

RECEIVED

**GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT**

DALLAS CITY COUNCIL COMMITTEE AGENDA

2018 NOV -2 AM 11:51

CITY SECRETARY  
DALLAS, TEXAS

MONDAY, NOVEMBER 5, 2018  
CITY HALL  
COUNCIL BRIEFING ROOM, 6ES  
1500 MARILLA STREET  
DALLAS, TEXAS 75201  
2:00 P.M. – 3:30 P.M.

**REVISED**

**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 October 15, 2018 Government Performance & Financial Management Committee meeting
2. Consideration of Upcoming Agenda Items for November 14, 2018 City Council Meeting

**BRIEFINGS**

3. Office of the City Auditor – Fiscal Year 2018 Services Summary and Fiscal Year 2019 First Quarter Update Carol A. Smith, City Auditor (Interim)
4. 2019 Compensation Study Nina Arias, Director  
*Human Resources*

**FYI**

5. September 2018 Quarterly Investment Report

**EXECUTIVE SESSION**

6. Executive Session under Section 551.072 of the Texas Open Meetings Act to deliberate the value of real property to authorize the sale by public auction and establish a reserve amount for property that will be the minimum price acceptable to the city under Dallas City Code Section 2-24.1. Ashley Eubanks, Assistant Director  
*Sustainable Development and Construction*

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:** October 15, 2018

**Convened:** 2:04 pm

**Adjourned:** 3:23 pm

### Committee Members Present:

Jennifer S. Gates, Chair  
Sandy Greyson  
Lee Kleinman

Scott Griggs, Vice Chair  
Philip T. Kingston  
Tennell Atkins

Kevin Felder

### Committee Members Absent:

### Other Council Members Present:

### Staff Present:

Elizabeth Reich  
Anne Lockyer  
Jenifer West  
Hugh Miller  
Adelia Gonzalez

Lance Sehorn  
Janette Weedon  
Barbara McAninch  
John Jenkins  
Bill Finch

Carol A. Smith  
Adelia Gonzalez  
Zarin Gracey  
Juanita Ortiz  
Jack Ireland

Kris Sweckard  
Terry Lowery  
Sarah Standifer  
Nina Arias  
Ashley Eubanks

Connie Tankersley

### Others Present:

### AGENDA:

#### Call to Order

#### 1. Consideration of the October 1, 2018 Minutes

Presenter(s): N/A

Information Only:

Action Taken/Committee Recommendation(s): Approved

A motion was made to approve the October 1, 2018 minutes. Motion passed unanimously.

Motion made by: Atkins

Motion seconded by: Kingston

#### 2. Consideration of the Upcoming Agenda Items for October 24, 2018 City Council Meeting

Presenter(s): N/A

Information Only: X

Action Taken/Committee Recommendation(s): Approved

There was extensive discussion about Agenda Item 60, regarding the assignment and extension of contracts for current Fair Park institutions. The committee suggested notifying the institutions prior to this item being considered at full council. Total IT spending for the fiscal year and the new IDIQ procurement method were also discussed.

# GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

## Meeting Record

### Briefings

3. **Dallas Police and Fire Pension Annual Report**

Presenter(s): Kelly Gottschalk, Executive Director, *Dallas Police and Fire Pension*, Brenda Barnes, CFO

Information Only: X

Action Taken/Committee Recommendation(s):

Kelly Gottschalk of the Dallas Police and Fire Pension briefed the committee on the Dallas Police and Fire Pension Annual Report. The report was late this year because two asset managers delayed reporting assets. The briefing focused on the state of the pension one year after HB 3158. Ms. Gottschalk spoke of modest improvements in the fund position but also stressed that the pension is fragile and the path to full funding is narrow and risky and heavily dependent on the City meeting its Police and Fire hiring targets.

The committee discussed the possible disposition of problem assets. Council Members also spoke of the public interest in disclosing the results of the Diamond McCarthy forensic audit once litigation is complete.

### FYI

4. **August Financial Forecast Report**

Presenter(s): N/A

Information Only: X

Action Taken/Committee Recommendation(s):

Adjourn

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Jennifer S. Gates, Chair  
Government Performance & Financial Management



Agenda Information Sheet

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**File #:** 18-1103

**Item #:** 7.

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** November 14, 2018

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** Department of Communication and Information Services

**EXECUTIVE:** Elizabeth Reich

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**SUBJECT**

Authorize an Interlocal Cooperative Agreement with the State of Texas Department of Information Resources (DIR) to allow the City to participate in the DIR Shared Services Program for managed security services - Financing: This action has no cost consideration to the City (see Fiscal Information)

**BACKGROUND**

The Interlocal Cooperative Agreement with DIR will allow the City to procure managed security services (cybersecurity services) directly from the State of Texas utilizing contract DIR-MSS-SCP-001. The City's existing Interlocal Agreement with DIR does not allow participation in the Shared Services Program.

The Shared Services Program will provide the City with another independent source to procure services for cybersecurity. Services available in the contract include cybersecurity threat monitoring, device management, incident response, and risk and compliance. All services are related to protecting the City's data from loss, theft, damage, or destruction due to cybersecurity threats.

Key benefits to the City participating in the DIR Shared Services Program include:

- Access to a comprehensive suite of security solutions and services including cybersecurity threat monitoring, device management, risk and compliance, and incident response
- Volume discounting that leverages statewide volume thresholds
- No minimum required commitments for Managed Security Services. Managed Security Services are offered on a month-to-month basis.
- Vendor oversight by DIR. DIR actively monitors service level agreements on a monthly basis to ensure services are timely.
- Security-cleared vendor personnel. Technicians servicing the contract are required to undergo a Criminal Justice Information Systems background check through the Texas Department of Public Safety

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

The Government Performance & Financial Management Committee will receive this item for consideration on November 5, 2018.

**FISCAL INFORMATION**

This action has no cost consideration to the City. This action will establish the interlocal cooperative agreement to access services. The department will seek approval by City Council resolution or administrative action, as appropriate, for any services procured through this program.

November 14, 2018

**WHEREAS**, the City desires to procure managed security services (cybersecurity services) directly from the State of Texas utilizing contract DIR-MSS-SCP-001; and

**WHEREAS**, the City's existing Interlocal Agreement with DIR does not allow participation in the Shared Services Program.

**Now, Therefore,**

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

**SECTION 1.** That the City Manager is hereby authorized to sign an Interlocal Cooperative Agreement with the State of Texas Department of Information Resources (DIR), approved as to form by the City Attorney, to allow the City to participate in the DIR Shared Services Program for managed security services.

**SECTION 2.** That this agreement is designated as Contract No. DSV-2019-00008265.

**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.



Agenda Information Sheet

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**File #:** 18-1200

**Item #:** 31.

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** November 14, 2018

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** Office of Budget

**EXECUTIVE:** Elizabeth Reich

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**SUBJECT**

An ordinance amending Ordinance No. 30991, previously approved on September 18, 2018, to authorize an appropriation adjustment for FY 2018-19; and authorize the City Manager to implement the adjustment - Financing: No cost consideration to the City

**BACKGROUND**

On September 18, 2018, City Council adopted the Operating, Grants/Trusts, and Capital Budgets for FY 2018-19, by Ordinance No. 30991.

City Charter does not allow for transfer of appropriations between departments, division, or purpose (City Charter Chapter XI, Section 4). The amendment requested reflects the transfer of appropriation from the Office of Management Services to the Department of Public Works to facilitate implementation of an Internal Service Fund for the General Obligation Bond Program.

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

On September 18, 2018, City Council adopted the FY 2018-19 City of Dallas Operating, Grants/Trusts, and Capital Budgets by Resolution No. 18-1337; Ordinance No. 30991.

The Government Performance and Financial Management Committee will be briefed regarding this item on November 5, 2018.

**FISCAL INFORMATION**

No cost consideration to the City.

ORDINANCE NO. \_\_\_\_\_

An ordinance amending Ordinance No. 30991 (2018-2019 FY Operating and Capital Budgets' Appropriations Ordinance) to make certain adjustments to fund appropriations for fiscal year 2018-2019 for the maintenance and operation of certain departments, and to authorize the city manager to implement those adjustments; providing a saving clause; and providing an effective date.

WHEREAS, on September 18, 2018, the city council passed Ordinance No. 30991, which adopted the operating and capital budgets' appropriations ordinance for fiscal year 2018-19; 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 a department, division, or purpose to any other department, division, or purpose, or an increase in appropriation, may be made by the city council upon written recommendation of the city manager; Now, therefore,

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

SECTION 1. That Section 1 of Ordinance No. 30991 is amended by adding capital funds to fund appropriations for fiscal year 2018-19 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, 2018 and ending September 30, 2019, 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:

**DEPARTMENTS AND ACTIVITIES**

**PROPOSED**  
**2018-19**

Building Services	22,729,907
City Attorney's Office	18,348,876
City Auditor's Office	3,367,314
City Manager's Office	2,787,305
City Secretary's Office	2,873,978
Civil Service	3,241,621
Code Compliance	31,635,395
City Controller's Office	6,768,899
Court and Detention Services	23,314,074
Dallas Animal Services	14,878,667
Elections	1,476,566
Fire	294,483,209
Human Resources	7,005,071
Independent Audit	917,892
Jail Contract – Lew Sterrett	8,908,016
Judiciary	3,446,356
Library	34,138,717
Mayor and Council	4,989,530
Non-Departmental	92,727,295
Office of Cultural Affairs	19,973,188
Office of Budget	3,796,050
Office of Economic Development	4,972,909
Office of Housing and Neighborhood Revitalization	4,213,724
Office of Management Services	31,520,619
Park and Recreation	98,542,371
Planning and Urban Design	3,171,871
Police	486,752,691
Procurement Services	2,443,038
Public Works	75,856,653
Sustainable Development and Construction	2,194,525
Transportation	47,219,419
Contingency Reserve	2,319,383
Salary and Benefits Reserve	2,200,000
Liability/Claims Fund	2,751,145
<b>GENERAL FUND TOTAL</b>	<b>\$1,365,966,274</b>

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**GRANT FUNDS**

**PROPOSED**  
**2018-19**

Court and Detention Services

Law Enforcement Officer Standards and Education (S104)

1,685

Management Services

Fair Housing FHAP Award 14-15 (F439)	6,162
Fair Housing FHAP Award 15-16 (F471)	22,671
<b>GRANT FUNDS TOTAL</b>	<b>\$30,518</b>

	<b><u>PROPOSED</u></b>
	<b><u>2018-19</u></b>
<b><u>TRUST AND OTHER FUNDS</u></b>	
<u>Communication and Information Services</u>	
Information Technology Equipment (0897)	1,450,000
 <u>Court and Detention Services</u>	
Employee Morale Fund (0902)	11
Technology Fund (0401)	343,587
 <u>Dallas Animal Services</u>	
Animal Control Enhancement 87D (0878)	842
Animal Services Operation Supp (0883)	137
Dallas Animal Services Online Donations (0714)	56
Dallas Animal Welfare Fund (0711)	393
 <u>Library</u>	
Edmond and Louise Kahn E. Trust (0208)	262,567
Central Library Gift and Donations (0214)	42,668
Hamon Trust (0458)	14,794
Genealogy Fund (0687)	19,550
Donations and Interest Fund (0734)	59,313
 <u>Management Services</u>	
Carryout Bag Regulation Fund (0989)	126,953
 <u>Office of Cultural Affairs</u>	
OCA Hotel Occupancy Tax (0435)	2,670,482
 <u>Office of Economic Development</u>	
Economic Development Sales Tax Rebate Program (0680)	467,562
New Market Tax Credit (0065)	114,225
Property Assessed Clean Energy Fund (0750)	4,511
South Dallas Fair Park Opportunity Fund (0351)	1,298,031
Deep Ellum Public Improvement District (9P01)	628,778
Dallas Downtown Improvement District (9P02)	7,566,520
Klyde Warren Park/ Dallas Arts District Public Improvement District (9P03)	1,273,513
Knox Street Public Improvement District (9P04)	366,712
Lake Highlands Public Improvement District (9P05)	695,989
North Lake Highlands Public Improvement District (9P06)	385,089
Oak Lawn-Hi Line Public Improvement District (9P07)	362,020

Prestonwood Public Improvement District (9P08)	427,621
South Side Public Improvement District (9P10)	260,676
University Crossing Public Improvement District (9P12)	773,814
Uptown Public Improvement District (9P13)	2,723,533
Vickery Meadow Public Improvement District (9P15)	900,464
<u>Office of Housing and Neighborhood Revitalization</u>	
Mayfair Gifts and Donation (0471)	2,518
Dallas Tomorrow Fund (0476)	530,705
<u>Park and Recreation</u>	
Craddock Park Expense Trust (0340)	6,022
Fair Park Marketing (0G43)	42,626
Fair Park Special Maintenance (0329)	108,492
Ford Found Innovative Program (0T14)	1,089
Golf Improvement Trust (0332)	1,481,189
Grauwylers Memorial E Trust (0331)	54
Junior Golf Program (0359)	5,116
Meadows-Fair Park Security 64E (0643)	130
Momentum Park Improvement (0T80)	41,752
Outdoor Programs (0469)	82,566
P & R Athletic Field Maintenance (0349)	163,825
Park and Rec Beautification (0641)	199,520
PKR Program Fund Tracking (0395)	2,197,698
Recreation Program (0341)	475,402
Southern Skates (0327)	81,009
White Rock Endowment (0354)	1,996
W.W. Samuell Park Trust (0330)	647,205
<u>Planning and Urban Design</u>	
Neighborhood Vitality Project Fund (0297)	70,770
<u>Police</u>	
Confiscated Monies - Federal (0436)	245,896
Confiscated Monies - State (0411)	3,343,712
Law Enforcement Officer Standard Education (0S1N)	516,536
Police Gifts and Donations (0321)	1,544
<u>Procurement Services</u>	
DABD 2003 South Fair Fund (0245)	4,668
<b>TRUST AND OTHER FUNDS TOTAL</b>	<b>\$33,492,451</b>
<b>GRANT, TRUST AND OTHER FUNDS GRAND TOTAL</b>	<b>\$33,522,969</b>

