

Life Cycle Cost Analysis - Project Summary

Agency	Utilities and Transportation Commission, UTC, 215
Project Title	Relocation of Headquarters Offices

Existing Description	The UTC leases two facilities on the Westside of Olympia at 1300 and 1400 Evergreen Park Dr SW, totaling 53,234 SF. The space does not meet the business needs of the UTC and is very inefficient.
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Lease Option 1 Description	Relocate the UTC to downtown Olympia to 40,577 SF. Lease cost based on OFM approval letter for solicitation for new space.
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Lease Option 2 Description	
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Ownership Option 1 Description	Build UTC a stand-alone headquarters in Olympia.
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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	53,234	40,577	-
Annual Lease Cost (Initial Term of Lease)	\$ 1,046,080	\$ 1,176,327	\$ -
Full Service Cost/SF (Initial Term of Lease)	\$ 19.65	\$ 28.99	\$ -
Occupancy Date	n/a	7/1/2018	
Project Initial Costs	n/a	\$ 2,093,000	\$ -
Persons Relocating	177	177	-
RSF/Person Calculated	301	229	-

Ownership Information	Ownership 1	Ownership 2	Ownership 3
Total Gross Square Feet	45,040	-	-
Total Rentable Square Feet	40,577	-	-
Occupancy Date	7/1/2021		
Initial Project Costs	\$ 1,192,076	\$ -	\$ -
Est Construction TPC (\$/GSF)	\$ 487	\$ -	\$ -
RSF/Person Calculated	229	-	-

Financial Analysis of Options

	Display Option?	No	Yes	No	No	No	Yes	No	No	No	No	No	No	No	No	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		\$ 33,070,343				\$ 36,727,509									
	20 Year Net Present Value		\$ 31,596,620				\$ 35,004,796									
	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 2016.

	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		\$ 57,072,936				\$ 49,039,417									
	30 Year Net Present Value		\$ 53,079,946				\$ 46,086,650									
	Lowest Cost Option (30 Years)		2				1									

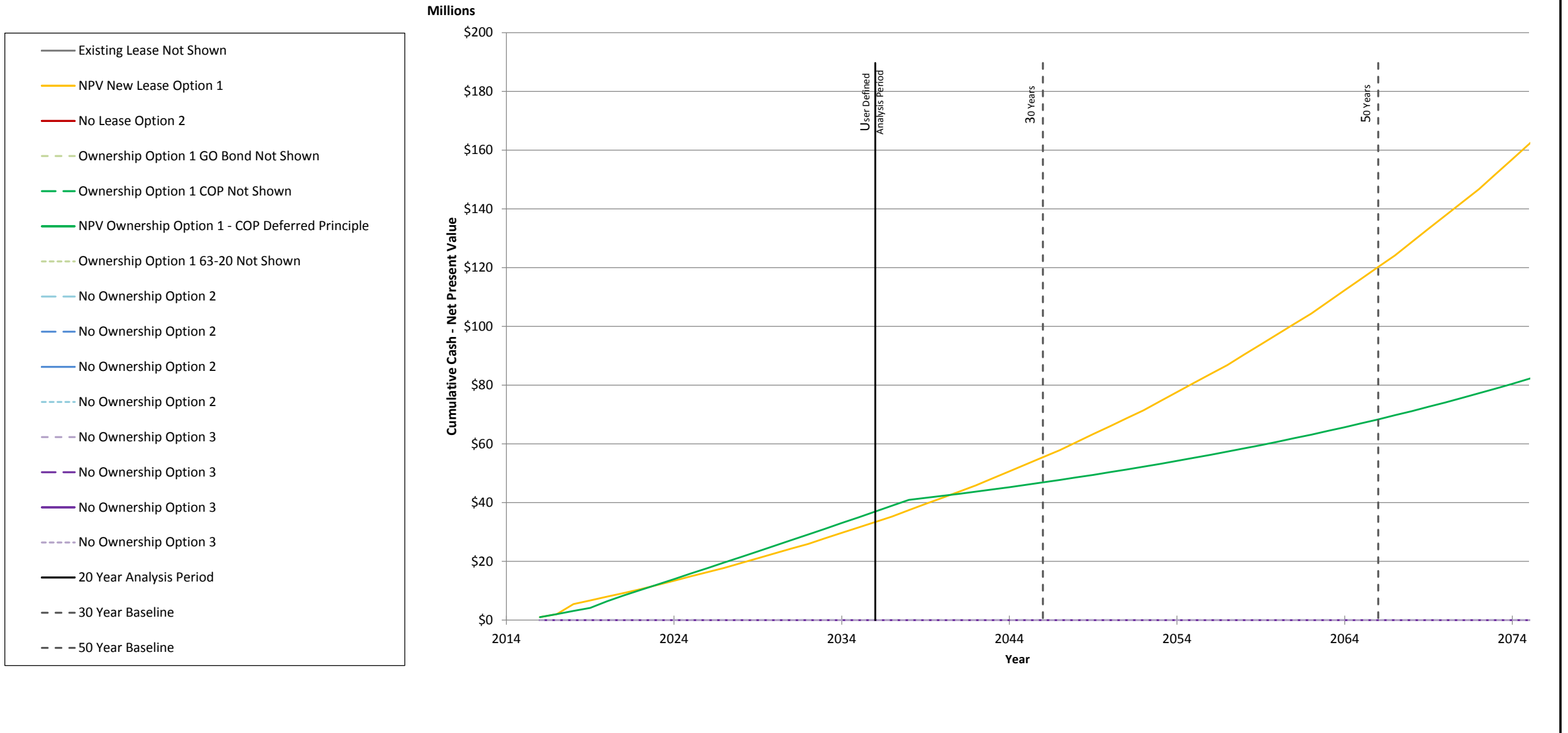
The best NPV result for the 30 year analysis period is the Ownership 1 option using COP Deferred * financing. This option becomes the best financial alternative in 2042.

