

Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Public Hearing on the Proposed Tax Rate**

On August 28, City Council authorized a public hearing to be held on Wednesday, September 18, 2024, on the proposed tax rate of 70.47¢ per \$100 valuation. This action established the maximum property tax rate that may be considered for FY 2024-25. City Council may propose a lower rate but 70.47¢ has become the tax rate ceiling for the upcoming fiscal year.

The City Manager's recommended FY 2024-25 budget as discussed on August 13, includes a tax rate of 70.47¢/\$100. The proposed rate reflects a reduction of 3.10¢.

A public hearing is not required this year since the proposed tax rate is lower than the voter-approval tax rate and the no-new-revenue tax rate. To continue to promote transparency and community engagement, however, the city will publish a notice of the proposed tax rate and conduct a public hearing on September 18, before adopting the proposed tax rate on September 18.

The notice of the public hearing provides information about the no-new-revenue and voter-approval tax rates as listed below.

- Proposed tax rate: 70.47¢
- No-New-Revenue tax rate: 70.8301¢
- Voter-Approval tax rate: 70.4715¢

The Notice of Public Hearing includes the date and time of the public hearing and the results of the vote to consider the proposed tax rate. The notice will be published in multi-cultural publications as well as the official newspaper of the City on September 7.

Please contact me or Janette Weedon, Budget and Management Services Director, if you have any questions.

DATE August 30, 2024
SUBJECT **Public Hearing on the Proposed Tax Rate**
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Jack Ireland
Chief Financial Officer

C: Kimberly Bizzor Tolbert, City Manager (I)
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
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Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **FY 2024-25 and FY 2025-26 Budget Discussion, Amendments, and First Reading of FY 2024-25 Appropriation Ordinance**

Your Wednesday, September 4 City Council meeting will include a discussion of the FY 2024-25 and FY 2025-26 biennial budget and consideration of proposed amendments. For budget purposes, the City Council will be sitting as a Committee of the Whole and able to take straw votes on the proposed amendments.

As of 2:00 p.m. today, we have received one amendment submitted by City Council plus one amendment submitted by the City Manager. Amendments are attached. Any additional amendments received by 5:00 pm on Tuesday, September 3 will be compiled and distributed to all Council Members in advance of the meeting. The order in which the amendments are considered will be directed by the Mayor.

Following the discussion and straw votes on amendments, you are asked to approve the budget on First Reading as required by the City Charter. Following approval of the budget on First Reading, the appropriation ordinance will be published in the official newspaper of the City. After at least 10 days have passed, City Council will be asked to approve the budget upon Final Reading on September 18. At that time, you will also consider the property tax rate ordinance and other budget-related action items.

If you have any questions or need additional information, please contact me or Janette Weedon, Director of Budget and Management Services.

Jack Ireland
Chief Financial Officer

[Attachment]

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City Council Amendment - FY 2024-25 Budget

FY 2024-25 Budget Amendments - Interim City Manager Kimberly Bizer Tolbert - August 30, 2024

Interim City Manager - Kimberly Bizer Tolbert		Amendment Number	1
Council Member Co-Sponsor(S):			
Source of Funds	Amount	Use of Funds	Amount
Budget & Management Services - Reallocate and reprogram American Rescue Plan Act (ARPA) interest earnings, and Federal Emergency Management Agency (FEMA) reimbursement for testing and vaccination funding.	5,807,570	Transportation & Public Works - Increase FY 2024-25 total investment in street maintenance by \$5,807,570 and increase proposed lane miles from 676 to 710 lane miles.	5,807,570
Total Source of Funds	5,807,570	Total Use of Funds	5,807,570
City Council Action (yes/no/withdrawn)	For Staff Use	Difference	0

FY 2024-25 Budget Amendments - Council Member Blackmon - August 30, 2024

Council Member Lead - Blackmon		Amendment Number	2
Council Member Co-Sponsor(S):			
Source of Funds	Amount	Use of Funds	Amount
Office of Economic Development - Reduce the transfer to the Infrastructure Investment Fund by \$485,486 from \$5,987,810 to \$5,502,000.	485,486	Library - Add funds to restore Skillman/Southwestern Library to 53 hours/week and 6 days a week including 9 staff.	485,486
Total Source of Funds	485,486	Total Use of Funds	485,486
City Council Action (yes/no/withdrawn)	For Staff Use	Difference	0

Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **September 11, 2024, Upcoming Agenda Item – 24-2304 – Resolution to Authorize Banking Depository Services Contract with JPMorgan Chase Bank, N.A.**

Your September 11, 2024, City Council agenda includes a resolution authorizing the execution of the banking depository services contract with JPMorgan Chase Bank, N.A. (“JPMorgan”). The recommended contract provides bank depository services for a five-year period with two one-year renewal options at a cost not to exceed \$1,596,992.

Background

The City requires a banking depository contract with a qualified financial institution to provide banking services in accordance with the Texas Local Government Code, Chapter 105, and the City's Charter. The financial institution shall receive and securely keep all public moneys and investments belonging to the City and provide banking products to properly receive funds, and to make payments.

The contract services include, but are not limited to, automated cash management, information reporting, deposit and disbursement services, lockbox services, securities clearance, safekeeping, and collateral.

In 2005, City Council authorized a two-year contract with a two-year extension with Bank of America, N.A. for depository banking services. A new Request for Proposals (“RFP”) was issued in 2009 which resulted in a new five-year contract with Bank of America, which was extended in 2014 for an additional five years. In 2019, a five-year contract renewal with Bank of America was achieved by interlocal agreement with Dallas County, which is set to expire on December 10, 2024.

Request for Proposal

The City issued a request for proposal (RFP) in January 2024 for a banking depository services contract for general banking services including deposits, disbursements, information reporting, account reconciliation, collateral, securities safekeeping, and lockbox services.

The RFP required certification of compliance with all Texas laws including Senate Bills 13 and 19, and compliance with the City's Responsible Banking Ordinance No. 32211 (“RBO”), including submission of the financial institution's latest Community Reinvestment Act review (“CRA”) summarizing the bank's rating, affordable home lending practices, support of racial equity programs and minority communities. Per Section 2-77

DATE August 30, 2024
SUBJECT **September 11, 2024, Upcoming Agenda Item – 24-2304 – Resolution to Authorize Banking Depository Services Contract with JPMorgan Chase Bank, N.A.**
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of the Dallas City Code, the RBO requires that only bids from financial institutions that have received a rating of “Satisfactory” or “Outstanding” would be acceptable.

Proposers were encouraged to include information on their initiatives and programs that support their commitment to the City as detailed in the City’s Racial Equity Plan. The selected bank is expected to partner with the City as we continue to establish goals aimed at reducing known disparities for Dallas residents.

The City received seven proposals in response to the RFP, with two deemed non-responsive. In-person presentations and tour of the bank’s lockbox facilities were held with the top three proposers. The evaluation was based on experience, approach, cost, and timeframe for implementation of services. Details related to the RFP process were presented to the Government Performance and Financial Management Committee on May 21 and August 26, 2024. The most recent presentation can be found [here](#).

Recommendation

JPMorgan was determined to be the most advantageous qualifying proposer with an experienced government team backed by robust banking technology, competitive pricing, and commitment to serve the residents of Dallas.

Per JPMorgan’s latest CRA review released on March 2, 2020, JPMorgan received an overall “Satisfactory” rating and “High Satisfactory” with respect to lending, investment, and service tests. In Texas, JPMorgan received the same overall rating of “Satisfactory” and “High Satisfactory” when rated in the areas of lending, investment, and service. The major factors that supported this rating included excellent level of lending activity, adequate geographic distribution of home mortgage loans and small loans to businesses, and a good level of investments that displayed excellent responsiveness to credit and community economic development needs.

JPMorgan is the second largest rated bank based on aggregate deposits of \$191.9 billion representing 18.3% of the bank’s total deposits. In the Dallas-Fort Worth area, JPMorgan is ranked #1 in deposit market share with 44.1%. As of December 31, 2019, the bank operated 186 branches and 681 deposit-taking ATMs, representing 3.7% of total bank branches and 4.1% of total bank ATMs.

In Dallas, JPMorgan has made \$38 million in philanthropic contributions between 2019 and 2023, operates 138 branches with 16,000 employees, servicing 189,000 business clients and 1.9 million consumer banking customers, and 435 ATMs. Detailed information on JPMorgan’s proposal including cost, services, and the bank’s response to the City’s Responsible Banking Ordinance and Racial Equity Plan are included in the

attached fact sheet.

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The Office of Procurement Services is working with the City's current depository, Bank of America, to obtain an extension to allow staff sufficient time to transition banking services to the new provider pending approval of the City Council.

If you would like additional information about the RFP process or staff's recommendation, we would be happy to meet with you individually prior to the City Council meeting on September 11. If you have any questions, please contact me, Sheri Kowalski, City Controller, or Jenny Kerzman, Assistant Director of Treasury.



Jack Ireland
Chief Financial Officer

Attachment

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FACT SHEET

September 11, 2024, Upcoming Agenda Item – 24-2304 – Resolution to Authorize Banking Depository Services Contract with JPMorgan Chase Bank, N.A.

Evaluation Committee recommended JPMorgan Chase Bank, N.A. (“JPMorgan”) as the City’s new depository bank. JPMorgan submitted a strong proposal to provide banking services including bank accounts, deposits, lockbox services, disbursements, information reporting, collateral, and securities safekeeping. JPMorgan’s proposal meets the City’s objectives to minimize depository costs, improve efficiency, earnings potential, and funds availability.

Cost - \$1,596,992

The cost of the new five-year contract was calculated based on the average cost of basic banking fees, net of proposed incentives including the following:

- Earnings Credit Rate (ECR) of 4.25%
- Waive eighteen (18) months of account analysis fees, up to \$775,000
- Waiver of balance-based charges (bank assessment fee) for the life of the contract
- Transition credit of \$5,000
- Annual analysis settlement
- Collateral at no cost
- 4.15% for interest bearing accounts

Banking Services

JPMorgan will be providing the following banking services:

- Cash Management services including bank accounts and information reporting
- Acceptance of deposits including electronic transactions and by armored car
- Disbursements including payments initiated by the City electronically and paper checks
- Lockbox Services to process paper checks payable to Dallas Water Utilities and Special Collections
- Pledge collateral on all uninsured collected balances plus accrued interest. The market value of the pledged securities will be at least 102%. Collateral is required by the City’s Investment Policy and Chapter 2257, Government Code (“Public Funds Collateral Act”) and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)
- Securities safekeeping

Dedicated Relationship Team

To ensure a successful transition, JPMorgan will assign a dedicated Client Transition Manager and Onboarding Specialist to partner with City staff throughout the implementation process.

The Dallas-based JPMorgan Government Banking Team that will oversee the new banking relationship are:

- Brian Page, Southwest Government Industry Manager and Head of Government Treasury Services
- Beth Dotson, Relationship Executive
- Nathan Hutson, Treasury Management Officer
- Veronica Aleman, Client Service Senior Associate

Responsible Banking Ordinance

The City's Responsible Banking Ordinance ("RBO") No. 32211 requires the City's depository to provide data on their socially responsible banking practices and a "Satisfactory" or "Outstanding" rating in their most recent Community Reinvestment Act ("CRA") examination.

The Office of the Comptroller of the Currency released on March 2, 2020, JPMorgan's latest examination that covered activities from January 1, 2014 – December 31, 2019. The overall CRA rating was **"Satisfactory"**. Here are some highlights from the work done by JPMorgan across the nation:

- Funded approximately \$18 billion in loans to help preserve more than 100,000 affordable housing and rental housing units across the U.S.
- Invested \$100 million of equity in diverse owned Minority Depository Institutions (MDIs) and Community Development Financial Institutions (CDFIs)
- Provided more than \$210 million in incremental funding to Community Development Financial Institutions (CDFIs)
- Originating 40,000 additional home loans and providing 20,000 refinance loans for Black, Hispanic, and Latino households.
- Created the Affordable Housing Preservation Program, which provides incentives to landlords to keep rental units in their buildings at an affordable level.
- The firm will provide an additional \$2 billion for 15,000 small businesses loans in majority Black, Hispanic and Latino communities and spend significantly more with new and existing Black, Hispanic and Latino suppliers.
- In 2022, JPMorgan Chase Business Banking provided \$4.3 billion in loans and lines of credit to small businesses, including \$860.4 million to small businesses in majority Black, Hispanic and Latino communities.
- Hosted educational events, community workshops and business training seminars to over 115,000 participants across 21 U.S. cities.
- Continue to focus on market expansion by opening 100 new branches in low-to-moderate income communities
- Hiring 150 new community managers in these and other branches. Our goal is to open one million new low-cost checking or savings accounts for Black, Hispanic, and Latino customers

In the state of Texas, JPMorgan received a **Satisfactory** rating. In the areas of Lending, Investments, and Services test, JPMorgan received a rating of **"High Satisfactory"**.

Below is a summary of grants provided in and around Dallas in 2023

- \$1,500,000 to The Commit Partnership (Commit) to support Year 1 of Opportunity 2040, a comprehensive 18-year investment plan consisting of multiple interventions to improve numerous public systems and place 150,000 students on a path to economic mobility by 2040.
- \$750,000 renewal to Tarrant To & Through Partnership (T3) to support Phase II of the program design that will create a workforce pipeline model to help parents and students explore pathways to industry-base credentials, degrees, certifications, and job opportunities. The JPMC Force for Good team of software developers are designing a calculator to assist students and their families in evaluating the earning potential of different pathways.
- \$250,000 renewal to Builders of Hope CDC to support the implementation of the Dallas Neighborhood Anti-Displacement toolkit, which is a first of its kind anti-displacement roadmap for policymakers and stakeholders to address the growing concern of neighborhood displacement and was presented to City Council's Housing and Homelessness Solutions Committee on February 27, 2023.
- \$250,000 renewal to Capital Impact Partners (CIP) to deepen the Equitable Development Initiative (EDI), a real estate developer training program launched in Dallas in 2022. The program supports local developers of color with formalized technical assistance and development financing, targeting neighborhoods in southern Dallas.
- \$750,000 grant to nonprofit Trinity Park Conservancy that aims to bring economic growth and opportunity to Greater West Dallas.

Racial Equity Plan

In 2022, JPMorgan reached a milestone in becoming the first national bank to have branches in all the lower 48 states and being able to accept government deposits in all 50 U.S. States. Including the City of Dallas, JPMorgan is fully committed to support government clients through comprehensive philanthropic investments, including the \$500 million, five-year "AdvancingCities" initiative which promotes inclusive economic growth across the country.

JPMorgan has also committed \$30 billion by the end of 2025 to help close the racial wealth gap and drive economic inclusion by providing more opportunities for ownership, access to affordable housing, entrepreneurship and bolstering financial health for Black, Hispanic, and Latino communities.

In response to the City's Racial Equity Plan, JPMorgan provided the following information on their commitment to the City of Dallas.

- \$38 million in philanthropic contributions 2019-2023
- 138 branches

- 435 ATMs
- 16,000 employees in the area
- 189,000 business clients
- 1.9 million consumer banking customers

Business Growth and Entrepreneurship

- Provided \$500,000 in philanthropic capital to TruFund Financial Services to help develop new, accessible lending products and programs that are specifically designed for small business owners of color through a new Entrepreneurs of Color Fund in Dallas.
- Provided \$150,500 in 2021, and \$345,500 in 2022 in philanthropic capital to the Dallas Entrepreneur Center to strengthen local small businesses and foster inclusive growth for underrepresented business owners.

Community Development

- Provided \$500,000 to Capital Impact Partners to provide formalized technical assistance and capital to developers of color in Southern Dallas.
- Committed \$500,000 in philanthropic capital to Business & Community Lenders of Texas's Community Developers Roundtable, a collective network and capacity building initiative for established nonprofit and for-profit community oriented real estate developers, primarily led by people of color.
- Provided \$200,000 in philanthropic capital to TREC Community Investors to help establish the Affordable Housing Fund, which is projected to create new affordable housing units by addressing the funding gap for affordable housing developers of color unable to access traditional capital.
- JPMorgan Chase invested \$750,000 to support the construction of the transformational Southern Gateway Park in Oak Cliff.

