

CITY HALL FIRE UPDATE AND PROJECT COMPLETION OPTIONS

**City Council Briefing
January 23, 2023**

AGENDA



CITY HALL
RENOVATION
PROJECT



CITY HALL FIRE
AND IMPACT ON
RENOVATION



INSURANCE CLAIM
STATUS



CITY HALL
PROJECT
ALTERNATIVES



CITY HALL FIRE
IMPACT ON LIBRARY
RENOVATION



CITY HALL & LIBRARY
TEMPORARY
RELOCATION

CITY HALL – BACKGROUND



- 84,000 gross square foot building built in 1980
- 2020 Master Plan report identified deficiencies:
 - Overcrowded and inefficiently organized staff areas
 - Health and life-safety code concerns
 - Lack of security throughout staff areas and public meeting spaces
 - Aging mechanical, electrical, and plumbing systems
 - Unclear access from parking and confusion about “front door”
 - ADA compliance issues
- Master Plan evaluated renovating the building vs. new building
 - Renovation selected given cost at that time was less than half of cost of a new building
 - Renovation also allowed balance approach to other proposition needs

CITY HALL – 2021 RENOVATION PROJECT



Closet converted into an office

Base Construction Scope

- \$22.4M was authorized in the 2021 Bond Program
- Design progressed to Schematic Design level

Base Construction Scope

- Enhance customer services capabilities
- Improve security for customers, staff and public meetings
- ADA upgrades throughout the building
- Renovate restrooms
- Renovate existing staff areas
- Convert Grand Hall into additional staff areas
- Replace windows with more efficient glass
- Replace and update aging MEP systems

CITY HALL – 2021 RENOVATION PROJECT

Alternate Construction Scope

- 3 alternates to be designed, but not funded
- Certificates of Obligation most likely source for additional \$16M to complete alternates
- Design progressed to Schematic Design level

Alternate 1

- Renovate and expand Council Chambers
 - Adaptable for multiple uses
 - Secure for City Council, staff and citizens
 - Enhanced views of the plaza and fountain

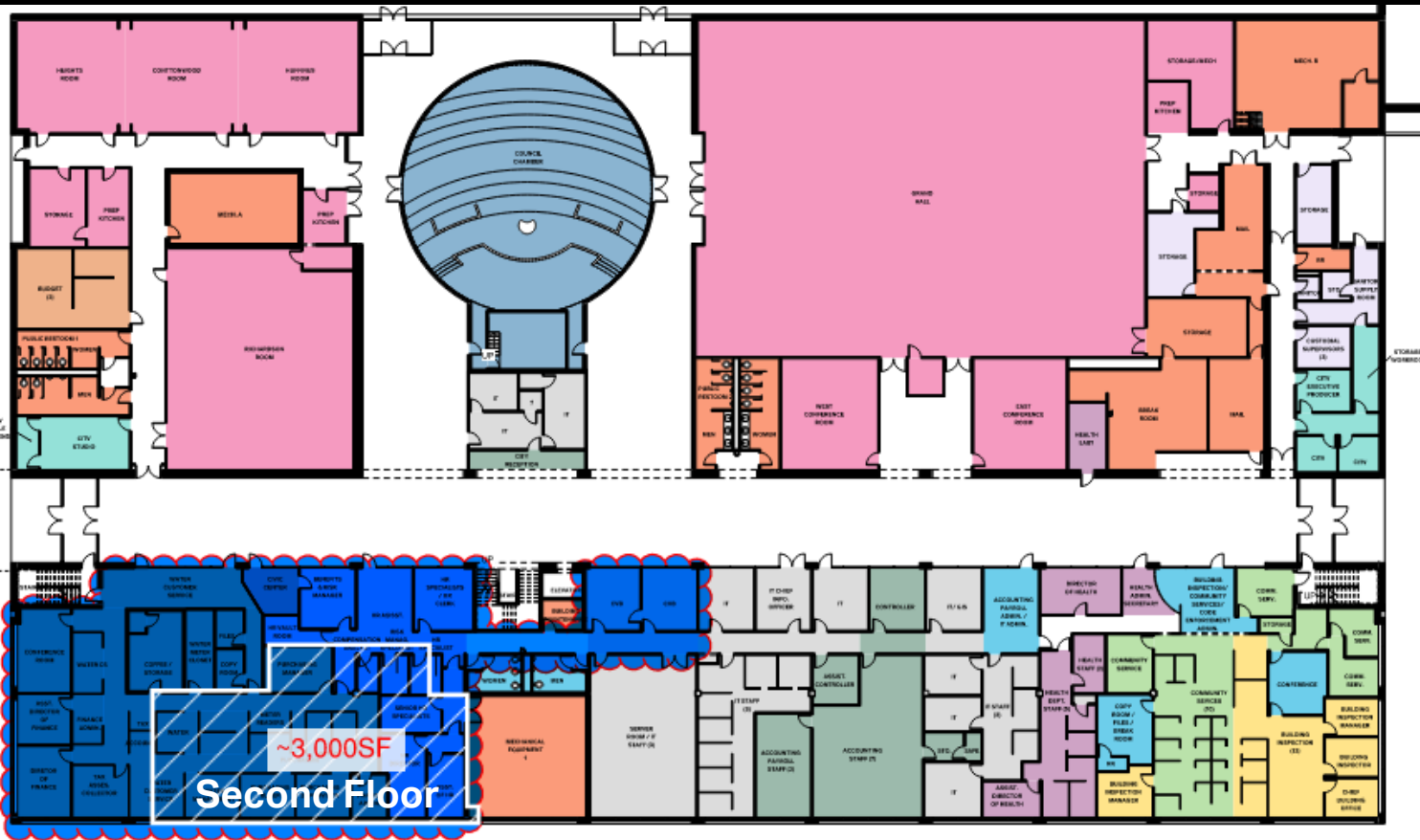
Alternate 2

- Renovate existing Richardson and Parks Conference Rooms
 - Greater flexibility
 - Improved technology
 - Contemporary amenities

