

# Memorandum



CITY OF DALLAS

DATE October 6, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **Bond Program and Pension System**

In recent days, a false narrative has begun to develop that the City Council must choose between having a General Obligation Bond election in May 2024 or addressing the Dallas Police and Fire Pension System (DPFP) unfunded liability. This is not an either-or decision. I am committed to both protecting the pension benefits of our first responders as well as addressing the infrastructure needs that our residents demand and deserve.

The Mayor recently appointed the Ad Hoc Committee on Pensions which will be meeting over the next several months to consider strategies to address the unfunded liability. While issuance of Pension Obligation Bonds (POB) will be one of the options considered, they are less likely to be the best option given current interest rates. We will continue to work with our Financial Advisors and the Police and Fire Pension Study Group and bring all options to the Ad Hoc Committee over the next several months.

Based on current analysis, we have recommended a General Obligation Bond Program not to exceed \$1.1 billion with an election in May 2024 to address the significant infrastructure needs throughout the city. In order to have a May 2024 election, City Council will be asked to call the election no later than mid-February which is more than four months from now.

I recommend that the Ad Hoc Committee on Pensions and the Bond Task Force both continue their work over the next several months and present findings and recommendations to the full City Council in January. At that time, the City Council will be able to make a much more informed decision instead of conflating these two critical but distinct concerns.

If you need additional information, please contact me.

A handwritten signature in black ink, appearing to read 'T.C. Broadnax'.

T.C. Broadnax  
City Manager

c: Honorable Mayor and Members of the City Council  
Tammy Palomino, Interim City Attorney  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
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Directors and Assistant Directors

# Memorandum



CITY OF DALLAS

DATE October 6, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **Housing Preservation: Update on Home Repair Programs**

On September 19, 2023, the Department of Housing & Neighborhood Revitalization (Housing) briefed the Housing and Homelessness Solutions Committee (HHSC) on amending the multiple home repair programs into one streamlined program statement. In short, challenges and barriers with the current program processes create an obstacle to providing effective customer service as the programs compete with one another. These challenges and barriers include the use of multiple applications, applying residents' needs to understand each unique program and requirements, and the administrative burden of operating multiple programs, which has impacted the output of services provided.

As home repair is the most sought-out assistance in Housing, the proposed amendment will allow for better customer service and consistency across programs in terms of eligibility and eligible repairs. This memorandum recounts the questions and concerns raised in the HHSC meeting for further discussion in upcoming scheduled meetings with Council Members.

The new program statement will allow for all funding sources to be applied without creating one-off programs. Housing is exploring a single application for staff evaluation to determine right fit for the applicant to the appropriate program, eligibility and affordability requirements appropriate for assistance provided, grant or loan terms appropriate for the amount of assistance provided, and a focus on a major systems approach rather than whole home approach to allow more people to be served. By streamlining the application process and creating one general home repair program, Housing can also improve external partnerships with other agencies, which may offset the burden of cost to the City of Dallas and increasingly leverage the resources of philanthropic communities and non-profit partners.

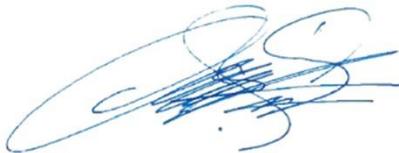
There were four questions raised at the HHSC meeting on September 19, 2023, which will be addressed and presented at an upcoming HHSC meeting. The questions include:

- 1) A request for current program budgets and expenditures with total people served over the past few years including the Historical Freedman's Town.
- 2) A request to explore both internal and external partnerships which would help offset costs to the City of Dallas which could prove to be more effective in leveraging resources (i.e., Dallas Area Agency on Aging, Small Business Center, Philanthropic communities, and real estate non-profit partners).
- 3) A request for an update on the contractors and how they are qualified.
- 4) An inquiry regarding the imposing of penalties on contractors who do not complete home repairs in a consistent and timely manner.

Concerns and suggestions presented at HHSC on September 19, 2023, include:

- 1) A concern that effort should be made to ensure minority developers and contractors are properly equipped and trained for development and construction.
- 2) A concern for effectively meeting both goals for residents to have a healthy and safe place to live and preserving affordable housing within the City of Dallas.
- 3) A concern for targeting low/very low-income residents as we should be their last resort, rather than serving higher income families.
- 4) A suggestion for a simplified home repair application and high-level review, rather than in-depth in the early stages of applying for assistance.
- 5) A suggestion for the department to explore the best practices of other cities and municipalities that have been successful in operating a home repair program.
- 6) A suggestion for the department to explore the possibility of focusing on limited specific repairs annually or health and safety only, rather than all possible repairs.
- 7) A suggestion to provide assistance based on geographic area of the City.
- 8) A suggestion for staff to create a flow chart used internally for best case management.

For questions or input for this program, please contact Cynthia Rogers-Ellickson by email at [Cynthia.Rogersellic@dallas.gov](mailto:Cynthia.Rogersellic@dallas.gov) or at 214-670-3601.



Majed A. Al-Ghafry, P.E.  
Assistant City Manager

c: T.C. Broadnax, City Manager  
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# Memorandum



CITY OF DALLAS

DATE October 6, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **October 11, 2023 City Council FINAL Agenda – Additions/Revisions/Deletions Memorandum**

On September 29, 2023, a DRAFT City Council Agenda for October 11, 2023, was provided for your review. This memorandum outlines any additions, revisions or deletions made to the FINAL agenda after the distribution of the DRAFT agenda. In addition, we have highlighted agenda items which have been briefed to the City Council and/or Committee by briefing memorandums.

Additional items and deletions to the DRAFT agenda are outlined below, including *revisions* to the FINAL agenda are underlined in blue and *deletions* are strikethrough in red. A brief explanation for revisions and deletions along with staff's contact information is provided.

## **Additions:**

36. 23-2573 Consideration of **(1)** qualifications and appointment of Tammy L. Palomino to the position of city attorney; **(2)** adopting a resolution appointing Tammy L. Palomino as City Attorney; **(3)** approving the terms of the Agreement of Appointment; and **(4)** authorizing the City Manager to execute the Agreement of Appointment of the city attorney - Financing: Salary information is included in the Agreement of Appointment

## **Revisions:**

2. 23-2507 Authorize payment of **(1)** annual membership fees and continuation of arrangements for providing specialized municipal-related services to Forrester Research, Inc. in an amount not to exceed \$1,232,014.25; **(2)** annual membership fees and continuation of arrangements for providing specialized municipal-related services to Water Research Foundation in an amount not to exceed \$413,381.00; **(3)** annual membership fees and continuation of arrangements for providing specialized municipal-related services to Oncor Cities Steering Committee in an amount not to exceed \$147,955.00; **(4)** annual membership fees and continuation of arrangements for providing specialized municipal-related services to North Central Texas Council of Governments in an amount not to exceed \$132,627.80; **(5)** annual membership fees and continuation of arrangements for the Texas Municipal League in an amount not to exceed \$63,731.00; and **(6)** Supplemental Agreement No. 1 to increase the three year annual membership fees and continuation of arrangements for

providing specialized municipal-related services to Gartner, Inc. in an amount not to exceed ~~\$871,890~~\$892,850.00, from \$4,097,985.00 to ~~\$4,969,875~~\$4,990,835.00 - Total not to exceed ~~\$2,861,599~~\$2,882,559.05 - Financing: General Fund (~~\$1,001,189~~\$1,016,774.80) (~~\$656,876~~\$344,023.00 of the ~~\$1,001,189~~\$1,016,774.80 is subject to annual appropriations), Data Services Fund (~~\$1,447,028~~\$1,452,403.25) (~~\$215,014~~\$112,882.00 out of the ~~\$1,447,028~~\$1,452,403.25 is subject to annual appropriations), and Dallas Water Utilities Fund (\$413,381.00)

**This item is being revised to correct supplemental agreement amount for Gartner, Inc. and to add contract id number in the Resolution for Water Research Foundation. Please contact Janette Weedon, Director, Budget and Management Services, at 214-670-3550, for more information.**

