

Memorandum

REVISED

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CITY SECRETARY
DALLAS, TEXAS



DATE June 10, 2010

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

SUBJECT **Budget, Finance & Audit Committee Meeting**
Monday, June 14, 2010, 9:30 – 11:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Consideration of minutes from the May 24, 2010 Budget, Finance and Audit Committee Meeting
2. Electricity Procurement
Forest E. Turner, Assistant City Manager
& John Bick, Priority Power Management
3. Temporary Industrial Labor Contract for Sanitation Services
Mary Nix, Director
Sanitation Services
4. Preview of Employee Health Benefits for FY 2010 - 2011
Molly McCall, Interim Director
Human Resources
5. 1998 Sports Arena Project Bonds Optional Redemption
Corrine Steeger, Assistant Director
City Controller's Office

FYI:

6. March 2010 Financial Forecast Report

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

C: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Deborah A. 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

REVISED

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
May 24, 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: May 24, 2010

Committee Members Present:

Jerry R. Allen, Chair, Ann Margolin, Vice – Chair, Vonciel Jones Hill, Delia D. Jasso, Ron Natinsky, David A. Neumann

Committee Members Absent:

None

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

Carolyn R. Davis

Staff Members Present:

Mary K. Suhm, Forest E. Turner, Jeanne Chipperfield, Laura Carrillo, Michelle Gonzalez, Jack Ireland, Brett Wilkinson, Rocky Vaz, Carolyn Bray, Zaida Basora, Jesse Dillard, Larry McCachern, Shelia Robinson, Edward Scott, Lance Sehorn, Rick Galceran, Errik Thompson, Jeannie Eneh, Gwen Satterthwaite, Chris Bowers, Frank Libro, Deborah A. Watkins, Daniel Soliz, Rhonn Ramirez, Craig Kinton

Meeting called to order at 9:39 a.m.

AGENDA:

1. Consideration of Minutes from May 10, 2010 Budget, Finance, and Audit

Presenter(s):

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: David A. Neumann

Motion seconded by: Delia D. Jasso

The motion passed unanimously

Action Taken/Committee Recommendation(s):

Follow up:

2. The Lamplighter School – Bond Issue Consent

Presenter(s): Jeanne Chipperfield

Information Only:

Action Taken/Committee Recommendation(s): The Budget, Finance & Audit Committee made a motion to move The Lamplighter School – Bond Issue Consent briefing item to full City Council on June 9, 2010.

Motion made by: Ann Margolin

Motion seconded by: David A. Neumann

The motion passed unanimously

Follow up:

3. **External Auditing Services Contract**

Presenter(s): Edward Scott

Information Only:

Action Taken/Committee Recommendation(s): The Budget, Finance & Audit Committee made a motion to move forward with Option 1, the Request for Proposals (RFP). Councilmember Ron Natinsky opposed the item.

Motion made by: Ann Margolin

Motion seconded by: Delia D. Jasso

Follow up:

4. **FY 2010-11 E3 Government Key Focus Area Preliminary Ranking of Bids**

Presenter(s): Jeanne Chipperfield, Deborah A. Watkins

Information Only: Yes

Action Taken/Committee Recommendation(s):

Motion made by:

Motion seconded by:

Follow up:

5. **Equipment & Building Services Electricity Program**

Presenter(s): Forest E. Turner, Carolyn Bray, Zaida Basora, Rick Galceran, Jesse Dillard, Larry McCachern,

Information Only: Yes

Action Taken/Committee Recommendation(s):

Motion made by:

Motion seconded by:

Follow up:

FYI Only:

6. **Electricity Supply 2011 - May 26th Agenda Item #13**

Presenter(s): Forest E. Turner

Information Only:

Action Taken/Committee Recommendation(s): The Budget, Finance & Audit Committee made a motion to move the Electricity Supply 2011 - May 26th Agenda Item #13 to full City Council. Councilmember Jerry R. Allen opposed the item.

Motion made by: Ron Natinsky

Motion seconded by: Vonciel Jones Hill

Follow up:

7. **March 2010 Financial Forecast Report**

Presenter(s): Jeanne Chipperfield

Information Only: Yes

Action Taken/Committee Recommendation(s): This item was not briefed. The Budget, Finance & Audit Committee requested to bring it back on June 14, 2010.

Motion made by:

Motion seconded by:

Follow up:

Meeting adjourned at 11:32 a.m.

Memorandum



CITY OF DALLAS

DATE: June 10, 2010

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

SUBJECT: Electricity Procurement Briefing

On Monday, June 14, 2010, you will be briefed on the Equipment and Building Services Electricity Procurement. The briefing material is attached for your review.

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

A handwritten signature in black ink, appearing to read 'Forest E. Turner'.

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
C. Victor Lander, Administrative Judge
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

Electricity Procurement

Budget Finance & Audit Committee

June 14, 2010





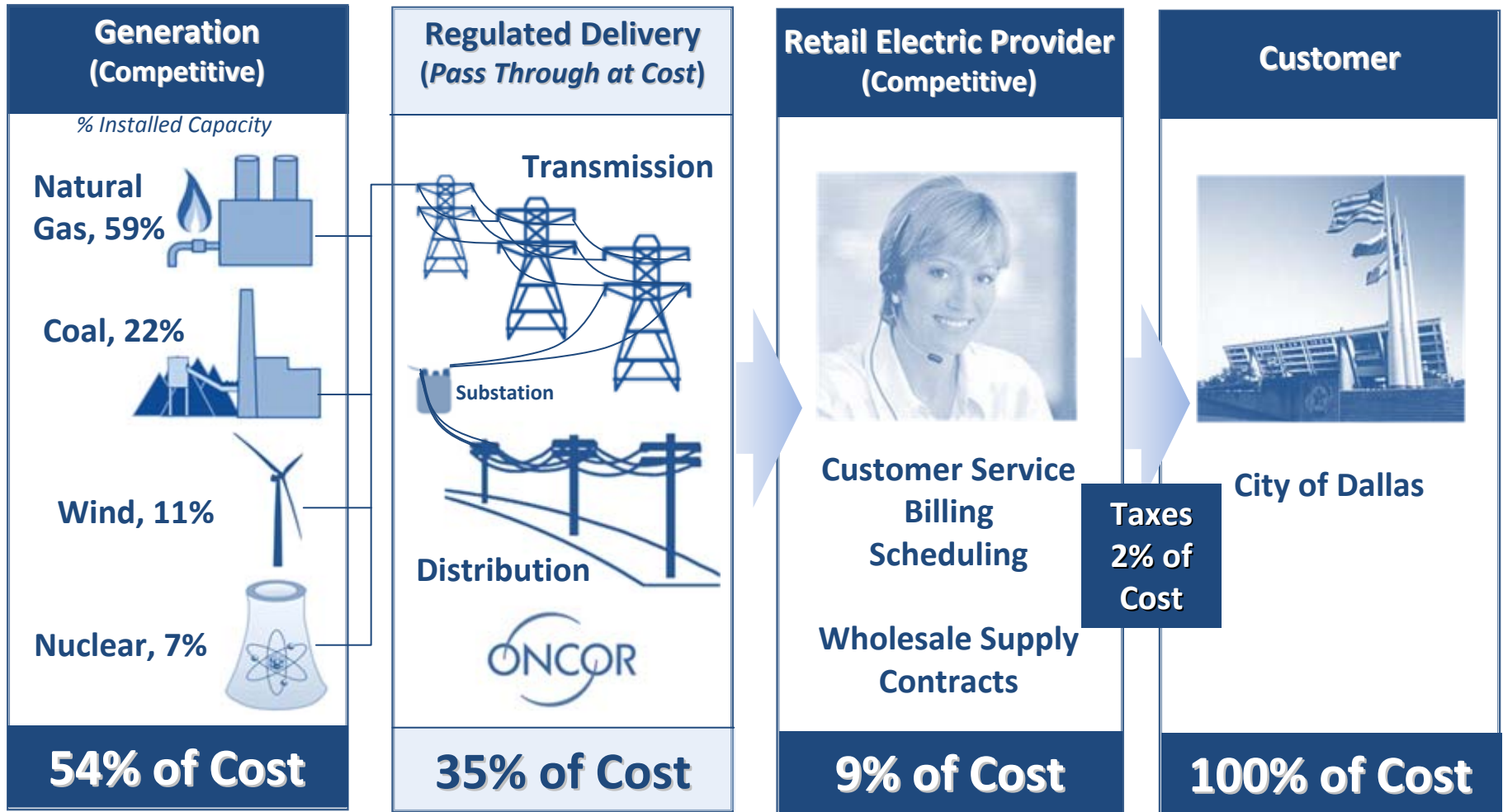
Review the City's electricity procurement program and upcoming contract for the period beginning January 1, 2011.

- ▶ How we buy electricity
- ▶ How well we did on our last procurement
- ▶ What we are proposing and why
- ▶ What are plans beyond this contract period
- ▶ Recommendations

Electricity Procurement

»» How We Buy Electricity

Deregulation Structure Review



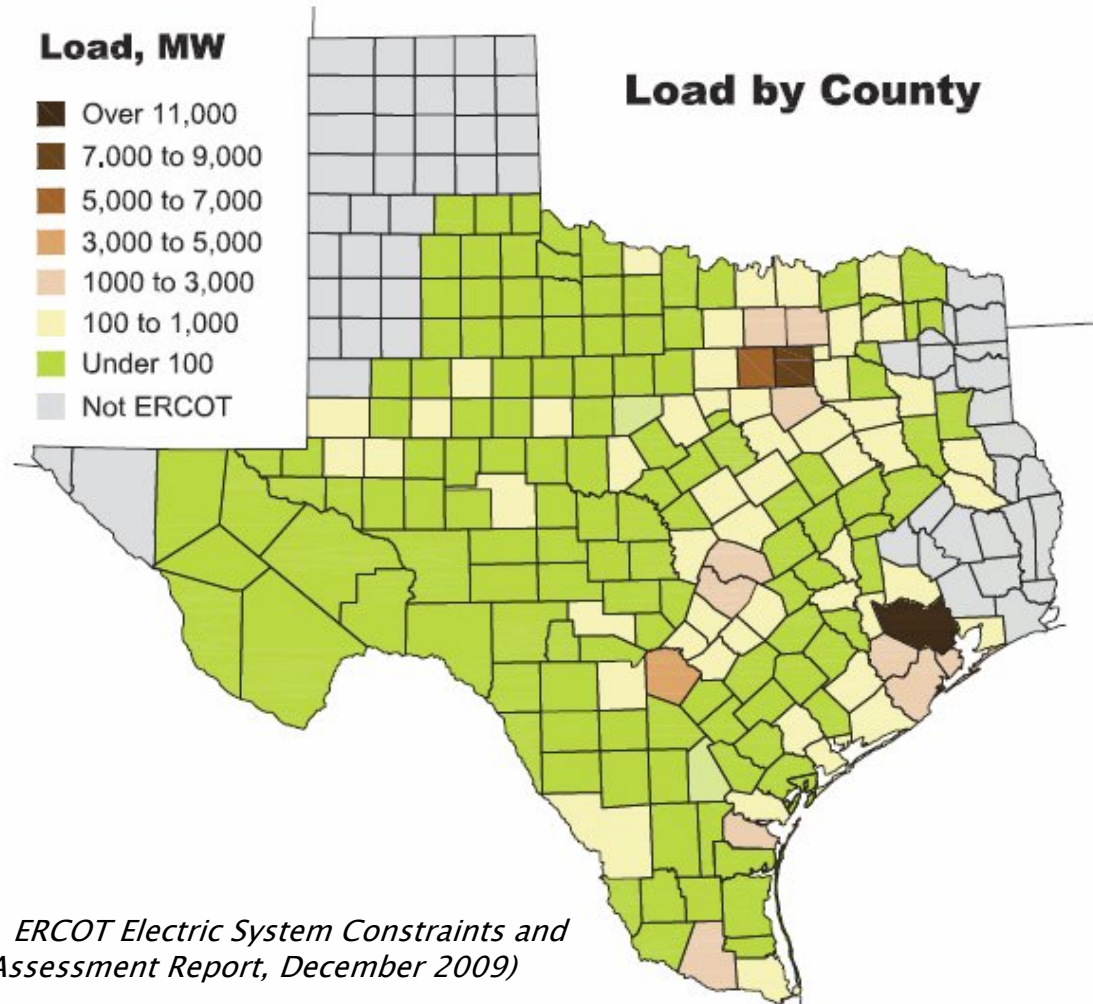
Regional Load by County



Four counties total
48% of load in ERCOT:

1. Harris
2. Dallas
3. Tarrant
4. Bexar

City of Dallas is
approximately
192MW, or 2% of
Dallas County.



Source: ERCOT Electric System Constraints and Needs Assessment Report, December 2009)

Top 3 and Other Notable Users – North TX



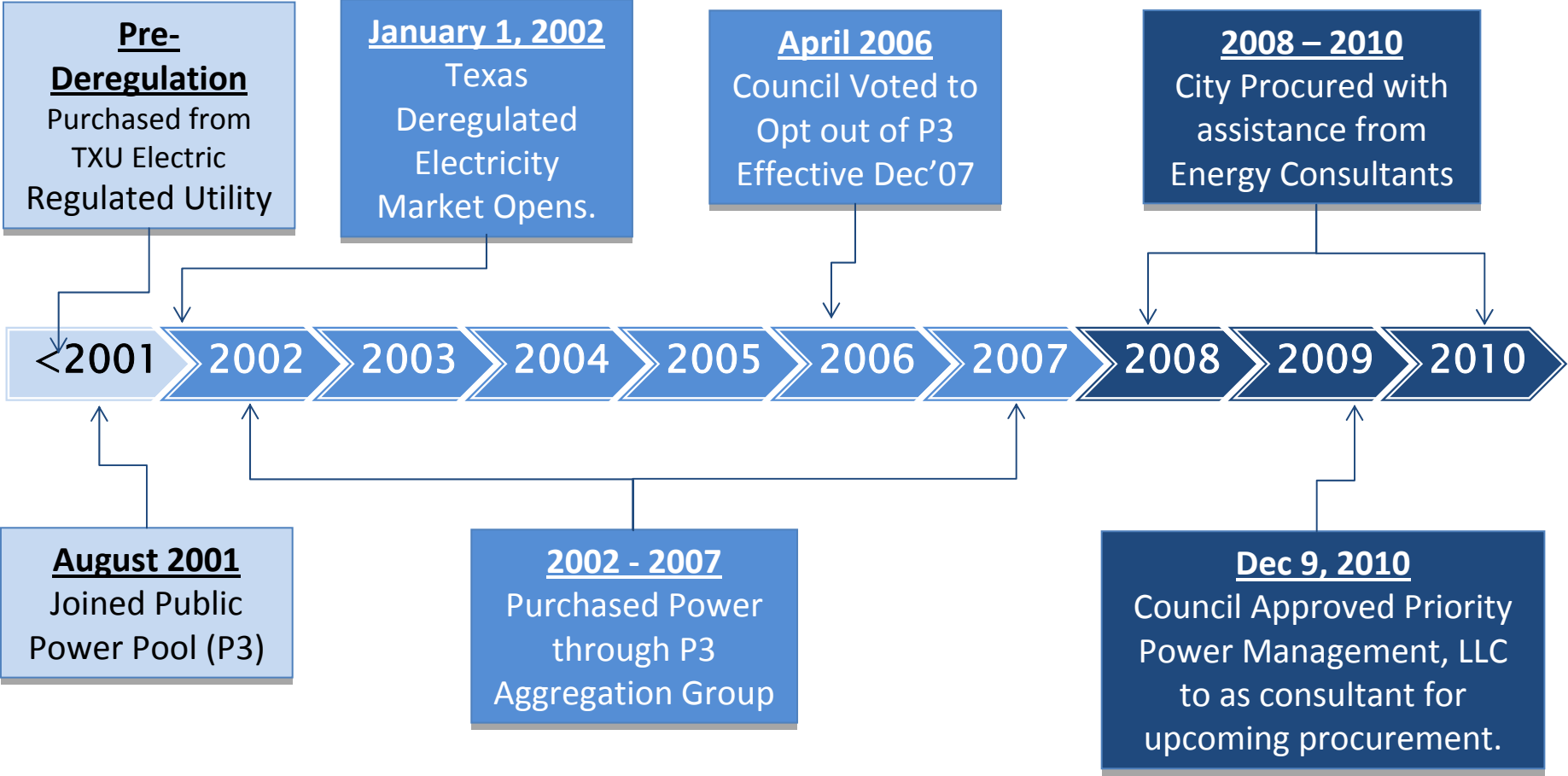
	Electricity User	Million kWh/Yr	% Size Compared to City of Dallas
1	Texas Instruments	1,200	159.6%
2	Gerdau Ameristeel	1,000	133.0%
3	City of Dallas	752	0.0%
O T H E R S	UT System (North Texas)	550	73.1%
	Nucor Steel	540	71.8%
	AT&T	450	59.8%
	Texas Health Resources	370	49.2%
	AMR (American Airlines)	300	37.2%
	City of Fort Worth	245	32.6%
	Dallas ISD	240	31.9%
	General Motors	240	31.9%
	HP (EDS)	190	25.3%
	Dallas County	120	16.0%
	City of Arlington	100	13.3%

**Energy usage is estimated only.*



- ▶ 2,600 accounts (includes 800+ buildings, 1500 traffic signals, outdoor lights, etc.) and 752 million kWh/Yr (enough to power 41,000 single family households)
- ▶ Consumption by Department (percentages by volumes)
 - Water 55%
 - Public Works (Includes streetlights and traffic signals) 12%
 - Parks 6%
 - Office of Cultural Affairs 5%
 - Aviation 5%
 - Equipment and Building Services (includes multi-use buildings, e.g. City Hall, OCMC, Courts) 5%
 - Police and Fire 4%
 - Convention Center 4%
 - Library 2%
 - Other 2%

City's Procurement Process History



Consultant Selection & Qualifications



- ▶ Request for Qualifications advertised August 2009
- ▶ 10 Firms submitted proposals with 5 firms short-listed
 - Qualifications and Experience
 - Project understanding and approach
 - Past Performance
 - MWBE
- ▶ Requested cost proposals in October 2009
 - Priority Power Management, LLC
 - R.W. Beck
- ▶ Contract with Priority Power Management, LLC approved by Council on Dec. 9, 2009 (Resolution #09-2943)



- ▶ Priority Power Management, LLC Qualifications
 - Staff has over 250 years of combined experience in energy markets
 - Procurement and management of an estimated \$1 billion in annual energy spending
 - Managing power requirements for 32 of Top 100 Texas independent oil and gas producers
 - Notable clients include: Chesapeake Energy, Hunt Oil Company, Devon Energy, Texas Health Resources, University of Texas System and City of Midland

City's Procurement Process



- ▶ Use independent consultant for specialized expertise
- ▶ Analyze data and develop specification
- ▶ Use a competitive RFP process with Business Development & Procurement
 - 972 total contacts including:
 - 138 Retail Electricity Providers (All REPs in Texas)
 - 104 MWBEs



- ▶ Evaluate proposals and short list firms based on:
 - Financial stability – 25%
 - Invoicing capability including electronic invoicing – 20%
 - MWBE participation – 15%
 - Agreement to contract terms – 10%
 - Level of experience – 10%
 - Product experience – 10%
 - Ability to provide renewable energy credits – 5%
 - Customer service – 5%
- ▶ Prepare contract documents for short-listed firms.



- ▶ City Council authorizes the City Manager to enter into contract
 - Accept best and final offers
 - Determine most advantageous offer to the City
 - Total delivered cost of power – 70%
 - Final contract terms – 20%
 - Invoicing requirements – 10%
 - Execute the contract (Completed on day of offer while commodity market is open)
- ▶ REP enters into third party agreements to secure wholesale electricity supply to serve City load.

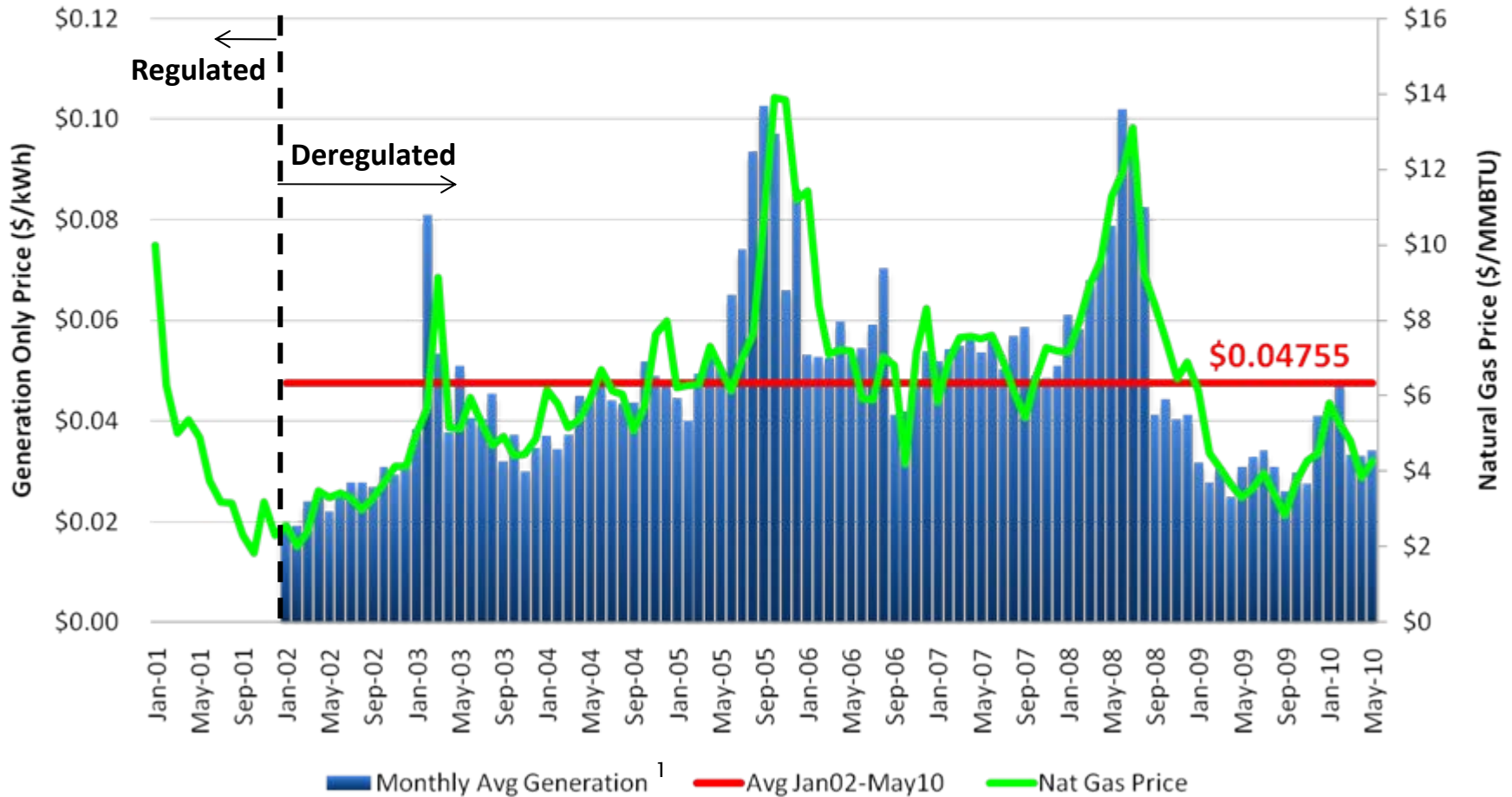
Electricity Procurement

- »» How well we did on our last procurement

Historical Generation Costs



Natural Gas Prices are the Primary Driver of the trends in electricity prices.



