King Center : A Redevelopment Proposal for the King County Administration Building

2007 NAIOP Real Estate Challenge

Portland State University

Executive Summary

“A penny saved is a penny earned”
-Ben Franklin

Our King Center Development Concept responsibly exceeds each and every goal in the King County RFQ/C at no additional cost to the taxpayer.

The foundation of this development strategy is rejuvenation of the existing building and adding six floors of new, ultra-efficient office space. By doing this the County will be able to:

1. Create new office space at significant savings over new construction.

2. Use efficient space planning to accommodate all county employee growth needs.

3. Recapture the existing building’s value and avoid office relocation costs.

4. Create new LEED Gold office space in 2 years versus 5 years required for a new building.

5. Minimize project risk for both the County and the developer by both using 63-20 tax exempt financing and the existing zoning.

6. Maximize county planning flexibility by allowing it to immediately use office space or utilize a revenue generating subleasing strategy.

7. Create a contemporary, attractive building that improves service delivery to county customers, revitalizes the south Downtown neighborhood, and energizes the civic campus.

All of this happens without costing taxpayers another dime. In fact, it actually saves money for the County. This strategy relies on the power of leveraging many tools - efficiency, revitalization, and sensible thinking. The end result is a County building that is not only responsible and balanced, but economically prudent.

1.0 Site Overview

The King County Administration Building (KCAB) is located at 500 Fourth Avenue between Jefferson and James Streets and Fourth and Fifth Avenues.

Several agencies are located in the KCAB, including:

- Archives and Records Management
- Assessor's Office
- Elections
- Finance & Business Operations
- Facilities Management
- Marriage Licensing
- Recorder's Office
- Vehicle Licensing
- Vital Statistics - Birth and Death Records

The office of Harmon, Pray & Detrich, a local firm designed the architectural modernist building in 1970. According to King County building officials, "It is now aging and inefficient and has reached a stage in its lifecycle where the major maintenance reserve fund costs for its upkeep are growing significantly."

The site is located in a transitional area of Seattle between the Central Business District, and nearby International District, and Pioneer Square. Directly east of the site is the King County Jail and to the west the King County Courthouse. North of the site is a new governmental campus for the City of Seattle and south is County parking and mixed-use, low rise development. The site includes direct access from bus service on Fourth Avenue, walking distance to Washington State Ferry Terminals, and close access to the Interstate freeway.

2.0 Development Proposal

2.1 Preferred Strategy

Key Components:

1. Reuse the existing structure to maximize space available to King County at the lowest cost, with the least employee disruption, and in the shortest development period.
2. Rehabilitate the interior and optimize floor space to house over 1,800 King County employees.
3. Redesign the external façade of the existing structure to maximize daylight and improve design.
4. Construct six new floors of office space on top of the existing building re-using the original foundation, exoskeleton and core.
5. Avoid temporary relocation of County employees during construction, saving the County up to $26.25 million in relocation costs.
6. Create ground floor retail space on Fourth Avenue to activate the streetscape and public spaces.
7. Utilize IRS 63-20 structure to minimize risk to the County and developer, maximize development flexibility, and maximize tax-exempt debt financing.
8. Remove the existing skybridges and rehabilitate the Courthouse façade to revitalize the South Downtown neighborhood.

Key Reasoning:

King County receives 339,400 square feet of rentable office space upfront at no additional cost to the taxpayer, while still meeting current and future office space demand.

Leased Office Space Cost Recovery: With the updated building, immediate and projected future office space demand is met through the combination of *increased efficiency of office space* and *new construction*. This creates significant savings by moving from leased space to County owned space. By moving to an optimized floor layout, there is a reduction in the average amount of space occupied per employee from 329 square feet currently to 180 square feet. New construction adds 144,900 rentable square feet of office space to the existing 194,500 square feet. Through more efficient use of space, the resulting 339,400 square feet is equivalent to the County's desired 500,000 square feet.

Consolidation Savings: If the county were to relocate an additional 1,311 employees immediately at the $35 per square foot (NAIOP-assumption) occupancy cost of other spaces, this would result in operating and lease savings of $11.8 million in the first year. This translates into $6,257 per employee per year of cost recovery for the County.

Sub-Lease Revenue: The updated building will have 8,000 square feet of new retail space and 339,400 square feet of total office space, 175,600 square feet of which could be leased to non-profit corporations if the County chooses not to fill the space immediately.

Under the 63-20 deal structure, sublease space must be occupied by non-profit entities to be financed with tax-exempt bond proceeds. We currently have letters of interest from prospective non-profit tenants- the ACLU and Easter Seals of Washington (see Appendix B for letters of interest). Sub-lease revenue will total approximately **$3.8 million**. Over the 50 year time frame, office and retail sub-lease revenue combined will generate an NPV of nearly **$11 million**. This revenue stream will directly service the $131.1 million bond issuance for the total project cost.

Relocation Cost Savings: Existing employees will be moved only once to the newly constructed six floors. Rehabilitation of existing floors will occur as these floors become vacated. We have a letter from Skanska verifying this plan can be accomplished "without major interruptions or risk to the building occupants" (see Appendix C for letter of support). By eliminating the need to relocate existing employees into leased office space during construction, the County gains significant *relocation cost savings* of up to **$26.25 million,** based upon the stipulated NAIOP assumption of 150,000 square feet at $35 per square foot (including tenant improvements) for 5 years.

Replacement Cost and Demolition Savings: The net present value of the current nine-story building is approximately **$49 million** (NAIOP-assumption) and the demolition cost is **$2 million** (NAIOP-assumption). By updating the existing building versus building a completely new structure, the County is capturing substantial existing value of the building.

Time Savings: Demolition and development of a new building would likely take five years to complete (NAIOP-assumption). As verified in a letter from Skanska, "the approximate duration of construction activities would be 24 months" for our proposal (see Appendix C for letter of support), with no downtime for demolition, added construction and rehabilitation.

King County receives a modernized building that is more operationally efficient, publicly accessible, environmentally responsible, and architecturally harmonious with the current urban fabric.

Improved Public Accessibility and Customer Experience: A new inviting main entrance foyer on the building's Fourth Avenue entrance will act as the public's *main access point* to County services. The foyer will include counters to handle the majority of County customer service requests. This foyer provides *improved security* for County employees by partitioning public spaces from personal County staff workspace. It also allows the upper floors to be designed for maximum efficiency without the large public interaction spaces that disrupt efficient office layouts.

Architectural and Design Improvements: The goal of the architectural and design improvements is simple – to make improvements that pay tribute to the building's past while also making the building *more aesthetically pleasing, functional, and efficient.* A new external façade will mesh with the existing urban fabric while providing for increased daylight and airflow for County employees. The optimized floor plate design will allow for a more efficient use of office space, and the addition of retail and public space will help activate and energize the streetscape on Fourth and Fifth Avenues. The plaza garden terrace and rooftop garden terrace will act as an essential public space uniting the revitalized City Hall Park, renewed County Courthouse entrance, and the entire civic campus. While the improvements will help bring this iconic building into the present, the aesthetic improvements will strive to preserve those architectural elements that have potentially influenced other notable buildings in downtown Seattle, in particular the main branch of the Seattle Public Library designed by Rem Koolhaas.

Post-Modernism Now

Modernism Then

Environmental Stewardship and Increased Worker Productivity: The updated building will receive LEED Gold Certification resulting in increased productivity, lower building operating costs, and a decrease in environmental impact.

Operational Efficiency Cost Recovery: Upgrading the existing building to LEED standards and replacing the old HVAC system will significantly improve operating cost efficiency for the building. Essentially the cost recovery gained from these upgrades and lease savings will pay for the costs of operating the additional space. The marginal operating costs will decrease from the NAIOP-assumed $10.00 per square foot currently to $6.60 per square foot in the new building.

The Developer receives a reasonable profit with minimal project risk and increased visibility for potential future public/private partnerships.

Development Fee Structure: The developer will execute this project on a development fee percentage basis against a guaranteed maximum price, with bonuses for completing the project below budget and ahead of schedule. The proposed development fee is to be approximately 5% of total hard costs.

Minimal Risk, High Return: A 63-20 financing structure will be utilized to issue tax-exempt bonds for 100% of project costs, thus requiring no upfront cash outflow or equity position from the developer. Financing risk lies with the special purpose non-profit created by the county for this development. The 63-20 structure will enable the County to use a negotiated design-build-finance process rather than the more expensive design-bid-build process. The major risk for the developer is construction risk, where delays hamper their ability to complete the project on schedule and on budget and therefore potentially decreasing the total overall development fee. However, the developer will be able to transfer significant construction risk to the contractor by requiring a GMP-guaranteed maximum price for construction.

Future Development Opportunities: In this case, the developer is not only looking to make a profit. We are looking to develop a strong track record with the County through the successful implementation of this project in order to further utilize this relationship on future public/private projects.

Development Timeline: Construction of the project is expected to take 24 months beginning January 1, 2008 with substantial completion by December 31, 2009. Pre-development work is expected to begin April 1, 2007 and be completed by December 31, 2007. Any development requiring a zoning change is time consuming and risky. A zoning change is not guaranteed, and would be particularly challenging for this site. This project lies within existing zoning constraints and therefore the entitlement process is expected to take 3 to 12 months.

2.2 Space Planning

Key Components:

- Use efficient modular design to reduce the square footage per employee to an average of 180, versus the 329 currently used and the 276 County base plan.
- Transform under-utilized tall bay space into a 20' high ceiling grand entryway under skylights and consolidate all public counter functions oriented to the restored Fourth Avenue Courtyard.
- Use environmentally sensitive demountable wall systems that are easily modified at low cost and moved within a modular pattern to accommodate a wide variety of office configurations that individual departments may need.
- Provide energy efficient office space resulting in energy reduction savings and long term productivity savings through personalized work stations within LEED-rated systems.
- Utilize the nearby conference center in the next door New County Office Building (NCOB) for large conference/ training needs.
- Maximize County growth flexibility by occupying 339,400 square feet immediately or subleasing space to non-profits and growing into needed office space as leases expire, while still using tax-exempt financing.
- Save up to $26.25 million over other plans by keeping the employees in the building while adding the new floors above.

The most important part of the County's RFQ/C is to replace 200,000 square feet of the existing office space of the KCAB with 200,000 square feet of new space, and provide an option to grow into an additional 300,000 square feet. After a careful analysis of the County's space plan and extensive consultations with the interior architects, we believe that through better space planning we can accommodate all of the County's office growth needs in 339,400 square feet of office, rather than 500,000 square feet. Through this plan, we can accommodate over 1,800 employees in the King Center, the same number the County would accommodate under its future 500,000 square foot scenario. David Kutsunai, the architect responsible for reducing Amazon.com's nearby office space to only 107 square feet per employee, has written a letter supporting our proposed efficiencies for the KCAB (See Appendix C for letter of support).

County Space Plan Requirements

	Total SF	SF per Employee	# of Employees
Current SF	190,000	329	576
Initially desired SF	200,000	276	724
Future requested SF	300,000	276	1,087

Total Requested SF	500,000	276	1,812

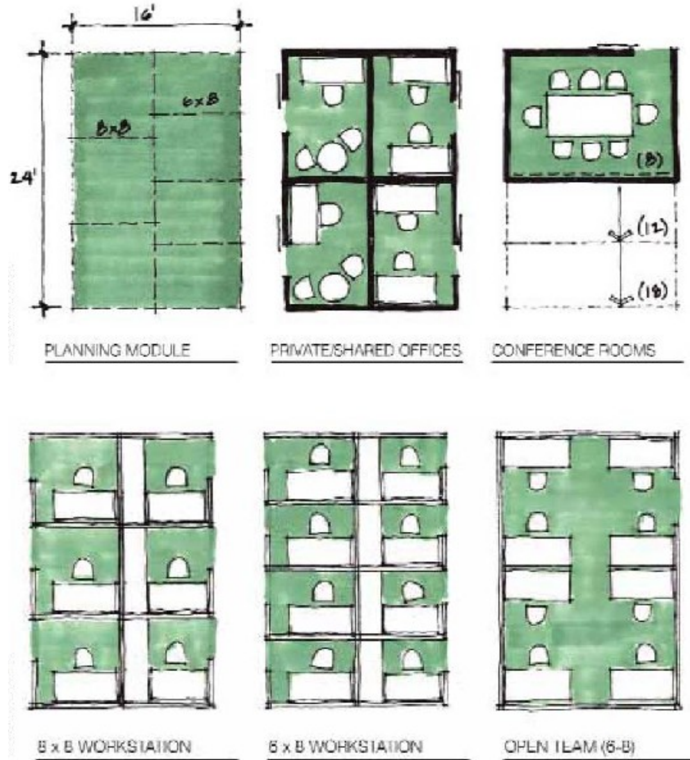
<u>King Center Development Concept Space Provided</u>

Current KCAB employees	103,680	180	576
Initially, with Executive	196,680	180	910
Future potential capacity	339,400	180	1,886

Source: *2005 King County Space Plan*

King County currently uses a base building average of 276 square feet per employee to project future space planning needs. This number already excludes large non-office public spaces (e.g. courtrooms). By reconfiguring tenant improvements with modular designs according to our plan, we are confident that our designs can improve that efficiency to 180 square feet per employee. We use 180 square feet per employee as our conservative base target numbers. King County has used a similar design to plan the neighboring NCOB which is currently under construction. Some floors in the NCOB have reduced the square footage rate to 147 square feet per employee. At that rate, the County might increase the building capacity to over 2,300 employees.

An important component of our spatial redesign is the relocation of all public interface functions to under the South Plaza, which will be flooded with natural light from sculptural skylights in a revitalized plaza garden terrace. In this area, a citizen could obtain a driver's or marriage license, request a copy of a birth certificate or dispute a property tax assessment. By consolidating these functions into a 17,000 square-foot 20' high ceiling open space, we create both an inviting public space from one currently underutilized, and retrieve office space upstairs that can be used more efficiently.

