

DISTRICT FACILITY RELOCATION PROJECT

Option A: Remain in Placer County CDRA Building by extending lease

Option B: Lease and relocate to a different facility

Option C: Purchase a facility



OPTION A CURRENT APCD FACILITY

Current facility description:

- Portion of Community Development and Resources Agency (CDRA) Building, 2nd Floor.
- 6,090 sq. ft., plus 888 sq. ft, in common area space (6,978 sq. ft. total leased space)
- Effective Start Date of lease July 15, 2006
- 5-year lease term, ending July 15, 2011
- Rental cost CPI adjusted annually



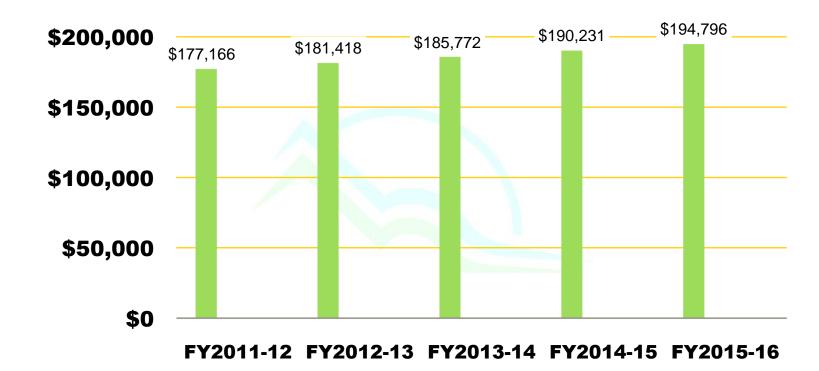
OPTION A – CDRA LEASE RATES

- \$1.88/sq. ft. Initial 2006 lease rate, \$157,424 per year, <u>CPI adjusted annually</u>
- \$2.07/sq. ft. Lease rate for FY 10-11, \$173,014 per year, with CPI (10% increase since '06)
- \$2.33/sq. ft. Projected FY 2015-16 lease rate if 5-year lease renewed and 2.40% annual CPI increase. The annual cost will be \$194,796 per year (a 24% increase since '06)



OPTION A – CDRA RENT ANNUAL COST





Projected Rent at CDRA Building from FY2011-15

Note: Annual totals exclude \$2,200 annually in CDRA "Greeter" charges



OPTION B – NEW SITE LEASE OPTION C – NEW PURCHASE

- One-time moving and set-up cost for both Options (estimated at \$131,000)
- Option B Lease New Site
 - Lease rates obtained from properties in Auburn area
 - 7,000 sq. ft. space
 - Two scenarios
 - Lease rate low end local market (\$1.18/sq. ft.)
 - Lease rate high end local market (\$1.68/sq. ft.)
- Option C Purchase
 - Broker price for facility in Auburn area
 - 10,000 sq. ft. space, with ample space for growth
 - Potential to sublet 3,000 sq. ft.



OPTION B & C ONE-TIME COST OF MOVING

FY 2010-2011 Budget:

Tenant Improvements	\$25,000
Purchase of Office Fixtures	\$35,000
IT/phone service	\$10,000
Mover Costs	\$ 5,000
 Address Changes (negligible) 	_
 Centralized filing and storage 	\$ 8,000
Subtotal of costs (budgeted):	\$83,000

Staff Time for Planning & Move \$48,000

Total costs, including staff time \$131,000



OPTION B & C ONE-TIME COST OF MOVING

Assumptions for Relocation Costs:

- The current business systems would still be accessed through the County Systems (e.g. IT, phones, receipts)
- 19 cubicles @ \$1,737 ea. (high estimate) plus an additional \$2,000 to replacing CDRA office equipment items that are not owned by the District.
- Staff Time: at an average cost (est.) to the District of \$100 per hour:
 - 300 hours for management and fiscal planning prior to relocation decision would not be recoverable costs.
 - An 100 additional hours of management time and 80 hours of move preparation by staff is estimated, if the relocation goes forward.

