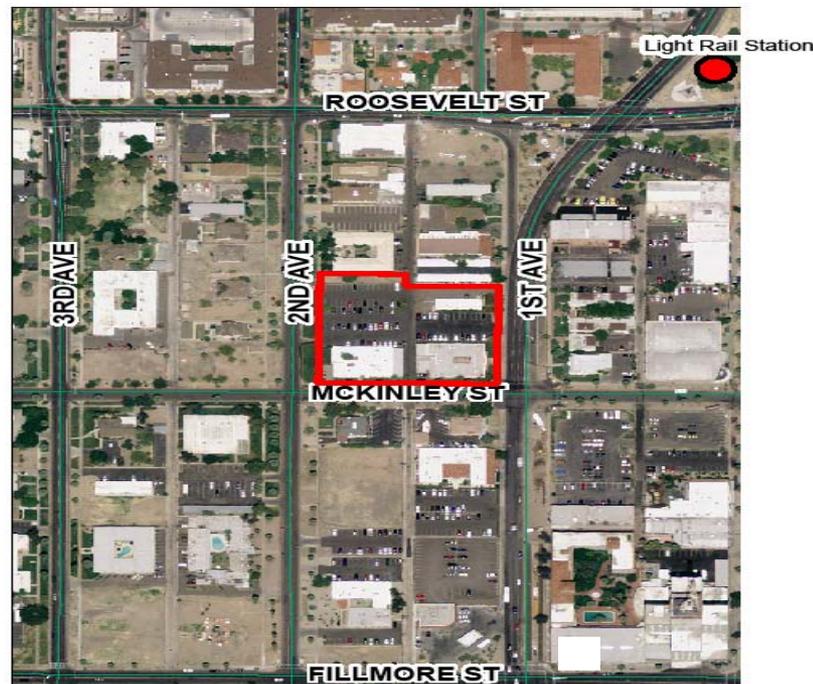


# Regional Office Center



REGIONAL OFFICE CENTER  
MCKINLEY/FIRST AVENUE SITE BOUNDARIES



**REGIONAL COUNCIL MEETING**  
**Maricopa Association of Governments**

December 19, 2007

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  - Signed Letter of Intent for Purchase of Property
  - Memorandum of Cooperation
  - Terms for Development Agreement with the City of Phoenix
  - Design-Build Team Rankings
  - Resolution of Indemnification with Ryan Companies for \$525,000
- Next Steps

# Background



- March 28, 2007
  - MAG Regional Council Authorized MAG to Proceed with the RPTA and METRO to do the following:
    - Construct a Building
    - Enter into a Memorandum of Understanding
    - Execute a Lease for the MAG Space
- May 14, 2007
  - MAG Executive Committee Directed Staff to Issue a Request for Qualifications (RFQ) for the Design and Construction of a Regional Office Center
- August 1, 2007
  - RFQ for Design and Construction Issued

# Background



- August 2, 2007
  - RFP for Underwriter Services Issued
- September 12, 2007
  - MAG Executive Committee Approves Selection of PiperJaffray for Underwriter Services
- September 26, 2007
  - MAG Regional Council Ratifies Selection of PiperJaffray for Underwriter Services
- October 15, 2007
  - MAG Executive Committee/BLWG Directed staff to Continue Negotiations Regarding the ROC and Present Results at the November Meeting

# Project Update



- November 19, 2007
  - Executive Committee Recommended Approval of the following:
    - Signed Letter of Intent to Purchase Property
    - Draft Terms for Memorandum of Cooperation
    - Terms for Development Agreement with the City of Phoenix
    - Resolution of Indemnification with the Ryan Companies for \$525,000
  - Executive Committee Approved Design-Build Team Rankings
  
- December 5, 2007
  - RPTA Transit Management Committee Recommended Terms to Pursue Regional Office Center Project for Board Approval, Subject to Adequate Financing for the Facility
  - VMR Management Committee Recommended Terms to Pursue Regional Office Center Project for Board Approval

# Building Statistics



- **What are the Building Statistics?**
  - **Parcel Size: 1.56 acres**
  - **Total Estimated Building Square Footage: 240,612 SF**  
(plus 573 parking-stall garage)
  - **Total Estimated Cost : \$86.9 Million**

