

Life Cycle Cost Analysis - Project Summary

Agency	Department of Corrections
Project Title	Thurston County Consolidation

Existing Description	Leased facility at 4522 Pacific Ave, Lacey.
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Lease Option 1 Description	New leased facility in Thurston County. Allows for consolidation of DOC SW training center offices into one office.
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Lease Option 2 Description	
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Ownership Option 1 Description	Construct a new training center for DOC.
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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	18,816	25,500	-
Annual Lease Cost (Initial Term of Lease)	\$ 336,063	\$ 566,610	\$ -
Full Service Cost/SF (Initial Term of Lease)	\$ 17.86	\$ 22.22	\$ -
Occupancy Date	n/a	2/1/2019	
Project Initial Costs	n/a	\$ 519,990	\$ -
Persons Relocating	32	32	-
RSF/Person Calculated	588	797	-

Ownership Information	Ownership 1	Ownership 2	Ownership 3
Total Gross Square Feet	28,500	-	-
Total Rentable Square Feet	25,500	-	-
Occupancy Date	7/1/2021		
Initial Project Costs	\$ 35,000	\$ -	\$ -
Est Construction TPC (\$/GSF)	\$ 487	\$ -	\$ -
RSF/Person Calculated	797	-	-

Financial Analysis of Options

		Display Option?	No	Yes	Yes	No	No	Yes	No	No	No	Yes	No	No	No	Yes	No
		Existing Lease	Lease 1	Lease 2	Ownership 1				Ownership 2				Ownership 3				
Years	Financial Comparisons	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		\$ 15,568,132	\$ -			\$ 21,565,534				\$ -				\$ -		
	20 Year Net Present Value		\$ 14,843,917	\$ -			\$ 20,494,887				\$ -				\$ -		
	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 2017.

		Existing Lease	Lease 1	Lease 2	Ownership 1				Ownership 2				Ownership 3			
Years	Financial Comparisons	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		\$ 27,457,524	\$ -			\$ 28,893,581				\$ -				\$ -	
	30 Year Net Present Value		\$ 25,485,420	\$ -			\$ 27,090,332				\$ -				\$ -	
	Lowest Cost Option (30 Years)		1				2									

The best NPV result for the 30 year analysis period is the Lease 1 option using Current financing. This option becomes the best financial alternative in 2017.

		Existing Lease	Lease 1	Lease 2	Ownership 1				Ownership 2				Ownership 3			
Years	Financial Comparisons	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		\$ 64,943,652	\$ -			\$ 44,629,332				\$ -				\$ -	
	50 Year Net Present Value		\$ 56,801,129	\$ -			\$ 40,237,461				\$ -				\$ -	
	Lowest Cost Option (50 Years)		2				1									

