New County Office Building Proposal
Response to Councilmember Questions

Below are responses to specific questions and concerns raised by councilmembers regarding the executive's New County Office Building Proposal.

Councilmember McKenna:

Is the combined $11.2 million savings noted on page 4 of the staff report (October 1, David Layton) a total savings over the 25-year term or is it a net present value (NPV) savings?

The total reported savings are a net present value discounted at a very conservative eight (8) percent. If, for purposes of this analysis, we had utilized a standard government approach to discount rates, we would have used a rate of 5.25 percent. Using a 5.25 percent discount rate, the net present value savings would be $18.2 million, including $11.2 for the steam plant portion of the project. We elected to use the most conservative approach, which uses a market rate, reflecting the taxpayer value of money.

What is the breakdown of the savings between the proposed new building and the proposed steam plant?

About $8.2 million of the $11.2 million reported savings relates to the present value savings of the central steam proposal. Not counted in the $11.2 million savings were over $700,000 of annual savings that would accrue to Harborview Medical Center. Furthermore, the $11.2 million of reported savings was after "charging ourselves" for the county owned property (to liquidate the asset). Finally, the $11.2 million of reported savings did not account for the equity (value of the land and new building) accrued over time in the new building.

Are the savings measured against the cost of continuing to lease or build versus buy?

The savings assume construction of a new building and central steam plant. The cost of building a new building and acquiring the land was compared lease costs using the following assumptions:

- Currently negotiated holdover lease rates were assumed over the terms of recently negotiated leases
- Market projections were assumed after the terms of those holdover lease rates expire.

The differential between constructing a building and acquiring a building was immaterial when considering the down side financial risks of owning the buildings that ended up on the County's short list.

What would the savings be assuming the buy option versus the build option?

There were no savings assuming a buy option when compared to a build option, assuming consistent seismic retrofit standards were applied to the newly acquired building. If the county were willing to go to a less seismically stable building than the King County Courthouse and other county office buildings, one could assume a lower retrofit cost. As indicated in the analysis, applying the low end standard, to the buy option would theoretically save present value approximately $32 per square foot (Dexter Horton Building) or $8.35 million for a 261,000 rentable square foot building when compared to a construction option. The $8.35 million estimated savings has substantial downside risk because of the many uncertainties associated with working on older buildings.

This comparison includes as a cost the county owned land in a build option. Since the county already owns the land, one could evaluate the comparative costs excluding the cost of land; this would make a buy option more expensive even at the lower seismic retrofit standard.

Are the benefits listed on page 4 of the staff report exclusive to a build option or would they be applicable to a buy option as well?

The benefits listed on page 4 of the staff report are exclusive to a build option. The bottom line costs of constructing or acquiring the Dexter Horton building would be about the same. However, the Central Steam Plan as a stand alone facility not serving the purchased building would have lower savings, making the entire proposal slightly less compelling. Again, the savings attributable to a potential acquisition of an old building are subject to substantial downside risk. In our opinion, the cost estimates for a new building are conservatively high and, considering the packaging proposed for this project, subject to very little downside risk.

Assuming all the agencies listed on pages 4 & 5 of the staff report are relocated into a county-owned building how much office square footage would remain in lease space?

We would expect that the County would continue to lease about 72,000 square feet of space in the downtown area.

What is the percentage of total space in the Exchange Building currently leased by King County?

The County currently has two lease arrangements in the Exchange Building. The base lease is for a term ending in 2007 at roughly 103,000 square feet. The County, on behalf of the Transit Division, has prepaid the rent on the 12th floor up through 2015 bringing the total County square footage to roughly 118,000 square feet. This is roughly just under one-half the space in the building.

What is the total PAO square footage proposed to move to the Courthouse?

The space has not yet been programmed and designed. However, the assumed square footage to be occupied by PAO functions not previously located in the Courthouse is roughly 40,000 to 46,000 square feet. This is made up of three groups – the Appellate Division currently located in the Key Tower, the Fraud and other functions currently located in the Bank of California in County leased space, and the Family and Children Services group currently located in the Bank of California in State leased space.

Is it necessary to build a new building in order to move the PAO into the Courthouse? Is it not possible to move other agencies out of the Courthouse to another existing building in order to achieve the same result?

The County does not currently have 40,000 square feet of surplus space in existing County owned buildings. It would be necessary to build or buy a new building, or continue leasing to provide for a PAO co-location in the Courthouse.

Councilmember Constantine:

What is the status of the Public Safety Site? Why is the Public Safety Site not one of the final recommendations? (And, in a subsequent e-mail from Councilmember Constantine to Ryan Bayne, the question was re-phrased to, "Why the Public Safety Building site is not under consideration?")

The Public Safety Building site was originally considered as a Track C (Fast Track) opportunity. After working for several months with City of Seattle staff and consultants, it became clear that a joint project would not be significantly less expensive than other opportunities. Additionally, there were complexities associated with the construction of the King County building on the City of Seattle site. Following is a list of issues/concerns that led to the decision to remove the Public Safety Building site from the Fast Track:

- The City of Seattle had little interest in packaging a capital project that would virtually eliminate construction risk to the County, an important criteria for King County.