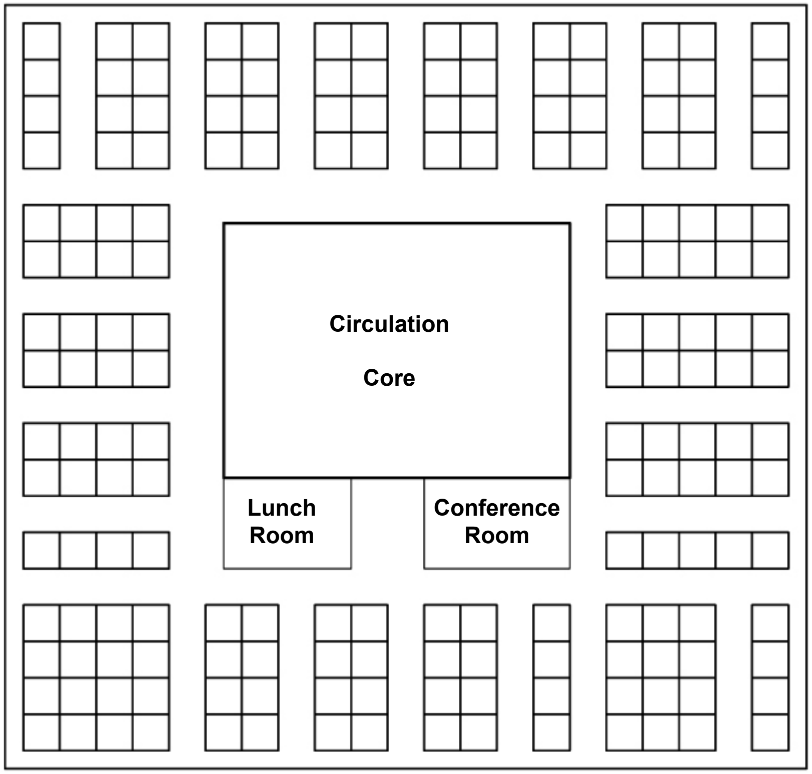


Our plan uses a proposed 16-foot x 24-foot planning module, with an 8' wide hallways lining the inside core wall and a 6' hallway between the module units. The purpose of a modular grid of these dimensions is to accommodate a variety of flexible work environments: both 8' x 8' and 6' x 8'-foot workstations; either private or shared offices; 12' x 16' conference rooms that could seat from 8 to 18 conferees when expanded in 6' increments; 8' x 12' small conference or interview rooms that could seat 4; six- to ten-person open or closed team rooms; and 6' x 8' private phone rooms. While our plan conservatively assumes 8'x 8' modular sections will be typical, the County could increase usable office space by adopting the 6' x 8' module.

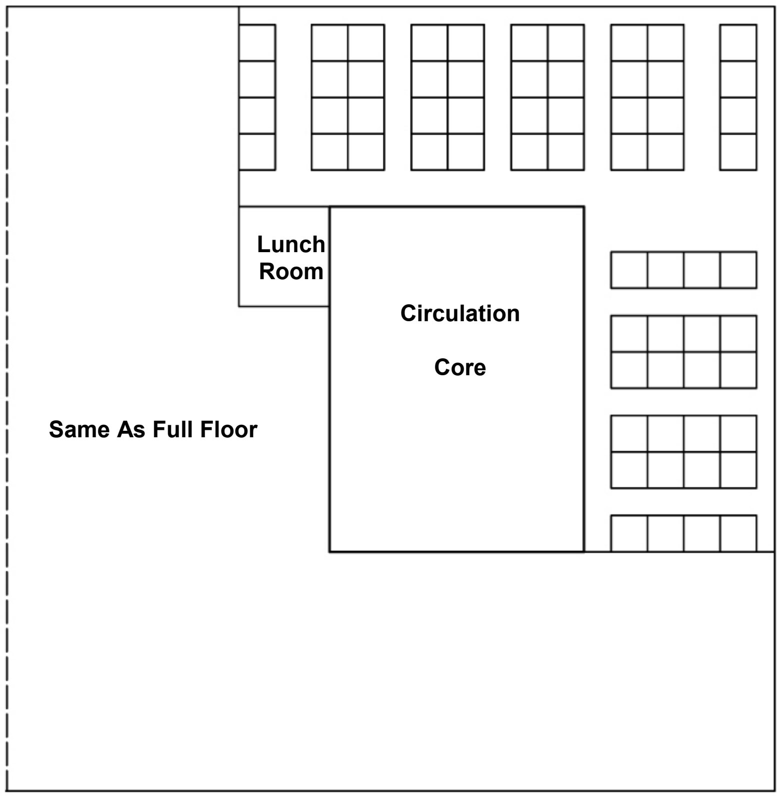
This system plan provides for solid full height offices that line the inner hallway. These offices will serve as the manager offices, or private conference rooms. The inner offices will be lined with glass walls of various transparencies. This configuration allows for the most natural light possible to diffuse throughout the workspace, and also creates necessary sound barriers between the otter hallway and the inner lower-walled work stations, which can improve productivity.

The other major facet of our solution is to create all these workspaces using demountable wall and spine systems of different heights that can be reconfigured in less than a day. Rather than design a custom system, we plan to use an established system that can be widely interchanged and always be obtainable for expansion. The demountable walls can easily be moved by County furniture installers rather than skilled contractors, reducing the cost of future changes. Since governments often reorganize, this kind of system could save very considerable sums in the future 50-year County planning period.

Our plan acknowledges that some floors may end up being shared by two or three departments. The following floor plans show three possible configurations that maintain the same floor employee efficiency while provided a fixed wall between departments.



Example of Full Floor Office Layout



Example of Offices Shared on One Floor

The KCAB currently houses the departments of records, licensing, facilities management, elections, facilities and construction management, real estate and the assessor's offices. Additionally, some offices from the departments of finance, human resources, public health, and some information technology are also located in the building. With the opening of the NCOB information technology, public health, and finance will all be moved to that building freeing up the entire sixth floor. Furthermore, the elections division will be moving to either a new building on Goat Hill, or a leased to owned warehouse space in Renton. We considered bringing that division into the building but found that the warehouse requirements and the large need of office space used only during elections was not an effective use of this space.

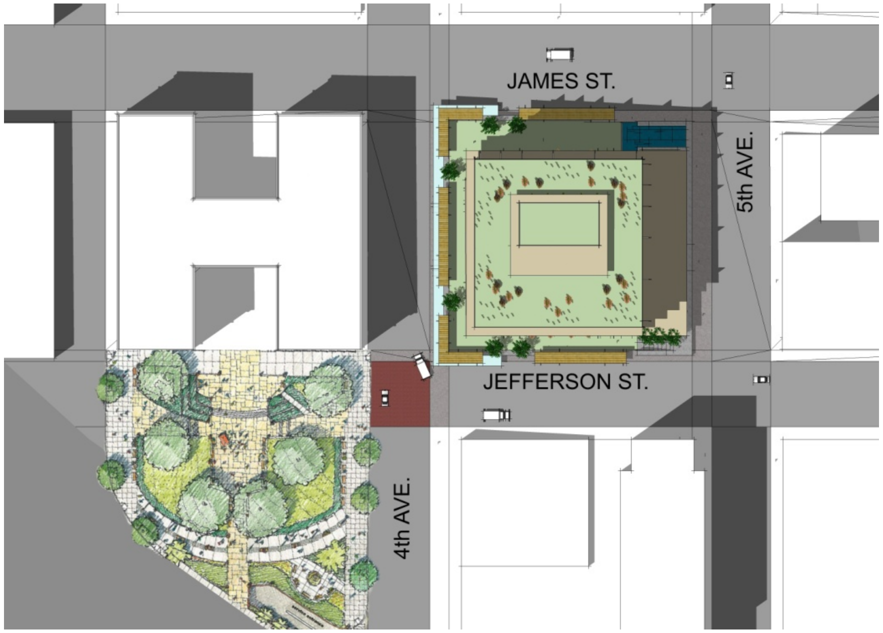
Each department has its own unique requirements and our plan addresses those. For example, the licensing and tax departments need public counters, while the prosecuting attorney's offices demands confidentiality which requires private hard-walled offices and large law library areas. Fortunately, the PAO completed an expansive remodel of the Ninth Floor in 2004, which brought that department to 260 square feet per employee. Aside from replacing the windows (which can be done on an office by office basis) and reconnecting new HVAC we have no need to further change the space. Even with the larger square footage average on this floor, we are still within our targeted space allocation range overall.

Our plan also anticipates the future space needs of departments that are not currently in the building. A careful analysis of the current space plan and future growth shows that the most likely future expansion into the KCAB will be undertaken by either the current occupants or further growth of other executive departments. For example, the 93,000 square feet that are currently being leased downtown for the Executive's office are all primarily office departments, not requiring highly specialized tenant improvements or expansive space requirements. By moving all public interfaces into the revitalized Fourth Avenue level, we centralize space demanding counters into a large open space, improving the delivery of public services while leaving the rest of the building free for efficient modular offices.

The County anticipates growing 80,000 square feet every 5 years, eventually leading to an additional 300,000 square feet by the year 2030. Under our space plan of 180 square feet per employee, this would translate to an additional 43,900 square feet every 5 years. This would leave 175,600 square feet office space that could be profitably subleased to non-profit organizations, some of whom we have already identified as desiring space in the area.

Alternatively, the County could absorb more space earlier by moving departments from other buildings to save on lease payments. Our plan would allow maximum flexibility for the County future growth needs, while maximizing tax-exempt financing for the entire project.

2.3 Project Design



The proposed renovation and addition to the King County Administration building will exemplify the past in order to invigorate the future. This is achieved through the following:

Bring the Iconic building into the present

- Reuse the existing buildings floor, core and base structures, including the original foundation core for a 15 story building
- Add new structural elements to seismically upgrade the existing structure and support additional floors above.
- Add new glazing skin to exterior, on all sides.

Create public interfaces at all orientations

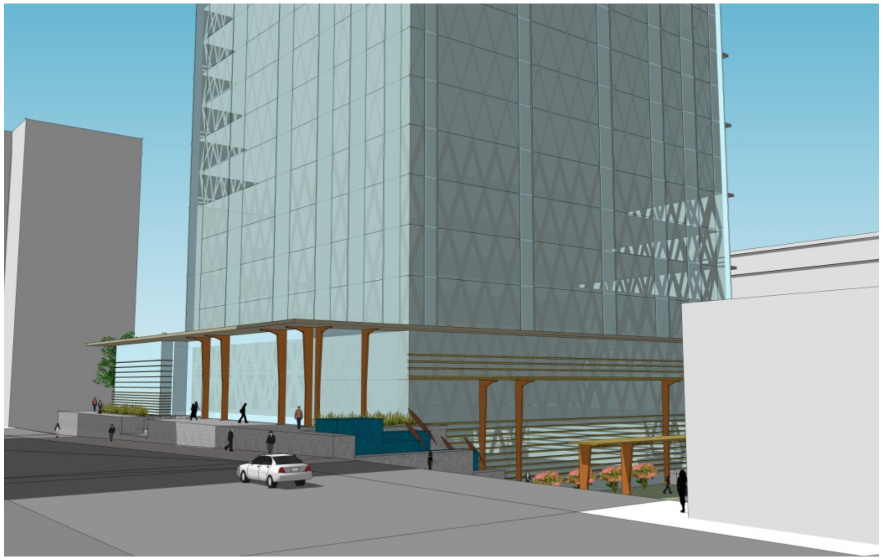
- Add new entrances on Fourth and Fifth Avenues and James Street.
- Create New 20' high ceiling public interface plaza under the plaza gardens.

Activate and enliven the streetscape

- Add new retail on Fourth and Fifth Avenues and James Street.
- Create connection with City Hall Park on Fourth Avenue by addition of retail.
- Utilize portion of 1% for the arts to add art and installation areas.

Increase overall square footage

- Add 6 additional floors above existing office structure.
- Add new two story office / retail / entry structure around base of building on top of existing plaza at all sides.
- Add new two story office / retail / entry structure around base of building on top of existing Fifth Avenue entry plaza.



Increase efficient use of office space

- Reconfigure existing office cubical layout to decrease per occupant footprint to increase efficient use of floor space and increase number of occupants per floor.

Achieve LEED Gold rating

- Increase natural day lighting and air quality.
- Reuse existing structure and reduce material waste.
- Increase efficient use of energy and reduce CO_2 emissions.
- Create more open and green space with rooftop and plaza gardens.

2.4 LEED Certification

Our plan will obtain a U.S. Green Building Council's (USBGC) Leadership in Energy and Environmental Design (LEED) Gold Certification. As a LEED Consultant from Brightworks Inc. explained, a gold rating will be the result of incorporating environmentally sustainable technology and design elements into the renovated KCAB. Such upgrades include: the use of renewable construction materials, improved indoor and outdoor environmental quality, as well as increased energy and water efficiency. Re-utilizing the building is the greenest way to treat any new development of this site. This approach will save vast amounts of energy that would be incurred from the demolition and subsequent new construction of the KCAB and will save tons of demolition material which would otherwise be trucked to landfills. Elements of the rehabilitation and construction phases will also follow the necessary USGBC guidelines for recycling and reusing elements of the current KCAB. The result will be a new development with lower operating expenses and a significant decrease in overall environmental impact.

