



Audit of Convention Center Construction Monitoring Controls

May 15, 2026

Mamatha Sparks
Interim City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

Jesse Moreno

Deputy Mayor Pro Tem

Gay Donnell Willis

Council Members

Adam Bazaldua

Lorie Blair

Paula Blackmon

Laura Cadena

Zarin D. Gracey

Maxie Johnson

Cara Mendelsohn

Jaime Resendez

Paul E. Ridley

William Roth

Kathy Stewart

Chad West

Table of Contents

EXECUTIVE SUMMARY	3
OBJECTIVES AND CONCLUSIONS	4
RECOMMENDATIONS.....	4
RISK SUMMARY	5
AUDIT RESULTS	6
OBSERVATION A: PROJECT RISK AND COST MONITORING.....	6
OBSERVATION B: PROJECT INTEGRATION AND CONFLICT RESOLUTION	11
BACKGROUND.....	13
METHODOLOGY	14
GOVERNMENT AUDITING STANDARDS STATEMENT	15
REPORT CLASSIFICATION	15
MAJOR CONTRIBUTORS	15
APPENDIX A – AUDIT ACKNOWLEDGEMENT LETTER	16

Executive Summary

The City of Dallas broke ground on the expansion of the Kay Bailey Hutchison Convention Center Dallas in June 2024 with opening of the new convention center planned for 2029. The project consists of seven components that together are designed to modernize and expand convention center facilities, enhance the public realm, create new jobs, and create a connection between Downtown and South Dallas. The seven components are as follows:

- Component 1: Convention Center Demolition and Expansion and Green Space over Interstate 30
- Component 2: Transportation-Related Alternatives
- Component 3: Dallas Memorial Arena Renovations
- Component 4: The Black Academy of Arts and Letters (TBAAL) Renovation
- Component 5: Pioneer Plaza Park and Cemetery
- Component 6: Eddie Bernice Johnson Union Station
- Component 7: Land Use and Development on City of Dallas-Owned Property

As of January 2026, the total cost for all components under way – Component 1, Component 3, Component 4, and Component 5 – was estimated at \$3.6 billion to \$3.8 billion. Component 1 is the largest of the seven components of the project with an estimated cost of \$3.1 billion to \$3.3 billion. Convention and Event Services is responsible for overseeing this expansion and has hired owner-representatives to assist with oversight of the four components in progress.

This is the first of a series of audits of the convention center construction project. The objectives were to determine: (1) if processes and controls were in place as they relate to procurement, financial reporting, invoice payment processing, and overall project management; (2) if owner-representatives were performing their contract requirements; and (3) if additional construction risks were monitored by the owner-representatives or Convention and Events Services.

The scope for this audit included construction monitoring activities related to the Kay Bailey Hutchison Convention Center Dallas expansion through contracting with architectural and engineering firms, owner-representative firms, and construction managers at risk. The scope period was from July 1, 2024, through June 30, 2025, with consideration to expand through December 31, 2025. The intended scope of the audit primarily focused on Component 1.

Objectives and Conclusions

1. Were processes and controls in place as they related to procurement, financial reporting, invoice payment processing, and overall project management?

Generally, Yes. Processes and controls related to procurement, financial reporting, invoice payment processing, and overall project management were in place. However, costs to expand the Kay Bailey Hutchison Convention Center Dallas could increase and a regular cost reporting schedule has not been established. See [Observation A](#).

A project integration and conflict resolution process are needed because of the tight and overlapping construction timelines for each component and the dual goals of operating the current convention center while constructing the new convention center.

See [Observation B](#).

2. Was the owner-representative performing its contract requirements?

Yes. The owner-representative firm for Component 1 was fulfilling its contract requirements, and its work was being reviewed by Convention and Event Services. Examples include developing program management and program execution plans, reviewing invoices, assessing program risks, and coordinating the project by hosting multiple weekly stakeholder meetings.

3. Were there additional construction risks being monitored by the owner-representatives or Convention and Event Services?

Yes. The owner-representatives and Convention and Event Services monitor additional risks they have identified. The high-risk items identified suggest that risks are being considered. However, the number and significance of risks identified means risk assessment, identification, and resolution needs to continue as the project progresses. See [Observation A](#).

