

RECEIVED

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT
DALLAS CITY COUNCIL COMMITTEE AGENDA

2017 OCT 31 AM 9:49

CITY SECRETARY
DALLAS, TEXAS

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

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

Call to Order

1. Consideration of Minutes from the October 16, 2017 Government Performance & Financial Management Committee meeting
2. Consideration of Upcoming Agenda Items for November 8, 2017 City Council Meeting

BRIEFINGS

3. Office of the City Auditor - Fiscal Year 2018 First Quarter Update Craig Kinton, City Auditor
4. Cost Consideration of Agenda Items Jack Ireland, Director
Office of Budget
5. Financial Management Performance Criteria
(two suggested criteria from Council Member Kleinman) Jack Ireland, Director
Office of Budget

FYI

6. Dallas Water Utilities Commercial Paper Program
7. Quarterly Investment Report

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 16, 2017

Convened: 1:01 pm

Adjourned: 2:26 pm

Committee Members Present:

Jennifer S. Gates, Chair
Scott Griggs, Vice Chair

Philip Kingston
Tennell Atkins

Lee Kleinman
Kevin Felder

Committee Members Absent:

Sandy Greyson

Other Council Members Present:

Staff Present:

Elizabeth Reich
Akilah McLaughlin
Jack Ireland
Janette Weedon
Edward Scott
Lance Sehorn

Mike Frosch
Stephanie Cooper
Corinne Steeger
Filicia Hernandez
Robert Sims
Sarah Standifer

Robin Bentley
Craig Kinton
Mark Dubner
William Finch

Others Present:

N/A

AGENDA:

Call to Order

1. Reconsideration of the October 16, 2017 Minutes

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s):

A motion was made to approve the October 16, 2017 minutes. Motion passed unanimously.

Motion made by: Tennell Atkins

Motion seconded by: Not Audible

2. Consideration of Upcoming Agenda Items for October 25, 2017 City Council Meeting

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s): *Approved*

Motion was made to move forward to the City Council on October 25, 2017 items. Motion passed unanimously.

Motion made by: Lee Kleinman

Motion seconded by: Tennell Atkins

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

Briefings

3. Financial Management Performance Criteria Update

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

Information Only:

Action Taken/Committee Recommendation(s): *Deferred to November 6, 2017*

- 1) Motion was made to forward to City Council on October 25, 2017 with approval of committee. *No action taken.*

Motion made by: Tennell Atkins

Motion seconded by: Philip Kingston

- 2) Substitute Motion was made to forward to City Council on October 25, 2017 with a recommendation for an Ordinance to be written with a temporary increase to 15% with a Sunset in 36 months, and it must be brought back to the GPFM Committee and Council. *Motion failed on a divided vote; 3/3.*

Motion made by: Philip Kingston

Motion seconded by: Kevin Felder

In Favor	Opposed
Tennell Atkins Kevin Felder and Philip Kingston	Jennifer Gates Lee Kleinman and Scott Griggs

- 3) Motion was made to forward staff recommendation to full Council on October 25, 2017 for consideration without a recommendation from the committee. *No action taken.*

Motion made by: Philip Kingston

Motion seconded by: Tennell Atkins

- 4) Substitute Motion was made to forward to full Council Briefing on Item #33. *Motion failed for lack of a second.*

Motion made by: Tennell Atkins

Motion seconded by: None

- 5) Motion was made to defer Council consideration of this item, and bring this presentation back to the November 6, 2017 GPFM Committee Meeting for discussion. *Motion passed unanimously.*

Motion made by: Scott Griggs

Motion seconded by: Lee Kleinman

- 6) Additional Motion was made to brief Councilmember Kleinman's four items by January 2018 and prior to the budget process. *Motion passed unanimously.*

Motion made by: Lee Kleinman

Motion seconded by: Scott Griggs

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

4. **General Obligation Upcoming Bond Sale**

Presenter(s): Corrine Steeger, Assistant Director / Treasury Manager, City Controller's Office

Information Only: _

Action Taken/Committee Recommendation(s): *Approved*

Motion was made to forward to City Council on October 25, 2017 with approval of committee. Motion passed; 5/1.

Motion made by: Tennell Atkins

Motion seconded by: Jennifer Gates

In Favor	Opposed
Tennell Atkins Kevin Felder Jennifer Gates Lee Kleinman and Scott Griggs	Philip Kingston

FYI

5. **General Obligation Commercial Paper Program**

Presenter(s): Corrine Steeger, Assistant Director / Treasury Manager, City Controller's Office

Information Only: _

Action Taken/Committee Recommendation(s): *Approved*

Motion was made to forward to City Council on October 25, 2017 with committee recommendation for approval. Motion passed unanimously.

Motion made by: Lee Kleinman

Motion seconded by: Philip Kingston

Adjourn

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

STRATEGIC PRIORITY: Quality of Life

AGENDA DATE: November 8, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Communication and Information Services

CMO: Elizabeth Reich, 670-7804
Jody Puckett, 670-3390

MAPSCO: N/A

SUBJECT

Authorize a one-year service contract for licenses, maintenance, and support for McAfee VirusScan Threat Management Portfolio software – CDW Government LLC, most advantageous proposer of three - Not to exceed \$166,422 - Financing: Current Funds (subject to appropriations)

BACKGROUND

This service contract will provide licenses, maintenance and support for the McAfee VirusScan Threat Management Portfolio software. This portfolio will enable the City to monitor and detect various types of computer viruses and malware threats on the City’s end-computing devices such as desktops, laptops and tablets.

McAfee products are used to protect City computer systems against cybersecurity threats including but not limited to email, computer viruses, malware, internet and email spams, email phishing, other emerging internet threats and internal cyber threats. Additionally, the use of this threat management product assist in protecting confidential information shared within the City and between the City and our business partners.

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

- Trinity Watershed Management (1)
- Dallas Water Utilities (2)
- Communication and Information Services (2)
- Office of Business Diversity (1)*
- Office of Procurement Services (1)*

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

BACKGROUND (continued)

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

- Cost 50%
- Capability and experience 10%
- Functional match 15%
- Training 10%
- Business Inclusion and Development Plan 15%

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 1,211 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, the Office of Business Diversity's ResourceLINK Team sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On October 22, 2014, City Council authorized a three-year service contract for license renewal of McAfee Threat management products by Resolution No. 14-1778.

The Government Performance & Financial Management Committee will receive this item for consideration on November 6, 2017.

FISCAL INFORMATION:

Current Funds - \$166,421.08 (subject to appropriations)

M/WBE INFORMATION

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

M/WBE INFORMATION (continued)

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

PROPOSAL INFORMATION

The Office of Procurement Services received the following proposals from solicitation number BUZ1706. We opened them on February 2, 2017. We recommend the City Council award this service contract in its entirety to the most advantageous proposer.

*Denotes successful proposer

<u>Proposers</u>	<u>Address</u>	<u>Score</u>	<u>Amount</u>
*CDW Government LLC	230 N. Milwaukee Ave. Vernon Hills, IL 60061	87.80%	\$166,421.08
World Wide Technology, Inc.	60 Weldon Pkwy. Maryland HTS, MO 63043	54.80%	\$345,205.90
Wynndalco Enterprises, LLC	55 W. Wacker Dr. Suite 900 Chicago, IL 60601	55.08%	\$385,592.00

OWNER

CDW Government LLC

Christina V. Rother, President
Douglas E. Eckrote, Senior Vice President

AGENDA ITEM # 17

**STRATEGIC
PRIORITY:**

Government Performance and Financial Management

AGENDA DATE:

November 8, 2017

COUNCIL DISTRICT(S):

All

DEPARTMENT:

Office of Procurement Services
Communication and Information Services

CMO:

Elizabeth Reich, 670-7804
Jody Puckett, 670-3390

MAPSCO:

N/A

SUBJECT

Authorize a **(1)** one-year maintenance contract for maintenance and support of existing Kronos licenses, and hardware maintenance; and **(2)** three-year contract, with a one-year renewal option, for the purchase of an upgraded Kronos timekeeping system using web-access software as a service with hosted cloud storage, data conversion, maintenance, and support, distributed by Kronos Incorporated and sold through immixTechnology, Inc. through the Texas Department of Information Resources - Not to exceed \$526,344 - Financing: Current Funds (subject to annual appropriations)

BACKGROUND

These service contracts will provide one year of continuation of the existing Kronos timekeeping system, during which the conversion will occur to a web-based software as a service system with upgrades, maintenance, and support of the Kronos timekeeping system. The City uses the Kronos system to track time cards for over 5,000 non-exempt City employees. The Kronos system also provides valuable management tools to over 300 supervisors to manage the non-exempt employee's time, work schedules, and vacation accruals.

The existing Kronos software, clocks, and hardware, were initially installed approximately 16 years ago, and was last upgraded in 2012. The software is no longer supported by the vendor, this has resulted in significant service degradation, frequent service interruption, recurring software failures, and inability to implement newer features and enhancements to the system to support the various user departments.

This upgrade will move the current Kronos from an on-premise platform to a web-based software as a service (SaaS) platform.

BACKGROUND (continued)

Upgrades to the system will allow the City to realize many benefits, including but not limited to:

- Improved efficiencies in managing non-exempt time and scheduling
- A more robust payroll time management system
- Improved security
- Improved ease of use for City staff
- Improved management reporting and tracking of staff's time and schedules
- Increase accuracy in data collection and payroll processing
- Improved flexibility to be able to access Kronos to report and approve time from any device, including desktop, laptop, or mobile phone

Maintenance and support includes updates to software patches and technical support.

The Texas Department of Information Resources is authorized by Chapter 791 of the Texas Government Code and Subchapter F, Chapter 271, Texas Local Government Code. Section 271.102 of the Texas Local Government Code authorizes a local government to participate in a Cooperative Purchasing Program with another local government or a local cooperative organization.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance & Financial Management Committee will receive this item for consideration on November 6, 2017.

FISCAL INFORMATION

Current Funds - \$526,343.91 (subject to annual appropriations)

OWNER

immixTechnology, Inc.

David Stewart, President
Greg Tarpinian, Vice President

REVISED AGENDA ITEM # 18

STRATEGIC PRIORITY:

Government Performance and Financial Management

AGENDA DATE:

November 8, 2017

COUNCIL DISTRICT(S):

All

DEPARTMENT:

Office of Procurement Services
Court & Detention Services

CMO:

Elizabeth Reich, 670-7804
Jon Fortune, 670-1204

MAPSCO:

N/A

SUBJECT

Authorize a four-year service contract, with one three-year renewal option, to provide payment substation and call center services for the payment of municipal court citations by defendants – Government Payment Service, Inc., most advantageous proposer of four - Financing: No cost consideration to the City (fees to be paid by the defendant)

BACKGROUND

This service contract will provide call center services and retail store outlets to accept municipal court citation payments. Defendants will have the option to call into a bilingual call center that operates 24/7, and submit a payment with a credit or debit card. If the defendant only has cash, then the call agent will send the defendant a pay order by email or text with a bar code than can be paid at a neighborhood retail outlet. The retail stores available for payment include: 7-Eleven, Family Dollar, CVS, and Ace Cash Express. There are 774 locations in the greater Dallas-Fort Worth area of which 240 are neighborhood locations in the City of Dallas for defendants to make cash payments. User fees associated with the payment transaction will be paid by the defendant. Anyone wishing to avoid user fees may still pay in person at the Municipal Court or send payment by mail.

Currently, over 40 percent of court transactions are handled online, however, there is a segment of the population that does not have easy access to online services. This service contract will provide more options for defendants to resolve their citations.

