

# Memorandum



CITY OF DALLAS

DATE September 26, 2024

TO Honorable Mayor Eric Johnson and Members of the Dallas City Council

SUBJECT **Fair Park First/OVG 360 Contract**

It is unfortunate that there are currently multiple concerns and issues related to the Fair Park First (FPF) contract, but it is our belief that many of these issues stem from the structure of the contract. As you know, the City, through the Park and Recreation Department, has a contract with FPF, a not for profit entity. However, FPF is not the operator of the park. FPF has a separate subcontract with OVG360, who is the operator of the park, and as a result there is no direct contractual relationship between the owner (City) and operator (OVG360), which is unusual and has proven to be highly problematic. This is fundamentally different to any other contract we have with any of our other partners, and it was not negotiated by the Park and Recreation Department nor did we have any input into the subcontract between FPF and OVG360 (Spectra at the time).

The consequence of this contractual structure is that we have very little ability to examine or oversee the entity that is actually operating the park on our behalf. Throughout the history of the contract, and as detailed in the subcontract agreement between FPF and OVG360, OVG360 has been responsible for the administration of all financial accounts, provides the accounting system, personnel/payroll, maintains bonds and insurance, and all other systems and processes that are needed to operate the park. The only meaningful contractual ability we have in regard to the relationship between the City and OVG360 is the right to request the removal of the General Manager, who is an OVG360 executive charged with managing the park. We did just that in late 2022 after a series of concerns were brought to our attention related to operational and financial matters at the park as well as concerns from the Park and Recreation Board President.

It took OVG360 a very lengthy amount of time to fulfill our request to fully remove the General Manager and that did not occur until the end of 2023 and only after determined insistence by Park staff. Only once that occurred and new leadership was in place, did Fair Park First have the ability to look more deeply into financial matters concerning park operations. It was also around this time that a whistleblower came forward with information concerning potential financial issues related to donor restricted funds. Finally, in March 2024 we were notified by Fair Park First that they had commissioned an independent audit to look into these concerns in a detailed way.

Please know that we have carefully administered the contract between the City and FPF. And again, we do not manage the contract between FPF and OVG360 because we have no contractual relationship with OVG360. The City/FPF contract requires several substantive deliverables to be provided by FPF on a recurring basis. Those include an annual report, an audited yearly financial statement, an annual budget, and a capital improvement plan.

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Every year that the contract has been in place, we have ensured that each of those documents has been received and appropriately reviewed. The required contractual documents have never contained information that has yielded concerns with the exception of recent budget submissions that caused us to question certain aspects of fundraising.

It is our intent to never again enter into an agreement with this contractual structure because of the flaws that have been revealed and, going forward, to ensure that we have the ability to be the lead on contract negotiations on those contracts we will be responsible for managing.

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



John D. Jenkins, Director  
Park and Recreation Department

c: Dallas Park and Recreation Board Members