

Memorandum



CITY OF DALLAS

DATE November 13, 2015

TO Honorable Members of the City Council

SUBJECT The Future of Fair Park briefing

On Wednesday, November 18, 2015, the City Council will be briefed on The Future of Fair Park. The briefing materials are attached for your review.

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

A handwritten signature in black ink, appearing to read 'Michael S. Rawlings'.

Michael S. Rawlings
Mayor

c: A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

THE FUTURE OF FAIR PARK

*Fair Park - The “Crown Jewel” of the region...an under-utilized asset **with great potential***

**DALLAS CITY COUNCIL BRIEFING
NOVEMBER 18, 2015**

Walter J. Humann

PRESENTATION AGENDA

- OBJECTIVES
- ASSETS - The “GEMS” OF FAIR PARK
- PROBLEMS - The “FLAWS” IN THOSE GEMS
- PERCEIVED PROBLEMS - “THE MYTHS”
- RECOMMENDATIONS
- NEXT STEPS
- Q & A - COMMENTS - SUGGESTIONS
- CLOSING REMARKS

FAIR PARK OBJECTIVES

- **Provide Great Experience for Visitors - Weekdays, Weekends, Evenings – Year Round**
- **Provide Excellent Employment Opportunities**
- **Attain Full Potential – Preserve Successes**
- **Gain Broad Community Support**
- **Resolve Fair Park’s Current Problems**
- **Long Term - Financial Strength & Quality**
- **Help Adjacent Neighborhoods Improve**

The Assets of Fair Park

- **Talented, Staff –** Over 350 F.T., 3,500 P.T. Employees
- **One of Nation's Largest Parks – 277 Acres**
- **Cultural, Historical, Museum, Entertainment & Sports Venue**
- **Home of the Largest State Fair in America –**
Fair since 1886,
- **Variety of Multi-Purpose Buildings**

The Assets of Fair Park

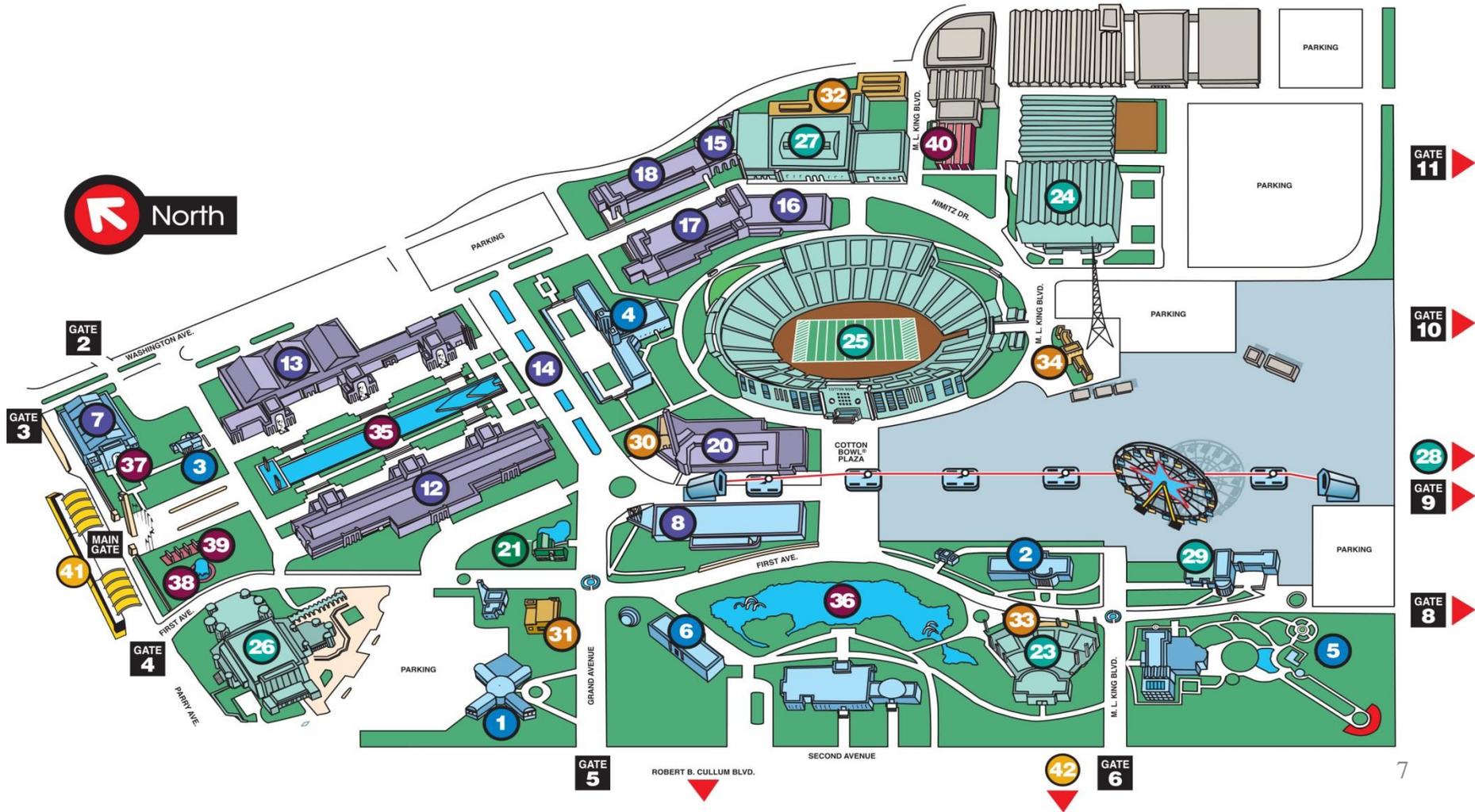
- **National Historic Landmark** - Art Deco Building Architecture built for the 1936 Texas Centennial Exposition. Largest Art Deco Structures in Nation
- **Part of Dynamic North Texas** — *The Economist article*
- **Abundance of Unique Venues and Grounds to Increase the current 6,000,000 +/- Visitors**
- **Potentially a \$1.0+ Billion enterprise.**

\$ 1.0 Billion Potential Value of Park

- **277 Acres of Prime Land**
- **Improvements** – 1,000,000 sq.ft., water features, parking for 100,000+ visitors, streets, Midway complex, landscaping, art deco
- **Center of Employment** – Full Time = 350, Part Time = 3,500
- **Contributions of Sales and Use Taxes**
- **Convention and Visitors Impact**
- **Potential to Improve Adjacent Neighborhoods**
- **On-Going Business Activity of Fair Park Resident Institutions & Park Events Operating in the Area**

FAIR PARK, TX

One fun thing leads to another.



