

Washington State Ferries
2040 Long Range Plan
Appendix L: Facilities Report

Executive Summary

Washington State Ferries (WSF) Headquarters currently occupies 86,510 square feet (SF) of space in a leased facility at 2901 Third Avenue in Seattle. This building houses all Headquarters staff including executive management, operations, communications, vessel maintenance and engineering, terminal engineering, planning, IT, HR finance and other staff components—a total of approximately 350 people. (WSF also provides office and meeting space to the Board of Pilotage, which is required to be housed in a WSDOT facility by RCW 88.16.020.) As recently as 2015, WSF occupied 124,700 SF at this location, and we have realized substantial cost savings by reducing the size of our footprint. This is in contrast with the latter part of the 1990s, where WSF HQ staff was divided among as many as four buildings. Additional savings and efficiencies were realized by co-housing all HQ staff under one roof at 2901, a process which was completed in 2005.

Space needs and available space are fairly well in balance, although certain inefficiencies at the 2901 building have resulted in a crowded workspace with no room for growth in the current configuration.

The building works well from a location perspective because it is in relatively close proximity to Colman Dock, the WSF warehouse, Coast Guard offices, and Vigor shipyards; in addition, it is a quick ferry ride to the Eagle Harbor maintenance facility from Colman Dock. To support optimal operational efficiencies by providing for quick access to these facilities, a new headquarters building would need to be located in an area of Seattle that is ideally no further north than the current address, but could be farther south. The headquarters building must have effective access to radio communications for fleet command and control functions through the 24 hour/day operations center. WSF believes a single building in which all departments can be co-housed is the only effective choice that should be considered for future facility planning purposes because of the frequent interactions between staff. Constant, in-person interaction between WSF headquarters staff is critical to effective and efficient management of the ferry system.

WSF is tied to its current lease through August 31, 2020. As previously communicated in the 2019-2025 six-year plan, WSF is anticipating the need to renew the lease in our current location. Based on current market information, WSF's existing lease rate is approximately 20% below market. Therefore, a new lease extension may come with increased cost. Despite this, our current location is still considered a viable option. We have also considered lease options in different Seattle sub-markets, some of which would likely be more expensive than our current location. Finally, although not ideal for operational considerations, we also assumed that a leased WSF Headquarters could be located outside of Seattle, where lease rates may be up to 30 percent lower.

Moving to a WSDOT-owned facility would seem to be a logical alternative to leasing, but currently WSDOT does not own a facility that would serve the needs of WSF. Construction of a new building on WSDOT-owned property is another possible option for ownership of WSF space.

Minimum requirements for any future WSF facility are:

- 80,000 SF, including circulation areas and common areas
- Watch center
- Emergency operations center
- Radar lab and specialized training facilities
- Line of sight radio communications
- Close proximity in driving time to key WSF facilities
- Co-housing of all departments in one building
- Sufficient parking for all-hours staff

WSF leadership supports alternative location options, but recognizes that approximately 24-36 months lead time is required to adequately develop detailed space programming to support any relocation once a new location has been determined.

Building Considerations

Radio Communications

Radio communications between the WSF HQ Building and the vessels in the fleet is ongoing 24/7. Within the 2901 building, WSF has an Operations Center, which is the key element in the Incident Command System (ICS) response to vessel and operational casualties. It is also the central point of contact to handle information on schedule disruptions and other factors significant to vessel safety and on-time performance. The 2901 emergency operations center monitors and participates in regular communication drills with the Department of Emergency Management and counties with line of site communications.

WSF uses radio wave communications, which requires line of sight access to remote transmission towers located at Cougar Mountain, Issaquah, and on Buck Mountain outside of Quilcene. The Cougar Mountain transmission station communicates with vessels operating out of Tahlequah, Vashon, Seattle, Edmonds, and Kingston. The Buck mountain station communicates with vessels operating out of Port Townsend, Anacortes/San Juan Islands, Edmonds/Kingston, and Clinton/Mukilteo. Both transmission tower locations act as back-up systems to one another should a failure be experienced at either location.