LEED CERTIFICATION	**Points**	
GOLD	**Possible**	**Earned**
Sustainable Sites	14	13
Water Efficiency	5	3
Energy & Atmosphere	17	7
Materials & Resources	13	6
Indoor Environmental Quality	15	12
Innovation in Design	5	3
(Silver: 33-38; Gold: 39-51)	**69**	**44**

Effective January 1, 2007, LEED for Existing Buildings registration is free for all certified LEED for New Construction and LEED for Core and Shell buildings. The proposed project can reach LEED Gold certification without incurring an exorbitant increase in overall costs as derived from the LEED New Construction (NC) v.2.2 checklist available online at the USGBC website. Gold is attainable because of our quality redesign and rehabilitation of an existing building resulting in significant water and energy savings, as well as increase indoor environmental quality and by encouraging the use of existing public mass-transit systems.

Significant transit elements to be incorporated in the King Center include bike storage and changing rooms for King County employees and the decreased reliance on personal automobiles for transportation. As a result of not increasing the amount of available on-site parking we receive credit 4.4, and we can support an additional three credits by encouraging carpools and incorporating an alternative transportation plan. This plan benefits from the close proximity of existing mass transit options such as the ferry, trains and buses, but will rely on even further support for alternative transportation options. We propose designating parking spots in the Goat-Hill garage specifically for use by car-pools, car-sharing and electric cars. By accepting this proposal, King County will become an exemplary model for other government entities and agencies. In addition, King County can further incorporate environmentally friendly policies by replacing its fleet of conventional cars with electric and hybrid alternatives operated by Flexcar.

Inside of the building we propose the use of low-flow water fixtures, toilets and urinals and assess the possibility of wide-spread installations. With the new configuration to optimize efficient use of spaces, we can go further with individual work-station lighting that allows for the use of overhead and place-specific LED task lighting and other energy efficient products; effectively reducing energy costs while increasing worker control and productivity.

The rehabilitated KCAB will incorporate many of the latest innovations in Green technology including abundant open green spaces in the form of an eco-roof and at the renovated plaza level planted with non-invasive native vegetation. Not only will this save energy, it will also reduce strain on Seattle's storm water drainage system, improve the overall environment of the vicinity and contribute to the overall cohesiveness of the government campus area.

The entire building will be re-skinned with low-e glazing to increase daylight and views of the surrounding area. The existing exterior porcelain panels could be re-used in public art at the neighboring proposed Triad Tower plaza or City Hall Park, as interior partitions in designated areas, or as conference tables, desks, countertops or flooring.

2.5 Construction Process

The construction process will take 24 months from inception. The items to be completed are: removal of the sky bridges, building a new prisoner transport tunnel, upgrading the buildings structural integrity, adding six additional floors, removing the existing exterior, installing a new curtain wall exterior, renovating six pre-existing floors, glazing in the plaza level, and final tenant improvements. The process will begin with six months of construction for a new prisoner transport tunnel. Once the new tunnel is completed the sky bridges will be removed.

After the roof is clear, upgrading the existing buildings lateral and gravitational structure will commence. After meeting with engineers from Catena Consulting Engineers, and conducting an analysis of the existing building we determined that the original foundation and core are sufficient for the addition of six new floors. However the current building would require a seismic upgrade as well as reinforce and extend the existing exoskeleton to support the additional six new floors gravity loads (see Appendix C for letter of support). After consultations with Skaska, we determined that the easiest course would be to reinforce and extend the existing exoskeleton to handle both the seismic and the new gravity loads. Upon this structure six additional floors will be added with the same dimensions as the existing floor plates. The old building will be stripped of its exterior porcelain panels and the entire new building will be covered with a new glass curtain wall. This process will take one year to complete.

Additionally, the buildings HVAC system will be replaced and two additional elevators will be installed in pre-existing shafts. At this time the plaza levels of the building will be glazed in to create entryways, service counters and ground level retail spaces.

After the upper six floors have been completed, the county workers in the building will be moved up to the newly constructed floors so that renovation of the old floors can begin. The final 6 months of construction will terminate with final tenant improvements to both the county space and retail space. The following table summarizes the resulting gross and net square footage proposed:

Building Summary:

Building Square Feet:	**Gross**	**Net**
Plaza level, existing base	40,300	35,500
Plaza level, addition to base	11,000	9,700
Basement area, existing (excluding retail)	27,000	23,800
Basement Area, Retail	8,000	7,200
New County Office, add'l 6 levels	153,600	135,200
Existing County Office 6 floor tower	153,600	135,200
Total Building Area	393,500	346,600
Overall Efficiency	88.1%	

2.6 Zoning Analysis

The site was originally zoned Downtown Office Commercial 2, DOC2-300' with a base FAR of 10:1. This zoning designation was replaced on April 12, 2006 Downtown Mixed Commercial 340/290-400. This zone has a base FAR of 5:1 and with housing and amenity bonuses FAR of 10:1 can be achieved (see Table 1.2-1 below). Rezoning of the site from DOC2 to DMC now provides a transition in development intensity and scale between the office core and adjacent neighborhoods. The proposed changes to height and density limits adhere to existing Downtown urban form policies, which generally call for the greatest height and intensity of development in the Downtown core, with gradual decreases in both moving away from the core.

The DMC zoning is intended to maintain current commercial density limits along Downtown edges. Under the zoning, the commercial density limits (FAR) are unchanged along most edges abutting less intensive areas, allowing for the same transition in the intensity of commercial development as under current zoning. While height increases are proposed in many of these areas – with the greatest increases for residential use—the downward tapering of height moving away from the core is retained, and for residential structures, height increases are coupled with greater controls on bulk to promote more slender tower forms. Limited rezones from DOC2 to DMC were primarily adjustments to zoning boundaries along some zone edges to address transition issues where substantial increases in height and density are proposed or to maintain a consistent scale relationship between development allowed on opposite sides of the street.

It is unlikely this site would receive approval for rezoning to DOC1 due to the very recent zoning changes, the transitional location of the site within the Seattle Downtown Zoning plan and potential impacts such intensive development would have on the City of Seattle governmental campus

Zoning Summary, DMC 340/290-400

DMC 340/290-400	Office/Commercial/Retail Only	Residential Only	Mixed-Use
Height	340 feet non-residential + live/work uses	290 feet residential only uses	400 feet with residential bonus [160 feet must be residential] uses
FAR	5 bonus FAR available	5 bonus FAR available	10 with housing bonus
Setback	2 feet minimum up to first 15 feet No upper level setback required	10 feet maximum up to first 15 feet No upper level setback required	10 feet maximum up to first 15 feet No upper level setback required
Max Tower* Width	NA	120 feet along north/south axis of site parallel to the avenues	120 feet along north/south axis of site parallel to the avenues
Max Residential* Floor in Tower	NA	10,000 SF	11,500 SF
Common Recreational Requirement for Residential Development	NA	5% of total gross floor area in residential use	5 % of total gross floor area in residential use
Open Space Requirement	20 SF per 1000 SF of gross office use floor area for any building with greater than 85,000 SF of office use	NA	20 SF per 1000 SF of gross office use floor area for any building with greater than 85,000 SF of office use
Parking Limits	1 space per 1000 SF of nonresidential use	No limit	1 space per 1000 SF of nonresidential use

* Tower is defined as portion of the structure above 85 feet that includes residential uses

2.7 Economic Analysis

Key Assumptions

Appendix A further details the combined project pro forma and summarizes our economic model as described below.

Summary of Assumptions:

General:

Phase out office subleases over 20 years
County absorbs office space as available
Phase out/Absorption occurs in linear 5 year increments

Year of Analysis	2007
Base Year	2010
Investment Horizon, # of Years	50
General Inflation	3.00%
Discount Rate	8.00%

Financing & Underwriting:

Lease Revenue Bond Term (yrs)	27.5
Lease Revenue Bond Rate	4.50%
Mortgage Constant	6.37%
Cost of Issuance, % of pre-financing cost	1.50%
Interest Reserve @ 1/2 bond $ drawn during construction	
Retail V&C Loss Rate	5%
Retail Leakage Rate	5%
Retail Lease Rate/Sq Ft, NNN	$ 20.00
Office Sublease V&C Loss Rate	10%
Office Sublease Rate/Sq Ft, NNN	$ 22.00

Revenues

Office Sublease Revenues

Excess capacity is proposed which will accommodate future county growth. If the County does not choose to immediately occupy the entire building, then the unused space can be subleased by the County to generate revenue for bond repayment. A target market of nonprofit corporations has been identified as most compatible with existing and proposed county office space uses. Office sublease space is assumed to experience a 10% vacancy and credit loss. Office sublease rates are based on a 2007 market NNN lease rate of $22.00 per rentable square foot, adjusted annually for general inflation. Initial office sublease space of 175,600 rentable square feet is assumed, decreasing on a linear basis in 5 year increments corresponding to county absorption of this space over a 20 year period.

Retail Revenues

Ground level retail space is proposed along the Fourth Avenue frontage, maximizing exposure to a newly renovated South Courthouse entrance and City Hall Park pedestrian traffic. Retail leases will also generate revenue for bond repayment. Retail lease space is assumed to experience a 5% vacancy and credit loss, and an additional 5% loss due to leakage. Retail lease rates for the proposed 8,000 gross square feet of retail space are based on a 2007 market NNN lease rate of $20.00 per rentable square foot, adjusted annually for general inflation.

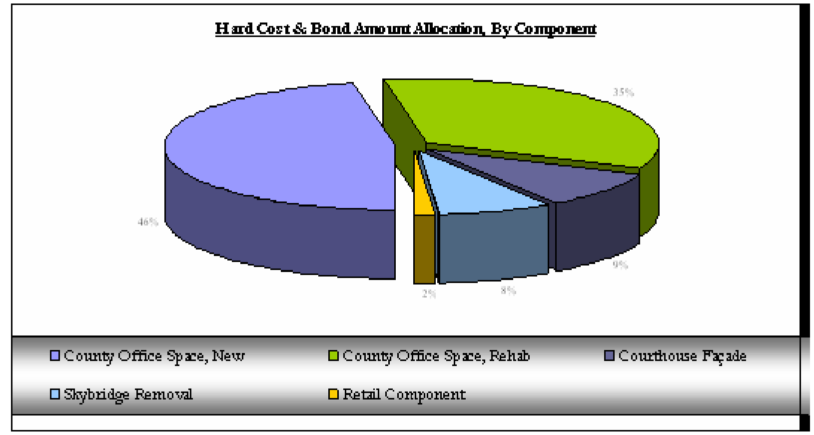
Lease Payment Savings

Consolidating county office space currently located in market leased space into the proposed building will result in immediate lease payment savings. In addition, providing excess capacity in the proposed building for future county growth allows the county to forego such expenditures on leased space well into the future. Recapture of these current and future costs justifies the proposed initial capital investment. An efficiency of 276 rentable square feet per employee is assumed on market leased space. Market leased space rates are based on a 2007 NNN rate of $25 per rentable square foot, adjusted annually for general inflation. An efficiency of 180 rentable square feet per employee is achieved in the new building. The model assumes an initial county occupancy of 163,800 rentable square feet, providing space for 910 county employees. County growth and absorption of office sublease space is assumed to occur in 5 year linear increments, with 43,900 rentable square feet absorbed in each increment over a 20 year period.

Operating Efficiency Savings

The existing building operates inefficiently when compared with current standards. While the structural integrity of the building is sound, the proposed renovations dramatically improve the operational efficiency of the building and reduce marginal operating costs. By implementing LEED Gold rated sustainable design, significant operational efficiencies are gained. Current operating costs are assumed to be $10.00 per rentable square foot for the existing 190,000 effective rentable square foot area. Operating costs after construction are expected to be $6.60 per rentable square foot for the proposed initial 163,800 square foot County occupied area. The resulting marginal operating cost savings equals $3.40 per rentable square foot in 2007 dollars, adjusted annually for general inflation.

Expenditures



Lease Payments

Lease payments will be paid to the 63-20 non-profit corporation for bond repayment. Bond repayment is amortized at a constant payment rate, providing the county with a predictable future expenditure budget. Furthermore, using a 63-20 financing structure limits bond repayment sources to revenue from the proposed project, protecting county general funds. Lease payments are allocated to the various development program components based on the component share of hard costs. Analysis of the office sublease component is based on the proportional annual share of office space sublet to total office space available. The Courthouse Façade and Skybridges Removal components are considered "Unallocated".

Snapshot of Key Pro-Forma Time Periods

Year 1 Pro-Forma Snapshot, Initial Year of Project:

2010 Sublease Income	3,799,000
2010 Retail Income	142,000
2010 Lease Savings	2,527,000
2010 Operating Efficiency Savings	933,000
Total Revenue	7,401,000
Bond Payment	(8,405,000)
2010 Net Difference	(1,004,000)

Year 6 Pro-Forma, Stabilized Year:

2015 Sublease Income	3,303,000
2015 Retail Income	164,000
2015 Lease Savings	5,061,000
2015 Operating Efficiency Savings	1,372,000
Total Revenue	9,900,000
Bond Payment	(8,405,000)
2015 Net Difference	1,495,000

Year 26 Pro-Forma, Full County Occupancy:

2035 Sublease Income	-
2035 Retail Income	297,000
2035 Lease Savings	20,689,000
2035 Operating Efficiency Savings	4,048,000
Total Revenue	25,033,000
Bond Payment	(8,405,000)
2035 Net Difference	16,628,000

Year 29 Pro-Forma, After Bond Repayment:

2038 Sublease Income	-
2038 Retail Income	324,000
2038 Lease Savings	22,607,000
2038 Operating Efficiency Savings	4,424,000
Total Revenue	27,355,000
Bond Payment	-
2038 Net Difference	27,355,000

Year 50 Pro-Forma, Final Year of Project:

2059 Sublease Income	-
2059 Retail Income	603,000
2059 Lease Savings	42,056,000
2059 Operating Efficiency Savings	8,229,000
Total Revenue	50,887,000
Bond Payment	-
2059 Net Difference	50,887,000

Pro-Forma Snapshot Notes:

Year 1 is initial year, at time of substantial completion of construction.
Year 6 is "stabilized" year of first positive net difference.
Year 26 is first year of full county occupancy and end of NPO sublease.
Year 29 is first full year after bond repayment.
Year 50 is end of county investment horizon.
All figures rounded to the nearest $1,000.

