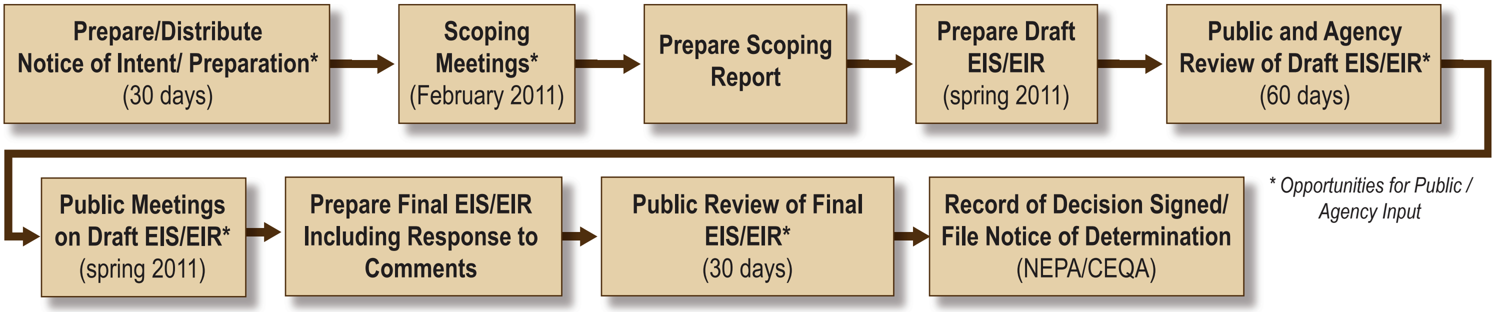

Project Characteristics

DGS would be responsible for the design and construction of the new JOC, which needs to accommodate about 600 employees and be about 200,000 square feet. The design and footprint of the new JOC would be completed under contract to DGS. The preliminary design concepts being considered in the EIS/EIR are (1) one three-story building and two one-story buildings or (2) two one-story buildings and two two-story buildings. The new JOC would occupy approximately 16 acres of land, including access roads and parking lots.

Project Alternatives

Following a multiple-year process of identifying and ranking possible sites, two sites have been selected for further review and analysis. These sites—the Nimbus site and a commercial site on Kilgore Road—are shown on Figure 1.

The Nimbus site (preferred)

- 19-acre parcel
- Owned by Reclamation, would be leased to other agencies
- Two JOC configurations for analysis

The Kilgore site

- 18-acre parcel
- Privately owned
- Representative commercial site, would require future competitive procurement process
- One JOC configuration for analysis

Environmental Review

The agencies are preparing an environmental impact statement/environmental impact report (EIS/EIR) that will describe the potentially significant and significant environmental impacts of the proposed project. The full range of environmental issues will be addressed. Mitigation measures will be recommended wherever feasible to reduce potentially significant impacts.

Public Meetings

Two scoping meetings are being held on February 3, 2011, at the Sacramento State Aquatic Center, Meeting Room 201-204, 1901 Hazel Avenue, to provide input on the scope and content of the EIS/EIR.

Additional public meetings will be held following publication of the draft EIS/EIR in spring 2011.

Public Comments

For more information or to provide your comments on the NOI/NOP (by February 17, 2011) please contact:

Bureau of Reclamation
Office of Environmental Affairs
2800 Cottage Way
Sacramento, CA 95825
Attention: Elizabeth Vasquez
Telephone: (916) 978-5040
Fax: (916) 978-5055
E-mail: evasquez@usbr.gov

California Department of Water Resources
Division of Management Services
1416 Ninth Street, Room 315/P.O. Box 942836
Sacramento, CA 942836-0001
Attention: John Engstrom
Telephone: (916) 651-8745
Fax: (916) 653-6476
E-mail: engstrom@water.ca.gov

Or visit the project site: www.usbr.gov/mp/cvo/joc.html

COMMENTS

Joint Operations Center Relocation Project

The Bureau of Reclamation, California Department of Water Resources, and National Oceanic Atmospheric Administration's National Weather Service propose to relocate their joint operations center from the interim existing facility on El Camino Avenue in 2015. An environmental impact statement/environmental impact report (EIS/EIR) will be prepared for the project.

Please use this card to comment on the proposed content and scope of the EIS/EIR. Comments must be received no later than **5:00 p.m. on February 17, 2011**:

Disclaimer: *Before including your name, address, e-mail address or other personal identifying information, please be aware that your name and contact information will be added to the project mailing list and your personal identifying information may be made publicly available at any time. While you can request that your personal identifying information be withheld from public review, Reclamation and DWR cannot guarantee that this will be possible.*

Joint Operations Center Relocation Project

Fold Here

Name:____________________________________

Address:__________________________________

City:____________________ Zip: ____________

Add to mailing list: Y / N

Office of Environmental Affairs
Bureau of Reclamation
Attention: Elizabeth Vasquez
2800 Cottage Way
Sacramento, CA 95825

APPENDIX B

Alternatives Development Process

Appendix B1

Economic Analysis

Economic Analysis

Department of Water Resources

Joint Operations Center
Sacramento County, CA

Prepared by:
Department of General Services
Real Estate Services Division
Asset Management Branch

Original Report: March 2008
Revised: August 2008
Updated Analysis: June 2010

GENERAL SERVICES

State of California • Arnold Schwarzenegger, Governor
State and Consumer Services Agency
DEPARTMENT OF GENERAL SERVICES
Real Estate Services Division • Asset Management Branch
707 Third Street, 6[th] Floor • West Sacramento, CA 95605
(916) 376-1829 • Fax (916) 376-1833 • www.dgs.ca.gov

Economic Analysis (EA) Report Reader:

The Department of General Services (DGS), Real Estate Services Division (RESD), Asset Management Branch (AMB) is pleased to present the attached EA report.