1. Monthly average generation price is derived by the actual simple average of the ERCOT north zone market clearing price of energy (MCPE) multiplied by a City of Dallas load shaping factor of 1.035.

What did we do?

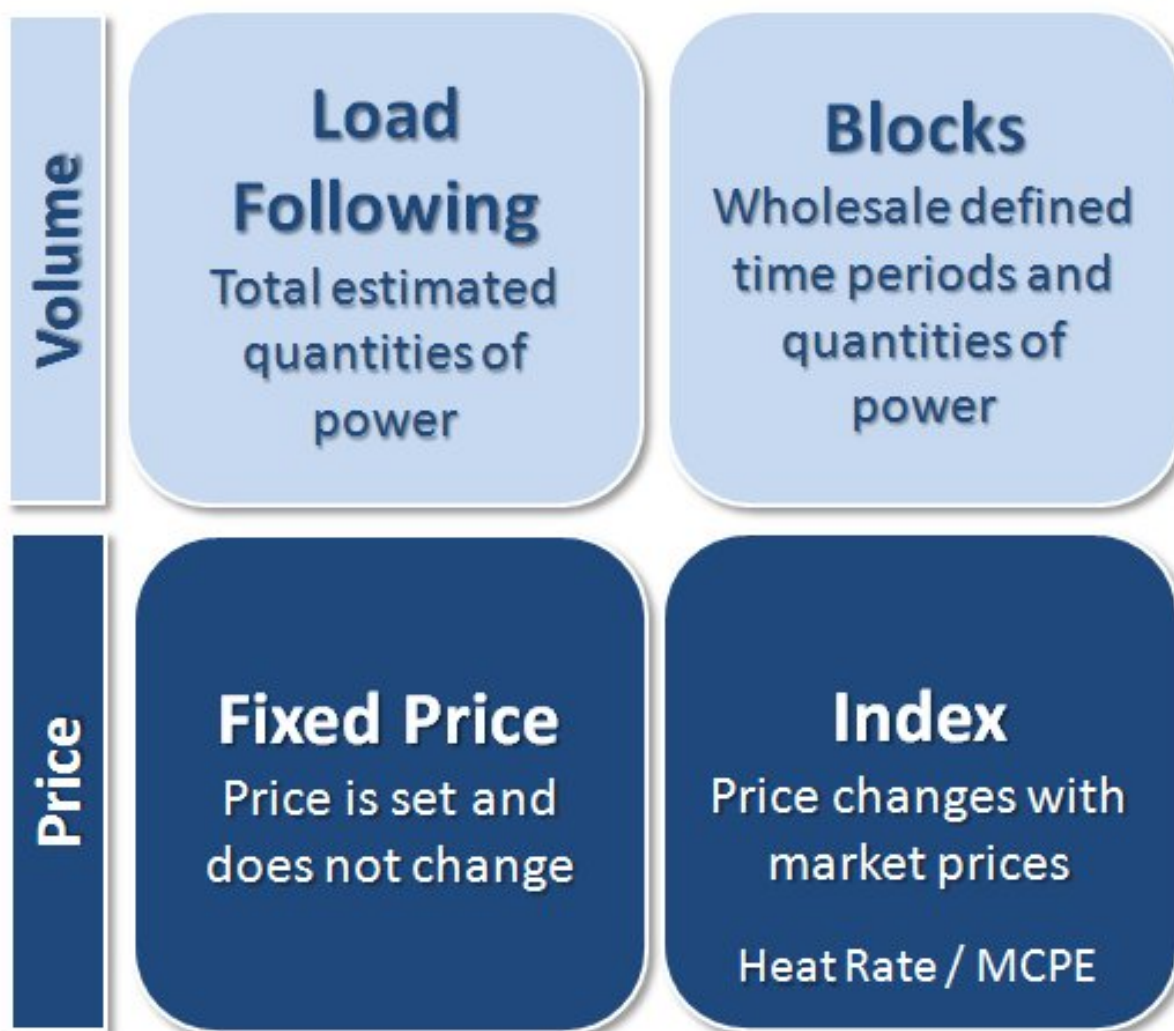


- ▶ On August 27, 2008, Council approved strategy and authorized City Manager to enter into contract
- ▶ City Manager accepted Best and Final Offers and executed the contract on September 26, 2008
- ▶ Current contract for 2009, 2010 with GDF SUEZ Energy Resources



- ▶ Contract was a Load-Following Heat Rate
 - Supplier provides a price that fluctuates with the price of natural gas (until locked) for the entire estimated load within a bandwidth of +/-10%
 - Strategy approved by Council on August 27, 2008 provided guidelines for locking natural gas prices
 - Fixed trigger points were +15% and -30%
 - Limits allowed us to take advantage of declining prices while limiting exposure to increasing prices

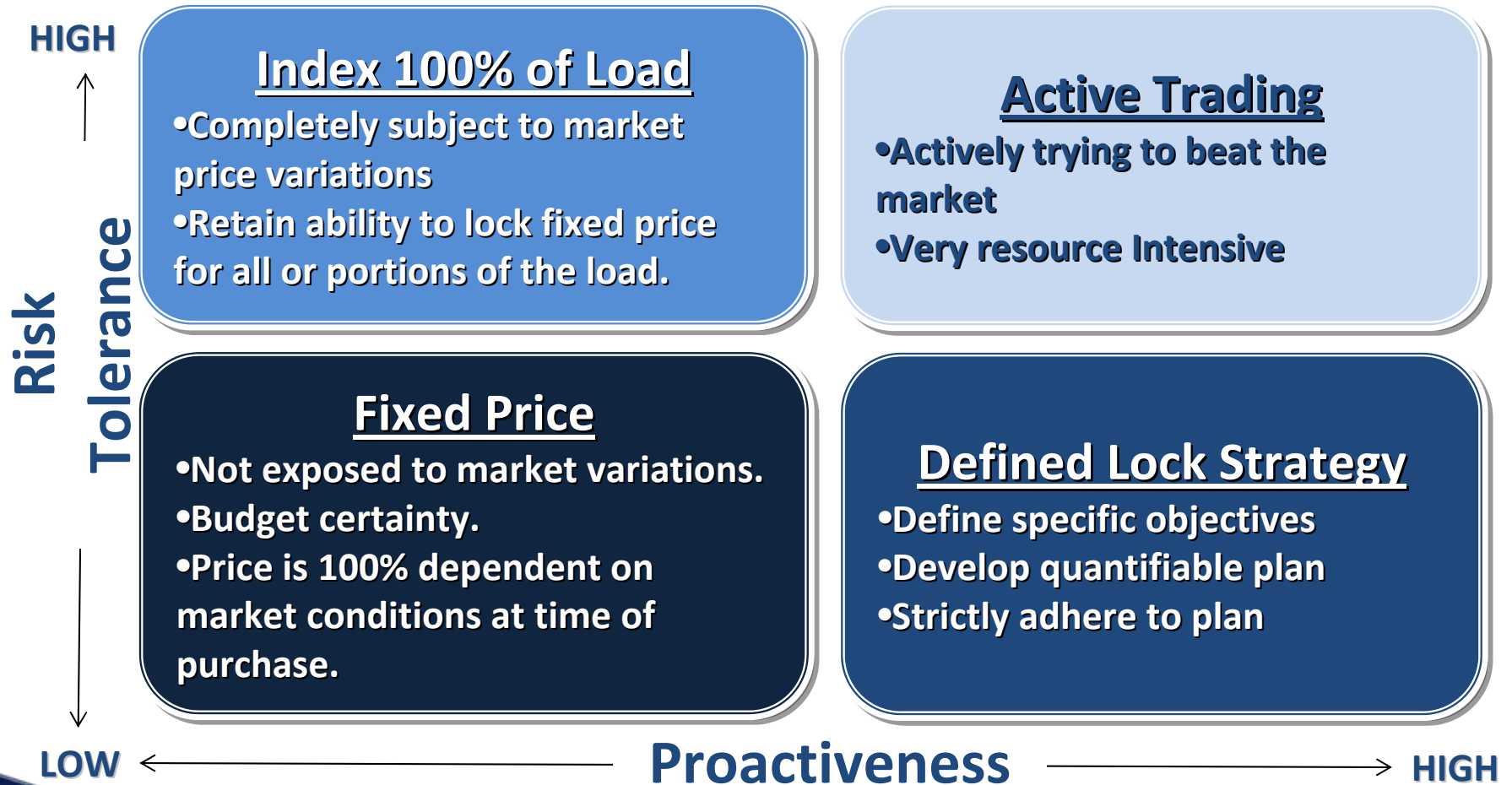
Multiple Products to Consider



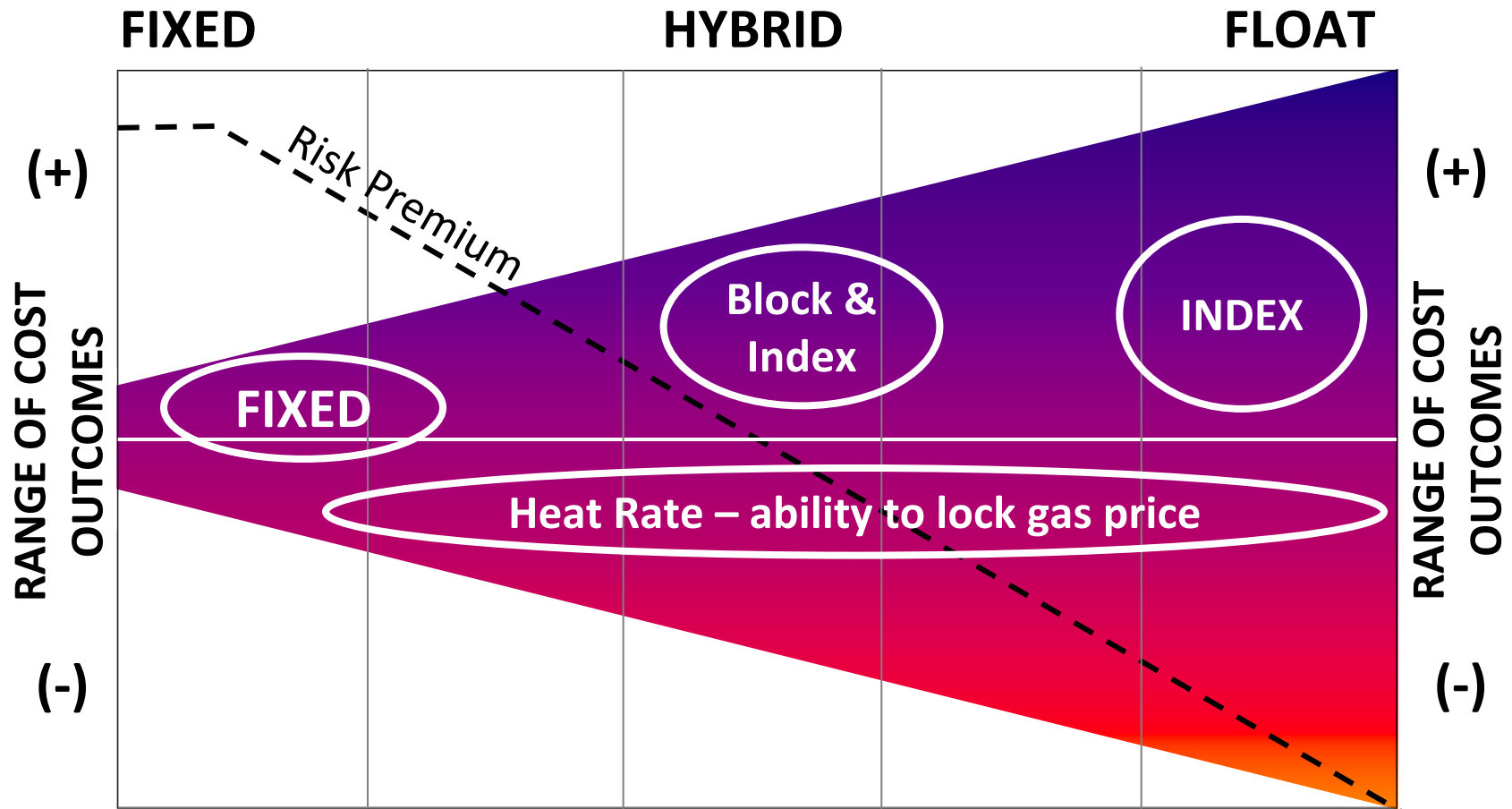
Product Selection Considerations



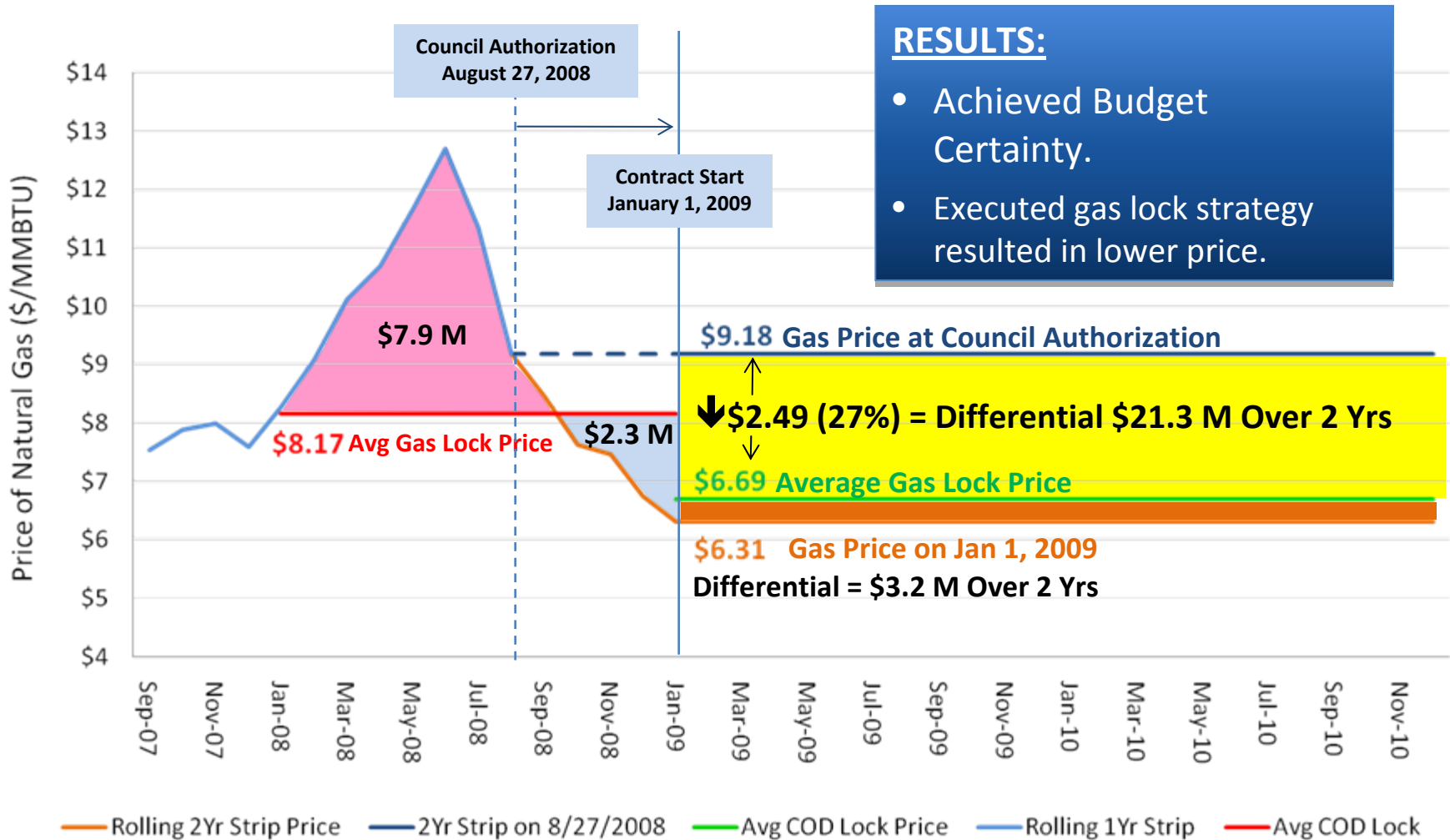
Risk Tolerance & Procurement Strategies



Risk vs. Reward Spectrum



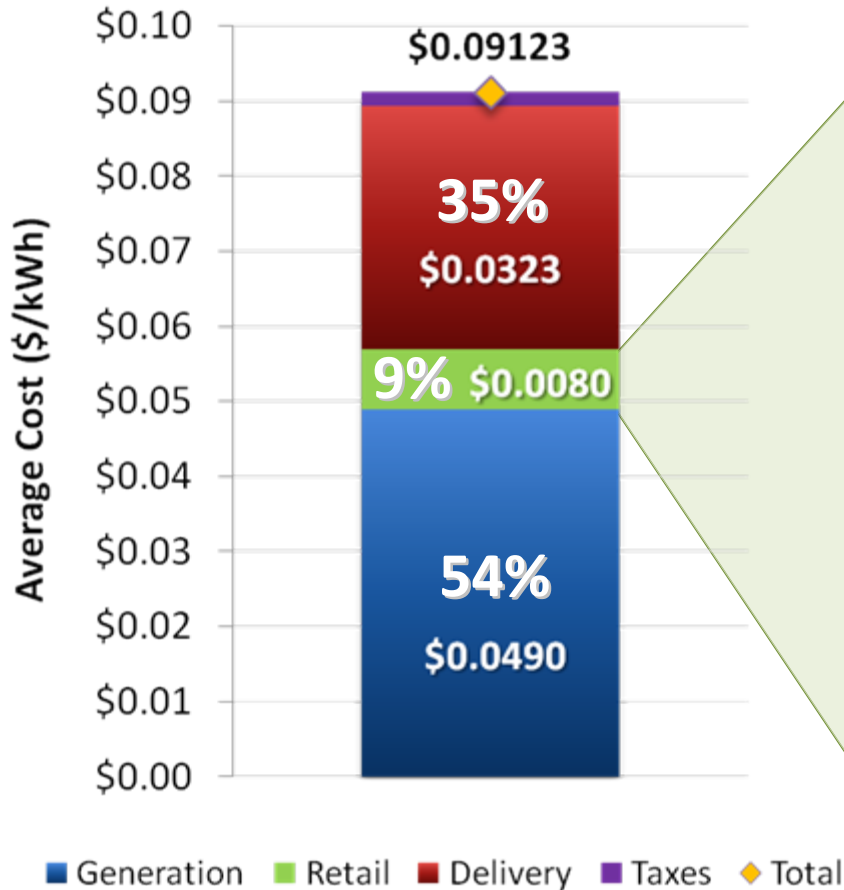
How Well Did We Do?



