

Memorandum



CITY OF DALLAS

DATE September 16, 2016

TO Honorable Mayor and Members of the City Council

SUBJECT FY 2016-17 Budget – Actions Required on Wednesday, September 21

On Wednesday, September 21, Council will consider approval of the Fiscal Year (FY) 2016-17 budget.

Attached is a summary of the proposed budget amendments that received support from a majority of Council Members during last week's discussion. We have incorporated amendments 2, 3, 11, and 14 (attachment A) into the FY 2016-17 appropriation ordinances. We have not yet included amendments 15, 25-B, and 26 (attachment B), each of which is related to public safety services. These amendments have conflicting sources of funds and different potential effects on the tax rate and use of general fund reserves (fund balance), and thus will require additional discussion before determining what language we will include in the appropriation ordinances.

In addition, we have attached additional budget amendments we received before 5 p.m. today (attachment C). We have not incorporated any of these newly proposed amendments into the appropriation ordinances. The Council will have an opportunity to discuss them next Wednesday.

Following discussion of the budget and amendments, we will incorporate the final will of the Council into the ordinances for your approval. For your information, we have included below an explanation of the requirements related to each of the ordinances. In total, there are five related action items for your consideration and approval:

Item #3 – An ordinance adopting the FY 2016-17 budget – The Local Government Code requires a record vote to adopt the appropriation ordinance.

Item #4 – An ordinance setting the tax rate – The Texas Property Tax Code requires specific language in the motion to adopt the ordinance setting the tax rate. The motion must be made in the following form: *"I move that the property tax rate be increased by the adoption of a tax rate of _____, which is effectively a _____ percent increase in the tax rate."* The Texas Property Tax Code requires the vote in favor of the ordinance setting the tax rate to be a record vote and approved by 60 percent of the city council (i.e. nine votes).

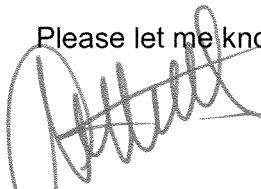
Item #5 – A vote to ratify the increase in property tax revenues – Per the Local Government Code, adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget. This vote is in addition to, and separate from, the vote to adopt the budget or a vote to set the tax rate.

Item #6 – An ordinance amending several chapters of the City Code related to fees

Item #7 – A resolution authorizing position changes and salary schedules

After the Council approves the five budget-related action items, FY 2016-17 will begin on October 1, 2016 and run through September 30, 2017.

Please let me know if you need additional information.



A.C. Gonzalez
City Manager

Attachments

c: Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager

Joey Zapata, Assistant City Manager
Mark McDaniel, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Elizabeth Reich, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager

Attachment A

**FY 2016-17 Budget Amendments Receiving Majority Support on 9/7/16:
Included in FY 2016-17 Appropriation Ordinance**

Source of Funds	Amount	Use of Funds	Amount
Amendment #2 (9 yes & 6 no)			
Hotel Occupancy Tax	3,797,931	Transfer to Cultural Affairs	98,747
		Advertising/DCVB	1,139,379
		Transfer to Capital Construction	2,559,805
Total	3,797,931	Total	3,797,931
Amendment #3 (12 yes & 3 no)			
Additional property tax revenue from tax rate above City Manager's proposed tax rate of \$0.7812	1,200,000	Dallas Animal Services	1,200,000
Total	1,200,000	Total	1,200,000
Amendment #11 (9 yes & 6 no)			
Additional property tax revenue from tax rate above City Manager's proposed tax rate of \$0.7812	138,885	Add 2 positions in City Council Office (1 coordinator and 1 public information officer)	138,885
Total	138,885	Total	138,885
Amendment #14 (8 yes & 7 no)			
Homeless initiative funding	100,000	Anti-panhandling initiative	100,000
Total	100,000	Total	100,000

Attachment B

**FY 2016-17 Budget Amendments Receiving Majority Support on 9/7/16:
Pending Further Discussion and Not Yet Included in FY 2016-17 Appropriation Ordinance**

