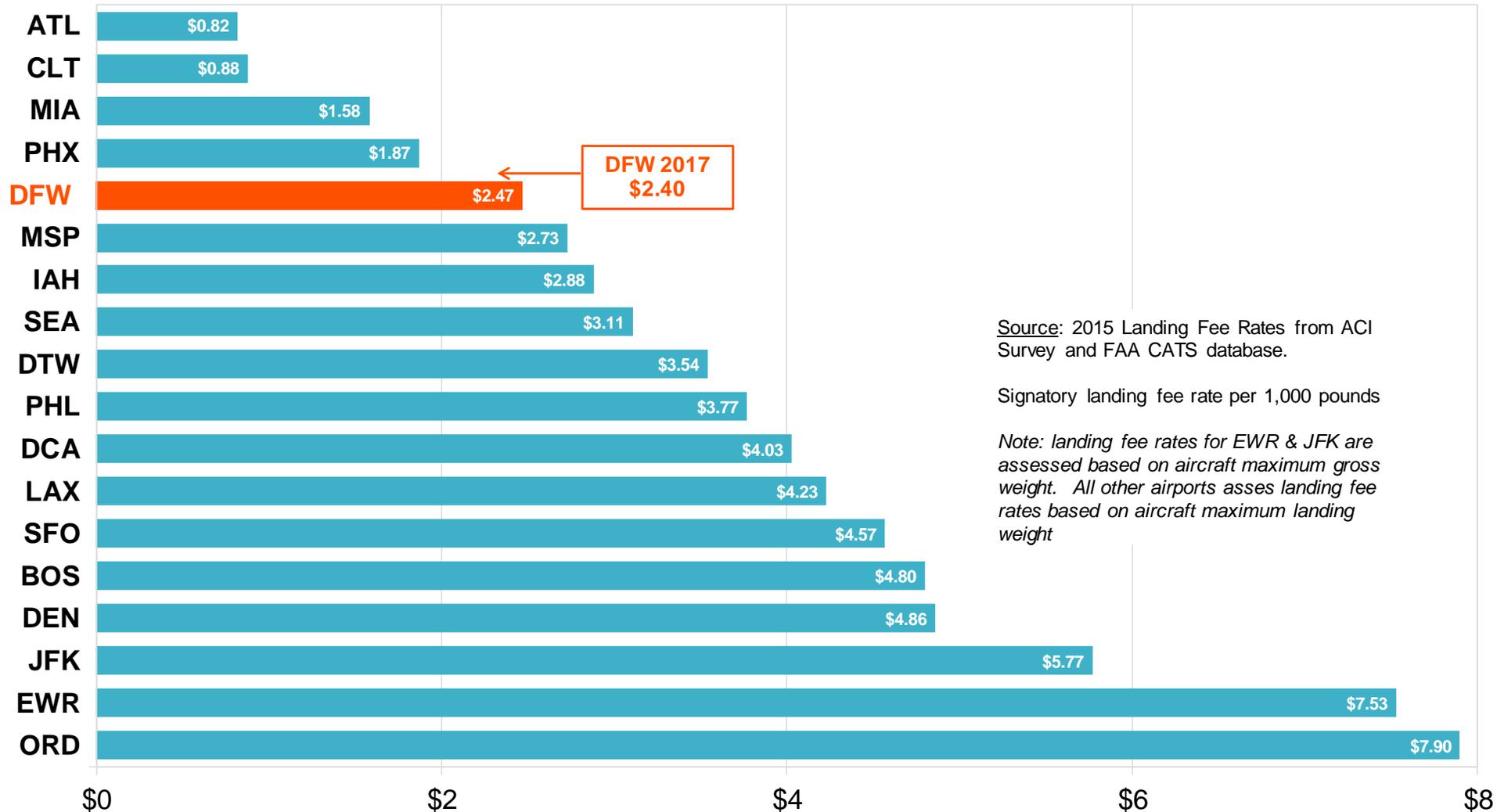
Airline Cost Increase

Airline costs are budgeted to increase \$72.5 million over the FY16 Outlook.



Landing Fee Rate Comparison

Landing Fee Rates - DFW 2015 vs Competitive Set 2015



Wrap-Up and Approval of FY 2017 Budget

OBA – FY 2017 Budget Approval

Request approval of FY 2017 Budget of \$894.6 million, which includes \$10 million of contingency outside of the rate base. This contingency may only be used with Board approval.

Annual Budget (Millions)	FY16	FY16	FY17	FY17	FY17B Inc (Dec)	
	Budget	Outlook	Fin'l Plan	Budget	FY16 OL	FY17FP
Operating Expenses	\$426.2	\$424.4	\$464.4	\$454.2	\$29.8	(\$10.3)
Gross Debt Service	370.0	369.9	440.4	430.4	60.5	(10.0)
Total Expenditures Budget	<u>\$796.1</u>	<u>\$794.3</u>	<u>\$904.8</u>	<u>\$884.6</u>	<u>\$90.2</u>	<u>(\$20.2)</u>
Contingency O/S Rate Base				<u>10.0</u>		
Total Budget w/ Contingency				<u>\$894.6</u>		

Tax Sharing to Owner Cities

Eules, Irving, Coppell, and Grapevine (south of HWY 114) have tax sharing arrangements with DFW and the Owner Cities.

Revenues split between “Host City” (1/3rd) and Owner Cities (2/3rd)

- Split between Dallas and Fort Worth is based upon 7/11th and 4/11th ownership, except for Rental Car Center taxes which are shared equally

Total of \$12.5 million paid in FY15 from Host Cities:

- Dallas - \$6.65 million
- Fort Worth - \$5.81 million

Owner Cities received \$340K (2.8%) increase from prior year.

Taxes from rental car facility in Eules decreased 0.7% from prior year.

Questions?

Dallas Fort Worth International Airport FY 17 Proposed Budget
Budget, Finance, and Audit Committee
August 15, 2016



Memorandum



CITY OF DALLAS

DATE August 12, 2016

TO Honorable 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 Dallas Fort Worth International Airport 51st Supplemental Bond Ordinance

On Monday, August 15, 2016, the Budget, Finance & Audit Committee will be briefed on the Dallas Fort Worth International Airport's 51st Supplemental Bond Ordinance. The briefing will be provided by Mr. Christopher Poinsatte, Executive Vice President – Chief Financial Officer.

Please let me know if you need additional information.

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

Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
AC Gonzalez, City Manager
Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
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Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Dallas Fort Worth International Airport
51st Supplemental Bond Ordinance
Budget, Finance, and Audit Committee
August 15, 2016



Background

In February 2014, the Cities of Dallas and Fort Worth approved the issuance of up to \$1.7 billion of bonds to fund DFW's Terminal Renewal and Improvement Program (TRIP) and other projects

DFW requests the authority to issue up to \$300 million of debt to complete TRIP (for Terminal B) and other projects and to refinance approximately \$60.4 million of bonds issued in 2009

Current TRIP completion schedule

- Terminal A – September 2016 (financing complete)
- Terminal E – July 2017 (financing complete)
- Terminal B – August 2017
- Terminal C is currently on hold pending discussions with American Airlines

DFW bonds are rated AA- by Kroll; A+ by Standard and Poors; and A by Fitch
\$6.2 billion of debt outstanding (net of unamortized premiums)

51st Supplemental Bond Ordinance

Provides authority to issue Airport Revenue Bonds subject to parameters:

- Amount not to exceed \$300 million
- Interest no greater than maximum rate allowed by Texas Government Code
- Final maturity not to exceed 2025
- Ordinance expires one year from date of approval
- Bonds will only be issued in a \$100,000 denomination plus \$5000 integrals
- Refunding must achieve 3% NPV savings
- Bond rating is required

This bond transacted will be handled as a direct purchase by a financial institution rather than a traditional bond sale with underwriters

Very attractive interest rates are expected

Kroll has rated the transaction AA-

Financial Advisors and Bond Counsel

Financial Advisors

- First Southwest (Hilltop Securities)
- Estrada Hinojosa

Bond Counsel

- McCall Parkhurst
- Bracewell

Questions?



Memorandum



CITY OF DALLAS

DATE: August 12, 2016

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

SUBJECT: Office of the City Auditor Fiscal Year 2016 – Fourth Quarter Update

I will provide a briefing to the members of the Budget, Finance & Audit Committee on Monday, August 15, 2016 regarding:

- Office of the City Auditor Fiscal Year 2016 – Fourth Quarter Update

Sincerely,

Craig D. Kinton
City Auditor

C: Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Christopher D. Bowers, Interim City Attorney
Rosa A. Rios, City Secretary
Jeanne Chipperfield, Chief Financial Officer
Daniel F. Solis, Administrative Judge
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, City Manager
Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Sana Syed, Public Information Officer

Office of the City Auditor Fiscal Year 2016 – Fourth Quarter Update



City of Dallas
Office of the City Auditor
August 15, 2016



External Peer Review Results – Association of Local Government Auditors



Association of Local Government Auditors

June 17, 2016

Mr. Craig Kinton
City Auditor
City of Dallas, Texas
City Hall
1500 Marilla
Dallas, TX 75201

Dear Mr. Kinton,

We have completed a peer review of the City of Dallas, Office of the City Auditor for the period May 1, 2013 through April 30, 2016. In conducting our review, we followed the standards and guidelines contained in the Peer Review Guide published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with Government Auditing Standards issued by the Comptroller General of the United States. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, and members of the Audit Committee to assess their understanding of, and compliance with, relevant quality control policies and procedures.

Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the City of Dallas, Office of the City Auditor's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the Government Auditing Standards for audits and attestation engagements during the period of May 1, 2013 through April 30, 2016.

We have prepared a separate letter identifying strengths of your office that are noteworthy.

Sincerely,


Edmundo S. Calderon, CIA, CGAP
Internal Audit Office
City of El Paso, TX


L. Diane Hinojoza
Internal Audit
City of Ft. Worth, TX


Stephen Lawrence, CPA, CIA, CGMA
Office of the City Auditor
City of Oakland, CA

449 Lewis Hargett Circle, Suite 290, Lexington, KY 40503, Phone: (859) 276-0686, Fax: (859) 278-0507
memberservices@governmentauditors.org • www.governmentauditors.org

External Peer Review Results – Association of Local Government Auditors

“It is our opinion that the City of Dallas, Office of the City Auditor’s internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the Government Auditing Standards for audits and attestation engagements during the period of May 1, 2013 to April 30, 2016.”

External Peer Review Results – Association of Local Government Auditors



Association of Local Government Auditors

June 17, 2016

Mr. Craig Kinton
City Auditor
City of Dallas, Texas
City Hall
1500 Marilla
Dallas, TX 75201

Dear Mr. Kinton,

We have completed a peer review of the City of Dallas Office of the City Auditor for the period May 1, 2013 through April 30, 2016 and issued our report thereon dated June 17, 2016. We are issuing this companion letter to offer these observations stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- A comprehensive set of Policies and Procedures addressing all aspects of Generally Accepted Government Auditing Standards.
- A competent and professional staff, which processes the necessary experience, education, and professional certifications. These qualities contribute to a strong and efficient operation.
- In the area of independence, the procedures and practices in place promotes that the Office of the City Auditor maintains and protects its independence while conducting its work.
- A robust continuing professional education program for staff that exceeds the Government Auditing Standards requirements.
- Maximizing the use of electronic workpapers (Teammate software) to meet the requirements of Government Auditing Standards. Staff is well trained and is proficient in the use of the software.