12. 23-2209 Authorize the ratification to pay outstanding invoices due to Austin Asphalt, Inc., in the amount of \$106,247.70, for the uninterrupted provision of goods needed to sustain the streets' hot mix asphalt and cold patch materials until a new contract was awarded - Not to exceed \$106,247.70 - Financing: General Fund

**This item is being revised per the City Attorney's Office. Please contact Ali Hatefi, Director, Department of Public Works, at 214-948-4688, for more information.**

16. 23-1951 Authorize a two-year ~~personal~~ professional services contract with CapitalEdge Strategies, LLC to provide federal legislative services to the City for the period October 31, 2023 through September 30, 2025 - Not to exceed \$336,000.00 - Financing: General Fund (subject to annual appropriations)

**This item is being revised to edit the Subject. Please contact Carrie Rogers, Director, Office of Government Affairs, at 214-670-5682, for more information.**

17. 23-1952 Authorize a two-year ~~personal~~ professional services contract with Thorn Run Partners, LLC for federal legislative services for the period October 31, 2023 through September 30, 2025 - Not to exceed \$170,000.00 - Financing: General Fund (subject to annual appropriations)

**This item is being revised to edit the Subject and Resolution. Please contact Carrie Rogers, Director, Office of Government Affairs, at 214-670-5682, for more information.**

19. 23-2397 Authorize a three-year master agreement for the purchase of street de-icing products for the Department of Public Works - NSG Logistics, LLC dba Nebraska Salt & Grain, lowest responsible bidder two - Estimated amount of \$364,840.08 - Financing: General Fund

**This item is being revised to update the Prior Action in the Agenda Information Sheet. Please contact Danielle Thompson, Director, Office of Procurement Services, at 214-670-3874, for more information.**

A memorandum was previously provided to Committee and/or City Council regarding the following items. A link to the memorandums is attached for more information.

3. 23-2395 Authorize a two-year personal services contract with Burklund Consulting, LLC for state legislative and information services for the period November 1, 2023 through October 31, 2025 - Not to exceed \$120,000.00 - Financing: Dallas Water Utilities Fund  
**The Ad Hoc Committee on Legislative Affairs was briefed by memorandum regarding this matter on September 13, 2022.**
4. 23-2391 Authorize a two-year personal services contract with Campos Consulting Group for state legislative and information services for the period November 1, 2023 through October 31, 2025 - Not to exceed \$186,000.00 - Financing: General Fund (subject to annual appropriations)  
**The Ad Hoc Committee on Legislative Affairs was briefed by memorandum regarding this matter on September 13, 2022.**
5. 23-2394 Authorize a two-year personal services contract with Kwame Walker & Associates for state legislative and information services for the period November 1, 2023 through October 31, 2025 - Not to exceed \$240,000.00 - Financing: General Fund (subject to annual appropriations)  
**The Ad Hoc Committee on Legislative Affairs was briefed by memorandum regarding this matter on September 13, 2022.**
6. 23-2389 Authorize a two-year personal services contract with Randy C. Cain, Attorney at Law, for state legislative and information services for the period November 1, 2023 through October 31, 2025 - Not to exceed \$252,000.00 - Financing: General Fund (subject to annual appropriations)  
**The Ad Hoc Committee on Legislative Affairs was briefed by memorandum regarding this matter on September 13, 2022.**
15. 23-2572 A resolution to authorize payment of annual membership fees to **(1)** Dallas Regional Mobility Coalition in an amount not to exceed \$37,500.00; **(2)** North Texas Commission in an amount not to exceed \$60,000.00; **(3)** TEX-21 in an amount not to exceed \$25,000.00; **(4)** the Texas Association of Black City Councilmembers in an amount not to exceed \$1,800.00; **(5)** the National Association of Latino Elected and Appointed Officials in an amount not to exceed \$1,800.00; and **(6)** Metroplex Mayors in an amount not to exceed \$900.00 - Total not to exceed \$127,000.00 - Financing: General Fund (\$67,000.00) and Convention and Event Services Fund (\$60,000.00)

[The Ad Hoc Committee on Legislative Affairs was briefed by memorandum regarding this matter on September 28, 2023.](#)

27. 23-2577 An ordinance amending Chapter 31, “Offenses - Miscellaneous,” of the Dallas City Code by amending Sections 31-27; **(1)** adding definitions; **(2)** providing that both which factors must be considered when determining whether a person has manifested the purpose and intent of inducing, enticing, soliciting, or procuring another to commit an act of prostitution; **(3)** organizing the section to make the language clearer; **(4)** providing an affirmative defense to prosecution; **(5)** providing a penalty not to exceed \$500.00; **(6)** providing a saving clause; **(7)** providing a severability clause; and **(8)** providing an effective date - Financing: No cost consideration to the City  
[The Public Safety Committee was briefed by memorandum regarding this matter on October 10, 2023.](#)
28. 23-2337 Authorize **(1)** renewal of the contract with Dallas College for instructional services for police academy training; **(2)** the receipt and deposit of funds in an amount not to exceed \$630,000.00 from Dallas College in the Dallas College Police Training Funds; and **(3)** an increase in appropriations in an amount not to exceed \$630,000.00 in the Dallas College Police Training Funds for the two-year period September 1, 2023 through August 31, 2025 - Not to exceed \$630,000.00 - Financing: Dallas College Police Training Funds  
[The Public Safety Committee was briefed by memorandum regarding this matter on October 10, 2023.](#)
29. 23-2496 Authorize a ten-year cooperative purchasing agreement for the purchase of equipment and software licenses that provide the use of body worn, in-car, interview room camera systems, electronic control weapons, cloud storage, unmanned aircraft systems, and associated software and hardware for the Police Department, Code Compliance, Dallas Fire Rescue, Dallas Animal Services, and Courts and Detention Department with Axon Enterprise, Inc. through the Sourcwell cooperative agreement - Estimated amount of \$146,855,764.27 - Financing General Fund (\$103,834,445.32), Communication Service Fund (\$39,879,935.55), and Coronavirus State and Local Fiscal Recovery Fund (\$3,141,383.40) (subject to annual appropriations)  
[The Public Safety Committee was briefed by memorandum regarding this matter on October 10, 2023.](#)
30. 23-2497 Authorize an Interlocal Agreement between University of North Texas at Dallas and the Dallas Police Department through the Caruth Police Institute at the University of North Texas at Dallas to provide training specific for

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supervisors, managers, and executives of the Dallas Police Department as well as Basic Academy Recruit-Phase III Courses for the period October 1, 2023 through September 30, 2026 - Not to exceed \$519,900.00 - Financing: Dallas College Police Training Funds  
[The Public Safety Committee was briefed by memorandum regarding this matter on October 10, 2023.](#)

35. 23-2413 Authorize adoption of the 2024 City Calendar - Financing: No cost consideration to the City

[The Government Performance & Financial Management Committee was briefed by memorandum regarding this matter on September 19, 2023.](#)

Please feel free to reach out to me or Kimberly Bizer Tolbert, Deputy City Manager if you have questions or should you require additional information at this time.



T.C. Broadnax  
City Manager

c: Tammy Palomino, Interim City Attorney  
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# Memorandum



CITY OF DALLAS

DATE **October 6, 2023**  
 TO **Honorable Mayor and Members of the City Council**  
 SUBJECT **M/WBE Participation for October 11, 2023 Council Agenda**

The policy of the City of Dallas is to engage certified Minority and Women-owned Business Enterprises (M/WBEs) to the greatest extent feasible on the City’s architecture & engineering, construction, goods, and professional services contracts. The City’s Business Inclusion and Development Policy (BID Policy) is overseen by the Business Inclusion and Development (BID) division of the Small Business Center, which is providing this summary of M/WBE participation for the October 11, 2023 City Council Agenda.

