

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, FEBRUARY 26, 2024

24-0012

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

PRESENT: [5] West, Blackmon, Moreno, Resendez, Mendelsohn (**1:56 p.m.)

ABSENT: [0]

The meeting was called to order at 1:03 p.m. with a quorum of the committee present.

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

The meeting recessed at 1:03 p.m. and reconvened to open session at 1:35 p.m.

After all business properly brought before the committee had been considered, the meeting adjourned at 4:12 p.m.

Chair

ATTEST:

City Secretary Staff

Date Approved

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

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

The briefing materials are attached to the minutes of this meeting as EXHIBIT C.

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

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, FEBRUARY 26, 2024

EXHIBIT A

RECEIVED

2024 FEB 23 PM 12:40

**CITY SECRETARY
DALLAS, TEXAS**

City of Dallas

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

Public Notice

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POSTED CITY SECRETARY
DALLAS, TX



**Government Performance and Financial
Management Committee**

February 26, 2024

1:00 PM

2023 CITY COUNCIL APPOINTMENTS

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

(C) – Chair, (VC) – Vice Chair

* Updated:2/22/24

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

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

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

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

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

<https://dallascityhall.webex.com/dallascityhall/j.php?MTID=mbeecd93fd861b6794162eb17395c28a34>

Call to Order

MINUTES

1. [24-683](#) Approval of the January 22, 2024 Government Performance and Financial Management Committee Meeting Minutes

Attachments: [Minutes](#)

BRIEFING ITEMS

- A. [24-702](#) Dallas Central Appraisal District 2024/2025 Proposed Budget Overview and Reappraisal Plans
[Shane Docherty, Chief Appraiser/ Executive Director, Dallas Central Appraisal District; Cheryl Jordan, Deputy Chief Appraiser, Dallas Central Appraisal District]

Attachments: [Presentation](#)

- B. [24-686](#) Overview of Artificial Intelligence
[William Zielinski, Chief Information Officer, Information & Technology Services; Brita Andercheck, Chief Data Officer, Data Analytics & Business Intelligence]

Attachments: [Presentation](#)

- C. [24-684](#) Procurement Solicitation and Evaluation Process
[Danielle Thompson, Director, Office of Procurement Services; Kimberly Franklyn, Manager, Office of Procurement Services]

Attachments: [Presentation](#)

DISCUSSION ITEMS

- D. [24-690](#) Dallas City Hall- Priority Major Maintenance Projects
[Building Services]
Attachments: [Memorandum](#)
- E. [24-687](#) Development Services- Monthly Performance Update & Process Map
Improvements
[Development Services]
Attachments: [Memorandum](#)
- F. [24-688](#) Review of City Real Estate for Development and Redevelopment
Opportunities
[City Manager's Office]
Attachments: [Memorandum](#)

BRIEFING MEMORANDUMS

- G. [24-689](#) Code Amendment Status: Private Game Clubs
[Planning & Urban Design]
Attachments: [Memorandum](#)
- H. [24-695](#) Annual Investment Policy Review
[City Controller's Office]
Attachments: [Memorandum](#)
- I. [24-723](#) Quarterly Investment Report - 1st Quarter FY2023-24
[City Controller's Office]
Attachments: [Report](#)
- J. [24-692](#) Budget Accountability Report Information as of December 31, 2023
[Budget & Management Services]
Attachments: [Report](#)
- K. [24-693](#) Technology Accountability Report Information as of January 31, 2024
[Information & Technology Services]
Attachments: [Report](#)
- L. [24-694](#) Office of the City Auditor Monthly Update on Internal Audit Reports
Released Between January 13, 2024 and February 16, 2024
[Office of the City Auditor]
Attachments: [Report](#)

- M. [24-696](#) Vendor Contract Renewal- Holmes Murphy Employee Health Benefits
Consultant
[Human Resources]

Attachments: [Memorandum](#)

- N. [24-697](#) Vendor Renewal Contract- FMLA Source
[Human Resources]

Attachments: [Memorandum](#)

- O. [24-699](#) City of Dallas On-Site and Remote Clinic Provider- CareATC
[Human Resources]

Attachments: [Memorandum](#)

- P. [24-698](#) Upcoming Agenda Item - Reprogramming City Square Funding
[Budget & Management Services]

Attachments: [Memorandum](#)

- Q. [24-700](#) Upcoming Agenda Item- ARPA- Reallocation and Reprogramming
[Budget & Management Services]

Attachments: [Memorandum](#)

- R. [24-691](#) GPFM Two-Month Forecast

Attachments: [Forecast](#)

ADJOURNMENT

EXECUTIVE SESSION NOTICE

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

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

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, FEBRUARY 26, 2024

EXHIBIT B

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 26, 2024

Item 1: Approval of the January 22, 2024 Government Performance and Financial Management Committee Meeting Minutes

Councilmember Resendez moved to adopt the minutes as presented.

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

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 26, 2024

BRIEFING ITEMS

Item A: Dallas Central Appraisal District 2024/2025 Proposed Budget Overview and Reappraisal Plans

The following individuals briefed the committee on the item:

- Shane Docherty, Chief Appraiser/ Executive Director, Dallas Central Appraisal District;
- Cheryl Jordan, Deputy Chief Appraiser, Dallas Central Appraisal District;
- Ken Nolan, Former Chief Appraiser, Dallas Central Appraisal District; and
- Jack Ireland, Chief Financial Officer, City Manager's Officer

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 26, 2024

BRIEFING ITEMS

Item B: Overview of Artificial Intelligence

The following individuals briefed the committee on the item:

- Dr. Brian Gardner, Chief Information Security Officer, Technology and Information Service Department; and
- Brita Andercheck, Chief Data Officer, Data Analytics & Business Intelligence

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 26, 2024

BRIEFING ITEMS

Item C: Procurement Solicitation and Evaluation Process

The following individuals briefed the committee on the item:

- Danielle Thompson, Director, Office of Procurement Services;
- Kimberly Franklyn, Manager, Office of Procurement Services;
- Cal Estee, Assistant City Attorney, City Attorney's Office;
- Ali Hatefi, Director, Department of Public Works;
- Cynthia Ellickson, Assistant Director, Department of Housing & Neighborhood Revitalization; and
- Joyce Williams, Director of Small Business Center

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 26, 2024

DISCUSSION ITEMS

Item D: Dallas City Hall- Priority Major Maintenance Projects

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

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

The committee discussed the items.

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 26, 2024

BRIEFING MEMORANDUMS

- Item G: Code Amendment Status: Private Game Clubs
- Item H: Annual Investment Policy Review
- Item I: Quarterly Investment Report - 1st Quarter FY2023-24
- Item J: Budget Accountability Report Information as of December 31, 2023
- Item K: Technology Accountability Report Information as of January 31, 2024
- Item L: Office of the City Auditor Monthly Update on Internal Audit Reports Released Between January 13, 2024 and February 16, 2024
- Item M: Vendor Contract Renewal- Holmes Murphy Employee Health Benefits Consultant
- Item N: Vendor Renewal Contract- FMLA Source
- Item O: City of Dallas On-Site and Remote Clinic Provider- CareATC
- Item P: Upcoming Agenda Item - Reprogramming City Square Funding
- Item Q: Upcoming Agenda Item- ARPA- Reallocation and Reprogramming
- Item R: GPFM Two-Month Forecast

The committee discussed all items.

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, FEBRUARY 26, 2024

EXHIBIT C



City of Dallas

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

Agenda Information Sheet

File #: 24-702

Item #: A.

Dallas Central Appraisal District 2024/2025 Proposed Budget Overview and Reappraisal Plans
[Shane Docherty, Chief Appraiser/ Executive Director, Dallas Central Appraisal District; Cheryl Jordan, Deputy Chief Appraiser, Dallas Central Appraisal District]



**DALLAS CENTRAL
APPRAISAL DISTRICT**

2024 / 2025

**PROPOSED BUDGET
OVERVIEW**

Dallas Central Appraisal District

Shane Docherty

Chief Appraiser/Executive Director

dochertys@dcad.org

214-819-2336

Cheryl Jordan

Deputy Chief Appraiser

jordanc2@dcad.org

214-631-0520

Dallas Central Appraisal District

2024/2025 Proposed Budget

Budget Comparison

Executive Summary

	2023/2024	2024/2025
	<u>Approved</u>	<u>Proposed</u>
BUDGET EXPENDITURES:		
Salaries & Wages	\$17,737,975	\$18,664,732
Auto Expense	1,118,075	1,181,301
Supplies & Materials	1,355,408	1,230,126
Operational Services	50,881	94,240
Maintenance of Structure	467,135	539,265
Maintenance of Equipment	877,868	934,828
Contractual Services	927,272	894,090
Sundry Expenses	616,283	1,670,495
Insurance & Benefits	8,544,941	8,673,483
Professional Services	2,356,595	2,745,995
Capital Expenditures	147,950	377,445
Technology Development	0	0
Contingency	0	0
Total Expenditures	\$34,200,383	\$37,006,000
OPERATING FUND SOURCES:		
Entity Allocations (Local Support)	\$33,890,383	\$36,696,000
Rendition Fees	300,000	300,000
Investment Proceeds	0	0
Other Income	10,000	10,000
Total Revenues	\$34,200,383	\$37,006,000



2024/2025

PROPOSED BUDGET SUMMARY

1. **The 2024/2025 Proposed Budget of \$37,006,000 is an increase of 8.20% over the 2023/2024 Approved Budget of \$34,200,383.** After three unique budget years due to Covid-19 in 2020/2021, 2021/2022, and the cyber-attack in the 2022/2023 budget the 2023/2024 budget was thought to be a return to normal. However, after the 2023/2024 budget was approved, the Legislature, in Special Session, amended the structure of large appraisal district boards of directors (county population greater than 75,000) by adding three popularly elected Board Members to expand the Board from six members to nine members. The first election will be held in May 2024 and future elections will be held in November of even-numbered years. **The cost to conduct the May 2024 election will be approximately \$1.45 million** and the cost to conduct future November elections is estimated to be \$2.4 million per election, not including the added cost of a potential runoff election. Fortunately, there were sufficient 2023/2024 Capital Reserves along with surplus funds from the 2022/2023 budget to cover the cost of the May 2024 election, however, this left the Capital Reserve fund substantially reduced. The 2024/2025 proposed budget includes the funds needed to replenish the drawn down Capital Reserves. **The percentage increase to the proposed budget for the cost of the May 2024 election that will replenish the Capital Reserves is 2.47%. As a direct comparison against the previous year's budget, without the cost of the election, the percentage increase for the DCAD budget is 5.73%.**

2. The 2024/2025 Proposed Budget calls for a total of two hundred forty-five (245) full-time positions, which includes one more position than in the 2023/2024 Approved Budget. The budget notes personnel by departments/divisions as follows:
 - **Office of Chief Appraiser Department.** The department has five (5) positions and includes the divisions of Chief Appraiser's Office and Quality Control.
 - **Administrative Services Department.** The divisions included in this department are Administration, Finance/Purchasing, Human Resources, Appeals and Support, Building Services and the Appraisal Review Board (ARB). The department has twenty-three (23) employees and assists in coordinating the one hundred twenty (120) approved member ARB.
 - **Legal Services Department.** There are a total of five (5) employees in this department.
 - **Information Technology (IT) Department.** The divisions included are Technical Support, Systems Programming, Computer Support and Database Management. There are a total of fourteen (14) employees in this department.
 - **Appraisal Services Department.** This department includes the divisions of Central Appraisal, Residential, Commercial, Business Personal Property, totaling one hundred thirty three (133) employees.
 - **Community Relations Services Department.** This department includes the divisions of Community Relations, Property Records/Exemptions/Customer Service, and Geographic Information Systems (GIS), totaling sixty five (65) employees.

3. Salaries and Wages consist of the following:

- For the 2024/2025 Proposed Budget a 4.25% merit increase is proposed for the District employees. This figure is tied closely to the average salary/merit increases and adjustments given by the taxing entities in 2023/2024, which was 4.31%. This information was obtained from an entity salary survey of all cities, school districts and countywide entities in the Appraisal District. DCAD bases any merit increases on what the taxing entities have afforded to their employees.

2022/2023 Entity Salary Increase Survey

Entity	Incr	Contact Person	Title
C/FB ISD	3	Rebecca McDowell	Director - Payroll
Cedar Hill ISD	1	Carla Settle	CFO
Coppell ISD	5	Kelly Mires	Exec. Director of HR
Dallas ISD	2.5	Kristian Coopwood	Compensation Director
DeSoto ISD	0	Bessye Adams	Finance Assistant
Duncanville ISD	1.5	Edd Bigbee	Chief Financial Officer
Ferris ISD	4.5	TJ Knight	Deputy Superintendent
Garland ISD	2	Crystal Robins	Director of Budget
Grand Prairie ISD	2	Tracy Ray	Interim Super. Bus &
Grapevine/Colleyville ISD	4	Derick Sibley	Chief Financial Officer
Highland Park ISD	5	Scott Drillette	Asst. Super.Bus. Services
Irving ISD	3	Fernando Navidad	Chief Financial Officer
Lancaster ISD	0	Dr. Faith Ann Cheek	Chief Financial Officer
Mesquite ISD	9	Emilio Duran	Dir.Personnel Services
Richardson ISD	5.5	Abbi Wreyford	Director of Sal & Comp
Sunnyvale ISD	3.25	Brenda McFalls	CFO
Average	3.20		Average
Town of Addison	9	Cassidy Jones	Sr. HR Bus partner
City of Balch Springs	6	Geneva Mendez	
City of Carrollton	5	Gage Hartley	Budget Analyst
City of Cedar Hill	3	Angelica Morales	HR Generalist
City of Cockrell Hill	2	Bret Haney	City Administrator
City of Combine	1.9	Robin Price	City Secretary
City of Coppell	3.5	Chelsea	Sr HR Advisor
City of Dallas	3	Yomara Guerra	Sr. HR Comp Analyst
City of Desoto	5.5	Denae Greenly	Director of HR
City of Duncanville	8.5	Jennifer Otey	Chief Innovation Officer
City of Farmers Branch	3	Tammy Zimmerman	Director of Finance
City of Ferris	3	Bobby LaBorde	CFO
City of Garland	3.1	Beatriz Sapene	Sr HR Analyst-Comp
City of Glenn Heights	11.43	Clifford Blackwell	Deputy City Manager
City of Grand Prairie	5	Brynn Ellis	HR Specialist
City of Grapevine	3	Gary Livingston	Mgmt Services Director
Town of Highland Park	3	Steve Alexander	Director of Admin
City of Hutchins	5	William Wooten	CFO
City of Irving	2	Tiffini Divens	HRIS Technician
City of Lancaster	10	Dori Lee	HR Director
City of Lewisville	3	Tadd Phillips	HR Director
City of Mesquite	n/a	Ashlyn Hays	HR Generalist
City of Ovilla	3	Sharon Jungman	Finance Director
City of Richardson	6	Baby Raley	Asst Director of HR
City of Rowlett	2	Robert Cone	Budget Officer
City of Sachse	3	Carla Griffin	HR Assistant
City of Seagoville	5	Cindy Brown	Director of Admin Svcs
Town of Sunnyvale	3.5	Gretchen Delgado	Comp & Benefits Mgr
City of University Park	5	Cheree Bontrager	Director of HR
City of Wilmer	12.64	Paula Watson	HR Consultant
City of Wylie	3	Katherine McGuire	HR Analyst
Average	4.74		Average
Dallas County	5	Yvette Rugely-Craig	HR Analyst I V
DCCCD	5	Thomas Tiska	Chief Business Officer
Average	5		
Aggregated Average	4.31		

3. Salaries and Wages consist of the following:

- For the 2024/2025 Proposed Budget a 4.25% merit increase is proposed for the District employees. This figure is tied closely to the average salary/merit increases and adjustments given by the taxing entities in 2023/2024, which was 4.31%. This information was obtained from an entity salary survey of all cities, school districts and countywide entities in the Appraisal District. DCAD bases any merit increases on what the taxing entities have afforded to their employees.
- Overtime funds have been increased to cover additional time required for processing deeds and exemptions in Property Records/Exemptions. Overtime funds are included for appraisal support staff assisting with after hours informal and legally required formal hearings with property owners during the ARB process, including Building Services, Appeals and Support, Customer Service, and the Appraisal Departments.
- Contract Labor includes funds for temporary services for the Business Personal Property verification and leased equipment projects, contract clerical help during the ARB process in Appeals and Support, Legal Services in processing lawsuits, mailroom assistance for Property Records/Exemptions/Customer Service and for security provided by off-duty police officers year round.

4. Auto Expenses have increased due to a proposed change in the auto allowance for managers, from \$300 to \$400 per month, and the addition of one (1) more position.

5. Supplies and Materials decreased from last year's budget due to a reduction in postage and printing costs.

6. Operational Services includes the telephone system which increased due to merging all costs associated with the phone system into one budget category. A portion of the costs had been carried in the IT contractual services budget.

7. Maintenance of Structure shows an increase due to an expected increase in the cost of electricity and general building operations costs during the budget cycle.

8. Maintenance of Equipment increased due to additional IT costs for security and operations.

9. Contractual Services decreased due to the merging all telephone costs into Operations Services.

10. Sundry Expenses noted an increase in the new for 2024-2025 categories of Board Election. The new category will recover the costs of the May 2024 election, and will be used to fund future elections in upcoming budgets. Dues and subscriptions increased due to the purchase of an online service that assists with processing homestead exemptions filed on paper forms.

11. Insurance and Benefits increased slightly due an increase in retirement benefits, however, the increase was offset by reduced costs for general insurance.

12. Professional Services increased due to expected increases in ARB member compensation for services and outside legal services costs.

13. Capital Expenditures decreased slightly due to scheduled replacement of older PCs and servers for IT and replacement of cubicles in PRECS department. Capital expenditures now includes funds for the Capital Improvement Plan.

14. Capital Improvements Plan projects will now be funded in the annual budget under Capital Expenditures as opposed to being funded by surplus funds at the end of the budget cycle. Funds are included for carpet replacement and other necessary interior/exterior upgrades for this fiscal year.

Dallas Central Appraisal District

Proposed Areas Of Change

	2023/2024	2024/2025	Increase or
	<u>Approved</u>	<u>Proposed</u>	<u>(Decrease)</u>
BUDGET EXPENDITURES:			
Salaries & Wages	\$17,737,975	\$18,664,732	\$926,757
Auto Expense	\$1,118,075	\$1,181,301	\$63,226
Supplies & Materials	\$1,355,408	\$1,230,126	(\$125,282)
Operational Services	\$50,881	\$94,240	\$43,359
Maintenance of Structure	\$467,135	\$539,265	\$72,130
Maintenance of Equipment	\$877,868	\$934,828	\$56,960
Contractual Services	\$927,272	\$894,090	(\$33,182)
Sundry Expenses	\$616,283	\$1,670,495	\$1,054,212
Insurance & Benefits	\$8,544,941	\$8,673,483	\$128,542
Professional Services	\$2,356,595	\$2,745,995	\$389,400
Capital Expenditures	\$147,950	\$377,445	\$229,495
Technology Development	\$0	\$0	\$0
Contingency	\$0	\$0	\$0
Total Expenditures	\$34,200,383	\$37,006,000	\$2,805,617



Dallas Central Appraisal District 10 Year Budget Analysis

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Budget Amount	\$29,369,242	\$29,324,671	\$31,205,055	\$34,200,383	\$37,006,000
Budget Increase/Decrease	\$1,224,371	\$(44,571)	\$1,880,384	\$2,995,328	\$2,805,383
% Budget Increase/Decrease	4.35%	-.15%	6.41%	9.60%	8.20% (5.73%)
Merit Increases	3.00%	0.00%	3.00%	4.00%	4.25%
Entity Salary Survey	3.31%	1.48%	3.02%	4.59%	4.31%
# of Personnel	242	242	242	244	245

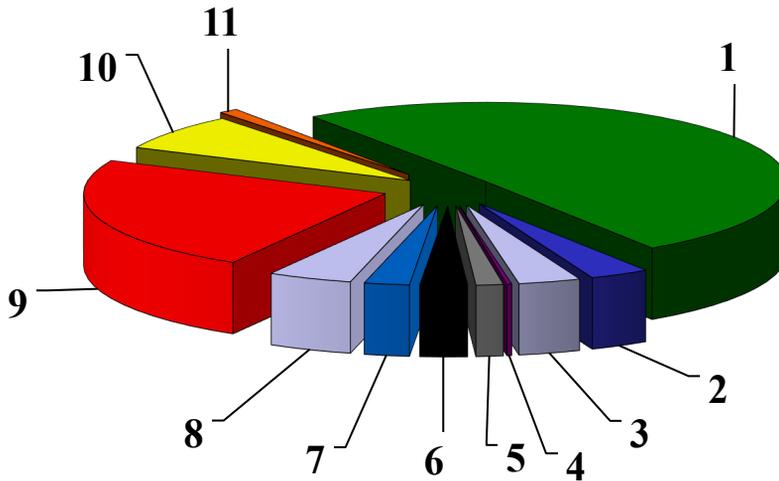


Dallas Central Appraisal District 10 Year Budget Analysis

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Budget Amount	23,677,340	\$24,471,932	\$25,546,023	\$27,495,334	\$28,144,871
Budget Increase/Decrease	667,508	\$764,592	\$1,074,091	\$1,949,311	\$649,537
% Budget Increase/Decrease	2.90%	3.36%	4.39%	7.63%	2.36%
Merit Increases	3.00%	2.50%	4.00%	3.00%	3.00%
Entity Salary Survey	3.14%	2.68%	3.80%	2.86%	2.70%
# of Personnel	228	228	228	235	235

2024/2025

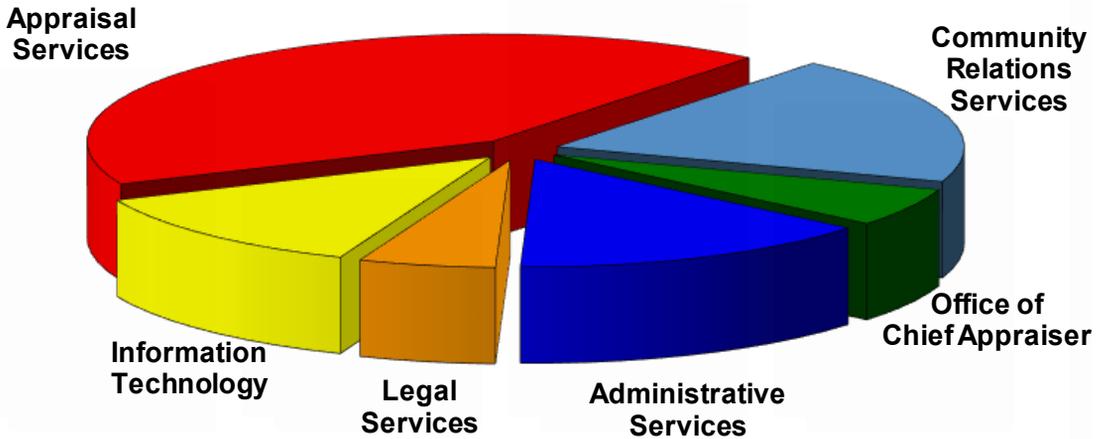
Budget by Category



<u>Category</u>	<u>Budget Total</u>	<u>Percent</u>
1 Salaries & Wages	\$18,664,732	50.4%
2 Auto Expenses	1,181,301	3.2%
3 Supplies & Materials	1,230,126	3.3%
4 Operational Services	94,240	0.3%
5 Maintenance of Structure	539,265	1.5%
6 Maintenance of Equipment	934,828	2.5%
7 Contractual Services	894,090	2.4%
8 Sundry Expenses	1,670,495	4.5%
9 Insurance & Benefits	8,673,483	23.4%
10 Professional Services	2,745,995	7.4%
11 Capital Expenditures	377,445	1.0%
Total	\$37,006,000	100.0%

2024/2025

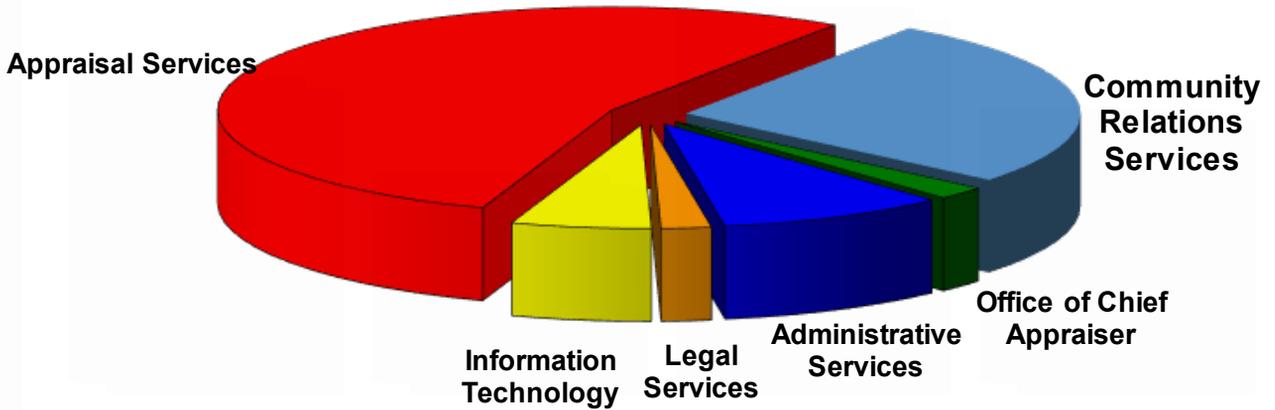
Budget By Department



Office of Chief Appraiser	\$2,137,294	5.8%
Administrative Services	5,373,473	14.5%
Legal Services	2,005,697	5.4%
Information Technology	4,601,742	12.4%
Appraisal Services	15,684,475	42.4%
Community Relations Services	<u>7,203,319</u>	<u>19.5%</u>
Total	\$37,006,000	100%

2024/2025

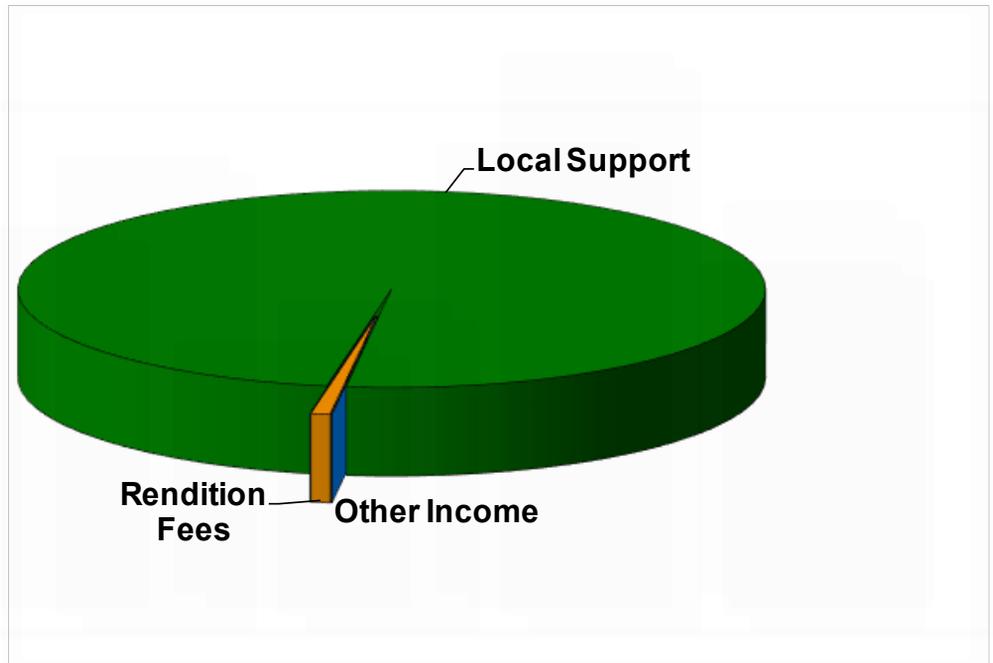
Personnel Breakdown



Office of Chief Appraiser	5	2.1%
Administrative Services	23	9.4%
Legal Services	5	2.0%
Information Technology	14	5.7%
Appraisal Services	133	54.3%
Community Relations Services	<u>65</u>	<u>26.5%</u>
Total	245	100%

2024/2025

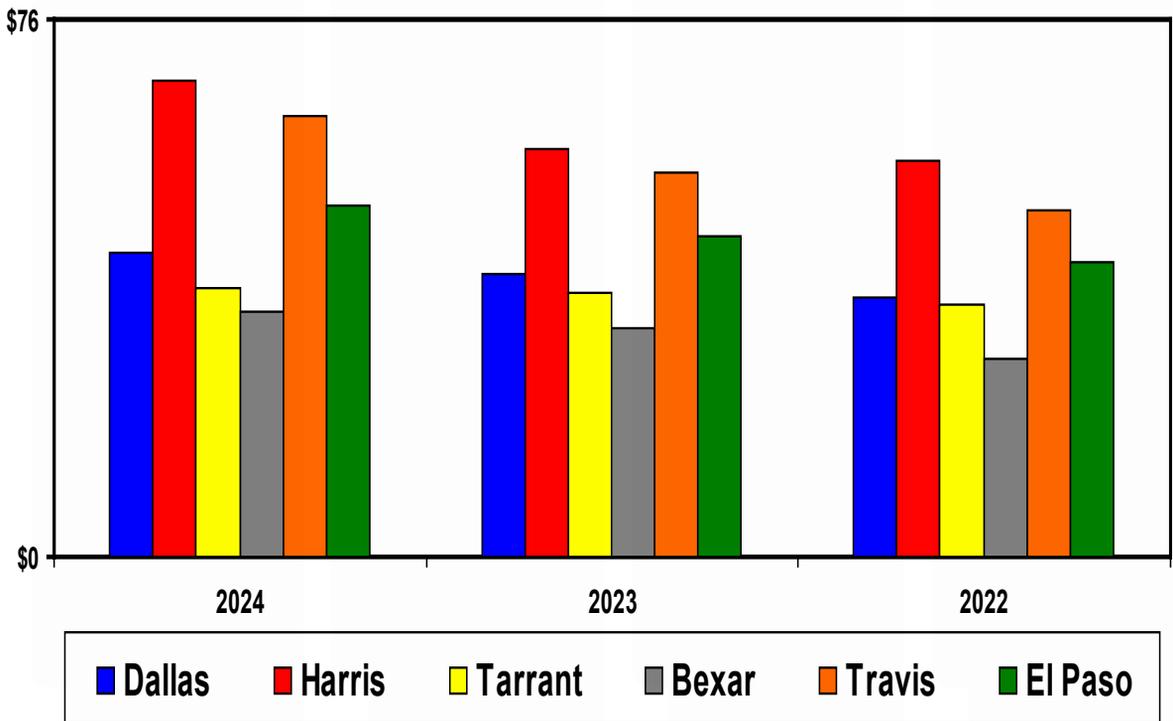
Operating Funds Sources



<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Local Support	\$36,696,000	99.16%
Investment Proceeds	0	0.00%
Rendition Fees	300,000	0.81%
Other Income	10,000	0.03%
Total	\$37,006,000	100.00%

APPRAISAL DISTRICT COMPARISONS

	2024	Real	Personal	Total	Cost Per Parcel		
	<u>Budget Amount</u>	<u>Property</u>	<u>Property</u>	<u>Parcels</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Dallas CAD	\$37,006,000	750,739	104,796	855,535	\$43.25	\$40.17	\$36.76
Harris CAD	\$117,413,324	1,555,085	181,705	1,736,790	\$67.60	\$58.09	\$56.19
Tarrant CAD	\$29,428,906	706,667	64,416	771,083	\$38.17	\$37.65	\$35.87
Bexar CAD	\$25,901,200	695,464	44,807	740,271	\$34.99	\$32.36	\$28.10
Travis CAD	\$29,884,516	436,192	41,434	477,626	\$62.57	\$54.54	\$49.21
El Paso CAD	\$22,038,298	413,703	27,050	440,753	\$50.00	\$45.53	\$41.83



APPRAISAL DISTRICT COMPARISONS

<u>BUDGET/LEVY COMPARISON</u>			
District	2023	2024	Cost As % Of Levy
	Tax Levy	Budget Amount	
Dallas CAD	\$8,575,228,409	\$37,006,000	0.43
Harris CAD	\$13,796,406,375	\$117,413,324	0.85
Tarrant CAD	\$5,914,752,886	\$29,428,906	0.50
Bexar CAD	\$4,841,688,823	\$25,901,200	0.53
Travis CAD	\$5,870,099,335	\$29,884,516	0.51
El Paso CAD	\$1,526,718,345	\$22,038,298	1.44

Revenue Summary

Budget Allocation Comparison

	<u>2023/2024 Approved Allocation</u>	%	<u>2024/2025 Proposed Allocation</u>	%
Local Support				
Municipalities	\$9,137,933	26.96%	\$10,913,612	29.74%
School Districts	\$13,455,656	39.70%	\$13,550,387	36.93%
County/Countywide				
Special Districts	\$11,035,649	32.56%	\$11,948,603	32.56%
Non-Countywide				
Special Districts	\$261,145	0.77%	\$283,398	0.77%
TOTAL	\$33,890,383	100%	\$36,696,000	100%

2024/2025

PROPOSED BUDGET ALLOCATIONS

	<u>2023/2024 Approved Allocation</u>	<u>2024/2025 Proposed Allocation</u>	Increase or (Decrease)	<u>% Change</u>
County/Countywide				
Special Districts:				
Dallas County	4,494,270	4,864,174	369,904	8.23%
D.C.H.D.	4,936,706	5,343,025	406,319	8.23%
Dallas College	1,604,673	1,741,404	136,731	8.52%
Subtotal	11,035,649	11,948,603	912,954	8.27%
Non-Countywide				
Special Districts:				
Dallas County FCD #1	35,068	42,651	7,583	21.62%
Dallas County MUD #4	185	924	739	399.46%
Dallas County URD	172,408	199,528	27,120	15.73%
Denton County LID #1	2,038	2,366	328	16.09%
Denton County RUD #1	0	0	0	0.00%
Grand Prairie Metro URD	594	727	133	22.39%
Irving FCD 1	7,912	8,704	792	10.01%
Irving FCD 3	12,186	13,993	1,807	14.83%
Lancaster MUD #1	6,282	8,620	2,338	37.22%
Northwest County FCD	6,973	8,144	1,171	16.79%
Texas Tri-Modal MUD #2	0	3	3	0.00%
Valwood Imp. Authority	17,499	17,926	427	2.44%
Wilmer MUD #1	0	668	668	0.00%
Subtotal	261,145	304,254	43,109	16.51%

2024/2025

PROPOSED BUDGET ALLOCATIONS

	<u>2023/2024 Approved Allocation</u>	<u>2024/2025 Proposed Allocation</u>	Increase or (Decrease)	<u>% Change</u>
County/Countywide				
Special Districts:				
Dallas County	4,494,270	4,864,174	369,904	8.23%
D.C.H.D.	4,936,706	5,343,025	406,319	8.23%
Dallas College	1,604,673	1,741,404	136,731	8.52%
Subtotal	11,035,649	11,948,603	912,954	8.27%
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Irving FCD 3	12,186	13,993	1,807	14.83%
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Wilmer MUD #1	0	668	668	0.00%
Subtotal	261,145	304,254	43,109	16.51%

2024/2025

PROPOSED BUDGET ALLOCATIONS

	2023/2024	2024/2025	Increase or	% Change
	Approved	Proposed	(Decrease)	
	<u>Allocation</u>	<u>Allocation</u>		
Cities:				
Addison	135,426	160,912	25,486	18.82%
Balch Springs	51,649	63,778	12,129	23.48%
Carrollton	189,854	221,460	31,606	16.65%
Cedar Hill	135,595	162,013	26,418	19.48%
Cockrell Hill	5,558	6,936	1,378	24.79%
Combine	339	404	65	19.17%
Coppell	192,023	216,763	24,740	12.88%
Dallas	5,011,306	5,940,862	929,556	18.55%
DeSoto	171,146	210,782	39,636	23.16%
Duncanville	84,421	100,474	16,053	19.02%
Farmers Branch	192,328	229,056	36,728	19.10%
Ferris	915	587	(328)	-35.85%
Garland	599,318	706,435	107,117	17.87%
Glenn Heights	19,656	22,091	2,435	12.39%
Grand Prairie	292,881	365,566	72,685	24.82%
Grapevine	3,592	4,257	665	18.51%
Highland Park	67,374	79,667	12,293	18.25%
Hutchins	25,960	33,503	7,543	29.06%
Irving	827,908	984,627	156,719	18.93%
Lancaster	120,650	146,967	26,317	21.81%
Lewisville	2,033	2,165	132	6.49%
Mesquite	307,826	399,619	91,793	29.82%
Ovilla	1,084	1,248	164	15.13%
Richardson	284,950	337,933	52,983	18.59%
Rowlett	172,536	221,277	48,741	28.25%
Sachse	56,190	71,521	15,331	27.28%
Seagoville	33,755	40,329	6,574	19.48%
Sunnyvale	31,281	36,513	5,232	16.73%
University Park	92,589	107,813	15,224	16.44%
Wilmer	24,537	33,357	8,820	35.95%
Wylie	3,253	4,697	1,444	44.39%
Total	9,137,933	10,913,612	1,775,679	19.43%

2024/2025

PROPOSED BUDGET ALLOCATIONS

	<u>2023/2024 Approved Allocation</u>	<u>2024/2025 Proposed Allocation</u>	<u>Increase or (Decrease)</u>	<u>% Change</u>
School Districts:				
Carrollton/Farmers Branch	858,165	873,244	15,079	1.76%
Cedar Hill	218,278	213,730	(4,548)	-2.08%
Coppell	607,406	626,139	18,733	3.08%
Dallas	6,216,446	6,318,801	102,355	1.65%
DeSoto	188,346	177,455	(10,891)	-5.78%
Duncanville	262,285	249,407	(12,878)	-4.91%
Ferris	1,854	1,946	92	4.96%
Garland	1,057,993	1,080,067	22,074	2.09%
Grand Prairie	482,072	477,130	(4,942)	-1.03%
Grapevine/Colleyville	15,316	14,147	(1,169)	-7.63%
Highland Park	651,114	659,183	8,069	1.24%
Irving	702,478	739,293	36,815	5.24%
Lancaster	189,856	212,721	22,865	12.04%
Mesquite	518,237	507,354	(10,883)	-2.10%
Richardson	1,316,566	1,318,067	1,501	0.11%
Sunnyvale	75,025	81,704	6,679	8.90%
Total	13,361,437	13,550,388	188,951	1.41%

2024/2025 Dallas Central Appraisal District Proposed Budget Allocation Analysis

ENTITY and ENTITY CODE	2022 Grand Total Taxable Value 9/2022	2023 Grand Total Taxable Value 9/2023	Taxable Value Change	Taxable Value Percent Change	2022 Tax Rates	2023 Tax Rates	Tax Rate Change	Tax Rate Percent Change	2022 Levy	2023 Levy	Levy Change	Levy Percent Change	2023/2024 Budget Allocation	2024/2025 Proposed Budget Allocation	Budget Allocation Change	Budget Allocation Percent Change
CITIES																
Addison CA	\$5,631,964,735	\$6,166,137,691	\$534,172,956	9.48%	0.609822	0.609822	0.000000	0.00%	\$34,344,960	\$37,602,464	\$3,257,504	9.48%	\$136,002	\$160,912	24,910	18.32%
Balch Springs CB	1,648,059,231	1,875,435,619	227,376,388	13.80%	0.794629	0.794629	0.000000	0.00%	13,095,957	14,902,755	1,806,798	13.80%	51,852	63,778	11,926	23.00%
Carrollton - Dallas Co. CC	8,568,709,057	9,346,277,268	787,568,211	9.20%	0.562500	0.553750	(0.008750)	(1.56%)	48,142,738	51,755,010	3,612,272	7.50%	190,633	221,460	30,827	16.17%
Cedar Hill - Dallas Co. CH	5,233,199,765	5,855,397,117	622,197,352	11.89%	0.657000	0.646525	(0.010475)	(1.59%)	34,382,122	37,856,606	3,474,484	10.11%	136,138	162,013	25,875	19.01%
Cockrell Hill CL	185,461,430	209,369,894	23,908,464	12.89%	0.757800	0.772596	0.014816	1.96%	1,405,390	1,617,583	212,194	15.10%	5,558	6,936	1,378	24.70%
Combine OM	23,540,312	26,022,434	2,482,122	10.54%	0.350000	0.350000	0.000000	0.00%	82,391	91,079	8,687	10.54%	339	404	65	19.17%
Coppell - Dallas Co CO	9,387,366,601	10,298,701,897	911,335,296	9.71%	0.518731	0.491818	(0.026913)	(5.19%)	48,695,181	50,650,870	1,955,689	4.02%	192,836	216,763	23,927	12.41%
Dallas DA	170,399,696,628	188,701,821,976	18,302,125,348	10.74%	0.745800	0.735700	(0.010100)	(1.35%)	1,270,840,937	1,388,279,304	117,438,367	9.24%	5,032,485	5,940,662	908,377	18.05%
DeSoto CS	6,276,478,676	7,189,656,103	913,177,427	14.55%	0.691554	0.685092	(0.006462)	(0.93%)	43,405,239	49,255,759	5,850,519	13.48%	171,892	210,782	38,890	22.62%
Duncanville CV	3,291,580,920	3,634,349,125	342,768,205	10.41%	0.650460	0.646034	(0.004426)	(0.68%)	21,410,417	23,479,131	2,068,714	9.68%	84,794	100,474	15,680	18.49%
Farmers Branch CF	8,280,914,441	9,407,424,339	1,126,509,898	13.60%	0.589000	0.569000	(0.020000)	(3.40%)	48,774,586	53,528,244	4,753,658	9.75%	193,141	229,056	35,915	18.60%
Ferris FE	30,321,146	27,381,876	(2,939,270)	(9.66%)	0.762854	0.494700	(0.268154)	(35.15%)	231,306	135,508	(95,798)	(41.42%)	915	587	(328)	(35.85%)
Garland - Dallas Co CG	21,205,871,319	23,933,703,437	2,727,832,118	12.86%	0.716892	0.689746	(0.026946)	(3.76%)	151,980,783	165,081,762	13,100,979	8.62%	601,825	706,435	104,610	17.38%
Glenn Heights - Dallas Co CE	788,122,014	914,831,427	126,709,413	16.08%	0.632211	0.564729	(0.067482)	(10.67%)	4,982,594	5,166,318	183,724	3.69%	19,724	22,091	2,367	12.00%
Grand Prairie - Dallas Co CP	11,252,916,934	12,943,039,011	1,690,122,077	15.02%	0.660000	0.660000	0.000000	0.00%	74,289,252	85,424,057	11,134,806	15.02%	294,101	365,566	71,465	24.30%
Grapevine GV	334,160,581	395,708,326	61,547,765	18.42%	0.271175	0.250560	(0.021215)	(7.81%)	908,165	991,487	83,322	9.17%	3,592	4,257	665	18.51%
Highland Park TH	7,428,686,674	8,441,265,923	1,012,579,249	13.63%	0.230000	0.220530	(0.009470)	(4.12%)	17,085,979	18,615,524	1,529,544	8.95%	67,645	79,667	12,022	17.77%
Hutchins CU	1,004,172,381	1,242,023,438	237,851,057	23.69%	0.655801	0.630082	(0.025819)	(3.94%)	6,586,377	7,825,766	1,239,389	18.82%	26,096	33,503	7,407	28.38%
Inving CI	35,840,043,718	39,058,006,723	3,217,963,005	9.59%	0.589100	0.589100	0.000000	0.00%	209,955,498	230,090,718	20,135,220	9.59%	831,399	984,627	153,228	18.43%
Lancaster CN	4,422,213,210	5,374,997,280	952,784,070	21.55%	0.691822	0.639004	(0.052818)	(7.63%)	30,993,844	34,346,448	3,352,604	12.27%	121,158	146,967	25,809	21.30%
Lewisville LE	116,053,419	120,213,029	4,159,610	3.58%	0.443301	0.419079	(0.024222)	(5.46%)	514,466	503,788	(10,678)	(2.08%)	2,033	2,165	132	6.49%
Mesquite - Dallas Co CM	11,861,122,604	13,534,098,469	1,672,975,865	14.10%	0.658140	0.690000	0.031860	4.84%	78,062,792	93,385,279	15,322,487	19.63%	309,114	399,619	90,505	29.28%
Ovilia OV	43,301,000	46,950,260	3,649,260	8.43%	0.626213	0.626213	0.000000	0.00%	271,156	294,009	22,852	8.43%	1,084	1,248	164	15.13%
Richardson CR	12,882,228,371	14,077,745,835	1,195,517,464	9.28%	0.560950	0.560950	0.000000	0.00%	72,262,860	78,969,115	6,706,255	9.28%	286,170	337,933	51,763	18.09%
Rowlett - Dallas Co CW	6,424,902,833	7,278,645,314	853,742,481	13.29%	0.691000	0.710400	0.029400	4.32%	43,753,588	51,707,496	7,953,908	18.18%	173,248	221,277	48,029	27.72%
Sachse CK	2,190,628,000	2,570,038,721	379,410,721	17.32%	0.650416	0.650416	0.000000	0.00%	14,248,195	16,715,943	2,467,748	17.32%	56,427	71,521	15,094	26.75%
Seagoville - Dallas Co CJ	1,137,270,492	1,294,165,708	156,895,216	13.80%	0.752687	0.728004	(0.024683)	(3.28%)	8,560,087	9,421,578	861,491	10.06%	33,890	40,329	6,439	19.00%
Sunnyvale TS	1,752,022,518	1,883,883,190	131,860,672	7.53%	0.453000	0.453000	0.000000	0.00%	7,936,662	8,533,991	597,329	7.53%	31,416	36,513	5,097	16.22%
University Park CQ	9,546,178,117	10,666,870,235	1,120,692,118	11.74%	0.254975	0.236226	(0.009749)	(3.86%)	23,481,212	25,197,921	1,716,709	7.31%	92,995	107,813	14,818	15.93%
Wilmer CT	1,246,815,389	1,774,995,820	528,180,431	42.36%	0.498859	0.439130	(0.059729)	(11.97%)	6,219,851	7,794,539	1,574,688	25.32%	24,638	33,357	8,719	35.39%
Wylie WY	147,192,330	204,246,408	57,054,078	38.76%	0.562333	0.538882	(0.023451)	(4.17%)	827,711	1,100,647	272,936	32.97%	3,287	4,697	1,410	42.90%
COUNTYWIDE ENTITIES																
Dallas County DC	338,307,771,365	379,938,404,211	41,630,632,846	12.31%	0.217946	0.215718	(0.002228)	(1.02%)	737,328,255	819,595,527	82,267,271	11.16%	4,490,517	4,993,407	502,890	11.20%
Dallas Co Community College DO	351,112,628,622	390,920,370,020	39,807,741,398	11.34%	0.115899	0.110028	(0.005871)	(5.07%)	406,936,025	430,121,865	23,185,839	5.70%	1,611,447	1,840,624	229,177	14.22%
Parkland Hospital PH	343,475,000,842	380,892,766,788	37,417,766,946	10.89%	0.235800	0.219500	(0.016300)	(6.91%)	809,914,052	836,059,623	26,145,571	3.23%	4,932,583	5,093,715	161,132	3.27%
SCHOOL DISTRICTS																
Carrollton/Farmers Branch ISD AS	23,753,648,518	25,342,800,795	1,589,152,277	6.69%	1.142900	0.983600	(0.159300)	(13.94%)	271,480,449	249,271,789	(22,208,660)	(8.18%)	863,035	873,244	10,209	1.18%
Cedar Hill ISD ES	5,268,739,696	5,386,737,208	117,997,512	2.24%	1.190600	1.132600	(0.058000)	(4.87%)	62,729,615	61,010,186	(1,719,429)	(2.74%)	199,417	213,730	14,313	7.18%
Coppell ISD OS	15,785,161,525	16,965,761,428	1,180,599,903	7.48%	1.217300	1.053500	(0.163800)	(13.46%)	192,152,771	178,734,297	(13,418,475)	(6.98%)	610,853	626,139	15,286	2.50%
Dallas ISD DS	165,964,529,414	177,911,793,431	11,947,264,017	7.20%	1.184935	1.013835	(0.171100)	(14.44%)	1,966,571,797	1,803,732,031	(162,839,766)	(8.28%)	6,251,724	6,318,801	67,077	1.07%
DeSoto ISD SS	4,735,584,889	4,721,801,802	(13,783,087)	(0.29%)	1.258200	1.072800	(0.185400)	(14.74%)	59,583,129	50,655,490	(8,927,639)	(14.98%)	189,415	177,455	(11,960)	(6.31%)
Duncanville ISD US	6,622,550,309	6,575,027,245	(47,523,064)	(0.72%)	1.252900	1.082800	(0.170100)	(13.58%)	82,973,933	71,194,395	(11,779,538)	(14.20%)	263,774	249,407	(14,367)	(5.45%)
Ferris ISD FS	47,347,322	48,594,774	1,247,452	2.63%	1.238500	1.143100	(0.095400)	(7.70%)	586,397	555,487	(30,910)	(5.27%)	1,864	1,946	82	4.40%
Garland ISD GS	28,545,502,542	29,273,871,591	728,369,049	2.55%	1.172500	1.053200	(0.119300)	(10.17%)	334,696,017	308,310,309	(26,385,708)	(7.88%)	1,063,997	1,080,067	16,070	1.51%
Grand Prairie ISD PR	11,668,186,131	12,437,698,152	769,512,021	6.59%	1.307000	1.095050	(0.211950)	(16.22%)	152,503,193	136,199,014	(16,304,179)	(10.69%)	484,807	477,130	(7,677)	(1.58%)
Grapevine-Colleyville ISD VS	428,487,954	436,706,741	8,218,787	1.92%	1.130800	0.924700	(0.206100)	(18.23%)	4,845,342	4,038,227	(807,115)	(16.66%)	15,403	14,147	(1,256)	(8.15%)
Highland Park ISD HS	19,111,148,921	21,078,412,024	1,967,263,103	10.29%	1.077800	0.882700	(0.185100)	(17.17%)	205,979,963	188,166,984	(17,812,979)	(8.65%)	654,809	659,183	4,374	0.67%
Inving ISD IS	19,368,026,137	20,526,676,400	1,158,650,263	5.98%	1.147400	1.028100	(0.119300)	(10.40%)	222,228,732	211,034,760	(11,193,972)	(5.04%)	706,464	739,293	32,829	4.65%
Lancaster ISD LS	4,358,245,848	4,950,056,032	591,810,184	13.58%	1.378100	1.226700	(0.151400)	(10.99%)	60,060,986	60,722,337	661,351	1.10%	190,934	212,721	21,787	11.41%
Mesquite ISD MS	12,762,269,637	13,175,840,868	413,571,231	3.24%	1.284600	1.099200	(0.185400)	(14.43%)	163,944,116	144,826,644	(19,117,471)	(11.66%)	521,178	507,354	(13,824)	(2.65%)
Richardson ISD RS	31,682,283,991	32,914,760,086	1,232,476,075	3.89%	1.314600	1.143100	(0.171500)	(13.05%)	416,495,305	376,248,622	(40,246,683)	(9.66%)	1,324,037	1,318,067	(5,970)	(0.45%)
Sunnyvale ISD YS	1,726,818,861	1,961,222,245	234,403,384	13.59%	1.374600											

2024/2025 Dallas Central Appraisal District Proposed Budget Allocation Analysis

SPECIAL DISTRICTS

Dallas County FCD #1	DD	808,452,421	996,671,936	188,219,515	23.28%	1.100000	1.000000	(0.100000)	(9.09%)	8,892,977	9,966,719	1,073,743	12.07%	35,216	42,651	7,435	21.11%
Dallas County MUD #4	DU	4,691,760	21,600,020	16,908,260	360.38%	1.000000	1.000000	0.000000	0.00%	46,918	216,000	169,083	360.38%	186	924	738	396.77%
Dallas County URD	DM	5,596,027,403	6,174,835,911	578,808,508	10.34%	0.781300	0.755100	(0.026200)	(3.35%)	43,721,762	46,626,186	2,904,424	6.64%	173,136	199,528	26,392	15.24%
Denton Co. LID #1	NL	42,433,346	46,863,668	4,430,322	10.44%	0.173000	0.169000	(0.004000)	(2.31%)	73,410	79,200	5,790	7.89%	2,046	2,366	320	15.64%
Denton Co. RUD #1	NR	692,990	677,110	(15,880)	(2.28%)	0.000000	0.000000	0.000000	0.00%	0	0	0	0.00%	0	0	0	0.00%
Grand Prairie Metro URD	GU	25,116,630	28,325,146	3,208,516	12.77%	0.600000	0.600000	0.000000	0.00%	150,700	169,951	19,251	12.77%	597	727	130	21.76%
Irving FCD, Section I	IF	420,438,007	474,915,889	54,477,882	12.96%	0.477200	0.428300	(0.048900)	(10.25%)	2,006,330	2,034,065	27,735	1.38%	7,945	8,704	759	9.55%
Irving FCD, Section III	ID	2,759,179,640	3,159,283,375	400,103,735	14.50%	0.112000	0.103500	(0.008500)	(7.59%)	3,090,281	3,269,858	179,577	5.81%	12,237	13,993	1,756	14.35%
Lancaster MUD #1	LM	173,155,190	218,962,970	45,807,780	26.45%	0.920000	0.920000	0.000000	0.00%	1,593,028	2,014,459	421,432	26.45%	6,308	8,620	2,312	36.65%
Northwest Dallas Co FCD	NF	620,733,877	690,369,030	69,635,153	11.22%	0.284900	0.275650	(0.009250)	(3.25%)	1,768,471	1,903,002	134,531	7.61%	7,003	8,144	1,141	16.28%
Texas Tri-Modal MUD #2		0	163,800	163,800	0.00%	0.000000	0.440000	0.440000	0.00%	0	721	721	0.00%	0	3	3	0.00%
Valwood Improvement Auth.	FF	3,550,208,802	4,189,089,175	638,880,373	18.00%	0.125000	0.100000	(0.025000)	(20.00%)	4,437,761	4,189,089	(248,672)	(5.60%)	17,573	17,926	353	2.01%
Wilmer MUD #1	PW	0	312,114,986	312,114,986	0.00%	0.000000	0.050000	0.050000	0.00%	0	156,057	156,057	0.00%	0	668	668	0.00%

DALLAS CENTRAL APPRAISAL DISTRICT 2024 ESTIMATED REAPPRAISAL PLAN - As of February 2024

ENTITY	RESIDENTIAL			COMMERCIAL			BPP			TOTAL OF ALL DIVISIONS		
	TOTAL			TOTAL			TOTAL			TOTAL		
	ACCOUNTS REAPPRAISED	NUMBER OF ACCOUNTS	PERCENT REAPPRAISED	ACCOUNTS REAPPRAISED	NUMBER OF ACCOUNTS	PERCENT REAPPRAISED	ACCOUNTS REAPPRAISED	NUMBER OF ACCOUNTS	PERCENT REAPPRAISED	ACCOUNTS REAPPRAISED	NUMBER OF ACCOUNTS	PERCENT REAPPRAISED
CITIES												
Addison	2,461	2,604	94.51%	211	685	30.80%	2,893	2,893	100.00%	5,565	6,182	90.02%
Balch Springs	4,768	7,077	67.37%	356	1,010	35.25%	928	928	100.00%	6,052	9,015	67.13%
Carrollton	6,445	12,844	50.18%	649	1,864	34.82%	3,904	3,904	100.00%	10,998	18,612	59.09%
Cedar Hill	12,286	16,497	74.47%	367	1,249	29.38%	1,347	1,347	100.00%	14,000	19,093	73.33%
Cockrell Hill	813	928	87.61%	0	102	0.00%	167	167	100.00%	980	1,197	81.87%
Combine	296	371	79.78%	0	75	0.00%	18	18	100.00%	314	464	67.67%
Coppell	8,024	12,443	64.49%	435	1,028	42.32%	1,649	1,649	100.00%	10,108	15,120	66.85%
Dallas	236,584	296,993	79.66%	12,827	39,086	32.82%	45,667	45,667	100.00%	295,078	381,746	77.30%
Desoto	9,061	18,202	49.78%	407	1,288	31.60%	1,593	1,593	100.00%	11,061	21,083	52.46%
Duncanville	7,819	11,946	65.45%	270	1,036	26.06%	1,696	1,696	100.00%	9,785	14,678	66.66%
Farmers Branch	5,021	9,342	53.75%	277	1,249	22.18%	3,609	3,609	100.00%	8,907	14,200	62.73%
Ferris	0	0	0.00%	0	15	0.00%	8	8	100.00%	8	23	34.78%
Garland	47,617	66,224	71.90%	1,627	4,775	34.07%	6,230	6,230	100.00%	55,474	77,229	71.83%
Glenn Heights	2,234	4,011	55.70%	203	201	101.00%	110	110	100.00%	2,547	4,322	58.93%
Grand Prairie	20,726	36,896	56.17%	1,632	7,669	21.28%	3,366	3,366	100.00%	25,724	47,931	53.67%
Grapevine	0	0	0.00%	38	38	100.00%	158	158	100.00%	196	196	100.00%
Highland Park	2,729	3,358	81.27%	12	128	9.38%	307	307	100.00%	3,048	3,793	80.36%
Hutchins	1,437	1,661	86.51%	3	451	0.67%	405	405	100.00%	1,845	2,517	73.30%
Irving	32,946	48,150	68.42%	2,001	5,470	36.58%	8,690	8,690	100.00%	43,637	62,310	70.03%
Lancaster	6,404	13,160	48.66%	578	1,674	34.53%	1,086	1,086	100.00%	8,068	15,920	50.68%
Lewisville	186	300	62.00%	2	10	20.00%	23	23	100.00%	211	333	63.36%
Mesquite	32,834	40,389	81.29%	1,057	2,715	38.93%	3,461	3,461	100.00%	37,352	46,565	80.21%
Ovilla	40	167	23.95%	23	23	100.00%	7	7	100.00%	70	197	35.53%
Richardson	17,787	21,819	81.52%	570	1,607	35.47%	4,813	4,813	100.00%	23,170	28,239	82.05%
Rowlett	12,017	18,680	64.33%	902	1,145	78.78%	1,185	1,185	100.00%	14,104	21,010	67.13%
Sachse	3,973	6,383	62.24%	366	376	97.34%	377	377	100.00%	4,716	7,136	66.09%
Seagoville	3,469	6,047	57.37%	1	756	0.13%	539	539	100.00%	4,009	7,342	54.60%
Sunnyvale	1,594	3,141	50.75%	220	639	34.43%	554	554	100.00%	2,368	4,334	54.64%
University Park	6,084	6,950	87.54%	196	340	57.65%	747	747	100.00%	7,027	8,037	87.43%
Wilmer	1,832	1,983	92.39%	97	370	26.22%	379	379	100.00%	2,308	2,732	84.48%
Wylie	441	699	63.09%	23	28	82.14%	23	23	100.00%	487	750	64.93%
Total Cities	487,928	669,265	72.91%	25,350	77,102	32.88%	95,939	95,939	100.00%	609,217	842,306	72.33%
SCHOOLS												
Carrollton/Farmers Branch	14,519	26,073	55.69%	1,328	3,510	37.83%	6,598	6,598	100.00%	22,445	36,181	62.04%
Cedar Hill	12,807	17,259	74.20%	383	1,316	29.10%	1,345	1,345	100.00%	14,535	19,920	72.97%
Coppell	9,839	16,542	59.48%	473	1,542	30.67%	2,627	2,627	100.00%	12,939	20,711	62.47%
Dallas	219,284	274,841	79.79%	12,664	39,995	31.66%	46,092	46,092	100.00%	278,040	360,928	77.03%
Desoto	10,930	20,924	52.24%	352	1,128	31.21%	1,128	1,128	100.00%	12,410	23,180	53.54%
Duncanville	12,756	20,877	61.10%	597	2,062	28.95%	2,333	2,333	100.00%	15,686	25,272	62.07%
Ferris	0	123	0.00%	0	100	0.00%	22	22	100.00%	22	245	8.98%
Garland	61,982	88,383	70.13%	2,046	6,420	31.87%	7,387	7,387	100.00%	71,415	102,190	69.88%
Grand Prairie	19,886	35,104	56.65%	1,092	7,593	14.38%	3,472	3,472	100.00%	24,450	46,169	52.96%
Grapevine-Colleyville	0	0	0.00%	0	17	0.00%	172	172	100.00%	172	189	91.01%
Highland Park	9,208	10,646	86.49%	302	555	54.41%	1,628	1,628	100.00%	11,138	12,829	86.82%
Irving	26,537	38,258	69.36%	1,954	4,875	40.08%	6,181	6,181	100.00%	34,672	49,314	70.31%
Lancaster	7,136	13,699	52.09%	563	1,855	30.35%	1,083	1,083	100.00%	8,782	16,637	52.79%
Mesquite	36,805	50,432	72.98%	1,397	3,408	40.99%	3,950	3,950	100.00%	42,152	57,790	72.94%
Richardson	44,271	57,743	76.67%	1,086	3,392	32.02%	9,794	9,794	100.00%	55,151	70,929	77.76%
Sunnyvale	1,594	3,141	50.75%	220	653	33.69%	555	555	100.00%	2,369	4,349	54.47%
Total Schools	487,554	674,045	72.33%	24,457	78,421	31.19%	94,367	94,367	100.00%	606,378	846,833	71.61%

DALLAS CENTRAL APPRAISAL DISTRICT 2023 IMINARY ESTIMATED REAPPRAISAL PLAN - As of April 10, 2023

ENTITY	RESIDENTIAL			COMMERCIAL			BPP			TOTAL OF ALL DIVISIONS		
	TOTAL			TOTAL			TOTAL			TOTAL		
	ACCOUNTS REAPPRAISED	NUMBER OF ACCOUNTS	PERCENT REAPPRAISED	ACCOUNTS REAPPRAISED	NUMBER OF ACCOUNTS	PERCENT REAPPRAISED	ACCOUNTS REAPPRAISED	NUMBER OF ACCOUNTS	PERCENT REAPPRAISED	ACCOUNTS REAPPRAISED	NUMBER OF ACCOUNTS	PERCENT REAPPRAISED
CITIES												
Addison	2,083	2,604	79.99%	436	687	63.46%	3,000	3,000	100.00%	5,519	6,291	87.73%
Balch Springs	4,707	7,071	66.57%	561	997	56.27%	947	947	100.00%	6,215	9,015	68.94%
Carrollton	10,747	12,844	83.67%	1,290	1,851	69.69%	3,960	3,960	100.00%	15,997	18,655	85.75%
Cedar Hill	11,584	16,273	71.19%	599	1,244	48.15%	1,327	1,327	100.00%	13,510	18,844	71.69%
Cockrell Hill	927	928	99.89%	76	103	73.79%	170	170	100.00%	1,173	1,201	97.67%
Combine	281	372	75.54%	21	75	28.00%	18	18	100.00%	320	465	68.82%
Coppell	10,279	12,442	82.62%	627	1,026	61.11%	1,577	1,577	100.00%	12,483	15,045	82.97%
Dallas	214,700	296,632	72.38%	22,328	39,229	56.92%	46,091	46,091	100.00%	283,119	381,952	74.12%
Desoto	15,134	17,857	84.75%	747	1,290	57.91%	1,522	1,522	100.00%	17,403	20,669	84.20%
Duncanville	8,598	11,948	71.96%	574	1,042	55.09%	1,658	1,658	100.00%	10,830	14,648	73.94%
Farmers Branch	8,083	9,341	86.53%	767	1,249	61.41%	3,496	3,496	100.00%	12,346	14,086	87.65%
Ferris	0	0	0.00%	7	15	46.67%	9	9	100.00%	16	24	66.67%
Garland	48,567	66,217	73.35%	2,684	4,762	56.36%	6,121	6,121	100.00%	57,372	77,100	74.41%
Glenn Heights	3,454	4,009	86.16%	75	203	36.95%	108	108	100.00%	3,637	4,320	84.19%
Grand Prairie	29,153	36,749	79.33%	4,264	6,585	64.75%	3,324	3,324	100.00%	36,741	46,658	78.75%
Grapevine	0	0	0.00%	18	38	47.37%	150	150	100.00%	168	188	89.36%
Highland Park	3,039	3,355	90.58%	114	128	89.06%	296	296	100.00%	3,449	3,779	91.27%
Hutchins	1,499	1,661	90.25%	225	451	49.89%	396	396	100.00%	2,120	2,508	84.53%
Irving	36,772	48,008	76.60%	3,182	5,523	57.61%	8,524	8,524	100.00%	48,478	62,055	78.12%
Lancaster	10,703	13,155	81.36%	779	1,665	46.79%	1,037	1,037	100.00%	12,519	15,857	78.95%
Lewisville	197	300	65.67%	3	10	30.00%	20	20	100.00%	220	330	66.67%
Mesquite	28,051	39,804	70.47%	1,331	2,708	49.15%	3,436	3,436	100.00%	32,818	45,948	71.42%
Ovilla	116	167	69.46%	13	22	59.09%	9	9	100.00%	138	198	69.70%
Richardson	16,755	21,818	76.79%	886	1,608	55.10%	4,910	4,910	100.00%	22,551	28,336	79.58%
Rowlett	15,793	19,282	81.91%	510	1,140	44.74%	1,158	1,158	100.00%	17,461	21,580	80.91%
Sachse	5,596	6,234	89.77%	151	363	41.60%	347	347	100.00%	6,094	6,944	87.76%
Seagoville	4,532	6,042	75.01%	494	759	65.09%	512	512	100.00%	5,538	7,313	75.73%
Sunnyvale	2,798	3,138	89.17%	304	648	46.91%	544	544	100.00%	3,646	4,330	84.20%
University Park	6,298	6,938	90.78%	218	344	63.37%	714	714	100.00%	7,230	7,996	90.42%
Wilmer	1,480	1,833	80.74%	196	290	67.59%	245	245	100.00%	1,921	2,368	81.12%
Wylie	662	699	94.71%	1	16	6.25%	21	21	100.00%	684	736	92.93%
Total Cities	502,588	667,721	75.27%	43,481	76,071	57.16%	95,647	95,647	100.00%	641,716	839,439	76.45%
SCHOOLS												
Carrollton/Farmers Branch	21,481	25,991	82.65%	2,141	3,503	61.12%	6,574	6,574	100.00%	30,196	36,068	83.72%
Cedar Hill	12,327	17,258	71.43%	646	1,315	49.13%	1,323	1,323	100.00%	14,296	19,896	71.85%
Coppell	14,030	16,540	84.82%	1,044	1,544	67.62%	2,524	2,524	100.00%	17,598	20,608	85.39%
Dallas	197,257	274,474	71.87%	23,243	40,128	57.92%	46,422	46,422	100.00%	266,922	361,024	73.93%
Desoto	17,459	20,441	85.41%	562	1,132	49.65%	1,071	1,071	100.00%	19,092	22,644	84.31%
Duncanville	15,000	20,795	72.13%	1,137	2,063	55.11%	2,293	2,293	100.00%	18,430	25,151	73.28%
Ferris	67	123	54.47%	59	101	58.42%	23	23	100.00%	149	247	60.32%
Garland	67,140	88,074	76.23%	3,389	6,371	53.19%	7,277	7,277	100.00%	77,806	101,722	76.49%
Grand Prairie	27,710	34,964	79.25%	4,242	6,505	65.21%	3,415	3,415	100.00%	35,367	44,884	78.80%
Grapevine-Colleyville	0	0	0.00%	17	18	94.44%	173	173	100.00%	190	191	99.48%
Highland Park	9,597	10,631	90.27%	410	559	73.35%	1,592	1,592	100.00%	11,599	12,782	90.74%
Irving	28,776	38,193	75.34%	2,556	4,921	51.94%	6,082	6,082	100.00%	37,414	49,196	76.05%
Lancaster	11,383	13,698	83.10%	883	1,848	47.78%	1,035	1,035	100.00%	13,301	16,581	80.22%
Mesquite	35,928	49,838	72.09%	1,721	3,404	50.56%	3,928	3,928	100.00%	41,577	57,170	72.73%
Richardson	44,781	57,739	77.56%	1,956	3,396	57.60%	9,995	9,995	100.00%	56,732	71,130	79.76%
Sunnyvale	2,798	3,138	89.17%	317	662	47.89%	545	545	100.00%	3,660	4,345	84.23%
Total Schools	505,734	671,897	75.27%	44,323	77,470	57.21%	94,272	94,272	100.00%	644,329	843,639	76.37%

2024 Reappraisal City of Dallas

- Residential 236,854 (79.66%)
- Commercial 12,827 (32.82%)*
- Business Personal Property 45,667 (100.0%)
- All Commercial active areas will be reappraised in 2024

2023 Reappraisal City of Dallas

- Residential 214,700 (72.38%)
- Commercial 22,328 (56.92%)
- Business Personal Property 46,091 (100.0%)

City of Dallas

Market Value & Taxable Trends

2023	11.73% (12.05%)
2022	16.28% (14.74%)
2021	4.81% (4.71%)
2020	6.25% (6.94%)

In 2024, anticipate more conservative growth due to interest rate hikes, office market concerns, and overall lower residential appreciation rates.

