

CBRE PRESENTS - Strategic Planning Report

Milwaukee County Consolidated Facilities Plan

Evaluating the Benefits of the City Campus Disposition

Prepared for:

Milwaukee County



May 5, 2016



Submitted to:

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This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties and/or (3) unilaterally terminate all negotiations with the other party hereto.





May 5, 2016

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Re: Evaluating the Benefits of the City Campus Disposition - 2711 West Wells Street - Milwaukee

Dear Mr. Whaley-Smith:

On behalf of CBRE, we are pleased to present this Strategy Report for the evaluation of the sale of City Campus properties owned by Milwaukee County.

This report highlights the opportunities for cost savings and increased efficiency from the implementation of the Comprehensive Facilities Plan and confirms the benefits achieved from the sale of the City Campus property.

This report compares keeping and maintaining City Campus with the cost of leaving for leased and owned locations. The sale option was developed utilizing the findings of the Comprehensive Facilities Plan of February 11, 2013 and input from the Consolidated Facilities Plan Team.

Thank you again for the opportunity to partner with Milwaukee County.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Michael Parker".

T. Michael Parker
Senior Vice President
Global Corporate Services



Preface

STRATEGIES FOR CITY CAMPUS

The City Campus complex was identified in the Comprehensive Facilities Plan (“CFP”) completed February 11, 2013, as a key asset that required further assessment and whose resolution could have a major impact on the implementation of the overall strategic plan going forward. A recommendation was made to vacate and sell City Campus. The sale was completed on November 20, 2015.

CBRE has been working with the County on the implementation of a real estate strategy and was asked to evaluate the cost savings actually achieved by the sale of the City Campus property. This assessment compares a stay-in-place strategy with the costs actually expended to close and sell City Campus.

CONSOLIDATED FACILITIES PLAN PARTICIPANTS

Primary participants involved in the completion of this study include:

Milwaukee County – Primary Participants	
<ul style="list-style-type: none"> ■ Teig Whaley-Smith – Director, Department of Administrative Services ■ Julie Esch - Director of Operations – Department of Administrative Services ■ Greg High – Director, Department of Administrative Services - Architectural, Engineering and Environmental Services Section 	<ul style="list-style-type: none"> ■ Jeremy Theis – Director, Facilities Management Division; Department of Administrative Services ■ Gary Waszak – Facilities Manager; Facilities Maintenance; Department of Administrative Services – Facilities Maintenance Section ■ William Banach – Principal Architect, Department of Administrative Services – Architectural, Engineering and Environmental Services Section

Consultants
<p>CBRE</p> <ul style="list-style-type: none"> ■ T. Michael Parker – Senior Vice President – Global Corporate Services ■ Rolf Kemen – Senior Vice President - Public Institutions Consulting ■ Scott Weas – Director - Project Management ■ CBRE – The prime contractor for this report. CBRE Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world’s largest commercial real estate services firm (in terms of revenue). The Company has more than 70,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 400 offices (excluding affiliates) worldwide.



Executive Summary

PROJECT OVERVIEW

Analysis Overview

The sale of the City Campus complex which was recommended in the implementation phase of the Comprehensive Facilities Plan (“CFP”; completed 2/11/13), initiated an assessment to confirm that the completed sale supports the overall goals of reducing costs, improving space utilization and enhancing service delivery efficiencies.

Methodology

- The 20-year discounted cash flow (DCF) analysis compares the cost of remaining in City Campus in sufficient renovated space to house existing occupants, against the cost of relocating staff to more efficient owned and leased facilities.
- DCF alternatives compare the cost of occupancy for each scenario utilizing inputs for facilities support, utilities, contract services, repairs/maintenance, capital costs, and rent paid (leased space).

