

Memorandum

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CITY OF DALLAS

DATE: April 22, 2010
TO: Members of the Budget, Finance & Audit Committee
Ann Margolin, Vice Chair, Vonciel Jones Hill, Delia D. Jasso, Ron Natinsky,
David A. Neumann
SUBJECT: **Budget, Finance & Audit Committee Meeting**
Monday, April 26, 2010, 9:30 – 11:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Consideration of minutes from the April 12, 2010 Budget, Finance and Audit Committee Meeting
2. Office of the City Auditor Fiscal Year 2010 – Third Quarter Update Craig Kinton, City Auditor
3. Dallas Water Utilities (DWU) Revenue Bond Issuance Corrine Steeger, Assistant Director
City Controller's Office
4. Lawsuit Cost Forecast (Closed Executive Session) Tom P. Perkins, City Attorney
5. Code Compliance Fiscal Year 09 -10 Budget Overview Joey Zapata, Director
Code Compliance

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

- C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer

A closed executive session may be held if the discussion concerns one of the following:

1. Contemplated or pending litigation or matter where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. Personnel matters involving discussions of the qualifications for performance of identifiable individuals already employed or being considered for employment by the City. Section 551.074 of the Texas Open Meetings Act.
3. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.074 of the Texas Open Meetings Act.
4. Discussions concerning sale or lease of real property, or negotiated contracts for donations to the City, when such discussions would have a detrimental effect on negotiating position of the City. Section 551.072 of the Texas Open Meetings Act.

**BUDGET, FINANCE, AND AUDIT COMMITTEE
DRAFT MEETING MINUTES
April 12, 2010**

The Council's Budget, Finance, and Audit Committee meetings are recorded. Agenda materials and audiotapes may be reviewed by contacting the City Manager's Office Staff Coordinator Laura L. Carrillo at 214-670-7804.

Meeting Date: April 12, 2010

Committee Members Present:

Ann Margolin, Vice – Chair, Vonciel Jones Hill, Delia D. Jasso, Ron Natinsky

Committee Members Absent:

Jerry R. Allen, Chair, David A. Neumann

Other Council members present who attended a partial or duration of the meeting:

None

Staff Members Present:

Jeanne Chipperfield, Laura Carrillo, Daley Lehmann, Corrine Steeger, Zarin Gracey, Shelia Robinson, Chandra Henson, Jack Ireland, Mark Duebner, Michael Frosch, Rocky Vaz, Brett Wilkinson, Gary Lewis, Gwen Satterthwaite, Craig Kinton

Meeting called to order at 9:31 a.m.

AGENDA:

1. Consideration of Minutes from March 8, 2010 Budget, Finance, and Audit

Presenter(s):

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: Vonciel Jones Hill

Motion seconded by: Ron Natinsky

The motion passed unanimously

2. Bond Underwriter Syndicates

Presenter(s): Corrine Steeger

Information Only:

Action Taken/Committee Recommendation(s): The Budget, Finance & Audit Committee made a motion to move the Bond Underwriter Syndicates briefing to full council on April 21, 2010 with an exception of Vice – Chair Ann Margolin who had a conflict of interest.

Motion made by: Vonciel Jones Hill

Motion seconded by: Delia D. Jasso

The motion passed unanimously

Follow up:

FYI Only:

3. **American Recovery & Reinvestment Act (ARRA) Status Report**

Presenter(s): Brett Wilkinson & Rocky Vaz

Information Only: Yes

Action Taken/Committee Recommendation(s):

Motion made by:

Motion seconded by:

Follow up:

4. **January/February 2010 Financial Forecast Report**

Presenter(s): Jeanne Chipperfield

Information Only: Yes

Action Taken/Committee Recommendation(s):

Motion made by:

Motion seconded by:

Follow up:

Meeting adjourned at 10:05 a.m.

