

Memorandum



CITY OF DALLAS

DATE July 14, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT **Management and Operation of Dallas Fair Park Solicitation Process**

In October 2016, the City began a two-step procurement process for the Management and Operation of Fair Park. Through the initial Request for Qualifications (RFQ) process, we sent notices to 14 nationally recognized organizations in venue management and advertised in the Dallas Morning News, to meet the State requirements. Additionally, the City also notified 2,590 vendors, 25 chambers of commerce, the DFW Minority Business Council, and the Women's Business Council-Southwest. Three firms responded on December 2016, and all were qualified in February 2017 to move to the Request for Competitive Sealed Proposals (RFCSP) phase.

Today, Business Development & Procurement Services is sending the attached RFCSP specifications to the three qualified firms so that they may submit proposals by October 2, 2017. Additionally, we created a website link on www.dallascityhall.com to allow interested parties and vendors access to all documentation provided to the qualified firms.

Lastly, City Council authorized a consultant contract with Johnson Consulting on April 12, 2017 to assist the City with the procurement process. The consultant has provided summary feedback from their discussions with members of City Council, Park and Recreation Board, Landmark Commission, and the Cultural Affairs Commission, as well as a composite summary of comments from the community meeting on June 26, 2017. We are providing both documents to the three qualified firms for their use in the development of their proposals, and they are also available online. Additional opportunities for Fair Park community input through canvassing, telephone town hall and/or community meetings are in development for completion in the next 30 days, and results will be made available similarly.

The consultant indicates that a majority of City Council Members interviewed expressed some concern with limiting the proposal process to the three qualified firms. However, once the City began the two-step procurement process following State competitive bidding laws, only the three qualified firms who responded to the Request for Qualifications and were qualified can participate in the second step of the process – the proposal process. We cannot consider additional submittals from firms outside of those deemed qualified using this process.

It is our goal to schedule City Council authorization of a management contract with the successful Proposer by January 2018 so that it may be executed no later than January 31, 2018. Please contact Assistant City Manager Joey Zapata if you have any questions or need additional information.

A handwritten signature in blue ink, appearing to read 'T.C. Broadnax', written over a blue circular stamp.

T.C. Broadnax
City Manager

DATE July 14, 2017
SUBJECT **Management and Operation of Dallas Fair Park Solicitation Process**

Attachment

c: Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Raquel Favela, Chief of Economic Development & Neighborhood Services

Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors



CITY OF DALLAS



REQUEST FOR COMPETITIVE SEALED PROPOSALS
Management and Operation of Dallas Fair Park
BBZ1701

Date of Issue: July 14, 2017



CONTENTS

Section 1: Introduction	4
Section 2: Background	4
Section 3: Overview of Fair Park	4
Section 4: Goals and Objectives.....	5
Section 5: Scope of Management Agreement	6
Section 6: Submittal Requirements	9
Section 7: Submittal Information and Due Date.....	12
Section 8: Addenda and Supplemental Information	13
Section 9: Business Inclusion and Development (BID) Plan.....	13
Section 10: Insurance Requirements	14
Section 11: Performance Bond	14
Section 12: Pre-Proposal Meeting	15
Section 13: Communication and Inquiries	15
Section 14: Modifications	15
Section 15: Late and Withdrawn Submittals	15
Section 16: Opening and Acceptance of Proposals	16
Section 17: Evaluation Criteria and Process	16
Section 18: Rejection or Acceptance of Submittals	17
Section 19: Disqualification of Proposers	17
Section 20: Discussion with Reasonably Qualified Proposers	18
Section 21: Negotiations.....	18
Section 22: Approval by City Council and Offering of Contract.....	18
Section 23: Confidentiality.....	19



Section 24: Ownership	19
Section 25: Conflict of Interest	19
Section 26: Indemnity	20
Section 27: Lobbying By Bidders and Proposers on City Contracts	20
Section 28: Wage Floor	21
Section 29: Certificate of Interested Parties (Form 1295)	22



SECTION 1: INTRODUCTION

The City of Dallas (herein referred to as the “City”) is issuing this Request for Competitive Sealed Proposals (RFCSP) to solicit a non-profit 501(c)3 organization (or a business entity that will operate in a not-for-profit status) to oversee operations and management of Dallas Fair Park, a 277-acre signature, historic and architecturally significant multi-venue park and entertainment complex owned and operated by the City. The City invites submittals from pre-qualified organizations that have indicated capabilities in the effective and successful management and operation of complex real estate projects.

At the conclusion of the RFCSP process described herein, the successful Proposer will be responsible for the full and complete management and operation of Fair Park as a public park subject to contract terms and conditions; maintaining and managing the grounds and facilities of Fair Park as a vibrant, year-round location for events, daily activities, and cultural enrichment; cultivating connections with and supporting revitalization of the surrounding neighborhood; administering third party contracts in the City’s stead, including vendor concessions, licenses, and leases; securing and presenting future third party contract opportunities for Fair Park, including naming and sponsorships; and seeking and securing financial support opportunities for Fair Park through non-City sources. It is the desired goal of the City to have an executed management contract with the successful Proposer no later than January 31, 2018.

SECTION 2: BACKGROUND

On September 3, 2014, the Mayor’s Fair Park Task Force presented its final report to a joint meeting of the Dallas City Council and the Park and Recreation Board. One of the Task Force’s key recommendations was to empower a new organization as the operational and marketing authority for Fair Park, with the City providing sufficient operational and capital funding, as needed. It is envisaged that the agreement in general employed at the Dallas Zoo, which is owned by the City and managed by the Dallas Zoological Society, a Texas non-profit corporation, will serve as a model for Fair Park.

On May 7, 2015, the Park and Recreation Board passed a Resolution supporting the Mayor’s Fair Park Task Force Key Recommendations with proposed modifications, including the requirement for a 501(c)(3) entity to implement a public-private partnership, with a diverse board including at least one member representing the surrounding Fair Park community and one member with historic preservation expertise.

On October 28, 2016, the City initiated a two-step process to solicit a management organization for the Fair Park. Phase 1 entailed a Request for Qualifications (RFQ), to which responses were received on December 30, 2016. This RFCSP serves as Phase 2 of the solicitation process, in which the City is inviting Proposers it deemed qualified to submit a proposal to market, enhance, maintain, manage, and operate Fair Park.

SECTION 3: OVERVIEW OF FAIR PARK

Located two miles to the east of downtown Dallas, Fair Park is a City of Dallas landmark district, a State Antiquities Landmark (SAL), and a National Historic Landmark that is home to the largest collection of Art-



Deco exposition architecture in the United States. **Exhibit A** to this RFCSP provides a map of Fair Park. In addition to being the site of the annual State Fair of Texas, Fair Park hosts numerous outdoor festivals and events throughout the year, attracting more than 5 million visitors annually. **Exhibit B** to this RFCSP provides a list of events held at the Fair Park and recorded attendance.

Improvements at Fair Park include a variety of City-owned and operated event and entertainment facilities. The City also holds term agreements with numerous tenants and privately-managed cultural institutions and entertainment facilities located at Fair Park. Upon award of the management contract that is the subject of this RFCSP, the successful Proposer will assume responsibility from the City for all obligations and duties, if assignable, under these contacts. There are also a small number of City-owned facilities that will continue their operations at Fair Park under City's management and will not be included in the management agreement resulting from this RFCSP. **Exhibit C** to this RFCSP identifies the various facilities at Fair Park, including those that are currently operated by the City, on-site tenants, and other uses that will be excluded from the management agreement. **Exhibit D** to this RFCSP provides current tenant contracts. **Exhibit G** provides the Fair Park preservation criteria that outlines what may or may not be altered to the exterior of structures, select interior spaces, and the overall site. **Exhibit H** outlines the State Antiquities Landmark structures that require review by the Texas Historical Commission.

SECTION 4: GOALS AND OBJECTIVES

Fair Park is a designated City park and as such, by State law is limited to use solely for park and recreational purposes, including: serving as the location of recreational facilities and activities, cultural institutions and programs, the State Fair of Texas, sporting events, entertainment, and educational programs with a cultural or recreational component; and providing other support facilities and activities, concessions, and parking. In pursuing a non-profit 501(c)3 (or a business entity that will operate in a not-for-profit status) management alternative, the City has identified several overall operational goals for Fair Park. The intent is to achieve these goals in a more timely and cost effective manner than may be possible under the current management structure. Building upon the recommendations of the Mayor's Fair Park Task Force Report, as amended by the Park and Recreation Board Resolution, the goals that have been identified at this point are summarized below.

1. Execute the recommendations of the Mayor's Fair Park Task Force Report, as amended by the Park and Recreation Board Resolution, including the development of a new year-round community park (attached as **Exhibit L** to this RFCSP).
2. Identify additional ways to maximize the year-round utilization of the Park.
3. Establish effective community relations, including cultivating connections with and supporting revitalization of the surrounding neighborhood, marketing, promotions, fundraising, sponsorships, and advertising.
4. Enhance and maintain Fair Park as a City of Dallas landmark district, State Antiquities Landmark, and a National Historic Landmark.



5. Utilizing the Office of Cultural Affairs' application and review process for major cultural institutions, develop a plan to maintain, enhance, and foster the success of and/ or augment the various cultural institutions located in Fair Park.
6. Promote, protect, preserve and conserve the collection of public art in the Park.
7. Support, maintain, and enhance sporting and recreation venues located in Fair Park.
8. Administer third party contracts, including vendor contracts, concessions, licenses and leases, and contracts securing and presenting future events, programming, and visitor attraction opportunities for Fair Park.
9. Prepare a strategic plan and business plan for the implementation of a centralized, comprehensive, and integrated management organization to potentially become a self-supporting enterprise responsible for the planning and capital development for needed enhancements, as well as improved operations and maintenance of existing and new improvements at Fair Park. The strategic and business plan must address park programming, as well as capital improvements.
10. Upon selection, update the 2003 Fair Park Comprehensive Development Plan (**Exhibit M** of this RFCSP). Proposers should set the parameters for this update in their response to this RFCSP, to serve as the performance benchmark in a contract with the City.

SECTION 5: SCOPE OF MANAGEMENT AGREEMENT

At the conclusion of the process outlined in this RFCSP, the City intends to enter into a contract (herein referred to as the "Management Agreement") for services to operate Fair Park. The scope that will be incorporated into the Management Agreement will be subject to the City's oversight, and may include, but is not limited to the following items. Further detail is provided in **Exhibit F** to this RFCSP (Draft Management Agreement for Fair Park).

