

Building 38

Presidio Internet Center, LLC

Operating Costs and Service District Charges (SDC)

Operating Costs are related to the common areas of the building and billed in arrears. Tenants are not charged for the full amount of operating costs, only their proportionate share of the increase on an annual basis.

The proportionate share is based on rentable square footage. The base year is established by the Lease, typically the year your lease commences.

Tenants pay nothing the first year (the base year) or second year. Charges are billed in the third year when we can compare the base year and the second year. In the fourth year, we compare the first year to the third year, and so on.

Below is an example of what is included in Operating Expenses passed back to tenants.

Estimated Operating Expense (Example)		
Expense Item	Base Year	Current Year
Cleaning	170,726.14	189,804.75
Property Management	166,986.96	171,996.57
Repairs & Maintenance	89,282.17	130,126.14
Utilities	237,515.82	263,906.47
Insurance	35,558.00	40,315.00
Taxes*	499,384.91	554,872.12
TOTAL	1,199,454.00	1,351,021.05

Increase Difference over Base Year	151,567.05
Tenant's % Share	x 2.4%
Estimate of Operating Expenses	\$3,637.61

Taxes: Service District Charges (SDC) is an annual reimbursement to the Presidio Trust for a portion of municipal services such as police, fire, and emergency services, and road and other infrastructure maintenance. This is in lieu of property taxes.