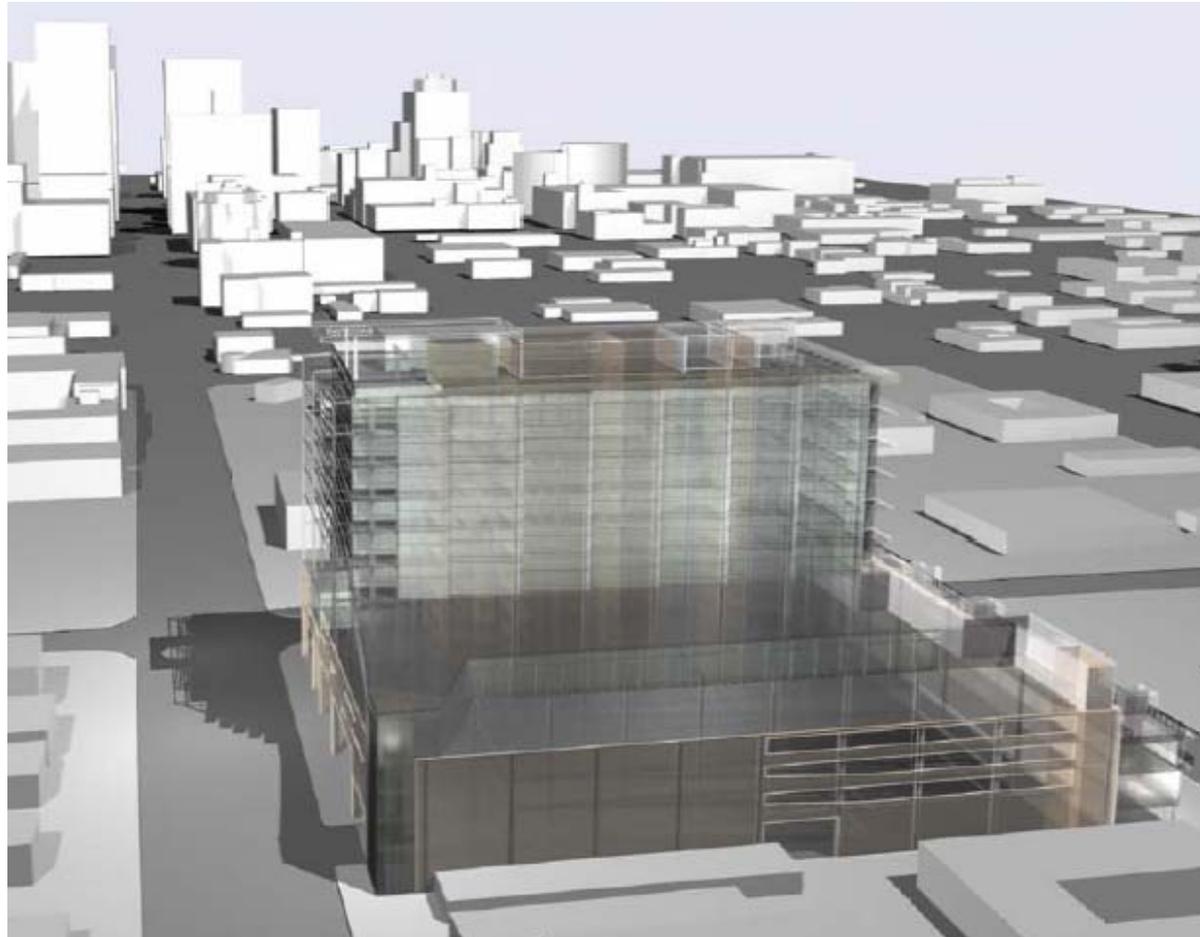


Regional Office Center



Focus on Outcome



Focus on the outcome:

- *What is our mission?*
- *How will the building complement that mission?*



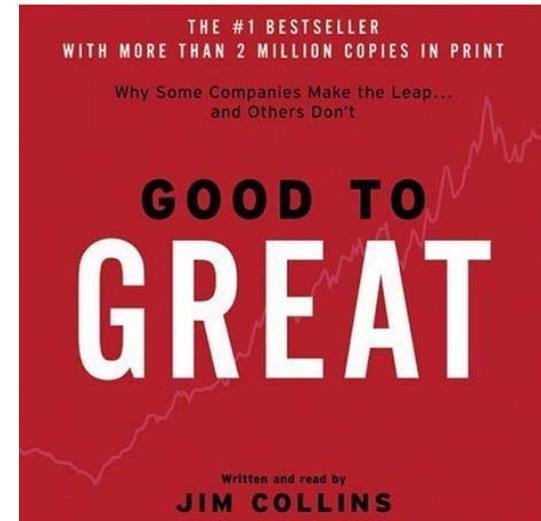
Good or Great?



- ***“Good is the mortal enemy of great.”***

– Jim Collins

- **Do we want a “good” building or a “great” one?**



Look to the Future



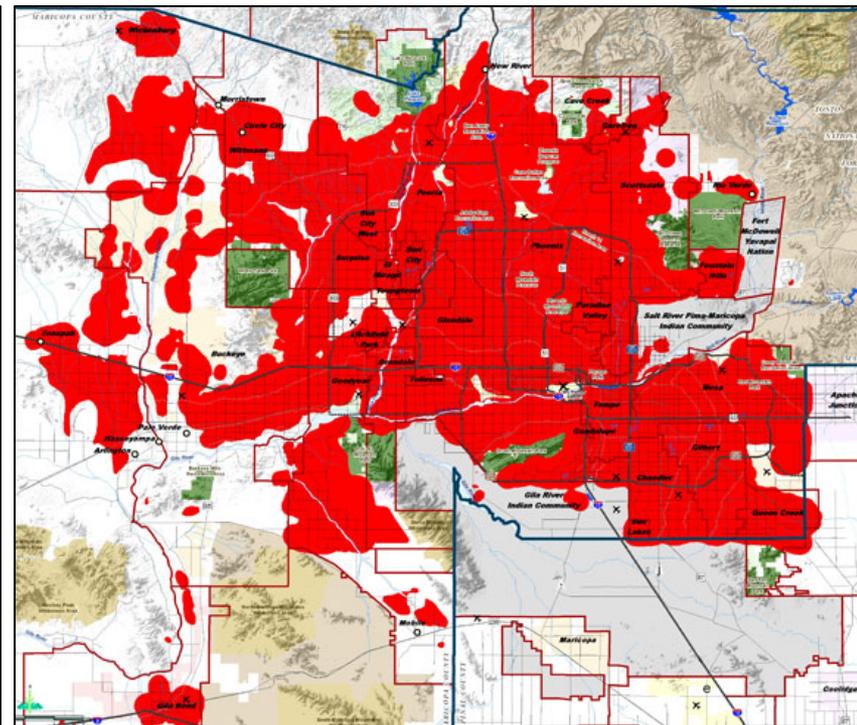
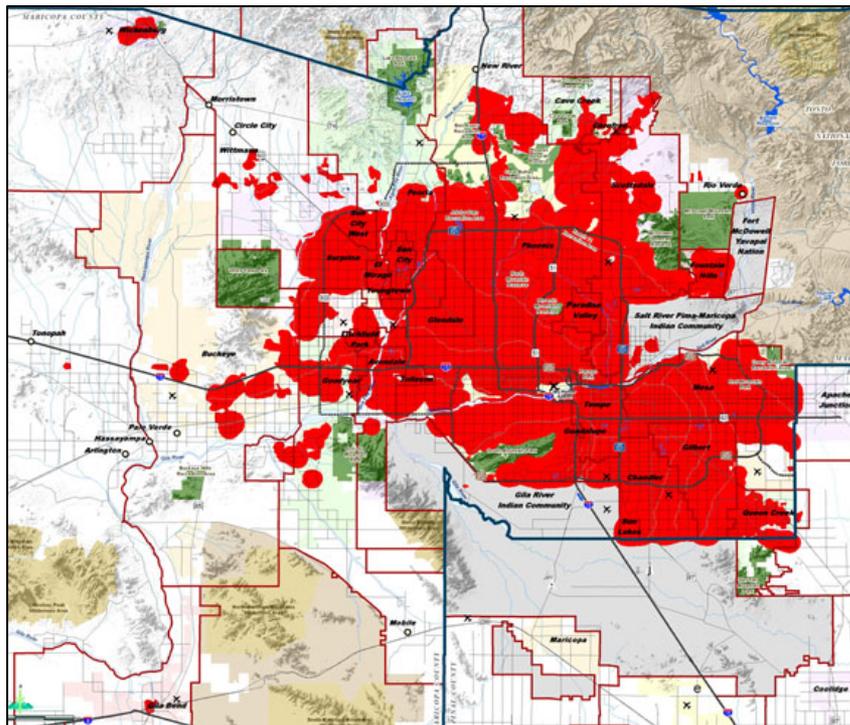
- **Terms of our financing is 30-years.**
- **Assume the building would be completed in 2010.**
- ***What will our regional growth look like from 2010-2040?***

