

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, MARCH 25, 2024

24-0012

GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT COMMITTEE
CITY COUNCIL CHAMBER, CITY HALL/VIDEO CONFERENCE
COUNCILMEMBER CHAD WEST, PRESIDING

PRESENT: [5] West, Blackmon, Moreno (**1:09 p.m.), *Resendez (**1:11 p.m.),
Mendelsohn

ABSENT: [0]

The meeting was called to order at 1:01 p.m. with a quorum of the committee present.

The meeting agenda, posted in accordance with Chapter 551, "OPEN MEETINGS," of the Texas Government Code, was presented.

After all business properly brought before the committee had been considered, the meeting adjourned at 3:07 p.m.

Chair

ATTEST:

City Secretary Staff

Date Approved

The agenda is attached to the minutes of this meeting as EXHIBIT A.

The actions taken on each matter considered by the committee are attached to the minutes of this meeting as EXHIBIT B.

The briefing materials for this meeting are filed with the City Secretary's Office as EXHIBIT C.

***Note: Members of the Committee participated in this meeting by video conference.**

****Note: Indicates arrival time after meeting called to order/reconvened.**

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, MARCH 25, 2024

EXHIBIT A

RECEIVED

2024 MAR AM :

**CITY SECRETARY
DALLAS, TEXAS**

City of Dallas

*1500 Marilla Street, Council
Briefing Room, 6th Floor
Dallas, Texas 75201*

Public Notice

POSTED CITY SECRETARY
DALLAS, TX



**Government Performance and Financial
Management Committee**

March 25, 2024

1:00 PM

2023 CITY COUNCIL APPOINTMENTS

COUNCIL COMMITTEE	
ECONOMIC DEVELOPMENT Atkins (C), Narvaez (VC), Arnold, Bazaldua, Ridley, Stewart, West	GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT West (C), Blackmon (VC), Mendelsohn, Moreno, Resendez
HOUSING AND HOMELESSNESS SOLUTIONS Moreno (C), Mendelsohn (VC), Gracey, West, Willis	PARKS, TRAILS, AND THE ENVIRONMENT Stewart (C), Moreno (VC), Arnold, Bazaldua, Blackmon, Narvaez, West
PUBLIC SAFETY Mendelsohn (C), Stewart (VC), Atkins, Moreno, Willis	QUALITY OF LIFE, ARTS, AND CULTURE Bazaldua (C), Resendez (VC), Blackmon, Gracey, Ridley, Schultz, Willis
TRANSPORTATION AND INFRASTRUCTURE Narvaez (C), Gracey (VC), Atkins, Mendelsohn, Resendez, Schultz, Stewart	WORKFORCE, EDUCATION, AND EQUITY Schultz (C), Arnold (VC), Bazaldua, Blackmon, Resendez, Ridley, Willis
AD HOC COMMITTEE ON ADMINISTRATIVE AFFAIRS Atkins (C), Mendelsohn, Moreno, *Ridley, *Stewart	AD HOC COMMITTEE ON GENERAL INVESTIGATING AND ETHICS Mendelsohn (C), Gracey, Johnson, Schultz, Stewart
AD HOC COMMITTEE ON JUDICIAL NOMINATIONS Ridley (C), Resendez, West	AD HOC COMMITTEE ON LEGISLATIVE AFFAIRS Mendelsohn (C), Atkins, Gracey, Narvaez, Stewart
AD HOC COMMITTEE ON PENSIONS Atkins (C), Blackmon, Mendelsohn, Moreno, Resendez, Stewart, West, Willis	AD HOC COMMITTEE ON PROFESSIONAL SPORTS RECRUITMENT AND RETENTION Gracey (C), Blackmon, Johnson, Moreno, Narvaez, Resendez, Schultz

(C) – Chair, (VC) – Vice Chair

* Updated:2/22/24

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

General Information

The Dallas Council Committees regularly meet on Mondays beginning at 9:00 a.m. and 1:00 p.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council Committee agenda meetings are broadcast live on bit.ly/cityofdallastv and on Time Warner City Cable Channel 16.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act. **The Council agenda is available in alternative formats upon request.**

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

Información General

Los Comités del Concejo de la Ciudad de Dallas se reúnen regularmente los lunes en la Cámara del consejo en el sexto piso del Ayuntamiento, 1500 Marilla, a partir de las 9:00 a.m. y la 1:00 p.m. Las reuniones de la agenda del Comité del Consejo se transmiten en vivo por la estación de bit.ly/cityofdallastv y por cablevisión en la estación *Time Warner City Cable Canal 16*.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act*. **La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.**

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesía

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*paggers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben de obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que este presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que este presidiendo la sesión a tomar acción." Según la sección 3.3 (c) de las reglas de procedimientos del Ayuntamiento.

Handgun Prohibition Notice for Meetings of Governmental Entities

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

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

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

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

"Pursuant to Section 46.03, Penal Code (places weapons prohibited), a person may not carry a firearm or other weapon into any open meeting on this property."

"De conformidad con la Sección 46.03, Código Penal (coloca armas prohibidas), una persona no puede llevar un arma de fuego u otra arma a ninguna reunión abierta en esta propiedad."

This City Council Government Performance and Financial Management Committee meeting will be held by video conference and in the Council Briefing Room, 6th Floor at City Hall.

The public may attend the meeting virtually; however, City Hall is available for those wishing to attend the meeting in person.

The Government Performance and Financial Management Committee will be broadcast live on Spectrum Cable Channel 16 (English) and 95 (Spanish) and online at bit.ly/cityofdallastv.

The public may also listen to the meeting as an attendee at the following video conference link:

<https://dallascityhall.webex.com/dallascityhall/j.php?MTID=m0a4e08a60e9ea48d8e9594312666f68d>

Call to Order

MINUTES

1. [24-1075](#) Approval of the February 26, 2024 Government Performance and Financial Management Committee Meeting Minutes

Attachments: [Minutes](#)

BRIEFING ITEMS

- A. [24-1076](#) Impact of AI in Local Government Permit Review
[John Mirkin, Vice President of Corporate Strategy, AutoReview.AI; Sabrina Dugan, Vice President of Research and Development, AutoReview.AI]

Attachments: [Presentation](#)

- B. [24-1077](#) 2023 External Audit Presentation and Discussion
[Sara Dempsey, Partner-In-Charge, Weaver; Jeff Wada, Senior Manager, Weaver]

Attachments: [Presentation](#)

- C. [24-1078](#) Inspector General Division Update
[Bart Bevers, Inspector General, City Attorney's Office]

Attachments: [Presentation](#)

- D. [24-1079](#) Annual Investment Policy Review
[Jenny Kerzman, Assistant Director of Treasury, City Controller's Office]

Attachments: [Presentation](#)

DISCUSSION ITEMS

- E. [24-1080](#) Development Services - Monthly Performance Update & Process Map Improvements
[Development Services]

Attachments: [Memorandum](#)

- F. [24-1081](#) Review of City Real Estate for Development and Redevelopment Opportunities
[City Manger's Office]

Attachments: [Memorandum](#)

BRIEFING MEMORANDUMS

- G. [24-1084](#) FY 2022-23 Budget Versus Actual End of Year Report
[Budget & Management Services]

Attachments: [Memorandum](#)

- H. [24-1085](#) Audit of Small Business Center - Minority and Women- Owned Business Enterprises
[Small Business Center]

Attachments: [Memorandum](#)

- I. [24-1086](#) March 27, 2024, Upcoming Agenda Item - 24-847 - Franchise Agreement with Oncor Electric Delivery Company LLC
[Budget & Management Services]

Attachments: [Memorandum](#)

- J. [24-1092](#) Upcoming Agenda Items 24-833 and 24-834 for March 27, 2024: Authorizing Ordinances for the Issuance and Sale of General Obligation Refunding and Improvement Bonds, Series 2024B; and Combination Tax and Revenue Certificates of Obligation, Series 2024B
[City Controller's Office]

Attachments: [Memorandum](#)

- K. [24-1093](#) Upcoming Agenda Item 24-938 for April 10, 2024: Authorizing a Five-Year Public Property Finance Contract with JP Morgan Chase, N.A., with Two One-Year Renewal Options, to Finance the Purchase of Capital Equipment, Fleet, and Technology Items
[City Controller's Office]

Attachments: [Memorandum](#)

- L. [24-1087](#) Budget Accountability Report Information as of January 31, 2024
[Budget & Management Services]
Attachments: [Report](#)
- M. [24-1088](#) Technology Accountability Report Information as of February 28, 2024
[Information & Technology Services]
Attachments: [Report](#)
- N. [24-1089](#) Office of the City Auditor Monthly Update on Internal Audit Reports Released
Between January 13, 2024 and February 16, 2024
[Office of the City Auditor]
Attachments: [Memorandum](#)
- O. [24-1090](#) Office of the City Auditor Monthly Update on Internal Audit Reports Released
Between February 17, 2024 and March 15, 2024
[Office of the City Auditor]
Attachments: [Memorandum](#)
- P. [24-1091](#) GPFM Two-Month Forecast
Attachments: [Forecast](#)

ADJOURNMENT

EXECUTIVE SESSION NOTICE

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

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, MARCH 25, 2024

EXHIBIT B

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

MARCH 25, 2024

Item 1: Approval of the February 26, 2024 Government Performance and Financial Management Committee Meeting Minutes

Councilmember Blackmon moved to adopt the minutes as presented.

Motion seconded by Councilmember Mendelsohn and unanimously adopted. (Moreno, Resendez absent when vote taken)

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

MARCH 25, 2024

BRIEFING ITEMS

Item A: Impact of AI in Local Government Permit Review

The following individuals briefed the committee on the item:

- John Mirkin, Vice President of Corporate Strategy, AutoReview.AI; and
- Sabrina Dugan, Vice President of Research and Development, AutoReview.AI

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

MARCH 25, 2024

BRIEFING ITEMS

Item B: 2023 External Audit Presentation and Discussion

The following individuals briefed the committee on the item:

- Sheri Kowalski, City Controller, City Controller's Office;
- Sara Dempsey, Partner-In-Charge, Weaver; and
- Lance Sehorn, Assistant Controller, City Controller's Office;

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

MARCH 25, 2024

BRIEFING ITEMS

Item C: Inspector General Division Update

The following individuals briefed the committee on the item:

- Bart Bevers, Inspector General, City Attorney's Office; and
- Tammy Palomino, City Attorney, City Attorney's Office

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

MARCH 25, 2024

BRIEFING ITEMS

Item D: Annual Investment Policy Review

The following individual briefed the committee on the item:

- Jenny Kerzman, Assistant Director of Treasury, City Controller's Office

Councilmember Mendelsohn moved to forward the item to city council.

Motion seconded by Councilmember Blackmon and unanimously adopted. (Moreno absent when vote taken)

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

MARCH 25, 2024

DISCUSSION ITEMS

Item E: Development Services- Monthly Performance Update & Process Map Improvements

Item F: Review of City Real Estate for Development and Redevelopment Opportunities

The committee discussed the items.

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

MARCH 25, 2024

BRIEFING MEMORANDUMS

- Item G: FY 2022-23 Budget Versus Actual End of Year Report
- Item H: Audit of Small Business Center - Minority and Women- Owned Business Enterprises
- Item I: March 27, 2024, Upcoming Agenda Item - 24-847 - Franchise Agreement with Oncor Electric Delivery Company LLC
- Item J: Upcoming Agenda Items 24-833 and 24-834 for March 27, 2024: Authorizing Ordinances for the Issuance and Sale of General Obligation Refunding and Improvement Bonds, Series 2024B; and Combination Tax and Revenue Certificates of Obligation, Series 2024B
- Item K: Upcoming Agenda Item 24-938 for April 10, 2024: Authorizing a Five-Year Public Property Finance Contract with JP Morgan Chase, N.A., with Two One-Year Renewal Options, to Finance the Purchase of Capital Equipment, Fleet, and Technology Items
- Item L: Budget Accountability Report Information as of January 31, 2024
- Item M: Technology Accountability Report Information as of February 28, 2024
- Item N: Office of the City Auditor Monthly Update on Internal Audit Reports Released Between January 13, 2024 and February 16, 2024
- Item O: Office of the City Auditor Monthly Update on Internal Audit Reports Released Between February 17, 2024 and March 15, 2024
- Item P: GPFM Two-Month Forecast

The committee discussed all items.

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, MARCH 25, 2024

EXHIBIT C



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1076

Item #: A.

Impact of AI in Local Government Permit Review

[John Mirkin, Vice President of Corporate Strategy, AutoReview.AI; Sabrina Dugan, Vice President of Research and Development, AutoReview.AI]

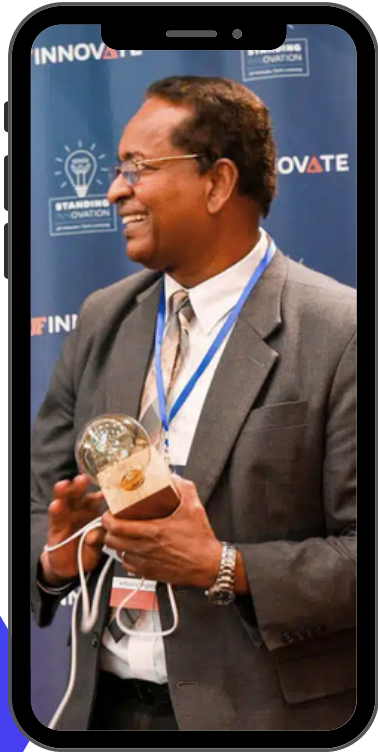
**City of Dallas
Council Committee
Presentation: Impact of AI in
Local Government Permit
Review**



City of Dallas



Introduction to AutoReview.ai



In 2018, leading researchers at the University of Florida (“UF”) recognized the transformative impact that automated plan review could have across a variety of industries. Dr. Nawari Nawari, a professor at UF’s College of Design, Construction and Planning has over 120 publications and has advised over 75 Master and Ph.D. students. Nawari’s research in Building Information Management (“BIM”) over the past 30 years has contributed significantly to the advancement of BIM standardization. Rob Christy, now the CEO of AutoReview.AI, spent the past 20 years working to expedite the plan review process.

Rob and Nawari recognized that the future of plan review would soon involve automation and artificial intelligence. The University of Florida and Dr. Nawari partnered with Rob and the City of Gainesville to help make this automated compliance review software a reality, and AutoReview.AI was formed.

AutoReview.AI (AR)’s patented technology automates and simplifies plan review processes using AI technology such as Natural Language Processing (NLP), Machine Learning, and other translation processors. This revolutionary advancement in technology improves accuracy and efficiency, resulting in valuable time and money savings for local governments and developers.



UF | UNIVERSITY of
FLORIDA



Agenda



**Current Plan Review
Process**



**How Does an AI-
Assisted Plan Review
Work**



**The Human Role and
Responsibility**



**How Our Current
Government Partners are
Using AI**



Current Plan Review Process

1st Submittal

Developers and civil engineers will propose a site plan to a city or county for approval.

Government Review

Cities and Counties have a certain amount of time to review the project, such as 30-180 day requirements

Comments

The government entity will relay the comments to the developer in accordance with the applicable state law and local Land Development Code.

Resubmit

The developers will then resubmit to the jurisdiction repeatedly until the plans are fully in compliant.



Challenges of Current Plan Review Process

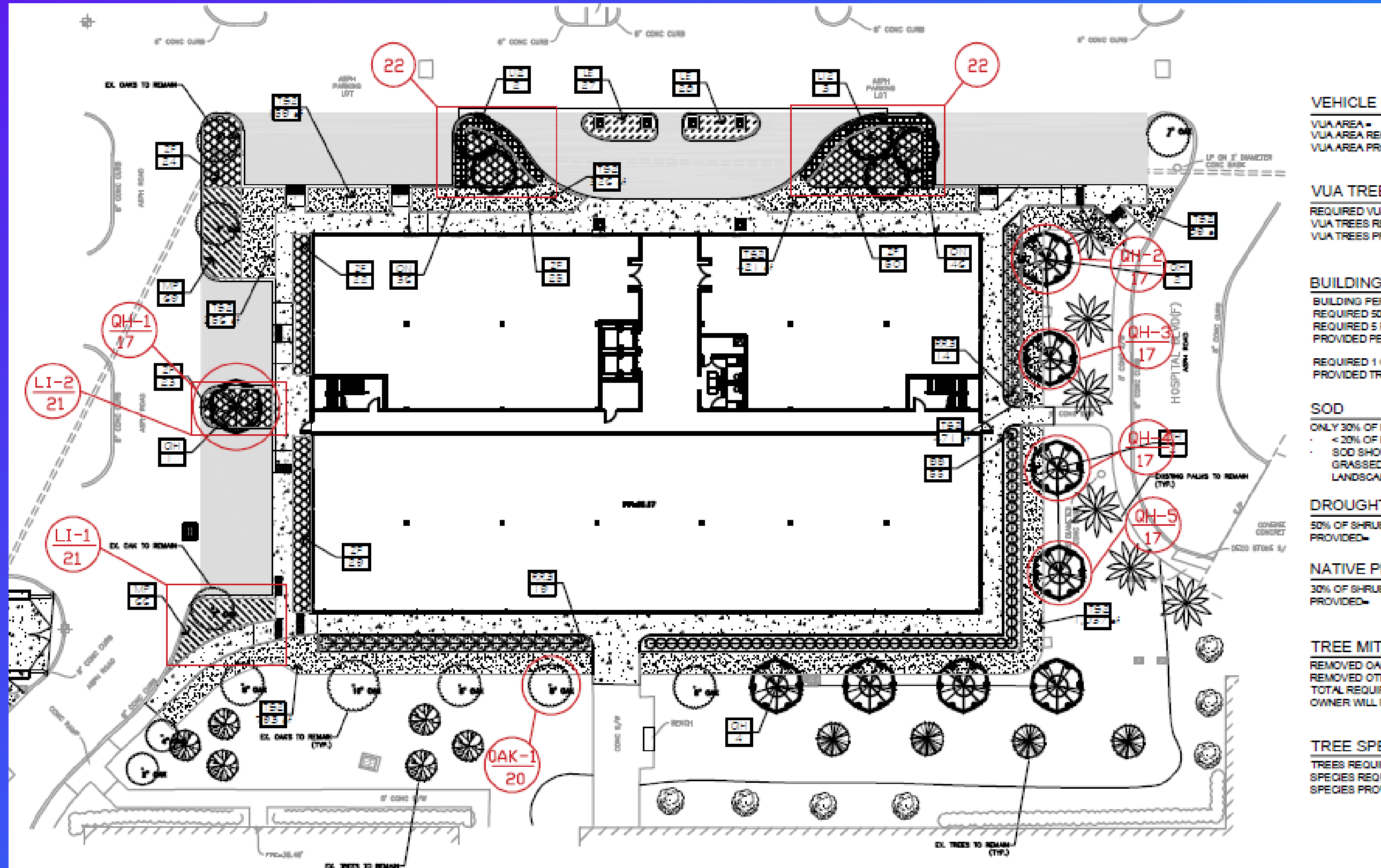
- Legal requirements to timely review plans and respond to applicants
- Manual review of plans and explanation of deficiencies to applicants is tedious and requires extreme attention to detail
- High volume of plans and manual review process is time consuming and not the best usage of time for skilled planners
- This time could be allocated towards other areas
- Collaboration needed for different types of reviews creates extra workflows and can lead to miscommunication and delays
- If a planner leaves, can delay the review process further
- Developers become frustrated with slow process and may feel that decisions are biased
- Any other challenges? Please let us know!



AR AutoReview.AI

Planning, Zoning and Landscape Review Software





VEHICLE U
VUA AREA +
VUA AREA REQU
VUA AREA PROV

VUA TREE
REQUIRED VUA
VUA TREES REQ
VUA TREES PRO

BUILDING F
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REQUIRED 50%
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Utilizing AI technologies such as MT, ML, and NLP, ViRA can interpret the LDC as either a quantitative or qualitative value, discerning the content it can and cannot evaluate. The LDC contains elements that might be unique to specific communities or regions.

7. Clear Sight Triangle:

Altamonte Springs regulations dictate that all driveways and intersections on a plan must adhere to sight distance requirements. Presently, this plan lacks the visual representation of clear sight triangles for each driveway and intersection. It is important that this information is included on the plan for compliance.

Altamonte Springs, Florida – Land Development Code: Article VIII. – Landscaping and Tree Protection: Division 2 – Landscaping: 8.2.2 – Landscaping Design Requirements:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR_TVIIIATRPR_DIV2LA_8.2.2LADERE

8. Clear Line-of-Sight:

Altamonte Springs regulations dictate that all driveways and intersections on a plan must adhere to sight distance requirements. Presently, this plan lacks the visual representation of clear line-of-sight for each driveway and intersection. It is important that this information is included on the plan for compliance. Concerned about line-of-sight issue with tree labelled 36 that abuts Newbury Port Avenue.

Altamonte Springs, Florida – Land Development Code: Article VIII. – Landscaping and Tree Protection: Division 2 – Landscaping: 8.2.2 – Landscaping Design Requirements:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR_TVIIIATRPR_DIV2LA_8.2.2LADERE

9. Minimum Tree Requirement For Level 3 Buffers:

Altamonte Springs states that Level 3 buffers must have a minimum of 4 trees per 100 linear feet or fraction thereof. The level 3 buffer along the North side of the property is 528 linear feet; therefore, there must be a minimum of 21 trees. Currently, however, there are only 20 trees proposed within the buffer.

Altamonte Springs, Florida – Land Development Code: Article VIII. – Landscaping and Tree Protection: Division 2 – Landscaping: 8.2.2 – Landscaping Design Requirements:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR_TVIIIATRPR_DIV2LA_8.2.2LADERE

City of Altamonte Springs, Florida – Land Development Code / Article III. – Zoning Regulation; / Division 16: MOR-2: Mixed office Residential District; Section 3.16.8: Parking Regulation:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR_TIIIZORE_DIV16MMIOFREDI_3.16.8PARE

23. ADA Parking Requirements

The LDC requires 2% of overall parking to be ADA dedicated spaces. This development will have 332 DU and will require 664 spaces with 13 ADA spaces. The Plans mention the need for a variance/wavier for both parking and ADA parking. At the time of review a variance has yet to be granted, the plans need to reflect the overall parking requirement. To meet the requirements of a parking waiver, the plan must demonstrate effective measures to reduce the need for parking on-site.

City of Altamonte Springs, Florida – Land Development Code / Article III. – Zoning Regulation; Division 16: MOR-2: Mixed office Residential District; Section 3.16.8: Parking Regulation:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR_TIIIZORE_DIV16MMIOFREDI_3.16.8PARE

24. Stormwater Retention Screening

The plans do not show proper screening along the northernmost sections of SMF-1 and SMF-3. All paved areas and fenced stormwater retention facilities shall be screened from public or private right-of-way by a continuous hedge or berm, or combination of both.

Altamonte Springs, Florida – Land Development Code: Article VIII. – Landscaping and Tree Protection: Division 2 – Landscaping: 8.2.2 – Landscaping Design Requirements:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR_TVIIIATRPR_DIV2LA_8.2.2LADERE

25. Bicycle Parking Requirement

To meet the requirements of a parking waiver, the plan must demonstrate effective measures to reduce the need for parking on-site. The plan depicts 30 bicycle parking at 1 space per every 20 vehicle spaces provided.

City of Altamonte Springs, Florida – Land Development Code / Article III. – Zoning Regulation; Division 16: MOR-2: Mixed office Residential District; Section 3.16.8: Parking Regulation:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR_TIIIZORE_DIV41OREPALO





17. Building Height:

Building height should be reflected in feet as well as stories. In sec 3.16.6 Building Setback Requirements there is an additional setback requirement for structures above 75 feet in height that requires an additional setback reduction. Including height alongside stories will expedite plan review.

City of Altamonte Springs, Florida – Land Development Code / Article III. – Zoning Regulation; Division 16: MOR-2: Mixed office Residential District; Section 3.16.6: Building Setbacks:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR111ZORE_DIV16MMIOFREDI_3.16.6BUSERE

18. Setback Requirements:

The Site Data Notes state that there are no building setback requirements, listing a minimum of 0'. Additionally, the Site Data Notes list the presence of 1 frontage parcel line, 2 side parcel lines, and 1 rear parcel line. This parcel abuts 3 existing rights-of-way resulting in 3 frontages, and 1 side. Plans should reflect these changes accordingly. Front yard setbacks require a minimum of 25'. Side yard setbacks require a minimum of 10'.

Setbacks Under Minimum Threshold

Location	Measurement
West	21'
North	10' - 7 1/4"
South	10' - 7 1/4"

City of Altamonte Springs, Florida – Land Development Code / Article III. – Zoning Regulation; Division 16: MOR-2: Mixed office Residential District; Section 3.16.5: Lot Requirements:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR111ZORE_DIV16MMIOFREDI_3.16.6BUSERE

19. Scale:

The scale indicated on page 19 of 44 of the plan states 1" = 20', but it should accurately read 1" = 40'. This information needs to be revised on the plan to ensure the plan's accuracy.

City of Altamonte Springs, Florida – Code Of Ordinances: Chapter 26 – Subdivision Regulations: Article II – Procedures for County Review and Approval: Sec. 26-22. - Procedures For Approval Of Subdivision Record Plat:

https://library.municode.com/fl/altamonte_springs/codes/land_development_codenodeId=ARTVSURE_DIV3RESU

20. Open Space Requirement:

The plan provides 33% open space with the adopted Land Development code requiring a minimum of 45% in residential areas with acreage greater than 5 acres on redevelopment parcels. Waivers to the minimum open space requirements, as set forth in the city's comprehensive plan, City Plan 2020, are not permitted. However, open space design alternatives consistent with City Plan 2020 policies regarding open space may be considered by the city. Information has not been provided indicating the city's approval regarding this reduction.

The Open Space Value is currently listed on the open space plan. This information needs to be added to the Site Data Table/Information listed on the plan also.

City of Altamonte Springs, Florida – Land Development Code/ Article III – Zoning regulations / Division 44. Supplemental District Regulations, Sec. 3.44.1. – Open Space and Recreation Area Requirements:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR111ZORE_DIV44SUDIRE_3.44.1OPSPREARRE

21. Recreation Area Requirements

There is a Passive Recreation Value, and Active Recreation Value currently listed on the open space plan. This information needs to be added to the Site Data Table/Information listed on the plan. A Landscape Plan is needed for full review and evaluation. Total Value of Construction Footprint needs to be called out on Site Data Notes as well as Passive Recreation Value, and Active Recreation Value.

City of Altamonte Springs, Florida – Land Development Code/ Article III – Zoning regulations / Division 44. Supplemental District Regulations, Sec. 3.44.1. – Open Space and Recreation Area Requirements:

https://library.municode.com/fl/altamonte_springs/codes/land_development_code?nodeId=AR111ZORE_DIV44SUDIRE_3.44.1OPSPREARRE

22. Parking Requirements

Total parking provided on the plan is 606 spaces. This development will have 332 DU and will require 664 spaces with 13 ADA spaces. The Plans mention the need for a variance/wavier. At the time of review a variance has yet to be granted, the plans need to reflect the overall parking requirement. To meet the requirements of a parking waiver, the plan must demonstrate effective measures to reduce the need for parking on-site.

Local Government AI Policy: Nuts and Bolts

Responsible Use of AI: AI should be used as an assistive tool in decision making processes but should never be the final decision maker.

IT Department should approve staff access and/or implementation of new generative AI products.

Employees must validate output generated by AI systems and have the final say- two hands on the wheel at all times.

Disclose the use of AI to the public.

Continuously educate employees who use AI about best practices.

Data Protection and Privacy: Protect personal identifying information and financial information of citizens. Handle sensitive data in accordance with applicable local, state and federal law. Define and enforce safeguards surrounding data used in AI systems. Audit and regularly monitor and evaluate internal AI systems.

Fairness: Avoid bias and prevent algorithmic discrimination by ensuring quality of data. Biased data will lead to biased AI output.

Human Centric: Give employees the ability to manually override AI systems. Have a back-up human intervention plan in place in case of AI system failure. Educate and empower employees to use AI as an assistive tool to augment tasks. Do not seek to replace humans with artificial intelligence.

Training and Resources: Provide access to AI training and resources to staff for AI systems.

Create an AI Technology Committee or Subcommittee: Have certain staff members continuously monitor the AI policy for applicable modifications and propose these to management periodically.

Consider prohibition of certain uses of AI: Prohibit generating or circulating fake images or audio of other employees or public officials (“deepfakes”), be cautious about employee use of ChatGpt and related tools for public facing communications.



Strategic Planning

Adopting AI is not just about implementing the technology but also about strategic planning. A solid base involves understanding the organization's goals, challenges, and how AI aligns with its mission.



Adaptability

AI technologies are diverse, and having a solid base ensures that the organization can adapt to different AI applications as needed, whether it's for automation, decision support, or data analysis.



How can you challenge different departments in your organization to enhance efficiency?



 **AutoReview.AI**


ALTAMONTE GLOBAL INNOVATION LAB

By the Numbers



**Altamonte Springs
has 6 Development
Review Types**



**With Over 103 Review
Sections**



**Altamonte Springs has
Submitted 10 Site Plans
to AutoReview.ai**



**Altamonte Springs has
Received Over 111 Flags**



**Adoption and
Implementation**

Then:

The screenshot displays the Pasco County Florida website interface. At the top left is the PASC COUNTY FLORIDA logo. A search bar is located at the top center with the text "Search or jump to". On the top right, there are links for "NOTIFICATIONS", "SIGN IN", "HELP", and a "Select Language" dropdown menu. Below the header, the breadcrumb navigation reads: "Pasco County, Florida - Land Develop... / Chapter 900 - DEVELOPMENT STA... / SECTION 905. - GREENSPACE REQ... / 905.2 - Landscaping and Buffering". On the right side of the breadcrumb area, there are links for "SHOW CHANGES" and "MORE".

The left sidebar shows a navigation menu with a "VERSION: JAN 16, 2024 (CURRENT)" dropdown. The menu items include:

- 901.12. - Transportation Analysis
- 901.13. - Mixed-Use Trip Reduction Measures (MUTRM)
- SECTION 902. - STORMWATER
- SECTION 903. - UTILITIES
- SECTION 904. - FIRE PROTECTION
- SECTION 905. - GREENSPACE REQUIREMENTS AND STANDARDS (highlighted)
- 905.1. - Neighborhood Parks
- 905.2 - Landscaping and Buffering (highlighted)
- 905.3. - Reserved
- 905.4. - Irrigation
- SECTION 906. - OUTDOOR REFUSE, LOADING, AND MECHANICAL EQUIPMENT SCREENING
- SECTION 907. - ON-SITE PARKING, LOADING, STACKING, AND LIGHTING STANDARDS
- Chapter 1000 - MISCELLANEOUS

The main content area is titled "905.2 - Landscaping and Buffering". It contains the following text:

A. Intent and Purpose. It is the intent and purpose of this subsection to promote the health, safety, and general welfare of the current and future residents of the County by establishing minimum standards for the preservation, development, installation, and maintenance of native and Florida Friendly landscaping, as defined in Section 373.185, Florida Statutes.

Such landscape and buffers are intended to improve the aesthetic appearance of public, commercial, industrial, and residential areas by reducing the visual impact of large building masses; by softening the visual impact of paved surfaces and vehicular-use areas; by screening conflicting uses from one another; and otherwise helping establish a harmonious relationship between the natural and built environment.

These minimum requirements and standards recognize and address the vital contributions of landscapes and buffers to intercepting and filtering stormwater, reducing erosion, providing shade, enhancing property values, supporting wildlife, protecting natural resources, forming a "sense of place," reducing costs and impacts of storms and natural disasters, and other beneficial services.

Resources for selecting appropriate planting material, helpful guides and templates, and links to external resources mentioned in this Section can be found in the Development Manual.

B. Applicability.

1. This section shall be applicable to all development plans submitted on or after February 26, 2002.

C. General Standards.

1. **Design.**
 - a. **Clear-Sight Triangle.** Where a driveway/accessway intersects a road right-of-way or where two road rights-of-way intersect, vegetation, structures, and non-vegetative visual screens shall not be located so as to interfere with the clear- sight triangle as defined in this Code or the Florida Department of Transportation, Manual of Uniform Minimum Standards, most recent edition (Green Book), whichever is more restrictive.
 - b. Sidewalks, driveways, and other impervious areas shall not be located within a required planting area except when they are constructed perpendicular to the planting area and provide direct access to a structure, parcel, or adjacent parcels.
 - c. **Sustainable Practices.** Landscape installations shall employ environmentally sustainable principles and practices, which include Florida Friendly landscaping. A comprehensive guide to Florida Friendly landscaping principles and materials is available through the University of Florida IFAS website linked in the

Now:

	A	B	C	D	E	F
1	PROJECT NAME:		PROJECT #:			
2	Review Checklist Introduction Video			Round One		Round
3	ID	Chapter	Review Check	Reviewer Comments	Supervisor Comments	Unresolved Comments
4		Background Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	GENERAL	General Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	MPUD COA	MPUD Conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	CH300	300 - Procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	CH403.1	403.1 - Preliminary Development Plan - Residential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	CH403.2	403.2 - Preliminary Development Plan - Nonresidential/Mixed Use	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	CH403.3	403.3 - Preliminary Site Plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	CH403.5	403.5 - Construction Plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	CH403.7	403.7 - Mass Grading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	CH403.10	403.10 - Landscape Only Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	CH407.5	407.5 - Alternative Standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	CH500	500 - Zoning Standards & Conditions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	CH604	604 - Northeast Pasco Rural Protection Overlay	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	CH700	700 - Subdivision & Platting Standards	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	CH802	802 - Tree Preservation & Replacement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	CH905.2	905.2 - Landscaping & Buffering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	CH906	906 - Outdoor Refuse, Loading, and Mechanical Equipment Screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	CH907	907 - On-Site Parking, Loading and Lighting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Table of Contents

BACKGROUND

GENERAL

MPUD COA

CH300

CH403.1

CH403.2

CH403.3

CH403.5

CH403.7

CH403.10

CH407.5

CH500

CH604

Now:



1 Landscaping & Buffering	2 Name	3 Comment	4 Usually Found	5 Notes	6 Sheet Number	7 Reviewer Comment
69	905.2.C.2.d - Multiple-Trunk Trees	<p>The following tree(s) needs to meet the multi-trunk tree requirement(s) below by adding a note to the tree table:</p> <p>@@</p> <p>@@All proposed multiple-trunk trees shall have no less than three (3) trunks. @@Each trunk shall be equal equal to or greater than one (1) inch caliper. @@Each trunk shall be a minimum of six (6) feet in height at the time of installation.</p>	Landscape Sheet (Chart)	Check the tree chart for multi-trunk trees. If they are proposing any, make sure they have this note next to it. If they are using a tree that is typically multi-trunked but they have a note that it is "standard", that means it's only one trunk.		
70	905.2.C.2.e.(1) - Shrubs	<p>The following shrub(s) need to meet the following requirement(s) below:</p> <p>@@</p> <p>@@Shrubs grown in appropriately sized containers shall have the ability to be a minimum of twenty-four (24) inches in height within one (1) year of planting (unless otherwise required) and shall maintain that height. @@Shrubs shall be a minimum of eighteen (18) inches in height at the time of installation. @@Shrubs shall be spaced a distance appropriate to the species to create a continuous appearance within one (1) year of planting, but at no more than thirty-six (36) inches on center at the time of installation.</p>	Landscape Sheet (Chart)	The shrubs sizes should be in the landscaping chart. Make sure they meet these standards.		
71	905.2.C.2.e.(2) - Dwarf Shrubs	<p>The following dwarf shrub(s) need to meet the following requirement(s) below:</p> <p>@@</p> <p>@@Dwarf variety of shrubs grown in the appropriate-sized containers shall be a minimum of ten (10) inches in height at the time of installation. @@Dwarf shrubs shall be spaced a distance appropriate to the species to create a continuous appearance within one (1) year of planting, but at no more than thirty-six (36) inches on center at the time of installation.</p>	Landscape Sheet (Chart)	The dwarf shrubs sizes should be in the landscaping chart. Make sure they meet these standards.		
72	905.2.C.2.f - Ground Cover	<p>Ground cover plants shall be spaced so as to present a finished appearance and to obtain a reasonably complete coverage within one (1) year after planting. Nonliving ground cover, such as mulch, gravel, rocks, etc., shall be used in conjunction with living plants so as to cover exposed soil and suppress fugitive dust. Provide hatching on the landscape plan set that delineates the different ground cover areas.</p>	Landscape Sheet (Note)	Where an applicant plans on using ground cover plantings, make sure they have this note. Not all projects will use ground covers.		
		All portions of each site, which are not devoted to buildings, sidewalks, paving, or special	Landscape Sheet			



By the Numbers



**Pasco County has 21
Review Types**



**With Over 268 Review
Sections**



**Pasco has Submitted
99 Site Plans to
AutoReview.ai**



**Pasco has Received Over
1,365 Flags**



Adoption and Implementation

WHO HAS IMPLEMENTED THIS AI?

The City of Gainesville



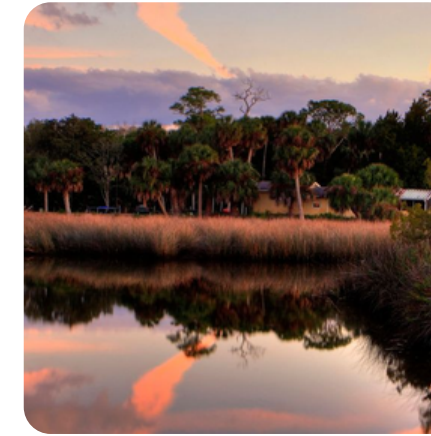
2018 The City of Gainesville partnered with The University of Florida Research Foundation and AutoReview.ai to create solutions in permitting leading to VIRA.

Pasco County



In February 2023, Pasco County got Board of County Commissioner Approval to be the first County to implement AutoReview.ai.

Hernando County



Implemented AutoReview.ai in September and are now partnered to expedite the permitting process with AutoReview.ai.

The City of Altamonte Springs



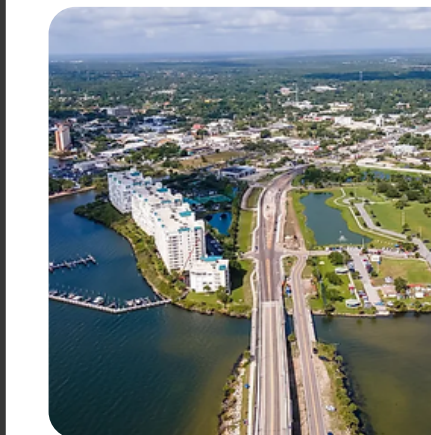
In September 2023, Altamonte Springs adopted AutoReview.ai. The First set of plans were uploaded 10/10/23. The Results were produced 10/11/23.

The City of Eustis



In October 2023, The City of Eustis adopted AutoReview.ai. The First set of plans were uploaded 11/01/23. The Results were produced 11/02/23.

The City of Titusville



Approved by Titusville City Council in March and will implement May 1.

Innovate Together



**John Mirkin, VP of Corporate Strategy,
AutoReview.ai**

jmirkin@autoreview.ai

**Sabrina Dugan, VP of Research and Development,
AutoReview.ai**

sdugan@autoreview.ai





City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1077

Item #: B.

2023 External Audit Presentation and Discussion
[Sara Dempsey, Partner-In-Charge, Weaver; Jeff Wada, Senior Manager, Weaver]

2023 External Audit Presentation and Discussion

City of Dallas



Team in Attendance



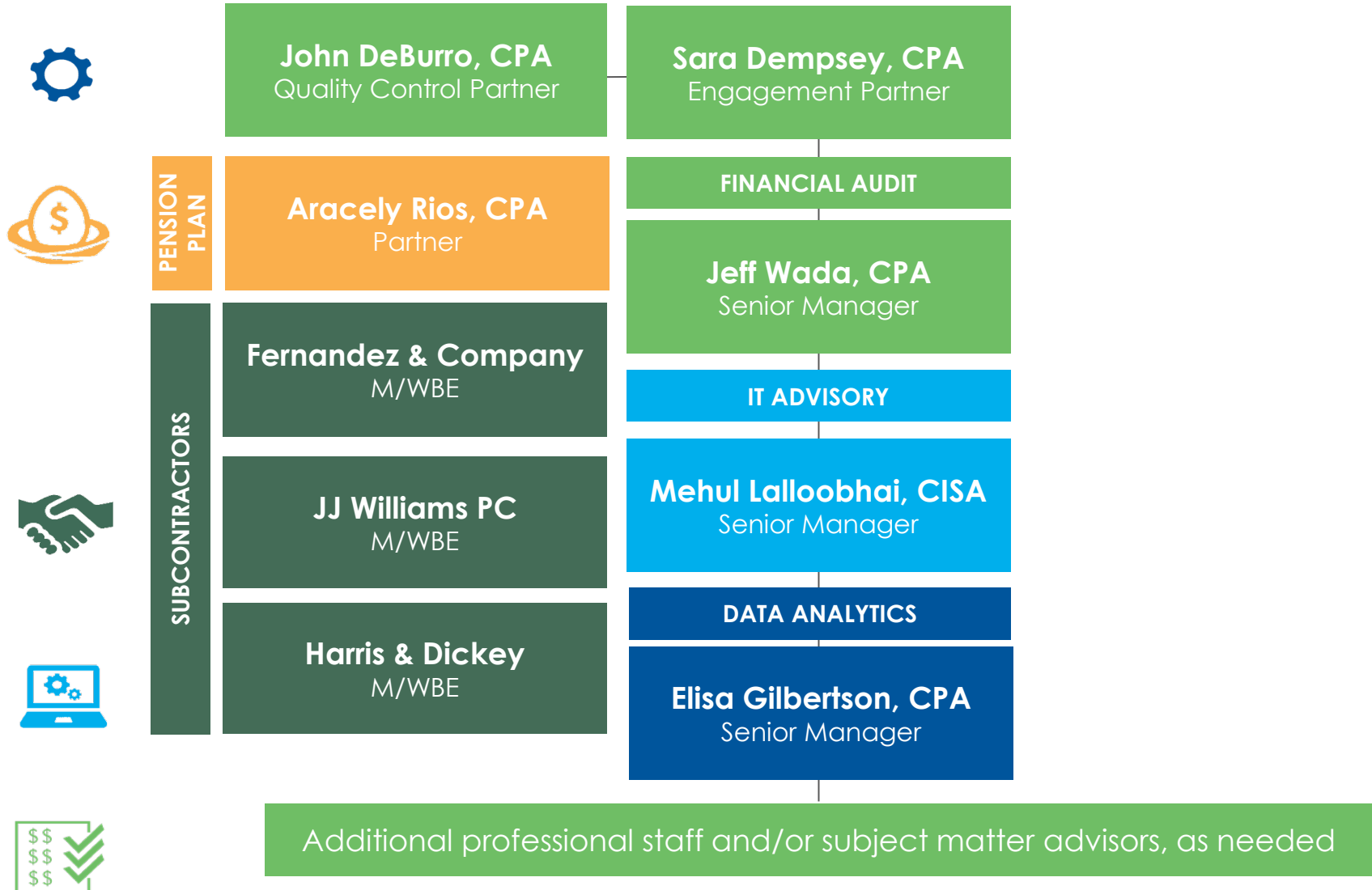
Sara Dempsey, CPA
Partner-in-Charge,
Government Services

- ▶ **20 years** of public accounting experience
- ▶ Served on the **AICPA State and Local Government Expert Panel**, Special Review Committee for the GFOA, and **the Financial Reporting and Regulatory Response Committee** of the GFOA of Texas
- ▶ Dallas office

Jeff Wada, CPA
Senior Manager,
Government Services

- ▶ **10+ years** of public accounting experience
- ▶ Member of the **TXCPA**
- ▶ Serves on the Special Review Committee for the GFOA
- ▶ Dallas office

Audit Organization



Audit Testing

Our audit process is a risk-based approach in which we identified potential areas of risk that could lead to material misstatement of the financial statements.

Financial Statement Level Risk	Procedures Performed
Management override of internal controls	<ul style="list-style-type: none"> - tested approval of journal entries - tested approval of cash disbursements - tested approval of payroll disbursements - tested bid procedure process - tested valuation process - tested budget amendments - agreed disclosures to support - tested estimates for reasonableness
Audit Area Risks	Procedures Performed
Improper revenue recognition for DWU, Aviation, Convention Center, and Sanitation	<ul style="list-style-type: none"> - tested existence, valuation, and cutoff of receivables and revenue - obtained customer activity and detail for evidence of the service being performed and that payment was received - recalculated revenue using authorized rates and meter readings - performed analytical procedures
Improper grant revenue and receivable recognition	<ul style="list-style-type: none"> - agreed amounts recorded in the general ledger to the final Schedule of Federal and State Awards - tested expenditures to ensure they were allowable costs and eligible for reimbursement - tested receipts from granting agencies - read grant agreements to test for compliance

Audit Testing, continued

Audit Area Risks	Procedures Performed
Improper revenue recognition for other funds	<ul style="list-style-type: none"> - tested existence, valuation, and cutoff of receivables and revenue - obtained detail for evidence of the service being performed and that payment was received - performed analytical procedures
Capital assets	<ul style="list-style-type: none"> - inspected records and documents related to significant projects - vouched transactions to invoices, pay apps, and bid procedures
Long-term liabilities	<ul style="list-style-type: none"> - tested the existence and occurrence of long-term liabilities - tested the disclosures and presentation - tested covenants and continuing disclosures
Evaluation of estimates	<ul style="list-style-type: none"> - evaluated the reasonableness of significant estimates, such as allowance for doubtful accounts
Right-to-use assets Leases and SBITAs (GASB 87 and 96)	<ul style="list-style-type: none"> - tested the existence and occurrence, and completeness of leases and subscription-based information technology arrangements (SBITA) - tested the disclosures and presentation - read lease and SBITA contracts on a sample basis

Audit Testing, continued

Other Areas	Procedures Performed
Information Technology	<ul style="list-style-type: none"> - logical security: access is authenticated and approved - change management: tested process of implementing new applications and system changes - computer operations: critical data is backed up regularly
Investments	<ul style="list-style-type: none"> - tested valuation, fair value, disclosures, and Public Funds Investment Act
Risks, uncertainties, contingencies	<ul style="list-style-type: none"> - read City Council and GPFM Committee minutes - inquired of management - received attorney letter - read contracts and agreements
Performed data mining procedures	<ul style="list-style-type: none"> - obtained detail of disbursements, approved vendors, payroll transactions, addresses - tested significant vendors, employees paid after termination dates, employees with significant overtime

Other areas tested:

- Passenger Facilities Charge compliance
- Love Field Airport Modernization Corporation and related transactions
- TCEQ compliance

Deliverables

Completed:

- Annual Comprehensive Financial Report
- Downtown Dallas Development Authority Tax Increment Financing District

Pending Completion:

- Federal and State Single Audit, estimated completion by 5/31
- Dallas Water Utilities and Airport Revenues Fund audits
- Passenger Facility Charge compliance audit
- Texas Commission on Environment Quality financial assurance agreed-upon procedures
- Dallas Convention Center Hotel Development Corporation, a 12/31 year end. Audit begins April of 2024.

Financial Audit Results

Type of Report:	UNMODIFIED
Internal control over financial reporting:	
Any material weaknesses identified?	NO
Any significant deficiencies that are not material weaknesses?	NO
Any noted noncompliance material to financial statements?	NO

Required Communications



Communication	Results
Audit Adjustments	No audit adjustments
Management representations	We requested certain representations from management that were included in the management representation letter.
Auditor independence	No independence issues noted.
Other information contained in documents containing audited financial statements	We performed limited procedures on the Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI). We did not provide any assurance on this information and other supplementary information.
Management judgments and accounting estimates	Management's estimates of allowances for uncollectible receivables were evaluated and determined to be reasonable in relation to the financial statements as a whole.

FINANCIAL HIGHLIGHTS

Government-Wide (in millions)



	2023	2022	2021	2020	2019
Governmental					
Change in net position	\$ 490	\$ 622	\$ 857	\$ 400	\$ 118
Total net position	\$ (332)	\$ (822)	\$ (1,447)	\$ (2,304)	\$ (2,704)
Ending unrestricted net position	\$ (4,434)	\$ (4,553)	\$ (4,942)	\$ (5,561)	\$ (5,752)
Capital assets, net	\$ 5,205	\$ 4,895	\$ 4,703	\$ 4,453	\$ 4,277
Business-type					
Change in net position	\$ 269	\$ 245	\$ 92	\$ 63	\$ 42
Total net position	\$ 4,068	\$ 3,856	\$ 3,618	\$ 3,526	\$ 3,463
Ending unrestricted net position	\$ (167)	\$ (156)	\$ (266)	\$ (286)	\$ (224)
Capital assets, net	\$ 7,848	\$ 7,553	\$ 7,287	\$ 7,187	\$ 7,071

Total net position increased for both governmental and business-type activities in 2019-2023.

Unrestricted net position continued to increase in 2023 for the governmental activities.

Unrestricted net position decreased for business-type activities in 2023.

Capital assets, net continued to increase in 2023 for both governmental and business-type activities.

Capital assets include lease and SBITA assets due to GASB 87 and GASB 96 implementations in 2022 and 2023.

Property Tax Rate and Debt



	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental					
Tax rate (per \$100 valuation)					
Total	0.7458	0.7733	0.7763	0.7766	0.7767
General Fund	0.5403	0.5658	0.5688	0.5691	0.5667
Debt Service Fund	0.2055	0.2075	0.2075	0.2075	0.2100
Taxable assessed valuation (in billions)	\$ 179.4	\$ 155.9	\$ 147.4	\$ 140.2	\$ 130.1
Total GO Debt (in billions)	\$ 1,816	\$ 1,660	\$ 1,667	\$ 1,657	\$ 1,808
Debt service expenditures as a percentage of noncapital expenditures	16.06%	20.55%	20.80%	15.57%	16.46%

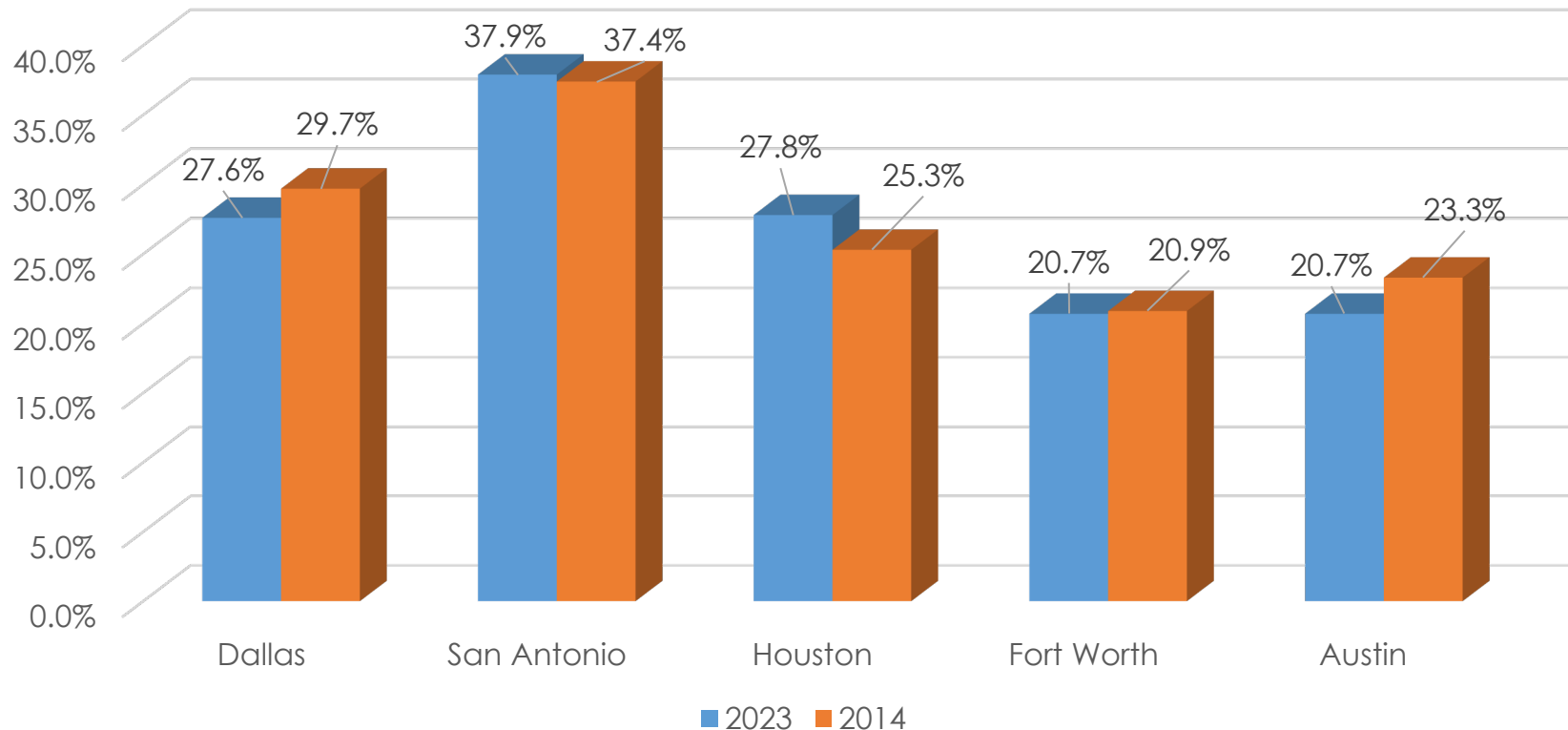
Total tax rate has decreased annually from 2019-2023.

Debt service tax rate has decreased or remained flat since 2019.

Taxable assessed valuation has increased annually from 2019-2023.

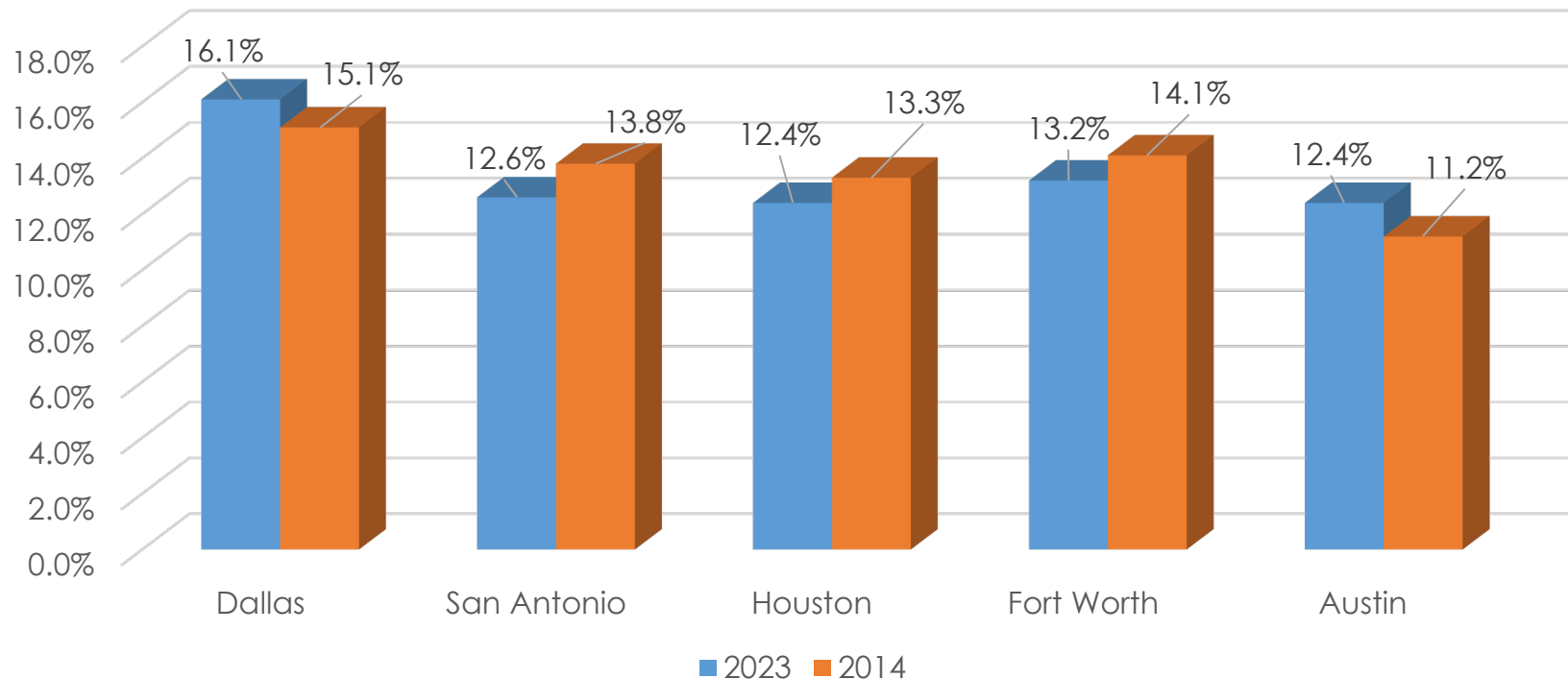
Debt service expenditures as a percentage of noncapital expenditures decreased in 2020, 2022, and 2023.

Debt Service Component of Tax Rate as a Percentage of Total Rate



The City of San Antonio's 2023 financial statements were not published at the time this presentation was created, so the 2022 balance was used.

Debt Service Expenditures as a Percentage of Non-Capital Expenditures



The City of San Antonio's 2023 financial statements were not published at the time this presentation was created, so the 2022 balance was used.

General Fund (in millions)



	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund Balance					
Total fund balance	\$ 467.3	\$ 442.3	\$ 400.5	\$ 344.6	\$ 297.2
Unassigned	\$ 386.7	\$ 370.6	\$ 324.3	\$ 277.5	\$ 234.2
General Fund expenditures	\$ 1,674.4	\$ 1,477.2	\$ 1,378.3	\$ 1,285.4	\$ 1,280.7
Unassigned general fund balance					
as a percentage of expenditures	23.09%	25.09%	23.53%	21.59%	18.29%
Excess (deficiency) of revenues over					
(under) expenditures	\$ (50.6)	\$ 48.7	\$ 48.6	\$ 41.8	\$ 30.2
Transfers in(out) of general fund, net	\$ (8.6)	\$ (7.4)	\$ 6.7	\$ 5.3	\$ (165.3)

Total fund balance of the general fund has increased annually from 2019-2023.

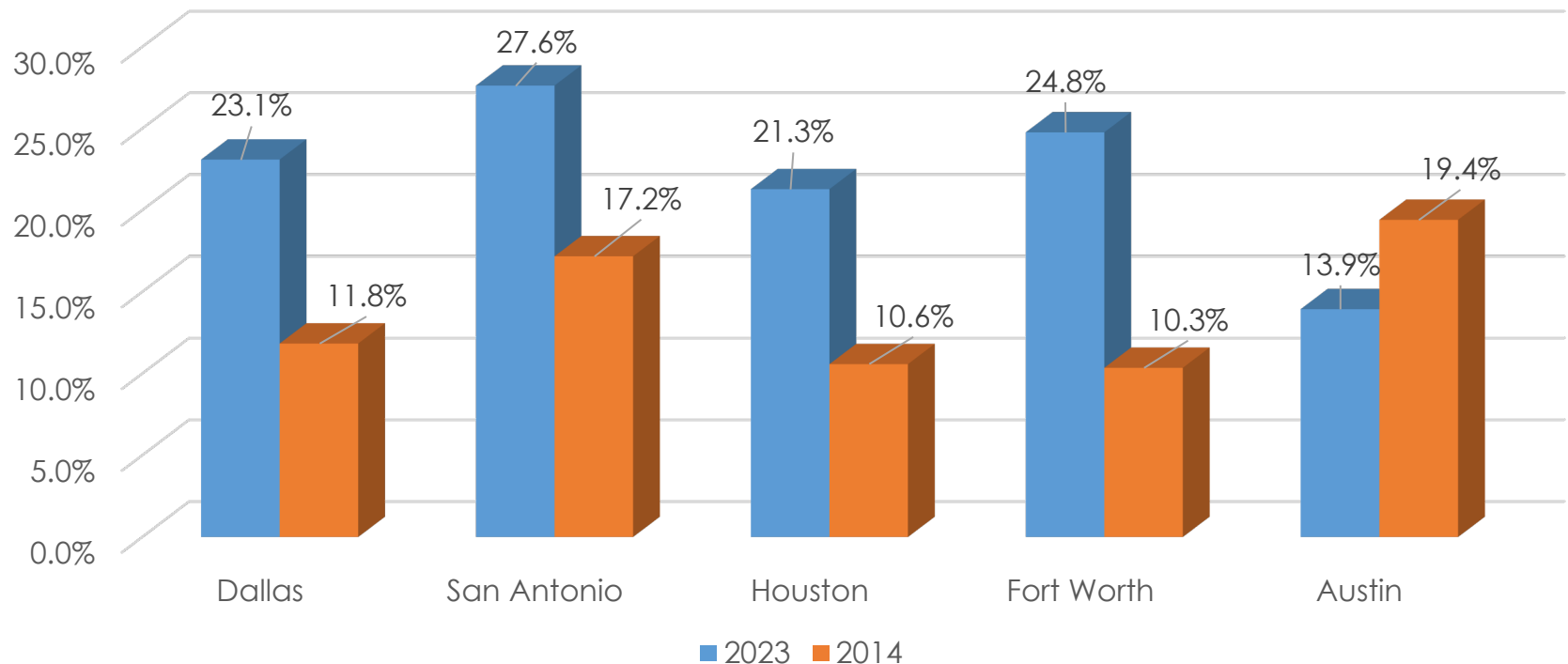
The unassigned fund balance has increased annually from 2019-2023.

The unassigned fund balance as a % of expenditures increased from 2019-2022 and decreased in 2023.

Transfers were a net transfer in during 2021 and 2020, and transfers were a net transfer out during 2023, 2022, and 2019.

General Fund Balance decreased as a result of the inception of new leases in the current year. The capital outlay associated with new leases is included in the total expenditures; however the inception of new leases is recorded in other financing sources.

Unassigned General Fund Balance as a Percentage of General Fund Expenditures



The City of San Antonio's 2023 financial statements were not published at the time this presentation was created, so the 2022 balance was used.

Enterprise Funds



	2023	2022	2021	2020	2019
Income (loss) before transfers and contributions					
Dallas Water Utilities	\$ 133.3	\$ 161.6	\$ 55.1	\$ 56.2	\$ 30.5
Convention Center	\$ 48.2	\$ 11.3	\$ (4.6)	\$ 1.4	\$ 16.5
Airport revenue	\$ 94.5	\$ 70.6	\$ 21.2	\$ 26.3	\$ 25.4
Sanitation	\$ (8.5)	\$ 11.8	\$ 6.2	\$ 6.1	\$ (7.7)
Total capital assets, net					
Dallas Water Utilities	\$ 6,089.0	\$ 5,788.0	\$ 5,599.0	\$ 5,496.0	\$ 5,366.0
Convention Center	\$ 368.0	\$ 386.0	\$ 398.0	\$ 415.0	\$ 433.0
Airport revenue	\$ 1,297.0	\$ 1,291.0	\$ 1,220.8	\$ 1,208.0	\$ 1,204.0
Sanitation	\$ 71.0	\$ 68.0	\$ 66.0	\$ 65.0	\$ 66.0
Revenue bond coverage					
Dallas Water Utilities	2.26	2.10	1.63	1.68	1.74
Convention Center	3.78	2.00	1.10	1.50	2.10
Airport revenue	2.25	2.11	1.83	4.36	3.47
Sanitation	n/a	n/a	n/a	n/a	n/a

DWU income increased in 2020 and 2022, and decreased in 2019, 2021, and 2023.

Revenue bond coverage for DWU increased in 2022 and 2023 and decreased in 2019, 2020, and 2021.

Revenue bond coverage for Convention Center increased in 2019, 2022, and 2023 and decreased in 2020, and 2021.

Revenue bond coverage for Airport increased in 2019, 2020, 2022, and 2023 and decreased in 2021.

Risk funds, OPEB, Pension, & Landfill (in millions)



	2023	2022	2021	2020	2019
Internal service net position					
Risk funds deficit	\$ (97.9)	\$ (76.4)	\$ (47.2)	\$ (64.0)	\$ (23.5)
Risk funds total liability	\$ 174	\$ 140	\$ 132	\$ 132	\$ 85
Risk funds deficit as a % of total general fund balance	20.95%	17.27%	11.79%	18.57%	7.91%
Landfill closure and post-closure liability	\$ 54	\$ 49	\$ 47	\$ 45	\$ 44
Net pension liability	\$ 6,461	\$ 4,029	\$ 5,703	\$ 4,693	\$ 4,739
Total OPEB liability	\$ 208	\$ 222	\$ 266	\$ 531	\$ 565

The City's self-insured risk activities are being funded on a pay-as-you-go basis.

The risk fund deficit as a % of total fund balance increased in 2020, 2022 and 2023 and decreased in 2019 and 2021.

The landfill closure and post-closure liability has increased between 2019-2022.

The net pension liability decreased in 2020 and 2022 and increased in 2019, 2021, and 2023.

The total OPEB liability decreased in 2020-2023 and increased in 2019.

DISCUSSION



Contact Us

Sara Dempsey

Partner, Assurance Services

Direct: (972) 448.6958

Email: sara.dempsey@weaver.com



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1078

Item #: C.

Inspector General Division Update
[Bart Bevers, Inspector General, City Attorney's Office]



City of Dallas

IGD Update

**Government Performance
& Financial Management
March, 2024**

Bart Bevers, Inspector General
Inspector General Division
City Attorney's Office
City of Dallas

Inspector General Division - Phases



- **Phase One – stand up the office**
 - Staffing
 - Development of operations and procedures
 - Investigation of complaints and hearings
- **Phase Two – promote the office and ethics**
 - Training
 - Advisory opinions
 - Risk assessment
 - Marketing



PHASE TWO PROGRESS – 12 months



- Training in person
- Training resources
- Training focused special events
- Advisory opinions
- Marketing to the city
- In the hopper



Training: In Person/Teams



Over 2500
persons
trained in 81
total events
3/11/24

Ongoing:

- New city employees weekly
- Supervisors quarterly
- Councilmembers annually

Development:

- Gifts training lunch and learn
- Road shows: A&C, BMS, DWU, DWU Managers and Supervisors, Economic Development, Homeless Solutions, Integrated Public Safety Solutions, OEM, Procurement, Public Works, Transportation

By request:

- ACAC, BOA, CAO, CDC, CMO, CPC, Charter Review, DFR, DHADC, DSD, EDC, Landmark Com, PUD, MCC, Mobile Crisis, Waste





Training: written resources

- Catch the Canary monthly quiz game

Played over 4,800 times
Through Feb. '24



- Ethics Matters monthly newsletter (8)

- General, gifts, reporting, civility, conflicts

- Guides

- Plain language, amendments, posters
- IGD pamphlet, Whistle cards



Advisory Opinion Requests - 70



Trend is Rising



31 requests, Dec. 2023 to Feb. 2024

TOTALS

- Written responses 27
- Other responses 43

March 2023 to March 2024



Special Event: Ethics Week



Monday:

Ethics Jeopardy

Tuesday:

Ask an IG

Wednesday:

Lunch and learn - Gifts

Thursday:


Speakers and awards

Friday:

Essay contest








Developing Connection and Awareness



The Whistle
City of Dallas-Ethics Hotline
| 1500 Marilla Street, 7DN

Save Contact

-  **HOTLINE to File a Complaint**
(877) 860-1061 →
-  **HOTLINE Weblink to File a Complaint**
secure.ethicspoint.com/domain/c →
-  **FAX**
(214) 670-0622 →
-  **Confidential Advisory Opinion**
ATTethicsadvisoryinquiries@dallas.gov →
-  **Inspector General Website**
dallascityhall.com/departments/c →



Keeping it Real

with T.C. Broadnax

INITIATIVES AND PROGRAMS THE DIVISION OF INSPECTOR GENERAL AND ETHICS HUB WILL ENGAGE TO STRENGTHEN THE CULTURE OF ETHICS IN THE CITY OF DALLAS

GUESTS: CITY ATTORNEYS BART BEAVERS AND BARON ELIASON
ETHICS OFFICER HAI TRAN



IN THE HOPPER



- **Training:**

- **Event:** ethics debate in coordination with Ethics Office of the CMO
- **Website upgrade:** content drafted
- **Road shows:** continued
- **Ethics training:** monthly, to provide for biannual ethics training

- **Marketing:** new PSAs, partnering with Ethics Office in community engagement process that is underway

- **Risk assessment:** implement employee liaison program



PHASE ONE PROGRESS – 12 months



- Benchmark metrics
- Complaints by quarter
- Crimes and jurisdiction of IGD
- Performance Data Compiler



IGD Benchmark Metrics – Performance

(January 1, 2023, to December 20, 2023)



#	MEASURE	NATIONAL STANDARD	CAO-IGD	% DIFFERENCE	RESULTS
1	Number of investigators we employ. (median ratio, page 9)	2.21 per 1,000 employees	6 for 13,000+ employees	↓79.12% less	We are operating with 79.19% LESS investigators than the national average for government investigators.
2	Years of relevant experience per investigator. (page 11)	10.6 years in government	19.6 years	↑84.91% more	We are operating with 84.91% MORE experience than the national average for government investigators.
3	Caseload per investigator. (page 16-17)	12 per investigator (government sector)	28 per investigator (5 total)	↑133.33% more	• We are carrying 133.33% MORE cases than the national average for government investigators.
4	Average days to close a case. (page 19)	94 days in government sector	74 days	↑21.28% faster	• We are closing cases 21.28% FASTER than the national average for government investigators.
5	Average number of closed investigations per year per investigator. (page 19)	Avg/year 39 Avg./month 3.25	67.4 avg. 5.6 avg.	↑72.82% more ↑72.31% more	• We are closing 72.82% MORE cases per year than the average government investigator.

“In-House Fraud Investigation Teams: 2019 BENCHMARKING REPORT”, published by the Association of Certified Fraud Examiners (ACFE) 2019.

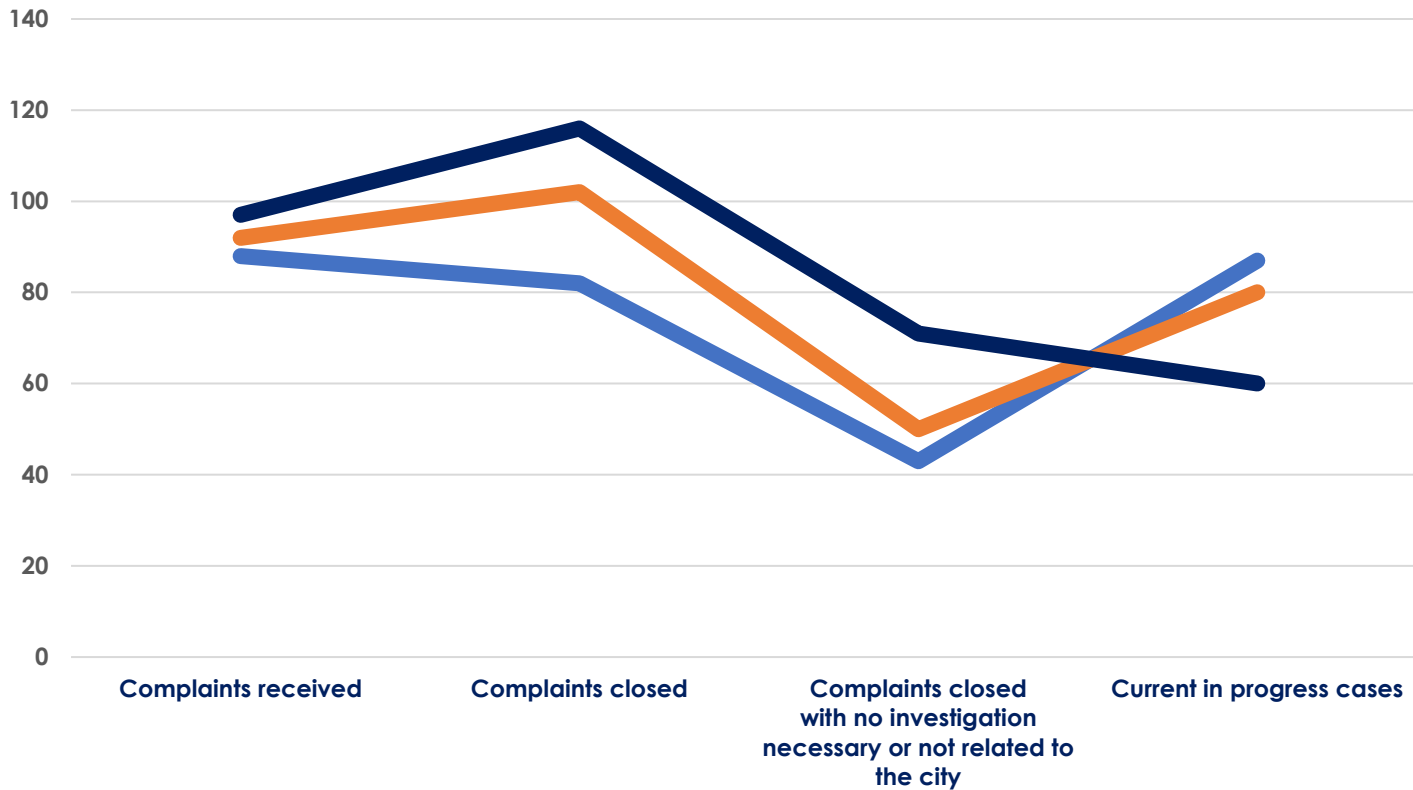


COMPLAINTS BY QUARTER



Complaints By Quarter

3rd Q '23 4th Q '23 1st Q '24



	3rd Q '23	4th Q '23	1st Q '24
Complaints received	88	92	97
Complaints closed	82	102	116
Complaints closed with no investigation necessary or not related to the city	43	50	71
Current in progress cases	87	80	60



Crimes and IGD Jurisdiction



INVESTIGATIVE POWERS AND DUTIES	CODE OF ETHICS (PROVISION)	JURISDICTION (POWER)	RISK(S)
Fraud	SEC. 12A-47(a)(1)	x	-Unaddressed crimes -Public thinks we are investigating
Waste	SEC. 12A-47(a)(1)	✓	N/A
Abuse	SEC. 12A-47(a)(1)	✓	N/A
Corruption	SEC. 12A-47(a)(1)	x	-Unaddressed crimes -Public thinks we are investigating
Ethics Violations	SEC. 12A-47(a)(1)	✓	N/A

What is fraud, anyway?

“Fraud” is any activity that relies on deception to achieve a gain. Fraud becomes a crime when it is a “knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment” (Black's Law Dictionary). In other words, if you lie to deprive a person or organization of their money or property, you commit fraud.

<https://www.acfe.com/fraud-resources/fraud-101-what-is-fraud>

What is corruption, anyway?

A scheme in which an employee misuses their influence in a business transaction in a way that violates their duty to the employer to gain a benefit. Corruption makes up 50% of reported fraud cases, with a median loss of \$150,000.

<https://www.acfe.com/fraud-resources/fraud-risk-tools---coso/~//-/media/files/acfe/pdfs/fraud-risk-tools/fraud-tree.pdf>. See also ACFE's Occupational Fraud 2022: A Report to the Nations



Performance Data Compiler



What is the PDC?

- A three-model measurement system facilitating internal IGD accountability, efficiency, effectiveness, objective performance measurement and reporting of IGD output measures to achieve four primary goals. (Separately measures monthly data from quarterly data).

**Four Primary Goals addressed, using
Three Models, that each answer
Four Questions**





City of Dallas

IGD Update

**Government Performance
& Financial Management
March, 2024**

Bart Bevers, Inspector General
Inspector General Division
City Attorney's Office
City of Dallas



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1079

Item #: D.

Annual Investment Policy Review

[Jenny Kerzman, Assistant Director of Treasury, City Controller's Office]

Annual Investment Policy Review

**Government Performance &
Financial Management Committee
March 25, 2024**

Jenny Kerzman
Assistant Director of Treasury
City Controller's Office



City of Dallas

Presentation Overview



- Background
- City's Investment Policy
- Staff Recommendations and Next Steps



Background



- The Public Funds Investment Act (“PFIA”) requires that the City Council annually adopt a written instrument stating that it has reviewed the City’s Investment Policy and approved any changes thereto
- Investment policies must address safety of principal, liquidity, yield, diversification, and maturity, with primary emphasis on safety of principal
- Beginning in 1997, the City Council has annually reviewed the Investment Policy to approve revisions to the Investment Policy, incorporate amendments required by the PFIA, improve management of the City’s investments, and reflect organizational changes
- On October 26, 2022, City Council authorized the adoption of the City’s revised Investment Policy and investment strategies regarding funds under the City’s control and management by Resolution No. 22-1598



City's Investment Policy



- Treasury Division of the City Controller's Office manages the investment of City funds under the guidelines of the City's Investment Policy and in accordance with Federal and State law and the City Charter
- On May 2023, the Government Treasurers' Organization of Texas ("GTOT") certified that the City's Investment Policy meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by GTOT
 - This certification is valid for two years
- The City's Investment Committee meets on a quarterly basis to review the performance of the investment portfolio, economic trends, compliance requirements, and to submit strategy recommendations for the following quarter, while meeting the objectives of the City's Investment Policy of safety, liquidity, and yield



City's Investment Policy



- The Investment Committee is composed of:
 - Chief Financial Officer
 - City Controller
 - Assistant Director of Treasury
 - Interim Director of Dallas Water Utilities
 - Director of Budget Management Services
- On April 13, 2022, City Council approved a three-year consultant contract, with two one-year renewal options, with Meeder Public Funds, Inc. dba Patterson & Associates for investment services
- Investment advisory services include, but are not limited to, review and reporting of investment activity, quantitative analysis, evaluation and presentation of investment options, investment advice, market research and updates, securities valuation, and attendance at the quarterly Investment Committee meetings



City's Investment Policy



- On February 13, 2024, the City's Investment Committee working with the City's investment advisor, Meeder Public Funds, analyzed the performance of the portfolio under current market conditions
- As required annually, the team also reviewed the City's Investment Policy and any changes made to the PFIA in 2023
- Effective June 18, 2023, provisions of the PFIA were updated under Government Code § 2256.011 - Authorized Investments: Repurchase Agreements; these amendments do not impact or require any changes to the City's current Investment Policy or investment strategies



Staff Recommendations and Next Steps



- At the advice of the City's investment advisor, no changes to the investment strategies in the City's Investment Policy are needed at this time
- The City's Investment Committee recommends incorporating the following amendments to the City's Investment Policy, as reflected in the attached redline
 - Updated policy approval date
 - Appendix A to incorporate updated PFIA Government Code
 - Appendix B to reflect updated resolution
- The City's Investment Committee requests the City Council to approve on April 10, 2024, item 24-909 to adopt the City's Investment Policy and investment strategies regarding funds under the City's control and management



Annual Investment Policy Review

**Government Performance &
Financial Management Committee
March 25, 2024**

Jenny Kerzman
Assistant Director of Treasury
City Controller's Office



City of Dallas



CITY OF DALLAS

INVESTMENT POLICY

As Approved on ~~October 26, 2022~~ **April 10, 2024** by:

**The Honorable Mayor
and
Members of the City Council**

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1.0 Policy

It is the policy of the City of Dallas to invest public funds in a manner which will provide security and optimize interest earnings to the maximum extent possible while meeting the daily cash flow demands of the City and conforming to all federal, state and local statutes, rules and regulations governing the investment of public funds. This Policy sets forth the investment program of the City of Dallas and the guidelines to be followed in achieving its objectives.

Not less than annually, City Council shall adopt a written instrument by resolution stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to the Investment Policy or investment strategies.

This Policy is intended to satisfy the requirements of the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA" or the "Act") that an investing entity such as the City of Dallas adopt and review an investment policy governing the investment by the investing entity of its funds and funds under its control.

2.0 Scope

This Policy governs the investment of all funds of the City except those that are identified in Section 2.2 below. With respect to the funds of non-profit corporations that are established by City resolution and act on behalf of the City in accordance with State law, this Policy shall prevail in the absence of a specific investment policy adopted by the non-profit corporation. In addition to this Policy, the investment of bond proceeds and other bond funds (including debt service and reserve funds) of the City or of a non-profit corporation established by City resolution and acting on behalf of the City in accordance with State law shall be governed and controlled by their governing ordinance, resolution or trust indenture, including the authorization of eligible investments, and by the provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), including all regulations and rulings promulgated thereunder applicable to the issuance of tax-exempt obligations.

- 2.1 All funds are managed as a pooled fund group, referenced in this Policy as the City's investment pool, with the exception of the following, which are managed as separately invested assets:
 - 2.1.1 Bond Funds - funds established with the proceeds from specific bond issues when it is determined that segregating these funds from the City's investment pool will result in maximum interest earnings retention under the provisions of the Internal Revenue Code.
 - 2.1.2 Bond Reserve Funds - funds set at prescribed levels by certain bond ordinances to pay principal and/or interest if required to prevent default.
 - 2.1.3 Endowment Funds - funds given to the City with the instructions that the principal is to remain intact, unless otherwise agreed to, and the income generated by the investments will be used for specified purposes.
 - 2.1.4 Commercial Paper Funds - unexpended proceeds from the issuance of commercial paper notes.

2.2 Funds not governed by this Policy include:

2.2.1 Employees' Retirement Fund

2.2.2 Dallas Police and Fire Pension System

2.2.3 Deferred Compensation Funds

2.2.4 Private Donations – investments donated to the City are excluded from this Policy if separately managed under terms of use specified by the donor.

3.0 Objective

Investment of the funds covered by this Policy shall be governed by the following investment objectives, in order of priority:

3.1 **Safety**

Safety of principal is the primary objective of the Investment Policy. Investment of the City's funds shall be undertaken in a manner that seeks to ensure the preservation of capital for the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

The City will mitigate credit risk, which is the risk of loss due to the failure of the issuer or backer, by:

- Limiting investments to the types listed in Section 8.0 ("Authorized and Suitable Investments") of this Policy
- Qualifying the broker/dealers and financial institutions with which the City may engage in an investment transaction in accordance with Section 9.0 ("Authorized Broker/Dealers and Financial Institutions)
- Diversifying the investment portfolio so that the impact of potential losses from any one type of investment or from any one individual issuer will be minimized (see Section 13.0 "Diversification and Maximum Maturities").

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar local government investment pools and limiting the weighted average maturity of the portfolio in accordance with this Policy (see Section 17.0 "Investment Strategies").

3.2 Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. A portion of the portfolio will be placed in money market mutual funds or local government investment pools offering same-day liquidity to meet unanticipated demands.

3.3 Yield

The City's investment portfolio shall be designed with the objective of attaining a market rate of return, throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

4.0 Delegation of Authority

The Chief Financial Officer, under the direction and authority of the City Manager, shall direct the cash management program of the City as defined in Article XV, Section 2-134 "Duties of the Chief Financial Officer", Volume I, Chapter 2 "Administration" of the Dallas City Code, as amended. City Council shall designate the Chief Financial Officer, City Controller, and the Assistant Director/Treasury Manager as Investment Officers responsible for the investment of its funds, under the direction and authority of the City Manager.

The City's Investment Officers shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the written procedures. Authority granted to a person to invest the City's funds is effective until rescinded or until termination of the person's employment by the City. The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls, to be reviewed by the City Auditor, to regulate the activities of subordinate officials. In order to assure quality and capability of investment management, the Investment Officers shall possess sufficient working knowledge of economics and securities markets, as well as the supervisory experience and judgment necessary to carry out the responsibilities outlined in this Policy.

5.0 Prudence

Investments shall be made with judgment and care - under circumstances then prevailing - which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

- 5.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment Officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- 5.2 In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over

which the official had responsibility rather than consideration as to the prudence of a single investment and, whether the investment decision was consistent with the City's Investment Policy and written investment procedures.

6.0 Ethics and Conflicts of Interest

Investment Officers who have a personal business relationship with a business organization offering to engage in an investment transaction with the City shall refrain from activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

- 6.1 Investment Officers shall sign annual statements agreeing to abide by this section of the Investment Policy and affirming no known conflicts of interest.

- 6.2 Investment Officers must file a disclosure statement with the Texas Ethics Commission and City Council if:
 - a) the Investment Officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City; or
 - b) the Investment Officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the City.

- 6.3 An Investment Officer has a personal business relationship with a business organization if:
 - a) the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
 - b) funds received by the Investment Officer from the business organization exceed 10 percent of his/her gross income for the previous year; or
 - c) the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for his/her personal account.

7.0 Training

The Investment Officers and the persons authorized to execute investment transactions shall attend at least one 10-hour investment training session within 12 months after taking office or assuming duties and receive not less than 8 hours of instruction relating to investment responsibilities during a two-year period that begins on the first day of the City's fiscal year following the initial 10 hours of instruction and consists of the two consecutive fiscal years after that date. Training must be received from an independent source approved by the City's Investment Committee and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and compliance with the Act.

8.0 Authorized and Suitable Investments

City funds governed by this Policy may be invested in the instruments described below, all of which are authorized by Chapter 2256 of the Government Code (Public Funds Investment Act).

- 8.1 Direct obligations of the United States, its agencies or instrumentalities, and other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

The City will restrict investments in eligible securities described in this section to discount notes and callable or non-callable fixed-rate securities with a fixed principal repayment amount.

- 8.2 Direct obligations of states and local governments rated not less than A or its equivalent (long-term rating) or an equivalent short-term rating by at least one nationally recognized investment rating firm.
- 8.3 Fully collateralized Certificates of Deposit/Share Certificates that are issued by a bank or credit union that has its main office or branch office within the City and are:
- a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; or
 - b) secured by obligations in accordance with Section 11.0 herein.

If the certificate of deposit is collateralized by pledged securities the City must have on file a signed Depository Agreement, approved as to form by the City Attorney, which details eligible collateral, collateralization ratios for pledged securities, standards for collateral custody and control of pledged securities, collateral valuation of pledged securities, and conditions for agreement termination.

- 8.4 Certificates of Deposit obtained through a depository institution or a broker approved by the City's Investment Committee under the provisions of Section 9.0 of this Policy that has its main office or branch office within the City and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Act.
- 8.5 Fully collateralized repurchase agreements in accordance with the conditions prescribed in Section 2256.011 of the Act. Prior to investment in a repurchase agreement, the City must have on file a signed Master Repurchase Agreement, approved as to form by the City Attorney, which details eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination and provided the repurchase agreement:
- a) has a defined termination date;
 - b) is secured by a combination of cash and obligations of the United States or its agencies and instrumentalities described by Section 2256.009(a) (1) of the Act. Securities received for repurchase agreements must have a market value greater than or equal to 103% at the time the investment is made and throughout the terms of the repurchase agreement;
 - c) requires the securities being purchased by the City or cash held by the City to be assigned to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and
 - d) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state, and which is rated no less than A or its equivalent by two nationally recognized rating services.

8.6 A securities lending program is an authorized investment if it meets the following conditions:

- a) A loan made under the program must allow for termination at any time;
- b) A loan made under the program must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state that is rated no less than A or its equivalent by two nationally recognized rating services. An agreement to lend securities must have a term of one year or less and shall comply with the provisions of section 1058 of the Internal Revenue Code;
- c) A loan made under the program must be secured as prescribed in Section 2256.0115(b)(3) of the Act. Securities being held as collateral must be pledged to the City, held in the City's name, and deposited at the time the investment is made with a third party approved by the City;
- d) The amount of collateral must not be less than 100% of the market value of securities loaned, including accrued income. The market value of securities loaned shall be determined daily. Cash received as collateral shall not be invested for a term later than the expiration date of the securities lending agreement and may only be invested in investments as authorized by this Policy.

8.7 Commercial paper is an authorized investment if the commercial paper:

- a) has a stated maturity of 270 days or fewer from the date of its issuance;
- b) is rated not less than A-1 or P-1 or an equivalent rating by at least:
 - 1. two nationally recognized credit rating agencies; or
 - 2. one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

8.8 No-load money market mutual funds that are registered with and regulated by the Securities and Exchange Commission that meet the requirements of the PFIA, and, in addition:

- a) are rated not less than Aaa or an equivalent rating by at least one nationally recognized rating service; and,
- b) have provided the City with a prospectus and other information as may be required by law.

Investments will be made in a money market mutual fund only after a thorough investigation of the fund and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved funds.

8.9 No-load mutual funds that are registered with and regulated by the Securities and Exchange Commission that meet the requirements of the PFIA and have provided the City with an offering circular and other information required by the Act.

Investments will be made in a mutual fund only after a thorough investigation of the fund and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved funds.

8.10 Local government investment pools which are organized in conformity with Chapter 791 (Interlocal Cooperation Contracts Act) and meet the requirements of the PFIA that:

- a) are rated not less than Aaa or an equivalent rating by at least one nationally recognized rating service; and
- b) have provided the City with an offering circular and other information required by the Act.

To become eligible, investment pools must be approved by City Council action. Investments will be made in a local government investment pool only after a thorough investigation of the pool and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved pools. A pool approved by the Investment Committee shall invest its funds in investment types consistent with the Act and the pool's own adopted investment policies and objectives. An approved pool is not required to invest its funds in investment types according to the investment policies and objectives adopted by its participants.

The Investment Officers may at times restrict or prohibit the purchase of specific issues due to current market conditions. An investment that requires a minimum rating under this section does not qualify as an authorized investment during the period the investment does not have the minimum rating. Ratings shall be monitored using nationally recognized financial information sources, including actions published on rating agency websites. The City shall take all prudent measures consistent with the Act to liquidate an investment that does not have the minimum rating required by the Act.

9.0 Authorized Broker/Dealers and Financial Institutions

The Investment Committee shall, at least annually, review, revise, and adopt a list of qualified broker/dealers and financial institutions authorized to engage in the purchase and sale of obligations of the U.S. Government, its agencies or instrumentalities with the City. In order to be considered, those firms that desire to become qualified bidders for securities transactions will be required to provide information regarding creditworthiness, experience and reputation. Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule).

A written copy of this Investment Policy shall be presented to any person offering to engage in an investment transaction with the City. Investments shall only be made with those business organizations (including money market mutual funds and local government investment pools) which have provided the City with a written instrument executed by a qualified representative of the firm, acknowledging that the business organization has received and reviewed the City's Investment Policy in satisfaction of the business organization's duties under Financial Industry Regulatory Authority (FINRA) Rule 2111 (Suitability).

10.0 Competitive Bidding

It is the policy of the City to require competitive bidding for all individual security purchases and sales except for:

- a) transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates)
- b) treasury and agency securities purchased at issue through an approved broker/dealer or financial institution

- c) automatic overnight “sweep” transactions with the City Depository
- d) fully insured certificates of deposit placed in accordance with the conditions prescribed in Section 2256.010(b) of the Act or placed with the City’s Depository if so authorized by the City Depository Contract.

At least three bids or offers must be solicited for all other transactions involving individual securities. The City’s investment advisor is also required to solicit at least three bids or offers when transacting trades on the City’s behalf. In situations where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish a fair market price for the security. Bids for certificates of deposit may be solicited in any manner permitted by the Act.

11.0 Collateralization of Deposits

The City requires that all uninsured collected balances plus accrued interest, if any, in depository accounts be secured in accordance with the requirements of this Policy and Chapter 2257, Government Code (“Public Funds Collateral Act”) and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Financial institutions serving as City depositories will be required to sign a Depository Agreement with the City which details securities that can serve as eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, rights of substitution and conditions for agreement termination.

Pledged securities serving as collateral for a depository will always be held by an independent third party which is approved by the City. The collateral report shall be reviewed at least monthly to ensure that the market value of the pledged securities is at least 102%. Eligible collateral are as follows:

Eligible Collateral

1. Direct obligations of the United States or other obligations of the United States or other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States.
2. Direct debt obligations of an agency or instrumentality of the United States.
3. Mortgage-backed securities issued directly by an agency or instrumentality of the United States eligible under the Public Funds Collateral Act.
4. Direct debt obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

The use of a letter of credit issued to the City by the Federal Home Loan Bank may be considered by the City to provide collateral for bank deposits and for certificates of deposit.

The City’s Investment Officers reserve the right to accept or reject any form of collateral or enhancement at their sole discretion.

12.0 Safekeeping and Custody

Safekeeping and custody of investment securities shall be in accordance with applicable law and accounting standards. All securities transactions, except local government investment pool and money market mutual fund transactions, shall be conducted on a delivery versus payment (DVP) basis. Investment securities will be held by a third-party custodian designated by and contracted with the City and be required to issue safekeeping receipts clearly detailing that the securities are owned by the City.

Safekeeping and custody of collateral shall be in accordance with applicable law and accounting standards.

13.0 Diversification and Maximum Maturities

The City's Investment Pool will be diversified to limit market and credit risk by observing the limitations at the time of purchase as listed below. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 3 years at the time investments are purchased for the Investment Pool. Funds managed as separately invested assets in Section 2.1 of the Policy are subject to all of the following with the exception of the Issuer Limitation on investment in U.S. Agencies and Instrumentalities. Funds managed as separately invested assets may be invested 100% in the obligations of any one U.S. Agency or Instrumentality.

