

Memorandum



DATE January 13, 2012

TO Members of the Economic Development Committee: Tennell Atkins (Chair),
Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

THRU Ryan S. Evans
Assistant City Manager

SUBJECT **Texas Horse Park Project Update**

On Tuesday, January 17, 2012, the Economic Development Committee will be briefed on the Texas Horse Park Project Update.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-4071.



Paul D. Dyer, P.E., Director
Park and Recreation

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, Acting City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge Municipal Court
A.C. Gonzalez, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Director, Chief Financial Services
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues Cooper, Assistant to the City Manager

Texas Horse Park

Project Update



Presented to:

Economic Development Committee

January 17, 2012

City of Dallas

Park and Recreation Department

Trinity Watershed Management Department, Trinity River Corridor Project Office



Briefing Information

- Information provided in this document:
 - Project History
 - Background
 - Economic Impact
 - Revised Master Plan and Phase 1 Plan for the Texas Horse Park
 - Proposed general points for a Request for Proposals (RFP) for selection of an independent Operator/ Manager for the Texas Horse Park
 - Proposed Schedule
 - Next Step



Project History

- 1998** Trinity River Corridor Bond Package was approved, including \$2.56M for an equestrian center
- 2002** BRW Architects was hired for a feasibility study and master planning of the center
- 2006** Texas Horse Park, Inc. (THPI) received non-profit status to operate the equestrian center, Texas Horse Park, under a Development and Management Agreement with the City of Dallas