Maricopa County



- 2010 Population
- 4.4 Million

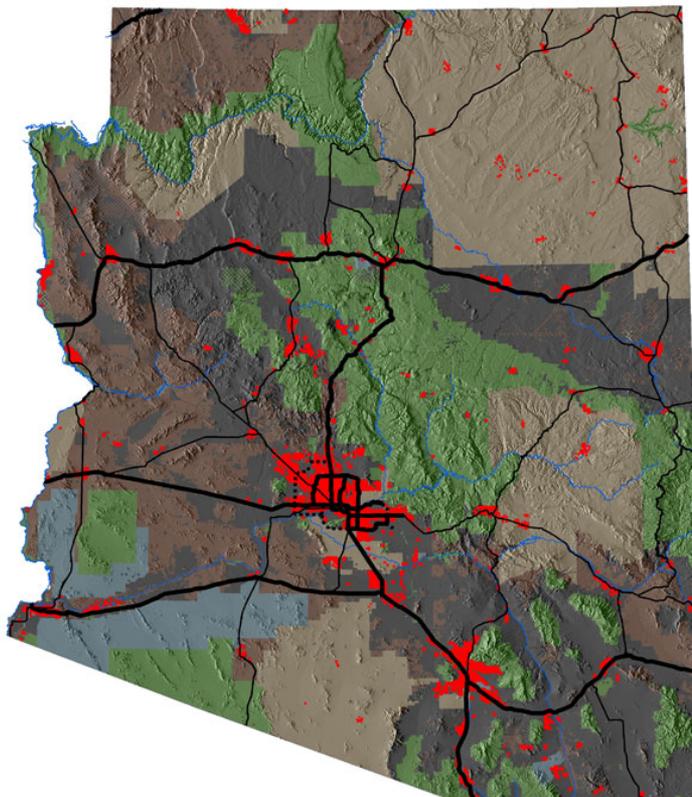
- 2040 Population
- 6.9 Million



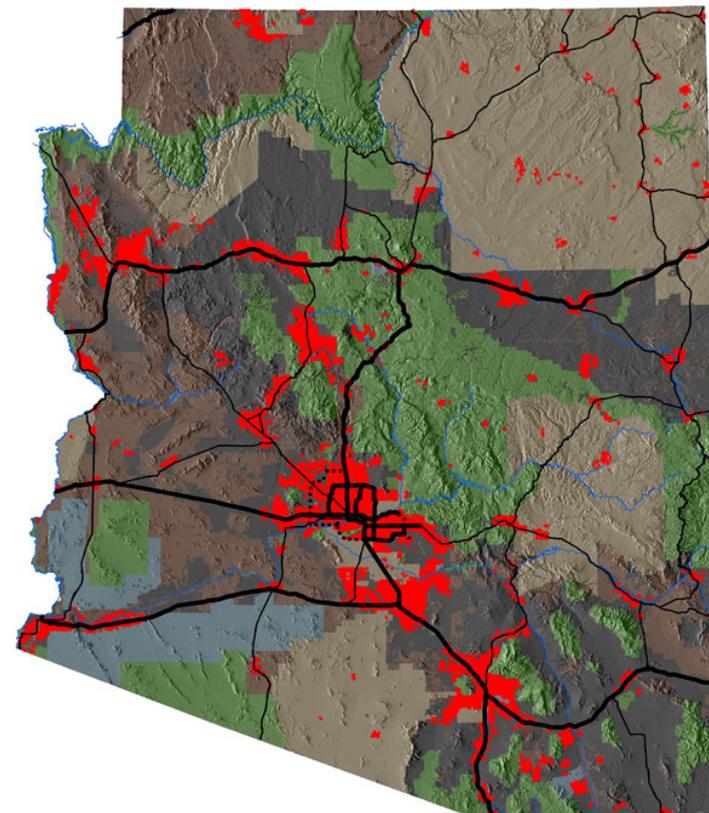
State of Arizona



- **2010 Population**
- **7 Million**



- **2040 Population**
- **13.7 Million**



Why This Region?



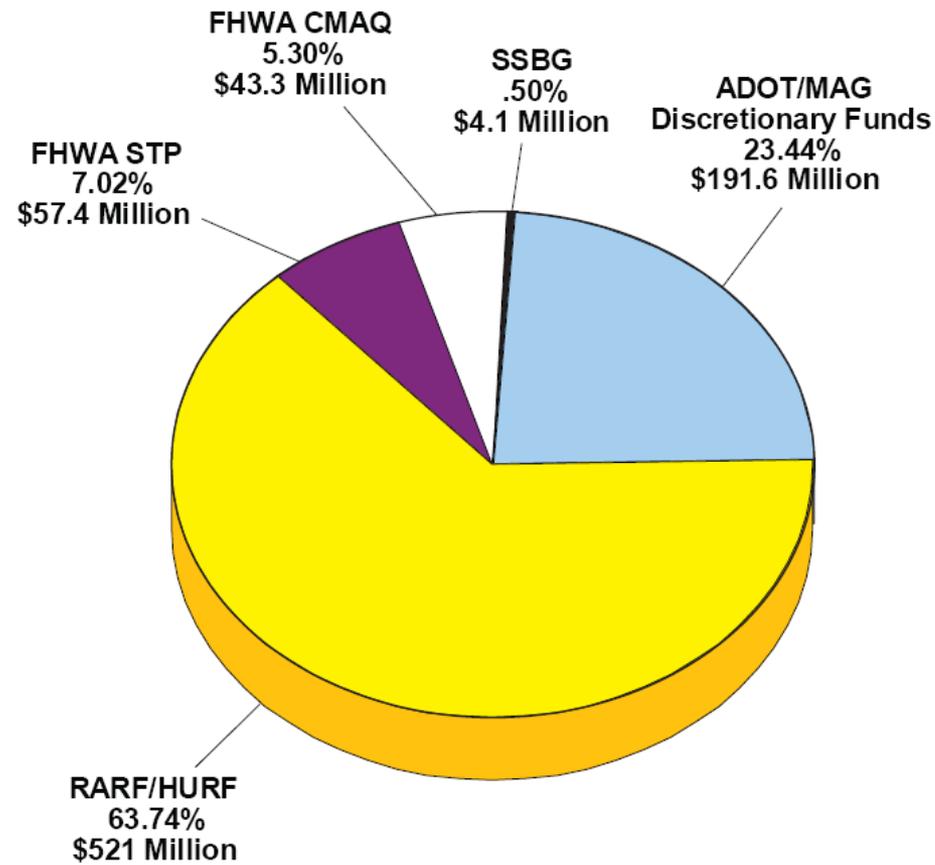
- Our region has 62% of the state's population and provides 67% of the state's sales tax.
- *Who will do the heavy lifting?*



Cooperative Funding



- **MAG is already making decisions on over \$800 million per year.**

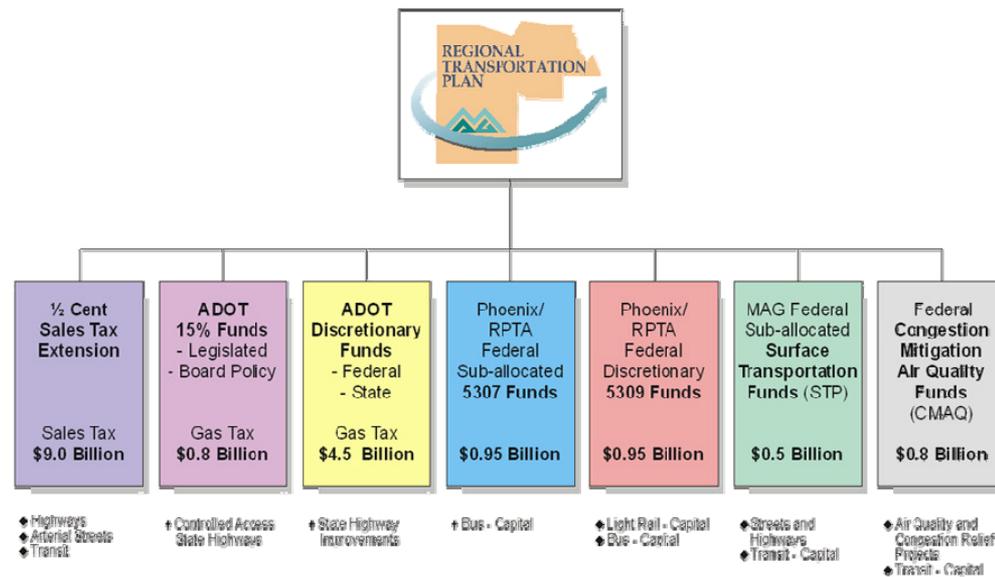


**Total:
\$817.4 Million**

RTP Funding



- Regional Transportation Plan funding representing **\$16 Billion** in a unified funding plan.



Build the Plan



- ***“Build the Plan and declare victory.”***
 - Regional agencies working together with close interaction and continuous collaboration.