Map of Fair Park



REAL PROBLEMS

- 1. Poor to Very Poor Condition of Buildings**
- 2. Too little “green in park”, too many parking lots - asphalt & concrete.**
- 3. Lack of Significant, Sustained Funding Operating & Capex – Public & Private Funds.**
- 4. Lack of Management Structure to Manage \$1+ billion enterprise with a coherent vision.**

REAL PROBLEMS - Continued

- 5. Lack of Fair Park Marketing, Communication, Public Relations, Government Relations**
- 6. Key Museums have moved out – not coming back while Numerous Events Relocated Elsewhere**
- 7. Lack support from region's leadership**
- 8. Perceived Problems – “Myths”**
 - (a) Unsafe (b) Inaccessible (c) Dirty**
 - (d) Surrounding areas (e) Fair Park = State Fair of Texas**

POOR CONDITION OF ASSETS

- **Fair Park buildings are almost 80 years old.**
- **Examples of deterioration - Hall of State, Esplanade Walls, Food and Fabric Bldg.**
- **2011 Study - Documented \$103 million is needed just to correct major problems.**
- **2014 Task Force - Estimated \$494 million to Fix Properties**

Examples of Building Decay



HALL OF STATE BUILDING – FAIR PARK'S PREMIER BLDG

Examples of Building Decay



BUILDINGS ALONG ESPLANADE

Examples of Building Decay

- Food and Fiber Building



- Side Wall of Art Deco Building



FINANCIAL PROBLEMS

- **Declining and Sub-Par Financial Support**

Operating funds and CAPEX funding for Fair Park and for its institutions.
Economics Changed when SFT split from Fair Park Management in 1987

- **Operating/Capex – City to Fair Park Dept.**

Operating Subsidy paid in past 10 years-\$9 to \$11.5 mm/yr.

CAPEX Contribution paid in past 20 years - \$2 - 3 mm/yr.

- **Little Philanthropic Support is the Result**

- **Little Prospect for County, Suburbs, Texas or U.S.
Funding in the Near Term If City Does Not Help**

Operating Financial Needs

- **Present City Funding Does Even Cover Adequate Maintenance for Comparable Buildings**
- **Maintenance Periodic Replacement –**
 - **Buildings – 1 mm sf x \$10/sf**
 - **Parking Lots, Roads & Pathways –**
 - **Fountains, Lagoons**
- **Security**
- **Utilities**
- **Events Planning, Implementation**
- **Marketing**
- **Operations**
- **General & Administrative Costs**

MANAGEMENT PROBLEMS

- **There Is No Unified Management Structure To Manage Fair Park, A Multi-Faceted Enterprise**
- **Multiple Layers Are Required To Get Approvals**
- **Fair Park Institutions and Other Fair Park Entities Are Not Working As A Single, Cohesive Team.**
- **“Mess” Chart in 2001 - Still True Today**

Multiple Entities Involved in Fair Park

Dallas City Council

Parks & Rec Department

Fair Park Dept. - Dallas Landmark Comm.

Other City of Dallas Departments/Rules/Regs.