Selling City Campus Has Greatly Enhanced Real Estate Operations and Savings

- **Identified Savings Over 20 Years - \$19.5 Million NPV Savings by moving staff to alternative space compared with a Remodel City Campus scenario**
 - Current occupancies in owned and leased space have far lower operating and capital costs than the alternative of remaining in City Campus.
- **Disposing of City Campus Reinforces the County Goals of Downsizing Underutilized and Costly Space, Enhancing Operations and Reducing the Overall Cost of Occupancy**
 - City Campus provides a major milestone in the County’s efforts to downsize the real estate portfolio and identify long-term savings.
- **City Campus – The Building Was NOT Viable for Long-Term Occupancy**
 - High occupancy cost due to original design as a hospital.
 - High construction cost for redevelopment – Building must be demolished down to its basic structure.
 - Reduced market value compared to comparable properties – Despite the proposed reconstruction, the desirability of the property is reduced due to its out-of-the-way location and limited demand for a major rehab of a special purpose property into an alternate use.
- **Benefits of Occupancy in Alternative Owned and Market Leased Space**
 - Lower occupancy cost than staying in-place and remodeling City Campus.
 - Market alternatives reduce the County’s exposure to market risk at renewal of leased space.
 - Cost avoidance savings - Dollars allocated for City Campus capital needs can be spent elsewhere.
 - Moving has created more efficient space layouts than was available on the old hospital floors.
 - City Campus staff can occupy space closer to other County work hubs (such as the Courthouse) and generate savings in both staff time driving to City Campus and vehicle mileage.
 - City Campus was sold to a buyer for a re-use that is compatible with Milwaukee’s Near West Plan.



Analysis Overview

PRIMARY REAL ESTATE STRATEGIES

The reason for reviewing the perceived gains from the sale of the City Campus complex is based on the findings outlined in the February 11, 2013 Comprehensive Facilities Plan report. The following “Proposed Scenarios” were identified in that report and are helping to shape future property strategies.

Project Drivers

A primary driver of greater efficiency and cost saving is the focus on a higher utilization of mission critical space identified for continued occupancy by the County.

- CBRE believes that the capacity of existing buildings identified for long-term occupancy can be greatly increased, while sub-par assets should be exited and replaced by more efficient leased and owned space.
- Maximizing space utilization will improve staffing efficiencies for real estate management and core County functions such as courts.
- Funding for strategy implementation can be derived in part from cost savings in operations, redirected capital expense dollars, staffing efficiencies and property sales. Staff synergies in relocating to 633 W. Wisconsin Avenue are already evident from less time spent traveling to the Courthouse Complex.

Scenarios Assessed in the Analysis

The following analysis provides a comparison of stay-in-place scenario for City Campus complex with the actual moving of occupants into leased and owned space. A summary of the scenarios follows:

- City Campus – Stay in-Place
 - Clear the floors across the slab from window-to-window to accommodate modern space standards and workstations, and improve efficiencies efficiency
 - Provide major upgrades to core and shell components and on-site parking
 - Update all mechanical, electrical, life safety and plumbing systems to current code
- Move to Owned and Market Leased Space
 - 31,800 SF of leased space at 633 West Wisconsin Ave. for majority of occupants
 - 7,925 SF of leased space for DHHS Housing Division at 600 West Walnut Street
 - 5,144 SF of space in the Transportation facility at 10320 Watertown Plank Road for related staff

The move from City Campus was designed to eliminate exceedingly high operating costs whiling freeing up scarce capital dollars to fund other mission critical properties.

- Benefits of Moving From City Campus
 - Realign interior build out to increase space efficiency to modern space standards
 - Landlord funded tenant improvement (TI) allowance will typically off-set renovation costs
 - Modifications to core and shell should be principally funded by the Landlord
 - Eliminate costly operating and capital costs from real estate budgets



Analysis Overview

Property Overview (from 2-11-13 report)

City Campus - 2711 West Wells Street

- Total Building Size: 158,014 square feet – 9 story and 5 story structures
- Total Site Area: 0.58 acres (25,200 SF) approximate building coverage
- Built: 5 story – 1950s – early 1960s; 9 story – 1964 and 1973
- Only using the 9 story space, 5 story building only used for storage and would require substantial capital input to remodel to current standards
- Two county owned lots immediately west of the site across 28th Street (2805 W. Wells St. and 763 N. 28th St.) that are 1.69 AC and 0.74 AC

respectively, are used for parking.

