

# Memorandum



CITY OF DALLAS

DATE April 12, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT Proposed Lease of the Meyerson Symphony Center

On March 25, 2019, the Quality of Life, Arts and Culture Committee was briefed on the proposed 5<sup>th</sup> Amendment to the Use Agreement for the Morton H. Meyerson Symphony Center (“The Meyerson”), which would amend the agreement to become a 99-year lease of the land and improvements to the Dallas Symphony Association, Inc. (DSA), and shift all operation and maintenance costs of the property to the DSA following a six-year wind-down of the City’s financial support for such costs.

Opened in 1989, the Meyerson was built through a public/private partnership with the DSA raising over \$54 million in private support to match the City’s bond contribution of \$49.3 million. Presently, the City’s Office of Cultural Affairs manages and operates the facility, with considerable support from Building Services, and the DSA is the primary user, providing a year-round season of classical music concerts, outreach and school programs, and other special concerts at the Meyerson. The City funds all operation and maintenance for the facility at a net loss of approximately \$1.6 million annually in recent years.

Under the proposed amendment, the City will spend existing bond funds on voter approved capital projects and provide financial support over a six-year period for the City’s other deferred maintenance obligations and to assist with DSA’s operation of the facility as they ramp up their earned income. As requested by the Committee, a year-by-year profit-loss summary for the wind-down period is below.

Years one and two will require an additional investment by the City of approximately \$1.4 million annually, and \$937,000 in year three, to address the deferred maintenance issues, but by year four, the City will begin saving money. We propose the utilization of debt repayments from convention center funds in the first three years to offset the temporary cost increase. There will be no budget reductions to existing cultural service programs to cover this expense.

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	Six Year Commitment							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
	FY 2018-19 Adopted	FY 2019-20 Proposed	FY 2020-21 Proposed	FY 2021-22 Proposed	FY 2022-23 Proposed	FY 2023-24 Proposed	FY 2024-25 Proposed	FY 2025-26 Proposed
<b>Revenue</b>	744,883	0	0	0	0	0	0	0
<b>Expense</b>	2,308,083	3,000,000	3,000,000	2,500,000	1,500,000	750,000	750,000	0
<b>Profit (Loss)</b>	(1,563,200)	(3,000,000)	(3,000,000)	(2,500,000)	(1,500,000)	(750,000)	(750,000)	0
<b>Break Even</b>		(1,436,800)	(1,436,800)	(936,800)	63,200	813,200	813,200	1,563,200
<b>Convention Center Repayment</b>		1,436,800	1,436,800	936,800	0	0	0	0
<b>Net Benefit to City</b>		0	0	0	+63,200	+813,200	+813,200	+1,563,200

With the City’s financial commitment to address deferred maintenance, the DSA will commit to raising \$5 million privately over the next five years and to completing at least \$5 million in capital improvements by 2029.

In addition to the financial terms of the agreement, the DSA has agreed to grandfather OCA-supported arts organizations at current rent and fee rates for 10 years and has agreed to extend a number of other benefits and assurances to these key partners. The briefing to the Quality of Life, Arts and Culture Committee with these details and other deal points can be found online at <https://bit.ly/2CXsPaR>.

This proposal is consistent with, and furthers the goals of, the *Dallas Cultural Plan 2018* through multiple initiatives of the Sustainable Arts Ecosystem priority, which suggests renegotiating the operating agreements for the city’s largest cultural facilities to release resources for more equitable support of cultural organizations and individual artists. The Arts and Culture Advisory Commission unanimously approved a recommendation in support of this proposal on March 21, 2019, and on March 25, 2019 the Quality of Life, Arts and Culture Committee unanimously approved a motion to advance this proposal for full City Council consideration.

Please let me know if you have questions or require additional information.

Joey Zapata  
 Assistant City Manager

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C: T.C. Broadnax, City Manager  
Chris Caso, City Attorney (Interim)  
Biliera 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 Aleqresh, Chief Innovation Officer  
Directors and Assistant Directors