



Real value in a changing world



America's Finest City

THE CITY OF SAN DIEGO

Updated Financial *Evaluation* Briefing

San Diego Civic Center Complex

Date Prepared: April 23, 2009

Introduction to Jones Lang LaSalle

- Team Members
- Global Perspective / Local Experience
 - 33,800 people
 - 60 countries
 - 750 locations worldwide
 - Largest Real Estate Advisory firm in the nation to Governmental Entities
 - San Diego office comprised of 30 professionals



San Diego Civic Center Complex

Objective

- Provide updated financial evaluation of the development and non-development occupancy alternatives for the City's downtown operations
 - Updates to financial assumptions as a result of rapidly changing economic conditions and new City Information
 - Incorporate changes directed by CCDC and the Selection Panel derived from recommendations in the Ernst & Young report
 - Perform various sensitivity analyses to quantify impact of variables

San Diego Civic Center Complex

Background

- JLL was tasked to identify City's alternatives to minimize occupancy costs
 - Financial evaluation of seven non-development alternatives
 - Financial evaluation of developer proposals from Hines and Gerding Edlen
- Completed initial financial evaluation in August 2008
 - Initial evaluation deemed developer proposals appear to be less costly than non-development alternatives over the 15-year and 50-year periods
 - "Alternative A" Gerding Edlen full development proposal deemed least costly alternative over short and long terms
 - "Alternative 5" was least costly non-development alternative over initial 15 years
 - "Alternative 4" was least costly non-development alternative over 50 years

San Diego Civic Center Complex

Background

- EY was retained by CCDC to perform a peer review of JLL's evaluation
 - Validate that JLL's financial evaluation was completed without bias, was mathematically accurate and applied appropriate standards and methodologies
 - Identify financial assumptions that have likely changed since the date the JLL report was completed
 - Identify additional scenarios, if any, that should be considered
 - Assess benefits and risks of each alternative
 - Provide the citizens with the benefit of an evaluation of the City's options by two of the world's leading real estate advisory firms

San Diego Civic Center Complex

EY Major Findings

- EY believes the evaluation performed by JLL met applicable quality standards in the industry and that JLL appears to treat all scenarios, including both developers, fairly
- Suggests updating many of the market assumptions in the JLL evaluation that have changed due to the dramatic changes in global financial, economic and market conditions
- EY agrees that most of the JLL cost assumptions are market supported, but challenges several of them
- Suggests the developer's proposals are only a starting point in negotiations
- Suggest modifying "Alternative 5" as a 10-year "Hold Steady" scenario with building replacement required by end of 10th year absent major renovation. Identifies risks and benefits of each of the non-development and development alternatives
- EY deems most of the non-development alternatives lacking functional and financial merit
- Suggests clearly identifying the City's estimated gross financial obligations from off-setting revenues
- Suggests including the buildings' residual value in the financial analysis
- EY believes the physical condition of the City-owned buildings pose significant health and safety risks and potential financial liability to the City

San Diego Civic Center Complex

Categories of Changes to Financial Evaluation

- Financial assumption updates due to changed economic conditions
- Changes due to differing professional opinions
- Updated with revised Parkade operating and maintenance cost data from the City
- Updated with lease renewal proposals from three building owners
- Modified “Alternative 5” to be a short-term only solution with building replacement required by end of 10th year
- Equal treatment of employee parking subsidy across all alternatives
- Provide representation of both “gross” and “net” City financial obligations
- Provide sensitivity analysis to quantify impact of variables
- Methodology – include buildings’ residual value in analysis

San Diego Civic Center Complex

Non-Development Alternatives

Alternative	Full Renovation of Owned Facilities	Includes Temporary Relocation and Move Costs	Implements Workspace Efficiency in Owned Facilities	Construct New Building at End of 30 Years	Negotiate Lease Renewals at Expiration for Balance of Needed Space	Implements Workspace Efficiency in Leased Facilities	Civic Center Plaza is Acquired	Convert Concourse to Office Space Implementing New Workspace Efficiency	Lease Space in Suburban Markets	Only Necessary Capital Repairs to Owned Facilities	Construct New Building at End of 10 Years
Alternative 1	✗	✗	✗	✗	✗						
Alternative 2	✗	✗	✗	✗	✗	✗	✗				
Alternative 3	✗	✗	✗	✗	✗	✗					
Alternative 4	✗	✗	✗	✗	✗	✗		✗			
Alternative 5 – Hold Steady					✗					✗	✗
Alternative 6	✗	✗	✗	✗				✗	✗		
Alternative 7	✗	✗	✗	✗					✗		

Revised Alternative 5 – “Hold Steady”

- Renew existing leases for 5 years without tenant improvements at terms included in renewal proposals, discounted by 5%
- Perform only necessary critical capital replacement and repair improvements on City-owned buildings for next 10 years to preserve safety and functionality
- Do not implement space-saving workspace improvements on City-owned or leased spaces
- Begin new search for development partner in 5 years for a targeted completion of a new City Hall in 10 years (2018)

San Diego Civic Center Complex

RFP – Development Objectives

- Must result in lowest cost alternative
- Embrace sustainable principles – minimum LEED™ Silver certification for public and private development
- Relate to streets and create quality public spaces; pedestrian activation
- Act as an anchor to C Street and the Core District
- Enhance image of the skyline and of the City
- Balanced mix of uses; revitalize Civic/Core District
- Optimize access to City services and public decision making process
- Provide opportunity for job growth with private development
- Deliver more efficient and cost-effective operations and maintenance
- Create a more productive and healthy work environment

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RFP - Required Program Elements

- Other Requirements
 - Integration with C Street
 - Development program must remain within Site boundaries
 - Civic Theatre must remain a part
 - Must accommodate future City space needs projections
 - Quality public spaces
 - Public Art Program
 - 2% of public improvements
 - 1% of private improvements
 - Minimum LEED-Silver certification of public and private development
 - If residential uses are proposed, minimum 20% of units must be affordable

San Diego Civic Center Complex

Gerding Edlen Phase I Proposal Overview

■ Major Development Components

Phase I "Block 14"

- 34-story City Hall 964,756 GSF/852,808 USF on the southwest corner of the site adjacent "C" street
- "Mesa" structure adjacent City Hall for Council Chambers and Customer Service Center
- 1,574-stall, 4-level below grade parking garage on "Block 14"
- 19,000 GSF of ground floor retail
- 29,400 GSF public plaza
- "B" Street reopened to pedestrians and controlled access for vehicles



KEY PLAN: Proposed location of new City Hall Building

San Diego Civic Center Complex

Gerding Edlen Alternatives

Alternative	Type of Financing	Surplus Land Sale or Lease	Full Development or Phase I Only	City Receive Phase I Parking Revenue?	Parkade Occupancy
GED 'A'	63-20 Tax-exempt Entire bldg.	Sale	Full	Yes	N/A
GED 'B'	63-20 Tax-exempt Entire bldg.	Lease	Full	Yes	N/A
GED 'C'	63-20 Tax-exempt Entire bldg.	N/A	Phase I Only	Yes	50%
GED 'D'	63-20 Tax-exempt Entire bldg.	N/A	Phase I Only	Yes	80%
GED 'E'	63-20 Partially Tax-exempt 660,000 SF	Sale	Full	No	N/A
GED 'F'	63-20 Partially Tax-exempt 660,000 SF	Lease	Full	No	N/A
GED 'G'	COP Taxable initial 10 years entire building	Sale	Full	No	N/A

Gerding Edlen Development Alternatives ‘A,’ ‘B’ & ‘D’

Alternative “A”	Alternative ‘B’	Alternative ‘D’
Full development of Phases 1, 2 and 3	Full development of Phases 1, 2 and 3	Development of Phase 1 only
63-20 tax-exempt bond financing on entire building	63-20 tax-exempt bond financing on entire building	63-20 tax-exempt bond financing on entire building
Sell excess land to developer	Lease excess land to developer	City retains excess land
City receives parking revenue from Phase I underground parking structure	City receives parking revenue from Phase I underground parking structure	City receives parking revenue from Phase 1 underground parking structure & Parkade (assumes 80% occupancy)

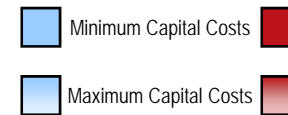
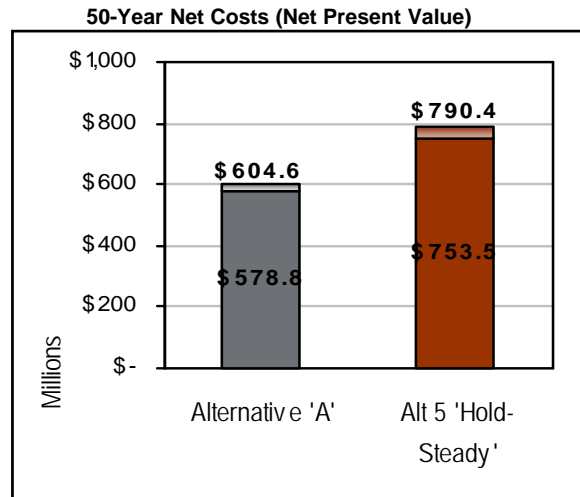
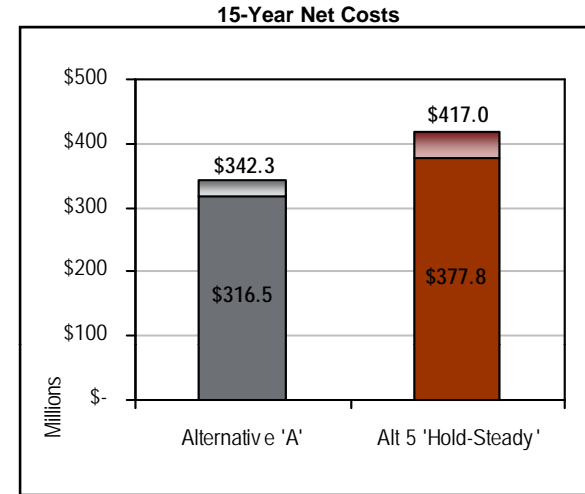
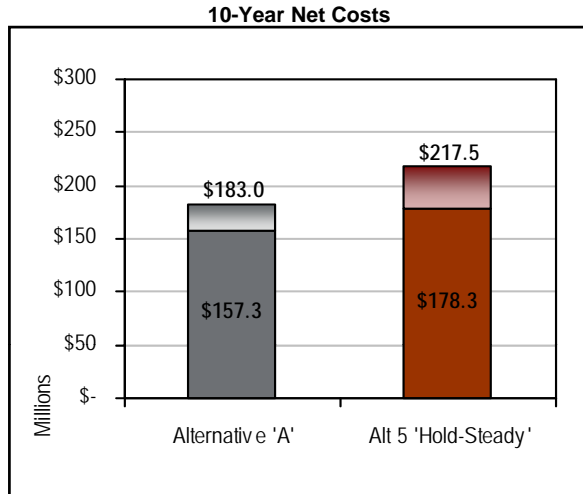
Minimum and Maximum Capital Expenditures Analysis (City-Owned Buildings)

	Minimum	Maximum
Gerding Edlen (5 years)	\$0 (absent a more focused study, assumes no emergency repairs required until new bldg is delivered)	\$23.3 million (excludes Concourse which would be demolished in 2 years)
Hold Steady (10 years)	\$10.2 million (Includes: \$3.2 million fire sprinklers, \$1 million/yr for emergency repairs)	\$41 million

Maximum Capital Expenditures include: fire and life safety, mechanical, electrical, roofing, site & structural, miscellaneous

Gerding Edlen Development Alternative 'A'

- Full development of Phases 1, 2 and 3
- 63-20 tax-exempt bond financing on entire building
- Sale of excess land to developer
- City receives parking revenue from Phase 1 underground structure

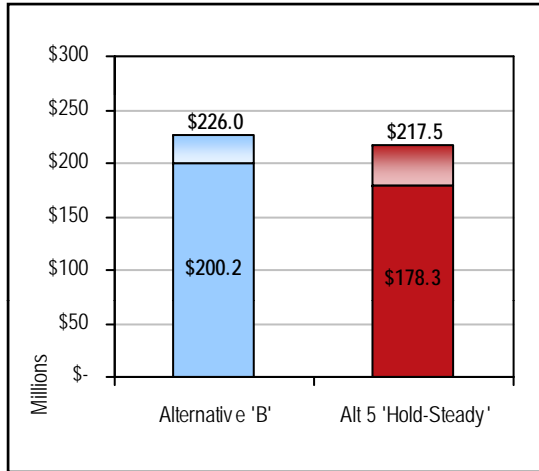


Gerding Edlen Development Alternative 'B'

