

# Arts and Culture Advisory Commission Briefings

March 21, 2019



**City of Dallas**

Office of Cultural Affairs  
City of Dallas

# Agenda

- Public Art Bond Fund Process
- Rules of Procedure Briefing and Conflict/Gift Disclosure Form
- Proposed Fifth Amendment to the Use Agreement for the Morton H. Meyerson Symphony Center Update
- Kalita Humphreys Theater Update
- Latino Cultural Center Update
- Confederate Monuments Update
- Budget Update
- Arts Month Preview
- Audit Update



# Funding - City of Dallas Public Art Ordinance established January 1, 1989

## Where do Public Art dollars come from?

1989 City Public Ordinance applies a "percent for the arts" to all capital improvement projects to be used in a manner consistent with the proposition

- **0.75 percent** if project is exclusively street, storm drainage, utility or sidewalk improvements
- **1.5 percent** of the total project appropriation for all other capital improvement projects

## How can the money be used?

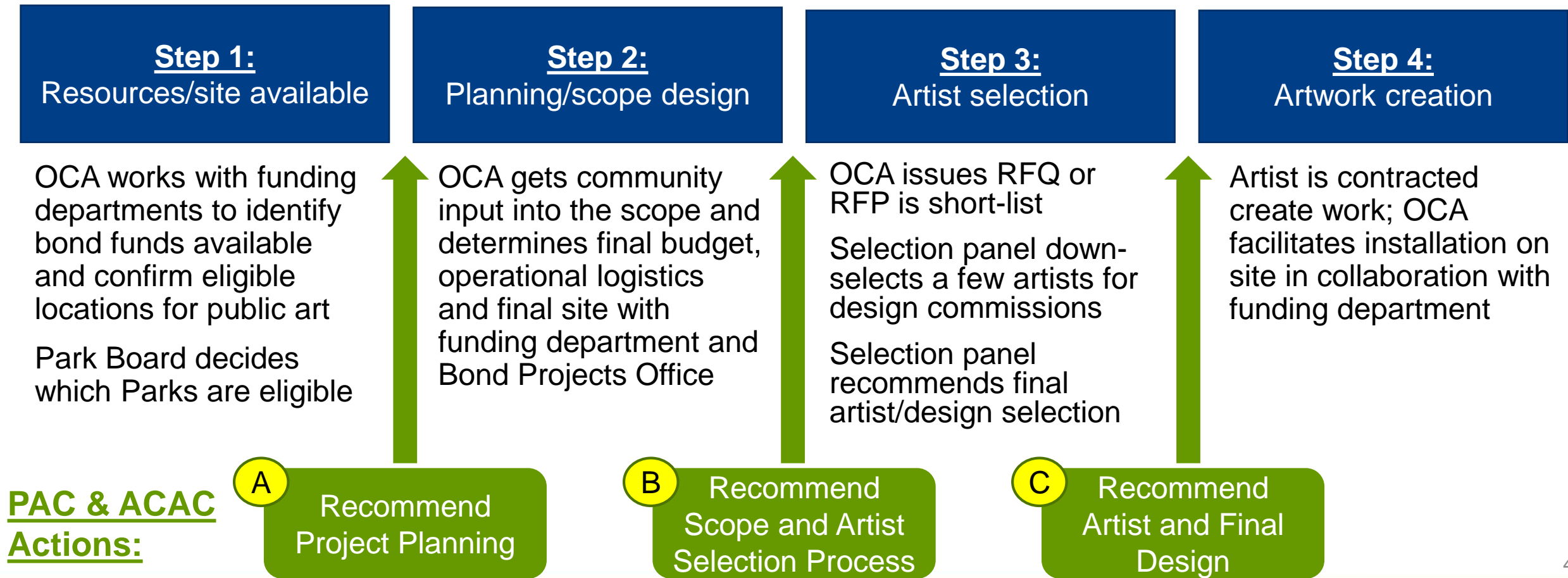
Funding can be used for design services of artists; selection, acquisition, commissioning and display of artworks; and administrative costs

