

Life Cycle Cost Analysis - Project Summary

Agency	Department of Early Learning
Project Title	Thurston County Consolidation

Existing Description	Four leased facilities in Olympia
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Lease Option 1 Description	New leased facility in Thurston County. Allows for consolidation of DEL headquarters functions.
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Lease Option 2 Description	
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Ownership Option 1 Description	Construct a new consolidated headquarters facility for DEL.
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Ownership Option 2 Description	
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Ownership Option 3 Description	
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Lease Options Information	Existing Lease	Lease Option 1	Lease Option 2
Total Rentable Square Feet	41,524	60,000	-
Annual Lease Cost (Initial Term of Lease)	\$ 816,113	\$ 1,947,518	\$ -
Full Service Cost/SF (Initial Term of Lease)	\$ 19.65	\$ 32.46	\$ -
Occupancy Date	n/a	1/1/2021	
Project Initial Costs	n/a	\$ 3,384,162	\$ -
Persons Relocating	223	223	-
RSF/Person Calculated	186	269	-

Ownership Information	Ownership 1	Ownership 2	Ownership 3
Total Gross Square Feet	67,000	-	-
Total Rentable Square Feet	60,000	-	-
Occupancy Date	7/1/2021		
Initial Project Costs	\$ 2,615,000	\$ -	\$ -
Est Construction TPC (\$/GSF)	\$ 487	\$ -	\$ -
RSF/Person Calculated	269	-	-

Financial Analysis of Options

	Display Option?	No	Yes	Yes	No	No	Yes	No	No	No	Yes	No	No	No	Yes	No
	Financial Comparisons	Existing Lease	Lease 1	Lease 2	Ownership 1				Ownership 2				Ownership 3			
Years	Financing Means	Current	Current	Current	GO Bond	COP	COP Deferred *	63-20	GO Bond	COP	COP Deferred	63-20	GO Bond	COP	COP Deferred	63-20
20	20 Year Cumulative Cash		\$ 48,427,174	\$ -			\$ 56,976,317				\$ -				\$ -	
	20 Year Net Present Value		\$ 46,224,385	\$ -			\$ 54,369,650				\$ -				\$ -	
	Lowest Cost Option (Analysis Period)		1				2									

The best NPV result for the 20 year analysis period is the Lease 1 option using Current financing. This option becomes the best financial alternative in 2019.

	Financial Comparisons	Existing Lease	Lease 1	Lease 2	Ownership 1				Ownership 2				Ownership 3			
Years	Financing Means	Current	Current	Current	GO Bond	COP	COP Deferred *	63-20	GO Bond	COP	COP Deferred	63-20	GO Bond	COP	COP Deferred	63-20
30	30 Year Cumulative Cash		\$ 84,359,172	\$ -			\$ 70,463,223				\$ -				\$ -	
	30 Year Net Present Value		\$ 78,385,028	\$ -			\$ 66,462,774				\$ -				\$ -	
	Lowest Cost Option (30 Years)		2				1									