Source of Funds	Amount	Use of Funds	Amount
Amendment #15 (12 yes & 3 no) and Amendment #26 (13 yes & 2 no)			
Reduction of total number of police officers hired and reduction of DPD overtime allocation (*see footnote)	7,400,000	Police/fire on-going pay increase for uniform employees that are not eligible for step pay increase (i.e. adds a new step to the pay schedule, to enable those at top step to receive a 5% pay increase, and those at next to highest step to receive the double step; implemented on salary anniversary date, or earlier if made part of a meet and confer contract modification). FY 2016-17 cost for uniform employee pay will be approximately \$4.75m and will ensure that all DPD/DFR get at least a 5% salary increase and the tax rate remains less than the calculated roll back rate. Full cost of this pay increase in future years will be approximately \$9.5m. Sets aside funds for two school resource officers. Ambulance enhancement (April 2017). To the extent the full \$7.4m from implementing the 3 year DPD hiring plan (the source of funds) is not needed for these provisions, funds may be used for uniform compensation, overtime, and pension.	7,400,000
Total	7,400,000	Total	7,400,000
Amendment #25-B (12 yes & 3 no) and Amendment #26 (13 yes & 2 no)			
3-year DPD hiring plan consistent with \$7 million year-one savings (Reduces number of police officers to be hired in FY17) (*see footnote)	7,400,000	Police/fire one-time retention bonus (i.e. 3.31% over FY 2015-16 base pay; paid on or after April 1, 2017, or earlier if made part of a meet and confer contract modification).	14,700,000
No \$200/month patrol pay bonus	2,000,000	Ambulance enhancement (April 2017)	900,000
Additional property tax revenue from tax rate above City Manager's proposed tax rate of \$0.7812 (set tax rate at roll-back rate and exclude revenue used for amendments #3 and #11)	1,891,609		
General Fund reserves (fund balance)	4,308,391		
Total	15,600,000	Total	15,600,000

*Footnote - Amendments #15 and #25-B both use \$7.4 million by reducing police officer hiring in FY 2016-17. This duplication must be resolved.

Attachment C

Additional FY 2016-17 Budget Amendments Received by 5:00 p.m. on 9/16/16

Source of Funds	Amount	Use of Funds	Amount
Amendment #27 (submitted by CM Kingston)			
City Attorney's Office - compensation savings from anticipated attrition	160,000	ESL classes (based on Poverty Task Force)	160,000
Total	160,000	Total	160,000
Amendment #28 (submitted by MPT Alonzo)			
General Fund reserves (fund balance)	160,000	Expand ESL at the library	160,000
Total	160,000	Total	160,000
Amendment #29 (submitted by DMPT Wilson)			
General Fund reserves (fund balance)	2,700,000	Hire 7 neighborhood consultants/urban planners to implement NH Fellows program with strategic NH plan and place making. Leverage capacity building programs/façade and tenant improvements, leadership development programs, and innovation and entrepreneurship (Report to ECO).	700,000
		Sidewalk replacement or repairs	1,000,000
		Traffic lights	1,000,000
Total	2,700,000	Total	2,700,000
Amendment #30 (submitted by CM Clayton)			
Public Information Office (service #5.45)	100,000	Media buy and campaign to address teen pregnancy (recommendation of Poverty Task Force)	300,000
Fair Park Foundation	200,000		
Total	300,000	Total	300,000

Memorandum



CITY OF DALLAS

DATE September 16, 2016

TO The Honorable Mayor and Members of the City Council

SUBJECT **2016 Personnel Rule Revisions**

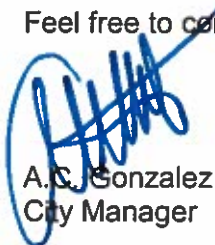
Each year, Chapter 34, Personnel Rules, are reviewed and proposed revisions are made to address (1) outdated or obsolete information, (2) federal and state law changes, and (3) updated City processes and procedures.

