# Memorandum

CITY OF DALLAS

DATE September 11, 2026

TO Honorable Mayor and Members of the City Council

SUBJECT **Responses to Questions Regarding the City Manager's Recommended Biennial Budget for FY 2026-27 and FY 2027-28 (Fifth Set)**

We were pleased to share the City Manager's FY 2026-27 and FY 2027-28 Recommended Biennial Budget on Tuesday, August 11. Below are responses to questions regarding the FY 2026-27 and FY 2027-28 Budget. We will provide additional responses over the next several days.

**1. How will Urban Forestry program be handled in FY 2026-27 across multiple departments? What reductions are recommended in the FY 2026-27 budget?**

The FY 2026-27 recommended budget includes a $366,941 reduction to the Urban Forestry Program within Transportation & Public Works (TPW). No changes are recommended for Urban Forestry operations in Dallas Water Utilities (DWU) and Park and Recreation (PKR).

<u>Impact of FY 2026-27 Budget Reduction in TPW</u>
TPW maintains street right-of-way vegetation, including the tree canopy. As trees are damaged, the department takes corrective action appropriate for the condition. The department does not actively engage in new tree plantings in street right-of-way outside of capital projects, such as Complete Street initiatives. Staff does support the city-wide tree planting activities as needed. Under the proposed FY 2026-27 budget reduction, TPW will continue maintenance but with an increased focus on reactive work.

<u>DWU Forestry Responsibilities</u>
DWU operates a five-person team dedicated to natural vegetation management across creeks, channels, lakes, dams, and floodways. This team coordinates with DWU capital and operations staff and leads major public forestry programs, including the Community Forester Academy and Branch Out Dallas.

<u>PKR Forestry Responsibilities</u>
The PKR Forestry team is part of the department's overall urban forestry operation and supports city-wide efforts as needed. EAB-related work requires the same professional assessment, tree removal, pruning, specialized equipment, and safety capabilities used throughout the park system. In addition to EAB response, Forestry staff perform:

- Hazard tree assessment and removal, including dead, declining, storm-damaged, and structurally compromised trees.

- Routine and preventive pruning to reduce future tree failures and emergency responses.
- Storm and emergency response, including clearing fallen trees and hazardous limbs from parks, trails, roads, and facilities.
- Tree planting and establishment, including replacement planting associated with canopy loss (typically 600 to 1,100 trees annually).
- Urban forest inventory, condition assessment, and field verification to support risk-based maintenance priorities.
- Tree protection and forestry support for capital projects and park improvements.

The Urban Forestry Program will continue operating through a coordinated, multi department model formed in 2021. Each department has a defined role, contributing resources, expertise, and operational capacity.

The Urban Forestry Budget Update memorandum provides additional details about ongoing urban forestry activities.

**2. How will the City continue to address tree plantings in FY 2026-27 to address heat island effects?**

Trees are important to lower temperatures, improve air quality, and filter and decrease stormwater runoff. **The city will continue tree planting events with no reduction in funding.** The team works through existing operational budgets, as well as the Reforestation Fund, to increase the tree canopy on public and private property. The following link provides information on programs available: Tree Plantings.

**3. What HR functions are duplicative across departments?**

No duplication of core Human Resources' services has been identified between central Human Resources and other City departments. The one material area of overlap involved recruitment and hiring activities for different employee groups – such as those classified as civil service versus classified as non-civil service. That overlap has been resolved through the FY 2026-27 budget recommendation to eliminate the recruitment and hiring function from Human Resources (except executives) and consolidating this function within Civil Service.

Central Human Resources owns and administers the City's enterprise HR functions, including benefits, compensation, employee and labor relations, grievances, HR policy and records, HR contracts and procurement, HR information systems, performance management, workforce management, and onboarding and new-hire compliance. Central HR establishes citywide policies, processes, controls, and standards for these functions and is accountable for their consistent administration across the organization.

Some departments employ personnel analysts, HR coordinators, administrative specialists, or departmental liaisons. These positions support the department's daily personnel operations by coordinating hiring requests, assisting employees and managers, monitoring staffing, submitting transactions, supporting timekeeping, maintaining department-level documentation, and serving as a liaison with central HR. They may initiate or coordinate HR-related activities, but they do not independently establish or administer the citywide HR functions owned by central HR.

Certain departments also perform specialized personnel activities required by law, civil service rules, or operational requirements. For example, the Dallas Police Department conducts certain internal investigations involving its employees. These investigations address department-specific conduct, discipline, and public-safety requirements and are not a duplication of central HR's citywide employee and labor relations responsibilities.

In short, central HR owns and administers enterprise HR services, while departmental personnel staff coordinate and support the application of those services within their departments. Similar job titles or HR-related duties do not constitute duplication when the scope, authority, and accountability of the work are different.

