

**Memorandum**

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CITY SECRETARY  
DALLAS, TEXAS



DATE April 3, 2015

TO Members of the Budget, Finance & Audit Committee:  
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Budget, Finance & Audit Committee Meeting

**Monday, April 6, 2015, 1:00 p.m.**

Dallas City Hall - 6ES, 1500 Marilla St., Dallas, TX 75201

The agenda for the meeting is as follows:

1. Consideration of minutes from the March 2, 2015 Budget, Finance & Audit Committee meeting
2. Day Labor Centers Theresa O'Donnell  
Chief Planning Officer
3. Employee and Retiree Health Benefits Overview Molly Carroll, Director  
Human Resources
4. Upcoming Proposer Presentations: Edward Scott  
External Auditing Services City Controller

**FYI**

5. Upcoming Agenda Item: Demolition and Asbestos Abatement Services
6. Upcoming Agenda Item: Telephone Town Hall Meetings
7. Upcoming Agenda Item: Contract Increase for the City's Microwave Communication System
8. Upcoming Agenda Item: Acquisition of the New Cybersecurity Threat Protection System
9. Upcoming Agenda Item: Worksoft Maintenance and Support Contract
10. Upcoming Agenda Item: Traffic and Pedestrian Signal Heads and Supplies

Jerry R. Allen, Chair  
Budget, Finance & Audit Committee

c: Honorable Mayor and Members of City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, 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  
Jeanne Chipperfield, Chief Financial Officer  
Forest E. Turner, Chief Wellness Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager

A quorum of the Dallas City Council may attend this Council Committee meeting.

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.

# **Budget, Finance & Audit Committee**

## **Meeting Record- DRAFT**

**Meeting Date:** 3.2.2015

**Convened:** 1:03 pm

**Adjourned:** 1:28 pm

### **Committee Members Present:**

Jerry R. Allen, Chair  
Sheffie Kadane

Jennifer S. Gates, Vice-Chair  
Philip T. Kingston

Tennell Atkins

### **Committee Members Absent:**

N/A

### **Other Council Members Present:**

N/A

### **Staff Present:**

Jeanne Chipperfield  
Craig Kinton  
Corrine Steeger

Edward Scott  
Lance Sehorn  
Mike Frosch

Tanishia Dorsey  
Jack Ireland  
Errick Thompson

William Finch  
Rowena Zang  
Filicia Hernandez

Jing Xiao  
Donna Lowe  
Richard Soto

### **Others Present:**

Ken Nolan, Dallas Central Appraisal District  
Cheryl Jordan, Dallas Central Appraisal District

### **AGENDA:**

#### **1. Consideration of the February 17, 2015 Minutes**

**Presenter(s):**

**Information Only:** \_

**Action Taken/Committee Recommendation(s):**

A motion was made to approve the February 17, 2015 minutes. Motion passed unanimously.

Motion made by: Sheffie Kadane

Motion seconded by: Jennifer S. Gates

#### **2. Dallas Central Appraisal District 2015-2016 Proposed Budget**

**Presenter(s):** Ken Nolan, Chief Appraiser, Dallas Central Appraisal District

**Information Only:** \_

**Action Taken/Committee Recommendation(s):**

A motion was made to forward the Dallas Central Appraisal District 2015-2016 Proposed Budget to the City Council for approval. Motion passed unanimously.

Motion made by: Tennell Atkins

Motion seconded by: Sheffie Kadane

### **FYI**

#### **3. Upcoming Agenda Item: Budget Preparation System Purchase**

**Presenter(s):**

**Information Only:** **X**

**Action Taken/Committee Recommendation(s):**

N/A

# **Budget, Finance & Audit Committee**

Meeting Record- **DRAFT**

4. **Upcoming Agenda Item: Heavy Equipment and Fleet Purchase**

Presenter(s):

Information Only: X

Action Taken/Committee Recommendation(s):

N/A

5. **Quarterly Investment Report as of December 31, 2014**

Presenter(s):

Information Only: X

Action Taken/Committee Recommendation(s):

N/A

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Jerry R. Allen, Chair  
Budget, Finance & Audit Committee

# Memorandum



DATE April 3, 2015

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),  
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Day Labor Centers

On April 6, 2015, the Budget, Finance and Audit Committee will be briefed on Day Labor Centers. The briefing is attached for your review.

Please let me know if you need additional information.



Theresa O'Donnell  
Chief Planning Officer

c: Honorable Mayor and Members of City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
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Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager

# Day Labor Centers

A Briefing To The Budget, Finance & Audit  
Committee

April 6, 2015

Planning & Neighborhood Vitality  
Department



# Purpose of Briefing

- The purpose of this briefing is to provide information on Day Labor Centers within the Metroplex

# Background

## Definitions

**Day laborers** are people, usually men, who gather on sidewalks, parking lots, near building supply stores, or wherever they can be visible to potential employers, waiting to get hired for short term jobs

- The job could be cleaning a yard, moving heavy furniture, helping to install a new roof, painting, landscaping, light construction, etc.
- The laborers typically are hired for a day or other temporary basis, often working for different employers each day, and lacking key benefits, such as health or unemployment insurance. They can be skilled or unskilled workers



# Background

- The U.S. Dept. of Labor reports that day laborers are predominantly Hispanic men with significant language barriers. However, day laborers also include:
  - Female and other ethnicities/races
  - Unemployed skilled workers
  - Underemployed individuals looking to supplement their income
- Advocates of day labor centers argue that these centers mitigate the harms of employer abuse and wage exploitation by providing a more regulated environment for day laborers to obtain work
- On average, day laborers are typically paid a wage rate at or slightly above the federal minimum wage (\$7.25/hr)

# Background

- **Employers of day laborers** are typically contractors, homeowners and business owners
- **Day Labor Hiring Sites** are locations where day laborers gather to await employers to hire them. There are three types of hiring sites:
  - *Organized Sites*
  - *Unstaffed Sites*
  - *Staffed Sites*

*(Types of hiring sites discussed on Pages 7-9)*

- **A Day Labor Center** refers to a formal or designated location which has been specifically developed for day labor hiring
  - Offers both workers and contractors a safer alternative to informal hiring sites and have emerged as a comprehensive response to day labor issues.
  - Provides a mechanism to monitor the actions of all parties and increases the transparency of the hiring process

