

Memorandum



CITY OF DALLAS

DATE April 18, 2025

TO Honorable Mayor and Members of the City Council

SUBJECT **7800 N. Stemmons Freeway After-Action Report**

Dear Mayor and City Council,

As I shared with you earlier in my From the Desk Of...today, I publicly released my After-Action Report on 7800 N. Stemmons Freeway.

My report is a combination of my own deep dive into the project once I became aware of it, expert assessment by real estate leaders engaged by the Dallas Economic Development Corporation, and the City Auditor's findings. The Auditor's report is scheduled to be released next week.

I released mine in advance of the City Auditor to be proactive and transparent about the mistakes that were made leading up to the purchase of 7800 Stemmons Freeway, and to outline the corrective strategy that we are implementing before the end of this fiscal year.

The media release is located [here](#).

The report is located [here](#) and attached to this memorandum for your ease of convenience.

Service First, Now!

Kimberly Bizzor Tolbert
City Manager

c: Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety
Dev Rastogi, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager

Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager
Robin Bentley, Assistant City Manager
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors



After-Action Report

7800 N. Stemmons Freeway

April 18, 2025

Kimberly Bizer Tolbert
City of Dallas, City Manager

Dear Mayor and City Council,

In advance of the City Auditor's Office's public release of its findings on 7800 N. Stemmons Freeway, I am publicly releasing my own After-Action Report to be proactive and transparent about the mistakes that were made and the go forward approach, to be implemented before the end of this fiscal year.

Throughout my leadership as Interim and now permanent City Manager, I have mandated that our team be open, honest, and accountable to build trust. This mandate is even more critical in situations like this one, where the City must own its mistakes and learn from its failures.

For such a large, impactful real estate acquisition, the City failed to be as thorough as it should have been, and did not designate a clear project leader. It also became clear that the City lacks a structured process for these types of investments.

The foundation of this report is a combination of my own deep dive into the project once I became aware of it, expert assessment by real estate leaders engaged by the Dallas Economic Development Corporation, and the City Auditor's findings.

Overview

In August 2022, under the recommendation of previous City of Dallas leadership, the City Council approved the purchase of 7800 N. Stemmons Freeway. While the building was still undergoing renovations, a limited number of City of Dallas staff moved into the building starting in December 2023. Shortly thereafter, it became clear that the staff occupancy was not compliant with City of Dallas permitting requirements.

When the issues became public in early 2024, the City of Dallas was undergoing a management transition, which included my appointment as Interim City Manager. Although my effective start date was not until May 2024, I immediately took charge of the situation, ordering staff to vacate the building, and return to the Oak Cliff Municipal Center, leaving one outside tenant in the building.

As outlined in my 100-Day Transition Plan, I identified 7800 N. Stemmons Freeway as a priority deliverable and moved to enlist the Dallas Economic Development Corporation (DEDC) to conduct a full assessment of the building. Additionally, at the request of the Ad Hoc Committee on Investigating and Ethics, the City of Dallas Auditor launched its audit into the building.

Simultaneously, I led a citywide realignment, grouping departments by shared attributes and streamlined some of the critical functions for greater operational efficiency. This included making immediate leadership and organizational changes to address real estate acquisition and maintenance. I also merged permitting with Planning and Urban Design to form the Planning and Development Department, brought in a new Director, and created specific roles to provide additional oversight, and to make the external process more business friendly for residential and commercial developers.

With the changes we've made through the realignment, combined with the below strategy that we are immediately implementing, we will significantly reduce the potential for making this type of mistake again.

Phase I – Immediate Actions

- In the short term, I have instructed staff to immediately suspend all real estate purchases unless previously approved by Dallas voters or the City Council.
- We are leveraging our existing agreement with CBRE to evaluate and strategically repurpose underused assets and support our priority asset monetization projects (see FAQs page 5 for the list of priority assets).
- CBRE will also assist with creating new policies and procedures, review staffing and structural needs, explore necessary technology upgrades.
- The City will finalize an RFP for a comprehensive citywide Real Estate Master Plan.
- Because we are publicly launching a new online land management system on May 5, a once proposed one-stop permitting center is no longer needed. As a result, we will pursue selling the 7800 N. Stemmons Freeway property for redevelopment, rather than continue costly and ongoing renovations.

Phase II – Next Steps

- By late summer, we will release a formal solicitation to procure professional services for the development of a comprehensive Real Estate Master Plan. This Master Plan will serve as a roadmap to guide future decision-making and investment across the City's property portfolio.

- The CBRE recommendations related to staffing and organizational structure will be presented for consideration and funding as part of the biennial budget development process.
- Implement CBRE's guidance for the development and disposition of the priority asset monetization projects.

