

Tehachapi Century Hotels

Executive Summary

Financial Projection
Summary of Financial Highlights
70-Room Comfort Inn Suite Hotel
Tehachapi, California

Projection Year	Year1	Year2	Year3
Available Rooms	70	70	70
% Occupancy	69%	75%	80%
Average Daily Rate	\$ 185.00	\$ 199.00	\$ 220.00
Gross Room Income	\$ 3,261,457.50	\$ 3,813,337.50	\$ 4,496,800.00
Departmental Expenses %	24%	23%	23%
Departmental Expenses \$	\$ 766,442.51	\$ 869,440.95	\$ 1,011,780.00
Undistributed Operating Expenses% (Administrative & General/ Marketing /Franchise Fee/ Prop. Operations and Maintenance / Energy)	28.3%	27.0%	26.5%
Undistributed Operating Expenses \$	\$ 922,992.47	\$ 1,029,601.13	\$ 1,191,652.00
Other Expenses % (Management Fees / Property Taxes / Insurance)	6.50%	6.20%	6.10%
Other Expenses \$	\$ 211,994.74	\$ 236,426.93	\$ 274,304.80
Income Before Reserves	\$ 1,360,027.78	\$ 1,677,868.50	\$ 2,019,063.20
Reserve to Replacement %	3%	4%	5%
Reserve to Replacement \$	\$ 40,800.83	\$ 67,114.74	\$ 100,953.16
NET INCOME	\$ 1,319,226.94	\$ 1,610,753.76	\$ 1,918,110.04

Summary of Income Distribution While Operating			
During Hotel Operation	Year 1	Year 2	Year 3
	\$ 1,319,226.94	\$ 1,610,753.76	\$ 1,918,110.04
ROI	14.2%	17.3%	20.6%
Upon Sale	Sale Price Year 1	Sale Price Year 2	Sale Price Year 3
Assuming Sale of Property on a CAP rate of 5%	\$ 26,384,538.88	\$ 32,215,075.20	\$ 38,362,200.80
ROI	283.7%	346.4%	412.5%

Development Budget Break Down

Comfort Inn Suites

TEHACHAPI, CA

DETAILED CONSTRUCTION BUDGET

DATE: 3/13/2013

BUILDING SQUARE FOOTAGE		69600	3	STORIES		
SITE SQUARE FOOTAGE		87120	1.996	ACRES		
NUMBER OF ROOMS		100				
		QTY	UNIT	UNIT COST	TOTAL	DIV TOTAL
DIVISION 1: GENERAL CONDITIONS						\$570,000
	Management/Supervision/General Requirements	12	MO	47,500.00	\$570,000	
DIVISION 2: SITE WORK						\$797,728
	Site Clearing	87120	SF	0.11	\$9,583	
	Erosion Control - Assumes Level 1	87120	SF	0.28	\$23,958	
	Survey & Staking	87120	SF	0.17	\$14,375	
	Site Import/Export - Assumes Balanced Site	0	CY	0.00	\$0	
	Striping/Signage	95	EA	71.50	\$6,793	
	Pad Prep Per Soils Report - No Report Provided - Allowance	1	AL	16,500.00	\$16,500	
	Rough Grading	87120	SF	0.44	\$38,333	
	Finish Grading	87120	SF	0.22	\$19,166	
	Site Utilities - Storm Drain	950	LF	60.50	\$57,475	
	Catch Basin/Area Drain	15	EA	1,760.00	\$26,400	
	Traffic Rated Catch Basins	3	EA	2,640.00	\$7,920	
	Bio Swale/Treatment Area	5000	SF	5.50	\$27,500	
	Site Utilities - Water	200	LF	60.50	\$12,100	
	Site Utilities - Fire Water	1200	LF	71.50	\$85,800	
	Fire Hydrants	4	EA	3,960.00	\$15,840	
	PIV/FDC	1	EA	9,350.00	\$9,350	
	Reduced Pressure Backflow Preventers	2	EA	4,950.00	\$9,900	
	Site Utilities - Sewer - Assumes Tie-In To Existing	500	LF	60.50	\$30,250	
	SS Cleanouts	6	EA	660.00	\$3,960	
	SS Manholes	1	EA	7,480.00	\$7,480	
	Site Utilities - Joint Trench	200	LF	137.50	\$27,500	
	AC Paving - assumes 3.5" over 6"	41000	SF	3.96	\$162,360	
	Site Concrete - Curb	2000	LF	19.80	\$39,600	
	Site Concrete - Flatwork	6000	SF	7.81	\$46,860	
	Site Concrete - Colored At Main Entry/Patio	1200	SF	12.10	\$14,520	
	Trash Enclosure - Pad/Footings/Apron	800	SF	9.90	\$7,920	