Memorandum



DATE: April 22, 2010

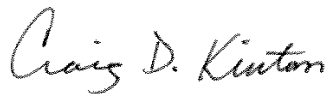
TO: Honorable Members of the Budget, Finance & Audit Committee –
Jerry R. Allen, Chair; Ann Margolin, Vice-Chair; Delia Jasso; Vonciel Jones Hill;
Ron Natinsky; David A. Neumann

SUBJECT: Presentation to the Budget, Finance & Audit Committee:
Office of the City Auditor Fiscal Year 2010 – Third Quarter Update

I will provide a briefing to the members of the Budget, Finance & Audit Committee on Monday, April 26, 2010 regarding:

- Fiscal Year 2010 Audit Plan Status Update – Third Quarter

Sincerely,



Craig D. Kinton
City Auditor

Budget, Finance and Audit Committee

Office of the City Auditor Fiscal Year 2010 – Third Quarter Update



City of Dallas
Office of the City Auditor
April 26, 2010



Reports Issued

Second Quarter

- Dallas Police Department Employee Morale Fund
- American Recovery and Reinvestment Act (ARRA) – October 1, 2009 to December 31, 2009
- Dallas Police Department's Cash Handling Procedures (Follow-up)
- Bonds Review
 - General Obligation Refunding and Improvement Bonds, Series 2010A – (\$196.6M)
 - General Obligation Bonds Taxable, Series 2010B – (\$85.4M)
 - Combination Tax and Revenue Certificates of Obligation, Series 2010 – (\$21.6M)
- Drug Destruction – FY 2010 # 2 (746.9 pounds)
- Weapons Destruction – FY 2010 # 2 (122 weapons)
- Sole Source Reviews
 - Compressed Natural Gas (\$5,389,962)
 - Westlaw On-Line Legal Research (\$370,855)

Anticipated Report Releases

Third Quarter

- Dallas Police Department Crime Statistics
- American Recovery and Reinvestment Act (ARRA) – January 1, 2010 to March 31, 2010
- Zoo Transition
- General Computer Controls (Dallas Police Department and Dallas Fire-Rescue)
- Reduction-in-Force Employee Processing Controls
- Uniform Overtime (Dallas Police Department and Dallas Fire-Rescue)
- Special Audit – Chief Financial Officer (Retirement)
- Sole Source and Single Bid Reviews (as requested)



Projects In-Progress

Third Quarter

- American Recovery and Reinvestment Act (ARRA) – April 1, 2010 to June 30, 2010
- Fleet Management
- Music Hall at Fair Park Contract
- Internal Control Review over Various Revenue Sources (Department of Park and Recreation)
- No Smoking Ordinance (City Attorney's Office)
- Confiscated Funds (Dallas Police Department)

Anticipated Project Starts

Third Quarter

- Solid Waste Hauler Franchise Fees (Department of Sanitation)
- Status of Outstanding Prior Year Audit Recommendations (Multiple Departments)
- Sales Tax and Franchise Fee Audits (contracted services)
- Single Bid and Sole Source Reviews (as requested)
- Drug and Weapons Destructions (as requested)

Audit Highlights

Second Quarter

■ Employee Morale Fund (Dallas Police Department)

- ❑ Finance and Contract Management Division of the Dallas Police Department did not comply with Administrative Directive 4-16, *Employee Morale Fund*, provisions that specify appropriate internal controls for a cash fund

■ American Recovery and Reinvestment Act (ARRA) – October 1, 2009 to December 31, 2009

- ❑ ARRA activity was primarily focused on accepting grant awards, awarding contracts, establishing fund accounts, and complying with Federal reporting requirements
- ❑ ARRA funds were properly awarded and distributed for the grants included in the audit
- ❑ ARRA funds were properly established in separate budget accounts, identified by fund number and fund type, and have not been co-mingled with funds from other sources
- ❑ City completed the initial ARRA quarterly report within the short time frame of ten days

Audit Highlights

Second Quarter

■ **DPD Cash Handling Procedures (Follow-up audit)**

- 13 of 19 recommendations from previous audit report were implemented (seven implemented; six partially implemented)
- Additional internal control weaknesses and noncompliance issues were identified, including:
 - Cash handling duties were not adequately segregated
 - Finance and Contract Management Division (FACM) does not monitor the Petty Cash Fund and Confidential Funds
 - Cash vault access is not sufficiently limited and access reviews are not performed
 - The FACM Division and DPD Divisions and Units do not comply with certain Department of Justice Financial Guidelines
 - The FACM Division did not comply with the City's Resource Information Guide governing Petty Cash Funds
 - DPD Inspections Unit's audits of the Petty Cash Fund and Confidential Funds were not effective.