Phase III – Putting it into Practice

- Once completed, the City's Real Estate Master Plan will serve as a roadmap to guide future decision-making and investment across the City's property portfolio.

We will also prioritize and increase investment in facility maintenance and repair whenever possible through the annual budget development process, ensuring our existing assets are preserved and responsibly managed over the long term.

The following frequently Asked Questions, detail the above phases, and provide additional insight into the critical failures of 7800 N. Stemmons Freeway.

I want to acknowledge and thank our City of Dallas team members who jumped into action and developed meaningful solutions to address the underlying issues that contributed to the breakdown of this project.

In closing, I will continue to model the way by maintaining accountability, openness, and honesty to build trust. Ongoing updates will be provided to the Government Performance and Financial Management Committee throughout this process.



Kimberly Bizzor Tolbert
City Manager

Frequently Asked Questions

1. What critical mistakes were made?

Two main themes emerged from the in-depth analysis of the history of this purchase and the subsequent series of missteps and mistakes.

A. The City made a major real estate purchase without conducting proper due diligence.

When the City decided to purchase 7800 N. Stemmons Freeway in 2022, staff conducted very limited due diligence. The City received no disclosures from the seller and engaged JLL to perform only a surface-level review of the building. JLL's report identified \$1,166,860 in immediate repairs and an additional \$1,425,820 in repairs anticipated over the first 12 years of ownership. However, the report was incomplete and failed to identify significant deficiencies in major building systems, including HVAC, electrical, and plumbing, as well as numerous ADA compliance issues. This failure to properly evaluate the condition of the building prior to purchase put the City at risk and resulted in wasted taxpayer dollars.

Additionally, the City did not thoroughly assess if the site could accommodate the expected number of employees and visitors. The space plan anticipated occupancy for 934 City of Dallas employees, including parking for their personal vehicles and 383 fleet vehicles. With the addition of visitor parking, the total parking requirement was approximately 1,400 spaces—yet the site only offered 735 spaces, roughly half of what was needed for the planned scope.

Combined, these factors indicate that the decision to purchase 7800 N. Stemmons Freeway was neither strategic nor well-considered. In retrospect, a more thorough evaluation of the building and its suitability for the City's operational needs would have better positioned the City to make a more informed investment decision and mitigate long-term risks.

B. There was not a designated authority or process.

The assessment uncovered failure to follow a structured real estate process and no clear project leader. This contributed to a series of poor decisions.

2. Are the people responsible for the 7800 N. Stemmons Freeway decisions being held accountable?

The leadership responsible for the purchase, due diligence, and renovations at Stemmons are no longer with the City of Dallas. The City Manager has stressed accountability for our actions moving forward and committed to putting in the proper guardrails that will mitigate the potential of these types of failures, and financial waste from happening again. In fact, the realignment of real estate operations from Public

Works to Building Services was an early step to bring greater focus and accountability to this essential City function. That realignment led to the formation of the Department of Facilities and Real Estate Management (FRM), which was officially established in August 2024.

These structural changes reflect the City Manager's steadfast resolve to continuous improvement and responsible stewardship of public resources. The City is actively continuing to reimagine the real estate processes to address the findings of the audit and other issues identified throughout this process.

3. What is the City doing to ensure these types of issues do not happen again?

The Stemmons project has revealed key weaknesses in our real estate processes and procedures, and the City has developed a plan to immediately implement corrective and preventative actions, while also supporting a longer-term initiative to develop a Real Estate Master Plan. The plan involves three phases:

PHASE I - IMMEDIATE ACTIONS

A. Suspend Real Estate Acquisitions.

In the short term, I have instructed staff to immediately suspend all real estate purchasing unless previously approved by Dallas voters or the City Council. All other real estate acquisitions will be halted immediately and will not resume until the Phase One work is complete and new policies and procedures are implemented.

B. Draft an RFP for a Real Estate Master Plan.

Staff has completed 60% of a scope to solicit a vendor for development of a citywide Real Estate Master Plan. The City anticipates the RFP will be completed by September. This plan will serve as a foundational tool to guide the City's long-term portfolio management and future strategic real estate decisions.

C. Leverage CBRE for Urgent Real Estate Needs.

The FRM team already has a contract with CBRE for broad real estate support. FRM will immediately redeploy CBRE to support the City in the following most urgent needs.

- **Policy and Procedure Creation.**

CBRE will help the City revise and design policies and procedures for real estate operations, utilizing industry best practices and ensuring alignment with City goals and objectives.

- **Staffing and Structural Recommendations.**

CBRE will conduct a top to bottom evaluation of the City's various real estate functions and staffing in all City departments and will bring a set of recommendations on how to best reimagine our real estate staffing and structure.

- **Technology Recommendations.**

CBRE will review current technology resources and provide recommendations to maximize the City's investment to modernize and update real estate databases and software so we can better track and manage our portfolio and reduce paper-based processes.