Dallas Central Appraisal District

Shane Docherty

Chief Appraiser/Executive Director

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Cheryl Jordan

Deputy Chief Appraiser

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214-631-0520



City of Dallas

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

Agenda Information Sheet

File #: 24-686

Item #: B.

Overview of Artificial Intelligence

[William Zielinski, Chief Information Officer, Information & Technology Services; Brita Andercheck, Chief Data Officer, Data Analytics & Business Intelligence]



City of Dallas

Overview of Artificial Intelligence

**Government Performance and
Financial Management Committee
February 26, 2024**

Dr. Brita Andercheck, Chief Data Officer
William Zielinski, Chief Information Officer
City of Dallas

Presentation Overview



- What is AI?
- AI Projects
 - Current AI Projects
 - Other Government Examples
 - Potential AI Projects
- Governance & Policy
 - What is Governance?
 - Administrative Directive
 - Risk & Liability
- The City's AI Plan
 - Recommendations
 - Next Steps



What is AI?

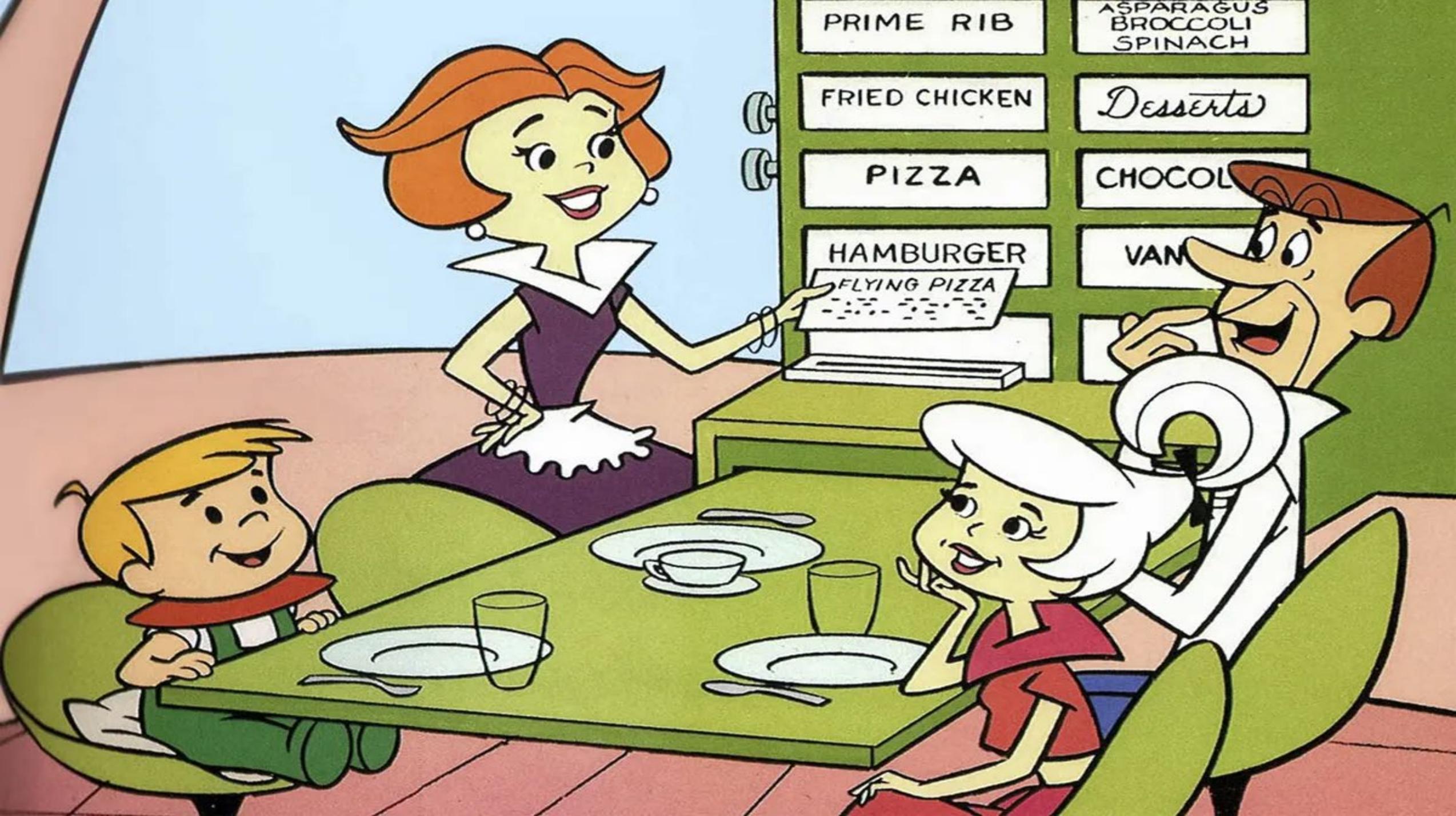


AI or **Artificial intelligence** is the **science** of making machines that can **think** and **learn** like humans. This is done through creating code that makes computers simulate or **approximate the human brain**.

AI technology can process large amounts of data in ways, unlike humans.

The goal for AI is to be able to do things such as recognize patterns, make decisions, judge and perform tasks like humans.





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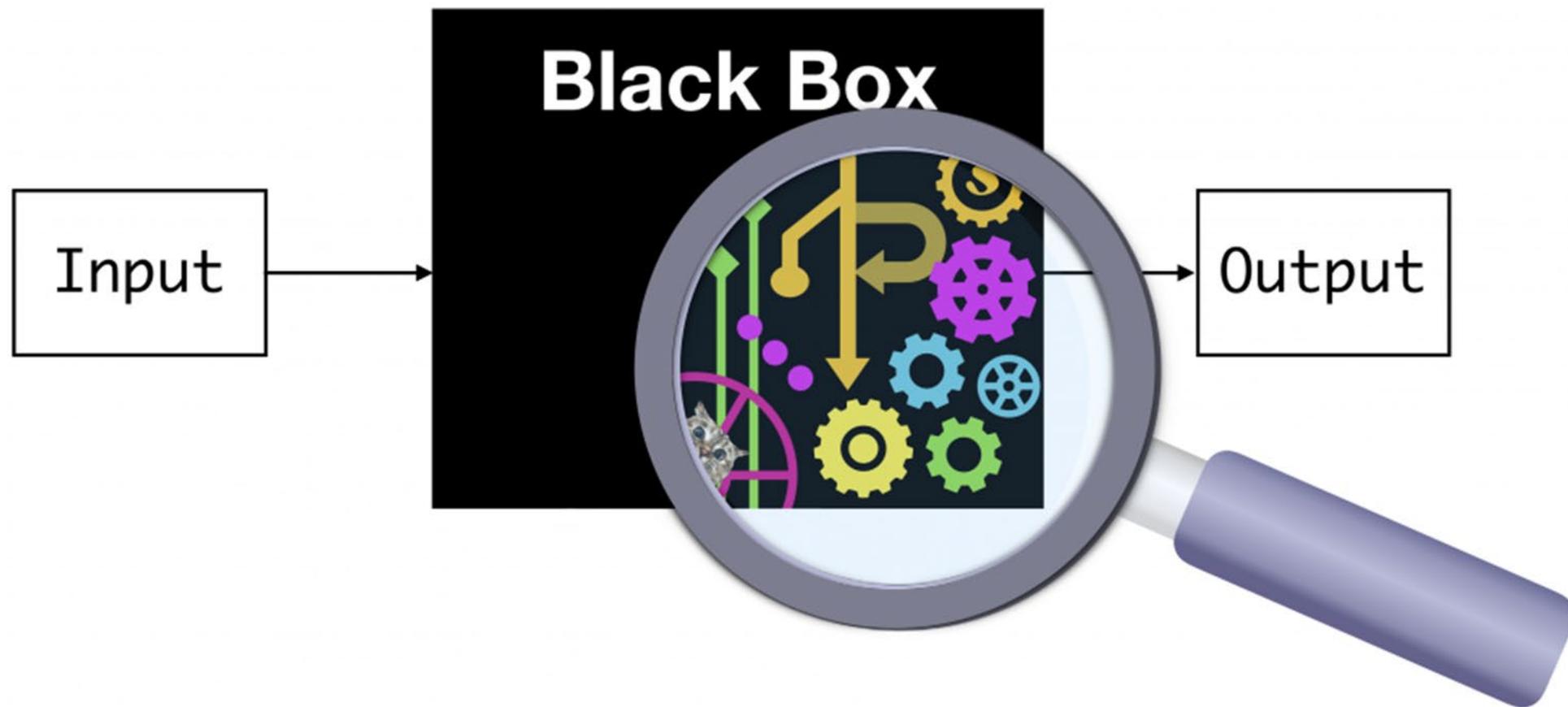
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FLYING PIZZA

What is AI?



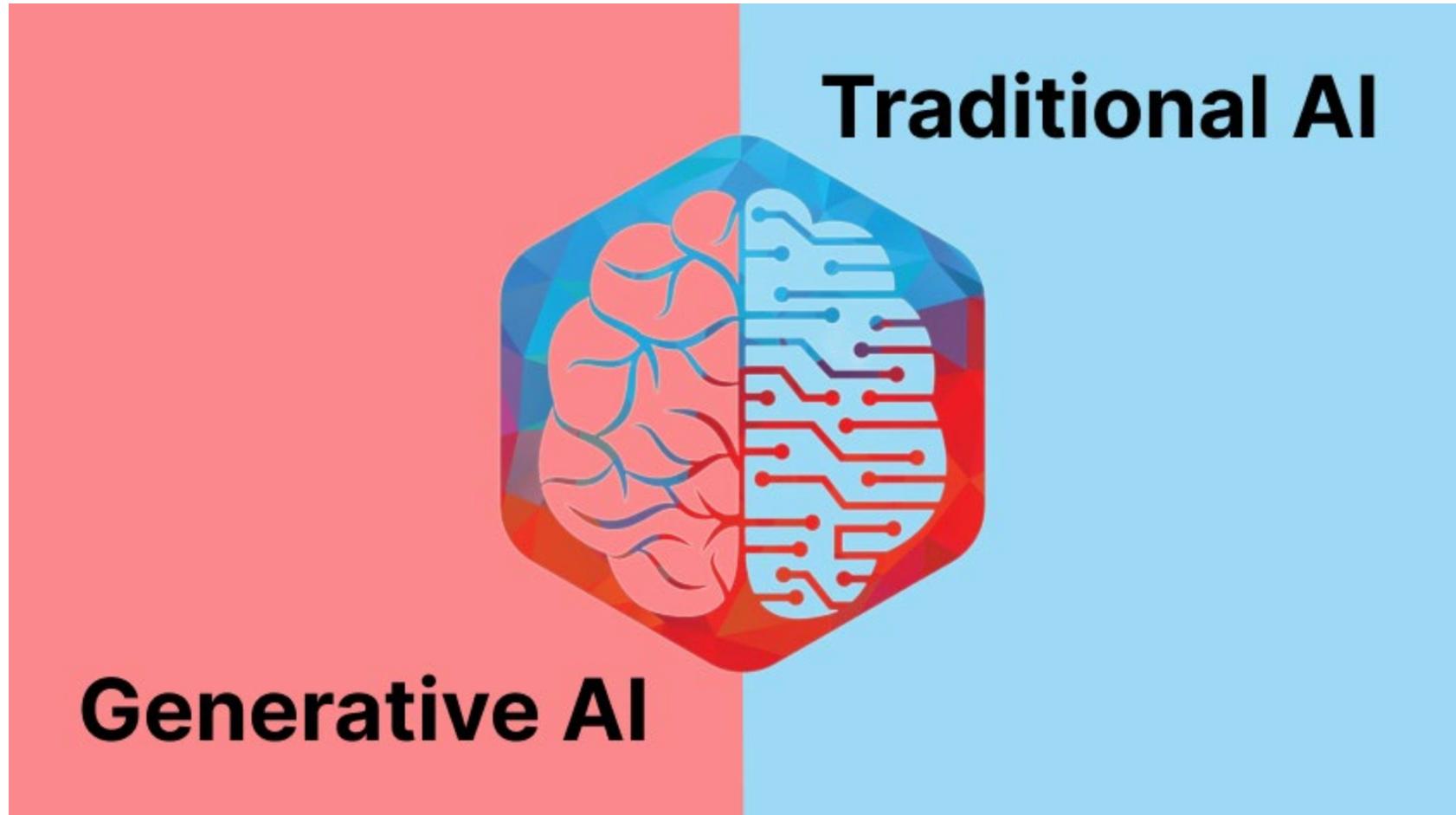
What is AI?



Source: Bang, Seojin, Carnegie Mellon University <https://blog.ml.cmu.edu/2019/05/17/explaining-a-black-box-using-deep-variational-information-bottleneck-approach/>



What is AI?



What is AI?

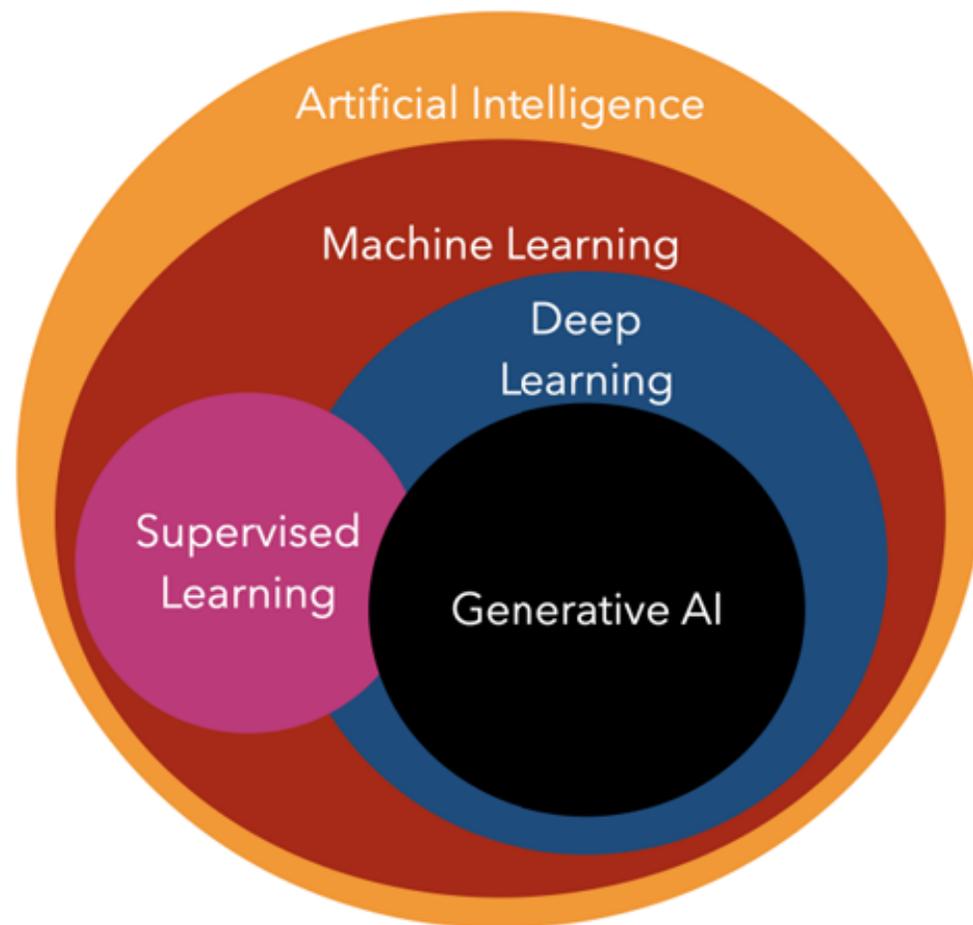


Figure 1: A taxonomy of GenAI-related disciplines.



Source: Singh, Karan. Carnegie Mellon University <https://www.cmu.edu/intelligentbusiness/expertise/genai-principles.pdf>



Where is AI being employed currently at the City of Dallas?

- Fire Risk Model- DFR Machine Learning
- Anomalous Transactions- identify discrepancies in financial data
- Webex - uses AI to translate Public Meetings multiple languages
- Code Enforcement- Tolemi
- Use of Force- Police Strategies
- Public Works- Digital Twins



Other Government Examples



- Sound sensors on light poles, *Scottsdale, AZ* (Pilot)
- Graffiti identified on cameras, *Tempe, AZ* (In use, 2021)
- HR Tasks, *Maricopa, AZ* (In use)
- Requests for Proposals, *Boston, MA* (Pilot)
- Traffic Reduction, *California* (Request for Pilot)
- First Responder Traffic Routing, *New York City* (Research)
- FOIA requests, U.S. Government (Pilot)



Other Government Examples



- Only an estimated 2% of cities are actively deploying AI*
 - Most examples are still in the research and testing phase
 - Almost all examples are Traditional AI
- Governance, creating rules and policies around using AI, is the key focus for most cities.

* Source: <https://cityaiconnect.jhu.edu/#welcome>



Potential AI Projects



- Emergency Response Data for Keywords
- Fire Risk in Single Family Homes
- Zoning and Code Answers- Public-facing generative AI
- Automated Initial Permit Application Review
- 311 Customer Assist
- Camera Infrastructure
- Procurement Process



A highly detailed, AI-generated image of a futuristic cyborg villain. The character has a metallic, dark grey body with intricate mechanical details. Its most striking features are its glowing red eyes and a large, circular red energy core on its chest. The villain is positioned in the foreground, looking directly at the viewer with a stern, menacing expression. The background is a blurred cityscape at sunset, with tall buildings and a warm, golden light from the setting sun. The overall aesthetic is dark and high-tech, typical of a science fiction or superhero villain.

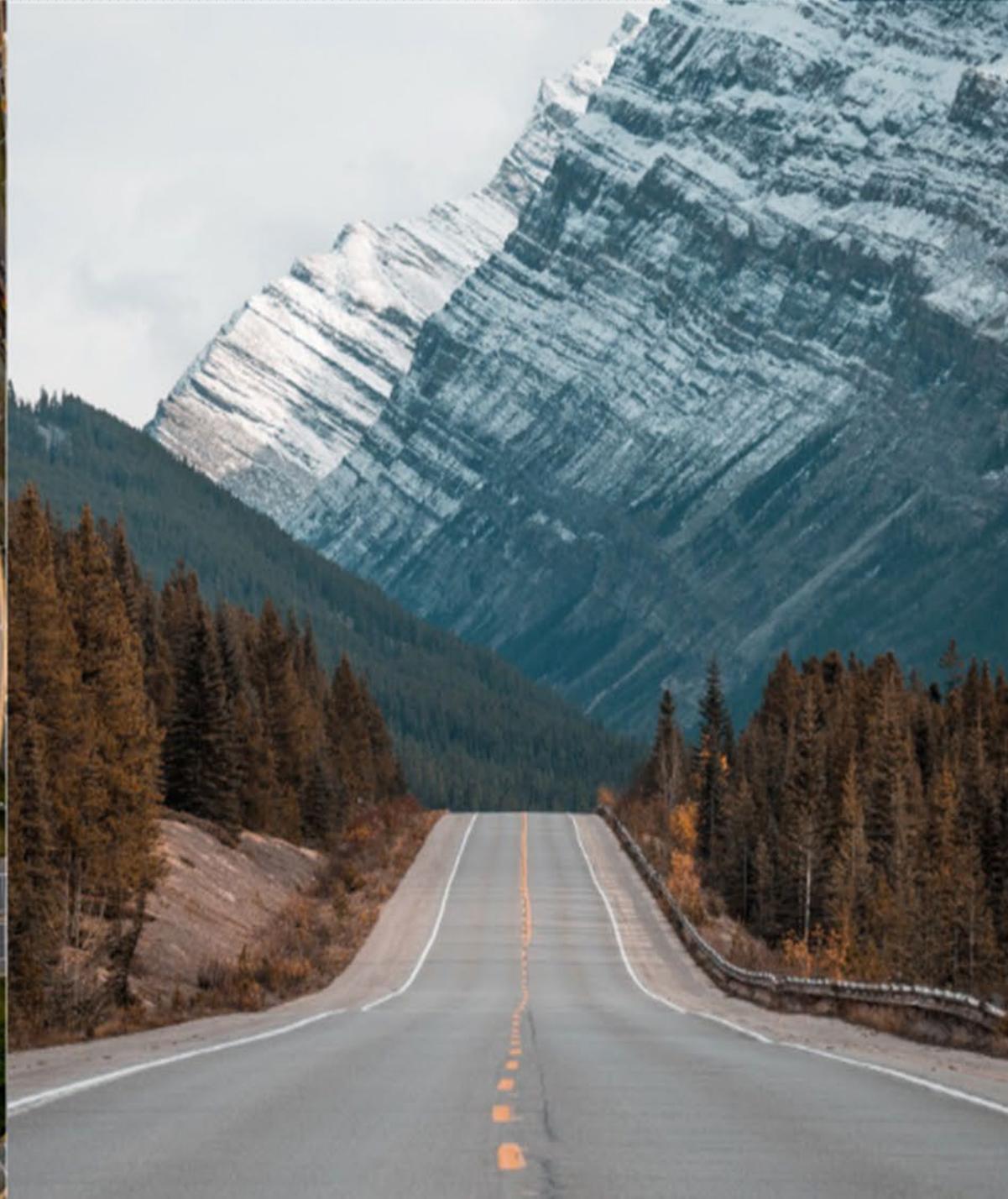
Source: Bing Image Creator



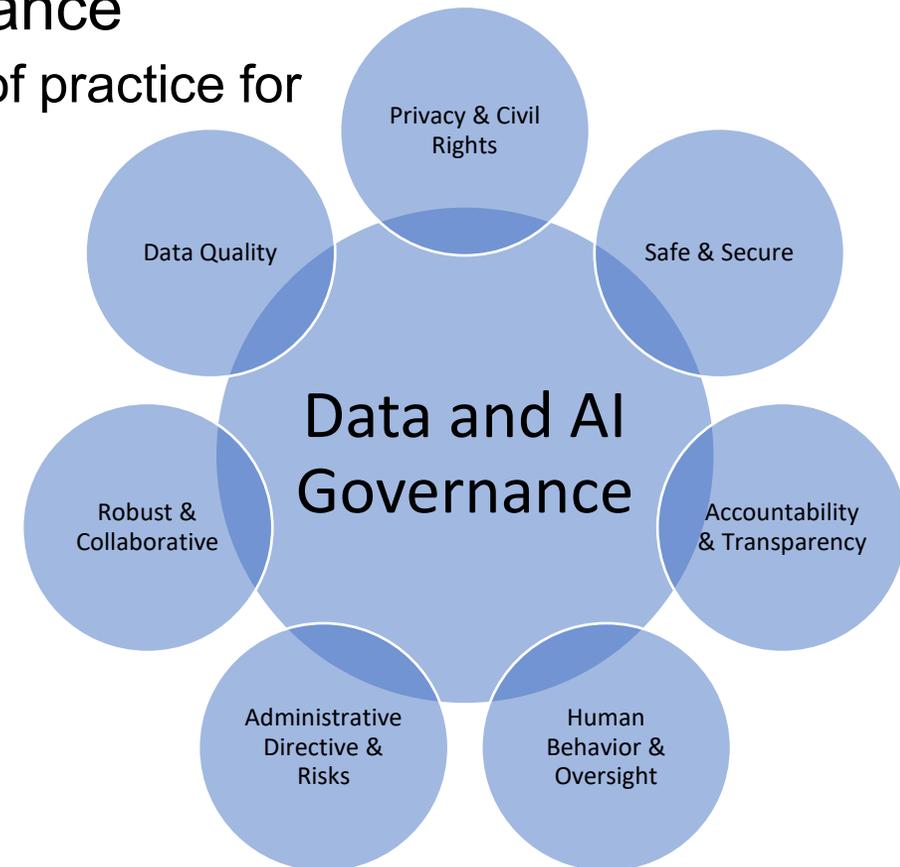
Captain: Have I got this straight, Jonesy? A \$40 million computer tells you you're chasing an earthquake, but you don't believe, and you come up with this on your own?

Seaman Jones: Sir, I-I've got all the...

Captain: Relax, Jonesy. You sold me.



- What do we mean when we say governance
 - Setting foundational guidance & standards of practice for consistent results
- What does governance look like
 - Policies
 - Strategy & Standards
 - Education & Training
 - Quality
 - Provides Integrity
 - Accountability
 - Security
- Data Governance = AI Governance





OCTOBER 30, 2023

Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence



BRIEFING ROOM

PRESIDENTIAL ACTIONS

- The executive order **sets up guardrails for agencies to understand how to implement AI** while mitigating associated risks.
- Notable risks include **social or racial bias** in training models.
- Prioritize **privacy controls** so that AI technology is not compromising personal or resident data.





- T.A.G. Campaign (Kick-off Meeting is scheduled for 3/15/2024)
 - Trust Alliance Group consists of members from Ethics, Data Governance, Privacy, ITS, DBI, Attorney, Data Access and Data Management teams
- Outline includes topics such as:
 - Ethics
 - Privacy
 - Quality
 - Access
 - Human element & responsibilities
 - Transparency
 - Public Engagement
 - Compliance



AD Updates



As a reminder, these are regulations that all City Officials, employees, and contractors agree to follow:

Guiding Document	How it applies?
AD 2-24, Computer Security	The employee is responsible for reducing risk or unauthorized access which ensures a secure system.
AD 2-26, Use of City Computer Equip & Software	No software, whether it is licensed or not, shall be installed without permission from ITS.
AD 2-32, Desktop & Server Hardware Standards	ITS is responsible for the dissemination and approval of hardware for the City of Dallas work.
Enterprise Security Standard	Employee responsibility is to preserve confidentiality, integrity and availability of COD devices.
Security Access Request (SAR) – Computer Security Agreement	Employee agrees to AD's mentioned above and will protect against uses and disclosures not permitted by the Privacy Rule.
City of Dallas Personnel Rules	Sec 34-36. Employees who do not follow ADs could result in formal disciplinary action.
Announcement Email	Alerting staff not to download certain AI on COD devices. Sent on 2/8/2024 & 2/16/2024





- AI Programs
 - AI Ethics Training underway
 - AI Innovation Lab Programming
- Administrative Directive
 - Draft underway, effort being led by TAG (Trust Alliance Group) Team



Risks and Liabilities



Potential risks

- Bad Data and Flaws in AI Models producing bad outputs
- Malicious human actors
- Bias – equity concerns
 - Lawsuit- Rite Aid facial recognition
- New York Times Lawsuit- Open AI Copyright Infringement.
- **City still responsible for the output of the AI Tool or Technique. This is of special concern if resources or benefits are being determined or distributed by an AI model.**





Recommendations to Counter Risks

- Keep the human loop
- More Traditional v. Generative AI models
- Transparency of methods and models
- Frequent Validation of derived outcomes
- Only high-quality validated data should be considered for AI modeling
- Enterprise Approach to AI
- Appropriate use cases



1. Governance and Best Practices
2. Infrastructure and Projects
3. Education and Preparation

Governance and Best Practices

1. Fact Sheet in effect now
2. Artificial Intelligence AD underway
 - Align with state and federal law
3. Building TAG and AI Governance
4. Enterprise Approach

Infrastructure and Projects

1. ITS infrastructure dedicated to Artificial Intelligence

2. Potential Projects

- Emergency Response Data for Keywords
- Fire Risk in Single Family Homes
- Zoning and Code Answers- Public-facing generative AI
- Automated Initial Permit Application Review
- 311 Customer Assist
- Camera Infrastructure
- Procurement Process

Education and Preparation

1. Increase data literacy & data governance
2. Document undocumented processes
3. Build AI literacy and skills through a combination of targeted hiring and consulting/professional services
4. Education and Training for all City Staff members

Three things we want you to leave with today:

- 1) **Quality data** is the foundational piece of any AI program
- 2) Quality data is created through **Governance, Policy** and **Training**
- 3) Prioritize **Privacy, Security**, and the **Ethical Use** of Data and AI



City of Dallas

Artificial Intelligence

**Government Performance and
Financial Management Committee
February 26, 2024**

Dr. Brita Andercheck, Chief Data Officer
William Zielinski, Chief Information Officer
City of Dallas



City of Dallas

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

Agenda Information Sheet

File #: 24-684

Item #: C.

Procurement Solicitation and Evaluation Process

[Danielle Thompson, Director, Office of Procurement Services; Kimberly Franklyn, Manager, Office of Procurement Services]



City of Dallas

Procurement Solicitation and Evaluation Process

**Government Performance and Financial
Management
February 26, 2024**

Danielle Thompson, Director
Kimberly Franklyn, Manager
Office of Procurement Services
City of Dallas

Presentation Overview



- Background/History
- Purpose
- Procurement Process
- Scoring Evaluation Criteria
- Questions & Answers



Background/History



- OPS administers solicitations and the evaluation process leading to contract award for Goods and Services
 - Not for Construction, architectural or engineering, civil works and building facility construction (per AD 4-5, Section 6.2)

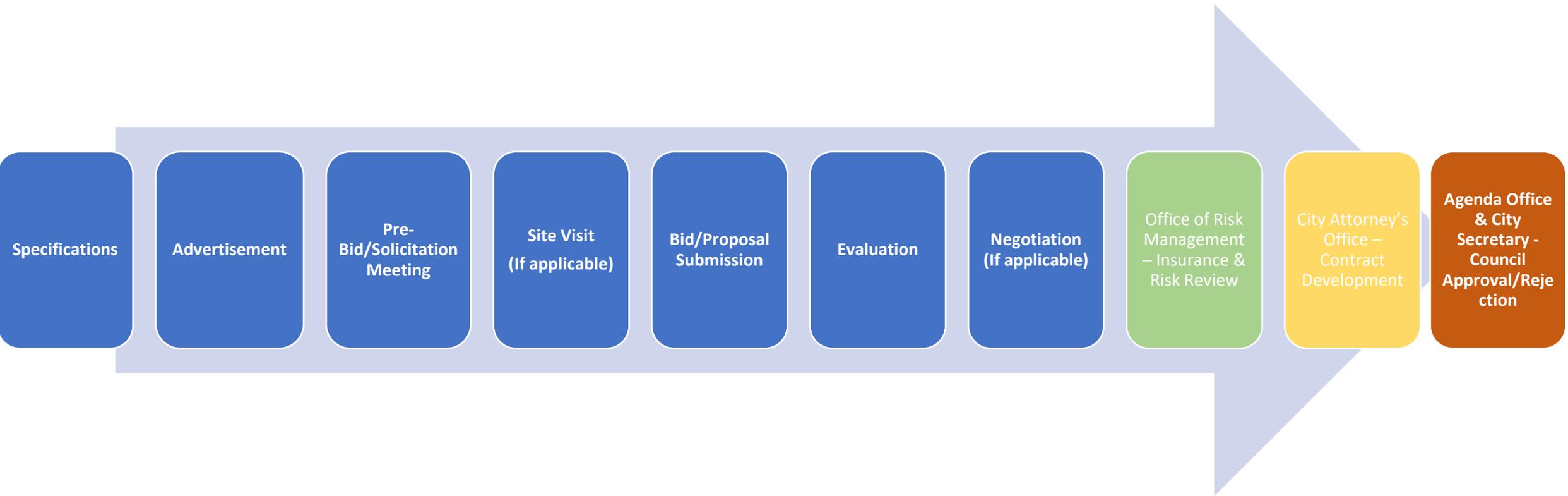




- Provide process overview for active solicitations and the evaluation criteria used to score bids/proposals



Procurement Process



Solicitation Types



Request for Bid (RFB)

Publicly advertised to obtain sealed bids for goods or services consistent with the formal bidding requirements of state law and the City Charter. The RFB procedures must be strictly followed, do not allow for negotiation of contract terms, and contemplate a lowest responsible or best value award

Request for Qualifications (RFQ)

Publicly advertised and solicited to obtain a statement of qualifications of vendor interest and capability to preform advertised scope of work

Request for Competitive Sealed Proposal (RFCSP)

Publicly advertised and solicited to obtain a competitive sealed proposal to be evaluated on the basis of specific written criteria beyond cost

Request for Proposals (RFP)

Publicly advertised and solicited to obtain proposals for consulting, service, revenue, or other similar contracts not required by law to be procured through an RFB or an RFCSP



Responsible & Responsive



Responsible

Vendor is fully capable to meet all of the requirements of the solicitation and subsequent agreement. They must possess the full capability, including financial and technical, to perform as contractually required

Non-Responsible

- Arrearage or default on an existing or previous Contract with the City;
- Lack of financial stability as revealed by financial statement, experience or equipment, questionnaires, references, bankruptcy or related conditions;
- Any factors concerning the vendor's quantity or quality of the work to be performed or other factors as deemed appropriate by the Solicitation

Responsive

Vendor conforms/complies with all material aspects of the solicitation requirements (e.g., bid security, completed forms)

Non-Responsive

- Vendor does not conform to the mandatory or essential requirements in the solicitation may be disqualified



Proposal Evaluation Committee



- Consists of three (3) to five (5) members, selected by lead department
- Committee members must have expertise relevant to the procurement and be prepared to commit the necessary time and effort required
- Committee members must be independent and objective, without any conflict of interest and/or undue influence
- Committee members will independently and impartially score each response using only the evaluation factors and weights identified in the solicitation
- Committee members must sign the **Non-Disclosure Statement** and **Conflict of Interest Policy** when prompted through Bonfire prior to accessing submissions and must comply with the City's applicable policies
- OPS trains all evaluators on proper procedures, ethics, confidentiality, Bonfire, and facilitates all scoring sessions but does not score.



Evaluations Criterion



- The City evaluation panel will evaluate proposals using the following criteria, each to be weighted as indicated for a total of 100 points
- There is no legal guidance or mandate regarding the use or weight of any criteria.
- As a general rule and at the minimum, criteria should be relevant to the scope of work listed in the solicitation

Criterion Options

- Approach
- *Business Inclusion and Development Plan - Scored by SBC staff only. (15 points)
- Cost
- Equity
- Local Market Experience
- *Local Preference – Applicable for RFB and RFCSP (5 points)
- Project Understanding & Methodology
- Sustainability Factors – Related to Sustainable Procurement/CECAP
- Relevant Experience
- Technical Expertise



Negotiations



RFQ, RFP, & RFCSP Only

- A process by which stakeholders engage with each other to create agreeable terms for a contract
- Reference checks completed
- Negotiations commence with the highest ranked proposer, most advantageous proposer, or most qualified proposer based on procurement method
- Conducted by OPS, in partnership with the lead department
- Fee/Pricing can be negotiated
- Scope of Work can be negotiated



Award Methods



- Award contracts to the lowest responsible bidder or best value proposer, where applicable, or in the case of personal or professional services, on the basis of demonstrated competence and qualifications for the type of services to be performed at fair and reasonable prices.

RFB	RFCSP	RFQ/RFP	RFP only
Lowest Responsive & Responsible Bidder	Most Advantageous Proposer	Most Qualified Proposer	Most Advantageous Proposer





THANK YOU





City of Dallas

Procurement Solicitation and Evaluation Process

**Government Performance and Financial
Management
February 26, 2024**

Danielle Thompson, Director
Kimberly Franklyn, Manager
Office of Procurement Services
City of Dallas



City of Dallas

1500 Marilla Street
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Agenda Information Sheet

File #: 24-690

Item #: D.

Dallas City Hall- Priority Major Maintenance Projects
[Building Services]

Memorandum



CITY OF DALLAS

DATE February 23, 2024

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

SUBJECT **Dallas City Hall – Priority Major Maintenance Projects**

Background

As part of City Council's consideration of the 2024 Bond Program, on February 14, 2024, major maintenance projects for Dallas City Hall were discussed and ultimately unfunded. Given that several City Council Members requested additional details regarding City Hall's deferred maintenance during the February 14th City Council discussions, the purpose of this memorandum is to provide the requested follow-up.

Dallas City Hall Background

Dallas City Hall, initially called the Dallas Municipal Center, was first approved, and funded by the Dallas City Council in 1966. Construction on the new one million square feet, \$70M facility began in 1972 and was completed in 1978. Today, Dallas City Hall serves as the seat of municipal government for the City of Dallas and houses approximately 2,000+ City staff and 34 City departments. Critical City operations, such as the 911 call center, Dallas Fire-Rescue dispatch, 311 Customer Service, Office of Emergency Management, and IT infrastructure supporting public safety services are housed at City Hall.

Major Maintenance Needs and Investments

Approximately \$23M (adjusted for inflation) worth of major maintenance needs were identified for City Hall in the 2017 Facility Condition Assessment (FCA). Since that time, \$4.4M, of the \$7M authorized through the 2017 Bond Program for major maintenance projects at City Hall, has been expended. Completed projects include upgraded electrical switchgear, water infiltration, and Americans with Disabilities Act (ADA) restroom upgrades. Additionally, since FY21, the Building Services Department (BSD) has completed \$6.8M worth of major maintenance projects, which include elevator modernization, ADA upgrades, boiler upgrades, and energy-efficient lighting upgrades. Even with these investments in capital improvements, City Hall's unfunded deferred maintenance needs, many of which were not identified in the 2017 FCA, are estimated at between \$40M-\$50M. Of the known needs for City Hall, the following four major maintenance items are considered a priority:

Emergency Generators Replacement (\$6.5M)

Replacement of the emergency generators involves upgrading the existing and obsolete generators with modern, energy-efficient, and more reliable units. City Hall's generators provide emergency power backup to critical infrastructure like 911, 311, Dallas Fire-

Rescue dispatch, IT servers, and other building systems. The five current generators, of which four are functional, are original to the facility's construction. Repairs, when possible, are costly and more difficult as extended time is required to locate parts, which are no longer commercially available due to the age of the units.

Required in tandem with the generators are electrical upgrades to the Automatic Transfer Switches (ATS), included in the electrical needs below. This upgrade is essential to ensure an uninterrupted power supply during power outages, thereby maintaining the operational continuity of critical systems and services based at City Hall.

Electrical Upgrades (\$4.9M)

Various electrical upgrades are needed at City Hall, which include, but are not limited to replacement of ATS, replacing obsolete distribution panels, and wiring. Funds for the replacement of obsolete distribution panels were included in *Proposition H* of the 2017 Bond Program. However, due to cost increases related to the pandemic, insufficient funds are available to complete all remaining panel upgrades and ADA improvements. Upgrading the electrical infrastructure enhances occupant safety, improves energy efficiency, and reduces the risk of electrical fire/failures which may impact delivery of critical public safety services. Additionally, modern digital electrical infrastructure makes it easier to manage and optimize energy consumption and reduce energy waste, while lowering electricity costs.

HVAC Retrofits (\$8.5M)

Effective January 1, 2030, the Environmental Protection Agency (EPA) will ban all remaining production and import of ozone-depleting refrigerants. To proactively prepare for the EPA's final phase-out of substances that deplete the Ozone Layer, upgrades and retrofitting of City Hall's HVAC infrastructure, which currently utilizes ozone-depleting refrigerants, is recommended. The City is not required to stop using or servicing HVAC equipment that uses prohibited refrigerant after the deadline, though supplies have already become more limited and will continue to do so as the 2030 deadline approaches. As stockpiles dwindle and become more limited, the price will surge as scarcity increases. In addition to the mechanical upgrades, the project also includes upgrades to control panels (JACE), integration with the Building Automation System (BAS), and a long-awaited update to the graphical user interface of the Niagara BAS software. HVAC systems constitute approximately up to 50% of a building's energy usage. New energy-efficient equipment will reduce operational costs due to lower energy consumption; use of environmentally friendly refrigerants will reduce harm to the environment, improve indoor air quality, and support cost-effective and timely repairs.

Fire Suppression Upgrades (\$8M)

Upgrades to City Hall's current fire suppression system include the replacement and modernization of antiquated fire protection systems, which are original to the facility's construction. City Hall's parking garage is protected by overhead "dry" sprinklers; Lower Level 1 (L1), Lower Level 2 (L2), and the 8th floor (mechanical space) are protected by overhead "wet" sprinklers; levels 1 – 7 are protected by standpipe risers. An upgraded

DATE **February 23, 2024**
SUBJECT **Dallas City Hall – Priority Major Maintenance Projects**
PAGE **3 of 3**

fire suppression system will enhance occupant safety, provide additional protection of City assets, and bring City Hall into compliance with the current Code.

In addition to the priority major maintenance needs identified above, City Hall also has a known issue related to water infiltration affecting the parking garages and lower-level floors.

Water Infiltration (\$40M)

Over the years, during periods of rain, water from the City Hall Plaza and building perimeter continues to infiltrate the parking garage and lower-level facility interiors. Less costly, previous attempts to solve this issue, which include expansion joint/crack sealing, tar injections, and interior diversion gutters did not resolve the issue. Initial estimates for repair were projected at \$15M+, with the most recent around \$31M, which, when adjusted for bond program construction administration fees, is estimated at \$40M. The project was submitted for consideration in previous bond programs, but was not funded. Over time, water infiltration can erode soil around the foundation, leading to soil shifting and settlement, as well as deterioration of concrete structure and components. This can result in a variety of problematic issues. Addressing water infiltration issues early is more cost-effective compared to allowing the problem to escalate, leading to additional damage and more costly future repairs.

Potential Funding Mechanism

On February 21, 2024, a recommendation was made to the City Council, which proposed to reallocate a portion of unused and/or at-risk American Rescue Plan Act (ARPA) funds for various City initiatives. Included in those recommendations was the reallocation of \$7.8M worth of funds, which would be used to complete the generator upgrades and a portion of the electrical upgrades. An item to approve the recommended reallocations is scheduled for the February 28, 2024, City Council Agenda.

Should there be any questions, please contact John Johnson, Director of Building Services Department, at john.johnson2@dallas.gov.



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

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

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

1500 Marilla Street
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Dallas, Texas 75201

Agenda Information Sheet

File #: 24-687

Item #: E.

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

Memorandum



CITY OF DALLAS

DATE February 26, 2024

TO Honorable Members of the Government Performance and Financial Management Committee

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

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

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

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

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

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

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
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City of Dallas

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Agenda Information Sheet

File #: 24-688

Item #: F.

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

Memorandum



CITY OF DALLAS

DATE February 23, 2024

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

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

Background

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

Recommended Opportunities for Development/Redevelopment of City Real Estate

Over the last several months, staff from the Departments of Economic Development, Housing and Neighborhood Revitalization, Building Services, Public Works, and the City Manager's Office have been reviewing the City's real estate portfolio, through the lens of opportunities for development or redevelopment, and have recommended either appraising or developing requests for proposals (RFPs) of the following properties:

1. Appraisals (Estimated cost of \$20K, each; \$60K total):
 - a. Executive Airport
 - b. Canton St. Service Center
 - c. Dallas Water Utilities Property in Hutchins, TX
2. Development of RFPs through a Consultant (Estimated cost of \$150K, each; \$600K total):
 - a. Vilbig Auto Pound
 - b. Oak Cliff Municipal Center (OCMC)
 - c. North Oak Cliff Library
 - d. Park Forest Library
3. Development of RFPs through Public Works – Real Estate (No cost consideration)
 - a. Family Gateway Building
 - b. Downtown Courts Building, 5th Floor
 - c. 606 Good Latimer

As a note to the development of RFPs through a consultant compared to those recommended to be completed by Public Works – Real Estate, the properties identified to be completed by a consultant provide opportunities for large, mixed-use redevelopment. It is intended that the consultant leading the development of the RFPs

DATE **February 23, 2024**
SUBJECT **Review of City Real Estate for Development and Redevelopment Opportunities**
PAGE **2 of 2**

would also seek appropriate funding partners to submit proposals for City consideration of mixed-use, Public-Private Partnership (PPP) opportunities.

Next Steps

Based upon feedback from the GPFM Committee, staff will evaluate funding options for the \$660K estimated cost for appraisals and consultant-led RFP development. The inter-departmental team will also begin working on the development of the RFPs through Public Works – Real Estate and will begin preparing this information for an upcoming City Council briefing.

Once funding is identified for the appraisals and consultant-led RFPs, consistent with the timelines provided through briefings to the Ad Hoc Committee on Pensions on January 11, 2024, and to City Council through a Special Called Meeting on January 19, 2024, staff will engage with consultants on the appraisals and RFPs through September 2024. Between October 2024 and December 2024, findings from the appraisals and RFPs will be presented to the GPFM Committee and then to the City Council. Beginning in January 2025, staff will proceed with the development and/or redevelopment opportunities based upon City Council approval.

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



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

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
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Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

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Dallas, Texas 75201

Agenda Information Sheet

File #: 24-689

Item #: G.

Code Amendment Status: Private Game Clubs
[Planning & Urban Design]

Memorandum



CITY OF DALLAS

DATE February 16, 2024

HONORABLE MEMBERS OF THE CITY COUNCIL GOVERNMENT PERFORMANCE AND FINANCIAL
TO Management Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse Moreno, Jaime Resendez

SUBJECT **Code Amendment Status: Private Game Clubs**

On December 12, 2023, the City Attorney's Office, in conjunction with the Planning and Urban Design Department, briefed the Government Performance and Financial Management Committee on the status of a code amendment to consider a new use category, "Private Game Clubs."

Since that time, staff has prepared a proposal that considers amending Chapters 51 and 51A of the Dallas Development Code, Section 51-4.208 "Recreation and Entertainment Uses", Section 51A-4.208 "Recreation Uses", and related sections with consideration to be given to defining a use, "private game club", and establishing appropriate zoning districts and development standards associated with the use.

To comply with Chapter 47 of the Texas Penal Code, as proposed, a "private game club" may only be open to members who meet more than de minimis eligibility requirements. The use may only be accessory to a main use and all economic benefits, other than personal winnings, must come from the main use. Except for the advantage of skill or luck, the risks of losing and the chances of winning any competitive game must be the same for all participants.

This proposed code amendment will be presented to the ZOAC on March 5, 2024.

Please contact Andrea Gilles, Director of the Department of Planning and Urban Design at (469) 918-4026 or Andrea.Gilles@dallas.gov if you have any questions or concerns.

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

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

Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
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City of Dallas

1500 Marilla Street
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Dallas, Texas 75201

Agenda Information Sheet

File #: 24-695

Item #: H.

Annual Investment Policy Review
[City Controller's Office]

Memorandum



CITY OF DALLAS

DATE February 23, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Annual Investment Policy Review**

The Public Funds Investment Act (“PFIA”) requires that the City Council annually adopt a written instrument stating that it has reviewed the City’s Investment Policy and approved any changes thereto. Investment policies must address safety of principal, liquidity, yield, diversification, and maturity, with primary emphasis on safety of principal. Beginning in 1997, the City Council has annually reviewed the Investment Policy to approve revisions, incorporate amendments required by the PFIA, improve management of the City’s investments, and reflect organizational changes.

On October 26, 2022, City Council authorized the adoption of the City’s revised Investment Policy and investment strategies regarding funds under the City’s control and management by Resolution No. 22-1598.

On February 13, 2024, the City’s Investment Committee, which is composed of the Chief Financial Officer, City Controller, Assistant Director of Treasury, Interim Director of Dallas Water Utilities, and the Director of Budget Management Services, working with the City’s investment advisor, Meeder Public Funds, reviewed changes made to the PFIA in 2023, and the performance of the portfolio under the current policy and market conditions.

At the advice of the City’s investment advisor, the City’s Investment Committee, recommends incorporating amendments required by the PFIA, however, no changes to the investment strategies are needed at this time. A redlined copy of the proposed policy is attached for your review. The City’s Investment Committee requests the City Council to approve on February 28, 2024 item 24-199 to adopt the City’s Investment Policy and investment strategies regarding funds under the City’s control and management.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "Jack Ireland".

Jack Ireland
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
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Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



CITY OF DALLAS

INVESTMENT POLICY

As Approved on ~~October 26, 2022~~ February 28, 2024

by:

The Honorable Mayor
and
Members of the City Council

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1.0 Policy

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

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

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

2.0 Scope

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

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

2.2 Funds not governed by this Policy include:

2.2.1 Employees' Retirement Fund

2.2.2 Dallas Police and Fire Pension System

2.2.3 Deferred Compensation Funds

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

3.0 Objective

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

3.1 **Safety**

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

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

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

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

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

3.2 Liquidity

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

3.3 Yield

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

4.0 Delegation of Authority

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

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

5.0 Prudence

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

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

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

6.0 Ethics and Conflicts of Interest

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

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

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

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

7.0 Training

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

8.0 Authorized and Suitable Investments

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

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

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

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

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

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

- 8.6 A securities lending program is an authorized investment if it meets the following conditions:
- a) A loan made under the program must allow for termination at any time;
 - b) A loan made under the program must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state that is rated no less than A or its equivalent by two nationally recognized rating services. An agreement to lend securities must have a term of one year or less and shall comply with the provisions of section 1058 of the Internal Revenue Code;
 - c) A loan made under the program must be secured as prescribed in Section 2256.0115(b)(3) of the Act. Securities being held as collateral must be pledged to the City, held in the City's name, and deposited at the time the investment is made with a third party approved by the City;
 - d) The amount of collateral must not be less than 100% of the market value of securities loaned, including accrued income. The market value of securities loaned shall be determined daily. Cash received as collateral shall not be invested for a term later than the expiration date of the securities lending agreement and may only be invested in investments as authorized by this Policy.
- 8.7 Commercial paper is an authorized investment if the commercial paper:
- a) has a stated maturity of 270 days or fewer from the date of its issuance;
 - b) is rated not less than A-1 or P-1 or an equivalent rating by at least:
 - 1. two nationally recognized credit rating agencies; or
 - 2. one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.
- 8.8 No-load money market mutual funds that are registered with and regulated by the Securities and Exchange Commission that meet the requirements of the PFIA, and, in addition:
- a) are rated not less than Aaa or an equivalent rating by at least one nationally recognized rating service; and,
 - b) have provided the City with a prospectus and other information as may be required by law.

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

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

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

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

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

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

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

9.0 Authorized Broker/Dealers and Financial Institutions

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

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

10.0 Competitive Bidding

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

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

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

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

11.0 Collateralization of Deposits

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

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

Eligible Collateral

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

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

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

12.0 Safekeeping and Custody

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

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

13.0 Diversification and Maximum Maturities

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

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

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

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

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

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

14.0 Sale of Securities

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

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

15.0 Investment Committee

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

16.0 Investment Advisor

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

17.0 Investment Strategies

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

17.1 Investment Pool Strategy

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

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

17.2 Bond Funds Strategy

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

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

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

17.3 Bond Reserve Fund Strategy

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

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

17.4 Endowment Funds Strategy

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

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

17.5 Commercial Paper Funds Strategy

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

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

18.0 Reporting

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

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

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

19.0 Annual Compliance Audit

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

20.0 Investment Policy Adoption

The City's Investment Policy is hereby adopted by resolution of the City Council on ~~October 26, 2022~~ February 28, 2024, in accordance with the PFIA.

GLOSSARY

ACCRETION OF DISCOUNT

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

ACCRUED INTEREST

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

AMORTIZATION OF PREMIUM

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

ASK

The price at which securities are offered by sellers.

BARBELL MATURITY STRATEGY

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

BASIS POINT

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

BENCHMARK

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

BID

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

BOND EQUIVALENT YIELD

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

BOOK ENTRY SECURITIES

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

BOOK VALUE

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

BROKER

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

CALLABLE BOND

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

CERTIFICATE OF DEPOSIT (CD)

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

CODE

The Internal Revenue Code of 1986, as amended.

COLLATERAL

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

COLLATERALIZED MORTGAGE OBLIGATION (CMO)

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

COMMERCIAL PAPER

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

CONFIRMATION

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

COUPON RATE

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

CREDIT RISK

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

CUSIP NUMBER

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

CUSTODY

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

DEALER

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

DELIVERY VERSUS PAYMENT (DVP)

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

DEPOSITORY TRUST COMPANY (DTC)

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

DERIVATIVE

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

DISCOUNT

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

DISCOUNT SECURITIES

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

DIVERSIFICATION

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

DURATION

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

ECONOMIC CYCLE (BUSINESS CYCLE)

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

EFFECTIVE MATURITY

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

FACE VALUE

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

FAIL

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

FAIR VALUE

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

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)

A federal agency that insures bank deposits.

FEDERAL FARM CREDIT BANKS (FFCB)

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

FEDERAL FUNDS

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

FEDERAL HOME LOAN BANKS (FHLB)

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

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

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

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae)

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

FEDERAL OPEN MARKET COMMITTEE (FOMC)

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

FEDERAL RESERVE SYSTEM

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

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

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

FINRA RULE 2111 (SUITABILITY)

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

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

FIXED-INCOME SECURITY

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

GOVERNMENT-SPONSORED ENTERPRISES (GSE's)

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

INSTRUMENTALITIES

See Government-Sponsored Enterprises

INTEREST RATE RISK

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

LADDERED MATURITY STRATEGY

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

LIQUIDITY

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

LIQUIDITY RISK

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

MARKET RISK

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

MARKET VALUE

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

MARKING-TO-MARKET

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

MASTER REPURCHASE AGREEMENT

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

MATURITY DATE

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

MONEY MARKET INSTRUMENT

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

MORTGAGE-BACKED SECURITIES (MBS)

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

OFFER

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

OPEN MARKET OPERATIONS

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

OPPORTUNITY COST

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

PAR

See Face Value

PFIA OR ACT

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

POOLED FUND GROUP

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

PREMIUM

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

PRIMARY DEALER

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

PRINCIPAL

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

PRUDENT PERSON RULE

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

QUALIFIED REPRESENTATIVE

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

RATE OF RETURN

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

REINVESTMENT RATE

The interest rate earned on the reinvestment of coupon payments.