Recommendations

Management should:

- Continue to monitor risks and consistently update the risk profile of each component of the master plan with each owner-representative firm
- Create a cost reporting schedule for all components of the Master Plan as designs are finalized
- Develop a formal project integration plan and a conflict resolution strategy for potential coordination issues or conflict among the component teams

Risk Summary

Risk classification is based on criteria outlined in the Standards for Internal Control In the Federal Government—Compliance, Operational, Financial—and Government Auditing Standards citizen focused criteria of Public Image. Each program is evaluated against these criteria, and the resulting risk classification reflects the program’s alignment with departmental goals as well as its overall significance to the community.

Classification	Recommendations	Management’s Response
● High	3	Management agreed to 3 of 3 recommendations.
● Moderate		
● Low		

Audit Results

Both City Council Resolution 88-3428 and Administrative Directive 4-09, Internal Control prescribe policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Project Risk and Cost Monitoring

Risk Rating: ● High

Convention and Event Services identified high risks during their risk monitoring processes. Due to the complexity of this construction project, the costs of expanding the Kay Bailey Hutchison Convention Center could increase if risks are not identified and addressed and if a cost reporting schedule is not established and followed.

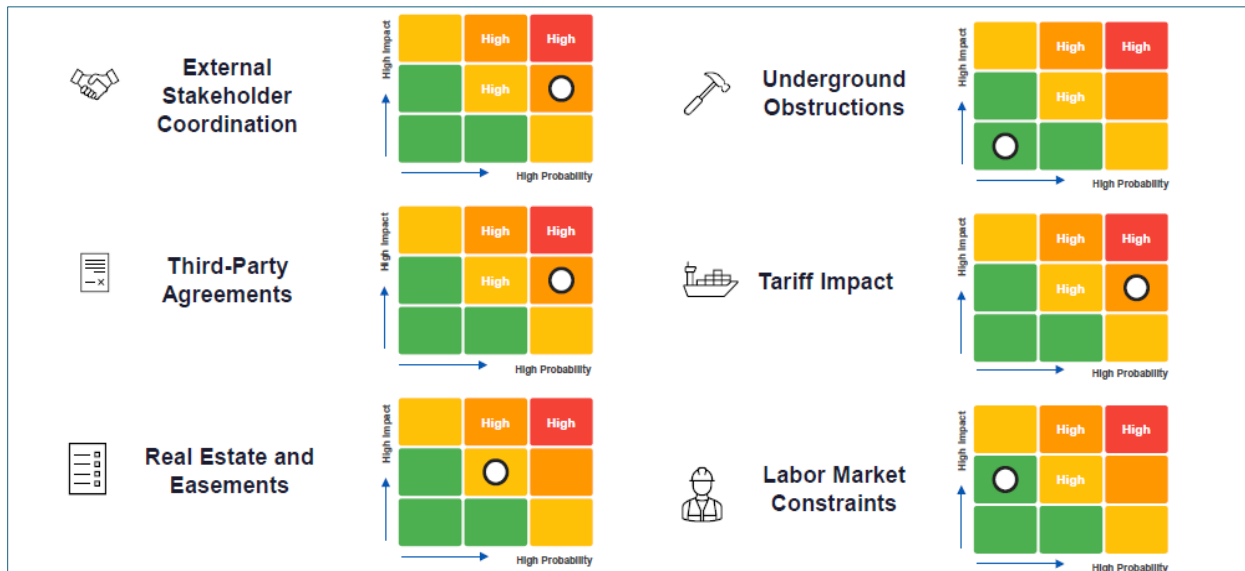
Convention and Event Services has documented and implemented various risk monitoring processes through review of documents, prioritization of tasks, and identification of solutions to risks. Risks are regularly discussed and action items are developed to assign responsibility as evidenced by meeting documentation and interviews with project leadership.

Exhibit 1 shows documented risk analyses prepared by Convention and Event Services and owner representatives between July 2025, and January 2026. The risk analyses displayed at least three high priority risk items on each update. High-risk items included coordination with a variety of site partners, tight and overlapping construction timelines for each component, market conditions including tariffs, and the dual goals of operating sections of the current convention center while constructing the newly expanded convention center. Risk analyses and task priorities were also presented to Dallas City Council in January 2026, in **Exhibit 2**.