The history of the EA report dates back to the late 1990s. At that time the DGS and the Department of Finance (DOF) found the need to establish a standard ongoing framework for analyzing the merits of different alternatives for procuring facilities for State agency programs. Following a series of meetings the first Memorandum of Understanding (MOU) was negotiated and signed by the DGS and DOF on October 10, 1996. The following year, December 8, 1997, the MOU was revised. This document has not been modified since that date and has been used for soliciting legislative authority and DOF funding approvals of hundreds of millions of dollars real estate projects. These alternatives include projects for a wide range of State agency facility needs. From a multi million dollar urban high rise office building to a much less complex single story suburban facility.

An economic analysis report is first and foremost an order of magnitude "Business Tool" that projects the 25-year out-flows of cash to occupy a specific facility alternative. Four standard alternatives are considered; 1. Existing Condition, 2. Consolidated Lease, 3. Private Sector Development/Capitalized Lease with an Option to Purchase, and 4. Public Sector Development/Capital Outlay Process. The results of the EA report will provide the reader with a lowest viable cost alternative. Each of the alternatives will also have non-monetary positives and negatives that could override the issue of occupancy cost. These non-monetary issues are intentionally not addressed in an EA report, but can be analyzed by the DGS separately.

Again, the EA report is one piece of the decision making puzzle. Document preparation is based on the best available information at the time of preparation. However, it is important to remember that the report is commonly prepared years in advance of the commencement of a project. Therefore, the reader of the report should not use the information verbatim for DOF budget funding requests. Please contact the DGS for assistance in preparing support side or capital outlay funding requests. Further, it is DGS policy that DGS/AMB be involved in all communications with DOF, or other governing State authorities, regarding the EA report conclusions.

Regards,

Marissa Betts

Marissa Betts, Senior Real Estate Officer
Asset Management Branch

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Existing Condition
State-owned or Privately-leased

Private-Sector Development
Lease with an Option to Purchase

Consolidated Lease
No Option to Purchase; No Equity

Public-Sector Development
Capital Outlay (Lease-Revenue Bonds)

Section 1 | Executive Summary

EXECUTIVE SUMMARY

The Department of General Services (DGS) was requested to prepare the Sacramento Headquarters Consolidation Master Plan, Phase I, a comprehensive, long-range plan to address the space consolidation needs of these programs, to evaluate the economics associated with several real estate procurement alternatives and recommend the most economically-viable alternative that will provide the Department of Water Resources (DWR) with a new Joint Operation Center (JOC) office in Sacramento County, California.

Upon review of information submitted by the DWR, a new Joint Operation Center (JOC) office in Sacramento is being proposed for several reasons:

- Current DWR- JOC office is too small and does not offer the necessary building features for program needs.
- Current DWR-JOC office is not constructed to Essential Services Act requirements.
- Current DWR-JOC office does not meet Federal Homeland Security requirements for setbacks and security measures

This Economic Analysis was prepared by the State of California's Department of General Services (DGS), Real Estate Services Division (RESD), at the request of DWR to compare the long-term occupancy costs of several alternatives pursuant to our memorandum of understanding with the Department of Finance dated 1997.

DECISION CRITERIA:

Long-Term Control of Maximum Cost: The criteria on which to base decisions on whether to lease or own an office building is based on the ability of the State to control the maximum cost of occupancy in a given period of time. By owning (or having an option to own) a office building the State can control its fixed costs of occupancy, e.g. debt service, operating, and maintenance costs. The State is not at risk to costs that fluctuate due to supply and demand of real estate.

Short-Term Opportunities: There is an "opportunity" risk to the State in owning an office building. This risk is a factor when there is an abundance of available office space in a given market. When this occurs, there can be reduced lease costs for limited periods of time that are lower than the cost of ownership. However, with this "opportunity cost" risk comes the risk of being at the immediate mercy of lessors as market conditions change.

Project Control: Regardless of the procurement method (lease or ownership) control of the project will be executed with the same level of professionalism by the appropriate branch of the DGS. Both the Professional Services Branch and the Project Management Branch have a successful track record of controlling the quality, cost, and schedule of the design and construction of new space and/or the renovation of existing facilities. This issue is neutral in selecting a short- or long-term facility solution.

EXECUTIVE SUMMARY

CRITICAL ECONOMIC ANALYSIS DOLLAR DEFINITIONS:

Nominal Dollars = Dollars that are not adjusted for inflation.

EXAMPLE = $1.00 today will be worth $1.00 in the future regardless of inflation.

Present Value (PV) Dollars = The total amount that a series of future payments is worth today at a certain rate of return (discount rate).

EXAMPLE = The present value of $1.00 in 2013 is .92 cents in 2010 if inflation reduces its value at 3% per year (discount rate).

