

City of Winters

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Downtown Winters Feasibility Market Study

Project Report Prepared by:

 Chabin Concepts, Inc.

 Marketek

 KPFF Consulting Engineers

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I. Introduction

The City of Winters received a grant from the California Department of Housing and Community Development, Community Development Block Grant Planning and Technical Assistance Program to conduct a feasibility market study for the adaptive reuse of historic structures in Downtown Winters.

The project was a multiple phased assessment project. Included in this report are:

1. Market Feasibility Assessment for three development concepts – Lodging, Meeting/Event and Office Space
2. Building Evaluation Reports – Masonic, Buckhorn & Putah Creek Building
3. Building Schemes and Layouts for Masonic Lodge and Bajakian Building. The Buckhorn was determined to be too costly at this time for further analysis.
4. Building Cost Estimates
5. Funding and Operating Pro Formas
6. Review and analysis of Historic Tax Credits

City staff and property owners were very involved with the project, conducting numerous on-site visits and meetings to review findings and options. The property owners were very excited about the potential for reuse and were very interested in moving forward with potential rehab of at least one of the buildings. Unfortunately the economic recession hit and the project needed to be shelved until the economy recovered, particularly in the visitor and event industry. This report however will be very valuable in moving the projects forward when there is a rebound.

II. Project Purpose

The City of Winters has actively enhanced the physical and economic climate of its historic downtown through its Community Development Agency (CDA). The city's goal is to continue to create a viable and unique consumer environment in the downtown utilizing vacant and underutilized facilities to make downtown Winters a true *destination* in the regional market.

This Adaptive Reuse Project would identify the market opportunities and uses of three specific buildings in the downtown as well as assess the physical condition and understand the costs of rehabilitation of the three buildings:

1. DeVilbiss Hotel aka Buckhorn Building,
2. Bank of Winters aka Bajakian Building or Putah Creek Building, and
3. The Masonic Building.

The outcome of the analysis is a plan for the specific market “reuse” of these buildings, property rehabilitation and how the “reuse” will contribute to image enhancement and economic vitality in Winters.

III. Project Team

An interdisciplinary team lead by Chabin Concepts was brought together for the project:

- Audrey Taylor, Project Lead – Chabin Concepts
- Mary Bosch, Market Analysis – Marketek
- Dan Allwardt, Building Evaluations – KPFF Consulting Engineers
- Eric Philips, Architect – SERA Architects
- Jeff Lucas, Tax Credit and Financing – Community Development Services

IV. Project Approach

The project involved close collaboration with the City, CDA, permitting and property owner participation. As outlined in this report the project followed a strategic planning process:



The report has seven separate sections:

1. Initial on-site building investigation and conceptual uses identified, performed by all team members.
2. Building Evaluation, prepared by KPFF Consulting Engineers.
3. Three marketing feasibility assessments, lodging, meeting/event and office space, conducted by Marketek and Chabin Concepts.
4. Upper floor building schemes (lay-out) for Masonic Lodge (office and meeting/event space) and Bajakian (hotel and office), two each, produced by SERA Architects.
5. Conceptual design construction cost estimates, prepared by Hill International.
7. Pro Forma analysis for office space for the Bajakian building and two for the Masonic Building, office and meeting/event space, prepared by Marketek.



7. Review of potential use and feasibility of Historic Tax credits, prepared by Community Development Services.



Initial Building Assessment and Findings



Initial Building Assessment & Findings

The initial assessment was conducted on September 18 and 19, 2008:

Assumptions

- ❖ Focus on upper story alone.
- ❖ Explore whether the CDBG application requires consideration of entire property.
- ❖ Focus on feasibility and practicality of employment uses alone (office, meeting space, hotel.)
Comment on other uses if appropriate. Q: Do we need to demonstrate these are 'new' rather than relocating jobs? How big an influence is quality and number of jobs?
- ❖ Focus on highest & best use and practical realities. It may be necessary and appropriate to ultimately focus on/choose one project that serves as a catalyst for more.

1. Buckhorn Bar and Café, DeVilbiss Hotel

Former use: hotel, 40 rooms

Existing ground floor use: bar, restaurant, banquet room, office

Proposed use: hotel

Explore rehabbed hotels in small towns: Hotel Condon, Condon, Oregon
<http://www.hotelcondon.com/>
 and Hotel Oregon McMinnamins, McMinnville
<http://www.mcmennamins.com/index.php?loc=7&id=470>

Existing Conditions Notes

- Existing building appears to be constructed of unreinforced bearing masonry with wood floor and roof structure.
- Previous second floor use is unclear because little historic fabric remains. Multiple doors indicate probable hotel or single room occupancy apartment use.
- No ADA (elevator) access is provided to second floor.
- No second means of egress from the second floor is currently provided.
- Upper floor completely stripped of finishes.
- Basement not observed during tour.
- Second floor plan configuration does not match drawings included in previous study.
- Second floor Wall/floor connection appears to have been retrofitted. John indicated that this was part of seismic retrofit. KPFF to determine extent/adequacy.
- Exterior mortar joints are wide, and fairly roughly constructed.
- Some exterior openings have been in-filled with matching masonry along east façade.
- Partial plywood subfloor has been installed over existing planks. John indicated that this work was completed at the request of the local fire department.
- Numerous penetrations and ducts through second floor diaphragm for HVAC supply to ground floor restaurant.
- Second floor windows have been removed and replaced with plywood panels. Many of the historic sashes stored in southwest corner of second floor.
- Several large cracks are visible on existing masonry walls. Some appear to have been patched with mortar. John indicated that the cracks have been growing and may stem from a recent water line failure.
- Ground floor restaurant has a very high level of finish (wood, tile, decorative ceilings) and appears to be in excellent repair.
- Roof has been recently replaced and has a very steep slope to a south gutter.
- Historic cornice has been removed, masonry appears to have been repaired with a horizontal band of mortar or cement plaster.
- Masonry along east façade has recently been repaired at several locations.
- Ground floor storefront is in very good condition, and much of the historic fabric remains.
- The Opera House (a venue for musical performances including amplification) is just across the street from the DeVilbiss Hotel,



2. Putah Creek Café, Bajakian Building, Bank of Winters Building

Former use: professional office, club room hotel, 40 rooms

Existing ground floor use: café and retail

Proposed use: office with professionals, contractors, gym (for internal space), medical/health office cluster

8,000 per floor: *what's usable?*

Existing Conditions Notes

- Existing building appears to be unreinforced bearing masonry with wood floor and roof structure.
- Previous use of the space seems to be as apartments, with a large central space used for events.
- Historic grand stair is intact and in restorable condition.
- No ADA (elevator) access is provided to second floor.
- No second means of egress from the second floor is currently provided. Previously this second means of egress was most likely provided through second floor wall opening to the adjacent opera space.
- Exterior mortar joints are very narrow and masonry material is of very high quality.
- Second floor plan configuration appears match drawings included in previous study.
- Water infiltration visible throughout. Water has caused extensive delamination of plaster, and possible rotting of the wood structure.
- Basement not observed during tour.
- John indicated that basement had recently been flooded by backup of the municipal sewer.
- Steel plate retrofitting visible at both south and east margins of second floor round oriel window.
- Single brick missing from header above western most window grouping along south façade. Triangular masonry cracking above may indicate failure of steel lintel.
- Historic decoration remains above second floor entry doors.
- Historic porcelain tile remains at second floor entry niche.
- Masonry parapet appears to have been removed along the west façade and replaced with plywood.
- Ground floor masonry has been painted.
- Several duct penetrations and HVAC units located to serve ground floor uses.
- Roof was not observed.
- The Bank of Winters building shares a common wall with the Opera Housing building, (a venue for musical performances including amplification) but includes no soundproofing

3. Masonic Lodge

Former use: Masonic Lodge hall with adjacent kitchen/dining area

Existing ground floor use: retail

Proposed use: 1. event/meeting space—*assumes using the adjacent building kitchen/eating area*; 2. large office user(s)

Potential office prospects: Winters Health Care Foundation, Yolo Federal Credit Union (need 7k SF), Sutter Health Care (need 4.5 k); Buckhorn catering business (4-5k)

Explore existing community center/other large meeting spaces

Existing Conditions Notes

- Existing buildings appears to be unreinforced bearing masonry with wood floor and roof structure.
- Previous use of the second floor was Masonic lodge event space, dining hall, kitchens and ancillary support.
- No ADA (elevator) access is provided to second floor.
- John indicated that western portion of the building was built prior to the Masonic building itself. The entire second floor and grand stair access appears to have been added when the Masonic building was constructed.
- Dumbwaiter to second floor kitchen has been in filled.
- Large furnace unit has been installed within dining hall portion of western building. Unit appears abandoned.
- John indicated that the Masonic lodge was added as an addition on top of an existing single story structure. Historic drawings are available, but have not yet been reviewed.
- Second egress steel egress stair has been added along the alley side. Stair has open risers and most likely would not meet current code requirements.
- Roof was not observed.
- Water infiltration visible throughout. Water has caused extensive failure of acoustic ceiling in dining hall and of plaster in other areas. Wood ceiling joists appear to be rotten and in failure along north wall
- Structure has been remediated to address sagging ceilings within the Masonic space. Intermediate columns have been added.
- Basement under western portion of the building dry and well ventilated, John indicated that structural shoring observed had recently been completed.
- Exterior mortar joints are wide, and masonry material is of high quality.
- Exterior windows are badly peeling and in need of repainting.
- Plywood panels appear to have been retrofitted to two of the south facing windows.
- Large crack is visible on west side masonry column between tienda and bike shop storefronts.
- Ground floor tenant spaces have been recently remodeled.
- Ground floor storefronts have been recently restored and are in very good condition.
- Masonry has been painted on western building. Paint is peeling in multiple locations.
- Stained glass panels are in good conditions, but wood frames need repair
- Metal shed addition is in serviceable condition for un-tempered storage, but any change in use would require complete remodel or demolition.
- Several large cracks are visible in west façade.
- Parapet appears to have been removed at west elevation. Plywood panels were added to provide weather protection.



Next Steps

1. Define amount and possible configurations of 2nd floor space
2. Conduct Market Analysis (outlined below)
3. Develop one or more conceptual plans for most likely/feasible uses

Market Opportunities Analysis

- Define Target Markets (general)
 1. Locals
 2. Passers through – 30k ADT, I-505
 3. Business users
 4. UC Davis-related—families, meeting users
 5. The Palms & Buckhorn customers
 6. Lake Berryessa (20-30 min away)
 7. Bikers
 8. Clarify day trippers vs. overnights
- Analyze Key Proposed Uses (3 max)

Winters' Existing Success Factors

1. Public-private partnership
2. Positive attitude—"We get things done. We do what we say we will."
3. Reinvestment is occurring—RDA (\$50 mil in projects of 3 years),
 - Marinez family property purchase,
 - Ogando family property redevelopment (Depot Building),
 - Monticello development,
 - Steady Eddy complex--packing houses w/ at least 20 businesses.
4. Very long term—redevelopment of Mariana Nut property (11.8 acres)
5. Precedent for saving historic assets—Opera House example



Building Evaluation Report

Introduction

The following is a preliminary evaluation report of three existing buildings in Winters, California. The buildings are central to the downtown and consist of the Masonic building, the Buckhorn building, and the Putah Creek building. The Masonic building is located at the northeast corner of 1st and Main street. The Buckhorn building (also known as the De Vilbiss Hotel) is located at the southwest corner of Main street and Railroad avenue. The Putah Creek Café building (also known as the Bajakian and the Bank of Winters building) is located at the northwest corner of Main Street and Railroad Avenue. See Figure 1 for a partial aerial map of downtown Winters.

This report will first present a brief overview of the history of construction and existing conditions of each building. Second are general comments highlighting improvements and upgrades required to meet current structural code. The report will conclude with a recommendation for each structure.



Figure 1 – Partial Aerial Map of Downtown Winters

Existing Conditions

The Masonic Building

The Masonic building is a two-story unreinforced masonry structure, which consists of two adjacent buildings that share a common wall. It is understood that the east building was constructed first and was originally a one-story building. The second story to that building and the two story adjacent building were constructed at a later date. As shown in Figure 2, the east building is approximately five feet taller than the west building.

A two-story wood framed addition is located behind the west building. It can be accessed from either an exterior entrance or from the second floor of the Masonic building.

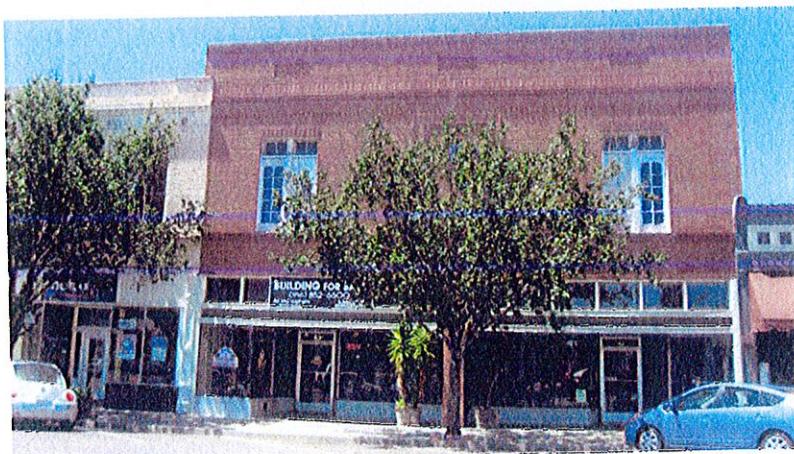


Figure 2 – Front Elevation of the Masonic Building

The interior wall that separates the two buildings and exterior walls are unreinforced masonry. These walls support the floors and roof and also provide lateral resistance to wind and seismic loads. The first floor of both buildings is a raised wood floor with a basement under the western building. We were unable to determine if there was an access/crawl space under the eastern building. The framing of the first floor consists of straight sheathing over nominal framing members spaced at 16” – 24”o.c. We were unable to gain access to the first floors, but from observing through the first floor windows and from the second floor, it appeared that the second floor was framed similar to the first with flat sheathing over nominal framing members. The roof framing consists of flat straight sheathing over wood framed trusses that span between the brick walls.

The first and second floor framing, in general, appears to be in fair condition. From the limited access we had, we observed a small amount of water damage which caused warping of framing members. The floor covering of the west building had extensive water damage but it didn't appear to have had an affect on the floor framing. There was no noticeable slope to the floor.

The roof truss building seemed to although the roof appear to have water Figure 3 below.

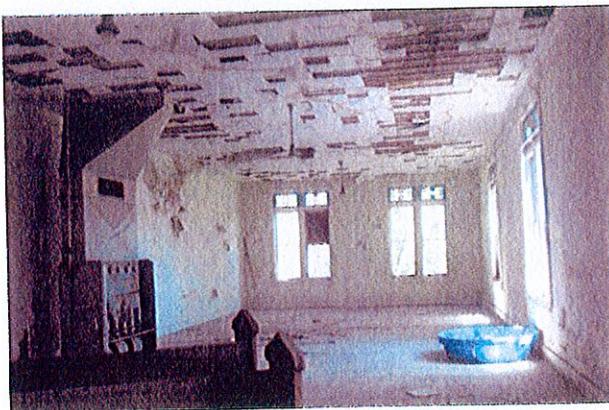


Figure 3 – The Masonic West Side Second Floor

framing in the west be in fair condition, sheathing and ceiling damage as shown in

The wood roof trusses spanning 48 feet over the great room in the east building are currently being shored by a wood post and beam system as shown in Figure 4 below. From existing drawings dated April 12, 1991, provided by the owner, it appears that an attempt was made to repair the wood trusses by shoring the trusses and repairing cracks in the trusses with a wood epoxy. It is unclear if the repair work was completed. According to existing documents, dated November 30, 1998, the existing shoring was added in 1998 as part of a tenant improvement allowing occupancy of the first floor. The same documents include strengthening of the first floor framing. The existing ceiling prevents access to observe the existing trusses and determine their current condition.

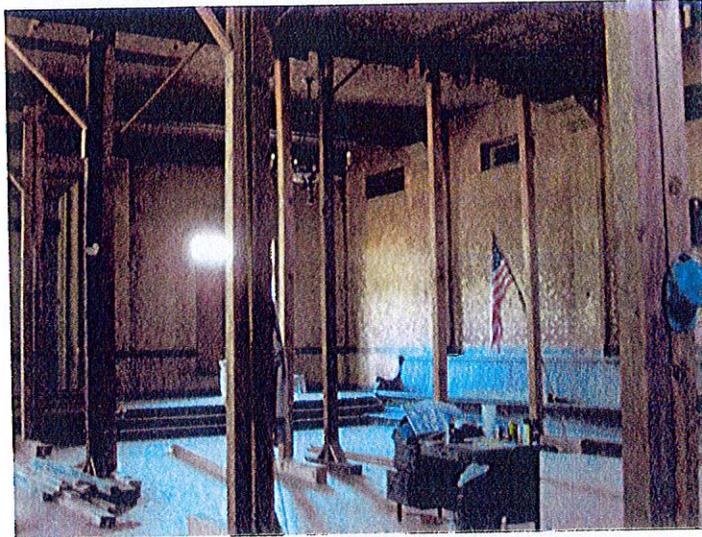


Figure 4 – The Masonic East Side Great Room

The roof trusses along the north wall as shown in Figure 5 below appear to be rotted at the ends and no longer bear on the existing wall. Areas of the roof sheathing have also been water damaged.

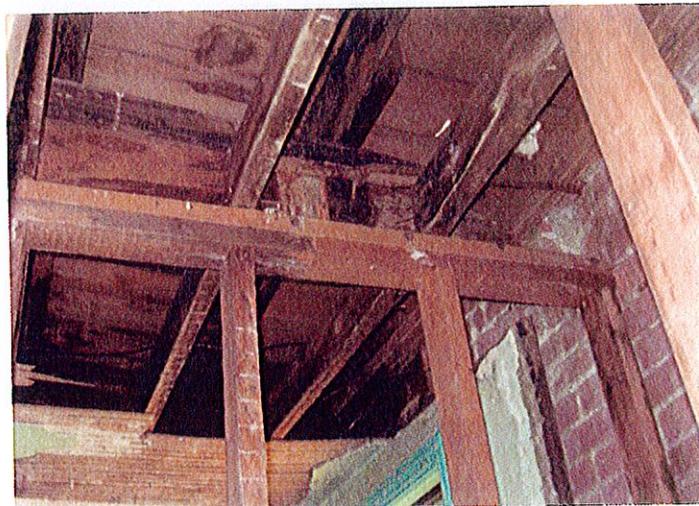


Figure 5 – Existing Trusses at the North Wall

In general the exterior brick walls appear to be in good condition except for some cracks above and below windows at the west wall.

The Buckhorn Building

According to historical data, the Buckhorn Building was originally built in 1889. It is a two-story L-shaped building and has retained its original footprint. The exterior walls are of unreinforced masonry construction as shown in Figure 6 below. They support the floors and roof and also provide lateral resistance to wind and seismic loads.

The first floor is a raised wood floor with a partial basement under the west side of the building. We were unable to determine if there was an access/crawl space under the east side of the building. It is assumed that the first floor is framed with straight sheathing over nominal framing members spaced at 16" – 24" o.c., similar to that of the Masonic building. The first floor was accessible, but the ceiling and finishes prevented observation of the second floor framing. From the second floor above, it appeared that the second floor was framed consistent with the other buildings with flat sheathing over nominal framing members. The roof framing consists of built up 2x wood joists supported by posts bearing on the wood and brick walls below.