The infrastructure requirements for mounting antennas and connecting equipment at the HQ building are composed of five important elements:

- The location of the building must be such that there are not insurmountable physical barriers blocking the path of the radio signal between the HQ building and either Issaquah or Quilcene, such as larger, taller buildings surrounding the location or high hills that block transmissions.

- The wire run between radio receiver equipment and the antenna mounts cannot be more than 150 feet. More length impedes signal too much and creates unacceptable transmission/reception signal loss. In terms of location within the building, the Operations Center equipment can be located no more than two floors below the roofline level.
- There must be sufficient space on the roof of the building to mount several radio antennas with the proper separation between antennas to avoid interference.
- Cell phone towers in the vicinity of radio communication antennas are also disruptive and could disqualify particular locations.
- The WSF Radar Lab used to train vessel crews must be able to transmit to and receive signals from vessels on the marine frequency band. It must also be able to receive GPS signals from satellites.

To determine whether a reliable connection and communications can be made with our existing mountaintop sites at a given location, WSF must conduct a site radio coverage survey.

Frequent Travel Locations

WSF fleet and terminal operations managers and project engineers routinely travel between the HQ Building, the Warehouse, Vigor Marine (formerly Todd Shipyard) and the Seattle Colman Dock terminal (Pier 52). Colman Dock is the ferry run to the 100+ employee Eagle Harbor Repair facility. Vigor Marine handles a majority of vessel dry dockings, major repairs and refurbishments. The warehouse is the central receiving location and houses most vessel and terminal spare parts. WSF has frequent interactions with the US Coast Guard, Sector Puget Sound, at Pier 36 and District Headquarters in downtown Seattle at 915 Second Avenue. Travel to these locations is daily on the part of many employees.

In the interests of minimizing travel time among these facilities, it is important that the HQ building be located in reasonable proximity to these locations. Current travel times (which are driving estimates) are not excessive because the HQ building is centrally located:

- HQ Building to Seattle Colman Dock – 1 ½ miles, 10 minutes
- HQ Building to Vigor Seattle Shipyard – 3 miles, 15 minutes
- HQ Building to Warehouse – 6 miles, 20 minutes
- HQ Building to USCG, Sector Puget Sound – 2 miles, 15 minutes
- HQ Building to USCG District Headquarters, 1 mile, 10 minutes
- Colman Dock to Eagle Harbor maintenance facility , 10 minutes +30 minutes + wait time

Since the majority of frequently traveled locations are south of the 2901 building, a desired location would be no farther north. We estimate that on average, there are 36 trips per day from the 2901 Building to Colman Dock and destinations in or south of downtown Seattle, mostly in a relatively small area at and to the south of Colman Dock. On average, there are 55 trips per day by staff who work at HQ. Of these, 36, (65%) are to the south and 19 (35%) are to the north. We weighted importance/urgency of the trips according to a scale of high = 3, medium = 2, and low = 1. When

weighted by importance/urgency of trip, 70% of the trips rated “high” are to the south and 30% rated “high” are to the north.

Benefits of Co-Housing

There is a high degree of interaction between staff in all departments, and WSF believes it is essential to locate all departments in the same facility. This arrangement has provided greatly improved communications and effective business processes when compared to those times when departments were housed in separate facilities.

There is also almost daily face to face communication between WSF’s Assistant Secretary, its communications department, and department directors. In addition to the daily necessity for communication, there is constant interaction between departments, for example vessels with operations and customer service, vessels and Assistant Secretary with contracts and legal, planning with operations and vessels, buyers with Port Engineers, and communications and budget with all departments.

Most departments at Ferries have an “operating arm”: watch supervisors, terminal engineering staff, port engineers, IT, planning, customer service, security, safety, port captains, dispatch, communications, and human resources (labor). It is crucial for everyone to get together at the daily 8:35 a.m. operations meeting so that necessary communication and daily planning can take place. When WSF was in three different buildings there was a lack of timely coordination in emergencies and service disruptions. When part of the staff moved to 2911 (an interim WSF facility across the street from the current 2901 building) and part was still back at Colman Dock, emergencies were still difficult to handle because of the lack of quick coordination between multiple parties. It is critical for the Assistant Secretary, department directors, and the operational arms of WSF to be housed together. If not, there is unnecessary lag time when action is needed in an emergency, when there is an incapacitated vessel, boat moves are required, or a service disruption at a terminal.

