

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT
DALLAS CITY COUNCIL COMMITTEE AGENDA

RECEIVED

2017 OCT 11 PM 4:28

CITY SECRETARY
DALLAS, TEXAS

MONDAY, OCTOBER 16, 2017
CITY HALL
COUNCIL BRIEFING ROOM, 6ES
1500 MARILLA STREET
DALLAS, TEXAS 75201
1:00 P.M. – 2:30 P.M.

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

Call to Order

1. Consideration of Minutes from the October 2, 2017 Government Performance & Financial Management Committee meeting
2. Consideration of Upcoming Agenda Items for October 25, 2017 City Council Meeting

BRIEFINGS

3. Financial Management Performance Criteria Update Jack Ireland, Director
Office of Budget
4. General Obligation Upcoming Bond Sale Corrine Steeger, Assistant Director / Treasury Manager
City Controller's Office

FYI

5. General Obligation Commercial Paper Program

Adjourn



Jennifer S. Gates, Chair
Government Performance & Financial Management Committee

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex. Govt. Code §551.089]

Handgun Prohibition Notice for Meetings of Governmental Entities

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

Meeting Date: October 2, 2017

Convened: 1:04 pm

Adjourned: 2:22 pm

Committee Members Present:

Jennifer S. Gates, Chair
Scott Griggs, Vice Chair

Philip Kingston
Tennell Atkins

Kevin Felder

Committee Members Absent:

Sandy Greyson
Lee Kleinman

Other Council Members Present:

Casey Thomas

Staff Present:

Kimberly Tolbert
Akilah McLaughlin
Janette Weedon
Mike Frosch
Edward Scott
Lance Sehorn

Stephanie Cooper
Nick Fehrenbach
Craig Kinton
Barbara McAninch
Errick Thompson
Brett Wilkinson

Consuelo Tankersley
Charles Estee
Erica Turner
Laura Hurtado
Barbara McAninch
Candace Pagiara

Obeng Opoku-Achempong
Rasheedah Wazeerod-Din

Others Present:

N/A

AGENDA:

Call to Order

1. Reconsideration of the September 18, 2017 Minutes

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s): Approved

A motion was made to approve the September 18, 2017 minutes. Motion passed unanimously.

Motion made by: Scott Griggs

Motion seconded by: Tennell Atkins

3. Consideration of Upcoming Agenda Items for October 11, 2017 City Council Meeting

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s):

Motion was made to approve the October 11, 2017 items. Motion passed unanimously.

Motion made by: Tennell Atkins

Motion seconded by: Kevin Felder

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

Briefings

4. **Office of Business Diversity Overview and Action Plan**

Presenter(s): Zarin Gracey, Interim Managing Director, *Office of Business Diversity*

Information Only:

Action Taken/Committee Recommendation(s):

Motion was made to forward to City Council on October 25, 2017 with a recommendation for approval that will set the Sun-Set Date to support legality of the current program, but also direct staff to immediately begin work on the Availability and Disparity Study for a more robust system in the future.

Motion made by: Philip Kingston

Motion seconded by: Kevin Felder

5. **SBA Programs & Services Surety Bond Guarantee Program**

Presenter(s): Ahmad Goree, Lead Economic Specialist, *U.S. Small Business Administration*; Deronda Fisher, Lender Relations Specialist, *U.S. Small Business Administration*

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

Adjourn

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

AGENDA ITEM # 4

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: October 25, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: City Controller

CMO: Elizabeth Reich, 670-7804

MAPSCO: N/A

SUBJECT

Authorize the preparation of plans for issuance of General Obligation Refunding and Improvement Bonds, Series 2017, in an amount not to exceed \$350,000,000 - Financing: This action has no cost consideration to the City

BACKGROUND

Pursuant to elections held in November 2006, and November 2012, the residents of Dallas voted and authorized the City to issue general obligation bonds for the purpose of providing funds for permanent public improvements. The City's Financial Advisor recommends: (1) refunding a portion of outstanding Series 2007A Bonds, (2) refunding and retirement of commercial paper notes issued for interim financing; and (3) issuance of improvement bonds to finance capital improvement projects at the City.

The City's Financial Advisor, PFM, recommends issuing up to \$350,000,000 in refunding and improvement bonds for the purpose of funding capital improvements, and refunding outstanding commercial paper notes and certain bonds. Based on recent market conditions, the refunding is expected to result in a net present value savings of approximately \$3.018 million. Actual savings will depend on market conditions at the time of the sale.

ESTIMATED SCHEDULE OF PROJECT

Authorize preparation for Issuance of Bonds	October 2017
Approval of parameters ordinance	November 2017
Pricing	November 2017
Delivery of Proceeds	December 2017

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance and Financial Management Committee will be briefed on October 16, 2017.

FISCAL INFORMATION

This action has no cost consideration to the City. Payment for cost of issuance is not made unless the bonds are issued. The anticipated cost of issuance is \$771,500 from Current Funds. See Attachment I - \$771,500 - 2017 General Obligation Refunding & Improvement Bond Funds.

M/WBE INFORMATION

See Attachment I for M/WBE participation.

AGENDA ITEM # 5

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: October 25, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: City Controller

CMO: Elizabeth Reich, 670-7804

MAPSCO: N/A

SUBJECT

An ordinance authorizing the issuance of City of Dallas, Texas, General Obligation Commercial Paper Notes, Series A and Series B, in an aggregate principal amount not to exceed \$350,000,000 for the purpose of funding certain authorized purposes; approving and authorizing certain officers and employees to act on behalf of the City in the selling and delivery of such notes; making certain covenants, agreements, and resolving other matters incident and related to the issuance, sale, delivery, and security of the notes, including the approval of an Issuing and Paying Agency Agreement, Credit Agreements, Offering Memorandum, and Dealer Agreement; and providing for an effective date – Total program costs not to exceed \$5,506,305 – Financing: Current Funds (\$576,000 upfront closing costs plus an annual fee of \$1,643,435 for three years) (subject to annual appropriations)

BACKGROUND

In 2010, City Council approved an ordinance establishing a \$350 million General Obligation (GO) Commercial Paper (CP) Program as interim financing for the City's capital improvements. Contracts are awarded using commercial paper as a funding source. Notes are issued to pay project costs as invoices are received. Notes are typically sold at lower interest rates than longer-term bonds. The notes are periodically refinanced with longer-term bonds.

Commercial paper issuance is supported by lines of credit from highly rated banks. The current program is supported by a \$200 million credit agreement from JPMorgan Chase Bank, N.A. and a \$150 million credit agreement from Wells Fargo Bank. These lines of credit assure investors that the commercial paper notes will be paid in the event that a note cannot be sold to another investor at maturity. The rating agencies rate commercial paper programs based on the rating of the banks providing the credit lines, although the credit rating and outlook of the commercial paper issuer affects the marketability of the notes as well as the rating of the credit bank.

BACKGROUND (continued)

JPMorgan Chase Bank, N.A., has offered to continue providing the credit line supporting the City's \$200 million GO CP notes and, in addition, to assume the \$150 million credit line previously offered by Wells Fargo Bank. The offer includes an amendment to the current fee structure, which will decrease the annual fee from 0.65 percent to 0.45 percent for three years. An additional feature of this offer permits JPMorgan Chase Bank, N.A. to directly purchase notes at a fixed margin above an adjusted index. Guaranteed note placement provides stability to the Commercial Paper Program and to the financing of the Capital Improvement Program in a market that has not been consistently stable. The ability to access the note program requires the participant to maintain a minimum amount of outstanding notes at 1 percent of the total credit line. This minimum amount is available for contract authorization and is not subject to the annual fee.