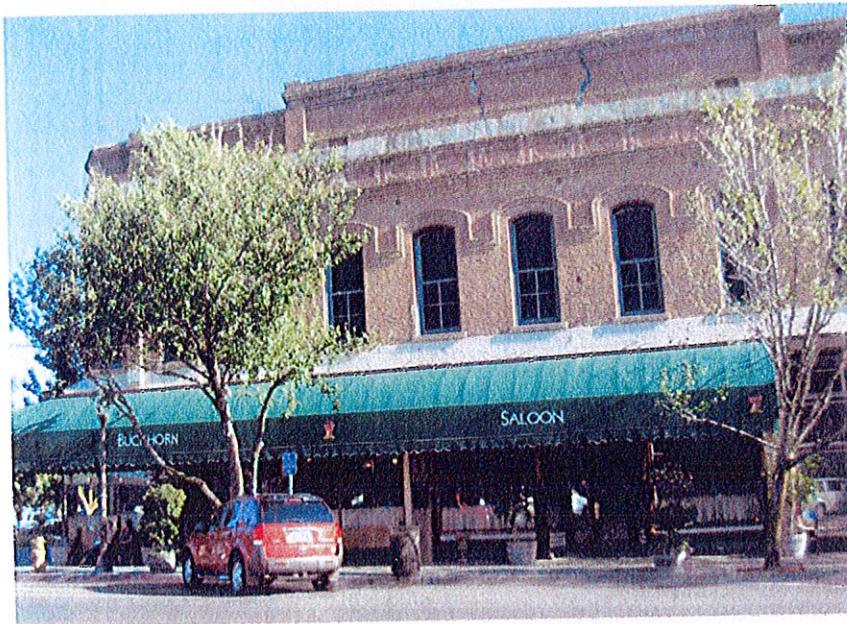


Figure 6 – North Elevation of the Buckhorn Building

The first and second floor framing in general appears to be in fair condition. Because of limited access, only a small amount of water damage and warping of the existing floor framing was observed. There was no noticeable slope to the floors. The built up roof framing appeared in good condition, however a portion of the north roof framing had been slightly damaged by a previous fire. It appears that additional wood framing was added to provide structural reinforcement of the damaged framing. According to the owner, re-roofing had occurred within the last couple of years and seismic strengthening of the building was done

in 1997. This was achieved by tying the exterior wall to the second floor and roof through the use of steel plates, anchor bolts, steel angles, and wood sheathing at both levels as shown in Figure 7 below. In addition it appears that the brick parapet was tied to the existing roof using wood bracing and sheathing.



Figure 7 – Structural Reinforcement

In general, the exterior brick walls appeared to be in good condition. However at the top of the north exterior wall, large cracks are apparent, both on the inside and the outside of the building, as seen in Figure 8 below. There have been attempts to repair the cracks with grout and tying the wall together with plates and bolts on the interior, but according to the building's owner the cracks have been getting larger.

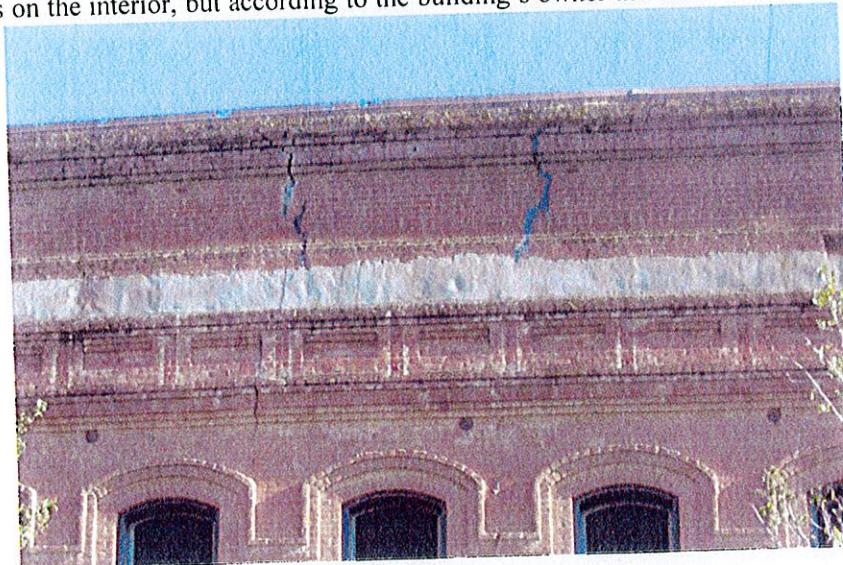


Figure 8 – Cracks in Brick Wall at the North Elevation

The cracks appear to coincide with the delineating line between the portions of the building located over a basement and the portion without a basement.



The Putah Creek Café Building

The Putah Creek Café Building was built in 1904. It appears to share a common wall with the Opera House building to the west that was built at an earlier date.

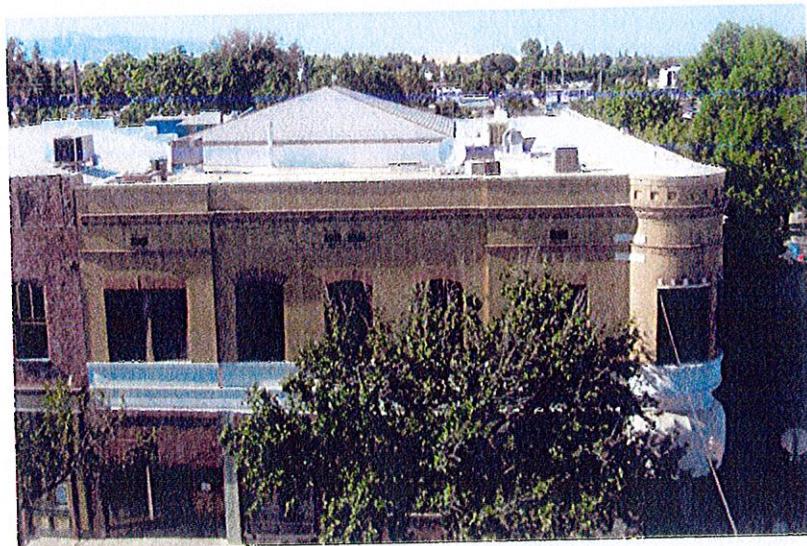


Figure 9 – The Putah Creek Café Building

The exterior walls are unreinforced masonry. They support the floors and roof and also provide lateral resistance to wind and seismic loads. The first floor is a wood raised floor with a partial basement under the north side of the building. It could not be determined if there was an access/crawl space under the south side of the building. It is assumed the first floor is framed with straight sheathing over nominal framing members spaced at 16" – 24" o.c similar to the other buildings. The first floor was accessible, but the ceiling and finishes prevented observation of the second floor framing. But from the second floor above, it appeared that the second floor was framed consistent with the other buildings with flat sheathing over nominal framing members. The roof framing consists of built up 2x wood framing and posts bearing on the wood and brick walls below. There is a portion of the roof framing that elevates above the rest of the roof framing as shown in Figure 9 above.

The first and second floor framing, in general, appeared to be in fair condition. From the limited access only a small amount of water damage and warping of the existing floor framing was observed. In general there was no noticeable slope to the floors. The built up roof framing appeared to be in good condition.

In general the exterior brick walls appear to be in good condition except for some cracks above and below windows at the west wall.

General Comments

In general the buildings appear to be in fair to good condition. However upgrades and improvements will be required to make the buildings functional. Basic structural repairs include; replacing damaged



sheathing and/or roofing as required, repairing and/or replacing floor framing members that are cracked or damaged and replacing or repairing wood roof trusses that are damaged.

One other element of note is that the upstairs portion of the Bahamian building is directly adjacent to The Palms Playhouse, a live music venue at 13 Main Street that presents over 100 concerts a year. The separation between the two buildings is a single layer brick wall. The concerts at The Palms, which generally but not exclusively occur in the evenings, are permitted activities and generate noise that reportedly can be heard to varying degrees in the buildings adjacent. Upgrades or improvements to the Bajakian building to accommodate functional office/retail/hotel space should incorporate include work to soundproof the space from the concert sounds next door. Also, though this issue of sound emanating from The Palms is less pressing for the DeVilbiss Building, attention to soundproofing or noise attenuation should also be addressed for uses that may be 'noise sensitive such as a boutique hotel.

Seismic Upgrade Triggers

The California Building Code (CBC) Chapter 34 – Existing Structures has three items that can trigger a seismic upgrade requirement for an existing building. They include additions, alterations and change in occupancy.

Additions to existing buildings are nonhistorical extensions or increases in the floor area or height of a building. The entire building is required to be upgraded unless the addition conforms to the requirements for new structures, the addition does not increase the seismic forces (mass of the building) by more than ten percent and the addition does not decrease the seismic resistance of the building by more than ten percent. Examples of additions that could require a seismic upgrade include adding a new room or mezzanine, adding new mechanical units to the roof, or converting second floor space to storage.

Alterations are a modification to a building that affects the usability of the building such as remodeling, renovation, rehabilitation, reconstruction, and changes or rearrangements in the plan configuration of walls and full-height partitions. Alterations are allowed to be made to structures provided that the alterations do not increase the seismic forces (mass of the building) by more than ten percent and the addition does not decrease the seismic resistance of the building by more than ten percent. Exceptions include structural alterations to existing structural elements that are made for the purpose of increasing the lateral strength or stiffness of the building. These are not required to meet CBC level force design requirements if an engineering analysis is provided showing the seismic forces in structural elements is not increased, strength is not decreased, new elements are detailed per the CBC, they do not create a structural irregularity or make an existing irregularity more severe or create an unsafe condition. Examples of alterations that could require a seismic upgrade include removing walls for new openings and removing floor framing for new stairs or elevator.

A change in occupancy is when the primary use of a building changes. When a change of occupancy occurs and a structure is reclassified to a higher occupancy category per CBC Table 1604.5 a seismic upgrade is required. An example of a change in occupancy that would require a seismic upgrade is converting a building from office use to assembly use with an occupancy load greater than 300 people.



The seismic triggers above are not mandatory for historic buildings per CBC 3407.1 when the building is judged by the building official not to constitute a distinct life safety hazard. However, conversations with the building official indicate that the requirements above would not be waived for these three buildings and a seismic upgrade would be required if triggered.

Unreinforced masonry walls and buildings have not performed well in past seismic events. If a seismic upgrade is not completed the owners should expect damage in a seismic event. Buildings of this era have experience the following issues; brick walls pull away from the floors and roof, parapets break away and fall from the building, brick walls that have large floor to floor spans buckle and fall and/or open storefront with little or no seismic resistance that can drop or collapse.

Common wind/seismic structural upgrades for unreinforced masonry buildings can include; tying the brick walls into the existing floors and roof using metal straps, anchor bolts and plate washers and resheathing the floors and/or roof as required, bracing the brick walls against wind and seismic forces using wood or steel posts bolted on the inside of the building, bracing existing brick parapets to the roof or removing completely and repointing brick walls as required to strengthen and repair damaged mortar.



Conclusions

The following are the general findings for the three buildings studied but do not cover all structural upgrades that may be required. These are based on the existing conditions that we were able to observe and do not include items that were not accessible or conditions that may be uncovered in the future. Please note that the opinions and conclusions developed by this investigation are based on engineering judgment constrained by the limited scope of the investigation noted above, consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. No other representation, expressed or implied, and no warranty or guarantee is included or intended.

To produce an estimate of the cost of the repairs we assumed the following based on our experience:

Task	Estimated Cost
Repair of Brick Walls	\$30 / sq foot (ea face)
Minor Repair of Wood Framing	\$20 / sq foot of floor area
Moderate Repair of Wood Framing	\$30 / sq foot of floor area
Major Repair / Replacement of Wood Framing	\$50 / sq foot of floor area
Bracing of Walls Out of Plane	\$10 / sq foot of wall area
Wall Attachment to Floor/Roof	\$150 / linear foot
Removal/Brace Parapets	\$20 / linear foot
Moment/Brace Frame at Storefront	\$40,000 to 60,000 / Frame/Level

Please note that these opinions of costs are intended to provide only a rough order of magnitude of the actual costs that may be incurred. The cost estimate numbers are based on current construction costs and will vary depending on when the actual work is performed.

The Masonic Building

Currently the occupancy of the Masonic building is considered to be assembly use (occupant load less than 300) which would put it in occupancy category II per CBC Table 1604.5. The proposed future uses include keeping it the same assembly use or office space both of which keep it in the same occupancy category. Since the occupancy is not changing to a higher level and the proposed uses do not trigger a seismic upgrade due to an addition or alterations, it is our understanding that a seismic upgrade is not required per code, however a voluntary seismic upgrade is strongly recommended.

Structural upgrades that are required for the Masonic building include repairing damaged roof and floor framing as required to restore the structural integrity of the existing floor, replacing damaged sheathing and repairing the cracked masonry walls. The damaged framing can be repaired by reinforcing with additional wood framing or replacing with new framing. The exterior cracked masonry walls can be patched with a crack injection system and further cracking can be prevented with new steel headers above existing windows where cracking has occurred.

Voluntary seismic upgrades may include, but are not limited to, bracing of the exterior and interior brick walls, tying the brick walls to the second floor and roof, bracing the roofs together, bracing the brick



parapet and strengthening the open storefront for lateral loads. The brick walls can be braced against seismic forces with wood or steel posts on the interior of the building. Tying the brick walls to the second floor and roof framing can be achieved by using steel plates, bolts and straps to the existing framing and may require new sheathing placed on the floor and roof. The two roofs with varying heights can be tied together with wood or steel kickers. Strengthening the existing parapet can be achieved by bracing it back to the roof using wood or steel kickers. The existing open storefront can be strengthened by adding a lateral system at the front elevation such as a steel brace or moment frame or adding concrete or wood shear walls.

Below is a cost estimate of the structural work required and recommended for the Masonic Building. The voluntary seismic upgrade items are broken up into two categories: highly recommended and recommended; based on their importance.

Cost Estimate: (approximately 13,500 square feet + raised floor)

Required	
Roof truss repair/replacement at great room =	\$ 80,000
Roof truss repair at north wall =	\$ 40,000
Minor repair to other wood framing =	<u>\$270,000</u>
Total Estimate	\$390,000 (Approx. \$29 / sq ft.)
Voluntary – Highly Recommended	
Wall attachment to floor and roof =	\$126,000
Moment/Brace frame at store front =	\$200,000
Remove/Brace Parapets =	<u>\$ 9,000</u>
Total Estimate	\$335,000 (Approx. \$25 / sq ft.)
Voluntary – Recommended	
20% of brick walls to be repaired =	\$108,000
Bracing of walls out of plane =	\$182,000
Bracing between roofs =	<u>\$ 20,000</u>
Total Estimate	\$310,000 (Approx. \$23 / sq ft.)
Total Estimate	\$1,035,000 (Approx. \$77 / sq ft.)

The Buckhorn Building

The occupancy of the second floor of the Buckhorn building is considered to be hotel use which would put it in occupancy category II per CBC Table 1604.5. Currently there are no plans to occupy the second floor since it would have too much of an impact on the first floor and the restaurant located there.

Structural upgrades required for the Buckhorn building includes repairing damaged roof and floor framing, replacing damaged sheathing as required to maintain the structural integrity of the existing floor and roof and repairing both the minor and major cracks at the masonry walls. The damaged framing can be repaired by reinforcing with additional wood framing or replacing with new framing. Minor cracks at



the exterior masonry walls can be patched with a crack injection system and further cracking can be prevented with new steel headers above existing windows where cracking has occurred. At the major cracks along the north wall of the building foundation strengthening may be required if it is determined that foundation settlement is causing the cracking. The strengthening may be achieved through a micro-pile or concrete cassion system that would provide stability under the existing foundation and prevent future settlement.

As discussed previously, some seismic upgrade work and rehabilitation has been done in the past. Additional required or voluntary seismic upgrades may include, but are not limited to, bracing of the exterior and interior brick walls and strengthening the open store front for lateral loads. The brick walls can be braced against seismic forces with wood or steel posts on the interior of the building. The existing open storefront can be strengthened by adding a lateral system at the front elevation such as a steel brace or moment frame or adding concrete or wood shear walls.

Below is a cost estimate of the structural work required and recommended for the Buckhorn Building. The voluntary seismic upgrade items are broken up into two categories: highly recommended and recommended; based on their importance.

Cost Estimate: (approximately 16,210 square feet + raised floor)

Required	
Foundation strengthening =	\$ 200,000
Minor repair to wood framing =	<u>\$ 325,000</u>
Total Estimate	\$ 525,000 (Approx. \$33 / sq ft.)
Voluntary – Highly Recommended	
Moment/Brace frame at store front =	<u>\$ 200,000</u>
Total Estimate	\$ 200,000 (Approx. \$12 / sq ft.)
Voluntary – Recommended	
20% of brick walls to be repaired =	\$ 100,000
Bracing of walls out of plane =	<u>\$ 170,000</u>
Total Estimate	\$ 270,000 (Approx. \$17 / sq ft.)
Total Estimate	\$ 995,000 (Approx. \$62 / sq ft.)

The Putah Creek Café Building

Currently the occupancy of the Putah Creek Café building is considered mixed use which puts it in occupancy category II per CBC Table 1604.5. The proposed future use is for office space, which keep it in the same occupancy category. Since the occupancy is not changing to a higher level and the proposed uses do not trigger a seismic upgrade due to an addition or alterations, it is our understanding that a seismic upgrade is not required per code, however a voluntary seismic upgrade is strongly recommended.

Structural upgrades required for the Putah Creek Café building would include repairing damaged roof and floor framing as required to maintain the structural integrity of the existing floor, replacing damaged



sheathing and repairing the cracked masonry walls. The damaged framing can be repaired by reinforcing with additional wood framing or replacing with new framing. The exterior cracked masonry walls can be patched with a crack injection system and further cracking can be prevented with new steel headers above existing windows where cracking has occurred.

Required or voluntary seismic upgrades may include, but are not limited to, bracing of the exterior and interior brick walls, tying the brick walls to the second floor and roof, bracing the elevated roof to the lower roof, bracing the brick parapet and strengthening the open storefront for lateral loads. The brick walls can be braced against seismic forces with wood or steel posts on the interior of the building. Tying the brick walls to the second floor and roof framing can be achieved by using steel plates, bolts and straps to the existing framing and sheathing and may require new sheathing. The higher roofs are can be tied to the lower portion with wood or steel kickers. Strengthening the existing parapet can be achieved by bracing it back to the roof using wood or steel kickers. The existing open storefront can be strengthened by adding a lateral system at the front elevation such as a steel brace or moment frame or adding concrete or wood shear walls.

Below is a cost estimate of the structural work required and recommended for the Putah Creek Café Building. The voluntary seismic upgrade items are broken up into two categories: highly recommended and recommended; based on their importance.

Cost Estimate: (approximately 12,100 square feet + raised floor)

Required	
Minor repair to floor wood framing =	\$121,000
Moderate repair to roof wood framing =	<u>\$182,000</u>
Total Estimate	\$303,000
	(Approx. \$25 / sq ft.)
Voluntary – Highly Recommended	
Wall attachment to floor and roof =	\$106,000
Moment/Brace frame at store front =	\$200,000
Remove/Brace Parapets =	<u>\$ 6,000</u>
Total Estimate	\$312,000
	(Approx. \$26 / sq ft.)
Voluntary – Recommended	
20% of brick walls to be repaired =	\$ 85,000
Bracing of walls out of plane =	<u>\$142,000</u>
Total Estimate	\$227,000
	(Approx. \$19 / sq ft.)
Total Estimate	\$ 842,000 (Approx. \$70 / sq ft.)



Upper Story Building Market Feasibility Assessment



Introduction

This market opportunity analysis focuses on three key development uses for the upper stories of the Masonic Lodge and Bajakian Building in downtown Winters. Marketek, Winters community leaders and the project team identified these opportunities among several as having the greatest potential for successful development in the near term or 1-3 year timeframe. An overview of all potential uses explored is presented in the exhibit that follows.

The development concepts explored in this market opportunity report include:

- Lodging
- Meeting/Event Space
- Office

The market assessment seeks to generally answer the following questions:

- What are the trends in business activity, development and growth for Winters and the region?
- Who are the target markets and what are the socio-economic trends reflecting their current and future expansion?
- What are the overall characteristics of supply and demand for key uses?
- What is the overall market potential?

Next steps in this feasibility analysis assignment include preparation of a financial pro forma for the targeted uses incorporating the architectural/engineering concept plans under preparation by SERA Architects and KPFF Engineering.