# Background

## **Common Nuisance Complaints**

- Blocking sidewalks
- Rushing cars
- Public Urination & Littering
- Alcohol/Drug use/Gambling
- Sexual harassment or rude comments to women passers-by

## **Common Perceptions/Misconceptions**

- Decrease in property values
- Increase in crime
- Unsightliness
- Intimidation of pedestrians and nearby business customers

# Types of Day Labor Hiring Sites

## I. Organizing at Original Corner/Location

- Original locations where laborers congregate
- Self-governed (by laborers) with an organizer sent in to help negotiate resident, property & business owner, and police conflicts

### Advantages

- No capital outlay or assigned staffing costs

### Disadvantages

- No oversight of the location or process
- May not address neighborhood complaints and conflicts
- Laborers may still be vulnerable to employer abuse(s)

### Resources Required

- Organization and conflict resolution process
- Trash cans, portalets and/or access to available restrooms

# Types of Day Labor Hiring Sites

## II. Unstaffed Designated Site

- Hiring location usually within proximity to original gathering site
- May include an open sheltered structure, portalets, trash cans and drinking water
- Informal means of determining who gets hired when an employer arrives. Workers self-police.

### Advantages

- Minimal staffing, operations & maintenance budget
- May reduce neighborhood complaints and conflicts

### Disadvantages

- Job distribution/assignments may be random
- Potential for employee abuses without staff oversight

### Resources Required

- Shelter, trash cans, portalets and drinking water
- Site maintenance

# Types of Day Labor Hiring Sites

## III. Staffed Designated Site

- Represents the greatest degree of formal organization and need for capital and staffing resources

### Advantages

- Allows orderly and efficient distribution of jobs
- Allows for the provision of other services
- More effective in reducing neighborhood complaints

### Disadvantages

- Higher cost of staffing, operations & maintenance

### Resources Required

- Capital outlay for property acquisition and construction of a facility
- Budget for ongoing staffing, operations and maintenance

# Metroplex Day Labor Centers

Three active day labor centers have been identified in the Metroplex.

1. Denton Day Labor Site
2. Garland Day Labor Center
3. Plano Day Labor Center
4. Fort Worth Day Labor Center (Closed)

# Snapshot: Denton

## Denton Day Labor Site

Location:	Intersection of U.S. 377, W. Collins St. and Myrtle St.
Center Type:	Unstaffed Designated Site
Established:	1996
Purpose:	To provide a shelter to protect day laborers while seeking employment

### Background

- In 1996, a group of Hispanic leaders formed the Denton Humanitarian Association (DHA) to raise money to build a pavilion for Denton's day laborers.
- The pavilion was constructed on TxDOT right-of way, blocks from the original pick-up site. TxDOT leased the land to the City which in turn leased it to DHA.
- DHA, local Eagle Scouts, day laborers, contractors and other volunteers worked in partnership to construct the center at a cost of \$10,000. No City funding was provided.
- In 1999, the DHA was dissolved and the City assumed maintenance of the facility.
- Because the facility is unstaffed, data on the number of laborers and contractors served is not available.
- The facility consists of a pavilion, drive lane for contractors, drinking water and portalets for laborers.



**Denton Day Labor Site  
U.S. 377 @ W. Collins Street  
Denton, TX**



# Snapshot: Denton

## Denton Day Labor Site con't.

2014 Labor Visits: N/A

2014 Labor Placements: N/A

2014 Contractors: N/A

Annual Operating Budget:

Hours: 6:00 am - 2:00 pm

Fee charged: No

Comments: The City of Denton is pleased with current operations and has no interest in a staffed or programmed facility at this time



# Snapshot: Garland

## Garland Day Labor Center

Address:	2007 Saturn Road
Center Type:	Staffed Designated Site
Year Established:	2001
Purpose:	To provide a safe and organized location for laborers and contractors to negotiate employment

## Background

- Garland's day labor center is operated under the City's Parks & Recreation Dept. in partnership with the TX Workforce Commission
- The facility includes office space for staff only. A shelter, drinking water and portalets are provided outside for laborers
- The center allows for outside services to be provided to laborers (eg. ESL classes, HIV testing, etc.)
- Staff is not involved with the distribution of work assignments. Contractors select the laborers they wish to hire
- Laborers from Dallas frequent the Garland center

**Garland Day Labor Center  
2007 Saturn Road  
Garland, TX**



## Garland Day Labor Center con't.

2008 Laborer Visits:	36,729
2008 Laborer Placements:	7,668
% Laborers Placed:	21%
2008 Contractors:	3,461
2014 Laborer Visits:	28,953
2014 Laborer Placements:	8,023
% Laborers Placed:	28%
2014 Contractors:	5,649
2014 Operating Budget:	\$71,834
(1 FTE , 1 Temp, Maintenance)	
Hours:	(Mon-Fri) 6:30 am - 2:00 pm
	(Sat) 7:00 am - 12:00 pm
Average Wage Rate:	\$10/hr.
Fee charged:	No
Comments:	No criminal background or legal residency checks are performed



Day Labor Center & Parking Area  
Closed on Sunday  
No Trespassing  
Centro Del Trabajo De Dia Y  
Area De Estacionamiento  
Cerrado el Domingo  
No traspasar ilegalmente

OPEN  
MONDAY - FRIDAY  
6:30AM - 2:00PM  
SATURDAY 7:00AM - NOON  
ABIERTO  
LUNES - VIERNES  
6:30AM - 2:00PM  
SABADO 7:00AM - NOON

# Snapshot: Plano

## Plano Day Labor Center

Address:	805 Ozark Drive
Center Type:	Staffed Designated Site
Year Established:	1994
Purpose:	To provide safe and orderly access to contract employment by contractors and laborers

## Background

- Plano's day labor center was opened in 1994 and is the oldest day labor center in North Texas
- The facility is located across from the Parker Road DART station, allowing for convenient access to public transportation
- The center is owned and operated by the City under the Planning Dept. (Community Services Div.)
- The facility includes office space for staff only. Laborers are permitted to access the center to use restrooms. A drinking fountain and a sheltered pavilion are provided outside for the laborers
- A security camera system is used to monitor outside activities by on-site staff and management at city hall

# Snapshot: Plano

## Plano Day Labor Center con't.

- The center does not allow for outside services to be provided to laborers, emphasizing its mission to connect to laborers to contractors only
- A special police unit is assigned to the area to address potential nuisances and solicitation, and other issues of public safety
- A lottery system is used to pair laborers with contractors



**Plano Day Labor Center  
805 Ozark Drive  
Plano, TX**





## Plano Day Labor Center con't.

2007 Laborer Visits: 37,379

2007 Laborer Placements: 11,618

% Laborers Placed: 31%

2007 Contractors: 9,520

2014 Laborer Visits: 30,985

2014 Laborer Placements: 13,509

% Laborers Placed: 44%

2014 Contractors: 9,213

2014 Operating Budget: \$205,442

(3 FTEs, Maintenance)

Hours: (Mon, Tues, Thurs, Fri) 6:30 am - 1:30 pm  
(Wed) 6:30 am - 12:45 pm  
(Sat) 6:30 am - 12:00 pm

Average Wage Rate: \$10-12/hr.

