

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT
DALLAS CITY COUNCIL COMMITTEE AGENDA

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CITY SECRETARY
DALLAS, TEXAS

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

Chair, Councilmember Jennifer S. Gates
Vice-Chair, Councilmember Scott Griggs
Councilmember Sandy Greyson
Councilmember Lee M. Kleinman
Councilmember Philip T. Kingston
Councilmember Tennell Atkins
Councilmember Kevin Felder

Call to Order

1. Consideration of Minutes from the September 18, 2017 Government Performance & Financial Management Committee meeting
2. Consideration of Upcoming Agenda Items for October 11, 2017 City Council Meeting

BRIEFINGS

3. Office of Business Diversity Overview and Action Plan
Zarin Gracey, Interim Managing Director
Office of Business Diversity
4. SBA Programs & Services
Surety Bond Guarantee Program
Ahmad Goree, Lead Economic Specialist
U.S. Small Business Administration

Deronda Fisher, Lender Relations Specialist
U.S. Small Business Administration

Adjourn


Jennifer S. Gates, Chair

Government Performance & Financial Management Committee

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

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex. Govt. Code §551.089]

Handgun Prohibition Notice for Meetings of Governmental Entities

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

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

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

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

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

Meeting Date: September 18, 2017

Convened: 1:03 pm

Adjourned: 2:31 pm

Committee Members Present:

Scott Griggs, Vice Chair
Sandy Greyson

Philip Kingston
Tennell Atkins

Kevin Felder

Committee Members Absent:

Jennifer S. Gates, Chair
Lee Kleinman

Other Council Members Present:

Staff Present:

Elizabeth Reich
Akilah McLaughlin
Jack Ireland
Janette Weedon
Chan Williams
Mike Frosch

Stephanie Cooper
Edward Scott
Lance Sehorn
Jenifer West
Zeronda D. Smith
Craig Kinton

Barbara McAninch
Errick Thompson
Consuelo Tankersley
William Finch
Craig Kinton
Sheila Delgado

Terry Lowery
Kelly High
Mandy Shreve
Lt. R. Scott Hart
Gloria Lopez Carter
Martin Riojas

Others Present:

N/A

AGENDA:

Call to Order

1. **Reconsideration of the August 21, 2017 Minutes**

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s): Approved

A motion was made to approve the August 21, 2017 minutes. Motion passed unanimously.

Motion made by: Sandy Greyson

Motion seconded by: Tennell Atkins

2. **Consideration of the September 5, 2017 Minutes**

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s): Approved

A motion was made to approve the September 5, 2017 minutes. Motion passed unanimously.

Motion made by: Kevin Felder

Motion seconded by: Sandy Greyson

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

3. **Consideration of Draft Upcoming Agenda Items Memo(s) for September 20, 2017 and September 27, 2017 City Council Meetings**

Presenter(s): N/A

Information Only:

Action Taken/Committee Recommendation(s): Forwarded to City Council with no recommendation

Motion was made to forward to the City Council on September 27, 2017, with no recommendation due to incomplete background information. Motion passed unanimously.

Motion made by: Kevin Felder

Motion seconded by: Sandy Greyson

Briefings

4. **Delinquent Tax Collection Performance**

Presenter(s): Edward Lopez, Jr., Partner; Pamela Pope Johnson, Partner; Peggy McCormick, Operations Manager, *Linebarger Attorneys at Law*

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

5. **Communications Related to the FY 2016 Audit**

Presenter(s): Dan Barron, Partner, *Grant Thornton LLP*

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

6. **Communications Related to the FY 2017 Audit Planning**

Presenter(s): Dan Barron, Partner, *Grant Thornton LLP*

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

Adjourn

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

AGENDA ITEM # 4

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: October 11, 2017

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Office of Budget
Communication and Information Services
Office of Economic Development
Water Utilities

CMO: Elizabeth Reich, 670-7804
Jody Puckett, 670-3390
Raquel Favela, 670-3309
Majed Al-Ghafry, 670-3302

MAPSCO: N/A

SUBJECT

Authorize payment of annual membership fees and continuation of arrangements for providing specialized municipal-related services to Gartner, Inc. in the amount of \$120,208, North Central Texas Council of Governments in the amount of \$127,017, Texas Municipal League in the amount of \$55,778, Oncor Cities Steering Committee in the amount of \$158,152, Texas Coalition of Cities for Utility Issues in the amount of \$52,718, North Texas Commission in the amount of \$60,000, Water Research Foundation in the amount of \$292,852, and Water Environment and Reuse Foundation in the amount of \$84,050 - Total not to exceed \$950,775 - Financing: Current Funds (\$573,873) and Water Utilities Current Funds (\$376,902)

BACKGROUND

Arrangements with these professional organizations provide the City of Dallas an avenue for greater communication and cooperation with other municipalities and government entities, access to research and information of benefit to the City, and consultation opportunities with other agencies on the needs of the region, state, and nation.

BACKGROUND (continued)

Gartner, Inc. for Information Technology (IT) Leaders and Executives annual membership fee is \$120,208. Gartner, Inc. is an executive assistance and mentoring program that provides access to leading technology analysts and research that provides insight and interpretation into continuous improvement strategies for IT organizations. This membership includes an experienced ex-Chief Information Officer to serve as an advisor and coach that will work closely with City management about IT initiatives, best practices, latest industry trends, emerging technologies, IT metrics for measuring alignment with peers, staffing and investment levels, IT governance, and support with strategic planning. Gartner, Inc. provides unlimited access to over 1,200 IT analysts, research data, peer connections, workshops for strategic IT planning, briefings, events, and access to Gartner Inc.'s Compensation Study, which reviews IT positions reported by approximately 2,000 organizations.

North Central Texas Council of Governments (NCTCOG) annual membership fee is \$127,017. NCTCOG services its member governments and the region in a variety of ways, including comprehensive regional planning in transportation, environmental resources, and human services. The NCTCOG aggressively works to strengthen ties with State and Federal agencies and has become an information resource for regional and local economic development efforts. Members of the Dallas City Council serve in leadership roles on the NCTCOG executive board and committees.

Texas Municipal League (TML) annual membership fee is \$55,778. The purpose of TML is “to render services which individual cities have neither time, money, or strength to do alone.” In practice, this objective translates into several functions that specifically benefit Texas cities. These functions include: representing cities’ interests at the State and Federal levels; conducting a wide variety of training sessions and conferences; maintaining the most comprehensive file of city government information in the State; publishing a wide variety of documents; providing legal and technical information on all aspects of city government; serving as the forum for molding the diverse views of the city officials into coherent statewide policies; and operating two group risk pool programs that produce dollar savings for TML members cities.

