



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: August 5, 2020

IBA Report Number: 20-18

City Council: August 6, 2020

Item Number: 603

Review of 101 Ash Street Project Update and Next Steps

OVERVIEW

The 101 Ash Building acquisition and renovation beginning in the Fall of 2016 initially seemed to be a relatively uncomplicated project that would benefit City operations and increase efficiency (such as for the Development Services Department); reduce the City's rental costs; benefit our residents who frequent our facilities and provide our employees with healthy, safe and friendly working spaces. The City had moved approximately 840 employees into the newly renovated facility in December 2019 only to have to move them out a few weeks later for health and safety reasons related to asbestos issues. In January 2020, the Mayor hired a team of experts to identify what went wrong with the 101 Ash project and where the City goes from here. Numerous consultants have been investigating and analyzing all phases of the project that spanned from July 2016 to January 2020. (See Attachment 1 - 101 Ash Street Building High-Level Timeline July 2016-July 2020)

As a result of their work, new information along with serious challenges have surfaced- far beyond the building's asbestos issues. The consultants' work will likely not be completed until Fall, some possibly later. Significant costs have been spent on 101 Ash (see Attachment 2 - Summary of Estimated 101 Ash Building Costs). This report: discusses the growing role of consultants to assess problems and vet potential solutions; summarizes and discusses elements of the new Building Condition Assessment; and provides preliminary commentary and considerations for each of the five options presented in the staff report. We conclude with recommendations for the Council to consider in responding to this new information at the August 6th Council meeting.

CITY COUNCIL NEEDS COMPLETE INFORMATION BEFORE ACTIONS ARE TAKEN

This section discusses the status of investigative work that remains underway along with building condition assessments, real estate analyses and financial analyses, and discusses new contracts underway. Kidder Mathews was hired this week for real estate financial analyses. The Mayor will be contracting for two additional real estate financial experts in two phases.

Based on discussions with Hugo Park, LLP and Kitchell CEM the next phases of their work are critical to the process, are necessary to make decisions for next steps, and will take decision-making into the Fall.

Kidder Mathews

After our Office developed preliminary commentary for each of the five identified options in the staff report (presented toward the end of this report), the CFO informed us on Tuesday afternoon that a new real estate consultant, Kidder Mathews, was hired this week to provide financial analyses of the five options. It is our understanding that the Kidder Mathews analysis of options 1, 2 and 3 will be presented to Council at Thursday's meeting. They have already determined that options 4 and 5 are not feasible. The CFO facilitated a briefing with Kidder Mathews and our Office late in the afternoon on Tuesday. At that time, the Kidder Mathews analysis was still being modified and under development. We have not seen their final analysis of the first three options and therefore offer no commentary on it. As noted above, we do provide comments and considerations for each of the five identified options later in this report. Our Office supports a more comprehensive evaluation of each option prior to any decisions. We further believe there are other potential options that should be evaluated, and we suggest a few for consideration at the end of this report. Also, much work remains for Hugo Parker, LLP and the Kitchell Corporation, as we discuss below, which could have an impact on future decisions. Contract costs are estimated at \$20,000.

Hugo Parker, LLP

Starting in January 2020, when employees were relocated from 101 Ash due to the discovery of asbestos debris in work spaces at the building, staff from the Mayor's Office, City Attorney's staff, and department staff have been working closely with an external group of attorneys and other experts to investigate what went wrong with the 101 Ash project and where the City goes from here. Hugo Parker, LLP was hired by the City to lead the investigation, starting with the asbestos matter as the highest priority. Within a few weeks, the scope of the review had expanded to include claims against the City by non-City workers alleging exposure to asbestos, the negotiations and transaction leading to the acquisition of 101 Ash, the financial structure of the acquisition, issues with respect to the 2018-2019 renovation work, the current condition of the building, City insurance coverage, and more.

