



## MetroComp Software

### MetroComp Software – Overview

MetroComp is a database application that is customized for Chabin clients to compare the local business climate with those of competitor and source cities.

### Reports

Data is collected on the local community and the selected competitor and source cities. This data is used to generate the following reports on operating costs and conditions.

- Annual Operating Costs
- Comparative Wages
- Benefits Costs
- Real Estate Costs
- Utility Costs
- Property Taxes
- Business Taxes
- Housing Overview
- Cost of Living
- Health Insurance
- Personal Taxes

These reports can be printed, exported to a spreadsheet, charted, modified and inserted as a graphic into a word processing document to customize a comprehensive proposal for a prospect. This reporting flexibility gives Chabin clients the ability to profile their competitiveness in specific factors in just a matter of minutes.

### Industry Pro-Forma

MetroComp comes with pre-defined prototype operations for several industries (manufacturing, distribution, back office, research and development, headquarter operations). Users can also define and run reports on their own custom Pro-Formas.

### Instructions for Creating Reports

1. Open MetroComp's Operating Cost menu
2. Select "Add or Edit Pro-forma"
3. Using information provided by a prospect, an RFP, or your own scenario, build pro-forma
4. Select "Return" and/or "Close Form" button to return to the Operating Cost main menu
5. Select comparison metro area(s) and then return to the Operating Cost main menu
6. Run the Annual Operating Cost Analysis and/or any of the standard reports on the menu



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The screenshot shows a window titled "Operating Cost Main Menu". At the top left is the MetroComp logo. Below it is the heading "Operating Costs". A list of buttons is displayed on the left, each with a corresponding description on the right:

- Add Pro-Forma**: Add the description of a business operation.
- Edit/Delete Pro-Forma**: Edit or Delete the description of a business operation.
- Select Comparison Metro Areas**: Select metropolitan areas to be analyzed in the Operating Cost Analysis.
- Select Comparison Pro-Forma**: Select pro-forma to be analyzed in the Operating Cost Analysis.
- Adjust Lease Rates**: Adjust building lease rates
- Run Pro-Forma Analysis**: Run the Operating Cost Analysis.
- Review Pro-Forma Reports**: Review menu of standard reports based on the Operating Cost Analysis run.
- Return to Main Menu**

The screenshot shows a window titled "Select MSA" with the heading "Select Metro Areas for Comparison". A "Return" button is in the top right. Below the heading is the instruction "SELECT NO MORE THAN 8 METRO AREAS". A table lists various Metropolitan Areas with their estimated 2000 population. The "Selected" column shows a count of 8 and checkboxes for each row.

Selected	Metropolitan Area	Est. 2000 Pop.
<input checked="" type="checkbox"/>	Anaheim, CA	2,857,286
<input checked="" type="checkbox"/>	Las Vegas, NV	1,393,169
<input checked="" type="checkbox"/>	Los Angeles, CA	9,545,014
<input checked="" type="checkbox"/>	Phoenix, AZ	3,277,775
<input checked="" type="checkbox"/>	Reno, NV	344,813
<input checked="" type="checkbox"/>	Riverside/San Bern., CA	3,278,754
<input checked="" type="checkbox"/>	San Diego, CA	2,825,078
<input checked="" type="checkbox"/>	Victor Valley, CA	198,980
<input type="checkbox"/>	Bakersfield, CA	663,674
<input type="checkbox"/>	Chicago, IL	7,643,524



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### **Methodology**

This section explains the methodology used to calculate the operating costs for the pro-formas in each of the output tables. Every effort has been made to use sources that provide consistent and fair comparisons.

### **Pro-Forma Information**

The first of the input tables is simply a listing of the information supplied by the user in setting up the pro-forma company and contains all the basic data used in the operating cost calculation.

### **Annual Operating Costs**

The annual operating costs report summarizes the annual cost of labor, utilities, and facilities for the metro areas chosen and the business pro-forma input. Details on these costs are provided in the individual reports discussed below.