<b><u>ENTERPRISE/INTERNAL SERVICE/OTHER FUNDS</u></b>	<b><u>PROPOSED</u></b> <b><u>2018-19</u></b>
Aviation	
Airport Operations	143,726,945
Transportation Regulation	405,874
Communication and Information Services	
Information Technology	77,011,403
Radio Services	8,651,413
Convention and Event Services	108,647,915
Employee Benefits	
Benefits Administration	1,049,538
Wellness Program	358,858
Equipment and Fleet Management	54,912,850
Express Business Center	2,137,496
Management Services	
Office of the Bond Program	<u>10,079,445</u> [ <del>17,246,785</del> ]
<u>Public Works</u>	<u>7,167,340</u>
Risk Management	4,579,552
Sanitation Services	112,653,465
Storm Water Drainage Management	58,436,837
Sustainable Development and Construction	34,571,119
Water Utilities	665,491,395
WRR - Municipal Radio	2,076,728
911 System Operations	15,176,553
<b>ENTERPRISE/INTERNAL SERVICE/OTHER FUNDS TOTAL</b>	<b>\$1,307,134,726''</b>

SECTION 2. 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 3. 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 4. That Ordinance No. 30991 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 J. CASO, Interim City Attorney

By \_\_\_\_\_  
Assistant City Attorney

Passed \_\_\_\_\_



Agenda Information Sheet

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**File #:** 18-1083

**Item #:** 32.

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** November 14, 2018

**COUNCIL DISTRICT(S):** 6, 8

**DEPARTMENT:** Office of Procurement Services

**EXECUTIVE:** Elizabeth Reich

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**SUBJECT**

Authorize **(1)** a construction services contract for the removal of existing scales, re-construction of scale beds, and purchase and installation of three heavy duty truck scales for the Department of Sanitation Services - Nicol Scales L.P. dba Nicol Scales & Measurement, lowest responsible bidder of two; and **(2)** an increase in appropriations in the amount of \$335,722.00 in the Sanitation Capital Improvement Funds - Not to exceed \$335,722.00 - Financing: Sanitation Capital Improvement Funds

**BACKGROUND**

This construction services contract will allow for the removal of existing scales, the re-construction of scale beds, and the purchase and installation of three heavy duty truck scales at the Bachman Transfer Station and McCommas Bluff Landfill.

One of the truck scale weigh systems will replace a scale located at Bachman Transfer Station. This scale is over 30 years old, can no longer be overhauled, and has exceeded its useful expected life. The Department of Sanitation Services (SAN) uses truck scales at each of its transfer facilities to weigh outbound transfer trucks/trailers to ensure loading up to but not exceeding the maximum legal weight. Weighing outbound trucks achieves the following aspects of the transportation process: 1) fuel management and transportation costs are maximized by loading the maximum legal weight; and 2) trucks do not exceed the maximum legal weight to ensure safety and limit stress on the truck.

Two of the truck scale weigh systems will replace scales located at the main scale house at McCommas Bluff Landfill. These scales are almost 20 years old and have met their expected life both in years and total weighs. These scales are used to capture weights for commercial, City of Dallas, and residential customers. Weights captured are used to calculate the tons of trash processed and fees owed for disposal as well as provide SAN with the total tons processed which are reported quarterly to Texas Commission on Environmental Quality. These scales are critical to ensuring accurate accounting of weights and fees related to landfill operations and services.

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 3,104 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 sent notifications to 25 chambers of commerce and advocacy groups to ensure maximum vendor outreach.

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

The Government Performance & Financial Management Committee will receive this item for consideration on November 5, 2018.

**FISCAL INFORMATION**

Sanitation Capital Improvement Funds - \$335,722.00

<b><u>Council District</u></b>	<b><u>Amount</u></b>
6	\$120,832.00
8	<u>\$214,890.00</u>
Total	\$335,722.00

**M/WBE INFORMATION**

In accordance with the City’s Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

<b>Contract Amount</b>	<b>Category</b>	<b>M/WBE Goal</b>	<b>M/WBE %</b>	<b>M/WBE \$</b>
\$335,722.00	Other Services	23.80%	1.68%	\$5,650.00
<ul style="list-style-type: none"> <li>• This contract does not meet the M/WBE goal, but complies with good faith efforts.</li> </ul>				

**PROCUREMENT INFORMATION**

Method of Evaluation for Award Type:

Low Bid	<ul style="list-style-type: none"> <li>• Recommended vendor is based on the lowest competitive quoted price, who is also technically and financially capable of performing and completing the contract, and otherwise meets all material specification requirements</li> <li>• Negotiations are not allowed</li> </ul>
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The Office of Procurement Services received the following bids from solicitation number BN1819. We opened them on August 10, 2018. We recommend the City Council award this construction

services contract to the lowest responsive and responsible bidder by group.

\*Denotes successful bidder

<b><u>Bidders</u></b>	<b><u>Address</u></b>	<b><u>Amount</u></b>
*Nicol Scales L.P. dba Nicol Scales & Measurement	7239 Envoy Court Dallas, TX 75247	Group 1 - \$214,890.00 Group 2 - \$120,832.00
Metler Toledo	1900 Polaris Parkway Columbus, OH 43240	Group 1 - \$400,000.00 Group 2 - Non Responsive**

\*\*Metler Toledo was deemed non-responsive due to not meeting specifications.

### **OWNER**

#### **Nicol Scales L.P. dba Nicol Scales & Measurement**

Theodore Brian Tobolka, President

November 14, 2018

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

**SECTION 1.** That the City Manager is hereby authorized to sign a construction services contract with Nicol Scales L.P. dba Nicol Scales & Measurement (005816), approved as to form by the City Attorney, for the removal of existing scales, re-construction of scale beds, and purchase and installation of three heavy duty truck scales for the Department of Sanitation Services, in an amount not to exceed \$335,722.00. If the service was bid or proposed on an as needed, unit price basis for performance of specified tasks, payment to Nicol Scales L.P. dba Nicol Scales & Measurement shall be based only on the amount of the services directed to be performed by the City and properly performed by Nicol Scales L.P. dba Nicol Scales & Measurement under the contract.

**SECTION 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$335,722.00 to Nicol Scales L.P. dba Nicol Scales & Measurement from Master Agreement Service Contract No. SAN-2018-00007986.

**SECTION 3.** That the City Manager is hereby authorized to increase appropriations in an amount not to exceed \$335,722.00 in the Sanitation Capital Improvement Fund, Fund 0593, Department SAN, Unit W329, Object 4720.

**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.



Agenda Information Sheet

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**File #:** 18-1077

**Item #:** 33.

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**STRATEGIC PRIORITY:** Public Safety  
**AGENDA DATE:** November 14, 2018  
**COUNCIL DISTRICT(S):** All  
**DEPARTMENT:** Office of Procurement Services  
**EXECUTIVE:** Elizabeth Reich

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**SUBJECT**

Authorize a three-year service price agreement for non-emergency wrecker services - Recovery Systems, Inc. dba Pro-Tow Wrecker Services in the amount of \$936,158.50 and 24 Hour Wrecker Service in the amount of \$360,964.00, most advantageous proposers of three - Total not to exceed \$1,297,122.50 - Financing: General Fund (\$98,278.00), Equipment and Fleet Management Fund (\$1,025,323.50), Sanitation Operation Fund (\$154,832.00), and Dallas Water Utilities Fund (\$18,689.00)

**BACKGROUND**

This action does not encumber funds; the purpose of a service price agreement is to establish firm pricing for services, for a specific term, which are ordered on an as needed basis. We anticipate the following City departments will use this agreement:

- Equipment and Fleet Management Department
- Department of Code Compliance
- Water Utilities Department
- Park & Recreation Department
- Department of Sanitation Services

This service price agreement will provide non-emergency wrecker service for towing City vehicles as follows:

- Transporting mechanically disabled city owned vehicles to and from service centers for repairs
- Removing and transporting approximately 700 seized junk vehicles from any location within the City to the City's auto pound site for the Department of Code Compliance

The City maintains a fleet of approximately 5,500 vehicles.

An eight member committee from the following departments reviewed and evaluated the qualifications:

- Police Department (2)
- Building Services Department (2)
- Fire-Rescue Department (1)
- Department of Aviation (1)
- Office of Procurement Services (1)\*
- Office of Business Diversity (1)\*

\*The Office of Procurement Services only evaluated cost and the Office of Business Diversity only evaluated the Business Inclusion and Development Plan.

The committee selected the successful respondent on the basis of demonstrated competence and qualifications under the following criteria:

- Cost 35 points
- Experience and qualifications 30 points
- Approach and methodology 20 points
- Business Inclusion and Development Plan 15 points

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 2,322 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 sent notifications to 25 chambers of commerce and advocacy groups to ensure maximum vendor outreach.

In this solicitation, the Office of Procurement Services required bidders to submit a response using unit pricing. This bid resulted in a 44 percent increase over comparable prices for the bids awarded in 2013.

On November 10, 2015, City Council authorized the wage floor of \$10.94, by Resolution No. 15-2141; the selected vendors meet this requirement.

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

On December 11, 2013, City Council authorized a three-year service contract for non-emergency wrecker service with Recovery Systems, Inc. dba Pro-Tow Wrecker Service by Resolution No. 13-2047.

The Government Performance & Financial Management Committee will receive this item for consideration on November 5, 2018.

**FISCAL INFORMATION**

General Fund - \$98,278.00  
 Equipment and Fleet Management Fund - \$1,025,323.50  
 Sanitation Operation Fund - \$154,832.00  
 Dallas Water Utilities Fund - \$18,689.00

Fund	FY 2018-19	FY2019-20	FY 2020-21
General Fund	\$13,564.00	\$42,357.00	\$42,357.00
Equipment and Fleet Management Fund	\$341,774.50	\$341,774.50	\$341,774.50
Sanitation Operation Fund	\$51,610.67	\$51,610.67	\$51,610.66
Dallas Water Utilities Fund	\$6,229.67	\$6,229.67	\$6,229.66
Total	\$413,178.84	\$441,971.84	\$441,971.82

**M/WBE INFORMATION**

In accordance with the City’s Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Category	M/WBE Goal	M/WBE %	M/WBE \$
\$1,297,122.50	Other Services	23.80%	0.00%	\$0.00
• M/WBE goal waived due to no M/WBE availability				

**PROCUREMENT INFORMATION**

Method of Evaluation for Award Type:

Request for Competitive Sealed Proposal	<ul style="list-style-type: none"> <li>• Utilized for high technology procurements, insurance procurements, and other goods and services</li> <li>• Recommended offeror whose proposal is most advantageous to the City, considering the relative importance of price, and other evaluation factors stated in the specifications</li> <li>• Always involves a team evaluation</li> <li>• Allows for negotiation on contract terms, including price</li> </ul>
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The Office of Procurement Services received the following proposals from solicitation number BNZ1811. We opened them on May 31, 2018. We recommend the City Council award this service contract in its entirety to the most advantageous proposers.

\*Denotes successful proposers

<u>Proposers</u>	<u>Address</u>	<u>Score</u>	<u>Amount</u>
*Recovery Systems, Inc. dba Pro-Tow Wrecker Services	1006 E. Main St. Lewisville, TX 75067	Group 1 - 68.25	\$412,593.00
		Group 2 - 73.00	\$255,719.00
		Group 3 - 72.67	\$680,439.50
*24 Hour Wrecker Service	616 N. Jefferson St. Lancaster, TX 75146	Group 1 - 79.83	\$360,964.00
		Group 2 - No bid	No bid
		Group 3 - No bid	No bid
URT Texas, Inc.	11239 Goodnight Ln. Dallas, TX 75229	Group 1 - 72.63	\$382,706.00
		Group 2 - 66.38	\$373,453.00
		Group 3 - 71.90	\$872,538.25

**OWNERS****Recovery Systems, Inc. dba Pro-Tow Wrecker Services**

George Green, President

**24 Hour Wrecker Service**

Marie Boone, President  
 Sheila Hupp, Vice President  
 Chris Tibbs, Secretary

November 14, 2018

**WHEREAS**, on December 11, 2013, City Council authorized a three-year service contract for non-emergency wrecker service with Recovery Systems, Inc. dba Pro-Tow Wrecker Service, in an amount not to exceed \$1,698,628.00, by Resolution No. 13-2047.