	Maximum Stated Maturity¹	Issuer Limitations
U.S. Treasuries	5 Years	100% of the City's investment pool may be invested in obligations of the U.S. Treasury.
U.S. Agencies/Instrumentalities	5 Years	No more than 50% of the book value of the City's investment pool may be invested in the obligations of any one issuer.
Commercial Paper	270 days	No more than 5% of the City's investment pool may be invested in any single issuer.
Municipal Notes and Bonds	5 Years	The City may not own more than the lesser of \$5 million or 20% of any single issue.
Repurchase Agreements	30 Days	No more than 15% of the City's investment pool may be invested with one counterparty, excluding flexible repurchase agreements for investment of bond proceeds.

Mutual Funds	N/A	The City may not own more than the lesser of \$100 million or 5% of the total assets of any one fund, excluding mutual funds for investment of commercial paper proceeds.
Local Government Investment Pools	N/A	The City may not own more than the lesser of \$400 million or 10% of the total assets of any one pool.
Certificates of Deposit	5 Years	The City may not own more than \$50 million of any single financial institution's certificates of deposit at any one time, excluding certificates of deposit placed with the City's Depository if so authorized by the City Depository Contract.

In addition to the above limitations, the City's investment pool shall be diversified by market sector determined as follows:

	Maximum Percentage of Investment Pool ⁽¹⁾
U.S. Treasuries	100%
U.S. Agencies/Instrumentalities	100% (maximum 30% callable)
Municipal Notes and Bonds	15%
Repurchase Agreements	15% ⁽²⁾
Mutual Funds	15%
Local Government Investment Pools	45%
Certificates of Deposit	20% ⁽³⁾

- (1) Purchases of securities with stated maturities greater than the maximum authorized under this section require prior City Council approval. With respect to bond proceeds and other bond funds, the City may, in the bond ordinance, specifically authorize investments in repurchase agreements with maturities in excess of 30 days subject to any required approvals from bond insurers.
- (2) Excluding flexible repurchase agreements for bond proceeds.
- (3) Excluding certificates of deposit placed with the City's Depository if so, authorized by the City Depository Contract.

14.0 Sale of Securities

The City's policy is to hold securities to maturity. However, securities may be sold:

- a) in order to minimize the potential loss of principal on a security whose credit quality has declined;
- b) in order to reposition the portfolio for the purpose of improving the quality, yield, or target duration of the portfolio; or
- c) in order to meet unanticipated liquidity needs of the portfolio.

15.0 Investment Committee

An Investment Committee shall be established and meet quarterly to determine investment guidelines, general strategies, and monitor performance. Members of the Investment Committee will include the Investment Officers, the Cash and Investment Manager and the City's Investment Advisor if the City has contracted with an Advisor. The Investment Advisor is a non-voting member of the Investment Committee.

16.0 Investment Advisor

The City may retain the services of an Investment Advisor to assist in the review of cash flow requirements, the formulation of investment strategies, and the execution of security purchases, sales and deliveries.

17.0 Investment Strategies

The City of Dallas maintains separate portfolios for individual funds or groups of funds (as listed under Sec. 2.0 of this Policy) which are managed according to the terms of this Policy and the corresponding investment strategies listed below. The investment strategy for portfolios established after the annual Investment Policy adoption will be managed in accordance with the terms of this Policy and applicable agreements until the next annual review when a specific strategy will be adopted.

17.1 Investment Pool Strategy

The City's Investment Pool is an aggregation of the majority of City funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. The objectives of this portfolio are to:

- a) A ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists;
- b) ensure that anticipated cash flows are matched with adequate investment liquidity;
- c) limit market and credit risk through diversification; and
- d) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy by managing the portfolio to meet or exceed the 12-month moving average yield on treasury one-year constant maturities as reported by Federal Reserve Statistical Release H.15.

17.2 Bond Funds Strategy

Occasionally, separate non-pooled portfolios are established with the proceeds from bond sales in order to maximize earnings within the constraints of arbitrage regulations. The objectives of these portfolios are to:

- a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists or by maintaining the security of the investment through collateralization according to the standards approved in Section 8.4 of this Policy;

- b) ensure that anticipated cash flows are matched with adequate investment liquidity or that the terms of the secured investment agreement permit maximum flexibility for the City in making withdrawals;
- c) manage market and credit risk through diversification and control of counterparty risk; and
- d) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.

17.3 Bond Reserve Fund Strategy

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay the final principal and/or interest due on outstanding bonds that are similarly secured or to make up any shortfalls in debt service funds as required by the bond ordinance. The objectives of Bond Reserve Fund Portfolios are to:

- e) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists or by maintaining the security of the investment through collateralization according to the standards approved in Section 8.4 of this Policy;
- f) ensure that anticipated cash flows are matched with adequate investment liquidity or that the terms of the secured investment agreement permit maximum flexibility for the City in making withdrawals;
- g) manage market and credit risk through diversification and control of counterparty risk; and
- h) attain a market rate of return commensurate with the objectives and the restrictions set forth in this Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.

17.4 Endowment Funds Strategy

Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes may be invested as separate non-pooled portfolios if required by the terms of the gift. The objectives of Endowment Portfolios are to:

- a) ensure safety of principal and sufficient liquidity by investing only in high-quality securities for which a strong secondary market exists;
- b) manage market and credit risk through the use of a competitive process to place investments;
- c) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and the terms of the gift.

17.5 Commercial Paper Funds Strategy

The City issues tax-exempt commercial paper notes as an interim financing tool for construction projects. The investment of the proceeds from the issuance of commercial paper debt should have a high degree of liquidity in order to fund payments to contractors. The objectives of this portfolio are to:

- a) ensure safety of principal and sufficient liquidity by investing in money market mutual funds or short-term high-quality securities for which a strong secondary market exists;
- b) manage market and credit risk through diversification of funds and/or securities. Funds must be rated AAA by at least one nationally recognized rating agency; and
- c) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and governing bond ordinances.

18.0 Reporting

Investment performance is regularly monitored by investment staff and reported to the Investment Committee on a quarterly basis. Month-end market prices on each security are obtained from nationally recognized securities databases including those provided by the City's depository bank through its safekeeping services and Bloomberg Professional Services. These prices are recorded in the City's portfolio database and included in all management reports as well as the City's Comprehensive Annual Financial Report.

Not less than quarterly the Investment Officers will submit to the standing finance committee of the city council described in Dallas City Charter, Chapter III, Section 13 (2), the City Manager, and the Mayor and City Council a written report of the status of the current investment portfolio. The report must meet the requirements of the Act.

An independent auditor shall formally review the quarterly reports prepared under this section at least annually, and that auditor shall report the results of the review to City Council.

19.0 Annual Compliance Audit

In conjunction with the annual financial audit, a compliance audit shall be performed which includes an audit of management controls on investments and adherence to the City's established investment policy.

20.0 Investment Policy Adoption

The City's Investment Policy is hereby adopted by resolution of the City Council on ~~October 26, 2022~~ April 10, 2024, in accordance with the PFIA.

GLOSSARY

ACCRETION OF DISCOUNT

Periodic straight-line increases in the book or carrying value of a security so the amount of the purchase price discount below face value is completely eliminated by the time the bond matures or by the call date, if applicable.

ACCRUED INTEREST

The interest accumulated on a security from its issue date or since the last payment of interest up to but not including the purchase date. The purchaser of the security pays to the seller the market price plus accrued interest.

AMORTIZATION OF PREMIUM

Periodic straight-line decreases in the book or carrying value of a security so the premium paid for a bond above its face value or call price is completely eliminated.

ASK

The price at which securities are offered by sellers.

BARBELL MATURITY STRATEGY

A maturity pattern within a portfolio in which maturities of the assets in the portfolio are concentrated in both the short and long ends of the maturity spectrum.

BASIS POINT

One one-hundredth (1/100) of one percent; 0.0001 in decimal form.

BENCHMARK

A comparative base for performance evaluation. A benchmark can be a broad-based bond index, a customized bond index, or a specific objective.

BID

The price offered for securities by purchasers. (When selling securities, one asks for a bid.)

BOND EQUIVALENT YIELD

Used to compare yields available from discounted securities that pay interest at maturity with yields available from securities that pay interest semi-annually.

BOOK ENTRY SECURITIES

Stocks, bonds, other securities, and some certificates of deposit that are purchased, sold, and held as electronic computer entries on the records of a central holder. These securities are not available for purchase in physical form; buyers get a receipt or confirmation as evidence of ownership.

BOOK VALUE

The original cost of the security as adjusted for amortization of any premium paid or accretion of discount since the date of purchase.

BROKER

A party who brings buyers and sellers together. Brokers do not take ownership of the property being traded. They are compensated by commissions. They are not the same as dealers; however, the same firms that act as brokers in some transactions may act as dealers in other transactions.

CALLABLE BOND

A bond that the issuer has the right to redeem prior to maturity at a specified price. Some callable bonds may be redeemed on one call date while others may have multiple call dates. Some callable bonds may be redeemed at par while others can be redeemed only at a premium. Some callable bonds are step-up bonds that pay an initial coupon rate for the first period, and then the coupon rate increases for the following periods if the bonds are not called by the issuer.

CERTIFICATE OF DEPOSIT (CD)

A time deposit with a specific maturity evidenced by a certificate. Large-denomination (over \$100,000) CD's are typically negotiable.

CODE

The Internal Revenue Code of 1986, as amended.

COLLATERAL

Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATION (CMO)

A type of mortgage-backed security created by dividing the rights to receive the principal and interest cash flows from an underlying pool of mortgages in separate classes or tiers.

COMMERCIAL PAPER

Short-term unsecured promissory notes issued by corporations for a maturity specified by the buyer. It is used primarily by corporations for short-term financing needs at a rate which is generally lower than the prime rate.

CONFIRMATION

The document used to state in writing the terms of the trade which had previously been agreed to verbally.

COUPON RATE

The stated annual rate of interest payable on a coupon bond expressed as a percentage of the bond's face value.

CREDIT RISK

The risk that (1) the issuer is downgraded to a lower quality category and/or (2) the issuer fails to make timely payments of interest or principal.

CUSIP NUMBER

A nine-digit number established by the Committee on Uniform Securities Identification Procedures that is used to identify publicly traded securities. Each publicly traded security receives a unique CUSIP number when the security is issued.

CUSTODY

The service of an organization, usually a financial institution, of holding (and reporting) a customer's securities for safekeeping. The financial institution is known as the custodian.

DEALER

A firm which buys and sells for its own account. Dealers have ownership, even if only for an instant, between a purchase from one party and a sale to another party. They are compensated by the spread between the price they pay and the price they receive. Dealers are not the same as brokers; however, the same firms which act as dealers in some transactions may act as brokers in other transactions.

DELIVERY VERSUS PAYMENT (DVP)

The safest method of settling a trade involving a book entry security. In a DVP settlement, the funds are wired from the buyer's account and the security is delivered from the seller's account in simultaneous, interdependent wires.

DEPOSITORY TRUST COMPANY (DTC)

An organization that holds physical certificates for stocks and bonds and issues receipts to owners. Securities held by DTC are immobilized so that they can be traded on a book entry basis.

DERIVATIVE

A security that derives its value from an underlying asset, group of assets, reference rate, or an index value. Some derivatives can be highly volatile and result in a loss of principal in changing interest rate environments.

DISCOUNT

The amount by which the price paid for a security is less than its face value.

DISCOUNT SECURITIES

Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity.

DIVERSIFICATION

Dividing investment funds among a variety of securities offering independent returns, to reduce risk inherent in particular securities.

DURATION

A sophisticated measure of the weighted average maturity of a bond's cash flow stream, where the present values of the cash flows serve as the weights.

ECONOMIC CYCLE (BUSINESS CYCLE)

As the economy moves through the business cycle, interest rates tend to follow the levels of production, output, and consumption - rising as the economy expands and moves out of recession and declining after the economy peaks, contracts, and heads once again into recession.

EFFECTIVE MATURITY

The average maturity of a bond, given the potential for early call. For a non-callable bond, the final maturity date serves as the effective maturity. For a callable bond, the effective maturity is bounded by the first call date and the final maturity date; the position within this continuum is a function of the call price, the current market price, and the reinvestment rate assumed.

FACE VALUE

The principal amount due and payable to a bondholder at maturity; par value. Also, the amount on which coupon interest is computed.

FAIL

The event of a securities purchase or sale transaction not settling as intended by the parties.

FAIR VALUE

The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)

A federal agency that insures bank deposits.

FEDERAL FARM CREDIT BANKS (FFCB)

A government-sponsored corporation that was created in 1916 and is a nationwide system of banks and associations providing mortgage loans, credit, and related services to farmers, rural homeowners, and agricultural and rural cooperatives. The banks and associations are cooperatively owned, directly or indirectly, by their respective borrowers. The Federal Farm Credit System is supervised by the Farm Credit Administration, an independent agency of the U.S. government. (See Government Sponsored Enterprise)

FEDERAL FUNDS

Monies within the Federal Reserve System representing a member bank's surplus reserve funds. Banks with excess funds may sell their surplus to other banks whose funds are below required reserve levels. Normally, Federal funds are employed in settling all government securities transactions. The Federal Funds Rate is the rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB)

Government-sponsored wholesale banks (currently twelve regional banks) which lend funds and provide correspondent banking services to member commercial bank, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank. (See Government Sponsored Enterprises)

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or "Freddie Mac")

A government-sponsored corporation that was created in July 1970, by the enactment of Title III of the Emergency Home Finance Act of 1970. Freddie Mac was established to help maintain the availability of mortgage credit for residential housing, primarily through developing and maintaining an active, nationwide secondary market in conventional residential mortgages. (See Government Sponsored Enterprises)

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae)

FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. FNMA securities are highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest. (See Government Sponsored Enterprises)

FEDERAL OPEN MARKET COMMITTEE (FOMC)

Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank presidents. The president of the New York Federal Reserve Bank is a permanent member while the other presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM

The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., twelve regional banks and about 5700 commercial banks that are members of the system.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

A not-for-profit organization authorized by Congress to ensure investor protection and market integrity through regulation of broker-dealers.

FINRA RULE 2111 (SUITABILITY)

FINRA Rule 2111 requires, in part, that a broker-dealer or associated person "have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer,

based on the information obtained through the reasonable diligence of the [firm] or associated person to ascertain the customer's investment profile."

FIXED-INCOME SECURITY

A financial instrument promising a fixed amount of periodic income over a specified future time span.

GOVERNMENT-SPONSORED ENTERPRISES (GSE's)

Payment of principal and interest on securities issued by these corporations is not guaranteed explicitly by the U.S. government, however, most investors consider these securities to carry an implicit U.S. government guarantee. The debt is fully guaranteed by the issuing corporations. GSE's include: Farm Credit System, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

INSTRUMENTALITIES

See Government-Sponsored Enterprises

INTEREST RATE RISK

The risk that the general level of interest rates will change, causing unexpected price appreciations or depreciations.

LADDERED MATURITY STRATEGY

A maturity pattern within a portfolio in which maturities of the assets in the portfolio are equally spaced. Over time, the shortening of the remaining lives of the assets provides a steady source of liquidity or cash flow. Given a normal yield curve with a positive slope this passive strategy provides the benefit of being able to take advantage of the higher, longer-term yields without sacrificing safety or liquidity.

LIQUIDITY

An entity's capacity to meet future monetary outflows (whether they are required or optional) from available resources. Liquidity is often obtained from reductions of cash or by converting assets into cash.

LIQUIDITY RISK

The risk that an investment will be difficult to sell at a fair market price in a timely fashion.

MARKET RISK

The risk that the value of a security will rise or decline as a result of changes in market conditions. It is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification; also known as systematic risk.

MARKET VALUE

The price at which a security is trading and could presumably be purchased or sold.

MARKING-TO-MARKET

The practice of valuing a security or portfolio according to its market value, rather than its cost or book value.

MASTER REPURCHASE AGREEMENT

A written contract covering all future transactions between the parties to repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer to liquidate the underlying securities in the event of default by the seller.

MATURITY DATE

The date on which the principal or face value of an investment becomes due and payable.

MONEY MARKET INSTRUMENT

Generally, a short-term debt instrument that is purchased from a broker, dealer, or bank. Sometimes the term "money market" with "short-term", defines an instrument with no more than 12 months remaining from the purchase date until the maturity date. Sometimes the term "money market" is used more restrictively to mean only those instruments that have active secondary markets.

MORTGAGE-BACKED SECURITIES (MBS)

Securities composed of, or collateralized by, loans that are themselves collateralized by liens on real property.

OFFER

The price asked by a seller of securities. (When purchasing securities, one asks for an offer.)

OPEN MARKET OPERATIONS

Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

OPPORTUNITY COST

The cost of pursuing one course of action measured in terms of the foregone return that could have been earned on an alternative course of action that was not undertaken.

PAR

See Face Value

PFIA OR ACT

The Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

POOLED FUND GROUP

An internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested (as defined by the Public Funds Investment Act).

PREMIUM

The amount by which the price paid for a security exceeds its face value.

PRIMARY DEALER

A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRINCIPAL

The face or par value of an instrument, exclusive of accrued interest.

PRUDENT PERSON RULE

An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED REPRESENTATIVE

A person who holds a position with - and is authorized to act on behalf of - a business organization (as defined by the Public Funds Investment Act).

RATE OF RETURN

The amount of income received from an investment, expressed as a percentage. A market rate of return is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

REINVESTMENT RATE

The interest rate earned on the reinvestment of coupon payments.

REINVESTMENT RATE RISK

The risk that the actual reinvestment rate falls short of the expected or assumed reinvestment rate.

REPURCHASE AGREEMENT (RP or REPO)

An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price on demand or at a specified later date. The difference

between the selling price and the repurchase price provides the interest income to the party that provided the funds. Every transaction where a security is sold under an agreement to be repurchased is a repo from the seller/borrower's point of view and a reverse repo from the buyer/lender's point of view.

REVERSE REPURCHASE AGREEMENT

(See Repurchase Agreement)

SAFEKEEPING

A procedure where securities are held by a third party acting as custodian for a fee.

SECONDARY MARKET

A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION (SEC)

Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SECURITIES LENDING

The temporary transfer of securities by one party, the lender, to another, the borrower. The securities borrower is required to provide acceptable assets as collateral to the securities lender in the form of cash or other securities. If the borrower provides securities as collateral to the lender, it pays a fee to borrow the lent securities. If it provides cash as collateral, the lender pays interest to the borrower and reinvests the cash at a higher rate.

SEC RULE 15C3-1

See Uniform Net Capital Rule

STRUCTURED NOTES

Debt obligations whose principal or interest payments are determined by an index or formula.

SEPARATELY INVESTED ASSET

An account or fund of a state agency or local government that is not invested in a pooled fund group (as defined by the Public Funds Investment Act).

SPREAD

Most commonly used when referring to the difference between the bid and asked prices in a quote. Additionally, it may also refer to additional basis points that a non-Treasury security earns over and above a Treasury with a comparable maturity date.

STRIPS

Separation of the principal and interest cash flows due from any interest-bearing securities into different financial instruments. Each coupon payment is separated from the underlying investment to create a separate security. Each

individual cash flow is sold at a discount. The amount of the discount and the time until the cash flow is paid determine the investor's return.

SWAP

The trading of one asset for another. Sometimes used in active portfolio management to increase investment returns by "swapping" one type of security for another.

TOTAL RETURN

Interest income plus capital gains (or minus losses) on an investment.

TREASURY BILLS

A non-interest bearing discount security issued by the U.S. Treasury, generally having initial maturities of 3 months, 6 months, or 1 year.

TREASURY BONDS

Long-term, coupon bearing U.S. Treasury securities having initial maturities of more than 10 years.

TREASURY NOTES

Intermediate-term, coupon bearing U.S. Treasury securities having initial maturities of 2 - 10 years.

UNIFORM NET CAPITAL RULE

Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called *net capital rule* and *net capital ratio*. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD TO MATURITY (YTM)

The promised return assuming all interest and principal payments are made and reinvested at the same rate taking into account price appreciation (if priced below par) or depreciation (if priced above par).

APPENDIX A
PUBLIC FUNDS INVESTMENT ACT

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

(A) are not required by law to be deposited in the state treasury; and

(B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section [61.003](#), Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section [2256.003](#).

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

(A) preservation and safety of principal;

(B) liquidity; and

(C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section [52](#)(b)(1) or (2), Article III, or Section [59](#), Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 1, eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER. (a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section [2256.006](#):

(1) a local government;

(2) a state agency;

(3) a nonprofit corporation acting on behalf of a local government or a state agency; or

(4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 2, eff. Sept. 1, 1999.

Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

- (1) a public retirement system as defined by Section [802.001](#);
- (2) state funds invested as authorized by Section [404.024](#);
- (3) an institution of higher education having total endowments of at least \$150 million in book value on September 1, 2017;
- (4) funds invested by the Veterans' Land Board as authorized by Chapter [161](#), [162](#), or [164](#), Natural Resources Code;
- (5) registry funds deposited with the county or district clerk under Chapter [117](#), Local Government Code; or
- (6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 505, Sec. 24, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 2, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.21, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1454, Sec. 3, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 1, eff. June 14, 2017.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

- (1) be written;
- (2) primarily emphasize safety of principal and liquidity;
- (3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
- (4) include:
 - (A) a list of the types of authorized investments in which the investing entity's funds may be invested;
 - (B) the maximum allowable stated maturity of any individual investment owned by the entity;
 - (C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;
 - (D) methods to monitor the market price of investments acquired with public funds;
 - (E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
 - (F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section [2256.021](#).

(c) The investment policies may provide that bids for certificates of deposit be solicited:

- (1) orally;
- (2) in writing;
- (3) electronically; or
- (4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy

must describe the investment objectives for the particular fund using the following priorities in order of importance:

- (1) understanding of the suitability of the investment to the financial requirements of the entity;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of the investment if the need arises to liquidate the investment before maturity;
- (5) diversification of the investment portfolio; and
- (6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of

the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685, Sec. 1

(h) An officer or employee of a commission created under Chapter [391](#), Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 1421, Sec.

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(h) An officer or employee of a commission created under Chapter [391](#), Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter [573](#), to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this subsection, an

investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any business organization offering to engage in an investment transaction with an investing entity. For purposes of this subsection and Subsection (l), "business organization" means an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract to exercise investment discretion in regard to the investing entity's funds. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the

organization that are not authorized by the entity's investment policy, except to the extent that this authorization:

(A) is dependent on an analysis of the makeup of the entity's entire portfolio;

(B) requires an interpretation of subjective investment standards; or

(C) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a business organization that has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section [321.020](#). Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section [321.013](#), the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to

state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section [404.024](#).

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 685, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 4, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 41, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 1, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 149 (H.B. [1701](#)), Sec. 1, eff. September 1, 2017.

Sec. 2256.006. STANDARD OF CARE. (a) Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity; and
- (3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- (1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with the written investment policy of the entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS. (a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 2, eff. June 17, 2011.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS.

(a) Except as provided by Subsections (a-1), (b), (b-1), (e), and (f), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(a-1) In addition to the requirements of Subsection (a)(1), the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a school district or a municipality shall attend an investment training session not less than once in a two-year period that begins on the first day of the school district's or municipality's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the school district or municipality, or by a designated investment committee advising the investment officer as provided for in the investment policy of the school district or municipality.

(b) An investing entity created under authority of Section [52\(b\)](#), Article III, or Section [59](#), Article XVI, Texas Constitution, that has contracted with an investment management firm under Section [2256.003\(b\)](#) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by

Subsection (a)(2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date. The treasurer or chief financial officer of an investing entity created under authority of Section [52\(b\)](#), Article III, or Section [59](#), Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(b-1) A housing authority created under Chapter [392](#), Local Government Code, may satisfy the training requirement provided by Subsection (a)(2) by requiring the following person to attend, in each two-year period that begins on the first day of that housing authority's fiscal year and consists of the two consecutive fiscal years after that date, at least five hours of appropriate instruction:

(1) the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, or the investment officer; or

(2) if the authority does not have an officer described by Subdivision (1), another officer of the authority.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter [36](#) or [49](#), Water Code.

(f) Subsection (a)(2) does not apply to an officer of a municipality or housing authority if the municipality or housing authority:

(1) does not invest municipal or housing authority funds, as applicable; or

(2) only deposits those funds in:

(A) interest-bearing deposit accounts; or

(B) certificates of deposit as authorized by Section [2256.010](#).

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 3, eff. June 17, 2011.

Acts 2015, 84th Leg., R.S., Ch. 222 (H.B. [1148](#)), Sec. 1, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 1248 (H.B. [870](#)), Sec. 1, eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. [1488](#)), Sec. 8.015, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. [1238](#)), Sec. 1, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. [1238](#)), Sec. 2, eff. September 1, 2017.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

(2) direct obligations of this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

(6) bonds issued, assumed, or guaranteed by the State of Israel;

(7) interest-bearing banking deposits that are guaranteed or insured by:

(A) the Federal Deposit Insurance Corporation or its successor; or

(B) the National Credit Union Share Insurance Fund or its successor; and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:

(A) the funds invested in the banking deposits are invested through:

(i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section [2256.025](#); or

(ii) a depository institution with a main office or branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:

(i) the depository institution selected as described by Paragraph (A);

(ii) an entity described by Section [2257.041](#)(d);
or

(iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

(b) The following are not authorized investments under this section:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 7, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 558, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 4, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 2, eff. June 14, 2017.

Acts 2017, 85th Leg., R.S., Ch. 863 (H.B. [2647](#)), Sec. 1, eff. June 15, 2017.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. [2928](#)), Sec. 1, eff. September 1, 2017.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations that are described by Section [2256.009](#)(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section [2256.009](#)(b); or

(3) secured in accordance with Chapter [2257](#) or in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

(1) the funds are invested by an investing entity through:
(A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section [2256.025](#); or

(B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the broker or the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;

(3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and

(4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1), an entity described by Section [2257.041](#)(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 128 (H.B. [256](#)), Sec. 1, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 5, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. [2928](#)), Sec. 2, eff. September 1, 2017.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS.

(a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

(1) has a defined termination date;

(2) is secured by a combination of cash and obligations described by Section [2256.009](#)(a)(1); and

(3) requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity either directly or through a joint account approved by the entity, held in the entity's name either directly or through a joint account approved by the entity, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and

(4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(a-1) A repurchase agreement made by an investing entity under this section may be submitted for clearing and settlement to a covered clearing agency, as defined by the Securities and Exchange Commission in Rule 17Ad-22 (17 C.F.R. Section 240.17Ad-22).

(b) In this section:

(1) "Joint account" means an account maintained by a custodian bank and established on behalf of two or more parties to engage in aggregate repurchase agreement transactions.

(b2) ~~In this section~~, "repurchase Repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section [2256.009](#)(a)(1), at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

(e) Section [1371.059](#)(c) applies to the execution of a repurchase agreement by an investing entity.

(f) An investing entity that contracts with an investment management firm under Section 2256.003(b) may authorize the firm to invest the entity's public funds or other funds under the entity's control in repurchase agreements as provided by this section using a joint account.

(g) An investment management firm responsible for managing a repurchase agreement transaction using a joint account on behalf of an investing entity as authorized under Subsection (f) must ensure that:

(1) accounting and control procedures are implemented to document the investing entity's aggregate daily investment and pro rata share in the joint account;

(2) each party participating in the joint account retains the sole rights of ownership to the party's pro rata share of assets invested in the joint account, including investment earnings on those assets; and

(3) policies and procedures are implemented to prevent a party participating in the joint account from using any part of a balance of the joint account that is credited to another party.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 6, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 3, eff. June 14, 2017.

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 1, eff. September 1, 2019.

Acts 2023, 88th Leg., R.S., Ch. 1093 (S.B. 1246), Sec. 7, eff. June 18, 2023.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM. (a) A securities lending program is an authorized investment

under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

(1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;

(2) a loan made under the program must allow for termination at any time;

(3) a loan made under the program must be secured by:

(A) pledged securities described by Section [2256.009](#);

(B) pledged irrevocable letters of credit issued by a bank that is:

(i) organized and existing under the laws of the United States or any other state; and

(ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or

(C) cash invested in accordance with Section:

(i) 2256.009;

(ii) 2256.013;

(iii) 2256.014; or

(iv) 2256.016;

(4) the terms of a loan made under the program must require that the securities being held as collateral be:

(A) pledged to the investing entity;

(B) held in the investing entity's name; and

(C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;

(5) a loan made under the program must be placed through:

(A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or

(B) a financial institution doing business in this state; and

(6) an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

(1) has a stated maturity of 270 days or fewer from the date of its issuance;

(2) will be, in accordance with its terms, liquidated in full at maturity;

(3) is eligible for collateral for borrowing from a Federal Reserve Bank; and

(4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

(1) has a stated maturity of 270 days or fewer from the date of its issuance; and

(2) is rated not less than A-1 or P-1 or an equivalent rating by at least:

(A) two nationally recognized credit rating agencies;

or

(B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

(a) A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with and regulated by the Securities and Exchange Commission;

(2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and

(3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with the Securities and Exchange Commission;

(2) has an average weighted maturity of less than two years; and

(3) either:

(A) has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or

(B) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

(c) An entity is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);

(2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or

(3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 4, eff. June 14, 2017.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

(1) has a defined termination date;

(2) is secured by obligations described by Section [2256.009](#)(a)(1), excluding those obligations described by Section [2256.009](#)(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;

(4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

(d) Section [1371.059](#)(c) applies to the execution of a guaranteed investment contract by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 5, eff. June 14, 2017.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS. (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

(1) the types of investments in which money is allowed to be invested;

- (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
 - (3) the maximum stated maturity date any investment security within the portfolio has;
 - (4) the objectives of the pool;
 - (5) the size of the pool;
 - (6) the names of the members of the advisory board of the pool and the dates their terms expire;
 - (7) the custodian bank that will safekeep the pool's assets;
 - (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
 - (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
 - (10) the name and address of the independent auditor of the pool;
 - (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;
 - (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and
 - (13) the pool's policy regarding holding deposits in cash.
- (c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:
- (1) investment transaction confirmations; and
 - (2) a monthly report that contains, at a minimum, the following information:
 - (A) the types and percentage breakdown of securities in which the pool is invested;

(B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;

(C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;

(D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;

(E) the size of the pool;

(F) the number of participants in the pool;

(G) the custodian bank that is safekeeping the assets of the pool;

(H) a listing of daily transaction activity of the entity participating in the pool;

(I) the yield and expense ratio of the pool, including a statement regarding how yield is calculated;

(J) the portfolio managers of the pool; and

(K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, the governing body of the public funds investment pool shall take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings

to attempt to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool that uses amortized cost shall report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter [791](#) and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

(i) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c)(2), and (f) must be posted on the website.

(j) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

(k) If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 7, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 6, eff. June 14, 2017.

Sec. 2256.017. EXISTING INVESTMENTS. Except as provided by Chapter [2270](#), an entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.46(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 10, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 2, eff. May 23, 2017.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 8, eff. June 17, 2011.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition to the authorized investments permitted by this subchapter, an institution of higher education may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY. (a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related agreement in relation to fuel supplies or fuel reserves is a fuel expense, and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related

transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 7 (S.B. [495](#)), Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371 (S.B. [894](#)), Sec. 1, eff. September 1, 2009.

Sec. 2256.0203. AUTHORIZED INVESTMENTS: PORTS AND NAVIGATION DISTRICTS. (a) In this section, "district" means a navigation district organized under Section [52](#), Article III, or Section [59](#), Article XVI, Texas Constitution.

(b) In addition to the authorized investments permitted by this subchapter, a port or district may purchase, sell, and invest its funds and funds under its control in negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency.

Added by Acts 2011, 82nd Leg., R.S., Ch. 804 (H.B. [2346](#)), Sec. 1, eff. September 1, 2011.

Sec. 2256.0204. AUTHORIZED INVESTMENTS: INDEPENDENT SCHOOL DISTRICTS. (a) In this section, "corporate bond" means a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that:

(1) on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation; or

(2) is an unsecured debt obligation.

(b) This section applies only to an independent school district that qualifies as an issuer as defined by Section [1371.001](#).

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

(d) An independent school district subject to this section is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or

(2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

(e) An independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds if the governing body of the district:

- (1) amends its investment policy to authorize corporate bonds as an eligible investment;
- (2) adopts procedures to provide for:
 - (A) monitoring rating changes in corporate bonds acquired with public funds; and
 - (B) liquidating the investment in corporate bonds; and
- (3) identifies the funds eligible to be invested in corporate bonds.

(f) The investment officer of an independent school district, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

- (1) issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or
- (2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

(g) Corporate bonds are not an eligible investment for a public funds investment pool.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1347 (S.B. [1543](#)), Sec. 1, eff. June 17, 2011.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST.

(a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that

is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121 (S.B. [1464](#)), Sec. 1, eff. September 1, 2005.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 7

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. [1472](#)), Sec. 1, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS.

(a) In this section:

(1) "Eligible entity" means a political subdivision that has:

(A) a principal amount of at least \$250 million in:

(i) outstanding long-term indebtedness;

(ii) long-term indebtedness proposed to be

issued; or

(iii) a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and

(B) outstanding long-term indebtedness that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

(2) "Eligible project" has the meaning assigned by Section [1371.001](#).

(3) "Hedging" means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

(b) This section prevails to the extent of any conflict between this section and:

- (1) another law; or
- (2) an eligible entity's municipal charter, if applicable.

(c) The governing body of an eligible entity shall establish the entity's policy regarding hedging transactions.

(d) An eligible entity may enter into hedging transactions, including hedging contracts, and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

(e) An eligible entity may pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.

(f) Section [1371.059](#)(c) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

(g) An eligible entity may credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

(h) An eligible entity's cost of or payment under a hedging contract or agreement may be considered:

- (1) an operation and maintenance expense of the eligible entity;
- (2) an acquisition expense of the eligible entity;
- (3) a project cost of an eligible project; or
- (4) a construction expense of the eligible entity.

Added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 7, eff. June 14, 2017.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. [1472](#)), Sec. 1

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 7, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, the governing board of a public junior college district may invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by the governing board of a public junior college district under this section shall be segregated and accounted for separately from other funds of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. [1472](#)), Sec. 1, eff. September 1, 2017.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING. An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section [321.013](#).

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.
Amended by Acts 2003, 78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

(1) describe in detail the investment position of the entity on the date of the report;

(2) be prepared jointly by all investment officers of the entity;

(3) be signed by each investment officer of the entity;

(4) contain a summary statement of each pooled fund group that states the:

(A) beginning market value for the reporting period;

(B) ending market value for the period; and

(C) fully accrued interest for the reporting period;

(5) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

(6) state the maturity date of each separately invested asset that has a maturity date;

(7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and

(8) state the compliance of the investment portfolio of the state agency or local government as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 12, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 9, eff. June 17, 2011.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b) and Section [2256.017](#), this subchapter does not:

(1) prohibit an investment specifically authorized by other law; or

(2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section [2256.009](#)(b) is not an authorized investment for a state agency, a local government, or another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section [2256.009](#)(b) are authorized investments with respect to the housing bond programs operated by:

(1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;

(2) an entity created under Chapter [392](#), Local Government Code; or

(3) an entity created under Chapter [394](#), Local Government Code.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 3, eff. May 23, 2017.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.67, eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.68, eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the state. The deposit shall be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.

APPENDIX B

COUNCIL RESOLUTION

~~October 26, 2022~~ April 10, 2024

WHEREAS, in 1987 the City Council adopted the City's Investment Policy which was in compliance with the federal and state law and the City Charter; and

WHEREAS, in 1995 and 1997 through ~~2021~~ 2022, the City Council amended the City's Investment Policy to incorporate amendments **required by** ~~to~~ the Public Funds Investment Act, improve management of the City's investments, and reflect organizational changes; and

WHEREAS, the Public Funds Investment Act requires that the **City's** investments shall be made in accordance with written policies approved, at least annually, by the governing body; and

WHEREAS, investment policies must address safety of principal, liquidity, yield, diversification and maturity, with primary emphasis on safety of principal.

Now, Therefore,

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

SECTION 1. That the attached City of Dallas Investment Policy and investment strategies have been reviewed by the City Council and shall be adopted as the guiding policy in the ongoing management of the specified funds in accordance with Federal and State law and the City Charter.

SECTION 2. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas and it is accordingly so resolved.



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1080

Item #: E.

Development Services - Monthly Performance Update & Process Map Improvements
[Development Services]

Memorandum



CITY OF DALLAS

DATE March 25, 2024

TO Honorable Members of the Government Performance and Financial Management Committee

SUBJECT **Development Services Department Monthly Update for March 2024**

This Memo serves as clarification to the Government Performance and Financial Management (GPFM) Committee Chairman that Development Services Department will not be formally presenting at GPFM. DSD staff will be available in person or virtually to provide updates to the Dallas Developer Guide workflow process improvements.

Should you have any questions please contact Andrew Espinoza, Director/Chief Building Official of Development Services at (214) 542-1227 or andres.espinoza@dallas.gov .

A handwritten signature in blue ink, appearing to read 'M. Al-Ghafry'.

Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1081

Item #: F.

Review of City Real Estate for Development and Redevelopment Opportunities
[City Manger's Office]

Memorandum



CITY OF DALLAS

DATE March 22, 2024

Honorable Members of the Government Performance and Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse
Moreno, Jaime Resendez

SUBJECT **Review of City Real Estate for Development and Redevelopment Opportunities**

Background

The purpose of this memorandum is to provide the Government Performance and Financial Management (GPFM) Committee with an update on the review, update, determination of and next steps for opportunities for development and redevelopment of the City's real estate portfolio.

Recommended Opportunities for Development/Redevelopment of City Real Estate

Over the last several months, staff from the Departments of Economic Development, Housing and Neighborhood Revitalization, Building Services, Public Works, and the City Manager's Office have been reviewing the City's real estate portfolio, through the lens of opportunities for development or redevelopment. Consistent with February's update to GPFM, staff has started or is in the process of initiating appraisals for the following properties:

1. Executive Airport,
2. Canton St. Service Center,
3. Dallas Water Utilities Property in Hutchins, TX,
4. Vilbig Auto Pound,
5. Oak Cliff Municipal Center (OCMC),
6. North Oak Cliff Library,
7. Park Forest Library,
8. Family Gateway Building,
9. Downtown Courts Building, 5th Floor,
10. 606 Good Latimer.

Next Steps

As the inter-departmental team is working through the appraisal process for the identified properties, Public Works – Real Estate will begin working on the development of requests for proposals (RFPs) for development/redevelopment opportunities for the following properties:

1. Vilbig Auto Pound,
2. Oak Cliff Municipal Center (OCMC),
3. North Oak Cliff Library,
4. Park Forest Library,

DATE **March 22, 2024**
SUBJECT **Review of City Real Estate for Development and Redevelopment Opportunities**
PAGE **2 of 2**

5. Family Gateway Building,
6. Downtown Courts Building, 5th Floor,
7. 606 Good Latimer.

Through September 2024, staff will be working through the appraisal process and development of the RFPs. As the appraisals become available, staff will provide that information to the GPFM Committee. Once the RFPs are developed for the identified properties, that information will also be shared with the GPFM Committee.

In summary, the purpose of this memorandum was to provide the GPFM Committee with an update on the review, update, determination of, and next steps for opportunities for development and redevelopment of the City's real estate portfolio. Should there be any questions, please contact me at robert.perez@dallas.gov.



Robert M. Perez, Ph.D.
Assistant City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1084

Item #: G.

FY 2022-23 Budget Versus Actual End of Year Report
[Budget & Management Services]

Memorandum



CITY OF DALLAS

DATE March 22, 2024

TO Honorable Members of the Government Performance and Financial Management Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse Moreno, and Jaime Resendez

SUBJECT **FY 2022-23 Budget versus Actual End of Year Report**

The End of Year (EOY) Report communicates the final status of year-end total expenditures compared to appropriations, total revenues compared to budget, and significant expenditure and revenue variances (compared to budget) for all operating funds. This report is the culmination of Financial Forecast Reports provided by Budget & Management Services through the previous fiscal year.

In addition, the report provides a status of compliance with the Financial Management Performance Criteria (FMPC). The final EOY report incorporates data from our recently published Annual Comprehensive Financial Report; therefore, we are now providing the final FY 2022-23 EOY Report.

If you have any questions, please contact Janette Weedon, Director of Budget & Management Services.

A handwritten signature in blue ink that reads "Jack Ireland".

Jack Ireland
Chief Financial Officer

[Attachment]

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager

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Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

FY 2022-23

Budget versus Actual

End of Year Report

As of September 30, 2023



Cover Photo Credit: City of Dallas - Mural by Daniel Yanez, "No Space for Hate"

Prepared by Budget & Management Services

1500 Marilla Street, 4FN
Dallas, TX 75201

214-670-3659
financialtransparency.dallascityhall.com

GENERAL FUND OVERVIEW

	FY 2022-23 Adopted Budget	FY 2022-23 Amended Budget	Actual	Variance
Revenues	1,706,814,187	1,729,367,172	1,732,172,438	2,805,266
Expenditures	1,706,814,187	1,729,367,172	1,717,791,176	(11,575,996)
Net Excess of Revenues Over Expenditure/Transfers	\$0	\$0	\$14,381,262	\$14,381,262

VARIANCE

The General Fund overview provides a summary of audited financial activity for Fiscal Year (FY) 2022-23. The Adopted Budget column reflects the budget adopted by City Council on September 27, 2022, effective October 1, 2022, through September 30, 2023. The Amended Budget column reflects City Council approved transfers between funds and programs, department-initiated transfers between expense objects, approved use of contingency, and other amendments supported by revenue or fund balance.

Revenues. General Fund revenues exceeded budget by \$2,805,000 due to interest earnings and franchise and other revenues. This was partially offset by lower-than-budgeted sales tax revenues and property tax revenues.

Expenditures. General Fund expenditures were below budget by \$11,576,000. Most departments were under budget due to salary savings associated with vacant uniform and non-uniform positions, as well as better than budgeted reimbursements and savings in contractual services, partially offset by uniform overtime and supplies for various General Fund departments.

FY 2022-23 Amended Budget. City Council amended the General Fund budget on:

- May 10, 2023, by ordinance #32456 in the amount of \$20,748,455 due to additional sales tax revenue, miscellaneous revenue from auto pound sales, and intergovernmental revenue from DFW Airport revenue-sharing agreements. This allocation will be used for the maintenance and operation of various departments and activities.
- September 27, 2023, by ordinance #32558 in the amount of \$1,804,530 due to additional interest revenues. This allocation will be used for the maintenance and operation of various departments and activities.

GENERAL FUND REVENUE

Revenue Category		FY 2022-23 Adopted Budget	FY 2022-23 Amended Budget	Actual	Variance
1	Property Tax	\$961,502,880	\$961,502,880	\$957,934,404	(\$3,568,476)
2	Sales Tax	417,232,383	432,750,269	425,543,231	(7,207,038)
3	Franchise and Other	127,865,821	127,865,821	133,602,354	5,736,533
4	Charges for Services	115,554,550	115,554,550	116,988,353	1,433,803
5	Fines and Forfeitures	23,776,847	23,776,847	21,639,956	(2,136,891)
6	Operating Transfers In	28,185,836	28,185,836	25,982,265	(2,203,571)
7	Intergovernmental	13,161,563	18,003,654	19,242,127	1,238,473
8	Miscellaneous	7,967,394	8,355,872	11,342,284	2,986,412
9	Licenses and Permits	5,616,913	5,616,913	5,031,247	(585,666)
10	Interest	5,950,000	7,754,530	14,866,217	7,111,687
	Total Revenue	\$1,706,814,187	\$1,729,367,172	\$1,732,172,438	\$2,805,266

VARIANCE NOTES

General Fund revenue variance notes are provided below for revenue categories with year-end (YE) variances of +/- five percent and revenue with an amended budget.

2 Sales Tax. City Council increased the Sales Tax budget by \$15,518,000 on May 10, 2023, as part of the mid-year appropriations adjustment process, due to actual collections five months into the fiscal year. Total sales tax collections were \$7,207,000 under the amended budget.

5 Fines and Forfeitures. Fines and Forfeitures revenue was \$2,137,000 under budget due to declines in citations filed with the court (\$2,108,000) and reduction in parking fine revenue (\$218,000), partially offset by incoming revenue from wrecker fee collections at the Dallas Auto Pound (\$630,000).

6 Operating Transfers In. Operating Transfers In revenue was under budget by \$2,204,000 because General Fund revenue exceeded the budgeted amount, eliminating the need for the \$5,000,000 Sports Arena transfer. This is partially offset by an unbudgeted indirect cost reimbursement from grant funds (\$2,796,000).

7 Intergovernmental. City Council increased Intergovernmental revenue by \$4,842,000 on May 10, 2023, as part of the mid-year appropriations adjustment process, due to higher than budgeted payments through the DFW Airport revenue-sharing agreements. Intergovernmental revenue was \$1,238,000 over budget due to a higher payment from the City of Grapevine for the DFW Airport revenue-share agreement and higher-than-budgeted reimbursements from Richardson Independent School District (RISD) for school resource officers and from TxDOT for Public Works.

8 Miscellaneous. City Council increased Miscellaneous revenue by \$388,000 on May 10, 2023, as part of the mid-year appropriations adjustment process. Miscellaneous revenue was \$2,986,000 over budget due to increased collections from Dallas Auto Pound auction sales (\$2,390,000) and a utility reimbursement from Fair Park (\$815,000), partially offset by declines due to delay in implementing the vacant lot/property registration program in Code Compliance (\$971,000) due to Payment Card Industry (PCI) compliance requirements.

GENERAL FUND REVENUE

VARIANCE NOTES

General Fund revenue variance notes are provided below for revenue categories with YE forecast variances of +/- five percent and revenue with an amended budget.

9 Licenses and Permits. Licenses and Permits revenue was \$586,000 under budget due to decreased collections for fire prevention permits (\$376,000), home repair and certificate of occupancy inspection permits (\$268,000), and liquor licenses (\$163,000), partially offset by increased Public Works collections from Real Estate division license fees (\$523,000).

10 Interest. City Council increased Interest revenue by \$1,805,000 on September 27, 2023, by ordinance #32558 due to actual collections. Interest revenue was \$7,112,000 over the amended budget due to improved market conditions.

GENERAL FUND EXPENDITURES

	Expenditure Category	FY 2022-23 Adopted Budget	FY 2022-23 Amended Budget	Actual	Variance
	Non-uniform Pay	\$285,227,838	\$278,510,940	\$265,672,033	(\$12,791,467)
	Non-uniform Overtime	8,144,953	8,154,053	15,863,956	7,709,903
	Non-uniform Pension	40,352,092	40,553,632	38,175,932	(2,377,701)
	Uniform Pay	527,979,958	527,350,936	498,949,511	(28,401,425)
	Uniform Overtime	39,791,958	62,285,117	94,070,951	31,785,834
	Uniform Pension	182,727,572	182,510,558	175,999,161	(6,511,397)
	Health Benefits	79,837,068	90,567,781	90,106,973	(454,261)
	Workers Comp	11,152,531	11,152,531	11,152,531	0
	Other Personnel Services	13,091,916	13,228,675	13,166,709	(61,966)
1	Total Personnel Services	\$1,188,305,887	\$1,214,314,223	\$1,203,157,757	(\$11,102,479)
2	Supplies	84,389,204	84,378,683	96,621,464	12,253,127
3	Contractual Services	507,274,125	514,206,871	510,175,495	(4,578,945)
4	Capital Outlay	16,465,953	25,134,503	21,722,886	(2,928,381)
5	Reimbursements	(89,620,981)	(108,667,107)	(113,886,425)	(5,219,318)
	Total Expenditures	\$1,706,814,187	\$1,729,367,172	\$1,717,791,176	(\$11,575,996)

VARIANCE NOTES

General Fund expenditure variance notes are provided below for expenditure categories with YE variances of +/- five percent. The Amended Budget column reflects department-initiated transfers between expense objects.

1 Personnel Services. Personnel Services were \$11,102,000 under budget. Non-uniform pay was \$12,791,000 under budget due to salary savings associated with vacant positions across General Fund departments, which fully offset the \$7,710,000 overage in non-uniform overtime expenses. Uniform pay was \$28,401,000 under budget due to elevated attrition but was partially offset by higher than budgeted uniform overtime expenses in the Dallas Police Department (\$19,000,000) and Dallas Fire-Rescue (\$12,786,000) in order to meet staffing standards and the demand for services. Dallas Fire-Rescue uniform overtime expenses were partially offset by an American Rescue Plan Act (ARPA) reimbursement.

2 Supplies. Supplies were \$12,253,000 over budget due to fleet maintenance, repair, and emergency medical response and other supplies for Dallas Fire-Rescue (\$3,456,000); materials for street repair in Public Works (\$2,250,000); materials for Park and Recreation improvements (\$1,234,000); and materials for street lighting, sign installation, and lane striping in Transportation (\$2,665,000).

4 Capital Outlay. Capital outlay was \$2,928,000 under budget due to the use of vehicle rentals in Public Works in lieu of purchasing because of supply chain delays (\$652,000), reduced purchasing for Park and Recreation capital equipment such as large area landscape mowers (\$1,209,000), and a delay in purchasing a records management software in the Dallas Police Department (\$1,005,000).

GENERAL FUND EXPENDITURES

5 Reimbursements. General Fund Reimbursements reflect contributions from various agencies, including federal and state funds, internal service fund departments, and enterprise fund departments. Reimbursements were \$5,219,000 better than budget due to increased reimbursements from grant, trust, and other funds for park maintenance, golf, and recreation services (\$6,335,000); increased reimbursements from Aviation for DPD Love Field unit operations (\$1,745,000); a reimbursement from Dallas County for RIGHT Care operations (\$250,000); and increased reimbursements from TxDOT and Dallas Water Utilities for street and alley repair in Public Works (\$2,245,000); which are offset by lower than budgeted TIF reimbursements in the Office of Economic Development (\$359,000) and reimbursements from Sanitation, Storm Drainage Management, and Dallas Water Utilities to the Office of Environmental Quality & Sustainability (\$1,851,000) due to departmental vacancies eliminating the need for reimbursement.

GENERAL FUND EXPENDITURES

#	Expenditure by Department	FY 2022-23 Adopted Budget	FY 2022-23 Amended Budget	Actual	Variance
1	Budget & Management Services	\$4,277,919	\$4,069,014	\$4,066,652	(\$2,362)
2	Building Services	30,390,891	35,805,391	35,642,810	(162,581)
3	City Attorney's Office	20,971,242	21,215,068	21,111,719	(103,349)
4	City Auditor's Office	3,163,255	2,817,416	2,784,059	(33,357)
5	City Controller's Office	8,567,559	8,504,256	8,338,775	(165,481)
6	Independent Audit	755,000	755,000	755,000	0
7	City Manager's Office	3,205,072	3,305,833	3,253,302	(52,531)
8	City Secretary's Office	3,141,520	3,258,784	3,124,909	(133,875)
9	Elections	2,022,829	2,201,129	1,339,029	(862,100)
10	Civil Service	3,064,698	2,726,486	2,576,634	(149,852)
11	Code Compliance	41,342,433	41,934,911	41,357,389	(577,522)
12	Court & Detention Services	26,923,902	26,173,462	25,821,049	(352,413)
13	Jail Contract	8,344,443	8,344,443	8,344,443	0
14	Dallas Animal Services	17,725,448	17,802,125	17,681,988	(120,137)
15	Dallas Fire-Rescue	369,069,665	380,263,606	380,132,976	(130,630)
16	Dallas Police Department	611,908,283	616,889,896	616,301,243	(588,653)
17	Data Analytics & Business Intelligence	5,281,114	4,444,289	4,244,448	(199,841)
18	Housing & Neighborhood Revitalization	4,639,881	4,111,669	4,111,669	0
19	Human Resources	8,140,152	9,881,445	8,873,979	(1,007,466)
20	Judiciary	4,273,646	3,882,660	3,881,140	(1,520)
21	Library	37,544,060	37,741,393	36,016,515	(1,724,878)
22	Management Services	58,651,886	56,025,700	54,719,172	(1,306,528)
23	311 Customer Service Center	5,850,487	5,232,201	5,058,393	(173,808)
24	Communications, Outreach, & Marketing	3,699,446	2,664,435	2,677,522	13,087
25	Office of Community Care	9,365,486	9,332,529	9,393,446	60,917
26	Office of Community Police Oversight	811,382	572,769	503,288	(69,481)
27	Office of Emergency Management	1,344,664	1,347,438	1,334,016	(13,422)
28	Office of Environmental Quality & Sustainability	6,898,850	6,071,897	6,555,475	483,578
29	Office of Equity & Inclusion	3,809,929	3,668,250	2,983,082	(685,168)
30	Office of Government Affairs	956,162	989,624	989,624	0
31	Office of Historic Preservation	1,341,076	1,202,424	836,290	(366,134)
32	Office of Homeless Solutions	15,197,632	16,801,704	16,853,044	51,340
33	Office of Integrated Public Safety Solutions	5,630,099	4,709,515	4,420,063	(289,452)
34	Small Business Center	3,746,673	3,432,914	3,114,930	(317,984)
35	Mayor & City Council	6,645,643	6,724,550	6,342,345	(382,205)
36	Non-Departmental	135,306,683	136,953,972	135,360,014	(1,593,958)
37	Office of Arts & Culture	22,496,061	22,524,491	21,869,497	(654,994)
38	Office of Economic Development	3,918,798	4,019,415	4,019,201	(214)
39	Park & Recreation	106,863,878	113,906,451	113,841,126	(65,325)
40	Planning & Urban Design	5,150,852	4,707,895	4,693,751	(14,144)
41	Procurement Services	3,014,089	2,888,877	2,747,555	(141,322)
42	Public Works	89,209,383	89,898,768	89,652,248	(246,520)
43	Transportation	51,984,903	52,086,778	51,284,539	(802,239)
	Total Departments	\$1,697,995,188	\$1,725,865,173	\$1,714,289,177	(\$11,575,996)
44	Financial Reserves	0	0	0	0
45	Liability/Claims Fund Transfer	3,501,999	3,501,999	3,501,999	0
46	Salary and Benefit Stabilization	5,317,000	0	0	0
	Total Expenditures	\$1,706,814,187	\$1,729,367,172	\$1,717,791,176	(\$11,575,996)

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE variances of +/- five percent and departments with an Amended Budget.

1 Budget & Management Services. City Council increased BMS's budget by \$11,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased BMS's budget by \$220,000 on September 27, 2023, by ordinance #32558 due to salary savings.

2 Building Services. City Council increased BSD's budget by \$3,406,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and HVAC and heating costs at City Hall. City Council increased BSD's budget by \$2,008,000 on September 27, 2023, by ordinance #32558 due to unbudgeted repairs and equipment replacements at the Central Library, Jack Evans Police Headquarters, and City Hall; increased maintenance and repair for HVAC and generators at various City facilities; and unbudgeted spot coolers for various Fire Stations.

3 City Attorney's Office. City Council increased CAO's budget by \$62,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council increased CAO's budget by \$181,000 on September 27, 2023, by ordinance #32558 due to termination payouts for retiring employees and increased costs for health benefits.

4 City Auditor's Office. City Council increased AUD's budget by \$4,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased AUD's budget by \$350,000 on September 27, 2023, by ordinance #32558 due to salary and professional services savings.

5 City Controller's Office. City Council increased CCO's budget by \$27,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased CCO's budget by \$90,000 on September 27, 2023, by ordinance #32558 due to professional services savings.

7 City Manager's Office. City Council decreased CMO's budget by \$90,000 on May 10, 2023, by ordinance #32456 to reallocate existing resources between various City Departments, partially offset by an increase for one-time incentive payments. City Council increased CMO's budget by \$191,000 on September 27, 2023, by ordinance #32558 due to personnel costs associated with prior year organizational changes, professional development, and Youth Commission activities.

8 City Secretary's Office. City Council increased SEC's budget by \$117,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and various equity adjustments.

9 Elections. City Council increased Election's budget by \$178,000 on May 10, 2023, by ordinance #32456 to pay a contract expense with the Dallas County Elections Department for the June 5, 2021 Joint Runoff Election and advertising (\$382,000), partially offset by a refund from the May 1, 2021 Joint Election (\$203,000) due to final costs being less than the City's deposit. Elections was \$862,000 under budget due to the pending final cost of the June 10, 2023, Joint Runoff Election that will be realized in FY 2023-24.

10 Civil Service. City Council increased CVS's budget by \$12,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased CVS's budget by \$350,000 on September 27, 2023, by ordinance #32558 due to salary savings. CVS was \$150,000 under budget due to salary savings associated with two vacant positions.

11 Code Compliance. City Council increased CCS's budget by \$223,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council increased CCS's budget by \$370,000 on September 27, 2023, by ordinance #32558 due to increased costs for health benefits.

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE variances of +/- five percent and departments with an Amended Budget.

12 Court & Detention Services. City Council increased CTS's budget by \$110,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased CTS's budget by \$860,000 on September 27, 2023, by ordinance #32558 due to salary savings.

14 Dallas Animal Services. City Council increased DAS's budget by \$87,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased DAS's budget by \$10,000 on September 27, 2023, by ordinance #32558 due to salary savings.

15 Dallas Fire-Rescue. City Council increased DFR's budget by \$3,832,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments, uniform overtime expenses, and the increase in fuel prices. City Council increased DFR's budget by \$7,362,000 on September 27, 2023, by ordinance #32558 due to in-house and outsourced fleet maintenance and repair (\$4,274,000), emergency medical response and other supplies (\$1,346,000), and increased costs for health benefits (\$2,285,000).

16 Dallas Police Department. City Council increased DPD's budget by \$840,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments, to reallocate existing resources between various City departments, equity adjustments for Open Records staff, and the increase in fuel prices. City Council increased DFR's budget by \$4,142,000 on September 27, 2023, by ordinance #32558 due to increased costs for health benefits.

17 Data Analytics & Business Intelligence. City Council increased DBI's budget by \$13,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased DBI's budget by \$850,000 on September 27, 2023, by ordinance #32558 due to salary savings.

18 Housing & Neighborhood Revitalization. City Council increased HOU's budget by \$12,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased HOU's budget by \$540,000 on September 27, 2023, by ordinance #32558 due to salary savings and developer loan savings.

19 Human Resources. City Council increased HR's budget by \$226,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and to reallocate existing resources between various City departments. City Council increased HR's budget by \$1,516,000 on September 27, 2023, by ordinance #32558 due to temporary staffing expenses. HR was \$1,007,000 under budget due to salary savings associated with 51 vacant positions and lower-than-budgeted expenses for temporary staffing and professional services related to Workday implementation, partially offset by increased overtime expenses and lower-than-budgeted reimbursements from other City departments.

20 Judiciary. City Council increased CTJ's budget by \$9,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased CTJ's budget by \$400,000 on September 27, 2023, by ordinance #32558 due to salary savings.

21 Library. City Council increased LIB's budget by \$207,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased LIB's budget by \$10,000 on September 27, 2023, by ordinance #32558 due to salary savings.

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE variances of +/- five percent and departments with an Amended Budget.

22 Management Services. City Council increased MGT's budget by \$1,639,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and an emergency procurement for temporary housing of 94 individuals from an encampment decommissioned by the DRTRR in January 2023. City Council decreased MGT's budget by \$4,265,000 on September 27, 2023, by ordinance #32558 primarily due to salary savings.

23 311 Customer Service Center. City Council increased 311's budget by \$62,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased 311's budget by \$680,000 on September 27, 2023, by ordinance #32558 due to salary savings.

24 Communications, Outreach, & Marketing. City Council decreased COM's budget by \$235,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and to reallocate existing resources between various City departments. City Council decreased COM's budget by \$800,000 on September 27, 2023, by ordinance #32558 due to salary savings.

25 Office of Community Care. City Council increased OCC's budget by \$27,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased OCC's budget by \$60,000 on September 27, 2023, by ordinance #32558 due to salary savings.

26 Office of Community Police Oversight. City Council increased OCPO's budget by \$1,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased OCPO's budget by \$240,000 on September 27, 2023, by ordinance #32558 due to salary savings.

27 Office of Emergency Management. City Council increased OEM's budget by \$3,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments.

28 Office of Environmental Quality & Sustainability. City Council increased OEQS's budget by \$53,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased OEQS's budget by \$880,000 on September 27, 2023, by ordinance #32558 due to salary savings.

29 Office of Equity & Inclusion. City Council increased OEI's budget by \$8,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased OEI's budget by \$150,000 on September 27, 2023, by ordinance #32558 due to salary savings.

30 Office of Government Affairs. City Council increased OGA's budget by \$18,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and to reallocate existing resources between various City departments. City Council increased OGA's budget by \$15,000 on September 27, 2023, by ordinance #32558 due to temporary staffing costs and other costs associated with the Texas State Legislature session.

31 Office of Historic Preservation. City Council increased OHP's budget by \$21,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and other equity adjustments. City Council decreased OHP's budget by \$160,000 on September 27, 2023, by ordinance #32558 due to salary savings.

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE variances of +/- five percent and departments with an Amended Budget

32 Office of Homeless Solutions. City Council increased OHS's budget by \$1,654,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and an emergency procurement for temporary housing of 94 individuals from an encampment decommissioned by the DRTRR in January 2023. The expense includes up to 90 days of lodging, food, and hygiene products for the clients (\$923,000); security services (\$216,000); and staff to monitor the shelter (\$497,000). City Council decreased OHS's budget by \$50,000 on September 27, 2023, by ordinance #32558 due to salary savings.

33 Office of Integrated Public Safety Solutions. City Council increased IPSS's budget by \$19,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased IPSS's budget by \$940,000 on September 27, 2023, by ordinance #32558 due to program savings related to the Metrocare services contract and the expiration of the Youth Advocate Program contract.

34 Small Business Center. City Council increased SBC's budget by \$6,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments. City Council decreased SBC's budget by \$320,000 on September 27, 2023, by ordinance #32558 due to salary savings.

35 Mayor & City Council. City Council increased MCC's budget by \$295,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments, to reallocate existing resources between various City departments, and other equity adjustments. City Council decreased MCC's budget by \$216,000 on September 27, 2023, by ordinance #32558 due to salary savings. MCC was \$382,000 under budget due to vehicle reimbursement savings and salary savings associated with nine vacant positions.

36 Non-Departmental. City Council increased Non-Departmental's budget by \$7,000,000 on May 10, 2023, by ordinance #32456 for a transfer to the Economic Development Corporation (EDC). City Council decreased Non-Departmental's budget by \$5,352,711 on September 27, 2023, by ordinance #32558 due to savings associated with reduced interest costs for Master Lease drawdowns (\$1,364,000), reduced costs for contract wrecker due to implementation of the new auto pound contract (\$1,600,000), and commercial paper program fees (\$800,000).

37 Office of Arts & Culture. City Council increased OAC's budget by \$28,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments.

38 Office of Economic Development. City Council increased ECO's budget by \$101,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and to reallocate existing resources between various City departments.

39 Park & Recreation. City Council increased PKR's budget by \$4,438,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments, security and safety measures, park maintenance, temporary staffing, and the increase in fuel prices. City Council increased PKR's budget by \$2,605,000 on September 27, 2023, by ordinance #32558 due to increased costs for health benefits and unbudgeted utility costs associated with Fair Park First, which are offset by additional revenue (\$2,666,000).

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE variances of +/- five percent Amended Budget.

40 Planning & Urban Design. City Council increased PUD's budget by \$27,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments, to reallocate existing resources between various City departments, and for professional planning and zoning services to assist with the workload of processing and reviewing zoning applications (to be reimbursed by DEV). City Council decreased PNV's budget by \$470,000 on September 27, 2023, by ordinance #32558 due to salary savings.

41 Procurement Services. City Council increased POM's budget by \$125,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and temporary staffing costs related to informal bid solicitation review. City Council decreased POM's budget by \$250,000 on September 27, 2023, by ordinance #32558 due to salary savings.

42 Public Works. City Council increased PBW's budget by \$236,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments, to reallocate existing resources between various City departments, and the increase in fuel prices. City Council increased PBW's budget by \$453,000 on September 27, 2023, by ordinance #32558 due to increased costs for health benefits.

43 Transportation. City Council increased TRN's budget by \$102,000 on May 10, 2023, by ordinance #32456 for one-time incentive payments and the increase in fuel prices.

46 Salary & Benefit Stabilization. The FY 2022-23 Ordinance authorizes the City Manager to transfer appropriations from S&B to any department as allowed by City Charter Chapter XI (Sec. 3), of which, \$2,693,000 was transferred to SEC for various equity adjustments (\$103,000), to ATT for retirement payouts (\$94,000), to CMO for personnel costs associated with prior year organizational changes (\$72,000), and to all General Fund departments for one-time incentive payments (\$2,424,000). City Council reallocated the remaining \$2,624,000 S&B budget on September 27, 2023, by ordinance #32558 to address overages in various departments due to increased costs for health benefits.

ENTERPRISE FUNDS

Department	FY 2022-23 Adopted Budget	FY 2022-23 Amended Budget	Actual	Variance
1 AVIATION				
Total Revenues	158,542,590	158,542,590	188,606,978	30,064,388
Total Expenditures	163,476,405	163,476,405	157,469,555	(6,006,850)
Net Excess of Revenues Over Expenditures	(\$4,933,815)	(\$4,933,815)	\$31,137,423	\$36,071,238
2 CONVENTION & EVENT SERVICES				
Total Revenues	113,230,392	136,788,275	148,963,599	12,175,324
Total Expenditures	113,231,392	136,788,275	136,607,178	(181,097)
Net Excess of Revenues Over Expenditures	(\$1,000)	\$0	\$12,356,421	\$12,356,421
3 DEVELOPMENT SERVICES				
Total Revenues	35,340,940	35,340,940	40,086,749	4,745,809
Total Expenditures	43,830,455	60,883,936	60,414,667	(469,269)
Net Excess of Revenues Over Expenditures	(\$8,489,515)	(\$25,542,996)	(\$20,327,918)	\$5,215,078
4 MUNICIPAL RADIO				
Total Revenues	1,003,095	1,121,631	570,199	(551,432)
Total Expenditures	1,003,095	1,121,631	995,062	(126,569)
Net Excess of Revenues Over Expenditures	\$0	\$0	(\$424,862)	(\$424,862)
5 SANITATION SERVICES				
Total Revenues	145,369,518	145,369,518	151,940,056	6,570,538
Total Expenditures	143,785,140	146,473,487	146,064,733	(408,754)
Net Excess of Revenues Over Expenditures	\$1,584,378	(\$1,103,969)	\$5,875,323	\$6,979,292
6 STORM DRAINAGE MANAGEMENT—DALLAS WATER UTILITIES				
Total Revenues	72,433,742	72,433,742	76,347,165	3,913,423
Total Expenditures	72,433,742	82,433,742	75,177,151	(7,256,591)
Net Excess of Revenues Over Expenditures	\$0	(\$10,000,000)	\$1,170,014	\$11,170,014
7 WATER UTILITIES				
Total Revenues	755,226,160	755,226,160	833,834,124	78,607,964
Total Expenditures	761,226,160	834,226,160	833,479,529	(746,631)
Net Excess of Revenues Over Expenditures	(\$6,000,000)	(\$79,000,000)	\$354,595	\$79,354,595

INTERNAL SERVICE FUNDS

Department	FY 2022-23 Adopted Budget	FY 2022-23 Amended Budget	Actual	Variance
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8 BOND & CONSTRUCTION MANAGEMENT

Total Revenues	23,087,146	23,087,146	18,678,954	(4,408,192)
Total Expenditures	23,087,146	23,087,146	18,529,509	(4,557,637)
Net Excess of Revenues Over Expenditures	\$0	\$0	\$149,446	\$149,446

9 EQUIPMENT & FLEET MANAGEMENT

Total Revenues	61,259,566	67,065,681	65,140,555	(1,925,126)
Total Expenditures	66,600,148	73,194,904	72,760,339	(434,565)
Net Excess of Revenues Over Expenditures	(\$5,340,582)	(\$6,129,223)	(\$7,619,784)	(\$1,490,561)

10 EXPRESS BUSINESS CENTER

Total Revenues	2,593,790	2,593,790	3,068,217	474,427
Total Expenditures	2,361,983	2,832,479	2,743,973	(88,506)
Net Excess of Revenues Over Expenditures	\$231,807	(\$238,689)	\$324,244	\$562,933

11 INFORMATION TECHNOLOGY

Total Revenues	108,985,933	108,985,933	110,140,596	1,154,663
Total Expenditures	110,191,357	114,563,917	110,909,910	(3,654,007)
Net Excess of Revenues Over Expenditures	(\$1,205,424)	(\$5,577,984)	(\$769,313)	\$4,808,671

12 RADIO SERVICES

Total Revenues	16,863,428	16,863,428	16,504,092	(359,336)
Total Expenditures	16,867,557	16,867,557	13,173,809	(3,693,748)
Net Excess of Revenues Over Expenditures	(\$4,129)	(\$4,129)	\$3,330,283	\$3,334,412

OTHER FUNDS

Department	FY 2022-23 Adopted Budget	FY 2022-23 Amended Budget	Actual	Variance
13 9-1-1 SYSTEM OPERATIONS				
Total Revenues	12,017,444	12,017,444	13,821,699	1,804,255
Total Expenditures	14,212,742	14,212,742	10,082,520	(4,130,222)
Net Excess of Revenues Over Expenditures	(\$2,195,298)	(\$2,195,298)	\$3,739,180	\$5,934,478
14 DEBT SERVICE				
Total Revenues	408,298,161	408,298,161	392,945,583	(15,352,578)
Total Expenditures	412,314,869	412,314,869	334,180,894	(78,133,975)
Net Excess of Revenues Over Expenditures	(\$4,016,708)	(\$4,016,708)	\$58,764,690	\$62,781,398
15 EMPLOYEE BENEFITS				
City Contributions	108,965,789	123,999,997	124,952,329	952,332
Employee Contributions	44,675,798	45,633,730	45,011,326	(622,404)
Retiree	26,927,732	24,922,818	24,338,625	(584,193)
Other	0	142,889	2,276,962	2,134,073
Total Revenues	180,569,319	194,699,434	196,579,242	1,879,808
Total Expenditures	189,583,785	201,121,234	202,662,483	1,541,249
Net Excess of Revenues Over Expenditures	(\$9,014,466)	(\$6,421,800)	(\$6,083,241)	\$338,559
16 RISK MANAGEMENT				
Worker's Compensation	16,041,001	16,041,001	16,579,293	538,292
Third Party Liability	10,033,670	10,033,670	7,199,447	(2,834,223)
Purchased Insurance	13,445,548	13,445,548	13,492,673	47,125
Interest and Other	0	0	1,375,589	1,375,589
Total Revenues	39,520,219	39,520,219	38,647,002	(873,217)
Total Expenditures	57,449,878	57,449,878	39,807,414	(17,642,464)
Net Excess of Revenues Over Expenditures	(\$17,929,659)	(\$17,929,659)	(\$1,160,412)	\$16,769,247

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the YE revenue and expenditure variances. Variance notes are provided below for funds with a YE variance of +/- five percent, funds that exceed budget, and funds that use fund balance.

1 Aviation. AVI revenues were \$30,064,000 over budget due to an increase in passenger traffic increasing revenue from garage parking, concessions, and NTTA fees.

2 Convention and Event Services. City Council increased CCT's expense budget by \$2,459,000 on May 10, 2023, by ordinance #32456 for new positions for the internal master planning team and by \$21,098,000 on September 27, 2023, by ordinance #32558 for increased event revenues. CCT revenues were \$12,175,000 over budget due to more events than previously projected and increased collections of Hotel Occupancy Tax and Alcoholic Beverage Tax.

3 Development Services. City Council increased DEV's expense budget by \$5,000,000 on November 9, 2022, by resolution 22-1676 for construction services at 7800 N Stemmons; by \$5,701,000 on February 22, 2023, by resolution 23-0317 for a service contract with Accela, Inc. for the purchase of initial licenses and implementation, maintenance, and support of a building permitting and land management solution; and by \$129,000 on May 10, 2023, by ordinance #32456 to reimburse planning and zoning services in Planning & Urban Design (PUD); by \$2,423,000 on June 28, 2023, by resolution 23-0936 for services to support the implementation of a land management system; and by \$3,801,000 on September 27, 2023, by ordinance #32558 for software upgrades. DEV revenues were \$4,746,000 over budget due to increased permit activity for commercial and multifamily remodel/construction and interest earnings. End of year actuals reflect a \$20,328,000 use of fund balance.

4 Municipal Radio. City Council increased Municipal Radio's expense budget by \$98,000 on May 10, 2023, by ordinance #32456 for the Nielsen contract buyout and by \$21,000 on September 27, 2023, by ordinance #32558 for temporary staffing for furniture disposal and records cleanup. WRR revenues were \$551,000 under budget due to lower advertising revenue and delayed reimbursements from KERA which will be processed in FY 2023-24. WRR expenses were \$127,000 under budget due to salary savings with vacant positions and lower-than-budgeted sales commissions. End of year actuals reflect a \$425,000 use of fund balance.

5 Sanitation Services. City Council increased SAN's expense budget by \$2,688,000 on September 27, 2023, by ordinance #32558 for contractor services related to brush and bulky item collection. SAN revenues were \$6,571,000 over budget due to increased landfill usage by commercial haulers and increased residential fee collection due to new customer accounts and a higher collection rate.

6 Storm Drainage Management. City Council increased SDM's expense budget by \$10,000,000 on May 10, 2023, by ordinance #32456 for a transfer to capital construction. SDM revenues were \$3,913,000 over budget due to higher-than-budgeted collection rates and increases in impervious areas in new development. SDM expenses were \$7,257,000 under budget due to a delayed issuance of Certificates of Obligation, lower-than-budgeted reimbursements to other departments due to vacancies, and reduced maintenance costs due to weather conditions.

7 Water Utilities. City Council increased DWU's expense budget by \$73,000,000 on May 10, 2023, by ordinance #32456 for a transfer to capital construction. DWU revenues were \$78,608,000 over budget due to increased consumption attributed to dry weather conditions.

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the YE revenue and expenditure variances. Variance notes are provided below for funds with a YE variance of +/- five percent, funds that exceed budget, and funds that use fund balance.

8 Bond & Construction Management. BCM revenues were \$4,408,000 under budget, while expenses were \$4,558,000 under budget due to salary savings associated with vacant positions and the expiration of professional services contracts for bond program management. BCM charges each capital project budget for project implementation costs. Savings in actual implementation expenses result in fewer charges to the capital project. Revenues will be realized as encumbrances are processed.

9 Equipment and Fleet Management. The FY 2022-23 Adopted Budget reflects \$4,750,000 in planned use of fund balance. City Council increased EFM's expense budget by \$2,931,000 on May 10, 2023, by ordinance #33456 for increased fuel costs and contracted labor and by \$3,664,000 on September 27, 2023, by ordinance #32558 for contracted labor for extended life repairs, rebuilding of truck bodies, accommodations for SAN's 5-day schedule, repairs for Southeast Service Center garage, and vehicle parts. EFM expenses were \$435,000 under budget due to salary savings associated with vacant positions and lower fuel costs, partially offset by increased expenses for vehicle parts, a health benefits surcharge, and a repayment of Coronavirus Relief Fund (CRF) payroll expenses. EFM revenues were \$1,925,000 under budget due to reduced billing for rental and fuel costs. End of year actuals reflect an additional \$1,491,000 use of fund balance.

10 Express Business Center. City Council increased EBC's expense budget by \$470,000 on September 27, 2023, by ordinance #32558 to support increased office supplies costs and repayment of Coronavirus Relief Fund (CRF) payroll expenses. EBC revenues were \$474,000 over budget due to auto pound sales. Auto pound sales are higher-than-projected due to the pandemic; the shift from live auctions to online auctions led to an increased involvement of bidders in the auctions for the available vehicles.

11 Information Technology. The FY 2022-23 Adopted Budget reflects \$1,205,000 in planned use of fund balance. City Council increased Information Technology's expense budget by \$4,373,000 on September 27, 2023, by ordinance #32558 for the repayment of Coronavirus Relief Funds (CRF) payroll expenses and the purchase of five Mix Mode threat and anomaly detection hardware devices that were not eligible for Master Lease Funding. ITS revenues were \$1,155,000 over budget due to interest earnings and billing for increased services related to telephone and data circuits. ITS expenses were \$3,654,000 under budget due to salary savings associated with vacant positions, contract delays, and the use of ARPA funds to pay for eligible expenses, partially offset by increased usage of contracted services. End of year actuals reflect a \$769,000 use of fund balance.

12 Radio Services. Radio Services expenses were \$3,694,000 under budget due to delayed Master Lease issuances.

13 9-1-1 System Operations. 9-1-1 System Operations revenues were \$1,804,000 over budget due to increased collections for wireless and wireline fees. 9-1-1 System Operations expenses were \$4,130,000 under budget due to utilization of grant funds for the Next Generation 9-1-1 project and savings in the 9-1-1 dispatch reimbursement to DPD.

14 Debt Service. Debt Service expenses were \$78,134,000 under budget due to delayed General Obligation bonds, Certificates of Obligation, and Master Lease issuances.

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the YE revenue and expenditure variances. Variance notes are provided below for funds with a YE variance of +/- five percent, funds that exceed budget, and funds that use fund balance.

15 Employee Benefits. The FY 2022-23 Adopted Budget reflects \$9,014,000 in planned use of fund balance. The budget was amended to match adjustments made related to city contributions for employee benefits. Employee Benefits revenues were \$1,880,000 over budget due to interest earnings and department chargebacks required to maintain a positive ending fund balance. Employee Benefits expenses were \$1,541,000 over budget due to increased costs of inpatient and outpatient medical and pharmacy claims.

16 Risk Management. The FY 2022-23 Adopted Budget reflects \$17,930,000 in planned use of fund balance. ORM revenues were under budget by \$873,000 primarily due to a \$3,000,000 transfer from the Liability Reserve Fund related to costs associated with the May 3, 2023 cyber-attack. ORM expenses were \$17,642,000 under budget due to claims that have been moved from FY 2022-23 to FY 2023-24. End of year actuals reflect a \$1,160,000 use of fund balance.



FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

OVERVIEW

City Council originally adopted the Financial Management Performance Criteria (FMPC) on March 15, 1978, to provide standards and guidelines for the City's financial managerial decision making and to provide for a periodic review of the criteria to maintain standards and guidelines consistent with current economic conditions. The FMPC contain 55 criteria in seven different categories, in addition to 13 criteria specific to Dallas Water Utilities.

Operating Program: Criteria 1-14

Pension Program: Criteria 15-16

Budgeting and Planning: Criteria 17-25

Capital and Debt Management: Criteria 26-41

Economic Development: Criteria 42-49

Accounting, Auditing, and Financial Planning: Criteria 50-52

Grants and Trusts: Criteria 53-55

Dallas Water Utilities: Criteria DWU 1-13

City Council approved the most recent revision to the FMPC in August 2022. The status of each criterion is updated annually and presented with the annual budget, at year-end, and for each debt issuance.

Revisions:

09/27/1978

07/08/1981

09/28/2011

10/08/2014

12/13/2017

06/09/2021

08/10/2022

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

OPERATING PROGRAM

1. Property Tax Revenue Limit. The year-to-year increase of actual revenue from the levy of the ad valorem tax will generally not exceed 3.5%; excluding taxable value gained through annexation or consolidation; excluding the value gained through new construction; excluding expenditure increases mandated by the voters or another governmental entity; and not excluding the valuation gained through revaluation or equalization programs.

Calculation:
Year-to-year change in revenue: \$121.9 million
Less
Change in Voter Mandated Debt: \$(119.2) million
New Construction: \$27.9 million
Adjusted Revenue: \$(25.1) million
Percentage Change: (2.1%)

Status: In compliance.

2. Unassigned Fund Balance Minimum. The unassigned fund balance of the General Fund, which includes the Emergency and Contingency Reserves, shall be maintained within a range of not less than 50 days and not more than 70 days of the General Fund operating expenditures less debt service. Funds will be allocated from unassigned fund balance only after the City Manager has prepared an analysis and presented it to the City Council. If at any point the unassigned fund balance drops below the 50-day minimum, the City Manager will prepare a plan of how the unassigned fund balance will be brought into compliance, including over multiple years if necessary. If unassigned fund balance exceeds 70 days, the City Manager will recommend to the City Council to use the excess for one-time or non-recurring costs.

Calculation:
FY 2023 Emergency Reserve: \$50.0 million
FY 2023 Contingency Reserve: \$11.0 million
FY 2023 Residual: \$284.2 million
Total: \$345.2 million (73.3 days)

Status: General Fund unassigned fund balance minimum exceeds 70-day reserve limit.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

3. Contingency Reserve. The Contingency Reserve, a component of unassigned fund balance, shall be used to provide for unanticipated needs that arise during the year; for example, expenses associated with new service needs that have been identified after the budget process, new public safety or health needs, revenue shortfalls, service enhancements, or opportunities to achieve cost savings. Funds shall be allocated from the Contingency Reserve only after an analysis has been prepared by the City Manager and presented to the City Council outlining the initial and recurring costs associated with the adopted expenditure. Additionally, these funds would be used prior to use of the Emergency Reserve Funds. Funds shall be allocated each year in the budget process to establish and maintain the balance of the Contingency Reserve at a level ranging from 0.5 percent to 1.0 percent of General Fund operating expenditures less debt service. **Status:** In compliance. The FY 2023 Contingency Reserve level is \$11.0 million, or 0.64% of the FY 2023 General Fund Actuals.

4. Emergency Reserve. The Emergency Reserve, a component of unassigned fund balance, shall be used to provide for temporary financing of unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity, a 5 percent decline in property values, or an unexpected liability created by federal or state legislative action. Funds shall be allocated from the Emergency Reserve only after an analysis has been prepared by the City Manager and presented to City Council. The analysis shall provide enough evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources. The analysis shall address the natures of the adopted expenditure and the revenue requirement in subsequent budget years. Prior to allocating funds from the Emergency Reserve, the City Council shall find that an emergency or extraordinary need exists to justify the use of these funds. Management shall designate up to 5 percent of the General Fund operating expenditures less debt service but not less than \$50 million to the Emergency Reserve. Use of the Emergency Reserve shall require a supermajority of City Council. **Status:** In compliance. The FY 2023 Actuals Emergency Reserve is \$50 million.

5. Operating Reserve. The Risk Reserve shall be maintained at a level, which, together with purchased insurance policies, adequately protects the City's assets against loss. An analysis shall be conducted every three years or when the deductible level of the City's property insurance is modified (whichever is earlier), to determine the appropriate level of this reserve. **Status:** In compliance. The FY 2023 Actuals Risk is \$3.0 million.

6. Prohibition of Debt for Operating Expenditures. Debt will not be used to fund current operating expenditures. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

7. Enterprise Funds Full Cost Funding. Each enterprise fund of the City will maintain revenues which support the full (direct and indirect) cost of the fund. In addition, each Enterprise Fund should maintain at least 30 days of budgeted operations and maintenance expense in net working capital and avoid cash deficits. Enterprise Funds will maintain positive balances. **Status:** In compliance.

8. Liability/Claim Fund. A General Fund liability fund shall be budgeted annually to provide for outstanding and anticipated claims expense and resulting liabilities during the budget year. An individual judgment settlement cap is set at \$5,000,000. The Emergency Reserve will be accessed should the cap be exceeded. An independent actuarial analysis shall be conducted every two years to determine the appropriate level of this fund. Additionally, the liability fund will include an allocation for unanticipated affirmative litigation. **Status:** In compliance.

9. Landfill Closure/Post-Closure Reserve. Consider the establishment of a Landfill Closure/Post-Closure Reserve to provide for any future potential liabilities. Analysis will be performed periodically to determine appropriate timing and amount of funding needs. Funds could be allocated from an increase in user fees. **Status:** Establishment of reserve is recommended at this time. Sanitation will establish a reserve in FY 2023-24 for \$2.0 million.

10. Facilities Replacement versus Maintenance Analysis. Operating expenditures will be programmed to include current costs of fully maintaining City facilities, including parks, streets, levees, vehicles, buildings, and equipment. A cost-benefit analysis will be performed on replacement cost versus projected required maintenance costs to determine the level at which City facilities should be maintained. The analysis will also determine the long-term cost of any potential deferred maintenance cost. Normal maintenance will be funded through the operating budget. **Status:** Not in compliance.

11. Annual Assessment of Equipment and Maintenance. An annual assessment and five-year projection for all equipment and maintenance needs should be performed, and a maintenance and replacement schedule developed based on the projection. **Status:** Not in compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

12. User Fees Review. An annual review of selected fees and charges will be conducted to determine the extent to which the full cost of associated services is being recovered by revenues. All fees and charges will be reviewed at least once every four years. Where feasible and desirable, the City shall set fees and charges to achieve full cost recovery. The City may subsidize the services funded by fees or charges based on other City objectives. If an individual fee increases to achieve full cost recovery is greater than 50 percent, the City may opt to phase the fee increase over three years. **Status:** In compliance.

13. Employee Benefits Fund Minimum Cash Reserve. The Employee Benefits Fund will maintain a cash reserve of at least the anticipated end-of-year claims incurred but not paid, and other current liabilities. This does not include incurred but not reported (IBNR) claims. The Employee Benefits Fund will maintain a positive cash balance. **Status:** In compliance.

14. Internal Service Funds and Enterprise Funds Cash Balances. Internal Service Funds and Enterprise Funds will maintain positive cash balances. **Status:** In compliance.

PENSION PROGRAM

15. Funding for Retirement Systems. All retirement systems will be finance in a manner to systematically fund liabilities. The City will assure sufficient fund are provided to pay current service plus interest on unfunded liabilities plus amortization of the unfunded liabilities over a programmed period. No less than annual reviews will be provided to City Council by the pension funds. **Status:** In compliance.

16. Actuarial Analysis Required on Retirement Systems. Actuarial analysis will be performed annually on all retirement systems. Adjustments in benefits and contributions will be authorized only after meeting the test of actuarial soundness. All health plans should have actuarial reviews performed at least biennially to determine the required levels of funding necessary. These health plans shall be financed in a manner to ensure sufficient funds are available to fund current liabilities and provide some reserve levels for extraordinary claims. **Status:** In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

BUDGETING AND FINANCIAL PLANNING

17. Balanced Budget. The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of unassigned fund balance accumulated through prior year surplus. Nonrecurring or one-time revenues should, to the extent possible, only be used for one-time expenditures (expenditures not expected to reoccur and requiring future appropriations) to avoid future shortfalls. **Status:** In compliance.

18. Five-Year Revenue and Expenditure Projection. Management will project revenues and expenditures annually for at least five years beyond the current year for the General Fund and each Enterprise Fund of the City. **Status:** In compliance.

19. Financial Monitoring. Financial systems will be maintained to monitor expenditures, revenues, and performance of all municipal programs on an ongoing basis. **Status:** In compliance.

20. Operating Impact of Capital Improvements. Prior to authorization of new or replacement facilities/buildings or renovation of previously decommissioned facilities/buildings, the City Manager will provide the total estimated capital cost and five-year forecast of ongoing operating and maintenance costs to City Council. Operating expenditures will be programmed to include the cost of implementing service of the capital improvements, and future revenues necessary for these expenditures will be estimated and provided for prior to undertaking the capital improvement. The City Council will authorize each new or reopened facility/building by super-majority vote. **Status:** In compliance.

21. Comparison of Financial Performance to FMPC. A report reflecting end of fiscal year status of performance against these criteria will be prepared within 60 days after official presentation of the Comprehensive Annual Financial Report to the City Council. A pro forma report reflecting Adopted Budget status will be submitted with the City Manager's Adopted Budget each year. **Status:** In compliance. Presented to GPFM committee on March 25, 2024.

22. Two-Year Balanced Budget. Each year, the City Manager shall develop and present to the City Council a two-year balanced budget. The City Council will adopt a one-year budget and set the property tax rate in accordance with State law annually. Expenditures shall be budgeted and controlled so as not to exceed current revenues in each year or City Council approved used of fund balance. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

23. Over-65 and Disabled Homestead Exemption. The City will compare the current disabled and over-65 exemption to the most recent annual Consumer Price Index for the Elderly (CPI-E), and the year-over-year change in the average residential market value (whichever is greater) annually and provide the analysis of each scenario to City Council for consideration prior to June 30 for possible modification of this property tax exemption. Changes to property tax exemptions must be provided to the appraisal districts no later than June 30. **Status:** In compliance. Increased exemption on June 14, 2023.

24. No-New-Revenue Tax Rate Scenario. The City Manager will develop an estimated No-New-Revenue Tax Rate budget scenario and, if different from the City Manager's recommended budget required by Chapter 11, Section 1 of the City Charter, will provide it to the City Council at the same time. The estimated No-New-Revenue Tax Rate budget scenario will include a prioritized list of services/expenses that could be funded and a prioritized list of services/expenses that could not be funded with the estimated no-new-revenue tax rate. **Status:** In compliance. The City Manager provided a no-new-revenue tax rate scenario in FY 2022-23.

25. Competitive Pay. The City shall attract, develop, motivate, reward, and retain a high-performing and diverse workforce. The City Manager shall provide analyses and recommendations for the City Council to consider each year in the budget development process to adjust employee pay. The recommendation for adjustments to uniformed employee pay will conform with the applicable meet and confer agreement. The recommendation for adjustments to non-uniformed/civilian employee pay will consider: (1) an annual survey of peer governmental entities; (2) an annual review of the Massachusetts Institute of Technology living wage; (3) a total compensation study every three years to assess market competitiveness; (4) parity with uniformed employee pay adjustments; and (5) budget capacity. **Status:** In compliance.

CAPITAL AND DEBT MANAGEMENT

26. Matching of Bonds and Useful Life of Project. Any capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project (for example, bonds issued for street resurfacing shall be financed for a period not to exceed 10 years). **Status:** In compliance.

27. General Obligation (GO) Debt to Market Value of Taxable Property Limit. The net (non-self-supporting) General Obligation (GO) debt (principal) of Dallas will not exceed 4.0% of the true market valuation of the taxable property of Dallas. **Status:** In compliance. 1.2%.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

28. Direct and Overlapping Debt to Market Value of Taxable Property Limit. Total direct plus overlapping debt shall be managed to not exceed 8% of market valuation of taxable property of Dallas. All debt, which causes total direct plus overlapping debt to exceed 6.0% of market valuation, shall be carefully planned and coordinated with all overlapping jurisdictions. **Status:** In compliance. 5.4%.

29. Average GO Bond Maturities. Average (weighted) GO bond maturities (exclusive of Pension Obligation bonds) shall be kept at or below 10 years. **Status:** In compliance. 7.3 years.

30. GO Debt Service to Governmental Fund Expenditure Limit. Annual GO debt service (contribution), including certificates of obligation (CO) debt for risk management funding, shall not exceed 20% of the total governmental fund expenditures (composed of general fund, special funds, debt service funds, and capital project funds). **Status:** In compliance. 10.6%.

31. Per Capita GO Debt to Personal Income Limit. Per capita GO debt, including COs, equipment acquisition notes and GO bonds, will be managed to not exceed 10% of the latest authoritative computation of Dallas' per capita annual personal income as determined by the U.S. Department of Commerce Bureau of Economic Analysis. **Status:** In compliance. 4.0%.

32. Debt Financing for Betterment of Capital Improvements. Debt may be used to finance betterments intended to extend service life of original permanent capital improvements under the following conditions:

- the original improvement is at or near the end of its expected service life;
- the betterment extends the life of the original improvement by at least one-third of the original service life;
- the life of the financing is less than the life of the betterment; and
- the betterment is financed through either COs or GOs.

Status: In compliance.

33. Interest Earnings from GO Bond Proceeds. Interest earnings from GO bonds shall be used solely to fund capital expenditures, debt service, or used to fund a reserve for capital contingencies. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

34. Certificate of Obligation Uses. COs should be used only to fund tax-supported projects previously approved by the voters; or for risk management funding as authorized by the City Council; or non-tax revenue-supported projects approved by City Council. **Status:** In compliance.

35. Certificate of Obligation (CO) Limit as Percentage of GO Debt. CO debt, including that for risk management funding supported by an ad valorem tax pledge, should not exceed 15% of total authorized and issued GO debt. All COs issued in lieu of revenue bonds should not exceed 10% of outstanding GO debt. **Status:** In compliance. 5.0%.

36. COs for Enterprise Projects. COs for an enterprise system will be limited to only those projects that can demonstrate the capability to support the certificate debt either through its own revenues or another pledged source other than ad valorem taxes. **Status:** In compliance.

37. CO Authorization Limit. CO authorization will remain in effect for no more than five years from the date of approval by the City Council. **Status:** In compliance.

38. CO Authorization Limit for Risk Management Funding. COs authorized for risk management funding shall be issued for a term not to exceed 20 years. **Status:** In compliance.

39. Advance and Current Refunding Criteria. Advance refunding and forward delivery refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 4%. Current refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 3%. **Status:** In compliance.

40. Enterprise Fund Debt Reserve Requirements. Each Enterprise Fund (where applicable) will maintain fully funded debt service reserves. A surety bond (or other type of credit facility such as a letter of credit) may be used in lieu of funding the reserve if the former is economically advantageous. **Status:** In compliance.

