

# South Dallas/Fair Park Trust Fund

April 11, 2006

# PURPOSE

- **Summarize findings of the thorough review of the South Dallas/Fair Park Trust Fund.**
- **Make recommendations for the future of the South Dallas/Fair Park Trust Fund.**

# HISTORY

- The South Dallas/Fair Park Trust Fund (Trust Fund) was created by recommendation from the South Dallas/Fair Park Neighborhood and Economic Development Preservation Plan submitted by a specially commissioned Task Force and adopted by Council Resolution 87 0632, dated February 18, 1987.
- Fair Park, located in the South Dallas community is the biggest public attraction in Texas, with over 7 million visitors annually. The park generates \$1.3 million in revenue to the City of Dallas.
- Access to Fair Park is largely through South Dallas Neighborhoods.

# HISTORY

- The Task Force concluded that “reinvesting a portion of the revenue generated by Fair Park would be a unique opportunity for South Dallas residents, business owners and community organizations to carry out activities that promote economic, social and community development for the mutual benefit of Fair Park and South Dallas neighborhoods”.

## MISSION

The Trust Fund was established in deference to the symbiotic relationship between the South Dallas Community and Fair Park:

To be a catalyst for economic and social impact in the South Dallas Community by making grants and loans using a portion of the funds generated by Fair Park events and an annual allocation from the General Fund (the annual allocation requires City Council approval)

# STRUCTURE

- The Trust Fund is a dependent operating unit currently under the administration of the Office of Economic Development.
- The Trust Fund does not have the resources to operate as an independent unit and is supported by several City departments.
  - Parks and Recreation – manages the contract with PACE Entertainment Group and the City for use of certain Fair Park facilities. \$.15 from each ticket sold for events held at the Smirnoff Music Center, Antique Shows and Flea Markets is allocated and deposited to the Trust Fund. Parks and Recreation is responsible for generating an Annual Visitors Survey to compile statistics for the Visitors Formula (Council Resolution 91 1597) and allocate a representative amount to the General Fund for Trust Fund programs.

## STRUCTURE cont'd

- Housing - manages Minor Home Repair Program funded if recommended by the Trust Fund Board from the General Fund allocation to the Trust Fund.
- Water - sets up loan accounts and billing. Accepts loan payments at Special Collections (SC) and posts cash received for payments. SC generates loan payment histories needed to manage delinquency. They are currently responsible for loan delinquency follow up.

## STRUCTURE cont'd

- City Attorney - prepares loan documents, reviews/approves documentation for loans and grants. Makes demand on delinquent loan accounts and facilitates collateral lien perfection and replevin.

### GOVERNANCE:

- Advisory Board - members are appointed by City Councilpersons, one per district. The Board Chair is appointed by the Mayor.
- Advisory Board makes recommendations only. All final decisions are made by OED, CMO and/or City Council.
- Qualifications are very specific as stated in Section 2-130 of the Dallas City Code.





## FUNDING:

- ❑ Annual funding for the Trust Fund comes from allocations
  - General Fund (Council approval)
  - \$.15 per ticket sold at certain Fair Park events
  - Fair Park Visitors Formula (established in CR 91 1597)
  - Interest from loan payments
  - Interest from cash invested
  - Corporate donations (\$50M annually 2000-2008 – specific use)

# South Dallas Fair Park Trust Fund – Org 0351 Budget for FYE 05/06

Beginning Fund Balance on 10/1/2005    \$1,248,908

## Projected sources of funds

Loan payments received	\$62,191
Smirnoff ticket sales	\$30,000
Flea market rentals	\$19,500
Corporate Donation	\$50,000
Interest Income	\$11,500

**Allocation available for use    \$1,422,099**

# South Dallas Fair Park Trust Fund 0351 Annual Budget for FYE 05/06.

## Projected uses of funds:

Security cameras (proposed)	\$250,000
General Fund Reimbursement (operating expenses)	\$142,638
EuroStaff (temporary staff)	\$ 16,000
Un-disbursed 04/05 grants	\$165,443
Un-disbursed Grants prior to 04/05	\$ 85,529
Miscellaneous expenses	\$ 10,000
Loans	\$200,000
CBN Grants	\$125,000
Challenge Grants	\$50,000
Public Safety Grants	\$50,000
<b>TOTAL USES</b>	<b>\$1,084,610</b>
<b>Projected Ending FY Balance</b>	<b>\$337,489</b>

