

Memorandum



CITY OF DALLAS

DATE August 28, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Additional Responses to Questions on Proposed FY 2019-20 Budget**

Thank you for your questions regarding the City Manager's proposed FY 2019-20 and FY 2020-21 budget. Below is the third set of responses to questions thus far. Additional responses will be provided on a rolling basis.

Public Safety

- 1. Please provide a breakdown of expenses for the Office of Community Police Oversight (OCPO), including costs for each of the three proposed positions.**

\$475,000 is included in the proposed FY 2019-20 budget for the OCPO, of which \$275,378 is set aside for an Assistant Director and Executive Assistant (including pension, FICA, and benefits). The total cost for the Investigator is \$104,229 (including uniform pension, FICA, and benefits). Non-personnel expenses are \$95,393.

Mobility Solutions, Infrastructure, & Sustainability

- 2. Item #3 in the Effective Tax Rate Scenario recommends eliminating funding for the Dallas Streetcar. How would the proposed cut impact any existing contractual obligations?**

The City did accept federal funding for the Dallas Streetcar, which creates contractual obligations. However, because DART receives one percent of Dallas' local option sales tax for this purpose, we would convey our expectation to DART that they pay this obligation from that funding source.

- 3. Do we subsidize rider fees for the Dallas Streetcar?**

We do subsidize rider fees—the total subsidy is currently \$8 per ride. DART is implementing a system to begin collecting a \$1 fare per ride, but the remaining subsidy will stay in place.

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Economic & Neighborhood Vitality

4. What role will the Economic Development Coordinators play in small business development?

The Economic Development Coordinators will connect Dallas small business owners with the City's business support organizations, which already offer structured programs and curricula for prospective and existing entrepreneurs, as well as with banks and community development financial institutions (CDFIs) that serve the small business community.

They will also place special emphasis on overcoming some of the challenges identified by business owners, including assistance with business planning, strategy, and operations; marketing, customer acquisition, and retention; financial analysis and control; and how to grow a business. Additionally, the coordinators will help owners identify and access capital through non-traditional institutions that serve startups, microbusinesses, and other small businesses who may not have established business credit history to secure loans or letters of credit with more traditional financial institutions. With deliberate outreach and training, the City and its collaborative partners will help promote and increase business readiness, support new small businesses, and grow existing ones in the highest-opportunity areas of Dallas.

5. Please provide additional information about three ECO capital projects: Hotel Project Fund, Lancaster Urban Village Project, and the SD Adaptive Reuse Program.

The Hotel Project Fund includes funding for a development agreement approved by City Council on June 12, 2019 (CR 19-0949) to complete streetscape enhancements adjacent to the Virgin Hotel development in the Design District TIF District. The Urban Design Peer Review Panel (UDPRP) reviewed the project in March 2017 and recommended, if TIF funding was available, extending streetscape improvements to connect the project to the Trinity Strand trailhead.

The approved TIF-funded enhancements include a portion of Phase I improvements adjacent to the Virgin Hotel and Phase II streetscape and utility burial improvements extending beyond the project along Hi Line Drive west to the Trinity Strand Trail head as recommended by the UDPRP, setting the stage for this future trail connection.

The Lancaster Urban Village (LUV) opened in June 2014 as a mixed-use transit-oriented development (TOD) in the underserved Lancaster Corridor, which had not seen significant new housing development in more than 40 years. The project includes 193 mixed-income apartments and 14,000 square feet of retail/commercial space in an urban-style building with pedestrian amenities. The project is across from the

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second-largest Veterans Affairs medical center with more than 4,700 employees and serviced by the DART light rail.

The project was the culmination of more than five years of cooperative efforts to structure financing for this \$28 million catalyst, including a HUD FHA 221(d)(4) loan, HUD Section 108 loan, New Markets Tax Credits, and public-private partnership funding. City Council approved up to \$8,492,273 in TOD TIF funding for the project (as amended in 2012), primarily for the principal and interest reserve needed to underwrite the Section 108 loan. The TOD TIF District was created in 2008 to create an increment-sharing stream from the more prosperous transit station areas in north Dallas to those in the southern Lancaster Corridor.

Funding Source	Amount
HUD FHA 221(d)(4)	\$13,120,343
HUD Section 108	\$8,492,000
City public-private partnership	\$3,850,000
New Markets Tax Credits (equity)	\$3,281,049
Total	\$28,743,392

The project has won a number of awards, including a National Association of Home Builders Pillars of the Industry Award for the best affordable apartment community; National Association of Local Housing Finance Agencies Excellence in Redevelopment Award; and “Best in Creative Financing” at the National Development Council Academy.