Upper Story Building Market Feasibility Assessment

Winters, CA Upper Story Development Development Options DRAFT, 12.18.09				
Development Use/Description	Demand Generators	Prospective Occupants/ Tenants	Key Location Requirements	Desired Access/ Parking
Masonic Lodge (3,000 SF Lodge Room + _____ (Existing Apt. Space))				
1. Event Space for Medium-Size Events (200 lecture style capacity & 144 banquet seating.)	<ul style="list-style-type: none"> Local market—mainly Yolo County (weddings, quinceañeros, small conferences & meetings, community events) Alternative, higher quality venue to community center 	<p>2 Options:</p> <ol style="list-style-type: none"> Owner manages space and rents for events Owner leases space to management /marketing co. 	Ancillary facilities and services: catering, kitchen, dressing room. Adjacent warming kitchen/sit down eating area would be utilized	Easy ingress and egress for delivery; on-street parking &/or designated lot
2. Single Office Tenant, 3,000 SF	<ul style="list-style-type: none"> Local entrepreneurs and expanding business Nov 2004 market study identified 10,000-20,000 SF of new office space demand through 2010 	Sutter Health Care; insurance, architect, other professional, health care, etc	Some uses more dependent on parking than others	
3. Specialty Movie Theatre: 2 nd Run Showings	Local residents, youth in particular; needed capacity TBD	Movie developer would own and utilize Thursday-Saturdays+ Sunday matinee; shared space w/ Theatre Co. on up to 8 weekends a year; reconfigure ground floor uses	Project developer sees alley redevelopment plan as necessary first step; anticipates strong city support/leadership. Permanent seating; sound system	Alley entry, walkable
4. Winters Theatre Company	Local residents 125-150 max per performance	Sublet from movie house, w/ up to 20 weeks rehearsal/8 weekends of occupancy w/ 4 plays a year.	Permanent seating; sound & lighting systems; green room	Evening parking demand; on-street parking &/or designated lot

Upper Story Building Market Feasibility Assessment

Winters, CA Upper Story Development (continued) Development Options DRAFT, 12.18.09				
Development Use/Description	Demand Generators	Prospective Occupants/ Tenants	Key Location Requirements	Desired Access/ Parking
Putah Creek Café, Bajakian Building (<8,000 SF)				
1. Boutique Hotel (10-12 rooms)	The Palms Playhouse, Buckhorn, Lake Berryessa, local residents, special events, business meetings		Nearby meeting space very helpful	Convenient, safe overnight parking
2. Subdivided Office Space (10-14 small offices <400 SF ea)	Existing businesses, home- based businesses and start- up entrepreneurs in a 10 minute drive time: a. Medical & professional b. Miscellaneous small business--self-employed, independent operators	EX: chiropractor, yoga studio, massage therapist, vision, dentist, naturopath, insurance, realtors, attorney, architects, creative professionals, employment agency, recruiter EX: Independent operators— construction contractors, auction company, environmental services	<ul style="list-style-type: none"> ◦ Shared conference, copy, break rooms & possibly administrative staff ◦ Quality space, professionally managed, positive image important Small, convenient, affordable	Designated parking Designated parking

Lodging Market

Introduction

Lodging is one of the proposed uses for the upper story of the Bajakian (SP) Building. The City of Winters seeks to understand its potential for unique lodging facilities to better serve the needs of visitors and residents. A key motivating factor is that overnight visitor spending is up to three times higher than day visitor spending and provides significant economic benefits to area businesses and the community overall. Presently, Winters area attractions, special events, residents and businesses send people to lodging establishments out of town where they also spend money on dining out and shopping.

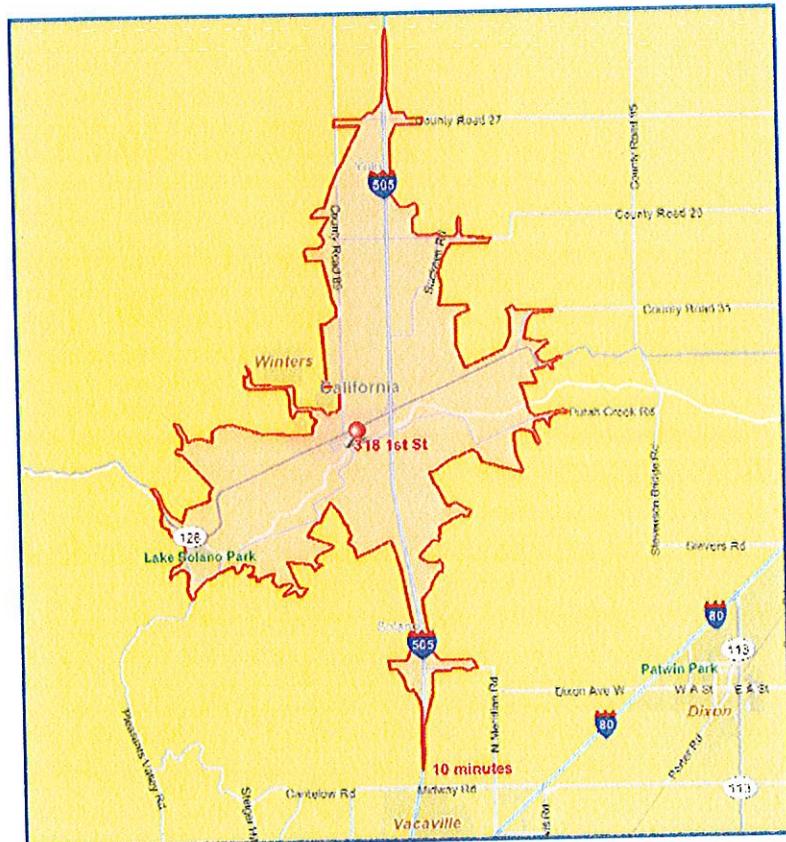
This report section provides a broad overview of lodging market segments, the Winters area lodging market, information on key demand generators for a boutique hotel in downtown Winters and case study examples of similar developments.

Lodging Target Market Profiles

The characteristics of potential clientele for new lodging development in the Winters area are provided in this section. Three target markets are identified: (1) the local resident market; (2) the leisure visitor market; and (3) the business visitor market.

Local Residents

The local resident market includes households living in the Winters area whose visitors are potential customers for new lodging developed in the City. The Resident Market Area contains the majority of these households and is illustrated in the map below. This custom-drawn area is based on drive-time estimates, the location of existing competition and the knowledge and experience of Winters business owners. The delineation of the market area is not meant to suggest that prospective lodging customers will be drawn solely from this geographic area. Winters' visitor events and assets and economic development will likely bring visitors from outside the market area as well.



Winters Local Market Area

General Demographic Characteristics

The age, race and household income distributions of the Resident Market Area population are similar to those of the county, although the market area population tends to be slightly older and more affluent, as median ages and household incomes signify. The homeownership rate in the Resident Market Area is significantly higher than that of the county and state; however, the household and population growth rates are much lower than the county as signified by the average annual percent changes. The Resident Market Area is also forecasted to grow by much less than both the county and state.

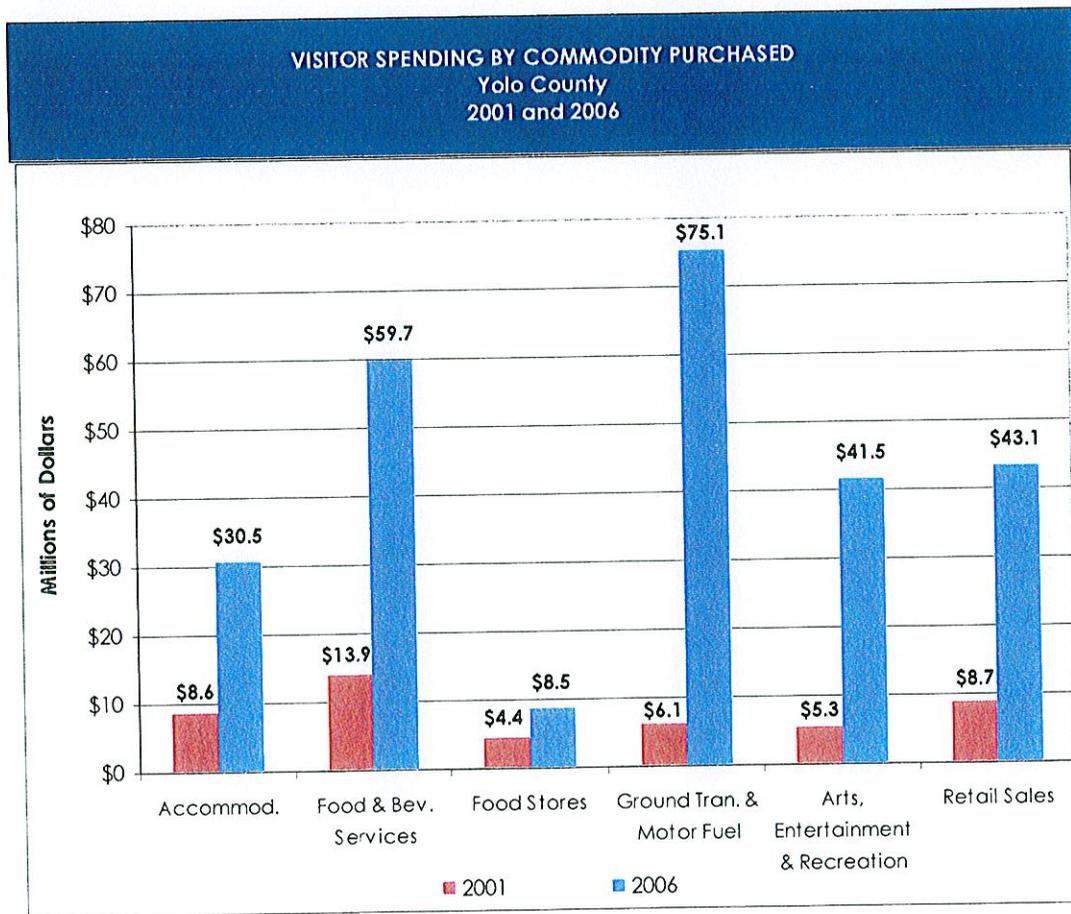
DEMOGRAPHIC & HOUSING SNAPSHOT Winters 10-Minutes Market Area, Yolo County & California 2008			
Demographic Indicator	Winters 10-Min Market Area	Yolo County	State of California
Population			
2008 (estimate)	7,026	197,227	37,873,407
2013 (forecast)	7,443	213,989	40,464,212
Avg. Ann. % Change ('00 to '08)	0.36%	2.12%	1.48%
Avg. Ann. % Change ('08 to '13)	1.19%	1.70%	1.37%
Households			
2008 (estimate)	2,157	69,191	12,638,663
2013 (forecast)	2,286	75,088	13,437,896
Avg. Ann. % Change ('00 to '08)	0.45%	2.07%	1.23%
Avg. Ann. % Change ('08 to '13)	1.20%	1.70%	1.26%
Average Household Size	3.24	2.73	2.93
Median Household Income	\$59,631	\$52,789	\$61,779
Median Age (Years)	32.1	30.2	34.3
Race			
Percent White Alone	64.5%	61.7%	55.0%
Percent Other Race/2+ Races	35.5%	38.3%	45.0%
Percent Hispanic	53.1%	31.3%	37.8%
Homeownership	60.4%	52.0%	55.2%
Educational Attainment			
Associate Degree	8.5%	6.2%	7.5%
Four Year Degree or More	23.7%	36.9%	29.0%

Source: ESRI BIS, Marketek

Leisure Visitors

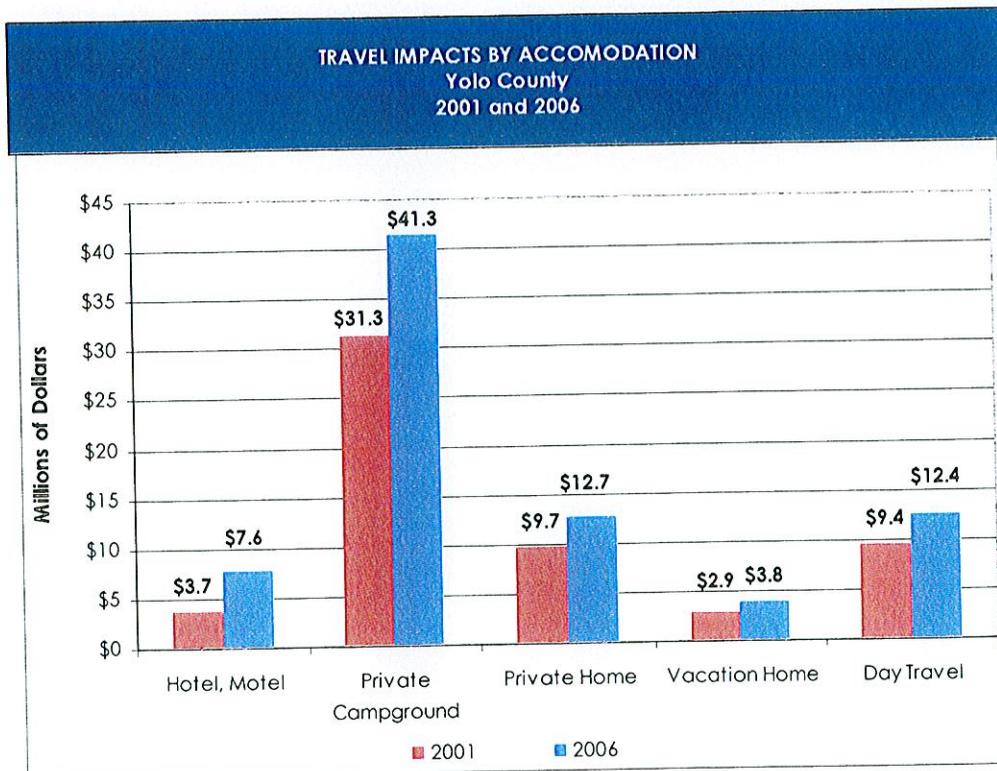
California's natural beauty, outdoor entertainment and recreational activities attract a growing number of tourists each year, with travelers spending over \$96 billion statewide in 2007. According to Dean Runyan Associates, top expenses included food and beverage service, transportation and accommodations.

The Yolo County visitor market – which includes Winters – has witnessed a strong rise in travel spending over the past five years, from \$192.6 million in 2001 to \$258.5 million in 2006. As the exhibit below displays, spending increases since 2001 were highest for arts, entertainment and recreation (683%) and transportation (1131%). However, food and beverage services and transportation take the largest share of travel spending in 2006, with 23% and 29% respectively. Yolo County visitors spent \$30.5 million on accommodations.



Source: Dean Runyan Associates

In terms of spending by accommodation type, overnight travelers staying in private campgrounds were far and above the dominant contributor, with more than half (53%) of total expenditure in 2006. As the exhibit below shows, visitors staying in private homes also contributed significantly to travel spending, accounting for 16% of expenditures. Those staying in a hotel or motel only account for 10% of spending by accommodation type. A large portion of travel is made up of day travelers, accounting for 16% of the visitor spending.



Source: Dean Runyan Associates

In the immediate Winters area are several significant attractions whose visitors would be potential customers for new lodging in Winters. The exhibit on the following page provides visitor counts and characteristics for local facilities and attractions. Lake Berryessa draws the largest number of visitors, over 1.5 million every year. These visitors account for the large number of those staying overnight in private campgrounds. Other local attractions include Cache Creek Casino, The Palms Playhouse, and special events such as the Amgen Race and Earthquake Festival.

Snapshot of Potential Lodging Market Winters, CA Area Demand Generators	
Attraction/Market	Visitor or User Counts/Market Size
Lake Berryessa	1.5 million/year
Local Residential Market 10-minute drive time Winters, CA	7,026 ('08)
The Palms Playhouse Winters, CA	unknown
Buckhorn Steak & Roadhouse Winters, CA	1,400 dinners/week or 72,800/year w/ 80% from out of town
Cache Creek Casino Brooks, CA	Angie Esco, 530-796-5318
Winters Community Center	70 groups, 20,000 attendees, 300 booked days/year
Special Events: - Amgen Race - Youth Day - Earthquake Festival	1.6 million spectators on 650 mile route 10,000 cyclers 32 vendors; 500-700 attendees
Bear Flag Farm events	12+ events/year
Highway 505 Traffic @ Rte 128 West	Average Daily Traffic Southbound 23,000 est'd Northbound 19,000 est'd

Source: Marketek, 2008

Business Visitors

While leisure visitors are the primary market for existing and future Winters area lodging facilities, business visitors play an important role in boosting hotel/motel occupancies and revenues, especially during off peak tourist months. The following exhibit provides a distribution of businesses and employment within the Winters area mapped on page 2, as well as for Yolo County as a whole. As shown in the following exhibit, there are 236 businesses employing 2131 persons in the Winters Market Area. The greatest shares of businesses are service providers (35%) or retailers (23%).

BUSINESSES AND EMPLOYMENT Winters 10-Minute and Yolo County Market Areas 2008				
Industry	Winters 10-Minute		Yolo County	
	Businesses	Employees	Businesses	Employees
	%	%	%	%
Agriculture & Mining	8.1%	4.9%	4.2%	2.9%
Construction	10.6%	6.2%	8.0%	3.9%
Manufacturing	3.0%	4.5%	3.1%	7.8%
Transportation	3.0%	3.6%	3.7%	3.8%
Communication	0.8%	0.1%	0.4%	0.3%
Electric/Gas/Water/Sanitary Services	1.7%	0.4%	0.2%	0.2%
Wholesale Trade	5.1%	5.4%	6.2%	7.8%
Retail Trade	23.3%	43.2%	18.8%	16.9%
Finance/Insurance/Real Estate	6.4%	1.6%	9.9%	3.1%
Services	34.7%	27.3%	41.1%	47.3%
Government	2.5%	2.6%	2.9%	5.9%
Other	0.8%	0.0%	1.5%	0.0%
Total Employment	236	2,131	6,607	88,150

Source: ESRI BIS, Marketek

Lodging Industry Trends

Hotels And Motels - Trends and Success Factors

The hotel/motel sector of the lodging industry serves the needs of several different markets, including business travelers, leisure travelers, visitors of local residents and large groups. The following table outlines characteristics of each of these market segments:

Lodging Market Segments	
Business Travelers	<p>Represent a large portion of lodging demand</p> <p>Peak demand is Monday – Thursday nights</p> <p>Represent commercial, industrial, government sectors</p> <p>Purpose in area: conducting business, training, vendor/supplier sales</p>
Leisure Travelers & Visitors	<p>Vacationers, visiting attractions, attending events, visiting friends/relatives, traveling to other destinations</p> <p>Seasonal in nature; peak on weekends</p> <p>Interested in recreational amenities at or near lodging properties</p>
Group Meeting Travelers	<p>Includes both business and leisure travelers</p> <p>Bus tours, athletic events</p> <p>Business group meetings, trade shows, training events</p>
Other Travelers	<p>Construction workers, utility crews, pass through travelers</p>

To meet the diverse needs of travelers, the lodging industry offers a variety of hotel/motel products, as summarized in the table that follows.

Types of Hotels/Motels	
Boutique	<p>An intimate, usually luxurious or quirky hotel environment that differentiates itself from large chain hotels. Often furnished in a themed and/or stylish manor with between three and 100 rooms. Usually feature 24-hour guest services, on-site dining facilities and bars and lounges.</p>
Condo Hotel	<p>Building with units that are used as both condominiums and hotel rooms. Owners purchase condo units that are rented as hotel rooms when the owner is not living in them. Often have a restaurant and guest services that owners can use when living in their units.</p>
Extended Stay	<p>Offer guestrooms or suites with kitchens that have sinks, refrigerators, microwaves and a stovetop. Usually have onsite self-serve laundry facilities and discounts for extended stays of at least 5 to 7 days. Popular with business travelers and families or other travelers who desire more space.</p>
Full Service	<p>Usually high-rise establishments that offer a full range of on-site food and beverage service, a cocktail lounge, entertainment and conference facilities, shops and recreation activities. They also provide a wide range of guest services on a 24-hour basis.</p>

Types of Hotels/Motels (continued)	
Limited Service	Have no on-site restaurant or beverage services and provide only limited guest services. Designed to be clean, comfortable and functional but without guest services typical of full service hotels.
Luxury Hotel	Feature well-integrated, high quality décor, full range of first-class amenities and customized guest services. High staff-to-guest ratio. May have several upscale restaurants, beachfront location and beautifully landscaped grounds.
Resort Hotel	Located in popular vacation spots such as beaches, lakes or on golf courses. Offer fine dining, exceptional services and amenities such as landscaped grounds, luxury indoor and outdoor pools, spas and transit to nearby attractions.

Source: AAA

Recent activity in hotel/motel lodging reveals the following trends:

- Increased chain affiliation and consolidation: To take advantage of economies of scale, independent hotels/motels are being sold and converted to national chains and large chains are consolidating.
- Increased third-party reservation: Online booking services such as Travelocity, Priceline and Hotels.com are becoming increasingly popular methods for booking reservations. One in five reservations is now through such third parties.
- Popularity of alternative-style hotels: Where full-service hotels once dominated the lodging industry, limited service hotel/motels, extended stay hotels and boutique hotels are gaining in popularity.
- Emphasis on refinancing, consolidation and renovation over new construction: As the number of available rooms outpaced demand, financing for new construction slowed, requiring stronger project characteristics such as excellent locations, national branding and solid management plans.
- Cautious outlook for the future: According to a recent National Real Estate Investor article, several large hotel chains are expecting continued slowed revenue growth for the first quarter of 2009.
- Critical success factors to the hotel and motel industry and facility operations include:
 - Consumer confidence and overall economic conditions. Business travel fluctuates directly with economic conditions and leisure travelers tend to postpone travel until the economy improves.
 - Visible, accessible and convenient location. Commercial locations should be accessible from major highways and/or convenient to business districts, colleges or convention centers. Resort locations should be near attractions and provide greater amenities and services.
 - Continuous renovation of furniture, fixtures and equipment and maintenance of building and property.
 - Friendly and convenient booking experience for guests.
 - Competitive prices.