James Parker, who is leading the project for Hugo Parker, LLP, has stated there is much more work yet remaining to produce a final report. Mr. Parker has emphasized that the "Preliminary Report on 101 Ash Street" recently released should be considered just that -- preliminary. It is unclear at this point when the Hugo Parker-led forensic investigation will be completed. The issues

that require considerable additional work will likely need to be prioritized by the City. City costs are estimated at \$350,000; future costs for the Final Report have not been estimated.

Kitchell Corporation

Similarly, the Building Condition Assessment for 101 Ash, undertaken by Kitchell CEM and recently released, is considered phase one. In early June 2020, the Mayor directed staff to conduct this important assessment, as the failure of the City to undertake its own Property Condition Assessment prior to purchasing the building in December 2016 or even prior to commencing the renovation work itself, were identified as fundamental errors.

In June, Kitchell CEM had approximately eight weeks to complete phase 1 of the assessment which allowed time for an on-site assessment and visual “observation” following ASTM (E2018-08) standards of the mechanical and electrical systems and components. The assessment included a review of existing documents including previous reports, assessments and drawings provided by the City. A seismic analysis of the building structure, asbestos study, and a review of the elevators was provided. Kitchell CEM has informed us they will need at least eight weeks to complete the next phase which is “diagnostics testing” of certain building systems to develop three construction mitigation strategies and provide updated cost estimates and construction schedules associated with these strategies. City contract costs are estimated at \$155,000, future costs have not been estimated.

Mayor Plans to Contract for Two Additional Real Estate Finance Professionals in Two Phases

To supplement Kidder Mathews, the Mayor plans to issue a Request for Proposal (RFP) for another Real Estate Finance Professional to do deeper dives on the finances of the options he has presented and to develop other feasible options for Council consideration. Contract cost is estimated to be \$250,000.

Once decisions have been made for moving forward, the Mayor will issue a separate RFP for financial real estate expertise that will advise the Mayor and Council as to how to go about implementation. Contract cost unknown.

Shefa Enterprises, Inc Asbestos Report

Virginia Shefa, a San Diego-based Certified Asbestos consultant, was hired by the city right after the Ash building was vacated in January 2020. Ms. Shefa has completed her analysis, and findings and recommendations from her review have been incorporated into the Kitchell Building Condition Assessment report. City costs are estimated at \$200,000.

More Information is Needed to Determine Next Steps

Based on additional time required by the consultants to complete work critical to decision making, it is likely that this issue will continue into the Fall. Today’s staff report is requesting that: *“Council request staff to return to Council in the Fall with further refined construction schedule, project financing plans for the selected options to move forward, and to present the findings of the expanded BCA report.”* **No Council action is needed for staff to continue to move forward to complete the investigations and studies underway, nor is sufficient information available to do so.**

In the interim, the Council may want to request monthly updates by memo or through verbal updates by staff at the Active Transportation and Infrastructure Committee, or full Council.

OVERVIEW OF PRELIMINARY CONDITION ASSESSMENT

The Kitchell Building Condition Assessment, released last week, provides a preliminary evaluation of the condition of the building based on reviewing building documentation provided by the City (listed in Appendix E of their report) and a one-day onsite inspection of the building. Evaluations of asbestos, structural, mechanical, electrical, fire-safety and elevator components of the building are included in the review.

Kitchell’s preliminary cost estimate for repairs needed on the building is an estimated \$115 million as summarized in the following table. Much of this is based on the age of systems and estimating replacing systems that have exceeded their useful life. Kitchell estimates another eight or more weeks is needed to conduct diagnostic testing of the building’s systems and refine these recommendations and estimates. The cost estimates could go down based on testing and further inspection, but it does not sound like costs are likely to go up dramatically. They have built in contingency amounts to account for cost escalations and uncertainty in the estimates, in addition to the construction contingency typically included in estimated project costs. They have also estimated the cost for design, engineering, project and construction management, permits, fees, inspections, and other non-construction costs associated with the project.