Attestation Highlights

Second Quarter

- **Bonds Review – General Obligation Refunding and Improvement Bonds, Series 2010A; General Obligation Bonds Taxable, Series 2010B (Direct Subsidy Build America Bonds); Combination Tax and Revenue Certificates of Obligation, Series 2010**
 - Reviewed the Official Statement totaling \$303,570,000 related to the General Obligation Bonds / Certificates of Obligation to minimize the concerns that the City's financial condition is not accurately disclosed

- **Fiscal Year 2010 – Drug Destruction # 2**
 - 3,281 drug invoices and associated 5,775 drug articles totaling 746.90 pounds destroyed according to Agreed-Upon Procedures to assist the Dallas Police Department

- **Fiscal Year 2010 – Weapons Destruction # 2**
 - 122 weapons destroyed according to Agreed-Upon Procedures to assist the Dallas Police Department

Sole Source Highlights

Second Quarter

■ Sole Source Reviews

Sole source procurements totaling \$5,760,817 met the exemptions from competitive bidding as specified in the State of Texas Local Government Code, Chapter 252.022:

- Compressed Natural Gas (\$5,389,962 – 36 mo.)
- Westlaw On-line Legal Research (\$370,855)

QUESTIONS?



**City of Dallas
Office of the City Auditor
April 26, 2010**



Memorandum



CITY OF DALLAS

DATE April 23, 2010

TO Members of the Budget, Finance & Audit Committee:
Chair Jerry Allen, Vice-Chair Ann Margolin, Vonciel Jones Hill, Delia Jasso, Ron Natinsky, David Neumann

SUBJECT Dallas Water Utilities Revenue Bond Issuance

The April 26, 2010 Budget, Finance & Audit meeting agenda includes a briefing on the Dallas Water Utilities Revenue Bond Issuance. Attached is a copy of the briefing.

Please let me know if you need additional information.

A handwritten signature in black ink, appearing to read 'Jeanne Chipperfield'.

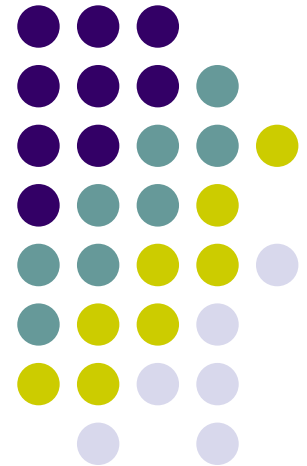
Jeanne Chipperfield
Chief Financial Officer

Attachment

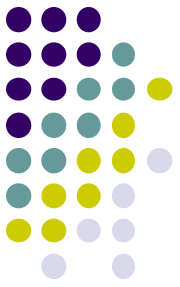
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Dallas Water Utilities Revenue Bond Issuance

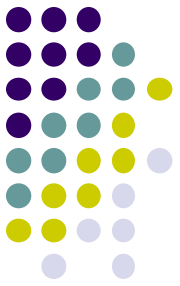
Budget, Finance and Audit Committee
April 26, 2010



Purpose

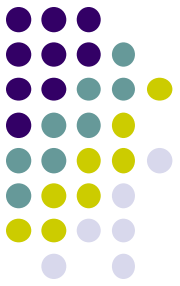


- Provide an overview of the bond sale
- Review revenue bond refunding candidates
- Review refunding of outstanding commercial paper
- Review the syndicate selection process and assignment for this transaction
- Seek committee recommendation on the April 28th resolution authorizing staff to proceed with preparations for the Waterworks and Sewer System Revenue Refunding Bonds, Series 2010



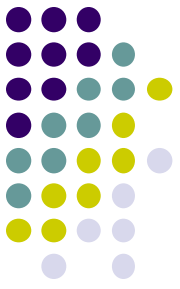
Bond Sale Overview

- Bond sale size currently estimated up to \$450 million if issued on a tax-exempt only basis
- Proposed bond sale will include \$235.5 million to retire outstanding commercial paper and refund \$185.5 million in existing revenue bond debt
- Issuance costs of \$801,620 to be paid from Water Utilities (DWU) operating funds
- 30-year bonds with a 10-year call
- Sale will be negotiated



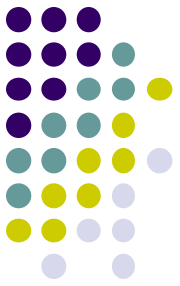
Revenue Bond Refunding

- Current interest rates provide an opportunity to refund approximately \$185.5 million in outstanding revenue bonds
- Proposed refunding includes specified maturities of:
 - Series 1993A Revenue Bonds: \$4.7 million principal
 - Maturities Oct. 1, 2012 – Oct. 2013, Interest Rate: 4.00%
 - Series 1998 Revenue Bonds: \$75.5 million principal
 - Maturities Oct. 1, 2010 – Oct. 2029, Interest Rate: 5.00%
 - Series 2003A Revenue Bonds: \$105.3 million principal
 - Maturities Oct. 1, 2013 – Oct. 2023, Interest Rates: 4.00% - 4.75%