BACKGROUND (continued)

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

- Court & Detention Services (2)
- Dallas Water Utilities (1)
- Management Services (1)
- Dallas Fire-Rescue (1)
- Office of Business Diversity (1)*
- Office of Procurement Services (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 30%
- Overall approach and methodology 30%
- Capability and expertise 25%
- Business Inclusion and Development Plan 15%

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 253 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, the Office of Business Diversity's ResourceLINK Team sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Public Safety and Criminal Justice Committee was briefed on this item as part of the Court Technology Improvements briefing on September 11, 2017.

The Government Performance & Financial Management Committee will receive this item for consideration on November 6, 2017.

FISCAL INFORMATION

No cost consideration to the City (fees to be paid by the defendant as follows: for cash payments at retail locations a defendant may be charged \$4.74 (for a cash payment up to \$995.00 with cash payments over \$995.00 requiring multiple transactions); and for call center card payment transactions a defendant may be charged \$3.85 for debit card transactions and 2.35 percent of the payment amount (minimum fee \$3.050) for credit card transactions.)

M/WBE INFORMATION

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

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

PROPOSAL INFORMATION

The Office of Procurement Services received the following proposals from solicitation number BKZ1705. We opened them on April 7, 2017. We recommend the City Council award this service contract in its entirety to the most advantageous proposer.

*Denotes successful proposer

<u>Proposers</u>	<u>Address</u>	<u>Score</u>
*Government Payment Service, Inc.	7102 Lakeview Pkwy. West Drive Indianapolis, IN 46268	Group 1 - 87.45% Group 2 - 92.20%
NCourt, LLC	955A Cobb Place Blvd. N.W. Kennesaw, GA 30144	Group 1 - 82.80% Group 2 - 69.02%
The Payment Group, LLC	5151 Beltline Rd. Suite 505 Dallas, TX 75254	Group 1 - No bid Group 2 - 60.63%
MoneyGram International	2828 N. Harwood St. Dallas, TX 75201	Non-responsive**

**Moneygram International was deemed non-responsive due to not meeting the specifications.

OWNER

Government Payment Service, Inc.

Mark E. MacKenzie, President

Brian Kibble-Smith, Vice President

AGENDA ITEM # 19

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: November 8, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
City Controller
Convention and Event Services
Water Utilities

CMO: Elizabeth Reich, 670-7804
Joey Zapata, 670-3009
Majed Al-Ghafry, 670-3302

MAPSCO: N/A

SUBJECT

Authorize a five-year service contract for arbitrage rebate calculation and compliance services for all applicable debt obligations outstanding and debt issued during the contract period – First Southwest Asset Management, LLC, most advantageous proposer of three - Not to exceed \$95,000 – Financing: Current Funds (\$57,000), Convention and Event Services Current Funds (\$4,750), and Water Utilities Current Funds (\$33,250) (subject to annual appropriations)

BACKGROUND

This service contract is to provide for the City arbitrage rebate calculation and compliance services. These services are required to ensure compliance with Internal Revenue Service (IRS) Code Section 148. There are currently over 40 outstanding bond issues for which Section 148 calculations will be performed. Additionally, any bonds issued subsequently may require computations during the term of the contract. The contract includes the following services:

- Performing annual arbitrage calculations each September 30, for all eligible outstanding obligations
- Monitoring all required IRS filing dates
- Post-issuance record retention policies and procedures compliance monitoring with IRS regulations

BACKGROUND (continued)

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

- Office of Budget (1)
- City Controller’s Office (1)
- Dallas Water Utilities (1)
- Convention and Event 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 demonstrated competence and qualifications under the following criteria:

- Cost 30%
- Overall approach and methodology 30%
- Capability and expertise 25%
- Business Inclusion and Development Plan 15%

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 798 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 contract information obtained from user departments to contract additional vendors by phone. Additionally, in an effort to secure more bids, the Office of Business Diversity’s ResourceLINK Team sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women’s Business Council – Southwest, to ensure maximum vendor outreach.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance & Financial Management Committee will receive this item for consideration on November 6, 2017.

FISCAL INFORMATION

Current Funds - \$57,000.00 (subject to annual appropriations)
Water Utilities Current Funds - \$33,250.00 (subject to annual appropriations)
Convention and Event Services Current Funds - \$4,750.00 (subject to annual appropriations)

M/WBE INFORMATION

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

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

PROPOSAL INFORMATION

The Office of Procurement Services received the following proposals from solicitation number BKZ1715. We opened them on July 28, 2017. We recommend the City Council award this service contract in its entirety to the most advantageous proposer.

*Denotes successful proposer

<u>Proposer</u>	<u>Address</u>	<u>Amount</u>	<u>Score</u>
*First Southwest Asset Management, LLC	1201 Elm St. Suite 3500 Dallas, TX 75270	\$95,000.00	87.00%
BLX Group, LLC	2711 N. Haskell Ave. Suite 2600, Lockbox #35 Dallas, TX 75204	\$160,000.00	74.81%
PFM Asset Management, LLC	One Keystone Plaza Suite 300 Harrisburg, PA 17101	\$192,000.00	73.84%

OWNER

First Southwest Asset Management, LLC

David Medanich, President
Joseph Michael Edge, Chief Financial Officer
Brian Wittneben, Secretary

AGENDA ITEM # 20

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: November 8, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Water Utilities

CMO: Elizabeth Reich, 670-7804
Majed Al-Ghafry, 670-3302

MAPSCO: N/A

SUBJECT

Authorize a five-year service contract for a water consumption rebate program for industrial, commercial, and institutional facilities - Alan Plummer and Associates, Inc., most advantageous proposer of three - Not to exceed \$842,320 - Financing: Water Utilities Current Funds (subject to annual appropriations)

BACKGROUND

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

This service contract will provide water consumption audits to the City's industrial, commercial, and institutional (ICI) customers by helping them identify potential water savings throughout their facilities. ICI water consumption audits are included as a water conservation strategy in the City's 2016 Five-Year Work Plan on Water Conservation Update (Plan).

The current plan targets a reduction in gallons per capita per day by an average 1.0 percent per year by FY 2019-20. A heavy emphasis will be placed on efforts to aid ICI customers to realize their full potential for water savings and increased efficiency. To that end, professional water audits will be offered free of charge to the City's top 10 percent of the City's water customers as this segment consumes 80 percent of total ICI water demand. The City's goal is to have the awarded contractor perform on average 60 audits annually, totaling 300 audits for the contract term. The contract also provides for follow-up inspections and verification of completed water conservation rebate projects.

BACKGROUND (continued)

The rebate effort will serve to complement and enhance the ICI Audit Initiative. By providing financial incentives that encourage large ICI water users to install new water efficient equipment, the City will help lower the cost of water efficiency investments and accelerate large volumes of water savings among high water-using customers.

The program is projected to save approximately 1.5 million gallons per day (mgd) in the third year of the Five-Year Plan Update (FY 2017-18) and approximately 2.5 mgd by the fifth year (FY 2019-20). Annual water savings are projected to be 900 million gallons assuming program participation and minimum water saving goals are met. Actual water savings will vary.

Customers participating in the ICI Rebate Program will be required to sign an agreement with the City that specifies the rebate amount, installation deadline, and other conditions to ensure that the expected water savings are achieved and maintained after the rebate has been paid. The rebate for each project shall be the lesser of half the combined cost of the purchase price of the equipment and the cost of the contracted labor to install the equipment, or the amount determined by calculating total savings in thousand gallons increments over the life of the project and multiplying that amount by the allowable cost per 1,000 gallons of water saved. The allowable cost per 1,000 gallons of water saved may be adjusted annually depending upon the true cost of regional water supplies. The maximum rebate for any given project is \$100,000. Proposals in excess of \$25,000 shall require approval from the City Council.

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

- Dallas Water Utilities (1)
- Housing & Neighborhood Revitalization (1)
- Equipment and Building 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 demonstrated competence and qualifications under the following criteria:

- Cost 30 points
- Experience 30 points
- Approach 25 points
- Business Inclusion and Development Plan 15 points

BACKGROUND (continued)

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 1,268 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, the Office of Business Diversity's ResourceLINK Team (RLT) sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On February 22, 2012, City Council authorized a five-year service contract for water consumption audits for industrial, commercial and institutional facilities by Resolution No. 12-0529.

The Government Performance & Financial Management Committee will receive this item for consideration on November 6, 2017.

FISCAL INFORMATION

Water Utilities Currents Funds - \$842,320 (subject to annual appropriations)

M/WBE INFORMATION

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

PROPOSAL INFORMATION

The Office of Procurement Services received the following proposals from solicitation number BMZ1728. We opened them on July 14, 2017. We recommend the City Council award this service contract in its entirety to the most advantageous proposer.

PROPOSAL INFORMATION (continued)

*Denotes successful proposer

<u>Proposers</u>	<u>Address</u>	<u>Score</u>	<u>Amount</u>
*Alan Plummer and Associates, Inc.	1320 S. University Dr. Suite 300 Fort Worth, TX 76107	100.00%	\$842,320
Water Management, Inc.	117 Clermont Ave. Alexandria, VA 22304	72.55%	\$1,314,625
Concept Facility Services, LLC	646 E. Hwy. 67 Duncanville, TX 75137	50.00%	\$1,430,000

OWNER

Alan Plummer and Associates, Inc.

Alan Tucker, President
Ellen McDonald, Vice President
Steve Coonan, Secretary

STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: November 8, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Park & Recreation

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

MAPSCO: N/A

SUBJECT

Authorize **(1)** a two-year master agreement for the purchase of grounds maintenance equipment with Longhorn, Inc. in the amount of \$320,000, Professional Turf Products LP in the amount of \$300,000, Z-Riders of Texas dba Cypress Lawn and Turf Equipment in the amount of \$265,000, Four Brothers Outdoor Power in the amount of \$90,000, C&M Air Cooled Engine, Inc. in the amount of \$80,000, Kubota Tractor Corporation in the amount of \$70,000, Tom Loftus Inc. dba Austin Turf & Tractor in the amount of \$57,000, Luber Brothers in the amount of \$40,000, Magnum Trailers in the amount of \$33,000, Vermeer Equipment of Texas, Inc. in the amount of \$28,000, Landmark Equipment, Inc., in the amount of \$20,000, Terrain King Corporation in the amount of \$10,000, and Hustler Turf Equipment in the amount of \$10,000 through the Texas Association of School Boards; and **(2)** a two-year master agreement for the purchase of grounds maintenance equipment with Landmark Equipment, Inc. in the amount of \$96,000, EZ-Liner Industries in the amount of \$15,000, Earle Kinlaw Association, Inc. dba EKA, Inc. in the amount of \$14,000, Cypress Lawn and Turf Equipment dba Z-Riders of Texas in the amount of \$10,000, Luber Brothers in the amount of \$6,000, and Textron, Inc. dba Jacobsen in the amount of \$5,000 through the Houston-Galveston Area Council of Governments - Total not to exceed \$1,469,000 – Financing: Current Funds

BACKGROUND

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

BACKGROUND (continued)

This master agreement will be used to purchase grounds maintenance equipment such as, mowers, tractors, utility vehicles, hand held equipment, and other types of grounds maintenance equipment. The equipment will be used to maintain parks, athletic fields, golf course greens and fairways, Fair Park grounds, other facility grounds and outdoor venues located throughout the City.

The Texas Association of School Boards and the Houston-Galveston Area Council of Governments are authorized by Chapter 791 of the Texas Government Code and Subchapter F, Chapter 271, Texas Local Government Code. Section 271.102 of the Texas Local Government Code authorizes a local government to participate in a Cooperative Purchasing Program with another local government or a local cooperative organization.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Park and Recreation Board will be briefed by memorandum regarding this matter on November 2, 2017.

