

Memorandum



CITY OF DALLAS

DATE April 15, 2019

TO Honorable Members of the Quality of Life, Arts & Culture Committee: Sandy Greyson (Chair), Mark Clayton (Vice Chair), Rickey D. Callahan, Jennifer S. Gates, Scott Griggs, B. Adam McGough, Omar Narvaez

SUBJECT **Proposed Lease with the Dallas Theater Center for the Kalita Humphrey Theater**

On Monday, April 22, 2019, you will be briefed on the Proposed Lease with the Dallas Theater Center for the Kalita Humphrey Theater.

Briefing materials will be posted to the City's website on Friday, April 19, 2019 following the Arts & Culture Advisory Commission meeting Thursday, April 18, 2019. Please find meeting information below:

April 18, 2019 at 4:30 PM
Dallas City Hall, Park Board Room
1500 Marilla St., 6FN
Dallas, Texas 75201

<https://dallascityhall.com/Pages/watch-city-meetings-online.aspx>

Please feel free to contact me if you have any questions or concerns.

A handwritten signature in blue ink that reads "Joey Zapata".

Joey Zapata
Assistant City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (I)
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

Proposed Lease with the Dallas Theater Center for the Kalita Humphreys Theater

Quality of Life, Arts and Culture
April 22, 2019



City of Dallas

Jennifer H. Scripps, Director
Office of Cultural Affairs

Presentation Overview

- Purpose
- Background
- Proposed New Lease Agreement
- Staff and Commission Recommendations
- Next Steps

Purpose

- Review proposed key new lease terms for the Kalita Humphreys Theater
- Request the Committee's support for City Council action and approval of proposed lease

History (1 of 2)

- 1959: DTC built the Kalita Humphreys Theater, designed by Frank Lloyd Wright
- 1968: Education wing added
- 1974: DTC donated the building to the City
- 1983: Interior of the theater altered, parking added, and Heldt Annex built on a now 9-acre site
- 1989: Porte-cochere enclosed, and lobby substantially expanded

History (2 of 2)

- 2005: Kalita designated as a Dallas Historic Landmark with the original 1959-1960 configuration designated as the primary period of significance
- 2006: Bond program funds Master Plan study, led by Booziotis & Company Architects and project architect/planner, Ann Abernathy, AIA
- 2010: Master Plan completed but never formally adopted by City Council

Background:

- The Kalita Humphreys Theater is an important cultural asset in need of investment and repair:
 - Historic home of Dallas Theater Center (DTC) designed by Frank Lloyd Wright
 - No major capital investment since 1989
 - The current operating model for the Kalita is based on the 1974 contract, which recognized DTC's legacy, but expired in 2011

Key Considerations:

- In addition to the Wyly Theater in the ATTPAC complex, the DTC performs regularly in the Kalita
 - Uptown Players and Second Thought Theater are also major sub-tenants
- Theater space is a premium in Dallas; at 491 seats, the Kalita is a workable size for several users
- The Heldt Annex building includes critically needed black box and rehearsal spaces
- A new agreement will need to consider the priorities of the Cultural Plan and a vision for the Kalita for the next generation

Prior Public Input Opportunities:

- November 15, 2018: Arts and Culture Advisory Commission - 2010 Master Plan Briefing
- February 21, 2019: Dallas Theater Center Update and Briefing on Proposed Kalita Humphreys Theater Lease Extension
 - Kalita Task Force formed of Arts and Culture Advisory Commissioners
- April 18, 2019: Kalita Task Force Briefing to Arts and Culture Advisory Commission with Recommendations for DTC Lease



Task Force/Commission Process:

- Task Force members:
 - Commissioner Jayne Suhler, District 11, Task Force Chair
 - Commissioner Chair John Paul Batiste, District 4
 - Commissioner Jesse Smith, District 9
 - Commissioner Linda Blase, District 2
 - Commissioner Grady McGahan, At-Large
- Tours of the Kalita Campus (open to the full Commission):
 - December 7, 2018
 - January 8, 2019
 - March 12, 2019 with Ann Abernathy
 - March 19, 2019 with Ann Abernathy

Task Force/Commission Process (cont'd):

- Key Stakeholder meetings:
 - Uptown Players – March 12, 2019
 - Second Thought Theatre – March 12, 2019
 - Ann Abernathy – March 12, 2019
 - Landmark Commission Chair, Katherine Seale – March 19, 2019
 - Dallas Theater Center – April 2, 2019
- Additional Task Force meetings:
 - March 6, 2019
 - April 2, 2019
 - April 10, 2019

Kalita Task Force Recommendations:

