



Projecting Your New Occupancy Budget

This worksheet is designed to help organizations plan for the costs of operating a facility.

As a part of the facility planning process, it is critical to consider all of the costs associated with operating a building. These expenses associated with operations in the new facility, known as occupancy costs, will need to be covered by your organization's annual operating budget. As a rough guide, total occupancy costs should be between 10% and 15% of your annual operating budget. The attached template should assist you with estimating all the components of your occupancy budget. Once you have an estimate of all the potential costs, you should evaluate the feasibility and affordability of the occupancy costs on an annual basis. Certain costs are only associated with ownership of a building and certain costs are specific to renting.

Explanation of Occupancy Budget Line Item Terms (Refer to the attached spreadsheet—we can email this spreadsheet to you upon request.)

Assumptions

On the worksheet, enter the total number of square feet you will be occupying. Also, write in your assumption for each cost estimate you enter.

A: Mortgage/Taxes/Insurance

Mortgage

The amount of loan (principal and interest) payments for money borrowed to purchase or renovate the property.

Rent

If you do not own the property, the amount of your rent. This number may be quoted in annual dollars per square foot. Depending on your lease, taxes, insurance and utilities this may or may not be included as part of your rent. A "triple net lease" arrangement means that you are responsible for paying for all of these costs directly.

Property Taxes

Unless you are in a triple net lease arrangement, your rent should include property taxes. If you will own, you should try to secure property tax exemption on your building; otherwise, use previous tax records to determine your tax liability (see Worksheet #14: "Applying for Property Tax Exemption").

Property Insurance

Unless you are in a triple net lease arrangement, your rent should include insurance. If you will own, you should secure a quote for property insurance from your insurance carrier.

B: Utilities

Gas

If you are in a triple net lease situation, you are responsible for paying your utilities directly. Budget at least \$1.25 per square foot for your gas and electric charges. If purchasing an existing building, try to secure utility cost information from the seller of the property.

Electric

If you are in a triple net lease situation, you are responsible for paying your utilities directly. Budget at least \$1.25 per square foot for your gas and electric charges. If purchasing an existing building, try to secure utility cost information from the seller of the property.

Water

If you are in a triple net lease situation, you are responsible for paying your utilities directly. If purchasing an existing building, try to secure utility cost information from the seller of the property.

C: Maintenance

Fire and Safety

Budget for costs associated with routine maintenance of smoke detectors, fire extinguishers and carbon monoxide detectors.



Fire Alarm Maintenance

Budget for costs associated with your fire alarm maintenance contract.

Exterminating

Budget for costs associated with exterminating, unless this is provided by your landlord.

Elevator Maintenance

If you own your facility or are in a triple net lease, and you have an elevator, secure a quote for a maintenance contract.

HVAC Maintenance

If you own your facility or are in a triple net lease, secure a quote for a maintenance contract.

Snow Removal

If you own your facility or are in a triple net lease, budget for snow removal.

Garbage Disposal

If you own your facility or are in a triple net lease, budget for garbage disposal.

Maintenance Repairs

A guideline set-aside for repairs is about \$.50 per square foot; these may include general improvements for painting or landscaping, or plumbing repairs and work for other unexpected problems that arise.

Capital Improvements

If you own your facility, estimate at least \$.25 per square foot annually for capital improvements such as roof or system repairs.

Replacements Reserve

If you own your building, aim to place 3% of your total occupancy budget on an annual basis into a replacement reserve to account for future major capital repairs.

Janitorial Supplies

Budget for janitorial supplies if you have a janitor, or a cleaning service if you don't.

D: Payroll

Maintenance Worker/Building Engineer

If you own your building or are in a triple net lease, budget personnel expenses for building maintenance.

Janitor

Hiring a janitor or not depends on the size of your staff at the organization; how much the janitor works depends on the size of your building. You may opt to use a cleaning service in lieu of a janitor.

Fringe Benefits

If you have a maintenance worker, an engineer or a janitor on your payroll, you will need to budget for their fringe benefits.

E: Administration

Management Fee

If you own your building and lease to other tenants, we strongly recommend using a management company to manage your building and tenants. This fee is typically 4% of gross revenues of the building (lease payments) and covers costs associated with rent collection, leasing of space and addressing tenant issues.

City Permit Fees

If you own or are in a triple net lease, budget for these fees, which depend on your municipality. Such fees include driveway and elevator permit fees, or business license renewals.

Bank Charges

If you maintain a separate bank account for your building, you may have bank fees.

Miscellaneous

You should always set aside funds as a cushion for unanticipated situations; aim for \$.15 per square foot.



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Square Feet in Building:

Cost Item	Monthly	Annual	Annual Cost per Square Foot	Assumptions
A: Mortgage/Taxes/Insurance				
Mortgage/Rent				
Property Taxes				
Property Insurance				
Section B: Utilities				
Gas				
Electric				
Water				
C: Maintenance				
Fire and Safety				
Fire Alarm Maintenance				
Exterminating				
Elevator Maintenance				
HVAC Maintenance				
Snow Removal				
Garbage Removal				
Maintenance Repairs				
Capital Improvements				
Replacements Reserve				Approximately 3% of your occupancy costs
Janitorial Supplies				
D: Payroll				
Maintenance Worker				
Janitor				
Fringe Benefits				
E: Administration				
Management Fee				Approximately 4% of your occupancy budget
City Permit Fees				
Bank Charges				
Miscellaneous				
Total Building Expenses				