

Memorandum



CITY OF DALLAS

DATE February 2, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **2024 Bond Update – Proposition Funding Allocations and Next Steps**

Background

During the Special Called City Council Meeting on January 19, 2024, City Council, through a straw vote, provided guidance for a \$1.25B, 2024 Bond Program with an election to be held in May 2024. As part of a Special Called Meeting on January 31, 2024, a City Council straw vote indicated support of base funding allocations for each proposition within the 2024 Bond Program and \$75M for Council District Specific Funding.

Given City Council’s guidance on the 2024 Bond Program, the purpose of this memorandum is to share proposition funding amounts with City Council’s programming of the \$75M of Council District Specific Funding, provide addition notes on specific propositions, and discuss next steps of the 2024 Bond Program.

Proposition Funding Amounts and City Council District Specific Funding

As noted above, during the January 31st Special Called Meeting, City Council established base proposition funding amounts and \$75M for Council District Specific Funding. Where the intent of the Council District Specific Funding was to allow the Mayor and City Council to add those funds to base proposition funding amounts, Table 1 below summarizes the base proposition funding amounts and City Council’s programming of the \$75M of Council District specific funding (please see additional notes of Housing’s \$61M allocation in Table 2 and Table 3).

Table 1

Propositions	Base Funding Amount	With Council Specific Funding
Streets & Transportation	\$500,000,000	\$516,000,000
Parks & Recreation	\$310,500,000	\$342,970,000
Public Safety	\$90,000,000	\$95,000,000
Housing	\$24,400,000	\$26,400,000
Cultural Arts Facilities	\$75,200,000	\$75,700,000
Flood Protection & Storm Drainage	\$52,100,000	\$52,100,000
Libraries	\$43,500,000	\$43,530,000
City Hall	\$0	\$0
Economic Development	\$65,800,000	\$73,800,000
Homelessness	\$8,500,000	\$19,500,000
Stemmons Municipal Center	\$0	\$0
Information Technology	\$5,000,000	\$5,000,000
Council District Specific Funding	\$75,000,000	\$0
Total	\$1,250,000,000	\$1,250,000,000

Additional Notes on Specific Propositions

Eligible Expenses for the Housing and Economic Development Propositions

Understanding the Council District specific allocations and the proposition funding amounts, this memorandum will now provide additional notes on specific propositions within the 2024 Bond Program. For the Housing Proposition, eligible expenses include infrastructure projects, such as street and sidewalk improvements, to be constructed in the public right-of-way. These improvements will be constructed to support the future development of mixed-income projects that include an affordable housing component.

In contrast to the Housing improvements, dollars in the Economic Development Proposition can be used to fund grants to private developers for projects that accomplish the public purpose of economic development as allowed under Texas Local Government Code, Chapter 380. Projects in the Economic Development Proposition could include private commercial, industrial, retail, mixed-use, single-family, and multifamily projects, including affordable housing projects. Grants funded in the Economic Development Proposition can be used to assist with gap financing needed to support private development, including infrastructure, demolition, and land acquisition costs. Both the Housing and Neighborhood Revitalization Department and the Office of Economic Development will utilize the funding in the Economic Development proposition.

Unlike uses in previous bond authorizations, the Economic Development Proposition cannot be used to fund City acquisition or infrastructure unless it is part of a Chapter 380 development agreement for a permissible program or project under the Incentive Policy. To facilitate using the Economic Development proposition’s funds for affordable housing projects, the City Council will need to make a finding by resolution that affordable housing projects promote economic development and stimulate business and commercial activity within the City, pursuant to Chapter 380. Staff will work to have this resolution to City Council before early voting begins.

Historical trends, on the uses of bond funding for Housing initiatives, indicate that 40% of the funds go towards infrastructure in the public ROW to support street and sidewalk improvements for mixed-income projects. The remaining 60% of funding has been invested in gap financing for single-family, multifamily, and mixed-use development projects. Considering the historic uses of Housing and Economic Development allocations provided by City Council, Table 2 and Table 3 summarize how the funding would align with historic utilization of Economic Development dollars for housing.

Table 2

Housing Proposition - Allocation Guidance from Council			
Proposition	Allocations Provided by City Council	40% - Infrastructure in the City ROW	60% Gap Financing
Housing	\$61,000,000	\$24,400,000	\$36,600,000

Table 3

Revised 2024 Bond Allocation Levels				
Proposition	Allocations Provided by City Council	40% - Infrastructure in the City ROW	60% Gap Financing	Revised 2024 Bond Allocation Levels
Housing Infrastructure	\$61,000,000	\$24,400,000	-	\$24,400,000
Economic Development	\$29,200,000	-	\$36,600,000	\$65,800,000
Totals	\$90,200,000	\$24,400,000	\$36,600,000	\$90,200,000

City Hall Proposition

With an understanding of the notes for the Housing and Economic Development Propositions, during the January 31st Special Called Meeting, City Council removed all allocations, totaling \$28M, for renovations and upgrades to City Hall. If funded as part of the 2024 Bond Program, the \$28M would provide for major maintenance and renovations as shown in Table 4.