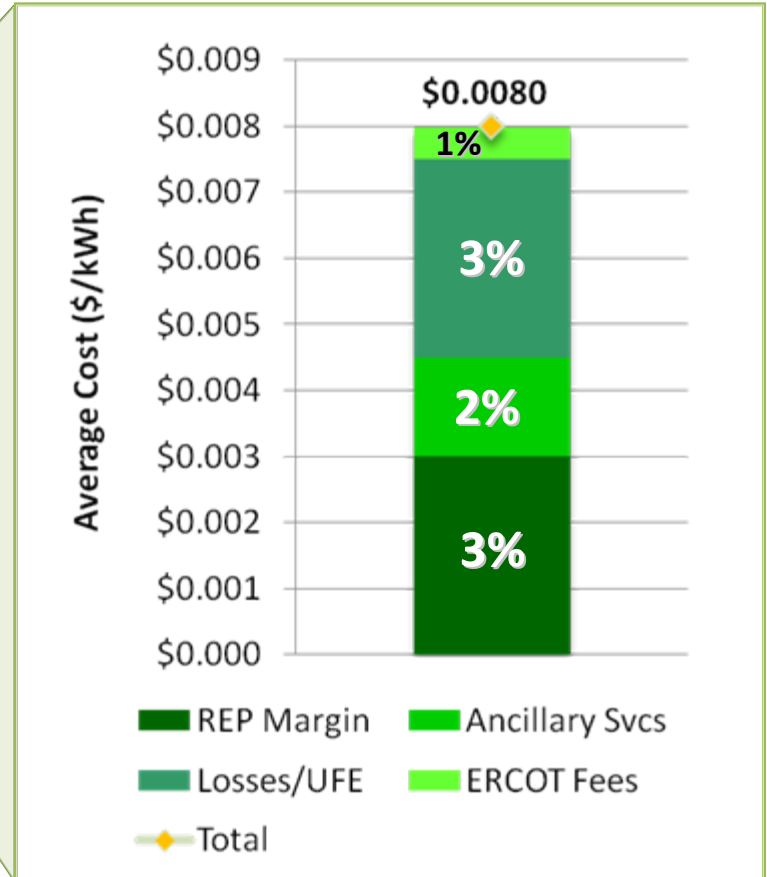
Electricity Cost Components



Total Estimated Cost Components



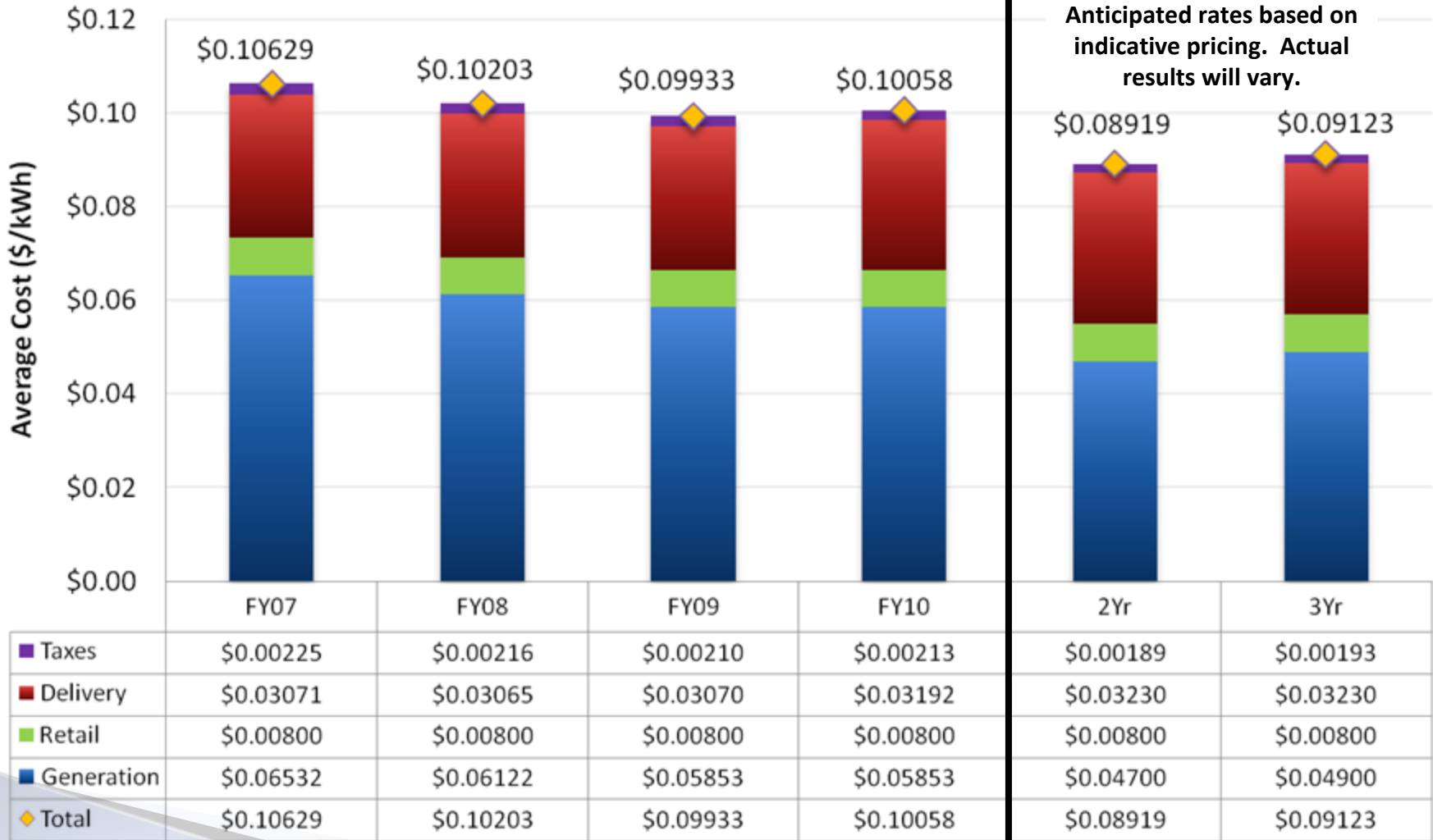
Estimated Retail Cost Components



City's Electricity Cost History



Fiscal Year Cost History vs. Indicative Forward Prices



Electricity Procurement

- »» What we are proposing and why

Recommendation: 3-Year Fixed Price



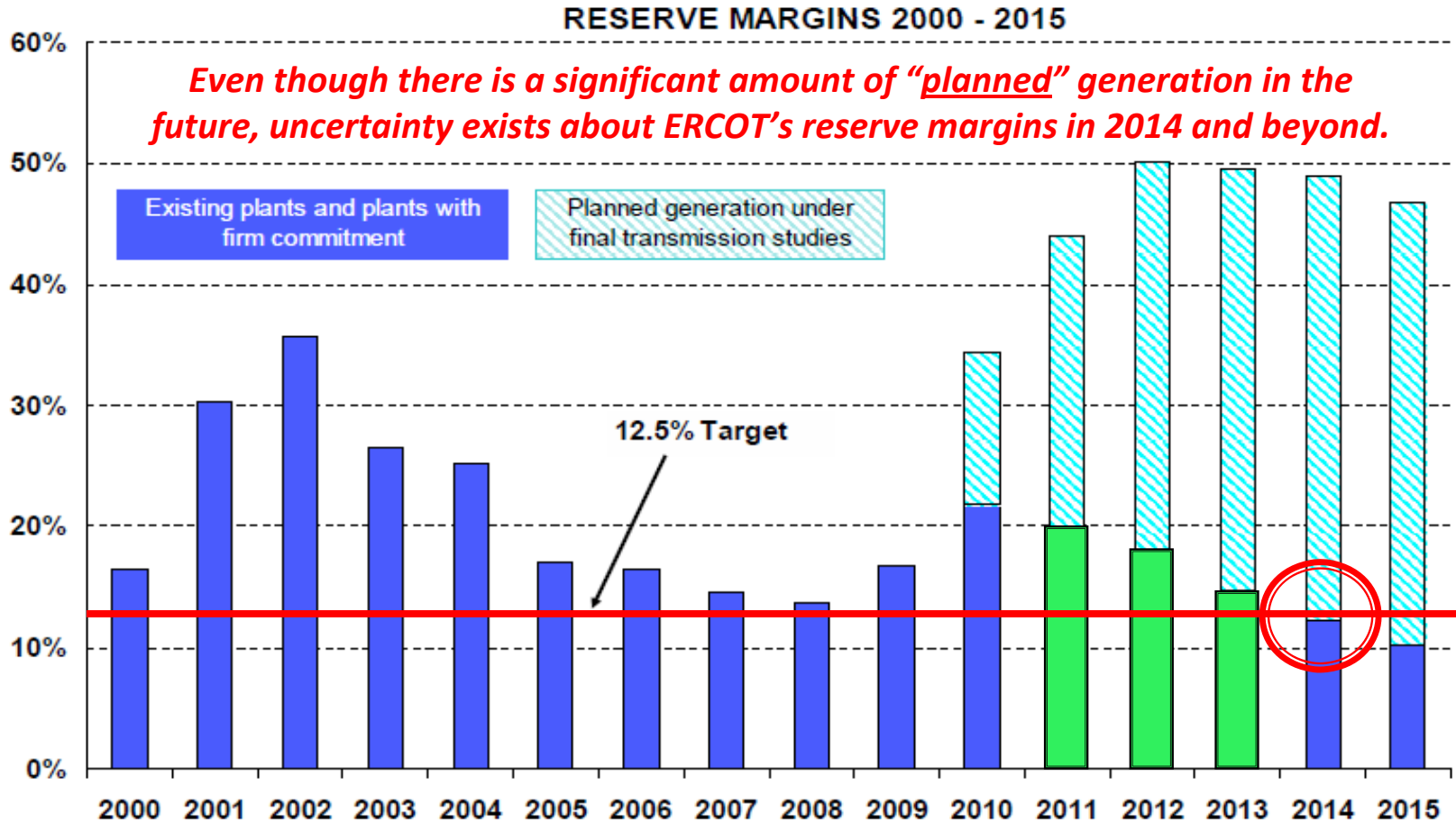
Reason #1: Prices are near a 6-Year Low



Recommendation: 3-Year Fixed Price



Reason #2: ERCOT Reserve Margin Capacity is Uncertain 2014

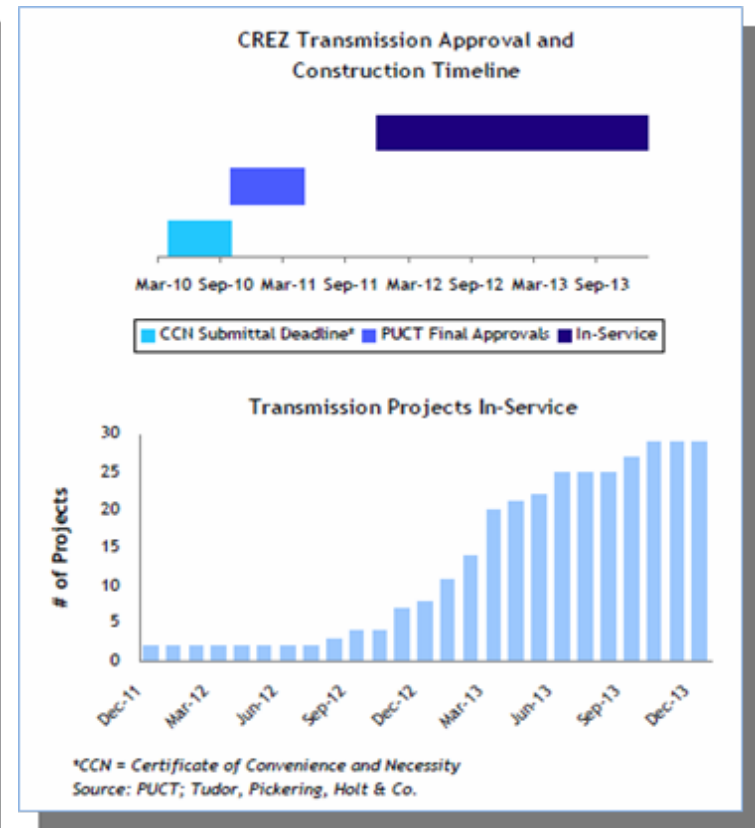
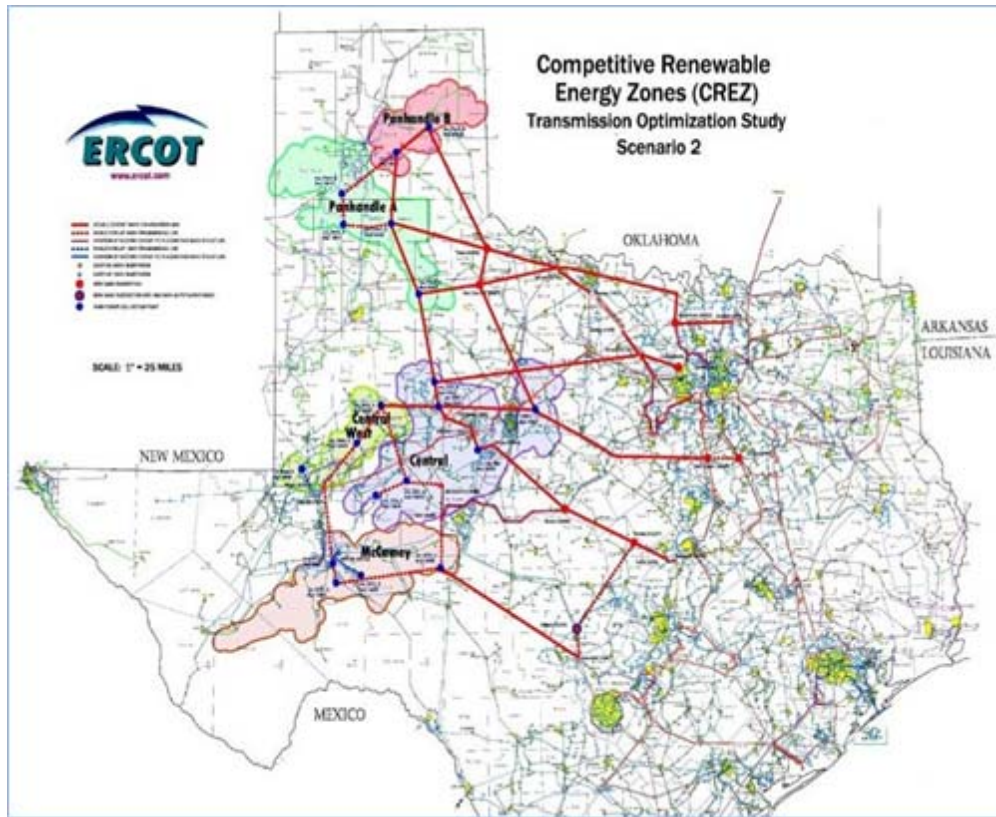


Recommendation: 3-Year Fixed Price



Reason #3: WTX Wind Power Begins to Flow into NTX in 2014

PUCT approved \$5+ billion CREZ Project to build transmission lines to connect west Texas wind farms into higher demand areas such as Dallas/Fort Worth with expected completion in Dec 2013.



Source: ERCOT and the Public Utility Commission of Texas

Recommendation: Two Acct Groups

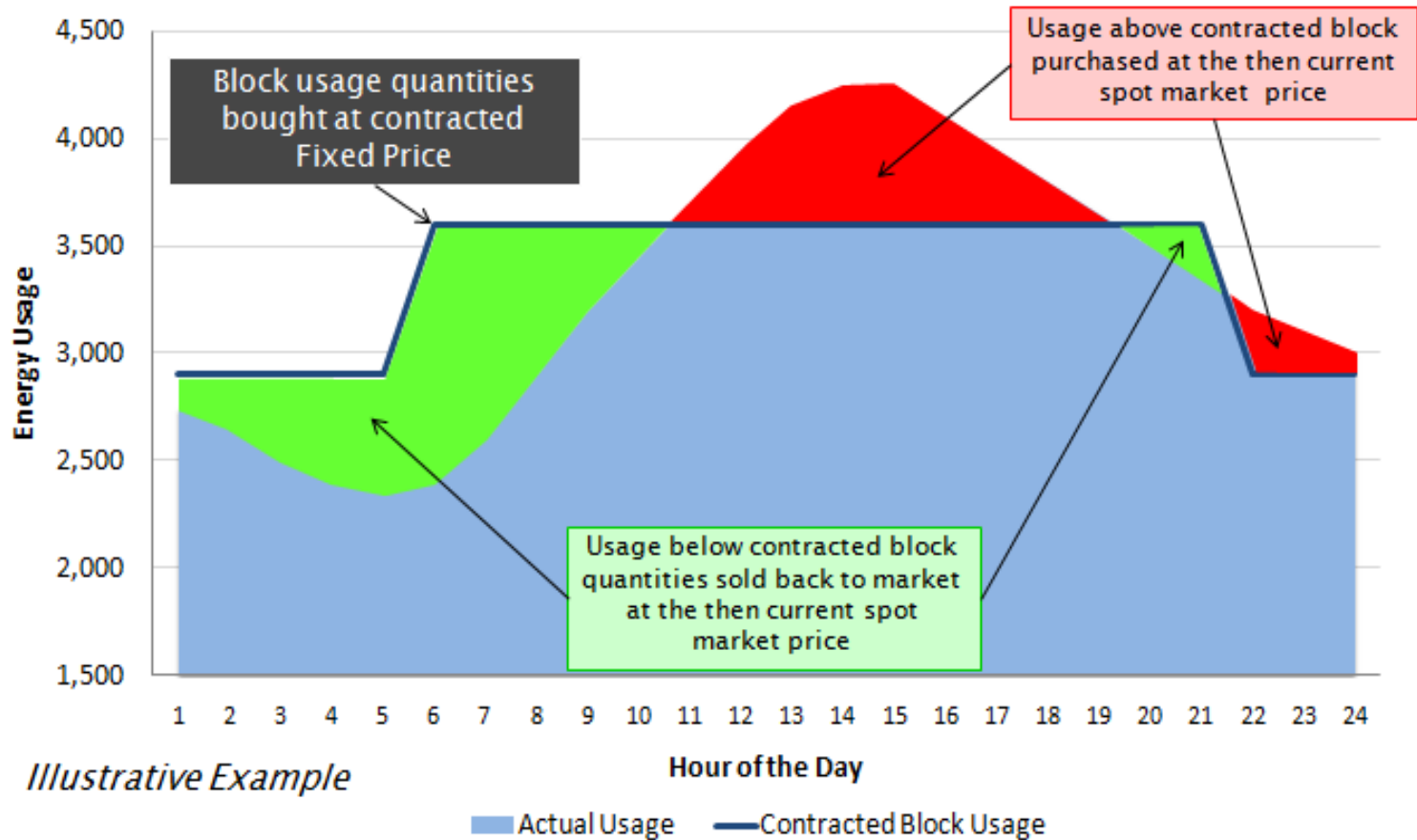


- ▶ Accounts defined in two groups to facilitate pricing
 - **Group 1** - Large users such as DWU, City Hall, Convention Center (75% volume) on 15 minute profile meters
 - **Group 2** – Most buildings, streetlights, traffic signals (25% volume) on monthly meters or unmetered

Recommendation: Group 1-Shaped Blocks



Fixed Price Block - supplier provides a fixed price for predetermined blocks of power. Blocks are sized at approximately 96% of total load with excess and or deficiencies bought and sold at market spot price.

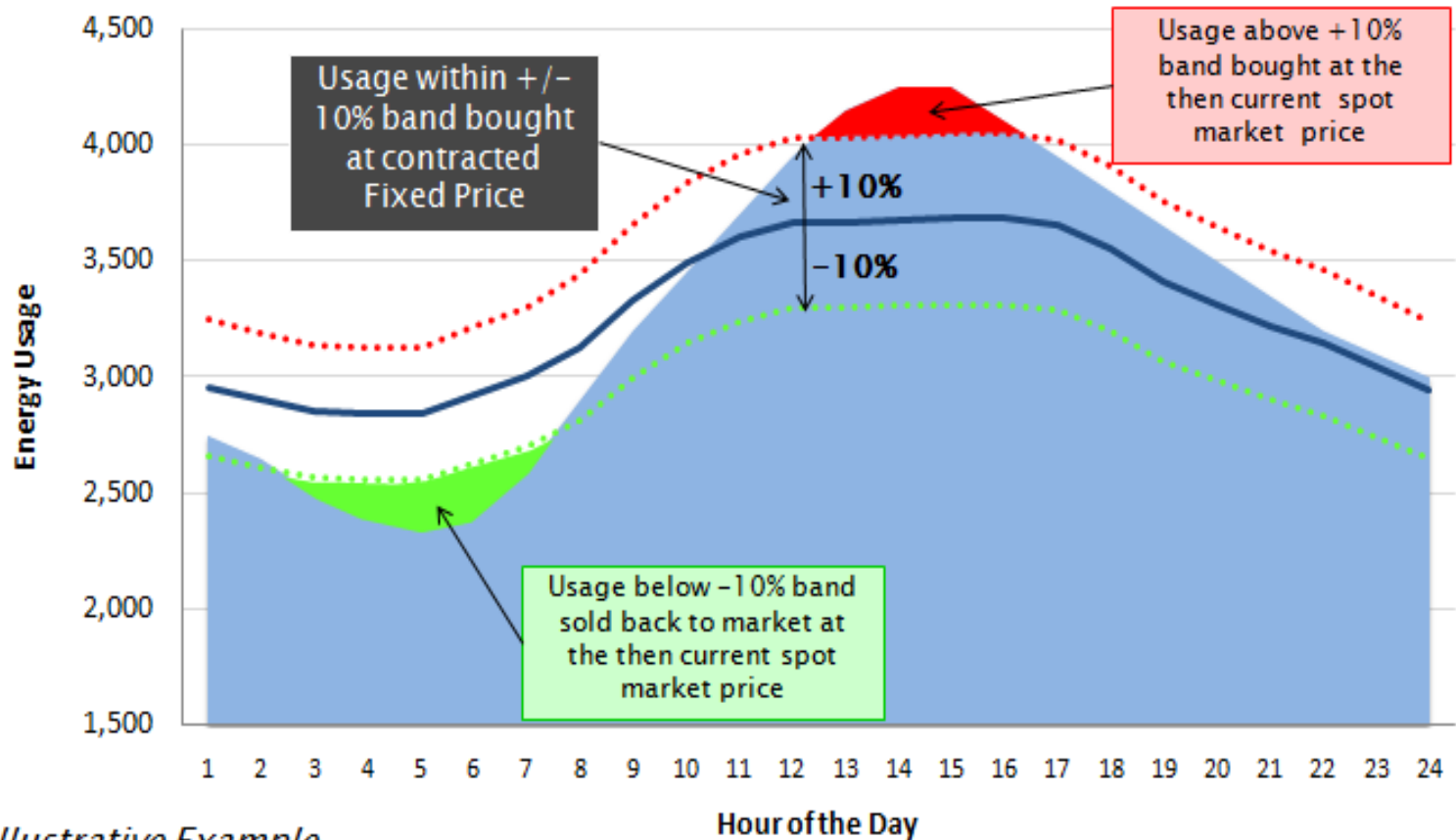


Illustrative Example

Recommendation: Group 2 – Load Following



Load Following Fixed Price - supplier provides a fixed price for the entire estimated load within a bandwidth of +/-10%. Any usage outside of the bandwidth is bought and or sold at the market spot price.



Illustrative Example

Recommendation: 40% Texas Renewable Energy Credits



- ▶ Option of 20, 40 or 60 percent of load
- ▶ Dallas is #2 on EPA Top 20 Local Government list:

Local Govt List	Million kWh/Yr of RECs	% Total Volume
Houston	438	34%
Dallas	333	40%
Chicago	214	20%
Montgomery County Clean Energy Buyers Group	161	30%
Washington Suburban Sanitary Commission	70	33%

Recommendation: 40% Texas Renewable Energy Credits



- ▶ Today's Cost at 40% – \$950K per year
- ▶ Estimated Cost Going Forward:
 - Cost increment for 20% renewable energy - \$250K to \$550K per year
 - Cost increment for 40% renewable energy - \$500K to \$1.1M per year
 - Cost increment for 60% renewable energy - \$750K to \$1.6M per year

Recommendation: 40% Texas Renewable Energy Credits



Why Buy Them?

- ▶ Environmental benefits to improve air quality
 - 40% renewable energy results in reduction of pollutants
 - 225,000 ton reduction in carbon dioxide (CO₂) per year
 - 250 ton reduction of nitrogen oxide (NO_x) per year
 - Reduction in pollutant tonnage can be submitted as a potential strategy on the State Implementation Plan (SIP) to get the region out of non-attainment status on the EPA standard for ozone

Recommendation: 40% Texas Renewable Energy Credits



Why Buy Them?

- ▶ Economic benefits to fund projects and grow tax base
 - Potential loss of highway and/or grant funds if fail to meet EPA ozone standards
 - Attract business relocation
 - “Poor air quality” was one stated reason Toyota did not locate in Dallas
 - Attract visitors
 - Convention organizers consider green initiatives when choosing locations

Recommendation: 40% Texas Renewable Energy Credits



Why Buy Them?