As a reminder, the M/WBE goals that became effective on October 1, 2020 are:

Architecture & Engineering	Construction	Professional Services	Other Services	Goods
34.00%	32.00%	38.00%	N/A	32.00%

For this agenda, BID reviewed **13** agenda items; **9** items on this agenda include an M/WBE goal. Of those **10** items, **4** exceeded the goal, **1** met the goal, and **5** did not meet the goal but complied with the BID policy. This agenda includes **2** items that did not have an applicable M/WBE goal and **1** item with a DBE goal. The table below provides a summary of M/WBE participation for this agenda.

#	Contract Amount	Procurement Category	M/WBE Goal	M/WBE Subcontracting %	M/WBE Overall Participation %	M/WBE Overall \$	Status
11	\$12,490,707.00	Construction	32.00%	32.18%	32.18%	\$4,020,000.00	Exceeds Goal
18	\$296,890.00	Other Services	N/A	N/A	N/A	N/A	M/WBE N/A Other Services
19	\$364,840.08	Goods	32.00%	0.00%	0.00%	\$0.00	Does not meet the goal. Item is RFB. Lowest responsible bidder was selected.
20	\$353,040.00	Architecture & Engineering	34.00%	34.00%	100.00%	\$353,040.00	Meets Goal
21	\$122,700.00	Architecture & Engineering	34.00%	44.01%	44.01%	\$54,000.00	Exceeds Goal
22	\$262,840.00	Architecture & Engineering	34.00%	62.91%	62.91%	\$165,340.00	Exceeds Goal
23	\$345,170.00	Architecture & Engineering	34.00%	16.39%	100.00%	\$345,170.00	Does Not Meet Goal; Prime is MBE
24	\$399,500.00	Construction	32.00%	0.00%	0.00%	\$0.00	Does not meet the goal. Item is RFB. Lowest responsible bidder was selected.
25	\$268,570.95	Construction	32.00%	75.62%	75.62%	\$203,092.74	Exceeds Goal
26	\$393,019.98	Construction	7.50%**	33.94%	8.21%	\$133,407.72	Exceeds DBE Goal
29	\$146,855,764.27	Other Services	N/A	N/A	N/A	N/A	M/WBE N/A CO-OP

#	Contract Amount	Procurement Category	M/WBE Goal	M/WBE Subcontracting %	M/WBE Overall Participation %	M/WBE Overall \$	Status
32	\$1,562,521.50	Construction	32.00%	0.00%	98.00%	\$1,531,271.07	Does not meet the goal. Item is RFB. Lowest responsible bidder was selected. Prime is WBE
33	\$1,992,677.85	Construction	32.00%	1.18%	1.18%	\$23,496.09	M/WBE N/A Emergency Ratification

\*This item reflects the previous BID Policy goal.

\*\*This item has an applied DBE goal.

**The following items do not meet the M/WBE goal, but comply with the BID Policy:**

**Agenda Item No. 19** Authorize a three-year master agreement with NSG Logistics, LLC dba Nebraska Salt & Grain for the purchase of street de-icing products for the Department of Public Works. Award amount is estimated at \$364,840.08. The Request for Bid method of procurement resulted in the lowest responsive bidder being selected.

**Agenda Item No. 24** Authorize a construction services contract with Joel Brown & Co. LLC dba J. B. & Co. LLC for the construction of the Kiowa Parkway Trail and Bridge Project located at 15200 Woodbriar Drive. Award amount will not exceed \$399,500.00. The Request for Bid procurement method resulted in the selection of the lowest responsive bidder.

**Agenda Item No. 32** Authorize a construction services contract with Texas Roof Management, Inc. for roof maintenance and roof emergency on-call repair service at all Water Department buildings located citywide. Award amount will not exceed \$1,562,521.50. The Request for Bid method of procurement resulted in the lowest responsive bidder being selected.

**Local Businesses**

The table below provides the count of businesses by location for prime contractors and M/WBE subcontractors. There are a total of 13 prime contractors considered in this agenda, 3 of these are M/WBE prime contractors. The local status for each prime contractor and the percentage of local workforce is also included in the agenda information sheet.

Vendor	Local		Non-Local		Total
<b>Prime</b>	9	69.23%	4	30.77%	<b>13</b>
<b>M/WBE Sub</b>	15	78.94%	4	21.06%	<b>19</b>

Please feel free to contact me or Joyce Williams, Director of the Small Business Center, if you have any questions or should you require additional information.



Kimberly Bizer Tolbert  
 Deputy City Manager

- c: T.C. Broadnax, City Manager
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**M/WBE Agenda Item Matrix**  
**October 11, 2023 City Council Agenda**

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-2565 11	\$12,490,707.00	Construction	32.00%
	M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
	32.18%	This Item 32.18% Overall Participation 28.96%	\$4,020,000.00
<b>Subject:</b>	Authorize an increase in the construction services contract with Johnson Bros. Corporation, a Southland Company, to add funding for the 2023 Annual Street Resurfacing Contract - Not to exceed \$12,490,707.00, from \$49,982,822.75 to \$62,473,529.75 - Financing: General Fund (subject to annual appropriations)		
<b>This contract exceeds the M/WBE goal.</b>			
<b>Change Order No. 2 – 28.96 Overall M/WBE Participation</b> Estrada Ready Mix, Local, HM, 2.91% - Cement Wholesales HZ Paving, Local, HM, 9.07% - Concrete Paving Oynx Paving, Local, BM, 2.01% - Concrete Paving Elite Emerald Construction, Non-Local, HF, 14.60% - Concrete Paving Road Master Striping, Non-Local, HM, 00.37% - Pavement Marking <b>This Item – 32.18% M/WBE participation</b> Estrada Ready Mix, Local, HM, 2.80% - Cement Wholesales HZ Paving, Local, HM, 12.00% - Concrete Paving Oynx Paving, Local, BM, 0.96% - Concrete Paving Elite Emerald Construction, Non-Local, HF, 16.02% - Concrete Paving Road Master Striping, Non-Local, HM, 0.40% - Pavement Marking Johnson Bros. Corporation, a Southland Company– Local; Workforce – 59.45% Local			



**M/WBE Agenda Item Matrix**  
**October 11, 2023 City Council Agenda**

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-1863 18	\$296,890.00	Other Services	N/A
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	N/A	N/A	N/A
<b>Subject:</b>	Authorize a three-year service price agreement for farrier services for the Police Department - Schweighart Equine Services, only bidder - Estimated amount of \$298,890 - Financing: General Fund (subject to annual appropriations)		
<b>This item is Other Services which does not have an availability and disparity participation goal.</b>			
Schweighart Equine Services - Non-local; Workforce - 0.00% Local			

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-2397 19	\$364,840.08	Goods	32.00%
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	0.00%	0.00%	\$0.00
<b>Subject:</b>	Authorize a three-year master agreement for the purchase of street de-icing products for the Department of Public Works - NSG Logistics, LLC dba Nebraska Salt & Grain, lowest responsible bidder two - Estimated amount of \$364,840.08 - Financing: General Fund		
<b>The Request for Bid method of procurement resulted in the lowest responsive bidder being selected.</b>			
NSG Logistics, LLC dba Nebraska Salt & Grain - Non-local; Workforce - 0.00 % Local			



**M/WBE Agenda Item Matrix**  
**October 11, 2023 City Council Agenda**

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-2504 20	\$353,040.00	Architecture & Engineering	34.00%
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	34.00%	100.00% PM	\$353,040.00
<b>Subject:</b>	Authorize a professional services contract for architecture and engineering services with JBI Partners, Inc. for design development, construction documents, and construction observation phases including landscape architecture, engineering, surveying, and platting services for the Texas Park and Wildlife Grant Group 2 Improvements Project including Bluebird Park located at 4139 Red Bird Lane (\$108,990.00); Park in the Woods located at 6800 Mountain Creek Parkway (\$122,025.00); and Pecan Grove Park located at 3443 West Kiest Boulevard (\$122,025.00), through the Coronavirus State and Local Fiscal Recovery Funds program authorized by the American Rescue Plan Act appropriated through the Texas Parks and Wildlife Department - Not to exceed \$353,040.00 - Financing: TPWD Coronavirus State and Local Fiscal Recovery		
<b>This contract meets the M/WBE goal.</b>			
JBI Partners, Inc., Local, PM, 66.00% - Prime Contractor and Landscape Architect			
Lim & Associates, Local, PM, 34.00% - Surveying, Civil Engineering, and Platting			
JBI Partners, Inc. – Local; Workforce – 14.46% Local			