Transportation Agencies



**Maricopa
Association of
Governments**



WORKING

**Arizona
Department of
Transportation**



ON THE MOVE



PARTNERS IN PROGRESS

**Regional Public
Transportation
Authority**



TOGETHER

**Valley
Metro Rail**



Great Meeting Space



- **Ask yourself: *What meeting spaces and office arrangements allow for making the best collaborative decisions to obtain the best results?***



New “Saguaro” Room



If We Do Not Build a Building

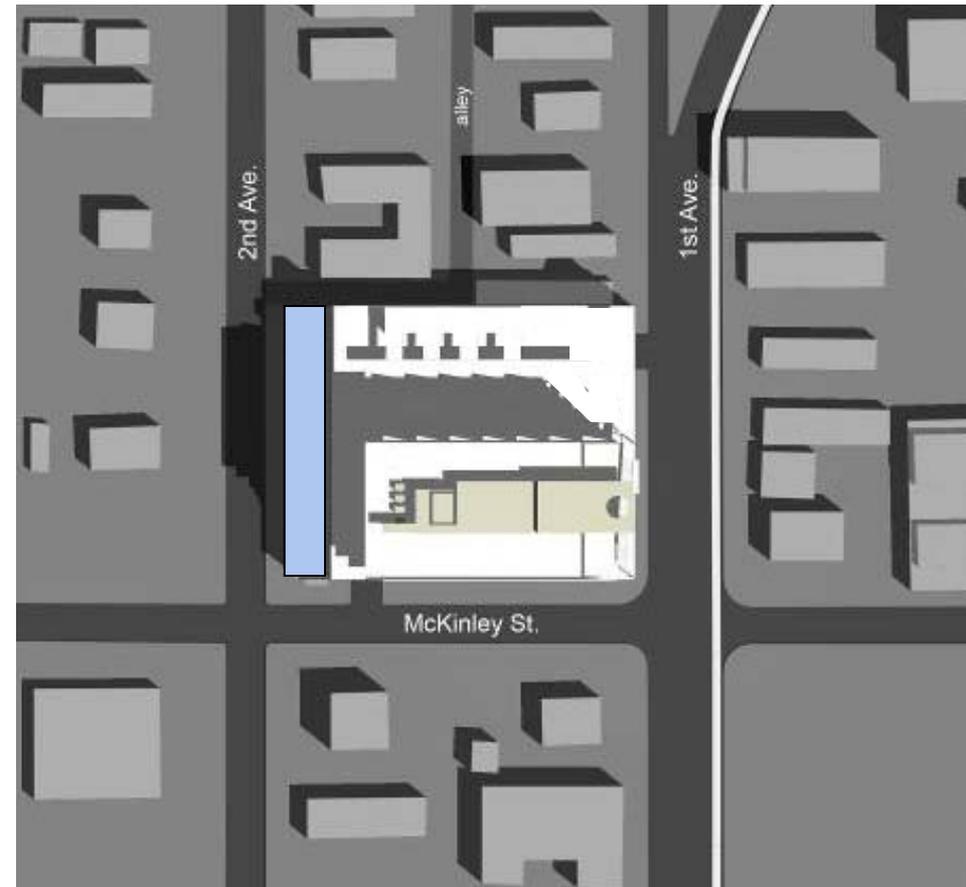


- **All three agencies will grow and eventually need to move into separate spaces.**
- **MAG will need to move in the next 3 years and probably every 10-15 years after that.**
- **Challenge to find lease space centrally located with good meeting rooms.**

Where We Are



- **Two years of effort.**
- **Selected a site.**
 - **McKinley between First and Second Avenues.**



Where We Are



- **Completed preliminary design phase.**
- **Completed a bid process to determine building cost.**
- **Underwent a value engineering process.**



Purpose and Need



- **Delivery of the RTP needs staff integration.**
- **Agency interaction requires meeting space.**
- **Greater efficiency of member agencies' time and resources.**
- **RPTA and MAG leases are expiring and this represents a solid ownership investment.**

Next Steps



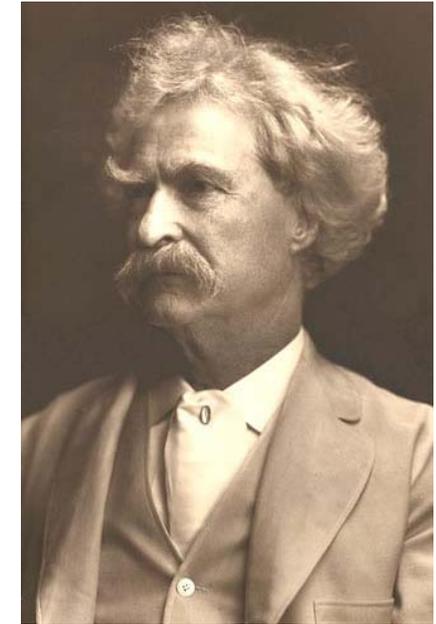
- **Regional Office Center Workshop.**
- **Decision in April.**