- ▶ Continue green leadership and receipt of national recognition/awards
 - In 2006, the Mayor of Dallas signed U.S. Mayors Climate Change Agreement along with mayors from around the country to reduce greenhouse gas emissions by 7% below 1990 levels by the year 2012
 - Receive points toward LEED building certifications
 - Bolster Dallas image with recognition/awards from Environmental Protection Agency, National Resources Defense Council, State Energy Conservation Office and the Texas Energy Partnership for energy efficiency



- ▶ 3 year Contract Term
- ▶ Fixed Price Electricity
 - Group 1 – Fixed Price Block
 - Group 2 – Load Following Fixed Price
- ▶ 40% Texas renewable energy credits



- ▶ Fixed Price Block for Group 1
- ▶ Load Following Fixed Price for Group 2
- ▶ 20, 40 or 60 percent renewable energy
- ▶ 24 or 36 month term
- ▶ 30 day payment terms
- ▶ Automated billing



- ▶ No termination for convenience
 - Termination payment = Costs + (Contract Value – Market Value)
 - REP is financially committed to third parties for load
 - A drop in price leaves no market to sell our load
 - Termination could cost millions of dollars



- ▶ Seven REPs were short-listed to submit final offers
 - Constellation New Energy, Inc.
 - GDF SUEZ Energy Resources NA, Inc.
 - Gexa Energy, L.P.
 - Reliant Energy Retail Services, LLC
 - Sempra Energy Solutions, LLC
 - Texas General Land Office
 - TXU Energy Retail Company, LLC



- ▶ City Council authorizes the City Manager to enter into contract
 - Accept best and final offers
 - Determine most advantageous offer to the City
 - Total delivered cost of power – 70%
 - Final contract terms – 20%
 - Invoicing requirements – 10%
 - Request MWBE documentation from selected REP
 - Execute the contract (Completed on day of offer while commodity market open)

Electricity Procurement

- »» What are plans beyond this contract period



- ▶ Continue analysis of City becoming a self-serving Retail Electric Provider:
 - It will take at least 12 months to prepare for becoming self-serving REP
 - Annual savings are estimated to be \$4.4M of which GF is \$1.9M once implemented
- ▶ Long term consideration could examine options to enlarge the customer base beyond City-owned facilities
- ▶ The City could consider expanding its interest in power generation:
 - Currently Dallas Water Utilities is constructing a facility that generates power from methane gas at the Southside WWTP
 - Potential investment in facilities such as wind farms

Electricity Procurement

»» Recommendations

Recommendations Summary



- ▶ City Council authorize the City Manager to accept best and final offers from the seven short-listed REPs and enter into Electric Supply Agreement(s) determined to be most advantageous to the City
 - Group 1 – Fixed Price Block
 - Group 2 – Load Following Fixed Price
 - Include 40% Texas Renewable Energy Credits
 - 36 month term

Electricity Procurement

» Appendix

Meter Groupings and Definitions



- ▶ Meters/accounts are grouped so that best energy product is targeted for each group to achieve best price and conservation incentives
- ▶ Group 1- 84 meters, 75% of total load
 - **Interval Data Recorder (IDR)** – records total use and rate of use every 15 minutes (ex. DWU, City Hall, Convention Center)
- ▶ Group 2 - 2512 Meters, 25% of total load
 - **Demand Meter** – records total use and highest rate of use in a 15 minute period during billing period (ex. Libraries, Recreation Centers, Police Facilities)
 - **Non-Demand Meter** – records total use only and does not provide information on peak use or breakdown of use over billing period (ex. Traffic lights and warning signs)
 - **Unmetered** – electric charges are based solely on expected use (ex. Streetlights)

Electricity “Product” Definitions



- ▶ There are a variety of electricity pricing offerings in the market
 - **Load Following Fixed Price** – supplier provides a fixed price for the entire estimated load within a bandwidth of +/-10%
 - **Load Following Heat Rate** – supplier provides a price that fluctuates with the price of natural gas for the entire estimated load within a bandwidth of +/-10%
 - **Fixed Price Blocks** – supplier provides a fixed price for predetermined blocks of power
 - **Heat Rate Blocks** – supplier provides a price for blocks of power that fluctuate with the price of natural gas
- ▶ Currently, Dallas uses Load Following Heat Rate pricing

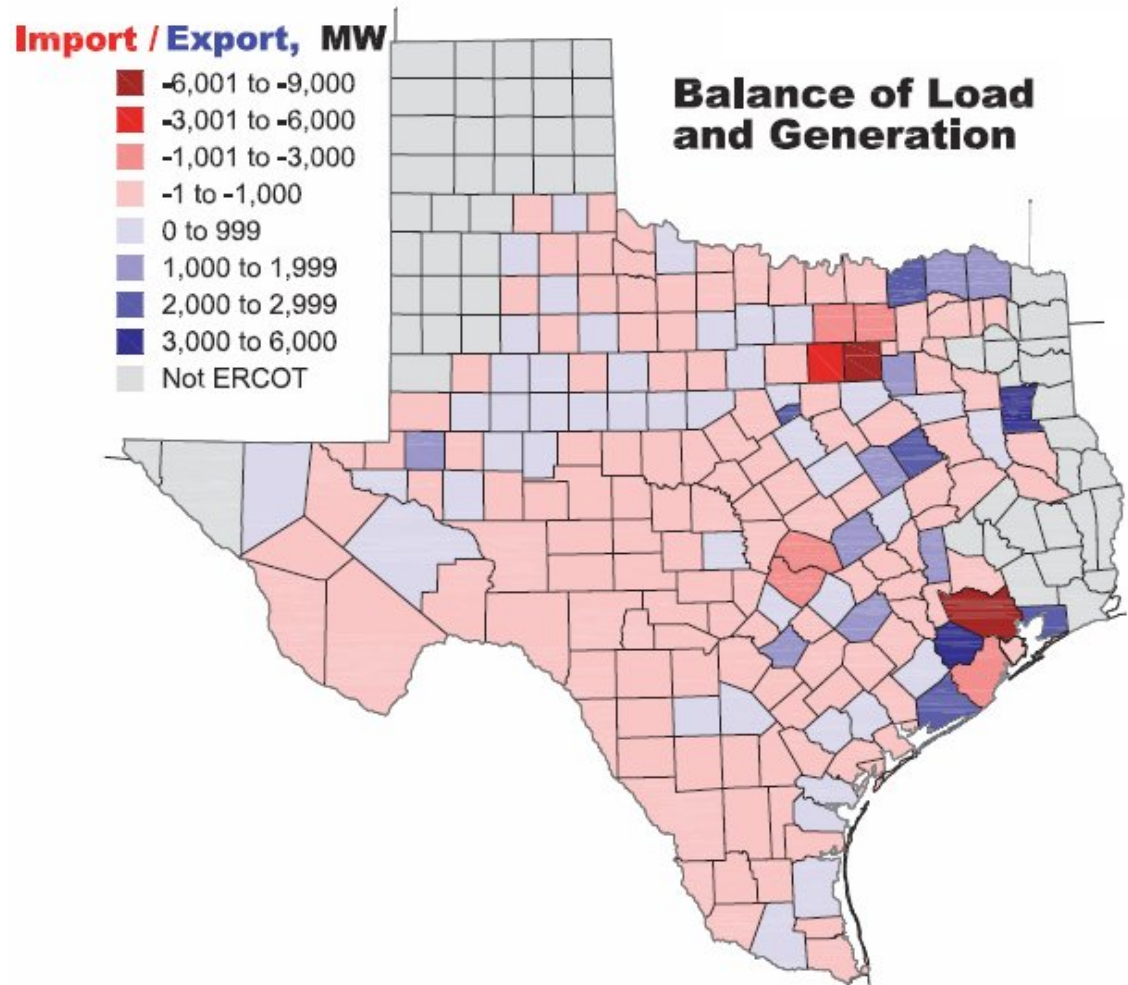
Balance of Load and Generation



The map to the right illustrates the balance of load and generation within each county in the ERCOT Region for the summer of 2009.

A county with more generation than load will export generation to other counties; comparatively, a county with more load than generation will import generation from other counties.

Please note this map is for general illustrative purposes only, however it clearly shows that the Dallas/Fort Worth area, the Houston area, and the Austin/Round Rock area are importers and dependent on transmission to serve load.



Source: ERCOT Electric System Constraints and Needs Assessment Report, December 2009)

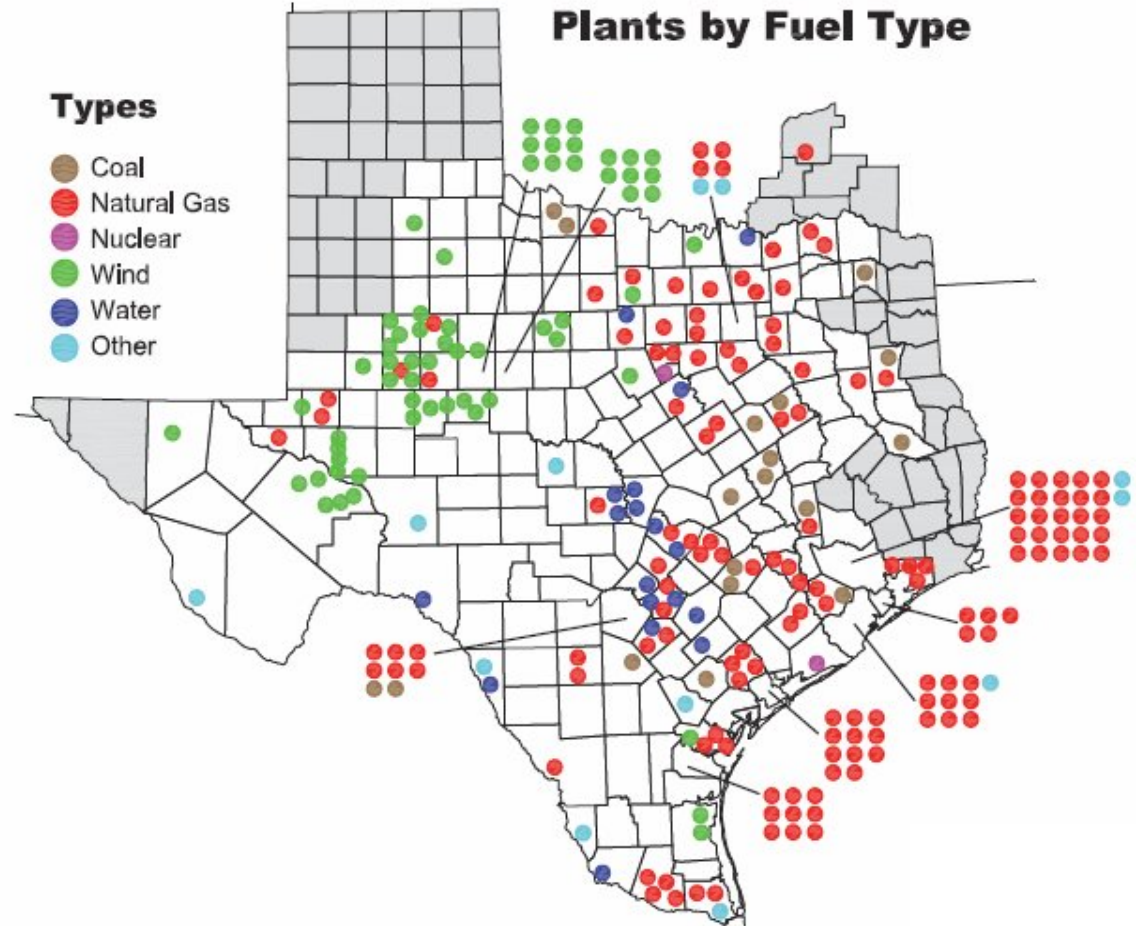
ERCOT Generation



Current installed generation capacity in the ERCOT Region is about 84,000 MW, which includes about 3,000 MW of generation that has suspended operations or been “mothballed”.

In terms of energy produced within ERCOT in 2008, approximately 43% was fueled by natural gas, followed by coal at 37%, nuclear at 13% and wind at 5%.

The map to the right is an indicator of generating facilities across the region by fuel type.



Source: ERCOT Electric System Constraints and Needs Assessment Report, December 2009)

Memorandum



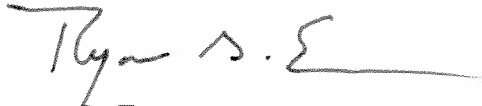
DATE June 11, 2010

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

SUBJECT **Temporary Industrial Labor Contract for Sanitation Services**

Attached is the briefing requested on the topic of Temporary Industrial Labor Contract for Sanitation Services. This briefing will be presented by both Sanitation Services and Business Development and Procurement Services to the Budget, Finance & Audit Committee on Monday, June 14, 2010.

Please let me know if you need additional information.



Ryan S. Evans
First Assistant City Manager

Attachment

C: 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, Administrative Judge
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Mary Nix, Director, Sanitation Services
Ade Williams, Director, Business Development & Procurement Services
Helena Stevens-Thompson, Assistant to the City Manager

Temporary Industrial Labor Contract for Sanitation Services

Briefing to the Budget,
Finance and Audit
Committee

June 14, 2010



Executive Summary

- Sanitation Services uses a temporary labor contract to supplement City staff of 468 employees with 190 contract positions daily
- Council to consider a new contract for temporary industrial labor on the June 23, 2010 agenda
- Seeking Committee recommendation to approve upcoming agenda item

Background

- Sanitation has long benefited from temporary labor contracts
 - Supplements permanent work force
 - Provides flexibility for seasonal needs and changing operations
 - Reduces cost-of-operations
 - Capitalizes on availability of a low-cost labor force
 - Cost savings passed on to rate payers

Background (cont'd)

- Day-Labor contracts used over past 13 years
- Normally set up as 36-month master agreements
- Four other contracts preceded current vendor
- Day-Labor source proven to be readily available through various economic climates

Background (cont'd)

- **Aug 2007:** Council discussed the concept of incorporating a wage minimum provision on city contracts
 - Fed. min. wage was **\$5.85/hr** at the time
- **Nov 2007:** Business Development and Procurement Services solicited a Day-Labor bid – with a “**city wage**” option
 - 1) Contract cost based on market rates (fed. min. wage)\$9,874,183
 - 2) Alternate bid based on a “**city wage**” of \$8.16/hr \$11,391,081
 - \$8.16/hr: City’s lowest part-time rate
- Alternate 2 increased the contract price by 15.4%
 - \$1,516,898 more than Alternate 1
- Council authorized Alternate 1 bid, based on market wages

Background (cont'd)

- May 7, 2008: briefing to full Council
 - Current wage provisions for City contracts
 - Addressed the four primary types of labor-related contracts
 - janitorial services
 - temporary labor
 - security services
 - construction projects
 - Discussed practices for each contract type to determine whether or not to consider a wage requirement above federal minimum wage
- Council directed the removal of all wage requirements (other than Federal minimum wage) and allowed for the market to establish the contractor's wages to employees

Current Temporary Labor Contract

- Began contract in March 2008 (CR#07-3488)
 - 36-month agreement for \$8,795,286
 - Amended in Feb 2010 to add funds of \$2.2M, due to fed. min. wage increases
 - Total contract amount is \$10,994,107
 - Sufficient funding to October 2010
- Pay rates changed over the contract term:

Contract period	City pays to Vendor:		Vendor pays to Laborer:		Fed. min. wage increases	Pay increase %	City-wide merit changes
	Reg	OT	Reg	OT			
03/01/08 to 07/23/08	\$7.59	\$11.38	\$ 5.85	\$ 8.78	-	-	-
07/24/08 to 07/23/09	\$8.29	\$12.44	\$ 6.55	\$ 9.83	\$0.70	12%	0%
07/24/09 to 07/23/10	\$8.99	\$12.44	\$ 7.25	\$10.88	\$0.70	11%	0%

Note: Day laborers pay increased 23% over past two years, while citywide merits were suspended.

Current Temporary Labor Contract

- Current contract will consume funds by Oct 2010
- Transition to next vendor requires time to:
 - Set up insurance, bonding, training
 - Rehire current work force, supplement with new staff
 - Establish employee timekeeping practices, check dispersal, scheduling and invoicing methodologies
 - Acquire and install any necessary equipment (i.e., time clocks)
 - Coordinate hand-off of service from current vendor to new vendor without loss of service
- Contract transition: 4 to 6 weeks

Proposed Temporary Labor Contract: *Specifications*

- Company Min. Experience Requirements
 - 3 years experience providing labor to organizations of 600 or more staff
 - 2 years experience placing temporaries in public sector jurisdictions
- Summary of Contract Requirements
 - Meet all state and federal rules and regulations
 - Pay all contract employees at least the federal minimum wage for all hours up to 40 per week
 - Requires overtime pay of “time and a half” for all hours over 40 per week
 - Vendor can pass along increases from any federal minimum wage hikes during the life of the contract
 - All temporary employees must be at least 18 years old
 - Provide employees that are physically able to work, dressed appropriately and safely outfitted, and who are trained properly to perform labor related activities

Proposed Temporary Labor Contract: *Specifications, cont.*

- Provide safety equipment “as needed”, such as:
 - High visibility safety vest
 - Eye protection and/or splash proof goggles
 - Hearing protection
 - Respiration devices (such as 3M brand 8210 or equal)
 - Hard hats
 - Leather gloves
 - Rain suits (pants and coat w/hood)
 - Back braces
 - Disposable neoprene gloves (chemical resistant) for the landfill and environmental spill team crews, in addition to the gloves listed above
 - Any additional personal protection supplies needed

City Protections

- Vendor must maintain insurance coverage for the contract term:
 - Workers Compensation
 - \$500,000 per accident, policy aggregate \$500,000
 - Commercial General Liability Insurance
 - \$500,000 per occurrence, \$1,000,000 general aggregate
 - Business Automobile Liability Insurance
 - \$500,000 per occurrence
- Vendor must provide a 25% Payment-and-Performance bond prior to commencing service
- Contract includes a “termination for convenience” clause, giving ten days notification to the vendor

Procurement Process

- **March 11 & 18, 2010:** Request-for-Bids advertised
 - Also, 565 electronic notices were sent by the City's web-based procurement system, as part of the vendor notification process
 - And notifications were sent by the Business Development and Procurement Services' ResourceLINK Team (RLT) to 25 chambers of commerce, and 2 advocacy groups (DFW Minority Business Council and Women's Business Council – Southwest)
- **March 25, 2010:** Pre-Bid conference
 - 28 companies represented
 - 8 of those attending submitted a bid
- **April 22, 2010:** Bids closed
- **April 23, 2010:** Bids opened and read publicly

Temporary Labor Bids

- Of 8 bids, *All Temps1 Personnel* is lowest responsive bidder

Company Name	Hourly City Bill Rate	Total Bid Amount
All Temps1 Personnel	\$9.72	\$11,264,012
Results Staffing	\$10.72	\$12,422,861
Labor Ready Central	\$10.85	\$12,666,219
CTJ Maintenance, Inc.	\$11.73	\$13,593,298
Express Employment Prof.	\$12.78	\$14,810,090
AmeriTemps		Non-responsive**
Lift Rising		Non-responsive*
Tolman Building Maint., Inc.		Non-responsive*

- 8.12% increase over the previous contract

** AmeriTemps was deemed non-responsive for not submitting required bid security.

* Both bids from Lift Rising and Tolman Building were deemed non-responsive for not meeting specifications.

Low bidder: *All Temps1 Personnel*

- City staff reviewed the bid from *All Temps* to ensure compliance with all bid specifications including required experience, compliance with the City's Business Inclusion and Development policy and the required insurance affidavit
 - *All Temps* is a M/WBE certified company through North Central Texas Regional Certification Agency and will sub-contract 23.8% of the contract with a certified M/WBE company, TBey and Associates
 - *All Temps* is a Dallas-based vendor
 - Recommended contract award will be 100% M/WBE
- City staff met with *All Temps* to ensure a clear understanding of the contract terms

Low bidder: *All Temps1 Personnel*

Experience

- **All Temps** has demonstrated experience and has provided City-verified references for the following:
 - Standard Parking (D/FW Airport) -- from 2007 – Present
 - Contract Amount - \$5,000,000
 - Bus drivers (requires commercial drivers licenses)
 - City of Houston --- from 1999 – 2007
 - Contract Amount - \$400,000
 - Clerical and general labor
 - Bombardier Transportation --- from 2005 – Present
 - Contract Amount - \$5,000,000
 - Train recovery and warehouse staffing
 - University of Texas at Dallas --- from 2005 – Present
 - Contract Amount - \$125,000
 - Clerical and accounting staff

Low bidder: *All Temps1 Personnel*

Employee Benefits

- ***All Temps*** offers the following additional benefits not required in the City's specifications
 - Employee evaluation at 90 days with opportunity for up to 2% pay increase
 - Employee and family health benefits available at employee cost, immediately upon hire
 - Six paid holidays per year, following completion of 1,500 hours worked
 - 40 hours of vacation pay, following completion of 1,500 hours worked
 - Referral bonus to contract employees who refer candidates who are hired by ***All Temps***
 - Employee direct deposit
- None of the above are provided in the current Day Labor contract

Recommendation

- Day Labor provides an efficient and effective means to meet the daily service needs for Sanitation. This practice should be continued.
- Award the Temporary Industrial Labor contract on council agenda of June 23, 2010
- Request support of the committee members to the agenda item

APPENDIX: Wage Option Considerations

	Current Vendor ¹	Proposed Vendor ² (All Temps 1)	Living Wage (single) ³	Living Wage (couple) ³	City Laborer II ⁴
Pay Rate to Vendor					
Regular	\$8.99	\$9.72	\$11.35	\$15.97	\$14.78
Overtime	\$13.49	\$14.58	\$17.03	\$23.96	\$22.17
Pay Rate to Laborer					
Regular	\$7.25	\$7.25	\$8.88	\$13.50	\$11.25
Overtime	\$10.88	\$10.88	\$13.32	\$20.25	\$16.88
Annual Cost to City					
Reg Hours	\$3,639,007	\$4,432,514	\$5,175,827	\$7,282,639	\$6,739,976
OT Hours	\$406,820	\$679,428	\$793,365	\$1,116,303	\$1,033,122
Total	\$4,045,828	\$5,111,942	\$5,969,192	\$8,398,942	\$7,773,098
Difference from proposed vendor	na	-	\$857,250	\$3,287,000	\$2,661,155
SAN Fee impact:					
			\$0.30	\$1.15	\$1.01

See next page for footnotes to this chart

APPENDIX: Wage Option Considerations

Notes:

- 1) Current vendor's contract expires in Oct 2010. All values shown reflect current year projections through Sept 2010.
- 2) Proposed vendor figures assume a uniform pay rate throughout FY11, starting in Oct 2010. Proposed vendor may begin contract work as early as July 2010.
- 3) Living wage values are based on *living wage calculations* for Dallas County area*. Pay rates to "living wage" vendor under the "living wage scenarios" reflect the application of the All Temps1 overhead cost of \$2.47/hour.
- 4) City Laborer option is based on:
 - a) employing an equal number of permanent city Laborer II positions for each of the current vendor's Day Laborer positions;
 - b) assumes a fully-burdened city overhead cost;
 - c) does NOT include hidden costs of: hiring and replacing laborers with high turnover rate; training costs, probable increases in workers compensation premiums.

* *Living Wage* calculator from the 2010 Pennsylvania State University study and website on "Poverty in America," Dr. Amy Glasmeier, <http://www.livingwage.geog.psu.edu/>

Memorandum



DATE June 11, 2010
TO Honorable Mayor and Members of the Dallas City Council
SUBJECT Preview of Employee Health Benefits for FY2010-2011 Briefing

Attached you will find the Preview of Employee Health Benefits for FY2010-2011 briefing that will be presented at the Budget, Finance and Audit Committee meeting on June 14, 2010.