**Now, Therefore,**

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

**SECTION 1.** That the City Manager is hereby authorized to sign a service price agreement with Recovery Systems, Inc. dba Pro-Tow Wrecker Services (359345) in the amount of \$936,158.50 and 24 Hour Wrecker Service (VC19308) in the amount of \$360,964.00, for non-emergency wrecker services for a term of three years, in a total amount not to exceed \$1,297,122.50. If the service was bid or proposed on an as needed, unit price basis for performance of specified tasks, payment to Recovery Systems, Inc. dba Pro-Tow Wrecker Services and 24 Hour Wrecker Service shall be based only on the amount of the services directed to be performed by the City and properly performed by Recovery Systems, Inc. dba Pro-Tow Wrecker Services and 24 Hour Wrecker Service under the contract.

**SECTION 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$1,297,122.50 to Recovery Systems, Inc. dba Pro-Tow Wrecker Services and 24 Hour Wrecker Service from Service Price Agreement No POM-2019-00008190.

**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.



Agenda Information Sheet

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**File #:** 18-1010

**Item #:** 34.

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** November 14, 2018

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Office of Procurement Services

**EXECUTIVE:** Elizabeth Reich

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**SUBJECT**

Authorize a five-year service contract for maintenance and support of the food establishment inspection and permitting software for the Department of Code Compliance - Accela, Inc., sole source - Not to exceed \$229,547.21 - Financing: General Fund (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 service contract will provide for continuous maintenance and support of the food establishment inspection and permitting software, utilized by the Department of Code Compliance (CCS). The software allows CCS' Consumer Health Division to conduct food and environmental inspections, permitting of facilities that provide food services, and the ability to accept online applications and process online payments. This software allows CCS to perform various operational functions and reporting capabilities. Additionally, functionality provided by the system includes, but is not limited to:

- Allows the Consumer Health staff to manage the data from over 14,000 food establishment facility inspections, 500 mobile vendor inspections, and 1000's of temporary events annually
- Provides transparency to the public by providing information such as restaurant inspection results

Maintenance and support includes technical support, system patches, fixes, and upgrades to the system.

On November 10, 2015, City Council authorized the wage floor rate of \$10.94, by Resolution No. 15-2141; the selected vendor meets this requirement

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

On December 12, 2012, City Council authorized a service contract for software upgrade of the food establishment permitting system for Code Compliance Services Department; and a five-year service and maintenance agreement with Decade Software Company, LLC by Resolution No. 12-2969.

The Government Performance & Financial Management Committee will receive this item for consideration on November 5, 2018.

**FISCAL INFORMATION**

General Fund - \$229,547.21 (subject to annual appropriations)

FY 18 - 19 \$41,542.26

FY 19 - 20 \$43,619.37 (subject to appropriations)

FY 20 - 21 \$45,800.34 (subject to appropriations)

FY 21 - 22 \$48,090.36 (subject to appropriations)

FY 22 - 23 \$50,494.88 (subject to appropriations)

**M/WBE INFORMATION**

In accordance with the City’s Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

<b>Contract Amount</b>	<b>Category</b>	<b>M/WBE Goal</b>	<b>M/WBE %</b>	<b>M/WBE \$</b>
\$229,547.21	Other Services	N/A	N/A	N/A
<ul style="list-style-type: none"> <li>• M/WBE Goal Waived</li> </ul>				
Accela, Inc. will provide maintenance and support of food establishment inspection and permitting software and is the sole source provider. No sub-contracting opportunities are available.				

**PROCUREMENT INFORMATION**

Method of Evaluation for Award Type:

Sole Source	<ul style="list-style-type: none"> <li>• Utilized for procurements where functional requirements can only be satisfied by one vendor, such as those where patents, copyrights or monopolies exists</li> <li>• Exempted from competitive bidding process</li> <li>• Reviewed by Procurement Services to ensure the procurement meets at least one general exception as stated in the Texas Local Government Code</li> </ul>
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<u>Bidder</u>	<u>Address</u>	<u>Amount</u>
Accela, Inc.	2633 Camino Ramon #500 San Ramon, CA 94583	\$229,547.21

**Note:** The Office of Procurement Services conducted a sole source review and found no exceptions.

**OWNER**

**Accela, Inc.**

Mark Jung, Chief Executive Officer  
Dustin Whisenhunt, Vice President

November 14, 2018

**WHEREAS**, on December 12, 2012, City Council authorized a service contract for software upgrade of the food establishment permitting system for Code Compliance Services Department in the amount of \$15,790.00; and a five-year service and maintenance agreement in the amount of \$92,682.00 with Decade Software Company, LLC, in a total amount not to exceed \$108,472.00, by Resolution No. 12-2969; and

**WHEREAS**, on October 2, 2015, Administrative Action No. 15-7172 authorized a professional service contract with Accela, Inc. for a three day on-site training and system configuration for EnvisionConnect software, in an amount not to exceed \$9,631.50, from \$108,471.96 to \$118,103.46; and

**WHEREAS**, on December 7, 2015, Administrative Action No. 15-7280 authorized the name change from Decade Software Company, LLC to Accela, Inc. for EnvisionConnect software maintenance; and

**WHEREAS**, on October 7, 2016, Administrative Action No. 16-6772 authorized Supplemental Agreement No. 1 to amend the contract to execute the Statement of Work for custom scripts for City of Dallas with Accela, Inc. in an amount not to exceed \$12,950.00, from \$118,103.46 to \$131,053.46; and

**WHEREAS**, on November 9, 2017, Administrative Action No. 17-7081 authorized the renewal of annual licensing, software maintenance and support for Envision and FIS software used by Code Compliance Services Consumer Health Division to record restaurant inspection and permitting data, with Accela, Inc. and to extend the contract term through July 21, 2018, in an amount not to exceed \$39,564.06, from \$131,053.46 to \$170,616.52.

**Now, Therefore,**

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

**SECTION 1.** That the City Manager is hereby authorized to sign a new service contract or a supplemental agreement to the existing contract, which ever provides more favorable terms for the City, with Accela, Inc. (VS87927), approved as to form by the City Attorney, for maintenance and support of the food establishment permitting software for a term of five years, for an amount not to exceed \$229,547.21. If the service was bid or proposed on an as needed, unit price basis for performance of specified tasks, payment to Accela, Inc. shall be based only on the amount of the services directed to be performed by the City and properly performed by Accela, Inc. under the contract.

**SECTION 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$229,547.21 (subject to annual appropriations) to Accela, Inc. from Master Agreement Service Contract No. DSV-2018-00006999.

November 14, 2018

**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.



Agenda Information Sheet

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**File #:** 18-979

**Item #:** 35.

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** November 14, 2018

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Office of Procurement Services

**EXECUTIVE:** Elizabeth Reich

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**SUBJECT**

Authorize **(1)** a five-year service price agreement, with two one-year renewal options, for citywide lease of multi-functional devices and desktop printers, maintenance, and managed services with Canon USA, Inc. through the Department of Information Resources cooperative agreement, most advantageous proposer of five in an amount not to exceed \$9,049,626.00; **(2)** the acceptance of funds from Canon USA, Inc. to pay early termination fees associated with the existing agreement with Xerox Corporation in an amount not to exceed \$196,482.11; and **(3)** Supplemental Agreement No. 5 to extend the service contract with Xerox Corporation, for the transition of multi-functional devices and desktop printers, maintenance, and managed services, for a six-month period from December 1, 2018 through May 31, 2019, in an amount not to exceed \$1,645,158.00, from \$13,706,046.11 to \$15,351,204.11 - Total not to exceed \$10,694,784.00 - Financing: Various Funds (see Fiscal Information section for further detail)

**BACKGROUND**

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

The purpose of this service price agreement is to provide multi-functional devices (MFD's) and desktop printers citywide, maintenance, support, and managed services. MFD's perform multiple document handling tasks such as print, fax, copy, scan, and e-mail on one single device. This new agreement also includes desktop printers and management software solutions.

The MFD's range in size, capacity, and output and are strategically deployed based on the number of users and print volume in a given work area. This agreement will replace all existing devices and includes coterminous lease terms that have the same fixed monthly fee rate and a 5-year contract term regardless on when a device is installed. To facilitate the coterminous lease the recommended vendor will be making a payment to the City that will allow for the payment of early termination fees associated with the end of the current contract for MFD's. Also included in the new agreement are:

- On-site training
- Onsite certified technicians who will provide maintenance and support of all MFD's and desktop printers leased through this agreement
- Toner, staples, and other supply consumables

This agreement will realize significant benefits through device management software solutions that will support:

- Optimizing printing infrastructure by enforcing print policy and applying rules for print jobs
- Auditing devices and retrieving data security settings to verify compliance and ensure the security of documents
- Automated security firmware updates
- Monitoring devices to maximize uptime by alerting support personnel of impending failure such as low toner, drum, or fuser replacements, etc.
- Remote problem resolution
- The ability to print from mobile devices to any MFD on the City's network
- Authenticating and releasing print jobs via City's employee ID
- Web-to-print that allows users to submit their print jobs to the City's copy center, preview, proof, and monitor their orders online
- Web portal that provides users a single point of access for their copier needs such as placing service calls, ordering supplies, viewing service request, self-help training videos, operating guides, FAQ, surveys, etc.

Overall, the managed print services and software solutions that include the latest technology advancements will maximize the effectiveness of MFD's and desktop printers deployed while encouraging and supporting the reduction of print volume that results in lowering cost.

The proposed contract includes a cost savings of approximately 56 percent over the current contract for MFDs awarded in 2011.

A seven member evaluation committee from the following departments reviewed and evaluated the qualifications:

- Police Department (1)
- City Attorney's Office (1)
- Department of Communication & Information Services (1)
- Department of Code Compliance (1)
- Express Business Center, a division of the Office of Procurement Services (1)
- Office of Procurement Services (1)\*
- Office of Business Diversity (1)\*

\*The Office of Procurement Services only evaluated cost and the Office of Business Diversity only evaluated the Business Inclusion and Development Plan.

The committee selected the successful respondent on the basis of the demonstrated competence and qualifications under the following criteria:

- Cost 30 Points
- Approach 25 Points
- Technical 25 Points
- Experience and capability 10 Points
- Functionality 10 Points

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

On June 22, 2011, City Council authorized a five-year service agreement for citywide lease and maintenance of multifunction (print, copy, fax, scan and email) devices with Xerox Corporation by Resolution No. 11-1801.

The Government Performance & Financial Management Committee will receive this item for consideration on November 5, 2018.

**FISCAL INFORMATION**

Funding allocation will be determined based on an assessment of departments' needs. See attachment A for historic billing from current contract.

Various Funds - \$10,694,784.00

- FY 2018-19 \$3,455,083.20
- FY 2019-20 \$1,809,925.20
- FY 2020-21 \$1,809,925.20
- FY 2021-22 \$1,809,925.20
- FY 2022-23 \$1,809,925.20

**M/WBE INFORMATION**

In accordance with the City's Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Category	M/WBE Goal	M/WBE %	M/WBE \$
\$10,694,784.00	CO-OP	N/A	N/A	N/A
<ul style="list-style-type: none"> <li>• The Business Inclusion and Development Plan does not apply to Cooperative Purchasing Agreements (CO-OPs).</li> </ul>				

**PROCUREMENT INFORMATION**

Method of Evaluation for Award Type:

Cooperative Purchasing	<ul style="list-style-type: none"> <li>• Cooperative Purchasing Agreements enable the City to associate with State agencies, other local governments, or local cooperative organizations comprised of other state and local governments, to leverage market buying power and enable the City to purchase goods or services at lower prices</li> <li>• Cooperative Purchasing is an alternative method of meeting the requirements for competitive bidding or competitive sealed proposals, not an exception from that requirement</li> </ul>
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\*Denotes successful proposer

<u>Proposers</u>	<u>Address</u>	<u>Score</u>	<u>Amount</u>
*Canon USA, Inc.	One Canon Park Melville, NY 11747	80.9	\$ 9,049,626.00
Konica Minolta Business Solutions U.S.A., Inc.	100 Williams Dr. Ramsey, NY 07446	77.1	\$11,361,747.13
NovaCopy, Inc.	4251 W. John Carpenter Frwy. Irving, TX 75063	69.6	\$ 9,765,009.97
Xerox Corporation	45 Glover Ave. Norwalk, CT 06856	72.8	\$11,800,500.84
Ricoh USA, Inc.	70 Valley Stream Pkwy. Malvern, PA 19355	73.0	\$13,411,926.00

**OWNER**

**Canon USA, Inc.**

Peter Kowalczyk, President  
Arthur McGinn, Vice President

November 14, 2018

**WHEREAS**, on June 22, 2011, City Council authorized a five-year service agreement for lease and maintenance of multifunction (print, copy, fax, scan and email) devices with Xerox Corporation, in an amount not to exceed \$13,656,046.11, by Resolution No.11-1801; and

**WHEREAS**, on October 19, 2016, Administrative Action No. 16-6731 authorized to increase and extend the service agreement for lease and maintenance of multifunction devices with Xerox Corporation for three months from October 1, 2016 through December 31, 2016, in an amount not to exceed \$50,000.00, from \$13,656,046.11 to \$13,706,046.11; and

**WHEREAS**, on December 27, 2016, Administrative Action No. 16-7029 authorized the extension of the service agreement for lease and maintenance of multifunction devices with Xerox Corporation for nine months from January 1, 2017 through September 30, 2017; and

**WHEREAS**, on October 5, 2017, Administrative Action No. 17-6594 authorized the extension of the service agreement for lease and maintenance of multifunction devices with Xerox Corporation for twelve months from September 30, 2017 through September 29, 2018; and

**WHEREAS**, on September 25, 2018, Administrative Action No. 18-6613 authorized Supplemental Agreement No. 4 to extend the service contract for the lease and maintenance of multifunction devices with Xerox Corporation for two months from September 30, 2018 through November 30, 2018.