Opportunity

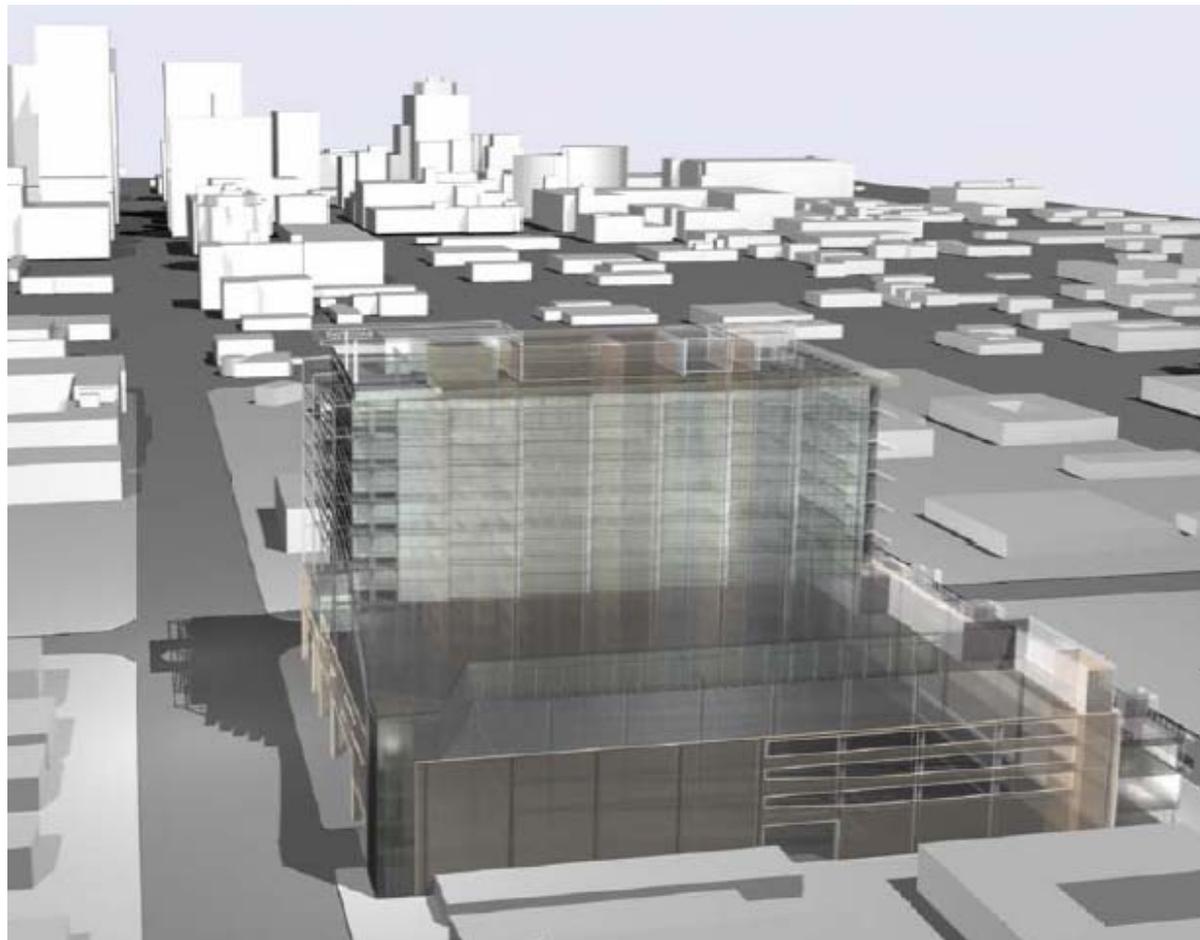


- ***“I was seldom able to see an opportunity until it had ceased to be one.”***

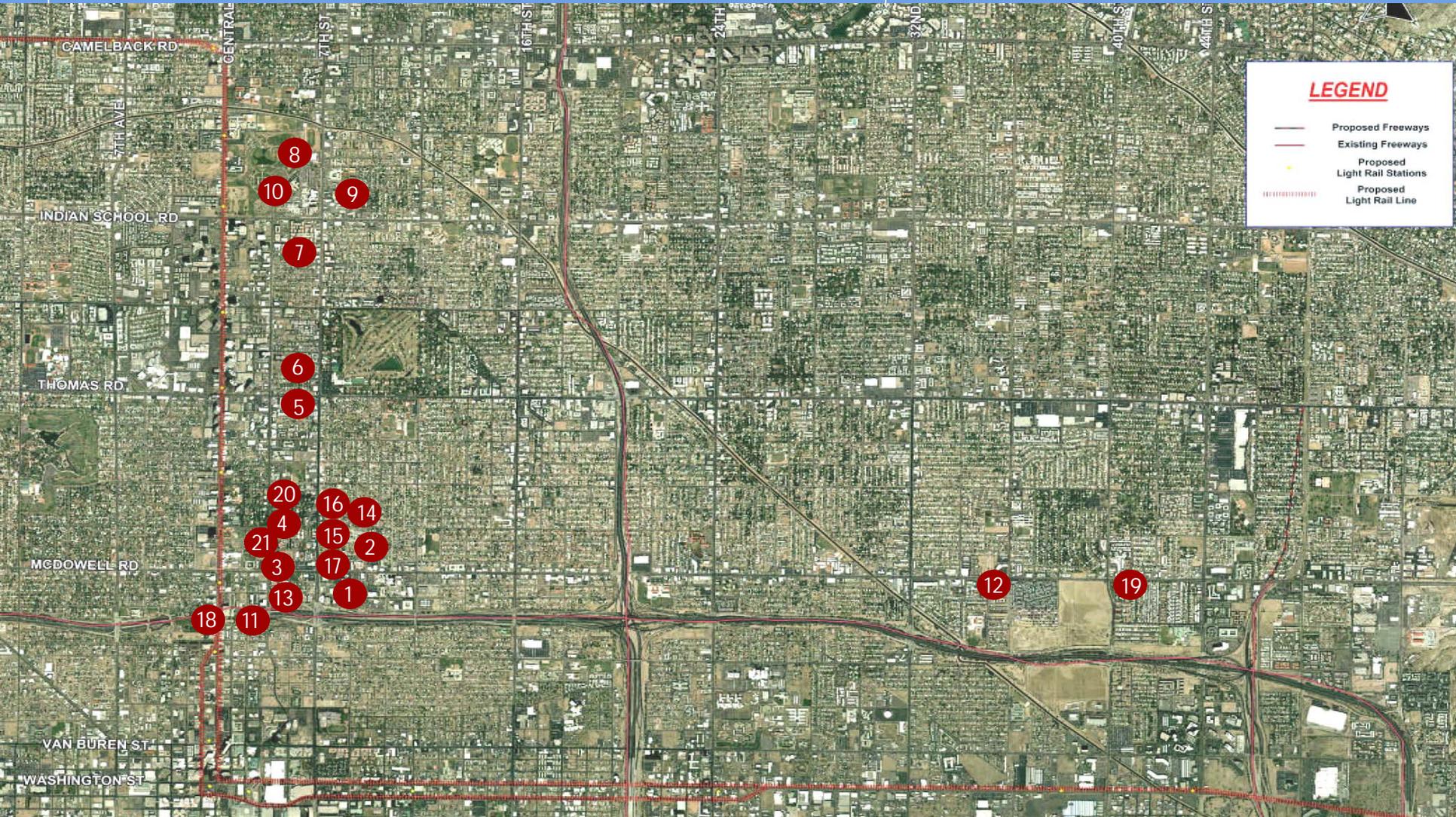
– Mark Twain



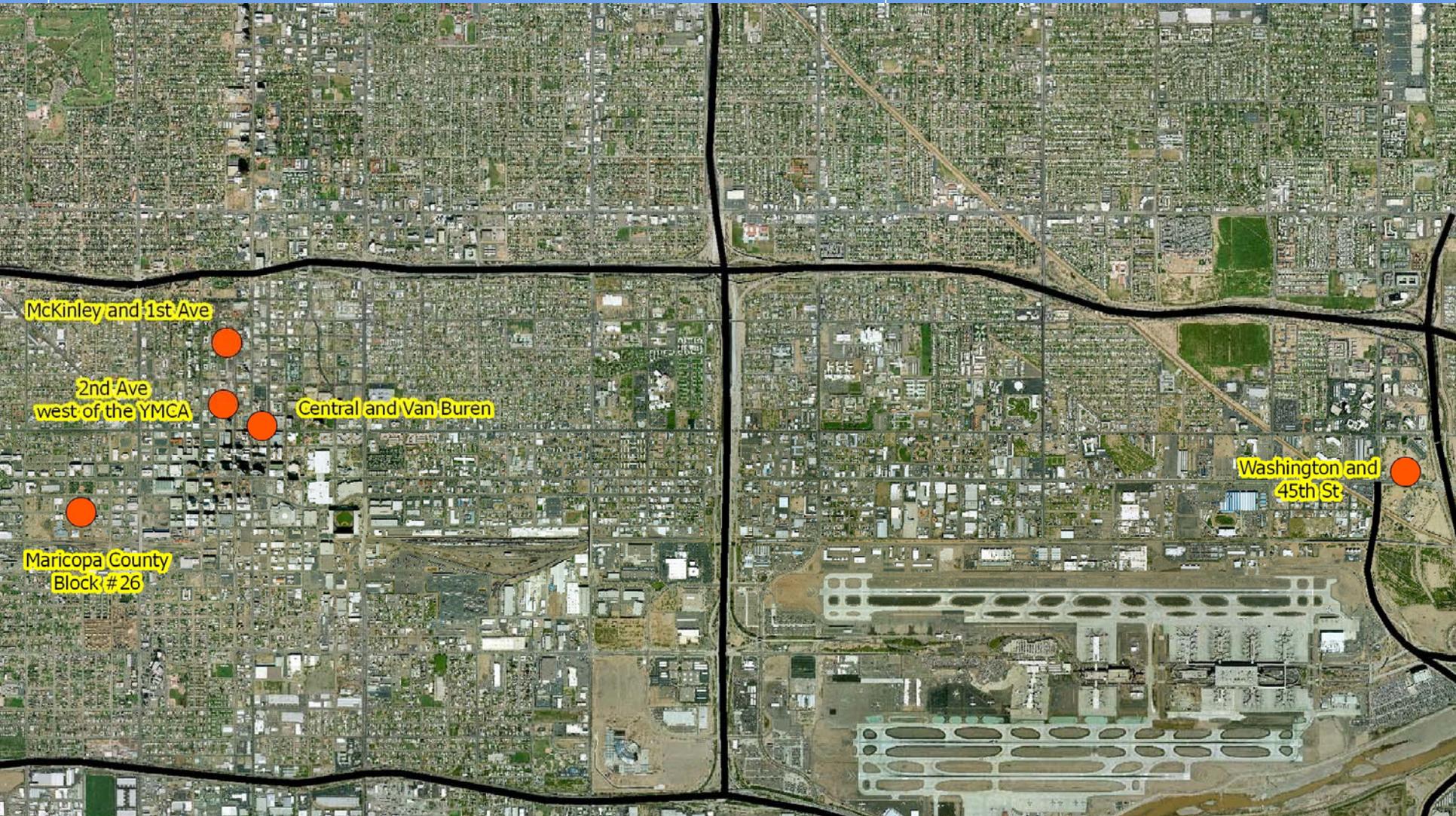
Salient Points



Initial Site Selection



Five Sites Researched



McKinley and 1st Ave

2nd Ave
west of the YMCA

Central and Van Buren

Maricopa County
Block #26

Washington and
45th St



**Final
Site
Selection
McKinley
And 1st
Avenue**

Building Statistics



- **What are the building statistics?**
 - **Parcel size: 1.80 acres**
 - **Total building square footage: 238,585 sq.ft.**
 - (plus 573 parking-stall garage)
 - **Total estimated cost : \$86.9 million**



Project Funding



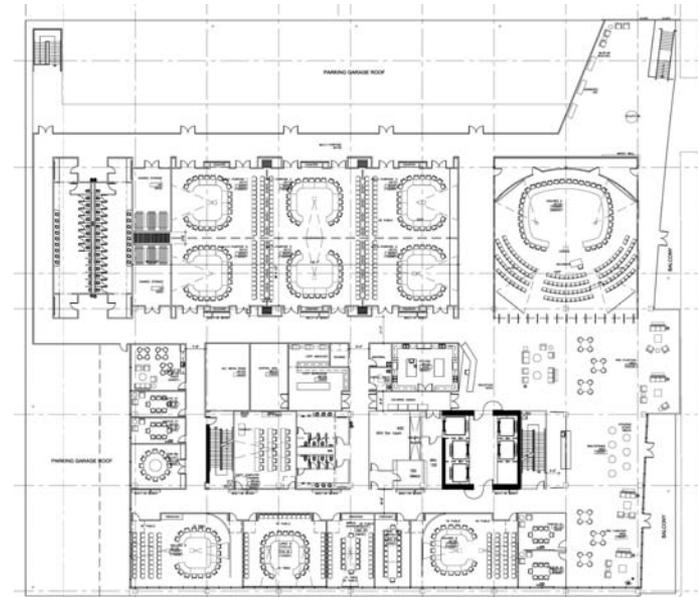
- **How is the project funded?**
 - **MAG - Indirect cost rate across allowable funding sources with land separate.**
 - **RPTA - Upon board approval, a portion of the Regional Area Road Funds (RARF) and Public Transit Fund (PTF) dollars may be combined and used for operation/administration expenses.**
 - **VMR – Assessed against available funding and member agencies if needed.**

Cost per Square Foot



- **Cost per square foot for each partnering agency.**

– MAG	= \$38.27
– RPTA	= \$38.77
– VMR	= \$39.43
– AMWUA*	= \$40.61



*Recently voted not to participate.