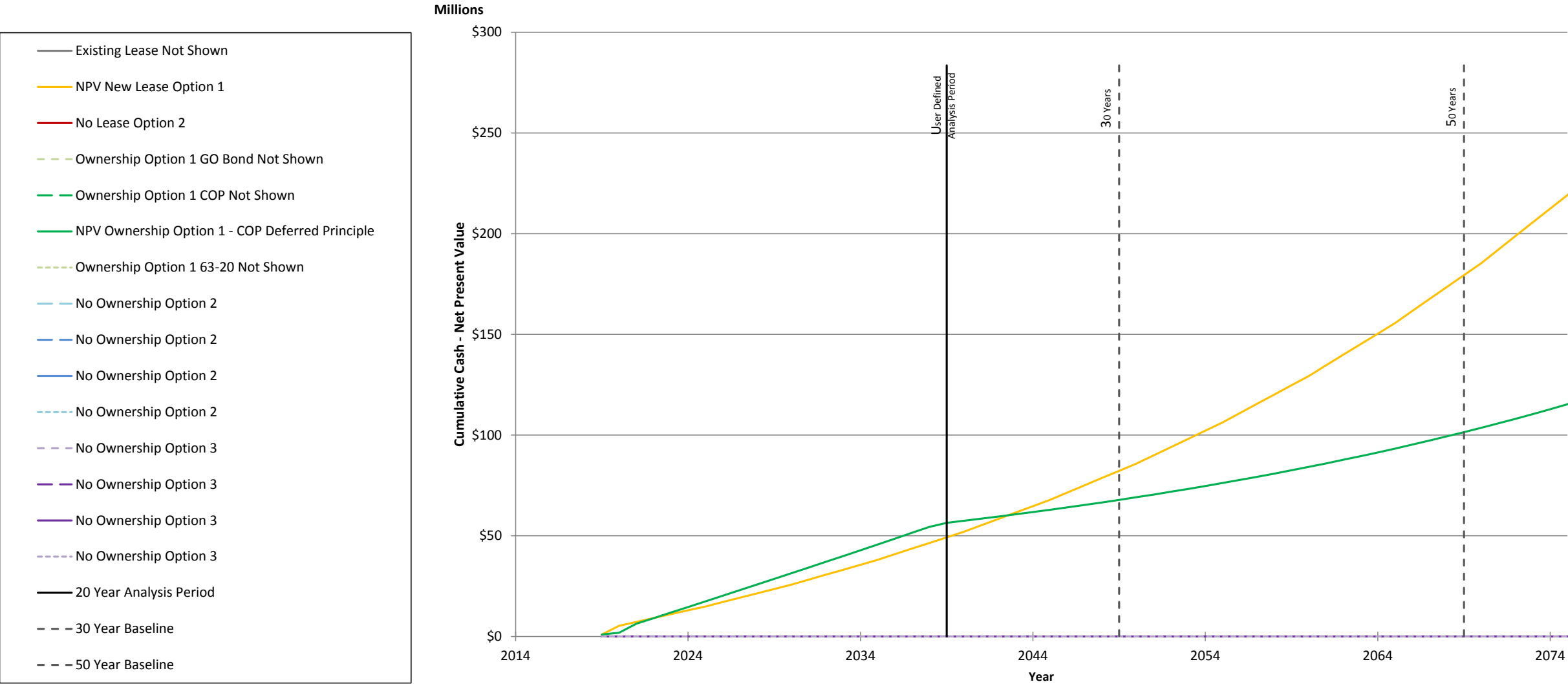
The best NPV result for the 30 year analysis period is the Ownership 1 option using COP Deferred \* financing. This option becomes the best financial alternative in 2044.

	Financial Comparisons	Existing Lease	Lease 1	Lease 2	Ownership 1				Ownership 2				Ownership 3			
Years	Financing Means	Current	Current	Current	GO Bond	COP	COP Deferred *	63-20	GO Bond	COP	COP Deferred	63-20	GO Bond	COP	COP Deferred	63-20
50	50 Year Cumulative Cash		\$ 197,649,364	\$ -			\$ 109,615,385				\$ -				\$ -	
	50 Year Net Present Value		\$ 173,027,040	\$ -			\$ 99,174,343				\$ -				\$ -	
	Lowest Cost Option (50 Years)		2				1									

