

Life Cycle Cost Analysis - Project Summary

Agency	Department of Transportation (DOT), Department of Licensing (DOL) and Ecology (ECY)
Project Title	Colocation opportunity in DOT owned facility

Existing Description	Department of Transportation owns a facility in Shoreline that has vacancy. Ecology leases a facility in Bellevue. DOL leases a facility in Shoreline.
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Lease Option 1 Description	DOT retains the entire existing facility in Shoreline. ECY and DOL relocate to a new leased facility in North King County area at the existing square footage. DOT existing operating added as "parking" per sf expense in order to equal total projected DOT expenditures
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Lease Option 2 Description	
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Ownership Option 1 Description	Renovate DOT owned facility to allow for colocation with ECY and DOL. DOT operating expenses are accounted for in "parking" expense. Gross SF includes newly constructed ECY spill resonse structure.
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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	229,947	68,064	-
Annual Lease Cost (Initial Term of Lease)	\$ 2,731,532	\$ 3,068,230	\$ -
Full Service Cost/SF (Initial Term of Lease)	\$ 11.88	\$ 45.08	\$ -
Occupancy Date	n/a	7/1/2021	
Project Initial Costs	n/a	\$ 3,362,100	\$ -
Persons Relocating	601	601	-
RSF/Person Calculated	383	113	-

Ownership Information	Ownership 1	Ownership 2	Ownership 3
Total Gross Square Feet	167,183	-	-
Total Rentable Square Feet	143,365	-	-
Occupancy Date	7/1/2021		
Initial Project Costs	\$ 274,500	\$ -	\$ -
Est Construction TPC (\$/GSF)	\$ 243	\$ -	\$ -
RSF/Person Calculated	239	-	-

Financial Analysis of Options

	Display Option?	Yes	No	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	\$ 74,506,612		\$ -			\$ 64,116,757				\$ -				\$ -	
	20 Year Net Present Value	\$ 71,035,001		\$ -			\$ 61,277,443				\$ -				\$ -	
	Lowest Cost Option (Analysis Period)	2					1									

The best NPV result for the 20 year analysis period is the Ownership 1 option using COP Deferred * financing. This option becomes the best financial alternative in 2025.

	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	\$ 131,873,024		\$ -			\$ 80,062,765				\$ -				\$ -	
	30 Year Net Present Value	\$ 122,383,114		\$ -			\$ 75,551,330				\$ -				\$ -	
	Lowest Cost Option (30 Years)	2					1									

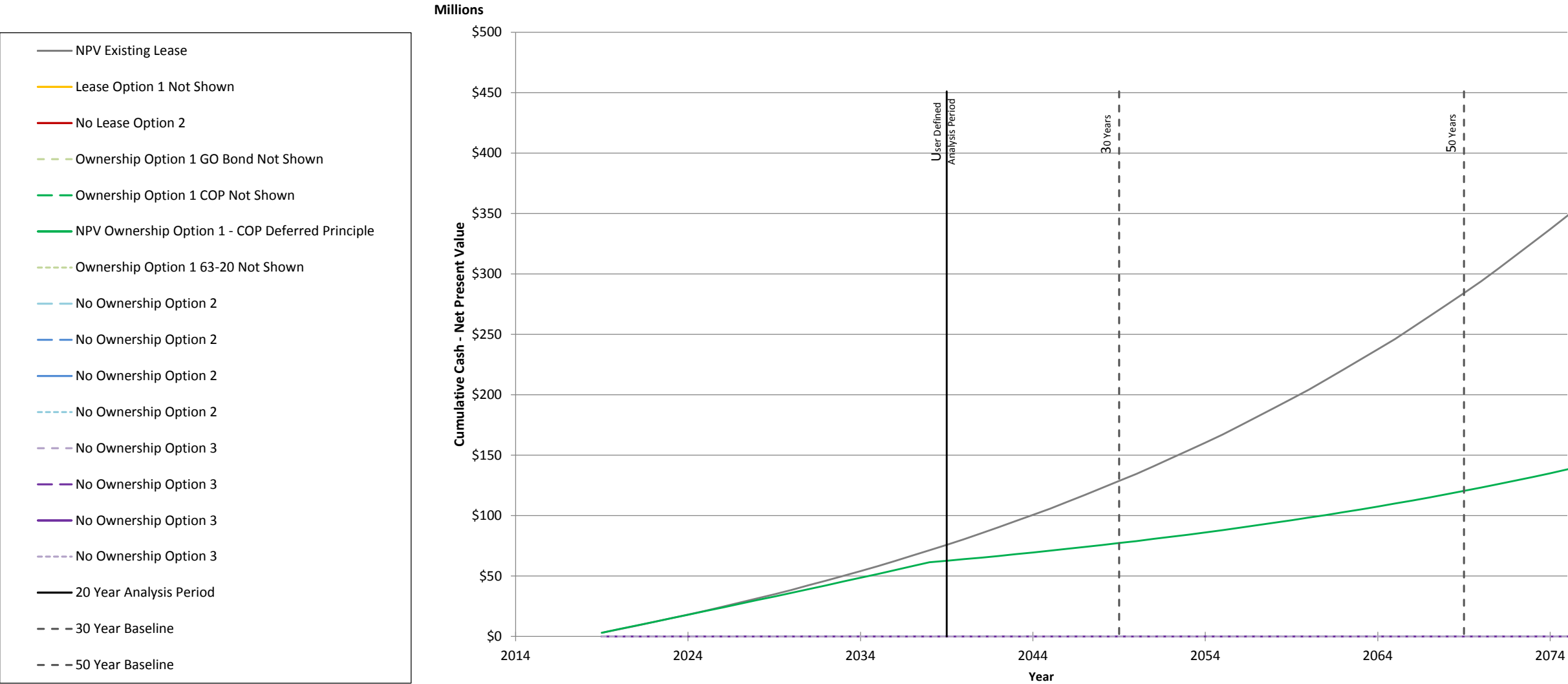
The best NPV result for the 30 year analysis period is the Ownership 1 option using COP Deferred * financing. This option becomes the best financial alternative in 2025.