BACKGROUND (continued)

Oncor Cities Steering Committee annual membership fee is \$158,152. The Oncor Cities Steering Committee was created to provide a means for cities in the Oncor service area to pool their resources and prevent duplication of effort while participating in electric utility rate proceedings before the Public Utility Commission. The City of Dallas participated with this committee in the 1990, 1993, 2008, and 2011 rate cases. The City also participated with this Committee in the various regulatory proceedings relating to Senate Bill 7 and electric deregulation. As a result of the Oncor Cities Steering Committee's activities, Oncor agreed to make settlement payments to the cities beginning in 2005 and to fund "beneficial public use" payments through the cities for the benefit of the City's ratepayers. The City of Dallas received in excess of \$17.1 million as a result of that settlement agreement. The Oncor Cities Steering Committee is actively involved in rate cases, appeals, rulemakings, and legislative efforts impacting the rates charged by Oncor Electric Delivery (formerly known as TXU Electric Delivery) within the City. The Oncor Cities Steering Committee is actively pursuing the appeal of Oncor's previous rate case, Docket No. 35717, in which the Commission reduced franchise fees paid to cities. The current annual assessment for the City of Dallas is based on \$0.125 per capita.

Texas Coalition of Cities For Utility Issues annual membership fee is \$52,718. The Texas Coalition of Cities For Utility Issues was organized in 1996 to (a) collect, analyze, discuss, and distribute information on utility related matters; (b) participate and develop positions in utility regulatory body rulemaking dockets and on bills proposed in the legislature relating to utility matters; and (c) work cooperatively on matters relating to utility franchises and fee issues.

BACKGROUND (continued)

North Texas Commission (NTC) annual membership fee is \$60,000. Dallas was a founding member of the North Texas Commission and has continued its membership for over 40 years. Membership for the Commission comprises 1/3 governmental entities, 1/3 business, and 1/3 higher education institutions across 12 counties. NTC is uniquely positioned to spur the region into action due to its broad membership and the fact that the Commission has the best interest of the region at its core. The organization focuses on marketing, collaboration, and advocacy. The NTC publication reaches 20,000 individuals world wide and markets North Texas as a destination for businesses and individuals. NTC fosters collaboration with leaders on regional goals and initiatives and advocates on critical issues with no city or county boundaries. The North Texas Commission is the only regional entity that convenes public and private partners from our 12-county area to address big-picture issues, including upcoming legislation such as transportation, air quality, and water issues. Currently, the North Texas Commission is partnering with the University of Texas at Arlington on a Dallas initiated project to create an asset map of the region. This user-friendly dashboard will allow jurisdictions in the region to analyze the scope of their services through data that can be used to find the latest trends in civic and municipal data to illustrate characteristics and gaps of the North Texas region. The data will be used to help shape and pursue effective policies and build collaboration and cross-sector partnerships, promoting the assets and addressing the challenges in North Texas.

Water Research Foundation (WRF) annual membership fee is \$292,852. WRF is an international non-profit scientific and educational society dedicated to the improvement of drinking water quality and supply. The Research Foundation conducts numerous research studies to enhance the improvement of drinking water and then provides the results to its members. Dallas Water Utilities (DWU) is required annually to submit a water quality report to its customers. WRF is recognized as the authoritative resource for knowledge, information, and advocacy to improve the quality and supply of drinking water in North America and beyond. WRF provides research information to help DWU maintain the high quality of water provided to the citizens of Dallas and surrounding communities.

Water Environment Research Foundation (WERF) annual membership fee is \$84,050. WERF is dedicated to advancing science and technology, and to addressing water quality issues as they impact water resources, the atmosphere, the land, and the quality of life. WERF provides information to DWU improving the water environment and protecting human health by making available reliable scientific and innovative technologies for improved management of DWU's water resources.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance and Financial Management Committee will receive this item for consideration on October 2, 2017.

FISCAL INFORMATION

Current Funds - \$573,873

 General Funds

\$453,665

 Communication Information Services Current Funds

\$120,208

Water Utilities Current Funds - \$376,902

AGENDA ITEM # 5

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: October 11, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Aviation
Department of Transportation
Equipment & Building Services
Fire
Park & Recreation
Sanitation Services
Water Utilities

CMO: Elizabeth Reich, 670-7804
Jody Puckett, 670-3390
Majed Al-Ghafry, 670-3302
Jon Fortune, 670-1204
Willis Winters, 670-4071

MAPSCO: N/A

SUBJECT

Authorize a three-year service contract for repair services and associated parts for the maintenance of heavy-duty truck transmissions and differentials - Industrial Power, LLC in the amount of \$620,877 and Rush Truck Centers of Texas, LP in the amount of \$509,009, lowest responsible bidders of four - Total not to exceed \$1,129,886 - Financing: Current Funds (\$1,106,027), Water Utilities Current Funds (\$16,500), and Aviation Current Funds (\$7,359) (subject to annual appropriations)

BACKGROUND

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

This service contract will provide repair services and associated parts for the maintenance of heavy-duty truck transmissions and differentials. This citywide contract provides the City with the ability to repair a variety of approximately 5,100 heavy-duty truck transmissions, and differentials at an established rate.

BACKGROUND (continued)

This solicitation was structured in a manner which required bidders to submit a response using unit pricing. This bid resulted in a 15.02% decrease over comparable unit prices for services. Additionally, this solicitation also required bidders to submit discounts/mark ups on parts to be ordered from manufacturer's catalogs. Therefore this bid also resulted in an average percentage discount from manufacturer's catalog of 40.86% compared to an average discount of 35.71% for the bid awarded in 2015.

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 1,027 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services 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, the Office of Business Diversity's ResourceLINK Team sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council - Southwest, to ensure maximum vendor outreach.

On November 10, 2015, City Council authorized the wage floor rate of \$10.37, by Resolution No. 15-2141; the selected vendors meet this requirement.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On February 12, 2014, City Council authorized a three-year service contract for the purchase and installation of remanufactured automatic transmissions by Resolution No. 14-0287.

On February 25, 2015, City Council authorized a three-year service contract for parts and labor for the maintenance and repair of heavy-duty truck transmissions, differentials and refuse bodies by Resolution No. 15-0335.

The Government Performance & Financial Management Committee will receive this item for consideration on October 2, 2017.

FISCAL INFORMATION

Current Funds - \$1,106,027.20 (subject to annual appropriations)
Water Utilities Current Funds - \$16,500.00 (subject to annual appropriations)
Aviation Current Funds - \$7,358.40 (subject to annual appropriations)

M/WBE INFORMATION

106 - Vendors contacted
106 - No response
 0 - Response (Bid)
 0 - Response (No Bid)
 0 - Successful

The awardees have fulfilled the good faith effort requirements set forth in the Business Inclusion and Development (BID) Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended.