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-2505 21	\$122,700.00	Architecture & Engineering	34.00%
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	44.01%	44.01% HM	\$54,000.00
<b>Subject:</b>	Authorize a professional services contract for architecture and engineering services with LJA Engineering, Inc. for design development, construction documents, and construction observation phases including landscape architecture, engineering, surveying, and platting services for the Texas Park and Wildlife Grant Group 3 Improvements Project at Thurgood Marshall Recreational Center Field located at 5150 Mark Trail Way, through the Coronavirus State and Local Fiscal Recovery Funds program authorized by the American Rescue Plan Act appropriated through the Texas Parks and Wildlife Department - Not to exceed \$122,700.00 – Financing: TPWD Coronavirus State and Local Fiscal Recovery Fund		
<b>This contract exceeds the M/WBE goal.</b>			
Salcedo Group, Inc., Local, HM, 30.97% - Topographical Survey, Engineering Site Design			
Arias & Associates, Inc., Non-local, HM, 13.04% - Geotechnical Reporting			
LJA Engineering, Inc. – Local; Workforce – 7.05% Local			



**M/WBE Agenda Item Matrix**  
**October 11, 2023 City Council Agenda**

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-2335 22	\$262,840.00	Architecture & Engineering	34.00%
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	62.91%	62.91% HF	\$165,340.00
<b>Subject:</b>	Authorize a professional services contract for architecture and engineering services with SWA Group for (1) surveying and platting services for park in the Cedars Park, near the intersection of South St. Paul Street and Beaumont Street; and (2) site assessment and analysis of the Old City Park site located at 1515 South Harwood Street - Not to exceed \$262,840.00 - Financing: Park and Recreation Facilities (B) Fund (2017 General Obligation Bond Fund)		
<b>This contract exceeds the M/WBE goal.</b>			
Criado & Associates, Local, HF, 59.78% - Topographic Surveying The Rios Group, Local, HF, 3.12% - Subsurface Utility Surveying			
SWA Group - Local; Workforce - 64.29% Local			



**M/WBE Agenda Item Matrix**  
**October 11, 2023 City Council Agenda**

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-2503 23	\$345,170.00	Architecture & Engineering	34.00%
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	16.39%	100.00% HF, BM, HM, WF, NM	\$345,170.00
<b>Subject:</b>	Authorize a professional services contract for architecture and engineering services with Urban Engineers Group, Inc. for design development, construction documents, and construction observation phases including landscape architecture, engineering, surveying, and platting services for the Texas Park and Wildlife Grant Group 1 Improvements Project which includes Beckley-Heights Park, located at 6700 Starkey Street in the amount of \$86,292.50; Daniieldale Park located at 540 West Wheatland Road in the amount of \$86,992.50; Meadow Stone Park located at 2700 Meadow Stone Lane in the amount of \$86,292.50; and Twin Falls Park located at 6300 South Polk Street in the amount of \$85,592.50, through the Coronavirus State and Local Fiscal Recovery Funds program authorized by the American Rescue Plan Act appropriated through the Texas Parks and Wildlife Department- Total not to exceed \$345,170.00 - Financing: TPWD Coronavirus State and Local Fiscal Recovery Fund		
<b>This item does not meet the M/WBE participation goal, however the prime is a certified MBE.</b>			
Urban Engineers Group, Inc., Local, HF, 83.61% - Project Management, Civil Engineering PJB Surveying, LLC, Non-Local, NM, 7.65% - Topographic Surveying Campos Engineering Inc., Local, HM, 3.48% - MEP Engineering Services Alliance Geotechnical Group, Local, BM, 3.03% - Geotechnical Support Access by Design Inc., Local, WF, 1.27% - Printing and Plotting Services MS Dallas Reprographics, Inc., Local, WF, 0.96% - Reproduction Urban Engineers Group, Inc. – Local; Workforce – 0.00% Local			

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-2412 24	\$399,500.00	Construction	32.00%
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	0.00%	0.00%	\$0.00
<b>Subject:</b>	Authorize a construction services contract for the construction of the Kiowa Parkway Trail and Bridge Project located at 15200 Woodbriar Drive - Joel Brown & Co. LLC dba J. B. & Co. LLC, lowest responsible bidder of three - Not to exceed \$399,500.00 - Financing: Park and Recreation Facilities (B) Fund (2017 General Obligation Bond Funds)		
<b>The Request for Bid method of procurement resulted in the lowest responsive bidder being selected.</b>			
Joel Brown & Co, LLC. dba J. B. & Co. LLC – Local; Workforce – 28.57% Local			



**M/WBE Agenda Item Matrix**  
**October 11, 2023 City Council Agenda**

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-2336 25	\$268,570.95	Construction	32.00%
	M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
	75.62%	This Item 75.62% BM Overall Item 82.86% BM, WF	\$203,092.74
<b>Subject:</b>	Authorize an increase in the construction services contract with Joel Brown & Co. LLC, dba J.B. & Co. LLC for additional construction services at the Fair Park Centennial Building Improvements Project located at 1001 Washington Avenue - Not to exceed \$268,570.95, from \$4,776,516.61 to \$5,045,087.56 - Financing: Fair Park Improvements (C) Fund (2017 General Obligation Bond Fund)		
<b>This contract exceeds the M/WBE goal.</b>			
<b>Overall Participation – 82.86%</b> Cowboys Roofing, Local, BM, 45.50% - Roofing Lassiter Inc., Non-local, WF, 32.16% - HVAC			
<b>This Item – 75.62% MWBE Participation</b> Cowboys Roofing, Local, BM, 75.62% - Roofing			
Joel Brown & Co. LLC, dba J.B. & Co. LLC - Local; Workforce - 20.00% Local			



**M/WBE Agenda Item Matrix**  
**October 11, 2023 City Council Agenda**

Agenda Item #	Contract Amount	Procurement Category	DBE Goal
23-2408 26	\$393,019.98	Construction	7.50%**
	DBE Subcontracting %	DBE Overall %	DBE Overall Participation \$
	33.94%	This Item 33.94% BF Overall Item 8.21% HM, WF, HM	\$133,407.72
<b>Subject:</b>	Authorize an increase to the construction services contract with RoeschCo Construction, LLC, for the construction of the Lake Highlands Trail Phase 2A/2B, Northern Extension - not to exceed \$393,019.98 increasing the contract amount from \$4,475,464.93 to 4,968,801.71 - Financing: 302,923.91 Street and Transportation Improvements Fund (2012 General Obligation Bond Fund); \$90,096.07 Park and Recreation (B) Fund (2017 General Obligation Bond Fund)		
<b>This contract exceeds the DBE goal.</b>			
<b>Change Order No. 2 – 8.21% DBE Participation</b>			
Llano River Fence Company LLC, BF, 5.00% - Fence and Railings			
Lorie Galloway Companies, Inc., WF, 1.40% - Masonry and Furnishings			
Supreme Saw & Seal, Local, HM, 0.82% - Concrete Saw Cutting			
Robin Steel LLC, Nonlocal, BF, 0.46% - ADA Ramp Concrete Accessories			
Elite Striping, Local, HM, 0.43% - Striping and Signage			
Coronado Roadway Construction, LLC, Nonlocal, HM, 0.10% - Asphalt			
<b>This Item -- 33.94% DBE Participation</b>			
Llano River Fence Company, LLC, Local, BF, 33.94% - Fence and Railings			
RoeschCo Construction, Inc. – Non-local; Workforce – 8.70% Local			



