

RECEIVED

**BUDGET, FINANCE & AUDIT COMMITTEE**  
DALLAS CITY COUNCIL COMMITTEE AGENDA

---

2016 MAY 13 AM 10:42

CITY SECRETARY  
DALLAS, TEXAS

Monday, May 16, 2016  
CITY HALL  
COUNCIL BRIEFING ROOM, 6ES  
1500 MARILLA  
DALLAS, TEXAS 75201  
1:00 P.M. – 2:30 P.M.

**Chair**, Councilmember Jennifer S. Gates  
**Vice-Chair**, Councilmember Philip T. Kingston  
Deputy Mayor Pro Tem Erik Wilson  
Councilmember Rickey D. Callahan  
Councilmember Scott Griggs  
Councilmember Lee M. Kleinman

Call to Order

1. Consideration of the minutes from the May 2, 2016 Budget, Finance and Audit Committee meeting

**BRIEFINGS**

2. Office of the City Auditor: Fiscal Year 2016 Third Quarter Update Craig D. Kinton, City Auditor
3. Office of the City Auditor: Preliminary Fiscal Year 2017 Budget Proposal Craig D. Kinton, City Auditor
4. Atmos Energy Franchise Fee Audit Nick Fehrenbach, Manager of Regulatory Affairs  
*Office of Financial Services*

**FYI**

5. March 2016 Financial Forecast Report
6. Quarterly Investment Report as of March 31, 2016

**UPCOMING AGENDA ITEMS**

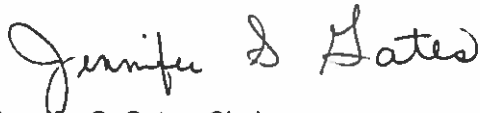
**May 25, 2016 City Council Meeting**

- A. Authorize a three-year service contract for emergency generator repair and maintenance - Clifford Power Systems, Inc. in the amount of \$431,280 and Allegiance Power Systems, Inc. in the amount of \$214,275, lowest responsible bidders of seven - Total not to exceed \$645,555 - Financing: Current Funds (\$630,255) and Convention and Event Services Current Funds (\$15,300) (subject to annual appropriations)

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

- B. Authorize a three-year master agreement for smoke detectors for Fire-Rescue – Fine Line Products, lowest responsible bidder of six - Not to exceed \$227,220 - Financing: Current Funds
- C. Authorize (1) the release of funds from Entap, Inc. for the acquisition and service contract for a budget preparation management system in the amount of \$1,541,957; and (2) a one-year service contract with two one-year renewal options, for the implementation, cloud services and support of a budget preparation and management system - Oracle America, Inc., through the Department of Information Resources, State of Texas Cooperative - Not to exceed \$1,541,957 - Financing: Municipal Lease Agreement Funds (\$784,012) and Current Funds (\$757,945) (subject to annual appropriations)
- D. Draft Addendum Item: Authorize a five-year service contract, with three one-year renewal options, for desktop support services - Austin Ribbon & Computer Supplies, Inc. , most advantageous prosper of nine - Not to exceed \$13,728,368 - Financing: Current Funds (subject to annual appropriations)

Adjourn



Jennifer S. Gates, Chair  
Budget, Finance & Audit Committee

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.
6. Deliberations regarding economic development negotiations. Section 551.087 of the Texas Open Meetings Act.

**"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."**

***"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."***

**"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."**

***"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."***

# **Budget, Finance & Audit Committee**

## **Meeting Record**

**Meeting Date:** May 2, 2016

**Convened:** 1:03 pm

**Adjourned:** 1:38 pm

### **Committee Members Present:**

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

Rickey D. Callahan  
Lee M. Kleinman

Scott Griggs  
Eric Wilson

### **Committee Members Absent:**

N/A

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

Mayor Pro Tem Monica Alonzo

### **Staff Present:**

Jeanne Chipperfield  
Craig D. Kinton  
Barbara McAninch  
Michael Frosch  
Stephanie Cooper

Akilah McLaughlin  
Lance Sehorn  
Wallace Waits  
Robert Sims  
Errick Thompson

Jerry Ortega  
Charita Wilcox  
Corrine Steeger  
Edward Scott  
Terry Lowery

### **Others Present:**

N/A

### **AGENDA:**

#### **Call to Order**

#### **1. Consideration of the April 18, 2016 Minutes**

Presenter(s):

Information Only: \_

Action Taken/Committee Recommendation(s):

A motion was made to approve the April 18, 2016 minutes. Motion passed unanimously.

Motion made by: Erik Wilson

Motion seconded by: Rickey Callahan

#### **2. Dallas Water Utilities Upcoming Bond Sale**

Presenter(s): Corrine Steeger, Assistant Director, City Controller's Office

Information Only: \_

Action Taken/Committee Recommendation(s):

A motion was made to forward to City Council on May 11<sup>th</sup>, 2016. Motion passed on a unanimous vote.

Motion made by: Erik Wilson

Motion seconded by: Rickey Callahan

# **Budget, Finance & Audit Committee**

## **Meeting Record**

### **3. Beverage Services Contract**

Presenter(s): Errick Thompson, Director, Equipment and Building Services

Information Only:   

Action Taken/Committee Recommendation(s):

A motion was made to forward to City Council on May 11th, 2016. Motion passed on a divided vote.

Motion made by: Erik Wilson

Motion seconded by: Rickey Callahan

### **UPCOMING AGENDA ITEMS:**

#### **May 11, 2016 City Council Meeting**

- A. Authorize a three-year professional services contract, with two one-year renewal options, for independent medical review services - ExamWorks, Inc., most qualified respondent of three - Not to exceed \$100,000 - Financing: Current Funds (subject to annual appropriations)**

A motion was made to forward to the City Council on Wednesday, May 11, 2016. Motion passed on unanimous vote.

Motion made by: Rickey Callahan

Motion seconded by: Lee Kleinman

- B. Authorize the purchase of (1) eleven pieces of fleet vehicles and equipment - Briggs Equipment in the amount of \$157,610, Darr Equipment in the amount of \$92,726, Southwest International Trucks, Inc. in the amount of \$156,547, Kirby-Smith Machinery in the amount of \$649,693, RDO Equipment in the amount of \$88,875, Austin Truck and Equipment, LTD dba Freightliner of Austin in the amount of \$347,425, Central Texas Heavy Equipment Co., Inc. in the amount of \$167,000 through The Texas Association of School Boards (Buyboard); (2) four pieces of fleet vehicles - Sam Pack's Five Star Ford in the amount of \$76,080 through Texas Smartbuy; (3) two pieces of fleet equipment - Rush Truck Centers of Texas, LP in the amount of \$384,030 through the Houston Galveston Area Council of Governments; and (4) two fleet vehicles - Freedom Dodge dba Duncanville Automotive in the amount of \$52,200 through the Tarrant County Interlocal - Total not to exceed \$2,172,186 - Financing: Current Funds (\$649,693), Water Utilities Current Funds (\$1,469,624) and Aviation Current Funds (\$52,869)**

A motion was made to forward to the City Council on Wednesday, May 11, 2016. Motion passed on unanimous vote.

Motion made by: Rickey Callahan

Motion seconded by: Lee Kleinman

### **Adjourn**

# Memorandum



CITY OF DALLAS

**DATE:** May 13, 2016

**TO:** Honorable Members of the Budget, Finance & Audit Committee –  
Jennifer S. Gates (Chair); Philip T. Kingston (Vice Chair);  
Deputy Mayor Pro Tem Erik Wilson; Rickey D. Callahan;  
Scott Griggs; Lee M. Kleinman

**SUBJECT:** Office of the City Auditor Fiscal Year 2016 – Third Quarter Update

I will provide a briefing to the members of the Budget, Finance & Audit Committee on Monday, May 16, 2016 regarding:

- Office of the City Auditor Fiscal Year 2016 – Third Quarter Update

Sincerely,

A handwritten signature in black ink that reads "Craig D. Kinton".

Craig D. Kinton  
City Auditor

C: Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Christopher D. Bowers, Interim City Attorney  
Rosa A. Rios, City Secretary  
Jeanne Chipperfield, Chief Financial Officer  
Daniel F. Solis, Administrative Judge  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Ryan S. Evans, First Assistant City Manager  
Eric D. Campbell, City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Sana Syed, Public Information Officer

# Office of the City Auditor Fiscal Year 2016 – Third Quarter Update



City of Dallas  
Office of the City Auditor  
May 16, 2016



# Audit and Attestation Services Reports Issued

through May 13, 2016

---

- Performance Audits
  - Special Audit of the Accounts of Six Former City Council Members
  - Performance Measurement Process for Dallas Police Department
  - Building Permits – Sustainable Development and Construction
  - Department of Housing/Community Services' Contract Monitoring
  - Business Partners Oversight – Fair Park Related Contracts



# Investigative Services Reports Issued

through May 13, 2016

---

- Theft (Scrap Metal) – Department of Sanitation Services
  - Two SAN employees were observed loading scrap metal into one of the employee’s personal pickup truck and removing the scrap metal from the McCommas Bluff Landfill
  - SAN terminated both employees from City employment on July 24, 2015
  
- Theft (Copper Wire) – Department of Dallas Water Utilities
  - Central Wastewater Treatment Plant employee charged with three counts of felony theft of material – aluminum, bronze, copper, or brass - and sentenced to nine months confinement in State Jail
  - DWU terminated employee from City employment on September 18, 2015

# Investigative Services Reports Issued

through May 13, 2016

---

- Theft (Cash) – Department of Sanitation Services
  - SAN employee stole fees meant for the City as payment for access to and usage of the McCommas Bluff Landfill and was arrested and charged with Commercial Bribery, a State Jail Felony
  - SAN terminated employee from City employment on January 15, 2016

# Audit and Attestation Services

## Anticipated Report Releases

Third Quarter, Fiscal Year 2016

---

- Contract Monitoring – Department of Public Works
- Leasing, Concessions, and Other Activities – Aviation
- Police Personnel and Training Services
- Prior Audit Recommendations Follow-Up (Fiscal Year 2014)
- Regulatory, Safety, and Maintenance – Department of Park and Recreation (Aquatics)

# Audit and Attestation Services

## Projects In-Progress

Third Quarter, Fiscal Year 2016

---

- Animal Services
- Customer Service / 311 Non-Emergency Services
- Courts Information System – Cash Management / Collections Processes
- Neighborhood Code Enforcement Services – Code Compliance
- Construction Related Procurements
- Environmental Compliance – Multiple Departments
- Records Management System – Dallas Police Department
- Prior Audit Recommendations Follow-Up (Fiscal Year 2015)
- Franchise Fees Review through MuniServices (*Ongoing*)
- Sales/Use Tax Compliance Review through MuniServices (*Ongoing*)

# Audit and Attestation Services

## Anticipated Project Starts

Third Quarter, Fiscal Year 2016

---

- Special Audit – City Attorney
- Regulatory Safety and Maintenance – Department of Park and Recreation (Land Use)
- Street Cut Repair and Inspection Process
- Trinity Watershed Management
- Compliance with Administrative Directive 4-9, *Internal Control*

# Special Audit

## Accounts of Six Former City Council Members

### Recommendations

---

- Follow procedures for completing and submitting Electronic Termination Notification Forms
- Develop “chain of custody” form to document City property issued to and returned by City Council Members
- Maintain records for purchases of personal property considered high-risk for loss or theft
- Ensure compliance with Administrative Directive 4-15, *Purchasing Card Policy and Procedures*, for P-Card purchases
- Consider amendments to City Council’s rules to clarify circumstances under which former City Council Members may purchase items assigned to them
- Ensure electronic devices are returned or use e-cycle buy-back program to establish cost to purchase

# Special Audit

## Accounts of Six Former City Council Members

### Recommendations *(continued)*

---

- Continue to identify and formally inform City Council Members prior to their departure of any debts owed to the City
- Attempt to collect outstanding debt owed by former City Council Members
- Establish policy to specify work week for Mayor and City Council Members for consistent use in case of future payroll deductions
- Determine whether former City Council Members should receive an additional 3.2 hours of final pay
- Timely collect City-issued ID badges and parking decals prior to departure of former City Council Members

# Performance Measurement Process

## Dallas Police Department

### Recommendations

---

- Develop comprehensive written procedures for performance measures
- Provide continuity and training on performance measurement process during leadership rotations and/or transfers
- Strengthen supervisory: (1) review controls; (2) review over calculations and associated documentation; and, (3) review of data input and calculations
- Communicate to staff importance of controls that ensure performance measure results are reliable
- Develop and document comprehensive procedures that include consistent use of single methodology
- Provide source documentation for the actual percent of cases filed that met the two day deadline
- Revise formula to calculate a result that conforms to the performance measure definition



# **Building Permits**

## **Sustainable Development and Construction Recommendations**

---

- Ensure building permits are reviewed and processed with 45 days in accordance with Texas Local Government Code (TLGC) requirements
- Retain evidence to show that City is complying with TLGC requirements for timely building permits
- Develop necessary report functions in POSSE and provide consistent training to appropriate personnel
- Regularly monitor building permit processing activities for violations of procedures
- Develop and implement formal documented procedures that include segregation of duties for building permit processing to ensure consistency and timeliness in building permit processing

# Building Permits

## Sustainable Development and Construction

### Recommendations *(continued)*

---

- Scan all building permit related documentation into electronic format to preserve legibility and availability of building permit records
- Complete annual user reviews for POSSE for inappropriate access
- Review audit logs to verify CIS POSSE administrator activity matches SDC's change request log
- The CIS should comply with Security Standard to ensure that: (1) access to POSSE is granted with proper authorizations via SAR form; and (2) user password requirements conform to Security Standard
- The CIS should provide audit logs and user access listings to SDC management and, if applicable, provide training on how to read audit logs and user listings for anomalies

# Contract Monitoring

## Department of Housing/Community Services

### Recommendations

---

- Develop and implement formal (written, approved, and dated) policies and procedures, and
- Develop, implement, and retain complete and consistent documentation for:
  - Preparation and posting of the Notice of Funding Availability (NOFA) which is the solicitation to prospective developers for new projects
  - Evaluation of developers' responses to the NOFA
  - Selection of qualified developers who propose the most beneficial Projects
  - Underwriting the selected Projects
  - Monitoring the Projects

# Fair Park Business Partners Oversight – Park and Recreation & Office of Cultural Affairs Recommendations

---

- Implement procedures to more closely monitor the financial viability for Dallas Historical Society, Inc.; DSM Management Group; and, Foundation for African-American Art (*OCA*)
- Develop and implement formal (written, approved, and dated) contract oversight / monitoring policies and procedures (*PKR & OCA*)
- Develop written procedures to ensure contracts are timely renewed and properly executed in accordance with Administrative Directive 4-05, *Contracting Policy* (*OCA*)
- Establish procedures to ensure all key contract requirements are monitored and are in compliance with the contract requirements (*PKR & OCA*)