Exhibit 1: Component 1 Risk Identification July 2025-January 2026

Date	Number of Risk Subjects	High Risks	Medium & Low Risks
July 17, 2025	3	3	0
July 25, 2025	16	8	8
August 1, 2025	16	8	8
August 14 & 28, 2025	14	6	8
September 26, 2025	12	6	6
November 4, 2025	10	3	7
January 21, 2026	6	4	2

Source: Provided by Convention and Event Services or its owner-representatives.

Exhibit 2: Convention Center Timeline Risk Analysis

Source: Presentation by Convention and Event Services to Dallas City Council in January 2026.

The construction project is being delivered using the Construction Manager at Risk model, with Guaranteed Maximum Price contracts approved by City Council, as each scope of work is bid and finalized. Under the Construction Manager at Risk model, detailed cost estimates are not fully developed at the outset. Instead, costs are established progressively as components are scoped and procured. This delivery model also inherently makes identifying cost increases in real time or assessing variances against initial comprehensive cost estimates more challenging.

Convention and Event Services and other stakeholders are working to monitor the total project costs over time. As of January 2026, Convention and Event Services is developing an updated cost estimate for all components, according to drafts provided by management, which is expected to improve visibility into overall costs and changes in costs.

Convention and Event Services has developed a monthly financial target analysis procedure to compare actual revenues and expenditures with internal records, since set budgets are not created during the design phase for the overall project and each component under the Construction Manager at Risk model.

Overall, estimated amounts associated with the construction project have adjusted as construction planning and development have progressed. In 2021, prior to the Master Plan approval in February 2022, the construction cost for the initial design of the new convention center was estimated at \$1.98 billion and the total available revenue was estimated at \$4.4 billion. Later 2021 documents also noted that estimated costs would be finalized once the designs were developed.

Since 2022, the building designs and site orientations have changed due to several factors. One such change included a modification of the site orientation because of the Texas Department of Transportation's need for land originally planned for the project.

In November 2024, Component 1 construction manager at risk costs were estimated between \$1.9 billion to \$2.5 billion based on advanced renderings. In May 2025, Convention and Event Services generated the first cost estimate for Component 1 based on schematic designs and early design development, which was \$3.3 billion to \$3.5 billion.

Exhibit 3: Component 1 Cost Estimates by Date

Date of Estimate	Component 1 Estimate in Dollars
December 2021	\$1.98 billion
November 2024	\$1.9 to 2.5 billion
May 2025	\$3.3 to 3.5 billion
January 2026	\$3.1 to 3.3 billion

Sources: Cost estimates included in presentations to the Transportation and Infrastructure Committee and City Council.

As of January 2026, Convention and Event Services reduced the cost estimate of Component 1 to \$3.1 billion to \$3.3 billion, because of continued changes. Also, the authorized contracts and construction estimate for Components 3, 4, and 5 total around \$477 million. The combined estimated costs of Components 1, 3, 4, and 5 are about \$3.6 billion to \$3.8 billion, which does not include all costs for Component 5¹. Components 2, 6, and 7 of the Master Plan are not yet fully developed and may carry additional cost. See **Exhibit 4** for anticipated project costs by component.

While the estimated costs have increased since 2021, the estimated costs have remained below the estimated revenues of \$4.4 billion. As of August 2025, approximately \$700 million has been approved for all components and up to \$1.288 billion has been authorized in borrowing to pay for these capital improvements.

¹ According to management, Component 5 is long-term deferred project that is funded from a combination of Convention and Event Services construction funding, Park and Recreation and private partnerships. The project was deferred to align with the delivery of the Master Plan and the project's demolition schedule. This component will not use revenue bond funding for delivery.

Exhibit 4: Anticipated Project Costs by Component

Component	Construction Price (as of January 2026)
Component 1 – Demolition and Expansion	\$3.1 billion to \$3.3 billion
Component 3 – Memorial Arena	\$241,246,088
Component 4 – The Black Academy of Arts and Letters	\$232,282,201
Component 5 – Pioneer Plaza Park and Cemetery	\$3,766,575

Source: Cost estimates included in City Council action items. (NOTE: Construction costs are not yet estimated for Component 5.)

In summary, estimated costs to construct Component 1 have risen from \$1.98 billion to between \$3.1 billion and \$3.3 billion, and cost estimates of the current components have reached \$3.6 billion to \$3.8 billion. Construction costs could continue to increase if risks are not consistently identified and appropriately addressed. Continuously tracking financial performance and reviewing and revising estimated costs at least annually could decrease the likelihood of sudden cost increases.