1. The successful Proposer (herein referred to as the "Manager") shall manage and operate Fair Park in accordance with policies approved by the City. These policies are identified in the Management Agreement. The Manager is responsible for all day-to-day operations and shall support Fair Park as a public park, maintaining and managing the grounds and facilities of Fair Park as a vibrant, year-round location for events, daily activities, cultural enrichment, historic architecture, and a place for quiet enjoyment.
2. The Manager shall assume from the City all of the obligations and duties set forth in all existing Fair Park contracts, with the exception of the State Fair of Texas contract and the Texas Department of Transportation Parry Avenue parking lot contract, as their assignments are subject to consent of the State Fair of Texas and the Texas Department of Transportation respectively. If consent of the State Fair of Texas and/or the Texas Department of Transportation is not granted, the contracts will remain with the City. The Manager shall assume the City's payment obligations under those contracts that are related to athletic events at Cotton Bowl at Fair Park.



3. During the first year of the Management Agreement, the Manager will commence preparation of a Master Plan for the entire 277 acres of Fair Park. The Plan, which shall be completed within two years, will provide a roadmap for transforming Fair Park into one of the premier signature parks in the United States. Implementation of the Master Plan will commence with the development of a neighborhood park on Fair Park grounds, as recommended in the Mayor's Fair Park Task Force report.
4. An annual Business Plan will be prepared and updated by the Manager, including an operations and management plan for Fair Park, its various departments and functions, and a 10-year projected operating and capital budget. The Manager will present the Business Plan as part of its Annual Report to the Park Board.
5. The Manager shall be governed by a Management Board with no fewer than nine (9) members, including representatives of the historic preservation community and the immediate neighborhoods surrounding the Fair Park community, accounting for no less than the greater of one (1) member or ten percent of the membership each.
6. The Manager shall have sole discretion and responsibility for employing, paying, supervising and discharging all personnel deemed necessary. It is the City's desire that the Manager will interview and consider employment for any displaced Fair Park employees.
7. The Manager shall strive to achieve strategic objectives identified by the City and including i) Creation and maintenance of a neighborhood park; ii) Support and enhancement of Fair Park as a City of Dallas landmark district, State Antiquities Landmark, and a National Historic Landmark; iii) Maintenance and enhancement of the various cultural institutions located in Fair Park; and iv) Maintenance and enhancement of the sporting and recreation venues located in Fair Park.
8. The Manager shall prepare and submit to the Park Board an annual Performance Plan, setting forth the performance objectives for Fair Park. The performance indicators shall include, at a minimum, i) Number of visitors to Fair Park; ii) Number of events held at Fair Park and at the various institutions and venues located thereon; iii) Manager's net and gross operating revenues; iv) Capital expenditures at Fair Park; v) Earned profit and loss from operations, including profits from current, enhanced and expanded operations; vi) Non-earned revenue from grants, gifts, endowments and other sources, gained for the benefit of Fair Park; vii) Calculation of expected support needed from the City to sustain operations and facilities at a quality level for a first class operation, as set forth by the Mayor's Task Force; and viii) Minority and Women-Owned Business Enterprises (M/WBE) participation for construction and operations contracts (which includes construction, architecture and engineering, professional services, others services and goods).
9. The Manager shall adopt and maintain annual operating budgets, maintain complete accounting records relating to activities at Fair Park, and furnish audited financial statements to the City. In addition, the Manager shall provide regular reports to the Park Board on significant activities at Fair Park, including quarterly M/WBE reports (**Exhibit K** to this RFCSP provides a sample report).



10. The Manager shall develop and exploit all revenue opportunities (including but not limited to naming rights, sponsorships and ticket surcharges) and shall assume responsibility for all operating expenses and capital expenditures associated with Fair Park. The Manager will have the exclusive right to apply for and accept, receive, and manage all financial grants or other donations from non-City sources with regard to Fair Park.
11. The Manager shall specify, control, and establish any and all fees, deposits, charges, and consideration for goods, services, concessions, admission to special events, parking, use, advertising, sponsorship, naming rights, or other designated purposes involving Fair Park, recognizing, that other than during the State Fair of Texas and any other special events, general admittance to the grounds shall remain free of charge.
12. The Manager and the officers, employees and agents under its control shall abide by all applicable local, county, state and federal laws pertaining to the operation of Fair Park and shall secure all licenses and permits necessary. The Manager shall be responsible for and will pay all federal, state, county and city taxes arising as a result of the Management Agreement.
13. The Manager and the officers, employees and agents under its control shall abide by the Certificate of Appropriateness application process and Certificate of Demolition process as required as a City of Dallas landmark district outlined by Chapter 51A-4.501 of the Dallas Development Code and the process for an Antiquities Permit as a State Antiquities Landmark (SAL) outlined by the Texas Natural Resource Code, Title 9, Chapter 191 and Texas Administrative Code, Title 13, Part 2, Chapter 26. In addition, the Secretary of the Interior Standards for Rehabilitation should also be used as a preservation, design, and planning guideline.
14. The Manager will be responsible for the conservation of historic buildings and furniture, and public artwork, in accordance with the City's detailed specifications, attached to the RFCSP as **Exhibit I**.
15. All areas of Fair Park and Fair Park Personal Property are to be kept in a good, safe, clean, sanitary, repaired and usable condition in accordance with applicable laws and consistent with industry standards. The manager shall strive to uphold and improve conditions to a level that matches or exceeds that of premier signature parks in the United States.
16. It is anticipated that the Manager will commence management and operations of Fair Park on April 1, 2018, and the initial contract term will be for 20 years. Upon the expiration of the initial contract term, the City, at its sole discretion, may extend the contract for up to 2 additional 5-year terms.
17. The Manager shall establish a program to utilize local minority businesses in all procurement and contract opportunities issued and require all first tier bidders, vendors, contractors, suppliers and partners to participate in the program to utilize local minority businesses whenever possible. The program should first look to utilize minority businesses in and surrounding the Fair Park community, and then minority businesses in Dallas County.



18. The Manager shall monitor and report on a quarterly basis M/WBE goals and performance to the Office of Business Diversity (Refer to **Exhibit K** to this RFCSP):
 - a. Construction Services 30%
 - b. Architects and Engineers 25.66%
 - c. Other Professional Services 36.30%
 - d. Others Services 23.80%
 - e. Goods 18%
19. The Manager shall establish a recruitment and hiring program to provide employment opportunities for minorities in and surrounding the Fair Park community as a first priority and in Dallas County as a second priority. The program shall; i) require all first tier bidders, vendors, contractors, suppliers and partners to participate in the program to provide and utilize local minorities for employment opportunities; ii) promote employment opportunities at all levels including management roles; iii) require the Manager and first tier firms to report the number of minorities employed on a quarterly basis by categories including management and senior leadership roles to the Office of Business Diversity; iv) require the manager to monitor and report on a bi-annual (6 month) basis, the results of the jobs program.
20. The Manager shall create a program to provide internship opportunities to local minority students in and surrounding the Fair Park community. The program shall require; i) first tier vendors, contractors and partners to participate in the internship program; ii) provide internships to local minority students in and surrounding the Fair Park community; iii) require the Manager and first tier firms to report the number of students in internships on a bi-annual (6 month) basis; iv) require the manager to monitor and report on a bi-annual (6 month) basis, the results of the internship program.
21. The Manager shall create a program to partner and support local not-for-profit organizations residing in the Fair Park community that advocates and provides services to minorities in the Fair Park community.
22. Additional requirements and obligations are contained in Exhibit F.
23. Per Section 2.03 of Exhibit F, the Bill of Sale for Fair Park Personal Property will be \$1 per unit.

SECTION 6: SUBMITTAL REQUIREMENTS

Qualified Proposers are to provide a thorough submittal using the guidelines presented herein. Submittals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of this RFCSP. Submittals that appear unrealistic in terms of technical commitments, lack of technical competence or are indicative of failure to comprehend the complexity and risk of this Management Agreement may be rejected.

The following provides an outline of the information to be included in the submittal. This outline is not all-inclusive and Proposer can add information as deemed appropriate. Emphasis should be placed on conforming to RFCSP instructions, responding to the RFCSP requirements, and the completeness and clarity of content.



- A. **BACKGROUND AND PROJECT SUMMARY:** Describe the Proposer’s understanding of the City’s vision for Fair Park, the work to be done and the types of initiatives that the Proposer may take to meet the goals and objectives for non-profit 501(c)3 (or a business entity that will operate in a not-for-profit status) management set forth in Section 4 of this RFCSP.
- B. **PROPOSER CAPABILITY:** Demonstrate the Proposer’s capacity and experience by providing:
- Name of the non-profit 501(c)3 organization (or business entity that will operate in a not-for-profit status) that will be responsible for management of Fair Park, date of formation, and current address.
 - List of officers or directors of the organization/entity, including representatives of the historic preservation community and the immediate neighborhoods surrounding the Fair Park community, accounting for no less than the greater of one (1) member or ten percent of the membership each. Proposer’s are welcome to make modifications and/ or additions to the team presented in their response to the RFQ.
 - Organizational chart and resumes of key personnel who will be involved in the day-to-day operation of Fair Park, including identification and qualifications of a General Manager.
 - Proposer’s ability to fund and sustain major projects and/or major multi-year projects, including, but not limited to, facilities construction/management/maintenance, capital campaigns, cultural institution projects/campaigns, major sporting/cultural/entertainment events, or other relevant projects. Include information demonstrating how the organization/entity was successful in managing the project(s) within the operating budget, and how it addressed any unforeseen costs during the operational period. Provide examples of experience using innovative funding strategies.
 - Evidence of financial stability and capacity of the ownership of the entity/ Proposer for the past 3 years, or most current information for newly formed organizations/ entities and each entity that comprises the organization/ entity, including audited i) Balance Sheets; ii) Income Statements; iii) Statements of Changes in stockholder’s equity; iv) Notes to Financial Statements; v) Corporate/ Partnership federal income tax return (last fiscal year). Also provide credit report and credit history letter from a financial institution.
 - Evidence of support from stakeholders and residents of the surrounding community for the Proposer’s plan to manage and operate Fair Park.
- C. **OPERATIONAL PLAN OVERVIEW:** Provide an operational plan overview for addressing the requirements in the Scope of Management Agreement as listed in Section 5 of this RFCSP. This should include, at a minimum, the following:
- Proposer’s overall philosophy and approach to the management and operation of Fair Park.
 - Overview of operating policies and procedures to be employed by the Proposer to operate, manage, maintain, promote, enhance and improve Fair Park.
 - Approach to financial management, employee management and administrative policies and procedures.
 - Summary of Proposer’s intended utilization plan and reporting for M/WBE, consistent with the City’s Business Inclusion and Development (BID) Plan.
 - Description of event management and accounting systems.
 - Summary of Proposer’s approach to Preventative Maintenance Programs, including methods for



assuring that all maintenance work is scheduled, completed, documented, and performed in a manner that is consistent with generally accepted terms for building maintenance.