BID INFORMATION

The Office of Procurement Services received the following bids from solicitation number BN1708. We opened them on June 16, 2017. We recommend the City Council award this service contract to the lowest responsive and responsible bidders by group. Information related to this solicitation is available upon request.

*Denotes successful bidders

<u>Bidders</u>	<u>Address</u>	<u>Amount</u>
*Industrial Power, LLC	712 N. Beach St. Fort Worth, TX 76111	Multiple Groups
*Rush Truck Centers of Texas, LP	4200 Irving Blvd. Dallas, TX 75247	Multiple Groups
Stewart & Stevenson Power Products, LLC	1631 Chalk Hill Dallas TX 75212	Non-responsive**
Southwest International Trucks, Inc.	3722 Irving Blvd. Dallas, TX 75247	Non-responsive**

**Stewart & Stevenson Power Products, LLC and Southwest International Trucks, Inc. were deemed non-responsive due to not meeting bid specifications.

OWNERS

Industrial Power, LLC

Robert O'Neil, President
Brian O'Neil, Vice President

OWNERS (continued)

Rush Truck Centers of Texas, LP

W.M. "Rusty" Rush, President

Derrek R. Weaver, Vice President

AGENDA ITEM # 6

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: October 11, 2017

COUNCIL DISTRICT(S): 1, 3, 5, 7, 8, 10, 11, 12

DEPARTMENT: Office of Procurement Services
Park & Recreation

CMO: Elizabeth Reich, 670-7804
Willis Winters, 670-4071

MAPSCO: 5 B, 6 N, 16 A, 27 K, 44 Z, 54 B, 56 H, 59 Q, 68 L, 69 A-M, 71 A-D, 655 Z

SUBJECT

Authorize **(1)** a five-year service contract for herbicide and algaecide pond treatment - Magnolia Fisheries, Inc. in the amount of \$294,000; and **(2)** a five-year service contract for fountain repair and maintenance - Lone Star Fountains, Inc. in the amount of \$26,900, lowest responsible bidders of three - Total not to exceed \$320,900 - 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 action includes a five-year service contract for herbicide and algaecide pond treatments and a five-year service contract for fountain repair and maintenance.

This contract will allow for maintenance at 13 City ponds on an as needed basis with the use of Texas Department of Agriculture, Clean Water Act, Texas Commission on Environmental Quality, and U.S. Environmental Protection Agency approved herbicides and algaecides as required and within the conditions of all Federal and State permits for the treatment of water sites/ponds.

Additionally the service contract provides maintenance for floating fountains and will provide quarterly inspection and maintenance and repair of five floating water fountains located in the City's ponds.

BACKGROUND (continued)

The Park & Recreation Department programs the fountains to operate daily. Each fountain is in operation a minimum of nine months per year, normally March through November. Hours of operation will vary according to the season. During the peak use times, the fountains will be in operation for 6 to 10 hours per day, 7 days a week.

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 117 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services 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, the Office of Business Diversity's ResourceLINK Team sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

On November 10, 2015, City Council authorized the wage floor rate of \$10.37, by Resolution No. 15-2141; the selected vendors meet this requirement.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On September 22, 2017, the Park and Recreation Board authorized award of the service contract.

The Government Performance & Financial Management Committee will receive this item for consideration on October 2, 2017.

FISCAL INFORMATION

Current Funds - \$320,900 (subject to annual appropriations)

<u>Council District</u>	<u>Amount</u>
1	\$ 85,350
3	\$ 13,550
5	\$ 31,550
7	\$ 25,550
8	\$ 61,550
10	\$ 19,450
11	\$ 19,550
12	<u>\$ 64,350</u>
Total	\$320,900

M/WBE INFORMATION

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

The awardees have fulfilled the good faith effort requirements set forth in the Business Inclusion and Development (BID) Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended.

BID INFORMATION

The Office of Procurement Services received the following bids from solicitation number BW1708. We opened them on June 30, 2017. We recommend the City Council award these service contracts to the lowest responsive and responsible bidders by group.

*Denotes successful bidders

<u>Bidders</u>	<u>Address</u>	<u>Amount</u>
*Magnolia Fisheries, Inc.	217 North Coppell Road Coppell, TX 75019	Group 1 - \$294,000 Group 2 - No Bid
*Lone Star Fountains, Inc.	10883 Smoky Oak Trail Argyle, TX 76226	Group 1 - No Bid Group 2 - \$ 26,900
Solitude Lake Management, LLC	1320 Brookwood Drive Suite H Little Rock, AR 72202	Group 1 - \$510,000 Group 2 - \$ 54,000

OWNERS

Magnolia Fisheries, Inc.

William Wingo, President
Jane Wingo, Vice President

Lone Star Fountains, Inc.

William Wingo, President
Stan Carter, Vice President

AGENDA ITEM # 7

STRATEGIC PRIORITY:	Government Performance and Financial Management
AGENDA DATE:	October 11, 2017
COUNCIL DISTRICT(S):	All
DEPARTMENT:	Office of Procurement Services Water Utilities
CMO:	Elizabeth Reich, 670-7804 Majed Al-Ghafry, 670-3302
MAPSCO:	N/A

SUBJECT

Authorize a three-year master agreement for the purchase of ductile iron pipe for the distribution of potable water - HD Supply Waterworks, LTD in the amount of \$257,895 and Fortiline, Inc. in the amount of \$14,998, lowest responsible bidders of four - Total not to exceed \$272,893 - 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 enable Dallas Water Utilities (DWU) to purchase various sizes and class thicknesses of ductile iron pipe. The pipe will be used for the replacement and maintenance of existing pipe, as needed for the distribution of potable water throughout the City. Ductile iron is gray cast iron that has been infused to make it stronger, tougher, flexible, and corrosion resistant. Ductile iron is rugged and performs well in Texas soil against increased stresses caused by shifting soil. Ductile iron pipe is used for new installations and replacement of split or corroded pipes as needed. DWU maintains approximately 4,950 miles of potable mains throughout the water distribution system.

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 153 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone.

BACKGROUND (continued)

Additionally, in an effort to secure more bids, the Office of Business Diversity's ResourceLINK Team sent notifications 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 25, 2015, City Council authorized a two-year master agreement for ductile iron pipe for the distribution of potable water by Resolution No. 15-0339.

The Government Performance & Financial Management Committee will receive this item for consideration on October 2, 2017.

FISCAL INFORMATION

Water Utilities Current Funds - \$272,892.73

M/WBE INFORMATION

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

The awardees have fulfilled the good faith effort requirements set forth in the Business Inclusion and Development (BID) Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended.

