FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION

METROPOLITAN SERVICE DISTRICT

Prepared by: Finance and Management Information Regional Facilities August 13, 1991

Executive Summary

Background

The Metro Executive Officer has been in negotiations with Pacific Development Inc., (PDI) for the purchase of the former Sears department store building in northeast Portland. It is intended that the building be renovated and converted to a new Metro headquarters. An agreement in principal has been reached on a Sales Agreement (Current Proposal). This Sales Agreement and the planned renovation program is significantly altered from the agreement and renovation contemplated earlier in 1991 (the Initial Proposal). The table below shows the key differences.

Item	Initial Proposal	Current Proposal
Rentable square feet	140,000	76,000
Usable square feet	129,000	69,100
Parking spaces	580	220
Parking/1000 sf	2.4	3.4
Total project cost w/o financin	\$21.3 million	\$15.3 million
Bond amount w/financing	\$25.8 million	\$17.4 million
and reserves	\$5.15 million	\$2.55 million
Real estate cost	Building & Garage	Building only
Rate - level (lst yr.)	\$28/sq. ft.	\$21.88/sq. ft.
Rate - ramped (lst yr.)	\$23/sq. ft.	\$16.50/sq. ft.

Sales Agreement

As stated above, the sales price for the building (not including the parking garage) is \$2.55 million. The anticipated closing date is December 1, 1991. The Sales Agreement includes an option to purchase the adjacent parking garage for \$2.60. This option can be renewed each six month periods for a payment of \$50,000 per period. At each renewal period, the price for the garage will increase by 5.0%.

The Project

The renovation program will convert the top two floors of the building into 76,000 square feet of office space. The basement and ground floor of the building would be used for parking and provide approximately 220 spaces. Long-term Metro growth beyond 76,000 square feet could be accommodated by converting the ground floor to office space. The current Metro headquarters contains 43,000 of office space and includes 117 parking spaces for employees, tenant, visitors, loading and fleet requirements.

Total Project costs are estimated at \$15,321,000. Of this total, it is currently assumed that \$14,701,000 would be financed through the sale of revenue bonds and that \$620,000 would be financed through Metro cash flow. Metro intends to develop a Request for Proposal to construct the Project. It is assumed that the Project would be complete approximately one year after awarding the design build contract.

FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING

Financing and Debt Service

It is assumed that Metro would issue General Revenue Bonds to finance the majority of the Project. These bonds would be secured by departmental interfund transfers related to the occupancy of space in the new headquarters facility. The total bonding amount of \$17,441,000 provides for \$15.3 million in real estate purchase and construction costs, and \$3,247,000 in financing costs (including \$1,449,000 deposit as a reserve for debt service) net of \$507,000 in interest earnings on bond proceeds during the period of construction.

Three alternative financing alternatives are under study; (1) an alternative using level annual debt service; (2) an alternative using variable debt service; and (3) an alternative in which debt service payments are purposely ramped each year to simulate a rate of inflation. Under these alternatives, it is estimated that the first year's debt service would range from \$861,000 to \$1,345,000 and the final year's debt service would range from \$1,345,000 to \$2,506,000. Final determination on financing alternatives will be made by the financing team comprised of Bond Counsel, General Counsel, Metro Financial Planning staff, the underwriters, and Metro's Financial Advisors.

Operating Costs

Operating and maintenance expenses for the new building have been projected on the basis of our actual experience in the current Metro Center. Our current cost per square foot is approximately \$5.00. This amount has been adjusted for inflation and somewhat modified in anticipation of lower maintenance costs related to new building systems and utilities.

Capital outlays are assumed to average \$25,000 per year adjusted for inflation. Contingency is set at 5% per year during FY 1994-95 (the first full year of occupancy) and 1.5% in the remaining years.

Space Program

The space program for the new headquarters building has been developed, in consultation with Metro Regional Facilities staff, by BOOR/A. Department plans have been developed on the basis of current and anticipated growth in personnel over the next several years. The programmed usable square feet allow approximately 7,000 square feet for future growth.

Rates Per Square Foot

Rates per square foot for selected years for each of the three financing alternatives are as follows:

Alternative 1 (Level debt service)	FY 94/95 \$21.88	FY 99/00 \$21.42	FY 09/10 \$24.58	FY 23/24 \$33.42
Alternative 2 (Variable debt service)	\$19.87	\$20.49	\$25.52	\$36.30
Alternative 3 (Ramped debt service)	\$16.50	\$20.32	\$29.64	\$50.38

FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING

Because costs associated with purchase and installation of furnitures and fixtures are typically not used in calculating rental rates in leasing situations these costs have not been included in the calculation of the rates shown above.