**Now, Therefore,**

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

November 14, 2018

**SECTION 1.** That the City Manager is hereby authorized to sign **(1)** a five-year service price agreement, with two one-year renewal options, with Canon USA, Inc. (156484) through the Department of Information Resources cooperative agreement, for the citywide lease of multi-functional devices and desktop printers, maintenance, and managed services in an amount not to exceed \$9,049,626.00; **(2)** the acceptance of funds from Canon USA, Inc. to pay early termination fees associated with the existing agreement with Xerox Corporation in an amount not to exceed \$196,482.11; and **(3)** Supplemental Agreement No. 5 to extend the service contract with Xerox Corporation (044875) for the transition of multi-functional devices and desktop printers, maintenance, and managed services for a six month period from December 1, 2018 through May 31, 2019, in an amount not to exceed \$1,645,158.00, from \$13,706,046.11 to \$15,351,204.11, for a total amount not to exceed \$10,694,784.00, approved 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 Canon USA, Inc. and Xerox Corporation shall be based only on the amount of the services directed to be performed by the City and properly performed by Canon USA, Inc. and Xerox Corporation under the contract.

**SECTION 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$9,049,626.00 (subject to annual appropriations) to Canon USA, Inc. from Service Agreement Contract No. POM-2018-00007941 and to disburse an additional \$1,645,158.00 to Xerox Corporation from Contract for Collectively Managed and Consultative Services, Contract No. POM-2016-00001170.

**SECTION 3.** That the Chief Financial Officer is hereby authorized to deposit the sum paid in the amount of \$196,482.11 by Canon USA, Inc. in the Express Business Center Fund, Fund 0199, Department POM, Revenue Code 8428.

**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.

# Memorandum



CITY OF DALLAS

**DATE:** October 31, 2018

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

**SUBJECT:** Office of the City Auditor – Fiscal Year 2018 Services Summary Report and Fiscal Year 2019 First Quarter Update

Carol A. Smith, Interim City Auditor, will provide a briefing to the members of the Government Performance and Financial Management Committee on Monday, November 5, 2018 regarding:

- Office of the City Auditor – Fiscal Year 2018 Services Summary Report and Fiscal Year 2019 First Quarter Update

Respectfully,

A handwritten signature in cursive script that reads "Carol A. Smith".

Carol A. Smith  
Interim City Auditor

**C:** Honorable Mayor and Members of the City Council  
T.C. Broadnax, City Manager  
Christopher Caso, Interim City Attorney  
Billerae Johnson, City Secretary  
Daniel F. Solis, Administrative Judge  
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager

Nadia Chandler Hardy, Assistant City Manager & Chief Resilience Officer  
Jon Fortune, Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
Joey Zapata, Assistant City Manager  
Directors and Assistant Directors

# **Office of the City Auditor – Fiscal Year 2018 Services Summary and Fiscal Year 2019 First Quarter Update**

**Government Performance & Financial  
Management Committee  
November 5, 2018**

**Carol A. Smith, Interim City Auditor  
Office of the City Auditor  
City of Dallas**



# Services Summary Update

Fiscal Year 2018

Government Performance & Financial Management



City of Dallas

# Office of the City Auditor

## Vision, Mission, and Statement of Values

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### **VISION**

Accountability professionals helping Dallas work better

### **MISSION**

Our mission is to promote public trust and advance accountability by providing independent, objective, and useful professional services for the City of Dallas.

### **STATEMENT OF VALUES**

We achieve our mission with PRIDE:

**P**rofessionalism

**R**espect

**I**ntegrity

**D**iversity

**E**xcellence



# Fiscal Year 2018 Summary

## Staff Tenure with Office

	Percent
Under Two Years	37.5
Two to Five Years	29.2
Six to Ten Years	8.3
More than Ten Years	25.0

## Gender

	Percent		
	Office	Dallas Fort-Worth Metropolitan Area	Dallas, Texas
Male	50.0	49.3	49.7
Female	50.0	50.7	50.3

Source: Best Places.net



# Fiscal Year 2018 Summary

Ethnicity			
	Percent		
	Office	Dallas Fort-Worth Metropolitan Area	Dallas, Texas
Non-Hispanic White	58.3	47.1	29.3
Non-Hispanic Black	12.5	15.2	24.3
Hispanic	8.4	28.6	41.7
Other Race	20.8	9.1	4.7

\* Source: Best Places.net

# Fiscal Year 2018 Summary

Education *	
	Percent
Some College, No Degree	4.2
Bachelor's Degree	95.8
Master's Degree	70.8
Doctor in Jurisprudence	4.2

\* Does not total to 100 percent as employees with master's degrees also have bachelor's degrees



# Fiscal Year 2018 Summary

Professional Certifications/Designations *	
	Percent
Certified Public Accountant (CPA)	41.7
Certified Internal Auditor (CIA)	41.7
Certified Information System Auditor (CISA)	16.7
Certified Fraud Examiner (CFE)	20.8
Certified Financial Forensics (CFF)	4.2
Licensed Attorney	4.2
Other Certifications	12.5

\* Does not total 100 percent as all employees do not have professional certifications/designations and some employees have more than one professional certification/designation



# Fiscal Year 2018 Summary

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	FY 2018 Target	FY 2018 Actual
<b>Outputs</b>		
Performance Audits	16	15
Attestation Engagements	0	2
Investigative Accountability Actions	18	26
Nonaudit Services	16	27
<b>Totals</b>	<b>50</b>	<b>70</b>



# Fiscal Year 2018 Summary

	FY 2018 Target	FY 2018 Actual
<b>Outcome Measures Include:</b>		
<b>Efficiency</b>		
Percent of Hours on Direct Projects	75.0	78.0
Hourly Billable Rate	\$92.86	\$84.41*
Percent of Recommendations Management Agrees to Implement	93.0	100.0

\* Preliminary Hourly Billable Rate – Final Fiscal Year 2018 Financials are still in progress



# Fiscal Year 2018 Summary

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**Performance Audits** – Produced **15** reports which provided coverage of operational risks and produced **124** total recommendations (including sub-recommendations) to which City management agreed to implement to reduce risks or improve operations in areas such as:

- Design of controls for: (1) the Dallas Fire-Rescue’s personnel and training services; and, (2) the Dallas Police Department’s Record Management System
- Internal controls over:
  - Six City departments’ construction-related procurements
  - Housing and Community Service’s homeless response system
  - Dallas Water Utilities’ (DWU) Special Collections Section cash handling and collection of alcoholic beverage license and permit fees



# Fiscal Year 2018 Summary

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(continued...)

- Office of Environmental Quality's reporting processes, monitoring activities, and internal controls related to the management of environmental spills and scrap tire disposal
- Follow-up of **111** Prior Year Audit Recommendations, including the Follow-up of Continuity of Operations
- Special Audits of the accounts of four former City Council members and former City Secretary, Rosa A. Rios
- Audit of Revenue Estimates in Fiscal Year 2018-19 Proposed Annual Budget for the City of Dallas



# Fiscal Year 2018 Summary

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**Attestation Engagements** – Assisted the Dallas City Council and City management in determining compliance with:

- State of Texas laws and Administrative Directive 4-05: *Contracting Policy* relating to a \$206,700,000 construction procurement
- The City Secretary's Office's verification of signatures for a petition referendum



# Fiscal Year 2018 Summary

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**Investigative Services** – Closed **121** fraud, waste or abuse complaints during Fiscal Year (FY) 2018 that resulted in **26** accountability actions by City management. These actions included the filing of criminal charges, termination of employment, or the implementation of other disciplinary or administrative control measures.

- Began FY 2018 with **37** open complaints
- Received **207** complaints during FY 2018
- **123** complaints remained open at the end of FY 2018



# Fiscal Year 2018 Summary

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## Other Nonaudit Services\* – Completed 27

- Five City Council Members' requests for assistance
- Nine departments' requests for assistance
- Nine presentations to City staff and City Council committees
- Four Office of the City Auditor's Service Updates

*\* Note: Nonaudit Services refers to any service provided by the Office that is not performed under Government Auditing Standards established by the United States Comptroller General. These standards require the Office to consider whether the performance of the service would pose a potential threat to auditor independence.*



# Audit and Attestation Services

Fiscal Year 2019 First Quarter Update

Government Performance & Financial Management



City of Dallas

# Reports Issued

Fourth Quarter Fiscal Year 2018 (July 1, 2018 – September 30, 2018)

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## Performance Audits

- Miscellaneous Permit Fee Revenues – Dallas Water Utilities
- Revenue Estimates – Office of Budget

## Attestation Engagement

- Independent Auditor's Report on Applying Agreed-Upon Procedures for Petition Processing – City Secretary's Office



# Miscellaneous Permit Fee Revenues

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Release Date: September 14, 2018

Objectives: Determine whether controls were adequate/effective to ensure permit fee revenues were collected from business entities required to obtain a permit to operate a business in the City. The audit objective was limited to focus on the City's alcoholic beverage license and permit fees.

Scope: The audit scope included management operations and transactions from October 1, 2014 through March 31, 2017.\*

Conclusion: Between October 1, 2014 and March 31, 2017, the City collected approximately \$1.4 million in alcoholic beverage license and permit fees, averaging about \$553,000 per year. Improved internal controls could have resulted in increased revenues of approximately \$341,000, or 25 percent, during this same period.

*\* Certain other matters, procedures, and transactions occurring outside that period may have been reviewed to understand and verify information related to the audit period.*



# Miscellaneous Permit Fee Revenues

---

## Conclusion (continued...)

Specifically:

- Alcoholic beverage license and permit fee processes including duties, responsibilities, and enforcement mechanisms are not clearly defined
- Information about the City's alcoholic beverage license and permit fees and the associated processes, which would encourage voluntary compliance, is limited and not readily available through the City's website
- Billing processes do not identify all businesses required to pay City alcoholic beverage license and permit fees; and the City's Alcoholic Beverage Fee Schedule (Fee Schedule) is not always set at the maximum permitted under State of Texas law as required by City Ordinance 30653



# Miscellaneous Permit Fee Revenues

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## We recommended:

### ➤ The **City Manager**:

- In consultation with the City Attorney's Office, determines if further updates to the Dallas City Code, Chapter 6 are needed to more clearly address areas such as: (1) the City's duties and responsibilities for application processing, collecting fees, issuing receipts, refunding payments, and enforcing delinquent payments; and, (2) enforcement mechanisms such as penalties, late fees, posting of receipts by businesses, citations, and reporting of non-compliance
- Develops a city-wide policy, such as an Administrative Directive to provide an internal control framework for all City departments involved in the alcoholic beverage license and permit fee processes

# Miscellaneous Permit Fee Revenues

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(continued...)

- Ensures responsible departments comply with: (1) the newly established requirements in the Dallas City Code, Chapter 6, if deemed appropriate; and, (2) the new city-wide policy
- With the assistance of the Director of the Department of Communication and Information Services and directors from other relevant departments such as DWU and Sustainable Development and Construction (SDC), ensures the City's website is designed to provide a positive user experience and the content is sufficient to effectively communicate with businesses that should apply to pay the City's alcoholic beverage license and permit fees, including the following important information:
  - The City's authorization to charge alcoholic beverage license and permit fees



# Miscellaneous Permit Fee Revenues

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(continued...)

- The original and renewal application processes for alcoholic beverage license and permit fees, including the required supporting documentation
- The Fee Schedule for different types of alcoholic beverage license and permit fees
- The alcoholic beverage license and permit fee enforcement process and the associated penalties for not paying alcoholic beverage license and permit fees
- Other relevant information as deemed necessary



# Miscellaneous Permit Fee Revenues

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## We recommended:

### ➤ The **Director of DWU**:

- Reviews systematically the: (1) *Texas Alcoholic Beverage Code*; (2) Texas Alcoholic Beverage Commission's (TABC) *Guide for Tax Assessor Collectors* and information; and, (3) other relevant guidance to update the Fee Schedule as permitted by the TABC
- Improves internal controls such as systematically comparing the population of active licenses and permits issued by the TABC with the population of active license and permit fees issued by the City to ensure the City issues and collects all alcoholic beverage license and permit fees as permitted by the *Texas Alcoholic Beverage Code*
- Revises DWU-PRO-156-RB, *Beer & Liquor* to incorporate the improved internal controls

# Miscellaneous Permit Fee Revenues

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(continued...)

- Retains documentation of monitoring controls including review of the Fee Schedule updates, identification of original licenses and permits, and comparison of the City's population of active license and permit fees with the TABC's population of active licenses and permits



# Revenue Estimates in Fiscal Year 2018–19 Proposed Annual Budget for the City of Dallas

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Release Date: September 14, 2018

Objectives: Determine whether the City has effective processes to ensure reasonable revenue estimates are included in the City Manager’s *FY 2018-19 Proposed Annual Budget*

Scope: The Major Revenue Sources included in the *FY 2018-19 Proposed Annual Budget* and the associated supporting documentation\*

Conclusion: In total, the revenue estimates included in the *FY 2018-19 Proposed Annual Budget* appear reasonable

(continued on next page...)

