

# Commercial HVAC contract-to-cost workpaper

Planning aid only; not model lease clauses, a technical inspection or legal advice. Examples hypothetical CAD, no taxes, fees, interest or damage exceptions unless stated.

## Equipment and clause record

For each unit/system record: equipment reference/location; premises served; owner; landlord/base-building vs tenant equipment; actual maintenance contractor; current condition/report date; intended business use/hours; lease definition and section; side agreement; physical work arranger; ultimate payer; capital/operating-cost exclusion or inclusion; allocation share; recovery period; annual/per-event cap; interest/admin charges; contractor/roof-access/permit requirements; interruption procedure; termination/expiry/assignment consequences.

## Three conditional allocations

| Model | Express assumptions                                                                         | Replacement event \$36,000; first full year |
|-------|---------------------------------------------------------------------------------------------|---------------------------------------------|
| A     | Landlord capital obligation AND capital excluded from tenant recovery                       | Tenant \$0                                  |
| B     | Dedicated equipment tenant replacement obligation                                           | Tenant \$36,000                             |
| C     | Shared system; landlord replacement; tenant 25%; straight-line 120 months; no interest/fees | Tenant \$900                                |

Model C:  $\$36,000 \times 25\% = \$9,000$ ;  $\$9,000 / 120 \text{ months} = \$75/\text{month}$ ;  $\$75 \times 12 = \$900/\text{year}$ . With only 36 months remaining and no acceleration:  $\$75 \times 36 = \$2,700$ . This condition is essential; not a universal expiry result.

Separate \$1,200 maintenance in each model makes respective first-full-year totals of \$1,200 / \$37,200 / \$2,100. Do not add the separate \$4,800 repair-cap scenario unless it actually also occurs.

## Separate checks

- Qualifying repair \$4,800, with an unused \$2,000 annual repair cap expressly applicable: tenant \$2,000, other party \$2,800. Capital not automatically capped.
- Separate \$18,000 financed replacement over 36 months without interest: \$500 monthly; 12 payments = \$6,000; principal remaining \$12,000. Assume express acceleration at termination for this example only.
- Four-week service period, 10 chargeable after-hours hours/week at \$45/hour:  $4 \times 10 \times \$45 = \$1,800$ . Not a normal-month convention or current market rate.

## Before accepting a number

Verify covered equipment/scope, payer clause, exclusions, allocation, payment timing and any termination balance. Check direct bills against operating-cost recovery so the same expenditure is not counted twice. A landlord's obligation to arrange work alone does not prove the tenant owes zero.

If the actual repair or replacement scope has not been priced, mark its cost "unpriced," not zero. The complete occupancy-cost total remains undetermined until the missing scope, contract allocation and amount have been established. Keep known charges separate from that unresolved amount.