The Government Performance & Financial Management Committee will receive this item for consideration on November 6, 2017.

FISCAL INFORMATION

Current Funds - \$1,469,000

OWNERS

Longhorn, Incorporated

Loyd Evans, President
Lynn Evans, Vice President
Lynn Evans, Secretary
Tom Swor, Treasurer

Professional Turf Products LP

Edward Clark, President
David Lau, Treasurer

Z-Riders of Texas dba Cypress Lawn and Turf Equipment

Raymond Sustala, President

OWNERS (continued)

Four Brothers Outdoor Power

Rex Kelly, President
Russell Kelly, Vice President
Eddy Kelly, Secretary

C&M Air Cooled Engine, Inc.

Jerry Don Mathis, President
Darlyne Mathis, Vice President

Kubota Tractor Corporation

Masato Yoshikawa, President
Todd Stucke, Vice President
Krish Gudipaty, Treasurer

Tom Loftus Inc. dba Austin Turf and Tractor

Tom Loftus, President
Harry Jukes, Operations Director

Luber Brothers

Rick Luber, President
Ron Luber, Vice President

Magnum Trailers

Charles McLemore, President
Vangle McLemore, Vice President

Vermeer Equipment of Texas, Inc.

Whit D. Perryman, President and Chief Executive Officer
Mark Krueger, Chief Operating Officer
Darren Tallman, Chief Financial Officer

Landmark Equipment Incorporated

Mike Lyle, President
Gary Lyle, Vice President
Marla Lyle, Secretary
Kimberly Chambers, Treasurer

OWNERS (continued)

Terrain King Corporation

Ian Burden, President
Jeffery Leonard, Vice President
Robert George, Secretary
Robert George, Treasurer

Hustler Turf Equipment

Paul Mullet, President
Bob Mullet, Vice President

EZ-Liner Industries

Drew Vogel, President
Dave Van Gorp, Vice President
Bert Aarsen, Secretary

Earle Kinlaw Association, Inc.

Earle F Kinlaw, President
MaryAnn Kinlaw, Secretary
MaryAnn Kinlaw, Treasurer

Cypress Lawn and Turf Equipment dba Z-Riders

Raymond Sustala, President

Textron Inc. dba Jacobsen

Kevin Holleran, President
Hamish Lusty, Vice President
Christine Hineman, Secretary

STRATEGIC PRIORITY: Public Safety

AGENDA DATE: November 8, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Communication and Information Services
Fire

CMO: Elizabeth Reich, 670-7804
Jody Puckett, 670-3390
Jon Fortune, 670-1204

MAPSCO: N/A

SUBJECT

Authorize Supplemental Agreement No. 1 to exercise the one-year renewal option to the service contract with ESO Solutions, Inc. for maintenance and support of Visual Fire software - Not to exceed \$168,223, from \$312,797 to \$481,020 – Financing: Current Funds (subject to 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 Supplemental Agreement will exercise the renewal option for ongoing maintenance and support of the Visual Fire software that links to the Fire Record Management System utilized by Dallas Fire-Rescue (DFR). This system supports built-in data validation tools that assists DFR with ensuring fire incident reports are correctly and completely filled in accordance with the National Fire Incident Reporting System (NFIRS) standards.

DFR is required by federal law to report specific information on all fire incidents. The Visual Fire software is the entry tool and repository for capturing and storing this information. In accordance with NFIRS standards, DFR must complete an incident report for every fire related incident. Within these reports, critical information must be captured such as types and quantity of equipment used, arrival time on scene, etc. These reports are submitted to the State of Texas in the NFIRS protocol and compliance with reporting standards impact receipt of state and federal grants.

Maintenance and support includes patches, updates, compliance with any new state or federal requirements, technical, and customer service support.

BACKGROUND (continued)

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 10, 2016, City Council authorized a two-year service contract, with a one-year renewal option, for maintenance and support of Visual Fire software by Resolution No. 16-1167.

The Government Performance & Financial Management Committee will receive this item for consideration on November 6, 2017.

FISCAL INFORMATION

Current Funds - \$168,223 (subject to appropriations)

OWNER

ESO Solutions, Inc.

Chris Dillie, Chief Executive Officer
Elaine Gordon, Chief Financial Officer

Memorandum



CITY OF DALLAS

DATE: October 26, 2017

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

SUBJECT: Office of the City Auditor – Fiscal Year 2018 First Quarter Update

I will provide a briefing to the members of the Government Performance and Financial Management Committee on Monday, November 6, 2017 regarding:

- Office of the City Auditor – Fiscal Year 2018 First Quarter Update

Sincerely,

A handwritten signature in black ink that reads "Craig D. Kinton".

Craig D. Kinton
City Auditor

C: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
M. Elizabeth Reich, Chief Financial Officer
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Directors and Assistant Directors

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

Office of the City Auditor – Fiscal Year 2018 First Quarter Update

**Government Performance and
Financial Management Committee
November 6, 2017**

**Craig D. Kinton, City Auditor
Office of the City Auditor
City of Dallas**



Office of the City Auditor

Vision, Mission, and Statement of Values

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:

Professionalism
Respect
Integrity
Diversity
Excellence

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Government Performance and Financial Management



City of Dallas

Fiscal Year 2017 Summary

Staff Tenure with Office	
	Percent
Under Two Years	34.8
Two to Five Years	30.4
Six to Ten Years	13.1
More than Ten Years	21.7

Gender		
	Office Percent	Dallas, TX * Percent
Male	56.5	50.4
Female	43.5	49.6

* Source: US Census Bureau 2015 (Estimate)

Ethnicity		
	Office Percent	Dallas, TX * Percent
Non-Hispanic White	65.2	29.2
Non-Hispanic Black	17.4	24.0
Hispanic	4.3	41.4
Other Race	13.1	5.4

*Source: Economic Development Profile – Office of Economic Development



Fiscal Year 2017 Summary

Education *	
	Percent
Some College, No Degree	4.3
Bachelors Degree	95.7
Masters Degree	60.9
Doctor in Jurisprudence	8.7

* Does not total 100% as employees with Masters Degrees also have Bachelors Degrees

Professional Certifications / Designations *	
	Percent
Certified Public Accountant (CPA)	47.8
Certified Internal Auditor (CIA)	43.5
Certified Information System Auditor (CISA)	13.1
Certified Fraud Examiner (CFE)	21.7
Certified Financial Forensics (CFF)	4.3
Licensed Attorney	8.7
Other Certifications	13.1

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



Fiscal Year 2017 Summary

	FY 2017 Target	FY 2017 Actual
Outputs		
Performance Audits	18	12
Attestations	0	0
Investigative Reports	18	6
Nonaudit Services	11	17
Totals	47	35
Efficiency		
% of Hours on Direct Projects	75%	73.5%
Hourly Billable Rate	\$86.63	\$89.42*

* Preliminary Hourly Billable Rate – Final Fiscal Year 2017 Financials Still in Process



Fiscal Year 2017 Summary

	FY 2017 Target	FY 2017 Actual
Outcome Measures Include:		
Percentage of Recommendations Management Agrees to Implement	93%	86%
Percentage of Substantiated Fraud/Waste/Abuse Complaints Resulting in Accountability Actions	100%	100%



Fiscal Year 2017 Summary

- Performance Audits – Produced 12 reports which provided coverage of operational risks and produced 93 total recommendations (including sub-recommendations) to reduce risks or improve operations in areas such as:
 - Design of controls for personnel and training services (Dallas Police Department)
 - Dallas Animal Services operations
 - Internal controls of Neighborhood Code Division (Code Compliance)
 - Sole source / single bid procurements (Office of Procurement Services, formerly Department of Business Development and Procurement Services)
 - Business partners oversight – Arts District (Cultural Affairs)
 - Cash management / collections processes (Court and Detention Services)

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Fiscal Year 2017 Summary

- Investigative Services – Produced 6 reports
 - Closed 124 complaints during FY 2017, resulting in at least 35 accountability actions, including filing of criminal charges, termination of employment, or implementation of other disciplinary or administrative control measures
 - Began FY 2017 with 25 open complaints
 - Received 136 complaints during FY 2017
 - 37 complaints remained open at end of FY 2017

Fiscal Year 2017 Summary

- Nonaudit Services – Completed 17 *
 - Two City Council Members' request for assistance
 - Three departments' request for assistance
 - Twelve presentations to City staff and City Council committees

** 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.*

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Audit and Attestation Services Reports Issued

(April 1, 2017 to October 31, 2017)

- Performance Audits
 - Special Audit of the Accounts of Former City Manager – A.C. Gonzalez
 - Design of Internal Controls over the Department of Code Compliance's Neighborhood Code Division
 - Sole Source / Single Bid Procurements
 - Department of Trinity Watershed Management
 - Business Partners Oversight – Arts District
 - Revenue Estimates for Fiscal Year 2017-18 Proposed Budget
 - Court Information System – Cash Management / Collections Processes
 - Construction-Related Procurements

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Special Audit of the Accounts of Former City Manager, A.C. Gonzalez – Recommendations

- *No recommendations associated with this report*



Design of Internal Controls over the Department of Code Compliance's Neighborhood Code Division – Recommendations

- Continue to develop an document the internal control system for Neighborhood Code to more clearly align with the five components and 17 principles identified in the *Standards for Internal Control in the Federal Government* (Green Book) and in Administrative Directive 4-09, *Internal Control*

Sole Source / Single Bid Procurements – Recommendations

- Develop and implement formal policies and procedures (written, approved, and dated) over sole source / single bid procurement process, including quality control process
- Verify bid specifications are written clearly and required attachments are provided to potential bidders when bid specifications are posted
- Document and include in procurement files the buyers' analysis of how responsible awards were made at lowest possible cost to City
- Review bid responses to validate bid specifications, such as client references, are obtained or reasons for omissions documented
- Document that buyers performed adequate research to identify potential vendors using appropriate research tools (e.g., Internet, Thomas Register of American Manufacturers)

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Sole Source / Single Bid Procurements – Recommendations Auditor Follow-Up Comments

- The Office of Procurement Services (OPS, formerly know as the Department of Business Development and Procurement Services) disagreed with four of the five recommendations stating the exceptions identified are isolated incidents and current processes are sufficient
- Exceptions noted, however, are comparable to those reported in pre-audits performed by the Office of the City Auditor for past nine years
- Although OPS developed checklists and recently implemented quality review process, these improvements did not identify and correct these exceptions noted in the report

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Department of Trinity Watershed Management – Recommendations

- Ensure Internal Transaction Initiators (ITIs) are consistently processed timely by developing formal (written, approved, and dated) policies and procedures that include following measures to track and / or improve the ITI process:
 - Establish an expectation for the timely completion of ITIs (i.e., within 30 calendar days or other appropriate benchmark to measure timely ITI processing) and adopt standards for timely completion of each step within ITI process, specifically senior management's review
 - Compare actual results of ITI processing against adopted standards to evaluate opportunities to further improve timeliness
 - Perform a customer satisfaction survey periodically (e.g., annual or biannual) with applicable City departments / offices to monitor expectations of the ITI process and performance of Stormwater Drainage Management personnel

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Business Partners Oversight, Arts District – Recommendations

- Implement procedures to more closely monitor the financial viability of the two business partners – AT&T Performing Arts Center (ATTPAC) and the Dallas Black Dance Theatre, Inc. (DBDT)
- Comply with the cost reimbursement terms for each Arts District business partner’s agreement. If Office of Cultural Affairs (OCA) determines the retroactive calculations needed to gain compliance with the terms of each agreement are too onerous, we recommend OCA works with the individual business partners and the City Attorney’s Office to align each agreement with current expense reimbursement practices.
- Develop procedures to ensure the Consumer Price Index adjustment calculation is performed when and as required by the agreement with ATTPAC