# Fair Park Business Partners Oversight – Park and Recreation & Office of Cultural Affairs Recommendations *(continued)*

---

- Work with City Attorney’s Office and State Fair of Texas to develop and agree on contract definition that is sufficiently clear to allow PKR to verify the reasonableness of the amounts determined by the State Fair of Texas as available for development and enhancement of Fair Park *(PKR)*
- Develop and implement written supervisor review procedures and formally approve the procedures *(PKR)*
- Cross train staff to verify the Live Nation Minimum Guaranteed Rental, Percentage Rental, and the Additional Rental calculations to ensure a contingency plan is in place in the event assigned personnel leave PKR unexpectedly *(PKR)*

# QUESTIONS?



**City of Dallas**  
**Office of the City Auditor**  
**May 16, 2016**



# Memorandum



**DATE:** May 13, 2016

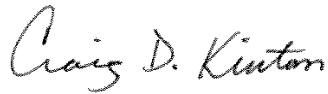
**TO:** Honorable Members of the Budget, Finance & Audit Committee –  
Jennifer S. Gates (Chair); Philip T. Kingston (Vice Chair);  
Deputy Mayor Pro Tem Erik Wilson; Rickey D. Callahan;  
Scott Griggs; Lee M. Kleinman

**SUBJECT:** Office of the City Auditor Preliminary Fiscal Year 2017 Budget Proposal

I will provide a briefing to the members of the Budget, Finance & Audit Committee on Monday, May 16, 2016 regarding:

- Office of the City Auditor Preliminary Fiscal Year 2017 Budget Proposal

Sincerely,



Craig D. Kinton  
City Auditor

C: Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Christopher D. Bowers, Interim City Attorney  
Rosa A. Rios, City Secretary  
Jeanne Chipperfield, Chief Financial Officer  
Daniel F. Solis, Administrative Judge  
Jack Ireland, Director – Office of Financial Services  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Ryan S. Evans, First Assistant City Manager  
Eric D. Campbell, City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Sana Syed, Public Information Officer

# Office of the City Auditor Preliminary Fiscal Year 2017 Budget Proposal



City of Dallas  
Office of the City Auditor  
May 16, 2016





# Preliminary Budget Proposal – City Charter

---

- The Office of the City Auditor (Office) is established by the City of Dallas (City) Charter, Chapter IX as an independent audit function with the primary responsibility of serving at the direction of the City Council.
- **Proposition 5 (11-04-2014) Amended Ch. XI, Sec 2**  
The city auditor shall furnish a detailed budget estimate of the needs and requirements of the city auditor's office for the coming year directly to the city council, to be approved by the city council, and then consolidated with the city manager's annual budget estimate. (Amend. of 11-8-05, Prop. No. 13; Amend. of 11-4-14, Prop. No. 5)

# Preliminary Budget Proposal – Mission and Purpose

---

## Mission

To promote public trust and advance accountability through independent, objective, and useful professional services

## Purpose

To assist the Council with oversight responsibilities and management with operational responsibilities

Objective assessments provide information regarding:

- ❑ Accountability for City resources
- ❑ Adequacy of internal controls
- ❑ Accuracy of information
- ❑ Efficiency and effectiveness of City programs, projects, and departments

# Preliminary Budget Proposal – Overview

---

	<b>FY 2015-2016 Budget</b>	<b>FY 2015-2016 Estimate</b>	<b>FY 2016-2017 Total Proposed</b>
<b>Total Expenditures</b>	\$ 3,004,057	\$ 3,004,064	\$ 3,106,152
<b>Total FTEs</b>	25.0	24.2	25.8

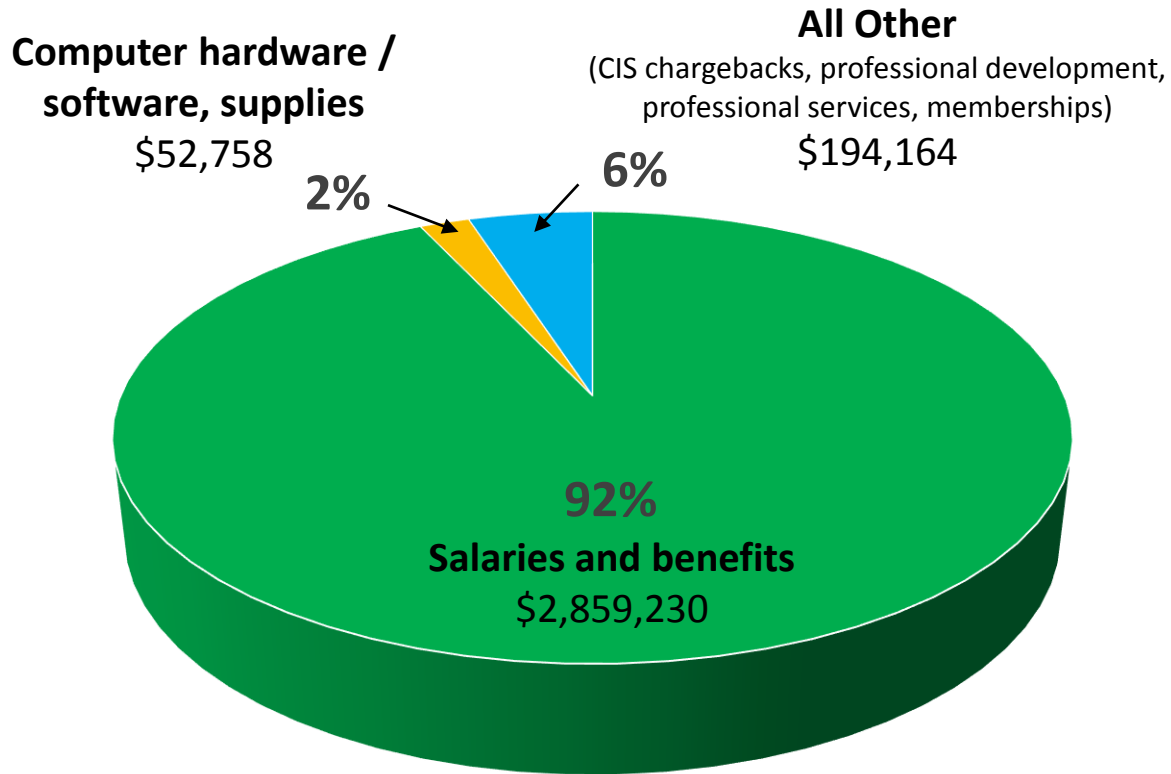
# Preliminary Budget Proposal – Major Items

---

- Addition of one full-time Executive Assistant FTE
- Funding for Information Technology server maintenance assistance
- Full-year funding of FY 2016 merit increases that were effective December 2015

# Preliminary Budget Proposal – Breakdown

---



# Preliminary Budget Proposal – Final Adjustments Needed

---

- Decision on merit increases
- Pension costs
- Health costs
- Worker's Comp rates
- Property, casualty, and public liability insurance
- CIS chargebacks

# Preliminary Budget Proposal – Revenue Impact

---

- Audits provide oversight of controls supporting operational responsibilities for revenue collections
- Office administers sales/use tax compliance contract
- Office administers outsourced audit of utility franchise fees

# Preliminary Budget Proposal – FY 2015 Results

	FY 2015 Target	FY 2015 Actual	FY 2016 Target	FY 2016 YTD Actual
<b>Outputs</b>				
Performance Audits	15	13	15	8
Attestations	12	19	13	0
Investigative Reports	7	10	17	12
Nonaudit Services	6	5	6	5
<b>Efficiency</b>				
% of Hours on Direct Projects	73%	79%	73%	77%
Hourly Billable Rate	\$87.19	\$80.41	\$80.94	\$78.18



# Preliminary Budget Proposal

## Outcomes

City management’s implementation of Office recommendations improves city operations and delivery of city services

	FY 2015 Target	FY 2015 Actual	FY 2016 Target	FY 2016 YTD Actual
<b>Outcome Measures Include:</b>				
Percentage of Recommendations Management Agrees to Implement	90%	91%	90%	98%
Percentage of Recommendations Implemented by Management	---	---	90%	---
Percentage of Substantiated Fraud/Waste/Abuse Complaints Resulting in Accountability Actions	---	---	100%	---

# QUESTIONS?



**City of Dallas**  
**Office of the City Auditor**  
**May 16, 2016**



# Memorandum



CITY OF DALLAS

DATE May 13, 2016

TO Members of the Budget, Finance & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT Atmos Energy Franchise Fee Audit

On Monday, May 16, 2016, the Budget, Finance and Audit committee will be briefed on the Atmos Energy Franchise Fee Audit.

Please let me know if you need additional information.

  
Jeanne Chipperfield  
Chief Financial Officer

Attachment

cc: The Honorable May and Members of the City Council  
AC Gonzalez, City Manager  
Christopher D. Bowers, Interim City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# Budget, Finance, & Audit Committee

May 16, 2016

## Atmos Energy Franchise Fee Audit



# Atmos Energy Franchise Amendment

---

## Purpose

- ▶ Review the Budget, Finance and Audit Committee April 4<sup>th</sup> motion pertaining to the Atmos Energy Fee Audit in light of additional points made at the Atmos rate case briefing on Wednesday May 4<sup>th</sup> and answer any questions the committee may have

# Atmos Energy Franchise Fee Audit

---

- ▶ City of Dallas (City) contracted with MuniServices, LLC in March 2014 to provide franchise fee compliance and recovery services from franchisees that provide natural gas, electricity, cable or video, and certificated telephone services to citizens of the City
- ▶ If unpaid franchise fees are identified by MuniServices and recovered by City, then MuniServices is owed contingency based fee

# What were the findings of MuniServices?

---

- ▶ Atmos paid City a total of \$34.6m during examination period
- ▶ Additional franchise fees are owed to City as result of Atmos' exclusion of franchise fees collected from customers in its calculation of Gross Revenues
- ▶ Atmos owes City additional \$1.7m comprised of \$1.5m in franchise fees plus \$0.2m interest accrued as of October 5, 2015
  - ▶ If these monies are recovered from Atmos, MuniServices will receive \$388,739 contingency based fee

# What was the response of Atmos to the findings?

---

- ▶ Agreement between Atmos and City does not require inclusion of monies collected to recover franchise fees in definition of Gross Revenues on which those franchise fees are paid
- ▶ Dispute centers around definition of “Gross Revenues” as intended by franchise and what revenues are excluded from calculation of franchise fees
- ▶ Language in franchise is not as clear as it should be and may be subject to interpretation



# What was the response of Atmos to the findings?

- ▶ Willingness to allow City to amend definition of Gross Revenues to include fees collected pursuant to Agreement, as well as remit an amount in settlement of past periods
  - ▶ One time payment of \$3.2m (fees due through 12/31/15)
  - ▶ Increase franchise fees going forward (approximately \$0.6m annually)
- ▶ All sums paid to City would be recovered from Atmos customers within City through Rate Rider FF
  - ▶ One time payment of \$3.2m will be recovered from customers over 12 months with temporary increase in customer bill of 1.529% and then drop to a 0.26% increase going forward
  - ▶ Typical residential bill will increase by \$0.89 from \$58.36 to \$59.25 during temporary 12 month period

# What options have been proposed?

---

1. City Manager Recommended – Amend franchise to clarify that franchise fees billed to customers are included in gross revenues
  - ▶ City to receive one time payment of \$3.2m
  - ▶ Increase franchise fees going forward (about \$0.6m annually)
2. Alternative option identified by City Manager – Amend franchise to clarify that franchise fees billed to customers are excluded from gross revenues
  - ▶ No additional franchise fees due City
3. BFA Committee motion on April 4, 2016 - Amend franchise to clarify that franchise fees billed to customers were excluded from gross revenues in past but are to be included in franchise fees billed to customers on a going forward basis
  - ▶ Increase franchise fees going forward (about \$0.6m annually)

# What are the next steps?

---

- ▶ June 15, 2016 agenda will include an agenda item to adopt an ordinance amending franchise to clarify either inclusion or exclusion of franchise fees from definition of gross revenues based on BFA Committee's recommendation

# QUESTIONS?



# Memorandum



CITY OF DALLAS

DATE May 13, 2016  
TO The Honorable Mayor and Members of the City Council  
SUBJECT Financial Forecast Report

The FY 2015-16 Financial Forecast Report based on information through March 2016 is attached and provided for your information.

For FY 2015-16, General Fund revenues are projected to be \$3,478,000 above budget and expenditures are projected to be \$761,000 below budget. This results in forecast revenues being in excess of forecast expenditures by \$4,239,000. Details related to budget variances may be found at the end of the Financial Forecast Report.

We will continue to closely monitor revenues and expenditures and keep you informed.



A.C. Gonzalez  
City Manager

## Attachment

c: Ryan S. Evans, First Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Joey Zapata, Assistant City Manager  
Eric D. Campbell, Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Jack Ireland, Director, Office of Financial Services



FY 2015-16

# Financial Forecast Report

Information as of March 31, 2016



---

# GENERAL FUND

---

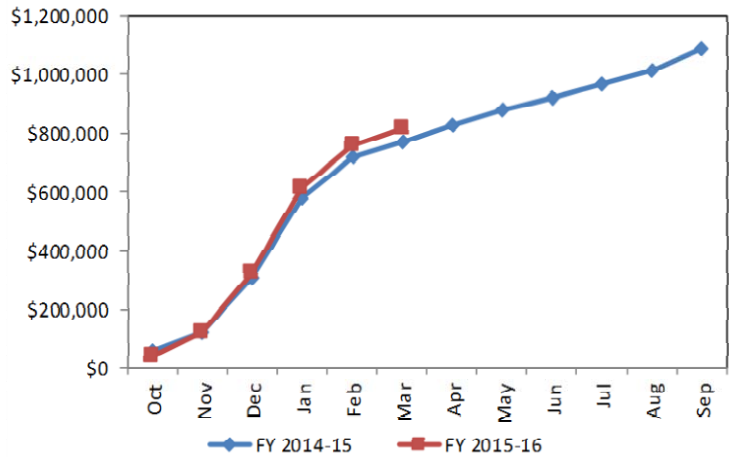
As of March 31, 2016  
(000s)

<b>ITEM</b>	<b>AMENDED BUDGET<sup>1</sup></b>	<b>YEAR TO DATE</b>	<b>YEAR-END FORECAST</b>	<b>BUDGET VS FORECAST VARIANCE</b>
Revenues	\$1,144,900	\$785,883	\$1,148,378	\$3,478
Expenditures	1,144,900	555,840	1,144,139	(761)
Net Excess of Revenues Over Expenditures/Transfers	<u>\$0</u>	<u>\$230,042</u>	<u>\$4,239</u>	<u>\$4,239</u>

