

# Memorandum



CITY OF DALLAS

DATE June 8, 2018

TO The Honorable Mayor and Members of the City Council

SUBJECT **Review of Interlocal Agreements**

In response to questions asked regarding the status and contract compliance of interlocal agreements (ILA's) at the City Council briefing in January 2018 regarding Dallas County Schools, staff advised that we would review existing ILA's to determine operational and/or financial impacts if the agreements were terminated.

In January, a list of 356 ILA's was provided to Council via memorandum with a commitment to review the list and report back any ILA's which may be of concern within 90-120 days. This list included all approved City Council actions and any Administrative Actions which included the term "interlocal agreement". Since that time, the list has been reviewed and analyzed to determine the status of the agreements. The list spanned a 10-year period, so many of the ILA's have been completed. Also, many ILA's are renewed annually or on a periodic basis creating duplicate records within the list.

We reviewed the relative risk of each category and focused our review on those contracts with significant operational impact and/or significant revenue implications. From the original list of 356, 112 unique ILA's are currently open. We are pleased to report no immediate issues exist with these open ILA's. However, we have identified a potential future funding issue with the City's agreement with the Dallas County Sheriff's Office for traffic management services to perform law enforcement activities on specified highways [I-35, I-20, I-30, I-75, Loop 12, I-45 and Woodwall Rodgers Freeway] within the city limits. Funding to support this agreement previously included financial support from NCTCOG; however, the funding will no longer be available for future fiscal years. The County has committed to maintaining the current funding arrangement of \$600,000 from the City until FY18-19. We will begin discussions with the County regarding this ILA as the potential operational impact of the loss of this contract could be significant if DPD needs to resume responding to calls on these highways.

The agreements can be divided into several broad categories which are described below.

1. **Operational** – These agreements either provide or purchase a wide range of services from other governments. This category includes the riskiest contracts to the City in terms of potential impact on the City's operations should the other entity not be able to provide services or opts to discontinue services or payment for cost sharing.
2. **Purchased Services** - Instead of contracting with a private sector or non-profit vendor, the City has opted to partner with other government(s) to receive services. In many cases, pooling of costs with multiple jurisdictions creates economies of scale. Replacing these services with a private sector vendor would likely be priced significantly higher. In some instances, the services are simply not available from the private sector.

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<b>Entity</b>	<b>Service</b>	<b>Term</b>
Dallas County - Tax Office	Bill and collect property taxes.	Indefinite
Dallas County – Sheriff	Provides traffic management on specified highways in the City of Dallas	09/30/2018 Annual Renewal
Dallas County – Household Hazardous Waste Collections	Waste collection events and drop off locations	09/30/2022
Various Local Government Investment Pools	Purchase pooled investments for City's treasury	Indefinite
Dallas County – Southwest Forensic Science Institute	Provision of forensic, drug, toxicological, environmental, and physical evidence analysis	09/30/2018 Annual Renewal
Dallas County – Parkland Hospital System	Bio-medical on-line supervision for EMS patients	09/30/2018
Dallas County - TXDOT	Scofflaw program to prevent registration of vehicles of owners with outstanding municipal court tickets	Indefinite
Dallas County – Health & Human Services	Professional services of its Health Authority Health authority	09/30/2019
DART	Operation and maintenance of the street car program	Indefinite
NTTA	Toll tag service at Love Field parking garages	09/30/2018
Texas Municipal League	Risk pool for excess workers' compensation insurance policies	02/1/2019

3. **City provides the services.** There are several agreements where the City is the service provider and receives revenue from other jurisdictions for a pro-rata share of the other jurisdiction's cost. In many instances, a reduction in cost sharing revenue would not likely result in reduced expenses to the City.

**Agreements include:**

<b>Entity</b>	<b>Service</b>	<b>Term</b>
Dallas County	Annual financial support for City's efforts addressing homelessness	09/30/2018
Dallas County	Payment for use of City's radio system	09/30/2020
TXDOT	Partial reimbursement of City's cost to mow rights-of-way along state highways	06/15/2021
Richardson ISD	Reimbursement for 2 police officers provided for law enforcement services at RISD locations	Indefinite
Dallas ISD	Reimbursement for afterschool programs provided at DISD locations	06/30/2020

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4. **D/FW Airport Revenue Sharing** - Agreements to receive a pro-rata share of specific tax and other revenues generated on DFW Airport property in the cities that overlap the Airport's boundaries. Revenue is shared with the airport owner cities Dallas and Fort Worth as well as the jurisdiction in which the property is located. These agreements generate significant General Fund revenue. The contracts include requirements for annual independent procedures be conducted to ensure the revenue share amounts are calculated correctly.
5. **Purchasing** – State law allows for governmental entities to utilize the formal procurement process of another governmental entity as a means to contract with vendors without having to recreate the same purchasing process on its own. 31 of the agreements in the ILA list were approved to enter into a purchase with a vendor utilizing the ILA as the conduit. In these instances, the underlying contract with the vendor carries the risk, not the ILA, which is simply the vehicle used to facilitate the transaction. The City has entered into over 150 of these agreements to expedite the purchasing process.
6. **Construction Cost-sharing** – Agreements to cost share for construction of streets and traffic signals. The arrangements include both the City contributing funds for another entity to manage projects and the City receiving funds to manage the construction.
7. **Land Transactions** – Purchase/sale of land; temporary/permanent easements transactions with other governmental entities. Permanent easements do not have an end date so these ILA's remain open indefinitely.

As we continue to implement our Enterprise Contract Management System, each ILA will have an on-line monitoring plan with established monitoring activities at specified intervals.

Please let me know if you have questions on the ILA review process and/or the contract management system implementation currently underway.



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