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Business Partners Oversight, Arts District – Recommendations *(continued)*

- Comply with Administrative Directive 6-01 Section 4.2.6, and Section 4.1 of the Dallas Museum of Art (DMA) agreement by:
 - Performing an annual inventory of the City-owned artwork housed and exhibited at the Museum and valuing the artwork as considered appropriate to obtain adequate insurance coverage
 - Obtaining an artwork Certificate of Insurance from DMA
 - Verifying the DMA has adequate artwork insurance coverage for the City's artwork housed and exhibited at the Museum

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Business Partners Oversight, Arts District – Recommendations *(continued)*

- Improve internal controls over the invoice processing and approval of ATTPAC's quarterly Payment Certificates by:
 - Reviewing the Payment Certificates to ensure the information included is correct
 - Ensuring each reimbursement expense amount listed on the Payment Certificate is adequately supported
 - Establishing the criteria for acceptable supporting documentation required for OCA to reimburse ATTPAC for purchases made with personal credit cards
 - Documenting unallowable costs that are identified and not reimbursed to ATTPAC
 - Documenting OCA's review and approval of each Payment Certificate

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Business Partners Oversight, Arts District – Recommendations *(continued)*

- Improve the DBDT's invoice review and approval procedures to ensure:
 - The DBDT submits evidence DBDT paid the vendor (preferably a canceled check) with each invoice
 - The DBDT submits the complete vendor invoice
 - The OCA reimburses DBDT only once for each vendor invoice submitted

Business Partners Oversight, Arts District – Recommendations (*continued*)

- Work with the City Attorney’s Office and Dallas Symphony Association (DSA) to modify the use agreement to include a facility fee charge as part of the ticket price for DSA performances
- Work with the City Attorney’s Office and the DSA to modify the use agreement to allow for full utilization of the Morton H. Meyerson Symphony Center and Annette Strauss Artists Square

* Auditor Follow-Up Comments

While management agreed with the recommendations in this report, their action plans are not specific and the implementation dates, set for June 30, 2019 (with one exception), are lengthy. Without specific action plans, including interim milestones to demonstrate progress towards implementation, accountability for the control improvements is unclear and the risk is increased that the deficiencies in the OCA’s contract oversight / monitoring controls will remain.

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Revenue Estimates Included in the Fiscal Year 2017-18 Proposed Annual Budget for the City of Dallas – Recommendations

- *No recommendations associated with this report*

Court Information System: Cash Management / Collections Processes – Recommendations

- Ensure City departments responsible for the citation accountability processes develop and implement formal (written, approved, and dated) policies and procedures that define roles, responsibilities, and accountability among departments to ensure:
 - Issued e-citations and paper citations are properly accounted for in Incode System
 - Unissued and / or voided paper citations and associated citation books are properly accounted for, retained, and ultimately destroyed
- Ensure Department of Court and Detention Services (CTS) and other citation issuing departments conduct more in-depth cost-benefit analysis (personnel and system costs, including costs related to internal control implementation) to determine whether transitioning to more complete e-citation process is more cost effective and improves internal controls. This cost-benefit analysis may also include a utilization study of current e-writers. If e-citation process is considered more beneficial, we recommend City Manager develops an implementation plan including associated budget.

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Court Information System: Cash Management / Collections Processes – Recommendations (*continued*)

- Director of the Department of Communication and Information Services (CIS), in consultation with CTS, should ensure an information technology solution is implemented to eliminate the duplicate scanning of paper citations

Court Information System: Cash Management / Collections Processes – Recommendations (*continued*)

- Ensure that (1): Incode System user access is further segregated to reduce risk that a cash misappropriation could occur and remain undetected; and, (2) additional internal controls are implemented to mitigate risk if duties cannot be segregated
- Ensure that: (1) CTS personnel duties are appropriately segregated in CTS-FRM-926; (2) CTS users' actual access to Incode System is aligned with any segregation of duties changes made to CTS-FRM-926; (3) CTS periodically monitors that segregation of duties is appropriate by comparing user profiles in aligned CTS-FRM-926 to user profiles established in Incode System; and, (4) Collection Supervisors and the Collection Manager can void cash payments without Incode System Administrator Level access to Incode System or implement additional internal controls to mitigate these risks

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Court Information System: Cash Management / Collections Processes – Recommendations (*continued*)

- Ensure that (1): Incode System user access is further segregated to reduce risk that a cash misappropriation could occur and remain undetected; and, (2) additional internal controls are implemented to mitigate risk if duties cannot be segregated
- Ensure that: (1) CTS personnel duties are appropriately segregated in CTS-FRM-926; (2) CTS users' actual access to Incode System is aligned with any segregation of duties changes made to CTS-FRM-926; (3) CTS periodically monitors that segregation of duties is appropriate by comparing user profiles in aligned CTS-FRM-926 to user profiles established in Incode System; and, (4) Collection Supervisors and the Collection Manager can void cash payments without Incode System Administrator Level access to Incode System or implement additional internal controls to mitigate these risks

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Court Information System: Cash Management / Collections Processes – Recommendations (*continued*)

- Update Revised CTS-PRO-906 by including methodology and documentation requirements for:
 - User access reviews to ensure inappropriate user access issues are identified and timely corrected
 - Transaction logs reviews to ensure: (1) sample selection is statistically valid and produces a relevant estimate of true presence of errors in total population of CTS transactions; and, (2) errors and anomalies are identified and timely corrected

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Court Information System: Cash Management / Collections Processes – Recommendations (*continued*)

- Ensure Incode System user access and transaction logs reviews are conducted in accordance with updated Revised CTS-PRO-906 at least once per year, including formally and consistently documenting:
 - User access review methodology
 - Transaction logs reviews methodology, including sample selection
 - Results of Incode System user access and transaction logs reviews
 - Actions taken to investigate and correct errors and anomalies identified

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Court Information System: Cash Management / Collections Processes – Recommendations (*continued*)

- Improve compliance and oversight of cash management / collections processes for fines and fees by requiring CTS:
 - Collections, Correspondence and Bonds Division personnel to update vault combination timely when a manager, supervisor or team leader change occurs
 - Collections, Correspondence and Bonds Division personnel to develop and implement a change fund verification schedule for personnel assigned to verify and count change fund on daily basis
 - Finance and Accounting Division personnel to conduct till and vault audits
 - Collections, Correspondence and Bonds Division personnel to evaluate need for Closeout Summaries, update the CTS-WKI-504 accordingly, and consistently follow the updated CTS-WKI-504

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Construction-Related Procurements – Recommendations

- Require all departments involved in construction-related procurements adopt uniform internal control best practices, such as those used by the Department of Dallas Water Utilities (DWU), to ensure compliance with State of Texas law and Administrative Directive 4-05, *Internal Control* (AD 4-05)
- Ensure the City departments authorized to conduct construction-related procurements have formal (written, approved, signed, and dated) policies and procedures
- Ensure the Director of Office of Procurement Services (OPS) develops formal (written, approved, signed, and dated) policies and procedures that describe OPS' responsibilities for facilitating construction-related procurement

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Construction-Related Procurements – Recommendations (continued)

Ensure City departments, authorized to conduct construction-related procurements, and OPS implement the internal controls needed to ensure AD 4-05 is uniformly followed by:

- Decreasing the complexity of AD 4-05 and / or clarifying the requirements by developing an implementation guide. The result should specify:
 - Professional Services procurement requirements, such as the process departments must use after the Request for Qualifications to select the most highly qualified firm (i.e., Request for Proposal, negotiations, etc.)
 - Screening and selection committee composition requirements to minimize potential conflicts of interest, including documentation such as a signed conflict of interest statement
 - Allowable exceptions to the procurement process, such as when the most highly qualified firm is not selected
- Requiring departments to develop consistent policies and procedures
- Monitoring departments for conformity with AD 4-05 for construction-related procurements

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Construction-Related Procurements – Recommendations (continued)

- Ensure City departments, in collaboration with the City Attorney's Office, develop internal controls to ensure distributing the work practices are transparent, consistent, documented, and comply with AD 4-05
- Ensure policies and procedures are developed to require department Directors to document their reasoning for selecting a specific firm when the: (1) selection committee scoring and ranking process results in a tie; or, (2) the firm selected is not the most highly qualified firm recommended by the selection committee

Investigative Services Reports Issued

(April 1, 2017 to October 31, 2017)

- *No Investigative Services Reports Issued*



Anticipated Report Releases

First Quarter FY 2018

- MuniServices Contract for Sales / Use Tax Receipts
- Homeless Response System Effectiveness
- Line-of-Duty Death Report Recommendations – Dallas Fire-Rescue
- Special Audit – Four Former City Council Members
- Attestation Engagement: Storm Drainage Improvements Mill Creek / Peaks Branch / State-Thomas Drainage Relief Tunnel (Second Procurement) – Trinity Watershed Management

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Audit and Attestation Services

Projects In-Progress

First Quarter, Fiscal Year 2018

- Environmental Compliance – Multiple Departments
- Special Collections Operations – Dallas Water Utilities
- Miscellaneous Permit Fee Revenues
- Special Audit – Former City Secretary
- Prior Audit Recommendations Follow-Up Fiscal Year 2016
- Records Management System – Dallas Police Department
- Continuity of Operations Audit Follow-Up
- Off-Duty Employment Administration – Dallas Police Department
- Surveillance Camera Oversight – Multiple Departments
- Dallas Convention & Visitors Bureau (VisitDallas)
- Water Quality and Safety, Testing, and Monitoring – Dallas Water Utilities
- Franchise Fees Review through MuniServices (*Ongoing*)
- Sales/Use Tax Compliance Review through MuniServices and / or TexasCityServices (*Ongoing*)

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Audit and Attestation Services

Anticipated Project Starts

First Quarter, Fiscal Year 2018

- Prior Audit Recommendations Follow-Up Fiscal Year 2018
- Utilization of Bond Funds
- Performance Measurement Process

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QUESTIONS?

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Appendix – Report Links

Audit Reports

- [Special Audit of the Accounts Former City Manager – A.C. Gonzalez](#)
- [Audit of the Design of Internal Controls over the Department of Code Compliance’s Neighborhood Code Division](#)
- [Audit of Sole Source / Single Bid Procurements](#)
- [Audit of the Department of Trinity Watershed Management](#)
- [Audit of Business Partners Oversight – Arts District](#)
- [Audit of the Revenue Estimates Included in the Fiscal Year 2017-18 Proposed Annual Budget for the City of Dallas](#)
- [Audit of Court Information System – Cash Management / Collections Processes](#)
- [Audit of Construction-Related Procurements](#)

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Office of the City Auditor – Fiscal Year 2018 First Quarter Update

**Government Performance and
Financial Management Committee
November 6, 2017**

**Craig D. Kinton, City Auditor
Office of the City Auditor
City of Dallas**



Memorandum



CITY OF DALLAS

DATE October 30, 2017

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

SUBJECT **Cost Consideration of Agenda Items**

On Monday, November 6, 2017, the Office of Budget will brief the Government Performance & Financial Management Committee on the Cost Consideration of Agenda Items. I have attached the briefing for your review.

Please let me know if you need additional information.