The Southern Dallas (SD) Adaptive Reuse Program is a grant program designed to assist owner-operators in southern Dallas with improvements to under-performing or vacant buildings for new or continued use. Often, these buildings will be transformed from an old original use to a new use (a gas station to a restaurant, for example). The program provides reimbursement grants up to \$30,000 to property owners who invest at least \$150,000 of private money toward building improvements. City Council authorized the program on June 17, 2015 (CR 15-1326).

Human & Social Needs

6. How much is budgeted for the position to oversee the paid sick leave program?

The proposed budget includes \$78,413 for a Manager II position to oversee the paid sick leave program. This includes salary, pension, FICA, and benefits.

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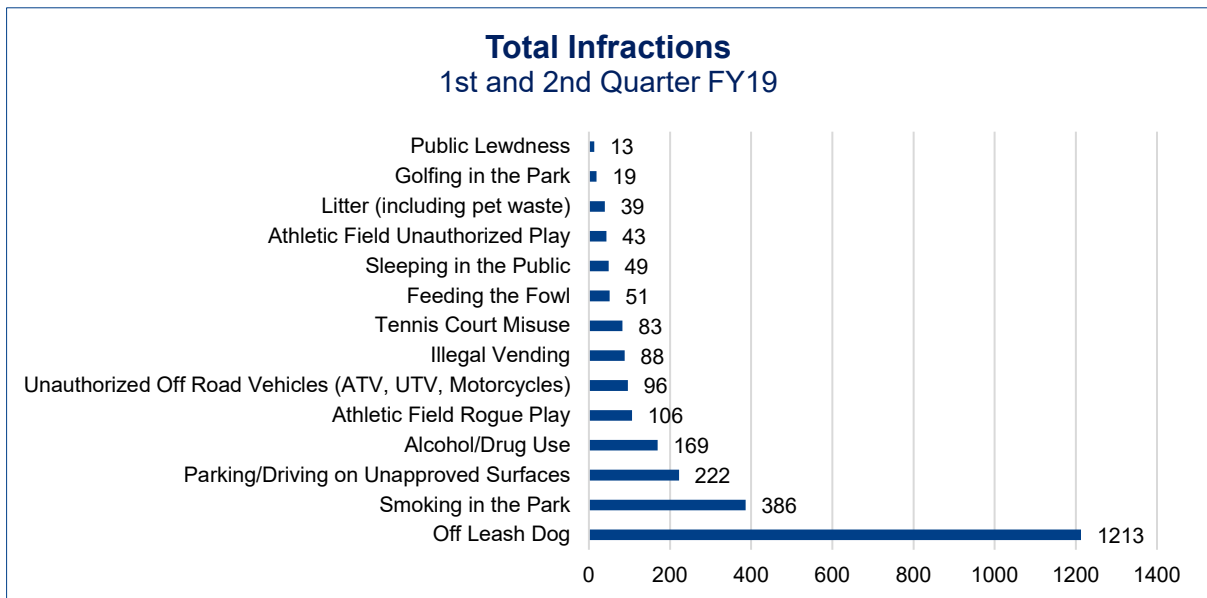
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Quality of Life