# GENERAL FUND REVENUES

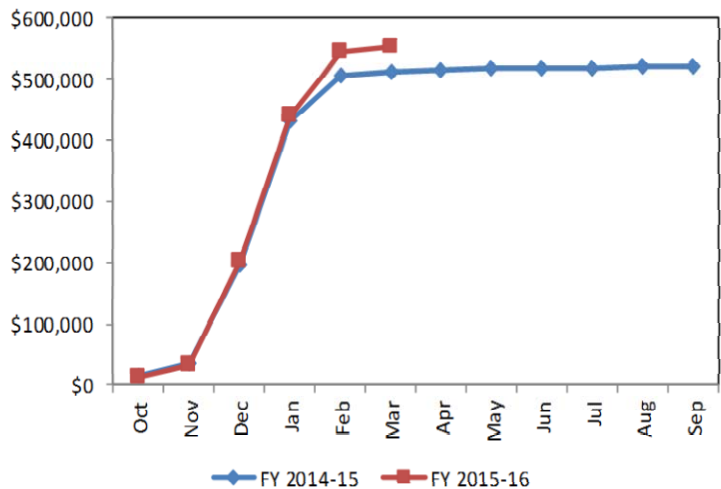
## ALL SOURCES

	FY 2014-15	FY 2015-16	Variance
Oct	\$60,959	\$41,660	(\$19,299)
Nov	58,982	77,665	18,682
Dec	187,753	203,876	16,123
Jan	271,536	288,996	17,460
Feb	138,254	147,975	9,721
Mar	52,292	53,193	\$901
Apr	59,984		
May	48,230		
Jun	43,757		
Jul	46,560		
Aug	45,056		
Sep	74,964		
<b>Total</b>	<b>\$1,088,327</b>	<b>\$813,364</b>	<b>\$43,588</b>



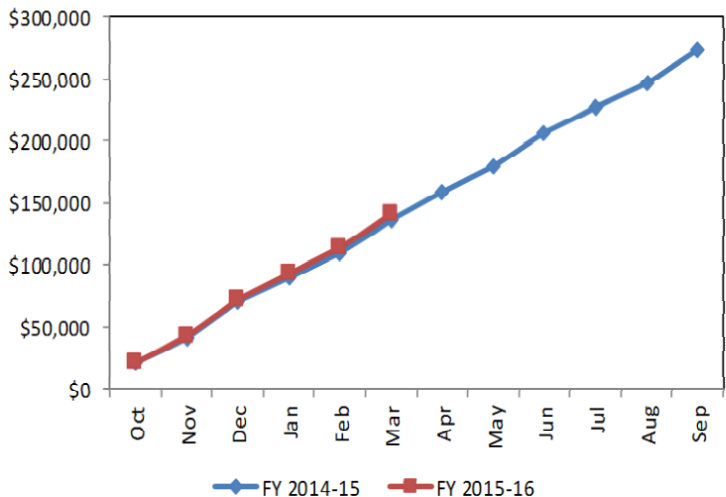
## PROPERTY TAX

	FY 2014-15	FY 2015-16	Variance
Oct	\$16,175	\$11,487	(\$4,688)
Nov	18,472	20,589	2,117
Dec	160,305	169,848	9,543
Jan	235,891	237,272	1,382
Feb	74,439	104,025	29,586
Mar	6,533	7,675	1,142
Apr	3,115		
May	1,536		
Jun	1,750		
Jul	821		
Aug	948		
Sep	673		
<b>Total</b>	<b>\$520,658</b>	<b>\$550,896</b>	<b>\$39,081</b>



## SALES TAX

	FY 2014-15	FY 2015-16	Variance
Oct	\$21,933	\$21,769	(\$164)
Nov	19,220	20,524	1,303
Dec	29,690	30,137	447
Jan	20,009	21,258	1,250
Feb	18,928	20,418	1,490
Mar	26,847	27,482	635
Apr	22,124		
May	20,755		
Jun	26,477		
Jul	20,798		
Aug	20,332		
Sep	26,386		
<b>Total</b>	<b>\$273,499</b>	<b>\$141,588</b>	<b>\$4,961</b>



FY 2014-15 All Sources has been restated to reflect the conversion of Sanitation to an Enterprise Fund in FY 2015-16



# GENERAL FUND REVENUES

As of March 31, 2016

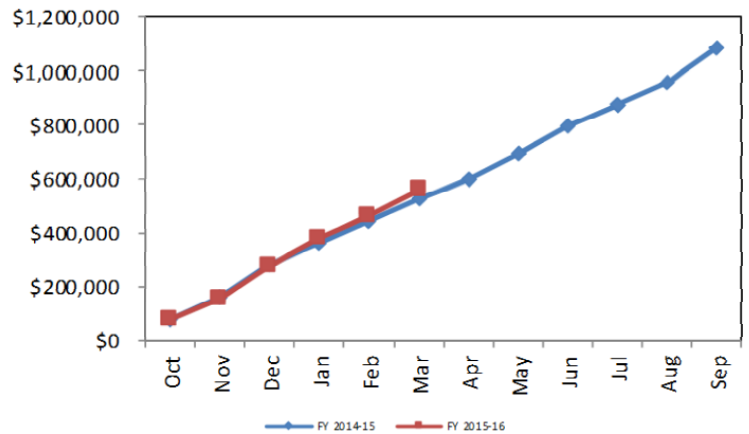
(000s)

	<b>AMENDED BUDGET<sup>1</sup></b>	<b>REVENUES YEAR TO DATE</b>	<b>YEAR-END FORECAST</b>	<b>BUDGET VS FORECAST VARIANCE</b>
<b>TAXES</b>				
Ad Valorem Tax	\$559,636	\$550,896	\$559,239	(\$397)
Sales Tax <sup>2</sup>	281,272	141,588	283,208	1,936
<b>TOTAL TAXES</b>	<b>840,908</b>	<b>692,485</b>	<b>842,447</b>	<b>1,539</b>
<b>FRANCHISE REVENUES</b>				
Oncor Electric <sup>3</sup>	50,612	27,798	51,013	401
AT&T	10,950	2,912	10,993	42
Atmos Energy <sup>4</sup>	12,242	2,743	11,130	(1,113)
Time Warner Cable	6,102	1,561	6,122	20
Other <sup>5</sup>	27,291	8,087	27,718	427
<b>TOTAL FRANCHISE REVENUES</b>	<b>107,198</b>	<b>43,102</b>	<b>106,975</b>	<b>(223)</b>
<b>LICENSES AND PERMITS<sup>6</sup></b>	<b>6,067</b>	<b>3,965</b>	<b>5,492</b>	<b>(575)</b>
<b>INTEREST EARNED<sup>7</sup></b>	<b>962</b>	<b>1,188</b>	<b>1,200</b>	<b>238</b>
<b>INTERGOVERNMENTAL</b>	<b>7,432</b>	<b>5,899</b>	<b>7,544</b>	<b>113</b>
<b>FINES AND FORFEITURES</b>				
Municipal Court <sup>8</sup>	14,771	9,201	18,049	3,277
Vehicle Towing & Storage <sup>9</sup>	7,146	3,826	7,527	381
Parking Fines	3,591	622	3,592	1
Red Light Camera Fines	7,460	0	7,460	0
Public Library <sup>10</sup>	494	124	398	(96)
<b>TOTAL FINES</b>	<b>33,462</b>	<b>13,773</b>	<b>37,025</b>	<b>3,563</b>
<b>CHARGES FOR SERVICE</b>				
Parks	10,283	4,582	10,438	155
Emergency Ambulance	31,569	9,247	31,569	0
Security Alarm	4,450	2,138	4,300	(150)
Street Lighting	648	319	648	0
Vital Statistics <sup>11</sup>	1,484	734	1,617	133
Other <sup>12</sup>	23,147	15,137	21,884	(1,264)
<b>TOTAL CHARGES</b>	<b>71,581</b>	<b>32,156</b>	<b>70,455</b>	<b>(1,126)</b>
<b>INTERFUND REVENUE</b>	<b>67,223</b>	<b>15,802</b>	<b>67,223</b>	<b>0</b>
<b>MISCELLANEOUS</b>	<b>10,068</b>	<b>4,996</b>	<b>10,016</b>	<b>(52)</b>
<b>TOTAL REVENUES</b>	<b>\$1,144,900</b>	<b>\$813,364</b>	<b>\$1,148,378</b>	<b>\$3,478</b>

# GENERAL FUND EXPENDITURES

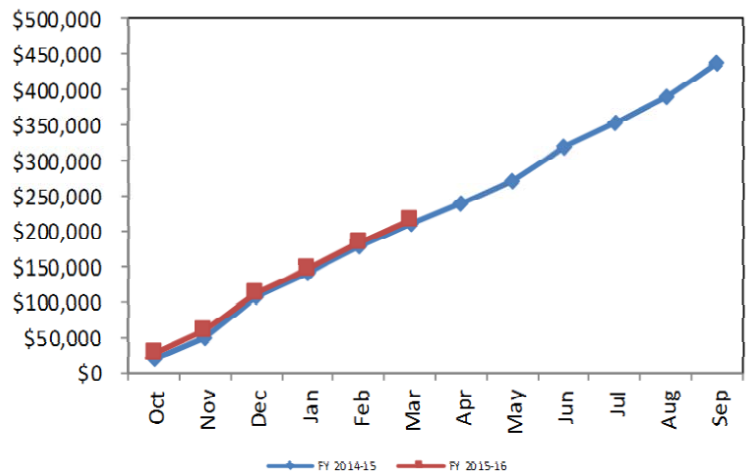
## ALL EXPENSES

	FY 2014-15	FY 2015-16	Variance
Oct	\$77,525	\$75,601	(\$1,924)
Nov	79,013	78,065	(948)
Dec	123,491	124,594	1,103
Jan	76,655	97,321	20,666
Feb	86,673	84,683	(1,990)
Mar	82,668	95,576	12,908
Apr	69,958		
May	96,984		
Jun	102,442		
Jul	78,895		
Aug	85,592		
Sep	124,316		
<b>Total</b>	<b>\$1,084,212</b>	<b>\$555,840</b>	<b>\$29,815</b>



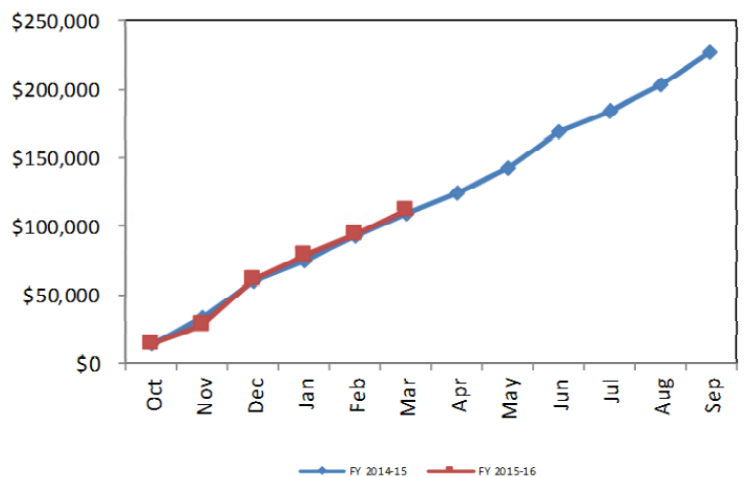
## POLICE

	FY 2014-15	FY 2015-16	Variance
Oct	\$19,262	\$28,488	\$9,226
Nov	31,339	31,370	31
Dec	57,789	52,490	(5,299)
Jan	32,898	35,550	2,652
Feb	36,863	37,126	263
Mar	32,472	30,058	(2,414)
Apr	27,900		
May	33,265		
Jun	47,086		
Jul	34,846		
Aug	35,661		
Sep	46,774		
<b>Total</b>	<b>\$436,155</b>	<b>\$215,082</b>	<b>\$4,458</b>



## FIRE

	FY 2014-15	FY 2015-16	Variance
Oct	\$13,502	\$13,994	\$492
Nov	19,557	14,184	(5,373)
Dec	26,055	32,389	6,334
Jan	16,078	17,547	1,469
Feb	17,117	16,128	(989)
Mar	17,032	18,076	1,044
Apr	15,063		
May	17,344		
Jun	26,753		
Jul	16,442		
Aug	18,322		
Sep	24,269		
<b>Total</b>	<b>\$227,535</b>	<b>\$112,318</b>	<b>\$2,976</b>



FY 2014-15 All Expenses has been restated to reflect the conversion of Sanitation to an Enterprise Fund in FY 2015-16

# GENERAL FUND EXPENDITURES

As of March 31, 2016

(000s)

DEPARTMENT	AMENDED BUDGET <sup>1</sup>	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$23,831	\$13,135	\$23,831	\$0
Business Dev/Procurement Svcs <sup>13</sup>	2,884	1,529	2,931	47
City Attorney's Office	15,886	7,551	15,880	(6)
City Auditor's Office	3,004	1,425	3,004	0
City Controller's Office	4,541	2,267	4,434	(107)
City Manager's Office	1,972	1,203	1,972	0
City Secretary's Office <sup>14</sup>	2,005	871	2,015	11
Civil Service <sup>15</sup>	2,599	1,124	2,623	24
Code Compliance	38,569	18,055	38,569	0
Court Services	11,563	5,362	11,153	(410)
Elections <sup>16</sup>	97	45	109	12
Fire	239,567	112,318	239,375	(192)
Housing <sup>17</sup>	11,936	8,623	12,217	281
Human Resources	4,788	2,406	4,729	(59)
Independent Audit	786	-	786	0
Jail Contract - Lew Sterret	7,557	7,557	7,557	0
Judiciary <sup>18</sup>	3,231	1,593	3,059	(171)
Library	30,509	14,655	30,509	0
Management Services	8,544	5,878	8,408	(136)
Mayor and Council <sup>19</sup>	4,243	2,064	4,354	111
Non-Departmental <sup>20</sup>	58,026	9,919	58,313	287
Office of Cultural Affairs <sup>21</sup>	17,671	10,968	17,721	50
Office of Economic Development	1,818	1,818	1,818	0
Office of Financial Services	2,957	1,280	2,949	(8)
Park and Recreation <sup>22</sup>	85,646	48,268	85,719	73
Planning & Urban Design	4,232	1,283	4,061	(171)
Police	451,882	215,082	451,882	(0)
Public Works	5,911	4,466	5,823	(88)
Street Lighting	17,525	6,718	17,525	0
Street Services	71,531	42,081	71,520	(12)
Sustainable Dev/Construction <sup>23</sup>	1,438	1,143	1,143	(295)
Trinity Watershed Management	1,526	475	1,526	0
<b>RESERVES AND TRANSFERS</b>				
Contingency Reserve	2,628	2,682	2,628	0
Liability/Claim Fund	1,994	1,994	1,994	0
Salary & Benefit Reserve	2,000	0	2,000	0
<b>TOTAL EXPENDITURES</b>	<b>\$1,144,900</b>	<b>\$555,840</b>	<b>\$1,144,139</b>	<b>(\$761)</b>