# PRIOR AUDIT ISSUES

## FISCAL ACCOUNTING MANAGEMENT:

- General funds transfers not documented
- Minor Home Repair Program funding not recommended by Trust Fund Board
- Minor Home Repair Program funding paid directly from General Fund; no reduction to Trust Fund Allocation
- Ticket sales not supported with proper documentation
- Visitors Formula not recalculated annually
- Loan payments posted improperly
- No loan payment billing function (payment book, notice)
- Doubtful accounts management inadequate
- No process for reprogramming expired grants
- Annual audit timelines (two audits in 5 years)

# PRIOR AUDIT ISSUES

## PROGRAM MANAGEMENT:

- Limited loan/grant program guidelines
- Lack of loan underwriting criteria
- Board limited in understanding of loan underwriting
- Staff has limited knowledge in grant/loan programs management
- Less than quality loan applicants
- Limited business development efforts
- Lack of clarity relative to expense management

## OTHER:

Collateral Management

# RECOMMENDATIONS

Recommendations are intended to address operating issues, audit concerns and the prudent efficient management of the Trust Fund.

## Audit

- Hired “outside” accountant to compile financial statements based on transactions from 2000-2005 (complete)
- Hired “outside” auditor to audit financial statements from 2000-2005 (complete). Expected 2006 audit to be complete by 5/1/06.
- Develop comprehensive policies, procedures and guidelines for operation, including loan underwriting criteria (complete)
- Establish processes for grant funding and reprogramming (complete)
- Establish process for loan delinquency management (complete)
- Provide audit compliance training for staff (complete)
- Update marketing literature to reflect updated policies procedures and guidelines (complete)
- Hold forums to communicate updated policies, procedures and guidelines to the community (complete)

# RECOMMENDATIONS

## Council Resolutions Changes

Review all authorizing Council Resolutions and recommend modifications.

- ❑ Advisory Board Qualifications
  - Eight members must have direct connection (live, own a business, work, community involvement) to South Dallas community.
  - Seven “At Large” positions to have qualifications related to business, housing, non profit management, community building.
  - At least 2 board members must have loan and grant underwriting experience.
- ❑ Minor Home Repair Program - Housing Department shall submit a request for funding to Trust Fund Advisory Board for recommendations to fund the program.
- ❑ Fiscal Management - Fiscal management of the Trust Fund to be the responsibility of the Budget/Finance Manager of the Office of Economic Development or the responsible administrative oversight department.



# RECOMMENDATIONS

## Council Resolution Changes

- ❑ Internal Department Service Agreement - Service Support Agreements are to be negotiated and documented between Trust Fund administrative oversight department and identified City departments supporting the Trust Fund.
- ❑ Operating Expenses - Trust Fund operating expenses are to be budgeted annually by administrative department Budget/Finance Manager in collaboration with Trust Fund Staff and Advisory Board for **no more than 25%** of beginning program year allocation balance. Expenses to be appropriated and paid from the General Fund. The General Fund will be reimbursed from Trust Fund Org 0351 up to **no more than 15%** of the Trust fund Allocation balance at the beginning of the program year **Not to Exceed Actual Expenses**.



# RECOMMENDATIONS

## Council Resolution Changes

- ❑ Annual Audit - Budget/Finance Manager of administrative oversight department to request City Auditor engage an audit annually.
- ❑ Name Change - Change the name of the Trust Fund to eliminate negative perceptions and redefine it as a community, social and economic development engine.