Note: One-time moving costs are being covered by Litigation Recovery Funds



OPTION B NEW LEASED FACILITY

Low-end Lease Rate

- \$1.00/sq. ft. flat monthly initial lease rate NNN (triple net);
 \$1.18/sq. ft. after utilities and custodial
- Annual lease rate increase: 3%; utility and custodial at CPI of 2.4%
- 5-year savings: \$400,640 (45% savings vs. CDRA lease)
- Relocation cost payback: 1 year, 5 months

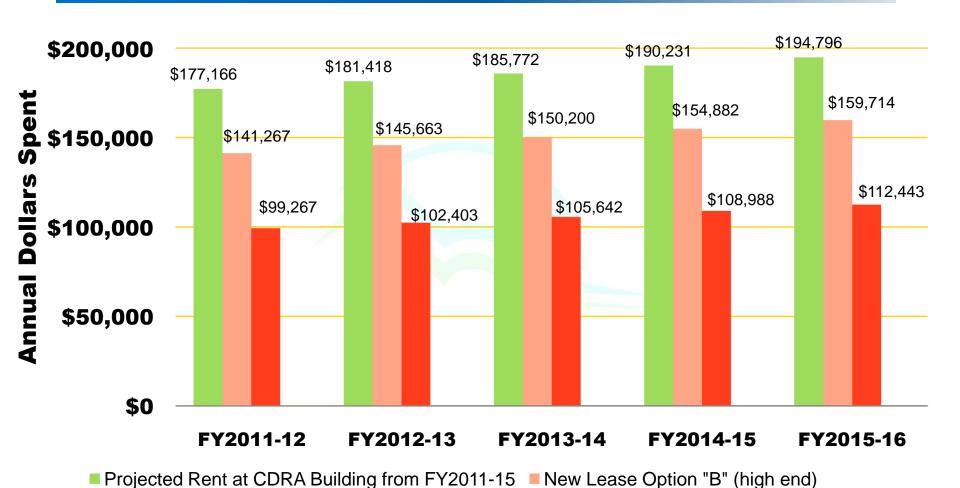
High-end Lease Rate

- \$1.50/sq. ft. flat monthly lease rate NNN; \$1.68/sq. ft. after utilities and custodial
- Annual lease rate increase: 3%; utility and custodial at CPI of 2.4%
- 5-year savings: \$177,656 (20% savings vs. CDRA lease)
- Relocation cost payback: 3 years, 8 months



■ New Lease Option "B" (low end)