- The City wished to develop below-grade garage on the site. The depth of excavation/construction to meet the City's needs significantly increased the per-stall parking cost for the site.

- The City wished to construct and maintain ownership of the below-grade garage on the site, and convey condominium interest for buildable area to the County above the plaza. This arrangement significantly complicated the construction management and financing of the proposal. It also limited the County's flexibility in terms of future sale of the building, should the County experience major downsizing.

- The City would require the County to contribute to transit access funds to the City per an agreement with King County Metro Transit. This would be an added cost to the County that would not apply to any other site option.

- It is questionable whether or not the site would allow for construction of a building larger than 200,000 square feet.

Even if all of the issues listed above could be worked out or mitigated, the following practical factors were considered in the decision to remove the PSB site from the Fast Track:

- Since the County does not, and would not, own the underlying land, there would be no added benefit related to liquidation of a County-owned asset to address immediate financial needs of the County. This advantage could be realized with the County-owned development sites.

- Development on the site would not provide a view. Although this is not a significant factor in terms of County facility needs, it diminishes the potential future market value of the building.

- The City would control the overall design of the building to fit into City campus.

The above led to the determination that the project did not meet the criteria related to the Fast Track. (In other words, the project did not appear to have significant, obvious cost savings or other advantages over the other options under consideration.) The Public Safety Building project was thereafter included as a potential non-County owned site under Track B (Building Development or Acquisition on Non-county-owned Land). The City of Seattle was given the opportunity to compete with all other opportunities in an open competitive process. The City of Seattle elected not to participate in that competition.

Were land use considerations such as housing etc. included in the analysis for selecting sites?

The primary land use consideration in the County's search was that the land is suitably zoned immediate entitlement to a commercial office building (i.e. no re-zone required) and is of sufficient size to allow for construction of a building large enough to satisfy the County's long term needs.

One of the three County owned sites, the old Kingdome North Parking Lot, presents a number of land use considerations. There are a number of use limitations and other encumbrances placed on that site and specific site goals for both housing and financial benefit to the Housing Opportunity Fund. Furthermore, that site will be subject to substantial community input from the Pioneer Square community and is subject to reviews and input required of developments within historic districts. All of these factors will need to be considered in the next phase of development as the optimum site is selected.

Why are we not assembling the few parcels on the half block west of the County parking garage? (Ryan Bayne e-mail)

The 5 or 6 parcels west of the parking garage present a substantial assemblage problem. There are 5 or 6 different owners -- all with varied interests. The office building on the northwest corner just sold and is undergoing upgrade work, adding to the assemblage issues. Furthermore, the little parking lot is subleased to a company way below market. Not only would King County or the developer be required to buy that property at market, but we would also probably be required to buy out the lessor of that property, which would likely sell for top of the market rates. Staff has heard that both Wright Runstad and Opus attempted an assemblage of properties at this location as part of a prospective non-County owned development proposal under Track B of our process. Neither succeeded at their attempts to assemble sufficient property to build an office structure.

Given the problems associated with assemblage, the most probable outcome of a County attempt at assemblage would be the exercise of eminent domain and a taking of some parcels located on that block. The County would likely face significant relocation costs given the two parcels of housing on the block and the County's current policy of providing relocation assistance. Finally, Opus or their agents may still hold one or more purchase options on portions of this block. If they do, they would expect some financial benefit to give up or assign those options thereby increasing land acquisition costs even further.

Given the assemblage issues and the other County sites currently available, a project on this site would certainly be more complicated and probably more costly than other opportunities. Moreover, the project would likely face delays associated with the assemblage and eminent domain processes. That site then, would suffer the same fate as the privately held portion of Goat Hill. We received a proposal for a development on that site (Opus/Selig) that was not competitive with other because of the land costs. Given the private sector assemblage difficulties and the added time and costs associated with such an assemblage, we have not considered this a productive course of action.

It may well be that in considering the automotive center as a potential development site; it may make some sense to acquire a portion of that westerly block to tie a new building at that location to the rest of the campus. However, this feature would add to the costs of the new building and further add to the already significant issues of replacement parking if that site is to be considered for development.

Councilmember Gossett:

What was the qualitative analysis based on if the specific sites have not been determined?

The qualitative analysis considered the specific purchase opportunities and all three County owned sites (Goat Hill, Automotive Center, and Kingdome North Parking Lot). Sufficient information was available on the three County owned sites to perform qualitative assessments.

Councilmember Phillips:

Please explain the "Apples to Apples" comparison on the last page of the handout? What are the factors (Assume related to "Apples to Apples"?

The factors considered in the "Apples to Apples" analysis included:

- Purchase price;
- Building Code Compliance Costs/Seismic Upgrades;
  - Seismic Upgrade (Courthouse Standard and Insurance Standard),
  - Code Required Demo/Build Back Building Components (Courthouse Standard and Insurance Standard,
  - Building Envelop Code Required,
  - Asbestos Abatement,
  - ADA Improvements Needed,
  - Fire and Life Safety Improvements Needed,
  - Mechanical Systems Life Cycles Upgrade Needed,
  - Electrical System Life Cycles Upgrade Needed, and
  - Plumbing Life Cycles Upgrade Needed;
- Floor Plate Efficiency;
- Parking Revenue Opportunities;

- Required Major Maintenance Reserves;
- Interim Leasing Revenues/Carrying costs;
- Revenue from Existing Leases Through Term;
- Savings From Existing King County Leases In Building;
- Estimated Negotiated Purchase Price Reduction; and
- Estimated moving, FF&E, Lease Termination Costs, and Start-Up Costs Related to County Occupancy of the Building.