Summary of Kitchell's Preliminary Recommendation	
Description	Amount (in millions)
Asbestos Abatement (incl 5% contingency & 10% escalation) ¹	\$ 26.2
Construction - Hard Costs	
HVAC	22.1
Electrical	15.4
Demolition	1.9
Interior Construction (required by State Fire Marshall)	0.4
Additional Fire Sprinklers	0.1
subtotal Construction - Hard Costs	\$ 39.9
Construction - Contingencies, Escalations & Mark-Ups	
Estimating Contingency (15%)	6.0
Mark-Ups	8.2
Cost Escalation (5%/year)	8.1
Contingency for Unexpected Costs (10%)	6.2
subtotal Construction - Contingencies, Escalations & Mark-Ups	\$ 28.5
subtotal Construction	\$ 68.5
Non-Construction (design, engineering, project management, etc)	20.5
TOTAL ESTIMATED PROJECT COSTS	\$ 115.2

¹ Estimate prepared by Shefa, reflects option 1 of \$34.7M, balance of costs are included in construction.

Kitchell informed us that their preliminary estimate is that the project could take up to four years to complete if full asbestos remediation is done throughout the building before beginning any of

the other construction work. There is a potential for some time savings if work overlaps but further evaluation of the risks is needed before pursuing that option.

Asbestos Abatement

Kitchell recommends remediating all asbestos-containing materials (ACM) from visible and accessible areas throughout the entire building. *“The apparent delamination and adhesive failure of the fire-proofing system in the subject building requires corrective action (i.e., abatement).”* Kitchell notes that the ACM fireproofing has been the primary cause of the Air Pollution Control District (APCD) violations and quotes Shefa as stating that *“there will be continued fallout”* if the ACM fireproofing material is left in place. Kitchell’s recommendation and cost estimate for remediation of ACM from visible and accessible area is in-line with Option 1 from Shefa Enterprises, Inc. (Shefa) shown in the following table (Shefa’s options can be found in Appendix C of the Kitchell report). Shefa’s Option 1, as recommended by Kitchell, should eliminate the potential hazards to staff and the public using the building. City staff supports Option 1 as well. This will not, however, entirely remove ACM from the building and maintenance and construction staff working in areas where ACM remains would continue to need proper training and personal protective equipment.

Asbestos Options from Shefa Enterprises, Inc.		
Options	Time Estimate	Cost Est. (in millions)
1) Removal of Asbestos Containing Fireproofing from Ceiling Deck & Beams	89 weeks	\$ 34.7
2) Spray Encasement of Fireproofing on Ceiling Deck & Beams	89 weeks	26.4
3) Spray Encasement on a 3-Foot Area Around Interior Perimeter of Each Floor	26 weeks	20.6
4) Removal of Asbestos Containing Materials Throughout Building	127 weeks	47.6

Recommended Construction

If moving forward with the building is determined to be the best option, Kitchell recommends replacing and/or upgrading the heating, ventilation, and air conditioning (HVAC) system, electrical systems, adding interior construction as required by the State Fire Marshall and adding fire sprinklers. The hard costs for this demolition and construction are estimated at \$39.9 million. This estimate assumes full replacement of the HVAC system, including air distribution components (such as ductwork), insulating the chilled water pipes, providing dedicated fans for data rooms, bringing smoke control components up to current standards, and more. Kitchell does recommend thorough diagnostic testing of the HVAC system to identify if any components of the HVAC system can be retained and incorporated into a new system, which could reduce costs. For electrical, Kitchell’s recommendations include replacing all equipment from 1967 and upgrading the generator. Kitchell has also included the costs for interior construction as required by the State Fire Marshall, upgrading the fire alarm system to current codes and increasing the number of fire sprinklers.

Areas that Do Not Need Repair Now

In conducting the preliminary condition assessment, Kitchell found that some areas of the building do not require repair or replacement at this time.

- The structure of the building meets earthquake standards *“for an expected 225-year return period event”*.

- Elevators will need to be modernized in the future as components are due for replacement in 12-13 years.