OPTION B — NEW LEASE TOTAL ANNUAL COST



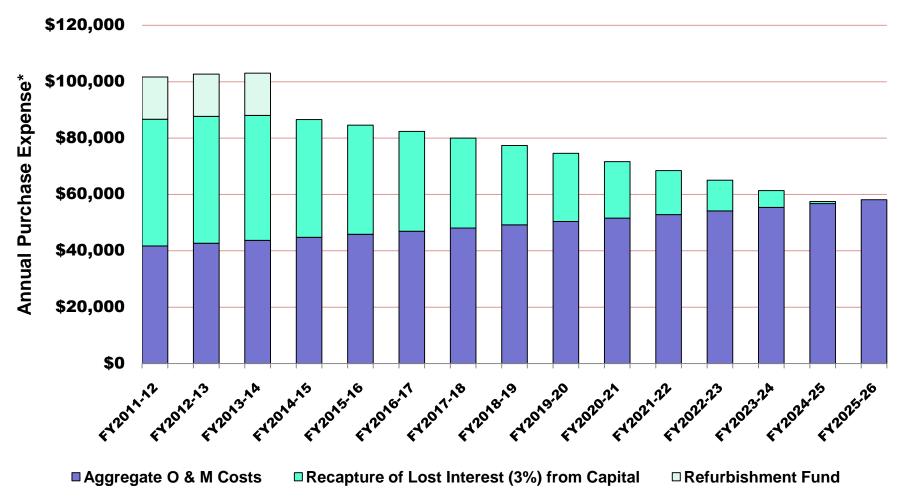


OPTION C BUILDING PURCHASE

- 10,000 sq. ft.
- \$1.5 million capital cost
- Cost of capital: 3%; estimated CPI: 2.4%
- Annual cost includes utilities, insurance, maintenance, and custodial services, and the recovery of interest (at 3%) lost from the use of capital for purchase; a cost of \$45,000 in the first year
- 5-year Savings: \$416,644 (-50% vs. CDRA lease)
- Plus, \$45,000 refurbishment fund established in first 3-years
- Relocation costs of \$131,000 payback: 1 year, 2 months
- Purchase cost of \$1.5 million payback: 14 years, 6 months
- Potential subletting of 3,000 sq. ft. of space*
- Ownership of appreciating real property asset
- * Subletting revenue is not factored into following graphed data on Option C costs



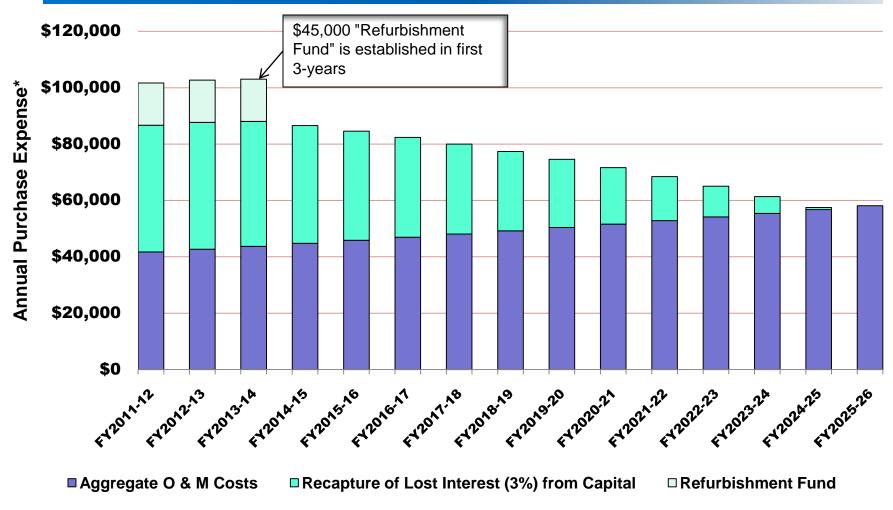
OPTION "C" — PURCHASE EXPENSE PROJECTION