We extend our thanks to you, your staff and the other city officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,

Edmundo S. Calderon, CIA, CGAP
Internal Audit Office
City of El Paso, TX

L. Diane Hinojoza
Internal Audit
City of Ft. Worth, TX

Stephen Lawrence, CPA, CIA, CGMA
Office of the City Auditor
City of Oakland, CA

External Peer Review Results – Association of Local Government Auditors

Areas in which the office excels:

- Comprehensive set of Policies and Procedures
- Competent and professional staff
- Promotes and protects its independence
- Robust continuing professional education program
- Maximizes use of electronic workpapers

Audit and Attestation Services Reports Issued

through August 12, 2016

■ Performance Audits

- Fair Park Business Partners Oversight
- Department of Public Works' Contract Monitoring
- Leasing, Concessions, and Other Activities for the Department of Aviation
- Department of Park and Recreation Internal Controls over Regulatory, Safety, and Maintenance – Aquatic Facilities
- Special Audit of the Accounts of Former City Attorney, Warren M.S. Ernst

Audit and Attestation Services Reports Issued

through August 12, 2016

■ Attestation Services

- Department of Trinity Watershed Management – Storm Drainage Improvements Mill Creek / Peaks Branch / State-Thomas Drainage Relief Tunnel Procurement
- Department of Public Works – Dallas City Hall and IC Harris Service Center Underground Storage Tank Removal and Replacement

Investigative Services Reports Issued

through August 12, 2016

- Theft – Department of Trinity Watershed Management
 - A TWM employee was observed stealing food items from a convenience store while on duty and while driving a City truck
 - The TWM management was in process of terminating the employee when the employee provided a letter of resignation on April 28, 2016

- Theft – Department of Dallas Water Utilities
 - On April 29, 2016, a former DWU employee was indicted by a Dallas County Grand Jury for Misapplication of Fiduciary Property, a second degree felony

Audit and Attestation Services

Anticipated Report Releases

Fourth Quarter, Fiscal Year 2016

- Police Personnel and Training Services
- Customer Service / 311 Non-Emergency Services
- Neighborhood Code Enforcement Services
- Prior Audit Recommendations Follow-Up (Fiscal Year 2014)
- Revenue Estimates – Budgeted Revenues for Fiscal Year 2016-2017

Audit and Attestation Services

Projects In-Progress

Fourth Quarter, Fiscal Year 2016

- Animal Services
- Construction Related Procurements
- Courts Information System – Cash Management / Collections Processes
- Trinity Watershed Management
- Environmental Compliance – Multiple Departments
- Prior Audit Recommendations Follow-Up (Fiscal Year 2015)
- Records Management System – Dallas Police Department
- Franchise Fees Review through MuniServices (*Ongoing*)
- Sales/Use Tax Compliance Review through MuniServices (*Ongoing*)

Audit and Attestation Services

Anticipated Project Starts

Fourth Quarter, Fiscal Year 2016

- Sole Source / Single Bid Procurements – Business Development and Procurement Services
- Information Technology Processes – Communication and Information Services

Audit Project Cancellations

Fourth Quarter, Fiscal Year 2016

- Compliance with Administrative Directive 4-09, *Internal Control*
- Performance Measurement Process
- Regulatory Safety and Maintenance – Department of Park and Recreation (Land Use)
- Street Cut Repair and Inspection Process

Audit of Fair Park Business Partners Oversight Recommendations

- Implement procedures to more closely monitor financial viability for Dallas Historical Society, DSM Management Group, Inc., and Foundation for African-American Art – *(Office of Cultural Affairs {OCA})*
- Develop written procedures to ensure contracts are timely renewed and properly executed in accordance with Administrative Directive 4-05, *Contracting Policy – (OCA)*
- Develop and agree on contract definition sufficiently clear to allow Department of Park and Recreation (PKR) to verify reasonableness of amounts determined by State Fair of Texas as available for development and enhancement of Fair Park – *PKR*



Audit of Fair Park Business Partners Oversight Recommendations (continued)

- Develop and implement written supervisor review procedures and formally approve the procedures – *PKR*
- Cross train staff to verify Live Nation Minimum Guaranteed Rental, Percentage Rental, and Additional Rental calculations to ensure contingency plan is in place in event currently assigned personnel leave unexpectedly – *PKR*
- Establish procedures to ensure all key contract requirements are monitored and are in compliance with contract requirements – *PKR and OCA*
- Develop and implement formal (written, approved, and dated) contract oversight / monitoring policies and procedures – *PKR and OCA*

Department of Public Works' Contract Monitoring Recommendations



- Update formal (written, signed, dated) policies and procedures for contract monitoring, including specifying document approval and maintenance responsibilities among Facilities Architecture / Engineering Division (Division) personnel, architect, and contractor
 - Develop and implement standard quality control documents using best practices, such as American Institute of Architects, to demonstrate sufficient contract monitoring and consistent documentation
-
- Ensure Division personnel comply with Division's contract monitoring resources
 - Implement a consistent, systematic process for filing construction related documents for construction contract monitoring activities

Leasing, Concessions, and Other Activities for Department of Aviation Recommendations

- Develop and implement formal (written, signed, dated) contract monitoring policies and procedures
- Ensure Department of Aviation employees responsible for contract monitoring have direct (read-only) access to Parking Revenue Control System
- Integrate the new parking system with North Texas Tollway Authority parking system to obtain TollTag parking information; or, capture relevant TollTag parking information, such as vehicles' license plate numbers and specific date and time vehicles were parked

Department of Park and Recreation Internal Controls over Regulatory, Safety, and Maintenance – Aquatic Facilities Recommendations

■ Ensure:

- Compliance with Federal, State and City regulatory standards for aquatic facilities including water quality standards, lifeguard training/performance evaluation standards, and health and safety standards
- Effective maintenance procedures including identifying, documenting and monitoring life expectancy of pool drain covers/grates and consistent daily inspections of aquatic facilities during the operating season
- Documentation is proper, complete and retained for:
 - ❑ Daily health, safety, environmental, and maintenance inspections
 - ❑ Annual maintenance inspections
 - ❑ Lifeguard orientation forms
 - ❑ Water safety instructors' certification



Special Audit of Accounts of Former City Attorney, Warren M.S. Ernst Recommendations

- No recommendations associated with this report

QUESTIONS?



City of Dallas
Office of the City Auditor
August 15, 2016



Memorandum



CITY OF DALLAS

DATE: August 12, 2016

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

SUBJECT: Office of the City Auditor Fiscal Year 2017 Audit Plan

On August 15, 2016, the Office of the City Auditor will present the proposed Fiscal Year 2017 Audit Plan to the Budget, Finance & Audit Committee for consideration of recommendation for approval by the full City Council. If approved by the Committee, the Council Agenda for Wednesday, September 14, 2016, will include an item to authorize the adoption of the Office of the City Auditor's Fiscal Year 2017 Audit Plan.

The Office of the City Auditor performs work for and under the direction of the City Council. The Fiscal Year 2017 Audit Plan is designed to satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the services that the Office of the City Auditor plans to initiate and/or complete during Fiscal Year 2017. The plan demonstrates the variety of services the Office of the City Auditor provides and reflects the following City Council priorities:

- Public Safety Improvements and Crime Reduction
- Economic Vibrancy
- Clean, Healthy Environment
- Culture, Arts, Recreation and Education
- E-Gov

We respectfully present the Fiscal Year 2017 Audit Plan and request your support for a recommendation to the full City Council for approval of the plan.

Sincerely,

Craig D. Kinton
City Auditor

Attachment

C: Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Christopher D. Bowers, Interim City Attorney
Rosa A. Rios, City Secretary
Jeanne Chipperfield, Chief Financial Officer
Daniel F. Solis, Administrative Judge
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, City Manager
Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Sana Syed, Public Information Officer

Office of the City Auditor Fiscal Year 2017 Audit Plan



City of Dallas
Office of the City Auditor
August 15, 2016



Requirement for Annual Audit Plan

“Before the beginning of each fiscal year the City Auditor shall submit an annual audit plan to the City Council for approval.”

Source: Council Resolution 904027

Office of the City Auditor Serves as a General Control in Support of the City's Internal Control Structure

*“The Office of the City Auditor is an independent appraisal activity within the City organization for the review of operations as a service to the City Council and to management. Audit work carried out by the Office functions as a **general control** by measuring and evaluating the effectiveness of other controls.”*

“The objective of audit work carried out by the Office is to assist all members of the City Council and City management in the effective discharge of their responsibilities by furnishing them with analyses, appraisal, recommendations, and pertinent comments concerning the activities reviewed.”

Source: Council Resolution 904027

Audit Work Is Designed to Evaluate Internal Controls

Internal control is a process used by management to help an entity achieve its objectives.

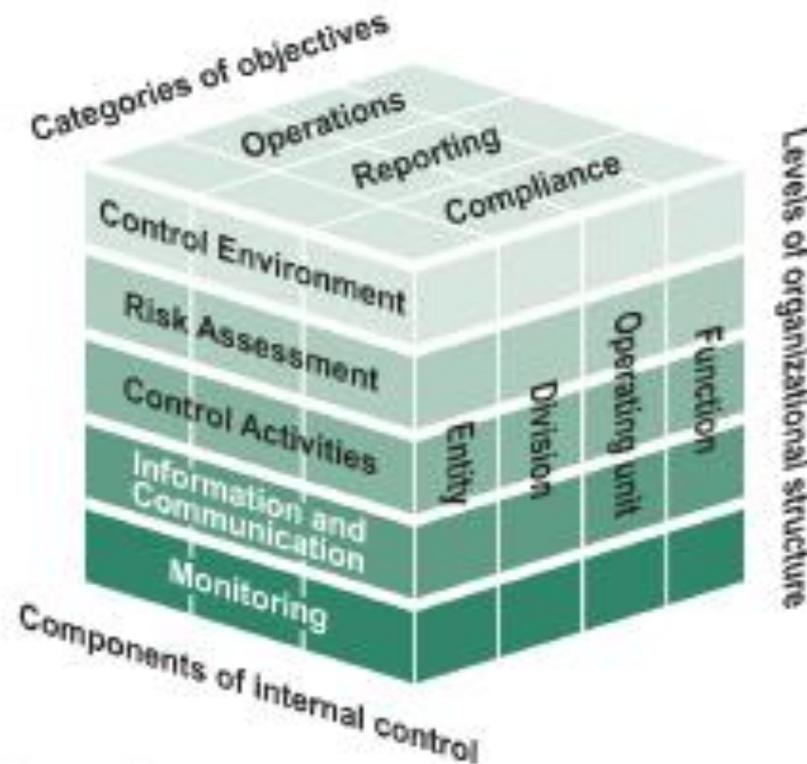
Internal controls help an entity:

- Run its operations efficiently and effectively
- Report reliable information about operations
- Comply with applicable laws and regulations

Source: Unites States Government Accountability Office – Standards for Internal Control in the Federal Government

The Federal Internal Control Standards Provide the Framework for Consideration of Internal Control

Figure 4: The Components, Objectives, and Organizational Structure of Internal Control



Sources: DDSO and GAO. | GAO-14-704G

There are Multiple Steps in Development of the Audit Plan

- Define the audit universe
- Determine the auditable units
- Assess risk
- Review prior audit coverage
- Consider:
 - Work in progress
 - Required work
 - Suggestions from Council Members, City management, audit staff, peer city audits
 - Proposals from previous audit plans
- Prioritize proposals
- Consider staffing constraints
- Confer with Budget, Finance & Audit Committee Members
- Recommend audit plan for City Council action

A "Heat Map" Is Updated Annually to Reflect Auditable Units, Risk, Coverage, and Proposed Work

City Auditor's Office

FY 2017 Auditable Units Risk-Ranked by Department - Updated With FY 2016 Adopted Budget

Prior Audit Coverage and Proposed FY 2017 Audit Plan

Key Focus Area	Department	Auditable Units ⁽¹⁾⁽²⁾	Financial	Service Impact	Operational	Regulatory/Compliance	Weighted Total
4 ⁽²⁾	LIB	Library Operation/Public Service & Literacy					165
4	LIB	Library Materials & Collection Management					141
5	MCC	Administrative Support for the Mayor and City Council	(14, 16)	(14, 16)	(14, 16)	(14, 16)	187
1, 2, 3, 5 ⁽¹⁰⁾	MGT	Management Services	(14) WIP P	(14) WIP P	(14) WIP P	(14) WIP P	188
4	OCA	WRR Municipal Radio Classical Music					195
4 ⁽³⁾	OCA	Cultural Facilities and Services	(14, 16) WIP P	160			
5 ⁽³⁾	OFS	Budget Development, Monitoring & Other Services	(14-16) WIP	(14-16) WIP	(14-16) WIP	(14-16) WIP	202
2, 5 ⁽⁴⁾	OFS	Non-Departmental, GO Commercial Paper & TIF Payments	WIP	WIP	WIP	WIP	174
	ORM	Risk Management / Administration Services	WIP	WIP	WIP	WIP	224
2	PBW	PBW - Capital Facilities Program	(16) WIP	(16)	(16)	(16) WIP	204
2	PBW	PBW-Capital and Interagency Planning Program	(14)	(14)	(14)	(14)	202
1, 2 ⁽⁴⁾ , 3 ⁽³⁾ , 5	PBW	PBW - Other Program and Services					193
4 ⁽²⁾	PKR	Leisure Venue Management & Aquatic Services	(16) P	(16) P	(16) P	(16) P	194
4	PKR	Park & Recreation Community Services					180
2	PKR	Operation & Maintenance of Fair Park	(16)	(16)	(16)	(16)	168
4 ⁽²⁾	PKR	Park Land Maintained & Environment Mgmt Systems & Cap Mgmt	WIP			WIP	164
4	PKR	Golf and Tennis Centers					158
2 ⁽³⁾	PNV	Planning Neighborhood Vitality					171

The remaining slides included in this presentation represent the proposed audit plan for Fiscal Year 2017.

The City Auditor seeks a motion to recommend the proposed plan to the full City Council for approval.



CITY OF DALLAS

OFFICE OF THE CITY AUDITOR

**AUDIT PLAN
FISCAL YEAR 2017**

**CRAIG D. KINTON
CITY AUDITOR**

DRAFT



AUDIT PLAN FOR FISCAL YEAR 2017

The City of Dallas (City) Office of the City Auditor (Office) performs work for and under the direction of the Dallas City Council. The Fiscal Year 2017 Audit Plan (Audit Plan) is designed to satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the professional services that the Office plans to initiate and / or complete during Fiscal Year 2017.