Special Use Facility Specifications

Emergency Operations Center (EOC) – 1000 SF

Must be able to house up to 25 people with adequate work surface space for computers. Requires electronic control closet to accommodate equipment required to operate flat screen monitors, and radios. Adequate wall space to mount four 50” monitors, speakers, and associated controlling equipment.

Vessel and Terminal Security Surveillance Room

Must be able to accommodate up to eight personnel with adequate work surface for computers, plus an electronic controls closet for operating equipment. Adequate wall space to mount six 50” flat screen monitors and charts. Used by the Washington State Patrol.

IT Server Room

Requires 2000 SF to house 20 racks. Must have overhead wire conduit paths. Dedicated HVAC system,

minimum 20 Ton cooling capacity with overhead ductwork installation. Dedicated electrical service with provision for emergency generator switch installation. Adequate floor storage for miscellaneous equipment and work areas for technicians. Must meet Information Systems Board (ISB) minimum requirements for functionality.

Electronic Fare System Laboratory

Requires 500 SF for installation of equipment required to duplicate installations made at terminal locations. Used to test and reconfigure fare collection equipment and software.

IT Set-Up Room

Up to 900 SF as needed to mount five work benches and twenty equipment racks required to service, troubleshoot and configure computer equipment.

IT Secured Storage Room

2000 SF required to stage incoming computer equipment and accessories. FTA requires secured storage to safeguard security related components. Must meet Homeland Security FTA and US Coast Guard specifications for secured storage of sensitive equipment.

Facilities Management Storage

1000 SF required to store various facilities related equipment, tools and other items requiring secured storage and accountability for custody.

Vessel Engineering Storage Library

Required to store records and drawings related to maintenance, equipment, parts sources and other engineering features of WSF vessels.

Terminal Engineering Storage Library

Required for record keeping and reference to maintenance requirements and structural characteristics associated with terminal facilities repairs, upgrades and refurbishment activities.

Main Reception

Minimum twelve feet counter space to accommodate telephones, copy machines, parking validator and employee badge making equipment. Requires seating for six plus adequate space for up to ten. Overflows are common. Additional secure package storage area required for commercial package deliveries.

Sound Room

10 x 12 Hardwall, needed to produce training videos.

Radio Room

Must be located near Operations Center, Emergency Operations Center and VATS areas. This is required to house sensitive radio communications equipment such as receivers and amplifiers.

Vehicle Reservation System

Office space for the reservation system is needed in Operations, Customer Service, Accounting, and IT.

Summary of Program Needs

WSF currently houses 350 people in an 86,510 SF space for an average per work station of 247 SF. After netting out special use spaces, the average space per work station is roughly 220SF. There are some minor inefficiencies with the current location, and in its current configuration the building is at maximum capacity with no room for growth. The primary problem with the building interior itself is a lack of right angles. The building is triangular which leads to many odd angles, and there are two odd meandering hallways which add to the problem. Should more space be needed these limitations could be overcome with more efficient use of available space and decreased reliance on paper document storage. The current space suffices for current and anticipated WSF operational and business needs. We estimate that an investment in detailed space planning and implementation would provide an opportunity to make more efficient use of space and reduce square footage by 5% to 10%.

Current Commercial Office Space Market

Class A, B and C space definitions

The Building and Office Management Association (BOMA) defines space in three categories that are used to market specific buildings by their physical and plant characteristics. The 2901 building is in Class A, so apparently there is a wide range of characteristics that comprise Class A space. Of these three, it is assumed that WSF would remain in Class A space based on the descriptions below.

Class A

These facilities have high quality standard finishes, modern construction techniques, current industry standard mechanical systems, above average access and market presence. Their rental ranges are above average for their geographical area.