Summary of Returns To Stakeholders

Summary of County Returns:

	28 Year	50 Year
NPV, Retail Component	$666,000	$1,152,000
NPV, Office Sublease	$9,817,000	$9,817,000
NPV, Lease & Operating Savings	$49,231,000	$89,809,000
NPV, Skybridges & Courthouse	($15,833,000)	($15,833,000)
NPV, combined Project	43,880,000	84,945,000

County

The proposed plan achieves county objectives of cost neutrality and maximization of development potential for county office space. The county will benefit from retail and excess office space leases revenue streams. In addition, the county will realize lease payment savings and operating efficiency savings. Assuming the county absorbs space over 20 years, the county realizes a NPV of $43.9 million from the project when revenue bonds mature in 27.5 years and the county reclaims title to the building. Under the same assumptions, the project realizes a NPV of $84.9 million over the 50 year investment horizon. The county could occupy as much as 339,400 square feet immediately (with an efficiency of 180 employees per square foot) at the same cost as it might occupy 520,400 square feet (with an efficiency of 276 employees per square foot). If the county were to relocate and additional 1,311 other employees immediately (in addition to the 575 +/- current employees), at the $35.00 assumed occupancy cost of other spaces, that could result in an annual operating and lease savings of $11.8 million in the first year.

Developer

Compensation to the project developer is a proposed negotiated development fee agreement, limiting market and related risks. The developer will bear construction risk, which could be passed through to the contractor, and will not bear market or financial risks. A development fee of 5% of cost before financing based on a guaranteed maximum price for project costs is expected to entice sufficient interest and attract the most qualified developer to this project. This compensation arrangement provides the county with both certainty of cost and assurance that imprudent development objectives are not pursued while compensating the developer for services at market rates.

Contractor

The contractor will receive competitive compensation based on a negotiated guaranteed maximum price of $82,727,000. This agreement will provide sufficient contingency reserves for potential cost overruns. County commitment to occupy the building and begin lease payments upon substantial completion, along with use of the Design-Build-Finance method, mitigates risk associated with a guaranteed maximum price contract to the contractor. Moreover, using a 63-20 special purpose non-profit corporation will provide the benefit of a carefully value engineered project with a development team that will be significantly more cost effective than a traditional Design-Bid-Build process.

Bond Holders

Lease revenue bonds return a market rate of 4.5% to bondholders. A favorable bond rating of AA+ is expected based on the strong credit of the county. Bond insurance will be purchased to secure a rating of AAA for the issuance. Because bond repayment is fully supported by lease revenue, bondholders are not subjected to appropriation or abatement risks associated with general obligation bonds. Because public agencies rarely default on payments for their own spaces, bond holders are assured of minimal risks.

Taxpayers

The proposed plan will provide a positive return to the county without increasing cost to taxpayers. The project offers an optimum solution for taxpayers, realizing sufficient lease revenue streams while recognizing taxpayer risk-aversion by limiting exposure to construction, interest rate, and market risks. Taxpayers will also benefit from improved public service interfaces, collected in a single location and easily accessible to the public.

Allocation of Risks

Construction Risk

Construction risk to the county and developer will be limited by guaranteed maximum price provisions in the development agreement, and such risk lies primarily with the project contractor. Foreseeable construction challenges inherent to the site and development program have been considered and are reflected in the proposed development cost schedule.

Interest Rate Risk

The proposed financing mechanism utilizes fixed rate tax exempt bonds for 100% of development cost, minimizing interest rate risk. Bond issuance will occur in what has been a rising interest rate environment, although rates continue to remain at historically low levels. The county is anticipated to receive a favorable market interest rate, subject to underwriter review.

Market Risk

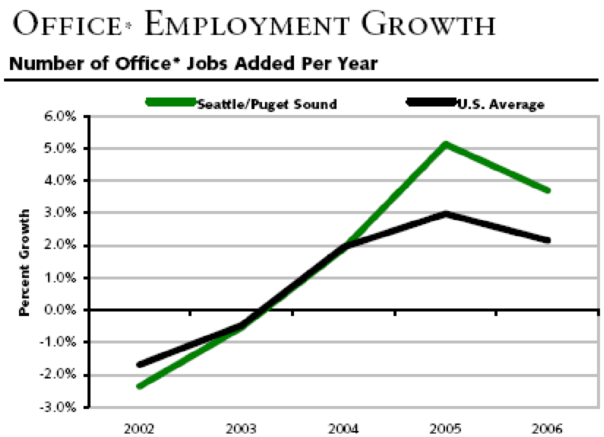
The proposed retail lease and excess capacity office lease space exposes the county to a limited level of market risk. Both office and retail rents are anticipated to be strong based on the currently favorable condition of these markets. Despite this exposure to market risk, revenue generated from these activities provides a substantial repayment source for revenue bonds. The proposed development program limits over-exposure to volatile market forces which would otherwise place bondholder equity, county bond rating, and taxpayer dollars at risk.

2.8 Market Analysis

The KCAB is located on the southern border of the Central Business District (CBD) in a moderately depressed area with a low concentration of Class A and B office buildings and retail amenities. The Pioneer Square/International District bordering the KCAB immediately south incorporates many entertainment options, live-work units and small boutique retailers. Despite its developing attractive urban atmosphere, this neighborhood also houses a large low- or no-income population. The neighboring King County Courthouse and Jail, as well as several county buildings with limited amenities and non-existent evening or weekend populations, create a challenging location for most retail, housing and general office use. The site does have excellent access to Interstate 5, an appealing new Seattle City Hall to the north as well as plans for renovations of the County Courthouse and park. Triad Development recently announced plans for a 650,000 square foot mixed use building containing approximately 500,000 square feet of office, 100,000 square feet of residential space and 50,000 square feet of ground floor retail space which will be a welcome addition to the neighborhood.

Employment

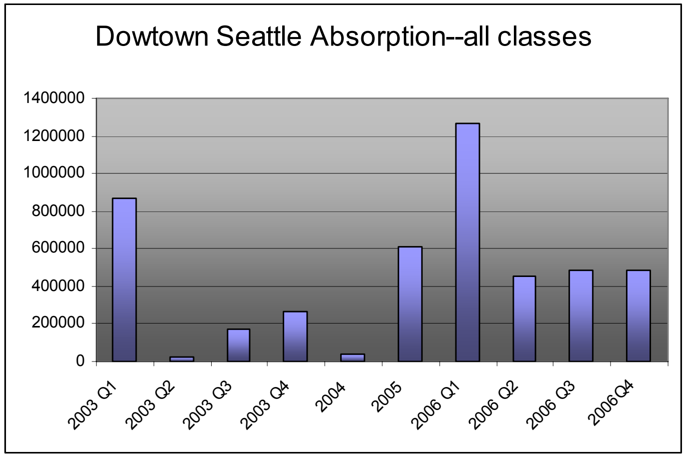
According to data from the Puget Sound Regional Council, employment in 2005 grew at a rate of 1.49% to 1,093,085 jobs. The Seattle market has seen much of their recent overall job growth stem from resurgences in primary employers such as Boeing, Microsoft and the services industry. The projected overall employment growth through 2010 is a 3.14% increase over the next four years. The market for office jobs, however, is much less optimistic. The attached graph from the Bureau and Labor statistics shows a sharp decline in office job growth (defined as Information, Financial Activities, and Professional & Business Services) for both the US Market and the Seattle market since 2005.



*Source: Department of Labor, Bureau of Labor Statistics. * Office employment is defined as jobs in the Information, Financial Activities, and Professional & Business Services industries*

Office Market

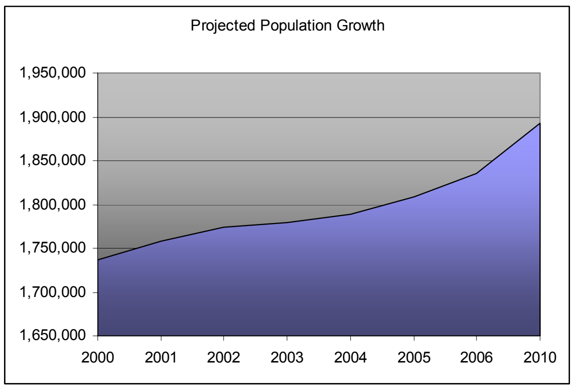
Due to new office development in the pipeline and a challenging office location, the KCA site is not an optimal location for new office space despite the healthy Seattle office market outlook. The downtown Seattle market (which includes the CBD, Waterfront, Pioneer Square, Denny Regrade, Lower Queen Anne, Lake Union and Canal Areas) is rapidly absorbing office space. According to the Central Puget Sound Real Estate Report, vacancy rates in the downtown office market reached a low of 10.51% in the fourth quarter of 2006. Class B office vacancy was at 13.15% in the same quarter. Annual absorption for 2006 was a record 2.2 million square feet, however, much of this absorption was due to two large transactions by Safeco Insurance and Children's Hospital (290,000 square feet and 660,000 square feet, respectively). However, inventory for downtown Seattle is increasing from 38 million square feet to a projected 47.5 million square feet by 2010, a potential 25% increase. Sustained annual absorption in excess of 1.0 million square feet is unlikely considering absorption has been less than 500,000 square feet in each of the last three years. New office space entering the market in periods of lower absorption will likely encounter lower lease rates and a longer time to lease up.



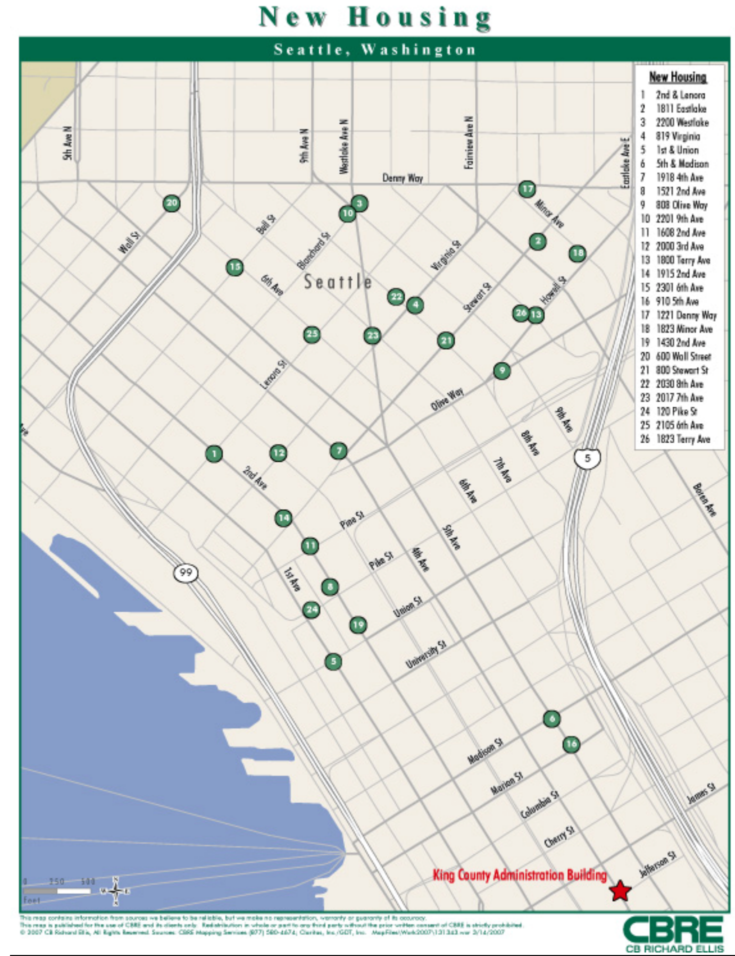
The site of the KCAB will find few tenants desiring space in this area of the downtown especially with King County as the major tenant. Tenants would more likely consider the Columbia Tower one block to the north with 173,000 square feet available; or the new Triad development with 500,000 square feet next door. The highest density of office towers and the associated financial, legal and business services is located several blocks north in the CBD and will continue to be a draw for most Class A downtown office tenants. The recent announcement that Smith Tower could be converted to residential condominiums shows that there is likelihood of an overbuilt office market.

Housing Market

Affordable housing options in the Seattle CBD and Puget Sound Region continues to decline. The average home price in King County is $432,600 with only 2% of homes under $250,000. There is a market for the lower priced "workforce" housing in the County and especially the Downtown with its easy access to employment and urban amenities.



If population growth continues and housing affordability and availability continues to decline, there will be a lack of housing in King County by 2010. There is however, a large amount of new development in the pipeline. Total housing growth for the past six years has increased by an average of 1.15% with population growing at an average rate of 0.81%.



The location of the KCAB discourages residential development. The predominance of office buildings downtown limits retail resources. Major disadvantages to the KCAB site include the isolation from grocery shopping, entertainment and dining options, the large no-income housing component and the Jail next door. This would deter high-end buyers. Pricing small 500 square foot condominiums to attract buyers to this difficult location would not mitigate risk to the developer. The recently announced condominium plans on the adjacent city block confirms work force housing "doesn't pencil" as reports suggest units will be "under $500,000 to the millions".

