



# City of Del Mar Staff Report



TO: Honorable Mayor and City Council Members

FROM: Kathleen A. Garcia, Planning and Community Development Director  
Via Scott W. Huth, City Manager

DATE: October 20, 2014

SUBJECT: City Hall and Town Hall Master Planning – Financial Analysis of Program Options

## REQUESTED ACTION/RECOMMENDATION:

Staff requests that the City Council review and provide direction on the City Hall site options that address various potential development programs and their financial analysis. The selected options, along with their financial analysis, will be presented at a workshop on October 27, 2014 for community input.

## DISCUSSION/ANALYSIS:

At its October 6, 2014 meeting, the City Council reviewed various options for the City Hall site's municipal building program in conjunction with mixed-uses (commercial and residential). The staff report discussing these potential development scenarios can be found at: <http://www.delmar.ca.us/AgendaCenter/ViewFile/Agenda/10062014-640>. Staff is now returning with the construction cost estimates and financial analyses of each scenario. Based upon the City Council's direction, staff will bring the selected scenarios with financial analyses to the October 27, 2014 Workshop.

At their June 16, 2014 meeting, the City Council authorized Keyser Marston Associates, Inc. (KMA), a real estate economics advisory firm, to prepare a financial analysis of the various scenarios to address: anticipated public development costs; potential income from leasing commercial space; and potential revenue from residential development. KMA has analyzed the eight (8) scenarios to determine the potential net cost of development to the City (Attachment A).

For this analysis, KMA has utilized estimates of probable development costs prepared by McCarthy Builders, a general contractor, who analyzed the development scenarios prepared by Carrier Johnson Architects (shown in Attachment A - Exhibit A). As with any cost estimate at this conceptual stage, it is only an opinion of probable costs and will be refined when design is undertaken. KMA also used current Del Mar commercial leasing rates as a basis for their projection of commercial rental income, and local residential sales and rental rates as a basis for their projection of residential

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## City Council Action:

development values. Additionally, the KMA analysis of the commercial and residential components incorporates assumptions regarding operating expenses, financing costs, and developer return requirements based on industry standards and KMA experience with comparable developments.

There are three main options with various sub-options to address the amount of retail, housing or additional public parking (Attachment B):

1. Civic Uses Only (City Hall, Town Hall)
  - a. With 60 stall surface parking – Scenario A
  - b. With 160 stall parking (60 surface + 100 tuck-under parking) – Scenario B
2. Civic + Commercial (City Hall, Town Hall + 3,400 square feet (SF) Commercial)
  - a. 264 stall parking (60 surface + 204 garage parking) – Scenario C1
  - b. 160 stall parking (60 surface + 100 tuck-under parking) – Scenario C2
3. Civic + Commercial + Residential (City Hall, Town Hall, Commercial (3,400 SF), 204 stall parking garage + Housing)
  - a. With four (4) single-family residential units with garages – Scenario D
  - b. With six (6) single-family residential units with garages – Scenario E
  - c. With ten (10) detached townhomes with garages – Scenario F
  - d. With ten (10) attached townhomes, no commercial, shared parking–Scenario G.

As shown in Attachment A, KMA concludes that the net cost to the City of Del Mar ranges from \$7.4 M to \$15.0 M for the eight (8) scenarios. KMA has defined “net cost” as the total development costs for the civic/commercial portions of each development scenario, including required parking and surplus public parking; less the estimated debt financing that could be supported by the commercial space at stabilization; less the land payment supported by the residential component. The KMA estimates of net cost to the City vary widely due to four key variations among the scenarios:

- The number of surplus public parking spaces included;
- The use of structured, rather than surface, parking spaces;
- The inclusion of commercial space; and,
- The inclusion of residential units, and whether they are for-sale or rental.

The City’s financial capacity for this project ranges between \$14.9 M and \$22.2 M, using data presented at the June 2, 2014 City Council meeting and based upon the Finance Committee’s and the City’s Financial Advisor’s (Fieldman Rolapp) recommendations. The City Manager now projects cash reserves to be \$4.0 M at the time of construction (2016). Table A summarizes the City’s current Financial Capacity for this project:

| <b>Financing Revenue</b>           | <b>Low</b>           | <b>High</b>          |
|------------------------------------|----------------------|----------------------|
| General Fund Backed Financing*     | \$ 10,400,000        | \$ 17,600,000        |
| PEG Fees Financing                 | 370,000              | 494,000              |
| Cash (CIP Reserve by FY 2015-2016) | 4,000,000            | 4,000,000            |
| Cash (PEG Fees)                    | 160,000              | 160,000              |
| <b>TOTAL</b>                       | <b>\$ 14,930,000</b> | <b>\$ 22,254,000</b> |

\*Low estimate by the City’s Finance Committee, High Estimate by Fieldman Rolapp

Key findings from the KMA financial analysis include the following:

- Commercial space of 3,400 SF is projected to generate net operating income that could support a  $\pm$ \$2.0 M permanent loan to offset development costs.
- Land sales proceeds from the residential portion of the site range from \$3.75 M to \$4.5 M. This range assumes that the residential portion of the site is sold to a residential developer for development as for-sale housing.
- If the residential portion of the site is leased, rather than sold, then KMA has assumed the residential units will be offered as rentals, rather than for-sale. In this case, the residential land value is limited to the capitalized value of the ground lease payments, which are estimated to range from \$1.6 M to \$2.1 M.
- As summarized above, the for-sale residential scenarios yield approximately twice as much offsetting land value to the City as the rental residential scenarios.
- It is important to note that if residential is placed on the site, it will displace space for surface parking creating the additional costs of constructing the displaced parking in a more expensive parking structure.

In addition to the above options, community members Kit Leeger and James Watkins propose a ninth option, a mixed-use scenario combining civic, commercial, and residential uses. They have provided their financial pro-forma as well as their programmatic concept of civic uses with six (6) cottages, 9,250 SF of commercial and a 168-stall parking structure (Attachment C).

The City Council's objective was to bring three (3) or four (4) scenarios forward to the October workshop. Being that the City Council has decided that one option would be the Leeger-Watkins proposal; staff has provided the following assessments to assist in reducing the eight (8) remaining options to three (3):

- All scenarios can meet the baseline municipal program of the City Hall, Town Hall, public plaza, and its associated parking;
- The preliminary review of the downtown need for additional public parking has indicated a need for approximately 100 stalls. Options B, C1, D, E, F and G all provide approximately 100 surplus parking stalls available for public parking;
- The desire to have commercial uses to generate activity, enliven the space and provide revenue can be provided by all options other than A, B, and G;
- The desire to consider residential uses to generate revenue can be provided by D, E, F or G but only if considered as 'for-sale' residential ;
- Scenario B offers the ability to be the most flexible in that it provides additional public parking and would allow for the phasing of future commercial or residential uses, if decided at a later date;
- Scenario C1 provides the most additional public parking (264 stalls total/175 stalls surplus), but at a higher project cost; with an additional garage level (115 cars) costing approximately \$3.6 M more than the single level, tuck-under parking of Scenario C2;
- If one option from each of the three use categories is chosen, Scenario B (Civic Only); Scenario C2 (Civic + Commercial) and Scenario D (Civic + Commercial + 4

Residential) are all financial viable, meet the objective for the provision of additional public parking, offer flexibility, and provide a choice amongst the mix of uses.

Staff is requesting that the City Council evaluate the options presented, provide any direction, and determine which options should be presented at the October 27, 2014 workshop for community input. Following City Council direction, staff will prepare the scenarios for the October 27, 2014 community workshop.

#### PRIOR CITY COUNCIL REVIEW:

During the last year, the City Council has addressed the multiple topics associated with City Hall/Town Hall planning at multiple meetings.

- October 6, 2014: Master Planning – Mixed-Use Scenarios Review
- July 7, 2014: City Hall Mixed-Use Goals & Assessment Criteria
- June 16, 2014: Direction to prepare alternative scenarios/Master Planning Phase
- June 9, 2014: City Hall/Town Hall Council Workshop #2
- June 2, 2014: City Hall Funding Program; City Hall Sites Assessment report; Current City Hall Renovation Costs
- May 19, 2014: Highest and Best Economic Use Analysis for 1050 Camino del Mar; Public Private Partnership Overview; Opinion of Probable Construction Costs, City Financing Bond Capacity;
- May 5, 2014: City Hall Revised Schedule and Recommended Program
- April 21, 2014: City Hall Program Verification
- April 7, 2014: Community Forum
- March 17, 2014: Space Planning Verification and Cost Estimate Consultant Selection
- March 3, 2014: City Hall Planning Schedule
- February 18, 2014: Survey Results
- January 6, 2014: Draft Community Survey
- December 9, 2013: City Council Workshop Report and Next Steps
- December 2, 2013: City Council Workshop #1
- September 3, 2013: Site Selection to redevelop 1050 Camino del Mar
- July 15, 2013: Preliminary Space Needs; Priority to replace City Hall
- July 1, 2013: Goals and Criteria for Success for evaluation of Alternative Sites.
- June 17, 2013: Process for Facility Planning

#### ATTACHMENTS:

Attachment A – Keyser Marston Associates Financial Analysis of Scenarios  
Attachment B – City Hall Site Programmatic Options – Scenarios A - G  
Attachment C – Leeger/Watkins Community Center Plan – Revised October 10, 2014

# Attachment A

## SUMMARY TABLE

### CITY HALL FEASIBILITY STUDY UPDATE CITY OF DEL MAR

|  | A                  | B                  | C                       |                    | D                                |                    | E                  |                    | F                  |                    | G                   |                    |
|--|--------------------|--------------------|-------------------------|--------------------|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
|  | CIVIC              |                    | CIVIC + COMMERCIAL ONLY |                    | CIVIC + COMMERCIAL + RESIDENTIAL |                    |                    |                    |                    |                    | CIVIC + RESIDENTIAL |                    |
|  | OPTION 1           | OPTION 2           | OPTION 1                | OPTION 2           | OPTION 1                         |                    | OPTION 2           |                    | OPTION 3           |                    | OPTION 4            |                    |
| 1. <u>Project Description</u>          |                    |                    |                         |                    |                                  |                    |                    |                    |                    |                    |                     |                    |
| a. Total Parking Spaces                | 60 Spaces          | 160 Spaces         | 264 Spaces              | 160 Spaces         | 204 Spaces                       | 204 Spaces         | 204 Spaces         | 204 Spaces         | 204 Spaces         | 204 Spaces         | 204 Spaces          | 204 Spaces         |
| b. Number of Surplus Spaces            | 9 Spaces           | 109 Spaces         | 175 Spaces              | 71 Spaces          | 115 Spaces                       | 114 Spaces         | 113 Spaces         | 113 Spaces         | 113 Spaces         | 113 Spaces         | 128 Spaces          | 128 Spaces         |
| c. Number of Units                     | --                 | --                 | --                      | --                 | 4 Units                          | 6 Units            | 10 Units           | 10 Units           | 10 Units           | 10 Units           | 10 Units            | 10 Units           |
| d. Average Unit Size (Net of Garage)   | --                 | --                 | --                      | --                 | 2,100 SF                         | 1,100 SF           | 1,100 SF           | 1,100 SF           | 1,100 SF           | 1,100 SF           | 1,600 SF            | 1,600 SF           |
| e. Commercial Space                    | --                 | --                 | 3,400 SF                | 3,400 SF           | 3,400 SF                         | 3,400 SF           | 3,400 SF           | 3,400 SF           | 3,400 SF           | 3,400 SF           | --                  | --                 |
| 2. <u>Public Development Costs</u>     |                    |                    |                         |                    |                                  |                    |                    |                    |                    |                    |                     |                    |
| a. Site Work/Plaza                     | \$1,052,000        | \$1,052,000        | \$970,000               | \$970,000          | \$1,210,000                      | \$1,210,000        | \$1,090,000        | \$1,090,000        | \$1,090,000        | \$1,090,000        | \$1,066,000         | \$1,066,000        |
| b. Parking                             | \$240,000          | \$3,640,000        | \$6,105,000             | \$3,640,000        | \$5,865,000                      | \$5,865,000        | \$5,865,000        | \$5,865,000        | \$5,865,000        | \$5,865,000        | \$5,865,000         | \$5,865,000        |
| c. City Hall/Town Hall                 | \$3,764,000        | \$3,764,000        | \$3,764,000             | \$3,764,000        | \$3,764,000                      | \$3,764,000        | \$3,764,000        | \$3,764,000        | \$3,764,000        | \$3,764,000        | \$3,764,000         | \$3,764,000        |
| d. Commercial                          | \$0                | \$0                | \$765,000               | \$765,000          | \$765,000                        | \$765,000          | \$765,000          | \$765,000          | \$765,000          | \$765,000          | \$0                 | \$0                |
| e. Soft Costs                          | <u>\$2,367,000</u> | <u>\$3,958,000</u> | <u>\$5,467,000</u>      | <u>\$4,312,000</u> | <u>\$5,467,000</u>               | <u>\$5,467,000</u> | <u>\$5,411,000</u> | <u>\$5,411,000</u> | <u>\$5,411,000</u> | <u>\$5,411,000</u> | <u>\$5,007,000</u>  | <u>\$5,007,000</u> |
| f. Total Civic/Commercial              | \$7,423,000        | \$12,414,000       | \$17,071,000            | \$13,451,000       | \$17,071,000                     | \$17,071,000       | \$16,895,000       | \$16,895,000       | \$16,895,000       | \$16,895,000       | \$15,702,000        | \$15,702,000       |
| 3. <u>Commercial Space (For-Lease)</u> |                    |                    |                         |                    |                                  |                    |                    |                    |                    |                    |                     |                    |
| a. Annual Net Operating Income (1)     |                    |                    | \$166,000               | \$166,000          | \$166,000                        | \$166,000          | \$166,000          | \$166,000          | \$166,000          | \$166,000          | \$166,000           | \$166,000          |
| b. Supportable Permanent Loan (2)      |                    |                    | \$2,058,000             | \$2,058,000        | \$2,058,000                      | \$2,058,000        | \$2,058,000        | \$2,058,000        | \$2,058,000        | \$2,058,000        | \$2,058,000         | \$2,058,000        |
| 4. <u>Residential</u>                  |                    |                    |                         |                    |                                  |                    |                    |                    |                    |                    |                     |                    |
| a. Total Development Costs             |                    |                    |                         |                    | \$3,363,000                      | \$3,363,000        | \$3,027,000        | \$3,027,000        | \$5,047,000        | \$5,047,000        | \$5,381,000         | \$5,381,000        |
| b. Market Price/Unit                   |                    |                    |                         |                    | \$2,520,000                      | --                 | \$1,430,000        | --                 | \$1,210,000        | --                 | \$1,120,000         | --                 |
| c. Monthly Rent per Unit               |                    |                    |                         |                    | --                               | \$7,880            | --                 | \$4,680            | --                 | \$4,130            | --                  | \$4,800            |
| d. Land Value                          |                    |                    |                         |                    | \$4,348,000                      | \$1,982,000        | \$3,751,000        | \$1,601,000        | \$4,512,000        | \$1,696,000        | \$3,747,000         | \$2,132,000        |
| 5. Net Public Development Cost to City | \$7,423,000        | \$12,414,000       | \$15,013,000            | \$11,393,000       | \$10,665,000                     | \$13,031,000       | \$11,262,000       | \$13,412,000       | \$10,325,000       | \$13,141,000       | \$11,955,000        | \$13,570,000       |

(1) Net operating income of retail component assumes \$4.50/SF/Month/NNN rent, vacancy of 5.0% of GSI, and unreimbursed expenses of 5.0% of EGI.

(2) Supportable loan based on 25-year term, 5.0% interest rate, and 1.15 debt coverage ratio.

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**Financial Pro Forma Analysis**

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TABLE A-1

**PROJECT DESCRIPTION**  
**CITY HALL FEASIBILITY STUDY UPDATE**  
**CITY OF DEL MAR**

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**I. Site Area** 1.48 Acres

**II. Gross Building Area (GBA)**

|           |                 |            |
|-----------|-----------------|------------|
| City Hall | 9,250 SF        | 74%        |
| Town Hall | <u>3,200</u> SF | <u>26%</u> |
| Total GBA | 12,450 SF       | 100%       |

**III. Parking**

| Type of Parking    | Surface         |                     |
|--------------------|-----------------|---------------------|
| City Hall Parking  | 51 Spaces       | 4.1 Spaces/1,000 SF |
| Public Parking     | <u>9</u> Spaces |                     |
| Total              | 60 Spaces       |                     |
| Surface Parking    | 60 Spaces       |                     |
| Tuck-Under Parking | <u>0</u> Spaces |                     |
| Total              | 60 Spaces       |                     |

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TABLE A-2

**ESTIMATED DEVELOPMENT COSTS (1)**  
**CITY HALL FEASIBILITY STUDY UPDATE**  
**CITY OF DEL MAR**

|   | <u>Totals</u>      | <u>Comments</u>                |
|---|--------------------|--------------------------------|
| <b>I. Direct Costs</b>                      |                    |                                |
| Off-Site Improvements                       | \$0                | \$0 Per SF Site                |
| Demolition                                  | \$145,000          | \$2 Per SF Site                |
| On-Sites/Landscaping                        | \$412,000          | \$6 Per SF Site                |
| Parking - Surface                           | \$240,000          | \$4,000 Per Space              |
| Civic Plaza                                 | \$495,000          | \$33 Per SF Civic Plaza        |
| Shell Construction                          | \$3,764,000        | \$302 Per SF GBA               |
| Common Area Amenities                       | <u>\$0</u>         | Allowance                      |
| Total Direct Costs                          | \$5,056,000        | \$406 Per SF GBA               |
| <b>II. Indirect Costs (2)</b>               |                    |                                |
| Design, Engineering, Permitting, CEQA       | \$834,000          | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing      | <u>\$708,000</u>   | 14.0% of Directs               |
| Total Indirect Costs                        | \$1,542,000        | 30.5% of Directs               |
| <b>III. Subtotal Directs and Indirects</b>  |                    |                                |
|   | <b>\$6,598,000</b> | <b>\$530 Per SF GBA</b>        |
| Add: Contingency                            | \$660,000          | 10.0% of Directs and Indirects |
| Add: LEED Certification                     | \$165,000          | 2.5% of Directs and Indirects  |
| <b>IV. Financing Costs</b>                  |                    |                                |
|   | <u>\$0</u>         | 0.0% of Directs                |
| <b>V. Total Development Costs (Rounded)</b> |                    |                                |
|   | <b>\$7,423,000</b> | <b>\$596 Per SF GBA</b>        |

(1) Per McCarthy Building Companies.

