

# Memorandum



CITY OF DALLAS

DATE December 30, 2016

TO Honorable Mayor and Members of the City Council

SUBJECT Effect of Bond Rating Changes on the Cost of Borrowing

On December 9, 2016, Moody's Investors Services (Moody's) downgraded the City of Dallas' outstanding general obligation bond rating from Aa3 to A1. Assuming the City issues \$800 million of bonds, the City's financial advisors estimate that this change could result in an increased cost of borrowing over the 20-year life of the bonds of \$5.2 million, or approximately \$650,000 for every \$100 million. In interest rate terms, the difference is estimated to be 0.06 percent, or 6 basis points. However, it is important to note that market conditions and the actual size of the issuance at the time of sale will also have a significant effect on the cost of borrowing. Bond sales resulting from approved bond packages are scheduled over a period of time to match project completion time frames.

If you have any questions or need further information, please do not hesitate to contact me.

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

M. Elizabeth Reich  
Chief Financial Officer

c: A.C. Gonzalez, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager

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Joey Zapata, Assistant City Manager  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# Memorandum



CITY OF DALLAS

DATE December 30, 2016

TO Honorable Mayor and Members of the City Council

SUBJECT Management and Operation of Dallas Fair Park Solicitation Process

In November, the City initiated a two-step solicitation process to find interested and qualified respondents to compete for the opportunity to manage Fair Park. The first step was the request for qualifications (RFQ), responses to which were due today, December 30. The City received the following three responses:

1. Trammell Crow Company
2. The Oak Cliff Foundation
3. Fair Park Texas Foundation

The City's evaluation team will consider these responses in January. The second step will be to request proposals from the respondents we deem qualified.

To facilitate the second step, yesterday the City advertised for the Development of Specifications for Management and Operations of Dallas Fair Park (BBZ1702). We are soliciting proposals from third-party vendors to augment our work to develop specifications, as well as to assist in the evaluation process. The City has used this approach in the past for highly complex projects to ensure we include additional expertise from the industry and address all relevant interests.

In addition to the December 29, 2016 advertisement, we will advertise on January 5, 2017. We have scheduled the pre-proposal meeting for January 13, 2017 and the closing date for February 9, 2017.

We look forward to making progress in the upcoming weeks and months and will continue to keep the Mayor and Council informed throughout the process. If you have any questions or need further information, please let me know.

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Chief Financial Officer

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# Memorandum



CITY OF DALLAS

DATE December 30, 2016

TO Honorable Mayor and Members of the City Council

SUBJECT **FY 2015-2016 Minority and Women Owned Business Enterprises Annual Report**

We are pleased to report that in FY 2015-2016, the City increased participation in City contracts by Minority and Women Owned Business Enterprises (M/WBE), as well as the amount of money we spend with M/WBE. The overall M/WBE participation continues to rise, increasing to 25.8 percent overall, an increase of 0.3 percent from the previous fiscal year. This represents the fourth year in a row of increased M/WBE participation. The total amount of money the City spent on contracts increased by \$10 million to \$914 million from the prior year, while of that total, the amount we spent with M/WBE increased by \$6 million to \$236 million from the prior year.

Business Development and Procurement Services staff continue to develop new and innovative ways to provide information to the vending community, build capacity, and increase competition as part of our successful Business Inclusion and Development program. During FY 2015-2016, BDPS introduced a new strategy to recruit vendors, called the Business Industry Group (B.I.G.) Opportunities initiative. As a result, overall spend with M/WBEs increased from the prior year for Other Services and Goods. Other Services increased 12 percent to 42 percent on a 23.8 percent goal, and Goods reached a five year historic high of 11.8 percent, up 7 percent from the prior year.