41. GO Debt Service Fund Minimum Reserve. The City shall maintain a reserve in the General Obligation Debt Service Fund equal to 5% of the following year's annual principal and interest debt service expense. The Debt Service Fund tax rate and/or future debt will be structured to maintain this debt service reserve. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

ECONOMIC DEVELOPMENT

42. Tax Increment Financing Zones Revenue Coverage. Tax Increment Financing zones should be established where revenues will recover 1.25 times the public cost of debt to provide an adequate safety margin. **Status:** In compliance.

43. Tax Increment Financing Zone Residential Limit. A Tax Increment Financing Reinvestment Zone may not be created if more than 10% of the property in the adopted zone, excluding property dedicated for public use, is used for residential purposes. "Residential purposes" includes property occupied by a house, which is less than five living units. **Status:** In compliance.

44. Reinvestment Zones to Total Tax Base Limit. Pursuant to the provisions of the Texas Tax Code, the City creates reinvestment zones both for tax increment financing ("TIF RZ") and for tax abatement ("TA RZ"). TA RZs are created to grant tax abatements on real or business personal property or both located in the TA RZ. For the FMPC, TIF RZs and TA RZs shall be referred to as Reinvestment Zones ("RZ").

No RZ can be created if the total property tax base of certain TIF RZs plus the total real property and business personal property tax base (if there is business personal property tax being abated) of TA RZs exceeds 13.3% of the total tax base (all real and business personal property) of the City. Reinvestment zones that are no longer collecting tax increment or abating taxes (i.e. now contributing 100% to the City of Dallas property tax revenues) will be excluded from the calculation. **Status:** In compliance.

45. Public Improvement District (PID) and TIF Service Impact Analysis. All Public Improvement District (PID) and TIF proposals, even "pay-as-you-go" projects, will be evaluated for service impact. A five-year fiscal note must accompany any request to establish a PID or TIF including repayment terms of any inter-fund borrowing. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

46. PID and TIF Debt Issuance Criteria. All adopted PID or TIF debt issuances supported by a district's revenues are subject to the following criteria:

- Coverage Tests—The project should provide for revenues, net of overlapping taxes, of 2.48 times maximum annual debt service requirement. The issuance of TIF bonds may be considered prior to achieving coverage ratio of 2.48 if:
 - a developer or property owner provides a credit enhancement, such as a letter of credit or bond insurance from an AAA-rated financial institution, for the entire amount of the debt issue;
 - if there is insufficient TIF increment revenues to retire TIF bonds, which event consequently requires that the credit enhancement mechanism be called upon to service the TIF bonded indebtedness, contingent liability to reimburse a credit enhancer would be the sole liability of the developer or its affiliates;
 - if there are changes in the rating of the financial institution providing credit enhancement, then that institution shall be replaced with an AAA-rated financial institution within 90 days; and
 - If no replacement of an AAA-rated institution is provided, no further TIF bonds in advance of the 2.48 coverage ratio will be provided for any additional TIF projects undertaken by the developer or its affiliates.
- Additional Bonds Test—The project should include an additional bonds test parallel to the coverage test.
- Reserve Fund—The project should include a debt service reserve fund equal to the maximum annual debt service requirements.
- Limitations on Amount of PID/TIF Bonds—The total amount of PID/TIF indebtedness will be included and managed as part of the City's overlapping debt.
- The total amount of PID/TIF debt outstanding should generally not exceed 20% of the City's outstanding GO indebtedness.
- PID/TIF bonds should be limited to projects consistent with the City's previously adopted Financial Management Performance Criteria for debt issuance.
- PID bonds should be limited to those projects that can demonstrate the ability to support the debt either through its own revenues or another pledge source other than ad valorem taxes.
- PID/TIF bond authorizations should remain in effect for no more than five years from the date of City Council approval.

Status: In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

47. PID and TIF Debt Issuances Maturity Limit. All adopted PID or TIF debt issuances must mature on or before the termination date of the respective PID or TIF district and, further, all bonds must also conform to the district's Financial Plan by maturing on or before the plan's projected date by which all district expenses would be paid. **Status:** In compliance.

48. PID and TIF Unrated, High Yield Bond Limit. The City will not propose the issuance of any unrated, high yield PID/TIF bond that could be labeled a "high-risk bond," except for small (less than \$5 million) private placements coordinated with the City's Financial Advisor. All projects must be carefully evaluated for creditworthiness and meet the criteria above, whether a credit rating is obtained. **Status:** In compliance.

49. PID and TIF Bond Use. The City should use PID/TIF bonds only when other options have been considered. **Status:** In compliance.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

50. Conformance with Generally Accepted Accounting Principles (GAAP). The City will establish and maintain a high degree of accounting practices that conform to Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB). The GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. **Status:** In compliance.

51. Annual Independent Audit and Financial Report. Management will contract with an independent public accounting firm for an annual audit, with the subsequent issuance of an official Annual Comprehensive Financial Report (ACFR) in conformity with GAAP and applicable State statutes. **Status:** In compliance.

52. Full Disclosure in Financial Statements and Bond Representations. Full disclosure will be provided in the annual financial statements and bond representations. **Status:** In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

GRANTS AND TRUSTS

53. Grants and Gifts Compliance. All grants will be managed to comply with the laws, regulations, and guidance of the grantor; and all gifts and donations will be managed and expended according to the wishes and instructions of the donor. **Status:** In compliance.

54. Pre-Acceptance Fiscal Review. Prior to acceptance of proposed gifts and donations and governmental grants, a fiscal review will be conducted. The review should consider matching requirements, impacts on both revenues and expenditures for the next five years, whether the objectives of the gifts, donation or grants meet the strategic goals of the City, and any potential impact of loss of funds. **Status:** In compliance.

55. Full Cost Recovery from Grants. For each federal and state grant received by the City, staff will consider the feasibility and appropriateness of minimizing the use of local funds for indirect and/or administrative costs that are attributable to the grant and eligible or allowable expenses based on the grant agreement. Indirect and/or administrative costs will be recovered from the grant as defined by the grant agreement or as defined on the Indirect Cost Rate Proposal Plan calculated based upon the costs established in the Cost Allocation Plan (prepared annually). **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

DALLAS WATER UTILITIES (DWU)

DWU-1. Matching of Current Revenues and Expenses. Current revenues will be sufficient to support current expenses including debt service and other obligations of the system. **Status:** In compliance.

DWU-2. Use of Long-Term Debt. Long-term debt will be used only for capital expansion, replacement, and improvement of plant, not for current expenses. **Status:** In compliance.

DWU-3. Short-Term Debt Authorization. Short-term debt, including tax-exempt commercial paper, will be used as authorized for interim financing of projects which result in capital improvements. The authorization of tax-exempt commercial paper will be limited to 20% of the 10-year capital improvement program in effect at the time of the commercial paper authorization. No commercial paper program will be authorized for more than ten years. Outstanding tax-exempt commercial paper will never exceed the amount authorized by City Council. **Status:** In compliance.

DWU-4. Contingency Reserve Sufficiency. Contingency reserves will be appropriated at a level sufficient to provide for unanticipated, nonrecurring expenditures. **Status:** In compliance.

DWU-5. Debt Financing Maturity Limit. Debt financing for capital projects will not exceed the useful life of the asset, and in no case shall the term exceed 30 years. **Status:** In compliance.

DWU-6. Unreserved Cash Balance Minimum. An unreserved cash balance will be maintained such that it provides a minimum quick ratio of 1.50 and at least 30 days of budgeted expenditures for operations and maintenance in net working capital. **Status:** In compliance.

DWU-7. Debt Service Coverage Requirements. Net revenues available for debt service should be at least 1.5 times the maximum annual principal and interest requirements of relevant outstanding revenue bonds at the end of the fiscal year, and at least 1.3 times maximum-year requirements at all times, measured during a fiscal year using the previous year net revenues available for debt service. **Status:** In compliance.

DWU-8. Use of Excess Current Revenues. Current revenues which are more than operating expenses and debt service will be used for capital expenditures and other water and wastewater purposes. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2023 (FY 2022-23)

DWU-9. Funding from Current Rates Relationship to Depreciation Expense. Funds available from current rates in each fiscal year for system rehabilitation, replacement, and expansion will be appropriated equal to or more than financial statement depreciation expense reasonably estimated in the same year. **Status:** In compliance.

DWU-10. Capital Financing Methods and Equity to Debt Ratio. Capital financing will be provided through a combination of revenue bonds, current revenues, contributed capital, and short-term debt. An equity to debt ratio of at least 20% should be maintained on all capital projects. **Status:** In compliance.

DWU-11. Cost of Services Studies. Retail cost of service studies will be performed at least every two years and reviewed annually. Rate adjustments will be recommended when required, but, normally, no more frequently than annually. **Status:** In compliance.

DWU-12. Wholesale Water and Wastewater Rates. Wholesale treated water rates for customer cities and other governmental entities will be determined based on the inter-city agreement currently in effect. Wholesale wastewater and untreated water rates will be determined based on contractual agreements with wholesale customers. Rates shall be adjusted annually if cost of service studies indicates a need, therefore. **Status:** In compliance.

DWU-13. Use of Funds Generated by DWU. Funds generated by DWU will be used solely for the development, operation, and maintenance of the water and wastewater utility system. **Status:** In compliance.



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1085

Item #: H.

Audit of Small Business Center - Minority and Women- Owned Business Enterprises
[Small Business Center]

Memorandum



CITY OF DALLAS

DATE March 25, 2024

Honorable members of the Governance Performance & Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice-Chair), Cara Mendelsohn,
Jesse Moreno, and Jaime Resendez

SUBJECT **Audit of Small Business Center – Minority and Women-Owned Business
Enterprises**

The purpose of this memorandum is to provide an update on the management response of the audit performed by the Office of the City Auditor.

Based upon the City Council Resolution 88-3428 and Administrative Directive 4-09, Internal Control prescribe policy for the City to establish and maintain an internal control system, SBC underwent an audit of the 2020 Business Inclusion and Development Policy. The scope of the audit was from October 1, 2020, through September 30, 2022. The objectives of this audit were:

- Policies and procedures exist to ensure consistent administration.
- Payments to first tier subcontractors post council award are monitored.
- Performance measures for local Minority and Women-Owned Business Enterprise spending are accurately reflected.
- Utilization goals and good faith efforts are accurately reported to the City Council.

Background

The 2020 Business Inclusion and Development Policy applies to all contracts over \$50,000, with a special emphasis for first tier subcontracting opportunities. Among several responsibilities and provisions identified in the policy, the following were pertinent to the audit objective:

- Tracking and monitoring payments to first tier subcontractors post council award.
- Maintaining and submitting accurate and current reports on performance measures.
- Documenting good faith efforts.

Audit Recommendations

The department received the following six recommendations:

- Adopt, modify and/or develop procedures to reflect daily activities to achieve Minority and Women-Owned Business Enterprise (M/WBE) participation goals. At a minimum, the current procedures should reflect the updated utilization goals and procurement categories.
- Verify and validate vendor self-registration to City's definition of local business.
- Develop a process to monitor compliance of post council award activities for first tier subcontractor payment.
- Use the B2GNow application to track, document, and monitor the post council award resolution formally.
- Define local business spending consistently for the program.
- Identify appropriate source data to use for performance measure reporting.

SBC Actions Taken

- Implemented a process to verify the accuracy of vendor self-reported business locations through the use of predetermined eligible zip codes as identified by the United States Postal Service.
- Drafted proposed revisions to the 2020 Business Inclusion Development Policy to reflect current audit recommendations inclusive of guidelines and responsibilities of internal city departments and external prime and subcontractors' compliance. Due to the possible impact SBC will continue conducting external and internal focus groups for input on the proposed revision with a completion date of April 12, 2024.
- Currently initiating a 2024 Availability and Disparity Study to update participation goals to related to the disparities within the Dallas market.
- SBC is currently working with internal departments to complete audit recommendations related to utilization reports.
- SBC will provide an update on April 22, 2024, at the Government Performance and Financial Management (GPFM) Committee meeting.

DATE March 25, 2024

SUBJECT **Audit of Small Business Center- Minority Women-Owned Business Enterprises**

3 of 3

PAGE

If you have any questions, please contact me or Joyce Williams, Director of Small Business Center, joyce.williams@dallas.gov.

Putting Service First,



Kimberly Bizer Tolbert
Deputy City Manager

c: T.C. Broadnax, City Manager
Tammie Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1086

Item #: I.

March 27, 2024, Upcoming Agenda Item - 24-847 - Franchise Agreement with Oncor Electric Delivery Company LLC
[Budget & Management Services]

Memorandum



CITY OF DALLAS

DATE March 22, 2024

TO Honorable Members of the Government Performance and Financial Management Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse Moreno, and Jaime Resendez

SUBJECT **March 27, 2024, Upcoming Agenda Item – 24-847 – Franchise Agreement with Oncor Electric Delivery Company LLC**

The March 27, 2024, City Council agenda includes an item to approve a franchise agreement with Oncor Electric Delivery Company LLC. Oncor provides electric transmission and delivery service with the City of Dallas pursuant to a Certificate of Convenience and Necessity issued by the Public Utility Commission of Texas and City of Dallas. The current ordinance (ordinance no. 27485) was granted February 11, 2009 and expires on March 31, 2024.

On February 7, 2024, the City Council was briefed on this item. Additionally, this item was deferred from the February 28, 2024, City Council agenda to March 27, 2024, and staff was asked to negotiate a 5-year term and discuss Oncor compliance with the Americans with Disabilities Act (ADA). The attached briefing provides a summary of the changes negotiated. The ordinance has been amended to reflect the updated term.

If you have any questions, please contact Nick Fehrenbach, Manager of Regulatory Affairs in Budget & Management Services at n.fehrenbach@dallas.gov.

A handwritten signature in blue ink that reads "Jack Ireland".

Jack Ireland
Chief Financial Officer

[Attachment]

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

Oncor Electric Delivery Company LLC Franchise Amendment

**Government Performance
and Financial Management
Committee
March 25, 2024**

**Nick Fehrenbach
Manager of Regulatory Affairs
Budget and Management Services**

Overview



- Update the Council on the Oncor Electric Delivery Company, LLC (Oncor) franchise extension
 - Compliance with Americans With Disabilities Act (ADA)
 - Franchise Fee
 - Key terms of proposed franchise extension
 - Recommendation



Compliance with ADA



- Proposed franchise extension requires Oncor to comply with the Americans with Disabilities Act (ADA)
 - Oncor has agreed to work with the City to resolve any sidewalk obstructions not in compliance with the ADA caused by their facilities once those sites are identified
 - Oncor has a process to relocate non-ADA compliant poles when notified
 - Oncor has 218,530 poles within the City of Dallas
 - Oncor has provided the City with a GIS file containing the location of their poles



Compliance with ADA



- Since 2004, Oncor has been submitting permits to the City of Dallas prior to placement of new utility poles or relocation of utility poles as part of City capital projects
 - ADA issues are mitigated through this process
- City is working with Oncor to identify poles placed prior to 2004 that may be in noncompliance with the ADA
- Public Works will continue using “Sidewalk Utility Obstruction” to address poles that are not in compliance



Franchise Fee



- Budget and Management Services will issue an RFP for a consultant to perform a right-of-way (ROW) valuation and franchise fee study in the second quarter of 2024
 - Results of the study will be used to negotiate the franchise fee to be charged to Oncor going forward
 - Results will be included in the next franchise agreement (approximately 5 years)
- Any fee increase included in the next franchise agreement is subject to PUC approval in the next general rate case (approximately 5 years)



Proposed Extension of Oncor Franchise



- Oncor desires to extend the term of the current franchise
 - Staff has met with Oncor and negotiated the terms of a franchise extension
 - Franchise will be extended for 5 years
 - New expiration date March 31, 2029
 - Section 3, Regulation by City and Placement of Facilities
 - Amended to clarify that Oncor will comply with the Americans with Disabilities Act
 - Section 4, Construction and Maintenance
 - Amended to clarify that Oncor will comply with the City's standard construction details and pavement cut and repair manual
 - Section 5, Joint use of poles trenches and conduits
 - Amended to ensure that wires attached to Oncor poles by others will not block signals at signalized intersections
 - Section 9, Compensation
 - Amended to remove unnecessary language



Next Steps



- March 27, 2024, City Council agenda item to adopt City Manager recommended franchise extension as negotiated by staff



ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 27485 WHICH GRANTS A FRANCHISE TO ONCOR ELECTRIC DELIVERY COMPANY LLC, BY EXTENDING THE TERM AND PROVIDING FOR ITS RENEWAL WITH MINOR MODIFICATIONS; FURTHER PROVIDING THAT THIS ORDINANCE IS CUMULATIVE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS ADOPTED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR ACCEPTANCE BY ONCOR ELECTRIC DELIVERY COMPANY LLC.

WHEREAS, on February 11, 2009 the City Council adopted Ordinance No. 27485, an ordinance granting Oncor Electric Delivery Company LLC (“**Oncor**” or “**Company**”), a franchise for a period of fifteen (15) years the right, privilege, and franchise to construct, extend, maintain and operate in, along, under and across the present and future streets, alleys, highways, public utility easements, and public ways (“Public Rights-of-Way”) of the City of Dallas, Texas, (herein called “City”), electric power lines, with all necessary or desirable appurtenances (including underground conduits, poles, towers, wires, transmission lines and other structures, and telephone and communication lines for Company’s own use) (“System”) for the purpose of delivering electricity to the City, the inhabitants thereof, and persons, firms and corporations beyond the corporate limits thereof, (collectively, the “**Franchise**”); and

WHEREAS, Ordinance No. 27485 expires on March 31, 2024; and

WHEREAS, the City and Oncor wish to extend the term of the Franchise and with certain amendments as specified in this Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS, TEXAS:

Section 1. The extension to the term of Ordinance No. 27485 of the City until March 31, 2029 is hereby approved and agreed to by Oncor and the City; provided that, unless written notice of cancellation is given by either party hereto to the other not less than sixty (60) days before the March 31, 2029 expiration of this Franchise amendment, it shall be automatically renewed for an additional period of six (6) months from such expiration date and shall be automatically renewed thereafter for like periods until canceled by written notice given not less than sixty (60) days before the expiration of any such renewal period, provided that, in no event shall the maximum term under this franchise agreement exceed forty (40) years..

Section 2. In all respects, except as specifically and expressly amended by this Ordinance, the Franchise shall remain in full force and effect according to its terms until the Franchise expires or otherwise terminates in accordance with this Ordinance.

- Section 3.(d) in Ordinance 27485 is amended to now state “In accordance with direction given by the authority of the governing body under the police and regulatory powers of the City, the placement of poles and excavations and other construction in the Public Rights-of-Way shall interfere as little as practicable with the use of the streets, sidewalks, and alleys. Company has the right to request City Council review of this or any actions concerning Company use of the Public Rights-of-Way. Placement shall comply with the city’s Street Design Manual, as amended which includes compliance with the Americans with Disabilities Act of 1990, as amended (“ADA”). Poles placement shall not obstruct or interfere with the placement of ramps at roadways intersections, trail crossings, designated crosswalks, or similar pedestrian facilities in a way that would interfere with the intended use of those facilities, as provided by the ADA.”
- Section 4.(a) in Ordinance 27485 is amended to now state “Except in an emergency, the Company shall comply with applicable City ordinances and rules pertaining to notification **including but not limited to those found in the City’s Standard Construction Details and Pavement Cut and Repair Standard Manual**, when excavating in any Public Rights-of-Way. The City shall be notified as soon as practicable regarding work performed under emergency conditions and Company shall comply with the City’s reasonable requirements for restoration of the excavated area in compliance with the city’s Standard Construction Details, Pavement Cut and Repair Standard Manual and other applicable manuals, as amended.”
- Section 5.(b) in Ordinance 27485 is amended to now state “The Company shall have authority to require that all work undertaken, by or on behalf of another person or corporation, on any Company poles shall be performed in accordance with the following safety and engineering standards; (1) the National Electrical Safety Code; (2) the rules and regulations of the Occupational Safety & Health Administration (“OSHA”); (3) other applicable laws or regulations of any governing authority or regulatory body, having jurisdiction; and (4) Company’s standards and procedures, and shall not interfere with the erection, replacement, operation, repair, or maintenance of the wires and appurtenances of the persons or corporation occupying the poles and must ensure that no permitted wires obstruct the view of traffic signal heads at signalized intersections. Company shall not be required to attach its wires to the poles of another person or corporation or to permit the wires of another person or corporation to be attached to Company’s poles if it can be satisfactorily shown that Company will be subjected to increased risks of interruption of service or liability for accidents, or if the poles, wire, and appurtenances of such other person or corporation are not of the character, design, and construction required by or are not being maintained in accordance with modern practice, or if sufficient clearance or space is not available on the pole.”

- The first paragraph of Section 9 in Ordinance 27485 is amended to now state “As compensation for the rights and privileges herein conferred, Company shall pay to the City each quarter a sum of money equal to a franchise fee factor as authorized by Section 33.008(b) of PURA multiplied by each kilowatt hour (kWh) of electricity delivered by Company to each customer whose consuming facility’s point of delivery is located within the City’s municipal boundaries. The current factor at the signing of this franchise is \$0.002753 per kilowatt hour of electricity as a result of the Agreement to Resolve Outstanding Franchise issues dated January 27, 2006. However, such factor may be revised from time to time, as agreed upon between Company and City, in accordance with Section 33.008 of PURA or successor statute.”

Section 3. The sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable. If any portion of this Ordinance is declared illegal or unconstitutional by the valid final non-appealable judgment or decree of any court or agency of competent jurisdiction, such illegality or unconstitutionality shall not affect the legality and enforceability of any of the remaining portions of this Ordinance.

Section 4. It is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given by City as required.

Section 5. This Ordinance shall be in full force and effect following (i) its adoption by City; and (ii) Company filing its written acceptance of this Ordinance with the City Secretary’s office within sixty (60) calendar days following adoption of this Ordinance by the City.

RECOMMENDED BY

JACK IRELAND
Chief Financial Officer

APPROVED AS TO FORM:
TAMMY L. PALOMINO
City Attorney

BY _____
Assistant City Attorney



STATE OF TEXAS

COUNTY OF DALLAS

CITY OF DALLAS

I, **ROSA A. RIOS**, Assistant City Secretary, of the City of Dallas, Texas, do hereby certify that the attached is a true and correct copy of:

FILE NO. 09-0463

filed in my office as official records of the City of Dallas, and that I have custody and control of said records.

WITNESS MY HAND AND THE SEAL OF THE CITY OF DALLAS, TEXAS, this the 2ND day of **April, 2009**.

A handwritten signature in cursive script, appearing to read 'Rosa A. Rios', written over a horizontal line.

ROSA A. RIOS
ASSISTANT CITY SECRETARY
CITY OF DALLAS, TEXAS

TM

OFFICIAL ACTION OF THE DALLAS CITY COUNCIL

FEBRUARY 11, 2009

09-0463

Oncor Electric Delivery Company LLC

Note: Addendum Item Nos. 12 and 13 must be considered collectively.

Addendum addition 12: Authorize adoption of a compromise, settlement and release agreement between City of Dallas and Oncor Electric Delivery Company LLC - Estimated Annual Revenue: \$500,000

Addendum addition 13: An ordinance granting a franchise to Oncor Electric Delivery Company LLC, for a term of fifteen years to provide electric distribution services within the City and providing for compensation - Estimated Annual Revenue: \$48,000,000

Approved as part of the consent agenda.

Assigned ORDINANCE NO. 27485

WHEREAS Oncor Electric Delivery Company LLC (formerly known as Texas Utilities Inc.) has provided electric delivery service in Dallas in accordance with City franchise Ordinance No. 21666, as amended; and

WHEREAS With the adoption of SB7 in 1999 by the State Legislature, the electric industry was deregulated; and as part of the deregulation process SB7 prescribed a franchise fee methodology based on a fixed fee per kWh delivered within the franchise area; and

WHEREAS In June of 2000 the City of Denton and 36 other Texas cities that did not include Dallas (the Litigating Cities) sued TXU Electric (n.k.a Oncor Electric Delivery Company LLC) alleging that Oncor had underpaid franchise fees, and Denton and the other cities claimed that Oncor had inappropriately excluded certain categories of revenue from gross receipts used to calculate franchise fees prior to deregulation (the "Litigation") and The City of Dallas was not a Litigating City due to differences in its franchise language compared to the franchise language of other cities; and

WHEREAS The franchise fees at issue in the Litigation were those paid on Contributions In Aid of Construction (CIAC) and certain other discretionary service charges; and

WHEREAS The Litigating Cities and Oncor reached a settlement of the Litigation in 2002 resulting in a lump sum payment to the Litigating Cities, additional fees being paid to the Litigating Cities going forward and no admission of liability by Oncor; and

WHEREAS After months of negotiations, City and Oncor have reached agreement on terms of the renewal of Oncor's franchise and as part of franchise negotiations City staff requested Oncor to pay a 4% franchise fee on discretionary service charges including CIAC, which Oncor is paying currently to the Litigating Cities; and

WHEREAS Oncor has agreed to pay these franchise fees to the City as part of the new franchise, on condition that the City adopt a Compromise, Settlement and Release Agreement similar to the one adopted by the litigating cities; and

WHEREAS The City of Dallas has never formally claimed that Oncor was obligated to pay to the City of Dallas any of the CIAC or the other fees that were at issue in the Litigation under the franchise nor demanded payment from Oncor of such fees, under Ordinance No. 21666, and any claims that the City of Dallas may have for payment of such fees under Ordinance No. 21666 would be doubtful as to validity and amount. Moreover, under the terms of the renewal of the franchise, the City of Dallas will be receiving consideration that is of reasonably equivalent value to any claims that are authorized for release by this Resolution.

Now, Therefore,

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


Section 1. That the City Manager, upon approval as to form by the City Attorney, is hereby authorized to execute a COMPROMISE, SETTLEMENT AND RELEASE AGREEMENT, by whatever name denominated, with Oncor Electric Delivery Company LLC, respecting any claims of the City for CIAC and other fees that were the subject of the Litigation for the period during which Oncor's franchise has been and will be effective under Ordinance No. 21666.

Section 2. That the City Controller is authorized to deposit revenues received from Oncor Electric Delivery LLC to Fund 0001, Dept. BMS, Unit 1246, Revenue Code 8203.

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

APPROVED BY
CITY COUNCIL

FEB 11 2009


City Secretary

09-0463

ADDENDUM ITEM # 12

KEY FOCUS AREA: Make Government More Efficient, Effective and Economical

AGENDA DATE: February 11, 2009

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Office of Financial Services

CMO: Dave Cook, 670-7804

MAPSCO: N/A

SUBJECT

Authorize adoption of a compromise, settlement and release agreement between City of Dallas and Oncor Electric Delivery Company LLC - Estimated Annual Revenue: \$500,000

BACKGROUND

Oncor Electric Delivery Company (formerly known as Texas Utilities Inc.) provides electric delivery service in Dallas in accordance with City franchise Ordinance No. 21666, as amended.

In 1999 with the adoption of SB7 by the State Legislature the electric industry was deregulated. As part of the deregulation process, SB7 prescribed a franchise fee methodology based on a fixed fee per kWh delivered within the franchise area.

In June of 2000 the City of Denton and 36 other cities sued TXU Electric (n.k.a Oncor Electric Delivery Company LLC) alleging that Oncor had underpaid franchise fees. Denton and the other cities claimed that Oncor had inappropriately excluded certain categories of revenue from gross receipts used to calculate franchise fees prior to deregulation. The City of Dallas was not a party to that suit due to differences in our franchise versus the other cities franchises. At issue were franchise fees paid on Contributions In Aid of Construction (CIAC) and some other discretionary service charges.

The litigating cities and Oncor reached a settlement of the law suit in 2002 resulting in a lump sum payment to the settling cities, additional fees being paid to the litigating cities going forward and no admission of liability by Oncor.

After months of negotiations, City Staff and Oncor have reached agreement on terms of the franchise renewal. As part of franchise negotiations staff requested Oncor to pay a 4% franchise fee on discretionary service charges including CIAC. Oncor is currently paying this fee to the litigating cities that settled with them.

BACKGROUND (Continued)

Oncor agreed to pay these franchise fees to the City as part of the new franchise provided that the City adopt a Compromise, Settlement and Release Agreement similar to the one adopted by the litigating cities. Future revenue to the City would be approximately \$500,000 annually to the General Fund.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

The City Council was briefed on February 4, 2009.

FISCAL INFORMATION

Estimated Annual Revenue - \$500,000.

ORDINANCE NO. 27485

An Ordinance granting to Oncor Electric Delivery Company LLC a franchise for the purpose of constructing, maintaining, and using an electric delivery utility system in the City of Dallas; regulating the construction work done by the grantee in the city; requiring joint use of poles, trenches, and conduits in certain instances; prescribing the relationship and relative rights between grantee and others with respect to construction in the city and location of facilities; prescribing the duties, responsibilities, and rule making authority of the City Manager and the City with respect to administration of this franchise; requiring certain records and reports and providing for inspections and location of principal offices; reserving to the governing body of the city the right to set charges and rates of grantee; providing the rights and responsibilities of the governing body in setting the rates; providing for enforcement of the franchise; prescribing the compensation to the city from the grantee for the franchise privilege; providing for assignment of the franchise; providing indemnity of the city and its employees; providing for good faith effort; providing for insurance; setting forth the term of the franchise and its renewal; repealing Ordinance No. 21666 as amended; providing for acceptance of the franchise by grantee; and providing an effective date.

BE IT ORDAINED BY THE CITY COUNCIL OF DALLAS, TEXAS:

SECTION 1. GRANT OF AUTHORITY

There is hereby granted to Oncor Electric Delivery Company LLC, its successors and assigns, (herein called "Company") the right, privilege, and franchise to construct, extend, maintain and operate in, along, under and across the present and future streets, alleys, highways, public utility easements, and public ways ("Public Rights-of-Way") of the City of Dallas, Texas, (herein called "City"), electric power lines, with all necessary or desirable appurtenances (including underground conduits, poles, towers, wires, transmission lines and other structures, and telephone and communication lines for Company's own use) ("System") for the purpose of delivering electricity to the City, the inhabitants thereof, and persons, firms and corporations beyond the corporate limits thereof, for the term set out in Section 16.

SECTION 2. CITY AUTHORITY; DELEGATION

(a) The City Manager of the City of Dallas or designee, if any (City Manager), is the principal City officer responsible for the administration of this franchise and shall oversee and review the operations of Company under this franchise. The City may delegate to the City Manager the exercise of any of the powers conferred upon the City by its charter or by law relating to supervising Company in the exercise of the rights and privileges herein conferred,

including calculation of payments due to the City under this franchise or state law. The City Manager shall have the authority to make and publish, after notice to those affected and an opportunity to submit written comments, such rules and regulations necessary to carry out the duties and power conferred upon the City Manager.

(b) The governing body of the City reserves to itself exclusively the power to establish policy, and to fix and regulate the general charges, rates, and services of the Company, to the full extent that such power is provided in the charter, this franchise, and state law. The City Manager shall have the authority to make and publish, after notice to those affected and an opportunity to submit written comments, such rules and regulations as necessary to assist the governing body of the City in exercising its reserved powers.

(c) The City and the City Manager shall have full authority to administer this franchise and to keep fully informed as to all matters in connection with or affecting the construction, reconstruction, maintenance, operation, and repair of the properties of the Company's System within the City's Public Rights-of-Way. Irrespective of whether City retains original jurisdiction over the rates and services of Company, the City and the City Manager shall maintain full authority to administer this franchise and to oversee and review the operations of the Company pursuant to the terms of this franchise.

(d) The City Manager shall provide written notice to the Company of any designee contemplated by this section. The City Manager may limit, change, or revoke such designation at will by service of written notice to the Company. Such designation, limitation, change or revocation shall not be effective until service of written notice thereof on the Company, except that changes due solely to succession in office or position of a City officer or employee shall become effective immediately and the City shall serve written notice thereof on the Company within a reasonable time.

SECTION 3. REGULATION BY CITY & PLACEMENT OF COMPANY FACILITIES

(a) Work done in connection with the construction, reconstruction, maintenance, repair or operation of the Company's System shall be subject to and governed by all valid and enforceable ordinances, laws, rules, and regulations of the City and the State of Texas. To the extent that such City ordinances rules and regulations conflict with specific provisions of this Franchise, the Franchise provisions apply, to the extent allowed by law.

(b) Nothing herein shall be deemed a waiver, release or relinquishment of either party's right to contest, appeal, or file suit with respect to any action or decision of the other

party, including ordinances adopted by the City that Company believes is in violation of any federal, state, or local law or regulation. The City will endeavor to provide Company notice and opportunity to review and comment upon proposed ordinances relating to the Public Rights-of-Way.

(c) The governing body of the City may require Company from time to time to place certain facilities underground. If the governing body of the City so requires placement of facilities underground, adequate provision shall be made to compensate Company for the increased costs involved.

(d) In accordance with direction given by the authority of the governing body under the police and regulatory powers of the City, the placement of poles and excavations and other construction in the Public Rights-of-Way shall interfere as little as practicable with the use of the streets, sidewalks, and alleys. Company has the right to request City Council review of this or any actions concerning Company use of the Public Rights-of-Way.

(e) Company shall construct its facilities in conformance with the applicable provisions of the National Electric Safety Code.

SECTION 4. CONSTRUCTION AND MAINTENANCE; EXCAVATION

(a) Except in an emergency, the Company shall comply with applicable City ordinances and rules pertaining to notification, when excavating in any Public Rights-of-Way. The City shall be notified as soon as practicable regarding work performed under emergency conditions and Company shall comply with the City's reasonable requirements for restoration of the excavated area.

(b) City shall have the ability at any time to require Company to repair, remove or abate any distribution pole, wire, cable, or other distribution structure that is determined to be unnecessarily dangerous to life or property. After receipt of notice, Company shall either cure said dangerous condition within a reasonable time, or provide City with facts or arguments in refuting or defending its position that said condition is not a condition that is unnecessarily dangerous to life or property. In the event City finds that Company has not sufficiently addressed said dangerous condition by either of the aforementioned methods, City shall be entitled to exercise any and all of the following cumulative remedies:

1. The commencement of an action against Company at law for monetary damages.
2. The commencement of an action in equity seeking injunctive relief or the

specific performance of any of the provisions, which as a matter of equity, are specifically enforceable.

(c) The rights and remedies of City and Company set forth in this Franchise Agreement shall be in addition to, and not in limitation of, any other rights and remedies provided by law or in equity. City and Company understand and intend that such remedies shall be cumulative to the maximum extent permitted by law and the exercise by City of any one or more of such remedies shall not preclude the exercise by City, at the same or different times, of any other such remedies for the same failure to cure. However, notwithstanding this Section or any other provision of this Franchise, City shall not recover both liquidated damages and actual damages for the same violation, breach, or noncompliance, either under this Section or under any other provision of this Franchise.

(d) In the event that the performance by either party of any of its obligations or undertakings hereunder shall be interrupted or delayed by an act of God or the common enemy or the result of war, riot, civil commotion, sovereign conduct, or the act or conduct of any person or persons not party or privy hereto, then such party shall be excused from performance for a period of time as is reasonably necessary after such occurrence to remedy the effects thereof, and each party shall bear the cost of any expense it may incur due to the occurrence.

(e) Company shall promptly restore to as good condition as before working thereon, and to the reasonable satisfaction of the City, Public Rights-of-Way excavated by it.

SECTION 5. JOINT USE OF POLES, TRENCHES, AND CONDUITS

(a) Company may be required to attach its wires to poles owned and maintained by another person or corporation, or to permit the wires of another person or corporation to be attached to the poles owned and maintained by the Company, upon reasonable terms and for just compensation. The Company may require another person or corporation to furnish evidence of adequate insurance and provide indemnity covering the Company and adequate bonds covering the performance of the person or corporation attaching to the Company's poles as a condition precedent to giving permission to any person or corporation to attach wires to Company's poles. Company's requirement for such insurance and indemnity must be reasonable.

(b) The Company shall have authority to require that all work undertaken, by or on behalf of another person or corporation, on any Company poles shall be performed in accordance with the following safety and engineering standards; (1) the National Electrical

Safety Code; (2) the rules and regulations of the Occupational Safety & Health Administration ("OSHA"); (3) other applicable laws or regulations of any governing authority or regulatory body, having jurisdiction; and (4) Company's standards and procedures, and shall not interfere with the erection, replacement, operation, repair, or maintenance of the wires and appurtenances of the persons or corporation occupying the poles. Company shall not be required to attach its wires to the poles of another person or corporation or to permit the wires of another person or corporation to be attached to Company's poles if it can be satisfactorily shown that Company will be subjected to increased risks of interruption of service or liability for accidents, or if the poles, wire, and appurtenances of such other person or corporation are not of the character, design, and construction required by or are not being maintained in accordance with modern practice, or if sufficient clearance or space is not available on the pole.

(c) Company may be required by the city to share trench space for cables or ducts with another person or corporation for the placement of cables or wires underground. Compensation to the Company as well as terms of sharing trench space shall be resolved as provided in subsection (a) of this section. Also, Company may require insurance and indemnification as provided in subsection (a). Ducts, cables, or wires shall be placed in trenches in compliance with applicable safety standards and in a manner that does not interfere with Company's cables or wires, as provided in subsection (b).

SECTION 6. UNDERGROUND CONDUITS AND POLES -USE BY CITY.

(a) If Company shall from time to time have spare ducts in its underground conduits or space on any of its poles, in the allotted communications space, not then necessary in the conduct of its business, it shall permit the City to use one such duct in each conduit or reasonable communications space on poles, or both, for the City's police and fire alarm wires, traffic control wire or cable, fiber optic lines connecting City facilities or other similar, appropriate non-commercial, governmental use. If additional duct(s) or communications space is not available for City as requested, City shall be responsible for any and all construction costs related to providing the additional duct(s) or communications space as requested. If Company shall construct or extend additional conduits or erect additional poles, the governing body of the City may require the Company to provide one such duct in each conduit, or reasonable communications space on poles, or both, for the City's own use as aforesaid understanding that Company does not reserve conduit or communications space on poles for other parties. In either event, the City shall pay Company a fair rental therefore. The requirements of Section

5(b) apply to City use of Company conduits and poles.

(b) Company shall cooperate with the City at all times by providing timely and complete information regarding the location of conduits and poles, upon request. Company and City shall cooperate and coordinate their efforts to make the most efficient and economical use of facilities.

(c) City shall not sell, lease or otherwise make available its rights to use Company's facilities to any third party for commercial purposes. Such rights are provided solely for the non-commercial, governmental use by the City. However, this restriction shall not prevent the City from using the services of a third party commercial entity to manage or operate the City's facilities on behalf of the City, so long as no resale or other commercial use of such facilities shall occur.

(d) Company is not authorized to license or lease to any person or entity the right to occupy or use the City's Public Rights-of-Way for the conduct of any private business.

SECTION 7. CONFORMANCE WITH PUBLIC IMPROVEMENTS

Whenever by reason of any changes, of any street, sidewalk, curb, alley, highway or public way or in the location or manner of constructing any water or wastewater pipe, gas pipe, storm sewer, or other underground or overhead structure for any governmental purpose, it shall be deemed necessary by the governing body of the City to remove, alter, change, adapt, or conform the underground or overhead facilities of Company located in the public right-of-way, such alterations or changes shall be made as soon as practicable by Company when ordered in writing by the City, without claim for reimbursement or damages against the City; provided, however, if said requirements impose a financial hardship upon the Company, the Company shall have the right to present alternative proposals for the City's consideration. The City shall not require Company to remove its facilities from Public Rights-of-Way unless suitable alternatives are available either within other City Public Rights-of-Way or elsewhere agreeable to the City and the Company.

SECTION 8. WORK BY OTHERS

(a) The City reserves the right to lay, and permit to be laid, storm sewer, gas, water, wastewater and other pipe lines, cables, and conduits, and to do and permit to be done any underground or overhead work that may be necessary or proper in, across, along, over, or under a Public Rights-of-Way occupied by the Company. The City also reserves the right to

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change in any manner any curb, sidewalk, highway, alley, public way or street. In permitting such work to be done, the City shall not be liable to the Company for any damage so occasioned, except as provided in Section 14 hereof, but nothing herein shall relieve any other person or corporation from responsibility for damages to the facilities of Company.

(b) In the event that the governing body of the City authorizes someone other than the Company to occupy space within the Public Rights-of-Way, such grant shall be subject to the rights herein granted or heretofore obtained by the Company. In the event that the governing body of the City shall close or abandon any Public Rights-of-Way which contains existing facilities of the Company, any conveyance of land within such closed or abandoned Public Rights-of-Way shall be subject to the rights herein granted or heretofore obtained by Company. Provided, that the Company may be ordered to vacate any land so conveyed if an alternate route is practicable and if the Company is reimbursed by the person to whom the property is conveyed for the reasonable costs of removal and relocation of facilities.

(c) If the City shall require Company to adapt or conform its facilities, or in any way or manner to alter, relocate, or change its property to enable any other corporation or person, except the City, to use, or use with greater convenience, said Public Rights-of-Way, Company shall not be bound to make any such changes until such other corporation or person shall have undertaken, with good and sufficient bond, to reimburse the Company for any cost, loss, or expense which will be caused by, or arise out of such change, alteration, or relocation of Company's property; provided however, that the City shall never be liable for such reimbursement, due to Company from such other corporation or person.

SECTION 9. COMPENSATION

As compensation for the rights and privileges herein conferred, Company shall pay to the City each quarter a sum of money equal to a franchise fee factor as authorized by Section 33.008(b) of PURA multiplied by each kilowatt hour (kWh) of electricity delivered by Company to each customer whose consuming facility's point of delivery is located within the City's municipal boundaries. The current factor at the signing of this franchise is \$0.002753 per kilowatt hour of electricity as a result of the Agreement to Resolve Outstanding Franchise issues dated January 27, 2006. If the Public Utility Commission of Texas denies recovery in Company's rates of compensation paid to City as provided for in the 1/27/2006 Agreement to Resolve Franchise issues, then the factor shall immediately revert to \$0.002622/kWh (factor as calculated in accordance with PURA Section 33.008(b) and in effect on December 31, 2005),

and Company will not seek to impose a refund or credit obligation for franchise fees already paid under the increased franchise fee factors. However, such factor may be revised from time to time, as agreed upon between Company and City, in accordance with Section 33.008 of PURA or successor statute.

- (A) Payment of the compensation provided for in this section will be made on a quarterly schedule and shall be made on or before the due dates listed below for the rights and privileges granted hereunder for the said calendar quarter (Privilege Period) and shall be based upon the kWh delivered in said calendar quarter (Basis Period) as follows :

<u>Payment Due Date</u>	<u>Basis Period</u>	<u>Privilege Period</u>
October 31	July 1 – September 30	October 1 – December 31
January 31	October 1 – December 31	January 1 – March 31
April 30	January 1 – March 31	April 1 – June 30
July 31	April 1 – June 30	July 1 – September 30

The first quarterly payment hereunder shall be due and payable on or before April 30, 2009 and will cover the Basis Period of January 1 through March 31, 2009 for the rights and privileges granted hereunder for the Privilege Period of April 1 through June 30, 2009. The final payment under this franchise is due on or before January 31, 2024 and covers the Basis Period of October 1 through December 31, 2023 for the rights and privileges of January 1 through March 31, 2024.

- (B) Each payment shall be due and payable on or before the due date by electronic funds transfer or by other means that provide immediate available funds on the day the payment is due. If the due date falls on a weekend or holiday, then the payment is due on the business day prior to the due date. In the event any quarterly payment or partial payment is made after 3:00 p.m. on the due date, the Company shall pay the higher of either (1) such amount plus a daily penalty rate equal to 0.00022 multiplied by the total amount past due, as of 3:00 PM on the date paid, or (2) pay such amount plus interest, calculated in accordance with the interest rate for customer deposits established by the Public Utility Commission of Texas in accordance with Texas Utilities Code Section

183.003 for the time period involved, from such due date until payment is received by City.

- (C) Company shall provide to the City at or before the time of payment a report indicating the amount of the payment and the basis upon which the payment is calculated. The report shall be at the level of detail being provided to City at the time this franchise is accepted.

These payments shall be exclusive of and in addition to all other general municipal taxes of whatever nature, including but not limited to ad valorem taxes, sales and use taxes and special taxes and assessments for public improvements. During the quarters for which payments are made to the City as compensation or part compensation for this franchise to use the Public Rights-of-Way of the City for the purpose of engaging in the business of providing electric delivery service, the payments shall be (insofar as the City has legal power so to provide and agree) in lieu of and shall be accepted as payment for all of Company's obligations to pay municipal charges, fees, rentals, pole rentals, wire taxes, inspection fees, easement taxes, franchise taxes, or other charges and taxes of every kind, except ad valorem taxes, sales and use taxes, and special taxes and assessments for public improvements. These payments shall not excuse payment of, and shall be in addition to, reimbursement to the City of allowable rate case expenses by Company under applicable state law or rules.

- (D) a sum equal to four percent (4%) of gross revenues received by Company from services identified as DD1 through DD24 in Section 6.1.2 "Discretionary Service Charges," in its Tariff for Retail Delivery Service (Tariff), effective 1/1/2002, that are for the account and benefit of an end-use retail electric consumer. Company will, upon request by City, provide a cross reference to Discretionary Service Charge numbering changes that are contained in Company's current approved Tariff.

1. The franchise fee amounts based on "Discretionary Service Charges" shall be calculated on an annual calendar year basis, i.e. from January through December 31 of each calendar year.
2. The franchise fee amounts that are due based on "Discretionary Service Charges" shall be paid at least once annually on or before April 30 each year based on the total "Discretionary Service Charges", as set out in Section 9(D), received during the preceding calendar year. The initial Discretionary Service Charge franchise fee

amount will be paid on or before April 30, 2010 and will be based on the calendar year January 1 through December 31, 2009. The final Discretionary Service Charge franchise fee amount will be paid on or before April 30, 2025 and will be based on the calendar months January 1 through March 31, 2024.

3. Company may file a tariff or tariff amendment(s) to provide for the recovery of the franchise fee on Discretionary Service Charges.
4. City, to the extent authorized by law, agrees (i) to the extent the City acts as regulatory authority, to adopt and approve that portion of any tariff which provides for 100% recovery of the franchise fee on Discretionary Service Charges; (ii) in the event the City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of the franchise fees on such Discretionary Service Charges is an issue, the City will take an affirmative position supporting the 100% recovery of such franchise fees by Company and; (iii) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Company.
5. City, to the extent authorized by law, agrees that it will take no action, nor cause any other person or entity to take any action, to prohibit the recovery of such franchise fees by Company.
6. In the event of a regulatory disallowance of the recovery of the Discretionary Service Charges, Company will not be required to continue payment.

SECTION 10. RECORDS, REPORTS, AND INSPECTIONS

(a) The Company shall use the system of accounts and the forms of books, accounts, records, and memoranda prescribed by the Public Utility Commission of Texas, or as mutually agreed to by the City and Company. Should the Public Utility Commission of Texas cease to exist, the City retains the right to require the Company to maintain a system of accounts and forms of books and accounts and memoranda prescribed either by the Federal Energy Regulatory Commission or the National Association of Regulatory Utility Commissioners or the successor of either of these organizations as mutually agreed to by the City and Company.

(b) The City shall have the right to, pursuant to Section 33.008(e) of the Texas Utilities Code, conduct an audit or other inquiry in relation to a payment made by Company less

than two (2) years before the commencement of such audit or inquiry. City and Company may agree to a different timeframe. The City may, if it sees fit, and upon reasonable notice to the Company, have the books and records of the Company examined by a representative of the City to ascertain the correctness of the franchise fee payments made under Section 9.

(c) The City shall retain all of the investigative powers and other rights provided to the City by the charter and state law.

(d) Company will make available public reports it provides to the PUC, FERC, or SEC as City may reasonably require in the administration of this franchise and upon specific request by City.

SECTION 11. FRANCHISE AND OTHER VIOLATIONS

Upon evidence being received by the governing body of the City that a violation of this franchise, City charter provision, or ordinance lawfully regulating Company in the furnishing of service hereunder is occurring or has occurred, it shall at once cause an investigation to be made. If the governing body of the City finds that such a violation exists or has occurred, it shall take the appropriate steps to secure compliance.

SECTION 12. PRESERVATION OF RECORDS; LOCATION

(a) The Company shall be a legal entity authorized to conduct business in this state under Texas law and having legal capacity and any authority that might be required under state or federal law to operate, construct, reconstruct, and maintain an electric delivery system in the City.

(b) Company shall make available all of its books, records, accounts, documents and papers relevant to (1) Company's use of the Public Rights-of-Way in accordance with this Franchise, and (2) Company's provision of retail electric delivery service within the City of Dallas for purposes of any City audit of franchise fees paid pursuant to this franchise; upon reasonable notice by the City of not less than 20 days, or such longer time as agreed to by City and Company. If Company disagrees that the information requested is relevant, Company and City shall select a third party agreeable to both to assist them in reaching agreement, with the cost, if any, shared equally. If after a reasonable time the parties are not able to reach agreement, City may seek to enforce its audit rights through any available remedies. Such production may be at Company's offices if within the City, appropriate City facilities or other location provided by the Company and agreeable to the City. City agrees that customer-

specific information shall be provided only to City's Auditor, and the City's Auditor shall not provide such information to any other City department, employee or official without Company's prior consent.

(c) The City agrees, to the extent allowed by law, to maintain the confidentiality of any information obtained from Company that the Company, at the time the information is provided to City, has clearly designated as confidential or proprietary. City shall not be liable to Company for the release of any information the City is required by law to release. City shall provide notice to Company of any request for release of non-public information prior to releasing the information to the public so as to allow Company adequate time to pursue available remedies for protection. If the City receives a request under the Texas Public Information Act that includes Company's proprietary information, City will notify the Texas Attorney General of the proprietary nature of the document(s). The City also will provide Company with a copy of this notification, and thereafter Company is responsible for establishing that an exception under the Act allows the City to withhold the information.

(d) Company will keep its principal office in the City of Dallas.

SECTION 13. ASSIGNMENT OF FRANCHISE.

(a) The rights granted by this Franchise inure to the benefit of Company. The Company may, without consent by City, transfer or assign the rights granted by this Franchise to a parent, subsidiary or affiliate, provided that such parent subsidiary or affiliate assumes all obligations of Company hereunder and is bound to the same extent as Company hereunder, and has net capital and liquid assets reasonably equivalent to the Company's as of the month immediately preceding the transfer or there are provided other guarantees or assurances of the transferee's or assignee's financial ability to perform this Franchise reasonably acceptable to the City. Company shall give City written notice thirty (30) days prior to such assignment.

(b) If Company engages in a transaction that requires filing with, and prior approval by, the Public Utility Commission of Texas pursuant to Section 37.154 or Section 39.915 of the Public Utility Regulatory Act or successor statute, Company shall give City notice within five (5) working days of such filing. Nothing in this section shall be construed as to limit the ability of the City to take a position either for or against such approval in any regulatory proceeding.

(c) In the event that the Public Utility Commission of Texas no longer has the authority currently granted in PURA §§ 37.154 or 39.215, City will have the right to approve, by ordinance, the transfer or assignment of the franchise, except as provided in Section 13(a). City agrees that said approval shall not be unreasonably withheld or delayed. Any such

assignment or transfer shall require that said Assignee assume all obligations of Company and be bound to the same extent as Company hereunder. If within the first 90 days after assignment to Assignee, City identifies a failure to comply with a material provision of this Franchise, City shall have the right, after notice and opportunity for hearing before Council, to terminate this Franchise.

SECTION 14. INDEMNITY

In consideration of the granting of this franchise, Company agrees to defend, indemnify and hold harmless the City and all of its officers, agents, and employees (the Indemnitees"), from and against all suits, actions, or claims or damages arising out of (i) any injury to or death of any person or persons, or (ii) damages to or loss of any property, in each case occasioned by Company or its officers', agents', employees', or subcontractors' intentional and/or negligent acts or omissions in connection with Company's operations in the Public Rights-of-Way or arising out of a breach of any of the terms or provisions of this ordinance by way of strict liability or negligence in the construction, maintenance, operation, or repair of the System; except that the indemnity provided for in this paragraph shall not apply to any liability determined by a court of competent jurisdiction to have resulted from the sole negligence or intentional acts or omissions of the City, its officers, agents, and employees. In addition, in the event of joint and concurrent negligence or fault of both the Company and the City, responsibility and indemnity, if any, shall be apportioned comparatively in accordance with the laws of the state of Texas without, however, waiving any governmental immunity available to the City under Texas law and without waiving any of the defenses of the parties under Texas law. It is understood that it is not the intention of the parties hereto to create liability for the benefit of third parties, but that this agreement shall be solely for the benefit of the parties hereto and shall not create or grant any rights, contractual or otherwise, to any person or entity.

SECTION 15. INSURANCE

Company will insure against the risks undertaken pursuant to their franchise including indemnification under Section 14 hereof. Such insurance may be in the form of self-insurance to the extent permitted by applicable law under a Company approved formal plan of self-insurance maintained in accordance with sound accounting practices otherwise, Company shall maintain reasonably adequate insurance covering its obligations of indemnity under Section 14 hereof. A certificate of insurance shall be provided to the City annually and upon any substantial

change in the nature of its coverage under this section. Should Company elect to self-insure, its annual notice to the City shall contain information identifying the process for filing a claim.

SECTION 16. TERM

This franchise agreement shall commence on April 1, 2009, and expire on March 31, 2024; provided that, unless written notice is given by either party hereto to the other not less than sixty (60) days before the expiration of this franchise agreement, it shall be automatically renewed for an additional period of six (6) months from such expiration date and shall be automatically renewed thereafter for like periods until canceled by written notice given not less than sixty (60) days before the expiration of any such renewal period; provided that, in no event shall the maximum term under this franchise agreement exceed forty (40) years.

SECTION 17. CONFORMITY TO CONSTITUTION, STATUTES, CHARTER, AND CITY CODE

This ordinance is passed subject to the applicable provisions of the Constitution and Laws of the State of Texas, the Charter of the City, and the City Code. This franchise agreement shall in no way affect or impair the rights, obligations, or remedies of the parties under the Public Utility Regulatory Act of Texas, or amendments thereto.

SECTION 18. GOOD FAITH EFFORT

Company agrees to faithfully adhere to all applicable federal, state and City rules and regulations pertaining to non-discrimination, equal employment and affirmative action. Company also agrees to continue in its commitment to maintain fairness and equality in the workplace and in its purchases of goods, equipment, and other services.

SECTION 19. RIGHT OF APPEAL

Nothing herein shall be deemed a waiver, release or relinquishment of either party's right to contest or appeal any action or decision of the other party made contrary to any federal, state or local law or regulation.

SECTION 20. REPEAL

That Ordinance No. 21666, as amended, be and the same is hereby specifically repealed, as of the commencement date under Sec. 16 hereof. All other ordinances, rules, regulations, and agreements which in any manner relate to the regulation of or provision for

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electric utility services by Company shall remain in full force and effect until and unless duly modified pursuant to applicable state law.

This Ordinance shall supersede any and all other franchises granted by the City to Company, its predecessors and assigns.

SECTION 21. EFFECTIVE DATE; AUTHENTICATION

This ordinance shall take effect immediately from and after its passage, publication, and written acceptance by Company, said written acceptance to be filed by Company with the City within sixty (60) days after final passage and approval hereof, in accordance with the provisions of the Charter of the City, and it is accordingly so ordained. It is hereby officially found that the meeting at which this Ordinance is passed is open to the public and that due notice of this meeting was posted, all as required by law.

SECTION 22. ACCEPTANCE OF FRANCHISE

In order for this franchise to be effective, the Company shall, within sixty (60) days from the passage of this ordinance, file in the office of the City secretary a written instrument signed and acknowledged by a duly authorized officer, in substantially the following form:

To the honorable Mayor and City Council of the City of Dallas:
Oncor Electric Delivery Company LLC (Company), acting by and through the undersigned authorized officer, hereby accepts Ordinance No. _____ granting a franchise to Company.

Chairman & CEO
Oncor Electric Delivery Company LLC

ATTEST:

Secretary

Executed this, the ____ day of _____, 2009.

27485

The acceptance shall be duly acknowledged by the person executing the same. In the event the acceptance is not filed within the 60 day period this ordinance and the rights and privileges hereby granted shall terminate and become null and void.

SECTION 23. NOTICE TO PARTIES

Notices required to be given under this franchise shall be deemed to be given when delivered in writing, personally to the person designated below, or when five days have elapsed after it is deposited in the United States Mail with registered or certified mail postage prepaid to the person designated below, or on the next business day if sent by Express Mail or overnight air courier addressed to the person designated below:

If to City:

City Manager
City of Dallas
1500 Marilla Street, Room 4 E North
Dallas, Texas 75201

If to the Company:

Director, Regulatory Affairs
Oncor Electric Delivery Company LLC
1601 Bryan St., 23rd floor
Dallas, Texas 75201

with a copy to:

Office of Utility Management
City of Dallas
1500 Marilla Street, Room 4 F North
Dallas, Texas 75201

City or Company may change the position and/or addresses listed above by providing the other party with written notice of the change, with such change taking effect upon receipt of such notice.

RECOMMENDED BY:

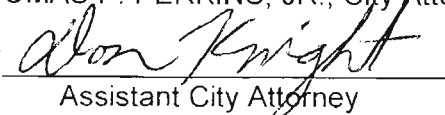


David Cook, Chief Financial Officer

APPROVED AS TO FORM:

THOMAS P. PERKINS, JR., City Attorney

BY



Assistant City Attorney

COMPROMISE, SETTLEMENT AND RELEASE AGREEMENT - 2008

This Compromise, Settlement, and Release Agreement (the "Agreement") is made and entered into as of the date set forth below by and between the City of Dallas (the "City") and Oncor Electric Delivery Company LLC (Oncor):

WHEREAS, in 2001-2002, Oncor, was a party to a lawsuit (the "Litigation") which involved a dispute with several cities with regard to the calculation and amount of franchise fees paid by TXU Electric (predecessor to Oncor);

WHEREAS, the Litigation was resolved by agreement and TXU Electric agreed to offer the City the same benefits offered to the Plaintiffs in the Litigation and the City declined to accept the offer by TXU Electric to release any claims related to the payment of franchise fees prior to and through December 31, 2001 and to have the option to amend their franchise to begin to receive franchise fee payments effective January 1, 2002 on miscellaneous service revenues (now known as Discretionary Service Charges);

WHEREAS, subsequently in 2008 during franchise renewal negotiations, the City has requested and the Company has agreed to provide, certain terms of the Litigation agreement to the City effective beginning January 1, 2009 upon the City's agreement to release any claims related to the payment of franchise fees on miscellaneous service revenues (now known as Discretionary Service Charges) provided for in Oncor's approved tariff prior to and through December 31, 2008; and

WHEREAS, the claims that Oncor has requested the City to release are doubtful as to validity and amount, and the consideration that the City will receive under a renewed Oncor franchise will

provide value to the City substantially equivalent to or greater than the value of the claims being released;

NOW, THEREFORE, in order to fully and finally resolve all disputes and claims arising out of the calculation and payment of franchise fees on miscellaneous service revenues (Discretionary Service Charges) to the City by Oncor prior to and through December 31, 2008, for the mutual promises and covenants set forth in this Agreement, the adequacy and sufficiency of which consideration is acknowledged, the City and Oncor agree as follows:

1. REVISION TO THE ELECTRIC FRANCHISE ORDINANCE

Effective January 1, 2009, Oncor agrees to, at the election of the City, provide that the Discretionary Services Charges identified in Section 6.1.2 of the Tariff for Retail Delivery applicable to Oncor effective January 1, 2002 which are directly paid by the customer and which are those charges identified as items DD1 through and inclusive of DD24 in said tariff, shall be subject to an additional franchise fee based on 4% of such charges which additional franchise fee shall be paid to the City. The following additional provisions will be included in the franchise:

A. The franchise fee amounts based on "Discretionary Service Charges" shall be calculated on an annual calendar year basis, i.e., from January 1 through December 31 of each calendar year. The franchise fee amounts that are due based on "Discretionary Service Charges" shall be paid at least once annually on or before April 30 each year based on the total "Discretionary Service Charges DD1-DD24" received during the preceding calendar year.

B. The City acknowledges that Oncor may file with the Texas Public Utility Commission and/or the City a tariff amendment in compliance with the terms of this agreement, which will provide that Oncor shall have the right to collect from the customer the franchise fee on

such Discretionary Service Charges such that the customer shall bear 100% of the franchise fee on such Discretionary Service Charges. The City acknowledges that Oncor is an intended third-party beneficiary of this agreement and, to the extent authorized by law, agrees to cooperate with Oncor in order for Oncor to pass through to customers the entire franchise fee on such Discretionary Service Charges by taking the following actions: (i) to the extent the City acts as regulatory authority, by adopting and approving that portion of any tariff in compliance with the terms of this Agreement which provides for 100% recovery of such franchise fees; (ii) in the event the City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of the franchise fees on such Discretionary Service Charges is an issue, the City will take an affirmative position supporting the 100% recovery of such franchise fees by Oncor and; (iii) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Oncor.

C. The City, to the extent authorized by law, further agrees not to take any action to prevent the recovery of the franchise fees on such Discretionary Service Charges by Oncor and to take other action which may be reasonably requested by Oncor to provide for the 100% recovery of such franchise fees by Oncor.

Attachment A to this agreement is a copy of Section 6.1.2 of the Tariff for Retail Delivery effective 1/1/02. Since that time, as a result of actions at the Public Utility Commission, revisions to the numbering system for Discretionary Service Charges have been implemented and a cross reference to the current numbering system is provided as Attachment B.

2. RELEASE OF ONCOR AND ITS AFFILIATES BY THE CITY

Except for claims arising out of a breach of this Agreement, the City of Dallas, on behalf of itself and its successors and assigns and any and all persons, entities or municipalities claiming by, through or under them, hereby **RELEASES, DISCHARGES AND ACQUITS**, forever and for all purposes, Oncor Electric Delivery Company, its agents, employees, officers, directors, shareholders, partners, insurers, attorneys, legal representatives, successors and assigns as well as their affiliated corporations, and its subsidiaries, from and against any and all liability which they now have, have had or may have, and all past, present and future actions, causes of action, claims, demands, damages, costs, expenses, compensation, losses and attorneys' fees of any kind or nature whatsoever, or however described, whether known or unknown, fixed or contingent, in law or in equity, whether asserted or unasserted, whether in tort or contract, whether now existing or accruing in the future arising out of or related to the payment, calculation or rendition of franchise fees on miscellaneous service revenues (Discretionary Service Charges) to the City on or before December 31, 2008 and all claims which could be asserted against Oncor in litigation in any way related to the payment, calculation or rendition of franchise fees on miscellaneous service revenues (Discretionary Service Charges) by Oncor on or before December 31, 2008. This release is intended to only release claims related to the payment, calculation or rendition of franchise fees on miscellaneous service revenues (Discretionary Service Charges) by Oncor on or before December 31, 2008 and is not intended to release any other claim or cause of action that any party to this Agreement has, known or unknown, or which accrues in the future. This release does not apply to any other claim or cause of action related to payment of franchise fees calculated on the basis of kilowatt hours delivered.

3. WARRANTY AS TO OWNERSHIP OF CLAIMS AND AUTHORITY

- A. The City warrants and represents that it is the owner of the claims being compromised, settled, discharged and released pursuant to this Agreement and each further warrants and represents that it has not previously assigned all or any part of such claims to another entity or person. The City warrants and represents that there are no liens of any nature, assignments or subrogation interests in or to the money paid to the City under the terms of this Agreement. The City warrants that it will take all action necessary to properly execute and deliver this agreement.
- B. Oncor warrants that the person(s) executing this Agreement on their behalf have authority to bind the entity for whom such person signs this Agreement.

4. NO ADMISSION OF LIABILITY

This Agreement is made to compromise, terminate and to constitute an accord and satisfaction of all of the claims released by this Agreement and Oncor admits no liability, fault or wrongdoing of any nature or kind whatsoever and expressly denies and disclaims any liability, fault or wrongdoing alleged or which could have been alleged with regard to the claims asserted in the Litigation if the City had become a party to the Litigation or any similar claims which might be asserted by the City against Oncor.

5. RECOVERY OF DAMAGES DUE TO BREACH

In the event of breach by any party of the terms and conditions of this Agreement, a non-breaching party shall be entitled to recover all expenses as a result of such breach, including, but not limited to, reasonable attorneys fees and costs.

MISCELLANEOUS PROVISIONS

6. It is understood and agreed that all agreements and understandings by and between the parties to this Agreement with respect to the payment of franchise fees and the settlement of any claims related to the payment of franchise fees are expressly embodied in this Agreement and that this Agreement supersedes any and all prior agreements, arrangements or understandings between the parties relating to the claims released pursuant to this Agreement or any matters related thereto executed by the parties.
7. The parties acknowledge and agree that the terms of this Agreement are all contractual and not mere recitals.
8. The parties acknowledge that they have read this Agreement, understand its terms, and that this Agreement is entered into voluntarily, without duress, and with full knowledge of its legal significance.
9. This Agreement may not be modified in any manner, nor may any rights provided for herein be waived, except by an instrument in writing signed by each party.
10. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.
11. Should any term or any provision of this Agreement be declared invalid by a court of competent jurisdiction, the parties agree that all other terms of this Agreement are binding and have full force and effect as if the invalid portion had not been included.
12. The parties represent and warrant that no party has been induced to enter this Agreement by a statement, action or representation of any kind or character made by the persons or entities released under this Agreement or any person or persons representing them, other than those expressly made in this Agreement.

13. It is understood and agreed that this Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

14. The headings contained herein are for convenience and reference only and are agreed, in no way, to define, describe, extend or limit the scope or intent of this Agreement or its provisions.

15. This Agreement shall be construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date set forth.

Executed As To Form:
THOMAS P. PERKINS, JR.,
City Attorney

By: Don Knight
Assistant City Attorney

THE CITY OF DALLAS, TEXAS

By: [Signature]
Its: City Manager
Date: 3/3/09

ONCOR ELECTRIC DELIVERY
COMPANY, LLC

By: [Signature]
Its: VP External Affairs
Date: 3-3-2009

090463

STATE OF TEXAS :

COUNTY OF DALLAS :

This instrument was acknowledged before me on the 3rd day of March 2008,⁹
by Mary K. Suhm, as City Manager on behalf of the City of Dallas

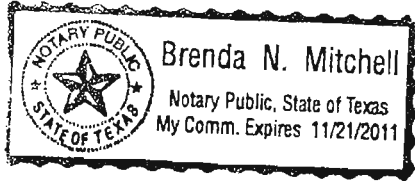
Margie Saabedra
Notary Public, State of Texas

STATE OF TEXAS :

COUNTY OF DALLAS :



This instrument was acknowledged before me on the 3rd day of March 2008,⁹
by Don Clawenger, of Oncor Electric Delivery Company, LLC, on behalf of said corporation.



Brenda N. Mitchell
Notary Public, State of Texas

WHEREAS Oncor Electric Delivery Company LLC (formerly known as Texas Utilities Inc.) has provided electric delivery service in Dallas in accordance with City franchise Ordinance No. 21666, as amended; and

WHEREAS With the adoption of SB7 in 1999 by the State Legislature, the electric industry was deregulated; and as part of the deregulation process SB7 prescribed a franchise fee methodology based on a fixed fee per kWh delivered within the franchise area; and

WHEREAS In June of 2000 the City of Denton and 36 other Texas cities that did not include Dallas (the Litigating Cities) sued TXU Electric (n.k.a Oncor Electric Delivery Company LLC) alleging that Oncor had underpaid franchise fees, and Denton and the other cities claimed that Oncor had inappropriately excluded certain categories of revenue from gross receipts used to calculate franchise fees prior to deregulation (the "Litigation") and The City of Dallas was not a Litigating City due to differences in its franchise language compared to the franchise language of other cities; and

WHEREAS The franchise fees at issue in the Litigation were those paid on Contributions In Aid of Construction (CIAC) and certain other discretionary service charges; and

WHEREAS The Litigating Cities and Oncor reached a settlement of the Litigation in 2002 resulting in a lump sum payment to the Litigating Cities, additional fees being paid to the Litigating Cities going forward and no admission of liability by Oncor; and

WHEREAS After months of negotiations, City and Oncor have reached agreement on terms of the renewal of Oncor's franchise and as part of franchise negotiations City staff requested Oncor to pay a 4% franchise fee on discretionary service charges including CIAC, which Oncor is paying currently to the Litigating Cities; and

WHEREAS Oncor has agreed to pay these franchise fees to the City as part of the new franchise, on condition that the City adopt a Compromise, Settlement and Release Agreement similar to the one adopted by the litigating cities; and

WHEREAS The City of Dallas has never formally claimed that Oncor was obligated to pay to the City of Dallas any of the CIAC or the other fees that were at issue in the Litigation under the franchise nor demanded payment from Oncor of such fees, under Ordinance No. 21666, and any claims that the City of Dallas may have for payment of such fees under Ordinance No. 21666 would be doubtful as to validity and amount. Moreover, under the terms of the renewal of the franchise, the City of Dallas will be receiving consideration that is of reasonably equivalent value to any claims that are authorized for release by this Resolution.

Now, Therefore,

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


Section 1. That the City Manager, upon approval as to form by the City Attorney, is hereby authorized to execute a COMPROMISE, SETTLEMENT AND RELEASE AGREEMENT, by whatever name denominated, with Oncor Electric Delivery Company LLC, respecting any claims of the City for CIAC and other fees that were the subject of the Litigation for the period during which Oncor's franchise has been and will be effective under Ordinance No. 21666.

Section 2. That the City Controller is authorized to deposit revenues received from Oncor Electric Delivery LLC to Fund 0001, Dept. BMS, Unit 1246, Revenue Code 8203.

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

APPROVED BY
CITY COUNCIL

FEB 11 2009


City Secretary

Receipt of Contract

RECEIVED

090463

2009 MAR -9 PM 2: 35

CITY SECRETARY
DALLAS, TEXAS



CITY OF DALLAS

DATE March 6, 2009

TO Don Knight
Assistant City Attorney

By signing below I acknowledge receipt in the City Secretary's Office of one fully executed original of the following:

Type Contract: Compromise, Settlement and Release Agreement - 2008

Other Party to Contract: Oncor Electric Delivery LLC (Oncor)

Resolution Number: 09-0463

Council Date: February 11, 2009

Deborah Watkins
City Secretary

By _____

Date: _____

090463

Ron McCune
Franchise Manager,
Regulatory Affairs

RECEIVED ONCOR

2009 MAR 31 PM 2:49

CITY SECRETARY
DALLAS, TEXAS

Oncor Electric Delivery

1601 Bryan St.
EP 23-050G
Dallas, TX 75201

Tel (214) 486-5678

Fax (214) 486-2180

rmccune1@oncor.com

March 31, 2009

The Honorable Tom Leppert
Mayor
City of Dallas
1500 Marilla St.
Dallas, Texas 75201

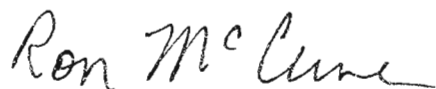
Dear Mayor Leppert:

Enclosed is one franchise ordinance including two original acceptance agreements for the City of Dallas, Texas.

Please have one original acceptance agreement returned to my office with a City Secretary certificate attached verifying receipt of the original acceptance agreement of the franchise ordinance from the City of Dallas.

Please let me know if you have any questions.

Sincerely,



Enclosures

Cc: Debbie Dennis

RECEIVED

STATE OF TEXAS
COUNTY OF DALLAS

§
§
§

2009 MAR 31 PM 2:49

CITY SECRETARY
DALLAS, TEXAS

To the honorable Mayor and City Council of the City of Dallas:
Oncor Electric Delivery Company LLC (Company), acting by and through
the undersigned authorized officer, hereby accepts Ordinance No. 27485
granting a franchise to Company.

Robert S. Shepard
Chairman & CEO
Oncor Electric Delivery Company LLC

ATTEST:

[Signature]
Secretary

Executed this, the 30th day of March, 2009.

09-0463

ADDENDUM ITEM # 13

KEY FOCUS AREA: Make Government More Efficient, Effective and Economical

AGENDA DATE: February 11, 2009

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Office of Financial Services

CMO: Dave Cook, 670-7804

MAPSCO: N/A

SUBJECT

An ordinance granting a franchise to Oncor Electric Delivery Company LLC, for a term of fifteen years to provide electric distribution services within the City and providing for compensation - Estimated Annual Revenue: \$48,000,000

BACKGROUND

Oncor Electric Delivery Company LLC (formerly known as Texas Utilities Inc.) provides electric delivery service in Dallas in accordance with City franchise Ordinance No. 21666, as amended. The franchise will expire by its own terms on March 31, 2009.

In 1999 with the adoption of SB7 by the State Legislature the electric industry was deregulated. As part of the deregulation process, TXU Inc. required to functionally separate its business into separate entities. Oncor Electric Delivery Company LLC is the entity that owns and operates the Electric Transmission and Distribution system and is franchised by the City to use public rights-of-ways. SB7 in addition to requiring functional separation of the incumbent electric utility, also prescribed a franchise fee methodology based on a fixed fee per kWh delivered within the franchise area. The initial fee was based on 1998 actual franchise fees and 1998 kWh.

In January 2006 the City of Dallas and Oncor reached an agreement to resolve outstanding franchise issues (Resolution No. 06-0368). As part of that agreement Oncor was to increase its franchise fee factor by 5% over 4 years. The final portion of that increase went into effect January 1, 2009 and the associated expense to Oncor is included in its current rate case pending before the PUC of Texas.

After months of negotiations, City Staff and Oncor have reached an agreement on terms of the franchise renewal. This franchise Ordinance provides for the City's continued management of the public rights-of-ways as well as requiring reasonable compensation for its use by Oncor. The term of the franchise is for 15 years and will require Oncor to keep its principal office in the City of Dallas.

09-0463

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On September 10, 2008, the current franchise was extended by Ordinance No. 27317.

On February 4, 2009, the City Council was briefed.

FISCAL INFORMATION

Estimated Annual Revenue - \$48,000,000.

SEE ALSO

THE FOLLOWING FILES CONTAIN INFORMATION RELATING TO THIS FILE AND MAY BE OF INTEREST. THE INFORMATION CONTAINED IN THESE FILES MAY AMEND, REPEAL OR OTHERWISE AFFECT THE STATUS OF THIS FILE.

93-1845

06-0368

08-2484

09-0357

THIS FILE IS:

09-0463



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1092

Item #: J.

Upcoming Agenda Items 24-833 and 24-834 for March 27, 2024: Authorizing Ordinances for the Issuance and Sale of General Obligation Refunding and Improvement Bonds, Series 2024B; and Combination Tax and Revenue Certificates of Obligation, Series 2024B
[City Controller's Office]

Memorandum



CITY OF DALLAS

DATE March 22, 2024

Honorable Members of the Government Performance and Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse
Moreno, Jaime Resendez

**Upcoming Agenda Items 24-833 and 24-834 for March 27, 2024: Authorizing
SUBJECT Ordinances for the Issuance and Sale of General Obligation Refunding and
Improvement Bonds, Series 2024B; and Combination Tax and Revenue
Certificates of Obligation, Series 2024B**

The March 27, 2024 City Council agenda includes two ordinances authorizing the issuance and sale of General Obligation Refunding and Improvement Bonds, Series 2024B, and Combination Tax and Revenue Certificates of Obligation, Series 2024B (collectively, the "Bonds"), in a total amount not to exceed \$628,000,000. Previously, these items were included in a briefing on October 23, 2023, to the Government Performance and Financial Management (GPFM) Committee. On January 22, 2024, the GPFM Committee was briefed by memorandum and on January 24, 2024, City Council approved a resolution authorizing the preparation of plans and the payment of potential future costs and expenses for the issuance of the Bonds.

Therefore, the City's co-financial advisors, Hilltop Securities, Inc. and Estrada Hinojosa & Co., recommend the issuance of: (1) General Obligation Refunding and Improvement Bonds, Series 2024B in a total amount not to exceed \$410,000,000, to finance \$134,798,000 in capital improvement projects at the City and refund up to \$270,400,000 of eligible Series 2013A and Series 2014 obligations for savings; and (2) Combination Tax and Revenue Certificates of Obligation, Series 2024B in an amount not to exceed \$218,000,000 to finance unanticipated 2017 Bond Program cost overruns for certain capital projects and other street improvement projects/initiatives.

The ordinances authorize City staff and Co-Financial Advisors, subject to parameters, to competitively bid the sale and issuance of the Bonds, in which payment of fees and expenses is contingent upon the issuance and sale of the Bonds. Pending City Council approval of the ordinances on March 27, the Bonds are scheduled to price and are estimated to close in April 2024.

Please let me know if you need any additional information.

A handwritten signature in blue ink that reads "Jack Ireland".

Jack Ireland
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager

DATE March 22, 2024

SUBJECT **Upcoming Agenda Items 24-114 and 24-177 for January 24, 2024: Authorizing the Preparation of General Obligation Refunding Bonds, Series 2024A; General Obligation Refunding and Improvement Bonds, Series 2024B; and Combination Tax and Revenue Certificates of Obligation, Series 2024B**

Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Dr. Robert Perez, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1093

Item #: K.

Upcoming Agenda Item 24-938 for April 10, 2024: Authorizing a Five-Year Public Property Finance Contract with JP Morgan Chase, N.A., with Two One-Year Renewal Options, to Finance the Purchase of Capital Equipment, Fleet, and Technology Items
[City Controller's Office]

Memorandum



CITY OF DALLAS

DATE March 22, 2024

Honorable Members of the Government Performance and Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse
Moreno, Jaime Resendez

SUBJECT **Upcoming Agenda Item 24-938 for April 10, 2024: Authorizing a Five-Year Public
Property Finance Contract with JP Morgan Chase, N.A., with Two One-Year
Renewal Options, to Finance the Purchase of Capital Equipment, Fleet, and
Technology Items**

The March 27, 2024 City Council agenda includes a resolution to authorize a five-year Public Property Finance Contract, with two one-year renewal options, with JPMorgan Chase Bank, N.A., as part of a Master Municipal Lease Agreement (“Master Lease”) to finance the purchase of capital equipment, fleet, and technology items. The City utilizes a municipal equipment lease purchase program as a feasible means to purchase or otherwise acquire, use, and finance public property, pursuant to the Public Property Finance Act, Texas Local Government Code §§ 271.001 - 271.009.

The use of a tax-exempt finance contract providing a line of credit permits more cost-efficient use of financing as funds are borrowed to closely match the amount and timing of the payment for equipment, or “just-in-time” borrowing. Currently, finance contract interest rates are comparable to tax-exempt short-term note issuance and the initial and annual costs of the program are less than other types of debt issuance, such as tax-exempt commercial paper. There are no fees for financial advisory, rating agency, paying agent, or liquidity facility services since the finance contract is considered a private placement. The only expense associated with the program is for legal services, such as reviewing the finance contract and issuing an opinion that the lease is a tax-exempt obligation.

The following items are financed using the finance contract program, including but not limited to:

- Sanitation collection and landfill vehicles
- Fire apparatus - fire engines and aerial trucks
- General purpose fleet - light, medium, and heavy-duty vehicles
- Information technology (IT) - items associated with fleet management, City equipment fuel management, computer aided dispatch, public safety, customer service/performance management applications, budget/finance enterprise applications, and replacing/upgrading the City’s computers and IT infrastructure

Following a Request for Proposals issued in June 2023, a five-member evaluation committee consisting of members from the City Controller’s Office, Department of Aviation, Office of Budget, Small Business Center, and the Office of Procurement

DATE March 22, 2024

SUBJECT **Upcoming Agenda Item 24-938 for April 10, 2024: Authorizing a Five-Year Public Property Finance Contract, with Two One-Year Renewal Options, to Finance the Purchase of Capital Equipment, Fleet, and Technology Items**

Services, JPMorgan Chase Bank, N.A., was determined to be the most advantageous qualifying proposer of three. The utilization of the Master Lease program is determined on an annual basis and included in the adoption of the budget book.

Please let me know if you need any additional information.



Jack Ireland
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1087

Item #: L.

Budget Accountability Report Information as of January 31, 2024
[Budget & Management Services]

Memorandum



CITY OF DALLAS

DATE March 22, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Budget Accountability Report – January 2024**

Please find attached the January Budget Accountability Report (BAR) based on information through January 31, 2024. You may view all published reports on the [Financial Transparency website](#). The monthly BAR provides a financial forecast for all operating funds, update on General Obligation Bond spending, economic indicators, status of Dallas 365, updates for highlighted budget initiatives, and status of active process improvement projects.

If you have any questions, please contact Janette Weedon, Director of Budget & Management Services.

A handwritten signature in blue ink that reads "Jack Ireland".

Jack Ireland
Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

BUDGET ACCOUNTABILITY REPORT FY 2023-24

As of January 31, 2024



Cover Photo Credit: "Trinity Flood Plain" by Don Raines, Jr., Planning & Urban Design



**Budget & Management
Services**

EXECUTIVE SUMMARY

Financial Forecast Report

Operating Fund	Year-End Forecast vs. Budget	
	Revenues	Expenses
General Fund	✓	✓
Aviation	✓	✓
Convention and Event Services	✓	9% over budget
Development Services	10% under budget	✓
Municipal Radio	32% over budget	✓
Sanitation Services	✓	✓
Storm Drainage Management	✓	✓
Dallas Water Utilities	✓	✓
Bond and Construction Management	5% under budget	5% under budget
Equipment and Fleet Management	✓	✓
Express Business Center	✓	✓
Information Technology	✓	✓
Radio Services	✓	✓
9-1-1 System Operations	✓	✓
Debt Service	✓	✓

✓ YE forecast within 5% of budget

Dallas 365

Year-to-Date

✓ 27
On Target

! 3
Near Target

✗ 5
Not on Target

Year-End Forecast

✓ 31
On Target

! 2
Near Target

✗ 2
Not on Target

Budget Initiative Tracker

● 2
Complete

⏸ 1
On Hold

✓ 30
On Track

! 2
At Risk

✗ 0
Canceled



FINANCIAL FORECAST REPORT

The Financial Forecast Report (FFR) provides a summary of financial activity through January 31, 2024, for the General Fund and other annual operating funds of the City. The Adopted Budget column reflects the budget adopted by City Council on September 22, 2023, effective October 1, 2023, through September 30, 2024. The Amended Budget column reflects City Council-approved transfers between funds and programs, department-initiated transfers between expense objects, approved use of contingency, and other amendments supported by revenue or fund balance.

Year-to-date (YTD) actual amounts represent revenue or expenses/encumbrances that have occurred through the end of the most recent accounting period. Departments provide the year-end (YE) forecast, which projects anticipated revenues and expenditures as of September 30, 2024. The variance is the difference between the FY 2023-24 amended budget and the YE forecast. Variance notes are provided when the YE forecast is +/- five percent of the amended budget and/or if YE expenditures are forecast to exceed the amended budget.

General Fund Overview

The General Fund overview provides a summary of financial activity through January 31, 2024.

	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	YTD Actual	YE Forecast	Variance
Beginning Fund Balance	\$323,159,062	\$323,159,062		\$345,178,891	\$22,019,829
Revenues	1,837,576,470	1,837,576,470	1,021,331,869	1,838,010,903	434,433
Expenditures	1,837,576,470	1,837,576,470	607,433,129	1,835,764,265	(1,812,206)
Ending Fund Balance	\$323,159,062	\$323,159,062		\$347,425,529	\$24,266,468

Fund Balance. As of January 31, 2024, the beginning fund balance for the adopted and amended budgets and YE forecast reflects the FY 2022-23 audited unassigned ending fund balance and includes FY 2022-23 YE savings.

Revenues. Through January 31, 2024, General Fund revenues are projected to be \$434,000 over budget due to increased revenue in charges for service, partially offset by reduced fines and forfeitures.

Expenditures. Through January 31, 2024, General Fund expenditures are projected to be \$1,812,000 under budget due to salary savings from vacant non-uniform positions in General Fund departments, partially offset by overages from forecasted civilian overtime and other personnel service expenses in Civil Service, City Manager's Office, Office of Integrated Public Safety Solutions, and Public Works and temporary staffing expenses in Human Resources and other General Fund departments.

FY 2023-24 Financial Forecast Report

GENERAL FUND REVENUE

Revenue Category		FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	YTD Actual	YE Forecast	Variance
1	Property Tax	\$1,047,595,636	\$1,047,595,636	\$795,804,717	\$1,047,595,636	\$0
2	Sales Tax	451,745,839	451,745,839	148,438,175	451,745,839	0
3	Franchise and Other	126,633,664	126,633,664	35,781,299	126,596,771	(36,893)
4	Charges for Services	117,236,140	117,236,140	25,791,795	118,870,530	1,634,390
5	Fines and Forfeitures	20,117,759	20,117,759	6,440,299	18,544,719	(1,573,040)
6	Operating Transfers In	28,086,049	28,086,049	0	28,086,049	0
7	Intergovernmental	16,177,900	16,177,900	1,190,036	16,816,758	638,858
8	Miscellaneous	9,882,543	9,882,543	2,019,368	8,950,662	(931,881)
9	Licenses and Permits	6,100,940	6,100,940	3,250,053	6,803,939	702,999
10	Interest	14,000,000	14,000,000	2,616,126	14,000,000	0
	Total Revenue	\$1,837,576,470	\$1,837,576,470	\$1,021,331,869	\$1,838,010,903	\$434,433

VARIANCE NOTES

General Fund revenue variance notes are provided below for revenue categories with YE forecast variances of +/- five percent and revenue with an amended budget.

2 Sales Tax. December sales tax receipts included \$13,391,000 from the State Comptroller's Office as part of an audit finding from a prior reporting period (2010-2013). After further review, the State Comptroller's Office determined that the positive audit allocation last month was in error therefore they have reclaimed \$13,400,000 from our January 2024 receipts. Based on actual collection trends (excluding the audit finding) and analysis provided by our contract economist, sales tax is projected to be at budget for FY 2023-24.

4 Charges for Services. Charges for Services revenue is projected to be \$1,634,000 over budget due to increased traffic control permits and increased revenue associated with State Fair patrol, partially offset by the elimination of parking revenues at Jack Evans Police Headquarters, reduced activity for the DPD Expanded Neighborhood Patrol (ENP) program, and reduced use of City of Dallas metered parking.

5 Fines and Forfeitures. Fines and Forfeitures revenue is projected to be \$1,573,000 under budget due to declines in citations filled with court and in auto pound storage fee collections.

8 Miscellaneous. Miscellaneous revenue is projected to be \$932,000 under budget due to a delay in implementing various traffic-related developer review fees and a delay in the online application and payment system for convenience store registration due to Payment Card Industry (PCI) compliance issues. Additionally, a court injunction halts enforcement and registration for the CCS short-term rental program resulting in reduced projected revenues.

9 Licenses and Permits. Licenses and Permits revenue is projected to be \$703,000 over budget due to increased collections for Real Estate division license fees.

FY 2023-24 Financial Forecast Report

GENERAL FUND EXPENDITURES

	Expenditure Category	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	YTD Actual	YE Forecast	Variance
	Non-uniform Pay	\$298,421,415	\$298,421,408	\$87,184,739	\$292,975,303	(\$5,446,105)
	Non-uniform Overtime	7,963,253	7,963,253	4,492,888	13,004,834	5,041,581
	Non-uniform Pension	42,275,230	42,240,242	12,812,807	44,472,373	2,232,131
	Uniform Pay	544,271,659	544,271,664	172,679,432	527,104,953	(17,166,711)
	Uniform Overtime	72,658,144	81,158,144	34,054,258	94,287,625	13,129,481
	Uniform Pension	187,861,142	187,896,125	58,631,230	187,896,125	0
	Health Benefits	97,632,432	97,632,434	17,000,392	97,632,434	0
	Workers Comp	13,051,299	13,051,300	13,051,300	13,051,300	0
	Other Personnel Services	14,204,686	14,204,690	4,400,003	14,379,756	175,066
1	Total Personnel Services	\$1,278,339,260	\$1,286,839,260	\$404,307,049	\$1,284,804,703	(\$2,034,557)
2	Supplies	92,646,763	92,526,132	30,239,944	94,374,562	1,453,591
3	Contractual Services	531,126,582	530,487,294	171,391,961	691,840,103	2,468,408
4	Capital Outlay	25,239,244	25,999,163	10,068,033	25,820,130	(215,552)
5	Reimbursements	(89,775,379)	(98,275,379)	(8,573,858)	(261,075,233)	(3,484,095)
	Total Expenditures	1,837,576,470	\$1,837,576,470	\$607,433,129	\$1,835,764,265	(\$1,812,206)

VARIANCE NOTES

General Fund expenditure variance notes are provided below for expenditure categories with YE forecast variances of +/- five percent. The Amended Budget column reflects department-initiated transfers between expense objects.

1 Personnel Services. Personnel Services are projected to be \$2,035,000 under budget due to salary savings associated with vacant uniform and non-uniform positions across General Fund departments, partially offset by uniform overtime expenses in Dallas Police Department (\$12,202,000), Dallas Fire-Rescue (\$927,000), and non-uniform overtime expenses. Dallas Police Department uniform overtime expenses are due in part to elevated attrition in FY 2022-23 and consistent demand for police services (P1 call volume). Dallas Fire-Rescue uniform overtime expenses are due to higher-than-anticipated attrition requiring backfill to meet minimum staffing standards.

FY 2023-24 Financial Forecast Report

GENERAL FUND EXPENDITURES

#	Expenditure by Department	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	YTD Actual	YE Forecast	Variance
1	Budget & Management Services	\$4,420,110	\$4,420,110	\$1,151,024	\$4,380,205	(\$39,905)
2	Building Services	31,078,791	31,078,791	12,172,311	31,078,791	0
3	City Attorney's Office	23,799,058	23,799,058	6,809,722	23,714,236	(84,822)
4	City Auditor's Office	3,266,138	3,266,138	887,528	3,266,138	0
5	City Controller's Office	9,162,430	9,162,430	2,806,582	9,075,285	(87,145)
6	Independent Audit	767,071	767,071	0	767,071	0
7	City Manager's Office	3,389,700	3,389,700	1,006,103	3,835,605	445,905
8	City Marshal's Office	21,905,930	21,905,930	6,590,079	21,829,366	(76,564)
9	Jail Contract	8,594,776	8,594,776	2,148,694	8,594,776	0
10	City Secretary's Office	3,509,388	3,509,388	1,118,988	3,524,926	15,538
11	Elections	1,946,292	1,946,292	36,819	1,946,292	0
12	Civil Service	2,762,162	2,762,162	889,716	3,019,393	257,231
13	Code Compliance	45,562,455	45,562,455	12,462,429	45,284,698	(277,757)
14*	Dallas Animal Services	19,180,051	19,180,051	7,757,196	19,250,965	70,914
15*	Dallas Fire-Rescue	413,381,222	413,381,222	138,757,862	413,381,222	0
16	Dallas Municipal Court	8,370,958	8,370,958	2,634,421	8,314,925	(56,033)
17	Dallas Police Department	656,936,353	656,936,353	215,749,698	656,936,353	0
18	Data Analytics & Business Intelligence	6,108,162	6,108,162	1,636,679	6,108,162	0
19	Housing & Neighborhood Revitalization	6,920,100	6,920,100	1,489,142	6,944,398	24,298
20	Human Resources	9,186,760	9,186,760	3,335,576	9,509,812	323,052
21*	Judiciary	4,397,241	4,397,241	1,281,269	4,354,366	(42,875)
22	Library	43,489,755	43,489,755	12,914,650	43,482,263	(7,492)
	Management Services					0
23	311 Customer Service Center	6,331,204	6,331,204	2,789,852	6,056,475	(274,729)
24	Communications, Outreach, & Marketing	3,777,588	3,777,588	892,566	3,524,329	(253,259)
25	Office of Community Care	10,114,699	10,114,699	2,100,343	10,080,496	(34,203)
26	Office of Community Development	754,620	754,620	40,735	742,197	(12,423)
27	Office of Community Police Oversight	784,565	784,565	146,199	660,372	(124,193)
28	Office of Emergency Management	1,251,963	1,251,963	354,737	1,251,963	0
29	Office of Environmental Quality and Sustainability	6,244,743	6,244,743	4,423,368	6,194,690	(50,053)
30	Office of Equity and Inclusion	3,785,554	3,785,554	883,365	3,695,440	(90,114)
31	Office of Government Affairs	1,112,725	1,112,725	358,772	1,100,155	(12,570)
32	Office of Homeless Solutions	17,850,149	17,850,149	11,181,120	17,850,149	0
33	Office of Integrated Public Safety Solutions	5,822,887	5,822,887	1,146,579	6,323,953	501,066
34	Small Business Center	4,354,640	4,354,640	639,570	4,269,068	(85,572)
35	Mayor & City Council	7,399,447	7,399,447	1,934,323	7,134,478	(264,969)
36	Non-Departmental	128,443,112	128,443,112	8,177,212	128,443,112	0
37	Office of Arts & Culture	23,180,773	23,180,773	16,150,616	23,137,290	(43,483)
38	Office of Economic Development	3,679,042	3,679,042	1,454,077	3,604,411	(74,631)
39	Park & Recreation	120,076,933	120,076,933	49,213,501	120,076,933	0
40	Planning & Urban Design	8,024,033	8,024,033	1,759,506	7,745,633	(278,400)
41	Procurement Services	3,500,823	3,500,823	835,170	2,967,025	(533,798)
42	Public Works	88,552,090	88,552,090	49,488,889	88,552,090	0
43	Transportation	59,125,541	59,125,541	19,826,142	58,926,223	(199,318)
	Total Departments	\$1,832,302,034	\$1,832,302,034	\$607,433,129	\$1,830,935,732	(\$1,366,302)
44	Financial Reserves		0	0	0	0
45	Liability/Claims Fund Transfer	3,387,941	3,387,941	0	3,387,941	0
46	Salary & Benefit Stabilization	1,886,495	1,886,495	0	1,440,590	(445,905)
	Total Expenditures	\$1,837,576,470	\$1,837,576,470	\$607,433,129	\$1,835,764,265	(\$1,812,206)

*BMS did not receive a department update for the January reporting month. Forecast was prepared by BMS staff.