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

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

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

Cost Consideration of Agenda Items

November 6, 2017

Elizabeth Reich
Chief Financial Officer

Jack Ireland, Director
Office of Budget

Janette Weedon, Assistant Director
Office of Budget



Purpose

- Review changes proposed for the “financing” and “fiscal information” sections of City Council voting agenda items



Background

- City Council voting agenda items typically include the following:
 - Agenda information sheet
 - Subject (***Financing***)
 - Background
 - Prior Action
 - ***Fiscal Information***
 - Some items include M/WBE, bid, and owner information
 - Resolution or ordinance
- Staff recommends changes to the Subject and Fiscal Information to improve transparency of financial information

Proposed Changes

- Clarify the Subject to indicate which items have a cost consideration, no cost consideration, or a future cost consideration
- Clarify the funding source listed in the Subject
 - Change use of “current funds” to “General Fund” or the appropriate operating fund
- Use the Fiscal Information section to provide additional information about potential future cost
- For multi-year items that are subject to annual appropriations, add a breakdown by fiscal year in the Fiscal Information section

Cost Consideration

- Most items have a cost consideration for the City
- Subject for these items will continue to indicate the cost and funding source
- Examples of items with a cost include:
 - Authorize a three-year master agreement for ballistic plates and carriers for Dallas Fire-Rescue with Galls, LLC through the Texas Association of School Boards - Not to exceed \$2,049,568 - Financing: Current Funds General Fund (\$1,672,960) and U.S. Department of Homeland Security Grant Funds (\$376,608)

Cost Consideration

- Examples of items with a cost include:
 - Authorize contracts with cultural organizations for the provision of artistic services to the City through the Cultural Services Contracts Program (list attached) - Not to exceed \$5,192,035 - Financing: ~~Current Funds~~ General Fund
 - Authorize a two-year service contract for application hosting services, integration support, training, and ongoing technical support of a public electronic information notification system - Carahsoft Technology Corp., through the Department of Information Resources - Not to exceed \$98,327 - Financing: ~~Current Funds~~ General Fund (subject to annual appropriations)
 - Fiscal Information should detail the amounts anticipated for each year of the two-year contract

No Cost Consideration

- Some items do not have a cost consideration for the City
- Subject for these items will indicate “no cost consideration to the City”
- Examples of items with no cost include:
 - An ordinance amending Chapter 2, "Administration," of the Dallas City Code by amending Sections 2-51 and 2-74; **(1)** transferring certain functions from the Water Utilities Department to the Office of Management Services; **(2)** providing a saving clause; **(3)** providing a severability clause; and **(4)** providing an effective date – Financing: No cost consideration to the City

No Cost Consideration

- Examples of items with no cost include:
 - A resolution authorizing the conveyance of a water easement containing approximately 3,922 square feet of land to the City of Forney for the construction, maintenance and use of water facilities across City-owned land located near the intersection of FM Highway 740 and FM Highway 460 - Financing: No cost consideration to the City
 - Authorize adoption of the 2018 City Calendar - Financing: No cost consideration to the City

Cost Consideration for Others

- Some items do not have a cost consideration for the City but will create additional cost for citizens
- Subject for these items will indicate “no cost consideration to the City (see Fiscal Information)”
- Examples of items with no cost include:
 - Authorize a four-year service contract, with one three-year renewal option, to provide payment substation and call center services for the payment of municipal court citations by defendants – Government Payment Service, Inc., most advantageous proposer of four – Financing: No cost consideration to the City (fees to be paid by the defendant) ([see Fiscal Information](#))
 - Fiscal Information should explain the additional fees for individuals paying municipal court citations

Future Cost Consideration

- Some items do not have an immediate or direct cost, but may result in a future cost for the City
- Subject for these items will indicate “this action has no cost consideration to the City (see Fiscal Information)”
- Examples of items with potential future cost:
 - Authorize (1) continuation of the growSouth Neighborhood Challenge Grant Program and amendments to the growSouth Neighborhood Challenge Grant Program Statement clarifying eligibility requirements and the application process; and (2) the City Manager to execute future grant agreements in accordance with the amended program statement - Financing: No cost consideration to the City This action has no cost consideration to the City (see Fiscal Information)
 - Fiscal Information should explain how this item will result in the expenditure of \$100,000 of challenge grants to be executed by Administrative Actions

Future Cost Consideration

- Examples of items with potential future cost:
 - Authorize a professional services contract with Terracon Consultants, Inc. to provide architectural and engineering services for the design of roof and heating, ventilation and air conditioning systems (list attached) - Not to exceed \$866,280 - Financing: Water Utilities Capital Improvement Funds ([see Fiscal Information](#))
 - Fiscal Information should explain that after architectural and engineering that there will be future construction cost and if possible, give an estimate or range for the future construction cost

Future Cost Consideration

- Examples of items with potential future cost:
 - Authorize the **(1)** acceptance of a grant from the Institute of Museum and Library Service through the Texas State Library and Archives Commission for the FY 2018 Special Projects Grant Program (Grant No. 478-18006/Federal ID No. LS-00-17-0044-17, CFDA No. 45.310) in the amount of \$75,000 for the period September 1, 2017 through August 31, 2018; **(2)** establishment of appropriations in an amount not to exceed \$75,000 in the FY 2018 TSLAC-Special Projects Grant-ESL17-18 Fund; **(3)** receipt and deposit of funds in an amount not to exceed \$75,000 in the FY 2018 TSLAC-Special Projects Grant 17-18-ESL Fund; and **(4)** execution of the grant agreement - Not to exceed \$75,000 - Financing: Texas State Library and Archives Commission Grant Funds ([see Fiscal Information](#))
 - Fiscal Information should explain financial impact and/or service impact beyond the grant term

Next Steps

- Receive feedback from Government Performance and Financial Management Committee
- Amend administrative directive related to the agenda process and distribute information to City staff for implementation at a later date to be determined



Cost Consideration of Agenda Items

November 6, 2017

Elizabeth Reich
Chief Financial Officer

Jack Ireland, Director
Office of Budget

Janette Weedon, Assistant Director
Office of Budget



Memorandum



CITY OF DALLAS

DATE October 30, 2017

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

SUBJECT **Financial Management Performance Criteria Update: Two Suggested Criteria
from Council Member Kleinman**

On Monday, November 6, 2017, the Office of Budget will brief the Government Performance & Financial Management Committee on the Financial Management Performance Criteria Update: Two Suggested Criteria from Council Member Kleinman. I have attached the briefing for your review.

Please let me know if you need additional information.



M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
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Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Financial Management Performance Criteria

Two Suggested Criteria from Council Member Kleinman
November 6, 2017

Elizabeth Reich
Chief Financial Officer

Jack Ireland, Director
Office of Budget

Janette Weedon, Assistant Director
Office of Budget



Purpose

- Continue discussion regarding revisions to Financial Management Performance Criteria (FMPC)
 - Consider 2 of 7 additional criteria recommended by CM Kleinman (consider other criteria at a future committee meeting)
- Review next steps

Background

- Committee considered revisions on Sept 5 and Oct 17 (see appendix for revisions discussed)
 - Change/add language – 10
 - Delete criteria – 3
 - Add new criteria – 4
- Committee supported the revisions recommended except requested further discussion on FMPC #33
- Committee requested briefing on CM Kleinman's suggestions by Jan 2018

New Criteria – CM Kleinman

- 2 of 7 suggested criteria will be discussed today, with others considered at future meeting
 1. Public Safety Strategic Priority expenses should not exceed General Fund property tax revenues
 2. Budget development policy that states the City Manager will develop and present an effective tax rate budget and a clearly delineated set of budget enhancements for consideration by the Council, or the first budget briefing must be based on the effective tax rate
 3. Debt Service Coverage Ratio: The percentage of property tax dedicated to debt service shall not exceed 20%
 4. General obligation debt ceiling at 3 times the property tax revenue. With this policy, even authorized debt could not be sold if it exceeds the criteria. May need to adjust the multiplier.
 5. All capital projects of \$100m or more will include an auditor's attestation of the procurement process when presented to council for contract approval.
 6. Early termination of unused TIF capacity once a TIF grows faster than the City at large
 7. No rent subsidies in TIFs or require proactive addition to a specific TIF

New Criteria – Public Safety

- Public Safety Strategic Priority expenses should not exceed General Fund property tax revenues

	FY 2016-17 Budget	FY 2017-18 Budget
Total GF Property Tax Revenue	\$610.2m	\$644.6m
Total GF Budget	\$1,239.5m	\$1,276.4m
Public Safety Strategic Area	\$754.7m	\$756.2m
Percent of GF Property Tax	123.7%	117.3%
Percent of Total GF	60.9%	59.3%
Police & Fire departments	\$731.6m	\$732.5m
Percent of GF Property Tax	119.8%	113.6%
Percent of Total GF	59.0%	57.4%

5



New Criteria – Public Safety

- Public Safety Strategic Priority budget exceeds 100% of General Fund property tax revenue in FY 2017-18
- \$111.6m reduction in Public Safety would be required to comply with this criteria
- State mandated increase in Pension, and Council approved Meet and Confer agreement complicate setting a cap on Public Safety spending
- Recommendation: Staff does not support this criteria

New Criteria – Effective Tax Rate

- Budget development policy that states the City Manager will develop and present an effective tax rate budget and a clearly delineated set of budget enhancements for consideration by the Council, or the first budget briefing must be based on the effective tax rate

	FY 2017-18 Proposed Rate	FY 2017-18 Adopted Rate	FY 2017-18 Effective Rate
Tax Rate (per \$100 value)	78.25¢	78.04¢	74.96¢
Revenue	\$904m	\$901.6m	\$866m
Revenue variance to proposed rate	N/A	(\$2.4m)	(\$38m)



New Criteria – Effective Tax Rate

- City Charter requires, “the City Manager shall submit to the council a budget estimate of the revenue of the city and the expense of conducting the affairs thereof for the ensuing fiscal year”
- An effective tax rate criteria may restrict the City Manager from being able to recommend a budget necessary to conduct the affairs of the city based upon his/her professional judgement and the needs of the community
- A requirement to significantly reduce expenses will create unnecessary confusion and complaints from citizens
- Recommendation: Staff does not support this criteria

Next Steps

- Receive feedback from Government Performance and Financial Management Committee
- Seek City Council approval of revisions to FMPC on Dec 13
- Provide on-going briefings to committee on additional revisions to FMPC throughout FY 2017-18

Financial Management Performance Criteria

Two Suggested Criteria from Council Member Kleinman
November 6, 2017

Elizabeth Reich
Chief Financial Officer

Jack Ireland, Director
Office of Budget

Janette Weedon, Assistant Director
Office of Budget



Appendix

FMPC Revisions Discussed on Sept 5 and Oct 16



Review / Revisions FMPC #6

Operating Program

- Each enterprise fund of the City will maintain revenues which support the full (direct and indirect) cost of the fund. In addition, each Enterprise Fund and Internal Service Fund should maintain at least 30 days of budgeted operations and maintenance expense in net working capital, and avoid cash deficits.
- Status – In compliance
- Recommendation – eliminate Internal Service Funds from this criteria
- “...In addition, each Enterprise Fund ~~and Internal Service Fund~~ should maintain at least 30 days of budgeted operating and maintenance expense in net working capital, and avoid cash deficits. **Enterprise Funds will maintain positive cash balances.**”

12



Review / Revisions FMPC #7

Operating Program

- The Emergency Reserve, a component of unassigned fund balance, shall be used to provide for temporary financing of unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity, a 5% decline in property values, or an unexpected liability created by Federal or State legislative action.
- Status – In compliance
- Recommendation – add language to specify the amount of this reserve
- “Management shall designate up to 20% of the General Fund’s projected unassigned fund balance but not less than \$25 million to the Emergency Reserve.”
- “Use of Emergency Reserve shall require a super-majority of City Council.”

