



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

6.6

To: Jennifer Sims
From: *R/S* Robert S. Ricks
Date: November 9, 1992
Subject: Headquarters Building Status

THE CONTINGENCY

In early October the remaining contingency was \$300,000, which was viewed as adequate, but not fat for that stage of construction.

After the October status report, the City of Portland Design Review Commission required modifications to the Plaza and the Plaza Retail Buildings that added \$230,000 to the \$230,000 already projected as a requirement upon contingency. This reduced the remaining contingency to \$107,282, which was viewed as small enough to present a risk of requiring resources beyond the construction account.

This was just the last of a series of significant cost additions to the Headquarters Building required by the City of Portland. Enclosure 4 of Neil Saling's October 30 memo to the Council lists the \$724,093 of additional capital required, and is attached. These changes are all hits to the original contingency. Rena is going to take the list with her for her next talk with Earl Blumenauer.

All project were reviewed again as of October 5 as shown in Enclosure 5 of Neil Saling's October 30 memo to the Council. Reflecting the latest information, the new estimate of contingency is \$307,531. The Enclosure shows the changes in specific item projections.

I discussed the various contingencies with Neil Saling. Of the changes proposed to date, it seems likely that the actual expenditures are estimated at a high enough level to cover expenses. The contingency should have, in his estimate, a 98% chance of being large enough to cover the remaining unexpected events. In the unlikely event that the contingency is not adequate, there is a reserve account which further reduces the chance of needing funding from the general account to about 0.5%.

In evaluating where the contingency went, it is appropriate to remember that in addition to the requirements of the City of Portland, the amount of space to be developed has now increased to 88,036 square feet. This represents an increase in office space of 15 percent, an increase in daycare space of 66 percent, and an increase in common space of 112 percent.

BROKER'S FEE

In Neil Saling's current avaluation of the remaining contingency, he assumes that no fee will be paid to the broker for 2000 SW First Avenue. He states that the contract is quite clear that we are not required to pay Coldwell Banker in the event that we work out an

arrangement with the owner such that no clients are required from Coldwell. That has taken place. It is typical that real estate firms do some work on spec which is part of why their rates are so high for deal that they close. I have not asked Rena specifically if she intends to pay a partial fee to Coldwell for services even if not required by contract.

FURNITURE

On Friday, Rena agreed that uniform new panels may be purchased. The Corry Hiebert furniture will all be kept and used in the enclosed offices. Other "good" furniture will be kept. There will be some replacement of "beat-up" furniture. The dividing line between "good" and "beat-up" will be adjusted to meet the budget. There will be some shuffling of furniture in order to provide the same type within a department. Some people could find that they trade one used piece for another used piece.

UNIT COST

As a side note, Richard Devlin asked Neil Saling what the unit cost was of the Headquarters building. The question was not very specific and leaves open to interpretation whether the cost is to include acquisition of the original property, how much of the cost to attribute to the parking structure, and whether the square footage to spread costs over include the parking structure. I have attached Neil's calculations which were included in his answer to Richard Devlin. As you can see, Neil calculated eight examples of how the question could be answered. Be careful to define any number you might give out, and don't be surprised if you hear different numbers floating around. The media could "sound bite" using any number without the definition.



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

DATE: October 30, 1992

TO: Metro Council

FROM: Neil Salinger ~~Director~~ Director of Regional Facilities

SUBJECT: Metro Regional Center Budget

The following staff report is prepared to provide background and analysis of the Revised Budget for the Metro Regional Center. The significance of this budget is the impact of changes from the original budget prepared January 1, 1992 which results in a current contingency fund of \$107,282.

BACKGROUND

The team of Hoffman Construction/Thompson-Vaivoda/Cole Architects was awarded the contract to renovate the old Sears Building on Grand Avenue into the new Metro Regional Center after that team was selected through a design competition. Eight firms submitted preliminary proposals; three firms prepared detailed proposals for design and construction of the facility. The other two finalists were teams of Andersen Construction/BOOR/A Architects, and H. Naito Properties using P&C Construction and SERA Architects. The final selection of Hoffman/TVA-Cole was made by a jury consisting of Metro staff and knowledgeable community representatives.