BID INFORMATION

The Office of Procurement Services received the following bids from solicitation number BM1720. We opened them on July 14, 2017. We recommend the City Council award this master agreement 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>
*HD Supply Waterworks, LTD	4333 Irving Blvd. Dallas TX 75247	Multiple Lines

BID INFORMATION (continued)

<u>Bidders</u>	<u>Address</u>	<u>Amount</u>
*Fortiline, Inc.	11200 Seagoville Rd. Balch Springs, TX 75180	Multiple Lines
Ferguson Waterworks	7982 Highway 69 N. Tyler, TX 75706	Non-responsive**
Act Pipe & Supply, Inc.	1888 W. Northwest Hwy. Dallas, TX 75220	Non-responsive**

**Ferguson Waterworks and Act Pipe & Supply, Inc. were deemed non-responsive for not meeting specifications.

OWNERS

HD Supply Waterworks, LTD

Steve LeClair, President
Chuck Zappola, Vice President

Fortiline, Inc.

Tim Tysinger, President
Frank Seymour, President
Ben Cagle, Vice President
Jason Painter, Secretary

Memorandum



CITY OF DALLAS

DATE September 25, 2017

Honorable Members of the Government Performance & Financial Management
TO Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,
Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Office of Business Diversity Overview and Action Plan**

On Monday, October 2, 2017, Zarin Gracey, Interim Managing Director of the Office of Business Diversity, will brief the Government Performance & Financial Management Committee on the Office of Business Diversity Overview and Action Plan. I have attached the briefing for your review.

Please let me know if you need additional information.

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

M. Elizabeth Reich
Chief Financial Officer

Attachment

Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

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

Office of Business Diversity

Overview and Action Plan

Government Performance and
Financial Management
Committee Briefing

October 2, 2017

Zarin D. Gracey
Interim Managing Director



City of Dallas

Outline

- Legal Framework for M/WBE Programs
- M/WBE Program Evolution
- Challenges and Opportunities
- Interim Recommendations
- Overview of New Office of Business Diversity Action Plan
- Next Steps

Legal Framework For M/WBE Programs

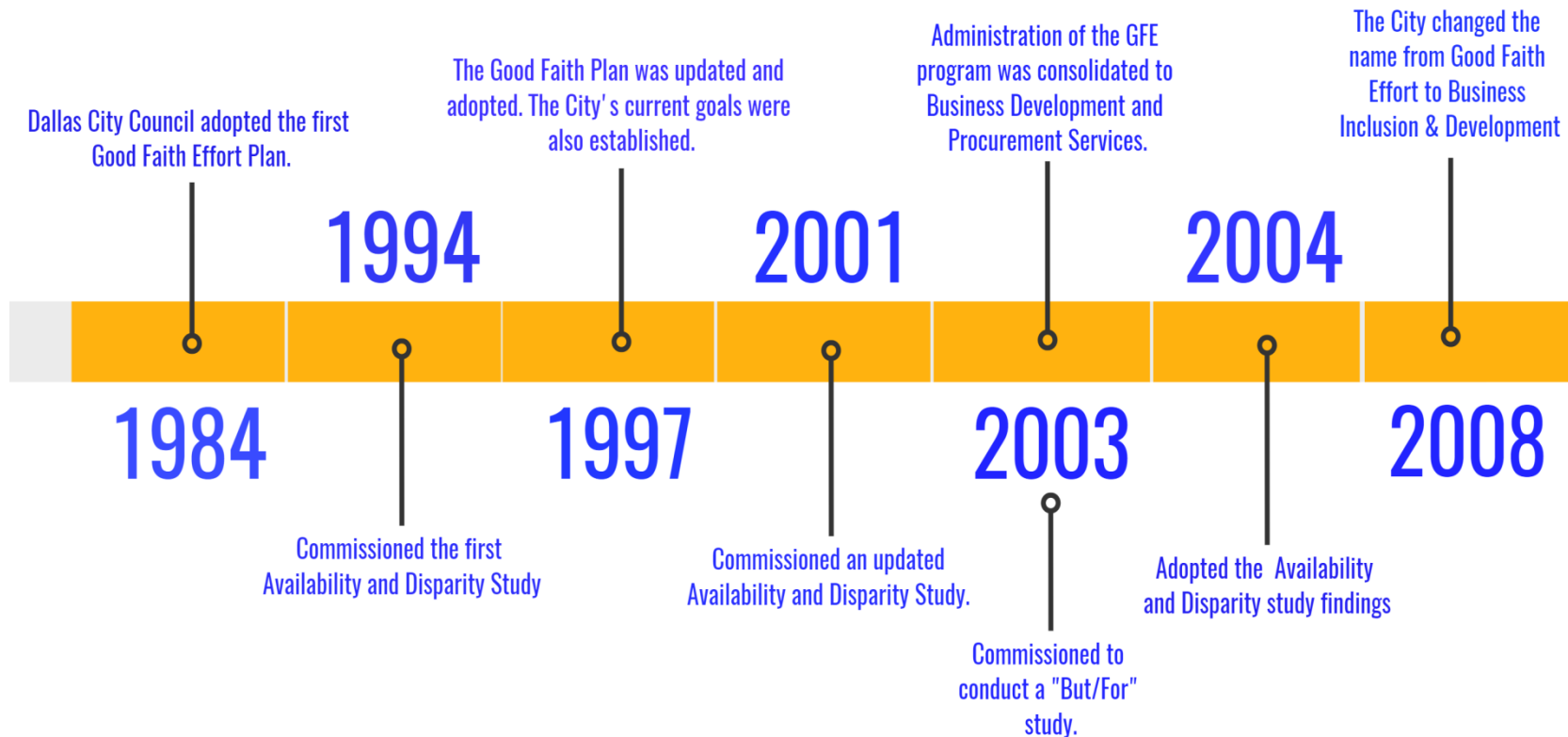
- In 1989, Supreme Court review of M/WBE programs in public contracting determined:
 - Adoption of race-conscious goal programs can only remedy identified discrimination
 - M/WBE participation goals must be narrowly-tailored to remedy past discrimination
 - Availability and disparity study is needed to justify a race-conscious based program
 - The program cannot be perpetual: a periodic review is necessary

Legal Framework For M/WBE Programs

- Continued

- Availability and Disparity Study
 - Determines if there is a need to establish M/WBE programs and goals
 - Helps to develop effective diversity programs for procuring goods and services from M/WBEs
 - Identifies the availability of ready, willing, and able vendors in specific industries
 - Identifies whether there is a disparity in the utilization of M/WBEs

Program Evolution



Challenges/Opportunities to the existing program

- Lack of an updated availability and disparity study
- Lack incentives and opportunities to move M/WBE sub contractors to prime contractors
- Opportunity to enhance the compliance system
 - Lack a system to track M/WBE attempts to respond to City solicitations
 - Lack the ability to measure M/WBE vendor success after trainings
 - Need a system to quickly analyze spend by industry classification
- Opportunity to unify efforts and resources to better serve the M/WBE