Attached you will find a matrix containing the proposed 2016 Personnel Rule revisions. To summarize, the revisions would amend Sections 34-4, 34-17, 34-19, and 34-45 to:

- (1) Amend the definition of flex time to provide additional clarity;
- (2) Change the titles of Sections 34-17 and 34-19; and
- (3) Amend who determines benefits for a police officer injured while performing off-duty security or traffic control services - Financing:

There is no cost consideration to the City and these proposed revisions have been placed on the September 28, 2016 City Council Agenda for approval.

Feel free to contact me with any questions that you may have.



A.C. Gonzalez
City Manager

Attachment

- c: The Honorable Mayor and Members of the City Council
Rosa A. Rios, City Secretary
Christopher D. Bowers, Interim City Attorney
Craig Kinton, City Auditor
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Elizabeth Reich, Chief Financial Officer
Alan S. Sims, Chief of Neighborhood Plus
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

2016 Proposed Personnel Rule Changes

#	Personnel Rules Reference	Personnel Rule Wording (Current)	Personnel Rule Wording (Recommended)	Recommendation Rationale
1	SEC. 34-4. DEFINITIONS	FLEX TIME means a balancing time entry process that provides an employee with the opportunity to substitute additional hours worked outside of his or her normal work schedule for time not worked during the same pay period in order to meet the total 80 hours required in a pay period. FLEX time is a balancing entry only and is not paid leave.	FLEX TIME means a balancing time entry process that provides exempt employees with the opportunity to substitute additional hours worked outside of his or her normal work schedule for time not worked during the same pay period in order to meet the total 80 hours required in a pay period. FLEX time is a balancing entry only and is not paid leave.	Add the word exempt employees
2	Sec 34-45 BENEFIT POLICY FOR OFF-DUTY SECURITY OR TRAFFIC CONTROL SERVICES (c)	The determination of whether an officer is entitled to benefits and the extent of benefits under this policy will be made by the city's director of human resources. (Ord. Nos. 19340; 22026; 24873; 25389)	The determination of whether an officer is entitled to benefits and the extent of benefits under this policy will be made by the city's director of the office of risk management . (Ord. Nos. 19340; 22026; 24873; 25389)	Update
3	SEC. 34-17 OVERTIME AND PAID LEAVE		SEC. 34-17 OVERTIME AND PAID LEAVE FOR CIVILIAN EMPLOYEES	Update Section Heading
4	SEC. 34-19 WORK HOURS FOR PUBLIC SAFETY EMPLOYEES		SEC. 34-19 WORK HOURS, PAID LEAVE, AND OVERTIME FOR PUBLIC SAFETY EMPLOYEES	Update Section Heading

Memorandum



DATE September 16, 2016

TO The Honorable Mayor and Members of the City Council

SUBJECT **Dawson State Jail Update**

The City has received the appraised value for Dawson State Jail. The State has valued the facility between \$4,050,000 and \$5,130,000. Staff is in the process of examining options to present to City Council. Assuming that the Governor wants to dispose of the property, due diligence is expected to begin in January with disposal anticipated spring 2017.

Should you have any questions or concerns, please contact me at (214) 670-3296.



Ryan S. Evans
First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Christopher D. Bowers, Interim City Attorney
Craig Kinton, City Auditor
Daniel F. Solis, Administrative Judge
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Alan S. Sims, Chief of Neighborhood Plus
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Memorandum



DATE: September 16, 2016
TO: Honorable Mayor and Members of the City Council
SUBJECT: **City License Applications**

There were no Dance Hall and/or Sexual Oriented Business applications received for the week of September 5 - 9, 2016 by the Investigations Bureau Licensing Squad of the Dallas Police Department.

Please have your staff contact Sergeant Lisette Rivera, #7947 at (214) 670-4811 and/or by email at lisette.rivera@dpd.ci.dallas.tx.us should you need further information.