Future Value (FV) Dollars = The value of an asset at a specified date in the future that is equivalent in value to a specified sum today.

EXAMPLE = The future value of a $1.00 borrowed in 2010 is $1.31 in 2013 at 9% interest.

CONCLUSION

Based on the results of the process established in the Memorandum of Understanding, the lowest total cost viable alternative is outlined below. This is the lowest Net Present Value (NPV) according to the MOU between DGS and the Department of Finance. It is important to note that this lease with an option to purchase approach provides long term benefits as the debt service retires and costs are limited to Operating and Maintenance expenses, which impacts the total project cost in a positive manner.

Also, the Consolidated Lease alternative was not the lowest total cost viable alternative, because that alternative compared two existing Special Operations Facilities. There are currently no other vacant facilities available for lease in the greater Sacramento area that meet the Essential Services Act guidelines. Improving 7,490 square feet of existing Class A Office Space to meet the Essential Services Act standards was above the competitive market lease rates and was not the lowest total cost viable alternative (Please refer to Section 8: Estimated Cost of Leasing).

Hence, DWR would need to choose the lowest NPV alternative among the Private Sector and Public Sector alternatives. Option A of the Private Sector alternatives provided the lowest total cost viable alternative. This Private Sector Development Option A is a Lease with an option to purchase. Option A was slightly less cost prohibitive than Option B of the lease purchase options. Option B had participation from the Federal Government, with a longer construction period and increased construction costs. In conclusion, Option A of the Private Sector Development was identified as the lowest total cost viable alternative.

PRIVATE SECTOR DEVELOPMENT – Lease with an Option to Purchase- Option A

Year 25 Nominal Value	Year 25 Present Value	Year 25 Future Value
$325,827,944	**$99,260,261**	**$188,044,944**

EXECUTIVE SUMMARY

Caveat

This economic analysis is based upon conceptual cost estimates and discussions between the Asset Management Branch (AMB) and other DGS branches and our client. The estimates are not related to a specific building design, but on the anticipated performance specifications required by the State. Financing, lease rates, and escalation rates are included in this analysis based on the best information available to the AMB at the time of preparation of this analysis. The analysis can change over time to reflect the development activities and market conditions.

Existing Condition
State-owned or Privately-leased

Private-Sector Development
Lease with an Option to Purchase

Consolidated Lease
No Option to Purchase; No Equity

Public-Sector Development
Capital Outlay (Lease-Revenue Bonds)

PROJECT DESCRIPTION

In 1994, the Department of Water Resources Joint Operations Center (DWR/JOC) was placed in leased space that was non-conforming with the Essential Services Act (ESA) contingent upon relocation within 10 years. At this time the waiver has expired and it is necessary to relocate the DWR/JOC into space that not only conforms to the ESA but meets their current programmatic needs. The proposed DWR/JOC will be an approximately 175,190 net square foot facility with adjacent parking on approximately 16 acres. The project must comply with the 200-year flood plain requirements as well as current Federal standards for security concerns. The project will relocate the Emergency Flood Center staff into a single leased or developed new office space. The project tenants include the DWR, the United States Bureau of Reclamation (USBR) and the National Weather Service (NWS), collectively the 'Tenant' who will occupy the space as a Joint Operations Center (JOC). A portion of the project must be constructed to meet the Essential Services Act, and it is anticipated that this portion of the project will be a separate 7,490 square foot building. Please refer to the following DWR May 2, 2008 letter and Glass Architects March 4, 2008 letter for further background on the programmatic needs for the JOC.

DWR has requested that a property owned by the Federal Government near the east of Sacramento adjacent to the Nimbus Dam. Costs associated with the acquisition of the land are included in the total project costs and equates to $10.6mln approximately. This land acquisition cost has been held constant/ unchanged in the various Project Cost Summaries. This is due to the March 21, 2008 Memorandum- Budget Estimate for Land Acquisition (Section 7) that estimated the land cost and that the overall real estate market continues to be volatile. By holding the land acquisition cost constant, this would provide a conservative analysis if real estate values continue to weaken.

Proposed, New DWR Office Building – Sacramento, CA

Proposed, New DWR Office Building – Sacramento, CA

STATE OF CALIFORNIA – THE RESOURCES AGENCY

ARNOLD SCHWARZENEGGER, Governor

DEPARTMENT OF WATER RESOURCES
1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791

May 2, 2008

Shelley Whitaker
Project Director
Real Estate Services
Project Management Branch
707 Third Street, Suite 3-305
West Sacramento, CA. 95605

Dear Shelley:

The Department of Water Resources (DWR) and its partnering federal agencies are looking for a long term solution to house the program needs presently at the Joint Operations Center (JOC) located at 3310 El Camino Avenue, Sacramento, California. Since 1995 the State and federal partners at the JOC have found that the JOC business model has developed into a collaborative working relationship that can not be traded for separate facilities to meet each agencies needs. With this understanding, the partners have agreed to allow DWR to take the lead to find a new permanent facility that will continue to house all the partnering agencies while meeting the unique needs of each.

