

Memorandum



CITY OF DALLAS

Date: September 6, 2013

To: Honorable Members of the Quality of Life and Environment Committee:
Dwayne Caraway (Chair), Sandy Greyson (Vice Chair), Adam Medrano,
Rick Callahan, Carolyn Davis, Lee Kleinman

Subject: Elm Fork Athletic Complex Management Contract Update

Attached is the Elm Fork Athletic Complex Management Contract Update which will be briefed to the Quality of Life Committee on Monday, September 9, 2013.

If you have questions or require additional information, please contact me at 214-670-4071.

A handwritten signature in black ink, appearing to read 'Willis C. Winters'.

Willis C. Winters, FAIA, Director
Park and Recreation Department

Attachment

cc: Honorable Mayor and Members of the City Council
A.C. Gonzalez, Interim City Manager
Warren M.S. Ernst, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, Interim First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Officer
Elsa Cantu, Assistant to the City Manager

Elm Fork Athletic Complex Management Contract Update

Quality of Life & Environment
Committee Briefing
September 9, 2013



Elm Fork Athletic Complex



Background

- On October 11, 2011 the Park and Recreation Board was briefed on the proposed Operation and Management of the Elm Fork Athletic Complex (EFAC)
- City's intent was to seek a qualified operator to work with the City to manage and operate EFAC as a premier soccer venue and to market the facility for regional, national and international tournaments



Background

- November 2012 – Request for Proposal (RFP) specifications developed and submitted to Business Development and Procurement Services (BDPS)
- January 15, 2013 – Pre-proposal meeting held by BDPS to review proposal specifications and requirements with potential proposers
- February 3, 2013 – Proposals received from three companies



Background

- March 11, 2013 – Proposers presented to city-wide evaluation committee appointed by BDPS
- March 25, 2013 – Additional information requested from one of the proposers by BDPS
- April 18, 2013 – Park Board briefed on selection process, evaluation criteria and efforts to be undertaken to negotiate best and final offer with Proposer



Background

- Pre-established Selection Criteria:
 - Experience and Qualifications 35 points
 - Plan for Management and Operation 35 points
 - Plan for Subsidy and/or Revenue Sharing 15 points
 - BID (Business Inclusion and Development Plan) 15 points



Background

- Evaluation Committee directed by BDPS and comprised of representatives from Public Works, Streets Services, Communication and Information Services and Park and Recreation
- Evaluation Committee scored proposal submissions on the Experience and Qualifications and Plan for Management and Operation
- BDPS scored the Plan for Subsidy and/or Revenue Sharing and the BID Plan
 - FCD Management, LLC (FCD) chosen as the best value proposer



FCD Background

- Managing entity of FC Dallas Stadium Complex in Frisco since 2005
- Over 50 years of combined experience in sports facility construction and management
- Over 20 years of combined experience in creating, building and managing tournaments, leagues and special events



FCD Background

- Successfully hosted USSF Playoffs, Dallas Cup, MLS Futbolito, Generation Adidas Cup, FCD College Showcase and numerous camps and clinics throughout the year
- FCD team has worked with NFL, NBA, MLS, MLB and other professional sporting and entertainment teams and venues across the United States



General Principles

- FCD Management, LLC (Operator) will manage, schedule and operate the EFAC as a premier competition-grade soccer venue
- Operator will market and promote EFAC as a regional, national and international tournament, league play and camp, clinic and practice facility



General Principles

- City will retain ownership of premises and all improvements
- Operator will recommend operating hours, subject to approval by Director
- All items, materials and equipment purchased by Operator and reimbursed by City shall become the property of the City



Term of Agreement

- Term of agreement will be 5 years, with two 5-year renewal options
- Contract term will begin January 1, 2014
- Revenue performance standards begin September 1, 2015



Management Fee and Incentive Payment

- City will pay Operator a management fee of \$100,000 each year of the contract for the following professional oversight:
 - Managerial oversight by FCD Management to include VP of Complex, CFO, Director of Tournaments and Complex Manager
 - Supervise the marketing, public relations, media negotiations and promotions; social, digital and mobile media; advertising; and community and international relations
 - Labor costs related to accounting, purchasing and payroll



Management Fee and Incentive Payment

- City will pay Operator an annual incentive bonus of 25% on revenues in excess of the management fee and allowable expenses
- City will pay Operator a 20% commission on all revenue from sponsorship(s), and naming opportunities
- Operator will, from time to time and at no charge to City, provide logo, imaging, and branding to visually connect EFAC with FC Dallas, the Major League Soccer team operated by an affiliate of Operator



Management Fee and Incentive Payment

- Operator will recommend all EFAC rates, fees and charges, subject to final approval by Director
 - Rates will be comparable to similar competition-grade soccer complexes
- For the calendar year 2014, the Preferred Rate will be \$90 per hour per field, and the Retail Rate will be \$120 per hour per field





Management Fee and Incentive Payment

- Operator will pay and be reimbursed by the City for allowable expenses that are reasonably necessary to operate, maintain and manage EFAC
- Operator shall, subject to reimbursement by City, acquire all equipment needed to operate EFAC
 - Allowable expenses include, but are not limited to personnel, supplies, services, office equipment, maintenance equipment, storage facilities, marketing materials, telephone service, internet connectivity, and security