- Summary of Proposer’s approach to maintenance, preservation and enhancement of public artwork at Fair Park.
- Summary of Proposer’s approach to ensuring environmental sustainability as part of the operations of Fair Park, and with respect to capital repairs. Specifically, identify approach to incorporating “green – environmental friendly” and “clean energy” products and services.
- Summary of Proposer’s approach to ongoing engagement with tenants and users of Fair Park.
- Summary of Proposer’s approach to ongoing engagement with the Fair Park community, and residents for the broader Dallas area.
- Indication of Proposer’s intended approach to setting parameters for updating the 2003 Fair Park Comprehensive Development Plan (as specified in Section 4 of this RFCSP).
- Summary of Proposer’s intended approach to completing a Master Plan for the 277-acre Fair Park, commencing during the first year of the Management Agreement and to be completed within 2 years (as presented in Section 5 of this RFCSP).
- Summary of Proposer’s plan to address community feedback from Community Meeting held on June 26, 2017 (**Exhibit N** to this RFCSP provides a summary of feedback received).
- Timeline for achieving critical milestones contained with the Proposer’s Operational Plan.

D. **MARKETING/ SALES PLAN OVERVIEW:** Provide a summary of components of a marketing plan that Proposer would consider for use at Fair Park, including examples of marketing initiatives that might be implemented. Focus discussion on strategies for increasing year-round utilization, as well as the ongoing role of the State Fair of Texas and other tenants as major anchor attractions. The marketing plan should include short- and long-term goals and tactics for implementation, and Proposers should also identify how marketing and sales approaches will effectively position Fair Park to bid for the 2036 Texas Bicentennial Exposition.

E. **TRANSITION PLAN OVERVIEW:** Identify key elements of a Transition Plan that addresses the following broad categories. It is noted that the Transition Plan does not need to include details specific to Fair Park, but should provide sufficient detail to highlight the depth of the Proposer’s understanding of the transitioning process.

- Review of Fair Park operating practices.
- Plan to incorporate fair consideration to retain qualified and experienced employees.
- Recruitment and retention of key staff.
- Review of existing tenant contracts.
- Review and modification of key event management and accounting systems.
- Review of sales and marketing efforts and development of a marketing plan.
- Review of existing building systems and facilities.

F. **FEE PROPOSAL:** Provide a fee proposal that includes the initial contract term annual management fee required to operate Fair Park (inclusive of fixed and variable fees). In addition, provide an annual management fee for each of the respective extension terms. These fees shall constitute the Proposer’s



total compensation for performance under the Management Agreement. The fee proposal shall include a plan to reduce financial dependence from the City.

- G. **FINANCIAL PRO FORMA:** Utilizing the template provided in **Exhibit E** to this RFCSP, prepare a forecast of annual attendance and sources and uses of operating and non-operating revenues, including capital improvement allocations, over a 10-year period. Include a narrative description of the impact of the Proposer's approach to management and operations on the financial performance of Fair Park. Identify required operating subsidy and/ or capital funding from the City necessary to achieve financial targets, keeping in mind the City's desire to minimize its financial obligations while maximizing private sector investment in Fair Park. Proposers are encouraged to identify new and innovative potential revenue sources for Fair Park. It is expected that the pro forma will be refined based upon post-selection due diligence and negotiations. Notwithstanding this, the credibility and financial outcomes of the pro forma will be an important selection criterion and should present a viable and reasonable forecast of costs and revenues, along with risks and benefits.
- H. **PERFORMANCE PLAN:** Identify performance metrics for measuring Proposer's success in managing and operating Fair Park, including mechanisms for identify needs for improvements. In broad terms, these metrics should focus on the City's key performance objectives for Fair Park, as described in the Scope of Management Agreement. Proposer should identify associated timeframes for achieving specific milestones and approach to remediation if targets are missed. The performance indicators shall include, at a minimum, i) Number of visitors to Fair Park; ii) Number of events held at Fair Park and at the various institutions and venues located thereon; iii) Manager's net and gross operating revenues; iv) Capital expenditures at Fair Park; v) Contributions to Manager or other contributions obtained for the benefit of Fair Park, from both City and non-City sources; vi) Business support and training plan for residents and businesses of adjacent neighborhoods; and vii) Mechanisms for measuring the level of satisfaction experienced by visitors to, and vendors at, Fair Park; viii) M/WBE participation for construction and operations contracts (which includes construction, architecture and engineering, professional services, others services and goods). Proposer shall commit to conducting performance audits on a quarterly (3-month) basis, with findings to be presented to the Park Board.

SECTION 7: SUBMITTAL INFORMATION AND DUE DATE

Requirements and procedures for providing submittals in response to this RFCSP are described herein. Sealed submittals shall be delivered in person or by mail to the address listed below by **2:00 p.m. CDT on October 2, 2017**. Starting at 2:01 p.m. on the due date, submittals will not be accepted and will be returned to the Proposer unopened. Electronic, faxed, or emailed submittals will not be accepted. All submittals shall include the project name and number, organization/entity name, address, telephone number, and designated contact person regarding the submission.

All submittals shall be typed and bound on 8.5" x 11" paper. **One (1) original, eight (8) identical copies, and one (1) electronic PDF document (flash drive or CD only) of the submittal shall be delivered to:**

Dallas City Hall
Attn. Mario Alvarado
Business Development & Procurement Services
1500 Marilla St. Room 3FN



Dallas, TX 75201

The following documents are **required** to be included with the submittal:

- **COVER LETTER:** Provide a short cover letter (not to exceed 2 pages) with the name of the submittal, contact information for the Proposer, including a primary contact name, mailing address, phone number, and email address and a short summary of the Proposer's understanding of the request. The letter should be signed by an authorized officer of the organization/entity proposing to serve as the lead contracting entity.
- **TABLE OF CONTENTS:** Show page locations of each heading of the required content, as well as additional exhibits provided as part of the submittal.
- **SUBMITTAL REQUIREMENTS:** Address all requirements identified in this RFCSP.
- **REQUIRED FORMS:** RFCSP Signature Page, Conflict of Interest form, Business Information form.

SECTION 8: ADDENDA AND SUPPLEMENTAL INFORMATION

Corrections and/ or changes to this RFCSP shall be posted online as an addendum on the City's website at <http://dallascityhall.com/departments/businessdevelopmentprocurement/fair-park-management-operation/Pages/default.aspx>

It may be necessary for the City to request supplemental information from individual Proposers after proposals have been submitted and reviews. Such information will be requested in writing to the specific Proposer and will be used by the City in evaluating the proposal and will not be shared with other Proposers during the evaluation and award process.

SECTION 9: BUSINESS INCLUSION AND DEVELOPMENT (BID) PLAN

It is the policy of the City of Dallas to involve M/WBE to the greatest extent feasible on the City's construction, procurement, and professional services contracts. The City and its contractors shall not discriminate on the basis of race, color, religion, national origin, or sex in the award and performance of contracts. In consideration of this policy, the City of Dallas has adopted the Business Inclusion and Development Plan (BID Plan) for all City of Dallas contracts.

Current M/WBE goals for this contract are: Others Services 23.80%

The following information shall be submitted with the proposal and shall include:

- Submission of an Affirmative Action Plan and/or Policy.
 - If your company does not have an Affirmative Action Plan the Business Inclusion and Development Staff can provide the Affirmative Action Requirements (BDPS-PRO-204) which will serve as a template to be utilized for this criterion.



- The Ethnic Workforce Composition Report (BDPS-FRM-204).
- Submission of documentation showing the RFCSP/RFQ Contractor's Affidavit History of M/WBE Utilization Form (BDPS-FRM-205) on previous contracts on the form provided.
- Firm (s) Team make-up includes a significant number of diverse M/WBE firms in meaningful roles on the project. Please submit the RFCSP/RFQ Contractor's Affidavit Type of Work by Prime and Sub-consultant Form (BDPS-FRM-206).
 - The name, address and telephone number of each M/WBE; (b) the description of the work to be performed by each M/WBE; and (c) the approximate dollar amount/percentage of the participation.
- Evidence of acknowledgement of the City's Business Inclusion and Development (BID) Plan, signed Business Inclusion and Development Affidavit (BDPS-FRM-203) that demonstrates intent to comply with the policy and evidence of M/WBE inclusion to meet the BID goal for the project.
- Implementation and monitoring plan for a diversity program as described in Section 5.

The successful Proposer shall be required to comply with the City's BID Policy in all procurement and contracting opportunities during the management and operation of Fair Park. The Manager shall provide BID performance reports quarterly and oral presentation updates to the Park Board bi-annually.

SECTION 10: INSURANCE REQUIREMENTS

The successful Proposer will be required to purchase and maintain insurance, during the term of the contract, as described in **Exhibit J** and agree to the indemnification agreement therein:

- Failure to provide proof of required insurance to the City's representative with fifteen (15) days following award notifications may disqualify the selected vendor.
- If the selected Proposer allows required insurance coverage to lapse during the term of the agreement, they shall be found in default, and the agreement may be terminated, depending on the type of insurance and the Proposer's ability to reinstate coverage within a reasonable time.
- Mark-up's to the insurance requirements shall be submitted with the RFCSP response by the due date.

SECTION 11: PERFORMANCE BOND

The successful Proposer will be required to purchase and maintain, through the term of the contract, a performance bond, or irrevocable letter of credit in favor of the City, in the amount of \$4,250,000. Construction performance and payment bonds of 100 percent of the amount of construction costs will be required by State law for any construction on City property.



SECTION 12: PRE-PROPOSAL MEETING

The City will hold a pre-proposal conference in the City Council Briefing Room, 6ES, **9:00 a.m. CDT on July 31, 2017**. Prequalified proposers are strongly encouraged to attend.

SECTION 13: COMMUNICATION AND INQUIRIES

All questions and requests for clarification must be submitted in writing prior to **4:00 p.m. CDT on August 7, 2017**. Direct all questions to the buyer at mario.alvarado@dallascityhall.com. Please reference the solicitation number on the subject line.

1. During the solicitation process, potential Proposers and their team members are prohibited from contacting City Personnel or the City's Consultants with the intent of promoting their team. Failure to comply with this requirement will result in elimination from this opportunity, with the following exceptions:
 - a. At the pre-proposal meeting.
 - b. To the Evaluation Committee during buyer-coordinated Proposer presentations.
2. Verbal questions and explanations are not permitted other than at the pre-proposal meeting and buyer-coordinated Proposer presentations. All questions are to be submitted in writing to the buyer listed above no later than the due date.
3. The City shall not meet with representatives of any Proposer to discuss proposals except during buyer-coordinated Proposer presentations and final negotiations.
4. The City reserves the right to contact Proposer for clarification after responses are opened and/or for further negotiation with any Proposer, if desired by the City.
5. Proposer shall not contact City employees or officers to explain, clarify or discuss their proposals before an award is made, except as set out in this section.
6. Violation of these provisions by Proposer may lead to disqualification of proposal.