Revenue Bond Refunding

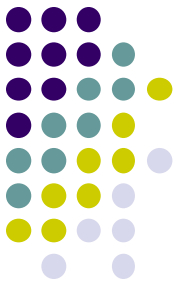
- Based on current interest rates, the estimated savings are:
 - Total net present value (NPV) cash savings of \$8.0 million
 - \$5.7 million cash savings in FY2010-11
 - 4.1% NPV savings as a percentage of the bonds being refunded
- Co-Financial Advisors will continue to monitor the market to ensure feasibility of refunding
 - Refunding may be restructured or deleted if market changes prior to June pricing



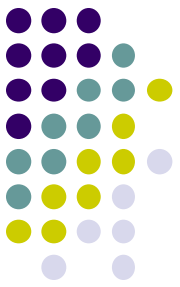
Revenue Bond Refunding

- Refunding does not extend or increase debt service payments in any year
- DWU's bond rating will not be adversely affected in the opinion of the City's Co-Financial Advisors
 - AAA by Standard & Poor's
 - Aa2 by Moody's Investors Service

Commercial Paper Refunding



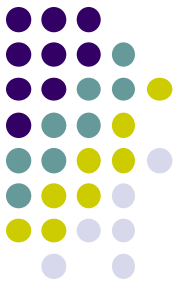
- Commercial paper provides short-term financing for DWU's capital improvement program
 - Current program size is \$600 million
 - Commercial paper issuance is timed to fund contract payments
 - Outstanding commercial paper balance is \$235.5 million as of 4/22/2010
 - Average interest rate is 0.3016%



Syndicate Selection

- On April 21st, City Council approved two underwriting syndicate teams for future negotiated sales. Council approval provided that:
 - Team A would underwrite the first negotiated transaction
 - Bookrunning senior manager position would rotate between national and M/WBE firms
 - Co-senior manager would be the highest ranking national or regional firm if the bookrunning senior manager position is assigned to the M/WBE firm

Syndicate Team A



- Team A consists of the following firms:

National

JP Morgan

Bank of America Merrill Lynch

Morgan Stanley

Regional

Southwest Securities Group

RBC Capital Markets

Raymond James & Assoc.

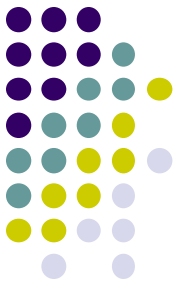
MWBE

Siebert Brandford Shank & Co.

M. R. Beal & Co.

Cabrera Capital Markets

Syndicate Team A



- Proposed firm assignments for the DWU refunding are as follows:

Senior Managers:

Siebert Brandford Shank & Co. (Bookrunning Senior Manager)

JPMorgan (Co-Senior Manager)

Co-Managers:

Bank of America Merrill Lynch

Morgan Stanley

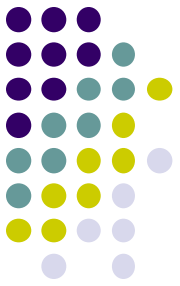
Southwest Securities Group

RBC Capital Markets

Raymond James & Assoc.

M.R. Beal & Co.

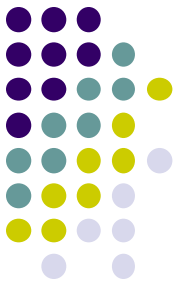
Cabrera Capital Markets



Timeline for Bond Sale

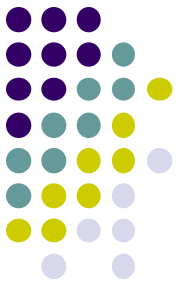
- April 26 Budget, Finance and Audit Committee
- April 28 City Council authorization to proceed with sale
- June 4 Receive ratings from rating agencies
- June 9 Parameters ordinance authorized by City Council
- June 15 Pricing of the bonds
- July 14 Deliver bonds and receive proceeds

Recommendation



- Authorize staff to proceed with preparations for the sale of \$450 million Waterworks and Sewer System Revenue Refunding Bonds, Series 2010 on the April 28th Council Addendum