Retail Market

There is a healthy retail market in the northern downtown area with most of the focus in the retail core which includes large retailers such as Nordstrom, Macy's and other high end national brands. Closer to our property and in the rest of the CBD, small retailers service the daily office population with amenities such as banking, cafés and restaurant services. For the first half of 2006 the retail vacancy rate for downtown Seattle was 3.23%; Total absorption was 2,244 square feet; and 168,000 square feet of new retail space is under construction. Average lease rates were $38.33 per square foot NNN which is deceptively high since the Downtown statistical information incorporates the very expensive retail core. According to Krista Haverly at CBRE, suggested lease rates of $18 to $25 per square foot NNN would be most accurate for the area surrounding the KCA. Appealing retail space in the KCAB is limited to Fourth Avenue since there is little exposure and foot traffic on Fifth Avenue and the grade of James and Jefferson streets makes access a challenge. Columbia Center, two blocks away, provides many services, but there are certainly opportunities to draw the public to KCAB neighborhood. Many small local retailers would find it difficult to mitigate the significant risk of a limited evening and weekend population in this location. Subway, whose letter of support is attached in Appendix D, is an example of a national tenant that would take on this population risk due to the large workday population and potential of housing developments in the future. The recently announced plans for Triad Development's mixed use building and public plaza on the adjacent block will add to the marketability of the KCAB site as a retail destination. However, it is only developing 50,000 square feet of retail, to be owned by the City, which is quite a small addition to the market, further evidence that this area, though improving, is not a major retail market.

Hotel Market

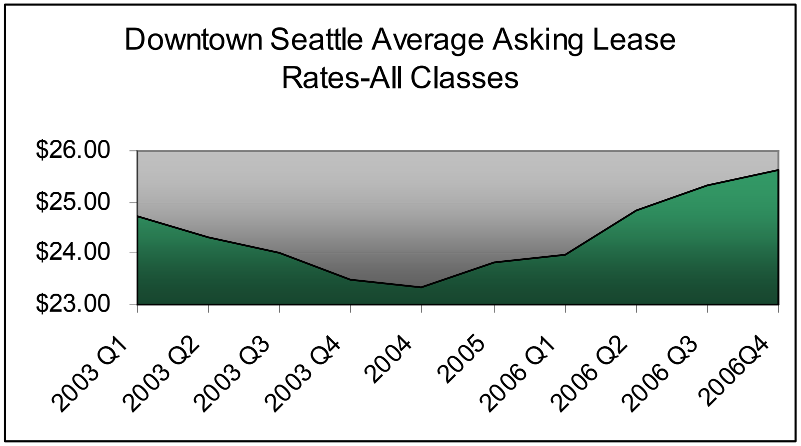
Other uses for the King County Administration location include hotels. The downtown area is underserved by extended stay hotels with only two extended stay facilities located in the CBD. With the large office population and entertainment amenities at the nearby Qwest field there are opportunities for growth. The 2006 average asking room rate for the downtown area is $150 per night (Downtown Seattle Association Report), but with a 76% occupancy rate the RevPar (Revenue Per Available Room) was only $97 per night. However, there are approximately 3,000 new hotel rooms planned for construction by 2009 which will bring the number of available hotel rooms close to 9,000 units. With so many developments on the horizon and the KCA area being so untested and on the fringes of downtown, a hotel on this site will likely be too risky to be flagged by a national hotelier.

Parking Market

A further limitation to the amount of developable office space is meeting the desired parking ratios required for large amount of office and retail developments. Downtown parking has an average monthly rate of $234 and an average daily rate of $21.31. The daily occupancy is approximately 70%. King County has already constructed an 823 space parking structure immediately adjacent to the KCA which will address most of the county parking requirement. With few other office tenants, except county and city workers, within two blocks of this location there would be few opportunities for hourly or daily income from available space compared to more central locations.

County Leasing

With decreasing vacancy rates anticipated for the next few years, lease rates will start to climb from the Class A rates of $26.00-36.00 full-service per square foot rates seen in late 2006. The county will be effectively priced out of the market as more desirable tenants without the risks associated with appropriations clauses found in many government leases start to absorb the available space. The county also requires efficient class B office space that is accessible via public transportation, user friendly to the public and preferably near other county buildings and the majority of the clientele they serve.



Non-Profit Tenants

Office Space: The new floors on the King County Administration building would be marketed to Class B office users that would benefit from this location. We focused on non-profits which tend to need reasonably price office space in easily accessible locations and also to capitalize on potential 63-20 funding which requires a high percentage of not-for-profit use in the building. The ideal user would require Class B space and have services compatible with the public uses already in the building. The ACLU and Easter Seals of Washington, whose letters of support are included in Appendix D, is an example of an ideal tenant for this location.

2.9 Alternative Options Considered

A number of variations for a completely new building were considered prior to selecting the proposed development plan – each had significant drawbacks. Each significantly increased the risk to both the developer and King County, and did so unnecessarily. Several alternative options we considered are displayed in Appendix E, including graphics and descriptions. The basic plan for each option included demolition of the existing structure and building a new mixed-use tower under both zoning regulations. Ultimately, these options failed feasibility for one or more of the following reasons:

Additional Costs: Under the County RFQ/C the County requires substantial additional costs to be absorbed by the developer. These costs entail:

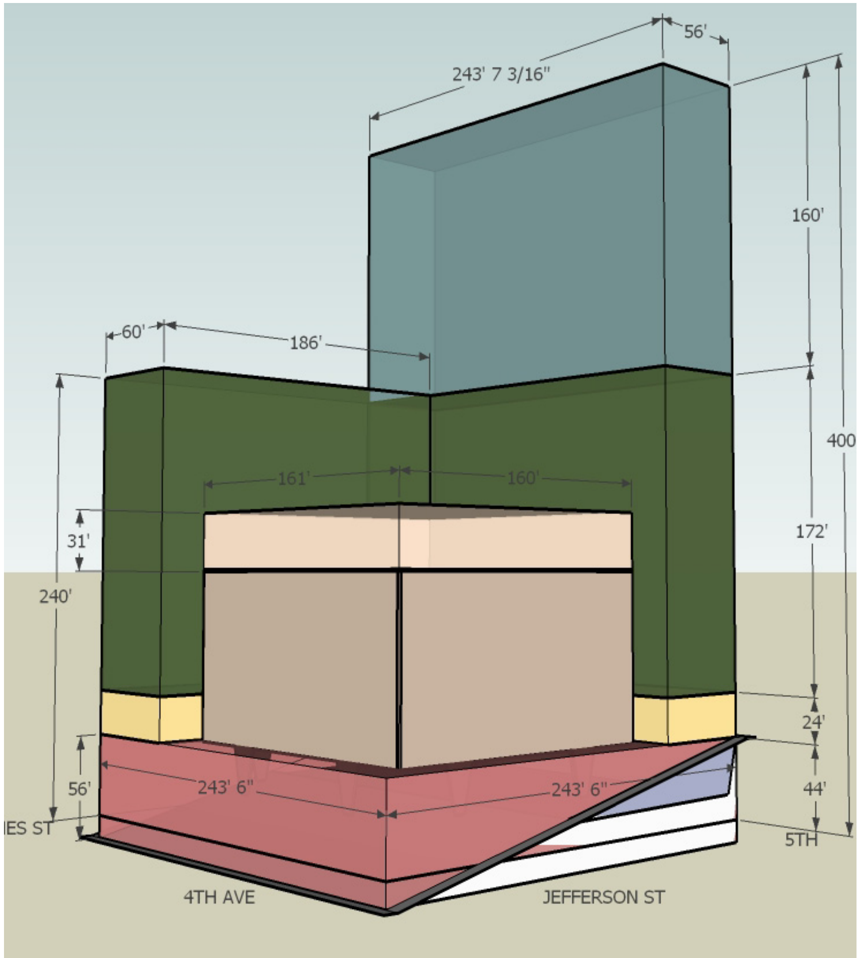
- $8M in tunnel connection costs.
- $9M in County Courthouse façade upgrade.
- $2M in demolition costs
- The cost of building out 500,000 square feet of new office space for the County, of which only 200,000 square feet would be taken upfront with the remainder as speculative short-term leased space.

The developer bears these significant costs even before breaking ground for a new building, and does so without any fee-simple ownership of the property.

Zoning Issues: A new mixed-use building on the site must deal with zoning restrictions in height and FAR. It is clear that the current zoning, the DMC 340-400 designation makes it difficult for a new building to pencil out on a cost-neutral basis with the additional costs discussed above. With a DOC1 zoning designation a new mixed-use building is more likely to pencil out, but the building would have increased risk due to residential and office marketability issues. It is clear however, through public statements made by the City of Seattle City Council that the Council is most likely unwilling to grant a zoning change.

Additional Risk: As a public agency, King County by nature is risk-averse and cost-conscious. King County is not a private developer – they are not out to make a profit on this deal. Their goals are simple: to provide space for 1,800 employees that is efficient and productive, as well as those of generating funds to replace the skybridges and rehab the South Courthouse entry, and to do so with minimal risk and cost to the taxpayer. The proposed development plan of an updated building meets these goals. A new mixed-use tower increases the risk to the County and the cost to the taxpayer, and does so unnecessarily.

MIXED USE PARKING BELOW



Mixed Use Parking Below

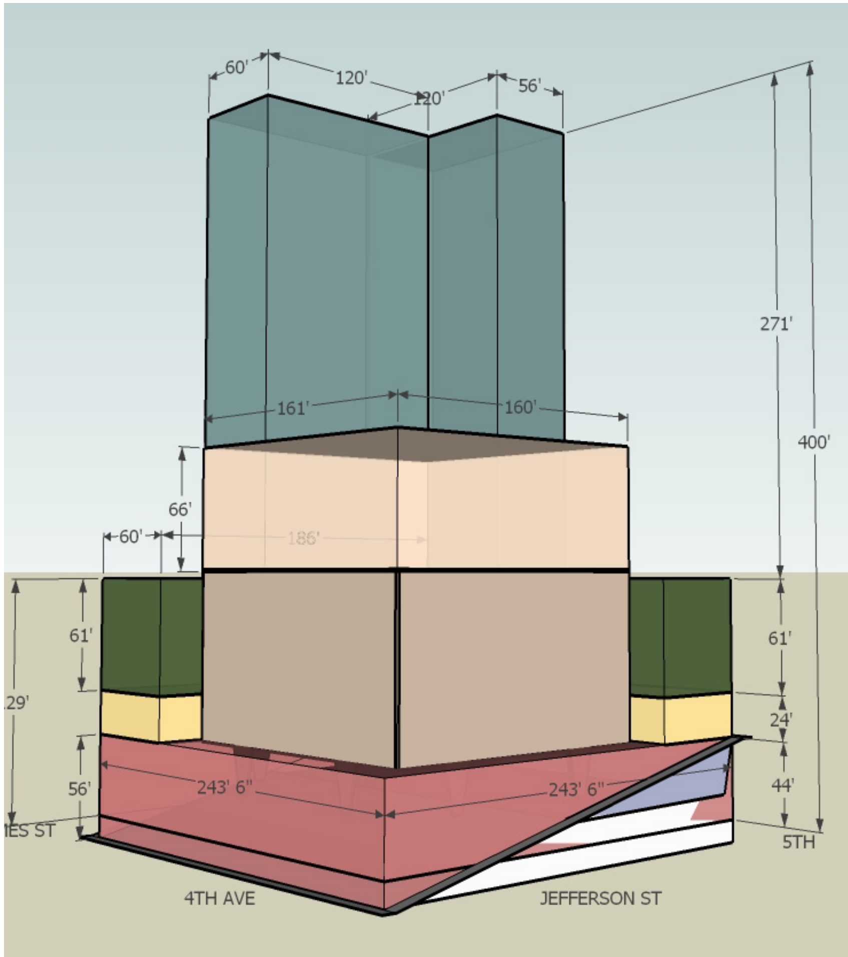
One of the critical components of our alternative option analysis was parking – where it could be located and how much should be provided. We considered two options for our current development plan of reusing the existing structure.

The first option was to convert the bottom floors and basement of the existing building into a parking structure with approximately 590 stalls on four floors. Feasibility was an issue due to the excavation adding unnecessary risk and cost to the proposal.

The second option was to wrap the existing building with above grade parking along the setbacks, resulting in approximately 250 parking stalls on four floors. It is unlikely that the City of Seattle would be receptive to an above grade parking structure next to their City Hall building. Additionally, parking structures are not an active street use which would make design approval particularly onerous. Above grade parking also counted against FAR, added unnecessary construction, and costs of roughly $35,000 per stall or $8.75M in total.

King County has a high percentage of transit use among its employees. It also recently finished a new 900 stall parking structure adjacent to the Administration building. Parking needs can be met with existing infrastructure and through increasing incentives for employees to take mass transit.