Eric D. Campbell
Assistant City Manager

cc: A.C. Gonzalez, City Manager
Christopher D. Bowers, (I) City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager

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Memorandum



CITY OF
DALLAS

DATE September 16, 2016

TO Housing Committee Members: Scott Griggs, Chair; Carolyn King Arnold, Vice-Chair; Mayor Pro-Tem Monica R. Alonzo; Tiffinni A. Young; Mark Clayton; and Casey Thomas, II

SUBJECT **HUD monitoring report - HOME Investment Partnership (HOME) Program**

An onsite financial monitoring review of the HOME Program was conducted the week of August 8-11, 2016. Areas that were reviewed included source documentation, budget controls, internal controls and program income. HUD's letter to the City dated August 25, 2016 provided results of the review. **There were no findings and one concern identified by HUD.** A copy of the letter is attached.

Staff has been directed to notify the appropriate City Council committee of expenditures identified as ineligible not later than 30 days after the reimbursement and be informed of all final HUD audit reports not later than 30 days after the receipt of the report. The purpose of this memo is to provide the status of the most recent final monitoring report received from HUD regarding the HOME Program.

HUD routinely monitors the expenditure of the City's federal funds to ensure compliance with their regulations. When expenses are determined by HUD to be ineligible or disallowed and other corrective actions are not acceptable, the City may be required to return funds to HUD. Repaid funds are deposited to the City's line of credit to be used for other eligible HUD projects; the funds are not lost. When repayment is required, the City utilizes funds such as those from one-time revenue generated outside of HUD projects or other non-federal funds.

If you have questions or additional information is needed, please let me know.

A handwritten signature in blue ink, appearing to read 'Alan E. Sims'.

Alan E. Sims
Chief of Neighborhood Plus

Attachment

c: Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Christopher D. Bowers, Interim City Attorney
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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Fort Worth Regional Office, Region VI
Office of Community Planning and Development
801 Cherry Street, Unit #45, Ste. 2500
Fort Worth, TX 76102
www.hud.gov

AUG 25 2016

A.C. Gonzalez, City Manager
City of Dallas
1500 Marilla 4EN
Dallas, TX 75201

Dear Mr. Gonzalez:


SUBJECT: Financial On-Site Monitoring
HOME Investment Partnerships (HOME) Program
Grant Nos: M11MC480203, M12MC480203, M13MC480203, M14MC480203,
and M15MC480203

During the week of August 8-11, 2016, an on-site monitoring review of City of Dallas' HOME Investment Partnerships (HOME) Program was performed by Gail Avery, Senior Financial Analyst. The HOME Program areas reviewed were source documentation, budget controls, internal controls, and program income.

At the exit conference held on August 11, 2016, the results of the monitoring review were discussed with Chan Williams, Assistant Director, Patrick Inyalon, Assistant Director, Angela Page, Manager Compliance and Brenda Sparks, Budget Manager each were given an opportunity to comment on the initial conclusions. The enclosed report contains the results and details of the areas reviewed. There were no findings and one concern identified for the HOME Program.

The enclosed report also contains one recommendation that the City of Dallas should consider implementing. We appreciate the cooperation and assistance extended to Ms. Avery by the City of Dallas' staff. If you have any questions, please contact Ms. Avery at (817) 978-5962.

Sincerely,


Shirley J. Henley
Director

Enclosure

cc: Chan Williams

**MONITORING REPORT
CITY OF DALLAS
HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM
GRANT NOS. M11MC480203, M12MC480203, M13MC480203, M14MC480203,
M15MC480203**

A financial monitoring review was conducted to evaluate the extent to which the City of Dallas, has accounted for and managed the HOME Investment Partnerships Program funds. To accomplish our objectives, we reviewed the agency's financial records for compliance with 24 CFR Part 85, which establishes the standards for grant administration; the cost principles as delineated in Office of Management and Budget (OMB) A-87. The applicability of the circulars to the HOME Program can be found at 24 CFR 92.505(a) and the HOME Program monitoring exhibits 7-20 (Guide for Review of Financial Management) and 7-21 (Guide for Review of Cost Allowability).