When is Break-even?



- **What are the break-even years based on square footage?**

– MAG	2022
– RPTA	2019
– VMR	2020
– AMWUA*	2026



*AMWUA space was on the MAG floor and will be used by MAG.

Market Value



- **What is the market value position at the end of 30 years?**

Entity	proportional share	
MAG	44.06%	\$ 56,004,104
RPTA	33.40%	\$ 42,450,324
VMR	19.06%	\$ 24,226,428
AMWUA*	3.48%	\$ 4,426,115
		<hr/>
		\$ 127,106,972

*These numbers will change slightly with the deletion of AMWUA.

After 40 Years



- **What happens at 40 years?**

	MAG	RPTA	VMR	AMWUA	Total Purchase (Lease)
Total Ownership Costs Over 10 Years After Purchase	28,603,922	21,681,372	12,373,572	2,260,624	64,919,491
Total Lease Costs Over 10 Years Beg Yr 2040	<u>73,007,853</u>	<u>55,338,927</u>	<u>31,581,963</u>	<u>5,769,955</u>	<u>165,698,698</u>
Total Diff Purchase (Lease)	(44,403,930)	(33,657,555)	(19,208,391)	(3,509,331)	(100,779,208)
* refurbishment estimate for FY 2040 is \$4,771,700; this will be allocated among the owners in FY 2040.					
** refurbishment estimate if \$20/sq ft					



Lease Comps



- **What are the lease comps in the area?**
- Current Office space for lease in downtown and mid-town **\$21/sqft. - \$30/sqft.** (Class A)
- Current Office space for lease in downtown and mid-town **\$19/sqft. - \$25/sqft.** (Class B)
- Current signed leases in downtown and mid-town **\$24.21/sqft. - \$29.50/sqft.** (Class A & B)