(2) No allowance for Legal, Accounting, Insurance, and Developer Overhead.

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**Financial Pro Forma Analysis**

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TABLE B-1

PROJECT DESCRIPTION  
 CITY HALL FEASIBILITY STUDY UPDATE  
 CITY OF DEL MAR

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I. Site Area 1.48 Acres

II. Gross Building Area (GBA)

|           |                 |            |
|-----------|-----------------|------------|
| City Hall | 9,250 SF        | 74%        |
| Town Hall | <u>3,200</u> SF | <u>26%</u> |
| Total GBA | 12,450 SF       | 100%       |

III. Parking

|                    |                        |                     |
|--------------------|------------------------|---------------------|
| Type of Parking    | Surface and Tuck-Under |                     |
| City Hall Parking  | 51 Spaces              | 4.1 Spaces/1,000 SF |
| Public Parking     | <u>109</u> Spaces      |                     |
| Total              | 160 Spaces             |                     |
| Surface Parking    | 60 Spaces              |                     |
| Tuck-Under Parking | <u>100</u> Spaces      |                     |
| Total              | 160 Spaces             |                     |

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TABLE B-2

**ESTIMATED DEVELOPMENT COSTS <sup>(1)</sup>**  
**CITY HALL FEASIBILITY STUDY UPDATE**  
**CITY OF DEL MAR**

|   | <u>Totals</u>       | <u>Comments</u>                |
|---|---------------------|--------------------------------|
| <b>I. Direct Costs</b>                      |                     |                                |
| Off-Site Improvements                       | \$0                 | \$0 Per SF Site                |
| Demolition                                  | \$145,000           | \$2 Per SF Site                |
| On-Sites/Landscaping                        | \$412,000           | \$6 Per SF Site                |
| Parking - Surface                           | \$240,000           | \$4,000 Per Space              |
| Parking - Structured                        | \$3,400,000         | \$34,000 Per Space             |
| Civic Plaza                                 | \$495,000           | \$33 Per SF Civic Plaza        |
| Shell Construction                          | \$3,764,000         | \$302 Per SF GBA               |
| Common Area Amenities                       | <u>\$0</u>          | Allowance                      |
| Total Direct Costs                          | \$8,456,000         | \$679 Per SF GBA               |
| <b>II. Indirect Costs <sup>(3)</sup></b>    |                     |                                |
| Design, Engineering, Permitting, CEQA       | \$1,395,000         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing      | <u>\$1,184,000</u>  | 14.0% of Directs               |
| Total Indirect Costs                        | \$2,579,000         | 30.5% of Directs               |
| <b>III. Subtotal Directs and Indirects</b>  |                     |                                |
|   | <b>\$11,035,000</b> | <b>\$886 Per SF GBA</b>        |
| Add: Contingency                            | \$1,103,000         | 10.0% of Directs and Indirects |
| Add: LEED Certification                     | \$276,000           | 2.5% of Directs and Indirects  |
| <b>IV. Financing Costs</b>                  |                     |                                |
|   | <u>\$0</u>          | 0.0% of Directs                |
| <b>V. Total Development Costs (Rounded)</b> |                     |                                |
|   | <b>\$12,414,000</b> | <b>\$997 Per SF GBA</b>        |

(1) Per McCarthy Building Companies.

(2) No allowance for Legal, Accounting, Insurance, and Developer Overhead.

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TABLE C-1 - OPTION 1

OPTION 1

PROJECT DESCRIPTION  
 CITY HALL FEASIBILITY STUDY UPDATE  
 CITY OF DEL MAR

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I. Site Area 1.48 Acres

II. Gross Building Area (GBA)

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 58%        |
| Town Hall               | <u>3,200</u> SF | <u>20%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 79%        |
| Add: Commercial         | <u>3,400</u> SF | <u>21%</u> |
| Total GBA               | 15,850 SF       | 100%       |

III. Parking

|                      |                                       |                      |
|----------------------|---------------------------------------|----------------------|
| Type of Parking      | Surface, Tuck-Under, and Subterranean |                      |
| City Hall Parking    | 51 Spaces                             | 4.1 Spaces/1,000 SF  |
| Commercial Parking   | 38 Spaces                             | 11.2 Spaces/1,000 SF |
| Public Parking       | <u>175</u> Spaces                     |                      |
| Total                | 264 Spaces                            |                      |
| Surface Parking      | 60 Spaces                             |                      |
| Tuck-Under Parking   | 89 Spaces                             |                      |
| Subterranean Parking | <u>115</u> Spaces                     |                      |
| Total                | 264 Spaces                            |                      |

TABLE C-2 - OPTION 1

OPTION 1

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

|   | <u>Totals</u>       | <u>Comments</u>                |
|---|---------------------|--------------------------------|
| <b>I. Direct Costs (1)</b>                      |                     |                                |
| Off-Site Improvements                           | \$0                 | \$0 Per SF Site                |
| Demolition                                      | \$145,000           | \$2 Per SF Site                |
| On-Sites/Landscaping                            | \$330,000           | \$5 Per SF Site                |
| Parking - Surface                               | \$240,000           | \$4,000 Per Space              |
| Parking - Structured                            | \$5,865,000         | \$28,750 Per Space             |
| Civic Plaza                                     | \$495,000           | \$33 Per SF Civic Plaza        |
| Shell Construction - Civic                      | \$3,764,000         | \$302 Per SF Civic             |
| Shell Construction - Commercial                 | \$765,000           | \$225 Per SF Commercial        |
| Common Area Amenities                           | <u>\$0</u>          | Allowance                      |
| <b>Total Direct Costs</b>                       | <b>\$11,604,000</b> | <b>\$732 Per SF GBA</b>        |
| <b>II. Indirect Costs (2)</b>                   |                     |                                |
| Design, Engineering, Permitting, CEQA           | \$1,915,000         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | <u>\$1,625,000</u>  | 14.0% of Directs               |
| <b>Total Indirect Costs</b>                     | <b>\$3,540,000</b>  | <b>30.5% of Directs</b>        |
| <b>III. Subtotal, Direct and Indirect Costs</b> |                     |                                |
|   | <b>\$15,144,000</b> | <b>\$955 Per SF GBA</b>        |
| Add: Contingency                                | \$1,514,000         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$379,000           | 2.5% of Directs and Indirects  |
| Add: Tenant Improvement Allowance               | \$0                 | Included in Directs            |
| Add: Marketing/Leasing Commissions              | <u>\$34,000</u>     | \$10 Per SF Commercial         |
| <b>IV. Financing Costs</b>                      |                     |                                |
|   | <u>\$0</u>          | 0.0% of Directs                |
| <b>V. Total Development Costs (Rounded)</b>     |                     |                                |
|   | <b>\$17,071,000</b> | <b>\$1,077 Per SF GBA</b>      |

(1) Per McCarthy Building Companies.

(2) No allowance for Legal, Accounting, Insurance, and Developer Overhead.

TABLE C-1 - OPTION 2

OPTION 2

PROJECT DESCRIPTION  
 CITY HALL FEASIBILITY STUDY UPDATE  
 CITY OF DEL MAR

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I. Site Area 1.48 Acres

II. Gross Building Area (GBA)

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 58%        |
| Town Hall               | <u>3,200</u> SF | <u>20%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 79%        |
| Add: Commercial         | <u>3,400</u> SF | <u>21%</u> |
| Total GBA               | 15,850 SF       | 100%       |

III. Parking

|                      |                                       |                      |
|----------------------|---------------------------------------|----------------------|
| Type of Parking      | Surface, Tuck-Under, and Subterranean |                      |
| City Hall Parking    | 51 Spaces                             | 4.1 Spaces/1,000 SF  |
| Commercial Parking   | 38 Spaces                             | 11.2 Spaces/1,000 SF |
| Public Parking       | <u>71</u> Spaces                      |                      |
| Total                | 160 Spaces                            |                      |
| Surface Parking      | 60 Spaces                             |                      |
| Tuck-Under Parking   | 100 Spaces                            |                      |
| Subterranean Parking | <u>0</u> Spaces                       |                      |
| Total                | 160 Spaces                            |                      |

TABLE C-2 - OPTION 2

OPTION 2

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

|   | <u>Totals</u>       | <u>Comments</u>                |
|---|---------------------|--------------------------------|
| <b>I. Direct Costs (1)</b>                      |                     |                                |
| Off-Site Improvements                           | \$0                 | \$0 Per SF Site                |
| Demolition                                      | \$145,000           | \$2 Per SF Site                |
| On-Sites/Landscaping                            | \$330,000           | \$5 Per SF Site                |
| Parking - Surface                               | \$240,000           | \$4,000 Per Space              |
| Parking - Structured                            | \$3,400,000         | \$34,000 Per Space             |
| Civic Plaza                                     | \$495,000           | \$33 Per SF Civic Plaza        |
| Shell Construction - Civic                      | \$3,764,000         | \$302 Per SF Civic             |
| Shell Construction - Commercial                 | \$765,000           | \$225 Per SF Commercial        |
| Common Area Amenities                           | <u>\$0</u>          | Allowance                      |
| Total Direct Costs                              | \$9,139,000         | \$577 Per SF GBA               |
| <b>II. Indirect Costs (2)</b>                   |                     |                                |
| Design, Engineering, Permitting, CEQA           | \$1,508,000         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | <u>\$1,279,000</u>  | 14.0% of Directs               |
| Total Indirect Costs                            | \$2,787,000         | 30.5% of Directs               |
| <b>III. Subtotal, Direct and Indirect Costs</b> |                     |                                |
|   | <b>\$11,926,000</b> | <b>\$752 Per SF GBA</b>        |
| Add: Contingency                                | \$1,193,000         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$298,000           | 2.5% of Directs and Indirects  |
| Add: Tenant Improvement Allowance               | \$0                 | Included in Directs            |
| Add: Marketing/Leasing Commissions              | <u>\$34,000</u>     | \$10 Per SF Commercial         |
| <b>IV. Financing Costs</b>                      |                     |                                |
|   | <u>\$0</u>          | 0.0% of Directs                |
| <b>V. Total Development Costs (Rounded)</b>     |                     |                                |
|   | <b>\$13,451,000</b> | <b>\$849 Per SF GBA</b>        |

(1) Per McCarthy Building Companies.

(2) No allowance for Legal, Accounting, Insurance, and Developer Overhead.

**Civic + Commercial + Residential - Option 1**

---

**Financial Pro Forma Analysis**

For-Sale Residential

DRAFT

TABLE D-1

OPTION 1

PROJECT DESCRIPTION  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

For-Sale Residential

**I. Site Area**

|                   |                   |            |
|-------------------|-------------------|------------|
| Public Component  | 1.09 Acres        | 74%        |
| Private Component | <u>0.39</u> Acres | <u>26%</u> |
| Total             | 1.48 Acres        | 100%       |

**II. Gross Building Area (GBA)**

A. Civic/Commercial

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 58%        |
| Town Hall               | <u>3,200</u> SF | <u>20%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 79%        |
| Add: Commercial         | <u>3,400</u> SF | <u>21%</u> |
| Total Civic/Commercial  | 15,850 SF       | 100%       |

B. Residential

|                   |                 |
|-------------------|-----------------|
| Net Residential   | 8,400 SF        |
| Garages           | <u>1,600</u> SF |
| Total Residential | 10,000 SF       |

**III. Number of Units**

4 Single-Family Units

**IV. Average Unit Size**

2,100 SF

**V. Parking**

| Type of Parking      | Tuck-Under and Subterranean    |                      |
|----------------------|--------------------------------|----------------------|
| City Hall Parking    | 51 Spaces                      | 4.1 Spaces/1,000 SF  |
| Commercial Parking   | 38 Spaces                      | 11.2 Spaces/1,000 SF |
| Public Parking       | 115 Spaces                     |                      |
| Residential Parking  | <u>Included in Residential</u> |                      |
| Total                | 204 Spaces                     |                      |
| Surface Parking      | 0 Spaces                       |                      |
| Tuck-Under Parking   | 89 Spaces                      |                      |
| Subterranean Parking | <u>115</u> Spaces              |                      |
| Total                | 204 Spaces                     |                      |

TABLE D-2

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 1  
For-Sale Residential

|   | Public Component (1) |                                   | Private Component  |                  |                                |
|---|----------------------|-----------------------------------|--------------------|------------------|--------------------------------|
|   | Totals               | Comments                          | Totals             | Per Unit         | Comments                       |
| <b>I. Direct Costs</b>                          |                      |                                   |                    |                  |                                |
| Off-Site Improvements                           | \$0                  | \$0 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| Demolition                                      | \$145,000            | \$3 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| On-Sites/Landscaping                            | \$570,000            | \$12 Per SF Site - Public         | \$0                | \$0              | \$0 Per SF Site - Private      |
| Parking - Structured                            | \$5,865,000          | \$28,750 Per Space                | \$0                | \$0              | \$0 Per Space                  |
| Civic Plaza                                     | \$495,000            | \$33 Per SF Civic Plaza           | \$0                | \$0              | \$0 Per SF Civic Plaza         |
| Shell Construction - Civic                      | \$3,764,000          | \$302 Per SF Civic                | \$0                | \$0              | \$0 Per SF Civic               |
| Shell Construction - Commercial                 | \$765,000            | \$225 Per SF Comm.                | \$0                | \$0              | \$0 Per SF Comm.               |
| Shell Construction - Residential (1)            | \$0                  | \$0 Per SF Net Res.               | \$1,850,000        | \$462,500        | \$220 Per SF Net Res.          |
| Common Area Amenities                           | \$0                  | Allowance                         | \$0                | \$0              | Allowance                      |
| <b>Total Direct Costs</b>                       | <b>\$11,604,000</b>  | <b>\$732 Per SF Civic/Comm.</b>   | <b>\$1,850,000</b> | <b>\$462,500</b> | <b>\$220 Per SF Net Res.</b>   |
| <b>II. Indirect Costs</b>                       |                      |                                   |                    |                  |                                |
| Design, Engineering, Permitting, CEQA           | \$1,915,000          | 16.5% of Directs                  | \$305,000          | \$76,300         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | \$1,625,000          | 14.0% of Directs                  | \$259,000          | \$64,800         | 14.0% of Directs               |
| <b>Total Indirect Costs</b>                     | <b>\$3,540,000</b>   | <b>30.5% of Directs</b>           | <b>\$564,000</b>   | <b>\$141,000</b> | <b>30.5% of Directs</b>        |
| <b>III. Subtotal, Direct and Indirect Costs</b> | <b>\$15,144,000</b>  | <b>\$955 Per SF Civic/Comm.</b>   | <b>\$2,414,000</b> | <b>\$603,500</b> | <b>\$287 Per SF Net Res.</b>   |
| Add: Contingency                                | \$1,514,000          | 10.0% of Directs and Indirects    | \$241,000          | \$60,250         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$379,000            | 2.5% of Directs and Indirects     | \$60,000           | \$15,000         | 2.5% of Directs and Indirects  |
| Add: Tenant Improvement Allowance               | \$0                  | Included in Directs               | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Marketing/Leasing Commissions              | \$34,000             | \$10 Per SF Comm.                 | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Other Indirect Costs (2)                   | \$0                  | 0.0% of Directs                   | \$463,000          | \$115,750        | 25.0% of Directs               |
| <b>IV. Financing Costs</b>                      | <b>\$0</b>           | <b>0.0% of Directs</b>            | <b>\$185,000</b>   | <b>\$46,300</b>  | <b>10.0% of Directs</b>        |
| <b>V. Total Development Costs (Rounded)</b>     | <b>\$17,071,000</b>  | <b>\$1,077 Per SF Civic/Comm.</b> | <b>\$3,363,000</b> | <b>\$840,800</b> | <b>\$400 Per SF Net Res.</b>   |

(1) Per McCarthy Building Companies.