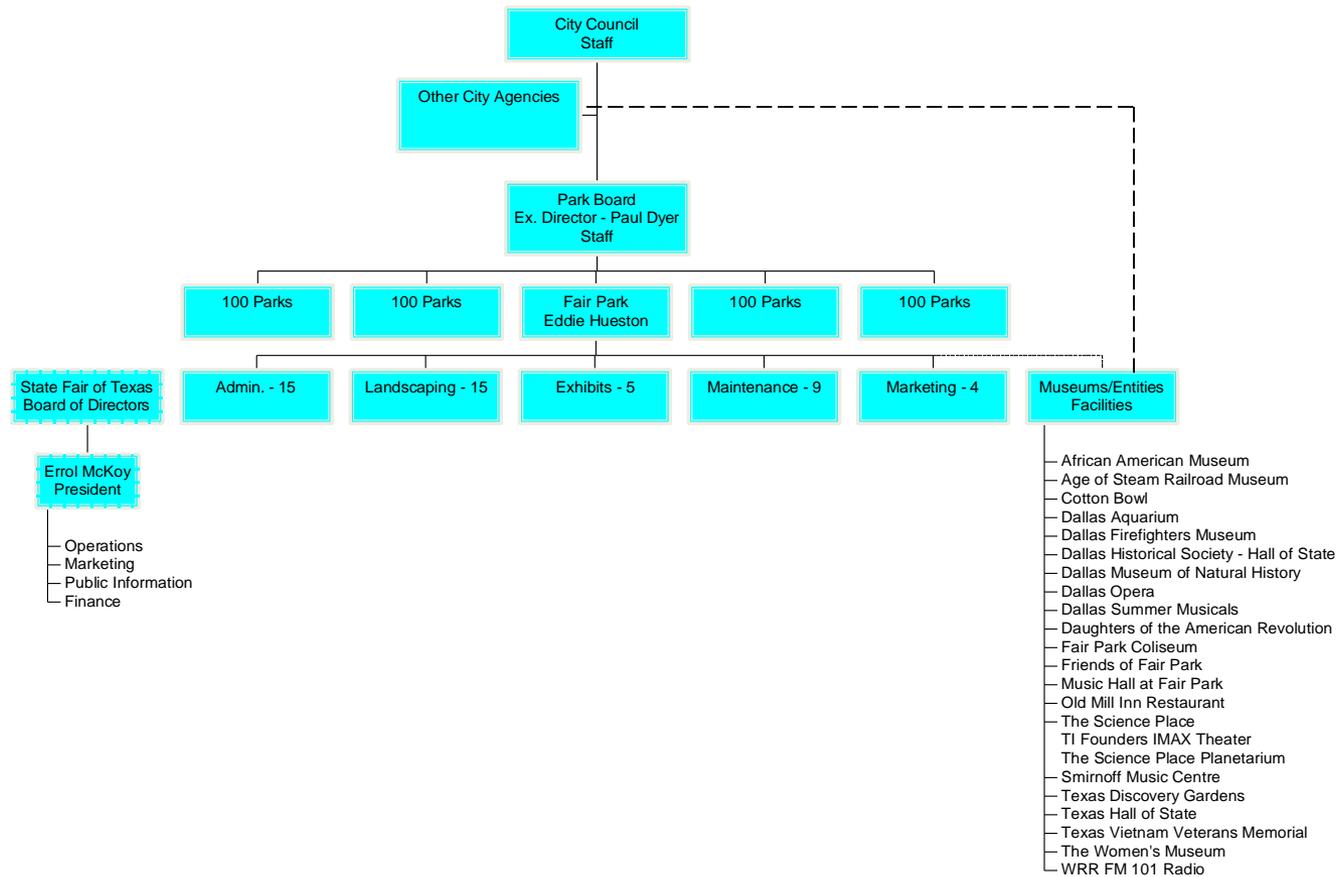
Fair Park

Resident Institutions – Events – Other

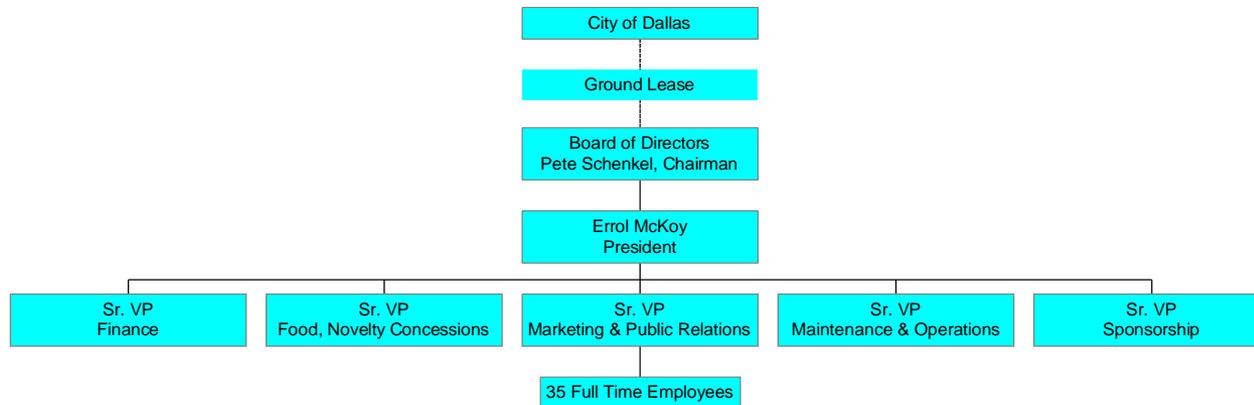
**Institutions Have Management Agreements with Extensions
thru Years 2049, 2045, 2028, 2025.**

2001 Organizational Structure

Same Structure Today



State Fair of Texas. Inc.



- Non-profit Corporation created in 1987
- Lease Grounds from City of Dallas for 3.5 months
- Controls all operations, maintenance, spending
- Separated from Fair Park operations

EXAMPLE OF COMPLEX DECISION & ACTIVITY MATRIX FOR THE SCIENCE PLACE

ACTIVITY/DECISION	TSP	City of Dallas									
		Cul Affairs Comm.	Dallas Park Dept	Fair Park Office	State Fair	City Mgr. Office	City Council	City Bldg Operations	Public Works	Landmark Comm.	Police Fire, Other
Selection of Board	X										
Financial Support											
Operational	X	X				X	X		X		
Capital	X		X	X							
Bond Funding	X		X	X			X				
Pricing of Product/ Discounts	X	X									
Maintenance											
Inside building											
Paint walls	X			X						X	
Utilities	X			X				X			
HVAC				X				X			
Remodel	X			X							
Outside Building											
Roof			X	X				X			
Landscaping				X				X			
Banners/signs	X									X	
Remodel	X		X	X		X	X		X	X	
Legal / Insurance	X					X					
Parking	X		X	X	X						
Advertising	X			X	X						
Fence Issues	X			X	X						
Event Scheduling Coordination	X			X	X						
Master Planning	X		X	X	X	X	X				
Security/Fire/Safety	X										X
Other											

VISION PROBLEMS

- **Fair Park Master Plans –Mostly Physical Plans**
 - 2000 Renaissance Plan – All Parks Plan
 - 2003 Hargraves Master Plan – Fair Park Only
 - 2014 Mayor’s Fair Park Task Force
 - 2014 *DiMambro/Don Williams Alternatives*
 - *HR&A Economic & Benchmarking Dallas Parks.*
- **No Plan Dealt With How To Pay For Plans !**
- **What is Fair Park in 10 years? 20 Years?**
- **How do you measure Success?**

MARKETING, COMMUNICATIONS P.R. & GOV'T RELATIONS PROBLEMS

- Little Overall, Aggressive Marketing Efforts Devoted to Entire Fair Park as a Single Entity
- Public Relations & Governmental Relations – Lacking these Vital Functions
- Competition now HUGE from Other Venues.
- Resident Institutions Do Limited Advertising
- Communication & Actions Needed to Dispel “Myths”.

PERCEIVED PROBLEMS –“MYTHS”

There are Significant Myths, but all can be real “market barriers”.

1. Fair Park is not safe – especially at night
2. Fair Park is not accessible
3. Fair Park is not clean
4. Fair Park is surrounded by some pockets of urban blight and decay
5. Fair Park Is Essentially The State Fair & Two Cotton Bowl Games

