Briefing on the Current Status of 1401 Pacific Space Utilization, Remodeling, and Relocation Options Analysis

Budget & Finance Committee
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Presentation Outline

- Objectives
- Statement of Work
- Timeline
Objective 1

- Assure daily operational functionality (HQ functions, operation of rail supervisor control & data acquisition [SCADA], dispatch, camera monitoring, etc.)
Objective 2

- Assure continuing operations plan (COOP) & emergency operations plan (EOP) functionality, including backup facilities
Objective 3

- Minimize life-cycle cost
  - Upfront costs
  - Annual operating costs
  - Residual value (if any)
  - Opportunity costs (if any)
Underlying Assumptions

Office characteristics

I. Dallas CBD location
II. Transit accessible
III. Approximate existing space for each office worker (reduction in storage space, as necessary)
IV. Appropriate security
V. Approximate existing office amenities
VI. Existing or reduced parking depending on alternative
Develop life-cycle cost estimates

Option 1: Staying in 1401 with consolidated critical functions

A. Minimal investment for critical functions and required repairs & renovation. Assess renovation needs. Estimate operating expense.

B. Investment for critical functions and to bring building to optimum operating expense ratios. Identify areas (windows, lighting, HVAC, energy management, escalators) to reduce operating costs. Estimate operating expense.
Develop life-cycle cost estimates

Option 2: Build to suit.

- Requires refresh on estimates regarding the following:
  - Cost to build (estimate using industry norms per square foot)
  - Sales price for 1401 Pacific Avenue
  - Cost to move
  - Opportunity cost of land used for new building (Market analysis)
  - Operating expense
Develop life-cycle cost estimates

Option 3: Restack

Proceed only if:

- There is interest in leasing one or two floors of 1401; and
- Space needs assessment indicates ability to squeeze in 2 or 3 floors.

Information needed:

- Rent received
- Cost to restack
- Operating expense
Develop life-cycle cost estimates

Option 4:  Market lease

Requires space needs assessment.

- Sales price for 1401
- Cost to move / renovate
- Operating cost
Statement of Work

• Feasibility and cost to consolidate critical functions into 1401. Informs Option 1.
• Determine interest in buying 1401 & est. sales price. Informs Options 2 & 4.
• Determine interest in leasing one or two floors of 1401 & estimate lease value. Informs Option 3.
Other Factors

Other determinations necessary (depending on the option)
a) Finance Revenue Systems relocation and consolidation in Walnut Hill/Denton building
b) TRE personnel relocation
c) Critical functions relocation / renovation other than at 1401
d) Special purpose facilities (Board Room, call center, DARTmart)
e) Backup facilities
Timeline

*Feasibility and cost to consolidate critical functions into 1401. Informs Option 1.*
- December: High level assessment of 1401
- January: High level occupancy analysis

*determine interest in buying 1401 & est. sales price. Informs Options 2 & 4. Determine interest in leasing one or two floors of 1401 & estimate lease value. Informs Option 3.*
- February: ROM for real estate options
- March: 1401 leasing analysis
- April: Comparison of alternatives
- May: Draft report
Timeline (continued)

*Staff recommend preferred option to Board (Priority Goal):*
  * September 2020
Questions?