**M/WBE Agenda Item Matrix**  
**October 11, 2023 City Council Agenda**

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-2496 29	\$146,855,764.27	Other Services	N/A
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	N/A	N/A	N/A
<b>Subject:</b>	Authorize a ten-year cooperative purchasing agreement for the purchase of equipment and software licenses that provide the use of body worn, in-car, interview room camera systems, electronic control weapons, cloud storage, unmanned aircraft systems, and associated software and hardware for the Police Department, Code Compliance, Dallas Fire Rescue, Dallas Animal Services, Dallas Marshal's Office, and Dallas Municipal Court with Axon Enterprise, Inc. through the Sourcewell cooperative agreement - Not to exceed \$146,855,764.27 - Financing: General Fund (\$103,834,445.32), Communication Service Fund (\$39,879,935.55), and Coronavirus State and Local Fiscal Recovery Fund (\$3,141,383.40) (subject to annual appropriations)		
<b>The Business Inclusion and Development Policy does not apply to Cooperative Purchasing Agreements.</b>			
Axon Enterprise, Inc. - Non-local; Workforce - 0.00% Local			

Agenda Item #	Contract Amount	Procurement Category	M/WBE Goal
23-1979 32	\$1,562,521.50	Construction	32.00%
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	0.00%	98.00%	\$1,531,271.07
<b>Subject:</b>	Authorize a construction services contract for roof maintenance and roof emergency on-call repair service at all Water Department buildings located citywide and at Lake Ray Hubbard, Lake Fork and Lake Tawakoni - Texas Roof Management, Inc., lowest responsible bidder of two - Not to exceed \$1,562,521.50 - Financing: Storm Drainage Management Operation Fund (\$68,252.25), Water Utilities Capital Improvement F Fund (\$819,026.99), and Water Utilities Capital Improvement G Fund (\$675,242.26)		
<b>The Request for Bid method of procurement resulted in the lowest responsive bidder being selected, however the prime is a WBE.</b>			
Texas Roof Management Inc, Local, WF, 98.00%			
Texas Roof Management, Inc- Local; Workforce – 45.00% Local			



**M/WBE Agenda Item Matrix**  
**October 11, 2023 City Council Agenda**

<b>Agenda Item #</b>	<b>Contract Amount</b>	<b>Procurement Category</b>	<b>M/WBE Goal</b>
23-2195 33	\$1,992,677.85	Construction	32.00%
	<b>M/WBE Subcontracting %</b>	<b>M/WBE Overall %</b>	<b>M/WBE Overall Participation \$</b>
	1.18%	This Item 1.18% WF Overall Item 30.69% HM, WF, HM	\$23,496.09
<b>Subject:</b>	Authorize an increase in the construction services contract with Archer Western Construction, LLC for the emergency repair of a 60-inch diameter wastewater pipe at the Southside Wastewater Treatment Plant - Not to exceed \$1,992,677.85, from \$44,842,152.04 to \$46,834,829.89 - Financing: Water Capital Construction Fund		
<b>The Business Inclusion and Development Policy does not apply to Emergency Ratifications.</b>			
<b>Overall Participation – 30.69%</b> Rodbusters S & C LLC, Local, HM, 0.02% - Rebar Setting Headworks, Inc, Non-Local, WF, 5.66% - Bar Screens JML Distribution, Non-Local, WF, 24.67% - Electrical Materials J & S Valve, Non-Local, WF, 0.06% - Valves A-Star Masonry, Local, HM, 0.07% - Masonry Texas Bearings of Dallas Inc, Local, WF, 0.02% - RAS Pump Gearboxes JD & Bodine Inc, Local, WF, 0.17% - Steel Pipe Sleeves Ricochet Fuel, Non-Local, WF, 0.01% - Fuel <b>This Item 1.18% MWBE Participation</b> Ricochet Fuel, Non-Local, WF, 0.21% - Fuel Fleet Lube, Non-Local, WF, 0.97% - Steel Pipe Sleeves Archer Western Construction, Inc– Local; Workforce – 8.00% Local			

# Memorandum



CITY OF DALLAS

DATE October 6, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **S&P Global Ratings Assigns ‘A-’ and ‘BBB’ Ratings for Upcoming Kay Bailey Hutchison Convention Center Master Plan and Fair Park Bond Issuances**

Late yesterday, S&P Global Ratings (S&P) assigned its ‘A-’ credit rating and stable outlook to the upcoming City of Dallas, Texas, Special Tax Revenue Obligations (Kay Bailey Hutchison Convention Center Venue Project), Series 2023 and ‘BBB’ credit rating and stable outlook to the Special Tax Revenue Obligations (Fair Park Venue Project), Series 2023 (collectively, the “Bonds”). Following City Council approval on September 27, the bonds are currently scheduled to price and close ahead of the year-end deadline, as required by Texas Local Government Code Chapter 334 (the “Brimer Bill”).

The bonds are a special obligation of Dallas, wherein pledged revenues securing the bonds are payable from and secured by project-financing-zone (PFZ) revenue adopted by City Council in October 2021, Chapter 351 hotel occupancy tax (HOT) revenue, and the additional two percent Brimer Bill HOT revenue approved by voters in November 2022. The 4.718 percent of the net 7 percent HOT collected within the City excludes HOT generated at the convention center hotel.

According to the S&P report, the Kay Bailey Hutchison Convention Center Venue Project ‘A-’ rating on the bonds reflects Dallas’ “strong-to-very strong economy and favorable location in the Dallas-Fort Worth-Arlington metropolitan statistical area (MSA),” noting the PFZ area does not encompass the City’s full boundary; “adequate coverage and liquidity,” with projected maximum annual debt service coverage of approximately 4.8x when considering all available pledged revenue; moderate-to-high revenue volatility based on S&P’s view of “historical nationwide hotel and hospitality tax trends and potential additional volatility due to the more-limited collection area for PFZ revenue;” and a “general creditworthiness, which does not limit the priority-lien rating.” Additionally, the stable outlook reflects S&P’s expectation that debt service coverage on the bonds will remain in excess of the additional bonds test requirement and that “pledged revenue will likely remain generally positive.”

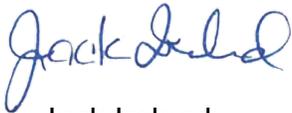
Regarding the Fair Park Venue Project ‘BBB’ rating, S&P states that the rating reflects Dallas’ “very strong economy and favorable location within the Dallas-Fort Worth-Arlington MSA;” “weak-to-very weak coverage and liquidity” due to “projected maximum annual debt service coverage that will slightly exceed an additional bonds test” and average annual debt service; “moderate revenue volatility” based on S&P’s view of “historical nationwide hotel and hospitality tax trends and no history of additional volatility at the local level outside of COVID-19;” and also the general creditworthiness of the Bonds.

DATE October 6, 2023

SUBJECT **S&P Global Ratings Assigns 'A-' and 'BBB' Ratings for Upcoming Kay Bailey Hutchison Convention Center Master Plan and Fair Park Bond Issuances**

Although the current ratings are capped by historical revenue trends, future ratings for the Bonds will capture the impressive rebound post-COVID and the exciting growth happening in the downtown region and the City overall. The Kay Bailey Hutchison Convention Center Venue Project and Fair Park Venue Project are highly anticipated, and we are pleased to bring the Bonds to investors and the market with the support of the S&P rating, City Council leadership, and the strength of Dallas' creditworthiness. Attached are the rating reports provided by S&P.

Please let me know if you have any questions or need additional information.



**Jack Ireland**  
Chief Financial Officer

c: T.C. Broadnax, City Manager  
Tammy Palomino, Interim City Attorney  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Deputy City Manager  
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager  
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
Robert Perez, Assistant City Manager  
Carl Simpson, Assistant City Manager  
Genesis D. Gavino, Chief of Staff to the City Manager  
Directors and Assistant Directors

# RatingsDirect®

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## Summary:

# Dallas; Miscellaneous Tax

### Primary Credit Analyst:

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## Summary:

# Dallas; Miscellaneous Tax

### Credit Profile

US\$172.0 mil sr lien spl tax & rev bnds ser 2023 due 08/15/2053

*Long Term Rating*

A-/Stable

New

### Credit Highlights

- S&P Global Ratings assigned its 'A-' rating to Dallas' approximately \$172 million series 2023 senior-lien special-tax revenue bonds, issued for Kay Bailey Hutchison Convention Center's Dallas venue project.
- The outlook is stable.