**4. How many FTEs are assigned to each of the following Human Resources activities?**

| Activity | FTEs |
|---|---|
| Compensation management | 7.44 |
| Recruitment and talent acquisition | 1.02 |
| Onboarding/Offboarding | 7.77 |
| Performance management | 2.78 |
| Benefits administration | 5.83 |
| Employee wellness | 2.98 |
| Leave administration | 3.38 |
| HR consulting | 6.75 |
| Policy and records management | 1.71 |
| Learning and development | 1.58 |
| Workforce planning | 0.70 |
| Employee relations | 1.54 |
| Grievance management | 1.44 |
| Employee engagement | 3.72 |
| Succession planning | 0.68 |
| Upskilling | 0.68 |
| HR information system | 5.82 |
| HR analytics and reporting | 1.22 |
| HR Budget and Contracts | 1.94 |

The FTEs in this table also include Employee Benefits, which are administered separately from the Human Resources general fund budget. Human Resources does not assign each position to a single, dedicated HR activity at the requested level of detail, so all FTE numbers are estimates based on the approximate time spent on the activity.

**5. How much is currently spent on outside HR consultants and contractors, and what specific functions are they performing?**

HR maintains contracts with vendors that provide defined products or specialized services, such as benefits consulting ($228,750 per year, from Fund 0260), background checks (approximately $154,900 per year, from Fund 0001), and leave administration, including FMLA (approximately $221,163 per year, from Fund 0001).

**6. Which of these functions could be performed by existing HR employees & vice versa (which city functions could be performed more cheaply by a private vendor)?**

The city cannot determine from the information currently available whether existing HR employees could absorb additional departmental work or whether a private vendor could perform City functions at a lower cost. That determination would require an assessment of workload, staff capacity, service levels, fully loaded City costs, legal requirements, and competitive vendor pricing. HR operates with approximately 59 FTEs supporting more than 14,000 employees, approximately 0.42 HR employees per 100 employees, or one HR employee for every 237 City employees. By comparison, the Society for Human Resource Management (SHRM) reported a 2025 median of 1.98 HR employees per 100 employees. Although benchmark definitions and organizational responsibilities vary, this comparison indicates that the city already operates with a particularly lean HR staffing model. Therefore, there is no current basis to conclude that a vendor could provide the same scope and level of service at a lower total cost, particularly after accounting for vendor fees, implementation and transition costs, and the city employees who would still be required for oversight and accountability.

**7. What would be the estimated annual savings, transition costs and FTE reductions associated with outsourcing non-legally required HR functions to the private industry?**

The city cannot reliably estimate savings, transition costs, or FTE reductions until the scope and required service levels are defined, and competitive market information is obtained.

**8. What savings could be achieved if the Employee Retirement Fund reduced the Cost-of-Living Adjustments (COLA) for retirees so that Tier A retirees' COLA matched Tier B retirees' COLA? If the COLA was reduced for both tiers to a 2% cap, 1.5% cap, or 1% cap, what savings could be achieved?**

A Cost-of-Living Adjustment (COLA) cap is a limit placed on how much pension benefits or wages can increase in a given year. A COLA is tied to changes in the Consumer Price Index (CPI). For the Employee Retirement Fund (ERF), the COLA caps differ depending on when the employee began service:

- Tier A (employees hired before January 1, 2017): COLA increases are capped at 5% per year.
- Tier B (employees hired on or after January 1, 2017): COLA increases are capped at 3% per year.

The table below provides the savings from reducing the Tier A COLA for retirees to 3% (the same COLA provided to Tier B retirees).

| Total Cost - $7.04B (Baseline)<br>Tier A – 5%<br>Tier B – 3% | |
|---|---|
| Tier A – 4%, Tier B-3% | Projected Savings: $57.3 million over 30 years |
| Tier A & Tier B – 3% | Projected Savings: $338 million over 30 years |
| Tier A & Tier B – 2% | Projected Savings: $1.0 billion over 30 years |
| Tier A & Tier B – 1% | Projected Savings: $1.8 billion over 30 years |
| Tier A & Tier B – 0% | Projected Savings: $2.5 billion over 30 years |

Tier B was established in 2017. The average COLA from 2017-2025 has been 3.1% for Tier A and 2.5% for Tier B. In August 2026, the City Manager asked the ERF to review the maximum COLA levels and consider adopting a single, lower cap for all retirees, consistent with comparable retirement plans.