## How are budgets and locations set for a project?

1. Bond Office releases the funding to the funding departments where bond funding has been issued – this creates a Public Art "bank account" for each funding department
2. Public Art works with Bond Office and funding department to identify project locations and related funding available prior to project planning (Step 1)
  - A. For propositions with a specific location, amount and site are tied to location (e.g., Vickery Meadow Library)
  - B. For propositions with a large project(s), amount and site are tied to that project(s) (e.g., Lamar Street Project with artist-designed benches)
  - C. For propositions without large projects of scale or where funds are widely dispersed across the city (e.g., street repairs), Public Art works with Bond Office, Funding Department, and Planning and Urban Design to identify eligible sites across the city with high potential for community impact – generally consistent with Council-identified priorities (e.g., Neighborhood Plus)

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# Overview: Creation of new Public Art



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# Existing Use Agreement Summary:

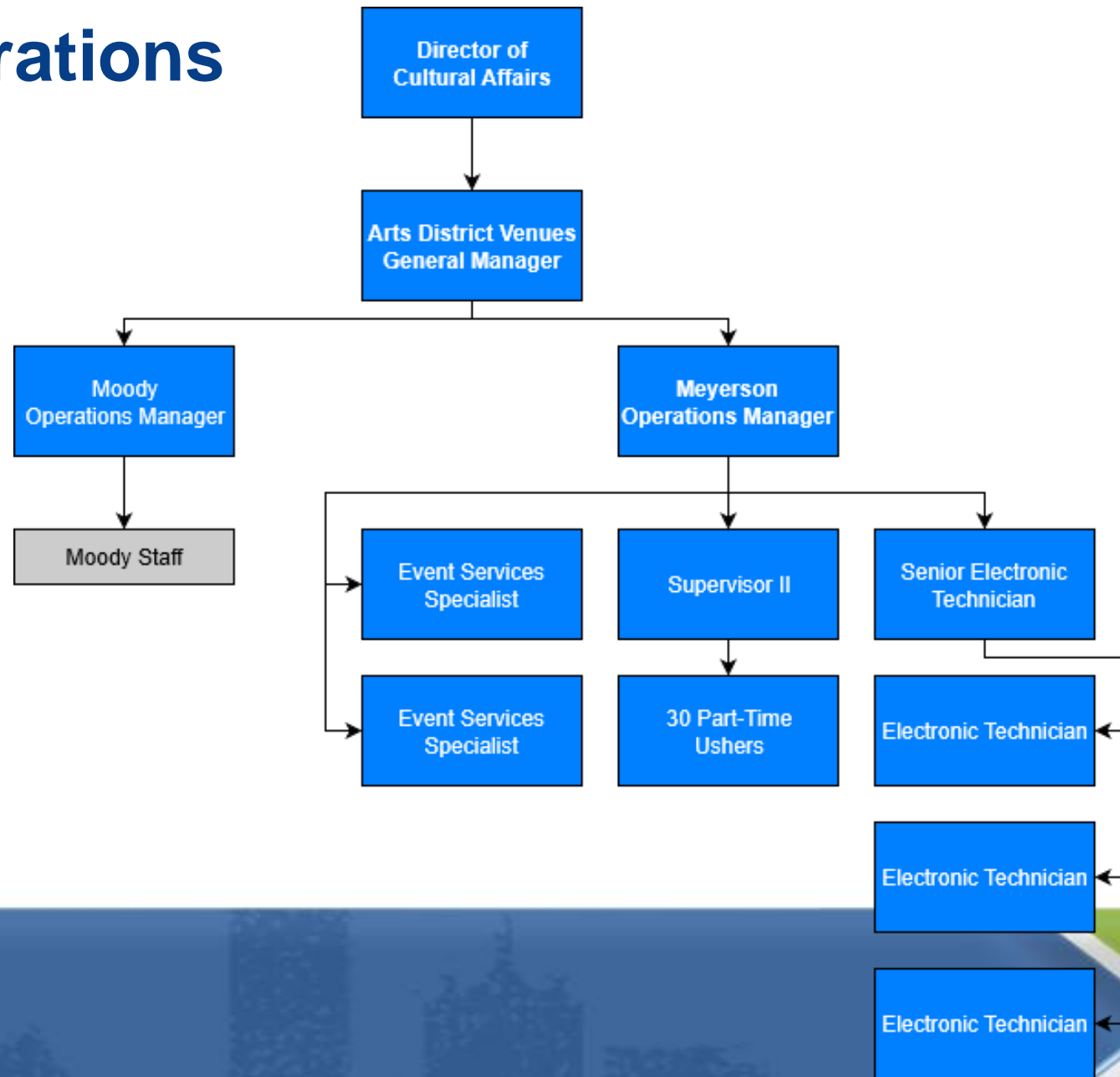
- The Morton H. Meyerson Symphony Center opened in 1989, and was built through a public/private partnership, with the Dallas Symphony Association (DSA) raising over \$54 million in private sector support to match the City's bond contribution of \$49.3 million
- The City and the DSA entered into a Use Agreement for the Meyerson on September 18, 1985, subsequently amended in 1995, 1999, 2004, and 2009
  - 1<sup>st</sup> Amendment changed the funding model by eliminating DSA's rental fees for use of the Meyerson, and ended their major cultural support funding
  - 2<sup>nd</sup> Amendment provided for the DSA to design, construct and install improvements to the Meyerson
  - 3<sup>rd</sup> Amendment clarified the proportionate utility payments by the City and DSA, updated insurance requirements and extended the term of the agreement to August 31, 2019
  - 4<sup>th</sup> Amendment adopted a plan for scheduling between the Meyerson and Annette Strauss Square, and extended the term of the agreement to August 31, 2049