- Lease with DTC should be renewed for 5 years and include additional services, to be completed within the initial year:
 - An Equitable Access Plan for the Kalita and Heldt
 - An update to the 2010 Master Plan for the Kalita, the Heldt, and the surrounding 9.87 acres of park land
- While robust and comprehensive, the 2010 Master Plan requires an update:
 - Did not receive then, and lacks now, broad support from the theater community
 - Current usage by three anchor tenants makes the scheduling more challenging than previously assumed
 - A better understanding of operations (a business plan) is needed
 - Components of the ancillary buildings have not been agreed upon
 - Original cost estimates (\$24M in 2010) need revisiting
 - Passage of the 2018 Cultural Plan makes cultural equity and support for sustainable theater operations more of a focus

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Equitable Access Plan

- Complete Plan in Year 1 for the Kalita and Heldt, which will include effective policies and procedures:
 - For non-resident groups to book the spaces
 - Utilize basic sound and lighting equipment and technical support
- During Years 2 through 5, the booking calendar should be submitted to the Director of OCA for approval:
 - Any changes to sublessee dates must have prior consent

Equitable Access Plan (cont'd)

- DTC and Uptown Players retain their status as primary and secondary anchor tenants at the Kalita
- Second Thought Theater retain its status as anchor tenant at the Heldt or any future replacement building
- The plan requires, at a minimum, that the following number of weeks are reserved for non-resident groups at the Kalita and the Heldt:
 - Year 3: 4 weeks reserved for non-resident groups
 - Year 4: 8 weeks reserved for non-resident groups
 - Year 5: 12 weeks reserved for non-resident groups

Maintenance and Use

- DTC must maintain the Kalita and Heldt in a clean, safe condition and in good order and repair
 - DTC should not be responsible for capital repairs
- During Years 2 through 5, DTC should provide designated office and storage space and props and costume design space for use by sublessees concurrently with the main stage/space

Recommendations for an Updated Master Plan:

- Select a consultant/team with historic restoration and theater design experience
- Form a steering committee of diverse stakeholders
- Renovations for interior spaces should be based upon additional contemporary feedback from the performing arts community
- Completion of a support building should precede renovation or replacement of the Heldt
- Allow for the restoration of the exterior of the Kalita to the 1959-60 period of significance

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Arts and Cultural Advisory Commission:

- The Commission had a in-depth discussion regarding the Task Force Recommendations:
 - Conversation focused primarily on the Equitable Access Plan
- ACAC desires equity faster: Year 3 recommendation acknowledges that programming is booked for next two years and that we cannot displace current users
- ACAC asked “Why now?”: The DTC has been without a lease for 8 years and is willing to step up to fund this update to the Master Plan and address equitable access, two strong desires of our cultural community
- ACAC wants to ensure that DTC can steward the update: The Task Force is honoring their 60+ year legacy in the building and the Steering Committee will be formed to represent all viewpoints and stakeholder concerns

Arts and Cultural Advisory Commission:

- On April 18, 2019, the ACAC voted to support a five-year lease agreement between the City of Dallas and Dallas Theater Center for the Kalita Humphreys Theater, subject to the major deal points recommended by the Commission's Task Force:
 - ACAC recommended wording changes (“should” changed throughout Task Force Memo to “shall”)
 - ACAC stressed the need for strong legal language to bind DTC in creation and implementation of the Equitable Access Plan
 - Vote was 9 to 5, with 2 Commissioners absent

Next Steps

- Request the Committee's support for City Council action and approval
- Resolution accepting the lease agreement is scheduled for June 12, 2019

Proposed Lease with the Dallas Theater Center for the Kalita Humphreys Theater

Quality of Life, Arts and Culture
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Jennifer H. Scripps, Director
Office of Cultural Affairs

Appendix



Kalita Task Force

MEMORANDUM

DATE: April 18, 2019
TO: Arts and Culture Advisory Commission
CC: Director of the Office of Cultural Affairs
FROM: Kalita Task Force
RE: Executive Summary of the Kalita Task Force Recommendations

This memorandum sets forth the recommendations of the Kalita Task Force (the "Task Force") of the Arts and Culture Advisory Commission (the "Commission") regarding (1) an extension to that certain Lease dated September 26, 1973 (as amended, the "Lease") between the City of Dallas (the "City") and the Dallas Theater Center ("DTC") for the Kalita Humphreys Theater (the "Kalita"), and (2) the Dallas Theater Center Master Plan (the "Original Master Plan") commissioned by the Office of Cultural Affairs ("OCA") in 2008 and completed in 2010. The full report containing the Task Force's work, analysis and recommendations will be delivered separately to the Commission.