Alternate 3

- Construct new main entrance that is obvious to the public and complimentary to the Library
- Reclad the exterior to compliment the Library

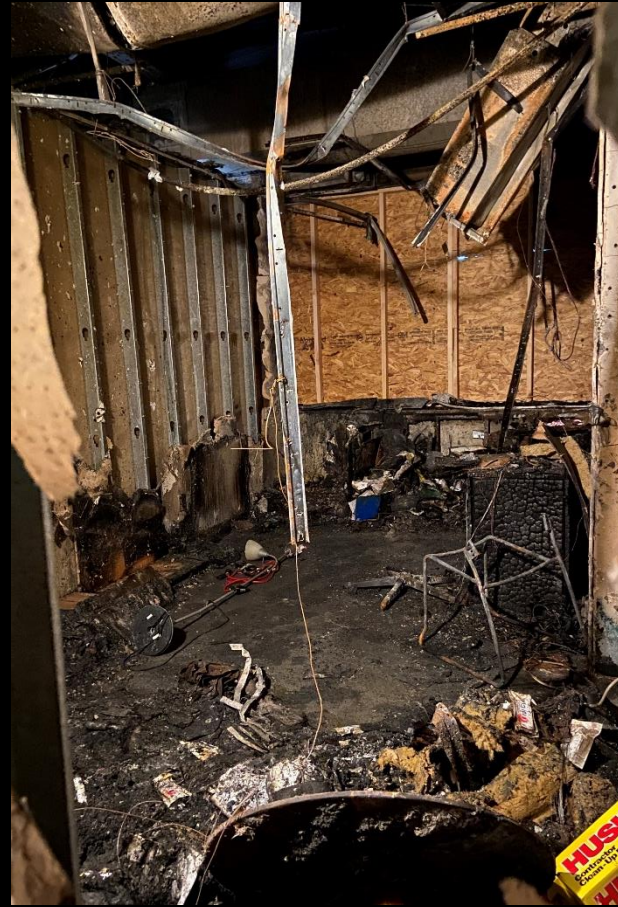
CITY HALL – FIRE EVENT



Area heavily damaged by fire

- Fire occurred early-morning of August 22, 2022, on the first floor
- Likely caused by faulty power strip
- Human Resources , Finance, Purchasing, Water Customer Service, Property Tax, CVB, and a portion of IT departmental areas sustained heavy damage
- Information Technology area and the infrastructure that supports the City's phone and internet services were also damaged
- Electrical and mechanical systems sustained fire and smoke damage
- Part of the second-floor sustained structural damage
- All contents, finishes, and building systems affected by water, steam smoke and soot