*\* Certain other matters, procedures, and transactions occurring outside that period may have been reviewed to understand and verify information related to the audit period.*



# Revenue Estimates in Fiscal Year 2018 – 19 Proposed Annual Budget for the City of Dallas

---

## Conclusion (continued...)

The Office of the City Auditor's assessment included approximately \$2.5 billion of the \$3.1 billion in proposed revenue estimates for the General Fund, Enterprise Funds, and Debt Service Fund, or 80 percent, of the revenue estimates included in the *Fiscal Year 2018-19 Proposed Annual Budget*. The remaining \$608.3 million in revenue estimates, which are mainly derived from department reimbursements, and City employee and retiree contributions for retirement and health benefits, were excluded from the assessment

- *No recommendations associated with this report*

# Independent Auditor’s Report on Applying Agreed-Upon Procedures for Petition Processing by the City Secretary’s Office

Release Date: July 27, 2018

Objective: Assist the City Council and the City Secretary’s Office in evaluating the City Secretary’s Office’s compliance with requirements of the Texas Election Code, the Texas Local Government Code, and the Charter of the City of Dallas, Texas as specified in *“City Secretary’s Office Procedures Process for Checking Petition(s) for an Initiative, Referendum, Local Option, Charter Amendment, Council Recall.”*

Outcomes: Performed 14 agreed-upon procedures and noted three exceptions. The City Secretary’s Office took subsequent actions to address these exceptions by providing additional staff training and re-examining approximately 36,000 signatures to determine if they were correctly verified.



# Investigative Services

Fiscal Year 2019 First Quarter Update



# Investigative Services Performed

Fourth Quarter Fiscal Year 2018 (July 1 – September 30)

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Investigative Services opened **93** cases during the fourth quarter. Examples of allegations received include:

- Theft of time
- Misuse of City services
- Conflict of interest
- Harassment



# Investigative Services Performed

Fourth Quarter Fiscal Year 2018 (July 1 – September 30)

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Nineteen cases were closed during the period resulting in two substantiated complaints related to illegal land use and theft of water services. The substantiated complaints led to accountability actions including issuance of:

- Notices of Violation
- Citations



# Anticipated Report Releases

First Quarter Fiscal Year 2019 (October 1 – December 31)

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## Performance Audits

- Business Partners Oversight – Park and Recreation
- Dallas Convention & Visitors Bureau (VisitDallas) – Convention and Event Services
- Off-Duty Employment Administration – Dallas Police Department
- Surveillance Camera Oversight – Multiple Departments



# Projects in Progress

Fourth Quarter Fiscal Year 2018 (July 1 – September 30)

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## Performance Audits

- Water Quality and Safety, Testing, and Monitoring – Dallas Water Utilities
- Business Partner Oversight of White Rock Boathouse – Park and Recreation
- Dallas Police Department Complaint Process
- Management of the City's Surplus Real Properties – Sustainable Development and Construction
- Open Records Request Process – City Secretary's Office



# Projects in Progress

Fourth Quarter Fiscal Year 2018 (July 1 – September 30)

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## Performance Audits (continued...)

- Performance Measurement Process – Multiple Departments
- Security and Safety Protocols for Large Public Venues Owned or Managed by the City – Multiple Departments
- Special Audit of the Accounts of Former City Council Member, Dwaine R. Caraway
- Franchise Fees Review through Third-Party Vendor (*Ongoing*)
- Sales/Use Tax Compliance Review through Third-Party Vendor (*Ongoing*)



# Anticipated Project Starts

First Quarter Fiscal Year 2019 (October 1 – December 31)

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## Performance Audits

- Fiscal Year 2019 Audit Follow-up of Prior Audit Recommendations
- Business Partner Oversight of Texas Horse Park – Dallas Water Utilities
- Economic Development Programs and Incentives – Office of Economic Development
- Special Audit of the Accounts of Former City Attorney, Larry Casto



# Appendix – Report Links

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## Performance Audits

- [Miscellaneous Permit Fee Revenues](#)
- [Revenue Estimates in Fiscal Year 2018-19 Proposed Annual Budget for the City of Dallas](#)

## Attestation Engagement

- [Independent Auditor's Report on Applying Agreed-Upon Procedures for Petition Processing by the City Secretary's Office](#)



# **Office of the City Auditor – Fiscal Year 2018 Services Summary and Fiscal Year 2019 First Quarter Update**

**Government Performance & Financial  
Management Committee  
November 5, 2018**

**Carol A. Smith, Interim City Auditor  
Office of the City Auditor  
City of Dallas**



# Memorandum



CITY OF DALLAS

DATE October 31, 2018

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 **2019 Compensation Study**

On November 5, 2018, Nina Arias, Director of Human Resources will brief the Government Performance & Financial Management Committee on the 2019 Compensation Study. I have attached the briefing materials for your review.

Please let me know if you have any questions.

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

M. Elizabeth Reich  
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council  
T.C. Broadnax, City Manager  
Chris Caso, City Attorney (Interim)  
Carol A. Smith, City Auditor (Interim)  
Billierae Johnson, City Secretary  
Judge Preston Robinson, Administrative Judge

Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer  
Directors and Assistant Directors

# 2019 Compensation Study

**Government Performance & Financial  
Management Committee  
November 5, 2018**

**Nina Arias, (SHRM-CP)  
Director, Human Resources  
City of Dallas**

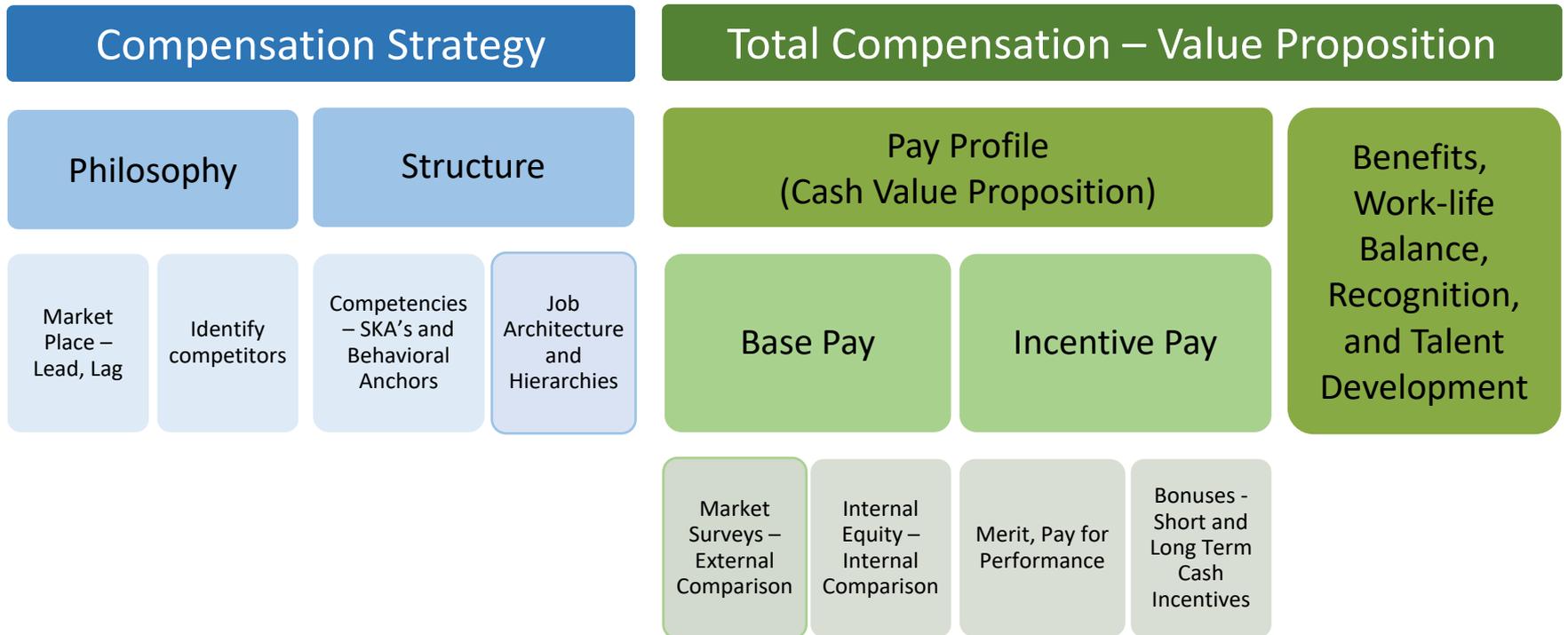


# Overview

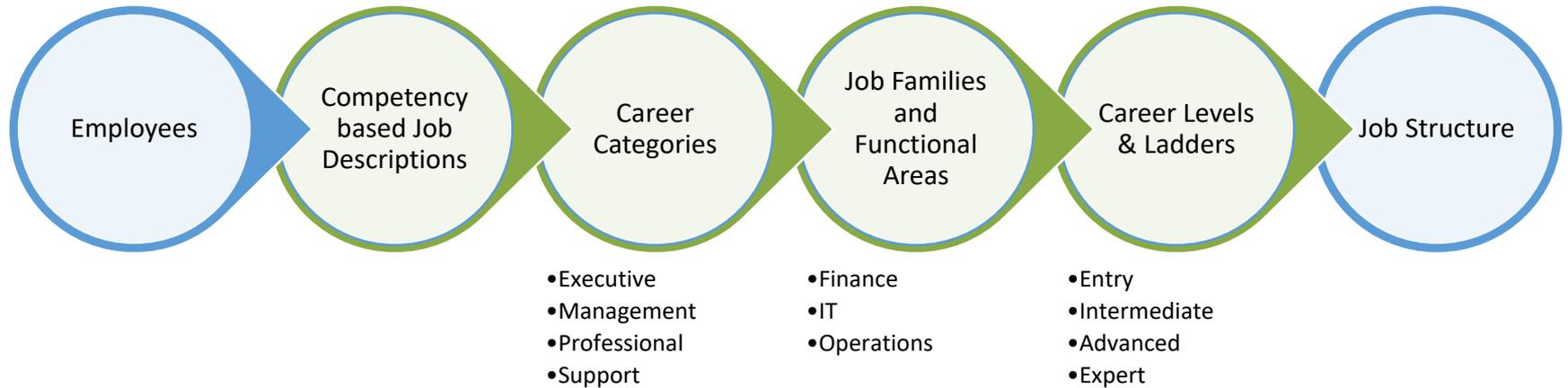
- Provide an overview of current state of our compensation structure
- Review the proposed objectives for the 2019 Compensation Study
- Timeline and next steps