Should you have any questions please feel free to contact me.


Mary K. Suhm
City Manager

cc: Deborah Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Office
Helena Stevens-Thompson, Assistant to the City Manager

Preview of Employee Health Benefits for FY2010-2011

Budget, Finance & Audit Committee

June 14, 2010



Table of Contents

- Health Plan Overview
- Health Plan Results – Key Metrics
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- Next Steps
 - Agenda Item
 - Early Retiree Reinsurance Program
- Appendix
 - Health Plan RFP Timeline
 - Rate Tables
 - RFI Results

Health Plan Overview

- The City's self-insured health benefits plan is administered through a contract with UnitedHealthcare
- UHC's scope of services include:
 - Providing Medical Plans
 - PPO – 70/30/3k Plan
 - 75/25 PPO Plan with a Health Reimbursement Account
 - Dental and Vision Plan Offerings (Fully funded through employee contributions)
 - Dental HMO
 - Dental PPO
 - Claims Administration
 - Employee Assistance Program
 - Flexible Spending Accounts
 - Employee Medical Spending
 - Dependent Care Assistance Program
 - Life Insurance offerings
 - Basic life
 - Supplemental life
 - Accidental Death and Dismemberment
- The City's annual budget for Employee Health Benefits FY09-10 is \$106 Million.
 - The City's portion is \$51.6 million

Health Plan Overview

	City Contributions	Employee/Retiree Contributions
Medical Plans HRA Plan PPO – 70/30/3k Medicare Plans	\$51.6 million	\$45.3 million \$25.3 million from EE \$20.0 million from Ret
Other Benefits (Dental, Vision, FSA, etc.)	No City Contributions	\$6.9 million

City of Dallas Healthcare

- Offered to full-time and permanent part-time employees, council members, retirees and qualified dependents
- Two plan options
 - Health Reimbursement Account (HRA)
 - Preferred Provider Organization (PPO)
- 22,057 lives covered as outlined below:
 - 2,463 Employees have waived coverage

Status	Plan	Lives Covered
Active	HRA	14,367
Active	PPO	4,531
Terminated	COBRA	111
Retirees	Plan	
Retiree (Pre-65)	HRA	1,651
Retiree (Pre-65)	PPO	1,236
Retiree (Post-65)	HRA	30
Retiree(Post-65)	PPO	131

- Additional 3,448 Post-65 Retirees purchase Supplemental Medicare Plans

Health Care - Monthly Contribution Comparisons

	Dallas	Carrollton	Fort Worth	Garland	Houston	Plano	Richardson	San Antonio
Health Plan	UHC HRA	Advantage PPN	PPO Plan	Cigna PPO Plan	HMO Plan	PPO Plan	BCBS PPO Plan	PPO Plan
Employee Only	\$75 EE \$284 City	\$67 EE \$487 City	\$48 EE \$433 City	\$42 EE \$513 City	\$36 EE \$322 City	\$38 EE \$437 City	\$55 EE \$436 City	\$45 EE \$283 City
Employee & Spouse	\$421 EE \$284 City	\$169 EE \$720 City	\$301 EE \$681 City	\$224 EE \$513 City	\$199 EE \$664 City	\$189 EE \$1,039 City	\$321 EE \$436 City	\$225 EE \$430 City
Employee & Child(ren)	\$212 EE \$422 City	(+1) 169 EE (+2) 310 EE (+1)\$720 City (+2) \$804 City	\$261 EE \$640 City	\$198 EE \$513 City	(+1) 199 EE (+2) 244 EE (+1)\$664 City (+2) \$891 City	\$119 EE \$759 City	\$273 EE \$436 City	\$111 EE \$461 City
Employee & Family	\$534 EE \$422 City	\$310 EE \$804 City	\$407 EE \$941 City	\$330 EE \$513 City	\$245 EE \$891 City	\$297 EE \$1,473 City	\$397 EE \$436 City	\$295 EE \$605 City

**EE designates Employee

HRA Medical Plan

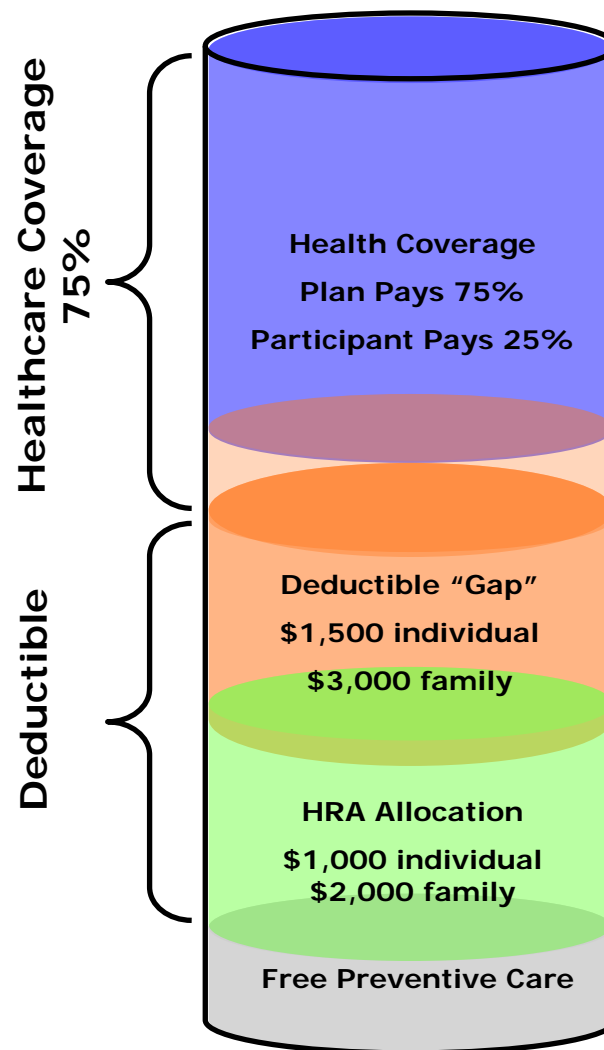
High-deductible medical plan, with a health reimbursement account

1. Medical Plan and Prescription Plan:

- Combined Medical and Prescription Deductible:
 - \$2,500 per individual
 - \$5,000 per family
- Annual maximum out-of-pocket of:
 - \$6,000 per individual
 - \$12,000 per family
- Up to 100% coverage for preventive care
 - Examples: Annual Physical, Mammogram and Colonoscopy

2. Health Reimbursement Account:

- City funds that may be accessed by credit card, to pay for eligible medical expenses during the plan year
- HRA utilized prior to employee paying towards the deductible
 - \$1000 allocation for individual coverage
 - \$2000 allocation for family coverage
- Unused HRA funds rollover up to a maximum of \$6,000



PPO Plan - 70/30 \$3,000 Deductible

Medical Plan and Prescription Plan have separate deductibles

1. Medical Plan

- High Deductible Medical plan:
 - \$3000 deductible per individual
 - \$9000 family deductible
- Deductible must be met before plan pays, except for preventive services
 - Preventive Care
 - Employee pays 30% coinsurance and plan pays 70%
 - Deductible is waived

2. Prescription Drugs

- \$75 deductible per person
 - Tier 1 Drugs - 10% of cost (\$10 minimum)
 - Tier 2 Drugs - 25% of cost (\$25 minimum)
 - Tier 3 Drugs - 40% of cost (\$40 minimum)
- *Description of Drug Tiers found in Appendix page 41

Dental and Vision

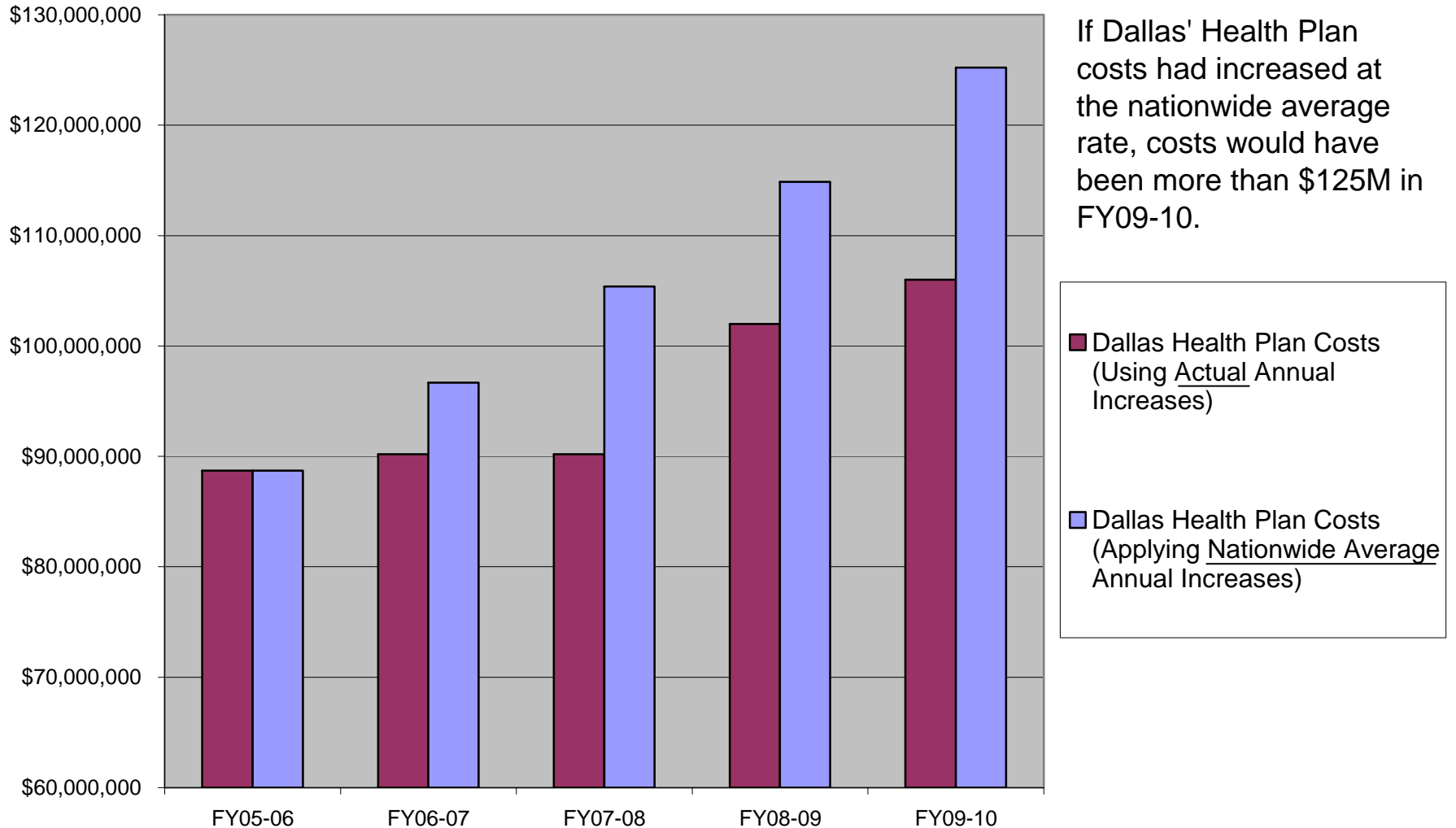
Dental Plans – 100% employee paid

- Dental PPO Plan
 - Over 4000 PPO access points in DFW Metro Area
 - \$1000 annual maximum benefit
- Dental HMO Plan
 - Limited coverage network for DHMO
 - Member assigned to a Primary Care Dentist
 - Member pays co-payments at time of service

Vision Plan - 100% employee paid

- Plan features:
 - Low co-payment for regular vision exam
 - Eyeglass lenses and frame coverage
 - Contact lens coverage in lieu of frames
 - Low out-of-pocket costs

Change in Annual Health Care Costs



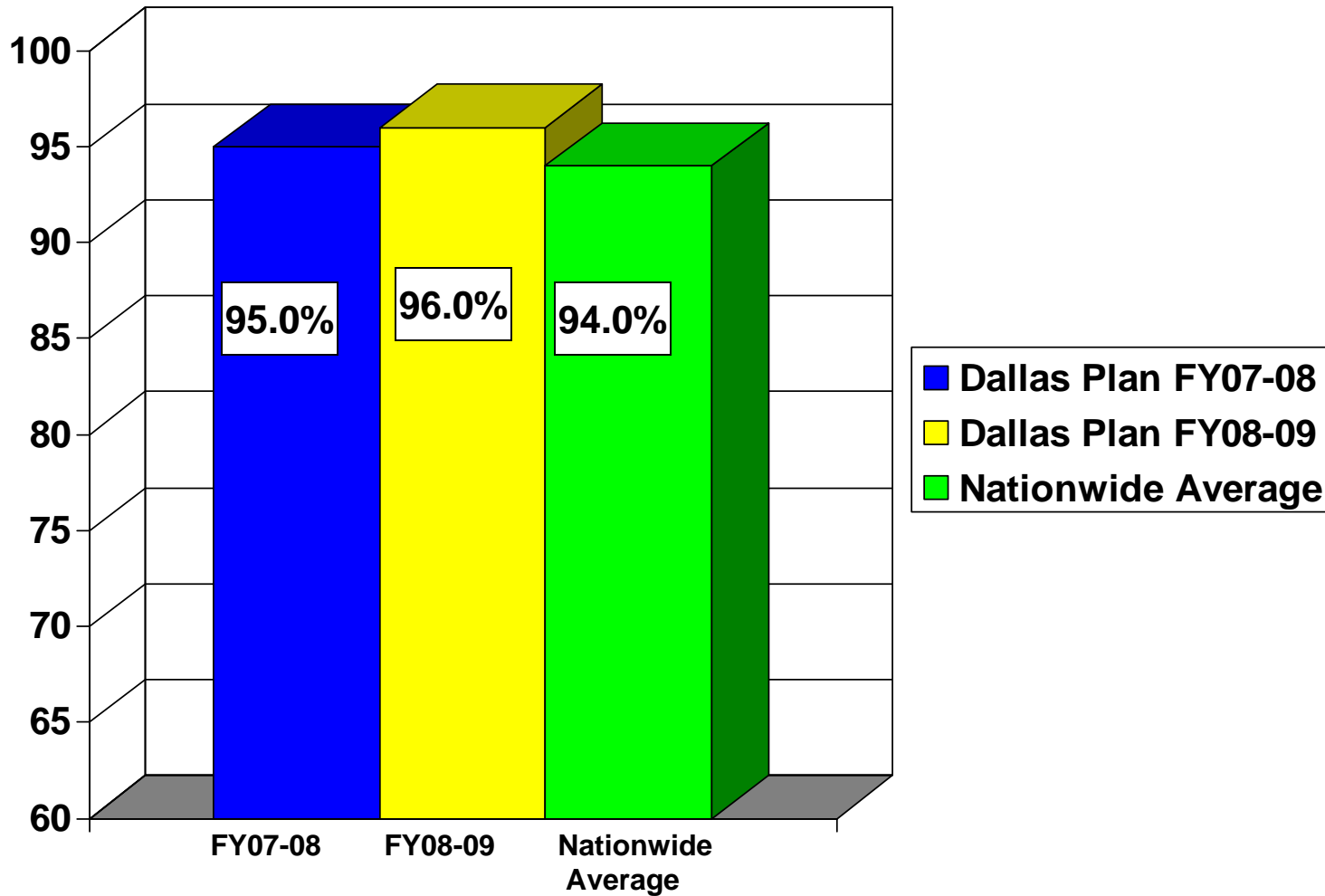
Health Plan Results – Key Metrics



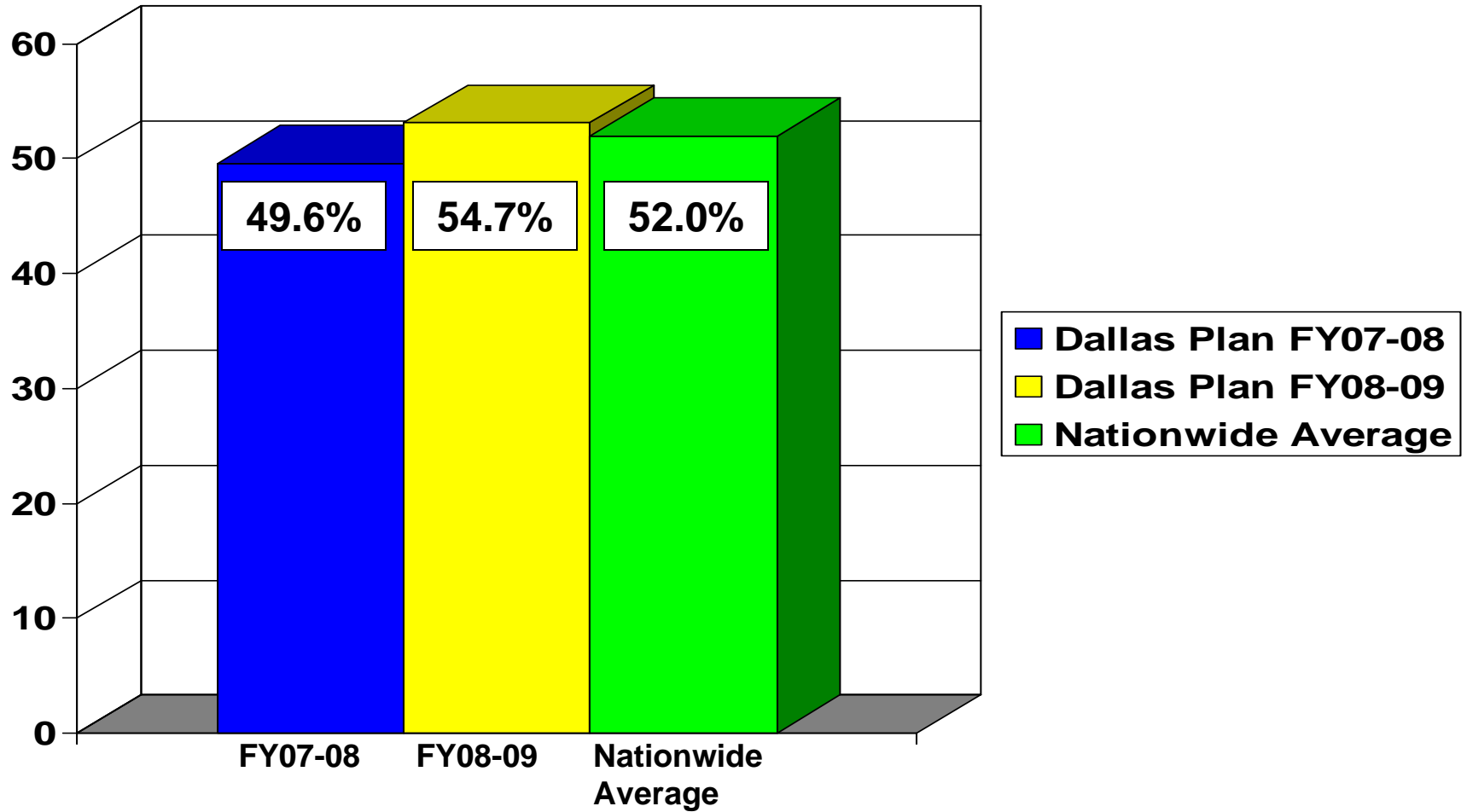
Health Plan Results

- Health Plans are measured by the following key metrics:
 - In-network Utilization
 - Insurers, such as UHC, have contracts with health care professionals to provide services at a discounted rate to the insurers' customers – this is referred to as the “network”
 - When the insurers' customers use a network provider, it costs less than if they used an ‘out of network’ provider
 - Higher in-network utilization results in lower overall health care costs
 - Network Discounts
 - The discount amount off allowed charges
 - Generic Drug Utilization
 - The rate at which the participants utilize generic drugs versus brand name drugs
 - Prescription Drug Cost
 - Average amount paid per prescription

In-Network Utilization



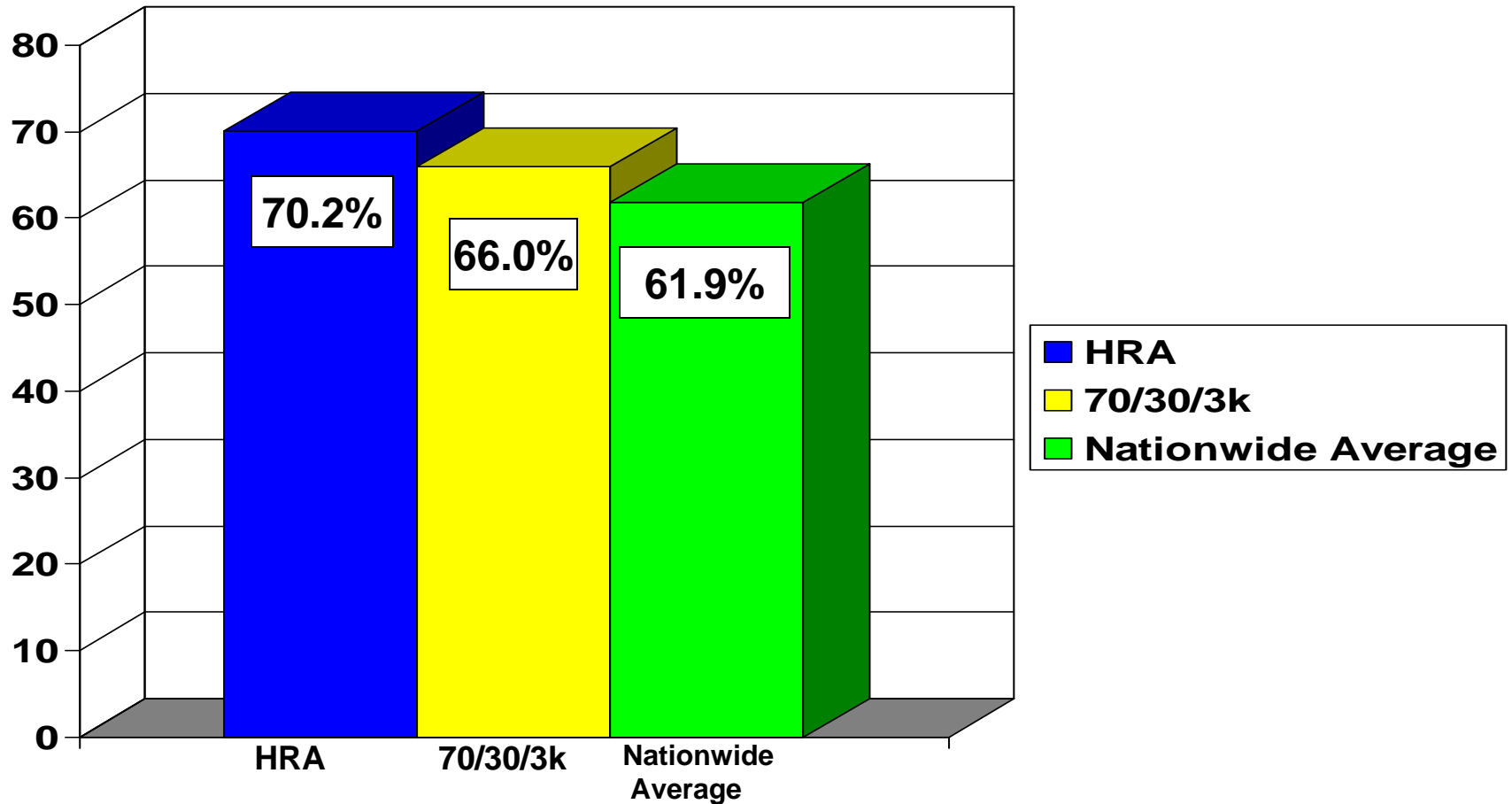
Network Discounts



As employees continue to select doctors in UHC's network, both the Plan and employees save money