CITY HALL – FIRE DAMAGE

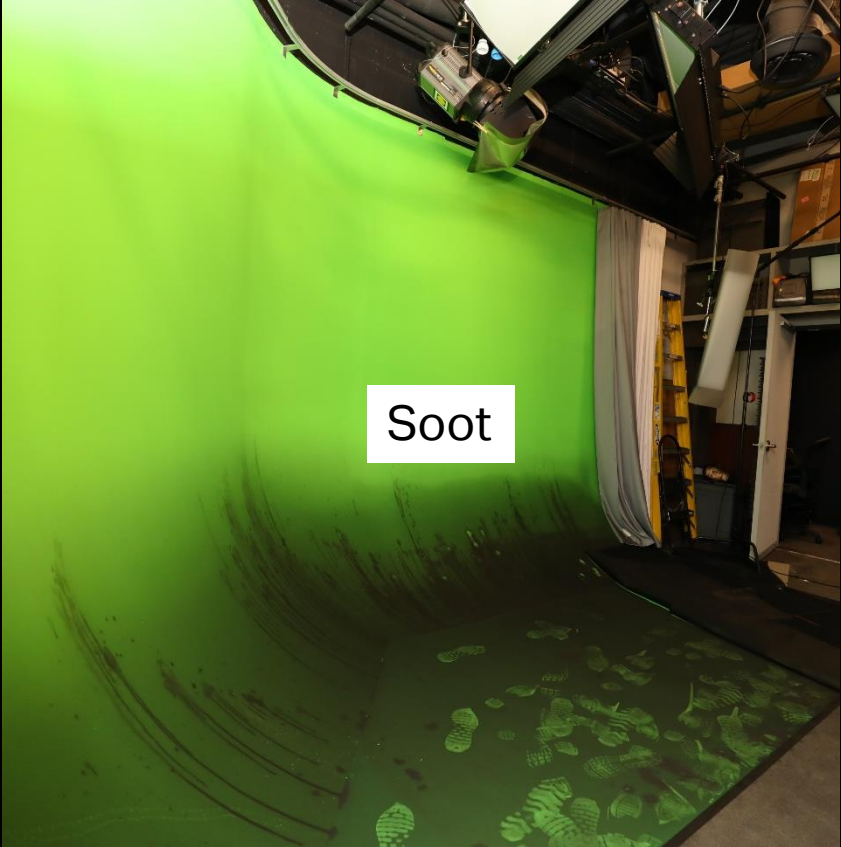


Area where fire occurred – Level 1 - Finance and Human Resources Departments

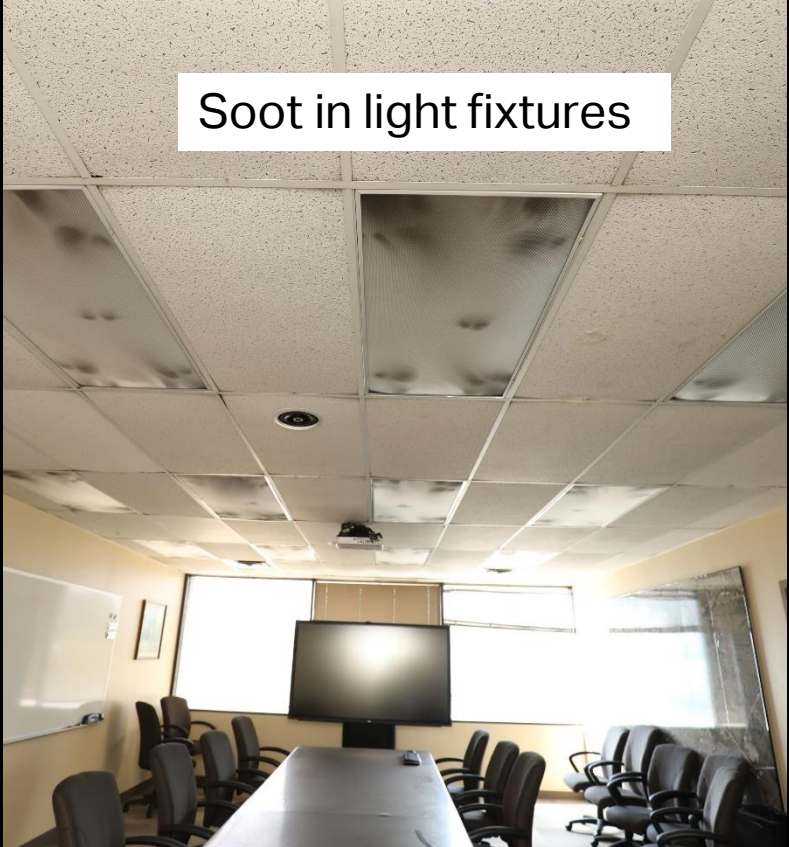
CITY HALL – FIRE DAMAGE



Main Concourse – East End



Recording Studio



2nd Floor Conference Room

Fire Affected the Entire Building

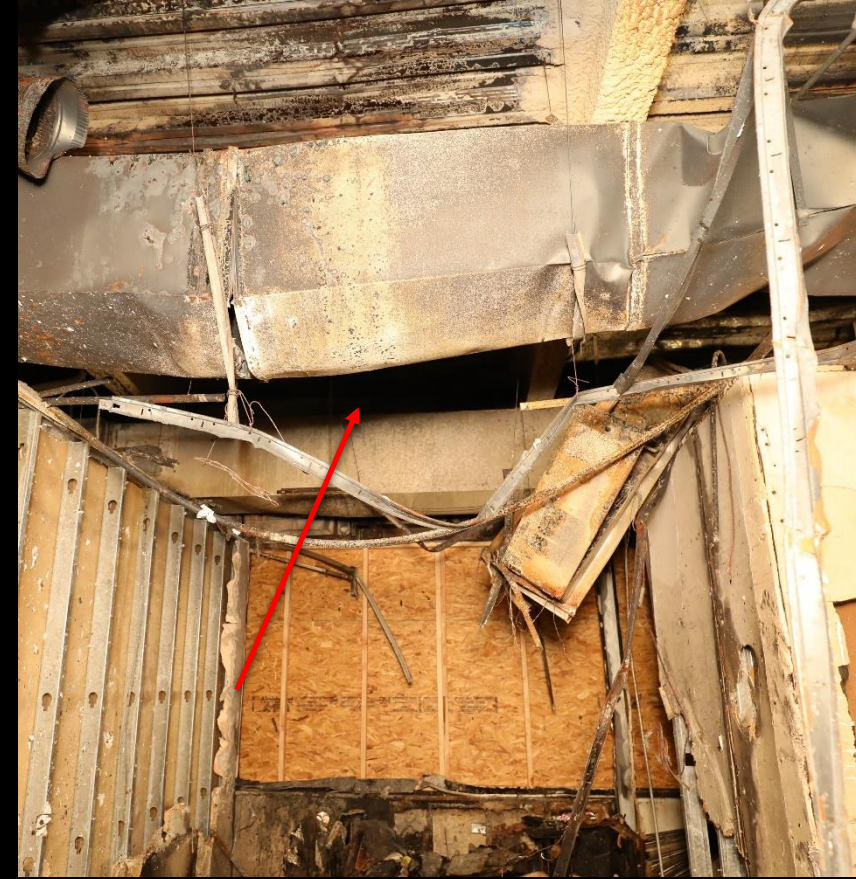
CITY HALL – FIRE DAMAGE



Electrical Damage



Structural Damage – Composite Deck



Mechanical Damage

Damage to building systems

CITY HALL – FACILITY CONDITION ASSESSMENT

Following the fire, a structural engineer was hired to evaluate the structure and CoR facilities staff evaluated the condition of the building systems

STRUCTURAL	Structural engineer determined 3,000 SF of second level concrete slab needs to be replaced and slab adjacent to west side of mechanical room needs to be replaced. This will necessitate removal of utilities from the first and second floor mechanical rooms.
WATER	Interior walls and finishes, underside of slab, and subgrade impacted by water used to extinguish the fire.
FIRE PROOFING	Material on structural elements was adversely impacted and retained odor and must be replaced throughout much of the building.
ELECTRICAL	Electrical systems and wiring heavily damaged by fire, corroded by water/steam.

CITY HALL – FACILITY CONDITION ASSESSMENT

Following the fire, a structural engineer was hired to evaluate the structure and CoR facilities staff evaluated the condition of the building systems

MECHANICAL	Equipment replaced in 2021 and was to be reused in the renovation project. All equipment suffered smoke damage due to the fire. Cleaning the equipment will not restore it to its planned efficiency, will void warranty, and shorten the lifespan of the equipment, necessitating replacement. Ductwork damaged beyond repair.
PLUMBING	Poor plumbing condition made worse by melted copper and PVC drainpipes in area of fire.
AV EQUIPMENT	Equipment throughout the building damaged by heat, smoke and soot.
BUILDING FINISHES	Finishes throughout the building damaged by heat, smoke and soot.
OTHER CONDITIONS	Demolition has only occurred in the area most effected by the fire. There may be other unknown conditions resulting from structural, smoke, soot, and steam damage that would reveal themselves as restoration and repair occurs.