ESTIMATED SCHEDULE OF PROJECT

Council Approves Ordinance	October 2017
Effective Date of Amended Agreements	November 2017

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 10, 2010, City Council authorized an ordinance authorizing the issuance of City of Dallas, Texas General Obligation Commercial Paper Notes Series 2010A, Series 2010B, and Series 2010C short term obligations in an aggregate principal amount not to exceed \$350,000,000; authorizing such short term obligations to be issued, sold, and delivered in the form of commercial paper notes; making certain covenants and agreements in connection therewith; establish the tenor of the program to be for the issuance of the remaining 2006 Bond Program and the 1998 Bond Program, which is estimated to be within a three-year period; resolving other matters related to the issuance, sale, security and delivery of such short term obligations, including: a thirty-six-month Credit Agreement with J.P. Morgan Chase Bank, N.A., U.S. Bank National Association, and Wells Fargo Bank, N.A.; the appointment of U.S. Bank National Association as the Issuing and Paying Agent and authorizing the execution of the Issuing and Paying Agent Agreement, and the appointment of Jefferies & Company, Inc. as the dealer and authorizing the execution of a Dealer Agreement; approving the payment of issuance costs in connection with the issuance of the short term obligations; approving the use of an Offering Memorandum in connection with the sale of the short term obligations; and providing an effective date, by File No. 10-2863 ; Ordinance No. 28060.

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

On June 12, 2013, City Council authorized amendments to Ordinance No. 28060 to: extend the City of Dallas, Texas General Obligation Commercial Paper Notes Series 2010A, and Series 2010C short term obligations in an aggregate principal amount; authorize such short term obligations to be issued, sold, and delivered in the form of commercial paper notes; making certain covenants and agreements in connection therewith; establish the tenor of the program for the issuance of the remaining 2012 Bond Program, 2006 Bond Program and 1998 Bond Program, which is estimated to be within a three year period; resolving other matters related to the issuance, sale, security and delivery of such short term obligations, including; authorizing a thirty-six-month Credit Agreement with J.P. Morgan Chase Bank, N.A., and Wells Fargo Bank, N.A.; the continued use of U.S. Bank National Association as the Issuing and Paying Agent under existing agreements; the continued use of Jefferies LLC as the dealer under existing Dealer Agreement; and approving the payment of issuance costs in connection with the issuance of the short term obligations; approving the use of an Offering Memorandum in connection with the sale of the short term obligations; and providing an effective date, by File No. 13-0941; Ordinance No. 29022.

The Budget, Finance, and Audit Committee was briefed on February 16, 2016.

The Government Performance and Financial Management Committee will be briefed on October 16, 2017.

FISCAL INFORMATION

Current Funds - \$5,506,305 (subject to annual appropriations)

See Schedule I - Total costs for the \$350,000,000 general obligation commercial paper program are not to exceed \$5,506,305 (\$576,000 upfront closing costs plus an annual fee of \$1,643,435 for three years).

AGENDA ITEM # 12

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: October 25, 2017

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Human Resources

CMO: T.C. Broadnax, 670-3297

MAPSCO: N/A

SUBJECT

Authorize a contract with Dallas Area Rapid Transit for the purchase of 277 annual passes in support of the City's clean air initiative - Not to exceed \$181,800 - Financing: Current Funds (to be partially reimbursed by participating employees)

BACKGROUND

The Dallas Area Rapid Transit (DART) Annual Pass Program is designed to increase DART ridership through a reduced fare to program participants. Passes allow unlimited transportation for a full calendar year (7 days per week) on DART bus, rail and commuter rail routes. It is expected to increase the use of public transportation by City employees, thereby decreasing automobile emissions.

Increasing City employees' use of mass transportation is part of the City's clean air strategies. The 2018 program will be effective January 1, 2018 through December 31, 2018.

The DART Pass Program is open to permanent civilian and uniformed Fire employees. Uniformed Police employees already ride free of charge on DART transportation routes. The City will purchase 277 annual bus passes which will be partially reimbursed by participating employees through payroll deductions beginning January 5, 2018 through December 23, 2018.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On October 23, 2013, City Council authorized a contract with Dallas Area Rapid Transit for the purchase of 339 annual passes in support of the City's 2014 clean air initiative by Resolution No. 13-1831.

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

On November 12, 2014, City Council authorized a contract with Dallas Area Rapid Transit for the purchase of 312 annual passes in support of the City's 2015 clean air initiative by Resolution No. 14-1975.

On November 10, 2015, City Council authorized a contract with Dallas Area Rapid Transit for the purchase of 253 annual passes in support of the City's 2016 clean air initiative by Resolution No. 15-2017.

On November 9, 2016, City Council authorized a contract with Dallas Area Rapid Transit for the purchase of 265 annual passes in support of the City's 2017 clean air initiative by Resolution No. 16-1803.

Information about this item will be provided to the Quality of Life, Arts & Culture Committee on October 23, 2017.

FISCAL INFORMATION

Current Funds - \$181,800 (to be partially reimbursed by participating employees)

OWNER

Dallas Area Rapid Transit

Gary C. Thomas, President and Executive Director

STRATEGIC PRIORITY:

Government Performance and Financial Management

AGENDA DATE:

October 25, 2017

COUNCIL DISTRICT(S):

N/A

DEPARTMENT:

Office of Budget

CMO:

Elizabeth Reich, 670-7804

MAPSCO:

N/A

SUBJECT

Authorize the following revisions to the Financial Management Performance Criteria to: **(1)** eliminate the 30-day operating reserve requirement for Internal Service Funds; **(2)** designate a specific amount of unassigned fund balance to the Emergency Reserve; **(3)** increase the minimum unassigned fund balance of the General Fund from 30 to 40 days; **(4)** allow use of the general liability fund for affirmative litigation; **(5)** add language regarding subsidy of user fees or charges; **(6)** identify the source for the per capita general obligation debt calculation; **(7)** increase the reinvestment zone cap from 10 to 15 percent; **(8)** establish accounting practices that conform to generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB); **(9)** add language regarding the annual audit; **(10)** extend the revenue and expenditure forecast requirement from three to five years; **(11)** establish a two-year biennial budget requirement; **(12)** establish a cash reserve requirement for the Employee Benefits Fund; **(13)** establish a criteria to review and compare the property tax exemptions to the consumer price index; **(14)** establish a reserve in the General Obligation Debt Service Fund; **(15)** delete certain criteria regarding certificate of obligation, accounting systems, and the City's investment policy; and **(16)** make certain conforming, semantic, grammatical and structural changes - Financing: No cost consideration to the City

BACKGROUND

On March 15, 1978, City Council originally adopted the Financial Management Performance Criteria (FMPC) to provide standards and guidelines for the City's financial and managerial decision making and to provide for a periodic review of the criteria to maintain standards and guidelines consistent with current economic conditions by Resolution No. 78-2737. Specific FMPC for the Water Utilities Department were adopted by the City Council on July 8, 1981. The status of each criterion is updated annually and presented with the annual budget, at year-end, and with each bond sale.

BACKGROUND (continued)

The FMPC contains 52 criteria in six categories: (1) operating programs; (2) capital and debt management; (3) accounting, auditing, and financial planning; (4) budget; (5) cash management; and (6) grants and trust. Proposed revisions include changes to language, new criteria, and the elimination of obsolete criteria. The proposed revisions are based on Government Finance Officers Association (GFOA) best practices, recommendations from PFM Financial Advisors and feedback from departments.

FMPC #6 currently states, “each Enterprise and Internal Service Fund should maintain at least 30 days of budgeted operations and maintenance expense in net working capital, and avoid cash deficits”. It is recommended that Internal Service Funds be removed from this criterion. Internal Service Funds provide services to other funds/departments within the city on a cost-reimbursement basis therefore a reserve is not required.

FMPC #7 currently states, “the Emergency Reserve is a component of unassigned fund balance”. The criteria does not specify a specific amount. It is recommended that the city shall designate up to 20 percent of the General Fund’s projected unassigned fund balance but not less than \$25 million to the Emergency Reserve. Additionally, the use of Emergency Reserve shall require a super-majority of City Council.

FMPC #9 currently states, “the unassigned fund balance of the General Fund shall be maintained at a level not less than 30 days of the general fund operating expenditures less debt service”. It is recommended that this minimum requirement be changed from 30 days to 40 days.