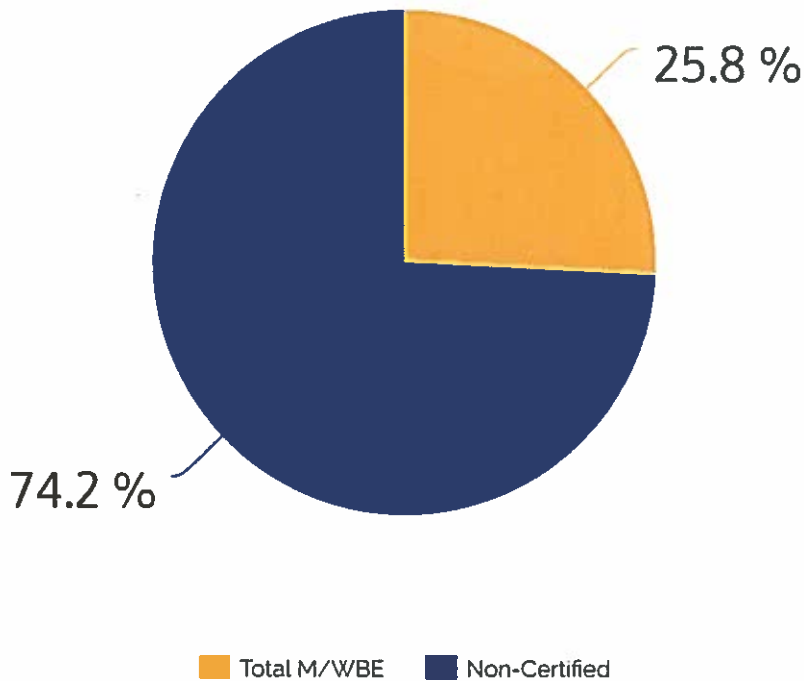
We are pleased to support and administer the City's M/WBE program, and proud that we continue to diversify both competition and participation in City contracts. If you have any questions, please feel free to contact me.

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Chief Financial Officer

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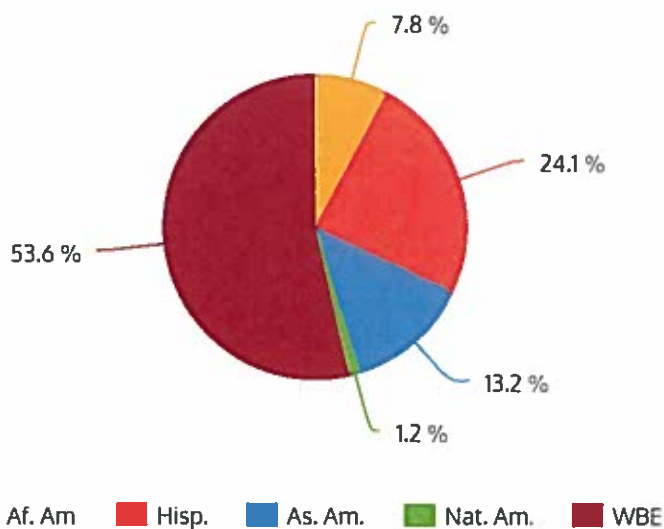
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Ethnicity	\$	%
African American	\$18,563,233	2.0%
Hispanic	\$57,087,105	6.2%
Asian American	\$31,189,487	3.4%
Native American	\$2,921,159	0.3%
Women	\$126,741,291	13.9%
Total M/WBE	\$236,502,274	25.8%
Non-Certified	\$678,400,454	74.2%
Total	\$914,902,728	100.0%

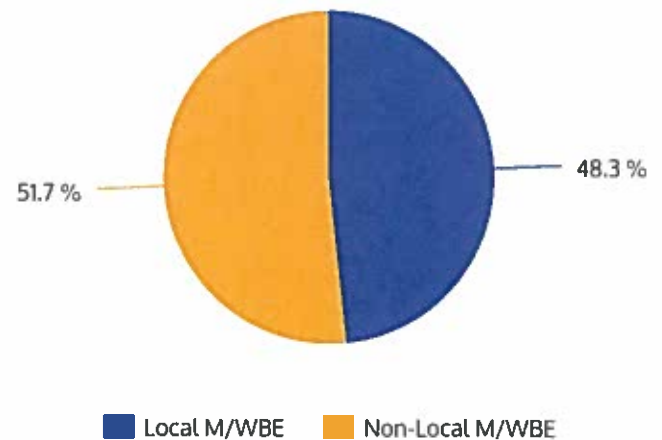
### City Spend

Overall participation improved slightly at 25.8%, compared to last fiscal year with a 0.03% increase. Overall spend for FY 14-15 was \$230M compared to \$236M for FY 15-16. Total spend for FY 15-16 was \$914.9M, up \$10M from FY 14-15.