# Current Operations

- The Use Agreement sets the terms under which the DSA uses and occupies the Meyerson as the primary user and also establishes the City's responsibilities for the operation and management of the facility
  - The City provides staffing, maintenance, security and utilities
    - The DSA reimburses the City for a portion of the utilities, based on the number of days they use, not the number of days they hold
  - The DSA provides a year-round season of classical music concerts, outreach and school programs, and other special concerts at the Meyerson
    - DSA is not exempt from facility use fees for events they book that are not related to their orchestral performances
  - Scheduling of the venue is the responsibility of the City, and done in advance with priority given to DSA events
    - By September 30 of each year, the DSA holds dates for the Sept 1 – Aug 30 starting the following year
- City works with other local cultural organizations and commercial entities to book events at the Meyerson for dates not held for use by DSA



# Current Operations

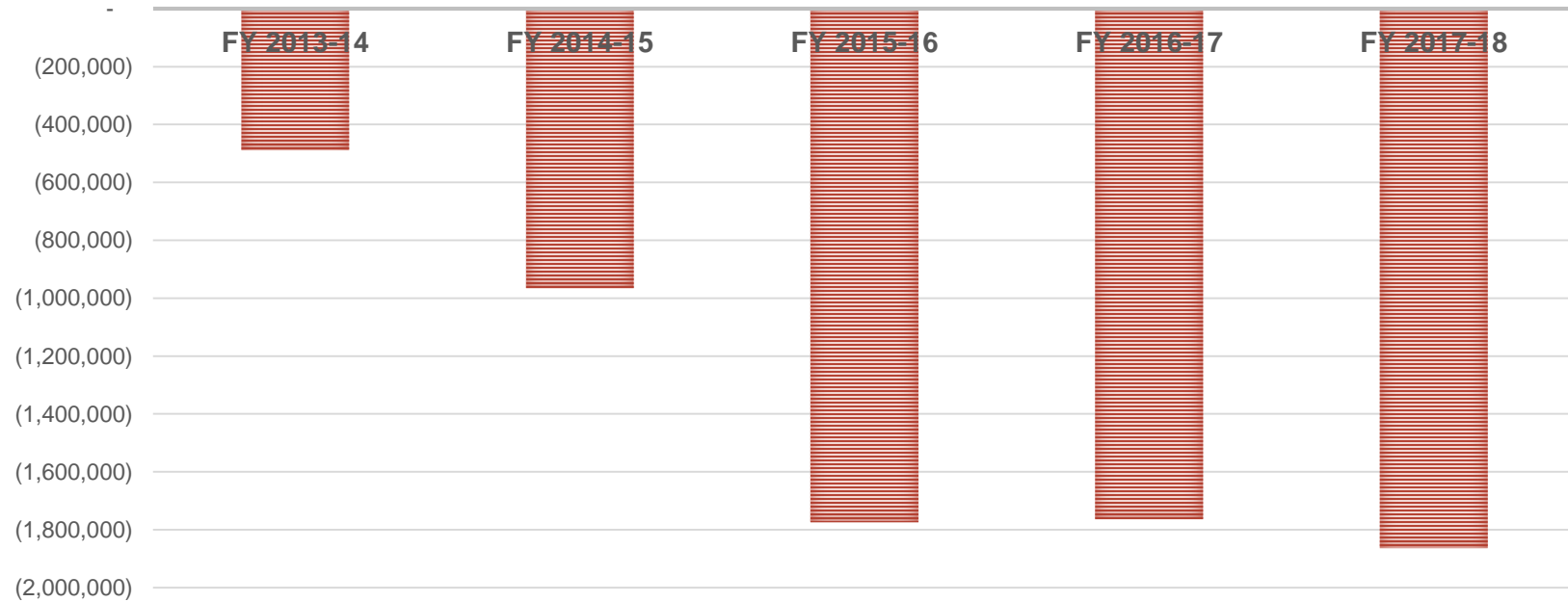


# Current Operations

- Over time City expenses have increased and revenues have decreased
  - When DSA date-holds increased, City was unable to book other revenue generating events (example: SOLUNA in May displaced graduation events)
  - Additional DSA events increase City expenses across the board
    - Personnel costs – City staff overtime for coordinators and technicians
    - Security – additional contract security officers/hours
    - Custodial – additional custodial service during events and after for recovery
    - Utilities – additional electricity and gas usage
    - Maintenance – additional wear and tear on the facility
  - Other facility users pay the City for the above costs, DSA does not
  - Competition for events rentals has increased as well (Winspear, Perot, etc.)

# 5-Year City Profit (Loss) For Meyerson Operations

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Expense	1,479,980	2,013,183	2,722,726	2,618,575	2,898,492
Revenue	990,328	1,046,053	948,265	854,923	1,034,428
<b>Profit (Loss)</b>	<b>(489,653)</b>	<b>(967,129)</b>	<b>(1,774,461)</b>	<b>(1,763,652)</b>	<b>(1,864,064)</b>



# Deferred Maintenance

- The DSA estimated \$11.9 million in major deferred maintenance in 2018, including the following items:
  - Elevator modernization
  - Plumbing and restroom ADA compliance
  - Roof replacement\*
  - Fire systems\*
  - HVAC repairs
  - Canopy lighting and sound systems in the McDermott Concert Hall
  - Reverb doors\*
  - Power washing and sealing of the building exterior