7. Please provide data supporting the proposal for additional Park Rangers. How will those resources be deployed?

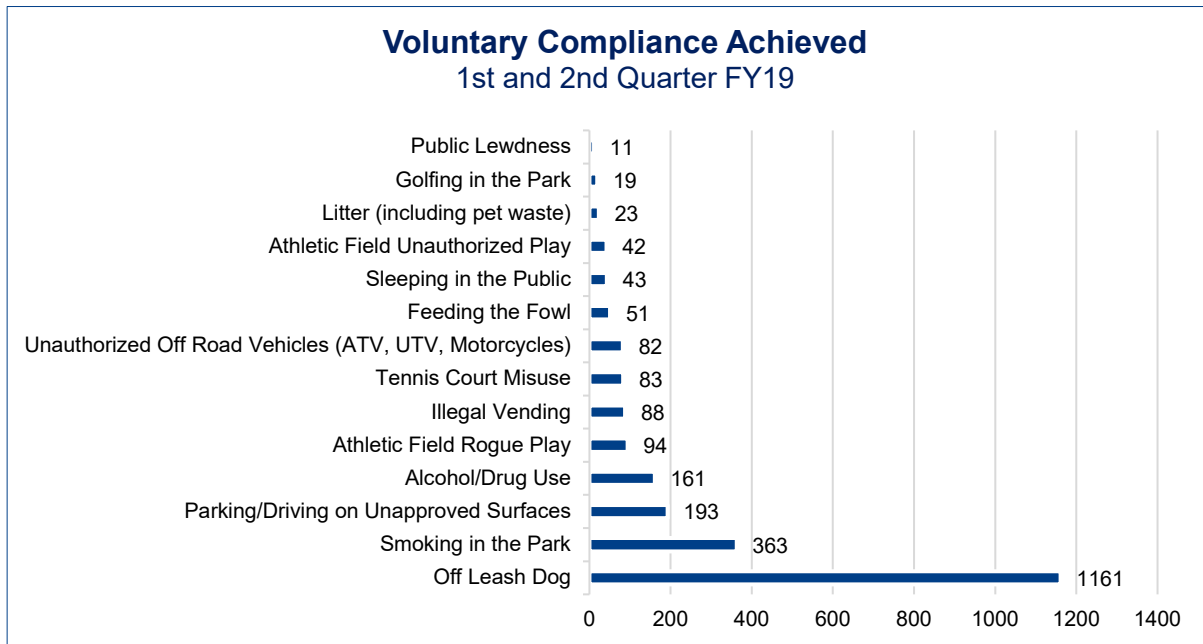
The additional Park Rangers will increase coverage of the City's 397 parks by 100 percent, to 20,371 visits per year from 10,171, and decrease the number of parks per ranger from 44.1 to 22. It will also allow Park and Recreation (PKR) to initiate a dedicated bicycle patrol on the City's 161 miles of trail, which are currently unmonitored.

Park Rangers are responsible for monitoring parks, athletic fields, and trails for compliance and safety and reporting weekend and after-hours maintenance issues to appropriate staff. Park Rangers enhance security for park patrons and assets, helping to deter criminal activity and create a safer park system. In addition, Park Rangers provide guest services to park users and have recently assumed citation authority to address loose dogs, parking violations, and in the near future, illegal vending on park property. Refer to the tables below for additional information on the number of infractions identified by Park Rangers, and those where the individual voluntarily came into compliance.



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8. What criteria did PKR use to select sites for the Teen Recreation program?

PKR worked with the Dallas Police Department to identify communities with high incidents of teen citations and arrests and limited resources for teens aged 13-17. We also identified communities where youth programming is needed. The sites for FY 2019-20 will be finalized during the budget deliberation process.

9. What fees does PKR charge for its after-school programs? How many individuals participate?

PKR offers a total of 66 after-school programs, including 26 funded by Community Development Block Grant (CDBG) funds. These are offered for free at eligible Dallas ISD campuses. We currently have 3,035 seats for after-school programs (1,535 at recreation centers and 1,500 at CDBG sites). Weekly program costs for non-CDBG programs range from \$10 for students who walk to the recreation centers to \$40, which includes van transportation from school to the center. We do not currently offer scholarships for these non-CDBG after-school programs.

10. How much is the stipend the City provides to the Dallas Zoo? Can the City Council reduce this amount?

The Zoo stipend through FY 2018-19 is \$14,945,940, conditional upon appropriation by City Council. However, Dallas Zoo Management and the Dallas Zoo Society have the right to cancel the contract if the requested management fee is not appropriated, according to Section 3.08 Non-Appropriation.

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11. Please provide a list of budget requests submitted by the Park Board.

Please refer to the attached list of ranked requests for FY 2019-20 and FY 2020-21.

Government Performance & Financial Management

12. How much would it cost to raise the minimum wage to \$14.00/hour for full-time permanent City employees in FY 2019-20 (instead of FY 2020-21)?

The proposed budget for FY 2019-20 includes \$1,048,248 to increase the minimum wage to \$13.00/hour for full-time permanent City employees (\$1,214,395 with pension and FICA), which includes \$992,872 from the General Fund with pension and FICA. To increase the minimum wage to \$14.00/hour beginning in FY 2019-20, the costs would increase to \$2,800,838 (with pension and FICA), including \$2,227,129 from the General Fund.