# PROPRIETARY FUNDS

As of March 31, 2016  
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>AVIATION</b>				
BEGINNING FUND BALANCE	\$16,775	\$ -	\$16,775	\$ -
<b>REVENUES:</b>				
Parking	27,443	12,430	26,643	(800)
Terminal Concessions	22,423	11,340	21,769	(654)
Landing Fees	17,784	7,560	17,784	0
Rental on Airport - Terminal	13,831	6,485	11,478	(2,353)
Rental on Airport - Field	9,067	3,391	9,777	710
Fuel Flow Fees	1,225	547	1,211	(15)
All Other	2,102	1,075	5,214	3,112
<b>TOTAL REVENUES</b>	<b>93,876</b>	<b>42,827</b>	<b>93,876</b>	<b>0</b>
<b>TOTAL EXPENDITURES</b>	<b>93,876</b>	<b>44,145</b>	<b>93,876</b>	<b>0</b>
<b>ENDING FUND BALANCE</b>	<b>\$16,775</b>	<b>\$ -</b>	<b>\$16,775</b>	<b>\$0</b>

## CONVENTION AND EVENT SERVICES

BEGINNING FUND BALANCE	\$20,607	\$ -	\$20,607	\$ -
<b>REVENUES:</b>				
Hotel Occupancy Tax	54,002	24,622	52,802	(1,200)
Alcoholic Beverage Tax	10,461	2,969	11,819	1,358
Contract Services	9,119	7,180	10,861	1,742
All Remaining Revenues	10,414	7,062	13,516	3,102
<b>TOTAL REVENUES<sup>24</sup></b>	<b>83,996</b>	<b>41,833</b>	<b>88,998</b>	<b>5,002</b>
<b>TOTAL EXPENDITURES<sup>24</sup></b>	<b>82,939</b>	<b>34,468</b>	<b>88,998</b>	<b>6,059</b>
<b>ENDING FUND BALANCE</b>	<b>\$21,664</b>	<b>\$ -</b>	<b>\$20,607</b>	<b>(\$1,057)</b>

# PROPRIETARY FUNDS

As of March 31, 2016

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>SUSTAINABLE DEVELOPMENT AND CONSTRUCTION</b>				
BEGINNING FUND BALANCE	\$33,842	\$ -	\$33,842	\$ -
<b>REVENUES:</b>				
Building Permits	18,770	10,659	19,104	334
Certificate of Occupancy	1,412	629	1,412	0
Plan Review	3,736	2,339	3,749	13
Registration/License	1,028	530	1,028	(0)
Special Plats	887	572	887	0
Private Development	1,010	741	1,010	(0)
Zoning	1,184	542	1,184	0
Interest Earnings	117	140	117	0
All Remaining Revenues	1,478	890	1,478	0
<b>TOTAL REVENUES</b>	<b>29,622</b>	<b>17,041</b>	<b>29,969</b>	<b>347</b>
<b>TOTAL EXPENDITURES</b>	<b>30,697</b>	<b>11,787</b>	<b>29,803</b>	<b>(894)</b>
<b>ENDING FUND BALANCE</b>	<b>\$32,767</b>	<b>\$ -</b>	<b>\$34,008</b>	<b>\$1,241</b>
 <b>MUNICIPAL RADIO</b>				
BEGINNING FUND BALANCE	\$1,183	\$ -	\$1,183	\$ -
<b>REVENUES:</b>				
Local and National Sales	2,058	977	1,913	(145)
All Remaining Revenues	12	5	11	(1)
<b>TOTAL REVENUES<sup>25</sup></b>	<b>2,070</b>	<b>982</b>	<b>1,924</b>	<b>(146)</b>
<b>TOTAL EXPENDITURES<sup>25</sup></b>	<b>2,055</b>	<b>1,055</b>	<b>1,941</b>	<b>(114)</b>
<b>ENDING FUND BALANCE</b>	<b>\$1,198</b>	<b>\$ -</b>	<b>\$1,166</b>	<b>(\$33)</b>

# PROPRIETARY FUNDS

As of March 31, 2016

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>WATER UTILITIES</b>				
BEGINNING FUND BALANCE	\$86,191	\$ -	\$86,191	\$ -
REVENUES:				
Treated Water - Retail	286,483	127,061	288,614	2,131
Treated Water - Wholesale	80,082	37,293	77,758	(2,324)
Wastewater - Retail	232,649	106,260	224,815	(7,834)
Wastewater - Wholesale	9,874	4,934	9,866	(8)
All Remaining Revenues	36,040	13,159	30,552	(5,488)
<b>TOTAL REVENUES<sup>26</sup></b>	<b>645,128</b>	<b>288,706</b>	<b>631,605</b>	<b>(13,524)</b>
<b>TOTAL EXPENDITURES<sup>26</sup></b>	<b>645,128</b>	<b>256,019</b>	<b>631,605</b>	<b>(13,524)</b>
<b>ENDING FUND BALANCE</b>	<b>\$86,191</b>	<b>\$ -</b>	<b>\$86,191</b>	<b>\$0</b>

## COMMUNICATION & INFORMATION SERVICES

BEGINNING FUND BALANCE	\$10,910	\$ -	\$10,910	\$ -
REVENUES:				
Interdepartmental Charges	52,799	25,746	52,799	0
Telephones Leased	8,532	2,458	8,532	0
Circuits	1,367	0	1,367	0
Desktop Services	269	49	68	(200)
Interest	137	68	138	0
Equipment Rental	4,546	2,273	4,546	0
Miscellaneous	77	743	721	643
<b>TOTAL REVENUES<sup>27</sup></b>	<b>67,727</b>	<b>31,336</b>	<b>68,171</b>	<b>445</b>
<b>TOTAL EXPENDITURES<sup>27</sup></b>	<b>72,284</b>	<b>36,661</b>	<b>72,411</b>	<b>126</b>
<b>ENDING FUND BALANCE</b>	<b>\$6,352</b>	<b>\$ -</b>	<b>\$6,670</b>	<b>\$318</b>

# PROPRIETARY FUNDS

As of March 31, 2016

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>EQUIPMENT SERVICES</b>				
BEGINNING FUND BALANCE	\$4,129	\$ -	\$4,129	\$ -
REVENUES:				
Rental/Wreck	33,640	10,570	39,409	5,770
Fuel	16,180	4,460	13,474	(2,706)
Auto Auction	418	327	488	70
Miscellaneous Revenue	267	295	403	136
Interest and Other	5	0	1	(4)
<b>TOTAL REVENUES<sup>28</sup></b>	<b>50,509</b>	<b>15,652</b>	<b>53,775</b>	<b>3,265</b>
<b>TOTAL EXPENDITURES<sup>28</sup></b>	<b>50,509</b>	<b>26,377</b>	<b>53,775</b>	<b>3,265</b>
<b>ENDING FUND BALANCE</b>	<b>\$4,129</b>	<b>\$ -</b>	<b>\$4,129</b>	<b>\$0</b>
 <b>EXPRESS BUSINESS CENTER</b>				
BEGINNING FUND BALANCE	\$1,223	\$ -	\$1,223	\$ -
REVENUES:				
Postage Sales	2,703	1,397	2,703	0
All Other Revenues	1,260	1,182	1,329	68
<b>TOTAL REVENUES</b>	<b>3,963</b>	<b>2,579</b>	<b>4,032</b>	<b>68</b>
<b>TOTAL EXPENDITURES</b>	<b>3,815</b>	<b>1,869</b>	<b>3,801</b>	<b>(14)</b>
<b>ENDING FUND BALANCE</b>	<b>\$1,372</b>	<b>\$ -</b>	<b>\$1,454</b>	<b>\$82</b>

# PROPRIETARY FUNDS

As of March 31, 2016  
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>SANITATION SERVICES</b>				
BEGINNING FUND BALANCE	\$7,108	\$ -	\$7,108	\$ -
REVENUES:				
Residential Collection	66,537	35,233	67,691	1,154
Cost Plus Bulk/Brush	114	60	120	6
Sale of Recyclables	2,100	849	1,699	(401)
City Facility Collection	761	339	691	(70)
Landfill Revenue	17,676	14,378	22,676	5,000
<b>TOTAL REVENUES<sup>29</sup></b>	<b>87,188</b>	<b>50,859</b>	<b>92,877</b>	<b>5,689</b>
<b>TOTAL EXPENDITURES<sup>29</sup></b>	<b>86,480</b>	<b>35,064</b>	<b>87,279</b>	<b>799</b>
<b>ENDING FUND BALANCE</b>	<b>\$7,816</b>	<b>\$ -</b>	<b>\$12,706</b>	<b>\$4,890</b>



# OTHER FUNDS

As of March 31, 2016  
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>9-1-1 SYSTEM OPERATIONS</b>				
BEGINNING FUND BALANCE	\$7,090	\$ -	\$7,090	\$ -
REVENUES:				
9-1-1 Service Receipts - Wireless	6,257	2,880	6,324	68
9-1-1 Service Receipts - Wireline	6,898	3,255	6,717	(182)
Interest and Other	63	31	63	0
<b>TOTAL REVENUES</b>	<b>13,218</b>	<b>6,166</b>	<b>13,104</b>	<b>(114)</b>
<b>TOTAL EXPENDITURES</b>	<b>16,292</b>	<b>8,500</b>	<b>15,996</b>	<b>(297)</b>
<b>ENDING FUND BALANCE</b>	<b>\$4,015</b>	<b>\$ -</b>	<b>\$4,197</b>	<b>\$182</b>
 <b>STORM DRAINAGE MANAGEMENT</b>				
BEGINNING FUND BALANCE	\$8,114	\$ -	\$8,114	\$ -
REVENUES:				
Storm Water Fees	50,413	25,655	50,413	-
Interest and Other	40	30	40	0
<b>TOTAL REVENUES</b>	<b>50,452</b>	<b>25,685</b>	<b>50,452</b>	<b>0</b>
<b>TOTAL EXPENDITURES</b>	<b>51,417</b>	<b>14,241</b>	<b>51,336</b>	<b>(80)</b>
<b>ENDING FUND BALANCE</b>	<b>\$7,150</b>	<b>\$ -</b>	<b>\$7,230</b>	<b>\$80</b>

# OTHER FUNDS

As of March 31, 2016  
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>EMPLOYEE BENEFITS</b>				
<b>BENEFITS ADMINISTRATION</b>				
TOTAL EXPENDITURES	\$1,126	\$268	\$1,088	(\$38)
<b>WELLNESS PROGRAM</b>				
TOTAL EXPENDITURES <sup>30</sup>	\$430	\$263	\$381	(\$49)
<b>RISK MANAGEMENT</b>				
TOTAL EXPENDITURES <sup>31</sup>	\$2,594	\$1,289	\$2,377	(\$217)
<b>LIABILITY/CLAIMS FUND</b>				
<b>Beginning Balance October 1, 2015</b>				<b>\$3,649</b>
Budgeted Revenue				6,297
<b>FY 2015-16 Available Funds</b>				<b>9,946</b>
Paid October 2015				(168)
Paid November 2015				(328)
Paid December 2015				(379)
Paid January 2016				(744)
Paid February 2016				(436)
Paid March 2016				(353)
<b>Balance as of March 31, 2016</b>				<b>\$7,538</b>

# DEBT SERVICE FUND

As of March 31, 2016  
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b>DEBT SERVICE FUND</b>				
BEGINNING FUND BALANCE	\$12,109	\$ -	\$12,109	\$ -
REVENUES:				
Ad Valorem	230,475	226,769	230,298	(177)
Interest/Transfers/Other	20,468	950	20,468	0
<b>TOTAL REVENUES</b>	<b>250,943</b>	<b>227,719</b>	<b>250,766</b>	<b>(177)</b>
<b>TOTAL EXPENDITURES<sup>32</sup></b>	<b>255,326</b>	<b>201,628</b>	<b>254,657</b>	<b>(669)</b>
<b>ENDING FUND BALANCE</b>	<b>\$7,726</b>	<b>\$ -</b>	<b>\$8,218</b>	<b>\$491</b>

---

# NOTES

---

(Dollars in 000s)

1. The General Fund budget was amended/increased based on Council's approved use of contingency reserve funds by \$100 on January 27, 2016 by CR# 16-0214 (executive search contract for the City Attorney).
2. Sales tax revenue is projected to be \$1,936 above budget due to the strength of the local economy. Over the most recent 12 months, sales tax receipts have increased by 5%.
3. Oncor Electric revenues are projected to be \$401 above budget primarily due to higher than expected electric consumption.
4. Atmos Energy revenues are projected to be \$1,113 below budget primarily due to warmer winter weather that resulted in less gas consumption.
5. Other Franchise revenues are projected to be \$427 above budget primarily due to an increase in private waste hauler activity at the landfill and more growth than expected in Cable TV service.
6. Licenses and Permits revenues are projected to be \$575 below budget primarily due to decreases in permits related to Transportation for Hire and Motor Vehicle Repair.
7. Interest Earned revenue is projected to be \$238 above budget due to an increase in the market interest rate.
8. Municipal Court revenue is projected to be \$3,277 above budget primarily due to an increase in the collection per citation rates and due to the new collection agency's success of collection on older past due accounts.
9. Vehicle Towing & Storage revenues are projected to be \$381 above budget due to an increase in tows as well as vehicles staying on the auto pound property longer than anticipated.
10. Public Library revenue is projected to be \$96 below budget due to implementation of automatic renewal on materials that have been checked out at library locations and an increase in the usage of e-materials. Fines and late fees are not collected on e-materials as they are electronically recalled on the due date.
11. Vital Statistics revenues are projected to be \$133 above budget due to an increase in the sale of birth certificates.
12. Other Charges for Service revenue is projected to be \$1,264 below budget primarily as a result of contracting with fewer hospitals than anticipated for the Mobile Community Healthcare Program as well as a reduction in Fire Watch fees.
13. Business Development and Procurement Services are projected to be \$47 above budget primarily due to salary expenses.

---

# NOTES

---

(Dollars in 000s)

14. City Secretary's Office is projected to be \$11 above budget due to higher than budgeted salary expenses.
15. Civil Service is projected to be \$24 above budget primarily due to salary expenses.
16. Elections is projected to be \$12 above budget due to the purchase of unbudgeted petition verification software.
17. Housing and Community Services is projected to be \$281 above budget due to several unbudgeted expenses including temp help, replacement of fire and alarm system at the MLK Community Center, items related to the master plan for the MLK and WDMP Community Centers, and various special events.
18. Judiciary is projected to be \$171 below budget due to vacancies.
19. Mayor and Council is projected to be \$111 above budget due to double filled positions and the unbudgeted use of temp help.
20. Non-Departmental is projected to be \$287 above budget primarily due to unbudgeted costs such as the actuarial review related to the Police and Fire Pension Fund and efforts related to ADA Compliance.
21. Office of Cultural Affairs is projected to be \$50 above budget primarily due to increased usage of custodial and security services based on events at the Majestic, Meyerson, and City Performance Hall facilities. These expenses are offset by corresponding revenue.
22. Park and Recreation is projected to be \$73 above budget primarily due to repairs related to flooding in 2015.
23. Sustainable Development and Construction is projected to be \$295 below budget due to vacancies.
24. Convention and Event Services expenses are projected to be \$6,059 above budget due to increased food and beverage service based on event demand as well as an increased transfer to capital construction resulting from additional revenues. Revenues are projected to be \$5,002 above budget primarily due to higher than expected Alcoholic Beverage Tax and more events than anticipated.
25. Municipal Radio expenses are projected to be \$114 below budget due to vacancies and a reduction in sales commission. Revenues are projected to be \$146 below budget due to the sale of commercials being less than planned.