**Suggested Name:** “South Dallas Fair Park Neighborhood Development Fund”.

# STRATEGIC PLANNING

## Planning for Success

- Develop 3-5 year Business Plan for the Trust Fund
  - Set Goals
  - Develop Action Plans
- Institute calling program to become familiar with businesses and community organizations.
- Look for opportunities to participate in financing structures (gap financing, subordinated debt)
- Identify viable projects that have community impact for Trust Fund financial support
- Review current Grant Programs to determine if they are designed to best promote community, social and Economic Development
- Plan annual Board/Staff retreat to generate ideas for development that can have impact

# STAFFING

## Recommended Staffing – 1 FTE

### Manager

Responsible for meeting objectives of the South Dallas/Fair Park Trust Fund through prudent, compliant management of Loan/Grant programs. Additionally, responsible for Trust Fund office and staff management.

### ➤ **Areas of defined responsibility**

#### ✓ Business Development and Marketing

- Source for opportunities that have economic impact
- Source for Public/Private Partnership opportunities
- Communicate Trust Fund Mission, Policies, Procedures and Guidelines to constituent community

#### ✓ Advisory Board Management

- Assist with filling positions
- Meetings
- Timely Agenda Filing

# STAFFING

- ✓ Program Coordination/Management
  - ❑ Adhere to established policies, procedures and guidelines
  - ❑ Make Loan/Grant recommendations to Board sub committees
  - ❑ Conduct Grant Information Sessions
  - ❑ Facilitate grant application announcement period/process
  - ❑ Make on site business/agency visits
  
- ✓ Engage Annual Audit
  
- ✓ Staff Management
  - ❑ Set challenging performance standards
  - ❑ Conduct timely performance evaluations
  - ❑ Coach and council for success

# STAFFING

## Administrative Assistant – 1 FTE

### Assist manager with meeting objectives of the Trust Fund

#### ➤ **Defined responsibilities**

- ✓ Open and close office
- ✓ Answer phones
- ✓ Provide information
  - Walk ins
  - Call ins
- ✓ Manage mail
- ✓ Manage grants/loan files
- ✓ Assist with Advisory Board
  - Meetings
  - Support
- ✓ Assist with Grant Information Sessions
- ✓ Review and verify grant/loan documentation for funding
- ✓ Manage grants/loan follow-up tickler log
- ✓ Manage delinquent account collection

## SUMMARY

- The South Dallas Community is experiencing development and redevelopment at an accelerating pace. The Trust fund should be used to leverage investment into projects already underway and planned.
  - Frazier Courts/DHA Redevelopment Project
  - Bexar Street/Turner Courts Redevelopment
  - Grand Park South TIF District
  - St. Phillips /Forest Heights Housing and Redevelopment
  - 4<sup>th</sup> Avenue Dart Rail Station Development
  - South Blvd/Park Row Historic Preservation District

## SUMMARY

- South Dallas/Fair Park Trust Fund is a source of funding for projects and activities that promote community, social and economic development in the South Dallas Fair Park Community.
- Operating parameters necessary for a program such as the Trust fund to be successful were not addressed and implemented when the Fund was established.
- The Trust Fund has operated with limited guidance and oversight throughout its existence.
- Policies, procedures and guidelines have been instituted to address operating deficiencies and audit exceptions.

## SUMMARY

- Recommendations have been developed for clarification and/or changes to Council Resolutions that will facilitate a more efficient and prudent operation.
- The rationale for establishing the Trust Fund, consideration for the impact that Fair Park operations have on the South Dallas community, continue to be sound.



# South Dallas/Fair Park Trust Fund Authorizing Resolutions and Pertinent Documents

CR 87 0632 0 March 18, 1987

CR 89 1159 - April 12, 1989

CR 89 1674 - May 24, 1989

CR 89 3605 - November 8, 1989

CR 91 1597 - May 22, 1991

CR 93 1145 - March 24, 1993

CR 93 2939 - July 19, 1993 (Ordinance 21765)

Budget Amendment - September 13, 1999

CR 04 0801 - February 25, 2004

Dallas City Code Article XIV Sec. 2-130

Fair Park Task Force Final Report

Lease/Use Agreement - City of Dallas and Pace Entertainment Group  
(see page 23 - ticket sales)