CITY HALL – INSURANCE CLAIM

- City facilities covered by policy with Travelers Insurance
- The City has assembled a strong team of expert consultants to ensure City's interests are represented thoroughly while negotiating a settlement with Travelers
- 3 key categories for claim:
 - Building
 - Contents and IT
 - Additional Expenses (ex. Temporary Relocation)
- Travelers' current estimate is a minimum of \$15M
 - Negotiations are ongoing
 - Anticipate value of claim will increase as outstanding issues are resolved
 - Negotiations anticipated to continue for 3-6 additional months



CITY HALL – PATHS FORWARD

Repair/Restore/Renovate Existing City Hall

- Complete base scope as planned in the 2021 Bond Program
- Add extensive repairs and restoration due to fire, smoke, water and structural damage
- Include Alternates 1 & 2 - no longer optional due to fire damage
- Escalate project costs due to delay
- Add relocation of staff for the duration of the project

Build a New City Hall

- Construct a new building to accommodate current needs and future growth
- Include new energy efficient building and structural systems designed to current code
- Reconsider location on campus to improve visitor experience

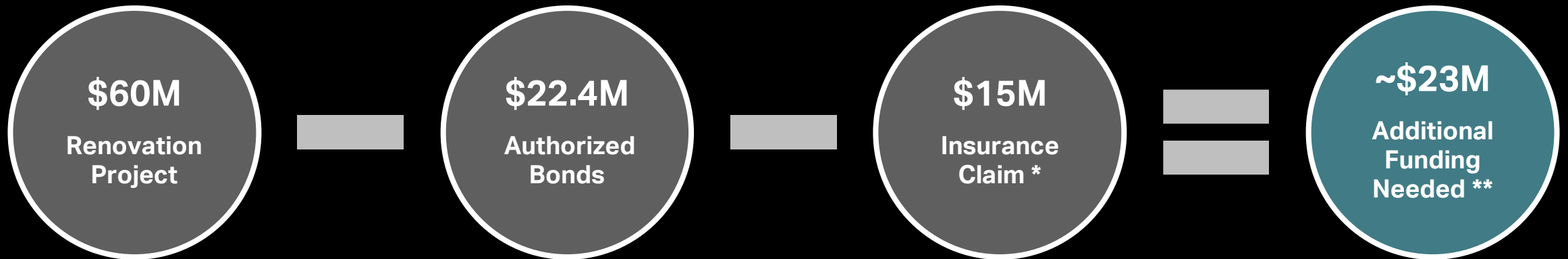
CITY HALL – COST COMPARISON

Description of Cost	Original Renovation Project <i>Estimated February 2021</i>	Repair/Restore/Renovate <i>Estimated December 2022</i>
Soft Costs	\$3.4M	\$4.5M
FF&E	\$2.0M	\$3.2M
Construction	\$17M	\$25M
Total Base Construction	\$22.4M	\$32.7M
Construction Alternates	\$16M *	\$16M *
Relocation Expenses	\$0	\$6.3M
Escalation Due to Fire Delay	\$0	\$5M
Total Project Cost	\$38.4M	\$60M **

* Planning to issue Certificates of Obligation (COs) to complete full project .

** In addition, \$5M from FY22 General Fund year end savings will be reserved for project contingency.

REPAIR/RESTORE/RENOVATE CITY HALL – ADDITIONAL FUNDING NEEDED



* Insurance amount not finalized; anticipate settlement increasing.

** Anticipate required additional funding decreasing: Insurance settlement increases, project estimate gets refined. Will no longer need to issue \$16M in COs to complete Alternates 1-3.