Generic Drug Utilization

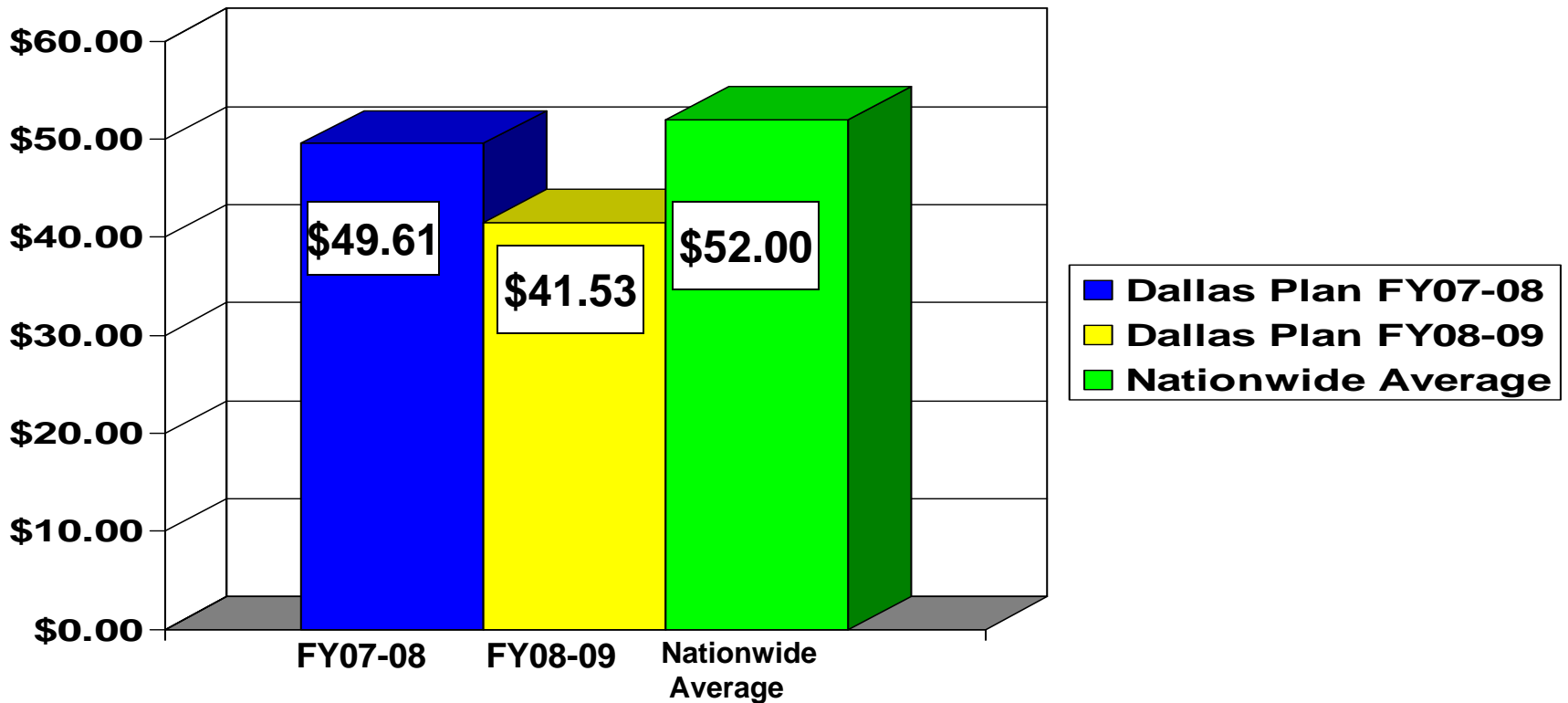
2010 Generic Drug Utilization by Plan



The City's generic drug utilization is higher than the norm.

For every 1% increase in generic drug utilization, the Plan's overall expense for prescription drugs can be reduced by ½%.

Prescription Drug Cost – Average Amount Paid per Prescription



As a result of plan design changes, the City was able to further decrease the average amount paid per prescription.

Request For Information

Results – Buck Consultants Evaluation



Request For Information

- The last health plan RFP was issued in 2005
- UHC was awarded a four year contract with two one-year renewal options
- The first renewal option was exercised last year
- During this extension the City:
 - Directed our actuarial consultant Buck to issue a RFI to decide if we should:
 - Exercise our final one year renewal option with UHC; or
 - Issue a RFP
 - RFI results indicate:
 - UHC has the lowest pricing in Administrative fees
 - UHC's Pharmacy costs will be less than the City's current rate
 - UHC's network discount are comparable to other vendors

buck

City of Dallas Medical/RX Plan RFI Summary Results

Medical/RX RFI

Buck Consultants RFI utilized the following:

- City's self-funded medical and pharmacy plan design
- Actual Claims
- Actual Utilization
- Premium Data

Purpose:

- Determine the competitiveness of medical and pharmacy solutions available in the marketplace prior to the end of the current contract
- Obtain RFI results prior to the release of the public RFP

Below is a summary of the feedback:

- Medical Proposals were submitted by;
 - UHC (current), Aetna, Blue Cross/Blue Shield of Texas, Cigna
- Pharmaceutical Proposals were submitted by;
 - Caremark, Catalyst, Cigna, Express Scripts, Humana, and Walgreens

RFI Results – Summary

	UHC 2010- Current Contract Terms	UHC 2011- Current Contract Terms**	UHC 2011 - Proposed Contract Terms	Aetna	Cigna	BCBSTX
Adjusted Projected 2011 Medical Claims PEPM*	\$461.60	\$480.06	\$480.06	\$497.89	\$478.04	\$504.35
Administrative Fee PEPM	\$15.15	\$15.15	\$21.25	\$37.12	\$30.09	\$29.98
Projected 2011 RX Claims PEPM	<u>\$73.74</u>	<u>\$73.74</u>	<u>\$55.88</u>	<u>\$72.53</u>	<u>\$60.91</u>	<u>\$65.82</u>
Projected 2011 Medical, RX + Admin. PEPM	\$550.49	\$568.95	\$557.19	\$607.55	\$569.04	\$600.15
Current Self-funded Plans Enrollment	12,699	12,699	12,699	12,699	12,699	12,699
Annual Projected Health Care Cost*	\$83,887,872	\$86,702,000	\$84,909,000	\$92,583,000	\$86,715,000	\$91,456,000
No Change	\$83,887,872	\$83,887,872	\$83,887,872	\$83,887,872	\$83,887,872	\$83,887,872
Difference	\$0	\$2,814,128	\$1,021,128	\$8,695,128	\$2,827,128	\$7,568,128

* PEPM designates Per Employee Per Month

** UHC Projection assuming no changes to the current plan design or PBM contract

RFI Results – Summary (cont'd)

Network Penetration

- UHC network provides excellent access to providers and hospitals
- Other vendors that quoted have networks of similar size in North Texas
- Best-practice for in-network penetration is 95%
- Currently with UHC, 96% of all claims are paid in-network
 - Saves the City and its employees money

Network Discounts

- Overall UHC Network Discounts of 54.7% are at a best-practice level
- Other vendors offered similar discount levels for this response
- One vendor quoted 54.9%
 - Higher administrative fees were also quoted

*Additional RFI results may be found in the Appendix pages 42-46

RFI Results – Administrative Fees

	Current		Effective January 1, 2011							
	UHC		UHC		Aetna		CIGNA		BCBSTX	
	PPO	HRA	PPO	HRA	PPO	HRA	PPO	HRA	PPO	HRA
Total Fee Per Employee Per Month	\$15.15	\$15.15	\$21.25	\$21.25	\$35.65	\$37.65	\$26.45	\$31.39	\$29.98	\$29.98
Employees	3,340	9,359	3,340	9,359	3,340	9,359	3,340	9,359	3,340	9,359
	\$607,212	\$1,701,466	\$851,700	\$2,386,545	\$1,428,852	\$4,228,396	\$1,060,116	\$3,525,348	\$1,201,598	\$3,366,994
Annual fees based on 12,699 enrollees	\$2,308,678		\$3,238,245		\$5,657,248		\$4,585,464		\$4,568,592	

RFI Results – Administrative Fees (cont'd)

- UHC's Administrative fees Per Employee Per Month (PEPM) are below what similar vendors quoted
 - Current Administrative fees are \$15.15 per employee per month
 - Renewal Administrative fees would increase to \$21.25 per employee per month
 - UHC currently receives rebates from Pharmaceutical Manufactures for drug purchases
 - The City has used these rebates to offset administrative expenses
 - Prescription drug rebates that were used to offset Administrative fees have decreased because:
 - The City's high generic drug utilization
 - Changes in drug tiers

RFI Results – Pharmacy Plan

	UHC Current	UHC Proposed	Aetna	BCBS	CVS/Caremark
Network stores:	60,000	60,000	41,269	60,000	64,000+
Performance Guarantees:	100% Pass-Through with minimum rebates above guaranteed	100% Pass-Through with minimum rebates above guaranteed	Total amount at risk of \$100,000	18% of administrative charge	Total amount at risk of \$250,000 Implementation credit of \$5.00 per member
CY 2011 NET PLAN COST <i>estimated using Buck Rx Calculator</i>	\$11,237,000	\$8,515,000	\$11,053,000	\$10,030,000	\$8,156,000
SAVINGS OVER CURRENT		24.2%	1.6%	10.7%	27.4%

RFI Results – Pharmacy Plan (cont'd)

	Catalyst Rx	Cigna	Express Scripts	Humana	Walgreens
Network stores:	62,000+	60,000+	62,236	61,000+	61,000
Performance Guarantees:	Total amount at risk of \$400,000 Implementation credit of \$5.00 per employee	Total amount at risk of \$100,000	Implementation amount at risk of \$290,000. Other performance standards at risk annually of \$5.00 per member per year.	\$7.48 per employee at risk	To be determined
CY 2011 NET PLAN COST <i>estimated using Buck Rx Calculator</i>	\$8,420,000	\$9,282,000	\$9,566,000	\$7,366,000	\$8,317,000
SAVINGS OVER CURRENT	25.1%	17.4%	14.9%	34.4%	26.0%

RFI Results – Pharmacy Plan (cont'd)

- UHC improved Discounts and Rebates will save \$1.8 million per year during the renewal period
- Slightly more competitive RX vendor quotes were received by standalone RX vendors like CVS/Caremark.
 - Additional savings from standalone vendors would be offset due to additional integration costs with UHC if the RX was carved out from the medical plan

2011 Health Plan

Preliminary Considerations



2011 Benefit Plan Considerations

- **RFI results indicate UnitedHealthcare has competitive pricing**
 - Exercise the final one year renewal option with UHC
 - Begin the RFP process in November 2010 for the 2012 plan year
 - Proposed Health Plan RFP timeline located in the Appendix page 48

- **Seek another Pharmacy Benefit Manager (PBM) to administer the City's prescription program**
 - UHC's partner Medco is the current PBM
 - Transitioning to UHC's subsidiary Prescription Solutions by October 1, 2010 could potentially avoid \$500k this plan year
 - To implement this change the following must occur:
 - The existing prescription formulary will be modified October 1, 2010
 - New identification cards will be mailed out prior to October 1, 2010
 - Communication pieces will be distributed to communicate the change
 - Announcements
 - A letter from UHC

2011 Benefit Plan Considerations (cont'd)

- **Remove the healthcare subsidy for retirees over 65 that are enrolled in the City's Health Plan rather than Medicare**
 - Retirees over 65 are eligible to participate in Medicare Plans
 - 161 retirees may be impacted by this change
 - Impacted retirees may do the following:
 - Enroll in Medicare from January thru March, 2011
 - Effective date of the transition to Medicare will be July 1, 2011
 - Remain on the City's self-insured plan at the full plan rate
 - Effective date of the full plan rate for retirees post-65 who remain on the self-insured plan is July 1, 2011
 - Opportunity for Savings:
 - 2011 Plan Year: \$500,000 to \$1,000,000
 - *Rate table located in the Appendix page 50
-
- **Increase the prescription deductible for the PPO - 70/30 \$3,000 deductible plan**
 - 20% of the population participate in this plan
 - Prescription deductible would increase from \$75 to \$150

2011 Benefit Plan Considerations (cont'd)

■ **Modify the City Subsidy to Medicare Supplemental Plans**

- Retirees over 65 are eligible for Medicare
- Medicare Supplemental Plans cover expenses not covered by Medicare
- The City offers several Medicare Supplement Plans
 - The cost of the plan varies depending on the level of benefit
 - Plan F is most often selected because it covers 100% of expenses not covered by Medicare
 - Plan K is the least utilized because it covers 50% of expenses not covered by Medicare
- The City currently subsidizes 50% of all Supplement Plans
 - The City's cost for Plan F is \$99 per month
 - The City's cost for Plan K is \$49 per month
- Recommendation:
 - Change the City's subsidy to \$49 regardless of plan selected
 - Implementing this option would save \$500,000 to \$1,000,000
 - Rate Tables (current and proposed) are found in the Appendix pages 51-52

2011 Benefit Plan Considerations (cont'd)

■ Add an EPO Dental Plan Option

- UHC currently offers a HMO and PPO dental option
- The current HMO plan has a limited network of providers
- Third EPO offering would utilize the PPO network
- A co-payment structure will apply similar to the HMO network

■ Increase the benefit for Diabetic Care

- Program will include the following:
 - Diabetic Care visits coordinated with the onsite clinic
 - Disease Management support through UHC's call center
 - Low risk participants will receive a specialized diabetes informational mailing
 - Moderate risk participants and their doctors will receive a letter in the mail
 - High risk participants will receive two outbound calls from the UHC nurses and a post card
 - Abbott's Freestyle Program will provide free meters and a card to receive discounted strips to participants
 - Monthly group lunch-n-learns will be held
 - Program is at no cost to the City

2011 Benefit Plan Considerations (cont'd)

■ **Implement a Non-Tobacco User Rebate**

- Tobacco User is defined as someone who has used Tobacco within the past 6 months
- All health plan participants will be defaulted to the Tobacco User rate which will be higher than the current rate
- Employees will have an opportunity to complete an Attestation that they are Tobacco Free
 - If so, they will receive a rebate of \$15 per pay period
- Tobacco Users will be eligible to participate in a plan to receive Nicotine Replacement Therapy

■ **Increase Pre-65 Retiree rates on the City's Health plan by \$25 per month**

- A three year strategy was designed to decrease the retiree subsidy by \$25 each year for three years
- The first retiree incremental increase in premium took place in 2010
- This is the second increase in the three year plan
 - Rate Table found in the Appendix page 53

2011 Benefit Plan Considerations (cont'd)

- **Refrain from covering services performed outside of UnitedHealthcares' network**
 - Utilizing services within UHC's network decreases costs for the Plan as well as the employee
 - Currently, 96% of the claims are processed in-network
 - Services received outside of UHC's network will be paid at the members cost
 - The Plan will extend coverage outside of the network for Emergency situations

- **Reduce the Health Reimbursement Allocation in 2011**
 - Individuals will receive \$750 instead of the current \$1,000 allocation
 - Families will receive \$1,500 instead of the \$2,000 allocation
 - Members who complete a Health Risk Assessment through UnitedHealthcare will receive the following allocation:
 - Individuals - \$1,000 Allocation
 - Families - \$2,000 Allocation

Open Enrollment Timeline



Open Enrollment Timeline

Date	Activity	Status
April 19 - 20	Pre-enrollment meeting	Complete
May 5	Colonial starts scheduling depts for enrollment	Complete
June 30	Enrollment guide information to Colonial	In progress
July	Active employee group meetings	
July 30	Enrollment guides mailed to employees/retirees	
August	Retiree group meetings	
September 7 – October 29	Open enrollment for Employees and Retirees	
December 3	Enrollment data is due to the carrier to ensure id cards are distributed on time	

Next Steps



Next Steps

- Agenda item will go to Council June 23, 2010
 - Council will be asked to:
 - Authorize the final one year renewal option of the UHC contract
 - Authorize a change of Pharmacy Benefit Management from Medco to Prescription Solutions effective October 1, 2010
- September 2010 Council will be asked to:
 - Approve the Plan design changes
 - Approve the 2011 Master Plan Document

Early Retiree Reinsurance Plan

- Program Goal
 - Federal legislation appropriated \$5 billion to reimburse employers for the cost of providing health benefits to pre-65 retirees
 - Program reimburses the claims for individuals between the ages 55 to 64 who are not active workers
 - Participating employers shall submit reimbursement claims to Health and Human Services

- The City's projected reimbursements are:
 - 2010 Plan Year: \$4,518,022.02 to \$5,269,167.74
 - 2011 Plan Year: \$6,081,796.27 to \$7,282,172.01

Appendix



Prescription Drug Tiers

■ Tier One Drugs

- Tier 1 is primarily made up of generic drugs.
 - Lowest out of pocket cost
- These drugs contain the same active ingredients as their brand-name counterparts.
- Tier 1 may also include brand-name drugs that the plan has determined to be more effective, less costly or to have fewer side effects than similar medications.

■ Tier Two Drugs

- Tier 2 is primarily made up of brand-name drugs for which generic equivalents are not available.
 - Higher out of pocket cost associated with this tier
- These drugs have been selected by the plan based on review of the relative safety, effectiveness and cost of the many brand-name drugs on the market.

■ Tier Three Drugs

- Tier 3 primarily has non-preferred brand name drugs which may not have a generic equivalent.
 - Highest co-payment option

RFI Results



RFI Results - Summary

	UHC - Current		UHC - Revised		Aetna		Cigna		BCBSTX	
Projected 2011 Medical Claims Cost PEPM	\$480.06		\$480.06		\$480.06		\$480.06		\$480.06	
Current In-network Penetration	95.5%	\$458.46	95.5%	\$458.46	95.5%	\$458.46	95.5%	\$458.46	95.5%	\$458.46
Current Out-of-network Penetration	4.5%	\$21.60	4.5%	\$21.60	4.5%	\$21.60	4.5%	\$21.60	4.5%	\$21.60

In-Network Claims

In-Network PEPM Claims Cost	\$458.46	\$458.46	\$458.46	\$458.46	\$458.46
In-Network Discount Percentage (current is 54.7%)	54.7%	54.7%	52.9%	54.9%	52.3%
Value of Difference in Discounts	1.00	1.00	1.04	1.00	1.05
Discounted In-Network Claims PEPM	\$458.46	\$458.46	\$476.29	\$456.44	\$482.75

Out-of-Network Claims

Out-of-Network PEPM Claims Cost	\$21.60	\$21.60	\$21.60	\$21.60	\$21.60
Out-of-Network Discount Percentage	0%	0%	0%	0%	0%
Discounted Out-of-Network Claims PEPM	\$21.60	\$21.60	\$21.60	\$21.60	\$21.60

Adjusted Projected 2011 Medical Claims PEPM	\$480.06	\$480.06	\$497.89	\$478.04	\$504.35
Administrative Fee PEPM	\$15.15	\$21.25	\$37.12	\$30.09	\$29.98
Projected 2011 RX Claims PEPM	\$73.74	\$55.88	\$72.53	\$60.91	\$65.82
Projected 2011 Medical, RX + Admin. PEPM	\$568.95	\$557.19	\$607.55	\$569.04	\$600.15
Current Self-funded Plans Enrollment	12,699	12,699	12,699	12,699	12,699
Annual Projected Health Care Cost*	\$86,702,000	\$84,909,000	\$92,583,000	\$86,715,000	\$91,456,000
No Change	\$86,702,000	\$86,702,000	\$86,702,000	\$86,702,000	\$86,702,000
Savings	\$0	(\$1,793,000)	\$5,881,000	\$13,000	\$4,754,000

* Based on current enrollment and plan design. Discounts are based on vendors most comprehensive Open Access PPO network available. Annual Projected Health Care Costs exclude HRA allocations, Fully Insured Medicare Advantage plans, and Concentra costs.

RFI Results – Administrative Fees

	Current		Effective January 1, 2011								
	UHC		UHC		Aetna		CIGNA		BCBSTX*		
	PPO	HRA	PPO	HRA	PPO	HRA	PPO	HRA	PPO	HRA	
PPO Medical Claims Administration											
Claims Administration	\$15.15	\$15.15	\$27.13	\$27.13	\$22.47	\$24.47	\$15.95	\$20.89	\$34.00	\$34.00	
PPO Network	incl	incl	incl	incl	\$4.50	\$4.50	\$10.50	\$10.50	incl	incl	
Utilization Management	incl	incl	incl	incl	\$8.08	\$8.08	incl	incl	incl	incl	
Pharmacy Fee	incl	incl	(\$7.99)	(\$7.99)			incl	incl	(\$7.97)	(\$7.97)	
<i>Total Administration, Network, UM</i>	\$15.15	\$15.15	\$19.14	\$19.14	\$35.05	\$37.05	\$26.45	\$31.39	\$26.03	\$26.03	
Other Fees											
Claims Fiduciary	incl	incl	incl	incl	incl	incl			\$1.00	\$1.00	
Disease Management	incl	incl	incl	incl	incl	incl			\$2.95	\$2.95	
Maternity Program	incl	incl	incl	incl	\$0.60	\$0.60	incl	incl	incl	incl	
EAP	incl	incl	\$1.16	\$1.16	not incl	not incl	not incl	not incl	not incl	not incl	
Other Fees	incl	incl	\$0.95	\$0.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
<i>Total Other Fees Per Employee Per Month</i>	\$0.00	\$0.00	\$2.11	\$2.11	\$0.60	\$0.60	\$0.00	\$0.00	\$3.95	\$3.95	
Total Fee Per Employee Per Month	\$15.15	\$15.15	\$21.25	\$21.25	\$35.65	\$37.65	\$26.45	\$31.39	\$29.98	\$29.98	
Employees	3,340	9,359	3,340	9,359	3,340	9,359	3,340	9,359	3,340	9,359	
Annual fees based on 12,699 enrollees	\$607,212	\$1,701,466	\$851,700	\$2,386,545	\$1,428,852	\$4,228,396	\$1,060,116	\$3,525,348	\$1,201,598	\$3,366,994	
	\$2,308,678		\$3,238,245		\$5,657,248		\$4,585,464		\$4,568,592		
Fee Guarantee			Fees increase 10% in Year 2 and 9% in Year 3.		Fees increase 4% in Years 2 and 3.		Fees increase 3% in Years 2 and 3.		Fees increase 4% in Years 2 and 3.		

