

Memorandum



DATE August 15, 2008

TO Members of the Economic Development Committee: Ron Natinsky, Chair
Tennell Atkins (Vice-Chair), Dwaine Caraway, Jerry R. Allen, Sheffie Kadane,
Mitchell, Rasansky, Linda Koop, Steve Salazar

SUBJECT Reunion Arena Demolition – Next Steps

On Monday, August 18, 2008, the Economic Development Committee will be briefed on the status of Reunion Arena Demolition and associated next steps.

A copy of the briefing is attached. Staff will be available at the meeting to make the presentation and to respond to your questions.

Please contact me if you have any questions.


Ramon Miguez, P.E.
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge Jay Robinson, Judiciary
Ryan S. Evans, First Assistant City Manager
David O. Brown, Interim Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jeanne Chipperfield, Interim Budget Director, Office of Financial Services
Karl Zavitkovsky Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Lee McKinney, Assistant Director, Office of Economic Development
Helena Stevens, Assistant to the City Manager

Update on Reunion Arena

Briefing to the Economic
Development Committee

August 18, 2008



Purpose



- Update Economic Development Committee on Reunion Arena demolition and financing plan
- Address Reunion Arena surplus equipment status, allocation and auction process
- Outline planning process for upgrading Convention Center Arena
- Detail next steps

Background – City Council Resolution Authorizing Demolition

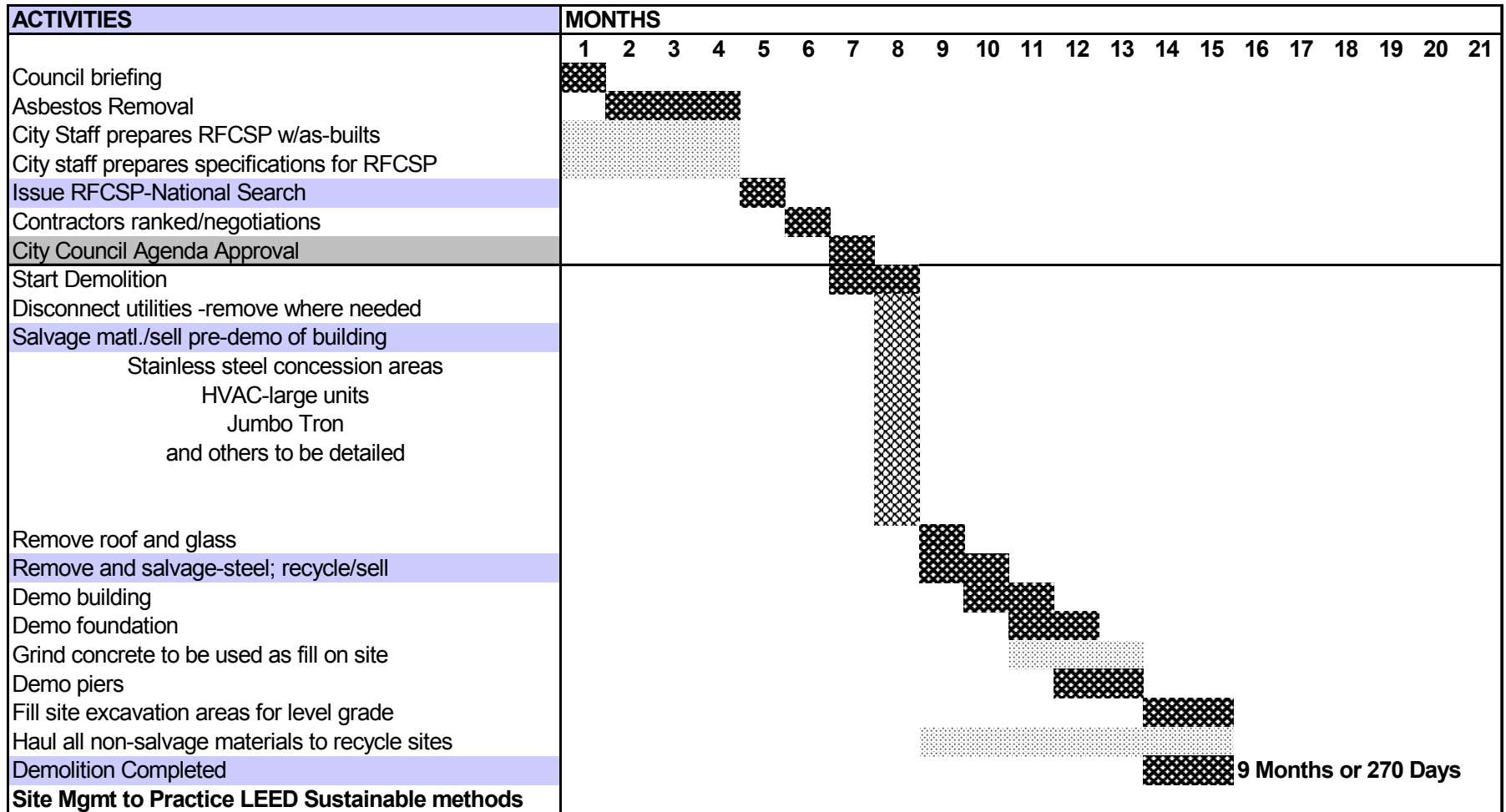
- On June 25, 2008, the City Council authorized the City Manager to:
 - Close Reunion Arena and to cease accepting bookings for events past June 30, 2008,
 - Develop a Reunion Arena demolition financing plan and schedule, and
 - Develop a renovation and operation plan for Convention Center Arena.