- Total operating costs are high, exceeding \$8.42/sf, approximately 60% higher than a BOMA/IFMA comparative facility.
- Current tenants that occupy the building could be moved to other consolidation locations.
- Significant upgrades, renovations and life safety costs are scheduled, if property is retained for continued use

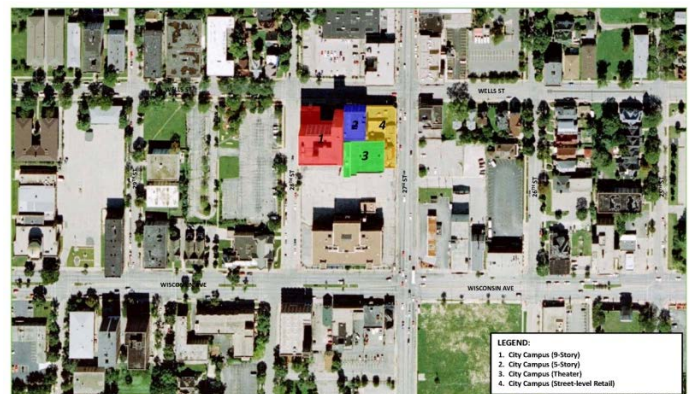
City Campus Office Complex – 9 Story (ID: 5605) 2711 West Wells Street

- Background Data
 - Square Feet: 129,989
 - Year Built: 1986
- Overall Building Condition
 - Overall building conditions are fair
- Functionality/ Utilization
 - The former hospital layout does not function well for office use
- Operational Issues
 - Very high cost to operate the building
- Major Capital Requirements
 - Extensive infrastructure upgrades are going to be required to bring up to modern standards

Milwaukee County - City Campus



City Campus Neighborhood Area



City Campus Office Complex – 9 Story





Analysis Overview

City Campus Office Complex – 5 Story (ID: 5605)

2711 West Wells Street

- Background Data
 - Square Feet: 28,025
 - Year Built: 1986
- Overall Building Condition
 - Overall building conditions are fair
- Functionality/ Utilization
 - The former hospital layout does not function well for office use
- Operational Issues
 - Very high cost to operate the building
- Major Capital Requirements
 - Extensive infrastructure upgrades required

City Campus Office Complex – 5 Story



City Campus - 2711 West Wells Street – Theater and Retail

- Total Building Size: Storefront retail: Approximately 11,200 SF; Theater: Approximately 10,000 SF
- Built: Early 1900's
- Retail and theater use hospital HVAC plant, making it more difficult to sell to a buyer that would redevelop the theater and continue to rent out the retail



Financial Analysis

FINANCIAL ANALYSIS SUMMARY

Financial Assumptions Used in the Analysis

The following assumptions have been used in the financial analysis that is summarized on the following pages and provided in detail in the cash flow analysis section.

- Square Feet
 - The City Campus scenario uses an estimated 106,348 rentable square feet carved from the previously estimated 116,983 gross building area. A combined 45,403 square feet of space occupied by the former City Campus staff in three leased and one owned location was used to compare construction and operating costs.
 - Operating expenses are calculated with rentable square feet; construction costs use gross square feet and rentable feet for tenant improvements.
- Debt
 - Terms and balances for outstanding debt for City Campus have been provided by Milwaukee County and are included in the cash flow analysis.
 - New debt for property renovation, new construction, demolition and soft costs has been added to the City Campus remodel scenario based on the overall estimated project cost.
 - No new debt was required for the City Campus move scenario
- Construction Costs
 - Costs for City Campus are based on clearing the floor slabs and rebuilding new open layout office area
 - Costs for owned and leased space reflect upgrades to existing built out space
- Operating Expenses
 - Operating expenses are from actual results or have been estimated for leased and owned space based on lease terms or comparable facilities in the Milwaukee area.
 - Actual full year expenses from 2014 and 2015 (for closeout year) for City Campus have been used. Operating expense adjustments have been made to account for lower expected costs in remodeled space following renovations.
- Market Rent for Leased Scenario
 - Actual rents have been used for leased properties: 633 West Wisconsin Avenue and 600 West Walnut Street. Leases are assumed to renew following the initial lease through the twenty year period.