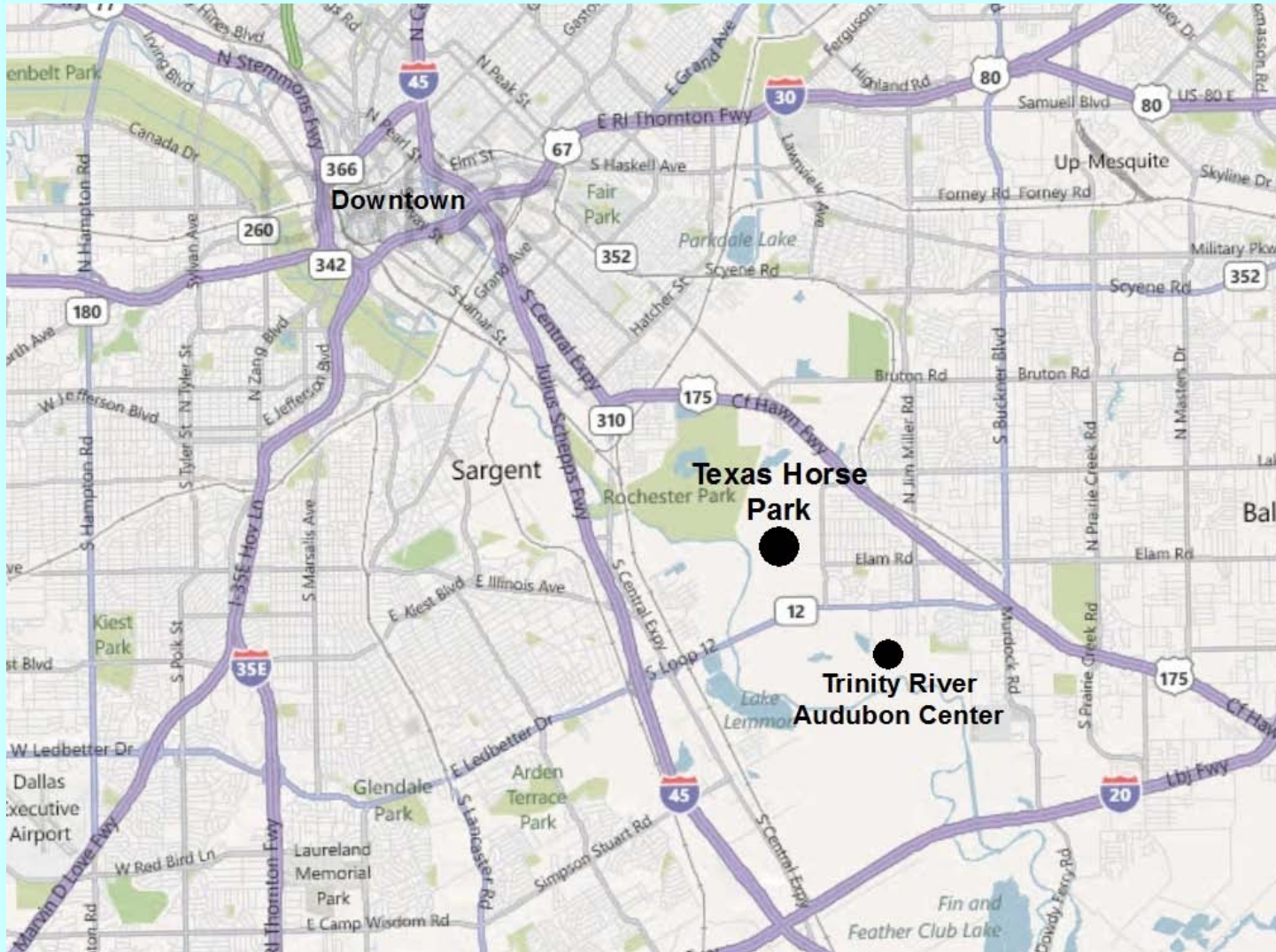
Project History – continued

2006 City Council approved the Development and Operating Agreement with THPI

City of Dallas 2006 Bond Election approved including \$12M for the development of the Texas Horse Park and \$2M for land acquisition

2007 Texas Horse Park Master Plan was completed and briefed to the Trinity River Corridor Project Committee

Location of Texas Horse Park



City of Dallas
Park and Recreation Department
Trinity Watershed Management Department, Trinity River Corridor Project Office

Texas Horse Park

Mission and Vision Statements

Mission

- The Texas Horse Park is a world-class equestrian facility developed in partnership with the community for education, recreation, competition and conservation

Vision

- Building upon the rich equestrian traditions of Texas, the United States and the world, the overall goal of the City of Dallas is to operate a world-class equestrian center that provides:
 - Education, conservation, therapeutic and recreational opportunities
 - Local, national and international equestrian events
 - Programs for at-risk youth and the broader community
 - Ongoing positive economic impact
 - Alternative energy systems to help preserve the Trinity River ecosystem (examples: wind, solar, geothermal, and biomass energy)

Project Benefits

- Promote the development of a multi-disciplinary equestrian facility as a component of the Trinity River Corridor Project
- Host local and world class equestrian events
- Establish inner-city and educational outreach programs
- Benefit the City of Dallas and its citizens economically, educationally, culturally, recreationally, and ecologically
- Foster conservation and appreciation of Texas' historic equestrian tradition



Project Benefits – continued

- Fills need in the South Central U.S. for a major show facility
- Economic development is spurred by equestrian show facilities, since hotel, retail and restaurants support events
- Provides business and job opportunities
- Showcases Dallas as an equestrian and recreational destination



Economic Impact – Horse Industry

	United States	Texas
Equestrian Economy:	\$101.5 billion	\$5.2 billion**
Number of Individuals Involved in the Horse Industry:	7.1 million	455,600
Number of Full-Time Jobs Provided by the Horse Industry:	1.4 million	32,200
Number of Horses:	6.9 million	979,000***