Diagnostic Testing is Needed

The Preliminary Forensic Investigation from Hugo Parker, LLP reported that the City did not undertake its own condition assessment prior to purchase of the building in 2016 or before beginning renovations in 2017. Staff relied on previous condition assessments undertaken by sellers in both 2014 and 2016. The 2014 and 2016 property condition assessments did not include any testing of the buildings HVAC, fire protection, electrical or like systems. (Hugo Parker, Preliminary Forensic Investigation, p. 23.). Neither previous assessment identified any significant maintenance or repair issues. Completing this comprehensive diagnostic condition assessment is critical to understanding what options are feasible.

Cost Considerations

When this item is brought back to Council for further direction/approval, it would be helpful to provide a cost-benefit analysis for the proposed repairs. For example, if a system is working properly now but is already past its useful life, what is the benefit of replacing it now compared to waiting until the system fails or begins to fail? This is a common dilemma for the City with finite financial resources and a large backlog of deferred capital needs at various City facilities and City Council should be given the opportunity to weigh the options of fixing something now or later. Prioritizing the needed repairs based on criticality could aid in this discussion.

MAYOR'S PROPOSED OPTIONS FOR NEXT STEPS

The Next Steps section of the staff report briefly discusses five financial concepts or options under consideration by staff and the multi-disciplinary team of experts. The staff report also provides the following goal: *“To more efficiently provide employee workspace at 101 Ash with the objective of minimal or no increased cost to taxpayers.”* It is interesting to note that two of the five options being considered (Sell for Less and Walk Away) seek a permanent departure from 101 Ash as an employee workplace.

The objective of minimal or no increased cost to the taxpayer is a difficult concept to grasp given that the City Council has just been presented with the Kitchell Building Condition Assessment preliminarily identifying \$115 million of needed asbestos abatement and building improvements. These improvements would take three to four years to complete and be in addition to \$32 million of unanticipated building work the Council was asked to approve in 2018. Our Office finds it hard to imagine that there would be a sufficient combination of net litigation, insurance, and/or financing proceeds going forward to realize the no increased cost objective.

Another major challenge to the minimal or no increased cost objective is a horribly one-sided (in favor of the landlord) lease to purchase agreement that significantly constrains the City's options. The Council was persuaded to approve this lease to purchase agreement in October 2016. Staff convinced the Council to approve the agreement by estimating \$44 million in savings could be achieved over a 20-year period by purchasing the building in lieu of continuing to lease office space. While this savings estimate appeared to be plausible in 2016, it was largely predicated on the 101 Ash building being in good condition (move-in ready within six months of the purchase),

with a history of meticulous maintenance, and a remaining useful life of at least another 40 years barring any natural disasters. The City's professional real estate and management staff presented the City Council with a Property Condition Report (commissioned by the seller of the building) to support these representations.

The City now finds itself in a difficult financial predicament as we begin a challenging fiscal year adversely impacted by the current pandemic – the building requires expensive time-consuming improvements, litigation is being initiated by the City and against it, some employees continue to work in sub-optimal facilities, staff indicates the optimal path forward requires additional consultant review and investigation, and the Council will be asked to approve these unanticipated and unbudgeted expenses to further this analysis.

Financial Options Under Consideration

Staff indicates the five identified financial options are still in development and require further investigation and market research. It is noted that these options must consider all the information now known about the transaction, the condition of the building as it stands today, and the current market conditions. Our Office agrees that these and perhaps other options should be thoughtfully evaluated to determine the best path forward. We provide preliminary comments with respect to each of the identified options below:

1. Stay the Course

This approach is straightforward with the only apparent uncertainties being the actual cost of the needed building improvements and the time required to complete them. The City is almost four years into a 20-year lease to purchase arrangement, so we continue to make monthly lease payments for another 16 years and then own the building outright. The Debt Management Department believes they can finance most, if not all, of the needed improvements using a combination of short-term and then long-term tax-exempt financing which can be obtained at historically low rates if current market conditions were to remain relatively unchanged. The City would have to annually budget to pay the debt service on the long-term bonds. Unfortunately, this approach also means the City will have made lease payments on the building for seven or eight years before it can be safely occupied by employees.