The objective of the "Apples to Apples" comparison was to perform a financial comparison of opportunities based on preliminary technical assessments related to each of the factors. It was assumed that pursuit of an acquisition opportunity would lead to more detailed due diligence which may or may not materially alter the economic realities of that opportunity. The goal was to perform sufficient work to have a modestly high confidence that the relative rankings of the opportunities would not change given additional or more detailed information.

Please explain the negative cost factor.

The negative cost factor related to the new building and reflects the positive financial impact having a parking garage since the short list buy buildings did not have parking garages.

Table 4.C represents a plan that identifies how existing vacant space will be backfilled, which agencies will occupy the new building, and which agencies will continue leasing outside space. The details of this plan are presented at Appendix F.

Table 4.C: Backfill of Existing Vacant Space

Agency/ Current Location	New Building	Court-house	Yesler Bldg	Admin Bldg	Cont Lease
DES Finance/Exchange	X				
DCHS/Exchange	X				
DOT/Exchange					X
DPH/Wells Fargo	X				
PAO/Key Tower		X			
DES ITS/Key Tower	X				
PAO/Bank of California		X			
PAO Bank of America		X			
Hearing Examiner/Bank of California			X		
DES Risk Mgmt/Bank of California			X		
DCHS Crisis/Bank of California					X
Executive & OMB/BOA				X	
DES Admin/Bank of America	X				
Health Dept/Boren Bldg	X				
Superior Ct Probation/Boren Bldg			X		
Veterans Program/Walthew Bldg					X
DCHS Pub Defense/ Walthew Bldg	X				
Print Shop & Surplus Prop/Graybar Bldg	X				
DPH/Lynn Trust Bldg					X
DCHS Ravens/ Prefontaine Bldg					X
Boundary Review Board/ Central Bldg			X		
Ombudsman/ Courthouse				X	
BRED/Other Exec	X			X	
DAJD Internal Inv/ KCCF		X			
Finance/Admin Building	X				
DAJD Community Corrections			X		

ATTACHMENT 6

Current Leased Space - Projected Locations - High End Estimates							possible new location								APPENDIX F
Location	Department/Agency	Current rsf	Current Workers	Projected Workers	Lease Expiration	Forecast Sq Footage	new building	courthouse	floor	yesler*	floor	administration	floor	Continue Leasing	comments
Exchange Building	DES/Finance	38,391	127	125	9/30/07	25,000	25,000								
Exchange Building	DCHS	45,446	183	229	9/30/07	40,648	40,648								
Exchange Building	DOT	19,275			9/30/07									19,275	
Exchange Building	DOT Long Term	15,103			9/30/15									15,103	
Wells Fargo (New Lease)	DPH	79,607	349	452	10/31/13	87,010	87,010								
Key Tower	PAO	4,409	15	22	12/31/04	6,270		6,270	7						
Key Tower	DES/ITS	46,936	156	171	3/14/09	33,345	33,345								
Bank of California	PAO	16,797	45	56.25	12/31/04	16,031		16,031	4						
Bank of California	Hearing Examiner	2,051			12/31/03					2,000	4				
Bank of California	DES/Risk Management	5,550			12/31/03					5,500	4				
Bank of California	DCHS/Crisis & Commitment	6,417			12/31/04									6000	
Bank of America	PAO	48,000	192	192	8/31/04	54,720		54,720	5						returning to the space they occupied pre-cap
	PAO Growth Forecast		57	57		16,245		16,245	4						
Bank of America	Executive	13,900			8/31/04	14,595						14,595	6		
Bank of America	Budget Office	8,400			8/31/04	8,820						8820	6		
Bank of America	DES/Admin	1,000			8/31/04	1,050	1,050								
Courthouse	Executive/BRED	4,000				4,200	4,200					3900	8		
Executive Total		27,300	122	128.1											
1916 Boren Street	Health Dept	7,200	28	29.4	2/28/04	5,660	5,660								
1916 Boren Street	Superior Court Probation	7,200			2/28/04					2,200	2				re-org and consolidation into smaller space
Walthew Building	Veterans Program	3,000			12/31/06									3,000	
Walthew Building	DCHS/Public Defense	3,000	22	23	12/31/06	4,083	4,083				1				
Graybar Bldg	Print Shop/Surplus Property	16,670	20	20	6/30/09		16,670								Liberal early release provisions
Lynn Trust Building	Health Dept	25,497			12/14/05									25,497	Specialty Bldg
Prefontaine Bldg	DCHS Ravens Program	3,850			12/31/04									3,850	Specialty Bldg
Central Building	Boundary Review Board	1,244			expired					800	4				BRB has temporarily relocated to the 2nd floor east of yesler
Mail/Facilities Support Space							27,415								
Total Leased		[illegible]					[illegible]	[illegible]		[illegible]		[illegible]		[illegible]	
Other moves															
Courthouse	Ombudsman	2100										2,100	8		move due to expansion of DAJD on 2nd floor
Courthouse	Jury Assembly Move to 1	-5000						(5,000)	7						
Courthouse	Jury Assembly Move to 1	5000						5,000	1						
Yesler	Community Corrections/Admin	growth								15,800	4				
Courthouse	DAJD Internal Investigations	2100						2,100	1						
Finance	Move from Admin to new	22477	80	80		16,000	16,000								
Yesler	PAO - special group									2,200	2W				
Total other							16,000	2,100		18,000		2,100			
Grand Total Lifted							[illegible]	[illegible]		[illegible]		[illegible]			
Vacant Space							[illegible]	[illegible]		[illegible]		[illegible]			
Remaining Vacant							[illegible]	[illegible]		[illegible]		[illegible]			