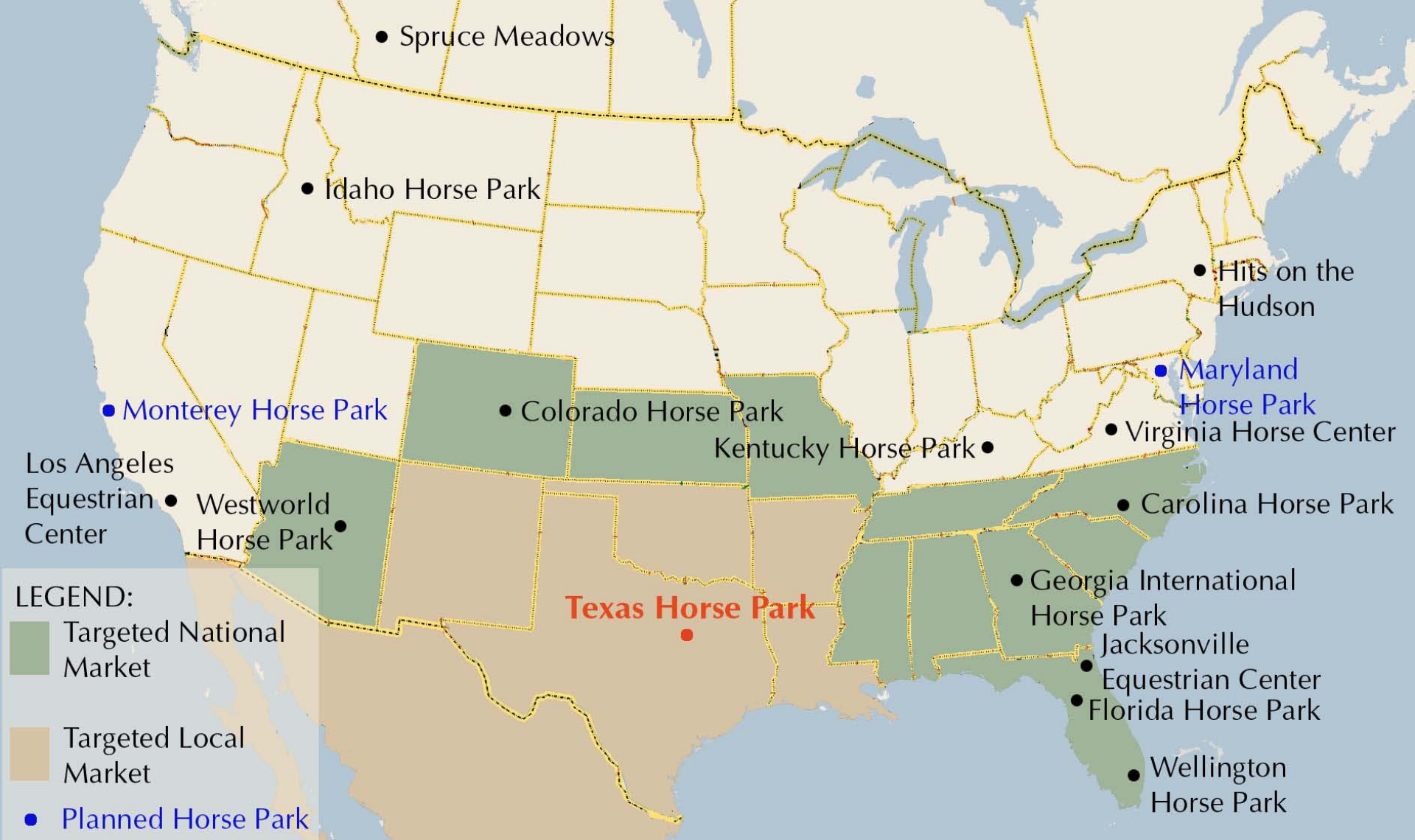
* American Horse Council 2005 Study: Economic Impact of the Horse Industry

** Texas is second, next to California, in making the most of its horse economy

*** Texas leads the nation in horse population

Equestrian Center Owner/ Operator – Comparables

Name / State	Public Owner	Public Operator	Contract Operator	Private Owner/Operator
Kentucky Horse Park, KY	X	X		
New Jersey Equestrian Center, NJ				X
Dream Park, NJ	X	X		
Prince Georges Equestrian Center, MD	X	X		
WestWorld, AZ	X	X		
Bergen County Equestrian Center, NJ	X	X		
Georgia International Horse Park, GA	X	X		
Los Angeles Equestrian Center, CA				X
The Meadow Event Park, VA	X		X	
Jacksonville Horse Park, FL	X		X	



THP TARGETED MARKET & COMPARABLES

Economic Impact

- 10 Year Economic Impact of **Full Build-out** of the Texas Horse Park*
 - Facility staff: 14
 - Jobs created by contract concessionaires and vendors at the facility: 110
 - Indirect or spin-off jobs to be created in the community: 196
 - Revenues from programs and events: \$ 15.0M
 - Revenues from concessions and vendors: \$ 31.2M
 - Estimated spending in Dallas
 - Area visitors: \$ 23.4M
 - Out-of town visitors: \$214.4M
 - Estimated spending on lodging: \$ 53.6M
- Total 10 Year Economic Impact \$337.6M

