



City of Dallas

Facilities in Focus:
***Policy Discussion and
Recommendations on Deferred
Maintenance Program***

Dallas City Council
June 18, 2025

John Johnson, Director
Facilities and Real Estate Management
City of Dallas

Presentation Purpose and Overview



Purpose

To present policy and funding recommendations for City Council consideration that, over time, will strengthen the stewardship, maintenance, and sustainability of City-owned facilities and assets.

Overview

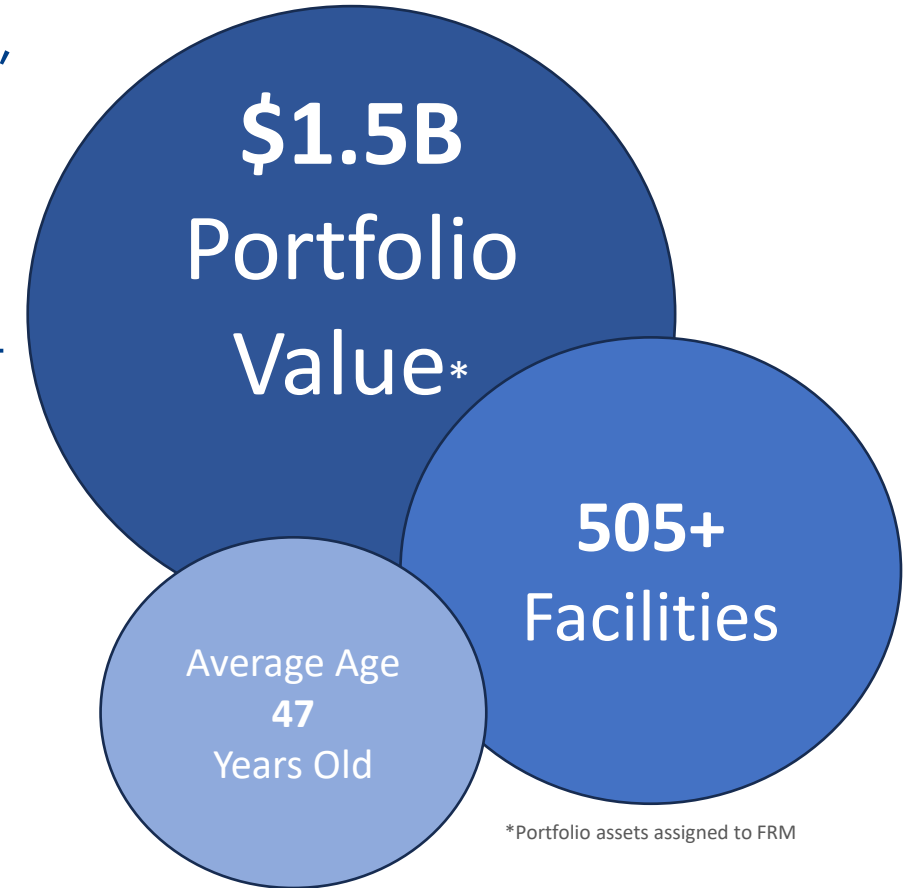
- Recap/Challenges
- Current Investment vs. Industry Standard
- Path Forward
- Policy Recommendations
- City Manager's Next Steps
- Next Steps
- Questions
- Appendix