- Additional items include prominent “cosmetic repairs” such as replacing the original carpeting throughout and painting the interior

(\*) Denotes bond projects

# Proposed 5<sup>th</sup> Amendment: Overview

- Amend use agreement to become a 99-year lease of the Meyerson land and improvements, subject to a reverter
  - DSA will use the Meyerson primarily for orchestral music-related events, and for other music and cultural events
  - If the DSA fails to use the Meyerson in that manner, the City would have to terminate this agreement and renegotiate
- DSA will become responsible for all operation and maintenance costs of the property following a six-year wind-down of City financial support for such costs
  - This transition period shall allow the DSA to ramp up their earned income and address long-deferred maintenance issues during this time

# Proposed 5<sup>th</sup> Amendment: City Obligations

- City commits to expending dedicated capital funds for deferred maintenance approved by voters in 2006 and 2017 bond programs
- City will financially support DSA's transition to operating the Meyerson over six years in order to transition into its new role of managing a major performing arts venue
  - Years 1 and 2 - \$3 million
  - Year 3 - \$2.5 million
  - Year 4 - \$1.5 million – by Year 4, the City is saving money each year
  - Years 5 and 6 - \$750,000
- Following wind-down of City operation and maintenance support, DSA will be eligible to apply for cultural programming funds through the Cultural Organizations Program
- Public art (Ellsworth Kelly panels) will remain City property on display at the Meyerson, and City will continue maintenance obligations for this artwork
- City will follow established policy and protocol for existing employees

# Proposed 5<sup>th</sup> Amendment: City Obligations

- Annette Strauss Artists Square is addressed in the 4<sup>th</sup> Amendment of the current DSA agreement (and the 2<sup>nd</sup> Amendment to the ATTPAC agreement)
  - These amendments were added during construction of Strauss Square and seek to mitigate sound bleed issues between the venues
  - The role of the City is both as Manager of the Meyerson and allows for the scheduling of Strauss, based on a hierarchy of date permissions
- This scope of the City's commitment at the Meyerson is not assignable to the DSA; doing so could hamper and impede the usage and optimization of Strauss Square and the business of ATTPAC
  - However, technological and acoustical improvements mean that these date provisions need revisiting in order to allow for greater usage of Strauss Square
- All parties need to agree to future work to update the 2008/2009 Booking Process Guidelines (in-process)