---

# NOTES

---

(Dollars in 000s)

26. Water Utilities revenues and expenses are both projected to be \$13,524 below budget. Revenues are projected to be below budget primarily due to the loss of a wholesale water customer contract and lower than projected retail wastewater service revenues. Expenses are projected to be under budget primarily due to a reduction in the transfer to fund capital projects.

27. Communication and Information Services expenses are projected to be \$126 above budget primarily due to removal of the Fair Park Tower and the purchase of software licenses, maintenance, support, and capacity to be in compliance with audit findings. Revenues are projected to be \$445 above budget due to payment from the State Fair of Texas for removal of the Fair Park Tower.

28. Equipment Services revenues and expenses are both projected to be \$3,265 above budget primarily due to increased maintenance and repair costs for heavy equipment partially offset by fuel savings.

29. Sanitation expenses are projected to be \$799 above budget and revenues are projected to be \$5,689 above budget due to the volume of solid waste from non-contract customers being above historic levels and solid waste from the Upper Chain of Wetlands projects.

30. Wellness Program expenses are projected to be \$49 below budget due to vacancies.

31. Risk Management expenses are projected to be \$217 below budget primarily due to vacancies.

32. Debt Service expenses are projected to be \$669 below budget due to lower than projected interest rates realized on the 2015 GO Bond sale.

# Memorandum



CITY OF DALLAS

DATE May 13, 2016

TO Members of the Budget, Finance & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT Quarterly Investment Report as of March 31, 2016

The City of Dallas Investment Policy, in accordance with the Texas Public Funds Investment Act, requires that the City Council and City Manager receive quarterly investment reports. The purpose of this report is to provide a means for Council members, Council committee members and staff to regularly review and monitor the City's investment position and to demonstrate compliance with the City's Investment Policy and the Public Funds Investment Act. Summary reports on each of the City's portfolios are included as well as summary information on the portfolio as a whole.

For the quarter ended March 31, 2016 the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

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  
Christopher D. Bowers, Interim City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge

Ryan S. Evans, First Assistant City Manager  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council



**CITY OF DALLAS**

**QUARTERLY INVESTMENT REPORT**

**March 31, 2016**



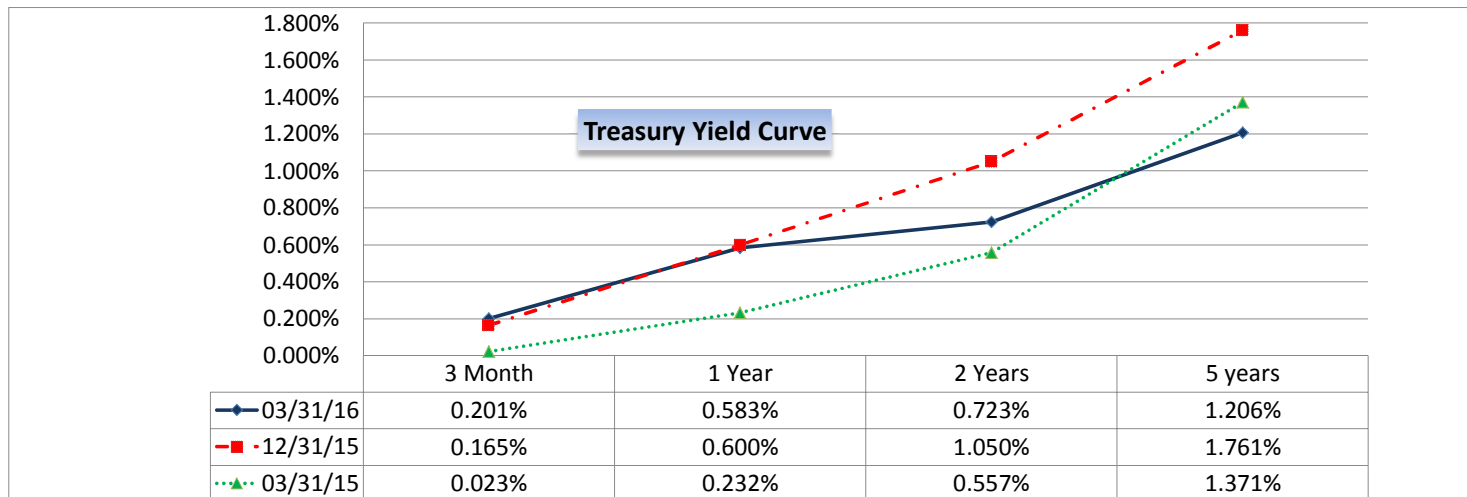
Quarterly National Economic and Market Update  
 Quarter Ended March 31, 2016

- Economic activity has been expanding at a moderate pace. Household spending has been increasing at a moderate rate, and the housing sector has improved further; however, business fixed investment and net exports have been soft. Strong job gains point to additional strengthening of the labor market.
- Inflation has continued to run below the Federal Open Market Committee's (FOMC's) 2 percent long-term objective, partly reflecting declines in energy prices and in prices of non-energy imports.
- Global economic and financial developments continue to pose risks.
- The FOMC decided to maintain the target range for the federal funds rate at 0.25 to 0.50 percent. Further increases will depend upon changes in labor market conditions and inflation.

Source: FOMC March 16, 2016 Statement

National Economic Data	3/31/2015	3/31/2016
Fed Funds Effective Rate Target	0.00% -0.25%	0.25% -0.50%
2 Years Treasury Note	0.557%	0.723%
10 Years Treasury Note	1.924%	1.770%
Monthly Unemployment Rate	5.50%	5.00%
Weekly Initial Jobless Claims	267,000	276,000
Monthly Change in Nonfarm Payrolls	85,000	215,000
Monthly New Housing Starts	944,000	1,089,000

Source: Bloomberg



Source: Bloomberg

**City of Dallas**  
**Portfolio Holdings**  
**Combined Investment Summary**  
**As of 3/31/2016**

Portfolio Description	Face Amount	Book Value	Market Value	Accrued Interest	Market Value + Accrued Interest	*Unrealized Gain/(Loss)	Weighted Average Yield To Maturity
01 The City's Investment Pool	1,891,254,000	1,891,523,895	1,895,609,397	2,524,450	1,898,133,848	4,085,502	0.93%
02 Convention Center Reserve	22,900,000	22,900,000	22,907,515	22,134	22,929,649	7,515	1.39%
03 Water Reserve	90,000,000	89,933,845	90,224,545	150,347	90,374,892	290,700	1.24%
04 Art Endowment	2,235,000	2,235,000	2,237,783	3,278	2,241,061	2,783	1.20%
05 Ida Green Library Fund	1,000,000	1,000,000	1,000,318	4,200	1,004,518	318	1.20%
10 DWU Commercial Paper Program	8,463	8,463	8,463	0	8,463	-	0.16%
11 GO Commercial Paper	244	244	244	0	244	-	0.26%
14 Trinity Parkway Escrow	547,205	547,205	547,205	0	547,205	-	0.40%

\*Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the temporary gains and losses are unlikely to be realized.

City of Dallas  
Trade Activity by Portfolio  
As of: 01/01/2016 - 03/31/2016

Portfolio Description	Beginning Face Amount	Beginning Weighted Average Yield To Maturity	Purchased/Deposited	Matured/Called/ Redeemed	Ending Face Amount	Ending Weighted Average Yield To Maturity
<b>City's Investment Pool*</b>						
Federal Agricultural Mortgage Corp.	177,770,000	0.98%	74,500,000	-	252,270,000	0.93%
Federal Farm Credit Bank	140,000,000	0.90%	95,000,000	-	235,000,000	0.95%
Federal Home Loan Bank	313,635,000	1.16%	139,810,000	45,000,000	408,445,000	1.01%
Federal Home Loan Mortgage Corp.	362,000,000	0.94%	147,039,000	10,000,000	499,039,000	1.07%
Federal National Mortgage Assoc.	259,830,000	0.96%	41,650,000	60,000,000	241,480,000	0.96%
Treasury Note	-	-	10,000,000	-	10,000,000	0.56%
<b>Total Portfolio</b>	<b>1,253,235,000</b>	<b>1.00%</b>	<b>507,999,000</b>	<b>115,000,000</b>	<b>1,646,234,000</b>	<b>1.00%</b>
<i>*Trade activity excludes local government investment pools and money market mutual funds.</i>						
<b>Convention Center Reserve</b>						
Federal Home Loan Bank	15,000,000	1.30%	-	15,000,000	-	-
Federal Home Loan Mortgage Corp.	-	-	15,000,000	-	15,000,000	1.45%
Federal National Mortgage Assoc.	3,900,000	1.23%	4,000,000	-	7,900,000	1.27%
<b>Total Portfolio</b>	<b>18,900,000</b>	<b>1.29%</b>	<b>19,000,000</b>	<b>15,000,000</b>	<b>22,900,000</b>	<b>1.39%</b>
<b>Water Reserve</b>						
Federal Home Loan Bank	60,000,000	1.11%	10,000,000	10,000,000	60,000,000	1.24%
Federal Home Loan Mortgage Corp.	20,000,000	1.21%	10,000,000	-	30,000,000	1.22%
Federal National Mortgage Assoc.	10,000,000	1.14%	-	10,000,000	-	-
<b>Total Portfolio</b>	<b>90,000,000</b>	<b>1.13%</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>90,000,000</b>	<b>1.24%</b>
<b>Art Endowment</b>						
Federal Home Loan Bank	2,235,000	1.20%	-	-	2,235,000	1.20%
<b>Total Portfolio</b>	<b>2,235,000</b>	<b>1.20%</b>	<b>-</b>	<b>-</b>	<b>2,235,000</b>	<b>1.20%</b>
<b>Ida Green Library Endowment</b>						
Federal Home Loan Bank	1,000,000	1.20%	-	-	1,000,000	1.20%
<b>Total Portfolio</b>	<b>1,000,000</b>	<b>1.20%</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>1.20%</b>
<b>DWU Commercial Paper</b>						
Money Market - Tax Exempt	4,433	0.02%	4,030	-	8,463	0.16%
<b>Total Portfolio</b>	<b>4,433</b>	<b>0.02%</b>	<b>4,030</b>	<b>-</b>	<b>8,463</b>	<b>0.16%</b>
<b>GO Commercial Paper</b>						
Money Market - Tax Exempt	27,880,000	0.02%	244	27,880,000	244	0.26%
<b>Total Portfolio</b>	<b>27,880,000</b>	<b>0.02%</b>	<b>244</b>	<b>27,880,000</b>	<b>244</b>	<b>0.26%</b>
<b>Trinity Parkway Escrow</b>						
Money Market	546,850	0.27%	426	70	547,206	0.40%
<b>Total Portfolio</b>	<b>546,850</b>	<b>0.27%</b>	<b>426</b>	<b>70</b>	<b>547,206</b>	<b>0.40%</b>

City of Dallas  
Summary Statement by Portfolio  
As of: 01/01/2016 - 03/31/2016

Portfolio Description	Beginning Face Amount	Ending Face Amount	Beginning Book Value	Ending Book Value	Beginning Market Value	Ending Market Value	Deposits/ (Redemptions)	Change in Market Value	Accrued Interest	Ending Weighted Average Yield To Maturity
<b>City's Investment Pool<sup>1</sup></b>										
Local Govt. Investment Pool	202,020,000	203,020,000	202,020,000	203,020,000	202,020,000	203,020,000	1,000,000	-	-	0.53%
Money Market	176,000,000	42,000,000	176,000,000	42,000,000	176,000,000	42,000,000	(134,000,000)	-	-	0.42%
US Agency	1,253,235,000	1,636,234,000	1,254,060,645	1,636,505,746	1,252,239,711	1,640,585,687	382,999,000	5,559,818	2,516,209	1.00%
US Treasury	-	10,000,000	-	9,998,149	-	10,003,710	10,000,000	6,835	8,242	0.56%
<b>*Total Portfolio</b>	<b>1,631,255,000</b>	<b>1,891,254,000</b>	<b>1,632,080,645</b>	<b>1,891,523,895</b>	<b>1,630,259,711</b>	<b>1,895,609,397</b>	<b>259,999,000</b>	<b>5,566,653</b>	<b>2,524,450</b>	<b>0.93%</b>
<b>Convention Center Reserve<sup>2</sup></b>										
US Agency	18,900,000	22,900,000	18,900,000	22,900,000	18,922,090	22,907,515	4,000,000	(14,575)	22,134	1.39%
<b>Total Portfolio</b>	<b>18,900,000</b>	<b>22,900,000</b>	<b>18,900,000</b>	<b>22,900,000</b>	<b>18,922,090</b>	<b>22,907,515</b>	<b>4,000,000</b>	<b>(14,575)</b>	<b>22,134</b>	<b>1.39%</b>
<b>Water Reserve<sup>2</sup></b>										
US Agency	90,000,000	90,000,000	89,923,120	89,933,845	89,938,120	90,224,545	-	286,425	150,347	1.24%
<b>Total Portfolio</b>	<b>90,000,000</b>	<b>90,000,000</b>	<b>89,923,120</b>	<b>89,933,845</b>	<b>89,938,120</b>	<b>90,224,545</b>	<b>-</b>	<b>286,425</b>	<b>150,347</b>	<b>1.24%</b>
<b>Art Endowment<sup>3</sup></b>										
US Agency	2,235,000	2,235,000	2,235,000	2,235,000	2,223,908	2,237,783	-	13,875	3,278	1.20%
<b>Total Portfolio</b>	<b>2,235,000</b>	<b>2,235,000</b>	<b>2,235,000</b>	<b>2,235,000</b>	<b>2,223,908</b>	<b>2,237,783</b>	<b>-</b>	<b>13,875</b>	<b>3,278</b>	<b>1.20%</b>
<b>Ida Green Library Endowment<sup>4</sup></b>										
US Agency	1,000,000	1,000,000	1,000,000	1,000,000	996,799	1,000,318	-	3,519	4,200	1.20%
<b>Total Portfolio</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>996,799</b>	<b>1,000,318</b>	<b>-</b>	<b>3,519</b>	<b>4,200</b>	<b>1.20%</b>
<b>DWU Commercial Paper<sup>5</sup></b>										
Money Market - Tax Exempt	4,433	8,463	4,433	8,463	4,433	8,463	4,030	-	-	0.16%
<b>Total Portfolio</b>	<b>4,433</b>	<b>8,463</b>	<b>4,433</b>	<b>8,463</b>	<b>4,433</b>	<b>8,463</b>	<b>4,030</b>	<b>-</b>	<b>-</b>	<b>0.16%</b>
<b>GO Commercial Paper<sup>5</sup></b>										
Money Market - Tax Exempt	27,880,000	244	27,880,000	244	27,880,000	244	(27,879,756)	-	-	0.26%
<b>Total Portfolio</b>	<b>27,880,000</b>	<b>244</b>	<b>27,880,000</b>	<b>244</b>	<b>27,880,000</b>	<b>244</b>	<b>(27,879,756)</b>	<b>-</b>	<b>-</b>	<b>0.26%</b>
<b>Trinity Parkway Escrow<sup>5</sup></b>										
Money Market	546,850	547,206	546,850	547,206	546,850	547,206	356	-	-	0.40%
<b>Total Portfolio</b>	<b>546,850</b>	<b>547,206</b>	<b>546,850</b>	<b>547,206</b>	<b>546,850</b>	<b>547,206</b>	<b>356</b>	<b>-</b>	<b>-</b>	<b>0.40%</b>

Notes 1-6: See Page 6 for Strategy Statement by Portfolio.