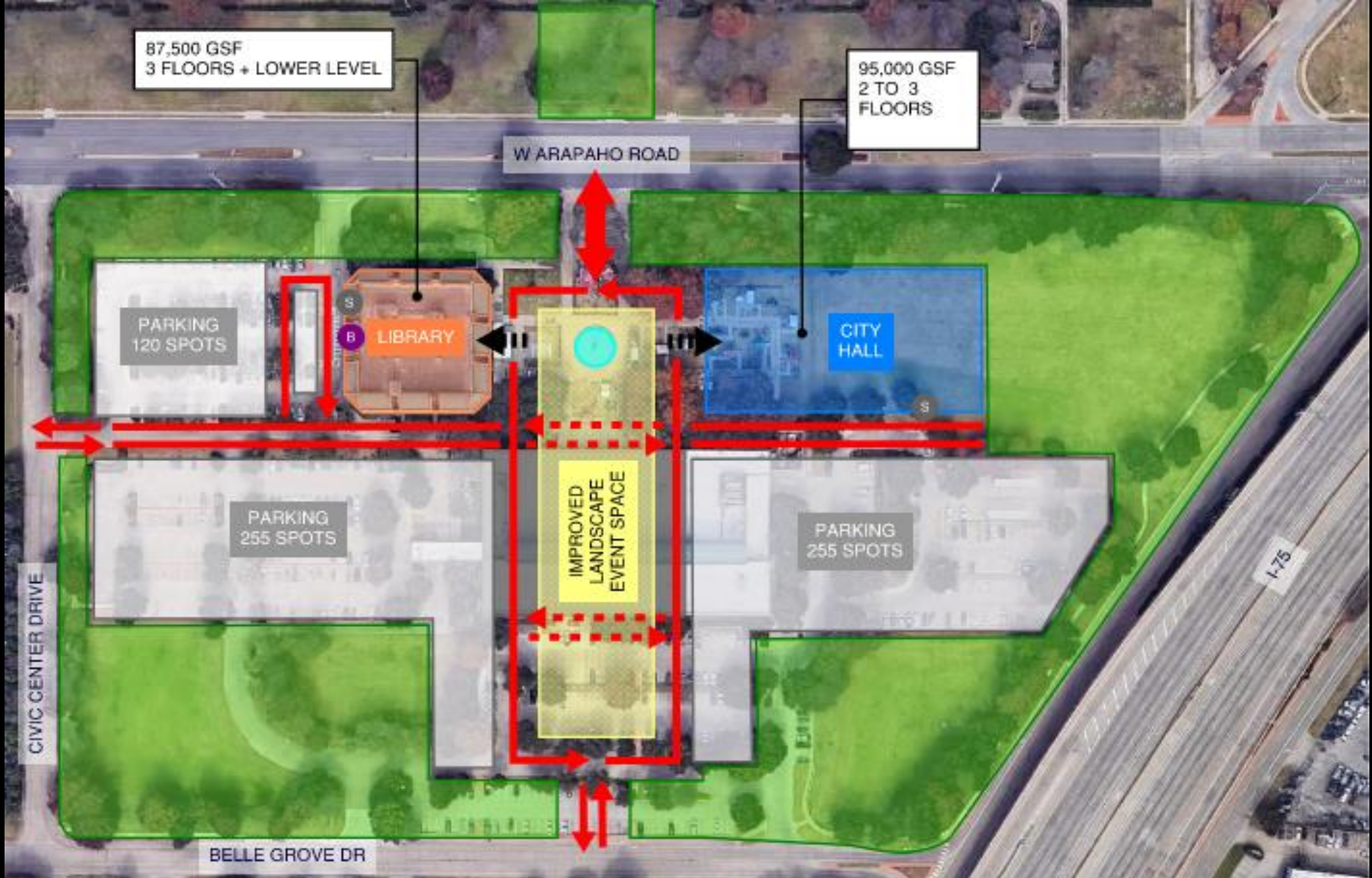
REPAIR/RESTORE/RENOVATE CONSIDERATIONS

- In total, repairing/restoring/renovating the existing building would be 70% of the cost of a new building
- Major structural and building systems would still not meet current code
- Existing envelop and roof would still be less energy efficiency than new building
- Existing footprint, campus configuration and utilities would remain an obstacle to significant enhancements
- Existing building would provide for some but not all the projected future growth
- Perception of air quality and health issues associated with past fire, smoke, and water damage by staff and visitors

NEW CITY HALL CONSIDERATIONS

- Welcoming building layout focused on enhancing customer experience
- Improved security for both visitors, staff and public meetings
- Enhanced public gathering spaces due to improved site configuration
- More visibility and prominence from US 75 and Arapaho Road that could encourage additional reinvestment along Arapaho Road
- Opportunity to improve site utilities, pedestrian access, and vehicle circulation
- At least 15% more energy efficient building; opportunity to incorporate sustainability strategies
- New building will help attract and retain high-quality, innovative employees
 - Additional natural daylight, amenities, and space for future growth





Conceptual site plan...Subject to change

NEW CITY HALL CONCEPT



* Conceptual rendering, subject to change

NEW CITY HALL CONCEPT



* Conceptual rendering, subject to change

NEW CITY HALL – ESTIMATED COST

Project Costs	New City Hall
Soft Costs	\$10.5M
FF&E	\$ 5.3M
Construction (Sitework/Event Space)	\$9.8M
Construction (Public Spaces)	\$11.3M
Construction (Staff Areas)	\$29.1M
Total Construction	\$66M
Relocation	\$6.26M
Escalation	\$12.74M
Total Project Cost	\$85M *

* \$10M from FY22 General Fund year-end savings will be reserved for project contingency

RECENT CITY HALL PROJECTS



College Station
City Hall
79,000 SF
Bid Feb 2020
Const. Cost/SF
= \$432/SF
(escalated to
2023)



McKinney City
Hall
175,000 SF
Bid Sept 2022
Const. Cost/SF
= \$600/SF



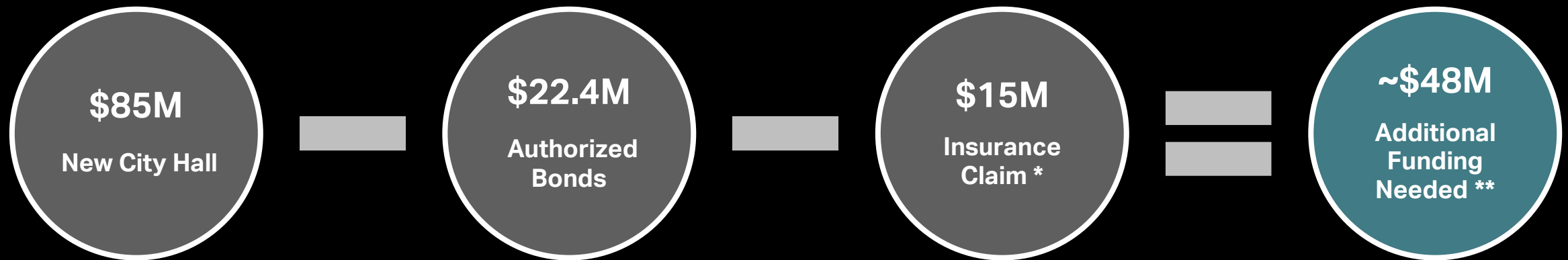
Lewisville
Administration
Offices
81,150 SF
Bid Jan 2023
Const. Cost/SF
= \$463/SF



**Richardson City
Hall**
95,000 SF
Anticipated Bid
If Bid Jan 2023
Const. Cost/SF
= \$426/SF *

* Escalated cost/sf for New Richardson City Hall projected at \$584/sf. Assumes Fall 2024 Bid.

NEW CITY HALL – ADDITIONAL FUNDING NEEDED



* Insurance amount not finalized; anticipate settlement increasing.