Demolition Funding

- Demolition cost will come from the Hensely Field Fund - current estimate is \$6.0m
- Appropriations to the Convention Center Capital Construction Fund will be authorized as part of the FY 09 budget adoption.
- The City Controller will transfer the funds to the Convention Center Capital Construction Fund as needed to process demolition payments.
- The loan repayment will occur upon final disposition of Reunion Arena site such as sale.
- Interest on the outstanding balance will accrue at the prevailing City of Dallas pooled interest rate.
- At the awarding of the demolition contract the interim financing listed above will be included.

POSSIBLE DEMOLITION SCHEDULE - REUNION ARENA



Surplus Equipment

- Staff has inventoried fixed and portable equipment
 - Examples: Portable chairs, hockey equipment, zamboni's, electronics, scoreboard, fixed seating and other equipment
- Some equipment and material inventoried will be archived – dedicatory items, photos, plans, lease agreements, etc.
- Equipment not used for archival purposes will be allocated as follows:
 - **Phase One:** Dallas Convention Center will receive any equipment that can help in its operation
 - **Phase Two:** Remaining equipment offered to other City Departments for purchase
 - **Phase Three:** Leftover equipment and other materials sold at public auction – Purchasing confirmed that CES would receive funds from sale of items.

Surplus Equipment_{cont.}

- Staff has developed a list of prospective buyers – other similar venues and call-in requests

Schedule – Allocation of Surplus Equipment

July 2008

- ✓ Removal of Contractor purchased equipment
- ✓ Reallocation of usable equipment begins
- ✓ Usable equipment/fixtures taken down or apart for reallocation
- ✓ Purchasing walked through facility
- ✓ Facility Inventory completed and determination of goods reusable within CES was made.

Schedule – Allocation of Surplus Equipment cont.

| | |
|--------------------------------|---|
| August 2008 | Begin department asset depreciation schedule Reallocation of equipment throughout CES |
| September 2008 | Reallocation of equipment continues, if needed. Surplus equipment auction |
| October - December 2008 | Reallocation of equipment and surplus equipment auction process ceases. Demolition contractor bidding process and award of demolition contracts. |