*Yesler 4th floor square footages are usable not rentable

ATTACHMENT 7

Projected Development and Financing Costs of New Building Combined with "Apples to Apples" Comparison

New Building vs. Existing Building / Insurable Standard vs. Courthouse Standard

Line Item Category	New Building		Dexter Horton Building		Exchange Building	
Standard	New Construction		Insurable	KC Courthouse	Insurable	KC Courthouse
R. S. F.	261,000	$ / r.s.f.	317,949	317,949	303,124	303,124
Acquisition Cost	$0	$0	$179	$179	$181	$181
Entitlement & Utility Hook-Ups	$865,000	$3.31				
Shell & Core Architectural Total	$1,331,000	$5.10				
Shell & Core Engineering Total	$898,000	$3.44				
Construction - Shell & Core Totals	$43,446,500	$166.46				
Tenant Improvements - Allowance	$14,331,500	$57.33				
Misc. Development Costs Total	$989,000	$3.79				
Developer's Fee Including Sales Tax	$2,440,000	$9.35				
Developer's Overhead Including Sales Tax	$1,470,000	$5.63				
Developer's Contingency	$2,200,000	$8.43				
Owner's Contingency - 100% Residual to Owner	$1,500,000	$5.75				
1% for Arts	$694,710	$2.66				
Land	$10,000,000	$38.31				
Land & Development Costs Before Financing	**$80,165,710**	**$307.15**				
Estimated Costs of Issuance	$2,500,000	$9.58				
Net Capitalized Interest During Construction - Estimated	$6,312,987	$24.19				
Total Development Costs	**$88,978,697**	**$340.91**	**$72**	**$95**	**$82**	**$122**
Sub-Total Before Adjustments (rounded)		$341	$251	$274	$263	$303
"Apples to Apples" Adjustments*		-$30	$29	$38	$12	$22
TOTAL ($ / R.S.F.)		**$311**	**$280**	**$312**	**$275**	**$325**
Difference ($ / R.S.F.) between New & Existing		$0	$31	-$1	$36	-$14

* Adjustments (See specific building sheets for breadout of costs and source of information)
- Building/Floorplate
- Parking
- Operating Efficiency
- Interim Leasing / Carry Costs
- Long-Term Leases

~~11/19/03~~

ATTACHMENT 8

Central Building
Acquisition and Occupancy Costs
INSURABLE STANDARD

				$/RSF[17] 194,241	$/GBA[17] 200,065
Acquisition Costs					
Purchase Price (Year Built - 1907)	$21,000,000			$108.11	$104.97
Subtotal Purchase Price		$21,000,000		$108.11	$104.97
Building Code Compliance/ Systems Upgrades					
Seismic[1]	$600,195			$3.09	$3.00
Architectural Demo / Buildback[2]	$1,400,455			$7.21	$7.00
Building Envelope (Roof, Skin, Windows)[3]	$52,017			$0.27	$0.26
Asbestos[4]	$600,195			$3.09	$3.00
ADA[5]	$503,003			$2.59	$2.51
Fire and life safety[6]	$1,065,000			$5.48	$5.32
Mech[7]	$1,828,800			$9.42	$9.14
Electrical[8]	$343,750			$1.77	$1.72
Plumbing[9]	$120,000			$0.62	$0.60
Subtotal Building Code Compliance/ Systems Upgrades		$6,513,000		$33.53	$32.56
Subtotal Tenant Improvements[10]		$7,284,000		$37.50	$36.41
Subtotal Soft Costs (Inclusive of WSST)		$4,636,000		$26.40	$23.87
Total Acquisition Costs			$39,433,000	$203.01	$197.10
Efficiency Factor (Gensler Study of SF/FTE for typical floor)[11]	112%		$44,165,000	$227.37	$220.75
Parking Cost[12]			$0	$0.00	$0.00
Operating Efficiency (capital reserves)[13]			$1,303,000	$6.71	$6.51
Interim Leasing/Carry Costs[14]			$5,774,000	$29.73	$28.86
Long-Term Leases[15]			(6,771,000.00)	(34.86)	(33.84)
Estimated Negotiated Purchase Price Reduction			(582,723.00)	(3.00)	(2.91)
Total Occupancy Cost before Owner Costs			$43,888,277	$225.95	$219.37
Subtotal Owner Costs[16]			$4,314,000	$22.21	$21.56
Total Occupancy Cost with Owner Costs			$48,202,277	$248.16	$240.93