* These projections are provided by Texas Horse Park, Inc. from information in the report by Impact DataSource, Austin, Texas

Texas Horse Park – Target Market

- Residents, tourist, conventioneers, and corporations
- Recreational equine boarders and riders
- Therapeutic riders
- Competition / show participants and spectators
- Law enforcement agencies (including youth-at-risk programs)
- Community service



Potential Events

- Horse shows and sales
- Hunter / jumper
- Barrel racing
- Breed shows
- Team penning
- Reining competition
- Cutting competition
- Equine clinics and symposiums
- Flat shows (merchandise)
- Dressage
- Endurance
- Horse expos
- Driving
- Dog shows
- Festivals



Community Outreach Programs and Riding School

- Life enrichment programs
- Summer camps / clinics
- Riding teams / riding lessons
- At risk youth
- Horse rescue
- School horse shows
- Horse clubs



Trail Riding

- Individual / group trail rides
- Grooming and horse care
- Tourist group riding
- Horsemanship academy
- Inner city riding program
- Carriage driving / tours
- RV campground
- Sulky race training
- University extension course
- Youth camps and racing clubs



Educational, Community and Therapeutic

- 4H and FFA events and livestock shows
- Guided group and school tours
- Environmental clubs and association tours
- Mounted police and special olympics
- University extension courses
- School and college events
- Hippo and clinical physical therapy
- Therapeutic sports riding



Background

- Texas Horse Park, Inc. received non-profit 501(c)(3) corporation status in 2006 with the goal of developing and operating the **Texas Horse Park**
- The City entered into a Development and Operating Agreement with Texas Horse Park, Inc. (THPI) in 2006 for the purposes of designing, constructing and operating the Texas Horse Park
 - City to provide \$14.56M towards the development:
 - \$2.56M was from the 1998 Trinity Corridor Project Bond Program
 - \$12M from the 2006 Bond Program
 - THPI to provide a \$15M match within two years

Original Agreement

- The original Agreement allowed the City to exercise the following options, in the event THPI was not able to raise their \$15M share of the development costs in 24 months following contract approval:
 - 1) Negotiate a reduced scope for Phase I Development with THPI
 - 2) Delay the project until additional funds can be raised by THPI
 - 3) Terminate Agreement and City could proceed with one or more of the following options:
 - a) Proceed with the original or modified Master Plan with a different operator
 - b) Cancel project and reprogram the bond funds

Recommended Option

- The project has been delayed since February 2009 to allow THPI time to continue their fundraising efforts
- To date, THPI has raised \$1M
- Due to the current economic climate and the subsequent difficulty of fundraising, it is recommended that the City proceed with Request for Proposals (RFP) for an independent Operator/Manager (Operator) in order to start development of the project
- If an independent Operator is selected, THPI has agreed they would become a support organization for Texas Horse Park and can continue with their fundraising efforts

Recommended Options – continued

- Independent Operator's services would include:
 - Provide staff to manage the facility
 - Market the facility
 - Program events and community outreach activities
 - Operate a trail ride concession
 - Provide opportunities for boarding
 - Provide day-to-day maintenance
 - Contract with concessionaires for food service, etc.

Recommended Options – continued

- In the Development and Management Agreement with THPI, the City would contribute \$14.56M to the development of the Texas Horse Park
 - 1998 Trinity Corridor Project Bond Program \$2.56M
 - 2006 Bond Program \$12.0M
- Recommend that the City utilize the \$12M in the 2006 Bond Program for the Phase 1 development
- The \$2.56M from the 1998 Bond Program is being utilized for land acquisition

General Points of the Operation and Management RFP

- Term of agreement will be 20 years with two 5-year options to renew
- The Operator will be required to dedicate the facility to the preservation and expansion of Texas' equestrian tradition by providing a venue for education, competition and community involvement in horse-related and other agricultural activities
- City of Dallas (City) will retain ownership of the premises and all improvements
- Operator will manage the facility

