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Dallas deck park deal puts most costs on foundation, not taxpayers



Brad Loper/Staff Photographer

Claire Stuart, 13, relaxed on the great lawn of Klyde Warren Park on Thursday. Her mom, a member of the Dallas Yarn Bombers group, was decorating trees and light poles for Saturday's grand opening.

By RUDOLPH BUSH

Staff Writer

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Klyde Warren Park's position atop the Woodall Rodgers Freeway isn't just a unique geographical feature in Dallas — it's part and parcel of a business arrangement that sets it apart from every other park in the city.

Under a 50-year agreement, a private foundation will run the park's day-to-day operations, fund its maintenance and raise money to keep it in the black.

The city's responsibility starts and stops underground, with maintenance of the concrete deck that the park sits on.

"The agreement was we would manage everything on top of the park and the city would manage everything under the park," said Jody Grant, chairman of park's foundation. "It's a great deal for the city. We have relieved them of the obligation to manage this park. That's off the city's budget."

City Hall is fond of the arrangement, too.

Grant expects that Klyde Warren Park will cost about \$3 million a year "at the high side" to maintain and operate.

That's far more than City Hall would be able to put into a single park, even one as important as the deck park.

Paul Dyer, the city's outgoing parks director, said it's unlikely the city could budget even \$1 million to operate the park.

Under the public-private deal, the city's annual cost will come to about \$400,000. That will pay the state Transportation Department to do the actual maintenance work under the deck.

The city's cost is about the same as the total operation and maintenance budget for downtown's Main Street Garden, a park about a third the size of Klyde Warren.

A partnership

From the time the deck park was conceived, backers understood that it would require a partnership between the government and private donors.

In 2004, Grant and his wife, Sheila, along with Texas Capital Bank and the Real Estate Council, committed \$3 million in seed money. That led, in turn, to \$10 million in private capital and an agreement from the city to put the park on the 2006 bond program for \$20 million.

Fast-forward eight years, and private donors have given more than \$52 million to the park. Some of those got naming rights in return, either for the park itself or for elements within it. The park is named for energy magnate Kelcy Warren's 10-year-old son.

Meanwhile, government — at the federal, state and city level — has spent nearly \$58 million, almost all of it to build the deck under the park.

“At the outset, we said this should be a one-third, one-third, one-third deal — the city, the state and the private sector,” Grant said. “As it's developed, the private sector has stepped up and taken a much greater share of the responsibility.”

As funding for the park came in, and its supporters toured places like Chicago's Millennium Park and New York's Bryant Park, the plan to have it managed privately crystallized.

The deck park would need enhanced maintenance, a higher level of security and more programming than a typical park, Grant believed.

“As good as the city is, this park needs real focus,” he said.

The arrangement between the city and the park foundation is unique as far as Dallas parks go. But it's not unprecedented, and, in fact, it has a lot in common with the way the Dallas Arboretum, the Dallas Zoo and even the AT&T Performing Arts Center operate.

They're all public institutions that are managed privately.

But among them, Klyde Warren Park is least tied to City Hall.

The zoo gets about \$14 million in subsidy every year. The AT&T Center gets up to \$2.5 million. And the arboretum gets about \$350,000 in a direct stipend and roughly the same amount in utility payments made by the city, Dyer said.

No operating subsidy

Klyde Warren gets nothing for operations.

And unlike the zoo, the arboretum and the performing arts center, there's no charge for admission. It is a public park.

The park and its supporters are on the hook for all of the estimated \$3 million needed for annual operations. That money will be raised either through donations or from revenue generated by the park itself.

"Our burden is to break even as soon as we can," Grant said.

With that in mind, you can expect that the park, or at least parts of it, will be rented out with some frequency. Like most city parks, Klyde Warren will be available for private lease. The revenue from those rentals, though, will accrue to the park foundation, not the city.

It has other ways to raise money, from its restaurant and food kiosk and from events.

How much demand there will be for the park remains to be seen.

It has already raised some reserves to help cover operating expenses in case revenue doesn't flow in as hoped.

But the expectation of its backers is that a park in the midst of the most valuable real estate in Dallas will be able not only to cover its expenses but also to build reserves that can pay for major maintenance.

And, of course, it will continue to depend — as many parks and public institutions do — on philanthropy.

There is the risk, though, that the day will come when the city must pitch in.

Dyer doesn't think that will happen. But if it does, he said, the city will still be better off than it was before the park was built.

"If it did come back to us, it's not something the city would like, but it's still an incredible gift," he said. "We're still millions of dollars ahead of the game."

Grant said the result of the deal is a park that Dallas can proudly point to as a centerpiece of the city.

Other cities, including Los Angeles, are already inquiring about the way Klyde Warren Park was built and financed.

"It's the perfect public-private partnership," Grant said. "You could roll this out as the poster child."