Appendix



Issuance Costs Schedule

Page 14

Debt Service Schedule

Sources and Uses

Page 15

Debt Service Schedule

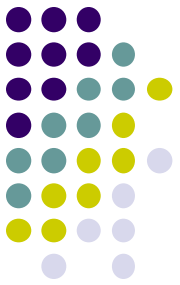
Page 16

Summary of Bonds to be Refunded

Page 17

Savings on Refunding

Page 18



Issuance Costs Schedule

Estimated Issuance Costs

Bond Counsel	\$262,500
Co-Financial Advisors	297,000
Debt Analysis/Structuring	60,000
Official Statement Printing	10,000
Rating Agencies	153,120
Auditor – Grant Thornton	9,500
Attorney General Filing Fee	9,500
Total	\$801,620

SOURCES AND USES OF FUNDS

Waterworks and Sewer System

City of Dallas, TX Waterworks and Sewer System Revenue Refunding Bonds, S2010 - 04.21.10 (all Tax-Exempt)

Sources:	2010REF	2010NM	Total
Bond Proceeds:			
Par Amount	175,380,000.00	220,480,000.00	395,860,000.00
Premium	20,711,671.95	16,326,816.00	37,038,487.95
	196,091,671.95	236,806,816.00	432,898,487.95
Uses:			
Project Fund Deposits:			
CP Takeout		235,486,000.00	235,486,000.00
Refunding Escrow Deposits:			
Cash Deposit	0.96		0.96
SLGS Purchases	81,181,542.00		81,181,542.00
Open Market Purchases	113,855,717.71		113,855,717.71
	195,037,260.67		195,037,260.67
Delivery Date Expenses:			
Underwriter's Discount	1,052,280.00	1,322,880.00	2,375,160.00
Other Uses of Funds:			
Additional Proceeds	2,131.28	-2,064.00	67.28
	196,091,671.95	236,806,816.00	432,898,487.95

NET DEBT SERVICE BREAKDOWN

Waterworks and Sewer System

City of Dallas, TX Waterworks and Sewer System Revenue Refunding Bonds, S2010 - 04.21.10 (all Tax-Exempt)

Period Ending	Current Ref 1993A & 1998, Adv Ref 2003A	Tax-Exempt Takeout \$235.486MM of Outstanding W&S CP	Total
9/30/2011	7,307,500	9,186,666.67	16,494,166.67
9/30/2012	12,132,750	14,402,375.00	26,535,125.00
9/30/2013	16,318,500	14,399,750.00	30,718,250.00
9/30/2014	21,250,875	14,403,000.00	35,653,875.00
9/30/2015	17,812,625	14,401,625.00	32,214,250.00
9/30/2016	16,861,250	14,400,250.00	31,261,500.00
9/30/2017	16,765,250	14,403,250.00	31,168,500.00
9/30/2018	16,799,375	14,400,125.00	31,199,500.00
9/30/2019	17,209,375	14,400,375.00	31,609,750.00
9/30/2020	17,218,875	14,403,250.00	31,622,125.00
9/30/2021	17,216,375	14,403,125.00	31,619,500.00
9/30/2022	17,210,625	14,399,500.00	31,610,125.00
9/30/2023	17,209,875	14,401,625.00	31,611,500.00
9/30/2024	17,231,625	14,398,750.00	31,630,375.00
9/30/2025	4,978,125	14,400,125.00	19,378,250.00
9/30/2026	4,979,000	14,399,875.00	19,378,875.00
9/30/2027	4,970,125	14,402,125.00	19,372,250.00
9/30/2028	4,961,250	14,401,000.00	19,362,250.00
9/30/2029	4,961,625	14,400,625.00	19,362,250.00
9/30/2030	4,950,750	14,400,000.00	19,350,750.00
9/30/2031		14,403,000.00	14,403,000.00
9/30/2032		14,398,625.00	14,398,625.00
9/30/2033		14,400,750.00	14,400,750.00
9/30/2034		14,403,000.00	14,403,000.00
9/30/2035		14,399,250.00	14,399,250.00
9/30/2036		14,398,250.00	14,398,250.00
9/30/2037		14,398,500.00	14,398,500.00
9/30/2038		14,398,500.00	14,398,500.00
9/30/2039		14,401,625.00	14,401,625.00
9/30/2040		14,401,250.00	14,401,250.00
	258,345,750	426,810,166.67	685,155,916.67

SUMMARY OF BONDS REFUNDED

Waterworks and Sewer System

City of Dallas, TX Waterworks and Sewer System Revenue Refunding Bonds, S2010 - 04.21.10 (all Tax-Exempt)

	Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
\$30,000,000 Waterworks and Sewer System Revenue Re, 1993A:						
	SERIAL	10/1/2012	4.000%	2,295,000.00	7/1/2010	100.000
		10/1/2013	4.000%	2,420,000.00	7/1/2010	100.000
				4,715,000.00		
\$326,710,000 Waterworks and Sewer System Revenue R, 1998:						
	SERIAL	10/1/2010	5.000%	4,640,000.00	7/1/2010	100.000
		10/1/2011	5.000%	6,235,000.00	7/1/2010	100.000
		10/1/2012	5.000%	6,130,000.00	7/1/2010	100.000
		10/1/2013	5.000%	3,820,000.00	7/1/2010	100.000
		10/1/2014	5.000%	3,020,000.00	7/1/2010	100.000
		10/1/2015	5.000%	2,180,000.00	7/1/2010	100.000
		10/1/2016	5.000%	2,180,000.00	7/1/2010	100.000
		10/1/2017	5.000%	2,305,000.00	7/1/2010	100.000
		10/1/2018	5.000%	2,825,000.00	7/1/2010	100.000
		10/1/2019	5.000%	2,965,000.00	7/1/2010	100.000
	TERM1	10/1/2024	5.000%	17,215,000.00	7/1/2010	100.000
	TERM2	10/1/2029	5.000%	21,970,000.00	7/1/2010	100.000
				75,485,000.00		
\$164,000,000 Waterworks and Sewer System Revenue, 2003A:						
	SERIAL	10/1/2013	4.000%	7,610,000.00	10/1/2012	100.000
		10/1/2014	4.000%	7,925,000.00	10/1/2012	100.000
		10/1/2015	4.000%	8,265,000.00	10/1/2012	100.000
		10/1/2016	4.125%	8,625,000.00	10/1/2012	100.000
		10/1/2017	4.250%	9,015,000.00	10/1/2012	100.000
		10/1/2018	4.250%	9,425,000.00	10/1/2012	100.000
		10/1/2019	4.750%	9,870,000.00	10/1/2012	100.000
		10/1/2020	4.750%	10,345,000.00	10/1/2012	100.000
		10/1/2021	4.750%	10,850,000.00	10/1/2012	100.000
		10/1/2022	4.750%	11,390,000.00	10/1/2012	100.000
		10/1/2023	4.750%	11,965,000.00	10/1/2012	100.000
				105,285,000.00		
				185,485,000.00		

SAVINGS

Waterworks and Sewer System

City of Dallas, TX Waterworks and Sewer System Revenue Refunding Bonds, S2010 - 04.21.10 (all Tax-Exempt)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 06/01/2010 @ 4.1388180%
9/30/2011	13,163,281.26	7,307,500.00	5,855,781.26	5,779,979.68
9/30/2012	14,486,406.26	12,132,750.00	2,353,656.26	2,233,353.65
9/30/2013	16,321,381.26	16,318,500.00	2,881.26	7,255.29
9/30/2014	21,251,131.26	21,250,875.00	256.26	3,992.75
9/30/2015	17,816,031.26	17,812,625.00	3,406.26	5,967.19
9/30/2016	16,862,231.26	16,861,250.00	981.26	3,241.69
9/30/2017	16,770,040.63	16,765,250.00	4,790.63	5,567.73
9/30/2018	16,803,456.25	16,799,375.00	4,081.25	4,392.10
9/30/2019	17,213,356.25	17,209,375.00	3,981.25	3,691.23
9/30/2020	17,218,912.50	17,218,875.00	37.50	719.80
9/30/2021	17,216,681.25	17,216,375.00	306.25	725.09
9/30/2022	17,213,425.00	17,210,625.00	2,800.00	2,112.99
9/30/2023	17,212,600.00	17,209,875.00	2,725.00	1,822.52
9/30/2024	17,232,043.75	17,231,625.00	418.75	242.52
9/30/2025	4,978,125.00	4,978,125.00		
9/30/2026	4,979,000.00	4,979,000.00		
9/30/2027	4,970,125.00	4,970,125.00		
9/30/2028	4,961,250.00	4,961,250.00		
9/30/2029	4,961,625.00	4,961,625.00		
9/30/2030	4,950,750.00	4,950,750.00		
	266,581,853.19	258,345,750.00	8,236,103.19	8,053,064.22

Savings Summary

PV of savings from cash flow	8,053,064.22
Plus: Refunding funds on hand	<u>2,131.28</u>
Net PV Savings	8,055,195.50

Memorandum



CITY OF DALLAS

DATE April 22, 2010

TO The Honorable Members of the Budget, Finance and Audit Committee

SUBJECT Legal Issues Regarding Claims and Lawsuits for Risk Budget

The material for this briefing will be provided to the committee in executive session on April 26, 2010. Please contact me if you have any questions.