Footnotes:
1 - CPL/Skanska, July 2003 - Insurable Standard
2 - NBBJ/Skanska, July 2003 - Insurable Standard
3 - NBBJ/ McKinstry/Baugh, July 2003 - Code Compliant
4 - Skanska, July 2003
5 - NBBJ/Skanska, July 2003 - Code Compliant
6 - McKinstry/Skanska, July 2003 - KC standard
7 - McKinstry, July 2003 - Code Compliant
8 - McKinstry, July 2003 - Code Compliant
9 - McKinstry, July 2003 - Code Compliant
10 - 75% of the RSF needs significant TI work ($45/RSF) and 25% needs modest TI work ($15/RSF)
11 - Gensler, July 2003 - reflect KC proposed space standard
12 - No parking provided for KC employees; revenue adjustment is made to New Building analysis
13 - NPV difference between annual set-aside for a new bldg ($1/RSF) and an existing bldg ($1.50/RSF)
14 - NPV of Debt service for 2.5 years plus interim leasing of all currently vacant space at 50% of the $/RSFdebt service rate for 2.0 years.
15 - NPV of existing leases throughout the remainder of their term
16 - Moving, F, F & E, Lease Termination, Start-up, and Admin
17 - Square footage measurements provided by building owner

Dexter Horton Building
Acqusition and Occupancy Costs
INSURABLE STANDARD

				$/RSF[17]	$/GBA[17]
				317,949	363,327
Acquisition Costs					
Purchase Price (Year Built - 1922)	$57,000,000			$179.27	$156.88
Subtotal Purchase Price		$57,000,000		$179.27	$156.88
Building Code Compliance/ Systems Upgrades					
Seismic[1]	$726,654			$2.29	$2.00
Architectural Demo / Buildback[2]	$1,453,308			$4.57	$4.00
Building Envelope (Roof, Skin, Windows)[3]	$0			$0.00	$0.00
Asbestos[4]	$635,822			$2.00	$1.75
ADA[5]	$240,000			$0.75	$0.66
Fire and life safety[6]	$2,376,088			$7.47	$6.54
Mech[7]	$2,667,000			$8.39	$7.34
Electrical[8]	$800,000			$2.52	$2.20
Plumbing[9]	$405,000			$1.27	$1.11
Subtotal Building Code Compliance/ Systems Upgrades		$9,304,000		$29.26	$25.61
Subtotal Tenant Improvements[10]		$7,533,000		$23.69	$20.73
Subtotal Soft Costs (inclusive of WSST)		6071000		$19.09	$16.71
Total Acquisition Costs			$79,908,000	$251.32	$219.93
Efficiency Factor *(Gensler Study of SF/FTE for typical floor)*[11]	120%		$95,890,000	$301.59	$263.92
Parking Cost[12]			$0	$0.00	$0.00
Operating Efficiency (capital reserves)[13]			$2,132,000	$6.71	$5.87
Interim Leasing/Carry Costs[14]			$8,604,000	$27.06	$23.68
Long-Term Leases[15]			(13,098,000.00)	(41.20)	(36.05)
Estimated Negotiated Purchase Price Reduction			(4,451,286.00)	(14.00)	(12.25)
Total Occupancy Cost before Owner Costs			$89,076,714	$280.16	$245.17
Subtotal Owner Costs[16]			$6,343,000	$19.95	$17.46
Total Occupancy Cost with Owner Costs			$95,419,714	$300.11	$262.63

Footnotes:
1 - CPL/Skanska, July 2003 - Insurable Standard
2 - NBBJ/Skanska, July 2003 - Insurable Standard
3 - NBBJ/ McKinstry/Baugh, July 2003 - Code Compliant
4 - Skanska, July 2003
5 - NBBJ/Skanska, July 2003 - Code Compliant
6 - McKinstry/Skanska, July 2003 - KC standard
7 - McKinstry, July 2003 - Code Compliant
8 - McKinstry, July 2003 - Code Compliant
9 - McKinstry, July 2003 - Code Compliant
10 - $41/RSF for all the floors that have not been renovated
11 - Gensler, July 2003 - adjusted to reflect modification to KC space standard to maximize use of space.
12 - No parking provided for KC employees; revenue adjustment is made to New Building analysis
13 - NPV difference between annual set-aside for a new bldg ($1/RSF) and an existing bldg ($1.50/RSF)
14 - NPV of Debt service for 2.5 years plus interim leasing of all currently vacant space at 50% of the $/RSFdebt service rate for 2.0 years.
15 - NPV of existing leases throughout the remainder of their term
16 - Moving, F, F & E, Lease Termination, Start-up, and Admin
17 - Square footage measurements provided by building owner

