



City of Dallas

7800 Stemmons Facility Briefing

**Ad Hoc Committee on
General Investigating & Ethics**

May 2, 2024

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Overview



- Background
 - Budget Planning
 - Pre-Purchase Evaluations and Inspections
 - Timeline of Purchase, Construction Inspections, and Staff Transition
- Budget Expenditures and Future Budget Needs
- Next Steps and Estimated Timelines
- Questions



Background – Budget Planning



- 2017 Development Services had outgrown the functionality of Oak Cliff Municipal Center (OCMC)
- Development Services evaluated space that would serve their department and customer needs and earmarked \$36M for this investment
- Staff investigated building a new permitting center next to OCMC or the purchase of an existing building
- The cost to build new (\$45M) exceeded the budget for Development Services and staff began looking for an alternative existing building for their new permitting center



Background – Pre-Purchase Evaluations and Inspections



- **June 2022** The City of Dallas identified the 7800 Stemmons building (11-floor office tower) to potentially serve as the new Development Services Permit Center
- **July 2022** Internal assessments by the Office of Bond and Construction Management (BCM) and the Building Services Department (BSD) identified \$9.7m in long term capital needs such as roof repairs, chillers, etc.



Background – Pre-Purchase Evaluations and Inspections



- **July 2022** Property Condition Assessment completed by JLL Valuation Advisory as part of the facility purchase
- JLL Report identified an immediate need of \$1.2M (Includes \$1.1M needed to repair and modernize all five elevators)

Project Summary

Construction System	Good	Fair	Poor	Action	Immediate	Over Term Years 1-12
3.1.1 Site Configuration and Overview	X			None		
3.1.2 Grading, Drainage and Site Landscaping		X		Refurbish	\$15,000	
3.1.3 Pavement, Flatwork and Parking Structures	X	X		Refurbish	\$33,660	\$67,320
3.1.4 Site Lighting	X			None		
3.1.5 Site Fencing and Retaining Walls	X			None		
3.2.1 Foundations	X			None		
3.2.2 Framing	X			None		
3.2.3 Building Cladding / Exteriors	X			Refurbish		\$300,000
3.2.4 Roof Systems	X	X		Repair/Replace	\$10,000	\$315,000
3.2.5 Appurtenances		NA		None		
3.2.6 Doors and Windows	X			None		
3.2.7 Amenities	X			None		
3.3.1 Water Distribution and Domestic Hot Water	X			Replace		\$12,500
3.3.2 Sanitary Waste and Vent	X			None		
3.3.3 Heating/Cooling System and Controls	X	X		Replace/Refurbish		\$436,000
3.3.4 Ventilation Systems	X			None		
3.3.5 Electrical Service	X			Replace		\$60,000
3.3.6 Fire and Life Safety Systems	X			Repair	\$5,500	
3.3.7 Elevators		X	X	Refurbish	\$1,100,000	
3.3.8 Site Security	X			None		
3.4.1 Common Area Interiors and Common FF&E	X			Replace/Refurbish		\$235,000
3.4.2 Tenant Summary and Suites Observed	X			None		
3.4.3 Unit Finishes	X			None		
3.4.4 Unit Cabinets, Counters and Sinks	X			None		
3.4.5 Restroom Vanities, Basin, Shower/Tub and Toilet	X			None		
4.1 PEST MANAGEMENT	X			None		
4.2 MOISTURE AND MICROBIAL GROWTH	X			None		
5.2.2 CODE ENFORCEMENT		NA		None		
5.2.3.1 Americans with Disabilities Act	X	X		Repair	\$2,700	
Totals					\$1,166,860	\$1,425,820

Summary	Today's Dollars	\$/SF
Immediate Repairs	\$1,166,860	\$5.34

	Today's Dollars	\$/SF	\$/SF/Year
Replacement Reserves, today's dollars	\$1,425,820.00	\$6.53	\$0.54
Replacement Reserves, w/12, 2.5% escalation	\$1,608,069.16	\$7.36	\$0.61



Background – Timeline of Purchase, Construction, Inspections, and Staff Transition



- **August 2022** On August 10, 2022, City Council approved the purchase of 7800 Stemmons for \$14.2M from the Development Services Enterprise fund
 - Missed opportunity to transfer the Certificate of Occupancy (CO) from the previous owner to the City of Dallas at the time of purchase
 - On August 10, 2022, A Phase I Environmental Assessment was completed for floors 1-11; identified asbestos on floors 1 and 8 was remediated by October 29, 2022
- **September 23, 2022** The City of Dallas took possession of the building; only floors 2, 5, and 9 were vacant



Background – Timeline of Purchase, Construction, Inspections, and Staff Transition