13



Review / Revisions FMPC #9

Operating Program

- The unassigned fund balance of the General Fund, which includes the Emergency and Contingency Reserves, shall be maintained at a level not less than 30 days of the General Fund operating expenditures less debt service. (The Risk Reserve is not included in this calculation.)
- Status – In Compliance
- Recommendation – increase reserve minimum to 40 days and add language
- “The unassigned fund balance...shall be maintained at a level not less than 40 days of the General Fund operating expenditures less debt service. (The Risk Reserve is not included in this calculation.) Funds shall be allocated from unassigned fund balance only after the City Manager has prepared an analysis and presented it to the City Council.”

14



Review / Revisions FMPC #11

Operating Program

- A General Fund liability fund shall be budgeted annually to provide for outstanding and anticipated claims expense and resulting liabilities during the budget year. An individual judgement settlement cap is set at \$5,000,000. The Emergency Reserve will be accessed should the cap be exceeded. An independent actuarial analysis shall be conducted every two years to determine the appropriate level of this fund.
- Status – In Compliance
- Recommendation – add language to allow use of Liability Fund for affirmative litigation.
- “...Additionally, the liability fund will include an allocation for unanticipated affirmative litigation.”

15



Review / Revisions FMPC #15

Operating Program

- An annual review of selected fees and charges will be conducted to determine the extent to which the full cost of associated services is being recovered by revenues. All fees and charges will be reviewed at least once every four years.
- Status – In compliance
- Recommendation – add language
- “...Where feasible and desirable, the City shall set fees and charges to achieve full cost recovery. The City may subsidize the services funded by fees or charges based on other City objectives (examples include: to remain competitive, demand, use of services, etc.).”

16



Review / Revisions FMPC #22

Capital and Debt Management

- Per Capita General Obligation Debt including Certificates of Obligation, Equipment Acquisition Notes, and General Obligation Bonds will be managed to not exceed 10% of the latest authoritative computation of Dallas' per capita annual personal income.
- Status – In compliance
- Recommendation – add language for source of information
- "...authoritative computation of Dallas' per capita annual personal income **as determined by the US Department of Commerce Bureau of Economic Analysis.**"

17



Review / Revisions FMPC #25 & #27

Capital and Debt Management

- | | |
|--|---|
| <ul style="list-style-type: none">• Certificates of Obligation should be used only to fund tax-supported projects previously approved by the voters; or for risk management funding as authorized by the City Council; or non-tax revenue-supported projects approved by City Council. | <ul style="list-style-type: none">• Status – In compliance• Recommendation – no change – see criteria #27 |
| <ul style="list-style-type: none">• Certificates of Obligation will be limited to projects consistent with Financial Management Performance Criteria for debt issuance. | <ul style="list-style-type: none">• Status – In compliance• Recommendation – delete this criteria; redundant to criteria #25 |

18



Review / Revisions FMPC #33

Capital and Debt Management

- Pursuant to the provisions of the Texas Tax Code, the City creates reinvestment zones both for tax increment financing (TIF RZ) and for the tax abatement (TA RZ). TA RZs are created for the purpose of granting tax abatement on real or business personal property or both located in the TA RZ. For the FMPC, TIF RZs and TA RZs shall be referred to as Reinvestment Zones (RZ)
- No RZ can be created if the total property tax base of certain TIF RZs plus the total real property and business personal property tax base (if there is business personal property tax being abated) of TA RZs exceeds 10% of the total tax base (all real and business personal property) of the City. Reinvestment zones that are no longer collecting tax increment or abating taxes (i.e. now contributing 100% to the City of Dallas property tax revenues) will be excluded from the calculation.
- Status – In compliance
- Recommendation – increase cap from 10% to 15%
- “No RZ can be created if the total property tax base of certain TIF RZs plus the total real property and business personal property tax base (if there is business personal property tax being abated) of TA RZs exceeds **15%** of the total tax base (all real and business personal property) of the City....”

19



Review / Revisions FMPC #41

Accounting, Auditing, and Financial Planning

- | | |
|--|---|
| <ul style="list-style-type: none">• The City will establish and maintain a high degree of accounting practices; accounting practices will conform to generally accepted accounting principles as set forth by the authoritative standard setting body for units of local government. | <ul style="list-style-type: none">• Status – In compliance• Recommendation – replace language• “The City will establish and maintain a high degree of accounting practices that will conform to generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB). The GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.” |
|--|---|

20



Review / Revisions FMPC #42

Accounting, Auditing, and Financial Planning

- | | |
|--|--|
| <ul style="list-style-type: none">• An annual audit will be performed by an independent public accounting firm, with the subsequent issue of an official Comprehensive Annual Financial Report (CAFR) within 120 days of the City's fiscal year end. | <ul style="list-style-type: none">• Status – Not in compliance• Recommendation – replace language• “Management will contract with an independent public accounting firm for an annual audit, with the subsequent issue of an official Comprehensive Annual Financial Report (CAFR) in conformity with GAAP and applicable State statutes.” |
|--|--|

21



Review / Revisions FMPC #44

Budget

- Revenues and expenditures will be projected annually for at least three years beyond the current budget projections.
- Status – In compliance
- Recommendation – extend period from three to five years and add Enterprise Funds to the criteria
- Management will project revenues and expenditures annually for at least five years beyond the current year for the General Fund and each Enterprise Fund of the City.”

22



Review / Revisions FMPC #48

Cash Management

- | | |
|--|---|
| <ul style="list-style-type: none">• Investments will be made in conformance with the City's investment policy, with the primary objectives of preservation of capital, maintenance of sufficient liquidity, and maximization of return on the portfolio. | <ul style="list-style-type: none">• Status – In compliance• Recommendation – delete this criteria; guidance is provided in investment policy• As required by State law, the City invests all funds under its control according to a City Council approved Investment Policy, which must be reviewed and reapproved annually by City Council |
|--|---|

23



Review / Revisions FMPC #49

Cash Management

- | | |
|---|---|
| <ul style="list-style-type: none">• The accounting system and cash forecasting system will provide regular information concerning cash position and investment. | <ul style="list-style-type: none">• Status – In compliance• Recommendation – delete this criteria; objectives are included in procedures |
|---|---|



Review / Revisions FMPC–New

Budget

- Biennial budget – no current criteria
- Status – new
- Recommendation – add criteria
- Each year, the City Manager shall develop and present to the City Council a two-year balanced budget. City Council will adopt a one-year budget and set the property tax rate in accordance with State law annually. Expenditures shall be budgeted and controlled so as not to exceed current revenues in each year or City Council approved use of fund balance.



Review / Revisions FMPC–New

Operating Program

- Employee Benefits Fund reserve balance – no current criteria
- Status – new
- Recommendation – add criteria
- The Employee Benefits Fund will maintain a cash reserve of at least the anticipated end-of-year claims incurred but not paid, and other current liabilities. This does not include incurred but not reported claims (IBNR). The Employee Benefits Fund will maintain a positive cash balance.
- Effective beginning in FY 2018-19

26



Review / Revisions FMPC–New

Operating Program

- 65/over or disabled exemption – no current criteria
- Status – new
- Recommendation – add criteria
- The City will compare the current 65 and over or disabled exemption to the most recent annual Consumer Price Index (CPI) every two years, and provide the analysis to the City Council for consideration prior to June 30 for possible modification of this property tax exemption. Changes to property tax exemptions must be provided to the appraisal districts no later than June 30.

27



Review / Revisions FMPC–New

Capital and Debt Management

- | | |
|---|--|
| <ul style="list-style-type: none">• GO Debt Service reserve – no current criteria | <ul style="list-style-type: none">• Status – new• Recommendation – add criteria• The City shall maintain a reserve in the General Obligation Debt Service Fund equal to 5% of the following year's annual principal and interest debt service expense. The debt service fund tax rate and/or future debt will be structured to maintain this debt service reserve. |
|---|--|

28



Memorandum



CITY OF DALLAS

DATE October 30, 2017

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

SUBJECT **Dallas Water Utilities Commercial Paper Program - Amendment and Extension of
Credit Agreement**

The City Council agenda for December 13, 2017 will include a resolution for your consideration amending the revolving credit agreements and associated fee letter agreements that support Dallas Water Utilities' (DWU) \$300 million Series D Commercial Paper Program. The current revolving credit agreements for this series expire on January 8, 2018.

BACKGROUND

Established in 1987 at \$100 million, DWU's program consists of Series D and E with each series authorized at \$300 million. DWU uses its commercial paper program to provide interim financing for capital projects. Contracts are awarded using commercial paper as a funding source. Notes are issued to pay project costs as invoices are received. Notes are typically sold at lower interest rates than longer term bonds. Outstanding commercial paper is periodically reduced by refinancing with long-term bonds.

Commercial paper issuance is backed by lines of credit from highly rated banks. These lines of credit assure investors that the commercial paper notes will be paid in the event that a note cannot be sold to another investor at maturity. The rating agencies rate commercial paper programs based on the rating of the banks providing the credit lines. In addition, the credit rating and outlook of the commercial paper issuer also affects the marketability of the notes.

SERIES D CREDIT AGREEMENT EXTENSION

State Street Bank and Trust Company ("State Street") and Bank of America, N.A. ("Bank of America") have offered to provide the credit facility supporting DWU's \$300 million Series D Commercial Paper Program with no material changes in terms and conditions for an additional two-year period. State Street will continue to provide \$225 million of the total credit facility while Bank of America will provide \$75 million. The annual fee for the line of credit facility backing the existing program is 35 basis points, or 0.35 percent, which would remain the same. DWU's co-financial advisors, Hilltop Securities and Estrada Hinojosa, recommend acceptance of the banks' offer.

DATE October 30, 2017

SUBJECT **Dallas Water Utilities Commercial Paper Program - Amendment and Extension of Credit Agreement**

Current quotes for comparable facilities from other banks are in the range of 0.40 - 0.45 percent. In addition, the co-financial advisors recommend continuation of State Street and Bank of America as credit providers due to strong market acceptance of commercial paper notes supported by their credit lines. Attached is a schedule of the estimated costs associated with this extension.

Please let me know if you need additional information.



M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

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

Attachment I

Dallas Water Utilities Commercial Paper Program Series D

COST OF ISSUANCE/ CLOSING COST

Rating Agency (Closing Cost)

Fitch Ratings (Vendor VC14720)	\$	10,000
S&P Global (Vendor 954974)		5,000

Co-Bond Counsel

McCall, Parkhurst, and Horton (Vendor 193173)	\$	10,000
Escamilla & Poneck (Vendor VS0000018586)		7,125

Co-Financial Advisors

First Southwest Company (Vendor 193056)	\$	35,000
Estrada Hinojosa (Vendor 259910)		14,000

Disclosure Counsel

Andrews Kurth (Vendor VC13546)	\$	4,500
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Liquidity Facility Bank Attorney Fees

Chapman and Cutler LLP (Vendor VS88313)	\$	15,000
---	----	--------

Printing Fee

TBD	\$	2,500
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Total Estimated Upfront Closing Cost \$ 103,125

ANNUAL FEES

Liquidity Facility Fees

Bank of America (Vendor 211068)	\$	263,229
State Street (Vendor VC0000008056)	\$	804,089

Rating Agencies (Annual surveillance)

Fitch Ratings (Vendor VC14720)	\$	5,000
S&P Global (Vendor 954974)		18,000

Total Estimated Annual Fees \$ 1,090,318

Total (Annual Fees plus Closing Cost) \$ 1,193,443

Grand Total (Two-Year Agreement plus Closing Cost) \$ 2,283,761

Memorandum



CITY OF DALLAS

DATE October 30, 2017

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

SUBJECT **September 30, 2017 Quarterly Investment Report**

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

For the quarter ended September 30, 2017, the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

Please let me know if you need additional information.