VARIANCE NOTES

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

7 City Manager's Office. CMO is projected to be \$446,000 over budget due to forecasted termination payouts for the City Manager and other salary expenses related to position classification actions to better meet department operations and executive support functions, partially offset by salary savings associated with vacant positions.

10 City Secretary's Office. SEC is projected to be \$16,000 over budget due to termination payouts for retiring employees, partially offset by salary savings associated with two vacant positions.

12 Civil Service. CVS is projected to be \$257,000 over budget due to salary expenses associated with prior year elimination of funding for vacant positions, one of which was already filled, and increased hiring above the budgeted vacancy rate.

14 Dallas Animal Services. DAS is projected to be \$71,000 over budget due to animal food, security services, day labor, and professional services expenditures as a result of shelters being over capacity, partially offset by salary savings associated with 37 vacant positions.

19 Housing & Neighborhood Revitalization. HOU expenses are projected to be \$24,000 over budget due to prior year unbudgeted contractor expenses for home repair.

20 Human Resources. HR is projected to be \$323,000 over budget due to temporary staffing expenses associated with Workday implementation.

24 Communications, Outreach, & Marketing. COM is projected to be \$253,000 under budget due to salary savings associated with four vacant positions.

27 Office of Community Police Oversight. OCPO is projected to be \$124,000 under budget due to salary savings associated with two vacant positions.

33 Office of Integrated Public Safety Solutions. OIPSS is projected to be \$501,000 over budget due to salary expenses above the budgeted vacancy rate.

35 Mayor & City Council. MCC is projected to be \$265,000 under budget due to salary savings associated with 10 vacant positions.

41 Procurement Services. POM is projected to be \$534,000 under budget due to salary savings associated with 10 vacant positions.

46 Salary & Benefit Stabilization. The FY 2023-24 Budget Ordinance authorizes the City Manager to transfer appropriations from S&B to any department as allowed by City Charter Chapter XI (Sec. 3). \$446,000 is anticipated to be reallocated to the City Manager's Office to address overages related to termination payouts and other position classification actions.

FY 2023-24 Financial Forecast Report

ENTERPRISE FUNDS

Department	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	YTD Actual	YE Forecast	Variance
------------	------------------------------	------------------------------	------------	-------------	----------

1 AVIATION

Beginning Fund Balance	\$87,104,190	\$87,104,190		\$108,814,479	\$21,710,289
Total Revenues	182,592,444	182,592,444	62,092,819	186,590,045	3,997,601
Total Expenditures	184,832,684	184,832,684	64,034,916	184,832,684	0
Ending Fund Balance	\$84,863,950	\$84,863,950		\$110,571,840	\$25,707,890

2 CONVENTION & EVENT SERVICES

Beginning Fund Balance	\$56,656,767	\$56,656,767		\$69,854,331	\$13,197,564
Total Revenues	137,145,998	137,145,998	33,011,198	\$139,218,098	2,072,100
Total Expenditures	137,145,998	137,145,998	27,090,729	\$149,218,098	12,072,100
Ending Fund Balance	\$56,656,767	\$56,656,767		\$59,854,331	\$3,197,564

3 DEVELOPMENT SERVICES

Beginning Fund Balance	\$20,815,859	\$20,815,859		\$19,390,635	(\$1,425,224)
Total Revenues	45,465,884	45,465,884	11,286,104	41,116,070	(4,349,814)
Total Expenditures	53,952,347	53,952,347	13,100,753	53,952,347	0
Ending Fund Balance	\$12,329,396	\$12,329,396		\$6,554,358	(\$5,775,038)

4 MUNICIPAL RADIO*

Beginning Fund Balance	\$337,211	\$337,211		\$176,672	(\$160,539)
Total Revenues	636,398	636,398	140,047	842,616	206,218
Total Expenditures	636,398	636,398	272,576	642,616	6,218
Ending Fund Balance	\$337,211	\$337,211		\$376,672	\$39,461

5 SANITATION SERVICES

Beginning Fund Balance	\$23,377,689	\$23,377,689		\$20,910,931	(\$2,466,758)
Total Revenues	152,709,535	152,709,535	53,666,222	157,240,853	4,531,318
Total Expenditures	153,689,531	153,689,531	31,218,675	153,689,531	0
Ending Fund Balance	\$22,397,693	\$22,397,693		\$24,462,253	\$2,064,560

6 STORM DRAINAGE MANAGEMENT—DALLAS WATER UTILITIES

Beginning Fund Balance	\$9,962,402	\$9,962,402		\$21,744,930	\$11,782,528
Total Revenues	80,093,972	80,093,972	25,739,465	80,093,972	0
Total Expenditures	80,093,972	80,093,972	18,516,210	80,093,972	0
Ending Fund Balance	\$9,962,402	\$9,962,402		\$21,744,930	\$11,782,528

7 WATER UTILITIES

Beginning Fund Balance	\$97,247,412	\$97,247,412		\$157,544,609	\$60,297,197
Total Revenues	791,276,133	791,276,133	272,489,744	791,276,133	0
Total Expenditures	791,275,376	791,275,376	232,063,122	791,275,376	0
Ending Fund Balance	\$97,248,169	\$97,248,169		\$157,545,366	\$60,297,197

*BMS did not receive a department update for the January reporting month. Forecast was prepared by BMS staff.

FY 2023-24 Financial Forecast Report

INTERNAL SERVICE FUNDS

Department	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	YTD Actual	YE Forecast	Variance
------------	------------------------------	------------------------------	------------	-------------	----------

8 BOND & CONSTRUCTION MANAGEMENT

Beginning Fund Balance	\$64,982	\$64,982		(\$243,843)	(\$308,825)
Total Revenues	22,043,477	22,043,477	3,415,960	21,117,596	(925,881)
Total Expenditures	22,043,477	22,043,477	5,638,004	20,873,753	(1,169,724)
Ending Fund Balance	\$64,982	\$64,982		\$0	(\$64,982)

9 EQUIPMENT & FLEET MANAGEMENT

Beginning Fund Balance	\$6,399,526	\$6,399,526		\$5,511,197	(\$888,329)
Total Revenues	68,778,781	68,778,781	5,216,428	68,778,781	0
Total Expenditures	71,794,210	71,794,210	20,616,719	73,253,540	1,459,330
Ending Fund Balance	\$3,384,097	\$3,384,097		\$1,036,438	(\$2,347,659)

10 EXPRESS BUSINESS CENTER

Beginning Fund Balance	\$7,212,164	\$7,212,164		\$6,268,575	(\$943,589)
Total Revenues	2,868,790	2,868,790	624,373	2,968,756	99,966
Total Expenditures	2,152,280	2,152,280	929,975	2,179,973	27,693
Ending Fund Balance	\$7,928,674	\$7,928,674		\$7,057,358	(\$871,316)

11 INFORMATION TECHNOLOGY

Beginning Fund Balance	\$19,328,923	\$19,328,923		\$21,691,826	\$2,362,903
Total Revenues	121,639,867	121,639,867	38,183,426	121,630,335	(9,532)
Total Expenditures	131,784,124	131,784,124	60,035,474	131,744,549	(39,575)
Ending Fund Balance	\$9,184,666	\$9,184,666		\$11,577,612	\$2,392,946

12 RADIO SERVICES

Beginning Fund Balance	\$2,825,954	\$2,825,954		\$6,283,792	\$3,457,838
Total Revenues	22,264,018	22,264,018	6,999,912	22,303,842	39,824
Total Expenditures	18,873,781	18,873,781	4,117,159	18,825,298	(48,483)
Ending Fund Balance	\$6,216,191	\$6,216,191		\$9,762,336	\$3,546,145

FY 2023-24 Financial Forecast Report

OTHER FUNDS

Department	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	YTD Actual	YE Forecast	Variance
------------	------------------------------	------------------------------	------------	-------------	----------

13 9-1-1 SYSTEM OPERATIONS

Beginning Fund Balance	\$4,811,495	\$4,811,495		\$9,451,258	\$4,639,763
Total Revenues	12,897,076	12,897,076	3,686,646	13,360,533	463,457
Total Expenditures	12,866,761	12,866,761	5,982,886	12,816,529	(50,232)
Ending Fund Balance	\$4,841,810	\$4,841,810		\$9,995,262	\$5,153,452

14 DEBT SERVICE

Beginning Fund Balance	\$114,061,997	\$114,061,997		\$100,972,008	(\$13,089,989)
Total Revenues	443,871,742	443,871,742	309,649,457	448,177,954	4,306,212
Total Expenditures	420,687,511	420,687,511	0	393,416,530	(10,888,901)
Ending Fund Balance	\$137,246,228	\$137,246,228		\$155,733,432	\$2,105,124

15 EMPLOYEE BENEFITS

City Contributions	\$134,878,640	\$134,878,640	\$24,701,773	\$134,947,865	\$69,225
Employee Contributions	46,665,178	46,665,178	15,545,489	46,665,178	0
Retiree	25,583,019	25,583,019	5,813,578	25,583,019	0
Other	0	0	4,097	4,097	4,097
Total Revenues	207,126,836	207,126,836	46,064,938	207,200,159	73,323
Total Expenditures	\$205,942,598	\$205,942,598	\$52,554,932	\$205,942,598	\$0

Note: FY 2023-24 YE forecast reflects claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects incurred but not reported (IBNR) claims.

16 RISK MANAGEMENT

Worker's Compensation	\$18,362,599	\$18,362,599	\$18,575,365	\$18,575,365	\$212,766
Third Party Liability	10,033,670	10,033,670	6,435,426	10,033,670	0
Purchased Insurance	18,139,030	18,139,030	18,124,438	18,124,438	(14,592)
Interest and Other	0	0	270,764	270,764	270,764
Total Revenues	46,535,299	46,535,299	43,405,993	47,004,237	468,938
Total Expenditures	\$60,094,967	\$60,094,967	\$24,917,898	\$53,800,192	(\$6,294,775)

Note: FY 2023-24 YE forecast reflects claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects the total current liability for Risk Management (worker's compensation/liability/property insurance).

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the beginning fund balance with the YE revenue and expenditure forecasts. As of January 31, 2024, the beginning fund balance for the adopted and amended budgets and YE forecast represents the FY 2022-23 audited unassigned ending fund balance and includes FY 2022-23 YE savings. Variance notes are provided below for funds with a YE forecast variance of +/- five percent, YE forecast projected to exceed budget, or projected use of fund balance.

1 Aviation. AVI revenues are projected to be \$3,998,000 over budget due to greater-than-forecasted enplanements which has driven higher garage parking, concessions, terminal rental, and landing fee revenues.

2 Convention & Event Services. CCT revenues are projected to be \$2,072,000 over budget due to higher number of events than budgeted. CCT expenses are projected to be \$12,072,000 over budget due to an increased capital transfer from fund balance supported by excess revenue in FY 2022-23.

3 Development Services. DEV revenues are forecasted to be \$4,350,000 under budget primarily due to the delayed implementation of the fee update.

4 Municipal Radio. WRR revenues are projected to be \$206,000 over budget due to the inclusion of revenues not accounted for in FY 2022-23, but now recognized in FY 2023-24. WRR expenses are projected to be \$6,000 over budget due to forecasted expenses above budget.

5 Sanitation Services. SAN revenues are projected to be \$4,531,000 over budget due to higher volume of disposal business from commercial haulers.

8 Bond & Construction Management. BCM revenues are projected to be \$926,000 under budget due to lower expenses. BCM expenses are projected to be \$1,170,000 under budget due to salary savings associated with 43 vacant positions. BCM charges each capital project budget for project implementation costs. Savings in actual implementation expenses result in fewer charges to the capital project.

9 Equipment and Fleet Management. EFM expenses are projected to be \$1,459,000 over budget due to higher prices for vehicle parts driven by inflation and supply chain issues.

10 Express Business Center. EBC revenues are projected to be \$100,000 over budget due to interest earnings and surplus revenues from retail items, copies, and notary services. EBC expenses are projected to be \$28,000 over budget due to temporary staffing costs to cover vacant positions.

12 Radio Services. Radio Services revenues are projected to be \$40,000 over budget due to interest earnings.

13 9-1-1 System Operations. 9-1-1 System Operations revenues are projected to be \$463,000 over budget due to increased 9-1-1 fee collections for residential and commercial wireline services based on year-to-date receipts.

14 Debt Service. Debt Service revenues are projected to be \$4,306,000 over budget due to delayed transfers from SAN related to Equipment Acquisition Contractual Obligation, Series 2023 and from unbudgeted transfers from Stormwater and Fair Park for Certificates of Obligation, Series 2024A. Debt Service expenses are \$10,889,000 below budget mainly because of reduced expenses linked to the refunding of the General Obligation Refunding and Improvement Bonds, Series 2013A and Series 2014, as well as a more advantageous debt structure for a litigation judgement, General Obligation Refunding Bonds Series 2024A.

15 Employee Benefits. Employee Benefits revenues are projected to be \$73,000 over budget due to interest earnings and City Contributions based on forecast usage.

VARIANCE NOTES

16 Risk Management. ORM revenues are projected to be \$469,000 over budget due to interest earnings and higher-than-budgeted subrogation recovery. ORM expenses are projected to be \$6,295,000 under budget due to lower-than-budgeted insurance claims and a delay in anticipated claims that have been moved from FY 2023-24 to FY 2024-25.

FY 2023-24 Financial Forecast Report

GENERAL OBLIGATION BONDS**2017 Bond Program**

Proposition		Authorized by Voters	ITD Appropriations	ITD Expenditures	Current Encumbered	Unencumbered
A	Street and Transportation	\$533,981,000	\$533,981,000	\$343,290,219	\$130,632,445	\$60,058,336
B	Park and Recreation Facilities	261,807,000	261,807,000	181,911,863	13,011,041	66,884,096
C	Fair Park	50,000,000	50,000,000	40,827,782	2,999,515	6,172,702
D	Flood Protection and Storm Drainage	48,750,000	48,750,000	18,661,251	17,725,883	12,362,867
E	Library Facilities	15,589,000	15,589,000	14,917,694	166,261	505,045
F	Cultural and Performing Arts Facilities	14,235,000	14,235,000	13,218,853	345,632	670,514
G	Public Safety Facilities	32,081,000	32,081,000	27,245,521	133,930	4,701,549
H	City Facilities	18,157,000	18,157,000	3,542,120	598,866	14,016,014
I	Economic Development	55,400,000	55,400,000	22,613,243	7,544,940	25,241,818
J	Homeless Assistance Facilities	20,000,000	20,000,000	17,428,025	88,383	2,483,592
Total		\$1,050,000,000	\$1,050,000,000	\$683,656,572	\$173,246,895	\$193,096,533

2012 Bond Program

Proposition		Authorized by Voters	ITD Appropriations	ITD Expenditures	Current Encumbered	Unencumbered
1	Street and Transportation Improvements	\$260,625,000	\$266,938,887	\$260,366,396	\$3,878,530	\$2,693,961
2	Flood Protection and Storm Drainage Facilities	326,375,000	326,375,000	254,096,998	60,865,098	11,412,904
3	Economic Development	55,000,000	55,000,000	39,111,855	5,072,684	10,815,462
Total		\$642,000,000	\$648,313,887	\$553,575,249	\$69,816,311	\$24,922,327

2006 Bond Program

Proposition		Authorized by Voters	ITD Appropriations	ITD Expenditures	Current Encumbered	Unencumbered
1	Street and Transportation Improvements	\$390,420,000	\$406,490,554	\$394,166,230	\$8,029,203	\$4,295,121
2	Flood Protection and Storm Drainage Facilities	334,315,000	342,757,166	305,685,582	11,380,687	25,690,896
3	Park and Recreation Facilities	343,230,000	353,343,060	349,940,024	966,537	2,436,499
4	Library Facilities	46,200,000	52,148,600	47,675,238	48,666	4,424,696
5	Cultural Arts Facilities	60,855,000	63,821,447	63,151,488	45,190	624,769
6	City Hall, City Service and Maintenance Facilities	34,750,000	36,216,478	33,303,051	190,329	2,723,098
7	Land Acquisition Under Land Bank Program	1,500,000	1,500,000	1,474,169	0	25,831
8	Economic Development	41,495,000	45,060,053	42,735,357	922,500	1,402,196
9	Farmers Market Improvements	6,635,000	6,933,754	6,584,013	0	349,741
10	Land Acquisition in the Cadillac Heights Area	22,550,000	22,727,451	11,816,129	22,150	10,889,172
11	Court Facilities	7,945,000	8,146,606	7,869,762	0	276,844
12	Public Safety Facilities and Warning Systems	63,625,000	66,072,938	65,380,180	417,044	275,714
Total		\$1,353,520,000	\$1,405,218,107	\$1,329,781,225	\$22,022,305	\$53,414,577

Note: The tables above reflect expenditures and encumbrances recorded in the City's financial system of record. They do not include commitments that have not yet been recorded in the system, such as amounts recently approved by City Council.

FY 2023-24 Financial Forecast Report

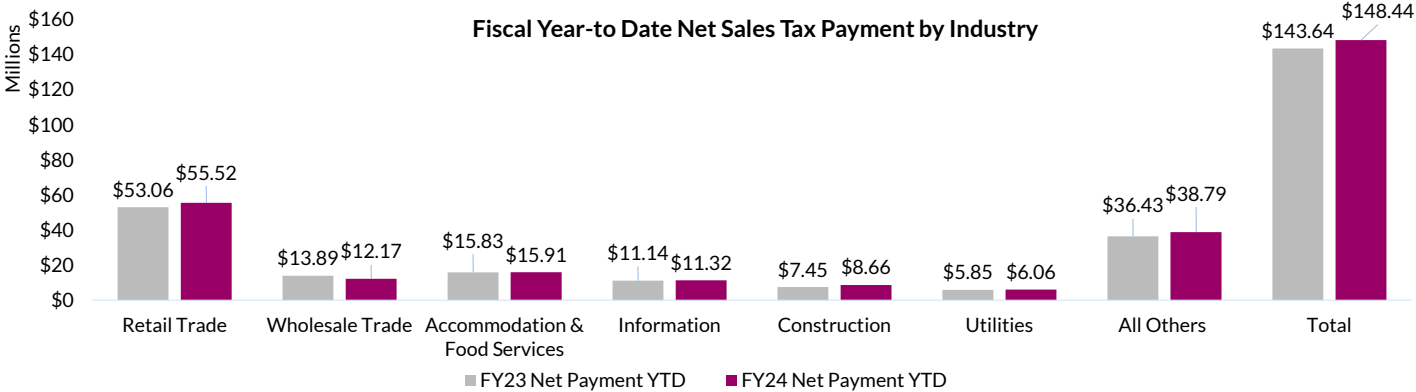
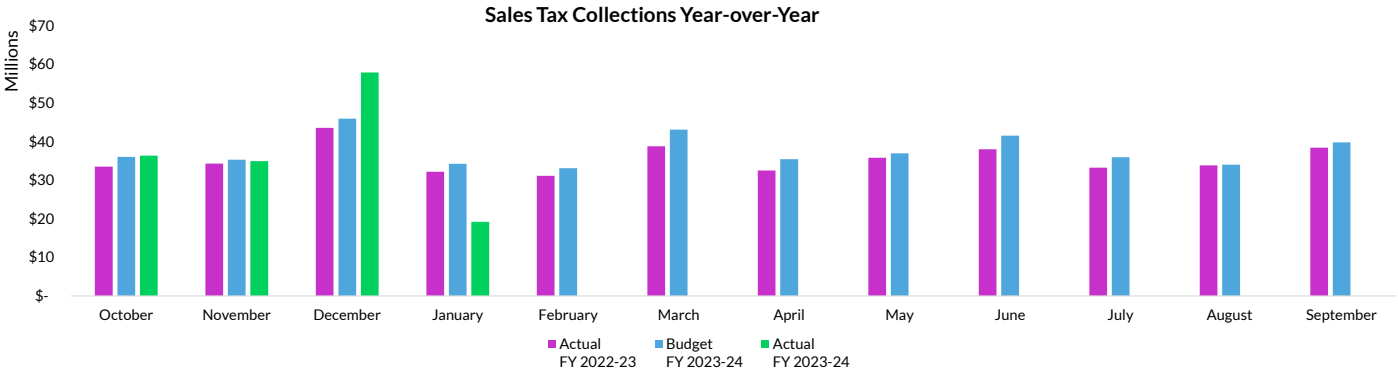
ECONOMIC INDICATORS

Sales Tax

The current sales tax rate is 8.25 percent - 6.25 percent goes to the state, one percent to the City, and one percent to DART. The FY 2023-24 Sales Tax Budget is \$451,745,839. As of January 31, 2024, the sales tax forecast is at budget. We will update the forecast throughout the year as additional information becomes available.

December sales tax receipts included \$13,391,000 from the State Comptroller's Office as part of an audit finding from a prior reporting period (2010-2013). After further review, the State Comptroller's Office determined that the positive audit allocation last month was in error therefore they have reclaimed \$13,400,000 from our January 2024 receipts.

Corrections are common, but typically occur on a much smaller scale. The charts in this section provide more information about sales tax collections.



FY 2023-24 Financial Forecast Report

ECONOMIC INDICATORS

Year-over-Year Change in Sales Tax Collections		
Industry	January FY24 over January FY23	FYTD24 over FYTD23
Retail Trade	5%	5%
Wholesale Trade	-8%	-12%
Accommodation and Food Services	-3%	1%
Information	6%	2%
Construction	4%	16%
Utilities	14%	4%
All Others	-166%	6%
Total Collections	-40%	3%

Retail Trade. Includes establishments engaged in selling (retailing) merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise, so retailers are organized to sell merchandise in small quantities to the general public.

Wholesale Trade. Includes establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. Wholesalers are organized to sell or arrange the purchase or sale of (a) goods for resale to other wholesalers or retailers, (b) capital or durable nonconsumer goods, and (c) raw and intermediate materials and supplies used in production.

Accommodation and Food Services. Includes establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption.

Information. Includes establishments engaged in (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

Construction. Includes establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction or in subdividing land for sale as building sites are also included in this sector.

Utilities. Includes establishments providing electric power, natural gas, steam supply, water supply, and sewage removal.

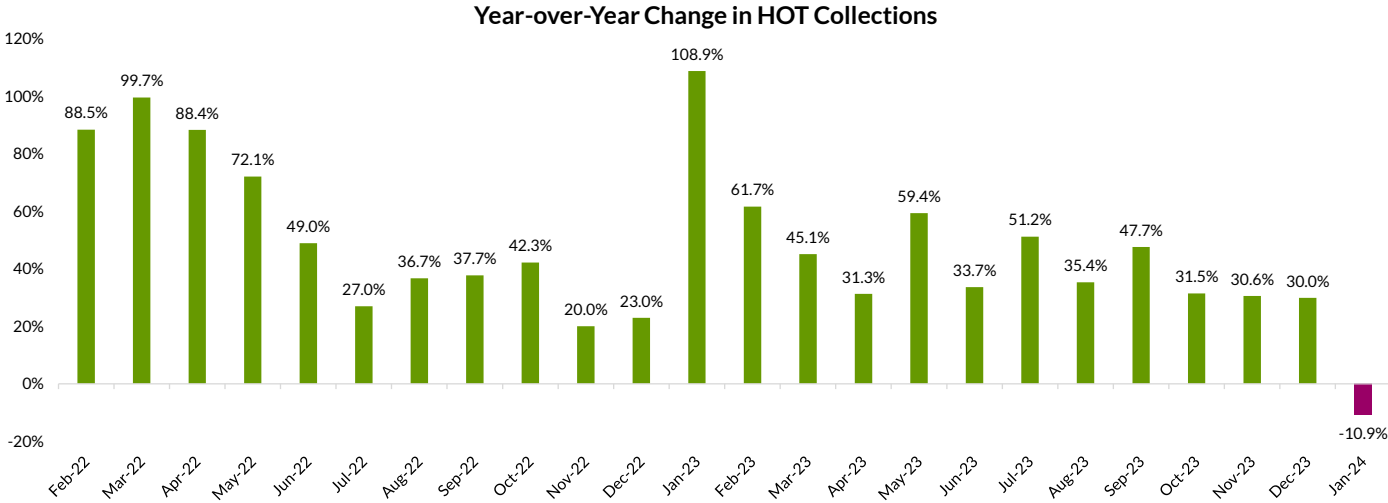
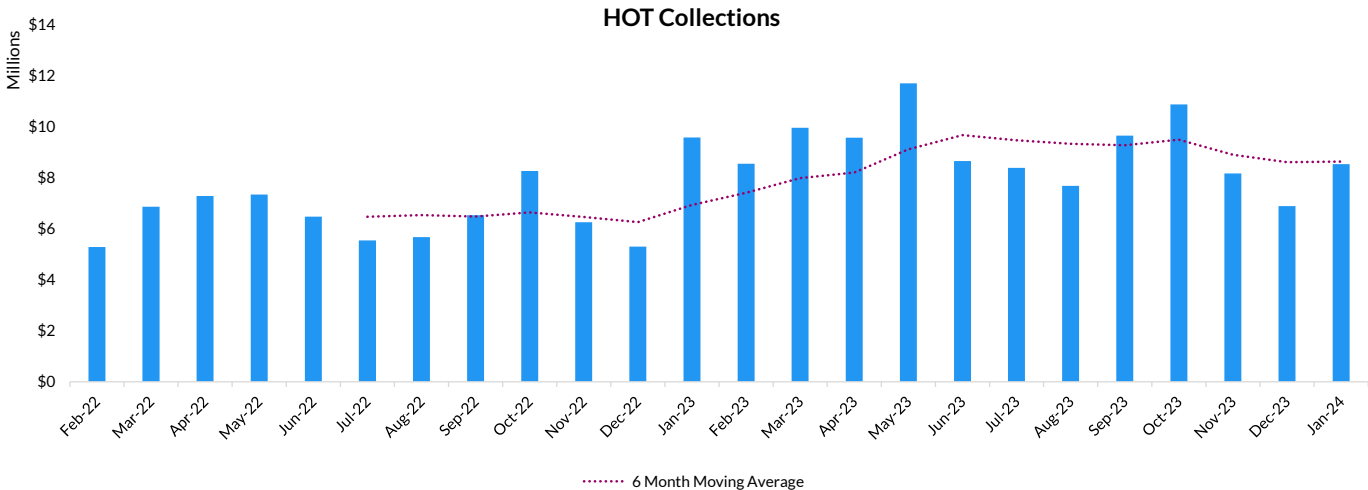
All Others. Includes but is not limited to manufacturing, professional and business services, financial activities, education and health services, and natural resources and mining.

FY 2023-24 Financial Forecast Report

ECONOMIC INDICATORS

Hotel Occupancy Tax

The City collects hotel occupancy taxes (HOT) on hotel, motel, bed and breakfast, and short-term rentals in the city limits. The HOT rate in Dallas is 15 percent of the cost of the room (not including food served or personal services not related to cleaning and readying the space for the guest)—six percent goes to the state, and nine percent goes to the City. Of the nine percent to the city, two percent is to be used for the Convention Center Expansion and the Fair Park Facilities Venue Projects and seven percent is allocated for Visit Dallas, Office of Arts and Culture, and Kay Bailey Hutchison Convention Center Dallas. HOT is the largest single revenue source for the Kay Bailey Hutchison Convention Center, and data is typically updated every two months.



Beginning November 2022, the HOT rate collected by the City of Dallas increased from seven to nine percent. HOT allocations including the additional two percent are reflected beginning in January 2023.



FY 2023-24 Financial Forecast Report

ECONOMIC INDICATORS

Convention Center Event Bookings

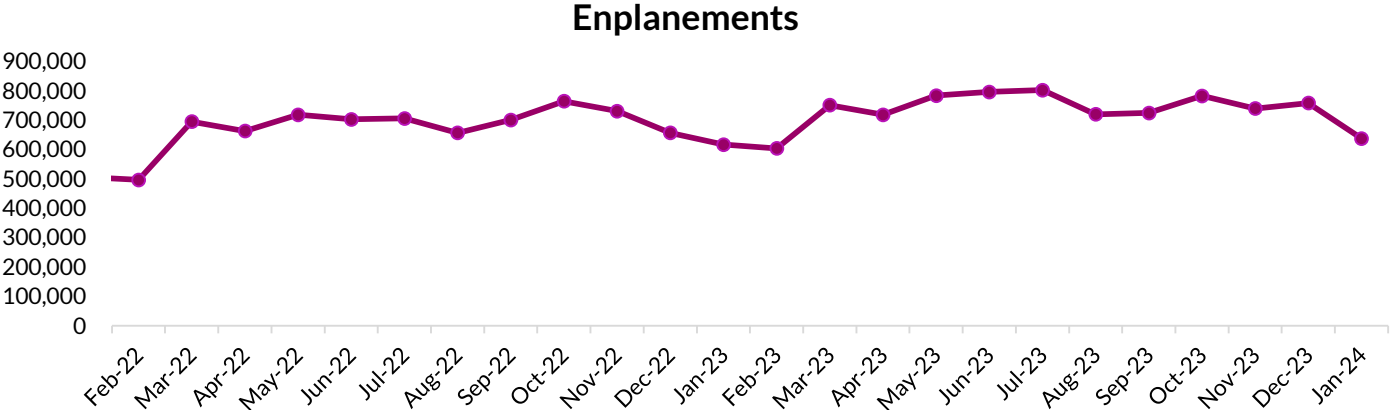
The table below lists the number of actual, planned, and forecast events at the KBHCCD for the last three fiscal years. Please note if no event takes place, it results in an equal reduction in revenue and expenses.

	FY22 Actual	FY23 Actual	FY24 Planned	FY24 Actual/Forecast*
October	6	10	11	11
November	5	2	4	4
December	9	12	6	7
January	4	5	7	10
February	10	14	10	11
March	13	10	8	10
April	8	6	3	3
May	6	10	9	8
June	11	12	9	9
July	4	5	6	5
August	8	5	7	7
September	10	5	3	3
Total	94	96	83	88

* Due to shifts in cancellations and rescheduling, FY24 actuals for prior months may be updated.

Love Field Enplanements

An enplanement is when a revenue-generating passenger boards an aircraft. Enplanements are the most important air traffic metric because enplaned passengers directly or indirectly generate 80 percent of Aviation revenues. Typically, Aviation generates only 20 percent of total operating revenues from non-passenger-related activities.



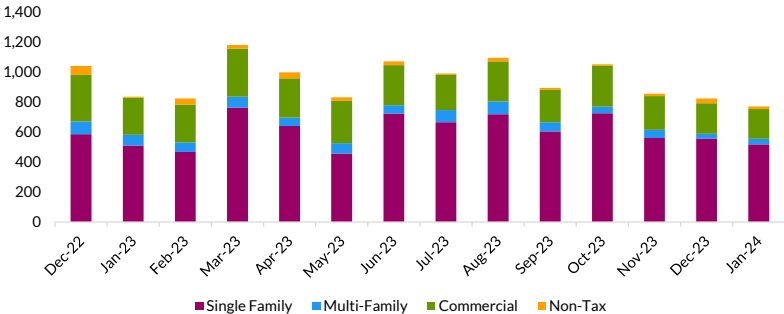
FY 2023-24 Financial Forecast Report

ECONOMIC INDICATORS

Building Permits

Building permits (required for all construction in Dallas) can provide insight into upcoming activity in the housing market and other areas of the economy. Permits are a key indicator of the confidence developers have in the economy; likewise, a decline can indicate developers do not anticipate economic growth in the near future. In some cities, this measure may be a leading indicator of property tax value growth, but in Dallas, the property tax forecast model includes other variables like wage/job growth, housing supply, gross domestic product, population, vacancy rates, and others.

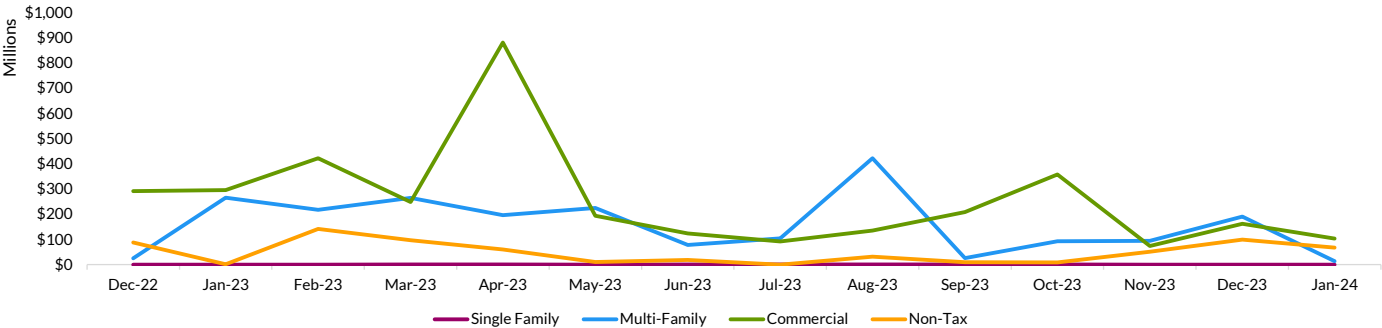
Number of Submitted Building Permits



Source: Data from POSSE Land Management software (Development Services)

*October 2023 to December 2023 were revised to reflect submitted building permit data

Submitted Building Permit Valuations



Source: Data from POSSE Land Management software (Development Services)

*Single-family home valuations are estimations only.
**October 2023 to December 2023 were revised to reflect submitted building permit data

DALLAS 365

The Dallas 365 initiative aligns 35 key performance measures to our eight strategic priorities. The department responsible for each measure is noted at the end of the measure’s description, and last year’s performance is included if available. If FY 2023-24 data is not available, N/A is listed.

Year-to-date (YTD) and year-end (YE) targets are presented for each measure. YTD targets may vary based on seasonality of the work. Each month, we compare 1) the YTD target with the actual performance for the current reporting period and 2) the YE target with the department’s forecasted performance as of September 30, 2023.

Measures are designated “on target” (green) if actual YTD performance is equal to or greater than the YTD target. If actual YTD performance is within five percent of the YTD target, it is “near target” (yellow). Otherwise, the measure is designated “not on target” (red). The same methodology applies to YE forecasts. Variance notes are provided for each red measure.



#	Measure	FY 2022-23 Actual	YTD Target	YTD Actual	YE Target	YE Forecast
Economic Development						
1*	Average number of business days to complete first review of residential permit application (Development Services)	8	10	1	10	8
2*	Average number of business days to complete first review of commercial permit application (Development Services)	2	15	10	15	15
3	Percentage of attracted private investment documented by contract that occurs in Target Areas (Office of Economic Development)	N/A	40.0%	100.0%	40.0%	48.0%
4	Percentage spent with local businesses (Small Business Center)	59.0%	40.0%	25.0%	40.0%	40.0%
5	Percentage of dollars spent with local M/WBE businesses (Small Business Center)	80.9%	70.0%	76.9%	70.0%	76.9%
Government Performance & Financial Management						
6	Percentage of invoices paid within 30 days (City Controller's Office)	79.7%	85.0%	78.9%	85.0%	82.5%
7	Percentage of vehicles receiving preventive maintenance on schedule (Compliance I) (Equipment & Fleet Management)	N/A	65.0%	77.3%	65.0%	77.3%
8	Percentage of customers satisfied with call experience (311 Customer Service Center)	89.1%	88.0%	92.7%	88.0%	92.7%

* For most measures, high values indicate positive performance, but for these measures, the reverse is true.



FY 2023-24 Dallas 365

#	Measure	FY 2022-23 Actual	YTD Target	YTD Actual	YE Target	YE Forecast
9	Completion rate for informal solicitations (Procurement Services)	22.2%	80.0%	87.7%	80.0%	87.7%
Housing & Homelessness Solutions						
10	Percentage of development funding leveraged by private sources (Housing & Neighborhood Revitalization)	89.7%	60.0%	80.9%	60.0%	80.9%
11	Percentage of service requests resolved within 21 days (Office of Homeless Solutions)	87.0%	85.0%	91.0%	85.0%	91.0%
12	Percentage of beds utilized under the Pay-to-Stay program (Office of Homeless Solutions)	100.0%	90.0%	118.2%	90.0%	95.0%
Parks, Trails, & the Environment						
13	Percentage of CECAP actions underway annually (Office of Environmental Quality & Sustainability)	75.3%	70.1%	69.0%	75.3%	77.3%
14	Average number of recreation programming hours per week (youth, seniors, and athletic leagues) (Park & Recreation)	3,269	2,300	3,588	2,300	3,588
15	Residential recycling diversion rate (Sanitation Services)	18.2%	20.5%	17.6%	20.5%	17.6%
16	Percentage of garbage and recycling routes completed on time (Sanitation Services)	99.9%	95.0%	99.8%	95.0%	99.8%
Public Safety						
17	Percentage of EMS responses within nine minutes or less (Dallas Fire-Rescue)	85.4%	90.0%	84.9%	90.0%	87.0%
18	Percentage of first company responses to structure fires within five minutes and 20 seconds of dispatch (Dallas Fire-Rescue)	87.0%	90.0%	89.4%	90.0%	90.0%
19*	Crimes against persons (per 100,000 residents) (Dallas Police Department)	1,936	660.0	620.5	2,000	620.5
20	Percentage of responses to Priority 1 calls within eight minutes or less (Dallas Police Department)	61.5%	60.0%	49.5%	60.0%	49.5%
21	Percentage of 911 calls answered within 10 seconds (Dallas Police Department)	93.3%	90.0%	94.1%	90.0%	94.1%
22	Monthly complaint resolution rate (DPD and OCPO) (Office of Community Police Oversight)	78.3%	70.0%	85.1%	70.0%	85.1%
23	Percentage of crisis intervention calls handled by the RIGHT Care team (Office of Integrated Public Safety Solutions)	59.8%	44.2%	56.6%	44.2%	56.6%

* For most measures, high values indicate positive performance, but for these measures, the reverse is true.

FY 2023-24 Dallas 365

#	Measure	FY 2022-23 Actual	YTD Target	YTD Actual	YE Target	YE Forecast
Quality of Life, Arts, & Culture						
24	Number of cases resolved by community prosecution (City Attorney's Office)	211	114	162	450	450
25	Percentage of litter and high weed service requests closed within SLA (Code Compliance)	98.4%	85.0%	93.6%	85.0%	93.6%
26	Percentage increase in dogs and cats transferred to rescue partners (Dallas Animal Services)	41.9%	5.0%	11.0%	5.0%	11.0%
27	Satisfaction rate with library programs (Library)	98.1%	95.0%	100.0%	95.0%	100.0%
28	Percentage of cultural services funding to ALAANA (African, Latinx, Asian, Arab, Native American) artists and organizations (Office of Arts & Culture)	32.8%	35.0%	36.6%	35.0%	36.6%
Transportation & Infrastructure						
29	Planned lane miles improved (792 of 11,770 miles) (Public Works)	98.4%	16.0%	75.6%	100.0%	100.0%
30	Percentage of planned sidewalk projects completed (Public Works)	N/A	0.0%	0.0%	100.0%	100.0%
31	Percentage of potholes repaired within three days (Public Works)	97.7%	98.0%	99.0%	98.0%	99.0%
32	Percentage of signal malfunction responses within 120 minutes (Transportation)	90.4%	79.7%	80.3%	91.0%	91.0%
33	Percentage of long line pavement marking miles restriped (611 of 1,223 miles) (Transportation)	50.0%	18.3%	18.0%	50.0%	50.0%
Workforce, Education, & Equity						
34	Percentage of users who reported learning a new skill through adult learning or career development programs (Library)	94.0%	92.0%	92.7%	92.0%	92.7%
35	Percentage of annual Racial Equity Plan department progress measures completed (Office of Equity & Inclusion)	N/A	25.0%	52.0%	75.0%	75.0%

* For most measures, high values indicate positive performance, but for these measures, the reverse is true.



FY 2023-24 Dallas 365

VARIANCE NOTES

5 For January 2023, a significant decrease in the YTD Actuals reported for the SBC measure is due to emergency vehicle expenses that were not spent with a local vendor.

6 CCO invoices paid within 30 days are below the target mainly due to a few high-volume departments experiencing delays approving invoices. Delays in departmental approval results in delays in payment by CCO Accounts Payable (AP). CCO AP is actively working with identified departments to reduce processing delays such as invoices with incorrect and/or incomplete information. CCO December 2023 and January 2024 actuals averaged 85 percent and CCO AP anticipates meeting the target in future reporting periods.

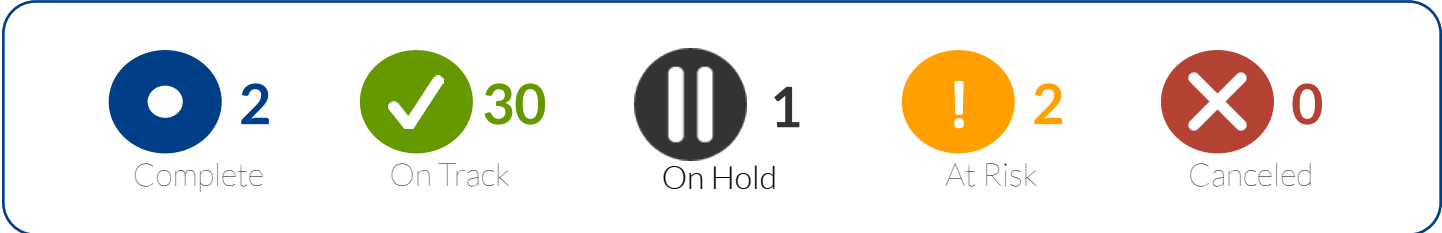
15 Recycling tonnage has been slightly lower than anticipated due to collection equipment shortages and reduced resident participation in the recycling program while refuse collections have been increasing. SAN is continuing to work with EFM to improve equipment availability so this will continue later into this FY as new equipment comes online. Additionally, the Sanitation Outreach Team is continuing efforts to educate the public on the City's recycling program. The Sanitation Outreach Team hosted 26 events in January 2024 across multiple Sanitation and Council districts.

17 DFR is experiencing increased EMS response times due to several factors: Emergency call volume remains high, and DFR's EMS transport rate continues to be over 60 percent (compared to historical rates of 40-45 percent). High call volume and transport rates result in a decrease in the number of available units and an increase in unit hour utilization, which in turn causes increases in response times. Additionally, a significant winter weather event in January 2024 over a six-day period resulted in extremely high call volume and negatively impacted response times. DFR remains confident that recent improvements to the emergency response model will continue to improve our service delivery.

20 DPD continues to emphasize hiring to increase the percentage of calls answered within eight minutes. This fiscal year, DPD's hiring goal is 250 police officers, with 59 hired as of January 2024. Additionally, DPD is working to create a referral incentive program to further accelerate future hiring. An increase in police personnel will provide more resources to call response and result in better response times.

BUDGET INITIATIVE TRACKER

The Budget Initiative Tracker reports on 35 activities included in the FY 2023-24 budget. For each initiative included in this report, you will find the initiative number, title, description, status, and measure. At the end of each description, the responsible department is listed. Each month, the responsible department provides a current status for the initiative and indicates whether the initiative is “complete” (blue circle), “on track” for completion by the end of the fiscal year or life of the program initiative (green check mark), "on hold" by City Manager's Office (black circle), “at risk” of not being completed by the end of the fiscal year (yellow exclamation mark), or “canceled” (red x).



In the Spotlight

Dallas Fire-Rescue initiated a program in FY 2022-23 aimed at enhancing ambulance staffing efficiency to mitigate burnout, decrease response times, and reduce overtime expenses. The Single-Role Paramedic Program, spanning six months initially with internal staff, transitioned towards hiring single-role paramedics rather than relying on firefighter paramedics for ALS units during peak hours. This program entails paramedics working traditional 10-12 hour shifts instead of the typical 24-hour on, 48-hour off schedule. With the department handling around 210,000 EMS calls annually, the program highlights a resolution to the strain on resources and staff. DFR’s expansion from six units to eight units deployed throughout the City serves as a national model, as it aims to increase recruiting flexibility, improve response times, and enhance operational efficiency.



FY 2023-24 Budget Initiative Tracker

ECONOMIC DEVELOPMENT**1 Augmentation of Planning and Zoning** ✓

INITIATIVE Augment planning and zoning staff with additional funding to address high demand for new development. In FY 2023-24, PNV will invest \$400,000 to decrease the review time for new development initiatives from 10 months to four months (PNV).

STATUS The updated contract is being reviewed by the Office of Procurement Services and the City Attorney's Office. The contract will be presented to City Council for approval in April 2024.

2 Community Development Team ✓

INITIATIVE Launch a Community Development Team to advance community-oriented real estate projects with catalytic potential. In FY 2023-24, OCD will implement affordable housing initiatives to revitalize neighborhoods that align with the Comprehensive Environmental and Climate Action Plan (CECAP), the Connect Dallas Strategic Mobility Plan (Connect Dallas), the Racial Equity Plan (REP), the Economic Development Policy (EDP), the Economic Development Incentives Policy (Incentives Policy), and the Housing Policy 2033 (DHP33) (OCD).

STATUS OCD has hired and completed onboarding for Project Managers and the team is operational - reviewing and developing plans that align to Citywide comprehensive documents and policies in collaboration with partner departments. The remaining Project Specialists will be recruited and supplement the evaluation and research of ongoing work completed by OCD staff.

3 Infrastructure Investment Fund ✓

INITIATIVE Allocate up to \$5.987 million in available funding from the Infrastructure Investment Fund to stimulate private investments in distressed areas as part of implementation of the Economic Development Policy (ECO). In FY 2023-24, ECO will report the cumulative amount of Infrastructure Investment Funds awarded to date by administrative action and/or City Council for new development in Southern Dallas and/or other historically underinvested areas (ECO).

STATUS As of January 2024, no applications have been awarded for the infrastructure investment fund. The infrastructure investment fund, alongside other funding sources, may be used to offer incentives in development agreements with private partners. While ongoing incentive applications are in process, the most suitable funding sources will be determined after completing the analysis, underwriting, and negotiation process, to potentially make incentive offers involving infrastructure investment funds in FY 2023-24.

4 Development Services ✓

INITIATIVE DEV will focus on updating fees to ensure maintenance of at least 30 days of budgeted operations and maintenance expense in net working capital and avoid cash deficit. In FY 2023-24, DEV will implement fee study recommendations resulting from the 2023 cost of service study and implement an annual fee cost escalator by February 2024 (DEV).

STATUS DEV's fee study outcomes from the 2023 cost of service study were deferred until March 2024 for City Council consideration. The proposed new fees will assist in recouping the cost directly associated with processing the fees reviewed.

5 Kay Bailey Hutchison Convention Center Dallas (KBHCCD) Master Plan ✓

INITIATIVE Continue implementation of the Kay Bailey Hutchison Convention Center Dallas (KBHCCD) Master Plan. In FY 2023-24, CCT will complete the A&E design for the first phase of the expansion plan - 3C West of Lamar & Dallas Memorial Auditorium and award a contract for construction services (CCT).

STATUS City Council approved a contract on September 13, 2023, with Inspire Dallas to be the KBHCCD Component 1 Project Manager at Risk. Inspire Dallas has begun work to procure A&E design and construction firms. Open and active procurements for Components 2-6 of the KBHCCD Master Plan are underway, and City staff has begun the evaluation process for owner's representative for Component 2 Transportation Alternatives. CCT will present a full briefing to City Council on March 6, 2024.

FY 2023-24 Budget Initiative Tracker

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

6 Modernize Key Software Applications

INITIATIVE Invest in Information Technology infrastructure to optimize and support the digital ecosphere, improve productivity, and ensure the City's network is amply protected in everyday operations. In FY 2023-24, ITS will complete implementation of network resilience through advanced technology and connectivity and modernizing technology such as upgrading financial and budget system and expanding the use of the Salesforce platform to an additional five departments (City Manager's Office, Code Compliance, Dallas Police and the Offices of Procurement Services and Community Care). ITS will also implement projects to improve operations for public safety including the rehosting of all 911 Computer Aided Dispatch and 911 call recording servers, replacement of the Dallas Fire Rescue Station Alerting System, and updates to the Dallas Police body worn camera infrastructure (ITS).

STATUS As of January 2024, ITS spent \$1,121,000 for various network resilience projects. ITS completed the rehosting of 911 CAD and call recording servers. The remaining projects' statuses are as follows: The AdvantageDallas project to upgrade the financial and budget systems is in the configuration phase of the project and on schedule for October 2024 implementation. For Salesforce expansions, the OCC's Online Grant Management is still in the planning phase. The CMO's Enterprise Community & Employee Engagement has moved to the configuration phase. The CCS' Inventory and Asset Management and DPD's Procurement Automation - Phase 1 projects are near the end of the User Acceptance testing phase. Finally, the POM's Solicitation Management project for Phase 2 is still in the discovery phase. The Request for Competitive Sealed Proposal (RFCSP) for the DFR's Station Alerting System is in the procurement process. Updates are ongoing for DPD's body-worn camera infrastructure.

7 Procurement Services - Enhanced Services

INITIATIVE Ensure support of citywide solicitations and contract management are maintained and optimized per industry standards. In FY 2023-24, POM will increase staffing capacity by adding five positions to procure goods and services more efficiently and decrease contract development by 45 days (POM).

STATUS Of the five approved positions, one Manager and two Procurement Specialists have been filled. One position was reclassified to a Senior Contract Compliance Administrator to further support citywide solicitations and contract management functions. POM will launch the new Salesforce Procurement Service Request Portal on February 5, 2024. The portal is designed to streamline and enhance procurement processes across departments and support POM's goals to make the procurement process more efficient and transparent.

FY 2023-24 Budget Initiative Tracker

HOUSING & HOMELESSNESS SOLUTIONS

8 Addressing Homelessness - Rebranded RTR 

INITIATIVE The Dallas R.E.A.L Time Rapid Rehousing (DRTRR) initiative’s team of homeless providers has now been rebranded as the R.E.A.L. Time Rehousing (RTR) initiative with a new goal of housing a combined 6,000 unique individuals by the end of 2025 (OHS).

STATUS From October 2021 to January 2024, the Real Time Rehousing Initiative housed 3,023 individuals. Of those housed, 38 percent consisted of adults with children and 62 percent were of adults only. OHS is partnering with Housing Forward to continue encampment decommissioning effort to offer individuals in established encampment housing solutions.

9 Minor Home Repair Program 

INITIATIVE Support senior residents and invest \$1.7 million in the Minor Home Repair Program. In FY 2023-24, HOU will approve up to 150 applications for grants up to \$10,000 to improve accessibility within the home and increase safety and efficiency (HOU).

STATUS Housing has put forth an amendment to consolidate multiple home repair programs into one streamlined initiative, investing \$1,700,000 in the Minor Home Repair Program. The proposal will be included on the March 27, 2024, City Council Agenda.

FY 2023-24 Budget Initiative Tracker

PARKS, TRAILS, & THE ENVIRONMENT

10 Strengthen Park Security Presence

INITIATIVE Strengthen park security presence and enhance parks and trails enforcement by installing additional lighting, security cameras, and Emergency Blue Light tower phones. In FY 2023-24, PKR will hire eight City Marshals (including supervisor), hire four park rangers, install new lighting, install new security cameras, and install Emergency Blue Light tower phones (PKR).

STATUS The City Marshal’s Office is currently recruiting and interviewing for the eight City Marshal positions and two of the Park Ranger positions have been filled. Offers have been made to fill the remaining Park Ranger positions. For park security, 20 cameras are currently on order and pending installation in 17 different parks, trails, and tennis court locations. Light installations are completed in West Trinity and Northhaven with more being scheduled for various parks around the city. PKR has purchased trucks, UTVs, bikes, and a drone for future deployment of additional park safety.

11 Urban Agriculture Infrastructure Grant Program

INITIATIVE Invest in an Urban Agriculture Infrastructure grant program to aid urban agriculture stakeholders (OEQS). In FY 2023-24, OEQS will establish a grant program and award at least one grant, not to exceed \$10,000 to an urban agricultural organization seeking to implement urban agricultural facilities (OEQS).

STATUS OEQS has identified local organizations with the potential to qualify for the Urban Agriculture Infrastructure grant. Contact with these organizations has begun and guidelines are being established for implementation. Initial conversations have been facilitated with Dallas County Health & Human Services as a partner organization to implement the grant and are currently being reviewed by OEQS prior to City Attorney’s Office review in March 2024. This grant aims to increase urban garden acreage aligning with targets set by Comprehensive Environmental & Climate Action Plan and Comprehensive Urban Agriculture Plan.

12 Composting Site

INITIATIVE In furtherance of CECAP and Zero Waste goals, SAN is leading efforts to identify and implement policies, programs, and infrastructure needed to manage solid waste and recyclable materials generated in the City over the next 50 years. In FY 2023-24, SAN will initiate a feasibility study and development of a composting site and processing system at McCommas Bluff to support commercial and resident self-haul to turn waste into resources (SAN).

STATUS City Council has approved the acceptance of a grant for a composting study. SAN is working with a consultant to complete a site study to determine the best location for the composting site. The current timeframe to have the site study completed is by May 2024.

13 Solar Installation

INITIATIVE Invest \$500,000 in FY 2023-24 for solar energy initiative at City facilities (BSD).

STATUS A portion of the \$500,000 allocated in FY 2023-24 for solar energy initiatives will be used for maintenance and repair of existing failed solar equipment installed at City facilities. An RFP solicitation for providing maintenance and repair for Solar Power Equipment continues to be reviewed by the Office of Procurement Services. Any remaining funds will be used to expand the City’s solar PV system infrastructure to additional City facilities.



FY 2023-24 Budget Initiative Tracker

PUBLIC SAFETY**14 Police Response Times** 

INITIATIVE Improve response times to high priority calls by hiring 250 police officers in FY 2023-24 and implement retention incentive program targeted at reducing the attrition rate of experienced officers for a total of 3,144 police officers by September 30, 2024 (DPD).

STATUS As of January 2024, DPD has hired 59 personnel, this includes laterals, rehires, and trainees. The second academy class on January 17, 2024, had 29 recruits enrolled. Current trends show that DPD is unlikely to hit the target headcount due to higher attrition in FY 2022-23 causing the starting headcount to be lower than budgeted headcount of 3,069.

15 Right Size the Fire Department 

INITIATIVE Right size the fire department staffing model by adding 100 firefighters and increasing overtime funding. In FY 2023-24, DFR will implement four (4) classes of 60 recruits each in addition to 40 lateral hires with a goal to end the year with 2,187 uniformed personnel by September 30, 2024 (DFR).

STATUS As of January 2024, DFR has hired 145 personnel, this includes laterals, rehires, and trainees. The January academy class had 60 recruits enrolled. Additional academy classes are scheduled for March and July of 2024. Current trends show that DFR is unlikely to hit the target headcount due to higher attrition in FY 2022-23 causing the starting headcount to be lower than budgeted headcount of 2,043.

16 Single Function Paramedic Program 

INITIATIVE Expand the Single Function Paramedic Program to increase recruiting flexibility, improve response times, and increase operational efficiency. In FY 2023-24, DFR will expand the Single Function Paramedic Program from six units to eight units to be deployed throughout the City to improve response times (DFR).

STATUS As of January 2024, DFR has filled 13 Single Function Paramedics positions of the allocated 32 positions. The vacant Single Function Paramedic shifts are being covered by Fire-Rescue Officers and it is anticipated that by April 2024 the additional two units will be covered by Single Function Paramedics and not by Fire-Rescue Officers. DFR has expanded from six to eight units to increase operational efficiency.

17 Dallas Police Department Technology 

INITIATIVE Continue to invest in the safety of Dallas residents by ensuring that public safety equipment including software, technology, and equipment is readily available to police officers and will be deployed in high crime areas. In FY 2023-24, DPD will install 120 stationary Automated License Plate Recognition (ALPR) cameras and 1,540 ALPR for marked squad cars (DPD).

STATUS Automated License Plate Recognition (ALPR) cameras are live in all marked squad car dash cams. As of January 2024, stationary camera locations have been identified. Of the 120 stationary cameras, 90 cameras have been installed and the remaining 30 are still in the installation process.

18 Dallas Police Department Forensic Lab 

INITIATIVE Streamline the forensic analysis of digital evidence and ensure compliance with statutory regulations. In FY 2023-24, DPD will create a Forensic Lab in the Police Technology unit (DPD).


STATUS The Police Technology unit is currently finalizing the Standard Operating Procedure (SOP), equipment details, and working to maintain accreditation standards. Five positions have been identified to help with these tasks and the recruitment process began in January 2024 with interviews scheduled for February 2024.

19 Investigations and Operations 

INITIATIVE Respond to the growing volume of digital evidence and improve efficiency and effectiveness of the investigative process. In FY 2023-24, DPD will hire 20 non-uniform positions to relieve sworn detectives of certain administrative tasks related to researching, retrieving, and transferring digital evidence, saving an estimated 5,180 hours of sworn detective time per year. Additionally, these positions will ensure compliance with the Richard Miles Act (SB111, 2021) (DPD).

STATUS As of January 2024, DPD has reassigned 20 non-uniform positions to investigations and operations from other areas in DPD while DPD completes recruitment efforts. Six positions have been filled, four positions are awaiting background checks, and interviews are currently being coordinated for the remaining 10 positions.

FY 2023-24 Budget Initiative Tracker

QUALITY OF LIFE, ARTS, & CULTURE**20 Short-Term Rental Registration Program** 


INITIATIVE Create a short-term rental registration program and inspection team to ensure compliance and oversight of rental properties (CCS).

STATUS A court injunction has halted CCS enforcement and registration for the Short-Term rental program. CCS staff is working to ensure prompt resumption of program after court decision. As of December 2023, staff have been onboarded and are supporting temporary assignments within the department awaiting direction to prepare for immediate action in the event the injunction is lifted.

21 Reduce Blight 

INITIATIVE Continue investments to remove dangerous properties and improve the quality of life in neighborhoods. In FY 2023-24, CCS will demolish 19 properties with increased investment of \$250,000 (CCS).

STATUS In January 2024, City Council approved a demolition vendor agreement, and the agreement is now in the final phases of adoption. CCS has 23 properties ready to be scheduled for demolition following the contract finalization.

22 Beautification Program 


INITIATIVE Continue investments to reduce blight and foster clean, healthy, and safe communities. In FY 2023-24, CCS will add three positions to expand Keep Dallas Beautiful Program to perform 75 Community Clean ups, two vacant lot beautifications, and perform three decorative board-up projects on blighted properties (CCS).

STATUS The Keep Dallas Beautiful program has filled two out of the three positions and CCS will be reposting the remaining position at the end of February. As of January 2024, the Volunteer Community Clean-Up program has completed 30 community cleanups and anticipates completing an additional 45 by September 2024. Additionally, the Community Clean Trash-Off program has completed seven events, one vacant lot cleanup, and anticipates another eight to be completed by September 2024.

23 Night Detail Team 

INITIATIVE Address nuisances created by after-hours entertainment venues. In FY 2023-24, CCS will hire staff (5 positions) and ensure entertainment venues are operating within their approved scope and ensure better adherence with promoters and vending ordinances (CCS).

STATUS CCS is in the hiring process for two of the five positions and plans to continue utilizing existing staff willing to work overtime until these positions are filled.

24 Expanding Library Access 

INITIATIVE Provide Library access to invaluable resources, programs, and services. Expand library hours and staffing levels at 15 additional locations to six (6) days per week of service so residents can enhance their lives through education, workforce development, and senior and early literacy programs (LIB).

STATUS In January 2024, the Library was able to hire sufficient positions to allow for the additional hours to be covered with non-overtime shifts beginning on January 30, 2024.

25 Spay and Neuter Program 

INITIATIVE Add \$250,000 in operational funding to Dallas Animal Services to support spay and neuter services and promote responsible pet ownership. In FY 2023-24, DAS will provide an estimated 2,000 low-cost surgeries to aide in population control resulting in less animals housed in the shelter (DAS).

STATUS DAS anticipates providing 2,000 low-cost surgeries with the additional funding. These additional surgeries will help reduce the animal population, increase the spay/neuter capacity, increase compliance with violations and citations, and reduce the loose animal population in Dallas. As of January 2024, DAS has completed 335 surgeries and estimates reaching their goal of 2,000 surgeries by September 2024.

FY 2023-24 Budget Initiative Tracker

TRANSPORTATION & INFRASTRUCTURE**26 Sidewalk Master Plan** ✓

INITIATIVE Continue improvements in pedestrian mobility by reconstruction and repairing sidewalks in the Sidewalk Master Plan. In FY 2023-24, PBW will spend \$4.3 million to complete nine sidewalk projects which equates to approximately 7.3 miles of sidewalk improvements (PBW).

STATUS As of January 2024, PBW has spent \$1,946,000 to continue work on sidewalk improvements for the Sidewalk Master Plan FY 2023-24. PBW is on track to complete nine sidewalk projects which equates to approximately 7.3 miles of sidewalk improvements by September 2024.

27 Street Maintenance ✓

INITIATIVE Invest \$141.0 million in funding to improve approximately 792 street lane miles (PBW).

STATUS As of January 2024, PBW completed 95.98 lane miles of street maintenance work and spent \$25,495,000 in funding.

28 Parking Management ✓

INITIATIVE Invest \$500,000 to implement a comprehensive approach to parking management citywide by upgrading approximately 500 of the combined totals of 2,800 2G and coin operated meters (TRN).

STATUS On January 10, 2024, City Council approved a cooperative purchasing agreement for electronic intelligent parking technology. TRN's parking team is developing a comprehensive plan to strategically implement the upgrades.

29 Public Safety Street Light Program ✓

INITIATIVE Invest \$2.0 million in corridor lighting and continuation of public safety street lighting along Walton Walker/Loop 12 (TRN).

STATUS TRN streetlight team has completed its review of lighting options for corridor lighting along Walton Walker/Loop 12. TRN has sent a project extent map of streetlights to TxDOT for review. TRN is expecting to issue a request for proposal in March 2024 for the streetlight analysis and design.

30 Drainage Improvements ✓

INITIATIVE Invest \$35.1 million in capital funding for stormwater and drainage management to minimize flooding in 31 areas (SDM).

STATUS As of January 2024, SDM has spent \$11,800,000 citywide on the completion of one project, two projects under construction, seven projects in design, and 21 that are in development.

FY 2023-24 Budget Initiative Tracker

WORKFORCE, EDUCATION, & EQUITY**31 Small Business Center** ✓

INITIATIVE Expand the Small Business Center (SBC) capacity to support the development of a pipeline of diverse contractors, vendors, and suppliers to increase economic stability and workforce development. In FY 2023-24, SBC will help lift-up and expand capacity of minority and women-owned business enterprises by 25 percent in collaboration with local minority business organizations utilizing an Accelerators Pilot Program (SBC).

STATUS As of January 2024, SBC has been accepting applications to the Dallas Accelerator Program (DAP). Beginning in February 2024, after extending the application deadline, SBC will evaluate and select applicants with classes beginning in late February 2024.

32 Day Labor Program ✓

INITIATIVE Improve workforce initiatives for day laborers through a facility or mobile workstation and staff to support a Day Labor Center Program (SBC).

STATUS SBC met with DPD to do a walkthrough of possible options for mobile units. As of January 2024, SBC is working with vendors to obtain quotes for mobile unit repairs, such as tires, in order to be operational for the Day Labor Outreach Program.

33 Expand Green Job Skills Program ✓

INITIATIVE Expand the Green Job Skills Program that empowers local contractors looking to increase their skill set and fulfill high-demand green jobs in Dallas and by expanding the number of participants courses offered from four to six. (OEQS).

STATUS OEQS met with Dallas College and the Regional Black Contractors Association on February 20, 2024, to introduce the Green Job Skills program.

34 Senior Services ✓

INITIATIVE Support awareness of senior services and cross-departmental alignment of existing senior programs through the appointment of an Age-Friendly Officer and awarding the contract for a comprehensive senior needs assessment and strategic plan to strengthen community engagement and better support future senior programs and services (OCC).

STATUS The Age-Friendly Officer position was posted on January 17, 2024, and closed on January 31, 2024. Interviews with candidates are scheduled for early March 2024, with a selection to be made immediately after. Once the position is filled, the new Age-Friendly Officer will begin to evaluate senior needs and services within the community.

35 Fair Housing Equity Plan ✓

INITIATIVE Reduce disparities while improving outcomes in fair housing through the development of a New Fair Housing Equity Plan. In FY 2023-24, OEI will procure a consultant that will support the development of thorough, inclusive plan that will support the actions of affirmatively further fair housing in Dallas (OEI).

STATUS In January 2024, OEI provided the Workforce, Education, and Equity (WEE) Committee with updates on the New Fair Housing Equity Plan and scheduled a strategy meeting with HOU to discuss goals and scope for a consultant to oversee the process.

FY 2023-24 Budget Initiative Tracker

MULTI-YEAR INITIATIVES

While most initiatives can be completed in a single fiscal year, several FY 2018-19, FY 2019-20, and FY 2020-21 initiatives required additional time because of the scope and term of the project, as well as delays due to COVID-19. We will continue to report the status of these fourteen initiatives below, using the initiative numbers from the prior reports for reference.

**FY 2021-22****1 Economic Development Entity**

INITIATIVE Launch the economic development entity called for in the Economic Development Policy with \$7 million over three years to pay formation costs and hire staff to begin the entity's business and real estate development work, after which it will be self-sustaining. In FY 2021-22, ECO will spend \$2.0 million to launch operations, hire a new Economic Development Corporation Director, develop a 3-year work plan, and develop an operational budget for Year 2 (FY 2022-23) and Year 3 (FY 2023-24) (ECO).

STATUS The EDC board met in January 2024 and approved the website, logo, and branding. The CEO search committee expects to decide on a CEO recommendation to City Council in March 2024. Once a CEO is hired, a 3-year work plan and budget will be developed.

13 Affordable Housing Units

INITIATIVE Incentivize developers to build affordable housing by subsidizing \$10 million worth of water and sewer infrastructure required for up to 250 new affordable single-family and 1,000 multifamily units over the life of the program (based on the mix of projects and the amount of funding requested). The program will be implemented from FY 2022-23 through FY 2023-24 with new units projected in years 2 and 3 due to construction timelines (HOU).

STATUS Housing is implementing this funding along with other measures through the existing Notice of Funding Availability. On January 12, 2022, City Council approved the first project utilizing these funds, providing \$1,800,000 million to be used for water infrastructure related to the development of 125 for-sale single-family homes. On August 24, 2022, City Council approved authorizing \$4,100,000 to be allocated to Cypress Creek at Montfort, a mixed-income multifamily development in District 11. This project is currently waiting on an environmental review. Due to increased development costs, on December 13, 2023, Housing allocated an additional \$7,600,000 in CDBG-DR funds to Cypress Creek at Monfort.

14 Preservation of Affordable Housing

INITIATIVE Devote \$11.3 million for the preservation of affordable housing and investment in water and sewer infrastructure in qualified census tracts. In FY 2021-22, HOU will spend \$2 million for neighborhood infrastructure and \$2 million to preserve 20 housing units (HOU).

STATUS In December 2021, City Council approved \$11,250,000 in ARPA for home repair and infrastructure improvements within specified qualified neighborhoods in Dallas. As of January 2024, \$2,500,000 has been spent or encumbered for 14 homes under construction and 14 that have been completed. By summer 2024, \$4,500,000 will be encumbered for infrastructure improvements including water, wastewater, and sewer utilities. Proposed implementation change to be presented to Housing and Homelessness Solutions Committee.

27 Wi-Fi at Park Facilities

INITIATIVE Install Wi-Fi at 63 park facilities (PKR).

STATUS The cabling installation of 14 high-priority sites was completed in December 2022. The remaining 49 Wi-Fi sites have received Access Point equipment and scheduling with the cable companies has begun. Additionally, requests have been submitted to AT&T for network connections at various community pools.

FY 2023-24 Budget Initiative Tracker

MULTI-YEAR INITIATIVES**28 Traffic Signals** 

INITIATIVE Devote \$14 million over three years to leverage over \$50 million in matching federal funds to replace 100 traffic signals as part of our Vision Zero strategy. This initiative was started in FY 2021-22 and implemented in three phases. In FY 2021-22 spend \$2.0 million to design 50 traffic signals to leverage federal and county funds. In FY 2022-23, spend \$2.1 million to design 44 traffic signals (FY 2022-23 initiative 28 and FY 2021-22 initiative 29 combined) (TRN).

STATUS Traffic signal replacement will be a multi-year effort and is delayed due to the extended TxDOT approval process. This initiative includes both design and construction/replacement components for 100 traffic signals. This multi-year initiative to devote \$14,000,000 over three years will be completed in FY 2024-25. As of January 2024, TRN has spent and encumbered \$7,300,000 on the design of 65 signals and construction of 75 signals associated with both the FY 2021-22 and FY 2022-23 initiatives.

34 Accessibility 

INITIATIVE Implement software system to track identified American Disabilities Act (ADA) compliance issues and barrier removal costs (OEI).

STATUS OEI team met with the ADA software vendor in October 2023, vendor-provided documents needed to be updated and OEI requested software support policy. The number of software licenses increased, and the multiyear quote is expected to increase as well. The team is awaiting updated vendor information from the roll-out plan requested by ITS in November. Software acquisition is on track for spring 2024.

35 Water/Wastewater Service 

INITIATIVE Accelerate the extension of water and sewer services to all 47 occupied and unserved areas of the City (DWU). In FY 2021-22, DWU will award approximately \$9.5 million for the design of 211,219 feet and construction of 9,960 feet of new pipelines in Mesquite Heights, Killough Blvd & Wasco Lane, and Gooch Street areas (DWU).

STATUS In December 2023, construction contracts were awarded for pipelines in 11 unserved and occupied areas, totaling 28,415 feet in length. The final designs for the remaining unserved and occupied areas are being completed. Additional locations ready for construction will be packaged for advertisement in spring 2024 with planned construction awarded by summer 2024 using the remaining \$8,900,000 in ARPA funds.

FY 2023-24 Budget Initiative Tracker

MULTI-YEAR INITIATIVES**FY 2022-23****2 City Development Code** ✓

INITIATIVE Overhaul the City's Development Codes (Chapters 51, 51A, and 51P) to develop a modern, updated, and user-friendly development code that is streamlined, consistent, clear, and aligned with all City plans and policies. In FY 2022-23, PNV will execute a consultant contract, work alongside the consultant to perform a technical analysis of the effectiveness of current development codes and begin the public engagement process to ultimately reduce the total land development timeline (PNV).

STATUS The consultant has begun diagnostics, cataloged the current code standards, and benchmarked the code per best practices. GIS Analysis has also been initiated. In January, the consultant shared options for emblem concepts and the decision was made to coordinate with graphic designers in Communications, Outreach, and Marketing. After additional coordination with ITS, the outline of website content will be shared with PNV staff to move forward after the emblem and branding efforts are finalized. The initial diagnostics phase is estimated to be completed in March 2024.

5 Water Conservation Five-Year Work Plan ✓

INITIATIVE Update the Water Conservation Five-Year Work Plan to be incorporated into the 2024 state required Water Conservation Plan and Long-Range Water Supply Plan that will update population, water demand and supply, and re-evaluate strategies to meet future needs for Dallas' water system (DWU).

STATUS The Long Range Water Supply and associated Water Conservation Plan updates were awarded in fall 2022. A kick-off meeting was held in February 2023 between consultants and the City to review the current plan, analyze conservation strategies, and update and index the plan against customer cities, including the southwest cities. The City delivered the data to the consultant and the initial draft is being prepared for delivery to City staff. The anticipated delivery to staff of the initial draft is in March 2024. The Water Conservation Five-Year Work Plan will be incorporated into the 2024 state-required Water Conservation Plan and Long-Range Water Supply Plan that will update population, water demand and supply, and re-evaluate strategies to meet future needs for Dallas' water system.

17 Innovative Equipment and Technology ✓

INITIATIVE Invest in the tools and technology to deliver effective and innovative public safety solutions within the Dallas Police Department. In FY 2022-23, DPD will integrate Automatic License Plate Reader (ALPR) technology into dash cameras installed in marked squad cars, replace over 4,000 portable and mobile radios, convert the public safety records management system to a web-based RMS system, and upgrade tasers to newer Taser 7 model (DPD).

STATUS DPD has integrated the ALPR Technology into the dash cams in all marked squad cars. The mobile and portable radio project is complete with 4,000 radios being issued. DPD has begun training and issuance of Taser 7 while pending state legislative regarding Taser 10 is finalized. Specifications are being developed for a system that will combine the functionality of RMS and CAD programs to provide efficiencies for DPD.

20 City Facility Security Assessment ✓

INITIATIVE In FY 2022-23, initiate \$2.9 million [of \$6.4 million allocated] of high-priority improvements identified through the City Facility Security Assessment including perimeter access control, security camera systems, radio systems, officer shelter space, vehicles access control, panic notification, lighting, weapons screening, security operating center upgrades, security staffing, and intrusion detection (DMC and MSH).

STATUS As of January 2024, Dallas Municipal Court (DMC) and City Marshal's Office (MSH) have initiated over 103 projects and has completed 32 of them. Currently, 66 of these projects are in the installation/construction phase. The remaining projects are in the design/pre-construction phase pending City Council approval of the new Master Agreement scheduled for April 2024. The completed projects include park lighting surveillance systems, access controls, window treatments, radios, and garage doors. DMC and MSH have spent \$4,600,000 of the total \$6,400,000 ARPA allocations.

FY 2023-24 Budget Initiative Tracker

MULTI-YEAR INITIATIVES

25 Sidewalk Master Plan 

INITIATIVE Continue improving pedestrian mobility by reconstructing and repairing sidewalks in the Sidewalk Master Plan. In FY 2022-23, PBW will spend \$5.0 million in bond funds (Certificate of Obligation Bonds), \$1.0 million in Community Development Block Grant (CDBG) funds, and \$0.3 million from the General Fund to complete 17 sidewalk projects, which equates to approximately 14.25 miles of sidewalk improvements (PBW).

STATUS As of January 2024, PBW spent \$5,012,000 appropriations to complete 16 sidewalk projects and 14.36 lane miles of sidewalk improvements. PBW anticipates completing the remaining no later than March 2024.

30 School Zone Flashing Beacons 

INITIATIVE Replace 1,000 outdated school zone flashing beacons with state-of-the-art technology to protect students as they walk to school. This initiative began in FY 2021-22 and will be implemented in three phases. In FY 2022-23 spend \$2.5 million to procure equipment and complete installation for 500 school zone flashing beacons (TRN).

STATUS As of January 2024, TRN has spent or encumbered \$2,600,000 of \$5,000,000 allocated in FY 2021-22 through FY 2023-24, with 365 flashing beacons installed. Due to supply chain issues, the manufacturer was unable to deliver school zone flashing beacon equipment as planned which impacted installation. The manufacturer has resumed shipping new equipment as of September 2023. Replacement of the school zone flashing beacons will be conducted when the flashers are inactive. The remaining 135 school zone flashing beacons will be updated FY 2023-24.


PROCESS IMPROVEMENT

The Process Improvement Team seeks to build a culture of continuous improvement throughout the City of Dallas, partnering with departments to leverage data and research-based best practices for transformative operational success today while laying with foundation for future innovation.


The Process Improvement Team has focused on building awareness among departments, creating an organization-wide framework for process improvement, and establishing a cross-functional knowledge base for greater inter-departmental coordination. The following table summarizes current Process Improvement projects for FY 2023-24 which will be reported as Complete, On Track, Delayed, or Pre-Kickoff. The Baseline for Key Performance Indicators is the starting point of metric to engage success for completing projects. Additional projects will be added to the list throughout the course of the fiscal year.




Project Status




1
Complete





2
On Track




0
Delayed



0
Pre-Kickoff

#	Measure	Status	Timeline	Key Performance Indicators		
				Measure (Target)	Baseline	Current
1	DPD Workload Optimization Assess current operational demands to identify process improvement opportunities for workload management (DPD)		Jan 2022 - Dec 2023	% Accurately Reported Hours (95)	TBD	TBD
			Status Update: The review protocols, dashboard or reports that will trigger leadership action have been identified. DPD staff reviewing options. Project complete and ready to close pending final technology option selected/implemented			
2	DWU/DEV/DFR Map water/wastewater permitting process, from start to finish including installation of items. Cross-training/provide understanding of entire process for stakeholders		April 2023 - Nov 2023	Reduce Errors, Breakdown Silos, Improving Communication	N/A	N/A
			Status Update: Over 40 OFI's have been identified. OFI's were presented to the Dallas Builders Association in October 2023, feedback was positive, and they support the recommendations. Final executive approval of four main improvement items is scheduled for February 2024, with the implementation plan anticipated in March 2024. These four main improvement items are: 1) Prioritizing New Fire Hydrants with DWU, 2) Transitioning the City to Utilize 811 for DWU utility line locations, 3) Eliminating the "City" option to purchase utility connections, and 4) Creating a permitting team within DWU and incorporating the inspection process with Building Inspection.			

3	<p><u>Low Sterrett Prisoner Intake</u> Reduce the amount of time DPD officers spend processing prisoners at Low Sterrett</p>		July 2023 – Jan 2024	Cycle Time/Arrest	228 minutes/ arrest	TBD
			<p>Status Update: <i>This project was relaunched in July 2023, originally coupled with the "Low Sterrett Officer Turn Around Process" project. Enhancements implemented include establishing Single Arrest Line and transitioning an existing Parkland nurse from night shift to day shift. An Executive Report-Out was completed in January 2024. Current focus is on customizing three specific arrest reports to reduce time spent writing reports and continuation of collaboration with Dallas County Sherriff's Department to adjust group transfers in an effort to balance volume throughout working day.</i></p>			





City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1088

Item #: M.

Technology Accountability Report Information as of February 28, 2024
[Information & Technology Services]

Memorandum



CITY OF DALLAS

DATE March 19, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Technology Accountability Report – February 2024**

Please find attached the Technology Accountability Report (TAR) based on information through February 29, 2024. The TAR is a progress report reflecting the performance and operational status of the city in purchasing, implementing, operating, and securing technology to achieve the city's priorities and service objectives.

If you have any questions, please contact William (Bill) Zielinski, Chief Information Officer and Director of Information & Technology Services.

A handwritten signature in blue ink that reads "Jack Ireland".

Jack Ireland
Chief Financial Officer

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

Technology Accountability Report (TAR)



City of Dallas

As of February 29, 2024

Prepared by Information & Technology Services

**1500 Marilla Street, 4DS
Dallas, TX 75201**

214-671-9868

Executive Summary

The highlights of the February 2024 Technology Accountability Report (TAR) include:

- Section 1: ITS Programs & Projects – Since the January 2024 TAR report, three major projects were completed and removed from the report:
 - **Short Term Rental Enforcement Database**
This solution facilitates compliance enforcement of new zoning and registration ordinances for STRs. It will enable CCS to identify and locate Short-term rentals, monitor activity on host platforms, track code violations and issue notices and other administrative documents. (Previously project #7 on January 2024 TAR)
 - **P25 Compliant Radio Project**
This project installs all-new infrastructure for a fully P25 compliant radio communications system that will be used by multiple departments within the City and County of Dallas. This system is intended and designed to host external governmental agencies throughout the region. (Previously project #34 on January 2024 TAR)
 - **PKR Recreational Management System Project**
This project affords the Dallas Park and Recreation Department with a recreation management system to manage recreation activities and programs of its 43 recreation centers, 107 pavilions, 19 aquatic facilities and over 200 athletic fields. (Previously project #63 on January 2024 TAR)

Executive Summary continued

- Section 1: IT Programs & Projects – Since the January 2024 TAR report, one new project has been approved by the IT Governance Board:
 - **Salesforce for Economic Development**

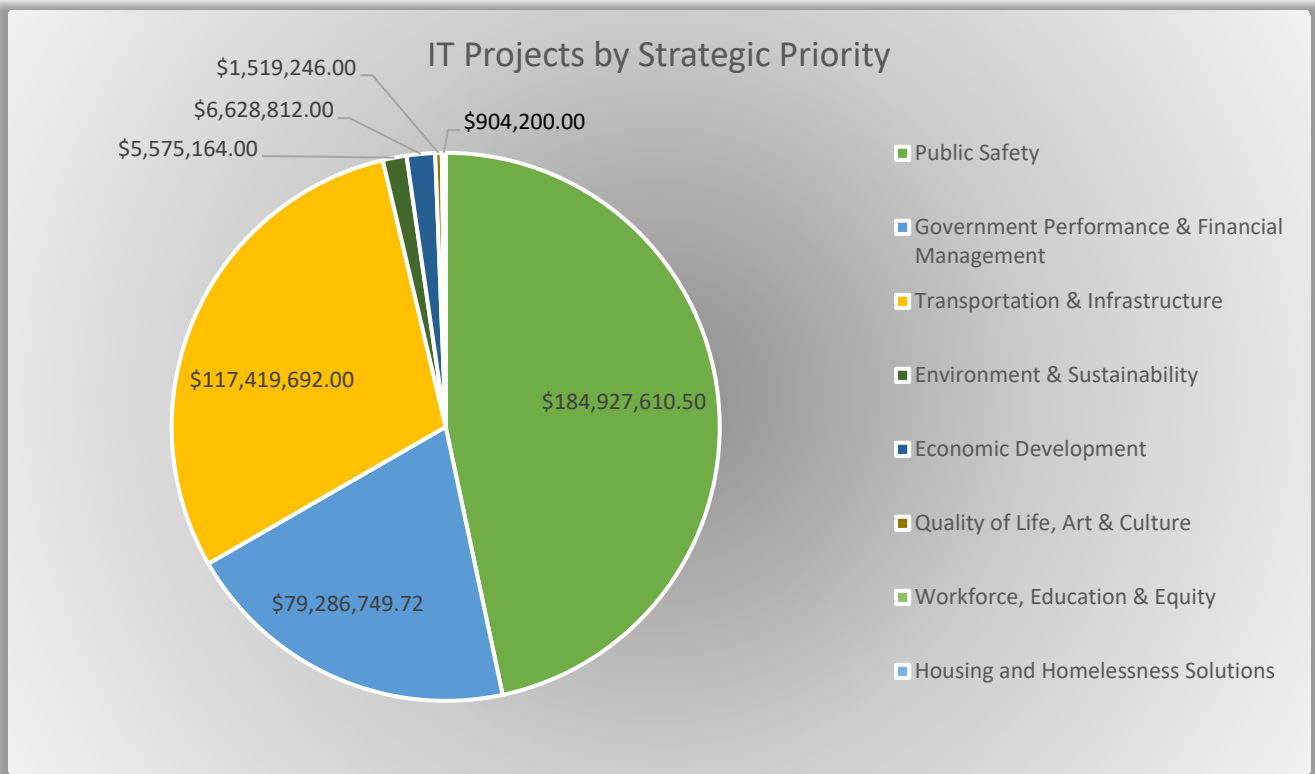
The Office of Economic Development (OED) is seeking configuration services for a Salesforce-based customer relationship, contract, project management, and grants management application for use in critical daily business operations which will allow the department to streamline business operations and enhance communication between businesses, citizens, and other stakeholders.
- A new section has been added under Cybersecurity Programs, Section 4.C.2. on page 44. This section highlights the use of Artificial Intelligence (AI) to review and process all of the threat indicators/vulnerability information received by our sensors and monitors. The AI conducts the initial processing of all the incoming threat information much faster and more efficiently than a human, saving us significant time and effort.

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Section 1: IT Programs & Projects

A. Project Pipeline

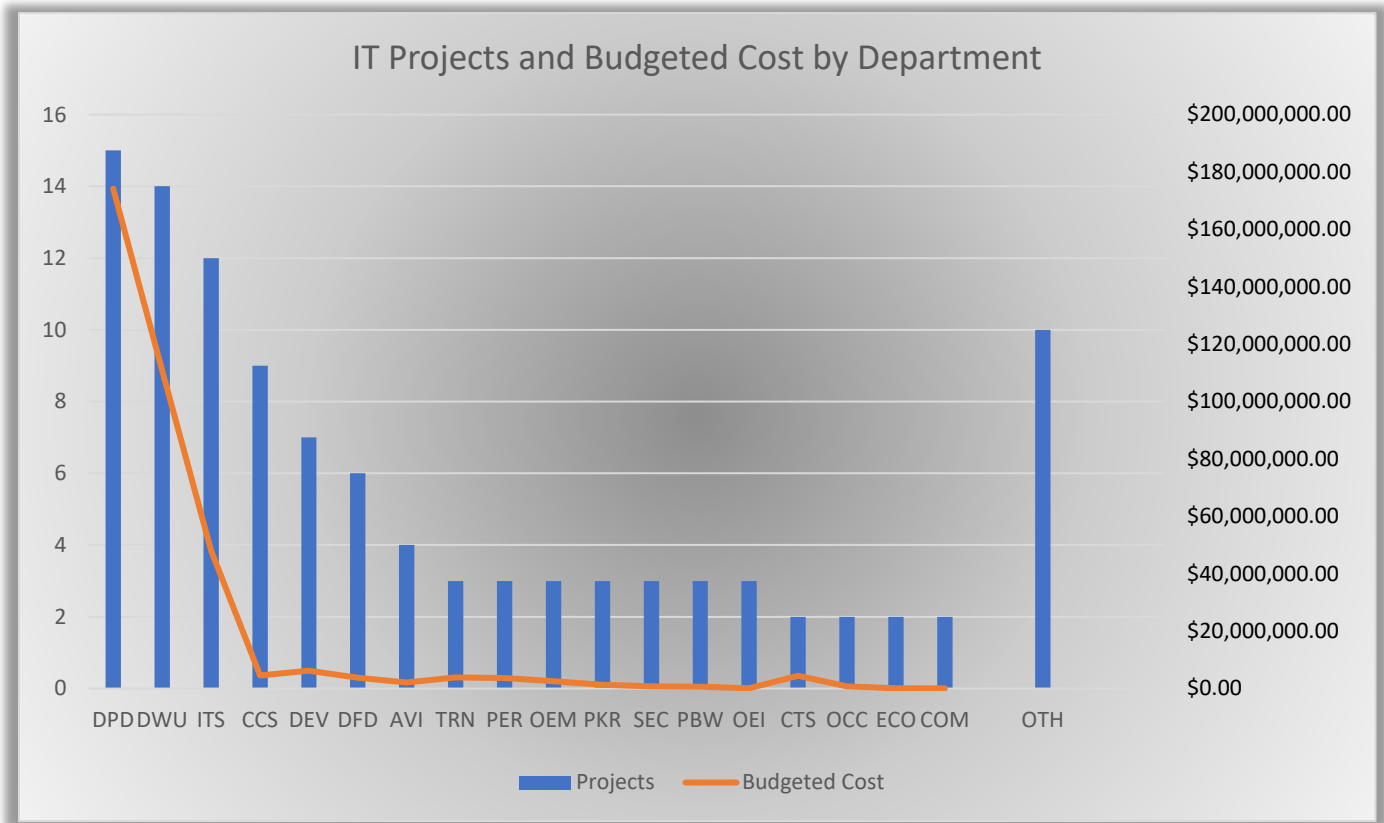
1. IT Projects by Strategic Priority



NOTES:

1. As of 02/29/2024, ITS has 106 approved IT projects in the pipeline.
2. The total budgeted costs for the 106 projects are \$396,261,474.
3. Project pipeline includes at least one project in 7 of the identified 8 strategic priorities.
4. The highest number of active IT projects are aligned to the Public Safety Strategic Priority with 26 projects at a total budgeted cost of \$184.9M, and Government Performance & Financial Management with a total of 25 projects at a total budgeted cost of \$79.3M, and followed by Transportation & Infrastructure with 24 projects at a total budgeted cost of \$117.4M, and Environment & Sustain with 12 projects at a total budgeted cost of \$5.6M.

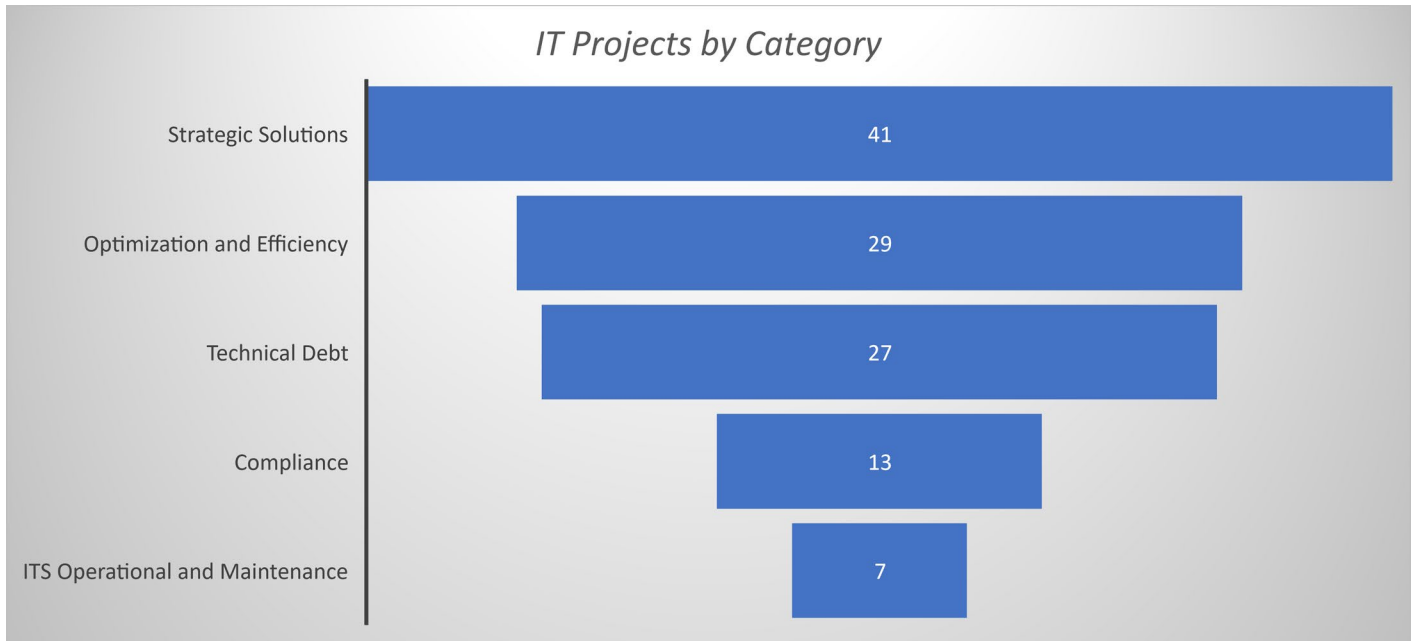
2. IT Projects and Budgeted Cost by City Department



NOTES:

1. Twenty-nine City Departments are represented across the 106 approved IT projects in the pipeline.
2. Dallas Police Department has 15 active projects at a total budgeted cost of \$174.2 million, followed by Dallas Water Utilities with 14 active projects at a total budgeted cost of \$110.8 million, Information & Technology Services with 12 projects at a total budgeted cost of \$48M, Code Compliance with 9 projects at a total budgeted cost of \$4.6M, and Development Services with 7 active projects at a total budgeted cost of \$6.2M and Dallas Fire and Rescue with 6 active projects at a total budgeted cost of \$3.8M.
3. Eleven Departments have 1 active project each, making up the Other (OTH) group in figure 2 above.

3. IT Projects and Budgeted Cost by Category



NOTES:

1. Forty-one projects implement Strategic Solutions of new products or services with a budgeted cost of \$68.60M.
2. Twenty-nine projects aim to increase Optimization and Efficiency of City processes and systems with a budgeted cost of \$273.94M.
3. Twenty-seven projects focus on reducing Technical Debt with a budgeted cost of \$109.95M.
4. Thirteen projects address Compliance Standards to meet industry regulations, government policies, or security frameworks with a budgeted cost of \$98.98M.
5. Seven projects are internal Operations and Maintenance projects with a budgeted cost of \$1.05M.


*The number of projects spread among these categories total to more than 106 due to some projects falling into more than one category.



B. Major Project Status






****LEGEND:**

- **Cancelled:** The project has not finished, and work on the project will not continue.
- **Completed:** Work on the project has finished, and all deliverables/tasks have been completed.
- **Delayed:** The project is still active, but we have passed the initial estimated completion date.
- **In Process:** The project is currently being worked on by the project team.
- **On Hold:** The project has not finished, and work on the project has been suspended.
- **Ongoing:** The project consists of multiple phases or is an operational project. Some portions have been completed, but the project has not fully reached fruition.