Exchange Building
Acquisition and Occupancy Costs
INSURABLE STANDARD

				$/RSF [17]	$/GBA [17]
				303,124	354,992
Acquisition Costs					
Purchase Price (Year Built 1929)	$55,000,000			$181.44	$154.93
Subtotal Purchase Price		$55,000,000		$181.44	$154.93
Building Code Compliance/ Systems Upgrades					
Seismic[1]	$1,774,960			$5.86	$5.00
Architectural Demo / Buildback[2]	$2,839,936			$9.37	$8.00
Building Envelope (Roof, Skin, Windows)[3]	$0			$0.00	$0.00
Asbestos[4]	$266,244			$0.88	$0.75
ADA[5]	$160,000			$0.53	$0.45
Fire and life safety[6]	$1,175,695			$3.88	$3.31
Mech[7]	$1,966,150			$6.49	$5.54
Electrical[8]	$317,250			$1.05	$0.89
Plumbing[9]	$240,000			$0.79	$0.68
Subtotal Building Code Compliance/ Systems Upgrades		$8,740,000		$28.83	$24.62
Subtotal Tenant Improvements[10]		$9,144,000		$30.17	$25.76
Subtotal Soft Costs (inclusive of WSST)		$6,803,000		$22.44	$19.16
Total Acquisition Costs			$79,687,000	$262.89	$224.48
Efficiency Factor *(Gensler Study of SF/FTE for typical floor)* [11]	100%		$79,687,000	$262.89	$224.48
Parking Cost[12]			$0	$0.00	$0.00
Operating Efficiency (capital reserves)[13]			$2,033,000	$6.71	$5.73
Interim Leasing/Carry Costs[14]			$7,385,000	$24.36	$20.80
Long-Term Leases[15]			(2,647,000.00)	(8.73)	(7.46)
Existing KC Lease			(54,000.00)	(0.18)	(0.15)
Estimated Negotiated Purchase Price Reduction			(3,031,240.00)	(10.00)	(8.54)
Total Occupancy Cost before Owner Costs			$83,372,760	$275.05	$234.86
Subtotal Owner Costs [16]			$5,847,000	$19.29	$16.47
Total Occupancy Cost with Owner Costs			$89,219,760	$294.33	$251.33

Footnotes:
1 - CPL/Skanska, July 2003 - Insurable Standard
2 - NBBJ/Skanska, July 2003 - Insurable Standard
3 - NBBJ/ McKinstry/Baugh, July 2003 - Code Compliant
4 - Skanska, July 2003
5 - NBBJ/Skanska, July 2003 - Code Compliant
6 - McKinstry/Skanska, July 2003 - KC standard
7 - McKinstry, July 2003 - Code Compliant
8 - McKinstry, July 2003 - Code Compliant
9 - McKinstry, July 2003 - Code Compliant
10 - $41/RSF for all no-KC occupied floors and $15/RSF for all KC occupied floors
11 - Gensler, July 2003 - adjusted to reflect modification to KC space standard to maximize use of space.
12 - No parking provided for KC employees; revenue adjustment is made to New Building analysis
13 - NPV difference between annual set-aside for a new bldg ($1/RSF) and an existing bldg ($1.50/RSF)
14 - NPV of Debt service for 2.5 years plus interim leasing of all currently vacant space at 50% of the $/RSFdebt service rate for 2.0 years.
15 - NPV of existing leases throughout the remainder of their term
16 - Moving, F, F & E, Lease Termination, Start-up, and Admin
17 - Square footage measurements provided by building owner

Central Building
Acquisition and Occupancy Costs
COURTHOUSE STANDARD

				$/RSF[17]	$/GBA[17]
				194,241	200,065
Acquisition Costs					
Purchase Price (Year Built - 1907)	$21,000,000			$108.11	$104.97
Subtotal Purchase Price		$21,000,000		$108.11	$104.97
Building Code Compliance/ Systems Upgrades					
Seismic[1]	$2,686,800			$13.83	$13.43
Architectural Demo / Buildback[2]	$5,950,500			$30.63	$29.74
Building Envelope (Roof, Skin, Windows)[3]	$52,017			$0.27	$0.26
Asbestos[4]	$600,195			$3.09	$3.00
ADA[5]	$503,003			$2.59	$2.51
Fire and life safety[6]	$1,065,000			$5.48	$5.32
Mech[7]	$1,828,800			$9.42	$9.14
Electrical[8]	$343,750			$1.77	$1.72
Plumbing[9]	$120,000			$0.62	$0.60
Subtotal Building Code Compliance/ Systems Upgrades		$13,150,000		$67.70	$65.73
Subtotal Tenant Improvements10		$7,284,000		$37.50	$36.41
Subtotal Soft Costs (inclusive of WSST)		$7,061,000		$40.21	$36.35
Total Acquisition Costs			$48,495,000	$249.66	$242.40
Efficiency Factor *(Gensler Study of SF/FTE for typical floor)*[11]	112%		$54,091,000	$278.47	$270.37
Parking Cost[12]			$0	$0.00	$0.00
Operating Efficiency (capital reserves)[13]			$1,302,768	$6.71	$6.51
Interim Leasing/Carry Costs[14]			$7,276,000	$37.46	$36.37
Long-Term Leases[15]			(6,771,000.00)	(34.86)	(33.84)
Estimated Negotiated Purchase Price Reduction			(582,723.00)	(3.00)	(2.91)
Total Occupancy Cost before Owner Costs			$55,316,045	$284.78	$276.49
Subtotal Owner Costs 16			$4,314,000	$22.21	$21.56
Total Occupancy Cost with Owner Costs			$59,630,045	$306.99	$298.05