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

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
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Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors



CITY OF DALLAS

September 30, 2017

QUARTERLY INVESTMENT REPORT

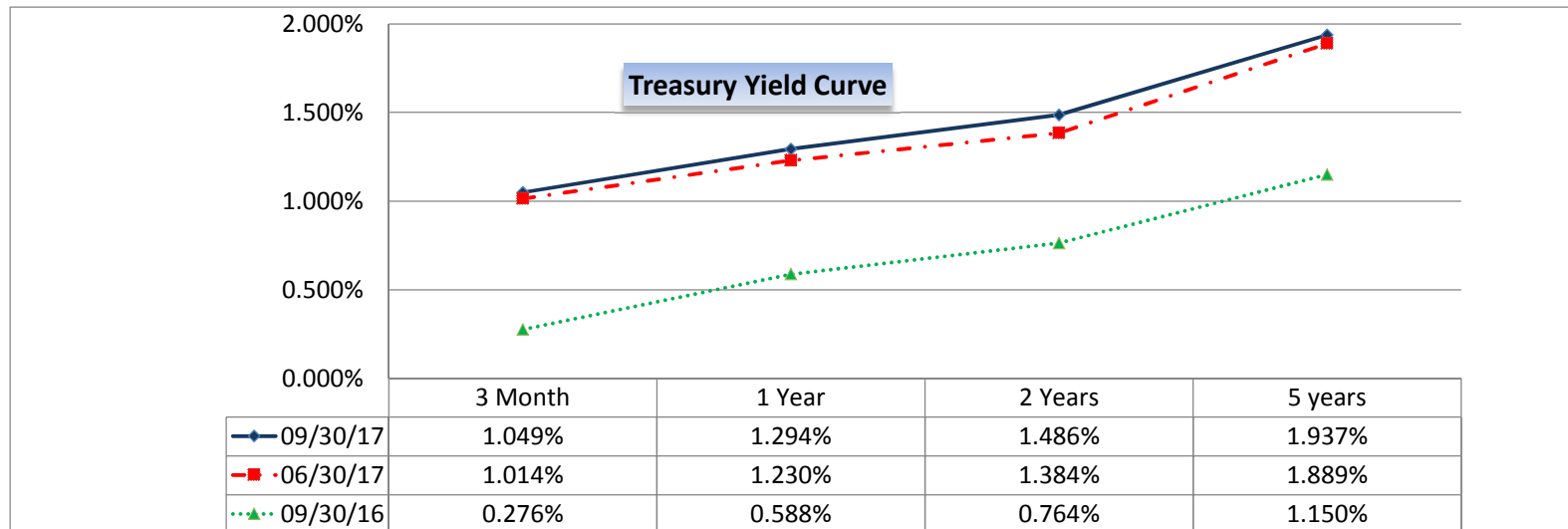
Quarterly National Economic and Market Update
 Quarter Ended September 30, 2017

- Labor market had continued to strengthen and economic activity had been rising moderately for 2017
- Job gains had remained solid in recent months and the unemployment rate had stayed low
- Household spending had been expanding at a moderate rate, and growth in business fixed investment had picked up in recent quarters
- The Federal Open Market Committee (FOMC) decided to keep the top of the target range for the federal funds rate at 1.00% - 1.25%.

Source: FOMC September 20, 2017 Statement

National Economic Data	9/30/2016	9/30/2017
Fed Funds Effective Rate Target Range	0.25% - 0.50%	1.00% - 1.25%
2 Years Treasury Note Yield	0.764%	1.486%
10 Years Treasury Note Yield	1.595%	2.334%
Monthly Unemployment Rate	4.900%	4.200%
Weekly Initial Jobless Claims	246,000	260,000
Monthly Change in Nonfarm Payrolls	191,000	-33,000
Monthly New Housing Starts	1,054,000	1,127,000

Source: Bloomberg



Source: Bloomberg

City of Dallas
Portfolio Holdings
Combined Investment Summary
As of 09/30/2017

Portfolio Description	Face Amount	Book Value	Market Value	Accrued Interest	Market Value + Accrued Interest	*Unrealized Gain/(Loss)	Weighted Average Yield To Maturity
01 The City's Investment Pool	1,586,915,000	1,586,996,242	1,584,119,645	4,281,930	1,588,401,575	(2,876,597)	1.21%
02 Convention Center Reserve	23,000,000	23,000,000	22,566,423	85,367	22,651,790	(433,577)	1.34%
03 Water Reserve	70,000,000	69,993,656	69,168,575	158,917	69,327,492	(825,081)	1.24%
04 Art Endowment	2,235,000	2,235,000	2,211,553	3,196	2,214,749	(23,447)	1.32%
05 Ida Green Library Fund	1,000,000	1,000,000	990,010	3,924	993,934	(9,990)	1.25%
10 DWU Commercial Paper Program	13,960	13,960	13,960	0	13,960	-	0.92%
14 Trinity Parkway Escrow	551,425	551,425	551,425	0	551,425	-	0.93%

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

City of Dallas
Trade Activity by Portfolio
As of: 06/30/2017 - 09/30/2017

Portfolio Description	Beginning Face Amount	Beginning Weighted Average Yield To Maturity	Purchased/Deposited	Matured/Called/ Redeemed	Ending Face Amount	Ending Weighted Average Yield To Maturity
City's Investment Pool*						
Federal Agricultural Mortgage Corp.	324,770,000	1.26%	20,000,000	-	344,770,000	1.27%
Federal Farm Credit Bank	324,275,000	1.04%	-	35,000,000	289,275,000	1.07%
Federal Home Loan Bank	358,850,000	1.33%	20,000,000	20,000,000	358,850,000	1.31%
Federal Home Loan Mortgage Corp.	388,000,000	1.25%	-	77,000,000	311,000,000	1.29%
Federal National Mortgage Assoc.	144,830,000	1.18%	-	34,830,000	110,000,000	1.18%
Total Portfolio	1,540,725,000	1.22%	40,000,000	166,830,000	1,413,895,000	1.24%
<i>*Trade activity excludes local government investment pools and money market mutual funds.</i>						
Convention Center Reserve						
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%
Total Portfolio	23,000,000	1.34%	-	-	23,000,000	1.34%
Water Reserve						
Federal Farm Credit Bank	10,000,000	0.00%	-	-	10,000,000	1.31%
Federal Home Loan Bank	5,000,000	1.50%	-	-	5,000,000	1.50%
Federal Home Loan Mortgage Corp.	30,000,000	1.22%	-	20,000,000	10,000,000	1.25%
Federal National Mortgage Assoc.	45,000,000	1.20%	-	-	45,000,000	1.20%
Total Portfolio	90,000,000	1.23%	-	20,000,000	70,000,000	1.24%
Art Endowment						
Federal Home Loan Mortgage Corp.	2,235,000	1.32%	-	-	2,235,000	1.32%
Total Portfolio	2,235,000	1.32%	-	-	2,235,000	1.32%
Ida Green Library Endowment						
Federal Agricultural Mortgage Corp.	1,000,000	1.25%	-	-	1,000,000	1.25%
Total Portfolio	1,000,000	1.25%	-	-	1,000,000	1.25%
DWU Commercial Paper						
Money Market	13,960	0.85%	-	-	13,960	0.92%
Total Portfolio	13,960	0.85%	-	-	13,960	0.92%
Trinity Parkway Escrow						
Money Market	550,239	0.86%	1,186	-	551,425	0.93%
Total Portfolio	550,239	0.86%	1,186	-	551,425	0.93%

City of Dallas
Summary Statement by Portfolio
As of: 06/30/2017 - 09/30/2017

Portfolio Description	Beginning Face Amount	Ending Face Amount	Beginning Book Value	Ending Book Value	Beginning Market Value	Ending Market Value	Deposits/ (Redemptions)	Change in Market Value	Accrued Interest	Ending Weighted Average Yield To Maturity
City's Investment Pool¹										
Local Govt. Investment Pool	202,020,000	53,020,000	202,020,000	53,020,000	202,020,000	53,020,000	(149,000,000)	-	-	1.26%
Money Market	35,000,000	120,000,000	35,000,000	120,000,000	35,000,000	120,000,000	85,000,000	-	-	0.93%
US Agency	1,540,725,000	1,413,895,000	1,540,746,722	1,413,976,242	1,538,346,543	1,411,099,645	(126,830,000)	(411,398)	4,281,930	1.24%
*Total Portfolio	1,777,745,000	1,586,915,000	1,777,766,722	1,586,996,242	1,775,366,543	1,584,119,645	(190,830,000)	(411,398)	4,281,930	1.21%
Convention Center Reserve²										
US Agency	23,000,000	23,000,000	23,000,000	23,000,000	22,528,467	22,566,423	-	37,956	85,367	1.34%
Total Portfolio	23,000,000	23,000,000	23,000,000	23,000,000	22,528,467	22,566,423	-	37,956	85,367	1.34%
Water Reserve²										
US Agency	90,000,000	70,000,000	89,982,196	69,993,656	89,047,390	69,168,575	(20,000,000)	121,185	158,917	1.24%
Total Portfolio	90,000,000	70,000,000	89,982,196	69,993,656	89,047,390	69,168,575	(20,000,000)	121,185	158,917	1.24%
Art Endowment³										
US Agency	2,235,000	2,235,000	2,235,000	2,235,000	2,208,886	2,211,553	-	2,666	3,196	1.32%
Total Portfolio	2,235,000	2,235,000	2,235,000	2,235,000	2,208,886	2,211,553	-	2,666	3,196	1.32%
Ida Green Library Endowment⁴										
US Agency	1,000,000	1,000,000	1,000,000	1,000,000	989,954	990,010	-	56	3,924	1.25%
Total Portfolio	1,000,000	1,000,000	1,000,000	1,000,000	989,954	990,010	-	56	3,924	1.25%
DWU Commercial Paper⁵										
Money Market	13,960	13,960	13,960	13,960	13,960	13,960	-	-	-	0.92%
Total Portfolio	13,960	13,960	13,960	13,960	13,960	13,960	-	-	-	0.92%
Trinity Parkway Escrow⁶										
Money Market	550,239	551,425	550,239	551,425	550,239	551,425	1,186	-	-	0.93%
Total Portfolio	550,239	551,425	550,239	551,425	550,239	551,425	1,186	-	-	0.93%

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

*Numbers may not sum due to rounding

City of Dallas
Strategy Statement and Compliance by Portfolio
As of: 06/30/2017 - 09/30/2017

STRATEGY COMPLIANCE STATEMENT

For the quarter ended September 30, 2017 the portfolios are in compliance with the relevant provisions of the Public Fund Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