REALITY-Park Is Safe

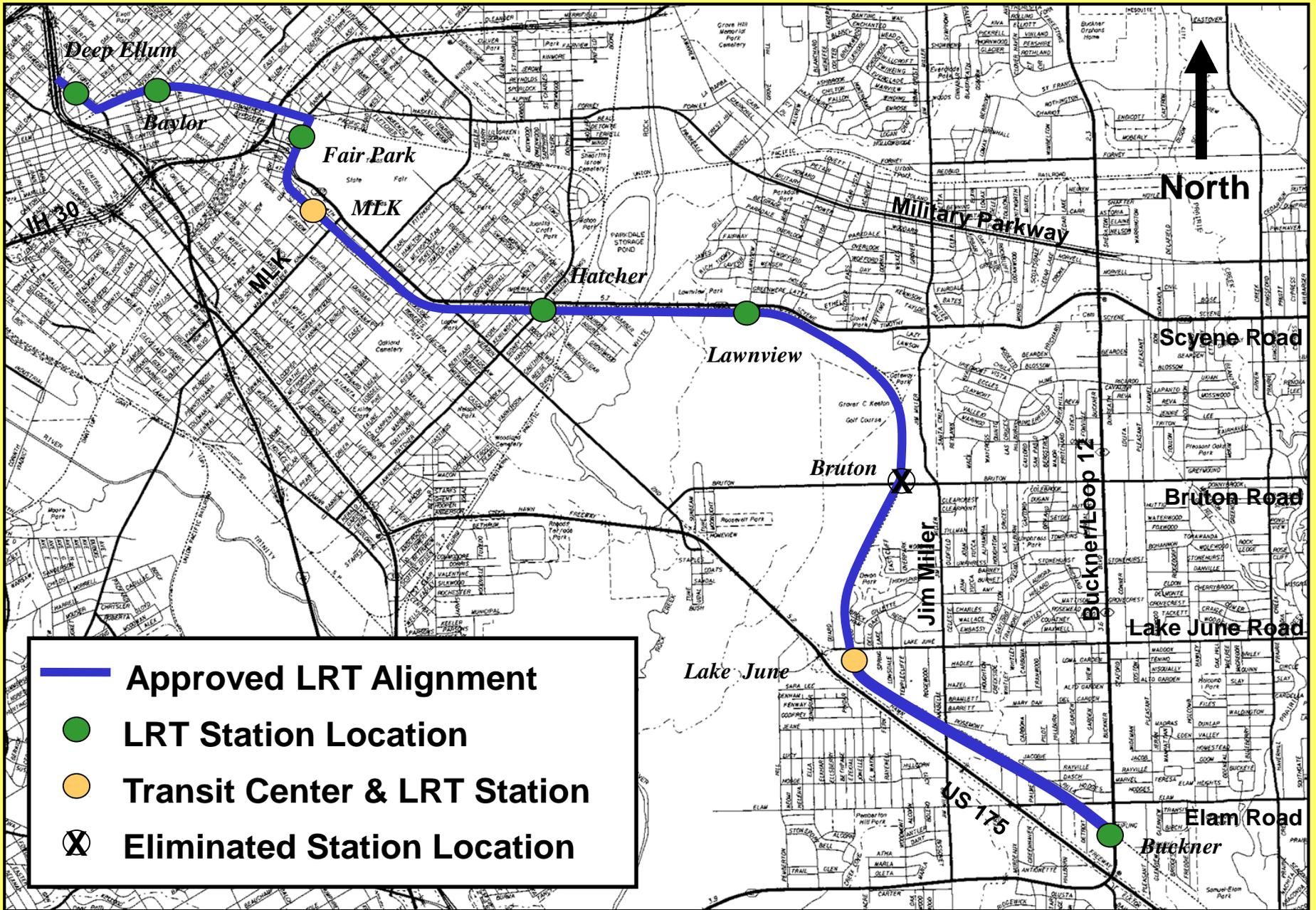
- Inside Fair Park is safer than Prominent Shopping Centers (2015 Dallas Police “Beat Report” on Fair Park.)
- Public information, better lighting, video cameras, DSM actions can to change negative perception
- Safety concerns decline when visitor activity increases – 6 Million plus visitors each year.
- Excellent Support by Police in the Park.
- Must Dispel Myth or Fair Park Will Continue Having Difficulty In Gaining More Visitors, Events, & Resident Institutions.

REALITY - PARK IS “ACCESSIBLE”

- Fair Park Centrally Located in DFW
- Excellent Highway access – I-30, I-45 & N.C.E
- DART Has Two Stations – Growing Popularity

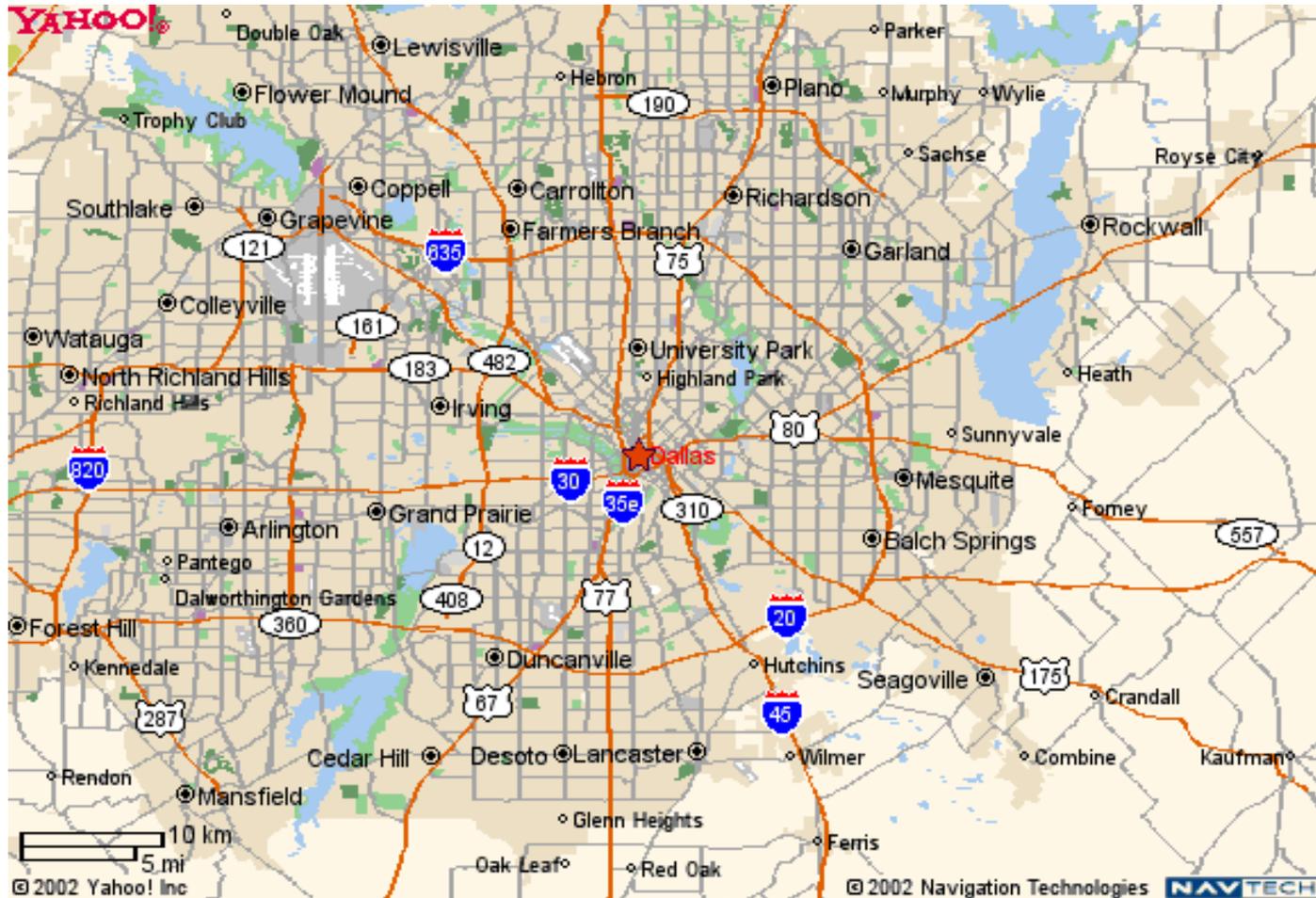
REALITY – CAN BE MORE ACCESSIBLE

- Improve Signage, Maps and Remote, Changeable Message Boards - NCE
- Improve Traffic Routing & Control
- Instruction to/from Fair Park and for Parking
- Improve Vehicle & Personal Entrances
- Provide A People Mover Within Fair Park
 - North Park
 - SW Medical School Shuttle
 - SMU