General Points – continued

- Operator shall have the right to offer alternative delivery methods for the design and construction
- Operator shall have the right to provide representation on the project team or take a lead role in the design and construction if an alternative delivery method is used
- Options will be allowed for entities to propose on the operation of individual elements, such as:
 - Trail ride operation
 - School of Horsemanship
 - Boarding
 - Therapeutic riding
 - Other community service organizations

General Points – continued

- Operator can make future capital improvements subject to City approval
- City will approve all rates, fees and charges
- City will approve operating hours
- City will have the right to reserve the facility up to six dates per year, at no charge

Operator – Selection Process

- Proposing firms will be evaluated and selected based on the following criteria:
 - Experience of Proposer operating similar facilities
 - Amount of added financial contribution to the development costs
 - Financial stability
 - Preliminary operation plan
 - Proposed revenue sharing
 - Outreach and education plan
 - Proposed community services

Texas Horse Park – Revised Master Plan

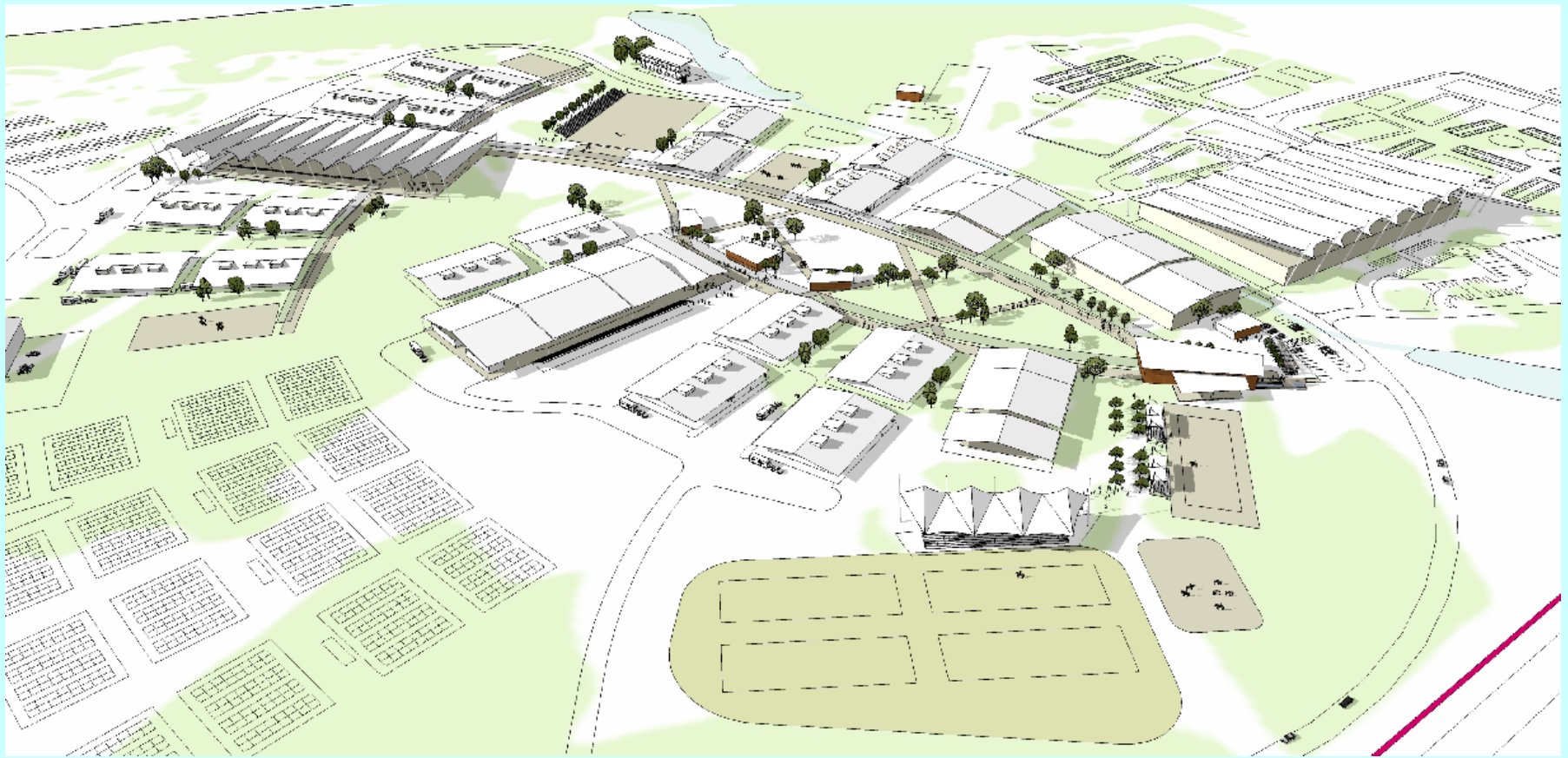


Note: Plans are subject to change based on input from the selected operator

Texas Horse Park – Revised Phase I Plan



Revised Master Plan Conceptual Rendering



Revised Phase 1 Conceptual Rendering