FMPC #11 currently states, “a general fund liability fund shall be budgeted annually to provide for outstanding and anticipated claims expense and resulting liabilities during the budget year”. It is recommended that the liability fund include language and funding that allows for use of the liability fund for affirmative litigation.

FMPC #15 currently states, “an annual review of selected fees and charges will be conducted to determine the extent to which the full cost of associated services is being recovered by revenues”. It is recommended to expand the language to state, “the city may subsidize the services funded by fees or charges based on other City objectives”.

FMPC #22 currently states, “per capita general obligation debt including Certificates of Obligation, Equipment Acquisition Notes and General Obligation Bonds will be managed to not exceed 10% of the latest authoritative computation of Dallas’ per capita annual personal income. It is recommended that the criteria identify the source (US Department of Commerce Bureau of Economic Analysis) used in the calculation.

FMPC #27 currently states, “Certificates of Obligation will be limited to projects consistent with Financial Management Criteria for debt issuance”. This criteria is redundant to criteria #25 and it is recommended for deletion.

BACKGROUND (continued)

FMPC #33 currently states, “no Reinvestment Zone (RZ) can be created if the total property tax base of certain TIF RZs plus the total real property and business personal property tax base (if there is business personal property tax being abated) of TA RZs exceeds 10% of the total tax base of the City”. It is recommended to increase the total tax base cap from 10 percent to 15 percent.

FMPC #41 currently states, “accounting practices will conform to generally accepted accounting principles (GAAP) as set forth by the authoritative standard setting body for units of local government”. It is recommended that the criteria identify the Governmental Accounting Standards Board (GASB) as the authoritative standard setting body.

FMPC #42 currently states, “an annual audit will be performed by an independent public accounting firm, with the subsequent issue of an official Comprehensive Annual Financial Report (CAFR) within 120 days of the City’s fiscal year end”. It is recommended that management will issue an official Comprehensive Annual Financial Report (CAFR) in conformity with GAAP.

FMPC #44 currently states, “revenues and expenditures will be projected annually for at least three years beyond the current budget projections”. It is recommended to extend the forecast period from three to five years and to expand the criteria to apply to each Enterprise Fund of the city.

FMPC #48 currently states, “Investments will be made in conformance with the City’s investment policy, with the primary objectives of preservation of capital, maintenance of sufficient liquidity, and maximization of return on portfolio”. It is recommended to delete this criteria. As required by State law, the City invests all funds under its control according to a City Council approved Investment Policy, which must be reviewed and reapproved annually by City Council.

FMPC #49 currently states, “the accounting system and cash forecasting system will provide regular information concerning cash position and investment”. It is recommended to delete this criteria. Obtaining information concerning cash position and investment is included in departmental procedures.

It is recommended to add the following new criteria to FMPC:

Biennial Budget, “each year, the City Manager shall develop and present to the City Council a two-year balanced budget. City Council will adopt a one-year budget and set the property tax rate in accordance with State law annually. Expenditures shall be budgeted and controlled so as not to exceed current revenue in each year or City Council approved use of fund balance”.

BACKGROUND (continued)

Employee Benefits Fund, “the Employee Benefits Fund will maintain a cash reserve of at least the anticipated end-of-year claims incurred but not paid, and other current liabilities”. This does not include incurred but not reported (IBNR) claims. The Employee Benefits Fund will maintain a positive cash balance. This criteria will be effective beginning in FY 2018-19.

Property Tax Exemption – Disabled and over 65, “the City will compare the current disabled and over 65 exemption to the most recent annual Consumer Price Index (CPI) every two years, and provide the analysis to the City Council for consideration prior to June 30 for possible modification (increase) of this property tax exemption”. Changes to property tax exemptions must be provided to the appraisal districts no later than June 30th”.

Debt Service Fund Reserve, “the City shall maintain a reserve in the General Obligation Debt Service Fund equal to 5% of the following year’s annual principal and interest debt service expense. The debt service fund tax rate and/or future debt will be structured to maintain this debt service reserve”.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On October 8, 2014, City Council authorized changes to FMPC #9 by Resolution No. 14-1679.

Briefed to Government Performance and Financial Management Committee on September 5, 2017 and October 16, 2017.

FISCAL INFORMATION

No cost consideration to the City.

AGENDA ITEM # 18

STRATEGIC PRIORITY: Mobility Solutions, Infrastructure, and Sustainability

AGENDA DATE: October 25, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Communication and Information Services
Public Affairs and Outreach

CMO: Elizabeth Reich, 670-7804
Jody Puckett, 670-3390
Kimberly Bizer Tolbert, 670-3302

MAPSCO: N/A

SUBJECT

Authorize a two-year service contract for application hosting services, integration support, training, and ongoing technical support of a public electronic information notification system - Carahsoft Technology Corp., through the Department of Information Resources - Not to exceed \$98,327 - Financing: Current Funds (subject to annual appropriations)

BACKGROUND

This service contract will allow for application hosting services, integration support, training, and ongoing technical support of a public electronic information notification system. The public electronic information notification system is an email subscription management system that provides subscribers access to information by proactively delivering new information such as: Green Dallas e-Alerts, council meetings, neighborhood town hall meetings, animal adoption events, water restrictions and recycling through email and wireless alerts.

Once a new user establishes an account and provides their email address, they simply check those items that they are interested in receiving.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance & Financial Management Committee will receive this item for consideration on October 16, 2017.

FISCAL INFORMATION

Current Funds - \$98,326.54 (subject to annual appropriations)

OWNER

Carahsoft Technology Corp.

Craig Abod, President

Robert Moore, Vice President

STRATEGIC PRIORITY: Mobility Solutions, Infrastructure, and Sustainability

AGENDA DATE: October 25, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Department of Transportation

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

MAPSCO: N/A

SUBJECT

Authorize a three-year service contract for repair of traffic signal control components - Donald E. Prentiss, Sr., sole proprietor dba D and J Electronics, only proposer - Not to exceed \$227,270 - Financing: Current Funds (subject to annual appropriations)

BACKGROUND

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

This service contract will provide for the repair of traffic signal control components, service for cabinet power supplies and controllers, repair of signal level meters, and repair to line amplifiers and power supplies citywide. A signalized intersection is controlled and operated by a traffic signal controller cabinet that contains various electronic components and microprocessors. Some of these components occasionally malfunction and need to be replaced or repaired.

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

- Department of Transportation (1)
- Park and Recreation (1)
- Convention and Event Services (1)
- Office of Business Diversity (1)*
- Office of Procurement Services (1)*

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

BACKGROUND (continued)

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

- Experience/qualifications 40%
- Cost 30%
- Staffing/methodology 15%
- Business Inclusion and Development Plan 15%

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 444 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, the Office of Business Diversity's ResourceLINK Team sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On October 23, 2013, City Council authorized a three-year service contract for repair of traffic signal control components by Resolution No. 13-1814.

The Government Performance & Financial Management Committee will receive this item for consideration on October 16, 2017.

FISCAL INFORMATION

Current Funds - \$227,270 (subject to annual appropriations)

M/WBE INFORMATION

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

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

PROPOSAL INFORMATION

The Office of Procurement Services received the following proposals from solicitation number BQZ1610. We opened them on December 2, 2016. We recommend the City Council award this service contract in its entirety to the only proposer.

*Denotes only proposer

<u>Proposer</u>	<u>Address</u>	<u>Score</u>	<u>Amount</u>
*Donald E. Prentiss, Sr., sole proprietor dba D and J Electronics	11440 Kleberg Rd. Dallas, TX 75253	80.00%	\$227,270

Note: The Office of Procurement Services conducted a single proposal review and found no exceptions.