**CLASS A
OFFICE
SPACE
FOR
LEASE**

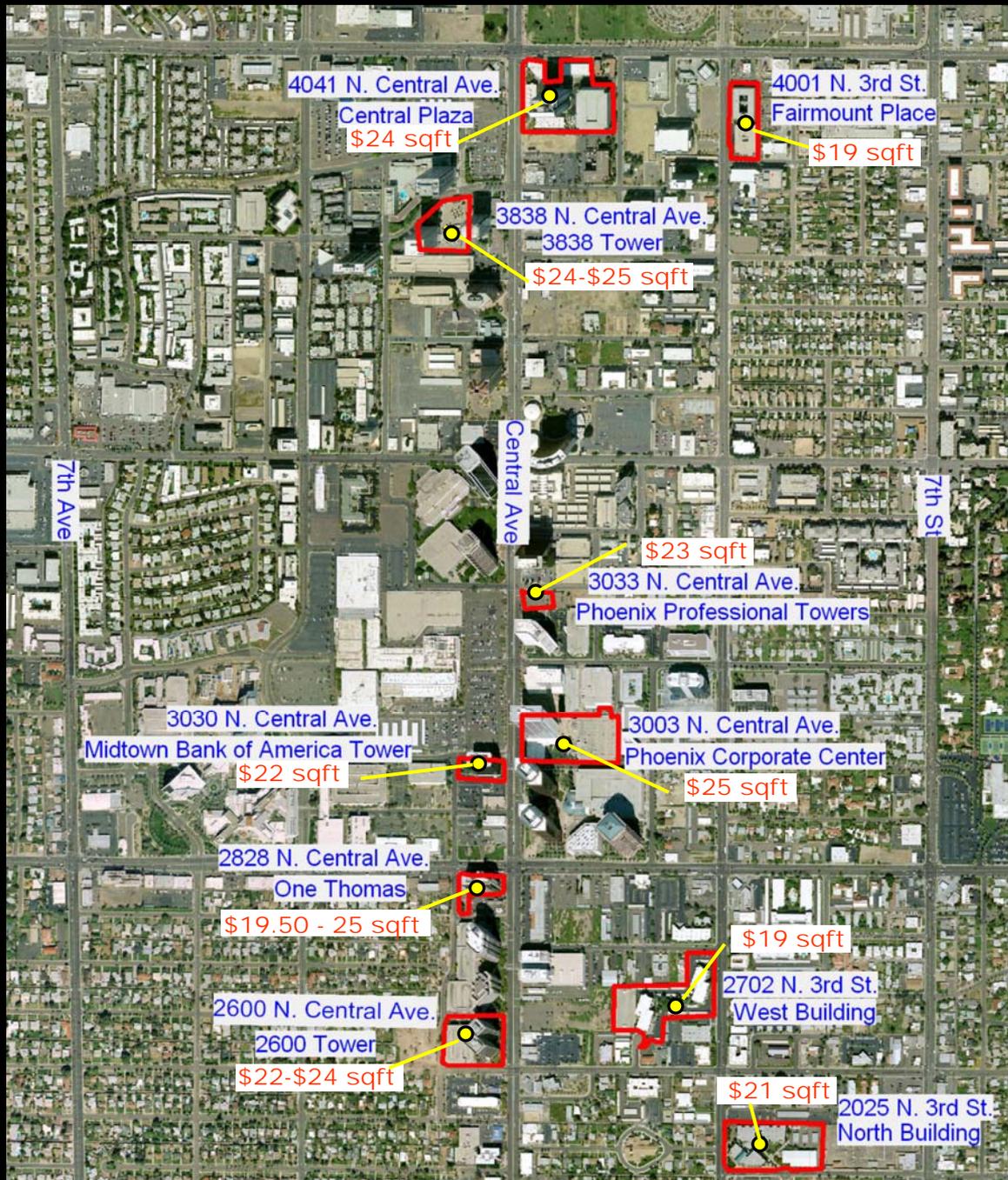


OSBORN RD

THOMAS RD

OSBORN RD

**CLASS B
OFFICE
SPACE
FOR
LEASE**



OSBORN RD

THOMAS RD

OAK ST

4041 N. Central Ave.
Central Plaza
\$24 sqft

4001 N. 3rd St.
Fairmount Place
\$19 sqft

3838 N. Central Ave.
3838 Tower
\$24-\$25 sqft

\$23 sqft

3033 N. Central Ave.
Phoenix Professional Towers

3030 N. Central Ave.
Midtown Bank of America Tower
\$22 sqft

3003 N. Central Ave.
Phoenix Corporate Center
\$25 sqft

2828 N. Central Ave.
One Thomas
\$19.50 - 25 sqft

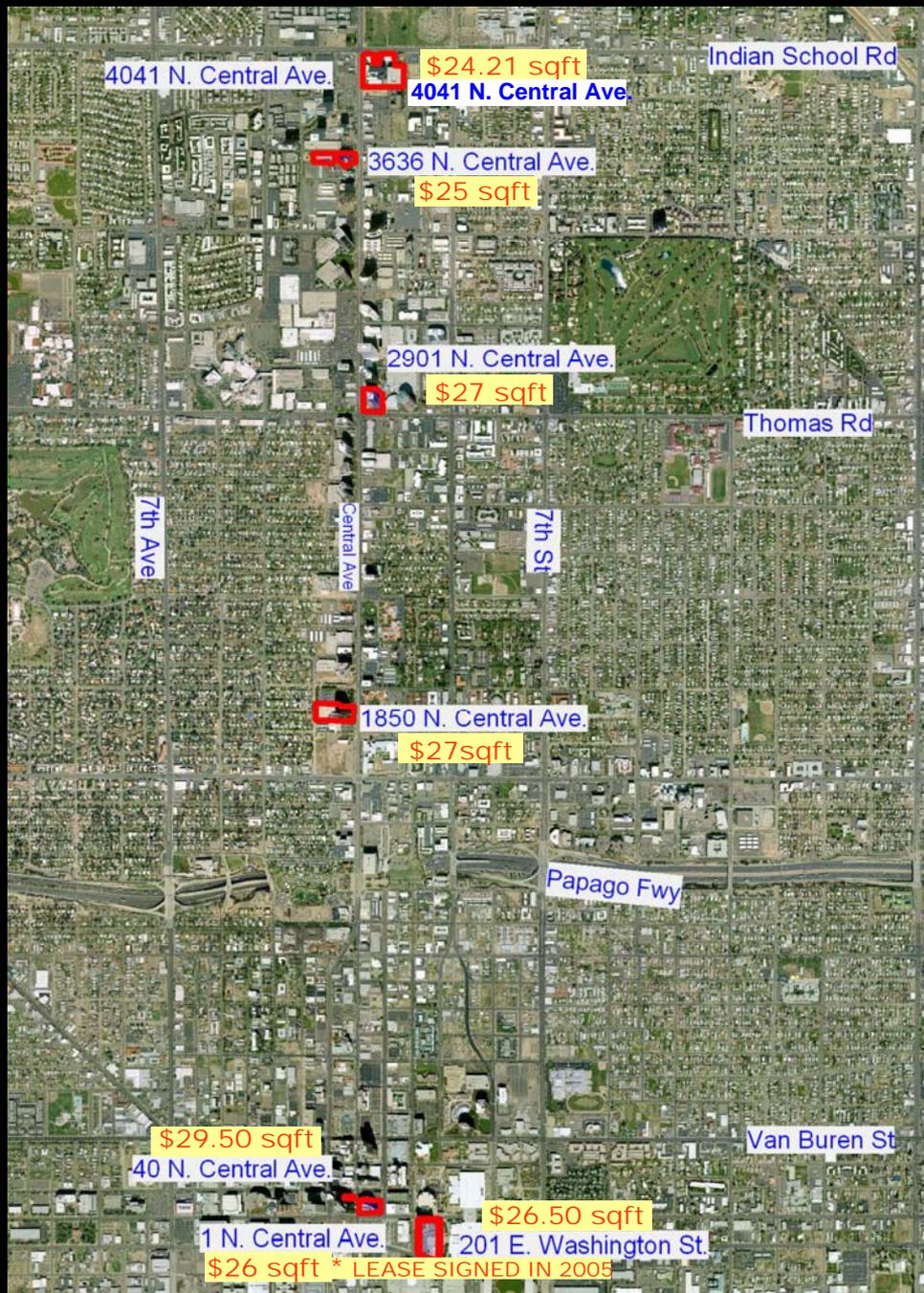
\$19 sqft

2600 N. Central Ave.
2600 Tower
\$22-\$24 sqft

2702 N. 3rd St.
West Building
\$19 sqft

\$21 sqft
2025 N. 3rd St.
North Building

**CLASS A
AND B
SIGNED
LEASES IN
2006/2007**



INDIAN SCHOOL RD

THOMAS RD

MC DOWELL RD

VAN BUREN ST

Land Comps

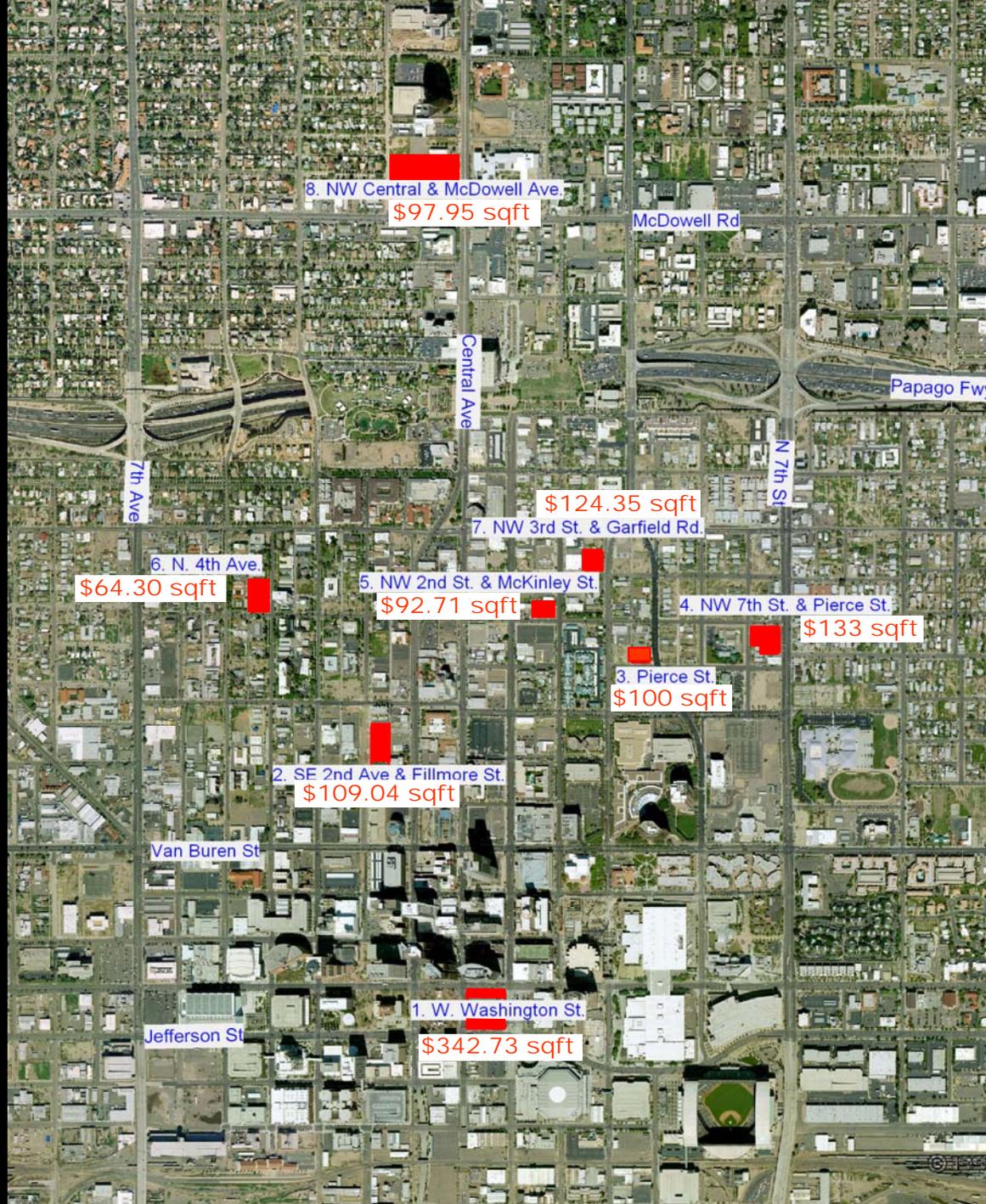


- **What are the land comps in the area?**

N. 4 th Ave. _____	\$64.30/sqft.
NW 2 nd . St. / McKinley _____	\$92.71/sqft.
NW Central Ave. / McDowell _____	\$97.95/sqft.
Pierce St. _____	\$100.00/sqft.
SE 2 nd Ave. / Fillmore _____	\$109.04/sqft.
NW 3 rd St. / Garfield _____	\$124.35/sqft.
NW 7 th St. / Pierce _____	\$133.00/sqft.
1 W. Washington _____	\$342.73/sqft.

**LAND
SALE
COMPS
(LAST 9
MONTHS)**

**Regional
Office
Center
Land cost
\$87.2 /
sq.ft.**



Next Steps



- **Schedule workshop for some date in March to review details about the process.**
- **Make final decision in April.**
- **For more information contact:**
 - **Denise McClafferty, Project Manager**
Phone: 602-254-6300 or Email:
dmcclafferty@mag.maricopa.gov