	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	\$ 313,119,978		\$ -			\$ 130,339,022				\$ -				\$ -	
	50 Year Net Present Value	\$ 273,801,865		\$ -			\$ 117,556,379				\$ -				\$ -	
	Lowest Cost Option (50 Years)	2					1									

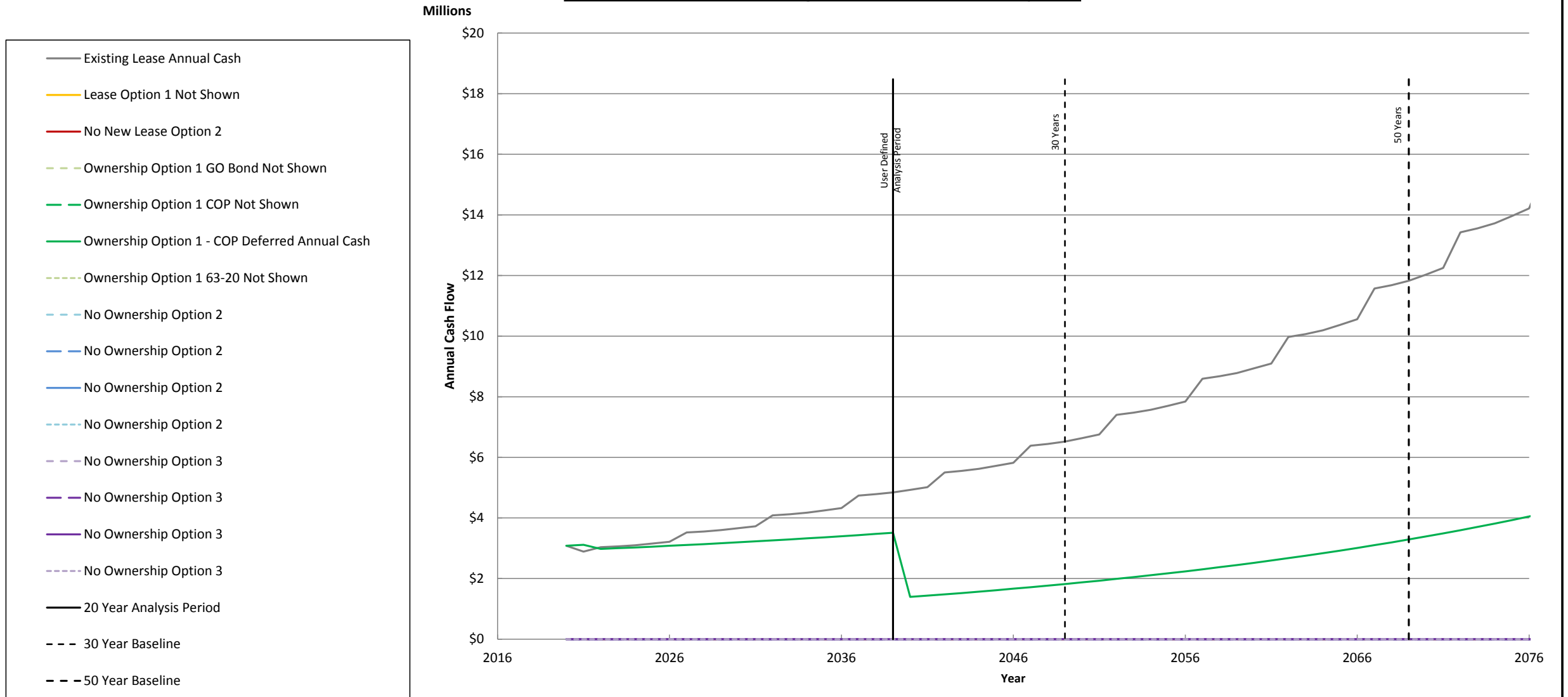
The best NPV result for the 50 year analysis period is the Ownership 1 option using COP Deferred * financing. This option becomes the best financial alternative in 2025.

* - 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:	12/20/2016
Analysis Period Start Date	7/2/2019
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 \$8.39 per rentable square foot.
IT infrastructure is estimated at \$637.01 per person.
Furniture costs are estimated at \$2613.98 per person and do not include new workstations.
Moving Vendor and Supplies are estimated at \$190.52 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.