(2) Indirects include Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE D-3

SALES PROCEEDS / RESIDUAL LAND VALUE  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 1  
For-Sale  
Residential

|  | <u>Average<br/>Unit Size</u> | <u># of<br/>Units</u>         | <u>Price<br/>Per SF</u> | <u>Price<br/>Per Unit</u> | <u>Gross<br/>Sales</u> |
|--|------------------------------|-------------------------------|-------------------------|---------------------------|------------------------|
| <b>I. Sales Proceeds</b>               |                              |                               |                         |                           |                        |
| Residential Units                      | 2,100 SF                     | 4                             | \$1,200                 | \$2,520,000               | \$10,080,000           |
| <b>II. Net Sales Proceeds</b>          |                              |                               |                         |                           |                        |
| Gross Sales Proceeds                   |                              |                               |                         |                           | \$10,080,000           |
| (Less) Cost of Sale @                  |                              | 6.0% of Gross Sales Proceeds  |                         |                           | (\$605,000)            |
| (Less) Target Developer Profit @       |                              | 17.5% of Gross Sales Proceeds |                         |                           | <u>(\$1,764,000)</u>   |
| <b>Net Sales Proceeds</b>              |                              |                               | <b>\$918 /SF</b>        |                           | <b>\$7,711,000</b>     |
| <hr/>                                  |                              |                               |                         |                           |                        |
| <b>III. Residual Land Value</b>        |                              |                               |                         |                           |                        |
| Net Sales Proceeds                     |                              |                               |                         |                           | \$7,711,000            |
| (Less) Development Costs               |                              |                               |                         |                           | <u>(\$3,363,000)</u>   |
| <b>Residual Land Value</b>             |                              |                               |                         |                           | <b>\$4,348,000</b>     |
| <b>Per Unit</b>                        |                              |                               |                         |                           | <b>\$1,087,000</b>     |
| <b>Per SF Land (Private Component)</b> |                              |                               |                         |                           | <b>\$256</b>           |

**Civic + Commercial + Residential - Option 1**

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**Financial Pro Forma Analysis**

Rental Residential

DRAFT

TABLE D-1

OPTION 1

PROJECT DESCRIPTION  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

Rental Residential

**I. Site Area**

|                   |                   |            |
|-------------------|-------------------|------------|
| Public Component  | 1.09 Acres        | 74%        |
| Private Component | <u>0.39</u> Acres | <u>26%</u> |
| Total             | 1.48 Acres        | 100%       |

**II. Gross Building Area (GBA)**

A. Civic/Commercial

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 58%        |
| Town Hall               | <u>3,200</u> SF | <u>20%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 79%        |
| Add: Commercial         | <u>3,400</u> SF | <u>21%</u> |
| Total Civic/Commercial  | 15,850 SF       | 100%       |

B. Residential

|                   |                 |
|-------------------|-----------------|
| Net Residential   | 8,400 SF        |
| Garages           | <u>1,600</u> SF |
| Total Residential | 10,000 SF       |

**III. Number of Units**

4 Single-Family Units

**IV. Average Unit Size**

2,100 SF

**V. Parking**

| Type of Parking      | Tuck-Under and Subterranean    |                      |
|----------------------|--------------------------------|----------------------|
| City Hall Parking    | 51 Spaces                      | 4.1 Spaces/1,000 SF  |
| Commercial Parking   | 38 Spaces                      | 11.2 Spaces/1,000 SF |
| Public Parking       | 115 Spaces                     |                      |
| Residential Parking  | <u>Included in Residential</u> |                      |
| Total                | 204 Spaces                     |                      |
| Surface Parking      | 0 Spaces                       |                      |
| Tuck-Under Parking   | 89 Spaces                      |                      |
| Subterranean Parking | <u>115</u> Spaces              |                      |
| Total                | 204 Spaces                     |                      |

TABLE D-2

OPTION 1  
Rental Residential

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

|   | Public Component (1) |                                   | Private Component  |                  |                                |
|---|----------------------|-----------------------------------|--------------------|------------------|--------------------------------|
|   | Totals               | Comments                          | Totals             | Per Unit         | Comments                       |
| <b>I. Direct Costs</b>                          |                      |                                   |                    |                  |                                |
| Off-Site Improvements                           | \$0                  | \$0 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| Demolition                                      | \$145,000            | \$3 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| On-Sites/Landscaping                            | \$570,000            | \$12 Per SF Site - Public         | \$0                | \$0              | \$0 Per SF Site - Private      |
| Parking - Structured                            | \$5,865,000          | \$28,750 Per Space                | \$0                | \$0              | \$0 Per Space                  |
| Civic Plaza                                     | \$495,000            | \$33 Per SF Civic Plaza           | \$0                | \$0              | \$0 Per SF Civic Plaza         |
| Shell Construction - Civic                      | \$3,764,000          | \$302 Per SF Civic                | \$0                | \$0              | \$0 Per SF Civic               |
| Shell Construction - Commercial                 | \$765,000            | \$225 Per SF Comm.                | \$0                | \$0              | \$0 Per SF Comm.               |
| Shell Construction - Residential (1)            | \$0                  | \$0 Per SF Net Res.               | \$1,850,000        | \$462,500        | \$220 Per SF Net Res.          |
| Common Area Amenities                           | \$0                  | Allowance                         | \$0                | \$0              | Allowance                      |
| <b>Total Direct Costs</b>                       | <b>\$11,604,000</b>  | <b>\$732 Per SF Civic/Comm.</b>   | <b>\$1,850,000</b> | <b>\$462,500</b> | <b>\$220 Per SF Net Res.</b>   |
| <b>II. Indirect Costs</b>                       |                      |                                   |                    |                  |                                |
| Design, Engineering, Permitting, CEQA           | \$1,915,000          | 16.5% of Directs                  | \$305,000          | \$76,300         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | \$1,625,000          | 14.0% of Directs                  | \$259,000          | \$64,800         | 14.0% of Directs               |
| <b>Total Indirect Costs</b>                     | <b>\$3,540,000</b>   | <b>30.5% of Directs</b>           | <b>\$564,000</b>   | <b>\$141,000</b> | <b>30.5% of Directs</b>        |
| <b>III. Subtotal, Direct and Indirect Costs</b> | <b>\$15,144,000</b>  | <b>\$955 Per SF Civic/Comm.</b>   | <b>\$2,414,000</b> | <b>\$603,500</b> | <b>\$287 Per SF Net Res.</b>   |
| Add: Contingency                                | \$1,514,000          | 10.0% of Directs and Indirects    | \$241,000          | \$60,250         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$379,000            | 2.5% of Directs and Indirects     | \$60,000           | \$15,000         | 2.5% of Directs and Indirects  |
| Add: Tenant Improvement Allowance               | \$0                  | Included in Directs               | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Marketing/Leasing Commissions              | \$34,000             | \$10 Per SF Comm.                 | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Other Indirect Costs (2)                   | \$0                  | 0.0% of Directs                   | \$463,000          | \$115,750        | 25.0% of Directs               |
| <b>IV. Financing Costs</b>                      | <b>\$0</b>           | <b>0.0% of Directs</b>            | <b>\$185,000</b>   | <b>\$46,300</b>  | <b>10.0% of Directs</b>        |
| <b>V. Total Development Costs (Rounded)</b>     | <b>\$17,071,000</b>  | <b>\$1,077 Per SF Civic/Comm.</b> | <b>\$3,363,000</b> | <b>\$840,800</b> | <b>\$400 Per SF Net Res.</b>   |

(1) Per McCarthy Building Companies.

(2) Indirects include Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE D-3

NET SALES PROCEEDS / RESIDUAL LAND VALUE  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 1  
Rental Residential

|  | <u>Unit Size</u> | <u># of Units</u> | <u>\$/SF</u>             | <u>\$/Month</u>    | <u>Annual</u>        |
|--|------------------|-------------------|--------------------------|--------------------|----------------------|
| <b>I. Gross Scheduled Income (GSI)</b>       |                  |                   |                          |                    |                      |
| Residential Units                            | 2,100 SF         | 4                 | \$3.75                   | \$7,880            | \$378,200            |
| Add: Other Income                            |                  |                   | \$30 /Unit/Month         |                    | <u>\$1,400</u>       |
| Total Gross Scheduled Income (GSI)           |                  |                   |                          |                    | \$379,600            |
| (Less) Vacancy                               |                  |                   | 5.0% of GSI              |                    | <u>(\$19,000)</u>    |
| Effective Gross Income (EGI)                 |                  |                   |                          |                    | \$360,600            |
| <b>II. Operating Expense</b>                 |                  |                   |                          |                    |                      |
| (Less) Operating Expenses                    |                  |                   | \$3,500 /Unit/Year       |                    | (\$14,000)           |
| (Less) Property Taxes (1)                    |                  |                   | \$15,700 /Unit/Year      |                    | (\$62,800)           |
| (Less) Replacement Reserves                  |                  |                   | <u>\$250 /Unit/Year</u>  |                    | <u>(\$1,000)</u>     |
| Total Expenses                               |                  |                   | \$19,450 /Unit/Year      |                    | (\$77,800)           |
|  |                  |                   | 21.6% of EGI             |                    |                      |
| <b>III. Net Operating Income (NOI)</b>       |                  |                   |                          |                    | <b>\$282,800</b>     |
| <hr/>  |                  |                   |                          |                    |                      |
| <b>IV. Capitalized Value Upon Completion</b> |                  |                   |                          |                    |                      |
| Net Operating Income                         |                  |                   |                          |                    | \$283,000            |
| Cap Rate @                                   |                  |                   |                          |                    | 4.5%                 |
| Capitalized Value Upon Completion            |                  |                   | \$1,572,250 /Unit        |                    | \$6,289,000          |
| (Less) Cost of Sale                          |                  |                   | 3.0% of Value            |                    | (\$189,000)          |
| (Less) Target Developer Profit               |                  |                   | 12.0% of Value           |                    | <u>(\$755,000)</u>   |
| <b>V. Net Sales Proceeds</b>                 |                  |                   | <b>\$1,336,300 /Unit</b> | <b>\$5,345,000</b> |                      |
| <b>VI. (Less) Development Costs</b>          |                  |                   |                          |                    | <u>(\$3,363,000)</u> |
| <b>VII. Residual Land Value</b>              |                  |                   |                          |                    | <b>\$1,982,000</b>   |
| Per Unit                                     |                  |                   |                          |                    | <b>\$495,500</b>     |
| Per SF Land (Private Component)              |                  |                   |                          |                    | <b>\$117</b>         |

(1) Based on capitalized income approach; assumes a 1.0% tax rate and 4.5% cap rate.

**Civic + Commercial + Residential - Option 2**

---

**Financial Pro Forma Analysis**

For-Sale Residential

DRAFT

TABLE E-1

OPTION 2

PROJECT DESCRIPTION  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

For-Sale Residential

**I. Site Area**

|                   |                   |      |
|-------------------|-------------------|------|
| Public Component  | 1.09 Acres        | 74%  |
| Private Component | <u>0.39</u> Acres | 26%  |
| Total             | 1.48 Acres        | 100% |

**II. Gross Building Area (GBA)**

**A. Civic/Commercial**

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 58%        |
| Town Hall               | <u>3,200</u> SF | <u>20%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 79%        |
| Add: Commercial         | <u>3,400</u> SF | <u>21%</u> |
| Total Civic/Commercial  | 15,850 SF       | 100%       |

**B. Residential**

|                   |                 |
|-------------------|-----------------|
| Net Residential   | 6,600 SF        |
| Garages           | <u>2,400</u> SF |
| Total Residential | 9,000 SF        |

**III. Number of Units**

6 Detached Townhomes

**IV. Average Unit Size**

1,100 SF

**V. Parking**

|                      |                                |                      |
|----------------------|--------------------------------|----------------------|
| Type of Parking      | Tuck-Under and Subterranean    |                      |
| City Hall Parking    | 51 Spaces                      | 4.1 Spaces/1,000 SF  |
| Commercial Parking   | 39 Spaces                      | 11.5 Spaces/1,000 SF |
| Public Parking       | 114 Spaces                     |                      |
| Residential Parking  | <u>Included in Residential</u> |                      |
| Total                | 204 Spaces                     |                      |
| Surface Parking      | 0 Spaces                       |                      |
| Tuck-Under Parking   | 89 Spaces                      |                      |
| Subterranean Parking | <u>115</u> Spaces              |                      |
| Total                | 204 Spaces                     |                      |

TABLE E-2

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 2  
For-Sale Residential

|   | Public Component (1) |                                   | Private Component  |                  |                                |
|---|----------------------|-----------------------------------|--------------------|------------------|--------------------------------|
|   | Totals               | Comments                          | Totals             | Per Unit         | Comments                       |
| <b>I. Direct Costs</b>                          |                      |                                   |                    |                  |                                |
| Off-Site Improvements                           | \$0                  | \$0 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| Demolition                                      | \$145,000            | \$3 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| On-Sites/Landscaping                            | \$570,000            | \$12 Per SF Site - Public         | \$0                | \$0              | \$0 Per SF Site - Private      |
| Parking - Structured                            | \$5,865,000          | \$28,750 Per Space                | \$0                | \$0              | \$0 Per Space                  |
| Civic Plaza                                     | \$495,000            | \$33 Per SF Civic Plaza           | \$0                | \$0              | Per SF Civic Plaza             |
| Shell Construction - Civic                      | \$3,764,000          | \$302 Per SF Civic                | \$0                | \$0              | \$0 Per SF Civic               |
| Shell Construction - Commercial                 | \$765,000            | \$225 Per SF Comm.                | \$0                | \$0              | \$0 Per SF Comm.               |
| Shell Construction - Residential (1)            | \$0                  | \$0 Per SF Net Res.               | \$1,665,000        | \$277,500        | \$252 Per SF Net Res.          |
| Common Area Amenities                           | \$0                  | Allowance                         | \$0                | \$0              | Allowance                      |
| <b>Total Direct Costs</b>                       | <b>\$11,604,000</b>  | <b>\$0 Per SF Civic/Comm.</b>     | <b>\$1,665,000</b> | <b>\$277,500</b> | <b>\$252 Per SF Net Res.</b>   |
| <b>II. Indirect Costs</b>                       |                      |                                   |                    |                  |                                |
| Design, Engineering, Permitting, CEQA           | \$1,915,000          | 16.5% of Directs                  | \$275,000          | \$45,800         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | \$1,625,000          | 14.0% of Directs                  | \$233,000          | \$38,800         | 14.0% of Directs               |
| <b>Total Indirect Costs</b>                     | <b>\$3,540,000</b>   | <b>30.5% of Directs</b>           | <b>\$508,000</b>   | <b>\$84,700</b>  | <b>30.5% of Directs</b>        |
| <b>III. Subtotal, Direct and Indirect Costs</b> | <b>\$15,144,000</b>  | <b>\$955 Per SF Civic/Comm.</b>   | <b>\$2,173,000</b> | <b>\$362,200</b> | <b>\$329 Per SF Net Res.</b>   |
| Add: Contingency                                | \$1,514,000          | 10.0% of Directs and Indirects    | \$217,000          | \$36,167         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$379,000            | 2.5% of Directs and Indirects     | \$54,000           | \$9,000          | 2.5% of Directs and Indirects  |
| Add: Tenant Improvement Allowance               | \$0                  | Included in Directs               | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Marketing/Leasing Commissions              | \$34,000             | \$10 Per SF Comm.                 | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Other Indirect Costs (2)                   | \$0                  | 0.0% of Directs                   | \$416,000          | \$69,333         | 25.0% of Directs               |
| <b>IV. Financing Costs</b>                      | <b>\$0</b>           | <b>0.0% of Directs</b>            | <b>\$167,000</b>   | <b>\$27,800</b>  | <b>10.0% of Directs</b>        |
| <b>V. Total Development Costs (Rounded)</b>     | <b>\$17,071,000</b>  | <b>\$1,077 Per SF Civic/Comm.</b> | <b>\$3,027,000</b> | <b>\$504,500</b> | <b>\$459 Per SF Net Res.</b>   |

(1) Per McCarthy Building Companies.