	Landscaping - Allowance	17000	SF	4.13	\$70,125	
	Equipment Screen Fencing	80	LF	77.00	\$6,160	
DIVISION 3: CONCRETE						\$400,671
	Slab on Grade/Footings - typical shallow footings	15532	SF	21.01	\$326,327	
	Gypcrete	54068	SF	1.38	\$74,344	
DIVISION 4: MASONRY						\$9,405
	Trash Enclosure	450	SF	20.90	\$9,405	
DIVISION 5: METALS						\$189,024
	Structural Steel - 1.0 lbs per SF	34.8	Tons	4,180.00	\$145,464	
	Trash Enclosure Gates/Metal Decking	1	EA	5,280.00	\$5,280	
	Miscellaneous Steel	69600	SF	0.55	\$38,280	
DIVISION 6: WOOD AND PLASTICS						\$1,310,065
	Rough Carpentry	69600	SF	15.95	\$1,110,120	
	Finish Carpentry	69600	SF	0.61	\$42,108	
	Guestroom Vanity - Installation Only	100	EA	165.00	\$16,500	
	Guestroom Vanity - Materials By Owner	100	EA	0.00	\$0	
	Guestroom Vanity Countertop - Installation	100	EA	110.00	\$11,000	
	Guestroom Vanity Countertop Material	100	EA	132.00	\$13,200	
	Millwork/Cabinetry Common Area	69600	SF	1.10	\$76,560	
	Marble/Granite Countertops Common Areas - Installation Only	69600	SF	0.58	\$40,577	
DIVISION 7: THERMAL AND MOISTURE						\$303,930
	Roofing - Built Up Roof	16979	SF	5.75	\$97,680	
	Flashing And Sheet Metal	69600	SF	0.83	\$57,420	
	Insulation	69600	SF	1.16	\$80,388	
	Caulking and Sealants	69600	SF	0.50	\$34,452	
	Waterproofing At Elevator Pits	800	SF	6.60	\$5,280	
	Fire Stopping	69600	SF	0.17	\$11,484	
	Fire Proofing	34.8	Tons	495.00	\$17,226	
DIVISION 8: DOORS AND WINDOWS						\$579,724
	Doors, Frames, & Hardware	69600	SF	5.45	\$378,972	
	Guestroom Windows	129	EA	935.00	\$120,615	
	Storefront	880	SF	44.00	\$38,720	
	Storefront Doors With Sidelights	4	EA	2,640.00	\$10,560	
	Auto Entry Doors	2	EA	10,835.00	\$21,670	
	Glass/Glazing	69600	SF	0.13	\$9,187	
	Keycard Hardware - By Owner	0	EA	0.00	\$0	
DIVISION 9: FINISHES						\$1,416,195
	Exterior Plaster	3389	SY	69.30	\$234,850	
	Drywall Assemblies	69600	SF	9.35	\$650,760	
	Acoustical Ceilings	6800	SF	7.70	\$52,360	
	Ceramic Tile Guestrooms	120	EA	1,265.00	\$151,800	
	Ceramic Tile Common Areas - Installation	69600	SF	0.72	\$49,764	
	Ceramic Tile Common Areas - Materials By Owner	2750	SF	14.30	\$39,325	