#1: Lease Extension:

A. Overview:

As further detailed below, the Task Force concluded that the Lease with DTC should be renewed for 5 years and include certain performance benchmarks such as timely completion of (1) an equitable access plan (the "Equitable Access Plan") for the Kalita and the Heldt Administration Building (the "Heldt"), and (2) an update to the Original Master Plan (the "Updated Master Plan") for the Kalita, the Heldt, and the surrounding 9.87 acres of park land (collectively, the "Kalita Campus").

B. Recommendations:

TERM	RECOMMENDATION
1. Term	The term of the Lease should be extended for 5 years, beginning upon the execution of the Lease and ending 5 years thereafter.
2. Rent	Annual base rent should remain \$1/year.
3. Equitable Access Plan	During Year 1 of the extension term, DTC should be obligated to complete the Equitable Access Plan for the Kalita and the Heldt, which at a minimum should include (i) -effective policies and procedures for non-resident groups (i.e. groups other than DTC, Uptown Players and Second Thought Theater) <u>(i)</u> to book and use the Kalita and the Heldt, and (ii) <u>to utilize</u> basic sound and lighting equipment for rent and technical support for non-resident groups . The Equitable

	<p>Access Plan should be presented to the Commission for recommendation and approved by the Director.</p> <p>Implementation of and compliance with the Equitable Access Plan should be an obligation of DTC under the Lease. Accordingly, during years 2 through 5 of the extension term, (i) the booking calendar for the Kalita and the Heldt's upcoming calendar year should be submitted to the Director of OCA (the "Director") for approval and (ii) any changes to sublessee (i.e. groups other than DTC) dates must have sublessee's prior consent.</p> <p>The Task Force recommends that DTC and Uptown Players retain their status as primary and secondary anchor tenants respectively at the Kalita, Second Thought Theater retain its status as anchor tenant at the Heldt or any future replacement building, and the Equitable Access Plan require, at a minimum, that the following number of weeks are reserved for non-resident groups at the Kalita and the Heldt:</p> <ul style="list-style-type: none"> A. Year 3: 4 weeks reserved for non-resident groups. B. Year 4: 8 weeks reserved for non-resident groups. C. Year 5: 12 weeks reserved for non-resident groups.
<p>4. Updated Master Plan</p>	<p>During year 1 of the extension term, DTC should be obligated to create (i) <u>to complete</u> the Updated Master Plan, <u>by the end of year 1 of the extension term,</u> and (ii) <u>to, in good faith, participate in the creation of</u> a separate non-profit (a "Manager") to implement the Updated Master Plan and manage the Kalita Campus, similar to the construct adopted by the City and the Dallas Zoo- <u>(unless the Updated Master Plan recommends or requires a different management structure).</u></p> <p>As further detailed in <u>Section #2</u> regarding the Updated Master Plan, DTC should (i) hire an independent third party consultant with relevant experience with historic buildings and theater design and (ii) form a steering committee of interested parties, both of which should be requirements of the Lease.</p>
<p>5. Implementation of Equitable Access and Updated Master Plan</p>	<p>During years 2 through 5 of the extension term, DTC should be obligated to implement the Equitable Access Plan and use reasonable best efforts to assist the Manager in fundraising for the implementation of the theater-related elements of the Updated Master Plan.*</p>
<p>6. Subleasing</p>	<p>DTC should sublease the Kalita and the Heldt at market rates.</p>
<p>7. Maintenance; Use</p>	<p>During the extension term, DTC must maintain and cause its sublessees to maintain the Kalita and the Heldt in a clean and safe condition and in good order and repair, however, to clarify, DTC should not be responsible for capital repairs under the Lease during the extension term.</p> <p>During years 2 through 5 of the extension term, DTC should provide some designated office and storage space and props and costume design space in the Kalita for use by sublessees concurrently with the main stage/space, and Second Thought should do the same with respect to the Heldt office space.</p>

8. Assignment	The Lease may be assigned by the City to the Manager.

#2: Master Plan:

A. Overview:

The Task force concluded that the Original Master Plan is sound and valuable work product, however the age of the Original Master Plan (~10 years), the current usage and needs of DTC, Uptown Players and Second Thought Theater, the need for updated cost estimates from the Original Master Plan, and the passage of the City's 2018 Cultural Plan (the "Cultural Plan") require that the Original Master Plan be updated.