(2) Indirects include Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE E-3

SALES PROCEEDS / RESIDUAL LAND VALUE  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 2  
For-Sale Residential

|  | <u>Average<br/>Unit Size</u> | <u># of<br/>Units</u>         | <u>Price<br/>Per SF</u> | <u>Price<br/>Per Unit</u> | <u>Gross<br/>Sales</u> |
|--|------------------------------|-------------------------------|-------------------------|---------------------------|------------------------|
| <b>I. Sales Proceeds</b>               |                              |                               |                         |                           |                        |
| Residential Units                      | 1,100 SF                     | 6                             | \$1,300                 | \$1,430,000               | \$8,580,000            |
| <b>II. Net Sales Proceeds</b>          |                              |                               |                         |                           |                        |
| Gross Sales Proceeds                   |                              |                               |                         |                           | \$8,580,000            |
| (Less) Cost of Sale @                  |                              | 6.0% of Gross Sales Proceeds  |                         |                           | (\$515,000)            |
| (Less) Target Developer Profit @       |                              | 15.0% of Gross Sales Proceeds |                         |                           | <u>(\$1,287,000)</u>   |
| <b>Net Sales Proceeds</b>              |                              |                               | <b>\$1,027 /SF</b>      |                           | <b>\$6,778,000</b>     |
| <b>III. Residual Land Value</b>        |                              |                               |                         |                           |                        |
| Net Sales Proceeds                     |                              |                               |                         |                           | \$6,778,000            |
| (Less) Development Costs               |                              |                               |                         |                           | <u>(\$3,027,000)</u>   |
| <b>Residual Land Value</b>             |                              |                               |                         |                           | <b>\$3,751,000</b>     |
| <b>Per Unit</b>                        |                              |                               |                         |                           | <b>\$625,200</b>       |
| <b>Per SF Land (Private Component)</b> |                              |                               |                         |                           | <b>\$221</b>           |

**Civic + Commercial + Residential - Option 2**

---

**Financial Pro Forma Analysis**

Rental Residential

DRAFT

TABLE E-1

OPTION 2

Rental Residential

**PROJECT DESCRIPTION**  
**CITY HALL FEASIBILITY STUDY UPDATE**  
**CITY OF DEL MAR**

**I. Site Area**

|                   |                   |      |
|-------------------|-------------------|------|
| Public Component  | 1.09 Acres        | 74%  |
| Private Component | <u>0.39</u> Acres | 26%  |
| Total             | 1.48 Acres        | 100% |

**II. Gross Building Area (GBA)**

**A. Civic/Commercial**

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 58%        |
| Town Hall               | <u>3,200</u> SF | <u>20%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 79%        |
| Add: Commercial         | <u>3,400</u> SF | <u>21%</u> |
| Total Civic/Commercial  | 15,850 SF       | 100%       |

**B. Residential**

|                   |                 |
|-------------------|-----------------|
| Net Residential   | 6,600 SF        |
| Garages           | <u>2,400</u> SF |
| Total Residential | 9,000 SF        |

**III. Number of Units**

6 Detached Townhomes

**IV. Average Unit Size**

1,100 SF

**V. Parking**

|                      |                                |                      |
|----------------------|--------------------------------|----------------------|
| Type of Parking      | Tuck-Under and Subterranean    |                      |
| City Hall Parking    | 51 Spaces                      | 4.1 Spaces/1,000 SF  |
| Commercial Parking   | 39 Spaces                      | 11.5 Spaces/1,000 SF |
| Public Parking       | 114 Spaces                     |                      |
| Residential Parking  | <u>Included in Residential</u> |                      |
| Total                | 204 Spaces                     |                      |
| Surface Parking      | 0 Spaces                       |                      |
| Tuck-Under Parking   | 89 Spaces                      |                      |
| Subterranean Parking | <u>115</u> Spaces              |                      |
| Total                | 204 Spaces                     |                      |

TABLE E-2

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 2  
Rental Residential

|   | Public Component (1) |                                   | Private Component  |                  |                                |
|---|----------------------|-----------------------------------|--------------------|------------------|--------------------------------|
|   | Totals               | Comments                          | Totals             | Per Unit         | Comments                       |
| <b>I. Direct Costs</b>                          |                      |                                   |                    |                  |                                |
| Off-Site Improvements                           | \$0                  | \$0 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| Demolition                                      | \$145,000            | \$3 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| On-Sites/Landscaping                            | \$570,000            | \$12 Per SF Site - Public         | \$0                | \$0              | \$0 Per SF Site - Private      |
| Parking - Structured                            | \$5,865,000          | \$28,750 Per Space                | \$0                | \$0              | \$0 Per Space                  |
| Civic Plaza                                     | \$495,000            | \$33 Per SF Civic Plaza           | \$0                | \$0              | Per SF Civic Plaza             |
| Shell Construction - Civic                      | \$3,764,000          | \$302 Per SF Civic                | \$0                | \$0              | \$0 Per SF Civic               |
| Shell Construction - Commercial                 | \$765,000            | \$225 Per SF Comm.                | \$0                | \$0              | \$0 Per SF Comm.               |
| Shell Construction - Residential (1)            | \$0                  | \$0 Per SF Net Res.               | \$1,665,000        | \$277,500        | \$252 Per SF Net Res.          |
| Common Area Amenities                           | <u>\$0</u>           | Allowance                         | <u>\$0</u>         | <u>\$0</u>       | Allowance                      |
| Total Direct Costs                              | \$11,604,000         | \$0 Per SF Civic/Comm.            | \$1,665,000        | \$277,500        | \$252 Per SF Net Res.          |
| <b>II. Indirect Costs</b>                       |                      |                                   |                    |                  |                                |
| Design, Engineering, Permitting, CEQA           | \$1,915,000          | 16.5% of Directs                  | \$275,000          | \$45,800         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | <u>\$1,625,000</u>   | 14.0% of Directs                  | <u>\$233,000</u>   | <u>\$38,800</u>  | 14.0% of Directs               |
| Total Indirect Costs                            | \$3,540,000          | 30.5% of Directs                  | \$508,000          | \$84,700         | 30.5% of Directs               |
| <b>III. Subtotal, Direct and Indirect Costs</b> | <b>\$15,144,000</b>  | <b>\$955 Per SF Civic/Comm.</b>   | <b>\$2,173,000</b> | <b>\$362,200</b> | <b>\$329 Per SF Net Res.</b>   |
| Add: Contingency                                | \$1,514,000          | 10.0% of Directs and Indirects    | \$217,000          | \$36,167         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$379,000            | 2.5% of Directs and Indirects     | \$54,000           | \$9,000          | 2.5% of Directs and Indirects  |
| Add: Tenant Improvement Allowance               | \$0                  | Included in Directs               | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Marketing/Leasing Commissions              | \$34,000             | \$10 Per SF Comm.                 | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Other Indirect Costs (2)                   | <u>\$0</u>           | 0.0% of Directs                   | <u>\$416,000</u>   | <u>\$69,333</u>  | 25.0% of Directs               |
| <b>IV. Financing Costs</b>                      | <u>\$0</u>           | 0.0% of Directs                   | <u>\$167,000</u>   | <u>\$27,800</u>  | 10.0% of Directs               |
| <b>V. Total Development Costs (Rounded)</b>     | <b>\$17,071,000</b>  | <b>\$1,077 Per SF Civic/Comm.</b> | <b>\$3,027,000</b> | <b>\$504,500</b> | <b>\$459 Per SF Net Res.</b>   |

(1) Per McCarthy Building Companies.

(2) Indirects include Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE E-3

NET SALES PROCEEDS / RESIDUAL LAND VALUE  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 2  
Rental Residential

|  | <u>Unit Size</u> | <u># of Units</u> | <u>\$/SF</u>            | <u>\$/Month</u>    | <u>Annual</u>               |
|--|------------------|-------------------|-------------------------|--------------------|-----------------------------|
| <b>I. Gross Scheduled Income (GSI)</b>       |                  |                   |                         |                    |                             |
| Residential Units                            | 1,100 SF         | 6                 | \$4.25                  | \$4,680            | \$337,000                   |
| Add: Other Income                            |                  |                   | \$30 /Unit/Month        |                    | <u>\$2,200</u>              |
| Total Gross Scheduled Income (GSI)           |                  |                   |                         |                    | \$339,200                   |
| (Less) Vacancy                               |                  |                   | 5.0% of GSI             |                    | <u>(\$17,000)</u>           |
| Effective Gross Income (EGI)                 |                  |                   |                         |                    | \$322,200                   |
| <b>II. Operating Expense</b>                 |                  |                   |                         |                    |                             |
| (Less) Operating Expenses                    |                  |                   | \$3,500 /Unit/Year      |                    | (\$21,000)                  |
| (Less) Property Taxes (1)                    |                  |                   | \$9,083 /Unit/Year      |                    | (\$54,500)                  |
| (Less) Replacement Reserves                  |                  |                   | <u>\$250 /Unit/Year</u> |                    | <u>(\$1,500)</u>            |
| Total Expenses                               |                  |                   | \$12,833 /Unit/Year     |                    | (\$77,000)                  |
|  |                  |                   | 23.9% of EGI            |                    |                             |
| <b>III. Net Operating Income (NOI)</b>       |                  |                   |                         |                    | <b>\$245,200</b>            |
| -----  |                  |                   |                         |                    |                             |
| <b>IV. Capitalized Value Upon Completion</b> |                  |                   |                         |                    |                             |
| Net Operating Income                         |                  |                   |                         |                    | \$245,000                   |
| Cap Rate @                                   |                  |                   |                         |                    | 4.5%                        |
| Capitalized Value Upon Completion            |                  |                   | \$907,333 /Unit         |                    | \$5,444,000                 |
| (Less) Cost of Sale                          |                  |                   | 3.0% of Value           |                    | (\$163,000)                 |
| (Less) Target Developer Profit               |                  |                   | 12.0% of Value          |                    | <u>(\$653,000)</u>          |
| <b>V. Net Sales Proceeds</b>                 |                  |                   | <b>\$771,300 /Unit</b>  | <b>\$4,628,000</b> |                             |
| <b>VI. (Less) Development Costs</b>          |                  |                   |                         |                    | <b><u>(\$3,027,000)</u></b> |
| <b>VII. Residual Land Value</b>              |                  |                   |                         |                    | <b>\$1,601,000</b>          |
| Per Unit                                     |                  |                   |                         |                    | <b>\$266,800</b>            |
| Per SF Land (Private Component)              |                  |                   |                         |                    | <b>\$94</b>                 |

(1) Based on capitalized income approach; assumes a 1.0% tax rate and 4.5% cap rate.

**Civic + Commercial + Residential - Option 3**

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**Financial Pro Forma Analysis**

For-Sale Residential

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TABLE F-1

OPTION 3

PROJECT DESCRIPTION  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

For-Sale Residential

**I. Site Area**

|                   |                   |            |
|-------------------|-------------------|------------|
| Public Component  | 1.09 Acres        | 74%        |
| Private Component | <u>0.39 Acres</u> | <u>26%</u> |
| Total             | 1.48 Acres        | 100%       |

**II. Gross Building Area (GBA)**

A. Civic/Commercial

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 58%        |
| Town Hall               | <u>3,200 SF</u> | <u>20%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 79%        |
| Add: Commercial         | <u>3,400 SF</u> | <u>21%</u> |
| Total Civic/Commercial  | 15,850 SF       | 100%       |

B. Residential

|                   |                 |
|-------------------|-----------------|
| Net Residential   | 11,000 SF       |
| Garages           | <u>4,000 SF</u> |
| Total Residential | 15,000 SF       |

**III. Number of Units**

10 Detached Townhomes

**IV. Average Unit Size**

1,100 SF

**V. Parking**

| Type of Parking      | Tuck-Under and Subterranean    |                      |
|----------------------|--------------------------------|----------------------|
| City Hall Parking    | 51 Spaces                      | 4.1 Spaces/1,000 SF  |
| Commercial Parking   | 40 Spaces                      | 11.8 Spaces/1,000 SF |
| Public Parking       | 113 Spaces                     |                      |
| Residential Parking  | <u>Included in Residential</u> |                      |
| Total                | 204 Spaces                     |                      |
| Surface Parking      | 0 Spaces                       |                      |
| Tuck-Under Parking   | 89 Spaces                      |                      |
| Subterranean Parking | <u>115 Spaces</u>              |                      |
| Total                | 204 Spaces                     |                      |

TABLE F-2

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 3  
For-Sale Residential

|   | Public Component (1) |                                   | Private Component  |                  |                                |
|---|----------------------|-----------------------------------|--------------------|------------------|--------------------------------|
|   | Totals               | Comments                          | Totals             | Per Unit         | Comments                       |
| <b>I. Direct Costs</b>                          |                      |                                   |                    |                  |                                |
| Off-Site Improvements                           | \$0                  | \$0 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| Demolition                                      | \$145,000            | \$3 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| On-Sites/Landscaping                            | \$450,000            | \$9 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| Parking - Structured                            | \$5,865,000          | \$28,750 Per Space                | \$0                | \$0              | \$0 Per Space                  |
| Civic Plaza                                     | \$495,000            | \$33 Per SF Civic Plaza           | \$0                | \$0              | \$0 Per SF Civic Plaza         |
| Shell Construction - Civic                      | \$3,764,000          | \$302 Per SF Civic                | \$0                | \$0              | \$0 Per SF Civic               |
| Shell Construction - Commercial                 | \$765,000            | \$225 Per SF Comm.                | \$0                | \$0              | \$0 Per SF Comm.               |
| Shell Construction - Residential (1)            | \$0                  | \$0 Per SF Net Res.               | \$2,775,000        | \$277,500        | \$252 Per SF Net Res.          |
| Common Area Amenities                           | <u>\$0</u>           | Allowance                         | <u>\$0</u>         | <u>\$0</u>       | Allowance                      |
| Total Direct Costs                              | \$11,484,000         | \$725 Per SF Civic/Comm.          | \$2,775,000        | \$277,500        | \$252 Per SF Net Res.          |
| <b>II. Indirect Costs</b>                       |                      |                                   |                    |                  |                                |
| Design, Engineering, Permitting, CEQA           | \$1,895,000          | 16.5% of Directs                  | \$458,000          | \$45,800         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | <u>\$1,608,000</u>   | 14.0% of Directs                  | <u>\$389,000</u>   | <u>\$38,900</u>  | 14.0% of Directs               |
| Total Indirect Costs                            | \$3,503,000          | 30.5% of Directs                  | \$847,000          | \$84,700         | 30.5% of Directs               |
| <b>III. Subtotal, Direct and Indirect Costs</b> | <b>\$14,987,000</b>  | <b>\$946 Per SF Civic/Comm.</b>   | <b>\$3,622,000</b> | <b>\$362,200</b> | <b>\$329 Per SF Net Res.</b>   |
| Add: Contingency                                | \$1,499,000          | 10.0% of Directs and Indirects    | \$362,000          | \$36,200         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$375,000            | 2.5% of Directs and Indirects     | \$91,000           | \$9,100          | 2.5% of Directs and Indirects  |
| Add: Tenant Improvement Allowance               | \$0                  | Included in Directs               | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Marketing/Leasing Commissions              | \$34,000             | \$10 Per SF Comm.                 | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Other Indirect Costs (2)                   | \$0                  | 0.0% of Directs                   | <u>\$694,000</u>   | <u>\$69,400</u>  | 25.0% of Directs               |
| <b>IV. Financing Costs</b>                      | <u>\$0</u>           | 0.0% of Directs                   | <u>\$278,000</u>   | <u>\$27,800</u>  | 10.0% of Directs               |
| <b>V. Total Development Costs (Rounded)</b>     | <b>\$16,895,000</b>  | <b>\$1,066 Per SF Civic/Comm.</b> | <b>\$5,047,000</b> | <b>\$504,700</b> | <b>\$459 Per SF Net Res.</b>   |

(1) Per McCarthy Building Companies.

(2) Indirects include Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE F-3

SALES PROCEEDS / RESIDUAL LAND VALUE  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 3  
For-Sale Residential

|  | <u>Average<br/>Unit Size</u> | <u># of<br/>Units</u>         | <u>Price<br/>Per SF</u> | <u>Price<br/>Per Unit</u> | <u>Gross<br/>Sales</u> |
|--|------------------------------|-------------------------------|-------------------------|---------------------------|------------------------|
| <b>I. Sales Proceeds</b>               |                              |                               |                         |                           |                        |
| Residential Units                      | 1,100 SF                     | 10                            | \$1,100                 | \$1,210,000               | \$12,100,000           |
| <b>II. Net Sales Proceeds</b>          |                              |                               |                         |                           |                        |
| Gross Sales Proceeds                   |                              |                               |                         |                           | \$12,100,000           |
| (Less) Cost of Sale @                  |                              | 6.0% of Gross Sales Proceeds  |                         |                           | (\$726,000)            |
| (Less) Target Developer Profit @       |                              | 15.0% of Gross Sales Proceeds |                         |                           | <u>(\$1,815,000)</u>   |
| <b>Net Sales Proceeds</b>              |                              |                               | <b>\$869 /SF</b>        |                           | <b>\$9,559,000</b>     |
| <b>III. Residual Land Value</b>        |                              |                               |                         |                           |                        |
| Net Sales Proceeds                     |                              |                               |                         |                           | \$9,559,000            |
| (Less) Development Costs               |                              |                               |                         |                           | <u>(\$5,047,000)</u>   |
| <b>Residual Land Value</b>             |                              |                               |                         |                           | <b>\$4,512,000</b>     |
| <b>Per Unit</b>                        |                              |                               |                         |                           | <b>\$451,200</b>       |
| <b>Per SF Land (Private Component)</b> |                              |                               |                         |                           | <b>\$265</b>           |

**Civic + Commercial + Residential - Option 3**

---

**Financial Pro Forma Analysis**

Rental Residential

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TABLE F-1

OPTION 3

PROJECT DESCRIPTION  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

Rental Residential

**I. Site Area**

|                   |                   |            |
|-------------------|-------------------|------------|
| Public Component  | 1.09 Acres        | 74%        |
| Private Component | <u>0.39 Acres</u> | <u>26%</u> |
| Total             | 1.48 Acres        | 100%       |

**II. Gross Building Area (GBA)**

A. Civic/Commercial

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 58%        |
| Town Hall               | <u>3,200 SF</u> | <u>20%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 79%        |
| Add: Commercial         | <u>3,400 SF</u> | <u>21%</u> |
| Total Civic/Commercial  | 15,850 SF       | 100%       |

B. Residential

|                   |                 |
|-------------------|-----------------|
| Net Residential   | 11,000 SF       |
| Garages           | <u>4,000 SF</u> |
| Total Residential | 15,000 SF       |

**III. Number of Units**

10 Detached Townhomes

**IV. Average Unit Size**

1,100 SF

**V. Parking**

| Type of Parking      | Tuck-Under and Subterranean    |                      |
|----------------------|--------------------------------|----------------------|
| City Hall Parking    | 51 Spaces                      | 4.1 Spaces/1,000 SF  |
| Commercial Parking   | 40 Spaces                      | 11.8 Spaces/1,000 SF |
| Public Parking       | 113 Spaces                     |                      |
| Residential Parking  | <u>Included in Residential</u> |                      |
| Total                | 204 Spaces                     |                      |
| Surface Parking      | 0 Spaces                       |                      |
| Tuck-Under Parking   | 89 Spaces                      |                      |
| Subterranean Parking | <u>115 Spaces</u>              |                      |
| Total                | 204 Spaces                     |                      |