The Office's mission is to promote public trust and advance accountability by providing independent, objective, and useful professional services for the City of Dallas. The Audit Plan demonstrates the variety of services the Office provides to address its mission and reflects the following Dallas City Council priorities:

- Public Safety
- Economic Vibrancy
- Clean, Healthy Environment
- Culture, Arts, Recreation and Education
- E-Gov

This Audit Plan is a working document in that the City Auditor is authorized, when deemed necessary in his professional judgment, to amend the Audit Plan. The Dallas City Council will be notified in writing concerning additions to, deletions from, or other changes to this Audit Plan. The Audit Plan includes audits, attestation engagements, and other professional services.

AUDIT AND ATTESTATION SERVICES

The Office complies with generally accepted government auditing standards when performing audits and attestation engagements. These standards provide a framework for conducting high quality audits and attestation engagements with competence, integrity, objectivity, and independence. The types of audits and attestation engagements performed under these standards include:

- **Performance Audits**

Conducted to provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. Performance audit objectives vary widely and can include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and, prospective analyses.

- **Financial Audits**

Conducted to provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are presented fairly and in accordance with recognized criteria. Financial audits provide users with statements concerning the reliability of information, and provide information about internal control over financial reporting, and compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

- **Attestation Engagements**

Conducted to address a broad range of financial or non-financial objectives. An attestation engagement results in an examination, a review, or an agreed-upon procedures report on a subject matter or an assertion about a subject matter that is the responsibility of another party.

OTHER PROFESSIONAL SERVICES

The Office provides other professional services which may or may not be performed in accordance with generally accepted government auditing standards. These other professional services include:

- **Investigative Services**

The Office provides investigative services to evaluate and investigate allegations of fraud, waste and abuse and maintains a Hotline as a tool for the confidential reporting of allegations. Investigations are conducted in accordance with Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency. Criminal allegations are referred to appropriate law enforcement authorities. Significant findings of fraud are reported to the Mayor, the Chair of the Budget, Finance & Audit Committee, the City Attorney, and City management as required by Council Resolutions and Administrative Directive.

- **City Council Support**

The Office is authorized to conduct audits, attestation engagements, or other professional services for individual City Council Members, provided the request will not impact the completion of the Audit Plan. If, in the judgment of the City Auditor, a request will impact completion of the Audit Plan, the City Auditor is to request that the Council Member submit the request in writing for consideration and approval by the Budget, Finance & Audit Committee and the City Council as an amendment to the Audit Plan. All work products will be produced at the direction of the City Auditor.

- **Management Assistance**

The Office is authorized to perform audits and attestation services and other professional services at the request of management to assist in carrying out management's responsibilities. These services may include, but are not limited to, providing technical advice, such as participating on committees, task forces, panels, and focus groups. The Office may provide management assistance based on consideration of the impact on auditor independence and audit plan completion.

- **Litigation Support**

The Office is authorized to perform audits and attestation services and other professional services at the request of the City Attorney. The services provided by the Office depend on the needs of the City Attorney. These services may include, but are not limited to, research, analysis, and computer forensics.

INDEPENDENCE DISCLOSURES

Section 40-A.2.(c)(C) of the Dallas City Code designates the City Auditor as a voting member of the Employees' Retirement Fund (ERF) Board of Trustees. Generally accepted government auditing standards require the Office to disclose impairments to independence. The Office lacks independence in relation to any audit work that might be conducted at the ERF. To the extent that audits and attestation engagements are performed in this area, the Office is not independent. The effects of this independence concern on audit work will be clearly identified in any final reports, if applicable.

DRAFT

#	Department	Key Focus Area™	Description	Objectives
1	ATT	E-Gov	Litigation Support	Provide audit, attestation, and other professional services, as requested by the City Attorney
2	ATT	E-Gov	City Attorney's Office Operations	Evaluate the effectiveness and efficiency of the City Attorney's Office intake, tracking, and monitoring processes for legal support, such as case management / requests for legal assistance
3	CES	Economic Vibrancy / E-Gov	Dallas Convention Visitors Bureau	Evaluate the effectiveness of services provided by the Dallas Convention and Visitors Bureau, which may include: (1) assessing the reliability and reporting of performance measures; and, (2) determining whether Tourism Public Improvement District incentive funds were used properly
4	CIS	E-Gov / Public Safety	Contract Monitoring – Cloud Computing	Determine whether the Department of Communication and Information Services (CIS) effectively monitors the third party vendor providing services to ensure City data is secure and the City is receiving the contracted services
5	CIS	E-Gov / Public Safety	Information Technology Processes	Determine the effectiveness of CIS' security controls by: (1) finalizing a contract with a consultant hired to evaluate the security management process which may include policy, awareness, access, monitoring, compliance, and strategy; and, (2) providing ongoing contract monitoring

#	Department	Key Focus Area**	Description	Objectives
6	DFR	Public Safety	Follow-Up Line of Duty Death Report Recommendations	Determine whether the Department of Dallas Fire-Rescue implemented the Line-of-Duty Death Report recommendations
7	DPD	Public Safety	Off-Duty Employment Administration	To evaluate: (1) the Dallas Police Department's (DPD) internal controls over off-duty employment; and, (2) whether DPD officers adhere to DPD policies related to off-duty employment
8	DWU	Economic Vibrancy	Water Quality and Safety, Testing, and Monitoring	To determine whether the Department of Dallas Water Utilities has: (1) adequate policies and procedures in place for ongoing accuracy testing and monitoring of City water quality and safety; and, (2) effective means of communicating with City residents regular testing and monitoring results
9	DWU	E-Gov	Special Collections Operations	Determine whether internal controls are adequate to ensure cash receipts are timely deposited and accounted for properly
10	HCS	Clean, Healthy Environment	Homeless Response System Effectiveness	Assess the effectiveness and / or efficiency of the City's homeless response system which may include an evaluation of the contracting procedures for homeless services, including how contracted services meet assessed needs and are monitored for quality performance

#	Department	Key Focus Area**	Description	Objectives
11	OFS	E-Gov	Revenue Estimates – Budgeted Revenues for Fiscal Year 2017-2018	Determine whether the City has effective processes to ensure reasonable revenue estimates are included in the City Manager's proposed operating budget
12	OFS	Economic Vibrancy / E-Gov	Verification of Third Party Receipts Collections for Sales / Use Tax and Franchise Fees	Verify that: (1) sales / use tax receipts identified by the third party consultant are accurate and properly supported; and, (2) franchise fees (which may include utilities, cable, and telephone) identified by the third party consultant(s) are received by the City
13	Multiple	Multiple	Continuity of Operations Audit Follow-Up	Conduct audit follow-up of recommendations included in <i>Audit of the Design of the City of Dallas' Pandemic Influenza Continuity of Operations Basic Plan Report</i> , issued September 13, 2013
14	Multiple	Multiple	Business Partner Oversight	Evaluate controls related to oversight / monitoring of entities operating City-owned facilities which may include Dallas Zoo, Dallas Arboretum, Dallas Omni Hotel, and Dallas arts and park facilities
15	Multiple	Multiple	Miscellaneous Permit Fee Revenues	Determine whether controls are adequate / effective to ensure permit fee revenues are collected from business entities required to obtain a permit to operate a business in the City

#	Department	Key Focus Area**	Description	Objectives
16	Multiple	Multiple	Surveillance Camera Oversight	Determine whether the City adequately / effectively manages and maintains its network of surveillance cameras
17	Multiple	Multiple	Special Audits	Conduct audits, in accordance with Chapter IX, Section 4 of the City Charter, of officers who vacate their offices due to death, resignation, removal, or expiration of term
18	Multiple	Multiple	Council Assistance	Provide audit and attestation services and other professional services, as requested by individual City Council members
19	Multiple	Multiple	Fraud, Waste and Abuse Investigations	Evaluate allegations of fraud, waste and abuse, conduct investigations, and educate employees
20	Multiple	Multiple	Management Assistance	Provide audit and attestation services and other professional services as requested by Management
21	Multiple	Multiple	Prior Audit Recommendations Follow-Up	Evaluate Management's implementation of prior audit recommendations

** The Fiscal Year 2017 Audit Plan (Audit Plan) is based on a risk assessment updated for City services approved in the Fiscal Year 2016 City of Dallas Adopted Annual Budget. While this year's Audit Plan does not directly address Culture, Arts, Recreation and Education, one of the City Council's Fiscal Year 2016 Key Focus Areas, to the extent possible the Office will include this Key Focus Area in projects identified as "Multiple".

Memorandum



CITY OF DALLAS

DATE August 12, 2016

TO Honorable 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 2015-16 Budget Appropriation Adjustments

On Monday, August 15, 2016, the Budget, Finance & Audit Committee will be briefed on the "FY 2015-16 Budget Appropriation Adjustments". The briefing is attached for your review.

Please let me know if you need additional information.


Jeanne Chipperfield
Chief Financial Officer

Attachment

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

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

FY 2015-16 BUDGET APPROPRIATION ADJUSTMENTS

Budget, Finance & Audit Committee

August 15, 2016



Purpose

- Background
- Review process to determine necessary amendments
- Overview of amendments to FY 2015-16 budget ordinances
- Next Steps

Background

- City's Charter does not allow for expenditure of City funds without sufficient appropriation (City Charter Chapter XI, Sec. 6)
- Upon written recommendation of the City Manager, the City Council may at any time transfer an unencumbered appropriation from one department to any other department (City Charter Chapter XI Sec. 4)
- Operating Budget Ordinance Section 3 authorizes City Manager, upon written notice to City Controller, to transfer appropriations budgeted for one account classification or activity to another within any individual department or activity (Sec.3.(2))
- Capital Budget Ordinance Section 4 authorizes City Manager, upon written notice to City Controller, to transfer amounts from one project appropriation to another within the same fund (Sec.4.(1))

Background

- FY 2015-16 operating and capital budget ordinances were approved by City Council on September 22, 2015
 - Amendments are requested to ensure compliance with Charter and to ensure adequate departmental appropriations are available through September 30, 2016
- Common reasons for appropriation amendments include:
 - Unanticipated event
 - New initiative or need identified during fiscal year
 - Additional revenue used to offset additional related expenditure
- Any increase in expenditure is supported by:
 - Reduction of other budgets
 - Use of excess/available revenue

Process

- Management closely monitors revenues and expenditures throughout the fiscal year
- Financial position is communicated to Council in monthly Financial Forecast Reports (FFR) and included on BF&A agenda each month
 - Potential departmental over-runs and under-runs are identified each month
 - January 15, 2016 – Issued November 2015 FFR
 - February 12, 2016 – Issued December 2015 FFR
 - March 18, 2016 – Issued January 2016 FFR
 - April 15, 2016 – Issued February 2016 FFR
 - May 13, 2016 – Issued March 2016 FFR
 - June 17, 2016 – Issued April 2016 FFR
 - July 29, 2016 – Issued May 2016 FFR

Budget Ordinance Amendments

- Amended operating ordinance will reflect appropriation increases previously approved by Council due to use of Contingency Reserve for City Attorney executive search (\$100k) and an increase in projected expenses and revenues related to the parking services contract (\$812k)
- In accordance with Section 3(3) of budget ordinance, salary and benefit reserve appropriations are allocated for unplanned personnel costs, primarily for termination payments
- General Fund appropriation redistribution is necessary from 15 departments with forecast under-runs to 8 departments with forecast or potential over-runs based on end of June Financial Forecast Report
 - Redistribution of about 0.5% or \$5.5m
- Although General Fund revenue is forecast to be \$6.4m, or 0.56% above budget, at year end, \$3.0m increase is required to cover forecast year-end expenses

Budget Ordinance Amendments

- Redistribution of appropriations is from the following 15 departments:
 - City Attorney's Office
 - City Auditor's Office
 - Civil Service
 - Code Compliance
 - City Controller's Office
 - Court & Detention Services
 - Judiciary
 - Library
 - Non-Departmental
 - Financial Services
 - Management Services
 - Planning & Urban Design
 - Sustainable Development & Construction
 - Trinity Watershed Management
 - Salary/Benefit Reserve

Budget Ordinance Amendments

- General Fund departments with forecast or potential over -runs include:
 - Independent Audit – final contract cost was slightly higher than anticipated
 - Mayor and Council – staffing costs
 - Office of Cultural Affairs – increased costs for custodial and security services at the Majestic, Meyerson, and City Performance Hall due to the temporary labor contract wage floor
 - Park & Recreation – flood related repairs at Fair Park and Tennis Centers; increased demand for contract classes (offset by additional revenue)
 - Police – increased use of overtime related to various crime initiatives
 - Street Services – fleet maintenance costs, unexpected repairs to retaining wall

Budget Ordinance Amendments

- Six Enterprise and other funds' appropriation adjustments are supported by increased revenues or available fund balances
 - Aviation – Expense: New property lease for additional offsite parking; Revenue: additional income received from existing tenants on newly leased property and higher than anticipated terminal concession revenues
 - Communication & Information Services – Expense: Phase 2 of P25 Radio Network replacement; Revenue: payment for removal of Fair Park Tower
 - Convention and Event Services – Expense: Food and beverage service based on event demand, increased transfer for capital improvements; Revenue: Alcoholic Beverage Tax, more events than anticipated
 - Equipment Services – Expense: Increased need for equipment parts and maintenance; Revenue: Expenses charged back to user departments
 - Sanitation Services – Expense: Equipment maintenance and overtime/day labor expenses; Revenue: Increased volume of solid waste from non-contract customers
 - Storm Drainage Management – Expense: Increased transfer for capital improvements; Revenue: Use of fund balance

Budget Ordinance Amendment

- Grant, Trust and Other funds' appropriation adjustments are supported by additional revenues that have become available during fiscal year or available fund balances
 - Management Services – emergency preparedness grant award
 - Cultural Affairs – establish appropriations for Hotel Occupancy Tax funds to be used for promotion of cultural arts
 - Housing – increase in community service trusts
 - Office of Economic Development – Dallas Housing Finance Corporation activities
 - Park and Recreation – increase in Recreation Center Program Fund
- Transfer Funds
 - Authorize budgeted \$1.4m transfer of Hotel Occupancy Tax revenue from Convention and Event Services to new Office of Cultural Affairs Hotel Occupancy Tax Fund to promote cultural arts as approved in FY 2016-16 budget
- Capital Budget
 - Adjustments needed to ensure capital project funds appropriations match bond proceeds

Next Step

- Seek Council approval of the attached ordinances amending the FY 2015-16 Operating and Capital budgets on the August 24th City Council addendum

Appendix

- Budget ordinances approved by Council on September 22, 2015 with requested adjustments indicated with underline and strikethrough

ORDINANCE NO. _____

An ordinance amending Ordinance No. 29876 (2015-2016 FY Operating Budget Appropriation Ordinance) to make certain adjustments to fund appropriations for fiscal year 2015-16 for the maintenance and operation of various departments and activities and to authorize the city manager to implement those adjustments; providing a saving clause; and providing an effective date.