^{*} Purchase Option "C" shown is without 3,000 sq. ft. sublease



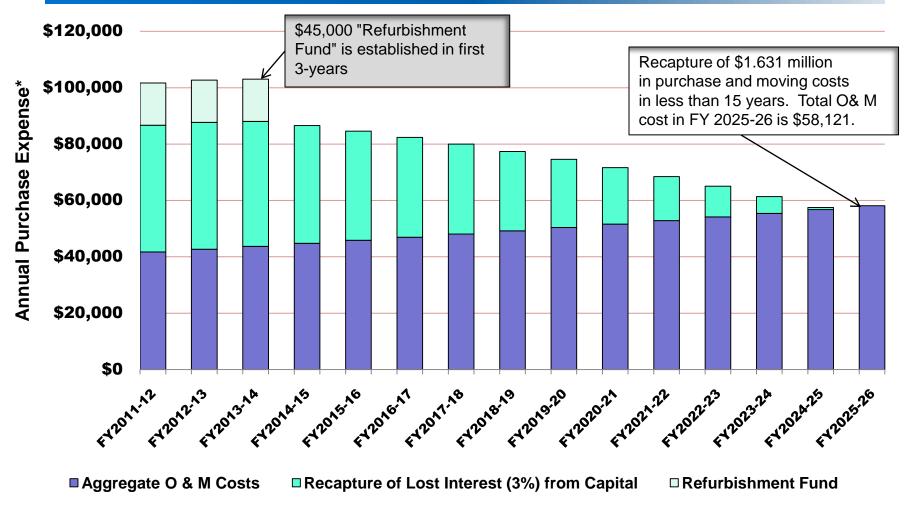
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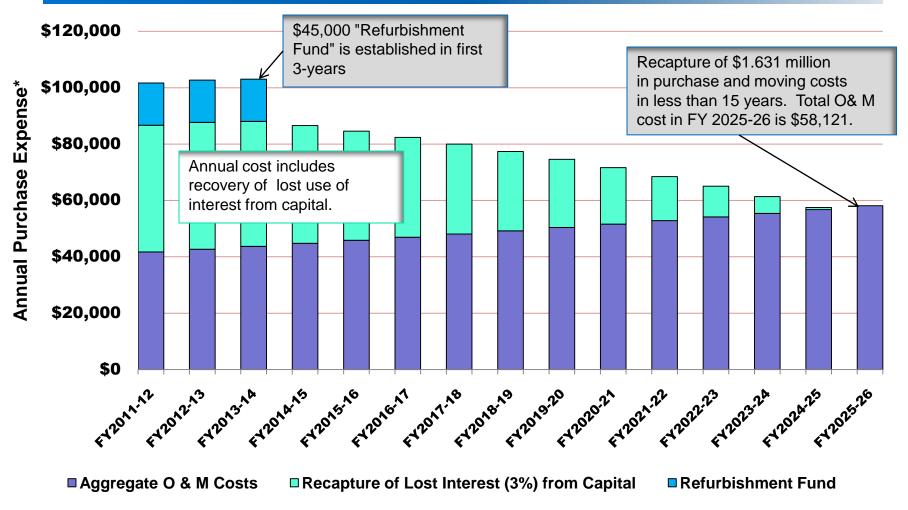
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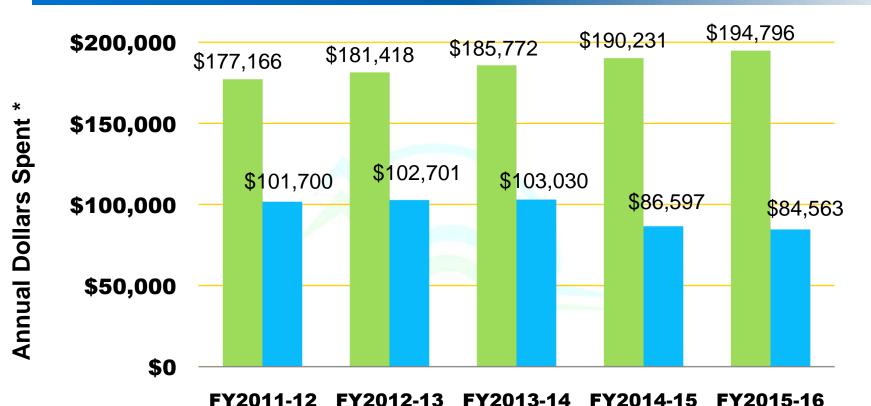
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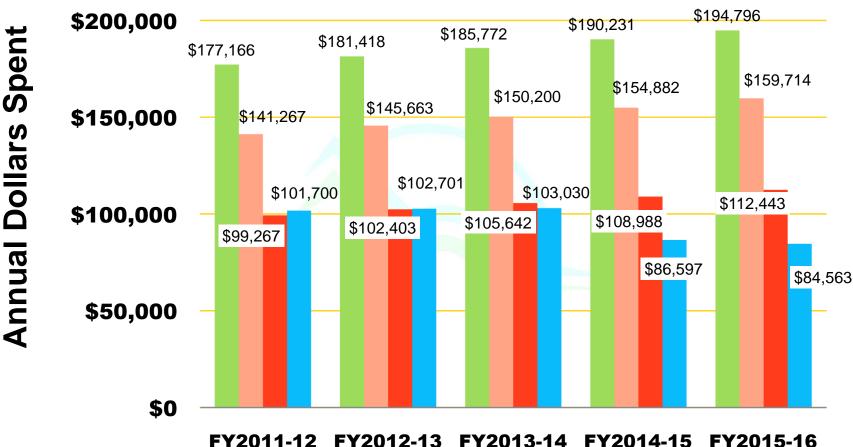
OPTION "C" - COMPARISON OF CURRENT VS. PURCHASE