TABLE F-2

OPTION 3  
Rental Residential

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

|   | Public Component (1) |                                   | Private Component  |                  |                                |
|---|----------------------|-----------------------------------|--------------------|------------------|--------------------------------|
|   | Totals               | Comments                          | Totals             | Per Unit         | Comments                       |
| <b>I. Direct Costs</b>                          |                      |                                   |                    |                  |                                |
| Off-Site Improvements                           | \$0                  | \$0 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| Demolition                                      | \$145,000            | \$3 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| On-Sites/Landscaping                            | \$450,000            | \$9 Per SF Site - Public          | \$0                | \$0              | \$0 Per SF Site - Private      |
| Parking - Structured                            | \$5,865,000          | \$28,750 Per Space                | \$0                | \$0              | \$0 Per Space                  |
| Civic Plaza                                     | \$495,000            | \$33 Per SF Civic Plaza           | \$0                | \$0              | \$0 Per SF Civic Plaza         |
| Shell Construction - Civic                      | \$3,764,000          | \$302 Per SF Civic                | \$0                | \$0              | \$0 Per SF Civic               |
| Shell Construction - Commercial                 | \$765,000            | \$225 Per SF Comm.                | \$0                | \$0              | \$0 Per SF Comm.               |
| Shell Construction - Residential (1)            | \$0                  | \$0 Per SF Net Res.               | \$2,775,000        | \$277,500        | \$252 Per SF Net Res.          |
| Common Area Amenities                           | <u>\$0</u>           | Allowance                         | <u>\$0</u>         | <u>\$0</u>       | Allowance                      |
| Total Direct Costs                              | \$11,484,000         | \$725 Per SF Civic/Comm.          | \$2,775,000        | \$277,500        | \$252 Per SF Net Res.          |
| <b>II. Indirect Costs</b>                       |                      |                                   |                    |                  |                                |
| Design, Engineering, Permitting, CEQA           | \$1,895,000          | 16.5% of Directs                  | \$458,000          | \$45,800         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | <u>\$1,608,000</u>   | 14.0% of Directs                  | <u>\$389,000</u>   | <u>\$38,900</u>  | 14.0% of Directs               |
| Total Indirect Costs                            | \$3,503,000          | 30.5% of Directs                  | \$847,000          | \$84,700         | 30.5% of Directs               |
| <b>III. Subtotal, Direct and Indirect Costs</b> | <b>\$14,987,000</b>  | <b>\$946 Per SF Civic/Comm.</b>   | <b>\$3,622,000</b> | <b>\$362,200</b> | <b>\$329 Per SF Net Res.</b>   |
| Add: Contingency                                | \$1,499,000          | 10.0% of Directs and Indirects    | \$362,000          | \$36,200         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$375,000            | 2.5% of Directs and Indirects     | \$91,000           | \$9,100          | 2.5% of Directs and Indirects  |
| Add: Tenant Improvement Allowance               | \$0                  | Included in Directs               | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Marketing/Leasing Commissions              | \$34,000             | \$10 Per SF Comm.                 | \$0                | \$0              | \$0 Per SF Comm.               |
| Add: Other Indirect Costs (2)                   | \$0                  | 0.0% of Directs                   | <u>\$694,000</u>   | <u>\$69,400</u>  | 25.0% of Directs               |
| <b>IV. Financing Costs</b>                      | <u>\$0</u>           | 0.0% of Directs                   | <u>\$278,000</u>   | <u>\$27,800</u>  | 10.0% of Directs               |
| <b>V. Total Development Costs (Rounded)</b>     | <b>\$16,895,000</b>  | <b>\$1,066 Per SF Civic/Comm.</b> | <b>\$5,047,000</b> | <b>\$504,700</b> | <b>\$459 Per SF Net Res.</b>   |

(1) Per McCarthy Building Companies.

(2) Indirects include Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE F-3

NET SALES PROCEEDS / RESIDUAL LAND VALUE  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 3  
Rental Residential

|  | <u>Unit Size</u> | <u># of Units</u> | <u>\$/SF</u>            | <u>\$/Month</u>    | <u>Annual</u>               |
|--|------------------|-------------------|-------------------------|--------------------|-----------------------------|
| <b>I. Gross Scheduled Income (GSI)</b>       |                  |                   |                         |                    |                             |
| Residential Units                            | 1,100 SF         | 10                | \$3.75                  | \$4,130            | \$495,600                   |
| Add: Other Income                            |                  |                   | \$30 /Unit/Month        |                    | <u>\$3,600</u>              |
| Total Gross Scheduled Income (GSI)           |                  |                   |                         |                    | \$499,200                   |
| (Less) Vacancy                               |                  |                   | 5.0% of GSI             |                    | <u>(\$25,000)</u>           |
| Effective Gross Income (EGI)                 |                  |                   |                         |                    | \$474,200                   |
| <b>II. Operating Expense</b>                 |                  |                   |                         |                    |                             |
| (Less) Operating Expenses                    |                  |                   | \$3,500 /Unit/Year      |                    | (\$35,000)                  |
| (Less) Property Taxes (1)                    |                  |                   | \$7,940 /Unit/Year      |                    | (\$79,400)                  |
| (Less) Replacement Reserves                  |                  |                   | <u>\$250</u> /Unit/Year |                    | <u>(\$2,500)</u>            |
| Total Expenses                               |                  |                   | \$11,690 /Unit/Year     |                    | (\$116,900)                 |
|  |                  |                   | 24.7% of EGI            |                    |                             |
| <b>III. Net Operating Income (NOI)</b>       |                  |                   |                         |                    | <b>\$357,300</b>            |
| -----  |                  |                   |                         |                    |                             |
| <b>IV. Capitalized Value Upon Completion</b> |                  |                   |                         |                    |                             |
| Net Operating Income                         |                  |                   |                         |                    | \$357,000                   |
| Cap Rate @                                   |                  |                   |                         |                    | 4.5%                        |
| Capitalized Value Upon Completion            |                  |                   | \$793,300 /Unit         |                    | \$7,933,000                 |
| (Less) Cost of Sale                          |                  |                   | 3.0% of Value           |                    | (\$238,000)                 |
| (Less) Target Developer Profit               |                  |                   | 12.0% of Value          |                    | <u>(\$952,000)</u>          |
| <b>V. Net Sales Proceeds</b>                 |                  |                   | <b>\$674,300 /Unit</b>  | <b>\$6,743,000</b> |                             |
| <b>VI. (Less) Development Costs</b>          |                  |                   |                         |                    | <b><u>(\$5,047,000)</u></b> |
| <b>VII. Residual Land Value</b>              |                  |                   |                         |                    | <b>\$1,696,000</b>          |
| Per Unit                                     |                  |                   |                         |                    | <b>\$169,600</b>            |
| Per SF Land (Private Component)              |                  |                   |                         |                    | <b>\$100</b>                |

(1) Based on capitalized income approach; assumes a 1.0% tax rate and 4.5% cap rate.

**Civic + Residential - Option 4**

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**Financial Pro Forma Analysis**

For-Sale Residential

DRAFT

TABLE G-1

**PROJECT DESCRIPTION**  
**CITY HALL FEASIBILITY STUDY UPDATE**  
**CITY OF DEL MAR**

**I. Site Area**

|                   |                   |            |
|-------------------|-------------------|------------|
| Public Component  | 1.09 Acres        | 74%        |
| Private Component | <u>0.39</u> Acres | <u>26%</u> |
| Total             | 1.48 Acres        | 100%       |

**II. Gross Building Area (GBA)**

**A. Civic/Commercial**

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 74%        |
| Town Hall               | <u>3,200</u> SF | <u>26%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 100%       |
| Add: Commercial         | <u>0</u> SF     | <u>0%</u>  |
| Total Civic/Commercial  | 12,450 SF       | 100%       |

**B. Residential**

|                   |             |
|-------------------|-------------|
| Net Residential   | 16,000 SF   |
| Garages           | <u>0</u> SF |
| Total Residential | 16,000 SF   |

**III. Number of Units**

10 Attached Townhomes

**IV. Average Unit Size**

1,600 SF

**V. Parking**

| Type of Parking      | Tuck-Under and Subterranean |                     |
|----------------------|-----------------------------|---------------------|
| City Hall Parking    | 51 Spaces                   | 4.1 Spaces/1,000 SF |
| Public Parking       | 128 Spaces                  |                     |
| Residential Parking  | <u>25</u> Spaces            | 2.5 Spaces/Unit     |
| Total                | 204 Spaces                  |                     |
| Surface Parking      | 0 Spaces                    |                     |
| Tuck-Under Parking   | 89 Spaces                   |                     |
| Subterranean Parking | <u>115</u> Spaces           |                     |
| Total                | 204 Spaces                  |                     |

TABLE G-2

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

|   | Public Component (1)(2) |                                | Private Component  |                  |                                |
|---|-------------------------|--------------------------------|--------------------|------------------|--------------------------------|
|   | Totals                  | Comments                       | Totals             | Per Unit         | Comments                       |
| <b>I. Direct Costs</b>                          |                         |                                |                    |                  |                                |
| Off-Site Improvements                           | \$0                     | \$0 Per SF Site - Public       | \$0                | \$0              | \$0 Per SF Site - Private      |
| Demolition                                      | \$145,000               | \$3 Per SF Site - Public       | \$0                | \$0              | Per SF Site - Private          |
| On-Sites/Landscaping                            | \$426,000               | \$9 Per SF Site - Public       | \$0                | \$0              | \$0 Per SF Site - Private      |
| Parking - Structured                            | \$5,865,000             | \$28,750 Per Space             | \$0                | \$0              | \$0 Per Space                  |
| Civic Plaza                                     | \$495,000               | \$33 Per SF Civic Plaza        | \$0                | \$0              | \$0 Per SF Civic Plaza         |
| Shell Construction - Civic                      | \$3,764,000             | \$302 Per SF Civic             | \$0                | \$0              | \$0 Per SF Civic               |
| Shell Construction - Residential (1)            | \$0                     | \$0 Per SF Res.                | \$2,960,000        | \$296,000        | \$185 Per SF Res.              |
| Common Area Amenities                           | \$0                     | Allowance                      | \$0                | \$0              | Allowance                      |
| <b>Total Direct Costs</b>                       | <b>\$10,695,000</b>     | <b>\$859 Per SF Civic</b>      | <b>\$2,960,000</b> | <b>\$296,000</b> | <b>\$185 Per SF Net Res.</b>   |
| <b>II. Indirect Costs</b>                       |                         |                                |                    |                  |                                |
| Design, Engineering, Permitting, CEQA           | \$1,765,000             | 16.5% of Directs               | \$488,000          | \$48,800         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | \$1,497,000             | 14.0% of Directs               | \$414,000          | \$41,400         | 14.0% of Directs               |
| <b>Total Indirect Costs</b>                     | <b>\$3,262,000</b>      | <b>30.5% of Directs</b>        | <b>\$902,000</b>   | <b>\$90,200</b>  | <b>30.5% of Directs</b>        |
| <b>III. Subtotal, Direct and Indirect Costs</b> | <b>\$13,957,000</b>     | <b>\$1,121 Per SF Civic</b>    | <b>\$3,862,000</b> | <b>\$386,200</b> | <b>\$241 Per SF Net Res.</b>   |
| Add: Contingency                                | \$1,396,000             | 10.0% of Directs and Indirects | \$386,000          | \$38,600         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$349,000               | 2.5% of Directs and Indirects  | \$97,000           | \$9,700          | 2.5% of Directs and Indirects  |
| Add: Other Indirect Costs (3)                   | \$0                     | 0.0% of Directs                | \$740,000          | \$74,000         | 25.0% of Directs               |
| <b>IV. Financing Costs</b>                      | <b>\$0</b>              | <b>0.0% of Directs</b>         | <b>\$296,000</b>   | <b>\$29,600</b>  | <b>10.0% of Directs</b>        |
| <b>V. Total Development Costs (Rounded)</b>     | <b>\$15,702,000</b>     | <b>\$1,261 Per SF Civic</b>    | <b>\$5,381,000</b> | <b>\$538,100</b> | <b>\$336 Per SF Net Res.</b>   |

(1) Per McCarthy Building Companies.

(2) Includes parking for private component.

(3) Indirects include Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE G-3

SALES PROCEEDS / RESIDUAL LAND VALUE  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 4  
For-Sale Residential

|  | <u>Average<br/>Unit Size</u> | <u># of<br/>Units</u>         | <u>Price<br/>Per SF</u> | <u>Price<br/>Per Unit</u> | <u>Gross<br/>Sales</u> |
|--|------------------------------|-------------------------------|-------------------------|---------------------------|------------------------|
| <b>I. Sales Proceeds</b>               |                              |                               |                         |                           |                        |
| Residential Units                      | 1,600 SF                     | 10                            | \$700                   | \$1,120,000               | \$11,200,000           |
| <b>II. Net Sales Proceeds</b>          |                              |                               |                         |                           |                        |
| Gross Sales Proceeds                   |                              |                               |                         |                           | \$11,200,000           |
| (Less) Cost of Sale @                  |                              | 6.0% of Gross Sales Proceeds  |                         |                           | (\$672,000)            |
| (Less) Target Developer Profit @       |                              | 12.5% of Gross Sales Proceeds |                         |                           | <u>(\$1,400,000)</u>   |
| <b>Net Sales Proceeds</b>              |                              |                               | <b>\$571 /SF</b>        |                           | <b>\$9,128,000</b>     |
| <b>III. Residual Land Value</b>        |                              |                               |                         |                           |                        |
| Net Sales Proceeds                     |                              |                               |                         |                           | \$9,128,000            |
| (Less) Development Costs               |                              |                               |                         |                           | <u>(\$5,381,000)</u>   |
| <b>Residual Land Value</b>             |                              |                               |                         |                           | <b>\$3,747,000</b>     |
| <b>Per Unit</b>                        |                              |                               |                         |                           | <b>\$374,700</b>       |
| <b>Per SF Land (Private Component)</b> |                              |                               |                         |                           | <b>\$220</b>           |

**Civic + Residential - Option 4**

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**Financial Pro Forma Analysis**

Rental Residential

DRAFT

TABLE G-1

**PROJECT DESCRIPTION**  
**CITY HALL FEASIBILITY STUDY UPDATE**  
**CITY OF DEL MAR**

**I. Site Area**

|                   |                   |            |
|-------------------|-------------------|------------|
| Public Component  | 1.09 Acres        | 74%        |
| Private Component | <u>0.39</u> Acres | <u>26%</u> |
| Total             | 1.48 Acres        | 100%       |

**II. Gross Building Area (GBA)**

**A. Civic/Commercial**

|                         |                 |            |
|-------------------------|-----------------|------------|
| City Hall               | 9,250 SF        | 74%        |
| Town Hall               | <u>3,200</u> SF | <u>26%</u> |
| Subtotal Civic Uses GBA | 12,450 SF       | 100%       |
| Add: Commercial         | <u>0</u> SF     | <u>0%</u>  |
| Total Civic/Commercial  | 12,450 SF       | 100%       |

**B. Residential**

|                   |             |
|-------------------|-------------|
| Net Residential   | 16,000 SF   |
| Garages           | <u>0</u> SF |
| Total Residential | 16,000 SF   |

**III. Number of Units**

10 Attached Townhomes

**IV. Average Unit Size**

1,600 SF

**V. Parking**

| Type of Parking      | Tuck-Under and Subterranean |                     |
|----------------------|-----------------------------|---------------------|
| City Hall Parking    | 51 Spaces                   | 4.1 Spaces/1,000 SF |
| Public Parking       | 128 Spaces                  |                     |
| Residential Parking  | <u>25</u> Spaces            | 2.5 Spaces/Unit     |
| Total                | 204 Spaces                  |                     |
| Surface Parking      | 0 Spaces                    |                     |
| Tuck-Under Parking   | 89 Spaces                   |                     |
| Subterranean Parking | <u>115</u> Spaces           |                     |
| Total                | 204 Spaces                  |                     |

TABLE G-2

ESTIMATED DEVELOPMENT COSTS  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

|   | Public Component (1)(2) |                                | Private Component  |                  |                                |
|---|-------------------------|--------------------------------|--------------------|------------------|--------------------------------|
|   | Totals                  | Comments                       | Totals             | Per Unit         | Comments                       |
| <b>I. Direct Costs</b>                          |                         |                                |                    |                  |                                |
| Off-Site Improvements                           | \$0                     | \$0 Per SF Site - Public       | \$0                | \$0              | \$0 Per SF Site - Private      |
| Demolition                                      | \$145,000               | \$3 Per SF Site - Public       | \$0                | \$0              | Per SF Site - Private          |
| On-Sites/Landscaping                            | \$426,000               | \$9 Per SF Site - Public       | \$0                | \$0              | \$0 Per SF Site - Private      |
| Parking - Structured                            | \$5,865,000             | \$28,750 Per Space             | \$0                | \$0              | \$0 Per Space                  |
| Civic Plaza                                     | \$495,000               | \$33 Per SF Civic Plaza        | \$0                | \$0              | \$0 Per SF Civic Plaza         |
| Shell Construction - Civic                      | \$3,764,000             | \$302 Per SF Civic             | \$0                | \$0              | \$0 Per SF Civic               |
| Shell Construction - Residential (1)            | \$0                     | \$0 Per SF Res.                | \$2,960,000        | \$296,000        | \$185 Per SF Res.              |
| Common Area Amenities                           | \$0                     | Allowance                      | \$0                | \$0              | Allowance                      |
| <b>Total Direct Costs</b>                       | <b>\$10,695,000</b>     | <b>\$859 Per SF Civic</b>      | <b>\$2,960,000</b> | <b>\$296,000</b> | <b>\$185 Per SF Net Res.</b>   |
| <b>II. Indirect Costs</b>                       |                         |                                |                    |                  |                                |
| Design, Engineering, Permitting, CEQA           | \$1,765,000             | 16.5% of Directs               | \$488,000          | \$48,800         | 16.5% of Directs               |
| FF&E, Communications, Signage, Testing          | \$1,497,000             | 14.0% of Directs               | \$414,000          | \$41,400         | 14.0% of Directs               |
| <b>Total Indirect Costs</b>                     | <b>\$3,262,000</b>      | <b>30.5% of Directs</b>        | <b>\$902,000</b>   | <b>\$90,200</b>  | <b>30.5% of Directs</b>        |
| <b>III. Subtotal, Direct and Indirect Costs</b> | <b>\$13,957,000</b>     | <b>\$1,121 Per SF Civic</b>    | <b>\$3,862,000</b> | <b>\$386,200</b> | <b>\$241 Per SF Net Res.</b>   |
| Add: Contingency                                | \$1,396,000             | 10.0% of Directs and Indirects | \$386,000          | \$38,600         | 10.0% of Directs and Indirects |
| Add: LEED Certification                         | \$349,000               | 2.5% of Directs and Indirects  | \$97,000           | \$9,700          | 2.5% of Directs and Indirects  |
| Add: Other Indirect Costs (3)                   | \$0                     | 0.0% of Directs                | \$740,000          | \$74,000         | 25.0% of Directs               |
| <b>IV. Financing Costs</b>                      | <b>\$0</b>              | <b>0.0% of Directs</b>         | <b>\$296,000</b>   | <b>\$29,600</b>  | <b>10.0% of Directs</b>        |
| <b>V. Total Development Costs (Rounded)</b>     | <b>\$15,702,000</b>     | <b>\$1,261 Per SF Civic</b>    | <b>\$5,381,000</b> | <b>\$538,100</b> | <b>\$336 Per SF Net Res.</b>   |

(1) Per McCarthy Building Companies.