REINVESTMENT RATE RISK

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

REPURCHASE AGREEMENT (RP or REPO)

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

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

REVERSE REPURCHASE AGREEMENT

(See Repurchase Agreement)

SAFEKEEPING

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

SECONDARY MARKET

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

SECURITIES AND EXCHANGE COMMISSION (SEC)

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

SECURITIES LENDING

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

SEC RULE 15C3-1

See Uniform Net Capital Rule

STRUCTURED NOTES

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

SEPARATELY INVESTED ASSET

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

SPREAD

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

STRIPS

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

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

SWAP

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

TOTAL RETURN

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

TREASURY BILLS

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

TREASURY BONDS

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

TREASURY NOTES

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

UNIFORM NET CAPITAL RULE

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

YIELD TO MATURITY (YTM)

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

APPENDIX A
PUBLIC FUNDS INVESTMENT ACT

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

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

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

Sec. 2256.002. DEFINITIONS. In this chapter:

- (1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.
- (2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.
- (3) "Funds" means public funds in the custody of a state agency or local government that:
 - (A) are not required by law to be deposited in the state treasury; and
 - (B) the investing entity has authority to invest.
- (4) "Institution of higher education" has the meaning assigned by Section [61.003](#), Education Code.
- (5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section [2256.003](#).
- (6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:
 - (A) preservation and safety of principal;
 - (B) liquidity; and

(C) yield.

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) a local government;

(2) a state agency;

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

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

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

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

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

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

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

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

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

Amended by:

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

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

(b) The investment policies must:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amended by:

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

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

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

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

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

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

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

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

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

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

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

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

Amended by:

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

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) only deposits those funds in:

(A) interest-bearing deposit accounts; or

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

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

Amended by:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amended by:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amended by:

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

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

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

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS.

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

(1) has a defined termination date;

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

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

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

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

(b) In this section:

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

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

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

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

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

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

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

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

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

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

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

Amended by:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(C) cash invested in accordance with Section:

(i) 2256.009;

(ii) 2256.013;

(iii) 2256.014; or

(iv) 2256.016;

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

(A) pledged to the investing entity;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) two nationally recognized credit rating agencies;

or

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

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

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

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

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

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

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

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

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

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

(3) either:

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

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

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

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

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

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

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

Amended by:

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

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

(1) has a defined termination date;

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

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

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

(c) To be eligible as an authorized investment:

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

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

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

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

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

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

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

Amended by:

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

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

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

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

(2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;

(3) the maximum stated maturity date any investment security within the portfolio has;

(4) the objectives of the pool;

(5) the size of the pool;

(6) the names of the members of the advisory board of the pool and the dates their terms expire;

(7) the custodian bank that will safekeep the pool's assets;

(8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;

(9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;

(10) the name and address of the independent auditor of the pool;

(11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;

(12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and

(13) the pool's policy regarding holding deposits in cash.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

(1) investment transaction confirmations; and

(2) a monthly report that contains, at a minimum, the following information:

(A) the types and percentage breakdown of securities in which the pool is invested;

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

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

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

(E) the size of the pool;

(F) the number of participants in the pool;

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

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

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

(J) the portfolio managers of the pool; and

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

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

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

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

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

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

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

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

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

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

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

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

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

Amended by:

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

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

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

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

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

Amended by:

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

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

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

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

Amended by:

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

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

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

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

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

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

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

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

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

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

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

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

Amended by:

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

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

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

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

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

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

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

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

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

(2) is an unsecured debt obligation.

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

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

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

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

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

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

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

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

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

- (2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

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

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

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST.

(a) In this section:

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

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

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

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

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

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

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

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS.

(a) In this section:

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

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

(i) outstanding long-term indebtedness;

(ii) long-term indebtedness proposed to be

issued; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The report must:

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

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

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

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

(A) beginning market value for the reporting period;

(B) ending market value for the period; and

(C) fully accrued interest for the reporting period;

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

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

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

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

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

(B) relevant provisions of this chapter.

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

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

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

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

Amended by:

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

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

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

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

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

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

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

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

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

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

Amended by:

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

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

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

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

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

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

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

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

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

APPENDIX B

COUNCIL RESOLUTION

~~October 26, 2022~~ February 28, 2024

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

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

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

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

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

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

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



City of Dallas

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

Agenda Information Sheet

File #: 24-723

Item #: I.

Quarterly Investment Report - 1st Quarter FY2023-24
[City Controller's Office]

Memorandum



DATE February 23, 2024

CITY OF DALLAS

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

SUBJECT **Quarterly Investment Report – 1st Quarter FY2023-24**

Please find attached the Quarterly Investment Report for the first quarter of FY 2023-24, ending December 2023. The report was prepared by the City’s Investment Advisor, Meeder Public Funds Patterson Group (“Meeder”) and presented to the City’s Investment Committee on February 13, 2024. This report was produced in compliance with the State of Texas Public Funds Investment Act, and the City’s Investment Policy.

The Quarterly Investment Report provides information on the performance of the City’s Operating portfolio. As of December 31, 2023, the Operating portfolio’s balance was **\$3,536,341,805**, which produced actual earnings of **\$35,773,145.69** for the first quarter.

The Quarterly Investment Report also provides balance information for the following portfolios, which are managed internally by the Treasury Department.

- Arts Endowment
- DWU Commercial Paper Program
- GO Commercial Paper Program
- Ida Green Library Fund, and
- Water Reserve Fund

Portfolio Market Value by Fund	9/30/2023	12/31/2023	Change	Interest Earned
Operating Portfolio	\$3,243,045,116.01	\$3,536,341,805.13	\$293,296,689.12	\$35,773,145.69
Arts Endowment	\$2,235,000.00	\$2,235,000.00	\$0.00	\$33,180.87
DWU Commercial Paper Program	\$13,960.15	\$0.00	(\$13,960.15)	\$15.98
GO Commercial Paper Program	\$20,688,753.36	\$20,688,753.36	\$0.00	\$274,923.31
Ida Green Library Fund	\$1,000,000.00	\$1,000,000.00	\$0.00	\$14,593.98
Water Reserve	\$90,000,000.00	\$124,000,000.00	\$34,000,000.00	\$1,419,374.51
Total	\$3,356,982,829.52	\$3,684,265,558.49	\$327,282,728.97	\$37,515,234.34

All portfolios are managed following the City’s Investment Policy objectives of Safety, Liquidity, and Yield.

In addition to reporting requirements, the Public Funds Investment Act (Chapter 2256.005 Texas Government Code) requires the governing body of an investing entity to perform an annual review of its investment policy and strategies. The City’s Investment Committee has reviewed the City’s Investment Policy and recommends no changes at this time. The City’s Investment Committee is requesting the City Council to approve the City’s Investment Policy on February 28, 2024.

DATE
SUBJECT

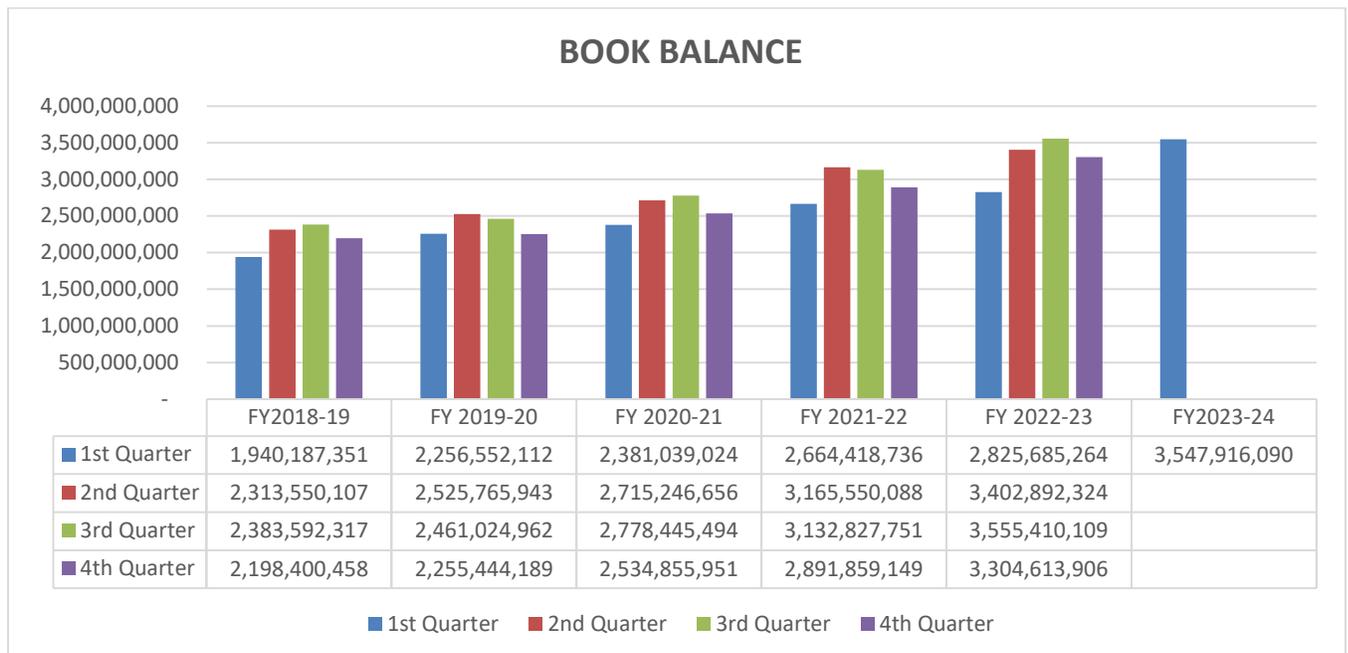
February 23, 2024
Quarterly Investment Report – 1st Quarter FY2023-24

Highlights of 1st Quarter Operating Portfolio Performance

- Successfully executed transactions that improved the overall performance of the portfolio, including selling short-term securities to buy commercial paper and swapping three-to-four-year treasuries for higher-yielding agency securities.
- During the first quarter of FY 2023-24, the City’s operating portfolio earned \$35,773,146, with a weighted average yield of 4.52%. The book balance increased from \$3,304,613,906 at the end of the 4th quarter of FY 2022-23 to \$3,547,916,090 which is the highest first quarter since FY 2018-19.
- Treasury staff will continue to work with our investment advisor to identify opportunities to rebalance positions in the 0–1- year maturity to take advantage of the higher interest rates, and to extend the portfolio to our targets while matching known future debt payments.

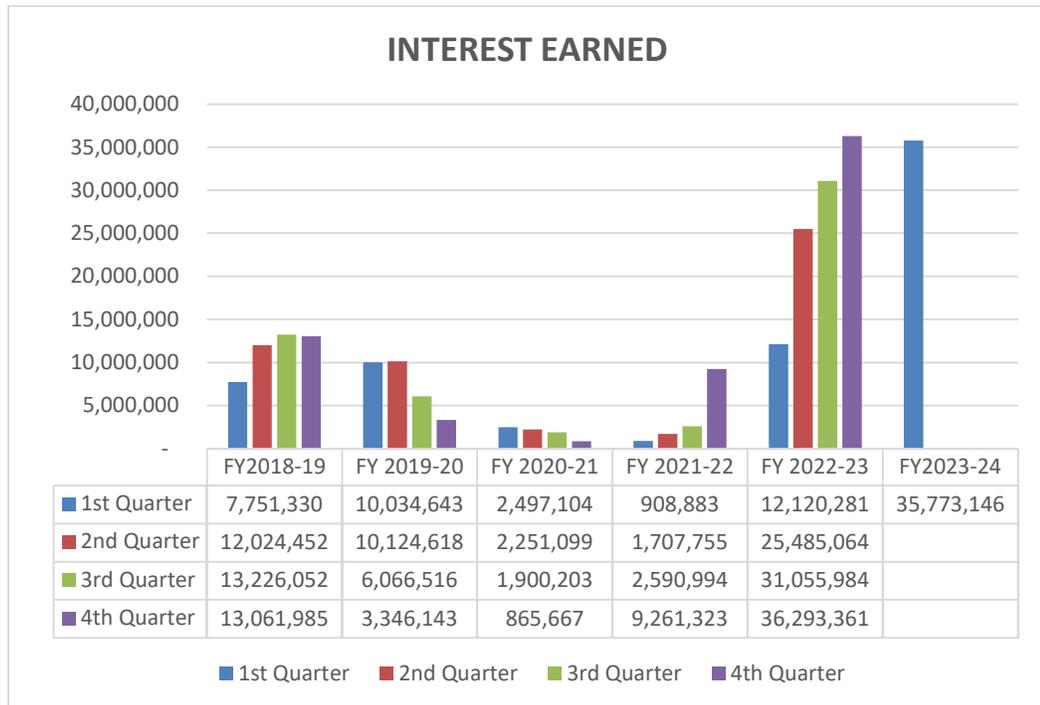
Book Balance

- The book balance for the 1st quarter of FY 2023-24 was \$3,547,916,090 which is 20.36% higher than the previous year.
- The increase of the book balance is a direct result of high property tax collection and the completion of several bond issuances.
- Book balance is expected to decrease slightly in the 2nd quarter as over \$300M in debt service payments will be made on February 15.



Interest Earned

- Interest rates continue to remain high resulting in the highest first quarter, and the second highest quarter of the last five fiscal years. During the 1st quarter of FY 2023-24, the portfolio earned **\$35,773,146**, slightly lower (\$520,215) than the previous quarter.
- Assuming the portfolio’s book balance remains high during FY 2023-24, we expect interest earnings to trend slightly higher than previous fiscal year.



Asset Composition

To ensure the ability of the City to meet obligations and to minimize potential liquidation losses, Section 13.0 of the City’s Investment Policy establishes the appropriate diversification of assets and the maximum maturity of each investment category. Safety of principal is the primary objective of the City’s Investment Policy, and adequate diversification of assets helps us mitigate credit risk.

Following this guidance, the asset composition for the 1st quarter for FY 2023-24 included treasuries, agencies, commercial paper, and municipal obligations which were maintained within approved levels, while reducing our liquid position in the areas of cash, and money market. Balances at the local government investment pools were slightly higher than the two previous first quarters due to an increase on property tax collections and bonds transactions completed late November 2023.

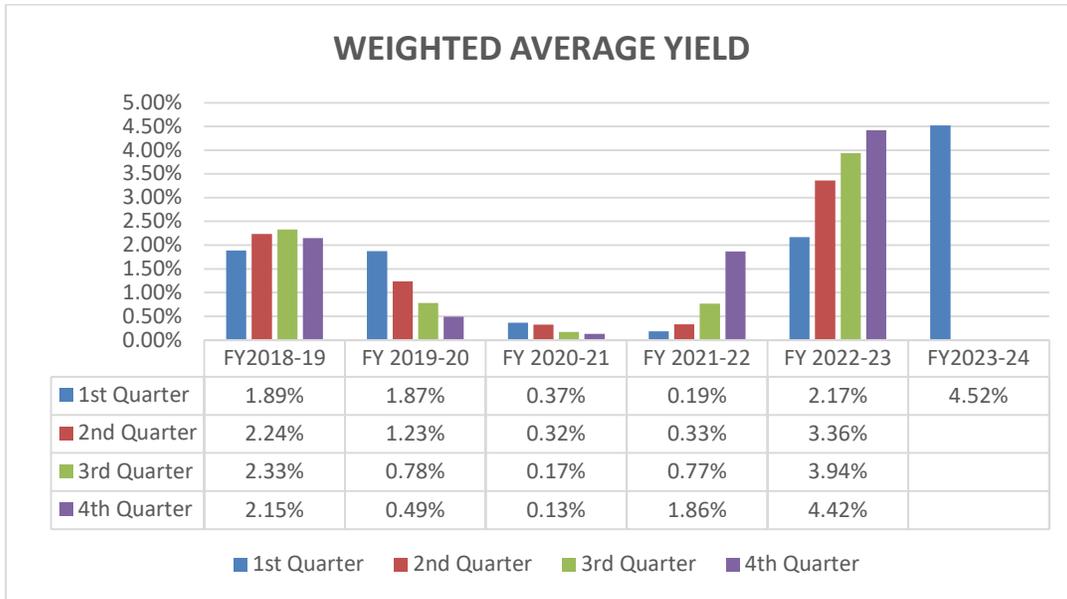
DATE
SUBJECT

February 23, 2024
Quarterly Investment Report – 1st Quarter FY2023-24

Asset Composition - Q1	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Cash & Equivalents	3.97%	3.61%	0.04%	0.00%
Money Market	13.71%	4.89%	0.12%	0.10%
LGIPs	37.51%	9.56%	13.37%	16.24%
Commercial Paper	0.00%	0.00%	2.62%	19.66%
Municipal Obligations	0.00%	0.00%	0.18%	0.28%
U.S. Government Agencies	35.30%	75.46%	60.21%	32.86%
U.S. Treasury Securities	9.52%	6.48%	23.46%	30.86%

Weighted Average Yield

- The portfolio’s weighted average yield for the first quarter of FY 2023-24 was the highest of the last five fiscal years at 4.52%.
- As the Federal Reserve continues to monitor inflation, our investment strategy will remain to lock longer term rates to allow the portfolio yield to remain elevated over a longer period of time.

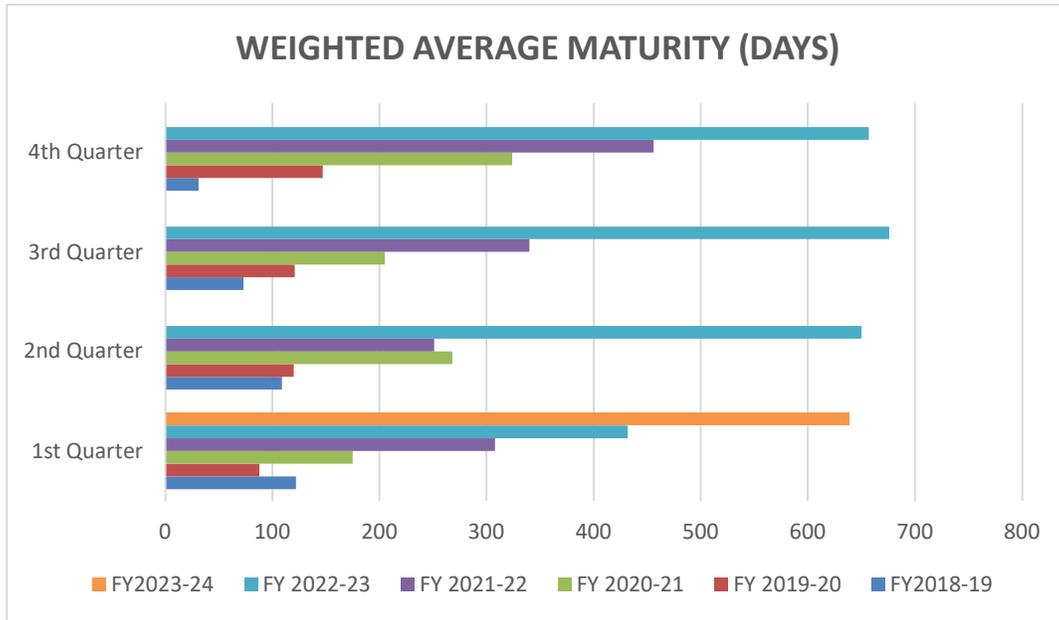


Weighted Average Maturity (“WAM”)

- Weighted Average Maturity (“WAM”) is the average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio.
- The portfolio’s Weighted Average Maturity is determined by cash flow demands, interest rate outlook and the overall size of the portfolio.

DATE February 23, 2024
 SUBJECT **Quarterly Investment Report – 1st Quarter FY2023-24**

- The portfolio’s WAM as of December 31, 2023 was 639 days as compared to 657 days a quarter prior.



In addition to the performance of the portfolios, the Quarterly Investment Report includes an Executive Summary, an Economic Update including regional economic information, and Compliance Certification. You may access all published reports on the City’s Financial Transparency website.

<https://dallascityhall.com/departments/budget/financialtransparency/Pages/current-financial-reports.aspx>

If you have any questions, please contact Jenny Kerzman, Assistant Director of Treasury.

Jack Ireland
 Chief Financial Officer

[Attachment]

c: Honorable Mayor and Members of the City Council
 T.C. Broadnax, City Manager
 Tammy L. Palomino, City Attorney
 Mark Swann, City Auditor
 Bilierae Johnson, City Secretary
 Preston Robinson, Administrative Judge
 Kimberly Bizzor Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager
 Majed A. Al-Ghafry, Assistant City Manager
 M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
 Dr. Robert Perez, Assistant City Manager
 Genesis D. Gavino, Chief of Staff to the City Manager
 Directors and Assistant Directors



MEEDER
PUBLIC FUNDS

City of Dallas

Quarterly Investment Report

PRESENTED BY:

SCOTT GRUBER, CMT – DIRECTOR, ADVISORY SERVICES

DECEMBER 31, 2023

Executive Summary

- In closing out the calendar year, interest rates moved lower as markets began anticipating more rate cuts in 2024. Following an updated dot plot from the Federal Reserve that showed the committee expected three rate cuts in 2024, as well as an acknowledgment from Chairman Jerome Powell that the Federal Reserve had discussed rate cuts, markets quickly priced in six total cuts for 2024. With both the Federal Reserve and market participants expecting rate cuts in the new year, the actual path of rates will be determined by the resilience or lack thereof of economic data.
- Over the course of the past quarter, we continued to find opportunities to sell short securities and use the proceeds to buy commercial paper. We purchased five pieces of commercial paper in the quarter, each off of matched maturity swaps. We were also able to sell some three-to-four-year treasuries and swap those into higher-yielding agency securities. We also took advantage of attractive yields and purchased several bonds to match known debt service payments.
- In the coming quarter, the City should expect the following areas of focus: continued cash flow analysis to identify the amount to be invested in the City's core portfolio, evaluating opportunities to rebalance positions in the 0–1 year maturity range with security swaps to take advantage of the higher-yielding bonds, and extending the portfolio to our targets while matching known future debt payments.



M E E D E R
PUBLIC FUNDS



Economic Update

US Bank Failures

Signature Bank, Silicon Valley Bank, First Republic Bank

Federal Reserve Raised the Fed Funds rate 4 times in 2023, bringing the Federal Funds rate to 5.375%.

Fitch Downgrades United States Credit Rating to AA on August 1.

US Tracks shoots down alleged **Chinese spy balloon.**

The 2yr Treasury note yielded **4.43%** in Dec 2022 and ended the year at **4.25%**

OPEC cuts oil supply 4 times in 2023

UBS acquires Credit Suisse.

Chat GPT and AI take the world by storm.

The 5yr Treasury note yielded **4.00%** in Dec 2022 and ended 2023 at **3.85%**

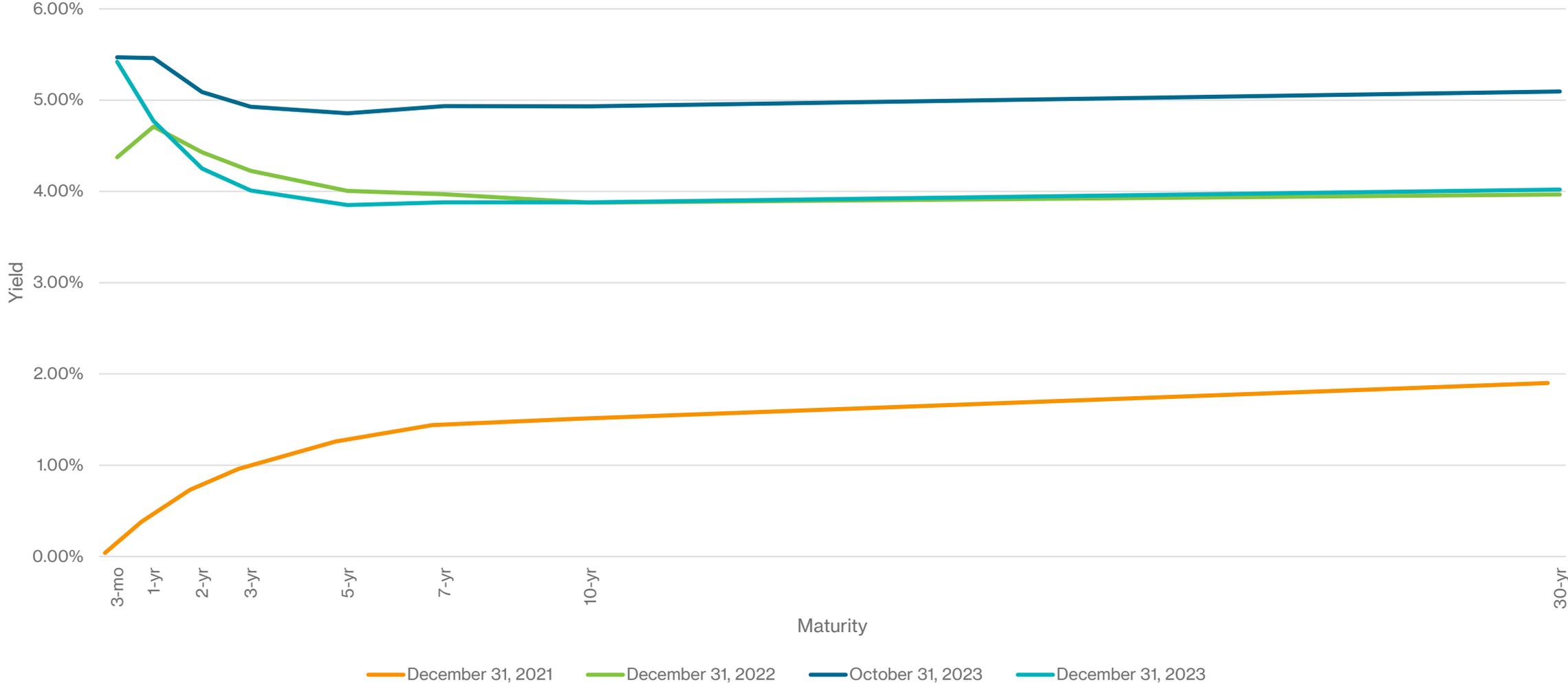
Israel & Hamas conflict begins October 7th.

Titan Submersible Implodes

US Treasury Yields



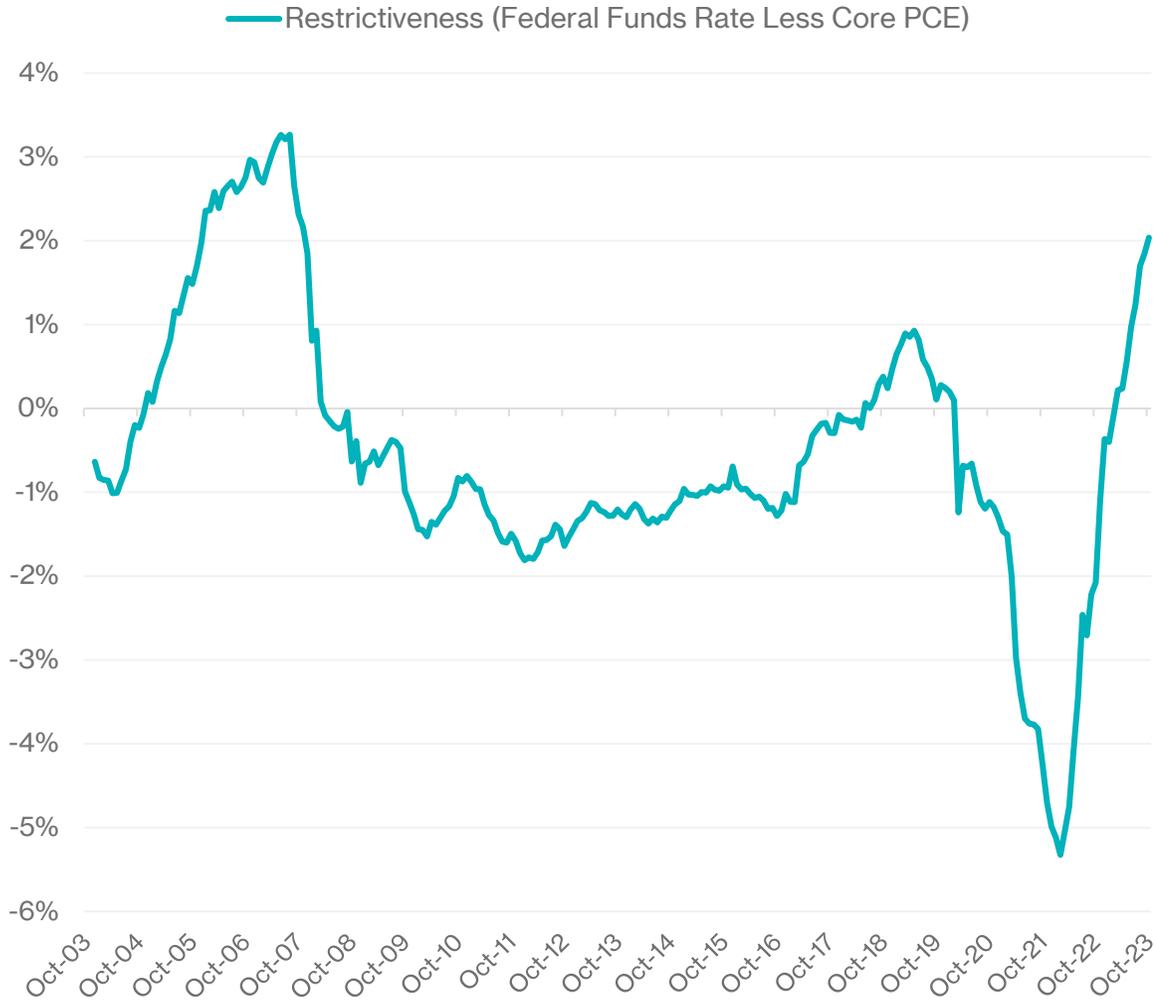
U.S. Treasury Yield Curve



SOURCE: BLOOMBERG

Central Banking 101

Keeping Rates Unchanged Will Increase Restrictiveness

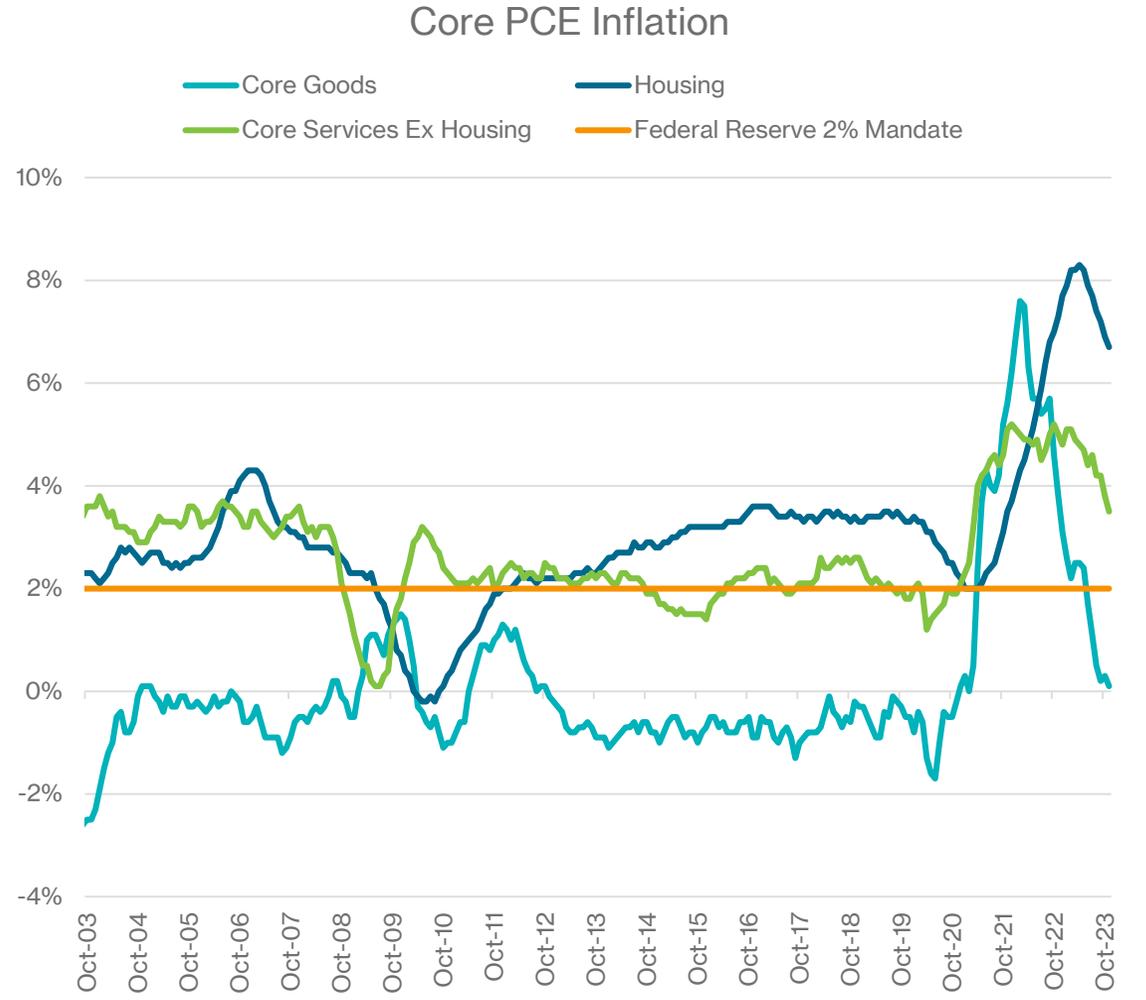
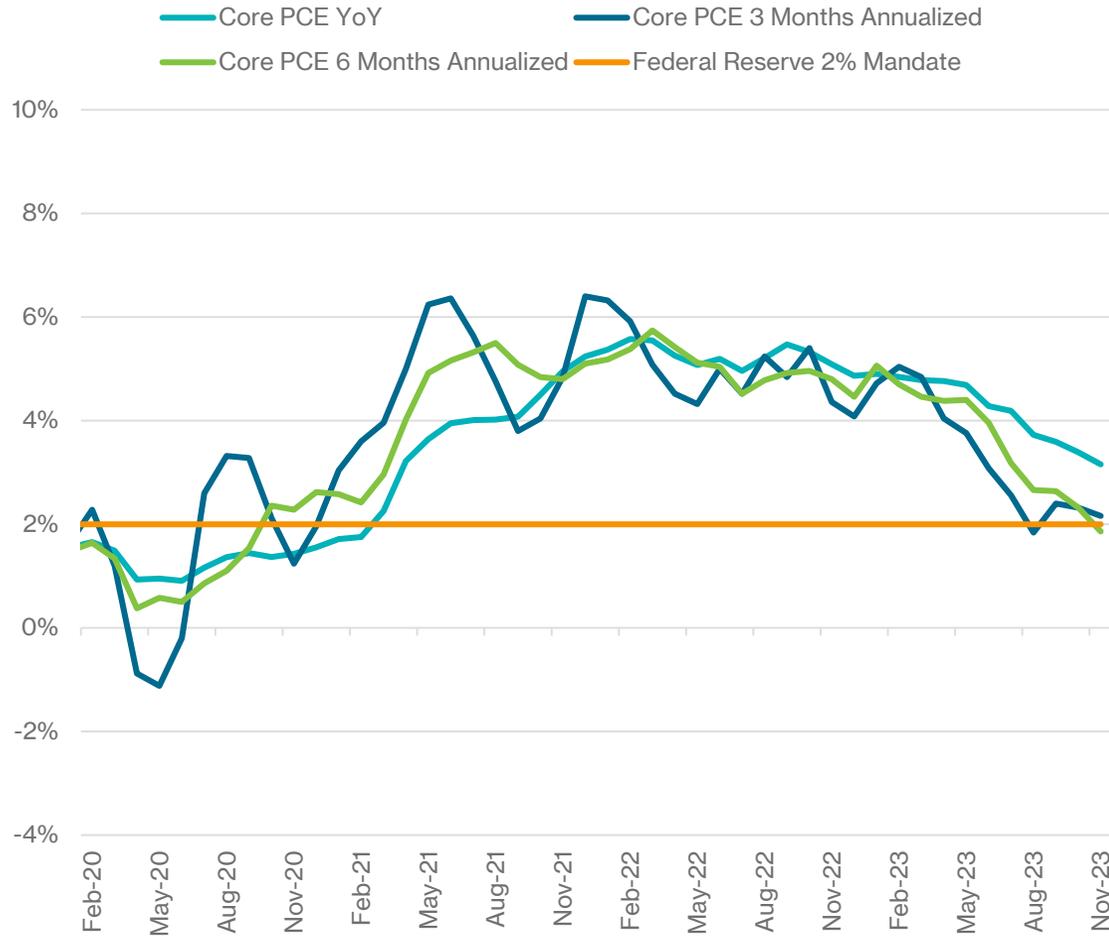


	2023	2024	2025
Federal Funds Rate	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%
Federal Reserve Core PCE Expectations	3.2%	2.4%	2.2%
Implied Restrictiveness	2.15%	2.95%	3.15%

SOURCE: BLOOMBERG, FOMC MEMBER CHRISTOPHER WALLER

What's Ahead For Inflation

Recent Data Points To Continued Disinflation



Leading Economic Indicators

Leading Economic Indicators Have Declined for a Record 20 Months

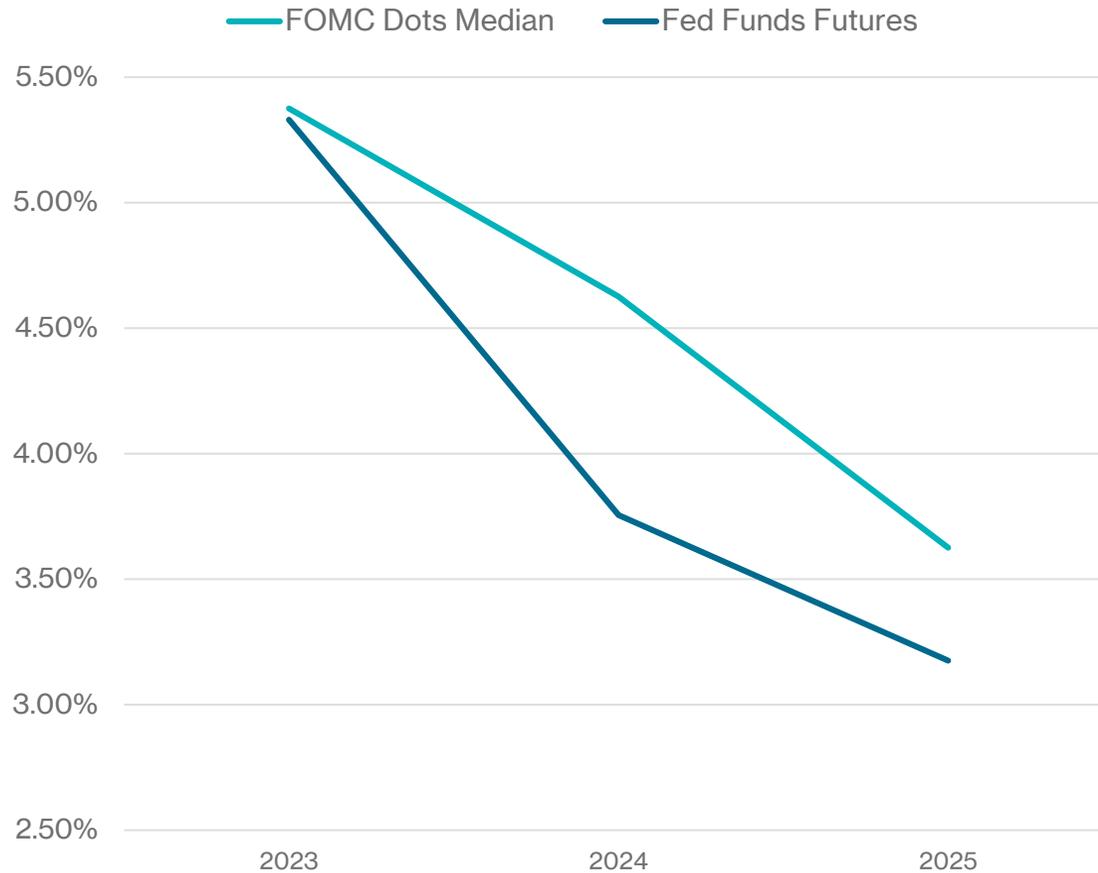


SOURCE: THE CONFERENCE BOARD

FOR INFORMATIONAL PURPOSES ONLY. SEE IMPORTANT DISCLOSURES AT THE END OF THE PRESENTATION.

Market Expectations

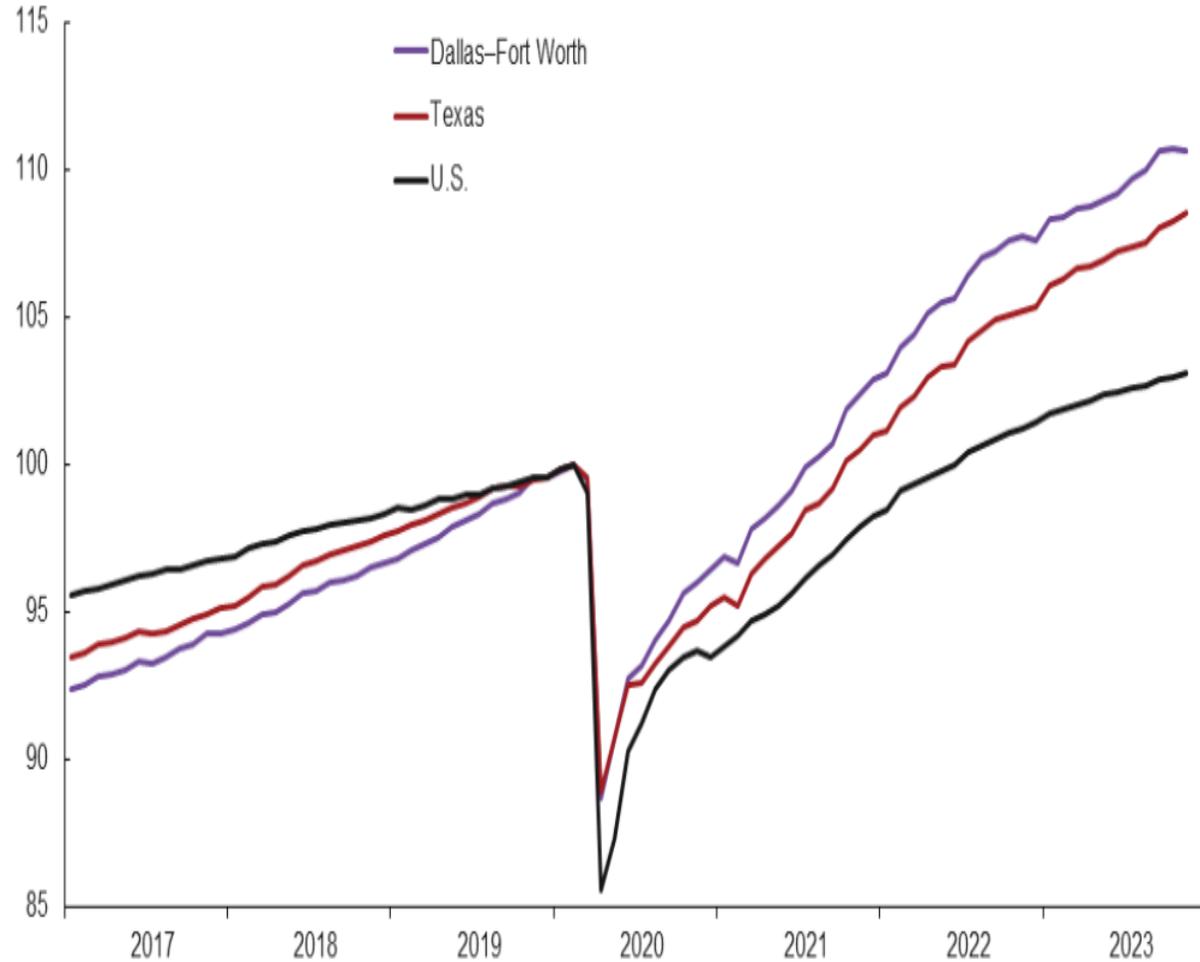
The Most Recent FOMC Meeting Saw A Dovish Pivot



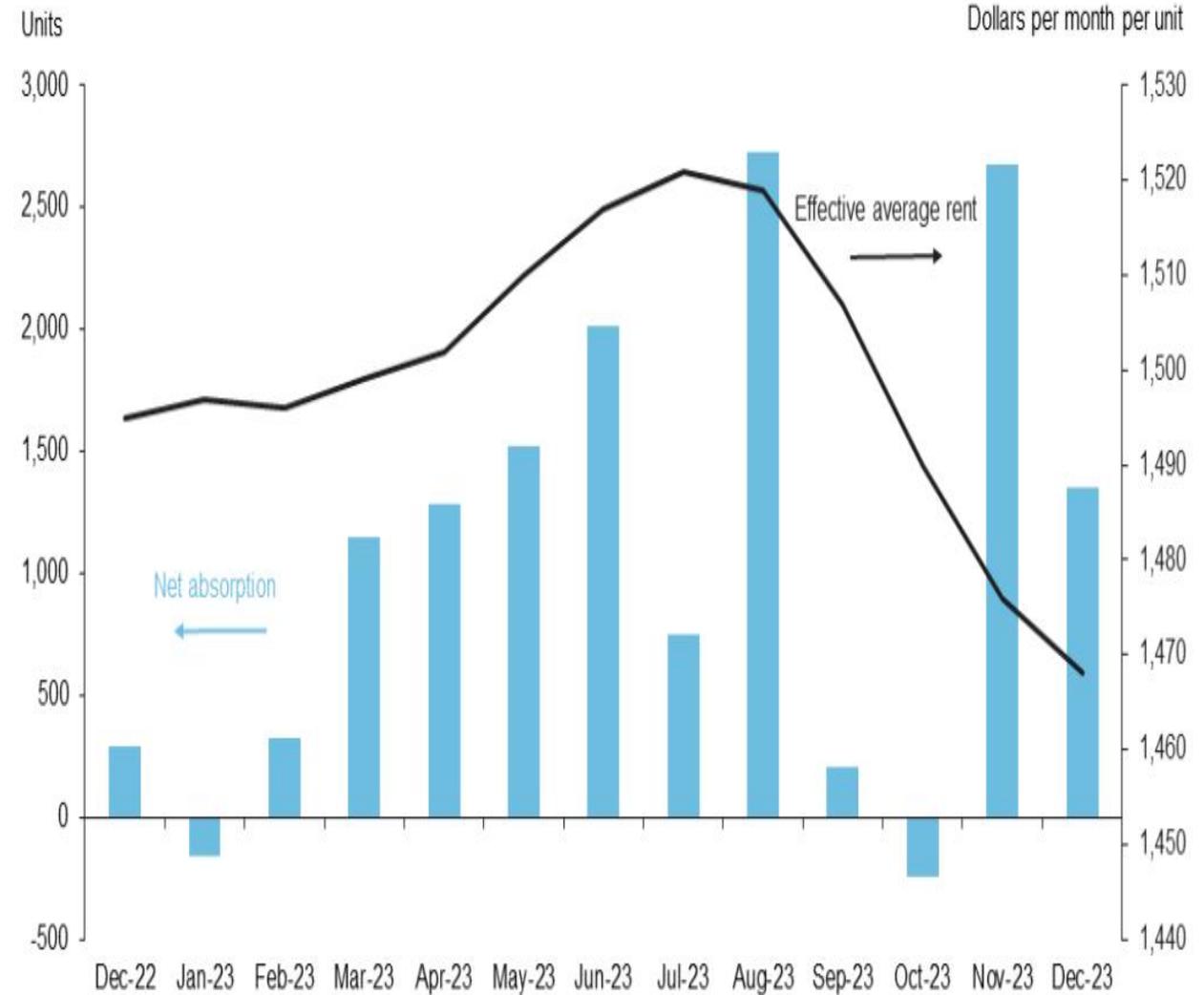
- Chairman Jerome Powell took every opportunity at the December FOMC meeting to signal rate cuts in 2024
- Since the meeting, several FOMC members have stated they expect rate cuts in 2024

Regional Economic Information

Payrolls Shrink



Apartment Demand



SOURCE: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

SOURCE: MRI ApartmentData.com.



MEEDER
PUBLIC FUNDS

Portfolio Review

Quarterly Portfolio Summary – All Funds



This quarterly report is prepared in compliance with the Investment Policy and Strategy of the City of Dallas and the Public Funds Investment Act (Chapter 2256, Texas Government Code).

Portfolio as of September 30, 2023		Portfolio as of December 31, 2023	
Beginning Book Value	\$3,418,551,619	Ending Book Value	\$3,695,839,843
Beginning Market Value	\$3,356,982,830	Ending Market Value	\$3,684,265,558
		Investment Income for the period	\$37,515,234
Unrealized Gain/(Loss)	(\$61,568,790)	Unrealized Gain/(Loss)	(\$11,574,284)
		Change in Unrealized Gain/(Loss)	\$49,994,505
Weighted Average Maturity	639 days	Weighted Average Maturity	620 days
Weighted Average Yield	4.46%	Weighted Average Yield	4.56%

Portfolio Market Value by Fund	9/30/2023	12/31/2023	Change	Interest Earned
Operating Portfolio	\$3,243,045,116.01	\$3,536,341,805.13	\$293,296,689.12	\$35,773,145.69
Arts Endowment	\$2,235,000.00	\$2,235,000.00	\$0.00	\$33,180.87
DWU Commercial Paper Program	\$13,960.15	\$0.00	(\$13,960.15)	\$15.98
GO Commercial Paper Program	\$20,688,753.36	\$20,688,753.36	\$0.00	\$274,923.31
Ida Green Library Fund	\$1,000,000.00	\$1,000,000.00	\$0.00	\$14,593.98
Water Reserve	\$90,000,000.00	\$124,000,000.00	\$34,000,000.00	\$1,419,374.51
Total	\$3,356,982,829.52	\$3,684,265,558.49	\$327,282,728.97	\$37,515,234.34

Portfolio Summary – Investment Pool

As of 12/31/2023

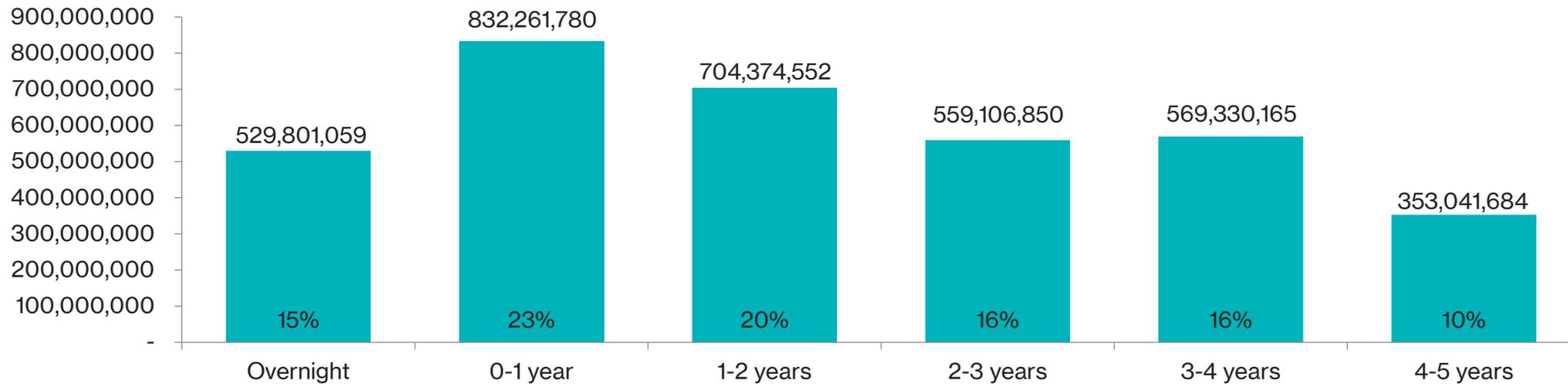
Your Portfolio

Cash	\$529,801,059
Securities Book Value	\$3,018,115,030
Total Portfolio Book Value	\$3,547,916,090

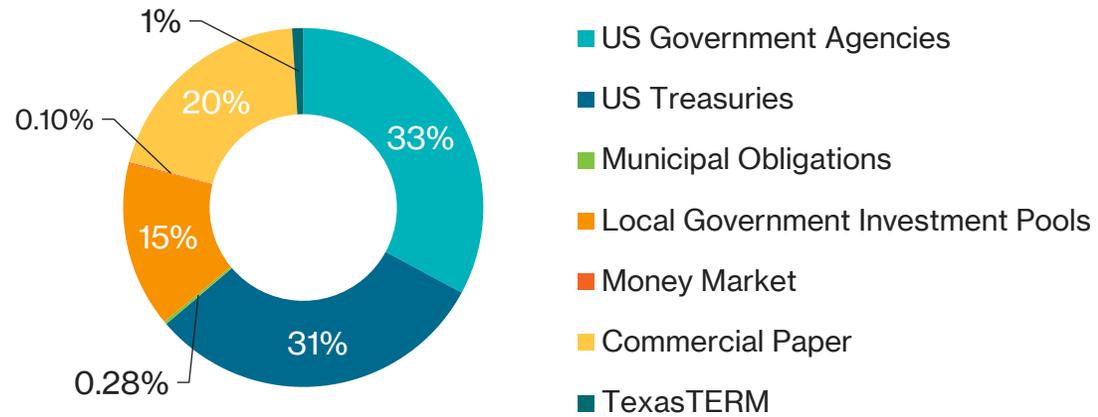
Your Securities

Weighted Average Maturity	1.75 years
Weighted Average Yield	4.52%

Your Maturity Distribution

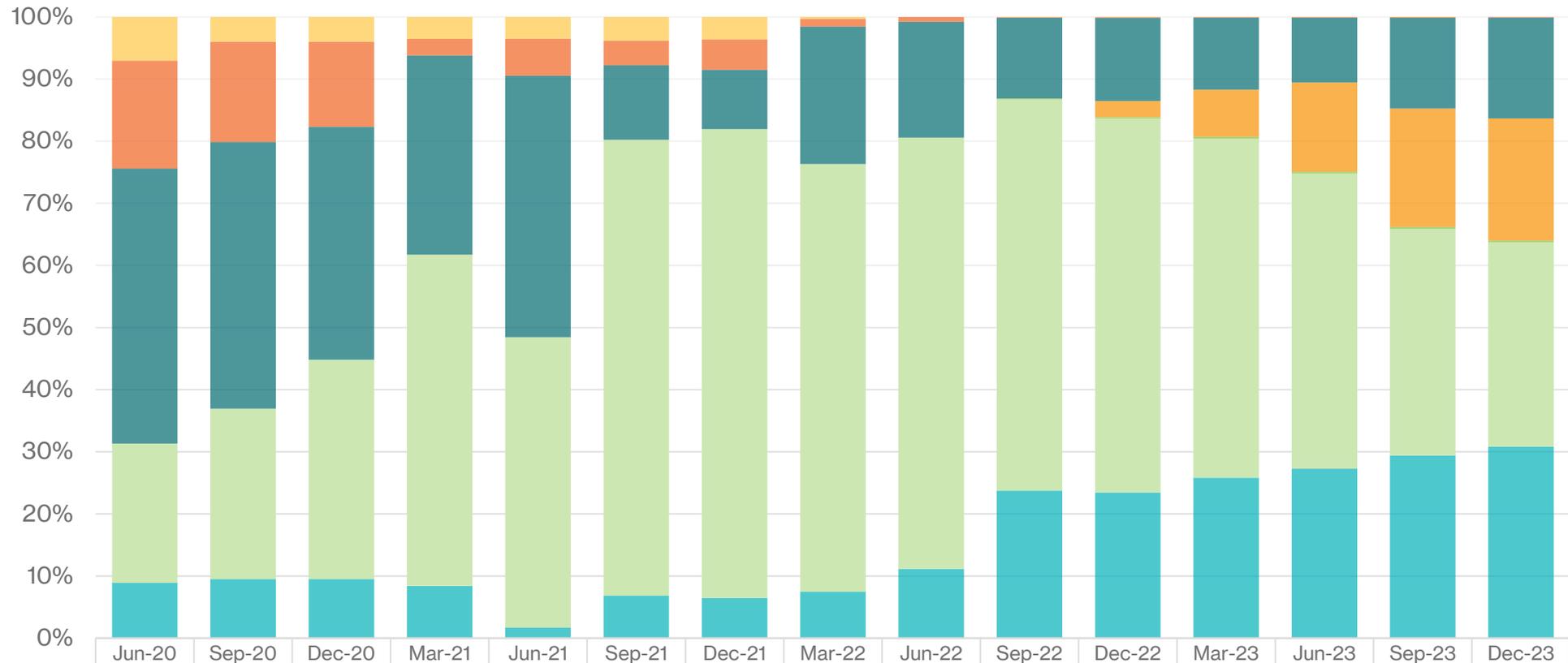


Your Asset Allocation



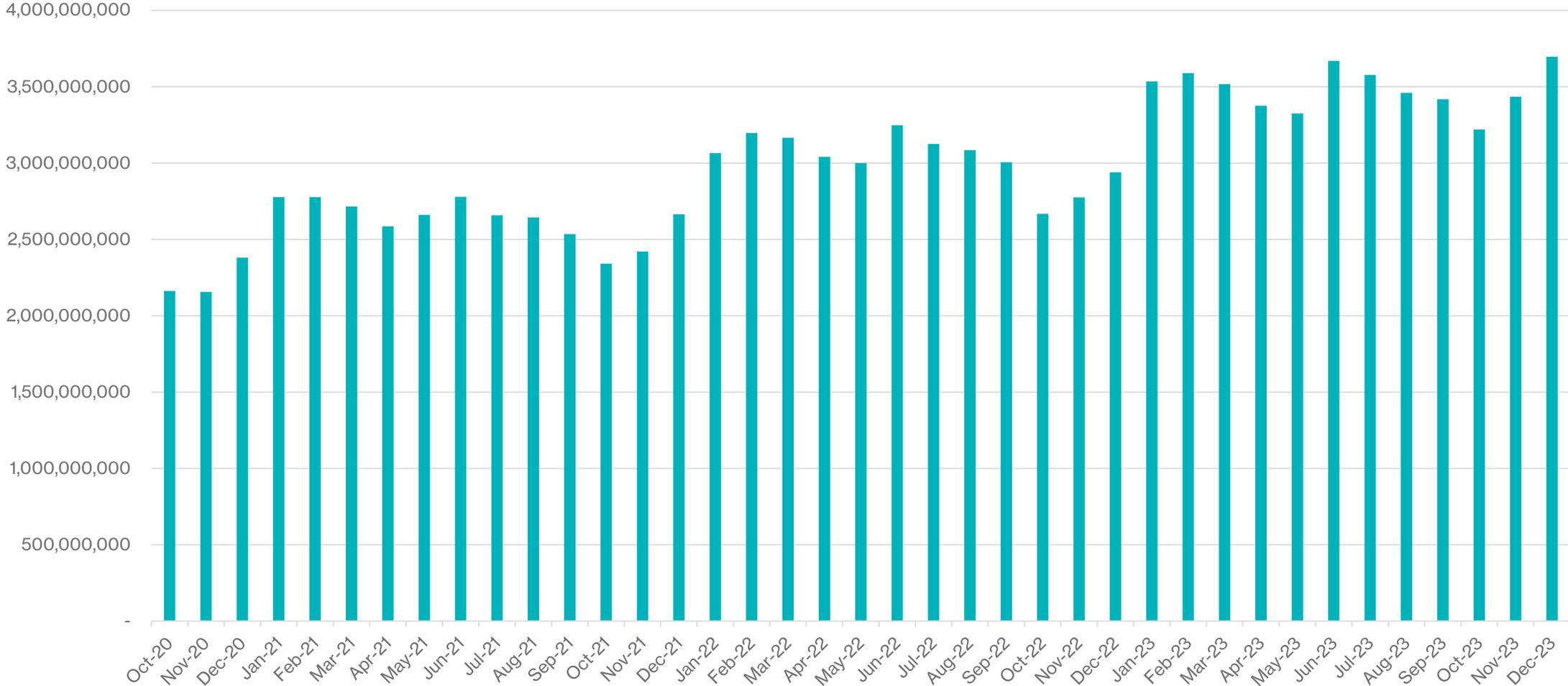
YIELD AND INTEREST INCOME INFORMATION IS ANNUALIZED. ALL YIELD INFORMATION IS SHOWN GROSS OF ANY ADVISORY AND CUSTODY FEES AND IS BASED ON YIELD TO MATURITY AT COST. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

Asset Composition

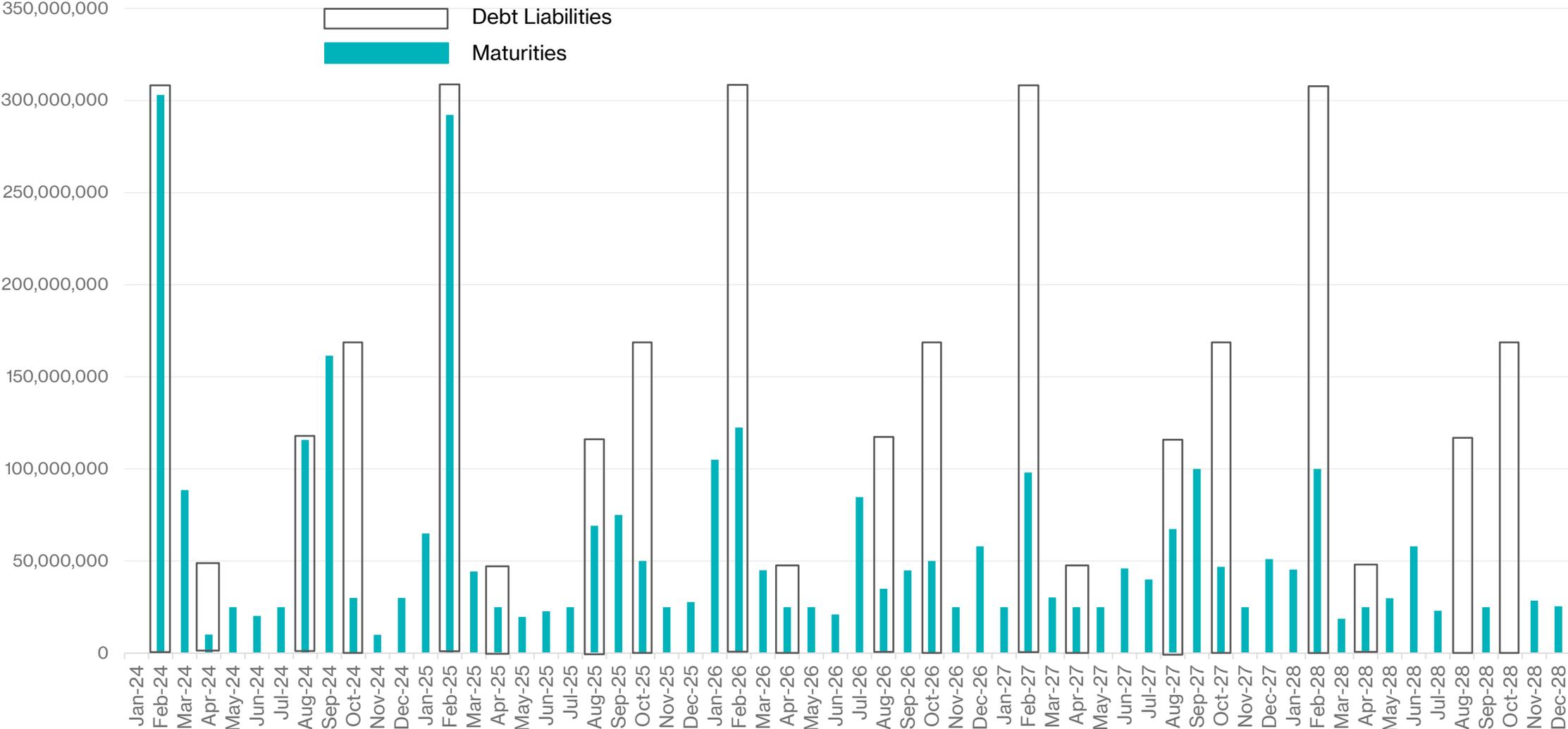


	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Cash & Equivalents	7.05%	3.98%	3.97%	3.51%	3.49%	3.81%	3.61%	0.31%	0.03%	0.03%	0.04%	0.03%	0.03%	0.03%	0.00%
Money Market	17.34%	16.16%	13.71%	2.68%	5.97%	3.98%	4.89%	1.24%	0.75%	0.12%	0.12%	0.10%	0.10%	0.11%	0.10%
LGIPs	44.28%	42.92%	37.51%	32.07%	42.10%	11.99%	9.56%	22.13%	18.65%	12.98%	13.37%	11.58%	10.43%	14.59%	16.24%
Commercial Paper	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.62%	7.58%	14.36%	19.08%	19.66%
Municipal Obligations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%	0.18%	0.29%	0.28%	0.30%	0.28%
U.S. Government Agencies	22.43%	27.41%	35.30%	53.34%	46.70%	73.38%	75.46%	68.85%	69.42%	62.93%	60.21%	54.57%	47.51%	36.47%	32.86%
U.S. Treasury Securities	8.90%	9.53%	9.52%	8.40%	1.74%	6.84%	6.48%	7.47%	11.16%	23.77%	23.46%	25.84%	27.28%	29.43%	30.86%

Historical Balances – Book Value



Maturity Distributions



Compliance Certification



The undersigned have acknowledged that they have reviewed this quarterly investment report for the period ending December 31, 2023. The City officials designated as investment officers by the City's Investment Policy attest that all investments are in compliance with the Texas Public Funds Investment Act and the City's Investment Policy as adopted in Sec. 17.0 of the City's Investment Policy.