Careers and Skills

- A \$7 million grant to Commit!2Dallas' Career-Connected Learning Network to support a collaborative effort to create seamless links between high schools and higher education while aligning pathways to in-demand careers and work-based learning experiences.
- A \$1 million grant to Per Scholas to support the development of a national remote training team to establish a diverse and inclusive tech pipeline through deepening employer engagement strategies.
- Provided \$750,000 in philanthropic capital to the United Way of Metropolitan Dallas' Pathways to Work, a program to strengthen the local jobs and opportunity network, convene industry partnerships to advance job quality, and to equip workers by investing in entry-level training, upskilling, and reskilling.
- Provided \$500,000 in philanthropic capital to Paul Quinn College to support the development of a data science pathway that will lead to industry recognized credentials for high demand tech jobs in the region.

Memorandum



DATE August 30, 2024

CITY OF DALLAS

TO Honorable Mayor and Members of the City Council

SUBJECT **Responses to Questions Regarding the Interim City Manager's Recommended Biennial Budget for FY 2024-25 & FY 2025-26 (Second Set)**

We were pleased to share the City Manager's FY 2024-25 and FY 2025-26 recommended biennial budget on Tuesday, August 13. Below are responses to questions asked during the budget workshop.

1. Provide examples of reductions included in the budget recommendation.

The FY 2024-25 budget recommendation includes numerous strategies to reimagine and realign programs and activities. Below are examples of those reductions that total over \$13 million.

- Efficiencies from Realignments and Consolidations - \$7.1M
- Notable efficiencies by Department/Program \$6.0M

Efficiencies from Realignments and Consolidations	FY25 Savings	Notable Efficiencies by Department/Program	FY25 Savings
Emergency Management & Crisis Response	(\$2.2M)	Eliminate Unimproved Alley in General Fund -funding available in the 2024 Bond Program	(\$2.0M)
Transportation & Public Works	(\$1.5M)	Dallas Public Library Efficiencies	(\$1.9M)
Office of Community Care & Empowerment Efficiencies	(\$1.1M)	Transportation Efficiencies prior to consolidation	(\$1.4M)
Small Business Center Realignment	(\$1.0M)	Jail Contract saving	(\$0.7M)
Communications & Customer Experience Efficiencies	(\$0.7M)	TOTAL	(\$6.0M)
Planning & Development Efficiencies (General Fund)	(\$0.4M)		
Housing & Community Development Efficiencies (moving Community Development)	(\$0.2M)		
TOTAL	(\$7.1M)		

2. Provide 5-year history of property tax value from reappraisal and percent growth.

Fiscal Year	Assessed Valuation	Percent Change in Assessed Valuation	Reappraised Value	% of Total Value Change	New Construction	% of Total Value Change
FY21*	149,136,781,320	6.4%	145,633,737,634	3.85%	3,503,043,686	2.50%
FY22	155,938,191,755	4.6%	152,716,459,534	2.40%	3,221,732,221	2.16%
FY23	179,433,592,088	15.1%	176,100,035,254	12.93%	3,333,556,834	2.14%
FY24	198,272,090,573	10.5%	194,522,124,164	8.41%	3,749,966,409	2.09%
FY25	215,147,848,879	8.5%	210,083,634,023	5.96%	5,064,214,856	2.55%

*Supplemental values

3. What are the current and proposed fees for 911 wireless versus landline, and what is the process for changing the various fees?

Current Landline Rates

- Current monthly rates for each type of landline were adopted on September 23, 1992 by Ordinance 21431
 - Residential - \$0.62
 - Business - \$1.52
 - Trunk - \$2.40

Proposed Landline Rates

- Increase landline rates for Business and Trunk lines, residential remains at current rate
 - Residential - \$0.62 (no change)
 - Business - \$3.38
 - Trunk - \$5.34

Next Steps

- September 18 – City Council approves the new rates
- September 18 – Send formal notification to carriers (send stamped ordinance)
- January 1, 2025 – Fees effective
 - Customers will see the new rate on their first billing cycle after the effective date

The Wireless rate is \$0.50, and this rate is set by the State and distributed to districts based on population. State legislative action is required to change the wireless 911 rates.

4. When will FIFA related expenses and revenues be included in the budget?

The World Cup 2026 will take place in calendar year 2026 (FY 2025-26). We have not yet included projections for revenue increases in the second year of the biennial budget. Internal discussions with key stakeholders have begun and we anticipate updates on forecast expenses and revenues to be part of the FY 2025-26 budget development process next summer.

5. What is the historical and current count for homeless encampments in the City?

The Office of Homeless Solutions (OHS) has responded that it is not possible with the current metrics to provide an accurate count of homeless encampments in the city. Additionally, they have stated OHS 311 data is not an accurate representation of the number of encampments. OHS has been tasked with developing a method and metric to track the number of encampments.

The point in time count does provide a metric for OHS.

- 2021 – 4,570 individuals
- 2022 – 4,410 individuals
- 2023 – 4,244 individuals
- 2024 – 3,718 individuals

The 2024 point in time counts of homelessness is provided below, and 2024 State of Homelessness in Dallas and Collin counties summary is attached.

- [2024 Annual Point-In-Time Report](#)

We will continue to respond to budget questions asked by members of the City Council over the next several weeks. Please contact me or Janette Weedon, Director of Budget and Management Services, if you need additional information.



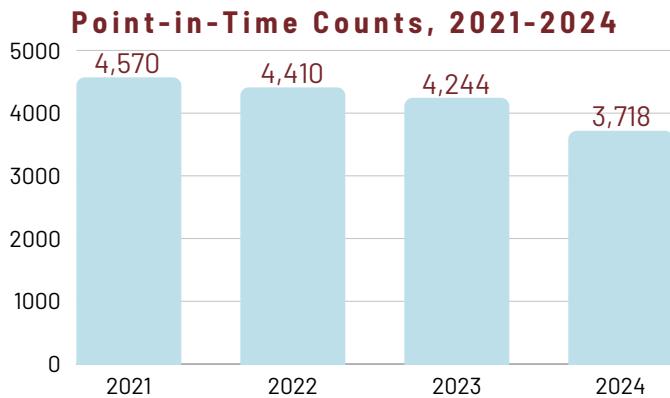
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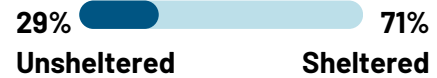
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Directors and Assistant Directors

Since 2021, more than 10,100 people experiencing homelessness in Dallas and Collin counties have been housed. The Point-in-Time (PIT) count is an annual census of our unhoused neighbors. The federally-mandated count helps understand changing trends and is one measure of our success over time.



3,718

Individuals Experiencing Homelessness on a Single Night in 2024



19% Decrease in Overall Homelessness*
24% Decrease in Unsheltered Homelessness*
*Since 2021

DEMOGRAPHICS

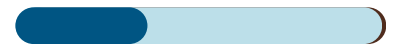
Race/Ethnicity



56.94% Black or African American	1.08% American Indian
28.03% White	0.27% Pacific Islander
9.44% Hispanic/Latino	0.22% Middle Eastern/North African
1.37% Asian	2.66% Multiple Races

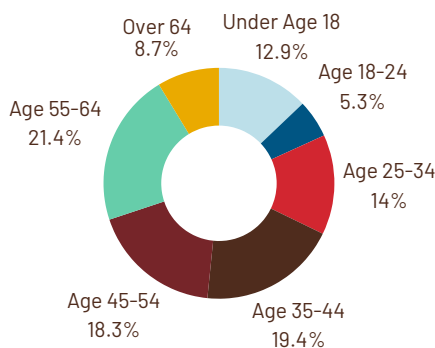
Black households make up just 19% of the general population in Dallas and Collin Counties but 57% of the homeless population.

Gender

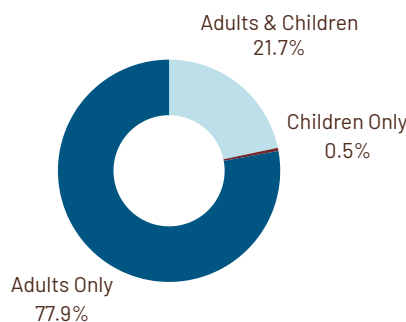


63.58% Male
35.58% Female
0.54% More than 1 Gender
0.19% Non-binary
0.08% Transgender
0.03% Questioning

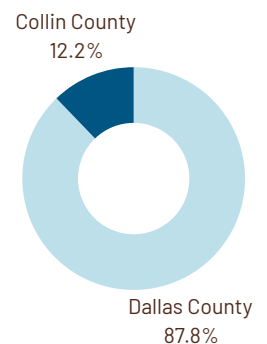
Age Distribution



Households



County



COMMUNITY TRENDS

In 2024, our community saw decreases across all populations in the number of neighbors experiencing homelessness. Dallas and Collin counties were among the small group of communities that reduced homelessness last year, while national rates increased.

Veteran Homelessness: 287

21.37% Decrease Since 2023

Youth Homelessness: 130

22% Decrease Since 2023

Family Homelessness: 805

14.9% Decrease Since 2023

THE NEXT BIG MILESTONE

Reducing Unsheltered Homelessness By 50%

In 2021, we committed to a transformation of our homelessness response system. We aligned investments to focus on reducing unsheltered homelessness. Together, the All Neighbors Coalition has reduced unsheltered homelessness by 24% since that system transformation began.

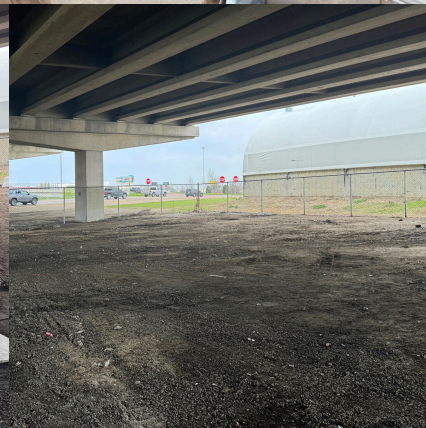
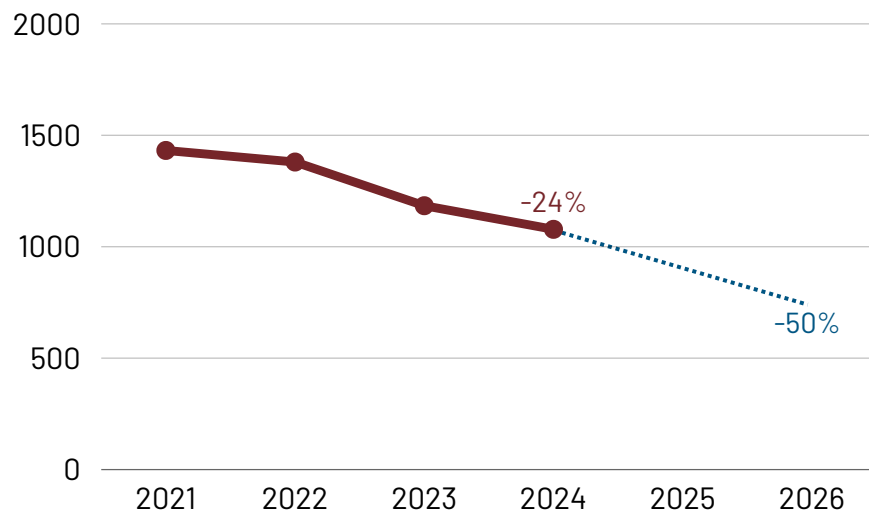
Our next big milestone is a 50% reduction in unsheltered homelessness as compared to 2021 levels. If we stay the course with continued public and private investments in proven strategies for housing and support services, we can reach this goal by 2026.

HOW WE GET THERE

Housing Forward estimates we will need a \$30 million public-private investment to maintain the historic pace that has enabled us to house more than 10,100 individuals since 2021. Our next phase will emphasize closing encampments in the public space with a targeted “Street to Home” approach. We will offer housing and support services equitably, and coordinate with local government to ensure encampments remain closed permanently. This life-saving work reduces the personal and financial costs of homelessness.

Together, we will make homelessness rare, brief, and non-recurring in Dallas and Collin counties.

Unsheltered Population: Progress & Goal



Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Follow-up to August 21 Briefing: Health Benefits Budget Overview and Plan Design for FY 2024-25**

This memorandum is provided in response to questions asked on August 21 regarding our briefing on Health Benefits Budget Overview and Plan Design for FY 2024-25.

Request 1 – Provide information about the employee participation rates.

- Overall Participation in the Plan (2024-2025): The overall participation rate in the health benefits plan is currently 87.1%.
- Breakdown by Salary Bands for Employees in Tiered Structure:
 - Current Participation in Old 2024 Salary Bands:

▪ Under \$44,000	74.1%
▪ \$44,000 to \$66,000	88.9%
▪ Over \$66,000	87.2%
 - Expected Participation in New 2025 Salary Bands:

▪ Under \$47,000	77.2%
▪ \$47,000 to \$69,000	89.8%
▪ Over \$69,000	90.1%

Request 2 – What is the correlation between salary levels and enrollment rates? Are lower-salaried employees enrolling at lower rates?

- The new salary tiers for 2025 have significantly increased eligibility within the lowest salary band (under \$47,000), expanding this group by 40%. This restructuring is expected to drive higher participation rates within this tier, aligning with our goal of making health plans more affordable and equitable for all employees.

DATE August 30, 2024
SUBJECT **Follow-up to August 21 Briefing: Health Benefits Budget Overview
and Plan Design for FY 2024-25**
PAGE 2 of 2

- Data shows a consistent pattern where employees with lower salaries increasingly participate in the plans, with improvements seen in the new tier structures. The new structure effectively drives participation among our lowest-compensated employees, enhancing overall equity across the board.

If you have additional questions, please contact me or Nina Arias, Director of Human Resources.



Jack Ireland
Chief Financial Officer

c: Kimberly Bizer Tolbert, City Manager (I)
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety (I)
Dev Rastogi, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager

Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager (I)
Robin Bentley, Assistant City Manager (I)
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Follow-up to City Council Questions Regarding Pensions**

This memorandum serves to transmit all written responses that have previously been provided and remaining questions regarding the Dallas Police and Fire Pension System (DPFPS) and the Employee Retirement Fund (ERF).

- Responses 1-21 – provided June 5
- Responses 22-46 – provided June 17
- Responses 47-64 – provided August 6
- Response 65-70 – provided today, August 30

If you have additional questions, please let me know.

Service First, Now!

Jack Ireland
Chief Financial Officer

[Attachment]

c:	Kimberly Bizer Tolbert, City Manager (I) Tammy Palomino, City Attorney Mark Swann, City Auditor Billieae Johnson, City Secretary Preston Robinson, Administrative Judge Dominique Artis, Chief of Public Safety (I) Dev Rastogi, Assistant City Manager	M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager Alina Ciocan, Assistant City Manager Donzell Gipson, Assistant City Manager (I) Robin Bentley, Assistant City Manager (I) Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I) Directors and Assistant Directors
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Dallas Police and Fire Pension System (DPFPS) and Employee Retirement Fund (ERF)
First Set of Responses to City Council Questions – June 5, 2024

1. Does a reduced pension have a consequence on the status of the fund?

Benefits already earned cannot be reduced. Only future benefits can be reduced. Reducing employee benefits will reduce the long-term unfunded liability of the fund and improve the funding status. City management does not recommend any reduction to DPFP benefits.

2. Can the City recommend using an objective third party to calculate the Actuarial Defined Contribution (ADC) as referenced on page 17 of the Dallas Police and Fire Pension System: Funding Soundness Restoration Plan Update and Consideration of Recommendations presented May 23, 2024, vs. defaulting to the Dallas Police & Fire Pension Fund's calculation (DPFPF)?

Staff has recommended that we do not automatically accept a DPFP calculated ADC each year. Rather, we have recommended that actuaries for both the City and DPFP calculate the ADC separately. If there is no more than a 2% variance in the two required contribution amounts, then the City would accept the DPFP calculation. If a variance of more than 2% exists, then a negotiation period should ensue. If an agreement is not reached, then the two ADCs should be averaged for the amount to be used for that given year.

3. What are the numbers of active uniform police and fire eligible for retirement?

As of March 2024, there were 5,270 active police and fire uniform employees. Of these, 1,333 or 25% were eligible to retire. This data changes daily as employees are hired and leave the employment with the City.

4. If the city were to issue Pension Obligation Bonds today (assumption: that voters have approved issuance) what would it look like compared to the DPFPF returns (understanding that bond rates fluctuate; can be presented as a range)? In other words, would it make financial sense?