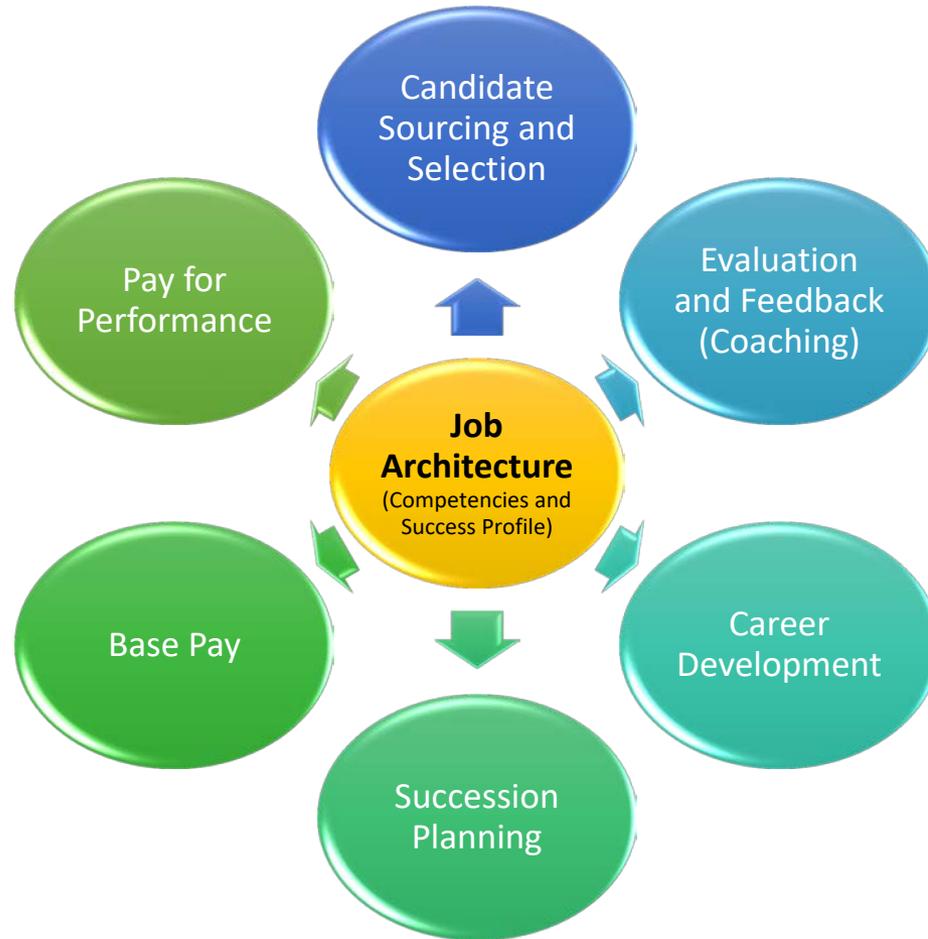
# Background – Compensation Structure



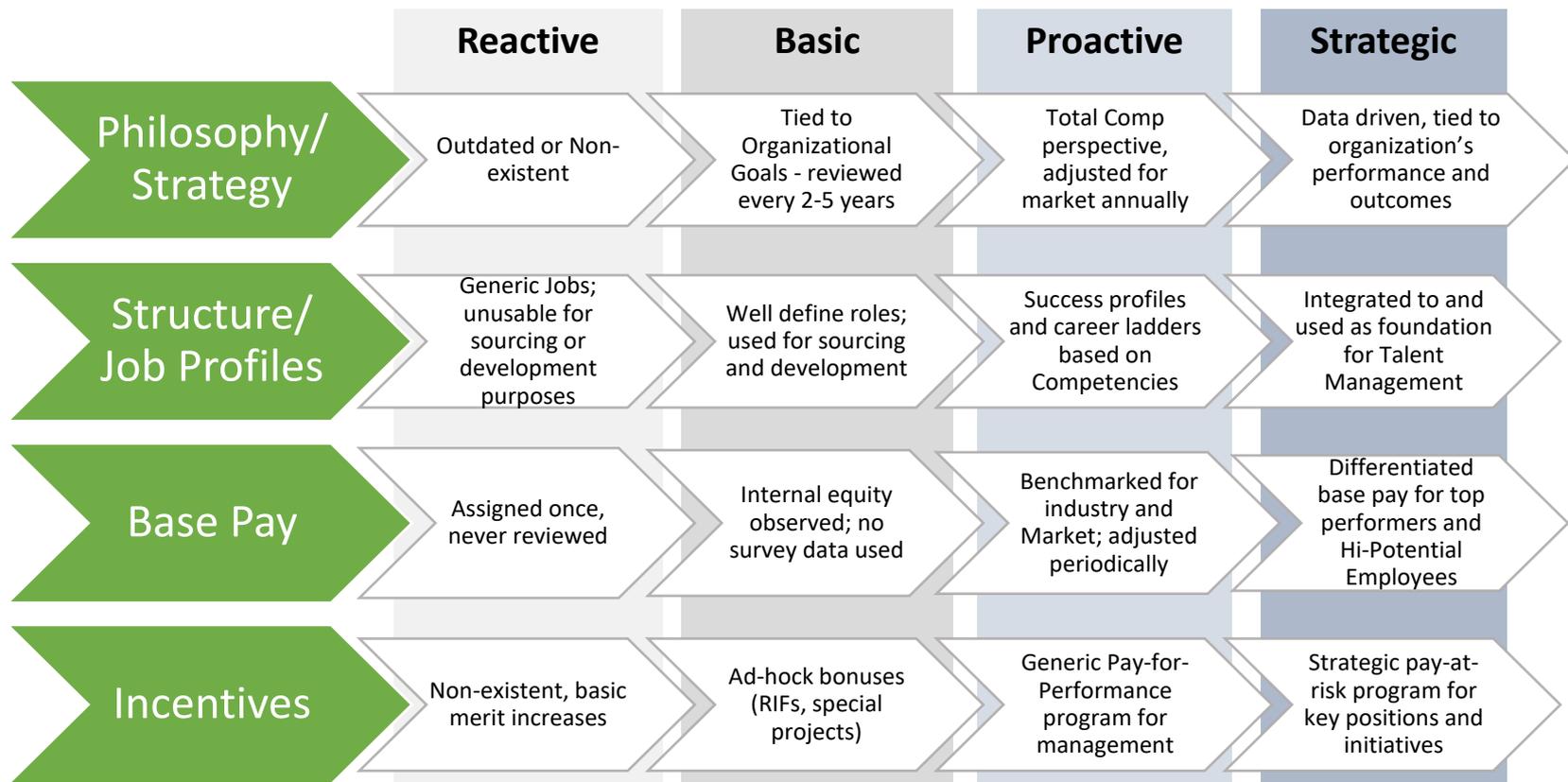
# Background – Job Architecture



# Background – Talent Management



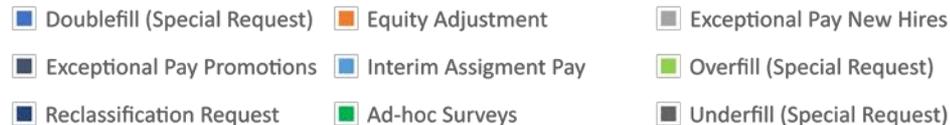
# Background – Compensation Maturity Curve



# Other Issues

- Modest annual salary increases for over 20 years – COD 2 to 4% Vs. Average 3 to 5%
- Salaries needed to recruit new hires typically exceed that of peers
- Reorganizations and new jobs evaluated without organization-wide or market context
- Spans of control of 1:3 or lower, tied to ambiguity in job descriptions
- Non-competitive salaries result in:
  - Inability to attract, recruit, and retain talent
  - Internal promotions into jobs requiring two, three, and up to four level increases
  - Excessive use of Interim Assignment Pay (IAP) to cover vacancies
  - Excessive and disjointed equity adjustments and exceptions

## 3,237 Administrative Pay Exceptions - Since October 2017

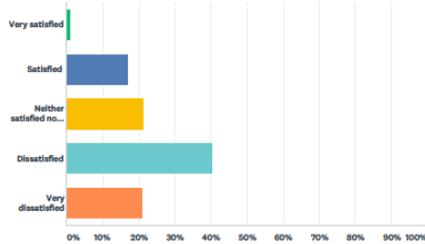


# Assessment

Compensation Survey

Q3 Overall, I am satisfied with the organization's pay structure.

Answered: 317 Skipped: 0



ANSWER CHOICES	RESPONSES	
Very satisfied	0.95%	3
Satisfied	17.03%	54
Neither satisfied nor dissatisfied	21.14%	67
Dissatisfied	40.09%	127
Very dissatisfied	20.82%	66
<b>TOTAL</b>		<b>317</b>

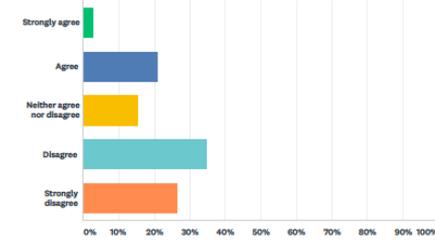
#	COMMENTS	DATE
1	After 32 years my pay should be at least 23 dollars an hour	7/11/2018 4:35 PM
2	In my department, the next promotion (44k/yr) is the highest pay grade I can be at while doing my current work.	7/11/2018 4:03 PM
3	Our grade classification is not inline with other Analyst	7/11/2018 3:48 PM
4	Our organization pay structure is constructed to be similar to one reviewing plans as a plans examiner as opposed to the duties of a fire protection engineer.	7/11/2018 11:21 AM
5	Relative compensation rewards groups that underperform and penalizes groups that excel. Overall it may seem to make sense for the City but individually is unfair.	7/10/2018 3:58 PM
6	I see others that don't put in near the amount of hours that are paid much better, but believe it's because the industry I represent is not well understood and looked at more as a "fun job" rather than the long hours, nights, weekends, travel and actual work it is.	7/10/2018 2:55 PM
7	No because it equal to the year I have been here	7/10/2018 2:52 PM
8	I think the pay scale has a big pay range.	7/10/2018 2:20 PM
9	It should not take 10+ years to reach top pay in your position when scoring exceptional every review period.	7/10/2018 10:10 AM

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Compensation Survey - Management

Q1 I am compensated fairly relative to the local market.

Answered: 72 Skipped: 0



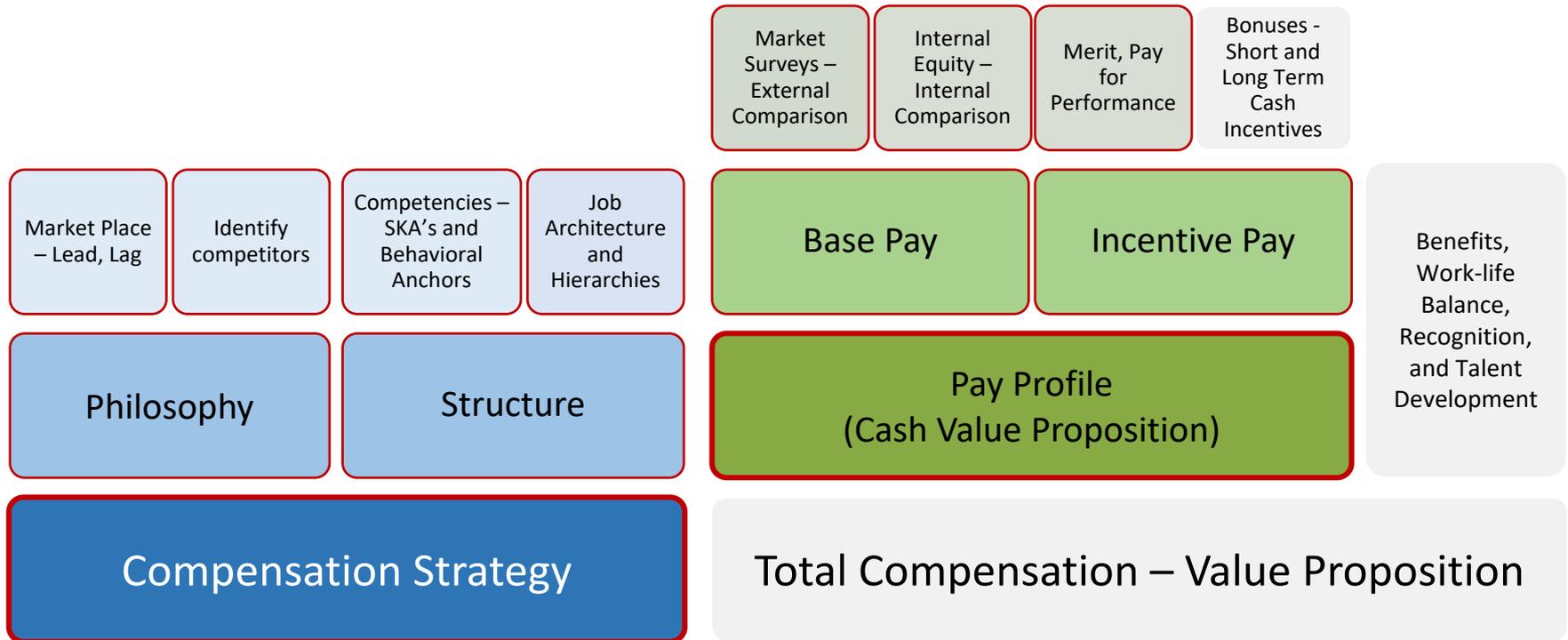
ANSWER CHOICES	RESPONSES	
Strongly agree	2.78%	2
Agree	20.83%	15
Neither agree nor disagree	15.28%	11
Disagree	34.72%	25
Strongly disagree	26.39%	19
<b>TOTAL</b>		<b>72</b>

#	COMMENTS	DATE
1	Not really compared to the number of hours that are required to protect the lives of citizens' and their properties from flooding. This position and many other positions in this division are on-call 24 hours a day, seven days per week. we are not able to reward employees effectively for the efforts that they are required to put in.	6/25/2018 6:51 PM
2	an attorney in my position for a private corporation makes roughly double what I make and other municipalities pay roughly 30% more than what my current salary is	6/22/2018 3:47 PM
3	Per Glassdoor - Market rate for IT Project Manager is \$106k	6/22/2018 12:39 PM
4	I feel the salary along with the high cost of insurance for a family greatly reducing the city competitiveness in compensation.	6/21/2018 10:38 AM
5	The pay in suburban cities is noticeably higher than that offered in Dallas for comparable qualifications and duties.	6/21/2018 9:44 AM
6	Our proximity to the other Commercial Airport which is partially owned by the City is a clear example	6/21/2018 9:20 AM
7	We are under paid in comparison to other local cities in the metroplex	6/21/2018 8:58 AM
8	I always factor in the value of the long term pension.	6/20/2018 5:31 PM
9	Agree if this was my first job; disagree based on my years of experience	6/20/2018 5:11 PM

1 / 25



# RFP Goals and Objectives



# Timeline

Task Name	Duration	Start	Finish
<b>Compensation Study - RFP &amp; Implementaton</b>	<b>TBD</b>	<b>Tue 10/23/18</b>	<b>TBD</b>
Define Project - Seek feedback	3 wks	Tue 10/23/18	Mon 11/12/18
Document Requirements	2 wks	Tue 11/13/18	Mon 11/26/18
Research and Target Vendors	1 wk	Tue 11/27/18	Mon 12/3/18
Develop and Write RFP	TBD	Tue 12/4/18	TBD
Distribute RFP to Vendors	TBD	TBD	TBD
Select Vendor and Develop Contract	TBD	TBD	TBD
Conduct Compensation Study	6 mons	TBD	TBD
Issue and Implement Recommendations	0 days	TBD	TBD

# Next Steps

- Seek Council's feedback on proposed strategy
- Issue RFP – Q1 2019
- Bring back recommendations to Council for implementation in FY2020

# 2019 Compensation Study

**Government Performance & Financial  
Management Committee  
November 5, 2018**

**Nina Arias, (SHRM-CP)  
Director, Human Resources  
City of Dallas**



# Memorandum



CITY OF DALLAS

DATE October 31, 2018

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 **September 30, 2018 Quarterly Investment Report**

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

For the quarter ended September 30, 2018, the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

Please let me know if you need additional information.