Claims processing for run-out at termination:

UHC - Additional 3 months of fees for processing at termination for 12 months.

Aetna - Fee includes processing at termination for 12 months.

Cigna - Fee includes processing at termination for 12 months.

BCBSTX - Additional 3 months of fees for processing at termination for 12 months.

*BCBS - separate access fee applies to all claims in certain locations of 4% of the claims discount or \$2,000 per claim, whichever is less. Fees will be reflected as claim charges.

RFI Results - Pharmacy

	UHC Current	UHC Proposed	Aetna	BCBS	CVS/Care mark
Network stores:	60,000	60,000	41,269	60,000	64,000+
Retail Drugs:					
Brand	AWP - 12.6%	AWP - 13.7%	AWP - 13.21%	AWP - 13.4%	AWP - 14.89%
Generic (MAC/non-MAC)	AWP - 62%	AWP - 70%	AWP - 63.35%	AWP - 71.8%	AWP - 71%
Generic (non-MAC)				AWP - 22.6%	AWP - 14.89%
Dispensing Fee/Script					
Brand	\$1.25	\$1.50	\$1.53	\$1.56	\$1.40
Generic	\$1.25	\$1.50	\$1.63	\$1.64	\$1.40
Administration Fee/Script					
Point of Sale/Electronic	\$0.00	\$0.00	\$0.00	\$1.32 PEPM	\$0.00
Paper	\$0.00	\$0.00	\$3.15	\$1.32 PEPM	\$1.50
		Yr 1 / Yr 2 / Yr 3			
Rebate per retail script		n/a	n/a	n/a	n/a
Rebate per retail brand script		n/a	n/a	n/a	\$13.79
Rebate per employee		\$9.49/\$8.59/\$7.89	n/a	n/a	n/a
Rebate per formulary claim		n/a	n/a	n/a	n/a
Rebate per rebatable claim		n/a	n/a	n/a	n/a
Mail Order Drugs:					
Brand	AWP - 20.9%	AWP - 21.7%	AWP - 18%	AWP - 23.18%	AWP - 24.21%
Generic (MAC/non-MAC)	AWP - 57%	AWP - 72%	AWP - 64%	AWP - 74%	AWP - 73%
Generic (non-MAC)				AWP - 22.6%	
Dispensing Fee/Script					
Brand	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Generic	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Administration Fee/Script	\$0.65 PEPM	n/a	\$0.00	\$1.32 PEPM	\$0.00
		Yr 1 / Yr 2 / Yr 3			
Rebate per mail script		n/a	n/a	n/a	n/a
Rebate per employee		\$9.49/\$8.59/\$7.89	n/a	n/a	n/a
Rebate per mail brand script		n/a	n/a	n/a	\$50.37
Rebate per formulary claim		n/a	n/a	n/a	n/a
Rebate per rebatable claim		n/a	n/a	n/a	n/a
Specialty Drugs					AWP - 14.27%
% of Rebates returned to Client		80%	100%	100%	95%
Performance Guarantees:	100% Pass-Through with minimum rebates above guaranteed	100% Pass-Through with minimum rebates above guaranteed	Total amount at risk of \$100,000	18% of administrative charge	Total amount at risk of \$250,000 Implementation credit of \$5.00 per member
CY 2011 NET PLAN COST estimated using Buck Rx Calculator SAVINGS OVER CURRENT	\$11,237,000	\$8,515,000 24.2%	\$11,053,000 1.6%	\$10,030,000 10.7%	\$8,156,000 27.4%

RFI Results - Pharmacy

	Catalyst Rx	Cigna	Express Scripts	Humana	Walgreens
Network stores:	62,000+	60,000+	62,236	61,000+	61,000
Retail Drugs:	Yr 1/Yr 2/Yr 3				
Brand	AWP - 17.5%	AWP - 15.27%	AWP - 15.93%	AWP - 14.81%	AWP - 15.6%
Generic (MAC/non-MAC)	AWP - 67%	AWP - 74%	AWP - 69%	AWP - 75.6%	AWP - 71%
Generic (non-MAC)				AWP - 31.35%	
Dispensing Fee/Script					
Brand	\$1.40	\$1.40	\$0.90	\$1.29	\$1.50
Generic	\$1.40	\$1.40	\$1.00	\$1.59	\$1.50
Administration Fee/Script					
Point of Sale/Electronic	\$0.00	\$0.00	\$0.00	\$4.75 PEPM	\$0.00
Paper	\$1.50	\$0.00	\$2.50	\$4.75 PEPM	\$2.00
	Yr 1 / Yr 2 / Yr 3				
Rebate per retail script	\$15.25	n/a	n/a	n/a	n/a
Rebate per retail brand script	n/a	n/a	n/a	n/a	\$12.00
Rebate per employee	n/a	n/a	n/a	n/a	n/a
Rebate per formulary claim	n/a	n/a	n/a	n/a	n/a
Rebate per rebatable claim	n/a	n/a	n/a	\$17.50	n/a
Mail Order Drugs:					
Brand	AWP - 25%	AWP - 23%	AWP - 25.4%	AWP - 20.67%	AWP - 23.1%
Generic (MAC/non-MAC)	AWP - 63%	AWP - 75%	AWP - 74%	AWP - 77.72%	AWP - 76%
Generic (non-MAC)				AWP - 55%	
Dispensing Fee/Script					
Brand	\$0.00	\$0.00	\$0.90	\$0.00	\$0.00
Generic	\$0.00	\$0.00	\$1.00	\$0.00	\$0.00
Administration Fee/Script					
	\$0.00	\$0.00	\$0.00	\$4.75 PEPM	\$0.00
	Yr 1 / Yr 2 / Yr 3				
Rebate per mail script	\$39.85	n/a	n/a	n/a	n/a
Rebate per employee	n/a	n/a	n/a	n/a	n/a
Rebate per mail brand script	n/a	n/a	n/a	n/a	\$37.00
Rebate per formulary script	n/a	n/a	n/a	n/a	n/a
Rebate per rebatable claim	n/a	n/a	n/a	\$61.25	n/a
Specialty Drugs	AWP - 17% Brand AWP - 40% Generic	AWP - 10.5% Retail AWP - 13% Mail			
% of Rebates returned to Client	87%	90%	100%	90%	93% Retail / 95.1% Mail
Performance Guarantees:	Total amount at risk of \$400,000 Implementation credit of \$5.00 per employee	Total amount at risk of \$100,000	Implementation amount at risk of \$290,000. Other performance standards at risk annually of \$5.00 per member per year.	\$7.48 per employee at risk	To be determined
CY 2011 NET PLAN COST estimated using Buck Rx Calculator SAVINGS OVER CURRENT	\$8,420,000 25.1%	\$9,282,000 17.4%	\$9,566,000 14.9%	\$7,366,000 34.4%	\$8,317,000 26.0%

RFP Timeline



Proposed Health Plan RFP Timeline

Date	Activity
Nov. 1, 2010	Submit Specs to buyer
Nov. 12, 2010	Buyer completes spec review
Dec. 6, 2010	HR receives changes
Dec. 13, 2010	Final specs and exhibits prepared
Jan 3, 2011	RFP ready to advertise
Jan 13 & 20, 2011	Advertisement of RFP
Jan 26, 2011	Pre-proposal Conference
Feb. 9, 2011	Vendors submit complete responses
Feb. 14, 2011	HR receive copies of results
Feb. 21, 2011	Presentations from Vendors
Feb. 28, 2011	Evaluations received from Committee
March 7, 2011	Numbers submitted to Buck Consultants
March 21, 2011	Buck's evaluation complete
March 28, 2011	Purchasing makes recommendation to HR
April 11, 2011	Final recommendation from HR to the buyer
June 2011	Item goes to Council for approval

Rate Tables



Post-65 Retiree Rate Tables

Self Insured Plans	Employee Only	Employee + Spouse	Employee + Children	Employee + Family
HRA Plan	Not available to Post-65 Retirees			
Current Retiree Rate With City Subsidy 70/30/3k PPO Plan	\$289	\$871	\$515	\$1,090
Proposed Retiree Rate Without City Subsidy Effective July 1, 2011 70/30/3k PPO Plan	\$542	\$1,124	\$768	\$1,342

City of Dallas 2010 Medical Plan Rates Post 65 Retirees	2009 Enrollment	City Contribution	Retiree Contribution	Current Monthly Plan Cost	City Percentage	Retiree Percentage
Current Post-65 AARP Medicare Plans						
AARP Plan C						
Retiree Only	42	\$99	\$99	\$198	50%	50%
Retiree + Spouse	0	\$99	\$297	\$396	25%	75%
Spouse Only	4	\$0	\$198	\$198	0%	100%
AARP Plan F						
Retiree Only	1,412	\$99	\$99	\$198	50%	50%
Retiree + Spouse	552	\$99	\$298	\$397	25%	75%
Spouse Only	140	\$0	\$199	\$199	0%	100%
AARP Plan K						
Retiree Only	15	\$49	\$49	\$98	50%	50%
Retiree + Spouse	5	\$49	\$147	\$196	25%	75%
Spouse Only	1	\$0	\$98	\$98	0%	100%
HMO LOW						
Retiree Only	11	\$75	\$75	\$150	50%	50%
Retiree + Spouse	2	\$75	\$225	\$300	25%	75%
Spouse Only	0	\$0	\$150	\$150	0%	100%
HMO HIGH						
Retiree Only	7	\$115	\$115	\$230	50%	50%
Retiree + Spouse	0	\$115	\$345	\$460	25%	75%
Spouse Only	3	\$0	\$230	\$230	0%	100%

City of Dallas 2010 Medical Plan Rates Post 65 Retirees		2009 Enrollment	City Contribution	Retiree Contribution	Current Monthly Plan Cost
Proposed Post-65 AARP Medicare Plans					
AARP Plan C					
Retiree Only		42	\$49	\$149	\$198
Retiree + Spouse		0	\$49	\$347	\$396
Spouse Only		4	\$0	\$198	\$198
AARP Plan F					
Retiree Only		1,412	\$49	\$149	\$198
Retiree + Spouse		552	\$49	\$347	\$397
Spouse Only		140	\$0	\$199	\$199
AARP Plan K					
Retiree Only		15	\$49	\$49	\$98
Retiree + Spouse		5	\$49	\$147	\$196
Spouse Only		1	\$0	\$98	\$98
HMO HIGH					
Retiree Only		7	\$49	\$165	\$230
Retiree + Spouse		0	\$49	\$395	\$460
Spouse Only		3	\$0	\$230	\$230
HMO LOW					
Retiree Only		11	\$49	\$125	\$150
Retiree + Spouse		2	\$49	\$275	\$300
Spouse Only		0	\$0	\$150	\$150

Pre-65 Rate Table with \$25 Increase

Monthly Pre-65 PPO Retiree Contributions

	Retiree <u>Only</u>	Retiree <u>+Spouse</u>	Retiree <u>+Children</u>	Retiree <u>+Family</u>
<u>Current</u>				
Pre-65 HRA	\$ 383.00	\$ 1,000.00	\$ 668.00	\$ 1,257.00
Pre-65 70/30/3k	\$ 289.00	\$ 871.00	\$ 515.00	\$ 1,090.00
<u>Revised with \$25</u>				
Pre-65 HRA	\$ 408.00	\$ 1,025.00	\$ 693.00	\$ 1,282.00
Pre-65 70/30/3k	\$ 314.00	\$ 896.00	\$ 540.00	\$ 1,115.00

Memorandum



CITY OF DALLAS

DATE June 11, 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 1998 Sports Arena Project Bonds Optional Redemption

On Monday, June 14, you will be briefed on the 1998 Sports Arena Project Bonds Optional Redemption. The materials are attached for your review.

If you have any questions, please contact me at 214-670-7804.

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

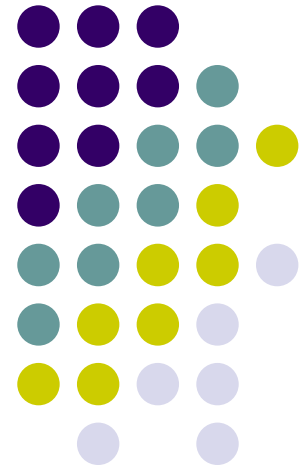
FOR:
Jeanne Chipperfield
Chief Financial Officer

Attachments

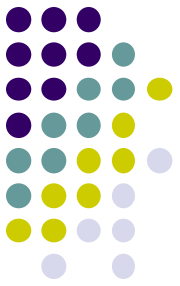
C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
A. C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney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

1998 Sports Arena Project Bonds Optional Redemption

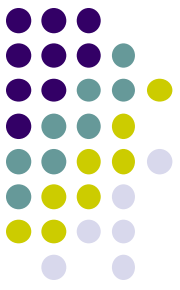
Budget, Finance and Audit Committee
June 14, 2010



Purpose

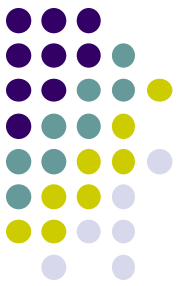


- Provide an update on the funds available to redeem the Taxable Sports Arena Project Bonds, Series 1998B
- Seek committee's recommendation for the resolution authorizing the optional redemption of various outstanding maturities



Background

- In 1998, \$140.38m in revenue bonds were issued to fund the City's \$125m contribution to the construction costs of a new sports arena (now known as the American Airlines Center)
 - \$104.81m tax exempt bonds (Series 1998A) at 5.1% total interest cost
 - Bonds redeemed in full
 - \$35.57m taxable bonds (Series 1998B) at 6.8% total interest cost
 - \$26.23m principal currently outstanding



Bond Redemption

Repayment of Sources

- Voters authorized additional 2% Hotel Occupancy Tax (HOT) and 5% Short-term Motor Vehicle Rental Tax (SMVT)
- Monthly, revenues received in excess of the debt service requirement are deposited in the Surplus Debt Redemption Fund (SDRF)
- Should a monthly deficit occur, revenues from SDRF are transferred to meet monthly debt service requirements
- The reserve requirement on the Series 1998B bonds is equal to the average annual debt service over the life of the bonds
- The City retired all of the outstanding Series 1998A bonds before redemption of the 1998B bonds due to federal private activity rules

Optional Redemption



- Ordinance allows the City to optionally redeem in whole or in part any maturity beginning August 15, 2008 on an interest payment date as follows:

Redemption Date

8/15/2008 - 8/14/2009

8/15/2009 – 8/14/2010

8/15/2010 and after

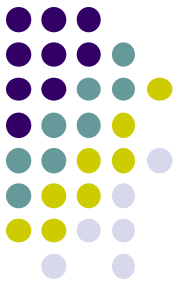
Redemption Price

101% of par

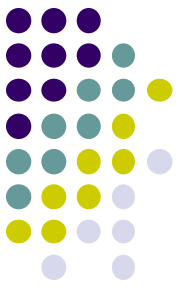
100.5% of par

100% of par

Series 1998A Redemptions

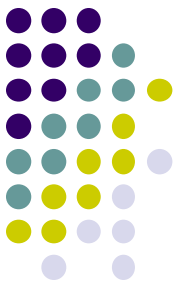


- Mandatory Redemption of the \$9.5m due in 2028 occurred on 8/15/2000
- Optional redemptions occurred as follows:
 - \$61.02m redeemed on 2/15/2009
 - \$13.34m redeemed on 8/15/2009
 - \$4.37m redeemed on 2/15/2010
- All 1998A bonds have been redeemed in full



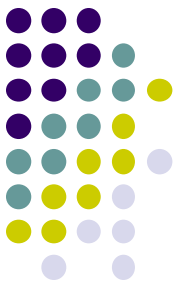
Series 1998B Redemptions

- One optional redemption has occurred:
 - \$2.81m redeemed on 2/15/2010
- Source of funds for optional redemption are the SDRF and Debt Service Reserve Fund
 - Current balance in SDRF is \$8.67m
 - As the bonds are called, the reserve requirement declines making reserve funds available to call bonds
- Maturities to be redeemed are selected based on highest coupon (interest rate)



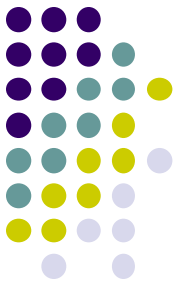
Series 1998B Redemptions (cont'd)

- Recommend redemption of \$7.32m of Series 1998B bonds
 - Reduces outstanding principal balance to \$18.9m
- There is no call premium
- Sources of Funds
 - \$591k from Debt Service and Reserve Funds
 - \$6.73m from Surplus Debt Redemption Fund



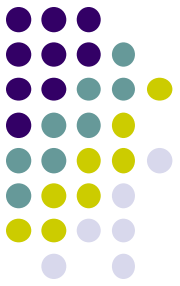
Series 1998B Redemption (cont'd)

- \$1.6m aggregate savings on present value basis
- Leaves balance of \$1.95m in the SDRF
- Debt Service Reserve Fund fully funded based on revised requirement - \$1.95m
- Average annual debt service payment reduced from \$2.58m to \$2.07m through FY2027
- Revenues over the last 12 months were \$14m



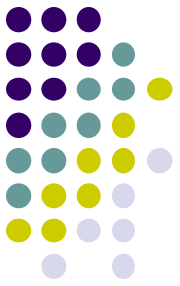
Future Redemptions

- Staff and City's Financial Advisors will continue to monitor the revenues and analyze the opportunities to redeem bonds on upcoming interest dates
- Projected full payoff of the remaining outstanding Sports Arena issue by end of 2011
- After bonds are fully repaid, the 2% HOT and 5% SMVT will no longer be assessed



Schedule

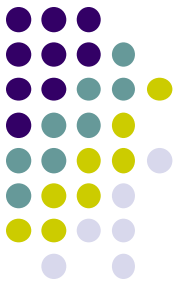
- June 23rd – Council approval of resolution authorizing bond redemption
- July 15th – Paying agent notifies bond holders of bond redemption
- August 16th – Bonds redeemed



Recommendation

- Approval of June 23rd resolution authorizing the optional redemption of \$7.32m of Taxable Bonds

Appendix



Debt Service Schedules – Before Call	Page 14
Schedule of Bonds to be Called	Page 15
Debt Service Schedules – After Call	Page 16

City of Dallas, Texas
Special Tax Revenue Bonds, Series 1998A & Series 1998B
Outstanding Debt - FY 2010 Through FY 2027

	Series 1998A				Series 1998B				Total			Fiscal Total
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total	
2/15/10	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	
8/15/10	-	5.250%	-	-	-	6.650%	-	-	-	-	-	-
2/15/11	-		-	-	-		869,136	869,136	-	869,136	869,136	-
8/15/11	-	5.250%	-	-	-	6.650%	869,136	869,136	-	869,136	869,136	1,738,273
2/15/12	-		-	-	-		869,136	869,136	-	869,136	869,136	-
8/15/12	-	5.250%	-	-	25,000	6.650%	869,136	894,136	25,000	869,136	894,136	1,763,273
2/15/13	-		-	-	-		868,305	868,305	-	868,305	868,305	-
8/15/13	-	5.250%	-	-	1,075,000	6.650%	868,305	1,943,305	1,075,000	868,305	1,943,305	2,811,610
2/15/14	-		-	-	-		832,561	832,561	-	832,561	832,561	-
8/15/14	-	5.375%	-	-	1,145,000	6.650%	832,561	1,977,561	1,145,000	832,561	1,977,561	2,810,123
2/15/15	-		-	-	-		794,490	794,490	-	794,490	794,490	-
8/15/15	-	5.375%	-	-	1,220,000	6.650%	794,490	2,014,490	1,220,000	794,490	2,014,490	2,808,980
2/15/16	-		-	-	-		753,925	753,925	-	753,925	753,925	-
8/15/16	-	5.250%	-	-	1,300,000	6.625%	753,925	2,053,925	1,300,000	753,925	2,053,925	2,807,850
2/15/17	-		-	-	-		710,863	710,863	-	710,863	710,863	-
8/15/17	-	5.000%	-	-	1,385,000	6.625%	710,863	2,095,863	1,385,000	710,863	2,095,863	2,806,725
2/15/18	-		-	-	-		664,984	664,984	-	664,984	664,984	-
8/15/18	-	5.000%	-	-	1,480,000	6.625%	664,984	2,144,984	1,480,000	664,984	2,144,984	2,809,969
2/15/19	-		-	-	-		615,959	615,959	-	615,959	615,959	-
8/15/19	-	5.000%	-	-	1,575,000	6.625%	615,959	2,190,959	1,575,000	615,959	2,190,959	2,806,919
2/15/20	-		-	-	-		563,788	563,788	-	563,788	563,788	-
8/15/20	-	5.000%	-	-	1,680,000	6.625%	563,788	2,243,788	1,680,000	563,788	2,243,788	2,807,575
2/15/21	-		-	-	-		508,138	508,138	-	508,138	508,138	-
8/15/21	-	5.000%	-	-	1,795,000	6.625%	508,138	2,303,138	1,795,000	508,138	2,303,138	2,811,275
2/15/22	-		-	-	-		448,678	448,678	-	448,678	448,678	-
8/15/22	-	5.000%	-	-	1,910,000	6.625%	448,678	2,358,678	1,910,000	448,678	2,358,678	2,807,356
2/15/23	-		-	-	-		385,409	385,409	-	385,409	385,409	-
8/15/23	-	5.000%	-	-	2,040,000	6.625%	385,409	2,425,409	2,040,000	385,409	2,425,409	2,810,819
2/15/24	-		-	-	-		317,834	317,834	-	317,834	317,834	-
8/15/24	-	5.000%	-	-	2,175,000	6.625%	317,834	2,492,834	2,175,000	317,834	2,492,834	2,810,669
2/15/25	-		-	-	-		245,788	245,788	-	245,788	245,788	-
8/15/25	-	5.000%	-	-	2,315,000	6.625%	245,788	2,560,788	2,315,000	245,788	2,560,788	2,806,575
2/15/26	-		-	-	-		169,103	169,103	-	169,103	169,103	-
8/15/26	-	4.750%	-	-	2,470,000	6.625%	169,103	2,639,103	2,470,000	169,103	2,639,103	2,808,206
2/15/27	-		-	-	-		87,284	87,284	-	87,284	87,284	-
8/15/27	-	4.750%	-	-	2,635,000	6.625%	87,284	2,722,284	2,635,000	87,284	2,722,284	2,809,569
	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,225,000</u>		<u>\$ 19,410,764</u>	<u>\$ 45,635,764</u>	<u>\$ 26,225,000</u>	<u>\$ 19,410,764</u>	<u>\$ 45,635,764</u>	<u>\$ 45,635,764</u>