OWNER

Donald E. Prentiss, Sr., sole proprietor dba D and J Electronics

Donald E. Prentiss, Owner
Maria A. Prentiss, Secretary

AGENDA ITEM # 20

**STRATEGIC
PRIORITY:**

Government Performance and Financial Management

AGENDA DATE:

October 25, 2017

COUNCIL DISTRICT(S):

All

DEPARTMENT:

Office of Procurement Services
Office of Budget

CMO:

Elizabeth Reich, 670-7804

MAPSCO:

N/A

SUBJECT

Authorize a three-year service contract, with two one-year renewal options, to provide expert consulting services and testimony in matters related to Atmos Energy Corporation's (Atmos) Dallas Annual Rate Review filing and/or Atmos' Statement of Intent to Change Rates - Garrett Group Regulatory Consulting LLC, most advantageous proposer of two - Not to exceed \$615,600 - Financing: Current Funds (subject to annual appropriations)

BACKGROUND

This service contract is for consultant services that will be utilized to assist staff to provide expert consulting services and testimony in matters related to Atmos' Dallas Annual Rate Review (DARR) filing and/or Atmos' Statement of Intent to Change Rates. Atmos provides natural gas utility services in Dallas in accordance with City Franchise Ordinance No. 27793, as amended, and the Texas Gas Utilities Regulatory Act. Atmos files requests with the City annually to increase rates under the DARR tariff and may file full rate cases under their own volition or in response to a Show Cause Order issued by the City. These filings are voluminous, highly technical and the City requires the assistance of qualified consultants to assist in reviewing the filings within the required statutory deadlines. Further, since each of the DARR filings are based on the prior full rate case, it is essential that there be continuity in the consultants from year-to-year. The recommended vendor has expertise in gas regulatory issues and assisted the City for the previous Atmos Pipeline rate case. The recommended vendor also assisted in reviewing the 2017 DARR filing and is currently assisting the City with the appeal of that case before the Railroad Commission of Texas.

BACKGROUND (continued)

On June 14, 2017, City Council authorized a resolution ordering Atmos Energy Corp., Mid-Tex Division to show cause demonstrating the reasonableness of its existing Natural Gas Distribution rates within the City of Dallas. In response to that Resolution, on August 18, 2017, Atmos filed with the City a Statement of Intent to Change Rates to increase residential, commercial, industrial, and transportation rates for natural gas service within the City of Dallas. Atmos is requesting an increase in annual revenue of \$16.2 million from the City.

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

- Office of Budget (1)
- Equipment and Building Services (1)
- Communication and Information Services (1)
- Office of Procurement Services (1)*

*The Office of Procurement Services only evaluated cost.

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

- Cost 30 points
- Capability and expertise 40 points
- Overall approach and methodology 30 points

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 992 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, the Office of Business Diversity's ResourceLINK Team sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 15, 2017, the DARR rate filing and the negotiated settlement were briefed to Budget, Finance, and Audit Committee.

On May 24, 2017, City Council authorized an ordinance denying rates as requested by Atmos Energy Corp., Mid-Tex Division (Atmos), and authorizing different rates to be charged by Atmos based on an analysis of the data provided pursuant to its January 13, 2017 Dallas Annual Rate Review filing, by Resolution No. 17-0849; Ordinance No. 30466.

On June 14, 2017, City Council authorized a resolution ordering Atmos Energy Corp., Mid-Tex Division to show cause demonstrating the reasonableness of its existing Natural Gas Distribution rates within the City of Dallas by Resolution No. 17-0933.

The Government Performance and Financial Management Committee was briefed by memorandum regarding this matter on September 5, 2017.

On September 13, 2017, City Council authorized a resolution extending the City Council's decision deadline for Atmos Energy Corporation's proposed new gas rate schedules for 90 days from the effective date of the filing from September 22, 2017 to December 21, 2017, by Resolution No. 17-1430.

The Government Performance & Financial Management Committee will receive this item for consideration on October 16, 2017.

FISCAL INFORMATION

Current Funds - \$615,600 (subject to annual appropriations)

M/WBE INFORMATION

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

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

PROPOSAL INFORMATION

The Office of Procurement Services received the following proposals from solicitation number BKZ1709. We opened them on August 11, 2017. We recommend the City Council award this service contract for consultant services to the most advantageous proposer.

*Denotes successful proposer

<u>Proposers</u>	<u>Address</u>	<u>Score</u>	<u>Amount</u>
*Garrett Group Regulatory Consulting LLC	1900 NW Expressway Suite 410 Oklahoma City, OK 73118	88.60%	\$615,600
GDS Associates, Inc.	919 Congress Avenue Suite 1110 Austin, TX 78701	77.00%	\$450,000

OWNER

Garrett Group Regulatory Consulting LLC

Mark E. Garrett, Managing Member

STRATEGIC PRIORITY: Public Safety

AGENDA DATE: October 25, 2017

COUNCIL DISTRICT(S): 2

DEPARTMENT: Office of Procurement Services
Aviation

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

MAPSCO: 34E

SUBJECT

Authorize a five-year service contract for airfield maintenance services, including airfield markings, runway rubber removal, paint removal, surface cleaning, and asphalt rejuvenation for Aviation with Hi-Lite Airfield Services, LLC through the National Joint Powers Alliance - Not to exceed \$7,500,000 - Financing: Aviation Current Funds (subject to annual appropriations)

BACKGROUND

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

This service contract will allow for airfield maintenance services, including airfield markings, runway rubber removal, paint removal, surface cleaning, and asphalt rejuvenation for Aviation. This performance based service procurement will provide a long term airfield maintenance services contract for the management of airfield markings to meet ongoing safety and compliance requirements throughout the Dallas Airport System (DAS) which includes Dallas Love Field (DAL), Dallas Executive Airport, and the Downtown Vertiport.

Since the Wright Amendment was lifted in 2014, DAL has, to date, experienced unprecedented passenger growth (89 percent). This upsurge has elevated DAL to being the largest medium sized hub airport in the country when measuring enplanements. This growth, combined with numerous other factors, has also produced ever increasing maintenance demands which have forced DAL Airfield Maintenance (AFM) to significantly adjust its daily operations to meet the increase in responsibilities. One of the more adversely effected services provided by AFM is properly maintaining airfield markings at DAL.

BACKGROUND (continued)

The increased tempo of air carrier operations has significantly limited the length of time that runways and taxiways can be closed for routine maintenance. To avoid interruptions in published air carrier flight schedules, it is essential that tasks, such as the maintenance of airfield markings, be performed as efficiently as possible, within the limited time available while ensuring the highest quality achievable. Current staffing levels and equipment availability are not sufficient to ensure to this level of performance on a consistent basis.

The benefits produced by this procurement will ensure that DAS is in continual compliance with Federal Aviation Administration requirements for airfield markings. This will be accomplished by implementing a proactive maintenance approach combined with advanced technology for reading the reflectivity of the markings, layout measurements, and precision in paint application throughout the DAS in a manner that is more efficient and cost effective.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 26, 2015, City Council authorized a one-year service contract for airfield marking, striping and painting services for Aviation by Resolution No. 15-1517.

On March 22, 2017, City Council authorized a one-year service contract for airfield paint removal, striping, and painting services at Dallas Love Field by Resolution No. 17-0476.

The Government Performance & Financial Management Committee will receive this item for consideration on October 16, 2017.

FISCAL INFORMATION

Aviation Current Funds - \$7,500,000 (subject to annual appropriations)

OWNER

Hi-Lite Airfield Services, LLC

John S. McNeely, President
Richard McNeely, IV, Vice President
Kelly Spinner, Secretary
Theodore Misiewicz, Treasurer

AGENDA ITEM # 23

**STRATEGIC
PRIORITY:**

Government Performance and Financial Management

AGENDA DATE:

October 25, 2017

COUNCIL DISTRICT(S):

All

DEPARTMENT:

Office of Procurement Services
Aviation

CMO:

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

MAPSCO:

N/A

SUBJECT

Authorize **(1)** an acquisition contract for the development and implementation of a vendor hosted website and digital content strategy for Aviation in the amount of \$79,700; and **(2)** a five-year service contract for maintenance and support of the vendor hosted website and digital content strategy in the amount of \$43,101 - Vision Technology Solutions, LLC dba Vision, most advantageous proposer of nine - Total not to exceed \$122,801 - Financing: Aviation Current Funds (subject to annual appropriations)

BACKGROUND

These contracts will allow for the development, implementation, maintenance, and support of a vendor hosted replacement website and digital content strategy for Aviation (AVI). The vendor will also recommend and implement changes to AVI's external communications program for interactions with social media sites such as Facebook, Twitter and LinkedIn.