### Security

We rate the series 2023 convention center bonds under our priority-lien criteria, which factors in the pledged revenue's strength and stability and Dallas' general credit quality (the obligor's creditworthiness), where the city collects and distributes taxes. Although a portion of pledged revenue is incremental revenue from certain state hotel-related sales, hotel, and beverage taxes, most pledged revenue comes from two separate citywide hotel taxes. Based on current pledged revenue projections, the percentage breakdown for each revenue source should remain relatively stable during the next several years.

The bonds are a special obligation of Dallas, payable from and secured by first-and senior-liens on pledged revenue, including project-financing-zone (PFZ) revenue, Chapter 351 hotel tax revenue, and Chapter 334 hotel tax revenue. Initially, Dallas will privately place the bonds but could sell them publicly when it refunds its debt in late 2024. The bonds will feature a five-year mandatory put. The city needs to issue against the 2% Chapter 334 "Brimer" tax by the end of calendar 2023 to leverage the new revenue stream for bond repayment.

Officials intend to use series 2023 bond proceeds to finance the initial planning and development work associated with the convention center's complete renovation and expansion. The city intends to renovate and expand the convention center as a new state-of-the-art, approximately 2.5-million-square-foot convention center featuring elevated ballrooms with terraces and Trinity River views, expanded exhibit space, and conference breakout spaces. In addition, the city intends to create a walkable neighborhood and entertainment district surrounding the convention center. During construction, those portions of the convention center not under renovation will remain open to the public.

On Oct. 13, 2021, Dallas' city council adopted an ordinance that designated a new zone, "Project Financing Zone Number One, City of Dallas, Texas" (the PFZ). It also designated the convention center as a qualified project under Section 351.1015 of Chapter 351 of the state code. The PFZ's boundaries encompass an area within a three-mile radius of the convention center's center.

As set forth in the zone ordinance, the city manager notifies the Texas Comptroller of the PFZ's designation and

requests the comptroller deposit incremental hotel-associated revenue from within the PFZ into a suspense account for approved city uses. The incremental hotel-associated revenue includes sales taxes remitted by hotels, state hotel taxes, and mixed-beverage taxes. Dallas may use funds deposited into the suspense account to acquire, lease, construct, improve, enlarge, and equip a qualified project in the PFZ or repay bonds issued in connection with the convention center project.

Incremental revenue is the difference between current-year hotel-associated revenue collected within the PFZ and base-year hotel-associated revenue collected within the PFZ in the base year, also known as the base year amount. The PFZ expires in 30 years from the ordinance's effective date, which is currently in 2051, or at an earlier date approved by the city council as long as there are no qualified project activities outstanding.

In addition to PFZ revenue, two citywide hotel taxes, Chapter 334 and 351 hotel taxes, secure the convention center bonds. Chapter 334 authorizes Dallas to levy an additional hotel tax not to exceed 2% to fund certain venues and sporting event facilities. The electorate approved this increase in November 2022, and collections began in January 2023 to fund improvements to Fair Park and Kay Bailey Hutchison Convention Center. We understand 80% of Chapter 334 revenue secures the series 2023 convention-center hotel-tax bonds with the other 20% securing series 2023 fair park bonds issued concurrently.

Chapter 351's current provisions authorize Dallas to levy and collect a tax at any rate, not to exceed 7% of the price paid for hotel rooms within the city's corporate limits. The city currently levies the Chapter 351 hotel tax at the maximum rate of 7% with 4.718% of this dedicated to debt service for series 2021 hotel-tax-revenue bonds and the current series 2023 convention-center bonds, albeit on a subordinate basis.

The flow of funds stipulates Dallas apply PFZ revenue toward debt service first, followed by Chapter 334 revenue and then Chapter 351 revenue, if necessary.

### **Credit overview**

The rating reflects our view of Dallas' substantial, diverse local economy and its attraction as a national convention and tourism destination that should support growing hotel tax revenue. We, however, think that with slightly more than one-third of revenue coming from a narrower defined area, there is additional revenue-volatility and coverage risk, which we have accounted for with adjustments to our economic fundamentals and revenue-volatility assessments.

The rating also reflects projected maximum annual debt service (MADS) coverage that will exceed the additional bonds test (ABT) of 1.5x average annual debt service (AADS). Dallas plans to refund series 2023 bonds in late 2024 and issue additional debt soon after, so current MADS and annual debt service coverage (DSC), both currently exceeding 4x MADS, will likely weaken significantly during the next few years. Given ABT and plans for additional debt, we do not expect DSC will likely improve materially during the next few years unless pledged revenue grows significantly.

The rating reflects our view of Dallas':

- Strong-to-very strong economy and favorable location in the Dallas-Fort Worth-Arlington metropolitan statistical area (MSA)--The PFZ area, however, does not encompass the city's full boundary;

- Adequate coverage and liquidity with projected MADS coverage of approximately 4.8x when considering all available pledged revenue with an ABT equal to 1.5x AADS;
- Moderate-to-high revenue volatility based on our view of historical nationwide hotel and hospitality tax trends and potential additional volatility due to the more-limited collection area for PFZ revenue; and
- General creditworthiness, which does not limit the priority-lien rating.

### **Environmental, social, and governance**

We view environmental, social, and governance (ESG) risks as neutral in our credit analysis.

## **Outlook**

The stable outlook reflects S&P Global Ratings' expectation that DSC on the series 2023 convention-center bonds will likely remain in excess of the ABT of 1.5x AADS and that pledged revenue will likely remain generally positive.

### **Downside scenario**

We could lower the rating if the DSC of MADS were to deteriorate, with Dallas sustaining the levels below the ABT, or if economic fundamentals, evidenced by income or population, were to weaken materially.

### **Upside scenario**

Assuming all other rating factors remain stable or improve, we could raise the rating if our view of DSC were to improve to levels we consider adequate-to-strong or strong or better, even after planned additional debt.

## **Credit Opinion**

### **Economic fundamentals: strong-to-very strong**

We have weakened our assessment of Dallas' economic fundamentals because roughly 38% of pledged revenue comes from a defined area within a three-mile radius of downtown Dallas, including 67 hotels currently compared with more than 200 citywide. We think this presents additional risk compared with revenue collected citywide.

Dallas, with a population estimate of 1.3 million, is in Collin, Dallas, and Denton counties in the Dallas-Fort Worth-Arlington MSA, which we consider broad and diverse. Dallas is North Texas' primary business hub. The city, centrally in the U.S., is a draw for tourism and conventions. Dallas and the greater metropolitan area remain a desirable location for new businesses and corporate headquarter relocations. Dallas is home to two global 500 company headquarters and 10 Fortune 500 company headquarters. In addition, the region is home to 22 Fortune 500 companies and 45 Fortune 1000 companies. This strong economic expansion and location desirability will likely support a long-term trend of growing hotel tax revenue, both citywide and within the PFZ.

Hotels with 300 or more rooms represent a significant part of Dallas' hotel inventory; many of these hotels generate a significant portion of room-night demand from meetings and group activity, which will very likely benefit from an updated convention center. Hotel demand has significantly recovered from COVID-19 and is near pre-COVID-19 levels. During the past five years, 32 hotels with 3,701 rooms opened in the city, increasing hotel room supply by slightly more than 11%. Two additional hotels opened in 2023: the 134-room Hotel Swexan and the 141-room Home2

Suites by Hilton Dallas Medical District Love Field. In 2023, hotels have added or are building 972 new rooms; another nearly 5,000 rooms are planned for by 2030.