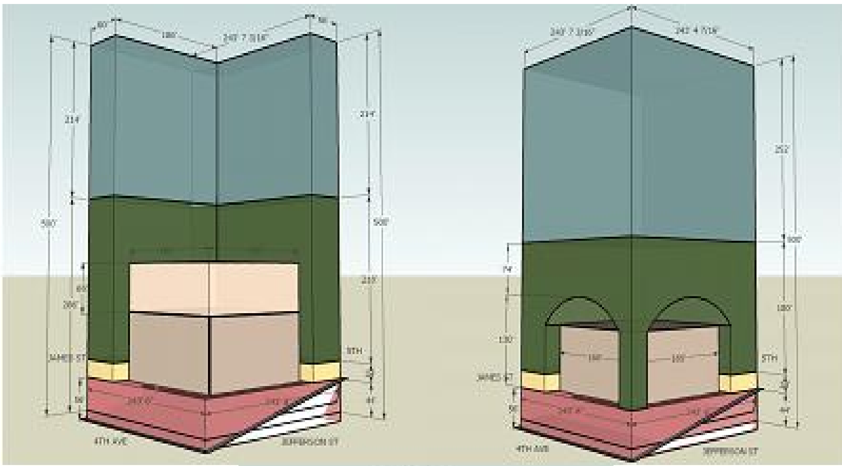
MIXED USE EXISTING @10 FAR

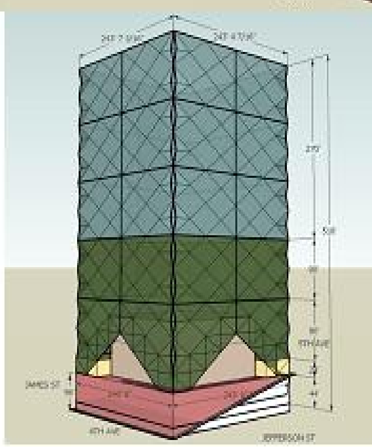


Mixed Use Existing 10 FAR

This option reuses the existing structure but also adds parking, office space, and a residential condominium tower to the site. A number of different housing types were considered: market-rate apartments, subsidized apartments, market-rate condominiums, and workforce condominiums. Each option has significant drawbacks. Market-rate apartments did not produce high enough rents. Workforce housing and subsidized apartments were unlikely without significant public subsidy and further hampered by the additional requirements in the RFP (i.e., sky bridge removal, tunnel improvements, and façade upgrades). Market-rate condominiums were ruled out due to the area dynamics not reflecting a higher-end residential market and the lack of other successful examples of high end market-rate projects – both key hurdles to getting the necessary financing. The site location, being across the street from the County jail also makes high end market-rate condominiums difficult to market. Structural uncertainties with constructing a housing tower close to the existing building, along with the 10 FAR and setback restrictions made this option unnecessarily risky to both the county and the developer.

MIXED USE EXISTING @ 20 FAR Option A, B, C

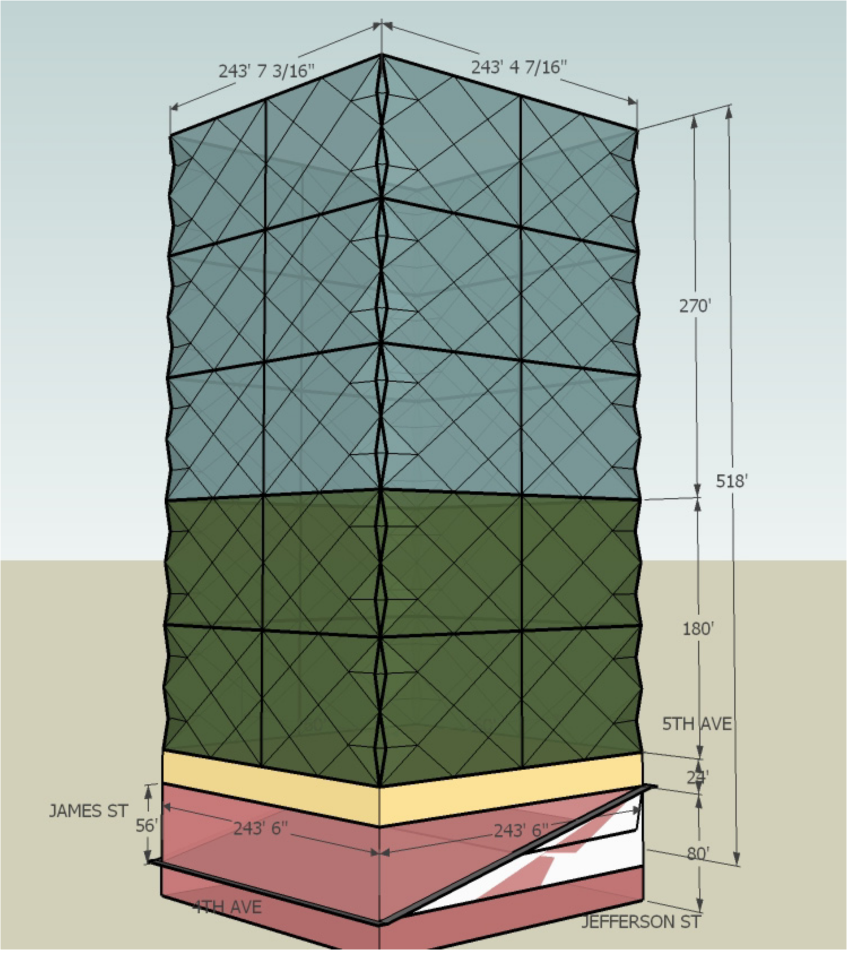




Mixed Use Existing 20 FAR, Option A, B, C

Under these options, a zone change to DOC1 was assumed which increased the site FAR to 20. As discussed earlier, assuming a zone change will be granted is a tenuous assumption. These options all include similar uses as the 10 FAR : reusing the existing structure, adding parking, office space, and a residential condominium tower. The difference at 20 FAR is that the amount of office and residential space is significantly increased, depending on which option is used. Even though the building size increased and the economic model improved slightly, each of these options have very significant market, financing, structural, construction cost and timing risks.

MIXED USE NEW @ 20 FAR



Mixed Use New 20 FAR

Under this option, the zone change to DOC1 is assumed, the existing building is scrapped, and a new mixed-use tower is built at the maximum 20:1 FAR. In this proposed plan there would be 950,000 SF of office space, 1.5M SF of residential, 900 parking stalls, and 60,000 SF of retail space. This option was also tested for a number of scaled down scenarios. This option, when compared to our preferred option, is financially imprudent and excessively speculative for the County. It first fails to recognize the value of the existing building. Secondly, it assumes an unlikely zone change. Third, it adds significant employee relocation costs ($26.25M) to the County. And fourth, it has even greater marketability risks with respect to both the residential and office space.

3.0 Meeting Client Project Goals

Improving government service delivery with no added costs to taxpayers: Transformation of the KCAB to an open and efficient headquarters will significantly increase employee per square foot capacity at no added cost to taxpayers.

Creating an integrated governmental office neighborhood: Moving the main public entrance and services immediately near the County Courthouse, NCOB, and City Hall will help orient citizens to governmental services. In addition, transforming the plaza into a garden terrace around the entire structure will create a focal point for outdoor governmental activities near the new City Hall.

Improve accessibility to government services: Centralized public counters on Fourth Avenue will improve accessibility of King County services to the public.

Improve the South Downtown Seattle neighborhood: Orienting the building towards the restored Courthouse and newly renovated City Hall Park will improve the South Downtown Seattle Neighborhood. King Center will be the focal point of the Civic Campus, surrounded by Seattle City Hall, King County Courthouse, and other civic offices.

Consolidate service locations, reduce traffic, and maximize public transit: Centralizing many functions will improve delivery of vital public services on Fourth Avenue. Keeping parking off-site encourages use of public transportation to the King Center. Locating the main entrance on Fourth Avenue will better link transit networks and pedestrian traffic.

Upgrading facilities: Replacing inefficient public office space with state-of-the-art, modern facilities to meet LEED Gold standards will decrease overall maintenance and operating expenses and improve the work environment.

Maximizing value: Our proposal maximizes value of the site for public County purposes, at the lowest public risk, while still absorbing costs for replacement of the skybridges and rehabilitation of the South Courthouse Entrance. This project maximizes value under the current zoning regulations by utilizing the existing structure to the utmost level without exposing taxpayers to unnecessary development risks.

Skybridges removal: Our plan removes the skybridges and replaces them with a tunnel.

Facilitate the South Downtown: Transforming the existing plaza into garden terrace around the entire structure will create a focal point for the developing intergovernmental civic campus. Open space would likely be lost if the building was demolished and a new structure built up over 340 feet on the full block. Incorporating retail space along Fourth Avenue will connect the entire area from the proposed Triad Tower and new City Hall to City Hall Park and other developments further south.

Environmental Sustainability: Our plan will obtain a U.S. Green Building Council's (USBGC) LEED Gold Certification exceeding the Silver rating request. The King Center will continue King County's tradition as a leader in environmental policy and public service.

Public Art: We have included 1% of our budget for public art. The plaza and rooftop garden terraces provide areas for the installation of public art pieces. Sculptures, glass works and woodworking would all fit appropriately drawing inspiration from the King County arts community.

Jobs: Using an economic money multiplier factor of three and the $131.1 million cost, our plan could create nearly $400 million in economic activity. Our plan may create fewer construction jobs than costly demolition and new construction, but we enable the County to consolidate over 1,800 jobs in a central location at a far lower cost to County taxpayers, in a shorter time period, at less County risk and greater County savings. Moreover, the building will improve working conditions for County employees and improve accessibility to public services.

Appendices

A.0 Financial Analysis

A.1

Combined Project Pro-Forma (Years 1-20)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Retail Lease Revenues	141,617	145,866	150,242	154,749	159,392	164,173	169,099	174,172	179,397	184,779
Sublease Space Revenues	3,799,281	3,913,259	4,030,657	4,151,577	4,276,124	3,303,306	3,402,405	3,504,477	3,609,611	3,717,900
Net Lease (Private Use) Revenues	3,940,898	4,059,125	4,180,899	4,306,326	4,435,515	3,467,479	3,571,503	3,678,649	3,789,008	3,902,678
Savings:										
Lease Payments Saved	2,526,931	2,602,739	2,680,821	2,761,246	2,844,083	5,060,746	5,212,569	5,368,946	5,530,014	5,695,915
Operating Efficiency Savings	933,276	961,275	990,113	1,019,816	1,050,411	1,371,785	1,412,939	1,455,327	1,498,987	1,543,956
Net Savings Revenue	3,460,207	3,564,014	3,670,934	3,781,062	3,894,494	6,432,532	6,625,508	6,824,273	7,029,001	7,239,871
Net Revenues And Savings	**7,401,106**	**7,623,139**	**7,851,833**	**8,087,388**	**8,330,009**	**9,900,011**	**10,197,011**	**10,502,922**	**10,818,009**	**11,142,549**
Estimated Costs										
County Office Space New, % of Bond	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696
County Office Space Rehab, % of Bond	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331
Courthouse Façade, % of Bond	758,509	758,509	758,509	758,509	758,509	758,509	758,509	758,509	758,509	758,509
Skybridge Removal, % of Bond	674,230	674,230	674,230	674,230	674,230	674,230	674,230	674,230	674,230	674,230
Retail Component, % of Bond	128,104	128,104	128,104	128,104	128,104	128,104	128,104	128,104	128,104	128,104
Total Expenses	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**
Annual Difference	***(1,003,766)***	***(781,732)***	***(553,038)***	***(317,483)***	***(74,862)***	***1,495,140***	***1,792,140***	***2,098,050***	***2,413,138***	***2,737,678***
Cumulative Annual Difference	(1,003,766)	(1,785,498)	(2,338,536)	(2,656,020)	(2,730,882)	(1,235,742)	556,398	2,654,448	5,067,586	7,805,265

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenues:										
Retail Lease Revenues	190,322	196,032	201,913	207,970	214,209	220,635	227,254	234,072	241,094	248,327
Sublease Space Revenues	2,552,958	2,629,546	2,708,433	2,789,686	2,873,376	1,479,789	1,524,183	1,569,908	1,617,005	1,665,515
Net Lease (Private Use) Revenues	2,743,280	2,825,578	2,910,345	2,997,656	3,087,585	1,700,424	1,751,437	1,803,980	1,858,099	1,913,842
Savings:										
Lease Payments Saved	8,337,600	8,587,728	8,845,360	9,110,721	9,384,042	12,529,907	12,905,805	13,292,979	13,691,768	14,102,521
Operating Efficiency Savings	1,926,305	1,984,094	2,043,617	2,104,926	2,168,073	2,622,666	2,701,346	2,782,387	2,865,858	2,951,834
Net Savings Revenue	10,263,905	10,571,822	10,888,977	11,215,646	11,552,116	15,152,574	15,607,151	16,075,365	16,557,626	17,054,355
Net Revenues And Savings	**13,007,185**	**13,397,400**	**13,799,322**	**14,213,302**	**14,639,701**	**16,852,998**	**17,358,588**	**17,879,345**	**18,415,726**	**18,968,197**
Estimated Costs										
County Office Space New, % of Bond	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696
County Office Space Rehab, % of Bond	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331
Courthouse Façade, % of Bond	758,509	758,509	758,509	758,509	758,509	758,509	758,509	758,509	758,509	758,509
Skybridge Removal, % of Bond	674,230	674,230	674,230	674,230	674,230	674,230	674,230	674,230	674,230	674,230
Retail Component, % of Bond	128,104	128,104	128,104	128,104	128,104	128,104	128,104	128,104	128,104	128,104
Total Expenses	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**
Annual Difference	***4,602,314***	***4,992,529***	***5,394,451***	***5,808,431***	***6,234,830***	***8,448,127***	***8,953,716***	***9,474,474***	***10,010,854***	***10,563,326***
Cumulative Annual Difference	12,407,578	17,400,108	22,794,559	28,602,990	34,837,820	43,285,947	52,239,663	61,714,137	71,724,992	82,288,318

Combined Project Pro-Forma (Years 21-40)