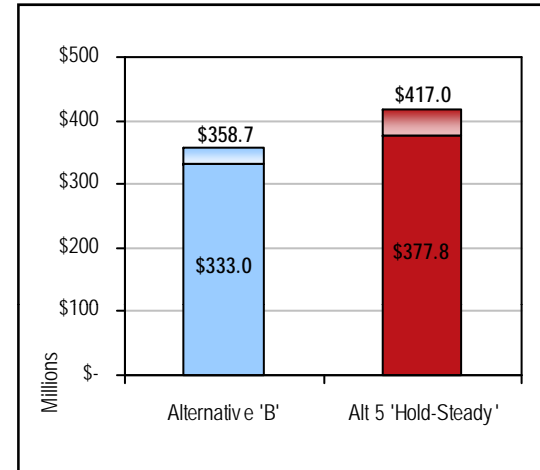
- Full development of Phases 1, 2 and 3
- 63-20 tax-exempt bond financing on entire building

- Lease excess land to developer
- City receives parking revenue from Phase 1 underground structure

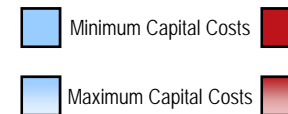
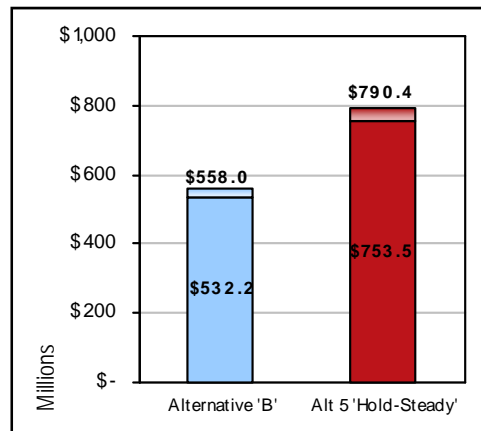
10-Year Net Costs



15-Year Net Costs



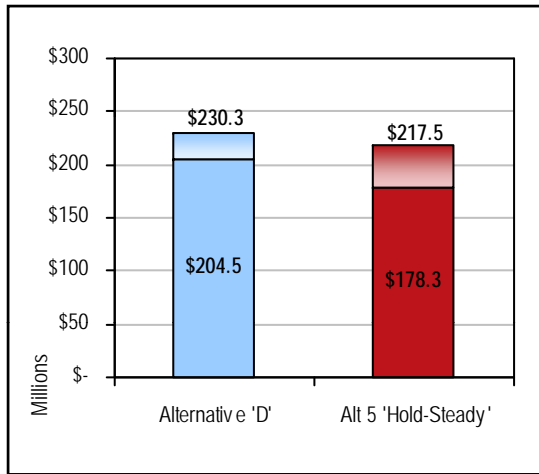
50-Year Net Costs (Net Present Value)



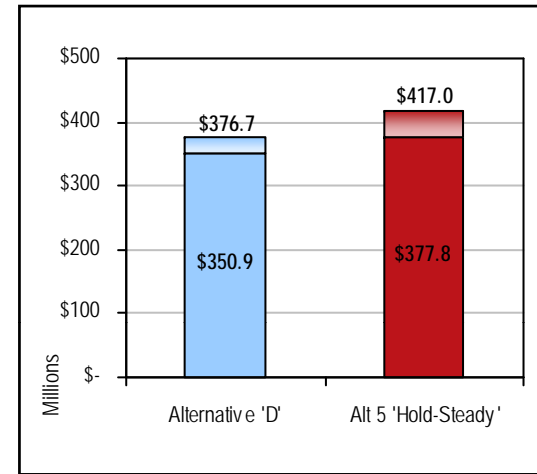
Gerding Edlen Development Alternative 'D'

- Development of Phase 1 only
- 63-20 tax-exempt bond financing on entire building
- City retains excess land
- City receives parking revenue from Phase 1 underground structure & Parkade (80% occupancy)

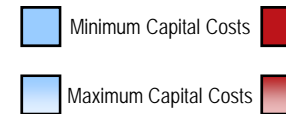
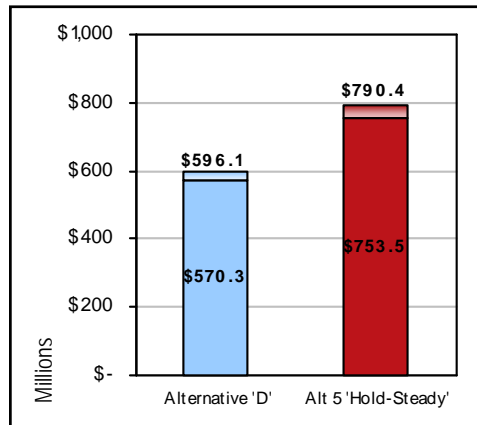
10-Year Net Costs



15-Year Net Costs



50-Year Net Costs (Net Present Value)



City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative A (Minimum Capital Expenditures)

Assumes Minimum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 17,548,586	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 15,723,314	\$ 19,695,681	\$ (3,972,367)	\$ (3,377,202)
2012	\$ 18,106,161	\$ (36,709,251)	\$ -	\$ (1,898,283)	\$ (0)	\$ (20,501,372)	\$ 17,017,852	\$ (37,519,224)	\$ (40,896,427)
2013	\$ 30,344,981	\$ -	\$ (4,953,861)	\$ (2,479,910)	\$ (109,809)	\$ 22,801,401	\$ 17,453,120	\$ 5,348,281	\$ (35,548,146)
2014	\$ 43,714,406	\$ (30,742,210)	\$ (7,430,792)	\$ (2,842,069)	\$ (208,003)	\$ 2,491,332	\$ 18,940,324	\$ (16,448,992)	\$ (51,997,137)
2015	\$ 40,382,150	\$ -	\$ (7,430,792)	\$ (2,955,752)	\$ (214,243)	\$ 29,781,363	\$ 18,795,491	\$ 10,985,873	\$ (41,011,265)
2016	\$ 40,942,637	\$ -	\$ (7,430,792)	\$ (3,073,982)	\$ (220,670)	\$ 30,217,193	\$ 20,276,969	\$ 9,940,224	\$ (31,071,041)
2017	\$ 41,513,578	\$ -	\$ (7,430,792)	\$ (3,196,941)	\$ (227,290)	\$ 30,658,555	\$ 20,650,705	\$ 10,007,850	\$ (21,063,191)
2018	\$ 42,093,281	\$ -	\$ (7,430,792)	\$ (3,324,819)	\$ (334,785)	\$ 31,002,885	\$ 40,819,249	\$ (9,816,364)	\$ (30,879,555)
2019	\$ 42,685,094	\$ -	\$ (7,430,792)	\$ (3,457,811)	\$ (394,979)	\$ 31,401,512	\$ 39,411,314	\$ (8,009,802)	\$ (38,889,356)
2020	\$ 43,292,104	\$ -	\$ (7,430,792)	\$ (3,596,124)	\$ (438,467)	\$ 31,826,722	\$ 39,575,735	\$ (7,749,013)	\$ (46,638,370)
2021	\$ 43,907,055	\$ -	\$ (7,430,792)	\$ (3,739,969)	\$ (463,259)	\$ 32,273,035	\$ 39,744,392	\$ (7,471,357)	\$ (54,109,727)
2022	\$ 44,528,007	\$ -	\$ (7,430,792)	\$ (3,889,567)	\$ (477,157)	\$ 32,730,490	\$ 39,917,383	\$ (7,186,892)	\$ (61,296,619)
	\$ 501,432,930	\$ (67,451,461)	\$ (71,830,989)	\$ (41,345,792)	\$ (4,306,662)	\$ 316,498,026	\$ 377,794,645	\$ (61,296,619)	

The development proposal:

- saves \$21 million over 10 years
- saves \$61.3 million over 15 years
- saves \$174.7 million on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative A (Maximum Capital Expenditures)

Assumes Maximum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 26,135,086	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 24,309,814	\$ 23,386,133	\$ 923,681	\$ 1,518,846
2012	\$ 26,692,661	\$ (36,709,251)	\$ -	\$ (1,898,283)	\$ (0)	\$ (11,914,873)	\$ 23,873,432	\$ (35,788,304)	\$ (34,269,459)
2013	\$ 38,931,481	\$ -	\$ (4,953,861)	\$ (2,479,910)	\$ (109,809)	\$ 31,387,901	\$ 24,308,700	\$ 7,079,201	\$ (27,190,258)
2014	\$ 43,714,406	\$ (30,742,210)	\$ (7,430,792)	\$ (2,842,069)	\$ (208,003)	\$ 2,491,332	\$ 25,795,904	\$ (23,304,571)	\$ (50,494,829)
2015	\$ 40,382,150	\$ -	\$ (7,430,792)	\$ (2,955,752)	\$ (214,243)	\$ 29,781,363	\$ 25,651,070	\$ 4,130,293	\$ (46,364,537)
2016	\$ 40,942,637	\$ -	\$ (7,430,792)	\$ (3,073,982)	\$ (220,670)	\$ 30,217,193	\$ 24,300,106	\$ 5,917,087	\$ (40,447,449)
2017	\$ 41,513,578	\$ -	\$ (7,430,792)	\$ (3,196,941)	\$ (227,290)	\$ 30,658,555	\$ 24,673,841	\$ 5,984,714	\$ (34,462,735)
2018	\$ 42,093,281	\$ -	\$ (7,430,792)	\$ (3,324,819)	\$ (334,785)	\$ 31,002,885	\$ 40,819,249	\$ (9,816,364)	\$ (44,279,100)
2019	\$ 42,685,094	\$ -	\$ (7,430,792)	\$ (3,457,811)	\$ (394,979)	\$ 31,401,512	\$ 39,411,314	\$ (8,009,802)	\$ (52,288,901)
2020	\$ 43,292,104	\$ -	\$ (7,430,792)	\$ (3,596,124)	\$ (438,467)	\$ 31,826,722	\$ 39,575,735	\$ (7,749,013)	\$ (60,037,915)
2021	\$ 43,907,055	\$ -	\$ (7,430,792)	\$ (3,739,969)	\$ (463,259)	\$ 32,273,035	\$ 39,744,392	\$ (7,471,357)	\$ (67,509,272)
2022	\$ 44,528,007	\$ -	\$ (7,430,792)	\$ (3,889,567)	\$ (477,157)	\$ 32,730,490	\$ 39,917,383	\$ (7,186,892)	\$ (74,696,164)
	\$ 527,192,429	\$ (67,451,461)	\$ (71,830,989)	\$ (41,345,792)	\$ (4,306,662)	\$ 342,257,526	\$ 416,953,690	\$ (74,696,164)	

The development proposal:

- saves \$34 million over 10 years
- saves \$74.7 million over 15 years
- saves \$185.8 million on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative B (**Maximum** Capital Expenditures)

Assumes Maximum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Lease Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 26,135,086	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 24,309,814	\$ 23,386,133	\$ 923,681	\$ 1,518,846
2012	\$ 26,692,661	\$ (2,569,648)	\$ -	\$ (1,898,283)	\$ -	\$ 22,224,731	\$ 23,873,432	\$ (1,648,701)	\$ (129,855)
2013	\$ 38,931,481	\$ (2,569,648)	\$ (4,953,861)	\$ (2,479,910)	\$ (109,809)	\$ 28,818,254	\$ 24,308,700	\$ 4,509,553	\$ 4,379,698
2014	\$ 43,714,406	\$ (4,721,602)	\$ (7,430,792)	\$ (2,842,069)	\$ (208,003)	\$ 28,511,940	\$ 25,795,904	\$ 2,716,036	\$ 7,095,734
2015	\$ 40,382,150	\$ (4,721,602)	\$ (7,430,792)	\$ (2,955,752)	\$ (214,243)	\$ 25,059,761	\$ 25,651,070	\$ (591,309)	\$ 6,504,425
2016	\$ 40,942,637	\$ (4,721,602)	\$ (7,430,792)	\$ (3,073,982)	\$ (220,670)	\$ 25,495,591	\$ 24,300,106	\$ 1,195,485	\$ 7,699,910
2017	\$ 41,513,578	\$ (5,193,762)	\$ (7,430,792)	\$ (3,196,941)	\$ (227,290)	\$ 25,464,792	\$ 24,673,841	\$ 790,951	\$ 8,490,861
2018	\$ 42,093,281	\$ (5,193,762)	\$ (7,430,792)	\$ (3,324,819)	\$ (334,785)	\$ 25,809,123	\$ 40,819,249	\$ (15,010,127)	\$ (6,519,266)
2019	\$ 42,685,094	\$ (5,193,762)	\$ (7,430,792)	\$ (3,457,811)	\$ (394,979)	\$ 26,207,750	\$ 39,411,314	\$ (13,203,564)	\$ (19,722,830)
2020	\$ 43,292,104	\$ (5,193,762)	\$ (7,430,792)	\$ (3,596,124)	\$ (438,467)	\$ 26,632,959	\$ 39,575,735	\$ (12,942,776)	\$ (32,665,606)
2021	\$ 43,907,055	\$ (5,193,762)	\$ (7,430,792)	\$ (3,739,969)	\$ (463,259)	\$ 27,079,273	\$ 39,744,392	\$ (12,665,119)	\$ (45,330,725)
2022	\$ 44,528,007	\$ (5,713,139)	\$ (7,430,792)	\$ (3,889,567)	\$ (477,157)	\$ 27,017,351	\$ 39,917,383	\$ (12,900,031)	\$ (58,230,756)
	\$ 527,192,429	\$ (50,986,053)	\$ (71,830,989)	\$ (41,345,792)	\$ (4,306,662)	\$ 358,722,934	\$ 416,953,690	\$ (58,230,756)	