The criteria for the project are contained in a detailed Request for Proposals (RFP) which includes the facility Specifications. These Specifications, together with the Proposal, are incorporated by reference as a part of the Contract. The value of the Hoffman/TVA-Cole Contract was \$9,341,000, \$23,000 under the maximum budget required by the RFP of \$9,364,000. (Both Hoffman/TVA-Cole and Andersen/BOOR/A were able to provide designs within the RFP cost criterion; H. Naito could not.) The Hoffman/TVA-Cole team proposed a building which would provide Metro with 79,412 square feet of rentable office space to include 2863 square feet in the water tower. The renovation of parking structure was not a part of the original contract.

The project is a "design-build" format and is essentially a "fast-track" project where construction is initiated based upon 30% or less construction drawings to speed completion. The scope of the project is controlled by the Specifications, the Proposal and the agreed contract price. As with virtually all construction projects, modifications to the work beyond the original scope result in change orders.

ANALYSIS

General: The original project budget was based upon a combination of known quantities, e.g. real estate costs, and estimates and/or allowances, e.g. parking structure construction, furniture and fixtures, etc. That budget included a contingency of \$1,472,418 to compensate for the inaccuracies in the estimates and to pay for changes during construction. A key management tool is the size of this contingency fund at any point during construction. This contingency fund is continually tested by proposals and projections and is augmented by savings and/or additional project revenues. At the present time a total of \$570,000 has been added to this fund. The largest addition has been an estimated \$298,000 from the PP&L FinAnswer Plan for energy improvements.

As of October 22, 1992 the balance in the contingency fund was approximately \$340,000 based upon a best estimate of all past and future project costs. On October 23, 1992, Hoffman provided an estimate of additional costs above the base Hoffman costs for the two plazas of \$460,592 based upon subcontractor bids. This cost was \$230,592 over the previous estimate and reduced the contingency fund below a safe level for the current level of project completion. The source of this large added cost is discussed below. However, it is useful to also address the other changes to the project which have also placed demands upon the original contingency level. The budget summary as of October 28, 1992 is attached as Enclosure 1, and the following comments are keyed to that budget format.

Sources: The scope of the original project budget was based upon the level of bond proceeds plus investment earnings on those proceeds during the life of the project. Those investments have not realized the return projected. This shortfall in investment revenue is \$81,511. As this revenue is market driven, it is difficult to project any future change, either up or down.

Real Estate: No provision was made in the original budget for closing costs. While Pacific Development, Inc. (PDI) paid the majority of these costs, the Metro share was \$8,456. CB Commercial, Metro's real estate broker, was also compensated for the efforts to provide leases in the new facility. Negotiation of leases had progressed to the point of final signature at the time Metro abandoned the concept of leasing to non-Metro/commercial tenants in the new facility. Alternatively, there is a potential to buy out the current Metro Center lease without use of CB Commercial which has the potential for savings in the brokers' fees for subleasing our present facility. However, this saving cannot be assured at this time.

Project Management: Savings from the due diligence phase are offset by the staff costs included in the FY 1992-93 Adopted Metro Budget. While the personnel costs are fixed, there may be some basis for reduction in the projected Materials and Services costs.

Construction - Building: Changes to the contract are executed through formal Change Orders. To date, six (6) Change Orders with a face value of \$713,963 have been issued. Five (5) additional Change Orders with an estimated value of \$1,599,245 are anticipated. Included in these eleven Change Orders are amounts totalling \$871,448 for parking structure design and improvements. Of the remainder, \$495,554 is associated with specific project subsidies such as the PP&L FinAnswer loan and the Street Light rebate from the City. The net projected increase in building cost is \$1,395,520, or a 15% increase. A more detailed breakout of actual and projected changes is contained in Enclosure 2.

Key building changes include: addition of 8624 square feet of office space on the first floor and in the fourth floor "annex"; approval of increased costs for tenant improvements; energy saving measures to include upgrade of HVAC units; and plaza upgrade in accordance with Portland Planning Commission design review to include commercial opportunities. A discussion of the key changes is contained in Enclosure 3. A summary of City-required project additions which includes the latter two key changes is attached as Enclosure 4.

Construction - Parking Structure: The original budget contained an allowance of \$991,000 for improvements to the attached parking structure. The most recent estimate, based upon more detailed design, places the cost at \$871,448, producing a potential savings of \$119,552.

Other: Final expenditures for furniture, fixtures and equipment (FF&E) have not been made and this allowance remains an estimate. However, a bid for telephone/data wiring has been received below the estimate, producing \$20,000 in savings. Contracts for \$86,000 for art have been executed. The Executive Officer has directed the maximum use of existing office furniture in the new facility which could produce savings in FF&E.