\*Numbers may not sum due to rounding

**City of Dallas**  
**Strategy Statement and Compliance by Portfolio**  
**As of: 01/01/2016 - 03/31/2016**

---

**STRATEGY COMPLIANCE STATEMENT**

---

For the quarter ended March 31, 2016 the portfolios are in compliance with the relevant provisions of the Public Fund Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

---

**STRATEGY STATEMENT BY PORTFOLIO**

---

**1) City's Investment Pool**

The City's Investment Pool is an aggregation of the majority of City funds that includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years.

**2) Convention Center Bond Reserve and Water Bond Reserve**

Non-pooled reserve funds for outstanding revenue bonds (Convention Center and Water) are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest at final maturity or if called prior to final maturity.

**3) Art Endowment**

The Art Endowment Fund was created by the City from a \$1,285,026 repayment to the General Fund from the Convention Center. Pursuant to Resolution No. 84-311 dated September 26, 1984, this endowment fund was created to provide additional monies for the arts, not to replace the current level of support. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

**4) Ida Green Library Endowment**

The Ida M. Green Endowment Fund was created with the proceeds from the sale of stock from the estate of Ms. Green pursuant to Resolution No. 87-0836. Its purpose is to provide funds for the operating and capital expenses of the library's Texas Center for the Book and Children's Center. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

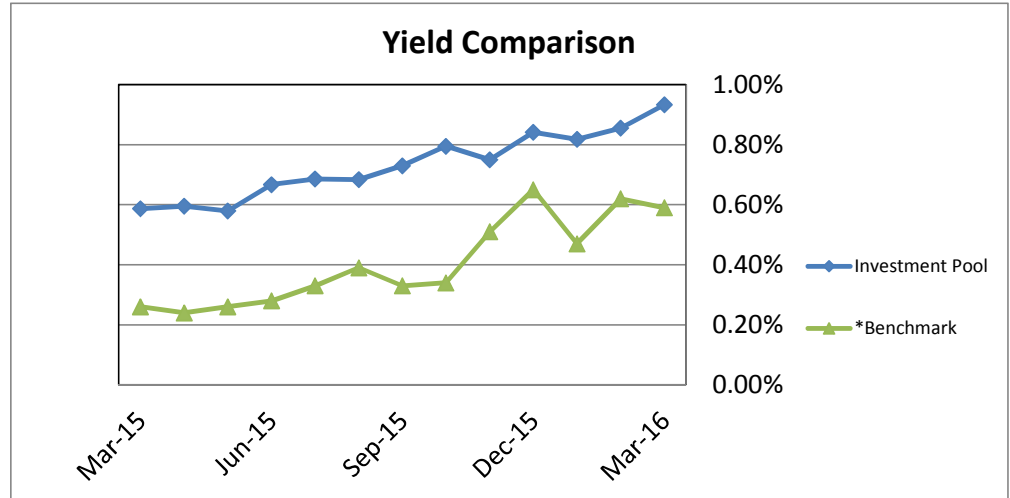
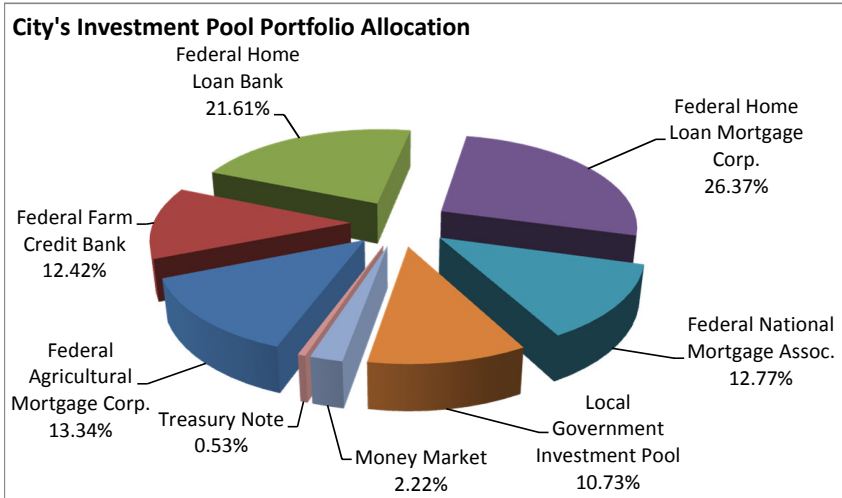
**5) DWU Commercial Paper Program and GO Commercial Paper Program**

The City issues tax-exempt commercial paper notes as an interim financing tool for construction and capital projects. Proceeds from the issuance of commercial paper debt must be liquid in order to fund periodic payments to contractors and may be invested in tax-exempt securities in order to avoid costly and complex arbitrage rebate computations. In order to meet these objectives, commercial paper proceeds may either be invested in tax-exempt securities or expended subject to a reimbursement program.

**6) Trinity Parkway Escrow**

The Trinity Parkway Escrow portfolio was created with the deposit of \$5,000,000 on November 16, 1999 in an escrow account in accordance with an agreement dated as of January 1, 1999 between the City and the North Texas Tollway Authority ("NTTA") pertaining to development of the Trinity Parkway. A subsequent deposit of \$4,500,000 was made in June 2009. These funds will be used to reimburse NTTA for specified payment related to project feasibility. Permitted investments for this account are defined in the Escrow Agreement as those that are consistent with the Public Funds Investment Act.

**City of Dallas**  
**City's Investment Pool Portfolio Allocation**  
**Investment Summary**  
**As of 3/31/2016**



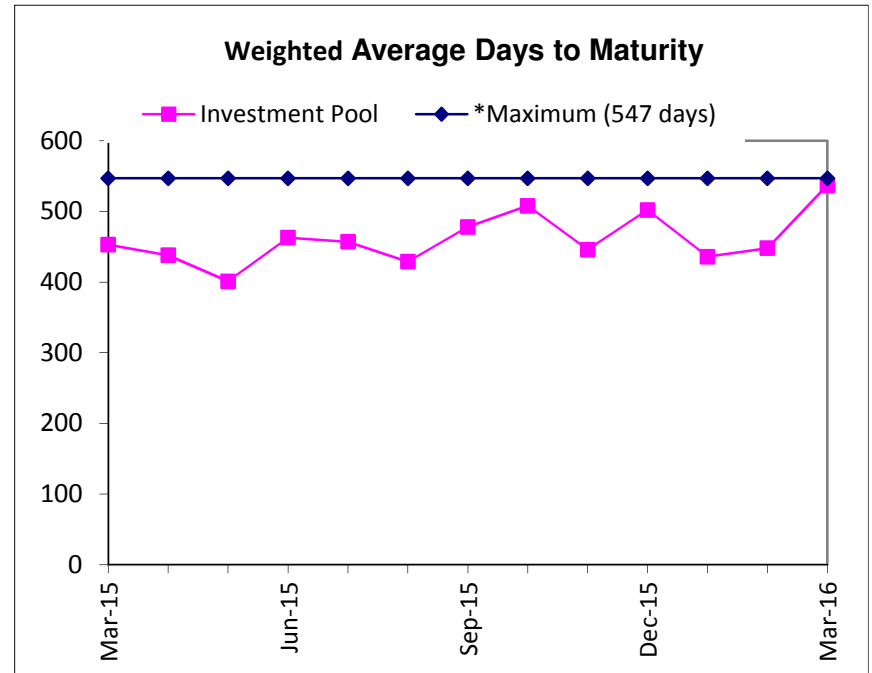
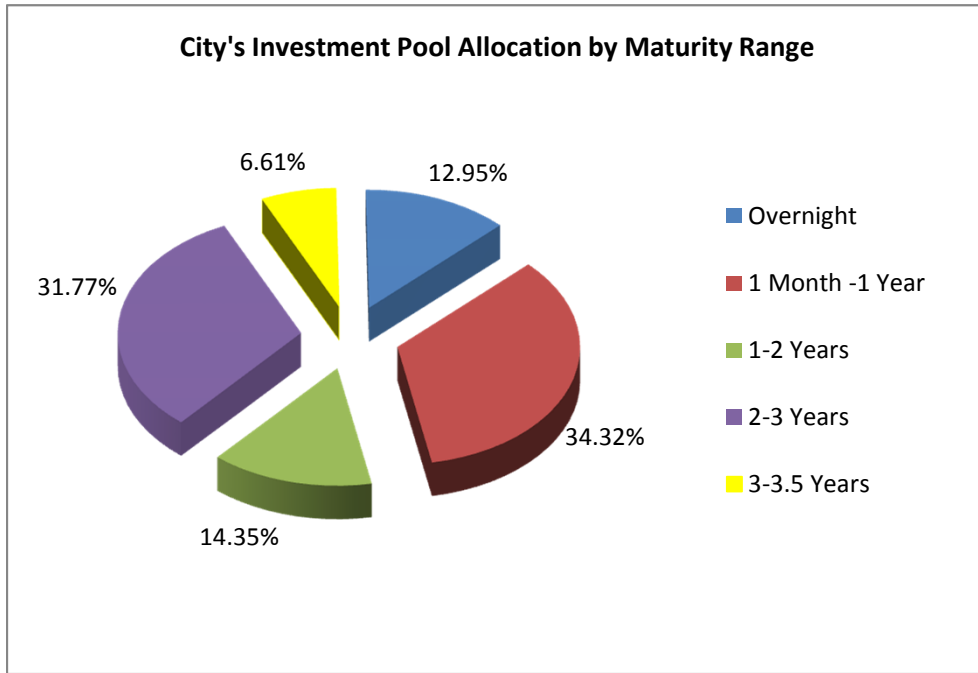
Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Weighted Average Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	252,270,000	252,418,804	253,142,972	724,169	586	0.93%	13.34%
Federal Farm Credit Bank	235,000,000	234,954,278	235,782,225	827,947	584	0.95%	12.42%
Federal Home Loan Bank	408,445,000	408,811,731	409,618,288	806,557	800	1.01%	21.61%
Federal Home Loan Mortgage Corp.	499,039,000	498,863,708	499,908,922	1,045,214	600	1.07%	26.37%
Federal National Mortgage Assoc.	241,480,000	241,457,225	242,133,280	676,055	632	0.96%	12.77%
Local Government Investment Pool	203,020,000	203,020,000	203,020,000	-	1	0.53%	10.73%
Money Market	42,000,000	42,000,000	42,000,000	-	1	0.42%	2.22%
Treasury Note	10,000,000	9,998,149	10,003,710	5,561	1	0.56%	0.53%
<b>***Total Portfolio</b>	<b>1,891,254,000</b>	<b>1,891,523,895</b>	<b>1,895,609,397</b>	<b>4,085,502</b>	<b>537</b>	<b>0.93%</b>	<b>100.00%</b>

\*As per Section 17.1 of the City's Investment Policy, the benchmark for the Investment Pool is the 12-month moving average yield on treasury 1-year constant maturities as reported by Federal Reserve Statistical Release H.15.

\*\* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's strategy to hold investments until they mature, the temporary gains and losses are unlikely to be realized.

\*\*\* Numbers may not sum due to rounding

**City of Dallas**  
**City's Investment Pool Allocation by Maturity Range**  
**As of 3/31/2016**



Description	Face Amount/Shares	Book Value	Market Value	Weighted Average Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight	245,020,000	245,020,000	245,020,000	0.51%	1	12.95%
1 Month -1 Year	648,784,000	649,042,201	649,709,230	0.67%	208	34.32%
1-2 Years	271,830,000	271,498,239	272,683,177	1.03%	548	14.35%
2-3 Years	600,620,000	600,975,468	603,080,026	1.22%	958	31.77%
3-3.5 Years	125,000,000	124,987,988	125,116,965	1.51%	1,252	6.61%
<b>**Total Portfolio</b>	<b>1,891,254,000</b>	<b>1,891,523,895</b>	<b>1,895,609,397</b>	<b>0.93%</b>	<b>537</b>	<b>100%</b>

\*As per Section 17.1 of the City's Investment Policy, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years (547 days).

\*\* Numbers may not sum due to rounding

**City of Dallas**  
**Date To Date**  
**Broker/Dealer Activity**  
**As of: FY 15-16 to Date**

FY 15-16 to Date		
Description	Awarded	%
<b>Primary Dealers</b>		
Bank of America	\$38,000,000	4.63%
Daiwa Capital Markets	20,000,000	2.44%
Morgan Stanley	50,000,000	6.10%
Jefferies & Co.	30,000,000	3.66%
<b>Secondary Dealers</b>		
Coastal Securities	102,010,000	12.44%
Hilltop Securities Inc.	80,000,000	9.76%
Mutual Securities	20,000,000	2.44%
Piper Jaffray & Co.	40,000,000	4.88%
Samco Capital Market	75,000,000	9.15%
SunTrust Robinson Humphrey, Inc.	30,000,000	3.66%
Vining Sparks	67,400,000	8.22%
Wells Fargo	32,000,000	3.90%
<b>Secondary Dealers - M/WBE</b>		
Bonwick Capital - M/WBE	94,539,000	11.53%
Loop Capital - M/WBE	35,000,000	4.27%
Ramirez & Co. - M/WBE	39,000,000	4.76%
Rice Financial - M/WBE	37,050,000	4.52%
Stern Brothers & Co. - M/WBE	30,000,000	3.66%
<b>Total</b>	<b>\$819,999,000</b>	<b>100.00%</b>

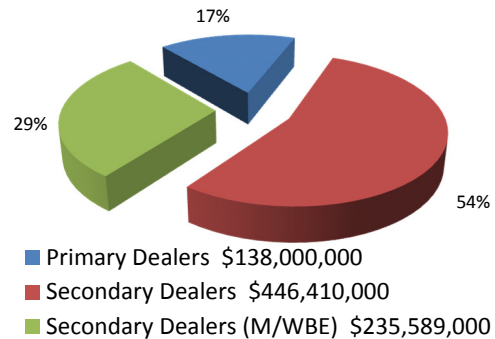
**Notes:**

Section 9 of the City's investment Policy requires the investment committee to annually review and adopt a list of qualified broker/dealers. These firms represent the broker dealer firms that are currently approved by the Investment Committee as of January 2016.

It is the City's Practice to solicit three or more competitive bids/offers each trade except for agency securities purchased at issue.