The development proposal:

- costs \$8.5 million more over 10 years
 - saves \$58.2 million over 15 years
- saves \$232.4 million (NPV) over 50 years

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative B (**Minimum** Capital Expenditures)

Assumes Minimum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Lease Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 17,548,586	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 15,723,314	\$ 19,695,681	\$ (3,972,367)	\$ (3,377,202)
2012	\$ 18,106,161	\$ (2,569,648)	\$ -	\$ (1,898,283)	\$ -	\$ 13,638,231	\$ 17,017,852	\$ (3,379,621)	\$ (6,756,823)
2013	\$ 30,344,981	\$ (2,569,648)	\$ (4,953,861)	\$ (2,479,910)	\$ (109,809)	\$ 20,231,754	\$ 17,453,120	\$ 2,778,633	\$ (3,978,190)
2014	\$ 43,714,406	\$ (4,721,602)	\$ (7,430,792)	\$ (2,842,069)	\$ (208,003)	\$ 28,511,940	\$ 18,940,324	\$ 9,571,616	\$ 5,593,426
2015	\$ 40,382,150	\$ (4,721,602)	\$ (7,430,792)	\$ (2,955,752)	\$ (214,243)	\$ 25,059,761	\$ 18,795,491	\$ 6,264,270	\$ 11,857,697
2016	\$ 40,942,637	\$ (4,721,602)	\$ (7,430,792)	\$ (3,073,982)	\$ (220,670)	\$ 25,495,591	\$ 20,276,969	\$ 5,218,622	\$ 17,076,318
2017	\$ 41,513,578	\$ (5,193,762)	\$ (7,430,792)	\$ (3,196,941)	\$ (227,290)	\$ 25,464,792	\$ 20,650,705	\$ 4,814,088	\$ 21,890,406
2018	\$ 42,093,281	\$ (5,193,762)	\$ (7,430,792)	\$ (3,324,819)	\$ (334,785)	\$ 25,809,123	\$ 40,819,249	\$ (15,010,127)	\$ 6,880,279
2019	\$ 42,685,094	\$ (5,193,762)	\$ (7,430,792)	\$ (3,457,811)	\$ (394,979)	\$ 26,207,750	\$ 39,411,314	\$ (13,203,564)	\$ (6,323,285)
2020	\$ 43,292,104	\$ (5,193,762)	\$ (7,430,792)	\$ (3,596,124)	\$ (438,467)	\$ 26,632,959	\$ 39,575,735	\$ (12,942,776)	\$ (19,266,061)
2021	\$ 43,907,055	\$ (5,193,762)	\$ (7,430,792)	\$ (3,739,969)	\$ (463,259)	\$ 27,079,273	\$ 39,744,392	\$ (12,665,119)	\$ (31,931,180)
2022	\$ 44,528,007	\$ (5,713,139)	\$ (7,430,792)	\$ (3,889,567)	\$ (477,157)	\$ 27,017,351	\$ 39,917,383	\$ (12,900,031)	\$ (44,831,211)
	\$ 501,432,930	\$ (50,986,053)	\$ (71,830,989)	\$ (41,345,792)	\$ (4,306,662)	\$ 332,963,434	\$ 377,794,645	\$ (44,831,211)	

The development proposal:

- costs \$21.9 million more over 10 years
 - saves \$44.8 million over 15 years
- saves \$221.3 million (NPV) over 50 years

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative B (**Maximum** Capital Expenditures)

Assumes Maximum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Lease Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 26,135,086	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 24,309,814	\$ 23,386,133	\$ 923,681	\$ 1,518,846
2012	\$ 26,692,661	\$ (2,569,648)	\$ -	\$ (1,898,283)	\$ -	\$ 22,224,731	\$ 23,873,432	\$ (1,648,701)	\$ (129,855)
2013	\$ 38,931,481	\$ (2,569,648)	\$ (4,953,861)	\$ (2,479,910)	\$ (109,809)	\$ 28,818,254	\$ 24,308,700	\$ 4,509,553	\$ 4,379,698
2014	\$ 43,714,406	\$ (4,721,602)	\$ (7,430,792)	\$ (2,842,069)	\$ (208,003)	\$ 28,511,940	\$ 25,795,904	\$ 2,716,036	\$ 7,095,734
2015	\$ 40,382,150	\$ (4,721,602)	\$ (7,430,792)	\$ (2,955,752)	\$ (214,243)	\$ 25,059,761	\$ 25,651,070	\$ (591,309)	\$ 6,504,425
2016	\$ 40,942,637	\$ (4,721,602)	\$ (7,430,792)	\$ (3,073,982)	\$ (220,670)	\$ 25,495,591	\$ 24,300,106	\$ 1,195,485	\$ 7,699,910
2017	\$ 41,513,578	\$ (5,193,762)	\$ (7,430,792)	\$ (3,196,941)	\$ (227,290)	\$ 25,464,792	\$ 24,673,841	\$ 790,951	\$ 8,490,861
2018	\$ 42,093,281	\$ (5,193,762)	\$ (7,430,792)	\$ (3,324,819)	\$ (334,785)	\$ 25,809,123	\$ 40,819,249	\$ (15,010,127)	\$ (6,519,266)
2019	\$ 42,685,094	\$ (5,193,762)	\$ (7,430,792)	\$ (3,457,811)	\$ (394,979)	\$ 26,207,750	\$ 39,411,314	\$ (13,203,564)	\$ (19,722,830)
2020	\$ 43,292,104	\$ (5,193,762)	\$ (7,430,792)	\$ (3,596,124)	\$ (438,467)	\$ 26,632,959	\$ 39,575,735	\$ (12,942,776)	\$ (32,665,606)
2021	\$ 43,907,055	\$ (5,193,762)	\$ (7,430,792)	\$ (3,739,969)	\$ (463,259)	\$ 27,079,273	\$ 39,744,392	\$ (12,665,119)	\$ (45,330,725)
2022	\$ 44,528,007	\$ (5,713,139)	\$ (7,430,792)	\$ (3,889,567)	\$ (477,157)	\$ 27,017,351	\$ 39,917,383	\$ (12,900,031)	\$ (58,230,756)
	\$ 527,192,429	\$ (50,986,053)	\$ (71,830,989)	\$ (41,345,792)	\$ (4,306,662)	\$ 358,722,934	\$ 416,953,690	\$ (58,230,756)	

The development proposal:

- costs \$8.5 million more over 10 years
 - saves \$58.2 million over 15 years
- saves \$232.4 million (NPV) over 50 years

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative D (**Minimum** Capital Expenditures)

Assumes Minimum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 17,548,586	\$ (6,745,146)	\$ -	\$ (1,825,272)	\$ -	\$ 8,978,168	\$ 19,695,681	\$ (10,717,513)	\$ (10,122,348)
2012	\$ 18,106,161	\$ -	\$ -	\$ (1,898,283)	\$ -	\$ 16,207,879	\$ 17,017,852	\$ (809,973)	\$ (10,932,322)
2013	\$ 30,696,599	\$ -	\$ (4,953,861)	\$ (4,205,371)	\$ (109,809)	\$ 21,427,559	\$ 17,453,120	\$ 3,974,439	\$ (6,957,883)
2014	\$ 44,260,294	\$ -	\$ (7,430,792)	\$ (5,533,787)	\$ (3,181,141)	\$ 28,114,574	\$ 18,940,324	\$ 9,174,249	\$ 2,216,367
2015	\$ 40,947,143	\$ -	\$ (7,430,792)	\$ (5,755,138)	\$ (214,243)	\$ 27,546,970	\$ 18,795,491	\$ 8,751,479	\$ 10,967,846
2016	\$ 41,527,405	\$ -	\$ (7,430,792)	\$ (5,985,344)	\$ (220,670)	\$ 27,890,599	\$ 20,276,969	\$ 7,613,630	\$ 18,581,476
2017	\$ 42,118,813	\$ -	\$ (7,430,792)	\$ (6,224,758)	\$ (227,290)	\$ 28,235,973	\$ 20,650,705	\$ 7,585,268	\$ 26,166,745
2018	\$ 42,719,699	\$ -	\$ (7,430,792)	\$ (6,473,748)	\$ (234,109)	\$ 28,581,050	\$ 40,819,249	\$ (12,238,199)	\$ 13,928,545
2019	\$ 43,333,437	\$ -	\$ (7,430,792)	\$ (6,732,698)	\$ (241,132)	\$ 28,928,815	\$ 39,411,314	\$ (10,482,499)	\$ 3,446,046
2020	\$ 43,963,139	\$ -	\$ (7,430,792)	\$ (7,002,006)	\$ (248,366)	\$ 29,281,975	\$ 39,575,735	\$ (10,293,760)	\$ (6,847,714)
2021	\$ 44,601,576	\$ -	\$ (7,430,792)	\$ (7,282,086)	\$ (255,817)	\$ 29,632,881	\$ 39,744,392	\$ (10,111,511)	\$ (16,959,225)
2022	\$ 45,246,836	\$ -	\$ (7,430,792)	\$ (7,573,369)	\$ (263,492)	\$ 29,979,183	\$ 39,917,383	\$ (9,938,200)	\$ (26,897,425)
	\$ 507,444,579	\$ (6,745,146)	\$ (71,830,989)	\$ (71,557,153)	\$ (6,414,071)	\$ 350,897,221	\$ 377,794,645	\$ (26,897,425)	

The development proposal:

- costs \$26.2 million more over 10 years
 - saves \$26.9 million over 15 years
- saves \$183.2 million (NPV) over 50 years

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative D (**Maximum** Capital Expenditures)

Assumes Maximum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 26,135,086	\$ (6,745,146)	\$ -	\$ (1,825,272)	\$ -	\$ 17,564,668	\$ 23,386,133	\$ (5,821,465)	\$ (5,226,300)
2012	\$ 26,692,661	\$ -	\$ -	\$ (1,898,283)	\$ -	\$ 24,794,378	\$ 23,873,432	\$ 920,947	\$ (4,305,354)
2013	\$ 39,283,099	\$ -	\$ (4,953,861)	\$ (4,205,371)	\$ (109,809)	\$ 30,014,059	\$ 24,308,700	\$ 5,705,359	\$ 1,400,005
2014	\$ 44,260,294	\$ -	\$ (7,430,792)	\$ (5,533,787)	\$ (3,181,141)	\$ 28,114,574	\$ 25,795,904	\$ 2,318,670	\$ 3,718,675
2015	\$ 40,947,143	\$ -	\$ (7,430,792)	\$ (5,755,138)	\$ (214,243)	\$ 27,546,970	\$ 25,651,070	\$ 1,895,900	\$ 5,614,574
2016	\$ 41,527,405	\$ -	\$ (7,430,792)	\$ (5,985,344)	\$ (220,670)	\$ 27,890,599	\$ 24,300,106	\$ 3,590,494	\$ 9,205,068
2017	\$ 42,118,813	\$ -	\$ (7,430,792)	\$ (6,224,758)	\$ (227,290)	\$ 28,235,973	\$ 24,673,841	\$ 3,562,132	\$ 12,767,200
2018	\$ 42,719,699	\$ -	\$ (7,430,792)	\$ (6,473,748)	\$ (234,109)	\$ 28,581,050	\$ 40,819,249	\$ (12,238,199)	\$ 529,000
2019	\$ 43,333,437	\$ -	\$ (7,430,792)	\$ (6,732,698)	\$ (241,132)	\$ 28,928,815	\$ 39,411,314	\$ (10,482,499)	\$ (9,953,499)
2020	\$ 43,963,139	\$ -	\$ (7,430,792)	\$ (7,002,006)	\$ (248,366)	\$ 29,281,975	\$ 39,575,735	\$ (10,293,760)	\$ (20,247,259)
2021	\$ 44,601,576	\$ -	\$ (7,430,792)	\$ (7,282,086)	\$ (255,817)	\$ 29,632,881	\$ 39,744,392	\$ (10,111,511)	\$ (30,358,770)
2022	\$ 45,246,836	\$ -	\$ (7,430,792)	\$ (7,573,369)	\$ (263,492)	\$ 29,979,183	\$ 39,917,383	\$ (9,938,200)	\$ (40,296,970)
	\$ 533,204,079	\$ (6,745,146)	\$ (71,830,989)	\$ (71,557,153)	\$ (6,414,071)	\$ 376,656,720	\$ 416,953,690	\$ (40,296,970)	