SUMMARY

At this level of completion of the Metro Regional Center, a contingency of \$107,282 could prove to be inadequate. Staff has met with Wayne Drinkward, President of Hoffman Construction, and members of his staff to make them aware of the status of the project budget. They will assist the Metro staff by recommending potential savings in the remaining construction. The project staff has developed a plan to increase the contingency by cutting TI costs by \$40,000, project management by \$32,000, plaza retail by \$60,000, and by assuming that the \$67,000 brokers fee will not be spent. The resulting potential budget is attached as Enclosure 5. This budget envisions potential savings which would increase the contingency to approximately \$300,000.

The project staff will routinely report the status of the contingency fund and the success of the potential savings through the Council Regional Facilities Committee.

cc: Rena Cusma
Dick Engstrom
Chris Scherer

METRO HEADQUARTERS PROJECT
SOURCES AND USES OF FUNDS

10/30/92

ENCLOSURE 1

	Budget 1/1/92	Revised budget	Over/(under)
SOURCES			
Net amount of bonds	\$22,974,906	\$22,974,906	\$0
Interest income			
Construction Account	401,000	388,728	(12,272)
Capitalized interest	77,000	66,620	(10,380)
Reserve Account	175,000	116,141	(58,859)
Total sources	23,627,906	23,546,395	(81,511)
USES			
FINANCING COSTS	\$4,245,488	\$4,217,462	\$28,026
PROJECT COSTS			
Real estate			
Purchase of building	\$2,550,000	\$2,550,000	\$0
Closing costs	0	8,456	(8,456)
Brokers fee-building	87,000	102,000	(15,000)
Purchase parking structure	2,600,000	2,600,000	0
Brokers fee-parking structure	88,000	104,000	(16,000)
Brokers fee 2000 SW 1st Ave.	67,000	67,000	0
Local Improvement District fee	75,000	75,000	0
	\$5,467,000	\$5,506,456	(\$39,456)
Project management			
Taxes	\$40,000	\$48,570	(\$8,570)
Due Diligence	267,000	242,000	25,000
Project management	340,000	372,657	(32,657)
	\$647,000	\$663,227	(\$16,227)
Construction-building	\$9,364,000	\$10,759,520	(\$1,395,520)
Construction-parking structure	\$991,000	\$871,448	\$119,552
Other			
Furniture and Fixtures	\$1,225,000	\$1,225,000	\$0
Telephone/data wiring	130,000	110,000	20,000
Art (1% of construction)	86,000	86,000	0
	\$1,441,000	\$1,421,000	\$20,000
Total Project costs	\$17,910,000	\$19,221,651	(\$1,311,651)
Total Project and Financing costs	\$22,155,488	\$23,439,113	(\$1,283,625)
Remaining (Contingency)	1,472,418	107,282	(\$1,365,136)
Total Uses	\$23,627,906	\$23,546,395	(\$81,511)

CHANGE ORDERS

Executed

ENCLOSURE 2

		Building	Garage
1. Hoffman (Grand c/s)	137,845		
Less: parking study	4,300		\$4,300
		133,545	
2. Hoffman (HVAC upgrade)		47,787	
3. Hoffman (Annex upgrade)		113,104	
4. Hoffman (parking analysis, chute, screens)	216,404		
less: Garage design	65626		\$65,626
Recycling chutes	23365		
Screen walls	64875		
		62,538	
5. Hoffman (HVAC)		34,970	
6. Hoffman (PPL financing and parking garage)	163,853		
less: garage lighting/shear walls	67269	96,584	\$67,269
	<u>713,963</u>	<u>488,528</u>	<u>137,195</u>
	(7.6%)		
Unbudgeted changes			
PDI (Asbestos removal demolition)		40,000	
Anticipated changes			
Street lighting			122,253
Design review		460,592	
AV paging		125,000	
Tenent improvements		720,000	
Finanswer		31,000	
Window shades		6,000	
Pending -- brick, parking gate, misc. design		31,000	
Potential -- lighting controls, Council restroom, carpet upgrade		63400	
Parking garage improvements		<u>1,436,993</u>	\$612,000
Total change orders		1,965,520	\$871,448
ADD BACKS			
Contract reductions		23,000	
Gateway		100,000	
Traffic signal		25,000	
Finanswer		298,000	
Street lights		124,000	
Total addbacks		570,000	
Net change		\$1,395,520	\$871,448

ENCLOSURE 3

Major Contract Changes Metro Regional Center

- **Space Increase: \$244,504**

The original Hoffman/TVA-Cole proposal included an option to prepare 5024 square feet on the Grand Avenue level for tenant improvements. A cost of \$23.50 per square foot compared favorably with the cost of roughing in other office space in the facility costing approximately \$37.70 per square foot. This space was tentatively designated for the MERC staff. Subsequently, it was designated for the Regional Facilities staff and currently will house the Lloyd District Attorney's offices on a lease basis.