Source Documentation. To determine whether the City of Dallas maintains records which adequately identify the source and application of funds and to assess whether the agency maintains proper accountability of expenditures in the form of cancelled checks, receipts, time distribution records, etc. as required by 24 CFR Part 85, we reviewed a total of \$828,883.67, composed of administrative, mortgage assistance, reconstruction and operating assistance activities. HUD also reviewed the agency's general ledger to determine whether the financial system adequately identifies the source and application of funds.

The review revealed that all expenditures were adequately supported with proper canceled checks, receipts, time distribution reports and contracts and determined the costs to be eligible, necessary and reasonable.

Grant #	Voucher #	Amount
M11MC480203	016755874995	\$ 50,000.00
M11MC480203	018215940860	\$ 30,716.43
M11MC480203	017085890888	\$ 19,929.41
M12MC480203	018085935628	\$ 27,535.00
M12MC480203	016755876471	\$ 37,846.80
M13MC480203	014995796994	\$ 170,938.56
M13MC480203	015195806439	\$ 18,882.96
M13MC480203	015195806439	\$ 37,247.40
M14MC480203	017315900913	\$ 148,007.23
M14MC480203	016755876487	\$ 131,937.84
M14MC480203	014995796994	\$ 170,938.56
M15MC480203	018215941073	\$ 1,747.85
M15MC480203	018095935041	\$ 1,581.80
M15MC480203	017315900913	\$ 148,007.23
M15MC480203	017015887028	\$ 57,381.31
TOTAL		\$ 828,883.67

Budget Controls: During the review, HUD tested the City of Dallas' HOME Program authorized budget amounts for each of the following grants: M11MC480203, M13MC480203 and M15MC480203 and the grant balances as 9/31/2015, 9/31/2014 and 7/1/2016 respectively to ascertain whether the City of Dallas maintains adequate budget controls on an on-going basis. The test also assessed whether the agency line item balances reconcile with the Line of Credit Control System (LOCCS). The results of the review revealed that the agency's reported balance aligned with LOCCS balances as required by 24 CFR 85.20(b)(1) and 24 CFR 92.505(a).

Grant Numbers	Authorized Amounts	Balance Amounts
M11MC480203	\$ 7,480,380	\$ 1,175,621.05 as of 9/30/2015
M13MC480203	\$ 4,162,394	\$ 3,893,285.72 as of 9/30/2014
M15MC480203	\$ 3,956,627	\$3,878,611.00 as of 7/1/2016

Internal Controls: The role of internal controls is to provide reasonable assurances that the agency's financial system is safeguarded against fraud, waste and abuse as required by 24 CFR 85.20. Proper internal controls can be assessed through the agency's segregation of employee duties which ensures no one person has control over an entire accounting process. HUD's assessment of the agency's segregation of duties in its accounting procedures was determined to be excellent.

Program Income: During HUD's review of City of Dallas' program income, HUD assessed the city's records to determine whether it accurately reported program income in the Integrated Disbursement Information System (IDIS) and compared the amounts with the city's official records. Additionally, HUD assessed program income information to determine whether the city used the program income prior to making draws from the U.S. Treasury account. HUD compared information in the IDIS PR09 report to the city's official accounting records to make this determination. The results of the program income assessment revealed that the City of Dallas accurately reports program income and makes program income draws prior to making draws from the U.S. Treasury as required by 24 CFR 92.502(c)(2).

Concern #1: The City of Dallas has informal procedures to ascertain the percentage of the funds to be returned back to the HOME Program and other Federal grant funds when revenue generating activities result in the program income.

Recommendation: HUD recommends that the City of Dallas establish formal written procedures to assess the percentage of program income to be returned back to HOME Program when program income is generated from the use of multiple Federal grants.