Fee charged: No

Comments: No criminal background or legal residency checks are performed



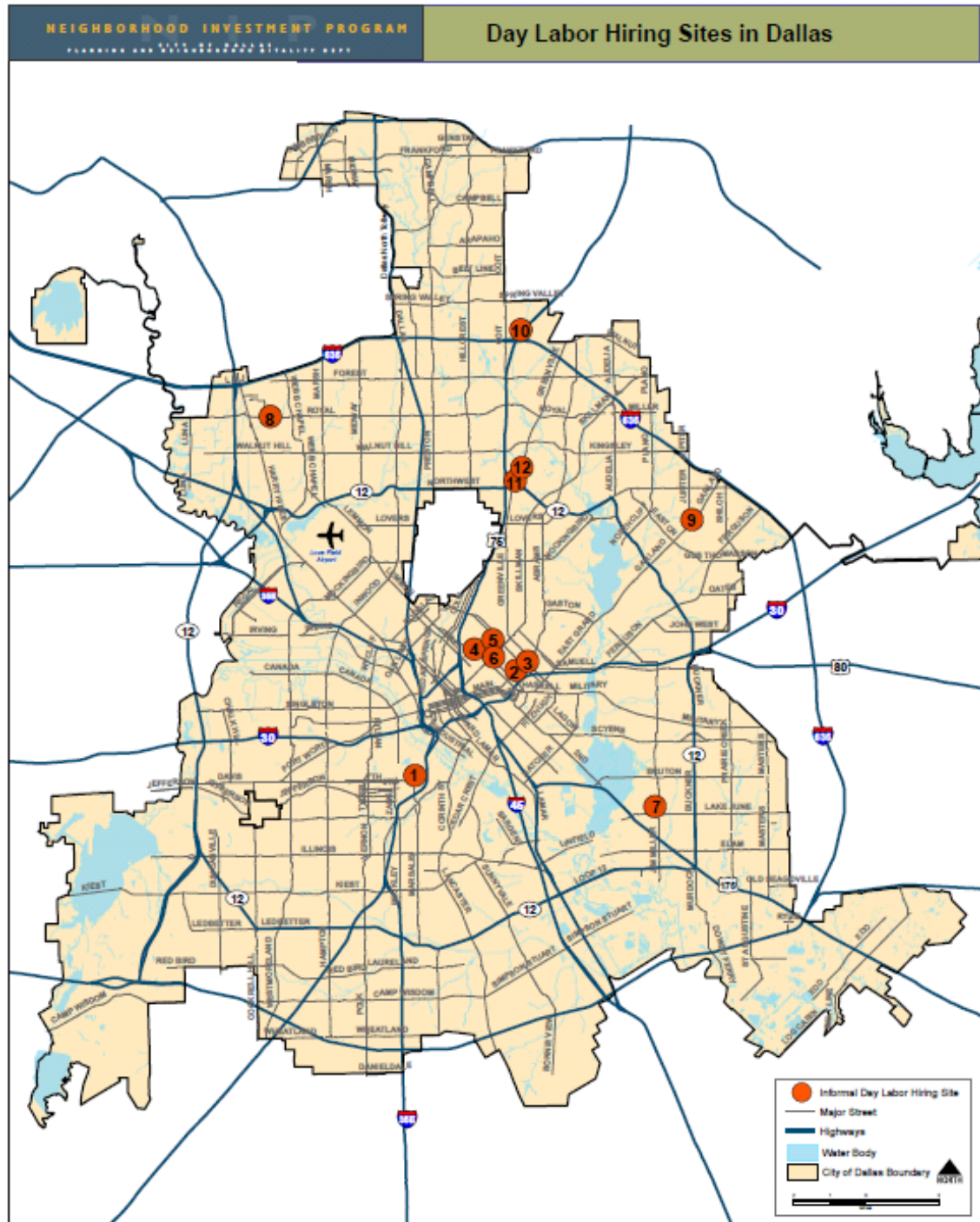
# Informal Day Labor “Pick-up” Locations in Dallas

- The following locations have been identified as informal day labor pick-up locations in Dallas (see Map 1)

	ADDRESS	COUNCIL DISTRICT
1	306 N MARSALIS AVE	1
2	4800 COLUMBIA AVE	2
3	106 S FITZHUGH AVE	2
4	4301 ROSS AVE	2
5	4500 ROSS AVE	2
6	1321 N CARROLL AVE	2
7	7037 LAKE JUNE RD	5
8	2911 ROYAL LN	6
9	11445 GARLAND RD	9
10	13205 MAHAM RD	11
11	8282 PARK LN	13
12	6866 SHADY BROOK LN	13

Map 1

# Informal Day Labor "Pick-up" Locations in Dallas



# Hot Button Issues

## **Anti-immigration**

A public perception exists that many day laborers are undocumented immigrants that lack proper legal rights (documentation) to work in the U.S.

- Anti-immigration advocates often oppose the use of tax payer dollars to fund day labor centers

## **NIMBY (Not In My Back Yard)**

Local opposition to siting facilities should be anticipated

# State Law and City Ordinances

1. Texas Transportation Code Sec. 552.007. Solicitation By Pedestrians
  - (a) A person may not stand in a roadway to solicit a ride, contribution, employment, or business from an occupant of a vehicle, except that a person may stand in a roadway to solicit a charitable contribution if authorized to do so by the local authority having jurisdiction over the roadway.
2. Dallas City Code Section 31-35 Solicitation by Coercion; Solicitation Near Designated Locations and Facilities; Solicitation After Sunset; Solicitation-Free Zones
  - Solicitation ("... to ask, beg, solicit, or plead, whether orally or in a written or printed manner, for the purpose of receiving contributions, alms, charity, or gifts of items of value for oneself or another person ...") Coercion ("... to approach or speak to a person in such a manner as would cause a reasonable person to believe that the person is being threatened ...")
3. Dallas City Code Section 28-63.3 Solicitation To Occupants of Vehicles on Public Roadways
  - Solicitation ("... Any conduct of act whereby a person...either orally or in writing, asks for a ride, employment, goods, services, financial aid, monetary gifts, or any article representing monetary value, for any purpose...")

