

**Life Cycle Cost Analysis - Project Summary**

|                      |                               |
|----------------------|-------------------------------|
| <b>Agency</b>        | Department of Corrections     |
| <b>Project Title</b> | Thurston County Consolidation |

|                             |   |
|-----------------------------|---|
| <b>Existing Description</b> | Leased facility at 4522 Pacific Ave, Lacey. |
|-----------------------------|---|

|                                   |   |
|-----------------------------------|---|
| <b>Lease Option 1 Description</b> | New leased facility in Thurston County. Allows for consolidation of DOC SW training center offices into one office. |
|-----------------------------------|---|

|                                   |  |
|-----------------------------------|--|
| <b>Lease Option 2 Description</b> |  |
|-----------------------------------|--|

|                                       |  |
|---------------------------------------|--|
| <b>Ownership Option 1 Description</b> | Construct a new training center for DOC. |
|---------------------------------------|--|

|                                       |  |
|---------------------------------------|--|
| <b>Ownership Option 2 Description</b> |  |
|---------------------------------------|--|

|                                       |  |
|---------------------------------------|--|
| <b>Ownership Option 3 Description</b> |  |
|---------------------------------------|--|

| <b>Lease Options Information</b>             | <b>Existing Lease</b> | <b>Lease Option 1</b> | <b>Lease Option 2</b> |
|--|-----------------------|-----------------------|-----------------------|
| 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                   | -                     |

| <b>Ownership Information</b>  | <b>Ownership 1</b> | <b>Ownership 2</b> | <b>Ownership 3</b> |
|-------------------------------|--------------------|--------------------|--------------------|
| 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              |       |             |     |              |       |             |     |              |       |

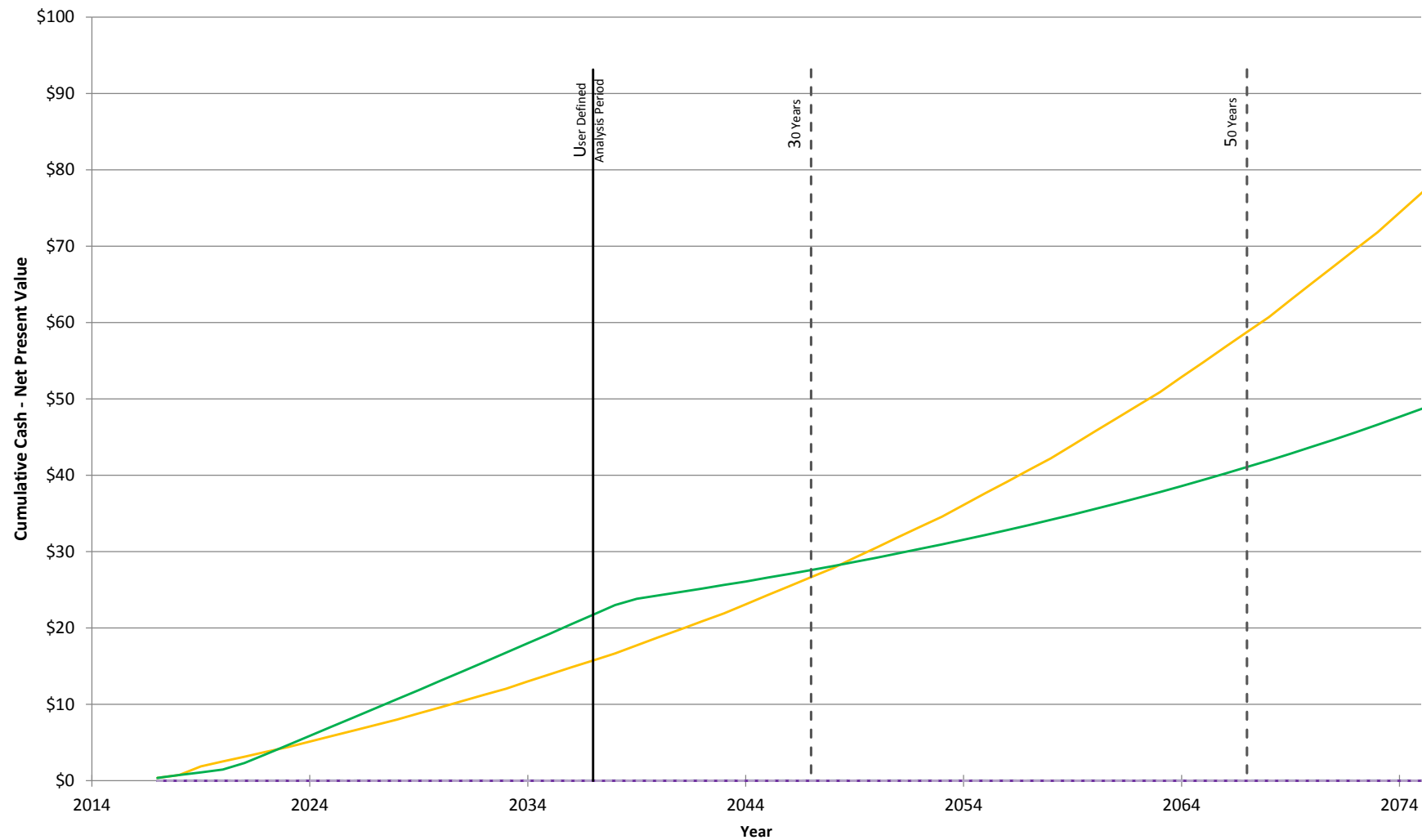
The best NPV result for the 50 year analysis period is the Ownership 1 option using COP Deferred \* financing. This option becomes the best financial alternative in 2050.

\* - 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





**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.