WHEREAS, on September 22, 2015, the city council passed Ordinance No. 29876, which adopted the operating budget appropriation ordinance for fiscal year 2015-2016; and

WHEREAS, shortages and excesses in various department and activity appropriations have created a need to adjust those appropriations; and

WHEREAS, the city council is authorized in accordance with Chapter XI, Section 4, of the Dallas City Charter to transfer an unencumbered balance of an appropriation made for the use of one department, division, or purpose to any other department, division, or purpose, upon the written recommendation of the city manager; and

WHEREAS, the city council is authorized in accordance with Chapter XI, Section 5, of the Dallas City Charter to appropriate, from time to time, excess revenues of the city to such uses as will not conflict with any uses for which such revenues specifically accrued; Now, therefore,

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

SECTION 1. That Section 1 of Ordinance No. 29876 (2015-2016 FY Operating Budget Appropriation Ordinance), passed by the city council on September 22, 2015, is amended by making adjustments to fund appropriations for fiscal year 2015-16 for maintenance and operation of various departments and activities, to read as follows:

“SECTION 1. That for the purpose of providing the funds to be expended in the budget for the fiscal year beginning October 1, 2015 and ending September 30, 2016, the available revenues of the city of Dallas are hereby appropriated for the maintenance and operation of the various city departments and activities as follows:

<u>DEPARTMENTS AND ACTIVITIES</u>	<u>PROPOSED</u> <u>2015-16</u>
Building Services	*** <u>23,970,895</u> [23,830,895]
Business Development and Procurement Services	2,884,352
City Attorney's Office	<u>15,686,107</u> [15,886,107]
City Auditor's Office	<u>2,954,057</u> [3,004,057]
City Manager's Office	1,972,061
City Secretary's Office	2,004,606
Civil Service	<u>2,568,983</u> [2,598,983]
Code Compliance	<u>37,944,313</u> [38,569,313]
City Controller's Office	<u>4,410,962</u> [4,540,962]
Court and Detention Services	<u>11,137,790</u> [11,562,790]
Elections	96,828
Fire	239,567,341
Housing/Community Services	11,935,624
Human Resources	4,788,424
Independent Audit	<u>789,495</u> [786,374]
Jail Contract – Lew Sterrett	7,557,391
Judiciary	<u>2,990,516</u> [3,230,516]
Library	<u>30,033,677</u> [30,508,677]
Mayor and Council	*** <u>4,331,189</u> [4,243,189]
Non-Departmental	* <u>57,651,112</u> [57,926,112]
Office of Cultural Affairs	<u>17,701,062</u> [17,671,062]
Office of Economic Development	1,818,423
Office of Financial Services	<u>2,932,377</u> [2,957,377]
Office of Management Services	<u>8,094,370</u> [8,544,370]
Park and Recreation	<u>86,171,066</u> [85,646,066]
Planning and Urban Design	<u>3,882,181</u> [4,232,181]
Police	** <u>459,406,791</u> [451,882,305]
Public Works	5,910,853
Street Lighting	17,525,192
Street Services	<u>72,731,187</u> [71,531,187]
Sustainable Development and Construction	<u>1,127,742</u> [1,437,742]

*An increase to \$58,026,112 was previously approved by Resolution No. 16-0214.

**An increase to \$452,694,912 was previously approved by Resolution No. 16-1007.

***Previously increased pursuant to Section 3-(3) of Ordinance No. 29876.

Trinity Watershed Management	1,126,320 [1,526,320]
Contingency Reserve	2,628,101
Salary and Benefits Reserve	387,000 [2,000,000]
Liability/Claims Fund	1,994,219
GENERAL FUND TOTAL	\$1,148,712,607 [1,144,800,000]

<u>GRANT FUNDS</u>	<u>PROPOSED</u> <u>2015-16</u>
<u>Court and Detention Services</u>	
State Law Enforcement Grant (S104)	3,436
<u>Housing/Community Services</u>	
Child Care Programs (P114)	185,896
<u>Office of Management Services</u>	
Fair Housing – FHAP Award (F368)	4,612
Justice Assistance Grant 2012 (TR12)	55
Justice Assistance Grant 2013 (TR13)	1,012
Justice Assistance Grant 2014 (TR14)	1,792
Target Community Preparedness Program (P113)	5,000
GRANT FUNDS TOTAL	\$201,803 [196,803]

<u>TRUST FUNDS</u>	<u>PROPOSED</u> <u>2015-16</u>
<u>Code Compliance</u>	
Carryout Bag Regulation (0989)	450,000
<u>Communication and Information Services</u>	
Information Technology Equipment (0897)	700,000
<u>Convention and Event Services</u>	
Convention Center Hotel Tax Rebate Fund (0756)	10,234,400
<u>Court and Detention Services</u>	
Security Fund (0G88)	301,099
Technology Fund (0401)	387,123
<u>Fire</u>	
Smoke Detectors Program (0230)	5,581

<u>Housing/Community Services</u>	
<u>Alvin E. Moore Trust (0309)</u>	<u>11,132</u>
<u>West Dallas Multipurpose Trust (0T17)</u>	<u>1,422</u>
<u>Dallas Tomorrow Fund (0476)</u>	<u>27,048</u>
<u>Mayfair Gift and Donation (0471)</u>	<u>34,809</u>
<u>Energy Emergency Assistance Fund (0312)</u>	<u>161,131</u>
<u>Judiciary</u>	
Juvenile Case Manager Fund (0396)	425,436
<u>Library</u>	
Dallas Theater	1,000
Genealogy Fund (0687)	43,089
Hamon Trust Fund (0458)	19,195
Kahn Fund (0208)	58,595
Meadows Foundation Fund (0734)	38,111
<u>Office of Cultural Affairs</u>	
<u>OCA Hotel Occupancy Tax (0435)</u>	<u>1,416,822</u>
<u>Office of Economic Development</u>	
SourceLink System (0744)	190,514
<u>Dallas Housing Finance Corporation (0068)</u>	<u>70,527</u>
<u>Park and Recreation</u>	
Athletic Field Maintenance (0349)	294,257
Craddock Park Trust (0340)	8,258
Fair Park Improvement Fund (0448)	11,489
Fair Park Marketing	36,978
Ford Found Innovative Program (0T14)	180
Golf Improvement Trust (0332)	1,315,274
Grauwyler Memorial E. Trust (0331)	1,845
Junior Golf Program (0359)	624
Meadows-Fair Park Security Fund (0643)	23
Mowmentum Park Improvement (0T80)	48,208
Outdoor Programs (0469)	78,579
Park & Rec Beautification (0641)	414,329
Recreation Program (0341)	598,289
Southern Skates (0327)	132,026
PKR Program Fund Tracking (0395)	<u>3,263,569</u> [2,733,630]
W.W. Samuell Park Trust (0330)	738,469
<u>Planning and Urban Design</u>	
Neighborhood Vitality Project Fund (0297)	100,000

<u>Police</u>	
Confiscated Monies - Federal (0412)	3,705,000
Law Enforcement Officer Standard Education (0S1N)	250,000
Various Police Task Forces (0T69)	424,952
<u>Street Services</u>	
Freeway Traffic Signals (0670)	318,886
<u>Sustainable Development and Construction</u>	
NAS Redevelopment Fund (0022)	211,262
TRUST FUNDS TOTAL	<u>\$26,529,531</u> [24,276,701]
GRANT AND TRUST FUNDS GRAND TOTAL	<u>\$26,731,334</u> [24,473,504]

	<u>PROPOSED</u>
	<u>2015-16</u>
<u>ENTERPRISE/INTERNAL SERVICE/OTHER FUNDS</u>	
Aviation	<u>96,366,426</u> [93,875,967]
Communication and Information Services:	
Information Technology	67,182,087
Radio Services	<u>5,527,268</u> [5,102,268]
Convention and Event Services	<u>93,838,892</u> [82,938,892]
Employee Benefits	
Benefits Administration	1,126,137
Wellness Program	429,603
Equipment Services	<u>54,009,134</u> [50,509,134]
Express Business Center	3,814,676
Risk Management	2,593,531
Sanitation Services	<u>90,480,147</u> [86,480,147]
Storm Water Drainage Management	<u>53,016,846</u> [51,416,846]
Sustainable Development and Construction	30,696,618
Water Utilities	645,128,387
WRR - Municipal Radio	2,054,549
911 System Operations	16,292,461
ENTERPRISE/INTERNAL SERVICE/ OTHER FUNDS TOTAL	<u>\$1,162,556,762</u> [1,139,641,303]

SECTION 2. That Section 4 of Ordinance No. 29876 (2015-2016 FY Operating Budget Appropriation Ordinance), passed by the city council on September 22, 2015, is amended by

making adjustments to fund appropriations for fiscal year 2015-16 for maintenance and operation of various departments and activities, to read as follows:

“SECTION 4. That the city manager is hereby authorized, upon written notice to the city controller, to make the following adjustments:

(1) Transfer internal service fund equity from unanticipated excesses to contributing funds.

(2) Transfer funds, not to exceed \$21,583,800, from the Convention Center Operating Fund 0080, Department CCT, Unit 7840, Object 3870 to the 2009 Convention Center Debt Service Fund 0980, Department CCT, Unit P505, Revenue Source 9219 for the payment of debt service on Series 2009 Revenue Refunding and Improvement Bonds for improvements to the Dallas Civic Center Convention Complex.

(3) Transfer funds, not to exceed \$1,994,219, from the General Fund 0001, Department BMS, Unit 1996, Object 3621 to the Liability Reserve Fund 0192, Department ORM, Unit 3890, Revenue Source 8525 for payment of small and large claims against the city.

(4) Transfer funds, not to exceed \$3,400,000, to the General Fund 0001, Department BMS, Unit 1995, Revenue Source 9201 from the Sports Arena Lease Fund 0A71, Department CCT, Unit 8851, Object 3690 to support general fund operations.

(5) Transfer funds, not to exceed \$22,593,195, from the Water Utilities Operating Fund 0100, Department DWU, Unit 7015, Object 3690 in the amounts not to exceed \$10,500,000 to the Public/Private Partnership Fund 0352, Department ECO, Unit P151, Revenue Source 8219 and \$12,093,195 to the General Fund 0001, Department BMS, Unit 1991, Revenue Source 9201, as payment in lieu of taxes by the water utilities department to support economic initiatives of the city.

(6) Transfer funds, not to exceed \$1,500,000, from the Sanitation Services Fund 0440, Department SAN, Unit 3581, Object 3690 to the Sanitation Capital Improvement Fund 0593, Department SAN, Unit P309, Revenue Source 9201 for capital improvements for the McCommas Bluff Landfill.

(7) Transfer funds, not to exceed \$100,000, from the General Fund 0001, Department PNV, Unit 1581, Object 3690 to the Neighborhood Vitality Project Fund 0297, Department PNV, Unit 1728, Revenue Source 9201 for neighborhood revitalization efforts in targeted areas.

(8) Transfer funds, not to exceed \$4,895,643 [~~700,000~~], from the Information Technology Operating Fund 0198, Department DSV, Unit 1667 and 1622, Object 3690 to the Information Technology Equipment Fund 0897, Department DSV, Unit 3717 and 3718, Revenue Source 9201 for information technology servers, computers, storage, network and other IT equipment including related software, hardware and implementation services.

(9) Transfer funds, not to exceed \$1,416,822, from the Convention and Event Services Operating Fund 0080 Department CCT, Unit 7840, Object 3690 to the OCA Hotel Occupancy Fund 0435, Department OCA, Unit 1841, Revenue Source 9201 for the promotion of cultural arts.