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Revenues:										
Retail Lease Revenues	255,777	263,450	271,354	279,494	287,879	296,515	305,411	314,573	324,010	333,731
Sublease Space Revenues	-	-	-	-	-	-	-	-	-	-
Net Lease (Private Use) Revenues	255,777	263,450	271,354	279,494	287,879	296,515	305,411	314,573	324,010	333,731
Savings:										
Lease Payments Saved	17,846,156	18,381,541	18,932,987	19,500,977	20,086,006	20,688,586	21,309,244	21,948,521	22,606,977	23,285,186
Operating Efficiency Savings	3,491,985	3,596,745	3,704,647	3,815,786	3,930,260	4,048,168	4,169,613	4,294,701	4,423,542	4,556,248
Net Savings Revenue	21,338,141	21,978,285	22,637,634	23,316,763	24,016,266	24,736,754	25,478,856	26,243,222	27,030,519	27,841,434
Net Revenues And Savings	**21,593,918**	**22,241,735**	**22,908,987**	**23,596,257**	**24,304,145**	**25,033,269**	**25,784,267**	**26,557,795**	**27,354,529**	**28,175,165**
Estimated Costs										
County Office Space New, % of Bond	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	3,939,696	-	-
County Office Space Rehab, % of Bond	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	2,904,331	-	-
Courthouse Façade, % of Bond	758,509	758,509	758,509	758,509	758,509	758,509	758,509	758,509	-	-
Skybridge Removal, % of Bond	674,230	674,230	674,230	674,230	674,230	674,230	674,230	674,230	-	-
Retail Component, % of Bond	128,104	128,104	128,104	128,104	128,104	128,104	128,104	128,104	-	-
Total Expenses	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**8,404,871**	**-**	**-**
Annual Difference	***13,189,047***	***13,836,864***	***14,504,116***	***15,191,386***	***15,899,274***	***16,628,398***	***17,379,396***	***18,152,924***	***27,354,529***	***28,175,165***
Cumulative Annual Difference	95,477,365	109,314,229	123,818,345	139,009,731	154,909,005	171,537,403	188,916,799	207,069,723	234,424,252	262,599,417

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Revenues:										
Retail Lease Revenues	343,743	354,055	364,677	375,617	386,885	398,492	410,447	422,760	435,443	448,506
Sublease Space Revenues	-	-	-	-	-	-	-	-	-	-
Net Lease (Private Use) Revenues	343,743	354,055	364,677	375,617	386,885	398,492	410,447	422,760	435,443	448,506
Savings:										
Lease Payments Saved	23,983,741	24,703,254	25,444,351	26,207,682	26,993,912	27,803,730	28,637,841	29,496,977	30,381,886	31,293,343
Operating Efficiency Savings	4,692,936	4,833,724	4,978,736	5,128,098	5,281,941	5,440,399	5,603,611	5,771,719	5,944,871	6,123,217
Net Savings Revenue	28,676,677	29,536,978	30,423,087	31,335,780	32,275,853	33,244,128	34,241,452	35,268,696	36,326,757	37,416,560
Net Revenues And Savings	**29,020,420**	**29,891,033**	**30,787,763**	**31,711,396**	**32,662,738**	**33,642,620**	**34,651,899**	**35,691,456**	**36,762,200**	**37,865,066**
Estimated Costs										
County Office Space New, % of Bond	-	-	-	-	-	-	-	-	-	-
County Office Space Rehab, % of Bond	-	-	-	-	-	-	-	-	-	-
Courthouse Façade, % of Bond	-	-	-	-	-	-	-	-	-	-
Skybridge Removal, % of Bond	-	-	-	-	-	-	-	-	-	-
Retail Component, % of Bond	-	-	-	-	-	-	-	-	-	-
Total Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Annual Difference	***29,020,420***	***29,891,033***	***30,787,763***	***31,711,396***	***32,662,738***	***33,642,620***	***34,651,899***	***35,691,456***	***36,762,200***	***37,865,066***
Cumulative Annual Difference	291,619,837	321,510,869	352,298,633	384,010,029	416,672,767	450,315,388	484,967,287	520,658,743	557,420,943	595,286,008

Combined Project Pro-Forma (Years 41-50)

	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059
Revenues:										
Retail Lease Revenues	461,961	475,820	490,095	504,798	519,942	535,540	551,606	568,154	585,199	602,755
Sublease Space Revenues	-	-	-	-	-	-	-	-	-	-
Net Lease (Private Use) Revenues	461,961	475,820	490,095	504,798	519,942	535,540	551,606	568,154	585,199	602,755
Savings:										
Lease Payments Saved	32,232,143	33,199,107	34,195,080	35,220,933	36,277,561	37,365,888	38,486,864	39,641,470	40,830,714	42,055,636
Operating Efficiency Savings	6,306,913	6,496,121	6,691,004	6,891,735	7,098,487	7,311,441	7,530,784	7,756,708	7,989,409	8,229,091
Net Savings Revenue	38,539,056	39,695,228	40,886,085	42,112,667	43,376,047	44,677,329	46,017,649	47,398,178	48,820,123	50,284,727
Net Revenues And Savings	**39,001,018**	**40,171,048**	**41,376,180**	**42,617,465**	**43,895,989**	**45,212,869**	**46,569,255**	**47,966,332**	**49,405,322**	**50,887,482**
Estimated Costs										
County Office Space New, % of Bond	-	-	-	-	-	-	-	-	-	-
County Office Space Rehab, % of Bond	-	-	-	-	-	-	-	-	-	-
Courthouse Façade, % of Bond	-	-	-	-	-	-	-	-	-	-
Skybridge Removal, % of Bond	-	-	-	-	-	-	-	-	-	-
Retail Component, % of Bond	-	-	-	-	-	-	-	-	-	-
Total Expenses	-	-	-	-	-	-	-	-	-	-
Annual Difference	***39,001,018***	***40,171,048***	***41,376,180***	***42,617,465***	***43,895,989***	***45,212,869***	***46,569,255***	***47,966,332***	***49,405,322***	***50,887,482***
Cumulative Annual Difference	634,287,026	674,458,074	715,834,254	758,451,719	802,347,708	847,560,576	894,129,831	942,096,163	991,501,486	1,042,388,968

A.2 Summary of Assumptions

Summary of Assumptions:

General:			**Lease Savings:**		
Year of Analysis		2007	2007 Market Lease Rate Paid	$	25.00
Base Year		2010	Sq. ft./employee, Current County Efficiency		276
Investment Horizon, # of Years		50	Sq. ft./employee, New County Efficiency		180
General Inflation		3.00%	# of employees existing		575
Discount Rate		8.00%	# of additional county employees in Year 1		335
			Total Capacity @ New Efficiency		1,886
Financing & Underwriting:					
Lease Revenue Bond Term (yrs)		27.5	Phase out office subleases over 20 years		
Lease Revenue Bond Rate		4.50%	County absorbs office space as available		
Mortgage Constant		6.37%	Phase out/Absorption occurs in linear 5 year increments		
Cost of Issuance, % of pre-financing cost		1.50%			
Interest Reserve @ 1/2 bond $ drawn during construction			**Operating Savings:**		
			Existing Building Size (RSF)		190,000
Retail V&C Loss Rate		5%	Proposed Building Size (RSF)		339,400
Retail Leakage Rate		5%			
Retail Lease Rate/Sq Ft, NNN	$	20.00	Current Operating Expenses/sq ft	$	10.00
Office Sublease V&C Loss Rate		10%	Expected Operating Expense/sq ft	$	6.60
Office Sublease Rate/Sq Ft, NNN	$	22.00	Marginal Efficiency Savings per Sq Ft	$	3.40

Summary of Returns:

Net Present Value (NPV), by Component 28 Year	
NPV, Retail Component	$666,000
NPV, Office Sublease	$9,817,000
NPV, Lease & Operating Savings	$49,231,000
NPV, Sky Bridge & Courthouse	($15,833,000)
NPV, combined Project	**$43,880,000**
Net Present Value (NPV), by Component 50 Year	
NPV, Retail Component	1,152,000
NPV, Office Sublease	9,817,000
NPV, Lease & Operating Savings	89,809,000
NPV, Sky Bridge & Courthouse	(15,833,000)
NPV, combined Project	**84,945,000**
Developer Fee	**5,032,000**

A.3 Summary of Cost Assumptions

Summary Of Cost Assumptions

			Unit	Basis	% of Total Cost	Source
Summary of Hard Costs						
New Space	46,746,000	$	284.00	$/GSF	35.7%	Skanska
Rehab	34,461,000	$	156.00	$/GSF	26.3%	Skanska
Retail	1,520,000	$	190.00	$/GSF	1.2%	Skanska
Total Hard Cost	**82,727,000**	**$**	**210.00**	**$/GSF**	**35.7%**	
Summary of Soft Costs						
Engineering	2,068,000		2.5%	% of Hard Cost	1.6%	developer
Architectural	2,068,000		2.5%	% of Hard Cost	1.6%	developer
Moving Costs	4,136,000		5.0%	% of Hard Cost	3.2%	developer
Legal & Consulting	827,000		1.0%	% of Hard Cost	0.6%	developer
Insurance & Taxes	827,000		1.0%	% of Hard Cost	0.6%	developer
Permits & Fees	827,000		1.0%	% of Hard Cost	0.6%	developer
County Admin & Overhead	827,000		1.0%	% of Hard Cost	0.6%	developer
Mktg & Broker Fees, Office Sublease	2,112,000		5.6%	% of 1st 10 yr rent	1.6%	broker
Mktg & Broker Fees, Retail	91,000		5.6%	% of 1st 10 yr rent	0.1%	broker
Owner Contingency	4,136,000		5.0%	% of Hard Cost	3.2%	developer
Developer Fee	5,032,000		5.0%	% of Cost Before Financing	3.8%	developer
1% For The Arts	1,006,000		1.0%	% of Cost Before Financing	0.8%	
Total Soft Costs	**23,957,000**	**$**	**61.00**	**$/GSF**	**18.3%**	
Summary of Financing Costs						
Cost of Bond Issuance	1,855,000		1.5%	% of Cost Before Financing	1.4%	John Finke
Capitalized Interest	5,566,000			1/2 bond $ drawn for 24 mos.	4.2%	developer
Total Financing Costs	**7,421,000**	**$**	**19.00**	**$/GSF**	**5.7%**	
Summary of Unallocated Costs						
Cost of Skybridge	8,000,000			Fixed Cost	6.1%	NAIOP Assumption
Cost of Façade	9,000,000			Fixed Cost	6.9%	NAIOP Assumption
Total Unallocated Costs	**17,000,000**	**$**	**43.00**	**$/GSF**	**13.0%**	
Total Project Cost/Bond Amount	**131,105,000**				100.0%	

Cost per Sq Ft:		**per Gross Sq Ft**		**per Net Sq Ft**
Cost/sq ft, combined Project	$	333.00	$	378.00
Cost/sq ft, excl. Skybridge & Courthouse	$	290.00	$	329.00

B.0 Development Timeline

Development Timeline		Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08
1.0.0	**Pre-Development**																			
1.1.0	Schematic Design	■	■	■																
1.2.0	Design Development			■	■	■	■	■	■											
1.3.0	Environmental and other studies				■	■	■													
1.4.0	Entitlements research and prep				■	■	■	■												
1.5.0	Construction Docs		■	■	■	■	■	■	■	■	■	■								
1.6.0	Final Approvals								■	■										
1.7.0	Establish Non-Profit 63-20 Corp						■	■	■											
1.8.0	Bond Underwriting & Issuance						■	■	■											
2.0.0	**Construction**																			
2.1.0	Prisoner Transport Tunnel			■	■	■	■	■	■	■	■									
2.2.0	Remove SkyBridge												■							
2.3.1	Upper Floor Shell & Core										■	■	■	■	■	■	■	■	■	■
2.3.2	Upper Floor TI's																			■
2.4.0	Courthouse Façade																			
2.5.1	Build Out Plaza/Basement																■	■	■	■
2.5.2	Plaza/Basement TI's																			
2.6.1	Existing Interior/Exterior Demo																			
2.6.2	Reglazing																			
2.6.3	Interior Rehab																			
2.6.4	Lower Floor TI's																			

Development Timeline		Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
2.0.0	**Construction**																			
2.1.0	Prisoner Transport Tunnel																			
2.2.0	Remove SkyBridge																			
2.3.1	Upper Floor Shell & Core	■	■																	
2.3.2	Upper Floor TI's	■	■																	
2.4.0	Courthouse Façade	■	■	■	■	■	■	■												
2.5.1	Build Out Plaza/Basement	■	■	■	■															
2.5.2	Plaza/Basement TI's		■	■	■															
2.6.1	Existing Interior/Exterior Demo		■	■	■															
2.6.2	Reglazing					■	■	■	■											
2.6.3	Interior Rehab							■	■	■	■	■	■	■						
2.6.4	Lower Floor TI's											■	■	■						
3.0.0	**Transition**																			
3.1.0	County Move Up			■	■	■	■	■	■	■	■	■								
3.2.0	Retail Lease					■	■	■	■											
3.3.0	Office Sublease												■	■	■	■	■	■		

C.0 Letters Supporting Feasibility

SKANSKA

Skanska USA Building Inc.
2555 SW 153rd Dr
Beaverton, OR 94006
Phone 503.641.2500
Fax 503.643.0646
Web www.skanskausa.com

March 13, 2007

Mr. Jeremy McVeety

Subject: King County Administration Building Project

Jeremy,

It was a pleasure to meet you and work with your team in the presentation of your ideas for the King County Administrative Building in Seattle, WA. I have been impressed by the level of professionalism you have displayed, and your resulting proposal reflects that level of quality.

Per our discussions, we have confirmed your initial judgment that it would be most cost effective and least impactive to the operations of the County to expand and remodel the facility instead of demolishing and building anew. We believe that we could add the new six stories without major interruptions or risk to the building occupants. The staff and public visitors would then be relocated to the new six stories while the balance of the project is completed. The County would then have the option of continuing to occupy the top floors, or move down to their newly remodeled original location if desired. The approximate duration of construction activities would be 24 months.

The general scope of the project includes: any necessary demolition, addition of shear elements, complete renovation of existing interior spaces and exterior skin, overbuild of six new levels with tenant improvements, public and support space renovations at the plaza, lobby and below grade levels, site and infrastructure revisions driven by the larger facility and conveying revisions to the existing and new elevators.

We have also included appropriate contractor's contingencies, overhead and profit percentages including bonds, insurance and other related costs. We have excluded typical items for a commercial project of this type and coordinated those items with your overall proforma to present a full picture of the development cost.