13. Why are personnel costs increasing for the Express Business Center?

Compared to the FY 2018-19 budget, overall expenses in the Express Business Center (EBC) budget decreased by \$131,515 in FY 2019-20 and by \$213,821 in FY 2020-21 due to reductions in fixed costs (such as copy rent/lease maintenance and Information and Technology Services programming). The Personnel Services costs category increased by \$14,163 in FY 2019-20 and by \$30,816 in FY 2020-21 due to merit and health insurance increases.

14. Please explain the budget increases for Information and Technology Services in greater detail.

The table below provides a breakdown of the increase in Information and Technology Services (ITS) for each service provided by the department.

General Fund Service	FY 2018-19 Budget	FY 2019-20 Budget	Variance
911 Technology-Education Services	\$15,176,553	\$15,292,755	\$116,202
Business Technology Services	27,051,292	25,520,566	(1,530,726)
City GIS Services	1,495,059	1,714,121	219,062
Internal Computer Support	6,222,838	6,567,907	345,069
Internal Desktop Support	6,335,216	8,061,121	1,725,905
Internal Radio Communication	8,651,413	12,825,721	4,174,308
Internal Telephone and Data Communication	13,766,587	15,218,630	1,452,043
Public Safety Technology Support	4,586,035	4,688,323	102,288

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General Fund Service	FY 2018-19 Budget	FY 2019-20 Budget	Variance
Strategic Technology Management	17,554,376	18,197,196	642,820
ITS Total	\$100,839,369	\$108,086,340	\$7,246,971

15. What is the Master Lease program?

The Master Lease Purchase Program (MLPP) funds the purchase of heavy equipment, vehicles, computer hardware/software, and other personal property with a minimum useful life of three years.

Under the program, the City borrows money by issuing low-interest, tax-exempt revenue commercial paper to the Master Equipment Lease/Purchase Agreement. The financing agent and the City enter a lease where the agent acquires the equipment or other project and leases it to the City, which makes lease payments to repay the principal and interest. When the lease is fully paid, the City takes possession of the equipment or other financed project, and the City may pay off the lease at any time without penalty. We have used this program since FY 2011-12.

For budget purposes, the planned use of the MLPP is included in the capital budget. For FY 2019-20, we plan to expend \$25 million for Information Technology Services hardware and equipment (\$9 million), Dallas Fire-Rescue apparatus (\$6.5 million), Equipment & Fleet Management for general-purpose fleet (\$6.5 million), and Sanitation Services for residential and landfill equipment (\$3 million). The repayment for MLPP is budgeted in Non-Departmental.

16. What reductions are included in this budget?

The proposed FY 2019-20 budget includes approximately \$23.6 million in reductions from the FY 2018-19 budget, which are outlined below.

Description	Dept	Reduction
Vacancy rate adjustment	Various	6,920,984
Elimination of red-light camera program	TRN	5,010,801
Electricity costs	Various	3,216,284
Pay-as-you-go funding for street and alley improvements	PBW	2,800,000
Retention funding	DPD	1,167,000
Elimination of internal controls group and other reductions	CCO	567,478
Reduction/reallocation of demolition funding	Code	554,680

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Description	Dept	Reduction
Civilian employee retirement contribution decreased from 14.4% to 14.2%	Various	497,264
Elimination of down payment assistance program	DPD	496,500
Elimination of End Panhandling Now Program	OCC	415,000
City supplemental funding for TxDOT ROW mowing	PBW	402,393
Reduction/reallocation of equipment rental/lease funding	Code	348,279
Reallocation/reduction for in-house veterinarian and reduction of department technology staff	DAS	328,156
RFID contract savings	LIB	214,000
Reduction for contractual services related to hazardous materials cleanup	OHS	200,049
Citywide training and other supplies	HR	121,083
Earned Income Tax Credit program	OCC	100,000
VISTA	PUD	73,872
Miscellaneous object code reductions	DEV	63,803
Reduced transfer to Neighborhood Vitality Grant	PUD	31,720
Savings to outsource quality control function for dispatch	DFR	30,000
Youth Commission	OSPGA	10,000
Conference of Mayors	OSPGA	10,000
	Total	\$23,579,346

We will provide additional responses to your questions on a regular basis. Please contact me or Jack Ireland, Director of the Office of Budget, if you have more questions.