Facilities Challenges and Chronic Underfunding



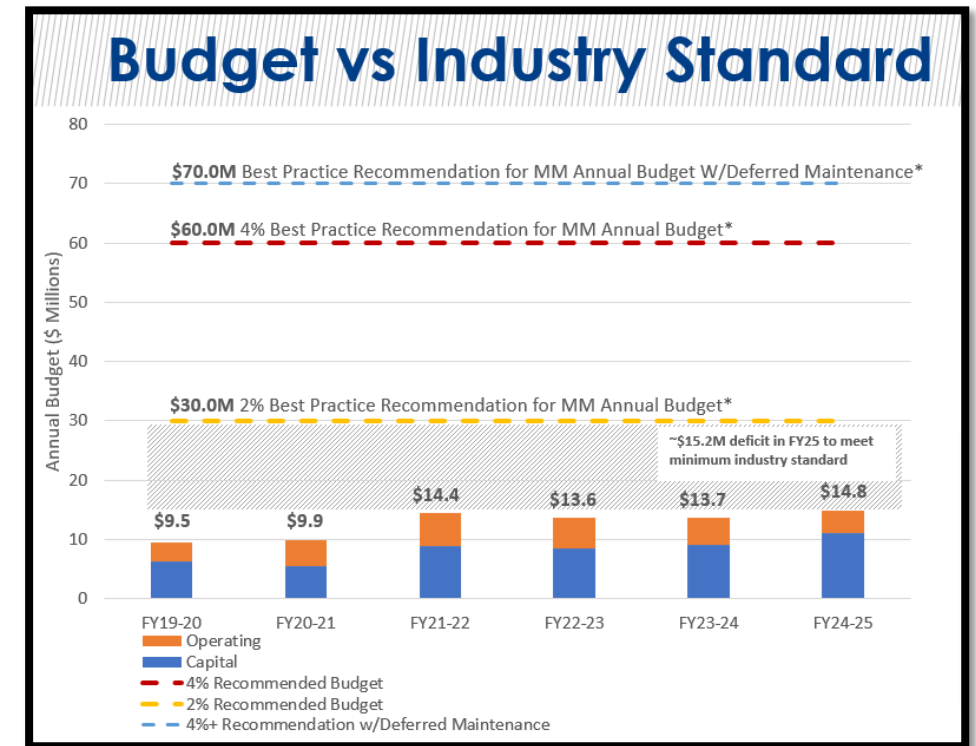
- City portfolio, assigned to Facilities and Real Estate Management (FRM), is large, aging, and complex
- Historic funding well below industry standards
- No current Facility Condition Assessment (FCA)
- Multi-tenant buildings [City Facilities Proposition] not included in 2024 bond program
- Existing annual funding structure lacks recurring and increasing investment for adequate maintenance and repair



Funding Gap vs. Industry Best Practices



- Federal Facilities Council recommends annual repair budget of 2-4% of current portfolio's replacement value¹
 - 2-4% considered minimum investment
 - Additional investment recommended for excessive deferred maintenance
- Dallas' investment often less than 1%
- Inadequate funding leads to compounding deferred maintenance and growing risk



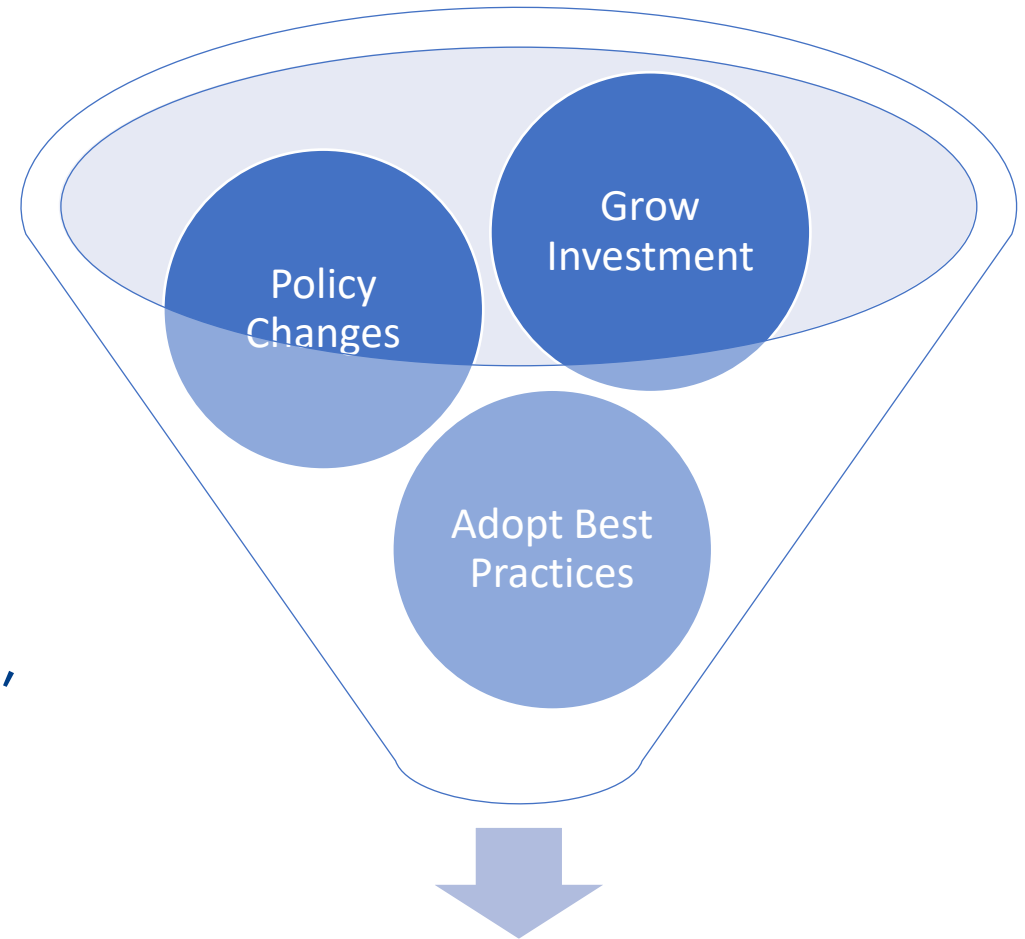
¹ National Research Council. 2004. Investments in Federal Facilities: Asset Management Strategies for the 21st Century. Washington, DC: The National Academies Press.