City of Dallas, Texas
Special Tax Revenue Bonds, Series 1998A & Series 1998B
Bonds to be Paid/Redeemed on August 15, 2010

	Series 1998A					Series 1998B					Total			
	Principal	Coupon	Interest	Red Prem	Total	Principal	Coupon	Interest	Red Prem	Total	Principal	Interest	Red Prem	Total
2/15/10	\$ -		\$ -		\$ -	\$ -		\$ -		\$ -	\$ -		\$ -	\$ -
8/15/10	-	5.250%	-	-	-	-	6.650%	-	-	-	-	-	-	-
2/15/11	-		-	-	-	-		-	-	-	-	-	-	-
8/15/11	-	5.250%	-	-	-	-	6.650%	-	-	-	-	-	-	-
2/15/12	-		-	-	-	-		-	-	-	-	-	-	-
8/15/12	-	5.250%	-	-	-	25,000	6.650%	-	-	25,000	25,000	-	-	25,000
2/15/13	-		-	-	-	-		-	-	-	-	-	-	-
8/15/13	-	5.250%	-	-	-	1,075,000	6.650%	-	-	1,075,000	1,075,000	-	-	1,075,000
2/15/14	-		-	-	-	-		-	-	-	-	-	-	-
8/15/14	-	5.375%	-	-	-	1,145,000	6.650%	-	-	1,145,000	1,145,000	-	-	1,145,000
2/15/15	-		-	-	-	-		-	-	-	-	-	-	-
8/15/15	-	5.375%	-	-	-	1,220,000	6.650%	-	-	1,220,000	1,220,000	-	-	1,220,000
2/15/16	-		-	-	-	-		-	-	-	-	-	-	-
8/15/16	-	5.250%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/17	-		-	-	-	-		-	-	-	-	-	-	-
8/15/17	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/18	-		-	-	-	-		-	-	-	-	-	-	-
8/15/18	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/19	-		-	-	-	-		-	-	-	-	-	-	-
8/15/19	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/20	-		-	-	-	-		-	-	-	-	-	-	-
8/15/20	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/21	-		-	-	-	-		-	-	-	-	-	-	-
8/15/21	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/22	-		-	-	-	-		-	-	-	-	-	-	-
8/15/22	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/23	-		-	-	-	-		-	-	-	-	-	-	-
8/15/23	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/24	-		-	-	-	-		-	-	-	-	-	-	-
8/15/24	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/25	-		-	-	-	-		-	-	-	-	-	-	-
8/15/25	-	5.000%	-	-	-	-	6.625%	-	-	-	-	-	-	-
2/15/26	-		-	-	-	-		-	-	-	-	-	-	-
8/15/26	-	4.750%	-	-	-	1,220,000	6.625%	-	-	1,220,000	1,220,000	-	-	1,220,000
2/15/27	-		-	-	-	-		-	-	-	-	-	-	-
8/15/27	-	4.750%	-	-	-	2,635,000	6.625%	-	-	2,635,000	2,635,000	-	-	2,635,000
	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 7,320,000</u>		<u>\$ -</u>		<u>\$ 7,320,000</u>	<u>\$ 7,320,000</u>		<u>\$ -</u>	<u>\$ 7,320,000</u>

City of Dallas, Texas
Special Tax Revenue Bonds, Series 1998A & Series 1998B
Bonds Remaining After Redemption on August 15, 2010

	Series 1998A				Series 1998B				Total			Fiscal Total
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total	
2/15/10	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	
8/15/10	-	5.250%	-	-	-	6.650%	-	-	-	-	-	-
2/15/11	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/11	-	5.250%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/12	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/12	-	5.250%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/13	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/13	-	5.250%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/14	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/14	-	5.375%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/15	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/15	-	5.375%	-	-	-	6.650%	626,228	626,228	-	626,228	626,228	1,252,456
2/15/16	-		-	-	-		626,228	626,228	-	626,228	626,228	-
8/15/16	-	5.250%	-	-	1,300,000	6.625%	626,228	1,926,228	1,300,000	626,228	1,926,228	2,552,456
2/15/17	-		-	-	-		583,166	583,166	-	583,166	583,166	-
8/15/17	-	5.000%	-	-	1,385,000	6.625%	583,166	1,968,166	1,385,000	583,166	1,968,166	2,551,331
2/15/18	-		-	-	-		537,288	537,288	-	537,288	537,288	-
8/15/18	-	5.000%	-	-	1,480,000	6.625%	537,288	2,017,288	1,480,000	537,288	2,017,288	2,554,575
2/15/19	-		-	-	-		488,263	488,263	-	488,263	488,263	-
8/15/19	-	5.000%	-	-	1,575,000	6.625%	488,263	2,063,263	1,575,000	488,263	2,063,263	2,551,525
2/15/20	-		-	-	-		436,091	436,091	-	436,091	436,091	-
8/15/20	-	5.000%	-	-	1,680,000	6.625%	436,091	2,116,091	1,680,000	436,091	2,116,091	2,552,181
2/15/21	-		-	-	-		380,441	380,441	-	380,441	380,441	-
8/15/21	-	5.000%	-	-	1,795,000	6.625%	380,441	2,175,441	1,795,000	380,441	2,175,441	2,555,881
2/15/22	-		-	-	-		320,981	320,981	-	320,981	320,981	-
8/15/22	-	5.000%	-	-	1,910,000	6.625%	320,981	2,230,981	1,910,000	320,981	2,230,981	2,551,963
2/15/23	-		-	-	-		257,713	257,713	-	257,713	257,713	-
8/15/23	-	5.000%	-	-	2,040,000	6.625%	257,713	2,297,713	2,040,000	257,713	2,297,713	2,555,425
2/15/24	-		-	-	-		190,138	190,138	-	190,138	190,138	-
8/15/24	-	5.000%	-	-	2,175,000	6.625%	190,138	2,365,138	2,175,000	190,138	2,365,138	2,555,275
2/15/25	-		-	-	-		118,091	118,091	-	118,091	118,091	-
8/15/25	-	5.000%	-	-	2,315,000	6.625%	118,091	2,433,091	2,315,000	118,091	2,433,091	2,551,181
2/15/26	-		-	-	-		41,406	41,406	-	41,406	41,406	-
8/15/26	-	4.750%	-	-	1,250,000	6.625%	41,406	1,291,406	1,250,000	41,406	1,291,406	1,332,813
2/15/27	-		-	-	-		-	-	-	-	-	-
8/15/27	-	4.750%	-	-	-	6.625%	-	-	-	-	-	-
	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,905,000</u>		<u>\$ 14,221,888</u>	<u>\$ 33,126,888</u>	<u>\$ 18,905,000</u>	<u>\$ 14,221,888</u>	<u>\$ 33,126,888</u>	<u>\$ 33,126,888</u>

Memorandum



CITY OF DALLAS

DATE May 21, 2010
TO The Honorable Mayor and Members of the City Council
SUBJECT Financial Forecast Report

An updated financial forecast report for FY2009-10 is attached for March 2010. General Fund revenues are projected to be \$10,188,000 below budget and expenditures are projected to be \$10,388,000 below budget.

The revenue decline is primarily due to Sales Tax that is now projected to be approximately \$6,588,000 less than budget. This forecast assumes continued decline through the spring before flattening in the summer.

The reductions in expenditures are a result of operational savings, continued restrictive hiring freeze, reduction in growth in the police force and "belt tightening" throughout the organization. Additional savings are being realized as fuel prices and consumption are lower than anticipated.

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


Mary K. Suhm
City Manager

Attachment

c: Ryan S. Evans, First Assistant City Manager
A.C. Gonzales, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer

**GENERAL FUND
COMPARISON OF 2009-10 REVENUES AND EXPENDITURES
AS OF MARCH 31, 2010
(000s)**

<u>ITEM</u>	<u>BUDGET</u>	<u>YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Revenues	\$998,959	\$621,634	\$988,772	(\$10,188)
Expenditures	\$1,020,654	\$507,372	\$1,010,267	(\$10,388)
Sub Total	(\$21,695)	\$114,262	(\$21,495)	\$200
Use of one time resources	21,695		21,695	
Net Excess/(Deficiency) of Revenues Over Expenditures and Transfers to Reserves	<u>\$0</u>		<u>\$200</u>	

**FINANCIAL FORECAST REPORT
FY 2009-10
AS OF MARCH 31, 2010**

GENERAL FUND

Revenues

- Total General Fund revenues are estimated to be \$10,188,000 below budget.
 - Atmos Energy revenues are projected to be \$1,400,000 above budget due to increased consumption during the winter months.
 - Interest Earned revenues are projected to be \$664,000 below budget primarily due to lower than budgeted interest rates.
 - Municipal Court revenues are projected to be \$2,489,000 below budget primarily due to a decrease in the number of citations issued.
 - Vehicle Towing and Storage revenues are projected to be \$1,316,000 above budget primarily due to towing of vehicles lacking proof of auto insurance.
 - Park revenues are projected to be \$658,000 above budget due to a procedural change offset by a corresponding increase in expenses.
 - Private Disposal revenues are projected to be \$3,202,000 below budget primarily due to the weak economy.
 - Vital Statistics revenues are projected to be \$537,000 below budget due to a decrease in the number of requests for birth and death certificates.
 - Miscellaneous revenues are projected to be \$944,000 above budget primarily due to unbudgeted revenue anticipated as a result of the utility audit.

Expenditures

- Total General Fund expenditures are estimated to be \$10,388,000 below budget.
 - The expenses for termination payments are included in the departments' estimates. The appropriations from the Salary and Benefit Reserve have been allocated to those departments.
 - Building Services is projected to be \$2,126,000 below budget primarily due to delays in hiring and additional reimbursements.
 - City Manager's Office is projected to be \$132,000 below budget primarily due to delays in hiring.
 - City Secretary's Office is projected to be \$100,000 above budget primarily due to expenses for records management.
 - Human Resources is projected to be \$193,000 below budget primarily due to savings in contract services resulting from providing HRIS maintenance in-house.
 - Management Services is projected to be \$317,000 below budget primarily due to delays in hiring.
 - Office of Financial Services is projected to be \$90,000 below budget primarily due to delays in hiring.
 - Public Works and Transportation is projected to be \$4,581,000 below budget primarily due to reimbursable work completed for the Bond Program and delays in hiring.
 - Street Lighting is projected to be \$1,026,000 above budget primarily due to higher than budgeted expenses for electricity due to rate increase.
 - Trinity Watershed Management is projected to be \$600,000 below budget primarily due to reimbursements for storm water related activities offset by higher than budgeted expenses for electricity.

**FINANCIAL FORECAST REPORT
FY 2009-10
AS OF MARCH 31, 2010**

- Liability/Claims Fund is projected to be \$1,000,000 below budget primarily due to less than anticipated funding requirements for liability claims.

ENTERPRISE FUND

- Convention and Event Services revenues are projected to be \$6,128,000 below budget primarily due to lower than budgeted Hotel Occupancy Tax and other revenues sources impacted by lower than anticipated attendance at scheduled events. Expenses are projected to be \$3,743,000 below budget primarily due to delays in hiring and a lower than budgeted transfer to Convention and Visitors Bureau.
- Sustainable Development/Construction revenues are projected to be \$2,043,000 below budget due to a reduction in construction activity. This is reflective of the national economy and trends in the construction industry
- Water Utilities revenues are projected to be \$37,559,000 below budget due to lower than budgeted water pumpage. Expenses are projected to be \$37,559,000 below budget primarily due to vacancies and a reduced cash transfer to capital construction.

OTHER FUNDS

- Employee Benefits expenses are projected to be \$60,000 below budget primarily due to delays in hiring.
- 9-1-1 System Operations expenses are projected to be \$1,930,000 above budget primarily due to higher than budgeted transfers.

**GENERAL FUND
FORECAST OF FY 2009-10 REVENUES
AS OF MARCH 31, 2010
(000s)**

	BUDGET	REVENUES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
TAXES				
Ad Valorem Tax	\$420,799	\$408,572	\$421,513	\$714
Sales Tax	206,574	66,926	199,986	(6,588)
FRANCHISE REVENUES				
Oncor Electric	48,658	25,019	47,758	(900)
AT&T	21,000	5,109	21,000	0
Atmos Energy	10,600	2,794	12,000	1,400
Time Warner Cable	5,800	2,269	5,800	0
Other	11,097	3,529	11,086	(11)
TOTAL TAXES & FRANCHISE REVENUES	724,528	514,219	719,143	(5,385)
LICENSES AND PERMITS	7,970	4,701	8,528	557
INTEREST EARNED	3,077	870	2,413	(664)
INTERGOVERNMENTAL	7,312	4,497	7,022	(290)
FINES AND FORFEITURES				
Municipal Court	19,382	7,486	16,893	(2,489)
Vehicle Towing & Storage	6,786	4,030	8,101	1,316
Parking Fines	8,788	1,477	8,047	(741)
Red Light Camera Fines	8,484	0	7,577	(908)
Public Library	611	314	608	(3)
TOTAL FINES	44,050	13,307	41,225	(2,825)
CHARGES FOR SERVICE				
Sanitation Service	60,545	30,294	59,860	(685)
Parks	7,602	3,010	8,260	658
Private Disposal Fees	23,552	8,201	20,350	(3,202)
Emergency Ambulance	19,250	9,318	19,250	0
Security Alarm	4,650	1,444	3,698	(952)
Street Lighting	1,392	482	1,392	0
Vital Statistics	2,390	895	1,853	(537)
Other	16,257	8,207	14,611	(1,645)
TOTAL CHARGES	135,638	61,852	129,275	(6,363)
INTERFUND REVENUE	66,771	18,192	70,610	3,839
MISCELLANEOUS	9,612	3,997	10,556	944
TOTAL REVENUE	998,959	621,634	988,772	(10,188)
USE OF ONE-TIME RESOURCES	21,695	0	21,695	0
TOTAL RESOURCES	\$1,020,654	\$621,634	\$1,010,467	(\$10,188)

**GENERAL FUND
FORECAST OF FY 2009-10 EXPENDITURES
AS OF MARCH 31, 2010
(000s)**

DEPARTMENT	BUDGET	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$28,120	\$15,445	\$25,994	(\$2,126)
Business Dev/Procurement Svcs	\$3,304	\$1,391	\$3,280	(\$24)
City Attorney's Office	\$10,332	\$5,342	\$10,540	\$209
City Auditor's Office	\$2,254	\$1,010	\$2,196	(\$58)
City Controller's Office	\$7,210	\$3,600	\$7,181	(\$28)
City Manager's Office	\$1,872	\$1,045	\$1,741	(\$132)
City Secretary's Office	\$1,516	\$775	\$1,616	\$100
Civil Service	\$1,223	\$648	\$1,282	\$59
Code Compliance	\$28,399	\$13,516	\$28,092	(\$307)
Court Services	\$11,065	\$5,094	\$11,006	(\$60)
Elections	\$83	\$37	\$83	\$0
Fire	\$201,252	\$96,293	\$200,084	(\$1,168)
Housing / Community Services	\$7,703	\$6,133	\$8,171	\$468
Human Resources	\$3,304	\$1,728	\$3,111	(\$193)
Independent Audit	\$1,253	\$0	\$1,253	\$0
Judiciary	\$2,856	\$1,461	\$2,977	\$120
Library	\$22,246	\$11,428	\$21,880	(\$367)
Management Services	\$3,250	\$2,242	\$2,933	(\$317)
Mayor and Council	\$3,718	\$1,680	\$3,737	\$19
Non-Departmental	\$23,798	\$6,630	\$23,336	(\$462)
Office of Cultural Affairs	\$12,145	\$7,840	\$11,810	(\$334)
Office of Economic Development	\$2,633	\$1,747	\$2,526	(\$108)
Office of Financial Services	\$1,585	\$994	\$1,495	(\$90)
Park and Recreation	\$65,786	\$34,507	\$65,747	(\$39)
Police	\$412,955	\$198,781	\$418,245	\$5,290
Public Works and Transportation	\$18,428	\$13,310	\$13,847	(\$4,581)
Sanitation Services	\$74,461	\$32,610	\$72,838	(\$1,623)
Street Lighting	\$16,977	\$15,470	\$18,003	\$1,026
Street Services	\$28,110	\$12,771	\$27,514	(\$596)
Sustainable Dev/Construction	\$1,535	\$1,123	\$1,512	(\$24)
Trinity Watershed Management	\$1,645	\$1,600	\$1,045	(\$600)
<u>OTHER</u>				
Appraisal Districts	\$3,355	\$3,348	\$3,355	\$0
Dallas County Tax Collection	\$554	\$554	\$554	\$0
Jail Contract - Lew Sterrett	\$7,222	\$7,222	\$7,222	\$0
Fuel Savings (to be allocated)	\$0	\$0	(\$3,442)	(\$3,442)
<u>RESERVES AND TRANSFERS</u>				
Contingency Reserve	\$200	\$0	\$200	\$0
Liability/Claims Fund	\$8,305	\$0	\$7,305	(\$1,000)
Salary and Benefit Reserve	\$0	\$0	\$0	\$0
EXPENDITURES	\$1,020,654	\$507,372	\$1,010,267	(\$10,388)

**PROPRIETARY FUNDS
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES
AS OF MARCH 31, 2010
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<u>Aviation</u>				
Revenues	\$42,489	\$21,626	\$42,870	\$381
Expenses	\$41,926	\$15,240	\$42,104	\$179
Net Excess of Revenues Over Expenses/Transfer	\$563	\$6,386	\$765	\$202
<u>Convention Center</u>				
Revenues	\$60,076	\$20,893	\$53,948	(\$6,128)
Expenses	\$61,347	\$26,674	\$57,604	(\$3,743)
Net Excess of Revenues Over Expenses/Transfer	(\$1,271)	(\$5,781)	(\$3,655)	(\$2,384)
<u>Municipal Radio Fund</u>				
Revenues	\$2,919	\$1,385	\$2,794	(\$125)
Expenses	\$3,120	\$1,520	\$2,984	(\$137)
Net Excess of Revenues Over Expenses/Transfer	(\$201)	(\$135)	(\$189)	\$12
<u>Sustainable Dev/ Construction</u>				
Revenues	\$16,583	\$8,985	\$14,540	(\$2,043)
Expenses	\$16,019	\$7,565	\$16,222	\$203
Net Excess of Revenues Over Expenses/Transfer	\$564	\$1,420	(\$1,683)	(\$2,247)
<u>Water Utilities</u>				
Revenues	\$530,365	\$206,900	\$492,806	(\$37,559)
Expenses	\$530,365	\$194,458	\$492,806	(\$37,559)
Net Excess of Revenues Over Expenses/Transfer	\$0	\$12,442	\$0	\$0
<u>Communication & Information Svcs</u>				
Revenues	\$48,266	\$17,365	\$46,592	(\$1,675)
Expenses	\$48,434	\$26,389	\$48,399	(\$36)
Net Excess of Revenues Over Expenses/Transfer	(\$168)	(\$9,024)	(\$1,807)	(\$1,639)

**PROPRIETARY FUNDS
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES
AS OF MARCH 31, 2010
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<u>Equipment Services</u>				
Revenues	\$48,026	\$13,475	\$45,312	(\$2,714)
Expenses	<u>\$47,885</u>	<u>\$28,065</u>	<u>\$46,354</u>	<u>(\$1,531)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>\$142</u>	<u>(\$14,590)</u>	<u>(\$1,042)</u>	<u>(\$1,183)</u>
<u>Office Services</u>				
Revenues	\$4,266	\$1,917	\$3,932	(\$335)
Expenses	<u>\$4,384</u>	<u>\$2,194</u>	<u>\$4,204</u>	<u>(\$179)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>(\$117)</u>	<u>(\$277)</u>	<u>(\$272)</u>	<u>(\$155)</u>

**OTHER FUNDS
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES
AS OF MARCH 31, 2010
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<u>Employee Benefits</u>	\$724	\$305	\$664	(\$60)
<u>Risk Management</u>	\$1,264	\$633	\$1,282	\$18
<u>9-1-1 System Operations</u>				
Revenues	\$12,161	\$7,402	\$13,655	\$1,494
Expenses	<u>\$13,965</u>	<u>\$2,651</u>	<u>\$15,896</u>	<u>\$1,930</u>
Net Excess of Revenues				
Over Expenses/Transfer	<u>(\$1,804)</u>	<u>\$4,751</u>	<u>(\$2,241)</u>	<u>(\$437)</u>
<u>Storm Water Drainage</u>				
Revenues	\$44,674	\$24,078	\$46,300	\$1,626
Expenses	<u>\$44,674</u>	<u>\$10,934</u>	<u>\$46,375</u>	<u>\$1,701</u>
Net Excess of Revenues				
Over Expenses/Transfer	<u>\$0</u>	<u>\$13,144</u>	<u>(\$74)</u>	<u>(\$74)</u>

**DEBT SERVICE FUND
FORECAST OF 2009-10 REVENUES AND EXPENDITURES
AS OF MARCH 31, 2010
(000s)**

<u>DEBT SERVICE</u>	<u>BUDGET</u>	<u>EXPENDITURES AND REVENUES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Beginning Balance	\$30,458	\$0	\$31,279	\$821
Revenues	\$261,586	\$218,369	\$260,543	(\$1,043)
Expenses	\$289,164	\$220,162	\$288,820	(\$344)
Ending Balance	<u>\$2,880</u>	<u>(\$1,793)</u>	<u>\$3,002</u>	<u>\$122</u>

CONTINGENCY RESERVE STATUS

Beginning Balance October 1, 2009	\$5,123,005
Non-Departmental - Reimbursable deposit with the Texas Comptroller of Public Accounts Major Events Trust Fund for activities related to the 2010 NBA All-Star Game (October 28, 2009, CR# 09-2671)	(\$1,730,000)
City Secretary's Office - Implementation of the lobbyist registration program (November 9, 2009, CR# 09-2833)	(\$134,769)
Building Services - Security enhancements at City Hall (February 24, 2010, CR# 10-0532)	(\$331,000)
Management Services - Corrective actions at five leaking petroleum storage tank sites (May 12, 2010, CR# 10-1202)	(\$250,000)
Balance as of March 31, 2010	<u><u>\$2,677,236</u></u>

LIABILITY/CLAIMS FUND

Beginning Balance October 1, 2009	\$10,025,299
Paid October 2009	(\$217,299)
Paid November 2009	(\$747,600)
Paid December 2009	(\$304,906)
Paid January 2010	(\$292,233)
Paid February 2010	(\$306,443)
Paid March 2010	(\$395,428)
Balance as of March 31, 2010	<u><u>\$7,761,390</u></u>