The development proposal:

- costs \$12.8 million more over 10 years
 - saves \$40.3 million over 15 years
 - saves \$194.3 million over 50 years

as compared to Alternative 5 "Hold Steady"

Summary of Comparisons

Gerding Edlen Alternatives A & B compared to Alternative 5 “Hold Steady”

Development Alternative 'A'	(Potential Savings)/ Cost Increase
10-Years	(\$21) – (\$34) million
15-Years	(\$61.3) – (\$74.7) million
50-Years	(\$686.8) – (\$700.2) million
50-Years (Net Present Value)	(\$174.7) – (\$185) million

Development Alternative 'B'	(Potential Savings)/ Cost Increase
10-Years	\$8.5 – \$21.9 million
15-Years	(\$44.8) – (\$58.3) million
50-Years	(\$933.4) – (\$946.8) million
50-Years (Net Present Value)	(\$221.3) – (\$232.4) million

Range of costs based on minimum or maximum capital expenditures

Summary of Comparisons

Gerding Edlen Alternative D compared to Alternative 5 "Hold Steady"

Development Alternative 'D'	(Potential Savings)/ Cost Increase
10-Years	\$12.8 – \$26.2 million
15-Years	(\$26.9) – (\$40.3) million
50-Years	(\$840.1) – (\$853.5) million
50-Years (Net Present Value)	(\$183.2) – (\$194.3) million

Range of costs based on minimum or maximum capital expenditures

San Diego Civic Center Complex

Benefit/Risk Analysis of Gerding Edlen Alternatives A,B & D

Benefits	Risks
1. Less costly over next 15 years and significantly less costly over 50 years – potential 10-year cost increases may be minimized or eliminated through negotiations	1. Risk of default by developer on revenue obligations (ground lease, master lease of office and retail)
2. Eliminates all latent risk in City’s existing building (seismic, life-safety & environmental)	2. Construction cost and schedule risk
3. City has efficiently designed facility which may be owned, debt-free upon retirement of bonds	3. Financing risk (interest rates, default guarantees from developer)
4. Potential new job creation and associated fiscal impacts (9,110 construction jobs, 3,468 long term jobs, \$3.7 mil annual property tax revenue, \$500k annual sales tax revenue)	4. Ability to achieve cost savings through proposed sustainability elements and energy systems
5. LEED™-NC Platinum sustainable building	5. Future value of excess City-owned land for sale or long-term lease purposes
6. Re-opens B Street	6. Private Development fails to occur
7. Revitalizes Civic/Core District	
8. Multi-functional public plaza	
9. 24/7 land uses and vibrancy	
10. Activates C Street transit corridor	
11. Consolidated City operations, improved customer service, potential for improved employee productivity, health, attraction and retention	
12. Potential catalyst for further district redevelopment	

Risk Mitigation

During ENA process several deal points would be negotiated:

- Guarantee payment of master lease obligation
- Pre-payment of ground lease payments
- Back-loaded debt service payments on bonds
- Size and disposition of contingency
- Value engineering
- Design changes
- Further scrutiny of City staff growth projections and space needs

Hold Steady scenario sets the bar for developer negotiations

San Diego Civic Center Complex

Benefit/Risk Analysis of "Hold Steady" Alternative 5

Benefits	Risks
1. Least costly non-development scenario for the next 10 years	1. Safety, health and financial risks of existing buildings
2. Provides the City with additional time to possibly improve its financial position	2. Likely need for significant capital improvement costs to maintain building safety and functionality only to demolish the buildings in 10 years
3. Potential continual decline of the office market may result in lower leasing costs	3. City may not be able to negotiate lease rates below current proposals
	4. Likely increase in financing costs
	5. Continued inefficiencies of existing buildings and dispersed City operations
	6. No new construction jobs / no district revitalization
	7. Likely increase in construction costs
	8. Another search for a development partner – potential for low response and less willingness to “spec” design up front

San Diego Civic Center Complex

Conclusions

- Majority of the non-development alternatives have been deemed not functionally or financially viable by JLL & EY.
- Hold Steady scenario may be less expensive than some of the GED alternatives on a 5-10 year basis, then a new building must be constructed.
- The majority of the redevelopment alternatives save the City money over 15 and 50 years than the non-redevelopment alternatives.
- 10 year cost savings on the redevelopment alternatives may be achieved through negotiations.
- If negotiations are not successful all other options are still available.

Supporting Analysis

New Lease Proposals

10 Year Term	April 2008 Estimate	February 2009 Landlord Proposals	Variance
Total Base Rent	\$196.2 MM	\$190.7 MM	\$5.5 MM
Tenant Improvement Allowance	(\$15.9) MM	(\$13.7) MM	(\$2.3) MM
As-Is Rent	\$180.3 MM	\$177.0 MM	\$3.3 MM
NPV Discounted @ 5.25%	\$132.2 MM	\$129.9 MM	\$2.4 MM

Lease Costs During Final 12 Months	Projected Lease Costs During First 12 Months of Renewal (April 2008)	Projected Lease Costs During First 12 Months Hold Steady (Feb 2009)	Projected Lease Costs During First 12 Months Alternative 1 (Feb 2009)
\$13.1 MM	\$17.5 MM	\$13.9 MM	\$15.1 MM
Includes Op. Exps.	Assumes \$30 TIA	Assumes No TIA	Assumes \$30 TIA

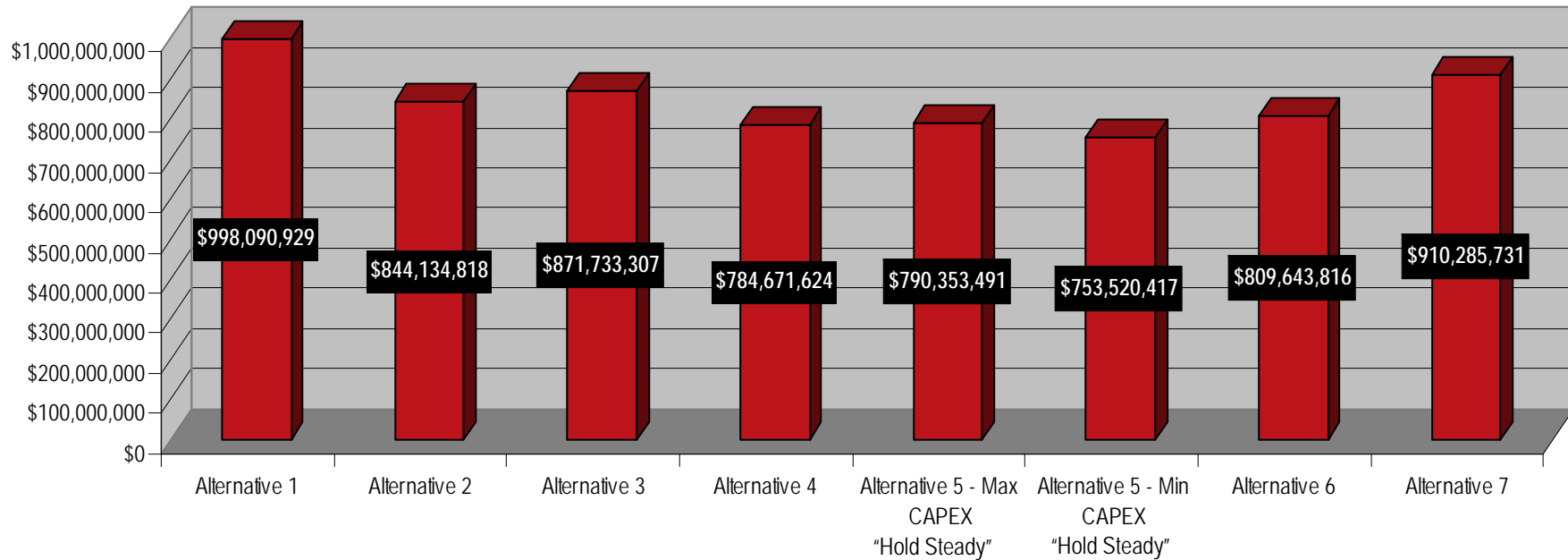
In consideration of potentially more favorable terms resulting from negotiations, the following discounts were applied to the above landlord proposals:

- 5% discount on start rate for Alternative 5 (year-year renewal)
- 10% discount on start rate for all other non-development alternatives (10-year renewal)

San Diego Civic Center Complex

Non-Development Alternatives

50 Year Net Present Value

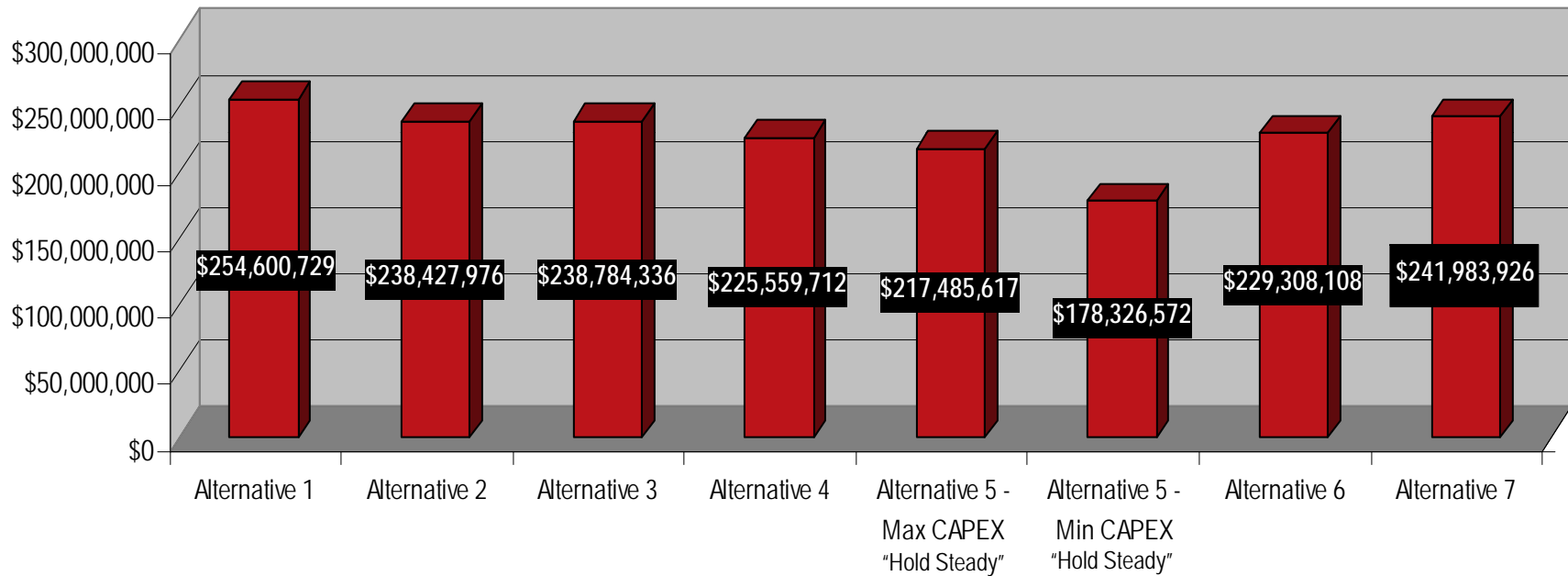


CAPEX = minimum and maximum estimated Capital Expenditures to maintain safety and functionality of City-owned buildings until buildings are replaced.