	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		\$ 132,750,841				\$ 74,099,053									
	50 Year Net Present Value		\$ 116,300,857				\$ 67,023,595									
	Lowest Cost Option (50 Years)		2				1									

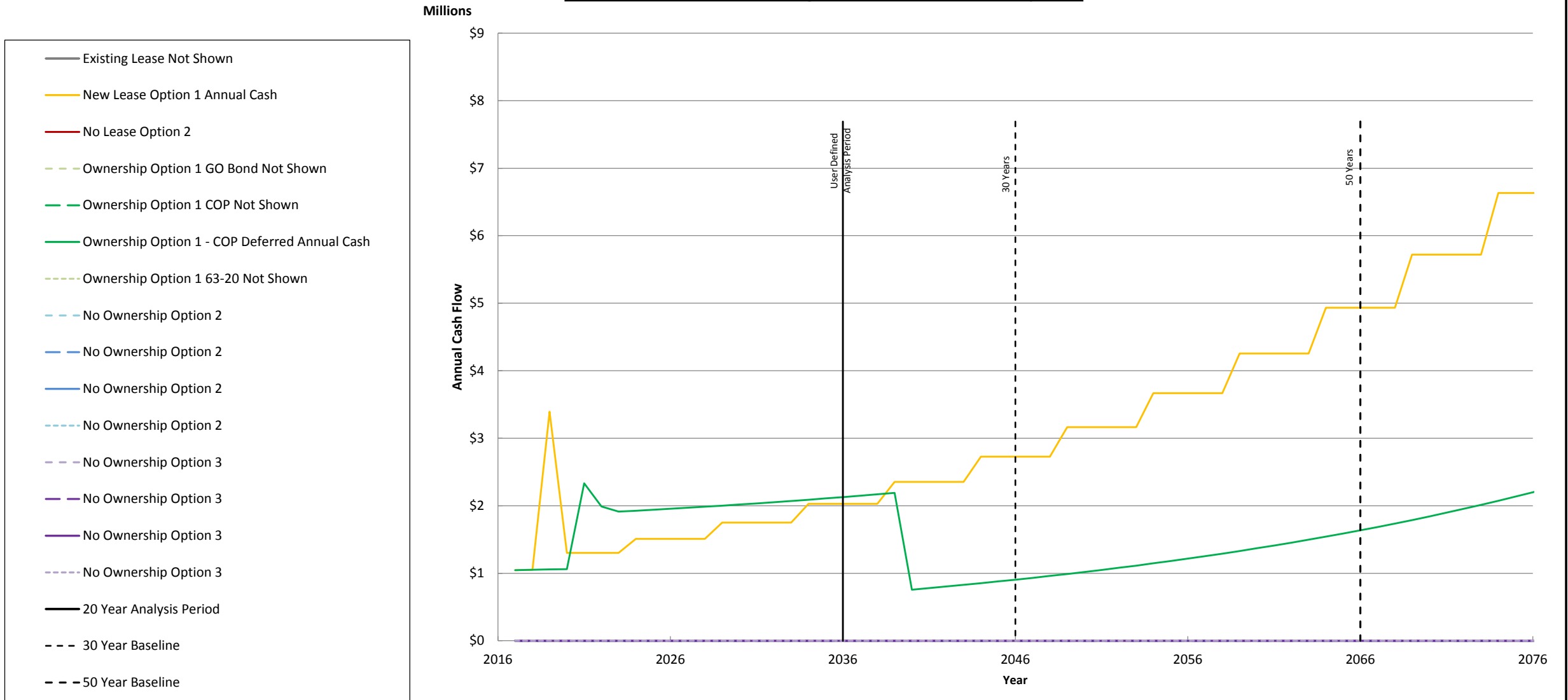
The best NPV result for the 50 year analysis period is the Ownership 1 option using COP Deferred * financing. This option becomes the best financial alternative in 2042.

* - 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:	11/28/2016
Analysis Period Start Date	7/1/2016
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 \$10 per rentable square foot.

IT infrastructure is estimated at \$1197.09 per person.

Furniture costs are estimated at \$6502.82 per person and do not include new workstations.

Moving Vendor and Supplies are estimated at \$217.51 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.