SECTION 14: MODIFICATIONS

Minor modifications or corrections of oversights in your proposal may be allowed at the City's sole discretion, however the City cannot guarantee that revised proposal elements will be accepted.

SECTION 15: LATE AND WITHDRAWN SUBMITTALS

Submittals received by the City after the scheduled due date and time will not be considered. Any submittal may be withdrawn prior to the scheduled due date and time.



SECTION 16: OPENING AND ACCEPTANCE OF PROPOSALS

All proposals shall be received by Business Development & Procurement Services no later than the due date. Upon receipt, all proposals become the property of the City of Dallas, which will not be liable for any costs incurred by any firm responding to this RFCSP. All proposals submitted shall remain valid for one hundred and fifty (150) days following the proposal opening date. Any proposal submitted before the due date can be withdrawn before the proposal due date. Any proposals not so withdrawn shall constitute an irrevocable offer to provide the City services set forth in the specifications.

SECTION 17: EVALUATION CRITERIA AND PROCESS

Proposals may be ranked without interviews, hence Proposers are encouraged to submit their proposals as comprehensively as possible. A comprehensive, fair, and impartial evaluation will be made of all proposals received in response to this RFCSP. An evaluation committee will determine the responsiveness and acceptability of each proposal and each will be scored accordingly, based upon the following criteria:

Financial – 32.5 points

- Financial capability of organization/ entity (7.5 percent).
- Reasonableness and feasibility of pro forma operating projections and demonstrated ability to maximize private participation in Fair Park and minimize City obligations (12.5 percent).
- Demonstrated ability and/ or proof of ability to generate private sector investments, access grants and foundation resources, fundraise, and create and own profitable events (12.5 percent).

Qualification and Experience – 17.5 points

- Demonstrated capability to operate and manage a premier signature park or similar large-scale project (7.5 percent)
- Ability to identify realistic performance milestones and mitigation processes (10 percent).

Project Approach – 30 points

- Ability to establish a vision for Fair Park and meet the City's objectives for non-profit management of Fair Park, as described in this RFCSP (7.5 percent).
- Proposed approaches to general operations, repair and maintenance, historic preservation, customer service, sales and marketing, community engagement, and other key areas, reflective of conditions unique to Fair Park and representative of improvements to current operational practices (12.5 percent).
- Thoughtfulness and applicability of proposed Transition Plan to unique elements relative to Fair Park (10 percent).

BID – 20 points

- Business Inclusion and Development (15 percent).



- Diversity Plan (minority internship, hiring and not for profit support) (5 percent)

Failure to provide requested submittal documents may adversely affect a Proposer's score. If the Evaluation Committee is unable to determine qualifications due to lack of documentation provided by the Proposer, the Proposer will receive few or no points for the respective evaluation criterion.

The City may, at any time, investigate a Proposer's ability to perform work. The City may ask for additional information about the organization/entity and its work on previous contracts. Proposers may choose not to submit such information in response to City's request; however, if failure to submit such information does not clarify the City's questions concerning the ability to perform, the City may discontinue further consideration of a particular submittal. Please be aware that the City may use sources of information not supplied by the Proposers concerning the ability to perform this work. Such sources may include current or past customers of the organization; current or past suppliers; articles from industry newsletters or other publications or from non-published sources made available to the City.

All costs associated with the preparation and submission of this RFCSP are the responsibility of the Proposer. These costs shall not be chargeable to the City by the successful or unsuccessful Proposers. All submitted materials become the property of the City and will not be returned except in the case of a late submission. The City is not liable for any cost incurred by any Proposer prior to signing of the contract by all parties. The prospective contractor should realize that payments in any given year are contingent upon the enactment of legislative appropriations.

This RFCSP contains no contractual offer of any kind. No contractual relationship will exist except pursuant to a written contract document(s) fully executed by the City. The City further reserves the right to terminate this RFCSP process, at its sole discretion, for any reason or no reason. Should the City terminate this RFCSP process, all Proposers will be notified in writing.

SECTION 18: REJECTION OR ACCEPTANCE OF SUBMITTALS

This RFCSP does not commit the City to award any contract. The successful Proposer shall be qualified to transact business in the State of Texas and all proposals from companies not legally permitted to do business in Texas shall not be considered. Failure to submit a proposal in the required format and the forms required by this RFCSP may cause the proposal to be rejected.

The City of Dallas reserves the right to reject any or all submittals, to waive technicalities or irregularities, and to accept any proposal it deems to be in the best interest of the City. The City reserves the right to reject specific elements contained in all submittals. The City shall not be liable for any costs incurred by any Proposer responding to this RFCSP.

SECTION 19: DISQUALIFICATION OF PROPOSERS

Proposers may be disqualified for non-compliance with requirements and, for any, but not limited to, the following reasons:

1. Reason to believe collusion exists among the Proposers.



2. The Proposer is involved in any litigation against the City of Dallas.
3. The Proposer is in arrears on an existing contract or has failed to perform on a previous contract with the City of Dallas.
4. The Proposer's lack of financial stability.
5. The Proposer's failure to use the City of Dallas approved forms or follow City of Dallas guidelines, procedures, rules, or regulations.

SECTION 20: DISCUSSION WITH REASONABLY QUALIFIED PROPOSERS

After identifying the highest ranked Proposers, the Evaluation Committee may determine that oral presentations are required before making a final decision. The City may invite the proposers with the highest evaluation scores to make such presentations. Discussions will be on an individual basis and closed to third parties and other proposers.

During the presentation, the City and the Proposer will review in detail all aspects of the City's requirements and the proposal. During these reviews, the Proposer may offer revisions and the City may accept the revisions in the proposal. Similarly, the City may ask for revisions, and the Proposer may accept.

The City expects to accept the "best and final offer" that most meets the City's criteria. The City may accept an initial proposal without additional presentations if the City judges such proposal to be far superior to all other competing proposals, the City also reserves the right to reject all proposals.

Proposers will be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, such revisions will be permitted after proposal submissions and prior to award for the purpose of obtaining best and final offers.

SECTION 21: NEGOTIATIONS

The proposals submitted will be considered binding upon the Proposer. Financial negotiations will continue throughout the proposal process, and the City is free to request, receive and accept revised rates from any and all proposing vendors, at the City's sole discretion.

The City reserves the right throughout the proposal process to negotiate with proposers over any and all terms of their proposal, to waive any informality and minor irregularities in the proposal process, to solicit additional information and accept any modifications at its sole discretion.

SECTION 22: APPROVAL BY CITY COUNCIL AND OFFERING OF CONTRACT

Contract award is subject to approval by the Park and Recreation Board and City Council. The City will require the successful Proposer to sign the necessary contract documents prepared by the City Attorney's Office prior to going to Council. A sample contract is attached to this RFCSP (**Exhibit F**).



SECTION 23: CONFIDENTIALITY

Any information deemed confidential shall be clearly noted as such on each page or pages of Proposer's submittal. Efforts will be made to keep the marked information confidential; however, the City cannot guarantee it will not be required to disclose all or part of any public record under the Texas Open Records Act.

Proposals will be opened by the City so as to avoid disclosure of contents to competing Respondents, and kept secret and confidential during the process of negotiation. Trade secrets and confidential information contained in a proposal are not open to public inspection (bid pricing, however, is not considered to be confidential under any circumstances). Bidders who include information in a proposal that is legally protected as trade secret or confidential shall clearly indicate what information constitutes a trade secret or confidential information by marking that part of the proposal "trade secret" or "confidential" at the appropriate place. The City will not be responsible for any public disclosure of the trade secret or confidential information if it is not marked as provided above. If a request is made under the Texas Open Records Act to inspect information designated as trade secret or confidential in a proposal, the bidder shall, upon request, immediately furnish sufficient written reasons and information as to why the information designated as a trade secret or confidential should be protected from disclosure, in order for the City attorney to present the matter to the Attorney General of Texas for final determination.

SECTION 24: OWNERSHIP

Any and all creative concepts including Dallas specific logos, brands, scripts, storyboards, drawings, and/or design work (in native format), and all written information and other materials prepared for the execution of the project shall become the property of the City. Materials developed exclusively for the City may not be used in similar manner by any other municipality or other entity without express written consent from the City.

SECTION 25: CONFLICT OF INTEREST

The Proposer acknowledges that the following section of the Charter of the City of Dallas prohibits certain transactions between the City and its officers and employees:

CHARTER XXII Sec. 11 FINANCIAL INTEREST OF EMPLOYEE OR OFFICER PROHIBITED

No city official or employee shall have any financial interest, direct or indirect, in any contract with the city, or be financially interested, directly or indirectly, in the sale to the city of any land, materials, supplies or services, except on behalf of the city as a city official or employee. Any violation of this section shall constitute malfeasance in office, and any city official or employee guilty thereof shall there by forfeit the city official's or employee's office or position with the city. Any violation of this section, with knowledge, express or implied, of the person or corporation contracting with the city shall render the contract involved voidable by the city manager or the city council. The alleged violations of this section shall be matters to be determined either by the trial board in the case of employees who have the right to appeal



to the trial board, and by the city council in the case of other employees. The prohibitions of this section shall not apply to the participation by city employees in federally- funded housing programs, to the extent permitted by applicable federal or state law. This section does not apply to an ownership interest in a mutual or common investment fund that holds securities or other assets unless the person owns more than 10 percent of the value of the fund. This section does not apply to non-negotiated, form contracts for general city services or benefits if the city services or benefits are made available to the city official or employee on the same terms that they are made available to the general public. This section does not apply to a nominee or member of a city board or commission, including a city appointee to the Dallas Area Rapid Transit Board. A nominee or member of a city board or commission, including a city appointee to the Dallas Area Rapid Transit Board, must comply with any applicable conflict of interest or ethics provisions in the state law and the Dallas City Code. (Amend. of 8-12-89, Prop. No. 1; Amend. of 8-12-89, Prop. No. 15; Amend. of 11-4-14, Prop. Nos. 2 and 9).

SECTION 26: INDEMNITY

The selected Proposer agrees to defend, indemnify, and hold the City, its officers, agents, and employees, harmless against any and all claims, lawsuits, judgments, costs, and expenses for personal injury (including death), property damage or other harm for which recovery of damages is sought, suffered by any person or persons, that may arise out of or be occasioned by the selected Proposer's breach of any of the terms or provisions of the contract, or by any other negligent or strictly liable act or omission of the selected Proposer, its officers, agents, employees, or subcontractors, in the performance of the contract; except that the indemnity provided for in this paragraph shall not apply to any liability resulting from the sole negligence or fault of the City, its officers, agents, or employees and in the event of joint and concurrent negligence or fault of the selected Proposer and City, responsibility, and indemnity, if any, shall be apportioned comparatively in accordance with the laws of the State of Texas, without waiving any governmental immunity available to the City under Texas law and without waiving any defenses of the parties under Texas law. The provisions of this paragraph are solely for the benefit of the parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

SECTION 27: LOBBYING BY BIDDERS AND PROPOSERS ON CITY CONTRACTS

(Dallas City Code Sec. 12a-15.8, Subsection g) A person responding to a request for bids or request for proposals on a City contract shall not (either personally or through a representative, employee, or agent) lobby a City Council Member from the time the advertisement or public notification of the request for bids or request for proposals is made until the time the contract is awarded by the City Council. This subsection does not prohibit a bidder or Proposer from speaking at the City Council meeting where the award of the contract is considered. (ord. 27748)



SECTION 28: WAGE FLOOR

On November 10, 2015 the Dallas City Council passed Resolution 15-2141 which requires prime contractors, awarded general service contracts valued greater than \$50,000, and first-tier subcontractors on the contract to pay their employees rendering services on the contract a wage floor of not less than \$10.37 per hour.