Path Forward



- No single solution
- Long-term commitment is needed
- Shift from reactive to proactive asset management
- Solutions will require time, funding, phased implementation, and sustained City Council support



STATE OF GOOD REPAIR





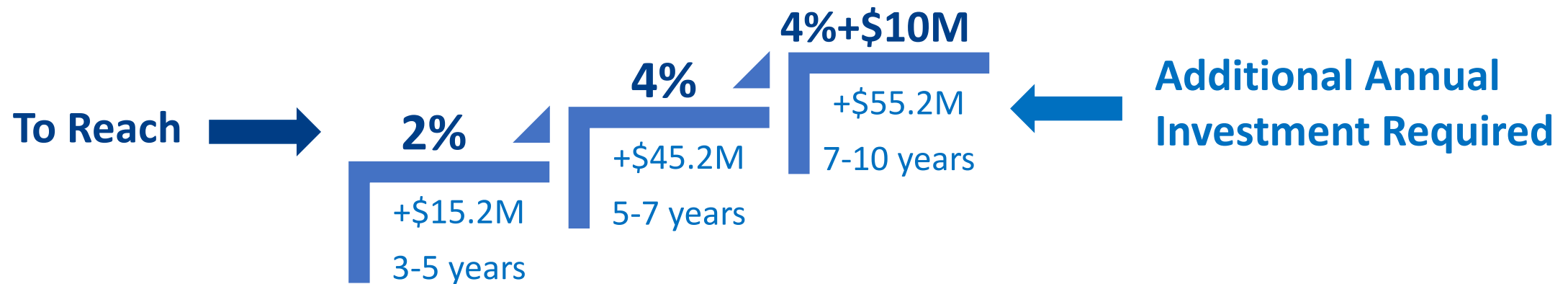
Policy Recommendation 1

Strengthen Annual Repair and Maintenance Funds

- Grow investment annually
- Use as a budget planning tool, not a prescribed mandate

Benefits

- Investment in M&R helps extend the useful life of assets
- Reduces operational failures overtime



Suggested Target: Grow maintenance and repair funds by \$1M annually. This target does not include potential bond program support or monetization of assets