According to the City's financial advisors and other industry experts, the current market conditions are not optimal for issuing Pension Obligation Bonds at this time. If the City decides to issue POB, we will work with our financial advisors to define a recommendation for an interest rate to use as the trigger for when we should actually issue the debt. DPFP's current actuarial assumption related to rate of return is 6.5%.

5. Are all actuarial assumptions based on a 6.5% rate of return? If the plan doesn't achieve this rate of return, especially in earlier years, please discuss the impact on future city contributions?

The actuarial assumption for rate of return for DPFP is 6.5% and for ERF is 7.25%. One benefit of using an ADC model is that actual asset and liability experience is recognized and factored into the next ADC calculation. Cheiron has proposed that actual experience that deviates from the actuarial assumptions will be amortized to 2055, or over 20 years beginning in 2036.

Deloitte has calculated that DPFP's January 1, 2023, unfunded actuarial accrued liability would decrease by approximately \$450 million if they used 7.25% discount rate instead of 6.5%.

6. Is it true that providing more dollars earlier in the 30 years would reduce the total cost of the pension to City of Dallas taxpayers?

Yes, increased funding in earlier years does reduce the total over-all cost to the City over the course of the 30-years.

7. If the city reorganized its budget (and some departments) for FY25 to pay the traditional plan, would there be a long-term cost savings to Dallas taxpayers?

More funding earlier does reduce the long-term cost. The traditional ADC model requires approximately \$67 million more in FY25 than contributed in FY24. In FY25, the traditional ADC cost is \$251.4 million while the 5-year step-up ADC is \$202.1 million. Therefore, an additional \$49.3 million in reductions would be needed to fund the traditional ADC model in FY25.

8. Is it true that retirees of DPD and DFR haven't had a cost-of-living adjustment since 2016?

In compliance with 2017 HB3158, no COLA has been provided to DPD or DFR retirees since that state law was enacted. HB3158 requires that DPFP be 70% funded before COLAs may be offered. Prior to HB 3158, DPD and DFR retirees received automatic 4% COLA every year if hired prior to January 1, 2007, or an ad hoc COLA up to 4% if hired after December 31, 2006. This does not include the guaranteed return on DROP accounts.

9. Is the proposed 13th check for retirees' equivalent to the other 12 checks they receive in a year?

The City staff recommendation for supplemental pay from 2026 to 2045 is for a 1% stipend each year subject to DPFP having a rate of return greater than 0%, not the value of one of the retirees' monthly checks. Providing a stipend equal to the monthly pension benefit would be an 8.33% stipend.

10. Could the city reduce the benefit of ERF COLA to match the DPFP and shift the city's pension contribution dollars emanating from the general fund from ERF pension contribution to DPFP to support an equal COLA?

Reducing future benefits of the ERF plan would reduce the City's cost. Any savings to the General Fund could be redirected to another General Fund expense such as DPFP pension cost. ERF savings to Enterprise Funds could not be redirected to DPFP pension cost.

11. In the traditional ADC funding plan and 5-year step up funding plan, what is the largest expected city contribution and in what year?

The highest annual contribution for the City over the 30-year schedules is: Traditional ADC is \$502.0 million in 2054 and 5-year step-up ADC is \$507.4 million in 2054. In both scenarios, the City's cost drops to \$71.0 million in 2055. However, it is important to remember this assumes that all actuarial assumptions are met. Actual experience that deviates from the actuarial assumptions will either increase or decrease these amounts.

12. If the city adopted the 5-year step up funding plan, each year an additional \$18-\$20m in cuts to the budget would be needed. Please outline proposed cuts.

Proposed cuts for FY25, FY26, FY27, FY28, and FY29 are not available currently. A balanced budget for FY25 and FY26 will be presented to the City Council on August 13.

13. The independent actuary, Cheiron, recommended reducing the employee contribution for the DPFP. This seems contrary to the funding needs of the plan, but yet they included it, noting that the contribution is high compared to other plans and could impact recruiting and retention. Has there been consideration of requiring a look-back period of 5 years to address this issue as a possible plan change?

No additional consideration has been given to this recommendation made by Cheiron. It is not a priority for the DPFP Board or staff.

14. It was stated that board members appointed to DPFP have a fiduciary responsibility to the plan, not the city. Do board members of the DFW Airport board, ERF board, and DART board have a fiduciary responsibility to the organizations they serve as board members or to the city?

Board members of DPFP, ERF, DFW, and DART have a fiduciary responsibility to the boards they serve.

15. Staff is suggesting Dallas retain authority to approve items like discount rate, settling lawsuits, etc.... Does the city have this authority with DFW Airport board, ERF board, or DART board?

The governance for DPFP, ERF, DFW, and DART are all different. Additional oversight is recommended for DPFP since the City makes contributions to this system out of the City's General Fund. The City does not make contributions to DFW or DART out of the City's General Fund. Regarding ERF, certain changes are already required to be approved by the Board, the City Council, and voters within the City of Dallas.

16. Specifically, what assumptions or methods of calculation are driving the city's calculation of the ADC to be so different than the DPFP's calculation that a governance rule is proposed?

There are not currently significant differences in the ADC calculations. However, staff is recommending additional oversight when it comes to ADC calculation since that calculation becomes an automatic cost to the City of Dallas. The City has the responsibility to verify and agree to payments that we are making. It is not recommended that we simply take their calculation and pay whatever amount that they request. City staff has proposed a process for oversight of the ADC calculation.

17. If the issuance of pension obligation bonds requires voter approval, could that be sent to the voters in November 2024 or May 2025, even if the current environment is not favorable for the issuance, and hold that authority for a year or two as the market changes and adjusts?

Yes, and that is what staff would recommend. Based on conversations with bond counsel and financial advisors this is an appropriate strategy and has been used in other cities/states. City staff recommends seeking voter approval and setting in place certain triggers for when we would actually issue the debt.

18. Is the staff recommendation for a supplemental check of 1% of annual pay for retirees for 2025 only or intended to occur every year until the plan is 70% funded?

City staff recommendation for supplemental pay is a 1% increase to the retiree base pension benefit in 2025 for individuals retired by 12/31/24, and 1% stipend (not added to base) for each year 2026-2045 as long as DPFP has a rate of return greater than 0%. DPFP is currently projected to be 70% funded in 2046.

19. What is the cost of a 1% COLA over 30 years?

Below is the 30-year schedule for adding a 1% Cost of Living Adjustment (COLA) to the base pension benefit for current retirees. For example, this would be the cost to add 1% COLA in 2025. It effects their pension benefits every year going forward. The cost is amortized over the 30-year period.

	1% COLA in 2025 if retired by 12/31/24
2024	
2025	\$ 301,000
2026	\$ 579,000
2027	\$ 872,000
2028	\$ 1,182,000
2029	\$ 1,507,000
2030	\$ 1,542,000
2031	\$ 1,579,000
2032	\$ 1,616,000
2033	\$ 1,654,000
2034	\$ 1,694,000
2035	\$ 1,737,000
2036	\$ 1,779,000
2037	\$ 1,822,000
2038	\$ 1,867,000
2039	\$ 1,913,000
2040	\$ 1,960,000
2041	\$ 2,009,000
2042	\$ 2,059,000
2043	\$ 2,109,000
2044	\$ 2,162,000
2045	\$ 2,215,000
2046	\$ 2,270,000
2047	\$ 2,327,000
2048	\$ 2,385,000
2049	\$ 2,445,000
2050	\$ 2,506,000
2051	\$ 2,569,000
2052	\$ 2,633,000
2053	\$ 2,698,000
2054	\$ 2,766,000

20. What is the total annual dollar amount needed to fund a 1% supplemental payment to the pension retirees?

Cheiron was asked to model providing a 1% stipend every year until DPFP is 70% funded. The below schedule assumes 1% stipend each year from 2025 through 2046 which is when DPFP is forecast to reach 70% funding. City staff's recommendation was to provide this stipend annually 2025-2046 contingent on DPFP having returns greater than 0%. The cost of each annual 1% stipend is amortized over the 30-year period.

	1% per year (not added to base), if DPFP has positive return
2024	
2025	\$ 588,000
2026	\$ 957,000
2027	\$ 1,344,000
2028	\$ 1,752,000
2029	\$ 2,178,000
2030	\$ 2,211,000
2031	\$ 2,250,000
2032	\$ 2,286,000
2033	\$ 2,325,000
2034	\$ 2,364,000
2035	\$ 2,409,000
2036	\$ 2,451,000
2037	\$ 2,499,000
2038	\$ 2,547,000
2039	\$ 2,598,000
2040	\$ 2,649,000
2041	\$ 2,703,000
2042	\$ 2,760,000
2043	\$ 2,817,000
2044	\$ 2,877,000
2045	\$ 2,943,000
2046	\$ 3,012,000
2047	\$ 3,087,000
2048	\$ 3,165,000
2049	\$ 3,243,000
2050	\$ 3,327,000
2051	\$ 3,408,000
2052	\$ 3,495,000
2053	\$ 3,582,000
2054	\$ 3,672,000

21. Please provide the cost for the Immediate Partial COLA scenario provided by Cheiron.

Cheiron presented multiple options for implementing COLAs, one was “Immediate Partial COLA”. In this scenario, retirees would be eligible for a COLA before DPFP is 70% funded. Continue to use 5-year average return minus 5% with a maximum of 4%. But in this option, a partial COLA would be provided before DPFP is 70% funded. The partial COLA would use the funding percentage and multiple it by the calculated COLA. For example, if the calculated COLA is 1.5% and the funding status is 40%, then the COLA would be 40% of 1.5% or 0.48% COLA for that particular year.

Fiscal Year	Cost of Immediate Partial COLA Scenario
Year	
2024	
2025	\$ 4,152,000
2026	\$ 6,257,000
2027	\$ 8,450,000
2028	\$ 10,757,000
2029	\$ 13,152,000
2030	\$ 13,304,000
2031	\$ 13,465,000
2032	\$ 13,593,000
2033	\$ 13,750,000
2034	\$ 13,892,000
2035	\$ 14,048,000
2036	\$ 14,238,000
2037	\$ 14,445,000
2038	\$ 14,627,000
2039	\$ 14,842,000
2040	\$ 15,034,000
2041	\$ 15,223,000
2042	\$ 15,450,000
2043	\$ 15,695,000
2044	\$ 15,983,000
2045	\$ 16,306,000
2046	\$ 16,649,000
2047	\$ 17,126,000
2048	\$ 17,617,000
2049	\$ 18,120,000
2050	\$ 14,845,000
2051	\$ 11,397,000
2052	\$ 7,766,000
2053	\$ 3,945,000
2054	\$ (72,000)
2055	\$ -

Dallas Police and Fire Pension System (DPFPS) and Employee Retirement Fund (ERF)
Second Set of Responses to City Council Questions – June 17, 2024

22. In 2054, the cost of DPFPS pension increases from approximately \$184 million to over \$500 million according to staff's recommendation for a five-year step-up ADC with other staff recommendations included. How will the City be able to fund DPFPS expense of over \$500 million from the General Fund budget?

In FY24, DPFPS contribution from the City is \$184 million which is 10% of the total General Fund expense of \$1.84 billion. Based on City staff's recommendations for the funding soundness of DPFPS, the City's contribution does increase to over \$500 million in 30-years. If we assume that the General Fund increases by 3% per year, then the total General Fund will be approximately \$4.5 billion in 2054. At that time, the DPFPS contribution would be 12% of the total General Fund.

23. Is there any quantitative information or other research on the impact of not having/discontinuing a Cost-of-Living Adjustment (COLA)?

There is research that supports the claim that discontinuing or not providing a COLA will erode the value of pension benefits over time and may influence retirement timing and benefit claiming decisions for public sector retirees. However, direct impacts are not conclusively quantified.

24. What are the city's options with regard to issuing POBs with a call provision to allow negotiating better rates in the future

Based on research of the City's financial advisors at Hilltop Securities, it is estimated that taxable Pension Obligation Bonds at this time would have a true interest cost between 5.55% and 5.7%. Preliminary discussion indicates that the City would be better served to not issue POB until true interest cost would be 4% or less. Call provisions are available at or after about 10 years. The City could benefit from issuing POB through multiple tranches to better manage market fluctuations.

25. How would the removal/reduction of a COLA for ERF change the need for an increased ERF contribution?

Reducing or removing ERF benefits would reduce City contribution requirements. Reductions were modeled to reduce Tier A multiplier and future COLA to be the same as Tier B multiplier and future COLA. The modeling showed a savings of approximately \$300 million over 30-years. This information was part of the June 6 presentation by the ERF Executive Director at the Ad Hoc Committee on Pensions meeting.

26. How would a property/asset be designated for sale for pension funding versus development/redevelopment? How is that decision made?

Currently, there is a City Council resolution from prior to 1980 that directs the proceeds from the sale of surplus property to be used for major maintenance of City facilities. This resolution could be revised to establish guidelines for the use of future proceeds. Currently, GPFM Committee is being updated on the progress of evaluating 10 specific properties. Once City staff have completed their work, proposals will be brought through GPFM to the City Council for action. Ultimately, it will be up to the City Council on how to use the proceeds.

27. What level of commitment is there to ensure that civilian employees get a similar COLA to our sworn officers? How can the city justify not providing a COLA to one class of employees while providing it to another?

The two City sponsored pension systems have very different histories and current funding. The contribution rates from the DPFPS and ERF employees have never been the same. The contribution rates from the City have never been the same. The benefit structures have never been the same. The current funding status of the two funds is different with DPFPS being at 39% funded while ERF is 70% funded.

The current COLA provisions that require DPFPS to be 70% funded were put in place in 2017 by the State Legislature to ensure DPFPS solvency.

Different COLA for groups of employees is not unprecedented. For example, DPFPS granted 4% COLA every year prior to 2017. During that same time period, ERF COLA was an average of 2.52%. Additionally, COLA for active employees is frequently at different amounts. For example, in FY25 uniform employees are anticipated to receive 7.23% adjustments plus Step increases while non-uniform merit increase is currently projected to be average of 3%.

28. Will the staff recommendations for COLA pension benefits of the ERF be scaled back to ensure parity with DPFPS plan?

No. See response to the above question for additional information.

29. If a property/asset was sold by the city, would the proceeds be given to DPFPS and amortized over the remaining years of unfunded liability, or would it be used for current year ADC? Is this determined by policy or each time an asset is sold? Who makes that determination?

The conversation between Cheiron, DPFPS staff, and City staff is that any lump sum payment from the City into the fund would not be used for that year's ADC contribution, but rather that the lump sum would be used to reduce the 30-year amortization schedule for the initial Unfunded Actuarial Accrued Liability. This will result in reduction for all remaining years of the original 30-year term.

30. If a revenue stream was added to the city, would it be dedicated/restricted to pension funding or simply added to the general fund? How could it be restricted for pension obligations?

Typically, General Fund revenues are not restricted or earmarked for a specific General Fund purpose. However, once an additional revenue stream is identified, City staff will make a recommendation to the City Council and seek City Council's direction and approval.

31. If it is true that earlier funding is less expensive in the long-term, why is the staff proposal to ramp up over the first 5 years?

A five-year step-up is recommended by City staff because it has a lower year-over-year cost increase and provides the City more flexibility to manage other budget constraints as the City transitions to the ADC. Cheiron stated that the five-year step-up model is "reasonable" and that it would be "acceptable to the PRB".

32. Has a strategic analysis been done to understand the impact a pension plan with no COLA for twenty more years would have on the ability of DPD/DFR to be competitive with other police and fire departments in recruiting and retention?

No, this analysis has not been conducted. However, every individual makes employment decisions based on different factors. Compensation including pay and benefits are obviously considered as individuals make their employment decisions. Most recently, the City has made significant increases in pay to improve our recruitment and retention efforts. Additionally, retention pay has been introduced within the police department. Regarding pension, ensuring the long-term financial soundness of the plan is critically important. Further review of the benefit structure including COLA is still needed after DPFPS is first set on a course to be fully-funded in 30-years in compliance with Texas PRB requirements.

33. Please provide information on the history of investment returns for DPFP and ERF. If there is a comparison chart in a previously presented document, please direct me to it.

Both DPFPs and ERF have provided the information in previous presentations to the Ad Hoc Committee on Pensions, however, the June 6 presentation by Commerce Street Investments provided DPFPs and ERF returns compared to other benchmarks. Those charts are included as slides 51-52 in the appendix of the June 17 City Council presentation. They are pasted below for your convenience.