A handwritten signature in blue ink, appearing to read 'T.P. Perkins, Jr.', with a checkmark at the end.

THOMAS P. PERKINS, JR.
City Attorney

Memorandum



DATE April 22, 2010

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry Allen (Chair), Ann Margolin (Vice Chair), Vonciel Jones Hill, Delia D. Jasso, Ron Natinsky, David A. Neumann

SUBJECT Code Compliance FY 09/10 Budget Overview

On Monday, April 26, 2010, you will be briefed on the Code Compliance FY 09/10 Budget Overview. The briefing material is attached for your review.

If you have questions or need additional information, please let me know.



Forest E. Turner
Assistant City Manager

cc: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
Judge C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Office
Helena Stevens-Thompson, Assistant to the City Manager



City of Dallas

Code Compliance FY 09/10 Budget Overview

Presented to the City Council
Budget, Finance and Audit Committee
April 26, 2010

Dallas Code Compliance, what it all means
COMMUNITY



Purpose



- To review Code Compliance's FY 09/10 Budget
 - Overview
 - FY 09/10 Budget Summary
 - Scope of Services

Overview



- Mission: Clean, Code Compliant Neighborhoods
- Code Compliance has a general fund budget of \$28.3 million and 481 employees
- Code Compliance is responsible for 17 of the 46 chapters of the Dallas City Code
- Code Compliance is organized into four business units:
 - Animal Services
 - Neighborhood Code Compliance Services
 - Neighborhood Nuisance Abatement
 - Multi-Tenant Inspection Program
- In December 2009, Code Compliance implemented a quality management system through ISO 9001

Code Compliance FY09/10 Budget Summary



Expenses

Service	Expense
Animal Services: Major expense driver is \$5.2M in staffing for 65 animal officers and 54 animal care positions	\$ 7,229,841
Neighborhood Code Compliance: Major expense drivers include \$11.5M in staffing for 138 code officers and 39 support staff, and \$0.5M for a demolition contract	\$13,065,206
Neighborhood Nuisance Abatement: Major expense drivers includes \$4.6M in staffing for 55 Nuisance Abatement personnel and 33 code officers, and \$0.35M for contracted mowing services	\$ 5,765,779
Multi-Tenant Code Inspection: Major expense driver is \$1.9M in staffing for 31 code officers and 3 support staff positions	\$ 2,337,848
Total Expenses	\$28,398,674

Code Compliance FY09/10 Budget Summary



City of Dallas

Revenues

Service	Revenue
Animal Services <ul style="list-style-type: none">•Major revenue items: Registration of dogs and cats, administration of animal control fees such as adoptions and impoundments, issuance of intact animal permits	\$ 878,534
Neighborhood Code Compliance <ul style="list-style-type: none">• Major revenue item: Registration of food establishments	\$4,560,567
Neighborhood Nuisance Abatement <ul style="list-style-type: none">•Major revenue item: Payment of liens for mowing, cleaning and closure services	\$1,535,500
Multi-Tenant Code Inspection <ul style="list-style-type: none">•Major revenue item: Registration of multi-tenant properties	\$2,832,628
Total Revenue	\$9,807,229



City of Dallas

Code Compliance Scope Of Services

Animal Services

FY09/10 Budget - \$7.2 million



- Manage 55,000 sq. ft. animal shelter
- 65 animal officers enforce Chapter 7 - Animals of the Dallas City Code on a 24 hour basis
- Manage Field Operations:
 - Impound over 37,000 animals annually
 - Annually investigate 5,475 animal cruelty cases, 1,506 animal bites, 622 tethering cases and 168 confined animal requests
 - Dedicate officers to patrol areas known to have loose dogs
 - Use flexible hours when dogs are out
 - Located five vehicles in high call volume areas to enhance rapid response

Animal Services, cont'd.