-  : Addresses Technical Debt
-  : PCI project



#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
1.	Enterprise Contact Center (ECC) Solution	The Enterprise Contact Center application within the City of Dallas is a secure, reliable, and scalable call platform to meet the high call volumes and growth to meet the needs of city residents. The ECC includes Natural Language Processing (NLP), Knowledge Base, Workforce Management, Interactive Voice Response (IVR), Courtesy Call Back, and other core call center capabilities to support multiple departments across the city. (\$2,134,245)	GPFM	311	Planning	In Process	
2.	Department of Aviation INDMEX AirBOSS Vehicle Tracking	This system provides the airport staff with a user friendly, browser-based means to track vehicle, aircraft movements, increase operational safety, and create a common operational picture. The Vehicle Tracking technology in this system allows the airport staff to track ground vehicles, driver positions while the Runway Incursion Warning System (RIWS) will alert vehicle operators in advance of a possible incident on runways. (TBD)	Transport & Infra	AVI	Mar-24	In Process	
3.	Veoci Dallas Airport System Phase 2 Implementation	This system provides the airport staff with a multifunctional platform providing emergency, safety management systems. This system allows to create, share and manage all information related to unlimited number of emergencies, incidents, events and facilitates emergency mass communications to internal and external stakeholders of Dallas Love Field Airport. (TBD)	Transport & Infra	AVI	Jun-24	In Process	


#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
4.	AdvantageDallas Financial Upgrade	The CGI Advantage 3 system is utilized by all departments within the City for processing and recording of all budgets, procurement and financial accounting transactions and interfaces with many enterprise business applications. This major upgrade will move the City's core financial system to a cloud-based solution providing advanced capabilities and incorporating modern technologies such as robotic process automation (RPA) and machine learning (ML) to improve the quality and speed of financial transactions. (\$22,095,745)	GPFM	CCO	Oct-24	In Process	
5.	Consumer Protection Online Salesforce Application/ Permitting system	This system will allow department to implement online permit process for seven applications (wood vendor, motor vehicle repairs, Credit access, electronic repairs, home repair, scrap tire). Will allow business owners to access, complete, submit, and track their business permit applications online. (\$318,050)	Environment & Sustain	CCS	TBD	In Process	
6.	Asset Management System	The Code Compliance office is seeking an asset management system to manage a number of different of assets to include Ballistic vests, uniform items (pants, belts, reflective vests, shirts, jackets) that they issue officers, and other equipment deployed to their staff to perform their duties. This effort gathers requirements to conduct market research and identify potential solutions to meet the business needs. (\$76,000)	Environment & Sustain	CCS	Planning	In Process	
7.	Body Worn Cameras for Code Personnel (CCS)	Code Compliance is implementing body-worn cameras to enhance citizen interactions, officer safety, and provide investigatory evidence for field inspections. The department has completed a pilot with limited staff and will move forward with a phased rollout. (TBD)	Environment & Sustain	CCS	April-24	In Process	
8.	Envision Connect Replacement	This project will replace the current Restaurant Inspection System - Envision Connect. Envision Connect is at the end of life for support. The vendor is requesting to move to a newer application for restaurant inspections. (\$482,611)	Environment & Sustain	CCS	Mar-24	In Process	
9.	Safety Tracking, and Hazardous Identification and Inspections	This electronic system monitors training records and certifications. It permits the sharing of policies and procedures with a confirmation acknowledgement, conducts hazard identification inspections, audits, checklists, and conduct job safety hazard analysis. (TBD)	Environment & Sustain	CCS	May-24	In Process	



#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
10.	Electronic Citation (eCitation) System	This project will implement an electronic citation system to support the Code Compliance department's operations. On an annual basis, the department issues over 69,000 Notices of Violation and over 10,000 citations. This system will improve operational efficiency by reducing the amount of time officers spend on-site, reducing paper waste, as well as data entry mistakes from hand-written citations. (TBD)	Environment & Sustain	CCS	Aug-24	In Process	
11.	Vacant Property Registration Salesforce Platform	This project will develop a registration platform and process for identifying and tracking vacant properties. This City-wide process will be managed by the Code Compliance Department. It will also enable citizens to access an online platform to register and pay for vacant properties they own. (TBD)	Environment & Sustain	CCS	May-24	In Process	
12.	Convention and Event Svcs - Office of Special Events - Customer Relation Mgmt System	Convention and Event Services Customer Relation Management System is currently operational but is not accepting Credit Card payments. This project implements PCI requirements to allow the system to eventually accept credit card payments. (TBD)	ECO	CCT	Planning	In Process	
13.	Enterprise Community and Employee Engagement Solution	This solution streamlines the city's ability to inform the public, solicit opinions, and conduct surveys to better support the citizens. It facilitates city authorities' active communication with residents and will help to better inform residents about service changes. (TBD)	GPFM	CMO	Sep-24	In Process	
14.	RFCSP for Court Case Management System	The current Court Case Management System (Tyler Technologies) contract will expire June 2024. CTS wishes to conduct market research and conduct a competitive procurement to ensure the best solution is selected to upgrade and improve Court Case Management. (\$4,371,720)	Public Safety	CTS	Planning	In Process	
15.	DAS Inventory Management Tool	Dallas Animal Services manages a large inventory of drugs, supplies and business equipment needed to perform their functions. Currently, inventory management is done through a legacy system database (animal software) or spreadsheets that are inadequate to provide appropriate controls and functionality. (\$14,062)	Environment & Sustain	DAS	Mar-24	In Process	
16.	Development Services Training Simulator	The building permitting and inspection process involves a number of different components operating independently on separate software platforms. The purpose of this project is to develop a training simulator that allows for cross-collaboration across city divisions to improve quality and efficiency of processes. (\$50,000)	ECO	DEV	TBD	On Hold	

#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
17.	Customer Queueing Software	Customers currently walking into the permit center need to be able to "sign in" and set appointments remotely. DEV needs to be able to offer this service to their customers to better track the data associated with their customers' experiences; volume, wait times, types of service...etc. This project will identify, procure, and implement a customer queue management solution for Development Services. (\$60,000)	ECO	DEV	Mar-24	In Process	
18.	Expand OnBase to the Entire SDC Department	The OnBase content management system was originally implemented only for the Building Inspection division within the Development Services Department (DEV). Purpose of this project is to implement the content management system to all divisions within DEV. (\$180,712)	ECO	DEV	Dec-24	On Hold	
19.	iNovah Upgrade	This project upgrades existing software to the most recent version and provide new hardware for iNovah, the Point of Sale/cashiering system for Sustainable Development. (\$484,350)	ECO	DEV	Dec-24	On Hold	
20.	DallasNow	The city's current permitting system has reached end of life, cannot interact with the new geospatial technology standards, and is difficult to change to support new business requirements, and workflows. This project will deploy a new system to replace the existing system and to add efficiencies in the permitting process. (\$9,746,780)	ECO	DEV	Sep-25	In Process	
21.	Smart Device/Technology Behavioral Health App for DFR Members	This project will provide a Peer Support Contact App for Dallas Fire-Rescue (DFR) personnel. At Dallas Fire-Rescue (DFR), the City is promoting whole-person wellness. This new application will supplement existing mental health support services available to the City's DFR members. (\$170,000)	Public Safety	DFD	Planning	In Process	
22.	Telestaff-Workday Integration Phase 2	Telestaff automated scheduling and staffing system for City of Dallas Fire Department 24-hr employees' integration with Workday Payroll System. (\$731,238)	Public Safety	DFD	May-24	In Process	
23.	Dispatch/ Communications Video Wall	This video system will be a "video wall" solution to display relevant information regarding Fire and EMS dispatches. It will include Traffic Camera inputs, weather information, and other information to enhance DFR's dispatchers as they work Fire and EMS teams in real-time. (TBD)	Public Safety	DFD	Sep-24	In Process	



#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
24.	Fire Station Alerting System	Dallas Fire Rescue dispatches resources from 58 fire stations strategically deployed throughout the City. To avoid response delays, DFR relies on a station Alerting System that integrates with our Computer Aided Dispatch (CAD) system to advise firefighter/paramedics of assistance calls. The current station alerting system is end of life, difficult to maintain, and lacks the full range of functionality more modern solutions provide. This project will conduct market research, procure, and implement a new modern station alerting system for Dallas Fire Rescue. (\$1,860,000)	Public Safety	DFD	Oct-24	In Process	
25.	IT Infrastructures for New Fire Stations 19, 21, 36, 41, 46, 58 & 59	Total of 8 new and rebuild Dallas Fire Stations are being constructed in scope Sta. 46, 36, 59, 41 Temp, 41 Replacement, 19, 58 and 21 FS/AVI Center. All new IT infrastructures including cabling, network, workstations, printers, radio alerting system equipment, etc., will be activated in line with facility openings. (\$131,688)	Public Safety	DFD	May-25	In Process	
26.	DPD Gun Range Software	This system supports the Firearms Training Center (FTC). It will provide tracking of weapons training and weapons qualifications for rifle, pistol and shotgun training. It will also need to keep track of weapons maintenance and other information related to officer's firearm training. (TBD)	Public Safety	DPD	Planning	In Process	
27.	County CAD Collaboration	Upgrade and expand the city's Computer-Aided Dispatch (CAD), extending it to the County to improve collaborate on emergency 911 call center responses. This project is also required to fully implement the upgrade of the 911 call center's telecommunications infrastructure. (\$0)	Public Safety	DPD	Planning	In Process	
28.	WEB-RMS	This project will migrate DPD's current law enforcement Records Management System (RMS) case management system from the current onsite solution to an upgraded Web-based system. The upgraded RMS will give the department needed functionality that is not available to the department currently in the on-premises solution. Current limitations require process workarounds creating potential errors and inefficiencies which will be resolved with the upgrade. (\$1,010,000)	Public Safety	DPD	Planning	In Process	
29.	COBWEBS	This project will implement social media investigative software for the Police Department (DPD). It will provide an efficient tool for investigating social media posts from potential suspects to aid in investigations. (\$93,353)	Public Safety	DPD	TBD	Planning	

#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
30.	Ricoh-Fortis Document Management System Replacement	The DPD Fortis document management system is at end of life and no longer supported. This project will replace and upgrade the DPD document management system. (\$217,633)	Public Safety	DPD	Planning	In Process	
31.	Fusus Devices Implementation for DPD	The Fūsus product suite will provide a video and data collaboration platform to expedite intelligence gathering and efficiency of response to situations as they unfold throughout the community. Further, providing a tool for identifying the location of cameras in proximity that may provide valuable information to aid in the response and/or subsequent investigation. (\$478,589)	Public Safety	DPD	May-24	In Process	
32.	CAD & RMS Universal Replacement	This project will replace the current Computer Aided Dispatch (CAD) system and the Records Management System (RMS) with a holistic, universal solution to support the Dallas Police Department, Dallas Fire-Rescue, and the Dallas Marshal's office. The goal of this project is a solution utilizing industry best practices, while also providing uniformity across both platforms. This will support better tracking of incidents from initiation through investigations to final resolution. (TBD)	Public Safety	DPD	Oct-26	In Process	
33.	Off-Duty Job Application	This system will manage all elements of off duty jobs for DPD employees including tracking of personnel off-duty jobs, and number of hours worked. It will handle payments to employees for off-duty work and payments to the City for the use of any City assets. (TBD)	Public Safety	DPD	Nov-24	In Process	
34.	Use of Force – Police Strategies LLC	This project will provide a data analytics platform which produces analytic dashboards which provides comparative analysis by extracting data from incident reports, officer narratives, analyzes the data using established algorithms, and produces written summary reports used by DPD leadership in focusing resources. (\$1,383,800)	Public Safety	DPD	Jul-26	Ongoing	
35.	Surveillance Cameras and Real Time Crime Center	This project will provide a “Real Time Crime Center” capability within Jack Evans police station. It will include: 1) building a new command center video room (Real Time Crime Center), 2) building camera installations, 3) video camera software, video storage, and surveillance camera installations at intersections, and 4) trailer camera installations. (\$20,409,944)	Public Safety	DPD	Sep-26	In Process	
36.	In Car Video Body Worn Camera Interview Room	There is a Federal Requirement to video record public safety stops. In car systems involve video in patrol cars. Body worn cameras involve wearable video camera systems for officers and replacing video equipment in Public Safety interview rooms. (\$146,855,764)	Public Safety	DPD	Planning	In Process	

#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
37.	Relocate Development Services to New Facility	In September 2022, the City of Dallas purchased a new facility at 7800 N. Stemmons Freeway which will serve as the offices and storefront for the Development Services Department (DEV). This project will provide all new IT infrastructure including cabling, network, workstations, printers, radio equipment, etc. in line with the facility opening. (\$5,000,000)	GPFM	DSV	Planning	In Process	
38.	Apptio IT Financial Transparency SaaS	This project is for a cloud-based solution for the Department of Information and Technology Services (ITS) to gain detailed insight into IT expenses, cloud infrastructure/ software usage and other IT related costs. (\$1,353,866)	GPFM	DSV	Planning	In Process	
39.	Network Unified Communications Upgrade	The City's current collaboration suite is at end of life and requires an update to maintain functionality and reduce risk. This project will upgrade the Unified Communications Management (UCM) to the latest version available. (\$618,180)	GPFM	DSV	Aug-24	In Process	
40.	PCI DSS Requirements Validation Project	This project focuses on protecting Cardholder Data (CHD) and the Cardholder Data Environment (CDE) by utilizing PCI Data Security Standards. The goal of Payment Card Information Data Security Standards (PCI DSS) is to ensure the protection (privacy) of cardholder data and sensitive authentication data wherever it is processed, stored or transmitted. This project initially focuses on current active projects with PCI components and will expand to cover other projects and systems, as necessary. (TBD)	GPFM	DSV	Oct-24	In Process	
41.	IT Project and Portfolio Management Tool	This project will implement a new Project and Portfolio Platform (PPM) tool suite to provide a centralized and automated project management portfolio, assist with project intake, and improve the tracking and management of IT projects. (\$300,134)	GPFM	DSV	Nov-24	In Process	
42.	ServiceNow Phase 2	ServiceNow Phase 2 comprises 4 major tasks or subprojects – "IT Software and Hardware Asset Management", "ServiceNow Stabilization and Workflow Improvement", "ServiceNow Fedramp Cloud Migration", and "ServiceNow Version Upgrade to San Diego Q1 2022". (\$1,305,890)	GPFM	DSV	Dec-24	In Process	

#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
43.	Digital Equity Infrastructure	This project seeks to meet the City’s vision of ensuring that all Dallas households will have high-speed, reliable internet and access to devices in their homes by seeking commercial telecommunication service providers to develop and implement digital equity infrastructure which addresses established gaps in targeted communities. (\$40,000,000)	GPFM	DSV	Dec-26	In Process	
44.	Unsupported Software Remediation	Identify servers and databases running unsupported versions of software and applications that will require modifications to bring up to supported software levels. As well as develop a plan to upgrade in a sequenced fashion. (\$0)	GPFM	DSV	Dec-26	Ongoing	
45.	Enterprise Capital Project Management System (ECPMS) Phase 2	Phase 2 Implementation of the Enterprise Capital Project Management System (ECPMS), IBM Tririga, to support the DWU Capital Projects division. Also, includes the delivery of reporting enhancements and efficiencies to the Phase 1 implementation. (\$2,169,090)	Transport & Infra	DWU	Planning	In Process	
46.	LIMS Acquisition and Implementation Phase 3	DWU is implementing a Laboratory Information Management System (LIMS) for one Analytical Lab, five treatment plants, the Water Quality Division and the Watershed-Reservoir Division to increase regulatory compliance, productivity, efficiency and effectiveness. (TBD)	Transport & Infra	DWU	May-24	In Process	
47.	Enterprise Work Order and Asset Management (EWAMS) Phase 2	Implementation of an Enterprise Work Order and Asset Management System (EWAMS), that can be utilized as the standard for the City of Dallas. The Phase 2 effort of this Enterprise platform implementation will manage Work Orders and Maintenance. (\$4,901,864)	Transport & Infra	DWU	Sep-25	In Process	
48.	Enterprise Work Order and Asset Management (EWAMS) Phase 3	This professional service contract allows for continuous consultant services for the expansion of the Enterprise Work Order and Asset Management System (EWAMS). Phase 3 will oversee the implementation of Dallas Water Utilities (DWU) Meter Services division. (\$12,989,751)	Transport & Infra	DWU	May-28	In Process	
49.	Library Website Update	The library’s website needs to be updated to meet the current and future needs of the library including being able to support additional online content, online programs, and education. (TBD)	QOL	LIB	Sep-25	Planning	
50.	Neighborhoodly Expansion Fair Housing	The purpose of the software is to complete the Fair Housing assessment of housing projects. This ensures we affirmatively further fair housing in the City as required by the Fair Housing Act and HUD. (\$25,700)	WEE	OEI	TBD	Delayed	

#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
51.	Stormwater Compliance Information Management System	OEQ staff currently manage mission-critical and legally sensitive environmental management consent decree (EMCD) /permit-required tasks through a 20-year-old “homemade” information system built on MS Access 2002 and InfoPath. This project will procure and implement a new, modern system which provides timely information through dashboards and reports. (\$49,900)	Environment & Sustain	OEQ	Jun-24	In Process	
52.	Real Estate Case Management System	This project will streamline the leasing of properties and the utilization of right-of-way by introducing an online application process. It will also give applicants the ability to track progress of their application in real time. (TBD)	Transport & Infra	PBW	Jan-24	In Process	
53.	Snow & Ice Response	This project supports emergency response during snow and ice events. It will streamline the City’s emergency response capability and will allow the Public Works department to quickly provide updated sanding information to other departments, to include Public Affairs Outreach Dept., Office of Emergency Management, Dallas Fire and Rescue, and Dallas Water Utilities. (TBD)	Transport & Infra	PBW	Oct-24	In Process	
54.	Document and Automate COD Worker On-Offboarding Process(es)	This project will document and improve city Onboarding and Offboarding processes and system interactions. (TBD)	GPFM	PER	Nov-24	In Process	
55.	Replace Human Capital Management System Ph 2	This initiative involves the strategic implementation of HR modules for Performance and Talent Management, Recruiting and Onboarding, Learning Management System, Benefits Administration, and Advanced Compensation. In addition, we are orchestrating a meticulous Data Migration process, ensuring a seamless transition from legacy applications. (\$3,016,700)	GPFM	PER	Feb-25	In Process	
56.	Historical Data Repository Solution for Select HR System Data	This project will provide an approved data warehouse solution for HR data being migrated from offboarding applications. This project will define data governance rules and enable compliant retention of City data from numerous current Human Resources (HR) systems. It will provide for an approved Data Warehouse for operational support, reporting and regulatory (data retention) compliance. The final solution will integrate with the HR Workday (WD) system. (\$1,961,406)	GPFM	PER	Feb-25	In Process	
57.	Installation of lighting and Security Cameras on the Runyon Creek Trail	This project will install cameras and lighting along the Runyon Creek Trail. It will enhance safety for the 2.7-mile Runyon Creek Trail in southern Dallas. (\$186,464)	QOL	PKR	Planning	In Process	

#	Project Name	Description	Strategic Priority	Dept	Estimated Completion Date	Project Status	Value Adds
58.	PKR Asset Inventory, Amenity, and Maintenance Management System	This project will implement an integrated park asset, work order, operations and maintenance, along with resource management for the Park and Recreation Department. (TBD)	QOL	PKR	Nov-24	In Process	
59.	Payment Vendor (SAP Users – DWU)	This project is to migrate DWU and other user departments of online (Biller Direct) and IVR payments to a new payment platform which provides real-time information for payments and reconciliation. (\$15,000,000)	Transport & Infra	SAP	Apr-24	In Process	
60.	DWU Billing CIS and Customer Portal Replacement	DWU’s current CIS system, SAP, will reach its end of life in 2025. DWU must replace SAP by 2025 in order to ensure continuity for billing. (\$0)	Transport & Infra	SAP	July-28	Planning	
61.	Build an Ethics Financial Reporting Solution	The purpose of this system is to promote and support ethical financial compliance. (\$15,000)	GPFM	SEC	TBD	On Hold	
62.	SEC Records Inventory Management Solution	Replace the current obsolete and unsupported FoxPro database with a state-of-the-art software application (preferably SaaS) that provides full functionality for operating a records center. Replacing this application will improve the management of the 70,000+ (\$231,440)	GPFM	SEC	Apr-24	In Process	
63.	Electronic Document Management (EDMS)	Project provides Electronic Document Management and Document Archive System for the City Secretary’s Office. (\$336,562)	GPFM	SEC	Dec-24	On Hold	

NOTES

1. **Enterprise Contact Center (ECC) Solution.** Project is still in process. Anticipate approximately 3 – 6 months' work to implement Single Sign On. The final phase of procurement was finalized 11/20/2023. Estimated Completion Date will be updated after phase planning is complete.
2. **Department of Aviation INDMEX AirBOSS Vehicle Tracking.** This project is in the initiation phase. End date will be adjusted once planning phase is complete.
3. **Veoci Dallas Airport System Phase 2 Implementation.** This project is in the planning stage. Completion date will be updated, as necessary, upon completion of planning phase.
4. **Advantage Dallas Financial Upgrade.** This project has been renamed from “Core Financial Systems Upgrade” to “ADVANTAGE Dallas Financial Upgrade”.
15. **DAS Inventory Management Tool.** The New system will allow the DAS department to perform inventory management and other functions as needed.
16. **Development Services Training Simulator.** This project is on hold due to competing priorities.
19. **iNovah Upgrade.** The initial upgrade has been completed. Project is a low priority at request of the department and is placed on hold until a later date. This project will be removed from the TAR Major Project list in March but will continue to be tracked by ITS.
21. **Smart Device/Technology Behavioral Health App for DFR members.** Project has moved to procurement phase.
22. **Telestaff-Workday Integration Phase 2.** Telestaff-Workday Integration Phase 2 – Parallel Payroll variance testing is on hold due to end-of-year activities. The project is anticipated to re-start March 13, 2024.
25. **IT Infrastructures for New Fire Stations 19, 21, 36, 41, 46, 58 & 59.** Project is being implemented in an agile fashion. Next phase is expected to complete February 2024. Fire Stations complete to date include Sta. 46, 36, 41, 58, 59 and 19. Remaining FS 21/AVI Center.
26. **DPD Gun Range Software.** This project is beginning the procurement process. Completion date will be provided when available.
28. **WEB-RMS.** This project is still in the procurement process. Purchase request has been submitted. New date will be provided when available.

29. **COBWEBS.** This project currently has a RFCSP pending and expected to be released by Procurement by April 2024.
30. **Ricoh-Fortis Document Management System Replacement.** This project is in the planning stages. New timeline is being developed. New date will be provided when available.
33. **Off-Duty Job Application.** This project is beginning the procurement process. Completion date will be provided when available.
34. **Use of Force - Police Strategies LLC.** All initial project tasks have been completed. End date of project is 2026 because Dallas will continue to provide data on a quarterly basis until the end of the contract.
39. **Network Unified Communications Upgrade.** Note: the project team has migrated all Unity voicemail boxes and messages, 117 City of Dallas sites, and 1,036 phones/devices. At this time Senior Leadership is reviewing a different deployment approach such as migrating to the Cloud. At their direction this project is formally on hold as of March 7. The target timeline is to resume in May.
45. **Enterprise Capital Project Management System (ECPMS) Phase 2.** Additional GIS enhancements are being documented for review and approval by the Business Unit and vendor before adding additional scope to the project.
55. **Replace Human Capital Management System Phase 2.** The Workday Modules Implementation will be done in three phases. Recruiting-Onboarding and Talent-Performance is Now Live in Production. Benefits anticipated Go-live is October 2024. Advanced Comp and LMS (Learning Mgmt System) anticipated Go-live is February 2025.
61. **Build an Ethics Financial Reporting Solution.** Project date will be updated after the procurement process has been completed.
62. **SEC Records Inventory Management Solution.** Requirements have been developed. Awaiting Council approval.
63. **Electronic Document Management - EDMS.** The EDMS project is part of a group of projects relying on the Hyland Software System, which are being developed serially. We are currently re-validating the project budget, scope, and participating departments and will then re-work the schedule.

C. Changes to Major Project Status List

1. Major Projects implemented or closed since last report.
 - a. Short Term Rental Enforcement Database - #7 on January 2024 TAR.
 - b. P25 Compliant Radio Project - #34 on January 2024 TAR.
 - c. PKR Recreational Management System - #63 on January 2024 TAR.

2. New Project approved by IT Governance Board
 - a. Salesforce for Economic Development - The Office of Economic Development (OED) is seeking configuration services for a Salesforce-based customer relationship, contract, project management, and grants management application for use in critical daily business operations which will allow the department to streamline business operations and enhance communication between businesses, citizens, and other stakeholders.

Section 2: IT Operations

A. Outage Report

1. Monthly Service Desk Report

The IT Service Desk functions as the single point of contact (SPOC) between the City’s IT organization and its end users. The Service Desk handles a variety of requests that include distribution to support, setting user passwords, and troubleshooting issues. It assists customers with incident resolution and service request management. The Monthly Service Desk Report provides metrics and trends of the IT service desk performance.

Service Desk Call Metrics

Category	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Total Calls	8230	7319	11740	5528	5698	8195	6344	6228	5836	3034	3719	4108
Answered	8048	7171	7977	5005	5513	7941	6056	6143	5759	3006	3693	4070
Abandoned	182	148	523	523	185	254	288	85	77	28	26	38
Abandoned (<10sec)	81	65	1398	175	71	103	122	55	57	12	19	18
Abandoned %(<10sec)	1	1	17.5	3.5	1.3	1.3	2.0	1	1	1	1	0

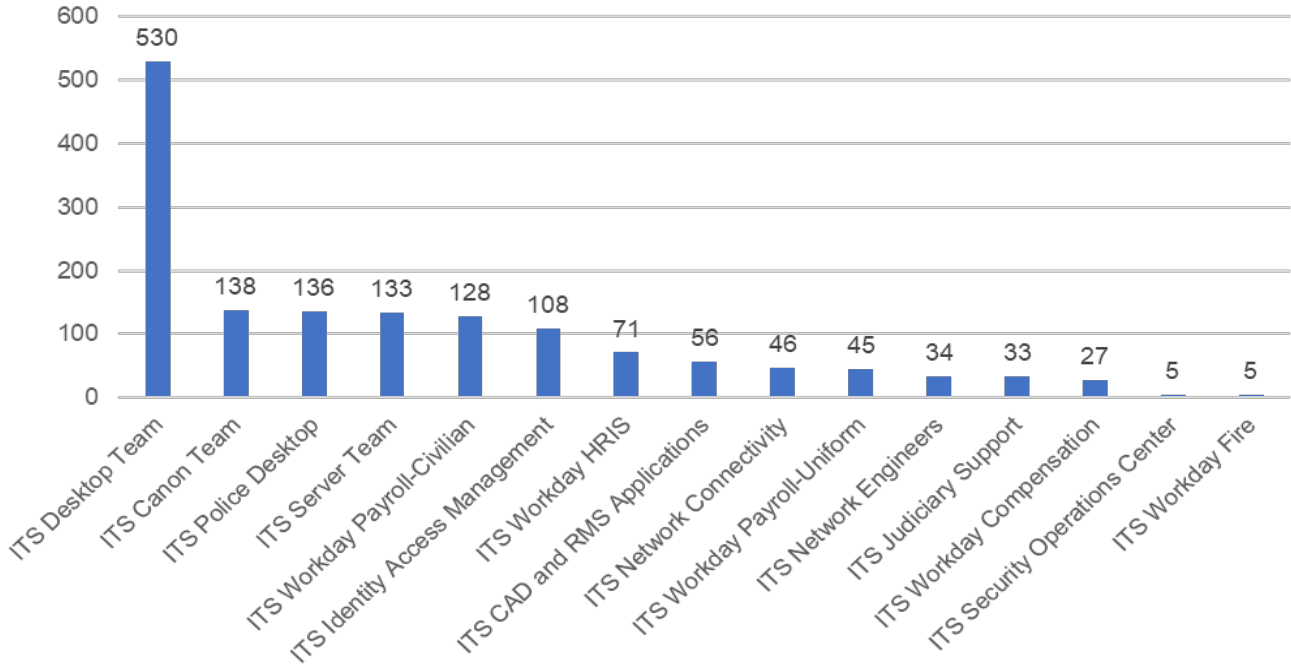
Metric	Metric	Current Month	Trend								
Average Speed to Answer – Voice	Average Speed to Answer - Voice	00:07									
Password Related Incidents	Password Related Incidents	15%	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Dec</td><td>17.8%</td></tr> <tr><td>Jan</td><td>21.3%</td></tr> <tr><td>Feb</td><td>14.5%</td></tr> </table>	Month	Value	Dec	17.8%	Jan	21.3%	Feb	14.5%
Month	Value										
Dec	17.8%										
Jan	21.3%										
Feb	14.5%										
First Contact Resolution - Incident	First Contact Resolution - Incident	90.84%	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Dec</td><td>85%</td></tr> <tr><td>Jan</td><td>93%</td></tr> <tr><td>Feb</td><td>91%</td></tr> </table>	Month	Value	Dec	85%	Jan	93%	Feb	91%
Month	Value										
Dec	85%										
Jan	93%										
Feb	91%										
Average Duration – Service Desk	Average Duration - Service Desk	0.25 Days* 365 Minutes	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Dec</td><td>566</td></tr> <tr><td>Jan</td><td>278</td></tr> <tr><td>Feb</td><td>365</td></tr> </table>	Month	Value	Dec	566	Jan	278	Feb	365
Month	Value										
Dec	566										
Jan	278										
Feb	365										
Average Duration – Field Services	Average Duration - Field Services	2.35 Days 3387 Minutes	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Dec</td><td>4409</td></tr> <tr><td>Jan</td><td>4172</td></tr> <tr><td>Feb</td><td>3387</td></tr> </table>	Month	Value	Dec	4409	Jan	4172	Feb	3387
Month	Value										
Dec	4409										
Jan	4172										
Feb	3387										
Average Duration - PD Field Services	Average Duration - PD Field Services	3.38 Days 4870 Minutes	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Dec</td><td>4249</td></tr> <tr><td>Jan</td><td>5431</td></tr> <tr><td>Feb</td><td>4870</td></tr> </table>	Month	Value	Dec	4249	Jan	5431	Feb	4870
Month	Value										
Dec	4249										
Jan	5431										
Feb	4870										

NOTES:

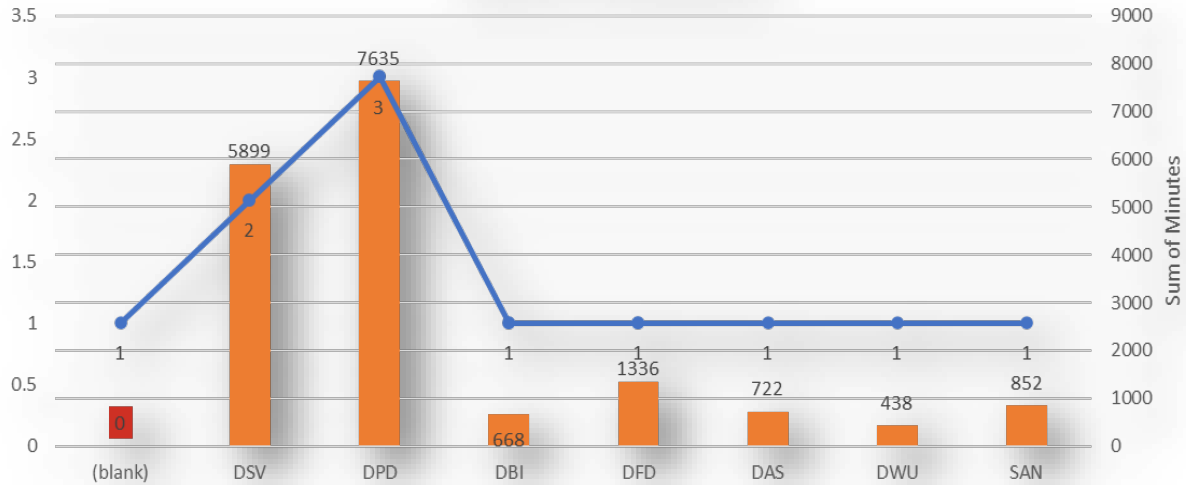
1. In February 2024, the IT Helpdesk received 4108 calls for support. This is an increase of ~400 calls over January 2024 which saw 3719 calls, and below the rolling yearly average of ~6100 per month (excluding May and the impact of ransomware related calls).
2. First Contact Resolution (Incidents) was relatively neutral at 91% in February, compared to January, at 93% and above the rolling year average of 83%.
3. Field Services (excluding DPD) average service duration of 2.35 days in February is a slight decrease over January and the third monthly decline.
4. Field Services for DPD average service duration decreased slightly to 3.38 days in February compared to 3.7 days in January.

2. Monthly Incident Report (Break/Fix “My Computer Doesn’t Work”)

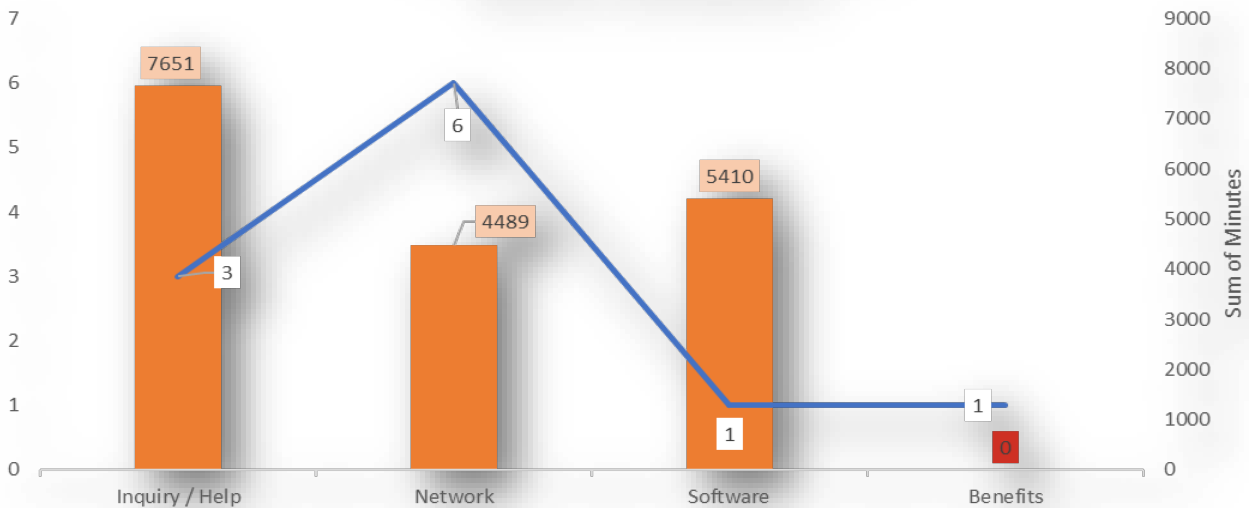
Top 15 Assignment Groups
Incidents February 2024



Impact Minutes by Department
Severity 1 and Severity 2



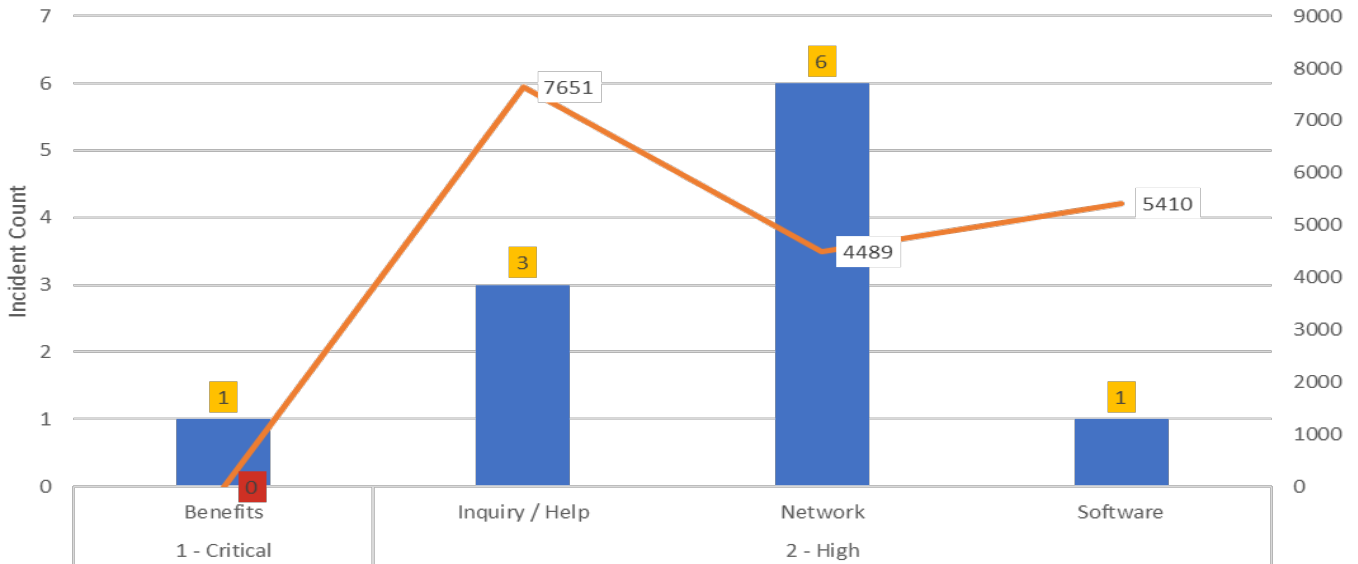
Impact Minutes by Issue Category
Severity 1 and Severity 2



NOTES:

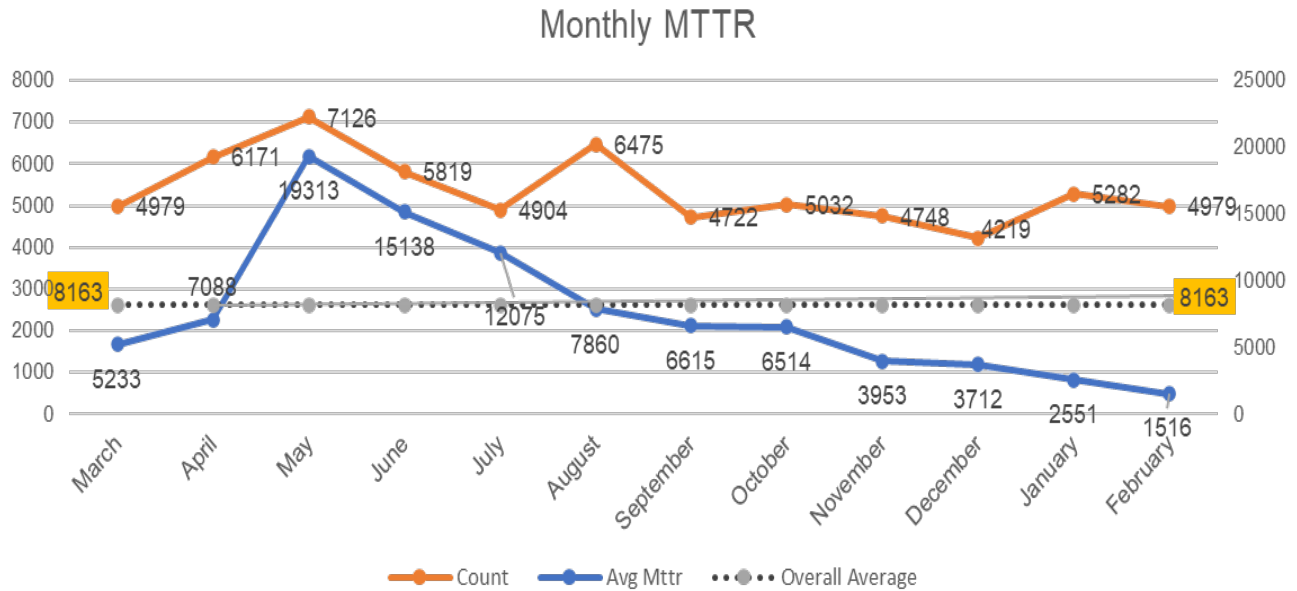
1. Severity 1 and Severity 2 incidents are the most severe and most likely result in degraded services or outages that impact the ability of City departments to fulfill their missions.
2. The top chart tracks the number of reported major incidents by department, along with the total number of minutes the incident(s) potentially impacted them.
3. The lower chart tracks major incidents by category and minutes of impact.

Severity 1 and 2 by Issue Category
Impact in total minutes



NOTES:

1. This chart provides the distribution of major incidents and impact minutes over specific services and delineated by Critical and High severity.



NOTES

1. This chart provides the trendline for the average mean time to repair (MTTR), an industry standard for tracking the timeliness of resolution on reported incidents.
2. Mean Time to Repair, in these reports, is calculated as the total time from Report of Incident to the Resolution of the Incident.
3. February, numbers do not include 561 tickets which remain in progress and as of the reporting date not yet resolved.
4. Previous months MTTR figures have been adjusted to reflect 77 incidents from previous months that were closed in this reporting cycle.
5. January MTTR updated to reflect post current reporting month closure validation. February numbers will be updated in March reporting cycle to reflect tickets closed post data compilation.

3. Monthly Major Outage Report

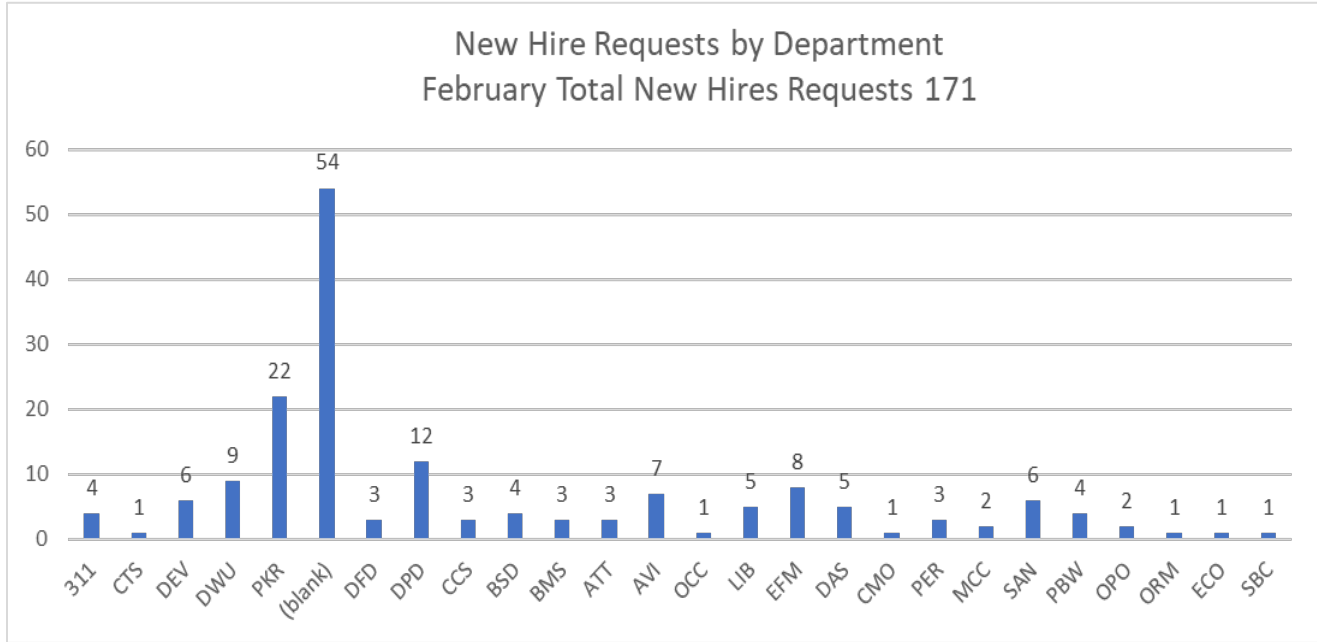
Priority	Description	Department	Primary	Assignment Group	Hours
1 - Critical	Workday Former employee never recieved a W-2 form		Benefits	ITS Workday Benefits	#VALUE!
2 - High	Network Network and Phones Dallas Animal Services	DAS	Network	ITS Network Connectivity	12.0
2 - High	Network network and phones 5th floor, badge access for building	DWU	Network	ITS Network Connectivity	7.3
2 - High	Salesforce Community users are able to access	DSV	Software	ITS Salesforce Apps	90.2
2 - High	Network Outage unable to connect to Network	DPD	Network	ITS Network Connectivity	10.9
2 - High	Server Unresponsive The task scheduler has not running tasks 1500 MARILLA	DBI	Inquiry / Help	ITS Server Team	11.1
2 - High	Network network and phone	DFD	Network	ITS Network Connectivity	22.3
2 - High	Netmotion Officers are not able to logon to Net Motion Citywide	DSV	Network	ITS Server Team	8.2
2 - High	Panasonic VI Monitor Plus - Camera Server	DPD	Inquiry / Help	ITS DPD Applications	105.4
2 - High	Server Central and northwest L3 server unresponsive	DPD	Inquiry / Help	ITS DPD Applications	11.0
2 - High	Network Network and Phone	SAN	Network	ITS Network Engineers	14.2

NOTES:

1. Major incidents are identified as Severity1 and Severity2 that have significant impact to City services or Department’s ability to perform critical functions and last over 4 hours in duration. Major incidents are measured by duration of impact, degraded or full outage, of services.
2. Major Incidents with #value are incidents that had over 4 hours of impact, however, are incomplete of details, at the time the report was generated, to identify full impact to departments.
3. February saw an increase in both the average time to repair and total impact time for Major Incidents compared to January. February average MTTR of 29.3 hours compared to January of 25.5 hours. February total impact 292.5 hours compared to January which had 280.3 hours.
4. Eleven Major incidents in the month of February, 1 critical and 10 high, a decrease of 1 over January of 0 critical and 12 high.

B. Service Requests (including new employee onboarding)

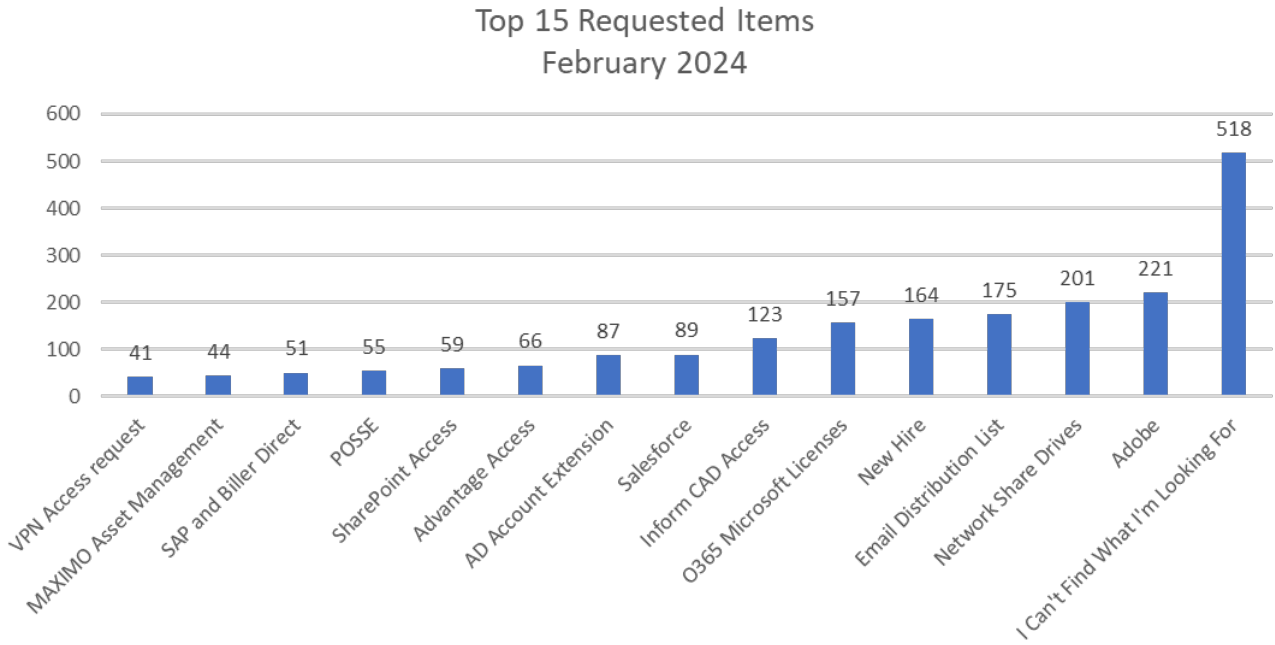
1. New Hire Report



NOTES:

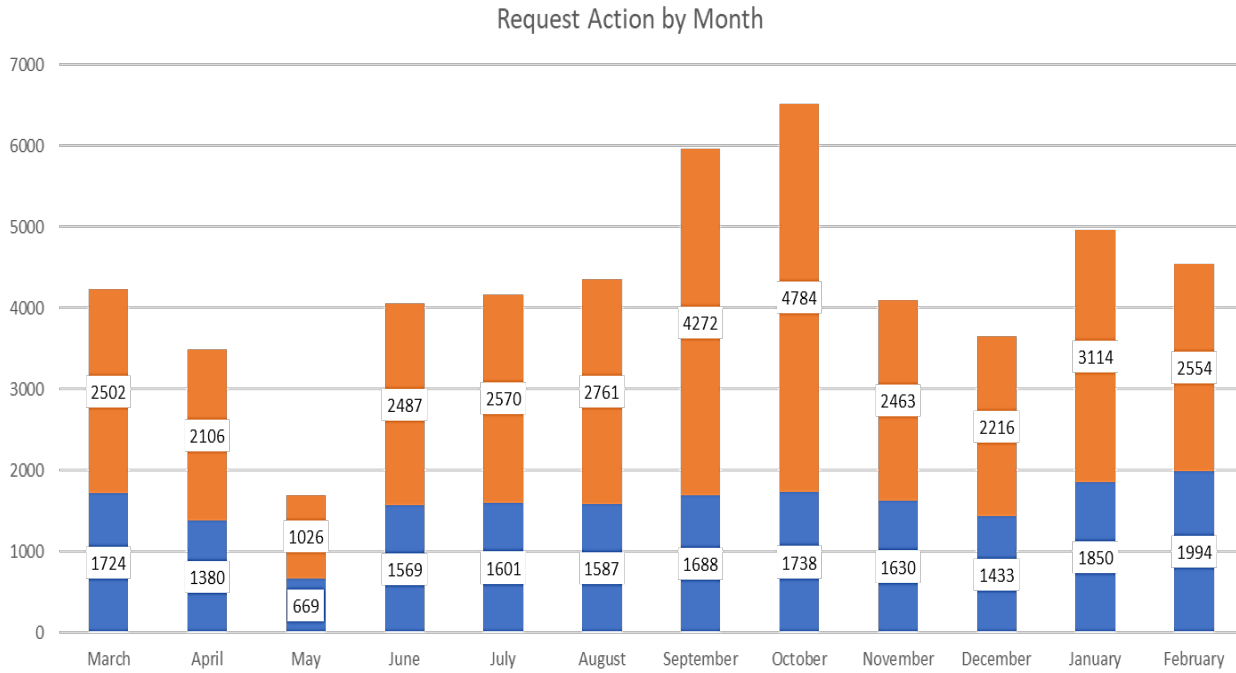
1. In the month of February, a total of 171 request tickets were generated for new employees.
2. DPD, DEV, and DWU were the top 3 New Hire Request departments. *Excluding blanks
3. Blank indicates no department match was available for the requested onboarding at the time the report was generated.

2. Service Request Report (An ask for service – “I Need Software Installed”)



NOTES:

1. February Service Requests totaled 1994, an increase of 200+ over January which totaled 1793. This report depicts the top 15 Request by type that were selected.
2. “I Can’t Find What I’m Looking For” is a category used when a service catalog item does not exist for what the user is asking.



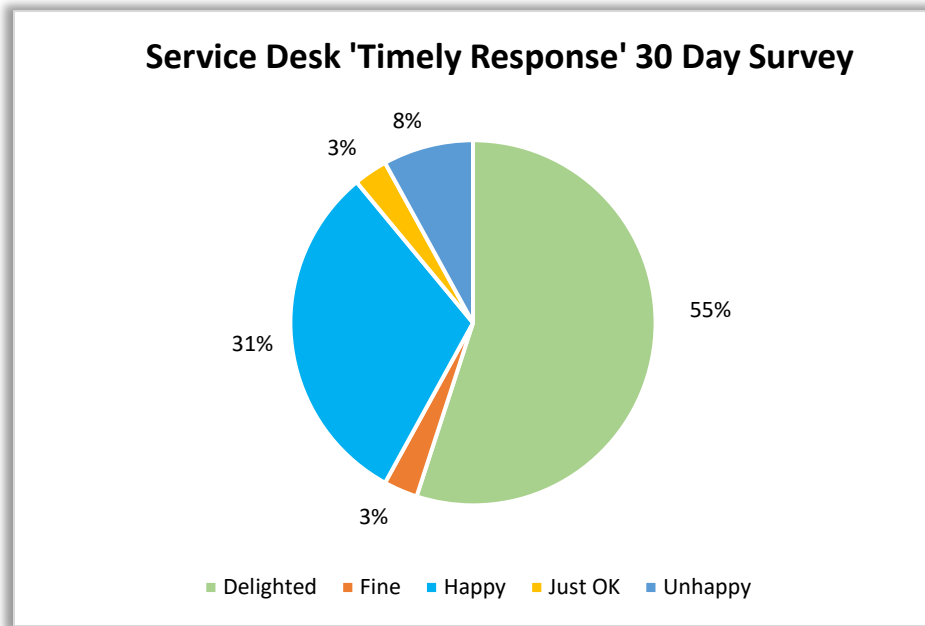
NOTES:

1. This chart illustrates that 1994 Request Tickets generated 2554 Request Actions. Frequently, one Request generates multiple actions to be completed by one or more teams to fulfill the ask.

C. IT Service Desk Satisfaction Surveys

The City's IT Service Desk conducts surveys of employees that have submitted incident reports and service requests. These surveys are performed through the ServiceNow platform in the form of email requests directly to the individuals who submitted the request to the IT Service Desk either by calling or submitting through the online ServiceNow platform. Submitters are asked to provide feedback on the timeliness of the disposition of their request and their rating of the overall Service Desk experience. Along with the rating, submitters are asked to provide other feedback which can be used to address specific issues and to improve the overall timeliness and experience.

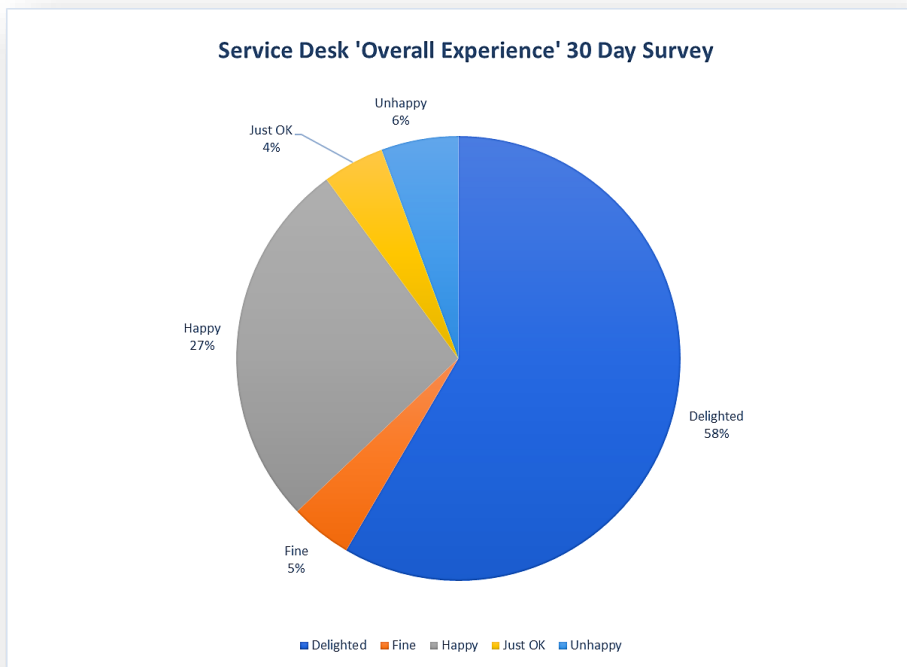
1. IT Service Desk Timeliness Report



NOTES:

1. This chart illustrates the overall survey responses to the question of Service Desk timeliness for requests submitted in February 2024.
2. While each IT Service Desk ticket submitted results in a survey request to the submitter, not all survey requests receive a response, and these data represent the results from those responding to the survey.
3. The survey requests employees that have submitted an incident report or service request to the IT Service Desk to rate the timeliness of the service delivery on a scale along five points; Unhappy, Just OK, Average, Fine, Happy, and Delighted.
4. For the February 2024 survey, 89% of respondents rated their perception of timeliness of the service to be either Fine, Happy, or Delighted.

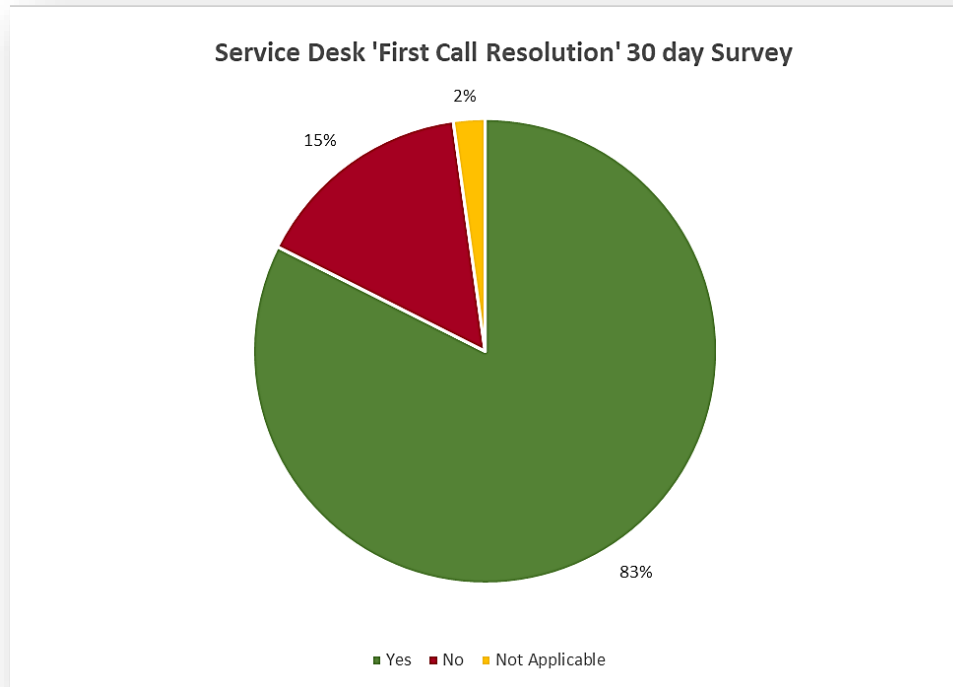
2. IT Service Desk Overall Experience Report



NOTES:

1. This chart illustrates the overall survey responses to the question of Service Desk experience for requests submitted in February 2024.
2. While each IT Service Desk ticket submitted results in a survey request to the submitter, not all survey requests receive a response, and these data represent the results from those responding to the survey.
3. The survey requests employees that have submitted an incident report or service request to the IT Service Desk to rate their overall experience of the service delivery on a scale along five points; Unhappy, Just OK, Average, Fine, Happy, and Delighted.
4. For the February 2024 survey, 90% of respondents rated their overall experience with the IT Service Desk to be either Fine, Happy, or Delighted.

3. IT Service Desk First Call Resolution Report



NOTES:

1. This chart illustrates the overall survey responses to the question of whether the issue was resolved on the first call to the Service Desk for requests in February 2024.
2. The survey requests employees that have submitted an incident report or service request to the IT Service Desk on whether the issue was resolved with the first call (Yes or No).
3. For the February 2024 survey, 83% of respondents responded that their issue or request was resolved on the first call.

Section 3: IT Budget Execution

IT Budget Execution provides information on the execution of the IT budget, the management of technology procurements, and the management of IT Human Capital.

A. Contract/Procurement Management

Upcoming/Recent Contracts Requiring Council Approval

Item Approved on February 28 Agenda

SHI Government Solutions, Inc – Three-year cooperative purchasing agreement for application and hosting services, integration support and ongoing technical, and maintenance support of an electronic information notification system for the Department of Information and Technology Services through the OMNIA Partners

- Contract amount - \$161,197
- This service contract will provide Microsoft Premier Support Services to the City of Dallas. This service provides training workshops, enhanced technical support and assistance for complex or critical problems that arise during the use of Microsoft software products.

Item on March 27 Agenda

Mythics, Inc – Three-year cooperative purchasing agreement for an unlimited license agreement for continuous software maintenance and support for Oracle database licensed products for the Department of Information and Technology Services provided by Oracle America, Inc. through the Department of Information Resources cooperative agreement

- Contract amount - \$6,814,040
- This service contract will provide an unlimited license agreement for ongoing maintenance and support for all licensed Oracle software products assigned to the City used to create and manage database files for various City systems.

Items on April 10 Agenda

ePlus Technology, Inc - Three-year cooperative purchasing agreement for a network visibility and threat management solution for the Department of Information and Technology Services through The Interlocal Purchasing System cooperative agreement - Not to exceed \$405,828.06 - Financing: Data Services Fund (\$270,552.04) and Coronavirus State and Local Fiscal Recovery Funds (\$135,276.02) (subject to annual appropriations)

- Contract amount - \$405,828
- The solution provides a portion of the City's layered network and performance monitoring approach to security while ensuring the network achieves an expected level of performance.
- This network visibility and threat management solution monitors incoming and outgoing network traffic by those transacting business with the City; communications between devices connected to and/or inside the City's network; and performance of critical applications, telephony and video services

Carahsoft Technology Corporation - a four-year cooperative purchasing agreement for the continuous use of enterprise software licenses, maintenance and support of the core network and security infrastructure for the Department of Information and Technology Services with Carahsoft Technology Corporation through the Texas Department of Information Resources cooperative

- Contract amount - \$9,888,100
- Software used to test new operating system updates and patches in a safe environment before updates are deployed to physical computers throughout the City.
- Allows ITS to run multiple applications and operating system workloads on one server for better resource management

Open Solicitations

Network Cabling

- Five-year contract with two, two-year renewal options for the design, installation, maintenance, and repair of network cabling.
- Selection committee is evaluating the proposals

Broadband and Digital Divide

- Eight-year initial contract with four three-year renewal options for Digital Equity Infrastructure and Last Mile Connectivity. The City is looking to select one or multiple solution/service providers qualified to design, build, deliver, and manage scalable fiber infrastructure to connect City facilities and high-priority unserved Census Tracts.
- Selection committee is evaluating the proposals

Network Managed Services

- Managed services for voice and data services, as well as the network support helpdesk.
- Open/Advertised Dates – February 15 and February 22
- Pre-Solicitation Conference Dates – February 26 at 9:00 a.m.
- Solicitation Due Date – March 22

EMS Inventory Management System

- System to manage and track acquisitions, distribution of DFR inventory, which include operation/emergency medical supplies, and personnel gear.
- Open/Advertised Dates – March 21 and March 28
- Pre-Solicitation Conference Dates – April 1 at 2:00 p.m.
- Solicitation Due Date – April 26

Upcoming Solicitations

Software Master Agreement – Service contract to purchase various enterprise commercial off the shelf (COTS) software products including perpetual, fixed term, subscription, and software as a service with their related software maintenance, support, training, and implementation, and other related services that will be used by the City in support of existing business operations.

Court Case Management System – System to automate and optimize daily work processes for Dallas Municipal Courts, replacement for the current system.

B. Budget Performance & Execution – January 2024

**Fund 0191 – 9-1-1 System Operations
January 2024**

Expenditure Category	FY 2032-24 Adopted Budget	FY 2032-24 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	661,024	661,024	177,264	612,715	(48,309)
Pension	95,983	95,983	25,794	95,983	-
Health Benefits	67,550	67,550	12,332	67,410	(140)
Worker's Compensation	1,712	1,712	1,712	1,712	-
Other Personnel Services	14,899	14,899	3,699	12,976	(1,923)
Total Personnel Services	841,168	841,168	220,801	790,796	(50,372)
Supplies	201,464	201,464	20,858	201,464	-
Contractual Services	11,824,129	11,824,129	5,741,228	11,824,129	-
Capital Outlay	-	-	-	-	-
Reimbursements	-	-	-	-	-
Total Expenditures	12,866,761	12,866,761	3,733,381	12,815,615	(51,146)

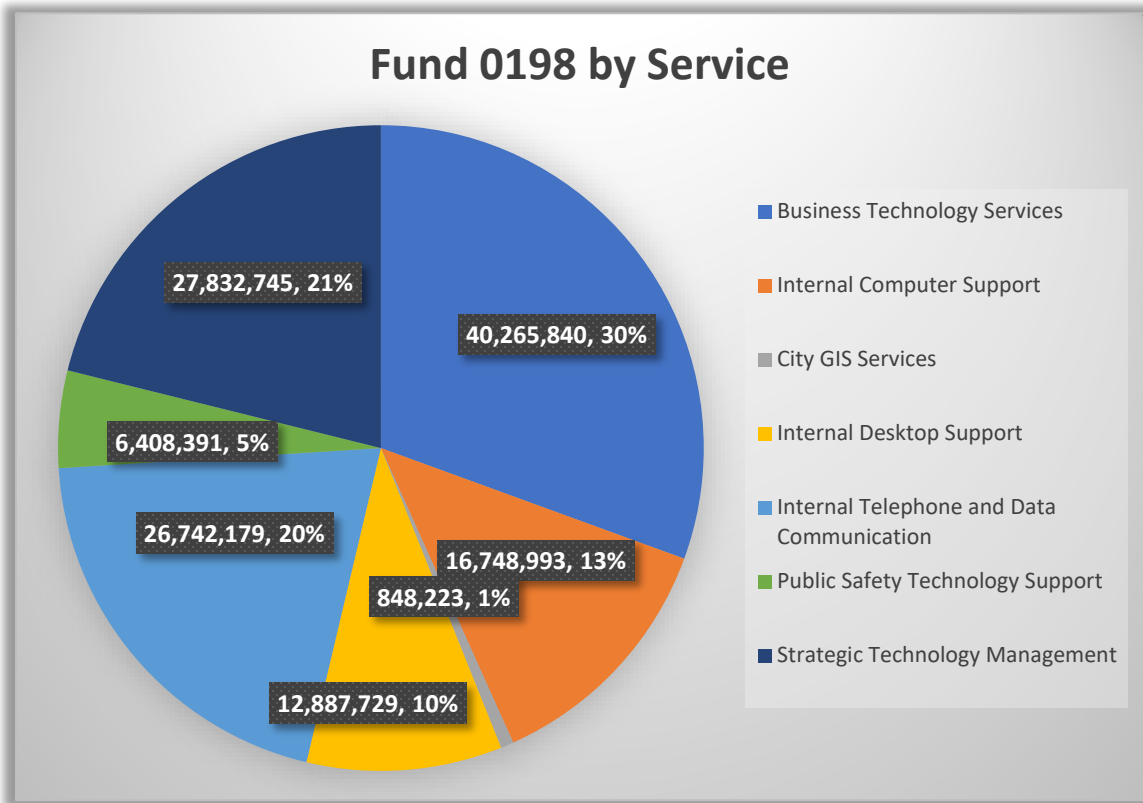
**Fund 0197 – Communication Services (Radio Network)
January 2024**

Expenditure Category	FY 2032-24 Adopted Budget	FY 2032-24 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	1,995,239	1,995,239	580,589	1,881,703	(113,536)
Overtime Pay	96,632	96,632	87,834	96,632	-
Pension	303,582	303,582	96,948	303,582	-
Health Benefits	289,500	289,500	49,603	289,045	(455)
Worker's Compensation	8,059	8,059	8,059	8,059	-
Other Personnel Services	35,196	35,196	11,754	32,961	(2,235)
Total Personnel Services	2,728,208	2,728,208	834,786	2,611,982	(116,226)
Supplies	1,433,876	1,433,876	91,485	1,436,120	2,244
Contractual Services	14,711,697	14,711,697	3,190,888	14,777,260	65,563
Capital Outlay	-	-	-	-	-
Reimbursements	-	-	-	-	-
Total Expenditures	18,873,781	18,873,781	4,117,159	18,825,362	(48,419)

Budget Performance & Execution (continued)

Fund 0198 – Data Services
January 2024

Expenditure Category	FY 2032-24 Adopted Budget	FY 2032-24 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	20,914,938	20,914,938	5,352,077	19,309,320	(1,605,618)
Overtime Pay	31,612	31,612	15,630	23,726	(7,886)
Pension	3,027,737	3,027,737	780,734	3,027,737	-
Health Benefits	2,036,150	2,036,150	300,181	2,025,700	(10,450)
Worker's Compensation	53,893	53,893	53,893	53,893	-
Other Personnel Services	1,028,754	1,028,754	173,656	615,321	(413,433)
Total Personnel Services	27,093,084	27,093,084	6,676,171	25,055,698	(2,037,386)
Supplies	764,420	764,420	210,288	771,535	7,115
Contractual Services	103,926,620	103,926,620	53,148,903	105,906,756	1,980,136
Capital Outlay	-	-	-	-	-
Reimbursements	-	-	-	-	-
Total Expenditures	131,784,124	131,784,124	60,035,363	131,733,989	(50,135)



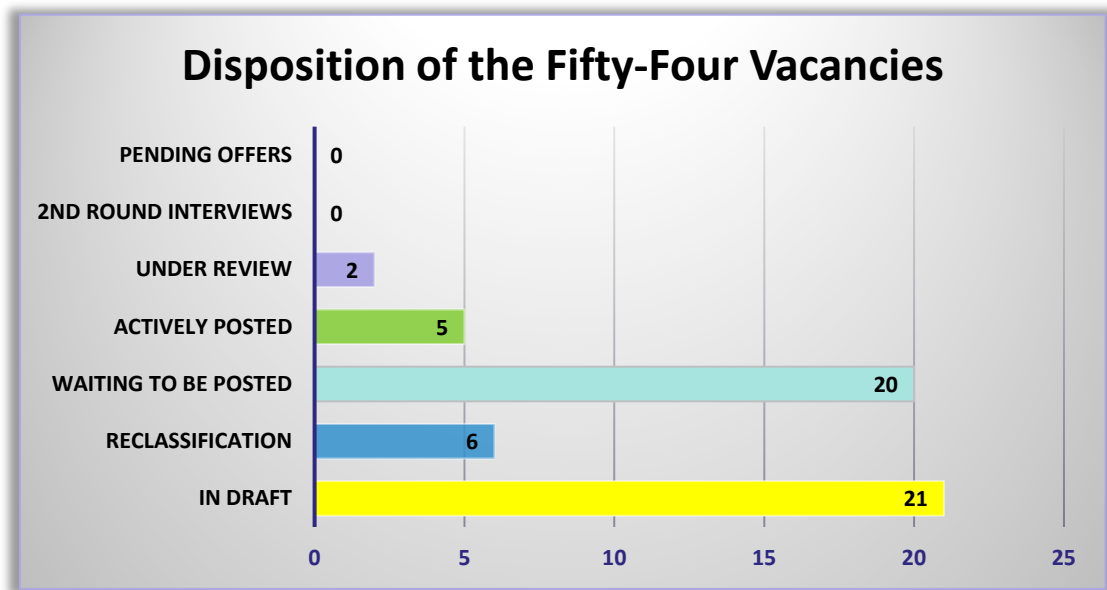
C. ITS Staffing & Hiring Report

1. ITS Funded Staffing Levels

IT Fund	FY 21	FY 22	FY 23	FY 24	FY 25 Plan
Fund 0191 - 9-1-1 Technology Support	7.0	7.0	7.0	7.0	7.0
Fund 0197 - Radio Communications	28.0	30.0	30.0	30.0	30.0
Fund 0198 - Data Services	190.0	204.0	223.0	225.0	230.0
Total	225.0	241.0	260.0	262.0	267.0

2. Vacancies and Hiring Activities

- As of February 29, 2024, ITS had 54 vacancies out of the available 260 positions.



Section 4: Cybersecurity Programs

A. Awareness Training

Security Awareness training is measured on an annual basis. Over the last several years ITS has observed a generally positive trend in risk scoring associated with annual employee training. Beginning with each new fiscal year the City will conduct a new set of security awareness courses to meet not only the best practices, but State of Texas House Bill 3834 requirements for all government employees.

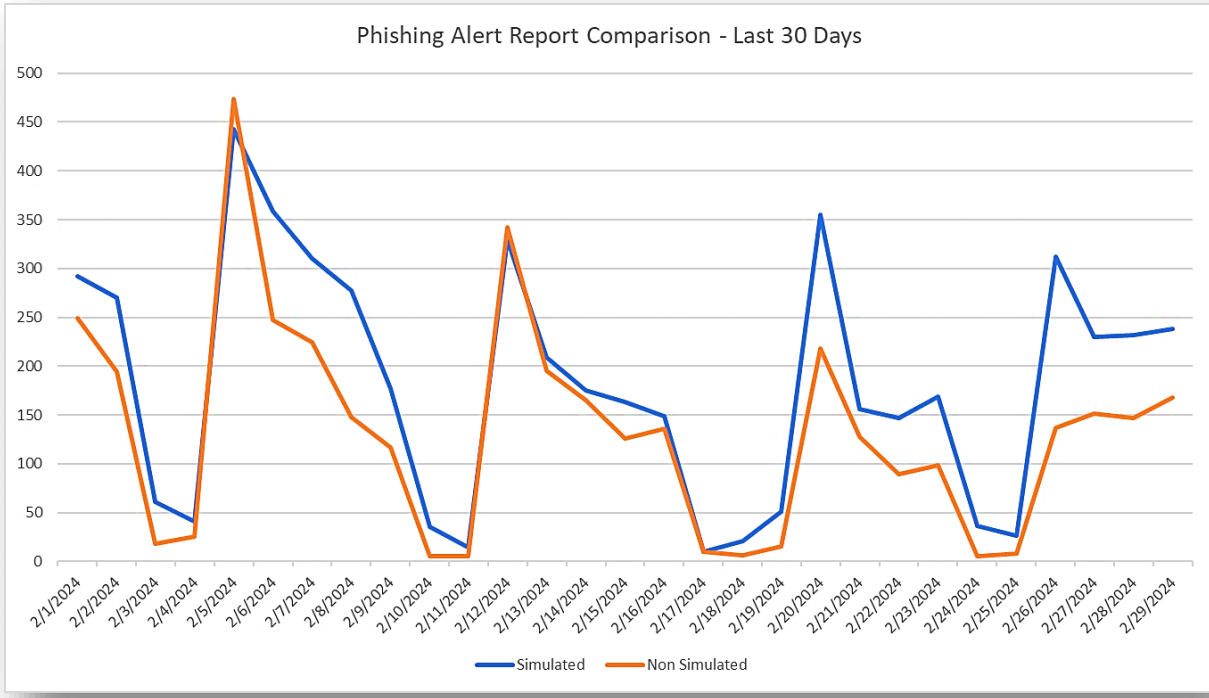
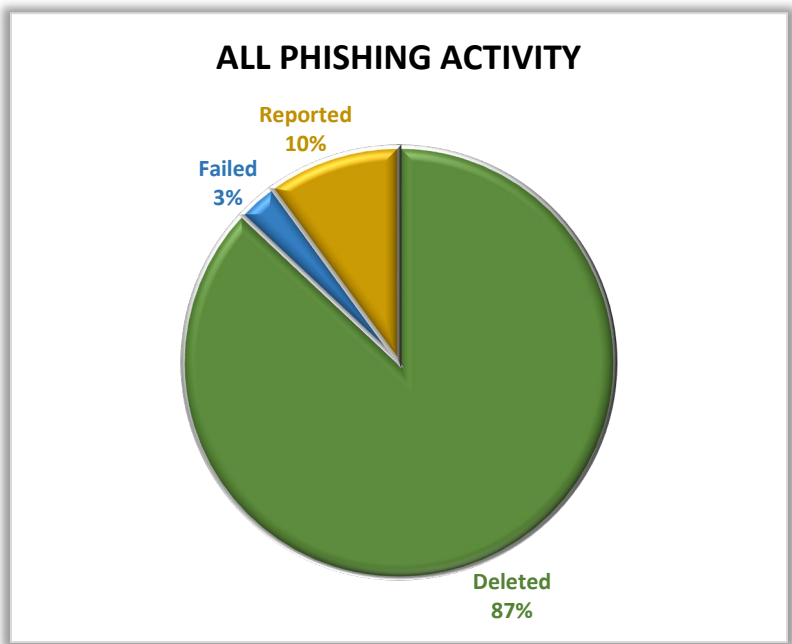
However, each year we see new or enhanced requirements from the Texas State Legislature as the risk environment evolves and becomes increasingly more threatening. As such, our security awareness training program must evolve to reflect the latest requirements and latest threats and it is critical that



the security awareness training is completed each year. The graph illustrates the enrollment and completion efforts of employee training over the course of the year. For FY 2022-23 the City completed 92% of 30 training campaigns covering HIPAA, PCI, and Cybersecurity. The FY 2023-24 security awareness training campaigns are currently being drafted and scheduled, and ITS will track progress and work with City employees to ensure completion.

- Note employees with less than 25% of job function on technology are not required to complete Cybersecurity Training.

In addition, ITS continuously applies best practices to the employees around phishing and their ability to recognize and appropriately handle phishing incidents. Campaigns designed given real world scenarios, typically taken from recent events are sent out to the employee population to test their ability to distinguish and act. This provides feedback to the employees as well has increased the actual amount of true phishing reported. As well, a “Report phishing” button added to user’s Outlook has increased both the numbers of test phish and actual phishing emails.



B. Situational Awareness

Annually ITS assess the overall Security posture of the organization based upon the NIST Cybersecurity Framework (CSF). Each category within the NIST CSF is evaluated for the current level of maturity and expectant maturity level. This process uses current and projected technologies and documented standards and procedures to complete the process. ITS utilizes both internal and external resources to conduct assessments. The results of the assessments are used by ITS to develop security strategy for cybersecurity and privacy. The below figure outlines the maturity model for the CSF. While the TAR does not provide our scores from our self-assessment, ITS can provide this information to Council members and discuss the assessments in depth as requested.

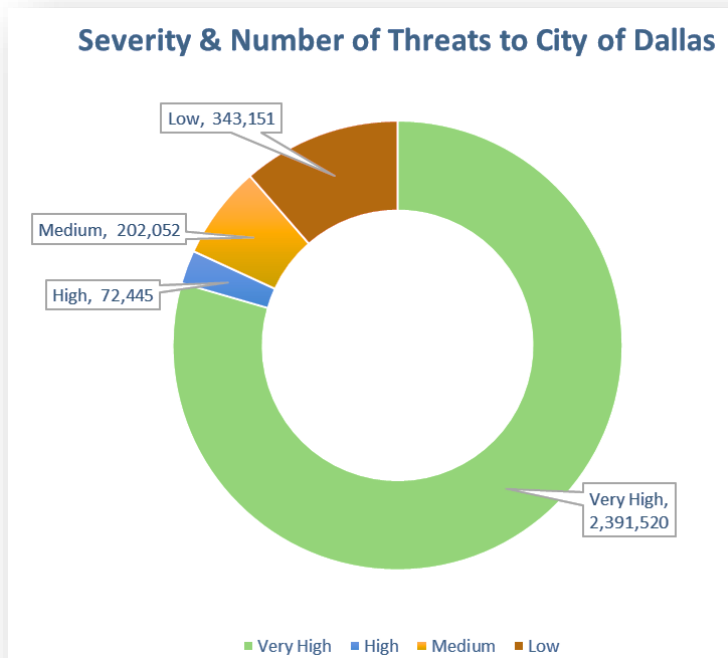
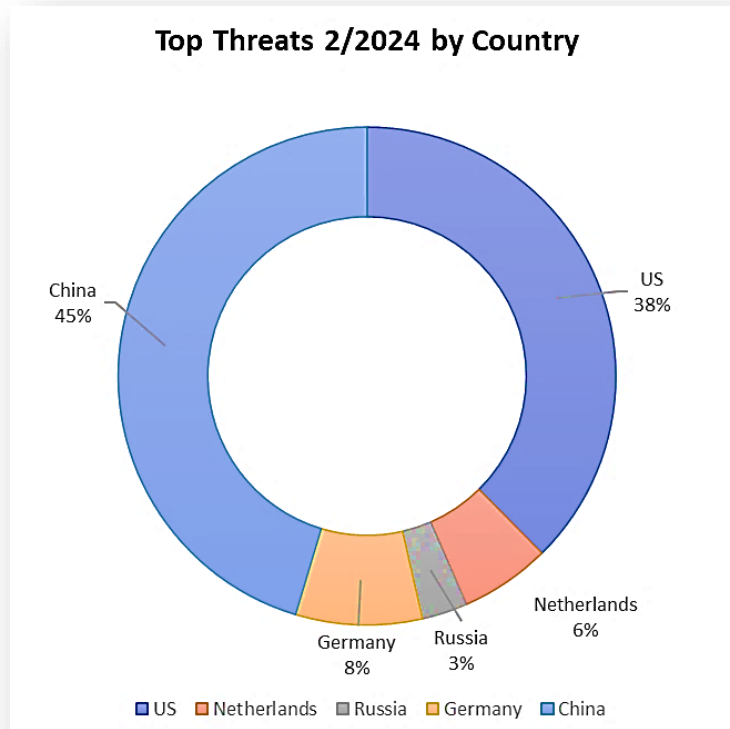
		Capability Maturity Model Levels				
		Level 1 Initial	Level 2 Repeatable	Level 3 Defined	Level 4 Managed	Level 5 Optimized
NIST Cybersecurity Framework Functions	Identify	Little to no cybersecurity risk identification.	Process for cybersecurity risk identification exists, but it is immature.	Risks to IT assets are identified and managed in a standard, well defined process.	Risks to the business environment are identified and proactively monitored on a periodic basis.	Cybersecurity risks are continuously monitored and incorporated into business decisions.
	Protect	Asset protection is reactive and ad hoc.	Data protection mechanisms are implemented across the environment.	Data is formally defined and protected in accordance with its classification.	The environment is proactively monitored via protective technologies.	Protection standards are operationalized through automation and advanced technologies.
	Detect	Anomalies or events are not detected or not detected in a timely manner.	Anomaly detection is established through detection tools and monitoring procedures.	A baseline of "normal" activity is established and applied against tools/procedures to better identify malicious activity.	Continuous monitoring program is established to detect threats in real-time.	Detection and monitoring solutions are continuously learning behaviors and adjusting detection capabilities.
	Respond	The process for responding to incidents is reactive or non-existent.	Analysis capabilities are applied consistently to incidents by Incident Response (IR) roles.	An IR Plan defines steps for incident preparation, analysis, containment, eradication, and post-incident.	Response times and impacts of incidents are monitored and minimized.	The capabilities of all IT personnel, procedures, technologies are regularly tested and updated.
	Recover	The process for recovering from incidents is reactive or non-existent.	Resiliency and recovery capabilities are applied consistently to incidents impacting business operations.	A Continuity & Disaster Recovery Plan defines steps to continue critical functions and recover to normal operations.	Recovery times and impacts of incidents are monitored and minimized.	The capabilities of all IT personnel, procedures, technologies are regularly tested and updated.

Figure 3: Assessing Cybersecurity Maturity

C. Cyber Threats

1. Global

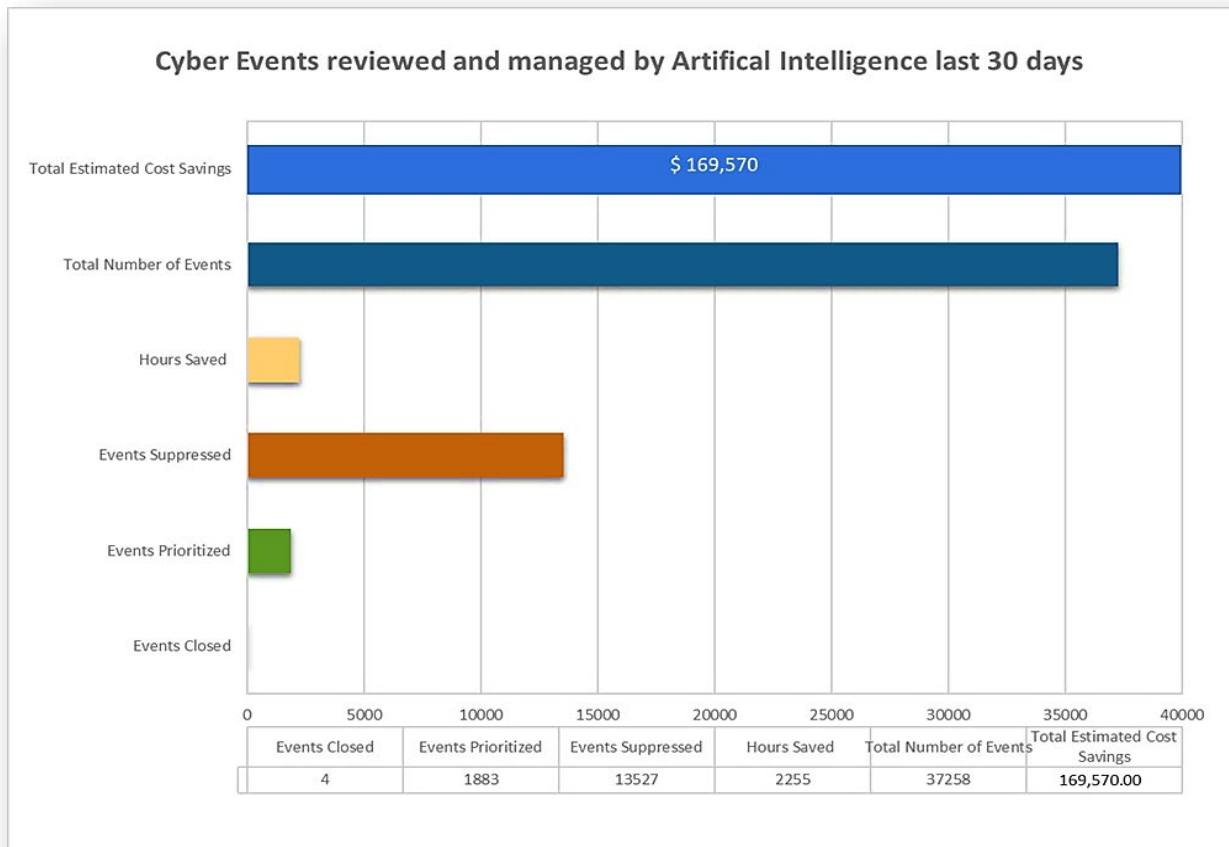
Global cyber threats represent a multifaceted and pervasive challenge in the modern digital era, encompassing a spectrum of malicious activities that exploit vulnerabilities across cyberspace. From sophisticated malware attacks designed to infiltrate systems and compromise data integrity to deceptive phishing schemes aimed at manipulating individuals into disclosing sensitive information, the landscape of cyber threats is



diverse and ever evolving. The proliferation of interconnected devices, coupled with the increasing sophistication of cybercriminals and state-sponsored actors, amplifies the complexity and scale of these threats.

2. AI Reviewed Cyber Events

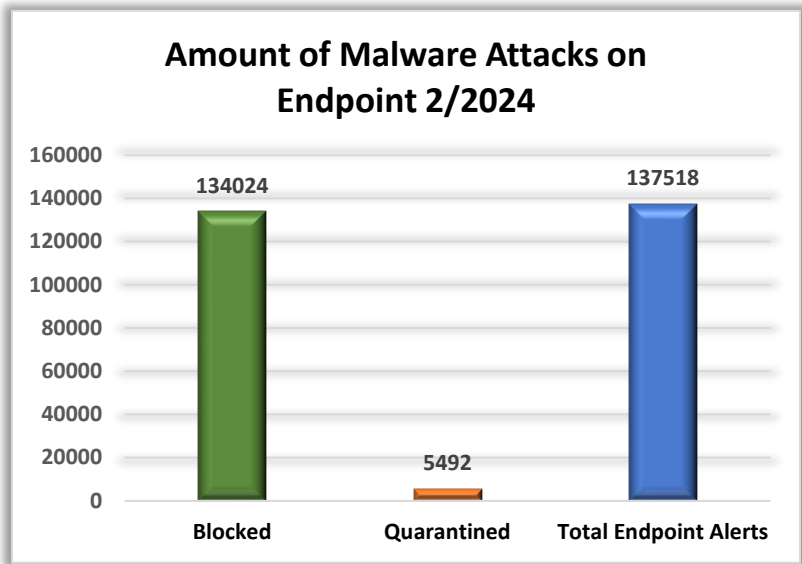
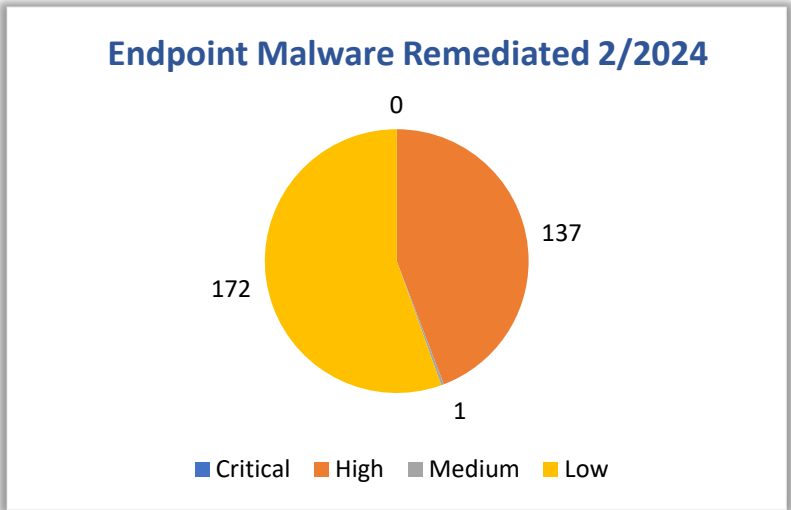
AI's role in the review and analysis of cyber events by leveraging its capabilities in data processing, pattern recognition, and predictive modeling. Through machine learning algorithms, AI systems can sift through vast volumes of data generated by network logs, security alerts, and user activity to identify anomalous patterns indicative of potential cyber threats. By continuously learning from past incidents and adapting to evolving attack techniques, AI has enhanced the speed and accuracy of threat detection, enabling the city to respond swiftly to emerging risks and mitigate potential damages. Moreover, AI's ability allows for automated routine tasks, such as incident triage and threat prioritization.



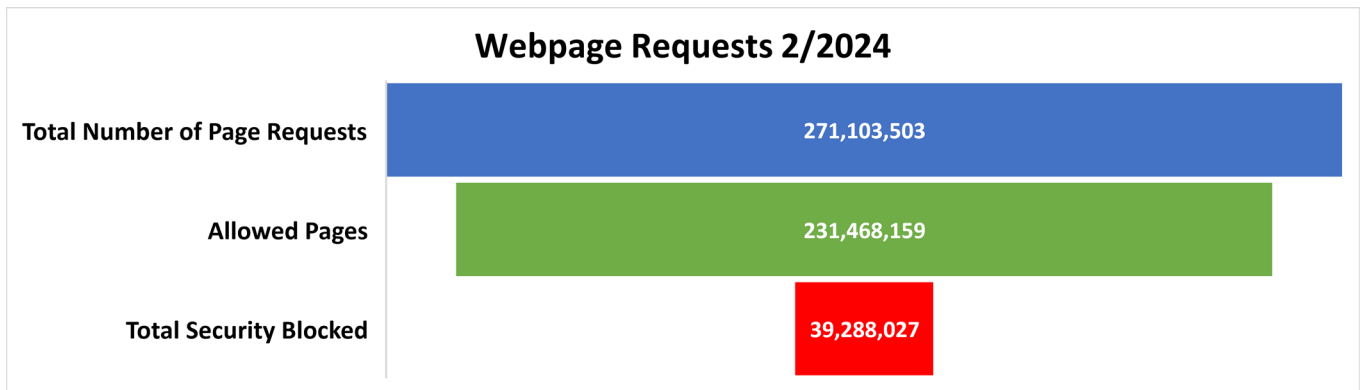
D. Data Protection & Privacy

3. Endpoint Protection

Endpoint protection is one component to the organization's ability to handle daily malware. All devices needing connection to the internet are subject to attacks. Attacks are mitigated through technologies monitoring the systems in real time reacting and responding to those attacks.