# Committee Direction

- Staff is prepared to undertake additional research or continue work on developing an approach to day labor facilities based on Committee direction.

# APPENDICES

- Appendix 1      Reference Documents
- Appendix 2      Garland Day Labor Statistics, 2008-2014
- Appendix 3      Plano Day Labor Statistics, 2008-2014

# Appendix 1      Reference Documents

## References

Melendez, E., Valenzuela, A., Theodore, N., & Visser, A. (2012). "Day Labor Centers and Community Outcomes" Los Angeles: Center for the Study of Urban Poverty.

National Day Labor Survey, (2004). Public Policy Institute of California and Bureau of Labor Statistics.

Steven, G., (2006). "Broad Survey of Day Laborers Finds High Level of Injuries and Pay Violations". *The New York Times*. Published on January 22, 2006. Retrieved on March 3, 2015.

Toma, R., & Esbenshade, J. (2001). *Day Labor Hiring Sites-Constructive Approaches to Community Conflict*. Commission on Human Relations, Los Angeles County.

Trevino, J., (2014). "Plano Day Labor Center has proved to be a much-needed facility for 20 years." *The Dallas Morning News*. Published on January 10, 2014. Retrieved on March 3, 2015. <http://www.dallasnews.com/news/community-news/plano/headlines/20140110-plano-day-labor-center-has-proved-to-be-much-needed-facility-for-nearly-20-years.ece>

Valenzuela, A., Theodore, N., Melendez, E., & Gonzalez, A. L. (2006). "On the Corner: Day Labor in the United States." Los Angeles: Center for the Study of Urban Poverty

Valenzuela, Jr. A. 2003. "Day Labor Work," *Annual Review of Sociology*. Vol. 29: 307-333., August 2003.



## Appendix 2

## Garland Day Labor Statistics, 2008-2014

Garland Day Labor Center Statistics, 2008-2014				
	Total Laborer Visits	Laborer Placements	% Laborers Placed	Contractors
2008	36,729	7,668	21%	3,461
2009	41,603	7,150	17%	4,436
2010	34,407	7,989	23%	5,219
2011	31,186	9,320	30%	5,812
2012	26,014	9,585	37%	6,139
2013	27,668	8,043	29%	5,228
2014	28,953	8,023	28%	5,649

## Appendix 3

## Plano Day Labor Statistics, 2007-2014

Plano Day Labor Center Statistics, 2007-2014				
	Total Laborer Visits	Laborer Placements	% Laborers Placed	Contractors
2007	37,379	11,618	31%	9,520
2008	57,863	17,150	30%	12,808
2009	59,088	10,655	18%	7,097
2010	48,766	11,725	24%	8,272
2011	40,083	12,736	32%	9,201
2012	38,429	14,520	38%	10,414
2013	32,874	13,919	42%	8,665
2014	30,985	13,509	44%	9,213

# Memorandum



CITY OF DALLAS

DATE April 3, 2015

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),  
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Employee and Retiree Health Benefits Overview

On April 6, 2015 the Budget, Finance and Audit Committee will be briefed on an Employee and Retiree Health Benefits Overview. The briefing will be presented by Molly Carroll, Director of Human Resources. Briefing materials are attached for your review.

Please let me know if you need additional information.

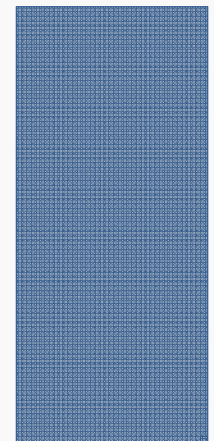


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Molly Carroll, Director, Human Resources

# EMPLOYEE AND RETIREE HEALTH BENEFITS OVERVIEW



**Budget, Finance and Audit Committee**  
April 6, 2015

# TABLE OF CONTENTS

- **Health Plan Overview**
  - Health Plan Cost
  - Health Plan Participation
  - Health Plan Options
- **Health Plan Cost Drivers**
  - Modifiable Risk Factors
- **Mitigating Trend**
  - Cost Mitigation Strategies
  - Historical Healthcare Spending
  - Healthcare Costs
- **Next Steps**
  - Healthcare Landscape
  - Network Tiers
  - Upcoming Agenda Items

# HEALTH PLAN OVERVIEW

COST, PARTICIPATION AND OPTIONS

# FY14-15 HEALTH PLAN COST

	City Contributions	Employee/Retiree Contributions
<b>Medical Plans</b> HRA Plan PPO – 70/30/3k Medicare Plans	<b>\$70.9 million</b>	<b>\$48.1 million</b> \$22.0 million from EE \$26.1 million from Ret.
<b>Other Benefits</b> (Dental, Vision, FSA, etc.)	<b>No City Contributions</b>	<b>\$16.5 million</b>

- *2012 Milliman Total Compensation Study revealed that City of Dallas health plan is in the bottom quartile compared to other employers*

# HEALTH PLAN PARTICIPATION

Status	Plan	Lives Covered
Active	HRA	14,699
Active	EPO	4,741
Terminated	COBRA	6
Retirees	Plan	Lives Covered
Pre-65	HRA	960
Pre-65	EPO	1655
Post-65	HRA	10
Post-65	EPO	155

- Two medical plan options
  - 75/25 Health Reimbursement Account (HRA)
  - 70/30 Exclusive Provider Organization (EPO)
- 22,226 lives covered
- 2,047 Employees have waived coverage
- 4,438 Retiree supplemental Medicare plans are purchased