Class B

This type of building is generally older, has dated construction techniques and adequate but dated mechanical systems. Finishes are fair to average for the area they are located. Access may range from good to marginal.

Class C

Class C buildings are older, and generally have small floor plate structures with dated mechanical systems and fair to poor finish standards.

WSF obtained market information from CoStar pertaining to the second quarter of calendar year 2018. The results shown below are fully serviced, thus including all applicable utilities maintenance and management. These reflect current asking prices, not negotiated rental rates. Rates near the extreme ends of the range are generally not representative of the building class of state leased buildings.

The current location is in the Seattle B submarket and the current lease amount is \$25/SF fully serviced. This rate was set by a five year extension of the original lease which began on September 1,

of 2015 and extends through August 31, 2020.

Submarket Name	Submarket Boundary	Market Rate Mean Per SF	Market Rate Range Per SF	Available SF
Snohomish	Snohomish County Except Bothell	\$25.39	\$20.68-\$29.50	918,929
King-North	Bothell, Kirkland and Redmond	33.56	\$29.78-\$39.16	853,291
King-East	Bellevue, Mercer Island and Issaquah	\$35.06	\$31.21-\$40.00	1,763,132
Seattle A	Capitol Hill, Central District and Central Business District	\$38.41	\$33.92-\$45.00	1,380,272
Seattle B	Ballard/U-District, Belltown/Denny Regrade, Lake Union, Pioneer Square, Queen Anne/Magnolia and South Seattle	\$31.21	\$26.15-\$37.96	1,176,465
King South	Auburn, Burien, Covington, Des Moines, Enumclaw, Federal Way, Kent, Maple Valley, Renton, Sea-Tac, and Tukwila	\$24.70	\$21.78-\$28.28	2,292,756
Thurston County	Lacey, Olympia and Tumwater	\$21.08	\$17.79-\$23.47	466,820
Kitsap County	Kitsap County	\$22.96	\$18.09-\$26.67	355,202

Moving Costs

Any consideration of moving to another facility must include costs associated with such a move and the necessity of avoiding disruptions to operations during the move. Costs will vary depending on the current condition of the new facility (suitability for office space and special use needs), accessibility, and distance from the 2901 building. Two items of special note are the fees charged by DES for their services and the probable need to pay duplicate rent during the build out phase. Neither of these costs would be incurred if WSF moved to an owned facility.

Moving to a new location would afford an opportunity to employ a more modern work environment, which would provide maximum flexibility and efficiency and comply with the Governor's Executive order 16-07 *Building a Modern Work Environment*. Purchase and installation of new furniture would likely be needed for an additional cost of approximately \$2.1 million dollars.

All told, relocation would require up to \$6.7 million to cover installation of appropriate infrastructure, new work stations computer services migration, moving costs, and payment of duplicate rent while a new facility is prepared. Attachment A contains an estimate of moving costs.

Lease Options

Attachment B summarizes the total NPV cost of occupancy for twenty years, assuming a 5% discount rate for each of the sub-markets in the greater Puget Sound region identified in the Costar market survey. This is a twenty-year projection, and although it is difficult to project cost increases, it is important to do so when working with such a long-term horizon. WSF used CPI increases as a proxy for rent increases. We are projecting twenty years forward, so we looked twenty years back and calculated the average year over year CPI increase to be 2.16%, which we used in our projections.

Of the eight sub-markets identified, relocating to four would most likely result in an overall increase in occupancy costs over twenty years. Occupancy cost savings may be achieved through a move to the other four sub-markets (Snohomish County, South King County, Thurston County and Kitsap County). The wisdom of such a move is debatable due to decreased operating efficiencies related to increased distances to frequently traveled locations such as Colman Dock, USCG and Vigor shipyard.

Ownership Options

There are no currently WSDOT-owned properties that would meet WSF's needs. An earlier analysis identified the NW Region HQ as a possible option, but it was rejected because it is a location that is too far north. That aside, WSDOT is working with the Department of Ecology on an agreement to fully utilize that building and it will not likely be available to WSF. In the unlikely event that the Department of Ecology deal falls through, we could revisit this option.