The JOC facility was originally intended as an interim location until DWR could build a permanent facility. The permanent facility was planned to be constructed at the property DWR owned along the Sacramento River north of Old Sacramento. The project was never constructed due to site related issues. DWR was given a 10 year grace period to develop a new Flood Operation Center to meet the States essential services code requirements. But over the years many things have changed. In addition to DWR's need to meet State requirements for essential services, the federal partners have been instructed to move out of the existing facility due to security issues.

In 2001 the federal government started reviewing its facilities for significant security risks to operations. The United States Bureau of Reclamation (USBR) since 2001 has recommended relocation of the control center to a location that meets the new federal guidelines for Homeland Security. Federal control centers are normally located in government-owned facilities, not privately-owned, high-traffic retail properties. Inadequacies in perimeter security, access control, and interior security are physically impractical to address with the building housing the JOC. Several independent teams of security experts have found problems that can't be corrected due to the design and location of this privately-owned building. A permanent facility for the Bureau's operations will need to be found or constructed to meet Federal security mandates and must include the, "Homeland Security Presidential Directives Public Laws Department of the Interior Departmental Manual."

In addition to the requirements of security and essential services, DWR's Division of Flood Management and National Oceanic and Atmospheric Administration (NOAA) have since the early 1960's had Joint Project Agreements (JPA). These JPA's have spelled out the responsibilities of each agency which includes the provision of space, equipment, and data toward a joint forecasting capability. This operation is clearly in the best interest of the public and is often highlighted as an outstanding example of "good government."

NOAA and USBR also have an established history of collaboration. National Weather Service (NWS)/DWR forecast services are provided to USBR and DWR operators and decision makers for reservoirs and local contributing areas below reservoirs. Close collaboration with USBR and DWR reservoir operators and decision makers, especially during challenging flood episodes is closely tied to public safety and emergency services. NOAA does not have a JPA with the USBR but does support a Memorandum of Understanding (MOU) that involves specific services and support. The function of that MOU is facilitated by the physical collocation of NOAA and USBR in the same building.

The State and federal partners agree that the JOC has enhanced the ability to maintain safe and affordable water deliveries, while responding to emergency flood occurrences providing the highest level of safety for the State of California. Fragmenting the present working relationship by separating these organizations is not a viable option in maintaining and optimizing the coordinated services between these agencies. DWR is taking the lead to keep this positive and co-operative multi-agency operation together to maintain the highest level of safety for the State for years to come.

Sincerely,

John Engstrom
Supervising Architect
DWR Facilities Planning and Development Manager

March 4, 2008

Ms. Shelley Whitaker, Project Director
DGS, RESD Project Management Branch
707 Third Street, Third Floor
West Sacramento, California 95605

Re: Department of Water Resources
Joint Operations Center Budget Package

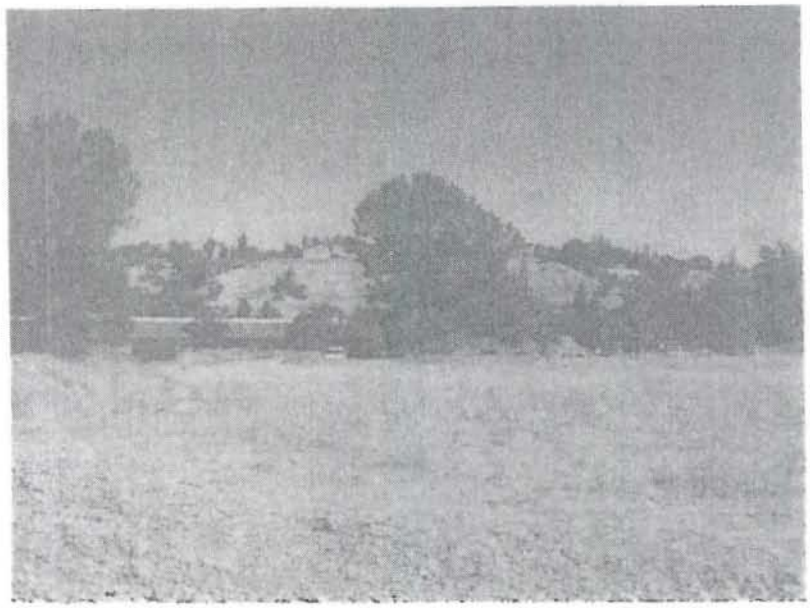
Dear Shelley:

In response to your inquiry, I am writing to describe our observations of the two federally owned sites we visited on August 24, 2007. These sites were reviewed as potential locations for the proposed new Department of Water Resources Joint Operations Center building. The two sites we visited were both on federally owned land adjacent to Nimbus Dam. Our following comments are based on our field observations; no in-depth research or study of the sites was performed.

The first site was near the Nimbus Dam Hatchery buildings off of Gold Country Boulevard, Gold River (Sacramento County), cross street Hazel Ave. The site area is approximately 19 acres. This site is sloping with several different benched levels. The site is at an approximate elevation of 120 feet above mean sea level; Lake Natoma, above the Nimbus Dam, is approximately 130 feet above mean sea level. The site soils are comprised of highly concentrated rock cobbles interspersed with small amounts of soil, and appear to be mining tailings. The cobbles and soils are fairly loose and not compacted. There are no apparent existing utilities (power, gas, water, sewer, storm drain, telephone) serving the site, although there is a residential development to the south and west of the site and the Nimbus Dam Hatchery buildings north of the site that are served by utilities. The available capacity of the utility infrastructure in the immediate vicinity is unknown.