FY09/10 Budget - \$7.2 million



- 54 positions to care for animals
 - Includes animal keepers, veterinarians, and veterinarian technicians
- Manage shelter operations:
 - Adopt 2,600 dogs and cats annually
 - Redeem over 2,400 dogs and cats annually (Lost and Found)
 - Perform 1,390 spay/neuter surgeries for dogs and cats adopted and redeemed from the shelter at onsite spay/neuter clinic
 - Spay/neuter clinic opened in June 2008
 - Issue 55,612 dog and cat registrations annually
 - Provide 136 responsible pet ownership classes in English and Spanish for 489 residents
 - Care for over 37,000 animals annually

Neighborhood Code Compliance Services

FY 09/10 Budget - \$13 million



- 138 Code Officers operate out of seven district offices:
 - Northwest, North Central, Northeast, Southeast, South Central, Southwest, Central (see district map on page 10)
 - Neighborhood Code Representatives to work on gaining compliance prior to issuing citations
 - Enforce city codes related to residential and commercial properties
 - FY 08/09 cases:

-High weeds – 37,545	-Signs – 6,442
-Litter – 21,642	-Junk Motor Vehicles – 7,210
-Substandard structures – 5,765	-Illegal Dumping – 3,128
-Bulk trash – 7,555	

Neighborhood Code Compliance Services, cont'd.

FY 09/10 Budget - \$13 million



City of Dallas

- Consolidated three new services into Neighborhood Code in October 2009
 - Food Establishment Registrations and Inspections (formerly Food Protection)
 - 17 sanitarians conduct permitting inspections/registrations and follow-up inspections on 15,135 establishments
 - Mosquito Abatement (formerly Environmental Assessments)
 - Seven staff members evaluate breeding sites over 16,000 times annually, provide treatment and conduct spraying to provide year-round mosquito abatement
 - Regulate and inspect 301 public and semi-public pools
 - Provide training for approximately 800 managers of commercial pool operations certification
 - Contract demolition of Structures ordered by Judicial Warrants
 - Two Code officers assigned to identify properties eligible for demolition and ensure contractor compliance
 - Contracts with various vendors for pest control, asbestos testing/removal and demolition

Neighborhood Code Compliance Services, cont'd.

FY 09/10 Budget - \$13 million



Major Expenses - Demolition Services Contract - \$500,000

- Process demolition orders of sub-standard structures issued by Judicial Warrants
 - Complete on average over 200 demolitions each fiscal year
 - Average 60 days to demolish structure
 - Demolished 138 structures as of April 15, 2010

Neighborhood Nuisance Abatement

FY 09/10 Budget - \$5.7 million



- Consists of three units:
 - Nuisance Abatement (formerly Mow/Clean)
 - Rapid Intensified Inspection Program (RIIP)
 - Code officers assigned to City Attorney's Office (CAO)
- Nuisance Abatement (formerly Mow/Clean)
 - Composed of 55 employees - laborers, maintenance workers and equipment operators
 - Provide services to approximately 32,000 requests annually
 - High weeds abatement – 17,193
 - Graffiti Abatement – 5,300
 - Litter removal – 6,589
 - Secure open/vacant structures – 1,718
 - Heavy clean lots – 1,065

Neighborhood Nuisance Abatement, cont'd.

FY 09/10 Budget - \$5.7 million



- Rapid Intensified Inspection Program (RIIP)
 - 24 Code officers serve as first responders to violations that could pose health and safety risks to citizens
 - Provide evening and weekend Code coverage
 - Respond to 9,250 calls for parking on unapproved surfaces cases
 - Respond to 1,688 weekend garage sale complaints
- Code officers assigned to City Attorney's Office (CAO)
 - 9 Code officers support the Code Litigation and Community Prosecution sections of the CAO
 - Work to increase the City's capacity to aggressively litigate difficult and complex code enforcement cases

Neighborhood Nuisance Abatement, cont'd.

FY 09/10 Budget - \$5.7 million



Major Expenses - Mowing Contract - \$350,000

- Supplements mowing performed by City staff on City-owned properties and locations entered through the 311 system for abatement
 - Allows 8,500 property cuts annually

Multi-Tenant Code Inspection Program

FY 09/10 Budget - \$2.3 million



City of Dallas

- 33 Code officers responsible for the registration and inspection of multi-tenant properties
 - Multi-tenant properties consist of dwellings with three or more attached units
- Perform Multi-tenant inspections on 2,838 multi-tenant structures and swimming pools located at these structures
- Fees paid ranging from \$6/unit for registration to \$45 re-inspection fee per identified violation
- Issue permits and provide oversight of repair-related businesses
 - Motor Vehicle Repair
 - Home Repair
 - Scrap tire vendors
 - Electronic Repair
 - Wood vendors



City of Dallas

Questions