2. Sell for Less

This approach envisions the City borrowing money to exercise the Interim Term Purchase Option in the current lease to purchase the building after five years (January 2022), selling the building to another party, and then using the resulting sale proceeds to pay off some portion of the debt. While this may be a feasible approach, it also carries the following challenges: the financing may be more involved and expensive in part because the financed asset is not able to be occupied; the sale of an unsafe building in need of repair would likely result in a much lower sales price; proceeds from this sale are unlikely to recoup much of the borrowing costs; and it does not result in any additional office space for City employees. As with the prior option, the City would need to annually budget to cover residual debt service on the borrowing after using sale proceeds to partially reduce the outstanding debt.

3. Get a New Landlord

This is the most complex of the identified approaches. The City would borrow funds to initiate needed capital improvements in the 101 Ash property now and then borrow additional funds to purchase the building in 2022. Once building improvements are completed (in 2023 or 2024), the City would then sell the building to a buyer who would be interested in immediately executing a long-term lease to lease the refurbished building back to the City. The City would then begin a new long-term lease with a new landlord for the improved building. The building should fetch a significantly greater price than the Sell for Less option because the building will have been improved prior to the sale. As the building is older and future commercial market conditions are unknown, it is difficult to accurately estimate how much a buyer would willing to pay and therefore how much of the outstanding debt could be repaid with building sale proceeds. If building sale proceeds were to be enough to pay off the debt, the City could alternatively consider a long-term lease of any suitable and available office space in the downtown area. Key considerations associated with this option are: 1) the City will need to borrow more initially to make it work; 2) the City will need to find a unique buyer in 2023 or 2024 for an older refurbished building interested in leasing the building back to the City; 3) the City will continue to make payments on any outstanding debt if the sales proceeds are insufficient to do so; 4) the City will lease, not own, the older building going forward; and 5) the City will have to annually budget for monthly lease payments and for payments on any outstanding debt tied to building acquisition and refurbishment.

4. Renegotiate

This approach is difficult to understand because it is not clear which of the numerous unfavorable provisions in the City's lease agreement staff is proposing to eliminate and to what end? It is certainly possible that the elimination of certain lease provisions (i.e., an earlier lease exit or purchase option) might enable certain work out options and result in a more optimal path forward, but it would probably also involve a significant cost to the City. Cisterra appears to have little motivation to reopen a profitable lease that is very much written in their favor. More information is required to evaluate this option.

5. Walk Away

Based on what we now know, this sounds on the surface like the best option; however, there appear to be provisions of the City's lease that could make this option problematic. Our Office defers to the assessment and advice of the City's attorneys on this but would point to the following two excerpts from of the City's capital lease which include the following language:

Section 4.(d) "Tenant hereby covenants to take such action as may be necessary to include all Rent due hereunder in its annual budget and to make the necessary annual appropriations for all such Rent. ..."

Section 5.(b) "... Tenant shall remain obligated under this Lease in accordance with its terms and shall not take any action to terminate, rescind or avoid this Lease ... Tenant waives all rights now or hereafter confirmed by statute or otherwise to quit, to terminate or surrender this Lease, or to any abatement or deferment of Rent."

Notwithstanding our preliminary comments and cited limitations for each of the five identified options, our Office supports a more comprehensive evaluation of each option and the possible use

of more than one of these options if it makes sense. We further believe there are other potential options that should be evaluated including:

- Public/Private Partnerships whereby the City could solicit developer interest in City land and/or a development opportunity in return for construction of new or improved office space. The San Diego Unified School District pursued such an option and the City previously moved in this direction in 2009.
- Work to expeditiously exit the 101 Ash lease and alternatively pursue a long-term lease terms at favorable rates in the current commercial office market.
- Evaluate the financial feasibility of a demolition/build option for 101 Ash. It may not require much more time or expense than the Stay the Course option and results in the City owning a new building.
- Explore any other cost-effective option that meets projected future public service needs while also providing optimal workspaces for City employees.