### M/WBE Allocation by Ethnicity

Efforts continue to be made to increase the certified M/WBE pool, not by ethnicity but within specific industries according to City spend.



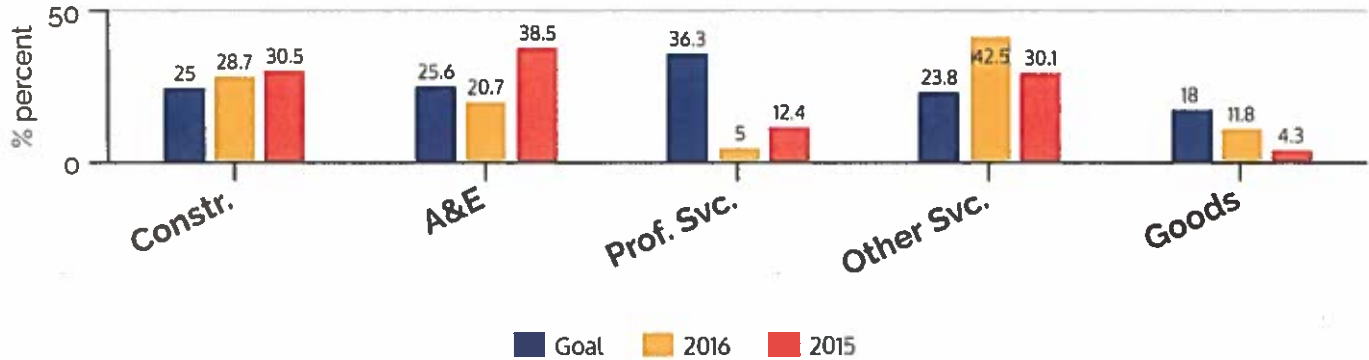
### Local M/WBE vs. Non-Local M/WBE

The City spent \$236.5M with M/WBE firms during FY 15-16. It is the goal of the City to build the capacity of M/WBEs, particularly local M/WBEs. During this period 48.3% of the total spend was with local M/WBEs. Overall spend with local vendors was \$361M or 39.4% of total spend.

# City of Dallas

## BID Performance Report September 30, 2016

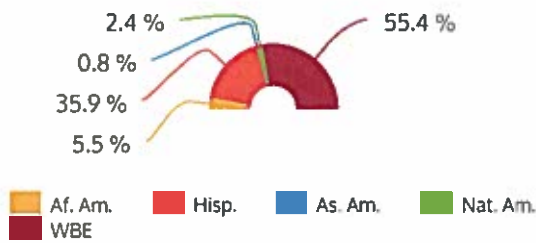
### Goal vs. Actual by Contract Type



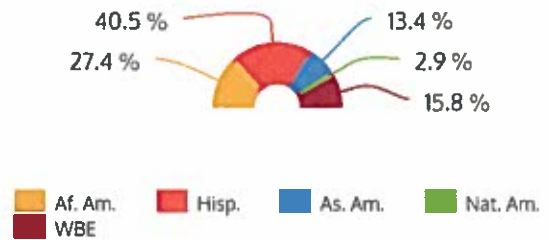
### Performance by Contract Type

M/WBE participation on goods increased by 6.5% to 11.8% on an 18.0% goal. That is a five year historical high. Similarly, there was a 12% increase in M/WBE participation in other services. This is due to the Resource Link Team's industry specific outreach strategy under the new Business Industry Group Opportunities initiative.