**Coverage and liquidity: adequate**

Our initial coverage-and-liquidity assessment is adequate and based on the ABT of 1.5x AADS because the city has substantial additional debt plans for parity debt. We have adjusted the initial score downward due to the combination of Dallas' moderate-to-high revenue volatility, adequate-to-strong initial coverage-and-liquidity assessment, and lack of a debt-service-reserve fund. With each of these considerations, we view the coverage-and-liquidity assessment as adequate.

Historical hotel tax trends have been largely positive for Dallas outside of COVID-19, experiencing steady growth due to new businesses relocating to the city and Dallas' central geographic location attracting various conventions and tourism. Using projected fiscal 2023 pledged revenue collections as if they had been collected for the entire fiscal year, MADS coverage is 4.8x with MADS occurring in 2030.

For the five years leading up to the mandatory put date, projected annual DSC ranges from 6.8x-8.6x. Based on substantial additional parity debt plans, however, we think DSC of MADS and AADS over the longer term will likely be closer to the ABT of 1.5x AADS unless pledged revenue growth were material or Dallas were to restructure debt service in a subsequent issuance. Dallas plans to refinance the bonds with a senior- and subordinate-lien structure.

**Revenue volatility: moderate-to-high**

We assess revenue volatility to determine the likelihood of the availability of revenue during different economic cycles. We have two levels of volatility assessment: macro and micro.

Our macro-volatility assessment begins with an assessment of the historical volatility of the economic activity taxed, including an analysis of societal, demographic, political, and other factors that could greatly affect these activities. Based on the variance of national economic activity we think most closely represents the tax base over multiple economic cycles, we use historical volatility to inform our opinion on expectations of future volatility as it relates to hotel taxes.

On a micro level, we think pledged revenue has exposure to greater revenue volatility compared to a pure citywide hotel-tax-revenue pledge because a portion of pledged revenue comes from a defined area that includes roughly 25% of the hotels within Dallas' boundaries. Although fluctuations could occur relative to economic cycles, historical trends inform our view of pledged hotel-tax collections that we consider relatively stable.

We note the material decrease in collections during 2020 and 2021 as a direct result of COVID-19 and related travel and leisure restrictions. However, hotel taxes rebounded in fiscal 2022, following sharp decreases for fiscal years 2020 and 2021.

**Obligor linkage: close**

In our view, Dallas does not benefit from limited operations or extraordinary expenditure flexibility. We think pledged revenue has some operating-risk exposure. Although pledged revenue will support debt service first, the flow of funds for pledged revenue allows management to use excess revenue for qualifying expenditures. We consider the hotel tax and use of revenue within Dallas' direct control, with some operating-risk exposure. Therefore, under our priority-lien

criteria, we think there is a close relationship between the priority-lien pledge and Dallas' general creditworthiness.

### **Rating linkage to Dallas**

We assess Dallas' general operations because we view overall creditworthiness as a key determinant of an obligor's ability to pay its obligations, including special-tax-revenue-secured bonds.

Dallas anchors the Dallas-Fort Worth-Arlington MSA, one of the nation's fastest-growing metropolitan areas. This growth supports recent taxable value increases, improving income, and growing property and sales tax revenue. However, a very weak debt-and-contingent-liability profile, particularly large unfunded pension liabilities, somewhat offsets these positive trends and credit strengths.

(For more information on Dallas' general creditworthiness, see the analysis, published March 31, 2023, on RatingsDirect.)

### **Related Research**

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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## Summary:

# Dallas; Miscellaneous Tax

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## Summary:

# Dallas; Miscellaneous Tax

### Credit Profile

US\$45.9 mil sr lien spl tax rev bnds (Fair Park Venue Project) ser 2023 due 08/15/2053

*Long Term Rating*

BBB/Stable

New

### Credit Highlights

- S&P Global Ratings assigned its 'BBB' rating to Dallas' approximately \$46 million series 2023 senior-lien special-tax revenue bonds, issued for the Fair Park venue project.
- The outlook is stable.

### Security

We rate the series 2023 Fair Park bonds under our priority-lien criteria, which factors in the strength and stability of the pledged revenue and Dallas' general credit quality (the obligor's creditworthiness), where the city collects and distribute taxes.

The bonds are a special obligation of Dallas, payable from and secured by first-and senior-liens on pledged revenue. Chapter 334 authorizes Dallas to levy an additional hotel tax not to exceed 2% to fund certain venues and sporting event facilities. The electorate approved this increase in November 2022, and collections began in January 2023 to fund improvements to Fair Park and Kay Bailey Hutchison Convention Center.

We understand 20% of the 2% hotel tax secures the series 2023 fair park bonds with the other 80% securing the city's series 2023 convention-center hotel-tax bonds issued concurrently. The bonds will be initially privately placed but may be sold publicly when they are expected to be refunded in late 2024. The bonds will feature a 5-year mandatory put. The city needs to issue against the 2% "Brimer" tax by the end of calendar 2023 to leverage the new revenue stream for bond repayment.

Officials intend to use series 2023 Fair Park bond proceeds to fund the initial work associated with several projects to upgrade Fair Park's facilities. Fair Park is a cultural and entertainment center just east of downtown Dallas.

### Credit overview

The rating reflects our view of Dallas' substantial, diverse local economy and its attraction as a national convention and tourism destination that should support growing hotel tax revenue. The rating also reflects projected maximum annual debt service (MADS) coverage that will slightly exceed an additional bonds test (ABT) of 1.2x average annual debt service (AADS). The rating is currently capped at the 'BBB' category due to the coverage-and-liquidity assessment of weak-to-very weak. If the coverage-and-liquidity assessment weakens to very weak, the rating is capped at the 'BB' category. If MADS coverage decreases below 1x, we would likely revise our coverage-and-liquidity assessment to very weak.

Dallas plans to refund series 2023 bonds in late 2024 and issue additional debt soon after, but any new-money debt will have to meet an ABT equal to 1.2x AADS. Given ABT and plans for additional debt, we do not expect debt service coverage (DSC) will likely improve materially during the next few years unless pledged revenue grows significantly.

We view revenue volatility as moderate with generally increasing trends in hotel taxes, historically outside of the unique circumstances of COVID-19 when existing hotel tax revenue decreased by more than 30%.

The rating reflects our view of Dallas':

- Very strong economy and favorable location within the Dallas-Fort Worth-Arlington metropolitan statistical area (MSA);
- Weak-to-very weak coverage and liquidity with projected MADS coverage of 1.25x and an ABT equal to 1.2x AADS;
- Moderate revenue volatility based on our view of historical nationwide hotel and hospitality tax trends and no history of additional volatility at the local level outside of COVID-19; and
- General creditworthiness, which does not limit the priority-lien rating.

### **Environmental, social, and governance**

We view environmental, social, and governance (ESG) risks as neutral in our credit analysis.

## **Outlook**

The stable outlook reflects S&P Global Ratings' expectation that DSC will likely remain in excess of the ABT and that pledged revenue trends will likely remain positive.

### **Downside scenario**

We could lower the rating if coverage of AADS decreases below the ABT of 1.2x or if our view of economic fundamentals were to weaken materially.

### **Upside scenario**

Assuming all other rating factors remain stable or improve, we could raise the rating if MADS coverage were to improve materially, sustained at levels consistent with higher-rated peers.

## **Credit Opinion**

### **Economic fundamentals: very strong**

Dallas, with a population estimate of 1.3 million, is in Collin, Dallas, and Denton counties in the Dallas-Fort Worth-Arlington MSA, which we consider broad and diverse. Dallas is North Texas' primary business hub. The city, centrally in the U.S., is a draw for tourism and conventions. Dallas and the greater metropolitan area remain a desirable location for new businesses and corporate headquarter relocations. Dallas is home to two global 500 company headquarters and 10 Fortune 500 company headquarters. In addition, the region is home to 22 Fortune 500 companies and 45 Fortune 1000 companies. This strong economic expansion and location desirability will likely

support a long-term trend of growing hotel tax revenue.