Proposed Schedule

Advertise Operation and Management RFP	Feb. 2012
Receive / Evaluate Operators' Proposals	March 2012
Award Best Value Proposer	May 2012
Design and Construction	TBD*

* Schedule is dependent on the type of design and construction scenario proposed by the Operator

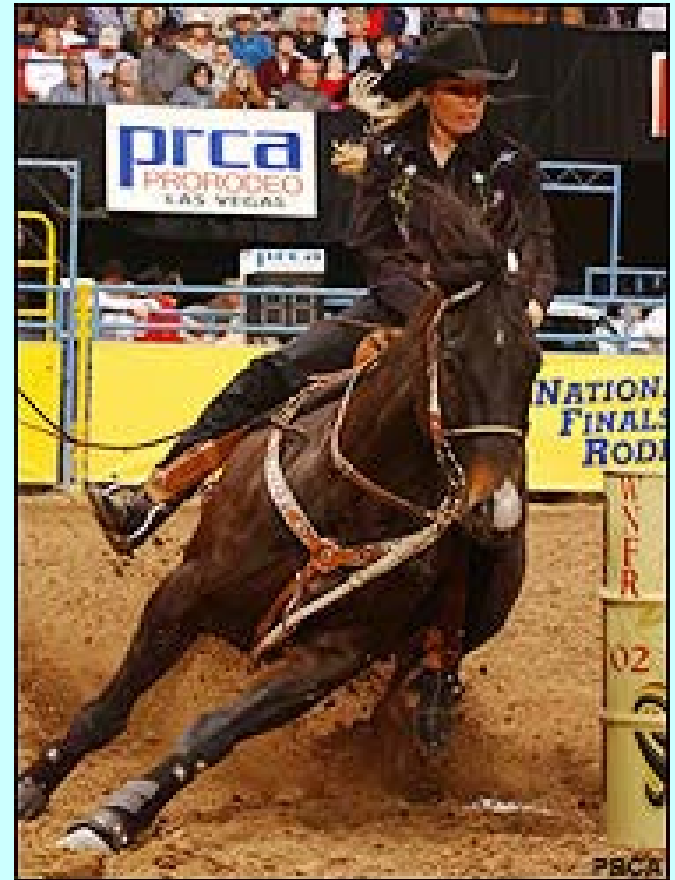
Benefits of Texas Horse Park

- Positive economic impact on Southern Dallas and the City of Dallas
- Creates job and business opportunities
- Fills gap in the country's event facility network
- Provides venue for residents and tourists to experience equestrian activities
- Benefits the City of Dallas and its citizens economically, educationally, culturally, recreationally, and ecologically
- Fosters conservation and appreciation of Texas' historic equestrian tradition



Next Step

- Initiation of a Request for Proposals (RFP) process to select an Operator/Manager



Texas Horse Park

Project Update



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Appendix

- **Deal Points from the 2006 Development and Management Agreement with Texas Horse Park, Inc. (THPI)**
 - General Deal Points
 - City – Responsibilities and Rights – Construction and Development Phase
 - THPI – Responsibilities and Rights – Construction and Development Phase
 - City – Responsibilities and Rights – Operation Phase
 - THPI – Responsibilities and Rights – Operation Phase

Deal Points from the 2006 Development and Management Agreement with Texas Horse Park, Inc.