Jack Ireland

Chief Financial Officer

Sheri Kowalski

City Controller

Jenny Kerzman

Treasury Manager

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Opinions and forecasts regarding markets, securities, products, portfolios or holdings are given as of the date provided and are subject to change at any time. No offer to sell, solicitation, or recommendation of any security or investment product is intended. Certain information and data has been supplied by unaffiliated third-parties as indicated. Although Meeder believes the information is reliable, it cannot warrant the accuracy, timeliness or suitability of the information or materials offered by third-parties.

Estimates and illustrations of expected yield for illustrated portfolios is hypothetical in nature, does not reflect actual investment results, and does not guarantee future returns. Hypothetical illustrations are offered to illustrate the yield expected from classes of securities and do not reflect actual securities available for investment. Estimates of current yield are generated from indexes and other information deemed by the adviser to provide a reliable estimate of the current yield available from investments in that asset class. Securities indices are unmanaged and investments cannot be made directly in an index. Yield assumptions were developed with the benefit of hindsight and the securities purchased for such an account may generate more or less than the illustrated yield.

Investment advisory services provided by Meeder Public Funds, Inc.

Meeder Public Funds

901 Mopac Expressway South
Building 1, Suite 300
Austin, TX 78746

866.633.3371



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MeederInvestment.com



City of Dallas

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

Agenda Information Sheet

File #: 24-692

Item #: J.

Budget Accountability Report Information as of December 31, 2023
[Budget & Management Services]



City of Dallas

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

Agenda Information Sheet

File #: 24-693

Item #: K.

Technology Accountability Report Information as of January 31, 2024
[Information & Technology Services]

Memorandum



CITY OF DALLAS

DATE February 16, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Technology Accountability Report- January 2024**

Please find attached the Technology Accountability Report (TAR) based on information through January 31, 2024. The TAR is a progress report reflecting the performance and operational status of the city in purchasing, implementing, operating, and securing technology to achieve the city's priorities and service objectives.

If you have any questions, please contact William (Bill) Zielinski, Chief Information Officer and Director of Information & Technology Services.

A handwritten signature in blue ink that reads "Jack Ireland".

Jack Ireland
Chief Financial Officer

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

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

DATE February 23, 2024

SUBJECT **SUBJECT**

PAGE **# of #**

Technology Accountability Report (TAR)



City of Dallas

As of January 31, 2024

Prepared by Information & Technology Services

**1500 Marilla Street, 4DS
Dallas, TX 75201**

214-671-9868

Executive Summary

The highlights of the January 2024 Technology Accountability Report (TAR) include:

- Section 1: IT Programs & Projects – Since the December 2023 TAR report, two major projects were completed and removed from the report:
 - The **Cameras at 7901 Goforth** project replaces an old analog camera system with high resolution cameras. The camera system will provide 360-degree coverage around the building at 7901 Goforth. Cameras will extend into the common areas of the building and the front counter area. (Previously project #13 on the December 2023 TAR)
 - The **Upgrade of DMZ and Security Switch Stacks** project replaces critical city network equipment. (Previously project #46 on the December 2023 TAR)

- Section 1: IT Programs & Projects – Since the December 2023 TAR report, two new projects have been approved by the IT Governance Board:
 - **Online Training Management System with Training Access Portal**
This project is to perform DWU analysis requirements for a modern training management system.
 - **Case Management Software System for Fair Housing Division**
This project is to gather OEI business and functional requirements for the enhancements of customer service.

- ITS Training Division has started scheduling and offering training on Microsoft Power Automate to IT employees and CMO Executive Assistant staff. Power Automate can help business units reduce the cost of operations by boosting productivity, freeing users from manual data entry-like expenses, minimizing the risk of human error, and allowing users to focus on more profitable tasks, thereby reducing costs. Training will continue over the next two months, and use cases will be identified to improve efficiencies.

Executive Summary...continued

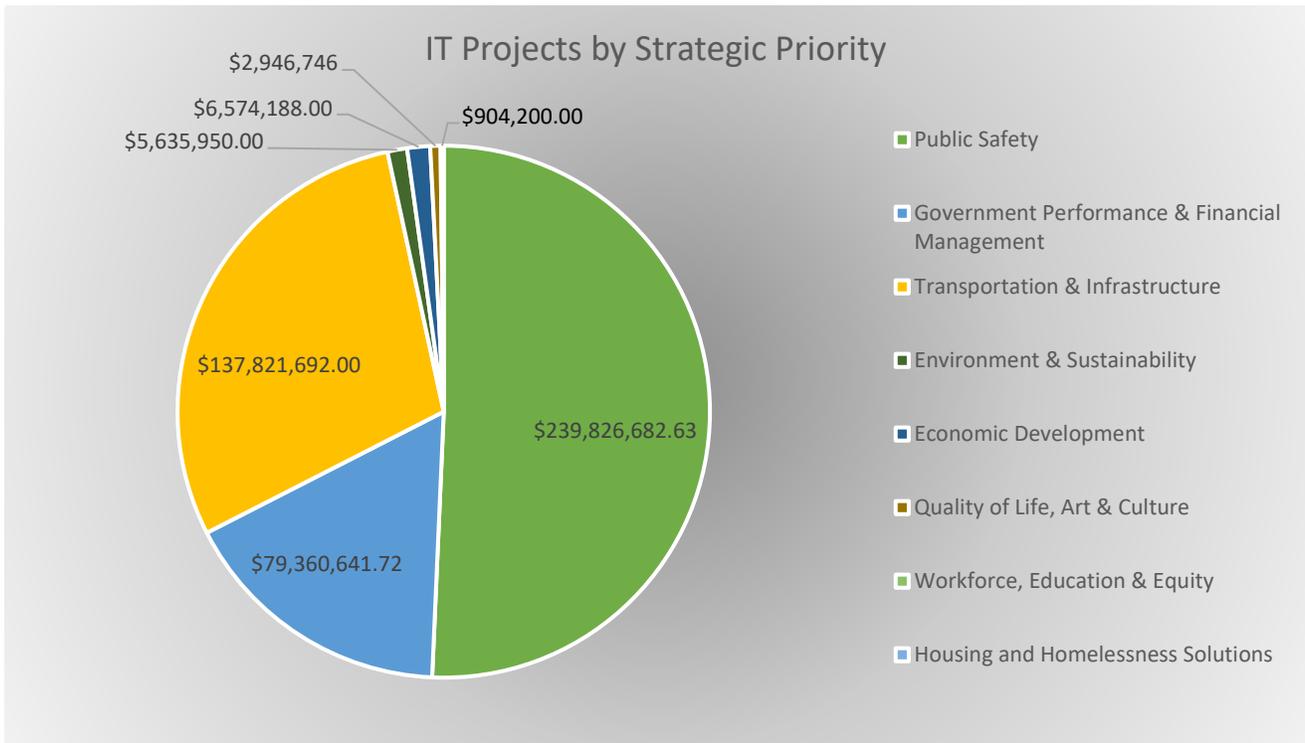
- The network team successfully deployed the initial set of 101 secondary circuits and Software Defined Network services (SD-WAN) to the City's 101 most crucial sites. The integration of SD-WAN is expected to enhance the City's network capabilities by introducing an additional layer of resilience. This not only bolsters operational efficiency but also improves responsiveness by diversifying network traffic through multiple channels. The intelligent routing of traffic based on real-time conditions is anticipated to optimize connectivity, ensuring an enhanced user experience for critical applications, even in the event of network disruptions.
- Dr. Brian Gardner joined the CIO Round Table in Austin, Texas, organized by State officials. Facilitated by Amanda Crawford, the discussions focused on Artificial Intelligence, Cybersecurity, and Leadership in Government. The primary goal was to explore how collaborative efforts among State, County, and Local governments could effectively address the evolving technological needs of both the present and the future. Emphasis was placed on fostering relationships, identifying shared concerns, and addressing challenges among various agencies and local municipalities.

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Section 1: IT Programs & Projects

A. Project Pipeline

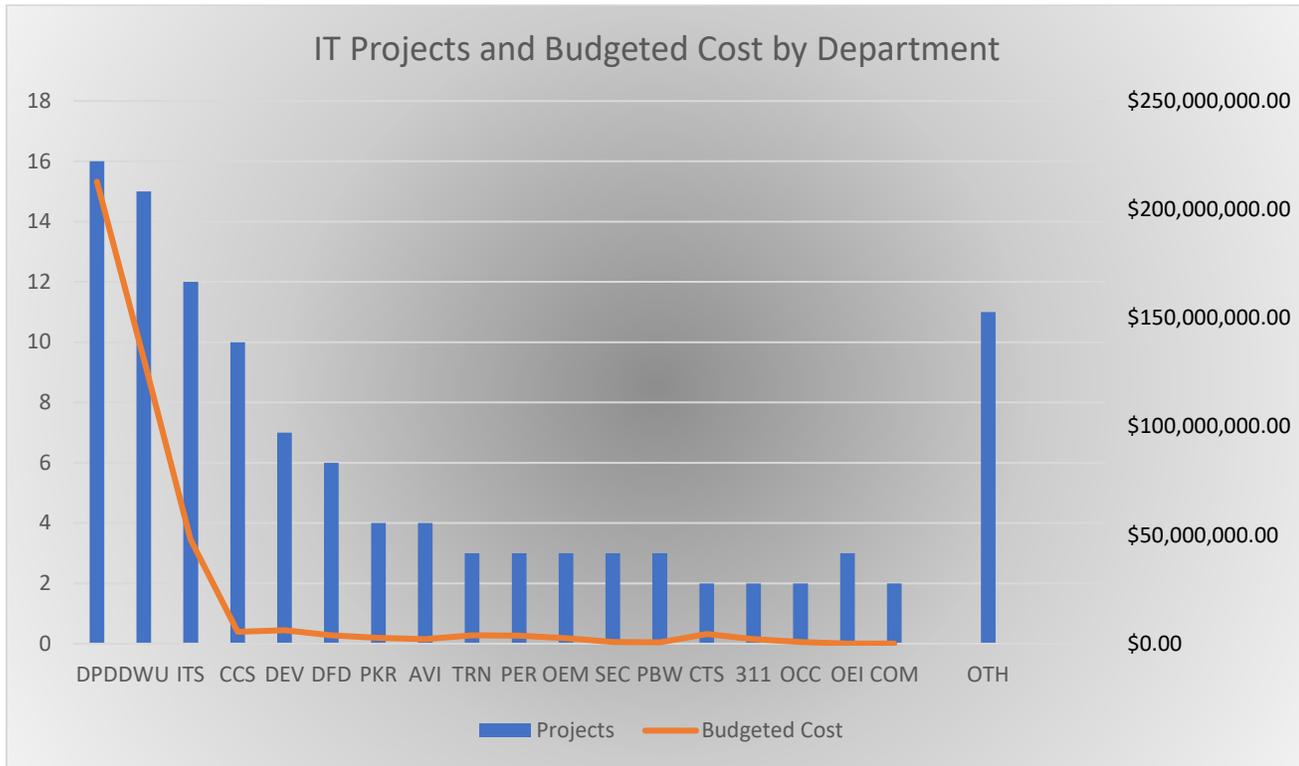
1. IT Projects by Strategic Priority



NOTES:

1. As of 01/31/2024, ITS has 111 approved IT projects in the pipeline.
2. The total budgeted costs for the 111 projects are \$473,070,100.
3. Project pipeline includes at least one project in 7 of the identified 8 strategic priorities.
4. The highest number of active IT projects are aligned to the Public Safety Strategic Priority with 27 projects at a total budgeted cost of \$239.8M, Government Performance & Financial Management with a total of 27 projects at a total budgeted cost of \$79.4M, followed by Transportation & Infrastructure with 25 projects at a total budgeted cost of \$137.8M, and Environment & Sustainability with 13 projects at a total budgeted cost of \$5.6M.

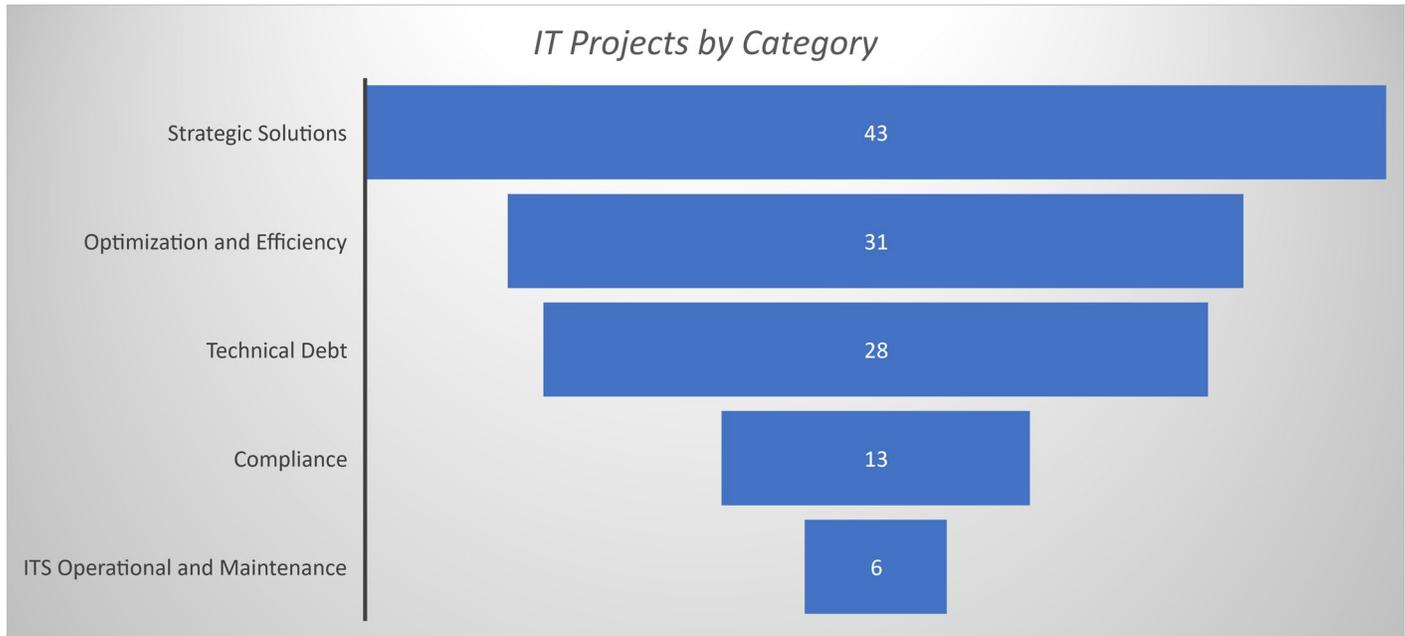
2. IT Projects and Budgeted Cost by City Department



NOTES:

1. Twenty-nine City Departments are represented across the 111 approved IT projects in the pipeline.
2. Dallas Police Department has 16 active projects at a total budgeted cost of \$212.9 million, followed by Dallas Water Utilities with 15 active projects at a total budgeted cost of \$131.1 million, Information & Technology Services with 12 projects at a total budgeted cost of \$48M, Code Compliance with 10 projects at a total budgeted cost of \$5.4M, Development Services with 7 active projects at a total budgeted cost of \$6.2M and Dallas Fire and Rescue with 6 active projects at a total budgeted cost of \$3.9M.
3. Eleven Departments have 1 active project each, making up the Other (OTH) group in figure 2 above.

3. IT Projects and Budgeted Cost by Category



NOTES:

1. Forty-three projects implement Strategic Solutions of new products or services with a budgeted cost of \$68.59M.
2. Thirty-one projects aim to increase Optimization and Efficiency of City processes and systems with a budgeted cost of \$273.98M.
3. Twenty-eight projects focus on reducing Technical Debt with a budgeted cost of \$109.95M.
4. Thirteen projects address Compliance Standards to meet industry regulations, government policies, or security frameworks with a budgeted cost of \$98.97M.
5. Six projects are internal Operations and Maintenance projects with a budgeted cost of \$1.01M.

***The number of projects spread among these categories total to more than 111 due to some projects falling into more than one category.**

B. Major Project Status

****LEGEND:**

- **Cancelled:** The project has not finished, and work on the project will not continue.
- **Completed:** Work on the project has finished, and all deliverables/tasks have been completed.
- **Delayed:** The project is still active, but we have passed the initial estimated completion date.
- **In Process:** The project is currently being worked on by the project team.
- **On Hold:** The project has not finished, and work on the project has been suspended.
- **Ongoing:** The project consists of multiple phases or is an operational project. Some portions have been completed, but the project has not fully reached fruition.

-  : Addresses Technical Debt

-  : PCI project

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
1.	Enterprise Contact Center (ECC) Solution	The Enterprise Contact Center application within the City of Dallas is a secure, reliable, and scalable call platform to meet the high call volumes and growth to meet the needs of city residents. The ECC includes Natural Language Processing (NLP), Knowledge Base, Workforce Management, Interactive Voice Response (IVR), Courtesy Call Back, and other core call center capabilities to support multiple departments across the city. (\$2,134,245)	GPFM	311	TBD	In Process	
2.	Ethics Point Salesforce Integration	The purpose of this system is to promote and support ethical financial compliance. The project was canceled by the Attorney Office. (\$63,164)	GPFM	ATT	Dec-29	On Hold	
3.	Department of Aviation INDMEX AirBOSS Vehicle Tracking	This system provides the airport staff with a user friendly, browser-based means to track vehicle, aircraft movements, increase operational safety, and create a common operational picture. The Vehicle Tracking technology in this system allows the airport staff to track ground vehicles, driver positions while the Runway Incursion Warning System (RIWS) will alert vehicle operators in advance of a possible incident on runways. (TBD)	Transport & Infra	AVI	Mar-24	In Process	
4.	Veoci Dallas Airport System Phase 2 Implementation	This system provides the airport staff with a multifunctional platform providing emergency, safety management systems. This system allows to create, share and manage all information related to unlimited number of emergencies, incidents, events and facilitates emergency mass communications to internal and external stakeholders of Dallas Love Field Airport. (TBD)	Transport & Infra	AVI	Jun-24	In Process	

As of 1/31/2024

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
5.	Advantage Dallas Financial Upgrade	The CGI Advantage 3 system is utilized by all departments within the City for processing and recording of all budgets, procurement and financial accounting transactions and interfaces with many enterprises business applications. This major upgrade will move the City's core financial system to a cloud-based solution providing advanced capabilities and incorporating modern technologies such as robotic process automation (RPA) and machine learning (ML) to improve the quality and speed of financial transactions. (\$22,095,745)	GPFM	CCO	Oct-24	In Process	
6.	Consumer Protection online Salesforce Application/ permitting system	This system will allow department to implement online permit process for seven applications (wood vendor, motor vehicle repairs, Credit access, electronic repairs, home repair, scrap tire). Will Allow business owners to access, complete, submit, and track their business permit applications online. (\$318,050)	Environment & Sustain	CCS	TBD	In Process	
7.	Short Term Rental Enforcement Database	This solution facilitates compliance enforcement of new zoning and registration ordinances for STRs. It will enable CCS to identify and locate Short-term rentals, monitor activity on host platforms, track code violations and issue notices and other administrative documents. (TBD)	Environment & Sustain	CCS	TBD	In Process	
8.	Asset Management System	The Code Compliance office is seeking an asset management system to manage a number of different of assets to include Ballistic vests, uniform items (pants, belts, reflective vests, shirts, jackets) that they issue officers, and other equipment deployed to their staff to perform their duties. This effort gathers requirements to conduct market research and identify potential solutions to meet the business need. (\$76,000)	Environment & Sustain	CCS	Feb-24	In Process	
9.	Safety Tracking, and Hazardous Identification and Inspections	This electronic system monitors training records and certifications. It permits the sharing of policies and procedures with a confirmation acknowledgement, conducts hazard identification inspections, audits, and checklists, and conducts job safety hazard analysis. (TBD)	Environment & Sustain	CCS	Feb-24	In Process	
10.	Body Worn Cameras for Code Personnel (CCS)	Code Compliance is implementing body-worn cameras to enhance citizen interactions, officer safety, and provide investigatory evidence for field inspections. The department has completed a pilot with limited staff and will move forward with a phased rollout. (TBD)	Environment & Sustain	CCS	Feb-24	In Process	
11.	Envision Connect Replacement Project	This project will replace the current Restaurant Inspection System - Envision Connect. Envision Connect is at the end of life for support. The vendor is requesting to move to their newer application for restaurant inspections. (\$482,611)	Environment & Sustain	CCS	Feb-24	In Process	

As of 1/31/2024

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
12.	Electronic Citation (eCitation) system	This project will implement an electronic citation system to support the Code Compliance department's operations. The department issues over 69,000 Notices of Violation and over 10,000 citations annually. This system will improve operational efficiency by reducing the amount of time officers spend on-site, reducing paper waste and reducing data entry mistakes from hand-written citations. (TBD)	Environment & Sustain	CCS	Aug-24	In Process	
13.	Vacant Property Registration Salesforce Platform	This project will develop a registration platform and process for identifying and tracking vacant properties. This City-wide process will be managed by Code Compliance Department. It will also enable citizens to access an online platform to register and pay for vacant properties they own. (TBD)	Environment & Sustain	CCS	TBD	Planning	
14.	Convention and Event Services - Office of Special Events - Customer Relation Management System	Convention and Event Services Customer Relation Management System is currently operational but is not currently accepting Credit Card payments. This project implements PCI requirements to allow the system to eventually accept credit card payments. (TBD)	ECO	CCT	TBD	In Process	
15.	Enterprise Community and Employee Engagement Solution	This solution streamlines the city's ability to inform the public, solicit opinions, and conduct surveys to better support the citizens. It facilitates city authorities' active communication with residents and will help to better inform residents about service changes. (TBD)	GPFM	CMO	Sep-24	In Process	
16.	RFCSP for Court Case Management System	The current Court Case Management System (Tyler Technologies) contract will expire June 2024. CTS wishes to conduct market research and conduct a competitive procurement to ensure the best solution is selected to upgrade and improve court case management. (\$4,371,720)	Public Safety	CTS	TBD	Planning	
17.	Dallas Animal Services Inventory Management Tool	Dallas Animal Services manages a large inventory of drugs, supplies and business equipment needed to perform their functions. Currently inventory management is done through a legacy system database (animal software) or on spreadsheets but are inadequate to provide appropriate controls and functionality. (\$14,062)	Environment & Sustain	DAS	Mar-24	In Process	
18.	Development Services Training Simulator	The building permitting and inspection process involves a number of different components operating independently on separate software platforms. The purpose of this project is to develop a training simulator that allows for cross-collaboration across city divisions to improve quality and efficiency of processes. (\$50,000)	ECO	DEV	TBD	On Hold	

As of 1/31/2024

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
19.	Customer Queueing software	Customers currently walking into the permit center need to be able to "sign in" and set appointments remotely. DEV needs to be able to offer this service to their customers to better track the data associated with their customers' experiences; volume, wait times, types of service...etc. This project will identify, procure, and implement a customer queue management solution for Development Services. (\$60,000)	ECO	DEV	Mar-24	In Process	
20.	Expand OnBase to the entire SDC Department	The OnBase content management system was originally implemented only for the Building Inspection division within the Development Services Department (DEV). Purpose of this project is to implement the content management system to all divisions within DEV. (\$180,712)	ECO	DEV	Dec-24	On Hold	
21.	iNovah Upgrade	This project upgrades existing software to most recent version and provides new hardware for iNovah, the Point of Sale/cashiering system for Sustainable Development. (\$484,350)	ECO	DEV	Dec-24	In Process	
22.	DallasNow	The city's current permitting system has reached end of life, cannot interact with the new geospatial technology standards, and is difficult to change to support new business requirements, and workflows. This project will deploy a new system to replace the existing system and to add efficiencies in the permitting process. (\$9,746,780)	ECO	DEV	Sep-25	In Process	
23.	Smart Device/Technology Behavioral Health App for DFR members	This project will provide a Peer Support Contact App for Dallas Fire-Rescue (DFR) personnel. At Dallas Fire-Rescue (DFR), the City is promoting whole-person wellness. This new application will supplement existing mental health support services available to the City's DFR members. (\$170,000)	Public Safety	DFD	TBD	In Process	
24.	Telestaff-Workday Integration Phase 2	Telestaff automated scheduling and staffing system for City of Dallas Fire Department 24-hr employees' integration with Workday Payroll System. (\$731,238)	Public Safety	DFD	Mar-24	In Process	
25.	Dispatch/Communications - Video Wall	This video system will be a "video wall" solution to display relevant information regarding Fire and EMS dispatches. It will include Traffic Camera inputs, weather information, and other information to enhance DFR's dispatchers as they work Fire and EMS teams in real-time. (TBD)	Public Safety	DFD	Sep-24	In Process	

As of 1/31/2024

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
26.	Fire Station Alerting System	Dallas Fire Rescue dispatches resources from 58 fire stations strategically deployed throughout the City. To avoid response delays, DFR relies on a station Alerting System that integrates with our Computer Aided Dispatch (CAD) system to advise firefighter/paramedics of assistance calls. The current station alerting system is end of life, difficult to maintain, and lacks the full range of functionality more modern solutions provide. This project will conduct market research into, procure, and implement a new, modern station alerting system for Dallas Fire Rescue. (\$1,860,000)	Public Safety	DFD	Oct-24	On Hold	
27.	IT Infrastructures for New Fire Stations 19, 21, 36, 41, 46, 58 & 59	Total of 8 new and rebuild Dallas Fire Stations are being constructed in scope Sta. 46, 36, 59, 41 Temp, 41 Replacement, 19, 58 and 21 FS/AVI Center. All new IT infrastructures including cabling, network, workstations, printers, radio Alerting system equipment, etc., will be activated in line with facility openings. (\$131,688)	Public Safety	DFD	May-25	In Process	
28.	DPD Gun Range Software	This system supports the Firearms Training Center (FTC). It will provide tracking of weapons training and weapons qualifications for rifle, pistol and shotgun training. It will also need to keep track of weapons maintenance and other information related to officer's firearm training. (TBD)	Public Safety	DPD	TBD	In Process	
29.	County CAD Collaboration	Upgrade and expand the city's Computer-Aided Dispatch (CAD), extending it to the County to improve collaborate on emergency 911 call center responses. This project is also required to fully implement the upgrade of the 911 call center's telecommunications infrastructure. (\$0)	Public Safety	DPD	TBD	In Process	
30.	WEB-RMS	This project will migrate DPD's current law enforcement Records Management System (RMS) case management system from the current onsite solution to an upgraded Web-based system. The upgraded RMS will give the department needed functionality that is not available to the department currently in the on-premises solution. Current limitations require process workarounds creating potential errors and inefficiencies which will be resolved with the upgrade. (\$1,010,000)	Public Safety	DPD	TBD	In Process	
31.	COBWEBS	This project will implement social media investigative software for the Police Department (DPD). This software will provide an efficient tool for investigating social media post from potential suspects to aid in investigations. (\$93,353)	Public Safety	DPD	TBD	In Process	
32.	Ricoh-Fortis Document Management System Replacement	The DPD Fortis document management system is at end of life and no longer supported. This project will replace and upgrade the DPD document management system. (\$217,633)	Public Safety	DPD	TBD	In Process	

As of 1/31/2024

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
33.	P25 Compliant Radio Project	The city's current public safety radio network is 40 years old and not compliant with new standards (P25) for these networks. This project installs all-new infrastructure for a fully P25 compliant radio communications system that will be used by multiple departments within the City and County of Dallas. This system is intended and designed to host external governmental agencies throughout the region. (\$54,898,873)	Public Safety	DPD	Feb-24	In Process	
34.	Fusus Devices Implementation for DPD	The Fusus product suite will provide a video and data collaboration platform to expedite intelligence gathering and efficiency of response to situations as they unfold throughout the community. Further, providing a tool for identifying the location of cameras in proximity that may provide valuable information to aid in the response and/or subsequent investigation. (\$478,589)	Public Safety	DPD	May-24	In Process	
35.	CAD & RMS Universal Replacement	This project will replace the current Computer Aided Dispatch (CAD) system and the Records Management System (RMS) with a holistic, universal solution to support Dallas Police Department, Dallas Fire-Rescue and the Dallas Marshal's office. The goal of this project is a solution utilizing industry best practices, while also providing uniformity across both platforms. This will support better tracking of incidents from initiation through investigations to final resolution. (TBD)	Public Safety	DPD	Oct-26	In Process	
36.	Off-Duty Job Application	This system will manage all elements of off duty jobs for DPD employees including tracking of personnel off-duty jobs, and number of hours worked. It will handle payments to employees for off-duty work and payments to the City for the use of any City assets. (TBD)	Public Safety	DPD	Nov-24	In Process	
37.	Use of Force - Police Strategies LLC	This project will provide a data analytics platform which produces analytic dashboards which provides comparative analyses by extracting data from incident reports & officer narratives, analyzes the data using established algorithms, and produces written summary reports used by DPD leadership in focusing resources. (\$1,383,800)	Public Safety	DPD	Jul-26	Ongoing	
38.	Surveillance Cameras and Real Time Crime Center	This project will provide a "Real Time Crime Center" capability within Jack Evans police station. It will include 1) building a new command center video room (Real Time Crime Center), 2) building camera installations, 3) video camera software, video storage and surveillance camera installations at intersections, and 4) Trailer camera installations. (\$20,409,944)	Public Safety	DPD	Sep-26	In Process	

As of 1/31/2024

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
39.	In Car Video - Body Worn Camera - Interview Room	There is a Federal Requirement to video record public safety stops. In car systems involve video in patrol cars. Body Worn Cameras involve wearable video cameras systems for officers. Interview Rooms involves replacement of video equipment in Public Safety interview rooms. (\$146,855,764)	Public Safety	DPD	TBD	Planning	
40.	Relocate Development Services to New Facility	In September 2022, the City of Dallas purchased a new facility at 7800 N. Stemmons Freeway which will serve as the offices and storefront for the Development Services Department (DEV). This project will provide all new IT infrastructure including cabling, network, workstations, printers, radio equipment, etc. in line with the facility opening. (\$5,000,000)	GPFM	DSV	TBD	In Process	
41.	Apptio IT Financial Transparency SaaS	This project is for a cloud-based solution for the Department of Information and Technology Services (ITS) to gain detailed insight into information technology (IT) expenses, cloud infrastructure / software usage and other IT related costs. (\$1,353,866)	GPFM	DSV	Feb-24	In Process	
42.	Network Unified Communications Upgrade	The City's current collaboration suite is at end of life and requires an update to maintain functionality and reduce risk. This project will upgrade the Unified Communications Management (UCM) to the latest version available. (\$618,180)	GPFM	DSV	Aug-24	In Process	
43.	PCI DSS Requirements Validation Project	This project focuses on protecting Cardholder Data (CHD) and the Cardholder Data Environment (CDE) by utilizing PCI Data Security Standards. The goal of Payment Card Information Data Security Standards (PCI DSS) is to ensure the protection (privacy) of cardholder data and sensitive authentication data wherever it is processed, stored or transmitted. This project initially focuses on currently active projects with PCI components and will expand to cover other projects and systems, as necessary. (TBD)	GPFM	DSV	Oct-24	In Process	
44.	IT Project and Portfolio Management Tool	This project will implement a new Project and Portfolio Platform (PPM) tool suite to provide a centralized and automated project management portfolio, assist with project intake, and improve the tracking and management of IT projects. (\$300,134)	GPFM	DSV	Nov-24	In Process	
45.	ServiceNow Phase 2	ServiceNow Phase 2 comprises 4 major tasks or subprojects - "IT Software and Hardware Asset Management", "ServiceNow Stabilization and Workflow Improvement", "ServiceNow Fedramp Cloud Migration", and "ServiceNow Version Upgrade to San Diego Q1 2022". (\$1,305,890)	GPFM	DSV	Dec-24	In Process	

As of 1/31/2024

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
46.	Unsupported Software Remediation	Identify Servers running unsupported Software, DBs running unsupported versions of software, and Applications that will require modifications to bring up to supported software levels. Develop a plan to upgrade, in a sequenced fashion. (\$0)	GPFM	DSV	Dec-26	Ongoing	
47.	Digital Equity Infrastructure	This project seeks to meet the City's vision of ensuring that all Dallas households will have high-speed, reliable internet and access to devices in their homes by seeking commercial telecommunication service providers to develop and implement digital equity infrastructure which addresses established gaps in targeted communities. (\$40,000,000)	GPFM	DSV	Dec-26	In Process	
48.	Enterprise Capital Project Management System (ECPMS) Phase 2	Phase 2 Implementation of the Enterprise Capital Project Management System (ECPMS), IBM Tririga, to support the DWU Capital Projects division. Also, includes the delivery of reporting enhancements and efficiencies to the Phase 1 implementation. (\$2,169,090)	Transport & Infra	DWU	TBD	In Process	
49.	LIMS Acquisition and Implementation Phase 3	DWU is implementing a Laboratory Information Management System (LIMS) for one Analytical Lab, five treatment plants, the Water Quality Division and the Watershed-Reservoir Division to increase regulatory compliance, productivity, efficiency and effectiveness. (TBD)	Transport & Infra	DWU	May-24	In Process	
50.	Enterprise Work Order and Asset Management (EWAMS) Phase 2	Implementation of an Enterprise Work Order and Asset Management System (EWAMS), that can be utilized as the standard for the City of Dallas. The Phase 2 effort of this Enterprise platform implementation will manage Work Orders and Maintenance. (\$4,901,864)	Transport & Infra	DWU	Sep-25	In Process	
51.	Enterprise Work Order and Asset Management (EWAMS) Phase 3	This professional service contract allows for continuous consultant services for the expansion of the Enterprise Work Order and Asset Management System (EWAMS). Phase 3 will oversee the implementation of Dallas Water Utilities (DWU) Meter Services division. (\$12,989,751)	Transport & Infra	DWU	May-28	In Process	
52.	Library Website update	The library's website needs to be updated to meet the current and future needs of the library including being able to support additional online content and online programs and education. (TBD)	QOL	LIB	Sep-25	In Process	
53.	Neighborly Expansion - Fair Housing	The purpose of the software is to complete the Fair Housing assessment of housing projects. This ensures we affirmatively further fair housing in the City as required by the Fair Housing Act and HUD. (\$25,700)	WEE	OEI	TBD	Delayed	

As of 1/31/2024

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
54.	Stormwater Compliance Information Management System	OEQ staff currently manage mission-critical and legally sensitive environmental management consent decree (EMCD) /permit-required tasks through a 20-year-old "homemade" information system built on MS Access 2002 and InfoPath. This project will procure and implement a new, modern system which provides timely information through dashboards and reports. (\$49,900)	Environment & Sustain	OEQ	Jun-24	In Process	
55.	Real Estate Case Management System	This project will streamline the leasing of properties and the utilization of right-of-way by introducing an online application process. It will also give applicants the ability to track progress of their application in real time. (TBD)	Transport & Infra	PBW	TBD	In Process	
56.	Snow & Ice Response	This project supports emergency response during snow and ice events. It will streamline the City's emergency response capability and will allow the Public Works department to quickly provide updated sanding information to other departments, to include Public Affairs Outreach Dept., Office of Emergency Management, Dallas Fire and Rescue, and Dallas Water Utilities. (TBD)	Transport & Infra	PBW	Oct-24	In Process	
57.	Document and Automate COD Worker On-Offboarding Process(es)	This project will document and improve city Onboarding and Offboarding processes and system interactions. (TBD)	GPFM	PER	Nov-24	In Process	
58.	Historical Data Repository Solution for Select HR System Data	This project will provide an approved data warehouse solution for HR data being migrated from offboarding applications. This project will define data governance rules and enable compliant retention of City data from numerous current Human Resources (HR) systems. It will provide for an approved Data Warehouse for operational support, reporting and regulatory (data retention) compliance. The final solution will integrate with the HR Workday (WD) system. (\$1,961,406)	GPFM	PER	Feb-25	In Process	
59.	Replace Human Capital Management System Phase 2	This initiative involves the strategic implementation of HR modules for Performance and Talent Management, Recruiting and Onboarding, Learning Management System, Benefits Administration, and Advanced Compensation. In addition, we are orchestrating a meticulous Data Migration process, ensuring a seamless transition from legacy applications. (\$3,016,700)	GPFM	PER	Feb-25	In Process	
60.	Installation of lighting and security cameras on the Runyon Creek Trail	This project will install cameras and lighting along the Runyon Creek Trail. It will enhance safety for the 2.7-mile Runyon Creek Trail in southern Dallas. (\$186,464)	QOL	PKR	Feb-24	In Process	
61.	PKR Asset Inventory, Amenity, and Maintenance Management System	This project will implement an integrated park asset, work order, operations and maintenance and resource management for the Park and Recreation Department. (TBD)	QOL	PKR	Nov-24	In Process	

As of 1/31/2024

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status	Value Adds
62.	PKR Recreational Management System	Dallas Park and Recreation Department is looking for a recreation management system to manage recreation activities and programs of its 43 recreation centers, 107 pavilions, 19 aquatic facilities and over 200 athletic fields. (\$0)	QOL	PKR	Feb-24	In Process	
63.	Payment Vendor (SAP Users - DWU)	This project is to migrate DWU and other user departments of online (Bill Direct) and IVR payments to a new payment platform which provides real-time information for payments and reconciliation. (\$15,000,000)	Transport & Infra	SAP	Apr-24	In Process	
64.	DWU Billing CIS and Customer Portal Replacement	DWU's current CIS system, SAP, will reach its end of life in 2025. DWU must replace SAP by 2025 in order to ensure continuity of our billing. Contract under review with City Attorney Office. Proposed project schedule is 3-4 years for implementation. (\$34,000,000)	Transport & Infra	SAP	TBD	In Process	
65.	Build an Ethics Financial Reporting Solution	The purpose of this system is to promote and support ethical financial compliance. (\$15,000)	GPFM	SEC	TBD	On Hold	
66.	SEC Records Inventory Management Solution	Replace the current obsolete unsupported FoxPro database with a state-of-the-art software application (preferably SaaS) that provides full functionality for operating a records center. Replacing this application will improve the management of the 70,000+ (\$231,440)	GPFM	SEC	Dec-24	In Process	
67.	Electronic Document Management - EDMS	Project Provides Electronic Document Management and Document Archive System for City Secretary's Office. (\$336,562)	GPFM	SEC	Dec-24	On Hold	

NOTES

1. **Enterprise Contact Center (ECC) Solution.** Project is still in process. Anticipate approximately 3 – 6 months' work to implement Single Sign On. The final phase of procurement was finalized 11/20/2023. Estimated Completion Date will be updated after phase planning is complete.
2. **Ethics Point Salesforce Integration.** Project anticipated to begin in Dec 2023. The project was canceled by the Attorney Office.
3. **Department of Aviation INDMEX AirBOSS Vehicle Tracking.** This project is in the initiation phase. End date will be adjusted once planning phase is complete.
4. **Veoci Dallas Airport System Phase 2 Implementation.** This project is in the planning stage. Completion date will be updated, as necessary, upon completion of planning phase.
5. **Advantage Dallas Financial Upgrade.** This project has been renamed from "Core Financial Systems Upgrade" to "ADVANTAGE Dallas Financial Upgrade".
17. **DAS Inventory Management Tool.** The New system will allow the DAS department to perform inventory management and other functions as needed.
18. **Development Services Training Simulator.** This project is on hold due to competing priorities.
21. **iNovah Upgrade.** The initial upgrade has been completed. Project is a low priority at request of the department and is placed on hold until a later date. This project is now active and a requisite for OnBase project on #21.
23. **Smart Device/Technology Behavioral Health App for DFR members.** Project has moved to procurement phase.
24. **Telestaff-Workday Integration Phase 2 Telestaff.** Workday Integration Phase 2 - Parallel Payroll variance testing is on hold due to end-of-year activities. The project is anticipated to re-start March 2024.
27. **IT Infrastructures for New Fire Stations 19, 21, 36, 41, 46, 58 & 59.** Project is being implemented in an agile fashion. Next phase is expected to complete February 2024. Fire Stations complete to date include Sta. 46, 36, 41S, 58, 59 and 19. Remaining 41 Main and FS 21/AVI Center.
28. **DPD Gun Range Software.** This project is beginning the procurement process. Completion date will be provided when available.
30. **WEB-RMS.** This project is still in the procurement process. Purchase request has been submitted. New date will be provided when available.
32. **Ricoh-Fortis Document Management System Replacement.** This project is in the planning stages. New timeline is being developed. New date will be provided when available.

33. **P25 Compliant Radio Project.** The new P25 Public Safety Radio system is now live, operational, and performing as designed. Final migration of all City of Dallas Departments is complete. Team is now working on decommissioning of old systems and equipment.
36. **Off-Duty Job Application.** This project is beginning the procurement process. Completion date will be provided when available.
37. **Use of Force - Police Strategies LLC.** All initial project tasks have been completed. End date of project is 2026 because Dallas will continue to provide data on a quarterly basis until the end of the contract. This project still requires data to be sent to the vendor (Police Strategies) every quarter. Once that data is received by the vendor, the vendor has 5 months to present the reports and dashboards.
42. **Network Unified Communications Upgrade.** Project is implemented in an agile fashion. Unity Voice Mail portion is now complete. The next, "Call Manager" has an estimated completion date of August 2024.
48. **Enterprise Capital Project Management System (ECPMS) Phase 2.** Additional GIS enhancements are being documented for review and approval by the Business Unit and vendor before adding additional scope to the project.
59. **Replace Human Capital Management System Phase 2.** The Workday Modules Implementation will be done in three phases. The estimated timeline for Recruiting-Onboarding and Talent-Performance Go-live is Feb 2024. Benefits Go-live is Oct 2024. Advanced Comp and LMS (Learning Management System) is Feb 2025.
65. **Build an Ethics Financial Reporting Solution.** Project date will be updated after this project has completed the procurement process.
66. **SEC Records Inventory Management Solution.** Requirements have been developed. Awaiting Council approval.
67. **Electronic Document Management - EDMS.** The EDMS project is part of a group of projects relying on the Hyland Software System, which are being developed serially. We are currently re- validating project budget, scope, and participating department and will then re-work the schedule.

C. Changes to Major Project Status List

1. Major Projects Implemented or closed since last report.
 - a. Cameras at 7901 Goforth. #13 on December 2023 report.
 - b. Upgrade of DMZ and Security Switch Stacks. #46 on December 2023 report.

2. New Projects approved by IT Governance Board.
 - a. Online Training Management System with Training Access Portal.
 - b. Case Management Software System for Fair Housing Division

Section 2: IT Operations

A. Outage Report

1. Monthly Service Desk Report

The IT Service Desk functions as the single point of contact (SPOC) between the City’s IT organization and its end users. The Service Desk handles a variety of requests that include distribution to support, setting user passwords, and troubleshooting issues. It assists customers with incident resolution and service request management. The Monthly Service Desk Report provides metrics and trends of the IT service desk performance.

Service Desk Call Metrics

Category	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan
Total Calls	6969	8230	7319	11740	5528	5698	8195	6344	6228	5836	3034	3719
Answered	6778	8048	7171	7977	5005	5513	7941	6056	6143	5759	3006	3693
Abandoned	1000	1084	148	523	523	185	254	288	85	77	28	26
Abandoned (<10sec)	380	1493	81	1398	175	71	166	172	172	93	273	273
Abandoned %(<10sec)	1	1	1	17.5	3.5	1.3	1.3	2.0	1	1	1	1

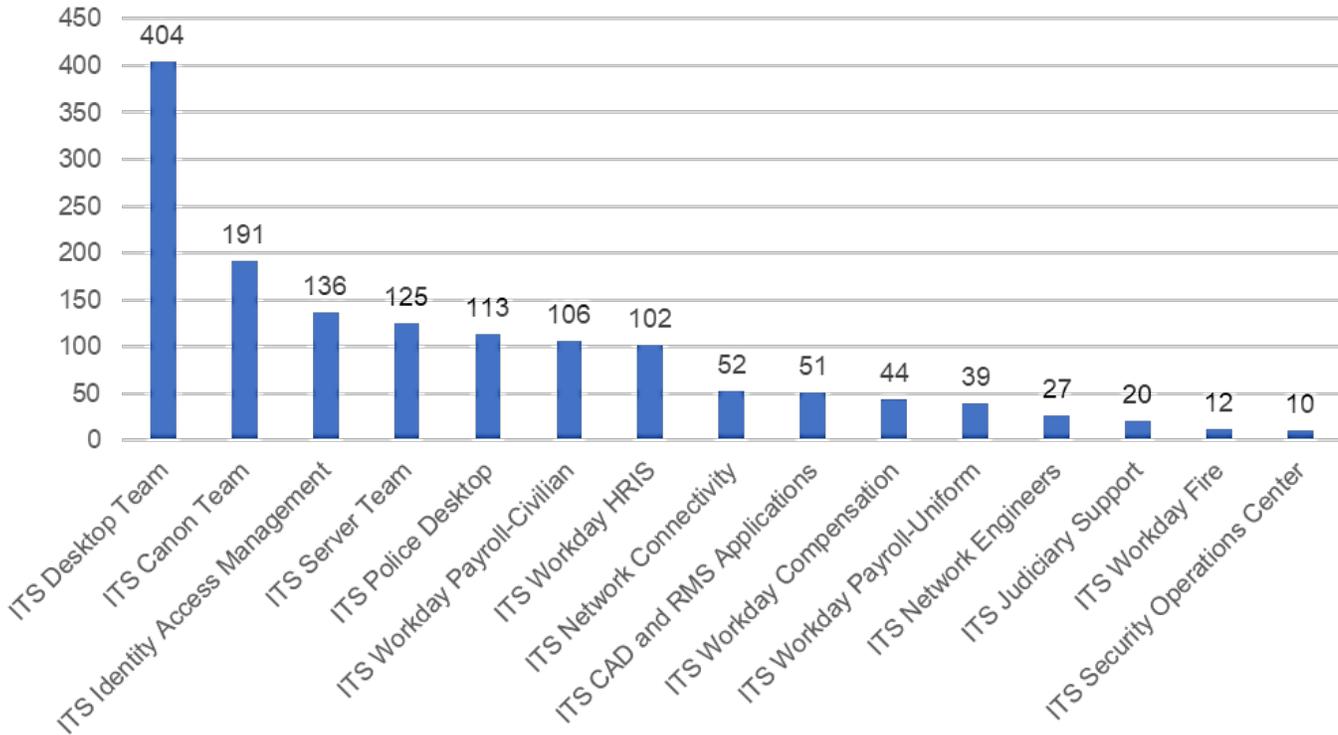
Metric	Metric	Current Month	Trend								
Average Speed to Answer – Voice	Average Speed to Answer - Voice	00:05									
Password Related Incidents	Password Related Incidents	21%	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Nov</td><td>20.2%</td></tr> <tr><td>Dec</td><td>17.8%</td></tr> <tr><td>Jan</td><td>21.3%</td></tr> </table>	Month	Value	Nov	20.2%	Dec	17.8%	Jan	21.3%
Month	Value										
Nov	20.2%										
Dec	17.8%										
Jan	21.3%										
First Contact Resolution - Incident	First Contact Resolution - Incident	92.85%	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Nov</td><td>91%</td></tr> <tr><td>Dec</td><td>85%</td></tr> <tr><td>Jan</td><td>93%</td></tr> </table>	Month	Value	Nov	91%	Dec	85%	Jan	93%
Month	Value										
Nov	91%										
Dec	85%										
Jan	93%										
Average Duration – Service Desk	Average Duration - Service Desk	0.19 Days* 278 Minutes	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Nov</td><td>282</td></tr> <tr><td>Dec</td><td>566</td></tr> <tr><td>Jan</td><td>278</td></tr> </table>	Month	Value	Nov	282	Dec	566	Jan	278
Month	Value										
Nov	282										
Dec	566										
Jan	278										
Average Duration – Field Services	Average Duration - Field Services	2.89 Days 4172 Minutes	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Nov</td><td>4484</td></tr> <tr><td>Dec</td><td>4409</td></tr> <tr><td>Jan</td><td>4172</td></tr> </table>	Month	Value	Nov	4484	Dec	4409	Jan	4172
Month	Value										
Nov	4484										
Dec	4409										
Jan	4172										
Average Duration - PD Field Services	Average Duration - PD Field Services	3.7 Days 5431 Minutes	<table border="1"> <tr><th>Month</th><th>Value</th></tr> <tr><td>Nov</td><td>3714</td></tr> <tr><td>Dec</td><td>4249</td></tr> <tr><td>Jan</td><td>5431</td></tr> </table>	Month	Value	Nov	3714	Dec	4249	Jan	5431
Month	Value										
Nov	3714										
Dec	4249										
Jan	5431										

NOTES:

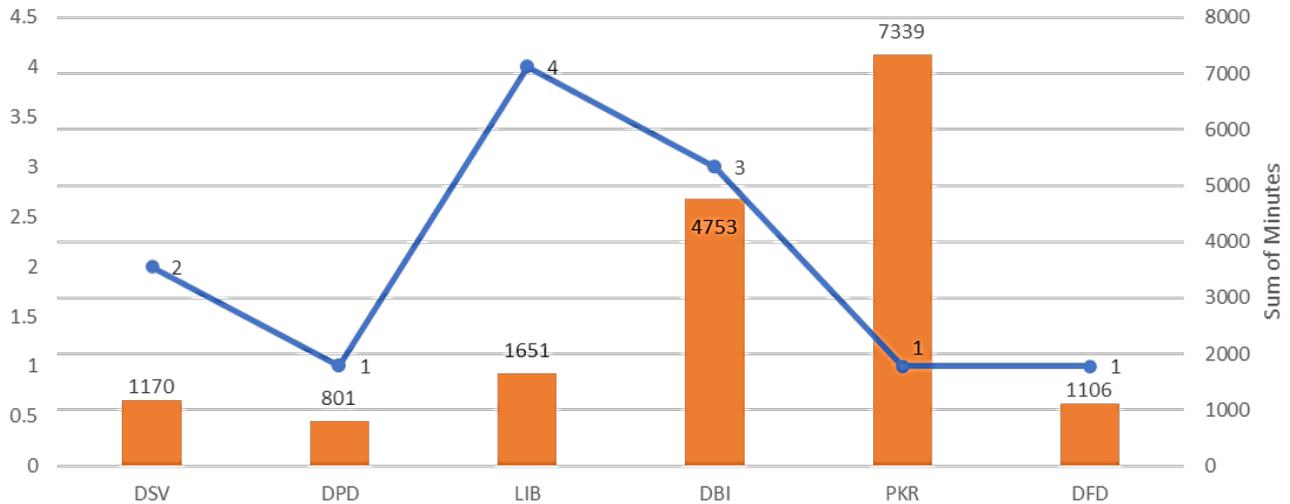
1. In January 2024, the IT Helpdesk received 3719 calls for support. This is an increase of almost 700 calls over December 2023 which saw 3034 calls, and below the rolling yearly average of ~6100 per month (excluding May and the impact of ransomware related calls).
2. First Contact Resolution (Incidents) rebounded to 93% in January, compared to December, at 85% and above the rolling year average of 83%.
3. Field Services (excluding DPD) average service duration of 2.89 days in January is a slight decrease over the previous two months.
4. Field Services for DPD average service duration increased slightly to 3.7 days in January compared to 2.9 days in December.

2. Monthly Incident Report (Break/Fix “My Computer Doesn’t Work”)

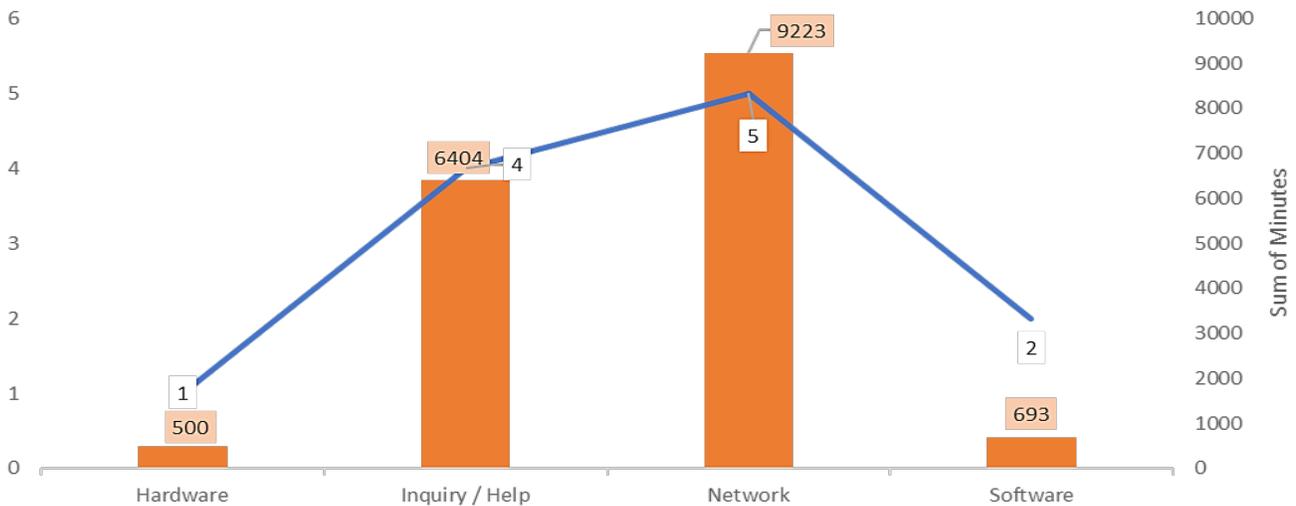
Top 15 Assignment Groups
Incidents January 2024



Impact Minutes by Department
Severity 1 and Severity 2

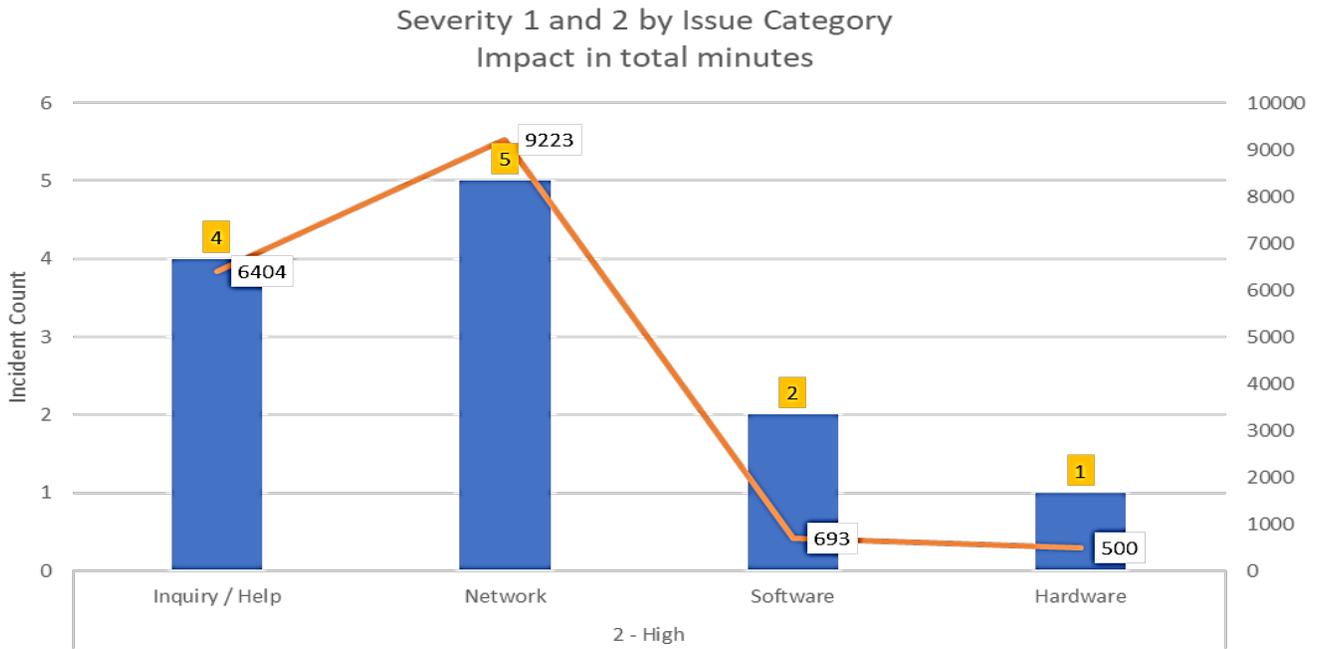


Impact Minutes by Issue Category
Severity 1 and Severity 2



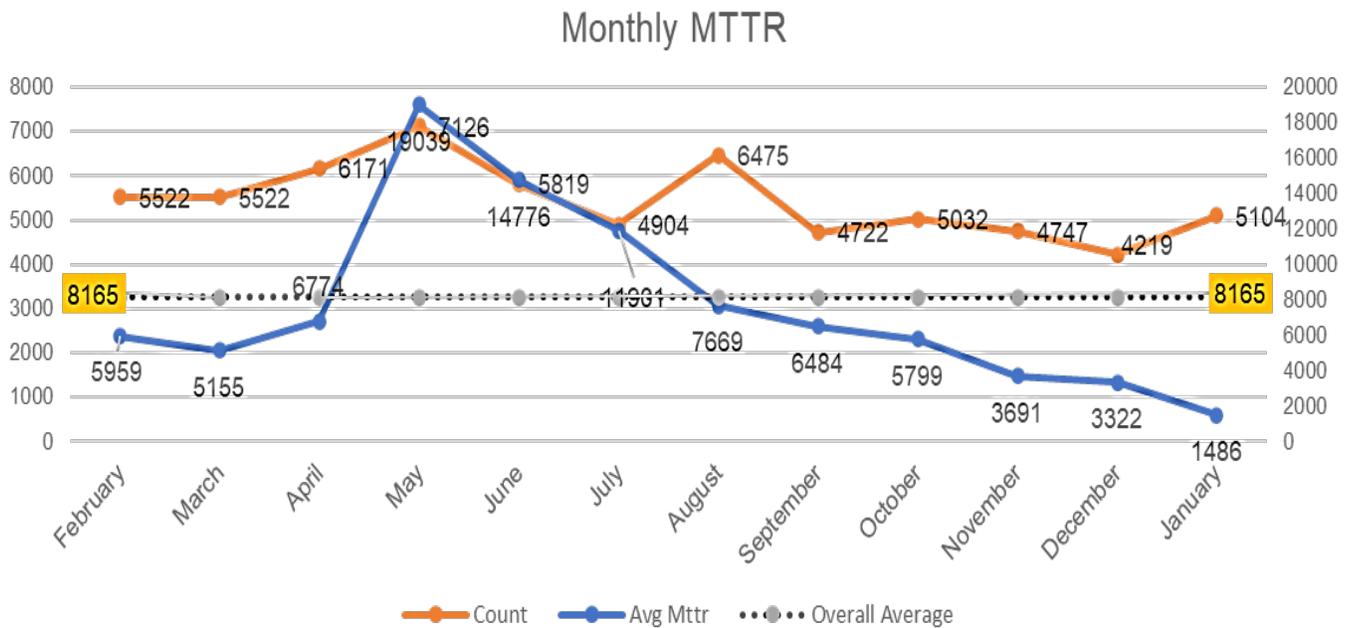
NOTES:

1. Severity 1 and Severity 2 incidents are the most severe and most likely result in degraded services or outages that impact the ability of City departments to fulfill their missions.
2. The top chart tracks the number of reported major incidents by department, along with the total number of minutes the incident(s) potentially impacted them.
3. The lower chart tracks major incidents by category and minutes of impact.