San Diego Civic Center Complex

Non-Development Alternatives

10 Year Nominal Costs

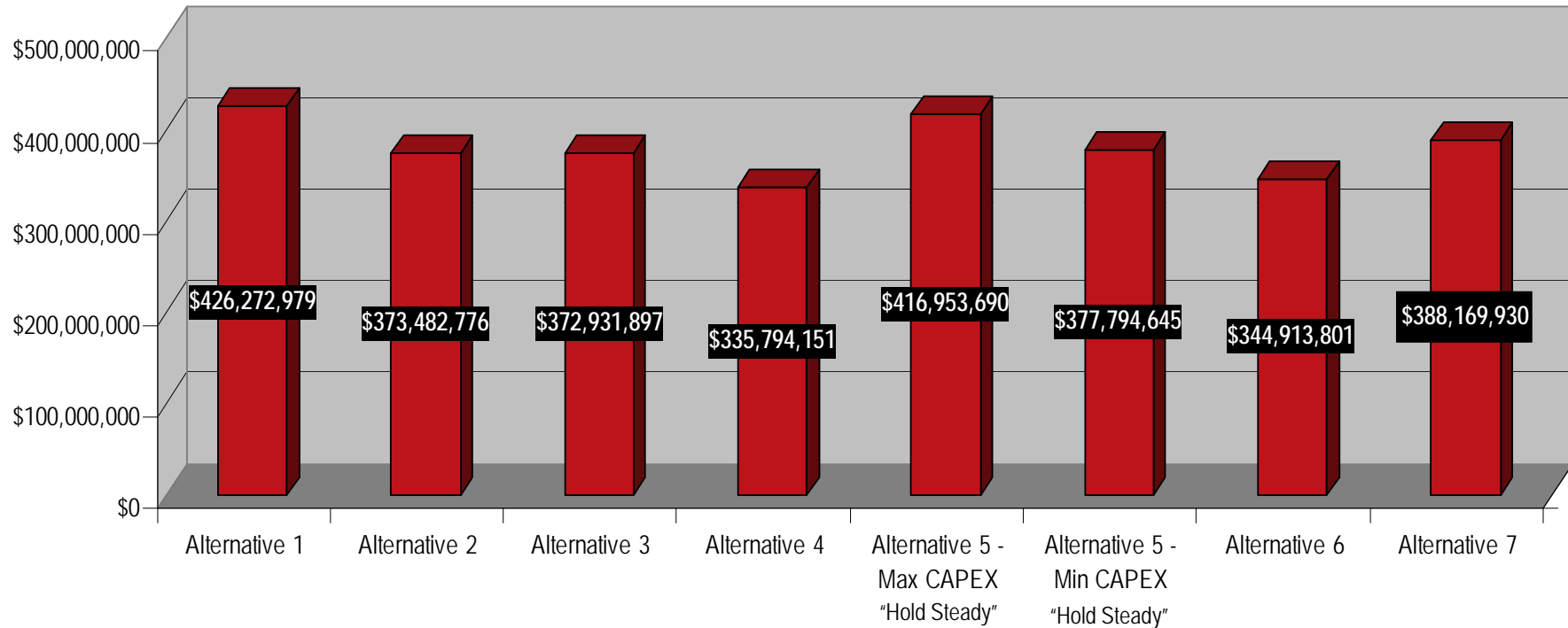


CAPEX = minimum and maximum estimated Capital Expenditures to maintain safety and functionality of City-owned buildings until buildings are replaced.

San Diego Civic Center Complex

Non-Development Alternatives

15 Year Nominal Costs

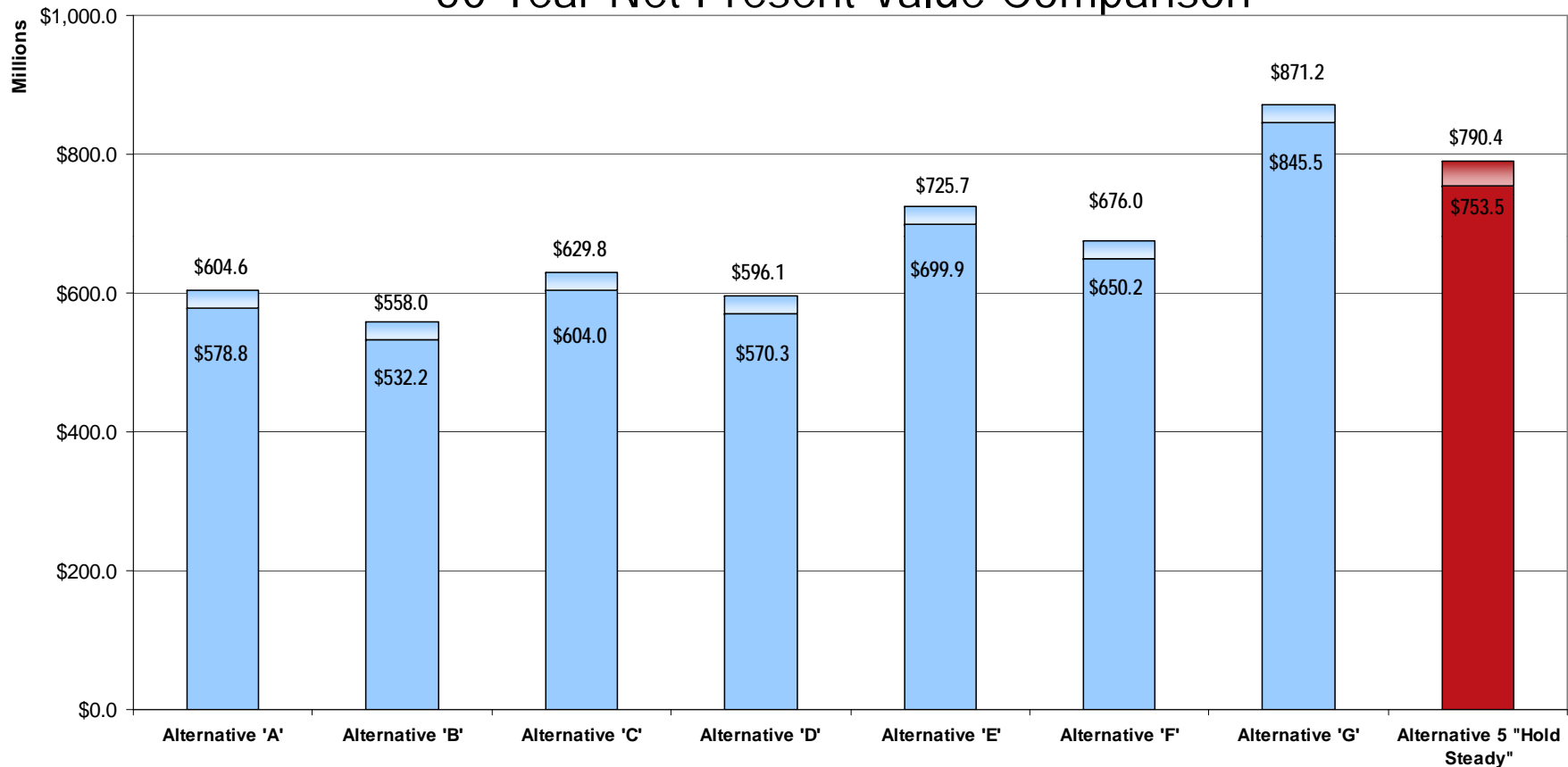


CAPEX = minimum and maximum estimated Capital Expenditures to maintain safety and functionality of City-owned buildings until buildings are replaced.

San Diego Civic Center Complex

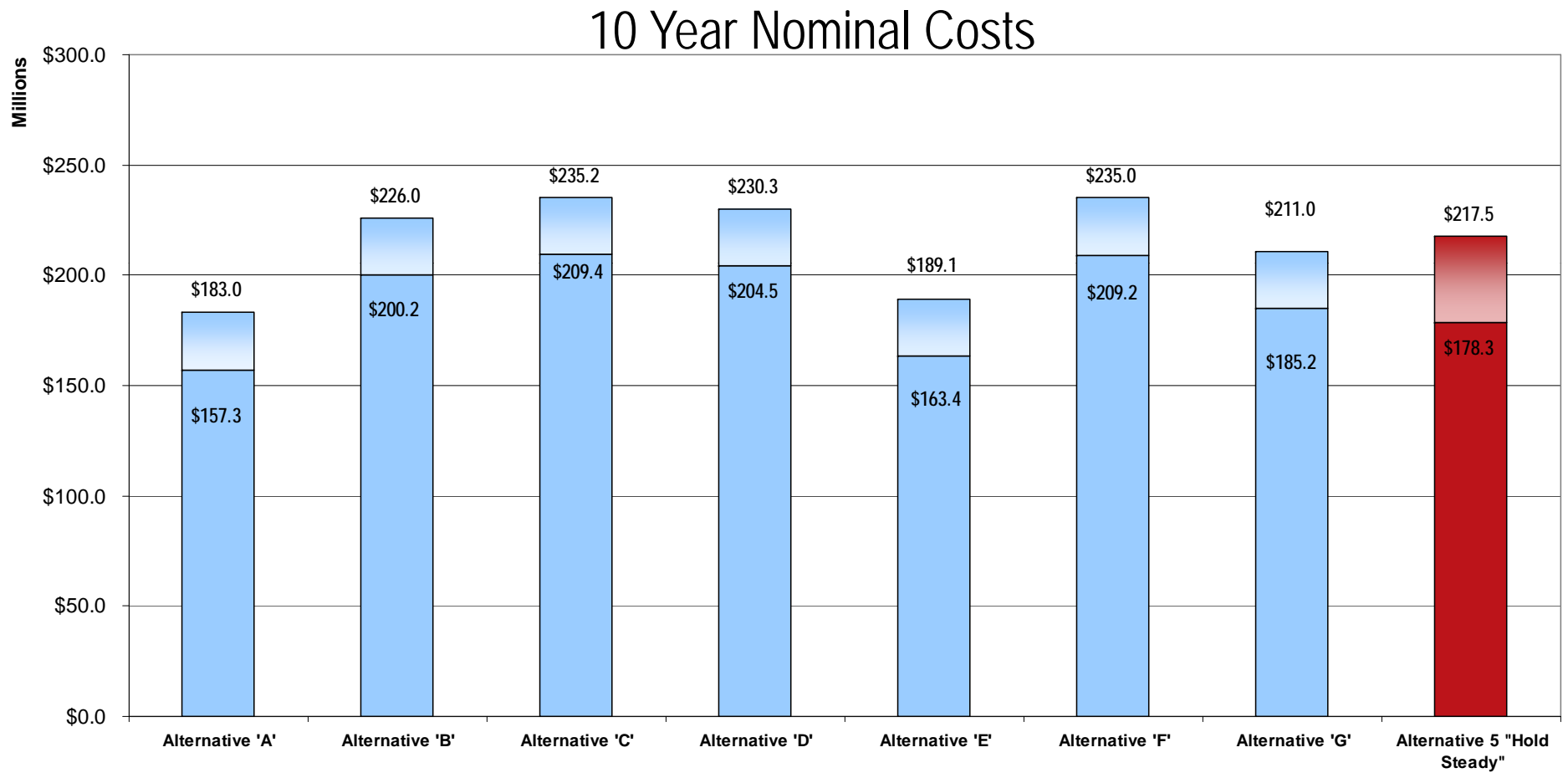
Gerding Edlen Development Costs Compared to Alternative 5 "Hold-Steady"

50 Year Net Present Value Comparison



San Diego Civic Center Complex

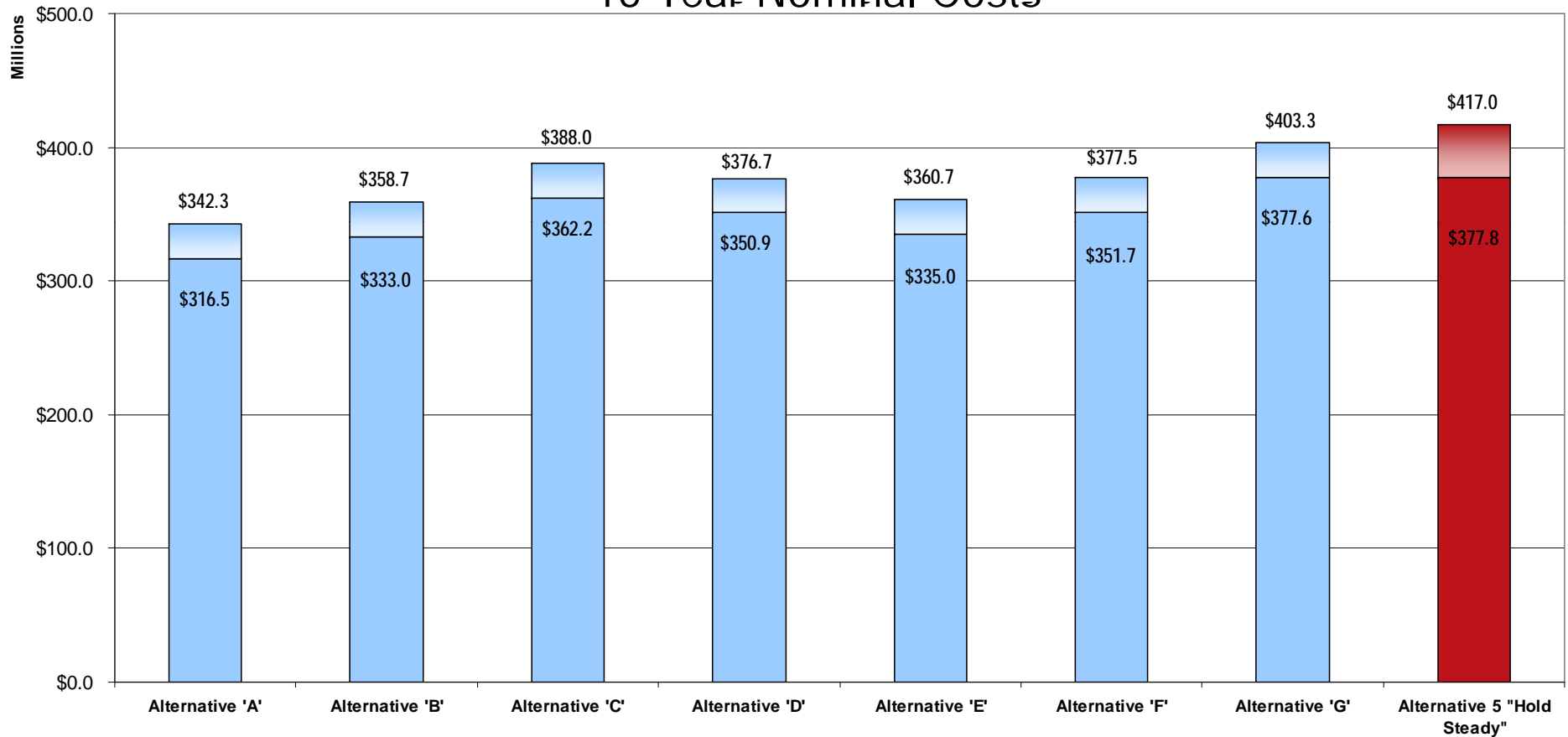
Gerding Edlen Development Costs Compared to Alternative 5, "Hold Steady"