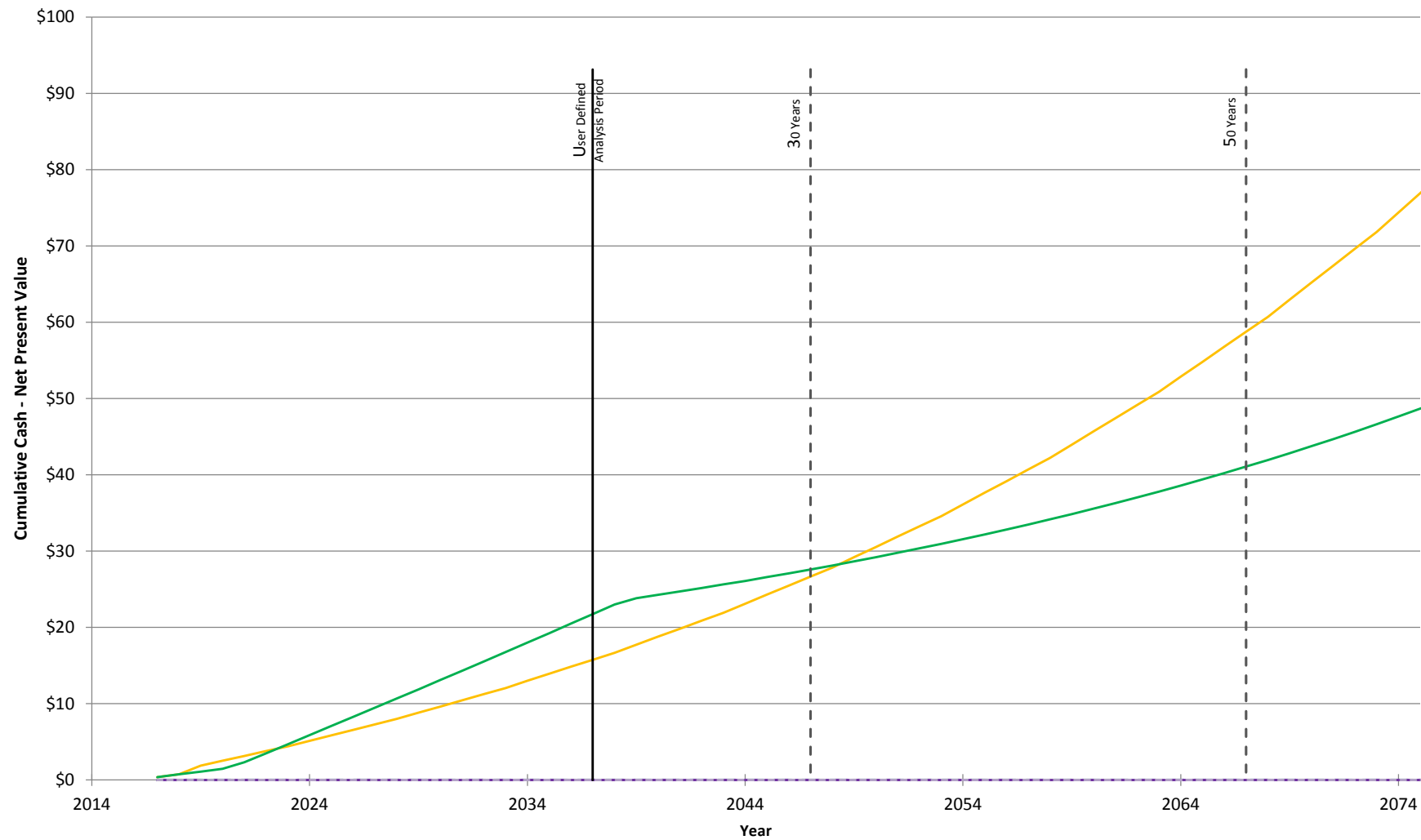
The best NPV result for the 50 year analysis period is the Ownership 1 option using COP Deferred * financing. This option becomes the best financial alternative in 2050.