(2) Includes parking for private component.

(3) Indirects include Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE G-3

NET SALES PROCEEDS / RESIDUAL LAND VALUE  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR

OPTION 4  
Rental Residential

|  | <u>Unit Size</u> | <u># of Units</u> | <u>\$/SF</u>            | <u>\$/Month</u>    | <u>Annual</u>               |
|--|------------------|-------------------|-------------------------|--------------------|-----------------------------|
| <b>I. Gross Scheduled Income (GSI)</b>       |                  |                   |                         |                    |                             |
| Residential Units                            | 1,600 SF         | 10                | \$3.00                  | \$4,800            | \$576,000                   |
| Add: Other Income                            |                  |                   | \$30 /Unit/Month        |                    | <u>\$3,600</u>              |
| Total Gross Scheduled Income (GSI)           |                  |                   |                         |                    | \$579,600                   |
| (Less) Vacancy                               |                  |                   | 5.0% of GSI             |                    | <u>(\$29,000)</u>           |
| Effective Gross Income (EGI)                 |                  |                   |                         |                    | \$550,600                   |
| <b>II. Operating Expenses</b>                |                  |                   |                         |                    |                             |
| (Less) Operating Expenses                    |                  |                   | \$3,500 /Unit/Year      |                    | (\$35,000)                  |
| (Less) Property Taxes (1)                    |                  |                   | \$9,330 /Unit/Year      |                    | (\$93,300)                  |
| (Less) Replacement Reserves                  |                  |                   | <u>\$250</u> /Unit/Year |                    | <u>(\$2,500)</u>            |
| Total Expenses                               |                  |                   | \$13,080 /Unit/Year     |                    | (\$130,800)                 |
|  |                  |                   | 23.8% of EGI            |                    |                             |
| <b>III. Net Operating Income (NOI)</b>       |                  |                   |                         |                    | <b>\$419,800</b>            |
| -----  |                  |                   |                         |                    |                             |
| <b>IV. Capitalized Value Upon Completion</b> |                  |                   |                         |                    |                             |
| Net Operating Income                         |                  |                   |                         |                    | \$420,000                   |
| Cap Rate @                                   |                  |                   |                         |                    | 4.5%                        |
| Capitalized Value Upon Completion            |                  |                   | \$933,300 /Unit         |                    | \$9,333,000                 |
| (Less) Cost of Sale                          |                  |                   | 4.5% of Value           |                    | (\$420,000)                 |
| (Less) Target Developer Profit               |                  |                   | 15.0% of Value          |                    | <u>(\$1,400,000)</u>        |
| <b>V. Net Sales Proceeds</b>                 |                  |                   | <b>\$751,300 /Unit</b>  | <b>\$7,513,000</b> |                             |
| <b>VI. (Less) Development Costs</b>          |                  |                   |                         |                    | <b><u>(\$5,381,000)</u></b> |
| <b>VII. Residual Land Value</b>              |                  |                   |                         |                    | <b>\$2,132,000</b>          |
| Per Unit                                     |                  |                   |                         |                    | <b>\$213,200</b>            |
| Per SF Land (Private Component)              |                  |                   |                         |                    | <b>\$125</b>                |

(1) Based on capitalized income approach; assumes a 1.0% tax rate and 4.5% cap rate.

**WORKSHEET 1**

**NET OPERATING INCOME / SUPPORTABLE PERMANENT LOAN - COMMERCIAL  
CITY HALL FEASIBILITY STUDY UPDATE  
CITY OF DEL MAR**

|  | <u>Total Area</u> | <u>Monthly Rent</u>  | <u>Total Annual</u> |
|--|-------------------|----------------------|---------------------|
| <b>I. Gross Scheduled Income (GSI)</b>       |                   |                      |                     |
| Total Commercial GSI                         | 3,400 SF          | \$4.50 /SF/Month/NNN | \$184,000           |
| Add: Parking Income (Effective)              |                   | \$0 /Space/Month     | <u>\$0</u>          |
| Total Gross Scheduled Income                 |                   |                      | \$184,000           |
| <b>II. (Less) Vacancy</b>                    |                   |                      |                     |
|  |                   | 5.0% of GSI          | <u>(\$9,200)</u>    |
| <b>III. Total Effective Gross Income</b>     |                   |                      |                     |
|  |                   |                      | \$174,800           |
| <b>IV. Operating Expenses - Unreimbursed</b> |                   |                      |                     |
|  |                   | 5.0% of EGI          | <u>(\$8,700)</u>    |
| <b>V. Net Operating Income (NOI)</b>         |                   |                      | <b>\$166,000</b>    |
| <b>VI. Supportable Permanent Loan</b>        |                   |                      |                     |
| Net Operating Income (NOI)                   |                   |                      | \$166,000           |
| Interest Rate                                |                   |                      | 5.0%                |
| Term (Years)                                 |                   |                      | 25                  |
| Debt Coverage Ratio                          |                   |                      | 1.15                |
| Annual Debt Service                          |                   |                      | \$144,348           |
| <b>VII. Supportable Permanent Loan</b>       |                   |                      | <b>\$2,058,000</b>  |

## City of Del Mar City Hall/Civic Center

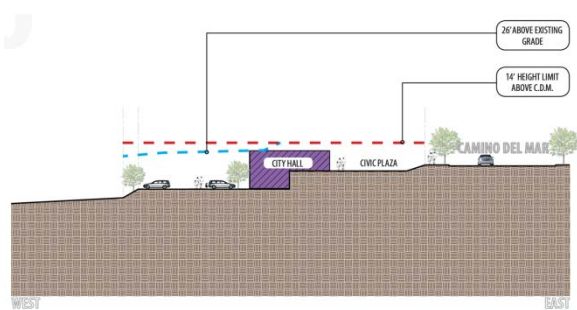
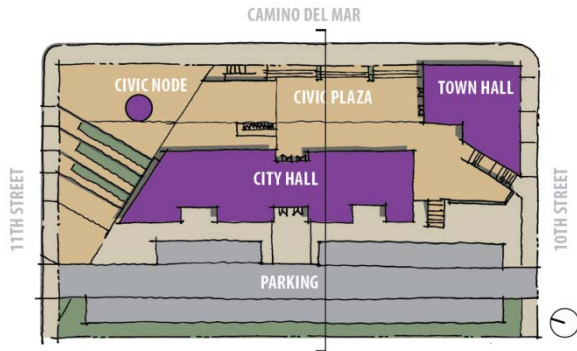
|   |   | A.                 | B                   | C1                  | D.  | E.  | F.  | G.  |
|---|---|--------------------|---------------------|---------------------|---|---|---|---|
|   |   | Civic Option 1     | Civic Option 2      | Civic + Commercial  | Civic + Commercial + Residential Option 1 | Civic + Commercial + Residential Option 2 | Civic + Commercial + Residential Option 3 | Civic + Commercial + Residential Option 4 |
| 1 | Construction Costs:   |                    |                     |                     |   |   |   |   |
|   | a City Hall   | \$2,867,500        | \$2,867,500         | \$2,867,500         | \$2,867,500                               | \$2,867,500                               | \$2,867,500                               | \$2,867,500                               |
|   | b Town Hall   | \$896,000          | \$896,000           | \$896,000           | \$896,000                                 | \$896,000                                 | \$896,000                                 | \$896,000                                 |
|   | c Surface Parking   | \$240,000          | \$240,000           | \$240,000           | \$ -                                      | \$ -                                      | \$ -                                      | \$ -                                      |
|   | d Structured Parking  | \$ -               | \$3,400,000         | \$5,865,000         | \$5,865,000                               | \$5,865,000                               | \$5,865,000                               | \$5,865,000                               |
|   | e Civic Plaza   | \$495,000          | \$495,000           | \$495,000           | \$495,000                                 | \$495,000                                 | \$495,000                                 | \$495,000                                 |
|   | f Other Plaza/Sitework/Drive Lane                                 | \$411,600          | \$411,600           | \$330,000           | \$570,000                                 | \$594,000                                 | \$450,000                                 | \$426,000                                 |
|   | g Commercial  | \$ -               | \$ -                | \$765,000           | \$765,000                                 | \$765,000                                 | \$765,000                                 | \$ -                                      |
|   | h Residential   | \$ -               | \$ -                | \$ -                | \$1,850,000                               | \$1,665,000                               | \$2,775,000                               | \$2,960,000                               |
|   | i Demolition/Site Clearing  | \$145,350          | \$145,350           | \$145,350           | \$145,350                                 | \$145,350                                 | \$145,350                                 | \$145,350                                 |
|   | <b>Total Construction Costs:</b>                                  | <b>\$5,055,450</b> | <b>\$8,455,450</b>  | <b>\$11,603,850</b> | <b>\$13,453,850</b>                       | <b>\$13,292,850</b>                       | <b>\$14,258,850</b>                       | <b>\$13,654,850</b>                       |
| 2 | Design, Engineering, Permitting, CEQA (16.5%)                     | \$834,149          | \$1,395,149         | \$1,914,635         | \$2,219,885                               | \$2,193,320                               | \$2,352,710                               | \$2,253,050                               |
| 3 | Other 'Soft' Costs (FF&E, communications, testing, signage) (14%) | \$707,763          | \$1,183,763         | \$1,624,539         | \$1,883,539                               | \$1,860,999                               | \$1,996,239                               | \$1,911,679                               |
|   | <b>Subtotal w/ Soft Costs</b>                                     | <b>\$6,597,362</b> | <b>\$11,034,362</b> | <b>\$15,143,024</b> | <b>\$17,557,274</b>                       | <b>\$17,347,169</b>                       | <b>\$18,607,799</b>                       | <b>\$17,819,579</b>                       |
| 4 | Owners Contingencies (10%)  | \$659,736          | \$1,103,436         | \$1,514,302         | \$1,755,727                               | \$1,734,717                               | \$1,860,780                               | \$1,781,958                               |
| 5 | LEED certification option (2.5%)                                  | \$164,934          | \$275,859           | \$378,576           | \$438,932                                 | \$433,679                                 | \$465,195                                 | \$445,489                                 |
|   | <b>Total Project Costs</b>  | <b>\$7,422,033</b> | <b>\$12,413,658</b> | <b>\$17,035,902</b> | <b>\$19,751,934</b>                       | <b>\$19,515,565</b>                       | <b>\$20,933,774</b>                       | <b>\$20,047,027</b>                       |

As requested, McCarthy Building Companies, Inc. has provided our spreadsheet for the City of Del Mar City Hall/Civic Center budgets for your review and use, which is based on the 8 options we were provided. We would like to meet with you to discuss this table in more detail, and to answer any questions you may have. Please note that these budgets assume the following:

- The square foot area values are from the draft Program Layout Studies by Carrier Johnson dated 9/10/14 where provided. Other values were estimated by scaling the sketches and should be validated.
- Costs for the podium above the structured parking are distributed between the parking below and the uses above.
- We have assumed finishes to be equivalent to Class "B" office space.
- Total Construction budgets include values for commercial and residential spaces (shell and TI included, FF&E excluded). We can omit and recalculate if needed.
- Please note that these budgets represent an average of the range of expected costs of +/- 5%.

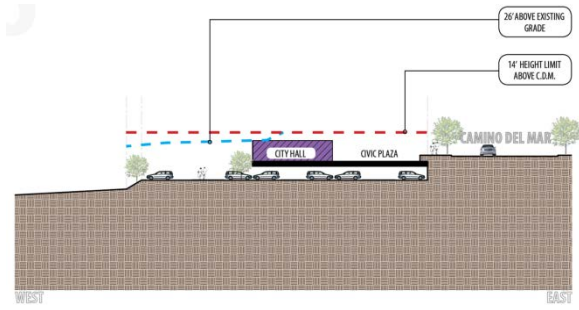
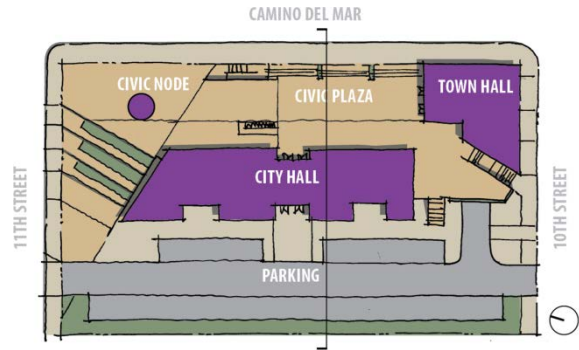
**CIVIC**

**A. Civic + 60 stalls**



**A.** City Hall, Town Hall, Civic Plaza and 60-stall surface parking lot.

**B. Civic + 160 stalls**



**B.** City Hall, Town Hall, Civic Plaza, 60-stall surface parking lot and 100-stall tuck-under parking structure for a total of 160 parking stalls.

| A. Program             |           |
|------------------------|-----------|
| City Hall              | 9,250 SF  |
| Town Hall              | 3,200 SF  |
| Plaza                  | 15,000 SF |
| Total Parking          | 60 stalls |
| Commercial             | 0 SF      |
| Residential Units      | 0         |
| Residential SF         | 0 SF      |
| Parking                |           |
| Required Parking       | 51        |
| Surplus Public Parking | 9         |
| Total Parking          | 60        |
| Provision of Parking   |           |
| Surface Parking        | 60        |
| Structured Parking     | 0         |
| Residential Garages    | 0         |

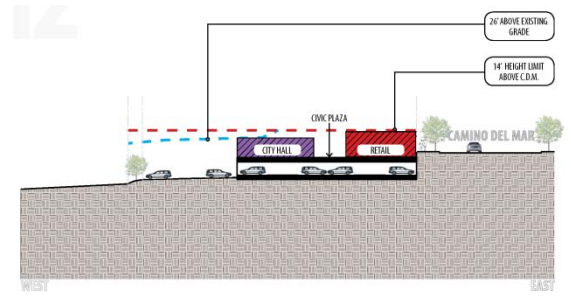
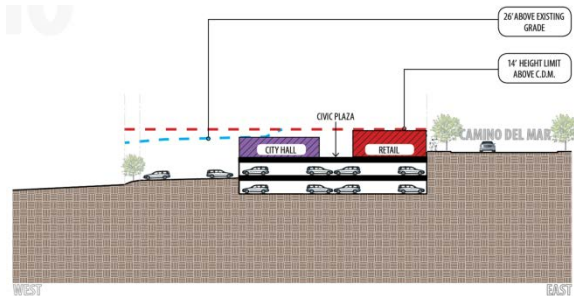
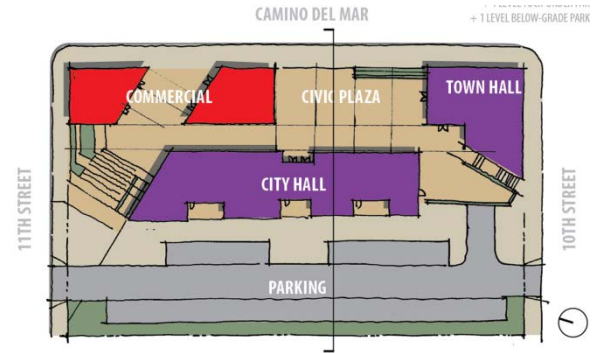
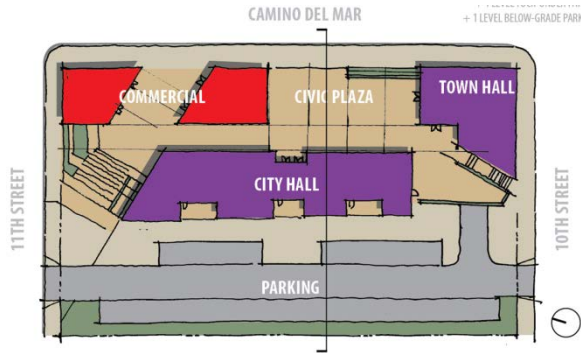
| B. Program             |            |
|------------------------|------------|
| City Hall              | 9,250 SF   |
| Town Hall              | 3,200 SF   |
| Plaza                  | 15,000 SF  |
| Total Parking          | 160 stalls |
| Commercial             | 0 SF       |
| Residential Units      | 0          |
| Residential SF         | 0 SF       |
| Parking                |            |
| Required Parking       | 51         |
| Surplus Public Parking | 109        |
| Total Parking          | 160        |
| Provision of Parking   |            |
| Surface Parking        | 60         |
| Structured Parking     | 100        |
| Residential Garages    | 0          |

Note: Master Plan concepts do not represent a design. They are only a test to determine program and site capacity. A full design process will be undertaken for the preferred direction in the future.

