

Memorandum



CITY OF DALLAS

DATE September 16, 2016

Honorable Members of the Arts, Culture & Libraries Committee: Mayor Pro Tem Monica R. Alonzo (Chair), Mark Clayton (Vice-Chair), Deputy Mayor Pro Tem Erik Wilson, Carolyn King Arnold, Jennifer S. Gates, Scott Griggs

SUBJECT **Deal Points for Proposed Amendments to the AT&T Performing Arts Center Contract**

On September 19, 2016, the Arts, Culture, and Libraries Committee will be briefed on deal points for proposed amendments to the AT&T Performing Arts Center contract for \$1.5M by Jennifer Scripps, Director of the Office of Cultural Affairs and Doug Curtis, President and CEO of the AT&T Performing Arts Center.

The briefing materials are attached for your review.

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

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

Joey Zapata
Assistant City Manager

c: Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Eric D. Campbell, Assistant City Manager
Mark McDaniel, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council



Office of Cultural Affairs
CITY OF DALLAS

Deal Points for Proposed Amendments to the AT&T Performing Arts Center Contract

Briefing to the Arts, Culture & Libraries Committee

September 19, 2016



Purpose of the Briefing

- Provide an overview of the draft deal points for an amendment to the AT&T Performing Arts Center contract

Overview of 2016-2017 Proposed OCA Budget

Service	FY 2015-16 Budget	FY 2016-17 Proposed Budget
Cultural Services Contracts ¹	6,909,238	6,366,893
City-Owned Cultural Venues ²	11,971,824	14,396,564
Public Art For Dallas	456,429	481,313
TOTAL	19,337,491	21,244,770
<i>Pending Amendment:</i>		
Hotel Occupancy Tax allocation increase	N/A	98,747
REVISED TOTAL	19,337,491	21,343,517

Service	FY 2015-16 Budget	FY 2016-17 Proposed Budget
WRR Municipal Radio	2,054,549	2,032,482

Footnotes:

1. Reduction due to pending reallocation of funds for Fair Park management agreement (\$132,675), transfer insurance allocation to Cultural Venues bid (\$285,000), and adjustments to personnel and other internal operational expenses (\$124,670).
2. Increase due to ATTPAC service increase (\$1.5 million), security and custodial costs (\$665,000), personnel and other operational expense adjustments (\$259,000).

ATTPAC Background:

- The City owns the Winspear Opera House and Wyly Theater, and originally contributed \$17M for construction + \$9M for land, out of a total budget \$360M (7.2% of total)
 - City construction money built right-of-way infrastructure and Annette Strauss Square
- Currently the City pays up to \$2.5M for annual operating support
- Proposed term is for 10-year contract amendment and is a part of a larger debt relief deal that ATTPAC has secured:
 - Total construction debt is \$151M
 - Banks are forgiving \$45M
 - Private donor funds have paid \$56M in cash, and \$8M in donor pledges are being paid
 - ATTPAC is going to raise another \$27M
 - City portion of \$15M in increased support for services over 10 years allows more cash for debt repayment and provides for long-term viability of ATTPAC

AT&T Performing Arts Center

- The City is contracting for \$1.5M in new artistic services, including:
 - Ticketing and marketing for smaller arts organizations
 - Dallas Arts Month support
 - Artistic space in the Wyly (“Elevator Project”)
 - Community stage
 - Community ticketing
 - Rush ticketing for the arts community
 - Support for other City programming
 - Front-of-house training
 - CPH parking
- Arts organizations have helped refine these benefits, with particular scrutiny of artistic space availability, marketing and ticketing, and the community stage

Item	Programs Benefit Value	+10% OCA org Participation	+25% OCA org Participation	+50% OCA org Participati
Marketing Services				
- E-Blast	\$26,693	\$140,683	\$351,708	\$703,416
- OCA Culture Calendar				
Community Programs				
- Community Stage				
- Dallas Arts Month				
- Dallas Police Department	\$272,729	n/a	n/a	n/a
- Artist Rush Tickets				
- Donated Tickets				
Performance Spaces	\$198,940	n/a	n/a	n/a
Ticketing Services				
- E-Ticketing	\$2,160	\$288,650	\$721,750	\$1,443,650
- Marketing				
Parking Support	\$90,450	n/a	n/a	n/a
Operational Support				
- Patron Services Analysis	\$35,470	n/a	n/a	n/a
- Patron Relations Training				
SUBTOTAL	\$626,442	\$429,333	\$1,073,458	\$2,147,066

ESTIMATED TOTAL VALUE = \$1,700,000 annually

(Programs + 25% participation by OCA supported groups for marketing and ticketing services)

Additional Services and Support Provisions

- Timing of payment(s)
- Transparent and customer-friendly marketing of these services by ATTPAC – e.g., information sessions for all OCA supported arts organizations twice a year (possibly January and July of each year)
- Quarterly usage report by ATTPAC to OCA and schedule a quarterly business review to document/track services provided
- Annual review and update of support services by the Director of the OCA and the ATTPAC Director of External Affairs
- Possible early termination language or at the end of year 10

Financial and Long-Term Consideration

- Obtain assurance that City support allows ATTPAC to relieve debt over next 10 years
- Protect City's interest in case of full range of financial scenarios
- Investigate other sources of revenue generation that reduce City obligations. E.g., possibly increase ticket surcharges for City's capital maintenance fund obligations

Impact on OCA per the Cultural Policy

- Section II: Methods of Implementation

- A. Procurement of Cultural Services:

- 5. Increases to the Office of Cultural Affairs' budget for contractual services by, and indirect support to, organizations whose mission is not culturally specific shall be accompanied by corresponding percentage increases to the budget for services by, and indirect support to, culturally specific and ethnic organizations/artists

Proposed Cultural Equity Funding Enhancements:

Sources	Funds	Uses	Funds
Arts Endowment Fund	137,762	Community Artist Program	76,509
General Fund: Unallocated funds due to projected HOT increase	98,747	Cultural Vitality Program	75,000
General Fund: In-kind, loss of revenue	25,000	Cultural center programming	50,000
General Fund: COP reallocation	23,491	Free/reduced cost facility rental at COP partner- managed venues	33,491
		Free/reduced cost facility rentals at OCA managed venues	25,000
		Arts Month programming	25,000
TOTAL	\$ 285,000	TOTAL	\$ 285,000

Next Steps:

- With direction from ACL, prepare a draft contract amendment
- Schedule draft contract amendment for ACL review on October 17th and City Council consideration on October 26th