AVI's website is the primary gateway for businesses, airlines, vendors, concessionaires, entrepreneurs, and citizens as they seek information on Love Field resource. The new site will continue to provide information on, parking at Love Field, Transportation Security Administration, links to airlines to book flights, flight status, the Good Neighbor Program, contact information for key staff AVI, and information on the Love Field Art Program. However, the new site will include a modern redesign with user-friendly navigation, improved search engine visibility, and integration with social media. The recommended vendor will also provide a digital content strategy and plan that provides improved structure and format based on best practices. This strategy will permit Dallas Love Field to deliver content to customers efficiently that is easy to use regardless of whether the device is desktop, tablet or mobile. Capabilities built into the website will ensure content automatically resizes to fit various mobile devices.

BACKGROUND (continued)

The site will allow AVI staff to make frequent site updates page translations, allow AVI staff to include cost for third-party software and provided the capacity to create associated microsities.

Additionally, the site will link to the City of Dallas website, Dallas Executive Airport, Dallas Heliport, Transportation Security Administration and Dallas Area Rapid Transit (DART). As well as provide detailed information on the AVI's incentive programs, partners, and services.

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

- Park and Recreation (1)
- Communication and Information Services (1)
- Department of Aviation (2)
- Office of Business Diversity (1)*
- Office of Procurement Services (1)*

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

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

- Cost 30%
- Strategic approach 20%
- Capability, expertise and experience 15%
- Functional match and technical match 15%
- Training 5%
- Business Inclusion and Development Plan 15%

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 1,339 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, the Office of Business Diversity's ResourceLINK Team sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council - Southwest, to ensure maximum vendor outreach.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance and Financial Management Committee will be briefed by memorandum regarding this matter on October 16, 2017.

FISCAL INFORMATION

Current Funds - \$122,801.00 (subject to annual appropriations)

M/WBE INFORMATION

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

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

PROPOSAL INFORMATION

The Office of Procurement Services received the following proposals from solicitation number BUZ1709. We opened them on April 28, 2017. We recommend the City Council award this service contract in its entirety to the most advantageous proposer.

*Denotes successful proposer

<u>Proposers</u>	<u>Address</u>	<u>Score</u>	<u>Amount</u>
*Vision Technology Solutions, LLC dba Vision	222 N. Sepulveda Blvd. Suite 1500 El Segundo, CA 90245	82.46%	\$122,801.00
WaterMark Digital, LLC	2207 Commerce St. Dallas, TX 75201	68.65%	\$428,820.00
Impiger Technologies, Inc.	2425 N. Central Expwy. Suite 410 Richardson, TX 75080	66.76%	\$297,080.00
VoidRay, Inc.	801 E. Campbell Rd. Suite 245G Richardson, TX 75081	65.27%	\$377,100.00

PROPOSAL INFORMATION (continued)

<u>Proposers</u>	<u>Address</u>	<u>Score</u>	<u>Amount</u>
CJB Designs	3200 W. Pleasant Run Rd. Suite 230 Lancaster, TX 75146	61.00%	\$116,489.98
Vantage IO LLC	800 Silks Run Suite 2360 Hallandale, FL 33009	55.56 %	\$532,600.00
Svitla Systems, Inc.	1501 Howard St. San Francisco, CA 94103	44.71%	\$501,991.13
Unity Data Systems, LLC	748 E. Cheyenne St. Gardner, KS 66030	41.63%	\$508,125.00
DevCare Solutions	131 N. High St. Suite 640 Columbus, OH 43215	35.29%	\$770,280.00

OWNER

Vision Technology Solutions, LLC dba Vision

David Nachman, President
Michael H. Truex, Vice President

STRATEGIC PRIORITY: Public Safety

AGENDA DATE: October 25, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Communication and Information Services

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

MAPSCO: N/A

SUBJECT

Authorize **(1)** an acquisition contract for the purchase of software and hardware to upgrade the 911 telephone system infrastructure in the amount of \$2,907,946; and **(2)** a five-year service contract, with three one-year renewal options, for maintenance of the 911 telephone system infrastructure in the amount of \$11,238,148 - SBC Global Services, Inc. dba AT&T Global Services, only proposer - Total not exceed \$14,146,094 - Financing: Current Funds (subject to annual appropriations)

BACKGROUND

This acquisition contract will allow for the purchase of software and hardware necessary to upgrade the 911 telephone system infrastructure and the service contract will provide continuous maintenance and support.

The 911 call center receives more than 2.1 million calls per year. The 911 telephone system ensures the appropriate public safety services are dispatched during emergency situations. The upgrade of the 911 software and hardware will continue to ensure the safety of citizens.

Some key benefits to upgrading the system include but are not limited to:

- Improved employee scheduling based on peak and non-peak call volumes
- Establishment of a hosted backup 911 site in the event the City's primary 911 site experiences technical issues or outage
- Text to 911 capability
- Enhanced reporting to provide analytical and statistical reporting on call taker performance and call statistics

BACKGROUND (continued)

The service contract includes network monitoring, software patches and upgrades, and 24/7 system support. Also, included in the service contract are two on-site technicians, to provide technical support and conduct preventative maintenance on the 911 telephone system infrastructure.

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

- Communications and Information Services (2)
- Police (1)
- Office of Business Diversity (1)*
- Office of Procurement Services (1)*

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

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

- Cost 30%
- Functional Match 20%
- Technical Match 20%
- Capability and Experience 15%
- Business Inclusion and Development Plan 15%

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 907 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, the Office of Business Diversity's ResourceLINK Team sent notifications to 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Information about this item was provided to the Budget, Finance and Audit Committee on August 1, 2016.

The Government Performance & Financial Management Committee will receive this item for consideration on October 16, 2017.

FISCAL INFORMATION

Current Funds - \$14,146,093.16 (subject to annual appropriations)

M/WBE INFORMATION

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

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

PROPOSAL INFORMATION

The Office of Procurement Services received the following proposal from solicitation number BHZ1705. We opened them on May 12, 2017. We recommend the City Council award this service contract in its entirety to the only proposer.

<u>Proposer</u>	<u>Address</u>	<u>Amount</u>
*SBC Global Services, Inc. dba AT&T Global Services	311 S. Akard St., 8th Fl. Dallas, TX 75202	\$14,146,093.16

Note: The Office of Procurement Services conducted a single proposal review and found no exceptions.

OWNER

SBC Global Services, Inc. dba AT&T Global Services

Ralph De La Vega, President

STRATEGIC PRIORITY: Public Safety

AGENDA DATE: October 25, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Communication and Information Services
Police
Office of Emergency Management

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

MAPSCO: N/A

SUBJECT

Authorize an acquisition contract for the purchase and implementation of equipment and software for the Dallas Police Department Fusion Center with Audio Visual Innovations, Inc. through The Interlocal Purchasing System for audio visual equipment and supplies - Not to exceed \$264,652 - Financing: Urban Area Security Initiative Grant Funds

BACKGROUND

This contract will allow for the purchase and implementation of equipment and software to upgrade the Dallas Police Department (DPD) Fusion Center video wall. This division of DPD is responsible for collecting and analyzing information and disseminating intelligence in support of criminal and terrorist investigations conducted by DPD and partner local, state, federal and tribal law enforcement agencies.

The existing equipment and software was installed in 2009 and is no longer supported. This upgrade will move the current operating system and hardware infrastructure from outdated systems to current and supportable technology. Upgrades to the system will allow the Fusion Center to realize many software features and operational capabilities not currently available to the Fusion Center such as:

- Improved efficiencies in operational capabilities and functions
- Improved security
- Improved ease of use for Fusion Center staff and partner agencies during combined operations
- Improved flexibility to maximize capabilities and connectivity of existing infrastructure to other systems (laptops, mobile devices, and camera systems) utilized throughout the intelligence network

BACKGROUND (continued)

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance & Financial Management Committee will receive this item for consideration on October 16, 2017.