(~~10~~[9]) Transfer and administer gifts and bequests to the city in accordance with the terms and conditions accompanying the gifts or bequests and, for this purpose, the appropriation of donated amounts is hereby made.”

SECTION 3. That the city manager is hereby authorized, upon written notice to the city controller, to transfer funds to make the adjustments to appropriations set forth in this ordinance.

SECTION 4. That it is the intent of the city council, by passage of this ordinance, to appropriate the funds for the city departments and activities. No office or position is created by the appropriation.

SECTION 5. That Ordinance No. 29876 will remain in full force and effect, save and except as amended by this ordinance.

SECTION 6. That this ordinance will take effect immediately from and after its passage and publication in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so ordained.

APPROVED AS TO FORM:

CHRISTOPHER D. BOWERS, Interim City Attorney

By _____
Assistant City Attorney

Passed _____

ORDINANCE NO. _____

An ordinance amending Ordinance No. 29877 (2015-2016 FY Capital Budget Appropriation Ordinance) to make certain adjustments to fund appropriations for fiscal year 2015-16 for public improvements to be financed from bond funds and other revenues of the City of Dallas and to authorize the city manager to implement those adjustments; providing a saving clause; and providing an effective date.

WHEREAS, on September 18, 2015, the city council passed Ordinance No. 29877, which adopted the capital budget appropriation ordinance for fiscal year 2015-2016; and

WHEREAS, shortages and excesses in various project appropriations have created a need to adjust those appropriations and to establish new appropriations; and

WHEREAS, the city council is authorized in accordance with Chapter XI, Section 4, of the Dallas City Charter to transfer an unencumbered balance of an appropriation made for the use of one department, division, or purpose to any other department, division, or purpose, upon the written recommendation of the city manager; and

WHEREAS, the city council is authorized in accordance with Chapter XI, Section 5, of the Dallas City Charter to appropriate, from time to time, excess revenues of the city to such uses as will not conflict with any uses for which such revenues specifically accrued; Now, therefore,

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

SECTION 1. That Section 2 of Ordinance No. 29877 (2015-2016 FY Capital Budget Appropriation Ordinance), passed by the city council on September 18, 2015, is amended by making adjustments to fund appropriations for fiscal year 2015-16 for public improvements to be financed from bond funds and other revenues of the City of Dallas, to read as follows:

“SECTION 2. (a) That the following amounts are hereby appropriated from the funds indicated for the projects listed in the FY 2015-16 Capital Budget:

CAPITAL FUNDS

<u>From the Acquisition of Land in the Cadillac Heights Area for Future Location of City Facilities Fund (4T11)</u>	* <u>12,000</u>
From the Aviation Capital Construction Fund (0131)	12,333,923
From the Capital Construction Fund (0671)	8,495,000
From the Cedars Tax Increment Financing District Fund (0033)	587,280
From the City Hall, City Service and Maintenance Facilities Fund (4T60)	* <u>11,333,000</u> [109,606]
From the Convention Center Capital Construction Fund (0082)	5,150,000
From the Cultural Arts Facilities Fund (4T49)	* <u>3,530,708</u> [2,487,186]
From the Cypress Waters Tax Increment Financing District Fund (0066)	1,165,249
From the Davis Garden Tax Increment Financing District Fund (0060)	455,335
From the Deep Ellum Tax Increment Financing District Fund (0056)	1,027,762
From the Design District Tax Increment Financing District Fund (0050)	2,671,165
From the Economic Development and Housing Development Programs Fund (4U52)	* <u>10,642,395</u> [3,664,198]
From the Economic Development and Housing Development Programs Fund (4U53)	4,050,000
From the Farmers Market Tax Increment Financing District Fund (0036)	1,341,532

From the Flood Protection and Storm Drainage Facilities Improvement Fund (4T23)	* <u>12,288,682</u> [70,326,723]
From the Flood Protection and Storm Drainage Facilities Improvement Fund (4U23)	218,926,754
From the Fort Worth Avenue Tax Increment Financing District Fund (0058)	644,612
From the General Capital Reserve Fund (0625)	7,000,000
From the Grand Park South Tax Increment Financing District Fund (0054)	51,667
From the Maple/Mockingbird Tax Increment Financing District Fund (0064)	1,573,906
From the Oak Cliff Gateway Tax Increment Financing District Fund (0034)	1,568,123
From the Park and Recreation Facilities Fund (4T00)	* <u>13,013,264</u> [5,399,460]
From the Public/Private Partnership Fund (0352)	10,500,000
From the Skillman Corridor Tax Increment Financing District Fund (0052)	2,288,586
From the Southwestern Medical Tax Increment Financing District Fund (0046)	879,463
From the Storm Water Drainage Management Capital Construction Fund (0063)	5,000,000
From the Street and Alley Improvement Fund (0715)	16,832,000
From the Street and Transportation Improvement Fund (4T22)	* <u>19,202,461</u> [15,919,950]
From the Street and Transportation Improvement Fund (4U22)	50,921,023
From the Street Assessment Fund (L006)	649,000
From the Street Assessment Fund (L098)	351,000

From the Transit Oriented Development Tax Increment Financing District Fund (0062)	1,331,742
From the Vickery Meadow Tax Increment Financing District Fund (0048)	1,750,561
From the Wastewater Capital Construction Fund (0103)	19,430,000
From the Wastewater Capital Improvement Fund (2116)	68,964,000
From the Wastewater Capital Improvement Fund (3116)	500,000
From the Water and Wastewater Public Art Fund (0121)	8,000
From the Water Capital Construction Fund (0102)	27,542,000
From the Water Capital Improvement Fund (2115)	27,000,000
From the Water Capital Improvement Fund (3115)	75,859,000
From the 2016 Master Lease - Equipment Fund (ML16)	30,000,000
CAPITAL FUNDS TOTAL	*\$676,858,504 [704,755,806]

**Increase was previously approved by Ordinance 29905 dated October 28, 2015*

(b) That the following amounts are hereby appropriated from the funds indicated for payment of the FY 2015-16 Debt Service Budget:

DEBT SERVICE FUNDS

From the General Obligation Debt Service Fund (0981)	255,325,736
DEBT SERVICE FUNDS TOTAL	\$255,325,736

(c) That these appropriations and all previous appropriated funds for these projects remain in force until each project is completed or terminated.

(d) That the appropriations listed in Subsections (a) and (b) may be increased by city council resolution upon the recommendation of the city manager.”

SECTION 2. That Section 5 of Ordinance No. 29877 (2015-2016 FY Capital Budget Appropriation Ordinance), passed by the city council on September 18, 2015, is amended by making adjustments to fund appropriations for fiscal year 2015-16 for public improvements to be financed from bond funds and other revenues of the City of Dallas, to read as follows:

“SECTION 5. That the city manager is hereby authorized, upon written notice to the city controller, to make the following adjustments:

(1) Transfer funds, not to exceed \$1,695,000, to the General Fund 0001, in the amounts of \$10,000 from the Cityplace Tax Increment Financing District Fund 0030; \$10,000 from State-Thomas Tax Increment Financing District Fund 0032; \$100,000 from the Cedars Tax Increment Financing District Fund 0033; \$100,000 from the Oak Cliff Gateway Tax Increment Financing District Fund 0034; \$175,000 from the City Center Tax Increment Financing District Fund 0035; \$120,000 from the Farmers Market Tax Increment Financing District Fund 0036; \$160,000 from the Sports Arena Tax Increment Financing District Fund 0038; \$225,000 from the Downtown Connection Tax Increment Financing District Fund 0044; \$50,000 from the Southwestern Medical Tax Increment Financing District Fund 0046; \$75,000 from the Vickery Meadow Tax Increment Financing District Fund 0048; \$100,000 from the Design District Tax Increment Financing District Fund 0050; \$85,000 from the Skillman Corridor Tax Increment Financing District

Fund 0052; \$30,000 from the Grand Park South Tax Increment Financing District Fund 0054; \$60,000 from the Deep Ellum Tax Increment Financing District Fund 0056; \$85,000 from the Fort Worth Avenue Tax Increment Financing District Fund 0058; \$110,000 from the Davis Garden Tax Increment Financing District Fund 0060; \$80,000 from the Transit-Oriented Development Tax Increment Financing District Fund 0062; \$50,000 from the Maple/Mockingbird Tax Increment Financing District Fund 0064; and \$70,000 from the Cypress Waters Tax Increment Financing District Fund 0066, for reimbursement of tax increment financing administration costs.

(2) Transfer funds, not to exceed \$46,980,000, from the Water Utilities Operating Fund 0100, in the amounts of \$27,542,000 to the Water Capital Construction Fund 0102; \$19,430,000 to the Wastewater Capital Construction Fund 0103; and \$8,000 to the Water and Wastewater Public Art Fund 0121, for projects listed in the FY 2015-16 Capital Budget.

(3) Transfer funds, not to exceed \$7,000,000 [~~\$5,000,000~~], from the Storm Water Drainage Management Operating Fund 0061 to the Storm Water Drainage Management Capital Construction Fund 0063, for projects listed in the FY 2015-16 Capital Budget.

(4) Transfer funds, not to exceed \$1,677,750, from the Sanitation Enterprise Fund 0440 to the General Obligation Debt Service Fund 0981 for payment of the 2003 General Obligation Bonds for flood protection and storm drainage facilities for the McCommas Bluff Landfill.

(5) Transfer funds, not to exceed \$6,845,000, from the General Capital Reserve Fund 0625 to the Capital Construction Fund 0671 for the purpose of partial reconstruction of major thoroughfares, capital improvements, maintenance, and repair of city facilities, underground storage tank removal, and security enhancements to police facilities.

(6) Transfer funds, not to exceed \$155,000, from the General Capital Reserve Fund 0625 to the Water Utilities Operating Fund 0100 to reimburse Dallas Water Utilities for an easement in the Madill Corridor area.

(7) Transfer funds, not to exceed \$1,650,000, from the Sports Arena Lease Fund 0A71 to the Capital Construction Fund 0671 for the purpose of partial reconstruction of major thoroughfares.

(8) Transfer funds, not to exceed \$1,750,000, from the Sports Arena Lease Fund 0A71 to the Street and Alley Improvement Fund 0715 for the purpose of funding citywide street and alley improvement projects.

(9) Transfer funds, not to exceed \$5,100,000, from the Water Utilities Operating Fund 0100 to the Street and Alley Improvement Fund 0715 for the purpose of funding citywide street and alley improvement projects.

(10) Transfer funds, not to exceed \$650,000, from the Sanitation Enterprise Fund 0440 to the Street and Alley Improvement Fund 0715 for the purpose of funding citywide street and alley improvement projects.

(11) Transfer funds, not to exceed \$6,332,000 [~~6,320,000~~], from the General Fund 0001 to the Street and Alley Improvement Fund 0715 for the purpose of funding citywide street and alley improvement projects.

(12) Transfer funds, not to exceed \$3,000,000, from the General Fund unassigned fund balance to the Street and Alley Improvement Fund 0715 for the purpose of funding citywide street and alley improvement projects.

(13) Transfer funds, not to exceed \$12,333,923, from the Aviation Operating Fund 0130 to the Aviation Capital Construction fund 0131 for projects listed in the FY 2015-16 Capital Budget.

(14) Transfer funds, not to exceed \$1,493,276, to the General Obligation Debt Service Fund 0981 from the Convention Center Operating Fund 0080 for payment of 2008 Certificates of Obligation for the acquisition of land for the Convention Center Hotel Development Project.

(15) Transfer funds, not to exceed \$12,500,000, to the Convention Center Capital Construction Fund 0082 from the Convention Center Operating Fund 0080 for funding permanent public improvements to the Kay Bailey Hutchison Convention Center Dallas Complex.

(16~~[5]~~) Transfer funds, not to exceed \$33,112,656, to the General Obligation Debt Service Fund 0981 from any general government, internal service, or enterprise fund incurring civilian payroll costs based on the pro-rata allocation of the actual civilian payroll costs incurred during fiscal year 2015-16 for payment of debt service on the Pension Obligation Bonds Series 600, 601, and 632.”

SECTION 3. That the city manager is hereby authorized, upon written notice to the city controller, to transfer funds to make the adjustments to appropriations set forth in this ordinance.

SECTION 4. That Ordinance No. 29877 will remain in full force and effect, save and except as amended by this ordinance.

SECTION 5. That this ordinance will take effect immediately from and after its passage and publication in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so ordained.

APPROVED AS TO FORM:

CHRISTOPHER D. BOWERS, Interim City Attorney

By _____
Assistant City Attorney

Passed _____

DRAFT AGENDA ITEM: A

KEY FOCUS AREA: E-Gov

AGENDA DATE: August 24, 2016

COUNCIL DISTRICT(S): 8

DEPARTMENT: Business Development & Procurement Services
Aviation

CMO: Jeanne Chipperfield, 670-7804
Ryan S. Evans, 671-9837

MAPSCO: 63 L

SUBJECT

Authorize the first two-year renewal option to the service contract with Rocket Red, Ltd. for business recruitment and retention services for Dallas Executive Airport - Not to exceed \$240,000 - Financing: Aviation Current Funds (subject to annual appropriations)

BACKGROUND

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

This contract renewal will allow the City to have continued business recruitment and retention services for the Dallas Executive Airport. The initial term contract allowed the Dallas Airport System to collaborate with the awarded vendor to create an innovative and unique brand that differentiates Dallas Executive Airport from other regional competitors. The creation of the unique brand facilitates increase recognition of Dallas Executive Airport on a national level, thus positioning the Airport as the primary general aviation destination in North Texas.