The "Annex" at the roof level originally housed HVAC equipment. Removal of this equipment provided a potential for 3600 square feet of office space. The cost to rough-in this space is \$35.14 per square foot, comparable to the rest of the facility. This space is currently planned for occupancy by the Regional Facilities Department.

- **Tenant Improvements: \$720,000**

The original project budget contained an allowance of \$1.8 million for tenant improvements based upon the BOOR/A space program developed during the due diligence period. This BOOR/A program reflected a basic requirement for 62,985 square feet based upon inputs from Metro departments and was building independent. The Hoffman/TVA-Cole proposal, based specifically on the old Sears Building, provided 79,412 rentable square feet. Staff failed to recompute the increased cost for tenant improvements based upon the actual building configuration. Further, the space increases authorized by Change Orders (see above) also required tenant improvements. The increased TI design costs are also included.

- **Energy Improvements: \$169,189**

The Pacific Power & Light FinAnswer Program provides loans for implementation of energy saving features. The loans are paid back through savings in energy costs. Metro has incorporated energy saving features which provide a basis for a FinAnswer loan estimated at \$298,000. In addition, the HVAC units installed have been upgraded to improve reliability, expansion capability and compatibility with the energy management system.

- Plaza Design and Construction: \$460,592

One shortcoming of the Hoffman/TVA-Cole design identified by the selection jury was the proposed plaza configuration. TVA redesigned the plazas prior to submission for City Design Review and received informal City Planning Staff approval. The Design Review Committee did not accept the staff recommendation to approve the TVA design and, during a stormy session, insisted on major plaza changes to include a facility to house a "commercial opportunity".

TVA estimated the cost of the City mandated changes to approximate \$230,000. An allowance in this amount was placed in the project budget and recognized as a demand upon the available contingency funds.

On October 23, 1992 Hoffman provided the results of subcontractor bids on the plaza work which totalled \$460,592 over the base Hoffman costs, twice the previously budgeted amount. This added demand of \$230,592 drove the contingency fund to \$107,282.

While there may be a temptation to reject the Design Review Committee changes to the plazas which add \$430,592 to the original project cost, that group is not concerned with the cost to the developer, in this instance Metro. Further, while Metro might win concessions on this project, acceptance by the Committee of future facility designs submitted by Metro could have a significantly more difficult time gaining approval.

Metro Headquarters Project

Summary
City of Portland Required Changes

1. Design Review Commission

- A. Plaza Revisions and Plaza Retail buildings.
Estimated Cost \$460,593
- B. Retail requirement along Grand Ave. eliminating 8 parking spaces.
Cost = 8 spaces at \$60/month = \$480/month

2. Bureau of Buildings

- A. Parking garage seismic design along with main building.
Design & shear wall construction cost = \$78,000
- B. Parking garage fire sprinkler valve upgrade. New 8" line into building, new heated building for an 8" double check valve. Eliminates one parking place at \$60 per month. Estimated cost = \$25,000

3. Bureau of Transportation

- A. Widened Lloyd Blvd at Grand Ave by 5 feet for approximately 85 feet, which eliminated 2 large trees and added 2 in their place closer to the building, removed a catch basin and added a new one, moved a signal light pedestrian pole, and an additional 85 feet of street paving.
Estimated cost = \$20,000
- B. Widened sidewalk along Irving Street and 7th Ave to 10 feet and added street trees along the streets. Had to demolish old curbs and sidewalks and replace with new. Estimated cost = \$130,000
- C. Required realignment of 7th Ave. at Lloyd Blvd. Center island must be removed and replaced, sewer manhole must be added, exit driveway must be removed and realigned, a stormwater catch basin must be moved, and the curb at the corner must be realigned. Cost = \$10,500.

