



Operation and Maintenance Costs of City-owned Facilities Contracting with the Office of Cultural Affairs

**BRIEFING TO THE ARTS,
EDUCATION AND LIBRARIES
COMMITTEE**

March 29, 2005

Purpose of Briefing

- Review current funding models for city-owned facilities having contracts with Office of Cultural Affairs (OCA).
- Preview the Dallas Center for the Performing Arts' preliminary request for city operating support of the project.

Background

The Office of Cultural Affairs:

- Staffs and programs six (6) City-owned cultural centers.
- Contracts with arts and cultural organizations to manage eight (8) City-owned cultural facilities with support for maintenance and utilities.
- Contracts with DSM Management Group Inc. to operate and maintain two (2) City-owned facilities.

Facilities Matrix

- The matrix on the following page provides a detailed list of the three types of management and support of city-owned buildings.

Facilities Matrix

CONTRACT TYPE / FACILITY	STAFF / PROGRAM COSTS	UTILITY COSTS	MAINTENANCE COSTS MAJOR / DAILY	TOTAL	PAYMENT TO CITY	CONTRACT EXPIRES
FULLY CITY-OWNED / MANAGED						
Bath House Cultural Center	160,480	15,680	1,915	178,075		
Ice House Cultural Center	50,000	Rent 37,000		87,000		
Juanita Craft Civil Rights House	17,436	1,786	6,150	25,372		
Latino Cultural Center	337,941	98,389	1,527	437,857		
Meyerson Symphony Center	1,757,579	1,034,619	294,766	3,086,964		
South Dallas Cultural Center	300,635	16,148	6,471	323,254		
TOTAL	2,624,071	1,203,622	310,829	4,138,522	256,002	
CITY-OWNED / MANAGEMENT CONTRACT (City pays utilities & maintenance)						
African American Museum	207,544	82,031	31,208	320,783		2012
Black Academy of Arts & Letters	193,055	120,000		313,055		2014
Dallas County Heritage Society	227,782	105,411		333,193		2013
Dallas Historical Society/Hall of State	68,085	130,373	19,271	217,729		2011
Dallas Museum of Art	1,071,818	1,347,666	333,670	2,753,154		2011
Dallas Museum of Natural History	420,224	68,376	12,085	500,685		2013
Dallas Theater Center	38,461	118,617	18,983	176,061		2013
The Science Place	352,118	421,494	88,152	861,764		2021
TOTAL	2,579,087	2,393,968	503,369	5,476,424		
CITY-OWNED / CONTRACT MANAGED (Dallas Summer Musicals Management Group, Inc)						
Music Hall at Fair Park					\$100,000	2009
Majestic Theatre					50 dates at Majestic for emerging arts groups	

OCA Cultural Policy – Facility Development

The Cultural Policy establishes a match of:

- 25% Private 75% Public for Pre-construction costs.
- 40% Private 60% Public for new construction.
- Each management contract is negotiated on a case-by-case basis.

OCA Cultural Policy – Facility Development, Cont.

- The City's annual direct payments to a cultural organization together with indirect support for utilities and structural maintenance will not exceed an amount greater than 25% of the organization's prior year operating expenses.
- Organizations currently operating City-owned facilities are required to reduce their utility expenses by 5% each year for each of the next five years (base year 2003) or pay the difference.

Preview of Dallas Center for the Performing Arts Foundation Preliminary Proposal

*****City Staff in Negotiation***

Center for the Performing Arts Foundation will:

- Design and construct the 2,200-seat Winspear Opera House
- Design and construct the 660-seat Wyly Theatre
- Landscape the Grand Plaza
- Design and construct a 600-space Underground Parking Garage

Preview of Dallas Center for the Performing Arts Foundation Preliminary Proposal, Cont.

*****City Staff in Negotiation***

- Relocate utilities and implement infrastructure development
- Redesign, renovate and improve Annette Strauss Artist Square.
- Undertake construction in four phases, with development of parking and infrastructure beginning in November 2005.

Preview of Dallas Center for the Performing Arts Foundation Preliminary Proposal, Cont.

*****City Staff in Negotiation***

- The City spent \$9,153,950 to purchase land for the Center for the Performing Arts (75% of total cost).
- The Dallas Center for the Performing Arts Foundation paid the City \$3,051,316 (25% of the total cost).

Preview of Dallas Center for the Performing Arts Foundation Preliminary Proposal, Cont.

*****City Staff in Negotiation***

- The City will sell bonds authorized under Propositions 5 and 12 totaling \$17,779,070.
- The Arts Foundation will contribute \$257,220,930.
- The City's contribution is currently 6.5% for construction.

Preview of Dallas Center for the Performing Arts Foundation Preliminary Proposal, Cont.

*****City Staff in Negotiation***

The Arts Foundation is proposing the City to:

- Waive city permit and inspection fees, if possible.**
- Pay for demolition and remediation of site.**
- Terminate public right-of-way to Leonard St. from Flora to Woodall Rodgers Freeway access road and Jack Evans St. from Ross Ave. to Woodall-Rodgers Freeway access road.
- Ensure that no construction activity on the City Performance Hall will adversely affect any stage of construction of the Center Project.

Preview of Dallas Center for the Performing Arts Foundation Preliminary Proposal, Cont.

*****City Staff in Negotiation***

- Lease to the Arts Foundation the land comprising the Performing Arts Area, all buildings, parking facilities, infrastructure and other improvements constructed on the Performing Arts Area.
- Agree to Construction period plus ten (10) years from the date on which the last CO is issued.
- Agree to Renewal Options -- Ten (10) options to renew the term of the lease agreement for an additional ten (10) years, upon the expiration of the Primary Term or any renewal term.**

Preview of Dallas Center for the Performing Arts Foundation Preliminary Proposal, Cont.

*****City Staff in Negotiation***

- Agree to a rental rate of \$1,000 per year.
- Maintain customary casualty and liability insurance.**
- Pay all costs for janitorial maintenance, security, landscape maintenance, electrical, water, gas, telecommunications and other utilities necessary to operate.**

Preview of Dallas Center for the Performing Arts Foundation Preliminary Proposal, Cont.

*****City Staff in Negotiation***

The Arts Foundation proposes to:

- Manage the use of all improvements on the Performing Arts Area, including, without limitation, the Opera House, the Theatre, the Center Parking Garage and the Plaza, and possibly Annette Straus Artist Square.
- Retain all revenues from the operation of any improvements managed by the Arts Foundation.

Preview of Dallas Center for the Performing Arts Foundation Preliminary Proposal, Cont.

*****City Staff in Negotiation***

- At any time after the Primary Term, or at any time after any material breach by the City of its obligations under the Lease, the Arts Foundation, or its designee, shall have the right to purchase the Performing Arts Area and the improvements constructed thereon, for a purchase price of \$1,000.**

Next Steps

- Update on current status of Development/Use Agreement with cost estimates from comparable facilities in other cities to Arts, Education and Libraries Council Committee on April 18, 2005.
- Development/Use Agreement to full Council on April 27, 2005.