Criteria

- ◆ Administrative Directive 4-09, Principle 12–Implement Control Activities through Policies
- ◆ *Standards for Internal Control in the Federal Government*: Principle 7–Identify, Analyze, and Respond to Risk, Principle 16—Perform Monitoring Activities
- ◆ Government Finance Officers Association–Best Practices & Resources–Capital Asset Management

Recommendations

We recommend the **Director of Convention and Event Services**:

- A.1.** Perform ongoing documented risk monitoring and consistently update the risk profile of each component of the Master Plan with each owner-representative firm with a focus on the potential for cost increases
- A.2:** Develop and report at least twice annually on the anticipated cost estimates for each component and of the construction project

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
A.1	Agree	Convention and Event Services (CES) will memorialize a process to track cost variation (increases and decreases) over the life of each component. Additionally, CES will host weekly meetings, in addition to those already hosted each Thursday and Friday, to focus solely on cost variation, and provide an update to City leadership, and where appropriate City Council, via memo and in-person discussion to ensure that critical value engineering steps and programming alternations can be decided without impacting project delivery.	9/30/2026 / 3/31/2027
A.2	Agree	CES will brief City leadership and City Council twice annually. Specifically, CES anticipates briefing either the Economic Development Committee or Finance Committee and where requested the full City Council.	9/30/2026 / 3/31/2027

Observation B: Project Integration and Conflict Resolution

Risk Rating: ● High

Convention and Event Services has not developed a formal project integration process and conflict resolution strategy. An integration process and strategy should be developed to prevent breakdowns in communications, which can create conflicts that may negatively impact other components' progress, increase costs, or delay construction schedules.

Leadership and management of the Master Plan is divided into seven separate components. This requires coordination and conflict resolution across multiple distinct project teams, each responsible for completing a component of the project. This decentralization approach requires complex coordination between the teams working to complete each component.

Convention and Event Services has developed an informal process for addressing this need that is based on multiple weekly coordination meetings. A governance committee consisting of the Convention and Event Services Director, two Assistant City Managers, and the Chief Financial Officer meets weekly with owner-representatives from each component and the project's financial advisors to discuss project progress and identify concerns. Additionally, owner-representatives from each component meet with various City departments to discuss their progress and to coordinate next steps with the component project teams. As the project continues, this informal process may not be sufficient to identify and resolve team conflicts, potential cost increases, and/or schedule delays.

Criteria

- ◆ Administrative Directive 4-09, Principle 12–Implement Control Activities through Policies
- ◆ *Standards for Internal Control in the Federal Government*: Principle 12–Implement Control Activities

Recommendation

We recommend the **Director of Convention and Event Services**:

- B.1.** Develop a formal project integration process and conflict resolution strategy that includes current practices, such as the governance committee's meetings, and steps for resolving potential conflicts

Management Response

No	Concurrence	Action Plan	Implementation / Follow-Up Date
B.1	Agree	CES currently has a non-memorialized process for project integration that has served the project well to-date. However, as the project has moved into implementation and construction, CES agrees it could be beneficial to enhance that process. Enhancements will include coordinating with City leadership, the City Attorney's Office, and other departments to assign a single project management team as the lead integrator for day-to-day project management, engagement, and outreach. CES will formalize this process and document project move-forward on a monthly basis.	9/30/2026 / 3/31/2027

Background

In 2019, Convention and Event Services conducted tours of various convention centers across an eight-day period to note practices that could be adopted to develop a new convention center after noting the Kay Bailey Hutchison Convention Center Dallas was losing potential conventions and revenue.

In February 2022, the Dallas City Council adopted Phase 1 of the Master Plan to expand the Kay Bailey Hutchison Convention Center Dallas. The Master Plan consists of seven components, which together are designed to modernize and expand convention center facilities, enhance the public realm, create new jobs, and create a connection between Downtown and South Dallas.

- Component 1: Convention Center Demolition and Expansion and Green Space over Interstate 30
- Component 2: Transportation-Related Alternatives
- Component 3: Dallas Memorial Arena Renovations
- Component 4: The Black Academy of Arts and Letters (TBAAL) Renovation
- Component 5: Pioneer Plaza Park and Cemetery
- Component 6: Eddie Bernice Johnson Union Station
- Component 7: Land Use and Development on City of Dallas-Owned Property

Convention and Event Services is responsible for overseeing this expansion and has hired owner-representatives to assist with oversight of the four components that are underway – Component 1, Component 3, Component 4, and Component 5.