Interim Recommendations

- Set a sunset date of September 30, 2020 for the current program
- Prepare specifications to identify a firm to perform an A&D study
- Implement new A&D study
- Incorporate a commercial non-discrimination policy into the new policy
- Identify additional race-neutral program opportunities
- Update the existing Policy

New Office of Business Diversity Action Plan

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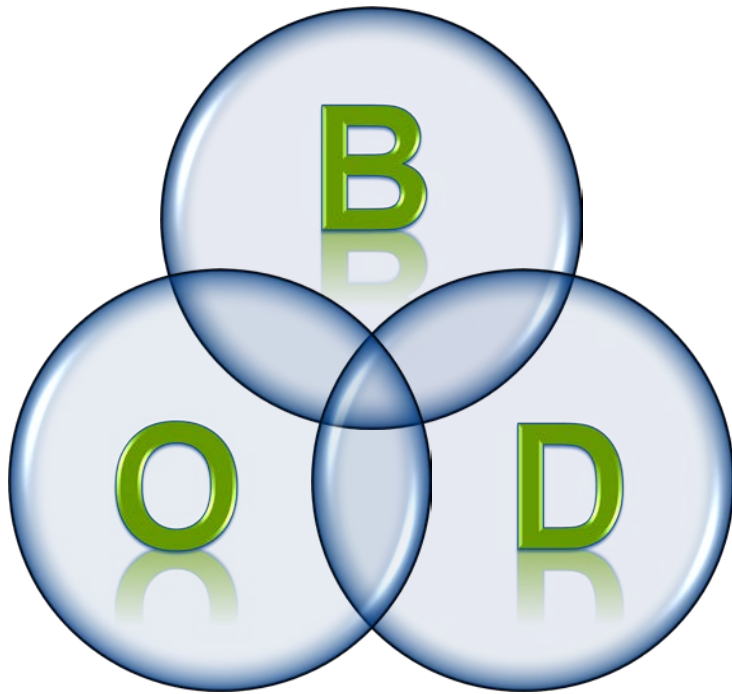


Office of Business Diversity

Mission Statement

To ensure non-discriminatory practices and eliminate barriers while resourcing businesses to the next step in their business life cycle.

New Program Objectives



OPPORTUNITY CREATION

Provide conditions for growth and development through training, communication, and resource connections.

BUILDING CAPACITY

Develop strategic partnerships through intentional, coordinated, and mission-driven efforts aimed at strengthening the management and operations of S/M/WBE businesses to improve their performance and economic impact.

DIVERSITY COMPLIANCE

Advocate for the importance of diversity and inclusion in the awarding of City contracts.

Opportunity Creation



Initiative	Status
Create opportunities for workforce development through job creation and internship programs	Complete July 2017
Create a Diversity Task Force	Complete August 2017
Enhance industry specific outreach	Complete August 2017
Leverage existing staff to become industry subject matter experts	Complete September 2017
Utilize request for competitively sealed proposals (RFCSP) for construction contracts > \$500K	FY 2018
Create opportunities for new businesses to connect with the City and existing businesses to connect with different departments	FY 2018

Business Diversity Task Force

- Purpose
 - Provide insight into trends affecting their industry
 - Evaluate existing and new OBD program initiatives
 - Review specifications to identify potential barriers to doing business with the City
- Sub-committees include:
 - 2017 Bond Program
 - Financial Inclusion

STRATEGIC PARTNERS



Building Capacity



Initiative	Status
Build relationship agreements with key educational institutions and trade organizations to train the business community.	Complete September 2017
Build business-to-business mentor protégé program	Complete September 2017
Create a relationship recognition program	FY 2018
Implement an Emerging Small Business Program	FY 2018
Facilitate business development through civic engagement and C-Suite mentorships	FY 2018
Create e-Learning training modules on how to do business with the City	FY 2018

Business-to-Business Mentor Protégé ACT Now! Development Program

- A strategic alliance between the Office of Business Diversity (OBD) and Cedar Valley College (CVC)
- Funded through a Texas Workforce Commission Grant managed by CVC
- **A**pply – Registration process for firms and their employees
- **C**ommit – Learn the business requirements of doing business with the City of Dallas and other prime contractors
- **T**rain – Coursework provided to educate owners and their employees (up to 3 employees total)
- Focused on qualifying, developing, and certifying (professionally) existing/new contractors to perform work with the City of Dallas
- A combination mentor/protégé and training
- Business partners will be prime contractors initially
 - Workforce development needs
 - Additional training needs for sub-contractors

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Diversity Compliance



Initiative	Status
Strengthen good-faith effort criteria to include outreach to the ethnic contractor associations, chambers, and ethnic newspapers	Ongoing
Conduct random project site visits	FY 2018
Revamp existing approval process to include final approval from OBD in the agenda system	FY 2018
Create a non-compliance anonymous hotline	FY 2018
Increase M/WBE evaluation points from 15 to 20	FY 2018
Enhance the M/WBE compliance system	FY 2018

Proposed Evaluation Points

Current Evaluation Criteria = 15pts	*Proposed Evaluation Criteria = 20pts
BID Affidavit Form = 2	Team Make-Up = 5
Workforce Composition = 2	Mentor Protégé = 5
Historical M/WBE Participation = 4	Formal Jobs Training Program = 5
Team Make-Up = 7	Formal Internship Program = 3
	Legal Joint Venture = 2
	<i>*Used in the Fair Park Management specifications</i>

Next Steps

- October 2 – SBA Surety Bond Program Briefing
- November 6 – OBD FY16-17 Actual M/WBE performance report
- January 2018 – OBD Update