The IBA recommends the City expeditiously re-evaluate office space needs before deciding how to best move forward with the 101 Ash building. This evaluation should consider the City's existing facilities (the City has somehow managed to accommodate approximately 1,100 employees who were planned to already be in 101 Ash), our current teleworking experiences and customer service delivery plans, and long-term lease opportunities that currently exist in a depressed commercial building market. It is imperative that the City evaluate new possibilities/opportunities and then reassess its go-forward office space needs before a decision is made about the 101 Ash building.

RECOMMENDATION FOR CITY COUNCIL

The City Council has received a significant amount of new and disturbing information in the last week about the status of the vacant building at 101 Ash Street and process failures that lead to its acquisition. This information came in the form of an Investigation and Forensic Analysis by Hugo Parker, LLP and Kitchell's Building Condition Assessment. These are lengthy reports with a lot of information for the Council to digest and evaluate. It is important to note that these reports are preliminary, and more analysis/detail is promised to help the Council better understand where things stand and how to best move forward. Additionally, other consultants have been hired, and are in the process of being hired, to provide additional information with respect to the 101 Ash Street property and potential options to address the situation.


The Council has had little time to review this preliminary information. The multidisciplinary team of consultants and staff indicates the investigation and analysis will be ongoing and that additional detail will be provided when that work is completed. Without having all the information, the Council is being asked to request staff return to Council in the Fall with project financing plans for selected options which have barely been described in the staff report. We believe this is a premature and unnecessary request at this time. Understanding this is an unfortunate situation that requires attention as soon as possible, our Office recommends Council first have all relevant information and a reasonable period of time to determine a best course of action for the 101 Ash Street property. No Council action is needed for staff to continue to move forward to complete the

investigations and studies underway. Instead, staff should be asked to provide the Council with monthly written and/or verbal updates at Committee or Council.


When this item returns for Council direction, we recommend the following information be provided in advance for the Council to consider:

1. A comprehensive re-evaluation of office space needs that considers the City's recent teleworking experience, lower rents in the current commercial office market, and the facilities currently being used to office the 1,100 City employees who were supposed to already be in the 101 Ash Street building.
2. Refined repair estimates from Kitchell including cost-benefit analysis for the proposed repairs.
3. A more expansive and thorough discussion of any and all options for addressing the issues at the 101 Ash Street property while also meeting public service delivery needs and providing optimal workspaces for City employees. If an approach is raised for consideration and determined to not be feasible, staff should explain why that is the case.
4. Cost estimates should be presented for all viable options that are identified or suggested.


Additionally, we recommend Council ask for an updated estimate of total anticipated consultant costs to complete the needed analysis for the 101 Ash Street property.



Angela Colton
Fiscal & Policy Analyst



Jeff Kavar
Deputy Director



Andrea Tevlin
Independent Budget Analyst

Attachments

1. 101 Ash Street Building High-Level Timeline July 2016-July 2020
2. Summary of Estimated 101 Ash Building Costs

101 Ash Street Building High-Level Timeline July 2016-July 2020

- July 16 Real Estate Assets Dept begins negotiations with Cisterra for acquiring 101 Ash
City staff rely on third party 2014 and 2016 Property Condition Assessments which depicted no significant repairs needed, move-in ready, but neither did testing or in-depth inspection of the building systems
- Oct 16 City Council approves Lease based on price of \$72.3 million, \$5 million for tenant improvements, 5 floor renovation, the first two floors to reconfigure space for Development Services Dept, all other floors move-in ready, employees estimated to move in July 2017 (Hugo Parker Preliminary Report identified that the City's actual purchase price was \$92 million, not \$72 million; this is still being analyzed)
- Dec 16 City signs Lease
- Nov 16-Dec 18 Gensler architect firm hired for space planning with direction to house 1155 employees, increased from 955, to maximize use of the building and reduce rental costs