Affordability

Increases in building costs above Metro's current payments will affect both required enterprise revenues and excise taxes. Under each of the three financing alternatives, first year costs will increase as follows: Alternative 1 - \$630,000; Alternative 2 - \$503,000; Alternative 3 - \$290,000.

Approximately \$254,000 of the increases in costs is attributable to increases in space. The amounts attributable to increases in the rate per square foot range from \$36,000 to \$376,000.

The affect of these increases in building costs on enterprise revenues and excise taxes can be approximated within certain limitations. Generally, the increased costs would comprise less than one percent of the enterprise revenues of the Zoo or MERC, require as low as a \$0.01 and as high as a \$0.05 increase in Solid Waste tipping fees in the first year of occupancy, and an increase in excise taxes ranging from \$71,000 to \$226,000 in the first year of occupancy. The required increases could be somewhat less depending on increases in enterprise activity (tons of solid waste delivered, numbers of Zoo visitors, numbers of MERC events).

ESTIMATED PROJECT COSTS FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Estimated costs to be financed through revenue bonds

Real estate Purchase of land and building	2,550,000 188,000
Brokers fee	2,738,000
Project management Design services Hook-up charges Permits Printing Utilities Taxes Owner's contingency	460,000 30,000 110,000 15,000 90,000 80,000 500,000
Construction Renovation/new construction Tenant improvements Contingency Telephone/data wiring	6,800,000 1,800,000 680,000 130,000
Other Furniture and Fixtures Art (1% of construction)	1,200,000 68,000 1,268,000
	14 701 000
Total to be financed	14,101,000
Estimated costs not included in bond financing	
Brokers fees related to leasing of 2000 SW 1st Avenue Project administration (Metro) Due diligence	130,000 340,000 150,000
Total not included in bond financing	620,000
Total Project costs	15,321,000

CAPITAL COSTS

Exhibit	1:	Estimated	Project Costs
Exhibit	2:	Estimated	Financing Plan
Exhibit	3:	Estimated	Annual Debt Service

Key Assumptions:

Project costs - Costs to be financed include real estate costs, project management costs, the costs of construction, and other costs, including furniture and fixtures and art. Non-financed costs include broker fees relating to leasing of 2000 SW First Avenue, Metro project administration, and due diligence costs. A portion of these costs may be eligible for reimbursement financing. Proceeds related to reimbursement of previous expenditures could be used to fund certain required reserve accounts. This issue is undergoing evaluation by Bond Counsel.

Costs for furniture and fixtures (\$1,200,000) are included in this analysis. These costs have not been included in previous analyses presented to the Council or Relocation Task Force.

Financing Plan - It is assumed for the purposes of this analysis that Metro funds will be used for non-financed costs. Assumptions for interest rates, capitalized interest period, and bond amortization period are included on Exhibit 2.

Annual Debt Service - Three financing options are under consideration by the Finance and Management Information Department. These options are under review by Metro's bond counsel and financial advisors.

Alternative 1: It is assumed that debt service would be level throughout the 29 year amortization period.

Alternative 2: It is assumed that bonds are issued at a variable rate. The effective rate (including letter of credit and related costs) is assumed to be 1% lower than the financing rate (7.2%). It is further assumed that the interest rate increases .5% every five years.

Alternative 3: It is assumed that the bond maturities have been structured to provide lower debt service in the first fifteen years of the amortization period and increasing amounts during the remaining years.