NOTES:

1. This chart provides the distribution of major incidents and impact minutes over specific services and delineated by Critical and High severity.



NOTES

1. This chart provides the trendline for the average mean time to repair (MTTR), an industry standard for tracking the timeliness of resolution on reported incidents.
2. Mean Time to Repair, in these reports, is calculated as the total time from Report of Incident to the Resolution of the Incident.
3. January, numbers do not include 461 tickets which remain in progress and as of the reporting date not yet resolved.
4. December MTTR updated to reflect post current reporting month closure validation. January numbers will be updated in February reporting cycle to reflect tickets closed post data compilation.

3. Monthly Major Outage Report

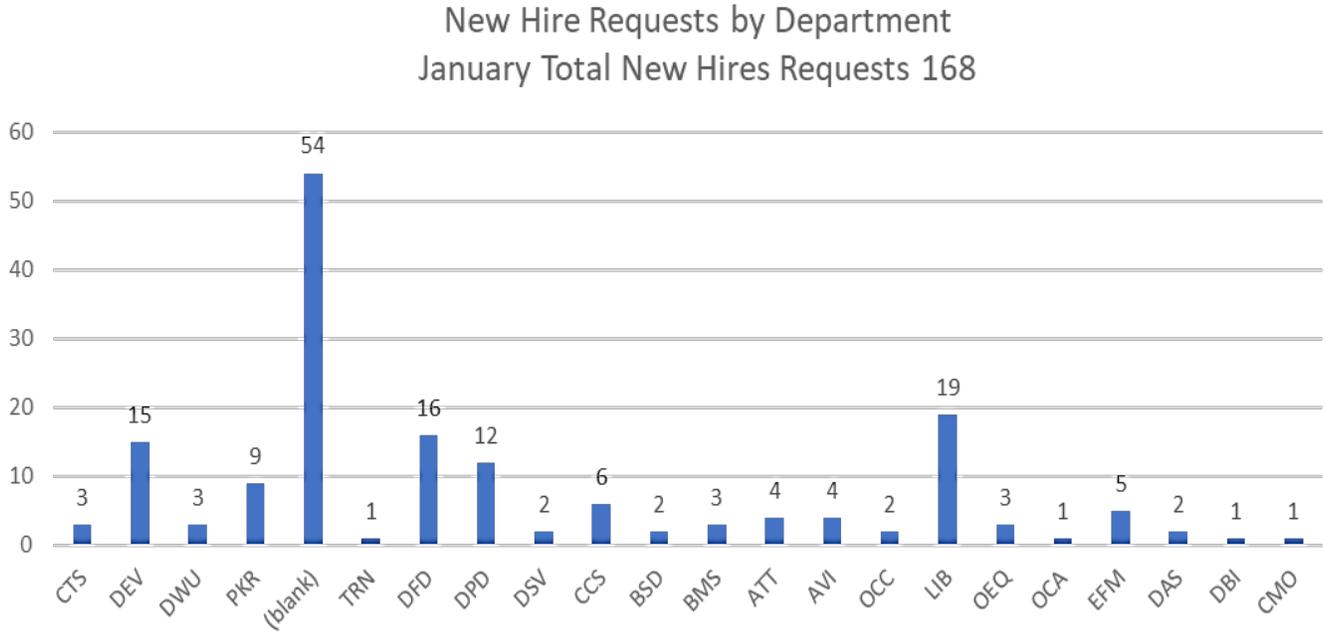
Priority	Description	Department	Primary	Secondary	Assignment Group	Hours
2 - High	PC Res PC Res will not accept library cards Multiple sites	LIB	Software	Troubleshooting	ITS Server Team	6.2
2 - High	Network Gis severer XXXNNN needs to be rebooted	DBI	Software	Troubleshooting	ITS Server Team	5.3
2 - High	SQL Server Management Studio Receiving an HTTP Error	DPD	Inquiry / Help	How To	ITS Server Team	13.4
2 - High	Network network unresponsive wifi and wired	PKR	Network	Outage	ITS Network Connectivity	122.3
2 - High	Network Station's network connection and phone lines not operational	DFD	Network	Outage	ITS Network Connectivity	18.4
2 - High	Phone Support 711-722 dialing is not available across call managers	DSV	Inquiry / Help	Policy/Procedure	ITS Network Phone	19.5
2 - High	PC Support VDIs all showing as offline	LIB	Network	Outage	ITS Server Team	4.8
2 - High	PC Res OC res and VDI showing offline	LIB	Hardware	Workstation/Computer	ITS Server Team	8.3
2 - High	PCRES VDIs Showing Offline	LIB	Network	Outage	ITS Server Team	8.2
2 - High	Server Unresponsive Unable to gain remote access to XXXNNN scripting server	DBI	Inquiry / Help	Policy/Procedure	ITS Server Team	47.3
2 - High	Primary Circuit for Police Academy is down.	DSV	Network		ITS Network Engineers	#VALUE!
2 - High	Server Unresponsive XXXNNN is not responsive need to be restarted	DBI	Inquiry / Help	Policy/Procedure	ITS Server Team	26.6

NOTES:

1. Major incidents are identified as Severity1 and Severity2 that have significant impact to City services or Department’s ability to perform critical functions and last over 4 hours in duration. Major incidents are measured by duration of impact, degraded or full outage, of services.
2. Major Incidents with #value are incidents that had over 4 hours of impact, however, are incomplete of details, at the time the report was generated, to identify full impact to departments.
3. January saw a decrease in both the average time to repair and total impact time for Major Incidents compared to December. January average MTTR of 25.5 hours compared to December of 71.5 hours. January total impact 280.3 hours compared to December which had 500.6 hours.
4. Twelve Major incidents in the month of January, 0 critical and 12 high, an increase of 4 over December of 8, 0 critical and 8 high.
5. The extended impact duration of 122.3 hours was associated with an AT&T circuit issue requiring AT&T field support to fix. Additionally, the ticket was not marked as resolved until being confirmed during business hours by the impacted department and city network technicians. This incident was a full-service impacting outage for the location.

B. Service Requests (including new employee onboarding)

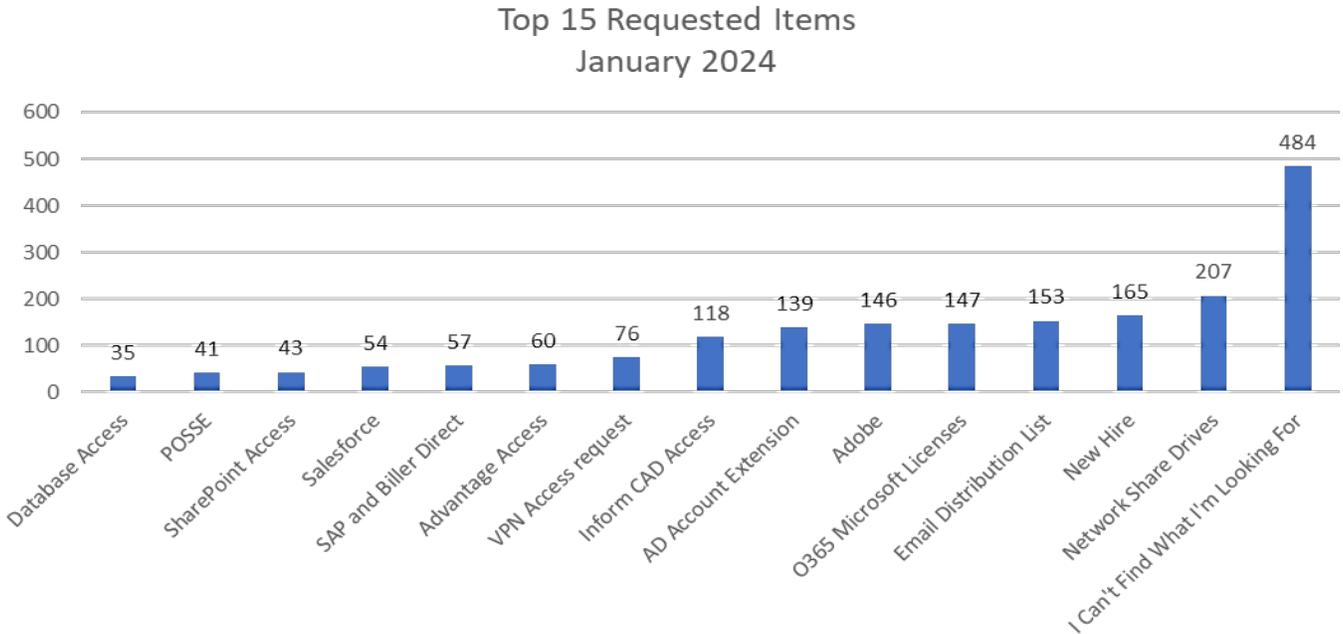
1. New Hire Report



NOTES:

1. In the month of January, a total of 168 request tickets were generated for new employees.
2. LIB, DFR, and DEV were the top 3 New Hire Request departments.
3. Blank indicates no department match was available for the requested onboarding at the time the report was generated.

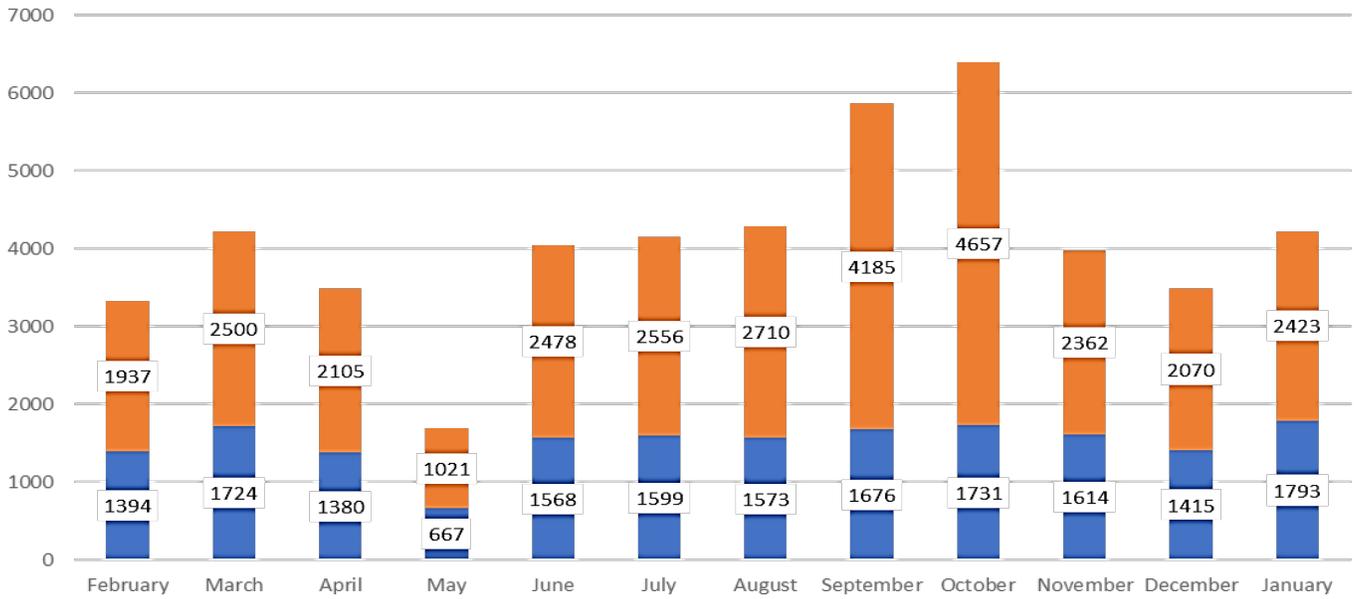
2. Service Request Report (An ask for service – “I Need Software Installed”)



NOTES:

1. January Service Requests totaled 1793, an increase of 300+ over December which totaled 1415. This report depicts the top 15 Request by type that were selected.
2. “I Can’t Find What I’m Looking For” is a category used when a service catalog item does not exist for what the user is asking.

Request Action by Month



NOTES:

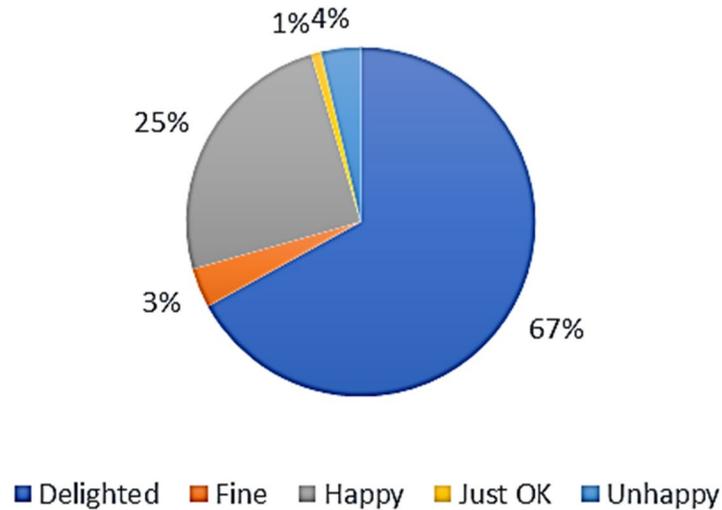
1. This chart illustrates that 1793 Request Tickets generated 2423 Request Actions. Frequently, one Request generates multiple actions to be completed by one or more teams to fulfill the ask.

C. IT Service Desk Satisfaction Surveys

The City's IT Service Desk conducts surveys of employees that have submitted incident reports and service requests. These surveys are performed through the ServiceNow platform in the form of email requests directly to the individuals who submitted the request to the IT Service Desk either by calling or submitting through the online ServiceNow platform. Submitters are asked to provide feedback on the timeliness of the disposition of their request and their rating of the overall Service Desk experience. Along with the rating, submitters are asked to provide other feedback which can be used to address specific issues and to improve the overall timeliness and experience.

1. IT Service Desk Timeliness Report

Service Desk 'Timely Response' 30 Days Survey

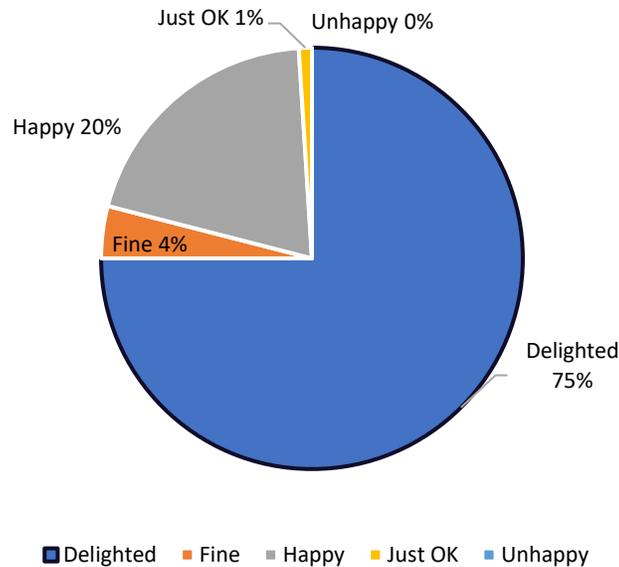


NOTES:

1. This chart illustrates the overall survey responses to the question of Service Desk timeliness for requests submitted in January 2024.
2. While each IT Service Desk ticket submitted results in a survey request to the submitter, not all survey requests receive a response, and these data represent the results from those responding to the survey.
3. The survey requests employees that have submitted an incident report or service request to the IT Service Desk to rate the timeliness of the service delivery on a scale along five points; Unhappy, Just OK, Average, Fine, Happy, and Delighted.
4. For the January 2024 survey, 95% of respondents rated their perception of timeliness of the service to be either Fine, Happy, or Delighted.

2. IT Service Desk Overall Experience Report

Service Desk 'Overall Experience' 30 Day Survey

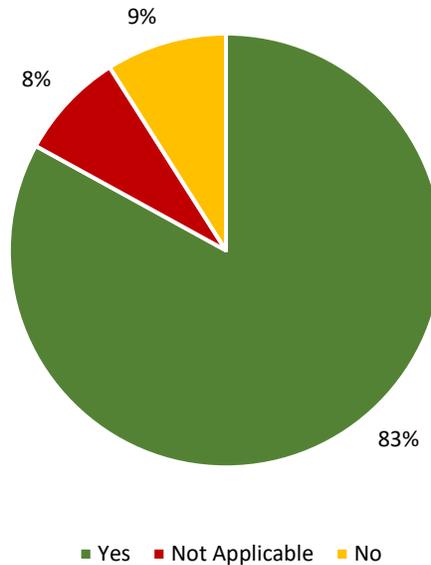


NOTES:

1. This chart illustrates the overall survey responses to the question of Service Desk experience for requests submitted in January 2024.
2. While each IT Service Desk ticket submitted results in a survey request to the submitter, not all survey requests receive a response, and these data represent the results from those responding to the survey.
3. The survey requests employees that have submitted an incident report or service request to the IT Service Desk to rate their overall experience of the service delivery on a scale along five points; Unhappy, Just OK, Average, Fine, Happy, and Delighted.
4. For the January 2024 survey, 99% of respondents rated their overall experience with the IT Service Desk to be either Fine, Happy, or Delighted.

3. IT Service Desk First Call Resolution Report

Service Desk 'First Call Resolution' 30 Day Survey



NOTES:

1. This chart illustrates the overall survey responses to the question of whether the issue was resolved on the first call to the Service Desk for requests in January 2024.
2. The survey requests employees that have submitted an incident report or service request to the IT Service Desk on whether the issue was resolved with the first call (Yes or No).
3. For the January 2024 survey, 83% of respondents responded that their issue or request was resolved on the first call.

Section 3: IT Budget Execution

IT Budget Execution provides information on the execution of the IT budget, the management of technology procurements, and the management of IT Human Capital.

A. Contract/Procurement Management

Upcoming/Recent Contracts Requiring Council Approval

Item Approved on January 10 Agenda:

Oracle America, Inc. – A two-year cooperative purchasing agreement for continued use of cloud services and support for the budget preparation and management system

- Contract amount - \$337,117.42
- This system is an effective tool in the creation, management, and reporting of the City's budget, from initiatives to line-items for all City departments.

Item Approved on January 24 Agenda

Microsoft Corporation – A one-year cooperative purchasing agreement for continuous premier support services through Department of Information Resources cooperative agreement

- Contract amount - \$699,286
- This service contract will provide Microsoft Premier Support Services to the City of Dallas. This service provides training workshops, enhanced technical support and assistance for complex or critical problems that arise during the use of Microsoft software products.

Open Solicitations

Network Cabling

- Five-year contract with two, two-year renewal options for the design, installation, maintenance, and repair of network cabling.
- Selection committee is evaluating the proposals

Broadband and Digital Divide

- Eight-year initial contract with four three-year renewal options for Digital Equity Infrastructure and Last Mile Connectivity. The City is looking to select one or multiple solution/service providers qualified to design, build, deliver, and manage scalable fiber infrastructure to connect City facilities and high-priority unserved Census Tracts.
- Selection committee is evaluating the proposals

Network Managed Services

- Managed services for voice and data services, as well as the network support helpdesk.
- Open/Advertised Dates – February 15 and February 22
- Pre-Solicitation Conference Dates – February 26 at 9:00 a.m.
- Due Date – March 15

Upcoming Solicitations

Software Master Agreement – Service contract to purchase various enterprise commercial off the shelf (COTS) software products including perpetual, fixed term, subscription, and software as a service with their related software maintenance, support, training, and implementation, and other related services that will be used by the City in support of existing business operations.

Network Managed Services – Managed services for voice and data services, as well as the network support help desk.

Court Case Management System – System to automate and optimize daily work processes for Dallas Municipal Courts, replacement for the current system.

EMS Inventory Management System – System to manage and track acquisitions, distribution of DFR inventory, which include operation/emergency medical supplies, and personnel gear.

B. Budget Performance & Execution – December 2023

**Fund 0191 – 9-1-1 System Operations
December 2023**

Expenditure Category	FY 2032-24 Adopted Budget	FY 2032-24 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	661,024	661,024	131,425	620,746	(40,278)
Pension	95,983	95,983	19,166	89,934	(6,049)
Health Benefits	67,550	67,550	8,705	67,410	(140)
Worker's Compensation	1,712	1,712	1,712	1,712	-
Other Personnel Services	14,899	14,899	3,071	10,220	(4,679)
Total Personnel Services	841,168	841,168	164,079	790,022	(51,146)
Supplies	201,464	201,464	10,000	201,464	-
Contractual Services	11,824,129	11,824,129	3,559,301	11,824,129	-
Capital Outlay	-	-	-	-	-
Reimbursements	-	-	-	-	-
Total Expenditures	12,866,761	12,866,761	3,733,381	12,815,615	(51,146)

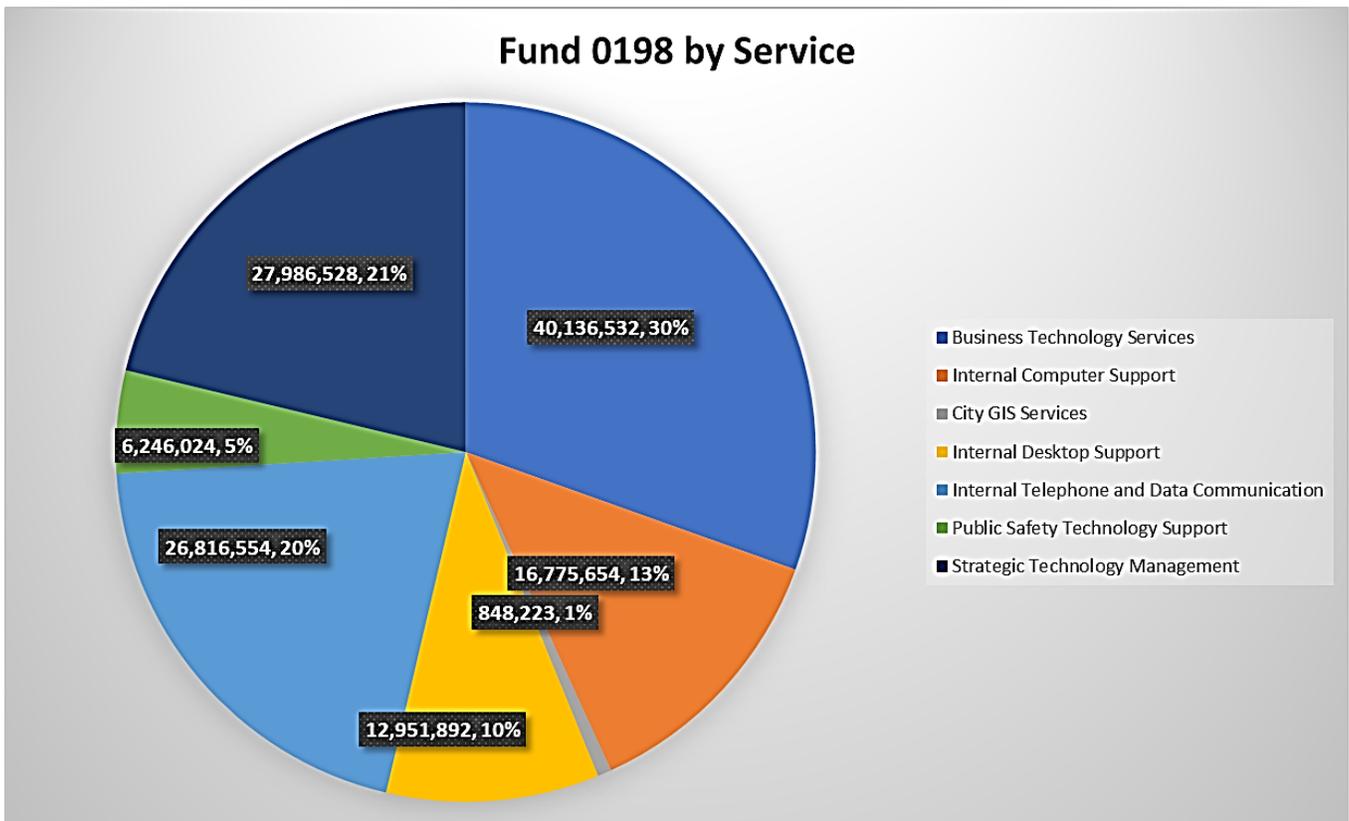
**Fund 0197 – Communication Services (Radio Network)
December 2023**

Expenditure Category	FY 2032-24 Adopted Budget	FY 2032-24 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	1,995,239	1,995,239	433,427	1,964,155	(31,084)
Overtime Pay	96,632	96,632	70,607	97,578	946
Pension	303,582	303,582	73,177	284,350	(19,232)
Health Benefits	289,500	289,500	35,639	289,140	(360)
Worker's Compensation	8,059	8,059	8,059	8,059	-
Other Personnel Services	35,196	35,196	9,479	33,205	(1,991)
Total Personnel Services	2,728,208	2,728,208	630,388	2,676,487	(51,721)
Supplies	1,433,876	1,433,876	76,114	1,435,919	2,043
Contractual Services	14,711,697	14,711,697	3,083,777	14,761,375	49,678
Capital Outlay	-	-	-	-	-
Reimbursements	-	-	-	-	-
Total Expenditures	18,873,781	18,873,781	3,790,278	18,873,781	(0)

Budget Performance & Execution (continued)

Fund 0198 – Data Services
December 2023

Expenditure Category	FY 2032-24 Adopted Budget	FY 2032-24 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	20,914,938	20,914,938	4,018,188	19,669,446	(1,245,492)
Overtime Pay	31,612	31,612	9,171	27,619	(3,993)
Pension	3,027,737	3,027,737	587,284	2,951,783	(75,954)
Health Benefits	2,036,150	2,036,150	216,930	2,027,175	(8,975)
Worker's Compensation	53,893	53,893	53,893	53,893	-
Other Personnel Services	1,028,754	1,028,754	142,081	627,118	(401,636)
Total Personnel Services	27,093,084	27,093,084	5,027,546	25,357,034	(1,736,050)
Supplies	764,420	764,420	155,582	768,566	4,146
Contractual Services	103,926,620	103,926,620	50,272,831	105,635,716	1,709,096
Capital Outlay	-	-	-	-	-
Reimbursements	-	-	-	-	-
Total Expenditures	131,784,124	131,784,124	55,455,959	131,761,316	(22,808)



C. ITS Staffing & Hiring Report

1. ITS Funded Staffing Levels

IT Fund	FY 21	FY 22	FY 23	FY 24	FY 25 Plan
Fund 0191 - 9-1-1 Technology Support	7.0	7.0	7.0	7.0	7.0
Fund 0197 - Radio Communications	28.0	30.0	30.0	30.0	30.0
Fund 0198 - Data Services	190.0	204.0	223.0	225.0	230.0
Total	225.0	241.0	260.0	262.0	267.0

2. Vacancies and Hiring Activities

- As of January 31, 2024, ITS had 53 vacancies out of the available 260 positions.
- As of January 31, 2024, of the 53 vacancies, the disposition was:
 - 0 are in draft posting
 - 6 are undergoing reclassification to re-align within the ITS department
 - 57 are awaiting posting
 - 0 are actively posted
 - 0 were previously posted
 - 0 are under review
 - 0 are at a second round of interviews
 - 0 have pending offers with candidates

***Note – To help facilitate the transition from NeoGov to WorkDay for position advertisement, all positions are under review and awaiting project completion. Anticipated February 14, 2024.

Section 4: Cybersecurity Programs

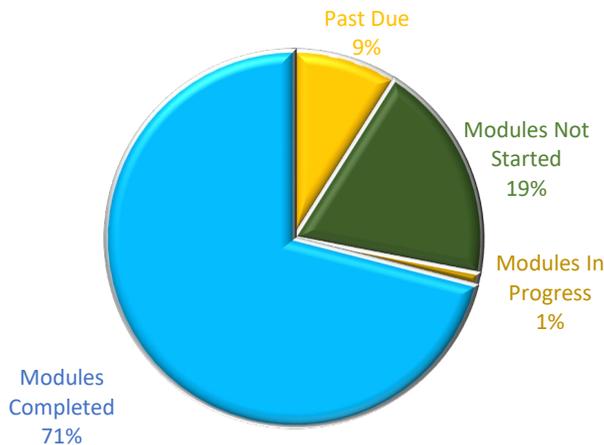
A. Awareness Training

Security Awareness training is measured on an annual basis. Over the last several years ITS has observed a generally positive trend in risk scoring associated with annual employee training. Beginning with each new fiscal year the City will conduct a new set of security awareness courses to meet not only the best practices, but State of Texas House Bill 3834 requirements for all government employees.

However, each year we see new or enhanced requirements from the Texas State Legislature as the risk environment evolves and becomes increasingly more threatening. As such, our security awareness training program must evolve to reflect the latest requirements and latest threats and it is critical that the security awareness training is completed each year. The information below illustrates the enrollment and completion efforts of employee training over the course of the year. For FY 2022-23 the City completed 92% of 30 training campaigns covering HIPAA, PCI, and Cybersecurity. The FY 2023-24 security awareness training campaigns are currently being drafted and scheduled, and ITS will track progress and work with City employees to ensure completion.

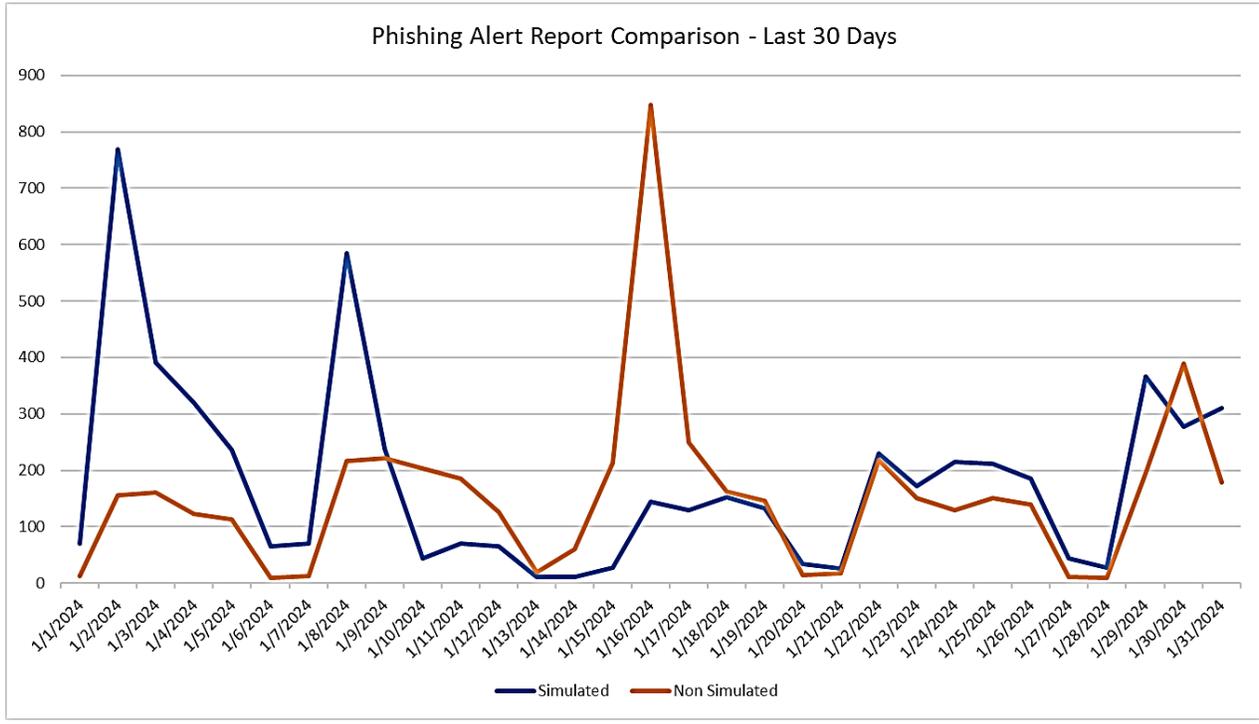
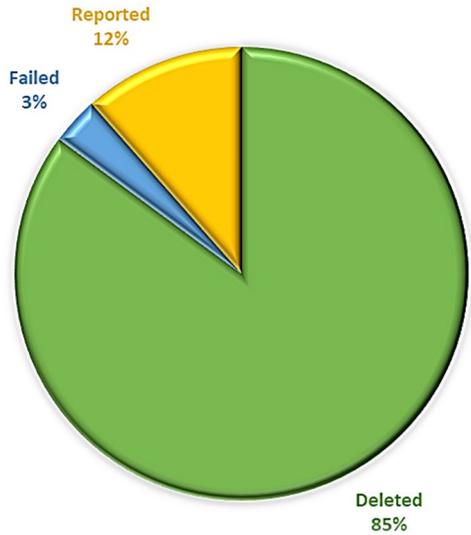
- Note employees with less than 25% of job function on technology are not required to complete Cybersecurity Training.

ANNUAL SECURITY AWARENESS TRAINING



In addition, ITS continuously applies best practices to the employees around phishing and their ability to recognize and appropriately handle phishing incidents. Campaigns designed given real world scenarios, typically taken from recent events are sent out to the employee population to test their ability to distinguish and act. This provides feedback to the employees as well has increased the actual amount of true phishing reported. As well, a “Report phishing” button added to user’s Outlook has increased both the numbers of test phish and actual phishing emails.

ALL PHISHING ACTIVITY



B. Situational Awareness

Annually ITS assess the overall Security posture of the organization based upon the NIST Cybersecurity Framework (CSF). Each category within the NIST CSF is evaluated for the current level of maturity and expectant maturity level. This process uses current and projected technologies and documented standards and procedures to complete the process. ITS utilizes both internal and external resources to conduct assessments. The results of the assessments are used by ITS to develop security strategy for cybersecurity and privacy. The below figure outlines the maturity model for the CSF. While the TAR does not provide our scores from our self-assessment, ITS can provide this information to Council members and discuss the assessments in depth as requested.

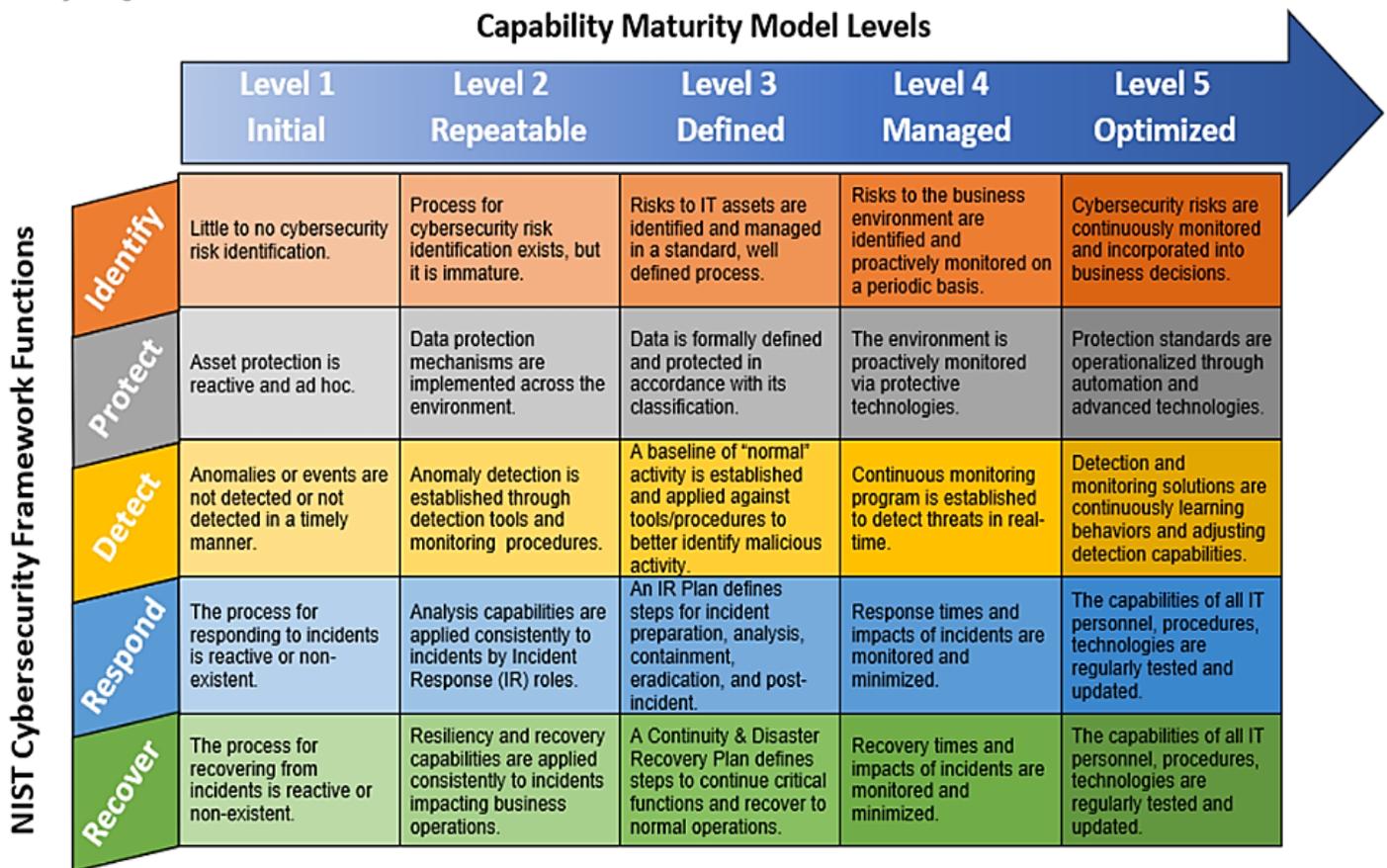
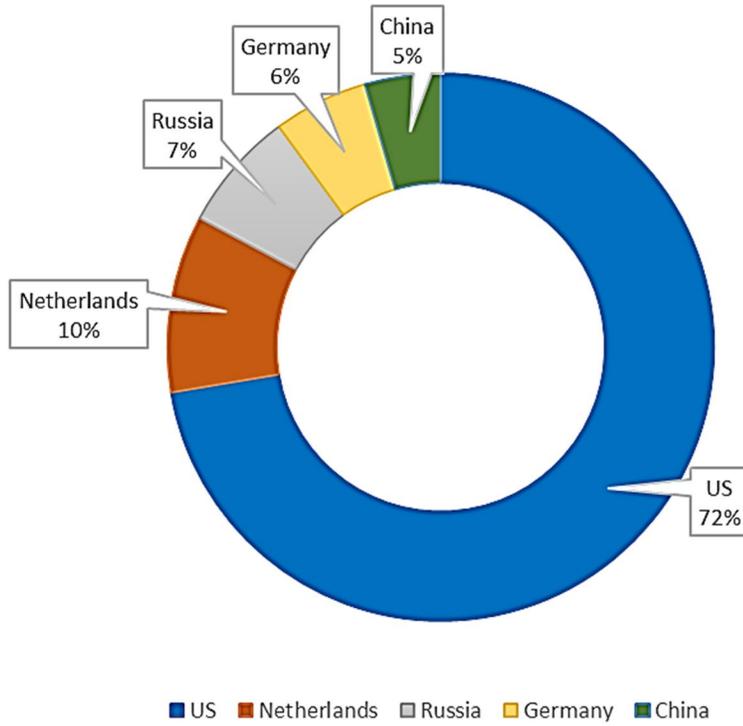
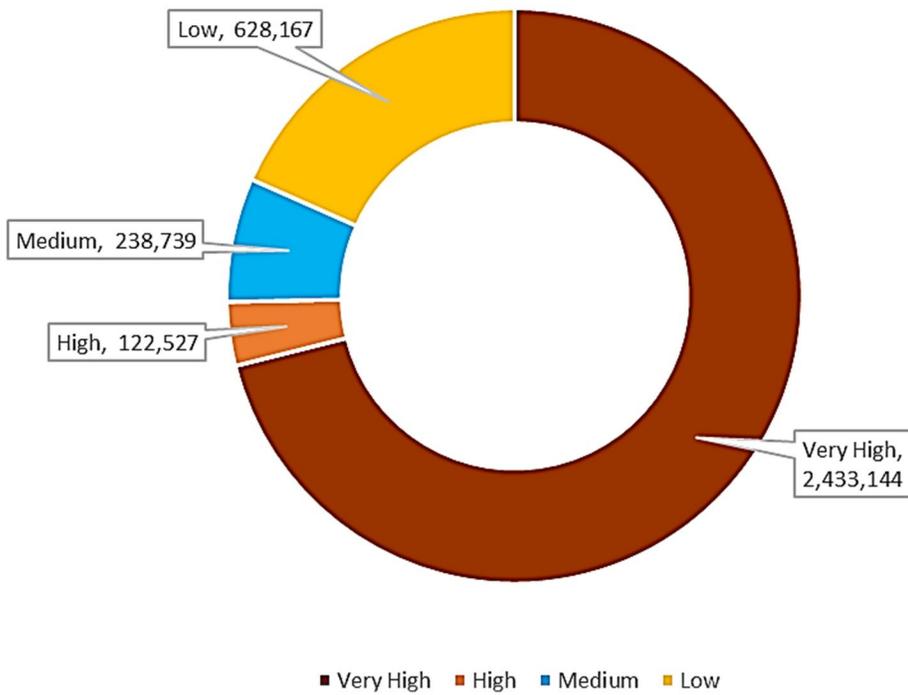


Figure 3: Assessing Cybersecurity Maturity

Top Threats 12/2023 by Country



Severity & Number of Threats to City of Dallas

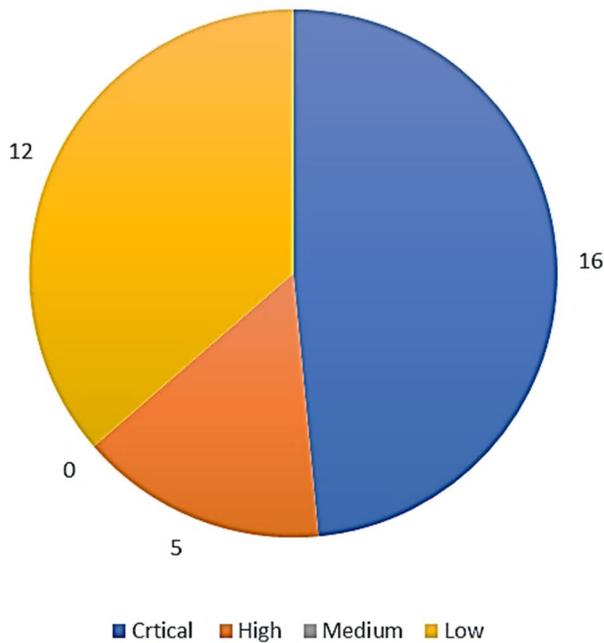


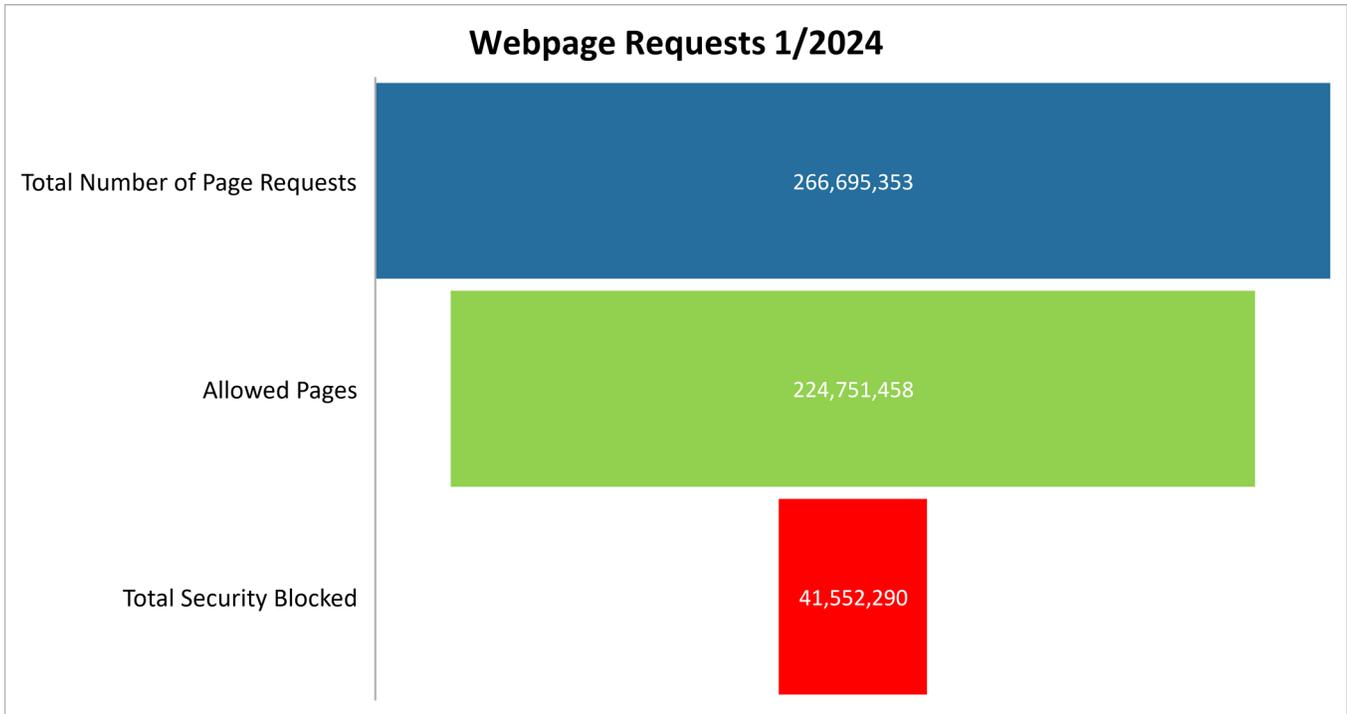
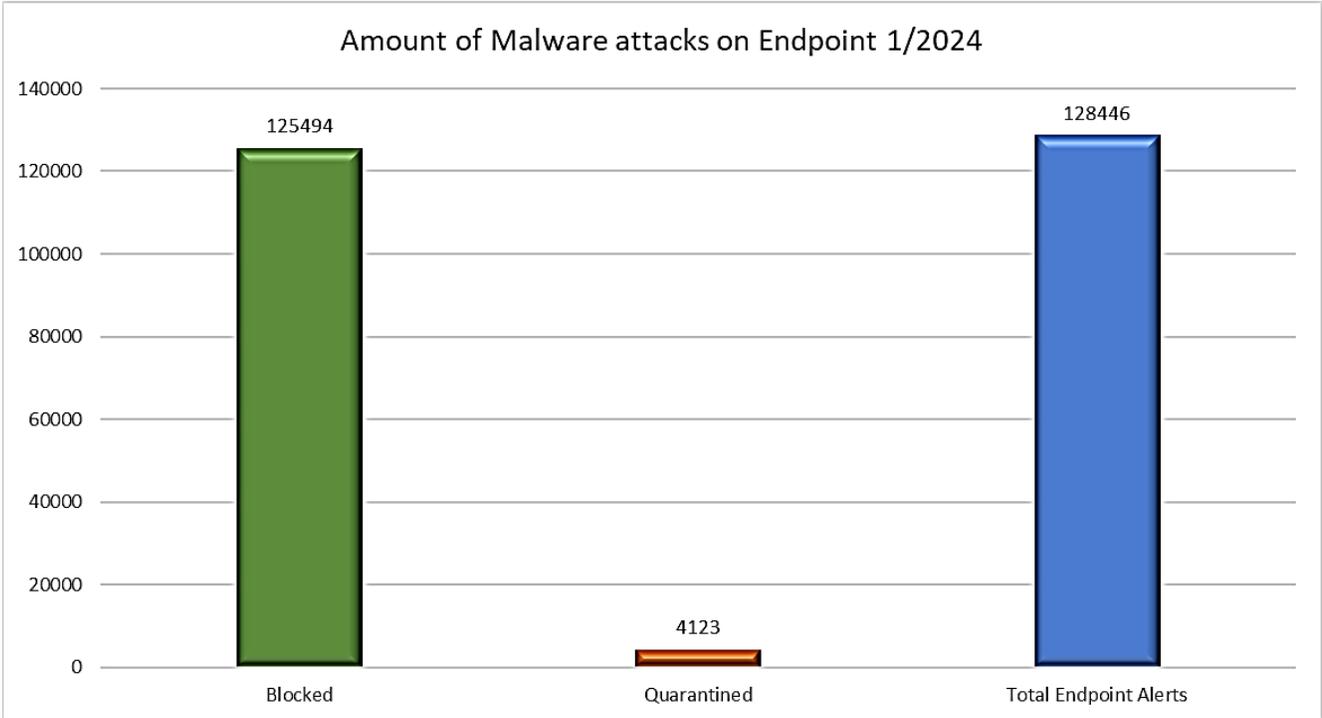
C. Data Protection & Privacy

1. Endpoint Protection

Endpoint protection is one component to the organization's ability to handle daily malware. All devices needing connection to the internet are subject to attacks. Attacks are mitigated through technologies monitoring the systems in real time reacting and responding to those attacks. Technologies like Firewall and Endpoint Detection and Response all are in place to respond to those attacks. Below is the status for endpoint attack metrics.

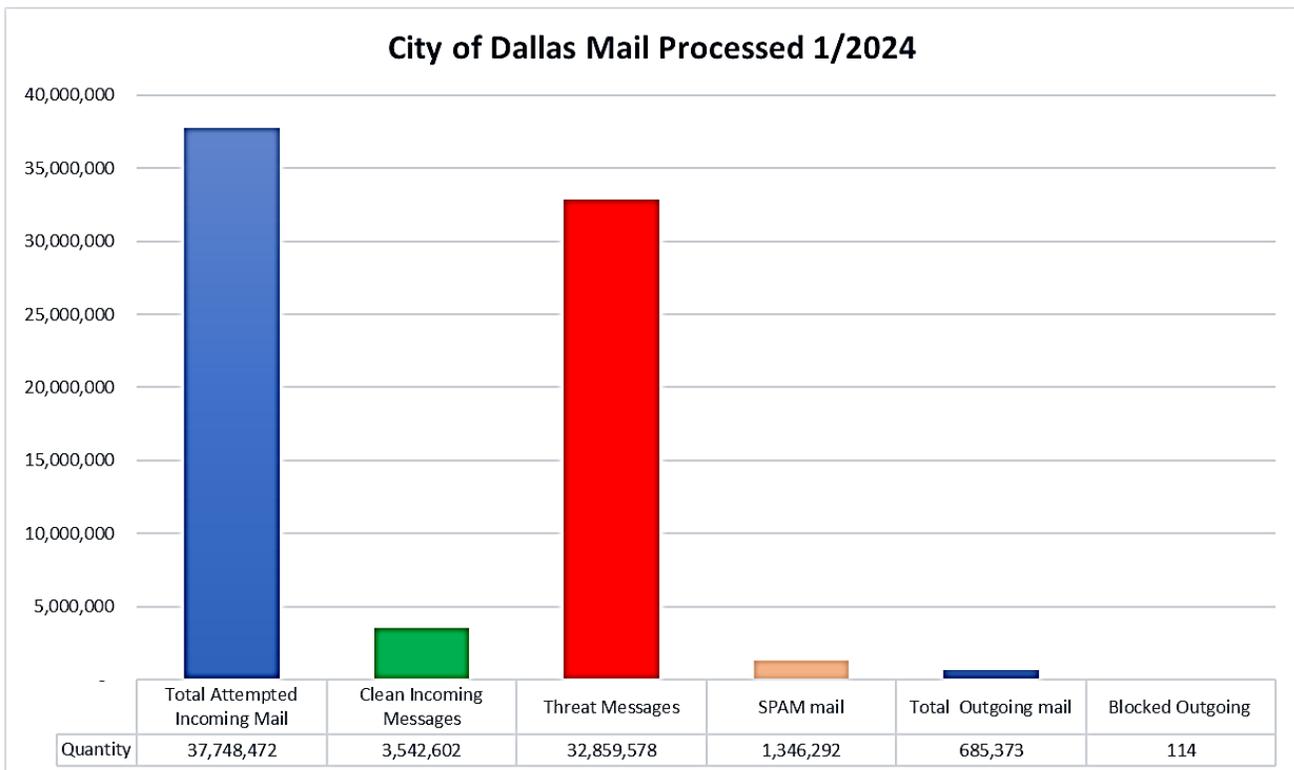
Endpoint Malware Remediated 1/2024





2. Email Screening

The City of Dallas receives and send millions of emails a month. Phishing is an attack vector that is utilized by bad actors in the form of social engineering, to gain internal access to the network. This can then be used to introduce malware, ransomware, and other malicious software to adversely affect City services. Below provides a picture of mail messages processed and remediated prior to user reception.



Section 5: IT Infrastructure

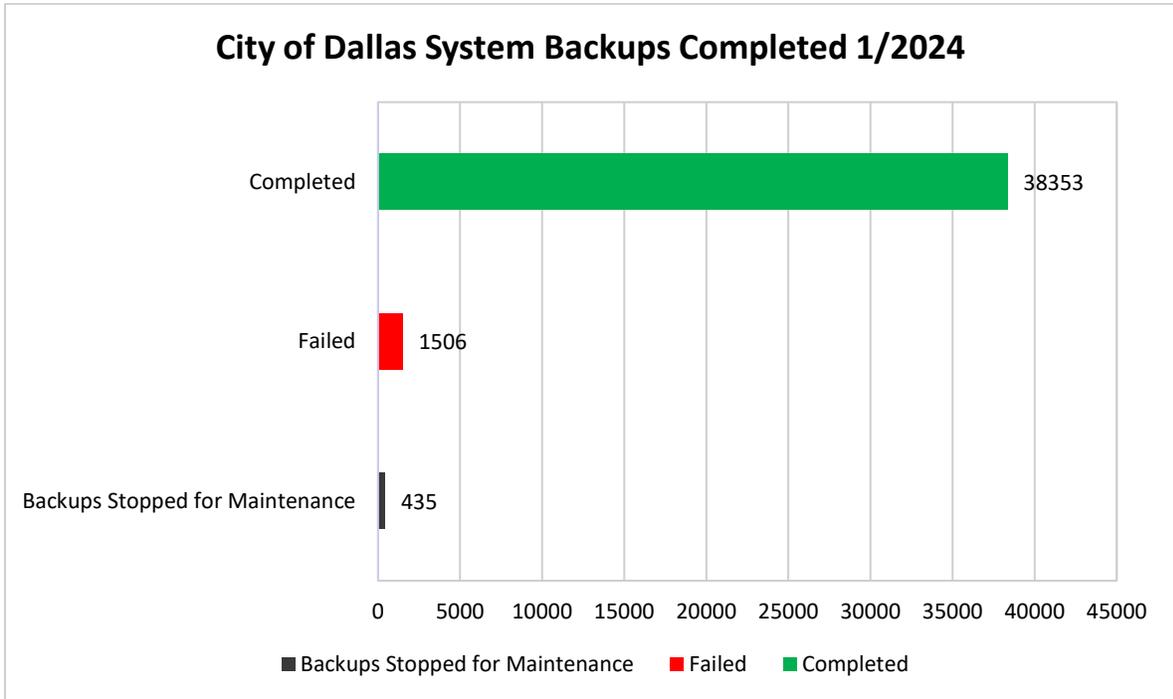
IT Infrastructure information and status updates on efforts to upgrade and improve the IT infrastructure used by the City to reduce technical debt, better meet current needs, and build for future service needs.

A. Resiliency - Disaster Recovery and Business Continuity

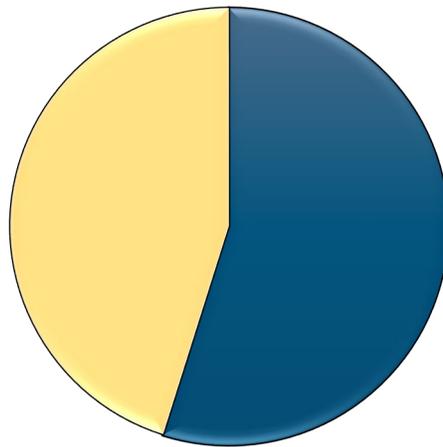
Resilience is essential in the City's IT environment because it ensures that the system can continue to function effectively and efficiently even when unexpected events occur. This can include things like hardware or software failures, power outages, natural disasters, and cyber-attacks. Lack of resiliency impacts Local government to prolonged outages, data loss, and security breaches. These can be costly in terms of services to residents, loss of public trust, and regulatory penalties.

Resiliency can be achieved through a combination of redundancy, fault tolerance, disaster recovery planning, and proactive monitoring and maintenance. By designing and implementing resilient IT systems, the City can minimize the impact of disruptions and maintain business continuity, ensuring that critical applications and services remain available. ITS has begun evaluating on opportunities to design the City's IT environment to improve resilience.

A critical component of Disaster Recovery and Business Continuity practices is backing up critical data, testing data backups, and conducting exercises to ensure that data backups can be successfully utilized to restore business services.



Data Realization



■ Total Amount of Unstructured Data ■ Stale Files ■ Sensitive Files

Total Data 3.2 PB
Total Backup Data 1.79 PB
Total Files 18.9 m

B. Technical Debt

Technical debt refers to the accumulation of design or implementation compromises made during the development of software, applications, or systems. Similar to how financial debt accrues interest over time, technical debt also accumulates and incurs a cost in the form of increased maintenance and development time, reduced quality, and decreased productivity.