### **Comparative Wages**

The Comparative Wages report shows wages for the occupational titles included in the proforma information (pre-selected or user-defined). The data comes from the most current Economic Research Institute, Geographic Reference Report. This annual report is a comparison of costs, wages, salaries and human resource statistics for all major cities in the United States and Canada. The Economic Research Institute compiles data from a large number of both public and private sources across the country to produce wage and cost data. The source is very consistent across geographies and provides a fair comparison.

The wage rates for each occupation are converted to annual wages, and then multiplied by the number of workers in that occupation based on the pro-forma specifications. The sum of these calculations for all occupations is equal to the total payroll shown in the summary table.

### **Fringe and Mandated Benefit Costs**

This report includes information from a number of sources. The first and second columns (retirement and savings plans, and life and health insurance) are calculated on a percentage of total payroll. These percentages are based on averages from Bureau of Labor Statistics, Employment Cost Indexes and Levels.

The third column is the employer portion of social security based on the current rate.

Rates for workers' compensation costs (fourth column) vary by state, by occupation, and are applied differently to payroll costs for clerical, manufacturing, maintenance, high tech, and managerial workers. The rates used for the MetroComp cost comparison are from the Oregon Department of Consumer and Business Services, Oregon Workers' Compensation Premium Rate Ranking. This is a bi-annual survey conducted by the State of Oregon that compares workers' compensation costs by state.



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The fifth column in the benefits table is unemployment insurance. Again, rates and the maximum wage base vary by state. In most cases the maximum taxable payroll base is lower than the annual wages of any of the occupations in the pro-forma. Thus the calculation for unemployment insurance is equal to the maximum payroll base times the total number of employees times the percentage rate for each metro area. The source for unemployment insurance rates is the Research Institute of America, All States Tax Handbook, an annual guide to state level tax rates.

### Real Estate Costs

Annual lease costs are calculated based on total building square footage and type of building, or total construction costs. The annual square foot lease rate information for office, manufacturing and high tech space is from the Society of Industrial and Office Realtors, Comparative Statistics of Industrial and Office Real Estate Markets.

Lease rates for each metro area vary by building size for manufacturing buildings where there are four different size ranges. Lease rates for office buildings are included for both suburban Class B office space and central business district Class A office space. There is only one rate for high tech space. The appropriate annual rate is multiplied by the number of square feet specified in the proforma to calculate total annual lease cost.

New construction cost calculations are based on the users' specification of the total number of acres, type of building, and number of square feet of built space, as entered in the pro-forma information. Land costs, provided by Society of Industrial and Office Realtors, vary by three size ranges. Construction costs are calculated using a base per square foot cost for either standard manufacturing or high tech buildings. This base cost is then multiplied by a city-specific index. The construction cost information is taken from the Means Construction Cost Indexes, a standard guide for cost estimating in the construction industry. If there is new construction, the number shown in the operating cost summary table for land and building costs is equal to 12 times the amortized monthly payment at 0.75 percent monthly interest over 240 months – the sum of land and construction costs.

### Utility Costs

Utility costs include electricity, natural gas, water and sewer. Usage levels for each type of utility are specified in the pro-forma information. Rates for each usage level for each type of utility are stored in the database.

The primary source for electric costs is the Edison Electric Institute, Typical Residential, Commercial and Industrial Bills. In a few cases, rates for particular utilities were not included in this source, and rate schedules were obtained directly from providers.

For natural gas, the rates are based on a per thousand cubic feet cost for natural gas from the Energy Information Administration, Natural Gas Monthly.



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For water and sewer, the primary source was the Raftelis Financial Consulting Group, Water and Wastewater Rate Survey, a national survey of water and wastewater charges by city. For cities not included in this survey, rate schedules were obtained directly from the water provider for the metro area's central city.

### **Property Tax Cost**

Property taxes are calculated on personal property, which is specified as the amount of capital investment in the pro-forma information plus 80 percent of total land and building costs in the case of new construction. For each metro area, there is a tax rate and an assessment ratio. The product of these two numbers is the effective tax rate. The effective rate times the taxable property value is equal to the tax. The property tax assessment ratios and rates are taken from individual city web sites and state department of revenue web sites.