Methodology

- Two scenarios were developed that compare the feasibility of remaining in City Campus with the required amount of space to house the same occupants, but utilizing more efficient space standards in owned and market leased properties.
- This analysis considers the occupancy cost of increasing headcount at the site following a total renovation of the office space and comparing the increased occupancy with the required amount of space to house the same occupants, but utilizing more efficient space standards in owned and market leased properties.
- Alternatives were evaluated using a 20 year discounted cash flow analysis to compare staying-in-place at a remodeled City Campus (including an expanded staffing scenario) with replacing the same space in owned and leased space.
- The model compares the cost of occupancy for each scenario utilizing inputs for facilities support, utilities, contract services, repairs and maintenance, capital costs and rent paid.



Financial Analysis

CITY CAMPUS STRATEGIES

Base Case - Sell City Campus and Move to Alternative Leased and Owned Space Compared With Housing Current Headcount in a Remodeled City Campus

- **Costs for Operations and Improvements Are Reduced**
 - City Campus has a much higher cost of operation than a similar office building, due to its design as a hospital and antiquated building systems and shell.
 - A large amount of capital is required to fully renovate the building to updated standards including life safety codes, but the improvements do not create a well-designed office layout.
 - A complete renovation of the space will still leave space inefficiencies due to the hospital oriented design of the floor plates and building.
 - CBRE recommended the sale of the property
- **Identified Savings - \$19.5 Million NPV Savings Over 20 Years by moving staff compared with a Remodel City Campus scenario**

Alternative - Sell City Campus and Move to Alternative Leased and Owned Space Compared With Remaining at City Campus and Consolidating Additional Departments Into Excess Renovated Space

- **In Addition to Being a Higher Cost Alternative, Backfilling Excess Remodeled Space Defeats the Goals of Campus Consolidation**
 - As an additional analysis, this study compares the cost of accommodating an additional 200 staff in a remodeled City Campus with moving employees to alternative leased and owned space. This been reviewed to determine if a remodeled City Campus overcomes its shortcomings as a County hub.
 - A major drawback of the City Campus renovation scenario was that it would create more than twice the amount of space required to house the remaining City Campus staff of 198 (excludes Housing and Transportation).
 - It would not have been practical to remodel just a small portion of City Campus to accommodate the existing staff and leave the rest of the space empty. Incurring repair and operating costs for empty space is not a justifiable expense.
 - Expanding City Campus to accommodate core campus departments makes it impossible to enhance adjacencies within or near the Courthouse impossible and increases staff travel time and expense.
- **Identified Savings - \$7.6 Million NPV Savings Over 20 Years by moving staff compared with adding staff at a remodeled City Campus**



Financial Analysis

CONCLUSION

Selling City Campus Has Greatly Enhanced Real Estate Operations and Savings

- **Identified Savings - \$19.5 Million NPV Savings Over 20 Years by moving staff compared with a Remodel City Campus scenario**
 - Current occupancies in owned and leased space have a far lower operating and capital cost than the alternative of remaining in City Campus.
- **Disposing of City Campus Reinforces the County Goal of Downsizing Underutilized and Costly Space to Save Money and Reduce the Overall Cost of Occupancy**
 - City Campus provides a major milestone in the County's efforts to downsize the real estate portfolio and identify long-term savings.
- **City Campus – The Building Was NOT Viable for Long-Term Occupancy**
 - High occupancy cost due to original design as a hospital.
 - High construction cost for redevelopment – Would need to have been demolished down to basic structure.
 - Reduced market value (considering high cost of reconstruction) even after remodeling due to location and limited demand for a major rehab of a special purpose property for an alternate use.
- **Benefits of Occupancy in Alternative Owned and Market Leased Space**
 - Lower occupancy cost than staying in-place and remodeling City Campus.
 - Exposes County to market risk at renewal of leased space, but there are alternatives in the area.
 - Cost avoidance savings - Dollars allocated for City Campus capital needs can be spent elsewhere.
 - Enables more efficient space layouts than old hospital floors.
 - City Campus occupants can occupy space closer to other County work hubs such as the Courthouse and generate savings in both staff time driving to City Campus and vehicle mileage.
 - City Campus was sold to a buyer for a re-use that is compatible with Milwaukee's Near West Plan.