# HEALTH PLAN OPTIONS

Benefit	Covered	Vendor(s)	Funding	Option
Self-Insured Medical & Pharmacy	Active Employees & Pre-65 Retirees	UnitedHealthcare CVS/Caremark	City & Employees/ Retirees	<u>Two Plans:</u> <ul style="list-style-type: none"> <li>• 75/25 HRA (Health Reimbursement Account)</li> <li>• 70/30/\$3,000</li> </ul>
Fully-Insured Medicare Supplemental Plans	Medicare Eligible Retirees	UnitedHealthcare	City & Retirees	5 Medicare Supplement Plans, 2 Part D Plans and 2 Medicare Advantage Plans
Fully-Insured Dental	Active Employees, Pre-65 Retirees & Medicare Eligible Retirees	UnitedHealthcare	100% Employees & Retirees	<u>Three Options:</u> <ul style="list-style-type: none"> <li>• HMO</li> <li>• EPO</li> <li>• PPO</li> </ul>
Fully-Insured Vision	Active Employees, Pre-65 Retirees & Medicare Eligible Retirees	UnitedHealthcare	100% Employees & Retirees	<u>Two Options:</u> <ul style="list-style-type: none"> <li>• Standard Plan</li> <li>• Buy-Up Plan</li> </ul>
<u>Flexible Spending</u> Medical FSA Dependent Care FSA	Active Employees, Pre-65 Retirees & Medicare Eligible Retirees	UnitedHealthcare	100% Employees	\$2,500 Maximum \$5,000 Maximum

# “FULLY INSURED” VERSUS “SELF INSURED”

- Employers provide healthcare coverage for employees by either being “Fully Insured” or “Self Insured”

## Fully Insured

- Employer purchases an insurance plan from an insurance company
  - Can compare prices of insurance companies and buy the product that best fits their needs
- When a person on the insurance plan receives health care (doctor visit, medical procedure, etc.), the claim is paid by the insurance company

## Self Insured

- Employer sets aside money to pay for healthcare claims
- When a person on the health plan receives health care (doctor visit, medical procedure, etc.), the claim is paid by the employer
- Usually, the employer hires a “Plan Administrator” to manage the healthcare plan

# MITIGATING TREND

STRATEGIES, HISTORICAL SPENDING, HEALTHCARE COST

# HISTORICAL HEALTHCARE SPENDING MANAGING “TREND”

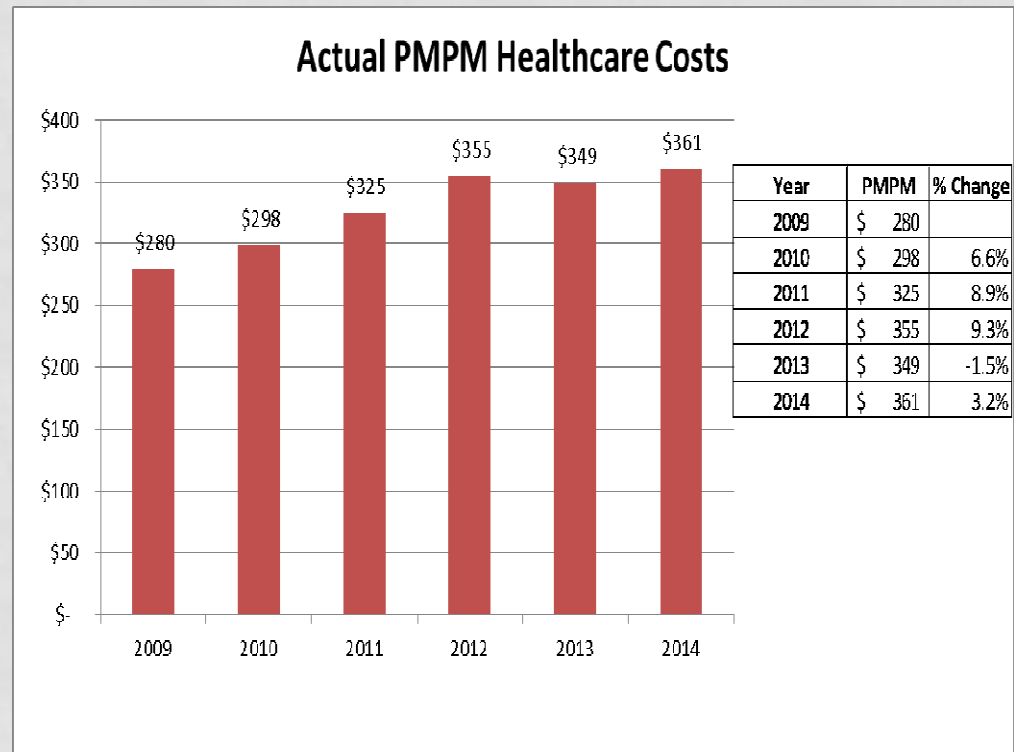
- “Trend” is the increase in costs that health plans experience
- The DFW market is one of the most expensive healthcare markets in the country
- Managing the trend on the City’s healthcare plan is critical to the City’s fiscal health

Year	PMPM	Dallas' % Change (Trend)	DFW Market Trend
2009	\$ 280		10.9%
2010	\$ 298	<b>6.6%</b>	11.4%
2011	\$ 325	<b>8.9%</b>	11.5%
2012	\$ 355	<b>9.3%</b>	11.5%
2013	\$ 349	<b>-1.5%</b>	9.9%
2014	\$ 361	<b>3.2%</b>	10.2%