** Anticipate required additional funding being reduced: Insurance settlement increases, project estimate gets refined. Will no longer need to issue \$16M in COs to complete Alternates 1-3.

REPAIR/RESTORE/RENOVATE VS. NEW CITY HALL

Project Costs	Repair/Restore/Renovate Existing City Hall	New City Hall
Soft Costs	\$7.3M	\$10.5M
FF&E	\$5.3M	\$ 5.3M
Construction (Sitework/Event Spaces)	\$1.0M	\$9.8M
Construction (Public Spaces)	\$5.9M	\$11.3M
Construction (Staff Areas)	\$25.3M	\$29.1M
Total Base Construction	\$44.8M	\$66M
Relocation	\$6.3M*	\$6.3M*
Escalation	\$8.9M	\$12.74M
Total Project Cost	\$60M **	\$85M ***

*Will be offset by \$3.5M from insurance claim

** In addition, \$5M from FY22 General Fund year end savings will be reserved for project contingency

*** In addition, \$10M from FY22 General Fund year end savings will be reserved for project contingency

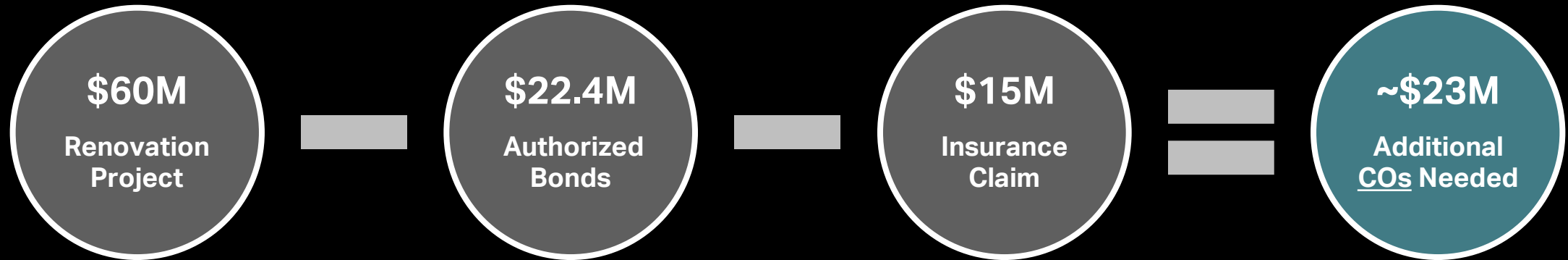
PROJECT FUNDING – TOTAL ESTIMATED PER FOCUSED AREA

	Repair/Restore/Renovate City Hall	New City Hall	Increase
Public Areas – Interior	\$9.8M 16%	\$18.3M 22%	\$8.5M 34%
Sitework/Public Areas - Exterior	\$1.4M 2%	\$13.1M * 15%	\$11.7M* 47%
Staff Areas	\$42.4M 71%	\$47.2M 56%	\$4.8M 19%
Relocation	\$6.3M 11%	\$6.3M 7%	\$0M 0%
Total	\$60M 100%	\$85M 100%	\$25M 100%

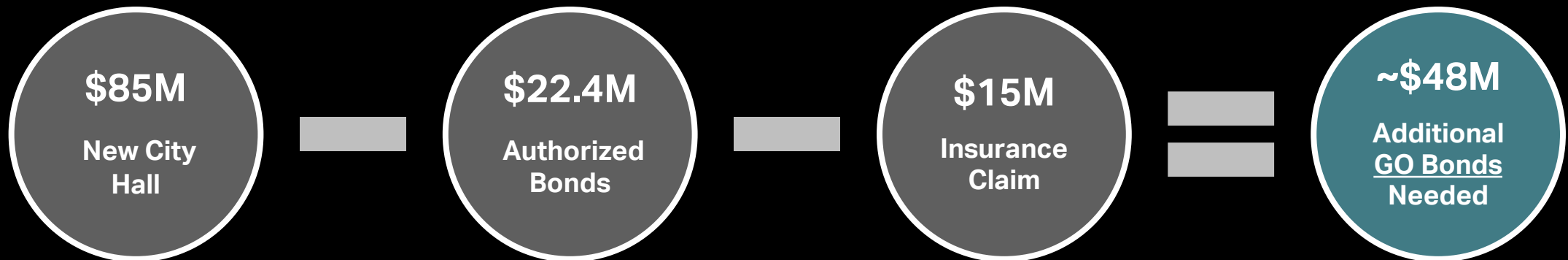
*Site work includes a new public plaza and other gathering spaces in addition to infrastructure.

ADDITIONAL FUNDING NEEDED – COMPARISON OF CURRENT SITUATION

REPAIR/RESTORE/RENOVATE



NEW CITY HALL



CITY HALL ALTERNATIVES COMPARED

Repair/Restore/Renovate

- Series 2023 - \$23M (Max)
 - Funding included in current debt modeling
 - Sale scheduled for Spring
- Anticipated Project Schedule
 - Start Design: March 2023
 - Complete Design: Spring 2024
 - Begin Construction: Summer 2024
 - Move-in: Spring/Summer 2026

New City Hall

- General Election – May 6, 2023 - \$48M (Max)
 - No tax rate increase bond program
 - Order General Election: February 13, 2023
- Anticipated Project Schedule
 - Start Design: June 2023
 - Complete Design: Summer 2024
 - Begin Construction: Fall 2024
 - Move-in: Summer/Fall 2026