Hotels with 300 or more rooms represent a significant part of Dallas' hotel inventory; many of these hotels generate a significant portion of room-night demand from meetings and group activity, which will very likely benefit from an updated convention center. Hotel demand has significantly recovered from COVID-19 and is near pre-COVID-19 levels. During the past five years, 32 hotels with 3,701 rooms opened in the city, increasing hotel room supply by slightly more than 11%. Two additional hotels opened in 2023: the 134-room Hotel Swexan and the 141-room Home2 Suites by Hilton Dallas Medical District Love Field. In 2023, hotels have added or are building 972 new rooms; another nearly 5,000 rooms are planned for by 2030.

**Coverage and liquidity: weak-to-very weak**

Our initial coverage-and-liquidity assessment is weak and based on the ABT of 1.2x AADS due to additional debt plans. We have adjusted the initial score downward due to the combination of Dallas' moderate revenue volatility, weak initial coverage-and-liquidity assessment, and lack of a typical debt-service-reserve fund funded at the least of three prongs. A springing debt-service reserve supports the bonds; however, Dallas only funds the reserve if it does not refund the bonds by February 2025. With each of these considerations, we view the coverage-and-liquidity assessment as weak-to-very weak.

Using projected fiscal 2023 collections of Chapter 334 taxes if collected for the entire fiscal year, MADS coverage is 1.25x with MADS occurring in 2037. For the five years leading up to the mandatory put date, projected annual DSC ranges from 1.25x-1.8x. We think DSC of MADS will likely remain close to the ABT of 1.2x AADS unless pledged revenue growth were material or Dallas were to restructure debt service in a subsequent issuance to where there is a material discrepancy between AADS and MADS. Historical hotel tax trends have been largely positive for Dallas outside of COVID-19, experiencing steady growth due to new businesses relocating to the city and Dallas' central geographic location attracting various conventions and tourism.

**Revenue volatility: moderate**

We assess revenue volatility to determine the likelihood of the availability of revenue during different economic cycles. We have two levels of volatility assessment: macro and micro.

Our macro-volatility assessment begins with an assessment of the historical volatility of the economic activity taxed, including an analysis of societal, demographic, political, and other factors that could greatly affect these activities. Based on the variance of national economic activity we think most closely represents the tax base over multiple economic cycles, we use historical volatility to inform our opinion on expectations of future volatility as it relates to hotel taxes.

On a micro level, considering stable collections, coupled with a broad base, we see no internal or external influences we think improve or weaken the macro-assessment volatility as moderate. Although fluctuations could occur relative to economic cycles, historical trends inform our view of pledged hotel-tax collections that we consider relatively stable.

We note the material decrease in collections during 2020 and 2021 as a direct result of COVID-19 and related travel and leisure restrictions. However, hotel taxes rebounded in fiscal 2022, following sharp decreases for fiscal years 2020

and 2021.

**Obligor linkage: close**

In our view, Dallas does not benefit from limited operations or extraordinary expenditure flexibility. We think pledged revenue has some operating-risk exposure. Although pledged revenue will support debt service first, the flow of funds for pledged revenue allows management to use excess revenue for qualifying expenditures. We consider the hotel tax and use of revenue within Dallas' direct control, with some operating-risk exposure. Therefore, under our priority-lien criteria, we think there is a close relationship between the priority-lien pledge and Dallas' general creditworthiness.

**Rating linkage to Dallas**

We assess Dallas' general operations because we view overall creditworthiness as a key determinant of an obligor's ability to pay its obligations, including special-tax-revenue-secured bonds.

Dallas anchors the Dallas-Fort Worth-Arlington MSA, one of the nation's fastest-growing metropolitan areas. This growth supports recent taxable value increases, improving income, and growing property and sales tax revenue. However, a very weak debt-and-contingent-liability profile, particularly large unfunded pension liabilities, somewhat offsets these positive trends and credit strengths.

(For more information on Dallas' general creditworthiness, see the analysis, published March 31, 2023, on RatingsDirect.)

**Related Research**

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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# Memorandum



CITY OF DALLAS

DATE October 6, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **October 11, 2023 Upcoming Agneda Item #29; 23-2496 Ten-Year Axon Cooperative Purchasing Agreement**

The City of Dallas has been committed to and has taken significant steps to ensure Dallas public safety responders have the right technology to build community trust and increase transparency while pursuing its mission, making Dallas the safest largest City in the nation.

In alignment with this vision, we are excited about an emerging opportunity. Axon has presented a comprehensive proposal that promises not only immediate benefits for our personnel but also fortifies the City's capabilities for the next decade. This forward-looking approach provides both cost-efficiency and program longevity.

This 10-year cooperative purchasing agreement will allow for the purchase of licenses and installation of hardware and software for body worn, in-car, interview room camera systems, electronic control weapons, unmanned aircraft systems and associated software for the Police Department, Code Compliance, Dallas Fire Rescue, Dallas Animal Services, Dallas Marshal's Office, and Dallas Municipal Courts. The term of this agreement is 10 years totaling \$146,855,764.27. The average combined annual cost for all City Departments to be paid out on an annual basis is \$14,685,576

This comprehensive contract includes all hardware, software, 10-year warranties, and equipment refreshes for:

- Taser 10
- Axon Signal Sidearm
- Axon Body 4 body-worn cameras
- In-car camera systems
- Axon Interview
- Axon Air

These comprehensive licenses provide a more effective and efficient method for maintaining many tools used in day-to-day operations and improve the transparency of officer and resident interaction, while creating a seamless process of collecting, delivering, and safeguarding data. Additionally, data collected from all devices listed above will be collected in one location making it easier to store and retrieve data, as necessary.

Some other key features to the license include, but are not limited to:

- Signal Sidearm which activates body worn and in-car cameras when a firearm is drawn
- Axon Evidence w/ unlimited storage digitally stores evidence in a centralized, secure system
- Axon Respond allows users to access livestreams directly from a device while recording
- Unlimited automatic transcription of recorded audio to speed up evidence review,

management, and sharing with judicial partners.

- Provides a data sharing tool that allows for the sharing of information to residents through a public web portal
- Inclusion of all consumables such as electronic control weapon batteries, duty and training cartridges, handles, and holsters

This agreement will supersede the prior award made in December 2022. This more robust award will combine multiple contracts, some not included in the 2022 award, and provide a path forward for Taser 10 which will provide more enhanced safety features for officers, includes Axon air for DPD’s drone program, add body-worn cameras for Code Compliance and Dallas Marshal’s Office, and provide expansion of the programs over the life of the contract as needed by the City.

Approval of this item will continue the City’s efforts to capture, preserve, and manage evidence. By bundling these solutions, the City can leverage all the necessary tools to improve efficiencies across all City of Dallas entities and keep officers and communities safe. Though this is a 10-year contract, the City will only expend the amounts appropriated annually and approved by Council during the biennial budget development process.

**FISCAL INFORMATION**

Fund	FY 2023	FY 2024	Future Years
General Fund	\$3,559,096.93	\$10,368,968.70	\$89,906,379.69
Communication Service Fund	\$2,750,683.48	\$ 3,231,303.17	\$33,897,948.90
Coronavirus State and Local Fiscal Recovery Fund	\$2,587,410.80	\$553,972.60	\$0.00
<b>Total</b>	<b>\$8,897,191.21</b>	<b>\$14,154,244.47</b>	<b>\$123,804,328.59</b>

Should you have any questions regarding this item, please contact me at (214) 670-5299.

Jon Fortune  
 Deputy City Manager

- c: T.C. Broadnax, City Manager  
 Tammy Palomino, Interim City Attorney  
 Mark Swann, City Auditor  
 Billierae Johnson, City Secretary  
 Preston Robinson, Administrative Judge  
 Kimberly Bizzor Tolbert, Deputy City Manager

- Majed A. Al-Ghafry, Assistant City Manager  
 M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
 Dr. Robert Perez, Assistant City Manager  
 Carl Simpson, Assistant City Manager  
 Jack Ireland, Chief Financial Officer  
 Genesis D. Gavino, Chief of Staff to the City Manager  
 Directors and Assistant Directors