The largest component of the Master Plan is Component 1. Dallas City Council authorized several contracts with firms to design, review, and perform the work. Convention and Event Services hired an owner-representative firm (Inspire Dallas, LLC), an insurance consultant (Marsh, LLC), architect and engineering team (Amplify Dallas, which is led by Perkins & Will and Populous), and the construction manager at risk firm (Trinity Alliance) to oversee the development and construction of Component 1 at an estimated cost of \$3.1 to \$3.3 billion. Construction of Component 1 is expected to be completed by 2029.

Inspire Dallas worked with Convention and Event Services to create a program management plan to establish technical and administrative guidelines necessary to ensure that each project within Component 1 is designed and constructed in a coordinated and cohesive manner. The program management plan establishes responsibility and procedures for operations. The plan shows that Component 1 consists of three major projects: the convention center project, the demolition project, and the deck park project.

Additionally, Inspire Dallas and Convention and Event Services created a program execution plan to carry out the program, focusing on the actions and deliverables of the project and program teams. The program execution plan includes guidance for processes such as procurement, quality management, program and document controls, cost and budget administration controls, change management, invoicing, and contract closeout.

Convention and Event Services has implemented policies for invoice processing, job order contract invoicing, and monthly financial target analysis reporting to provide guidance for each process. On a monthly basis, Trinity Alliance issues a report covering the achievements of the prior month, the meetings held between Trinity Alliance, Inspire Dallas, Convention and Event Services, other City departments, and affected entities, procurement schedules, logistics and transportation, and risk matrices. In December 2025, the City of Dallas issued a report called the Convention Center Master Plan Year-End Review which summarized the milestones, awards given, agreements reached with outside parties, and active coordination efforts that will continue into 2026.

This engagement is the first of a series of audits the Office of the City Auditor plans to complete throughout the construction project. The Office of the City Auditor included one engagement in its Fiscal Year 2026 Audit Plan to address ongoing challenges inherent with a large-scale construction project.

Methodology

The audit methodology included:

- (1) Interviewing personnel from Convention and Events Services and Inspire Dallas, the owner-representative firm for Component 1
- (2) Reviewing policies and procedures, the Texas Local Government Code, applicable administrative directives, and best practices
- (3) Performing various analyses, including reviewing invoices, job order contract invoices, financial target analysis reports, procurement invoices, and monthly progress reports issued by the construction manager at risk firm
- (4) Assessing program management and execution plans, feasibility studies, convention center tour notes, and risk assessments

In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

Government Auditing Standards Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Report Classification

Final Report – For Public Use

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

Major Contributors

Dan Genz CIA, CISA, CFE–Engagement Manager

Jonathan Goonan CPA, CIA–In-Charge Auditor

Appendix A – Audit Acknowledgement Letter

Audit of Convention Center Construction Monitoring Controls

Audit Acknowledgement Letter begins on next page

Memorandum



DATE: May 12, 2026

TO: Mamatha Sparks – Interim City Auditor

SUBJECT: Response to Audit of Convention Center Construction Monitoring Controls

This letter acknowledges the City Manager's Office received the [Audit of Convention Center Construction Monitoring Controls](#) and submitted responses to the recommendations in consultation with the Department of Convention and Event Services.

We appreciate the auditor's work in evaluating the Convention and Event Services Department's (hereinafter "CES") controls for monitoring construction and are pleased the auditor can conclude that:

- Processes and controls related to procurement, financial reporting, invoice payment processing, and overall project management were in place;
- Owner representatives performed their contract requirements; and
- Owner representatives and CES monitored additional risks they identified.

CES recognizes there are opportunities to enhance our existing processes and appreciates the auditors' recommendations. Convention and Event Services agrees to:

- Continue monitoring risks and consistently update the risk profile of each component of the master plan;
- Continue to update a master budget, at least twice annually, on the anticipated budget and costs with a focus on the potential for cost increases; and
- Develop a formal project integration plan and a conflict resolution strategy for potential coordination issues or conflicts among the component teams.

Please let me know if you require additional information.

Service First, Now!



Kimberly Bizer Tolbert
City Manager

C: Jack Ireland, Chief Financial Officer
Robin Bentley, Assistant City Manager
Rosa Fleming, Director, Convention and Event Services