During space planning Gensler advises to target 1155 employees (rather than 955) will require all 19 floors to be renovated and significant reconfiguration of the building systems

City staff decided to change scope of work to all 19 floors, rather than 5 floors as proposed to Council

Space planning was underway, working with departments to identify needs
Project costs will increase significantly, move-in will be delayed, significant building renovations required

Council nor the IBA was made aware of the decision to change the scope
- Jan 18 Staff issued a Request for Proposal (RFP) for renovation of all 19 floors, with no option to bid five-floor alternative

No additional City funding was identified for the increased scope

Staff estimated costs of \$17 million
- Feb 18 Two bids were received, costs estimated for 19 floors of tenant improvements: \$29 million when all costs were considered
- March 18 IBA is briefed for the first time on scope change, delays, increased costs

For various reasons, aside from cost, the bids for the first RFP were cancelled
- May 18 Second RFP process was being developed with two alternatives- five floors and 19 floors

Active Transportation and Infrastructure Committee was briefed on the results of the first RFP and staff recommended to Committee that a new RFP with two alternatives be issued, Committee supported this approach

- Our office also provided the committee with potential funding options in the event additional funds were needed for either option
- June 18 City Council received its first status update in Open Session on the project
 - July 18 Bids submitted for both options:
 - Five Floors of tenant improvements: \$19.5 million
 - 19 Floors of tenant improvements: \$25.9 million
 - Aug 18 Staff recommended, and Council agreed as did our office, the difference of \$6.4 million in costs was worth the renovation of all 19 floors to house 1155 employees, rather than 955, and would help reduce City rental costs
 - Sept 18 Contract was awarded to West Coast as General Contractor
Move-in of employees was estimated to be September 2019
Funding sources were identified for the expanded scope
 - Oct 18 Plans and permits were approved
 - Nov 18 Renovation work commenced
 - Aug 19-Oct 19 Two inspectors from the Air Pollution Control District (APCD) visited for an inspection of electric generator
Inspectors returned the next week, APCD took samples which tested positive for asbestos
First of a series of written Notices of Violation were issued
 - Nov 19 City temporarily halted work
Other NOV's were issued
 - Dec 19 Air monitoring tests showed no excess asbestos fibers in the building's atmosphere
Employees moved into the renovated building over the next four weeks, all floors passed their required tests
 - Jan 20 APCD discovered asbestos debris in a conference room, issued NOV on January 14
On January 17, the City promptly ordered all employees to leave the building
Employees relocated back to previous offices or to new rental properties
 - Jan 20 First experts hired: Virginia Shefa, a Certified Asbestos Consultant, and James Parker with Hugo Parker, LLP
As issues are identified through the investigations, other consultants with expertise in property conditions, insurance, real estate, and finance are added to the team
 - July 20 Ms. Shefa concludes Asbestos Assessment and Preliminary Budget Final Report; Hugo Parker, LLP issues Preliminary Report on 101 Ash Street; Kitchell Corporation releases phase 1 of the Building Condition Assessment

Summary of Estimated 101 Ash Building Costs	
Description	Est. Amount (rounded)
Fixed/Lump Sum	
Purchase of building ¹	\$ 92,000,000
Renovations ²	29,000,000
Consultants	
Hugo Parker	350,000
Shefa	200,000
Other legal	100,000
Kitchell	155,000
Kidder Mathews	20,000
Staff move-in and move-out	1,500,000
Asbestos management & cleaning (O&M)	700,000
CBRE & other building operating costs ³	6,600,000
PPE/Respirator Training for building access	<i>unknown</i>
Annual	
Leased space for displaced staff	1,200,000

Note: These are costs known to the IBA and may not reflect all costs associated with the building. Some costs are estimated and may not be exact.

¹ Source: Hugo Parker Preliminary Report on 101 Ash Street identified that the City's actual purchased price was \$92 million, not \$72 million; this is still being analyzed.

² Note that Hugo Parker lists this amount as \$32 million, this is under review.

³ Cumulative to-date, as of March 2020