San Diego Civic Center Complex

Gerding Edlen Development Costs Compared to Alternative 5, "Hold Steady"

15 Year Nominal Costs



San Diego Civic Center Complex

Sensitivity Analysis

- Sensitivity analyses were also conducted to measure the impact of the following variables:
 - Minimum and maximum costs of required capital improvements for building safety and functionality
 - Seismic upgrade costs (\$35 and \$60 PSF)
 - Parking occupancy (50% and 80% for Parkade in Development Alternatives C & D, respectively)

Changes to Methodology

	Previous Analysis (8/08)	Revised Analysis (4/09)
Residual Building Value	While the buildings' potential residual value in Year 50 (2057) was noted in the previous report's narrative, it was not included as a quantitative value in the 50-year cost projections.	As recommended by the EY report, an estimate of the buildings' residual value has been included in each of the alternatives. The value is based on 90% of the buildings' total development costs depreciated over a 50 year period. The remaining 10% of original cost retains its value. The residual value is then reduced by the estimated remaining debt balance, if any, in Year 50, to arrive at net proceeds.
City "Gross" versus "Net" financial obligations	While the City's gross financial obligations under each alternative were reflected in the detailed appendices of the JLL financial report, the graphic representations included in the report body or presentation summaries depicted only net costs.	The revised analysis includes a graphic representation and detailed annual initial 15-year comparison of both the City's gross and net projected costs under each alternative, with 50-year comparisons provided for in JLL's report.

Changes to Financial Assumptions

	Previous Analysis (8/08)	Revised Analysis (4/09)
Operating and Maintenance Expenses (City-owned buildings)	<p>In the absence of reliable historical cost data from the City, JLL assumed \$9.00 per square foot for 2008 annual operating and maintenance costs for the City-owned buildings based on BOMA standards and factoring the buildings' age and condition.</p> <p>No capital replacement reserve was included in the projected costs of the non-development alternatives.</p>	<p>Following a review of historical costs by the City, as revised 2008 cost of \$8.00 per square foot has been applied to each alternative.</p> <p>A \$0.75 per square foot capital replacement reserve has been added to each of the full renovation alternatives, consistent with similar type buildings and the assumptions applied in the development alternatives (excluding Alternative 5, "Hold Steady").</p>
Operating Expense Escalation (Existing buildings)	Assumed a 5.0% annual escalation rate in each of the non-development alternatives in consideration of buildings' age and inefficiencies.	Reduced annual escalation rate to 3.5% based on EY report recommendations and direction from CCDC and Selection Panel.
Operating Expense Escalation (New buildings)	Assumed a 4.0% annual escalation rate in the new development alternatives.	Reduced annual escalation rate to 3.0% based on EY report recommendations and direction from CCDC and Selection Panel.

Changes to Financial Assumptions

	Previous Analysis (8/08)	Revised Analysis (4/09)
Construction Cost Escalation	Assumed a 4.5% annual construction cost escalation based on historical escalations during past several years and forecasted long term global construction materials shortages and oil pricing volatility.	Will assume an annual construction cost escalation factor of 3.5% following direction from CCDC and the Selection Panel based on recommendations in the EY report.
Swing Space	Assumed \$2.75 per Rentable Square Foot (Full Service Gross).	Will assume \$2.50 per Rentable Square Foot (Full Service Gross) in recognition of current market conditions.

Changes to Capital Improvement Costs

	Previous Analysis (8/08)	Revised Analysis (4/09)
Elevator Modernization Costs	<p>Elevator modernization for the CAB and Parkade was included only in the full building renovation alternatives in conjunction with the buildings' entire renovation presumed to occur in 2011.</p> <p>Alternative 5 – excluded such costs since it was the “No Renovation” alternative.</p> <p>The development alternatives excluded such costs since building demolition was assumed to be imminent.</p>	<p>As a consequence of recent City Council authorization to expend \$1.7 million on elevator modernization in the CAB and Parkade, this cost has been added as a 2009 City cost in all non-development and development alternatives.</p>
Fire Sprinkler Installation and Asbestos Abatement	<p>CAB fire sprinkler installation and full asbestos abatement was included only in the full building renovation alternatives in conjunction with the buildings' entire renovation presumed to occur in 2011.</p> <p>Alternative #5 excluded such costs since it was the “No Renovation” alternative.</p> <p>The development alternatives excluded such costs since building demolition was assumed to be imminent.</p>	<p>CAB fire sprinkler installation and full asbestos abatement continue to be included in the full building renovation alternatives in 2011.</p> <p>\$3.2 million of costs for installation of fire sprinklers have been added to the new Alternative 5 – “Hold Steady” alternative since building replacement is assumed to be delayed for at least 10 years in the future.</p>

Changes to Capital Improvement Costs

	Previous Analysis (8/08)	Revised Analysis (4/09)
<p>Critical and Necessary Capital Improvements and Replacements</p> <p>(CAB, COB, Concourse and Parkade)</p>	<p>The Alternative 5 – “No Renovation” alternative included no costs for building improvements and replacements despite the findings of the DM&JM AECOM condition assessment report stating that more than \$31.4 million of costs will likely be required over the next five years to keep the existing City-owned building functional, safe and operational.</p>	<p>Since the new Alternative 5 – “Hold Steady” scenario assumes building replacement will not occur for 10 years from today, \$41 million of costs have been added over the next ten years as a possible burden to the City’s general fund as building systems and components fail, as indicated in the condition assessment report.</p> <p>A sensitivity analysis is also performed which measures the impact to the City is no capital improvement and replacement costs are required over the next ten years.</p>
<p>Seismic Retrofit Costs</p>	<p>A very preliminary and conceptual cost estimate provided by DMJM AECOM for implementing seismic retrofit improvements to the City-owned buildings ranged from \$35 to \$60 per square foot. JLL assumed \$35 in each of the full renovation alternatives – at the lower end of the cost range.</p>	<p>A sensitivity analysis is performed to measure the financial impact of the seismic retrofit costs occurring at the top end of the range -- \$60 per square foot.</p>

Changes to Parking Assumptions

	Previous Analysis (8/08)	Revised Analysis (4/09)
Employee Parking Subsidy	<p>Assumed progressive elimination of 50% employee parking subsidy by 2013 in Gerding proposals to reduce parking demand for costly subterranean parking.</p> <p>Assumed continuance of employee parking subsidy for all other alternatives since Parkade remains in place.</p>	<p>Assumes 50% employee parking subsidy remains for 50 years in all alternatives.</p> <p>A sensitivity analysis is performed to measure the impact of the elimination of the employee parking subsidy in 2013 in all alternatives.</p>
Parking Occupancy	<p>Conservatively assumed 50% occupancy of Parkade in Gerding Phase One only, Alternative 'C', despite parking consultant's opinion of 80%.</p>	<p>In Alternative 'D', a sensitivity analysis is performed to measure the impact of an 80% occupancy rate.</p> <p>A 3% general vacancy factor will be included in all alternatives.</p>
Parkade Operating Costs	<p>All alternatives included City's previous annual Parkade operating and maintenance cost estimate for 2008 of \$320,223</p>	<p>Updated all alternatives to include City's revised fiscal year 2008 annual costs of \$436,442.</p>

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative A (**Minimum** Capital Expenditures)

Assumes Minimum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 17,548,586	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 15,723,314	\$ 19,695,681	\$ (3,972,367)	\$ (3,377,202)
2012	\$ 18,106,161	\$ (36,709,251)	\$ -	\$ (1,898,283)	\$ (0)	\$ (20,501,372)	\$ 17,017,852	\$ (37,519,224)	\$ (40,896,427)
2013	\$ 30,344,981	\$ -	\$ (4,953,861)	\$ (2,479,910)	\$ (109,809)	\$ 22,801,401	\$ 17,453,120	\$ 5,348,281	\$ (35,548,146)
2014	\$ 43,714,406	\$ (30,742,210)	\$ (7,430,792)	\$ (2,842,069)	\$ (208,003)	\$ 2,491,332	\$ 18,940,324	\$ (16,448,992)	\$ (51,997,137)
2015	\$ 40,382,150	\$ -	\$ (7,430,792)	\$ (2,955,752)	\$ (214,243)	\$ 29,781,363	\$ 18,795,491	\$ 10,985,873	\$ (41,011,265)
2016	\$ 40,942,637	\$ -	\$ (7,430,792)	\$ (3,073,982)	\$ (220,670)	\$ 30,217,193	\$ 20,276,969	\$ 9,940,224	\$ (31,071,041)
2017	\$ 41,513,578	\$ -	\$ (7,430,792)	\$ (3,196,941)	\$ (227,290)	\$ 30,658,555	\$ 20,650,705	\$ 10,007,850	\$ (21,063,191)
2018	\$ 42,093,281	\$ -	\$ (7,430,792)	\$ (3,324,819)	\$ (334,785)	\$ 31,002,885	\$ 40,819,249	\$ (9,816,364)	\$ (30,879,555)
2019	\$ 42,685,094	\$ -	\$ (7,430,792)	\$ (3,457,811)	\$ (394,979)	\$ 31,401,512	\$ 39,411,314	\$ (8,009,802)	\$ (38,889,356)
2020	\$ 43,292,104	\$ -	\$ (7,430,792)	\$ (3,596,124)	\$ (438,467)	\$ 31,826,722	\$ 39,575,735	\$ (7,749,013)	\$ (46,638,370)
2021	\$ 43,907,055	\$ -	\$ (7,430,792)	\$ (3,739,969)	\$ (463,259)	\$ 32,273,035	\$ 39,744,392	\$ (7,471,357)	\$ (54,109,727)
2022	\$ 44,528,007	\$ -	\$ (7,430,792)	\$ (3,889,567)	\$ (477,157)	\$ 32,730,490	\$ 39,917,383	\$ (7,186,892)	\$ (61,296,619)
	\$ 501,432,930	\$ (67,451,461)	\$ (71,830,989)	\$ (41,345,792)	\$ (4,306,662)	\$ 316,498,026	\$ 377,794,645	\$ (61,296,619)	

The development proposal:

- saves \$21 million over 10 years
- saves \$61.3 million over 15 years
- saves \$174.7 million on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative A (**Maximum** Capital Expenditures)

Assumes Maximum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 26,135,086	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 24,309,814	\$ 23,386,133	\$ 923,681	\$ 1,518,846
2012	\$ 26,692,661	\$ (36,709,251)	\$ -	\$ (1,898,283)	\$ (0)	\$ (11,914,873)	\$ 23,873,432	\$ (35,788,304)	\$ (34,269,459)
2013	\$ 38,931,481	\$ -	\$ (4,953,861)	\$ (2,479,910)	\$ (109,809)	\$ 31,387,901	\$ 24,308,700	\$ 7,079,201	\$ (27,190,258)
2014	\$ 43,714,406	\$ (30,742,210)	\$ (7,430,792)	\$ (2,842,069)	\$ (208,003)	\$ 2,491,332	\$ 25,795,904	\$ (23,304,571)	\$ (50,494,829)
2015	\$ 40,382,150	\$ -	\$ (7,430,792)	\$ (2,955,752)	\$ (214,243)	\$ 29,781,363	\$ 25,651,070	\$ 4,130,293	\$ (46,364,537)
2016	\$ 40,942,637	\$ -	\$ (7,430,792)	\$ (3,073,982)	\$ (220,670)	\$ 30,217,193	\$ 24,300,106	\$ 5,917,087	\$ (40,447,449)
2017	\$ 41,513,578	\$ -	\$ (7,430,792)	\$ (3,196,941)	\$ (227,290)	\$ 30,658,555	\$ 24,673,841	\$ 5,984,714	\$ (34,462,735)
2018	\$ 42,093,281	\$ -	\$ (7,430,792)	\$ (3,324,819)	\$ (334,785)	\$ 31,002,885	\$ 40,819,249	\$ (9,816,364)	\$ (44,279,100)
2019	\$ 42,685,094	\$ -	\$ (7,430,792)	\$ (3,457,811)	\$ (394,979)	\$ 31,401,512	\$ 39,411,314	\$ (8,009,802)	\$ (52,288,901)
2020	\$ 43,292,104	\$ -	\$ (7,430,792)	\$ (3,596,124)	\$ (438,467)	\$ 31,826,722	\$ 39,575,735	\$ (7,749,013)	\$ (60,037,915)
2021	\$ 43,907,055	\$ -	\$ (7,430,792)	\$ (3,739,969)	\$ (463,259)	\$ 32,273,035	\$ 39,744,392	\$ (7,471,357)	\$ (67,509,272)
2022	\$ 44,528,007	\$ -	\$ (7,430,792)	\$ (3,889,567)	\$ (477,157)	\$ 32,730,490	\$ 39,917,383	\$ (7,186,892)	\$ (74,696,164)
	\$ 527,192,429	\$ (67,451,461)	\$ (71,830,989)	\$ (41,345,792)	\$ (4,306,662)	\$ 342,257,526	\$ 416,953,690	\$ (74,696,164)	