Office of Business Diversity

Government Performance and
Financial Management
Committee Briefing

October 2, 2017

Zarin D. Gracey
Interim Managing
Director

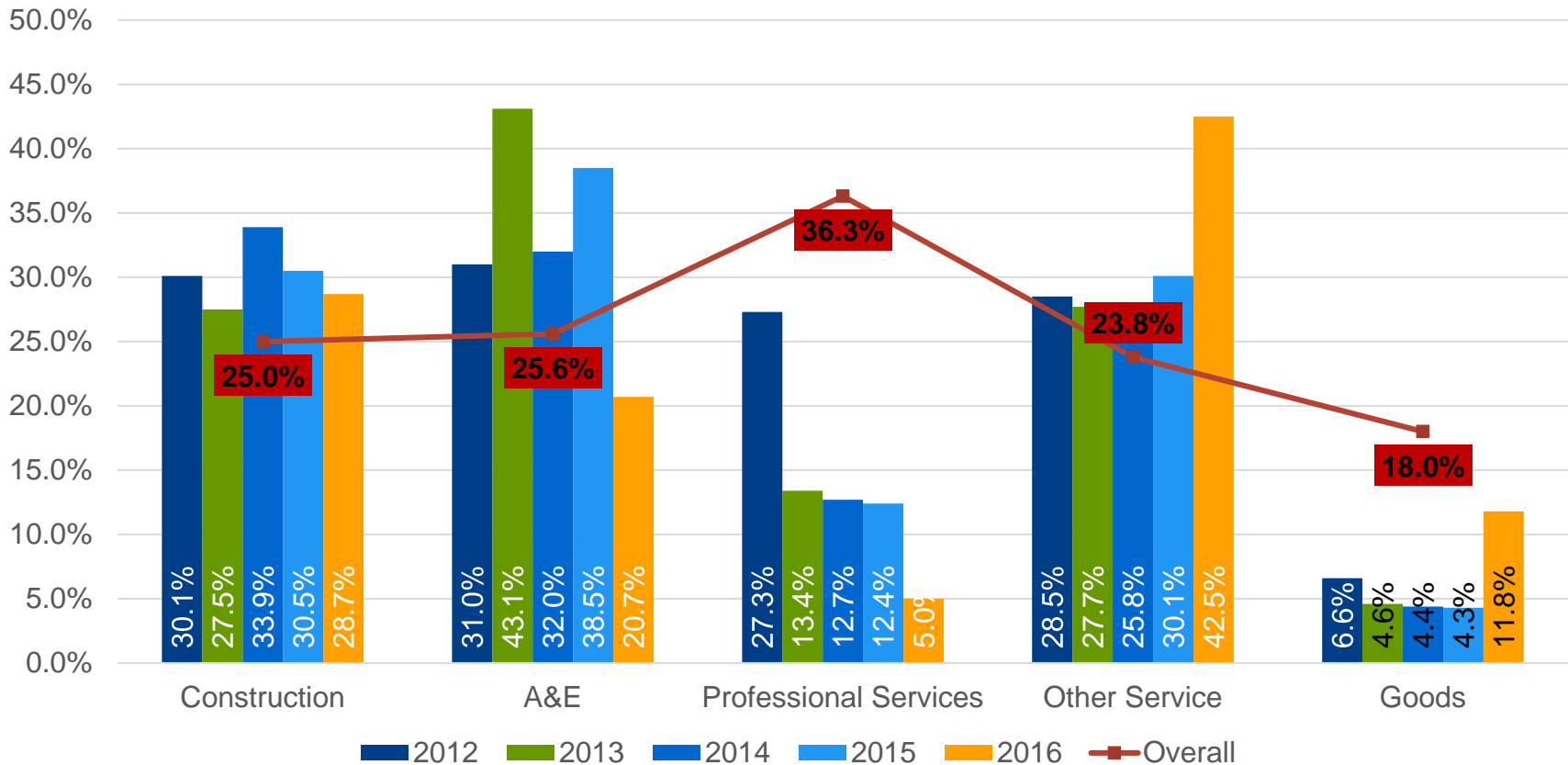


City of Dallas

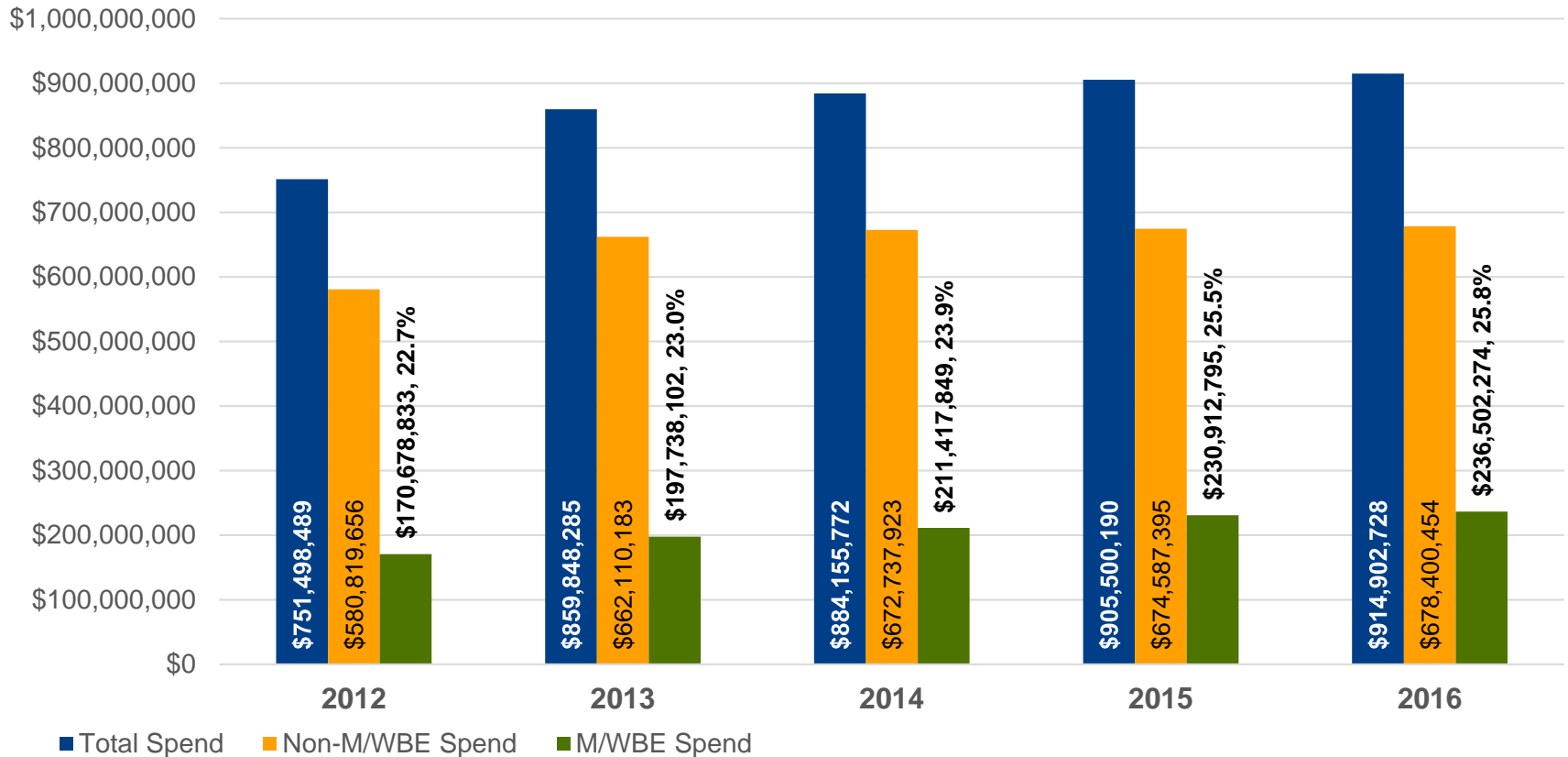
Office of Business Diversity Performance Measures