Q2 FY 15-16		
Description	Awarded	%
Bank of America	\$30,000,000	5.48%
Bonwick Capital - M/WBE	47,539,000	8.69%
Coastal Securities	62,010,000	11.34%
Daiwa Capital Markets	20,000,000	3.66%
Hilltop Securities Inc.	60,000,000	10.97%
Jefferies & Co.	10,000,000	1.83%
Loop Capital - M/WBE	15,000,000	2.74%
Morgan Stanley	50,000,000	9.14%
Piper Jaffray & Co.	40,000,000	7.31%
Ramirez & Co. - M/WBE	39,000,000	7.13%
Rice Financial - M/WBE	37,050,000	6.77%
Samco Capital Market	30,000,000	5.48%
Stern Brothers & Co. - M/WBE	30,000,000	5.48%
SunTrust Robinson Humphrey, Inc.	30,000,000	5.48%
Vining Sparks	14,400,000	2.63%
Wells Fargo	32,000,000	5.85%
<b>Total</b>	<b>\$546,999,000</b>	<b>100.00%</b>

**Broker/Dealer Activity FY15-16 to Date**





# CITY OF DALLAS

## QUARTERLY INVESTMENT REPORT

March 31, 2016

For the quarter ended March 31, 2016 the portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

---

Chief Financial Officer: 

City Controller: 

Treasury Manager: 

**AGENDA ITEM # 3**

**KEY FOCUS AREA:** E-Gov

**AGENDA DATE:** May 25, 2016

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Business Development & Procurement Services  
Communication and Information Services  
Convention and Event Services  
Equipment & Building Services  
Fire  
Park & Recreation  
Street Services

**CMO:** Jeanne Chipperfield, 670-7804  
Mark McDaniel, 670-3256  
Ryan S. Evans, 671-9837  
Jill A. Jordan, P.E., 670-5299  
Eric Campbell, 670-3255  
Willis Winters, 670-4071

**MAPSCO:** N/A

---

**SUBJECT**

Authorize a three-year service contract for emergency generator repair and maintenance - Clifford Power Systems, Inc. in the amount of \$431,280 and Allegiance Power Systems, Inc. in the amount of \$214,275, lowest responsible bidders of seven - Total not to exceed \$645,555 - Financing: Current Funds (\$630,255) and Convention and Event Services Current Funds (\$15,300) (subject to annual appropriations)

**BACKGROUND**

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

This three year service contract will provide maintenance and repair of emergency electrical power generators. Each year, an annual preventative maintenance service schedule will be performed, followed by a quarterly preventative maintenance service schedule. Other repair services will be provided when there is a problem which would impede the generator from performing at optimum efficiency.

## **BACKGROUND (Continued)**

This service contract will provide services for 93 generators throughout the City. Departments utilizing this service contract include but are not limited to Fire-Rescue, Equipment and Building Services, Park and Recreation, Communication and Information Services, Street Services and Convention and Event Services. The successful vendor is to insure that the station generators are serviced, maintained, and running properly throughout the year.

This solicitation was structured in a manner which required bidders to submit a response using unit pricing. This bid resulted in a 1.06% increase over comparable unit prices for services. Additionally, this solicitation also required bidders to submit discounts/mark ups on parts to be ordered from manufacturer's catalogs. Therefore this bid also resulted in an average percentage discount from manufacturer's catalog of 35% compared to an average discount of 10% for the bid awarded in 2011.

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services (BDPS) used its procurement system to send out 530 email bid notifications to vendors registered under respective commodities. To further increase competition, BDPS uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, notifications were sent by the BDPS' ResourceLINK Team (RLT) to 25 chambers of commerce, the DFW Minority Business Council and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

The recommended vendor meets the wage floor rate of \$10.37 approved by City Council on November 10, 2015, by Resolution No. 15-2141.

## **PRIOR ACTION / REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On August 10, 2011, City Council authorized a three-year service contract for preventative maintenance and repairs for backup generators by Resolution No. 11-1978.

Information about this item will be provided to the Budget, Finance and Audit Committee on May 16, 2016.

## **FISCAL INFORMATION**

\$630,255.00 - Current Funds (subject to annual appropriations)

\$ 15,300.00 - Convention and Event Services Current Funds (subject to annual appropriations)

**M/WBE INFORMATION**

- 79 - Vendors contacted
- 79 - No response
- 0 - Response (Bid)
- 0 - Response (No bid)
- 0 - Successful

530 - M/WBE and Non-M/WBE vendors were contacted

The recommended awardees have fulfilled the good faith requirements set forth in the Business Inclusion and Development (BID) Plan adopted by Council Resolution No. 08-2826 as amended.

**ETHNIC COMPOSITION**

**Clifford Power Systems, Inc.**

White Male	108	White Female	32
Black Male	0	Black Female	2
Hispanic Male	7	Hispanic Female	16
Other Male	7	Other Female	3

**Allegiance Power Systems, Inc.**

White Male	5	White Female	2
Black Male	0	Black Female	0
Hispanic Male	0	Hispanic Female	0
Other Male	2	Other Female	0

**BID INFORMATION**

The following bids were received from solicitation number BN1612 and were opened on December 18, 2015. This service contract is being awarded to the lowest responsive and responsible bidders by group. Information related to this solicitation is available upon request.

\*Denotes successful bidders

<b><u>Bidders</u></b>	<b><u>Address</u></b>	<b><u>Amount of Bid</u></b>
*Clifford Power Supply, Inc.	9310 E. 46 <sup>th</sup> St. North Tulsa, OK 74117	Multiple Groups

**BID INFORMATION (Continued)**

<b><u>Bidders</u></b>	<b><u>Address</u></b>	<b><u>Amount of Bid</u></b>
*Allegiance Power Systems, Inc.	7900 Bar K Ranch Road Lago Vista, TX 78645	Multiple Groups
Waukesha-Pearce Industries	850 E. Industrial Ave. Saginaw, TX 76131	Multiple Groups
Loftin Equipment Company	5204 Bear Creek Ct. Irving, TX 75061	Multiple Groups
Power Pro-Tech Services, Inc.	377 Maitland Ave. #1010 Altamonte Springs, FL 32701	Multiple Groups
Dunamis Power Systems, LLC	509 S. Sunnyvale Rd. Del City, OK 73115	Multiple Groups
LJ Power, Inc.	9301 Hwy. 290 West Unit #100 Austin, TX 78736	Multiple Groups

**OWNERS**

**Clifford Power Systems, Inc.**

James Boyles, President  
Ken Clifford, Vice President  
Thomas Clifford, Secretary  
Frauke Quiroga, Treasurer

**Allegiance Power Systems, Inc.**

Mynde Smith, President  
John Smith, Vice President

## **BUSINESS INCLUSION AND DEVELOPMENT PLAN SUMMARY**

**PROJECT:** Authorize a three-year service contract for emergency generator repair and maintenance - Clifford Power Systems, Inc. in the amount of \$431,280 and Allegiance Power Systems, Inc. in the amount of \$214,275, lowest responsible bidders of seven - Total not to exceed \$645,555 - Financing: Current Funds (\$630,255) and Convention and Event Services Current Funds (\$15,300) (subject to annual appropriations)

Clifford Power Systems, Inc. is a local, non-minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use the following sub-contractor. Allegiance Power Systems Inc. is non-local, non-minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use their own workforce.

**PROJECT CATEGORY:** Other Services

### **LOCAL/NON-LOCAL CONTRACT SUMMARY**

	<u>Amount</u>	<u>Percent</u>
Total local contracts	\$420,646.00	65.16%
Total non-local contracts	\$224,909.00	34.84%
<b>TOTAL CONTRACT</b>	<b>\$645,555.00</b>	<b>100.00%</b>

### **LOCAL/NON-LOCAL M/WBE PARTICIPATION**

#### **Local Contractors / Sub-Contractors**

None

#### **Non-Local Contractors / Sub-Contractors**

<u>Non-local</u>	<u>Certification</u>	<u>Amount</u>	<u>Percent</u>
Progenis Services, Inc.	BMDB04385Y0716	\$10,634.00	4.73%
<b>Total Minority - Non-local</b>		<b>\$10,634.00</b>	<b>4.73%</b>

### **TOTAL M/WBE CONTRACT PARTICIPATION**

	<u>Local</u>	<u>Percent</u>	<u>Local &amp; Non-Local</u>	<u>Percent</u>
African American	\$0.00	0.00%	\$10,634.00	1.65%
Hispanic American	\$0.00	0.00%	\$0.00	0.00%
Asian American	\$0.00	0.00%	\$0.00	0.00%
Native American	\$0.00	0.00%	\$0.00	0.00%
WBE	\$0.00	0.00%	\$0.00	0.00%
<b>Total</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>\$10,634.00</b>	<b>1.65%</b>

May 25, 2016

**WHEREAS**, on August 10, 2011, City Council authorized a three-year service contract for preventative maintenance and repairs for backup generators by Resolution No. 11-1978; and,

**WHEREAS**, on September 27, 2013, Administrative Action No. 13-6086 authorized a twelve month extension to the service contract from August 23, 2013 to August 23, 2014; and,

**WHEREAS**, on June 17, 2014, Administrative Action No. 14-6193 authorized a two year extension to the service contract from August 23, 2014 to August 23, 2016;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**Section 1.** That the City Manager is authorized to execute a contract with Clifford Power Systems, Inc. (354227) in the amount of \$431,280.00 and Allegiance Power Systems, Inc. (VS0000047139) in the amount of \$214,275.00 for emergency generator repair and maintenance for a term of three years in a total amount not to exceed \$645,555.00, upon approval as to form by the City Attorney. If the service was bid or proposed on an as needed, unit price basis for performance of specified tasks, payment to Clifford Power Systems, Inc. and Allegiance Power Systems, Inc. shall be based only on the amount of services directed to be performed by the City and properly performed by Clifford Power Systems, Inc. and Allegiance Power Systems, Inc. under the contract.

**Section 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$645,555.00 (subject to annual appropriations) from Service Contract number BN1612.

**Section 3.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

## AGENDA ITEM # 4

<b>KEY FOCUS AREA:</b>	Public Safety
<b>AGENDA DATE:</b>	May 25, 2016
<b>COUNCIL DISTRICT(S):</b>	All
<b>DEPARTMENT:</b>	Business Development & Procurement Services Fire
<b>CMO:</b>	Jeanne Chipperfield, 670-7804 Eric Campbell, 670-3255
<b>MAPSCO:</b>	N/A

---

### SUBJECT

Authorize a three-year master agreement for smoke detectors for Fire-Rescue – Fine Line Products, lowest responsible bidder of six - Not to exceed \$227,220 - Financing: Current Funds

### BACKGROUND

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

This master agreement will provide smoke detectors for Fire-Rescue's (DFR) Smoke Detector Installation Program. Smoke detectors are installed in neighborhoods selected by DFR utilizing fire injury data to determine areas that have high rates of injury from fire. The smoke detectors are installed by DFR personnel and volunteers canvassing door-to-door, offering the smoke detectors to residents living in one and two family dwellings. Residents not available at the time of the canvas will be provided information on how to contact 311 to request a smoke detector. There is no charge to the residents for the smoke detector or installation service provided. The goal of this program is to provide a source for early fire detection thus reducing fire injuries and deaths in resident's homes.

This solicitation was structured in a manner which required bidders to submit a response using unit pricing. This bid resulted in a decrease of 4% over comparable unit prices for the bid awarded in 2013.



## **BACKGROUND (Continued)**

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services (BDPS) used its procurement system to send out 706 email bid notifications to vendors registered under respective commodities. To further increase competition, BDPS uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, notifications were sent by the BDPS' ResourceLink Team (RLT) to 25 chambers of commerce, the DFW Minority Business Council and the Women's Business Council – Southwest, to ensure maximum vendor outreach.

## **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On August 8, 2012, City Council authorized a two-year master agreement for the purchase of smoke detectors by Resolution No. 12-1889.

On September 11, 2013, City Council authorized a two-year master agreement for the purchase of smoke detectors by Resolution No. 13-1551.

Information about this item will be provided to the Budget, Finance & Audit Committee on May 16, 2016.

## **FISCAL INFORMATION**

\$227,220.00 - Current Funds

## **M/WBE INFORMATION**

169 – Vendors contacted  
169 – No response  
    0 – Response (Bid)  
    0 – Response (No Bid)  
    0 – Successful

706 M/WBE and Non-M/WBE vendors were contacted

The recommended awardee has fulfilled the good faith requirements set forth in the Business Inclusion and Development (BID) Plan adopted by Council Resolution No. 08-2826 as amended.

## **ETHNIC COMPOSITION**

### **Fine Line Products**

White Male	1	White Female	0
Black Male	0	Black Female	0
Hispanic Male	0	Hispanic Female	0
Other Male	0	Other Female	0

## **BID INFORMATION**

The following bids were received from solicitation number BV1604 and were opened on March 4, 2016. This master agreement is being awarded in its entirety to the lowest responsive and responsible bidder.

\*Denotes successful bidder

<b><u>Bidders</u></b>	<b><u>Address</u></b>	<b><u>Amount</u></b>
*Fine Line Products	5533 Glasgow Place Columbus, OH 43235	\$227,220.00
J. Alperin Co., Inc.	2170 Jerome Avenue Bronx, NY 10453	\$229,950.00
Asset Lighting & Electric, Inc.	Thorndike Avenue Lakewood, NJ 08701	\$232,680.00
EVCO Partners, LC dba Burgoon Company	2727 Broadway Galveston, TX 77553	\$269,010.00
HD Supply Facilities Maintenance LTD	10641 Scripps Summit Court San Diego, CA 92131	\$314,790.00
HD Supply Facilities Maintenance LTD (Alternate Bid)	10641 Scripps Summit Court San Diego, CA 92131	\$314,790.00

## **OWNER**

### **Fine Line Products**

Eric Hoffrichter, President

## **BUSINESS INCLUSION AND DEVELOPMENT PLAN SUMMARY**

**PROJECT:** Authorize a three-year service contract for emergency generator repair and maintenance - Clifford Power Systems, Inc. in the amount of \$431,280 and Allegiance Power Systems, Inc. in the amount of \$214,275, lowest responsible bidders of seven - Total not to exceed \$645,555 - Financing: Current Funds (\$630,255) and Convention and Event Services Current Funds (\$15,300) (subject to annual appropriations)

Clifford Power Systems, Inc. is a local, non-minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use the following sub-contractor. Allegiance Power Systems Inc. is non-local, non-minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use their own workforce.