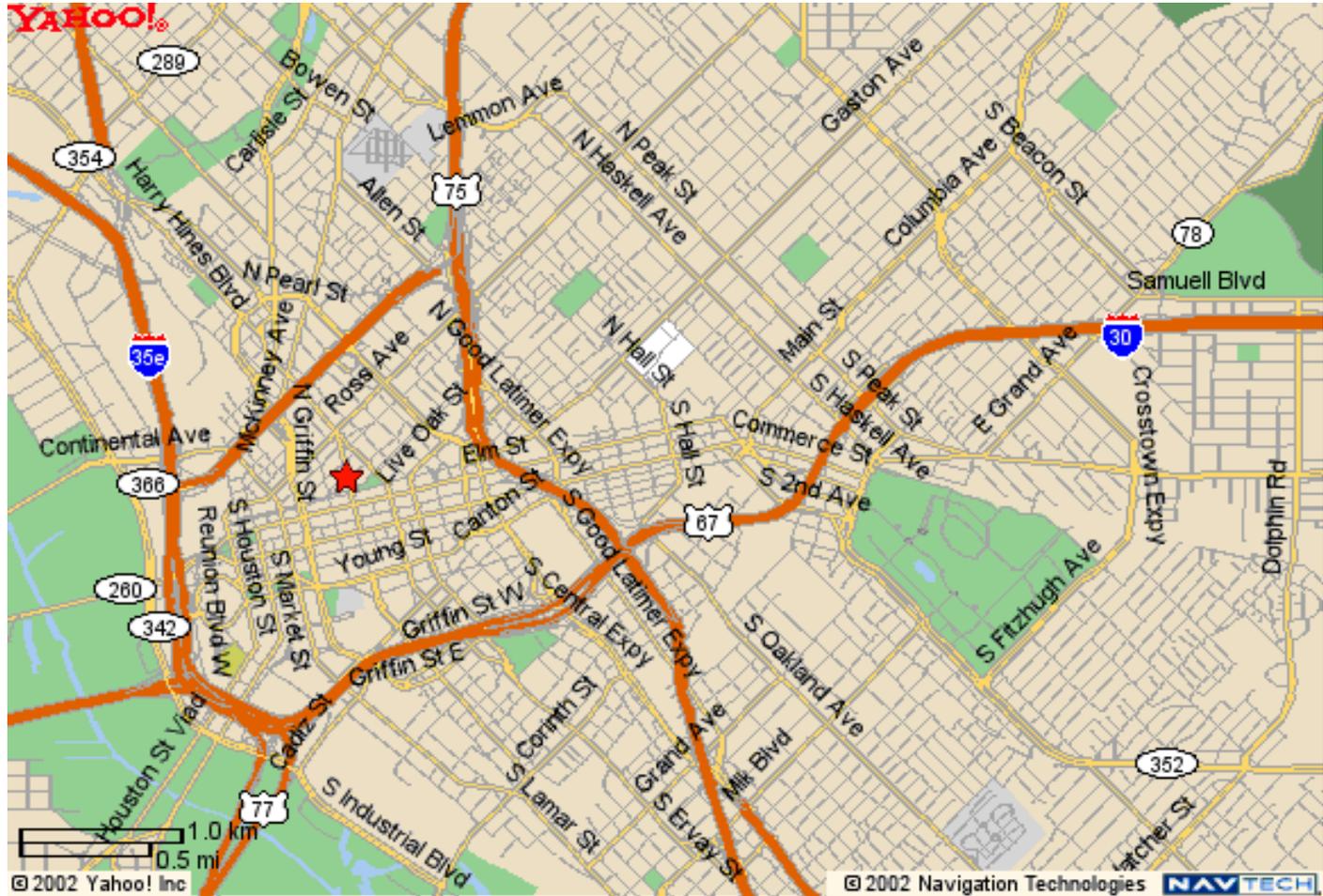


Southeast Corridor LRT Alignment and Station Location Vicinities

ACCESSIBILITY



ACCESSIBILITY



REALITY - PARK IS “CLEAN”

- Fair Park has beautiful landscaping – lacks attention after State Fair closes.
- Needs - Restoration of the art deco buildings, “coal town” look, cheap looking ground paving material, other improvements needed including more, clean and modern restrooms.
- The reflecting pond and other features have a “timeless” architecture look, but must be kept clean.

REALITY - PARK SURROUNDINGS HAVE BEEN GREATLY IMPROVED

- Cullum Blvd & MLK have been upgraded
- Jubilee Project –Revitalized immediate north
- Frazier Cts., Mill City --- City & DISD Have Provided More Improvements
- Commitment and Improvements in Fair Park will help adjacent neighborhoods.
- Public, Non-Profit and Private Entities MUST address urban blight & unemployment in selected areas around Fair Park

REALITY – A LOT GOING ON AT FAIR PARK BESIDES THE STATE FAIR

- While 3,000,000 +/- Visitors come to the State Fair...
- About 3,000,000 +/- visitors also come to over 1,000 separate, Non-State Fair events every year. Can and should double/triple that number – has Capacity
- Most Resident Institutions at Fair Park Have at least 100,000 +/- Visitors Each Year
 - Dallas Music Hall (DSM), Gexa/Live Nation, Hall of State,
 - African American Museum, Texas Discovery Gardens,
 - Children’s Aquarium, Old Mill Inn, Resident Institutions

RECOMMENDATIONS TO DRAMATICALLY CHANGE FAIR PARK

1. VISION
2. LEGAL
3. PHYSICAL ASSETS
4. FINANCIAL
5. MANAGEMENT
6. MARKETING
7. DISPEL “MYTHS” OR PERCEIVED PROBLEMS

VISION FOR FAIR PARK

- Develop a Consensus Vision and Secure Funding to Attain That Vision
- Fair Park Vision Should Be To: Entertain, Enlighten, Educate, Stimulate, Create, and Provide a Place for Quite Enjoyment at Reasonable Costs Every Day - Year Round
- Get busy attacking “low hanging fruit”
- There are a myriad of tasks to address which will help Fair Park
- Don't overly “contemplate your navel”

LEGAL

- Patterned after Zoo and Arboretum - A new, 501(c)(3) non-profit Entity would be formed ***“Fair Park Texas Foundation”***
- **City and Fair Park Texas Foundation** would sign a **Management Agreement** by May, 2016
- Fair Park would not be “Privatized”. Dallas will own all assets; Foundation will manage assets.
- Agreement Elements in a Term Sheet – T.B.E.
- Transaction would streamline and assign Resident Institution Management Contracts