# Proposed 5<sup>th</sup> Amendment: DSA Obligations

- DSA commits to raising \$5 million privately over the next five years and to completing at least \$5 million of capital improvements by 2029
- DSA Events
  - DSA and its musicians are expected to perform 150 concerts per year
  - DSA may present and promote additional events at the Meyerson, including community-oriented, commercial and non-commercial bookings
- Existing City bookings for 2019 and 2020 will be honored by the DSA
- Events for grandfathered not-for-profit users will be at preferred rent rates
  - Grandfathered users: Greater Dallas Youth Orchestra, Dallas Children's Chorus, Dallas Winds, Dallas Bach Society, Fine Arts Chamber Players, The Black Academy of Arts and Letters' MLK Celebration and Dallas-based public high school graduations, Turtle Creek Chorale
- Comply with monthly and annual reporting in line with COP reports
- Free rent for up to 6 City event dates annually, and for up to an additional 10 event dates for community-oriented events requested by the City
- Free tickets for Dallas public school students to at least 50 concerts and free Parks Concert series





# Provisions for “Grandfathered” User Groups:

- The Meyerson is the home to many of Dallas’ performing arts groups, many of which have performed there since its opening:
  - The “Grandfathered” user groups are all Dallas-based nonprofit arts organizations and include: Greater Dallas Youth Orchestra, Children’s Chorus of Greater Dallas, Dallas Winds, Dallas Bach Society, Fine Arts Chamber Players, TBAAL MLK Celebration, the Turtle Creek Chorale, and select Dallas-based high school graduations
  - The North Texas Metroplex Children’s Choirs will also enjoy these benefits
- In order to best serve as a steward of the Meyerson’s mission, the DSA has agreed to extend certain benefits and assurances to these key partners, which include but are not limited to:
  - Preferred rent rates locked in through 2029, based on 2018 rental rates, plus no more than a 2.5% annual rate increase thereafter
  - Permission for these groups to use their own in-house ticketing services or the DSA ticket service for no charge
  - DSA will provide 12-month advance notice of any pending rate increases for space or services (usher, custodial, etc.)
  - \$500 per-performance pipe organ use fee, including one gratis tuning of the organ for each performance/recording rental
  - Gratis piano usage agreement
  - No fee increases or the use of Chorus Rehearsal Room and Hart Symphony Suites
  - No increase in the fees for the use of sound mixing racks, microphones, and sound system supplemental fill speakers to remain unchanged
  - DSA and/or approved in-house caterer to honor current policy of providing gratis draped display tables, easels, crowd control stanchions/ropes in lobbies and public areas
  - 15% fee for the sale of novelty items
  - Should recently imposed (Facility) Preservation Fees remain in effect, all users including the DSA will deposit those fees into a common, annually audited account, whose funds are dedicated solely to facility preservation
  - Grandfathered users allowed the option to employ their own, non-union stage hands/technicians, in-lieu of IATSE personnel at the MHMSC
  - No increase to fees for technical support from in-house staff or use the DSO staff at no additional cost
  - No charge for DSO to strike/restore its musical instruments & stage properties
  - As part of any new food and beverage contract, DSA to do its best to negotiate a discount for grandfathered users for catering rates for event

# Case Statement:

- Following a year-long community input process for the *Dallas Cultural Plan 2018*, it is apparent that the current use agreement no longer fits within the mission, values and strategic direction of the Office of Cultural Affairs
  - One of the early Phase 1 findings was that the OCA spends almost twice as much on facilities as on cultural contracts for arts production and management
- The DSA shares our values of Equity, Diversity, Space, and a Sustainable Arts Ecosystem and can manage the building to better serve the community, both in the Meyerson and via outreach programs
- The DSA can better utilize the Meyerson if they control the building and have clear incentive to best manage the available dates calendar and grow earned revenue and net bottom line
- The DSA is committed to raise private funds to address current deferred maintenance and to leverage the building for earned income, meaning public dollars can be reduced
- The City is relieved of its increasing financial and maintenance obligations, which may save taxpayers up to \$65 million over the life of the existing agreement
- Estimated annual savings of up to \$1.8 million not put into a physical building will support artists and cultural organizations citywide in fulfilling goals of the *Dallas Cultural Plan 2018*