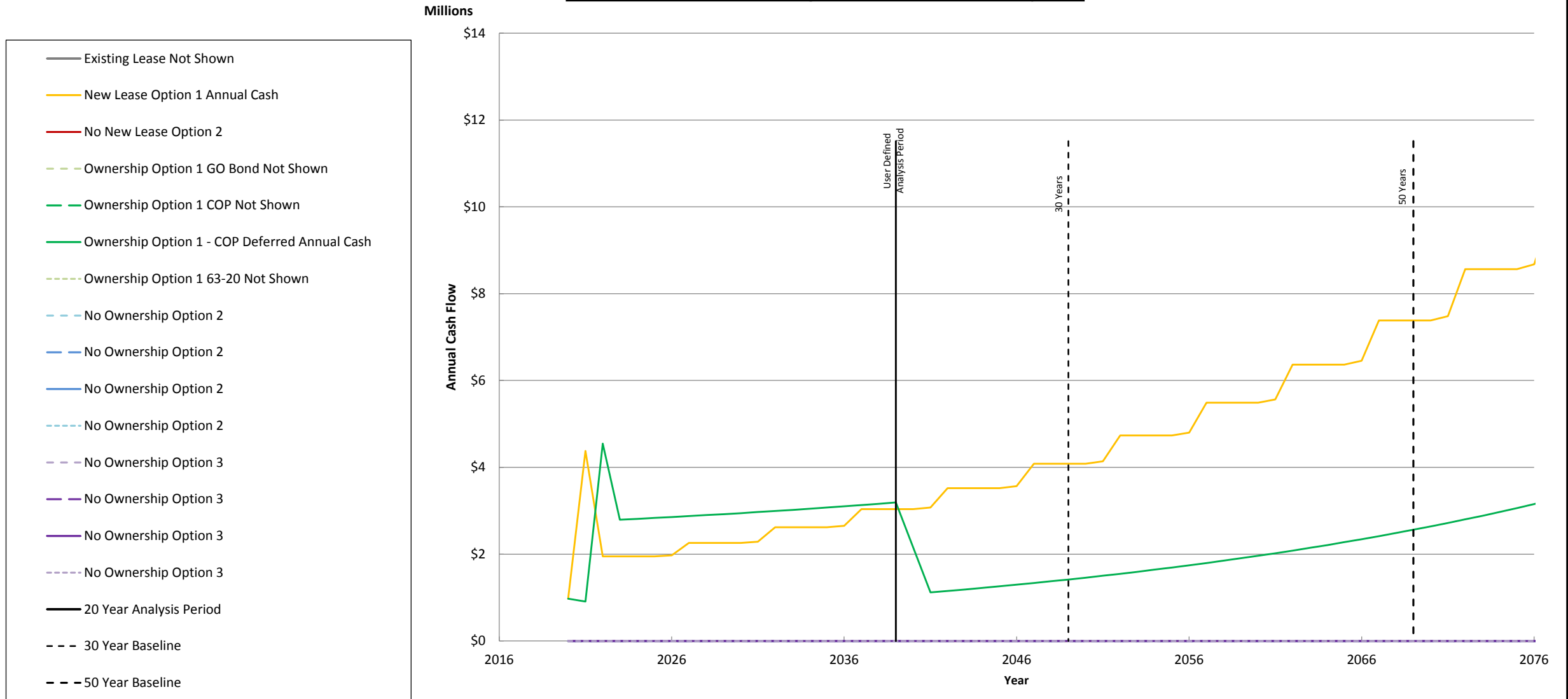
The best NPV result for the 50 year analysis period is the Ownership 1 option using COP Deferred \* financing. This option becomes the best financial alternative in 2044.

\* - Defers payment on principle for 2 years while the building is being constructed. See instructions on Capitalized Interest.

**Cumulative Cash - NPV of Exist, Lease, and Own Options**



# **Annual Cash Flow of Existing, New Lease, and Own Options**



Financial Assumptions

Date of Life Cycle Cost Analysis:	12/28/2016
Analysis Period Start Date	1/2/2019
User Input Years of Analysis	20

All assumptions subject to change to reflect updated costs and conditions.

	Lease Options			Ownership Option 1			Ownership Option 2			Ownership Option 3		
	Existing Lease	Lease Option 1	Lease Option 2	GO Bond	COP	63-20	GO Bond	COP	63-20	GO Bond	COP	63-20
Inflation / Interest Rate	3.006%	3.006%	3.006%	3.160%	3.460%	3.660%	3.160%	3.510%	3.710%	3.160%	3.510%	3.710%
Discount Rate	0.441%	0.441%	0.441%	0.441%	0.441%	0.441%	0.441%	0.441%	0.441%	0.441%	0.441%	0.441%
Length of Financing	N/A	N/A	N/A	20	20	20	20	20	20	20	20	20

See Financial Assumptions tab for more detailed information  
COP Deferred and 63-20 Financing defer the payment on principle until construction completion.

New Lease Assumptions

Real Estate Transaction fees are 2.5% of the lease for the first 5 years and 1.25% for each year thereafter in the initial term of the lease.  
Tenant Improvements are estimated at \$5.83 per rentable square foot.  
IT infrastructure is estimated at \$672.65 per person.  
Furniture costs are estimated at \$11278.03 per person and do not include new workstations.  
Moving Vendor and Supplies are estimated at \$224.22 per person.

Default Ownership Options Assumptions

Assumes a 2 month lease to move-in overlap period for outfitting building and relocation.  
Assumes surface parking.  
The floor plate of the construction option office building is 25,000 gross square feet.  
The estimated total project cost for construction is \$420.00 per square foot.  
See the Capital Construction Defaults tab for more construction assumptions.