Footnotes:
1 - CPL/Skanska, July 2003 - KC Courthouse Standard
2 - NBBJ/Skanska, July 2003 - KC Courthouse Standard
3 - NBBJ/ McKinstry/Baugh, July 2003 - Code Compliant
4 - Skanska, July 2003
5 - NBBJ/Skanska, July 2003 - Code Compliant
6 - McKinstry/Skanska, July 2003 - KC standard
7 - McKinstry, July 2003 - Code Compliant
8 - McKinstry, July 2003 - Code Compliant
9 - McKinstry, July 2003 - Code Compliant
10 - 75% of the RSF needs significant TI work ($45/RSF) and 25% needs modest TI work ($15/RSF)
11 - Gensler, July 2003 -reflect KC proposed space standard
12 - No parking provided for KC employees; revenue adjustment is made to New Building analysis
13 - NPV difference between annual set-aside for a new bldg ($1/RSF) and an existing bldg ($1.50/RSF)
14 - NPV of Debt service for 2.5 years plus interim leasing of all currently vacant space at 50% of the $/RSFdebt service rate for 2.0 years.
15 - NPV of existing leases throughout the remainder of their term
16 - Moving, F, F & E, Lease Termination, Start-up, and Admin
17 - Square footage measurements provided by building owner

Exchange Building
Acquisition and Occupancy Costs
COURTHOUSE STANDARD

				$/RSF [17]	$/GBA [17]
				303,124	354,992
Acquisition Costs					
Purchase Price (Year Built 1929)	$55,000,000			$181.44	$154.93
Subtotal Purchase Price		$55,000,000		$181.44	$154.93
Building Code Compliance/ Systems Upgrades					
Seismic[1]	$4,829,660			$15.93	$13.60
Architectural Demo / Buildback[2]	$9,277,720			$30.61	$26.14
Building Envelope (Roof, Skin, Windows)[3]	$0			$0.00	$0.00
Asbestos[4]	$266,244			$0.88	$0.75
ADA[5]	$160,000			$0.53	$0.45
Fire and life safety[6]	$1,175,695			$3.88	$3.31
Mech[7]	$1,966,150			$6.49	$5.54
Electrical[8]	$317,250			$1.05	$0.89
Plumbing[9]	$240,000			$0.79	$0.68
Subtotal Building Code Compliance/ Systems Upgrades		$18,233,000		$60.15	$51.36
Subtotal Tenant Improvements10		$9,144,000		$30.17	$25.76
Subtotal Soft Costs (inclusive of WSST)		$9,580,000		$31.60	$26.99
Total Acquisition Costs			$91,957,000	$303.36	$259.04
Efficiency Factor *(Gensler Study of SF/FTE for typical floor)*[11]	100%		$91,957,000	$303.36	$259.04
Parking Cost[12]			$0	$0.00	$0.00
Operating Efficiency (capital reserves)[13]			$2,033,000	$6.71	$5.73
Interim Leasing/Carry Costs[14]			$9,419,000	$31.07	$26.53
Long-Term Leases[15]			(2,647,000.00)	($8.73)	($7.46)
Existing KC Lease			$894,000	$2.95	$2.52
Estimated Negotiated Purchase Price Reduction			(3,031,240.00)	($10.00)	($8.54)
Total Occupancy Cost before Owner Costs			$98,624,760	$325.36	$277.82
Subtotal Owner Costs [16]			$5,847,000	$19.29	$16.47
Total Occupancy Cost with Owner Costs			$104,471,760	$344.65	$294.29

Footnotes:
1 - CPL/Skanska, July 2003 - KC Courthouse Standard
2 - NBBJ/Skanska, July 2003 - KC Courthouse Standard
3 - NBBJ/ McKinstry/Baugh, July 2003 - Code Compliant
4 - Skanska, July 2003
5 - NBBJ/Skanska, July 2003 - Code Compliant
6 - McKinstry/Skanska, July 2003 - KC standard
7 - McKinstry, July 2003 - Code Compliant
8 - McKinstry, July 2003 - Code Compliant
9 - McKinstry, July 2003 - Code Compliant
10 - $41/RSF for all no-KC occupied floors and $15/RSF for all KC occupied floors
11 - Gensler, July 2003 -reflects KC space standard
12 - No parking provided for KC employees; revenue adjustment is made to New Building analysis
13 - NPV difference between annual set-aside for a new bldg ($1/RSF) and an existing bldg ($1.50/RSF)
14 - NPV of Debt service for 2.5 years plus interim leasing of all currently vacant space at 50% of the $/RSFdebt service rate for 2.0 years.
15 - NPV of existing leases throughout the remainder of their term
16 - Moving, F, F & E, Lease Termination, Start-up, and Admin
17 - Square footage measurements provided by building owner