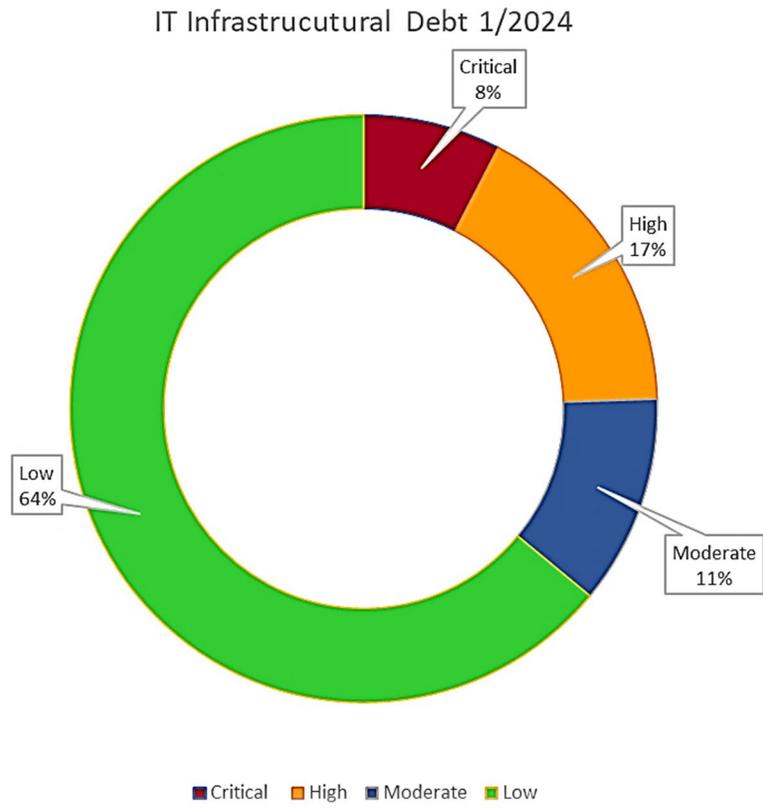
Generally, technical debt is categorized by three types:

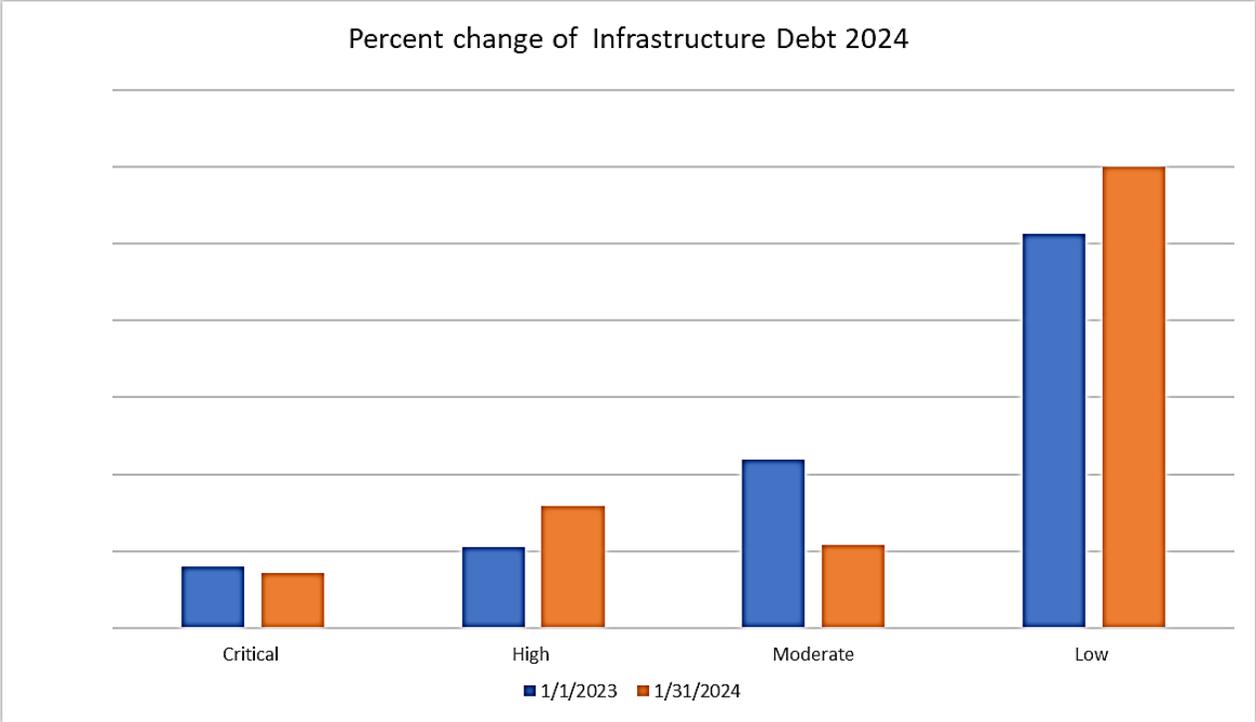
- Intentional Tech Debt: This is created deliberately by an organization in an effort to get technical capability into production more quickly. This form of tech debt involves a premeditated choice where an organization knowingly accepts some level of instability, insecurity, poor performance, user dissatisfaction or some other type of problem in exchange for launching the product sooner. This form of tech debt introduces risk, but represents a known risk that can be documented, tracked, and remedied over time.
- Unintentional Tech Debt: This form of tech debt arises from sloppiness, unexpected complexity, or a lack of technical expertise in designing and implementing software systems. This type of tech debt may be documented, but usually it is not because it often remains unknown until an event occurs revealing the issues or errors. Unintentional tech debt can still be remediated, but the development process will need to be adjusted accordingly, impacting the function and value of software.
- Environmental Tech Debt: This category of tech debt occurs over time and without effort. A system may be developed well, implemented well, and perform well at the time of implementation, but if not managed over time, environmental technical debt is likely to accrue because the environment in which it operates is in flux and changing. The technology will change, the needs of its users will change, and the capabilities of the devices on which it operates will change rendering a system that was originally well-designed unhealthy over time.

The City of Dallas has each of these types of technical debt present in its technology environment. In many instances there is a combination of multiple types of tech debt present for a given system or service operated in the City.

As a part of the City’s IT Infrastructure improvement direction, a proactive approach has been taken that identifies, tracks, and communicates the potential risks and costs associated with technical debt to City departments. The City’s technical debt has accumulated over time, reducing the effectiveness for IT services. Any plan must involve setting aside time and resources, specifically y to address the deficit.

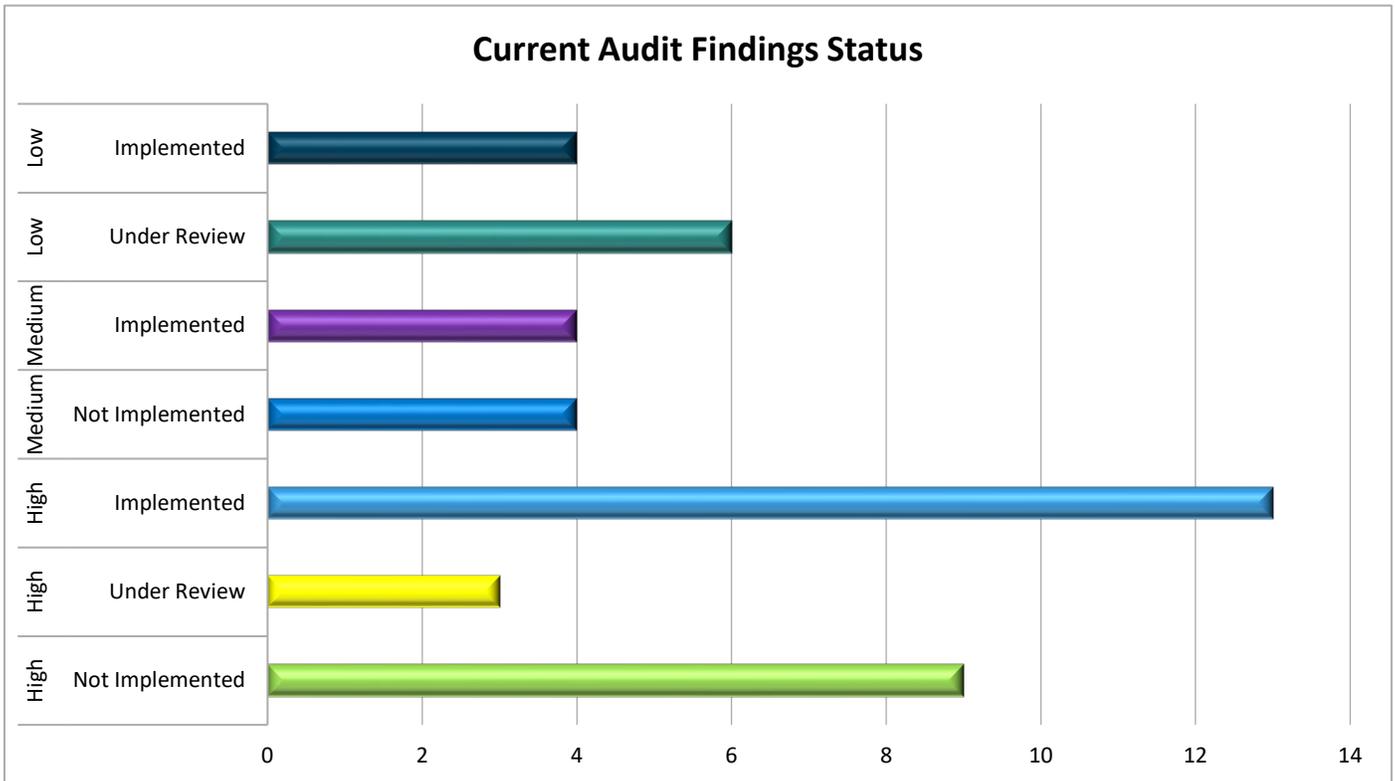
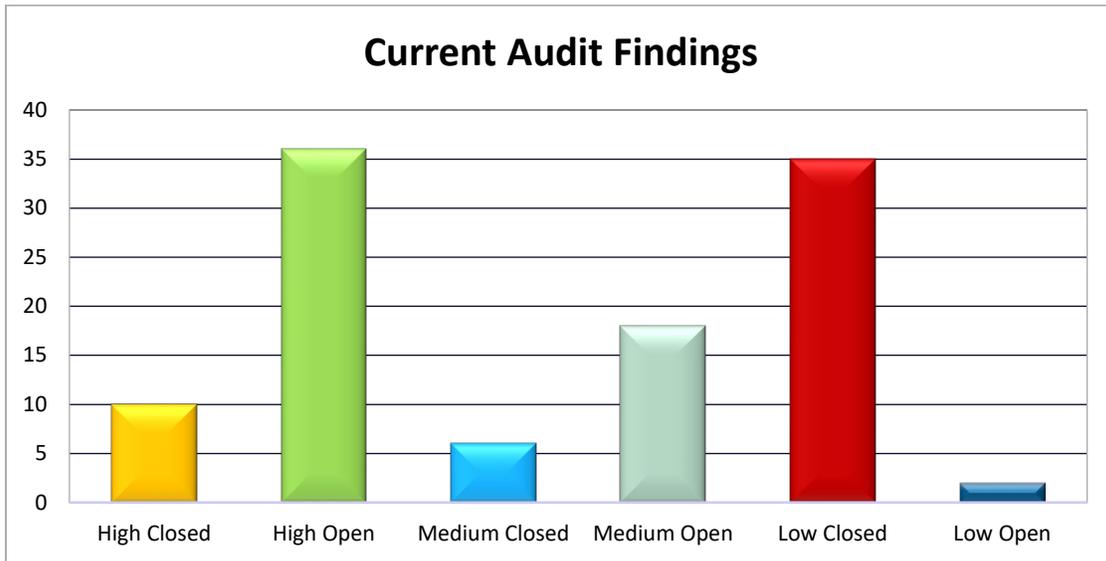
ITS is working to build a technical debt remediation program for addressing technical debt over time. The program shall outline and review changes in the system landscape and the City’s strategic priorities. The plan shall track progress toward milestones and adjust the roadmap as needed to ensure that technical debt is not only reduced, but continuously managed.



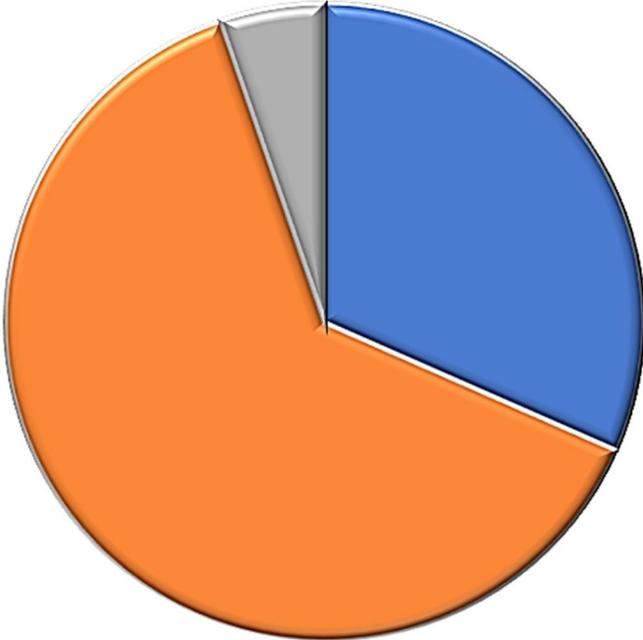


C. Audit

Currently the ITS department is working through several audits that impact technology services. Below representative if the Audit remediation efforts and stages.



Audit Remediation Stage 1/2024



Implementation in Progress No Follow-up Yet Closed



City of Dallas

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

Agenda Information Sheet

File #: 24-694

Item #: L.

Office of the City Auditor Monthly Update on Internal Audit Reports Released Between January 13, 2024 and February 16, 2024
[Office of the City Auditor]

Memorandum



DATE: February 26, 2024

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

SUBJECT: Internal Audit Reports Released Between January 13, 2024, and February 16, 2024

Background

City Council requested a talent acquisition audit be included in the Fiscal Year 2022 Audit Plan as they were aware of various ongoing hiring issues. The Audit Plan broke the talent acquisition audit into the following three audits:

- *Talent Acquisition*
- *Dallas-Fire Rescue Department Uniform Personnel Recruitment and Selection*
- *Dallas Police Department Uniform Personnel Recruitment and Selection*

To obtain the needed human capital audit expertise, Baker Tilly US, LLP was retained to perform these audits. Given the commonality of the observations and recommendations the three audits have been consolidated into this report.

The objectives of these audits are as follows.

1. Is the talent acquisition process efficient?
2. Are candidate sourcing strategies and community outreach effective?
3. Does the candidate selection process reflect best practices and promote a quality hire?
4. Are candidate sourcing strategies aligned with the City's diversity strategy?

The scope of these audits includes a review of recruitment and selection activities and documentation from Fiscal Year 2020-21 and Fiscal Year 2021-22.

Recommendations

Management should consider the 34 individual recommendations included in the three audit reports, which would improve the City's talent acquisition process with proactive marketing,

upgraded systems, performing hiring data analysis, improved communications across departments, developing clear hiring standards, and improved onboarding processes.

Management agreed to 33 of 34 recommendations, 97 percent acceptance rate.

Attached for your review are the three Office of the City Auditor audit reports released between January 13, 2024, and February 16, 2024. The full reports are included in [Attachment 1](#).

If you have any questions, please contact me at (214) 670-3222 or mark.swann@dallas.gov.

Sincerely,



Mark S. Swann
City Auditor

Attachment

C: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis Gavino, Chief of Staff to the City Manager
Sheri Kowalski, City Controller
Directors and Assistant Directors
Jeffrey Brill, Manager – Financial Compliance, Auditing & Monitoring



Reports Released:

Audit of Talent Acquisition (February 16, 2023)

- Talent Acquisition
- Dallas-Fire Rescue Department Uniform Personnel Recruitment and Selection
- Dallas Police Department Uniform Personnel Recruitment and Selection



Audits of Talent Acquisition

February 16, 2024

Mark S. Swann, City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

Tennell Atkins

Deputy Mayor Pro Tem

Carolyn King Arnold

Council Members

Adam Bazaldua

Paula Blackmon

Zarin D. Gracey

Cara Mendelsohn

Jesse Moreno

Omar Narvaez

Jaime Resendez

Paul E. Ridley

Jaynie Schultz

Kathy Stewart

Chad West

Gay Donnell Willis



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Executive Summary

Objective and Scope

The objectives of these audits are as follows.

1. Is the talent acquisition process efficient?
2. Are candidate sourcing strategies and community outreach effective?
3. Does the candidate selection process reflect best practices and promote a quality hire?
4. Are candidate sourcing strategies aligned with the City’s diversity strategy?

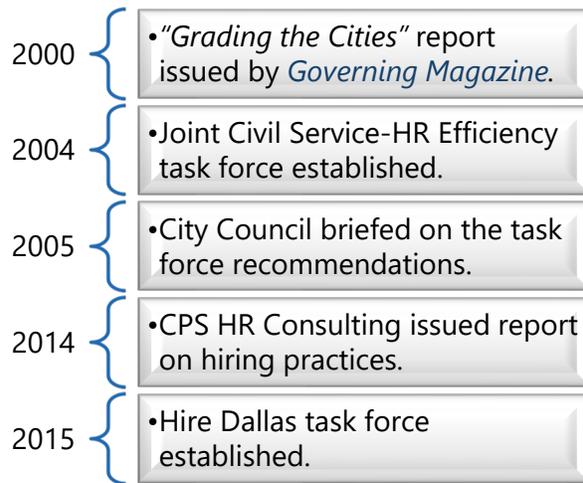
The scope of these audits includes a review of recruitment and selection activities and documentation from Fiscal Year 2020-21 and Fiscal Year 2021-22.

Recommendations

Management should consider the 34 individual recommendations included in the three audit reports, which would improve the City’s talent acquisition process with proactive marketing, upgraded systems, performing hiring data analysis, improved communications across departments, developing clear hiring standards, and improved onboarding processes.

Background

The City of Dallas talent acquisition process underwent several examinations since 2000, with a focus on the efficiency of the divide in the hiring process between the Human Resources and Civil Service Departments. Specifically,



These examinations generated discussion but no action. City Council requested a talent acquisition audit be included in the Fiscal Year 2022 Audit Plan as they were aware of various ongoing hiring issues. The Audit Plan broke the talent acquisition audit into the following three audits:

- Talent Acquisition
- Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection
- Dallas Police Department Uniform Personnel Recruitment and Selection

To obtain the needed human capital audit expertise, Baker Tilly US, LLP was retained to perform these audits. Given the commonality of the observations and recommendations the three audits have been consolidated into this report.

Observed Conditions

See [Appendix A](#) for Baker Tilly US, LLP reports.

Objectives and Conclusions

1. Is the talent acquisition process efficient?

Generally, yes. Opportunities exist to improve the process through appointing a singular department to oversee the talent acquisition process, better communications and coordination between the relevant departments, system upgrades, obtaining and analyzing data through all talent acquisition phases.

2. Are candidate sourcing strategies and community outreach effective?

Generally, yes. Opportunities exist to improve the sourcing and outreach efforts by moving away from traditional passive methods to more proactive marketing strategies using current technology methods, developing a City-wide strategic workforce plan and looking across the City's employee workforce as a whole for prioritized position needs.

3. Does the candidate selection process reflect best practices and promote quality hire?

Generally, yes. Opportunities exist to improve the selection process with system upgrades, obtaining and analyzing hiring data, and improvements in the interview procedures and selection process.

4. Are candidate sourcing strategies aligned with the City's diversity strategy?

Generally, yes. City-wide talent acquisition generally considered a diversity strategy.

Audit Results

See [Appendix A](#) for Baker Tilly US, LLP reports.

Methodology

Baker Tilly US, LLP was retained to perform this audit. See [Appendix A](#) for Baker Tilly US, LLP's methodology. In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix A: Baker Tilly US, LLP Reports

Audit of Talent Acquisition

Baker Tilly report begins on the following page.



City of Dallas

Office of the City Auditor

Audit of Talent Acquisition

February 16, 2024

Executive Summary

Scope and Purpose of the Audit

The objectives of the audit are to:

- 1) Determine whether the talent acquisition process is efficient.
- 2) Determine whether the candidate sourcing strategies and community outreach are effective.
- 3) Determine whether the candidate sourcing strategies align with the City's diversity strategy.
- 4) Determine whether the candidate selection process reflects best practices and promotes a quality hire.

The Human Resources/Civil Service Audit of Talent Acquisition scope includes all non-uniformed positions within the City of Dallas (the "City") for Fiscal Year 20-21 and Fiscal Year 21-22.

Background

The City provides talent acquisition services through the Human Resources and Civil Service Departments. The classification and exempt identification of departments, offices and positions is dictated by the City Charter Chapter XVI titled "Civil Service and Personnel" Sec. 3 Civil Service Divided into Classified and Unclassified Service and Sec. 9 Departments Exempt from Civil Service.

- Positions covered by the Civil Service Department:
 - Classified services: all non-exempt positions
 - Competitive class: positions in which competitive examination is administered to determine the merit and fitness of the candidates
 - Non-competitive class: positions requiring special needs as identified by Department Directors or requiring peculiar and exceptional qualifications or management accountability
- Positions, Offices and Departments under the responsibility of the Human Resources Department include:
 - Unclassified services:
 - Department Directors, Assistant Directors, and other managerial positions
 - Municipal Court Clerk
 - Secretary of the Civil Service Board
 - Labor class which includes all ordinary, unskilled labor
 - Non-Civil Service: City Attorney's Office, City Manager's Office, the Office of the City Auditor, the City Secretary's Office, Dallas Public Library, Park & Recreation Department, Communications, Outreach and Marketing Department, and Mayor and City Council Office.

Functionally, this segregates the employees served into five categories:

- Civil Service: non-uniform positions
- Civil Service: uniform positions (Dallas Police Department and Dallas Fire-Rescue Department)
- Non-Civil Service positions
- Executive positions
- Management positions

Civil Service: uniform positions (Dallas Police Department and Dallas Fire-Rescue Department) are outside of the scope of this audit. See the Audit of Dallas Police Department Uniform Personnel Recruitment and Selection and the Audit of Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection reports. These two audits were conducted concurrently with this audit.

The Civil Service Department provides employment services for 83% of the City's workforce with the following talent acquisition functions: job posting; minimum qualifications standards development and screening; test development, delivery, and validation; and eligible employee list management. The Civil Service Department is led by the Civil Service Secretary who functionally reports to an Assistant City Manager and is governed by the seven-member Civil Service Board.

Supporting approximately 14,000 employees, the Human Resources Department performs the following core functions: talent acquisition, talent engagement and development, total rewards and wellness, and human resources consulting. The Director of Human Resources reports to a Deputy City Manager.

A summary of the phases performed by the Human Resources and Civil Service Departments for talent acquisition is provided below.

Acquisition Phase	Acquisition Task	Civil Service/Non-uniform		Non-Civil Service	
		Civil Service	Human Resources	Human Resources	Hiring Department
Candidate sourcing	Marketing and advertising	✓		✓	
	Active recruitment	✓			
Candidate screening	Screen for minimum qualifications	✓		✓	
	Testing candidates*	✓		✓	✓
Selection	Interview and selection**		✓	✓	✓
	Offer and salary negotiation		✓	✓	✓
Hiring	Onboarding – background checks & drug screen, etc.		✓	✓	
Orientation	Orientation*		✓	✓	

* As needed.

**In partnership with hiring manager/department staff and Human Resources Partner

Strengths

The Human Resources and Civil Service Departments work collaboratively to recruit and hire a diverse workforce. Both Departments actively track diversity efforts. In recent years, with new leadership, both Departments have placed an emphasis on tracking and using metrics to drive decisions and process improvements. This is especially impressive given the large workforce, incomplete implementation of Workday and disjointed data sharing between Workday and NEOGOV.

With increased data sharing and a move toward full Workday implementation, the Human Resources and Civil Service Departments are actively making steps toward increased transparency for their internal customers and better usability to empower, educate and equip hiring managers to hire candidates that best meet the needs of the City.

Recommendation Summary

Baker Tilly performed an analysis of the Human Resources and Civil Service Departments' talent acquisition processes and controls through review of policy and procedure documentation, walkthroughs with key process owners, and data analysis. The "Audit Results" section of this report shows the detailed observations and recommendations based on our review. The following list highlights the high priority recommendations.

- Appoint a singular department to oversee and bear responsibility for the overall talent acquisition of City employees.
- Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the talent acquisition process.
- Develop a strategic workforce plan to proactively identify future hiring needs at the position and skills level to maintain business continuity needs.
- Initiate proactive candidate outreach through collaboration with the Human Resources and Civil Service Departments, aligning with hard-to-fill and critical positions identified in the strategic workforce plan.
- Assess the viability of implementing a contingent hire offer based upon successful completion of all vetting requirements within a set-time frame after the start date to reduce credentialing, system access, and/or equipment delays occurring on employee start dates.
- Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey to issue at the end of the 90 days to solicit feedback. Include an option for new hires to speak directly with a Human Resources Department representative.

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Introduction

Objective	<p>The purpose of this audit was to:</p> <ol style="list-style-type: none"> 1) Determine whether the talent acquisition process is efficient. 2) Determine whether candidate sourcing strategies and community outreach are effective. 3) Determine whether the candidate selection process reflects best practices and promote a quality hire. 4) Determine whether candidate sourcing strategies align with the City's diversity strategy.
Background	<p>The City conducts talent acquisition functions through the Human Resources and Civil Service Departments. Supporting approximately 14,000 employees, the Human Resources Department performs the following core functions for unclassified positions: talent acquisition, talent engagement and development, total rewards and wellness, and human resources consulting. The Civil Service Department provides functions for approximately 83% of the City's workforce with the following core functions: recruiting and examining, test validation, and eligible list management.</p>
Scope	<p>The Audit of Talent Acquisition scope includes all non-uniformed positions within the City of Dallas (the "City"). The scope of this audit includes a review of talent acquisition activities, from position requirement development through orientation, for the annual recruitment cycles in Fiscal Year 20-21 and Fiscal Year 21-22.</p>
Methodology	<p>The audit methodology included: (1) interviewing Human Resources and Civil Service Departments personnel, internal customer department personnel, City Council members, and Deputy City Managers; (2) reviewing policies and procedures, relevant City Council Resolutions, and City Administrative Directives; (3) examining high-level processes to identify areas of risk/process improvement; (4) analyzing candidate talent acquisition data to evaluate outreach effectiveness and sourcing alignment with diversity strategy; (5) inventorying and evaluating existing selection practices in the context of best practices; and (6) identifying opportunities to enhance risk management and improve policies and practices related to talent acquisition of all City non-uniform positions.</p>
Compliance Statement	<p>This audit activity was conducted from February 2022 to January 2023 in accordance with generally accepted government auditing standards, except for the requirement of an external peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and recommendations based on audit objectives.</p>

Baker Tilly greatly appreciates the support of the Civil Service Department, and Human Resources Department among others in conducting this audit activity.
Thank you!



Department Recruitment Background

The City talent acquisition process encompasses five phases. The Human Resources Department Talent Acquisition Division fully manages these phases for non-Civil Service positions including the labor class, executive level positions, and the City Manager’s Office, City Attorney’s Office, Office of the City Auditor, City Secretary’s Office, Dallas Public Library, Dallas Park & Recreation, Municipal Court, Communications, Outreach and Marketing, and Mayor and City Council Office. The Human Resources Department Talent Acquisition Division and Civil Service Department jointly manage distinct phases in the talent acquisition process for Civil Service positions.

Recruitment and hiring responsibilities between the Human Resources Department, Civil Service Department and the hiring departments are as follows:

Acquisition Phase	Acquisition Task	Civil Service/Non-uniform		Non-Civil Service	
		Civil Service	Human Resources	Human Resources	Hiring Department
Candidate sourcing	Marketing and advertising	✓		✓	
	Active recruitment	✓			
Candidate screening	Screen for minimum qualifications	✓		✓	
	Testing candidates*	✓		✓	✓
Selection	Interview and selection**		✓	✓	✓
	Offer and salary negotiation		✓	✓	✓
Hiring	Onboarding – background checks & drug screen, etc.		✓	✓	
Orientation	Orientation*		✓	✓	

* As needed.
 **In partnership with hiring manager/department staff and Human Resources Partner

The phases of recruiting and hiring are further defined in the Observations and Recommendations section.

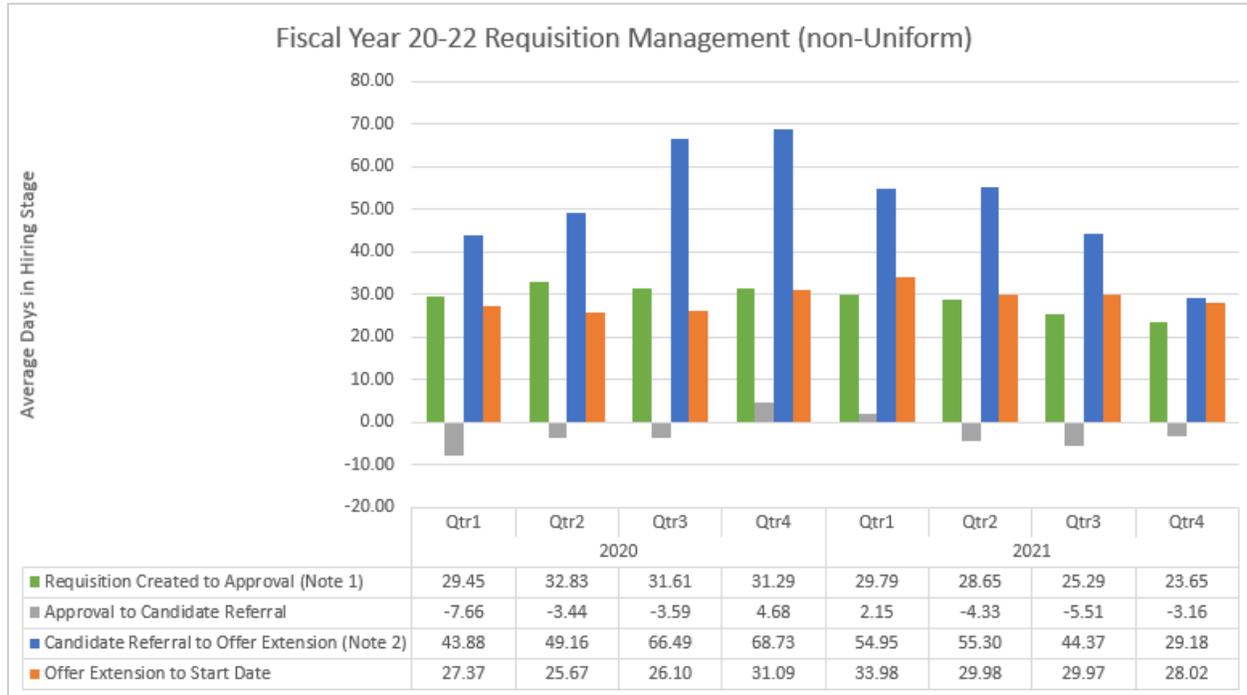
Overall Recruiting and Hiring Process Timeline

The calculated time from requisition creation date to offer extension date for the Fiscal Years 20-22 averaged 114 days. This is based on NEOGOV output data. Due to the fields available within NEOGOV, Baker Tilly was limited to classifying the position requisition to offer extension date into the following categories:

- **Requisition creation to approval** – averaged 29 days
- **Requisition approval to candidate referral to hiring manager for review** – averaged 1 day. See the following page, Note 1, detailed below for further information.
- **Candidate referral to offer extension** – averaged 54 days
- **Offer extension to start date** – averaged 30 days



The following chart depicts the various stages of hiring inclusive of both Human Resources and Civil Service Departments contributions.



- Note 1: The number of days from requisition approval to candidate referral is near or below 0 days due to departments re-using eligibility lists from previous requisitions. This was noted as a widespread practice throughout the City and results in more expedient hiring for those positions but skews the data.
- Note 2: Advertisement posting dates are included in the candidate referral to offer extension phase. NEOGOV updates the advertising dates from the most recent ad campaign for each position, which makes it impossible to determine how effective these campaigns are in attracting candidate.

Audit Results

This section summarizes the results of our audit. The results are organized by sequential recruitment phase with observations categorized according to their relevance in each of the following areas:

- **Governance and Strategy** – The framework through which the City and departments operate, where objectives are set, and the means of attaining those objectives are established and monitored. Ethics, risk management, compliance and administration are all elements of governance.
- **Policy and Process** – The creation, implementation, and maintenance of adopted principles and actions used to achieve organizational objectives.
- **Diversity, Equity, and Inclusion** – Three elements of social reform in the workplace that aim to create a workforce where all are welcome and supported.
- **Technology** – The systems, applications, and tools in the workplace that enhance service provision, reduce waste, and increase productivity.
- **Resource** – Components an organization needs to do business, including staff, workspace, equipment, or capital.

Please note that each talent acquisition phase does not have an observation that pertains to each of the observation categories.



Overall Talent Acquisition Process

Overview

The City talent acquisition process is jointly performed by the Human Resources Department, Civil Service Department, and the hiring departments. A select number of larger departments have dedicated talent acquisition positions. However, the majority of responsibilities are centralized within the Human Resources and Civil Service Departments.

Throughout the course of our audit, we noted operational and approach strengths of the overall talent acquisition process. Specifically, we observed that the Human Resources Department and Civil Service Department staff were dedicated, knowledgeable, and extremely cooperative particularly in the following areas:

- Hiring departments generally believed that talent acquisition phases progressed quickly, with the exception of background check investigations, performed by a third-party administrator.
- General feedback is that the Human Resources Partners are responsive and serve as the go-to person for each hiring department for Human Resources Department owned operations.
- The Civil Service Department implemented online testing, increasing the accessibility of testing for candidates.
- The Civil Service Department hired a position dedicated to hard-to-fill positions.
- The Human Resources Department developed inclusive language and unconscious bias training for hiring managers to take prior to interviewing on an annual basis.

GOVERNANCE AND STRATEGY

Observation 1

Owners: City Manager

The City did not have a formal Diversity, Equity, and Inclusion plan with City-wide or Human Resources Department and Civil Service Department specific talent acquisition diversity goals in place until the end of the audit period.

The City's Racial Equity Plan was not approved by Council until August 2022. This plan includes City-wide big audacious goals and department progress measures for the Human Resources and Civil Service Departments. Prior to the approval there were no City-wide diversity or equity goals or requirements to track talent acquisition diversity metrics. The City could not determine if equitable hiring opportunities were available, without clearly defined goals and agreed-upon metrics to track progress toward those goals.

Recommendation 1

Establish and report on key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.

Analyze metrics to identify new program or initiative impacts and inform operational changes. Continue and reinforce the culture of data-informed decision making, with the support of improvement technology implementation, across the Human Resources and Civil Service Departments.



GOVERNANCE AND STRATEGY

Observation 2

Owners: City Manager

The City does not review overall departmental talent acquisition efforts to determine what has worked successfully and what should be discontinued.

As the City is lacking a common definition for a "Quality Hire," it does not have metrics established to track the initiative impacts of finding said, "Quality Hires." This renders the City unable to correlate which talent acquisition strategies and programs are best suited to achieve future goals and targets, and the Human Resources and Civil Service Departments are unable to ensure their departmental efforts are aligned with the City goals.

Further inhibiting the ability to measure talent acquisition efforts with "Quality Hire" employees is the lack of the NEOGOV and Workday systems' ability to track candidates through to City employees in a long-range analysis.

Recommendation 2

Define what a "Quality Hire" is for each department and identify trackable metrics based on that definition.

Frequently called the Golden Metric, a "Quality Hire" metric is more substantive than merely determining if an employee passed a probationary phase. While early retention can serve as one metric, transformative hiring happens when the evaluative process is expanded to include consideration of pre-hire offer conversion, employee performance reviews, etc. The Human Resources and Civil Service Departments should then utilize these metrics to track recruiting and hiring efforts for each recruitment cycle. This will allow the departments to identify and replicate successful talent acquisition programs.

To enable metrics tracking, identify a common candidate and employee identifier to bridge the NEOGOV and Workday data or begin tracking with the implementation of the Workday application tracking module.



GOVERNANCE AND STRATEGY

Observation 3

Owners: City Manager

No one department is accountable for overall City talent acquisition processes.

The Civil Service Department and Human Resources Department report to a separate Assistant City Manager and Deputy City Manager. Therefore, the City is organizationally structured with a bifurcated human resources function approach. This decentralized oversight to talent acquisition places the responsibility for all post-Civil Service test efforts with each department hiring manager. Human Resources Department Talent Acquisition and Business Partner Divisions support non-Civil Service positions. Cross-departmental hiring manager communication and coordination was not found. With no singular department accountable to ensure the success of City-wide talent acquisition, or for providing support to departmental staff, department staff are likely to repeat other departmental talent acquisition failures as opposed to replicating their successes.

Recommendation 3

Appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.

This primary department should:

- 1) Ensure continuity in the talent acquisition processes across departments.
- 2) Provide support and guidance for departmental hiring managers.
- 3) Ensure cross-departmental talent acquisition collaboration and "success sharing".

It is critical that this department excel in utilizing a consultative approach to leadership, working with departments to achieve success.

Observation 4

Owners: City Manager

The City does not have a strategic workforce plan to identify critical, high priority positions. The absence of a strategic workforce plan means the City does not have:

- 1) A forecast of potential retirements and high vacancy risk departments
- 2) A succession plan and strategy to fill executive level positions upon vacancy.
- 3) An identified list of critical positions to understand vacancy risks on operations.
- 4) An understanding of skills gaps in the current talent pool to invest targeted training.

Recommendation 4

Develop a strategic workforce plan to proactively identify future hiring needs at the position and skills level to maintain business continuity needs.

Identify critical positions to inform prioritization of training needs and targeted recruitment outreach.

Prioritize updating job descriptions and verifying minimum job qualifications for the critical positions.

Align active recruitment efforts with identified critical positions.



TECHNOLOGY

Observation 5

Recommendation 5

Owners: City Manager, Human Resources Department HRIS, Process Improvement & Policy Division

NEOGOV does not meet the City’s talent acquisition needs.

NEOGOV and Workday are not integrated. Hiring managers are required to create requisitions in both the NEOGOV and Workday systems and update the requisitions in both systems throughout the talent acquisition cycle resulting in duplicative processes and data entry. Positions are not posted for advertisement until both requisitions are created, which causes advertisement delays. Additionally, a hiring managers ability to view candidate progression through the cycle is limited, resulting in unnecessary follow-ups between the hiring manager, Human Resources Partner, and Civil Service Analysts.

Furthermore, NEOGOV functionality does not meet the Human Resources and Civil Service Department’s data tracking needs. Tracking fields do not align with traditional Human Resources talent acquisition phases and inhibit the Human Resources and Civil Service Departments ability to track time-to-hire statistics until May of 2022, when the Human Resources Department built a Tableau dashboard as a work around. The cumbersome data analysis capabilities hampers the Human Resources and Civil Service Departments’ ability to develop data-informed decision making to target process improvements.

Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the hiring process.

Develop and document talent acquisition business needs to ensure hiring managers’ ability to view required functionality and reporting in the Workday candidate tracking module.

Conduct user acceptance testing of business requirements to ensure proper implementation and develop standard operating procedures for all stakeholders.

Candidate Sourcing Phase

Overview

Broad-based, non-position specific candidate sourcing is performed by both the Human Resources Department and at the department level. The Civil Service Department becomes involved with the advertisement of specific positions.

- The Human Resources Department holds City-wide job fairs throughout the year. Departments with open positions may choose to attend the job fair. Onsite interviews are provided to expedite the hiring process.
- Departments are responsible for all other broad-based candidate sourcing. Strategies utilized include department specific job fairs, pipeline management and development through association and university partnerships, targeted social media campaigns, etc.

Position specific candidate sourcing is initiated when the hiring manager creates position requisitions in both NEOGOV and Workday. The NEOGOV position requisition approval process initiates the job posting and hiring action. The Workday position requisition initiates the identification of a future employee record as all employee transactions are recorded in Workday. Upon approval of the NEOGOV position requisition, the Civil Service Department advertises all Civil Service positions. The Human Resources Department posts all other positions, with the exception of select departments which have internal talent acquisition teams. The City advertises all positions on the following platforms:

- City jobs website
- LinkedIn
- Texas Workforce Commission
- Texas Municipal League
- Handshake
- Indeed

GOVERNANCE AND STRATEGY

Observation 6

Owners: City Manager

Departments are primarily responsible for the majority of the marketing and recruiting efforts.

While this approach is effective to achieve customized recruiting based on specific open positions, it leaves a particular gap in City-wide marketing. No singular department is responsible for these overall City-wide marketing efforts. Therefore, the City as an employer is department brand-specific rather than City-wide. The current ad hoc marketing approach:

- 1) Creates duplicative departmental marketing and advertising costs and efforts across departments.
- 2) Creates internal competition between departments for quality employees in

Recommendation 6

Assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.

The assigned department should create a City-wide pipeline development and outreach strategy. Incorporate prioritization of critical positions when a strategic workforce plan is developed.

Targeted recruiting efforts would remain the responsibility of the department hiring teams/managers.



GOVERNANCE AND STRATEGY

addition to external competition with other private and public sector agencies.

Observation 7

Owners: City Manager, Hiring Departments

Position requisition approvals require up to five levels of approval before a position can be posted for advertisement. The high number of requisition approvals delays advertisement and ultimately hiring of positions.

The approval levels may include:

- Department Director
- City Manager's Office
- Human Resources Director
- Budget Office
- Human Resources Partner or Civil Service Analyst

The hiring manager does not have insight into the approval level at which the position is pending. For example, the Budget Office may hold a position requisition dependent on management of overall City vacancy levels. The lack of transparency results in unnecessary follow-up by the hiring manager.

Recommendation 7

Review the approval level requirements by grade level to standardize and reduce approval level requirements across positions.

Additionally, include hiring manager ability to track candidate status through the requisition approval stage as a business need for the future Workday candidate tracking module.

POLICY AND PROCESS

Observation 8

Owners: Human Resource Department Talent Acquisition Division, Civil Service Department

Candidate sourcing has historically relied on advertisement techniques to reach candidates who are actively looking for career moves. Proactive candidate sourcing has not yet been optimized.

The Civil Service Department hired a position in 2022 to perform proactive, targeted recruitment outreach for hard-to-fill positions. The Human Resources Department Talent Acquisition Division participates in numerous activities to proactively fill positions and maintain adequate staffing but does not yet have a similar position. Both the Civil Service Director and Board Secretary and the Human Resources Director expressed a desire to develop more active, targeted outreach.

Recommendation 8

The Civil Service Department and Human Resources Department Talent Acquisition Division should enhance collaboration and the effectiveness of targeted recruitment outreach, including for non-Civil Service positions.

As part of the strategic workforce planning, prioritize targeted, proactive talent acquisition tactics for City-wide critical positions.

TECHNOLOGY

Observation 9

Owners: Human Resources Department HRIS, Process Improvement & Policy Division, Civil Service Department

NEOGOV does not have the ability to automate requisition approval workflows, requiring hiring managers to manually assign the approvers with each request.

While the Human Resources Department developed and distributed standard operating procedures to guide hiring managers, some hiring managers forget to add the Human Resources Partner as the final approver. Therefore, Human Resources Partners are not notified to initiate the position posting, delaying the advertisement, and hiring process.

Recommendation 9

Incorporate pulling a report of all position requisitions on a weekly basis into the Human Resources Partner requisition approval process to identify outstanding approvals. If possible, set the report to note variances from the prior week for the Human Resources Partner to quickly identify new requisitions or approval changes.

Additionally, include automated requisition approval advancement and hiring manager stage view access as a business need for the future Workday candidate tracking module.



Candidate Screening Phase

Overview

The City accepts paper-based and electronic applications. Candidates submit electronic applications through the NEOGOV platform. The Civil Service Department screens the candidate pools for all Civil Service positions. The Human Resources Partner screens the candidate pool for all non-Civil Service positions. The Human Resources and Civil Service Departments screen the candidate pool for minimum qualifications and pass all candidates on to the hiring manager. The Human Resources and Civil Service Departments target reviewing the candidate pool and forwarding eligible candidates to the hiring manager within 1-2 weeks of the application close date. This time may vary depending on the candidate pool quality. For positions that maintain an open application, eligible candidates are forwarded based on candidate pool quality.

The testing phase is applicable for the following positions:

- Office Assistant I and II
- Permit Clerk
- 911 Call Taker Trainee (Civil Service)
- Police Reports Representative

Testing is administered by the Civil Service Department for all Civil Service positions and by the Human Resources Department for all non-Civil Service positions. The hiring manager’s input is solicited to determine if testing is needed for establishing a candidate’s ability to perform the position functions.

POLICY AND PROCESS

Observation 10

Owners: Civil Service Department

Hiring departments expressed inconsistent confidence among of the Civil Service Analysts’ ability to accurately screen the candidate pools for correct minimum qualifications.

The candidate eligibility list provided to department hiring managers does not consistently filter candidates to meet the minimum qualification or pass forward candidates who meet the minimum qualifications through transferable skills. This creates additional work for hiring managers to re-screen the candidates. With over 4,000 candidates in Fiscal Year 20-21, effective screening and evaluation of candidates is a critical control that can minimize hiring time. The Civil Service Department Director and Board Secretary identified a need to better define minimum qualifications for specialized positions and went to market in 2022 for a vendor to conduct job analysis’ of select positions.

Recommendation 10

Build a process to solicit feedback from the hiring managers during and after the candidate pool review stage to train Civil Service Analysts and improve their understanding of the hiring manager and position needs.

Incorporate the process into onboarding training when hiring new Civil Service Analysts and develop cross-training with experienced Civil Service Analysts to facilitate institutional knowledge transfer.

POLICY AND PROCESS

Observation 11

Owners: Civil Service Department

The Civil Service Department applies a 30-day candidate freeze for applications with errors.

The reported purpose for this control is to allow for corrections to the application. However, it is understood that the candidate does not have access to the original form to correct the error. Instead, the candidate needs to resubmit a new application. As the candidate cannot have two active applications for the same position, this serves as a 30-day lockout for the hiring cycle. This is counterproductive as the burdensome error correction process deters candidates, ultimately limiting the candidate pool for what may be a simple, unintentional application error.

Recommendation 11

Eliminate the candidate freeze rule.

Elimination of the rule will help to ensure that application errors are more easily corrected with little candidate effort, allowing them to remain in the talent acquisition cycle should that error be corrected.

Observation 12

Owners: Civil Service Department

The Civil Service Department cannot verify that the individual taking the online Dallas Civil Service test is the candidate.

Online testing procedures/policy do not require validation or proctoring to verify tester identity. This lack of validation may result in false positive test results for candidates, as well as an increased workload for hiring managers who may review candidates for hire that do not pass the test.

Technology does exist within online testing software applications to verify test taker identity through a variety of methods, though at an increased cost.

Recommendation 12

Ensure similar rules regarding test taker validation exist for online Civil Service tests as they do for in-person.

Online testing is encouraged as it removes accessibility hurdles and expands the eligible candidate pool. However, test taker identity needs to be verified to maintain the validity of the Civil Service tests in the City hiring process. The Civil Service Department should identify and implement an expansion of the online testing vendor to include this feature or adopt a new tool that provides this solution.

Selection and Onboarding Phase

Overview

The Human Resources Partner serves as the hiring department resource for the Selection Phase. Hiring managers schedule interviews with selected candidates. The hiring manager is responsible for creating a three-to-five-person candidate interview panel with the guidance of the Human Resources Partner. Candidate interview panels must be comprised of a minimum of three participants.

Candidate interview panels are charged with the responsibility to evaluate a candidate's potential to become a successful City employee. Interview questions are behavior based and selected by the hiring manager in coordination with the Human Resources Partner from an interview question resource list provided by the Human Resources Department. The City requires that all Candidate Interview Panels include questions related to ethics, diversity, and customer service. The questions are approved by the Human Resources Partner. For all positions, both non-Civil Service and Civil Service, the Human Resources Partner or hiring manager facilitate the interviews for consistency and compliance with City Personnel Rules.

The City requires that the same candidate interview panelists participate in the candidate interviews. Prior to the interview date, interview panelists must complete an e-learning course on interview best practices. The Human Resources Partner provides an interview scoring matrix for the panelists to rate candidates. Interview panelists are assigned interview questions and required to ask the same question in each interview. Upon completion of the interview, the hiring manager aggregates the interview scoring matrix and notifies the Human Resources Partner of the candidate selection.

The hiring manager makes verbal offers to the candidate and manages the salary negotiations.

POLICY AND PROCESS

Observation 13

Required salary deviation requests to the City Human Resources Department Total Rewards & Onboarding Division for “exceptional hires” delay the salary confirmation process.

These deviations apply to those candidates who are starting above the starting base salary. These requests can take multiple weeks to over a month before a response is received. This bottleneck can deter candidates from accepting employment with the City as they accept other employment while awaiting approval.

Recommendation 13

Review how “exceptional hire” requests are approved by the Human Resources Department Total Rewards & Onboarding Division and implement a more expedient process.

The goal of such a review would be to identify if a subsection of “exceptional hire” requests, such as lateral hires, can be approved at the department level for larger departments with talent acquisition staff. All other “exceptional hire” requests should remain in the current, more deliberate process managed by the Human Resources Department Total Rewards & Onboarding Division.

The Human Resources Department Total Rewards & Onboarding Division will need to train departments to apply the compensation pay scale. Relocating the function will reduce the Human Resources Department Total Rewards &



POLICY AND PROCESS	
	Onboarding Division workload and expedite the process for departments. Conduct an audit after the first quarter of implementation with a single department to assess continued viability or retraining needs and annually in the future.

Hiring Phase

Overview

The Human Resources Department Onboarding Specialists send conditional offer letters via the NEOGOV system with required candidate next steps, which may include the following vetting tasks:

- **Background and Education Check** –The candidate sends their information directly to the 3rd-Party vendor to conduct the background checks. The background check vendor was not meeting contracted service level agreements in 2022, prompting the Human Resources Department to change vendors.
- **Drug Testing and Physical Exam information if required** – Positions requiring a drug test are identified by the Office of Risk Management as ‘safety sensitive.’ Drug testing and medical exam completion times are dependent on candidate availability and medical exam schedule availability.
- Department of Transportation verification form for a Commercial Driver’s License (if applicable)
- Other City forms, rules, and videos

Human Resources Department Onboarding Specialists track candidate progress of completed vetting tasks. Upon completion of the vetting tasks, the Human Resources Department Onboarding Specialists send official offer letters and new-hire onboarding packets.

POLICY AND PROCESS	
Observation 14	Recommendation 14
Owners: Human Resources Department HRIS, Process Improvement & Policy Division	
<p>The Human Resources Department Onboarding Specialists do not schedule the start date until the new hire completes all vetting requirements and the City receives all documentation from the third-party vendors.</p> <p>To expedite the onboarding of the new-hire, upon confirmation that all vetting requirements are cleared and complete, the Human Resources Department Onboarding Specialist schedules the new-hire for the next immediate orientation date. This can result in a short 1-2 day notice to the hiring manager if confirmation is received toward the end of a week.</p> <p>Additionally, hiring managers are not able to view progress in the new-hire task completion in NEOGOV to track expectations for when the new-hire’s start date is complete, resulting in multiple follow-ups between the hiring manager and the Human Resources Department Onboarding Specialist when delays are caused due to background checks, scheduling conflicts, or licensing verification.</p>	<p>Assess the viability of implementing a contingent hire offer based upon successful completion of all vetting requirements within a set-time frame after the start date.</p> <p>Implementing a contingent hire structure will allow the Human Resources Department Onboarding Specialist to schedule the start date multiple weeks in advance to provide the new-hire time to submit notice to their employer and provide the hiring manager sufficient notice to plan for the start date.</p>



Orientation Phase

Overview

The Human Resources Department Total Rewards & Onboarding Division hosts a full day orientation every Monday. The orientation focuses on the following topics:

- City background information
- Value of service emphasis including public service expectations and public servant traits
- City strategic priorities and values of service
- Diversity and inclusion in the workplace
- Ethics requirements and resources
- Employee benefits introduction and payroll overview
- Personnel Rules and Administrative Directive overview

Human Resources Department contacts are provided for each category and new hires are encouraged to reach out with further questions. New hires are released to their hiring managers for the second day to complete their department orientation. The Human Resources Department Total Rewards & Onboarding Division provides a department orientation guide for hiring managers to standardize department topic overviews.

POLICY AND PROCESS	
Observation 15	Recommendation 15
<p>Owners: Human Resources Department Total Rewards & Onboarding Division, Human Resources Department HRIS, Process Improvement & Policy Division</p> <p>Newly hired employees are not consistently provided credentialing, system access, and/or equipment needed to begin work on the day they report to their respective departments.</p> <p>These resource issues stem from hiring managers creating Workday accounts for new hires that contain errors, which, in turn, stall the automated process that adds new employees to the Active Directory. Late distribution of new-hire information from the Human Resources Department Total Rewards & Onboarding Division to hiring departments and Information and Technology Services Department, prior to an orientation, also creates delays to access and equipment assignment. Resource delays prolong the onboarding process for the new hire, while also creating additional work for the Human Resources Department Total Rewards & Onboarding Division.</p>	<p>Develop an onboarding process that balances the expediency of establishing a start date for newly hired employees with providing the Human Resources Department Total Rewards & Onboard Division and Information and Technology Services Department sufficient time to gather start date resources.</p> <p>In the short-term, more lead time for the Information and Technology Services Department processing new-hire requests would be beneficial for proper and timely Active Directory setup. Additionally, increased collaboration with Human Resources Partners and their assigned departments to allow for better communication of the needs and importance of an accurate process would assist the Information and Technology Services Department in processing new-hires access and equipment needs. Long-term planning should include an implementation of self-credentialing for new employees and the creation of role-based access.</p>

POLICY AND PROCESS
Observation 16

Temporary, contractor, and contingent employees are not consistently provided equipment, uniforms, vehicles (if applicable), and/or credentialing needed to begin work on the day they report to their respective departments.

Procedures do not require department managers to ensure temporary, contractor and contingent employees have the necessary tools to begin work on their first day.

Recommendation 16

Develop a structured report-to-work process for temporary, contractor and contingent employees in collaboration between the Human Resources Department Total Rewards & Onboarding Division, Information and Technology Services Department and all relevant departments.

The Information and Technology Services Department and all relevant departments should work more collaboratively with department managers and the Human Resources Department HRIS, Process Improvement & Policy Division to timely process technology and other equipment needs.

A structured report-to-work process allows the City the opportunity to show temporary, contractor, and contingent employees that they are valued, while also establishing confidence in these partnerships, which are necessary to conduct City operations.

Observation 17

The Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have a mechanism to follow-up with new hires to solicit feedback on their recruitment and hiring experience.

As such, the Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have insight directly from new hires to target process and candidate experience improvements. The Human Resources Director indicated an intent to develop and implement a survey during the upcoming fiscal year 23-24 for non-Civil Service positions. There are no plans to implement a survey for Civil Service Positions.

Recommendation 17

Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new hires to speak directly with a Human Resources Department representative.

Incorporate an aggregate review of feedback received to identify areas to improve new-hire employee experience. Provide feedback to hiring managers as needed and follow-up. Follow-up with all new hires within two weeks of completing the feedback survey.

Additional Areas for Improvement

Over the course of the audit, Baker Tilly noted additional areas for improvement for talent acquisition within the City. These additional areas for improvement do not have benchmarks, defined expected performance, measurable outcomes, or standards criteria. A management response is not required. Additional areas for improvement are provided to further assist departments and the City as it continues to proactively improve City recruitment efforts for better customer service, increased efficiency, and continued hiring of qualified and diverse candidates.

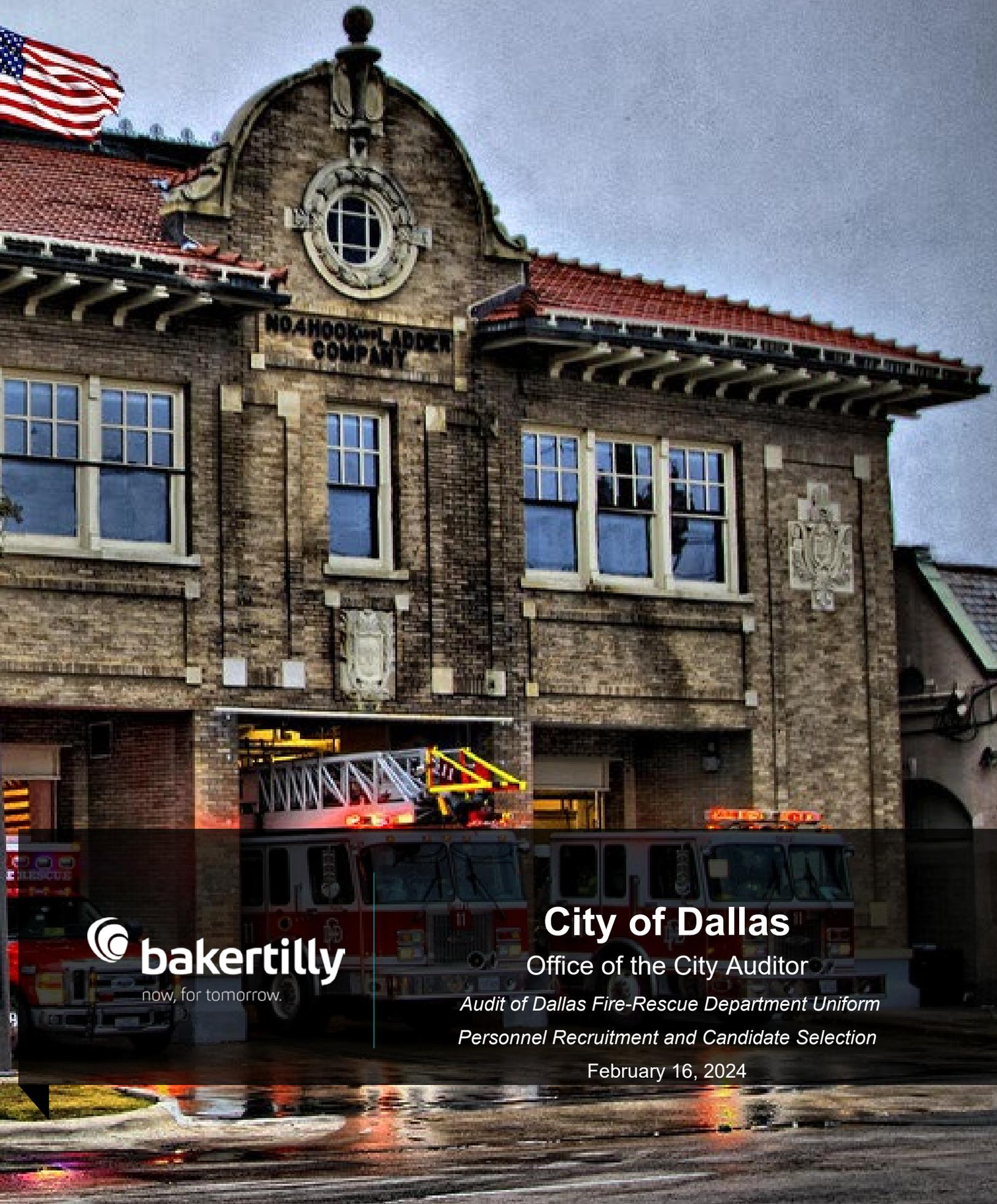
<p>Candidate Sourcing Phase</p>	<p>Internal Cross-Departmental Recruiting – Career growth opportunities available within other City departments are not routinely communicated. An initiative promoting career advancement opportunities available, across all city departments, could benefit the City by developing and retaining quality City employees.</p>
<p>Application Phase</p>	<p>Screening Previous Employees – Hiring managers and background investigators do not have immediate access to prior employee work history documentation due to employee confidentiality. Previous employees who are not eligible for rehire should be screened out by the Civil Service Department.</p>
<p>Interview Phase</p>	<p>Video Recorded Interviews – Interview video recording platforms help eliminate scheduling conflicts for interview panels by recording then distributing candidate responses to view at the convenience of interview panel members. The Human Resources Department may consider using the platform to expedite the Interview Phase.</p>
<p>Overall Recruiting and Hiring Process</p>	<p>Candidate Communication – With several departments involved throughout the recruiting and hiring process (the Civil Service Department, Human Resources Department, the Hiring Department), identifying a point of contact to address candidate issues can be challenging for City candidates. The City should consider designating a single point of contact for candidate inquiries.</p>

Appendix – Additional Resources

Recommendation	Resource
1	Melaku, Tesdale and Winkler, Christoph. "Are Your Organization's DEI Efforts Superficial or Structural." Harvard Business Review, June 29, 2022.
2	Mauer, R. "How to Measure Quality of Hire: The Holy Grail of Recruiting." Society for Human Resources Management, November 15, 2016.

Audit of Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection

Baker Tilly report begins on the following page.



City of Dallas

Office of the City Auditor

*Audit of Dallas Fire-Rescue Department Uniform
Personnel Recruitment and Candidate Selection*

February 16, 2024

Executive Summary

Scope and Purpose of the Audit

The purpose of this audit was to:

- 1) Determine if candidate sourcing strategies and community outreach are effective.
- 2) Determine if candidate sourcing strategies align with department diversity strategy.
- 3) Determine if candidate selection process reflects best practices and promote a quality hire.

The scope of this audit included a review of recruitment and hiring activities for Dallas Fire-Rescue Department officer trainees from the annual talent acquisition cycles in Fiscal Year 20-21 and Fiscal Year 21-22.

Background

The Dallas Fire-Rescue Department was founded 150 years ago and has grown to be the second largest fire department in the State of Texas. Comprised of roughly 2,000 employees, the Dallas Fire-Rescue Department provides fire suppression and emergency medical services to over 1.3 million residents.

The Dallas Fire-Rescue Department's talent acquisition process for Dallas Fire-Rescue Department officer trainees encompasses six phases with multiple steps in each phase. The Dallas Fire-Rescue Department Recruiting Section recruits and hires Dallas Fire-Rescue Department officer trainees on a single annual talent acquisition cycle. The early phases are conducted in the beginning of the talent acquisition cycle, with the remaining phases conducted prior to the start of one of three training classes. The six predominately consecutive phases are defined as:

- 1) **Candidate Sourcing Phase:** Traditional fire industry marketing and advertising efforts are followed by targeted, hands-on recruiting efforts and events.
- 2) **Application Phase:** Applications are primarily submitted via online tools allowing timely candidate processing and screening. For candidates without sufficient technology, accommodation is provided to access and complete applications within the Civil Service Department.
- 3) **Testing Phase:** Candidates are further screened through written and physical tests which are used to determine if the candidate possesses requisite abilities to be a Dallas Fire-Rescue Department officer trainee.
- 4) **Interviewing Phase:** This phase provides in-person evaluations where candidates respond to a series of questions posed by an interview panel and from which they are assessed for suitability to perform the functions of a Dallas Fire-Rescue Department officer trainee.
- 5) **Vetting Phase:** This phase begins roughly 2-3 months ahead of summer, fall, and winter Dallas Fire-Rescue Officer Training Academy classes. Three Batches of 55 candidates each are moved through the Vetting Phase, which includes a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a Dallas Fire-Rescue Department officer trainee.
- 6) **Hiring Phase:** This conclusionary phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

Strengths

The Dallas Fire-Rescue Department has a small but highly dedicated recruiting staff that ensures the long history and traditions of the fire service are carried forward by the next generation. The Dallas Fire-Rescue

Department has demonstrated strategies for recruiting and hiring a diverse workforce and controls are in place, throughout each phase of their talent acquisition processes, to facilitate the recruitment and hiring of Dallas Fire-Rescue Department officer trainees. The Dallas Fire-Rescue Department Recruiting Section has demonstrated their ability to recruit candidates while still retaining fair and equitable hiring practices. The Dallas Fire-Rescue Department should be proud of the talent acquisition efforts to ensure the hiring of a diverse staff that serve the community with pride.