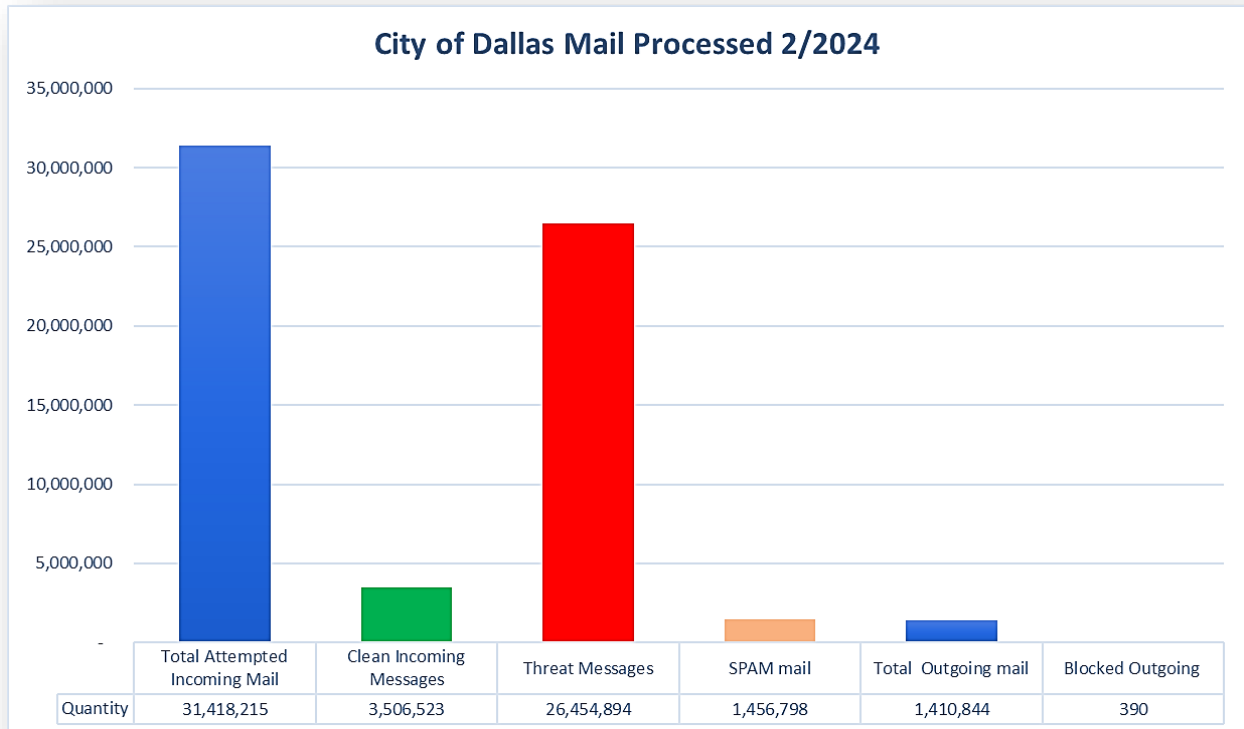


Technologies like Firewall and Endpoint Detection and Response are all in place to respond to those attacks. Below is the status metrics.



4. Email Screening

The City of Dallas receives and send millions of emails a month. Phishing is an attack vector that is utilized by bad actors in the form of social engineering, to gain internal access to the network. This can then be used to introduce malware, ransomware, and other malicious software to adversely affect City services. Below provides a picture of mail messages processed and remediated prior to user reception.



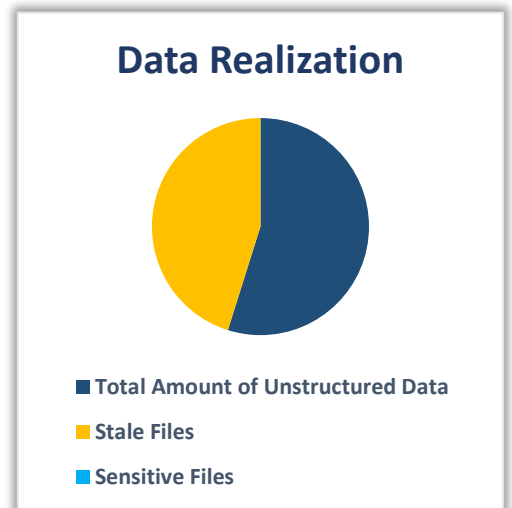
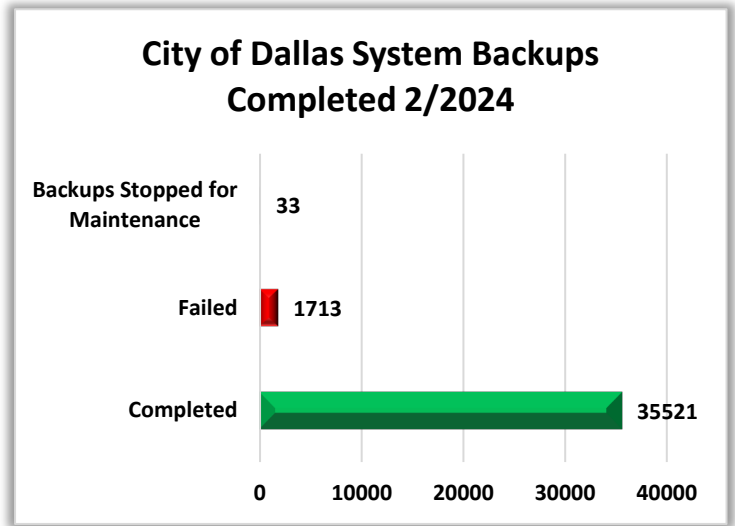
Section 5: IT Infrastructure

IT Infrastructure information and status updates on efforts to upgrade and improve the IT infrastructure used by the city to reduce technical debt, better meet current needs, and build for future service needs.

A. Resiliency - Disaster Recovery and Business Continuity

Resilience is essential in the City's IT environment because it ensures that the system can continue to function effectively and efficiently even when unexpected events occur. This can include things like hardware or software failures, power outages, natural disasters, and cyber-attacks. Lack of resiliency impacts Local government to prolonged outages, data loss, and security breaches. These can be costly in terms of services to residents, loss of public trust, and regulatory penalties.

Resiliency can be achieved through a combination of redundancy, fault tolerance, disaster recovery planning, and proactive monitoring and maintenance. By designing and implementing resilient IT systems, the city can minimize the impact of disruptions and maintain business continuity, ensuring that critical applications and services remain available. ITS has begun evaluating on opportunities to design the City's IT environment to improve resilience. A critical component of Disaster Recovery and Business Continuity practices is backing up critical data, testing data backups, and conducting exercises to ensure that data backups can be successfully utilized to restore business services.



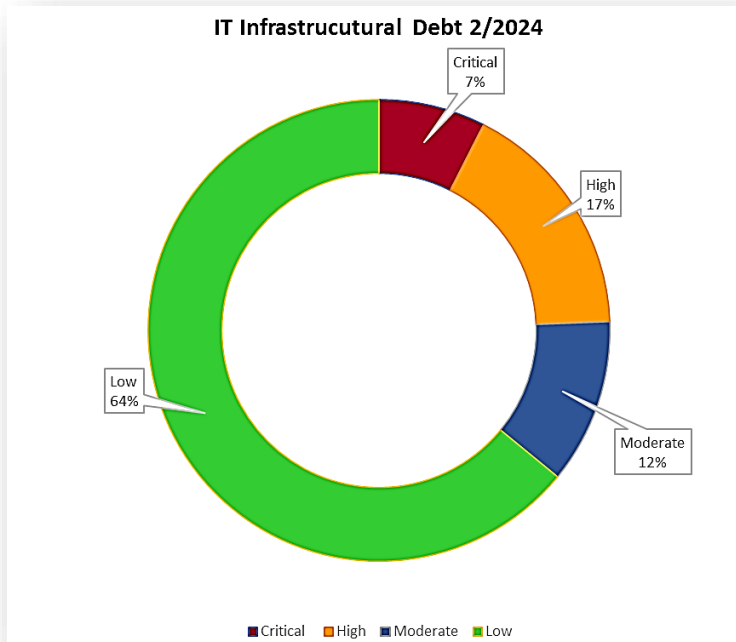
Total Data 3.2 PB
Total Backup Data 1.85 PB
Total Files 18.7 m

B. Technical Debt

Technical debt refers to the accumulation of design or implementation compromises made during the development of software, applications, or systems. Similar to how financial debt accrues interest over time, technical debt also accumulates and incurs a cost in the form of increased maintenance and development time, reduced quality, and decreased productivity.

Generally, technical debt is categorized by three types:

- Intentional Tech Debt: This is created deliberately by an organization in an effort to get technical capability into production more quickly. This form of tech debt involves a premeditated choice where an organization knowingly accepts some level of instability, insecurity, poor performance, user dissatisfaction or some other type of problem in exchange for launching the product sooner. This form of tech debt introduces risk, but represents a known risk that can be documented, tracked, and remedied over time.
- Unintentional Tech Debt: This form of tech debt arises from sloppiness, unexpected complexity, or a lack of technical expertise in designing and implementing software systems. This type of tech debt may be documented, but usually it is not because it often remains unknown until an event occurs revealing the issues or errors. Unintentional tech debt can still be remediated, but the development process will need to be adjusted accordingly, impacting the function and value of software.
- Environmental Tech Debt: This category of tech debt occurs over time and without effort. A system may be developed well, implemented well, and perform well at the time of implementation, but if not managed over time, environmental technical debt is likely to accrue because the environment in which it operates is in flux and changing. The technology will change, the needs of its users will change, and the capabilities of the devices on which it operates will change rendering a system that was originally well-designed unhealthy over time.

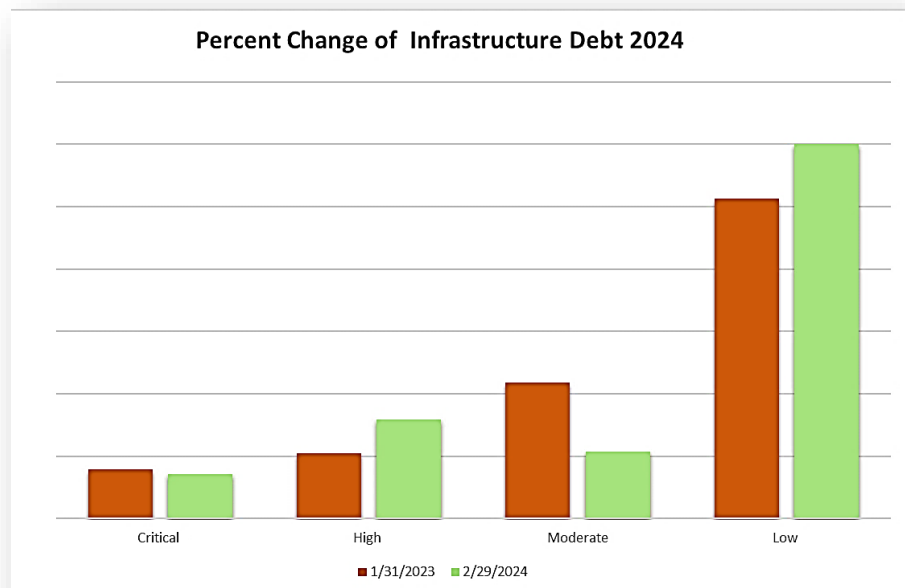


The City of Dallas has each of these types of technical debt present in its technology environment. In many instances there is a combination of multiple types of tech debt present for a given system or service operated in the City.

As a part of the City's IT Infrastructure improvement direction, a proactive approach has been taken that identifies, tracks, and communicates the potential risks and costs

associated with technical debt to City departments. The City's technical debt has accumulated over time, reducing the effectiveness for IT services. Any plan must involve setting aside time and resources, specifically to address the deficit.

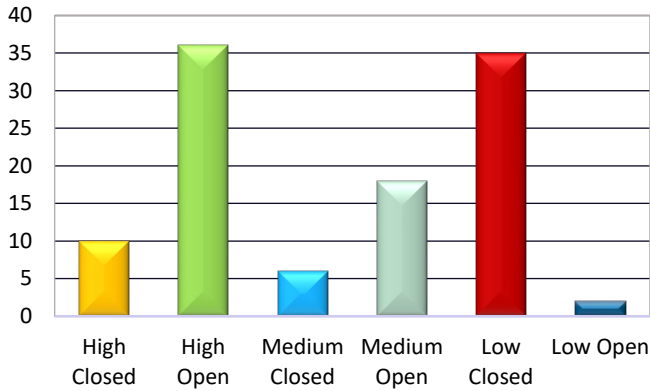
ITS is working to build a technical debt remediation program for addressing technical debt over time. The program shall outline and review changes in the system landscape and the City's strategic priorities. The plan shall track progress toward milestones and adjust the roadmap as needed to ensure that technical debt is not only reduced, but continuously managed.



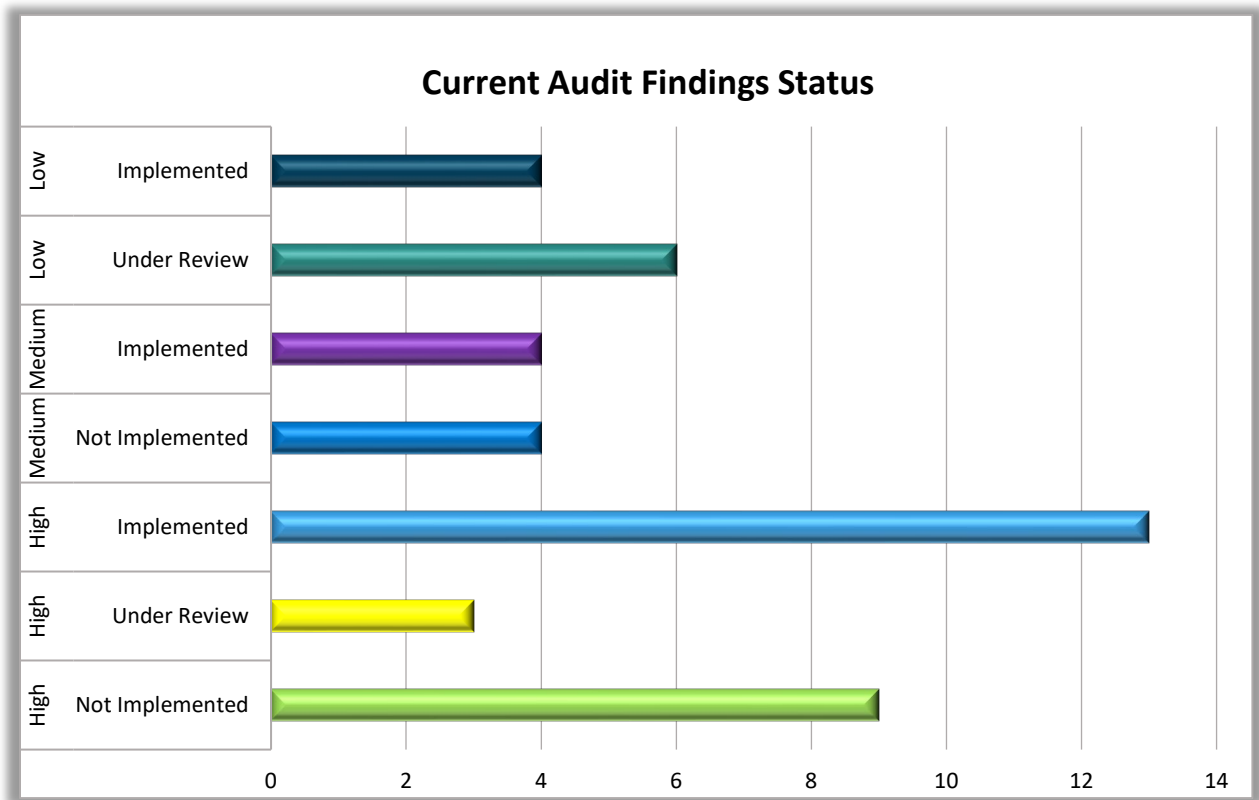
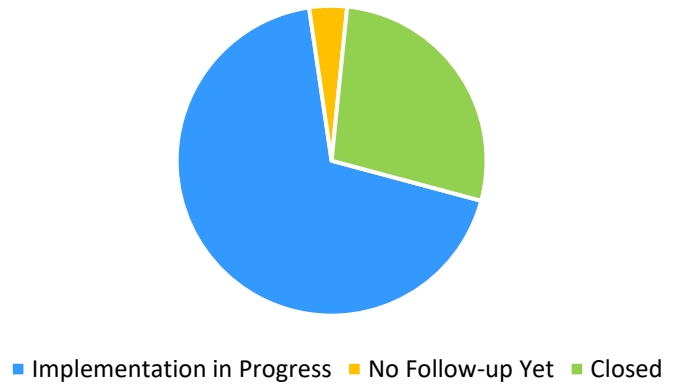
C. Audit

Currently, the ITS department is working through several audits that impact technology services. Below representative of the Audit remediation efforts and stages.

Current Audit Findings



Audit Remediation Stage 2/2024





City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1089

Item #: N.

Office of the City Auditor Monthly Update on Internal Audit Reports Released Between January 13, 2024 and February 16, 2024
[Office of the City Auditor]

Memorandum



DATE: February 26, 2024

TO: Honorable Members of the Government Performance & Financial Management Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse Moreno, Jaime Resendez

SUBJECT: Internal Audit Reports Released Between January 13, 2024, and February 16, 2024

Background

City Council requested a talent acquisition audit be included in the Fiscal Year 2022 Audit Plan as they were aware of various ongoing hiring issues. The Audit Plan broke the talent acquisition audit into the following three audits:

- *Talent Acquisition*
- *Dallas-Fire Rescue Department Uniform Personnel Recruitment and Selection*
- *Dallas Police Department Uniform Personnel Recruitment and Selection*

To obtain the needed human capital audit expertise, Baker Tilly US, LLP was retained to perform these audits. Given the commonality of the observations and recommendations the three audits have been consolidated into this report.

The objectives of these audits are as follows.

1. Is the talent acquisition process efficient?
2. Are candidate sourcing strategies and community outreach effective?
3. Does the candidate selection process reflect best practices and promote a quality hire?
4. Are candidate sourcing strategies aligned with the City's diversity strategy?

The scope of these audits includes a review of recruitment and selection activities and documentation from Fiscal Year 2020-21 and Fiscal Year 2021-22.

Recommendations

Management should consider the 34 individual recommendations included in the three audit reports, which would improve the City's talent acquisition process with proactive marketing,

upgraded systems, performing hiring data analysis, improved communications across departments, developing clear hiring standards, and improved onboarding processes.

Management agreed to 33 of 34 recommendations, 97 percent acceptance rate.

Attached for your review are the three Office of the City Auditor audit reports released between January 13, 2024, and February 16, 2024. The full reports are included in [Attachment 1](#).

If you have any questions, please contact me at (214) 670-3222 or mark.swann@dallas.gov.

Sincerely,



Mark S. Swann
City Auditor

Attachment

C: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis Gavino, Chief of Staff to the City Manager
Sheri Kowalski, City Controller
Directors and Assistant Directors
Jeffrey Brill, Manager – Financial Compliance, Auditing & Monitoring



Reports Released:

Audit of Talent Acquisition (February 16, 2023)

- Talent Acquisition
- Dallas-Fire Rescue Department Uniform Personnel Recruitment and Selection
- Dallas Police Department Uniform Personnel Recruitment and Selection



Audits of Talent Acquisition

February 16, 2024

Mark S. Swann, City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

Tennell Atkins

Deputy Mayor Pro Tem

Carolyn King Arnold

Council Members

Adam Bazaldua

Paula Blackmon

Zarin D. Gracey

Cara Mendelsohn

Jesse Moreno

Omar Narvaez

Jaime Resendez

Paul E. Ridley

Jaynie Schultz

Kathy Stewart

Chad West

Gay Donnell Willis



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Executive Summary

Objective and Scope

The objectives of these audits are as follows.

1. Is the talent acquisition process efficient?
2. Are candidate sourcing strategies and community outreach effective?
3. Does the candidate selection process reflect best practices and promote a quality hire?
4. Are candidate sourcing strategies aligned with the City’s diversity strategy?

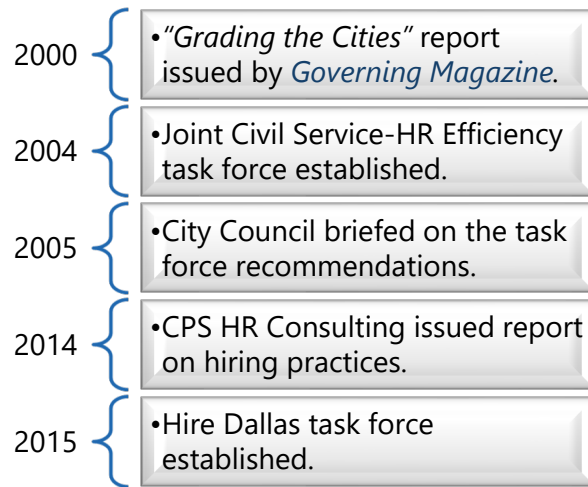
The scope of these audits includes a review of recruitment and selection activities and documentation from Fiscal Year 2020-21 and Fiscal Year 2021-22.

Recommendations

Management should consider the 34 individual recommendations included in the three audit reports, which would improve the City’s talent acquisition process with proactive marketing, upgraded systems, performing hiring data analysis, improved communications across departments, developing clear hiring standards, and improved onboarding processes.

Background

The City of Dallas talent acquisition process underwent several examinations since 2000, with a focus on the efficiency of the divide in the hiring process between the Human Resources and Civil Service Departments. Specifically,



These examinations generated discussion but no action. City Council requested a talent acquisition audit be included in the Fiscal Year 2022 Audit Plan as they were aware of various ongoing hiring issues. The Audit Plan broke the talent acquisition audit into the following three audits:

- Talent Acquisition
- Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection
- Dallas Police Department Uniform Personnel Recruitment and Selection

To obtain the needed human capital audit expertise, Baker Tilly US, LLP was retained to perform these audits. Given the commonality of the observations and recommendations the three audits have been consolidated into this report.

Observed Conditions

See [Appendix A](#) for Baker Tilly US, LLP reports.

Objectives and Conclusions

1. Is the talent acquisition process efficient?

Generally, yes. Opportunities exist to improve the process through appointing a singular department to oversee the talent acquisition process, better communications and coordination between the relevant departments, system upgrades, obtaining and analyzing data through all talent acquisition phases.

2. Are candidate sourcing strategies and community outreach effective?

Generally, yes. Opportunities exist to improve the sourcing and outreach efforts by moving away from traditional passive methods to more proactive marketing strategies using current technology methods, developing a City-wide strategic workforce plan and looking across the City's employee workforce as a whole for prioritized position needs.

3. Does the candidate selection process reflect best practices and promote quality hire?

Generally, yes. Opportunities exist to improve the selection process with system upgrades, obtaining and analyzing hiring data, and improvements in the interview procedures and selection process.

4. Are candidate sourcing strategies aligned with the City's diversity strategy?

Generally, yes. City-wide talent acquisition generally considered a diversity strategy.

Audit Results

See [Appendix A](#) for Baker Tilly US, LLP reports.

Methodology

Baker Tilly US, LLP was retained to perform this audit. See [Appendix A](#) for Baker Tilly US, LLP's methodology. In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix A: Baker Tilly US, LLP Reports

Audit of Talent Acquisition

Baker Tilly report begins on the following page.



City of Dallas
Office of the City Auditor
Audit of Talent Acquisition
February 16, 2024

Executive Summary

Scope and Purpose of the Audit

The objectives of the audit are to:

- 1) Determine whether the talent acquisition process is efficient.
- 2) Determine whether the candidate sourcing strategies and community outreach are effective.
- 3) Determine whether the candidate sourcing strategies align with the City's diversity strategy.
- 4) Determine whether the candidate selection process reflects best practices and promotes a quality hire.

The Human Resources/Civil Service Audit of Talent Acquisition scope includes all non-uniformed positions within the City of Dallas (the "City") for Fiscal Year 20-21 and Fiscal Year 21-22.

Background

The City provides talent acquisition services through the Human Resources and Civil Service Departments. The classification and exempt identification of departments, offices and positions is dictated by the City Charter Chapter XVI titled "Civil Service and Personnel" Sec. 3 Civil Service Divided into Classified and Unclassified Service and Sec. 9 Departments Exempt from Civil Service.

- Positions covered by the Civil Service Department:
 - Classified services: all non-exempt positions
 - Competitive class: positions in which competitive examination is administered to determine the merit and fitness of the candidates
 - Non-competitive class: positions requiring special needs as identified by Department Directors or requiring peculiar and exceptional qualifications or management accountability
- Positions, Offices and Departments under the responsibility of the Human Resources Department include:
 - Unclassified services:
 - Department Directors, Assistant Directors, and other managerial positions
 - Municipal Court Clerk
 - Secretary of the Civil Service Board
 - Labor class which includes all ordinary, unskilled labor
 - Non-Civil Service: City Attorney's Office, City Manager's Office, the Office of the City Auditor, the City Secretary's Office, Dallas Public Library, Park & Recreation Department, Communications, Outreach and Marketing Department, and Mayor and City Council Office.

Functionally, this segregates the employees served into five categories:

- Civil Service: non-uniform positions
- Civil Service: uniform positions (Dallas Police Department and Dallas Fire-Rescue Department)
- Non-Civil Service positions
- Executive positions
- Management positions

Civil Service: uniform positions (Dallas Police Department and Dallas Fire-Rescue Department) are outside of the scope of this audit. See the Audit of Dallas Police Department Uniform Personnel Recruitment and Selection and the Audit of Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection reports. These two audits were conducted concurrently with this audit.

The Civil Service Department provides employment services for 83% of the City's workforce with the following talent acquisition functions: job posting; minimum qualifications standards development and screening; test development, delivery, and validation; and eligible employee list management. The Civil Service Department is led by the Civil Service Secretary who functionally reports to an Assistant City Manager and is governed by the seven-member Civil Service Board.

Supporting approximately 14,000 employees, the Human Resources Department performs the following core functions: talent acquisition, talent engagement and development, total rewards and wellness, and human resources consulting. The Director of Human Resources reports to a Deputy City Manager.

A summary of the phases performed by the Human Resources and Civil Service Departments for talent acquisition is provided below.

Acquisition Phase	Acquisition Task	Civil Service/Non-uniform		Non-Civil Service	
		Civil Service	Human Resources	Human Resources	Hiring Department
Candidate sourcing	Marketing and advertising	✓		✓	
	Active recruitment	✓			
Candidate screening	Screen for minimum qualifications	✓		✓	
	Testing candidates*	✓		✓	✓
Selection	Interview and selection**		✓	✓	✓
	Offer and salary negotiation		✓	✓	✓
Hiring	Onboarding – background checks & drug screen, etc.		✓	✓	
Orientation	Orientation*		✓	✓	

* As needed.

**In partnership with hiring manager/department staff and Human Resources Partner

Strengths

The Human Resources and Civil Service Departments work collaboratively to recruit and hire a diverse workforce. Both Departments actively track diversity efforts. In recent years, with new leadership, both Departments have placed an emphasis on tracking and using metrics to drive decisions and process improvements. This is especially impressive given the large workforce, incomplete implementation of Workday and disjointed data sharing between Workday and NEOGOV.

With increased data sharing and a move toward full Workday implementation, the Human Resources and Civil Service Departments are actively making steps toward increased transparency for their internal customers and better usability to empower, educate and equip hiring managers to hire candidates that best meet the needs of the City.

Recommendation Summary

Baker Tilly performed an analysis of the Human Resources and Civil Service Departments' talent acquisition processes and controls through review of policy and procedure documentation, walkthroughs with key process owners, and data analysis. The "Audit Results" section of this report shows the detailed observations and recommendations based on our review. The following list highlights the high priority recommendations.

- Appoint a singular department to oversee and bear responsibility for the overall talent acquisition of City employees.
- Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the talent acquisition process.
- Develop a strategic workforce plan to proactively identify future hiring needs at the position and skills level to maintain business continuity needs.
- Initiate proactive candidate outreach through collaboration with the Human Resources and Civil Service Departments, aligning with hard-to-fill and critical positions identified in the strategic workforce plan.
- Assess the viability of implementing a contingent hire offer based upon successful completion of all vetting requirements within a set-time frame after the start date to reduce credentialing, system access, and/or equipment delays occurring on employee start dates.
- Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey to issue at the end of the 90 days to solicit feedback. Include an option for new hires to speak directly with a Human Resources Department representative.

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Introduction

Objective	<p>The purpose of this audit was to:</p> <ol style="list-style-type: none"> 1) Determine whether the talent acquisition process is efficient. 2) Determine whether candidate sourcing strategies and community outreach are effective. 3) Determine whether the candidate selection process reflects best practices and promote a quality hire. 4) Determine whether candidate sourcing strategies align with the City's diversity strategy.
Background	<p>The City conducts talent acquisition functions through the Human Resources and Civil Service Departments. Supporting approximately 14,000 employees, the Human Resources Department performs the following core functions for unclassified positions: talent acquisition, talent engagement and development, total rewards and wellness, and human resources consulting. The Civil Service Department provides functions for approximately 83% of the City's workforce with the following core functions: recruiting and examining, test validation, and eligible list management.</p>
Scope	<p>The Audit of Talent Acquisition scope includes all non-uniformed positions within the City of Dallas (the "City"). The scope of this audit includes a review of talent acquisition activities, from position requirement development through orientation, for the annual recruitment cycles in Fiscal Year 20-21 and Fiscal Year 21-22.</p>
Methodology	<p>The audit methodology included: (1) interviewing Human Resources and Civil Service Departments personnel, internal customer department personnel, City Council members, and Deputy City Managers; (2) reviewing policies and procedures, relevant City Council Resolutions, and City Administrative Directives; (3) examining high-level processes to identify areas of risk/process improvement; (4) analyzing candidate talent acquisition data to evaluate outreach effectiveness and sourcing alignment with diversity strategy; (5) inventorying and evaluating existing selection practices in the context of best practices; and (6) identifying opportunities to enhance risk management and improve policies and practices related to talent acquisition of all City non-uniform positions.</p>
Compliance Statement	<p>This audit activity was conducted from February 2022 to January 2023 in accordance with generally accepted government auditing standards, except for the requirement of an external peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and recommendations based on audit objectives.</p>

Baker Tilly greatly appreciates the support of the Civil Service Department, and Human Resources Department among others in conducting this audit activity.
Thank you!

Department Recruitment Background

The City talent acquisition process encompasses five phases. The Human Resources Department Talent Acquisition Division fully manages these phases for non-Civil Service positions including the labor class, executive level positions, and the City Manager's Office, City Attorney's Office, Office of the City Auditor, City Secretary's Office, Dallas Public Library, Dallas Park & Recreation, Municipal Court, Communications, Outreach and Marketing, and Mayor and City Council Office. The Human Resources Department Talent Acquisition Division and Civil Service Department jointly manage distinct phases in the talent acquisition process for Civil Service positions.

Recruitment and hiring responsibilities between the Human Resources Department, Civil Service Department and the hiring departments are as follows:

Acquisition Phase	Acquisition Task	Civil Service/Non-uniform		Non-Civil Service	
		Civil Service	Human Resources	Human Resources	Hiring Department
Candidate sourcing	Marketing and advertising	✓		✓	
	Active recruitment	✓			
Candidate screening	Screen for minimum qualifications	✓		✓	
	Testing candidates*	✓		✓	✓
Selection	Interview and selection**		✓	✓	✓
	Offer and salary negotiation		✓	✓	✓
Hiring	Onboarding – background checks & drug screen, etc.		✓	✓	
Orientation	Orientation*		✓	✓	

* As needed.

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The phases of recruiting and hiring are further defined in the Observations and Recommendations section.

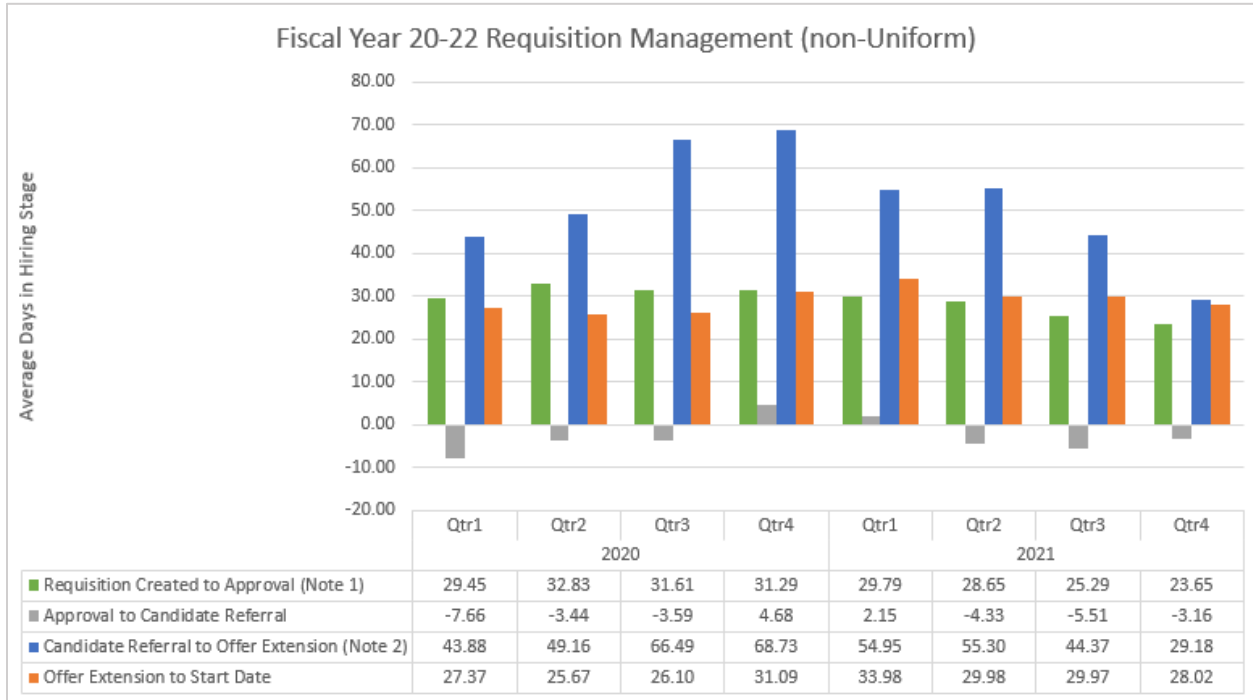
Overall Recruiting and Hiring Process Timeline

The calculated time from requisition creation date to offer extension date for the Fiscal Years 20-22 averaged 114 days. This is based on NEOGOV output data. Due to the fields available within NEOGOV, Baker Tilly was limited to classifying the position requisition to offer extension date into the following categories:

- **Requisition creation to approval** – averaged 29 days
- **Requisition approval to candidate referral to hiring manager for review** – averaged 1 day. See the following page, Note 1, detailed below for further information.
- **Candidate referral to offer extension** – averaged 54 days
- **Offer extension to start date** – averaged 30 days



The following chart depicts the various stages of hiring inclusive of both Human Resources and Civil Service Departments contributions.



- Note 1: The number of days from requisition approval to candidate referral is near or below 0 days due to departments re-using eligibility lists from previous requisitions. This was noted as a widespread practice throughout the City and results in more expedient hiring for those positions but skews the data.
- Note 2: Advertisement posting dates are included in the candidate referral to offer extension phase. NEOGOV updates the advertising dates from the most recent ad campaign for each position, which makes it impossible to determine how effective these campaigns are in attracting candidate.

Audit Results

This section summarizes the results of our audit. The results are organized by sequential recruitment phase with observations categorized according to their relevance in each of the following areas:

- **Governance and Strategy** – The framework through which the City and departments operate, where objectives are set, and the means of attaining those objectives are established and monitored. Ethics, risk management, compliance and administration are all elements of governance.
- **Policy and Process** – The creation, implementation, and maintenance of adopted principles and actions used to achieve organizational objectives.
- **Diversity, Equity, and Inclusion** – Three elements of social reform in the workplace that aim to create a workforce where all are welcome and supported.
- **Technology** – The systems, applications, and tools in the workplace that enhance service provision, reduce waste, and increase productivity.
- **Resource** – Components an organization needs to do business, including staff, workspace, equipment, or capital.

Please note that each talent acquisition phase does not have an observation that pertains to each of the observation categories.



Overall Talent Acquisition Process

Overview

The City talent acquisition process is jointly performed by the Human Resources Department, Civil Service Department, and the hiring departments. A select number of larger departments have dedicated talent acquisition positions. However, the majority of responsibilities are centralized within the Human Resources and Civil Service Departments.

Throughout the course of our audit, we noted operational and approach strengths of the overall talent acquisition process. Specifically, we observed that the Human Resources Department and Civil Service Department staff were dedicated, knowledgeable, and extremely cooperative particularly in the following areas:

- Hiring departments generally believed that talent acquisition phases progressed quickly, with the exception of background check investigations, performed by a third-party administrator.
- General feedback is that the Human Resources Partners are responsive and serve as the go-to person for each hiring department for Human Resources Department owned operations.
- The Civil Service Department implemented online testing, increasing the accessibility of testing for candidates.
- The Civil Service Department hired a position dedicated to hard-to-fill positions.
- The Human Resources Department developed inclusive language and unconscious bias training for hiring managers to take prior to interviewing on an annual basis.

GOVERNANCE AND STRATEGY

Observation 1	Recommendation 1
<p>Owners: City Manager</p> <p>The City did not have a formal Diversity, Equity, and Inclusion plan with City-wide or Human Resources Department and Civil Service Department specific talent acquisition diversity goals in place until the end of the audit period.</p> <p>The City's Racial Equity Plan was not approved by Council until August 2022. This plan includes City-wide big audacious goals and department progress measures for the Human Resources and Civil Service Departments. Prior to the approval there were no City-wide diversity or equity goals or requirements to track talent acquisition diversity metrics. The City could not determine if equitable hiring opportunities were available, without clearly defined goals and agreed-upon metrics to track progress toward those goals.</p>	<p>Establish and report on key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.</p> <p>Analyze metrics to identify new program or initiative impacts and inform operational changes. Continue and reinforce the culture of data-informed decision making, with the support of improvement technology implementation, across the Human Resources and Civil Service Departments.</p>



GOVERNANCE AND STRATEGY

Observation 2

Recommendation 2

Owners: City Manager

The City does not review overall departmental talent acquisition efforts to determine what has worked successfully and what should be discontinued.

As the City is lacking a common definition for a "Quality Hire," it does not have metrics established to track the initiative impacts of finding said, "Quality Hires." This renders the City unable to correlate which talent acquisition strategies and programs are best suited to achieve future goals and targets, and the Human Resources and Civil Service Departments are unable to ensure their departmental efforts are aligned with the City goals.

Further inhibiting the ability to measure talent acquisition efforts with "Quality Hire" employees is the lack of the NEOGOV and Workday systems' ability to track candidates through to City employees in a long-range analysis.

Define what a "Quality Hire" is for each department and identify trackable metrics based on that definition.

Frequently called the Golden Metric, a "Quality Hire" metric is more substantive than merely determining if an employee passed a probationary phase. While early retention can serve as one metric, transformative hiring happens when the evaluative process is expanded to include consideration of pre-hire offer conversion, employee performance reviews, etc. The Human Resources and Civil Service Departments should then utilize these metrics to track recruiting and hiring efforts for each recruitment cycle. This will allow the departments to identify and replicate successful talent acquisition programs.

To enable metrics tracking, identify a common candidate and employee identifier to bridge the NEOGOV and Workday data or begin tracking with the implementation of the Workday application tracking module.



GOVERNANCE AND STRATEGY

Observation 3

Owners: City Manager

No one department is accountable for overall City talent acquisition processes.

The Civil Service Department and Human Resources Department report to a separate Assistant City Manager and Deputy City Manager. Therefore, the City is organizationally structured with a bifurcated human resources function approach. This decentralized oversight to talent acquisition places the responsibility for all post-Civil Service test efforts with each department hiring manager. Human Resources Department Talent Acquisition and Business Partner Divisions support non-Civil Service positions. Cross-departmental hiring manager communication and coordination was not found. With no singular department accountable to ensure the success of City-wide talent acquisition, or for providing support to departmental staff, department staff are likely to repeat other departmental talent acquisition failures as opposed to replicating their successes.

Recommendation 3

Appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.

This primary department should:

- 1) Ensure continuity in the talent acquisition processes across departments.
- 2) Provide support and guidance for departmental hiring managers.
- 3) Ensure cross-departmental talent acquisition collaboration and "success sharing".

It is critical that this department excel in utilizing a consultative approach to leadership, working with departments to achieve success.

Observation 4

Owners: City Manager

The City does not have a strategic workforce plan to identify critical, high priority positions. The absence of a strategic workforce plan means the City does not have:

- 1) A forecast of potential retirements and high vacancy risk departments
- 2) A succession plan and strategy to fill executive level positions upon vacancy.
- 3) An identified list of critical positions to understand vacancy risks on operations.
- 4) An understanding of skills gaps in the current talent pool to invest targeted training.

Recommendation 4

Develop a strategic workforce plan to proactively identify future hiring needs at the position and skills level to maintain business continuity needs.

Identify critical positions to inform prioritization of training needs and targeted recruitment outreach.

Prioritize updating job descriptions and verifying minimum job qualifications for the critical positions.

Align active recruitment efforts with identified critical positions.



TECHNOLOGY

Observation 5

Recommendation 5

Owners: City Manager, Human Resources Department HRIS, Process Improvement & Policy Division

NEOGOV does not meet the City’s talent acquisition needs.

NEOGOV and Workday are not integrated. Hiring managers are required to create requisitions in both the NEOGOV and Workday systems and update the requisitions in both systems throughout the talent acquisition cycle resulting in duplicative processes and data entry. Positions are not posted for advertisement until both requisitions are created, which causes advertisement delays. Additionally, a hiring managers ability to view candidate progression through the cycle is limited, resulting in unnecessary follow-ups between the hiring manager, Human Resources Partner, and Civil Service Analysts.

Furthermore, NEOGOV functionality does not meet the Human Resources and Civil Service Department’s data tracking needs. Tracking fields do not align with traditional Human Resources talent acquisition phases and inhibit the Human Resources and Civil Service Departments ability to track time-to-hire statistics until May of 2022, when the Human Resources Department built a Tableau dashboard as a work around. The cumbersome data analysis capabilities hampers the Human Resources and Civil Service Departments’ ability to develop data-informed decision making to target process improvements.

Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the hiring process.

Develop and document talent acquisition business needs to ensure hiring managers’ ability to view required functionality and reporting in the Workday candidate tracking module.

Conduct user acceptance testing of business requirements to ensure proper implementation and develop standard operating procedures for all stakeholders.

Candidate Sourcing Phase

Overview

Broad-based, non-position specific candidate sourcing is performed by both the Human Resources Department and at the department level. The Civil Service Department becomes involved with the advertisement of specific positions.

- The Human Resources Department holds City-wide job fairs throughout the year. Departments with open positions may choose to attend the job fair. Onsite interviews are provided to expedite the hiring process.
- Departments are responsible for all other broad-based candidate sourcing. Strategies utilized include department specific job fairs, pipeline management and development through association and university partnerships, targeted social media campaigns, etc.

Position specific candidate sourcing is initiated when the hiring manager creates position requisitions in both NEOGOV and Workday. The NEOGOV position requisition approval process initiates the job posting and hiring action. The Workday position requisition initiates the identification of a future employee record as all employee transactions are recorded in Workday. Upon approval of the NEOGOV position requisition, the Civil Service Department advertises all Civil Service positions. The Human Resources Department posts all other positions, with the exception of select departments which have internal talent acquisition teams. The City advertises all positions on the following platforms:

- City jobs website
- LinkedIn
- Texas Workforce Commission
- Texas Municipal League
- Handshake
- Indeed

GOVERNANCE AND STRATEGY

Observation 6

Owners: City Manager

Departments are primarily responsible for the majority of the marketing and recruiting efforts.

While this approach is effective to achieve customized recruiting based on specific open positions, it leaves a particular gap in City-wide marketing. No singular department is responsible for these overall City-wide marketing efforts. Therefore, the City as an employer is department brand-specific rather than City-wide. The current ad hoc marketing approach:

- 1) Creates duplicative departmental marketing and advertising costs and efforts across departments.
- 2) Creates internal competition between departments for quality employees in

Recommendation 6

Assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.

The assigned department should create a City-wide pipeline development and outreach strategy. Incorporate prioritization of critical positions when a strategic workforce plan is developed.

Targeted recruiting efforts would remain the responsibility of the department hiring teams/managers.



GOVERNANCE AND STRATEGY

addition to external competition with other private and public sector agencies.

Observation 7

Owners: City Manager, Hiring Departments

Position requisition approvals require up to five levels of approval before a position can be posted for advertisement. The high number of requisition approvals delays advertisement and ultimately hiring of positions.

The approval levels may include:

- Department Director
- City Manager's Office
- Human Resources Director
- Budget Office
- Human Resources Partner or Civil Service Analyst

The hiring manager does not have insight into the approval level at which the position is pending. For example, the Budget Office may hold a position requisition dependent on management of overall City vacancy levels. The lack of transparency results in unnecessary follow-up by the hiring manager.

Recommendation 7

Review the approval level requirements by grade level to standardize and reduce approval level requirements across positions.

Additionally, include hiring manager ability to track candidate status through the requisition approval stage as a business need for the future Workday candidate tracking module.

POLICY AND PROCESS

Observation 8

Owners: Human Resource Department Talent Acquisition Division, Civil Service Department

Candidate sourcing has historically relied on advertisement techniques to reach candidates who are actively looking for career moves. Proactive candidate sourcing has not yet been optimized.

The Civil Service Department hired a position in 2022 to perform proactive, targeted recruitment outreach for hard-to-fill positions. The Human Resources Department Talent Acquisition Division participates in numerous activities to proactively fill positions and maintain adequate staffing but does not yet have a similar position. Both the Civil Service Director and Board Secretary and the Human Resources Director expressed a desire to develop more active, targeted outreach.

Recommendation 8

The Civil Service Department and Human Resources Department Talent Acquisition Division should enhance collaboration and the effectiveness of targeted recruitment outreach, including for non-Civil Service positions.

As part of the strategic workforce planning, prioritize targeted, proactive talent acquisition tactics for City-wide critical positions.

TECHNOLOGY

Observation 9

Owners: Human Resources Department HRIS, Process Improvement & Policy Division, Civil Service Department

NEOGOV does not have the ability to automate requisition approval workflows, requiring hiring managers to manually assign the approvers with each request.

While the Human Resources Department developed and distributed standard operating procedures to guide hiring managers, some hiring managers forget to add the Human Resources Partner as the final approver. Therefore, Human Resources Partners are not notified to initiate the position posting, delaying the advertisement, and hiring process.

Recommendation 9

Incorporate pulling a report of all position requisitions on a weekly basis into the Human Resources Partner requisition approval process to identify outstanding approvals. If possible, set the report to note variances from the prior week for the Human Resources Partner to quickly identify new requisitions or approval changes.

Additionally, include automated requisition approval advancement and hiring manager stage view access as a business need for the future Workday candidate tracking module.

Candidate Screening Phase

Overview

The City accepts paper-based and electronic applications. Candidates submit electronic applications through the NEOGOV platform. The Civil Service Department screens the candidate pools for all Civil Service positions. The Human Resources Partner screens the candidate pool for all non-Civil Service positions. The Human Resources and Civil Service Departments screen the candidate pool for minimum qualifications and pass all candidates on to the hiring manager. The Human Resources and Civil Service Departments target reviewing the candidate pool and forwarding eligible candidates to the hiring manager within 1-2 weeks of the application close date. This time may vary depending on the candidate pool quality. For positions that maintain an open application, eligible candidates are forwarded based on candidate pool quality.

The testing phase is applicable for the following positions:

- Office Assistant I and II
- Permit Clerk
- 911 Call Taker Trainee (Civil Service)
- Police Reports Representative

Testing is administered by the Civil Service Department for all Civil Service positions and by the Human Resources Department for all non-Civil Service positions. The hiring manager's input is solicited to determine if testing is needed for establishing a candidate's ability to perform the position functions.

POLICY AND PROCESS

Observation 10

Owners: Civil Service Department

Hiring departments expressed inconsistent confidence among of the Civil Service Analysts' ability to accurately screen the candidate pools for correct minimum qualifications.

The candidate eligibility list provided to department hiring managers does not consistently filter candidates to meet the minimum qualification or pass forward candidates who meet the minimum qualifications through transferable skills. This creates additional work for hiring managers to re-screen the candidates. With over 4,000 candidates in Fiscal Year 20-21, effective screening and evaluation of candidates is a critical control that can minimize hiring time. The Civil Service Department Director and Board Secretary identified a need to better define minimum qualifications for specialized positions and went to market in 2022 for a vendor to conduct job analysis' of select positions.

Recommendation 10

Build a process to solicit feedback from the hiring managers during and after the candidate pool review stage to train Civil Service Analysts and improve their understanding of the hiring manager and position needs.

Incorporate the process into onboarding training when hiring new Civil Service Analysts and develop cross-training with experienced Civil Service Analysts to facilitate institutional knowledge transfer.

POLICY AND PROCESS

Observation 11

Owners: Civil Service Department

The Civil Service Department applies a 30-day candidate freeze for applications with errors.

The reported purpose for this control is to allow for corrections to the application. However, it is understood that the candidate does not have access to the original form to correct the error. Instead, the candidate needs to resubmit a new application. As the candidate cannot have two active applications for the same position, this serves as a 30-day lockout for the hiring cycle. This is counterproductive as the burdensome error correction process deters candidates, ultimately limiting the candidate pool for what may be a simple, unintentional application error.

Recommendation 11

Eliminate the candidate freeze rule.

Elimination of the rule will help to ensure that application errors are more easily corrected with little candidate effort, allowing them to remain in the talent acquisition cycle should that error be corrected.

Observation 12

Owners: Civil Service Department

The Civil Service Department cannot verify that the individual taking the online Dallas Civil Service test is the candidate.

Online testing procedures/policy do not require validation or proctoring to verify tester identity. This lack of validation may result in false positive test results for candidates, as well as an increased workload for hiring managers who may review candidates for hire that do not pass the test.

Technology does exist within online testing software applications to verify test taker identity through a variety of methods, though at an increased cost.

Recommendation 12

Ensure similar rules regarding test taker validation exist for online Civil Service tests as they do for in-person.

Online testing is encouraged as it removes accessibility hurdles and expands the eligible candidate pool. However, test taker identity needs to be verified to maintain the validity of the Civil Service tests in the City hiring process. The Civil Service Department should identify and implement an expansion of the online testing vendor to include this feature or adopt a new tool that provides this solution.



Selection and Onboarding Phase

Overview

The Human Resources Partner serves as the hiring department resource for the Selection Phase. Hiring managers schedule interviews with selected candidates. The hiring manager is responsible for creating a three-to-five-person candidate interview panel with the guidance of the Human Resources Partner. Candidate interview panels must be comprised of a minimum of three participants.

Candidate interview panels are charged with the responsibility to evaluate a candidate's potential to become a successful City employee. Interview questions are behavior based and selected by the hiring manager in coordination with the Human Resources Partner from an interview question resource list provided by the Human Resources Department. The City requires that all Candidate Interview Panels include questions related to ethics, diversity, and customer service. The questions are approved by the Human Resources Partner. For all positions, both non-Civil Service and Civil Service, the Human Resources Partner or hiring manager facilitate the interviews for consistency and compliance with City Personnel Rules.

The City requires that the same candidate interview panelists participate in the candidate interviews. Prior to the interview date, interview panelists must complete an e-learning course on interview best practices. The Human Resources Partner provides an interview scoring matrix for the panelists to rate candidates. Interview panelists are assigned interview questions and required to ask the same question in each interview. Upon completion of the interview, the hiring manager aggregates the interview scoring matrix and notifies the Human Resources Partner of the candidate selection.

The hiring manager makes verbal offers to the candidate and manages the salary negotiations.

POLICY AND PROCESS	
Observation 13	Recommendation 13

Owners: Human Resources Department Total Rewards & Onboarding Division

Required salary deviation requests to the City Human Resources Department Total Rewards & Onboarding Division for “exceptional hires” delay the salary confirmation process.

These deviations apply to those candidates who are starting above the starting base salary. These requests can take multiple weeks to over a month before a response is received. This bottleneck can deter candidates from accepting employment with the City as they accept other employment while awaiting approval.

Review how “exceptional hire” requests are approved by the Human Resources Department Total Rewards & Onboarding Division and implement a more expedient process.

The goal of such a review would be to identify if a subsection of “exceptional hire” requests, such as lateral hires, can be approved at the department level for larger departments with talent acquisition staff. All other “exceptional hire” requests should remain in the current, more deliberate process managed by the Human Resources Department Total Rewards & Onboarding Division.

The Human Resources Department Total Rewards & Onboarding Division will need to train departments to apply the compensation pay scale. Relocating the function will reduce the Human Resources Department Total Rewards &



POLICY AND PROCESS	
	Onboarding Division workload and expedite the process for departments. Conduct an audit after the first quarter of implementation with a single department to assess continued viability or retraining needs and annually in the future.



Hiring Phase

Overview

The Human Resources Department Onboarding Specialists send conditional offer letters via the NEOGOV system with required candidate next steps, which may include the following vetting tasks:

- **Background and Education Check** –The candidate sends their information directly to the 3rd-Party vendor to conduct the background checks. The background check vendor was not meeting contracted service level agreements in 2022, prompting the Human Resources Department to change vendors.
- **Drug Testing and Physical Exam information if required** – Positions requiring a drug test are identified by the Office of Risk Management as ‘safety sensitive.’ Drug testing and medical exam completion times are dependent on candidate availability and medical exam schedule availability.
- Department of Transportation verification form for a Commercial Driver’s License (if applicable)
- Other City forms, rules, and videos

Human Resources Department Onboarding Specialists track candidate progress of completed vetting tasks. Upon completion of the vetting tasks, the Human Resources Department Onboarding Specialists send official offer letters and new-hire onboarding packets.

POLICY AND PROCESS	
Observation 14	Recommendation 14
Owners: Human Resources Department HRIS, Process Improvement & Policy Division	
<p>The Human Resources Department Onboarding Specialists do not schedule the start date until the new hire completes all vetting requirements and the City receives all documentation from the third-party vendors.</p> <p>To expedite the onboarding of the new-hire, upon confirmation that all vetting requirements are cleared and complete, the Human Resources Department Onboarding Specialist schedules the new-hire for the next immediate orientation date. This can result in a short 1-2 day notice to the hiring manager if confirmation is received toward the end of a week.</p> <p>Additionally, hiring managers are not able to view progress in the new-hire task completion in NEOGOV to track expectations for when the new-hire’s start date is complete, resulting in multiple follow-ups between the hiring manager and the Human Resources Department Onboarding Specialist when delays are caused due to background checks, scheduling conflicts, or licensing verification.</p>	<p>Assess the viability of implementing a contingent hire offer based upon successful completion of all vetting requirements within a set-time frame after the start date.</p> <p>Implementing a contingent hire structure will allow the Human Resources Department Onboarding Specialist to schedule the start date multiple weeks in advance to provide the new-hire time to submit notice to their employer and provide the hiring manager sufficient notice to plan for the start date.</p>



Orientation Phase

Overview

The Human Resources Department Total Rewards & Onboarding Division hosts a full day orientation every Monday. The orientation focuses on the following topics:

- City background information
- Value of service emphasis including public service expectations and public servant traits
- City strategic priorities and values of service
- Diversity and inclusion in the workplace
- Ethics requirements and resources
- Employee benefits introduction and payroll overview
- Personnel Rules and Administrative Directive overview

Human Resources Department contacts are provided for each category and new hires are encouraged to reach out with further questions. New hires are released to their hiring managers for the second day to complete their department orientation. The Human Resources Department Total Rewards & Onboarding Division provides a department orientation guide for hiring managers to standardize department topic overviews.

POLICY AND PROCESS	
Observation 15	Recommendation 15
<p>Owners: Human Resources Department Total Rewards & Onboarding Division, Human Resources Department HRIS, Process Improvement & Policy Division</p> <p>Newly hired employees are not consistently provided credentialing, system access, and/or equipment needed to begin work on the day they report to their respective departments.</p> <p>These resource issues stem from hiring managers creating Workday accounts for new hires that contain errors, which, in turn, stall the automated process that adds new employees to the Active Directory. Late distribution of new-hire information from the Human Resources Department Total Rewards & Onboarding Division to hiring departments and Information and Technology Services Department, prior to an orientation, also creates delays to access and equipment assignment. Resource delays prolong the onboarding process for the new hire, while also creating additional work for the Human Resources Department Total Rewards & Onboarding Division.</p>	<p>Develop an onboarding process that balances the expediency of establishing a start date for newly hired employees with providing the Human Resources Department Total Rewards & Onboard Division and Information and Technology Services Department sufficient time to gather start date resources.</p> <p>In the short-term, more lead time for the Information and Technology Services Department processing new-hire requests would be beneficial for proper and timely Active Directory setup. Additionally, increased collaboration with Human Resources Partners and their assigned departments to allow for better communication of the needs and importance of an accurate process would assist the Information and Technology Services Department in processing new-hires access and equipment needs. Long-term planning should include an implementation of self-credentialing for new employees and the creation of role-based access.</p>

POLICY AND PROCESS
Observation 16

Temporary, contractor, and contingent employees are not consistently provided equipment, uniforms, vehicles (if applicable), and/or credentialing needed to begin work on the day they report to their respective departments.

Procedures do not require department managers to ensure temporary, contractor and contingent employees have the necessary tools to begin work on their first day.

Recommendation 16

Develop a structured report-to-work process for temporary, contractor and contingent employees in collaboration between the Human Resources Department Total Rewards & Onboarding Division, Information and Technology Services Department and all relevant departments.

The Information and Technology Services Department and all relevant departments should work more collaboratively with department managers and the Human Resources Department HRIS, Process Improvement & Policy Division to timely process technology and other equipment needs.

A structured report-to-work process allows the City the opportunity to show temporary, contractor, and contingent employees that they are valued, while also establishing confidence in these partnerships, which are necessary to conduct City operations.

Observation 17

The Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have a mechanism to follow-up with new hires to solicit feedback on their recruitment and hiring experience.

As such, the Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have insight directly from new hires to target process and candidate experience improvements. The Human Resources Director indicated an intent to develop and implement a survey during the upcoming fiscal year 23-24 for non-Civil Service positions. There are no plans to implement a survey for Civil Service Positions.

Recommendation 17

Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new hires to speak directly with a Human Resources Department representative.

Incorporate an aggregate review of feedback received to identify areas to improve new-hire employee experience. Provide feedback to hiring managers as needed and follow-up. Follow-up with all new hires within two weeks of completing the feedback survey.

Additional Areas for Improvement

Over the course of the audit, Baker Tilly noted additional areas for improvement for talent acquisition within the City. These additional areas for improvement do not have benchmarks, defined expected performance, measurable outcomes, or standards criteria. A management response is not required. Additional areas for improvement are provided to further assist departments and the City as it continues to proactively improve City recruitment efforts for better customer service, increased efficiency, and continued hiring of qualified and diverse candidates.

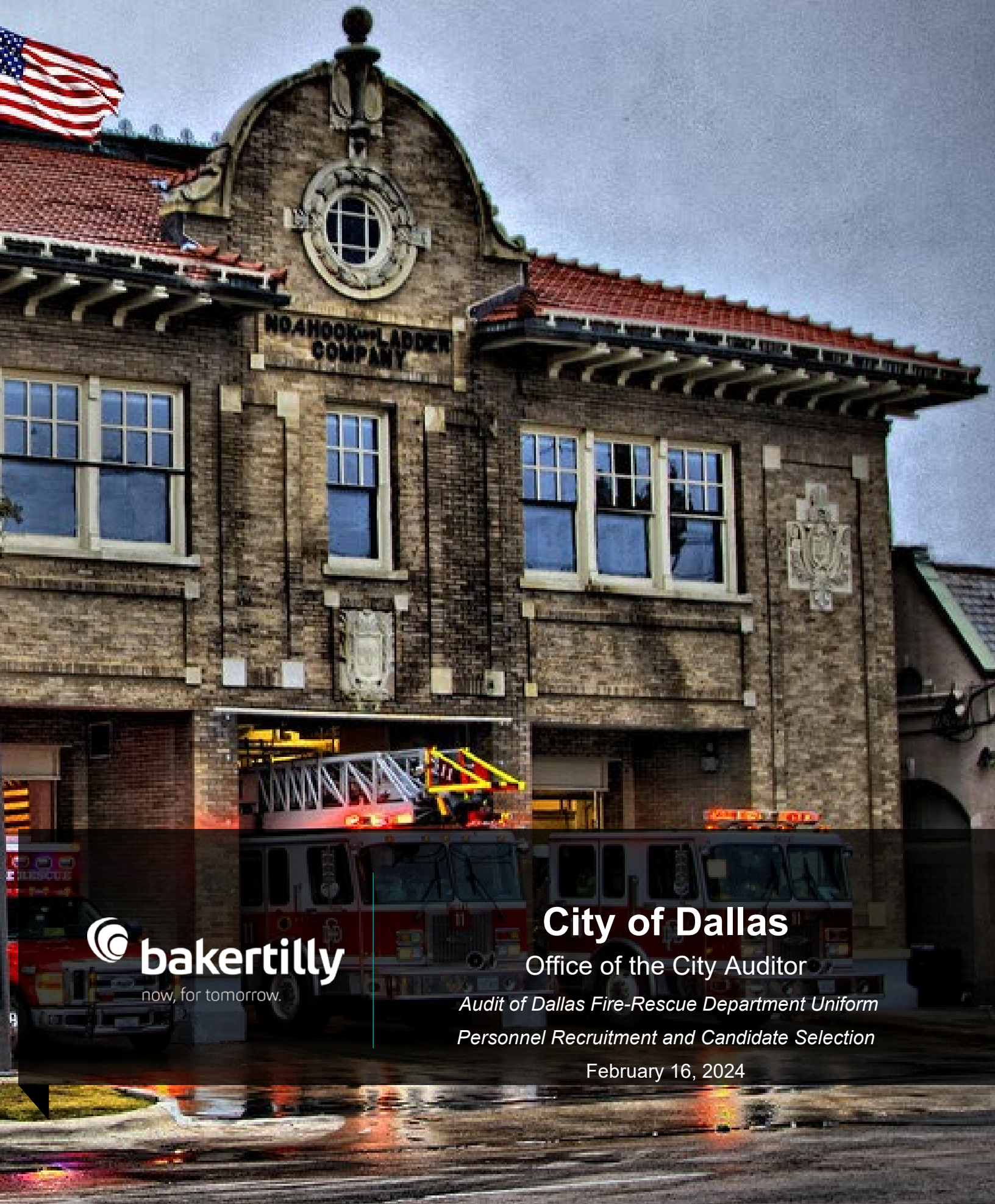
<p>Candidate Sourcing Phase</p>	<p>Internal Cross-Departmental Recruiting – Career growth opportunities available within other City departments are not routinely communicated. An initiative promoting career advancement opportunities available, across all city departments, could benefit the City by developing and retaining quality City employees.</p>
<p>Application Phase</p>	<p>Screening Previous Employees – Hiring managers and background investigators do not have immediate access to prior employee work history documentation due to employee confidentiality. Previous employees who are not eligible for rehire should be screened out by the Civil Service Department.</p>
<p>Interview Phase</p>	<p>Video Recorded Interviews – Interview video recording platforms help eliminate scheduling conflicts for interview panels by recording then distributing candidate responses to view at the convenience of interview panel members. The Human Resources Department may consider using the platform to expedite the Interview Phase.</p>
<p>Overall Recruiting and Hiring Process</p>	<p>Candidate Communication – With several departments involved throughout the recruiting and hiring process (the Civil Service Department, Human Resources Department, the Hiring Department), identifying a point of contact to address candidate issues can be challenging for City candidates. The City should consider designating a single point of contact for candidate inquiries.</p>

Appendix – Additional Resources

Recommendation	Resource
1	Melaku, Tesdale and Winkler, Christoph. "Are Your Organization's DEI Efforts Superficial or Structural." Harvard Business Review, June 29, 2022.
2	Mauer, R. "How to Measure Quality of Hire: The Holy Grail of Recruiting." Society for Human Resources Management, November 15, 2016.

Audit of Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection

Baker Tilly report begins on the following page.



City of Dallas

Office of the City Auditor

*Audit of Dallas Fire-Rescue Department Uniform
Personnel Recruitment and Candidate Selection*

February 16, 2024

Executive Summary

Scope and Purpose of the Audit

The purpose of this audit was to:

- 1) Determine if candidate sourcing strategies and community outreach are effective.
- 2) Determine if candidate sourcing strategies align with department diversity strategy.
- 3) Determine if candidate selection process reflects best practices and promote a quality hire.

The scope of this audit included a review of recruitment and hiring activities for Dallas Fire-Rescue Department officer trainees from the annual talent acquisition cycles in Fiscal Year 20-21 and Fiscal Year 21-22.

Background

The Dallas Fire-Rescue Department was founded 150 years ago and has grown to be the second largest fire department in the State of Texas. Comprised of roughly 2,000 employees, the Dallas Fire-Rescue Department provides fire suppression and emergency medical services to over 1.3 million residents.

The Dallas Fire-Rescue Department's talent acquisition process for Dallas Fire-Rescue Department officer trainees encompasses six phases with multiple steps in each phase. The Dallas Fire-Rescue Department Recruiting Section recruits and hires Dallas Fire-Rescue Department officer trainees on a single annual talent acquisition cycle. The early phases are conducted in the beginning of the talent acquisition cycle, with the remaining phases conducted prior to the start of one of three training classes. The six predominately consecutive phases are defined as:

- 1) **Candidate Sourcing Phase:** Traditional fire industry marketing and advertising efforts are followed by targeted, hands-on recruiting efforts and events.
- 2) **Application Phase:** Applications are primarily submitted via online tools allowing timely candidate processing and screening. For candidates without sufficient technology, accommodation is provided to access and complete applications within the Civil Service Department.
- 3) **Testing Phase:** Candidates are further screened through written and physical tests which are used to determine if the candidate possesses requisite abilities to be a Dallas Fire-Rescue Department officer trainee.
- 4) **Interviewing Phase:** This phase provides in-person evaluations where candidates respond to a series of questions posed by an interview panel and from which they are assessed for suitability to perform the functions of a Dallas Fire-Rescue Department officer trainee.
- 5) **Vetting Phase:** This phase begins roughly 2-3 months ahead of summer, fall, and winter Dallas Fire-Rescue Officer Training Academy classes. Three Batches of 55 candidates each are moved through the Vetting Phase, which includes a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a Dallas Fire-Rescue Department officer trainee.
- 6) **Hiring Phase:** This conclusionary phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

Strengths

The Dallas Fire-Rescue Department has a small but highly dedicated recruiting staff that ensures the long history and traditions of the fire service are carried forward by the next generation. The Dallas Fire-Rescue

Department has demonstrated strategies for recruiting and hiring a diverse workforce and controls are in place, throughout each phase of their talent acquisition processes, to facilitate the recruitment and hiring of Dallas Fire-Rescue Department officer trainees. The Dallas Fire-Rescue Department Recruiting Section has demonstrated their ability to recruit candidates while still retaining fair and equitable hiring practices. The Dallas Fire-Rescue Department should be proud of the talent acquisition efforts to ensure the hiring of a diverse staff that serve the community with pride.

Recommendation Summary

Baker Tilly performed an analysis of the Dallas Fire-Rescue Department talent acquisition processes and controls through review of policy and procedure documentation, metrics review, and walkthroughs with key process owners. The “Audit Results” section of this report shows the detailed observations and recommendations based on our review. The following highlights the high priority recommendations.

- Appoint a singular department to oversee and bear responsibility for the overall talent acquisition of City employees.
- Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the talent acquisition process.
- Assess the Dallas Fire-Rescue Department Recruiting Section staffing to allow sufficient resources to implement more process efficiency analysis, a data-driven talent acquisition approach, and adopt a cyclical recruitment process with three application intake opportunities per year.
- Modify the interviewing process. Ensure interview panelist training is provided on the use of the candidate rating criteria, revise the interview process to allow follow-up clarification questions, and expand advancement to the Vetting Phase to include the Candidate Physical Ability Test and Dallas Fire-Rescue Officer Trainee Civil Service Test scores.

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Introduction

Objective	<p>The purpose of this audit was to:</p> <ol style="list-style-type: none"> 1) Determine if candidate sourcing strategies and community outreach are effective. 2) Determine if candidate sourcing strategies align with department diversity strategy. 3) Determine if candidate selection process reflects best practices and promote a quality hire.
Background	<p>The Dallas Fire-Rescue Department was founded 150 years ago and has grown to be the second largest fire department in the State of Texas. Comprised of roughly 2,000 employees, the Dallas Fire-Rescue Department provides fire suppression and emergency medical services to over 1.3 million residents.</p> <p>The Dallas Fire-Rescue Department was particularly challenged over the past two years, as have fire departments nationwide, to gather a diverse and qualified candidate pool large enough to meet the needs of annual department hiring. With candidate numbers declining, the City has responded to commission this audit in an attempt to support and strengthen Dallas Fire-Rescue Department recruiting efforts.</p>
Scope	<p>The scope of this audit included a review of recruitment and selection activities from the most recent annual talent acquisition cycles in Fiscal Year 20-21 and Fiscal Year 21-22.</p>
Methodology	<p>The audit methodology included: (1) conducting interviews with Dallas Fire-Rescue Department, Human Resources Department, and Civil Service Department personnel, City Council members, and Deputy City Managers; (2) review policies and procedures, relevant City Council Resolutions, and City Administrative Directives; (3) examining high-level processes to identify areas of risk/process improvement; (4) analyzing candidate talent acquisition data to evaluate outreach effectiveness and sourcing alignment with diversity strategy; (5) inventorying and evaluating selection practices in context of best practices; and (6) identifying opportunities to enhance risk management and improve policies and practices related to talent acquisition of Dallas Fire-Rescue Department officer trainees.</p>
Compliance Statement	<p>This audit activity was conducted from February 2022 to January 2023 in accordance with generally accepted government auditing standards, except for the requirement of an external peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and recommendations based on audit objectives.</p>

Baker Tilly greatly appreciates the support of the Civil Service Department, Human Resources Department, and Dallas Fire-Rescue Department among others in conducting this audit activity.
Thank you!

Talent Acquisition Background

The City of Dallas (the “City”) and Dallas Fire-Rescue Department talent acquisition process for Dallas Fire-Rescue Department officer trainee positions encompasses six phases with multiple steps in each phase. This decentralized process is largely led by the Dallas Fire-Rescue Department Recruiting Section except the establishment of a list of eligible candidates, which is prepared by the Civil Service Department. The six predominately consecutive phases are defined as:

Candidate Sourcing Phase

This phase includes advance marketing and broad advertising efforts which are followed by targeted, hands-on recruiting strategies to search for and gather candidates to fill both current and planned open positions.

- **Marketing and Advertising** – This step includes both short and long-range efforts to attract the largest talent pool for Dallas Fire-Rescue Department officer trainees.
- **Department Recruiting** – The Dallas Fire-Rescue Department Recruiting Section utilizes a variety of basic methods to recruit interested individuals and convert them to interested candidates through job fairs, post-military service hiring events, etc.

Application Phase

This phase includes the processing of candidate application responses to posted positions with the Dallas Fire-Rescue Department in a fair and equitable manner in accordance with the Civil Service Charter.

- **Application Submission** – The Civil Service Department accepts applications submitted by candidates with the requisite information needed to conduct an evaluation of their ability to meet posted job criteria.
- **Minimum Qualification Screening** – Candidate applications are reviewed by the Civil Service Department to determine if the candidate qualifications meet the minimum qualifications required of the position and specified in the job posting.

Testing Phase

The testing phase incorporates a written test and physical test that are used to establish if the candidate possesses requisite abilities to successfully do the job.

- **Dallas Fire-Rescue Officer Trainee Civil Service Test** – The Civil Service Department conducts written exams to assess a candidate’s level of spelling, vocabulary, verbal, grammar, reading comprehension and basic math skill.
- **Candidate Physical Ability Test** – The Candidate Physical Ability Test is a nationally standardized fitness test by the International Association of Fire Chiefs designed to assess a candidate’s ability to carry out the physical tasks of a firefighter. The Candidate Physical Ability Test is proctored collaboratively by the Dallas Fire-Rescue Department and Civil Service Department.

Interviewing Phase

This phase is centered on an in-person evaluation where candidates respond to a series of questions from which they will be assessed for suitability to the position they are applying.

- **Candidate Interview Board** – Dallas Fire-Rescue Department staffed Candidate Interview Boards are charged with the responsibility of evaluating a candidate's potential to become a successful Dallas Fire-Rescue Department officer trainee. By Dallas Fire-Rescue Department policy, the Candidate Interview Board is staffed with Dallas Fire-Rescue Department Officers who

provide a diverse representation of the Dallas Fire-Rescue Department. Candidate Interview Board members make their evaluation based primarily on the candidate's behavior and responses during the interview, with a review of the candidate's writing sample as an additional factor. The Human Resources Department provides interview best practice training.

- **Candidate Ranking** – At the conclusion of the Candidate Interview Board, candidates are ranked by Candidate Interview Board members and the Dallas Fire-Rescue Department Recruiting Section based on their interview score.

Vetting Phase

Three batches of 55 candidates each are moved into the Vetting Phase roughly 2-3 months ahead of summer, fall, and winter Dallas Fire-Rescue Officer Training Academy classes. The Vetting Phase includes a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a Dallas Fire-Rescue Department officer trainee.

- **Background Investigation** – This stage incorporates an in-depth investigation conducted by the Dallas Fire-Rescue Department Recruiting Section and used to qualify or disqualify the candidate through a review of candidate-provided information which includes personal, financial, and criminal history, and any associations that may cause a conflict of interest for a Dallas Fire-Rescue Department officer trainee.
- **Polygraph Test**– This test helps to determine the veracity of the candidate's provided information and background investigation results. A recent change has placed the responsibility for conducting the test with the Dallas Fire-Rescue Department investigators instead of a contracted third-party.
- **Medical Exam** – This contracted third-party exam is intended to determine if candidates are physically able to perform the job duties.

Hiring Phase

This phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

- **Offer** – The Dallas Fire-Rescue Department Human Resources Section extends a job offer to selected candidates which includes a review of job duties and compensation.
- **Onboarding** – The Human Resources Department, Dallas Fire-Rescue Department Human Resources Section, and Dallas Fire-Rescue Department Recruiting Section coordinate efforts to ensure candidates who accepted a job offer have the necessary resources to begin work.
- **Orientation** – The Dallas Fire-Rescue Department Officer Training Academy staff conduct an orientation to familiarize the new hires with protocols, internal guidelines, and standard operating procedures, as well as to introduce them to the organization before beginning their formal training.

Recruiting and Hiring Process Timeline

The Dallas Fire-Rescue Department's hiring process is based on an annual batch talent acquisition cycle that allows a candidate to enter the process at the beginning of the year and quickly move through the first half of the process, leading to a ranking after the Candidate Interview Board. Moving to and through the last half of the process is dependent on rank order and available class space during the summer, fall, and winter academies. As such, the overall time the Dallas Fire-Rescue Department (DFR) requires to process a candidate from application to hiring ranges from approximately six months to one year, depending on the Dallas Fire-Rescue Officer Training Academy entry date. The following chart depicts the various stages of hiring:

Dallas Fire-Rescue Department (DFR) – Cyclical Batch Hiring Process			
Step #	Step Description	Responsible Department	Representative Start Date
1	Marketing – Year-Round	DFR Recruiting Section	
2	Recruiting – Year-Round	DFR Recruiting Section	
3	Application Opening (six weeks)	DFR Recruiting Section	12/15
4	Application Submission – Minimum Qualification Screening	DFR Recruiting Section	1/15
5	Initial Testing – Civil Service Test	Civil Service Department	
Eligible List Created			2/1
6	Background Packet Submission	DFR Recruiting Section	
7	Background Packet Review	DFR Recruiting Section	
8	Candidate Physical Ability Test Mentoring Program (Minimum three weeks)	DFR Recruiting Section	
9	Candidate Physical Ability Test (10-week testing period)	DFR Recruiting Section & Civil Service Department	
Candidate Interview Board			4/15
10	Pre-polygraph Test		
11	Candidate Interview Board	DFR Recruiting & Human Resources Sections	
Candidates Ranked			4/30
Summer Academy Group – 55 Candidates			5/15
½ assigned to Class #1 in July and ½ assigned to Class #2 in August			
12	Vetting – Dallas Fire-Rescue Department Fraud Compliance	DFR Human Resources Section	
13	Conditional Offer	DFR Human Resources Section	
14	Vetting – Polygraph Test	DFR investigators	
15	Vetting – Fingerprints / Drivers License / Immunization / Transcript	DFR Human Resources Section	

Dallas Fire-Rescue Department (DFR) – Cyclical Batch Hiring Process			
16	Vetting – Medical Exam	3 rd Party Vendor	
17	Formal Offer	DFR Human Resources Section	
18	Onboarding/Orientation	DFR Recruiting & Human Resources Sections	
Fall Academy Group – 55 Candidates ½ assigned to Class #1 in October and ½ assigned to Class #2 in November			8/15
19	Vetting – Dallas Fire-Rescue Department Fraud Compliance	DFR Human Resources Section	
20	Conditional Offer	DFR Human Resources Section	
21	Vetting – Polygraph Text	DFR investigators	
22	Vetting – Fingerprints / Drivers License / Immunization / Transcript	DFR Human Resources Section	
23	Vetting – Medical Exam	3 rd Party Vendor	
24	Formal Offer	DFR Human Resources Section	
25	Onboarding/Orientation	DFR Recruiting & Human Resources Sections	
Winter Academy Group – 55 Candidates ½ assigned to Class #1 in January and ½ assigned to Class #2 in February			11/15
26	Vetting – Dallas Fire-Rescue Department Fraud Compliance	DFR Human Resources Section	
27	Conditional Offer	DFR Human Resources Section	
28	Vetting – Polygraph Test	DFR investigators	
29	Vetting – Fingerprints / Drivers License / Immunization / Transcript	DFR Human Resources Section	
30	Vetting – Medical Exam	3 rd Party Vendor	
31	Formal Offer	DFR Human Resources Section	
32	Onboarding/Orientation	DFR Recruiting & Human Resources Sections	
Remaining Ranked Candidates are not hired			
Dallas Fire-Rescue Department Fastest Application to Hire Scenario			6 Months
Dallas Fire-Rescue Department Longest Application to Hire Scenario*			12 Months
*Baker Tilly data review shows 235 days from Candidate Interview Board to hire.			

Audit Results

This section summarizes the results of our audit. The results are organized by sequential recruitment phase, with observations categorized according to their relevance in each of the following areas:

- **Governance and Strategy** – The framework through which the City and Dallas Fire-Rescue Department operate, where objectives are set, and the means of attaining those objectives are established and monitored. Ethics, risk management, compliance and administration are all elements of governance.
- **Policy and Process** – The creation, implementation, and maintenance of adopted principles and actions used to achieve organizational objectives.
- **Diversity, Equity, and Inclusion** – Three elements of social reform in the workplace that aim to create a workforce where all are welcome and supported.
- **Technology** – The systems, applications, and tools in the workplace that enhance service provision, reduce waste, and increase productivity.
- **Resources** – Components an organization needs to do business, including staff, workspace, equipment, or capital.

Please note that each talent acquisition phase does not necessarily have an observation that pertains to each of the observation categories.

Overall Talent Acquisition Process

Overview

The City and Dallas Fire-Rescue Department talent acquisition process for Dallas Fire-Rescue Department officer trainee positions encompasses six phases with multiple steps in each phase. This decentralized process is largely led by the Dallas Fire-Rescue Department Recruiting Section except the establishment of a list of eligible candidates, which is prepared by the Civil Service Department.

Throughout the course of our audit, we noted operational and approach strengths of the talent acquisition process. Specifically, we observed that Dallas Fire-Rescue Department Recruiting Section is highly dedicated, knowledgeable, and extremely cooperative, particularly in the following areas:

- The overall candidate processing, vetting, and background investigation process is managed and performed primarily by a team of four Dallas Fire-Rescue Department Recruiting Section staff. These individuals are highly dedicated. While the staff are accomplishing much, their high performance conceals the need for more staff to assist in these functions as noted in Observation 5.
- The Dallas Fire-Rescue Department Recruiting Section demonstrates significant flexibility as they adjust to meet the ever-changing post-pandemic workforce talent acquisition challenges.

GOVERNANCE AND STRATEGY

Observation 1

Recommendation 1

Owners: City Manager

The City did not have a formal Diversity, Equity, and Inclusion plan with City-wide or Dallas Fire-Rescue Department specific talent acquisition diversity goals during the audit period.

The City's Racial Equity Plan was not approved by Council until August 2022. This plan includes City-wide big audacious goals and department progress measures for the Dallas Fire-Rescue Department. Prior to the approval there were no City-wide diversity or equity goals or requirements to track talent acquisition diversity metrics. The City could not determine if equitable hiring opportunities were available without clearly defined goals and agreed-upon metrics to track progress toward those goals.

Establish and report on key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.

Analyze metrics to identify new program or initiative impacts and inform operational changes. Continue and reinforce the culture of data-informed decision making, with the support of improvement technology implementation, across the Dallas Fire-Rescue Department.

GOVERNANCE AND STRATEGY

Observation 2

Owners: City Manager

Neither the City nor the Dallas Fire-Rescue Department sufficiently review talent acquisition efforts to determine what has worked successfully and what should be discontinued.

Similarly, the City does not review overall departmental recruiting and hiring efforts to track City-wide recruitment and hiring success. As the City lacks a common definition for a "Quality Hire," it does not have metrics established to track the successes and challenges to find quality candidates. This renders the Dallas Fire-Rescue Department and the City unable to correlate which talent acquisition strategies and programs are most successful.

Recommendation 2

Define what a "Quality Hire" is for each department and identify trackable metrics based on that definition.

Frequently called the Golden Metric, a "Quality Hire" metric is more substantive than merely determining if an employee passed a probationary phase. While early retention can serve as one metric, transformative hiring happens when the evaluative process is expanded to include consideration of pre-hire offer conversion, employee performance reviews, etc. The Dallas Fire-Rescue Department as well as all other departments, should then utilize these metrics to track recruiting and hiring efforts for each talent acquisition cycle. This will allow the Dallas Fire-Rescue Department to identify and replicate successful talent acquisition programs.

Observation 3

Owners: City Manager

No one department is accountable for overall City talent acquisition processes.

This decentralized oversight to talent acquisition places the responsibility for all post-Civil Service Test efforts with each department hiring manager. Cross-departmental hiring manager communication and coordination was not found. With no singular department accountable for ensuring the success of City-wide talent acquisition, or for providing support to departmental hiring staff, the Dallas Fire-Rescue Department is likely to repeat other departmental talent acquisition failures as opposed to replicating their successes.

Recommendation 3

Appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.

This primary department should:

- 1) Ensure continuity in the hiring processes across departments.
- 2) Provide support and guidance for departmental hiring managers.
- 3) Ensure cross-departmental talent acquisition collaboration and "success sharing".

It is critical that this department excel in utilizing a consultative approach to leadership, working with departments to achieve success. The Dallas Fire-Rescue Department Recruiting Section shall remain responsible for the post-Civil Service Test talent acquisition efforts.

TECHNOLOGY

Observation 4

Owners: City Manager

The City/Dallas Fire-Rescue Department staff involved in the talent acquisition of Dallas Fire-Rescue Department officer trainees use multiple inefficient and labor-intensive systems to track the hiring process which include paper and basic spreadsheets.

There is no City-wide software system deployed that efficiently and effectively manages candidate tracking within the Dallas Fire-Rescue Department and between the Dallas Fire-Rescue Department and other departments that play a role in the talent acquisition process. This leads to burdensome and duplicative work processes dominating the talent acquisition cycle. Processes such as hand entering candidate data into the Dallas Fire-Rescue Department Excel tracking spreadsheet from a report that is produced from the Civil Service Department software system creates concerns such as:

- 1) Greatly increasing the chance for human error.
- 2) Slows the overall talent acquisition process.
- 3) Losing eligible candidates due to errors and speed while processing.

Recommendation 4

Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the hiring process.

Involve the Dallas Fire-Rescue Department early in the process to validate business needs as public safety recruitment has additional requirements in comparison to non-public safety departments.

While this report does not validate particular software vendors, we do encourage the City to continue their efforts to implement the WorkDay software, focusing on building the implementation to blend current City talent acquisition practices with modification to incorporate the recommendations in this report to improve talent acquisition practices.

Observation 5

Owners: City Manager

Candidates are required to submit college transcripts multiple times throughout the hiring process.

These include the Civil Service Department in the Application Phase, to the Dallas Fire-Rescue Department Recruiting Section in the Vetting Phase, and the Human Resources Department in the Hiring Phase. Limited interdepartmental communication and coordination between departments involved in talent acquisition, along with a failure to share documents electronically, places the burden on the candidate. These repeated candidate efforts increase the cost to apply to the City and may discourage candidates from pursuing employment with the City.

Recommendation 5

Modify internal processes and systems to allow for a single electronic submission of documents at the beginning of the process.

Documents, including college transcripts, should be available to any department that should need them at a later point in the process.

RESOURCES

Observation 6

Owners: Dallas Fire-Rescue Department

The Dallas Fire-Rescue Department Recruiting Section staffing level does not have capacity for modifying the talent acquisition cycle or implementing more resource heavy talent acquisition practices.

The Dallas Fire-Rescue Department Recruiting Section is comprised of a four-person team, whose responsibilities have recently expanded by a new inter/intradepartmental agreement that governs the talent acquisition process and increases their talent acquisition responsibilities. While the team may be able to complete daily duties to meet the talent acquisition needs for a workforce over 2,000, they have no additional time available to implement new, proactive recruitment efforts or analyze processes for improvement needs. Current staffing levels in the Dallas Fire-Rescue Department Recruiting Section limit the ability to modify the talent acquisition cycle. Team personnel are needed to complete each phase before moving onto the next phase.

Recommendation 6

Benchmark the Dallas Fire-Rescue Department Recruiting Section staffing to identify sufficient resource levels to implement more process efficiency analysis and talent acquisition cycle modifications.

Conduct a benchmark study to determine the optimal Dallas Fire-Rescue Department Recruiting Section staffing size. Benchmark with similarly sized organizations whose recruiting divisions perform similar functions. Equilibrate differences in organization size by calculating a hiring staff to candidates processed ratio. When benchmarking, identify gaps in existing talent acquisition phase needs. Consult with Dallas Fire-Rescue Department and the benchmark organizations to identify additional staffing resource needs to fulfill these gaps.

POLICY AND PROCESS

Observation 7

Owners: Dallas Fire-Rescue Department Recruiting Section

The Dallas Fire-Rescue Department Recruiting Section did not collect or analyze data from recent talent acquisition cycles, limiting their ability to inform future process improvements.

The recent changes in the Dallas Fire-Rescue Department talent acquisition procedures led to inconsistent candidate pool talent acquisition practices making accurate data analysis difficult. A recent example is the Candidate Interview Board member qualification changes, which modified the pool of Candidate Interview Board members. Additionally, the polygraph test is now conducted by department staff, a return to a prior practice due to concerns of the third-party

Recommendation 7

Track process change impacts on quantitative time-to-hire metrics in the future. Based on the analysis, identify process improvements to decrease talent acquisition times.

Monitor time-to-hire metrics with each talent acquisition cycle, including percentage of candidates progressing through each talent acquisition phase to understand process change impacts on hiring times. Based on analysis, modify processes for future talent acquisition cycles.

POLICY AND PROCESS

vendor's execution. Lastly, the order of talent acquisition phases has shifted over the past cycles. No data related to these individual changes was collected or evaluated to gain a greater understanding of the impact of each change to Dallas Fire-Rescue Department resources and Dallas Fire-Rescue Department talent acquisition goals.

Observation 8

Owners: Dallas Fire-Rescue Department

The Dallas Fire-Rescue Department talent acquisition cycle is based on a single, annual hiring batch cycle.

The talent acquisition cycle starts at the beginning of a calendar year, culminating in successful candidates hired for summer, fall, or winter Dallas Fire-Rescue Officer Training Academy dates. The late winter candidate hires who are still available to accept a position with the Dallas Fire-Rescue Department are the lowest ranked candidates within the large annual batch. The annual talent acquisition cycle approach used by Dallas Fire-Rescue Department Recruiting Section results in extended hiring times for two-thirds of the selected candidates. Collectively, the extended hiring process and tiered Dallas Fire-Rescue Officer Training Academy enrollment increase the chances of losing candidates to other employment opportunities, a detrimental outcome for a department that is already experiencing an overall decrease in candidate interest.

Recommendation 8

Adopt a seasonal/cyclical batch hiring process.

As opposed to the current Dallas Fire-Rescue Department singular annual hiring batch process, a seasonal batch process should be started three times a year, based on the three seasonal Dallas Fire-Rescue Officer Training Academy start dates. This will reduce the 'application to hire' time and ensure higher ranked candidates from each batch are hired.

To implement the transition, the Dallas Fire-Rescue Department should first complete Recommendation 6 to have sufficient staffing to concurrently run the six recruiting and hiring processes year-round.

Candidate Sourcing Phase

Overview

This phase includes marketing and advertising efforts which are followed by hands-on recruiting strategies to search for and gather candidates to fill both current and planned open positions.

- **Marketing and Advertising** – This step includes both short and long-range efforts that attract the largest talent pool for Dallas Fire-Rescue Department officer trainees. Regular review and analysis of the effectiveness of these efforts is not conducted due to staff resource constraints.
- **Department Recruiting** – The Dallas Fire-Rescue Department Recruiting Section utilizes a variety of methods to actively recruit interested individuals and convert them to interested candidates through job fairs, post-military service hiring events, etc. The Dallas Fire-Rescue Department Recruiting Section does not use online or out-of-state recruitment efforts.

Throughout the course of our audit, we noted certain strengths of the Candidate Sourcing Phase in the following areas:

- Recent City efforts to recruit new candidates through City-wide job fairs were conducted and reported to be successful.

GOVERNANCE AND STRATEGY

Observation 9

Recommendation 9

Owners: City Manager

The Dallas Fire-Rescue Department is responsible and accountable for their own marketing and recruiting efforts.

While this approach is effective in achieving customized recruiting based on specific open positions, it leaves a particular gap in City-wide marketing. No singular department is responsible for these overall City-wide marketing efforts. Therefore, the City as an employer is department brand-specific rather than City-wide. The current ad-hoc marketing approach:

- 1) Creates duplicative departmental marketing and advertising costs and efforts for the Dallas Fire-Rescue Department.
- 2) Creates internal competition between the Dallas Fire-Rescue Department and other departments for quality employees in addition to external competition with other private and public sector agencies.

Assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.

Targeted recruiting efforts would remain the responsibility of the Dallas Fire-Rescue Department Recruiting Section.

GOVERNANCE AND STRATEGY

Observation 10

Recommendation 10

Owners: Dallas Fire-Rescue Department Recruiting Section

The Dallas Fire-Rescue Department does not have a data driven candidate sourcing program that allows them to target recruitment efforts, nor analyze success rates.

Historically, Dallas Fire-Rescue Department Officer positions were in great demand and minimal recruiting effort yielded a sufficient candidate pool. Changes in how current generations perceive working in municipal government, and in long-term single employer careers in general, have created an industry trend of reduced interest in public service. The pandemic also significantly shifted the candidate base for fire-rescue service careers given the clear inability to accommodate remote work. The Dallas Fire-Rescue Department Recruiting Section has not modified their candidate sourcing approach to accommodate the aforementioned cultural changes. Failing to implement a more sophisticated candidate sourcing program reduces the candidate pool and ultimately, the quality of Dallas Fire-Rescue Department officer trainee hires.

Allocate additional resources to develop and execute a sophisticated, data driven candidate sourcing program.

Nationwide challenges to hiring, and in public safety specifically, require a sophisticated and targeted data-driven candidate sourcing program to find candidates and broaden the candidate pool. Concerted effort should be given to utilizing Dallas Fire-Rescue Department Administrative Section data analysts to analyze Dallas Fire-Rescue Department sourcing data and metrics associated with past recruiting and marketing efforts to inform the use of future limited recruiting budget and staff resources. Conduct analysis of candidate sourcing efforts against results to further refine the future candidate sourcing efforts.

Additionally, utilizing publicly available data, the Dallas Fire-Rescue Department Recruiting Section can more effectively identify candidate sourcing target areas and associated marketing efforts.

Application Phase

Overview

The Civil Service Department performs, manages, and oversees this phase which includes the processing of candidate application responses to posted positions with the Dallas Fire-Rescue Department in a fair and equitable manner in accordance with the Dallas Civil Service Charter.

- **Application Submission** –The Civil Service Department accepts applications submitted by candidates with the requisite information needed to conduct an evaluation of their ability to meet posted job criteria. The timeframe from submission through screening varies due to changing hiring practices during the audit period.
- **Minimum Qualification Screening** – The Civil Service Department reviews candidate applications to determine if the candidate qualifications meet the minimum qualifications required of the position and specified in the job posting.

Noted operational and approach strengths for the application phase include recent changes to the Civil Service application process that reduced the duration a candidate has to wait before their application is eligible for processing as well as the significant volume of applications processed in an efficient manner each year.

POLICY AND PROCESS

Observation 11

Recommendation 11

Owners: Civil Service Department

The Civil Service Department applies a 30-day candidate freeze for applications with error.

The reported purpose for this control is to allow for corrections to the application. However, it is understood that the candidate does not have access to the original form to correct the error. Instead, the candidate needs to resubmit a new application. As the candidate cannot have two active applications for the same position, this serves as a 30-day lockout for the talent acquisition cycle. This is counterproductive as the error correction process deters candidates, ultimately limiting the candidate pool for what may be a simple, unintentional application error.

Eliminate the candidate freeze rule.

Elimination of the rule will help ensure that application errors are more easily corrected with little candidate effort, allowing them to remain in the talent acquisition cycle should that error be corrected.