	Flooring - Installation	69600	SF	0.77	\$53,592	
	Flooring - Materials By Owner	0	SF	0.00	\$0	
	Painting	69600	SF	1.93	\$133,980	
	Wall Covering - Installation	69600	SF	0.72	\$49,764	
	Wall Covering - Materials By Owner	0	SF	0.00	\$0	
DIVISION 10: SPECIALTIES						\$89,634
	Specialties	69600	SF	0.28	\$19,140	
	Operable Partition Wall	1	EA	26,400.00	\$26,400	
	Toilet Accessories	101	EA	192.50	\$19,443	
	Toilet Accessories/Partitions - Public Restrooms	3	EA	2,310.00	\$6,930	
	Code Signage Allowance - Not Room Or Wayfaring Signage	69600	SF	0.11	\$7,656	
	Fire Protection Specialties (Knox Box)	3	EA	715.00	\$2,145	
	Fire Suppression Specialties (Extinguisher cabinet)	16	EA	495.00	\$7,920	
DIVISION 11: EQUIPMENT						\$0
	None here	0	LS	0.00	\$0	
DIVISION 12: FURNISHINGS						\$0
	None here	0	EA	0.00	\$0	
DIVISION 13: SPECIAL CONSTRUCTION						\$74,800
	Swimming Pool & Spa	850	SF	88.00	\$74,800	
DIVISION 14: CONVEYING SYSTEMS						\$282,590
	Elevators - (2) - 3 Stop	8	EA	34,100.00	\$272,800	
	Linen Chute	1	EA	9,790.00	\$9,790	
DIVISION 15: MECHANICAL						\$1,544,981
	HVAC - PTACs (Indoor Pool)	69600	EA	9.08	\$631,620	
	Fire Sprinkler Systems-CPVC	69600	SF	1.91	\$133,214	
	Plumbing - CPVC & ABS	69600	SF	11.21	\$780,146	
DIVISION 16: ELECTRICAL						\$871,509
	Electrical	69600	SF	9.67	\$672,962	
	Site Lighting	87120	SF	0.54	\$46,958	
	Fire Alarm	69600	SF	1.12	\$78,091	
	Low Voltage Wiring	69600	SF	1.06	\$73,498	
DIVISION 17: FURNISHINGS & EQUIPMENTS						\$1,960,000
	Telephone Systems	1	EA	50,000.00	\$50,000	
	Kitchen Equipment	1	EA	25,000.00	\$25,000	
	FF&E - Furniture & Room Finishes	120	EA	15,000.00	\$1,800,000	
	Laundry Facilities	1	EA	30,000.00	\$30,000	
	Signs	1	EA	25,000.00	\$25,000	
	Gym Equipment	1	ea	10,000.00	\$10,000	
	Security & Communications	1	EA	20,000.00	\$20,000	
	SUB TOTAL HARD CONSTRUCTION COSTS				\$8,440,255	\$8,440,255
	BUILDERS RISK INSURANCE	NIC			\$0	

	GENERAL LIABILITY INSURANCE	1.00%			\$84,403	
	OVERHEAD	2.50%			\$213,116	
	CONTRACTORS FEE	2.50%			\$218,444	
	TOTAL HARD CONSTRUCTION COST				\$8,956,218	
	Hard Cost per SF for Hotel				\$128.68	
	Hard Cost per room				\$89,562.18	
DIVISION 18: SOFT COSTS						\$1,009,527
	Architect & Engineering Fees	1	EA	165,000.00	\$165,000	
	Permit Fees - Water Fee	1	EA	198,586.00	\$198,586	
	Permit Fees - Sewer Fee	1	EA	337,553.00	\$337,553	
	Permit Fees - Public Facility Fee	1	EA	224,399.00	\$224,399	
	Permit Fees - Traffic Fee	1	EA	81,810.00	\$81,810	
	Permit Fees - Water Meter Fee	1	EA	2,179.00	\$2,179	
	Franchise Fees	1	EA	\$80,000	\$80,000	
	SUB TOTAL SOFT COST				\$1,009,527	
	TOTAL SOFT & HARD COST				\$9,965,745	
	Contingency Funds 2%	1	EA	996,574.52	\$200,000	
	TOTAL COSTS				\$10,165,745	
	TOTAL COST PER ROOM				\$101,657	

Site's Vital Statistics

- **Surrounding**

- Tehachapi is located 120 miles North of Los Angeles and 50 miles South of Bakersfield
- Tehachapi is located 40 miles North of Lancaster the home to the United States Edwards Air Force Base, University of Antelope Valley, Lancaster College & Los Angeles/Palmdale Regional Airport

- **Tehachapi Wind Farms**

The Tehachapi Wind Farm, with around 5,000 wind turbines, is the second largest collection of wind generators in California. The turbines are operated by a dozen private companies, and collectively produce about 800 million kilowatt-hours of electricity, enough to meet the residential needs of 350,000 people every year.



Southern California Edison has built a new transmission line and substation capable of delivering 4500 megawatts of electricity from Wind Farms to Northern Los Angeles. This will affect nearly 3 million homes at peak hours. Further development and introduction of wind and solar energy centers and engineering facilities also provides business stay demands for the hospitality providers.

- **Tehachapi State Correctional Facility**

This facility has a population of 1,500 inmates on a 1,650 acre site with an annual budget of \$168M. A constant flow of visitors and family members provides a steady demand for overnight and long-stay requirements for the hotels in the area.