STRATEGY STATEMENT BY PORTFOLIO

1) City's Investment Pool

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

2) Convention Center Bond Reserve and Water Bond Reserve

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

3) Art Endowment

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

4) Ida Green Library Endowment

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

5) DWU Commercial Paper Program and GO Commercial Paper Program

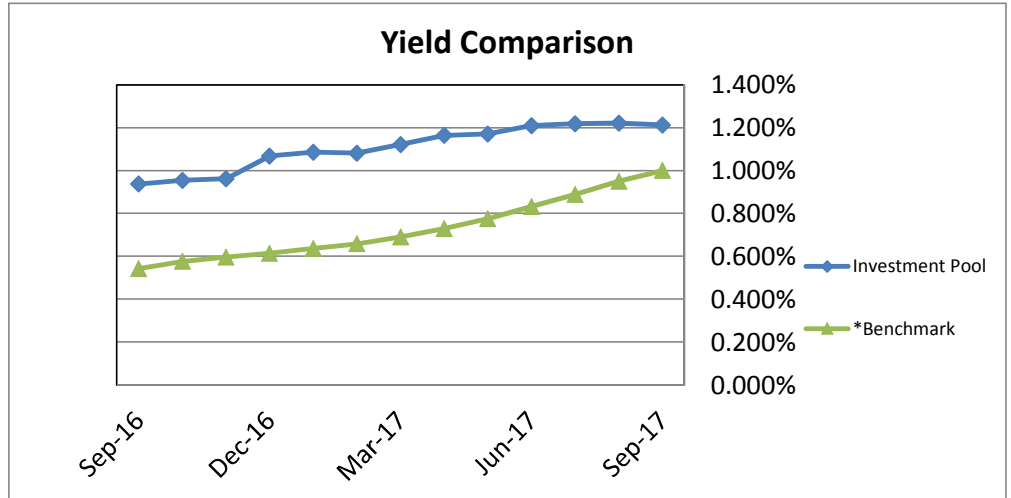
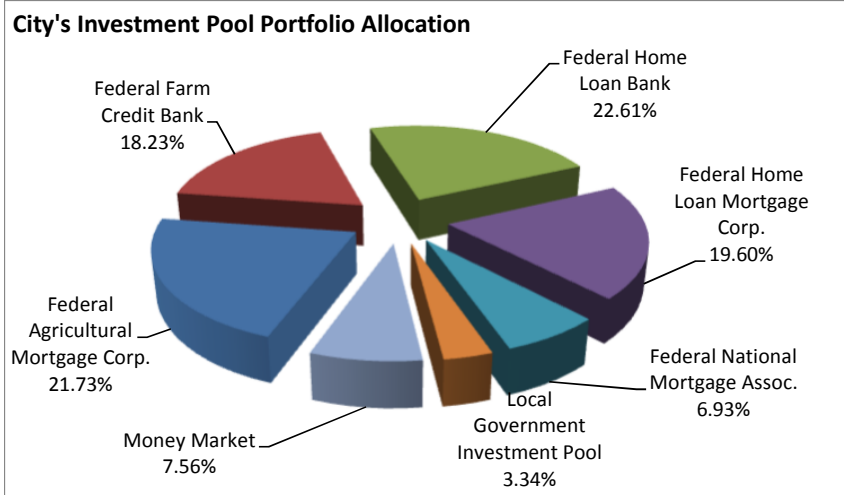
The City issues tax-exempt commercial paper notes as an interim financing tool for construction of capital projects. The investment of the proceeds from the issuance of commercial paper debt should have a high degree of liquidity in order to fund payments to contractors.

6) Trinity Parkway Escrow*

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

* As of September 30, 2017, the City and NTTA are in the process of closing Trinity Parkway Escrow account and anticipate to close the account by October 31, 2017.

City of Dallas
City's Investment Pool Portfolio Allocation
Investment Summary
As of 09/30/2017



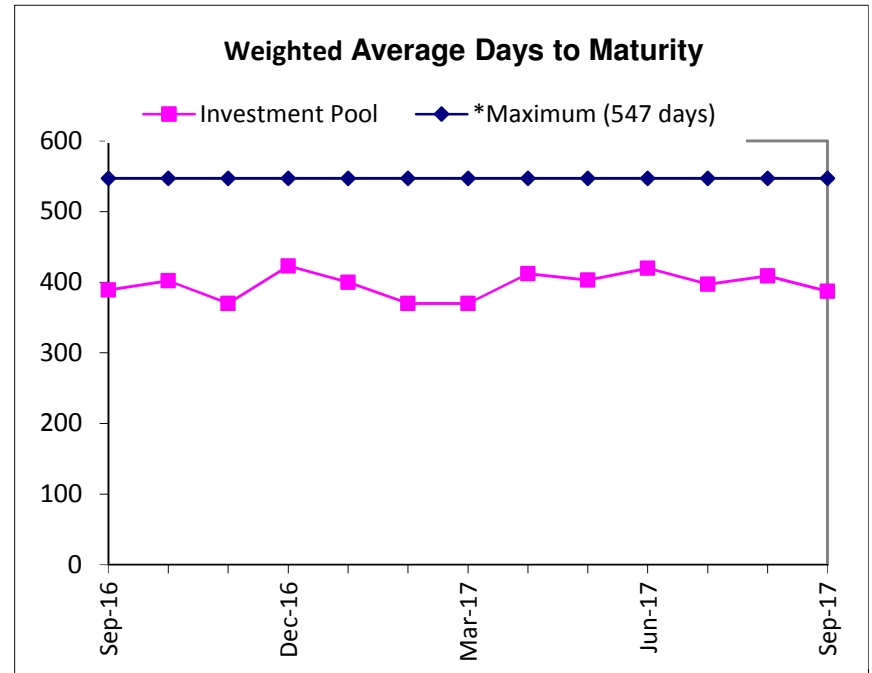
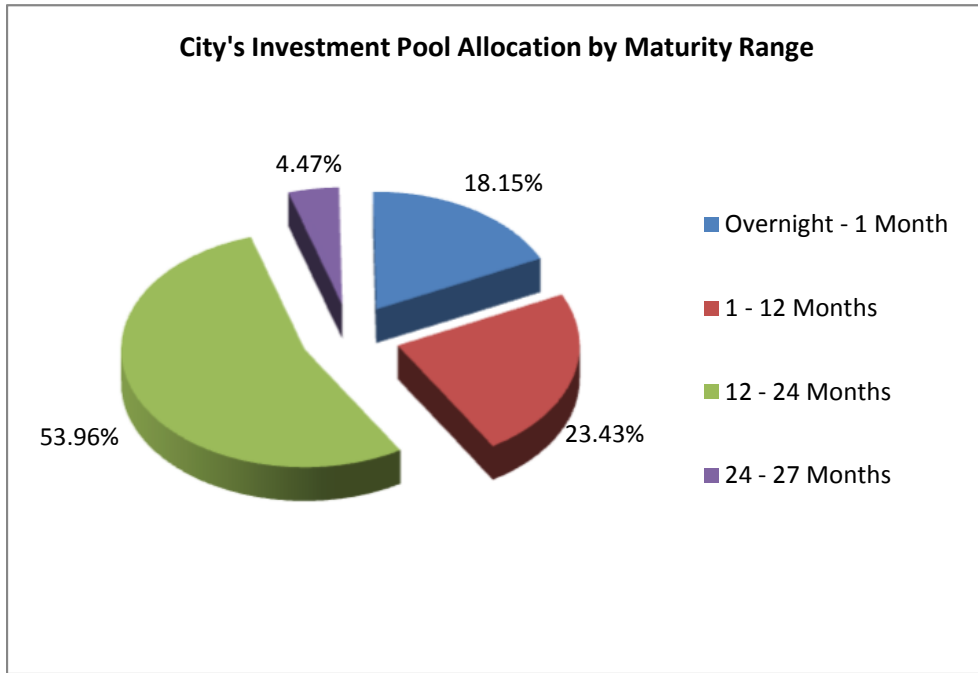
Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Weighted Average Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	344,770,000	344,859,026	344,368,105	(490,921)	406	1.27%	21.73%
Federal Farm Credit Bank	289,275,000	289,248,485	288,662,124	(586,361)	325	1.07%	18.23%
Federal Home Loan Bank	358,850,000	358,896,139	358,069,830	(826,309)	511	1.31%	22.61%
Federal Home Loan Mortgage Corp.	311,000,000	310,998,228	310,314,805	(683,423)	515	1.29%	19.60%
Federal National Mortgage Assoc.	110,000,000	109,974,364	109,684,780	(289,584)	335	1.18%	6.93%
Local Government Investment Pool	53,020,000	53,020,000	53,020,000	-	1	1.26%	3.34%
Money Market	120,000,000	120,000,000	120,000,000	-	1	0.93%	7.56%
***Total Portfolio	1,586,915,000	1,586,996,242	1,584,119,645	(2,876,597)	387	1.21%	100.00%

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

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

*** Numbers may not sum due to rounding

City of Dallas
City's Investment Pool Allocation by Maturity Range
As of 09/30/2017



Description	Face Amount/Shares	Book Value	Market Value	Weighted Average Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	288,020,000	288,017,343	288,010,255	0.90%	5	18.15%
1 - 12 Months	371,620,000	371,686,741	371,363,584	1.13%	231	23.43%
12 - 24 Months	856,275,000	856,282,402	853,952,378	1.33%	551	53.96%
24 - 27 Months	71,000,000	71,009,756	70,793,427	1.52%	782	4.47%
**Total Portfolio	1,586,915,000	1,586,996,242	1,584,119,645	1.21%	387	100%

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

** Numbers may not sum due to rounding

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

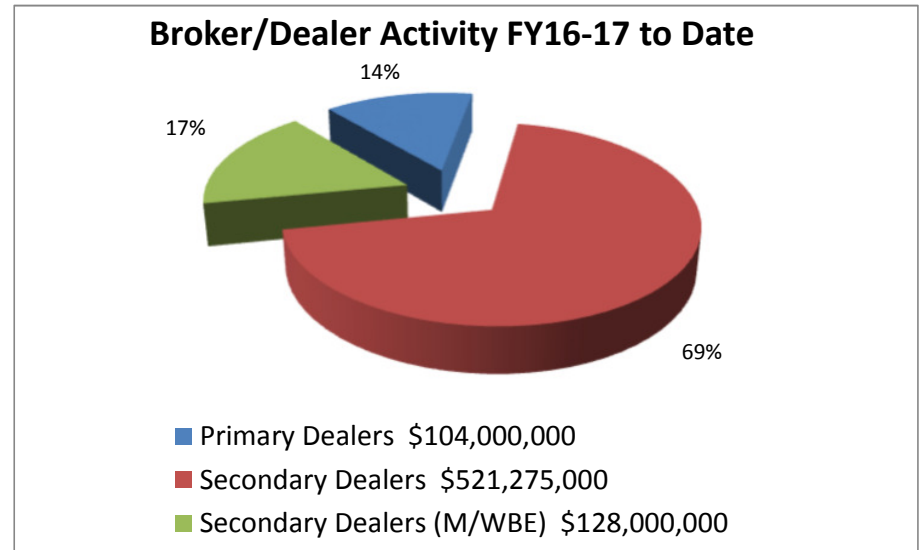
FY 16-17 Year to Date		
Description	Awarded	%
Primary Dealers		
Bank of America	\$48,000,000	6.37%
Jefferies & Co.	27,000,000	3.58%
Morgan Stanley	15,000,000	1.99%
RBC Capital Markets, LLC	14,000,000	1.86%
Wells Fargo	0	0.00%
Secondary Dealers		
FTN Financials	95,000,000	12.61%
Hilltop Securities Inc.	60,000,000	7.97%
Intl Fcstone Financial Inc.	39,275,000	5.21%
Multi Bank Securities	66,000,000	8.76%
Piper Jaffray & Co.	54,000,000	7.17%
Samco Capital Market	75,000,000	9.96%
SunTrust Robinson Humphrey, Inc.	60,000,000	7.97%
Vining Sparks	72,000,000	9.56%
Secondary Dealers - M/WBE		
Capital Institutional Services, Inc.	40,000,000	5.31%
Loop Capital	20,000,000	2.66%
Rice Financial	23,000,000	3.05%
Stern Brothers & Co.	45,000,000	5.97%
Total	\$753,275,000	100.00%

Notes:

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

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

Q4 FY 16-17		
Description	Awarded	%
Intl Fcstone Financial Inc.	\$10,000,000	25.00%
Multi Bank Securities	20,000,000	50.00%
SunTrust Robinson Humphrey, Inc.	10,000,000	25.00%
Total	\$40,000,000	100.00%



CITY OF DALLAS

September 30, 2017

QUARTERLY INVESTMENT REPORT

For the quarter ended September 30, 2017 the portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

Chief Financial Officer: M. Elizabeth Leich

City Controller: [Signature]

Treasury Manager: Cover Steege