Revenues and Allowable Expenses

- Allowable expenses, net of revenues, will be paid up to an annual maximum of \$400,000
- City is responsible for providing and paying all utilities including electricity, gas, water and sanitation services
- Any allowable expenses, net of revenue, in excess of \$400,000 will not be reimbursed without prior written approval from the Director



Revenues and Allowable Expenses

- Revenues include, but are not limited to, all reservation fees, field rental fees, parking fees, sponsorships and naming rights net of 20% commission, advertising, commissions collected, merchandise, food and beverage and other revenue earned from use of the premises



Revenues and Allowable Expenses

- Net revenues will be dedicated to major maintenance and future capital improvements at the complex to complete the Master Plan:
 - Championship field and seating
 - Support facilities
 - Parking
 - Permanent maintenance facility
 - Additional field lighting
 - Alternative water source
 - Shade structures
 - Playground
 - Loop trail
 - Wetlands



Contract Management Financial Analysis

		Year One	Year Two	Year Three	Year Four	Year Five
Revenue						
Operating Revenue, Field Rental		792,000	831,600	873,180	916,839	962,681
Sponsorship Revenue Net of 20% Commission		120,000	160,000	168,000	176,400	185,000
Total Annual Revenue	A	912,000	991,600	1,041,180	1,093,239	1,147,681
Expenses						
Management Fee	B	100,000	100,000	100,000	100,000	100,000
Allowable Expenses	C	398,000	418,026	437,776	458,095	483,091
Utilities		318,000	318,000	318,000	318,000	318,000
Operating Expenses		816,000	836,026	855,776	876,095	901,091
25% of Net Operating Revenue to Operator [=(+A-B-C)x0.25]		103,500	118,394	125,851	133,786	141,148
Total Expenses	D	919,500	954,420	981,627	1,009,881	1,042,239
Net City Revenue [=A-D]		(7,500)	37,181	59,553	83,358	105,443

Termination

- City may terminate:
 - For cause if certain agreed-upon revenue performance and field maintenance standards are not met by Operator (standards to begin September 1, 2015) and
 - If Operator breaches any terms of the Agreement
- Operator may terminate:
 - For cause if City fails to provide all electricity, gas, water and sewer services necessary to operate and maintain a competition-grade soccer venue





Maintenance Requirements of Operator

- Manage and maintain EFAC as an independent contractor on behalf of the City
- Subject to reimbursement by City, acquire all equipment and/or services needed to facilitate EFAC operations
- Provide written plan prior to contract commencement for storage of maintenance vehicles and equipment



Maintenance Requirements of Operator

- Ensure staff remains current on best practices for sports field maintenance
- Fertilize complex minimum of six times per year
- Utilize licensed chemical applicator minimum of four times per year to apply pre-emergent, fungicide and insecticides as needed
- Ensure fields are aerated, top-dressed, re-sodded and verticut as needed



Maintenance Requirements of Operator

- Ensure fields are mowed minimum of three times per week, with all landscaping trimmed and edged as needed
- Ensure irrigation systems are in working order
- Weed beds, clean and/or replace landscaping materials as needed
- Ensure parking lots are kept clean
- Maintain enhanced landscaping at EFAC entrance on Walnut Hill Lane
- Provide annual field maintenance report including, listing field maintenance activities and applications

Scheduling Responsibilities of Operator

- Operator has exclusive rights to schedule facility on City's behalf
- Subject to availability and playing conditions policy, City of Dallas/Park and Recreation Department may use EFAC at no charge for two weekdays per year
- Phase-in field use during Year 1 of contract to allow turf to fully root and establish






Scheduling Responsibilities of Operator

- Schedule and manage all play at complex
- Work with third parties and DCVB Sports Marketing to schedule events, league play, tournaments and training
- Honor any pre-existing user agreements in place with City, provided such agreement has been reviewed by Operator prior to executing EFAC management agreement

Scheduling Responsibilities of Operator

- Dates held with DCVB
 - 2014 COPA ESPN (April 24-28, 2014)
- Dates held for Dallas Cup Tournament
 - April 13-20, 2014
 - March 29-April 5, 2015
 - March 20-27, 2016
 - April 9-16, 2017
 - Future years as determined by City





Marketing and Sponsorship Responsibilities of Operator

- Promote complex and facility on City's behalf to attract field rentals and tournament play
- Pursue naming rights, field signage, tournament sponsors, on-site marketing and other revenue-generating opportunities
- Register any and all website and/or social media accounts in name of City of Dallas, who shall retain ownership



Indemnification and Insurance Requirements and Responsibilities of Operator

- Provide required insurance for fire, commercial liability, accident and injury, and indemnify and name City as additional insured
- Commence, defend and settle in good faith such legal actions concerning maintenance and operation of premises necessary or required in opinion of Operator, without involving City and at no cost or liability to City

Next Steps

- Park and Recreation Board authorized Management Contract on August 15, 2013
- Brief City Council Quality of Life & Environment Committee on September 9, 2013
- Consideration for City Council Award on October 23, 2013
- Commence contract term on January 1, 2014