- Excellent guest services and clean rooms.
- Continuous advertisement.
- Understanding of competitors' prices, features and services and amenities offered.
- Marketek's research of lodging potential for other small communities has included phone interviews with several hotel/motel management companies that focus on small, limited-service, independently owned facilities. The discussions revealed the following:
 - A strong dependable job base able to attract professionals is critical to sustaining occupancy throughout the year unless there is a visitor attraction(s) that draws year round.
 - Business travelers generally comprise 40-50% of the lodging market with the balance being tourists and area visitors. The business sector is counted on to provide a stable, dependable base of occupancy throughout the year.
 - A customer base of 50% business and 50% leisure is an optimum mix to strive for. However, this mix depends on local market circumstance.
 - A growing residential population is an important consideration but will not generate more than 10-15% of occupancies year round in smaller communities
 - Local/regional investment groups can offer a viable approach to pursuing lodging projects that are often challenged to locate adequate financing through traditional sources.

Hotels and Motels—State and Local Trends

In the state of California, hotel occupancy was down 5% in September 2008 and 6% in October 2008 compared to the same month in 2007. Overall, business travel has experienced the most significant downturn with leisure travel declining only 2% in 2008 over 2007.

In August 2008, PKF Consulting, San Francisco completed a preliminary hotel market analysis for the City of Winters. Although the firm concluded that Winters was unable to support a full service hotel property at this time, important hotel performance information was made available.

In the nearby Vacaville hotel market, the supply of hotel rooms has remained unchanged from 2003 through 2007 at 167,900 rooms. Occupancies ranged from a high of 83.4% in 2004 to a low of 69.3% in 2007 with average daily room rates at \$97.18 in 2007.

The Yolo County Convention and Visitors Bureau reports that 2008 monthly hotel occupancies have hovered between 50 and 60%, with approximately 1500 rooms including lodging in Davis and Woodland.

The Abbey House Inn/Bed & Breakfast is Winters' sole lodging option and is located in downtown Winters. It has five guest rooms with rates ranging from \$100 to \$140/night. Weekend occupancy is reportedly very strong with key target customer groups being bicyclists, wedding party guests, music goers at the Palms and parents of UC Davis students. Promotion occurs primarily through the web and word of mouth.

Independent Inns

The lodging being considered for downtown Winters is nontraditional and most comparable to a small hotel or inn. The Professional Association of Innkeepers International (PAII) represents 20,000 country

inns and bed & breakfasts in the United States. Locations include 29% in rural settings, 12% were urban, 5% suburban, and 54% were village locations. The average number of rooms is 7.66 with average occupancies in 2006 at 43% up from 38% in 2002. The average daily rate is \$153 and average employment is 4.3 persons per location.

Historic Hotel Case Study Analysis

This case study analysis of six small historic inns and hotels included web research and interviews. The case studies focused on small to medium, historic inns/hotels that were developed within a traditional downtown district. The study looked at inns in three states (California, Oregon and Washington); with the majority of inns located in California. The number of rooms in the study ranged from 12 to 52; and included guest cottages (for one, they were two blocks away) and suites in addition to the typical single or double occupancy guest room.

Common themes and findings that emerged from this study include:

- Primary target audience: tourists; with business travelers a distant second.
- **Minimum number of rooms** needed to be profitable was considered to be 10-12. One owner said that she used to believe that an inn could be profitable with 8 rooms but due to cost increases that number has increased to a minimum of 10 rooms.
- Five out of six inns included an on-site fine dining restaurant and four of the six also had full bars. Owners with restaurants agreed that the restaurant component of the business was the most stressful and least profitable. However, they agreed that having this component was important, especially if there was not another nice restaurant within close proximity to the inn. They also saw it as an opportunity to capture more of the guest's spending. In each instance where a bar was part of the enterprise, the bar made money. The lodging component was profitable, as was the catering component if they had one.
- **Staffing:** flexibility is key with staffing an inn. Most of the innkeepers have on-call agreements with staff so they can adjust their services to occupancy rates. For those with a restaurant component, there was still some flexibility with on-call busers and servers but this component did not have the same flexibility built into it. For one owner, to keep the desk person busy, he put in a 2,000 bottle wine and gift shop. He said, "The lobby was on the ground floor and much of the time she was not busy so I put in the shop to help keep her busy. Now the wine and gift shop is a big draw and the wine shop has won a coveted Wine Spectator Award."
- **Keys to success:**
 - A realistic and complete business plan before taking on a project of this type.
 - Having a nearby draw (destination) to help guarantee occupancy — a couple of the inn owners asked, "What is the draw in Winters? What makes it a destination? Why would anyone go there?" Also, "Are there week-day business travelers who will use the inn? It is important to attract this market if you can."
 - Knowing exactly who your target market is, how to reach them, what your target occupancy goals are. (The occupancy range for the case study group 50% (very low) and up to 75-85% (extremely high) — for several of the inn owners, business is really down right now.)
 - Great web sites that are easy to navigate; showing pictures of rooms, highlighting memberships in select groups and awards and links to nearby attractions, etc.

- On-line reservations — although the innkeeper at the Pensione Nichols said that she likes to talk in person to those making reservations, she is thinking of using on-line reservations next year.
- Good reviews on the Trip Advisor website.
- Belonging to groups like 'Unique Inns' and 'Select Registry' are helpful in marketing and the Professional Association of Innkeepers International is also a good resource (www.paii.org) for information and training.
- Inn owners felt like it is important to offer guests a nice breakfast as part of the amenity package.
- Most owners also offered accommodations for events and meetings as well as on-site catering (if they had a restaurant). Those with catering said it was a good part of the business and one is working on growing this component.
- Realistic bids and a good contractor are critical if undertaking the renovation part of the project. One owner said they did not have good bids and went way over budget — which was a problem.
- One owner said that having a good downtown association was very important; another owner said that it was important to list the project on the National Register, take advantage of their programs and work with the State Historic Preservation Office.

Case Study #1: Holbrooke Hotel, Grass Valley, CA

Owners: Jim O'Brien, Michael Nudelman, Cheryl Rellstab as part of Holbrooke LLC

Address: 212 W. Main, Grass Valley, CA

Phone: 800-933-7077

Web: www.holbrooke.com

- Located 1+ hr NE of Sacramento; most visitors are weekenders from Sac; some from Bay Area
- 27 rooms; Jim O'Brien said they need 10-12 rooms filled to break even; they have a very flexible staff that can be called in on an as-needed basis. This includes: 3 front desk shifts; 3-4 housekeepers (1 is full-time); 1 full-time maintenance person
- Rates (range from): \$89/twin; \$224 suite
- Fine dining on-site; saloon (oldest continuous operating saloon west of the Mississippi), and on-site catering
- Meeting rooms for events, retreats, weddings, etc. (for smaller events up to 100)
- On-line reservations
- Info on the area, but no direct links — weak in this area
- Jim said the following about the financial aspects of each of the components:
 - Hotel: profitable
 - Fine Dining: unprofitable (difficult when fine dining restaurant is inside hotel). He said that every hotel guest is a potential customer for the bar and restaurant so they can afford to not be profitable on the restaurant side.
 - Golden Gate Saloon: very profitable
 - Catering: profitable, small part of the pie and they are working to grow this
 - This business was up and going when it was purchased; it was marginal when purchased in 2005 and still is because it is so reliant on tourists
- Occupancy: now less than 50% — "everyone is hurting right now"; however their average daily rate is up — however, this has not quite balanced the loss of occupancy.
- They did have a management company running the hotel but the partners are now running it themselves to save money; these companies charge on a % of revenues
- Advice to those looking to start a hotel: 1) what is the community draw? Make sure you have one; 2) Are there week-day travelers who would use the hotel? It is critical to have both week-end and week-day guests (this hotel only has weekend guests); 3) Important to have a strong downtown business association if the hotel is in downtown



Case Study #2: Pensione Nichols, Seattle, WA

Owner: Lindsey Nichols

Address: 1923 First Ave., Seattle, WA

Phone: 206-441-7125

Web: www.pensionenichols.com

- Located in heart of downtown Seattle
- Small with 8 guestrooms and 3 'down the hall' bathrooms on one floor; and two guestrooms (each with bath) and two 900 SF suites (w/bath, kitchen, etc.) on another floor
- Rates (start at): \$99 single; \$139 double and include a European styled continental breakfast; big suite is \$230/night w/breakfast...great deal
- All reservations now done over the phone; likes this but is thinking of going to on-line reservations next year
- Innovative 'self-service' is available for late check-ins, etc; walk up to 3rd floor to check in - - rooms on 2nd and 3rd floors
- Unique niche: very comfortable hotel, not fancy; but good quality and very nice furnishings; fantastic big living room that looks out of Elliott Bay
- Business is 20 years old; when she began it was a rough area but lots of porn businesses; her mother put in an antiques shop on ground floor and Lindsey went with her instincts and created this simple, low cost and very high quality option
- Very specific audience who is looking for no frills (spa, etc) but good quality, good location, great customer service and a lot of personality
- Most business is repeat and by word of mouth
- Averages 75-85% occupancy
- Staff: 3 pt desk clerks, 1 housekeeper and owner who is very hands-on

Case Study #3: Jacksonville Inn, Jacksonville, OR

Owner: Jerry Evans

Address: 175 E. California St., Jacksonville, OR

Phone: 541-899-1900

Web: www.jacksonvilleinn.com

- Located in town where summer-long Brit Festival brings in thousands of visitors from all over; also close to Ashland and Shakespeare Festival
- Historic downtown building in a National Register Landmark downtown
- Rooms: 8 hotel rooms above wine/gift shop and fine dining; 4 cottages 2 blocks away; all accommodations include breakfast; 5 meeting/ballrooms that can accommodate 25-200
- Rates: \$199 - \$465/night
- On-site fine dining and catering; wine/gift shop has over 2,000 wines, received 'Best Award of Excellence' by Wine Spectator (one of 600 worldwide)
- Jerry Evans has owned the hotel and restaurant for 32 years. His original intent was to have a world class restaurant and he wasn't interested in the hotel, but the hotel was a good fit for the restaurant.
- Staffing for hotel: FT hotel manager; 2-3 housekeepers; 1 phone/reservation person (the hotel check-in is in the wine shop so this person does double duty); 1 maintenance person (most of his work is on restaurant)
- Restaurant is the least profitable and most stressful component; Jerry recommends that a person looking to do a hotel NOT put in a full service restaurant if there is a good one nearby. However, you need to have food available and should serve a nice breakfast.
- This past quarter has been the best ever in the 32 years he has been the owner; running about 70% occupancy for the year.
- Clientele: visitors to area; travelers who stop every year; corporate entertaining; business travelers
- On-line reservations
- Local attractions well highlighted with some links
- Member of Unique Inns and Select Registry groups; named 'Best Lodging in NW' by Best Places magazine; other awards
- Advice: "There must be a reason for people to come. What is in Winters? What is the draw? You might build a world class restaurant as a destination to help bring folks in. You must have something."



Case Study #4: Groveland Hotel, Groveland, CA

Owners: Peggy & Grover Mosley

Address: 18767 Main Street, Groveland, CA

Phone: 800-273-3314

Web: www.groveland.com

E-mail: peggy@groveland.com

- Located 23 miles from Yosemite; on the main highway to the park; 2.5 hours east of SF
- Purchased building when it was almost ready for demolition; building built in 1849; now on National Register
- Now: 14 rooms + 3 suites that have fireplaces and hot tubs
- Rates: \$145-\$185 rooms; \$235-285 suites
- Primarily tourists (walk-in) and very few business travelers
- Staffing: 3 front desk; 3-4 housekeepers (on-call); restaurant: 4 servers, 3 busers (on-call); 3 in kitchen + 1 dishwasher (on-call)
- Fine dining, full bar and on-site catering; they are lucky to break even on the restaurant but think it is important to have
- Meeting rooms for events, retreats, weddings, etc.
- On-line reservations
- Web site plays off proximity to Yosemite
- Awards: Wine Spectator 'Excellence Award'
- They get a lot of walk in guests because inn is on the highway to Yosemite
- Advice: "Make sure you have a good business plan and look at all the comparables. Look carefully at income and expense projections as this will make you ask the right questions. Where will business be coming from? What is the big draw or attraction? If you are relying on reservations, then your marketing will take a whole different tack. It is difficult to make an inn work with less than 10 rooms. I used to say that number was 8 but because costs have risen so much, it is now about 10. If you are rehabbing a building, I suggest you go the National Register route, work with the state historic preservation office and use the Historic Building Code. We did this and are glad we did."



Case Study #5: Carlton Hotel, Atascadero, CA

Owners: David & Mary Weyrich (local vintners), David Crabtree and Steve Landaker; Innkeeper: Theresa Corea

Address: 6005 El Camino Real, Atascadero, CA

Phone: 877-204-9830

Web: www.the-carlton.com

- Located on central California coast in San Luis Obispo County; 30 minutes from Hearst Castle, Pismo Beach, etc.
- Historic downtown building built in 1929; now luxury hotel with 52 rooms, including 2 penthouse suites; Ambrosia Room can accommodate up to 120
- Staffing for total enterprise: 50, includes 10 housekeepers, 8 front desk – most fulltime
- Occupancy will be in the 50% range for year; would like 70% but it has never happened
- Their fine dining is the unprofitable component (a common theme); bar and hotel are profitable
- Rates (off-season): \$142 - \$442/night
- On-site fine dining with restaurant and grill; sushi; lounge and wine bar and art café and bakery; on-site catering
- On-line reservations
- Local attractions and activities well highlighted; as well as upcoming events at the lounge & grill
- Advice: "Get good numbers and be realistic about the cost to rehab the building – we did not have good numbers for our building and had big cost overruns; also, make sure you have a good contractor"

Case Study #6: Tallman Hotel, Upper Lake County, CA

Owners: Lynne & Bernie Butcher

Address: 9550 Main Street, Upper Lake, CA 95485

Phone: 707-275-2244

Web: www.tallmanhotel.com

E-mail: info@tallmanhotel.com

- Located 2.5 hours from San Francisco and Sacramento; minutes from Clear Lake
- Remodeled in 2005-06; opened with 4 guestrooms in Dec. 2005
- Now: 17 rooms; those on ground floor with Japanese soaking tubs
- Rates (start at): \$139 single/double; \$169 suite
- Dining on-site with Blue Wing Saloon & Café (nice menu & photos); on-site catering
- Meeting rooms for events, retreats, weddings, etc. (purchased and rehabbed house next door for meeting rooms)
- On-line reservations
- Several packages or 'create your own package' options
- Excellent 'Things to Do' list
- Awards, Assns, Designations, Press: huge press section of write-ups; rave reviews on Trip Advisor; St. of CA Preservation Award Winner; Member of Green Hotels Assn.; Member of Unique Inns Group; great reviews on Trip Advisor



Conclusions

Demand for lodging will be generated by residents, visitors, local businesses and a wide spectrum of special events. Key factors affecting future demand are highlighted below.

Presently, Winters has limited demand from business travelers due to its relatively small commercial and industrial base. Population growth is steady, but relatively small in size. The visitor market is developing, tied mainly to biking and recreational activities, community center events attracting out of towners and potentially performances at the Palms Playhouse. Whether collectively these activities can generate a 60% occupancy rate year round—the standard industry minimum for breakeven—merits further discussion by the project team.

Office Space Market

Office space potential for the Mason and Bajakian Buildings is deemed to be highly local in nature but nonetheless is analyzed within the context of the greater Sacramento office market and in light of typical office demand generators.

Supply Overview

Although the Sacramento office market is large and complex with 50.3 million square feet (SF) of office space available, it is important to note the current conditions. CB Richard Ellis reports that office vacancies rose steadily in the first three quarters of 2008 and were at 15.99% at the end of the 3rd quarter with average lease rates at \$2.00/SF/month. The underlying factors for increased vacancy includes company contractions, office subleases expiring and the addition of 107,851 SF of new office space. In August 2008, California Employment Development Department reported unemployment at 7.4% for the Sacramento area, a key indicator of the region's weak demand for office space.

A Downtown Winters Market Evaluation by Keyser Marston Associates in November 2004 estimated that existing office space in downtown ranged from 25,000 – 35,000 SF with virtually no vacant office space at that time. Several thousand feet also exist by the highway with the majority single tenant occupied.

For the purposes of defining the development program for the proposed Monticello mixed-use project, Economic & Planning Systems (EPS) consultants analyzed the local Winters office market in a February 14, 2008 memo to the City of Winters. EPS assessed the existing supply of office in Winters and neighborhood communities and determined that the office market shows considerable potential downtown. Key conclusions follow:

- ❖ Many ground floor spaces in downtown traditionally leased by retail users are being leased by office users, a possible indication of the shortage of office space in Winters.
- ❖ Comparable 'main street' type office properties were inventoried in Vacaville, Woodland and Davis. (See EPS report, Table 18.) Representative lease rates ranged from \$1.25 to \$2.50 SF in all communities and ranged from modified gross to NNN leases. None of the 29 properties surveyed



were fully occupied. Commercial (office/retail) lease rates in downtown Winters ranged from \$0.75/SF in older historic buildings to \$1.45/SF in newer, renovated historic buildings.

- ❖ The Monticello developer anticipates providing 10 second floor office units of various sizes with four 'for sale' totaling 4,209 SF and six units for lease (including a 3,843 SF gym) totaling 8,428 SF with rents of \$1.80/SF for upper story offices. The market report recognized that these rents may not be achievable in downtown Winters without offering incentives such as lower lease rates or tenant improvements. It was also observed that second-story office space was untested in the Winters market. However, it should be noted that upper story offices are common tenants in unique historic downtowns.

Demand Overview

Office demand is typically driven by employment growth but additional factors will play an important role in demand for the unique office environment imagined for the revitalized upper story historic properties in downtown Winters. Another key factor is Winters' attractiveness as a residential community to professionals and entrepreneurs seeking a high quality of life in a small town setting. Winters' ability to offer existing or future residents a quality choice to set up a local office rather than commute long miles to Sacramento, Woodland or even Davis will also be a contributing factor.

A summary of key office demand factors follows:

- ❖ There were an estimated 2,131 employees working in a ten-minute drive time from downtown Winters and 88,150 employees in Yolo County overall in 2008. The service industry which includes the UC-Davis facilities makes up the largest share of county employment (47.3%), and is followed by the retail trade (16.9%).
- ❖ According to the Sacramento Council of Governments, Winters gained 456 jobs since the year 2000, growing at an average annual rate of 5.8%, about 2.5X that of Yolo County. From 2005 to 2020, Winters is projected to add another 1,047 jobs, growing at an average annual rate of 3.01%.
- ❖ Winters' residents are generally making long commutes to work and interviews with some local business owners during this feasibility research indicated that people are searching for opportunities to keep their business in town and reduce or eliminate their long commutes. In 2000, the average travel time to work for Winters residents was 24.3 minutes with 70% of employed residents working out of town.
- ❖ EPS consultants also indicate that both residential and office demand will be generated from the expansion of significant employers outside the Winters area including UC Davis, Genentech and Kaiser Permanente Vacaville.

The Keyser Marston analysis (November 2004) estimated that Winters could support additional office space of approximately 15,000-25,000 during the 2004-2010 timeframe. In the longer-term (2020), the firm identified demand for an additional 30,000-50,000 SF.

The EPS analysis concludes that the Winters office market shows considerable potential in downtown. Local demand is strong for small, services-based office users such as lawyers, accountants, medical

Upper Story Building Market Feasibility Assessment

services and finance-related uses to support Winters' residents. Office demand for Professional and medical services will grow with the City's anticipated population growth over the next 20 years.



Potential Targets

To augment the office demand research, Marketek called 28 Winters home-based businesses during the week of December 8 to identify potential office needs from this target market. Only businesses that might reasonably need office space were contacted from the City's data base of approximately 96 home-based businesses in all. In most instances, no one answered the telephone and where possible, messages were left requesting a call back. A handful of business owners were reached directly. One had recently selected a new business location and two expressed moderate interest depending on the rental rate. Two others hoped to grow into the need for a separate office over the next few years.

Larger office users were also contacted in Winters and the surrounding area, such Sutter Health Care and Federal Credit Union, to test interest and feasibility of a location in the downtown. Most were favorable to a downtown location assuming there was parking and the space was convenient for their customers. Second story space was not their first choice.

Through the above outreach to businesses and multiple conversations with local business leaders during project research, the following table lists the 'best bets' for office users in downtown Winters upper story historic buildings.