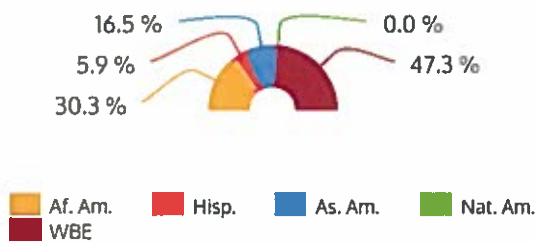
#### Construction



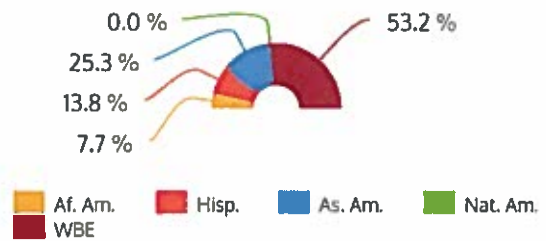
#### Architectural & Engineering



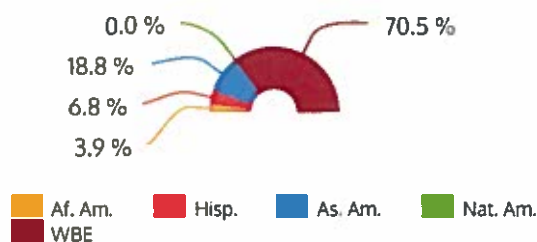
#### Professional Services



#### Other Services



#### Goods



### M/WBE Participation by Contract Type

Overall construction spend was down roughly 2% from the prior year with a similar decline across each ethnicity. Although professional services overall spend declined 7%, spend with Af. Am. went from 9.7% in 2015 to 30.3% in 2016. Spend in other services and goods increased by 12% and 7% respectively. This coincides with a 7% increase in other services and an 18% increase in goods with Asian MBEs.