ESTIMATED FINANCING PLAN FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Sources

Revenue bonds	17,441,000
Metro funds	620,000
Interest income Construction Account Reserve Account Debt Service Account (for capitalized interest) Uses	336,000 104,000 67,000 507,000 18,568,000
Total "Project" costs	15,321,000
Reserve Account deposit	1,449,000
Capitalized interest	1,449,000
Issuance costs	349,000
	18,568,000

Assumptions:

6.20%	
7.20%	
1 year	÷
29	
2.00% of total bonds	
	6.20% 7.20% 1 year 29 2.00% of total bonds

ESTIMATED ANNUAL DEBT SERVICE FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

	Fiscal Years								
	1994-95 (a)	1999-2000	2004-05	2009-10	2014-15	2019-20	2023-24		
ALTERNATIVE 1: (level debt service)	\$1,345,000	\$1,345,000	\$1,345,000	\$1,345,000	\$1,345,000	\$1,345,000	\$1,345,000		
ALTERNATAIVE 2: (variable interest rate) (b)	\$1,206,000	\$1,275,000	\$1,345,000	\$1,416,000	\$1,488,000	\$1,562,000	\$1,562,000		
ALTERNATIVE 3: (ramped debt service) (c)	\$861,000	\$1,149,000	\$1,361,000	\$1,612,000	\$1,910,000	\$2,263,000	\$2,506,000		

Note: Debt service amounts are net of interest earned on Reserve Account balances.

a. First full year of debt service.

b. Assuming the followng effective rate:

Years 1 through 5:	6.20%
Years 6 through 10:	6.70%
Years 11 through 15:	7.20%
Years 16 through 20:	7.70%
Years 21 through 25	8.20%
Years 26 through 29:	8.70%

c. Debt service carries a basic interest rate, but principal payment is delayed to provide escalating debt service payments that are estimated to generally track inflation.

FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING

OPERATING COSTS

Exhibit 4: Operating and Maintenance Expenses Capital outlays Contingencies

Key Assumptions:

Operation Maintenance Expenses - The operation and maintenance expenses per square foot has been calculated on the basis the total building costs during the most recent fiscal year for which there is complete available data (FY 1989-90). This amount has been escalated at 5% per year during each year shown in the analysis.

Capital outlays - It is assumed that capital outlays would average \$25,000 per year. The amounts shown on Exhibit 4 have been adjusted for 5% inflation.

Contingencies - Contingency is set at 5% during FY 1994-95 and 1.5% in the remaining years.

OPERATING COSTS AND REVENUES FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION

METROPOLITAN SERVICE DISTRICT

	Fiscal Years						
	1994-95	1999-2000	2004-05	· 2009-10	2014-15	2019-20	2023-24
Operating costs	334.000	466.000	595,000	759,000	969,000	1,237,000	1,579,000
	25,000	32,000	41.000	52,000	66,000	84,000	107,000
Capital outlays (b) Contingencies (c)	18,000	7,000	10,000	12,000	16,000	20,000	25,000
					1 051 000	1 341 000	1 711 000
Total	377,000	505,000	646,000	823,000	1,031,000	1,041,000	1,1 1 1,000
Operating revenues-parking (d)	124,000	158,000	202,000	258,000	329,000	420,000	536,000

a. Calculated on the basis of most recent Fiscal Year cost per square foot inflated at 5% per year.

b. Assuming 5% annual inflation.

c. Assuming 5% of expenses and capital outlays in first year and 1.5% thereafter.

d. Assuming 175 revenue-generating spaces. Charges would be \$60 per month subject to 5% annual inflation.

SPACE PROGRAM

Exhibit 5: Current space Department request Allocation of common area

Key Assumptions:

The space program was prepared by BOOR/A (Metro's architect) in consultation with Metro Headquarters Project staff. Current department requests have been made on the basis of current and anticipated growth in personnel over the next few years. Usable square feet in the headquarters building will total approximately 70,000, thereby allowing 7,000 feet for further growth.

SPACE PROGRAM FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

	Proposed space			
	Current	Department	Allocation of	
	space	request	common area	Total
General government	I THE REPORT OF THE REPORT OF		070	3 163
Executive management	1,104	2,285	870	0,100
Council	1,032	1,456	559	2,015
Council Chamber	1,296	2,000	768	2,768
Facilities development/construction	1,044	1,735	667	2,402
	4,476	7,476	2,872	10,348
	9 100	7.085	2,722	9,807
Transportation Planning	3 528	4,410	1,694	6,104
Planning and Development	7,394	6.250	2,401	8,651
Solid Waste MERC	0	3,795	1,458	5,253
	20,022	21,540	8,276	29,816
Support Services			051	2 346
Legal	1,440	1,695	1 500	5,540
Public Affairs	2,472	3,980	1,529	1 720
Personnel	1,584	1,250	480	1,730
Financial Planning/Office Services	2,844	3,175	1,220	4,393
Accounting	2,041	3,235	1,243	4,470
Information Systems	1,575	2,355	905	3,200
Procurement	558	560	215	//3
Facilities Management	1,456	425	163	200
				00.000
	13,970	16,675	6,407	23,082
Common area	5,227	10,220		
Day care		-4,035		
Building convicos	344	900	1	
Conoral storage	396	2,400)	
Arehivez	216			
Circulation	3.312		,	
Circulation			-	
Common Subtotal	9,495	17,555)	
				00.040
Total	47,963	63,246	5 17,555	63,246

