



## Building Replacement Cost Calculation Guidelines

The Building Cost Index table should be used for ordinary office buildings and most buildings where the actual original building cost and year of original construction is known.

**Acquired Buildings where original cost and year of construction is not known:** The acquisition cost cannot be used as a starting number if the building is acquired, even after pulling out the cost of the land. It skews the result because the base number is “market” price and using the index for the acquired year just doesn’t work.

One possible solution is to determine a cost per square foot as a baseline, then use the 2009 index to determine current replacement cost. Each agency would need to determine what that base cost would be, depending on the type of structure.

Example: \$300 per sf X 10,000 sf = \$3,000,000

$3984/3693=1.079 \times \$3,000,000 = \$3,236,393.$

**Historic Buildings:** Just because a building is over 50 years old doesn't make it an historical treasure. If the Historic Preservation Office has determined a value, that's the cost to use. Parks decided to separate their older buildings into an additional category called Legacy instead of calling them all Historic and maybe a different calculation will be used for each category.

For those buildings constructed prior to 1915, determine a cost per square foot as a baseline, then use the 2009 index to determine current replacement cost. Each agency would need to determine what that base cost would be depending on the type of structure. See above example for acquired buildings.

A huge difference may exist between "Replace" and "Restore" in terms of cost. As a consequence, for some, building specific judgment calls may be necessary, relying on either staff or outside expertise. Things to think about may be: 1) Would the building actually be replaced? If not, perhaps the cost that should be entered is the price of demolition and clean up to stabilize the site. 2) Is it an historical treasure? Then maybe an appraisal should be done or have the Historic Preservation Office determine a value. 3) Would an attempt be made to "replace" or "restore"? Simple replacement may mean the index can be used. Restoration will require a more specific evaluation.

**Yurts or other limited life structures:** Use the current cost of a new one, there is no need to do an index calculation.