LEGAL – TERM SHEET ELEMENTS

- Parks & Rec Dept. and Dallas City Council Would Approve the Long-Term, Management Agreement
- The City Would Pay An Annual Fee to the Foundation in exchange for its management of the Entire Fair Park
- All Current Contracts and Management Agreements between the City and Fair Park Entities would be Assigned to the Foundation

LEGAL – TERM SHEET ELEMENTS

- The Operations of the Foundation and the Institutions Operating in Fair Park would be transparent.
- An Independent, Outside Auditor Would Be Hired by the Foundation and Approved by the City Council. (The Foundation would also have an Internal Audit Function.)
- The Auditor Would Make Periodic Reports to the Foundation Board, Parks & Rec. Bd, & City Council

LEGAL – TERM SHEET ELEMENTS

- The Foundation Would be Governed by a 9 to 15 Board of Trustees. Trustees Serve – Pro Bono.
- Trustees Would Elect the Chair, CEO and Officers
- The Board will be a strong, diverse, active members. (*Suggestions would be welcome.*)
- The Initial Board would be approved by the Parks & Rec. Department and the Dallas City Council

LEGAL – TERM SHEET ELEMENTS

- No “Political Appointments” to the Board
- But there would be broad, diverse Advisory Board –
Parks & Rec Chair or Director., Community Reps (MLK,MC, JUB), Resident Institutions Chair or Director,
Experts
- Initial Chairman and CEO would also be presented at the time that Board approval is requested.
- Thereafter, Trustees would be elected to staggered, 3-year terms by the FPTF Board.

PHYSICAL ASSET IMPROVEMENTS

- Prioritize Capex “To-Do” List with available funds.
See Financial Recommendations to Meet Needs.
- Utilize historical buildings for rented functions – but must improve buildings first.
- Create additional green space by moving some parking – dual use and some underground. No above ground since they are visual barriers.
- Create additional water & light features

PHYSICAL ASSET IMPROVEMENTS

- Explore geothermal and solar energy sources to save utility costs. (DISD experience)
- Improve Access Corridors – Fitzhugh & 1st/2nd Avenue Entrance – DART Entrance
- Lower I-30 and install Entry “Deck Feature”
- Recruit Pro Bono Technical Support – Architects, Engineers, Operating Volunteers

FINANCIAL

- Need a Management Fee from City Rising to \$25 MM to \$35 MM – Ramp up from 2017 - 2020
- Need \$125 to \$175 MM in the next several Capital Bond Programs for Specific Improvements
- In the interim,
 - Use Operating Personnel to start attacking problems
 - Use Operating Surplus – to fix some problems.
 - Volunteers and Contributed In-Kind Help
- Assets are 80 years olds – Meant to last maybe 20 years.
- Shape up Assets BEFORE BI-CENTENNIAL – 20 yrs.

FINANCIAL

- Develop “Dashboard” Statistics
- Collect “hard” data on attendance, events
- Establish Independent, External Audit for FPTF and City of Dallas and Internal Audit Dept. to monitor F.P. Subsidiary Institutions
- Develop new accounting and control system for FPTF and insure reporting from Fair Park Resident Institutions
- Early years, use existing surpluses to augment Bond funds

PROPOSED MGT. ORGANIZATION

- Dedicated, Talented Staff in Fair Park – Engage them
- “Flatten” the Organization Chart
- Use Volunteer Teams to help each key area.
- See Organization Chart
 - Eliminate Complex, Time Consuming Approval Chain
 - Obtain Help from Existing Fair Park Organizations
 - Add New Employees over time – especially in Operations, Maintenance and Marketing/Communications
 - Initial Chair and CEO will work without compensation, if elected. In three years hire compensated CEO. Hard to recruit until we “Turn the Queen Mary”.

EXPANDED EVENTS/ACTIVITIES

Education – DCCC – Skills Training – Culinary arts, other trades

Sports and Athletic Facilities – Parking Lots - YMCA

New Business Incubator Space – Menlo Park.

Sports venues – Soccer, skating, skate board, jogging, other.

Arts and Crafts Facilities for Emerging Artists

Music & Dance & Light & Sound Festivals

Quiet Enjoyment – Facilities for Picnics, Walks, Dogs

Water Features – Laser shows, additional lagoon

MARKETING

- “Market” Fair Park as a Single Entity – its events, activities, and the “park” a place of quiet enjoyment.
- Use Social Media extensively
- Ask for pro bono help
- Policy Issue – Fair Park as an amenity for citizens or as a money making enterprise, or a blend?
- Develop Public and Governmental Relations to change attitudes and obtain support.
- Target Markets – General public, People attending Events and Activities, Potential Donors, Adjacent Communities

“DEVELOPMENT”

- Utilize Parks & Rec. Dept. plus others for Planning, Design, and Construction Assistance – Near Term
- Note, high % of funding must go to Fixing the Assets; remaining % to new projects (the “Sizzle”)
- Develop Fund Raising Organization.
- Develop Fair Park Ambassadors, Information Kiosks, Digital Maps

SOLVE PERCEIVED PROBLEMS WITH ACTION AND COMMUNICATION

- UNSAFE – Security, Video Cameras, Horse Patrols, Careful Marketing Program, Visitors
- ACCESS – Signage, Maps, Preferred Access Corridors, Phone App, New Entrances - Traffic
- CLEAN –Increase maintenance after State Fair.
- HELP SURROUNDING NEIGHBORHOODS - Jobs Program, Public/Private efforts, Adopt a Business, Fair Park Institutions Outreach
- FAIR PARK MORE THAN STATE FAIR – Expand Marketing Materials; Publicize Event Calendar.

ACTION STEPS

- **First Phase**
 - This Council Briefing
 - City asked to pay to help Transition to Foundation; Otherwise Funds would have to be raised for legal and other services to develop Mgt. Agreement.
 - WJH offers to serve w/o pay as a consultant starting NOW to help Fair Park address some of its problems ASAP as well as aid the transition and closing by May, 2016

ACTION STEPS – Continued

- **Second Phase**

- Negotiate Management Agreement
- Recruit Board Members
- Human Resources Transition details - Current Employee careers most important
- Risk Management/Insurance Transition details
- Operational Details – Who Does What
- Operating Procedures under a New Management Environment...What can and cannot be done without “Red Tape”

ACTION STEPS – Continued

- **Third Phase** – Parks & Rec Board Approves Initial Board and Management Agreement
- **Fourth Phase** – City Council Approves Initial Board and Management Agreement
- **Final Phase** - Fair Park Texas Foundation Begins Operations. Initial Board Is Elected; New Board Elects Initial Chair and CEO.
(Subject to financial viability, WJH volunteers to serve as Initial Chair and CEO without pay for up to three years; then the new, compensated CEO would be hired.)