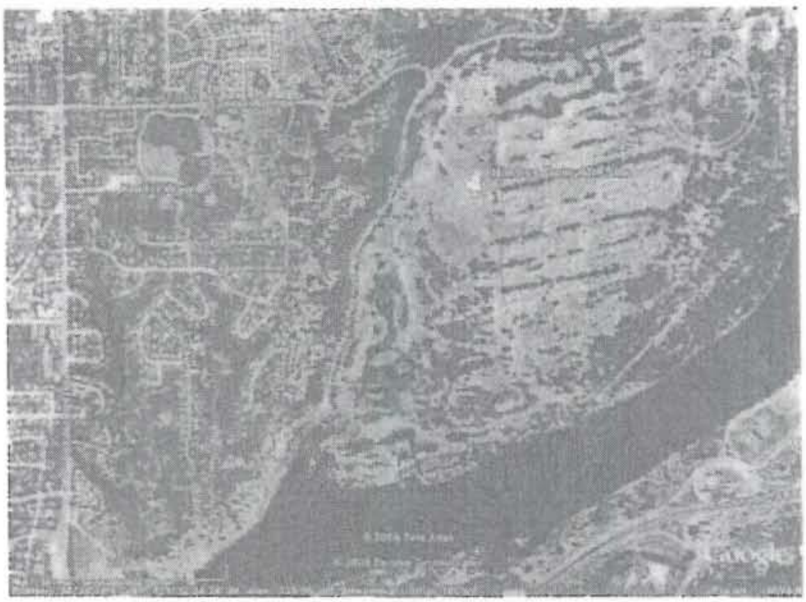
Following are Google Earth images and representative photographs of the site.