Policy Recommendation 2

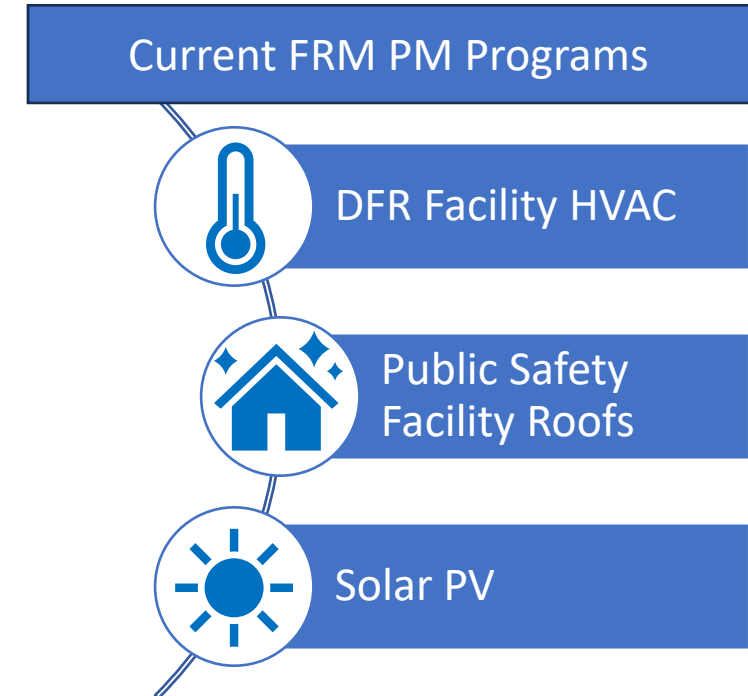


Grow Investment in Preventive Maintenance (PM)

- Prioritize and fund PM investment
- Grow investment incrementally via budget process

Benefits

- Reduce long-term costs and extend assets useful life
- Reduces more costly emergency repairs/replacements



Policy Recommendation 3



Initiate a Bond Program Focused on Deferred Maintenance

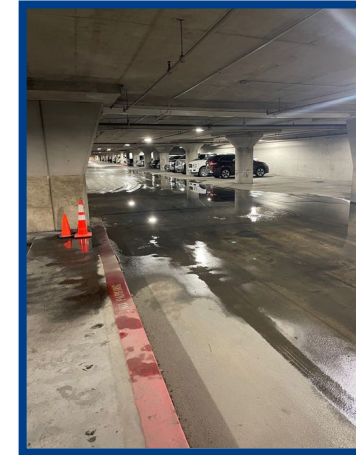
- Leverage bond program to address needs
- One part of a multi-pronged approach aimed at addressing needs

Benefits

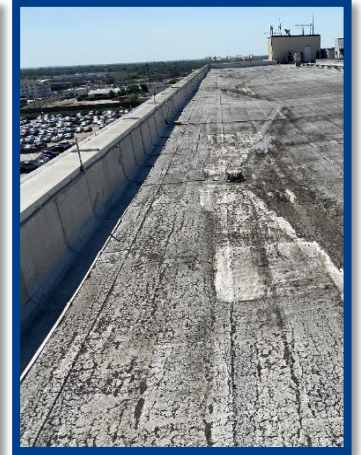
- Fully funding needs through the annual budget is impractical
- Use updated FCA data to obtain and prioritize needs and estimates
- Reduce strain on General Fund budget

Next Steps

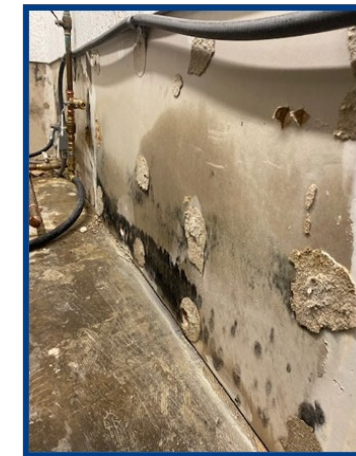
- Additional future financial analysis by CFO is needed to determine potential capacity



City Hall Garage
Water Infiltration



Jack Evans PD
Headquarters Roof



DPD Property Unit



DFR Training
Academy



Policy Recommendation 4



Allocate Funding to Conduct Recurring Facility Condition Assessments (FCA)

- Establish and fund regular FCA cycle
- Inventory assets (needs and value) every 3-5 years