DPFP and ERF vs. returns of largest Texas cities (Provided by Commerce Street Investments)



Data as of 12/31/22	3-Year	5-Year	10-Year
Dallas Police and Fire	1.5%	2.8%	2.0%
DPFP ex Private Markets	2.3%	3.5%	4.9%
Dallas ERF	3.9%	4.7%	6.6%
Houston MEPS*	13.1%	11.1%	10.2%
Houston Firefighters*	11.0%	9.4%	8.7%
Houston Police*	9.6%	9.1%	8.4%
Texas County & District RS	8.3%	7.8%	8.3%
Austin Fire	5.8%	5.9%	7.2%
San Antonio Fire & Police	4.3%	4.6%	6.6%
Austin Police	5.1%	5.7%	6.3%
Austin ERS	1.9%	3.7%	6.0%

DPFP and ERF vs. national and Texas returns for similar sized funds (Provided by Commerce Street Investments)



Data as of 12/31/22	3-Year	5-Year	10-Year
Dallas Police and Fire	1.5%	2.8%	2.0%
DPFP ex Private Markets	2.3%	3.5%	4.9%
Dallas ERF	3.9%	4.7%	6.7%
National Bottom Quartile	3.8%	4.6%	6.6%
National Average	4.6%	5.5%	7.1%
National Top Quartile	5.8%	6.0%	7.7%
Texas Average*	4.1%	5.1%	6.1%
Texas Top Quartile*	4.9%	5.8%	7.0%
Texas Top Decile*	6.7%	6.7%	7.7%

34. If there was a voter referendum on adding a COLA and the associated costs to the plan, would the city's tax rate reduce a commensurate amount so there would be no increase in the total tax rate for property owners or would there be a total revenue increase beyond the large increases we've seen year over year?

City staff will recommend a balanced biennial budget for FY25 and FY26 using existing revenue streams and within the current property tax rate as limited by SB2. The tax rate is anticipated to be reduced in FY25 as a result of SB2's 3.5% cap on revenue from reappraisal. Through a General Election, voters can authorize exceeding the 3.5% revenue cap which could be requested solely for the increased contributions to DPFPS pension. At this time, it is not known if that would be an actual tax rate increase above the current rate, or would the City still be required to lower the overall tax rate because of the State Law requirements. Regardless, the voter approved tax rate would generate more revenue than the City would receive without the election to exceed the revenue cap.

35. There is a large difference in the funded percent of the ERF plan and DPFPS. Please outline the history of plan changes and pension bonds used to support either plan. If the history shows the city has provided pension bonds to ensure a higher funded amount for ERF but not DPFPS, why should DPFPS retirees and plan members be penalized for COLA because the city didn't also provide pension bonds to the plan to keep their plan funded at 70% or higher?

Pension Obligation Bonds were issued in 2005 in the amount of \$500 million for ERF. Annually, as the City's contribution to ERF is determined, the City receives a credit for the debt service payment (principal + interest) that is being paid for POB. In FY24 for example, the City's contribution to ERF is a total of 22.68% of pay. This is split between 14.46% that is transferred to ERF as part of the City's bi-weekly payroll and 8.22% that is the credit for the City's POB debt service. In FY24, the City's contribution to DPFPS is 34.5% of pay + \$13 million. HB3158 required an additional payment from the City to DPFPS in the amount of \$13 million for 7 years for a total of \$92 million. Even with the debt service payment for POB, the City contributes more to DPFPS as a percent of pay than what the City contributes to ERF. As stated in FY24, the City's contribution to ERF was a total of 22.68% of pay and to DPFPS was a total of 34.5% of pay + \$13 million.

36. What action would be needed so that city council could vote on the mayor's appointees before they are appointed to the Dallas Police & Fire Pension System (DPFPS) board?

Texas Revised Civil Statutes, Article 6243a-1, governs DPFPS and provides that the DPFPS board consists of 11 trustees, six of whom are "appointed by the mayor, in consultation with the city council." By this language, state law requires the mayor to notify city council of his DPFPS board appointees and ask for feedback about the DPFPS board appointee; but the statute does not require city council approval of the mayor's appointees. Legislative action would be required to amend Article 6243a-1 to add a city council approval requirement.

37. What is the time frame for a full council vote, or will council have a vote?

Staff's original goal was to have city council vote on a combined Article 6243a-1 / Texas Government Code Chapter 802 C funding soundness restoration plan for DPFPS before city council's July 2024 recess. We are currently scheduled to brief the full council on staff recommendations on June 18, 2024. We plan to have a final briefing to full council on August 7 and have an action item on the city council's August 14, 2024, voting agenda. However, the funding soundness restoration plan is not due to the Pension Review Board until November 1, 2024, which allows for additional time if city council chooses to delay taking action.

38. What is the plan if the city and pension fund cannot agree on steps forward?

Article 6243a-1 requires the DPFPS board to adopt a plan by November 1, 2024, that complies with the state's funding and amortization period requirements under Texas Government Code (TGC) Chapter 802. Article 6243a-1 is silent regarding the city's approval of the board's plan under Article 6243a-1 but specifies in Section 4.02 that any change to the city's contributions to the pension system may only be made by the legislature, by a majority vote of the voters of the city, or in accordance with a written agreement entered into between the pension system and the

city. As such, it is the city's position that DPFPS cannot increase the amount of the city's contribution through a plan submitted to the Pension Review Board without the city's consent. That position is consistent with conversations the city has had with Pension Review Board representatives who agree with the city that any action by DPFPS that attempts to increase the city's funding responsibilities will not bind the city without the city's consent. If consensus is not reached, the city will file its own plan with the Pension Review Board and the state legislature may take up the issue in 2025. If DPFPS submits a plan that the city is not agreeable to and attempts to unilaterally increase the amount of the city's contribution, the city may seek judicial relief by filing a writ of mandamus, which is a petition in court seeking an order to require DPFPS to comply with its statutory obligations.

Additionally, the DPFPS has also triggered TGC Chapter 802 C, which states that the DPFPS and the city shall jointly formulate a funding soundness restoration plan (FSRP) by September 1, 2025, because DPFPS's expected funding period has exceeded 30 years for three consecutive years. The intent has been to submit one joint plan that complies with both the Article 6243a-1 and TGC Chapter 802 C requirements by November 1, 2024.

39. If the city was able to reduce the DART sales tax amount, could the dollars be dedicated/earmarked to ERF and DPFPS pension and not able to be used for other purposes if there is an unfunded pension liability?

Although typically general fund revenues are not "earmarked", this could be something for the City Council to consider as a policy decision. If additional revenue streams become available, City staff will make recommendations to the City Council for their consideration.

40. Provide a list of other pension funds, what their funding percentage is, and what is their COLA policy.

Deloitte Consulting LLP provided the following response. The table below summarizes the COLA provisions, funded ratio, and Long-Term Rate of Return ("LTROR") on Assets assumption for the largest plans in Texas. In general, if a plan raises their LTROR assumption, the liability decreases (and funded ratio increases).

	Funded Ratio > 90%
	Funded Ratio Between 70% and 90%
	Funded Ratio Between 50% and 70%
	Funded Ratio < 50%

20 Largest Systems in Texas

Plan	Most Recent Funded Ratio	Long-Term Rate of Return Assumption	COLA Provisions
Austin - Employees	64%	6.75%	Ad Hoc , based on actuary's recommendation up to 6%, subject to plan meeting various funding metrics
Austin - Fire	87%	7.30%	Ad Hoc , CPI-U, subject to plan meeting various funding metrics
Austin - Police	60%	7.25%	Ad Hoc , based on actuary's recommendation up to 6%
CPS Energy	88%	7.00%	Automatic , 50% of CPI, maximum 5%
Dallas - Employees	73%	7.25%	Automatic , CPI, maximum 5%/3%
Dallas - Police & Fire	39%	6.50%	Ad Hoc - five-year average return less 5.00%, maximum 4%, only payable when Funded Ratio > 70%
Dallas County Hospital District	73%	6.00%	No COLA
El Paso - Employees	81%	7.25%	No COLA
El Paso - Police	81%	7.75%	Automatic , 3% (Tier 1) No COLA (Tier 2)
Employees Retirement System of Texas	69%	7.00%	No COLA , but ad hoc COLA will be granted for January 2025
Fort Worth - Employees, Fire & Police	55%	7.00%	Combo : Tier 1 - 2% or Conditional Ad Hoc COLA if retired before 1/1/2021, Variable if retired after 1/1/2021, depending on various funding metrics. No COLA : Tier 2
Harris County Hospital District	76%	5.75%	No COLA
Houston - Employees	66%	7.00%	Automatic , 50% of five-year average return less 5%, maximum 2%
Houston - Fire	95%	7.00%	Automatic , five-year average return less 4.75%, maximum 4%
Houston - Police	89%	7.00%	Automatic , five-year average return less 5.00%, maximum 4%
Law Enforcement & Custodial Officer	59%	7.00%	No COLA
San Antonio - Police & Fire	89%	7.25%	Automatic , 75% of CPI, plus ad hoc 13th/14th check depending on investment returns
Teacher Retirement System of Texas	79%	7.00%	No COLA , but ad hoc COLA was paid in 2013, 2019, and 2021
Texas County & District Retirement System	89%	7.50%	Ad Hoc COLAs can be elected by participating employers
Texas Municipal Retirement System	90%	6.75%	Varies by City

41. Are there any other comparable pension funds below 70% funded liability with automatic COLAs? The Deloitte COLA Discussion presentation from May 23, 2024, lists Texas pension systems, but are there any comparable sized cities in the US where this is the case?

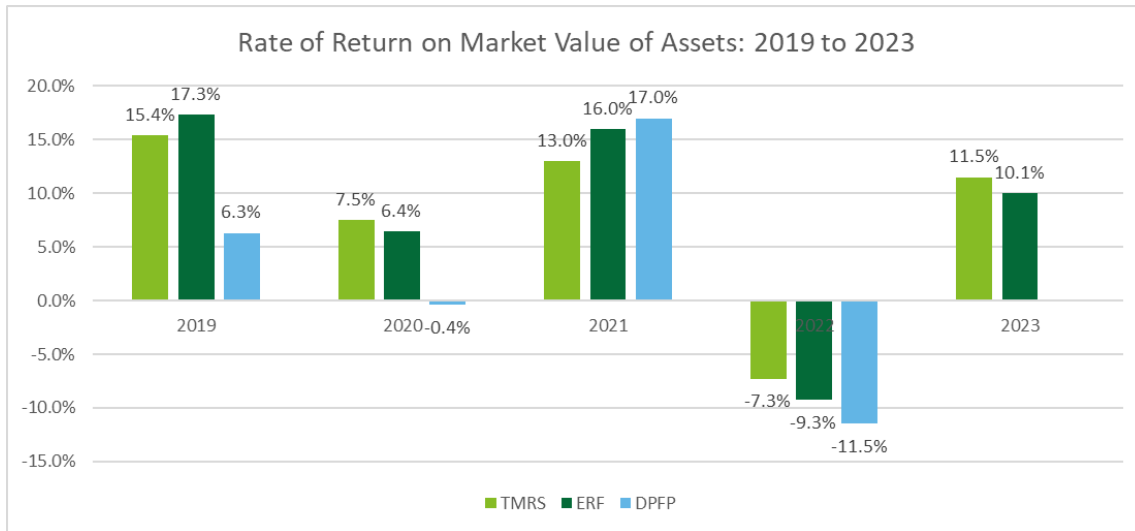
Deloitte Consulting LLP provided the following response. The table below summarizes the COLA provisions, funded ratio, and Long-Term Rate of Return on Assets assumption for the ten largest cities in the US. In general, if a plan raises their LTROR assumption, the liability decreases (and funded ratio increases).

	Funded Ratio > 90%
	Funded Ratio Between 70% and 90%
	Funded Ratio Between 50% and 70%
	Funded Ratio < 50%

Plan	Most Recent Funded Ratio	Long-Term Rate of Return Assumption	COLA Provisions
New York - Employees	91%	7.00%	Automatic - 50% of CPI, minimum 1%, maximum 3%, applied to the first \$18,000 in annual benefits only, begins at age 62/5 years since commencement or age 55/10 years since commencement
New York - Police	94%	7.00%	
New York - Fire	78%	7.00%	
Los Angeles - Employees	74%	7.00%	Ad Hoc - CPI, maximum 3%/2% for Tiers 1&1E / 3 Ad Hoc - CPI, no maximum for Tiers 1-2, maximum 3% for Tiers 3-6
Los Angeles - Police & Fire	95%	7.00%	
Chicago - Employees	23%	6.75%	Automatic – Tier 1: 3%, Tier 2/3: 50% of CPI, maximum 3%, Beginning at age 65/57 Automatic – Tier 1: 3% beginning at 55. Tier 2: 50% of CPI, maximum 3%, beginning at age 60
Chicago - Police	25%	6.75%	
Chicago - Fire	19%	6.75%	
Houston - Employees	66%	7.00%	Automatic , 50% of five-year average return less 5%, maximum 2%. No COLA – Group D members who terminated prior to 2017. Automatic , five-year average return less 5.00%, maximum 4%, beginning at age 55 Automatic , five-year average return less 4.75%, maximum 4%, beginning at age 55
Houston - Police	89%	7.00%	
Houston - Fire	95%	7.00%	
Phoenix - Employees	71%	7.00%	No COLA - Tier 3 (Hired after 2016) Ad Hoc , tied to investment performance - Tier 1 and 2
Philadelphia - Employees, Police, Fire	61%	7.35%	
San Antonio - Employees	87% (TMRS)	6.75%	No COLA . Participate in TMRS Automatic , 75% of CPI, plus ad hoc 13th/14th check depending on investment returns
San Antonio - Police & Fire	89%	7.25%	
San Diego, Employees, Police, Fire	75%	6.50%	Ad Hoc - CPI, maximum 2%
Dallas - Employees	73%	7.25%	Automatic , CPI, maximum 5%/3% Ad Hoc - five-year average return less 5.00%, maximum 4%, only payable when Funded Ratio > 70%
Dallas - Police & Fire	39%	6.50%	
Jacksonville - Employees, Police, Fire (Pre-2017 Hire)	54%	6.50%	Automatic , 3%
Jacksonville - Employees, Police, Fire (Post-2017 Hire)	N/A - DC Plan	N/A - DC Plan	New Hires after 2017 participate in a DC Plan

42. What is the performance of the Texas Municipal Retirement System fund vs. each Dallas employee pension fund (ERF and DPFPF) for the past five years? If the City of Dallas wanted to change to having employees/active sworn and unsworn Police & Fire join the TMRS, the process would be for new hires only. What would happen with the existing funds if new hires were directed either to TMRS or a 401(k) plan?

Deloitte Consulting LLP provided the following response. The graph below shows the Rate of Return on Market Value of Assets for 2019 through 2023 (note that 2023 is unavailable for DPFP). The 4-year average return from 2019-2022 was 6.8% for TMRS, 7.1% for ERF, and 2.3% for DPFP.



If new hires were directed to TMRS or a 401(k), there are several considerations for the existing fund:

- The ADC would still need to be paid on the legacy liability
- The plan would not receive employee contributions from new hires who would be in TMRS/401(k)
- The Long-Term Rate of Return on assets, as well as the asset allocation, would need to be revisited due to the shortening duration of plan benefits (and the plan must ensure it has significant cash on hand to cover annual benefit payments)

There are three components of the City's ADC for DPFP and ERF for current employees and retirees. We have outlined the impact on the ADC if new hires did not enter the pension plan but rather entered a 401(k) or TMRS:

Component of ADC	City Costs – Legacy Pension Plan	City Costs – New Hires
1. Amortization Payments on Initial UAL	Unaffected, as the Unfunded Actuarial Accrued Liability (UAL) is unchanged since current employees/retirees are unaffected	N/A
2. Ongoing Employer Normal Cost plus Admin Expenses	Lower, as there is no Normal Cost for new hires (but there still Normal Cost for current employees until they retire)	Would need to contribute for the 401(k) / TMRS for new hires
3. New Amortization Bases for Emerging Demographic Experience, Asset Experience, or Assumption Change Gains/Losses	Affected by changes to plan demographics or asset strategy	N/A

In #2, the “Employer Portion of Pension Normal Cost” is approximately 6% for both DPFP and ERF. Therefore, if the replacement plan for New Hires is more than 6% of Payroll, there would be additional costs to the City compared to Status Quo.

43. Do other pension funds make COLA conditioned upon pension plan performance?

Deloitte Consulting LLP provided the following response.