In addition to creating a unique brand, a plan was developed and used to promote the airport at national conventions such as National Business Aircraft Association (NBAA) and Mechanical Repair and Overhaul (MRO) Aviation Week, Expo. To enhance public awareness, the airport's website was updated to increase the efficiency in searching and disseminating information related to construction, including phase III of runway 13/31 development to start in 2017-2018 and outreach and airport activities. These enhancements have proven successful in advertising public town hall meetings and community contact and awareness for the Master Plan, Noise Abatement Program and Runway Reconstruction and Development.

BACKGROUND (Continued)

This contract will build on enhancements already developed and implemented and the successes this initiative has already rendered. Continued efforts will focus on comprehensive and strategic national business recruitment and retention services to include but not limited to media campaign creation, national aviation conferences, continued website and database development, community awareness/public outreach and special event coordination for Dallas Executive Airport. Runway 13/31 is scheduled to re-open at the end of August 2016, this contract will also be used to promote its re-opening and will be part of the plan for economic development for South Dallas.

The continued success of the Dallas Airport System and the revitalization of the Dallas Executive Airport are dependent upon having a visionary approach to branding, advertising, and promoting of the Dallas Executive Airport.

The recommended vendor meets the wage floor rate of \$10.37 approved by City Council on November 10, 2015, by Resolution No. 15-2141.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 22, 2013, the City Council authorized a one year service contract, with two two-year renewal options, for marketing services for the Dallas Executive Airport by Resolution No. 13-0796.

Information about this item will be provided to the Budget, Finance and Audit Committee on August 15, 2016.

FISCAL INFORMATION

\$240,000.00 - Aviation Current Funds (subject to annual appropriations)

ETHNIC COMPOSITION

Rocket Red, Ltd.

White Male	3	White Female	8
Black Male	0	Black Female	3
Hispanic Male	0	Hispanic Female	1
Other Male	0	Other Female	0

OWNER

Rocket Red, Ltd.

Sylvia Gayden Day, President

BUSINESS INCLUSION AND DEVELOPMENT PLAN SUMMARY

PROJECT: Authorize the first two-year renewal option to the service contract with Rocket Red, Ltd. for business recruitment and retention services for Dallas Executive Airport - Not to exceed \$240,000 - Financing: Aviation Current Funds (subject to annual appropriations)

Rocket Red, Ltd. is a local, minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use the following sub-contractor.

PROJECT CATEGORY: Other Services

LOCAL/NON-LOCAL CONTRACT SUMMARY

	<u>Amount</u>	<u>Percent</u>
Total local contracts	\$240,000.00	100.00%
Total non-local contracts	\$0.00	0.00%
TOTAL CONTRACT	\$240,000.00	100.00%

LOCAL/NON-LOCAL M/WBE PARTICIPATION

Local Contractors / Sub-Contractors

<u>Local</u>	<u>Certification</u>	<u>Amount</u>	<u>Percent</u>
Rocket Red, LTD.	WFWB62955N0816	\$182,880.00	76.20%
Evans Graphic Consultants	WFDB14100Y0317	\$57,120.00	23.80%
Total Minority - Local		\$240,000.00	100.00%

Non-Local Contractors / Sub-Contractors

None

TOTAL M/WBE CONTRACT PARTICIPATION

	<u>Local</u>	<u>Percent</u>	<u>Local & Non-Local</u>	<u>Percent</u>
African American	\$0.00	0.00%	\$0.00	0.00%
Hispanic American	\$0.00	0.00%	\$0.00	0.00%
Asian American	\$0.00	0.00%	\$0.00	0.00%
Native American	\$0.00	0.00%	\$0.00	0.00%
WBE	\$240,000.00	100.00%	\$240,000.00	100.00%
Total	\$240,000.00	100.00%	\$240,000.00	100.00%

August 24, 2016

WHEREAS, on May 22, 2013, the City Council authorized a one year service contract, with two two-year renewal options, for marketing services for the Dallas Executive Airport by Resolution No. 13-0796; and,

WHEREAS, on June 6, 2014, Administrative Action No. 14-6310 authorized supplemental agreement no. 1 to extend the service contract for one year from June 14, 2014 to June 13, 2015; and,

WHEREAS, on May 20, 2015, Administrative Action No. 15-6175 authorized supplemental agreement no. 2 to extend the service contract for one year from June 14, 2015 to June 13, 2016; and,

WHEREAS, on October 20, 2015, Administrative Action No. 15-7029 authorized supplemental agreement no. 3 to increase the service contract in an amount not to exceed \$62,211.25, increasing the contract amount from \$248,845.00 to \$311,056.25; and,

WHEREAS, on June 9, 2016, Administrative Action No. 16-6221 authorized supplemental agreement no. 4 to extend the service contract for three months from June 13, 2016 to September 13, 2016;

NOW, THEREFORE,

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

Section 1. That following approval as to form by the City Attorney, the City Manager is hereby authorized to execute the first two-year renewal option to the service contract with Rocket Red, Ltd. (VS0000075500) for business recruitment and retention services for Dallas Executive Airport in an amount not to exceed \$240,000.00.

Section 2. That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$240,000.00 (subject to annual appropriations) from Service Contract number BVZ1316.

Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

DRAFT AGENDA ITEM: B

KEY FOCUS AREA: E-Gov

AGENDA DATE: August 24, 2016

COUNCIL DISTRICT(S): All

DEPARTMENT: Business Development & Procurement Services
Equipment & Building Services
Park & Recreation
Sanitation Services
Street Services
Trinity Watershed Management
Water Utilities

CMO: Jeanne Chipperfield, 670-7804
Jill A. Jordan, P.E., 670-5299
Willis Winters, 670-4071
Joey Zapata, 670-3009
Mark McDaniel, 670-3256

MAPSCO: N/A

SUBJECT

Authorize a three-year service contract for hydraulic cylinder, pump and valve repair - FLR Solutions, LLC, lowest responsible bidder of three - Not to exceed \$2,093,988 - Financing: Current Funds (\$2,020,053), Sanitation Current Funds (\$64,685), Stormwater Drainage Management Current Funds (\$5,800) and Water Utilities Current Funds (\$3,450) (subject to annual appropriations)

BACKGROUND

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

This service contract will be used citywide to repair and rebuild hydraulic cylinders, pumps and valves on fleet vehicles such as fire service vehicles, refuse collection vehicles and other heavy equipment. This service contract will be used to repair hydraulic components of vehicles that are no longer covered under the manufacturer's warranty.

Hydraulic pumps create flow in a hydraulic system, the flow creates pressure and then is controlled by a valve which directs the fluid to the cylinders for operation.

BACKGROUND (Continued)

Examples of equipment utilizing hydraulic cylinders are:

- Lift operations on ladder trucks, dump trucks and refuse collection trucks; along with other heavy machinery utilized throughout the City

This solicitation was structured in a manner which required bidders to submit a response using unit pricing. This bid resulted in a 23.3% decrease over comparable unit prices for services for the bid awarded in 2012.

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services (BDPS) used its procurement system to send out 1,077 email bid notifications to vendors registered under respective commodities. To further increase competition, BDPS uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, notifications were sent by the BDPS' ResourceLINK Team (RLT) to 25 chambers of commerce, the DFW Minority Business Council and the Women's Business Council - Southwest, to ensure maximum vendor outreach.

The recommended vendor meets the wage floor rate of \$10.37 approved by City Council on November 10, 2015, by Resolution No. 15-2141.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 8, 2012, City Council authorized a three-year service contract to repair and rebuild hydraulic cylinders, pumps and valves by Resolution No. 12-1883.

Information about this item will be provided to the Budget, Finance and Audit Committee on August 15, 2016.

FISCAL INFORMATION

\$ 2,020,053.06 - Current Funds (subject to annual appropriations)
\$ 64,684.50 - Sanitation Current Funds (subject to annual appropriations)
\$ 5,800.00 - Stormwater Drainage Management Current Funds (subject to annual appropriations)
\$ 3,450.00 - Water Utilities Current Funds (subject to annual appropriations)

M/WBE INFORMATION

142 - Vendors contacted
141 - No response
1 - Response (Bid)
0 - Response (No bid)
1 - Successful

M/WBE INFORMATION (Continued)

1,077 - M/WBE and Non-M/WBE vendors were contacted

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

ETHNIC COMPOSITION

FLR Solutions, LLC

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

BID INFORMATION

The following bids were received from solicitation number BN1603 and were opened on February 12, 2016. This service contract is being awarded to the lowest responsive and responsible bidder by group. Information related to this solicitation is available upon request.

*Denotes successful bidder

<u>Bidders</u>	<u>Address</u>	<u>Amount of Bid</u>
*FLR Solutions, LLC	2627 S. Cooper St. #C-17 Arlington, TX 76015	Multiple Groups
International Hydraulics	402 Richardson Dr. Grand Prairie, TX 75051	Multiple Groups
Herco Equipment	12824 Eastgate Dr. Mesquite, TX 75181	Multiple Groups

OWNER

FLR Solutions, LLC

Roy Rogers, President
April Rogers, Vice President

August 24, 2016

WHEREAS, on August 8, 2012, City Council authorized a three-year service contract to repair and rebuild hydraulic cylinders, pumps and valves by Resolution No. 12-1883; and,

WHEREAS, on June 25, 2015, Administrative Action No. 15-6248 authorized a six-month extension to the service contract for repair of hydraulic cylinders, pumps and valves from August 7, 2015 to February 7, 2016; and,

WHEREAS, on March 9, 2016, Administrative Action No. 16-5626 authorized a six month extension and an increase to the service contract for repair of hydraulic cylinders, pumps and valves from February 8, 2016 to August 7, 2016;

NOW, THEREFORE,

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

Section 1. That the City Manager is authorized to execute a contract with FLR Solutions, LLC (VS0000063639) for hydraulic cylinder, pump and valve repair for a term of three years in an amount not to exceed \$2,093,987.56, upon approval as to form by the City Attorney. If the service was bid or proposed on an as needed, unit price basis for performance of specified tasks, payment to FLR Solutions, LLC shall be based only on the amount of the services directed to be performed by the City and properly performed by FLR Solutions, LLC under the contract.

Section 2. That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$2,093,987.56 (subject to annual appropriations) from Service Contract number BN1603.

Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

BUSINESS INCLUSION AND DEVELOPMENT PLAN SUMMARY

PROJECT: Authorize a three-year service contract for hydraulic cylinder, pump and valve repair - FLR Solutions, LLC, lowest responsible bidder of three - Not to exceed \$2,093,988 - Financing: Current Funds (\$2,020,053), Sanitation Current Funds (\$64,685), Stormwater Drainage Management Current Funds (\$5,800) and Water Utilities Current Funds (\$3,450) (subject to annual appropriations)

FLR Solutions, LLC, is a non-local, minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use their own workforce.

PROJECT CATEGORY: Other Services

LOCAL/NON-LOCAL CONTRACT SUMMARY

	<u>Amount</u>	<u>Percent</u>
Total local contracts	\$0.00	0.00%
Total non-local contracts	\$2,093,987.56	100.00%
TOTAL CONTRACT	\$2,093,987.56	100.00%

LOCAL/NON-LOCAL M/WBE PARTICIPATION

Local Contractors / Sub-Contractors

None

Non-Local Contractors / Sub-Contractors

<u>Non-local</u>	<u>Certification</u>	<u>Amount</u>	<u>Percent</u>
FLR Solutions, LLC	BMMB11565N0717	\$2,093,987.56	100.00%
Total Minority - Non-local		\$2,093,987.56	100.00%

TOTAL M/WBE CONTRACT PARTICIPATION

	<u>Local</u>	<u>Percent</u>	<u>Local & Non-Local</u>	<u>Percent</u>
African American	\$0.00	0.00%	\$2,093,987.56	100.00%
Hispanic American	\$0.00	0.00%	\$0.00	0.00%
Asian American	\$0.00	0.00%	\$0.00	0.00%
Native American	\$0.00	0.00%	\$0.00	0.00%
WBE	\$0.00	0.00%	\$0.00	0.00%
Total	\$0.00	0.00%	\$2,093,987.56	100.00%

KEY FOCUS AREA: E-Gov

AGENDA DATE: August 24, 2016

COUNCIL DISTRICT(S): All

DEPARTMENT: Business Development & Procurement Services
Sanitation Services
Trinity Watershed Management
Water Utilities

CMO: Jeanne Chipperfield, 670-7804
Joey Zapata, 670-3009
Mark McDaniel, 670-3256

MAPSCO: N/A

SUBJECT

Authorize a five-year collection agency services contract, with two two-year renewal options, for the collection of delinquent utility and other miscellaneous accounts - Southwest Credit Systems, L.P., most responsible proposer of eight - Estimated Annual Net Revenue: \$659,719

BACKGROUND

This action will authorize a five-year service contract, with two two-year renewal options, for the collection of delinquent utility and other miscellaneous accounts. Dallas Water Utilities (DWU) bills for water, sewer, sanitation and stormwater services to over 300,000 customers. To provide due process, DWU sends delinquent, termination, and/or final bill notices to its customers who are past due in paying for services already rendered. In FY 2014-15 DWU billed approximately \$691 million and the internal average collection rate was approximately 98 percent. After internal collection efforts are exhausted, accounts that remain delinquent and/or uncollected are turned over to the City Attorney's Office or a third party collection company to pursue additional collection strategies, such as progressive customer contacts and credit bureau reporting. Delinquent accounts greater than \$5,000 will be referred to the City Attorney's Office. At its discretion, the City Attorney's Office may refer those delinquent accounts to the third party collection company. All accounts equal to or less than \$5,000 will be referred to the third party collections company.