# Prior Public Input Opportunities:

- Dallas Symphony briefing to Arts and Culture Advisory Commission – January 17, 2019
- Briefing to Arts and Culture Advisory Commission – February 21, 2019
- Public meeting at Meyerson attended by ~100 people – March 6, 2019
- Briefing to Arts and Culture Advisory Commission – March 21, 2019

# Timeline and Next Steps:

- Request a Recommendation from the Arts and Cultural Advisory Commission to proceed with this 5<sup>th</sup> Amendment
- Briefing to Quality of Life Committee – March 25, 2019

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# Kalita Humphreys Update:

- Task Force was formed to address the desperate need of investment and repair at the Kalita and Heldt Buildings and shape immediate next steps in order to move forward
  - Members Include:
    - Commissioner Jayne Suhler, Task Force Chair
    - Commission Chair John Paul Batiste
    - Commissioner Linda Blase
    - Commissioner Grady McGahan
    - Commissioner Jesse Smith
- Recommendations will consider immediate short-term needs and consider the priorities of the 2018 Cultural Plan and a vision for the Kalita for the next generation

## Work of the Task Force to Date:

- Evaluating the 2010 Kalita Humphreys Theater Master Plan and 2018 Cultural Plan goals and priorities
- Reviewed public speakers recorded at the November 2018 and February 2019 ACAC meetings
- Meeting with theater groups currently working at the Kalita and Heldt
  - Dallas Theater Center
  - Uptown Players
  - Second Thought Theatre
- Met with Ms. Ann Abernathy and Ms. Katherine Seale, Chair of the Landmark Commission regarding the 2010 Master Plan and key architectural elements
- Toured the Kalita Humphreys led by Ms. Ann Abernathy

## Next Steps:

- Produce a recommendation that informs a new lease and provides direction to the lease holder in developing the new plan
- Brief ACAC on April 18, 2019
- Brief Quality of Life Committee on April 22, 2019
- Council consideration on May 22, 2019



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# Latino Cultural Center Update (Phase II):

- Design kickoff breakfast with LEGORRETA ® and GFF (Architect of Record) on 2/26/2019
- Site Visits with LEGORRETA ® & GFF
  - Center for the Arts at The Hockaday School
  - Addison Conference and Theater Center
  - Site walkthrough at LCC for multi-form theater expansion
- LCC Phase II Architectural Advisory Committee comprised of key stakeholders met with LEGORRETA ® and GFF (2/26/2019)
- Public Input Meeting held on 2/26/2019
- Bond Project Office refining the architecture program of spaces and beginning to work with GFF on various design options
- Schematic design to be completed by first week of June 2019

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## Latino Cultural Center Update (FY 19-20 Dates):

- LCC Core Groups met deadline of March 15, 2019 for date submissions for FY 19-20
- Core Groups requested 36 weeks total for FY 19-20
  - Cara Mia Theater Company – 16 weeks
  - Teatro Dallas – 12 weeks
  - Ollimpaxqui Ballet Folklorico – 3 weeks
  - Alegre Ballet Folklorico – 3 weeks
  - Daniel de Cordoba – 2 weeks
- Cara Mia Theatre Company and Teatro Dallas (LCC Theater Core Groups) have a guarantee of 16 weeks each in FY 19-20
- Core Groups meeting held on March 20, 2019, and all Core Groups' date requests were accommodated with unanimous compromise

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# Confederate Monument and Pioneer Cemetery

- Successfully petitioned for and received a Certificate of Removal from the Landmark Commission on March 4
  - Used the 'non-contributing structure' consideration since *The Confederate Monument* was brought to this site in 1961, which was after the Period of Significance for the Pioneer Cemetery, which was from 1849-1921
  - Vote was 10 to 5
  - Decision may be appealed to the City Plan Commission within 30 days
- Procurement process to complete the work is underway, and a pre-bid meeting was held this morning
  - In the meantime, Convention Center staff has installed a protective covering over *The Confederate Monument* to prevent any further vandalism
- Removal of the Lee plinth and surrounding benches is complete and landscape restoration is underway at Oak Lawn Park

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# Budget timeline for upcoming fiscal years 2020 and 2021