Recommendation Summary

Baker Tilly performed an analysis of the Dallas Fire-Rescue Department talent acquisition processes and controls through review of policy and procedure documentation, metrics review, and walkthroughs with key process owners. The “Audit Results” section of this report shows the detailed observations and recommendations based on our review. The following highlights the high priority recommendations.

- Appoint a singular department to oversee and bear responsibility for the overall talent acquisition of City employees.
- Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the talent acquisition process.
- Assess the Dallas Fire-Rescue Department Recruiting Section staffing to allow sufficient resources to implement more process efficiency analysis, a data-driven talent acquisition approach, and adopt a cyclical recruitment process with three application intake opportunities per year.
- Modify the interviewing process. Ensure interview panelist training is provided on the use of the candidate rating criteria, revise the interview process to allow follow-up clarification questions, and expand advancement to the Vetting Phase to include the Candidate Physical Ability Test and Dallas Fire-Rescue Officer Trainee Civil Service Test scores.

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Introduction

Objective	<p>The purpose of this audit was to:</p> <ol style="list-style-type: none"> 1) Determine if candidate sourcing strategies and community outreach are effective. 2) Determine if candidate sourcing strategies align with department diversity strategy. 3) Determine if candidate selection process reflects best practices and promote a quality hire.
Background	<p>The Dallas Fire-Rescue Department was founded 150 years ago and has grown to be the second largest fire department in the State of Texas. Comprised of roughly 2,000 employees, the Dallas Fire-Rescue Department provides fire suppression and emergency medical services to over 1.3 million residents.</p> <p>The Dallas Fire-Rescue Department was particularly challenged over the past two years, as have fire departments nationwide, to gather a diverse and qualified candidate pool large enough to meet the needs of annual department hiring. With candidate numbers declining, the City has responded to commission this audit in an attempt to support and strengthen Dallas Fire-Rescue Department recruiting efforts.</p>
Scope	<p>The scope of this audit included a review of recruitment and selection activities from the most recent annual talent acquisition cycles in Fiscal Year 20-21 and Fiscal Year 21-22.</p>
Methodology	<p>The audit methodology included: (1) conducting interviews with Dallas Fire-Rescue Department, Human Resources Department, and Civil Service Department personnel, City Council members, and Deputy City Managers; (2) review policies and procedures, relevant City Council Resolutions, and City Administrative Directives; (3) examining high-level processes to identify areas of risk/process improvement; (4) analyzing candidate talent acquisition data to evaluate outreach effectiveness and sourcing alignment with diversity strategy; (5) inventorying and evaluating selection practices in context of best practices; and (6) identifying opportunities to enhance risk management and improve policies and practices related to talent acquisition of Dallas Fire-Rescue Department officer trainees.</p>
Compliance Statement	<p>This audit activity was conducted from February 2022 to January 2023 in accordance with generally accepted government auditing standards, except for the requirement of an external peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and recommendations based on audit objectives.</p>

Baker Tilly greatly appreciates the support of the Civil Service Department, Human Resources Department, and Dallas Fire-Rescue Department among others in conducting this audit activity.
Thank you!

Talent Acquisition Background

The City of Dallas (the “City”) and Dallas Fire-Rescue Department talent acquisition process for Dallas Fire-Rescue Department officer trainee positions encompasses six phases with multiple steps in each phase. This decentralized process is largely led by the Dallas Fire-Rescue Department Recruiting Section except the establishment of a list of eligible candidates, which is prepared by the Civil Service Department. The six predominately consecutive phases are defined as:

Candidate Sourcing Phase

This phase includes advance marketing and broad advertising efforts which are followed by targeted, hands-on recruiting strategies to search for and gather candidates to fill both current and planned open positions.

- **Marketing and Advertising** – This step includes both short and long-range efforts to attract the largest talent pool for Dallas Fire-Rescue Department officer trainees.
- **Department Recruiting** – The Dallas Fire-Rescue Department Recruiting Section utilizes a variety of basic methods to recruit interested individuals and convert them to interested candidates through job fairs, post-military service hiring events, etc.

Application Phase

This phase includes the processing of candidate application responses to posted positions with the Dallas Fire-Rescue Department in a fair and equitable manner in accordance with the Civil Service Charter.

- **Application Submission** – The Civil Service Department accepts applications submitted by candidates with the requisite information needed to conduct an evaluation of their ability to meet posted job criteria.
- **Minimum Qualification Screening** – Candidate applications are reviewed by the Civil Service Department to determine if the candidate qualifications meet the minimum qualifications required of the position and specified in the job posting.

Testing Phase

The testing phase incorporates a written test and physical test that are used to establish if the candidate possesses requisite abilities to successfully do the job.

- **Dallas Fire-Rescue Officer Trainee Civil Service Test** – The Civil Service Department conducts written exams to assess a candidate’s level of spelling, vocabulary, verbal, grammar, reading comprehension and basic math skill.
- **Candidate Physical Ability Test** – The Candidate Physical Ability Test is a nationally standardized fitness test by the International Association of Fire Chiefs designed to assess a candidate’s ability to carry out the physical tasks of a firefighter. The Candidate Physical Ability Test is proctored collaboratively by the Dallas Fire-Rescue Department and Civil Service Department.

Interviewing Phase

This phase is centered on an in-person evaluation where candidates respond to a series of questions from which they will be assessed for suitability to the position they are applying.

- **Candidate Interview Board** – Dallas Fire-Rescue Department staffed Candidate Interview Boards are charged with the responsibility of evaluating a candidate’s potential to become a successful Dallas Fire-Rescue Department officer trainee. By Dallas Fire-Rescue Department policy, the Candidate Interview Board is staffed with Dallas Fire-Rescue Department Officers who

provide a diverse representation of the Dallas Fire-Rescue Department. Candidate Interview Board members make their evaluation based primarily on the candidate's behavior and responses during the interview, with a review of the candidate's writing sample as an additional factor. The Human Resources Department provides interview best practice training.

- **Candidate Ranking** – At the conclusion of the Candidate Interview Board, candidates are ranked by Candidate Interview Board members and the Dallas Fire-Rescue Department Recruiting Section based on their interview score.

Vetting Phase

Three batches of 55 candidates each are moved into the Vetting Phase roughly 2-3 months ahead of summer, fall, and winter Dallas Fire-Rescue Officer Training Academy classes. The Vetting Phase includes a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a Dallas Fire-Rescue Department officer trainee.

- **Background Investigation** – This stage incorporates an in-depth investigation conducted by the Dallas Fire-Rescue Department Recruiting Section and used to qualify or disqualify the candidate through a review of candidate-provided information which includes personal, financial, and criminal history, and any associations that may cause a conflict of interest for a Dallas Fire-Rescue Department officer trainee.
- **Polygraph Test**– This test helps to determine the veracity of the candidate's provided information and background investigation results. A recent change has placed the responsibility for conducting the test with the Dallas Fire-Rescue Department investigators instead of a contracted third-party.
- **Medical Exam** – This contracted third-party exam is intended to determine if candidates are physically able to perform the job duties.

Hiring Phase

This phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

- **Offer** – The Dallas Fire-Rescue Department Human Resources Section extends a job offer to selected candidates which includes a review of job duties and compensation.
- **Onboarding** – The Human Resources Department, Dallas Fire-Rescue Department Human Resources Section, and Dallas Fire-Rescue Department Recruiting Section coordinate efforts to ensure candidates who accepted a job offer have the necessary resources to begin work.
- **Orientation** – The Dallas Fire-Rescue Department Officer Training Academy staff conduct an orientation to familiarize the new hires with protocols, internal guidelines, and standard operating procedures, as well as to introduce them to the organization before beginning their formal training.

Recruiting and Hiring Process Timeline

The Dallas Fire-Rescue Department's hiring process is based on an annual batch talent acquisition cycle that allows a candidate to enter the process at the beginning of the year and quickly move through the first half of the process, leading to a ranking after the Candidate Interview Board. Moving to and through the last half of the process is dependent on rank order and available class space during the summer, fall, and winter academies. As such, the overall time the Dallas Fire-Rescue Department (DFR) requires to process a candidate from application to hiring ranges from approximately six months to one year, depending on the Dallas Fire-Rescue Officer Training Academy entry date. The following chart depicts the various stages of hiring:

Dallas Fire-Rescue Department (DFR) – Cyclical Batch Hiring Process			
Step #	Step Description	Responsible Department	Representative Start Date
1	Marketing – Year-Round	DFR Recruiting Section	
2	Recruiting – Year-Round	DFR Recruiting Section	
3	Application Opening (six weeks)	DFR Recruiting Section	12/15
4	Application Submission – Minimum Qualification Screening	DFR Recruiting Section	1/15
5	Initial Testing – Civil Service Test	Civil Service Department	
Eligible List Created			2/1
6	Background Packet Submission	DFR Recruiting Section	
7	Background Packet Review	DFR Recruiting Section	
8	Candidate Physical Ability Test Mentoring Program (Minimum three weeks)	DFR Recruiting Section	
9	Candidate Physical Ability Test (10-week testing period)	DFR Recruiting Section & Civil Service Department	
Candidate Interview Board			4/15
10	Pre-polygraph Test		
11	Candidate Interview Board	DFR Recruiting & Human Resources Sections	
Candidates Ranked			4/30
Summer Academy Group – 55 Candidates			5/15
½ assigned to Class #1 in July and ½ assigned to Class #2 in August			
12	Vetting – Dallas Fire-Rescue Department Fraud Compliance	DFR Human Resources Section	
13	Conditional Offer	DFR Human Resources Section	
14	Vetting – Polygraph Test	DFR investigators	
15	Vetting – Fingerprints / Drivers License / Immunization / Transcript	DFR Human Resources Section	

Dallas Fire-Rescue Department (DFR) – Cyclical Batch Hiring Process			
16	Vetting – Medical Exam	3 rd Party Vendor	
17	Formal Offer	DFR Human Resources Section	
18	Onboarding/Orientation	DFR Recruiting & Human Resources Sections	
Fall Academy Group – 55 Candidates ½ assigned to Class #1 in October and ½ assigned to Class #2 in November			8/15
19	Vetting – Dallas Fire-Rescue Department Fraud Compliance	DFR Human Resources Section	
20	Conditional Offer	DFR Human Resources Section	
21	Vetting – Polygraph Text	DFR investigators	
22	Vetting – Fingerprints / Drivers License / Immunization / Transcript	DFR Human Resources Section	
23	Vetting – Medical Exam	3 rd Party Vendor	
24	Formal Offer	DFR Human Resources Section	
25	Onboarding/Orientation	DFR Recruiting & Human Resources Sections	
Winter Academy Group – 55 Candidates ½ assigned to Class #1 in January and ½ assigned to Class #2 in February			11/15
26	Vetting – Dallas Fire-Rescue Department Fraud Compliance	DFR Human Resources Section	
27	Conditional Offer	DFR Human Resources Section	
28	Vetting – Polygraph Test	DFR investigators	
29	Vetting – Fingerprints / Drivers License / Immunization / Transcript	DFR Human Resources Section	
30	Vetting – Medical Exam	3 rd Party Vendor	
31	Formal Offer	DFR Human Resources Section	
32	Onboarding/Orientation	DFR Recruiting & Human Resources Sections	
Remaining Ranked Candidates are not hired			
Dallas Fire-Rescue Department Fastest Application to Hire Scenario			6 Months
Dallas Fire-Rescue Department Longest Application to Hire Scenario*			12 Months
*Baker Tilly data review shows 235 days from Candidate Interview Board to hire.			

Audit Results

This section summarizes the results of our audit. The results are organized by sequential recruitment phase, with observations categorized according to their relevance in each of the following areas:

- **Governance and Strategy** – The framework through which the City and Dallas Fire-Rescue Department operate, where objectives are set, and the means of attaining those objectives are established and monitored. Ethics, risk management, compliance and administration are all elements of governance.
- **Policy and Process** – The creation, implementation, and maintenance of adopted principles and actions used to achieve organizational objectives.
- **Diversity, Equity, and Inclusion** – Three elements of social reform in the workplace that aim to create a workforce where all are welcome and supported.
- **Technology** – The systems, applications, and tools in the workplace that enhance service provision, reduce waste, and increase productivity.
- **Resources** – Components an organization needs to do business, including staff, workspace, equipment, or capital.

Please note that each talent acquisition phase does not necessarily have an observation that pertains to each of the observation categories.

Overall Talent Acquisition Process

Overview

The City and Dallas Fire-Rescue Department talent acquisition process for Dallas Fire-Rescue Department officer trainee positions encompasses six phases with multiple steps in each phase. This decentralized process is largely led by the Dallas Fire-Rescue Department Recruiting Section except the establishment of a list of eligible candidates, which is prepared by the Civil Service Department.

Throughout the course of our audit, we noted operational and approach strengths of the talent acquisition process. Specifically, we observed that Dallas Fire-Rescue Department Recruiting Section is highly dedicated, knowledgeable, and extremely cooperative, particularly in the following areas:

- The overall candidate processing, vetting, and background investigation process is managed and performed primarily by a team of four Dallas Fire-Rescue Department Recruiting Section staff. These individuals are highly dedicated. While the staff are accomplishing much, their high performance conceals the need for more staff to assist in these functions as noted in Observation 5.
- The Dallas Fire-Rescue Department Recruiting Section demonstrates significant flexibility as they adjust to meet the ever-changing post-pandemic workforce talent acquisition challenges.

GOVERNANCE AND STRATEGY

Observation 1

Recommendation 1

Owners: City Manager

The City did not have a formal Diversity, Equity, and Inclusion plan with City-wide or Dallas Fire-Rescue Department specific talent acquisition diversity goals during the audit period.

The City's Racial Equity Plan was not approved by Council until August 2022. This plan includes City-wide big audacious goals and department progress measures for the Dallas Fire-Rescue Department. Prior to the approval there were no City-wide diversity or equity goals or requirements to track talent acquisition diversity metrics. The City could not determine if equitable hiring opportunities were available without clearly defined goals and agreed-upon metrics to track progress toward those goals.

Establish and report on key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.

Analyze metrics to identify new program or initiative impacts and inform operational changes. Continue and reinforce the culture of data-informed decision making, with the support of improvement technology implementation, across the Dallas Fire-Rescue Department.

GOVERNANCE AND STRATEGY

Observation 2

Owners: City Manager

Neither the City nor the Dallas Fire-Rescue Department sufficiently review talent acquisition efforts to determine what has worked successfully and what should be discontinued.

Similarly, the City does not review overall departmental recruiting and hiring efforts to track City-wide recruitment and hiring success. As the City lacks a common definition for a "Quality Hire," it does not have metrics established to track the successes and challenges to find quality candidates. This renders the Dallas Fire-Rescue Department and the City unable to correlate which talent acquisition strategies and programs are most successful.

Recommendation 2

Define what a "Quality Hire" is for each department and identify trackable metrics based on that definition.

Frequently called the Golden Metric, a "Quality Hire" metric is more substantive than merely determining if an employee passed a probationary phase. While early retention can serve as one metric, transformative hiring happens when the evaluative process is expanded to include consideration of pre-hire offer conversion, employee performance reviews, etc. The Dallas Fire-Rescue Department as well as all other departments, should then utilize these metrics to track recruiting and hiring efforts for each talent acquisition cycle. This will allow the Dallas Fire-Rescue Department to identify and replicate successful talent acquisition programs.

Observation 3

Owners: City Manager

No one department is accountable for overall City talent acquisition processes.

This decentralized oversight to talent acquisition places the responsibility for all post-Civil Service Test efforts with each department hiring manager. Cross-departmental hiring manager communication and coordination was not found. With no singular department accountable for ensuring the success of City-wide talent acquisition, or for providing support to departmental hiring staff, the Dallas Fire-Rescue Department is likely to repeat other departmental talent acquisition failures as opposed to replicating their successes.

Recommendation 3

Appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.

This primary department should:

- 1) Ensure continuity in the hiring processes across departments.
- 2) Provide support and guidance for departmental hiring managers.
- 3) Ensure cross-departmental talent acquisition collaboration and "success sharing".

It is critical that this department excel in utilizing a consultative approach to leadership, working with departments to achieve success. The Dallas Fire-Rescue Department Recruiting Section shall remain responsible for the post-Civil Service Test talent acquisition efforts.

TECHNOLOGY

Observation 4

Owners: City Manager

The City/Dallas Fire-Rescue Department staff involved in the talent acquisition of Dallas Fire-Rescue Department officer trainees use multiple inefficient and labor-intensive systems to track the hiring process which include paper and basic spreadsheets.

There is no City-wide software system deployed that efficiently and effectively manages candidate tracking within the Dallas Fire-Rescue Department and between the Dallas Fire-Rescue Department and other departments that play a role in the talent acquisition process. This leads to burdensome and duplicative work processes dominating the talent acquisition cycle. Processes such as hand entering candidate data into the Dallas Fire-Rescue Department Excel tracking spreadsheet from a report that is produced from the Civil Service Department software system creates concerns such as:

- 1) Greatly increasing the chance for human error.
- 2) Slows the overall talent acquisition process.
- 3) Losing eligible candidates due to errors and speed while processing.

Recommendation 4

Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the hiring process.

Involve the Dallas Fire-Rescue Department early in the process to validate business needs as public safety recruitment has additional requirements in comparison to non-public safety departments.

While this report does not validate particular software vendors, we do encourage the City to continue their efforts to implement the WorkDay software, focusing on building the implementation to blend current City talent acquisition practices with modification to incorporate the recommendations in this report to improve talent acquisition practices.

Observation 5

Owners: City Manager

Candidates are required to submit college transcripts multiple times throughout the hiring process.

These include the Civil Service Department in the Application Phase, to the Dallas Fire-Rescue Department Recruiting Section in the Vetting Phase, and the Human Resources Department in the Hiring Phase. Limited interdepartmental communication and coordination between departments involved in talent acquisition, along with a failure to share documents electronically, places the burden on the candidate. These repeated candidate efforts increase the cost to apply to the City and may discourage candidates from pursuing employment with the City.

Recommendation 5

Modify internal processes and systems to allow for a single electronic submission of documents at the beginning of the process.

Documents, including college transcripts, should be available to any department that should need them at a later point in the process.

RESOURCES

Observation 6

Owners: Dallas Fire-Rescue Department

The Dallas Fire-Rescue Department Recruiting Section staffing level does not have capacity for modifying the talent acquisition cycle or implementing more resource heavy talent acquisition practices.

The Dallas Fire-Rescue Department Recruiting Section is comprised of a four-person team, whose responsibilities have recently expanded by a new inter/intradepartmental agreement that governs the talent acquisition process and increases their talent acquisition responsibilities. While the team may be able to complete daily duties to meet the talent acquisition needs for a workforce over 2,000, they have no additional time available to implement new, proactive recruitment efforts or analyze processes for improvement needs. Current staffing levels in the Dallas Fire-Rescue Department Recruiting Section limit the ability to modify the talent acquisition cycle. Team personnel are needed to complete each phase before moving onto the next phase.

Recommendation 6

Benchmark the Dallas Fire-Rescue Department Recruiting Section staffing to identify sufficient resource levels to implement more process efficiency analysis and talent acquisition cycle modifications.

Conduct a benchmark study to determine the optimal Dallas Fire-Rescue Department Recruiting Section staffing size. Benchmark with similarly sized organizations whose recruiting divisions perform similar functions. Equilibrate differences in organization size by calculating a hiring staff to candidates processed ratio. When benchmarking, identify gaps in existing talent acquisition phase needs. Consult with Dallas Fire-Rescue Department and the benchmark organizations to identify additional staffing resource needs to fulfill these gaps.

POLICY AND PROCESS

Observation 7

Owners: Dallas Fire-Rescue Department Recruiting Section

The Dallas Fire-Rescue Department Recruiting Section did not collect or analyze data from recent talent acquisition cycles, limiting their ability to inform future process improvements.

The recent changes in the Dallas Fire-Rescue Department talent acquisition procedures led to inconsistent candidate pool talent acquisition practices making accurate data analysis difficult. A recent example is the Candidate Interview Board member qualification changes, which modified the pool of Candidate Interview Board members. Additionally, the polygraph test is now conducted by department staff, a return to a prior practice due to concerns of the third-party

Recommendation 7

Track process change impacts on quantitative time-to-hire metrics in the future. Based on the analysis, identify process improvements to decrease talent acquisition times.

Monitor time-to-hire metrics with each talent acquisition cycle, including percentage of candidates progressing through each talent acquisition phase to understand process change impacts on hiring times. Based on analysis, modify processes for future talent acquisition cycles.

POLICY AND PROCESS

vendor's execution. Lastly, the order of talent acquisition phases has shifted over the past cycles. No data related to these individual changes was collected or evaluated to gain a greater understanding of the impact of each change to Dallas Fire-Rescue Department resources and Dallas Fire-Rescue Department talent acquisition goals.

Observation 8

Owners: Dallas Fire-Rescue Department

The Dallas Fire-Rescue Department talent acquisition cycle is based on a single, annual hiring batch cycle.

The talent acquisition cycle starts at the beginning of a calendar year, culminating in successful candidates hired for summer, fall, or winter Dallas Fire-Rescue Officer Training Academy dates. The late winter candidate hires who are still available to accept a position with the Dallas Fire-Rescue Department are the lowest ranked candidates within the large annual batch. The annual talent acquisition cycle approach used by Dallas Fire-Rescue Department Recruiting Section results in extended hiring times for two-thirds of the selected candidates. Collectively, the extended hiring process and tiered Dallas Fire-Rescue Officer Training Academy enrollment increase the chances of losing candidates to other employment opportunities, a detrimental outcome for a department that is already experiencing an overall decrease in candidate interest.

Recommendation 8

Adopt a seasonal/cyclical batch hiring process.

As opposed to the current Dallas Fire-Rescue Department singular annual hiring batch process, a seasonal batch process should be started three times a year, based on the three seasonal Dallas Fire-Rescue Officer Training Academy start dates. This will reduce the 'application to hire' time and ensure higher ranked candidates from each batch are hired.

To implement the transition, the Dallas Fire-Rescue Department should first complete Recommendation 6 to have sufficient staffing to concurrently run the six recruiting and hiring processes year-round.

Candidate Sourcing Phase

Overview

This phase includes marketing and advertising efforts which are followed by hands-on recruiting strategies to search for and gather candidates to fill both current and planned open positions.

- **Marketing and Advertising** – This step includes both short and long-range efforts that attract the largest talent pool for Dallas Fire-Rescue Department officer trainees. Regular review and analysis of the effectiveness of these efforts is not conducted due to staff resource constraints.
- **Department Recruiting** – The Dallas Fire-Rescue Department Recruiting Section utilizes a variety of methods to actively recruit interested individuals and convert them to interested candidates through job fairs, post-military service hiring events, etc. The Dallas Fire-Rescue Department Recruiting Section does not use online or out-of-state recruitment efforts.

Throughout the course of our audit, we noted certain strengths of the Candidate Sourcing Phase in the following areas:

- Recent City efforts to recruit new candidates through City-wide job fairs were conducted and reported to be successful.

GOVERNANCE AND STRATEGY

Observation 9

Recommendation 9

Owners: City Manager

The Dallas Fire-Rescue Department is responsible and accountable for their own marketing and recruiting efforts.

While this approach is effective in achieving customized recruiting based on specific open positions, it leaves a particular gap in City-wide marketing. No singular department is responsible for these overall City-wide marketing efforts. Therefore, the City as an employer is department brand-specific rather than City-wide. The current ad-hoc marketing approach:

- 1) Creates duplicative departmental marketing and advertising costs and efforts for the Dallas Fire-Rescue Department.
- 2) Creates internal competition between the Dallas Fire-Rescue Department and other departments for quality employees in addition to external competition with other private and public sector agencies.

Assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.

Targeted recruiting efforts would remain the responsibility of the Dallas Fire-Rescue Department Recruiting Section.

GOVERNANCE AND STRATEGY

Observation 10

Recommendation 10

Owners: Dallas Fire-Rescue Department Recruiting Section

The Dallas Fire-Rescue Department does not have a data driven candidate sourcing program that allows them to target recruitment efforts, nor analyze success rates.

Historically, Dallas Fire-Rescue Department Officer positions were in great demand and minimal recruiting effort yielded a sufficient candidate pool. Changes in how current generations perceive working in municipal government, and in long-term single employer careers in general, have created an industry trend of reduced interest in public service. The pandemic also significantly shifted the candidate base for fire-rescue service careers given the clear inability to accommodate remote work. The Dallas Fire-Rescue Department Recruiting Section has not modified their candidate sourcing approach to accommodate the aforementioned cultural changes. Failing to implement a more sophisticated candidate sourcing program reduces the candidate pool and ultimately, the quality of Dallas Fire-Rescue Department officer trainee hires.

Allocate additional resources to develop and execute a sophisticated, data driven candidate sourcing program.

Nationwide challenges to hiring, and in public safety specifically, require a sophisticated and targeted data-driven candidate sourcing program to find candidates and broaden the candidate pool. Concerted effort should be given to utilizing Dallas Fire-Rescue Department Administrative Section data analysts to analyze Dallas Fire-Rescue Department sourcing data and metrics associated with past recruiting and marketing efforts to inform the use of future limited recruiting budget and staff resources. Conduct analysis of candidate sourcing efforts against results to further refine the future candidate sourcing efforts.

Additionally, utilizing publicly available data, the Dallas Fire-Rescue Department Recruiting Section can more effectively identify candidate sourcing target areas and associated marketing efforts.

Application Phase

Overview

The Civil Service Department performs, manages, and oversees this phase which includes the processing of candidate application responses to posted positions with the Dallas Fire-Rescue Department in a fair and equitable manner in accordance with the Dallas Civil Service Charter.

- **Application Submission** –The Civil Service Department accepts applications submitted by candidates with the requisite information needed to conduct an evaluation of their ability to meet posted job criteria. The timeframe from submission through screening varies due to changing hiring practices during the audit period.
- **Minimum Qualification Screening** – The Civil Service Department reviews candidate applications to determine if the candidate qualifications meet the minimum qualifications required of the position and specified in the job posting.

Noted operational and approach strengths for the application phase include recent changes to the Civil Service application process that reduced the duration a candidate has to wait before their application is eligible for processing as well as the significant volume of applications processed in an efficient manner each year.

POLICY AND PROCESS

Observation 11

Recommendation 11

Owners: Civil Service Department

The Civil Service Department applies a 30-day candidate freeze for applications with error.

The reported purpose for this control is to allow for corrections to the application. However, it is understood that the candidate does not have access to the original form to correct the error. Instead, the candidate needs to resubmit a new application. As the candidate cannot have two active applications for the same position, this serves as a 30-day lockout for the talent acquisition cycle. This is counterproductive as the error correction process deters candidates, ultimately limiting the candidate pool for what may be a simple, unintentional application error.

Eliminate the candidate freeze rule.

Elimination of the rule will help ensure that application errors are more easily corrected with little candidate effort, allowing them to remain in the talent acquisition cycle should that error be corrected.

POLICY AND PROCESS

Observation 12

Recommendation 12

Owners: City Manager

The Civil Service Department is unable to produce a breakdown by demographic categories of total applications received and total applications meeting minimum qualifications requirements.

The Civil Service Department is able to gather total applications through this phase with 71.7% of candidates meeting the minimum qualifications in Fiscal Year 20-21. Limited ability to produce the information is due to:

- 1) Demographic fields are optional for all applications.
- 2) Current system’s limited ability to gather data.

Set the ability to pull demographic information during this phase from the system as a business need for implementation of the Workday system.

When planned candidate tracking functionality in the Workday Human Resources Information System is adopted, assess minimum qualification screening affected by demographic breakdown. Candidate demographic data will continue to be optional; analysis will not be available for the full candidate pool. If an effect is observed, use the Local and Regional Government Alliance on Race & Equity’s Racial Equity Tool to work with the Dallas Fire-Rescue Department to confirm minimum qualifications relate to essential functions of job performance.

Testing Phase

Overview

This phase incorporates a written and physical test that are used to establish if the candidate possesses requisite abilities to successfully do the job.

- **Dallas Fire-Rescue Officer Trainee Civil Service Test** – The Civil Service Department conducts written exams to assess a candidate’s level of spelling, vocabulary, verbal, grammar, reading comprehension and basic math skill.
- **Candidate Physical Ability Test** – The Candidate Physical Ability Test is a nationally standardized fitness test by the International Association of Fire Chiefs, designed to assess a candidate's ability to carry out the physical tasks of a firefighter. The Candidate Physical Ability Test is proctored collaboratively by the Dallas Fire-Rescue Department and the Civil Service Department.

Recent changes to adapt the Dallas Fire-Rescue Officer Trainee Civil Service testing process to an online model are to be lauded. The ability to test online rather than in person, particularly mid-pandemic, has made the application process easier for candidates. The Candidate Physical Ability Test mentoring program provides candidates with an opportunity to prepare for the exam by gaining real world experience at the testing modules. Participation in the Candidate Physical Ability Test mentoring program results in a higher candidate passing rate. Additionally, the Candidate Physical Ability Test is conducted efficiently and effectively through collaboration with the Dallas Fire-Rescue Department and the Civil Service Department.

POLICY AND PROCESS

Observation 13

Recommendation 13

Owners: Civil Service Department

The Civil Service Department cannot verify that the individual taking the online Dallas Fire-Rescue Officer Trainee Civil Service Test is the candidate.

Online testing procedures/policy do not require validation or proctoring to verify tester identity. This lack of validation may result in false positive test results for candidates, as well as an increased workload for Dallas Fire-Rescue Department Recruiting Section who may review candidates for hire that do not pass the test.

Technology does exist within online testing software applications to verify test taker identity through a variety of methods, though at an increased cost.

Ensure similar rules regarding test taker validation exist for online Civil Service Tests as they do for in-person.

Online testing is encouraged as it removes accessibility hurdles and expands the eligible candidate pool. However, test taker identity needs to be verified to maintain the validity of the Dallas Fire-Rescue Officer Trainee Civil Service Test in the City hiring process. The Civil Service Department should identify and implement an expansion of the online testing platform to include this feature or adopt a new tool that provides this solution.

Update the City’s Civilian Examination Process Orientation Manual - City of Dallas Civilian Test Tips document with testing instructions as needed when complete.

Interview Phase

Overview

This phase is centered on an in-person evaluation where candidates respond to a series of questions from which they are assessed for suitability to the position they are applying.

- **Candidate Interview Board** – Dallas Fire-Rescue Department staffed Interview Boards are charged with the responsibility of evaluating a candidate's potential to become a successful Dallas Fire-Rescue Department officer trainee. Candidate Interview Board members make their evaluation based on the candidate's behavior and responses during the interview, with a review of the candidate's writing sample as an additional factor. Candidate Interview Board members are selected based on experience and with the intent to have a diverse pool by race and gender. The Human Resources Department provides interview best practice training.
- **Candidate Ranking** – At the conclusion of the Candidate Interview Board, candidates are ranked by Candidate Interview Board members and the Dallas Fire-Rescue Department Recruiting Section based on their interview score.

The number of candidates moving through the Interview Phase creates a laborious logistics effort. 2,181 candidates were processed during the audit period. This effort is efficiently managed by the Dallas Fire-Rescue Department Recruiting Section and allows the talent acquisition process through the Interview Phase to be completed in a short period.

POLICY AND PROCESS

Observation 14

Recommendation 14

Owners: Dallas Fire-Rescue Department Recruiting Section

The in-person, Candidate Interview Board approach used by the Dallas Fire-Rescue Department Recruiting Section creates scheduling and training challenges for potential Candidate Interview Board members.

Procedures require interviews to be conducted in-person, by an intentionally diverse, interview rating trained three-person panel to comprise the Candidate Interview Board. Inevitable last-minute scheduling conflicts lead to fill-in Candidate Interview Board members hastily assigned to meet diversity requirements. Further, these fill-in Candidate Interview Board members may not be as adequately trained, with regard to interview rating, as the other Candidate Interview Board members. Inconsistencies in building Candidate Interview Board panels increases the opportunity for candidate scoring imbalances, while reducing the equity and integrity of the hiring process.

Revise interview procedures to replace the current in-person, Candidate Interview Board interview methodology with a recorded interview model.

In this recorded interview model, a video-recorded candidate interview is conducted by a single highly trained Dallas Fire-Rescue Recruiting Section staff who understands the appropriate limits of follow-up questions. This change will eliminate scheduling conflicts by allowing a diverse group of Candidate Interview Board members to review and rate the interviews at a convenient time. Prior to rating, conduct meaningful training for Candidate Interview Board members that specifically addresses rating metrics, with clear examples of sample ratings.

POLICY AND PROCESS

Observation 15

Recommendation 15

Owners: Dallas Fire-Rescue Department Human Resources Section

The Dallas Fire-Rescue Department Human Resources Section Candidate Interview Board training prohibits Candidate Interview Board members from asking clarifying or follow-up questions of the candidates.

While the Dallas Fire-Rescue Department Human Resources Section reports this is a City policy, a review of Human Resources Department policy and interview training directs that a similar set of questions be asked but does not restrict clarifying questions. Restricting any clarifying questions limits the value of the interview serving as an effective screening tool to learn about the candidate's suitability for the position. Restricting clarifying questions also fails to provide for an accurate candidate rating for candidates who have limited interview experience, a reserved communication style, or simply misheard a question. Such a candidate will likely receive a lower candidate rating regardless of their ability to perform the job functions of a Fire-Rescue Officer, reducing the effectiveness of the hiring process to obtain the best candidates for the position.

Clarify for the Dallas Fire-Rescue Department Human Resources Section and Candidate Interview Board interview requirements.

The Dallas Fire-Rescue Department Human Resources Section and Candidate Interview Board members should understand:

- 1) They must ask the same core set of questions of each candidate.
- 2) Follow-up questions may be asked but they should only be asked to clarify a candidate's answer to the core set of questions.
- 3) At no point can personal or discriminatory questions be asked.

Appropriate follow-up questions should be used to clarify the common set of questions asked of each candidate.

Observation 16

Recommendation 16

Owners: Dallas Fire-Rescue Department Human Resources Section

Candidate rating is open to broad interpretation across Candidate Interview Board members. The interview rating table does not define criteria for each rating.

Candidate Interview Board member training on the candidate interview rating does not provide specific criteria for each rating level. Without a common understanding and agreement on rating, rater bias is harder to detect and skewed candidate ratings are more likely. Inconsistent rating evaluations can distort which candidates to select, while also impairing the objectivity of the hiring process overall.

Ensure Candidate Interview Board member training is provided on the use of the candidate rating criteria.

This training should include clear definitions and examples of each rating level. Rate candidate interviews utilizing this standard rating criteria with associated rating definitions.

POLICY AND PROCESS

Observation 17

Recommendation 17

Owners: Dallas Fire-Rescue Department Human Resources and Recruiting Sections

Candidates are ranked solely on the Candidate Interview Board ratings.

This candidate ranking determines when, or if, the candidate is formally offered a Dallas Fire-Rescue Department officer trainee position and Dallas Fire-Rescue Officer Training Academy start date. Only using the Candidate Interview Board rating does not consider other qualifications that might be an indicator of future success as a Dallas Fire-Rescue Department Officer such as the Candidate Physical Ability Test score, Dallas Fire-Rescue Officer Trainee Civil Service Test results, etc. This single point ranking system may leave higher quality candidates under-ranked and potentially not hired.

Revise the candidate ranking to consider factors other than the Candidate Interview Board rating.

Ranking a candidate should be comprehensively expanded to incorporate other factors such as the Candidate Physical Ability Test score and the Dallas Fire-Rescue Officer Trainee Civil Service Test results.

Vetting Phase

Overview

Three batches of 55 candidates each are moved into the Vetting Phase roughly 2-3 months ahead of summer, fall, and winter Dallas Fire-Rescue Officer Training Academy classes. That starts the Vetting Phase which includes a variety of activities and tests/exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a Dallas Fire-Rescue Department Officer.

- **Background Investigation** – This stage incorporates an in-depth investigation conducted by the Dallas Fire-Rescue Department Recruiting Section. It is used to qualify the candidate through a review of candidate provided information which includes personal, financial, and criminal history, and associations that may cause a conflict of interest for a Dallas Fire-Rescue Officer.
- **Polygraph Test** – This test helps to determine the veracity of the candidate's provided information and background investigation results. A recent change has placed the responsibility for conducting the test with the Dallas Fire-Rescue Department investigators instead of a contracted third-party.
- **Medical Exam** – This contracted third-party examination is intended to determine if candidates are physically able to perform the job duties.

An operational strength for the Vetting Phase is the clear and consistent procedures the Dallas Fire-Rescue Department Recruiting Section has in place for candidate processing for the background checks and medical exams. Additionally, a recent switch to an in-house polygraph test will remove concerns related to the testing vendor expressed by the Dallas Fire-Rescue Department Recruiting Section.

No observations made for this phase.

Hiring Phase

Overview

This phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

- **Offer** – The Dallas Fire-Rescue Department Human Resources Section extends a job offer to selected candidates which includes a review of job duties and compensation.
- **Onboarding** – The Human Resources Department, Dallas Fire-Rescue Department Human Resources Section, and Dallas Fire-Rescue Department Recruiting Section coordinate efforts to ensure candidates who accepted a job offer have the necessary resources to begin work.
- **Orientation** – The Dallas Fire-Rescue Officer Training Academy staff conduct an orientation to familiarize the new hires with protocols, internal guidelines, and standard operating procedures, and to introduce them to the organization before beginning their formal training.

POLICY AND PROCESS

Observation 18

Recommendation 18

Owners: Human Resources Department Total Rewards & Onboarding Division, Civil Service Department

The Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have a mechanism to follow-up with new-hires to solicit feedback on their recruitment and hiring experience.

As such, the Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have insight directly from new-hires to target process and candidate experience improvements. The Human Resources Director indicated an intent to develop and implement a survey during the upcoming fiscal year 23-24 for non-Civil Service positions. There are no plans to implement a survey for Civil Service Positions.

Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new-hires to speak directly with a Human Resources Department representative.

Incorporate an aggregate review of feedback received to identify areas to improve new-hire employee experience. Provide feedback to the Dallas Fire-Rescue Department as needed and follow-up. Follow-up with all new-hires within two weeks of completing the feedback survey.

Additional Areas for Improvement

Over the course of the audit, Baker Tilly noted additional areas for improvement for the Dallas Fire-Rescue Department officer trainee recruitment selection. These additional areas for improvement do not have benchmarks, defined expected performance, measurable outcomes, or standards criteria. A management response is not required. Additional areas for improvement are provided to further assist departments and the City as they continue to proactively improve talent acquisition efforts for better customer service, increased efficiency, and continued hiring of qualified and diverse candidates.

Candidate Sourcing Phase	<p>Pension Crisis Marketing – The highly publicized pension crisis may be negatively impacting recruiting efforts and candidate interest. The City and Dallas Fire-Rescue Department may want to consider committing marketing resources to publicizing the efforts made to stabilize the pension.</p> <p>Internal Cross-Departmental Recruiting – Career growth opportunities available within other City departments are not routinely communicated. An initiative promoting available career advancement opportunities, across all City departments, could benefit the City by developing and retaining quality City employees.</p>
Application Phase	<p>Screening Previous Employees – Hiring managers and background investigators do not have immediate access to prior employee work history documentation. Previous employees who are not eligible for rehire should be screened out by the Civil Service Department.</p>
Vetting Phase	<p>Outdated Hiring Restrictions - While a comprehensive background check is critical to the Dallas Fire-Rescue Department's ability to mitigate exposure to liability and reputational harm, certain low-risk components of that review create unnecessary challenges for the Dallas Fire-Rescue Department Recruiting Section.</p> <p>Early Voluntary Termination - Commonly, Dallas Fire-Rescue Department officer trainees voluntarily terminate employment prior to station assignment due to fears or an inability to pass required training at either the Dallas Fire-Rescue Officer Training Academy or paramedic school. In both situations, candidate vetting efforts were unable to detect these outcomes. To avoid wasting limited Dallas Fire-Rescue Officer Training Academy spots, and inevitably lost candidate processing time, the Dallas Fire-Rescue Department should consider implementing new vetting activities that will allow the Dallas Fire-Rescue Recruiting Section to address these candidate issues prior to offer.</p>
Overall Recruiting and Hiring Process	<p>Candidate Communication - With several departments involved throughout the recruiting and hiring process (Civil Service Department, Human Resources Department, Dallas Fire-Rescue Recruiting Section, and Dallas Fire-Rescue Human Resources Section), identifying a point of contact to address candidate issues can be challenging for potential City employees. The City should consider designating a single point of contact for candidate inquiries.</p>

Appendix A: Additional Resources

Additional resources are provided below to assist the Dallas Fire-Rescue Department implement the recommendations.

Recommendation	Resource
1	Melaku, Tesdale and Winkler, Christoph. "Are Your Organization's DEI Efforts Superficial or Structural." Harvard Business Review, June 29, 2022. https://hbr.org/2022/06/are-your-organizations-dei-efforts-superficial-or-structural .
2	Mauer, R. "How to Measure Quality of Hire: The Holy Grail of Recruiting." Society for Human Resources Management, November 15, 2016. https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/how-to-measure-quality-of-hire.aspx .
12	Lippay, Amy and Murphy, Kory. "Minimum Qualifications: Best Practices in Recruitment and Selection Advancing Racial Equity in Multnomah County." Local and Regional Government Alliance on Race and Equity, June 8, 2015.
14	U.S. Equal Employment Opportunity Commission's Employment Tests and Selection Procedures. U.S. Equal Opportunity Commission, 2023.

Audit of the Dallas Police Department Uniform Personnel Recruitment and Selection

Baker Tilly report begins on the following page.



City of Dallas

Office of the City Auditor
*Audit of Dallas Police Department
Uniform Personnel Recruitment
and Candidate Selection
February 16, 2024*

Executive Summary

Scope and Purpose of the Audit

The purpose of this audit was to:

- 1) Determine if candidate sourcing strategies and community outreach are effective.
- 2) Determine if candidate sourcing strategies align with department diversity strategy.
- 3) Determine if candidate selection process reflects best practices and promotes a quality hire.

The scope of this audit included a review of recruitment and selection activities from the annual recruitment cycles in Fiscal Year 20-21 and Fiscal Year 21-22.

Background

The Dallas Police Department is the second largest police department in the State of Texas and the 8th largest police department in the country. Comprised of over 3,600 sworn police officers and over 550 civilian members, the Dallas Police Department provides police services to over 1.3 million residents.

The Dallas Police Department recruits and hires for sworn police officers year-round and tracks the cycle effectiveness throughout the following six hiring phases. Unless otherwise noted, the Dallas Police Department Personnel Division independently leads and executes the phase.

- 1) **Candidate Sourcing Phase:** Targeted marketing and advertising efforts utilizing modern online and in-person recruitment practices for local, regional, and out-of-state recruitment.
- 2) **Application Phase:** Applications are primarily submitted via online tools allowing timely candidate processing and screening. For candidates without sufficient technology, accommodation is provided to access and complete applications within the Civil Service Department.
- 3) **Testing Phase:** Candidates are further screened through written and physical tests which are used to determine if the candidate possesses requisite abilities to be a Dallas Police Department sworn police officer.
- 4) **Interviewing Phase:** This phase provides in-person evaluations where candidates respond to a series of questions from which they will be assessed for suitability to perform the functions of a sworn police officer.
- 5) **Vetting Phase:** This phase encompasses a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a sworn police officer.
- 6) **Hiring Phase:** This conclusionary phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

The Dallas Police Department provided data for the Fiscal Year 20-21 audit period with passing rates for each of the key stages in the hiring process. Sworn Police Officer Candidate Civil Service testing data was not available for Fiscal Year 20-21. Fiscal Year 21-22 data was not available at the time of the data request due to the timing of the analysis. This data was reviewed to provide a greater understanding of each stage. It should be noted that to increase overall hiring process efficiency, the Dallas Police Department processes candidates through phases concurrently.

Strengths

The Dallas Police Department Personnel Division effectively demonstrates strategies employed for recruiting and hiring a diverse workforce that reflects the community it serves. The Dallas Police Department does this with expanded marketing to utilize social media, combined with intentional messaging and efforts to meet the department's goal to increase the number of female and minority candidates. The Dallas Police Department demonstrates controls that are in place, such as standardized interview questions, throughout each phase of their recruitment and hiring processes. These controls facilitate a fair and equitable process for the recruitment and hiring of sworn police officer trainees. Considerable effort is put forth to establish a modern, nimble recruiting system that has effectively adjusted to the challenges of both a pandemic and post-pandemic era. These efforts result in the Dallas Police Department regularly hiring dedicated sworn police officer trainees who are committing themselves to a life of public service to the residents of the City. The Dallas Police Department should be proud of the talent acquisition success achieved in this environment where private and public sector alike are challenged to hire staff.

Recommendation Summary

Baker Tilly performed an audit of the Dallas Police Department talent acquisition processes and controls through review of policy and procedure documentation, metrics review, and walkthroughs with key process owners. The "Audit Results" section of this report shows the detailed observations and recommendations based on our review. The following highlights the high priority recommendations.

- Appoint a singular department to oversee and bear responsibility for the overall talent acquisition of City employees.
- Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the talent acquisition process.
- Set the ability to pull demographic information during the application phase from the system as a business need for implementation of the Workday system. This should be available to enable the ability to assess minimum qualification screening affects by demographic breakdown.
- Reassess continuing agreements with the polygraph testing vendor.



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Introduction

Objective	<p>The purpose of this audit was to:</p> <ol style="list-style-type: none"> 1) Determine if candidate sourcing strategies and community outreach are effective. 2) Determine if candidate sourcing strategies align with department diversity strategy. 3) Determine if candidate selection process reflects best practices and promotes a quality hire.
Background	<p>The Dallas Police Department is the second largest police department in the State of Texas and the 8th largest police department in the country. Comprised of over 3,600 sworn police officers and over 550 civilian members, the Dallas Police Department provides police services to over 1.3 million residents.</p> <p>From Fiscal Year 18-19 to Fiscal Year 20-21, the Dallas Police Department saw the number of police applications decrease from 7,346 to 2,995. The Department responded with new recruiting strategies for Fiscal Year 21-22 including candidate data directed recruiting, diversity-focused hiring, increasing military/veteran recruiting efforts, strengthening community-driven opportunities, restructuring, and revising recruiting policies.</p>
Scope	<p>The scope of this audit included a review of talent acquisition activities from the annual recruitment cycles in Fiscal Year 20-21 and Fiscal Year 21-22. Historical data through Fiscal Year 17-18 was included where applicable to identify relative trends for the audit period.</p>
Methodology	<p>The audit methodology included: (1) conducting interviews with Dallas Police Department, Human Resources Department, and Civil Service Department personnel, City Council members, and Deputy City Managers; (2) reviewing policies and procedures, relevant City Council Resolutions, and City Administrative Directives; (3) examining high-level processes to identify areas of risk/process improvement; (4) analyzing candidate talent acquisition data to evaluate outreach effectiveness and sourcing alignment with diversity strategy; (5) inventorying and evaluating selection practices in context of best practices; and (6) identifying opportunities to enhance risk management and improve policies and practices related to talent acquisition of Dallas Police Department sworn police officers.</p>
Compliance Statement	<p>This audit activity was conducted from February 2022 to January 2023 in accordance with generally accepted government auditing standards, except for the requirement of an external peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and recommendations based on audit objectives.</p>

Baker Tilly greatly appreciates the support of the Civil Service Department, Dallas Police Department, and Human Resources Department among others in conducting this audit activity.

Thank you!

Talent Acquisition Background

The City of Dallas (the “City”) and Dallas Police Department talent acquisition process for entry level sworn police officer trainee positions encompasses six phases with multiple steps in each phase. This decentralized process is largely led by the Dallas Police Department Personnel Division except the list of eligible candidates, which is prepared by the Civil Service Department. The six phases are defined as:

Candidate Sourcing Phase

This phase includes advance marketing and broad advertising efforts which are followed by targeted, hands-on recruiting strategies to search for and gather candidates to fill both current and planned open positions.

- **Marketing and Advertising** – This step includes both short and long-range efforts to attract the largest talent pool for sworn police officers. Regular review and analysis of the effectiveness of these efforts are conducted.
- **Department Recruiting** – The Dallas Police Department Personnel Division utilizes a variety of methods such as in-state and out-of-state job fairs, post-military service hiring events, targeted social media campaigns etc. to actively recruit local, regional, and out-of-state individuals and convert them to interested candidates.

Application Phase

This phase includes the processing of candidate application responses to posted positions with the Dallas Police Department in a fair and equitable manner in accordance with the Dallas Civil Service Charter.

- **Application Submission** – The Civil Service Department accepts applications submitted by candidates with the requisite information needed to conduct an evaluation of their ability to meet posted job criteria.
- **Minimum Qualification Screening** – Candidate applications are reviewed by the Civil Service Department to determine if the candidate qualifications meet the minimum qualifications required of the position and specified in the job posting.

Testing Phase

The testing phase incorporates written and physical tests which are used to establish if the candidate possesses requisite abilities to successfully do the job.

- **Sworn Police Officer Candidate Civil Service Test** – The Civil Service Department conducts written exams to assess a candidate’s level of spelling, vocabulary, verbal, grammar, reading comprehension, and basic math skill.
- **Physical Readiness Test** – This standardized Physical Readiness Test is designed to assess a candidate's ability to carry out the physical tasks of a sworn police officer.

Interviewing Phase

The interview phase is centered on an in-person evaluation where candidates respond to a series of questions from which they will be assessed for suitability to the position they are applying.

-
- **Candidate Interview Board** – Interview Boards are charged with the responsibility of evaluating a candidate's potential to become a successful sworn police officer. The Board, staffed by Dallas Police Department sworn police officers, makes its evaluation based on the candidate's behavior during the interview with a review of the candidate's writing sample as an additional factor.

Vetting Phase

This phase includes a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a sworn police officer.

- **Background Investigation** – This stage incorporates an in-depth investigation conducted by Dallas Police Department investigators which is used to qualify or disqualify the candidate through a review of the candidate's provided information which includes personal, financial, and criminal history, and any associations that may cause a conflict of interest with a role in law enforcement.
- **Polygraph Test** – This test, performed by a contracted vendor, helps to determine the veracity of the candidate's provided information and background investigation results.
- **Psychological Exam** – This exam is conducted by Dallas Police Department staff psychologists and evaluates the candidate to assess their ability to cope with, and respond appropriately to, the emotional requirements of being a sworn police officer.
- **Medical Exam** – This contracted third-party exam is intended to determine if candidates are physically able to perform the job duties.

Hiring Phase

This phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

- **Offer** – The Dallas Police Department Personnel Division extends an offer to selected candidates which includes a review of the position job duties and compensation.
- **Onboarding** – The Human Resources Department and the Dallas Police Department coordinate efforts to ensure that candidates who accept a job offer have the necessary resources to begin work.
- **Orientation** – The Dallas Police Department conducts an orientation to familiarize the new-hires with protocols, internal guidelines, and standard operating procedures, and introduces them to the organization before they begin their formal training period.

Overall Recruiting and Hiring Process Timeline

The Dallas Police Department's hiring process is based on a continual hiring cycle that allows a candidate to enter the process at any time of the year and quickly move through the process. The Dallas Police Department (DPD) aims to complete the candidate processing, from application to hiring, in 92 days. The individual steps with targeted completion times are noted below.

Step Description	Stage Owner	DPD Targeted # of Days to Completion	Baker-Tilly Data Review Average
1 Marketing – Year-Round	DPD Personnel Division	-	-
2 Recruiting – Year-Round	DPD Personnel Division	-	-
3 Application Opening – Year-Round	Civil Service Department	-	-
4 Application Submission – Minimum Qualification Screening	Civil Service Department	7	7
5 Initial Testing – Civil Service Test	Civil Service Department	7	8
6 Initial Testing – Preliminary Interview Form Submission	DPD Personnel Division	1	1
7 Initial Testing – Physical Readiness Test (weekly)	DPD Personnel Division	1	1
8 Vetting – Pre-polygraph Form/Documents Submission	DPD Personnel Division	1	1
9 Vetting – Polygraph Test	3 rd Party Vendor	1	1
10 Vetting – Post-polygraph Test	DPD Personnel Division	1	1
11 Application Interview Board (Every other Saturday)	DPD sworn police officers	7	7
12 Vetting – Background	DPD Personnel Division	30	* 45
Vetting – Candidate Scheduling/Travel Time			**31
13 Vetting – Medical Exam	3 rd Party Vendor	1	1
14 Vetting – Psychological Test	DPD Psychologists	1	1
15 Vetting – Fingerprints/Drug Screen	DPD Personnel Division	1	n/a
16 Formal Offer (Sent from DPD Deputy Chief)	DPD Personnel Division	3	n/a
17 Orientation/Onboarding (Hired the Monday of the Academy Start Pay Period)	Dallas HR/ DPD Personnel Division	30	n/a
Typical Calendar Days - Application to Hire:		92	105
DPD Hiring Cycle – Average Months-Application to Hire:		3.1	3.5

A Baker Tilly review of available data confirmed the hiring steps are typically completed on target with two notable exceptions, both in the Vetting Phase.

***Vetting – Background:** Background investigations are typically completed within the 45-day period allotted. However, that target completion time was recently reduced from 45 days to 30 days at the order



of the Police Chief to reduce processing time. This recent change will presumably reduce the overall processing time.

****Vetting – Candidate Scheduling/Travel Time:** Baker Tilly’s data review identified that the Vetting - Medical phase had an average of 32 days to completion. Upon confirmation with the Dallas Police Department, we identified that this included an average of 31 days for in-state and out-of-town candidate scheduling and travel and one day for the Vetting-Medical procedure. The Dallas Police Department does not include candidate scheduling time in their metrics tracking.

Audit Results

This section summarizes the results of our audit. The results are organized by sequential recruitment phase with observations categorized according to their relevance in each of the following areas:

- **Governance and Strategy** – the framework through which the City and Dallas Police Department operate, where objectives are set, and the means of attaining those objectives are established and monitored. Ethics, risk management, compliance and administration are all elements of governance.
- **Policy and Process** – The creation, implementation, and maintenance of adopted principles and actions used to achieve organizational objectives.
- **Diversity, Equity, and Inclusion** – Three elements of social reform in the workplace that aim to create a workforce where all are welcome and supported.
- **Technology** – The systems, applications, and tools in the workplace that enhance service provision, reduce waste, and increase productivity.
- **Resources** – Components an organization needs to do business, including staff, workspace, equipment, or capital.

Please note that each talent acquisition phase does not have an observation that pertains to each of the observation categories.

Overall Talent Acquisition Process

Overview

The City and Dallas Police Department talent acquisition process for sworn police officer trainee positions encompasses six phases with multiple steps in each phase. This decentralized process is largely led by the Dallas Police Department Personnel Division except the establishment of a list of eligible candidates, which is prepared by the Civil Service Department.

Throughout the course of our audit, we noted operational and approach strengths of the talent acquisition process. Specifically, we observed that the Dallas Police Department Personnel Division is dedicated, knowledgeable, and extremely cooperative particularly in the following areas:

- The Dallas Police Department Personnel Division monitors talent acquisition diversity related metrics and uses the data to improve initiatives. These metrics were proactively established prior to and independent of the City's Racial Equity Plan adoption. Goals were set independent of any requirements by the City. Progress toward annual goals guide the Dallas Police Department recruiting resource allocation such as *Increasing the Number of Hispanic Female Sworn Police Officer Candidates*.
- To offset the ever-increasing challenges to hire sworn police officers, a variety of meaningful efforts are made at both the City and Dallas Police Department to recruit candidates, such as City-wide job fairs and out-of-state recruitment. These efforts, when combined with personal candidate interactions, ensure a smaller yet sufficient number of candidates arrive to, and remain in, the recruiting process.
- The Dallas Police Department Personnel Division has consistent and well tested processes in place to manage application processing and background investigations. These processes could be enhanced through the expanded use and implementation of a singular City-wide human capital management software system, a plan for which already exists.
- The overall candidate processing, vetting, and background investigation process is well resourced throughout. This group collectively produces comprehensive analyses of candidates, which leads to ensuring quality hires throughout the Dallas Police Department.

GOVERNANCE AND STRATEGY

Observation 1

Owners: City Manager

The City did not have a formal Diversity, Equity, and Inclusion plan with City-wide or Dallas Police Department specific talent acquisition diversity goals in place during the audit period.

The City's Racial Equity Plan was not approved by Council until August 2022. This plan includes City-wide big audacious goals and department progress measures for the Dallas Police Department. Prior to the approval there were no City-wide diversity or equity goals or requirements to track talent acquisition diversity metrics. The City could not determine if equitable hiring opportunities were available without clearly defined goals and agreed-upon metrics to track progress toward those goals.

Recommendation 1

Establish and report on key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.

Analyze metrics to identify new program or initiative impacts and inform operational changes. Continue and reinforce the culture of data-informed decision making, with the support of improvement technology implementation, across the Dallas Police Department.

Observation 2

Owners: City Manager

The City does not review overall departmental talent acquisition efforts to determine what has worked successfully and what should be discontinued.

Dallas Police Department extensively reviews recruiting and hiring efforts to determine what has worked successfully and what should not be continued. As the City is lacking a common definition for a "Quality Hire", it does not have metrics established to track the initiative impacts of finding said "Quality Hires." This renders the City unable to correlate which talent acquisition strategies and programs are best suited to achieve future goals and targets, and the Dallas Police Department unable to ensure their departmental efforts are aligned with the City goals.

Recommendation 2

Define what a "Quality Hire" is for each department and identify trackable metrics based on that definition.

Frequently called the Golden Metric, a "Quality Hire" metric is more substantive than merely determining if an employee passed a probationary phase. While early retention can serve as one metric, transformative hiring happens when the evaluative process is expanded to include consideration of pre-hire offer conversion, employee performance reviews, etc. The Dallas Police Department as well as all other departments, should then utilize these metrics to track recruiting and hiring efforts for each recruitment cycle. This will allow the Dallas Police Department to identify and replicate successful talent acquisition programs.

GOVERNANCE AND STRATEGY

Observation 3

Owners: City Manager

No one department is accountable for overall City talent acquisition processes.

This decentralized oversight to talent acquisition places the responsibility for all post-Civil Service Test efforts with each department hiring manager. Cross-departmental hiring manager communication and coordination was not found. With no singular department accountable to ensure the success of City-wide talent acquisition, or for providing support to departmental recruiting staff, the Dallas Police Department is likely to repeat other departmental talent acquisition failures as opposed to replicating their successes.

Recommendation 3

Appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.

This primary department should:

- 1) Ensure continuity in the talent acquisition processes across departments.
- 2) Provide support and guidance for departmental hiring managers.
- 3) Ensure cross-departmental talent acquisition collaboration and "success sharing".

It is critical that this department excel in utilizing a consultative approach to leadership, working with departments to achieve success. The Dallas Police Department Personnel Division shall remain responsible for the post-Civil Service Test talent acquisition efforts.

TECHNOLOGY

Observation 4

Owners: City Manager

The City/Dallas Police Department staff involved in the talent acquisition of sworn police officer trainees use multiple inefficient and labor-intensive systems to track the talent acquisition process which include paper and basic spreadsheets.

There is no City-wide software system deployed that efficiently and effectively manages candidate tracking within the Dallas Police Department and between the Dallas Police Department and other departments that play a role in the talent acquisition process. This leads to burdensome and duplicative work processes dominating the talent acquisition cycle. Processes such as hand entering candidate data into the Dallas Police Department Excel tracking spreadsheet from a report that is produced from the Civil Service Department software system creates concerns such as:

- 1) Greatly increasing the chance for human error.

Recommendation 4

Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the hiring process.

Involve the Dallas Police Department early in the process to validate business needs as public safety recruitment has additional requirements in comparison to non-public safety departments.

While this report does not validate particular software vendors, we do encourage the City to continue their efforts to implement the WorkDay software, focusing on building the implementation to blend current City talent acquisition practices with modification to incorporate the recommendations in this report to improve talent acquisition practices.

TECHNOLOGY

- 2) Slows the overall talent acquisition process.
- 3) Losing eligible candidates due to errors and speed while processing.

Observation 5

Recommendation 5

Owners: City Manager

Candidates are required to submit college transcripts multiple times throughout the hiring process.

These include the Civil Service Department in the Application Phase, the Dallas Police Department Personnel Division in the Vetting Phase, and the Human Resources Department in the Hiring Phase. Limited interdepartmental communication and coordination between departments involved in talent acquisition, along with a failure to share documents electronically, places the burden on the candidate. These repeated candidate efforts increase the cost to apply to the City and may discourage candidates from pursuing employment with the City.