Benefits

- Aligns with industry best practices
- Provides reliable, crucial data for estimated needs
- Allows for advanced budget planning and project priority
- Supports compliance with City's Financial Management Plan Criteria (FMPC)



City Manager's Next Steps



Explore Transitioning FRM to an Internal Service Fund

- Requires a 2–3–years planning period for budget and policy change
- Target FY28 for implementation, if feasible

Benefits

- Increases transparency and illuminates true cost of ownership for departments
- Similar model used by other cities



City Manager's Next Steps



Complete Implementation of 2018 Dallas Cultural Plan Recommendations Related to Facility Maintenance

- Finish renegotiating the operating agreements for the City's largest cultural facilities
- Transition maintenance responsibilities to operators, implement new cost-sharing mechanisms, and/or set annual cost caps for City reimbursement

Benefits

- Reduce the City's exposure to unfunded maintenance liabilities
- Promotes financial sustainability, aligning obligations with available resources
- Ensures maintenance and repair obligations are anticipated and appropriately budgeted



City Manager's Next Steps



Prohibit New Unfunded Facility Maintenance Use Agreements

- Establish a directive prohibiting staff from preparing or advancing items to City Council that commit the City to provide facility maintenance or repair services without identified funding
- All new/renewed use agreements will include a requirement to secure dedicated funding for maintenance at the time of execution

Benefit

- Reduce the City's exposure to unfunded maintenance liabilities
- Promotes long-term financial sustainability, aligning obligations with available resources