Description	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Budget	FY 2016-17 Estimate	FY 2017-18 Proposed	FY 2018-19 Planned
# of awareness events	375	344	120	125	130	175
Change in registered vendors over prior year	198	253	200	200	205	150
% spent with local businesses	52.87%	39.42%	45.00%	48.00%	50.00%	50.00%
% of agenda items reviewed within 10 days	99.00%	99.00%	98.00%	98.00%	98.00%	98.00%
% of contracts reviewed by BID compliance	100%	100%	95.00%	95.00%	95.00%	95.00%
Overall M/WBE participation	25.50%	25.80%	21.00%	23.00%	23.00%	24.00%
Increase in revenue for S/M/WBE firms doing business with the City	N/A	N/A	N/A	N/A	\$250,000	\$300,000
# of new vendors competing on City contracts	N/A	N/A	N/A	N/A	50	38

M/WBE Participation Performance by Procurement Category



Historical City of Dallas Spend



Compliance Process



Memorandum



CITY OF DALLAS

DATE September 25, 2017

Honorable Members of the Government Performance & Financial Management
Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,
TO Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Small Business Administration Surety Bond**

On Monday, October 2, 2017, the U.S. Small Business Administration Dallas/Fort Worth District Office will brief the Government Performance & Financial Management Committee on SBA Programs & Services Surety Bond Guarantee Program. I have attached the briefing for your review.

Please let me know if you need additional information.

M. Elizabeth Reich

M. Elizabeth Reich
Chief Financial Officer

Attachment

Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

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



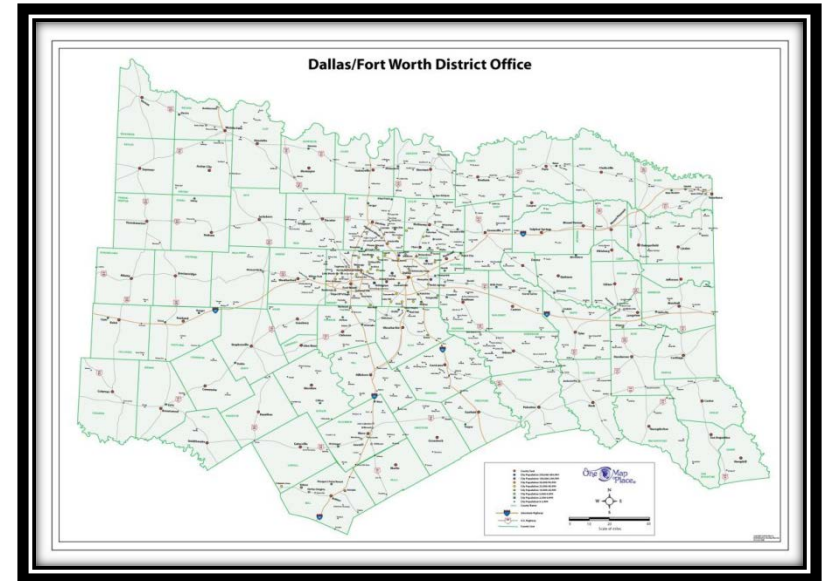
SBA Programs & Services Surety Bond Guarantee Program

U.S. Small Business Administration
Dallas/Fort Worth District Office
Ahmad Goree, Lead Economic Specialist
Derenda Fisher, Lender Relations Specialist

City of Dallas
Government Performance & Financial Management Committee
October 2, 2017

SBA DFW District Office Area

- ❑ 72 Counties
- ❑ 9,026,526 citizens
- ❑ 860,214 Small Businesses
- ❑ 149,476 Employer small businesses



SBA Programs – The “Three C’s” & D

- ▶ Capital
- ▶ Counseling
- ▶ Contracting
- ▶ Disaster



Capital-Lending in the Billions



Dallas/Fort Worth District SBA Guaranteed Loans

FY 2015 \$1.0 Billion

FY 2016 \$1.1 Billion

FY 2017 \$ 1.0 Billion (will exceed)

3rd Consecutive year

FY 2017 YTD Activity

- **Guaranty Loan Program**
 - 3rd Year in a Row – DFW \$1.0 Billion in Lending
 - Approximately 151 lenders
- **8a Business Development Program (91 Firms)**
 - 37% of Firms received Contracts YTD
 - \$192,870,000 in Govt contracts
- **Surety Bond Guarantee Program as of June 30 2017**
 - FY 2017-178 Bond Guarantees, \$188.3 million dollars Contract Values guaranteed- 40 Small business assisted.

Counseling

Resource Partners help with



- Provide mentorship, coaching and training
- Large volunteer corp.
- No charge for counseling
- Local office: 214-987-9491



- Provide consulting, technical support and training
- Professional staff
- No charge for counseling
- Local office: 214-860-5865
Dallas Metropolitan SBDC

CONTRACTING

- ▶ Federal Government spends approximately \$500 billion each year on goods and services
- ▶ 23% goal for small businesses
- ▶ SBA provides tools training and support staff to help small businesses compete and secure contracts



DISASTER ASSISTANCE

- ▶ Provides low-interest long-term loans to communities affected by disaster
- Military reservists on deployment can qualify
- Loans can be used to repair or replace real estate, personal property, equipment, inventory and business assets



SBA Surety Bond Guarantee Program

Derenda Fisher, Lender Relations Specialist

Surety Bond Presentation Objectives

- ❑ Define Surety Bond & SBA Surety Guarantee Program?
- ❑ Types of Contract Surety Bonds
 - Bid Bond
 - Performance Bond
 - Maintenance Bond
- ❑ Advantages of the SBA Surety Bond Guarantee Program
- ❑ Qualifications
- ❑ Application Process
- ❑ Fees/ Premiums/Amount of Guarantee
- ❑ Resources-SBA's List of Authorized Bonding Agencies

Surety Bond

- ▶ Surety Bond – written agreement by surety company and contractor that protects the project owner, should the contractor default.
- ▶ All Federal construction contracts greater than \$100k require a surety bond. (*State, municipal and many commercial contracts have similar requirement.*)

SBA Surety Bond Guarantee Program

- ▶ The U. S. Small Business Administration's **Surety Bond Guarantee Program** provides surety bond guarantees for small businesses on federal , state, local and commercial construction, service and supply contracts and subcontracts in direct partnership with surety companies and their agents.
- ▶ The SBA Office of Surety Guarantees administers the SBG program as a partnership between the federal government and the surety industry.

What does the Surety Bond Guarantee Program Do? (SBG)

- ▶ The Surety Bond Guarantee Program *helps small emerging contractors* who have the knowledge, skills necessary for success but lack the combination of experience and financial strength to obtain bonds through regular commercial channels.