The development proposal:

- saves \$34 million over 10 years
- saves \$74.7 million over 15 years
- saves \$185.8 million on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative C (**Minimum** Capital Expenditures)

Assumes Minimum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 17,548,586	\$ (6,745,146)	\$ -	\$ (1,825,272)	\$ -	\$ 8,978,168	\$ 19,695,681	\$ (10,717,513)	\$ (10,122,348)
2012	\$ 18,106,161	\$ -	\$ -	\$ (1,898,283)	\$ -	\$ 16,207,879	\$ 17,017,852	\$ (809,973)	\$ (10,932,322)
2013	\$ 30,696,599	\$ -	\$ (4,953,861)	\$ (3,558,323)	\$ (109,809)	\$ 22,074,607	\$ 17,453,120	\$ 4,621,487	\$ (6,310,835)
2014	\$ 44,260,294	\$ -	\$ (7,430,792)	\$ (4,524,393)	\$ (3,181,141)	\$ 29,123,968	\$ 18,940,324	\$ 10,183,644	\$ 3,872,809
2015	\$ 40,947,143	\$ -	\$ (7,430,792)	\$ (4,705,368)	\$ (214,243)	\$ 28,596,740	\$ 18,795,491	\$ 9,801,249	\$ 13,674,058
2016	\$ 41,527,405	\$ -	\$ (7,430,792)	\$ (4,893,583)	\$ (220,670)	\$ 28,982,360	\$ 20,276,969	\$ 8,705,391	\$ 22,379,449
2017	\$ 42,118,813	\$ -	\$ (7,430,792)	\$ (5,089,326)	\$ (227,290)	\$ 29,371,404	\$ 20,650,705	\$ 8,720,700	\$ 31,100,149
2018	\$ 42,719,699	\$ -	\$ (7,430,792)	\$ (5,292,899)	\$ (234,109)	\$ 29,761,898	\$ 40,819,249	\$ (11,057,351)	\$ 20,042,798
2019	\$ 43,333,437	\$ -	\$ (7,430,792)	\$ (5,504,615)	\$ (241,132)	\$ 30,156,898	\$ 39,411,314	\$ (9,254,417)	\$ 10,788,381
2020	\$ 43,963,139	\$ -	\$ (7,430,792)	\$ (5,724,800)	\$ (248,366)	\$ 30,559,181	\$ 39,575,735	\$ (9,016,554)	\$ 1,771,827
2021	\$ 44,601,576	\$ -	\$ (7,430,792)	\$ (5,953,792)	\$ (255,817)	\$ 30,961,175	\$ 39,744,392	\$ (8,783,217)	\$ (7,011,390)
2022	\$ 45,246,836	\$ -	\$ (7,430,792)	\$ (6,191,944)	\$ (263,492)	\$ 31,360,608	\$ 39,917,383	\$ (8,556,774)	\$ (15,568,164)
	\$ 507,444,579	\$ (6,745,146)	\$ (71,830,989)	\$ (60,227,893)	\$ (6,414,071)	\$ 362,226,481	\$ 377,794,645	\$ (15,568,164)	

The development proposal:

- costs \$31 million more over 10 years
 - saves \$15.6 million over 15 years
- saves \$149.5 million on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative C (**Maximum** Capital Expenditures)

Assumes Maximum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ -	\$ -	\$ (1,755,069)	\$ -	\$ 15,648,569	\$ 15,053,404	\$ 595,165	\$ 595,165
2011	\$ 26,135,086	\$ (6,745,146)	\$ -	\$ (1,825,272)	\$ -	\$ 17,564,668	\$ 23,386,133	\$ (5,821,465)	\$ (5,226,300)
2012	\$ 26,692,661	\$ -	\$ -	\$ (1,898,283)	\$ -	\$ 24,794,378	\$ 23,873,432	\$ 920,947	\$ (4,305,354)
2013	\$ 39,283,099	\$ -	\$ (4,953,861)	\$ (3,558,323)	\$ (109,809)	\$ 30,661,107	\$ 24,308,700	\$ 6,352,407	\$ 2,047,053
2014	\$ 44,260,294	\$ -	\$ (7,430,792)	\$ (4,524,393)	\$ (3,181,141)	\$ 29,123,968	\$ 25,795,904	\$ 3,328,064	\$ 5,375,117
2015	\$ 40,947,143	\$ -	\$ (7,430,792)	\$ (4,705,368)	\$ (214,243)	\$ 28,596,740	\$ 25,651,070	\$ 2,945,670	\$ 8,320,786
2016	\$ 41,527,405	\$ -	\$ (7,430,792)	\$ (4,893,583)	\$ (220,670)	\$ 28,982,360	\$ 24,300,106	\$ 4,682,254	\$ 13,003,040
2017	\$ 42,118,813	\$ -	\$ (7,430,792)	\$ (5,089,326)	\$ (227,290)	\$ 29,371,404	\$ 24,673,841	\$ 4,697,563	\$ 17,700,604
2018	\$ 42,719,699	\$ -	\$ (7,430,792)	\$ (5,292,899)	\$ (234,109)	\$ 29,761,898	\$ 40,819,249	\$ (11,057,351)	\$ 6,643,253
2019	\$ 43,333,437	\$ -	\$ (7,430,792)	\$ (5,504,615)	\$ (241,132)	\$ 30,156,898	\$ 39,411,314	\$ (9,254,417)	\$ (2,611,164)
2020	\$ 43,963,139	\$ -	\$ (7,430,792)	\$ (5,724,800)	\$ (248,366)	\$ 30,559,181	\$ 39,575,735	\$ (9,016,554)	\$ (11,627,718)
2021	\$ 44,601,576	\$ -	\$ (7,430,792)	\$ (5,953,792)	\$ (255,817)	\$ 30,961,175	\$ 39,744,392	\$ (8,783,217)	\$ (20,410,935)
2022	\$ 45,246,836	\$ -	\$ (7,430,792)	\$ (6,191,944)	\$ (263,492)	\$ 31,360,608	\$ 39,917,383	\$ (8,556,774)	\$ (28,967,709)
	\$ 533,204,079	\$ (6,745,146)	\$ (71,830,989)	\$ (60,227,893)	\$ (6,414,071)	\$ 387,985,980	\$ 416,953,690	\$ (28,967,709)	

The development proposal:

- costs \$17.7 million more over 10 years
 - saves \$29 million in over 15 years
- saves \$160.6 million on a 50-year basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative E (**Minimum** Capital Expenditures)

Assumes Minimum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ (6,687,697)	\$ -	\$ (1,755,069)	\$ -	\$ 8,960,872	\$ 15,053,404	\$ (6,092,532)	\$ (6,092,532)
2011	\$ 17,548,586	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 15,723,314	\$ 19,695,681	\$ (3,972,367)	\$ (10,064,899)
2012	\$ 18,106,161	\$ (36,709,251)	\$ -	\$ (1,898,283)	\$ (0)	\$ (20,501,372)	\$ 17,017,852	\$ (37,519,224)	\$ (47,584,124)
2013	\$ 27,313,433	\$ -	\$ -	\$ (658,071)	\$ (109,809)	\$ 26,545,553	\$ 17,453,120	\$ 9,092,433	\$ (38,491,691)
2014	\$ 35,651,642	\$ (30,742,210)	\$ -	\$ -	\$ (208,003)	\$ 4,701,429	\$ 18,940,324	\$ (14,238,895)	\$ (52,730,586)
2015	\$ 32,244,504	\$ -	\$ -	\$ -	\$ (214,243)	\$ 32,030,261	\$ 18,795,491	\$ 13,234,770	\$ (39,495,816)
2016	\$ 32,718,723	\$ -	\$ -	\$ -	\$ (220,670)	\$ 32,498,053	\$ 20,276,969	\$ 12,221,084	\$ (27,274,732)
2017	\$ 33,208,274	\$ -	\$ -	\$ -	\$ (227,290)	\$ 32,980,984	\$ 20,650,705	\$ 12,330,279	\$ (14,944,453)
2018	\$ 33,706,818	\$ -	\$ -	\$ -	\$ (334,785)	\$ 33,372,033	\$ 40,819,249	\$ (7,447,217)	\$ (22,391,670)
2019	\$ 34,213,311	\$ -	\$ -	\$ -	\$ (394,979)	\$ 33,818,333	\$ 39,411,314	\$ (5,592,982)	\$ (27,984,651)
2020	\$ 34,731,757	\$ -	\$ -	\$ -	\$ (438,467)	\$ 34,293,290	\$ 39,575,735	\$ (5,282,445)	\$ (33,267,096)
2021	\$ 35,260,874	\$ -	\$ -	\$ -	\$ (463,259)	\$ 34,797,615	\$ 39,744,392	\$ (4,946,777)	\$ (38,213,873)
2022	\$ 35,799,388	\$ -	\$ -	\$ -	\$ (477,157)	\$ 35,322,231	\$ 39,917,383	\$ (4,595,152)	\$ (42,809,025)
	\$ 422,878,361	\$ (74,139,158)	\$ -	\$ (9,446,920)	\$ (4,306,662)	\$ 334,985,621	\$ 377,794,645	\$ (42,809,025)	

The development proposal:

- saves \$15 million over 10 years
- saves \$42.8 million over 15 years
- saves \$53.6 million on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative E (Maximum Capital Expenditures)

Assumes Maximum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ (6,687,697)	\$ -	\$ (1,755,069)	\$ -	\$ 8,960,872	\$ 15,053,404	\$ (6,092,532)	\$ (6,092,532)
2011	\$ 26,135,086	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 24,309,814	\$ 23,386,133	\$ 923,681	\$ (5,168,851)
2012	\$ 26,692,661	\$ (36,709,251)	\$ -	\$ (1,898,283)	\$ (0)	\$ (11,914,873)	\$ 23,873,432	\$ (35,788,304)	\$ (40,957,156)
2013	\$ 35,899,933	\$ -	\$ -	\$ (658,071)	\$ (109,809)	\$ 35,132,053	\$ 24,308,700	\$ 10,823,353	\$ (30,133,803)
2014	\$ 35,651,642	\$ (30,742,210)	\$ -	\$ -	\$ (208,003)	\$ 4,701,429	\$ 25,795,904	\$ (21,094,475)	\$ (51,228,278)
2015	\$ 32,244,504	\$ -	\$ -	\$ -	\$ (214,243)	\$ 32,030,261	\$ 25,651,070	\$ 6,379,190	\$ (44,849,088)
2016	\$ 32,718,723	\$ -	\$ -	\$ -	\$ (220,670)	\$ 32,498,053	\$ 24,300,106	\$ 8,197,947	\$ (36,651,140)
2017	\$ 33,208,274	\$ -	\$ -	\$ -	\$ (227,290)	\$ 32,980,984	\$ 24,673,841	\$ 8,307,143	\$ (28,343,998)
2018	\$ 33,706,818	\$ -	\$ -	\$ -	\$ (334,785)	\$ 33,372,033	\$ 40,819,249	\$ (7,447,217)	\$ (35,791,214)
2019	\$ 34,213,311	\$ -	\$ -	\$ -	\$ (394,979)	\$ 33,818,333	\$ 39,411,314	\$ (5,592,982)	\$ (41,384,196)
2020	\$ 34,731,757	\$ -	\$ -	\$ -	\$ (438,467)	\$ 34,293,290	\$ 39,575,735	\$ (5,282,445)	\$ (46,666,641)
2021	\$ 35,260,874	\$ -	\$ -	\$ -	\$ (463,259)	\$ 34,797,615	\$ 39,744,392	\$ (4,946,777)	\$ (51,613,418)
2022	\$ 35,799,388	\$ -	\$ -	\$ -	\$ (477,157)	\$ 35,322,231	\$ 39,917,383	\$ (4,595,152)	\$ (56,208,570)
	\$ 448,637,860	\$ (74,139,158)	\$ -	\$ (9,446,920)	\$ (4,306,662)	\$ 360,745,120	\$ 416,953,690	\$ (56,208,570)	