- **December 2022** Floors 1 and 8 were vacated; permits were issued and demolition and finish out began on vacant floors 1, 2, 5, 8, and 9 for Development Services staff
- **During 2023** The remaining floors were vacated by July 2023; as floors 1-5 became available, Development Services was consolidated to those floors
 - One tenant remains on the 7th floor; lease expires in 2026
 - Floors 6-11 are primarily planned for departments housed at OCMC
- **December 2023** Development Services staff began transition to 5th floor; Temporary Certification of Occupancy (TCO) was issued on December 19, 2023



Background – Timeline of Purchase, Construction, Inspections, and Staff Transition



- **During 2024** Renovations and finish out have been focused on floors 1-5 and system wide needs to support the building
- **January-March 2024** Development Services staff continued transition to the 2nd and 3rd floors
- **April 9, 2024** Development Services teams were directed to transition back to OCMC until final improvements were completed
- **April 12, 2024** Multi-departmental, floor-by-floor walk through evaluation completed to determine future occupancy, building, and finish out needs



Background – Timeline of Purchase, Construction, Inspections, and Staff Transition



- Findings of the April 12th multi-departmental walk through included:
 - **Dallas Fire and Rescue (DFR)** Identified the need for a Fire Safety Plan, performed a complete review of the fire alarm system, fire pump, and fire suppression system (sprinklers)
 - **Information Technology** Identified \$2.7M in need to complete the infrastructure in the facility
 - **Development Services** Performed a surface level assessment of building's electrical system
 - **City Marshal's Office** Assessed access controls for entire building and is assisting with the Emergency Evacuation Plan
 - **Building Services** Assessed the cost for fire suppression system, fire alarm system, roof, and mechanical and plumbing systems



Background – Timeline of Purchase, Construction, Inspections, and Staff Transition



- **Fire Inspections**

- **July 2022** From the JLL Building Assessment – Life safety systems appeared to be in good condition. However, caps to the Fire Department Connections were missing and needed to be replaced
- **April 2023** Fire Alarm System – the back up phone line needed to be restored; work was completed July 2023
- **February 2024** Identification of 35 non-compliant issues included parking lot striping, expired fire extinguishers, and alarm system; multiple City departments have mitigated 17 of these items; 18 are in various stages of being addressed



Background – Timeline of Purchase, Construction, Inspections, and Staff Transition



- **Fire Inspections (continued)**

- **April 3, 2024** Fire inspections identified additional non-compliant issues relating to elevator inspections, luminous egress path markings and the fire alarm system
 - Fire alarm could not be heard on floors 3-11
 - Following the DFR process for other private buildings with these issues, a fire watch was implemented the same day as the team continued to work on addressing the needed repairs
- **April 12, 2024** Fire Watch Monitoring Inspection by DFR confirmed that the fire watch is being conducted in an approved manner



Budget Expenditures and Future Budget Needs



- The Development Services Enterprise Fund has funded (total of \$20.7M):
 - Purchase of 7800 Stemmons (\$14.2M)
 - Construction and finish out of floors 1-5 (\$5.0M)
 - Furniture, fixtures, and moving expenses (\$1.5M)
- Work on building needs for the General Fund departments was funded through the OCMC project line of the 2017 City Facilities Bond fund (approximately \$2.0M)



Budget Expenditures and Future Budget Needs



Costs to Obtain a Building TCO (\$760K)

Description	Estimated Funding Need	Funding Status	Required for TCO
Fire suppression and fire pump repairs	\$225,000	2017 City Facilities Bond Funds	Yes
Monitoring for the fire alarm panel	\$35,000	2017 City Facilities Bond Funds	Yes
New fire alarm system	\$500,000	ARPA reprogramming; Mid-Year Budget Adjustment	Yes
Total	\$760,000		



Budget Expenditures and Future Budget Needs



Costs to Complete Mechanical and Electrical Upgrades (\$1.8M)

Description	Estimated Funding Need	Funding Status	Required for CO
2-non-functioning elevators	\$500,000	2017 City Facilities Bond Funds	No
Complete the elevator modernization (\$800K) and restroom improvements (\$200K)	\$1,000,000	ARPA reprogramming; Mid-Year Budget Adjustment	No
Complete additional fire inspection non-compliant issues	\$100,000	ARPA reprogramming; Mid-Year Budget Adjustment	No
Complete electrical upgrades	\$200,000	ARPA reprogramming; Mid-Year Budget Adjustment	No
Total	\$1,800,000		



Budget Expenditures and Future Budget Needs



Costs to Complete IT Installation, Finish Out, and Furnishing for General Fund Departments – Floors 6-11 (\$5.2M)