Costs



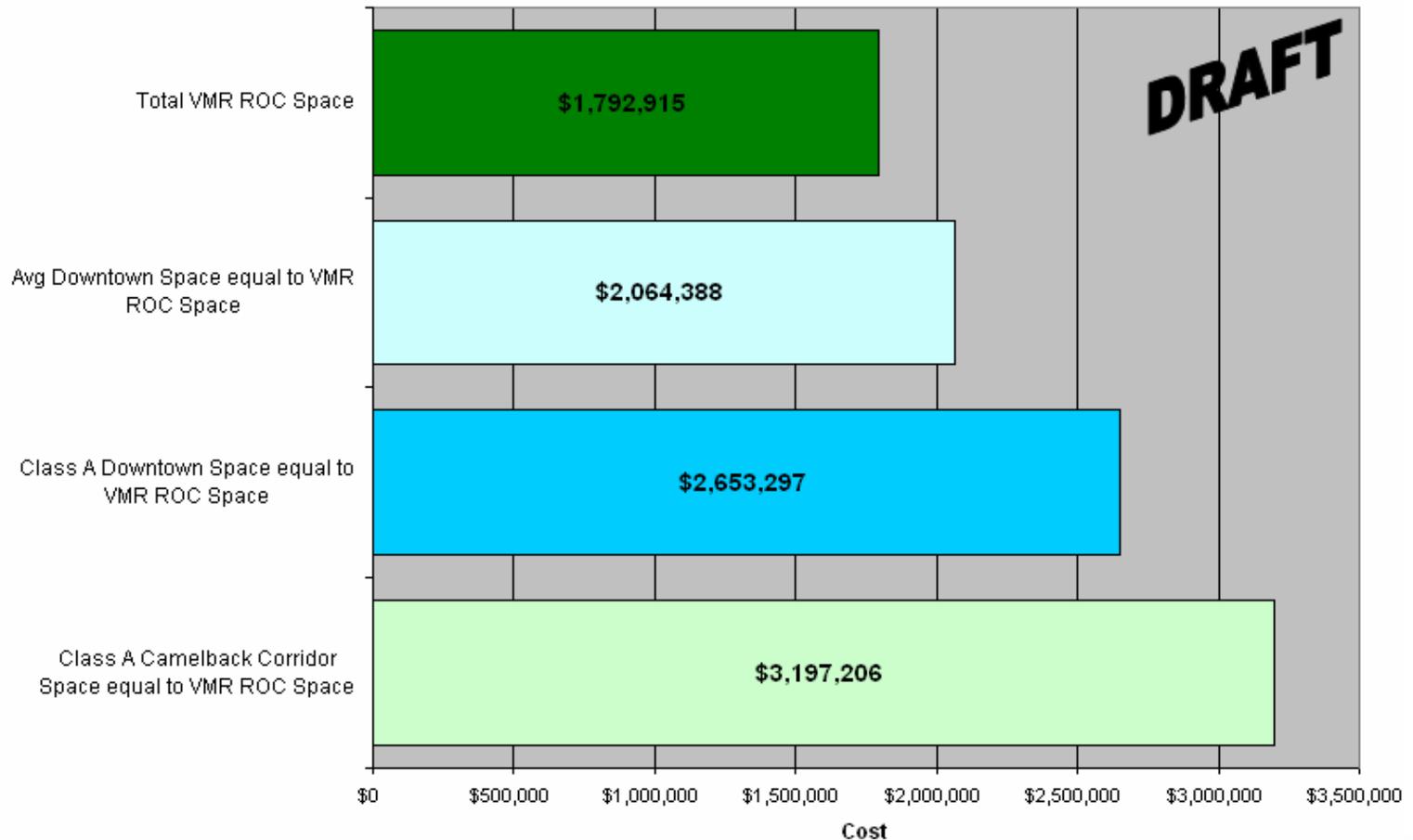
- **Average Annual Purchase and Operating Costs**

DRAFT	Average Annual Purchase and Operating Costs	Average Annual Cost per Gross Square Foot
* MAG Office Space	\$2,080,468	\$39
Conference Center	\$1,646,791	\$36
Roof Terrace, Hub and Media Room	\$295,897	\$49
Total MAG Cost	\$4,023,156	\$38
RPTA Office Space	\$3,088,861	\$39
VMR Office Space	\$1,792,915	\$39

Valley Metro Rail



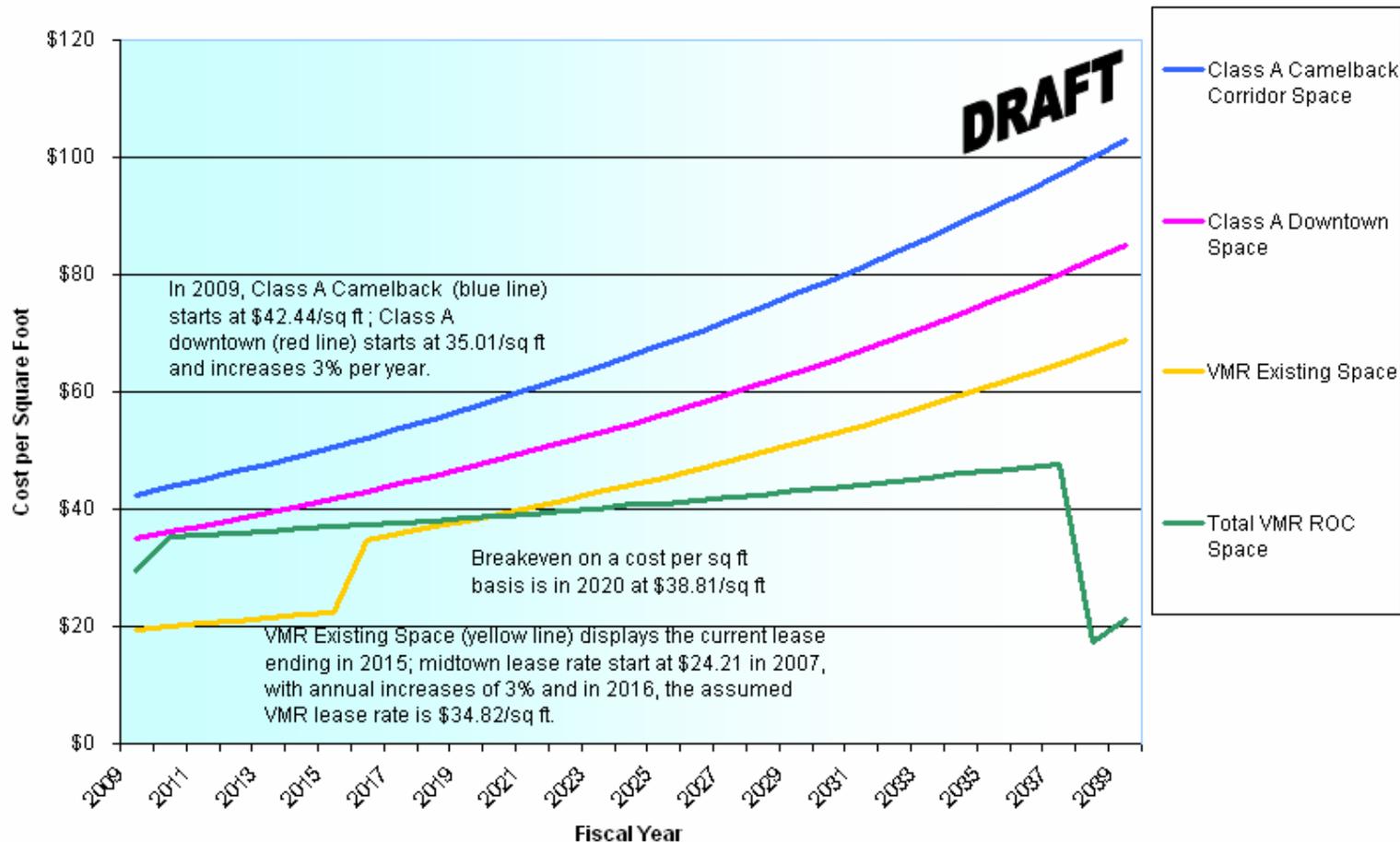
Average Annual Costs Over a Thirty Year Period



Valley Metro Rail



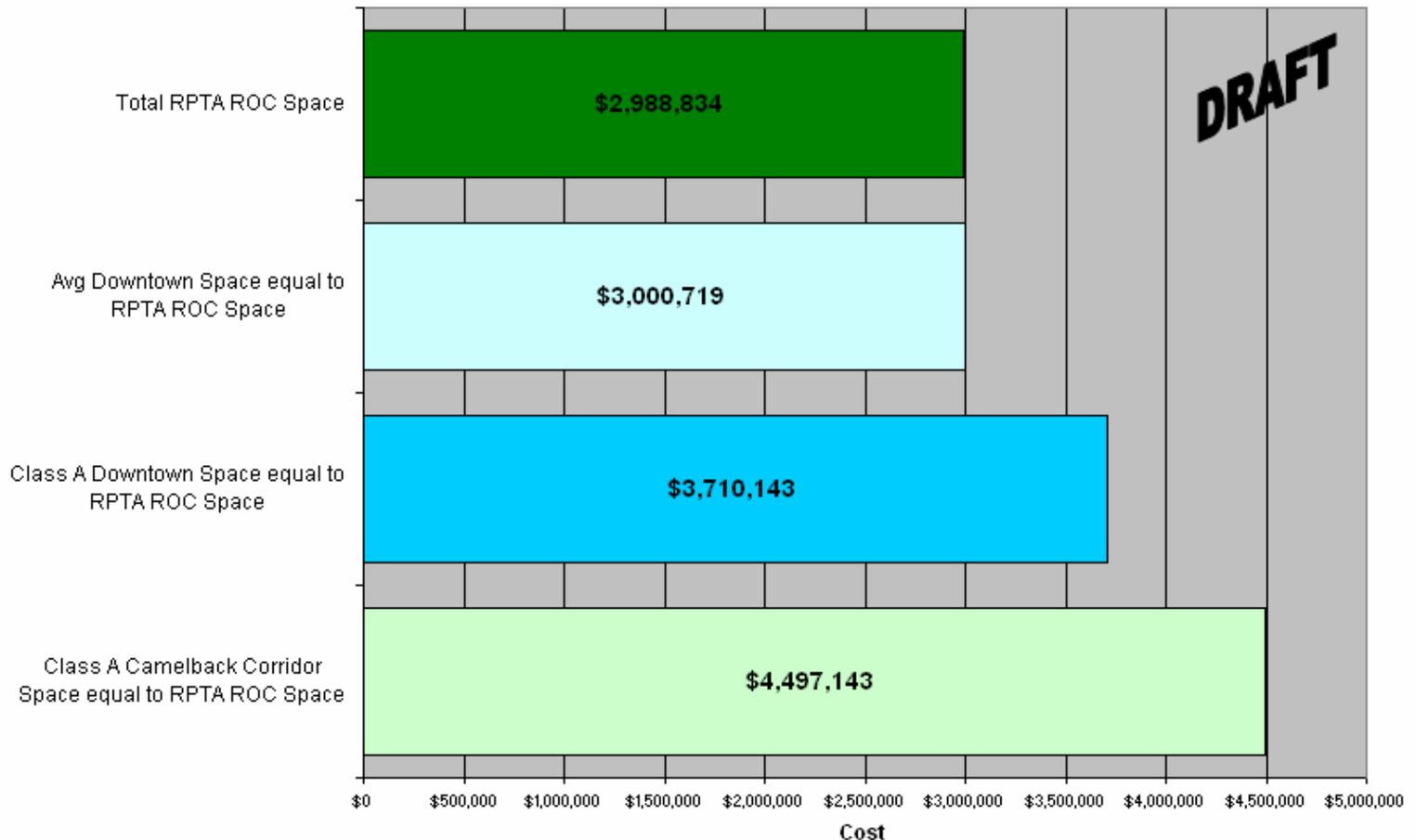
Comparative Average Building Costs



Valley Metro (RPTA)