Table 4

Description of Repair Needed	2024 Bond Value
Upgrade electrical systems that are outdate and/or at capacity	\$4,912,500.00
Replace 6 original Generators. Currently, all generators are outdated and are not efficient	\$6,500,000.00
Upgrade existing wet and dry fire suppression systems in City Hall	\$8,000,000.00
City Hall AC Retrofits; funding to start retrofits and upgrades - 2030 R-22 production ban.	\$8,520,000.00
Total	\$27,932,500.00

Replacement of the generators for City Hall is necessary as the generators are over 45 years old and the electrical panels and switchgears are currently at capacity. Should the repairs listed in Table 4 not be funded until the next bond program in 2029, there would not be sufficient time to complete the City Hall air condition retrofits before the 2030 ban on the production and import of R-22, which is utilized by our current equipment. After the 2030 ban, it will become more expensive to repair and maintain City Hall’s air condition units as the supplies of R-22 will become harder and more expensive to obtain.

Given the details above, staff would like to highlight concerns about the stability of the major facility components at City Hall that have life-safety implications and would respectfully urge City Council to consider allocating the funds needed to preserve City Hall.

Next Steps

As the Housing, Economic Development, and City Hall Propositions have been discussed, this memorandum will provide next steps towards the May 2024 Bond Election to include:

- **February 7th:** City Council Briefing – Discuss propositions and draft project listing
- **February 14th:** City Council calls for a May election
- **February:** Complete project listings per proposition
- **March:** Staff to finalize facts and information materials that include project listing
- **April:** Townhall informational meetings
- **April 22nd-30th:** Early Voting
- **May 4th:** Election Day

Voter Information Guide:

As part of the next steps, for bond elections, state law now requires the City to prepare a voter information document (“voter guide”) for each proposition to be voted on at the bond election and post the voter guide in an easily accessible manner on the City website. The voter guide must comply with the requirements set forth in Texas Government Code, Section 1251.052(b) and posting deadline in Texas Election Code, Section 4.003(b) (e.g., 21 days before Election Day). The voter guide must be posted in English, Spanish, and Vietnamese. During the February 14th City Council meeting, City Council will be asked to approve the voter guide as to form only, which will allow the financial advisors to update the voter guide if changes to the bond proposition allocations are made prior to council calling for the bond election on February 14th.

Should you have any questions, please contact Jenny Nicewander, P.E., Interim Director of Bond and Construction Management, at jennifer.nicewander@dallas.gov.



Dr. Robert M. Perez
Assistant City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera 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

Council District Specific Funding Allocation Details

Propositions	Proposition	CD 1	CD 2	CD 3	CD 4	CD 5	CD 6	CD 7	CD 8	CD 9	CD 10	CD 11	CD 12	CD 13	CD 14	Mayor	Totals
Streets & Transportation	\$500,000,000	\$1,500,000			\$50,000	\$3,000,000			\$1,000,000	\$2,500,000	\$2,000,000			\$3,550,000	\$2,400,000		\$516,000,000
Parks & Recreation	\$310,500,000	\$500,000	\$4,000,000	\$2,000,000	\$4,420,000	\$2,000,000			\$4,000,000		\$2,500,000		\$5,000,000	\$450,000	\$2,600,000	\$5,000,000	\$342,970,000
Public Safety	\$90,000,000							\$5,000,000									\$95,000,000
Housing Infrastructure*	\$24,400,000			\$2,000,000													\$26,400,000
Cultural Arts Facilities	\$75,200,000				\$500,000												\$75,700,000
Flood Protection & Storm Drainage	\$52,100,000																\$52,100,000
Libraries	\$43,500,000				\$30,000												\$43,530,000
City Hall																	\$0
Economic Development*	\$65,800,000	\$2,000,000		\$1,000,000									\$5,000,000				\$73,800,000
Homelessness	\$8,500,000	\$1,000,000	\$1,000,000					\$5,000,000		\$2,500,000	\$500,000			\$1,000,000			\$19,500,000
Information Technology	\$5,000,000																\$5,000,000
Totals	\$1,175,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$1,250,000,000

*Note: Incorporated the 60/40 split as discussed in the memornadum