4. Total costs

- A. Capital = \$724,093
- B. Annual = 6,480

METRO HEADQUARTERS PROJECT
SOURCES AND USES OF FUNDS

ENCLOSURE 5

10/30/92

	Budget 1/1/92	Potential budget	Over/(under)
SOURCES			
Net amount of bonds	\$22,974,906	\$22,974,906	\$0
Interest income			
Construction Account	401,000	388,728	(12,272)
Capitalized interest	77,000	66,620	(10,380)
Reserve Account	175,000	116,141	(58,859)
Total sources	23,627,906	23,546,395	(81,511)
USES			
FINANCING COSTS	\$4,245,488	\$4,217,462	\$28,026
PROJECT COSTS			
Real estate			
Purchase of building	\$2,550,000	\$2,550,000	\$0
Closing costs	0	8,456	(8,456)
Brokers fee-building	87,000	102,000	(15,000)
Purchase parking structure	2,600,000	2,600,000	0
Brokers fee-parking structure	88,000	104,000	(16,000)
Brokers fee 2000 SW 1st Ave.	67,000	0 -	67,000
Local Improvement District fee	75,000	75,000	0
	\$5,467,000	\$5,439,456	\$27,544
Project management			
Taxes	\$40,000	\$48,570	(\$8,570)
Due Diligence	267,000	242,000	25,000
Project management	340,000	340,000	0
	\$647,000	\$630,570	\$16,430
Construction-building	\$9,364,000	\$10,658,928	(\$1,294,928)
Construction-parking structure	\$991,000	\$871,448	\$119,552
Other			
Furniture and Fixtures	\$1,225,000	\$1,225,000	\$0
Telephone/data wiring	130,000	110,000	20,000
Art (1% of construction)	86,000	86,000	0
	\$1,441,000	\$1,421,000	\$20,000
Total Project costs	\$17,910,000	\$19,021,402	(\$1,111,402)
Total Project and Financing costs	\$22,155,488	\$23,238,864	(\$1,083,376)
Remaining (Contingency)	1,472,418	307,531	(\$1,164,887)
Total Uses	\$23,627,906	\$23,546,395	(\$81,511)

CHANGE ORDERS

Executed

		Building	Garage
1. Hoffman (Grand c/s)	\$137,845		
Less: parking study	4,300		\$4,300
		\$133,545	
2. Hoffman (HVAC upgrade)		47,787	
3. Hoffman (Annex upgrade)		113,104	
4. Hoffman (parking analysis, chute, screens)	\$216,404		
less: Garage design	65626		\$65,626
Recycling chutes	23365		
Screen walls	64875		
		62,538	
5. Hoffman (HVAC)		34,970	
6. Hoffman (PPL financing and parking garage)	\$163,853		
less: garage lighting/shear walls	67269	96,584	\$67,269

Unbudgeted changes

PDI		\$40,000	
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Anticipated changes

Street lighting			122,253
Plaza design and construction		400,000	
AV ³¹⁰ paging		125,000	(109,000)
Tenant improvements		680,000	
Finanswer		31,000	
Window shades		6,000	
Pending -- brick, parking gate, misc. design		31,000	
Potential -- lighting controls, Council restroom, carpet upgrade		63400	
Parking garage improvements			\$612,000

*Breakout
AV &
Paging*

Total change orders

ADD BACKS

Contract reductions		23,000	
Gateway		100,000	
Traffic signal		25,000	
Finanswer		298,000	
Street lights		124,000	124,000
Total add		570,000	

*Council
Lamps
Kitchen
Diars ?*

Net chan

\$1,294,928	\$871,448
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*Break
out
\$63,400*

*Council Bathroom 10,000
Retail Space Wall 3,400
Carpet Upgrade 35,000*

\$63,400

HEADQUARTERS PROJECT

November 4, 1992

CONTINGENCY SUMMARY (Potential)

ORIGINAL CONTINGENCY	\$1,472,418
Non-Construction Changes	<u>89,168</u>
SUBTOTAL	\$1,383,250

PROJECT CONTINGENCY	\$1,383,250
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Additions to contingency	
* Original Contract Reduction	\$ 23,000
* Gateway Allowance	\$100,000
* Traffic Signal (Est)	25,000
* Recycling Chute	23,365
* Street Light Rebate	124,000
* PP&L Finanswer Loan (Est)	298,000
* Screen Wall Credit	64,875
* Project Management (Savings)	32,657
* Brokers Fee (Savings)	67,000
* Parking Garage Allowance	<u>991,000</u>
SUBTOTAL	\$1,748,897

TOTAL CONTINGENCY	\$3,132,147
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EXECUTED CHANGE ORDERS/COMMITTED AND/OR ESTIMATED COSTS