- Projected Rent at CDRA Building from FY2011-15
- Building Purchase -- Option "C"
 - * Option "C" with loaded costs, and no sublease



OPTION COMPARISON -TOTAL ANNUAL COST



■ Projected Rent at CDRA Building from FY2011-15

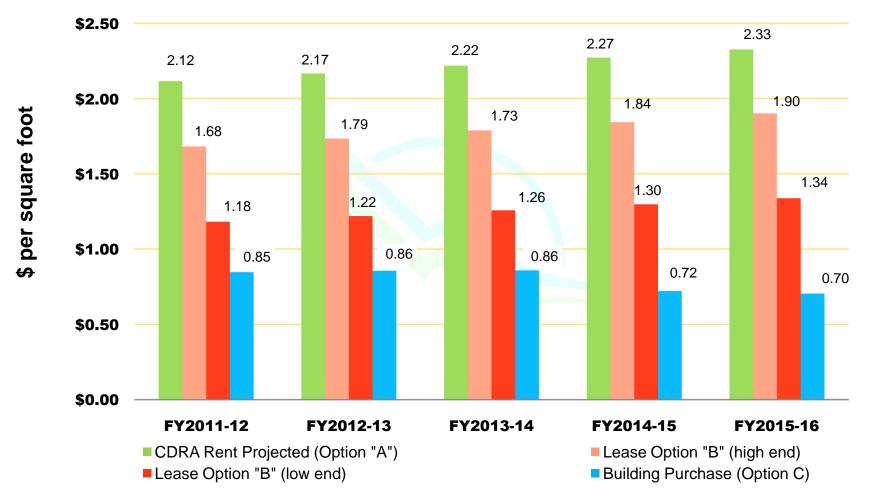
■ New Lease Option "B" (high end)

■ New Lease Option "B" (low end)

Building Purchase -- Option "C"



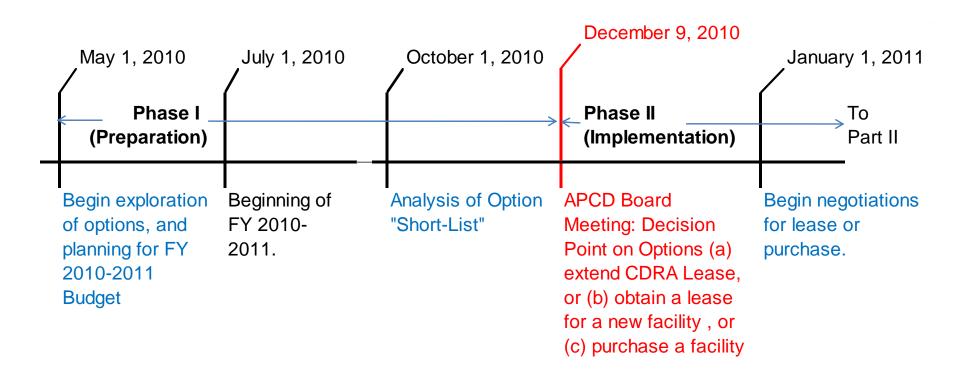
OPTION COMPARISON – COST PER SQUARE FOOT



^{*} Loaded cost including utilities and custodial



TIMELINE (PART I)





TIMELINE (PART II)

