



Legislation Details (With Text)

File #: 24-1385 **Version:** 1 **Name:**

Type: ITEMS FOR INDIVIDUAL CONSIDERATION **Status:** Approved as Amended

File created: 4/17/2024 **In control:** Department of Convention and Event Services

On agenda: 4/24/2024 **Final action:**

Title: Authorize a fifteen-year resident use and incentive agreement for the Dallas Memorial Auditorium ("Arena" and "primary facility") and ancillary meeting rooms ("secondary facility") with three five-year renewal options with a professional sports team, for a minimum of 70 days per year for the primary facility and 365-days per year for organizational needs including but not limited to office and training space for the secondary facility with a \$19,000,000.00 incentive payable over three fiscal years and offsetting revenues as detailed in the Fiscal Information section - Not to exceed \$19,000,000.00 over three years - Financing: Convention Center Construction Fund (subject to annual appropriations); Estimated Revenue: Convention Center Operating Fund \$23,250,000.00 over 15 years

Sponsors:

Indexes: 100

Code sections:

Attachments: 1. Resolution

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Economic Development

AGENDA DATE: April 24, 2024

COUNCIL DISTRICT(S): 2

DEPARTMENT: Department of Convention and Event Services

EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize a fifteen-year resident use and incentive agreement for the Dallas Memorial Auditorium ("Arena" and "primary facility") and ancillary meeting rooms ("secondary facility") with three five-year renewal options with a professional sports team, for a minimum of 70 days per year for the primary facility and 365-days per year for organizational needs including but not limited to office and training space for the secondary facility with a \$19,000,000.00 incentive payable over three fiscal years and offsetting revenues as detailed in the Fiscal Information section - Not to exceed \$19,000,000.00 over three years - Financing: Convention Center Construction Fund (subject to annual appropriations); Estimated Revenue: Convention Center Operating Fund \$23,250,000.00 over 15 years

BACKGROUND

The City Council has designated the Kay Bailey Hutchison Convention Center Dallas ("KBHCCD")

Master Plan as an economic development initiative and as a strategic priority for downtown Dallas and the southern sector. As such, each component of the project, including the Dallas Memorial Auditorium (primary facility), is considered integral to the success of the overall KBHCCD Master Plan. In alignment with this strategy, the Department of Convention and Event Services (CES) began negotiations with a professional sports team in late calendar year 2022, coming to agreement in calendar year 2023.

The agreement proposes a 15-year resident use and incentive agreement, with three five-year renewal options with a professional sports team to relocate to the primary facility and ancillary meeting rooms (secondary facility), for a minimum of 70 days per year for the primary facility and 365 -days per year for organizational needs including but not limited to office and training space for the secondary facility, with a \$19,000,000.00 incentive payable over three calendar years. The primary facility will be booked by CES or its management company during all other days, unless otherwise agreed upon.

CES has developed a term sheet agreed upon by the professional sports team and discussed with City Council in executive session during a special called Economic Development and Ad Hoc Committee on Professional Sports Recruitment and Retention. The agreed upon term sheets includes revenue generating components including pouring rights, food and beverage, parking, base game fees, a ticket service fee and advertising. The term sheet also includes a relocation incentive payable over three fiscal years, and an agreement to work with the City to ensure any part-time game day jobs created by Team activities shall adhere to the city's wage requirement, with a minimum of 40% of the part-time positions shall be filled by residents of the city of Dallas, (collectively, the "local hiring requirement").

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Special Called Meeting of the Economic Development Committee and Ad Hoc Committee on Professional Sports Recruitment and Retention was briefed in closed session on March 26, 2024.

FISCAL INFORMATION

Fund	FY 2024	FY 2025	Future Years
Convention Center Construction Fund	\$6,333,333.00	\$6,333,333.00	\$6,333,334.00

Estimated Revenue: Convention Center Operating Fund \$23,250,000.00 over 15 years