* CO#1	\$137,845
* CO#2	47,787
* CO#3	113,104
* CO#4	216,404
* CO#5	34,970
* CO#6	163,853
* PDI (Asbestos Demo)	40,000
* CO#7 (Pending)	122,253
* Tenant Improvements (Est)	680,000
* Upgrade Window Shades (Est)	6,000
* AV/Paging	125,000
* Design Review Retail	400,000
* PP&L Energy Costs Remaining	31,000
* Misc Pending Changes	31,000
* Misc Potential Changes	63,400
* Parking Garage Upgrade	<u>612,000</u>
SUBTOTAL	\$2,824,616

CONTINGENCY REMAINING	\$307,531
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METRO REGIONAL CENTER - UNIT COSTS

- BUDGET (as of November 5, 1992)

Bond/Interest Funds Available	\$23,546,395
Added Funds	<u>422,000</u>
Total Funding	23,968,395
Financing Costs	<u>4,217,462</u>
Project Funding	19,751,233
Real Estate Costs	(5,506,456)
Project Management Costs	(663,227)
Furniture, Fixtures, Equipment	(1,225,000)
Telephone/Data Wiring	<u>(110,000)</u>
Total Construction Costs	\$12,246,550
Original Building Construction Cost	9,364,000 (77%)
Original Parking Structure Construction Cost	991,000 (8%)
Original Contingency (Including Added Funds)	1,891,550 (15%)

- SPACE

Total Building (Gross)	199,325 sf
Original Rentable Space	79,412 sf
Original Internal Parking	117,216 sf
Present Rentable Space	88,086 sf
Present Internal Commercial Space	3,500 sf
Present Internal Parking	108,692 sf
Present Building Total Space w/ Annex	200,278 sf

- UNIT COST COMPUTATION EXAMPLES

- Example 1:

Total Cost	\$23,968,395
Total Space	199,325sf
Unit Cost	\$120/sf

Comment: Ignores cost of garage structure and difference between office space and internal parking

- Example 2:

Total Cost	\$23,968,395
Original Office Space:	79,412sf
Unit Cost:	\$301/sf

Comment: Ignores cost of both internal and external parking.

- Example 3:**

Original Building Construction Cost	\$9,364,000
Total Space	199,325 sf
Unit Cost	\$47/sf

Comment: Overstates internal parking costs and ignores changes to date.
- Example 4:**

All Costs Less Financing	\$19,751,233
Total Building Space	199,325 sf
Unit Cost	\$99/sf

Comment: Does not recognize parking structure cost.
- Example 5:**

All Costs Less Financing	\$19,750,233
Original Parking Structure Cost	3,591,000 (23%)
Original Building Cost	11,914,000 (77%)
Building Share of All Costs	15,208,449
Total Building Space	199,325 sf
Unit Cost	\$76/sf

Comment: Allocates some office space cost to internal parking.
- Example 6:**

All Costs Less Financing	\$19,751,233
Building Share of All Costs	15,208,449
Original Core and Shell Cost	7,541,000 (80%)
Original Tenant Improvement Cost Share	1,800,000 (20%)
Cost Share of Core and Shell (C&S)	12,166,759
Cost Share of Tenant Improvements (TI)	3,041,690
Unit Cost C&S	\$61/sf
Unit Cost TI	\$34/sf
Unit Cost Parking	\$61/sf
Unit Cost Offices	\$95/sf

Comment: More accurate but is greater than construction unit cost and does not reflect cost shift to TI.
- Example 7:**

Construction Cost	\$12,246,550
Estimated Parking Structure Construction Cost	871,448 (7%)
Estimated Building Construction Cost	11,205,928 (93%)
Building Share of Cost	11,362,894
Building Gross Square Feet	200,228
Unit Cost	\$57/sf

Comment: Reflects total building construction cost, but shifts some TI costs to parking space.

• Example 8:

Building Construction Cost Share	\$11,362,894	
Core and Shell Cost Estimate	7,807,000	(74%)
Tenant Improvement Cost Estimate	2,520,000	(24%)
C&S Share of Cost	8,635,799	
TI Share of Cost	2,727,095	
Unit Cost C&S	\$43/sf	
Unit Cost TI	\$31/sf	
Unit Cost Parking	\$43/sf	
Unit Cost Offices	\$74/sf	

Comment: Probably most accurate determination of unit cost of construction.

As can be seen from the above, the unit costs are subject to the following:

- 1) Scope of costs included
- 2) Breakout of cost shares for building and parking structure
- 3) Breakout of cost shares for core and shell and tenant improvements in building
- 4) Original vs. current splits of cost shares