FISCAL INFORMATION

Urban Area Security Initiative Grant Funds - \$264,651.54

OWNER

Audio Visual Innovations, Inc.

John Zettel, Chief Executive Officer
Steven Benjamin, Vice President

STRATEGIC PRIORITY: Public Safety

AGENDA DATE: October 25, 2017

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services
Fire
Office of Emergency Management

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

MAPSCO: N/A

SUBJECT

Authorize a three-year master agreement for ballistic plates and carriers for Dallas Fire-Rescue with Galls, LLC through the Texas Association of School Boards - Not to exceed \$2,049,568 - Financing: Current Funds (\$1,672,960) and U.S. Department of Homeland Security Grant Funds (\$376,608)

BACKGROUND

This master agreement will allow for the purchase of ballistic carriers and ballistic plates for Dallas Fire-Rescue’s firefighters and paramedics. The ballistic armor will provide additional protection when responding to emergencies with potential ballistic violence. The ballistic armor complies with the National Institute of Justice standards and provides protection needed when responding, but not limited to; the fire needs of the city and when responding with Police to gun violence, domestic disturbances and psychiatric instability. The ballistic armor consists of an outer carrier and a front and back stand-alone plate.

This ballistic carriers with ballistic plates offer greater protection than that of the current concealed ballistic vests. Following the unfortunate events of July 7, 2016, it is critical for the department to be equipped with high ballistic protection that is readily available in any situation.

The initial purchase is for 294 ballistic carriers and 588 ballistic plates in the amount of \$376,609. An inventory of this equipment will be housed at the Quartermaster to be issued to firefighters and paramedics for future deployment/issuance needs to manage special or unplanned events.

BACKGROUND (continued)

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

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance & Financial Management Committee will receive this item for consideration on October 16, 2017.

FISCAL INFORMATION

Current Funds - \$1,672,959.88

U.S. Department of Homeland Security Grant Funds - \$376,608.12

OWNER

Galls, LLC

Michael Wessner, President
R. Michael Andrews Jr., Vice President
Charles Moyer, Secretary

Memorandum



CITY OF DALLAS

DATE October 11, 2017

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

SUBJECT **Financial Management Performance Criteria Update**

On Monday, October 16, 2017, the Office of Budget will brief the Government Performance & Financial Management Committee on the Financial Management Performance Criteria Update. I have attached the briefing presented on September 5, 2017 for your review.

Please let me know if you need additional information.

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

M. Elizabeth Reich
Chief Financial Officer

Attachment

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

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

Financial Management Performance Criteria

September 5, 2017

Elizabeth Reich
Chief Financial Officer

Jack Ireland, Director
Office of Budget

Janette Weedon, Assistant Director
Office of Budget



Purpose

- Provide overview of Financial Management Performance Criteria (FMPC)
- Discuss proposed revisions to FMPC
- Review next steps



Background

- City Council initially adopted FMPC in 1978 to set financial policies and standards and to guide decision making
- FMPC contains 52 criteria in 6 categories
 1. Operating Programs
 2. Capital and Debt Management
 3. Accounting, Auditing, and Financial Planning
 4. Budget
 5. Cash Management
 6. Grants and Trust
- Dallas Water Utilities has a separate set of 13 criteria



Background

- FMPC is evaluated for compliance during budget preparation, at year-end, and for each debt issuance
- Council periodically reviews and updates criteria
 - Last FMPC update was approved by City Council in September 2014

Overview of FMPC

- Proposed revisions are based on:
 - Government Finance Officers Association (GFOA) best practices
 - Recommendations from PFM Financial Advisors LLC
 - Feedback from departments
- Summary of revisions for committee consideration:
 - Change/add language – 10
 - Delete criteria – 3
 - Add new criteria – 4

Review / Revisions FMPC #6

Operating Program

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

6



Review / Revisions FMPC #7

Operating Program

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

Review / Revisions FMPC #9

Operating Program

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

Review / Revisions FMPC #11

Operating Program

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

9



Review / Revisions FMPC #15

Operating Program

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

10



Review / Revisions FMPC #22

Capital and Debt Management

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

11



Review / Revisions FMPC #25 & #27

Capital and Debt Management

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

12



Review / Revisions FMPC #33

Capital and Debt Management

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

13



Review / Revisions FMPC #41

Accounting, Auditing, and Financial Planning

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

14



Review / Revisions FMPC #42

Accounting, Auditing, and Financial Planning

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

15



Review / Revisions FMPC #44

Budget

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

16



Review / Revisions FMPC #48

Cash Management

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

17



Review / Revisions FMPC #49

Cash Management

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



New Criteria

Government Performance and Financial Management



City of Dallas

Review / Revisions FMPC–New

Budget

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

20



Review / Revisions FMPC–New

Operating Program

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

21



Review / Revisions FMPC–New

Operating Program

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

22



Review / Revisions FMPC–New

Capital and Debt Management

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

23



Next Steps

- Receive feedback from Government Performance and Financial Management Committee
- Seek City Council approval of revisions to FMPC on September 27
- Continue review of FMPC for compliance during annual budget development, at year-end, and with each debt issuance



Financial Management Performance Criteria

September 5, 2017

**Elizabeth Reich
Chief Financial Officer**

**Jack Ireland, Director
Office of Budget**

**Janette Weedon, Assistant Director
Office of Budget**



Memorandum



CITY OF DALLAS

DATE October 9, 2017

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

SUBJECT **General Obligation Upcoming Bond Sale**

On Monday, October 16, 2017, the City Controller's Office will brief the Government Performance & Financial Management Committee on the General Obligation Upcoming Bond Sale. I have attached the briefing for your review.

Please let me know if you need additional information.

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

M. Elizabeth Reich
Chief Financial Officer

Attachment

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

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

General Obligation Upcoming Bond Sale

**Government Performance and
Financial Management
Committee Briefing
October 16, 2017**

**Corrine Steeger, Assistant Director
City Controller's Office
City of Dallas**



Purpose

- Provide an overview of the bond sale
- Seek recommendation on the October 25 resolution authorizing staff to prepare for the sale of General Obligation Refunding and Improvement Bonds, Series 2017
- Seek recommendation on the November 8 ordinance authorizing the sale of up to \$350 million General Obligation Refunding and Improvement Bonds, Series 2017

Bond Sale Overview

- Set estimated size of bond sale at \$350 million
- Issue up to \$50 million in bonds to retire general obligation commercial paper notes and refunding bonds
- Pay estimated issuance costs of \$771,500 from bond proceeds
- Sell bonds with a weighted average maturity of 9.271 Years by competitive bid



Commercial Paper Program

- Provides short-term financing for the City's capital improvement program
- Funds contract awards and payments
 - Current program size of \$350 million
 - Outstanding balance of \$9.65 million as of 10/12/17. Average interest rate 0.98% for 40 days



General Obligation Refunding Bonds

- Refunding par amount estimated up to \$32 million based on current market conditions
 - Refunding candidates include specified maturities from the General Obligation Refunding and Improvement Bonds, Series 2007A
 - Estimated total net present value (NPV) savings of \$3.018 million
 - 9.84% NPV savings as a percentage of the bonds being refunded
 - Meets the FMPC requirement of 3% NPV savings for current refundings

5

General Obligation Improvement Bonds

- Up to \$300 million in improvement bonds to be issued to fund capital improvements authorized in the 2006 (\$26.837 million) and 2012 bond programs (\$273.163 million)
 - Remaining authority from the 2006 and 2012 bond programs will be \$127.09 million after the Series 2017 sale
- The Financial Advisors recommend a competitive sale based on favorable market conditions and the City's improved credit profile