<u>Date</u>	<u>Activity</u>
March 14	FY 2019-20 Operating Budget Kick-Off
March 18	BPMS System Available for Operating & Capital Budget input
March 16-21	Citizen Engagement: Community Outreach Events
March 27	Budget Public Hearing
April 12	FY 2019-20 Operating & Capital Budget Submissions Due
April 22	Office of Budget Operating & Capital Budget Technical Review and Feedback to Departments
April 22	BPMS System Available for edits
April 22	FY 2019-20 & FY 2020-21 Internal Service Allocations (sacred codes) available
March 27	Budget Public Hearing
April 22	BPMS System Open for Revised Budget Submission
April 26	Revised Operating & Capital Budget Submissions Due
May 23 – June 7	FY 2019-20 Budget Deliberation Meetings
June 7	Five-Year Forecast Due – Enterprise Funds
June 18	Budget Workshop
June 20 to July 12	Meetings with City Manager
July 18	CMO Finalize Decisions
July 25	Appraisal Districts Certify 2018 Tax Rolls
July 31	Final Edits Due to the Office of Budget
August 5	Budget Document Printed

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# Dallas Arts Month – Key Dates

- March 27 – City Hall Press Conference at Noon
- April 7 – AVANCE Latino Street Fest at Klyde Warren Park and DMA Family Festival
- April 8 – Mayor’s Creative Conversation
- April 13 – Dallas Arts District Block Party
- April 23 – Arts Advocacy Day
- April 29 – Candidate Forum at Perot Museum
  
- Other Key events: Nasher Prize, Soluna Festival, DJAM, Dallas Art Fair, DIFF, USA Film Fest, EarthX at Fair Park



# ART 214 Opening Receptions

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- April 6 – Bath House CC – 7-9PM
- April 9 – Moody – 6-8PM
- April 11 – Latino CC – 6-8PM
- April 13 – South Dallas CC – 6-8PM
- April 27 – Oak Cliff CC – 5:30-8PM

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# Recent Audits Involving Contracts Under OCA

- 2016: Audit of Fair Park Business Partners Oversight
  - Three of the six business partners evaluated were under OCA oversight; others were under PKR oversight
  - OCA partners named were: Dallas Historical Society, DSM Management Group, Inc., and Foundation for African-American Art (African American Museum)
  - OCA facilities management contracts were assigned to Fair Park First effective January 1, 2019
- 2017: Audit of Business Partners Oversight – Arts District
  - Analyzed four Arts District business partners, all of whom are under the oversight of OCA
  - Partners included were: ATTPAC, Dallas Black Dance Theatre, Dallas Museum of Art, and Dallas Symphony Association

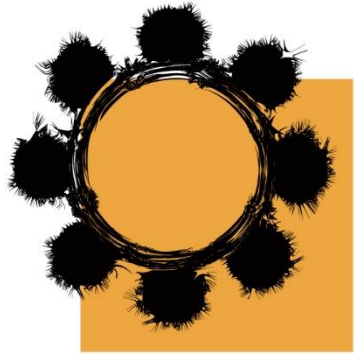
# Audit Recommendations: Implementation Status as of March 2019

- No findings of fraud, waste, or abuse
- Audit recommendations are related to formalization and better documentation of monitoring tasks of long-term management and lease agreements
- OCA implemented new written procedures and documented existing procedures to address auditor's recommendations in the Fair Park audit and six out of the eight recommendations in the Arts District audit
  - OCA worked with the Internal Controls Task Force under the City Controller's office on a bi-weekly basis to achieve implementation of all 12 of the recommendations
  - Fair Park recommendations implemented in 2017 and 2018 prior to the assignment of these contracts on January 1, 2019
  - Two outstanding recommendations in the Arts District audit concern contract modifications related to the Meyerson, and will be addressed as part of the proposed fifth amendment
  - Audit response set a mid-2019 completion goal for implementation of Meyerson recommendations
- OCA met with the auditors in January to share our implementation of the recommendations related to the Fair Park audit and the supporting documentation; City Auditors Office will determine next steps with OCA/Fair Park First

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# Looking Ahead – dates to note!

- Quality of Life Committee Briefing – March 25<sup>th</sup>, 9:00am
- Dallas Arts Month Press Conference – March 27<sup>th</sup>, Noon at City Hall
- Mayor’s Creative Conversation – April 8<sup>th</sup>, 6:00pm at Moody Performance Hall
- Arts and Cultural Advisory Commission – Thursday, April 18<sup>th</sup>, 4:30pm



**Office of Cultural Affairs**  
CITY OF DALLAS