Build Options

The cost to construct and operate an 80,000 SF building is conservatively estimated to be at least \$28 million dollars (Attachment C). This estimate does not include site acquisition and development costs. There are currently no WSDOT-owned properties outside of the City of Seattle that would be candidates for new construction. There are four sites within the city that are technically feasible. However, they present substantial challenges, not least of which is the proceeds from their sale are slated to help retire debt from the Seattle Tunnel project. Other problems include proximity to two large sporting venues, substantial needed site preparation including building demolition and in one case groundwater remediation. Finally, all of these sites would need to be evaluated for radio coverage. For these reasons, despite technical feasibility,

these sites are not considered to be practical alternatives.

Conclusions

Cost considerations aside, Seattle is the optimal location for WSF headquarters. It is centrally located to the entire ferry system and very close to the USCG, Vigor shipyard and Colman Dock. The importance of Colman dock should not be underestimated. In 2017, nearly half of all walk-on passengers, and 25% of vehicle/drivers passed over Colman Dock, and these percentages are expected to remain constant through 2040. Proximity to Colman Dock also facilitates access to the Eagle Harbor maintenance facility and the Bainbridge and Bremerton terminals. Modern technology provides remote meeting capabilities, reducing the importance of in person meetings. However, meetings are just a small part of WSF's need to travel. Most trips are to inspect or repair equipment, or in the case of Revenue Control, for example, to audit seller operations and conduct cash counts. All of these require an actual on-site visit, and in many cases time is of the essence in order to keep the boats running and on time.

Here is some discussion of the various options considered, starting with the four sub-market lease options that show a potential savings (See Attachment B).

- Of the four options, Thurston County offers the greatest occupancy cost savings (approximately 20% over 20 years). There is also some advantage in being close to the rest of state government. However, in our opinion, the distances to WSF facilities disqualify it as a viable option. It is nearly an hour's drive to WSF's southernmost facility at Pt Defiance and at least 90 minutes to the Seattle facilities, assuming good traffic.
- At 15% Kitsap County offers the second greatest savings opportunity. It also offers better access to west side terminals in Southworth, Bremerton, Bainbridge Island and Port Townsend and to the Eagle Harbor maintenance facility. Disadvantages include the same argument about the importance of quick access to Seattle and other eastside facilities apply. Also relocating to the west side of Puget Sound would cause a major workforce disruption. Finally, there is currently less than 400,000 square feet of space available in Kitsap County, which puts in question whether a suitable space including our need for line of sight radio communication is available.
- Snohomish County and South King County offer savings of 8% and 10% respectively. Of these two options South King County would be preferable due to its greater savings and because it would be most likely be closer to WSF facilities, especially if a facility in a relatively close in area such as Sea-Tac or Tukwila could be found.
- The build option is still viable, but is not considered a primary option due to the high initial outlay needed to acquire and develop a site and construct a building.

Although not the cheapest, an attractive option would be to invest in a modern office environment and reduce our current location, perhaps to 80,000 square feet. This option would

maintain all the current advantages, avoid moving disruption and expense, while saving over \$900,000 dollars over a forty-year period.