TARGET OFFICE BUSINESS OPPORTUNITIES Downtown Winters		
Sole Proprietors/ Service (no customer traffic)	Meeting planners Sales office Back office Answering service	Recruiters Contractors Driving school Cleaning service
Professional Services	Attorney Insurance Graphic Designers Consultants	Accountant Architects Counseling
Personal / health care	Vision services Spas/salons Health care-general & urgent care Homeopathic/Naturopathic	Yoga/Pilates Studio
Services (some customer traffic)	Real estate Funeral service	Computer repair Property management



Conclusions

Demand for office product in Winters will largely be locally driven tied to population and employment growth. Most users will seek small quality environments with excellent accessibility and abundant amenities and services to accommodate their needs and those of their workforce and/or clients. Downtown Winters Small office users are especially convenience- and price-driven, and may have less ability to negotiate long-term leases.

Renovated upper story office space in the Mason or Bajakian Buildings will offer a unique, one of a kind historic setting but will need to be price and value driven. The Monticello Project slated to break ground in the spring of 2009 will absorb some demand for professional space and may have the ability to structure favorable long term leases to secure tenants.

Downtown office development supports the City's plans for a thriving mixed-use environment and adds to the daytime population of customers ready to patronize retail, restaurant and service businesses. As the retail environment continues to improve downtown, current office tenants in ground floor Main Street space should also be encouraged to locate to rehabbed or new office space downtown.

Event Space Market

In addition to office space, another prime potential use for the Winters Mason Building is as a meeting/event venue. Key assumptions related to this development include use of the adjacent loft space as a warming kitchen and ancillary meeting/dining space and easy access to the Buckhorn catering business. The Buckhorn is widely reputed to offer high quality and good value catering service, a plus for a Winters' meeting location. A general overview of the local meeting and event market is provided with case study examples of recently restored upper story ballrooms to provide insight to target markets and potential utilization.

Supply and Demand Overview

It was beyond the scope of this assessment to provide a complete inventory of meeting and event space in the Yolo County area. However, several interviews were conducted to assess the meeting/event marketplace and the information gathered appears in this section.

The Yolo County Visitors Bureau reports a steady stream of requests for various kinds of meeting space from business and organizational users and wedding parties. Several hotel, winery and casino venues appear on the Yolo County Visitors Bureau website. Although large space and small meeting rooms are in adequate supply, the Visitors Bureau notes an absence of quality mid-size meeting/event facilities serving 100-150 persons.

Winters' close proximity to the UC Davis campus is viewed as highly positive for capturing meetings and special events. Over 400 people at the University have meeting planning in their job responsibilities or titles. From lunches, dinners, retreats and other activities, there are multiple events each week and unique venues are in demand. In February of each year, UC Davis hosts an annual catering and venue forum or fair inviting area businesses to promote their offerings. In addition to UC Davis, ongoing demand for



meetings is generated from approximately 15 large Yolo County employers (>500 employees) and companies in nearby Vacaville who tend to prefer locations that are 'day trips' for employee groups.

The Winters Community Center is the principal meeting location in the City of Winters. The Buckhorn Grill and an area church were also noted as having small meeting spaces. The Community Center is a large, somewhat dated and inexpensive facility that is booked with events 300 days a year. The space has a large assembly area accommodating 574 in theatre seating and 268 for dining, as well as a conference room with a capacity of 33 people which is booked about 60 days a year. Fees for the main hall are \$35/hour with a non-refundable cleaning fee of \$300. Security guards (2 per 100 persons) charge \$23/guard/hour.

Renters are sometimes turned away, especially for Saturday dates that fill quickly. The adjacent outdoor amphitheatre is also booked about 60 days a year for a flat rate of \$50. User groups are mainly from the Winters area and range from wedding and quinceanera parties to community theatre and dozens of special events, seminars and Chamber of Commerce meetings. While the space is highly functional, it is in need of modernization and upgrading.

Case Study Examples

To better understand the market for a restored Mason Building meeting space, Marketek gathered information from three recently restored upper story historic ballrooms in downtown locations of small communities. Key features and insights are summarized below.

The **McMinnville, Oregon Grand Ballroom** is 5,600 square feet, with Douglas fir floors, window-lined walls and turned pillars supporting high ceilings. The building was designed in 1892 in the Arts and Craft Style for the McMinnville Ballroom Association and fully restored in 2002 for \$400,000. The space and the rental business were recently sold and financed by an SBA loan program.

- Capacity: 350 people
- Users: dance studios, weddings, receptions, Rotary, meetings,
- Competitive advantages: Unique elegant space in historic downtown
- <http://www.mgballroom.com/>

The Estacada, Oregon Mason Building in the heart of downtown Estacada was purchased and renovated in 2007-08, with many original architectural features of this 1920s structure restored, including the maple floor. Both the main floor and second floors were redeveloped. In addition to the ballroom rental, six new locally owned businesses now occupy the building from physical therapy and a boutique to massage and counseling services.

The ballroom space is 2,500 square feet with capacity for 125-150 people at round tables. An adjacent studio space can serve as a buffet area. A kitchen area is in the process of being restored.

Comments: just opened in summer of 2008; not actively marketed as of yet. Estacada is not a destination and is 30 minutes from downtown Portland, making it more challenging to promote outside the area.



The Canby, Oregon Oddfellows Building was constructed in 1913 and the upper story Antonia Ballroom was renovated in 2005. The restoration has created a highly unique elegant space with fir hardwood floors, extensive woodwork, hand painted murals, high ceilings with skylights, and twelve exquisite chandeliers. Approximately 30 minutes from downtown Portland, the downtown Canby location is favorably viewed as a unique alternative space to city venues.

- Capacity: 139 Dinner Seating, 199 Lecture Seating
- Rental rates: \$1,300 for Saturdays (7 hours); \$750 for Friday and Sunday (5 hours), \$125/hour, two-hour minimum Monday-Thursday.
- Users: Weddings, holiday parties, birthdays, anniversaries
- Approximately 40 events a year so far; this number will grow with admission to the Portland bridal show this year for the first time.
- <http://www.antoniaballroom.com/>

Conclusions

The market for meeting and special event facilities is driven by local and area events from community members, organizations and businesses. Winters Community Facility has a strong track record of event activity, with the advantage of very reasonable prices. An event space in the historic Mason Building would offer a highly unique, alternative setting for small and medium-size events and meetings. Day/evening use will be most likely rather than multi-day events or meetings. However, if additional overnight accommodations are developed, the facility may be able to attract overnight meetings.

The success of the space would be dependent on attracting both business and local resident clientele with the ability to pay for a one-of-kind quality meeting setting. Aggressive marketing to the UC Davis campus and the business community within a 30-mile radius will be imperative.

Of critical importance to meeting venues is the availability of catering and/or a full service kitchen. Other important features noted from research interviews include large bathrooms and a green room or anteroom for dressing, etc. A quality sound system is needed for most all events. For parties, a dance floor is highly desirable.

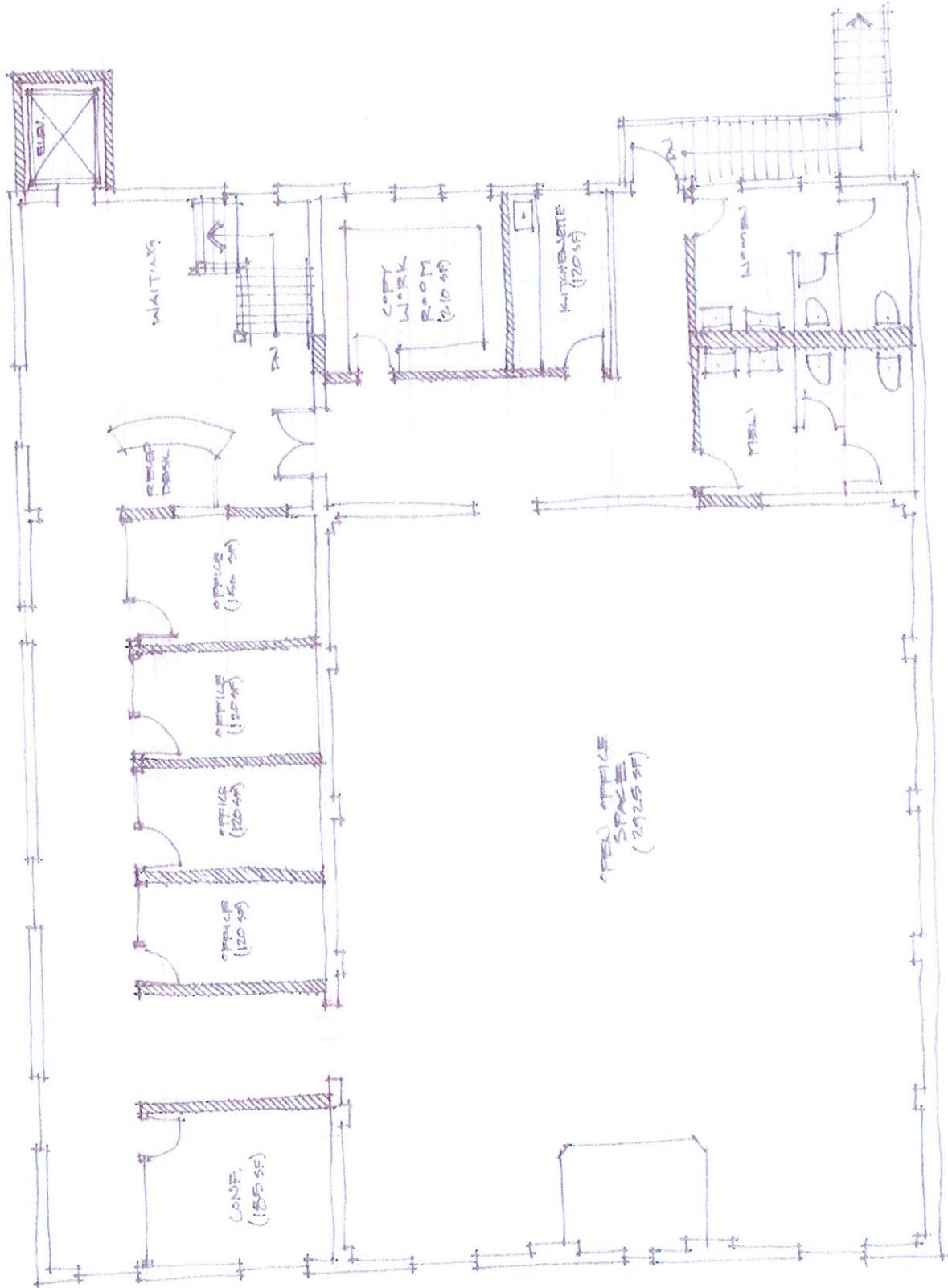


Building Schemes

1. Masonic Lodge –
Office & Meeting/Event Space

2. Bajakian Building –
Hotel & Office Space

MASONIC LODGE
UPPER FLOOR
OFFICE SCHEME



OPEN OFFICE
SPACE
(2925 SF)

WAITING

REAR DRINK

OFFICE
(120 SF)

COPY
WORK
ROOM
(210 SF)

KITCHENETTE
(120 SF)

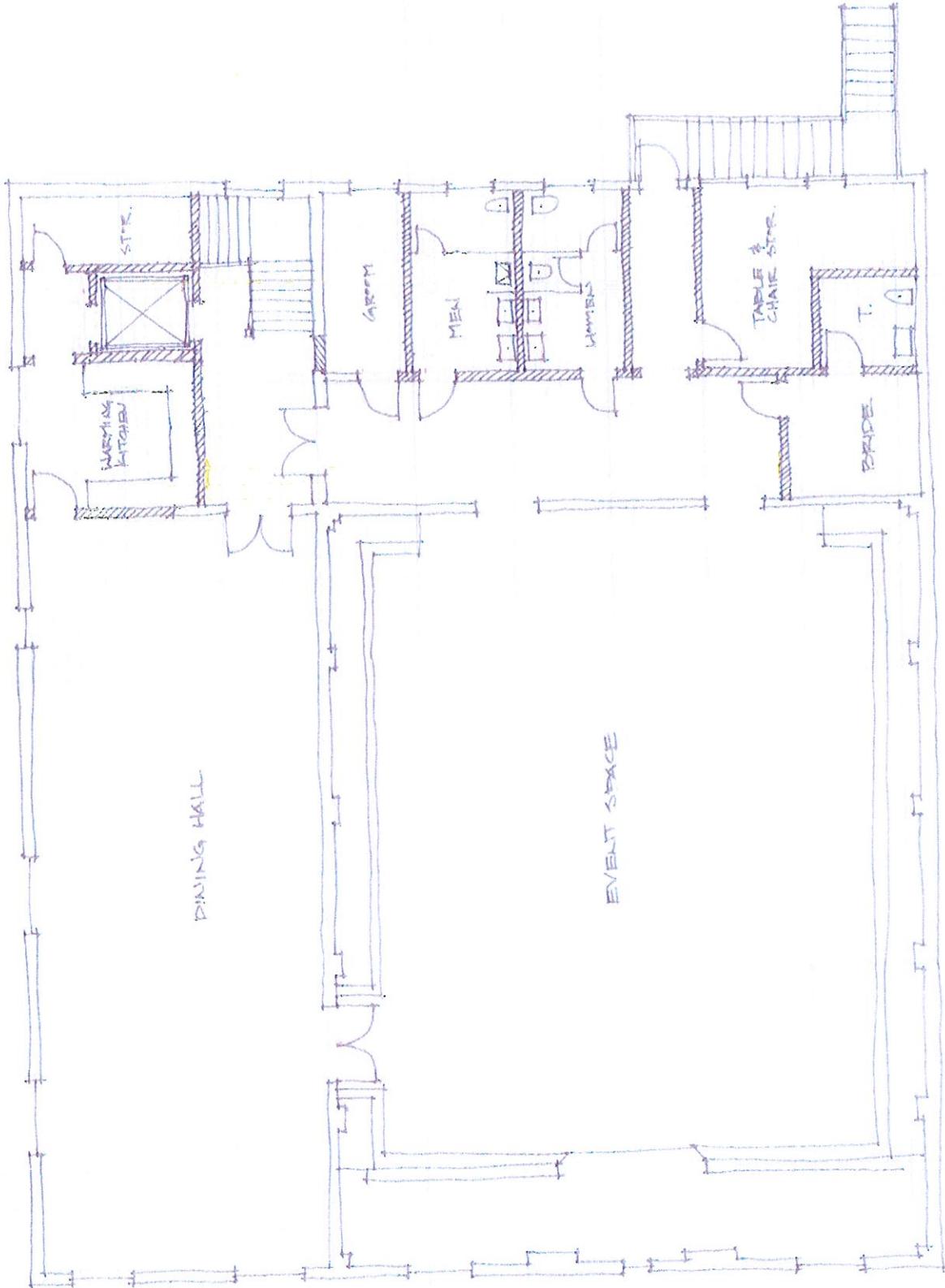
MEN

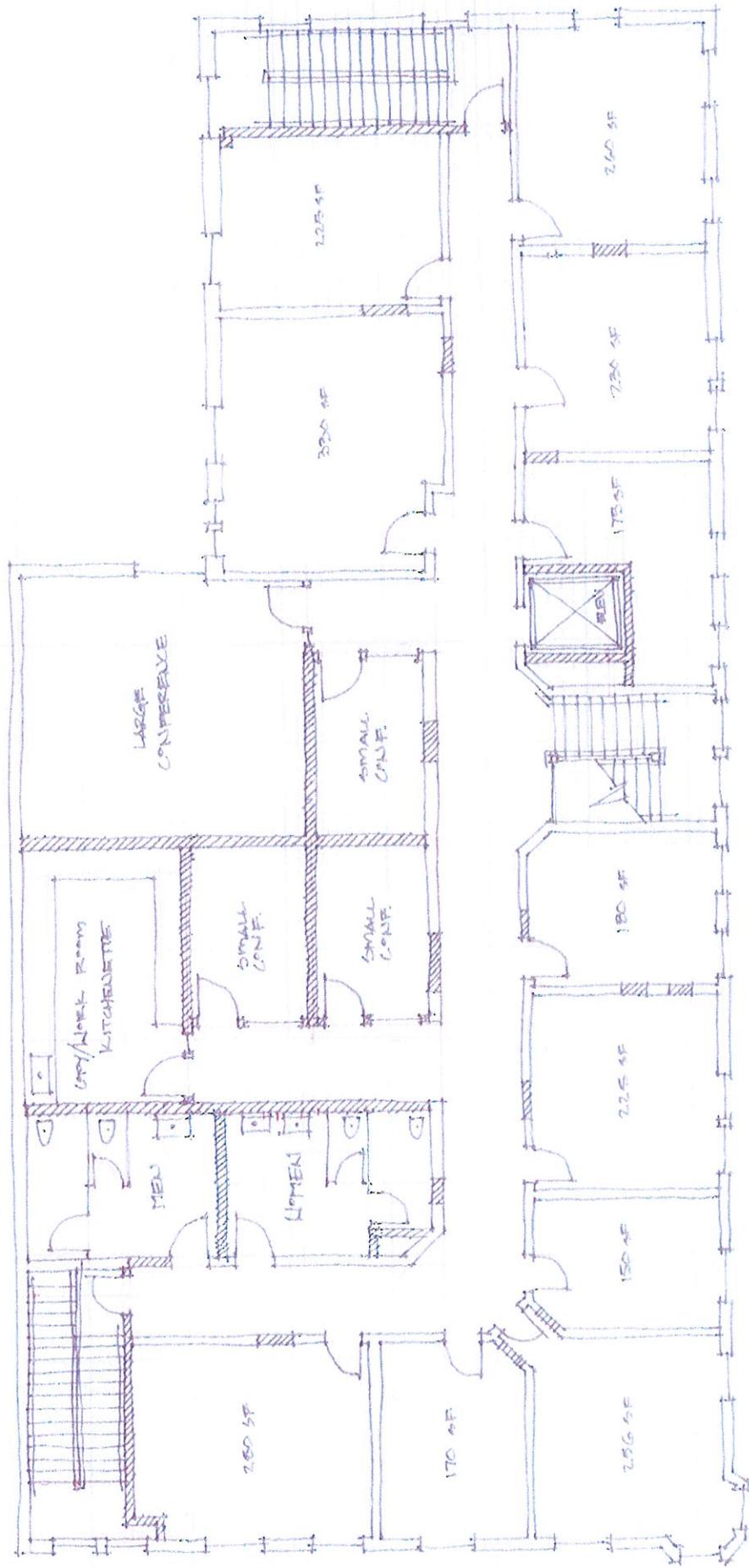
WOMEN

STAIR

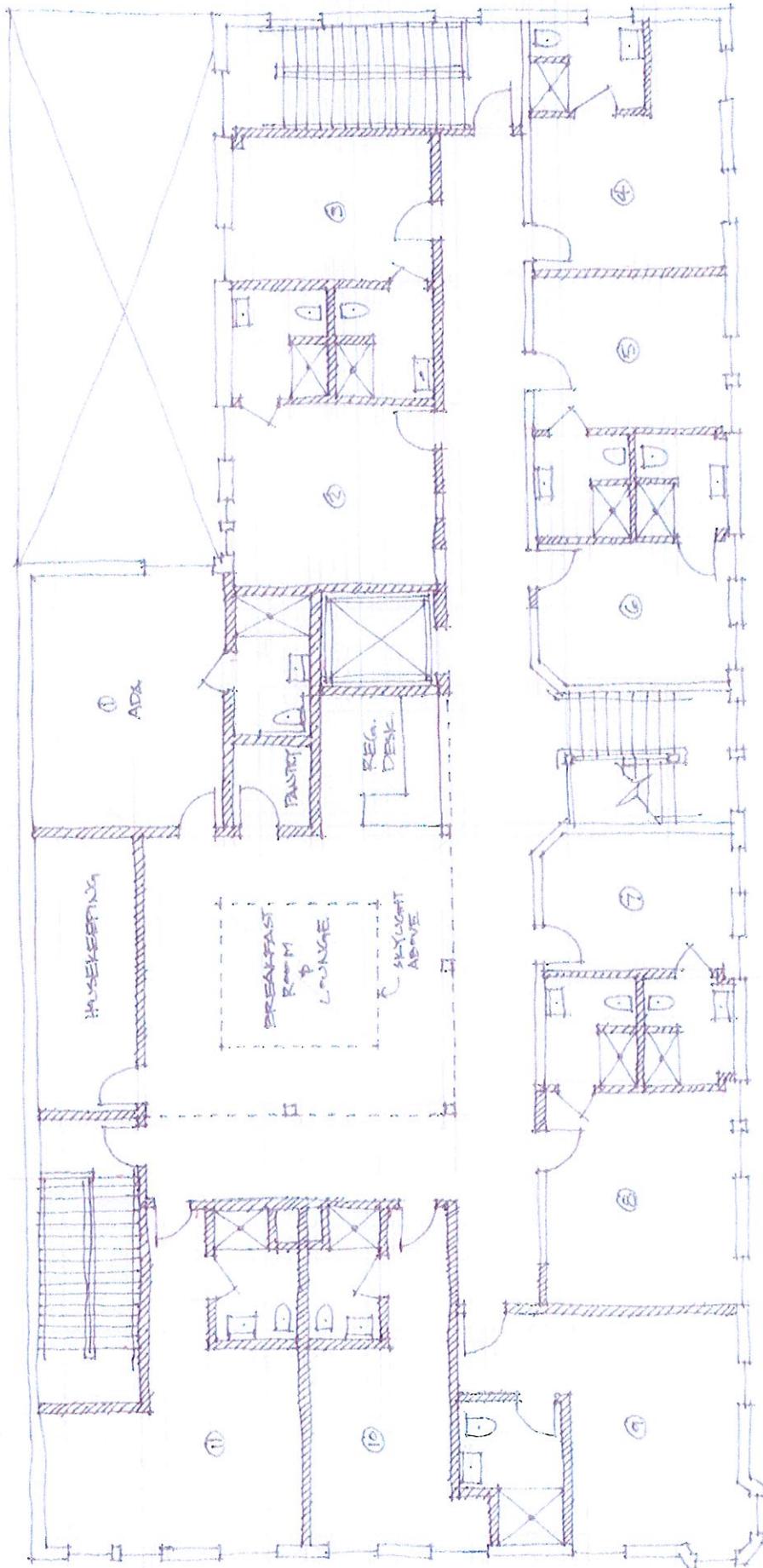
ELEV.