- Austin and Fort Worth has ad hoc COLAs tied to the plan meeting various funding metrics
- Houston has automatic COLA tied to five-year investment return
- Phoenix has ad hoc COLA tied to investment performance via a “Pension Equalization Reserve”, but only for employees hired before 2016.
- Philadelphia does not have COLA but does have a “Pension Adjustment Fund” which can provide for ad hoc benefit increases or 13th check based on investment performance.
- San Antonio has the potential for a 13th or 14th check based on investment performance.

Other Plans may choose to grant ad hoc COLAs if the plan is financially sound (e.g., Employee Retirement System of Texas will provide a COLA in 2025).

44. When is the 10-year Net Investment Returns vs. Discount Rate on Texas pensions for FY 2023 expected to be available?

Deloitte Consulting LLP provided the following response. This would be a question for the Texas PRB. We would expect this to be available once every plan has finalized their FY2023 valuations. For reference, here is link to information through FY2022. <https://data.prb.texas.gov/comparison/Huge-2022.html>

45. Please provide examples of Texas pension plans that have used a traditional ADC funding plan, 3 year step up, and 5 year step up for their pension funding plan.

Deloitte Consulting LLP provided the following response.

Of the 20 largest plans in Texas, the following use an ADC Approach. It does not appear that any utilized a step-up period before contributing the full ADC.

Plan	ADC Approach
Austin – Police	Traditional ADC, Beginning January 1, 2022, with a contribution rate corridor of +/- 5% of Payroll on new amortization bases for emerging gains or losses. When ADC was adopted, City’s contribution increased approximately \$9 million, or 5% of payroll from the prior year.
CPS Energy	Traditional ADC (additional details not available)
Dallas County Hospital District	Traditional ADC (additional details not available)
Houston – Employees	Traditional ADC, Beginning July 1, 2016, with a contribution rate corridor of +/- 5% of Payroll from baseline 30-year projections. When ADC was adopted, City’s contribution increased approximately \$17M, \$28M, \$10M or 10%, 4%, 1% of payroll from the prior year for the Employees, Fire, and Police plans respectively.
Houston – Fire	
Houston – Police	
Harris County Hospital District	Traditional ADC (additional details not available)
Texas County & District Retirement System	Traditional ADC (additional details not available)
TMRS	Each City is required to pay their ADC

46. What is the process to convert the ERF pension into a matching, portable retirement savings account for active employees?

Deloitte Consulting LLP provided the following response. If the City were to establish a DC plan, there are several ways to do so. In each case, the City must continue to pay the ADC on the legacy pension plans, plus DC contributions for DC participants.

Option	Considerations
1. Close Pension Plan, Freeze Ongoing Accruals, All Members begin accruing in DC Plan	Generally, has not been done before by other states; may be significant employee backlash
2. Close Pension Plan to new entrants; all new hires must participate in DC Plan	Has been done by several states
3. New hires have choice between DC Plan and existing DB Plan	Has been done by several states. Least impactful, as new hires may still elect DB Plan

For any of these options, the City can explore allowing employees the option to ‘cash out’ accrued pension benefit into a DC balance. The City would need to check with City Attorneys / ERF. There are various cash flow considerations/potential drawbacks to this approach.

Options 2 and 3 are projected to be costlier than Status Quo for the following reasons:

- The existing UAL still needs to be paid off, following a similar schedule as the proposed ADC approach from ERF.
- The “Employer Portion of Pension Normal Cost”, currently ~6% of payroll, represents the cost of an additional year of pension benefit accrual. Any annual employer DC contribution that is greater than 6% of payroll is an additional cost to the City compared to status quo.

Option 1 may be closer to cost-neutral for the City, depending on the level of the employer DC Contributions. While the same two bullets above apply, there is additional savings in Option 1 due to a decrease in the Liability from freezing the plan for future accruals / salary increases for current employees.

This [article](#) from the National Public Pension Coalition outlines some reasons against converting public employees to a DC Plan:

- The study found that costs have increased for states when they made the switch, using Michigan and West Virginia as examples. Closing the plan to new hires shuts off a source of plan funding.
- There are recruitment/retention issues, using Palm Beach, Florida and Alaska as examples.
- 401(k)’s without mandatory Employee/Employer contributions can lead to Americans being under-prepared for retirement.

Dallas Police and Fire Pension System (DPFPS) and Employee Retirement Fund (ERF)
Third Set of Responses to City Council Questions – August 6, 2024

47. What are DFPF's legacy investments?

Response researched and provided by Deloitte Consulting. Based on information that is part of DFPF's [January Board Meeting](#), Legacy Assets make up 19% of the portfolio (\$365M) as of 12/31/23. They are shown on page 45 in yellow:

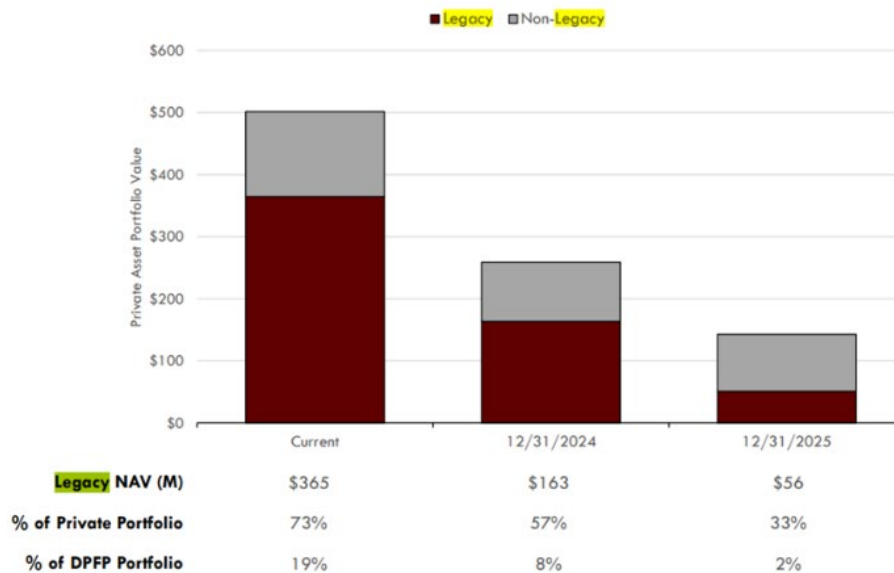
Page 49 (of the January Board meeting material) shows their plan to wind down the Legacy Assets by 12/31/24 and 12/31/25:

2024 01 11 Board Meeting - REGULAR AGENDA 2024 01

Private Market Holdings as of 12/31/23

	Market Value (\$M) 12/31/2023	Exposure %
Private Equity	\$ 217.8	11.3%
Huff Alternative	0.2	0.0%
Huff Energy	151.7	7.9%
Industry Ventures	8.8	0.5%
Lone Star CRA	51.7	2.7%
Lone Star Growth Capital	0.0	0.0%
Lone Star Opportunity Fund V	4.0	0.2%
Lone Star North TX Op. Fund	1.4	0.1%
Private Debt	\$ 3.8	0.2%
Highland Crusader	0.4	0.0%
Riverstone	3.4	0.2%
Real Assets	\$ 279.7	14.5%
Natural Resource	\$ 95.1	4.9%
BTG Pactual	11.8	0.6%
Hancock	83.3	4.3%
Infrastructure	\$ 25.3	1.3%
TRG AIRRO I	18.7	1.0%
TRG AIRRO II	6.3	0.3%
JPM Global Maritime	0.3	0.0%
Real Estate	\$ 159.3	8.3%
AEW Capital Management	130.7	6.8%
Clarion Partners	28.6	1.5%
RE Opportunistic Funds	0.0	0.0%
Total Private Markets	\$ 501.3	26.0%
Legacy Assets	\$ 364.7	18.9%

In Millions



48. If fund performance thresholds are not met and the City preferred to manage pension funds (either or both funds) going forward to deliver better returns, what would that process be? This is with the understanding that the City would make a distribution to the fund(s) which would then make a distribution to applicable members.

Yes, sponsoring employers may manage the investment of pension plan assets. Nothing in the Internal Revenue Code or other applicable guidance would prevent that. Implementing such amendments would require state legislative changes for the Dallas Police & Fire Pension System (DPFPS) and Dallas City Code Section 40A changes for the Employees' Retirement Fund (ERF), which would require approval by city council and by a majority vote of the voters voting at a general or special election.

49. What is the average pension benefit for each fund? What is the number of retiree/beneficiaries for each fund?

Based on information provided to the Ad Hoc Committee on Pensions since September 2023, the average annual pension benefit, and the number of retiree/beneficiaries for each fund is listed below:

- ERF: \$42,789 average pension; approximately 7,900 retirees/beneficiaries
- DPFPS: \$51,732 average pension; approximately 5,300 retirees/beneficiaries

50. What total amount was withdrawn from DPFP as part of the "run on the bank" when retirees withdrew from DROP accounts? How many retirees withdrew funds?

DPFPS provided the following response. \$610 million was withdrawn from DROP balances in 2016. DPFP does not have data on the number of retirees who withdrew funds.

51. What is the total amount of money that remains in DROP accounts? How many retirees have DROP accounts?

DPFPS provided the following response.

- The present value of the DROP balances to be paid to retirees/beneficiaries over their expected lifetime is \$913 million.
- 2,601 (Regular Plan) and 67 (Supplemental Plan) retirees and beneficiaries have DROP annuities.

52. How many police and fire retirees still have DROP accounts? What is the average value?

DPFPS provided the following response. The statistics on DROP participation are disclosed annually on the last page of the DPFP Annual Comprehensive Financial Report. (included below)

At 12-31-2022, 230 active members had DROP accounts. These accounts cannot be withdrawn, and the balances are converted to a stream of payments over their expected lifetime when they retire.

2,613 retirees/beneficiaries have DROP accounts in the Regular Plan. In addition, there are 67 retirees/beneficiaries with DROP accounts in the Supplemental Plan; many of these retirees/beneficiaries may also be counted in the number of members/beneficiaries with DROP accounts in the Regular Plan.

The average present value of the retirees/beneficiaries DROP balance is \$325,260 in the Regular Plan and \$89,552 in the Supplemental Plan. The average DROP balance for active members is \$42,174.

HB 3158 required the DROP balances for retirees and beneficiaries to be converted to a stream of payments and paid over the person's expected lifetime.

DROP Participation

Consolidated Plans* (Dollars in Millions)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Active - DROP Participants										
Beginning of year	276	320	383	483	626	1,102	1,338	1,399	1,434	1,446
Entrants	14	26	11	15	15	17	36	121	107	155
Withdrawals	(60)	(70)	(74)	(115)	(158)	(493)	(272)	(182)	(142)	(167)
End of year	230	276	320	383	483	626	1,102	1,338	1,399	1,434
DROP balance at December 31	\$ 97	\$ 113	\$ 135	\$ 154	\$ 192	\$ 242	\$ 358	\$ 479	\$ 461	\$ 441

Retirees and Beneficiaries - DROP Participants										
Beginning of year	9	10	11	16	16	1,876	2,085	1,971	1,855	1,718
Additions	4	-	-	-	3	-	204	168	170	190
Closures	(1)	(1)	(1)	(5)	(3)	(1,860)	(413)	(54)	(54)	(53)
End of year	12	9	10	11	16	16	1,876	2,085	1,971	1,855
DROP balance at December 31	\$ 1	\$ 1	\$ 1	\$ 1	\$ 2	\$ 2	\$ 703	\$ 1,038	\$ 962	\$ 858

Total DROP participants	242	285	330	394	499	642	2,978	3,423	3,370	3,289
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*Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

Combined Pension Plan

Retirees and Beneficiaries - DROP Annuities										
Beginning of year	2,518	2,425	2,342	2,186	1,978	-	-	-	-	-
Additions	118	128	109	173	216	1,978	-	-	-	-
Closures	(35)	(35)	(26)	(17)	(8)	-	-	-	-	-
End of year	2,601	2,518	2,425	2,342	2,186	1,978	-	-	-	-
Present Value of Annuities at December 31	\$ 846	\$ 864	\$ 870	\$ 880	\$ 829	\$ 810	-	-	-	-

Supplemental Plan

Retirees and Beneficiaries - DROP Annuities										
Beginning of year	68	65	66	57	55	-	-	-	-	-
Additions	-	4	2	9	2	55	-	-	-	-
Closures	(1)	(1)	(3)	-	-	-	-	-	-	-
End of year	67	68	65	66	57	55	-	-	-	-
Present Value of Annuities at December 31	\$ 6	\$ 6	\$ 7	\$ 7	\$ 4	\$ 7	-	-	-	-

53. Could city property/assets be turned over to the DFPF system to allow them to sell it instead of the city?

No. Generally, pursuant to Texas Local Government Code Chapters 272 and 253, the disposition (sale or exchange) of available municipal property requires public notice and bidding where the property must be offered for sale to the public unless the intended sale qualifies as a direct sale exception under Chapters 272, 253, or other law. Currently, there is no statutory exception to permit a direct sale or turnover of available city property to an entity

like the DPFPS to allow them to sell the property instead of the city. The city could, however, manage the sale of available city property and by an amendment of Ordinance No. 15680 (11-16-77), city council could direct the proceeds of available city property to the DPFPS. (Note: available city property means property that, because of its character, is not limited by law as to where the sale proceeds can be directed).

54. Are all actuarial assumptions based on hiring and retention goals? If yes, isn't it important to acknowledge we haven't met hiring or retention goals in more than 7 years? Please outline what the number of sworn officers for police and fire is for each year of the next 30 years.

ERF provided the following response. ERF's actuarial assumptions are based on active employee's current headcount and that the estimated headcount of 7,900 will remain the same in the future. In addition, ERF assumes that the payroll growth will continue to be 3%. Reducing either of these assumptions will require greater contribution rates.

DPFP provided the following response. The Actuary does not project the number of sworn officers each year. To complete the actuarial valuation, the actuary has assumptions for salary increases, payroll growth, and retirements. All these factors feed into their projection of contributions and liabilities; however, they do not develop a specific number of employees from those assumptions. The salary projections include information on meet-and-confer agreements. DPFP's actuary prepares an experience study every five years to determine how closely actual experience matches the assumptions. The salary increases, payroll growth, withdrawal rates before retirement, and retirement rates all feed into the valuation, and the assumptions are below. In 2017, the City staff developed a "Hiring Plan" estimate that included the number of police officers and firefighters for 20 years. The number of employees has been used as a reference point since that time. The City staff has not updated that projection.

55. What are the average service years for ERF and DPFP members?

ERF provided the following response. ERF membership is divided into two Tiers (A & B). Tier B was implemented as of January 1, 2017. The period of the following average years of service provided is January 1, 2017, to December 31, 2023: Tier A Members Average Tenure is 22.5 years of service and Tier B Members Average Tenure is 3.7 years of service.

DPFPS provided the following response. For DPFP, as of 12-31-2023, the average service of active members is 12.6 years.

56. What is the mean benefit for a 13th check to retirees as proposed by city staff?

DPFPS provided the following response. The mean 13th check proposed by the City for a retiree would equal \$422.60 per year. The DPFP calculation is an estimate that considers averages of both benefits and service time, so it is less precise. Still, the estimate is an average of \$870.56 annually for the first year.

57. Is it legal for the city council to make a plan change and reduce ERF COLA for tier A and B employees/retirees?

Yes, the city council can make changes to ERF COLA provided that COLA is changed prospectively only. Any change to COLA may prompt a legal challenge, but courts have thus far rejected legal challenges to a plan's prospective changes to COLA. There is a pending lawsuit challenging the state legislature's 2017 change to COLA in the DPFPS statute. That challenge has been unsuccessful so far.

Further, implementing amendments to ERF COLA would require changes to Dallas City Code Section 40A, which would require approval by city council and by a majority vote of the voters voting at a general or special election.