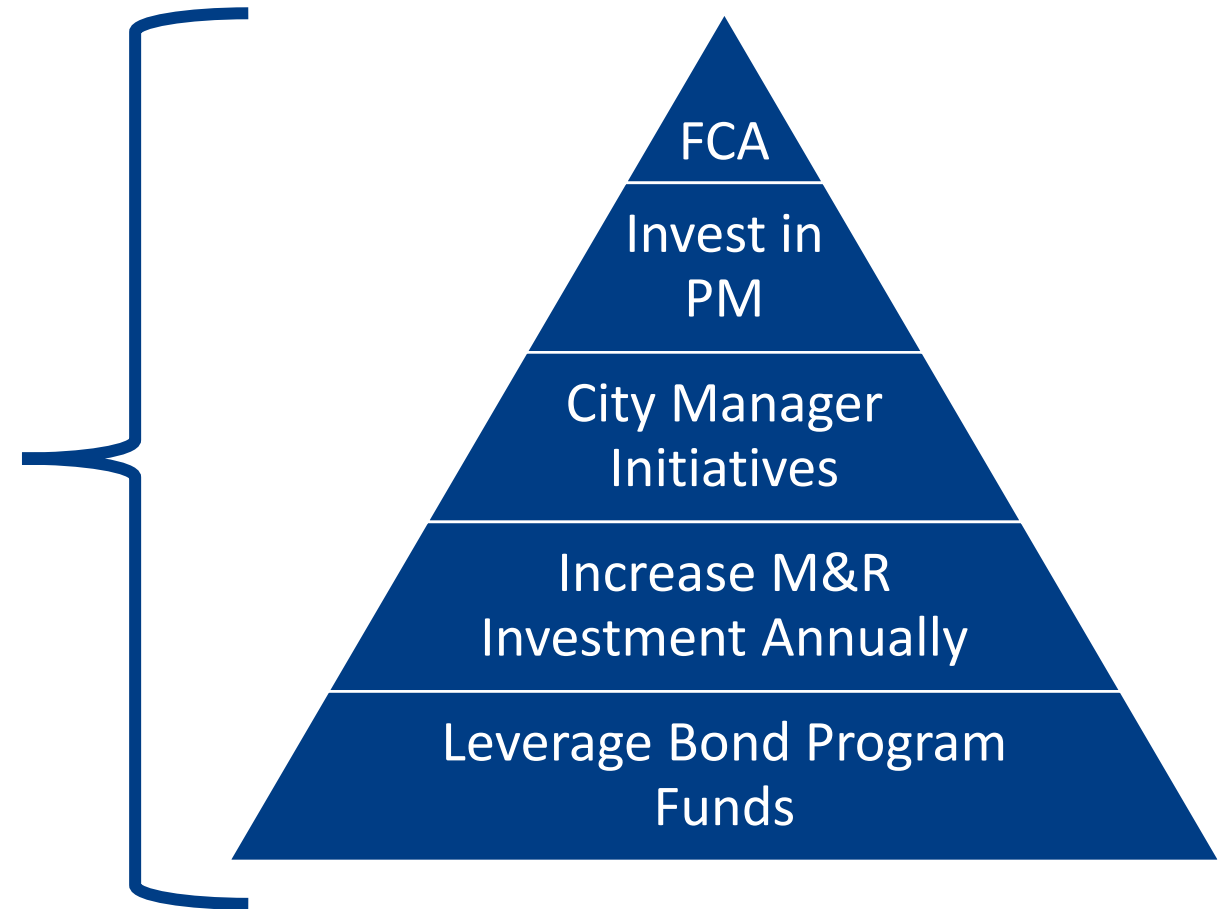


Policy Recommendations



Pursuit of State of Good Repair Summary

- Increase repair funds incrementally
- Invest in PM and grow incrementally
- Implement regular FCA funding cycle
- Initiate bond program and/or future bond cycles



Next Steps



Council Input

- Provide feedback on recommended policy and options for consideration
- Identify preferred actions for short- and long-term implementation

Staff Action

- Advance implementation of City Council-supported initiatives
- Integrate priority policies into FY26 budget development
- Prepare policy revisions and implement City Manager-led operational changes, as needed



Questions





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Appendix



Examples of facility needs that may be addressed through a bond program include, but are not limited to:

Facility	Need(s)	Rough Order of Magnitude
Dallas Animal Shelter	HVAC Modernization	\$7.5M-\$15M
Dallas City Hall	Garage/Water Infiltration	\$30M-\$50M
Dallas City Hall	HVAC Controls and Modernization	\$20M-\$45M
Dallas City Hall	Electrical Upgrades	\$2M-\$5M
Dallas City Hall	Data Center Infrastructure Upgrades	\$15M+
Dallas City Hall	Fire Alarm and Suppression Upgrades	\$10M-\$12M
Dallas City Hall	Freight Elevator Modernization	\$250K-\$500K
Dallas City Hall	Roof Replacement	\$3M-\$3.5M
Dallas City Hall	Garage Structural repairs	\$1M-\$3M
Dallas Fire Rescue - Fire Marshals	Roof Replacement	\$1M-\$1.5M
Dallas Fire Rescue - Fire Stations	HVAC Replacements	\$500K-\$1M+ (Each)
Dallas Marshals - Detox Unit	Roof replacement	\$1M-\$1.5M
Dallas Police - Central Patrol	HVAC Modernization	\$2M-\$3.5M
Dallas Police - Northeast Patrol	HVAC Modernization	\$2M-\$4M
Dallas Police - Southwest Patrol	Roof Replacement	\$1.5M-\$2.0M
Dallas Police - Property Room	Roof Replacement	\$1M-\$1.5M
Jack Evans Police Headquarters	Roof Replacement (Remaining Sections)	\$2.5M
Jack Evans Police Headquarters	HVAC Controls	\$3M
Jonsson Central Library	HVAC Modernization	\$10M-\$20M
MLK Complex	HVAC Isolation/Modernization	\$10M-\$20M
Mountain Creek Library	Site Improvements	\$500K-\$1M
Oak Cliff Municipal Center	HVAC Modernization	\$6M-\$10M
General Need	System	Rough Order of Magnitude
Various Facilities	Roof Replacements	\$10M-\$15M
Various Facilities	ADA Improvements	\$5M-\$10M
Various Facilities	Electrical Upgrades	\$5M-\$10M
Various Facilities	Hazardous Materials Abatement	\$5M-\$15M

Projects and estimates listed are illustrative only.

Costs are approximate and based on staff's best judgment in the absence of a recent Facility Condition Assessment. Final project scopes and costs will be determined through future evaluation.