RATES AND AFFORDABILITY

Exhibit 6: Rate per Square Foot Exhibit 7A, 8A, 9A: Building Management Fund Transfers Exhibit 7B, 8B, 9B: Effect on Enterprise Revenues/Excise Tax Graph 1: Components of Building Cost Increase Graph 2: Comparison of Rates

Key Assumptions:

Rate per Square Foot - Estimated rates per square foot for the headquarters building are shown for each of the three financing alternatives on Exhibit 6. Rate requirements include operating costs and debt service. These costs are netted against parking revenues to determine the net requirement. This amount is divided by the occupied square feet in the building to determine the rate per square foot paid by departments for occupancy.

Transfers to Building Management Fund - Exhibits 7A, 8A, and 9A show the transfers to the Building Management Fund required by each operating department under each financing option. The amounts shown include Support Service building costs allocated on the same basis as that shown in the FY 1991-92 Approved Budget.

Effect on Enterprise Revenues and Excise Tax - Exhibits 7B, 8B, 9B show the effect of the increased building costs on certain enterprise revenues and Metro excise tax. The calculation of Solid Waste tipping fees provides for increased building costs related to Solid Waste occupancy of space and the allocable costs of Transportation Planning and Planning and Development. The calculation of excise tax provides for increased building costs related to increase in General Government occupancy of space and the allocable costs of Transportation Planning costs related to increase in General Government occupancy of space and the allocable costs of Transportation Planning and Planning and Development

Limitations of the analysis:

- The increase in tipping fees has been calculated on the basis of currently budgeted tons of solid waste. It can be assumed that this amount will increase in the future.
- MERC and Zoo revenues are projected to increase at 3% per year. No attempt has been made to accommodate possible changes in MERC revenues related to construction of the new arena, revenue measures implemented to fund deficits at the Civic Stadium and the Portland Center for the Performing Arts. Similarly no attempt has been made to anticipate any revenue adjustments related Zoo revenue increases to alleviate potential future shortfalls in funding.
- The amount of excise tax revenues collected is dependent on revenues of other departments. This analysis holds other department revenues constant except to the extent that increased revenue requirements related to increased building costs affect department earnings. Growth in department earnings would lessen the effect of increases in excise tax shown on the Exhibits.

RATE PER SQUARE FOOT FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION

FINANCIAL ANALYSIS OF HEADQUARTERS BE			F	Fiscal Years			
METROPOLITAN SERVICE DISTRICT	1994-95	1999-2000	2004-05	2009-10	2014-15	2019-20	2023-24
ALTERNATIVE 1 (LEVEL DEBT SERVICE) Requirements Operating costs Debt service	377,000 1,235,000	505,000 1,235,000	646,000 1,235,000	823,000 1,235,000	1,051,000 1,235,000	1,341,000 1,235,000	1,711,000 1,235,000
	1,612,000	1,740,000	1,881,000 .	2,058,000	2,286,000	2,576,000	2,946,000
Revenue Parking Interest on Reserve Account	124,000 104,000	158,000 104,000	202,000 104,000	258,000 104,000	329,000 104,000	420,000 104,000	536,000 104,000
Net requirements Occupied square footage (a)	1,384,000 63,246	1,478,000 69,000	1,575,000 69,000	1,696,000 69,000	1,853,000 69,000	2,052,000 69,000	2,306,000 69,000
Base rate per square foot Furniture and fixture rate (b)	\$21.88 \$1.74	\$21.42 \$1.59	\$22.83 \$1.59	\$24.58 \$1.59	\$26.86 \$1.59	\$29.74 \$1.59	\$33.42 \$1.59
ALTERNATIVE 2 (VARIABLE INTEREST RATE)							
Requirements Operating costs	377,000 1,108,000	505,000 1,171,000	646,000 1,235,000	823,000 1,300,000	1,051,000 1,367,000	1,341,000 1,434,000	1,711,000 1,434,000
Debt service	1,485,000	1,676,000	1,881,000	2,123,000	2,418,000	2,775,000	3,145,000
Revenue Parking	124,000 104,000	158,000 104,000	202,000 104,000	258,000 104,000	329,000 104,000	420,000 104,000	536,000 104,000
Net requirements	1,257,000 63,246	1,414,000 69,000	1,575,000 69,000	1,761,000 69,000	1,985,000 69,000	2,251,000 69,000	2,505,000 69,000
Rate per square foot	\$19.87 \$1.55	\$20.49 \$1.51	\$22.83 \$1.59	\$25.52 \$1.68	\$28.77 \$1.75	\$32.62 \$1.86	\$36.30 \$1.86