Pursuant to Resolution 15-2141 the wage floor requirement for all general service contracts greater than \$50,000 shall be effective immediately on all new contracts awarded after November 10, 2015. Vendors bidding/proposing on general service contracts shall take into consideration such wage floor requirements in their bid/proposal. The wage floor requirement for the City of Dallas' general service contracts shall be derived from the most current Massachusetts Institute of Technology Living Wage publication and shall remain fixed for the term of the respective contract. The City reserves the right to audit such contracts for compliance with the wage floor requirement as mandated by Resolution 15-2141. This requirement does not apply to construction contracts in which prevailing wage of employees is governed by the Davis-Bacon Act as defined in the Texas Local Government Code 2258, purchase of goods, procurements made with grant funds or procurements made through cooperative and/or inter-local agreements.

The purpose of this policy is to promote an acceptable wage floor for working families in the City of Dallas, increase the level of service delivered to the City through specific contracts and reduce turnover in such contracts thus maintaining a continuous and consistent level of service for vested parties.

The City Manager shall use the following definitions to administer the benefactors of the "wage floor" for purposes of the referenced resolution:

- "City" means the City of Dallas, Texas.
- "General Services Contract" means any agreement between the City and any other Person or business to provide general services through an awarded City contract valued greater than \$50,000. A General Services Contract for purposes of the Resolution does not include (i) a contract between the City and another governmental entity or public utility, (ii) a contract subject to federal or state laws or regulations that would preclude the application of the application of the wage floor, (iii) or a contract with all services under the contract performed outside of the City of Dallas.
- "Subcontractor" means any Person or business that has entered into its own contract with a prime contractor to perform services, in whole or in part, as a result of an awarded City general services contract.
- "Employee" means any person who performs work on a full-time, part-time, temporary, or seasonal basis, including employees, temporary workers, contracted workers, contingent workers, and persons made available to work through services of a temporary services, staffing or employment agency or similar entity.

Wage Floor Reporting Requirements



Contractors awarded City general services contracts as described in the wage floor rate requirement section of this specification shall be required to provide the buyer the residential zip code and respective number of employees directly impacted by the wage floor requirement ten days after Council approval and on January 1st. but not later than January 31st. for the term of the contract. The Contractor shall submit the report to the contract administrator during the established period.

Wage Floor Compliance Requirements

Vendors submitting a response to a solicitation for general services shall comply with the wage floor requirement to be considered responsive. The City may request of vendors, at any time during the pre or post award process, to demonstrate compliance with the wage floor requirement. Vendors not compliant with the wage floor requirement will be deemed nonresponsive and will not be considered for award. Vendors awarded general service contracts shall comply with the wage floor policy and reporting requirements for the term of the contract, failure to remain in compliance may result in breach of contract.

SECTION 29: CERTIFICATE OF INTERESTED PARTIES (FORM 1295)

All vendors recommended by City staff for a contract pursuant to this RFCSP will be required to comply with Section 2252.908 of the Texas Government Code. Each vendor shall complete Form 1295-Certificate of Interested Parties- for every contract for which they're recommended. Vendor will complete the form electronically at the Texas Ethics Commission website:

https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm

Vendor will submit a copy to the buyer before the contract information will be sent to the City Attorney's Office to draft the contract. Once the terms of the contract are fully negotiated; the recommended vendor has signed the contract indicating agreement with the terms of the contract; and the Form 1295 is on file at the Texas Ethics Commission website with a copy provided to the buyer; the staff recommendation will be placed on a City Council agenda to award the contract.

Memorandum



CITY OF DALLAS

DATE July 14, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT **Bandit Signs Initiative Update**

As previously communicated in the June 22nd Taking Care of Business, the Change Management Team has recently presented a plan to enhance and improve services such as bandit sign enforcement. This memo provides an update on current progress of the initiative and next steps.

Code Compliance Services (Code) in coordination with Public Information and Outreach Office (PIO) and Dallas Police Department (DPD) have developed a plan to combat the distribution and posting of bandit signs within the city, specifically in Southeast Dallas. The enhanced services include additional Code inspectors, the deployment of technology in partnership with DPD and a targeted social media approach.

In 2016, Code addressed (usually by removal) approximately 18,000 locations with illegally placed signs (many sites with multiple signs). In the month of June 2017, Code inspectors removed and disposed of approximately 1,000 signs throughout the city, not including signs removed by other City departments and residents.

Code has partnered with DPD in June 2017 to incorporate a covert phone and vehicle operation to increase enforcement. Historically, business owners have avoided efforts by Code Inspectors to contact them through numbers listed on the bandit signs. To address this, Code is using technology to mask phone numbers with an interchangeable number that is linked to preset individuals when searched through a reverse look-up database. The use of covert vehicles allows Staff to arrive at prearranged meetings without being identified by the business owner or bandit sign offender.

In partnership with PIO, the City continues to use social media, video, and web postings to educate citizens regarding bandit signs. The outreach encourages residents to help clean up neighborhoods by reporting illegal dumping and raises awareness about bandit signs. The use of social media has allowed the City to disseminate information at a faster rate and to a wider audience. As of July 9th, our social media reach is as follows:

FACEBOOK

Total # of posts: **17**

Total reach for posts: **102,391 people**

Total # of produced videos and live streams: **7**

Total reach for produced and live stream videos: **257,432 people**

DATE July 14, 2017
SUBJECT Bandit Signs Initiative Update

TWITTER

Total # of posts: **35**
Total reach for posts: **162,624 people**
Total # of produced videos and live streams: **9**
Total reach for produced and live stream videos: **63,486 people**

MEDIA VALUE

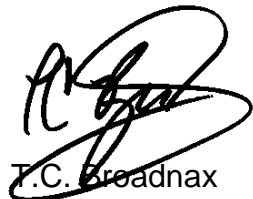
Total National TV Audience: **183,698**
Total National TV Publicity: **\$76,614**
Total Online News Visitors: **698,832**
Total Online News Publicity: **\$6,464**

WEB ANALYTICS

Page views: **3234**
Unique visitors: **2959**
Average time on page: **over 2 and half minutes**

Additionally, Code is developing a curriculum to establish a Citizen's Code Academy to educate citizens regarding various Code related topics including bandit signs. The academy will feature a 6-hour training course over 3 days and will focus on Code's organizational structure, premises/substandard/zoning violations, 311 overview and various policies and procedures. The anticipated start date for the academy will be September 2017.

Updates will be made available as Staff continues the implementation of enhanced services. Should you have any questions or concerns regarding the initiative, please feel free to contact Chief of Staff Kimberly Bizer Tolbert.



T.C. Broadnax
City Manager

c: Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Raquel Favela, Chief of Economic Development & Neighborhood Services
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE July 14, 2017

TO The Honorable Mayor and Members of the City Council

SUBJECT FY 2016 Single Audit Report

The United States Office of Management and Budget (OMB) and Texas Uniform Grant Management Standards require a single audit for entities spending \$750,000 or more in Federal or state funds during a fiscal year.

Grant Thornton LLP performed the FY 2016 Single Audit and will brief the Government Performance and Financial Management Committee regarding its findings in mid-September. Also, please be advised that the previously announced Grant Thornton briefing on the Consolidated Annual Financial Report (CAFR) results scheduled for August 7 will be moved to the same date.

We have posted the OMB Circular A-133 Single Audit and State of Texas Single Audit Circular on the City's financial transparency website at <http://dallascityhall.com/departments/officefinancialservices/financialtransparency/Pages/audited-financials.aspx>.

Please let me know if you require additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

cc: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Joey Zapata, Assistant City Manager

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Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE July 14, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT FY 2016-17 Financial Forecast Report

Please find attached the Financial Forecast Report based on information through May 2017.

We currently forecast General Fund revenues will exceed expenses at the end of the fiscal year by \$6 million. Revenues are forecast to be \$0.2 million below budget and expenses are forecast to be \$6.2 million below budget. Details related to budget variances may be found at the end of the report.

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

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

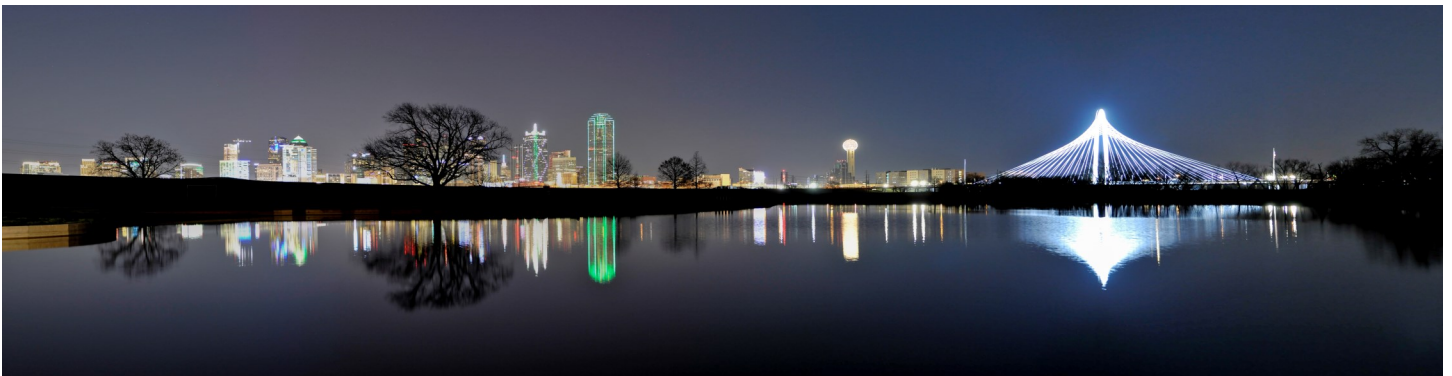
Raquel Favela, Chief of Economic Development & Neighborhood Services
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Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors



FY 2016-17

Financial Forecast Report

Information as of May 31, 2017



GENERAL FUND

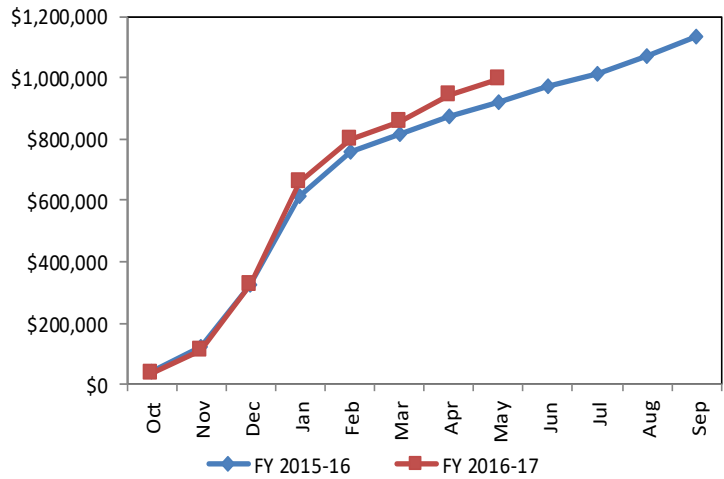
As of May 31, 2017
(000s)

<u>ITEM</u>	<u>AMENDED BUDGET¹</u>	<u>YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Revenues	\$1,239,027	\$998,015	\$1,238,834	(\$194)
Expenditures	1,239,027	775,119	1,232,798	(6,230)
Net Excess of Revenues Over Expenditures/Transfers	<u>\$0</u>	<u>\$222,897</u>	<u>\$6,036</u>	<u>\$6,036</u>

GENERAL FUND REVENUES

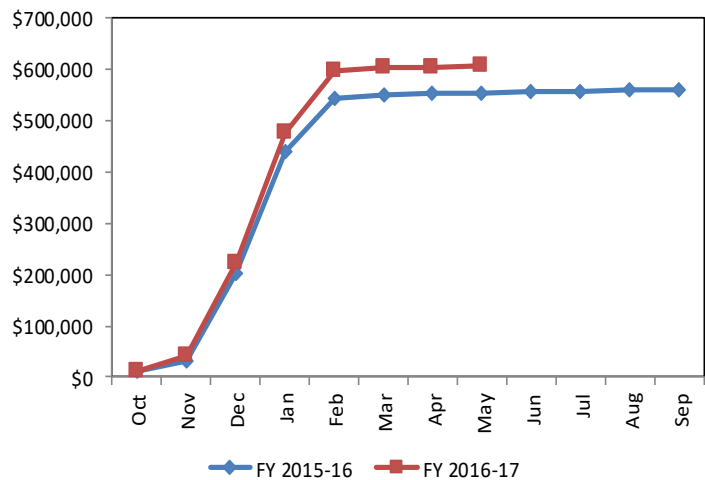
All SOURCES

	FY 2015-16	FY 2016-17	Variance
Oct	\$41,660	\$36,761	(\$4,898)
Nov	77,665	75,718	(1,947)
Dec	203,876	210,273	6,397
Jan	288,996	336,924	47,928
Feb	147,975	139,749	(8,226)
Mar	53,193	57,692	4,499
Apr	58,776	85,640	26,864
May	49,762	55,258	5,496
Jun	47,660		
Jul	45,379		
Aug	56,960		
Sep	62,480		
Total	\$1,134,380	\$998,015	\$76,113



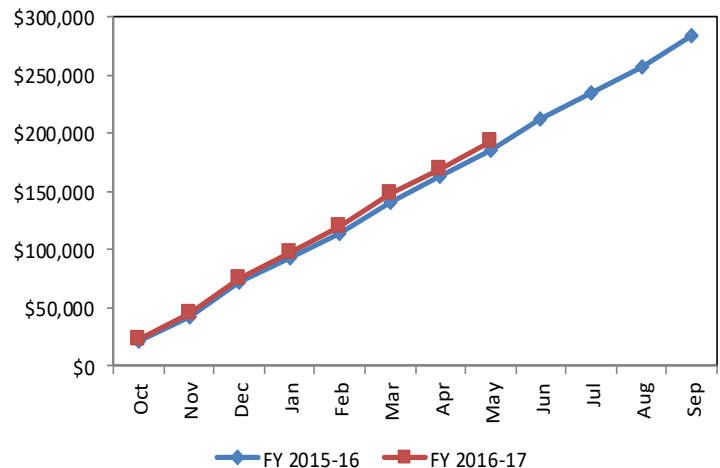
PROPERTY TAX

	FY 2015-16	FY 2016-17	Variance
Oct	\$11,487	\$12,787	\$1,300
Nov	20,589	29,060	8,471
Dec	169,848	181,782	11,934
Jan	237,273	252,156	14,883
Feb	104,025	120,141	16,116
Mar	7,675	7,304	(371)
Apr	2,364	1,997	(367)
May	1,593	2,068	475
Jun	2,523		
Jul	858		
Aug	852		
Sep	891		
Total	\$559,978	\$607,293	\$52,440



SALES TAX

	FY 2015-16	FY 2016-17	Variance
Oct	\$21,769	\$23,256	\$1,487
Nov	20,524	22,167	1,643
Dec	30,137	30,146	9
Jan	21,258	21,810	552
Feb	20,418	21,899	1,480
Mar	27,482	28,359	878
Apr	22,265	22,206	(59)
May	22,311	23,407	1,095
Jun	26,609		
Jul	21,921		
Aug	22,670		
Sep	26,554		
Total	\$283,918	\$193,250	\$7,086



GENERAL FUND REVENUES

As of May 31, 2017
(000s)

	<u>AMENDED BUDGET¹</u>	<u>REVENUES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
TAXES				
Ad Valorem Tax ²	\$610,219	\$607,293	\$611,811	\$1,592
Sales Tax ³	292,189	193,250	294,452	2,263
TOTAL TAXES	902,408	800,543	906,263	3,855
FRANCHISE REVENUES				
Oncor Electric	51,078	40,314	51,035	(43)
AT&T	9,594	7,676	9,676	82
Atmos Energy ⁴	17,157	12,599	18,611	1,454
Time Warner Cable	6,210	4,858	6,297	87
Other ⁵	29,737	20,429	28,359	(1,377)
TOTAL FRANCHISE REVENUES	113,775	85,876	113,978	203
LICENSES AND PERMITS	4,891	4,129	4,866	(25)
INTEREST EARNED⁶	1,316	2,486	3,158	1,843
INTERGOVERNMENTAL⁷	8,501	7,889	9,465	965
FINES AND FORFEITURES				
Municipal Court ⁸	18,701	12,384	17,573	(1,129)
Vehicle Towing & Storage ⁹	7,146	5,004	7,640	494
Parking Fines	5,022	2,671	5,022	0
Red Light Camera Fines ¹⁰	7,460	0	6,106	(1,354)
Public Library ¹¹	431	115	255	(176)
TOTAL FINES	38,760	20,175	36,595	(2,164)
CHARGES FOR SERVICE				
Parks	10,522	6,160	10,837	315
Emergency Ambulance	40,191	13,788	40,332	141
Security Alarm	4,380	2,673	4,194	(186)
Street Lighting	648	385	648	0
Vital Statistics	1,600	1,187	1,615	15
Other ¹²	28,311	16,166	23,212	(5,098)
TOTAL CHARGES	85,652	40,360	80,838	(4,814)
INTERFUND REVENUE	76,111	30,822	75,879	(232)
MISCELLANEOUS	7,616	5,736	7,792	176
TOTAL REVENUES	\$1,239,027	\$998,015	\$1,238,834	(\$194)

GENERAL FUND EXPENDITURES

ALL EXPENSES

	FY 2015-16	FY 2016-17	Variance
Oct	\$75,601	\$71,583	(\$4,018)
Nov	78,065	97,700	19,635
Dec	124,594	98,282	(26,312)
Jan	97,321	94,625	(2,696)
Feb	84,683	87,016	2,333
Mar	95,576	92,076	(3,500)
Apr	86,104	99,146	13,042
May	126,118	134,691	8,573
Jun	90,989		
Jul	82,900		
Aug	93,679		
Sep	85,148		

Total \$1,120,778 \$775,119 \$7,057

POLICE

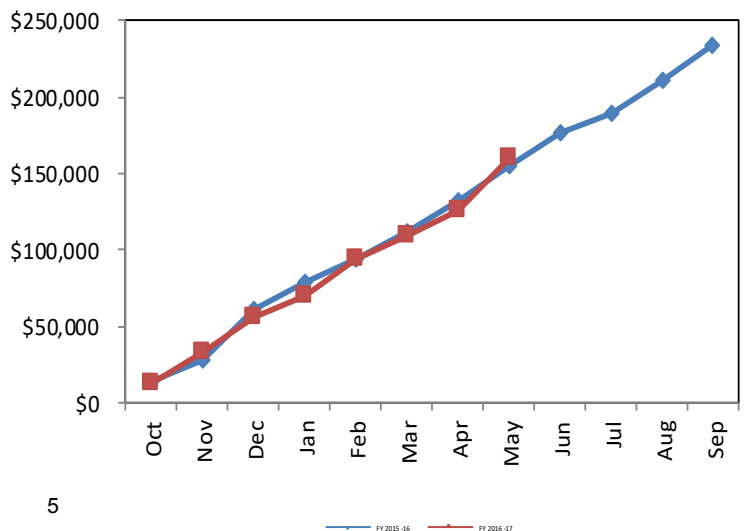
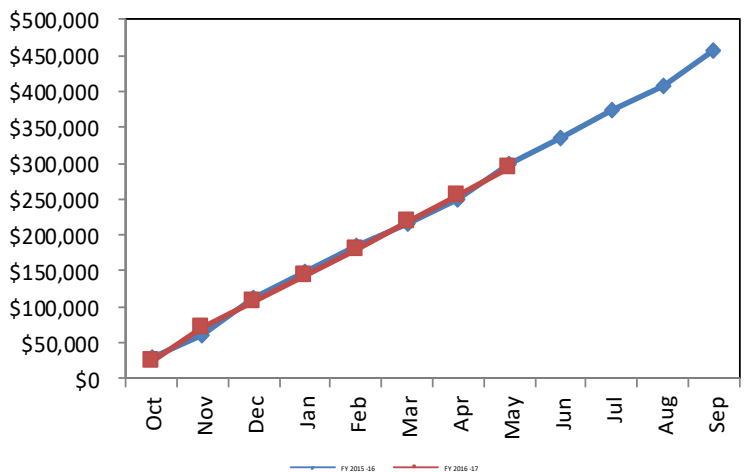
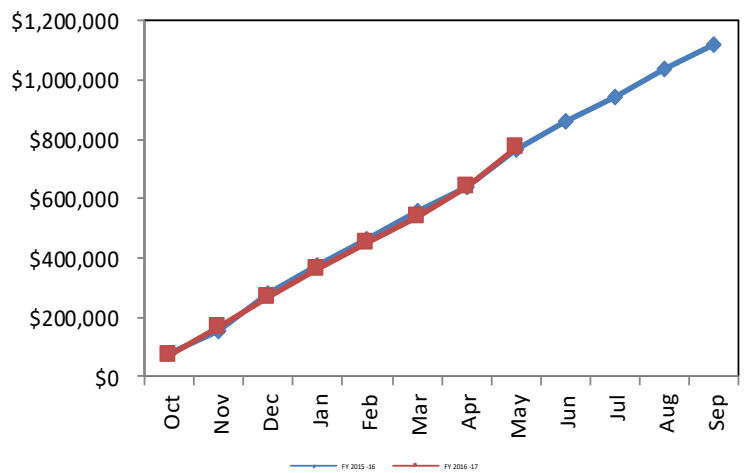
	FY 2015-16	FY 2016-17	Variance
Oct	\$28,488	\$25,289	(\$3,199)
Nov	31,370	46,089	14,719
Dec	52,490	35,634	(16,856)
Jan	35,550	37,304	1,754
Feb	37,126	36,295	(831)
Mar	30,058	37,745	7,687
Apr	34,931	35,609	678
May	48,649		
Jun	37,058		
Jul	38,075		
Aug	32,689		
Sep	49,363		