# CIVIC + COMMERCIAL

## C1. Civic + Commercial/ 264 stalls

## C2. Civic + Commercial/ 160 stalls



**C1.** City Hall, Town Hall, Civic Plaza, Commercial, 60-stall surface parking lot and a two-level, 204-stall parking structure for a total of 264 parking stalls.

**C2.** City Hall, Town Hall, Civic Plaza, Commercial, 60-stall surface parking lot and 100-stall tuck-under parking structure for a total of 160 parking stalls.

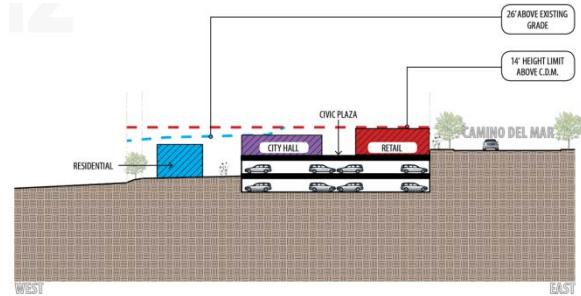
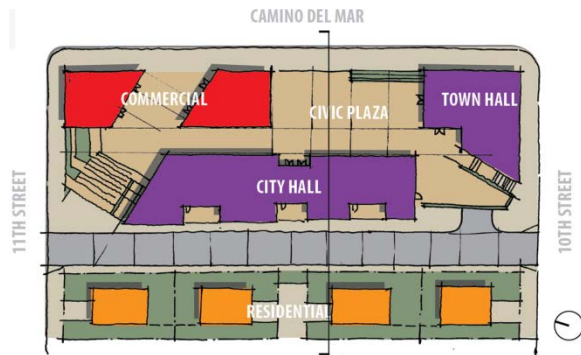
| C1. Program            |            |
|------------------------|------------|
| City Hall              | 9,250 SF   |
| Town Hall              | 3,200 SF   |
| Plaza                  | 15,000 SF  |
| Total Parking          | 264 stalls |
| Commercial             | 3,400 SF   |
| Residential Units      | 0          |
| Residential SF         | 0 SF       |
| Parking                |            |
| Required Parking       | 89         |
| Surplus Public Parking | 175        |
| Total Parking          | 264        |
| Provision of Parking   |            |
| Surface Parking        | 60         |
| Structured Parking     | 204        |
| Residential Garages    | 0          |

| C2. Program            |            |
|------------------------|------------|
| City Hall              | 9,250 SF   |
| Town Hall              | 3,200 SF   |
| Plaza                  | 15,000 SF  |
| Total Parking          | 160 stalls |
| Commercial             | 3,400 SF   |
| Residential Units      | 0          |
| Residential SF         | 0 SF       |
| Parking                |            |
| Required Parking       | 89         |
| Surplus Public Parking | 71         |
| Total Parking          | 160        |
| Provision of Parking   |            |
| Surface Parking        | 60         |
| Structured Parking     | 100        |
| Residential Garages    | 0          |

Note: Master Plan concepts do not represent a design. They are only a test to determine program and site capacity. A full design process will be undertaken for the preferred direction in the future.

# CIVIC + COMMERCIAL + RESIDENTIAL

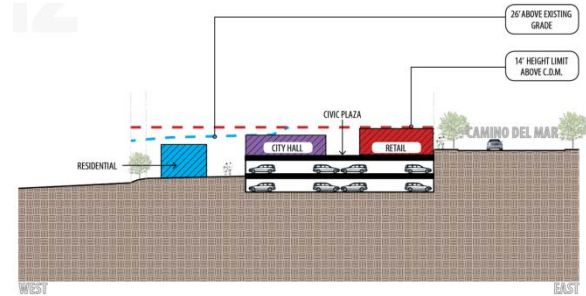
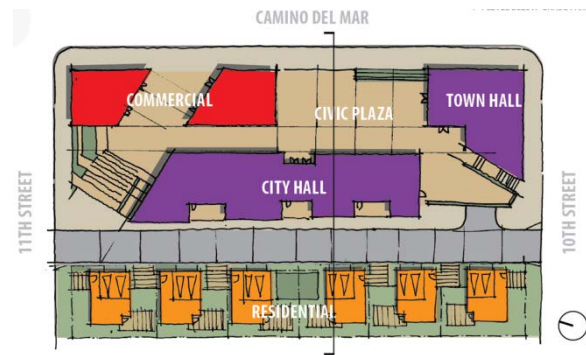
## D. Civic + Commercial + 4 Residential/204 stalls



**D.** City Hall, Town Hall, Civic Plaza, Commercial, 4 single family homes with private garages and a two-level, 204-stall parking structure.

| D. Program             |            |
|------------------------|------------|
| City Hall              | 9,250 SF   |
| Town Hall              | 3,200 SF   |
| Plaza                  | 15,000 SF  |
| Total Parking          | 204 stalls |
| Commercial             | 3,400 SF   |
| Residential Units      | 4          |
| Residential SF         | 10,000 SF  |
| Parking                |            |
| Required Parking       | 89         |
| Surplus Public Parking | 115        |
| Total Parking          | 204        |
| Provision of Parking   |            |
| Surface Parking        | 0          |
| Structured Parking     | 204        |
| +4 Residential Garages | 8 spaces   |

## E. Civic + Commercial + 6 Residential/204 stalls



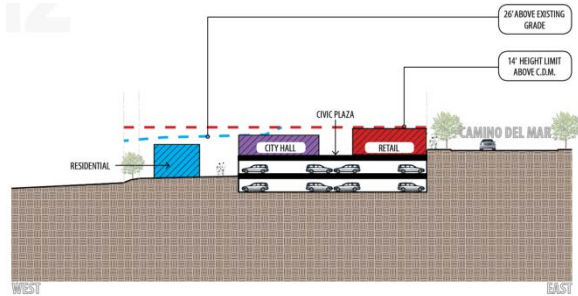
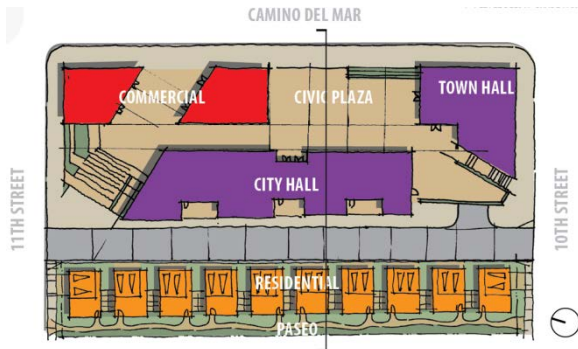
**E.** City Hall, Town Hall, Civic Plaza, Commercial, 6 single family homes with private garages and a two-level, 204-stall parking structure.

| E. Program             |            |
|------------------------|------------|
| City Hall              | 9,250 SF   |
| Town Hall              | 3,200 SF   |
| Plaza                  | 15,000 SF  |
| Total Parking          | 204 stalls |
| Commercial             | 3,400 SF   |
| Residential Units      | 6          |
| Residential SF         | 9,000 SF   |
| Parking                |            |
| Required Parking       | 90         |
| Surplus Public Parking | 114        |
| Total Parking          | 204        |
| Provision of Parking   |            |
| Surface Parking        | 0          |
| Structured Parking     | 204        |
| +6 Residential Garages | 12 spaces  |

Note: Master Plan concepts do not represent a design. They are only a test to determine program and site capacity. A full design process will be undertaken for the preferred direction in the future.

# CIVIC + COMMERCIAL + RESIDENTIAL

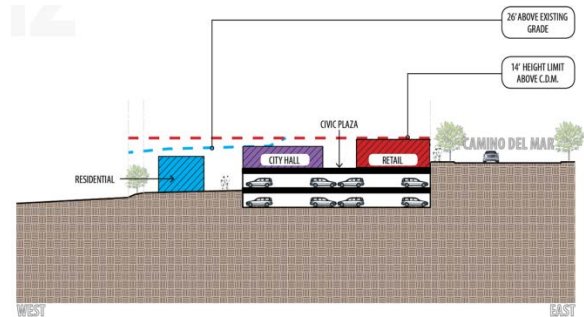
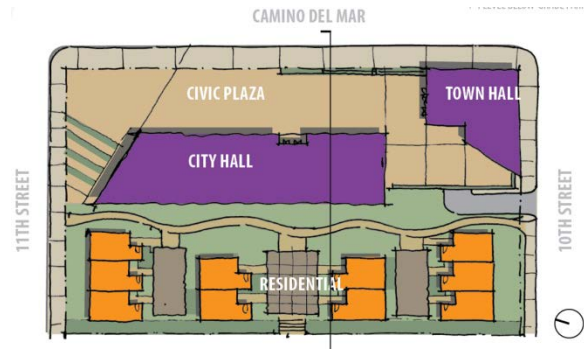
## F. Civic + Commercial + 10 Residential/204 stalls



F. City Hall, Town Hall, Civic Plaza, Commercial, 10 detached townhomes with private garages and a two-level, 204-stall parking structure.

| F. Program              |            |
|-------------------------|------------|
| City Hall               | 9,250 SF   |
| Town Hall               | 3,200 SF   |
| Plaza                   | 15,000 SF  |
| Total Parking           | 204 stalls |
| Commercial              | 3,400 SF   |
| Residential Units       | 10         |
| Residential SF          | 15,000 SF  |
| Parking                 |            |
| Required Parking        | 91         |
| Surplus Public Parking  | 113        |
| Total Parking           | 204        |
| Provision of Parking    |            |
| Surface Parking         | 0          |
| Structured Parking      | 204        |
| +10 Residential Garages | 20 spaces  |

## G. Civic + 10 Residential/204 stalls



G. City Hall, Town Hall, Civic Plaza, 10 attached townhomes and a two-level, 204-stall parking structure.

| G. Program             |            |
|------------------------|------------|
| City Hall              | 9,250 SF   |
| Town Hall              | 3,200 SF   |
| Plaza                  | 15,000 SF  |
| Total Parking          | 204 stalls |
| Commercial             | 0 SF       |
| Residential Units      | 10         |
| Residential SF         | 16,000 SF  |
| Parking                |            |
| Required Parking       | 73         |
| Surplus Public Parking | 131        |
| Total Parking          | 204        |
| Provision of Parking   |            |
| Surface Parking        | 0          |
| Structured Parking     | 204        |
| Residential Garages    | 0          |

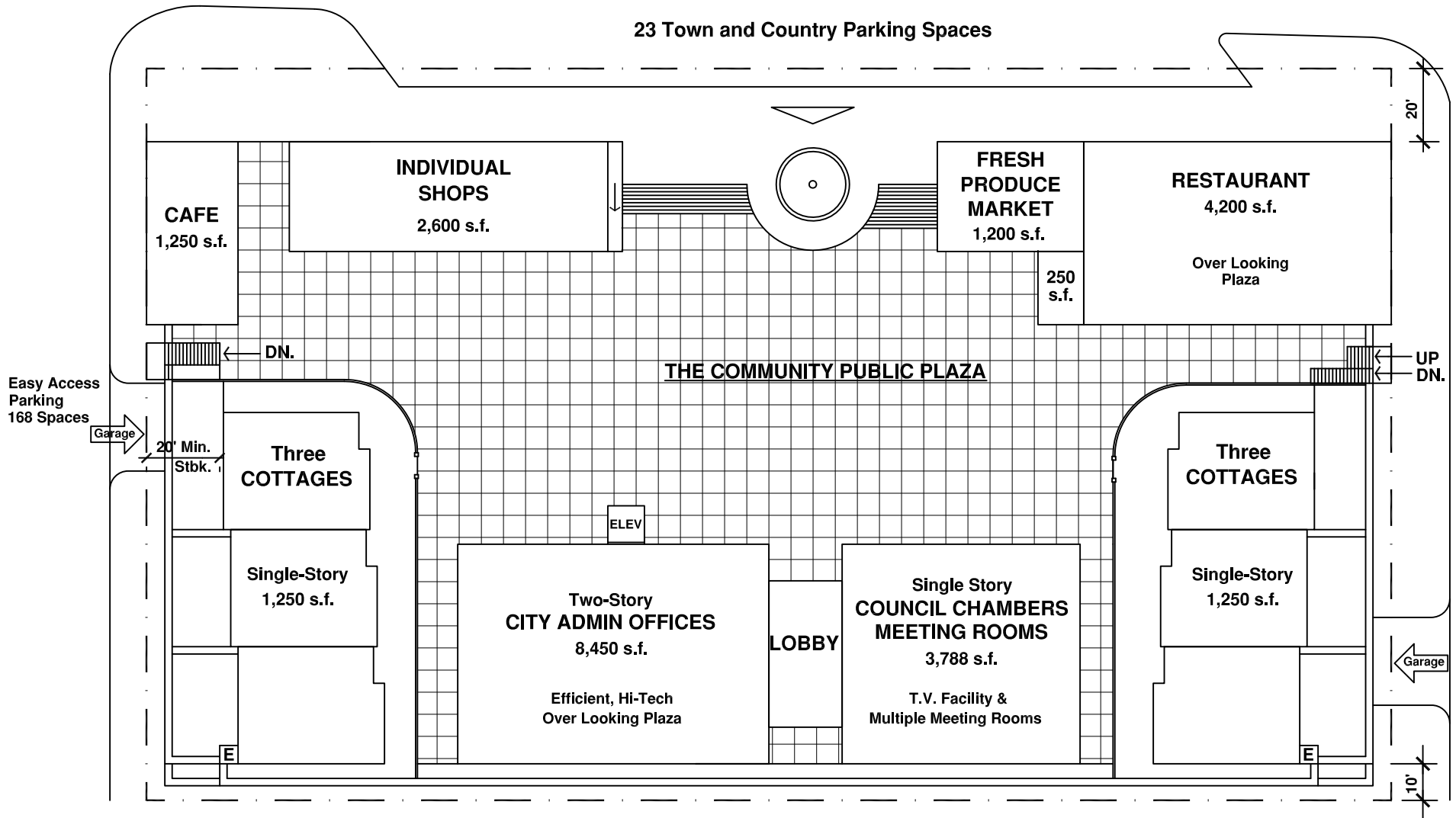
Note: Master Plan concepts do not represent a design. They are only a test to determine program and site capacity. A full design process will be undertaken for the preferred direction in the future.