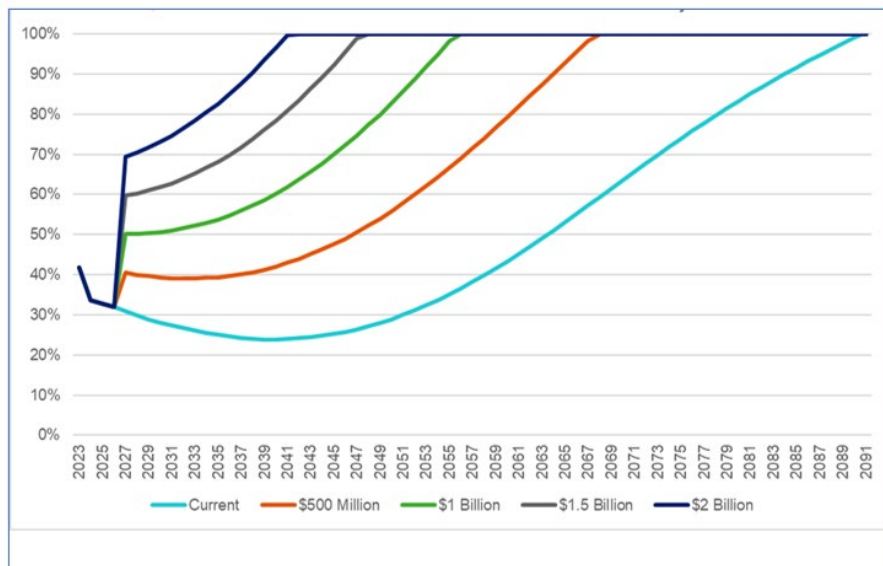
58. If there is a lawsuit being appealed by ERF, could they ask the Pension Review Board for an extension in their 30-year funding plan until that is decided?

No. Texas Government Code Chapter 802.2015(e) requires ERF and the city to submit a joint 30-year funding soundness restoration plan. Texas' Pension Review Board does not have authority to enter orders or decisions that suspend or contradict state law requirements.

59. Can a stipend or COLA be given to certain members of DPFP and not others? For example, can stipends or COLAs be limited to only DPFP members that have not or do not have DROP accounts?

Yes, with a legislative amendment to the DPFP statute, the DPFP statute could provide for a stipend or COLA to some members and not others.

60. Provide various scenarios of how different amounts of cash infusion will have a positive impact on the Unfunded Liability.



On December 14, 2023, the Ad Hoc Committee on Pensions was briefed by Bill Quinn, John Stephens, and Rob Walters who are industry and financial experts that were asked by the Mayor to provide analysis and recommendations. As part of their presentation, they showed how significant one-time cash infusions would benefit DPFP's funding status. Below is a graphic from their presentation. The information in their presentation was based on the Actuarial Valuation of January 1, 2022. They provided scenarios assuming \$500 million, \$1 billion, \$1.5 billion, and \$2 billion cash

infusions during 2025. In each scenario with increasing amounts of cash infusion, the fund achieves 70% funding status and 100% funding status than without the cash infusion. The line showing current status assumes that we continue making our current level of contributions. There is not a line on the below chart that shows City staff's recommendation and the impact of the ADC. Staff's recommendation moves the 70% funding status up to 2046 and moves up the full-funding status to 2055.

61. What is the impact a \$1 million payment from the sale of assets or otherwise to the pension obligation?

The DPFP's Unfunded Actuarial Accrued Liability as of January 1, 2023, was reported to be \$3.2 billion. While amounts such as \$1 million would benefit the fund, it will require much more significant amounts to change the funding status. Please see the previous question and response. You will see the impact of adding amounts between \$500 million and \$2 billion and the positive impact those amounts would have.

62. Has an analysis been done to show the costs and benefits of converting the ERF, including as a way to attract talent that is not interested in a 20-year career with one employer?

No. However, staff will consider this during FY 2024-25.

63. Is it correct that Houston's police and fire pension has a 4% COLA, and its civilian pension has a 2% COLA while police and fire pension has a 0% COLA for the next 20+ years and the civilian pension has a 5% and 3% COLA, depending on hire date? If yes, how do you rectify the difference and how will the city be able to maintain hiring and retention for police and fire?

On May 23, 2024, Deloitte Consulting LLP briefed the Ad Hoc Committee on Pensions regarding Cost-of-Living Adjustments (COLA) and provided comparative information. The table on the right is from Deloitte's presentation and notes provisions for Houston COLAs. At this time, Houston police and fire can receive a COLA based on a formula with a maximum of 4%. Houston general retirees may receive a COLA maximum of 2%. However, it appears that there was a period of time when Houston police and fire COLAs were suspended due to financial hardships of the plan while non-uniform retirees' COLA continued.

Yes, it is accurate that Dallas ERF retirees may receive a COLA up to either 3% or 5% based on their employment date, while DPFPS retirees currently have COLA suspended due to financial hardship of the plan.

Obviously, this is a very complex issue, however, the two plans have very different histories. Contributions from the employees and from the City have been different for the two plans. Retirement eligibility has been different for the two plans. Benefits are different for the two plans. Historical COLAs are different for the two plans. Compensation for active employees has been different for uniform and non-uniform. Therefore, current COLAs are not comparable.

Through Meet and Confer agreements, the Police and Fire associations have been vocal about what they are seeking in the way of hiring and retention and it is pay for active employees.

64. Is it true the ERF COLA is considered automatic every year up to 5% and 3%, depending on the class, and the DPFPS is not eligible for a COLA for more than 20 years, estimated to be 2046 or 2047?

ERF retirees' COLA are considered automatic based on certain criteria and are provided at 3% and 5% based on the retirees hire date. DPFPS retirees will be eligible for a COLA when the fund achieves 70% funded as agreed to with the State Legislature and enacted in 2017 HB3158. The City Manager's recommendation is to add a 1% COLA in 2025 for DPFPS and allow for a 1% stipend from 2026 until the fund achieves 70% funding as long as the return on investment is greater than zero. These recommended supplemental payment features are above and beyond what HB3158 and the PRB requires.

Houston (Fire and Police)

- *Current Funded Ratios: 96%/89% (Fire/Police)*
- **Prior to 2017:** Automatic COLA (3% for Fire, 80% of CPI-U, range of [2.4, 8.0%], for Police)
- **2017:** COLAs suspended for all retirees under age 70 for 2017-2020 due to financial hardships for the Plans
- **After 2020:** COLA remains automatic, but is tied to five-year average returns less 4.75%/5.00% (Fire/Police), with a maximum of 4%, payable to age 55+ only

Houston (General)

- *Current Funded Ratio: 69%*
- COLA have always been automatic
- **Prior to 2017:** Members hired before 1/1/05 received 3% COLA; members hired between 1/1/05 and 1/1/08 received 2% COLA; members hired after 1/1/08 receive no COLA.
- **2017:** All employees* (including those hired after 1/1/08) receive 50% of the five-year average return less 5.00%, with a maximum of 2%.

* Group D members who terminated prior to 2017 are not eligible for COLA

Dallas Police and Fire Pension System (DPFPS) and Employee Retirement Fund (ERF)
Fourth Set of Responses to City Council Questions – August 30, 2024

65. Has a strategy for paying COLA been developed with regard to DROP Members? I understand that there are varying degrees of DROP, but if a member has taken a substantial distribution and is/can manage it privately, why would the City support the fund pay a COLA?

DPFPS has indicated legal concern over differentiating between retirees' benefits including COLA based on whether they participated in DROP or not.

66. What is the annual cost to the City to provide a 1% stipend in each year (2025-2046) for DPFP?

Based on current retiree assumptions and not increasing the base pension, a one-time 1% stipend would cost approximately \$2.6 million in the near-term. However, this amount will increase in future years depending on other actuarial assumptions.

67. Please identify the amount of ARPA funds that remain. What are the budgeted amounts, encumbered amounts, and unencumbered amounts? Is there any amount identified that could be reallocated?

At the request of the City Council, we provided a quarterly report to the Government Performance and Financial Management Committee on August 26, 2024. The first table below shows the status of funds that were originally allocated in ARPA totaling \$355 million. The second table below shows the status of funds that we have reallocated to a separate multi-year fund after using ARPA funds for DFR payroll. By reallocating the funds, we are able to continue the projects that were originally allocated within ARPA.

As noted in the GPFM committee, we have identified \$5.8 million that is available to be reallocated to a new use. These funds are available from interest earnings and a FEMA reimbursement. The City Manager (I) has recommended that these funds be incorporated into the FY 2024-25 budget and used for street maintenance. A budget amendment reflecting this will be discussed on Wednesday, September 4 during the budget workshop.

Staff will report to GPFM each quarter and continue to identify funds that can be reprogrammed.

ARPA (SLFRF) Program (Fund FC18)					
Department	Budget	Total Encumbered	Total Spent	Encumbered + Spent	Total Unencumbered
1 Budget & Management Services - BMS	\$5,280,627	\$2,645,689	\$2,227,683	\$4,873,372	\$407,255
2 Building Services - BSD	21,165,000	855,243	18,865,488	19,720,731	1,444,269
3 Court & Detention Services - CTS	6,620,750	455,694	4,364,386	4,820,080	1,800,670
4 Dallas Fire Department - DFD	34,011,375	8,612,525	22,763,463	31,375,988	2,635,387
5 Dallas Fire Department - DFD (Fire Public Safety)	151,970,707	-	151,970,707	151,970,707	-
6 Dallas Police Department - DPD	54,867,177	7,025,468	47,441,849	54,467,317	399,860
7 Information and Technology - DSV	15,000,000	1,635,144	8,327,682	9,962,826	5,037,174
8 Integrated Public Safety Solutions Officer - IPS	200,000	-	195,030	195,030	4,970
9 Library - LIB	250,000	-	250,000	250,000	-
10 Communications - MGT/COM	253,846	-	252,194	252,194	1,652
11 Office of Community Services - MGT/OCC	20,256,605	14,165,820	5,843,705	20,009,524	247,081
12 Office of Equity & Inclusion - MGT/OEI	500,000	30,658	469,342	500,000	-
13 Office of Emergency Management - MGT/OEM	1,855,168	-	1,855,167	1,855,167	0
14 Environmental Quality & Sustainability - MGT/OEQ	241,942	-	219,990	219,990	21,952
15 Office of Governmental Affairs - MGT/OGA	107,131	15,369	91,762	107,131	-
16 Office of Homeless Solutions - MGT/OHS	1,599,391	-	1,599,391	1,599,391	0
17 Small Business Center - MGT/SBC	20,000	-	20,000	20,000	-
18 Dallas Park & Recreation - PKR	4,494,210	-	2,259,746	2,259,746	2,234,464
19 Office of Procurement - POM	1,866,099	70,206	1,769,373	1,839,579	26,520
20 Department of Transportation - TRN	34,866,863	7,794,926	19,780,223	27,575,149	7,291,714
Total - reflects 3rd Quarter report to US Treasury	\$355,426,891	\$43,306,744	\$290,567,180	\$333,873,924	\$21,552,967
21 Budget & Management Services -BMS - Unbudgeted Interest Earnings					5,000,000
22 Office of Emergency Management MGT/OEM - FEMA Reimbursement					807,570
Total	\$355,426,891	\$43,306,744	\$290,567,180	\$333,873,924	\$27,360,537

Note: The chart above reflects expenditures and encumbrances recorded in the City's financial system of record. The totals do not include commitments that have not yet been recorded in the system, such as amounts recently approved by City Council.

ARPA Redevelopment Fund (Fund 0A72)					
Department	Budget	Total Encumbered	Total Spent	Encumbered + Spent	Total Unencumbered
1 Attorneys Office - ATT	\$50,000	\$1,515	\$3,431	\$4,946	\$45,054
2 Budget & Management Services - BMS	1,738,601	0	0	0	1,738,601
3 Building Services - BSD	14,059,542	109,400	0	109,400	13,950,142
4 Code Compliance - CCS	1,200,000	0	0	0	1,200,000
5 Dallas Fire Department - DFD	3,237,908	0	0	0	3,237,908
6 Dallas Water Utility - DWU	37,426,891	12,935,840	15,567,394	28,503,234	8,923,657
7 Housing - HOU	23,450,000	1,383,686	4,845,447	6,229,133	17,220,867
8 Library - LIB	240,000	0	0	0	240,000
9 Office of Bond & Construction - OBM	5,000,000	1,027,755	89,705	1,117,460	3,882,540
10 Communications - MGT/COM	746,154	0	271,833	271,833	474,321
11 Mayor and City Council - MGT/MCC	16,000,000	3,373,361	932,778	4,306,139	11,693,861
12 Office of Community Services - MGT/OCC	7,612,768	374,655	525,202	899,857	6,712,911
13 Office of Equity & Inclusion - MGT/OEI*	22,113,793	263,449	1,173,074	1,436,523	20,677,270
14 Environmental Quality & Sustainability - MGT/OEQ	1,758,058	533,528	2,785	536,313	1,221,745
15 Office of Governmental Affairs - MGT/OGA	142,869	7,685	5,533	13,218	129,651
16 Office of Homeless Solutions - MGT/OHS	6,158,240	516,008	20,178	536,186	5,622,054
17 Small Business Center - MGT/SBC	830,000	0	102,384	102,384	727,616
18 Office of Arts and Culture - OCA	125,000	6,000	19,000	25,000	100,000
19 Department of Public Works - PBW	15,966,000	1,531,696	14,433,871	15,965,567	433
20 Office of Procurement - POM	1,459,936	9,880	194,484	204,364	1,255,572
Total	\$159,315,760	\$22,074,457	\$38,187,099	\$60,261,556	\$99,054,204

Note: The chart above reflects expenditures and encumbrances recorded in the City's financial system of record. The totals do not include commitments that have not yet been recorded in the system, such as amounts recently approved by City Council.

**Reflects project recommended for reprogramming.*

68. Please explore further the details for stronger fund governance requirements, such as settlement negotiations, discount rate reductions and others as referenced on page 17 of the Dallas Police and Fire Pension System: Funding Soundness Restoration Plan Update and Consideration of Recommendations presented May 23, 2024.

City staff has recommended three concepts in regards to adding oversight for both DPFPS and ERF. The below table shows language consistent with changes made to Chapter 40-A for ERF. DPFPS continues to not support any type of additional oversight.

Oversight Concept	Recommended Language from Changes to Chapter 40-A
Provide oversight of expenses that will increase DPFPS unfunded liability and increase cost to City	Changes to the actuarial assumptions, including, but not limited to, the discount rate, that increases the retirement fund liability must be approved prospectively by the board and the city council. Settlement of any lawsuit by the retirement fund that increases the retirement fund liability must be approved prospectively by the board and the city council.
Establish guardrails to mitigate year-over-year cost increases	After the applicable phase-in period defined, if in any fiscal year the actuarially determined contribution rate (excluding the January 1, 2025 unfunded actuarially accrued liability 30-year amortization schedule) exceeds plus or minus five percent of the actuarially determined contribution rate (excluding the January 1, 2025 unfunded actuarially accrued liability 30-year amortization schedule) specified by the January 1, 2025 actuarial valuation, the excess amount will be amortized over a period of 20 years or until January 1, 2055, whichever is later. If the city council determines that the fund is projected to be fully funded in over 30 years, the city council may, in its sole discretion, waive this paragraph. The board may make a recommendation to city council requesting that city council waive this paragraph.
Establish process for managing differences in ADC calculations	Annually, the fund and the city will each calculate an actuarially determined contribution rate for the following fiscal year. The city will accept the rate that is determined by the fund's actuary and presented to the board, except, if the difference between the rates that are calculated by the actuaries of the city and the fund is greater than three percent, the fund and the city shall engage in a 30-day reconciliation period. If, within such period, the actuaries of the city and the fund reconcile the results of their respective calculations of the actuarially determined contribution rate for the applicable fiscal year, the rate that was calculated by the fund's actuary shall be accepted by the city and the fund. If no such resolution is reached within the 30-day reconciliation period, an average of the rates, determined by the actuaries of the city and the fund, will be used to determine the city's contribution for the upcoming fiscal year.

69. What is the total cost to fully fund the pension in 30 years in the five different scenarios originally provided by Cheiron?

Based on scenarios that Cheiron provided, below is the cost to fully-fund DPFPS in 30-years for each scenario. City staff has recommended the 5-year step-up scenario because it provides a phase-in approach that is more manageable from a budget perspective than the other four scenarios.

- Traditional ADC - \$11.1 billion
- 3-year step up and step down - \$10.8 billion
- 5-year step up and step down - \$10.8 billion
- 3-year step up - \$11.0 billion
- 5-year step up - \$11.1 billion

70. Provide a budget comparison scenario for year 2031 between the adoption of the traditional ADC which levels the costs evenly over 30 years, versus the 5 year step up?

Based on the original scenarios provided by Cheiron, the Traditional ADC scenario has a cost of \$288.0 million in 2031 compared to the 5-year step up scenario which has a cost of \$291.1 million in 2031.

Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Response to Questions from the 2017 Bond Update and 2024 Bond Prioritization Briefing on August 21, 2024**

This memorandum provides follow-up responses to questions posed by City Council during the 2017 Bond Update and 2024 Bond Prioritization Briefing presented on August 21, 2024:

1. When will the ADA compliance project at the Oak Cliff Cultural Center (OC3) move forward?

The Office of Bond and Construction management has reviewed the scope of work for the ADA compliance project at the OC3 and because of its similarity in scope to the other projects in the upcoming ADA City Hall & Library project, it was confirmed the OC3 project can also be included in that larger project. The RFQ to be published in September 2024, and design award in January 2025, construction will follow later in FY 2024-2025.

2. Can we get started on the community engagement on the North Oak Cliff and the Preston Forest Library get started ahead of design?

Dallas Public Library (DPL) will release a survey for public input for all three of their Bond Projects in January 2025. DPL will host a Community Meeting at each location in the early spring with the Bond Office to fully explain the process to get to construction. Then DPL will host at least three focus group meetings in each community to share the survey information collected and get more specific feedback. We will also engage our 501c3 Friends groups at each location for their opinions.

3. Can you review and evaluate the distribution of General Obligation funds at \$250M per year for the 2024 Bond Program?

During the development of the 2024 General Obligation Bond Program, the Chief Financial Officer and Budget and Management Services analyzed the City's financial capacity for the amount of debt that the City can issue. The financial capacity analysis considers a number of factors including: (1) the current and forecast property tax value, (2) the current and forecast property tax rate allocated to debt service, (3) all of the City's outstanding debt and annual principal and interest payments for debt previously issued, (4) any debt that has already been authorized by voters, but not yet issued, and (5) any additional planned debt needs that the City has such as anticipated equipment acquisition notes, master lease,

and certificates of obligation, as well as potential pension obligation bonds. Through the financial capacity analysis, it was initially determined that the City could proceed with a 2024 General Obligation Bond Program totaling \$1.1 billion with \$220 million issued each year over a five-year period. The briefing to council that was provided on August 16, 2023 can be found [here](#).

Through the bond program development, the financial capacity analysis was updated, and it was determined that the City is able to issue \$250 million per year over five-years for a total of \$1.25 billion. This was the amount used as the bond program was finalized and approved by voters in May 2024. City staff will continue to re-evaluate this analysis over the course of the five-year implementation period and as assumptions change. At this time, it is recommended that the FY 2024-25 budget remain at the most recent recommended amount of \$250 million.

4. Can you address moving FY24 Bond Program projects forward utilizing in-house staff?

There are three Departments with capabilities to provide in-house design and construction services for the 2024 Bond Program. They are Dallas Water Utilities, Park and Recreation and Transportation and Public Works. Historically, past bond programs have used in-house resources sparingly.

For FY25, the 2024 Bond program projects managed by the infrastructure departments previously listed do not anticipate using in-house resources for design work. Use of in-house resources for design and program implementation in future years will be reviewed on an annual basis as part of the City's Capital Improvement Budget development.

5. Are 2024 Bond Funds needed for the Southern Gateway Project?

There is currently \$15M programmed, of the \$77M needed, in the 2024 Bond for Southern Gateway, these funds are necessary to serve as the local match for federal funds. The Southern Gateway project does have funds from a U.S. Department of Transportation grant and from NCTCOG, but those federal funds cannot be used without a local match.

Funding Breakdown for the Project is as follows:

- \$15 Million – City of Dallas Bond Funds (local)
- \$5 Million – NCTCOG (local)
- \$25 Million – Reconnecting Communities Grant from USDOT (federal)
- \$10 Million – TXDOT funding (federal)
- \$22 Million – NCTCOG (federal)
- \$77Million – Total Project Funding

6. How will the CECAP/LEED certification consider future maintenance issues?


The Office of Bond and Construction Management has been meeting regularly with the Department of Facilities and Real Estate Management (FRM) to align with CECAP goals for pursuing LEED Gold certification while balancing future maintenance needs on new and renovated facilities. This collaboration will extend to include FRM in the design phase of facility projects, allowing FRM to provide input on the electrical, plumbing, and mechanical systems specifications to ensure they can be maintained in-house or under standard service agreements.

7. Requested briefing on 2017 Bond program (and previous bond programs) including timeline for completion, location of projects, and allocation of 2017 and previous bond projects.

Office of Bond and Construction Management is closing out project financials on the previous bond programs for FY24 and plans to brief City Council on a recommended plan to utilize remaining unobligated bond funds from the 2017 and earlier Bond programs at the October 16 briefing. Reporting on the status of prior General Obligation Bond Programs can be found in the Budget Accountability Report, [here](#). The table on the following page is the latest report as of April 30, 2024.

Should you have any additional questions, please contact Jenny Nicewander, Director of the Office of Bond and Construction Management, at jennifer.nicewander@dallas.gov.

Service First, Now!


Dev Rastogi, P.E.
City Manager

c: Kimberly Bizer Tolber, City Manager (I)
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety (I)
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager

Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager (I)
Robin Bentley, Assistant City Manager (I)
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Update on Elm Thicket - Northpark Permit Oversights and Violations**

This memorandum serves as an update on the Planning and Development Department's (PDD) ongoing work to identify and correct potential permitting oversights that occurred in late 2022 and early 2023 in the Elm Thicket - Northpark neighborhood.

PDD has compiled a list of potentially impacted sites in the Elm Thicket – Northpark neighborhood for review. As of today, the list of sites reviewed stands at 172. This includes all properties for which permits were issued after October 2022, all properties identified in 311 requests, and all properties identified by neighborhood referrals. Details on the 172 sites are included below.

Compliant Sites: A total of **139 of the 172** investigated sites comply with the neighborhood zoning standards, do not have an active permit, have brand new permits under review, or have successfully filed correction addendums to come into compliance. A breakdown of these 139 sites is below:

- 37 sites filed compliant site plans that satisfy the PD requirements.
- 3 sites were found to have no permits filed or issued.
- 3 sites were found to have new permit applications which are currently under review.
- 82 sites applied for permits prior to October 12, 2022, the date the zoning change was approved by Council.
- 14 sites were found to be noncompliant but have since been corrected through site plan addendums.

Noncompliant Sites: A total of **14 of the 172** sites have been found to be noncompliant as outlined below:

- 12 sites were found to have noncompliant site plans but have since filed an addendum to come into compliance. These addendums are under expedited review by PDD.
- 2 permits have been revoked, with appeals pending before the Board of Adjustment. Both appeals are scheduled for September.

Sites Still Under Investigation: A total of **19 of the 172** sites are still under investigation to determine compliance.

The following chart provides a summary of the investigation outcomes to date, and will be updated weekly to reflect ongoing progress:

DATE August 30, 2024
SUBJECT **Update on Elm Thicket-Northpark Permit Oversights and Violations**
Page **2 of 2**

Sites Investigated	Sites In Compliance	Violations Outstanding	Addendums Pending	Appeals Pending
172	139	14	12	2

PDD continues to provide up-to-date information on the dedicated website ([here](#)). Our team is continuing to work diligently to resolve these issues and ensure compliance with the updated zoning standards. Should you have any questions or concerns, please do not hesitate to contact me or Emily Liu, Director of Planning and Development, yu.liu@dallas.gov.

Service First Now!



Robin Bentley
Assistant City Manager (I)

c: Kimberly Bizzor Tolbert City Manager (I)
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
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Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **ForwardDallas Comprehensive Land Use Plan Update**

Summary

This memo is a follow up and update to the special called meeting of the City Council Economic Development Committee (the Committee), held on Tuesday, August 27, to discuss the ForwardDallas Comprehensive Land Use Plan Update (ForwardDallas 2.0). The August 27 meeting was a continuation of the initial Committee briefing on August 5.

Summary of Key Talking Points

Staff provided a [presentation](#) on ForwardDallas 2.0, key components of the draft plan, and historical perspectives in land use. A portion of the conversation addressed misinformation circulating about the plan. To help clarify the most pressing issues raised during the discussion, a document with Frequently Asked Questions (FAQs) is attached to this memo.

In addition to the FAQs, the majority of the conversation centered around the residential components of the plan. Some of the key points raised for continued discussion were:

- Potential compromises to the housing-related items in the plan including:
 - Additional language from the 2006 ForwardDallas plan about the importance and impact of residential neighborhoods to the city
 - Further clarification about locational strategies for different housing types
 - Additional language about promoting homeownership and ownership housing types
- Impacts of not moving forward with the housing components of ForwardDallas 2.0:
 - Lack of locational guidance for different housing types
 - Removal of recommendations to develop updated design standards for residential development
 - Removal of recommendations to develop anti-displacement measures for neighborhoods at high risk

Next Steps

The Committee will continue the conversation at its regularly scheduled meeting on September 3. Prior to that meeting, staff will continue to respond to questions and recommendations submitted by Councilmembers. Responses will be sent to all City Council members.

DATE August 30, 2024
SUBJECT **ForwardDallas Comprehensive Land Use Plan Update**
PAGE **2 of 2**

Should you have any questions, please contact Emily Liu, Director, Planning and Development Department, at 469-990-8069 or yu.liu@dallas.gov.



Robin Bentley,
Assistant City Manager (I)

[Attachments]

c:	Kimberly Bizer Tolbert City Manager (I)	M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
	Tammy Palomino, City Attorney	Alina Ciocan, Assistant City Manager
	Mark Swann, City Auditor	Donzell Gipson, Assistant City Manager (I)
	Biliera Johnson, City Secretary	Jack Ireland, Chief Financial Officer
	Preston Robinson, Administrative Judge	Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I) Directors and
	Dominique Artis, Chief of Public Safety (I)	Assistant Directors
	Dev Rastogi, Assistant City Manager	



FORWARDALLAS



dallas.gov/forwarddallas

Overview: The City of Dallas needs a strategic update to its comprehensive plan. It was originally developed in 2006 and is the blueprint for how the City should look and grow for the long term.

ForwardDallas 2.0 is a refreshed guide that takes into account how our City has evolved over the last two decades and how we should plan for what is on the horizon – from our continued economic growth to our long-term social vibrancy. It identifies opportunities to support the City's growth in a way that makes sense while at the same time, considering residents who have made Dallas their home for decades. ForwardDallas is a guidance plan; it is not zoning.

With that growth, we must be mindful how vital it is to separate residential from industrial, so our communities have healthy environments across all geographic areas of the City. ForwardDallas 2.0 tackles this proactively and strategically.

PLAN FACTS

Addresses Concerns about Multiplex in Single-Family:

CPC voted to classify multiplex use as a secondary use in the Community Residential and Small Town Residential Placetypes. This means these two placetypes will be predominantly single-family.

Encourages Meaningful Communication: ForwardDallas 2.0 encourages thoughtful and meaningful communication so we can collectively build a better City for all, for many more years to come.

Creates Connectivity: Enhances connectivity and mobility by promoting alternative modes of transportation.

Fosters Collaboration: Prioritizes social equity and participation in the decision-making process.

Promotes Housing Accessibility: Since Fall 2021, conversations with the community have envisioned and promoted housing diversity, choice, and increased options for residents of all income levels and stages of life.

PLAN MYTHS

Allows Multiplexes By-Right on Single-Family

Properties: No, ForwardDallas 2.0 does not allow multiplexes on any single-family zoned property in Dallas.

Eliminates Single-Family Zoning: No, ForwardDallas 2.0 does not, and legally cannot, eliminate single-family zoning.

Rezones My Neighborhood's Property: No.

ForwardDallas 2.0 is a land use planning guide and does not rezone any part of the city. If a property owner applies for a zoning change, each case will still be filed with the planning department, will be reviewed by staff, reviewed by CPC, and if recommended, will move to the City Council for review and final vote.

Changes the Permit Review Process: No. ForwardDallas 2.0 cannot be used to apply or obtain a building permit.

Linked to the 5-Signature Memo on Lot Sizes: Authored Fall 2023, the 5-signature memo was an entirely separate conversation from ForwardDallas 2.0. ForwardDallas does not call for the reduction of lot sizes.



FREQUENTLY ASKED QUESTIONS

What else has been done to address concerns about housing in neighborhoods?

- ForwardDallas 2.0 includes language clarifying that it does not include a recommendation for a city-initiated rezoning of single-family neighborhoods, nor does it encourage tearing down existing housing for replacement and incompatible infill, particularly in areas at risk of displacement.
- ForwardDallas 2.0 also includes locational guidance for different housing types which recommends focus near transit stations, along commercial corridors, in transition areas between non-residential and existing residential areas, on former civic/institutional properties, and possibly on corner lots.
- ForwardDallas 2.0 also includes priority for adding design standards into the Development Code and strengthening the Neighborhood Stabilization Overlay ordinance to provide greater predictability and sensitive design for new housing.
- ForwardDallas 2.0 does not change Historic Districts, Conservation Districts, Neighborhood Stabilization Overlays and Neighborhood led Planned Developments.

Many residents are concerned about the prospect of multiplexes in single-family neighborhoods. What has been done to address those concerns?

- The original ForwardDallas, adopted in 2006, describes Dallas neighborhoods of consisting of many single family allow with duplexes, townhomes and small apartment buildings.
- ForwardDallas 2.0 provides additional clarity for those multiplexes that the original version did not.

What if residents have concerns about ForwardDallas 2.0?

- The ForwardDallas 2.0 team is listening and will continue to receive feedback from residents.
- Residents still have an opportunity to submit questions and comments to the City Council.

What type of outreach and engagement has the ForwardDallas 2.0 team pursued?

- Over the past three years, the team has hosted more than 200 in-person events, and more than 70 virtual events.
- The ForwardDallas 2.0 website has seen 25,000 site visits.

What does it mean for residents to live in healthy environments across all geographic areas of the City?

- ForwardDallas 2.0 has identified and is addressing geographic areas where existing residential is still zoned for industrial uses and/or where harmful industrial uses are next to or nearby residential uses. This promotes "environmental justice", or the fair treatment of all residents, regardless of where they live or their socio-economic standing.
- ForwardDallas 2.0 prioritizes future land use in areas that historically have borne the brunt of environmental burdens, particularly in or near communities of color.

What is the timeline?

- **July 25, 2024:** City Plan Commission (CPC) finalized their recommendations and moved to forward the draft plan to the City Council for their review and consideration for adoption.
- **August 5 and August 27:** Briefings to the Economic Development Council Committee
- **September 3:** Third briefing to the Economic Development Council Committee
- **End of September/October (tentative):** City Council Public Hearing

Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Vision Zero Update and FY 2024-2025 Budget**

The purpose of this memorandum is to provide an update and clarification on the Vision Zero (VZ) program and associated FY25 funding, as presented in the City Manager's Recommended FY24-25 Budget. Requests were made for additional information about the VZ Program, which is provided below:

1. **Vision Zero Plan Background:** The goal of VZ is to eliminate traffic fatalities, and it is founded on a belief that loss of life is unacceptable. It is a strategic and collaboratively designed roadmap which includes input from several City departments where the respective department has a role or program that feeds into the VZ concept. Engineering, enforcement, and education are all part of the VZ program, which aligns with the U.S. Department of Transportation's (USDOT) "Safe System" approach.
2. **Vision Zero Program Funding:** VZ has three primary funding sources: the general fund in the annual budget, bond program allocations, and grant/ partnership projects. The FY25 Budget maintains the \$1.5 million annual commitment for VZ related work that was first programmed in the FY22-23 budget.

In the 2024 Bond program, \$8 million was included for citywide Vision Zero improvements and some Council Members allocated discretionary funding specifically for Vision Zero improvements in their district. The construction cost amount for VZ/ Safety category projects currently allocated for FY25 is approximately \$1.3 million. Additionally, several of the 2024 Bond warranted traffic signal projects are on High Injury Network corridors and are planned for design or construction in FY25 and will fund VZ work indirectly.

Furthermore, the City was awarded more than \$21 million for Martin Luther King Jr. Blvd through the USDOT Safe Streets and Roads for All (SS4A) grant program and design is anticipated to begin in FY25. \$25.8 million was awarded through the Highway Safety Improvement Program over the last two years to upgrade traffic signals at high injury locations, and work will continue through FY25 and FY26 to finalize the designs and construct the improvements.