The development proposal:

- saves \$28.3 million over 10 years
- saves \$56 million over 15 years
- saves \$64.7 million on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative F (Minimum Capital Expenditures)

Assumes Minimum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Lease Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ (468,139)	\$ -	\$ (1,755,069)	\$ -	\$ 15,180,430	\$ 15,053,404	\$ 127,026	\$ 127,026
2011	\$ 17,548,586	\$ (468,139)	\$ -	\$ (1,825,272)	\$ -	\$ 15,255,175	\$ 19,695,681	\$ (4,440,506)	\$ (4,313,480)
2012	\$ 18,106,161	\$ (3,037,786)	\$ -	\$ (1,898,283)	\$ -	\$ 13,170,092	\$ 17,017,852	\$ (3,847,760)	\$ (8,161,240)
2013	\$ 27,313,433	\$ (3,037,786)	\$ -	\$ (658,071)	\$ (109,809)	\$ 23,507,767	\$ 17,453,120	\$ 6,054,646	\$ (2,106,593)
2014	\$ 35,651,642	\$ (5,189,741)	\$ -	\$ -	\$ (208,003)	\$ 30,253,898	\$ 18,940,324	\$ 11,313,574	\$ 9,206,981
2015	\$ 32,244,504	\$ (5,189,741)	\$ -	\$ -	\$ (214,243)	\$ 26,840,520	\$ 18,795,491	\$ 8,045,029	\$ 17,252,010
2016	\$ 32,718,723	\$ (5,189,741)	\$ -	\$ -	\$ (220,670)	\$ 27,308,312	\$ 20,276,969	\$ 7,031,343	\$ 24,283,353
2017	\$ 33,208,274	\$ (5,708,715)	\$ -	\$ -	\$ (227,290)	\$ 27,272,269	\$ 20,650,705	\$ 6,621,564	\$ 30,904,916
2018	\$ 33,706,818	\$ (5,708,715)	\$ -	\$ -	\$ (334,785)	\$ 27,663,317	\$ 40,819,249	\$ (13,155,932)	\$ 17,748,985
2019	\$ 34,213,311	\$ (5,708,715)	\$ -	\$ -	\$ (394,979)	\$ 28,109,617	\$ 39,411,314	\$ (11,301,697)	\$ 6,447,288
2020	\$ 34,731,757	\$ (5,708,715)	\$ -	\$ -	\$ (438,467)	\$ 28,584,575	\$ 39,575,735	\$ (10,991,160)	\$ (4,543,872)
2021	\$ 35,260,874	\$ (5,708,715)	\$ -	\$ -	\$ (463,259)	\$ 29,088,900	\$ 39,744,392	\$ (10,655,492)	\$ (15,199,364)
2022	\$ 35,799,388	\$ (6,279,587)	\$ -	\$ -	\$ (477,157)	\$ 29,042,644	\$ 39,917,383	\$ (10,874,739)	\$ (26,074,103)
	\$ 422,878,361	\$ (57,404,236)	\$ -	\$ (9,446,920)	\$ (4,306,662)	\$ 351,720,543	\$ 377,794,645	\$ (26,074,103)	

The development proposal:

- costs \$30.9 million more over 10 years
 - saves \$26 million over 15 years
- saves \$103.3 million on a 50-year basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative F (**Maximum** Capital Expenditures)

Assumes Maximum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Lease Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ (468,139)	\$ -	\$ (1,755,069)	\$ -	\$ 15,180,430	\$ 15,053,404	\$ 127,026	\$ 127,026
2011	\$ 26,135,086	\$ (468,139)	\$ -	\$ (1,825,272)	\$ -	\$ 23,841,675	\$ 23,386,133	\$ 455,542	\$ 582,568
2012	\$ 26,692,661	\$ (3,037,786)	\$ -	\$ (1,898,283)	\$ -	\$ 21,756,592	\$ 23,873,432	\$ (2,116,840)	\$ (1,534,272)
2013	\$ 35,899,933	\$ (3,037,786)	\$ -	\$ (658,071)	\$ (109,809)	\$ 32,094,266	\$ 24,308,700	\$ 7,785,566	\$ 6,251,294
2014	\$ 35,651,642	\$ (5,189,741)	\$ -	\$ -	\$ (208,003)	\$ 30,253,898	\$ 25,795,904	\$ 4,457,994	\$ 10,709,289
2015	\$ 32,244,504	\$ (5,189,741)	\$ -	\$ -	\$ (214,243)	\$ 26,840,520	\$ 25,651,070	\$ 1,189,449	\$ 11,898,738
2016	\$ 32,718,723	\$ (5,189,741)	\$ -	\$ -	\$ (220,670)	\$ 27,308,312	\$ 24,300,106	\$ 3,008,206	\$ 14,906,944
2017	\$ 33,208,274	\$ (5,708,715)	\$ -	\$ -	\$ (227,290)	\$ 27,272,269	\$ 24,673,841	\$ 2,598,427	\$ 17,505,371
2018	\$ 33,706,818	\$ (5,708,715)	\$ -	\$ -	\$ (334,785)	\$ 27,663,317	\$ 40,819,249	\$ (13,155,932)	\$ 4,349,440
2019	\$ 34,213,311	\$ (5,708,715)	\$ -	\$ -	\$ (394,979)	\$ 28,109,617	\$ 39,411,314	\$ (11,301,697)	\$ (6,952,257)
2020	\$ 34,731,757	\$ (5,708,715)	\$ -	\$ -	\$ (438,467)	\$ 28,584,575	\$ 39,575,735	\$ (10,991,160)	\$ (17,943,417)
2021	\$ 35,260,874	\$ (5,708,715)	\$ -	\$ -	\$ (463,259)	\$ 29,088,900	\$ 39,744,392	\$ (10,655,492)	\$ (28,598,909)
2022	\$ 35,799,388	\$ (6,279,587)	\$ -	\$ -	\$ (477,157)	\$ 29,042,644	\$ 39,917,383	\$ (10,874,739)	\$ (39,473,648)
	\$ 448,637,860	\$ (57,404,236)	\$ -	\$ (9,446,920)	\$ (4,306,662)	\$ 377,480,042	\$ 416,953,690	\$ (39,473,648)	

The development proposal:

- costs \$17.5 million more over 10 years
 - saves \$39.5 million over 15 years
- saves \$114.4 million on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative G (**Minimum** Capital Expenditures)

Assumes Minimum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ (6,687,697)	\$ -	\$ (1,755,069)	\$ -	\$ 8,960,872	\$ 15,053,404	\$ (6,092,532)	\$ (6,092,532)
2011	\$ 17,548,586	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 15,723,314	\$ 19,695,681	\$ (3,972,367)	\$ (10,064,899)
2012	\$ 18,106,161	\$ (36,709,251)	\$ -	\$ (1,898,283)	\$ (0)	\$ (20,501,372)	\$ 17,017,852	\$ (37,519,224)	\$ (47,584,124)
2013	\$ 42,921,974	\$ -	\$ -	\$ (658,071)	\$ (109,809)	\$ 42,154,094	\$ 17,453,120	\$ 24,700,974	\$ (22,883,150)
2014	\$ 36,433,739	\$ (30,742,210)	\$ -	\$ -	\$ (208,003)	\$ 5,483,526	\$ 18,940,324	\$ (13,456,798)	\$ (36,339,948)
2015	\$ 33,528,175	\$ -	\$ -	\$ -	\$ (214,243)	\$ 33,313,932	\$ 18,795,491	\$ 14,518,441	\$ (21,821,507)
2016	\$ 34,532,428	\$ -	\$ -	\$ -	\$ (220,670)	\$ 34,311,758	\$ 20,276,969	\$ 14,034,789	\$ (7,786,718)
2017	\$ 35,566,788	\$ -	\$ -	\$ -	\$ (227,290)	\$ 35,339,498	\$ 20,650,705	\$ 14,688,793	\$ 6,902,075
2018	\$ 36,632,159	\$ -	\$ -	\$ -	\$ (334,785)	\$ 36,297,374	\$ 40,819,249	\$ (4,521,876)	\$ 2,380,199
2019	\$ 37,729,467	\$ -	\$ -	\$ -	\$ (394,979)	\$ 37,334,489	\$ 39,411,314	\$ (2,076,826)	\$ 303,374
2020	\$ 38,859,675	\$ -	\$ -	\$ -	\$ (438,467)	\$ 38,421,208	\$ 39,575,735	\$ (1,154,527)	\$ (851,153)
2021	\$ 40,023,768	\$ -	\$ -	\$ -	\$ (463,259)	\$ 39,560,509	\$ 39,744,392	\$ (183,883)	\$ (1,035,036)
2022	\$ 41,222,763	\$ -	\$ -	\$ -	\$ (477,157)	\$ 40,745,606	\$ 39,917,383	\$ 828,223	\$ (206,813)
	\$ 465,480,573	\$ (74,139,158)	\$ -	\$ (9,446,920)	\$ (4,306,662)	\$ 377,587,833	\$ 377,794,645	\$ (206,813)	

The development proposal:

- costs \$6.9 million more over 10 years
 - saves \$200,000 over 15 years
- costs \$92 million more on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"

City's Projected Annual Gross & Net Obligations

Gerding Edlen Alternative G (Maximum Capital Expenditures)

Assumes Maximum Capital Expenditures in City-Owned Facilities							Alternative #5 - No Renovation; New City Hall in Year 10	Annual Cost Increase (Savings)	Cumulative Cost Increase (Savings)
Year	Gross Costs	Land Sale Revenue	Master Lease Income	Parking Revenue	Other Revenue	Net Costs	Net Costs		
2008	\$ 16,376,950	\$ -	\$ -	\$ (1,622,660)	\$ (600,000)	\$ 14,154,291	\$ 14,154,291	\$ -	\$ -
2009	\$ 18,594,302	\$ -	\$ -	\$ (1,687,566)	\$ (618,000)	\$ 16,288,736	\$ 16,288,736	\$ -	\$ -
2010	\$ 17,403,638	\$ (6,687,697)	\$ -	\$ (1,755,069)	\$ -	\$ 8,960,872	\$ 15,053,404	\$ (6,092,532)	\$ (6,092,532)
2011	\$ 26,135,086	\$ -	\$ -	\$ (1,825,272)	\$ -	\$ 24,309,814	\$ 23,386,133	\$ 923,681	\$ (5,168,851)
2012	\$ 26,692,661	\$ (36,709,251)	\$ -	\$ (1,898,283)	\$ (0)	\$ (11,914,873)	\$ 23,873,432	\$ (35,788,304)	\$ (40,957,156)
2013	\$ 51,508,474	\$ -	\$ -	\$ (658,071)	\$ (109,809)	\$ 50,740,594	\$ 24,308,700	\$ 26,431,894	\$ (14,525,262)
2014	\$ 36,433,739	\$ (30,742,210)	\$ -	\$ -	\$ (208,003)	\$ 5,483,526	\$ 25,795,904	\$ (20,312,378)	\$ (34,837,640)
2015	\$ 33,528,175	\$ -	\$ -	\$ -	\$ (214,243)	\$ 33,313,932	\$ 25,651,070	\$ 7,662,861	\$ (27,174,779)
2016	\$ 34,532,428	\$ -	\$ -	\$ -	\$ (220,670)	\$ 34,311,758	\$ 24,300,106	\$ 10,011,652	\$ (17,163,126)
2017	\$ 35,566,788	\$ -	\$ -	\$ -	\$ (227,290)	\$ 35,339,498	\$ 24,673,841	\$ 10,665,657	\$ (6,497,470)
2018	\$ 36,632,159	\$ -	\$ -	\$ -	\$ (334,785)	\$ 36,297,374	\$ 40,819,249	\$ (4,521,876)	\$ (11,019,345)
2019	\$ 37,729,467	\$ -	\$ -	\$ -	\$ (394,979)	\$ 37,334,489	\$ 39,411,314	\$ (2,076,826)	\$ (13,096,171)
2020	\$ 38,859,675	\$ -	\$ -	\$ -	\$ (438,467)	\$ 38,421,208	\$ 39,575,735	\$ (1,154,527)	\$ (14,250,698)
2021	\$ 40,023,768	\$ -	\$ -	\$ -	\$ (463,259)	\$ 39,560,509	\$ 39,744,392	\$ (183,883)	\$ (14,434,581)
2022	\$ 41,222,763	\$ -	\$ -	\$ -	\$ (477,157)	\$ 40,745,606	\$ 39,917,383	\$ 828,223	\$ (13,606,358)
	\$ 491,240,072	\$ (74,139,158)	\$ -	\$ (9,446,920)	\$ (4,306,662)	\$ 403,347,332	\$ 416,953,690	\$ (13,606,358)	

The development proposal:

- saves \$6.5 million over 10 years
- saves \$13.6 million over 15 years
- costs \$80.8 million more on a 50-year NPV basis

as compared to Alternative 5 "Hold Steady"