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

Budget & Finance Committee
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Joseph G. Costello
Sr. Vice President – Finance
Presentation Outline

• Project Objectives
• Prerequisite Information
• Option Analysis
• Timeline
Objectives

1. Assure daily operational functionality (HQ functions, operation of rail supervisor control & data acquisition (SCADA), dispatch, camera monitoring, etc.)
Objectives

2. Assure continuing operations plan (COOP) & emergency operations plan (EOP) functionality, including backup facilities
Objectives

3. Minimize life-cycle cost
   a. Upfront costs
   b. Annual operating costs
   c. Residual value (if any)
   d. Opportunity costs (if any)
Objectives

4. Confirm office characteristics

   a. CBD Dallas location
   b. Transit accessible
   c. Approximate existing space for each office worker (reduction in storage space, as necessary)
   d. Appropriate security
   e. Approximate existing office amenities
   f. Existing or reduced parking depending on alternative
Prerequisite Information

1. Feasibility and cost to consolidate critical functions into 1401. Informs option 1.
3. Determine interest in leasing one or two stories of 1401 & estimate lease value. Informs option 3.
4. Agree that sale & leaseback not viable option (no further work needed)
Develop life-cycle cost estimates

Option 1: Staying in 1401 with consolidated critical functions

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:

a) Cost to build (estimate using industry norms per square foot)

b) Sales price for 1401

c) Opportunity cost of land used for new building (Market analysis)

d) Operating expense
Develop life-cycle cost estimates

Option 3: Restack

Proceed only if;

i) there is interest in leasing one or two stories of 1401, and

ii) space needs assessment indicates ability to squeeze in 2 or 3 floors.

a) Rent received

b) Cost to restack

c) Operating expense
Develop life-cycle cost estimates

Option 4: Market lease

Requires space needs assessment.

a) Sales price for 1401
b) Cost to move / renovate
c) Operating cost
Other Factors

Other investments necessary (depending on the option)
a) Finance revenue systems relocation and consolidation in Walnut Hill/Denton building
b) TRE office space (incremental cost of office space in new EMF facility in Irving yard)
c) Critical functions relocation / renovation other that at 1401
d) Special purpose facilities (Boardroom, call center, DARTmart)
e) Backup facilities
Timeline

Affirm Objectives: July 2019
Prerequisite Information: December 2019
Staff Recommend Preferred Option to Board (Priority Goal): September 2020