Q & A

COMMENTS

SUGGESTIONS

CLOSING REMARKS

Fair Park 1936



Fair Park Today

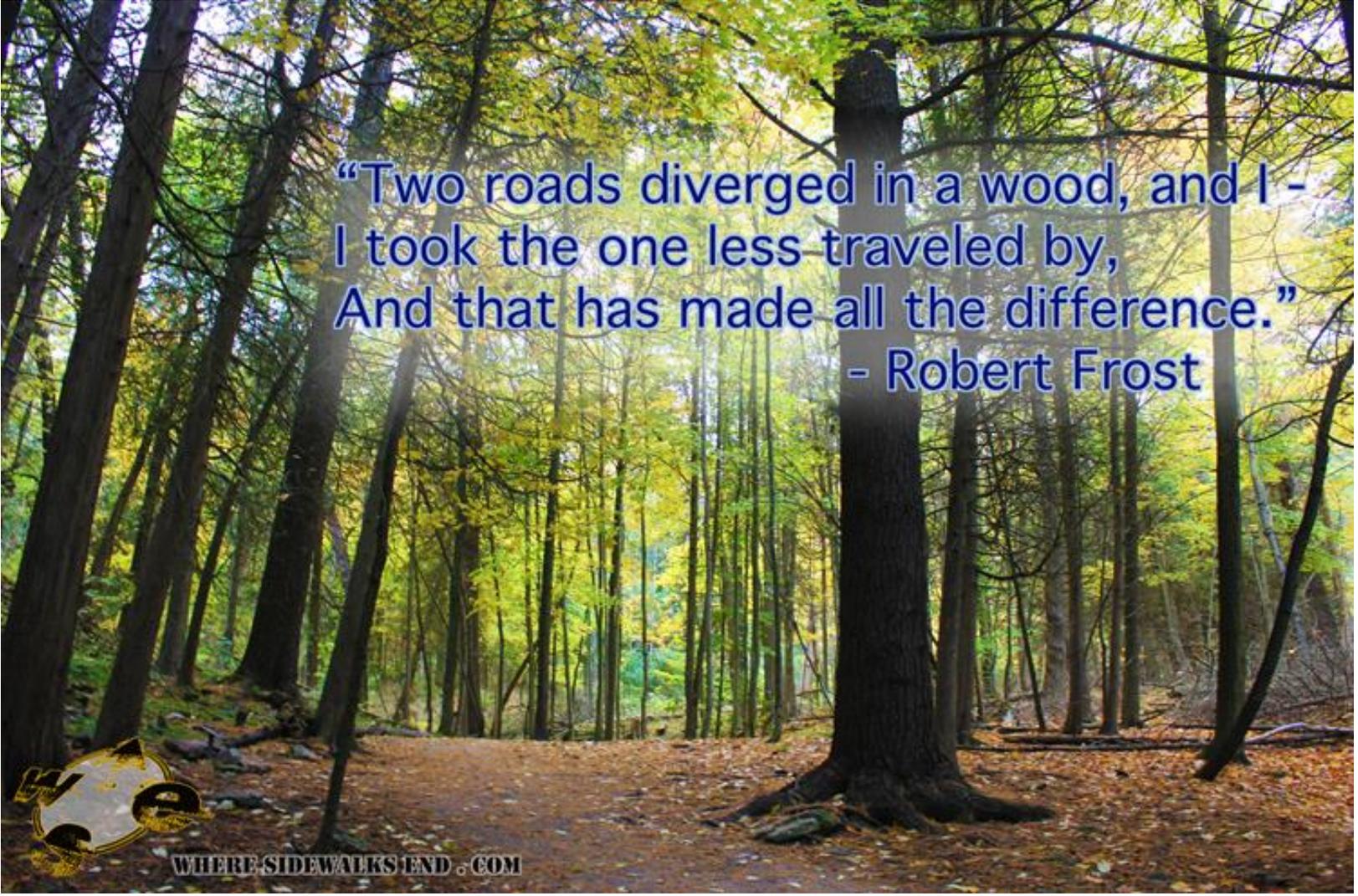


Fair Park's Future?

We are at a "Fork" in the Road



ROBERT FROST'S POEM



“Two roads diverged in a wood, and I -
I took the one less traveled by,
And that has made all the difference.”
- Robert Frost

WHERE SIDEWALKS END .COM

One Path – Maintain Status Quo

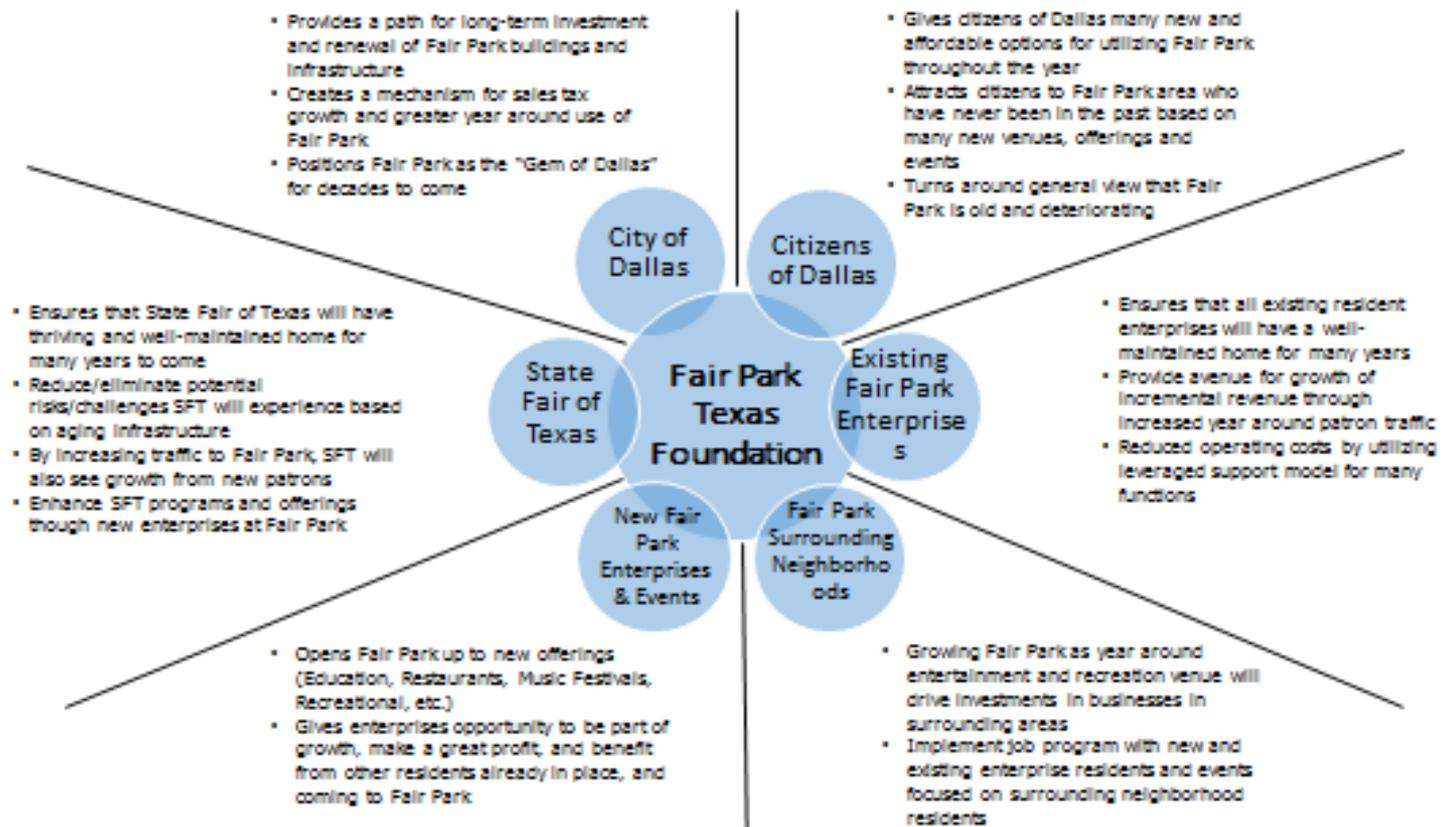
- Lacking Funds, Physical Assets Continue Decline
- Harder to Attract New Events and Activities and Retain Existing Events in light of Competition.
- Fair Park, the largest Public Asset in South Dallas/Fair Park Area, Provides No “Lift” to the Adjacent Communities; Development Stalls.
- State Fair of Texas is a Four Week “Oasis”, in an otherwise “Desert” Year
- Bi-Centennial Celebration Moves to A, H or S.A.