# DEL MAR COMMUNITY CENTER SITE PLAN

(A Southern Anchor for the Village)

CAMINO DEL MAR

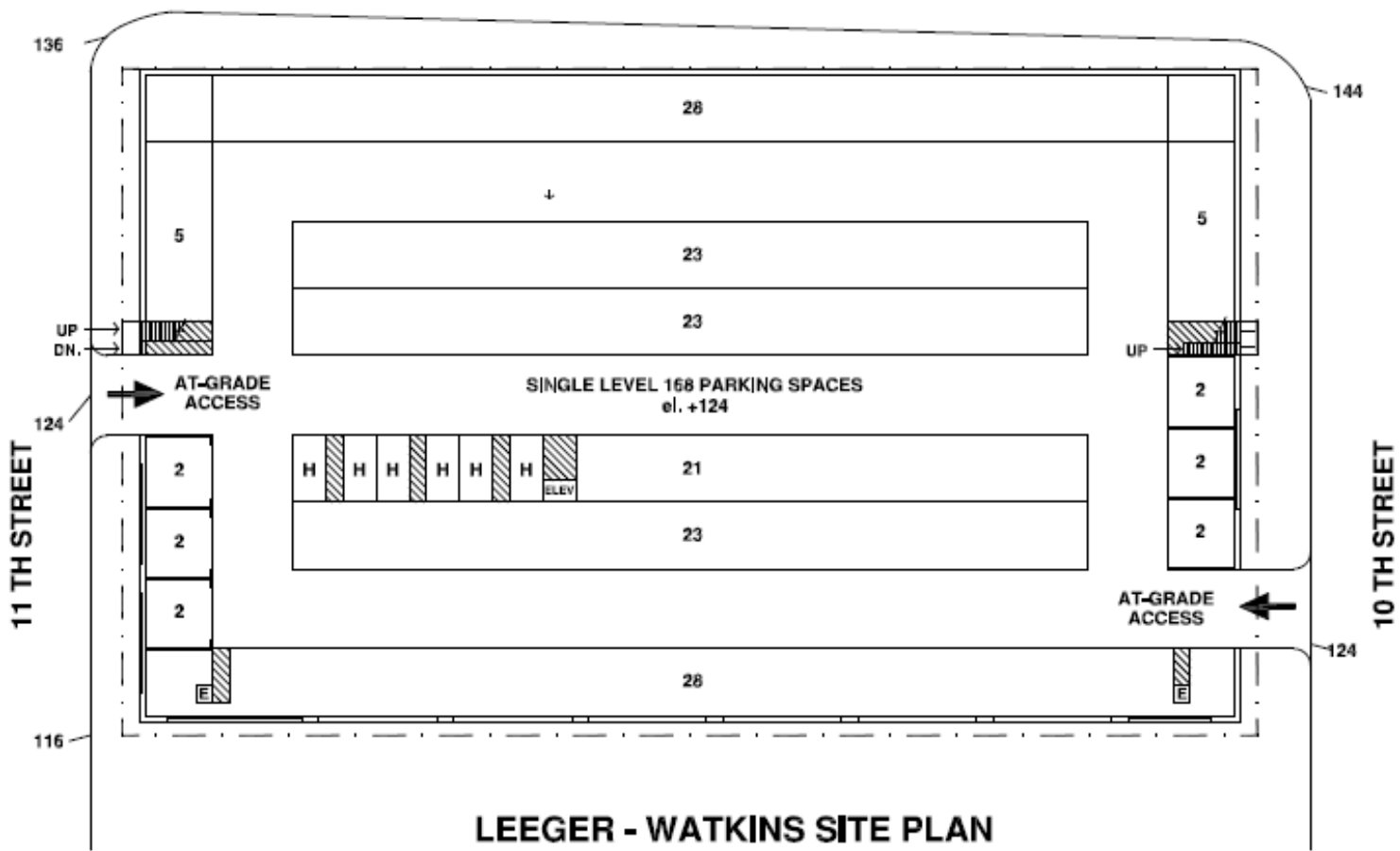
← NORTH SOUTH →



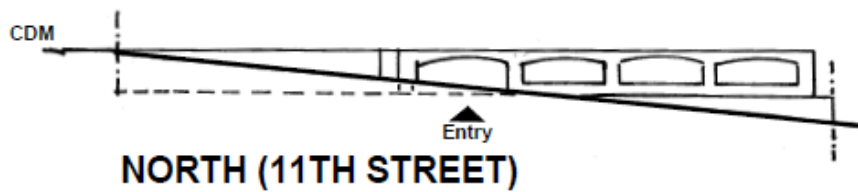
## LEEGER - WATKINS SITE PLAN PLAZA LEVEL

SCALE: 1"=40'-0"

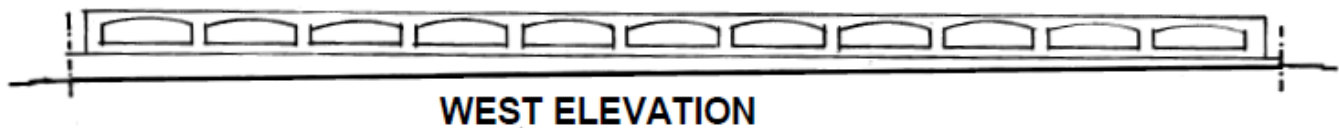
October 20, 2014



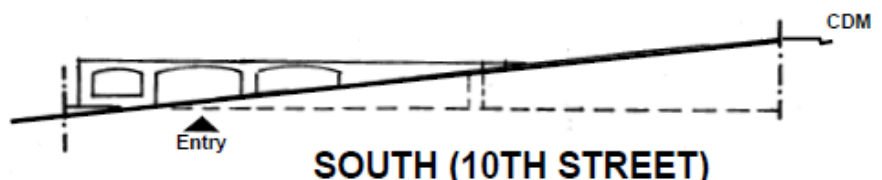
**LEEGER - WATKINS SITE PLAN  
GARAGE LEVEL**



**NORTH (11TH STREET)**



**WEST ELEVATION**



**SOUTH (10TH STREET)**

| Leeger/Watkins<br>Plan |   |  |                         |                         |
|------------------------|---|--|-------------------------|-------------------------|
| Program                | <b>Program:</b>   |  |                         |                         |
|                        | a   | City Hall  | SF                      | 8450                    |
|                        | b   | Town Hall  | SF                      | 3788                    |
|                        | c   | Parking  | stalls                  | 168                     |
|                        | d   | Commercial   | SF                      | 9250                    |
|                        | e   | Residential  | SF                      | 7500                    |
| Project Costs          | <b>Construction Costs:</b>                              |  |                         |                         |
|                        | a   | City Hall  |                         | \$ 2,382,900.00         |
|                        | b   | Town Hall  |                         | \$ 1,136,400.00         |
|                        | c   | Surface Parking  |                         | \$ -                    |
|                        | d   | Structured Parking   |                         | \$ 5,174,400.00         |
|                        | e   | Civic Plaza  |                         | Incl. above             |
|                        | f   | Site Work  |                         | \$ 1,360,000.00         |
|                        | g   | Commercial   |                         | \$ 1,387,500.00         |
|                        | h   | Residential  |                         | \$ 1,387,500.00         |
|                        | i   | Demolition/Site Clearing   |                         | Incl in Site Work       |
|                        |   | <b>Total Construction Costs:</b>   |                         | <b>\$ 12,828,700.00</b> |
|                        | a   | Design, Engineering,<br>Permitting, CEQA (16.5%)<br>Other Soft Costs-FF&E, |                         | \$ 2,116,735.50         |
|                        | b   | communications, testing,<br>signage (14%)                                  |                         | \$ 1,796,018.00         |
|                        |   | <b>Subtotal w/Soft Costs:</b>  |                         | <b>\$ 16,741,453.50</b> |
|                        | a   | Owners Contingency (10%)   |                         | \$ 1,674,145.35         |
| b                      | LEED certification (2.5%)<br>Tenant Improvement         |  | \$ 418,536.34           |                         |
| c                      | Allowance (Commercial @<br>\$50/SF<br>Marketing/Leasing |  | \$ 462,500.00           |                         |
| d                      | Commissions (Commercial<br>@ \$10/SF)                   |  | \$ 92,500.00            |                         |
|                        | <b>Total Development Costs:</b>                         |  | <b>\$ 19,389,135.19</b> |                         |
| Revenue                | <b>Potential Revenue</b>                                |  |                         |                         |
|                        | a   | Commercial   |                         | \$ 5,943,267.00         |
|                        | b   | Residential  |                         | \$ 4,170,035.00         |
|                        | c   | Parking  |                         | \$ -                    |
|                        | <b>Total Potential Revenue:</b>                         |  | <b>\$ 10,113,302.00</b> |                         |
|                        | <b>Net Cost:</b>  |  | <b>\$ 9,275,833.19</b>  |                         |
| Financing              | <b>Potential City Financing</b>                         |  |                         |                         |
|                        |   | Cash Reserves  |                         | \$ -                    |
|                        |   | City Financing   |                         | \$ -                    |

**PROPOSED COMMUNITY CIVIC CENTER**  
**COST SHARING CONSTRUCTION OFF SETS TO CITY'S COST**

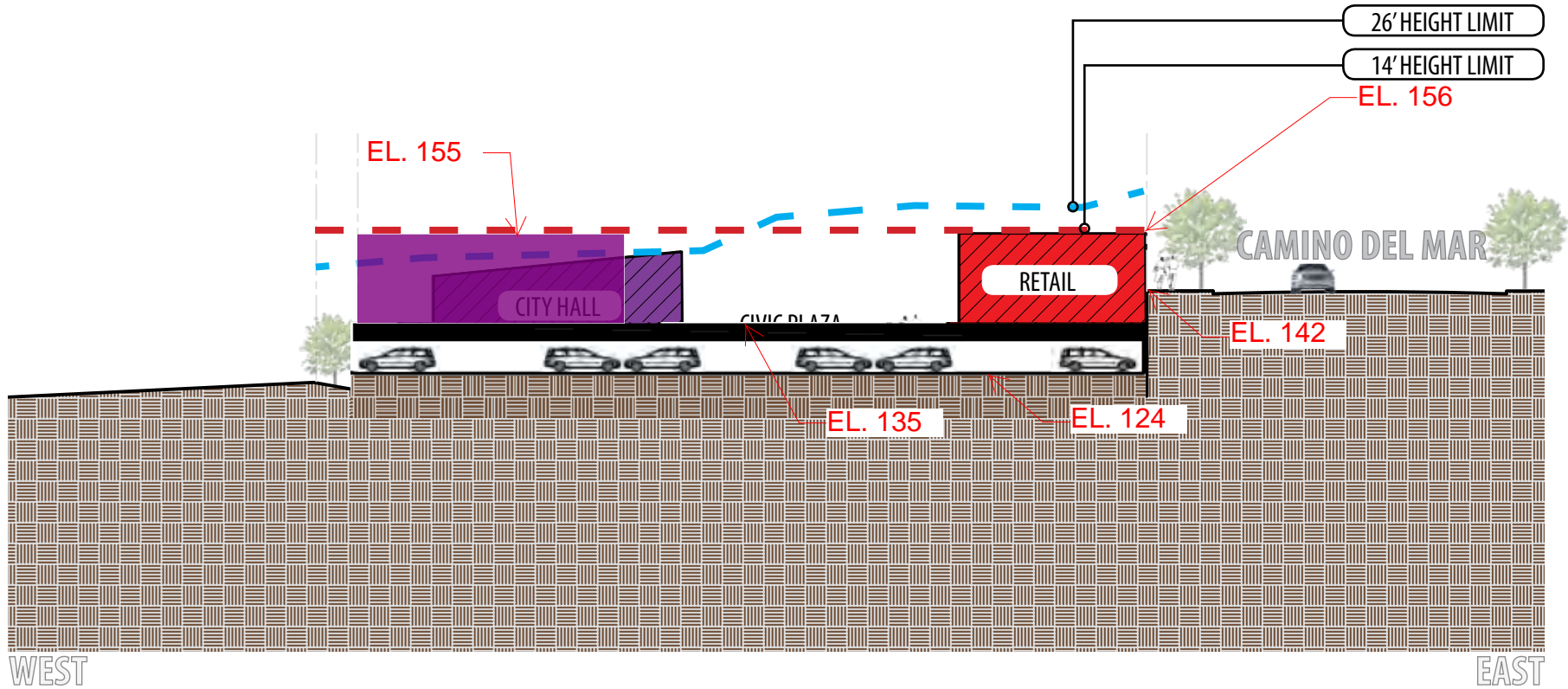
| <b><u>CONSTRUCTION COST</u></b>     | <b><u>RESIDENTIAL</u></b> | <b><u>COMMERCIAL</u></b> |                     |
|-------------------------------------|---------------------------|--------------------------|---------------------|
| Cost Share Site Work /Demo          | \$353,600                 | \$408,000                |                     |
| Cost Share Parking Structure        | 369,600                   | 2,464,000                |                     |
| Construction Cost                   | <u>1,387,500</u>          | <u>1,387,500</u>         |                     |
| TOTAL CONSTRUCTION COST             | 2,110,700                 | 4,259,500                |                     |
| <br>                                |                           |                          |                     |
| Design/Eng/Permit 16.5%             | 348,265                   | 702,817                  |                     |
| Owners Construction Cost 10.0%      | 211,070                   | 425,950                  |                     |
| Tenant Improvements (Commercial)    |                           | 462,500                  |                     |
| Commission Commercial               |                           | 92,500                   |                     |
| Pre Lease Fees                      | \$1,500,000               |                          |                     |
| <br>                                |                           |                          |                     |
| <b>TOTAL OFF SET OF CITY'S COST</b> | <b>\$4,170,035</b>        | <b>\$5,943,267</b>       | <b>\$10,113,302</b> |

The \$5,174,000 parking structure and public plaza is shared by each and are based on their required parking as follows:

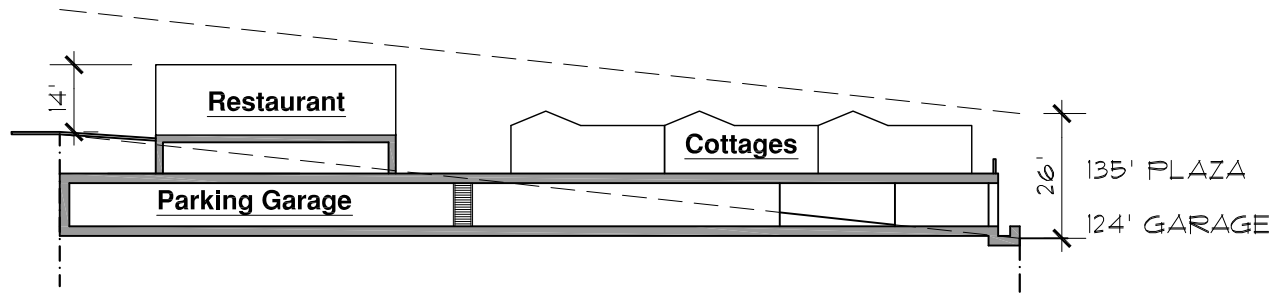
|                                 |            |                     |
|---------------------------------|------------|---------------------|
| City Hall & Town Hall           | 51         | Parking Spaces      |
| Public Parking & Surplus (City) | 25         | Parking Spaces      |
| Residential Parking             | 12         | Parking Spaces      |
| Commercial                      | 80         | Parking Spaces      |
|                                 | <u>168</u> | <u>TOTAL SPACES</u> |

20

WATKINS PLAN - SECTION  
WITH CORRECTIONS  
10/10/14

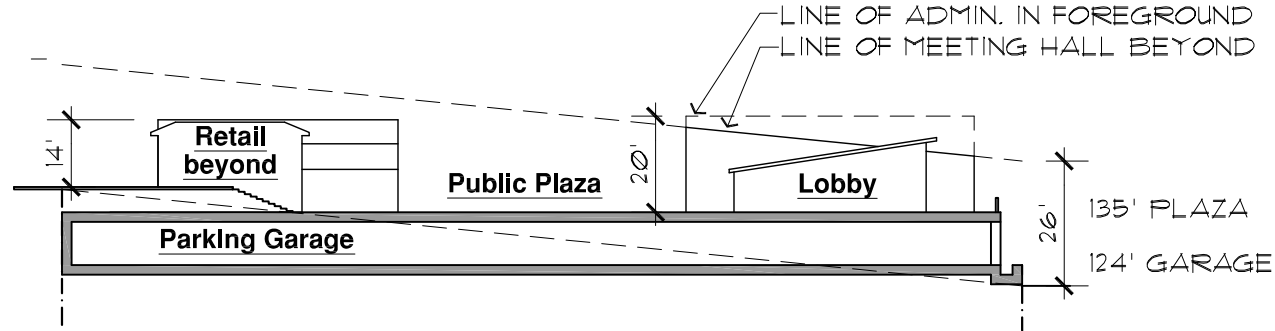


DRAFT



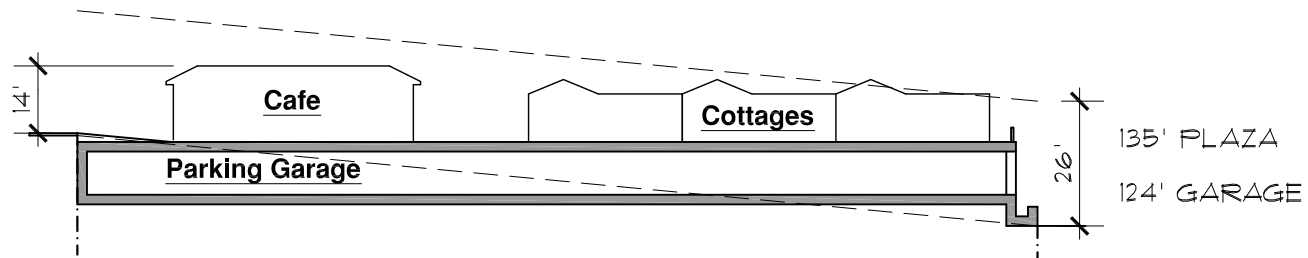
**SECTION - 4**

SCALE: 1"=40'-0"



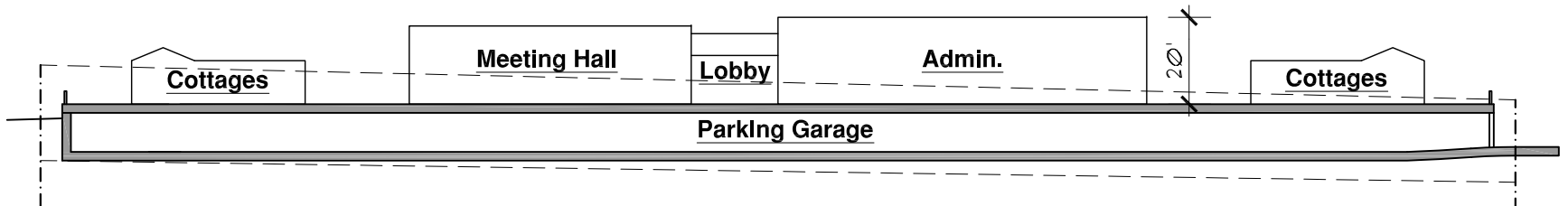
**SECTION - 3**

SCALE: 1"=40'-0"



**SECTION - 2**

SCALE: 1"=40'-0"



**SECTION - 1**

SCALE: 1"=40'-0"