BACKGROUND (Continued)

The awarded vendor has guaranteed a collection rate of 11% on new delinquencies that are less than 180 days old. If after 12 months the awarded vendor fails to reach the guarantee collection rate of 11% on these delinquencies, then the awarded vendor will pay the City the difference. Under this collection contract the City will pay the awarded vendor a 16.7% commission on collection of delinquent accounts that have not been worked by a prior collection agency and a 17.5% commission on collection of delinquent accounts that have been previously worked by a prior collection agency.

A six member committee from the following departments reviewed and evaluated the proposals:

- Water Utilities (2)
- Communication and Information Services (1)
- City Controller's Office (1)
- Business Development and Procurement Services (2)*

*Business Development and Procurement Services evaluated cost and the Business Inclusion and Development Plan.

The proposer's responses were evaluated based on the following criteria:

- Price/Value to the City 50%
- Capability and expertise 30%
- Overall approach 20%

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services (BDPS) used its procurement system to send out 283 email proposal notifications to vendors registered under respective commodities. To further increase competition, BDPS uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, notifications were sent by the BDPS' ResourceLINK Team (RLT) to 25 chambers of commerce, the DFW Minority Business Council and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

The recommended vendor meets the wage floor rate of \$10.37 approved by City Council on November 10, 2015, by Resolution No. 15-2141.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 26, 2010, City Council authorized a five-year service contract for the collection of delinquent City accounts by Resolution No. 10-1347.

Information about this item will be provided to the Budget, Finance and Audit Committee on August 15, 2016.

FISCAL INFORMATION

\$659,718.97 - Estimated Annual Net Revenue

M/WBE INFORMATION

- 48 - Vendors Contacted
- 48 - No response
- 0 - Response (proposal)
- 0 - Response (no proposal)
- 0 - Successful

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

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

ETHNIC COMPOSITION

Southwest Credit Systems, L.P.

White Male	15	White Female	16
Black Male	25	Black Female	51
Hispanic Male	13	Hispanic Female	19
Other Male	7	Other Female	3

PROPOSAL INFORMATION

The following proposals were received from solicitation number BKZ1524 and read on September 11, 2015. This collection services contract is being awarded to the vendor providing the highest amount of revenue to the City based on a proposal commission percentage.

PROPOSAL INFORMATION (Continued)

*Denotes successful proposer

<u>Proposers</u>	<u>Address</u>	<u>Score</u>	<u>Est. Annual Net Revenue</u>
*Southwest Credit Systems, L.P.	4120 International Pkwy. Suite 1100 Dallas, TX 75007	89.25%	\$659,718.97
Penn Credit	916 S. 14 th St. Harrisburg, PA 17104	77.92%	\$513,497.68
Gila LLC d/b/a Municipal Services Bureau	8325 Tuscany Way Austin, TX 78754	75.68%	\$480,634.37
Credit Protection Association, L.P.	13355 Noel Rd. Suite 2100 Dallas, TX 75240	71.62%	\$404,034.39
Aargon Agency, Inc.	8668 Spring Mountain Rd. Las Vegas, NV 89117	71.03%	\$472,037.11
Account Control Technology, Inc.	21700 Oxnard St. Suite 1400 Woodland Hills, CA 91367	70.06%	\$475,829.15
Contract Callers, Inc.	501 Greene St. Suite 302 Augusta, GA 30901	69.36%	\$459,938.08
National Recoveries, Inc.	14735 Hwy. 65 Ham Lake, MN 55304	68.61%	\$522,671.45

OWNER

Southwest Credit Systems, L.P.

Jeff Hurt, Chief Executive Officer
Jeff Hazzard, Chief Operating Officer

August 24, 2016

WHEREAS, on May 26, 2010, City Council authorized a five-year service contract for the collection of delinquent City accounts by Resolution No. 10-1347;

NOW, THEREFORE,

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

Section 1. That the City Manager is hereby authorized to execute a collection agency services contract with Southwest Credit Systems, L.P. (VC0000013092) for the collection of delinquent utilities and other miscellaneous accounts for a term of five-years, with two two-year renewal options, with an estimated annual net revenue of \$659,718.97, upon approval as to form by the City Attorney. If the service was bid or proposed on an as needed, unit price basis for performance of specified tasks, payment to Southwest Credit Systems, L.P. shall be based only on the amount of the services directed to be performed by the City and properly performed by Southwest Credit Systems, L.P. under the contract.

Section 2. That the Chief Financial Officer is hereby authorized to deposit all revenues received as follows:

<u>Fund</u>	<u>Dept.</u>	<u>Unit</u>	<u>Accounts Receivable</u>
0440	SAN	3581	0151
0061	SDM	4911	0166
0100	DWU	7005	0145 and 0147

Section 3. That the Chief Financial Officer is hereby authorized to disburse commission to Southwest Credit Systems, L.P., according to the terms of the contract as follows:

<u>Fund</u>	<u>Dept.</u>	<u>Unit</u>	<u>Object</u>
0440	SAN	3581	3371
0061	SDM	4911	3371
0100	DWU	7230	3371

Section 4. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

KEY FOCUS AREA: E-Gov

AGENDA DATE: August 24, 2016

COUNCIL DISTRICT(S): All

DEPARTMENT: Business Development & Procurement Services
Water Utilities

CMO: Jeanne Chipperfield, 670-7804
Mark McDaniel, 670-3256

MAPSCO: N/A

SUBJECT

Authorize a three-year master agreement for fire hydrants, parts and accessories - Mueller Co., LLC in the amount of \$1,212,721, HD Supply Waterworks, LTD in the amount of \$801,856, US Pipe Valve & Hydrant, LLC in the amount of \$100,232 and ACT Pipe & Supply, Inc. in the amount of \$4,530, lowest responsible bidders of six - Total not to exceed \$2,119,339 - Financing: Water Utilities Current Funds

BACKGROUND

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

This master agreement will allow Dallas Water Utilities (DWU) to maintain operational standards of fire hydrants by providing replacement parts and new hydrants when needed throughout the City. The replacement parts will be used to ensure that pressure in hydrants is maintained, leaks are repaired and hydrants are operationally ready for fire emergencies. DWU also stocks hydrants for prompt replacement of non-repairable hydrants. DWU maintains over 28,000 fire hydrants throughout approximately 4,900 miles of potable water system.

The solicitation was structured in a manner which required bidders to submit a response providing unit pricing and discounts from manufacturer's list price for hydrants and parts. This bid resulted in an average percentage discount from manufacturer catalog of 39.17% compared to an average discount of 31.71% for the bid awarded in 2013.

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services (BDPS) used its procurement system to send out 250 email bid notifications to vendors registered under respective commodities.

BACKGROUND (Continued)

To further increase competition, BDPS uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, notifications were sent by the BDPS' ResourceLINK Team (RLT) to 25 chambers of commerce, the DFW Minority Business Council and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 12, 2013, City Council authorized a three-year master agreement for fire hydrants, parts and accessories by Resolution No. 13-1917.

Information about this item will be provided to the Budget, Finance and Audit Committee on August 15, 2016.

FISCAL INFORMATION

\$2,119,339.00 - Water Utilities Current Funds

M/WBE INFORMATION

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

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

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

ETHNIC COMPOSITION

Mueller Co., LLC

White Male	391	White Female	37
Black Male	64	Black Female	7
Hispanic Male	1	Hispanic Female	0
Other Male	5	Other Female	1

ETHNIC COMPOSITION (Continued)

HD Supply Waterworks, LTD

White Male	9	White Female	2
Black Male	1	Black Female	0
Hispanic Male	6	Hispanic Female	1
Other Male	1	Other Female	0

US Pipe Valve & Hydrant, LLC

White Male	391	White Female	37
Black Male	64	Black Female	7
Hispanic Male	1	Hispanic Female	0
Other Male	5	Other Female	1

ACT Pipe & Supply, Inc.

White Male	7	White Female	3
Black Male	1	Black Female	0
Hispanic Male	2	Hispanic Female	0
Other Male	0	Other Female	0

BID INFORMATION

The following bids were received from solicitation number BM1602 and were opened on April 29, 2016. This master agreement is being awarded to the lowest responsive and responsible bidders by line. Information related to this solicitation is available upon request.

*Denotes successful bidders

<u>Bidders</u>	<u>Address</u>	<u>Amount</u>
*Mueller Co., LLC	500 W. Eldorado St. Decatur, IL 62522	Multiple Lines
*HD Supply Waterworks, LTD	4333 Irving Blvd. Dallas, TX 75247	Multiple Lines
*US Pipe Valve & Hydrant, LLC	500 W. Eldorado St. Decatur, IL 62522	Multiple Lines
*ACT Pipe & Supply, Inc.	6950 Sam Houston Pkwy. N. Houston, TX 77041	Multiple Lines

BID INFORMATION (Continued)

<u>Bidders</u>	<u>Address</u>	<u>Amount</u>
Hydraflo, Inc.	1030 Milam St. Beaumont, TX 77701	Multiple Lines
Fortiline, Inc.	11200 Seagoville Rd. Balch Springs, TX 75180	Multiple Lines

OWNERS

Mueller Co., LLC

Greg Rogowski, President
Mike Williams, Vice President
Chad Mize, Treasurer

HD Supply Waterworks, LTD

Steve Laclair, President
Donald W. Clayton, Vice President
Judy Barrow, Secretary
Mark R. Witkowski, Treasurer

US Pipe Valve & Hydrant, LLC

Greg Rogowski, President
Mike Williams, Vice President
Chad Mize, Treasurer

ACT Pipe & Supply, Inc.

Andy Zizinia, President
Steve Haas, Vice President
Mary Gagnow, Secretary
Harry Kirk, Treasurer

BUSINESS INCLUSION AND DEVELOPMENT PLAN SUMMARY

PROJECT: Authorize a three-year master agreement for fire hydrants, parts and accessories - Mueller Co., LLC in the amount of \$1,212,721, HD Supply Waterworks, LTD in the amount of \$801,856, US Pipe Valve & Hydrant, LLC in the amount of \$100,232 and ACT Pipe & Supply, Inc. in the amount of \$4,530, lowest responsible bidders of six - Total not to exceed \$2,119,339 - Financing: Water Utilities Current Funds

Mueller Co., LLC, US Pipe Valve & Hydrant, LLC and ACT Pipe & Supply, Inc. are non-local, non-minority firms, have signed the "Business Inclusion & Development" documentation, and propose to use their own workforces. HD Supply Waterworks, LTD is a local, non-minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use their own workforce.

PROJECT CATEGORY: Goods

LOCAL/NON-LOCAL CONTRACT SUMMARY

	<u>Amount</u>	<u>Percent</u>
Total local contracts	\$801,856.00	37.84%
Total non-local contracts	\$1,317,483.00	62.16%
TOTAL CONTRACT	\$2,119,339.00	100.00%

LOCAL/NON-LOCAL M/WBE PARTICIPATION

Local Contractors / Sub-Contractors

None

Non-Local Contractors / Sub-Contractors

None

TOTAL M/WBE CONTRACT PARTICIPATION

	<u>Local</u>	<u>Percent</u>	<u>Local & Non-Local</u>	<u>Percent</u>
African American	\$0.00	0.00%	\$0.00	0.00%
Hispanic American	\$0.00	0.00%	\$0.00	0.00%
Asian American	\$0.00	0.00%	\$0.00	0.00%
Native American	\$0.00	0.00%	\$0.00	0.00%
WBE	\$0.00	0.00%	\$0.00	0.00%
Total	\$0.00	0.00%	\$0.00	0.00%

August 24, 2016

WHEREAS, on November 12, 2013, City Council authorized a three-year master agreement for fire hydrants, parts and accessories by Resolution No. 13-1917;

NOW, THEREFORE,

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

Section 1. That a master agreement for the purchase of fire hydrants, parts and accessories is authorized with Mueller Co., LLC (VS0000021750) in the amount of \$1,212,721.00, HD Supply Waterworks, LTD (VS0000038746) in the amount of \$801,856.00, US Pipe Valve & Hydrant, LLC (VS0000056852) in the amount of \$100,232.00 and ACT Pipe & Supply, Inc. (358157) in the amount of \$4,530.00, for a term of three years in a total amount not to exceed \$2,119,339.00.

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

Section 3. That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$2,119,339.00 from Master Agreement number BM1602.