MASONIC LODGE
UPPER FLOOR
EVENT HALL





BAJAKAN BLDG.
 UPPER FLOOR
 OFFICE SCHEMATIC



BAJAJ HOTEL BLDG.
 UPPER FLOOR
 HOTEL SCHEME



Building Rehab Cost Estimates

Date: 2/11/09
Project Name: Upper Story Building Market Feasibility
Assessment - Historic Downtown
Winters, California
Design Phase: Conceptual Design (CD)



FEASIBILITY ASSESSMENT COST ESTIMATE SUMMARY

TOTAL MARKED-UP DIRECT CONSTRUCTION COST

Bajakian Building

Subdivided Office Space	\$1,114,774
Boutique Hotel	\$1,404,598

Masonic Lodge

Single Office Tenant	\$1,293,996
Events Space	\$1,196,798

Please refer to specific location estimate summary pages for additional alternatives.

Date: 2/11/09
Project Name: Upper Story Building Market Feasibility
 Assessment - Historic Downtown
 Winters, California
Project Site: Bajakian Building
Scheme: Subdivided Office Space
Design Phase: Conceptual Design (CD)



ESTIMATE SUMMARY

DIRECT CONSTRUCTION COST		
Total Building Direct Construction Cost		\$867,569
Total Site Work Direct Construction Cost		<u>\$0</u>
TOTAL DIRECT CONSTRUCTION COST		\$867,569

COMPOUNDED MARK-UP			
<i>Markup Description</i>	<i>Percentage</i>	<i>Amount</i>	<i>Subtotal</i>
Scope Contingency	10.00%	\$86,757	\$954,325
General Conditions	8.00%	\$76,346	\$1,030,671
Overhead	4.00%	\$41,227	\$1,071,898
Profit	4.00%	\$42,876	\$1,114,774
Escalation to mid-point of Cons.	0.00%	<u>\$0</u>	\$1,114,774
TOTAL COMPOUNDED MARK-UP	28.49%	\$247,206	

TOTAL MARKED-UP CONSTRUCTION COST **\$1,114,774**

ESCALATION CALCULATION: The direct construction unit rates are as of the estimate date no escalation (higher or lower) has been applied.

PREVAILING WAGE: The labor portion of the direct construction unit rates are not based on prevailing wage rates (i.e. they are not union wages with benefits).

ALTERNATES (Direct Construction Cost with Markup)

- | | |
|---|------------------|
| 1. Tear-off/Re-roof | \$46,015 |
| 2. Voluntary - Highly Recommended Structural Work - KPFF | \$312,000 |
| ◦ Wall attachment to floor and roof | |
| ◦ Moment/Brace frame at store front | |
| ◦ Remove/Brace Parapets | |
| 3. Voluntary - Recommended Structural Work - KPFF | \$227,000 |
| ◦ 20% of brick walls to be repaired | |
| ◦ Bracing of walls out of plane | |

DIRECT COST ESTIMATE DETAIL

**Bajakian Building
Subdivided Office Space**

Site/Other Areas	sqft
Site	0
Off Site	0
Total Site Area	0

Approx. Building Areas	sqft
First Floor Total Area	6,050
Second Floor Total Area	6,050
Area 3	0
Area 4	0
Area 5	0
Total Building Area	12,100

WBS	Description	Qty	Unit	\$/Unit	Direct cost Extended
A- Substructure					
	Total A- Substructure				\$0
B- Shell					
	B10-Superstructure				\$0
	Total B10-Superstructure				
	B20-Exterior Enclosure				
	B2020-Exterior Walls				
	High Pres. Powerwash Masonry	3,382	sqft	\$0.95	\$3,224
	Point Masonry - 15%	507	sqft	\$4.94	\$2,504
	B2020-Exterior Windows				
	Fiberglass Frame Retro-fit	856	sqft	\$54.78	\$46,892
	B2030-Exterior Doors				
	Wood Storefront 6' x 7' on Main St.	1	opng	\$2,166.59	\$2,167
	Wood Storefront Modifications	1	lpsm	\$1,733.27	\$1,733
	Metal Door w/ MF & HDW	1	opng	\$1,343.29	\$1,343
	Metal Door Wall Modifications	1	lpsm	\$1,039.96	\$1,040
	Refurbish Existing Entry on RR St.	1	lpsm	\$3,899.86	\$3,900
	Total B20-Exterior Enclosure				\$62,803
	Total B- Shell				\$62,803
C- Interiors					
	C10-Interior Construction				
	C1010-Interior Partitions				
	Fixed Partitions - 2 Sided	3,000	sqft	\$6.50	\$19,499
	Fixed Partitions - Overlay Existing	4,000	sqft	\$1.47	\$5,893
	Fixed Partitions - Light Repair	8,500	sqft	\$0.61	\$5,156
	Gypsum Board Ceiling Replacement	5,039	sqft	\$1.47	\$7,424
	Gypsum Board Suspended Ceiling	272	sqft	\$3.35	\$912
	Acoustic Ceiling Grid & Tile	100	sqft	\$6.65	\$665
	Relite at Conference Rm	7	sqft	\$30.33	\$212
	C1020-Interior Doors				
	3'x7' HMF/Wood Ven/ Med. HDW	18	opng	\$606.65	\$10,920
	Rated at Stairways w/Closure	2	opng	\$1,343.29	\$2,687
	C1030-Interior Specialties				
	Men's and Women Restrooms	374	sqft	\$160.33	\$59,963
	Total C10-Interior Construction				\$113,331
	C20-Stairways				
	C2010-Stair Construction				
	Metal Checkered Plate Stair 3'-6" w/Rail	60	rsr	\$437.65	\$26,259
	Metal Checkered Plate Landing w/Rail	86	sqft	\$86.66	\$7,453
	Mods Assoc. to 2-Stairways	1	lpsm	\$12,999.54	\$13,000
	C2020-Stair Finishes				
	Renovate Railing/Stair at RR St. Entry	1	lpsm	\$9,229.67	\$9,230



DIRECT COST ESTIMATE DETAIL**Bajakian Building
Subdivided Office Space**

Total C20-Stairways					\$55,941
C30-Interior Finishes					
C3010-Interior Wall Finishes					
Patch and Paint - Entry & Retail	2,216	sqft	\$0.78		\$1,728
Paint Interior Partition Wall & Ceiling	20,800	sqft	\$0.61		\$12,618
Paint Doors / Frames	21	each	\$86.66		\$1,820
C3020-Interior Floor Finishes					
Gnd Floor - Entry & Retail	77	sqyd	\$23.40		\$1,802
Carpet	628	sqyd	\$23.40		\$14,695
Rubber Coving	2,400	lnft	\$1.43		\$3,442
Floor Prep	5,000	sqft	\$0.39		\$1,950
C3030-Interior Ceiling Finishes					
Patch and Paint - Entry & Retail	725	sqft	\$1.13		\$817
Total C30-Interior Finishes					\$38,872
Total C- Interiors					\$208,144
D- Services					
D10-Conveying					
D1010-Elevators and Lifts					
2-Stop Electric, 5'x7' ADA - Complete	1	lpsm	\$100,000.00		\$100,000
Total D10-Conveying					\$100,000
D20-Plumbing					
D2010- Plumbing Fixtures - Lav. & Sink - Kitchen	1	lpsm	\$476.65		\$477
D2020-Domestic Water Distribution - Kitchen	1	lpsm	\$303.32		\$303
D2030-Sanitary Waste Systems - Restroom Plumb	1	lpsm	\$14,060.30		\$14,060
Total D20-Plumbing					\$14,840
D30-HVAC					
D3020-Heat/Cool RTU R&R including Controls and Instrumentation, and Distribution mods	8	ton	\$7,539.73		\$60,318
Total D30-HVAC					\$60,318
D40-Fire Protection Systems					
D4010-Fire Protection Sprinkler Systems	15,125	sqft	\$2.73		\$41,290
Total D40-Fire Protection Systems					\$41,290
D50-Electrical Systems					
D5010-Electrical Service & Distribution	6,050	sqft	\$6.50		\$39,324
D5020-Lighting					
Lighting and Lighting Controls	6,050	sqft	\$10.62		\$64,229
Emergency Lighting	700	sqft	\$1.08		\$758
D5030-Communication & Security Systems					
Telecom System	6,050	sqft	\$3.43		\$20,763
Total D50-Electrical Systems					\$125,073
Total D- Services					\$341,521
E-Equipment and Furnishings					
E20-Furnishings					
E2010-Fixed Furnishings					
Casework - lower	42	lnft	\$285.99		\$12,012
Casework - upper	42	lnft	\$173.33		\$7,280
Total E20-Furnishings					\$19,291
Total E-Equipment and Furnishings					\$19,291
F-Other Building Construction					

DIRECT COST ESTIMATE DETAIL

Bajakian Building
Subdivided Office Space

F10-Special Construction				
Required Minor Floor Wood Framing - KPFF	1	lpsm	\$94,167.76	\$94,168
Required Moderate Roof Wood Framing - KPFF	1	lpsm	\$141,640.77	\$141,641
Total F10-Special Construction				\$235,809
Total F-Other Building Construction				\$235,809
TOTAL BUILDING DIRECT CONSTRUCTION COST				\$867,569

Date: 2/11/09
Project Name: Upper Story Building Market Feasibility
 Assessment - Historic Downtown
 Winters, California
Project Site: Bajakian Building
Scheme: Boutique Hotel
Design Phase: Conceptual Design (CD)



ESTIMATE SUMMARY

DIRECT CONSTRUCTION COST		
Total Building Direct Construction Cost		\$1,093,123
Total Site Work Direct Construction Cost		\$0
TOTAL DIRECT CONSTRUCTION COST		\$1,093,123

COMPOUNDED MARK-UP			
<i>Markup Description</i>	<i>Percentage</i>	<i>Amount</i>	<i>Subtotal</i>
Scope Contingency	10.00%	\$109,312	\$1,202,435
General Conditions	8.00%	\$96,195	\$1,298,630
Overhead	4.00%	\$51,945	\$1,350,575
Profit	4.00%	\$54,023	\$1,404,598
Escalation to mid-point of Cons.	0.00%	\$0	\$1,404,598
TOTAL COMPOUNDED MARK-UP	28.49%	\$311,475	

TOTAL MARKED-UP CONSTRUCTION COST **\$1,404,598**

ESCALATION CALCULATION: The direct construction unit rates are as of the estimate date no escalation (higher or lower) has been applied.

PREVAILING WAGE: The labor portion of the direct construction unit rates are not based on prevailing wage rates (i.e. they are not union wages with benefits).

ALTERNATES (Direct Construction Cost with Markup)

1. Tear-off/Re-roof	\$46,015
2. Voluntary - Highly Recommended Structural Work - KPFF	\$312,000
<ul style="list-style-type: none"> • Wall attachment to floor and roof • Moment/Brace frame at store front • Remove/Brace Parapets 	
3. Voluntary - Recommended Structural Work - KPFF	\$227,000
<ul style="list-style-type: none"> • 20% of brick walls to be repaired • Bracing of walls out of plane 	

DIRECT COST ESTIMATE DETAIL

Bajakian Building
Boutique Hotel

Site/Other Areas	sqft	Approx. Building Areas	sqft
Site	0	First Floor Total Area	6,050
Off Site	0	Second Floor Total Area	6,050
Total Site Area	0	Area 3	0
		Area 4	0
		Area 5	0
		Total Building Area	12,100

WBS	Description	Qty	Unit	\$/Unit	Direct cost Extended
A- Substructure					
	Total A- Substructure				\$0
B- Shell					
	B10-Superstructure				\$0
	Total B10-Superstructure				\$0
	B20-Exterior Enclosure				
	B2020-Exterior Walls				
	High Pres. Powerwash Masonry	3,382	sqft	\$0.95	\$3,224
	Point Masonry - 15%	507	sqft	\$4.94	\$2,504
	B2020-Exterior Windows				
	Fiberglass Frame Retro-fit	856	sqft	\$54.78	\$46,892
	B2030-Exterior Doors				
	Wood Storefront 6' x 7' on Main St.	1	opng	\$2,166.59	\$2,167
	Wood Storefront Modifications	1	lpsm	\$1,733.27	\$1,733
	Metal Door w/ MF & HDW	1	opng	\$1,343.29	\$1,343
	Metal Door Wall Modifications	1	lpsm	\$1,039.96	\$1,040
	Refurbish Existing Entry on RR St.	1	lpsm	\$3,899.86	\$3,900
	Total B20-Exterior Enclosure				\$62,803
	B30-Roofing				
	B3020-Roof Openings				
	Skylight at Breakfast Room	1	lpsm	\$17,332.72	\$17,333
	Skylight Demo/Infill	1	lpsm	\$1,386.62	\$1,387
	Total B30-Roofing				\$18,719
	Total B- Shell				\$81,523
C- Interiors					
	C10-Interior Construction				
	C1010-Interior Partitions				
	Fixed Partitions - 2 Sided	6,708	sqft	\$6.50	\$43,600
	Fixed Partitions - Overlay Existing	4,000	sqft	\$1.47	\$5,893
	Fixed Partitions - Light Repair	8,500	sqft	\$0.61	\$5,156
	Gypsum Board Ceiling Replacement	5,039	sqft	\$1.47	\$7,424
	Gypsum Board Ceiling About Skylight	100	sqft	\$6.50	\$650
	C1020-Interior Doors				
	3'x7' WDF/Wood Panel/ Higher HDW	24	opng	\$1,603.28	\$38,479
	Rated at Stairways w/Closure	2	opng	\$2,209.92	\$4,420
	C1030-Interior Specialties				
	Restrooms	675	sqft	\$207.99	\$140,395
	Total C10-Interior Construction				\$246,017
	C20-Stairways				
	C2010-Stair Construction				



DIRECT COST ESTIMATE DETAIL

Bajakian Building
Boutique Hotel

	Metal Checkered Plate Stair 3'-6" w/R:	60	rsr	\$437.65	\$26,259
	Metal Checkered Plate Landing w/Rail	86	sqft	\$86.66	\$7,453
	Mods Assoc. to 2-Stairways	1	lpsm	\$12,999.54	\$13,000
	C2020-Stair Finishes				
	Renovate Railing/Stair at RR St. Entry	1	lpsm	\$9,229.67	\$9,230
Total C20-Stairways					\$55,941
C30-Interior Finishes					
	C3010-Interior Wall Finishes				
	Patch and Paint - Entry & Retail	2,216	sqft	\$0.78	\$1,728
	Paint Interior Partition Wall & Ceiling	19,000	sqft	\$0.69	\$13,173
	Paint Doors / Frames	1	each	\$86.66	\$87
	Wainscot Wallpaper - Public Areas	915	sqft	\$4.26	\$3,901
	Chair Railing	1,036	lnft	\$3.95	\$4,094
	Base	1,036	lnft	\$4.51	\$4,669
	Crown Moldings	1,036	lnft	\$13.00	\$13,468
	C3020-Interior Floor Finishes				
	Gnd Floor - Entry & Retail	77	sqyd	\$23.40	\$1,802
	Carpet Pad	523	sqyd	\$6.93	\$3,626
	Carpet	523	sqyd	\$32.93	\$17,224
	Rubber Coving	100	lnft	\$1.43	\$143
	Floor Prep	5,000	sqft	\$0.39	\$1,950
	Sheet Vinyl	235	sqft	\$3.90	\$916
	C3030-Interior Ceiling Finishes				
	Patch and Paint - Entry & Retail	725	sqft	\$1.13	\$817
Total C30-Interior Finishes					\$67,598
Total C- Interiors					\$369,556
D- Services					
	D10-Conveying				
	D1010-Elevators and Lifts				
	2-Stop Electric, 6'x8' ADA - Complete	1	lpsm	\$110,000.00	\$110,000
Total D10-Conveying					\$110,000
	D20-Plumbing				
	D2010- Plumbing Fixtures - Lav. & Sink@Housekpg	1	lpsm	\$476.65	\$477
	D2020-Domestic Water Distribution@Housekeepg	1	lpsm	\$1,083.30	\$1,083
	D2030-Sanitary Waste Systems - Restroom Plumb	1	lpsm	\$22,151.22	\$22,151
Total D20-Plumbing					\$23,711
	D30-HVAC				
	D3020-Heat/Cool RTU R&R including Controls and Instrumentation, and Distribution mods	8	ton	\$8,207.04	\$65,656
Total D30-HVAC					\$65,656
	D40-Fire Protection Systems				
	D4010-Fire Protection Sprinkler Systems	15,125	sqft	\$2.73	\$41,290
Total D40-Fire Protection Systems					\$41,290
	D50-Electrical Systems				
	D5010-Electrical Service & Distribution	6,050	sqft	\$9.10	\$55,053
	D5020-Lighting				
	Lighting and Lighting Controls	6,050	sqft	\$12.35	\$74,715
	Emergency Lighting	6,050	sqft	\$1.08	\$6,554
	D5030-Communication & Security Systems				
	Telecom System	6,050	sqft	\$3.43	\$20,763
Total D50-Electrical Systems					\$157,085
Total D- Services					\$397,742



DIRECT COST ESTIMATE DETAIL

Bajakian Building
Boutique Hotel

E-Equipment and Furnishings

E10-Equipment					
Total E10-Equipment					\$0

E20-Furnishings					
E2010-Fixed Furnishings					
Registration Desk	14	Inft	\$606.65		\$8,493
Total E20-Furnishings					\$8,493

Total E-Equipment and Furnishings

\$8,493

F-Other Building Construction

F10-Special Construction					
F1030-Special Construction					
Required Minor Floor Wood Framing - KPFF	1	lpsm	\$94,167.76		\$94,168
Required Moderate Roof Wood Framing - KPFF	1	lpsm	\$141,640.77		\$141,641
Total F10-Special Construction					\$235,809

Total F-Other Building Construction

\$235,809

TOTAL BUILDING DIRECT CONSTRUCTION COST

\$1,093,123



Date: 2/11/09
Project Name: Upper Story Building Market Feasibility Assessment - Historic Downtown Winters, California
Project Site: Masonic Lodge
Scheme: Single Office Tenant
Design Phase: Conceptual Design (CD)



ESTIMATE SUMMARY

DIRECT CONSTRUCTION COST

Total Building Direct Construction Cost	\$1,007,047
Total Site Work Direct Construction Cost	<u>\$0</u>
TOTAL DIRECT CONSTRUCTION COST	\$1,007,047

COMPOUNDED MARK-UP

<i>Markup Description</i>	<i>Percentage</i>	<i>Amount</i>	<i>Subtotal</i>
Scope Contingency	10.00%	\$100,705	\$1,107,752
General Conditions	8.00%	\$88,620	\$1,196,372
Overhead	4.00%	\$47,855	\$1,244,227
Profit	4.00%	\$49,769	\$1,293,996
Escalation to mid-point of Cons.	0.00%	<u>\$0</u>	\$1,293,996
TOTAL COMPOUNDED MARK-UP	28.49%	\$286,949	

TOTAL MARKED-UP CONSTRUCTION COST **\$1,293,996**

ESCALATION CALCULATION: The direct construction unit rates are as of the estimate date no escalation (higher or lower) has been applied.