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

M. Elizabeth Reich  
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council  
T.C. Broadnax, City Manager  
Chris Caso, City Attorney (Interim)  
Carol A. Smith, City Auditor (Interim)  
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Majed A. Al-Ghafry, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager and Chief of Resilience Officer  
Directors and Assistant Directors



CITY OF DALLAS

**September 30, 2018**

**QUARTERLY INVESTMENT REPORT**

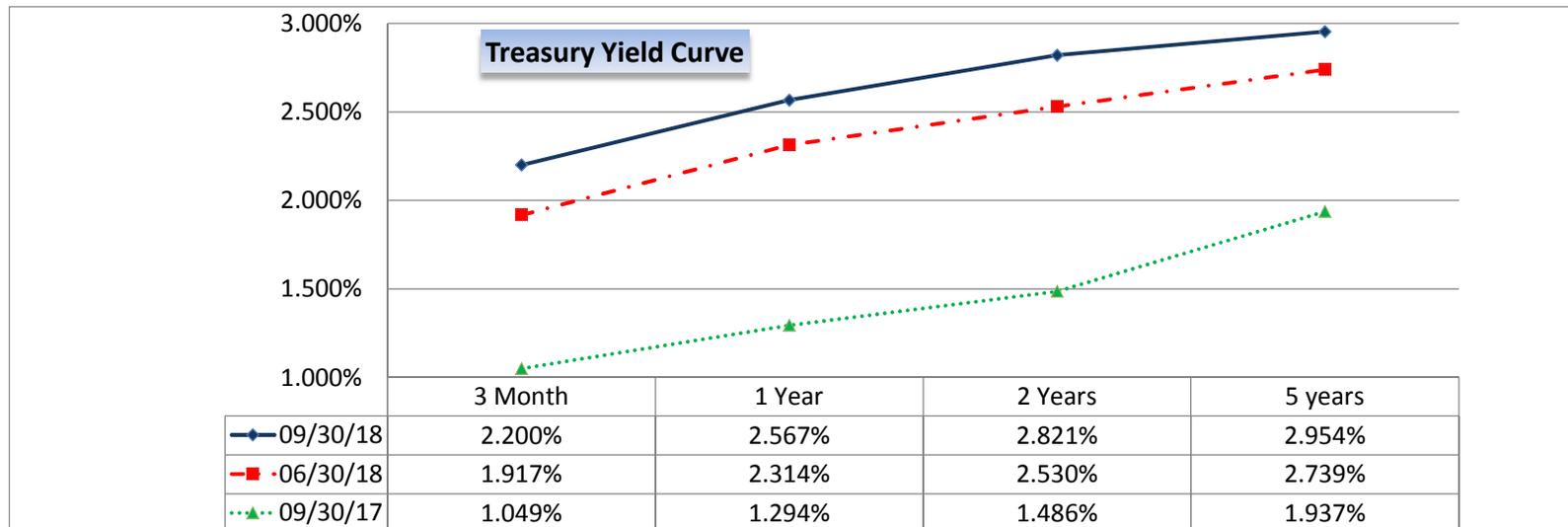
Quarterly National Economic and Market Update  
 Quarter Ended September 30, 2018

- Labor market continued to strengthen and economic activity rose at a strong rate
- Job gains were strong and the unemployment rate stayed low
- Household spending and business fixed investment grew strongly
- The Federal Open Market Committee (FOMC) raised the top of the target range for the federal funds rate from 1.75% - 2.00% to 2.00% - 2.25%.

Source: FOMC September 26, 2018 Statement

National Economic Data	9/30/2017	9/30/2018
Fed Funds Effective Rate Target Range	1.00% - 1.25%	2.00% - 2.25%
2 Years Treasury Note Yield	1.486%	2.821%
10 Years Treasury Note Yield	2.335%	3.062%
Monthly Unemployment Rate	4.2%	3.7%
Weekly Initial Jobless Claims	258,000	207,000
Monthly Change in Nonfarm Payrolls	18,000	134,000
Monthly New Housing Starts	1,135,000	1,201,000

Source: Bloomberg



Source: Bloomberg

City of Dallas  
Portfolio Holdings  
Combined Investment Summary  
As of 9/30/2018

Portfolio Description	Face Amount	Book Value	Market Value	Accrued Interest	Market Value + Accrued Interest	*Unrealized Gain/(Loss)	Weighted Average Yield To Maturity
01 The City's Investment Pool	1,952,364,880	1,952,357,407	1,944,000,936	4,821,899	1,948,822,835	(8,356,471)	1.71%
02 Convention Center Reserve	23,000,000	23,000,000	22,546,991	85,367	22,632,358	(453,009)	1.34%
03 Water Reserve	90,000,000	89,999,209	88,838,690	220,844	89,059,534	(1,160,519)	1.30%
04 Arts Endowment	2,235,000	2,235,000	2,191,071	3,196	2,194,267	(43,929)	1.32%
05 Ida Green Library Fund	1,000,000	1,000,000	991,561	3,924	995,485	(8,439)	1.25%
10 DWU Commercial Paper Program	13,960	13,960	13,960	-	13,960	-	2.04%
11 GO Commercial Paper Program	3,524,424	3,524,424	3,524,424	-	3,524,424	-	2.06%

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

City of Dallas  
Trade Activity by Portfolio  
As of: 6/30/2018 - 9/30/2018

Portfolio Description	Beginning Face Amount	Beginning Weighted Average Yield To Maturity	Purchased/Deposited	Matured	Ending Face Amount	Ending Weighted Average Yield To Maturity
<b>City's Investment Pool*</b>						
Federal Agricultural Mortgage Corp.	450,000,000	1.66%	-	35,000,000	415,000,000	1.67%
Federal Farm Credit Bank	234,275,000	1.38%	-	10,000,000	224,275,000	1.41%
Federal Home Loan Bank	502,300,000	1.55%	-	23,300,000	479,000,000	1.57%
Federal Home Loan Mortgage Corp.	241,000,000	1.45%	-	-	241,000,000	1.45%
Federal National Mortgage Assoc.	95,000,000	1.19%	-	60,000,000	35,000,000	1.15%
<b>Total Portfolio</b>	<b>1,522,575,000</b>	<b>1.52%</b>	<b>-</b>	<b>128,300,000</b>	<b>1,394,275,000</b>	<b>1.54%</b>
<i>*Trade activity excludes bank investment holding account, local government investment pools and money market mutual funds.</i>						
<b>Convention Center Reserve</b>						
Federal Home Loan Mortgage Corp.	4,000,000	1.25%	-	-	4,000,000	1.25%
Federal National Mortgage Assoc.	19,000,000	1.36%	-	-	19,000,000	1.36%
<b>Total Portfolio</b>	<b>23,000,000</b>	<b>1.34%</b>	<b>-</b>	<b>-</b>	<b>23,000,000</b>	<b>1.34%</b>
<b>Water Reserve</b>						
Federal Agricultural Mortgage Corp.	20,000,000	1.52%	-	-	20,000,000	1.52%
Federal Farm Credit Bank	10,000,000	1.31%	-	-	10,000,000	1.31%
Federal Home Loan Bank	5,000,000	1.50%	-	-	5,000,000	1.50%
Federal Home Loan Mortgage Corp.	10,000,000	1.25%	-	-	10,000,000	1.25%
Federal National Mortgage Assoc.	45,000,000	1.20%	-	-	45,000,000	1.20%
<b>Total Portfolio</b>	<b>90,000,000</b>	<b>1.30%</b>	<b>-</b>	<b>-</b>	<b>90,000,000</b>	<b>1.30%</b>
<b>Arts Endowment</b>						
Federal Home Loan Mortgage Corp.	2,235,000	1.32%	-	-	2,235,000	1.32%
<b>Total Portfolio</b>	<b>2,235,000</b>	<b>1.32%</b>	<b>-</b>	<b>-</b>	<b>2,235,000</b>	<b>1.32%</b>
<b>Ida Green Library Endowment</b>						
Federal Agricultural Mortgage Corp.	1,000,000	1.25%	-	-	1,000,000	1.25%
<b>Total Portfolio</b>	<b>1,000,000</b>	<b>1.25%</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>1.25%</b>
<b>DWU Commercial Paper Program</b>						
Money Market	13,960	1.85%	-	-	13,960	2.04%
<b>Total Portfolio</b>	<b>13,960</b>	<b>1.85%</b>	<b>-</b>	<b>-</b>	<b>13,960</b>	<b>2.04%</b>
<b>GO Commercial Paper Program</b>						
Money Market	3,500,000	1.87%	24,424	-	3,524,424	2.06%
<b>Total Portfolio</b>	<b>3,500,000</b>	<b>1.87%</b>	<b>24,424</b>	<b>-</b>	<b>3,524,424</b>	<b>2.06%</b>

City of Dallas  
Summary Statement by Portfolio  
As of: 6/30/2018 - 9/30/2018

Portfolio Description	Beginning Face Amount	Ending Face Amount	Beginning Book Value	Ending Book Value	Beginning Market Value	Ending Market Value	Net Deposits/ (Redemptions)	Change in Market Value	Accrued Interest	Ending Weighted Average Yield To Maturity
<b>City's Investment Pool<sup>1</sup></b>										
*Public Funds Interest Checking (PFIC) Account	100,322,314	100,716,835	100,322,314	100,716,835	100,322,314	100,716,835	394,521	-	-	1.60%
Local Govt. Investment Pool	421,176,698	379,373,045	421,176,698	379,373,045	421,176,698	379,373,045	(41,803,653)	-	-	2.29%
Money Market	35,000,000	78,000,000	35,000,000	78,000,000	35,000,000	78,000,000	43,000,000	-	-	2.02%
US Agency	1,522,575,000	1,394,275,000	1,522,560,796	1,394,267,527	1,512,683,279	1,385,911,056	(128,300,000)	1,527,777	4,821,899	1.54%
<b>**Total Portfolio</b>	<b>2,079,074,012</b>	<b>1,952,364,880</b>	<b>2,079,059,808</b>	<b>1,952,357,407</b>	<b>2,069,182,291</b>	<b>1,944,000,936</b>	<b>(126,709,132)</b>	<b>1,527,777</b>	<b>4,821,899</b>	<b>1.71%</b>
<b>Convention Center Reserve<sup>2</sup></b>										
US Agency	23,000,000	23,000,000	23,000,000	23,000,000	22,546,227	22,546,991	-	764	85,367	1.34%
<b>Total Portfolio</b>	<b>23,000,000</b>	<b>23,000,000</b>	<b>23,000,000</b>	<b>23,000,000</b>	<b>22,546,227</b>	<b>22,546,991</b>	<b>-</b>	<b>764</b>	<b>85,367</b>	<b>1.34%</b>
<b>Water Reserve<sup>2</sup></b>										
US Agency	90,000,000	90,000,000	89,997,809	89,999,209	88,761,870	88,838,690	-	76,820	220,844	1.30%
<b>Total Portfolio</b>	<b>90,000,000</b>	<b>90,000,000</b>	<b>89,997,809</b>	<b>89,999,209</b>	<b>88,761,870</b>	<b>88,838,690</b>	<b>-</b>	<b>76,820</b>	<b>220,844</b>	<b>1.30%</b>
<b>Arts Endowment<sup>3</sup></b>										
US Agency	2,235,000	2,235,000	2,235,000	2,235,000	2,185,624	2,191,071	-	5,447	3,196	1.32%
<b>Total Portfolio</b>	<b>2,235,000</b>	<b>2,235,000</b>	<b>2,235,000</b>	<b>2,235,000</b>	<b>2,185,624</b>	<b>2,191,071</b>	<b>-</b>	<b>5,447</b>	<b>3,196</b>	<b>1.32%</b>
<b>Ida Green Library Endowment<sup>4</sup></b>										
US Agency	1,000,000	1,000,000	1,000,000	1,000,000	989,245	991,561	-	2,316	3,924	1.25%
<b>Total Portfolio</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>989,245</b>	<b>991,561</b>	<b>-</b>	<b>2,316</b>	<b>3,924</b>	<b>1.25%</b>
<b>DWU Commercial Paper<sup>5</sup></b>										
Money Market	13,960	13,960	13,960	13,960	13,960	13,960	-	-	-	2.04%
<b>Total Portfolio</b>	<b>13,960</b>	<b>13,960</b>	<b>13,960</b>	<b>13,960</b>	<b>13,960</b>	<b>13,960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.04%</b>
<b>GO Commercial Paper<sup>5</sup></b>										
Money Market	3,500,000	3,524,424	3,500,000	3,524,424	3,500,000	3,524,424	24,424	-	-	2.06%
<b>Total Portfolio</b>	<b>3,500,000</b>	<b>3,524,424</b>	<b>3,500,000</b>	<b>3,524,424</b>	<b>3,500,000</b>	<b>3,524,424</b>	<b>24,424</b>	<b>-</b>	<b>-</b>	<b>2.06%</b>

Notes 1-5: See Page 6 for Strategy Statement by Portfolio.