M. Elizabeth Reich
Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor 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
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

FY 2019-20 Requests

Rank	Description	Positions	Expense	Revenue
1	This adjustment is the first of a two-phase plan to expand the Park Ranger program. Current staffing levels do not provide resources to monitor trails. This phase of the plan expands the Park Ranger program to increase Ranger park visits to an overall average of every nine days, a 50% increase, and provides resources to start a Trail Bicycle Patrol to monitor trails.	6	\$594,972	\$0
2	This adjustment funds an annual free youth access pass and supports additional scholarship opportunities for city of Dallas youth, age 5 to 17. Through this funding, youth will receive free and enhanced out of school time programming; i.e.: after school sports, golf instruction, tennis instruction, STEM programming and dedicated teen program initiatives and swim lessons.	35	\$975,000	(\$1,072,315)
3	Additional positions to meet additional contract oversight requirements and to meet Auditor's recommendations. Leisure Venue Destination Management oversees contract management for the business partner agreements within PKR. The division oversees 18 contracts and as a result of recommendations received after a City Auditors audit, the department is recommended to centralize oversight of partner agreements which would take the total contracts managed to over 40.	4	\$379,862	\$0
4	This adjustment requests additional annual funding for the Audubon Dallas stipend. The annual stipend is currently \$58,949 and Audubon Dallas is requesting an additional \$50,000 to offset expenses associated with operating the preserve. Audubon Dallas has experienced an increase from 180,000 in attendance annually to over 400,000 annual visitors.	0	\$50,000	\$0
5	Dallas Arboretum and Botanical Society (DABS) manages the Dallas Arboretum, 66 acres of gardens and facilities, offering more than 1 million visitors' annual access to one of the top arboretums in the world. The Dallas Arboretum and Botanical Society is requesting an increase of \$12,000 to the existing annual stipend of \$394,098. The annual stipend increase is requested in order to address increased expenses associated with the 17% increase in garden space.	0	\$12,000	\$0
6	This adjustment provides funding to cover a calculated cost increase of 33% in contracted litter control service in order to continue maintaining the turf on park properties at current service levels.	0	\$792,301	\$0
7	As a result of the private management agreement with Fair Park First, Fair Park is not projected to have a General Fund budget for FY20. This bid is intended to provide funding for gas, electric, and water utility expenses that are paid by Park and Recreation, in accordance with the contract with Fair Park First. Park and Recreation invoices Fair Park First for these utility expenses and is reimbursed as revenue, on a monthly basis. This bid balances expense against revenue for a net effect of \$0.	0	\$2,784,760	(\$2,784,760)
8	This adjustment requests the addition of 52 PM numbers to Aquatic Facilities to combat attrition during season. Due to the new HR system, double fills are no longer possible. This bid will alleviate the double fill issue by creating new positions. As numbers of staff decrease through attrition and other availability issues, the hours worked per employee may increase, but there is no impact to the budget as the overall hours available to be worked remains the same.	52	\$0	\$0
	Total	97	\$5,588,895	(\$3,857,075)

FY 2020-21 Requests

Rank	Description	Positions	Expense	Revenue
1	This adjustment funds O&M for new and/or renovated facilities that will be in-service in FY 2020-21. Funding is required for staffing, utilities, materials and supplies essential to open, operate and maintain these new and improved facilities in accordance with public expectations.	28	\$1,060,989	\$0
2	This adjustment provides funding to cover a calculated cost increase of 15% in contracted mowing service in order to continue maintaining the turf on park properties at current service levels.	0	\$106,908	\$0
3	This adjustment is the second of a two-phase program started in FY20 to expand the Park Ranger program. The Phase 2 adjustment requested for FY21 would increase Park Ranger presence in parks from an overall average of once every nine days to an overall average of once per week. Trail monitoring activities would be further enhanced to include a greater proportion of the trail system.	5	\$491,579	\$0
4	This adjustment funds the continued expansion of Sr. programming. This funding increase will result in an attendance increase of 16% and an additional 3750 program hours.	2	\$150,000	\$0
5	This adjustment funds the resurfacing and patch work of 81 tennis courts within five tennis centers. The cost of court resurfacing has increased by over 40% (\$3,000) per court in the last five years. The current budget does not meet the department's plan to have each court resurfaced at least once every three years to maintain the playing conditions for these tennis centers.	0	\$125,000	\$0
6	This adjustment fulfills the City's contractually obligated annual CPI adjustment to the Dallas Zoo (DZM) contract for FY 2020-21. The management fee will be adjusted annually to reflect the percentage increase or decrease of the Consumer Price Index (CPI).	0	\$425,000	\$0
Total		35	\$2,359,476	\$0