PREVAILING WAGE: The labor portion of the direct construction unit rates are not based on prevailing wage rates (i.e. they are not union wages with benefits).

ALTERNATES (Direct Construction Cost with Markup)

- | | |
|---|------------------|
| 1. Tear-off/Re-roof | \$50,566 |
| 2. Voluntary - Highly Recommended Structural Work - KPFF | \$335,000 |
| <ul style="list-style-type: none"> ◦ Wall attachment to floor and roof ◦ Moment/Brace frame at store front ◦ Remove/Brace Parapets | |
| 3. Voluntary - Recommended Structural Work - KPFF | \$310,000 |
| <ul style="list-style-type: none"> ◦ 20% of brick walls to be repaired ◦ Bracing of walls out of plane | |

DIRECT COST ESTIMATE DETAIL

Masonic Lodge
Single Office Tenant

Site/Other Areas	sqft	Approx. Building Areas	sqft
Site	0	First Floor Total Area	6,750
Off Site	0	Second Floor Total Area	6,750
Total Site Area	0	Area 3	0
		Area 4	0
		Area 5	0
		Total Building Area	13,500

WBS	Description	Qty	Unit	\$/Unit	Direct cost Extended
A- Substructure					
	Total A- Substructure				\$0
B- Shell					
	B10-Superstructure				
	Total B10-Superstructure				\$0
	B20-Exterior Enclosure				
	B2020-Exterior Walls				
	High Pres. Powerwash Masonry	10,830	sqft	\$0.95	\$10,324
	Point Masonry - 10% East Bldg	722	sqft	\$4.94	\$3,567
	Point Masonry - 25% West Bldg	1,155	sqft	\$4.94	\$5,705
	West Bldg Parapet Brick Replacement	521	sqft	\$23.83	\$12,417
	Paint West Bldg Brick	3,795	sqft	\$1.49	\$5,657
	Paint East Bldg Storefront	1	lpsm	\$3,466.54	\$3,467
	B2020-Exterior Windows				
	Refurbish/Fiber. Retro-fit - East Bldg	216	sqft	\$69.33	\$14,975
	Fiberglass Frame Retro-fit - West Bldg	120	sqft	\$54.78	\$6,574
	Refurbish Daylight Windows/Frames	40	sqft	\$30.33	\$1,213
	B2030-Exterior Doors				
	Wood Entry Refurbish - East Bldg	1	lpsm	\$2,166.59	\$2,167
	Total B20-Exterior Enclosure				\$66,065
	Total B- Shell				\$66,065
C- Interiors					
	C10-Interior Construction				
	C1010-Interior Partitions				
	Fixed Partitions - 2 Sided	1,790	sqft	\$6.50	\$11,635
	Drywall Ceiling w/Framing	425	sqft	\$7.37	\$3,131
	Storefront at Offices	383	sqft	\$40.73	\$15,600
	C1020-Interior Doors				
	3'x7' HMF/Wood / Med. HDW	11	opng	\$606.65	\$6,673
	C1030-Interior Specialties				
	Men's and Women Restrooms	425	sqft	\$160.33	\$68,139
	Total C10-Interior Construction				\$105,178
	C20-Stairways				
	C2010-Stair Construction				
	Refinish Ext. Metal Stair	1	lpsm	\$1,597.21	\$1,597
	C2020-Stair Finishes				
	Renovate Railing/Stair - East Bldg	1	lpsm	\$6,499.77	\$6,500
	Total C20-Stairways				\$8,097
	C30-Interior Finishes				
	C3010-Interior Wall Finishes				



DIRECT COST ESTIMATE DETAIL

Masonic Lodge
Single Office Tenant

	Patch and Paint - Stairway Walls E.Bldg	880	sqft	\$2.34	\$2,059
	Patch and Paint - E. Bldg E&W Walls	2,000	sqft	\$0.78	\$1,560
	Paint Interior Partition Wall & Ceiling	4,000	sqft	\$0.61	\$2,427
	Paint Doors / Frames	11	each	\$86.66	\$953
	Refurbish Masonic Features/Walls	5,500	sqft	\$0.61	\$3,337
	Refurbish Ceiling of Open Space	2,925	sqft	\$0.78	\$2,281
	Base at Restrooms	130	lnft	\$5.20	\$676
C3020-Interior Floor Finishes					
	Hardwood In-fill at Stairs Large Hall	1,210	sqft	\$6.07	\$7,340
	Hardwood Refinish Large Hall	3,100	sqft	\$3.47	\$10,746
	Hardwood Refurbish/finish in Bathrms	425	sqft	\$8.67	\$3,683
	Carpet	325	sqyd	\$23.40	\$7,605
	Rubber Coving	900	lnft	\$1.43	\$1,291
	Floor Prep	2,660	sqft	\$0.39	\$1,037
	Sheet Vinyl	138	sqft	\$3.90	\$538
C3030-Interior Ceiling Finishes					
	Refurbish Large Hall Ceiling	2,925	sqft	\$1.13	\$3,295
	Acoustic Ceiling Grid, Tile and Seismic	2,660	sqft	\$5.78	\$15,376
					\$64,205
Total C30-Interior Finishes					
					\$177,480
Total C- Interiors					
D- Services					
D10-Conveying					
	D1010-Elevators and Lifts				
	2-Stop Electric, 5'x7' ADA - Complete	1	lpsm	\$100,000.00	\$100,000
					\$100,000
Total D10-Conveying					
D20-Plumbing					
	D2010- Plumbing Fixtures - Lav. & Sink@Kitchenette	1	lpsm	\$476.65	\$477
	D2020-Domestic Water Distribution@Kitchenette	1	lpsm	\$303.32	\$303
	D2030-Sanitary Waste Systems - Restroom Plumb	1	lpsm	\$3,466.54	\$3,467
					\$4,247
Total D20-Plumbing					
D30-HVAC					
	D3020-Heat/Cool RTU R&R including Controls and Instrumentation, and Distribution mods	10	ton	\$7,279.74	\$72,797
					\$72,797
Total D30-HVAC					
D40-Fire Protection Systems					
	D4010-Fire Protection Sprinkler Systems	15,800	sqft	\$2.73	\$43,132
	D4010-Fire Protection Sprinkler Systems - Upper leve	2,660	sqft	\$1.26	\$3,343
					\$46,475
Total D40-Fire Protection Systems					
D50-Electrical Systems					
	D5010-Electrical Service & Distribution	6,750	sqft	\$8.23	\$55,573
	D5020-Branch Wiring & Connections				
	D5020-Lighting				
	Refurbish Existing Hanging Lights	2	each	\$433.32	\$867
	Refurbish Existing Podium Light	1	each	\$693.31	\$693
	Lighting and Lighting Controls	6,750	sqft	\$10.62	\$71,660
	Emergency Lighting	6,750	sqft	\$1.08	\$7,312
	D5030-Communication & Security Systems				
	Telecom System	2,650	sqft	\$3.43	\$9,094
	Telecom System - Open Space	2,925	sqft	\$13.73	\$40,153
					\$185,353
Total D50-Electrical Systems					
					\$408,872
Total D- Services					
E-Equipment and Furnishings					

DIRECT COST ESTIMATE DETAIL

Masonic Lodge
Single Office Tenant

E20-Furnishings					
E2010-Fixed Furnishings					
	Casework - lower	63	lft	\$285.99	\$18,017
	Casework - upper	63	lft	\$173.33	\$10,920
	Reception Desk	1	lpsm	\$2,859.90	\$2,860
Total E20-Furnishings					\$31,797
Total E-Equipment and Furnishings					\$31,797
F-Other Building Construction					
F10-Special Construction					
F1030-Special Construction					
	Required Roof Truss at Great Room - KPFF	1	lpsm	\$62,259.68	\$62,260
	Required Moderate Roof Wood Framing - KPFF	1	lpsm	\$31,129.84	\$31,130
	Required Moderate Roof Wood Framing - KPFF	1	lpsm	\$210,126.41	\$210,126
Total F10-Special Construction					\$303,516
F20-Selective Demolition					
F2010-Building Elements Demolition					
	Demo Metal Shed and Conc. Floor	521	sqft	\$6.50	\$3,386
	Demo Parapet Wood of West Building	450	sqft	\$8.67	\$3,900
	Demo Back Area of E&W Bldg	1,875	sqft	\$3.90	\$7,312
	Demo Perimeter Platform in Large Hall	1,210	sqft	\$3.90	\$4,719
Total F20-Selective Demolition					\$19,317
Total F-Other Building Construction					\$322,833
TOTAL BUILDING DIRECT CONSTRUCTION COST					\$1,007,047

Date: 2/11/09
Project Name: Upper Story Building Market Feasibility Assessment - Historic Downtown Winters, California
Project Site: Masonic Lodge
Scheme: Events Space
Design Phase: Conceptual Design (CD)



ESTIMATE SUMMARY

DIRECT CONSTRUCTION COST		
Total Building Direct Construction Cost		\$931,403
Total Site Work Direct Construction Cost		<u>\$0</u>
TOTAL DIRECT CONSTRUCTION COST		\$931,403

COMPOUNDED MARK-UP

<i>Markup Description</i>	<i>Percentage</i>	<i>Amount</i>	<i>Subtotal</i>
Scope Contingency	10.00%	\$93,140	\$1,024,543
General Conditions	8.00%	\$81,963	\$1,106,507
Overhead	4.00%	\$44,260	\$1,150,767
Profit	4.00%	\$46,031	\$1,196,798
Escalation to mid-point of Cons.	0.00%	<u>\$0</u>	\$1,196,798
TOTAL COMPOUNDED MARK-UP	28.49%	\$265,395	

TOTAL MARKED-UP CONSTRUCTION COST **\$1,196,798**

ESCALATION CALCULATION: The direct construction unit rates are as of the estimate date no escalation (higher or lower) has been applied.

PREVAILING WAGE: The labor portion of the direct construction unit rates are not based on prevailing wage rates (i.e. they are not union wages with benefits).

ALTERNATES (Direct Construction Cost with Markup)

- | | |
|---|------------------|
| 1. Tear-off/Re-roof | \$50,566 |
| 2. Voluntary - Highly Recommended Structural Work - KPFF | \$335,000 |
| <ul style="list-style-type: none"> ◦ Wall attachment to floor and roof ◦ Moment/Brace frame at store front ◦ Remove/Brace Parapets | |
| 3. Voluntary - Recommended Structural Work - KPFF | \$310,000 |
| <ul style="list-style-type: none"> ◦ 20% of brick walls to be repaired ◦ Bracing of walls out of plane | |

DIRECT COST ESTIMATE DETAIL

Masonic Lodge
Events Space

Site/Other Areas	sqft	Approx. Building Areas	sqft
Site	0	First Floor Total Area	6,750
Off Site	0	Second Floor Total Area	6,750
Total Site Area	0	Area 3	0
		Area 4	0
		Area 5	0
		Total Building Area	13,500

WBS	Description	Qty	Unit	\$/Unit	Direct cost Extended
A- Substructure					
	Total A- Substructure				\$0
B- Shell					
	B10-Superstructure				\$0
	Total B10-Superstructure				\$0
	B20-Exterior Enclosure				
	B2020-Exterior Walls				
	High Pres. Powerwash Masonry	10,830	sqft	\$0.95	\$10,324
	Point Masonry - 10% East Bldg	722	sqft	\$4.94	\$3,567
	Point Masonry - 25% West Bldg	1,155	sqft	\$4.94	\$5,705
	West Bldg Parapet Brick Replacement	521	sqft	\$23.83	\$12,417
	Paint West Bldg Brick	3,795	sqft	\$1.49	\$5,657
	Paint East Bldg Storefront	1	lpsm	\$3,466.54	\$3,467
	B2020-Exterior Windows				
	Refurbish/Fiber. Retro-fit - East Bldg	216	sqft	\$69.33	\$14,975
	Fiberglass Frame Retro-fit - West Bldg	120	sqft	\$54.78	\$6,574
	Refurbish Daylight Windows/Frames	40	sqft	\$30.33	\$1,213
	B2030-Exterior Doors				
	Wood Entry Refurbish - East Bldg	1	lpsm	\$2,166.59	\$2,167
	Total B20-Exterior Enclosure				\$66,065
	Total B- Shell				\$66,065
C- Interiors					
	C10-Interior Construction				
	C1010-Interior Partitions				
	Fixed Partitions - 2 Sided	300	sqft	\$6.50	\$1,950
	Drywall Ceiling w/Framing	836	sqft	\$7.37	\$6,158
	C1020-Interior Doors				
	3'x7' HMF/Wood / Med./high HDW	15	opng	\$909.97	\$13,650
	Men's and Women Restrooms	253	sqft	\$194.99	\$49,333
	Bride's Restroom	60	sqft	\$112.66	\$6,760
	Total C10-Interior Construction				\$77,851
	C20-Stairways				
	C2010-Stair Construction				
	Refinish Ext. Metal Stair	1	lpsm	\$1,597.21	\$1,597
	C2020-Stair Finishes				
	Renovate Railing/Stair - East Bldg	1	lpsm	\$6,499.77	\$6,500
	Total C20-Stairways				\$8,097
	C30-Interior Finishes				
	C3010-Interior Wall Finishes				
	Patch and Paint - Stairway Walls E.Bldg	880	sqft	\$2.34	\$2,059
	Patch and Paint - E. Bldg E&W Walls	2,000	sqft	\$0.78	\$1,560



DIRECT COST ESTIMATE DETAIL**Masonic Lodge
Events Space**

Paint Interior Partition Wall & Ceiling	4,000	sqft	\$0.61	\$2,427
Refurbish Masonic Features/Walls	5,500	sqft	\$0.61	\$3,337
Paint Doors / Frames	15	each	\$86.66	\$1,300
Wainscot Wallpaper - Public Areas	1,190	sqft	\$4.26	\$5,074
Chair Railing	340	lnft	\$3.95	\$1,344
Base	340	lnft	\$5.20	\$1,768
Crown Moldings	172	lnft	\$13.00	\$2,236
C3020-Interior Floor Finishes				
Hardwood at Stairs Large Hall	1,210	sqft	\$6.07	\$7,340
Hardwood Refinish Large Hall	1,890	sqft	\$3.47	\$6,552
Hardwood Refinish Other	650	sqft	\$3.47	\$2,253
Hardwood Refurbish/finish in Bathrms	253	sqft	\$8.67	\$2,193
Hardwood Raised Platform	1	lpsm	\$1,733.27	\$1,733
Carpet Pad	258	sqyd	\$6.93	\$1,789
Carpet	258	sqyd	\$35.53	\$9,167
Rubber Coving	487	lnft	\$1.43	\$698
Floor Prep	2,552	sqft	\$0.39	\$995
Sheet Vinyl	350	sqft	\$3.90	\$1,365
C3030-Interior Ceiling Finishes				
Refurbish Ceiling of Event Space	2,925	sqft	\$1.13	\$3,295

Total C30-Interior Finishes**\$58,485****Total C- Interiors****\$144,433****D- Services****D10-Conveying**

D1010-Elevators and Lifts

2-Stop Electric, 5'x7' ADA - (2) Door 1 lpsm \$110,000.00 \$110,000

Total D10-Conveying**\$110,000****D20-Plumbing**

D2010- Plumbing Fixtures - Lav. & Sink - Warming

1 lpsm \$649.98 \$650

D2020-Domestic Water Distribution - Warming

1 lpsm \$303.32 \$303

D2030-Sanitary Waste Systems - Restroom Plumb

1 lpsm \$4,333.18 \$4,333

Total D20-Plumbing**\$5,286****D30-HVAC**

D3020-Heat/Cool RTU R&R including Controls and Instrumentation, and Distribution mods

10 ton \$7,279.74 \$72,797

Total D30-HVAC**\$72,797****D40-Fire Protection Systems**

D4010-Fire Protection Sprinkler Systems

15,800 sqft \$2.73 \$43,132

Total D40-Fire Protection Systems**\$43,132****D50-Electrical Systems**

D5010-Electrical Service & Distribution

6,750 sqft \$8.23 \$55,573

D5020-Lighting

Refurbish Existing Hanging Lights 2 each \$433.32 \$867

Refurbish Existing Podium Light 1 each \$693.31 \$693

Lighting and Lighting Controls 6,750 sqft \$10.62 \$71,660

Lighting Upgrade at Dining Hall 1,472 sqft \$1.73 \$2,551

Emergency Lighting 6,750 sqft \$1.08 \$7,312

D5030-Communication & Security Systems

Telecom System 6,750 sqft \$1.73 \$11,700

A/V - Event Space 2,925 sqft \$3.47 \$10,140

Total D50-Electrical Systems**\$160,496****Total D- Services****\$391,712**

DIRECT COST ESTIMATE DETAIL

Masonic Lodge
Events Space

E-Equipment and Furnishings

E10-Equipment \$0
Total E10-Equipment

E20-Furnishings

E2010-Fixed Furnishings				
Casework - counter top stainless steel	27	lnft	\$146.46	\$3,954
Casework - stainless steel shelf support	27	lnft	\$138.66	\$3,744
Back bar in Dining Hall w/sink & washer	10	lnft	\$337.99	\$3,380

Total E20-Furnishings \$11,078

Total E-Equipment and Furnishings \$11,078

F-Other Building Construction

F10-Special Construction

F1030-Special Construction				
Required Roof Truss at Great Room - KPFF	1	lpsm	\$62,259.68	\$62,260
Required Moderate Roof Wood Framing - KPFF	1	lpsm	\$31,129.84	\$31,130
Required Moderate Roof Wood Framing - KPFF	1	lpsm	\$210,126.41	\$210,126

Total F10-Special Construction \$303,516

F20-Selective Demolition

F2010-Building Elements Demolition				
Demo Metal Shed and Conc. Floor	521	sqft	\$6.50	\$3,386
Demo Parapet Wood of West Building	450	sqft	\$8.67	\$3,900
Demo Back Area of E&W Bldg	1,875	sqft	\$3.90	\$7,312

Total F20-Selective Demolition \$14,598

Total F-Other Building Construction \$318,114

TOTAL BUILDING DIRECT CONSTRUCTION COST \$931,403





Funding & Operational Pro Forma Estimates

SOURCES OF FUNDING				
Project Name: Bajakian: Subdivided Office			Date: 03/15/09	
COMMERCIAL				
Funding Source	Committed	Conditional	Tentative	Anticipated or Firm Commitment Date
LOANS				
Permanent Loan			950,000	
Total Loans	0	0	950,000	
APPLICANT CONTRIBUTIONS				
Cash				
Total Applicant Contribution	0	0	0	
OTHER:				
Cashflow During Rehab				
Total Other Funds	0	0	0	
SUBTOTALS	\$0	\$0	\$950,000	
TOTAL FUND SOURCES	\$950,000			
Surplus or Gap	552,605	(Note: Total Fund Sources must match "Total Project Cost" from Uses of Funding)		

USES OF FUNDING

Project Name:		Bajakian: Subdivided Office	Date:	3/15/2009
Commercial Square Footage	6,050	Hill's Estimated Soft Costs (15%)		
Common Area Square Footage:				
Total Square Footage:	6,050			
COMMERCIAL				
	Commercial	Cost per Square Foot	Cost as % of Total	Funding Source
Acquisition Costs				
Purchase Price:				
Land		0.00	0	
Improvements		0.00	0	
Liens and Other Taxes		0.00	0	
Closing/Recording		0.00	0	
Extension Fees		0.00	0	
Other: Current Mortgage		0.00	0	
Acquisition Costs Subtotal:	0	0.00	0	
Construction Costs				
Off-site Work		0.00	0	
On-site Work		0.00	0	
Hazardous Materials Abatement		0.00	0	
Demolition		0.00	0	
Commercial Space/Building	767,569	126.87	0.51083	
Common Use Facilities		0.00	0	
Elevator	100,000	16.53	0.06655	
Laundry Facilities		0.00	0	
Storage/Garages		0.00	0	
Landscaping		0.00	0	
General Conditions (8%)	76,346	12.62	0.05081	
Contractor Liability Insurance		0.00	0	
Contractor Overhead (4%)	41,227	6.81	0.02744	
Contractor Profit (4%)	42,876	7.09	0.02853	
Contingency (10%)	86,757	14.34	0.05774	
FF&E (Common Area Furnishings)		0.00	0	
Internet Wiring & Equipment		0.00	0	
Performance Bond		0.00	0	
Other:		0.00	0	
Other:		0.00	0	
Construction Costs Subtotal:	1,114,775	184.26	0.7419	

