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## Dallas' new convention center is making us nervous

**City needs to get real about planning and budget.**

The Dallas Morning News

By [Dallas Morning News Editorial](#)

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A rendering shows the ballroom of the proposed Dallas convention center. (Amplify Dallas / Inspire Dallas)

We understood that the new Dallas convention center would be costly, but talk of a \$1 billion bridge loan at a recent City Council briefing definitely grabbed our attention. The city already expects to take on as much as \$2.2 billion in bond debt for the facility — and now it's taking out an additional \$1 billion loan?

Turns out, we misunderstood. The “bridge loan” is interim financing the city can draw on to jump start construction this summer. Any money borrowed will be repaid with proceeds from the bond sale.

But a more worrisome issue arose later in the briefing, when council member Jesse Moreno asked about the current budget for the new convention center. He said he recalled \$3 billion as the approximate cost.

“We never use the word cost or budget,” replied Rosa Fleming, director of convention and event services. “If you remember, we used the word investment level. ... What we brought to you was our bond ability.”

It was an unfortunate response. Regular people — residents and taxpayers — understand costs and budgets. They care about costs and budgets. “Bond ability” is public finance jargon that sounds like another way to say, “we’ll spend as much as we can borrow.”

In this context, bond ability means how large a bond package — how much debt — the city can repay with the specific streams of revenue earmarked for the project. The focus on how much we can borrow versus how much we should spend, worries us. When a public project runs into the billions, and has a dedicated source of public revenue to pay for it, the risk of overspending soars.

To be fair, the Kay Bailey Hutchison Convention Center needed an overhaul and discussions about a new facility began because of problems with the current one. The existing, cobbled-together center has had significant deferred maintenance issues — more than \$500 million worth.

The original buildings on the site included a theater and a [1957](#) multipurpose arena, which was joined to a new exhibit hall that opened in 1973. The convention center later expanded west across Griffin and Lamar streets, adding more exhibit halls, meeting rooms, ballrooms and a light rail station.

Today, walking through the convention center from west to east is like walking from first class to coach on a jumbo jet. The facility's newer end has upscale interior finish-out and eye-catching terrazzo floors. The escalators groan but the space is attractive and looks well-maintained.

The oldest hall, which sits closest to City Hall, feels dark and utilitarian inside. Its exterior is a grim landscape of thick, patina-stained tan concrete walls, walkways and stairs with rusting handrails and vandalized recessed light fixtures. With the exception of the pioneer cemetery, a walk around the outside of the convention center is unpleasant: pedestrians face confusing, unattractive streets, parking lots and more concrete.

Rather than sinking more money into the aging complex, the city decided to start fresh and rethink that entire, forlorn corner of downtown Dallas. The city settled on a [new master plan](#) that shifts the convention center west and orients it mostly north-south along Lamar Street. Demolishing obsolete exhibit halls will open as many as 30 acres of land for redevelopment. Early drawings show how the area could become a walkable, vibrant, attractive district for visitors and locals alike.

That said, everyone involved needs to manage expectations and start using the word “budget.”

Moreno didn't hallucinate the \$3 billion cost estimate, neither did council member Paul Ridley, who remembered a \$2 billion figure. In fact, Visit Dallas, a key stakeholder, issued a press release in February 2022 announcing that the City Council had approved plans for a \$2 billion center.

Until project managers and planners settled on a basic design and footprint for the center, it was impossible to calculate specific costs. Now they have that information. Developer Jack Matthews, president of the project management team, told the council it will take about a year to develop a detailed budget. It seems like \$3.5 billion should be enough to build a lovely, functional convention center.

City staff need to emphasize what isn't included in that amount. The master plan has seven parts. The \$3.5 billion figure covers much of the planning work for the area, project management, demolition of the existing convention center and construction of the new one. It does not include redevelopment of vacant land or updates to the arena, the theater or the train station.

A project of this physical size and cost will be buffeted by events beyond the city's control. The global economic outlook is unsettled; new tariffs and mass deportations could increase construction costs. Dallas may have to strategically trim the budget as the project progresses.

City leaders also need to guard against what project management scholar Bent Flyvbjerg terms "optimism bias" and "strategic misrepresentation." Both lead projects' supporters to underestimate risks and costs and overestimate benefits. Megaprojects come along only once every decade or two, so most municipal governments have little experience with them. Flyvbjerg urges officials to look at similar, completed projects in other locations to keep forecasts grounded in reality.

It will be easy for things to go awry, and they already have. Project leaders had to quickly [reposition](#) the facility's [footprint](#) last year when they learned a proposed alignment would conflict with Texas Department of Transportation plans for expanding Interstate 30. Then the city rushed to buy part of this newspaper's former property on Young Street for almost \$52 million to prevent it from becoming a data center, an inappropriate use in an entertainment district.

City staff needs to develop *and fund* a serious maintenance plan for the new facility before it opens in 2029. A recent report illustrated just how poorly [Dallas maintains](#)

many of its properties. Whether we build a Mazda or a Maserati or a convention center, we need to take care of it.

And, from today on, we need to stay realistic about costs and benefits.

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