Financial Analysis

Scenarios

The primary driver of greater efficiency and cost saving includes higher utilization of the space identified for continued occupancy by the County.

20 Year Net Present Value (NPV)

Summary number that identifies total occupancy cost over twenty year time horizon.

Financial Summary			
Scenario/ NPV	NPV Cost/Occupant	20 Year Total NPV Cost (Rounded)	Assumptions
1. City Campus Renovation 106,348 RSF	<ul style="list-style-type: none"> ▪ \$143,791 ▪ 254 occupants 	<ul style="list-style-type: none"> ▪ \$36,523,000 	<ul style="list-style-type: none"> ▪ Demolish walls and clear the floors from window-to-window ▪ Total Capital <ul style="list-style-type: none"> ▪ New Debt \$18,292,000 ▪ 1sr Two Years \$ 1,522,500 ▪ Existing Debt \$ 500,000 ▪ Total Capital \$20,314,500
2. City Campus Renovation With 200 Added Staff 106,348 RSF	<ul style="list-style-type: none"> ▪ \$85,502 ▪ 454 occupants 	<ul style="list-style-type: none"> ▪ \$38,818,000 	<ul style="list-style-type: none"> ▪ Demolish walls and clear the floors from window-to-window ▪ Total Capital <ul style="list-style-type: none"> ▪ New Debt \$18,292,000 ▪ 1sr Two Years \$ 1,522,500 ▪ Existing Debt \$ 500,000 ▪ Total Capital \$20,314,500
3. Move to Owned & Leased Space 45,493 RSF	<ul style="list-style-type: none"> ▪ \$67015 ▪ 254 occupants 	<ul style="list-style-type: none"> ▪ \$17,022,000 	<ul style="list-style-type: none"> ▪ No added debt ▪ Occupy leased & owned space <ul style="list-style-type: none"> ▪ 633 West Wisconsin Ave. - Lease ▪ 600 West Walnut St. - Lease ▪ DOT Occupancy – Owned 10320 Watertown Plank Road
4. Move to Owned & Leased Space 91,906 RSF	<ul style="list-style-type: none"> ▪ \$68,659 ▪ 454 occupants 	<ul style="list-style-type: none"> ▪ \$31,171,000 	<ul style="list-style-type: none"> ▪ No added debt ▪ Occupy leased & owned space <ul style="list-style-type: none"> ▪ 633 West Wisconsin Ave. - Lease ▪ 600 West Walnut St. - Lease ▪ DOT Occupancy - Owned 10320 Watertown Plank Road



Financial Analysis

Occupancy Cost Per Person

Building occupancy is based on building efficiency of owned or leased space. Occupancy cost per person derived by dividing 20 Year NPV by Building Occupancy.

City Campus Sale Evaluation Metrics

	Stay/Remodel City Campus	Stay/Remodel City Campus Increase Density	Move to Leased/Owned	Leased/Owned - Increase Square Footage
NPV @ 20 Year (Rounded)	\$36,523,000	\$38,818,000	\$17,022,000	\$31,171,000
Building Occupancy	254	454	254	454
NPV Occupancy Cost per Person	\$143,791	\$85,502	\$67,016	\$68,659

Building Gross Square Feet (GSF)	116,983	116,983		
Building Rentable Square Feet (RSF)	106,348	106,348	45,403	77,403
Efficiency Ratio Rentable to Useable	15.0%	15.0%	12.0%	12.0%
Useable SQFT (County)	92,477	92,477	40,538	69,110
Building Occupancy	254	454	254	454
Square Feet/ Person	419	234	179	170