POLICY AND PROCESS

Observation 12

Recommendation 12

Owners: City Manager

The Civil Service Department is unable to produce a breakdown by demographic categories of total applications received and total applications meeting minimum qualifications requirements.

The Civil Service Department is able to gather total applications through this phase with 71.7% of candidates meeting the minimum qualifications in Fiscal Year 20-21. Limited ability to produce the information is due to:

- 1) Demographic fields are optional for all applications.
- 2) Current system's limited ability to gather data.

Set the ability to pull demographic information during this phase from the system as a business need for implementation of the Workday system.

When planned candidate tracking functionality in the Workday Human Resources Information System is adopted, assess minimum qualification screening affected by demographic breakdown. Candidate demographic data will continue to be optional; analysis will not be available for the full candidate pool. If an effect is observed, use the Local and Regional Government Alliance on Race & Equity's Racial Equity Tool to work with the Dallas Fire-Rescue Department to confirm minimum qualifications relate to essential functions of job performance.

Testing Phase

Overview

This phase incorporates a written and physical test that are used to establish if the candidate possesses requisite abilities to successfully do the job.

- **Dallas Fire-Rescue Officer Trainee Civil Service Test** – The Civil Service Department conducts written exams to assess a candidate’s level of spelling, vocabulary, verbal, grammar, reading comprehension and basic math skill.
- **Candidate Physical Ability Test** – The Candidate Physical Ability Test is a nationally standardized fitness test by the International Association of Fire Chiefs, designed to assess a candidate's ability to carry out the physical tasks of a firefighter. The Candidate Physical Ability Test is proctored collaboratively by the Dallas Fire-Rescue Department and the Civil Service Department.

Recent changes to adapt the Dallas Fire-Rescue Officer Trainee Civil Service testing process to an online model are to be lauded. The ability to test online rather than in person, particularly mid-pandemic, has made the application process easier for candidates. The Candidate Physical Ability Test mentoring program provides candidates with an opportunity to prepare for the exam by gaining real world experience at the testing modules. Participation in the Candidate Physical Ability Test mentoring program results in a higher candidate passing rate. Additionally, the Candidate Physical Ability Test is conducted efficiently and effectively through collaboration with the Dallas Fire-Rescue Department and the Civil Service Department.

POLICY AND PROCESS

Observation 13

Recommendation 13

Owners: Civil Service Department

The Civil Service Department cannot verify that the individual taking the online Dallas Fire-Rescue Officer Trainee Civil Service Test is the candidate.

Online testing procedures/policy do not require validation or proctoring to verify tester identity. This lack of validation may result in false positive test results for candidates, as well as an increased workload for Dallas Fire-Rescue Department Recruiting Section who may review candidates for hire that do not pass the test.

Technology does exist within online testing software applications to verify test taker identity through a variety of methods, though at an increased cost.

Ensure similar rules regarding test taker validation exist for online Civil Service Tests as they do for in-person.

Online testing is encouraged as it removes accessibility hurdles and expands the eligible candidate pool. However, test taker identity needs to be verified to maintain the validity of the Dallas Fire-Rescue Officer Trainee Civil Service Test in the City hiring process. The Civil Service Department should identify and implement an expansion of the online testing platform to include this feature or adopt a new tool that provides this solution.

Update the City’s Civilian Examination Process Orientation Manual - City of Dallas Civilian Test Tips document with testing instructions as needed when complete.

Interview Phase

Overview

This phase is centered on an in-person evaluation where candidates respond to a series of questions from which they are assessed for suitability to the position they are applying.

- **Candidate Interview Board** – Dallas Fire-Rescue Department staffed Interview Boards are charged with the responsibility of evaluating a candidate's potential to become a successful Dallas Fire-Rescue Department officer trainee. Candidate Interview Board members make their evaluation based on the candidate's behavior and responses during the interview, with a review of the candidate's writing sample as an additional factor. Candidate Interview Board members are selected based on experience and with the intent to have a diverse pool by race and gender. The Human Resources Department provides interview best practice training.
- **Candidate Ranking** – At the conclusion of the Candidate Interview Board, candidates are ranked by Candidate Interview Board members and the Dallas Fire-Rescue Department Recruiting Section based on their interview score.

The number of candidates moving through the Interview Phase creates a laborious logistics effort. 2,181 candidates were processed during the audit period. This effort is efficiently managed by the Dallas Fire-Rescue Department Recruiting Section and allows the talent acquisition process through the Interview Phase to be completed in a short period.

POLICY AND PROCESS

Observation 14

Recommendation 14

Owners: Dallas Fire-Rescue Department Recruiting Section

The in-person, Candidate Interview Board approach used by the Dallas Fire-Rescue Department Recruiting Section creates scheduling and training challenges for potential Candidate Interview Board members.

Procedures require interviews to be conducted in-person, by an intentionally diverse, interview rating trained three-person panel to comprise the Candidate Interview Board. Inevitable last-minute scheduling conflicts lead to fill-in Candidate Interview Board members hastily assigned to meet diversity requirements. Further, these fill-in Candidate Interview Board members may not be as adequately trained, with regard to interview rating, as the other Candidate Interview Board members. Inconsistencies in building Candidate Interview Board panels increases the opportunity for candidate scoring imbalances, while reducing the equity and integrity of the hiring process.

Revise interview procedures to replace the current in-person, Candidate Interview Board interview methodology with a recorded interview model.

In this recorded interview model, a video-recorded candidate interview is conducted by a single highly trained Dallas Fire-Rescue Recruiting Section staff who understands the appropriate limits of follow-up questions. This change will eliminate scheduling conflicts by allowing a diverse group of Candidate Interview Board members to review and rate the interviews at a convenient time. Prior to rating, conduct meaningful training for Candidate Interview Board members that specifically addresses rating metrics, with clear examples of sample ratings.

POLICY AND PROCESS

Observation 15

Recommendation 15

Owners: Dallas Fire-Rescue Department Human Resources Section

The Dallas Fire-Rescue Department Human Resources Section Candidate Interview Board training prohibits Candidate Interview Board members from asking clarifying or follow-up questions of the candidates.

While the Dallas Fire-Rescue Department Human Resources Section reports this is a City policy, a review of Human Resources Department policy and interview training directs that a similar set of questions be asked but does not restrict clarifying questions. Restricting any clarifying questions limits the value of the interview serving as an effective screening tool to learn about the candidate's suitability for the position. Restricting clarifying questions also fails to provide for an accurate candidate rating for candidates who have limited interview experience, a reserved communication style, or simply misheard a question. Such a candidate will likely receive a lower candidate rating regardless of their ability to perform the job functions of a Fire-Rescue Officer, reducing the effectiveness of the hiring process to obtain the best candidates for the position.

Clarify for the Dallas Fire-Rescue Department Human Resources Section and Candidate Interview Board interview requirements.

The Dallas Fire-Rescue Department Human Resources Section and Candidate Interview Board members should understand:

- 1) They must ask the same core set of questions of each candidate.
- 2) Follow-up questions may be asked but they should only be asked to clarify a candidate's answer to the core set of questions.
- 3) At no point can personal or discriminatory questions be asked.

Appropriate follow-up questions should be used to clarify the common set of questions asked of each candidate.

Observation 16

Recommendation 16

Owners: Dallas Fire-Rescue Department Human Resources Section

Candidate rating is open to broad interpretation across Candidate Interview Board members. The interview rating table does not define criteria for each rating.

Candidate Interview Board member training on the candidate interview rating does not provide specific criteria for each rating level. Without a common understanding and agreement on rating, rater bias is harder to detect and skewed candidate ratings are more likely. Inconsistent rating evaluations can distort which candidates to select, while also impairing the objectivity of the hiring process overall.

Ensure Candidate Interview Board member training is provided on the use of the candidate rating criteria.

This training should include clear definitions and examples of each rating level. Rate candidate interviews utilizing this standard rating criteria with associated rating definitions.

POLICY AND PROCESS

Observation 17

Recommendation 17

Owners: Dallas Fire-Rescue Department Human Resources and Recruiting Sections

Candidates are ranked solely on the Candidate Interview Board ratings.

This candidate ranking determines when, or if, the candidate is formally offered a Dallas Fire-Rescue Department officer trainee position and Dallas Fire-Rescue Officer Training Academy start date. Only using the Candidate Interview Board rating does not consider other qualifications that might be an indicator of future success as a Dallas Fire-Rescue Department Officer such as the Candidate Physical Ability Test score, Dallas Fire-Rescue Officer Trainee Civil Service Test results, etc. This single point ranking system may leave higher quality candidates under-ranked and potentially not hired.

Revise the candidate ranking to consider factors other than the Candidate Interview Board rating.

Ranking a candidate should be comprehensively expanded to incorporate other factors such as the Candidate Physical Ability Test score and the Dallas Fire-Rescue Officer Trainee Civil Service Test results.

Vetting Phase

Overview

Three batches of 55 candidates each are moved into the Vetting Phase roughly 2-3 months ahead of summer, fall, and winter Dallas Fire-Rescue Officer Training Academy classes. That starts the Vetting Phase which includes a variety of activities and tests/exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a Dallas Fire-Rescue Department Officer.

- **Background Investigation** – This stage incorporates an in-depth investigation conducted by the Dallas Fire-Rescue Department Recruiting Section. It is used to qualify the candidate through a review of candidate provided information which includes personal, financial, and criminal history, and associations that may cause a conflict of interest for a Dallas Fire-Rescue Officer.
- **Polygraph Test** – This test helps to determine the veracity of the candidate's provided information and background investigation results. A recent change has placed the responsibility for conducting the test with the Dallas Fire-Rescue Department investigators instead of a contracted third-party.
- **Medical Exam** – This contracted third-party examination is intended to determine if candidates are physically able to perform the job duties.

An operational strength for the Vetting Phase is the clear and consistent procedures the Dallas Fire-Rescue Department Recruiting Section has in place for candidate processing for the background checks and medical exams. Additionally, a recent switch to an in-house polygraph test will remove concerns related to the testing vendor expressed by the Dallas Fire-Rescue Department Recruiting Section.

No observations made for this phase.

Hiring Phase

Overview

This phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

- **Offer** – The Dallas Fire-Rescue Department Human Resources Section extends a job offer to selected candidates which includes a review of job duties and compensation.
- **Onboarding** – The Human Resources Department, Dallas Fire-Rescue Department Human Resources Section, and Dallas Fire-Rescue Department Recruiting Section coordinate efforts to ensure candidates who accepted a job offer have the necessary resources to begin work.
- **Orientation** – The Dallas Fire-Rescue Officer Training Academy staff conduct an orientation to familiarize the new hires with protocols, internal guidelines, and standard operating procedures, and to introduce them to the organization before beginning their formal training.

POLICY AND PROCESS

Observation 18

Recommendation 18

Owners: Human Resources Department Total Rewards & Onboarding Division, Civil Service Department

The Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have a mechanism to follow-up with new-hires to solicit feedback on their recruitment and hiring experience.

As such, the Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have insight directly from new-hires to target process and candidate experience improvements. The Human Resources Director indicated an intent to develop and implement a survey during the upcoming fiscal year 23-24 for non-Civil Service positions. There are no plans to implement a survey for Civil Service Positions.

Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new-hires to speak directly with a Human Resources Department representative.

Incorporate an aggregate review of feedback received to identify areas to improve new-hire employee experience. Provide feedback to the Dallas Fire-Rescue Department as needed and follow-up. Follow-up with all new-hires within two weeks of completing the feedback survey.

Additional Areas for Improvement

Over the course of the audit, Baker Tilly noted additional areas for improvement for the Dallas Fire-Rescue Department officer trainee recruitment selection. These additional areas for improvement do not have benchmarks, defined expected performance, measurable outcomes, or standards criteria. A management response is not required. Additional areas for improvement are provided to further assist departments and the City as they continue to proactively improve talent acquisition efforts for better customer service, increased efficiency, and continued hiring of qualified and diverse candidates.

Candidate Sourcing Phase	<p>Pension Crisis Marketing – The highly publicized pension crisis may be negatively impacting recruiting efforts and candidate interest. The City and Dallas Fire-Rescue Department may want to consider committing marketing resources to publicizing the efforts made to stabilize the pension.</p> <p>Internal Cross-Departmental Recruiting – Career growth opportunities available within other City departments are not routinely communicated. An initiative promoting available career advancement opportunities, across all City departments, could benefit the City by developing and retaining quality City employees.</p>
Application Phase	<p>Screening Previous Employees – Hiring managers and background investigators do not have immediate access to prior employee work history documentation. Previous employees who are not eligible for rehire should be screened out by the Civil Service Department.</p>
Vetting Phase	<p>Outdated Hiring Restrictions - While a comprehensive background check is critical to the Dallas Fire-Rescue Department's ability to mitigate exposure to liability and reputational harm, certain low-risk components of that review create unnecessary challenges for the Dallas Fire-Rescue Department Recruiting Section.</p> <p>Early Voluntary Termination - Commonly, Dallas Fire-Rescue Department officer trainees voluntarily terminate employment prior to station assignment due to fears or an inability to pass required training at either the Dallas Fire-Rescue Officer Training Academy or paramedic school. In both situations, candidate vetting efforts were unable to detect these outcomes. To avoid wasting limited Dallas Fire-Rescue Officer Training Academy spots, and inevitably lost candidate processing time, the Dallas Fire-Rescue Department should consider implementing new vetting activities that will allow the Dallas Fire-Rescue Recruiting Section to address these candidate issues prior to offer.</p>
Overall Recruiting and Hiring Process	<p>Candidate Communication - With several departments involved throughout the recruiting and hiring process (Civil Service Department, Human Resources Department, Dallas Fire-Rescue Recruiting Section, and Dallas Fire-Rescue Human Resources Section), identifying a point of contact to address candidate issues can be challenging for potential City employees. The City should consider designating a single point of contact for candidate inquiries.</p>

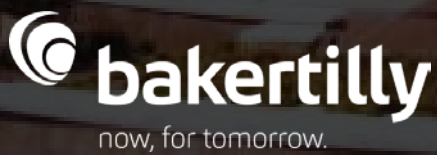
Appendix A: Additional Resources

Additional resources are provided below to assist the Dallas Fire-Rescue Department implement the recommendations.

Recommendation	Resource
1	Melaku, Tesdale and Winkler, Christoph. "Are Your Organization's DEI Efforts Superficial or Structural." Harvard Business Review, June 29, 2022. https://hbr.org/2022/06/are-your-organizations-dei-efforts-superficial-or-structural .
2	Mauer, R. "How to Measure Quality of Hire: The Holy Grail of Recruiting." Society for Human Resources Management, November 15, 2016. https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/how-to-measure-quality-of-hire.aspx .
12	Lippay, Amy and Murphy, Kory. "Minimum Qualifications: Best Practices in Recruitment and Selection Advancing Racial Equity in Multnomah County." Local and Regional Government Alliance on Race and Equity, June 8, 2015.
14	U.S. Equal Employment Opportunity Commission's Employment Tests and Selection Procedures. U.S. Equal Opportunity Commission, 2023.

Audit of the Dallas Police Department Uniform Personnel Recruitment and Selection

Baker Tilly report begins on the following page.



City of Dallas

Office of the City Auditor

Audit of Dallas Police Department

Uniform Personnel Recruitment

and Candidate Selection

February 16, 2024

Executive Summary

Scope and Purpose of the Audit

The purpose of this audit was to:

- 1) Determine if candidate sourcing strategies and community outreach are effective.
- 2) Determine if candidate sourcing strategies align with department diversity strategy.
- 3) Determine if candidate selection process reflects best practices and promotes a quality hire.

The scope of this audit included a review of recruitment and selection activities from the annual recruitment cycles in Fiscal Year 20-21 and Fiscal Year 21-22.

Background

The Dallas Police Department is the second largest police department in the State of Texas and the 8th largest police department in the country. Comprised of over 3,600 sworn police officers and over 550 civilian members, the Dallas Police Department provides police services to over 1.3 million residents.

The Dallas Police Department recruits and hires for sworn police officers year-round and tracks the cycle effectiveness throughout the following six hiring phases. Unless otherwise noted, the Dallas Police Department Personnel Division independently leads and executes the phase.

- 1) **Candidate Sourcing Phase:** Targeted marketing and advertising efforts utilizing modern online and in-person recruitment practices for local, regional, and out-of-state recruitment.
- 2) **Application Phase:** Applications are primarily submitted via online tools allowing timely candidate processing and screening. For candidates without sufficient technology, accommodation is provided to access and complete applications within the Civil Service Department.
- 3) **Testing Phase:** Candidates are further screened through written and physical tests which are used to determine if the candidate possesses requisite abilities to be a Dallas Police Department sworn police officer.
- 4) **Interviewing Phase:** This phase provides in-person evaluations where candidates respond to a series of questions from which they will be assessed for suitability to perform the functions of a sworn police officer.
- 5) **Vetting Phase:** This phase encompasses a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a sworn police officer.
- 6) **Hiring Phase:** This conclusionary phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

The Dallas Police Department provided data for the Fiscal Year 20-21 audit period with passing rates for each of the key stages in the hiring process. Sworn Police Officer Candidate Civil Service testing data was not available for Fiscal Year 20-21. Fiscal Year 21-22 data was not available at the time of the data request due to the timing of the analysis. This data was reviewed to provide a greater understanding of each stage. It should be noted that to increase overall hiring process efficiency, the Dallas Police Department processes candidates through phases concurrently.

Strengths

The Dallas Police Department Personnel Division effectively demonstrates strategies employed for recruiting and hiring a diverse workforce that reflects the community it serves. The Dallas Police Department does this with expanded marketing to utilize social media, combined with intentional messaging and efforts to meet the department's goal to increase the number of female and minority candidates. The Dallas Police Department demonstrates controls that are in place, such as standardized interview questions, throughout each phase of their recruitment and hiring processes. These controls facilitate a fair and equitable process for the recruitment and hiring of sworn police officer trainees. Considerable effort is put forth to establish a modern, nimble recruiting system that has effectively adjusted to the challenges of both a pandemic and post-pandemic era. These efforts result in the Dallas Police Department regularly hiring dedicated sworn police officer trainees who are committing themselves to a life of public service to the residents of the City. The Dallas Police Department should be proud of the talent acquisition success achieved in this environment where private and public sector alike are challenged to hire staff.

Recommendation Summary

Baker Tilly performed an audit of the Dallas Police Department talent acquisition processes and controls through review of policy and procedure documentation, metrics review, and walkthroughs with key process owners. The "Audit Results" section of this report shows the detailed observations and recommendations based on our review. The following highlights the high priority recommendations.

- Appoint a singular department to oversee and bear responsibility for the overall talent acquisition of City employees.
- Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the talent acquisition process.
- Set the ability to pull demographic information during the application phase from the system as a business need for implementation of the Workday system. This should be available to enable the ability to assess minimum qualification screening affects by demographic breakdown.
- Reassess continuing agreements with the polygraph testing vendor.

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Introduction

Objective	<p>The purpose of this audit was to:</p> <ol style="list-style-type: none"> 1) Determine if candidate sourcing strategies and community outreach are effective. 2) Determine if candidate sourcing strategies align with department diversity strategy. 3) Determine if candidate selection process reflects best practices and promotes a quality hire.
Background	<p>The Dallas Police Department is the second largest police department in the State of Texas and the 8th largest police department in the country. Comprised of over 3,600 sworn police officers and over 550 civilian members, the Dallas Police Department provides police services to over 1.3 million residents.</p> <p>From Fiscal Year 18-19 to Fiscal Year 20-21, the Dallas Police Department saw the number of police applications decrease from 7,346 to 2,995. The Department responded with new recruiting strategies for Fiscal Year 21-22 including candidate data directed recruiting, diversity-focused hiring, increasing military/veteran recruiting efforts, strengthening community-driven opportunities, restructuring, and revising recruiting policies.</p>
Scope	<p>The scope of this audit included a review of talent acquisition activities from the annual recruitment cycles in Fiscal Year 20-21 and Fiscal Year 21-22. Historical data through Fiscal Year 17-18 was included where applicable to identify relative trends for the audit period.</p>
Methodology	<p>The audit methodology included: (1) conducting interviews with Dallas Police Department, Human Resources Department, and Civil Service Department personnel, City Council members, and Deputy City Managers; (2) reviewing policies and procedures, relevant City Council Resolutions, and City Administrative Directives; (3) examining high-level processes to identify areas of risk/process improvement; (4) analyzing candidate talent acquisition data to evaluate outreach effectiveness and sourcing alignment with diversity strategy; (5) inventorying and evaluating selection practices in context of best practices; and (6) identifying opportunities to enhance risk management and improve policies and practices related to talent acquisition of Dallas Police Department sworn police officers.</p>
Compliance Statement	<p>This audit activity was conducted from February 2022 to January 2023 in accordance with generally accepted government auditing standards, except for the requirement of an external peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and recommendations based on audit objectives.</p>

Baker Tilly greatly appreciates the support of the Civil Service Department, Dallas Police Department, and Human Resources Department among others in conducting this audit activity.

Thank you!

Talent Acquisition Background

The City of Dallas (the “City”) and Dallas Police Department talent acquisition process for entry level sworn police officer trainee positions encompasses six phases with multiple steps in each phase. This decentralized process is largely led by the Dallas Police Department Personnel Division except the list of eligible candidates, which is prepared by the Civil Service Department. The six phases are defined as:

Candidate Sourcing Phase

This phase includes advance marketing and broad advertising efforts which are followed by targeted, hands-on recruiting strategies to search for and gather candidates to fill both current and planned open positions.

- **Marketing and Advertising** – This step includes both short and long-range efforts to attract the largest talent pool for sworn police officers. Regular review and analysis of the effectiveness of these efforts are conducted.
- **Department Recruiting** – The Dallas Police Department Personnel Division utilizes a variety of methods such as in-state and out-of-state job fairs, post-military service hiring events, targeted social media campaigns etc. to actively recruit local, regional, and out-of-state individuals and convert them to interested candidates.

Application Phase

This phase includes the processing of candidate application responses to posted positions with the Dallas Police Department in a fair and equitable manner in accordance with the Dallas Civil Service Charter.

- **Application Submission** – The Civil Service Department accepts applications submitted by candidates with the requisite information needed to conduct an evaluation of their ability to meet posted job criteria.
- **Minimum Qualification Screening** – Candidate applications are reviewed by the Civil Service Department to determine if the candidate qualifications meet the minimum qualifications required of the position and specified in the job posting.

Testing Phase

The testing phase incorporates written and physical tests which are used to establish if the candidate possesses requisite abilities to successfully do the job.

- **Sworn Police Officer Candidate Civil Service Test** – The Civil Service Department conducts written exams to assess a candidate’s level of spelling, vocabulary, verbal, grammar, reading comprehension, and basic math skill.
- **Physical Readiness Test** – This standardized Physical Readiness Test is designed to assess a candidate's ability to carry out the physical tasks of a sworn police officer.

Interviewing Phase

The interview phase is centered on an in-person evaluation where candidates respond to a series of questions from which they will be assessed for suitability to the position they are applying.

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- **Candidate Interview Board** – Interview Boards are charged with the responsibility of evaluating a candidate's potential to become a successful sworn police officer. The Board, staffed by Dallas Police Department sworn police officers, makes its evaluation based on the candidate's behavior during the interview with a review of the candidate's writing sample as an additional factor.

Vetting Phase

This phase includes a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a sworn police officer.

- **Background Investigation** – This stage incorporates an in-depth investigation conducted by Dallas Police Department investigators which is used to qualify or disqualify the candidate through a review of the candidate's provided information which includes personal, financial, and criminal history, and any associations that may cause a conflict of interest with a role in law enforcement.
- **Polygraph Test** – This test, performed by a contracted vendor, helps to determine the veracity of the candidate's provided information and background investigation results.
- **Psychological Exam** – This exam is conducted by Dallas Police Department staff psychologists and evaluates the candidate to assess their ability to cope with, and respond appropriately to, the emotional requirements of being a sworn police officer.
- **Medical Exam** – This contracted third-party exam is intended to determine if candidates are physically able to perform the job duties.

Hiring Phase

This phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

- **Offer** – The Dallas Police Department Personnel Division extends an offer to selected candidates which includes a review of the position job duties and compensation.
- **Onboarding** – The Human Resources Department and the Dallas Police Department coordinate efforts to ensure that candidates who accept a job offer have the necessary resources to begin work.
- **Orientation** – The Dallas Police Department conducts an orientation to familiarize the new-hires with protocols, internal guidelines, and standard operating procedures, and introduces them to the organization before they begin their formal training period.

Overall Recruiting and Hiring Process Timeline

The Dallas Police Department's hiring process is based on a continual hiring cycle that allows a candidate to enter the process at any time of the year and quickly move through the process. The Dallas Police Department (DPD) aims to complete the candidate processing, from application to hiring, in 92 days. The individual steps with targeted completion times are noted below.

Step Description	Stage Owner	DPD Targeted # of Days to Completion	Baker-Tilly Data Review Average
1 Marketing – Year-Round	DPD Personnel Division	-	-
2 Recruiting – Year-Round	DPD Personnel Division	-	-
3 Application Opening – Year-Round	Civil Service Department	-	-
4 Application Submission – Minimum Qualification Screening	Civil Service Department	7	7
5 Initial Testing – Civil Service Test	Civil Service Department	7	8
6 Initial Testing – Preliminary Interview Form Submission	DPD Personnel Division	1	1
7 Initial Testing – Physical Readiness Test (weekly)	DPD Personnel Division	1	1
8 Vetting – Pre-polygraph Form/Documents Submission	DPD Personnel Division	1	1
9 Vetting – Polygraph Test	3 rd Party Vendor	1	1
10 Vetting – Post-polygraph Test	DPD Personnel Division	1	1
11 Application Interview Board (Every other Saturday)	DPD sworn police officers	7	7
12 Vetting – Background	DPD Personnel Division	30	* 45
Vetting – Candidate Scheduling/Travel Time			**31
13 Vetting – Medical Exam	3 rd Party Vendor	1	1
14 Vetting – Psychological Test	DPD Psychologists	1	1
15 Vetting – Fingerprints/Drug Screen	DPD Personnel Division	1	n/a
16 Formal Offer (Sent from DPD Deputy Chief)	DPD Personnel Division	3	n/a
17 Orientation/Onboarding (Hired the Monday of the Academy Start Pay Period)	Dallas HR/ DPD Personnel Division	30	n/a
Typical Calendar Days - Application to Hire:		92	105
DPD Hiring Cycle – Average Months-Application to Hire:		3.1	3.5

A Baker Tilly review of available data confirmed the hiring steps are typically completed on target with two notable exceptions, both in the Vetting Phase.

***Vetting – Background:** Background investigations are typically completed within the 45-day period allotted. However, that target completion time was recently reduced from 45 days to 30 days at the order



of the Police Chief to reduce processing time. This recent change will presumably reduce the overall processing time.

****Vetting – Candidate Scheduling/Travel Time:** Baker Tilly’s data review identified that the Vetting - Medical phase had an average of 32 days to completion. Upon confirmation with the Dallas Police Department, we identified that this included an average of 31 days for in-state and out-of-town candidate scheduling and travel and one day for the Vetting-Medical procedure. The Dallas Police Department does not include candidate scheduling time in their metrics tracking.

Audit Results

This section summarizes the results of our audit. The results are organized by sequential recruitment phase with observations categorized according to their relevance in each of the following areas:

- **Governance and Strategy** – the framework through which the City and Dallas Police Department operate, where objectives are set, and the means of attaining those objectives are established and monitored. Ethics, risk management, compliance and administration are all elements of governance.
- **Policy and Process** – The creation, implementation, and maintenance of adopted principles and actions used to achieve organizational objectives.
- **Diversity, Equity, and Inclusion** – Three elements of social reform in the workplace that aim to create a workforce where all are welcome and supported.
- **Technology** – The systems, applications, and tools in the workplace that enhance service provision, reduce waste, and increase productivity.
- **Resources** – Components an organization needs to do business, including staff, workspace, equipment, or capital.

Please note that each talent acquisition phase does not have an observation that pertains to each of the observation categories.

Overall Talent Acquisition Process

Overview

The City and Dallas Police Department talent acquisition process for sworn police officer trainee positions encompasses six phases with multiple steps in each phase. This decentralized process is largely led by the Dallas Police Department Personnel Division except the establishment of a list of eligible candidates, which is prepared by the Civil Service Department.

Throughout the course of our audit, we noted operational and approach strengths of the talent acquisition process. Specifically, we observed that the Dallas Police Department Personnel Division is dedicated, knowledgeable, and extremely cooperative particularly in the following areas:

- The Dallas Police Department Personnel Division monitors talent acquisition diversity related metrics and uses the data to improve initiatives. These metrics were proactively established prior to and independent of the City's Racial Equity Plan adoption. Goals were set independent of any requirements by the City. Progress toward annual goals guide the Dallas Police Department recruiting resource allocation such as *Increasing the Number of Hispanic Female Sworn Police Officer Candidates*.
- To offset the ever-increasing challenges to hire sworn police officers, a variety of meaningful efforts are made at both the City and Dallas Police Department to recruit candidates, such as City-wide job fairs and out-of-state recruitment. These efforts, when combined with personal candidate interactions, ensure a smaller yet sufficient number of candidates arrive to, and remain in, the recruiting process.
- The Dallas Police Department Personnel Division has consistent and well tested processes in place to manage application processing and background investigations. These processes could be enhanced through the expanded use and implementation of a singular City-wide human capital management software system, a plan for which already exists.
- The overall candidate processing, vetting, and background investigation process is well resourced throughout. This group collectively produces comprehensive analyses of candidates, which leads to ensuring quality hires throughout the Dallas Police Department.

GOVERNANCE AND STRATEGY

Observation 1

Owners: City Manager

The City did not have a formal Diversity, Equity, and Inclusion plan with City-wide or Dallas Police Department specific talent acquisition diversity goals in place during the audit period.

The City's Racial Equity Plan was not approved by Council until August 2022. This plan includes City-wide big audacious goals and department progress measures for the Dallas Police Department. Prior to the approval there were no City-wide diversity or equity goals or requirements to track talent acquisition diversity metrics. The City could not determine if equitable hiring opportunities were available without clearly defined goals and agreed-upon metrics to track progress toward those goals.

Recommendation 1

Establish and report on key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.

Analyze metrics to identify new program or initiative impacts and inform operational changes. Continue and reinforce the culture of data-informed decision making, with the support of improvement technology implementation, across the Dallas Police Department.

Observation 2

Owners: City Manager

The City does not review overall departmental talent acquisition efforts to determine what has worked successfully and what should be discontinued.

Dallas Police Department extensively reviews recruiting and hiring efforts to determine what has worked successfully and what should not be continued. As the City is lacking a common definition for a "Quality Hire", it does not have metrics established to track the initiative impacts of finding said "Quality Hires." This renders the City unable to correlate which talent acquisition strategies and programs are best suited to achieve future goals and targets, and the Dallas Police Department unable to ensure their departmental efforts are aligned with the City goals.

Recommendation 2

Define what a "Quality Hire" is for each department and identify trackable metrics based on that definition.

Frequently called the Golden Metric, a "Quality Hire" metric is more substantive than merely determining if an employee passed a probationary phase. While early retention can serve as one metric, transformative hiring happens when the evaluative process is expanded to include consideration of pre-hire offer conversion, employee performance reviews, etc. The Dallas Police Department as well as all other departments, should then utilize these metrics to track recruiting and hiring efforts for each recruitment cycle. This will allow the Dallas Police Department to identify and replicate successful talent acquisition programs.

GOVERNANCE AND STRATEGY

Observation 3

Owners: City Manager

No one department is accountable for overall City talent acquisition processes.

This decentralized oversight to talent acquisition places the responsibility for all post-Civil Service Test efforts with each department hiring manager. Cross-departmental hiring manager communication and coordination was not found. With no singular department accountable to ensure the success of City-wide talent acquisition, or for providing support to departmental recruiting staff, the Dallas Police Department is likely to repeat other departmental talent acquisition failures as opposed to replicating their successes.

Recommendation 3

Appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.

This primary department should:

- 1) Ensure continuity in the talent acquisition processes across departments.
- 2) Provide support and guidance for departmental hiring managers.
- 3) Ensure cross-departmental talent acquisition collaboration and "success sharing".

It is critical that this department excel in utilizing a consultative approach to leadership, working with departments to achieve success. The Dallas Police Department Personnel Division shall remain responsible for the post-Civil Service Test talent acquisition efforts.

TECHNOLOGY

Observation 4

Owners: City Manager

The City/Dallas Police Department staff involved in the talent acquisition of sworn police officer trainees use multiple inefficient and labor-intensive systems to track the talent acquisition process which include paper and basic spreadsheets.

There is no City-wide software system deployed that efficiently and effectively manages candidate tracking within the Dallas Police Department and between the Dallas Police Department and other departments that play a role in the talent acquisition process. This leads to burdensome and duplicative work processes dominating the talent acquisition cycle. Processes such as hand entering candidate data into the Dallas Police Department Excel tracking spreadsheet from a report that is produced from the Civil Service Department software system creates concerns such as:

- 1) Greatly increasing the chance for human error.

Recommendation 4

Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the hiring process.

Involve the Dallas Police Department early in the process to validate business needs as public safety recruitment has additional requirements in comparison to non-public safety departments.

While this report does not validate particular software vendors, we do encourage the City to continue their efforts to implement the WorkDay software, focusing on building the implementation to blend current City talent acquisition practices with modification to incorporate the recommendations in this report to improve talent acquisition practices.

TECHNOLOGY

- 2) Slows the overall talent acquisition process.
- 3) Losing eligible candidates due to errors and speed while processing.

Observation 5

Recommendation 5

Owners: City Manager

Candidates are required to submit college transcripts multiple times throughout the hiring process.

These include the Civil Service Department in the Application Phase, the Dallas Police Department Personnel Division in the Vetting Phase, and the Human Resources Department in the Hiring Phase. Limited interdepartmental communication and coordination between departments involved in talent acquisition, along with a failure to share documents electronically, places the burden on the candidate. These repeated candidate efforts increase the cost to apply to the City and may discourage candidates from pursuing employment with the City.

Modify internal processes and systems to allow for a single electronic submission of documents at the beginning of the process.

Documents, including college transcripts, should be available to any department that should need them at a later point in the process.

Candidate Sourcing Phase

Overview

This phase includes advance marketing and broad advertising efforts which are followed by targeted, hands-on recruiting strategies to search for and gather candidates to fill both current and planned open positions.

- **Marketing and Advertising** – This step includes both short-range efforts conducted by the Dallas Police Department Personnel Division, such as social media campaigns, and long-range efforts such as high school and college presentation to encourage careers in law enforcement. These efforts are designed to attract the largest talent pool for sworn police officers. Regular review and analysis is conducted by the Dallas Police Department Personnel Division to ensure effectiveness and continuity with departmental goals.
- **Department Recruiting** – The Dallas Police Department Personnel Division utilizes a variety of methods such as in-state and out-of-state job fairs, post-military service hiring events, and targeted social media campaigns through Facebook and Instagram etc. to actively recruit interested individuals and convert them to interested candidates locally, regionally, and out-of-state. These technology efforts, combined with intentional messaging and efforts, were clearly linked to department-wide efforts, such as the goal to increase the number of female and minority candidates. Certain additional support for broad-based recruiting efforts is provided by the Civil Service Department via City-wide job fairs. Unified efforts such as joint job-fairs are typically an effective use of time as they serve as a force multiplier for City-wide departmental hiring.

Throughout the course of our audit, we noted certain strengths of the candidate sourcing phase in the following areas:

- A variety of efforts are made, at the City and Dallas Police Department level, to recruit candidates, such as City-wide job fairs and out-of-state recruitment. These efforts are proving fruitful, particularly efforts that are paired with highly targeted recruitment efforts.
- The Dallas Police Department is leaning heavily into advanced efforts such as geo-fencing social media ads to target new geographic areas and underrepresented groups, in lieu of less successful, though traditional efforts such as highway billboard campaigns.
- Past effort data analysis has helped target the Dallas Police Department Personnel Division to actively recruit in the areas that yields the most candidates during Fiscal Year 19-20 and Fiscal Year 20-21, targeting states such as, Texas, New York, Illinois, California, Louisiana, and Florida.

GOVERNANCE AND STRATEGY

Observation 6

Owners: City Manager

Dallas Police Department is responsible for its own marketing and recruiting efforts.

While this approach is effective in achieving customized recruiting based on specific open positions, it leaves a particular gap in City-wide marketing. No singular department is responsible

Recommendation 6

Assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.

GOVERNANCE AND STRATEGY

for these overall City-wide marketing efforts. Therefore, the City as an employer is department brand-specific rather than City-wide. The current ad-hoc marketing approach:

- 1) Creates duplicative departmental marketing and advertising costs and efforts for the Dallas Police Department.
- 2) Creates internal competition between the Dallas Police Department and other departments for quality employees in addition to external competition with other private and public sector agencies.

Targeted recruiting efforts would remain the responsibility of the Dallas Police Department Personnel Division.

Application Phase

Overview

The Civil Service Department performs, manages, and oversees this phase which includes the processing of candidate application responses to posted positions with the Dallas Police Department in a fair and equitable manner in accordance with the Dallas Civil Service Charter.

- **Candidate Submission** – The Civil Service Department accepts applications submitted by candidates with the requisite information needed to conduct an evaluation of their ability to meet posted job criteria.
- **Minimum Qualification Screening** – The Civil Service Department reviews candidate applications to determine if the candidate qualifications meet the minimum qualifications required of the position and specified in the job posting.

Noted operational and approach strengths for the Application Phase include recent changes to the Civil Service Department process that reduced the duration a candidate had to wait before their application was eligible for processing. Additionally, both the Civil Service Department and the Dallas Police Department Personnel Division are reviewing for minimum qualifications which ensures a thorough vetting of candidates, though perhaps redundant effort.

POLICY AND PROCESS

Observation 7

Owners: Civil Service Department

The Civil Service Department applies a 30-day candidate freeze for applications with errors.

The reported purpose for this control is to allow for corrections to the application. However, it is understood that the candidate does not have access to the original form to correct the error. Instead, the candidate needs to resubmit a new application. As the candidate cannot have two active applications for the same position, this serves as a 30-day lockout for the talent acquisition cycle. This is counterproductive as the burdensome error correction process deters candidates, ultimately limiting the candidate pool for what may be a simple, unintentional application error.

Recommendation 7

Eliminate the candidate freeze rule.

Elimination of the rule will help ensure that application errors are more easily corrected with little candidate effort, allowing them to remain in the talent acquisition cycle should that error be corrected.

POLICY AND PROCESS

Observation 8

Owners: Civil Service Department, Dallas Police Department Personnel Division

Limited interdepartmental communication and cooperation between the Civil Service Department human resources analysts and the Dallas Police Department Personnel Division leads to duplicate candidate screening efforts.

This lack of effective communication leads to a general lack of understanding what the minimum qualification screening entails. The Dallas Police Department Personnel Division advised of incidents where candidates passed the initial Sworn Police Officer Candidate Civil Service minimum qualification screening and are later identified by the Dallas Police Department Personnel Division as not meeting Texas state minimum qualifications. However, it should be noted that these incidents are commonly related to candidates providing inaccurate answers in the initial screening.

Additionally, aspects of the automated screening process conducted by the application review software are too strict. Candidates who do not utilize specific minimum qualification wording (i.e.: "Customer Service") but clearly express that prior experience (i.e.: "Provided support to clients") may be incorrectly deemed unqualified.

This combination of minimum qualification screening shortfalls results in ineligible candidates included in the eligible candidate pool which requires duplicative departmental efforts to review both qualified and unqualified candidates.

Recommendation 8

Increase communication between the Civil Service Department and the Dallas Police Department Personnel Division to review, identify, and implement more effective minimum qualification screening processes.

The minimum qualification screening should include any and all State mandated minimum qualifications for the position to reduce duplicate screening.

Observation 9

Owners: City Manager

The Civil Service Department is unable to produce a breakdown by demographic categories of total applications received and total applications meeting minimum qualifications requirements.

The Civil Service Department is able to gather total applications through this phase with 62.6% of candidates meeting the minimum qualifications in Fiscal Year 20-21. Limited ability to produce the information is due to:

Recommendation 9

Set the ability to gather demographic information during this phase from the system as a business need for implementation of the Workday system.

When planned candidate tracking functionality in the Workday Human Resources Information System is adopted, assess minimum qualification screening affected by demographic breakdown. Candidate demographic data will continue to be optional; analysis will not be available for the full candidate pool. If an effect is observed, use the



POLICY AND PROCESS

- 1) Demographic fields are optional for all applications.
- 2) Current system's limited ability to gather data.

Local and Regional Government Alliance on Race & Equity's Racial Equity Tool to work with the Dallas Police Department to confirm minimum qualifications relate to essential functions of job performance.

Testing and Interview Phase

Overview

The Testing and Interview Phase incorporates a written and physical test that are used to help determine if the candidate possesses requisite abilities to successfully do the job. There are three distinct activities that involve a variety of staff throughout the City. The Sworn Police Officer Candidate Civil Service Test, which is managed by the Civil Service Department, is conducted remotely. Once passed, the Dallas Police Department Personnel Division facilitate the nationally recognized Physical Readiness Test. The final activity brings the candidate before a Candidate Interview Board. The Dallas Police Department Personnel Division and the Civil Service Department effectively manage the processing to move candidates through this phase quickly.

- **Sworn Police Officer Candidate Civil Service Test** – The Civil Service Department conducts written examinations to assess candidate’s spelling, vocabulary, verbal, grammar, reading comprehension and basic math skill.
- **Physical Readiness Test** – This industry standard Physical Readiness Test is designed to assess a candidate's ability to carry out the physical tasks of a sworn police officer.

The interview phase is centered on an in-person evaluation where candidates respond to a series of questions from which they will be assessed for suitability to the position they are applying.

- **Candidate Interview Board** – Candidate Interview Boards are charged with the responsibility of evaluating a candidate's potential to become a successful sworn police officer. The Candidate Interview Board is selected by the Dallas Police Department Personnel Division which is tasked with ensuring the panel is comprised of a diverse group of current Dallas Police Department employees in good standing. Candidate Interview Board members receive interview training. The Candidate Interview Board makes evaluations based on the candidate's responses during the interview, with a review of the candidate's writing sample as an additional factor.

Recent change to adapt the Civil Service testing process to an online model are to be lauded. The ability to test online rather than in person, particularly mid-pandemic, made the application process easier for candidates and streamlined the testing process.

POLICY AND PROCESS

Observation 10

Owners: Civil Service Department

The Civil Service Department cannot verify that the individual taking the online Sworn Police Officer Candidate Civil Service Test is the candidate.

Online testing procedures/policy do not require validation or proctoring to verify tester identity. This lack of validation may result in false positive test results for candidates, as well as an increased workload for the Dallas Police Department Personnel Division which may review candidates for hire that do not pass the test.

Recommendation 10

Ensure similar rules regarding test taker validation exist for online Civil Service Tests as they do for in-person.

Online testing is encouraged as it removes accessibility hurdles and expands the eligible candidate pool. However, test taker identity needs to be verified to maintain the validity of the Sworn Police Officer Candidate Civil Service Test in the City hiring process. The Civil Service Department should identify and implement an expansion of the online testing platform to include this feature or adopt a new tool that provides this solution.



Technology does exist within online testing software applications to verify test taker identity through a variety of methods, though at an increased cost.

Update the City's Civilian Examination Process Orientation Manual - City of Dallas Civilian Test Tips document with testing instructions as needed when complete.

Vetting Phase

Overview

This phase includes a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a sworn police officer. By design, this is the lengthiest process for any agency and the Dallas Police Department's Vetting Phase is no exception, comprising 1/3 of the overall time. During this phase, the Dallas Police Department Personnel Division coordinates a series of exams and tests that are conducted by vendor partners and in-house staff.

- **Background Investigation** – This stage incorporates an in-depth investigation conducted by specialized Dallas Police Department Personnel Division investigators to qualify or disqualify the candidate. Upon completing a review of candidate provided personal, financial, and criminal history information, investigators make a determination of candidate suitability for a role in law enforcement. This stage requires a significant amount of clerical processes drafting, mailing, and tracking letters sent to prior employers, educational facilities, and other background related requests. These steps are owned by the investigators with limited clerical or system support.
- **Polygraph Test** – This test, performed by a contracted vendor, helps to determine the veracity of the candidate's provided information and background investigation results. The results of the test are reviewed by the Dallas Police Department Personnel Division upon completion.
- **Psychological Exam** – This exam is conducted by Dallas Police Department staff psychologists and evaluates the candidate to assess their ability to cope with, and respond appropriately to, the emotional requirements of being a sworn police officer. The results of the examination are reviewed by the Dallas Police Department Personnel Division upon completion.
- **Medical Exam** – This exam, performed by a contracted vendor, is intended to determine if candidates are physically able to perform the job duties. The results of the exam are reviewed by the Dallas Police Department Personnel Division upon completion.

Vetting is the most complicated stage in the process. Operational strengths for the Vetting Phase were identified as:

- Dallas Police Department Personnel Division has consistent processes in place for application processing and background checks, ensuring unqualified candidates are removed from the hiring process.
- The Dallas Police Department staff psychologists are an asset to the Dallas Police Department raising the level of quality screenings given their intimate knowledge of the Dallas Police Department culture and ability to understand a candidate's ability to succeed within that culture.
- The conducting of thorough background investigations reduces the risk of internal investigations/negative incidents within the Dallas Police Department. While the background investigation had a low 46% average passing rate over the previous five years encompassing Fiscal Year 15-16 to Fiscal Year 19-20, the passing rate for Fiscal Year 20-21 was increased to 64.4%.

RESOURCES

Observation 11

Owners: Dallas Police Department Personnel Division

The background investigation phase for the Dallas Police Department is extremely labor intensive and time consuming with numerous manual processes throughout.

Examples include manual letter creation, addressing, and stuffing, verification of phone numbers, and manual tracking of letters sent and received. These laborious tasks are largely performed by the background investigators, with limited support from staff or available systems. This puts a significant amount of time-consuming clerical tasks onto the sworn background investigators. This can result in lost candidates due to the elongated timeline to hire. This activity comprises the majority of the recruitment time. As such, increased efficiencies during this stage will have the largest impact to reduce time-to-hire times.

Recommendation 11

Review the background investigation procedures with an eye toward reducing the basic tasks that consume background investigator's time and delay the hiring process.

Identify and develop alternative methods to accomplish these tasks by:

- 1) Considering third party support for certain aspects of the background process such as employment verification.
- 2) Expand the use of software to speed the talent acquisition process. Utilizing Workday throughout the talent acquisition process will expedite the investigation, for instance, by auto-populating application information into prior employer communication letters.
- 3) Increase reliance on clerical support to manage simple tasks like creating, sending, and tracking letters.

Observation 12

Owners: Dallas Police Department

Dallas Police Department psychologists do not have dedicated space nor technology with modern computer-based testing and Wi-Fi connectivity needed to provide the most expedient psychological testing.

The lack of dedicated testing space presents an inconvenient logistical hurdle that inefficiently uses limited staff time. Staff utilize the Scantron system for testing as opposed to a web-based platform. Limited resources of time, space, and staff reduce testing efficiency and slow the psychological testing process.

Recommendation 12

Provide dedicated space and a modern web-based testing platform to improve the psychological testing process.

Additional resources applied here will accelerate the hiring process and create a smoother candidate testing process.

POLICY AND PROCESS

Observation 13

Recommendations 13

Owners: Dallas Police Department Personnel Division

Intensive investigation of candidates throughout the background phase is time consuming and results in a low 5-year average passing rate of 46%.

With unlimited resources, all background investigation efforts can be deemed worthy. However, standards that are passable by less than half of candidates who successfully passed the Sworn Police Officer Candidate Civil Service Test, Physical Readiness Test, and Candidate Interview Board may be too restrictive. An evaluation that reviews the efficacy, value, and impact of each investigative effort, such as the number of prior employers contacted and from how many years back, will identify potentially unimpactful expenditures of limited resources and time. During the audit period, the Dallas Police Department conducted no such evaluations. It is critical to balance the desire to prevent future employee liability issues with the responsible expenditure of critical resources to examine reasonable standards. Lack of reviewing the efficacy of each background investigation step complicates the determination of process validity. The current inefficient process may result in an already limited pool of hireable candidates choosing other employment with a quicker start date.

Conduct an analysis to determine the efficacy and timing of each component of the background investigation process.

The purpose of this analysis is to achieve a more efficient background investigation process in a manner that does not allow unqualified individuals to be hired. Modify the process and reduce the time to completion by:

- 1) Eliminating steps that go unnecessarily/unproductively beyond state mandated requirements.
- 2) Streamlining time consuming information gathering processes.
- 3) Conducting investigations concurrently with other steps where possible.

It cannot be understated that reducing the breadth or depth of the investigation should be balanced against the possibility of hiring unqualified individuals.

POLICY AND PROCESS

Observation 14

Recommendation 14

Owners: Dallas Police Department Personnel Division

The Dallas Police Department expressed concerns with the polygraph test vendor process.

After an inconclusive or failed test, secondary testing can be conducted by the same vendor, potentially resulting in additional costs to the City. No policy exists that clearly redirects secondary tests to a different vendor to control for financial incentives upon initial failure. Failing to create a clear policy ensuring impartial polygraph tests may lead to invalidated testing.

Establish a polygraph test policy applicable to the Dallas Police Department.

This policy should at minimum:

- 1) Ensure independent secondary testing procedures should an initial test be deemed inconclusive or failed.
- 2) Establish a process with a clearly defined polygraph test appeal process.

All concerns of the vendor testing process should be immediately addressed with the polygraph vendor based on a well-documented and data-driven quality assurance process.

Observation 15

Recommendation 15

Owners: Dallas Police Department Personnel Division

Dallas Police Department medical exams for candidates conducted by the current vendor have inconsistent results.

Dallas Police Department staff psychologists indicated candidates have successfully passed through the medical exam despite previously determined to be 100% disabled by the military. Candidates that should be eliminated due to disability are moving forward in the process, resulting in an unnecessary psychological exam. Additionally, the disability identification during the psychology exam creates confusion for the candidate when they thought they were cleared during the medical exam.

Review the current vendor effectiveness and adherence to U.S. Equal Employment Opportunity Commission Employment Tests and Selection Procedures related to medical exams.

The Dallas Fire-Rescue Department expressed satisfaction with their vendor during the concurrently conducted Audit of Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection. Collaborate with the Dallas Fire-Rescue Department to determine if partnering will capitalize on scale to reduce costs while also increasing the quality and consistency of medical exam.

Hiring and Orientation Phase

Overview

This phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

- **Offer** – Candidate offers are prepared by the Dallas Police Department Personnel Division, with the approval of the Human Resources Department should a salary deviation be required. Selected candidates are extended a job offer from the Dallas Police Department which includes a review of the position job duties and compensation.
- **Onboarding** – Human Resources Department and the Dallas Police Department Personnel Division coordinate efforts to ensure that candidates who accept a job offer have the necessary resources to begin work quickly upon offer acceptance, in some cases as little as one week.
- **Orientation** – The Dallas Police Department Personnel Division coordinates and conducts new-hire sworn police officer trainee orientations to familiarize the new-hires with protocols, internal guidelines, and standard operating procedures, and to introduce them to the organization before they begin their formal training period. The orientation session lasts on average one week, as candidates are formally hired the Monday prior to the pay period in which the police academy training class begins.

Operational strengths for the hiring phase were identified as:

- Orientation process ensures rapid hiring of staff with no delays, while affording the candidate, and their families, an opportunity to become familiar with the Dallas Police Department career and training process before them.

POLICY AND PROCESS

Observation 16

Owners: Human Resources Department Total Rewards & Onboarding Division, Civil Service Department

The Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have a mechanism to follow-up with new-hires to solicit feedback on their recruitment and hiring experience.

As such, the Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have insight directly from new-hires to target process and candidate experience improvements. The Human Resources Director indicated an intent to develop and implement a survey during the upcoming Fiscal Year 23-24 for non-Civil Service positions. There are no plans to implement a survey for Civil Service Positions.

Recommendation 16

Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new-hires to speak directly with a Human Resources Department representative.

Incorporate an aggregate review of feedback received to identify areas to improve new-hire employee experience. Provide feedback to the Dallas Police Department as needed and follow-up. Follow-up with all new-hires within two weeks of completing the feedback survey.

Additional Areas for Improvement

Over the course of the audit, Baker Tilly noted additional areas for improvement for Dallas Police Department uniform personnel recruitment selection. These additional areas for improvement do not have benchmarks, defined expected performance, measurable outcomes, or standards criteria. A management response is not required. Additional areas for improvement are provided to further assist departments and the City as they continue to proactively improve talent acquisition efforts for better customer service, increased efficiency, and continued hiring of qualified and diverse candidates.

<p>Candidate Sourcing Phase</p>	<p>Pension Crisis Marketing – The highly publicized pension crisis may be negatively impacting recruiting efforts and candidate interest. The City and the Dallas Police Department may want to consider committing marketing resources to publicizing the efforts made to stabilize the pension.</p> <p>Internal Cross-Departmental Recruiting – Career growth opportunities available within other City departments are not routinely communicated. An initiative promoting available career advancement opportunities, across all City departments, could benefit the City by developing and retaining quality City employees.</p>
<p>Application Phase</p>	<p>Screening Previous Employees – Hiring managers and background investigators do not have immediate access to prior employee work history documentation due to employee confidentiality. Previous employees who are not eligible for rehire should be screened out by the Civil Service Department.</p>
<p>Interview Phase</p>	<p>Video Recorded Interviews – Interview video recording platforms help eliminate scheduling conflicts for interview panels by recording then distributing candidate responses to view at the convenience of interview panel members. The Dallas Police Department may consider using the platform to expedite the Interview Phase.</p>
<p>Overall Recruiting and Hiring Process</p>	<p>Candidate Communication - With several departments involved throughout the recruiting and hiring process (Civil Service Department, Human Resources Department, and the Dallas Police Department Personnel Division), identifying a point of contact to address candidate issues can be challenging for candidates. The City should consider designating a single point of contact for candidate inquiries.</p>

Appendices

Appendix A: Additional Resources

Additional resources are provided below to assist the Dallas Police Department implement the recommendations.

Recommendation	Resource
1	Melaku, Tesdale and Winkler, Christoph. "Are Your Organization's DEI Efforts Superficial or Structural." Harvard Business Review, June 29, 2022. https://hbr.org/2022/06/are-your-organizations-dei-efforts-superficial-or-structural .
2	Mauer, R. "How to Measure Quality of Hire: The Holy Grail of Recruiting." Society for Human Resources Management, November 15, 2016. https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/how-to-measure-quality-of-hire.aspx .
9	Lippay, Amy and Murphy, Kory. "Minimum Qualifications: Best Practices in Recruitment and Selection Advancing Racial Equity in Multnomah County." Local and Regional Government Alliance on Race and Equity, June 8, 2015. https://www.racialequityalliance.org/2015/06/08/minimum-qualifications/ .
11, 17	U.S. Equal Employment Opportunity Commission's Employment Tests and Selection Procedures. U.S. Equal Opportunity Commission, 2023. https://www.eeoc.gov/laws/guidance/employment-tests-and-selection-procedures .
12	Roman, Ivonne. "Women in Policing." Police Chief Online, April 22, 2020. International Association of Chiefs of Police, 2023. https://www.policiechiefmagazine.org/women-in-policing/ .
15	Linos, Elizabeth and Riesch, Nefara. "Thick Red Tape and the Thin Blue Line: A Field Study on Reducing Administrative Burden in Police Recruitment." Goldman School of Public Policy, University of Berkeley, June 2019. https://gspp.berkeley.edu/assets/uploads/research/pdf/RnR_FinalSubmission_for_ResearchGate.pdf

Appendix B: Management's Response

Response Letter from Management
(page 87)

Recommendations to the:



City Manager (page 89)



Director of Human Resources
Department
(page 95)



Director and Board Secretary, Civil
Service Department (page 104)



Chief of Dallas Fire-Rescue
Department
(page 110)



Chief of the Dallas Police
Department (page 118)

Memorandum



DATE: February 14, 2024
TO: Mark S. Swann – City Auditor
SUBJECT: Response to Audits of Talent Acquisition

This letter acknowledges the City Manager's Office received the *Audits of Talent Acquisition* and submitted responses to the recommendations in consultation with the Department of Human Resources, Civil Service, Dallas Fire-Rescue, and the Dallas Police Department.

Management recognizes the last several years have been challenging for employers regarding talent acquisition. Despite these challenges, we are pleased that the audit concludes that the City generally met the objectives of the audit, including:

- The talent acquisition process is efficient;
- Candidate sourcing strategies and community outreach are effective;
- The candidate selection process reflects best practices and promotes quality hire; and
- Candidate sourcing strategies are aligned with the City's diversity strategy.

We appreciate the thoughtful recommendations in this audit as we seek to improve our talent acquisition processes further.

Management will accept the risk associated with the recommendation to replace the current in-person Candidate Interview Board interview with a recorded interview model. Currently, recorded interviews are not standard industry practice; the Dallas Fire-Rescue Department is researching the process's efficacy and the feasibility of its implementation. In the meantime, the Dallas Fire-Rescue Department is revising its application process to include a Situational Judgement Test to supplement the Candidate Interview Board interview.

Sincerely

A handwritten signature in blue ink, appearing to read "T.C. Broadnax".

T.C. Broadnax
City Manager

Response to Audits of Talent Acquisition

February 14, 2024

Page 2 of 2

C: Genesis D. Gavino, Chief of Staff
Jack Ireland, Chief Financial Officer
Kimberly Bizzor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
Nina Arias, Director, Department of Human Resources
Jarred Davis, Director, Civil Service
Dominique Artis, Fire Chief, Dallas Fire-Rescue Department
Eddie Garcia, Chief of Police, Dallas Police Department

Recommendations to the City Manager:

Recommendation Type ¹	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
High Risk, City Manager					
Common Recommendation:	High	We recommend the City Manager:			
Talent Acquisition Recommendation 1		01: Establish and report on key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.	Agree	The City Manager will oversee the establishment and reporting of key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.	3/31/2025
Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection Recommendation 1					
Dallas Police Department Uniform Personnel Recruitment and Selection Recommendation 1					

¹ *Common recommendations* are those that are common among multiple reports and assigned to the same department or executive, whereas *individual recommendations* may be: 1) found in only one of the Baker Tilly reports; or, 2) duplicated in other reports, but assigned to a different department or executive.

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Moderate Risk, City Manager					
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 2</p> <p><i>Dallas Fire-Rescue Department</i> <i>Uniform Personnel Recruitment and Selection</i> Recommendation 2</p> <p><i>Dallas Police Department</i> <i>Uniform Personnel Recruitment and Selection</i> Recommendation 2</p>	Moderate	<p>We recommend the City Manager:</p> <p>02: Define what a "Quality Hire" is for each department and identify trackable metrics based on that definition.</p>	Agree	6/30/2025	12/31/2025

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Common Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 3</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 3</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 3</p>	<p>Moderate</p>	<p>We recommend the City Manager:</p> <p>03: Appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.</p>	<p>Agree</p> <p>The City Manager will appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 5</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 4 Recommendation 5 Recommendation 12</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 4 Recommendation 5 Recommendation 9</p>	<p>Moderate</p>	<p>We recommend the City Manager:</p> <p>04: Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow, single electronic submission of application and hiring documents, reporting on application demographic information and meaningful interdepartmental communication throughout the hiring process.</p>	<p>Agree</p> <p>The City Manager will allocate sufficient budget and resources to continue fully implementing one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the hiring process.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 6</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 9</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 6</p>	<p>Moderate</p>	<p>We recommend the City Manager:</p> <p>05: Assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.</p>	<p>Agree</p> <p>The City Manager will assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
Individual Recommendation: Talent Acquisition Recommendation 4	Moderate	We recommend the City Manager:				
		06: Develop a strategic workforce plan to proactively identify future hiring needs at the position and skills level to maintain business continuity needs.	Agree	The City Manager's Office will oversee the development of a strategic workforce plan to proactively identify future hiring needs at the position and skills level to maintain business continuity needs.	6/30/2025	12/31/2025

Recommendations to the Director of Human Resources Department

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Low Risk, Director of Human Resources Department					
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 17</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 18</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 16</p>	Low	We recommend the Director of the Human Resources Department:			
		<p>07: Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new hires to speak directly with a Human Resources Department representative.</p>	<p>Agree</p> <p>The Human Resources department will develop a 30, 60, and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback and include an invitation for new hires to speak directly with a department leader or a Human Resources Department representative about their experience at the City.</p>	3/31/2025	9/30/2025

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 7</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>08: Review the approval level requirements by grade level to standardize and reduce approval level requirements across positions.</p>	<p>Agree</p> <p>The Human Resources department will review the number of levels required in the position approval workflows established by department leaders to identify opportunities for increased efficiencies and for reducing the number of approval levels required.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 8</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>09: Coordinate with the Civil Service Department to identify potential non-civil service positions which are critical to the City operations to implement targeted recruitment outreach.</p>	<p>Agree</p> <p>The Human Resources department presently uses several methods for targeted recruitment of key roles, including social media, direct outreach on LinkedIn, engaging with third-party recruiters, and participating in job fairs and community events.</p> <p>With the implementation of the Succession Planning module of Workday, the HR department will work with department leaders to identify critical roles and coordinate targeted recruitment efforts for these positions with the Civil Service department.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p data-bbox="218 337 449 399">Individual Recommendation:</p> <p data-bbox="205 418 441 480">Talent Acquisition Recommendation 9</p>	<p data-bbox="533 337 588 363">Low</p>	<p data-bbox="655 337 1478 363">We recommend the Director of the Human Resources Department:</p> <p data-bbox="655 396 961 915">10: Incorporate pulling a report of all position requisitions on a weekly basis into the Human Resources Partner requisition approval process to identify outstanding approvals. If possible, set the report to note variances from the prior week for the Human Resources Partner to quickly identify new requisitions or approval changes.</p>	<p data-bbox="1016 396 1096 422">Agree</p> <p data-bbox="1146 396 1453 1023">To improve workflow efficiency, the HR department will compile a weekly report on pending position requisitions. This report will track the progress of workflows from the hiring manager's requisition and departmental approvals to completion, identifying any delays or pending approvals within the process. The data will be displayed on a centralized dashboard for department leaders' oversight.</p>	<p data-bbox="1524 396 1646 422">6/30/2025</p>	<p data-bbox="1747 396 1881 422">12/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p>Talent Acquisition Recommendation 13</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>11: Review how "exceptional hire" requests are approved by the Human Resources Department Total Rewards & Onboarding Division and implement a more expedient process.</p>	<p>Agree</p> <p>The Human Resources department will review how "exceptional hire" requests are approved by the Human Resources Department Total Rewards Unit and implement a more expedient process.</p>	<p>6/30/2025</p>	<p>12/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p>Talent Acquisition Recommendation 14</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>12: Assess the viability of implementing a contingent hire offer based upon successful completion of all vetting requirements within a set-time frame after the start date.</p>	<p>Agree</p> <p>The HR Department currently issues contingent offer letters to all applicants, complying with legal restrictions that prevent us from conducting background checks before extending an offer. Historically, applicants are not allowed to start work until their background checks are complete, especially for DOT drivers due to their extensively regulated vetting requirements. This practice is rooted in our commitment to maintaining public trust and avoiding legal and operational complications arising from offer rescissions.</p> <p>We acknowledge the audit's recommendation to permit applicants to commence work before receiving background</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
			check results. We will consult legal counsel to thoroughly assess the potential risks of departing from the standard practice. We will also evaluate the benefits of a less conservative approach to expedite the City's hiring process and present options for consideration by the CMO.		

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p>Talent Acquisition Recommendation 15</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p>			
		<p>13: Develop an onboarding process that balances the expediency of establishing a start date for newly hired employees with providing the Human Resources Department Total Rewards & Onboard Division and Information and Technology Services Department sufficient time to gather start date resources.</p>	<p>Agree</p> <p>The Human Resources department will review the onboarding process to identify opportunities to better balance the expediency of establishing a start date for newly hired employees with providing the Human Resources Department Onboard Unit and Information and Technology Services Department sufficient time to gather start date resources.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p>Talent Acquisition Recommendation 16</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>14: Develop a structured report-to-work process for temporary, contractor and contingent employees in collaboration between the Human Resources Department Total Rewards & Onboarding Division and Information and Technology Services Department.</p>	<p>Agree</p> <p>The Human Resources department will develop a structured report-to-work process for temporary, contractor, and contingent employees in collaboration with the Information and Technology Services Department.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendations to the Director and Board Secretary, Civil Service Department

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Moderate Risk, Director and Board Secretary, Civil Service Department					
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 11</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 11</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 7</p>	Moderate	We recommend the Director and Board Secretary, Civil Service Department:			
		<p>15: Eliminate the candidate freeze rule.</p>	Agree	<p>The Civil Service department will eliminate the candidate freeze rule.</p>	<p>3/31/2025</p> <p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Common Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 12</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 13</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 10</p>	<p>Moderate</p>	<p>We recommend the Director and Board Secretary, Civil Service Department:</p> <p>16: Ensure similar rules regarding test taker validation exist for online Civil Service tests as they do for in-person.</p>	<p>Agree</p> <p>The Civil Service department will ensure similar rules regarding test taker validation exist for online Civil Service tests as they do for in-person.</p>	<p>6/30/2025</p>	<p>12/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Low Risk, Director and Board Secretary, Civil Service Department					
<p>Common Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 18</p> <p><i>Dallas Fire-Rescue Department</i> <i>Uniform Personnel Recruitment and Selection</i> Recommendation 18</p> <p><i>Dallas Police Department</i> <i>Uniform Personnel Recruitment and Selection</i> Recommendation 19</p>	Low	<p>We recommend the Director and Board Secretary, Civil Service Department:</p> <p>17: Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new hires to speak directly with a Human Resources Department representative.</p>	Agree	3/31/2025	9/30/2025
<p>The Civil Service Department will develop a 30, 60, and 90-day new-hire orientation guide. In addition, the department will develop a survey for both Civil Service and non-Civil Service positions to solicit feedback at the end of the 90-day new-hire orientation. The survey results will be analyzed and used to improve the orientation process. Further, the new-hire orientation guide will include instructions should a new hire want to contact a Human Resources representative directly.</p>					

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 8</p>	<p>Low</p>	<p>We recommend the Director and Board Secretary, Civil Service Department:</p> <p>18: Coordinate with the Human Resources Department to identify potential non-civil service positions which are critical to the City operations to implement targeted recruitment outreach.</p>	<p>Agree</p> <p>The Civil Service Department will coordinate with the Human Resources Department to identify potential non-civil service positions which are critical to City operations. In addition, the Civil Service Department and Human Resources Department will coordinate to develop a recruitment strategy focused on the identified positions.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 10</p>	<p>Low</p>	<p>We recommend the Director and Board Secretary, Civil Service Department:</p>			
		<p>19: Build a process to solicit feedback from the hiring managers during and after the candidate pool review stage to train Civil Service Analysts and improve their understanding of the hiring manager and position needs.</p>	<p>Agree</p> <p>The Civil Service Department will solicit hiring manager feedback regarding the quality, usefulness, etc. of the candidate pool. The department will periodically analyze the feedback to improve Civil Service Analysts' understanding of the hiring managers' and positions' needs.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 8</p>	<p>Low</p>	<p>We recommend the Director and Board Secretary, Civil Service Department:</p> <p>20: Increase communication between the Civil Service Department and the Dallas Police Department Recruiting division to review, identify, and implement more effective minimum qualification screening processes.</p>	<p>Agree</p> <p>The Civil Service Department will coordinate with the Dallas Police Department Recruiting unit to review, identify, and implement more effective minimum qualification screening processes.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendations to Chief of Dallas Fire-Rescue Department

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Low Risk, Chief of Dallas Fire-Rescue Department					
<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Individual Recommendation</div> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 6</p>	Low	We recommend the Chief of Dallas Fire-Rescue Department:			
		<p>21: Benchmark the Dallas Fire-Rescue Department Recruiting Section staffing to identify sufficient resource levels to implement more process efficiency analysis and talent acquisition cycle modifications.</p>	Agree	<p>The Dallas Fire-Rescue Department will compare the Recruiting Section staffing to peer cities to make a more informed decision regarding staffing levels to improve process efficiency analysis and talent acquisition cycle enhancements.</p>	3/31/2025
				9/30/2025	

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 7</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>22: Track process change impacts on quantitative time-to-hire metrics in the future. Based on the analysis, identify process improvements to decrease talent acquisition times.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will track process change impacts on quantitative time-to-hire metrics in the future. The department will use the analysis to identify process improvements to decrease talent acquisition times.</p>	<p>9/30/2024</p>	<p>3/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 8</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p>			
		<p>23: Adopt a seasonal/cyclical batch hiring process.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will adopt a seasonal/cyclical batch hiring process.</p>	<p>06/30/2025</p>	<p>12/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 10</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>24: Allocate additional resources to develop and execute a sophisticated, data driven recruiting program.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will allocate additional resources to develop and execute a sophisticated, data-driven recruiting program.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 14</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>25: Revise interview procedures to replace the current in-person, Candidate Interview Board interview methodology with a recorded interview model.</p>	<p>Accept Risk</p> <p>The Dallas Fire-Rescue Department will accept the risk related to this recommendation, as recorded interviews are not currently standard industry practice.</p> <p>The Dallas Fire-Rescue Department is researching the process's efficacy and the feasibility of its implementation.</p> <p>In the interim, the Dallas Fire-Rescue Department is revising its application process to include a Situational Judgement Test to supplement the Candidate Interview Board interview.</p>	<p>N/A</p>	<p>N/A</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 15</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>26: Clarify for the Dallas Fire-Rescue Department Human Resources Section and Candidate Interview Board interview requirements.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will clarify for the department's Human Resources Section and Candidate Interview Board interview requirements.</p>	<p>9/30/2024</p>	<p>3/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 16</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>27: Ensure Candidate Interview Board member training is provided on the use of the candidate rating criteria.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will ensure Candidate Interview Board member training and guidance is provided on candidate rating criteria.</p>	<p>9/30/2024</p>	<p>3/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 17</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>28: Revise the candidate ranking to consider factors other than the Candidate Interview Board rating.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will revise the candidate ranking to consider factors other than the Candidate Interview Board rating, such as Situational Judgement Tests and civil service test results.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendations to Chief of the Dallas Police Department

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
High Risk, Chief of Dallas Police Department					
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 14</p>	High	<p>We recommend the Chief of Dallas Police Department:</p> <p>29: Establish a polygraph policy that at a minimum:</p> <p>1) Ensures an independent secondary test should an initial test be deemed inconclusive or failed.</p> <p>2) Establishes a process with a clearly defined polygraph test appeal process.</p>	Agree	3/31/2025	9/30/2025
<p>The Dallas Police Department will establish a General Order that follows industry best practices and covers 1) the procedures for issuing a polygraph exam; 2) the procedures for secondary testing (through a vendor or other party); and 3) a clearly defined appeal process.</p>					

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Low Risk, Chief of the Dallas Police Department					
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 8</p>	Low	We recommend the Chief of the Dallas Police Department:			
		<p>30: Increase communication between the Civil Service Department and the Dallas Police Department Recruiting Division to review, identify, and implement more effective minimum qualification screening processes.</p>	<p>Agree</p> <p>The Dallas Police Department will increase communication between the Civil Service Department and the Dallas Police Department Recruiting Unit to review, identify, and implement more effective minimum qualification screening processes.</p>	3/31/2025	9/30/2025

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 11</p>	<p>Low</p>	<p>We recommend the Chief of the Dallas Police Department:</p>			
		<p>31: Review the background investigation procedures with an eye toward reducing the basic tasks that consume investigator's time and delay the hiring process.</p>	<p>Agree</p> <p>The Dallas Police Department will review the background investigation procedures with an eye toward reducing the basic tasks that consume the investigator's time and delay the hiring process.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 12</p>	<p>Low</p>	<p>We recommend the Chief of the Dallas Police Department:</p> <p>32: Provide dedicated space and a modern web-based testing platform to improve the psychological testing process.</p>	<p>Agree</p> <p>The Dallas Police Department will provide dedicated space and a modern web-based testing platform to improve the efficiency of the psychological testing process.</p>	<p>9/30/2025</p>	<p>3/31/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 13</p>	<p>Low</p>	<p>We recommend the Chief of the Dallas Police Department:</p>			
		<p>33: Conduct an analysis to determine the efficacy and timing of each component of the background investigation process.</p>	<p>Agree</p> <p>The Dallas Police Department will analyze the background investigation process and revise the process to increase the efficacy and timeliness of each component.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 15</p>	Low	<p>We recommend the Chief of the Dallas Police Department:</p> <p>34: Review the current vendor effectiveness and adherence to <i>U.S. Equal Employment Opportunity Commission Employment Tests and Selection Procedures</i> related to medical exams.</p>	<p>Agree</p> <p>The Dallas Police Department will review the current vendor effectiveness and adherence to <i>U.S. Equal Employment Opportunity Commission Employment Tests and Selection Procedures</i> related to medical exams.</p>	9/30/2024	3/31/2025



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1090

Item #: O.

Office of the City Auditor Monthly Update on Internal Audit Reports Released Between February 17, 2024 and March 15, 2024
[Office of the City Auditor]

Memorandum



DATE: March 25, 2024

TO: Honorable Members of the Government Performance & Financial Management Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse Moreno, Jaime Resendez

SUBJECT: Internal Audit Reports Released Between February 17, 2024, and March 15, 2024

Attached for your review are the three Office of the City Auditor audit reports released between February 17, 2024, and March 15, 2024. The full reports are included in [Attachment 1](#).

If you have any questions, please contact me at (214) 670-3222 or mark.swann@dallas.gov.

Sincerely,



Mark S. Swann
City Auditor

Attachment

C: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis Gavino, Chief of Staff to the City Manager
Sheri Kowalski, City Controller
Directors and Assistant Directors
Jeffrey Brill, Manager – Financial Compliance, Auditing & Monitoring



Reports Released:

1. Audit of Small Business Center – Minority and Women-Owned Business Enterprises (February 21, 2023).....Page 2
2. Audit of Procurement Marketing Practices (February 22, 2024).....Page24
3. Audit of Dallas Police Department Body Worn and In Car Camera Operations (February 26, 2024).....Page 30



Audit of Small Business Center – Minority and Women-Owned Business Enterprises

February 21, 2024

Mark S. Swann, City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

Tennell Atkins

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Gay Donnell Willis

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Executive Summary

Objective and Scope

The objectives of this audit were to determine whether:

- Policies and procedures exist to ensure consistent administration.
- Payments to first tier subcontractors post council award are monitored.
- Performance measures for local Minority and Women-Owned Business Enterprise spending are accurately reflected.
- Utilization goals and good faith efforts are accurately reported to the City Council.

The scope of the audit was from October 1, 2020, through September 30, 2022.

Recommendations

The program's effectiveness can be enhanced by:

- Developing a process to monitor subcontractors' payments post council award.
- Identifying the appropriate source data to use for performance measure reporting.
- Updating procedures to mirror *Business Inclusion and Development Policy* requirements.

Background

The *Business Inclusion and Development Policy* of 2020 applies to all contracts for the purchases of goods or services over \$50,000, with a special emphasis for first tier subcontracting opportunities. Among several responsibilities and provisions identified in the *Business Inclusion and Development Policy*, the following were pertinent to the audit objective:

- Tracking and monitoring payments to first tier subcontractors post council award.
- Maintaining and submitting accurate and current reports on performance measures.
- Documenting good faith efforts.

The Small Business Center budget was approximately \$2.4 million for Fiscal Year 2021-2022 and a performance measure of 65% for *Certified Minority and Women-Owned Business Enterprise Spend with Vendors Located in Dallas* was established.

Observed Conditions

The utilization goals and good faith efforts for first tier subcontracting opportunities reported to City Council during procurements are generally accurate. However,

- Monitoring of subcontractor payments after council award is informal and inconsistent.
- Progress reported on performance measures is inaccurate.
- Administrative procedures do not align with the *Business Inclusion and Development Policy*.

Objectives and Conclusions

1. Do policies and procedures exist to ensure consistent administration of Minority and Women-Owned Business Enterprise goals?

Generally, yes. The Small Business Center is relying on an outdated administrative guide for daily operational activities. At the same time, the Small Business Center is ensuring compliance with utilization goals and good faith efforts of the *Business Inclusion and Development Policy* for Minority and Women-Owned Business Enterprises. See [Observation C](#).

2. Are payments to Minority and Women-Owned Business Enterprise first tier subcontractors monitored?

No. Payments to first tier subcontractors are tracked in the B2GNow application; however, payments to first tier subcontractors are monitored informally and inconsistently. See [Observation A](#).

3. Are performance measures for local spending on Minority and Women-Owned Business Enterprises accurate?

No. The performance measures are reported using an encumbrance file which may not reflect actual spending and calculated using a definition of local spending that is not defined in the procedures. See [Observation B](#).

4. Are Minority and Women-Owned Business Enterprise utilization goals and good faith efforts documented during the procurement process in compliance with the *Business Inclusion and Development Policy*?

Yes. The utilization goals reported to the City Council when obtaining approvals for procurements are generally accurate.

Audit Results

Both *City Council Resolution 88-3428* and Administrative Directive 4-09, *Internal Control* prescribe policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Post Council Award Monitoring

The Small Business Center process to track first tier subcontractor utilization through the B2GNow application or monitor prompt payment by prime contractors to first tier subcontractors post council award is informal and inconsistent. As a result, the success of the *Business Inclusion and Development Policy* for post council award cannot be determined.

Two objectives identified in the *Business Inclusion and Development Policy* require the Small Business Center to:

- Track and monitor Minority and Women-Owned Business Enterprise participation including first tier subcontractor utilization with emphasis on first tier subcontracting utilization post council award.
- Track and monitor payments to: (1) prime contractors from the City; and (2) payments from prime contractors to first tier subcontractors with emphasis on prompt payment as outlined in Government Code, Section 2251.022.

Subcontractor Monitoring

The Small Business Center does not monitor or evaluate compliance of first tier subcontractor payments. The current process for post council award first tier subcontractor monitoring relies upon:

- The prime contractors' diligence to self-report their payments made to first tier subcontractors through the B2GNow application. When the prime contractors self-report their payments, B2GNow will send alerts to first tier subcontractors for verification. The verification process is dependent on the diligence of the subcontractors.
- Each department's process of monitoring and reporting on the prime contractor's compliance with actual value paid to first tier subcontractors.
- The nature of the contract. Depending on the project type, longevity, and contract phase, first tier subcontractors may not be used consistently throughout the contract.

These activities are not reviewed comprehensively to determine whether the initial goal cited by the prime contractor for first tier subcontractor payments was met. The Small Business Center will review first tier subcontractor payment compliance for Construction, and Architecture & Engineering procurements but only upon request by the subcontractor.

A department will send the Small Business Center FRM 213 that denotes the initial pledged value and actual value of work paid to first tier subcontractors. This information is considered along with FRM 513 and FRM 517 at an arbitrary level and does not involve actual verification of

payments to first tier subcontractors. If noncompliance of prime contractors is noted, the Small Business Center works to resolve the noncompliance informally with the first-tier subcontractors and noncompliance of the prime contractor is not documented.

Data Collection

Post council award monitoring of payments from prime contractors to first tier subcontractors requires data inputs from various sources. To complete tracking and monitoring of first tier subcontractor payments, the Small Business Center would need a centralized location of contracts, and payment schedules for each contract. Since these contract monitoring activities are divided between the Office of Procurement Services and departments that are retaining vendor services, data collection for subcontract payment and compliance cannot be evaluated by the Small Business Center.

Prompt Payment

Confirmation of prompt payment from prime contractors to first tier subcontractors in accordance with the *Business Inclusion and Development Policy* cannot be executed due to legal limitations. According to the City Attorney's Office the City cannot hold prime contractors accountable for payment to first tier subcontractors. Prime contractors are third parties to the City and first tier subcontractors are third parties to prime contractors.

As these activities for post council award monitoring cannot be executed formally and consistently, the City Council's ability to evaluate the success of the *Business Inclusion and Development Policy* for post council award cannot be determined.

Criteria

- ❖ *Business Inclusion and Development Policy*
- ❖ Administrative Directive 4-05, *Contracting Standards and Procedures*
- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 10 – Design Control Activities*
 - *Principle 14 – Communicate Internally*

Assessed Risk Rating:

High

We recommend the **Director of the Small Business Center:**

A.1: Develop a process to monitor compliance of post council award activities for first tier subcontractor payments as described in the *Business Inclusion and Development Policy*.

A.2: Use the B2GNow application to track, document, and monitor the post council award resolution formally.

Observation B: Performance Measures

The monthly local spending¹ and Minority and Women-Owned Business Enterprise local spending² reported by the Small Business Center as part of performance measures for Dallas 365 and the Annual Budget Book were inaccurate. Performance measures are reported using encumbrance reports instead of actual spend reports. If performance measures are not accurate, a complete picture is not available for decision-making on the effectiveness of the program.

Calculation

The Small Business Center uses an encumbrance file to report on performance measures including *Certified Minority and Women-Owned Business Enterprise Spend with Vendors Located in Dallas*. A review of the purpose of the file, the contents, and application of the file to report performance measures identified that the encumbrance file may not be the correct file to use for performance measure reporting.

The encumbrance file lists the payments made by the City to the prime contractors from encumbered amounts for each contract. The listing includes all recurring and new encumbrances and is an ongoing list of payments made by the City to prime contractors. The use of the file to report performance measures results in the following errors:

- The local spending amount might be inflated as the encumbrance file may not reflect actual monthly results.
- The calculation process is incorrect. Currently, the Small Business Center removes the negative amounts (amount spent) and reports on the encumbered or approved procurements, which are original amounts approved for the length of the contract. If the encumbrance is used, then the negative amounts that show spending should be used.
- The encumbrance payments reflect payments from the City to prime contractors who are identified as local and/or Minority Women-Owned Business Enterprise prime contractors. The file does not show payments made by prime contractors to first tier subcontractors.

Local spending

The *Business Inclusion and Development Administration Guide* defines local Minority and Women-Owned Business Enterprise spending to include first tier subcontractors within the Dallas County limits. A reperformance of the Small Business Center internal procedures on reporting performance measures was completed for a sample of four months. The reperformance identified that certain zip codes not within the Dallas County limits were being

¹ The City's Local Preference Program values the participation of companies who have their principal place of business in the City of Dallas and who hire City of Dallas residents. Local Preference Supplier must satisfy one of the following requirements: proof of principal place of business located in City of Dallas; proof of local workforce composition including at least 100 full-time employees who are Dallas residents, at least 20% of its total full-time employees who are Dallas residents, or participation in the Workforce Development Program.

² Minority Women-Owned Business Enterprise local spending refers to the portion of local spending that is directly attributed to the first tier subcontractors that are certified as Minority Women-Owned Business Enterprise entities.

used. [Exhibit 1](#) shows the variance in reporting for the four months when Dallas County only zip codes are included.

According to management, the Dallas County local designation is determined by the vendor when they register with the City. This means that if a vendor self-reports as a local vendor and is outside of the Dallas County limits, then no verification of vendor designation is completed.

Exhibit 1:

Local Minority and Women-Owned Business Enterprise Variance

Month	Variance in Dollars		
	SBC	AUD	Variance
October 2020	15,414,029	15,378,554	35,745
July 2021	44,607,611	44,640,106	(32,495)
January 2022	6,677,986	6,668,349	9,637
May 2022	4,219,197	4,363,396	(144,199)

Source: ENC files and BIT Entry provided by Small Business Center for the audit period

Since City Council and City management rely on performance measures to assist in budgetary decisions, accuracy in reporting local spending of Minority and Women-Owned Business Enterprise are essential in evaluating the effectiveness of the program.

Criteria

- ❖ *Business Inclusion and Development Policy*
- ❖ *Business Inclusion and Development Administration Guide*
- ❖ Standards for Internal Control in the Federal Government, *Principle 14 – Communicate Internally*

Assessed Risk Rating:

Moderate

We recommend the **Director of Small Business Center:**

- B.1:** Identify the appropriate source data to use for performance measure reporting.
- B.2:** Define local business spending consistently for the program.
- B.3:** Verify and validate vendor self-registration to City's definition of local business.

Observation C: Program Administration

Minority and Women-Owned Business Enterprise operational procedures are not aligned with the *Business Inclusion and Development Policy*. Inaccurate, missing or poorly developed procedures cause inconsistencies in the administration of the program.

The Small Business Center is currently relying on the *Business Inclusion and Development Administration Guide* which has an effective date of January 11, 2012. The document was developed by the former Business Development and Procurement Services department ten years ago and has not been updated to incorporate *Business Inclusion and Development Policy* objectives approved by the City Council in 2020.

The *Business Inclusion and Development Administration Guide* focuses on various procurement activities that span from the development of forms, solicitation procedures, outreach activities, post council award functions, and sanctions for noncompliance. These various operational activities have since been redistributed between the Office of Procurement Services and one of the three divisions of the Small Business Center.

While there are similarities in certain activities in the two documents, the new policy does not consider vendor noncompliance consequences and professional judgment guidance and monitoring activities to support timely payments to subcontractors. See [Exhibit 2](#) below for policy differences and missing components between the two policy documents.

Exhibit 2:

Procedural Differences

Component	Business Inclusion and Development Administration Guide (2012)	Business Inclusion and Development Policy (2020)
Policy Development	Developed in 2012 by former Business Development and Procurement Services.	Developed in 2020 by the City Council and assigned to the Small Business Center in 2021.
Roles and Responsibilities	Roles and responsibilities are mapped to Business Development and Procurement Services.	Roles and responsibilities are defined by a position. Positions are not aligned within Small Business Center.
Participation Goals	Participation goals were developed in 2012.	Participation goals were updated in 2020.
Objectives	Has three objectives.	Has four objectives.

Component	Business Inclusion and Development Administration Guide (2012)	Business Inclusion and Development Policy (2020)
Contractor Requirements; Contract Changes and Approvals	Describes requirements for prime contractors to follow when stated goals are not met and changes to the contract after approval.	Not addressed.
Requirements for Review of Payments for Contracts that Exceed Certain Amounts.	Monthly review of payments for contracts over one million (\$1million).	Not addressed.
Subcontractor Payment Schedule	Payments to subcontractors within 10 days from being paid by the City.	Not addressed.
Encumbrance and Actual Expenditure Reports Review	Encumbrance and actual expenditure reports are reviewed to monitor compliance	Not addressed.
Documentation of Good Faith Efforts	Good Faith Efforts include documented evidence of communication with 10 percent of Minority and Women-Owned Business Enterprises contractors listed in the City of Dallas Certified Minority and Women-Owned Business Directory.	Not addressed.
Commercial Useful Function	Uses Commercial Useful Function to count toward participation goals.	Not addressed.
Reporting Compliance Activities	Not addressed.	Places emphasis on reporting compliance activities.

Source: *Business Inclusion and Development Administrative Guide (2012); Business Inclusion and Development Policy 2020*

Criteria

- ❖ *Business Inclusion and Development Policy*
- ❖ *Business Inclusion and Development Administration Guide*
- ❖ Standards for Internal Control in the Federal Government, *Principle 12 – Documentation of Responsibilities through Policies, Periodic Review of Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **Director of Small Business Center:**

C.1: Adopt, modify and/or develop procedures to reflect daily activities to achieve Minority and Women-Owned Business Enterprise participation goals. At a minimum, the current procedures should reflect the updated utilization goals and procurement categories.

Emerging Risks

The Minority and Women-Owned Business Enterprises utilization goals do not consider all possible procurements completed by the City. Administrative Actions and Cooperative Purchasing Agreements both can contribute to the overall utilization goals. Additionally, the Small Business Center identified that some Minority and Women-Owned Business Enterprises may not be able to compete with procurement packages of \$50,000 or more. But Minority and Women-Owned Business Enterprises can compete with procurements that are under \$50,000 which are often purchased through Administrative Actions. The inclusion of these types of procurements might assist in the overall utilization goals for Minority and Women-Owned Business Enterprise spending.

Impact: The inclusion of these additional procurements and their composition can assist in meeting the City's overall goal of increased Minority and Women-Owned Business Enterprise spending.

Appendix A: Background and Methodology

Definitions

Business Inclusion and Development (BID) Policy – Policy to encourage participation by Minority and Women-Owned Business Enterprises in the City's programs/projects to the greatest extent feasible.

First Tier Subcontractors are only locally certified Minority and Women-Owned Business Enterprise subcontractors, suppliers, or sub-consultants with a direct contractual relationship with the prime contractor

Minority and Women-Owned Business Enterprise (M/WBE) firms are those that have met certain requirements and have been certified by one of three certification agencies recognized by the City of Dallas: North Central Texas Regional Certification Agency, Dallas Fort Worth Minority Supplier Diversity Council, and Women Business Council-Southwest. These firms are at least 51% owned and controlled by one or more socially and economically disadvantaged individuals, or in the case of any publicly owned business, of which at least 51% of the stock is owned by one or more socially and economically disadvantaged individuals.

Prime contractor is a company or firm that is awarded a city contract by either the City Council or Administrative Action.

Background

It is the policy of the City of Dallas to involve certified Minority and Women-Owned Business Enterprises to the greatest extent feasible on the City's construction, general services, and professional services contracts. In consideration of this policy, the City of Dallas has adopted the *Business Inclusion and Development Policy* for all City of Dallas contracts.

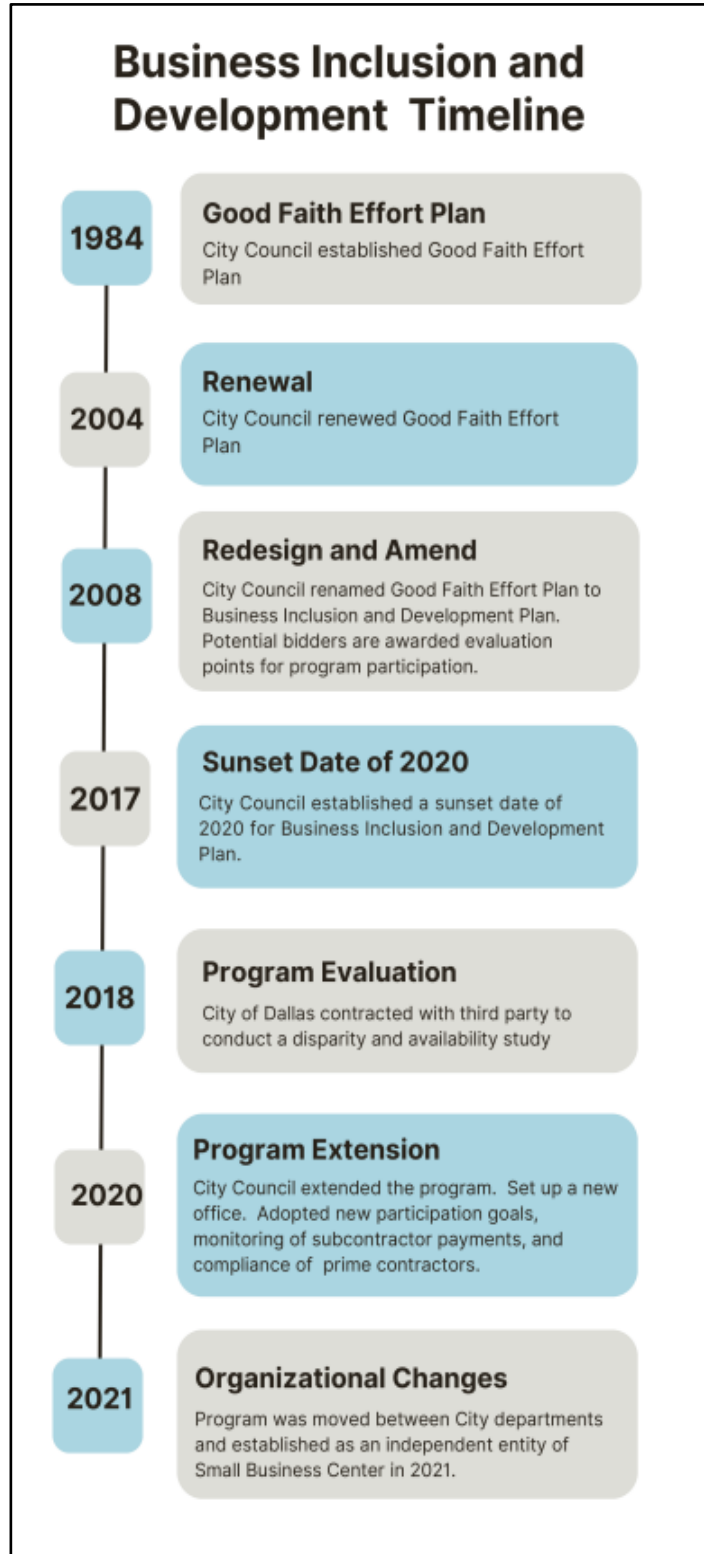
The *Business Inclusion and Development Policy* applies to all contracts for the purchase of goods and services over \$50,000 with a special emphasis on those contracts with first tier subcontracting opportunities. This provision supersedes any departmental plans or procedures in conflict unless otherwise noted.