Description	Estimated Funding Need	Funding Status	Required for CO
Complete data, network, and access control work	\$2,700,000	ARPA reprogramming; Mid-Year Budget Adjustment	No
Finish out and furniture for floors 6-11	\$2,500,000	ARPA reprogramming; Mid-Year Budget Adjustment; Partial Funding only	No
Total	\$5,200,000		



Budget Expenditures and Future Budget Needs



- A total of \$7.8M is needed to obtain a building TCO, complete the mechanical and electrical upgrades, and to finish out and furnish floors 6-11 for the General Fund departments
- The approximate \$2M of the 2017 Bond Program funds for OCMC has been reprogrammed for the Stemmons building:
 - Approximately \$1.2M of the 2017 Bond Funds have been expended (\$760K remaining)
- The total building need (\$7.8M) will be partially funded through:
 - **\$760K** Remaining balance of 2017 Bond Funds
 - **\$5M** Recommended from ARPA reprogramming
 - **\$2M** To be identified



Budget Expenditures and Future Budget Needs



- **Long-Term Capital Costs** The anticipated 10+ year capital need for the Stemmons facility, beyond what has previously been discussed, is estimated at \$9.0M and include:
 - Chiller replacement (\$1.0M)
 - Chilled water coil replacement (\$1.5M)
 - Variable Fan Control (VAV) and power boxes (\$1.5M)
 - Plumbing upgrades (\$1.5M)
 - Controls integration into BSD's Niagara building monitoring system (\$1.5M)
 - Anticipated roof repair or replacement (\$2M)



Next Steps and Estimated Timelines



Implement an on-time remediation plan and facilitate a seamless move-in for 7800 N. Stemmons, by a third-party project manager. (May through September 2024)

Deliverables:

1. Comprehensive remediation action and move-in plans with estimated costs and clear prioritization strategy.
2. Final building commissioning plan to include permit acquisition, responsible party assignments, and full communication plan.
3. Identification of 2, 5, and 10-year plans for future maintenance activities of major building components,
4. Achieving partial (Floors 1 through 5 for the Development Services Department) and full occupancy (Floors 1 through 11) in the new building



Next Steps and Estimated Timelines



The project manager will deliver the following:

1. Technical and construction contractor selections and negotiations.
2. Building commissioning plan and project initiation.
3. Project oversight and move-in facilitation.
4. Final Forensic report detailing full activities for the building and lessons learned.



Next Steps and Estimated Timelines



What does success translate into:

1. Completion of at least 75% of all critical remediation tasks by Summer of 2024.
2. Occupancy achieved in 7800 N. Stemmons by Fall 2024.
3. Adherence to the project budget and timeline.
4. Transparency, communication and collaboration with all stakeholders, including timely reporting of all work components.



Next Steps and Estimated Timelines



Next Steps - Renovations moving forward for Stemmons will focus on:

- Fire/Life Safety Systems needed for the Building TCO
- Modernization of non-functioning elevators and connection to generator
- Completion of remaining building systems discussed
 - IT Infrastructure
 - Remaining electrical fire inspection upgrade work
 - Remaining floor finish out



Next Steps and Estimated Timelines



Description	Estimated Funding Need	Description	Required for CO	Estimated Timeline
Fire suppression and fire pump repairs	\$225,000	City Vendor on site, in progress	Yes	Mid – June
Monitoring for the fire alarm panel	\$35,000	City Vendor on site, in progress	Yes	May
New fire alarm system	\$500,000	Will include a new Fire Alarm Panel and the egress lighting to meet current Code Requirements.	Yes	Parts Delivery 4-6 Weeks Installations – 5-6 months, requesting quote to expedite



Next Steps and Estimated Timelines



Description	Estimated Funding Need	Description	Required for TCO	Estimated Timeline
2-non-functioning elevators	\$500,000	Parts delivered week of 4/22, vendor scheduled to begin work 1 st week of May.	No	October 2024
Complete the elevator modernization (remaining elevators) and restroom improvements	\$1,000,000	Funding needed for elevator parts.	No	6-8 months parts delivery 6-8 months installation
Complete additional fire inspection non-compliant issues	\$100,000	Key boxes placed outside of building and all doors be on the same Master Key system.	No	Work to follow fire alarm system, October 2024
Complete electrical upgrades	\$200,000	Work on floors 6-11 to include stair and hallway lighting.	No	Work to follow fire alarm system, October 2024



Next Steps and Estimated Timelines



Description	Estimated Funding Need	Description	Required for TCO	Estimated Timeline
Complete data, network, and access control work	\$2,700,000	Complete the IT infrastructure for floors 6-11	No	5 months from NTP
Finish out and furniture for floors 6-11	\$2,500,000	Complete the remaining floor finish out and furniture move in.	No	Work to begin after floors 1-5 has completed; 4 months from NTP
Total	\$7,760,000			





Questions





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