

By Amanda Parolise

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## Building Program Annual Operating Budget For An Emergency Suite Within An Existing Commercial Downtown Building Project

For a building program to be successful and sustainable, it is imperative that the program include an operating budget in addition to the construction budget. When it comes to tenants leasing space in a building, the O&M budget is usually budgeted in cost per sq ft and included in the annual lease fee. Fifteen to 20% of the cost of a building is first cost, and 80% or more of the cost to own a building is in the O&M of the building over the life of this building.

The following is a sample of what the HVAC annual O&M budget will be for this health care tenant with 20,000 sq ft of leased space. Within this cost may be O&M costs for the public space that the building owner may pass on to each tenant as part of their annual fee to be paid to the building owner. It is important to note that quite often building owners and their tenants may contract the O&M services of a mechanical-electrical (M-E) firm to provide the following:

Administrative - M-E Outsource Firm Fee		
<b>SALARIES, WAGES &amp; BENEFITS</b>		
• Employee salaries & wages	(1) Manager, part-time	\$ 30,000
• Taxes, health care, etc.		\$ 0
• Retirement & benefits		\$ 0
<b>OUTSOURCED O&amp;M</b>		
• Employee salaries & wages	(0) Supervisor (1) Technician	\$ 40,000
• Taxes, health care, etc.		\$ 0
• Retirement & benefits		\$ 0
<b>SERVICE CONTRACTS</b>		
• Refrigeration equipment	(1) Air-cooled chiller twice a year	\$ 1,800
• Heating equipment	None	\$ 0
• Filters	(2) Central AHUs	\$ 2,000
<b>EXPENSES</b>		
• Education	None	\$ 0
• Conferences	None	\$ 0
• Office supplies	None	\$ 0
<b>UTILITIES</b>		
• Electricity	Shell & core 5,000 sq ft (lobby, etc.)	\$ 15,000
• Electricity	Tenant space	\$ 80,000
• Gas	Shell & core 5,000 sq ft (lobby, etc.)	\$ 7,500
• Oil		\$ 0
• Propane		\$ 0
• District/campus steam		\$ 0
• District/campus chilled water		\$ 0
• District/campus hot water		\$ 0
<b>TOTAL TENANT SPACE ANNUAL O&amp;M COST</b>		<b>\$176,300</b>
<b>TOTAL TENANT SPACE ANNUAL OPERATING COST/SQ FT (Based on 20,000 sq ft of leased space)</b>		<b>\$8.20/Sq Ft</b>