6



Bond Sale Timeline

- October 16 Government Performance and Financial Committee
- October 25 Council authorization to proceed with sale
- November 8 Council approval of parameters ordinance authorizing bond issue
- November 15 Pricing of the bonds
- December 12 Deliver bonds and receive proceeds

7



Recommendation

- Council Action
 - Authorize staff to proceed with preparations for the sale of up to \$350 million General Obligation Refunding and Improvement Bonds, Series 2017, on the October 25 Council Agenda
 - Recommend approval of parameters ordinance authorizing the sale of up to \$350 million General Obligation Refunding and Improvement Bonds, Series 2017, on the November 8 Council Agenda

General Obligation Upcoming Bond Sale

**Government Performance and
Financial Management
Committee Briefing
October 16, 2017**

**Corrine Steeger, Assistant Director
City Controller's Office
City of Dallas**



Appendix

- Issuance Costs Schedule Page 11
- Sources and Uses Page 12
- Debt Service Schedules Page 13
- Bond Summary Statistics Page 15
- Bond Sale Projects Page 18

Issuance Costs Schedule

Estimated Issuance Costs

Co-Bond Counsel	\$ 235,000
Disclosure Counsel	80,000
Financial Advisors	218,000
Official Statement Printing	10,000
Paying Agent/Escrow Agent	5,000
Rating Agencies	200,000
Auditor – Grant Thornton	14,000
Attorney General Filing Fee	<u>9,500</u>
Total	\$ 771,500

Sources and Uses of Funds
 City of Dallas, Texas
 2017 General Obligation Issuances
 Anticipated Sale Date: November 15, 2017
 Preliminary Numbers

Sources:	General Obligation Bonds, Series 2017	General Obligation Refunding Bonds, Series 2017	Total
Bond Proceeds:			
Par Amount	311,865,000.00	31,485,000.00	343,350,000.00
	311,865,000.00	31,485,000.00	343,350,000.00
Uses:			
Project Fund Deposits:			
Project Fund	300,000,000.00		300,000,000.00
Commercial Paper Refunding	9,650,000.00		9,650,000.00
	309,650,000.00		309,650,000.00
Refunding Escrow Deposits:			
Cash Deposit		0.99	0.99
SLGS Purchases		31,227,359.00	31,227,359.00
		31,227,359.99	31,227,359.99
Delivery Date Expenses:			
	2,214,325.00	257,425.00	2,471,750.00
Other Uses of Funds:			
Additional Proceeds	675.00	215.01	890.01
	311,865,000.00	31,485,000.00	343,350,000.00

Bond Debt Service
 City of Dallas, Texas
 2017 General Obligation Issuances
 Anticipated Sale Date: November 15, 2017

Preliminary Numbers

Period Ending	Principal	Coupon	Interest	Debt Service
9/30/2018	16,925,000	0.940%	4,984,124.97	21,909,124.97
9/30/2019	19,150,000	1.070%	7,240,189.50	26,390,189.50
9/30/2020	19,045,000	1.170%	7,026,323.75	26,071,323.75
9/30/2021	18,930,000	1.310%	6,790,919.00	25,720,919.00
9/30/2022	18,825,000	1.500%	6,525,740.00	25,350,740.00
9/30/2023	18,750,000	1.680%	6,227,052.50	24,977,052.50
9/30/2024	18,670,000	1.850%	5,896,855.00	24,566,855.00
9/30/2025	18,595,000	2.050%	5,533,558.75	24,128,558.75
9/30/2026	18,515,000	2.220%	5,137,443.50	23,652,443.50
9/30/2027	18,445,000	2.360%	4,714,276.00	23,159,276.00
9/30/2028	15,750,000	2.500%	4,299,750.00	20,049,750.00
9/30/2029	15,750,000	2.610%	3,897,337.50	19,647,337.50
9/30/2030	15,750,000	2.680%	3,480,750.00	19,230,750.00
9/30/2031	15,750,000	2.780%	3,050,775.00	18,800,775.00
9/30/2032	15,750,000	2.850%	2,607,412.50	18,357,412.50
9/30/2033	15,750,000	2.920%	2,153,025.00	17,903,025.00
9/30/2034	15,750,000	2.980%	1,688,400.00	17,438,400.00
9/30/2035	15,750,000	3.030%	1,215,112.50	16,965,112.50
9/30/2036	15,750,000	3.080%	733,950.00	16,483,950.00
9/30/2037	15,750,000	3.120%	245,700.00	15,995,700.00
	343,350,000		83,448,695.47	426,798,695.47

Bond Debt Service Breakdown
 City of Dallas, Texas
 2017 General Obligation Issuances
 Anticipated Sale Date: November 15, 2017
 Preliminary Numbers

Period Ending	General Obligation		Total
	Bonds, Series 2017	Refunding Bonds, Series 2017	
9/30/2018	17,273,081.81	4,636,043.16	21,909,124.97
9/30/2019	22,563,088.25	3,827,101.25	26,390,189.50
9/30/2020	22,386,632.25	3,684,691.50	26,071,323.75
9/30/2021	22,191,270.25	3,529,648.75	25,720,919.00
9/30/2022	21,964,950.00	3,385,790.00	25,350,740.00
9/30/2023	21,714,525.00	3,262,527.50	24,977,052.50
9/30/2024	21,436,537.50	3,130,317.50	24,566,855.00
9/30/2025	21,129,412.50	2,999,146.25	24,128,558.75
9/30/2026	20,793,150.00	2,859,293.50	23,652,443.50
9/30/2027	20,432,475.00	2,726,801.00	23,159,276.00
9/30/2028	20,049,750.00		20,049,750.00
9/30/2029	19,647,337.50		19,647,337.50
9/30/2030	19,230,750.00		19,230,750.00
9/30/2031	18,800,775.00		18,800,775.00
9/30/2032	18,357,412.50		18,357,412.50
9/30/2033	17,903,025.00		17,903,025.00
9/30/2034	17,438,400.00		17,438,400.00
9/30/2035	16,965,112.50		16,965,112.50
9/30/2036	16,483,950.00		16,483,950.00
9/30/2037	15,995,700.00		15,995,700.00
	392,757,335.06	34,041,360.41	426,798,695.47

Bond Summary Statistics
 City of Dallas, Texas
 2017 General Obligation Issuances
 Anticipated Sale Date: November 15, 2017

Preliminary Numbers

Dated Date	12/12/2017
Delivery Date	12/12/2017
Last Maturity	2/15/2037
Arbitrage Yield	2.592027%
True Interest Cost (TIC)	2.655164%
Net Interest Cost (NIC)	2.675444%
All-In TIC	2.683085%
Average Coupon	2.621513%
Average Life (years)	9.271
Weighted Average Maturity (years)	9.271
Duration of Issue (years)	8.034
Par Amount	343,350,000.00
Bond Proceeds	343,350,000.00
Total Interest	83,448,695.47
Net Interest	85,165,445.47
Total Debt Service	426,798,695.47
Maximum Annual Debt Service	26,390,189.50
Average Annual Debt Service	22,258,080.60
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000

Total Underwriter's Discount	5.000000
Bid Price	99.500000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	343,350,000.00	100.000	2.622%	9.271	267,181.75
	343,350,000.00			9.271	267,181.75

Summary of Refunding Results
City of Dallas, Texas
2017 General Obligation Issuances
Anticipated Sale Date: November 15, 2017
Preliminary Numbers

Dated Date	12/12/2017
Delivery Date	12/12/2017
Arbitrage yield	2.592027%
Escrow yield	1.012251%
Value of Negative Arbitrage	39,360.34
Bond Par Amount	31,485,000.00
True Interest Cost	1.992810%
Net Interest Cost	1.993673%
Average Coupon	1.878021%
Average Life	4.323
Par amount of refunded bonds	30,675,000.00
Average coupon of refunded bonds	4.505536%
Average life of refunded bonds	4.591
PV of prior debt to 12/12/2017 @ 2.683085%	33,484,612.52
Net PV Savings	3,017,336.13
Percentage savings of refunded bonds	9.836467%
Percentage savings of refunding bonds	9.583408%