- **Support FRM on Priority Assets.**

FRM will direct its attention to five priority real estate assets, in collaboration with CBRE and under the guidance of the Government Performance and Financial Management Committee. These five priority real estate assets are: **4150 Independence, 2929 S. Hampton, 7800 N. Stemmons, 1000 Belleview, and a large city-owned tract within the City of Hutchins.** Additional assets will be considered in future phases, but these five have been determined to be the most immediately ready for sale or redevelopment.

D. Pursue selling 7800 N. Stemmons Freeway.

Because we are publicly launching *Dallas Now*, a new online land management system on May 5, a once proposed one-stop permitting center is no longer needed. As a result, we will pursue selling the 7800 N. Stemmons Freeway property for redevelopment, rather than continue costly and ongoing renovations. *See question 7 for additional information.*

Phase II – Next Steps

A. Real Estate Master Plan Solicitation and Creation.

A formal solicitation will be released by late summer and used to procure professional services for the development of a comprehensive Real Estate Master Plan.

B. Implement CBRE Recommendations.

Once complete, the CBRE recommendations related to staffing and organizational structure will be presented for consideration and funding as part of the biennial budget development process.

C. Implement Priority Assets Recommendations.

Using the professional recommendations provided by CBRE, the City will implement the development and disposition of the five priority assets identified above in accordance with plans.

Phase III – Putting it into Practice

A. Real Estate Master Plan Implementation.

Once completed, the City's Real Estate Master Plan will serve as a roadmap to guide future decision-making and investment across the City's property portfolio. Implementation will involve prioritizing action items, aligning capital and maintenance funding, and executing key policy and process changes to improve asset stewardship, reduce unnecessary costs, and maximize the value of City-owned real estate.

4. Are there other improvements being made beyond those listed above?

Yes, in addition to the actions outlined above, the FRM Team will work to identify funding to modernize and update the City's real estate database so we can better track and manage our portfolio. The City Manager has also directed Information and Technology Services (ITS) to expedite the planned launch of the City's online abandonment and licensing platform, which will streamline the process, reduce paper-based processes, and include online payment capabilities.

A new governance group and approval process will be established to thoroughly vet and evaluate all potential real estate acquisitions going forward. The City Manager is directing staff to establish new policies that require future property acquisitions to be supported by dedicated funding for maintenance, operations, and repairs at the time of purchase—so we don't inherit preventable problems.

While preliminary space planning efforts have already been initiated—including exploring options, identifying funding sources, and prioritizing facilities—this work and major decisions should follow the Real Estate Master Plan to ensure alignment with the City's long-term vision.

5. How much has the City spent on the 7800 N. Stemmons Freeway building to date? Expenditures to date are approximately \$29 million, which includes the initial purchase price of \$14.1 million.

6. Why can't the City of Dallas just fix the building?

The City has determined that bringing the building to an occupiable condition would require many millions in additional capital investment, currently not appropriated in the City's adopted or planned budgets. In the meantime, we continue to spend approximately \$73,000 each month to maintain and secure the vacant structure, a cost that would persist throughout the renovation period.

The City does not have funding allocated to continue this work, and the City cannot justify placing an open-ended financial burden on our taxpayers. The reality is that we did not conduct sufficient due diligence at the time of purchase and acquired a problematic facility. At this point, the most responsible course of action is to sell the site and attempt to recoup as much funding as possible.

7. 7800 N. Stemmons Freeway was purchased for a one-stop permitting center. What is the status of that concept?

The concept of a one-stop permitting center was developed during a time when the City's permitting operations were in crisis and most permitting applications were still submitted on paper. Fortunately, those conditions no longer reflect our current reality. The newly established Planning and Development Department, focusing on a culture of yes, has implemented major reforms to streamline permitting processes, significantly reducing approval timelines, and fostering a stronger customer service culture grounded in responsiveness and solutions.

Simultaneously, we are moving forward with the launch of *DallasNow*, our new online land management system, which will go live to the public on May 5. Through *DallasNow*, all permits, plats, zoning requests, and other land use applications will be submitted and managed entirely online—allowing customers to file and track their applications 24/7 from anywhere. While Planning and Development staff will remain available at the Oak Cliff Municipal Center (320 E. Jefferson Blvd.) to assist walk-in customers with the *DallasNow* portal or other land-use needs, there is no longer a pressing need to consolidate all development-related staff into a single, physical location.

Given these improvements, a more urgent and fiscally responsible priority is to evaluate the City's full real estate portfolio—including owned buildings, leased space, and surplus properties—to determine the most strategic way to house City staff and repurpose underused assets. This work will be guided by a comprehensive Real Estate Master Plan, which will provide the framework for long-term portfolio management and strategic real estate decision-making.