



Understanding Common Area Management Charges (CAM)

Common Area Management or CAM charges are charges in addition to rent to cover building operating and maintenance costs ranging from electricity and natural gas usage to cleaning services for the common areas in the Center (rooms, restrooms, etc.) and snow removal.

The current estimate by the development team has the CAM charges at \$4.65 SF. This rate will be adjusted annually each November and allocated to each tenant based on the square footage of the space they are renting. Although the CAM charges of the building may fluctuate slightly (up or down) depending on the price of oil and natural gas, insurance costs, etc. *the percentage of the total CAM costs the any tenant is responsible for is limited to the percentage of their leasable space footage to the entire building.* For instance, if a tenant is renting 1,121 SF, they are using 3.37% of the building, and therefore they are responsible for only 3.37% of the total CAM for the building. This percentage is unaffected by any vacancy rate changes in the building.

TSC Lease excerpt . . .

- b. In addition to the base rental described above, Lessee shall pay to Lessor, at the times and in the manner hereinafter provided, as additional rent, ____% of the Common Area Expenses as defined below in section 4.d, incurred by Lessor each calendar year (this percentage being equivalent to the ratio of the size of the Leased Premises as compared to all other net rentable square footage within the Third Street Center). Lessor shall compute an estimate of the Common Area Expenses in November of each year for the following calendar year and Lessee shall pay ____% of such estimate, on a monthly basis along with installments of base rental, commencing January 1 of each Lease year. For the first and last years of the Sub-Lease term, the obligation for Common Area Expenses shall be prorated from the commencement date of the Sub-Lease to December 31 or from January 1 to the termination date of the Sub-Lease. No later than March 1 of each calendar year, Lessor shall deliver to Lessee a written statements (the "Statement") setting out in reasonable detail the amount of Lessee's proportionate share of the Common Area Expenses for the previous calendar year. If the aggregate of installments actually paid by Lessee during such calendar year is less than the amount of the payments required by the Statement, Lessee shall remit the difference to Lessor within 10 days after the delivery of the Statement. If the amount paid by Lessee is greater than the amount detailed in the Statement, Lessor shall pay the difference to Lessee within 10 days after delivery of the Statement to Lessee. The estimate of Common Area Expenses for the first Lease year shall be \$_____ per square foot, payable in equal monthly installments.

What is in CAM at Third Street Center?

The current estimates for calculating CAM charges are included on the next page. These estimated charges will be adjusted as we get new information about operating the building.

NNN / Operating Expenses

5500 · Building Operating Expenses

5510 · Management

5511 · Property Management 18,000

5512 · Legal 2,000

5513 · Accounting 10,000

5510 · Management - Other 0

Total 5510 · Management 30,000

5520 · Utilities

5521 · Gas 25,000

5522 · Electric 14,000

5523 · Water + Sewer 3,000

5524 · Telephone 1,500

5525 · Internet 2,000

5526 · Fire Alarm 2,000

5527 · Utilities - Other 0

Total 5520 · Utilities 47,500

5530 · Building Operations

5531 · Trash + Recycling 4,800

5532 · Cleaning 15,000

5533 · Landscaping 5,000

5534 · Snowplowing 3,000

5535 · Property Maintenance 5,000

5536 · Facility Maintenance 1,000

5537 · Appliance Maintenance 1,000

5538 · Building Operations - Other 2,000

Total 5530 · Building Operations 36,800

5540 · Insurance

5541 · Property 10,000

5542 · Liability 2,000

5543 · Insurance - Other 0

Total 5540 · Insurance 12,000

5545 · Property Taxes 0

5550 · Capital Reserves 25,000

5560 · Advertising 2,000

5565 · Amortization Expense 0

5570 · Bank Service Charges 200

5575 · Business License & Fees 0

5580 · Car/Truck Expense 0

5585 · Depreciation Expense 0

5590 · Dues and Subscriptions 0

5500 · CCNC Operating Expenses - Other 0

Total 5500 Building Operating Expenses 153,500

Total CAM \$153,500 divided by 33,000 net leasable square footage equals \$4.65/SF CAM

Contact Colin Laird, Interim Executive Director, at 963-5502 /claird@thirdstreetcenter.org with any questions relating to CAM charges.