Exhibit 6 (page 2 of 2)

RATE PER SQUARE FOOT FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

METHOR GERAR GERARGE BIG HILD				Fiscal Years			
-	1994-95	1999-2000	2004-05	2009-10	2014-15	2019-20	2023-24
ALTERNATIVE 3 (ESCALATED DEBT SERVICE)							
Requirements Operating costs	377,000	505,000	646,000	823,000	1,051,000	1,341,000	1,711,000
Debt service	791,000	1,055,000	1,250,000	1,480,000	1,754,000	2,078,000	2,301,000
	1,168,000	1,560,000	1,896,000	2,303,000	2,805,000	3,419,000	4,012,000
Revenue Parking	124,000	158,000	202,000	258,000	329,000	420,000	536,000
Net requirements	1,044,000	1,402,000	1,694,000	2,045,000	2,476,000	2,999,000	3,476,000
Occupied square footage (a)	63,246	69,000	69,000	69,000	69,000	69,000	69,000
Rate per square foot Furniture and fixture rate (b)	\$16.50 \$1.11	\$20.32 \$1.36	\$24.55 \$1.61	\$29.64 \$1.91	\$35.88 \$2.26	\$43.46 \$2.68	\$50.38 \$2.96

 a. Assuming full occupancy in FY 1999-2000
b. Furniture and fixture rate is calculated by dividing the debt service allocable to furniture and fixtures by the number of occupied square feet.

Exhibit 7A

BUILDING MANAGEMENT FUND TRANSFERS AT DEPARTMENT LEVEL FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Atternative 1: Level Debt Service

Transfer to Building Management Fund (a)

	Rudget	Fiscal Years							
	Loot on	1004.05	1999-2000	2004-05	2009-10	2014-15	2019-20	2023-24	
	1991-92	1994-95	100.000	516,000	553 000	601.000	662,000	740,000	
Solid Waste	271,507	458,000	486,000	510,000	000,000	276,000	415 000	463 000	
Caparal Covernment	68.208	286,000	305,000	323,000	346,000	370,000	415,000	100,000	
General Government	165 708	284 000	301 000	320,000	343,000	373,000	410,000	459,000	
Transportation Planning	105,728	204,000	101,000	206,000	220,000	240.000	264,000	295,000	
Planning and Developme	93,520	182,000	194,000	200,000	220,000	000 000	288 000	322 000	
MERC	33,245	199,000	212,000	224,000	241,000	202,000	200,000	107,000	
MERC	37 675	85,000	90,000	96,000	103,000	112,000	123,000	137,000	
200	07,070								
	669.883	1,494,000	1,588,000	1,685,000	1,806,000	1,964,000	2,162,000	2,416,000	

a. Includes allocable Support Service costs.

Exhibit 7B

BUILDING MANAGEMENT FUND TRANSFERS AT DEPARTMENT LEVEL FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Alternative 1: Level Debt Service