Less Traveled Path – Revitalize Park It Will Make All The Difference

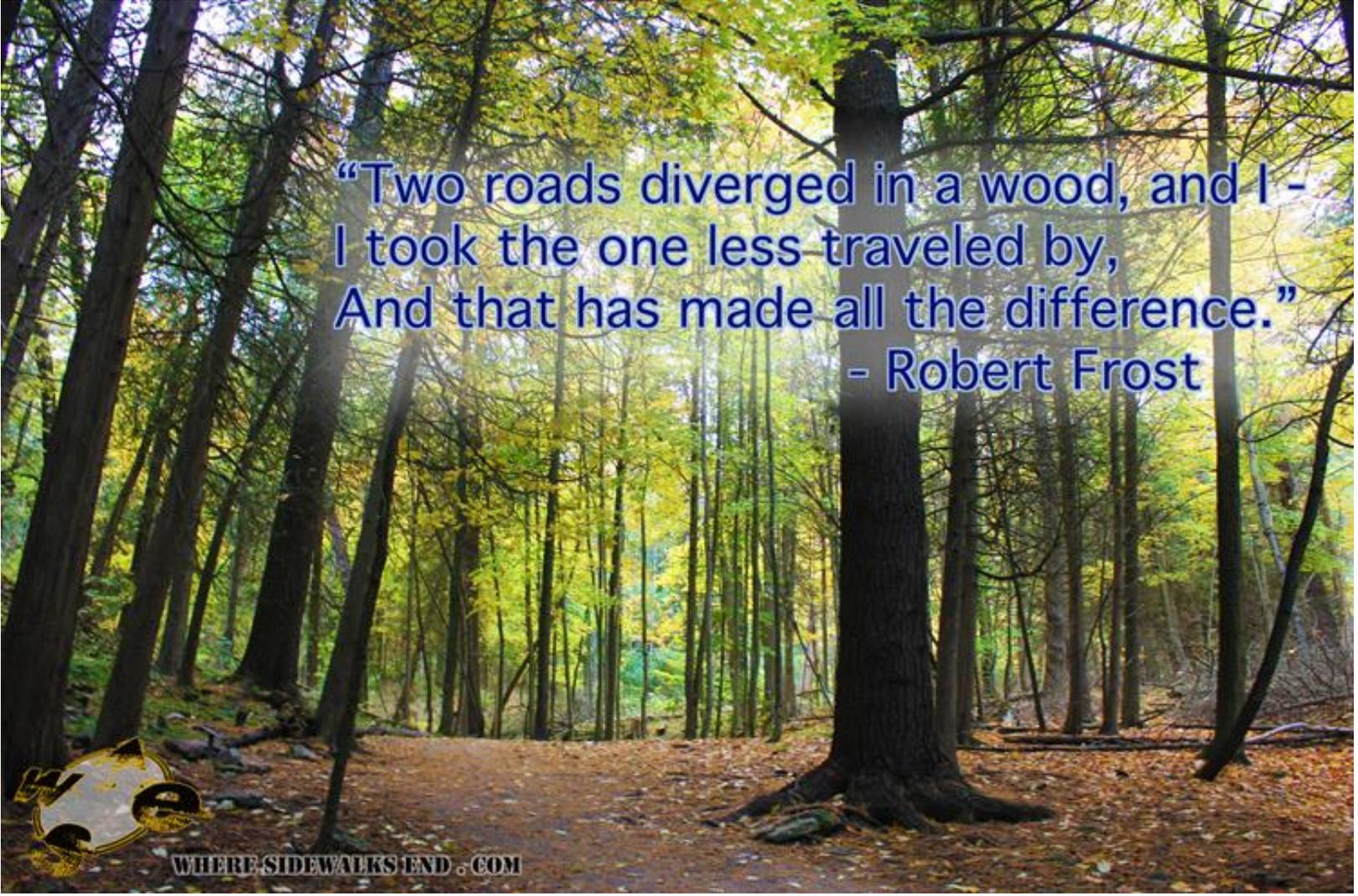
- Fair Park Becomes One Of World's Premier Parks
- State Fair of Texas Remains the Best and Largest Fair in the Nation.
- Other Events, Activities, and Uses - Provided Increased Time and Space to Operate-Thrive Grow
- Private Funding Ultimately Augments and Exceeds City of Dallas support.
- Major National Events Choose Fair Park As Venue
- Bi-Centennial Celebration Held in Dallas-June,2036

Returns on the Requested Investment by City of Dallas

Fair Park Texas Foundation – Value Proposition



WHICH ROAD WILL IT BE?



“Two roads diverged in a wood, and I -
I took the one less traveled by,
And that has made all the difference.”
- Robert Frost

WHERE SIDEWALKS END .COM