Savings
 City of Dallas, Texas
 2017 General Obligation Issuances
 Anticipated Sale Date: November 15, 2017
 Preliminary Numbers

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/12/2017 @ 2.6830851%
9/30/2018	4,915,137.50	4,636,043.16	279,094.34	272,555.61
9/30/2019	4,180,387.50	3,827,101.25	353,286.25	338,024.16
9/30/2020	4,034,762.50	3,684,691.50	350,071.00	326,800.99
9/30/2021	3,879,137.50	3,529,648.75	349,488.75	318,333.34
9/30/2022	3,739,925.00	3,385,790.00	354,135.00	314,602.42
9/30/2023	3,612,000.00	3,262,527.50	349,472.50	302,713.46
9/30/2024	3,482,193.75	3,130,317.50	351,876.25	297,227.02
9/30/2025	3,348,625.00	2,999,146.25	349,478.75	287,851.27
9/30/2026	3,213,175.00	2,859,293.50	353,881.50	284,215.69
9/30/2027	3,077,725.00	2,726,801.00	350,924.00	274,797.17
	37,483,068.75	34,041,360.41	3,441,708.34	3,017,121.12

Savings Summary

Dated Date	12/12/2017
Delivery Date	12/12/2017
PV of savings from cash flow	3,017,121.12
Plus: Refunding funds on hand	215.01

Net PV Savings	3,017,336.13

CITY OF DALLAS, TEXAS
 REMAINING G.O. BOND AUTHORITY
 NOVEMBER 2017 BOND SALE COMPONENTS
 10/05/2017

<u>Proposition</u> <u>Number</u>	<u>Proposition Name</u>	<u>Bond Program</u>	<u>Remaining</u> <u>Authority 2015</u>	<u>Commercial</u> <u>Paper Issued</u> <u>and Paid Off</u>	<u>Remaining</u> <u>Authority 2017</u>	<u>2017</u> <u>Requested</u> <u>Amount</u>	<u>Remaining</u> <u>Authority</u>
1	Streets & Transportation Improvements	2006 Bond Program	48,273,000	2,400,000	45,873,000	19,284,000	26,589,000
2	Flood Protection & Storm Drainage Facilities	2006 Bond Program	12,289,000	1,258,000	11,031,000	1,110,000	9,921,000
3	Park and Recreation Facilities	2006 Bond Program	13,014,000	3,516,000	9,498,000	1,415,000	8,083,000
5	Cultural Arts Facilities	2006 Bond Program	3,530,000	99,000	3,431,000	0	3,431,000
6	City Hall, City Service and City Maintenance Facilities	2006 Bond Program	11,333,000	0	11,333,000	4,817,000	6,516,000
10	Land Acquisition in the Cadillac Heights area	2006 Bond Program	13,561,000	0	13,561,000	211,000	13,350,000
1	Streets & Transportation Improvements	2012 Bond Program	90,033,000	2,882,000	87,151,000	32,811,000	54,340,000
2	Flood Protection & Storm Drainage Facilities	2012 Bond Program	227,248,000	65,000	227,183,000	222,323,000	4,860,000
3	Economic Development Programs	2012 Bond Program	18,029,000	0	18,029,000	18,029,000	0
			<u>437,310,000</u>	<u>10,220,000</u>	<u>427,090,000</u>	<u>300,000,000</u>	<u>127,090,000</u>

Memorandum



CITY OF DALLAS

DATE October 16, 2017

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

SUBJECT **General Obligation Commercial Paper Program**

The City Council agenda for October 25, 2017 includes a resolution for your consideration amending, restating, and authorizing various agreements that support the City of Dallas \$350 million General Obligation Commercial Paper Program (GO CP). The current revolving credit agreements for this series expire on December 2, 2017, which provides the opportunity to address current challenges to the cost and efficiency of the program's operations.

BACKGROUND

In 2010, City Council approved an ordinance establishing a \$350 million general obligation commercial paper program as interim financing for the City's capital improvements. Contracts are awarded using commercial paper as a funding source. Notes are issued to pay project costs as invoices are received. Notes are typically sold at lower interest rates than longer-term bonds. The notes are periodically refinanced with longer-term bonds.

Commercial paper issuance is supported by lines of credit from highly rated banks. The current program is supported by a \$200 million credit agreement from JPMorgan Chase and a \$150 million credit agreement from Wells Fargo Bank. These lines of credit assure investors that the commercial paper notes will be paid in the event that a note cannot be sold to another investor at maturity. The rating agencies rate commercial paper programs based on the rating of the banks providing the credit lines, although the credit rating and outlook of the commercial paper issuer affects the marketability of the notes as well as the rating of the credit bank.

For example, in early 2017 Jefferies L.L.C., the dealer for the City's commercial paper program, began to have trouble selling the general obligation commercial paper notes because of the City's credit rating, which had been lowered due to rating agency concerns about the potential impact of financial problems of the City's police and fire pension fund. The majority of tax-exempt commercial paper buyers are money market mutual funds, which by regulation must observe minimum credit quality standards in the management of their investment funds. The City's general obligation rating is currently A1/AA-/AA.

In addition to potentially reducing the future marketability of the GO CP notes, the City also incurred an increase in the annual fee on the GO CP line of credit from 0.45 percent to 0.65 percent. The fee increase affected the credit lines from both banks. Recommendations to resolve both issues are presented below.

CREDIT AGREEMENT EXTENSION AND NOTE PURCHASE PROGRAM

JPMorgan Chase Bank, N.A., has offered to continue providing the credit line supporting the City's \$200 million GO CP notes and, in addition, to assume the \$150 million credit line previously offered by Wells Fargo Bank. The offer includes an amendment to the current fee structure, which will decrease the annual fee from 0.65 percent to 0.45 percent for three years. An additional feature of this offer permits JPMorgan Chase to directly purchase notes at a fixed margin above an adjusted index. Guaranteed note placement provides stability to the commercial paper program and to the financing of the capital improvement program in a market that has not been consistently stable. The ability to access the note program requires the participant to maintain a minimum amount of outstanding notes at 1 percent of the total credit line. This minimum amount is available for contract authorization and is not subject to the annual fee. The following analysis demonstrates the benefit of JPMorgan Chase's offer when compared to current pricing.

Commercial Paper Fee (Current)	Commercial Paper/ Note Purchase Agreement Fee (New)	Note Purchase Interest Estimate (1% Portion)	Commercial Paper/ Note Purchase Total Cost
\$2,281,319.44	\$1,563,581.25	\$40,853.35	\$1,604,434.60

The City's Financial Advisors recommend continuation of JPMorgan Chase as credit provider due to strong market acceptance of commercial paper notes supported by its credit lines. Attached is a schedule of the estimated costs associated with this extension.

Please let me know if you need additional information.

M. Elizabeth Reich
Chief Financial Officer

Attachment

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

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

Schedule I

General Obligation Commercial Paper Program

COST OF ISSUANCE/ CLOSING COST

Rating Agency (Closing Cost)

Fitch Ratings	\$ 30,000
S&P Global	18,000

Co-Bond Counsel

Bracewell	\$ 175,000
West & Associates	100,000

Financial Advisors

PFM	\$50,000
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Disclosure Counsel

Andrews Kurth	\$131,250
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Liquidity Facility Bank Attorney Fees

Chapman & Cutler LLP	\$60,000
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Attorney General Fee

\$9,500

Printing Fee

\$2,250

Total Estimated Upfront Closing Cost

\$ 576,000

ANNUAL FEES

Liquidity Facility and Note Purchase Fees

JPMorgan Chase	\$ 1,604,435
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Issuing and Paying Agent Bank Fees

US Bank	\$3,000
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Rating Agencies (Annual surveillance)

Fitch Ratings	\$ 18,000
S&P Global	18,000

Total Estimated Annual Fees

\$1,643,435

Total (Annual Fees plus Closing Cost)

\$2,219,435

Grand Total (Three-Year Agreement plus Closing Cost)

\$5,506,305