Attachment A

WSF One Time Cost Estimate

	Units	Quantity per Unit	Unit cost	Unit Total	Group Total	Notes
Moving Expenses						
Moving Crate rental	1000			15,000		Moving crate rental for 6 month duration. On site delivery and pick up included in total cost.
Moving Services (Internal to building envelope)	350		500	175,000		\$500 per person (assumes physical move out of the building and into new space).
Moving Services (external-State Archives, Dayton storage use, State Surplus, etc.)	20		1,000	20,000		Extensive archiving/surplus transport of existing furniture to Tumwater, etc.
General Content relocation (files, laterals, shelving, library goods, etc.)	100		75	7,500		Accounts for all non-workstation components
Dissassembly of current modular furniture	350		250	87,500		Demo and removal from the building
Board of Pilotage	1			3,500		Assumes relocation of current BOP contents
Radar Training Lab	1			10,000		TBD - Assumes relocation of current contents
Moving Subtotal					308,500	
IT Costs						
New LAN room equipment	1		1,200,000	1,200,000		Est. to be verified with WSF IT Dept.
NEW PBX phone room equipment	1		50,000	50,000		Est. to be verified with WSF Telecom
Voice and Data Wiring (workstation support for 350 staff)	350	3	250	262,500		Assumes 2 data lines and 1 voice line per typical wiring configuration/per cubicle. Estimate assumes Cat 6 cable installation.
Copy/print areas	30	6	250	45,000		
Training Lab (up to 60 per session)	60	1	250	15,000		
Point of Sale Testing space	25	1	250	6,250		
Leased equipment moving expense	24		450	10,800		Copiers/printers relocated by vendor per equipment contract.
IT Subtotal					1,589,550	
Project Management						
Dedicated Project Manager(s)	1000		100	150,000		Number and level of commitment TBD
PM Subtotal					150,000	
Misc.						
New workstation furniture (installation included)	350		5,000	1,750,000		Brand new required for all staff to meet intent of EO 16-07
Open office furnishings	40		5,000	200,000		Open collaboration areas, focus rooms and focus points
Electrical Modifications to support new workspace configurations	275		500	137,500		TBD
Monitors and mounts	40		3,000	120,000		To support open collaboration, focus rooms and focus point meeting areas
Radio Room duplication	1		60,000	60,000		TBD
WSP Homeland Security duplication	1		300,000	300,000		TBD
EOC duplication	1		50,000	50,000		TBD
Misc. Subtotal					2,617,500	
Project subtotal					4,665,550	
Tax (10.1%)					471,221	
30% contingency					1,541,031.17	
Total Estimated WSDOT One Time Relocation Cost Total					6,677,802	