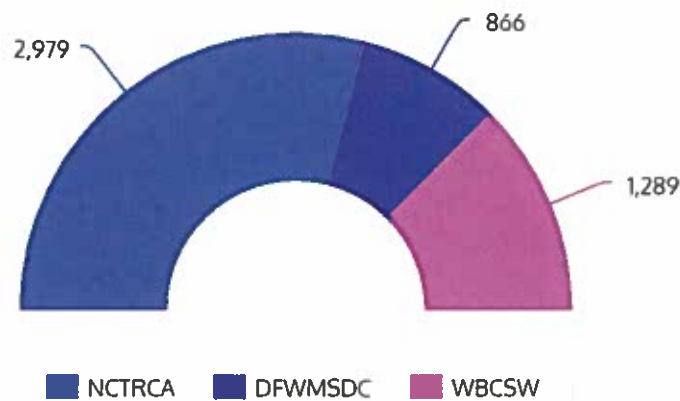
# City of Dallas

## M/WBE Certifications

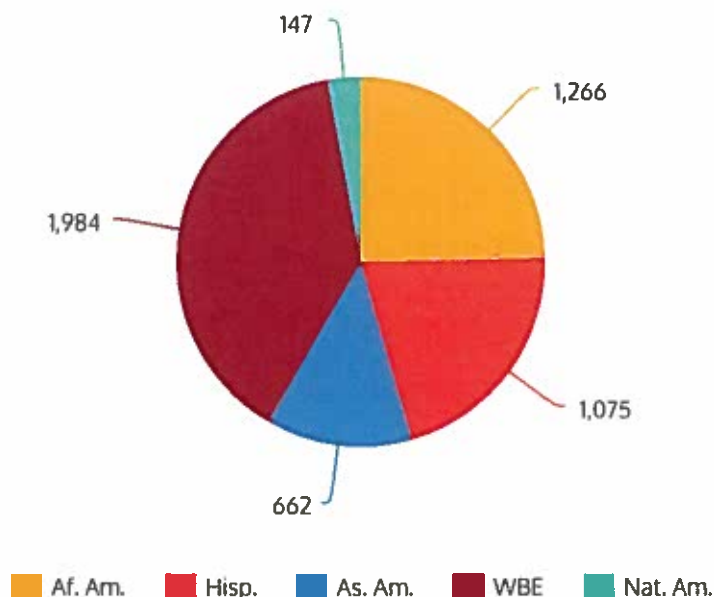
September 30, 2016

The City recognizes three certification agencies: North Central Texas Regional Certification Agency (NCTRCA), DFW Minority Supplier Development Council (DFWMSDC), Women's Business Council Southwest. Between the three of these agencies, there are a total of 5,134 certified M/WBE businesses. This represents roughly 5% of the City's vendor database (assuming all the certified vendors are registered with the City). Efforts are being made by several organizations, including the City of Dallas, to increase the number of certified M/WBE vendors. More specifically, the City is taking a more strategic approach by doing industry specific recruiting and outreach in the areas the City utilizes the most. This approach is intended to increase both competition and M/WBE participation.

### # of Certified Vendors by Agency



### Total Certified M/WBE by Ethnicity



# Memorandum



DATE December 30, 2016  
TO The Honorable Mayor and Members of the City Council  
SUBJECT **Amendment to Loan Agreement with Two Podner's Eateries, LLC**

On the January 11, 2017 Addendum, City Council will be asked to consider authorizing an Amendment to the Chapter 380 Forgivable Loan Agreement to Two Podner's Retail Eateries, LLC authorized by City Council Resolution 14 0316 to (1) decrease square footage of the project located at 1441 Robert B. Cullum, Dallas Texas from 11,000 square feet to 8,933 square feet; (2) increase bank financing from \$1,000,000 to \$2,300,000; and (3) subordinate the City's lien position to the primary bank lender. No cost consideration to the City.

Two Podner's Retail Eateries, LLC is a development company created by Fred Conwright and James Runnels, owners of Two Podner's Barbeque and Seafood Restaurant, to develop a building for an expanded Two Podner's restaurant and other retail eateries. Two Podner's has operated in a 2,500 square foot facility at their current location in the South Dallas/Fair Park area for over 30 years.

The original project was to demolish the current Two Podner's restaurant and build an 11,000 square foot building to house a 4,500 square foot restaurant for Two Podner's and 6,500 square feet of space for additional retail tenants. Space for the Two Podner's restaurant is complete and was increased to 6,743 square feet. Opening is planned for mid-January, 2017. The balance of the space, currently 2,190 square feet will include two (2) other retail eateries, for a combined total of 8,933 square feet.

Street abandonment and parking constraints have caused delays, reduction in square footage and price increases. Original total project cost was \$1,835,000. Financing included \$460,000 owner's/developers equity, \$1,000,000 bank financing, \$100,000 loan from the South Dallas/Fair Park Trust Fund and a \$275,000 Chapter 380 Forgivable Loan from the City. Delays, cost over runs, price increases and pad site finish out escalated project cost to \$2,300,000. The new development when fully tenanted is expected to create 40 – 50 FTE jobs.


The Developers have been approved for bank financing in the amount of \$2,300,000 dollars to refinance the cost of the completed facility and additional retail space, subject to the City's subordination of its lien to bank financing. This item is being placed on the Addendum to expedite closing of the bank loan.

Development of the Property will further the City's goals for re development in the South Dallas/Fair Park area in accordance with the original Agreement.

Two Podner's Retail Eateries, LLC  
December 30, 2016  
Page 2 of 2

The Chapter 380 Forgivable Loan will be forgiven and the subordinate lien released upon completion of redevelopment and issuance of a Certificate of Occupancy of the subject site within three (3) years from the date of the Loan Agreement (December 9, 2018). All other terms and conditions of the original Loan Agreement remain the same.

Staff recommends approval of the subject item. Please contact me if you have further questions at 214-670-3390.

  
for Mark McDaniel  
Assistant City Manager

C: A.C. Gonzalez, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
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Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council