Total \$455,847 \$253,966 \$3,953

FIRE

	FY 2015-16	FY 2016-17	Variance
Oct	\$13,994	\$12,198	(\$1,796)
Nov	14,184	20,784	6,600
Dec	32,389	23,355	(9,034)
Jan	17,547	13,952	(3,595)
Feb	16,128	23,830	7,702
Mar	18,076	15,740	(2,336)
Apr	19,295	16,526	(2,769)
May	23,154		
Jun	21,372		
Jul	13,779		
Aug	21,006		
Sep	23,230		

Total \$234,154 \$126,385 (\$5,228)



GENERAL FUND EXPENDITURES

As of May 31, 2017
(000s)

DEPARTMENT	AMENDED BUDGET ¹	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$25,312	\$17,877	\$25,408	\$96
Business Dev/Procurement Svcs	3,041	1,861	2,972	(69)
City Attorney's Office	16,761	10,428	16,761	0
City Auditor's Office ¹³	3,194	1,814	2,917	(278)
City Controller's Office	5,441	2,870	5,429	(13)
City Manager's Office	2,357	1,963	2,357	0
City Secretary's Office	2,029	1,197	2,029	(0)
Civil Service	2,887	1,575	2,907	19
Code Compliance	42,386	26,738	41,815	(571)
Court Services	11,976	7,715	11,939	(37)
Elections	1,730	1,222	1,730	0
Fire	254,603	159,680	254,047	(556)
Housing	14,403	10,297	14,357	(46)
Human Resources	5,220	3,131	5,043	(177)
Independent Audit	865	865	865	0
Jail Contract - Lew Sterret	7,813	4,558	7,813	0
Judiciary	3,296	2,218	3,275	(21)
Library	29,984	18,849	29,840	(144)
Management Services	10,235	6,456	10,172	(63)
Mayor and Council	4,465	2,811	4,524	59
Mobility and Street Services ¹⁴	97,677	55,010	97,677	0
Mobility and Street Services-Street Lighting	16,956	10,619	16,956	0
Non-Departmental	66,412	47,152	65,034	(1,379)
Office of Cultural Affairs	19,605	17,051	19,605	0
Office of Economic Development	2,575	2,724	2,575	0
Office of Financial Services	2,957	1,573	2,956	(1)
Park and Recreation	94,673	58,607	94,729	56
Planning & Urban Design	3,029	1,733	2,944	(84)
Police ¹⁵	477,004	294,675	474,335	(2,669)
Sustainable Dev/Construction ¹⁶	1,386	1,413	1,088	(298)
Trinity Watershed Management	1,318	440	1,262	(55)
RESERVES AND TRANSFERS				
Contingency Reserve	1,650	0	1,650	0
Liability/Claim Fund	4,283	0	4,283	0
Salary & Benefit Reserve ¹⁷	1,507	0	1,507	0
TOTAL EXPENDITURES	\$1,239,027	\$775,119	\$1,232,798	(\$6,230)

PROPRIETARY FUNDS

As of May 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
AVIATION				
BEGINNING FUND BALANCE	\$9,907	\$ -	\$9,907	\$ -
REVENUES:				
Parking	27,143	16,760	26,143	(1,000)
Terminal Concessions	25,416	15,570	25,393	(22)
Landing Fees	17,784	12,868	18,284	500
Rental on Airport - Terminal	14,789	9,180	14,789	0
Rental on Airport - Field	8,586	5,222	8,203	(384)
Fuel Flow Fees	1,225	763	1,202	(23)
All Remaining Revenues	3,230	4,106	5,494	2,263
TOTAL REVENUES	98,174	64,469	99,508	1,334
TOTAL EXPENDITURES	99,188	40,028	99,584	396
ENDING FUND BALANCE	\$8,893	\$ -	\$9,831	\$938
CONVENTION AND EVENT SERVICES				
BEGINNING FUND BALANCE	\$29,150	\$ -	\$29,150	\$ -
REVENUES:				
Hotel Occupancy Tax	58,856	32,027	56,802	(2,055)
Alcoholic Beverage Tax	12,445	6,246	12,528	82
Operating Revenues	25,002	19,908	27,747	2,745
Office of Special Events	100	87	168	69
TOTAL REVENUES	96,403	58,267	97,244	841
TOTAL EXPENDITURES	96,403	49,000	97,244	841
ENDING FUND BALANCE	\$29,150	\$ -	\$29,150	\$0

PROPRIETARY FUNDS

As of May 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
SUSTAINABLE DEVELOPMENT AND CONSTRUCTION				
BEGINNING FUND BALANCE	\$36,856	\$ -	\$36,856	\$ -
REVENUES:				
Building Permits	19,240	14,652	19,603	363
Certificate of Occupancy	1,412	796	1,412	0
Plan Review	3,749	3,164	3,901	152
Registration/License	1,028	803	1,028	0
Special Plats	887	733	887	0
Private Development	1,010	971	1,313	303
Zoning	1,184	745	1,189	5
Interest Earnings	117	336	336	220
All Remaining Revenues	1,477	1,328	1,579	102
TOTAL REVENUES	30,103	23,529	31,249	1,145
TOTAL EXPENDITURES	36,090	16,941	35,547	(543)
ENDING FUND BALANCE	\$30,869	\$ -	\$32,558	\$1,689
MUNICIPAL RADIO				
BEGINNING FUND BALANCE	\$1,288	\$ -	\$1,288	\$ -
REVENUES:				
Local and National Sales	1,980	1,207	2,000	20
All Remaining Revenues	75	8	15	(60)
TOTAL REVENUES	2,055	1,215	2,015	(40)
TOTAL EXPENDITURES	2,032	1,198	1,956	(77)
ENDING FUND BALANCE	\$1,310	\$ -	\$1,347	\$37

PROPRIETARY FUNDS

As of May 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
WATER UTILITIES				
BEGINNING FUND BALANCE	\$87,038	\$ -	\$87,038	\$ -
REVENUES:				
Treated Water - Retail	294,427	172,329	294,386	(42)
Treated Water - Wholesale	84,700	53,713	83,713	(987)
Wastewater - Retail	236,075	146,129	229,745	(6,330)
Wastewater - Wholesale	10,554	6,602	10,067	(487)
All Remaining Revenues	31,708	19,753	31,021	(687)
TOTAL REVENUES	657,465	398,525	648,933	(8,532)
TOTAL EXPENDITURES	657,465	343,265	648,933	(8,532)
ENDING FUND BALANCE	\$87,038	\$ -	\$87,038	\$0
COMMUNICATION & INFORMATION SERVICES				
BEGINNING FUND BALANCE	\$11,178	\$ -	\$11,178	\$ -
REVENUES:				
Interdepartmental Charges	58,330	28,591	58,330	0
Telephones Leased	7,723	2,828	7,723	0
Circuits	1,449	1	1,449	0
Desktop Services	0	2	2	2
Interest	150	117	176	39
Equipment Rental	5,002	283	5,002	0
Miscellaneous	171	158	174	3
TOTAL REVENUES	72,825	31,980	72,856	30
TOTAL EXPENDITURES	74,838	47,172	73,506	(1,332)
ENDING FUND BALANCE	\$9,165	\$ -	\$10,527	\$1,363

PROPRIETARY FUNDS

As of May 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
EQUIPMENT SERVICES				
BEGINNING FUND BALANCE	\$4,450	\$ -	\$4,450	\$ -
REVENUES:				
Rental/Wreck	33,541	17,936	35,426	1,884
Fuel	16,482	7,296	16,183	(299)
Auto Auction/Non-Taxable	418	267	418	0
Miscellaneous Revenue	391	509	832	441
Interest and Other	5	1	1	(4)
TOTAL REVENUES	50,837	26,009	52,859	2,022
TOTAL EXPENDITURES	50,837	31,824	51,875	1,037
ENDING FUND BALANCE	\$4,450	\$ -	\$5,434	\$984

EXPRESS BUSINESS CENTER

BEGINNING FUND BALANCE	\$1,631	\$ -	\$1,631	\$ -
REVENUES:				
Postage Sales	2,703	1,540	2,703	0
All Other Revenues	1,278	1,100	1,472	194
TOTAL REVENUES	3,981	2,640	4,176	194
TOTAL EXPENDITURES	3,780	2,557	3,649	(131)
ENDING FUND BALANCE	\$1,833	\$ -	\$2,158	\$325

PROPRIETARY FUNDS

As of May 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
SANITATION SERVICES				
BEGINNING FUND BALANCE	\$14,681	\$ -	\$14,681	\$ -
REVENUES:				
Residential Collection	72,502	49,594	74,029	1,527
Cost Plus Bulk/Brush	122	88	133	11
Sale of Recyclables	695	959	1,260	565
City Facility Collection	737	492	764	27
Landfill Revenue	21,890	19,877	28,847	6,956
TOTAL REVENUES¹⁸	95,946	71,011	105,032	9,086
TOTAL EXPENDITURES¹⁸	95,946	50,662	98,197	2,251
ENDING FUND BALANCE	\$14,681	\$ -	\$21,516	\$6,835