Modify internal processes and systems to allow for a single electronic submission of documents at the beginning of the process.

Documents, including college transcripts, should be available to any department that should need them at a later point in the process.

Candidate Sourcing Phase

Overview

This phase includes advance marketing and broad advertising efforts which are followed by targeted, hands-on recruiting strategies to search for and gather candidates to fill both current and planned open positions.

- **Marketing and Advertising** – This step includes both short-range efforts conducted by the Dallas Police Department Personnel Division, such as social media campaigns, and long-range efforts such as high school and college presentation to encourage careers in law enforcement. These efforts are designed to attract the largest talent pool for sworn police officers. Regular review and analysis is conducted by the Dallas Police Department Personnel Division to ensure effectiveness and continuity with departmental goals.
- **Department Recruiting** – The Dallas Police Department Personnel Division utilizes a variety of methods such as in-state and out-of-state job fairs, post-military service hiring events, and targeted social media campaigns through Facebook and Instagram etc. to actively recruit interested individuals and convert them to interested candidates locally, regionally, and out-of-state. These technology efforts, combined with intentional messaging and efforts, were clearly linked to department-wide efforts, such as the goal to increase the number of female and minority candidates. Certain additional support for broad-based recruiting efforts is provided by the Civil Service Department via City-wide job fairs. Unified efforts such as joint job-fairs are typically an effective use of time as they serve as a force multiplier for City-wide departmental hiring.

Throughout the course of our audit, we noted certain strengths of the candidate sourcing phase in the following areas:

- A variety of efforts are made, at the City and Dallas Police Department level, to recruit candidates, such as City-wide job fairs and out-of-state recruitment. These efforts are proving fruitful, particularly efforts that are paired with highly targeted recruitment efforts.
- The Dallas Police Department is leaning heavily into advanced efforts such as geo-fencing social media ads to target new geographic areas and underrepresented groups, in lieu of less successful, though traditional efforts such as highway billboard campaigns.
- Past effort data analysis has helped target the Dallas Police Department Personnel Division to actively recruit in the areas that yields the most candidates during Fiscal Year 19-20 and Fiscal Year 20-21, targeting states such as, Texas, New York, Illinois, California, Louisiana, and Florida.

GOVERNANCE AND STRATEGY

Observation 6

Owners: City Manager

Dallas Police Department is responsible for its own marketing and recruiting efforts.

While this approach is effective in achieving customized recruiting based on specific open positions, it leaves a particular gap in City-wide marketing. No singular department is responsible

Recommendation 6

Assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.

GOVERNANCE AND STRATEGY

for these overall City-wide marketing efforts. Therefore, the City as an employer is department brand-specific rather than City-wide. The current ad-hoc marketing approach:

- 1) Creates duplicative departmental marketing and advertising costs and efforts for the Dallas Police Department.
- 2) Creates internal competition between the Dallas Police Department and other departments for quality employees in addition to external competition with other private and public sector agencies.

Targeted recruiting efforts would remain the responsibility of the Dallas Police Department Personnel Division.

Application Phase

Overview

The Civil Service Department performs, manages, and oversees this phase which includes the processing of candidate application responses to posted positions with the Dallas Police Department in a fair and equitable manner in accordance with the Dallas Civil Service Charter.

- **Candidate Submission** – The Civil Service Department accepts applications submitted by candidates with the requisite information needed to conduct an evaluation of their ability to meet posted job criteria.
- **Minimum Qualification Screening** – The Civil Service Department reviews candidate applications to determine if the candidate qualifications meet the minimum qualifications required of the position and specified in the job posting.

Noted operational and approach strengths for the Application Phase include recent changes to the Civil Service Department process that reduced the duration a candidate had to wait before their application was eligible for processing. Additionally, both the Civil Service Department and the Dallas Police Department Personnel Division are reviewing for minimum qualifications which ensures a thorough vetting of candidates, though perhaps redundant effort.

POLICY AND PROCESS

Observation 7

Owners: Civil Service Department

The Civil Service Department applies a 30-day candidate freeze for applications with errors.

The reported purpose for this control is to allow for corrections to the application. However, it is understood that the candidate does not have access to the original form to correct the error. Instead, the candidate needs to resubmit a new application. As the candidate cannot have two active applications for the same position, this serves as a 30-day lockout for the talent acquisition cycle. This is counterproductive as the burdensome error correction process deters candidates, ultimately limiting the candidate pool for what may be a simple, unintentional application error.

Recommendation 7

Eliminate the candidate freeze rule.

Elimination of the rule will help ensure that application errors are more easily corrected with little candidate effort, allowing them to remain in the talent acquisition cycle should that error be corrected.

POLICY AND PROCESS

Observation 8

Owners: Civil Service Department, Dallas Police Department Personnel Division

Limited interdepartmental communication and cooperation between the Civil Service Department human resources analysts and the Dallas Police Department Personnel Division leads to duplicate candidate screening efforts.

This lack of effective communication leads to a general lack of understanding what the minimum qualification screening entails. The Dallas Police Department Personnel Division advised of incidents where candidates passed the initial Sworn Police Officer Candidate Civil Service minimum qualification screening and are later identified by the Dallas Police Department Personnel Division as not meeting Texas state minimum qualifications. However, it should be noted that these incidents are commonly related to candidates providing inaccurate answers in the initial screening.

Additionally, aspects of the automated screening process conducted by the application review software are too strict. Candidates who do not utilize specific minimum qualification wording (i.e.: "Customer Service") but clearly express that prior experience (i.e.: "Provided support to clients") may be incorrectly deemed unqualified.

This combination of minimum qualification screening shortfalls results in ineligible candidates included in the eligible candidate pool which requires duplicative departmental efforts to review both qualified and unqualified candidates.

Recommendation 8

Increase communication between the Civil Service Department and the Dallas Police Department Personnel Division to review, identify, and implement more effective minimum qualification screening processes.

The minimum qualification screening should include any and all State mandated minimum qualifications for the position to reduce duplicate screening.

Observation 9

Owners: City Manager

The Civil Service Department is unable to produce a breakdown by demographic categories of total applications received and total applications meeting minimum qualifications requirements.

The Civil Service Department is able to gather total applications through this phase with 62.6% of candidates meeting the minimum qualifications in Fiscal Year 20-21. Limited ability to produce the information is due to:

Recommendation 9

Set the ability to gather demographic information during this phase from the system as a business need for implementation of the Workday system.

When planned candidate tracking functionality in the Workday Human Resources Information System is adopted, assess minimum qualification screening affected by demographic breakdown. Candidate demographic data will continue to be optional; analysis will not be available for the full candidate pool. If an effect is observed, use the



POLICY AND PROCESS

- 1) Demographic fields are optional for all applications.
- 2) Current system's limited ability to gather data.

Local and Regional Government Alliance on Race & Equity's Racial Equity Tool to work with the Dallas Police Department to confirm minimum qualifications relate to essential functions of job performance.

Testing and Interview Phase

Overview

The Testing and Interview Phase incorporates a written and physical test that are used to help determine if the candidate possesses requisite abilities to successfully do the job. There are three distinct activities that involve a variety of staff throughout the City. The Sworn Police Officer Candidate Civil Service Test, which is managed by the Civil Service Department, is conducted remotely. Once passed, the Dallas Police Department Personnel Division facilitate the nationally recognized Physical Readiness Test. The final activity brings the candidate before a Candidate Interview Board. The Dallas Police Department Personnel Division and the Civil Service Department effectively manage the processing to move candidates through this phase quickly.

- **Sworn Police Officer Candidate Civil Service Test** – The Civil Service Department conducts written examinations to assess candidate’s spelling, vocabulary, verbal, grammar, reading comprehension and basic math skill.
- **Physical Readiness Test** – This industry standard Physical Readiness Test is designed to assess a candidate's ability to carry out the physical tasks of a sworn police officer.

The interview phase is centered on an in-person evaluation where candidates respond to a series of questions from which they will be assessed for suitability to the position they are applying.

- **Candidate Interview Board** – Candidate Interview Boards are charged with the responsibility of evaluating a candidate's potential to become a successful sworn police officer. The Candidate Interview Board is selected by the Dallas Police Department Personnel Division which is tasked with ensuring the panel is comprised of a diverse group of current Dallas Police Department employees in good standing. Candidate Interview Board members receive interview training. The Candidate Interview Board makes evaluations based on the candidate's responses during the interview, with a review of the candidate's writing sample as an additional factor.

Recent change to adapt the Civil Service testing process to an online model are to be lauded. The ability to test online rather than in person, particularly mid-pandemic, made the application process easier for candidates and streamlined the testing process.

POLICY AND PROCESS

Observation 10

Owners: Civil Service Department

The Civil Service Department cannot verify that the individual taking the online Sworn Police Officer Candidate Civil Service Test is the candidate.

Online testing procedures/policy do not require validation or proctoring to verify tester identity. This lack of validation may result in false positive test results for candidates, as well as an increased workload for the Dallas Police Department Personnel Division which may review candidates for hire that do not pass the test.

Recommendation 10

Ensure similar rules regarding test taker validation exist for online Civil Service Tests as they do for in-person.

Online testing is encouraged as it removes accessibility hurdles and expands the eligible candidate pool. However, test taker identity needs to be verified to maintain the validity of the Sworn Police Officer Candidate Civil Service Test in the City hiring process. The Civil Service Department should identify and implement an expansion of the online testing platform to include this feature or adopt a new tool that provides this solution.



Technology does exist within online testing software applications to verify test taker identity through a variety of methods, though at an increased cost.

Update the City's Civilian Examination Process Orientation Manual - City of Dallas Civilian Test Tips document with testing instructions as needed when complete.

Vetting Phase

Overview

This phase includes a variety of activities and exams designed to fully understand a candidate's personal history and assess for suitability to the high standards expected of a sworn police officer. By design, this is the lengthiest process for any agency and the Dallas Police Department's Vetting Phase is no exception, comprising 1/3 of the overall time. During this phase, the Dallas Police Department Personnel Division coordinates a series of exams and tests that are conducted by vendor partners and in-house staff.

- **Background Investigation** – This stage incorporates an in-depth investigation conducted by specialized Dallas Police Department Personnel Division investigators to qualify or disqualify the candidate. Upon completing a review of candidate provided personal, financial, and criminal history information, investigators make a determination of candidate suitability for a role in law enforcement. This stage requires a significant amount of clerical processes drafting, mailing, and tracking letters sent to prior employers, educational facilities, and other background related requests. These steps are owned by the investigators with limited clerical or system support.
- **Polygraph Test** – This test, performed by a contracted vendor, helps to determine the veracity of the candidate's provided information and background investigation results. The results of the test are reviewed by the Dallas Police Department Personnel Division upon completion.
- **Psychological Exam** – This exam is conducted by Dallas Police Department staff psychologists and evaluates the candidate to assess their ability to cope with, and respond appropriately to, the emotional requirements of being a sworn police officer. The results of the examination are reviewed by the Dallas Police Department Personnel Division upon completion.
- **Medical Exam** – This exam, performed by a contracted vendor, is intended to determine if candidates are physically able to perform the job duties. The results of the exam are reviewed by the Dallas Police Department Personnel Division upon completion.

Vetting is the most complicated stage in the process. Operational strengths for the Vetting Phase were identified as:

- Dallas Police Department Personnel Division has consistent processes in place for application processing and background checks, ensuring unqualified candidates are removed from the hiring process.
- The Dallas Police Department staff psychologists are an asset to the Dallas Police Department raising the level of quality screenings given their intimate knowledge of the Dallas Police Department culture and ability to understand a candidate's ability to succeed within that culture.
- The conducting of thorough background investigations reduces the risk of internal investigations/negative incidents within the Dallas Police Department. While the background investigation had a low 46% average passing rate over the previous five years encompassing Fiscal Year 15-16 to Fiscal Year 19-20, the passing rate for Fiscal Year 20-21 was increased to 64.4%.

RESOURCES

Observation 11

Owners: Dallas Police Department Personnel Division

The background investigation phase for the Dallas Police Department is extremely labor intensive and time consuming with numerous manual processes throughout.

Examples include manual letter creation, addressing, and stuffing, verification of phone numbers, and manual tracking of letters sent and received. These laborious tasks are largely performed by the background investigators, with limited support from staff or available systems. This puts a significant amount of time-consuming clerical tasks onto the sworn background investigators. This can result in lost candidates due to the elongated timeline to hire. This activity comprises the majority of the recruitment time. As such, increased efficiencies during this stage will have the largest impact to reduce time-to-hire times.

Recommendation 11

Review the background investigation procedures with an eye toward reducing the basic tasks that consume background investigator's time and delay the hiring process.

Identify and develop alternative methods to accomplish these tasks by:

- 1) Considering third party support for certain aspects of the background process such as employment verification.
- 2) Expand the use of software to speed the talent acquisition process. Utilizing Workday throughout the talent acquisition process will expedite the investigation, for instance, by auto-populating application information into prior employer communication letters.
- 3) Increase reliance on clerical support to manage simple tasks like creating, sending, and tracking letters.

Observation 12

Owners: Dallas Police Department

Dallas Police Department psychologists do not have dedicated space nor technology with modern computer-based testing and Wi-Fi connectivity needed to provide the most expedient psychological testing.

The lack of dedicated testing space presents an inconvenient logistical hurdle that inefficiently uses limited staff time. Staff utilize the Scantron system for testing as opposed to a web-based platform. Limited resources of time, space, and staff reduce testing efficiency and slow the psychological testing process.

Recommendation 12

Provide dedicated space and a modern web-based testing platform to improve the psychological testing process.

Additional resources applied here will accelerate the hiring process and create a smoother candidate testing process.

POLICY AND PROCESS

Observation 13

Recommendations 13

Owners: Dallas Police Department Personnel Division

Intensive investigation of candidates throughout the background phase is time consuming and results in a low 5-year average passing rate of 46%.

With unlimited resources, all background investigation efforts can be deemed worthy. However, standards that are passable by less than half of candidates who successfully passed the Sworn Police Officer Candidate Civil Service Test, Physical Readiness Test, and Candidate Interview Board may be too restrictive. An evaluation that reviews the efficacy, value, and impact of each investigative effort, such as the number of prior employers contacted and from how many years back, will identify potentially unimpactful expenditures of limited resources and time. During the audit period, the Dallas Police Department conducted no such evaluations. It is critical to balance the desire to prevent future employee liability issues with the responsible expenditure of critical resources to examine reasonable standards. Lack of reviewing the efficacy of each background investigation step complicates the determination of process validity. The current inefficient process may result in an already limited pool of hireable candidates choosing other employment with a quicker start date.

Conduct an analysis to determine the efficacy and timing of each component of the background investigation process.

The purpose of this analysis is to achieve a more efficient background investigation process in a manner that does not allow unqualified individuals to be hired. Modify the process and reduce the time to completion by:

- 1) Eliminating steps that go unnecessarily/unproductively beyond state mandated requirements.
- 2) Streamlining time consuming information gathering processes.
- 3) Conducting investigations concurrently with other steps where possible.

It cannot be understated that reducing the breadth or depth of the investigation should be balanced against the possibility of hiring unqualified individuals.

POLICY AND PROCESS

Observation 14

Recommendation 14

Owners: Dallas Police Department Personnel Division

The Dallas Police Department expressed concerns with the polygraph test vendor process.

After an inconclusive or failed test, secondary testing can be conducted by the same vendor, potentially resulting in additional costs to the City. No policy exists that clearly redirects secondary tests to a different vendor to control for financial incentives upon initial failure. Failing to create a clear policy ensuring impartial polygraph tests may lead to invalidated testing.

Establish a polygraph test policy applicable to the Dallas Police Department.

This policy should at minimum:

- 1) Ensure independent secondary testing procedures should an initial test be deemed inconclusive or failed.
- 2) Establish a process with a clearly defined polygraph test appeal process.

All concerns of the vendor testing process should be immediately addressed with the polygraph vendor based on a well-documented and data-driven quality assurance process.

Observation 15

Recommendation 15

Owners: Dallas Police Department Personnel Division

Dallas Police Department medical exams for candidates conducted by the current vendor have inconsistent results.

Dallas Police Department staff psychologists indicated candidates have successfully passed through the medical exam despite previously determined to be 100% disabled by the military. Candidates that should be eliminated due to disability are moving forward in the process, resulting in an unnecessary psychological exam. Additionally, the disability identification during the psychology exam creates confusion for the candidate when they thought they were cleared during the medical exam.

Review the current vendor effectiveness and adherence to U.S. Equal Employment Opportunity Commission Employment Tests and Selection Procedures related to medical exams.

The Dallas Fire-Rescue Department expressed satisfaction with their vendor during the concurrently conducted Audit of Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection. Collaborate with the Dallas Fire-Rescue Department to determine if partnering will capitalize on scale to reduce costs while also increasing the quality and consistency of medical exam.

Hiring and Orientation Phase

Overview

This phase incorporates the activities necessary to offer, accept, and finalize the employment of qualified candidates.

- **Offer** – Candidate offers are prepared by the Dallas Police Department Personnel Division, with the approval of the Human Resources Department should a salary deviation be required. Selected candidates are extended a job offer from the Dallas Police Department which includes a review of the position job duties and compensation.
- **Onboarding** – Human Resources Department and the Dallas Police Department Personnel Division coordinate efforts to ensure that candidates who accept a job offer have the necessary resources to begin work quickly upon offer acceptance, in some cases as little as one week.
- **Orientation** – The Dallas Police Department Personnel Division coordinates and conducts new-hire sworn police officer trainee orientations to familiarize the new-hires with protocols, internal guidelines, and standard operating procedures, and to introduce them to the organization before they begin their formal training period. The orientation session lasts on average one week, as candidates are formally hired the Monday prior to the pay period in which the police academy training class begins.

Operational strengths for the hiring phase were identified as:

- Orientation process ensures rapid hiring of staff with no delays, while affording the candidate, and their families, an opportunity to become familiar with the Dallas Police Department career and training process before them.

POLICY AND PROCESS

Observation 16

Owners: Human Resources Department Total Rewards & Onboarding Division, Civil Service Department

The Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have a mechanism to follow-up with new-hires to solicit feedback on their recruitment and hiring experience.

As such, the Human Resources Department Total Rewards & Onboarding Division and Civil Service Department do not have insight directly from new-hires to target process and candidate experience improvements. The Human Resources Director indicated an intent to develop and implement a survey during the upcoming Fiscal Year 23-24 for non-Civil Service positions. There are no plans to implement a survey for Civil Service Positions.

Recommendation 16

Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new-hires to speak directly with a Human Resources Department representative.

Incorporate an aggregate review of feedback received to identify areas to improve new-hire employee experience. Provide feedback to the Dallas Police Department as needed and follow-up. Follow-up with all new-hires within two weeks of completing the feedback survey.

Additional Areas for Improvement

Over the course of the audit, Baker Tilly noted additional areas for improvement for Dallas Police Department uniform personnel recruitment selection. These additional areas for improvement do not have benchmarks, defined expected performance, measurable outcomes, or standards criteria. A management response is not required. Additional areas for improvement are provided to further assist departments and the City as they continue to proactively improve talent acquisition efforts for better customer service, increased efficiency, and continued hiring of qualified and diverse candidates.

<p>Candidate Sourcing Phase</p>	<p>Pension Crisis Marketing – The highly publicized pension crisis may be negatively impacting recruiting efforts and candidate interest. The City and the Dallas Police Department may want to consider committing marketing resources to publicizing the efforts made to stabilize the pension.</p> <p>Internal Cross-Departmental Recruiting – Career growth opportunities available within other City departments are not routinely communicated. An initiative promoting available career advancement opportunities, across all City departments, could benefit the City by developing and retaining quality City employees.</p>
<p>Application Phase</p>	<p>Screening Previous Employees – Hiring managers and background investigators do not have immediate access to prior employee work history documentation due to employee confidentiality. Previous employees who are not eligible for rehire should be screened out by the Civil Service Department.</p>
<p>Interview Phase</p>	<p>Video Recorded Interviews – Interview video recording platforms help eliminate scheduling conflicts for interview panels by recording then distributing candidate responses to view at the convenience of interview panel members. The Dallas Police Department may consider using the platform to expedite the Interview Phase.</p>
<p>Overall Recruiting and Hiring Process</p>	<p>Candidate Communication - With several departments involved throughout the recruiting and hiring process (Civil Service Department, Human Resources Department, and the Dallas Police Department Personnel Division), identifying a point of contact to address candidate issues can be challenging for candidates. The City should consider designating a single point of contact for candidate inquiries.</p>

Appendices

Appendix A: Additional Resources

Additional resources are provided below to assist the Dallas Police Department implement the recommendations.

Recommendation	Resource
1	Melaku, Tesdale and Winkler, Christoph. "Are Your Organization's DEI Efforts Superficial or Structural." Harvard Business Review, June 29, 2022. https://hbr.org/2022/06/are-your-organizations-dei-efforts-superficial-or-structural .
2	Mauer, R. "How to Measure Quality of Hire: The Holy Grail of Recruiting." Society for Human Resources Management, November 15, 2016. https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/how-to-measure-quality-of-hire.aspx .
9	Lippay, Amy and Murphy, Kory. "Minimum Qualifications: Best Practices in Recruitment and Selection Advancing Racial Equity in Multnomah County." Local and Regional Government Alliance on Race and Equity, June 8, 2015. https://www.racialequityalliance.org/2015/06/08/minimum-qualifications/ .
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Appendix B: Management's Response

Response Letter from Management
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Recommendations to the:



City Manager (page 89)



Director of Human Resources
Department
(page 95)



Director and Board Secretary, Civil
Service Department (page 104)



Chief of Dallas Fire-Rescue
Department
(page 110)



Chief of the Dallas Police
Department (page 118)

Memorandum



DATE: February 14, 2024
TO: Mark S. Swann – City Auditor
SUBJECT: Response to Audits of Talent Acquisition

This letter acknowledges the City Manager's Office received the *Audits of Talent Acquisition* and submitted responses to the recommendations in consultation with the Department of Human Resources, Civil Service, Dallas Fire-Rescue, and the Dallas Police Department.

Management recognizes the last several years have been challenging for employers regarding talent acquisition. Despite these challenges, we are pleased that the audit concludes that the City generally met the objectives of the audit, including:

- The talent acquisition process is efficient;
- Candidate sourcing strategies and community outreach are effective;
- The candidate selection process reflects best practices and promotes quality hire; and
- Candidate sourcing strategies are aligned with the City's diversity strategy.

We appreciate the thoughtful recommendations in this audit as we seek to improve our talent acquisition processes further.

Management will accept the risk associated with the recommendation to replace the current in-person Candidate Interview Board interview with a recorded interview model. Currently, recorded interviews are not standard industry practice; the Dallas Fire-Rescue Department is researching the process's efficacy and the feasibility of its implementation. In the meantime, the Dallas Fire-Rescue Department is revising its application process to include a Situational Judgement Test to supplement the Candidate Interview Board interview.

Sincerely



T.C. Broadnax
City Manager

Response to Audits of Talent Acquisition

February 14, 2024

Page 2 of 2

C: Genesis D. Gavino, Chief of Staff
Jack Ireland, Chief Financial Officer
Kimberly Bizzor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
Nina Arias, Director, Department of Human Resources
Jarred Davis, Director, Civil Service
Dominique Artis, Fire Chief, Dallas Fire-Rescue Department
Eddie Garcia, Chief of Police, Dallas Police Department

Recommendations to the City Manager:

Recommendation Type ¹	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
High Risk, City Manager					
Common Recommendation:	High	We recommend the City Manager:			
Talent Acquisition Recommendation 1		01: Establish and report on key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.	Agree	The City Manager will oversee the establishment and reporting of key performance metrics to inform management of the progress towards meeting the City's Racial Equity Plan.	3/31/2025
Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection Recommendation 1					
Dallas Police Department Uniform Personnel Recruitment and Selection Recommendation 1					

¹ *Common recommendations* are those that are common among multiple reports and assigned to the same department or executive, whereas *individual recommendations* may be: 1) found in only one of the Baker Tilly reports; or, 2) duplicated in other reports, but assigned to a different department or executive.

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Moderate Risk, City Manager					
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 2</p> <p><i>Dallas Fire-Rescue Department</i> <i>Uniform Personnel Recruitment and Selection</i> Recommendation 2</p> <p><i>Dallas Police Department</i> <i>Uniform Personnel Recruitment and Selection</i> Recommendation 2</p>	Moderate	<p>We recommend the City Manager:</p> <p>02: Define what a "Quality Hire" is for each department and identify trackable metrics based on that definition.</p>	Agree	6/30/2025	12/31/2025

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Common Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 3</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 3</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 3</p>	<p>Moderate</p>	<p>We recommend the City Manager:</p> <p>03: Appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.</p>	<p>Agree</p> <p>The City Manager will appoint a department to oversee and champion the City-wide talent acquisition strategy of City employees.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 5</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 4 Recommendation 5 Recommendation 12</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 4 Recommendation 5 Recommendation 9</p>	<p>Moderate</p>	<p>We recommend the City Manager:</p> <p>04: Allocate sufficient budget and resources to continue to fully implement one software platform that allows for more efficient workflow, single electronic submission of application and hiring documents, reporting on application demographic information and meaningful interdepartmental communication throughout the hiring process.</p>	<p>Agree</p> <p>The City Manager will allocate sufficient budget and resources to continue fully implementing one software platform that allows for more efficient workflow and meaningful interdepartmental communication throughout the hiring process.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 6</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 9</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 6</p>	<p>Moderate</p>	<p>We recommend the City Manager:</p> <p>05: Assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.</p>	<p>Agree</p> <p>The City Manager will assign a single City department to oversee the marketing and advertising aimed at hiring quality public servants City-wide and increasing brand awareness as a quality employer.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 4</p>	<p>Moderate</p>	<p>We recommend the City Manager:</p>				
		<p>06: Develop a strategic workforce plan to proactively identify future hiring needs at the position and skills level to maintain business continuity needs.</p>	<p>Agree</p>	<p>The City Manager's Office will oversee the development of a strategic workforce plan to proactively identify future hiring needs at the position and skills level to maintain business continuity needs.</p>	<p>6/30/2025</p>	<p>12/31/2025</p>

Recommendations to the Director of Human Resources Department

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Low Risk, Director of Human Resources Department					
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 17</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 18</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 16</p>	Low	We recommend the Director of the Human Resources Department:			
		<p>07: Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new hires to speak directly with a Human Resources Department representative.</p>	<p>Agree</p> <p>The Human Resources department will develop a 30, 60, and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback and include an invitation for new hires to speak directly with a department leader or a Human Resources Department representative about their experience at the City.</p>	3/31/2025	9/30/2025

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 7</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>08: Review the approval level requirements by grade level to standardize and reduce approval level requirements across positions.</p>	<p>Agree</p> <p>The Human Resources department will review the number of levels required in the position approval workflows established by department leaders to identify opportunities for increased efficiencies and for reducing the number of approval levels required.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 8</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p>			
		<p>09: Coordinate with the Civil Service Department to identify potential non-civil service positions which are critical to the City operations to implement targeted recruitment outreach.</p>	<p>Agree</p> <p>The Human Resources department presently uses several methods for targeted recruitment of key roles, including social media, direct outreach on LinkedIn, engaging with third-party recruiters, and participating in job fairs and community events.</p> <p>With the implementation of the Succession Planning module of Workday, the HR department will work with department leaders to identify critical roles and coordinate targeted recruitment efforts for these positions with the Civil Service department.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 9</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>10: Incorporate pulling a report of all position requisitions on a weekly basis into the Human Resources Partner requisition approval process to identify outstanding approvals. If possible, set the report to note variances from the prior week for the Human Resources Partner to quickly identify new requisitions or approval changes.</p>	<p>Agree</p> <p>To improve workflow efficiency, the HR department will compile a weekly report on pending position requisitions. This report will track the progress of workflows from the hiring manager's requisition and departmental approvals to completion, identifying any delays or pending approvals within the process. The data will be displayed on a centralized dashboard for department leaders' oversight.</p>	<p>6/30/2025</p>	<p>12/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p>Talent Acquisition Recommendation 13</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>11: Review how "exceptional hire" requests are approved by the Human Resources Department Total Rewards & Onboarding Division and implement a more expedient process.</p>	<p>Agree</p> <p>The Human Resources department will review how "exceptional hire" requests are approved by the Human Resources Department Total Rewards Unit and implement a more expedient process.</p>	<p>6/30/2025</p>	<p>12/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 14</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>12: Assess the viability of implementing a contingent hire offer based upon successful completion of all vetting requirements within a set-time frame after the start date.</p>	<p>Agree</p> <p>The HR Department currently issues contingent offer letters to all applicants, complying with legal restrictions that prevent us from conducting background checks before extending an offer. Historically, applicants are not allowed to start work until their background checks are complete, especially for DOT drivers due to their extensively regulated vetting requirements. This practice is rooted in our commitment to maintaining public trust and avoiding legal and operational complications arising from offer rescissions.</p> <p>We acknowledge the audit's recommendation to permit applicants to commence work before receiving background</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
			<p>check results. We will consult legal counsel to thoroughly assess the potential risks of departing from the standard practice. We will also evaluate the benefits of a less conservative approach to expedite the City's hiring process and present options for consideration by the CMO.</p>		

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 15</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p>			
		<p>13: Develop an onboarding process that balances the expediency of establishing a start date for newly hired employees with providing the Human Resources Department Total Rewards & Onboard Division and Information and Technology Services Department sufficient time to gather start date resources.</p>	<p>Agree</p> <p>The Human Resources department will review the onboarding process to identify opportunities to better balance the expediency of establishing a start date for newly hired employees with providing the Human Resources Department Onboard Unit and Information and Technology Services Department sufficient time to gather start date resources.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p>Talent Acquisition Recommendation 16</p>	<p>Low</p>	<p>We recommend the Director of the Human Resources Department:</p> <p>14: Develop a structured report-to-work process for temporary, contractor and contingent employees in collaboration between the Human Resources Department Total Rewards & Onboarding Division and Information and Technology Services Department.</p>	<p>Agree</p> <p>The Human Resources department will develop a structured report-to-work process for temporary, contractor, and contingent employees in collaboration with the Information and Technology Services Department.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendations to the Director and Board Secretary, Civil Service Department

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Moderate Risk, Director and Board Secretary, Civil Service Department					
<p>Common Recommendation:</p> <p><i>Talent Acquisition</i> Recommendation 11</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 11</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 7</p>	Moderate	We recommend the Director and Board Secretary, Civil Service Department:			
		<p>15: Eliminate the candidate freeze rule.</p>	Agree	<p>The Civil Service department will eliminate the candidate freeze rule.</p>	<p>3/31/2025</p> <p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Common Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 12</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 13</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 10</p>	<p>Moderate</p>	<p>We recommend the Director and Board Secretary, Civil Service Department:</p> <p>16: Ensure similar rules regarding test taker validation exist for online Civil Service tests as they do for in-person.</p>	<p>Agree</p> <p>The Civil Service department will ensure similar rules regarding test taker validation exist for online Civil Service tests as they do for in-person.</p>	<p>6/30/2025</p>	<p>12/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Low Risk, Director and Board Secretary, Civil Service Department					
<p>Common Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 18</p> <p><i>Dallas Fire-Rescue Department</i> <i>Uniform Personnel Recruitment and Selection</i> Recommendation 18</p> <p><i>Dallas Police Department</i> <i>Uniform Personnel Recruitment and Selection</i> Recommendation 19</p>	Low	<p>We recommend the Director and Board Secretary, Civil Service Department:</p> <p>17: Develop a 30, 60 and 90-day new-hire orientation guide. Create a new-hire feedback survey for both Civil Service and non-Civil Service positions to issue at the end of the 90 days to solicit feedback. Include an option for new hires to speak directly with a Human Resources Department representative.</p>	Agree	3/31/2025	9/30/2025

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 8</p>	<p>Low</p>	<p>We recommend the Director and Board Secretary, Civil Service Department:</p> <p>18: Coordinate with the Human Resources Department to identify potential non-civil service positions which are critical to the City operations to implement targeted recruitment outreach.</p>	<p>Agree</p> <p>The Civil Service Department will coordinate with the Human Resources Department to identify potential non-civil service positions which are critical to City operations. In addition, the Civil Service Department and Human Resources Department will coordinate to develop a recruitment strategy focused on the identified positions.</p>	<p>3/31/2026</p>	<p>9/30/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Talent Acquisition</i> Recommendation 10</p>	<p>Low</p>	<p>We recommend the Director and Board Secretary, Civil Service Department:</p> <p>19: Build a process to solicit feedback from the hiring managers during and after the candidate pool review stage to train Civil Service Analysts and improve their understanding of the hiring manager and position needs.</p>	<p>Agree</p> <p>The Civil Service Department will solicit hiring manager feedback regarding the quality, usefulness, etc. of the candidate pool. The department will periodically analyze the feedback to improve Civil Service Analysts' understanding of the hiring managers' and positions' needs.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 8</p>	<p>Low</p>	<p>We recommend the Director and Board Secretary, Civil Service Department:</p> <p>20: Increase communication between the Civil Service Department and the Dallas Police Department Recruiting division to review, identify, and implement more effective minimum qualification screening processes.</p>	<p>Agree</p> <p>The Civil Service Department will coordinate with the Dallas Police Department Recruiting unit to review, identify, and implement more effective minimum qualification screening processes.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendations to Chief of Dallas Fire-Rescue Department

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Low Risk, Chief of Dallas Fire-Rescue Department					
<p style="text-align: center;">Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 6</p>	Low	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>21: Benchmark the Dallas Fire-Rescue Department Recruiting Section staffing to identify sufficient resource levels to implement more process efficiency analysis and talent acquisition cycle modifications.</p>	Agree	3/31/2025	9/30/2025

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 7</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>22: Track process change impacts on quantitative time-to-hire metrics in the future. Based on the analysis, identify process improvements to decrease talent acquisition times.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will track process change impacts on quantitative time-to-hire metrics in the future. The department will use the analysis to identify process improvements to decrease talent acquisition times.</p>	<p>9/30/2024</p>	<p>3/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 8</p>	Low	We recommend the Chief of Dallas Fire-Rescue Department:			
		<p>23: Adopt a seasonal/cyclical batch hiring process.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will adopt a seasonal/cyclical batch hiring process.</p>	06/30/2025	12/31/2025

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 10</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p>			
		<p>24: Allocate additional resources to develop and execute a sophisticated, data driven recruiting program.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will allocate additional resources to develop and execute a sophisticated, data-driven recruiting program.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 14</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>25: Revise interview procedures to replace the current in-person, Candidate Interview Board interview methodology with a recorded interview model.</p>	<p>Accept Risk</p> <p>The Dallas Fire-Rescue Department will accept the risk related to this recommendation, as recorded interviews are not currently standard industry practice.</p> <p>The Dallas Fire-Rescue Department is researching the process's efficacy and the feasibility of its implementation.</p> <p>In the interim, the Dallas Fire-Rescue Department is revising its application process to include a Situational Judgement Test to supplement the Candidate Interview Board interview.</p>	<p>N/A</p>	<p>N/A</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 15</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>26: Clarify for the Dallas Fire-Rescue Department Human Resources Section and Candidate Interview Board interview requirements.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will clarify for the department's Human Resources Section and Candidate Interview Board interview requirements.</p>	<p>9/30/2024</p>	<p>3/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 16</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>27: Ensure Candidate Interview Board member training is provided on the use of the candidate rating criteria.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will ensure Candidate Interview Board member training and guidance is provided on candidate rating criteria.</p>	<p>9/30/2024</p>	<p>3/31/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation</p> <p><i>Dallas Fire-Rescue Department Uniform Personnel Recruitment and Selection</i> Recommendation 17</p>	<p>Low</p>	<p>We recommend the Chief of Dallas Fire-Rescue Department:</p> <p>28: Revise the candidate ranking to consider factors other than the Candidate Interview Board rating.</p>	<p>Agree</p> <p>The Dallas Fire-Rescue Department will revise the candidate ranking to consider factors other than the Candidate Interview Board rating, such as Situational Judgement Tests and civil service test results.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendations to Chief of the Dallas Police Department

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
High Risk, Chief of Dallas Police Department					
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 14</p>	High	<p>We recommend the Chief of Dallas Police Department:</p> <p>29: Establish a polygraph policy that at a minimum:</p> <p>1) Ensures an independent secondary test should an initial test be deemed inconclusive or failed.</p> <p>2) Establishes a process with a clearly defined polygraph test appeal process.</p>	Agree	3/31/2025	9/30/2025
<p>The Dallas Police Department will establish a General Order that follows industry best practices and covers 1) the procedures for issuing a polygraph exam; 2) the procedures for secondary testing (through a vendor or other party); and 3) a clearly defined appeal process.</p>					

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
Low Risk, Chief of the Dallas Police Department					
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 8</p>	Low	We recommend the Chief of the Dallas Police Department:			
		<p>30: Increase communication between the Civil Service Department and the Dallas Police Department Recruiting Division to review, identify, and implement more effective minimum qualification screening processes.</p>	<p>Agree</p> <p>The Dallas Police Department will increase communication between the Civil Service Department and the Dallas Police Department Recruiting Unit to review, identify, and implement more effective minimum qualification screening processes.</p>	3/31/2025	9/30/2025

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 11</p>	<p>Low</p>	<p>We recommend the Chief of the Dallas Police Department:</p>			
		<p>31: Review the background investigation procedures with an eye toward reducing the basic tasks that consume investigator's time and delay the hiring process.</p>	<p>Agree</p> <p>The Dallas Police Department will review the background investigation procedures with an eye toward reducing the basic tasks that consume the investigator's time and delay the hiring process.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 12</p>	<p>Low</p>	<p>We recommend the Chief of the Dallas Police Department:</p> <p>32: Provide dedicated space and a modern web-based testing platform to improve the psychological testing process.</p>	<p>Agree</p> <p>The Dallas Police Department will provide dedicated space and a modern web-based testing platform to improve the efficiency of the psychological testing process.</p>	<p>9/30/2025</p>	<p>3/31/2026</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i></p> <p>Recommendation 13</p>	<p>Low</p>	<p>We recommend the Chief of the Dallas Police Department:</p> <p>33: Conduct an analysis to determine the efficacy and timing of each component of the background investigation process.</p>	<p>Agree</p> <p>The Dallas Police Department will analyze the background investigation process and revise the process to increase the efficacy and timeliness of each component.</p>	<p>3/31/2025</p>	<p>9/30/2025</p>

Recommendation Type	Assessed Risk Rating	Recommendations	Concurrence and Action Plans	Implementation Date	Follow-Up/ Maturity Date
<p>Individual Recommendation:</p> <p><i>Dallas Police Department Uniform Personnel Recruitment and Selection</i> Recommendation 15</p>	<p>Low</p>	<p>We recommend the Chief of the Dallas Police Department:</p> <p>34: Review the current vendor effectiveness and adherence to <i>U.S. Equal Employment Opportunity Commission Employment Tests and Selection Procedures</i> related to medical exams.</p>	<p>Agree</p> <p>The Dallas Police Department will review the current vendor effectiveness and adherence to <i>U.S. Equal Employment Opportunity Commission Employment Tests and Selection Procedures</i> related to medical exams.</p>	<p>9/30/2024</p>	<p>3/31/2025</p>



City of Dallas

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

Agenda Information Sheet

File #: 24-696

Item #: M.

Vendor Contract Renewal- Holmes Murphy Employee Health Benefits Consultant
[Human Resources]



City of Dallas

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

Agenda Information Sheet

File #: 24-697

Item #: N.

Vendor Renewal Contract- FMLA Source
[Human Resources]

Memorandum



CITY OF DALLAS

DATE February 23, 2024

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

SUBJECT **Vendor Contract Renewal – FMLA Source**

The purpose of this memorandum is to provide comprehensive information concerning the proposal to extend the City's FMLA management contract with FMLA Source, Inc. for an additional one-year period. The original contract, executed in June 2020, has played a pivotal role in delivering essential services to our employees and is approaching its allocated budget limit. The request to exercise the renewal option at this time is sought to ensure the seamless continuation of FMLA administration services. This item will be on the February 28, 2024, City Council Agenda for consideration.

Reasons for Renewal:

1. Contract Funding Exhausted:
 - Original Contract Term Budget: **\$571,500** over three years.
 - Estimated \$529,597 expended during the original contract term
2. Seamless Continuation of Services:
 - Avoids employee service disruptions during FMLA leave.
3. Proven Value:
 - FMLA Source demonstrates expertise and comprehensive management and ensures compliance.
4. Continuous Improvement:
 - Vendor performance is regularly monitored and improved based on employee feedback.

Renewal Details:

- Term: One year, with the option of a second renewal.
- Cost: Not to exceed \$190,500.
- Services: Continuation of existing offerings, encompassing:
 - Consultation and support for employees
 - Comprehensive FMLA management
 - Performance evaluation and feedback loop
 - Compliance and stability for both civilian and uniformed personnel
 - Access to the FMLA Source System (FSP)

Human Resources staff is recommending the option of a one-year renewal at the specified cost of \$190,500 to ensure the uninterrupted provision of essential FMLA administration services. This renewal proposal reflects our ongoing commitment to promoting employee well-being and maintaining organizational stability. In addition, it will facilitate the seamless continuation of these critical services.

Ongoing Review Activities:

- Employee satisfaction survey: Pending responses by March 1st will inform a vendor review process.
- Review meeting: A vendor review meeting will assess employee needs and potential enhancements following contract approval and survey completion.
- Historical data analysis: FMLA application requests and reporting trends will be further explored to identify areas for improvement.

Recommendation:

The Department of Human Resources recommends approving the one-year renewal option for the FMLA management contract with FMLA Source, Inc. This ensures continued quality service while allowing for a comprehensive review and alignment with employee needs.

Appendix

Table 1: Historical FMLA Employee Count data table:

Contract Years	Civilian	Police	Fire	Total Decisions (Civilian & Police/Fire)
Year 1	1,786	864	692	3,342
Year 2	1,674	1,070	731	3,475
Year 3	1,919	1,070	951	3,940

June 24, 2020, the City Council authorized a three-year service contract, with two one-year renewal options, to provide Family Medical Leave Act services for the Department of Human Resources with FMLASource, Inc. in an amount not to exceed \$571,500, by Resolution No. 20-1006.

Should you have any questions, please contact Nina Arias, Director of Human Resources at 214-671-9050 or Nina.Arias@Dallas.gov .

Putting Service First,



Kimberly Bizer Tolbert
Deputy City Manager

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

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



City of Dallas

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

Agenda Information Sheet

File #: 24-699

Item #: O.

City of Dallas On-Site and Remote Clinic Provider- CareATC
[Human Resources]

Memorandum



CITY OF DALLAS

DATE February 23, 2024

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

SUBJECT **Dallas City Hall On-Site and Remote Clinic Provider – CareATC**

Since 2018, CareATC has operated the on-site clinic at City Hall, serving as a primary and chronic care provider to our active employees, retirees, and their dependents. Due to the highly uncertain and rising healthcare expenses, some employees, retirees, or others within their households may delay or miss necessary healthcare services. This can be detrimental to their health, creating undue stress upon the employee and, ultimately, resulting in even higher expenses to the City.

Within two years of project implementation, CareATC was able to pivot and become an essential provider of COVID-19 testing and vaccination services. Through their partnership, the City continued providing care to our essential workers, and that care continues today. The City Hall site provides care to an estimated 250 – 300 patients per month, and more than 84% are seen the same day or within 24 hours of making an acute care appointment. In addition to primary, acute, and chronic care management, employees and retirees may also have labs and prescriptions requested, as well as specialty care referrals, as needed.

Funding Request

The Human Resources Department requests authorization of Supplemental Agreement No. 6 to exercise the renewal and increase funding for this service contract by \$918,994.20. Funds will be used as outlined in the table below to support clinical staff and cover the increased costs of delivering lab services, vaccines, fit for duty assessments for civilians, and other services through the one-year renewal period expiring October 1, 2024. With approval, this will increase the contract amount from \$3,768,899.00 to \$4,687,893.20.

This service is funded through the Employee Benefits Fund (subject to annual

Cost Item	Cost per Unit	Estimated Time/Quantity	Total Cost	Justification
Monthly Clinic Service Fee	\$42,661.50	12 months	\$511,938.00	Existing contractual obligation
Other Clinic Expense Est.	\$10,270.72	12 months	\$123,248.64	Increase in operational costs

Provision of Fit for Duty Assessments	\$700.00	8 Assessments	\$5,600.00	Medical/Psychological/Specialty Assessments for Civilian
Vaccines	Flu \$25-\$65/ COVID \$150/Others as Needed	\$150,000.00	N/A	Cost due to demand for vaccinations
Request Additional Amount	\$42,661.50	3 months	\$127,984.50	Bridge funding until new contract is awarded
Total			\$918,771.14	

Prior Council Actions

February 28, 2018, the City Council authorized a four-year service contract, with two one-year renewal options, to operate and manage employee on-site and off-site medical clinics with CareATC, Inc. in an amount not to exceed \$6,126,628.00 by Resolution No. 18-0370; and

March 27, 2020, Administrative Action No. 18-0370 authorized Supplemental Agreement No. 2 to the service contract with CareATC to increase the contract by \$50,000; and

December 7, 2020 Administrative Action No. 20-6263 authorized Supplemental Agreement No 3 an amendment to the service contract of CareATC to include COVID - 19 Management, with zero cost, having no effect on the contract amount; and

August 4, 2022 Administrative Action No. 22-6042 authorized Supplemental Agreement No. 4 to extend the contract terms to March 31,2023, with zero cost, having no effect on the contract amount; and

October 13, 2023, Administrative Action No. 23-6285 authorized Supplemental Agreement No. 5 to 1) a one year extension to March 31, 2024 with cost consideration; and 2) the expansion of scope of work to include the fit for duty assessment, with zero cost, having no effect on the contract amount.

DATE February 23, 2024
SUBJECT **City of Dallas On-Site and Remote Clinic Provider – CareATC**
PAGE **3 of 3**

Please feel free to reach out to Nina Arias, Director of Human Resources at 214-671-9050 or Nina.Arias@Dallas.gov should you have any questions.

Putting Service First,



Kimberly Bizzor Tolbert
Deputy City Manager

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

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



City of Dallas

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

Agenda Information Sheet

File #: 24-698

Item #: P.

Upcoming Agenda Item - Reprogramming City Square Funding
[Budget & Management Services]

Memorandum



CITY OF DALLAS

DATE February 23, 2024

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

SUBJECT **February 28, 2024, Upcoming Agenda Item #24-112 – Resolution to Authorize Rescinding the CDBG Public Improvement Contract with City Square Arts Opportunity Center, LLC**

The February 28, 2024, City Council agenda includes an item to rescind the Community Development Block Grant contract (Public Facility Improvements Project contract) awarded to City Square Arts Opportunity Center, LLC, on January 27, 2021, by Resolution No. 21-0246, to complete public facility improvements at the Forest Theater, located at 1918 Martin Luther King Jr. Blvd, in an amount not to exceed \$500,000.

The Forest Theater Project is a historic restoration and renovation project designed to spark community and economic development in South Dallas/Fair Park. The total amount was projected to be \$31,571,865. CDBG funds were awarded to the project for completion of a community classroom to implement programs and partner with organizations to provide community and arts programming for youth and adults. To ensure compliance with HUD rules, CDBG funds (\$500,000) were to be used at the end of the project for finish-out and/or punch-list items. The contract award anticipated the project would be complete by August 30, 2024. Following the award of the CDBG funds, the agency received an award of funds for the project from another source. The revised timeline to complete the project with the new funds were not compatible with the timeline to expend CDBG funds. Requirements of the additional funds awarded to complete the project would significantly delay expenditure of CDBG funds, potentially putting the City at risk of exceeding HUD's timely expenditure regulations for the CDBG funds. The agency requested to return the CDBG funds with consideration to reapply in the future. The unspent CDBG funds will be reprogrammed for other eligible uses during development of the FY 2024-25 CDBG budget.

This amount was included with reprogramming funds in your January 22 briefing by memorandum regarding the Community Development Block Grant: Timely Expenditure of Funds. Also, the reprogramming was approved on January 24, 2024, by Resolution No. 24-0164. The attachment from the January 22 briefing is provided in this memorandum as a reference. This agenda item is presented separately due to the contractual obligation.

DATE February 23, 2024
SUBJECT **February 28, 2024, Upcoming Agenda Item #24-112 – Resolution to Authorize Rescinding the CDBG Public Improvement Contract with City Square Arts Opportunity Center, LLC**
PAGE **2 of 2**

If you have any questions, please contact Janette Weedon, Director of Budget and Management Services.



Jack Ireland
Chief Financial Officer

[Attachment]

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager

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Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

**FY 2023-24 COMMUNITY DEVELOPMENT BLOCK GRANT
EXTENSION REQUEST AND REPROGRAMMING FUNDS
as of September 30, 2023**

#	Fund	Unit	Dept	Project Name	A Appropriations	B ITD Expended	C Encumbrance	D Unobligated	E Extension Request	F Reprogramming Funds	G Explanation
City Attorney's Office											
1	CD22	601G	ATT	South Dallas/Fair Park Community Court	\$296,772.00	\$169,577.76	\$47,934.11	\$79,260.13	0	\$79,206.13	Reprogram - unspent funds due to vacant positions during the year.
Total City Attorney's Office					\$296,772.00	\$169,577.76	\$47,934.11	\$79,260.13	\$0.00	\$79,206.13	
Budget & Management Services											
2	CD22	615G	BMS	Citizen Participation/CDC Support/HUD Oversight	\$1,029,062.00	\$653,712.84	\$206,171.45	\$169,177.71		\$169,177.71	Reprogram - unspent funds due to increased time distribution and vacant positions during the year.
3	CD20	471E	BMS	Public Facilities and Improvements - City Square	\$500,000.00	\$0.00	\$0.00	\$500,000.00		\$500,000.00	Reprogram - Agency received additional funds for project that were not compatible with CDBG expenditure timeline. Agency requested to return funds with consideration to reapply in the future.
4	CD21	500F	BMS	FY21-22 Funds Reprogrammed	\$186.43	\$0.00	\$0.00	\$186.43		\$186.43	Reprogram - savings and unspent funds from closesd/completed projects during FY.
5	CD18	875C	BMS	FY18-19 Funds Reprogrammed	\$71,604.23	\$0.00	\$0.00	\$71,604.23		\$71,604.23	Reprogram - savings and unspent funds from closesd/completed projects during FY.
6	CD20	473E	BMS	FY 20-21 Funds Reprogrammed	\$10,006.68	\$0.00	\$0.00	\$10,006.68		\$10,006.68	Reprogram - savings and unspent funds from closesd/completed projects during FY.
7	CD19	978D	BMS	FY19-20 Funds Reprogrammed	\$36,185.08	\$0.00	\$0.00	\$36,185.08		\$36,185.08	Reprogram - savings and unspent funds from closesd/completed projects during FY.
Total Budget & Mangement Services					\$1,647,044.42	\$653,712.84	\$206,171.45	\$787,160.13	\$0.00	\$787,160.13	
Housing & Neighborhood Revitalization											
8	CD19	976D	HOU	Home Improvement and Preservation Program (HIPP)	\$3,545,572.59	\$3,446,201.92	\$86,005.67	\$13,365.00	\$13,365.00		Funds are under contract and/or committed to identified homeowners.
9	CD20	404E	HOU	Home Improvement and Preservation Program (HIPP)	\$2,924,819.00	\$2,510,606.26	\$322,963.77	\$91,248.97	\$91,248.97		Funds are under contract and/or committed to identified homeowners.
10	CD21	505F	HOU	Home Improvement and Preservation Program (HIPP)	\$3,094,038.00	\$1,872,983.97	\$822,188.41	\$398,865.62	\$398,865.62		Funds are under contract and/or committed to identified homeowners.
Total Housing & Neighborhood Revitalization					\$9,564,429.59	\$7,829,792.15	\$1,231,157.85	\$503,479.59	\$503,479.59	\$0.00	
Park and Recreation											
11	CD22	617G	PKR	Out-of-School Time Services	\$640,860.00	\$455,231.70	\$227.94	\$185,400.36		\$185,400.36	Payment of final year-end expenses underway. Remaining unspent funds from prior year to be reprogrammed. Program
12	CD22	658G	PKR	Out-of-School Time Program - School Sites-Community Sit	\$97,441.00	\$79,920.64	\$0.00	\$17,520.36		\$17,520.36	Payment of final year-end expenses underway. Remaining unspent funds from prior year to be reprogrammed. Program
Total Park & Recreation					\$738,301.00	\$535,152.34	\$227.94	\$202,920.72	\$0.00	\$202,920.72	
								TOTAL	\$503,479.59	\$1,069,286.98	

**HUD CARES ACT RELIEF
COMMUNITY DEVELOPMENT BLOCK GRANT
EXTENSION REQUEST AND REPROGRAMMING FUNDS**

#	Fund	Unit	Dept	Project Name	A Appropriations	B ITD Expended	C Encumbrance	D Unobligated	E Extension Request	F Reprogramming Funds	G Explanation
Budget & Management Services											
1	CCV1	959G	BMS	Reprogramming Funds CCV1	\$5,175.83	\$0.00	\$0.00	\$5,175.83		\$5,175.83	Reprogram - Unspent funds to be used to provide additional Emergency Rental Assistance.
2	CCV3	960G	BMS	Reprogram CDBG-CCV3	\$740,511.35	\$0.00	\$0.00	\$740,511.35		\$740,511.35	Reprogram - Unspent funds to be used to provide additional Emergency Rental Assistance.
Total Budget & Mangement Services					\$745,687.18	\$0.00	\$0.00	\$745,687.18	\$0.00	\$745,687.18	
Park & Recreation											
3	CCV3	997F	PKR	Virtual Learning Technology	\$133,460.87	\$113,965.80	\$0.00	\$19,495.07		\$19,495.07	Reprogram - Unspent funds to be used to provide additional Emergency Rental Assistance.
Total Park & Recreation					\$133,460.87	\$113,965.80	\$0.00	\$19,495.07	\$0.00	\$19,495.07	
Office of Equity & Inclusion											
4	CCV3	916G	MGT	OEI Evictions Assistance Initiative The Concilio	\$25,000.00	\$22,737.31	\$0.00	\$2,262.69		\$2,262.69	Reprogram - Contract completed. Unspent remaining funds to be used to provide additional Emergency Rental Assistance.
Total Office of Equity & Inclusion					\$25,000.00	\$22,737.31	\$0.00	\$2,262.69	\$0.00	\$2,262.69	
Small Business Center											
5	CCV3	988G	MGT	SBC Oakcliff Empowering	\$749,943.00	\$689,800.74	\$0.00	\$60,142.26		\$60,142.26	Reprogram - Contract completed. Unspent remaining funds to be used to provide additional Emergency Rental Assistance.
Total Small Business Center					\$749,943.00	\$689,800.74	\$0.00	\$60,142.26	\$0.00	\$60,142.26	
Office of Community Care											
6	CCV3	939G	MGT	Emergency Rental Assistance Program	\$1,764,791.63	\$1,121,651.50	\$643,140.13	\$0.00	\$0.00	\$0.00	
7	CCV3	984G	MGT	Drivers of Poverty Friendship West	\$448,250.00	\$353,333.55	\$94,916.45	\$0.00		\$94,916.45	Reprogram - Contract completed. Unspent remaining funds to be used to provide additional Emergency Rental Assistance.
8	CCV3	985G	MGT	Drivers of Poverty Non Profit Food Pantry	\$56,620.00	\$23,340.76	\$33,279.24	\$0.00		\$33,279.24	Reprogram - Contract completed. Unspent remaining funds to be used to provide additional Emergency Rental Assistance.
9	CCV3	994F	MGT	Drivers of Poverty Child Care	\$415,909.00	\$415,575.00	\$0.00	\$334.00		\$334.00	Reprogram - Funds not spent to provide additional Emergency Rental Assistance.
10	CCV3	995F	MGT	OCC Administration Non Profit	\$1,381,871.04	\$314,765.74	\$0.00	\$1,067,105.30	\$0.00	\$1,067,105.30	Reprogram - Contracts completed, funds no longer needed in this category - propose to reallocate to provide additional Emergency Rental Assistance.
Total Office of Community Care					\$4,067,441.67	\$2,228,666.55	\$771,335.82	\$1,067,439.30	\$0.00	\$1,195,634.99	
TOTAL									\$0.00	\$2,023,222.19	



City of Dallas

1500 Marilla Street
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Dallas, Texas 75201

Agenda Information Sheet

File #: 24-700

Item #: Q.

Upcoming Agenda Item- ARPA- Reallocation and Reprogramming
[Budget & Management Services]

Memorandum



CITY OF DALLAS

DATE February 23, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **February 28, 2024, Upcoming Agenda Item #24-543 - American Rescue Plan Act (ARPA): Reallocation and Reprogramming**

The February 28, 2024, City Council Agenda includes an ordinance authorizing transfers and appropriation adjustments to the FY 2023-24 General Fund budget and the Grant, Trust, and Other budget to facilitate a reallocation and reprogramming of American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

This agenda item amends the budget to reflect: (1) a reallocation of ARPA funding to the General Fund to support Dallas Fire Rescue emergency response payroll; (2) a transfer of cash and appropriations from the General Fund to a new fund, ARPA Redevelopment Fund, a non-grant multi-year fund; (3) establishing budget appropriations in the new ARPA Redevelopment Fund to continue previously funded ARPA projects and programs; and (4) moving existing contracts to the new ARPA Redevelopment Fund. The item includes the budget ordinance that reflects revenue and expenditure increases within Grant, Trust, and Other Funds, and a reimbursement to the General Fund.

In addition to the above actions, this item includes reprogramming of \$28,126,050. The table below provides a summary of the proposed changes to the use of funds.

Source of Funds	Amount
Interest Income & FEMA Reimbursement	\$7,615,878
Digital Divide	17,961,207
Theatre Spaces	550,000
Cultural Programming	325,000
Personal Protective Equipment & Disinfection	1,673,965
Total Source of Funds	\$28,126,050
Use of Funds	Amount
Compliance Monitoring - Contract Services	\$1,738,600
Restroom Renovations	240,000
Legal Compliance	50,000
Compliance and Monitoring	100,000
Fire Station Alerting System	3,237,908
Deferred Maintenance and Resilience (Grant Match for Solar \$2M, Resilience at MLK Center \$1.4M, and Citywide Deferred Maintenance \$3M)	6,400,000
Demolition	1,200,000
Stemmons	5,000,000
Permanent Supportive Housing	2,500,000
City Hall Maintenance (Generators \$6.5M and Electrical \$1.2M)	7,659,542
Total Use of Funds	\$28,126,050

DATE February 23, 2024
SUBJECT **February 28, 2024, Upcoming Agenda Item #24-543 - American Rescue Plan Act (ARPA): Reallocation and Reprogramming**
PAGE **2 of 2**

The proposed reallocation and reprogramming was briefed to City Council on February 21. The projects below will remain in the proposed reallocation but are not included for reprogramming in the upcoming agenda item.

Projects Removed from Source of Funds	Amount
Needs Assessment	\$75,000
International Center	142,569
Small Business Support	230,000
Workforce Development	453,506
Total	\$901,075

If you have any questions, please contact me or Janette Weedon, Director of Budget and Management Services.



Jack Ireland
Chief Financial Officer

- c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
- Majed A. Al-Ghafry, Assistant City Manager
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Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

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

Agenda Information Sheet

File #: 24-691

Item #: R.

GPFM Two-Month Forecast

GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT COMMITTEE FORECAST

	TITLE	DEPARTMENT
MONDAY, MARCH 25, 2024, 1:00 P.M.		
BRIEFING ITEMS	Artificial Intelligence Related to Permitting and Zoning	Development Services
	Weaver External Audit and Annual Comprehensive Financial Report (ACFR)	City Controller's Office
	Workday Implementation	Human Resources
	Inspector General Division	City Attorney's Office
DISCUSSION ITEMS	Development Services- Monthly Performance Update & Process Map Improvements	Development Services
	Review of City Real Estate for Development and Redevelopment Opportunities	City Manager's Office
BRIEFINGS BY MEMORANDUM	GPFM Two-Month Forecast	City Manager's Office
	Budget Accountability Report (Information as of January 31, 2024)	Budget & Management Services
	Technology Accountability Report (Information as of February 28, 2024)	Information & Technology Services
	Office of the City Auditor Monthly Update on Internal Audit Reports Released between February 17, 2024 and March 15, 2024	Office of the City Auditor
	End of Year Report	Budget & Management Services
	City's M/WMBE Program	Small Business Center
TUESDAY, APRIL 23, 2024, 1:00 P.M.		
BRIEFING ITEMS	10-Year Stormwater Capital Program	Dallas Water Utilities
	FY24 Mid-Year Appropriation Adjustments	Budget & Management Services
	City-Owned Real Estate Review and Update	Public Works/ City Manager's Office
	Update on the PFCs (Tax Revenue Abatement to the City vs Public Benefit)	Housing & Neighborhood Revitalization
DISCUSSION ITEMS	Development Services- Monthly Performance Update & Process Map Improvements	Development Services
	Review of City Real Estate for Development and Redevelopment Opportunities	City Manager's Office
BRIEFINGS BY MEMORANDUM	GPFM Two-Month Forecast	City Manager's Office
	Budget Accountability Report (Information as of February 28, 2024)	Budget & Management Services
	Technology Accountability Report (Information as of March 31, 2024)	Information & Technology Services
	Office of the City Auditor Monthly Update on Internal Audit Reports Released between March 16, 2024 and April 12, 2024	Office of the City Auditor