Section 4. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

KEY FOCUS AREA: E-Gov

AGENDA DATE: August 24, 2016

COUNCIL DISTRICT(S): All

DEPARTMENT: Business Development & Procurement Services
Water Utilities

CMO: Jeanne Chipperfield, 670-7804
Mark McDaniel, 670-3256

MAPSCO: N/A

SUBJECT

Authorize a three-year master agreement for valves, valve parts and accessories - Mueller Co., LLC in the amount of \$1,573,538, Fortiline, Inc. in the amount of \$1,140,972, ACT Pipe & Supply, Inc. in the amount of \$468,331, Municipal Valve & Equipment Co., Inc. in the amount of \$263,765 and Powerseal Pipeline Products Corp. in the amount of \$24,144, lowest responsible bidders of six - Total not to exceed \$3,470,750 - Financing: Water Utilities Current Funds

BACKGROUND

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

This master agreement will supply Water Utilities with valves, valve parts and accessories. The valves, valve parts and accessories will be used to repair, and replace valves as needed, allowing the City to maintain its water system to specified standards.

The agreement will be used to purchase safety and control valves that set, release, start and stop pressure throughout the City's piping systems. These valves will also regulate the flow of liquids, gases and air. Water Utilities maintains approximately 4,900 miles of water mains throughout the water distribution system.

The City replaces approximately two hundred valves annually due to standard aging. An additional two hundred valves are repaired annually during routine maintenance checks. These valves are in constant motion regulating the flow of water, sludge, debris, etc., which require regular repair and replacement.

BACKGROUND (Continued)

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services (BDPS) used its procurement system to send out 180 email bid notifications to vendors registered under respective commodities. To further increase competition, BDPS uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, notifications were sent by the BDPS' ResourceLINK Team (RLT) to 25 chambers of commerce, the DFW Minority Business Council and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On February 11, 2009, City Council authorized a thirty-six-month master agreement for the purchase of valves, accessories and parts by Resolution No. 09-0439.

On January 13, 2016, City Council authorized (1) the rejection of bids received for various valves and valve parts for water and wastewater treatment plants; and (2) the re-advertisement for new bids by Resolution No. 16-0076.

Information about this item will be provided to the Budget, Finance and Audit Committee on August 15, 2016.

FISCAL INFORMATION

\$3,470,749.99 - Water Utilities Current Funds

M/WBE INFORMATION

33 - Vendors contacted

33 - No response

0 - Response (Bid)

0 - Response (No bid)

0 - Successful vendor

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

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

ETHNIC COMPOSITION

Mueller Co., LLC

White Male	391	White Female	37
Black Male	64	Black Female	7
Hispanic Male	1	Hispanic Female	0
Other Male	5	Other Female	1

Fortiline, Inc.

White Male	272	White Female	31
Black Male	33	Black Female	3
Hispanic Male	6	Hispanic Female	0
Other Male	10	Other Female	0

ACT Pipe & Supply, Inc.

White Male	7	White Female	3
Black Male	1	Black Female	0
Hispanic Male	2	Hispanic Female	0
Other Male	0	Other Female	0

Municipal Valve & Equipment Co., Inc.

White Male	10	White Female	4
Black Male	0	Black Female	0
Hispanic Male	0	Hispanic Female	0
Other Male	0	Other Female	0

Powerseal Pipeline Products Corp.

White Male	14	White Female	2
Black Male	2	Black Female	0
Hispanic Male	46	Hispanic Female	8
Other Male	10	Other Female	0

BID INFORMATION

The following bids were received from solicitation number BM1602 and were opened on April 29, 2016. This master agreement is being awarded to the lowest responsive and responsible bidders by line. Information related to this solicitation is available upon request.

BID INFORMATION (Continued)

*Denotes successful bidders

<u>Bidders</u>	<u>Address</u>	<u>Amount</u>
*Mueller Co., LLC	500 W. Eldorado St. Decatur, IL 62522	Multiple Lines
*Fortiline, Inc.	11200 Seagoville Rd. Balch Springs, TX 75180	Multiple Lines
*ACT Pipe & Supply, Inc.	6950 Sam Houston Pkwy. N. Houston, TX 77041	Multiple Lines
*Municipal Valve & Equipment Co., Inc.	4547 Westgrove Dr. Addison, TX 75001	Multiple Lines
*Powerseal Pipeline Products Corp.	701 Pleasant View Dr. Wichita Falls, TX 76306	Multiple Lines
Water Technology Resources, Inc.	9201 E. Bloomington Fwy. Suite Z Bloomington, MN 55420	Multiple Lines

OWNERS

Mueller Co., LLC

Greg Rogowski, President
Mike Williams, Vice President
Chad Mize, Treasurer

Fortiline, Inc.

Tim Tysinger, President
James Cagle, Vice President
Jason Painter, Secretary

ACT Pipe & Supply, Inc.

Andy Zizinia, President
Steve Haas, Vice President
Mary Gagnow, Secretary
Harry Kirk, Treasurer

OWNERS (Continued)

Municipal Valve & Equipment Co., Inc.

David McGoodwin, President
Randy Greene, Vice President

Powerseal Pipeline Products Corp.

Patrick Powers, President
Steve Kilcrease, Vice President
Edson Luna, Treasurer

August 24, 2016

WHEREAS, on February 11, 2009, City Council authorized a thirty-six-month master agreement for the purchase of valves, accessories and parts by Resolution No. 09-0439; and,

WHEREAS, on January 6, 2014, Administrative Action Nos. 14-5241, 14-5242 and 14-5243 authorized a one year extension to the master agreement from February 9, 2014 to February 13, 2015; and,

WHEREAS, on January 13, 2016, City Council authorized (1) the rejection of bids received for various valves and valve parts for water and wastewater treatment plants; and (2) the re-advertisement for new bids by Resolution No. 16-0076;

NOW, THEREFORE,

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

Section 1. That a master agreement for the purchase of valves, valve parts and accessories is authorized with Mueller Co., LLC (VS0000021750) in the amount of \$1,573,538.35, Fortiline, Inc. (VS0000073028) in the amount of \$1,140,971.59, ACT Pipe & Supply, Inc. (358157) in the amount of \$468,330.96, Municipal Valve & Equipment Co., Inc. (332290) in the amount of \$263,765.00 and Powerseal Pipeline Products Corp. (075233) in the amount of \$24,144.09, for a term of three years in a total amount not to exceed \$3,470,749.99.

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

Section 3. That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$3,470,749.99 from Master Agreement number BM1613.

Section 4. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

BUSINESS INCLUSION AND DEVELOPMENT PLAN SUMMARY

PROJECT: Authorize a three-year master agreement for valves, valve parts and accessories - Mueller Co., LLC in the amount of \$1,573,538, Fortiline, Inc. in the amount of \$1,140,972, ACT Pipe & Supply, Inc. in the amount of \$468,331, Municipal Valve & Equipment Co., Inc. in the amount of \$263,765 and Powerseal Pipeline Products Corp. in the amount of \$24,144, lowest responsible bidders of six - Total not to exceed \$3,470,750 - Financing: Water Utilities Current Funds

Mueller Co., LLC, ACT Pipe & Supply, Inc. and Powerseal Pipeline Products Corp. are non-local, non-minority firms, have signed the "Business Inclusion & Development" documentation, and propose to use their own workforces. Fortiline, Inc. and Municipal Valve & Equipment Co., Inc. are local, non-minority firms, have signed the "Business Inclusion & Development" documentation, and propose to use their own workforces.

PROJECT CATEGORY: Goods

LOCAL/NON-LOCAL CONTRACT SUMMARY

	<u>Amount</u>	<u>Percent</u>
Total local contracts	\$1,404,736.59	40.47%
Total non-local contracts	\$2,066,013.40	59.53%
TOTAL CONTRACT	\$3,470,749.99	100.00%

LOCAL/NON-LOCAL M/WBE PARTICIPATION

Local Contractors / Sub-Contractors

None

Non-Local Contractors / Sub-Contractors

None

TOTAL M/WBE CONTRACT PARTICIPATION

	<u>Local</u>	<u>Percent</u>	<u>Local & Non-Local</u>	<u>Percent</u>
African American	\$0.00	0.00%	\$0.00	0.00%
Hispanic American	\$0.00	0.00%	\$0.00	0.00%
Asian American	\$0.00	0.00%	\$0.00	0.00%
Native American	\$0.00	0.00%	\$0.00	0.00%
WBE	\$0.00	0.00%	\$0.00	0.00%
Total	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>0.00%</u>

KEY FOCUS AREA: E-Gov **DRAFT AGENDA ITEM:** F
AGENDA DATE: August 24, 2016
COUNCIL DISTRICT(S): All
DEPARTMENT: Business Development & Procurement Services
Communication and Information Services
CMO: Jeanne Chipperfield, 670-7804
Mark McDaniel, 670-3256
MAPSCO: N/A

SUBJECT

Authorize supplemental agreement no. 1 to exercise the first one-year renewal option of the service contract for commercial wireless communication services and equipment - Cellco Partnership dba Verizon Wireless and its Related Entities through the Department of Information Resources, State of Texas Cooperative - Not to exceed \$3,432,429, from \$9,953,000 to \$13,385,429 - Financing: Current Funds (subject to annual appropriations)

BACKGROUND

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

This renewal will allow the City to have continued wireless communication services and purchase wireless equipment. This agreement is mainly utilized by Public Safety for real time exchange of data and communications during day-to-day and emergency operations. Other City departments that require devices such as laptops, tablets and other mobile wireless devices also utilize this agreement to deliver timely and efficient services while in the field.. Additionally, this agreement allows for wireless cell phone use which increases mobility and collaboration between departments and residents.

Wireless technology includes voice, data and internet capabilities which are used in various combinations to capture and share information. Utilizing Verizon's commercial wireless technology provides the ability for staff to access information, research inquiries and respond instantly.

BACKGROUND (Continued)

The Department of Information Resources conforms to the requirements of Texas Statutes that are applicable for competitive bids and proposals, in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code. In addition, the Department of Information Resources receives bids from manufacturers and dealers throughout the United States.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 22, 2012, City Council authorized a four year service contract, with two one-year renewal options, for commercial wireless communication services and equipment for public safety and other City departments by Resolution No. 12-2077.

Information about this item will be provided to the Budget, Finance and Audit Committee on August 15, 2016.

FISCAL INFORMATION

\$3,432,428.88 - Current Funds (subject to annual appropriations)

ETHNIC COMPOSITION

Cellco Partnership dba Verizon Wireless and its Related Entities

White Male	3	White Female	1
Black Male	1	Black Female	0
Hispanic Male	1	Hispanic Female	0
Other Male	0	Other Female	0

OWNER

Cellco Partnership dba Verizon Wireless and its Related Entities

John G. Stratton, President
Matthew D. Ellis, Senior Vice President

BUSINESS INCLUSION AND DEVELOPMENT PLAN SUMMARY

PROJECT: Authorize supplemental agreement no. 1 to exercise the first one-year renewal option of the service contract for commercial wireless communication services and equipment - Cellco Partnership dba Verizon Wireless and its Related Entities through the Department of Information Resources, State of Texas Cooperative - Not to exceed \$3,432,429, from \$9,953,000 to \$13,385,429 - Financing: Current Funds (subject to annual appropriations)

Cellco Partnership dba Verizon Wireless and its Related Entities is a non-local, non-minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use their own workforce.

PROJECT CATEGORY: Other Services

LOCAL/NON-LOCAL CONTRACT SUMMARY - THIS ACTION ONLY

	<u>Amount</u>	<u>Percent</u>
Local contracts	\$0.00	0.00%
Non-local contracts	\$3,432,428.88	100.00%
TOTAL THIS ACTION	\$3,432,428.88	100.00%

LOCAL/NON-LOCAL M/WBE PARTICIPATION THIS ACTION

Local Contractors / Sub-Contractors

None

Non-Local Contractors / Sub-Contractors

None

TOTAL M/WBE PARTICIPATION

	<u>This Action</u>		<u>Participation to Date</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
African American	\$0.00	0.00%	\$0.00	0.00%
Hispanic American	\$0.00	0.00%	\$0.00	0.00%
Asian American	\$0.00	0.00%	\$0.00	0.00%
Native American	\$0.00	0.00%	\$0.00	0.00%
WBE	\$0.00	0.00%	\$0.00	0.00%
Total	\$0.00	0.00%	\$0.00	0.00%

August 24, 2016

WHEREAS, on August 22, 2012, City Council authorized a four year service contract, with two one-year renewal options, for commercial wireless communication services and equipment for public safety and other City departments by Resolution No. 12-2077;

NOW, THEREFORE,

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

Section 1. That following approval as to form by the City Attorney, the City Manager is hereby authorized to execute supplemental agreement no. 1 to exercise the first one-year renewal option of the service contract with Cellco Partnership dba Verizon Wireless and its Related Entities (VS92349) through the Department of Information Resources, State of Texas Cooperative for commercial wireless communication services and equipment in an amount not to exceed \$3,432,428.88, increasing the service contract amount from \$9,953,000.00 to \$13,385,428.88.

Section 2. That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$3,432,428.88 (subject to annual appropriations) from Service Contract number BHZ1218.

Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.