The *Business Inclusion and Development Policy* has four objectives. The audit scope focused on the *Business Inclusion and Development Policy* objectives related to providing procedures for monitoring, enforcement, and compliance with Minority and Women-Owned Business Enterprise requirements post council award. The City Manager is the designated Liaison Officer for the program and delegates daily operational activities to the Small Business Center. The Small Business Center was established on October 1, 2021, with three divisions: Workforce, Entrepreneurship, and Business Diversity.

The *Business Inclusion and Development Policy* and its activities are managed by the Business Diversity division of the Small Business Center. Business Diversity responsibilities are to:

- Develop, manage, and implement policy.
- Maintain and provide a directory of certified Minority and Women-Owned Business Enterprise vendors.
- Maintain a directory of the City of Dallas vendors.
- Track and monitor participation including subcontractors with emphasis on post-council award.
- Track and monitor payments from the City to prime contractors, from prime contractor to subcontractors.
- Grant evaluation points during the procurement process.
- Communicate Minority and Women-Owned Business Enterprise goals to departments.
- Maintain and submit accurate and current reports of performance of goals.

The City of Dallas maintains the option to waive the *Business Inclusion and Development Policy* criteria when there is no opportunity for Minority and Women-Owned Business Enterprise inclusion. Before the award of the contract, the City of Dallas will require bidders/proposers to document good faith efforts to meet the established goals. Failure to adequately document good faith efforts to obtain Minority and Women-Owned Business Enterprise participation is considered noncompliance. The *Business Inclusion and*



Development Policy goals that were adopted in 2020 after the Availability and Disparity Study are noted in [Exhibit 3](#) below.

Exhibit 3:

Business Inclusion and Development Policy Goals Approved in 2020

Procurement Category	Goal
Construction	32%
Architecture & Engineering	34%
Professional Services	38%
Goods	32%
Other Services	0%

Source: *Business Inclusion and Development Policy 2020*

There are three agencies that certify Minority and Women-Owned Business Enterprise ownership and control and provide Minority and Women-Owned Business Enterprise certification services for the City of Dallas. They are the North Central Texas Regional Certification Agency, the Dallas Fort Worth Minority Supplier Development Council, and the Women's Business Council-Southwest. The City of Dallas is a member of all three agencies.

The Small Business Center reports on its progress and compliance with goals through performance measures. For fiscal year 2021-2022 the performance measures set were:

- Percentage of City spend with vendors located in Dallas – 40%
- Percentage of certified Minority -Women-Owned Business Enterprises spend with vendors located in Dallas – 65%

Methodology

The audit methodology included: (1) interviewing personnel from the Small Business Center, Information Technology Services, Financial Division, and Office of Procurement Services; (2) reviewing internal policies and procedures, and (3) performing various reperformance and recalculations of procedures. In addition, all five components of *Standards for Internal Control in Federal Government* were considered.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Mamatha Sparks – Audit Manager, CIA, CISA, CISSP, CRISC
 Carron Perry – Engagement Manager, CIA
 Jennifer Phung – Senior Auditor, CIA

Appendix B: Management's Response

See following pages for Audit Acknowledgement Letter and Management Responses.

Memorandum



DATE: February 14, 2024

TO: Mark S. Swann – City Auditor

SUBJECT: Response to the Audit of Small Business Center – Minority and Women-Owned Business Enterprises

This letter acknowledges the City Manager's Office received the *Audit of Small Business Center – Minority and Women-Owned Business Enterprises (M/WBE)* and submitted responses to the recommendations in consultation with the appropriate City department.

The Small Business Center (SBC) was established in December 2021 and serves the community by promoting business diversity, workforce development, and entrepreneurship programs. The SBC is pleased with the progress it has made in a little over two years but recognizes there are opportunities for continuous improvement.

SBC will leverage the auditor's recommendations to improve its processes.

Specifically, SBC will:

- Implement a BID tracking and post-award monitoring process to ensure minority/women business enterprise (M/WBE) prime contractors and subcontractors are timely reporting accurate data;
- Track, document, and monitor the post-council award in the B2GNow application. Update the Business Inclusion and Development Policy and Administrative Guide to ensure an effective compliance monitoring and tracking process;
- Work with relevant departments to ensure the planned upgrade to the financial system provides the necessary data for the SBC to transition from reporting M/WBE participation based on encumbrance data to total annual spend data;
- Revise the Business Inclusion and Development Administration Guide to define local business spending in alignment with existing SBC practices;
- Implement a process to verify the accuracy of the vendor self-reported addresses conform to the City's definition of a local business; and
- Ensure the revised Business Inclusion and Development Policy and Business Inclusion and Development Administration Guide incorporate the utilization goals and procurement categories.

Response to the Audit of Small Business Center – Minority and Women-Owned Business Enterprises
February 14, 2024
Page 2 of 2

Sincerely

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

T.C. Broadnax
City Manager

C: Genesis D. Gavino, Chief of Staff
Jack Ireland, Chief Financial Officer
Kimberly Bizer Tolbert, Deputy City Manager
Joyce Williams, Director, Small Business Center

Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
High	We recommend the Director of Small Business Center:			
		<p>A.1 Develop a process to monitor compliance of post council award activities for first tier subcontractor payment as described in the <i>Business Inclusion and Development Policy</i>.</p>	<p>Agree</p> <p>The Small Business Center (SBC) began reviewing the existing compliance process in December 2022. Through this review, SBC has identified opportunities to improve communication with relevant departments.</p> <p>Additionally, SBC has identified the current financial system's limited reporting capability as a constraint that limits SBC's ability to monitor compliance efficiently.</p> <p>SBC is working with relevant departments to help ensure a planned upgrade to the financial system will provide an efficient process for extracting the necessary data from the financial system to allow for an efficient monitoring process.</p> <p>Additionally, SBC will update the Business Inclusion and Development Policy (Policy) and Business Inclusion and Development Administration Guide (Guide) to ensure better communication and an effective compliance monitoring process.</p> <p>SBC anticipates the new process will include:</p> <ul style="list-style-type: none"> • A robust BID tracking and a post-award monitoring process to ensure prime contractors and 	9/30/2024

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
			subcontractors are timely reporting accurate data; and <ul style="list-style-type: none"> • Ensure departments provide timely notification to proceed to the prime contractors. 		
	<p>A.2 Use the B2GNow application to track, document, and monitor the post council award resolution formally.</p>	<p>Agree</p>	<p>SBC's dedicated BID staff will formally track, document, and monitor the post-council award.</p> <p>In addition, SBC will enhance communication with involved parties, ensuring a clear understanding of expectations by following up with prime contractors, subcontractors, and departments related to compliance concerns. In addition, SBC will develop an escalation strategy should initial follow-up with prime contractors, subcontractors, and departments not remedy compliance concerns.</p> <p>Finally, SBC will ensure transparency by providing annual compliance reports to departments on all contracts involving M/WBE prime and sub-contracting participation.</p>	<p>9/30/2024</p>	<p>9/30/2025</p>

Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date	
Moderate	We recommend the Director of Small Business Center:				
	<p>B.1 Identify appropriate source data to use for performance measure reporting.</p>	<p>Agree</p>	<p>The current financial system does not provide the data necessary for efficient Dallas 365 Performance Measure Reporting.</p> <p>SBC is working with relevant departments to ensure the planned upgrade to the financial system will capture the necessary information to allow SBC to transition from reporting M/WBE participation based on encumbrance data to total spending data.</p> <p>Once the upgrade is complete, SBC will supplement this effort by developing and testing formal procedures for calculating the performance measures.</p>	<p>9/30/2024</p>	<p>9/30/2025</p>
	<p>B.2 Define local business spending consistently for the program.</p>	<p>Agree</p>	<p>SBC will revise the Guide to clarify local business spending. In addition, the Guide will provide a consistent process to verify a vendor's qualification as a local market vendor, based upon the 2020 A&D Study.</p> <p>Specifically, SBC has:</p> <ul style="list-style-type: none"> Revised the list of eligible ZIP Codes to allow for the consistent identification of local businesses; and 	<p>9/30/2024</p>	<p>9/30/2025</p>

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
			<ul style="list-style-type: none"> Implemented a process to investigate whether a vendor in specific ZIP codes qualifies as a local market vendor. <p>Additionally, SBC will finalize revisions to the Guide, and review qualifying ZIP Codes annually and make necessary updates.</p>		
	<p>B.3 Verify and validate vendor self-registration to City's definition of local business.</p>	<p>Agree</p>	<p>SBC will implement a process to verify the accuracy of the vendor's self-reported addresses conforms to the City's definition of a local business.</p> <p>Specifically, SBC will vet all existing vendors registered as local businesses. Further, SBC will require new vendors to submit appropriate documentation at registration and periodically. SBC will review the documentation to ensure initial and continued eligibility.</p>	<p>9/30/2024</p>	<p>9/30/2025</p>
	<p>C.1 Adopt, modify and/or develop procedures to reflect daily activities to achieve Minority and Women-Owned Business Enterprise participation goals. At a minimum, the current procedures should reflect the updated utilization goals and procurement categories.</p>	<p>Agree</p>	<p>SBC began revising the draft BID Policy and the Administrative Guide in December 2023. The revised guidance includes clarified forms and directions that aid vendors in reporting data.</p> <p>Specifically, SBC will:</p> <ul style="list-style-type: none"> Update the Guide with the utilization goals and procurement categories, and 	<p>9/30/2024</p>	<p>9/30/2025</p>

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
			<p>include a process to monitor vendors for compliance;</p> <ul style="list-style-type: none"> • Capture M/WBE spend, inclusive of Administrative Actions, cooperatives, and lowest bid, for calculating and monitoring overall utilization goals; • Implement a process for calculating and monitoring Tier II (e.g., subcontractor) spend to the Guide and Policy; and • Consistently provide BID Form 623 (Bid Pre-Proposal Form) and BID Form 627 (Workforce Composition) to vendors for M/WBE procurements to enhance communication regarding vendor data submission requirements. 		



Audit of Procurement Marketing Practices

February 22, 2024

Mark S. Swann, City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

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Council Members

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Executive Summary

Objective and Scope

The objective of this audit was to determine if the Office of Procurement Services' procurement marketing practices reflect best practices to promote competition and competitive pricing.

The scope of the audit was operations between March 1, 2021, and March 31, 2023.

Recommendations

No recommendations are associated with this report.

Background

The Office of Procurement Services is nationally accredited by the National Institute of Governmental Purchasing, as a Quality Procurement Department. It is responsible for purchasing the City of Dallas' goods and services and provides oversight for contract management across all City of Dallas departments.

Vendors interested in doing business with the City of Dallas must register electronically on the Bonfire system. Bonfire keeps vendors informed of procurement opportunities and bid process.

The City of Dallas Small Business Center is responsible for assisting small emerging firms increase opportunities.

Observed Conditions

The Office of Procurement Services provides vendor support on registering and using Bonfire, reviews bids for responsiveness and minimum requirements, and performs high-level analysis of pricing and trend analysis for appropriateness. The Sustainable Procurement Working Group is in the developmental stage of analyzing Citywide purchases for efficiency and waste reduction opportunities and furthering positive social, economic, and environmental outcomes including local preferences and supplier diversity.

The Office of Procurement Services does not actively recruit new vendors, which is the responsibility of the Small Business Center, establish bid award criteria, or evaluate bid pricing/cost, which are the responsibility of the soliciting department.

Objectives and Conclusions

1. Do the Office of Procurement Services' procurement marketing practices reflect best practices to promote competition and competitive pricing?

Yes. The Office of Procurement Services' use of Bonfire and the Procurement Quarterly ensures vendors are informed of procurement opportunities and the bid process for bids vendors want to act on. The Office of Procurement Services provides: (1) directions on how to use and register on Bonfire; and, (2) debriefs of factors that hinder successful awarding of the solicitation.

Appendix A: Methodology

Methodology

The audit methodology included: (1) interviewing personnel from Office of Procurement Services; (2) reviewing policies and procedures, applicable Administrative Directives, and best practices; and, (3) evaluating internal controls and operational processes. In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Natalie Martinez – In-Charge Auditor
Rory Galter, CPA – Engagement Manager

Appendix B: Management’s Response

Memorandum



DATE: February 15, 2024

TO: Mark S. Swann – City Auditor

SUBJECT: Response to Audit of Procurement Marketing Practices

This letter acknowledges the City Manager’s Office and the Office of Procurement Services received the *Audit of Procurement Marketing Practices*.

The Office of Procurement Services is satisfied that the audit concluded that the department’s marketing practices reflect best practices to promote competition and competitive pricing.

We continuously strive to ensure the City has a diverse vendor community and receives value in its purchases. The Office of Procurement Services will continue to develop processes for analyzing Citywide purchases for efficiency and waste reduction opportunities and furthering positive social, economic, and environmental outcomes including local preferences and supplier diversity.

We appreciate the professionalism and quality of work that your staff demonstrated throughout this engagement.

Sincerely

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

T.C. Broadnax
City Manager

C: Genesis D. Gavino, Chief of Staff
Jack Ireland, Chief Financial Officer
Danielle Thompson, Director, Office of Procurement Services

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Audit of Dallas Police Department Body Worn and In Car Camera Operations

February 26, 2024

Mark S. Swann, City Auditor

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Eric L. Johnson

Mayor Pro Tem

Tennell Atkins

Deputy Mayor Pro Tem

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Omar Narvaez

Jaime Resendez

Paul E. Ridley

Jaynie Schultz

Kathy Stewart

Chad West

Gay Donnell Willis

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Executive Summary

Objective and Scope

The objectives of this audit were to:

- Determine if policies and procedures, directives, and general operations comply with state and local government requirements and meet best practices for law enforcement agencies.
- Determine if internal controls are designed to ensure the efficient and effective management, administration, and compliance of body worn camera and in car camera operations performed by the Dallas Police Department.
- Ensure that controls over the selected critical operations are operating as designed, including proper oversight, execution, consistency, and compliance with defined policy, procedure, directives, and general orders.
- Determine whether the necessary information security operations and procedures are utilized to manage and maintain camera operations footage for body worn and in car cameras operations.

The scope period was from October 1, 2020, through October 31, 2022.

Background

Dallas Police Department uses body worn and in car cameras to record its responses to emergencies and interactions with the public. These cameras recorded more than 2.1 million videos, or an average of 5,910 videos every day, in calendar year 2022.

The efficient, effective, and consistent administration and management of the Dallas Police Department's body worn and in car camera operations for the City of Dallas is critical to the management of risks, compliance with requirements associated with City directives and operations, and meeting nationwide best practices.

The City Auditor's Office contracted with Weaver & Tidwell, L.L.P. (Weaver) to perform this audit.

Observed Conditions

Dallas Police Department has taken strides to define and streamline management functions and requirements to ensure body worn and in car camera operations are performing as expected.

Specific areas for improvement include updates to procedures, supervisory review, training, responses to open records requests, including cybersecurity governance.

Since the audit period, Dallas Police Department updated its retention policy, increasing the time frame footage is retained to further ensure availability of the videos.

See the full Weaver report in [Appendix A](#) for details.

Objectives and Conclusions

1. Do policies and procedures, directives, and general operations comply with state and local government requirements and meet best practices for law enforcement agencies?
 - **Generally, yes.** Dallas Police Department maintains comprehensive policies, procedures, directives, and General Orders. General Order 332.03 could be improved by including more detailed descriptions of body worn camera categories and requiring periodic training on the General Order's requirements.
2. Are internal controls designed to ensure the efficient and effective management, administration, and compliance of body worn camera and in car camera operations performed by the Dallas Police Department?
 - **Generally, yes.** Dallas Police Department established effective internal controls. The controls could be strengthened by additional supervisor review and resources for responding to public information requests.
3. Are controls over the selected critical operations operating as designed, including proper oversight, execution, consistency, and compliance with defined policy, procedure, directives, and general orders?
 - **Generally, yes.** The body worn and in car camera operations were generally operating as designed. Officers did not always end body worn camera recordings with the required conclusion announcement, used to signify the call response was over.
4. Are the necessary information security operations and procedures utilized to manage and maintain camera operations footage for body worn and in car cameras operations?
 - **Generally, yes.** While information security procedures and requirements are in place, additional required controls include:
 - A body worn camera operations security program that documents required security practices is needed along with other controls.
 - Formal definition of the privileged user access and consistent role review process.
 - Defined security configuration baselines.
 - Enhanced asset inventory reconciliation and maintenance operations.

Audit Results

See [Appendix A](#) for the Weaver report.

Background and Methodology

Background

Dallas Police Department uses body worn and in car cameras to record interactions with the public and responses to emergencies. These cameras are worn on officer's chests and installed on both the dashboard and the inside of the vehicles to show where the vehicle is headed and its back seat.

Dallas Police Department general orders cover the operations of body worn and in car cameras and officers receive training on operating both. This audit was included in the 2023 Fiscal Year Audit Plan to evaluate Dallas Police Department's internal controls for operating the cameras. The audit was contracted out to Weaver.

Dallas Police Department had 2,365 body worn cameras and 625 in car cameras, which combined to record 2,157,238 videos in calendar year 2022. The cameras are increasing.

In Fiscal Year 2024, the City is expected to pay Axon almost \$8.2 million for 3,000 body worn cameras and 3,245 tasers for the Dallas Police Department as part of a larger 10-year \$147 million agreement with Axon that also includes other equipment and departments, according to Dallas Police Department documents. The specific cost for all equipment and staff responsible for body and in car cameras is not specified in the Dallas Police Department budget as these costs are included in larger program budgets.

Before the audit began, in November 2022 the Dallas Police Department conducted its own internal review identifying that 89,000 (2 percent) of the 3.8 million videos on hand were not categorized and that some categorized videos had been deleted. As a result, the Dallas Police Department in early 2023 extended retention periods for all videos to delay their deletion.

Video categorization and tagging are management processes that can be automatically added by the system or manually added by the officer to identify the content of the video and connect it to relevant case files and to the retention periods for similar videos. If the video is connected to a case, it is not deleted until the case is completed, and its specific retention period has elapsed. While the retention periods have been extended for all videos, the categorization and tagging processes are important because they provide information about the type of videos and whether it is connected to a case file.

There were several recent changes or updates to operations after both the audit scope period and the completion of audit fieldwork:

- Responsibility for Dallas Police Department video open records requests was transferred from Dallas Police Department to the City Secretary's Office in August 2023.

City management also released new citywide guidance on camera oversight, Administrative Directive 6-19, *Camera Governance* in November 2023.

- A separate Dallas Police Department internal review of videos related to 113 homicide cases was also conducted and a summary was released in December 2023.

Methodology

To accomplish our audit objectives, we performed the following steps:

- Interviewed City personnel.
- Reviewed requirements, procedures and best practices for body worn and in car camera operations.
- Retained Weaver to conduct this audit. See the methodology section of the report in [Appendix A](#) for a more complete description of the work performed.
- Conducted a survey of Dallas Police Department and four other large police departments (Houston, Fort Worth, Columbus, and El Paso) on their body worn and in car camera operations.
- Considered risk of fraud, waste, and abuse.
- Considered all five internal control components of the *Standards for Internal Control in the Federal Government*

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Weaver Risk Advisory Services

Brandon Tanous, CIA, CFE, CGAP, CRMA – Partner

David Butler, CPA, CISA – Manager

Amanda Williams – Senior Associate I

Chelsea Wong – Associate II

Philip Garza – Associate II

Weaver Cybersecurity Services

Trip Hillman, CISSP, GPEN, QSA, GSNA, CISA, GCWN, GCFE, CEH, CCSK – Partner

Shelby Mathers, CEH – Manager

Kylie Merz – Associate II

Office of the City Auditor

Dan Genz, CIA, CFE, CISA – Engagement Manager

Appendix A: Weaver Report

See Weaver's report on the following pages.

City of Dallas

Internal Audit Report of the Dallas Police Department
Body Worn and In Car Camera Operations

Report Date: February 26, 2024

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Mark S. Swann | City Auditor
City of Dallas
Office of the City Auditor
1500 Marilla Street, Room 2FN
Dallas, TX 75201

The accompanying report presents the procedures, results and recommendations relating to our internal audit over the body worn camera and in car camera operations of the Dallas Police Department. The audit included an assessment of operations and procedures, an evaluation of internal controls, along with testing related to operational and information technology/security related operations for administering and managing the body worn camera and in car camera operations. Our procedures were performed in accordance with Government Auditing Standards for Performance Audits. Our procedures do not represent an audit of the financial statements of the City in accordance with United States Generally Accepted Government Auditing Standards (GAGAS).

The objectives of this audit were as follows:

- Determine if policies and procedures, directives, and general operations comply with state and local government requirements and meet best practices for law enforcement agencies. [Operational]
- Determine if internal controls are designed to ensure the efficient and effective management, administration, and compliance of body worn camera and in car camera operations performed by the Dallas Police Department. [Operational]
- Ensure that controls over the selected critical operations are operating as designed, including proper oversight, execution, consistency, and compliance with defined policy, procedure, directives, and general orders. [Operational]
- Determine whether the necessary information security operations and procedures are utilized to manage and maintain camera operations footage for both body worn camera operations and in car camera operations. [Information Technology/Security]

To accomplish these objectives, we conducted interviews and walkthroughs with the Dallas Police Department, and Information & Technology Services personnel that have responsibilities in managing and/or monitoring the body worn camera operations and in car camera operations, inspected documentation (e.g., policies, directives, procedures, plans), reviewed relevant system configurations and sample evidence, and tested sample transactions to gain an understanding of the current operations and defined requirements in place. We evaluated the existing policies and operations in their current state. Our coverage period was from October 1, 2020, through October 31, 2022.

The following report and appendices summarize the recommendations and emerging risks identified throughout the audit.

This report is intended solely for the information and use by City Management and the Office of the City Auditor and is not intended to be used, and should not be used, by anyone other than the specified parties.

WEAVER AND TIDWELL, L.L.P.
Dallas, Texas

February 26, 2024

Weaver and Tidwell, L.L.P.
2300 N. Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970

City of Dallas

Internal Audit Report of Body Worn and In Car Camera Operations of the Dallas Police Department
February 2024

Background

The efficient, effective, and consistent administration and management of the Dallas Police Department's body worn camera operations and in car camera operations for the City of Dallas is critical to the management of risks, compliance with requirements associated with City directives and operations, and meeting nationwide best practices.

The audit over body worn camera operations and in car camera operations was included in the Office of the City Auditor's Fiscal Year 2023 Audit Work Plan. The preliminary plan sought to answer:

- Is the body worn camera operations program, related directives, and operations for securely managing the system in alignment with compliance and regulatory requirements documented, communicated, and maintained to minimize the potential for camera operations and evidence related incidents?
- Is the in car camera operations program, related directives, and procedures for securely managing the system in alignment with compliance and regulatory requirements documented, communicated, and maintained to minimize the potential for camera operations and evidence related incidents? ¹

Primary responsibility for the body worn camera operations and in car camera operations program rests with the Dallas Police Department's Body Camera Operations Unit and DVR Review Team with information technology and security related practices falling under a shared responsibility with the City's Information & Technology Services Department. The success of the program at the time of the audit relied upon the third-party relationship with Axon to assist with operational efficiency and security of evidence and camera operations management through the Evidence.com platform. The overall body worn camera operations and in car camera operations are currently entering a multi-year "phase out" period in which the legacy in car camera (L3) operations are being sunset and will be upgraded to the newer Axon platform.

Weaver and Tidwell, L.L.P. was contracted by the Office of the City Auditor to perform a design and effectiveness evaluation of the body worn camera operations and in car camera operations related operations based on defined City policies, procedures and industry practices; however, the objectives of the internal audit were modified at the direction of the Office of the City Auditor, as detailed in Appendix A, based on the active transition from L3 to Axon, which included a primary focus on the Axon camera operations systems.

Audit Scope and Objectives

The audit was designed to assist management in identifying policy, operations, and procedural control gaps within the in-scope areas of review to improve overall compliance, efficiency, and effectiveness of the Dallas Police Department's body worn camera operations and in car camera operations. The scope of the audit was executed in two concurrent phases. Phase 1 developed a baseline understanding of the people and operations related to the body worn camera operations and in car camera operations program to evaluate the Dallas Police Department's practices and internal controls for operating the in-scope camera operations systems effectively and compliantly. Phase 2 reviewed practices for select information technology/security process areas related to the administration of the body worn camera operations and in car camera operations program as well as the management of camera operations evidence.

¹ The Dallas Police Department had been utilizing the L-3 in car camera system operations through September 2021, at which time they began a multi-year transition to Axon for in car camera operations. As such, our testing focused on Axon while still encapsulating L-3 data as both were utilized during our coverage period.

City of Dallas

Internal Audit Report of Body Worn and In Car Camera Operations of the Dallas Police Department February 2024

Overall, the audit included an evaluation of the risks, internal controls, and adequacy of the Dallas Police Department's body worn camera operations and in car camera operations, security administration, as well as the adoption of nationwide best practices.

Key Objectives

- **Objective A [Phase 1]:** Determine if policies and procedures, directives, and general orders comply with state and local government requirements and meet best practices for law enforcement agencies.
- **Objective B [Phase 1]:** Determine if internal controls are designed to ensure the efficient and effective management, administration, and compliance of body worn camera operations and in car camera operations performed by the Dallas Police Department.
- **Objective C [Phase 1]:** Ensure that controls over the selected critical operations are operating as designed, including proper oversight, execution, consistency, and compliance with defined policy, procedure, directives, and general orders.
- **Objective D [Phase 2]:** Determine whether the necessary information security operations and procedures are utilized to manage and maintain camera operations footage for both body worn camera operations and in car camera operations.

In order to achieve the objectives of our audit, we evaluated the following operations and practices performed in their current state within two phases:

Phase 1 – Operational

- Issuance, installation, and replacing/refreshing of body worn camera operations and in car camera operations
- Policy, procedure, and training on use, recording, and positioning of cameras
- Record tagging, retention, and storage
- Review and evaluation cycle of recorded footage, including incident specific and non-incident specific
- Management and addressing of open record requests
- Coordination with the Office of Community Police Oversight

Phase 2 - Information Technology and Security

- Data storage and transmission operations
- Data recording and related system components
- Administrator access to relevant systems and evidence
- Criminal Justice Information Services security policy areas
- Guiding criteria

City of Dallas

Internal Audit Report of Body Worn and In Car Camera Operations of the Dallas Police Department February 2024

The audit was performed between January 4, 2023, and June 30, 2023, and included interviewing key personnel within the City, Dallas Police Department, and Information & Technology Services to gain an understanding of the current operations in place, sample testing of transactions (e.g. evidence retention), inspecting existing documentation and configurations related to the in scope operation and system components, reviewing policies and procedures, directives, and general orders, and evaluating the internal controls over the operations in order to ensure relevant risks were addressed. Refer to Appendix B for additional information on the procedures conducted and Appendix C for documentation inspected throughout the audit.

To ensure the necessary components and risk areas were considered as part of this audit, the following criteria was utilized to inform our procedures:

- **Phase 1 Guiding Criteria:**

- Dallas Police Department's policies and procedures, administrative directives, and general orders
- State of Texas' codes and statutes
- Committee of Sponsoring Organizations of the Treadway Commission 2013 Internal Control Framework
- Best practices and guidelines for law enforcement agencies (Texas Law Enforcement Best Practices, International Association of Chiefs of Police, etc.)

- **Phase 2 Guiding Criteria:**

- Dallas Police Department's policies and procedures, administrative directives, and general orders
- National Institute of Standards and Technology Cybersecurity Framework
- Criminal Justice Information Services Security Policy
- Police Executive Research Forum Implementing a Body Worn Camera Operations Program

Executive Summary

Positive Highlights

The City's body worn camera operations program is supported by a leading industry product vendor, Axon, that provides robust solutions and capabilities to ensure officers can execute job duties in the field efficiently and securely. The Dallas Police Department has taken strides to define and streamline management functions and requirements (e.g., evidence uploads, device upgrades/replacements, secure sharing of evidence, etc.) to ensure body worn camera operations and in car camera operations are operated as expected. Further, our testing identified the following positive takeaways:

- The Dallas Police Department transitioned from L-3 to Axon for their in car camera operations which has created efficiency and versatility in the way they operate and allows the Dallas Police Department to better track, monitor, and manage in car camera operations activity.

City of Dallas

Internal Audit Report of Body Worn and In Car Camera Operations of the Dallas Police Department February 2024

- The Dallas Police Department recently updated their retention policy, increasing the time frame with which they will retain specific footage based on the tagging of said footage which ensures further integrity, transparency, and obtainability.

Summary of Results

Through our audit procedures, we identified **13** recommendations. The listing of recommendations includes those items that have been identified and are non-compliance issues with documented Dallas Police Department policies and procedures, rules and regulations required by law, or where there is a lack of procedures or internal controls in place to cover risks to the City of Dallas. The following details the risk ranked recommendations per audit phase.

Summary of Recommendations – City of Dallas Internal Audit of Body Worn and In Car Camera Operations			
Phase	High	Moderate	Low
Phase 1 – Operational	2	2	-
Phase 2 – Information Technology / Security	-	2	4
Total	2	4	4

*Three recommendations are considered emerging risks and are not risk rated and shown in the table above.

A summary of our results, by audit objective, is provided in the table below. Please see **Appendix A** for an overview of the *Assessment and Risk Ratings*.

Key Recommendations

SCOPE AREA	KEY RECOMMENDATIONS
<p>Objective A: Determine if policies and procedures, directives, and general orders comply with state and local government requirements and meet best practices for law enforcement agencies.</p>	<p>The Dallas Police Department maintains comprehensive policies, procedures, directives, and general orders. However, we identified opportunities to strengthen existing guidance, including:</p> <ul style="list-style-type: none"> Revision of General Order 332.03 to include detailed descriptions for each category of body worn camera operations footage to ensure proper reference to authoritative criteria. Revision of General Order 332.03 to include requirements for periodic trainings over general orders and policies related to use and management of body worn camera operations.

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Internal Audit Report of Body Worn and In Car Camera Operations of the Dallas Police Department February 2024

SCOPE AREA	KEY RECOMMENDATIONS
<p>Objective B: Determine if internal controls are designed to ensure the efficient and effective management, administration, and compliance of body worn camera operations and in car camera operations performed by the Dallas Police Department</p>	<p>The Dallas Police Department has established effective internal controls. However, we identified opportunities to strengthen existing controls through the following measures:</p> <ul style="list-style-type: none"> • Strengthening requirements of supervisor review to ensure officers are following proper categorization, retention, and use of body worn camera operations. This includes increasing the volume of monthly body worn camera operation audits. • Onboarding additional resources who are responsible for the oversight and monitoring of open records requests processed by designated Open Records Request coordinators.
<p>Objective C: Ensure that controls over the selected critical operations are operating as designed, including proper oversight, execution, consistency, and compliance with defined policy, procedure, directives, and general orders.</p>	<p>Controls are in place and operating sufficiently. However, not all are consistently executed as designed. We identified the following opportunity for improvement:</p> <ul style="list-style-type: none"> • Operations strengthening frequency requirements of supervisory review to monitor proper ending of body worn camera operations and in car camera operations footage.
<p>Objective D: Determine whether the necessary Information Security operations and procedures are utilized to manage and maintain camera operations footage for both body worn camera operations and in car camera operations.</p>	<p>Controls and operations are in place; however, not all risks are sufficiently covered. We identified the following opportunities for improvement:</p> <ul style="list-style-type: none"> • Define and develop a body worn camera operations security program/charter that documents the required security practices related to maintaining the security of the body worn camera operations system. • Formally define the privileged user access and consistent role review process to ensure potential issues and action items highlighted are tracked to completion. • Define security configuration baselines to specify the security requirements and system hardening procedures to periodically assess camera operations for insecure configurations or potential "configuration drift" from approved baselines. • Enhance the asset inventory reconciliation and maintenance operations to address incomplete or duplicative data.

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Conclusion

Based on our evaluation, the body worn and in car camera operations at the Dallas Police Department have procedures, systems, and controls in place to conduct effective management of the significant operations at the Dallas Police Department. We recommend continued diligence in maintaining internal controls over the operations to ensure effective, efficient, and compliant operations.

However, we identified opportunities to strengthen the current operations and improve the effectiveness of controls within the Dallas Police Department to ensure continued effectiveness, efficiency, and compliance in the future. Most significantly, the City should focus on refresher training by developing a subsequent training operation that includes any updates to general orders and body worn camera operations and in car camera responsibilities to ensure compliance and effective performance of these procedures. The City operations should also enhance their review procedures of recorded footage to ensure that the Dallas Police Department is following proper categorization, retention, and use of body worn camera operations and in car camera operations. Lastly, the City should continue enhancing their Open Records Request operations and procedures to ensure the timely fulfillment of formal public information requests.

Based on our evaluation of information security measures, the City has developed a good foundation of practices within the vendor platform for body worn camera management. The newly supplemented general orders highlight the expanded use of body worn camera operations systems. This growing use and the necessary detailed procedures, operations, and routine practices can be further defined and documented within a centralized management point, such as an operation or charter to codify the growing institutional knowledge, requirements, and relied upon security controls. Additionally, the specific security configurations and settings that are necessary and implemented should be documented and maintained as a baseline that can be reviewed periodically and updated as changes are approved to ensure that insecure settings do not exist and that actual configurations applied do not deviate from those expected. Furthermore, the current body worn asset inventory demonstrated incomplete and duplicate data, which indicates an improvement opportunity for the periodic reconciliation and maintenance of inventories used within the system to ensure appropriate application of security controls.

We recommend that the Office of the City Auditor perform follow-up review procedures over the recommendations outlined in this report.

Detailed Observations, Recommendations, and Emerging Risks

City of Dallas

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February 2024

Detailed Observations, Recommendations, and Emerging Risks

Our procedures included interviewing key personnel within the Dallas Police Department with oversight over the body worn camera operations and in car camera operations to gain an understanding of the current operations in place, examining existing documentation, evaluating the internal controls over the process, and testing the effectiveness of the controls in place.

Phase 1 Observations

Observation 01 – HIGH – Defined Categorization of Body Worn Camera Operations Footage: The Dallas Police Department lacks a robust formalized review process to ensure that body worn and in car camera operations footage are categorized appropriately. While department supervisors perform a monthly audit for two random body worn camera operations footages, categorization is not clearly defined in the department's general orders and could impact the accuracy of categorization. In addition, the random audit performed does not cover the review of in car camera operations footage. General Order 332.03 states that "Supervisors, when reviewing video should look for training opportunities to enhance personnel performance. In addition, any video believed to benefit recruit and/or in-service training should be forwarded through the chain of command to the police academy. Minor infractions of policy or procedure found during review of video, not related to the operation of the body worn camera, will be handled as a training issue and supervisors should use the opportunity to counsel with employees to ensure no future violations occur."

We performed testing of body worn camera and in car camera operations footage and could not verify that 10 samples were appropriately categorized due to the lack of clearly defined categories in the general orders. Two of the 35 body worn camera operations samples contained conflicting categories such as "Blue Team Search/No Arrest and Arrest". Eight of the 35 body worn camera operations samples were categorized by the system, but not retroactively updated/reviewed by the uploader. As a result, inconsistent and conflicting categorization of footage of in car camera operations increase the following risks:

- Inaccurate retention period due to conflicting categories
- Loss of footage, if assigned a category with a shorter retention period
- Lack of formality and inconsistency in the performance of uploading footage

Impact 01: Lack of defined categorization of footage can lead to potential loss of footage due to inaccurate retention periods.

Proposed Corrective Action 01 (Recommendation A.1): We recommend that Dallas Police Department Management strengthen requirements of supervisor review to ensure officers are following proper categorization, retention, and use of body worn camera operations. This includes increasing the volume of monthly body worn camera operations audits.

(Recommendation A.2) Additionally, we recommend the City to revise General Order 332.03 Body Worn Camera Operations to include detailed descriptions of each category and required judgmental tagging of footage by each officer.

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Observation 02 – HIGH – Timeliness of Open Records Requests: The City's Open Records Requests for body worn camera operations and in car camera operations footage are not being addressed timely due to a lack of resources. Through interviews with the City's Open Records Request team, as part of the City Secretary's Office, we identified resource limitations resulting in untimely processing of Open Records Requests. The Texas Attorney General – Public Information Act Handbook 2022 states that open records requests should be addressed within ten business days and are required to communicate with the requestor through writing if the request cannot be fulfilled within ten business days and must provide an estimated date of completion.

Recently, the City Auditor's Office performed a survey to peer organizations about the performance of Open Records Requests, but are still awaiting the full results. However, initial results of the City's Open Records Request survey with peer cities identified that a dedicated open records request team ranges from 7-10 employees. Additionally, other Texas cities complete body worn camera operations and in car camera operations related open records requests on an average from 5 - 20 business days, while the City of Dallas is close to four (4) months.

Resource and timeliness limitations of addressing open records requests could increase the following risks:

- Increased risk of data loss and violations of state/federal laws/regulations
- Unique circumstances that require a fast turnaround for footage/information are not handled/addressed in a consistent manner
- Failure to implement a new system of key performance indicators for Open Record Requests could lead to an inefficient use of time and resources
- Failure to implement digitalization for historical records could lead to an inefficient use of time and resources

This issue of timeliness of fulfilling requests was initially identified in the February 2020 Audit of the City's Open Records Request Process - Dallas Police Department.

Responsibility for Dallas Police Department video open records requests was transferred from Dallas Police Department to the City Secretary's Office in August 2023. This occurred after both the audit scope period and the completion of audit fieldwork.

Impact 02: Untimely open records requests could increase distrust among citizens and increase loss of data, if a request contains footage with an expired retention period.

Proposed Corrective Action 02 (Recommendation B.1): We recommend the City consider additional resources who are responsible for the oversight and monitoring of Open Records Requests processed by designated Open Records Request coordinators.

(Recommendation B.2) Additionally, implement an operation to monitor Open Records Requests on a sample basis for timeliness. Attributes that should be monitored include:

- Consistent application of Open Records Request responsiveness and redaction of exempt information prior to release
- Timeliness of processing

City of Dallas

Internal Audit Report of Body Worn and In Car Camera Operations of the Dallas Police Department February 2024

- Effective use of GovQA features
- Use of cost recovery for voluminous requests
- Frequently requested records that can easily be made public on the City's website.

Observation 03 – MODERATE – Body Worn and In Car Camera Operations Refresher Trainings: Although incoming police cadets are required to attend the City's police training for initial use of body worn camera operations and in car camera operations, the City does not provide formal and periodic or refresher body worn camera operations and in car camera operations training sessions at established intervals. General Order 332.03 states that "Additional training shall be provided at periodic intervals to ensure the continued effective use of the equipment and incorporate changes, updates, or other revisions in policies and equipment." While the City provides updates to general orders and trainings through a Bulletin Board, acknowledgement of changes by affected employees are not documented nor tracked. This will increase the following risks:

- Police Officers are not in alignment with the City's policies and/or state/federal regulations/laws
- Inconsistencies in body worn and in car camera operations best practices (visual or audio intake, inappropriate positioning of camera operations equipment, or late activation and/or premature ending of footage)

Additionally, Open Records Request required trainings are not reviewed periodically for relevance and improvement. This hinders that changes to laws/regulations and/or best practice guidelines are identified and implemented to ensure team members are adequately informed.

Impact 03: A lack of periodic training may result in personnel not performing their duties and utilizing camera operations in line with City requirements and expectations, which can result in increased likelihood of non-compliance with City's policies, procedures, and state/federal regulations and laws.

Proposed Corrective Action 03 (Recommendation C.1): We recommend that Dallas Police Department management strengthen refresher/periodic training requirements at established intervals for in car camera operations and body worn camera operations to ensure officers are in alignment with the Department's policies and regulations. This includes revising General Order 332.03 Body Worn Camera Operations to include requirements for:

- (1) Periodic trainings regarding updates to general orders and policies
- (2) The proper start and stoppage of body worn camera operations recordings
- (3) Guidelines for monitoring corrective action when internal review identifies that officers do not use cameras properly

(Recommendation C.2) Additionally, we recommend the City Secretary's Office, in coordination with the Dallas Police Open Records Unit, develop targeted training for Open Records Request process attributes that are commonly misunderstood or have frequent noncompliance or inconsistencies.

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Observation 04 – MODERATE – Conclusion Announcement at Contact End: The Dallas Police Department's General Order #332.04 requires all body worn camera operations officers to announce the conclusion of footage before deactivating their body worn camera operations recording while ending a contact. While this is communicated to current and incoming police officers, the action is inconsistently performed.

We performed testing of 35 body worn camera operation recordings and identified that 14 of the 35 samples did not contain a conclusion announcement. In addition, in car camera operations footage are not required to contain a conclusion announcement. As a result, inconsistent conclusion of footage statement increases the risk of negative reputational impact among the media, community, and citizens.

Impact 04: Lack of utilizing proper "conclusion announcement" to end the contact and stoppage of body worn camera operations footage can lead to skepticism among the public related to the completeness of the footage.

Proposed Corrective Action 04 (Recommendation D.1): We recommend that Dallas Police Department Management strengthen requirements of Supervisory review to monitor policy performance consistency for the applicable general orders. This includes emphasizing the guidelines of General Order 332.03 for initiating timely corrective action taken because of the internal review of body worn camera operations footage when officers do not use camera operations properly.

Phase 2 Observations

Observation 05 – MODERATE – Body Worn Camera Operations Charter – Definition of Current Body Worn Camera Operations Capabilities: While General Orders 332 (Body Worn Camera Operations) and 328 (Digital Video Recorder) have been documented to assist in providing a high-level overview of the requirements for operating the body worn camera operations, there is not a defined body worn camera operations and in car camera operations security program/charter that documents the scope of the system to serve as an anchoring point for standard operating procedures and required security practices related to the body worn camera operations system.

Note: The General Orders for Body Worn Camera Operations (332) and Digital Video Recorder Program (328), were last revised on August 22, 2022, and October 18, 2021, respectively.

Note: The updated Administrative Directive 6-19 (Camera Operations Governance) document was issued as draft after the fieldwork phase of the audit.

Impact 05: Unclear operational and security requirements based on role for all stakeholders may lead to a gap in capabilities related to relevant competencies within the body worn camera operations program.

Further, without the documentation of security standards related to day to day operations and procedures, Information & Technology Services and Dallas Police Department may assume the responsibility of certain tasks fall within the other department, increasing the likelihood that critical practices for securing the body worn camera operations system and evidence are inconsistently performed.

Lastly, turnover related to management of the body worn camera operations program (e.g., officer promotions) may result in 'institutional knowledge' becoming lost if security standards, technical/security related responsibilities, and operations are not defined/documented.

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Proposed Corrective Action 05 (Recommendation E.1): We recommend that management create and maintain a document (e.g., program, charter, matrix, etc.) to capture all relevant capabilities, security requirements, responsibilities (City and third-party), technology components, types of assets (e.g., body worn camera operations hardware, software, mobile applications, connections, storage locations, etc.) related to the body worn camera operations and in car camera operations. This can serve as a basis for demonstrating the current state of the program to all key stakeholders and to ensure all components are considered in current and future discussions related to the overall strategy and maturation of the body worn camera operations / in car camera operations.

Additionally, management should document data flows to demonstrate all locations where evidence related to the body worn camera operations program is processed, transmitted, and stored.

Management should formalize a central repository for body worn camera operations in car camera operations governance artifacts and supplemental documentation, such as policies and procedures, to ensure all personnel can access documents timely and are knowledgeable of where supporting documentation exists.

Observation 06 – MODERATE – User Role & Access Review (Evidence.com): There was no defined process for conducting and documenting the results of a periodic user access review for user roles with elevated permissions within Evidence.com. Within Evidence.com there are various types of user roles with extensive permissions, including roles created by Dallas Police Department, that have variations of permissions that allow for the editing of system configurations, evidence, and cases.

Additionally, there was no defined process to periodically review retention schedules configured within Evidence.com. The "Admin body worn camera operations performance" group has permission to update retention schedules within Evidence.com. Any changes are automatically approved within and the system does not notify the administrator teams and/or supervisors of any changes.

Note: Per inquiry with the Dallas Police Department, user access reviews are performed on an ad hoc basis with the goal of conducting on a quarterly recurrence.

Impact 06: User access reviews are required to ensure that privileges are not erroneously assigned to users without business justification and proper authorization to access and/or edit resources. Users granted with additional permissions may accidentally apply changes (e.g., human error) to the system that impact the security of the data within.

Further, a lack of review of system configuration changes, including evidence retention schedules, may result in misalignment with evidence mismanagement.

Proposed Corrective Action 06 (Recommendation F.1): We recommend that management define and detail the process for periodic (e.g., quarterly) Evidence.com user access reviews, prioritizing reviews for roles that have elevated permissions to make edits to system configurations as well as to evidence and cases within the system. This operation should consist of reviewing permissions of each role for appropriateness as well as each role membership. The defined review operation should consider the following:

- The steps which should be taken to perform the access review
- The roles that should be reviewed (the roles with the access to edit)

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- What attributes should be reviewed (e.g., employment status, title, roles and responsibilities, appropriateness of access, etc.)
- An approved method for documenting what changes were made as part of the review as well as the remediation actions taken because of the access review
- An approval process by stakeholders outside the body worn camera operations that performs the review

(Recommendation F.2) Management should also periodically conduct and document a review of the retention schedules within Evidence.com to ensure all changes were approved and evidence tagged to specific categories remain in compliance with relative state and federal regulation as well as City policy. Logs for unapproved changes should be investigated and results documented as part of the review to ensure operation updates related to Evidence.com administration are not required.

Observation 07 – LOW – Continuous Security Configuration Monitoring: There were no City defined security configuration baselines, benchmarks, or system hardening operations (defined outside of Axon product guidance) that supported the secure management of the body worn camera operations devices. Further, there were no defined operations in place to continuously monitor and periodically demonstrate the security configurations, such as encryption, retention, authentication, etc. present within the body worn camera operations (e.g., Axon Body 3) to stakeholders outside of the body worn camera operations team.

Impact 07: Body worn camera operations may be assigned with insecure-by-default configurations and/or changes from approved configurations over time without notification to body worn camera operations administrators leaving the devices more vulnerable to compromise or mishandling.

Proposed Corrective Action 07 (Recommendation G.1): We recommend that the body worn camera operations team should define the approved security baseline configurations and related setup steps within operations documents to codify the requirements for securing newly purchased and re-assigned camera within City acknowledged documentation (outside of vendor product documentation online).

(Recommendation G.2) Additionally, management should implement a process for periodically monitoring camera operations for potential "configuration drift" from secure baselines and ensure there are methods for exporting configurations based on camera operation type to demonstrate audit artifacts for continuous monitoring to leadership and other body worn camera operations key stakeholders.

Observation 08 – LOW – Vendor Contract Testing and/or Review: While there is an established vendor management operation being applied to new third-party / vendor contracts, the original Evidence.com contract did not go through a documented security evaluation as it was adopted prior to the new vetting process. The City did not demonstrate documentation to support that the previous contract was reviewed to ensure the vendor's practices were aligned with the City's security requirements and standards and that the City was receiving all services from the vendor as expected.

Note: Per inquiry with Information & Technology Services, the Axon contract renewal is scheduled to go through the new operation to document security considerations (e.g., access controls, segmentation,

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data protection, backup & recovery, etc.) and obtain and review relevant trust and compliance reports from relevant vendors.

Impact 08: The absence of an operation to formally risk rate and assess third-party vendors for security related risk may lead to issues relevant to the vendor's service going unidentified.

Further, by not defining key security responsibilities, requirements, and a service level agreement with the vendor as they relate to the City's body worn camera operations program, gaps in the performance of key practices may go undetected.

Additionally, in the event responsibilities from the vendor are suddenly modified or not achieved (e.g., availability of evidence on evidence.com), access to, reviewing, and sending evidence capabilities may be interrupted and it may result in the inability for members of the Dallas Police Department to successfully perform their duties.

Proposed Corrective Action 08 (Recommendation H.1): We recommend that management define the vendor management process enhancements as part of the documented vendor management program, i.e., define procedures related to conducting the updated trust and risk assessment operation for onboarding and periodically re-assessing vendors of notable risk/impact to the City (e.g., Axon).

(Recommendation H.2) Additionally, key functions that are performed by vendors, such as Axon, should be documented outside of the contract language and mapped to the body worn camera operations program to ensure the division of responsibilities is clearly understood by all key stakeholders (i.e., the Dallas Police Department, Information & Technology Services, and third-parties).

Observation 09 – LOW – Officer Mobile Device Usage Requirements: There were no defined requirements related to the approved usage of mobile devices and the Mobile Axon Capture application (app) within the body worn camera operations General Orders (i.e., General Order 332). Axon Capture is a mobile app utilized by officers in the field to take photos, record footage and audio, tag with location data and necessary metadata, and upload evidence to Evidence.com.

Note: The body worn camera operations training includes components related to the usage of the Axon Capture mobile app and related prohibited activities, including storing evidence on the native photos app on mobile devices and only permitting the use of the mobile app on City distributed devices.

Additionally, at the time of the audit, the City did not have the capability to systematically restrict the usage of the app to managed mobile devices only and the app was accessible from officer-owned devices that were not centrally managed by the City to assess for security configurations.

Impact 09: A lack of policy surrounding approved mobile device practices may result in the misuse of City resources and the increased likelihood that evidence is stored in unapproved locations and potentially exposed to unauthorized access.

Additionally, without a mechanism to centrally manage mobile devices, the likelihood of these devices becoming non-compliant with the City's security policies and standards is increased.

Proposed Corrective Action 09 (Recommendation I.1): We recommend that management document expectations and requirements for usage of mobile devices within policy that is

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acknowledged by applicable users to formally define expectations and prohibited activities to manage risk related to evidence management.

(Recommendation I.2) Additionally, management should continue to evaluate solutions for systematically restricting which devices may log into the Axon Capture mobile app to ensure the devices are managed by a Mobile Device Management solution and can be monitored, secured, updated, and maintain alignment with the City's security policies.

Observation 10 – LOW – Maintenance of the Body Worn Camera Operations Asset Inventory: The body worn camera hardware asset inventory provided by the body worn camera operations team on April 20, 2023, demonstrated 183 of 2,251 (~8%) camera records that had missing data/attributes, including:

- 58 of 2251 records that did not have a division recorded
- 1 of 2251 records that did not have an assigned officer's first and operations last name recorded
- 154 of 2251 records that did not have an assigned officer's last training date recorded
- 4 of 2251 records that did not have an associated camera operations serial number listed

Note: Some camera operations records were missing multiple attributes.

Further, the body worn camera operations hardware asset inventory had 26 camera operations that recorded duplicated serial numbers throughout the inventory. This indicated that there were 13 camera operations where the serial number was not accurately recorded within the inventory, or the assignee was not properly tracked. The following 13 serial numbers were duplicated throughout the inventory:

X6030295T	X6030493T	x6030740T	x6032113M	X6032240F	x6032425L	X6032786L
x60A20407	x60A2266D	X60A2726B	X60A29197	x60A40318	x60A7654W	

Note: In some circumstances, the duplicated camera operations serial number was recorded for two separate officers that were on the same watch/shift, e.g., X6030493T for watch 2.

Note: Related to in car camera operations, the process for submitting requests for installing an in car camera was being updated from a Google Form request flow to formal tracking within ServiceNow. This migration will assist in alleviating potential inconsistencies in tracking and resolution of requests experienced with the current Google Forms process.

Impact 10: Inaccurate or incomplete source of record for assets (software, hardware, physical and logical, external connected resources, etc.) may lead to inconsistent application of key security controls across the body worn camera operations system.

Further, a lack of a formal periodic asset reconciliation operation may lead to an inability to efficiently identify inaccuracies in the inventory in the event other detection/tracking methods fail.

Proposed Corrective Action 10 (Recommendation J.1): We recommend that management formally define operations, including source records as well as the responsibilities and technology components, required for maintaining a complete and accurate body worn camera operations hardware inventory. Population of the inventory may include automated operations to collect and aggregate information from defined sources (e.g., API calls, scripts, etc.).

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(Recommendation J.2) Additionally, management should establish an operation for performing a periodic reconciliation to ensure that inventory attributes are reflective of the most up to date information. This operation may include comparing lists of active camera operations that have recently synced with/uploaded evidence to Evidence.com as well as information gathered from officer inquiry (to verify which camera operations they have in their possession) to compare to the current documented source of truth. Reconciliation should be performed at a frequency aligned with the frequency of potential changes to camera operations (e.g., re-assignments, repairs, etc.) and minimally on a semi-annual basis.

Emerging Risks

Emerging Risk 01 – L3 Security Requirements (Sunset Plan Documentation): The security requirements and key practices including, access controls for in car camera operations connected systems and networks (e.g., substation Wi-Fi), segmentation, logging and monitoring at substation locations, encryption on substation servers, etc. were not defined and clearly understood across departments (Information & Technology Services versus the Dallas Police Department) and lack definition around the necessary access controls (network segmentation included) and the logging and monitoring components that accompany them. The lack of design and documentation needs a short-term mitigation solution since there is 2-4 year transition period.

Note: While the L3 program is being phased out, per inquiry with the Dallas Police Department, the timing of the phased sunset plan is anticipated to expand across a 2-4 year period.

Additionally, network and architecture diagrams of the substation locations to demonstrate the critical systems associated with the L3 in car camera operations and related evidence data flows included potentially outdated information that included references to "To Be Determined" connection points to Evidence.com from substation locations. The last revision date recorded on the diagrams was August 25, 2015.

Impact 01: The lack of definition may result in inconsistent knowledge transfer and training and the reliance on the existing controls may be impacted resulting in gaps in security throughout the planned phase out of the L3 system.

Recommendation 01: Management should ensure that the minimum required security controls are in place and understood across all users and stakeholders and that the sunset plans are viewed in tandem with the existing risk profile. The controls should be periodically reviewed for critical dependencies for the portions of the evidence that is captured and transmitted through legacy methods and planned for migration to new storage channels (i.e. Evidence.com). Reviews of network architecture and diagrams should be included in this operation to ensure diagrams demonstrate any updates to the environment to assist in identifying where additional security controls may be required.

Also, management should formally document the phase out plan and include milestones and anticipated target dates across all key stakeholders to ensure the necessary security controls are considered throughout the entire operation (e.g. access controls and segmentation for substation servers after subset if used for backup).

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Emerging Risk 02 – Define Scope of Required Training Attendees: There were no policies or operations defined that require members of the body worn camera operations team to also attend related training. General Order 332 documents the requirement for "Personnel" to attend training, and Personnel is defined as users that are assigned a body worn camera.

Note 1: Body worn camera team members who have not operated an assigned camera currently or previously, could have assigned roles and responsibilities within the department or facilitate body worn camera operations trainings regardless of if they have not attended prior trainings.

Note 2: The Police Executive Research Forum (PERF) guidance for implementing a body worn camera operations program defines the following recommendation: " body worn camera operations training should be required for all agency personnel who may use or otherwise be involved with body worn camera operations ."

Impact 02: Lack of training for all personnel involved with the handling of body worn camera may result in inconsistent usage of the system and related resources.

Recommendation 02: Management should consider updating policy documentation to include requirements for all applicable stakeholders to attend periodic training to ensure all personnel understand their responsibilities for upholding the security of the system.

Emerging Risk 03 – Office of Community Oversight Communication and Collaboration: Through interviews with members of the Community Police Oversight Board (Board) and Office of Community Police Oversight (Office), we identified concerns in communication and collaboration between the Board and Dallas Police Department regarding timely access to view footage from high risk/emotional scenes before it is uploaded to Evidence.com. Currently, policy and practice does not allow the Community Police Oversight Board and Office to view collected footage at the scene of an incident and must wait until it is uploaded to Evidence.com, which is required under City Ordinance to occur within 72 hours of the incident. The delay in viewing of footage during certain instances concerns the Board due to being unable to effectively answer questions from concerned citizens in an accurate or timely manner. However, the 72 hour delay ensures that all pertinent footage is obtained, uploaded, and reviewed by investigators and police administrators to verify all information/footage is collected and available for review. The timely view of footage, ability to access and navigate the current evidence.com access, and continued open dialogue between the Board, Office, and Dallas Police Department should be considered for future relationship building efforts.

Impact 03: Concerns related to the communication and collaboration between the Board, Office, and Dallas Police Department can lead to reputational impact among the media, community, and citizens.

Proposed Corrective Action 03: We recommend that the Community Police Oversight Board (Board), the Office of Community Police Oversight (Office), and the Dallas Police Department continue to strengthen relations through enhanced communications and collaboration. This includes considerations for possible revisions to policies, practices, and procedures for the sharing and communicating of information, data, and footage.

Appendices

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Appendix A: Risk Ratings

The appendix defines the approach and classifications utilized by Weaver to assess the residual risk of the observations identified. Residual risk is the risk derived from the environment after considering the mitigating effect of internal controls. The observations have been assessed from a residual risk level utilizing the following risk management classification system.

High

High risk observations have qualitative factors that include, but are not limited to:

- Events that threaten the City's achievement of strategic objectives or continued existence
- Impact of the observation could be felt outside of the City or beyond a single function or department
- Potential material impact to operations or the City's finances
- Remediation requires significant involvement from senior City management

Moderate

Moderate risk observations have qualitative factors that include, but are not limited to:

- Events that could threaten financial or operational objectives of the City
- Impact could be felt outside of the City or across more than one function of the City
- Noticeable and possibly material impact to the operations or finances of the City
- Remediation efforts that will require the direct involvement of functional leader(s)
- May require senior City management to be updated

Low

Low risk observations have qualitative factors that include, but are not limited to:

- Events that do not directly threaten the City's strategic priorities
- Impact is limited to a single function within the City
- Minimal financial or operational impact to the City
- Require functional leader(s) to be kept updated, or have other controls that help to mitigate the related risk

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Appendix B: Summary of Audit Procedures

Overall Testing Approach

- Conduct interviews and walkthroughs of the key operations and scope areas identified
- Compare identified controls to expected controls
- Review samples, police transactions, and supporting documentation, as necessary
- Perform effectiveness and substantive testing

Phase 1 [Operational]

- Review current body worn camera operations policies and procedures, directives, and general orders to ensure existing footage handling and protection operations align with state and local government requirements and meet best practices for law enforcement agencies.
- Conduct interviews with key personnel within the organization and examine existing documentation to understand the current practices and operations for managing and administering body worn camera operations and in car camera operations.
- Identify and determine if internal controls are designed and implemented to ensure the effective management, administration, and compliance of body worn camera operations and in car camera operations performed by the Dallas Police Department:

Process Areas	Control Coverage
Issuance of Equipment	11
Policy, Operations and Training	7
Tagging, Retention and Storage	11
Review and Evaluation Cycle	1
Open Record Requests	12
Community Police Oversight Office Coordination	5
Total Controls	47

- Execute testing over body worn camera operations and in car camera internal controls to ensure that controls over the selected critical processes are operating as designed, including proper oversight, execution, consistency, and compliance with defined policy, operation, directives, and general orders.
 - We reviewed a sample of 35 body worn camera operations footage to verify that all body worn camera operations footage is in accordance with the City's policies, procedures, and general orders. Our testing procedures include verifying that the recording was uploaded timely, was categorized appropriately, contained clear footage and audio, and that the incident was appropriately concluded.

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- We reviewed a sample of 29 in car camera operations footage to verify that all in car camera operations footage is in accordance with the City's policies, operations, and general orders. Our testing procedures include verifying that the recording was uploaded timely, was categorized appropriately, contained clear footage and audio, and that the incident was appropriately concluded.

Phase 2 [Information Security]

- Review current body worn camera operations policies and operations to ensure existing footage handling and protection operations align with Criminal Justice Information Services (CJIS) Security Policy requirements and Police Executive Research Forum (PERF) recommendations related to implementing body worn camera operations.
- Conduct interviews with key personnel within the organization and examine existing documentation to understand current footage protection and handling operations for body worn camera operations footage.
- Evaluate security controls in place for protecting body worn camera operations footage in transit and storage against CJIS Security Policy requirements and PERF recommendations.
- Inspect system configurations related to evidence retention to ensure retention periods are commensurate with the City's risk profile and they align to City operations/requirements.
- Assess the privileged user access management controls in place to protect evidence including operations for periodically reviewing administrator access to locations where evidence exists related to the body worn camera operations system.
- Inspect multi-factor authentication configurations in place to protect privileged access to evidence locations.
- Inspect network architectural and dataflow diagrams and inquire IT and Security personnel to verify all locations that evidence data is processed, stored, or transmitted, including potential connections into system components, e.g., APIs.
- Inspect body worn camera operations asset inventories to verify body worn camera operations system components are formally tracked to ensure there is a basis for where security controls need to be applied for coverage across the system as a whole.
- Compare body worn camera operations footage data classification operations against the Dallas Police Department policies and PERF recommendations.
- Evaluate body worn camera operations footage storage locations to ensure third party facilities and providers have been vetted for compliance with CJIS requirements.
- Evaluate IT-related vendor management operations to ensure there are mechanisms to track compliance with the City's security requirements as it relates to the body worn camera operations system components and controls.
- Review the body worn camera operations and data storage technology in use to ensure they are capable of meeting CJIS requirements and PERF recommendations for footage protection and handling.
- Identify unacceptable risk exposure due to control design inadequacy or opportunities to strengthen the effectiveness of existing body worn camera operations footage protection and handling operations.

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Appendix C: Documentation Inspected

Phase 1 - Operational

- Policies, Operations, and Standards
 - General Orders ("328 Digital Video Recorder Program.pdf", "332 Body Worn Cameras Operations.pdf")
 - Dallas Police Department Trainings ("Working PowerPoint BWC 3 2-3.ppt")
 - City of Dallas Retention Schedule
 - City of Dallas Public Information Request Survey (_Peer City Survey for the Dallas Police Department Body Worn Camera Operations and In Car Camera Operations Audit (1-4).xlsx")

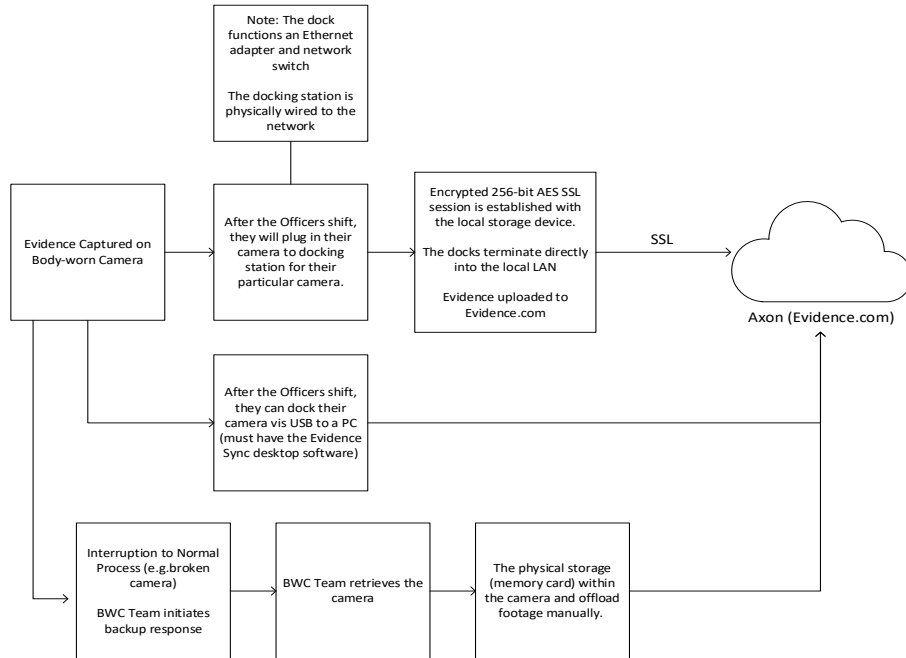
Phase 2 – IT Related Operations

- Policies, Operations, and Standards
 - Administrative Directives ("AD2-02-2017.pdf", "AD2-24 (Administrative Directive 2-24).pdf", "AD2-28-2016.pdf", "AD2-29_2002.pdf", "AD2-30_2004.pdf", "AD2-34_1_2004.pdf", "Ad4-09_2015.pdf", "EBS_Interim_AD_2-4_2018.pdf")
 - General Orders ("328 Digital Video Recorder Program.pdf", "332 Body Worn Camera Operations.pdf")
 - Information Security Standard ("EnterpriseSecurityStandard_10-01-2020.pdf")
- Implementation Guides and Standards
 - Axon Contractual Agreements ("20-0625.pdf", "22-1784-Axon Enterprises, Inc. FINAL-Hilson, Melony Ops (1).pdf", "Resolution from Axon Contract Approval Item_12-14-2022.pdf")
 - L3 Contractual Agreements ("11-2322.pdf", "13-6557.pdf", "15-7205.pdf", "16-6250.pdf", "16-6842.pdf", "Email Request for L3 Contract and Related Administrative Actions_03-22-2023.pdf")
- Network and Dataflow Diagrams
 - Body Worn Camera Operations Dataflow ("Body Worn Camera Operations rev1.pdf")

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- Based on inquiry and documentation examination (e.g., Axon contract and help documentation) the overall data flow related to the Axon body worn camera operations system at the time of the audit is represented below for reference:



- Hardware Asset Inventory
 - Body Worn Camera Operations Inventory ("Body worn camera operations Inventory.xlsx")
- IT Vendor Inventory
 - Systems and Business Operations ("Dallas Police 3.22.23 710 – DRAFT.pdf")
- Administrator Users
 - User Permissions ("Admin Body Worn Camera Operations Performance Permissions.jpeg", "Chief's Office Permissions.jpeg", "City Attorney - Body Worn Camera Operations Permissions.jpeg", "City Safety Team Permissions.jpeg", "Drone Permissions.jpeg", "Fleet User Permissions.jpeg", "Fusion Investigator Sworn Permissions.jpeg", "Helicopter Pilots Permissions.jpeg", "IAD Permissions.jpeg", "Investigator - Special Assignment (Limited Time Duration) Permissions.jpeg", "Investigator Pro Permissions.jpeg", "IP Addresses.pdf", "Legal DME Team Permissions.jpeg", "Officer - Body Worn Camera Operations Permissions.jpeg", "Officer Body Worn Camera Operations Pro Permissions.jpeg", "Open Records - Body Worn Camera Operations Permissions.jpeg", "Photo Lineup Civilian Permissions.jpeg", "Radio Shop Permissions.jpeg", "Supervisor Light Permissions.jpeg", "Supervisor Performance Permissions.jpeg", "Swat Doctor - Reserve Permissions.jpeg", "Taser Officer Body Worn Camera Operations Pro Permissions.jpeg", "Video Coordinators - Body Worn camera Operations Permissions.jpeg")
 - API Settings ("API Settings.pdf")
 - Body Worn Camera Operations Standard Operating Procedure ("Body Worn Camera Operations SOP.pdf")

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- Roles ("Existing Roles.pdf")
- MFA Configurations ("MFA Settings.jpeg")
- Privileged Users ("Privileged Admin Users.pdf")
- Administrator Users ("RE List of Administrators.msg")
- Cybersecurity Risk Assessment
 - Risk Assessment Template ("Quick-Template-NIST-SP800-171R2-Security-Assurance-Documents.docx")
- Training Materials
 - Training Class Dates ("Body Worn Camera Operations Training Class Dates, Oct 2020 to Oct 2022.docx")
 - Training Presentation ("Working PowerPoint Body 3 2-3.pptx")
- System, Security, and Data Protection Configurations
 - Camera Operations Settings ("Axon Body 2 & Flex 2 Camera Operations Settings.jpeg", "Axon Body 3 Camera Operations Settings.jpeg", "Axon Capture Settings.jpeg", "Axon Fleet 3 Settings.jpeg").
- Footage Retention
 - 30 Day Warning ("30 Day Warning Report.pdf")
 - Retention Schedule ("Retention Schedules.pdf")
- Body Worn Camera Operations Evidence.com Activity Logs
 - December Activity Logs ("12-18-22 Arrest Audit Trail.pdf", "12-18-22 Arrest Query.jpeg", "12-18-22 Blue Team Search – No Arrest Audit Trail.pdf", "12-18-22 Blue Team Search – No Arrest Query.jpeg", "12-18-22 Call for Service – Incident Audit Trail.pdf", "12-18-22 Call for Service-Incident Query.jpeg", "12-18-22 Citation Audit Trail.pdf", "12-18-22 Citation Query.jpeg", "12-18-22 Critical incident Audit Trail.pdf", "12-18-22 Critical Incident Query.jpeg", "12-18-22 Family Violence Photographs Audit Trail.pdf", "12-18-22 Family Violence Photographs Query.jpeg", "12-18-22 Investigative evidence Audit Trail.pdf", "12-18-22 Investigative Evidence Query.jpeg", "12-18-22 Pedestrian Stop Query.jpeg", "12-18-22 Pedestrian Stop Query.jpeg", "12-18-22 Pending Review Audit Trail.pdf", "12-18-22 Pending Review Query.jpeg", "12-18-22 Restricted Access Query.jpeg", "12-18-22 Traffic Stop Audit Trail.pdf", "12-18-22 Traffic Stop Query.jpeg", "12-18-22 Uncategorized Audit Trail.pdf", "12-18-22 Uncategorized Query.jpeg")

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- o January Activity Logs ("1-22-23 Arrest Audit Trail.pdf", "1-22-23 Arrest Query.jpeg", "1-22-23 Blue Team Search – No Arrest Audit Trail.pdf", "1-22-23 Blue Team Search – No Arrest Query.jpeg", "1-22-23 Call for Service – Incident Audit Trail.pdf", "1-22-23 Call for Service-Incident Query.jpeg", "1-22-23 Citation Audit Trail.pdf", "1-22-23 Citation Query.jpeg", "1-22-23 Critical incident Audit Trail.pdf", "1-22-23 Critical Incident Query.jpeg", "1-22-23 Family Violence Photographs Audit Trail.pdf", "1-22-23 Family Violence Photographs Query.jpeg", "1-22-23 Investigative evidence Audit Trail.pdf", "1-22-23 Investigative Evidence Query.jpeg", "1-22-23 Pedestrian Stop Query.jpeg", "1-22-23 Pedestrian Stop Query.jpeg", "1-22-23 Pending Review Audit Trail.pdf", "1-22-23 Pending Review Query.jpeg", "1-22-23 Restricted Access Query.jpeg", "1-22-23 Traffic Stop Audit Trail.pdf", "1-22-23 Traffic Stop Query.jpeg", "1-22-23 Uncategorized Audit Trail.pdf", "1-22-23 Uncategorized Query.jpeg")

Appendix B: City Survey

The Office of the City Auditor conducted a survey of Dallas Police Department and 11 other large police departments in July and August 2023 to obtain comparative information on body worn and in car camera operations using 2022 calendar year data.

Dallas and four other cities participated for a 42 percent response rate, including Columbus, Ohio, and Houston, El Paso, and Fort Worth in Texas. Responses were not received from Austin, Jacksonville, Philadelphia, Phoenix, San Antonio, San Diego, and San Jose.

The responding large cities are using both body worn and in car cameras. As Dallas was second in population by a significant margin among cities surveyed, Dallas ranked second in most areas analyzed. Controlling for population, Dallas also ranked second in body cameras per officer and videos per officer per year. Dallas ranked first in number of in car cameras and requests for videos, third in combined cameras per officer, and fourth in the time needed to respond to requests for videos.

Exhibit 1:

Large City Camera Operations by Cameras Per Officer

City	2020 Population	Officers	Body Worn Cameras	Body Worn Cameras Per Officer	In Car Cameras	Combined Cameras Per Officer
Dallas	1,304,379	3,077	2,365	.77	625	.97
El Paso	678,815	1,128	34	.03	405	.39
Fort Worth	918,915	1,600	1,200	.75	450	1.03
Houston	2,304,580	5,137	3,500	.68	354	.75
Columbus	905,748	1,753	1,846	1.05	460	1.32
Dallas Rank	2	2	2	2	1	3

Source: Survey responses received July and August 2023 and Census.Gov data.

Due to how their data is combined, not all cities could differentiate between types of camera videos, and report separately on the amount of in car videos and body camera videos. As a result, [Exhibit 2](#) combines the reporting for both types. However, there can be significant differences by City. For example, Dallas reported 81 percent of its videos were body worn, while El Paso reported 95 percent of its videos were in car.

Exhibit 2:

Large City Camera Operations by Number of Videos in 2022

City	Body Worn and In Car Cameras	Videos Recorded	Videos Per Day	Videos Per Officer Per Year
Dallas	2,990	2,157,238	5,910	701
El Paso	439	318,819	873	283
Fort Worth	1,650	1,425,105	3,904	891
Houston	3,854	2,416,787	6,621	470
Columbus	2,306	854,491	2341	487
Dallas Rank	2	2	2	2

Source: Survey responses received July and August 2023.

While Dallas recorded the second-most videos, the City received 4,380 more requests than all other responding cities combined. It is also taking Dallas longer to respond to those requests than the other cities surveyed. None of the surveyed cities provided data on how much money it costs to provide the requested videos.

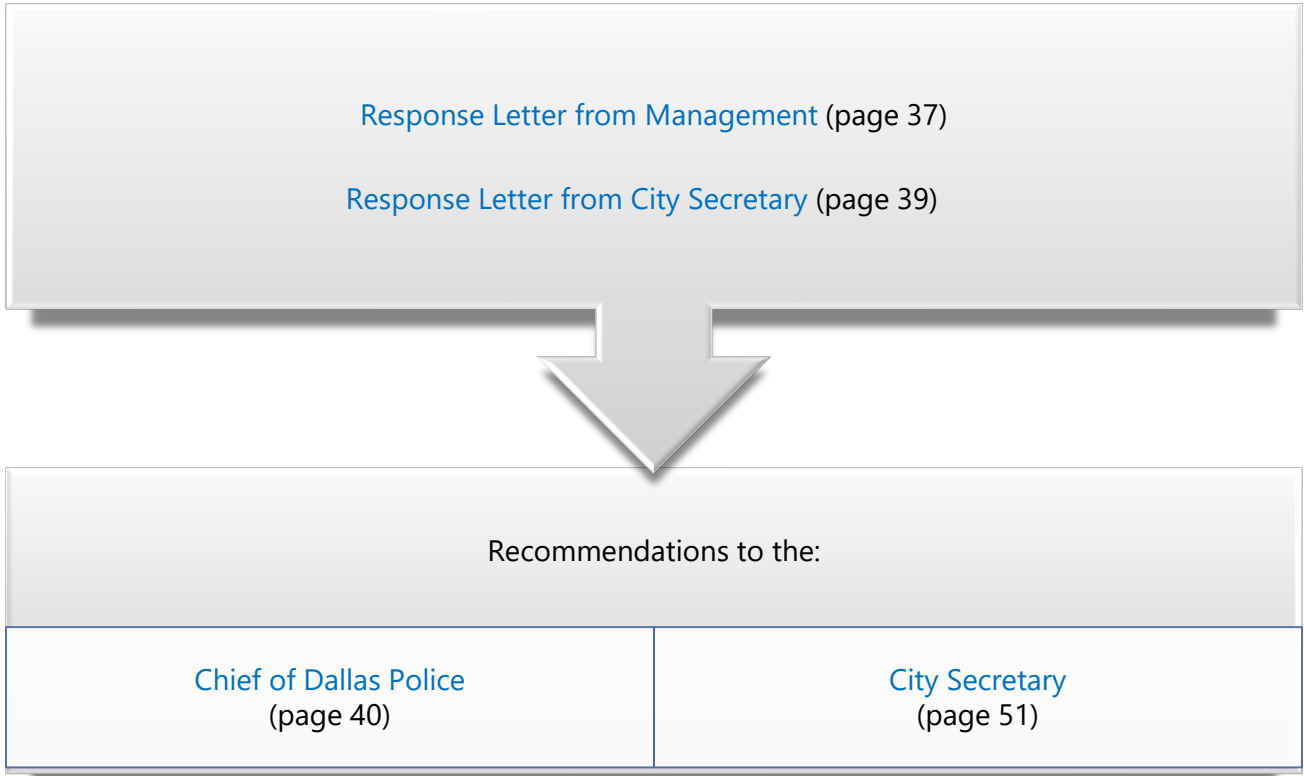
Exhibit 3:

2022 Requests for Camera Videos

City	Videos Recorded	Requests for Videos	Time to Provide Requested Videos	Cost for Providing Videos
Dallas	2,157,238	11,132	4 months	Not available
El Paso	318,819	635	20 days	Not available
Fort Worth	1,425,105	527	26 days	Not available
Houston	2,416,787	4,246	5 days	Not available
Columbus	854,491	1,344	Not available	Not available
Dallas Rank	2	1	4	N/A

Source: Survey responses received July and August 2023.

Appendix C: Management's Response



Memorandum



DATE: February 14, 2024

TO: Mark S. Swann – City Auditor

SUBJECT: Response to the Audit of Dallas Police Department Body Worn and In Car Camera Operations

This letter acknowledges the City Manager's Office received the *Audit of Dallas Police Department Body Worn and In Car Camera Operations* and submitted responses to the recommendations in consultation with the appropriate City department.

The Dallas Police Department has taken strides to define and streamline management functions and requirements to ensure body worn and in car camera operations are performing as expected. In addition, the audit noted that DPD currently generally meets the audit objectives.

DPD recognizes there are opportunities for further improvements to its existing practices.

Specifically, DPD will:

- Revise General Order 332.03 to provide detailed descriptions of the simplified categories and provide detectives clear guidance for the proper tagging and handling of evidence;
- Provide yearly refresher training for all officers;
- Strengthen existing camera audits to include verifying that officers conclude body camera recordings with proper conclusion announcements at the end of contact;
- Maintain documentation on all video asset capabilities. In addition, DPD will request ITS' assistance in helping DPD to document network security requirements, responsibilities, and technology components;
- Define and detail the process for periodic Evidence.com user access reviews, prioritizing review of roles with elevated permissions;
- Review the simplified retention procedures outlined in recommendation A.1 annually to ensure all retentions meet or exceed any legal regulations;
- Develop a process and create related documentation, instructing program administrators how to secure, configure, and deploy new or re-assigned cameras to ensure all cameras are set to baseline configurations;
- Define procedures for conducting trust and risk assessments for contracts with vendors related to the camera program;
- Document key functions performed by stakeholders outside of the contract language;
- Develop procedures that include expectations and prohibited activities for using mobile devices

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Response to the Audit of Dallas Police Department Body Worn and In Car Camera Operations
February 14, 2024
Page 2 of 2

- within the context of evidence management;
- Formally define a system of record, source documents, responsibilities, and technology components to aid in developing a complete and accurate inventory of body worn camera hardware; and
- Reconcile newly acquired, re-assigned, etc. camera equipment semi-annually between the system of record and Evidence.com.

DPD will accept the risk associated with three recommendations. By simplifying the categorization categories, DPD anticipates reducing improperly categorized videos while not adding additional demands on supervisors, thus allowing them to focus on other vital tasks. Additionally, DPD will accept the risk associated with two low-risk recommendations. Currently, DPD's tools lack the functionality to implement the recommendation. DPD will consider adding a process for identifying configuration drift when it becomes feasible. When the City renews or solicits a contract to replace the Axon Capture mobile app, DPD will request the functionality to restrict devices.

Sincerely



T.C. Broadnax
City Manager

- C: Genesis D. Gavino, Chief of Staff
- Jack Ireland, Chief Financial Officer
- Fortune, Deputy City Manager
- Eddie Garcia, Chief of Police, Dallas Police Department

Memorandum



DATE: January 31, 2024

TO: Mark S. Swann – City Auditor

SUBJECT: Response to Audit of Dallas Police Department Body Worn and In Car Camera Operations

This letter acknowledges the City Secretary's Office received the *Audit of Dallas Police Department Body Worn and In Car Camera Operations* and submitted responses to the recommendations.

We concur with your office's recommendations. The City Secretary's Office intentions now are to focus on those assessed risks and work toward implementation based on the action plan and date provided on the audit report document.

Thank you for assisting the City Secretary's Office with improving its services.

Sincerely,

Biliera Johnson

Biliera Johnson
City Secretary

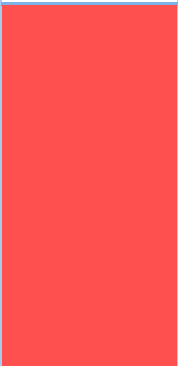
C: T. C. Broadnax, City Manager
Jon Fortune, Deputy City Manager
Chief Garcia, Dallas Police Department
Miroslava Martinez, Assistant City Secretary
Paris Long, Open Records Administer

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Recommendations to the Chief of Dallas Police:

Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date	
High Risk, Chief of Police					
High	We recommend the Chief of Dallas Police:				
	<p>Observation 1</p> <p>A.1: Strengthen requirements of supervisor review to ensure officers are following proper categorization, retention, and use of body worn cameras operations. This includes increasing the volume of monthly body worn camera operations audits.</p> <p>Auditor Note: While Dallas Police Department management has accepted the risk, the action plan provided will address the primary risks associated with the recommendation.</p>	Accept Risk	<p>DPD has created a compliance supervision role at each patrol division that performs video audits to check and maintain compliance while allowing a field supervision focus from other sergeants.</p> <p>DPD will reduce the risk associated with this recommendation by simplifying the categorization by moving to two categories. One category having a two year retention period (testing/training), and the other with an infinite retention period (all other uses).</p> <p>These changes will help ensure important videos are retained and properly categorized, without adding significant additional demands on supervisors, allowing them to focus on other vital tasks.</p>	N/A	N/A

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
	Observation 1 A.2: Revise General Order 332.03, <i>Body Worn Camera Operations</i> to include detailed descriptions of each category and required judgmental tagging of footage by each officer.	Agree	DPD will revise the General Orders to provide detailed descriptions of the simplified categories and provide detectives clear guidance for the proper tagging and handling of evidence.	9/30/2024	9/30/2025

Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date	
Moderate Risk, Chief of Police					
Moderate	We recommend the Chief of Dallas Police:				
	<p>Observation 3</p> <p>C.1: Strengthen refresher/periodic training requirements at established intervals for in car camera operations and body worn camera operations to ensure officers are in alignment with the Department's polices and regulations. This includes revising General Order 332.03, <i>Body Worn Camera Operations</i> to include requirements for:</p> <ul style="list-style-type: none"> (1) Periodic trainings regarding updates to general orders and policies. (2) The proper start and stoppage of body worn camera operations recordings. (3) Guidelines for monitoring corrective action when internal review identifies that officers do not use cameras properly. 	Agree	<p>DPD will provide yearly refresher training for all officers. The training will include relevant updates to General Orders, body-worn camera operations, and required procedures.</p> <p>In addition, DPD will maintain periodic refresher training records in accordance with General Orders and record retention requirements.</p>	<p>6/30/2025 (Next core training cycle)</p>	<p>6/30/2027</p>

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
	<p>Observation 4</p> <p>D.1: Strengthen requirements of supervisory review to monitor policy performance consistency for the applicable general orders. This includes emphasizing the guidelines of General Order 332.03 for initiating timely corrective action taken because of the internal review of body worn camera operations footage when officers do not use camera operations properly.</p>	Agree	<p>DPD will strengthen existing camera audits to include verifying that officers conclude body camera recordings with proper conclusion announcements at the end of contact. Discrepancies observed will be corrected through immediate notification and additional training of officers.</p>	9/30/2024	9/30/2025
	<p>Observation 5</p> <p>E.1: Create and maintain a document to capture all relevant capabilities, security requirements, responsibilities, technology components, types of assets related to the body worn camera operations and in car camera operations. This can serve as a basis for demonstrating the current state of the program to all key stakeholders and to ensure all components are considered in current and future discussions related to the overall strategy and maturation of the body worn camera operations / in car camera operations.</p>	Agree	<p>DPD’s camera team will maintain documentation on all video asset capabilities.</p> <p>In addition, DPD will request ITS’ assistance in helping DPD to document network security requirements, responsibilities, and technology components.</p> <p>DPD is moving towards a central repository for video footage (evidence.com) by partnering with ITS to replace existing legacy in-car cameras.</p>	9/30/2024	9/30/2025

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
	<p>Additionally, management should document data flows to demonstrate all locations where evidence related to the body worn camera operations program is processed, transmitted, and stored.</p> <p>Management should formalize a central repository for body worn camera operations in car camera operations governance artifacts and supplemental documentation, such as policies and procedures, to ensure all personnel can access documents timely and are knowledgeable of where supporting documentation exists.</p>				
	<p>Observation 6</p> <p>F.1: Define and detail the process for periodic (e.g., quarterly) Evidence.com user access reviews, prioritizing reviews for roles that have elevated permissions to make edits to system configurations as well as to evidence and cases within the system. This operation should consist of reviewing permissions of each role for appropriateness as well as each role membership. The defined review operation should consider the following:</p>	Agree	<p>DPD will define and detail the process for periodic Evidence.com user access reviews, prioritizing review of roles with elevated permissions to edit system configurations, evidence, and cases within the system. The review process will include the steps and procedures as recommended by the auditors.</p>	9/30/2024	9/30/2025

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
	<ul style="list-style-type: none"> The steps which should be taken to perform the access review. The roles that should be reviewed (the roles with the access to edit). What attributes should be reviewed (e.g., employment status, title, roles and responsibilities, appropriateness of access, etc.). An approved method for documenting what changes were made as part of the review as well as the remediation actions taken because of the access review. An approval process by stakeholders outside the body worn camera operations that performs the review. 				
	<p>Observation 6 F.2: Periodically conduct and document a review of the retention schedules within Evidence.com to ensure all changes were approved and evidence tagged to specific</p>	<p>Agree</p>	<p>DPD’s camera team will implement and verify the simplified retention procedures outlined in recommendation A.1 and review them yearly to ensure all retentions meet or exceed any</p>	<p>9/30/2024</p>	<p>9/30/2025</p>

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
	<p>categories remain in compliance with relative state and federal regulation as well as City policy. Logs for unapproved changes should be investigated and results documented as part of the review to ensure operation updates related to Evidence.com administration are not required.</p>		<p>legal regulations.</p>		

Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date	
Low Risk, Chief of Police					
Low	We recommend the Chief of Dallas Police:				
	Observation 7 G.1: Define the approved security baseline configurations and related setup steps within operations documents to codify the requirements for securing newly purchased and re-assigned cameras within City acknowledged documentation (outside of vendor product documentation online).	Agree	DPD’s camera team will develop a process and create related documentation, instructing program administrators how to secure, configure, and deploy new or re-assigned cameras to ensure all cameras are set to baseline configurations.	9/30/2024	9/30/2025
	Observation 7 G.2: Implement a process for periodically monitoring camera operations for potential "configuration drift" from secure baselines and ensure there are methods for exporting configurations based on camera operation type to demonstrate audit artifacts for continuous monitoring to leadership and other body worn camera operations key stakeholders.	Accept Risk	DPD accepts the risk related to this recommendation because there is no current method in the vendor’s software to export configurations based on operation type. Upon contract renewal, DPD will request ITS and the vendor to assist in determining the feasibility of adding this functionality.	N/A	N/A

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
High	<p>Observation 8</p> <p>H.1: Define the vendor management process enhancements as part of the documented vendor management program, i.e., define procedures related to conducting the updated trust and risk assessment operation for onboarding and periodically re-assessing vendors of notable risk/impact to the City.</p>	Agree	<p>DPD will request ITS' assistance in helping DPD define procedures for conducting trust and risk assessments for contracts with vendors related to the camera program.</p>	3/31/2025	9/30/2025
	<p>Observation 8</p> <p>H.2: Document key functions that are performed by vendors, such as Axon, outside of the contract language and mapped to the body worn camera operations program to ensure the division of responsibilities is clearly understood by all key stakeholders (i.e., the Dallas Police Department, Information & Technology Services, and third parties).</p>	Agree	<p>DPD will request ITS' assistance in helping DPD document key functions performed by stakeholders outside of the contract language.</p>	9/30/2024	9/30/2025

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
High	<p>Observation 9</p> <p>I.1: Document expectations and requirements for usage of mobile devices within policy that is acknowledged by applicable users to formally define expectations and prohibited activities to manage risk related to evidence management.</p>	Agree	<p>DPD will develop procedures that include expectations and prohibited activities for using mobile devices within the context of evidence management.</p>	9/30/2024	9/30/2025
	<p>Observation 9</p> <p>I.2: Evaluate solutions for systematically restricting which devices may log into the Axon Capture mobile app to ensure the devices are managed by a Mobile Device Management solution and can be monitored, secured, updated, and maintain alignment with the City's security policies.</p>	Accept Risk	<p>DPD accepts the risk related to this recommendation because the mobile app does not have the functionality to restrict its use based on specific devices.</p> <p>Upon contract renewal, DPD will request this functionality be added by the vendor.</p>	N/A	N/A
	<p>Observation 10</p> <p>J.1: Formally define operations, including source records as well as the responsibilities and technology components, required for maintaining a complete and accurate body worn camera operations hardware inventory. Population of the inventory may include automated operations to</p>	Agree	<p>Inventory will be managed, and operations defined, within the new workforce management software and Evidence.com.</p> <p>DPD will formally define a system of record, source documents, responsibilities, and technology components to aid in developing a complete and accurate inventory of body worn camera hardware.</p>	3/31/2025	3/31/2026

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
	collect and aggregate information from defined sources.				
	<p>Observation 10</p> <p>J.2: Perform a periodic reconciliation to ensure that inventory attributes are reflective of the most up to date information. This operation may include comparing lists of active cameras operations that have recently synced with/uploaded evidence to Evidence.com as well as information gathered from officer inquiry (to verify which camera operations they have in their possession) to compare to the current documented source of truth. Reconciliation should be performed at a frequency aligned with the frequency of potential changes to camera operations (e.g., re-assignments, repairs, etc.) and minimally on a semi-annual basis.</p>	Agree	<p>DPD will reconcile newly acquired, reassigned, etc. camera equipment semi-annually between the system of record and Evidence.com.</p> <p>Additionally, DPD will develop an annual process for reconciling camera equipment to ensure attributes are accurate.</p> <p>Reconciliations will verify key attributes and will include procedures to identify and correct any duplicate entries.</p>	3/31/2025	3/31/2026

Recommendations to the City Secretary:

Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date	
High Risk, City Secretary					
High	We recommend the City Secretary:				
	<p>Observation 2</p> <p>B.1: Consider additional resources responsible for the oversight and monitoring of Open Records Requests processed by designated Open Records Request coordinators.</p>	Agree	Although the function was recently transferred, we are currently working determining what additional resources are needed for effective oversight and monitoring of Open Records Requests by coordinators.	10/1/2024	2/1/2025
	<p>Observation 2</p> <p>B.2: Monitor Open Records Requests on a sample basis for timeliness. Attributes that should be monitored include:</p> <ul style="list-style-type: none"> • Consistent application of Open Records Request responsiveness and redaction of exempt information prior to release • Timeliness of processing • Effective use of GovQA features • Use of cost recovery for 	Agree	Although the function was recently transferred, we are currently working on improving Open Records Requests processes that will provide responsiveness and timeliness of records. As well as effective use of system (GovQA) features.	10/1/2024	2/1/2025

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
	voluminous requests <ul style="list-style-type: none"> Frequently requested records that can easily be made public on the City's website. 				

Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
Moderate Risk, City Secretary					
Moderate	We recommend the City Secretary :				
	Observation 3 C.2: Develop targeted training for Open Records Request process attributes that are commonly misunderstood or have frequent noncompliance or inconsistencies.	Agree	The City Secretary's Office is currently in the process of developing and/or refining procedures. Training for the established Open Records Requests will be concurrent with the development and quarterly training will follow after final procedures established.	2/5/2024	8/5/2024



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-1091

Item #: P.

GPFM Two-Month Forecast

GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT COMMITTEE FORECAST

	TITLE	DEPARTMENT
TUESDAY, APRIL 23, 2024, 1:00 P.M.		
BRIEFING ITEMS	10-Year Stormwater Capital Program	Dallas Water Utilities
	FY24 Mid-Year Appropriation Adjustments	Budget & Management Services
	Workday Implementation	Human Resources
	Owner- Controlled Insurance Program	Risk Management
	Business Inclusion Development 2024 Audit	Small Business Center
DISCUSSION ITEMS	Development Services- Monthly Performance Update & Process Map Improvements	Development Services
	Review of City Real Estate for Development and Redevelopment Opportunities	City Manager’s Office
BRIEFINGS BY MEMORANDUM	GPFM Two-Month Forecast	City Manager’s Office
	Budget Accountability Report (Information as of February 28, 2024)	Budget & Management Services
	Technology Accountability Report (Information as of March 31, 2024)	Information & Technology Services
	Office of the City Auditor Monthly Update on Internal Audit Reports Released between March 16, 2024 and April 12, 2024	Office of the City Auditor
TUESDAY, MAY 21, 2024, 1:00 P.M.		
BRIEFING ITEMS	Office of the City Auditor Preliminary Fiscal Year 2024-2025 Budget Proposal	Office of the City Auditor
	Over-65/ Disabled Exemption	Budget & Management Services
	Atmos Dallas Annual Rate Review	Budget & Management Services
DISCUSSION ITEMS	Development Services- Monthly Performance Update & Process Map Improvements	Development Services
	Review of City Real Estate for Development and Redevelopment Opportunities	City Manager’s Office
BRIEFINGS BY MEMORANDUM	GPFM Two-Month Forecast	City Manager’s Office
	Budget Accountability Report (Information as of March 31, 2024)	Budget & Management Services
	Technology Accountability Report (Information as of April 30, 2024)	Information & Technology Services
	Office of the City Auditor Monthly Update on Internal Audit Reports Released between April 13, 2024 and May 10, 2024	Office of the City Auditor