Annualized Costs				
Description	Stay/Remodel City Campus	Stay/Remodel City Campus Increase Density	Move to Leased/Owned	Leased/Owned - Increase Square Footage
Annual Debt Cost	Annual	Annual	Annual	Annual
New Debt @ 2.58% 15	\$ 1,471,941	\$ 1,471,941	\$ -	\$ -
Total New Debt	\$ 18,292,398	\$ 18,292,398		
Existing Debt @ 4.31% 20	\$ 37,808	\$ 37,808	\$ 37,808	\$ 37,808
Operating Cost		\$ -	Gross Lease Electric	Gross Lease Electric
Utilities	\$ 298,822	\$ 298,822	\$ 47,673	\$ 81,273
Facilities Support	\$ 417,150	\$ 417,150	N/A	N/A
Contract Services	\$ 131,939	\$ 131,939	N/A	N/A
R&M	\$ 197,909	\$ 197,909	N/A	N/A
Parking Fees	\$ -	\$ -	N/A	N/A
Subtotal Operating Cost*	\$ 1,045,820	\$ 1,045,820	N/A	N/A
Assume reduction in operating costs following remodeling	40% reduction in 2021 & beyond	30% reduction in 2021 & beyond		
Owned Operating Expense			Assume \$10/SF @ DOT	Assume \$10/SF @ DOT
Rent 633 W Wisconsin	\$ -	\$ -	\$ 488,040	\$ 488,040
600 West Walnut St.	\$ -	\$ -	\$ 99,062	\$ 99,062



Financial Analysis

Cash Flow Analysis –2014 Headcount at City Campus and Owned/Leased Alternative Locations

City Campus Move vs. Remodel Analysis - Current Headcount

Executive Summary		PRE-TAX OCCUPANCY COST ANALYSIS				
Analysis as of 1/1/15 240-Month Analysis Period		NPV of Stay-In-Place	NPV of Combined Scenarios 2, 3, 4 and 5	Savings Differential		
		\$36,523,023	\$17,021,709	\$19,501,313		
		106,348	49,449			
		254	253			
Scenario						
Existing Location Action		Maintain Existing	2015 Move Out	Lease	Lease	Maintain Existing
Full Time Employees		254	198	198	36	19
Net Rentable Square Feet		106,348	106,348	31,800	8,549	9,100
Load Factor		15.00%	15.00%	12.00%	12.00%	12.00%
Usable Square Feet		92,477	92,477	28,383	7,633	8,125
Start Date		1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015
Expiration / End Date		12/31/2034	12/31/2015	12/31/2034	12/31/2034	12/31/2034
Term (Months)		240 Months	12 Months	240 Months	240 Months	240 Months
Initial Annual Rent (PSF)		\$0.00 NNN	\$0.00 NNN	\$0.00 NNN	\$0.00 NNN	\$0.00 NNN
Type of Increase		None	None	3	None	None
Rent Abatement (Months)		None	None	3	None	None
Rent Abatement Notes		No Rent Abatement	No Rent Abatement		No Rent Abatement	No Rent Abatement
Expenses						
Operating		\$9.83	\$7.23	\$0.00	\$0.00	\$10.79
Janitorial		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities		\$0.00	\$0.00	\$1.00	\$2.00	\$0.00
Holdover 2015 City Campus		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenses		\$9.83	\$7.23	\$1.00	\$2.00	\$10.79
Parking		0 @ \$0.00/Mo	0 @ \$0.00/Mo	0 @ \$90.00/Mo	0 @ \$0.00/Mo	0 @ \$0.00/Mo
Ti and Other Cost Expense (PRSF)		\$25.00	\$0.00	\$0.00	\$0.00	\$0.00
Tenant Improvement Requirement		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other (Moving, IT, Furniture, Space Planning)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ti Allowance (PRSF)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PRE-TAX NET PRESENT VALUE		\$36,523,023	\$2,673,122	\$10,139,359	\$2,179,019	\$7,021,709
NPV of Total Occupancy Costs						
TOTAL OCCUPANCY COSTS (NON-DISCOUNTED)						
Total Rent, Recovery & Parking Costs		\$47,828,542	\$2,205,506	\$12,883,536	\$2,760,463	\$2,760,637
Total Up-Front Capital Costs		\$0	\$519,993	\$967,676	\$153,018	\$56,273
Total Pre-Tax Occupancy Costs		\$47,828,542	\$2,725,499	\$13,751,212	\$2,913,481	\$2,795,912