THE ULTIMATE VALUE PROPOSITION

- Invest \$60M to renovate a City Hall that will be 45 years old when the renovation is complete?
 - Project will be limited by factors such as existing building footprint, campus configuration, utilities
 - Repairing/restoring/renovating the existing building amount to 70% of the cost of a new building
 - Building may be concerning to customers/staff worried about health risks associated with lingering fire, smoke and water damage
- Invest \$85M to construct a new City Hall that has the potential to create a “public safety campus like” impact in the community?
 - Has the ability to not only transform City Hall but the Civic Campus as well
 - Very likely will be a catalyst for additional development within the Arapaho corridor
 - Would be more welcoming, safe, and operationally efficient as well as position the organization better for future community growth and demands as well as workforce needs
 - Will result in a superior Library project

IMPACT OF CITY HALL FIRE ON THE LIBRARY RENOVATION

LIBRARY RENOVATION

2021 Bond Program Project

- Increase floor space within building footprint
- More accessible community areas
- Visible and easily accessible entrance
- Improve sight lines, circulation, and space planning for efficiency and flexibility
- Upgrade existing MEP and life safety systems
- Building envelope upgrades
- Repair exterior structural deficiencies

Updated Renovation Project

- Library renovation indirectly impacted by the fire at City Hall
 - Escalation costs due to schedule delay accounted for
 - Potential enhancements to address new Civic Campus layout with a new City Hall
 - Relocation costs for 42-month lease vs. budgeted 20 months
- Added scope enhancements identified through staff and public input process

LIBRARY RENOVATION – ORIGINAL VS UPDATED COST COMPARISON

Description of Cost	Original Renovation Project <i>Estimated February 2021</i>	Updated Renovation Project <i>Estimated December 2022</i>
Soft Costs	\$5.5M	\$6.0M
FF&E	\$3.1M	\$3.4M
Construction	\$25.2M	\$26.4M
Total Base Construction	\$33.8M	\$35.8M
Scope/Site Enhancements	\$0	\$2.8M
Escalation Due to Fire Delay	\$0	\$5.3M
Relocation Expenses	\$2.3M	\$4.2M*
Total Project Cost	\$36.1M	\$48.1M

*Will be offset by \$2.3M included in current project budget.

UPDATED LIBRARY RENOVATION PROJECT – ADDITIONAL FUNDING NEEDED



*Issue \$9M in supplemental Certificates of Obligation in Series 2023. If a new City Hall is approved by voters and if needed, issue \$3M in supplemental Certificates of Obligation in Series 2024

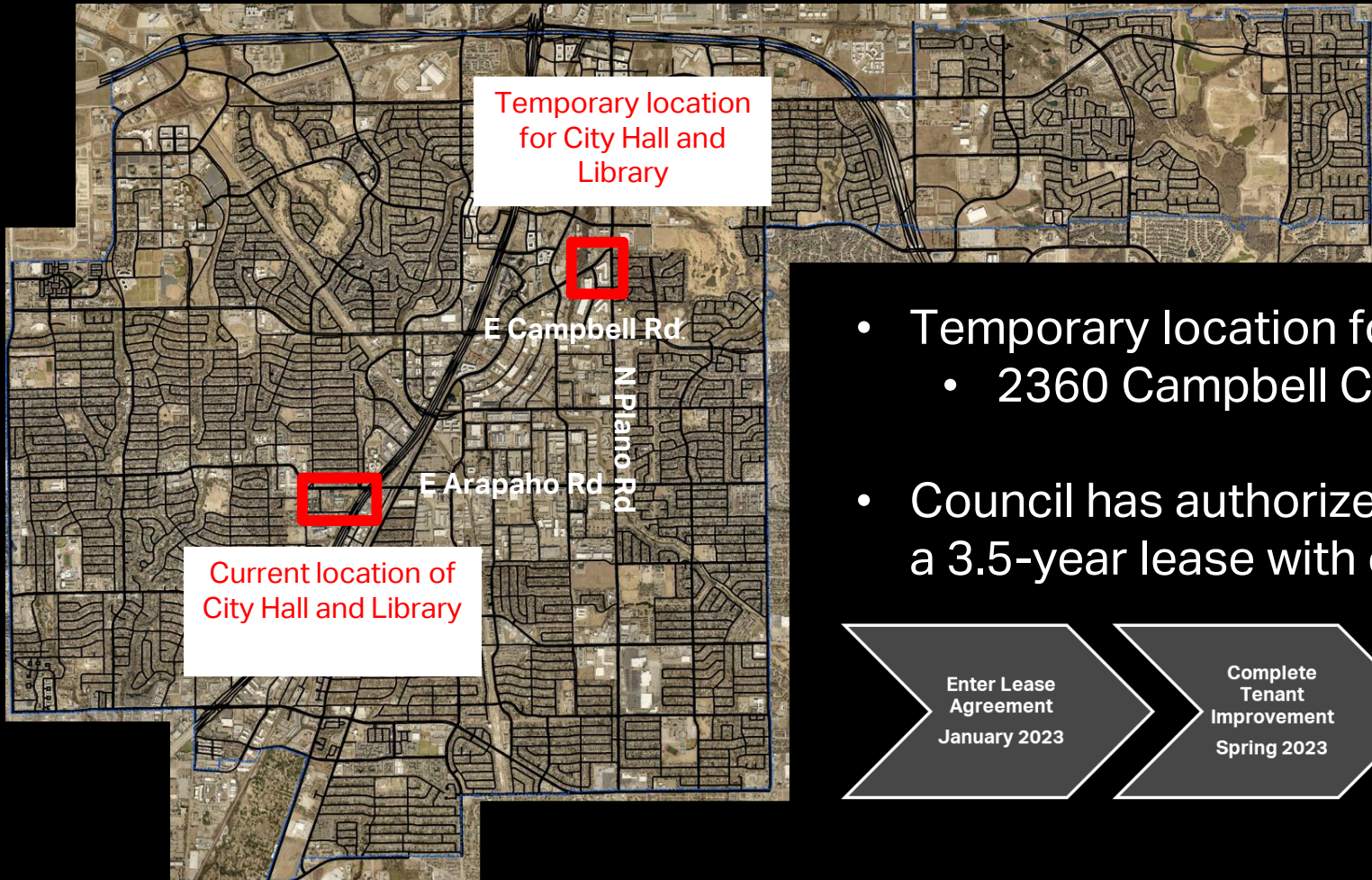
CITY HALL & LIBRARY TEMPORARY RELOCATION