The SBA Guaranty

- ▶ SBA guarantees *bid, payment and performance* bonds issued by surety companies and reimburses the surety a percentage of the loss if the contractor defaults.
- ▶ The government guarantee allows sureties to write bonds for contractors who do not otherwise meet their minimum standards-thus providing small and underserved contractors with increased contracting opportunities

SBA Surety Bond Program

The Surety Bond Program consists of :

1. The **Prior Approval**
2. The **Preferred Surety Bond** Programs.
 - ▶ SBA guarantees *bid, payment and performance* bonds for contracts that do not exceed \$6.5million, and up to \$10 million with a federal contracting officer's certification.
 - ▶ The SBA's guarantee encourages the surety company to issue a bond that it would not otherwise provide for a small business.

Quick Bond

- ▶ The eligible contract amount for the Quick Bond Application (**Quick Bond**) will increase to \$400,000 from \$250,000.
- ▶ The Quick Bond is a streamlined application process with reduced paperwork requirements, that is used in the Prior Approval Program for smaller contract amounts.
- ▶ SBA's review and approval requires minimal time, allowing small businesses to bid on and compete for contracting opportunities without delay.

Recent Changes to Surety Bond Program (SBG)

- ▶ SBA increased the guarantee percentage in the Preferred Surety Bond Program from no more than 70 percent to no more than 90 percent.
- ▶ The SBA's guarantee will be 90 % if the original contract amount is \$100,000 or less, or if the bond is issued to a small business that is owned and controlled by socially or economically disadvantaged individuals, veterans, or certified HUBZone and 8 (a) businesses.

Bond Underwriting :The Three C's

- **Capital:** Having enough liquidity and cash flow to complete the project, sufficient bank account balances and manageable debt are important factors in your company's profile.
- **Capacity:** Sureties assess the previous projects and past performance, and whether the project's scope of work is fully understood, and whether qualified for the specific work in the contract.
- **Character:** Sureties, their agents or brokers, will also look at the company's management, including information about specific principals, in order to further assess the application.

Contractor Profiles– We can assist

- ▶ Start-ups and firms in business less than 3 years
- ▶ Limited financial resources (*cash, working capital, net worth*)
- ▶ Recent losses
- ▶ Limited track record in size of past jobs completed
- ▶ No prior public works experience
- ▶ Small businesses who want to increase their current bond limits
- ▶ Credit issues

Common Reasons Applications are Declined

- ▶ Inadequate working capital
- ▶ Incomplete submission
- ▶ Poor record of past performance
- ▶ Contractor does not qualify as a small business
- ▶ Contract size exceeds the statutory limit
- ▶ Ineligible type of bond

SBA Bond Guarantee Fees

- Bid bonds: SBA does not charge a fee
- Payment and Performance bonds:

Contractor pays:

- SBA's guarantee fee: .729 % of the contract amount
- Agent's "bond premium fee": 1-3 % of the contract price

Surety pays SBA:

- 26 % of the "bond premium fee" received (see above)

Cost of Bonding (example)

An 8(a) contractor received an SBA guaranteed bid bond and was subsequently awarded a \$ 500,000 federal contract to install new energy efficient windows in 3 buildings, at an airbase.

- Contractor's bond costs:

\$ 9,000	1.8 %	Surety's bond premium fee
<u>3,645</u>	.729 %	SBA guarantee fee
<u>\$ 12,645</u>	Total cost	(normally built into the bid estimate)

- Surety company SBA guaranty fee:

\$ 2,340 (\$ 9,000 X 26 %)

If Contractor defaults under:

- Performance bond – surety must ensure the project is completed
- Payment bond – surety must pay all valid claims from subcontractors, laborers and/or material suppliers.
- Maintenance bond – surety will remedy any defects found during the period of coverage

Prior Approval Program

Prior Approval Program (Plan A)

- 90% guarantee:
 - All Veteran owned & Service Disabled firms
 - Minority owned businesses
 - 8(a) and Certified HubZone contractors
 - All projects not exceeding \$100,000
- 80% guarantee
 - All other businesses not identified above and where the contract exceeds \$ 100,000.
- Area office staff review & approve applications
- Bonds are issued by either the bond agent or surety

Preferred Program (Plan B)

- 70% guarantee
- “Preferred Sureties” authorized to provide SBA guaranteed bonds (without prior SBA approval) and notify SBA after bond issuance.
- Similar to the PLP program where the Preferred Lenders have the delegated authority and the application is streamlined.
- Office of Surety Guarantees - requires periodic surety audits ensuring surety compliance with Statutes & Regulations.

How to Apply

- ▶ Contractors should contact a surety company or surety bond produce who represents a surety company that participates in the SBG program.
- ▶ SBA maintains a list of the surety companies on the SBA website.

Contractor Application Process

1. Contractor goes to <http://www.sba.gov/content/bond-agencies-state>
2. Contractor selects a bond agent and requests assistance.
3. Agent evaluates the contractor's credit, character and capacity.
4. Agent applies for the bond guarantee to SBA electronically (Plan A)
5. Area office reviews & approves the bond guarantee (Plan A) within 4 days
(Under Plan B, surety notifies SBA of the bond issuance)
6. Agent provides the bond to the contractor (Plan A)

Note: the agent may provide the bond with, or without the SBA guarantee,
or decline
the account.

Bond Application Package Example

The bond agent may request these items from the contractor:

- Contractor Questionnaire
- Personal financial statement
- Company financial statement (3 years)
- Bank relationship information
- Work on Hand schedule
- Completed job references
- Resume for start-ups
- General Indemnity Agreement

SBA Forms:

- SBA Form 994 - Application for Surety Bond Guarantee Assistance
- SBA Form 912 - Statement of Personal History
- Agents required to keep original 994 & 912
- <http://www.sba.gov/content/bond-guarantee-application-forms>

How Surety Companies Join SBA

Sureties must appear on the Treasury's "List of Approved Sureties"

Surety Certification Process:

- Surety completes an SBA application
 - ✓ <http://www.sba.gov/content/list-participating-surety-companies-agents>
- Office of Surety Guarantees reviews and approves
- OSG provides on-site training on regulations, policies & on-line procedures

Agent Certification Process:

- Agents apply to the SBA through the approved surety
- Agent is approved by SBA to use the on-line application program

Summary

- ❑ There is an SBA Surety Bond Guarantee Program.
- ❑ SBA provides a surety bond guarantee
- ❑ For more information on the SBA's Surety Bond Guarantee Programs please visit SBA's Web site at www.sba.gov
 - **Local contact: DFW District Office**
 - **Derenda Fisher : (817)684-5513**
 - Derenda.fisher@sba.gov

Willie Rodriguez, 817-684-5514

wilber.rodriquez@sba.gov