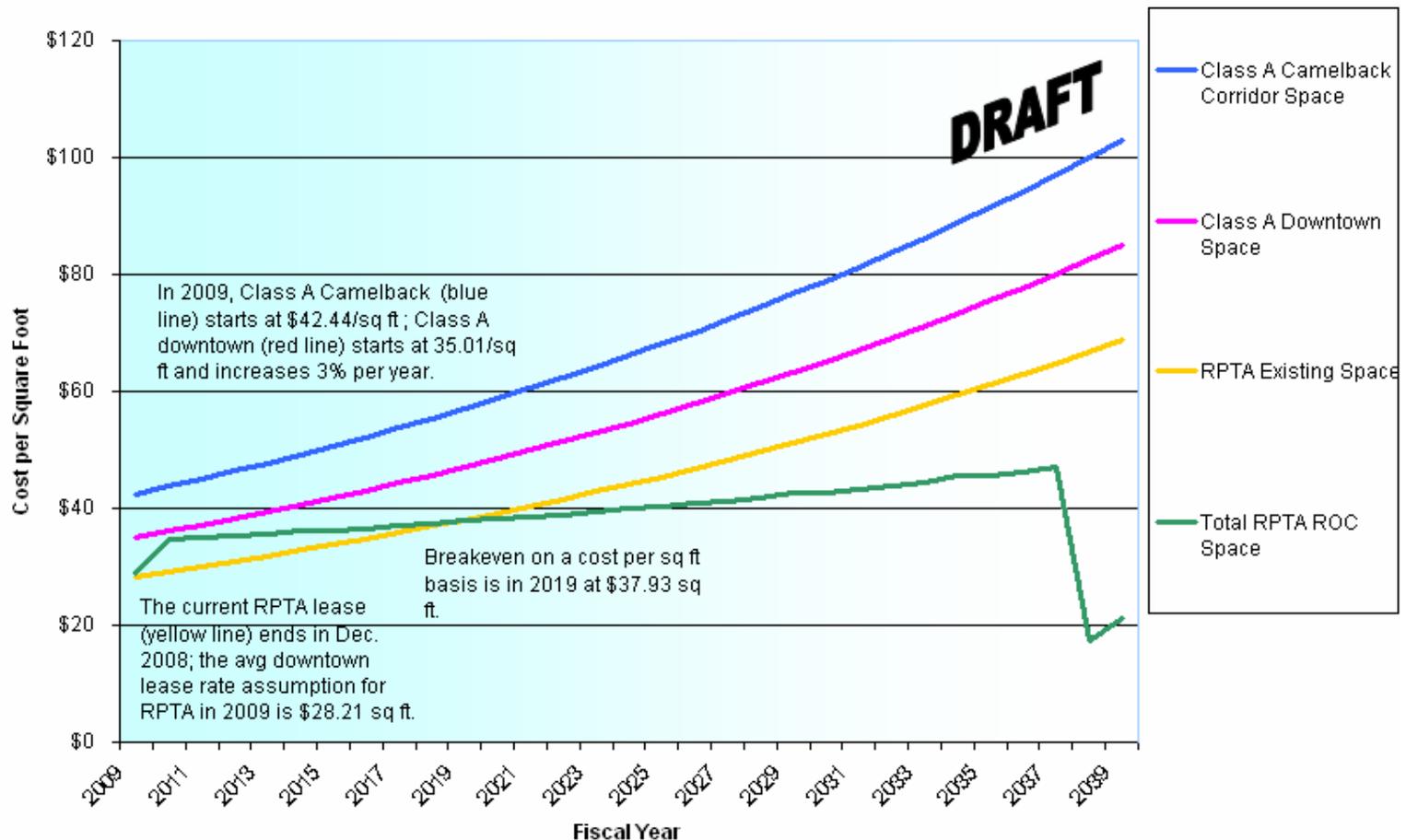
Average Annual Costs Over a Thirty Year Period



Valley Metro (RPTA)



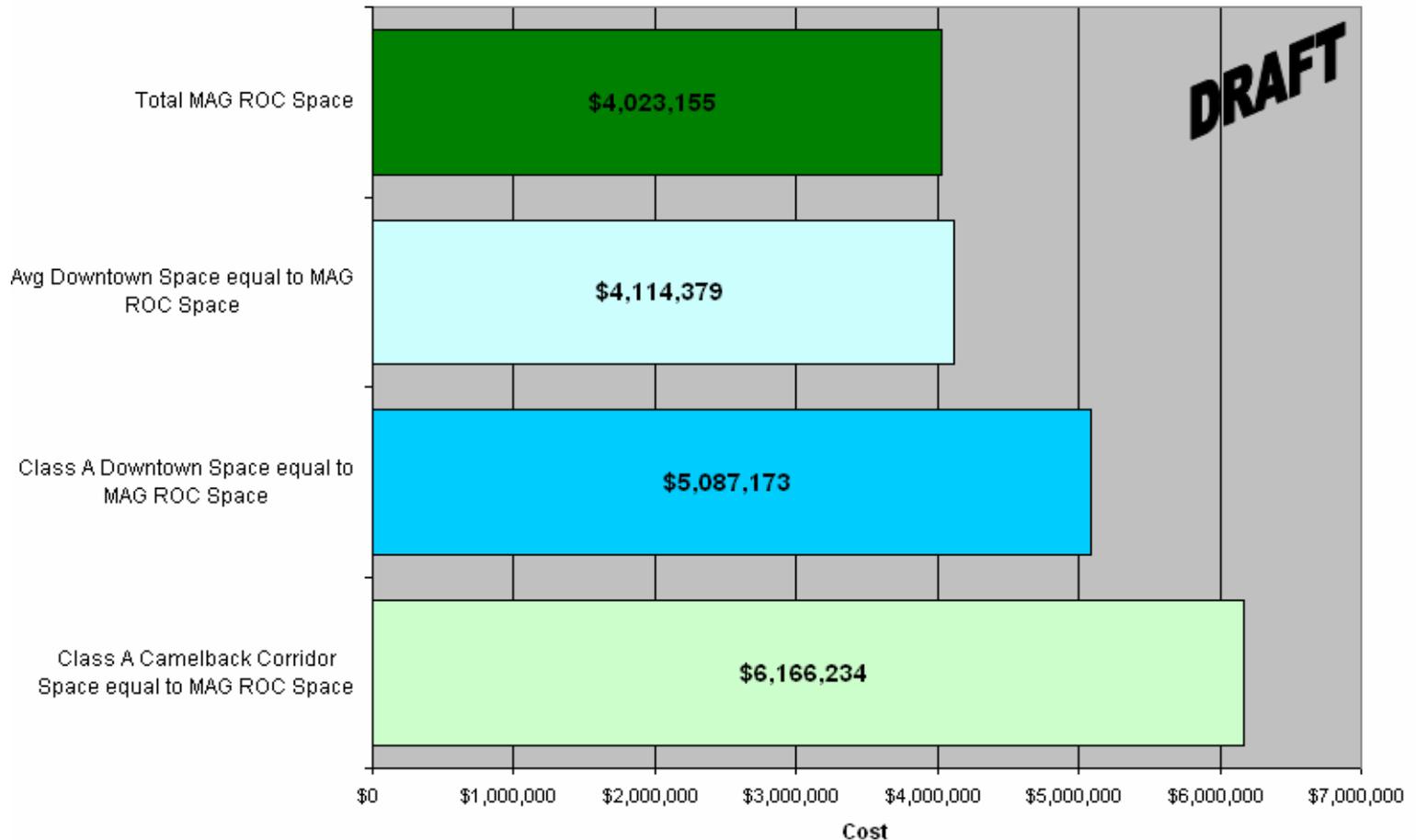
Comparative Average Building Costs



MAG



Average Annual Costs Over a Thirty Year Period



MAG



Comparative Average Building Costs