EMPLOYEE RELOCATIONS DUE TO FIRE

- Following the fire, City Hall workforce relocated to four buildings:
 - Police Support Building
 - Substation 2
 - Municipal Court
 - Richardson IQ HQ
- Public meetings moved to other COR and RISD facilities
- Conditions are not sustainable for the duration of a renovation or reconstruction project
- 2021 Bond Program anticipated relocating the library during renovation



CITY HALL AND LIBRARY – TEMPORARY RELOCATION



- Temporary location for City Hall and Library:
 - 2360 Campbell Creek Blvd
- Council has authorized City Manager to negotiate and sign a 3.5-year lease with option to extend as needed

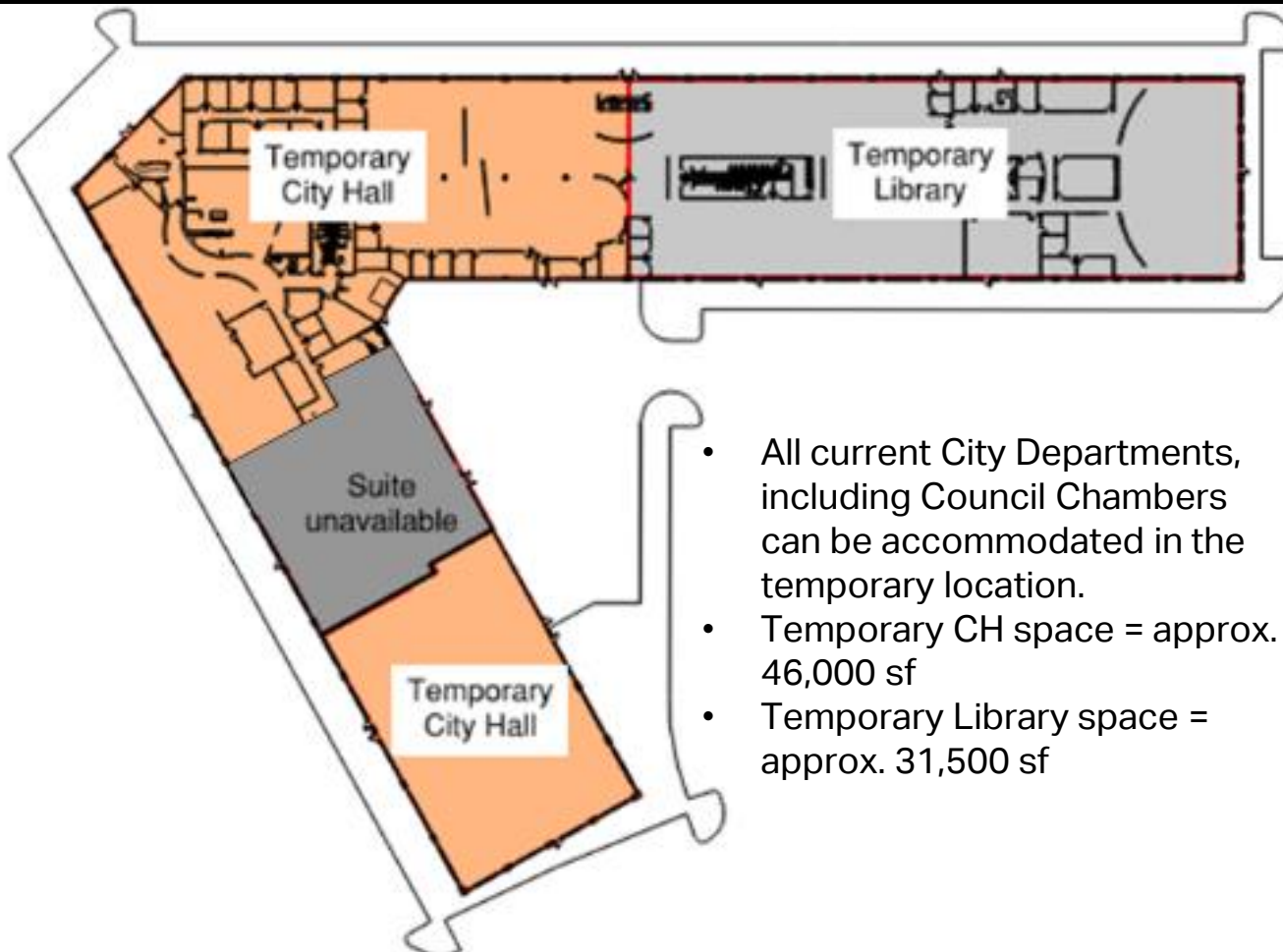


CITY HALL AND LIBRARY – TEMPORARY RELOCATION



2360 Campbell Creek Blvd

CITY HALL AND LIBRARY – TEMPORARY RELOCATION



- All current City Departments, including Council Chambers can be accommodated in the temporary location.
- Temporary CH space = approx. 46,000 sf
- Temporary Library space = approx. 31,500 sf



NEXT STEPS

- Temporary Location for City Hall and Library
 - Finalize lease agreement and begin design and construction for temporary location
- City Hall Project Alternatives
 - City Council to determine Repair/Restore/Renovate vs. New City Hall
 - Immediately begin preparing for appropriate fundings strategy implementation
 - Series 2023 COs vs. GO Bond Program
 - Continue negotiations with Travelers
 - Update final CO/GO funding needed in advance of Council action
- Enhanced Library Project
 - Include \$9M in COs in Series 2023
 - Assess need for \$3M in COs in Series 2024



RICHARDSON

TEXAS