Effect on Enterprise Revenues and Excise Tax

and a second product the state of the second of the second of the second of the second s	Budget 1991-92	Fiscal Years							
		1994-95	1999-2000	2004-05	2009-10	2014-15	2019-20	2023-24	
SOLID WASTE TIPPING FEES		an da an							
Estimated tonnage Increased building costs (a) Increase in tipping fees	1,200,000	228,000 \$0.19	261,000 \$0.22	297,000 \$0.25	342,000 \$0.29	399,000 \$0.33	472,000 \$0.39	565,000 \$0.47	
MERC REVENUES Budgeted revenues (1991-92)	16,447,000						Ъ. L		
Estimated revenues (b)	ĩ	17,972,000	20,835,000	24,153,000	28,000,000	32,460,000	37,630,000	39,921,000	
Increased building costs		166,000	179,000	191,000	208,000	229,000	255,000	289,000	
Increase as a percentage of revenues		0.92%	0.86%	0.79%	0.74%	0.71%	0.68%	0.72%	
ZOO REVENUES			i.						
Budgeted revenues	11,973,793	10.001.000	15 100 000	17 594 000	20 385 000	23 631 000	27 395 000	29 064 000	
Estimated revenues (b)		13,084,000	15,168,000	F8 000	20,305,000	74 000	85,000	99,000	
Increased building costs		47,000	52,000	56,000	03,000	0.31%	0.31%	0.34%	
Increase as a percentage of revenues		0.36%	0.34%	0.33%	0.32%	0.31%	0.5176	0.0470	
EXCISE TAX						004 000	110,000	C10 000	
Increased building costs (c)		268,000	292,000	318,000	349,000	391,000	443,000	510,000	
Increase in Excise Tax revenue		23,000	26,000	28,000	32,000	37,000	42,000	50,000	
Net increase in Excise Tax requirement		245,000	266,000	290,000	317,000	354,000	401,000	460,000	
Increase in Excise Tax percentage		0.32%	0.34%	0.38%	0.41%	0.46%	0.52%	0.60%	

a. Includes increased Solid Waste costs and allocable portions of Transportation Planning and Planning and Development costs.

b. Assuming revenues increase at 3% per year.

c. Includes increased costs for general government and allocable portions of Transportation Planning and Planning and Development costs.

Exhibit 8A

BUILDING MANAGEMENT FUND TRANSFERS AT DEPARTMENT LEVEL FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Alternative 2: Variable Debt Service

Transfer to Building Management Fund (a)

	Budget	Fiscal Years							
		1004.05	1000.2000	2004-05	2009-10	2014-15	2019-20	2023-24	
	1991-92	1994-95	1999-2000	E16.000	575.000	645.000	729,000	806,000	
Solid Waste	271,507	415,000	465,000	516,000	375,000	404,000	456 000	505.000	
Solid Waste	68.208	260,000	291,000	323,000	360,000	404,000	150,000	500.000	
General Government	165 728	257 000	288,000	320,000	356,000	400,000	452,000	500,000	
Transportation Planning	105,720	105,000	185 000	206 000	229,000	257,000	290,000	321,000	
Planning and Developme	93,520	165,000	100,000	204,000	250,000	281.000	317,000	351,000	
MERC	33,245	181,000	202,000	224,000	200,000	100,000	135 000	150,000	
MERO	37 675	77,000	86,000	96,000	107,000	120,000	100,000	1001000	
200	011010								
	669,883	1,355,000	1,517,000	1,685,000	1,877,000	2,107,000	2,379,000	2,633,000	

Exhibit 8B

BUILDING MANAGEMENT FUND TRANSFERS AT DEPARTMENT LEVEL FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Alternative 2: Variable Debt Service

Effect on Enterprise Revenues and Excise Tax

	Budget	Fiscal Years							
	1991-92	1994-95	1999-2000	2004-05	2009-10	2014-15	2019-20	2023-24	
SOLID WASTE TIPPING FEES Estimated tonnage Increased building costs (a) Increase in tipping fees	1,200,000	176,000 \$0.15	236,000 \$0.20	298,000 \$0.25	368,000 \$0.31	452,000 \$0.38	553,000 \$0.46	645,000 \$0.54	
MERC REVENUES Budgeted revenues (1991-92) Estimated revenues (b) Increased building costs Increase as a percentage of revenues	16,447,000	17,972,000 148,000 0.82%	20,835,000 169,000 0.81%	24,153,000 191,000 0.79%	28,000,000 217,000 0.78%	32,460,000 248,000 0.76%	37,630,000 284,000 0.75%	39,921,000 318,000 0.80%	
ZOO REVENUES Budgeted revenues Estimated revenues (b) Increased building costs Increase as a percentage of revenues	11,973,793	13,084,000 39,000 0.30%	15,168,000 48,000 0.32%	17,584,000 58,000 0.33%	20,385,000 69,000 0.34%	23,631,000 82,000 0.35%	27,395,000 97,000 0.35%	29,064,000 112,000 0.39%	
EXCISE TAX Increased building costs (c) Increase in Excise Tax revenue Net increase in Excise Tax requirement Increase in Excise Tax percentage	ż	239,000 19,000 220,000 0.28%	282,000 24,000 258,000 0.33%	326,000 28,000 298,000 0.39%	376,000 34,000 342,000 0.44%	436,000 41,000 395,000 0.51%	508,000 49,000 459,000 0.59%	575,000 56,000 519,000 0.67%	

a. Includes increased Solid Waste costs and allocable portions of Transportation Planning and Planning and Development costs.

b. Assuming revenues increase at 3% per year.

c. Includes increased costs for general government and allocable portions of Transportation Planning and Planning and Development cost.

