

LIFE CYCLE COST MODEL – QUICK START INSTRUCTIONS

This life cycle cost analysis tool was created to provide a simplified tool to help decide the most economical option for housing state functions. The version of Excel must be Excel 2007 or later.

The sheets are protected. You may input or change any cell that is green in any green tab (option inputs). Any cell with an asterisk to the left of it must be inputted in order for that option to work.

ENTERING PROJECT INFORMATION AND EXISTING FACILITIES

1. Open the Existing Lease sheet.
2. Enter the Project information (required information in bold is noted with asterisks * on the spreadsheet): **Agency, Project Title**, Project Description, Years of Analysis (optional)
3. Next enter in the Existing Lease Information. If there is no existing lease then leave the following section blank.

ENTERING NEW LEASES

1. Open the Lease Option 1 sheet.
2. Enter the New Lease Option 1 Description.
3. Enter the New Lease Information.
4. Enter the New Lease Costs – If there is a lease, you must enter in the years of term. If the rate is not known then it will display the market rate for the area.
5. Select the New Lease Operating Costs – This section allows you to account for services that are not included in the lease but will be paid for by the agency. To add a service, check the box to the left of the service. This will automatically add in the estimated cost per square foot per year. If you wish to override this cost with a known service cost enter the cost in the Known Cost / SF / Year column. You must still check the box on the left.
6. New Lease One Time Costs – This section allows you to input the one-time costs associated with moving into a new leased space. The calculated costs (in yellow) are for reference only. You must manually enter in the cost in the green box.
7. An additional new lease option can be entered on the Lease Option 2 tab.

ENTERING AN OWNERSHIP OPTION

1. Enter the Project information (required information in bold is noted with asterisks * on the spreadsheet): **Construction Project Description, Construction or Purchase/Remodel, Project Location, Gross Sq Ft, Usable Sq Ft, Move In Date**.

2. If there is an interim lease (such as a temporary leased space during construction) enter the Interim Lease Information. If no interim lease is entered the existing lease is assumed to continue until construction move in date.
3. If applicable, enter the Construction Cost Estimates Details –The model will automatically estimate costs for a typical state office building based upon standard OFM assumptions for the size and location of the proposed building. If green cells are filled in than those values will be used rather than the estimated values. Note: once a item is entered, the entire category must be filled in.
4. Enter Construction One Time Project Costs
5. Enter Ongoing Building Costs – Similar to entering New Lease Operating Costs.

ENTERING A PURCHASE/REMODELED OPTION

The major difference with a Purchased/Remodeled option may be the amount of Acquisition Costs Total. This is where the initial purchase price of a facility would be entered. The A & E Fee Percentage will be adjusted to the standard fee for remodel projects.

SUMMARY

Once all of your project information has been entered the results will be shown on the Summary sheet.

This sheet summarizes the major information needed to distinguish options such as project descriptions, size, costs, space use ratios. It also ranks the options based on the net present value (the total cost converted to today's dollars). Options and financing can be displayed or turned off by selecting "yes" or "no" in the Display Option cells. These are the only selectable cells in the summary sheet.

This sheet shows the results of the analysis for a user specified period and the state mandated 30 and 50 year analysis periods. The net present value chart of the options shows the various options cross over time and when their costs intersect. There is also an annual cash flow chart generated.

The major financial assumptions are summarized on the bottom of this sheet.

The sheets are formatted to print in landscape orientation.

Refer to the complete instructions for more details.