OTHER FUNDS

As of May 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
9-1-1 SYSTEM OPERATIONS				
BEGINNING FUND BALANCE	\$5,494	\$ -	\$5,494	\$ -
REVENUES:				
9-1-1 Service Receipts - Wireless	6,374	4,067	6,334	(40)
9-1-1 Service Receipts - Wireline	6,450	4,049	6,336	(114)
Interest and Other	48	79	123	74
TOTAL REVENUES	12,873	8,196	12,794	(80)
TOTAL EXPENDITURES	16,389	7,929	16,301	(88)
ENDING FUND BALANCE	\$1,978	\$ -	\$1,986	\$8
 STORM DRAINAGE MANAGEMENT				
BEGINNING FUND BALANCE	\$6,754	\$ -	\$6,754	\$ -
REVENUES:				
Storm Water Fees	50,856	31,823	50,827	(29)
Interest and Other	81	109	109	29
TOTAL REVENUES	50,937	31,933	50,937	0
TOTAL EXPENDITURES	53,008	21,400	52,523	(485)
ENDING FUND BALANCE	\$4,683	\$ -	\$5,168	\$485

OTHER FUNDS

As of May 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
EMPLOYEE BENEFITS				
BENEFITS ADMINISTRATION				
TOTAL EXPENDITURES	\$998	\$456	\$998	\$0
WELLNESS PROGRAM				
TOTAL EXPENDITURES	\$349	\$101	\$272	(\$78)
RISK MANAGEMENT				
TOTAL EXPENDITURES	\$2,630	\$1,795	\$2,624	(\$6)

LIABILITY/CLAIMS FUND

Beginning Balance October 1, 2016	\$3,158
Budgeted Revenue	9,453
FY 2016-17 Available Funds	12,611
Paid October 2016	(596)
Paid November 2016	(315)
Paid January 2017	(422)
Paid February 2017	(343)
Paid March 2017	(424)
Paid April 2017	(280)
Paid May 2017	(10,736)
Balance as of May 31, 2017	(506)

DEBT SERVICE FUND

As of May 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
DEBT SERVICE FUND				
BEGINNING FUND BALANCE	\$10,235	\$ -	\$10,235	\$ -
REVENUES:				
Ad Valorem	242,487	241,938	243,021	534
Interest/Transfers/Other	19,799	754	19,799	0
TOTAL REVENUES	262,287	242,691	262,821	534
TOTAL EXPENDITURES	261,865	222,776	261,865	0
ENDING FUND BALANCE	\$10,657	\$ -	\$11,191	\$534

NOTES

(Dollars in 000s)

1. The General Fund budget was amended/increased based on Council's approved use of contingency reserve funds and excess revenues:
 - Increased by \$500 on February 22, 2017 by CR# 17-0438 for additional legal services necessary to continue representing four Dallas City Councilmembers with regard to the Dallas Police and Fire Pension System;
 - Increased by \$759 on March 22, 2017 by CR# 17-0483 for actuarial services related to the Dallas Police and Fire Pension System; and
 - Increased by \$330 on May 24, 2017 by CR# 17-0889 for an increase in the joint elections agreement and election services contract between the City of Dallas, Dallas County and other jurisdictions.
 - Increased by \$8,100 on June 14, 2017 by CR# 17-0954 using surplus emergency ambulance revenue which was appropriated for street and alley improvements this fiscal year.
2. Ad Valorem tax revenues are forecast to be \$1,592 over budget based on current year property tax receipts trending above average.
3. Sales tax revenues are forecast to be \$2,263 over budget based on current sales tax receipts. Sales tax receipts have increased by 4.0 percent over the most recent 12 months.
4. Atmos Energy revenues are forecast to be \$1,454 over budget due to increased gas consumption by customers.
5. Other Franchise revenues are forecast to be \$1,377 below budget due to subscribers switching from cable to satellite services which is reducing cable franchise fees.
6. Interest earned revenues are forecast to be \$1,843 above budget due to an increase in the market interest rate.
7. Intergovernmental revenues are projected to be \$965 above budget primarily due to a refund check received from the Dallas County Elections Department and a Dallas Fire Rescue deployment reimbursement received from the State.
8. Municipal Court revenues are forecast to be \$1,129 below budget primarily as a result of a decrease in the volume of citations being issued. The forecast has improved by \$497 since prior month.
9. Vehicle Towing and Storage fines are forecast to be \$494 over budget due to an increase in tows as well as vehicles staying on the auto pound property longer than anticipated.

NOTES

(Dollars in 000s)

10. Red Light Camera fines are forecast to be \$1,354 below budget due to construction lag time resulting from changing red light camera vendors. The revenue loss is offset by \$2.1m in reduced expenses related to not paying for camera activity during construction.

10. Public Library revenues are projected to be \$176 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. Other Charges for Services is projected to be \$5,098 below budget primarily due to the reduction of fire watch fees, contract delays for the Mobile Community Health Program and a change in the interlocal agreement with Parkland Health System for Biotel services whereby government entities that would formerly reimburse the City for Biotel services now contract directly with Parkland.

12. City Auditor's Office expenditures are forecast to be \$278 below budget due to vacancies and salary savings.

13. Mobility and Street Services budget was increased by \$13.1m from \$8.1m surplus in revenue and \$5m reallocation from Police Department and Non-Departmental.

14. Police Department expenditures are forecast to be \$2,669 below budget primarily as a result of reduced costs as the city transitions to a new red light camera vendor. There is a reduction in revenue of \$1,354 during the transition to the new vendor as well.

15. Sustainable Development and Construction is forecast to be \$298 below budget primarily due to greater than budgeted abandonments and tax foreclosed property sale transactions, and corresponding reimbursements.

16. Salary and Benefit Reserve funds were allocated to City Attorney's Office (\$102) and City Manager's Office (\$391) to offset vacation/sick termination payments.

17. Sanitation Services revenues are projected to be \$9,086 above budget due to an increase in cash customers at the landfill. Expenses are projected to be \$2,251 above budget due to increase in landfill activity.

Memorandum



CITY OF DALLAS

DATE July 14, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT Fitch Ratings Commentary

On Thursday, July 6, 2017, Fitch Ratings published the attached commentary "Dallas Budget Impact of DPFP Reforms Key to Fitch Analysis." Fitch will conduct a full review of the City's bond rating in mid-August following the release of the Fiscal Year 2017-18 Proposed Budget.

If you have any questions, please contact my office.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

cc: T. C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Raquel Favela, Chief of Economic Development & Neighborhood Services
Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors



Fitch: Dallas Budget Impact of DPFP Reforms Key to Fitch Analysis

Fitch Ratings-Austin-06 July 2017: The impacts of recently passed reform legislation (HB 3158) for the Dallas Police and Fire Pension System (DPFP) calling for sharp increases in the city's annual contributions will be the focus of Fitch Rating's upcoming review of its rating on the City of Dallas.

Fitch has noted in recent rating action commentary on Dallas that further credit deterioration can only be avoided through meaningful pension reform that stabilizes the city's obligations to the plan and reduces the risks presented by the deferred retirement option plan (DROP) feature of the retirement plan. HB 3158 reforms appear to accomplish these objectives through benefit and contribution adjustments and material changes to DROP components that should limit the growth of this particular liability and eliminate the risk of draining DROP assets. However, Fitch expects to conduct its full review of the city's Issuer Default Rating and limited tax bond rating (currently 'AA'/Negative Outlook) in mid-August following the release of the city's proposed fiscal 2018 budget.

HB 3158 was approved by the Texas legislature and signed into law at the end of the 2017 legislative session. The legislation modifies various aspects of the troubled DPFP plan (governance, benefits and contributions) in an attempt to ensure its long-term sustainability. According to city staff, fiscal 2018 plan contributions from the city are projected to be roughly \$151.9 million, which is approximately \$41 million more than if the reforms had not been approved. The projected contribution includes a \$13 million supplemental contribution that is scheduled to occur annually until 2024. The increased contribution amount represents about 12% of the fiscal 2017 general fund expenditure budget.

The city recently received an actuarial analysis of the DPFP plan performed by Deloitte Consulting LLP. The analysis incorporates the changes included in HB 3158 and also relies upon certain actuarial assumptions and methods employed to make projections regarding plan liability, contributions and amortization period. The analysis also relies on plan participant and asset information provided by DPFP and projected salary and hiring information from the city. Deloitte's analysis shows a reduction in the plan liability from \$5.7 billion to \$4.3 billion (a nearly 25% decline) and an improved ratio of assets to liabilities to 50%, up from the plan's 38% level before reforms. This calculation also uses the plan's 7.25% investment return assumption.

Fitch's upcoming review will focus on how the effects of the legislation impact long-term credit quality, including, but not limited to, the city's plan to absorb this additional expense and the potential effect on other spending areas and reserve levels as well as the forward-looking trajectory for long-term liabilities.

Contact:

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Additional information is available on www.fitchratings.com

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Memorandum



CITY OF DALLAS

DATE July 14, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT Sales Tax Receipts

The May 2017 sales tax receipts from the State Comptroller's Office are \$23,406,768 which represents a 4.9 percent increase in total collections compared to the same reporting period last year. May's sales tax revenue is 3.9 percent more than the current month's budget.

- May 2016 actual \$22,311,362
- May 2017 budget \$22,520,061
- May 2017 actual \$23,406,768
 - 4.9 percent more than the May 2016 actual
 - 3.9 percent more than the May 2017 budget

Sales tax receipts for the first eight months of FY 2016-17 are better than budget by \$2,263,159 or 1.2 percent. Over the most recent 12 months, sales tax receipts have increased by 4.0 percent. We will continue to monitor our sales tax forecast closely and keep you informed.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Raquel Favela, Chief of Economic Development & Neighborhood Services
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

SALES TAX

as of May 2017

	ACTUAL FY 2015-16	BUDGET FY 2016-17	ACTUAL FY 2016-17	YTD VARIANCE FY 16-17 ACT. VS. FY 15-16 ACT.		YTD VARIANCE FY 16-17 ACTUAL VS. BUDGET	
				DOLLARS	PERCENT	DOLLARS	PERCENT
OCT	\$21,768,868	\$22,643,318	\$23,256,127	\$1,487,259	6.8%	\$612,809	2.7%
NOV	20,523,724	21,429,628	\$22,167,177	\$1,643,453	8.0%	\$737,549	3.4%
DEC	30,137,311	31,084,441	\$30,146,384	\$9,073	0.03%	(\$938,057)	-3.0%
JAN	21,258,240	21,150,897	\$21,809,865	\$551,625	2.59%	\$658,968	3.1%
FEB	20,418,444	21,012,953	\$21,898,775	\$1,480,331	7.25%	\$885,822	4.2%
MAR	27,481,662	28,497,411	\$28,359,166	\$877,504	3.19%	(\$138,245)	-0.5%
APR	22,264,607	22,648,188	\$22,205,794	(\$58,813)	-0.26%	(\$442,394)	-2.0%
MAY	22,311,362	22,520,061	\$23,406,768	\$1,095,406	4.91%	\$886,707	3.9%
JUN	26,609,193	28,089,202					
JUL	21,920,611	22,607,650					
AUG	22,670,093	22,676,831					
SEP	26,553,757	27,827,924					
TOTAL	\$283,917,872	\$292,188,504	\$193,250,056	\$7,085,838	3.8%	\$2,263,159	1.2%