Dexter Horton Building
Acquisition and Occupancy Costs
COURTHOUSE STANDARD

				$/RSF [17]	$/GBA [17]
				317,949	363,327
Acquisition Costs					
Purchase Price (Year Built - 1922)	$57,000,000			$179.27	$156.88
Subtotal Purchase Price		$57,000,000		$179.27	$156.88
Building Code Compliance/ Systems Upgrades					
Seismic[1]	$2,760,000			$8.68	$7.60
Architectural Demo / Buildback[2]	$5,098,476			$16.04	$14.03
Building Envelope (Roof, Skin, Windows)[3]	$0			$0.00	$0.00
Asbestos[4]	$635,822			$2.00	$1.75
ADA[5]	$240,000			$0.75	$0.66
Fire and life safety[6]	$2,376,088			$7.47	$6.54
Mech[7]	$2,667,000			$8.39	$7.34
Electrical[8]	$800,000			$2.52	$2.20
Plumbing[9]	$405,000			$1.27	$1.11
Subtotal Building Code Compliance/ Systems Upgrades		$14,982,000		$47.12	$41.24
Subtotal Tenant Improvements[10]		$7,533,000		$23.69	$20.73
Subtotal Soft Costs (inclusive of WSST)		$7,733,000		$24.32	$21.28
Total Acquisition Costs			$87,248,000	$274.41	$240.14
Efficiency Factor *(Gensler Study of SF/FTE for typical floor)* [11]	120%		$104,698,000	$329.29	$288.16
Parking Cost[12]			$0	$0.00	$0.00
Operating Efficiency (capital reserves)[13]			$2,132,000	$6.71	$5.87
Interim Leasing/Carry Costs [14]			$9,821,000	$30.89	$27.03
Long-Term Leases [15]			(13,098,000.00)	(41.20)	(36.05)
Estimated Negotiated Purchase Price Reduction			(4,451,286.00)	(14.00)	(12.25)
Total Occupancy Cost before Owner Costs			$99,101,714	$311.69	$272.76
Subtotal Owner Costs [16]			$6,343,000	$19.95	$17.46
Total Occupancy Cost with Owner Costs			$105,444,714	$331.64	$290.22

Footnotes:
1 - CPL/Skanska, July 2003 - KC Courthouse Standard
2 - NBBJ/Skanska, July 2003 - KC Courthouse Standard
3 - NBBJ/ McKinstry/Baugh, July 2003 - Code Compliant
4 - Skanska, July 2003
5 - NBBJ/Skanska, July 2003 - Code Compliant
6 - McKinstry/Skanska, July 2003 - KC standard
7 - McKinstry, July 2003 - Code Compliant
8 - McKinstry, July 2003 - Code Compliant
9 - McKinstry, July 2003 - Code Compliant
10 - $41/RSF for all the floors that have not been renovated
11 - Gensler, July 2003 -reflects KC space standard
12 - No parking provided for KC employees; revenue adjustment is made to New Building analysis
13 - NPV difference between annual set-aside for a new bldg ($1/RSF) and an existing bldg ($1.50/RSF)
14 - NPV of Debt service for 2.5 years plus interim leasing of all currently vacant space at 50% of the $/RSFdebt service rate for 2.0 years.
15 - NPV of existing leases throughout the remainder of their term
16 - Moving, F, F & E, Lease Termination, Start-up, and Admin
17 - Square footage measurements provided by building owner

ATTACHMENT 9

Seattle University
FOUNDED 1891

Facilities Operations

900 Broadway
Seattle, Washington 98122-4340
Phone: (206) 296-6999
Fax: (206) 296-2661

Mr. David Layton
Senior Staff Analyst
King County Council
500 3rd Ave
Seattle, WA 98104

Dear Mr. Layton:

I understand that King County is presently considering the construction of a new steam plant to serve the heating needs of the County and Harborview Medical Center. The purpose of this letter is to share with you what we at Seattle University have experienced over the past 15 years. Prior to the events described below, Seattle University was 95% dependent on Seattle Steam Corporation for space and some domestic water heating on our entire main campus on Capitol Hill, as well as at our Connolly Athletic facility a few blocks SE of the main campus.

Beginning with the decision to renovate the Garrand Classroom building, we chose the option of constructing our own natural gas fired heating system, rather than subscribe to purchased steam from Seattle Steam Corporation. At the time, the economics were clearly in favor of building our own plant. Since that time, not only did that decision prove wise, but we also proceeded to install gas hot water boilers in all of our student housing facilities and in the Connolly Athletic facility. The modular boilers, initially at the Bellarmine Student residence, at 12th and Cherry, were subsequently expanded to serve the new Seattle University Law School, completed about 5 years ago and again expanded to serve the new Student Center on Cherry Street. It should be noted that boilers require more maintenance than steam. Our overall experience reflects an average 35% reduction in fuel costs.

From our observation, these investments proved to be wise and typically realized sufficient cost savings such that the initial investment required were paid back in 3-5 years. At this time, we only have five buildings left on campus dependant on Seattle Steam. With steam available, gas rates for interruptible service provides lower rates. We believe these types of fuel switching and other energy conservation activities have enabled us to manage rising plant operation costs and ultimately provide on-going educational opportunities at a lower cost than would otherwise be possible.

Please feel free to contact me if you have any further questions.

Sincerely:

Lee Miley

Lee Miley, Assistant Facilities Director
Energy Manager