B. Recommendations:

TERM	RECOMMENDATION
1. Updated Master Plan	DTC should lead the process of creating the Updated Master Plan for the Kalita Campus.
2. Consultant	An independent third party consultant with relevant experience with historic buildings and theater design (" <u>Consultant</u> ") should be hired by DTC to create the Updated Master Plan.
3. Steering Committee	A balanced steering committee of interested parties should be formed by DTC and the Consultant in consultation with the Director and approved by the Commission. By way of example, interested parties might include representatives from DTC, Uptown Players, Second Thought Theatre, small and mid-size arts groups interested but not currently performing in the Kalita, Preservation Dallas, the Oak Lawn Committee, Friends of the Katy Trail, an AIA architect with experience in historical restorations and renovations, and the Commission and Park Board.
4. Management	The City should contract with the Manager and the Manager should be charged with management of the Kalita Campus and fundraising for and implementation of the Updated Master Plan. The Task Force recommends a relatively small board and the management contract with the City should require appropriate representation from interested parties.
5. Original Master Plan – Key Recommendations	The Task Force recommends that the Updated Master Plan address the key recommendations of the Original Master Plan (see below), subject to the following clarifications: <ul style="list-style-type: none"> A. The interior of the Kalita should be renovated based upon additional feedback from the performing arts community. B. Completion of a support building should precede renovation or replacement of the Heldt. C. The Updated Master Plan should allow for the restoration of the exterior

	<p>of the Kalita to the 1959-60 period of significance. However, unless the architectural and preservation community and/or the City has secured the funds necessary for the restoration of the exterior, items A (renovation of the interior) and B (completion of the support building) should precede the full restoration of the exterior.</p> <p>Key Recommendations of Original Master Plan:</p> <ul style="list-style-type: none"> A. Restore the Kalita as a unique creative venue with modern functionality and upgrades; B. Restore/rehabilitate the Kalita architecture, Frank Lloyd Wright's only theater fully designed and built during his lifetime, to the period of greatest significance; C. Create a "Support Building" that fully supports current space needs including performance and rehearsal space, storage, concessions, orientation, archive and offices; D. Plan for a third "Expansion Building" to meet demand for a small additional performance venue; E. Integrate the Kalita into its natural setting as a focal point for the park; F. Restore and enhance the Turtle Creek park land and improve parking areas for aesthetics, convenience and safety; G. Increase accessibility, activity, and connectivity of the project area; and H. Bring together advocates and owners in a public/private collective operation to ensure good stewardship for the future with a management entity that fills current gaps.
6. Timing	<p>In accordance with the Lease, the Updated Master Plan should be completed within a year and in time to reach the floor of the Dallas City Council by August, 2020.</p> <p>The City's contract with the Manager should also include fundraising benchmarks to align with the City's next bond program.</p>

KALITA TASK FORCE:

Jayne Suhler, Chair

John Paul Batiste

Linda Blase

Grady McGahan

Jesse Smith

TO: City of Dallas Office of Cultural Affairs and the Arts & Culture Advisory Commission

FROM: Kalita Humphreys Theater Task Force: John Paul Batiste (ACAC chairman); Linda Blase; Grady McGahan; Jesse Smith; Jayne Suhler (chair)

DATE: April 18, 2019

The Kalita Humphreys Theater Task Force (the Task Force) was formed in February, 2019 to provide recommendations to the Office of Cultural Affairs for a short-term lease with the Dallas Theater Center (DTC). DTC built the Kalita Humphreys Theater (KHT) in 1959, donated the building to the City of Dallas in 1974, and has been leasing it back from the city ever since. The lease with DTC has expired and is currently in holdover status.

The Task Force was also charged with providing recommendations regarding the future of the theater, which is in desperate need of investment and repair, the aging Heldt Administration Building adjacent to the theater, and the 9.87 acre tract of land on which the buildings sit. This work centered around the 2010 Master Plan commissioned by the City of Dallas. The plan was prepared, but never adopted by the Dallas City Council.

The Task Force spent approximately seven weeks 1) studying the 2010 Master Plan, the landmark designation report, financial and usage statements provided by DTC, and other related documents, 2) absorbing the rich history of KHT and DTC, and 3) touring the KHT, the Heldt, and the surrounding park.

We also went on a listening tour, meeting with a wide range of people with varied views about the future of KHT: arts groups, arts patrons, architects, historical preservationists, city officials, neighbors, businesspeople, and others. We had lively and productive discussions with DTC, Uptown Players (UP), Second Thought Theater (STT), Ann Abernathy (a critical participant in the drafting of the 2010 Master Plan and a member of KHT at Turtle Creek Conservancy), Katherine Seale (the head of Dallas' Landmark Commission), and OCA staff.

We spent a significant number of hours together in sometimes spirited, but always thoughtful, discussion. Our goals were to provide a pathway to:

1. address and fund the deferred critical maintenance issues by restoring and renovating the existing building(s),
2. create a sustainable management approach for the campus,
3. develop a schedule that will open up space to other groups to address the priorities of equitable access under the 2018 Dallas Cultural Plan.

The Task Force was inspired by the discovery process. The amount of talent, excitement, and history that we encountered made us proud of our city. We approached our work not as interested parties to the project, but as volunteers in search of what is best for Dallas. It is from that viewpoint that we render the recommendations set forth in the executive summary.