Planning Steps for Upgrading Convention Center Arena

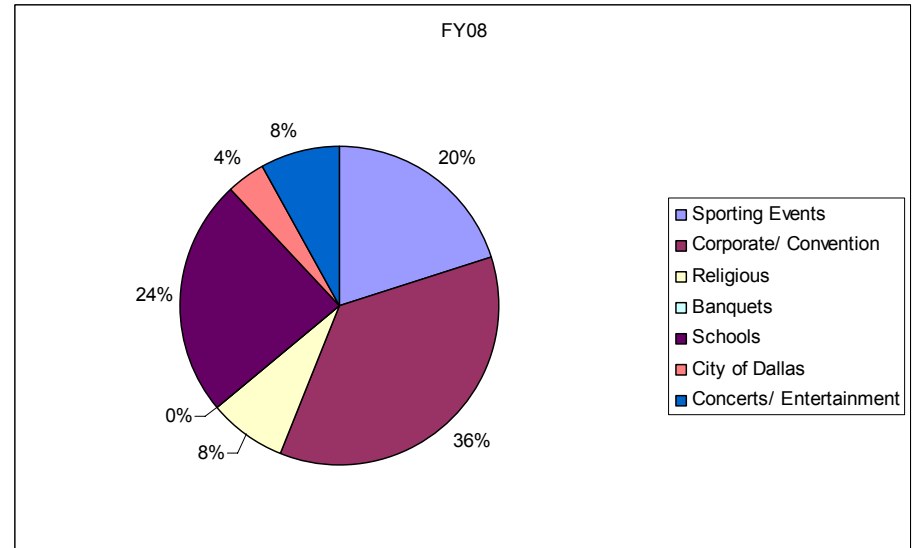
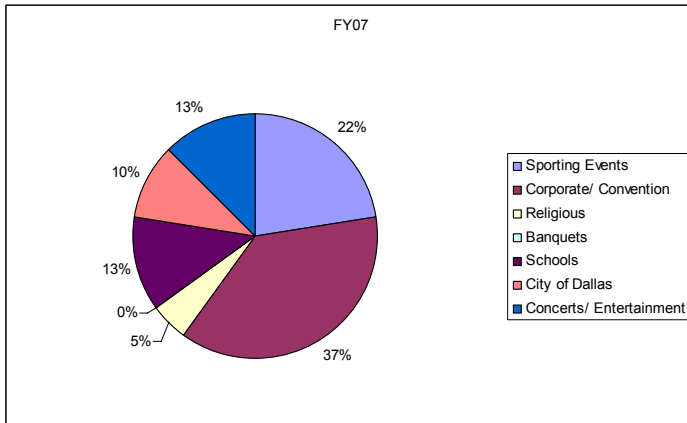
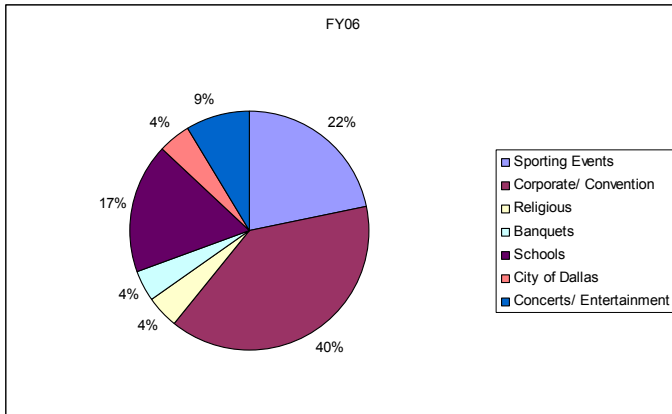
- DCC staff has assessed existing arena needs/deficiencies.
- DCC staff will evaluate market potential to expand current event activity and identify additional improvements and/or industry best practices to support additional business.
- Complete financial analysis that includes construction costs to implement upgrades that have been identified to include a return on investment assessment
- Identify funding source.

Convention Center Arena: What Is It?



- A multi-use venue that can accommodate theatrical/music events as well as sporting events, banquets, and receptions.
- 21,290 sq ft.
- Seats up to 9,816
 - 2,388 floor seating
 - 7,428 balcony seating
- Current Utilization Rate – 164/365 days or 45% (suggests opportunities for growth)

Dallas Convention Center Arena Utilization FY06 – FY08



Upgrades We Know Are Needed Now to Improve Current and Future Use

- Rigging Capacity – reinforcement
- Dressing Rooms – expand and renovate
- Seating- reconfigure/ upgrade fixed seating arrangement
- Improve dock access – currently through exhibit hall A
- Portable scoring functions for High School/NCAA/BIG 12 activities
- Separate electrical power service for arena events
- Concessions areas – expanded capabilities
- Renovation of existing public restrooms
- Expand and upgrade existing stage, theatrical lighting and sound
- New Roof
- Install fire alarm and suppression system

Convention Center Arena: Conducting a Market Assessment

- DCC Arena enhancements to drive expanded event utilization should be measured against potential market demand
 - Conduct a market analysis to:
 - Identify event growth potential,
 - Recommend capital improvement required and
 - Develop promotion/marketing strategies
 - Assess return on capital improvements

Next Steps

- Implement schedule for Reunion Arena demolition.
 - Issue RFP
 - Finalize funding
- Continue reallocation of surplus equipment and initiate surplus sale process.
- Identify budget for renovation improvement needed for current operation.
- Conduct Convention Center Arena marketing analysis.