Attachment B

	Current	2901 Renewal	2901 With Furn Upgrade	Snohomish	King North	King East	Seattle A	Seattle B	King South	Thurston	Kitsap
Assumed Rental rate Per SF	25.00	31.21	31.21	25.39	33.56	35.06	38.41	31.21	24.70	21.08	22.96
Estimated Sq Ft	86,510	86,510	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Annual Lease Expense	2,162,750	2,699,977	2,496,800	2,031,200	2,684,800	2,804,800	3,072,800	2,496,800	1,976,000	1,686,400	1,836,800
Tenant Improvement Year 10	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Discount Rate	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Inflation Assumption	2.16%	2.16%	2.16%	2.16%	2.16%	2.16%	2.16%	2.16%	2.16%	2.16%	2.16%
NPV Rent	32,291,558	40,276,718	37,256,763	30,336,243	40,051,131	41,834,770	45,818,231	37,256,763	29,515,769	25,211,254	27,446,748
Moving/Furn Cost	-	-	2,100,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000
Total 20 Yr NPV Cost	32,291,558	40,276,718	39,356,763	37,036,243	46,751,131	48,534,770	52,518,231	43,956,763	36,215,769	31,911,254	34,146,748
\$ Inc/(Dec) Compared to 2901 Renewal			(919,955)	(3,240,475)	6,474,413	8,258,052	12,241,513	3,680,045	(4,060,949)	(8,365,465)	(6,129,971)
% Inc/(Dec) Compared to 2901 Renewal			-2.28%	-8.05%	16.07%	20.50%	30.39%	9.14%	-10.08%	-20.77%	-15.22%
Year 1	2,162,750	2,699,977	2,496,800	2,031,200	2,684,800	2,804,800	3,072,800	2,496,800	1,976,000	1,686,400	1,836,800
Year 2	2,209,465	2,758,297	2,550,731	2,075,074	2,742,792	2,865,384	3,139,172	2,550,731	2,018,682	1,722,826	1,876,475
Year 3	2,257,190	2,817,876	2,605,827	2,119,896	2,802,036	2,927,276	3,206,979	2,605,827	2,062,285	1,760,039	1,917,007
Year 4	2,305,945	2,878,742	2,662,113	2,165,685	2,862,560	2,990,505	3,276,249	2,662,113	2,106,830	1,798,056	1,958,414
Year 5	2,355,754	2,940,923	2,719,614	2,212,464	2,924,391	3,055,100	3,347,016	2,719,614	2,152,338	1,836,894	2,000,716
Year 6	2,406,638	3,004,447	2,778,358	2,260,253	2,987,558	3,121,090	3,419,312	2,778,358	2,198,829	1,876,571	2,043,931
Year 7	2,458,621	3,069,343	2,838,370	2,309,075	3,052,089	3,188,506	3,493,169	2,838,370	2,246,323	1,917,105	2,088,080
Year 8	2,511,727	3,135,641	2,899,679	2,358,951	3,118,014	3,257,377	3,568,621	2,899,679	2,294,844	1,958,514	2,133,183
Year 9	2,565,981	3,203,370	2,962,312	2,409,904	3,185,364	3,327,737	3,645,704	2,962,312	2,344,412	2,000,818	2,179,259
Year 10	2,821,406	3,472,563	3,226,298	2,661,958	3,454,167	3,599,616	3,924,451	3,226,298	2,595,052	2,244,036	2,426,331
Year 11	2,682,348	3,347,571	3,095,986	2,519,456	3,328,777	3,477,368	3,809,219	3,095,986	2,451,105	2,092,507	2,278,740
Year 12	2,740,287	3,419,878	3,162,860	2,573,877	3,400,679	3,552,479	3,891,498	3,162,860	2,504,049	2,137,705	2,327,961
Year 13	2,799,477	3,493,747	3,231,177	2,629,472	3,474,134	3,629,212	3,975,555	3,231,177	2,558,136	2,183,880	2,378,245
Year 14	2,859,946	3,569,212	3,300,971	2,686,269	3,549,175	3,707,603	4,061,427	3,300,971	2,613,392	2,231,052	2,429,615
Year 15	2,921,721	3,646,307	3,372,272	2,744,292	3,625,837	3,787,688	4,149,153	3,372,272	2,669,841	2,279,242	2,482,095
Year 16	2,984,830	3,725,068	3,445,113	2,803,569	3,704,155	3,869,502	4,238,775	3,445,113	2,727,510	2,328,474	2,535,708
Year 17	3,049,302	3,805,529	3,519,527	2,864,126	3,784,165	3,953,083	4,330,333	3,519,527	2,786,424	2,378,769	2,590,479
Year 18	3,115,167	3,887,728	3,595,549	2,925,991	3,865,903	4,038,469	4,423,868	3,595,549	2,846,611	2,430,150	2,646,434
Year 19	3,182,455	3,971,703	3,673,213	2,989,193	3,949,407	4,125,700	4,519,423	3,673,213	2,908,098	2,482,642	2,703,597
Year 20	3,251,196	4,057,492	3,752,554	3,053,759	4,034,714	4,214,815	4,617,043	3,752,554	2,970,912	2,536,267	2,761,994

Attachment C

Construction Cost Per Sq Ft	350
Square Feet	80,000
Initial Construction Costs	<u>28,000,000</u>

Discount Rate	5%
Tenant Improvemnr at Year 10	200,000

Residual Value at 30 Years	16,800,000
PV of Residual	6,331,743
Initial Value Less Residual PV	<u>21,668,257</u>
PV Operating Cost	11,679,378
Moving Cost	6,700,000
Total 20 Year Cost	<u>40,047,635</u>

Operating Cost/Sq Ft	9.70
Total Beginning Annual Operating Costs	776,000
Inflation Assumption	2.16%

Year 1	776,000	-
Year 2	792,762	-
Year 3	809,885	-
Year 4	827,379	-
Year 5	845,250	-
Year 6	863,508	-
Year 7	882,159	-
Year 8	901,214	-
Year 9	920,680	-
Year 10	1,140,567	-
Year 11	965,203	-
Year 12	986,052	-
Year 13	1,007,350	-
Year 14	1,029,109	-
Year 15	1,051,338	-
Year 16	1,074,047	-
Year 17	1,097,246	-
Year 18	1,120,947	-
Year 19	1,145,159	-
Year 20	1,169,894	16,800,000