- **Tehachapi Valley Healthcare Hospital**

This hospital which was established originally in 1903 presently serves 11,000 emergency room patients per year and has reached its maximum capacity. The construction of a brand new modern facility has started with a construction budget of \$87M. Since the facility provides services to adjacent localities, it provides an additional demand for hotel rooms for visiting family members, businesses, and medical staff supporting the hospital.



Aerial View

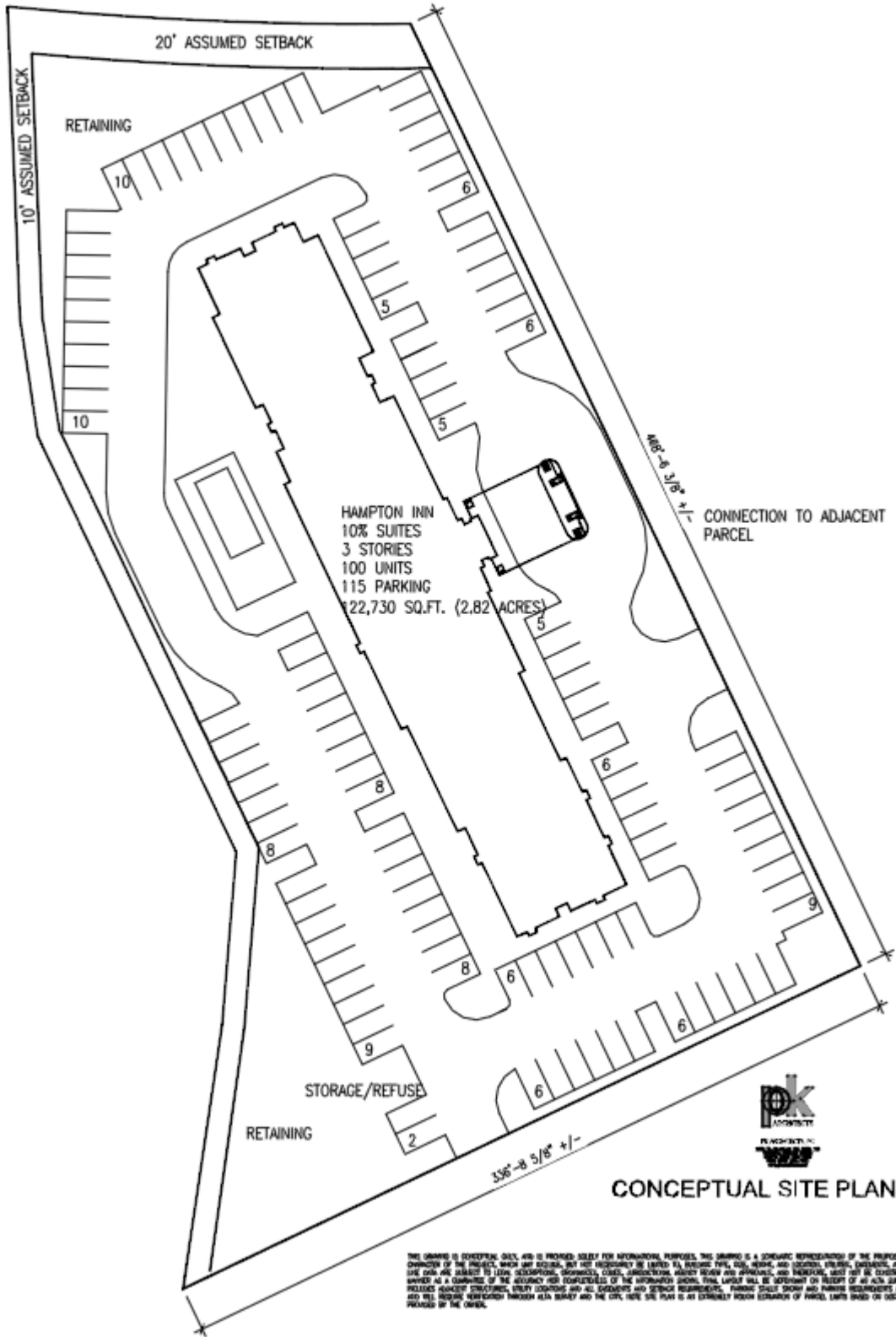




9.3 Acre – SWC of Tehachapi Blvd. & Mountain View Ave.



Conceptual Plan



Typical Proposed Design

