

# Memorandum



DATE January 14, 2010

CITY OF DALLAS

TO Honorable Mayor and Members of the City Council

SUBJECT FY 2010-11 Budget: Brainstorming Ideas

On January 20<sup>th</sup>, you will be briefed on FY 2010-11 Budget: Brainstorming Ideas. This briefing is for the purpose of informing you of preliminary ideas that are being researched and might result in opportunities to generate new revenue, increase existing revenues, or reduce expenditures.

These budget brainstorming ideas have not been fully vetted. Many factors must be reviewed before determining the feasibility of the ideas and before recommending the ideas for inclusion in the FY 2010-11 budget. Factors to be reviewed include both short-term and long-term financial impact on the budget, service and operation impact, how the idea compares to practices of other cities, ability to implement and enforce the idea, and legal issues to name a few.

Your input will help us focus our further efforts on the brainstorming ideas that you consider higher priority. Please let me know if you have any questions.

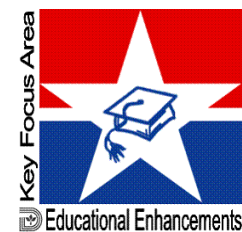


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David Cook, Chief Financial Officer  
Helena Thompson, Assistant to the City Manager

# FY 2010-11 Budget Brainstorming Ideas

January 20, 2010



# Purpose

- As part of FY11 budget process, staff is analyzing numerous brainstorming ideas that could possibly generate new revenues, increase existing revenues or reduce expenses
- Brainstorming ideas have not been fully vetted at this time, but are presented for information purpose and to obtain Council feedback
  - Some of the ideas are more long-term in nature and might not yield positive budget impact until future years

# Public Safety

- Increase ENP fees to full cost recovery
  - Analysis indicated potential revenue increase of about \$650,000
- Charge overhead fee to entities that use off-duty police officers for private security
  - Overhead fee would help offset City cost for training, uniform, equipment, etc. that enables officer to perform off-duty job
- Consolidate Police, Fire, and Civilian uniform services to reduce costs
  - About 65% of city employees wear City issued uniforms
  - Requires \$300,000 start-up cost
  - Estimated \$275,000 net operating savings each year
- Civilianize auto pound or outsource operation to private contractor(s)
- Civilianize fire dispatch or implement scheduling that will reduce cost

# Energy Management

- Become self-serving Retail Electric Provider (REP) and take advantage of wholesale power purchase rather than buying power in retail market through another REP
  - Current retail contract with Suez expires 12/31/10
  - City spends about \$86m per year on electricity costs
  - Estimate saving 3% to 5% (\$2.6m to \$4.3m) from buying power at wholesale rate
  - Specialty staff or contract services would be necessary to implement
  - Since implementation may take 12 months, City should proceed with application to become REP while further analysis is completed

# Energy Management

- Participate in ERCOT's emergency interruptible load service and receive payment in exchange for temporarily reducing consumption in situations when grid is overloaded
  - Currently identifying buildings/systems that could be temporarily shut down or switched to generators during periods of grid overload
  - Estimate about \$200,000 possible revenue
- Partner with energy service company to install energy efficient lighting technology (such as LED) in street lights, parking lights, ball field lights, etc.
  - City spends \$7.9m per year for power for street lights
  - Savings could be realized from more energy efficient outdoor lighting
  - Savings can not occur until new lights installed which will take time

# Energy Management

- Further investigate partnering with energy service company to implement renewable power program (solar or wind) through a Power Purchase Agreement
  - Initial research indicates that renewable energy is more costly and opportunity to reduce cost is not possible at this time but additional research is occurring
- Partner with energy service company to implement technology to vaporize waste at transfer station rather than dispose of waste at landfill
  - Initial research indicates this to be promising long-term project, but not for implementation in short-term

# Sanitation

- Increase franchise fee beyond current 4% charged to commercial waste haulers that do business within City
  - Other franchise (Cable TV and Natural Gas) fees are currently 5%
  - Increasing fee to 5% would add about \$600,000 revenue
- Begin charging franchise fee to Department of Sanitation for use of city streets and alleys
  - Similarly, DWU pays 5% street rental fee to general fund
  - Fee will generate about \$2.2m per year
  - Fee will increase monthly residential rate from \$20.34 to about \$21.23 (89¢ or 4.4% increase)
- Expand franchise fee to include solid waste recycling as allowed by City Charter



# Sanitation

- Change bulk-trash from monthly service to on-demand service
  - RW Beck consultants currently assessing bulk service with completion expected in Spring
- Investigate opportunity to require solid waste collected within city to be disposed of within city which would increase volume received at McCommas Landfill and generate additional revenue
- Privatize solid waste collection and/or disposal to a private contractor

# Outsource Services

- Outsource 311 service to a private call center or regionalize 311 service by selling our 311 services to neighboring jurisdictions
- Outsource alarm permitting and enforcement to increase revenue, improve compliance with ordinance, and reduce false alarms
  - Houston executed new contract this fiscal year with favorable results thus far
- Contract for operation and maintenance of select city-owned buildings

# Real Estate

- Convert multiple leases of space on City towers/buildings that are currently leased to cellular companies into a consolidated and long-term lease
  - Initial discussions indicate over \$750,000 up-front funding could be generated
- Identify best and highest use of underutilized City property and either lease, swap, or sell asset
  - Samuel Farm
  - Executive Airport
  - Elgin B. Robertson Park (approximately 250 acres)
  - Auto Pound (approximately 50 acres)

# Real Estate

- Identify City services that operate in leased space and move them into City-owned space if available
- Renegotiate long-term leases or contracts to reduce near term costs
  - Police parking garage – 12 years remain on lease with 3 at \$1,000,000 and 9 at \$350,000
  - Thanksgiving Square – 37 years remain on existing agreement
- Renew natural gas drilling leases which expire during FY11 (2/26/11 and 8/4/11)

# Expand Existing Programs

- Existing programs have generated revenue
  - “Naming” rights have been exchanged for financial support or partnerships associated with capital improvement projects
  - Kiosk program has provided locations for advertising within City right-of-way and generated both up-front and on-going revenue
  - Contracts for exclusive right to do business with City have generated revenue (Dr. Pepper vending)

# Expand Existing Programs

- Expand existing programs
  - Provide additional venues for advertising on or in City-owned property including ROW, facilities, land, written materials, internet, intranet, vehicles, etc.
  - Provide additional opportunities for entities to name a City facility or support a City service in exchange for “naming” or recognition
- Generate revenue by marketing City of Dallas name and/or seal
  - Sell use of City name/seal to promote private products or services
  - Private entity proposed to provide revenue sharing to City in exchange for use of City name to support their service (water/sewer home warranty)

# Other Ideas

- Increase parking revenues by adding meters, increasing fees, and improving enforcement
  - Review options for outsourcing enforcement along with maintenance and collection which is already contracted
- Charge street cut permit and inspection fee for individuals
  - Estimate about \$100,000 could be generated through implementation
- Implement garage sale permit fee and fines for holding garage sale without permit
- Assess plastic bag/bottle tax
- Add facility preservation fee to admission tickets for certain venues
- Increase non-sufficient funds check charge to maximize revenue

# Next Steps

- Complete analysis of brainstorming ideas currently identified
- Identify and analyze additional ideas
- Brief Council on May 19<sup>th</sup> on ideas determined to be most feasible for inclusion in FY11 budget recommendation