\*Public Funds Interest Checking (PFIC) Account is fully collateralized, interest-bearing account with liquidity equal to that of a money market mutual fund

\*\*Numbers may not sum due to rounding

**City of Dallas**  
**Strategy Statement and Compliance by Portfolio**  
**As of: 6/30/2018 - 9/30/2018**

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**STRATEGY COMPLIANCE STATEMENT**

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For the quarter ended September 30, 2018 the portfolios are in compliance with the relevant provisions of the Public Fund Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

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**STRATEGY STATEMENT BY PORTFOLIO**

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**1) City's Investment Pool**

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

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

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

**3) Arts Endowment**

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

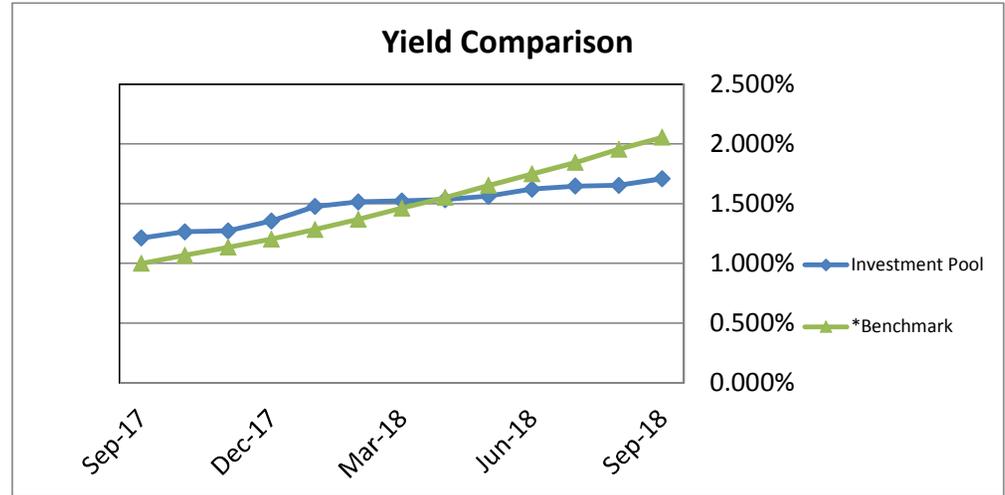
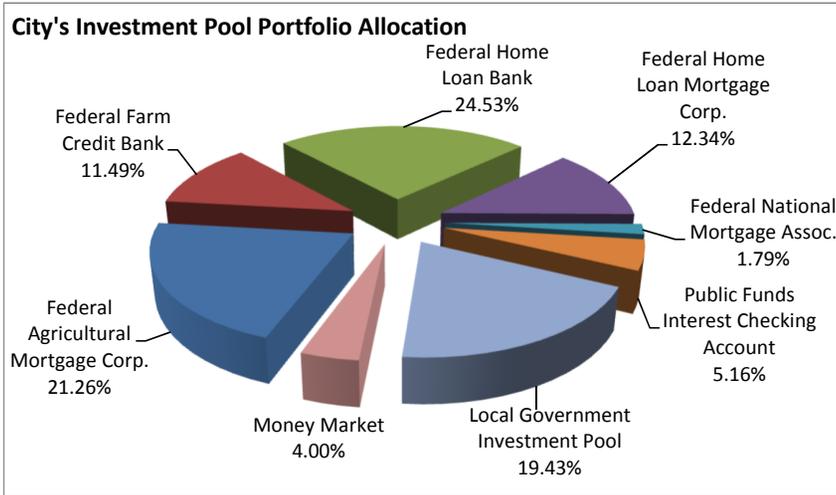
**4) Ida Green Library Endowment**

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

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

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

**City of Dallas**  
**City's Investment Pool Portfolio Allocation**  
**Investment Summary**  
**As of 9/30/2018**



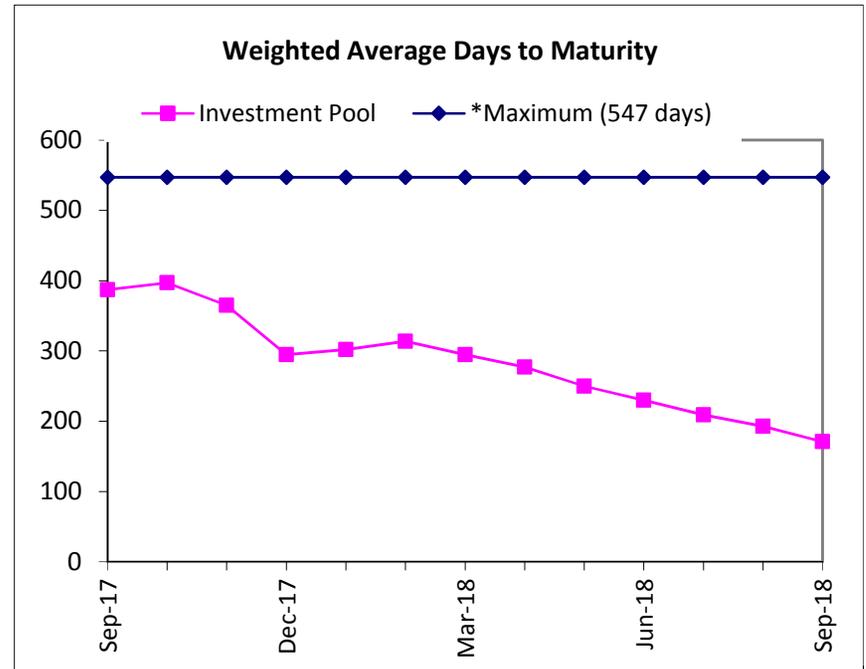
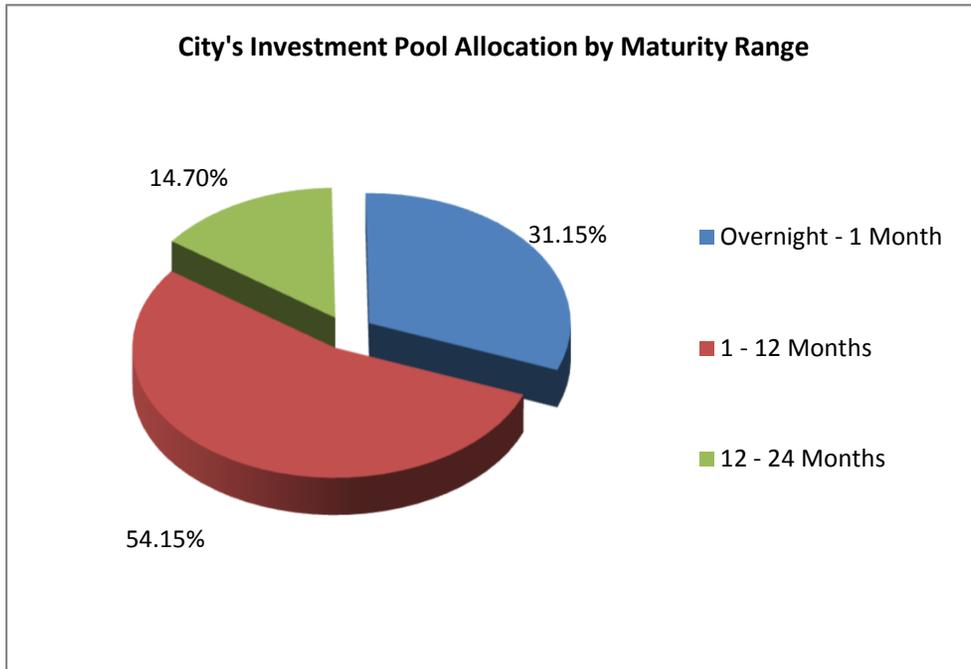
Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Weighted Average Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	415,000,000	415,000,042	413,166,425	(1,833,617)	214	1.67%	21.26%
Federal Farm Credit Bank	224,275,000	224,265,864	223,231,199	(1,034,665)	182	1.41%	11.49%
Federal Home Loan Bank	479,000,000	479,001,621	475,646,844	(3,354,777)	272	1.57%	24.53%
Federal Home Loan Mortgage Corp.	241,000,000	241,000,000	238,980,178	(2,019,822)	291	1.45%	12.34%
Federal National Mortgage Assoc.	35,000,000	35,000,000	34,886,410	(113,590)	105	1.15%	1.79%
Public Funds Interest Checking Account	100,716,835	100,716,835	100,716,835	-	1	1.60%	5.16%
Local Government Investment Pool	379,373,045	379,373,045	379,373,045	-	1	2.29%	19.43%
Money Market	78,000,000	78,000,000	78,000,000	-	1	2.02%	4.00%
<b>***Total Portfolio</b>	<b>1,952,364,880</b>	<b>1,952,357,407</b>	<b>1,944,000,936</b>	<b>(8,356,471)</b>	<b>171</b>	<b>1.71%</b>	<b>100.00%</b>

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

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

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

**City of Dallas**  
**City's Investment Pool Allocation by Maturity Range**  
**As of 9/30/2018**



Description	Face Amount/Shares	Book Value	Market Value	Weighted Average Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	608,089,880	608,089,880	608,056,060	2.04%	3	31.15%
1 - 12 Months	1,057,275,000	1,057,264,626	1,052,047,261	1.49%	192	54.15%
12 - 24 Months	287,000,000	287,002,901	283,897,615	1.82%	450	14.70%
<b>**Total Portfolio</b>	<b>1,952,364,880</b>	<b>1,952,357,407</b>	<b>1,944,000,936</b>	<b>1.71%</b>	<b>171</b>	<b>100%</b>

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

\*\* Numbers may not sum due to rounding

**City of Dallas**

**Date To Date**

**Broker/Dealer Activity**

**As of: FY 17-18 Year to Date**

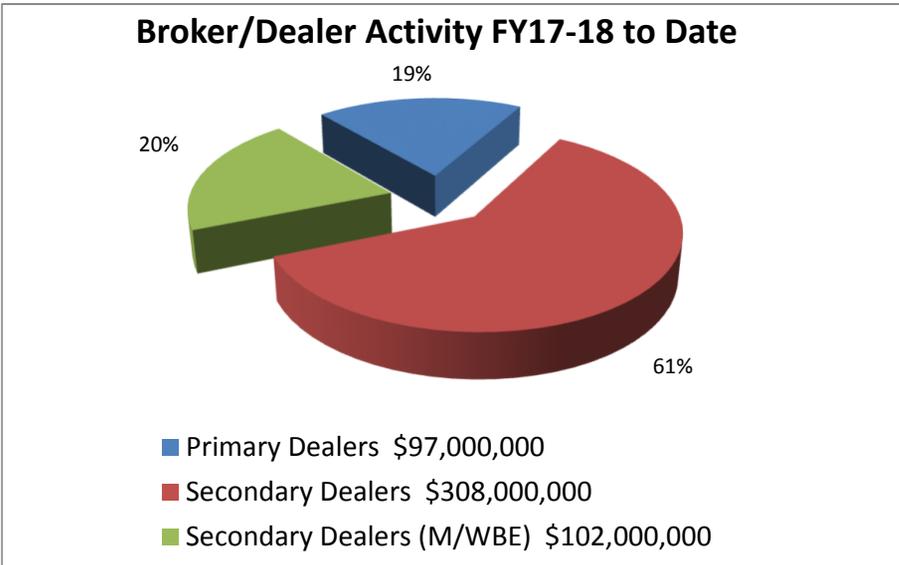
FY 17-18 Year to Date		
Description	Awarded	%
<b>Primary Dealers</b>		
Bank of America	\$57,000,000	11.24%
Jefferies & Co.	40,000,000	7.89%
RBC Capital Markets, LLC	0	0.00%
Wells Fargo	0	0.00%
<b>Secondary Dealers</b>		
FTN Financials	30,000,000	5.92%
Hilltop Securities Inc.	15,000,000	2.96%
Intl Fcstone Financial Inc.	15,000,000	2.96%
Multi Bank Securities	135,000,000	26.63%
Piper Jaffray & Co.	40,000,000	7.89%
Samco Capital Market	15,000,000	2.96%
SunTrust Robinson Humphrey, Inc.	0	0.00%
Vining Sparks	58,000,000	11.44%
<b>Secondary Dealers - M/WBE</b>		
Capital Institutional Services, Inc.	0	0.00%
Loop Capital	40,000,000	7.89%
Rice Financial	42,000,000	8.28%
Stern Brothers & Co.	20,000,000	3.94%
<b>Total</b>	<b>\$507,000,000</b>	<b>100.00%</b>

**Notes:**

Section 9 of the City's investment Policy requires the investment committee to annually review and adopt a list of qualified broker/dealers. These firms represent the broker dealer firms that are currently approved by the Investment Committee as of February 2018.

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

Q4 FY 17-18		
Description	Awarded	%
<b>No Broker/Dealer Activity in Q4 FY 17-18</b>		



**CITY OF DALLAS**

**September 30, 2018**

**QUARTERLY INVESTMENT REPORT**

For the quarter ended September 30, 2018 the portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

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Chief Financial Officer: M. Elizabeth Reich

City Controller: Shari Kavalshi

Treasury Manager: [Signature]