# Capital Costs



- **What are the Partner Agency Capital Costs?**

	<u>March 2007</u>	<u>Current</u>
<b>MAG</b>	<b>\$ 39,772,270</b>	<b>\$ 37,842,383</b>
<b>RPTA</b>	<b>\$ 29,738,725</b>	<b>\$ 29,240,535</b>
<b>VMR</b>	<b>\$ 17,427,062</b>	<b>\$ 19,817,082</b>
	<b>\$ 86,938,057</b>	<b>\$ 86,900,000</b>

# Average Debt Service



- **Average Debt Service for Each Partnering Agency.**

		<u>March 2007</u>	<u>Current</u>
– MAG	=	\$ 2.815 M	\$ 3.178 M
– RPTA	=	\$ 2.105 M	\$ 2.063 M
– VMR	=	\$ 1.235 M	\$ 1.405 M

# Average Total Lease Payment



- **Average Total Lease Payment for Each Partnering Agency.**

		<u>March 2007</u>	<u>Current</u>
– MAG	=	\$ 4.39 M	\$ 3.743 M
– RPTA	=	\$ 3.20 M	\$ 2.890 M
– VMR	=	\$ 1.85 M	\$ 1.877 M

# Cost per Square Foot



- **Cost per Square Foot for Each Partnering Agency.**

		<u>March 2007</u>	<u>Current</u>
– MAG	=	\$ 40.17	\$ 32.45
– RPTA	=	\$ 38.72	\$ 38.36
– VMR	=	\$ 39.39	\$ 37.61

# Costs



- Market Lease Rate Downtown**

	<u>Average Rate</u>	<u>Class A Rate</u>
<b>2009</b>	<b>\$28.32/SF</b>	<b>\$35.01/SF</b>
<b>2039</b>	<b>\$58.35/SF</b>	<b>\$47.19/SF</b>

# Cost Allocation Estimates Per Agency



	<b><u>MAG</u></b>	<b><u>RPTA</u></b>	<b><u>VMR</u></b>	<b><u>TOTAL</u></b>
Land	\$ 3,270,692	\$ 3,270,692	\$ 3,270,692	\$ 9,812,076
Building				
Office Space	\$11,905,546	\$14,823,231	\$ 8,459,737	\$35,188,514
Other Space (Conf Ctr, Media Ctr, Retail & Other Space)	\$12,922,535			\$12,922,535
Common Areas	\$ 4,018,694	\$ 4,018,694	\$ 4,018,694	\$12,056,082
Parking Garage	\$ 5,724,916	\$ 7,127,918	\$ 4,067,960	\$16,920,793
<b>TOTAL</b>	<b>\$37,842,383</b>	<b>\$29,240,535</b>	<b>\$19,817,082</b>	<b>\$86,900,000</b>

# Items Recommended for Approval



- Signed Letter of Intent to Purchase of Property
- Memorandum of Cooperation
- Terms for a Development Agreement with the City of Phoenix
- Design-Build Team Rankings
- Resolution of Indemnification with Ryan Companies for \$525,000

# Next Steps



## January 2008

- Land
  - Pay Landowner Two Monthly Payments of \$38,307.42 (December & January) to Hold Land off the Market
  - Execute Purchase and Sale Agreement
- Financing
  - Form ROC LLC
  - Phoenix IDA Application
  - Identify Financing Indicator
- Design/Build Team
  - Negotiate Preliminary Design and Pre-Construction Services Budget of D/B Contract with McCarthy



# DISCUSSION

# Market Value



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

Entity	Proportional Share		Cost	
	<u>March 2007</u>	<u>Current</u>	<u>March 2007</u>	<u>Current</u>
<b>MAG</b>	45.75%	43.55%	\$ 58,151,440	\$ 55,568,755
<b>RPTA</b>	34.20%	33.65%	\$ 43,470,584	\$ 42,936,593
<b>VMR</b>	<u>20.05%</u>	<u>22.80%</u>	<u>\$ 25,484,948</u>	<u>\$ 29,092,253</u>
	100%	100%	\$127,106,972	\$127,597,601

# When is Break-even?



- **What are the Break-Even Years Based on Cost per Square Footage?**

	<u>March 2007</u>	<u>Current</u>
– MAG	<b>2022</b>	<b>2011</b>
– RPTA	<b>2019</b>	<b>2016</b>
– VMR	<b>2020</b>	<b>2017</b>