

# Memorandum



CITY OF DALLAS

**DATE:** February 13, 2014

**TO:** Honorable Members of the Budget, Finance & Audit Committee:  
Jerry R. Allen (Chair); Jennifer S. Gates (Vice Chair);  
Tennell Atkins; Sheffie Kadane; Philip T. Kingston

**SUBJECT:** Upcoming Agenda Item: Franchise Fees Compliance and Recovery Services

The February 26, 2014 Council Agenda includes an item to award a thirty-six month contract with three two-year renewal options for Compliance Review and Recovery Services (Services) to MuniServices, LLC on a contingent fee basis. The City of Dallas (City) will pay MuniServices, LLC for services actually performed a fee not to exceed twenty-five percent of the revenues actually recovered and received by the City during the contract period.

Through a Request for Qualifications (RFQ) process, MuniServices, LLC was selected from among three other proposers to provide the City with compliance review and recovery services. The objective of these services is to assist the City with the detection, documentation, and correction of errors and omissions related to franchisee fee payments received from companies for services (electric, natural gas, cable/video service, and telephone) sold and consumed within the City. In Fiscal Year 2013, the City received approximately \$101.7 million in franchise fees.

Franchise fees are paid by companies for the right, privilege, and franchise to construct, extend, maintain and operate in, along, under, and across the present and future streets, alleys, highways, public utility easements, and public ways (Public Rights-of-Way) with all necessary or desirable appurtenances for the purpose of providing services to the inhabitants thereof.

The City's Office of Utility Management (Utility Management) has responsibility for the oversight and management of franchisees and their compliance with applicable Federal, State, and local regulations.

Should you need additional information, please contact me at 214-670-3222.

Craig D. Kinton  
City Auditor

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

Jill A. Jordan, P.E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Charles M. Cato, Interim Assistant City Manager  
Theresa O'Donnell, Interim Assistant City Manager  
Frank Libro, Public Information Officer  
Elsa Cantu, Assistant to the City Manager