General Deal Points:

- Term of agreement will be 20 years with two 5-year options to renew.
- The **Texas Horse Park** will be dedicated to the preservation and expansion of Texas' equestrian tradition by providing a venue for education, competition and community involvement in horse-related and other agricultural activities.
- The City of Dallas and the Texas Horse Park, Inc. (THPI) will share the cost of the development. Phase I is estimated to cost \$30 million.
- City of Dallas (City) will retain ownership of the premises and all improvements.
- THPI will operate the facility.

Deal Points

General Deal Points – continued

- Construction funding must be in place prior to award of construction contracts.
- City's total share consists of \$12M in funding included in the 2006 Bond Program, with an additional \$2.56M funded as a part of the Trinity River Corridor project in the 1998 Bond Program.
- THPI's share of \$15M will be from private fundraising, naming opportunities, grants, etc.
- The Agreement may be terminated by either party for cause after the "notice and opportunity to cure" period expires.
- No termination for convenience clause will be included.

Deal Points

City – Responsibilities and Rights

Construction and Development Phase:

- City will award and manage design and construction contracts.
- City will not be obligated to proceed with construction award until THPI has transmitted to the City 100% of its full share of the development costs.
- If THPI's \$15M share of development costs and \$500,000 for operating account are not raised by THPI within 24 months following contract approval, the following options can be exercised by the City:
 - 1) Negotiate a reduced scope for Phase I Development with THPI
 - 2) Delay the project until additional funds can be raised by THPI
 - 3) Terminate Agreement and then City could proceed with one or more of the following options:
 - a) Proceed with the original or modified Master Plan with a different operator
 - b) Cancel project and reprogram the bond funds

Deal Points

THPI - Responsibilities and Rights

Construction and Development Phase:

- THPI is responsible for all development costs for the project in excess of the City's committed funds.
- THPI shall have the right to provide representation on the project team.
- THPI can make future capital improvements subject to City approval.

Deal Points

City - Responsibilities and Rights

Operation Phase:

- City will provide THPI a total of \$1M, per the schedule below, to support the cost of operations, subject to appropriations and THPI having raised their \$15M share of development costs
 - \$250,000 –The year prior to opening (FY 2007-08)
 - \$300,000 –The first year of operation (FY 2008-09)
 - \$250,000 –The second year of operation (FY 2009-10)
 - \$200,000 –The third year of operation (FY 2010-11)
- City will have the right to reserve the facility up to six dates per year, at no charge.
- City will approve all rates, fees and charges.
- City will approve operating hours.
- City will provide maintenance for off-site equestrian trails that connect to the THP development and on-site “hike and bike” spine trails that connect other components of the trail system to the THP.

Deal Points

THPI – Responsibilities and Rights

Operation Phase:

- THPI will maintain their 501(c)(3) tax exempt status as a not-for-profit corporation.
- THPI is responsible for payment of all maintenance and operating expenses, including all utility costs.
- THPI agrees to provide the City with a plan to provide community outreach and service activities and an annual report on these activities.
- THPI will provide daily and major maintenance of facilities, except for off-site trails that connect the facility with other components of the Great Trinity Forest or Trinity River Corridor.
- THPI will provide an Executive Director responsible for oversight of the Texas Horse Park's, contracts, events and leasing of the facilities.

Deal Points

THPI – Responsibilities and Rights

Operation Phase – continued:

- The Executive Director will employ an on-site Manager and other necessary personnel for daily operation of the facilities and will maintain the scheduled and committed hours of operation.
- THPI will plan the promotion, marketing, advertisement and public relations at THPI's sole expense.
- THPI will enter into concession contracts.
- THPI will purchase all materials, equipment and supplies needed to operate the facility.
- THPI will provide City with an annual budget.
- THPI will establish an operating account of \$500,000.
- THPI will maintain insurance as specified in the contract.
- THPI will comply with City's Good Faith Effort Program.
- THPI will comply with City's indemnification provision.

Deal Points

THPI – Responsibilities and Rights

Operation Phase – continued:

- THPI will comply with all regulatory requirements.
- THPI shall pay to City 20% of any annual net revenues. Net revenues are defined as revenues remaining after operating expenses, operating reserves, major maintenance reserves, capital reserves and the requisite cash flow for the following quarter of operations are all met, as described in the business plan.