Exhibit 9A

BUILDING MANAGEMENT FUND TRANSFERS AT DEPARTMENT LEVEL FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Alternative 3: Ramped Debt Service

Transfer to Building Management Fund (a)

	Budget	Fiscal Years						
*			1000 0000	2004-05	2009-10	2014-15	2019-20	2023-24
	1991-92	1994-95	1999-2000	2004-03	667.000	806.000	975,000	1,127,000
	271,507	341,000	458,000	553,000	007,000	505,000	611 000	706.000
Solid Waste	68 208	214.000	287,000	346,000	417,000	505,000	011,000	699 000
General Government	105,200	211 000	284,000	343,000	413,000	500,000	604,000	110,000
Transportation Planning	165,728	211,000	193 000	220,000	266,000	321,000	389,000	449,000
Planning and Development	93,520	136,000	183,000	240,000	290,000	351.000	424,000	490,000
	33,245	148,000	199,000	240,000	104,000	150,000	181,000	209,000
MERC	37.675	63,000	85,000	103,000	124,000	150,000		
Zoo	0,10,10							2 690 000
	669.883	1,113,000	1,496,000	1,805,000	2,177,000	2,633,000	3,184,000	3,000,000

a. Includes allocable Support Service costs.

Exhibit 9B

BUILDING MANAGEMENT FUND TRANSFERS AT DEPARTMENT LEVEL FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Alternative 3: Escalated Debt Service

Effect on Enterprise Revenues and E	Excise Tax								
	Budget	Fiscal Years							
	1991-92	1994-95	1999-2000	2004-05	2009-10	2014-15	2019-20	2023-24	
SOLID WASTE TIPPING FEES									
Estimated tonnage	1,200,000	88,000	228,000	342,000	479,000	645,000	848,000	1,030,000	
Increase in tipping fees		\$0.07	\$0.19	\$0.29	\$0.40	\$0.54	\$0.71	\$0.86	
MERC REVENUES	10 447 000		28						
Budgeted revenues (1991-92)	16,447,000	17 972 000	20.835.000	24,153,000	28,000,000	32,460,000	37,630,000	39,921,000	
Estimated revenues (b)		115,000	166,000	207,000	257,000	318,000	391,000	457,000	
Increase as a percentage of revenues		0.64%	0.80%	0.86%	0.92%	0.98%	1.04%	1.14%	
ZOO REVENUES									
Budgeted revenues	11,973,793	12 084 000	15 168 000	17 584 000	20 385 000	23.631.000	27,395,000	29,064,000	
Estimated revenues (b)		25,000	47.000	65,000	86,000	112,000	143,000	171,000	
Increase as a percentage of revenues		0.19%	0.31%	0.37%	0.42%	0.47%	0.52%	0.59%	
EXCISE TAX						407.000	000 000	722 000	
Increased building costs (c)		168,000	251,000	313,000	396,000	497,000	72,000	86,000	
Increase in Excise Tax revenue		12,000	23,000	32,000	43,000	56,000	548 000	637,000	
Net increase in Excise Tax requirement	ht	156,000	228,000	281,000	0.46%	0.57%	0.71%	0.82%	
Increase in Excise Tax percentage		0.20%	0.30%	0.30%	0.40%	0.0770	0.7170	0.0270	

a. Includes increased Solid Waste costs and allocable portions of Transportation Planning and Planning and Development costs.

b. Assuming revenues increase at 3% per year.

c. Includes increased costs for general government and allocable portions of Transportation Planning and Planning and Development cost.



GRAPH 1 CURRENT FACILITY COSTS PLUS INCREASED SPACE AND INCREASED RATE

GRAPH 2 ANNUAL PER SQUARE FOOT COSTS EXCLUDES FURNITURE



.