The VZ team continues to look for additional sources to fund this important program. An application was submitted through the USDOT's SS4A grant program in May 2024 to make pedestrian safety improvements along several high-injury corridors including Ferguson Rd., Lake June Rd., Camp Wisdom Rd., Maple Rd., and St. Augustine Rd. The USDOT is expected to announce who they will be awarding funding to later this fall. We also look for opportunities to leverage funding for bike lanes, street lighting, sidewalks, and other programs to advance VZ goals.

3. **Vision Zero Staffing:** The FY25 Budget includes two full time equivalent (FTE) positions dedicated to VZ: a Planner and an Engineer Assistant.. The VZ Program will also be supported by engineers in the Bond Program and in the Traffic Engineering and Traffic Signals division.
4. **Vision Zero Projects:** The annual progress report for the VZ Program will be presented to the Transportation & Infrastructure Committee later this year. In the interim, here are updates on the corridor studies and associated projects:
 - a. TPW Department has the following corridor studies under contract:
 - Corridors prioritized for study in 2023 and improvements in 2024 and beyond: Ferguson Rd. (from IH 30 to I 635), Maple Ave. (Medical District Drive to Knight Street), Loop 12/Buckner/Great Trinity Forest Way/Ledbetter (John West Rd. to Hampton Rd.), and Lake June Rd. (US 175 to Cheyenne Rd.).
 - Corridors prioritized for study in 2024 are nearing completion and improvements have been identified to be in 2025 for: Masters Dr. and St. Augustine Rd. (Military Pkwy to US 175), Akard St. and Ervay St. (Ross Ave. to Elm St.), Camp Wisdom Rd. (Cockrell Hill Rd. to IH 35E)
 - Corridors prioritized for study in 2025 and improvements in 2026 and beyond: Lombardy Ln. (Harry Hines to Webb Chapel Ext.), Webb Chapel Rd. (Webb Chapel Ext. to Shorecrest Dr.), Malcolm X Blvd (Martin Luther King Jr. Blvd to Elsie Faye Heggins St.), and two other corridors that are yet to be determined.
5. **Vision Zero Key Accomplishments:** Key accomplishments for FY23-24 Corridors include:
 - Ferguson Rd.: A public meeting was held in February 2024 to review the initial recommendations from the corridor study and receive public input. Several of the recommendations are being implemented including the design of four traffic signals and Pedestrian Hybrid Beacons and long line restriping along the entire corridor.

DATE August 30, 2024
SUBJECT **Vision Zero Update and FY 2024-2025 Budget**
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- Maple Ave.: The corridor safety study is in the final stages. In the meantime, pavement markings were refreshed, improvements were made to the traffic signals (installing pedestrian countdown timers, upgrading traffic signal heads with reflective backplates, changing solid green ball to flashing yellow arrow where applicable), a Rectangular Rapid Flashing Beacon is being implemented, and additional streetlights are being pursued in parts of the corridor.
- Lake June Rd.: The corridor safety study is being wrapped up. Already, the streetlights have been upgraded to LED and traffic signal upgrade projects are funded at Gillette, Hillburn, Prichard, Connor, Pleasant, and St. Augustine.
- Loop 12: Significant coordination has occurred with the Texas Department of Transportation (TxDOT) to make improvements along these corridors. Updates on the work that is underway by City staff and TxDOT is expected to be presented at a future Town Hall hosted by Senator Royce West.

Additional information regarding progress made on Vision Zero Action Items from other departments including the Dallas Police Department and the Office of Communications and Customer Experience/ 311 can be found in the April 3, 2024 City Council Briefing presentation located [here](#).

In Summary, the FY25 Budget reflects our ongoing commitment to implement the VZ Action Plan and continuing to improve the safety of Dallas streets to achieve our goal of eliminating all traffic-related deaths and reducing severe injury crashes by 50 percent by 2030. If you have any questions or concerns, please contact Ghassan “Gus” Khankarli, PhD, PE, PMP, CLTD, Director of the Department, of Transportation and Public Works, at Ghassan.khankarli@dallas.gov.

Service First, Now!



Dev Rastogi
Assistant City Manager

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Elizabeth Saab, Chief of Strategy, Engagement and Alignment (I)
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE August 30, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **FY25 Comprehensive Environmental and Climate Action Plan Budget Investment Highlights**

This memorandum highlights key fiscal year (FY) 2024-2025 budget investments towards the implementation of Dallas' Comprehensive Environmental and Climate Action Plan (CECAP).

Background

The City of Dallas' Comprehensive Environmental and Climate Action Plan (CECAP) has been nationally recognized for its strategic and operational effectiveness, placing Dallas on the map among peer cities for its commitment to the environment and sustainability. With eight action-oriented goals, Dallas' CECAP was unanimously adopted on May 27, 2020, and is a comprehensive undertaking which seeks to improve quality of life, reduce greenhouse gas emissions, prepare for the impacts of climate change, and create a healthier, equitable, and more vibrant and prosperous Dallas.

While Dallas' CECAP is led by the Office of Environmental Quality and Sustainability (OEQS), City departments in the Leading Environmental Action Forward (LEAF) Working Group serve as subject matter experts and partner in the implementation of CECAP actions. CECAP actions include investing in energy efficiency and solar technology, advancing EV fleet operations, providing public-facing micro-mobility options, reducing illegal dumping, reducing greenhouse gases through nature-based solutions like tree planting, conserving water through key water conservation programs, monitoring air quality, revitalizing contaminated properties through our Brownfields Revitalization Program, and expanding urban agriculture.

Highlights of FY2024-25 CECAP Budget Investments

CECAP GOAL 1: DALLAS' BUILDINGS ARE ENERGY- EFFICIENT AND CLIMATE RESILIENT.

- OEQS will continue the implementation of a multi-sector, multi-media, outreach and engagement program to promote energy-efficiency and climate resilience to Dallas residents. The FY2024-25 budget continues the investment of \$500,000 for outreach efforts.
- Facilities and Real Estate Management will continue to pursue the complete and total replacement of all remaining citywide R-22 refrigerant-based HVAC Systems with non-ozone depleting and more energy-efficient HVAC systems. The FY2024-25 budget envisions a \$1,050,000 investment, as funding is available.

**CECAP GOAL 2: DALLAS GENERATES AND USES RENEWABLE, RELIABLE,
AND AFFORDABLE ENERGY.**

- Facilities and Real Estate Management will invest \$500,000 in their rooftop solar revolving program for maintenance and repairs on the City's 10 Solar Photovoltaic (PV) systems. This funding will support routine preventive maintenance and regular cleaning schedules. The City will also begin leveraging, in partnership with Dallas County, a \$249M state-wide Solar for All grant from the U.S. Environmental Protection Agency to advance community solar for low-income and disadvantaged communities.
- The City will benefit from the EPA Solar for All Grant funds through our partnership with Dallas County. In April 2024, the EPA announced that Texas was awarded \$249.7M. The grant will provide benefits by accelerating investments in clean energy, reducing greenhouse gas emissions, closing the solar equity gap for energy-burdened low-income families and to create green jobs in our communities. The programs funded by this grant will expand access to community solar and residential rooftop installations.
- Facilities and Real Estate Management continues to incorporate pilot energy storage in an appropriate City facility through solar PV and battery-storage technology. The FY2024-25 budget includes \$1,700,000 for this project.

**CECAP GOAL 3: DALLAS' COMMUNITIES HAVE ACCESS TO SUSTAINABLE,
AFFORDABLE, TRANSPORTATION OPTIONS.**

- Equipment and Fleet Management will invest \$620,000 for charging stations for City-owned fleet and has set aside \$2.1 million to replace existing fleet assets with electric vehicles.
- OEQS is supporting the North Central Texas Council of Government's (NCTCOG) regional EV charging resiliency efforts. The NCTCOG was awarded \$15M to deploy 100 EV charging stations across the 16 counties in their service area.
- The Transportation and Public Works Department (TPW) will continue its LED lighting initiative and facilitate the conversion of traditional incandescent streetlamps to LED. The FY2024-25 budget includes \$700,000 for this program.
- TPW will continue to advance sustainable transportation options. Bike lanes play a significant role in reducing pollution levels and promoting sustainable

transportation. Dallas is updating the 2011 Dallas Bike Plan to build bicycle routes connecting riders safely from home to work, school, park, and other destinations. The FY2024-25 budget includes a sustainable investment of \$2 million annually for the Bike Lane Program.

- TPW will also advance micromobility, which includes not only bicycles but also other forms of short-range dockless vehicles like scooters. If deployed and managed properly, such vehicles can be a key piece of the mass transit system and another alternative to automobiles. May 2024 marked the second year of the relaunched Shared Dockless Vehicle Program that regulates rental micromobility devices in Dallas. TPW's FY2024-25 budget includes \$45,000 for the data validation of the Shared Dockless Vehicle Program.

CECAP GOAL 4: DALLAS IS A ZERO-WASTE COMMUNITY

- Leading departments partnering with OEQS on CECAP to achieve Dallas's goal of becoming a Zero-Waste Community include: Facilities and Real Estate Management, Transportation and Public Works, Dallas Water Utilities, Sanitation, and Equipment and Fleet Management.
- Sanitation Services will continue to expand efforts to reduce illegal dumping by facilitating Batteries, Oil, Paint, and Antifreeze (BOPA) collection events. The FY2024-25 budget includes \$1,314,746 for this initiative.
- Sanitation Services & OEQS will continue to implement the Zero Waste Program. The Zero Waste Plan adopted by City Council in February 2013 became the start of a 38 sustainable long-range systematic effort, with incremental goals to strive for sustainability reduce waste volume and maximize diversion through reuse and recycling efforts, and demonstrate that economic growth, environmental stewardship, and fiscal responsibility are not mutually exclusive. Currently, the City diverts or reuses approximately 18% of the residential waste generated. The FY2024-25 budget of \$1.9 million supports zero waste goals to maximize reuse and recycling efforts.
- Code Compliance Services will continue as a Keep Dallas Beautiful affiliate in FY2024-25. Keep Dallas Beautiful aims to educate and engage residents in Dallas about the importance of a clean and healthy city by focusing on the three main pillars of Keep Texas Beautiful and Keep America Beautiful: litter prevention, recycling, and beautification. The FY2024-25 budget for this program is \$200,000.
- The City will implement a new \$3 per month environmental clean-up fee assessed to all city residential and non-residential utility customers to support various environmental programs, including the severe storm reserve, zero waste,

household hazardous waste, illegal dumping on public right-of-way, homeless encampment cleanup, and litter and mowing nuisance abatement on public right-of-way.

CECAP GOAL 5: DALLAS PROTECTS ITS WATER RESOURCES AND ITS COMMUNITIES FROM FLOODING AND DROUGHT.

- Dallas Water Utilities and OEQS will continue the Water Conservation Program, which offers a variety rebate and incentive programs like the Irrigation Evaluation, Minor Plumbing Repair, and New Thrown for Your Home Programs. These programs provide free services, repairs, and fixtures to our residents. The FY2024-25 budget includes \$4 million for this initiative.
- Dallas Water Utilities continues its partnership with Ameresco Inc. for a 4.2 MW cogeneration facility utilizing biogas to generate electricity at Dallas' Southside Wastewater Facility supplying 46% of DWU's Southside Wastewater Facility power needs from this non grid source. The FY2024-25 budget for this program is \$2,000,000.
- Dallas Water Utilities will continue the Mill Creek Drainage Relief Project. Construction consists of a five-mile, 30 and 35-foot diameter tunnel constructed 70-100 feet below ground. This project was approved by the voters in two bond elections (2006 and 2012) and provides 100-year flood protection to nearly 2,200 residential and commercial properties. Construction continues through FY 2025-26 with the tunnel system and connections to existing drainage systems expected to be complete by the end of 2026, positively impacting vulnerable communities. The 2024 Bond Program includes FY 2025-26 design of the next phase of improvements to update neighborhood drainage systems that outfall to the relief tunnel.

CECAP GOAL 6: DALLAS PROTECTS AND ENHANCES ITS ECOSYSTEMS, TREES, AND GREENSPACES THAT IN TURN IMPROVE PUBLIC HEALTH.

- Dallas Water Utilities' Branch Out Dallas Program is an annual program that offers a free, 5-gallon tree to Dallas residents to plant in their yard. This program helps residents replace their damaged or aging trees, adds shade, reduces energy usage, increases the tree canopy, and aids neighborhood beautification. Branch Out Dallas occurs during Dallas Arbor Day, the first Saturday in November. The FY2024-25 budget includes \$75,000 for this program in Dallas Water Utilities.
- The Park and Recreation Branching Out Dallas Program identifies a minimum of twelve parks and adds, at minimum, 600, 30-gallon trees to those parks, per year. Trees for this program are procured through Dallas' Reforestation Fund, managed

by the Planning and Development Department (PDD). The FY2024-25 budget includes \$120,000 for this program in Park and Recreation.

- OEQS' Brownfield Redevelopment Program (BRP) has been awarded a total of \$1.75 million in brownfields grants from the U.S. Environmental Protection Agency (EPA) to assess and clean up contaminated sites and provide redevelopment planning and community outreach for sites in geographic boundary, primarily in the South Dallas/Fair Park area. In addition, the program also has an additional \$1.5 million for a pilot program that provides assessment and cleanup planning opportunities for sites in Environmental Justice zones.
- The city forestry team partners with neighborhood groups, schools, and non-profit partners to bring trees to public spaces and parkways across the city. Approximately \$390,000 is budgeted through Dallas' Reforestation Fund, to continue these partnership programs.
- The Aviation Department will implement Dallas Love Field's new noise mitigation measures as part of the updated Voluntary Noise Program directed by the City Council. The Department will also ensure that underground storage tanks at the airport continue to meet current airport standards.

CECAP GOAL 7: ALL DALLAS' COMMUNITIES HAVE ACCESS TO HEALTHY, LOCAL FOOD.

- The City of Dallas Urban Agriculture Pilot Program is part of a long-term framework to build organizational capacity and partnerships around the urban agriculture ecosystem. The City has partnered with Dallas County to award an annual Urban Agriculture Grant to provide assistance to urban agriculture stakeholders. The FY2024-25 budget includes \$100,000 to continue grant awards.
- The Office of Community Care is working to align Drivers of Poverty programming around key areas. Though not all food equity funding will exclusively be committed to locally grown food, OCC will prioritize this where able. OCC will continue to convene a multi-departmental Food Equity Working Group to facilitate Citywide partnerships and awareness of food services programming and will strive to align with CECAP goals related to local food where possible. Additionally, OCC currently administers several programs that align with this goal. Through the WIC program, OCC partners with organizations to bring local produce markets to WIC clinics so that participants may use their WIC and/or SNAP funds to access healthy, local produce. Through the community centers, OCC also partners with various community organizations to promote fresh produce access, including local produce, and promotes urban agriculture through community gardens on site.

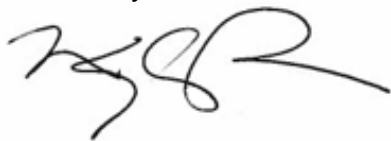
CECAP GOAL 8: ALL DALLAS' COMMUNITIES BREATHE CLEAN AIR.

- Implement a Landscape Equipment Transition Plan to encourage the transition from conventional gas-powered lawn equipment to battery-powered and electric alternatives among residents. The plan includes a residential incentive program to reduce the cost of battery- and electric-powered equipment for Dallas residents. This initiative aligns with the city's commitment to lowering greenhouse gas (GHG) emissions, reducing noise pollution, and improving local air quality. The City has allocated \$750,000 to fund this program.
- OEQS will continue to implement the Dallas Community Air Management Program (D-CAMP), which is a program to measure air pollutants using community-level air sensors. OEQS plans to invest approximately \$90,000 to maintain 24 air sensor units located throughout the City, particularly in historically disadvantaged communities. This program leverages funding from partners like the U.S. Environmental Protection Agency to purchase additional air sensors that are maintained by stakeholders like the Texas Transportation Institute.

Summary

The CECAP is a city-wide plan that will be implemented by seventeen departments in FY2024-25 to ensure a healthier and more sustainable community for our residents. These efforts described in this memo are not exhaustive of all City efforts but they do reflect the major initiatives being undertaken in the coming fiscal year. If you have any questions please contact Carlos Evans, OEQS Director (214-670-1642), Paul White II, OEQS Assistant Director (214-671-8979), Oppong Hemmeng, OEQS Senior Climate Coordinator (214-670-3887), or Rosaerlinda Cisneros, OEQS Climate Coordinator (214-670-1196).

Sincerely,



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Assistant City Manager, City of Dallas

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