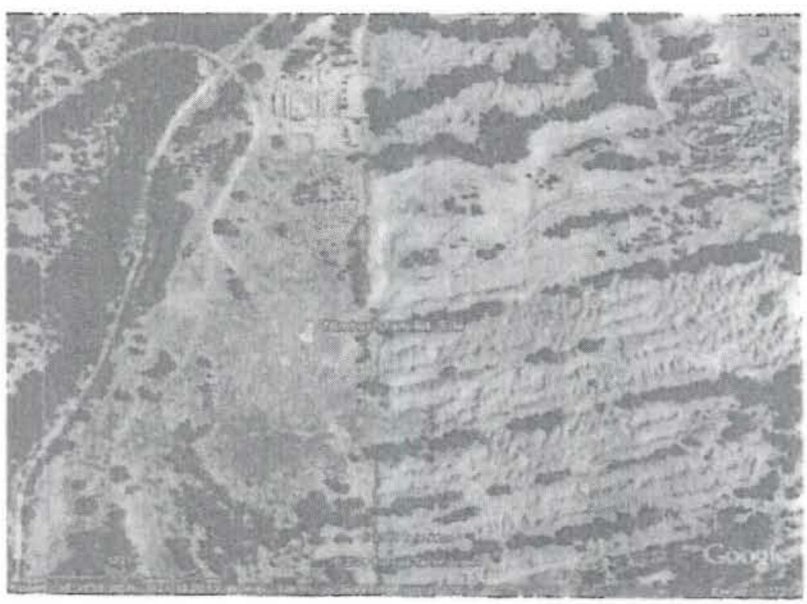

Google

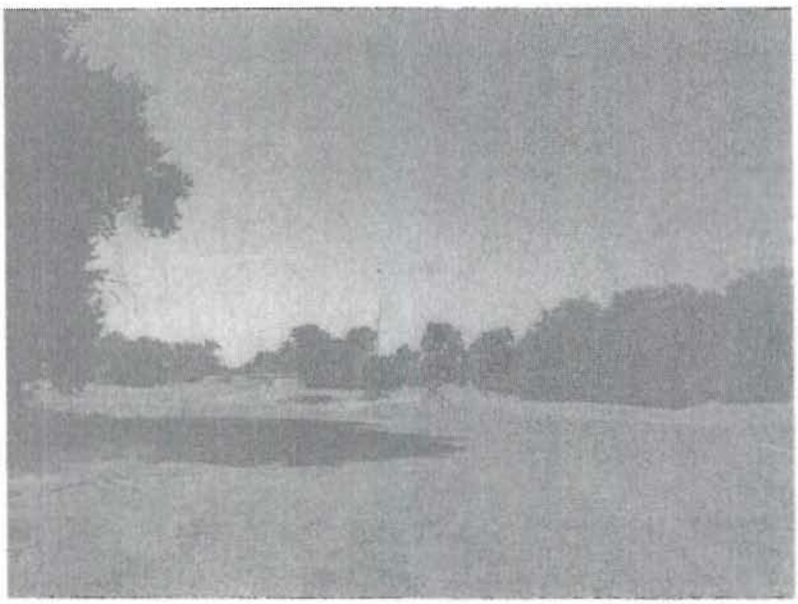


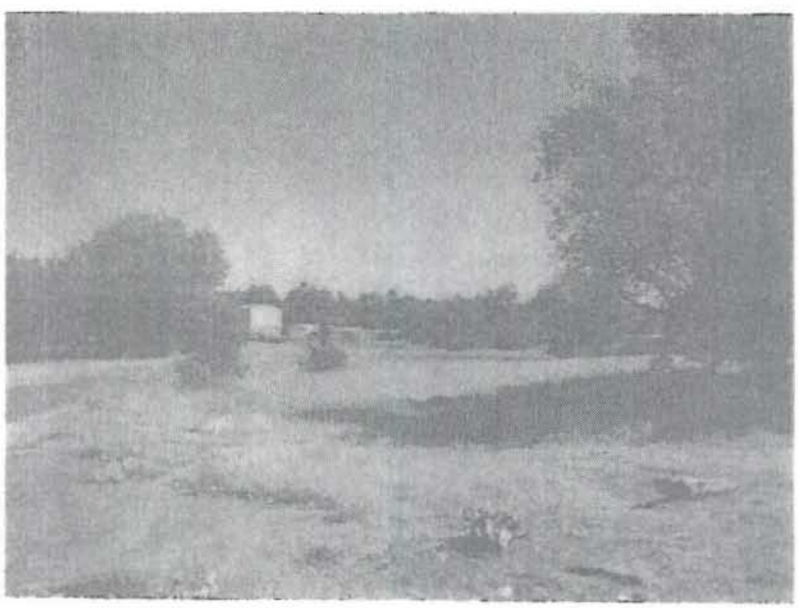
The second site was to the northeast of Nimbus Dam off of the intersection of Sunset Ave. and Main St., Fair Oaks (Sacramento County), cross street Hazel Ave. The overall site area is approximately 381 acres total acres running along the northern side of Lake Natoma. The specific site we reviewed is a small portion of the 381 acres and is located directly south of the intersection of Sunset Ave. and Main St. There is a horse ranch and stable adjacent to Main St.; this site begins just beyond, and to the south of, that property. The specific site reviewed is approximately 40 acres and is relatively level with a few scattered trees throughout and along the perimeter. The site then slopes down to the northern shore of Lake Natoma. The more level portion of the site appears to have been used as a staging area, storage or corporation yard by Tichert Construction, possibly in connection with a gravel mining operation. There are large areas of stock piled gravel stored to the east of the site. The site is at an approximate elevation of 150 feet above mean sea level, approximately the same level as the bottom of the spillway from Folsom Lake, upstream of Lake Natoma; the lake level above Folsom Dam is approximately 470 feet above mean sea level. There are no apparent existing utilities (power, gas, water, sewer, storm drain, telephone) serving the site, although there is a small overhead power line visible toward the eastern edge of the site. The available capacity of the utility infrastructure in the immediate vicinity is unknown and the distance to available utilities with adequate capacity is uncertain.

Following are Google Earth images and representative photographs of the site.


Google


Google





In summary, the biggest concerns with these two sites are the unknown soils (geotechnical) conditions and the availability of utilities to serve the proposed project. Either, or both, of these concerns could have a significant impact on the cost of developing the proposed project on either of these two sites. Potential cost impacts include potential extraordinary cost of building foundations and structural systems as well as the costs of extending all required utilities to serve the site and the project's infrastructure requirements.

I trust this gives you the information you need at this time. Please let me know if you have any questions about any of the observations or comments contained herein.

Sincerely,
GLASS ARCHITECTS

Eric M. Glass, AIA
Principal

Existing Condition
State-owned or Privately-leased

Private-Sector Development
Lease with an Option to Purchase

Consolidated Lease
No Option to Purchase; No Equity

Public-Sector Development
Capital Outlay (Lease-Revenue Bonds)

Project Alternatives Matrix

Project Scope Elements	Existing Condition	Consolidated Lease	Private-Sector Development	Public-Sector Development
	Non-Viable Alternative	New Build-to-Suit Facility	Lease with Option to Purchase	Capital Outlay Design / Bid / Build
Meets State lease specifications	X	X	X	X
Exceeds State lease specifications			X	X
Equity in project			X	X
Exceeds LEED Lease Specification requirements			X	X
Statement architecture and design elements			X	X

Definitions:

Existing Condition: DWR has represented that the existing location is not a viable alternative.
Consolidated Lease: Department consolidates from location(s) into a single new location (no option to purchase; no equity) This lease rate is based on similar type Joint Operations Centers that meet the Essential Services Act requirements.

Private-Sector: Department consolidates from location(s) into a new lease facility with an option to purchase; equity)

Public-Sector: Department consolidates from location(s) into a new facility, Capital Outlay developed State-owned project; (equity).

ALTERNATIVE SCENARIO DEFINITIONS

These standard alternatives, with varying parameters, have been used in this analysis as procurement opportunities for acquiring office space. All alternatives will be required to meet State of California office space standards for State-owned or leased facilities.

Existing Condition
State-owned or Privately-leased

EXISTING CONDITION – Assumes Existing Condition will remain whether State-owned or leased from the private sector. Space would continue to be provided by signing short-term (four-year) leases and/or locating or retaining tenants in available State-owned space and paying into the building rental account.

- **Pluses:** Provides the greatest flexibility. The potential for short-term savings during soft real estate markets exists.
- **Minuses:** Historically expensive long-term due to exposure to increases in market rental rates and lack of economy of scale buying power.