**9. What is the historical rate of return for both the Employee Retirement Fund (ERF) and the Dallas Police and Fire Pension (DPFP).**

The table below provides the historical rate of return on market value of assets for both the ERF and DPFP.

| Year | ERF - Rate of Return on Market Value of Assets | DPFP - Rate of Return on Market Value of Assets |
|---|---|---|
| 2001 | -5.5% | -7.8% |
| 2002 | -9.8% | -12.3% |
| 2003 | 27.1% | 31.7% |
| 2004 | 15.2% | 14.0% |
| 2005 | 7.9% | 10.8% |
| 2006 | 16.9% | 14.6% |
| 2007 | 3.6% | 8.9% |
| 2008 | -31.3% | -24.8% |
| 2009 | 30.4% | 13.8% |
| 2010 | 15.8% | 10.7% |
| 2011 | 0.9% | -1.8% |
| 2012 | 14.3% | 9.9% |
| 2013 | 16.8% | 7.7% |
| 2014 | 6.1% | -5.4% |
| 2015 | -1.8% | -8.5% |
| 2016 | 8.7% | 6.8% |
| 2017 | 12.3% | 4.7% |
| 2018 | -5.2% | 2.1% |
| 2019 | 17.3% | 6.3% |
| 2020 | 6.4% | -0.4% |
| 2021 | 16.0% | 17.0% |
| 2022 | -9.3% | -11.5% |
| 2023 | 10.0% | 13.9% |
| 2024 | 9.2% | 9.3% |
| 2025 | 11.9% | 15.5% |

Source: Deloitte

**10. Provide a full breakdown of the FY 2026-27 budget for the Office of Arts and Culture.**

Please see Appendix A.

**11. Can you explain the impact of the proposed cut to adult learning that was included in the City Manager's recommended budget?**

The FY 2026-27 recommended budget eliminates the Adult Learning Program within the Dallas Public Library, with services expected to be continued through a local partnership. The City Manager's proposed revision to the FY 2026-27 budget restores support for the Adult Learning Program for 12 months at a total cost of $125,000. This recommendation will maintain low-barrier access to learning opportunities through volunteer coordination & support, transition the program to a partner-led service delivery model, ensure continuity of services during the transition and strengthen partnerships to provide sustainable adult education opportunities.

**12. If the city is planning to find a partner for the Adult Learning Program, what will their requirements be for participants? How can we ensure this program continues to be low-barrier and open to everyone regardless of citizenship status?**

The city is in conversation with Dallas College and Workforce Solutions of Dallas County, who both offer similar programs to Dallas Public Library (DPL). The plan is to offer limited classes at primarily the new Flagship locations. Additionally, there are some non-profits in Dallas that offer low barrier to access classes and the staff at the libraries will be provided with a list to distribute.

**13. Mounted Unit - Over the last two years, we've seen an increase in the budget for the Mounted Unit. What is driving this increase, particularly given that they are not projected to use all of the funding allocated?**

The Mounted Unit's appropriation increased from $2,223,267 in FY 2023-24 to $3,915,408 in FY 2025-26. The increase does not reflect growth in the unit. Authorized sworn strength was 15 positions at the opening of FY 2023-24 and 14 today.

The increase reflects the department's alignment of the Mounted Unit budget to actual expenditure experience. Prior appropriations were developed from historical budget levels; the department has since rebuilt them from the unit's actual expenditures. The salary budget for the unit has been adjusted to reflect the sworn positions actually assigned to the unit and have been aligned accordingly. The unit's five-year appropriation and expenditure history is as follows:

| Fiscal Year | Appropriation | Expenditures | Percent Expended |
|---|---|---|---|
| 2023 | $2,080,583 | $2,199,940 | 105.7% |
| 2024 | $2,223,267 | $2,629,332 | 118.3% |
| 2025 | $2,752,619 | $3,037,525 | 110.4% |
| 2026 | $3,915,408 | $3,562,262 (projected) | 91.0% |
| 2027 | $3,745,176 (proposed) | — | — |

Three factors account for the balance of the increase. First, the alignment of the salary budget to the unit's authorized strength. Second, there was a citywide increase in the uniformed pension contribution rate, which raised the unit's pension cost by $346,441 independent of any departmental action. Third, compensation and health insurance rate increases applying department wide. Actual cost per filled officer rose from $88,641 in FY 2023-24 to $102,419 in FY 2025-26, an increase of 15.5%, even as the unit's rank composition became less senior.

Regarding the projected variance: the Mounted Unit is fully staffed, with all 14 authorized sworn positions filled. The projected FY 2025-26 variance of $353,146 is concentrated almost entirely in personnel services, where expenditures are projected at $2,790,316 against a budget of $3,139,335. All non-personnel appropriations are projected to be expended at 99.5%, within $4,127 of the budgeted amount. Approximately $166,000 of the variance is attributable to the uniformed pension allocation. The remainder is principally in uniformed and civilian salary, where actual incumbent costs are below the amounts built into the budget. The FY 2026-27 budget request reflects these actual costs.