Cash Flow Analysis

Cash Flow Analysis Summary – Expanded Headcount at City Campus and Owned/Leased Alternative

City Campus Move vs. Remodel Analysis - Expanded Headcount



Executive Summary		City Campus Move vs. Remodel Analysis - Expanded Headcount		PRE-TAX OCCUPANCY COST ANALYSIS	
Analysis as of 1/1/15 240-Month Analysis Period		NPV of Combined Scenarios 2, 3, 4 and 5		Savings Differential	
	NPV	NPV	NPV	NPV	\$7,647,353
	RSF	RSF	RSF	RSF	
	FTE	FTE	FTE	FTE	
	454	454	453	453	
Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	
Keep City Campus and Renovate	Sell & Vacate City Campus in 2015	633 West Wisconsin Ave. Lease	600 West Walnut Housing Lease	DOT Owned Occupancy	
Maintain Existing	2015 Move Out	Lease	Lease	Maintain Existing	
454	198	398	36	19	
106,348	106,348	77,403	8,549	9,100	
15.00%	15.00%	12.00%	12.00%	12.00%	
92,477	92,477	69,110	7,633	8,125	
1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015	
12/31/2034	12/31/2034	12/31/2034	12/31/2034	12/31/2034	
20 Years	12 Months	20 Years	20 Years	20 Years	
240 Months	12 Months	240 Months	240 Months	240 Months	
\$0.00/NN	\$0.00/NN	\$0.00/NN	\$0.00/NN	\$0.00/NN	
Detailed (See Cash Flow)	Detailed (See Cash Flow)	Detailed (See Cash Flow)	Detailed (See Cash Flow)	Detailed (See Cash Flow)	
None	None	3	None	None	
No Rent Abatement	No Rent Abatement	No Rent Abatement	No Rent Abatement	No Rent Abatement	
\$9.83	\$7.23	\$0.00	\$0.00	\$10.79	
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$0.00	\$0.00	\$1.00	\$2.00	\$0.00	
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$9.83	\$7.23	\$1.00	\$2.00	\$10.79	
0 @ \$0.00/Mo	0 @ \$0.00/Mo	0 @ \$60.00/Mo	0 @ \$0.00/Mo	0 @ \$0.00/Mo	
\$25.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$38,818,308	\$2,673,122	\$24,309,263	\$2,179,019	\$31,170,956	
\$2,585,425	\$2,965,082	\$1,617,823	\$145,017	\$133,739	
\$0	(\$255,051)	\$0	\$0	\$0	
\$2,585,425	\$2,710,031	\$1,617,823	\$145,017	\$133,739	
\$50,975,173	\$2,205,506	\$32,372,211	\$2,760,463	\$2,729,377	
\$0	\$519,993	\$867,626	\$153,018	\$35,225	
\$50,975,173	\$2,725,499	\$33,239,887	\$2,913,481	\$2,764,652	
PRE-TAX NET PRESENT VALUE					
NPV of Total Occupancy Costs					
ANNUAL ANNUITY					
Annual Annuity of Rent, OpEx, Capital @ 3.00%					
Annual Annuity of Acquisition / Disposition @ 8.00%					
Total Annual Annuity					
TOTAL OCCUPANCY COSTS (NON-DISCOUNTED)					
Total Rent, Recovery & Parking Costs					
Total Up-Front Capital Costs					
Total Pre-Tax Occupancy Costs					







Evaluating the Benefits of the City Campus Disposition

Prepared for:



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