ALTERNATIVE SCENARIO DEFINITIONS

Consolidated Lease
No Option to Purchase; No Equity

CONSOLIDATED LEASE – Assumes a Request for Proposal would be published for a new or existing office building that could provide the required office space under a consolidated long-term lease. Current State of California policy directs the DGS to consolidate office space requirements when possible. This alternative assumes a lease with no purchase option.

- **Pluses:** Economy of scale buying power should produce aggressive lease rate quotes from the landlords. Secures a fixed, long-term lease rate thereby reducing exposure to market rental rate increases.

- **Minuses:** Locks the State of California into a long-term financial commitment without an equity position. Restricts the flexibility to expand or contract space needs and/or take advantage of soft real estate market periods.

ALTERNATIVE SCENARIO DEFINITIONS

Private-Sector Development
Lease with an Option to Purchase

PRIVATE SECTOR DEVELOPMENT – Assumes, based on specific performance requirements, that a Request for Proposal will be advertised for a private sector organization to produce the needed office space and lease it to the State of California with an option to purchase the fee title improvements (land and building). Like the capital outlay alternatives, the design and construction will be approved or rejected by State project directors and inspectors that work for the DGS.

- **Pluses:** Utilizes private sector real estate development knowledge while allowing the State to control the process through quality bidding documents. An "Option to Purchase" creates maximum flexibility for the State to plan for and schedule the budget commitments and expenditures necessary to execute the purchase option. Design and construction defects are the sole responsibility of the developer. All development equity capital and financing will be provided by the selected developer. This alternative can be used at alternate sites other than State-owned land.

- **Minuses:** A weakened financial condition of the developer could lead to exposure to liens and litigation. If insufficient bidding documents are published and utilized a lack of control of the construction process and quality of the finished product could occur. If insufficient State oversight is assigned to manage the project, inadequate control of the project and quality of the finished product could occur.

ALTERNATIVE SCENARIO DEFINITIONS

Public-Sector Development
Capital Outlay (Lease-Revenue Bonds)

PUBLIC SECTOR DEVELOPMENT – Assumes that the project will be developed by the State of California. For the purposes of this analysis we have used a design-build procurement process to deliver the required office space. Historically this has been an often-used method for consolidating large space requirements.

- **Pluses:** Allows the State to control large quantities of office space thereby eliminating market leasing risks and controlling costs. If a user intends to stay in a region long-term, ownership in real estate will traditionally be more cost effective than leasing. The State owns the building site land.

- **Minuses:** Commits the State of California to a long-term financial obligation of both the programs housed in the real estate and the real estate itself, i.e. bond debt, maintenance, and repairs. Typical design and construction risks are present.

Existing Condition
State-owned or Privately-leased

Private-Sector Development
Lease with an Option to Purchase

Consolidated Lease
No Option to Purchase; No Equity

Public-Sector Development
Capital Outlay (Lease-Revenue Bonds)

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Assumption	Estimate	Source
Occupancy Date	2015	Project Management Branch
Gross Square Feet	191,000	Asset Management Branch
Rentable Square Feet	175,190	Asset Management Branch
Site Square Footage	0	Asset Management Branch
Land Cost	$0	Asset Management Branch
Total Project Cost (excluding financing costs)		
Private-Sector Development- **Option A**	$137,783,000	Project Management Branch
Public-Sector Development	$147,320,000	Project Management Branch
Total Project Cost (including financing costs)		
Private-Sector Development	$145,423,067	Asset Management Branch
Public-Sector Development	$164,969,585	Asset Management Branch
Lease Rates / Operations & Maintenance		
Existing Condition - NNN Rate	$0.00	Asset Management Branch
O&M	$0.00	Asset Management Branch
Total	$0.00	
Consolidated Lease - FS 2015 Rate	$3.02	Asset Management Branch
O&M	$0.00	Asset Management Branch
Total	$3.02	
Private Sector Development - O&M	$0.00	Asset Management Branch
Public Sector Development - O&M	$1.00	Asset Management Branch
Escalations		
Lease Rate Escalations - Landlord	1.50%	Asset Mgmt Branch / CBRE
Operations and Maintenance - CPI	2.52%	U.S. Department of Labor
Private-Sector Interest Rates / Terms		
Construction Interest Rate = Prime Rate	5.00%	Wall Street Journal
Permanent Interest Rate = Libor + .50%	7.50%	Wall Street Journal
Permanent Financing Term (Years)	25	Asset Management Branch
Public-Sector Interest Rates / Terms		
State Construction Interest Rate = PMIA Rate	4.75%	State Controller's Office
State Permanent Interest Rate = TIC Average	5.50%	State Treasurer's Office
Permanent Financing Term (Years)	25	Asset Management Branch