We appreciate the opportunity to be of service to you and wish you the best of luck.

Regards,

Skanska USA Building Inc.

Steve Clem
Preconstruction Manager

****FOR EDUCATIONAL PURPOSES ONLY****

IA
INTERIOR ARCHITECTS

March 15, 2007

Shadrach Pilip-Florea
Portland State University
7103 SE Mall
Portland, OR 97206

RE: NAIOP King County Administration Building Proposal

Dear Shadrach:

This letter will confirm that I have met with your PSU NAIOP team and have examined your plans to use an efficient modular workplace planning model, consolidate public functions, and utilize the nearby county office center to reduce the square footage per employee to an average of under 180 square feet per employee.

We design over twenty million square feet of office space per year and this is in line with recent workspace allocations for office uses of this type.

Sincerely,

David N. Kutsunai
Principal

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BOSTON
CHICAGO
COSTA MESA
DALLAS
DENVER
LONDON
LOS ANGELES
NEW YORK
SAN FRANCISCO
SEATTLE
SHANGHAI
SILICON VALLEY
WASHINGTON, DC

FINANCIAL CENTER
1215 FOURTH AVENUE
SUITE 1101
SEATTLE, WA 98161
206.264.9195
206.624.1525 FAX
www.interiorarchitects.com

catena consulting engineers

March 13, 2007

Gerard Mildner, Ph.D
Associate Professor of Urban Studies and Planning
Portland State University
Urban Center, Room 370C
Portland, OR 97207

RE: King County Administration Building
Seattle, Washington

Dear Dr. Mildner:

We have reviewed the exo-skeleton system and existing core for the King County Administration Building located in Seattle, Washington. Your proposal was for the adaptive reuse and addition to the building. The addition to the building would trigger a seismic rehabilitation to meet the standards of current code, which we assumed is the International Building Code, 2003 Edition.

As we understand, your team proposes the addition of six stories to the building vertically, with additions to the plaza levels at grade. Based on information you provided, it appears that the building was designed for a vertical addition of up to six levels.

We discussed various options for addition and renovation, and feel confident that the x-framing retrofitting from the interior of the building the PSU team has chosen could provide the necessary strengthening needed to stabilize the building along with a six-story addition. You stated that the existing column grid would be maintained in the vertical addition. You also indicated that the addition would need to accommodate the existing "bridge" to the justice facility that currently passes over the roof of the building. In order to maintain that bridge, a seismic joint that would accommodate the relative movement between the two structures would be necessary. We have assumed that the founding soil would be capable of supporting the added vertical loading; however, strengthening of the foundation would likely be necessary for the added seismic loading.

We discussed relative costs for the various schemes, and it appears that the structural cost to rehabilitate the existing structure would be in the range of $55 - $95 per square foot of existing space. Ancillary costs, including, but not limited to, other systems (architectural, mechanical, and electrical), relocation of tenants, public safety, etc, could be as much as 200% of the costs listed above, and are not included in our estimate.

a connected series of related elements
1111 ne flanders street • suite 206 • portland oregon 97232 • v 503. 467. 4980 • f 503. 467. 4797

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Our review was based on the information that you provided. Catena Consulting Engineers' involvement in this project was purely for academic purposes in assisting the PSU team's efforts, and should not be construed in any way as a detailed engineering analysis. Catena consulting engineers did not review any existing structural drawings or documents for the building. We offer no warranty, either certified or implied, related to the structural performance of the building, its condition, or possible defects. Catena consulting engineers assumes no liability, explicit or inferred, related to this study.

If you have any questions, please contact us at 503.467.4980.

Respectfully,

catena consulting engineers

Christopher L. Thompson, S.E., P.E.
Principal

John S. McDonald, S.E., P.E.
Principal

cc: William (Will) Macht, PSU Adjunct Professor

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D.0 Letters of Potential Tenant Interest

From: April Williamson
To: Mary Anne Christopher
Subject: PSU Class Discussion
Date: Mon, 12 Mar 2007

Mary Anne,

As we discussed 2 weeks ago, if the current KC Administration site were developed and had rental space available we definitely would be interested. Its location would make it of prime interest to us, because of the convenience of working in a neighborhood which is both a transportation and legal nexus. The ACLU-WA is rapidly expanding and foresees the possibility of needing 20,000 to 40,000 square feet of rental space depending on the other amenities offered by the site. We currently occupy just under 8,000sf and are bursting at the seams! The "other amenities" that would determine how much space we'd want to rent include the availability of lunch, meeting, and conference facilities.
We are currently paying about $22.00/sf plus operating & RE taxes. If we were offered space today, that's the rate we would hope to find, but would consider higher or lower depending on the market. Since the site is only blocks from where we currently reside, I would expect the challenges to be limited to the move itself-including figuring out a new office layout to accommodate everyone.

I hope this helps and I apologize for being so slow in responding.

Good luck with your presentation.

April

April Williamson, Finance Director, ACLU of Washington
705 - 2nd Ave., 3rd Fl.; Seattle, WA 98104-1799; (206) 624-2184

FOR EDUCATIONAL PURPOSES ONLY

LETTER OF SUPPORT

The following outline is a letter of support for a Portland State University class project. The goal of the program is to create a development plan for the King County Administration Building in downtown Seattle. If such a project were built, the following terms would be considered by this tenant. The following information is for <u>educational purposes only.</u>

Tenant:	Easter Seals Washington
Landlord:	A yet to be formed non-profit entity.
Lease Space:	500 Fourth Avenue Suite 900 Seattle, Washington Suite TBD Approximately 2000 square foot office space located in the King County Administration Building at the corner of 4th and Jefferson in Downtown Seattle.
Lease Term:	5 year lease term. No renewal options will be provided.
Lease Rate:	per square foot per year. The lease will be a triple net lease. Tenant will be responsible for all operating expenses, common area maintenance, utilities, taxes and insurance. Triple net expenses are estimated at $7.00 per square foot per year.
Tenant Improvements:	Landlord will provide a "vanilla shell". Tenant will have 90 days prior to rent commencement to complete tenant improvements.
Parking:	Given that our staff often work in the field and that we serve stakeholders with disabilities, low-cost/subsidized accessible parking with placard spaces would be ideal.
Challenges and Special Needs	Would need a pre-determined occupant emergency evacuation plan that takes into account people that use wheelchairs and other mobility devices. Would prefer a renewal option on the lease, as moving every five years is a huge drain on the budget.

____

FOR EDUCATIONAL PURPOSES ONLY

On behalf of Easter Seals Washington, I would support the development of property as outlined above. The design accomplishes many outcomes that are important to non-profit organizations, such as: affordability, accessibility via public transportation, visibility, and networking/fundraising opportunities.

Please let me know if I can be further assistance.

Cathy Bisaillon
President /CEO
Easter Seals Washington

FOR EDUCATIONAL PURPOSES ONLY

LETTER OF INTENT

Tenant:	Subway Northwest
Landlord:	A yet to be formed non-profit entity.
Lease Space:	500 Fourth Avenue Suite 1a Seattle, Washington Suite 1a is a 2,000 square foot ground floor, endcap retail space located at the corner of 4th and Jefferson in Downtown Seattle.
Lease Term:	5 year lease term with one option to renew the lease for five years.
Lease Rate:	________ per square foot per year. The lease will be a triple net lease. Tenant will be responsible for all operating expenses, common area maintenance, utilities, taxes and insurance. *(Please indicate a lease rate you feel would be competitive for the area and market).*
Tenant Improvements:	Landlord will provide a "warm shell" space. Tenant will have 90 days prior to rent commencement to complete tenant improvements.
Signage:	*(Please indicate if your business entity requires any sign specifications.)*
Disclosure:	The terms and materials stated above are for educational purposes for the 2006 NAIOP competition and seminar class a PSU. This does not constitute a promise or intent to enter into a contract or a lease.

FOR EDUCATIONAL PURPOSES ONLY

E.0 Team Biographies

TEAM LIASON
William Macht brings over 27 years of teaching experience to Portland State University as an Adjunct Professor. in the School of Urban Studies & Planning. He is currently President of Macht & Company, a development, management, consulting and investment firm. In these positions, as in much of his prior development experience, he concentrates on the types of mixed-use, public-private partnerships and retail marketplaces pioneered by the Rouse Company, which he served as a Development Director

TEAM LIASON
Kali Bader is a Vice President with Rembold Properties, a family-run real estate development and investment company based in Portland, OR. She joined the company in 2004 and her primary responsibilities are in financial, asset and development management. Ms. Bader is also responsible for property acquisitions, due diligence and debt activities. Prior to joining Rembold Properties, Ms. Bader worked in San Francisco as an investment manager at Hines Interests. She has an MBA from UC Berkeley and a Bachelor of Science in Industrial Engineering from the University of Washington.

STUDENT
Shadrach Pilip-Florea owns a small design/build company, Daedalus Design & Construction, in the Portland area. After receiving a B.S. in Economics from PSU, he briefly attempted a career as an international man of mystery, with sojourns in China, Eastern Europe, New York, and the Middle East, before coming to the realization in 2001 that he really has only ever been good at playing with blocks. He is currently pursuing a Real Estate Development Graduate Certificate in hopes that he can play with larger ones.

STUDENT
Mary Anne Christopher is a Class of '97 graduate of Wellesley College and is currently a student in the Graduate Certificate in Real Estate Development at Portland State University. Mary Anne spent two years as a Sales Assistant in office and medical office leasing with CBRE in Portland, Oregon. She is a licensed real estate broker in Oregon and Washington. Her current role is a Loan Analyst at Q10 National Mortgage where she is expanding her market knowledge and exploring finance. She enjoys the opportunity to work with many different property types and interacting with diverse clients. Mary Anne is glad to be experiencing Portland's pleasant weather after several years in Boston and Vermont.

STUDENT
Jeremy McVeety has a B.S. in Economics from Idaho State University and is completing the Graduate Certificate in Real Estate Development at PSU. Jeremy works for Chetco Federal Credit Union underwriting small business, commercial real estate, and construction/development loans. In addition, Jeremy has consulting experience with several Oregon cities assisting with urban renewal plans, tax increment financing, and fixed asset reporting.

STUDENT
Dan Johnson has 10+ yrs of experience in the field of Architecture and urban design working on projects ranging is size from custom residential homes to multistory mixed-use buildings. He has held positions job captain, designer, Architectural Illustrator to Project manager. He holds a

Bachelor of Science degree in Architectural design and a minor Urban studies / Planning. He is currently pursuing a Masters certificate in Real estate Development at Portland State University and plans to receive an MBA in the near future

STUDENT
Caleb Schlesinger recently graduated from the University of Puget Sound last May, with a duel-major degree in Economics & History. He has spent time studying abroad in Spain and Austria, focusing on the history and economics of European Union prior to preparing capstones on the current state of the Russian economy for which he was granted admission to attend the Moscow School of Economics. He has also worked as a research analyst for Bluestone & Hockley Real Estate prior to pursuing his interest in development. Caleb at present works with Geller Silvis & Associates, Inc focusing on LIHTC development and financial consulting. He is currently pursuing the Certificate of Real Estate Development at PSU.

STUDENT
Samuel David Grosz graduated from Portland State University with a BA in Business and is a the principal of a residential development company and owner of a moving company.

STUDENT
Matthew Collier graduated magna cum laude & Phi Beta Kappa from Bucknell University in 2005, with a degree in International Relations and minors in Economics and Italian. He has spent a year in Italy studying abroad, focusing on Renaissance Architecture and City Planning at Syracuse University in Florence. He has also worked as a project manager for Accenture, Inc., in their Business Consulting division out of New York City prior to pursuing his interest in real estate development in Portland. Matthew recently began work with the Portland Development Commission where he will focus on Portland 's downtown retail strategy. He is currently pursuing the Certificate of Real Estate Development at PSU.

STUDENT
Justin Fallon Dollard holds undergraduate degrees in Urban Geography and Landscape Architecture and a graduate degree in Landscape Architecture with concentrations in Urban Design and Architectural History. He has over a decade of planning and design experience.

TEAM CONSULTANT
Gerard Mildner, Ph.D
Associate Professor of Urban Studies and Planning B.A. 1982 (Public Affairs) University of Chicago; Ph.D. 1991 (Economics) New York University. Dr. Mildner teaches in the areas of urban economics, housing economics, public finance, cost-benefit analysis, political economy, poverty and welfare, economic development. His research is focused on the economics of local government, including growth management, rent control, municipal sports stadiums, housing markets, land use regulation, and urban transportation.

Acknowledgments

We would like to thank the following individuals:

John Finke, National Development Council
John Sabey, Sabey Development
Greg Sprect, Sprect Development
Steve Clem, David Standley, and Gordon Childress, Skanska USA Building Inc.
Emily Glover and Wes Ayers, Ankrom Moisan Associated Architects
Wayne C. Rembold, Rembold Development
Brad Lawliss, Gerding Edlen Development
Doug Pugh, Ashforth Pacific
Alan Johnson, Wells Fargo
David Kutsuani, Interior Architects
Christopher L. Thompson and John S. McDonald, Catena Consulting Engineering
Nicole Wolters, Brightworks Inc.

In addition we would like to thank the following organizations:

ACLU of Washington
Easter Seals of Washington
Subway Northwest
Starbucks Company, Inc.
Downtown Seattle Association
Sage Hospitality
Puget Sound Regional Council
Columbia Real Estate
Washington Center for Real Estate Research
The CoStar Group
Northwest Multiple Listing Service
National Mortgage Company
Tilbury, Ferguson, and Neuburg
Central Puget Sound Real Research Committee
King County Employment Office
Triad Development
CB Richard Ellis Portland Office
CB Richard Ellis Seattle Office
City of Portland Bureau of Development Services
National Association of Real Estate Professionals