*PMPM = “Per Member Per Month”*

# DALLAS' HEALTHCARE COSTS

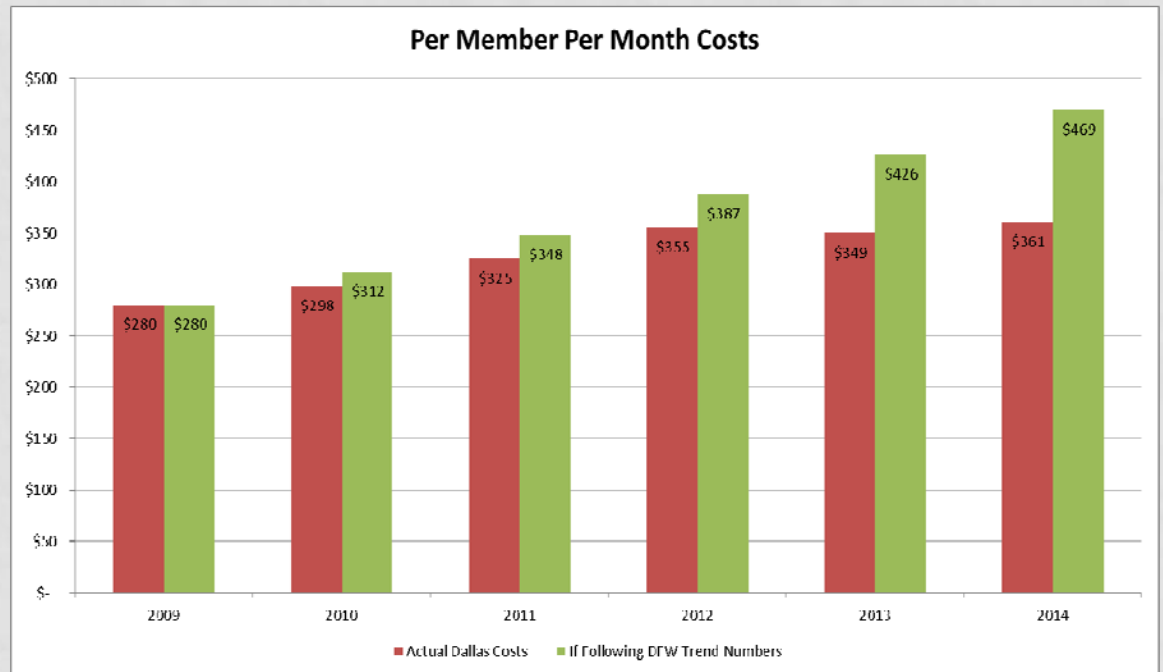
- WellPoints Program created in 2012, to encourage member engagement in exchange for reduced premiums
- In 2013, costs went down 1.5%



**PMPM = "Per Member Per Month"**

# DALLAS' HEALTH COST INCREASES VERSUS AVERAGE FOR DFW AREA

- If the City's healthcare costs had matched the actual DFW healthcare trend during the past five years, the City would have incurred **\$64.8M more** in expenses
- If Dallas had matched DFW market trend since 2009, the **2014 costs would have been about \$27.7M more** than actual



# COST MITIGATION STRATEGIES

- Four major ways for employers to mitigate health plan costs
  1. Plan design changes to incentivize more efficient utilization of the healthcare. This includes strategies such as:
    - Increasing member utilization of in-network providers
      - Dallas' in-network utilization is 95.8%
      - Public Entities in North Texas average 93%
    - Increasing generic drugs utilization
      - Dallas' generic drug utilization is 81.8%
      - Best in class generic drug utilization is 81.3%
    - Implementation of a "Consumer Driven Health Plan" (CDHP) which increases employee engagement as consumers of healthcare
    - Encouraging members to use the appropriate health solution
  2. Plan design changes that shift costs to plan members, including:
    - Increasing deductibles
    - Increasing the co-insurance (percentage of the costs paid by members)
    - Increasing members' annual out-of-pocket maximums
  3. Improving member health
  4. Reducing the price paid for healthcare

# PLAN PERFORMANCE

PERFORMANCE, COST DRIVERS, KNOWLEDGE IMPACT



# WELLPOINTS OVERVIEW

- **WellPoints – Established October 2012**
  - Primary focus to promote knowledge and a reduction of risk factors
  - Participating members enrolled in the health plan have become more engaged in health
- **WellPoints – Notable Statistics**
  - Over 8,300 Health Assessments Completed since inception
  - Track over 21,000 individual activities per program year
  - Over 200 Departmental Activities (runs, walks, challenges and education)

# HEALTH PLAN COST DRIVER IMPACT

- Continued emphasis on wellness and disease management is a critical strategy to improve the employees health
- Plan members have experienced slight improvements in health, however; the **burden of disease is still significantly higher than expected** based on the City's age /gender population demographics

# HEALTH PLAN COST DRIVER IMPACT

- Actuaries assess health plans' age/gender mix to determine how many members per thousand are expected to have specific diseases
- Below is Dallas' actual disease experience versus what it expected based on the age and gender make up of the plan

Diagnosis	FY11-12	FY12-13	FY13-14	2-YR Change	Expected Claimants/1,000*
(Claimants per 1,000 members)					
Diabetes with complications	38.2	37.7	37.2	-2.6%	18.1
Diabetes without complications	69.9	70.0	68.7	-1.7%	46.6
Hypertension	140.8	134.5	127.9	-9.2%	88.4
Chronic Renal Failure	6.9	8.0	8.3	20.3%	3.5
Congestive Heart Failure	5.1	5.4	4.5	-11.8%	2.2
Intervertebral Disc Disorders (Back)	82.3	79.3	79.1	-3.9%	99.1

\* Based on age/gender of plan members

# KNOWLEDGE IMPACT

Health Assessment Category	2011	2012	2013
Body Mass Index - % of Population Overweight or Obese	80%	76.4%	75.5%
% Employees know their Cholesterol	29%	53.5%	59%
% of Employees that know their Blood Pressure	62%	80%	82%
% of Employees indicating they are ready to make a change	>80%	>90%	>90%

- Employees knowledge of their health status has increased through the WellPoints Program
- Obesity levels are down slightly

# INCREASING WELLNESS

- The first step included appointing a Chief Wellness Officer to:
  - Plan, design, and implement a citywide wellness initiative that is:
    - Comprehensive
    - Sustainable
    - Complementary to existing health care plan
  - Program will focus on:
    - Education
    - Fitness (cardiovascular)
    - Nutrition
    - Musculoskeletal problems
    - Stress management
- Upcoming briefing on wellness initiative

# INCREASING WELLNESS

- There are numerous areas for improvement, and City employees are ready to change!
- Employees must engage and see others leading by example
  - Senior leadership: need to change the culture of the organization
  - All City employees: serve as motivators, role models, and support group
- Results-oriented pilot programs will help us understand what works without disrupting job responsibilities
  - Four department wellness demonstration project
  - Metabolic syndrome project
  - Interactive website

# NETWORK TIERS

NEXT STEPS

# HEALTHCARE LANDSCAPE

- The Affordable Care Act is changing the health care landscape
- Healthcare providers and hospital systems are exploring ways to more efficiently deliver care
  - Providers are evaluating the current payment structure including transitioning to bundled payments and payments based on performance as opposed to fee for services but the system is not yet mature
- Employers are exploring value based contracting opportunities



# NEXT STEPS

- The City of Dallas is poised to take advantage of the changing landscape
- Recommending a three year strategy

## Year 1 – (2016 Plan Year)

- Tiered strategy for hospital systems through UnitedHealthcare's provider contracts for 2016
  - Develop a communication strategy to educate employees on benefits and the appropriate use of care
  - Develop a RFCSP for medical, pharmacy, dental and vision. Explore new market strategies for 2017