Assumption	Estimate	Source
Occupancy Date	2015	Project Management Branch
Gross Square Feet	191,000	Asset Management Branch
Rentable Square Feet	175,190	Asset Management Branch
Site Square Footage	0	Asset Management Branch
Land Cost	$0	Asset Management Branch
Total Project Cost (excluding financing costs)		
Private-Sector Development- **Option B**	$141,093,000	Project Management Branch
Public-Sector Development	$147,320,000	Project Management Branch
Total Project Cost (including financing costs)		
Private-Sector Development	$148,916,607	Asset Management Branch
Public-Sector Development	$164,969,585	Asset Management Branch
Lease Rates / Operations & Maintenance		
Existing Condition - NNN Rate	$0.00	Asset Management Branch
O&M	$0.00	Asset Management Branch
Total	$0.00	
Consolidated Lease -FS 2015 Rate	$3.02	Asset Management Branch
O&M	$0.00	Asset Management Branch
Total	$3.02	
Private Sector Development - O&M	$0.00	Asset Management Branch
Public Sector Development - O&M	$1.00	Asset Management Branch
Escalations		
Lease Rate Escalations - Landlord	1.50%	Asset Mgmt Branch / CBRE
Operations and Maintenance - CPI	2.52%	U.S. Department of Labor
Private-Sector Interest Rates / Terms		
Construction Interest Rate = Prime Rate	5.00%	Wall Street Journal
Permanent Interest Rate = Libor + .50%	7.50%	Wall Street Journal
Permanent Financing Term (Years)	25	Asset Management Branch
Public-Sector Interest Rates / Terms		
State Construction Interest Rate = PMIA Rate	4.75%	State Controller's Office
State Permanent Interest Rate = TIC Average	5.50%	State Treasurer's Office
Permanent Financing Term (Years)	25	Asset Management Branch

ALTERNATIVE	NOMINAL VALUE		PRESENT VALUE		FUTURE VALUE	
	YR.1	YR. 25	YR.1	YR. 25	YR.1	YR. 25
EXISTING CONDITIONS	$0	$0	$0	$0	$0	$0
CONSOLIDATED LEASE	$6,348,886	$190,866,698	$6,017,901	$98,330,465	$6,348,886	$190,866,698
PRIVATE SECTOR DEVELOPMENT						
-OPTION A	$12,255,578	$325,827,944	$6,674,289	$99,260,261	$7,041,375	$188,044,944
-OPTION B	$12,499,494	$331,925,833	$6,786,757	$100,778,025	$7,160,029	$190,832,833
Breakeven Yr. vs. Lease						
Existing Condition			Yr. 1			
Consolidated Lease			Yr. 1			
PUBLIC SECTOR DEVELOPMENT	$12,958,364	$343,397,601	$6,998,339	$103,633,349	$7,383,247	$196,077,601
Breakeven Yr. vs. Lease						
Existing Condition			Yr. 1			
Consolidated Lease			Yr. 1			

PUBLIC SECTOR FINANCING ESTIMATE

PROJECT USEABLE SQ. FT.		175,190
PROJECT COST		$147,320,000
RATE		5.50%
TERM		25
PMIA INTEREST (% of dollars funded x Rate)	4.75% 90%	$6,297,930
SUBTOTAL		**$153,617,930**
BOND CAPITALIZED INT. RES. PER YR.		$8,448,986
TOTAL CAPITALIZED INT. RESERVE	1 YR	$8,913,680.39
SUBTOTAL		**$162,531,610**
BOND ORIGINATION COST FACTOR	1.015	$2,437,974
SUBTOTAL		**$164,969,585**
OTHER COSTS		$0
TOTAL BOND AMOUNT		**$164,969,585**
TOTAL PAYMENTS		$303,917,275
MONTHLY PAYMENT		$1,013,058
MONTHLY PMT / SQ. FT.		$5.78

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PRIVATE SECTOR FINANCING ESTIMATE

PROJECT USEABLE SQ. FT.		175,190
PROJECT COST		$137,783,000
PERMANENT INTEREST RATE		7.50%
TERM		25
CONSTRUCTION INTEREST (% of dollars funded x Rate)	5.00% 90%	$6,200,235
SUBTOTAL		**$143,983,235**
CAPITALIZED INT. RES. PER YR.		$0
TOTAL CAPITALIZED INT. RESERVE	0 YR	$0.00
SUBTOTAL		**$143,983,235**
ORIGINATION COST FACTOR	1.010	$1,439,832
SUBTOTAL		**$145,423,067**
OTHER COSTS		$0
TOTAL AMOUNT		**$145,423,067**
TOTAL PAYMENTS		$322,399,091.46
MONTHLY PAYMENT		$1,074,663.64
EXPENSES		
TOTAL MONTHLY COST		**$1,074,664**
TOTAL MONTHLY COST PER USEABLE SQ. FT.		**$6.13**

PRIVATE SECTOR FINANCING ESTIMATE

PROJECT USEABLE SQ. FT.		175,190
PROJECT COST		$141,093,000
PERMANENT INTEREST RATE		7.50%
TERM		25
CONSTRUCTION INTEREST (% of dollars funded x Rate)	5.00% 90%	$6,349,185
SUBTOTAL		**$147,442,185**
CAPITALIZED INT. RES. PER YR.		$0
TOTAL CAPITALIZED INT. RESERVE	0 YR	$0.00
SUBTOTAL		**$147,442,185**
ORIGINATION COST FACTOR	1.010	$1,474,422
SUBTOTAL		**$148,916,607**
OTHER COSTS		$0
TOTAL AMOUNT		**$148,916,607**
TOTAL PAYMENTS		$330,144,176.07
MONTHLY PAYMENT		$1,100,480.59
EXPENSES		
TOTAL MONTHLY COST		**$1,100,481**
TOTAL MONTHLY COST PER USEABLE SQ. FT.		**$6.28**