* - 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

Millions

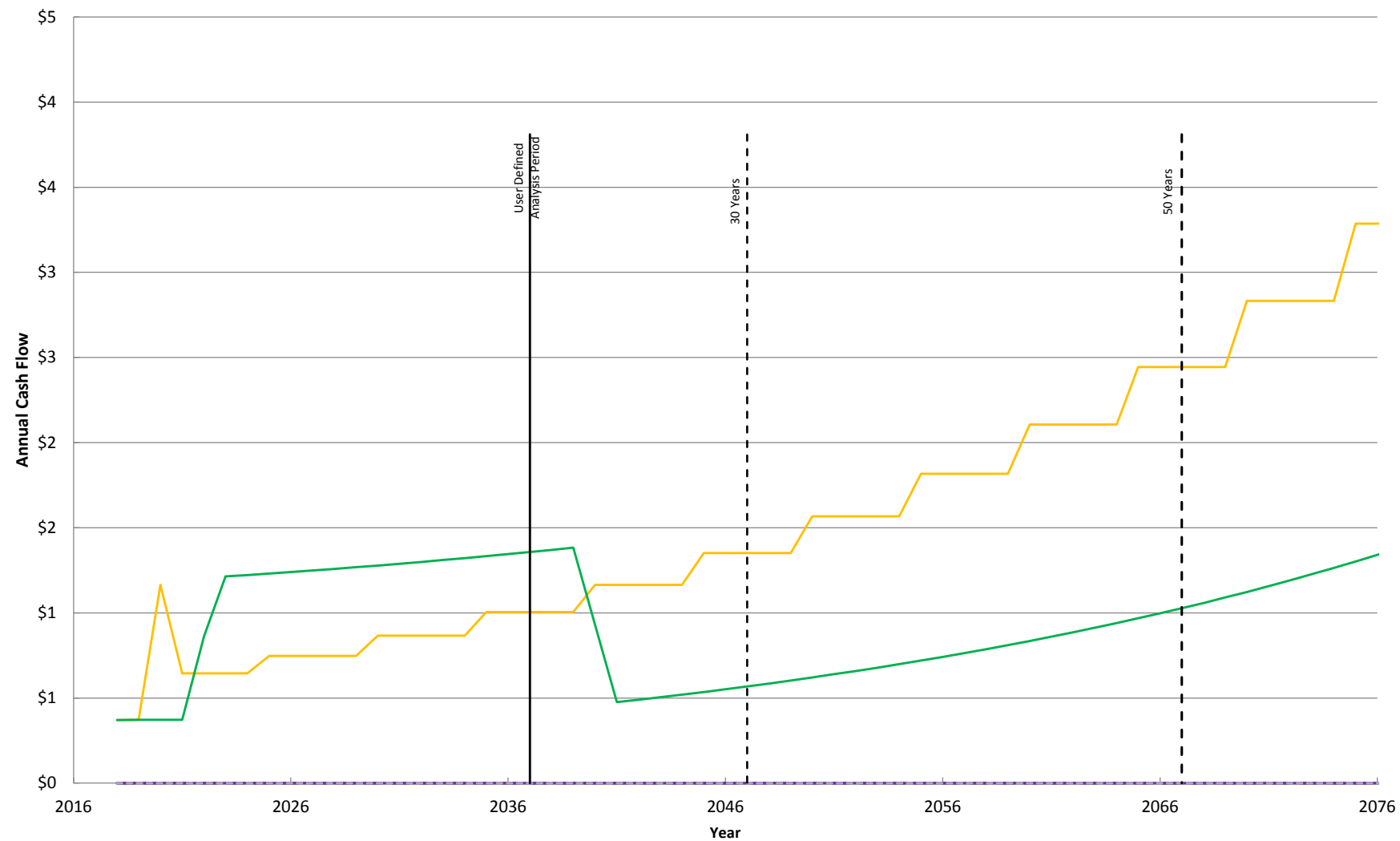
- Existing Lease Not Shown
- NPV New Lease Option 1
- No Lease Option 2
- Ownership Option 1 GO Bond Not Shown
- Ownership Option 1 COP Not Shown
- NPV Ownership Option 1 - COP Deferred Principle
- Ownership Option 1 63-20 Not Shown
- No Ownership Option 2
- No Ownership Option 2
- No Ownership Option 2
- No Ownership Option 2
- No Ownership Option 3
- No Ownership Option 3
- No Ownership Option 3
- No Ownership Option 3
- No Ownership Option 3
- 20 Year Analysis Period
- - - 30 Year Baseline
- - - 50 Year Baseline



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

Millions

- Existing Lease Not Shown
- New Lease Option 1 Annual Cash
- No New Lease Option 2
- Ownership Option 1 GO Bond Not Shown
- Ownership Option 1 COP Not Shown
- Ownership Option 1 - COP Deferred Annual Cash
- Ownership Option 1 63-20 Not Shown
- - - No Ownership Option 2
- - - No Ownership Option 2
- - - No Ownership Option 2
- - - No Ownership Option 2
- - - No Ownership Option 3
- - - No Ownership Option 3
- - - No Ownership Option 3
- - - No Ownership Option 3
- - - No Ownership Option 3
- 20 Year Analysis Period
- - - 30 Year Baseline
- - - 50 Year Baseline



Financial Assumptions

Date of Life Cycle Cost Analysis:	12/15/2016
Analysis Period Start Date	2/1/2017
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%	3.510%	3.710%	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 \$6.55 per rentable square foot.

IT infrastructure is estimated at \$1918.75 per person.

Furniture costs are estimated at \$4187.5 per person and do not include new workstations.

Moving Vendor and Supplies are estimated at \$312.5 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.