## Year 2 – (2017 Plan Year)

- Implement strategy obtained through RFCSP
  - Explore opportunities to provide pre-65 retirees improved benefit options through the public/private exchange

## Year 3 – (2018 Plan Year)

- Monitor plan performance and continue to educate employees

# UPCOMING AGENDA ITEMS

Service	Current Provider	Recommendation	Requested Council Action	Agenda Date
Medical, Dental, Vision, FSA	UHC	Exercise the final 1- year renewal option for 2016	Approve a 1- year renewal	May 13, 2015
Pharmacy Benefits Manager	CVS/ Caremark	Exercise the final 1- year renewal option for 2016	Approve a 1- year renewal	May 13, 2015

The Human Resources Department is requesting that the City Council approve the following items on May 13, 2015:

- Approve a **1-year extension** to the UnitedHealthcare contract for medical, dental, vision and flexible spending accounts
- Approve a **1-year extension** to the CVS/Caremark contract for pharmacy services

A RFCSP will be issued during the fall of 2015 for medical and pharmacy services in preparation for 2017 plan year.

# Memorandum



CITY OF DALLAS

DATE April 3, 2015

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Upcoming Proposer Presentations: External Auditing Services

On January 20, 2015, the Budget, Finance and Audit Committee was briefed on the Request for Competitive Sealed Proposal (RFCSP) for External Auditing Services. In response to the RFCSP, five firms submitted proposals:

- BKD CPA's & Advisors
- Crowe Horwath
- Grant Thornton
- KPMG, LLP
- McConnell & Jones/Banks, Finley, White & Co. (a joint venture)

Each of the five firms will be allotted 10 minutes for oral presentations and 5 minutes for questions from the Committee on April 20, 2015. In anticipation of this meeting, committee members will be provided with the proposals submitted by the firms and a ranking form.

The ranking form includes three criteria from the RFCSP for consideration: prior governmental auditing experience, audit approach, and qualifications of the staff to be assigned to the audit. Sub-criteria have been added to provide more detailed context for the criteria. Business Inclusion and Development (BID) and Fees will be ranked by Business Development and Procurement Services (BDPS) independent of your review.

Upon completion of the presentations, please rank the firms according to each of the three criteria categories, with "1" being the highest ranking and "5" being the lowest. Sign and date the form and submit the completed ranking form to Mike Frosch, Director of BDPS, by April 24, 2015. BDPS will combine each of the firms' average rankings in these three categories with the BID and Fees scores to determine the recommended proposer.

The final results will be presented to the Committee on the May 18, 2015 agenda and scheduled for City Council approval on the June 10, 2015 agenda.

Please let me know if you need additional information.

  
Jeanne Chipperfield  
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
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Eric D. Campbell, Assistant City Manager  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager

# Request for Competitive Sealed Proposals BKZ1517-Auditing Services Ranking Form

INSTRUCTIONS: Please rank each proposer in the boxes provided below in regard to the evaluation criteria. Ranking will consist of 1-5 with 1 being the highest and 5 being the lowest.

EVALUATION CATEGORY	BKD CPA's & Advisors	Crowe Horwath	Grant Thornton	KPMG	McConnell & Jones
<b>Prior Governmental Auditing Experience</b>					
-Current governmental clients -Experience in comparable audits and single audits					
<b>Audit Approach</b>					
-Extent of City staff utilization during engagement -Reasonableness of audit timetable -Reasonableness of audit hours -Adequacy of sampling techniques and analytical procedures					
<b>Qualifications of staff to be assigned to the audit</b>					
Quality assurance review-unqualified opinion Extent of continuing education received by staff -Size of local office -Extent of on-site staff experience -Electronic data processing audits -Participation in municipal leagues and associations					
Business Inclusion and Development (B.I.D.) and Fees	To be ranked by Business Development and Procurement Services.				

Council Member \_\_\_\_\_

Council Member Signature \_\_\_\_\_

Date \_\_\_\_\_

# Memorandum



CITY OF DALLAS

DATE April 3, 2015

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),  
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Upcoming Agenda Item: Demolition and Asbestos Abatement Services

The April 8, 2015 Council Agenda will include an item to authorize a four-year service contract for asbestos abatement and demolition services for City and non-City owned structures as required, with RNDI Companies, Inc. in the amount of \$5,922,200 and SKW Services, LLC, dba Clean Air Remediation Environmental Service in the amount of \$5,788,880, with a total amount not to exceed \$11,711,080.

This contract will provide for asbestos abatement and demolition services for City and non-City owned structures. The department of Code Compliance contracts with private contractors for asbestos abatement and demolition of structures ordered to be demolished by the municipal court, emergency demolition projects of unsafe buildings due to fire damage, and other necessary demolition of City and non-City owned structures.

Code Compliance demolished approximately 1,200 structures as required by municipal court order utilizing the current contract. The demolishing of these structures contributed to the safety and beautification of City neighborhoods.

Please let me know if you need additional information.

  
Jeanne Chipperfield  
Chief Financial Officer

c: Honorable Mayor and Members of City Council  
A.C. Gonzalez, City Manager  
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Elsa Cantu, Assistant to the City Manager

# Memorandum



CITY OF DALLAS

DATE April 3, 2015

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair)  
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Upcoming Agenda Item: Telephone Town Hall Meetings

The April 8, 2015 Council Agenda will include an item to authorize a two-year service agreement for the facilitation of telephone town hall meetings with Telephone Town Hall Meeting, Inc. in an amount not to exceed \$235,950.

This service contract will allow the City to conduct multiple telephone town hall meetings in conjunction with the traditional physical meetings held at various City facilities. Dallas citizens can choose to participate in the annual town hall meeting process by calling a toll-free number and viewing the live meeting web-cast on their computer or mobile device. Citizens will still have the option of attending onsite town hall meetings as well.

This solution provides flexibility to the citizens and increases citizen engagement and participation. Furthermore this gives the City documented statistics regarding call volumes, hot topics of concerns and feedback from citizens regarding their needs.

All telephone town hall meetings will be offered in both English and Spanish.

Please contact Bill Finch at 670-1890 if you need additional information.

A handwritten signature in blue ink, appearing to read 'Jill Jordan'.

Jill A. Jordan, P.E.