**14. The FY 2026-27 Non-Departmental budget includes funding for the Downtown Dallas Public Improvement District. Is that all General Fund dollars or does that also include Convention Center Funds? What is the total amount that they are expected to receive from the city?**

On Tuesday, August 25, 2026, City Council authorized the Downtown Improvement District's (DID) 2027 Service Plan as well as the city's FY 2026-27 participation in the DID in the amount of $958,085.01 which includes $647,078.60 to be paid from the General Fund and $311,006.41 to be paid from the Convention & Event Services Fund. The FY 2026-27 General Fund budget of $725,358 assumed no change in the DID assessment rate however the DID's adopted assessment rate was reduced, resulting in $78,279 savings in the General Fund.

We will continue to respond to budget questions asked by members of the City Council over the coming days. Please contact me or Janette Weedon, Director of Budget & Management Services, if you need additional information.

Jack Ireland
Chief Financial Officer

Attachment

c:
Kimberly Bizor Tolbert, City Manager
Bertram Vandenberg, City Attorney (I)
Rory Galter, City Auditor (I)
Bilierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Baron Eliason, Inspector General (I)
Dominique Artis, Chief of Public Safety
Dev Rastogi, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Robin Bentley, Assistant City Manager
Ahmad Goree, Chief of Staff to the City Manager
John Johnson, Chief of Real Estate
Directors and Assistant Directors

## Appendix A: FY 2026-27 Office of Arts and Culture Funding Breakdown

| Program Number | Programs | # of Positions | FY27 Expense Budget (Before Reimbursement) | Budgeted HOT Reimbursement | Budgeted Convention Center Reimbursement | Budgeted Bond Program Reimbursement | FY27 Proposed Budget (Expense) | FY27 Proposed Budget (Revenue) |
|---|---|---|---|---|---|---|---|---|
| P143 | Cultural Venue Operations | 92 (35 FT staff, 51 PT ushers, 5 interns) | $13,686,522 | ($4,913,149) | $0 | $0 | $8,773,373 | $2,033,122 |
| | Majestic Theatre | 37 | $2,635,299 | ($820,068) | | | $1,815,231 | $935,768 |
| | Moody Performance Hall | 24 | $1,740,509 | ($657,081) | | | $1,083,428 | $772,419 |
| | Bath House Cultural Center | 4 | $406,062 | ($75,000) | | | $331,062 | $9,500 |
| | Latino Cultural Center | 14 | $834,071 | ($100,000) | | | $734,071 | $65,000 |
| | Oak Cliff Cultural Center | 3 | $325,494 | ($75,000) | | | $250,494 | $8,736 |
| | South Dallas Cultural Center | 6 | $811,338 | ($100,000) | | | $711,338 | $1,500 |
| | Juanita Craft House | | $117,621 | ($50,000) | | | $67,621 | $0 |
| | Mildred Dunn | | $6,510 | | | | $6,510 | $0 |
| | Music Hall at Fair Park* | | $290,000 | ($290,000) | | | $0 | $0 |
| | Sammons* | | $76,000 | ($76,000) | | | $0 | $0 |
| | Dallas Black Dance Theater* | | $170,000 | ($170,000) | | | $0 | $0 |
| | AT&T Performing Arts Center* | | $2,500,000 | ($2,500,000) | | | $0 | $0 |
| | Cultural Facilities Operations & Admin | 4 | $3,773,618 | | | | $3,773,618 | $240,199 |
| P144 | Arts Funding | 9 | $10,192,962 | ($7,862,601) | $0 | $0 | $2,330,361 | $0 |
| | Cultural Organziations Program (COP) | | $6,720,462 | ($6,487,601) | | | $232,861 | $0 |
| | ArtsActivate | | $1,300,000 | ($125,000) | | | $1,175,000 | $0 |
| | Community Artist Program (CAP) | | $550,000 | | | | $550,000 | $0 |
| | Culture of Value | | $100,000 | | | | $100,000 | $0 |
| | Community Arts & Cultural Events | | $272,500 | | | | $272,500 | $0 |
| | Programs & Admin | 9 | $1,250,000 | ($1,250,000) | | | $0 | $0 |
| P145 | Public Art | 3 | $883,106 | $0 | $0 | ($291,562) | $591,544 | $0 |
| P146 | Marketing, Outreach & Engagement | 5 | $732,435 | ($125,000) | ($254,097) | $0 | $353,338 | $53,000 |
| P147 | Business and Finance Operations | 5 | $1,271,156 | $0 | $0 | $0 | $1,271,156 | $0 |
| P387 | Executive Department Support | 1 | $183,685 | $0 | $0 | $0 | $183,685 | $0 |
| | **Total** | **115** | **$26,949,866** | **($12,900,750)** | **($254,097)** | **($291,562)** | **$13,503,457** | **$2,086,122** |

*Facilities that are supported by the City of Dallas, but managed by an independent entity.