

Memorandum



CITY OF DALLAS

DATE May 17, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Third-Party Support and Next Steps: 7800 N. Stemmons Freeway**

As outlined in the Interim City Manager's 100 Day Transition Playbook, City staff has enlisted third-party expertise to develop a go-forward strategy for the City-owned property at 7800 N. Stemmons Freeway.

The Office of Economic Development (OED) will engage the City of Dallas Economic Development Corporation (EDC) through an addendum (Addendum #1) to the Interlocal Agreement (ILA) between the City and the EDC. Addendum #1 will be executed by the City Manager via Administrative Action upon approval of Addendum #1 by the EDC Board of Directors next week.

Last week, the EDC announced the hiring of its Chief Executive Officer, Linda McMahon, an executive with expertise in commercial real estate development. Given the scope of the ILA and Ms. McMahon's relevant knowledge and expertise, the EDC is a natural partner to take on this important work.

Upon execution of Addendum #1 the EDC will perform all of the following services on a timeline that will permit the EDC to submit the Deliverable defined below by the deadline outlined below:

1. Fact Gathering:

- EDC will identify and interview City staff involved in the purchase, renovation, move to, and move out of the facility at 7800 N. Stemmons (the "Property") as deemed necessary by the EDC to gather facts and information.
- EDC will review, catalogue, and analyze all reports and evaluations completed by City staff or vendors for the City of Dallas.
 - City will provide EDC with copies of all reports and evaluations procured by the City or completed by City staff. City will also provide a complete accounting of all expenditures to date as well as a proposed use plan for the City facilities in the Property. City will provide the EDC access to the Property upon execution of Addendum #1.
- To the extent not adequately addressed by the City-procured and City-produced reports and evaluations, EDC will engage a qualified expert(s) to inspect the Property in order to assess the condition of the exterior, the parking lot, the lobby, each floor, the restrooms, the parking garage, common areas, all other spaces including non-leasable space, life safety systems including the

- fire alarm system and sprinkler systems, mechanical, plumbing, roof, HVAC chillers, IT systems, electrical, etc. From this inspection (including review of City-procured and City-produced reports and evaluations where adequate), EDC will create a punch list of recommended maintenance and repairs needed to complete renovation of the building and move City staff into the Property. EDC will also ensure that the existing non-City tenant is properly noticed prior to any inspection.
- City and EDC agree that, while this analysis is ongoing, City staff will continue to work through the punch list identified by the City's Bond and Construction Office. The EDC will meet weekly with the City to discuss the status of the work led by City staff. City and EDC will collaborate to ensure that the City's punch list work is completed in furtherance of the Deliverable. If conflicts arise, interim Assistant City Manager Robin Bentley will determine next steps.
 - If feasible within the budget of this engagement, EDC will look at the City's proposed/actual design, layout and workspaces for each floor and determine if they are appropriate for the City functions assigned to the spaces.
 - Any other work that the EDC deems necessary to complete the Deliverable on time.
2. Investigation and Evaluation: Based on the EDCs evaluation during the Fact Gathering stage, EDC will engage qualified and appropriately licensed vendors as necessary to complete any missing analysis, evaluation, testing, inspection, or other analysis of the Property necessary to determine the next steps, timeline, and budget for the Deliverable. EDC will ensure that the existing non-City tenant is properly noticed prior to any inspection.
 3. Recommendations: Based on the Fact Gathering, Investigation, and Evaluation, EDC will develop recommendations on how the City should proceed in order to achieve the following goals: (1) complete renovation of the Property, (2) secure all necessary permits, certificates of occupancy, and other regulatory approvals necessary for occupancy of the Property, (3) ensure the safety and health of City employees and other tenants of the Property, and (4) move City employees into the Property by a date certain.
 4. Deliverable: On or before July 31, 2024, the EDC will prepare a report and deliver it to the interim City Manager. The report will include the following:
 - a. A complete assessment of the condition of the Property including major systems (information technology, HVAC, elevator, roof, electrical, plumbing, mechanical, parking garage, exterior lighting, security system, etc.), environmental concerns, and a floor-by-floor assessment of work completed and still-to-be-completed to ensure regulatory compliance for occupancy and move in of City staff to each unleased floor by a date certain.

- b. An estimated budget and timeline to complete all of the issues identified in item 4(a) above.
- c. A set of recommendations framed as a “go forward plan” to complete the Property renovation and move staff in by a date certain identified in the timeline.
- d. After review and approval of the report by the interim City Manager, the EDC will be available to present the report to the full City Council at a briefing meeting in August 2024.

In consideration of the services to be performed by the EDC under the terms of Addendum #1, OED shall pay a fee not to exceed \$100,000. If the actual costs to perform the services required by Addendum #1 exceed \$100,000, the EDC will pay for such costs from the balance of the seed funding provided to the EDC by the City upon the EDC’s formation.

For additional information please contact me at robin.bentley@dallas.gov or by phone at (214) 671-9942.



Robin Bentley
Assistant City Manager (I)

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| Kimberly Bizer Tolbert, City Manager (I) | M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager |
| Tammy Palomino, City Attorney | Dr. Robert Perez, Assistant City Manager |
| Mark Swann, City Auditor | Donzell Gipson, Assistant City Manager (I) |
| Biliera Johnson, City Secretary | Robin Bentley, Assistant City Manager (I) |
| Preston Robinson, Administrative Judge | Jack Ireland, Chief Financial Officer |
| Jon Fortune, Deputy City Manager | Genesis D. Gavino, Chief of Staff to the City Manager |
| Majed A. Al-Ghafry, Assistant City Manager | Directors and Assistant Directors |