Assistant City Manager

c: Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
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Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council  
William Finch, CIO/Director Communications & Information Systems

# Memorandum



CITY OF DALLAS

DATE April 3, 2015

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),  
Jennifer Staubach Gates (Vice-Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Upcoming Agenda Item: Contract Increase for the City's Microwave Communication System

The April 8, 2015 Council Agenda includes an item to authorize supplemental agreement no. 2 to increase the acquisition contract for the design, purchase and installation of additional components to the microwave communication system to provide future increases in capacity with Alcatel-Lucent USA, Inc. in an amount not to exceed \$2,027,559 from, \$8,110,238 to \$10,137,797.

The microwave communication system provides voice and data circuits for two-way radio and mobile data computer communications utilized by multiple departments for day-to-day operations and during critical events. This supplemental agreement will allow the City to increase the capacity and bandwidth of the microwave communication system installed last year using a multi-year phased approach. This option provides the ability to gradually grow the system to support City operations when additional capacity is needed.

This solution will provide network connectivity for planned and future information technology (IT) projects. There are two near term projects that will require capacity increases to the microwave network, they are: Police body worn cameras and replacement of the legacy Traffic Management System.

This action does not encumber funds; the purpose of this increase is to establish firm pricing for goods and services, for a specific term, which are ordered on an as needed basis.

Please contact Bill Finch at 670-1890 if you have any questions.

A handwritten signature in blue ink, appearing to read 'Jill Jordan'.

Jill A. Jordan, P.E.  
Assistant City Manager

c: Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
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Elsa Cantu, Assistant to the City Manager – Mayor & Council  
William Finch, CIO/Director Communications & Information Systems



# Memorandum



CITY OF DALLAS

DATE April 3, 2015

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),  
Jennifer Staubach Gates (Vice-Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Upcoming Agenda Item: Acquisition of the New Cybersecurity Threat Protection System

The April 8, 2015 Council Agenda will include an item to award a contract to purchase the FireEye Dynamic Threat Intelligence system (hardware and software) including maintenance and support for a three-year period to Solid Border in an amount not to exceed \$100,390.00.

The FireEye Dynamic Threat Intelligence system is a real-time cybersecurity detection system which analyzes the behavior of computer data as it enters the City's network. If the behavior of the data is not recognized, the system does not allow the data onto the City's network. The data never reaches a computer. This is different from other threat detection technologies which are file signature-based such as McAfee antivirus and malware products. These file signature-based technologies analyze data after it enters the City's network as it is loaded onto a computer. If an unknown file signature is detected, the file is removed from the computing device.

Procuring the FireEye system provides an additional layer of security protection needed to prevent repeated attempts by hackers to gain a foothold inside the City's network. Once inside the City's network, hackers can illegally obtain information, disrupt critical computer system operations including SCADA-based computer systems (such as those systems operated by Dallas Water Utilities and Trinity Watershed Management), and position malware within the City's network to carry out a cybersecurity attack in the future.

Examples of illegal, destructive, and disruptive activities caused by cybersecurity attacks include, but are not limited to:

- Retrieving confidential information from computers such as HIPAA-protected patient health records at DFR, CJIS-protected law enforcement data at DPD, Personally Identifiable Information (PII) such as social security number, home address, and telephone number, computer user account IDs, and system passwords
- Intentionally destroying data on computers
- Intentionally causing networks and computers to malfunction and fail
- Undermining aspects of mission-critical services including first responder services provided through Computer-aided Dispatch, the City's radio network, etc.

The FireEye Dynamic Threat Intelligence system will enhance the ability to control and protect the City from harmful and illegal activities performed by computer hackers.

Date April 3, 2015  
Subject Upcoming Agenda Item: Acquisition of the New Cybersecurity Threat Protection System

Please contact Bill Finch at 670-1890 if you have any questions.



Jill A. Jordan, P.E.,  
Assistant City Manager

c: Honorable Mayor and Members of the City Council  
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William Finch, CIO/Director Communications & Information Systems

# Memorandum



CITY OF DALLAS

DATE April 3, 2015

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),  
Jennifer Staubach Gates (Vice-Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Upcoming Agenda Item: Worksoft Maintenance and Support Contract

The April 8, 2015 Council Agenda will include an item to renew the contract to purchase Worksoft Certify licenses including maintenance and support for a five-year period to Worksoft, Inc. in an amount not to exceed \$318,218.00.

The Worksoft Certify software automates and accelerates the quality assurance/testing and validate application changes. Worksoft identifies coding defects before they enter the production environment and validates business process workflows. It replaces time consuming manual processes with an automated solution that improves quality, shortens delivery timelines and decreases the risk of moving faulty software changes into production.

Please contact Bill Finch at 670-1890 if you have any questions.

A handwritten signature in blue ink, appearing to read 'Jill Jordan'.

Jill A. Jordan, P.E.,  
Assistant City Manager

c: Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
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William Finch, CIO/Director Communications & Information Systems

# Memorandum



DATE April 3, 2015

CITY OF DALLAS

TO Members of the Budget, Finance and Audit Committee: Jerry R. Allen (Chair), Jennifer S. Gates (Vice-Chair), Mayor Pro Tem Tennell Atkins, Sheffie Kadane and Phillip T. Kingston

SUBJECT Upcoming Agenda Item: Traffic and Pedestrian Signal Heads and Supplies

The April 8, 2015 Council Agenda will include an item to authorize a three-year master agreement for the purchase of various traffic signal components including signal heads and related hardware and supplies – Dynamic Vision Co., Inc. in the amount of \$1,363,560, General Traffic Equipment Corporation, in the amount of \$655,643, Consolidated Traffic Signals, Inc. in the amount of \$385,074 and Iteris, Inc. in the amount of \$213,120, lowest responsible bidders of ten – Total not to exceed \$2,617,397 – Financing: Current Funds (\$2,614,647) and Stormwater Drainage Management Current Funds (\$2,750).

This master agreement for the purchase of traffic signal heads, pedestrian signal heads, related hardware and supplies will be used to repair existing traffic signals, school flashers and streetlights. Street Services maintains approximately 1,500 traffic signal, 4,000 pedestrian lights and 1,300 school flashers city-wide.

Please contact me at 670-3390 if you have any questions.

A handwritten signature in black ink, appearing to read 'Mark McDaniel'.

Mark McDaniel  
Assistant City Manager

C: Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
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Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager  
Dennis Ware, Director, Street Services