**PROJECT CATEGORY:** Other Services

### **LOCAL/NON-LOCAL CONTRACT SUMMARY**

	<u>Amount</u>	<u>Percent</u>
Total local contracts	\$420,646.00	65.16%
Total non-local contracts	\$224,909.00	34.84%
<b>TOTAL CONTRACT</b>	<b>\$645,555.00</b>	<b>100.00%</b>

### **LOCAL/NON-LOCAL M/WBE PARTICIPATION**

#### **Local Contractors / Sub-Contractors**

None

#### **Non-Local Contractors / Sub-Contractors**

<u>Non-local</u>	<u>Certification</u>	<u>Amount</u>	<u>Percent</u>
Progenis Services, Inc.	BMDB04385Y0716	\$10,634.00	4.73%
<b>Total Minority - Non-local</b>		<b>\$10,634.00</b>	<b>4.73%</b>

### **TOTAL M/WBE CONTRACT PARTICIPATION**

	<u>Local</u>	<u>Percent</u>	<u>Local &amp; Non-Local</u>	<u>Percent</u>
African American	\$0.00	0.00%	\$10,634.00	1.65%
Hispanic American	\$0.00	0.00%	\$0.00	0.00%
Asian American	\$0.00	0.00%	\$0.00	0.00%
Native American	\$0.00	0.00%	\$0.00	0.00%
WBE	\$0.00	0.00%	\$0.00	0.00%
<b>Total</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>\$10,634.00</b>	<b>1.65%</b>

May 25, 2016

**WHEREAS**, on August 10, 2011, City Council authorized a three-year service contract for preventative maintenance and repairs for backup generators by Resolution No. 11-1978; and,

**WHEREAS**, on September 27, 2013, Administrative Action No. 13-6086 authorized a twelve month extension to the service contract from August 23, 2013 to August 23, 2014; and,

**WHEREAS**, on June 17, 2014, Administrative Action No. 14-6193 authorized a two year extension to the service contract from August 23, 2014 to August 23, 2016;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**Section 1.** That the City Manager is authorized to execute a contract with Clifford Power Systems, Inc. (354227) in the amount of \$431,280.00 and Allegiance Power Systems, Inc. (VS0000047139) in the amount of \$214,275.00 for emergency generator repair and maintenance for a term of three years in a total amount not to exceed \$645,555.00, upon approval as to form by the City Attorney. If the service was bid or proposed on an as needed, unit price basis for performance of specified tasks, payment to Clifford Power Systems, Inc. and Allegiance Power Systems, Inc. shall be based only on the amount of services directed to be performed by the City and properly performed by Clifford Power Systems, Inc. and Allegiance Power Systems, Inc. under the contract.

**Section 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$645,555.00 (subject to annual appropriations) from Service Contract number BN1612.

**Section 3.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

May 25, 2016

**WHEREAS**, on August 8, 2012, City Council authorized a two-year master agreement for the purchase of smoke detectors by Resolution No. 12-1889; and,

**WHEREAS**, on September 11, 2013, City Council authorized a two-year master agreement for the purchase of smoke detectors by Resolution No. 13-1551; and,

**WHEREAS**, on October 12, 2015, Administrative Action No. 15-6881 authorized to extend the master agreement for a one year term from September 11, 2015 to September 10, 2016; and,

**WHEREAS**, on April 21, 2016, Administrative Action No. 16-5778 authorized additional funds in the amount of \$50,000.00, increasing the master agreement amount from \$209,436.00 to \$259,436.00;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**Section 1.** That a master agreement for the purchase of smoke detectors for Fire-Rescue is authorized with Fine Line Products (VS0000033221) for a term of three years in an amount not to exceed \$227,220.00.

**Section 2.** That the Purchasing Agent is authorized, upon appropriate request and documented need by a user department, to issue a purchase order for smoke detectors for Fire-Rescue. If a written contract is required or requested for any or all purchases of smoke detectors for Fire-Rescue under the master agreement instead of individual purchase orders, the City Manager is authorized to execute the contract upon approval as to form by the City Attorney.

**Section 3.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$227,220.00 from Master Agreement number BV1604.

**Section 4.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

## BUSINESS INCLUSION AND DEVELOPMENT PLAN SUMMARY

**PROJECT:** Authorize a three-year master agreement for smoke detectors for Fire-Rescue – Fine Line Products, lowest responsible bidder of six - Not to exceed \$227,220 - Financing: Current Funds

Fire Line Products is a non-local, non-minority firm, has signed the "Business Inclusion & Development" documentation, and proposes to use their own workforce.

**PROJECT CATEGORY:** Goods

---

### LOCAL/NON-LOCAL CONTRACT SUMMARY

	<u>Amount</u>	<u>Percent</u>
Total local contracts	\$0.00	0.00%
Total non-local contracts	\$227,200.00	100.00%
<b>TOTAL CONTRACT</b>	<b>\$227,200.00</b>	<b>100.00%</b>

### LOCAL/NON-LOCAL M/WBE PARTICIPATION

#### Local Contractors / Sub-Contractors

None

#### Non-Local Contractors / Sub-Contractors

None

### TOTAL M/WBE CONTRACT PARTICIPATION

	<u>Local</u>	<u>Percent</u>	<u>Local &amp; Non-Local</u>	<u>Percent</u>
African American	\$0.00	0.00%	\$0.00	0.00%
Hispanic American	\$0.00	0.00%	\$0.00	0.00%
Asian American	\$0.00	0.00%	\$0.00	0.00%
Native American	\$0.00	0.00%	\$0.00	0.00%
WBE	\$0.00	0.00%	\$0.00	0.00%
Total	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>0.00%</u>

**KEY FOCUS AREA:** E-Gov  
**AGENDA DATE:** May 25, 2016  
**COUNCIL DISTRICT(S):** All  
**DEPARTMENT:** Communication and Information Services  
**CMO:** Mark McDaniel, 670-3256  
**MAPSCO:** N/A

---

**SUBJECT**

Authorize **(1)** the release of funds from Entap, Inc. for the acquisition and service contract for a budget preparation management system in the amount of \$1,541,957; and **(2)** a one-year service contract for the implementation in the amount of \$1,141,296, and a thirty-month service contract for cloud services and support in the amount of \$400,661, for a budget preparation and management system - Oracle America, Inc., through the Department of Information Resources, State of Texas Cooperative - Not to exceed \$1,541,957 - Financing: Municipal Lease Agreement Funds (\$784,012) and Current Funds (\$757,945) (subject to annual appropriations)

**BACKGROUND**

This contract will provide the installation of a budget preparation management system and a subscription agreement for cloud services, which includes upgrades and support. The new budget preparation management system will allow for the integration of multiple applications to provide one centralized tool utilized by City staff for the development of the annual budget. Some additional advantages of the system include:

- Improved forecasting capabilities
- Continuity of business operations
- Improved implementation capability of enhancements to meet business needs
- Significant improvement in the quantity and timeliness of information used in budget decision-making

Currently, the City utilizes several different applications and manual processes to develop the annual budget, generate annual budget books, record and track performance measures and monitor the adopted budget. All of these tasks are accomplished with no integration between the various applications, including the financial and human resource systems. The implementation of the new budget preparation management system will provide a single application for the development and monitoring of the City's budget.

**BACKGROUND** (continued)

On March 25, 2015, a five-year service contract valued at \$2,292,719 was awarded to Entap, Inc. for the acquisition, maintenance and support of a Hyperion (an Oracle product) budget preparation management system. To continue performance while resolving a contract dispute, the City is awarding a service contract to Oracle for the implementation and support of the Hyperion system.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On March 25, 2015, City Council authorized an acquisition contract for software, hosting and a five-year service contract for maintenance and support of a budget preparation management system with Entap, Inc. by Resolution No. 15-0477.

Information about this item will be provided to the Budget, Finance and Audit Committee on May 16, 2016.

**FISCAL INFORMATION**

\$784,012.12 - Municipal Lease Agreement Funds  
\$757,944.79 - Current Funds (subject to annual appropriations)

**ETHNIC COMPOSITION**

Oracle America, Inc.

White Male	206	White Female	79
Black Male	11	Black Female	12
Hispanic Male	10	Hispanic Female	8
Other Male	84	Other Female	12

**OWNER**

**Oracle America, Inc.**

Lawrence J. Ellison, Executive Chairman of the Board and Chief Technology Officer  
Safra A. Catz, Chief Executive Officer



May 25, 2016

**WHEREAS**, on March 25, 2015, City Council authorized an acquisition contract for software, hosting and a five-year service contract for maintenance and support of a budget preparation management system with Entap, Inc. by Resolution No. 15-0477;

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**Section 1.** That the City Manager is hereby authorized to release funds from Entap, Inc. for the acquisition and service contract for a budget preparation management system in the amount of \$1,541,956.91 and execute a one-year service contract for the implementation in the amount of \$1,141,296.00, and a thirty-month service contract for cloud services and support in the amount of \$400,660.91 with Oracle America, Inc. (500311) through the Department of Information Resources, State of Texas Cooperative in a total amount not to exceed \$1,541,956.91, after it has been approved as to form by the City Attorney.

**Section 2.** That in order to reimburse and finance the lease/purchase acquisition of the equipment described herein over a period not to exceed the estimated useful life (10 years) thereof, any Authorized Officer of the City designated in the Master Equipment Lease/Purchase Agreement (the "Master Lease") between Banc of America Public Capital Corp and the City is hereby authorized and directed to execute, acknowledge and deliver a Schedule A (as defined in the Master Lease) pertaining to such equipment including all attachments, financing statements and schedules thereto, in substantially the form attached to the Master Lease, with such changes as the signing officer shall determine to be advisable. Each Authorized Officer of the City is also authorized to execute, acknowledge and deliver any other agreement, instrument, certificate, representation and document, and to take any other action as may be advisable, convenient or necessary to enter into such Schedule A. The financing terms for such equipment, to be determined pursuant to the provisions of the Master Lease and reflected in such Schedule A, and the granting of a security interest in the financed equipment pursuant to the Master Lease, are hereby approved.

**Section 3.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$1,541,956.91 (subject to annual appropriations) from Service Contract number MASC DSV19BDGTPREP.

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>OBJ</u>	<u>AMOUNT</u>	<u>FY</u>
ML13	DSV	E327	3070	\$784,012.12	2016
0198	DSV	1665	3070	\$357,283.88	2016
0198	DSV	1665	3099	\$37,507.50	2016
0198	DSV	1665	3099	\$150,030.00	2017
0198	DSV	1665	3099	\$150,030.00	2018
0198	DSV	1665	3099	\$63,093.41	2019

May 25, 2016

**Section 4.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

**KEY FOCUS AREA:** E-Gov

**AGENDA DATE:** May 25, 2016

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** Business Development & Procurement Services  
Communication and Information Services

**CMO:** Jeanne Chipperfield, 670-7804  
Mark McDaniel, 670-3256

**MAPSCO:** N/A

---

**SUBJECT**

Authorize a five-year service contract, with three one-year renewal options, for desktop support services - Austin Ribbon & Computer Supplies, Inc. , most advantageous prosper of nine - Not to exceed \$13,728,368 - Financing: Current Funds (subject to annual appropriations)

**BACKGROUND**

This service contract will provide desktop support services throughout the City. Since 2006 the City has outsourced its technology help desk services. This service contract is a renewal for the continuation of outsourcing the City’s help desk services. Services within the contract gives the City the ability to leverage support when needed to address the ever changing technology needs of City departments in their goal to fulfill their business operations. Primary services covered include:

- Provide 24x7x365 help desk (call center) support for end users
- A single point of contact for reporting problems or requesting services
- Managing trouble calls and service requests from initiation through resolution
- Support end users over the phone and onsite
- Provide onsite deskside technicians to response to priority items
- Installing, moving, changing and repairing computer equipment and software
- Provide first level response and triage for software applications

Along with the above core services, this service contract will include the enhancements of existing support levels, which includes: unlimited call volumes, expanded support for Apple and Android devices, and stronger service level requirements with penalties.

This service contract also provides a mechanism to acquire optional services. These optional services will provide Communication and Information Services the flexibility to more readily address changes in the scope or level of technology support for occasions such as special events or large scale technology projects.

**BACKGROUND (Continued)**

The successful proposer was selected by the committee on the basis of demonstrated competence and qualifications under the following criteria:

- Cost 35%
- Functional match to City requirements 20%
- Experience and Capabilities 15%
- Approach 15%
- Business Inclusion and Development Plan 15%

\*Business Development and Procurement Services only evaluated the Business Inclusion and Development Plan and cost.

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services used its procurement system to send out 594 email bid notifications to vendors registered under respective commodities. To further increase competition, Business Development and Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, notifications were sent by the Business Development and Procurement Services' ResourceLINK Team (RLT) to 25 chambers of commerce, the DFW Minority

The recommended vendor meets the wage floor rate of \$10.37 approved by City Council on November 10, 2015, by Resolution No. 15-2141.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On October 10, 2011 City Council authorized a five-year service contract for Help Desk Services by Resolution No. 11-2714.

Information about this item will be provided to the Budget, Finance and Audit Committee on May 16, 2016.

**FISCAL INFORMATION**

\$13,728,368.00 - Current Funds (subject to annual appropriations)

**M/WBE INFORMATION**

- 96 - Vendors contacted
- 95 - No response
- 1 - Response (Bid)
- 0 - Response (No Bid)
- 1 - Successful

594 - M/WBE and Non-M/WBE vendors were contacted

**M/WBE INFORMATION (Continued)**

The recommended awardee has fulfilled the requirements set forth in the Business Inclusion and Development (BID) Plan adopted by Council Resolution No. 08-2826 as amended.

**ETHNIC COMPOSITION**

Austin Ribbon & Computer Supplies, Inc.

White Male	25	White Female	13
Black Male	9	Black Female	0
Hispanic Male	17	Hispanic Female	0
Other Male	15	Other Female	9

**PROPOSAL INFORMATION**

The following proposals were received from solicitation number BHZ1520 and were opened on December 18, 2015. This service contract is being awarded in its entirety to the most advantageous proposer.

\*Denotes successful proposer

<b><u>Proposers</u></b>	<b><u>Address</u></b>	<b><u>Score</u></b>	<b><u>Amount</u></b>
*Austin Ribbon & Computer Supplies, Inc.	9211 Waterford Centre Blvd. Suite 202 Austin, TX 78758	83.80%	\$13,728,368.00
EJES, Inc.	12655 N. Central Expwy. Suite 500 Dallas, TX 75243	71.63%	\$18,041,838.00
Compucom Systems, Inc.	7171 Forest Ln. Dallas, TX 75230	66.51%	\$21,732,944.00
Atos IT Solutions and Services, Inc.	2500 Westchester Ave. Suite 300 Purchase, NY 10577	64.27%	\$16,192,894.74
Lenovo (United States), Inc.	1009 Think Pl. Morrisville, NC 27560	63.83%	\$21,807,201.90

**PROPOSAL INFORMATION (Continued)**

<b><u>Proposers</u></b>	<b><u>Address</u></b>	<b><u>Score</u></b>	<b><u>Amount</u></b>
Lonestar Group Consulting Services, LLC	2030 Main St. Suite 700 Dallas, TX 75201	56.24%	\$19,503,800.00
Insight Public Sector, Inc.	6820 S. Harl Ave. Tempe, AZ 85283	54.07%	\$20,469,265.00
WynnDalco Enterprises, LLC	400 N. Michigan Ave. Suite 500 Chicago, IL 60611	53.76%	\$17,309,090.00
Tony's Computer Updates	210 Trees Dr. Cedar Hill, TX 75104	Non Responsive**	

\*\*Tony's Computer Updates was deemed non-responsive due to not meeting specifications.

**OWNER**

**Austin Ribbon & Computer Supplies, Inc.**

Laura Grant, President