USES OF FUNDING

Project Name: _____ Bajakian: Subdivided Office Date: 3/15/2009

Commercial Square Footage	6,050	Hill's Estimated Soft Costs (15%)
Common Area Square Footage:		
Total Square Footage:	6,050	

COMMERCIAL

	Commercial	Cost per Square Foot	Cost as % of Total	Funding Source
Development Costs				
Land Use Approvals	167,216	27.64	0.11128	
Building Permits/Fees		0.00	0	
System Development Charges		0.00	0	
Market Study		0.00	0	
Environmental Report		0.00	0	
Lead Based Paint Report		0.00	0	
Asbestos Report		0.00	0	
Soils Report (Geotechnical)		0.00	0	
Survey		0.00	0	
Marketing/Advertising		0.00	0	
Insurance		0.00	0	
Other: Business Plan	10,000	1.65	0.00666	
Other:		0.00	0	
General Fees				
Architectural	111,477	18.43	0.07419	
SPD Architectural Review Fee		0.00	0	
Engineering		0.00	0	
Legal/Accounting	10,000	1.65	0.00666	
Appraisals	4,500	0.74	0.00299	
Special Inspections/Testing		0.00	0	
Developer Fee		0.00	0	
Consultant Fee		0.00	0	
Lock Rate Fee		0.00	0	
3rd Party Constr Management Fee		0.00	0	
Other:		0.00	0	
Construction Loan Costs/Fees				
Lender Inspection Fees		0.00	0	
Lender Title Insurance	4,000	0.66	0.00266	
Lender Legal Fees	5,000	0.83	0.00333	
Loan Fees	9,561	1.58	0.00636	
Loan Closing Fees	2,000	0.33	0.00133	
Property Taxes (Constr Period)	2,774	0.46	0.00185	
Insurance		0.00	0	

USES OF FUNDING

Project Name:	Bajakian: Subdivided Office	Date:	3/15/2009	
Commercial Square Footage	6,050	Hill's Estimated Soft Costs (15%)		
Common Area Square Footage:				
Total Square Footage:	6,050			
COMMERCIAL				
	Commercial	Cost per Square Foot	Cost as % of Total	Funding Source
Bridge Loan Fees				
Bridge Loan Legal		0.00	0	
Bridge Loan Trustee		0.00	0	
Bridge Loan Underwriting		0.00	0	
Permanent Loan Fees				
Perm. Loan Fee	7,000	1.16	0.00466	
Perm. Loan Closing Fees		0.00	0	
Interest				
Construction Period (6mo, 4.25%)	20,521	3.39	0.01366	
Construction Bridge Loan (3mo)	15,314	2.53	0.01019	
Other:		0.00	0	
Other:		0.00	0	
Reserves/Contingency				
Lease Up/Operating		0.00	0	
Development Contingency (5% soft)	18,468	3.05	0.01229	
Tenant Relocation		0.00	0	
Deposit to Replacement Reserves		0.00	0	
Contingency Escrow Account (3%)		0.00	0	
Other:		0.00	0	
Other:		0.00	0	
Development Costs Subtotal:	387,830	64.10	0.2581	
TOTAL PROJECT COST	\$1,502,605	248.36	1	
Surplus or Gap	(552,605)			

COMMERCIAL OPERATING BUDGET - INCOME

Project Name:	Bajakian: Subdivided Office										
Date:	03/15/09										
Annual Inflation Rate Factor:	2.00%										
ANNUAL Commercial Income:											
	1	2	3	4	5	10	15	20	30		
Commercial Income (\$1.80/sqft/mo):	130,680	133,294	135,959	138,679	141,452	156,175	172,429	190,376	232,067		
Other:		0	0	0	0	0	0	0	0		
Other:		0	0	0	0	0	0	0	0		
Other:		0	0	0	0	0	0	0	0		
Other:		0	0	0	0	0	0	0	0		
Other:		0	0	0	0	0	0	0	0		
TOTAL COMMERCIAL REVENUE	130,680	133,294	135,959	138,679	141,452	156,175	172,429	190,376	232,067		
Less Vacancy Rate	13,068	13,329	13,596	13,868	14,145	15,617	17,243	19,038	23,207		
Effective Gross Income:	117,612	119,964	122,364	124,811	127,307	140,557	155,187	171,338	208,861		

Square Feet
6,050

10%

COMMERCIAL OPERATING BUDGET - EXPENSES										
Project Name: Bajakian: Subdivided Office										
Date:	03/15/09	Inflation Rate Factor: 3.00%								
		1	2	3	4	5	10	15	20	30
ANNUAL Operating Expenses										
Other: NNN = taxes, ins, common area		30,250	31,158	32,092	33,055	34,047	39,469	45,756	53,044	71,286
Total Annual Operating Expenses:		30,250	31,158	32,092	33,055	34,047	39,469	45,756	53,044	71,286
Less Debt Service:										
Permanent loan										
Rate	6.00%									
Term (Years)	30									
Loan Amount	950,000	68,349	68,349	68,349	68,349	68,349	68,349	68,349	68,349	68,349
Effective Gross Income:		117,612	119,964	122,364	124,811	127,307	140,557	155,187	171,338	208,861
Total Annual Operating Expenses:		30,250	31,158	32,092	33,055	34,047	39,469	45,756	53,044	71,286
Net Operating Income:		87,362	88,807	90,271	91,756	93,260	101,088	109,431	118,295	137,575
Primary Debt Service		68,349	68,349	68,349	68,349	68,349	68,349	68,349	68,349	68,349
Cash Flow Per Year		19,013	20,458	21,923	23,407	24,912	32,739	41,082	49,946	69,226
Primary Debt Coverage Ratio		1.28	1.30	1.32	1.34	1.36	1.48	1.60	1.73	2.01

COMMERCIAL ASSUMPTIONS

Project Name: **Masonic Lodge:** Date: **03/15/09**

Sources

Mortgage is the only permanent source of funding.

Uses

Not including current mortgage

Hill International's estimated hard costs

Hill International's estimated soft costs (highlighted in blue) include:

- FFE

- Building Permits

- SDC's

- Special Testing/Inspections

- Soils (Geotechnical) Report

- Environmental Report

Hill International's estimated architect/engineer costs

6 month construction period

Construction loan interest rate = 1%+prime (which equals 4.25% currently)

3 month period post construction before conversion to a permanent loan

5% Soft Cost Contingency

Income

Per 1/09 Market Study, the developer has chosen \$1.80/sqft rent per month

10% vacancy rate

Expenses

\$5/sqft/year NNN expenses

30 Year Fixed Mortgage at 6% Interest

SOURCES OF FUNDING				
Project Name: Masonic Lodge: Single			Date: 03/15/09	
COMMERCIAL				
Funding Source	Committed	Conditional	Tentative	Anticipated or Firm Commitment Date
LOANS				
Permanent Loan			1,050,000	
Total Loans	0	0	1,050,000	
APPLICANT CONTRIBUTIONS				
Cash				
Total Applicant Contribution	0	0	0	
OTHER:				
Cashflow During Rehab				
Total Other Funds	0	0	0	
SUBTOTALS	\$0	\$0	\$1,050,000	
TOTAL FUND SOURCES	\$1,050,000			
Surplus or Gap	687,582	(Note: Total Fund Sources must match "Total Project Cost" from Uses of Funding)		

USES OF FUNDING

Project Name:	Masonic Lodge: Single C	Date:	3/15/2009
Commercial Square Footage	6,750	Hill's Estimated Soft Costs (15%)	
Common Area Square Footage:			
Total Square Footage:	6,750		
COMMERCIAL			
	Commercial	Cost per Square Foot	Cost as % of Total
			Funding Source
Acquisition Costs			
Purchase Price:			
Land		0.00	0
Improvements		0.00	0
Liens and Other Taxes		0.00	0
Closing/Recording		0.00	0
Extension Fees		0.00	0
Other: Current Mortgage		0.00	0
Acquisition Costs Subtotal:	0	0.00	0
Construction Costs			
Off-site Work		0.00	0
On-site Work		0.00	0
Hazardous Materials Abatement		0.00	0
Demolition		0.00	0
Commercial Space/Building	907,047	134.38	0.52202
Common Use Facilities		0.00	0
Elevator	100,000	14.81	0.05755
Laundry Facilities		0.00	0
Storage/Garages		0.00	0
Landscaping		0.00	0
General Conditions (8%)	88,620	13.13	0.051
Contractor Liability Insurance		0.00	0
Contractor Overhead (4%)	47,855	7.09	0.02754
Contractor Profit (4%)	49,769	7.37	0.02864
Contingency (10%)	100,705	14.92	0.05796
FF&E (Common Area Furnishings)		0.00	0
Internet Wiring & Equipment		0.00	0
Performance Bond		0.00	0
Other:		0.00	0
Other:		0.00	0
Construction Costs Subtotal:	1,293,996	191.70	0.74471

USES OF FUNDING				
Project Name:	Masonic Lodge: Single C	Date:	3/15/2009	
Commercial Square Footage	6,750	Hill's Estimated Soft Costs (15%)		
Common Area Square Footage:				
Total Square Footage:	6,750			
COMMERCIAL				
	Commercial	Cost per Square Foot	Cost as % of Total	Funding Source
Development Costs				
Land Use Approvals	194,099	28.76	0.11171	
Building Permits/Fees		0.00	0	
System Development Charges		0.00	0	
Market Study		0.00	0	
Environmental Report		0.00	0	
Lead Based Paint Report		0.00	0	
Asbestos Report		0.00	0	
Soils Report (Geotechnical)		0.00	0	
Survey		0.00	0	
Marketing/Advertising		0.00	0	
Insurance		0.00	0	
Other: Business Plan	10,000	1.48	0.00576	
Other:		0.00	0	
General Fees				
Architectural	129,400	19.17	0.07447	
SPD Architectural Review Fee		0.00	0	
Engineering		0.00	0	
Legal/Accounting	10,000	1.48	0.00576	
Appraisals	4,500	0.67	0.00259	
Special Inspections/Testing		0.00	0	
Developer Fee		0.00	0	
Consultant Fee		0.00	0	
Lock Rate Fee		0.00	0	
3rd Party Constr Management Fee		0.00	0	
Other:		0.00	0	

USES OF FUNDING

Project Name:	Masonic Lodge: Single C	Date:	3/15/2009
Commercial Square Footage	6,750	Hill's Estimated Soft Costs (15%)	
Common Area Square Footage:			
Total Square Footage:	6,750		
COMMERCIAL			
	Commercial	Cost per Square Foot	Cost as % of Total
			Funding Source
Construction Loan Costs/Fees			
Lender Inspection Fees		0.00	0
Lender Title Insurance	4,000	0.59	0.0023
Lender Legal Fees	5,000	0.74	0.00288
Loan Fees	11,062	1.64	0.00637
Loan Closing Fees	2,000	0.30	0.00115
Property Taxes (Constr Period)	3,932	0.58	0.00226
Insurance		0.00	0
Bridge Loan Fees			
Bridge Loan Legal		0.00	0
Bridge Loan Trustee		0.00	0
Bridge Loan Underwriting		0.00	0
Permanent Loan Fees			
Perm. Loan Fee	7,000	1.04	0.00403
Perm. Loan Closing Fees		0.00	0
Interest			
Construction Period (6mo, 4.25%)	23,748	3.52	0.01367
Construction Bridge Loan (3mo)	17,722	2.63	0.0102
Other:		0.00	0
Other:		0.00	0
Reserves/Contingency			
Lease Up/Operating		0.00	0
Development Contingency (5% soft)	21,123	3.13	0.01216
Tenant Relocation		0.00	0
Deposit to Replacement Reserves		0.00	0
Contingency Escrow Account (3%)		0.00	0
Other:		0.00	0
Other:		0.00	0
Development Costs Subtotal:	443,586	65.72	0.25529
TOTAL PROJECT COST	\$1,737,582	257.42	1
Surplus or Gap	(687,582)		

COMMERCIAL OPERATING BUDGET - INCOME											
Project Name:	Masonic Lodge: Single Office										
Date:	03/15/09										
Annual Inflation Rate Factor:	2.00%										
ANNUAL Commercial Income:		1	2	3	4	5	10	15	20	30	
Commercial Income (\$1.80/sqft/mo):	145,800	148,716	151,690	154,724	157,819	174,244	192,380	212,403	258,918		
Other:		0	0	0	0	0	0	0	0	0	
Other:		0	0	0	0	0	0	0	0	0	
Other:		0	0	0	0	0	0	0	0	0	
Other:		0	0	0	0	0	0	0	0	0	
Other:		0	0	0	0	0	0	0	0	0	
Other:		0	0	0	0	0	0	0	0	0	
TOTAL COMMERCIAL REVENUE	145,800	148,716	151,690	154,724	157,819	174,244	192,380	212,403	258,918		
Less Vacancy Rate	14,580	14,872	15,169	15,472	15,782	17,424	19,238	21,240	25,892		
Effective Gross Income:	131,220	133,844	136,521	139,252	142,037	156,820	173,142	191,163	233,026		

COMMERCIAL OPERATING BUDGET - EXPENSES

Project Name:	Masonic Lodge: Single Office									
Date:	03/15/09									
	Inflation Rate Factor: 3.00%									
ANNUAL Operating Expenses	1	2	3	4	5	10	15	20	30	
Other: NNN = taxes, ins, common area	33,750	34,763	35,805	36,880	37,986	44,036	51,050	59,181	79,534	
Total Annual Operating Expenses:	33,750	34,763	35,805	36,880	37,986	44,036	51,050	59,181	79,534	
Less Debt Service:										
Permanent loan										
Rate	6.00%	Term (Years)	30	Loan Amount	1,050,000	75,543	75,543	75,543	75,543	75,543
Effective Gross Income:	131,220	133,844	136,521	139,252	142,037	156,820	173,142	191,163	233,026	
Total Annual Operating Expenses:	33,750	34,763	35,805	36,880	37,986	44,036	51,050	59,181	79,534	
Net Operating Income:	97,470	99,082	100,716	102,372	104,051	112,784	122,092	131,982	153,492	
Primary Debt Service	75,543	75,543	75,543	75,543	75,543	75,543	75,543	75,543	75,543	
Cash Flow Per Year	21,927	23,539	25,173	26,829	28,507	37,241	46,549	56,439	77,949	
Primary Debt Coverage Ratio	1.29	1.31	1.33	1.36	1.38	1.49	1.62	1.75	2.03	

COMMERCIAL ASSUMPTIONS

Project Name: **Masonic Lodge:**

Date: **03/15/09**

Sources

Mortgage is the only permanent source of funding.

Uses

Hill International's estimated hard costs

Hill International's estimated soft costs (highlighted in blue) include:

FFE

Building Permits

SDC's

Special Testing/Inspections

Soils (Geotechnical) Report

Environmental Report

Hill International's estimated architect/engineer costs

6 month construction period

Construction loan interest rate = 1%+prime (which equals 4.25% currently)

3 month period post construction before conversion to a permanent loan

5% Soft Cost Contingency

Income

Per 1/09 Market Study, the developer has chosen \$1.80/sqft rent per month

10% vacancy rate

Expenses

\$5/sqft/year NNN expenses

30 Year Fixed Mortgage at 6% Interest

SOURCES OF FUNDING				
Project Name: Masonic Lodge: Events			Date: 03/15/09	
COMMERCIAL				
Funding Source	Committed	Conditional	Tentative	Anticipated or Firm Commitment Date
LOANS				
Permanent Loan			500,000	
Total Loans	0	0	500,000	
APPLICANT CONTRIBUTIONS				
Cash				
Total Applicant Contribution	0	0	0	
OTHER:				
Cashflow During Rehab				
Total Other Funds	0	0	0	
SUBTOTALS	\$0	\$0	\$500,000	
TOTAL FUND SOURCES	\$500,000			
Surplus or Gap	1,110,821	(Note: Total Fund Sources must match "Total Project Cost" from Uses of Funding)		

USES OF FUNDING

Project Name:	Masonic Lodge: Events	Date:	3/15/2009
Commercial Square Footage	6,750	Hill's Estimated Soft Costs (15%)	
Common Area Square Footage:			
Total Square Footage:	6,750		
COMMERCIAL			
	Commercial	Cost per Square Foot	Cost as % of Total
			Funding Source
Acquisition Costs			
Purchase Price:			
Land		0.00	0
Improvements		0.00	0
Liens and Other Taxes		0.00	0
Closing/Recording		0.00	0
Extension Fees		0.00	0
Other: Current Mortgage		0.00	0
Acquisition Costs Subtotal:	0	0.00	0
Construction Costs			
Off-site Work		0.00	0
On-site Work		0.00	0
Hazardous Materials Abatement		0.00	0
Demolition		0.00	0
Commercial Space/Building	821,403	121.69	0.50993
Common Use Facilities		0.00	0
Elevator	110,000	16.30	0.06829
Laundry Facilities		0.00	0
Storage/Garages		0.00	0
Landscaping		0.00	0
General Conditions (8%)	81,963	12.14	0.05088
Contractor Liability Insurance		0.00	0
Contractor Overhead (4%)	44,260	6.56	0.02748
Contractor Profit (4%)	46,031	6.82	0.02858
Contingency (10%)	93,140	13.80	0.05782
FF&E (Common Area Furnishings)		0.00	0
Internet Wiring & Equipment		0.00	0
Performance Bond		0.00	0
Other:		0.00	0
Other:		0.00	0
Construction Costs Subtotal:	1,196,797	177.30	0.74297
Development Costs			
Land Use Approvals	179,520	26.60	0.11145
Building Permits/Fees		0.00	0
System Development Charges		0.00	0
Market Study		0.00	0
Environmental Report		0.00	0
Lead Based Paint Report		0.00	0
Asbestos Report		0.00	0
Soils Report (Geotechnical)		0.00	0

USES OF FUNDING

Project Name:	Masonic Lodge: Events	Date:	3/15/2009
Commercial Square Footage	6,750	Hill's Estimated Soft Costs (15%)	
Common Area Square Footage:			
Total Square Footage:	6,750		
COMMERCIAL			
	Commercial	Cost per Square Foot	Cost as % of Total
			Funding Source
Survey		0.00	0
Marketing/Advertising		0.00	0
Insurance		0.00	0
Other: Business Plan	10,000	1.48	0.00621
Other:		0.00	0
General Fees			
Architectural	119,680	17.73	0.0743
SPD Architectural Review Fee		0.00	0
Engineering		0.00	0
Legal/Accounting	10,000	1.48	0.00621
Appraisals	4,500	0.67	0.00279
Special Inspections/Testing		0.00	0
Developer Fee		0.00	0
Consultant Fee		0.00	0
Lock Rate Fee		0.00	0
3rd Party Constr Management Fee		0.00	0
Other:		0.00	0
Construction Loan Costs/Fees			
Lender Inspection Fees		0.00	0
Lender Title Insurance	4,000	0.59	0.00248
Lender Legal Fees	5,000	0.74	0.0031
Loan Fees	10,248	1.52	0.00636
Loan Closing Fees	2,000	0.30	0.00124
Property Taxes (Constr Period)	3,932	0.58	0.00244
Insurance		0.00	0
Bridge Loan Fees			
Bridge Loan Legal		0.00	0
Bridge Loan Trustee		0.00	0
Bridge Loan Underwriting		0.00	0
Permanent Loan Fees			
Perm. Loan Fee	7,000	1.04	0.00435
Perm. Loan Closing Fees		0.00	0
Interest			
Construction Period (6mo, 4.25%)	22,007	3.26	0.01366
Construction Bridge Loan (3mo)	16,423	2.43	0.0102
Other:		0.00	0
Other:		0.00	0

USES OF FUNDING

Project Name:	Masonic Lodge: Events	\$	Date:	3/15/2009
Commercial Square Footage	6,750		Hill's Estimated Soft Costs (15%)	
Common Area Square Footage:				
Total Square Footage:	6,750			
COMMERCIAL				
	Commercial	Cost per Square Foot	Cost as % of Total	Funding Source
Reserves/Contingency				
Lease Up/Operating		0.00	0	
Development Contingency (5% soft)	19,715	2.92	0.01224	
Tenant Relocation		0.00	0	
Deposit to Replacement Reserves		0.00	0	
Contingency Escrow Account (3%)		0.00	0	
Other:		0.00	0	
Other:		0.00	0	
Development Costs Subtotal:	414,024	61.34	0.25703	
TOTAL PROJECT COST	\$1,610,821	238.64	1	
Surplus or Gap	(1,110,821)			

COMMERCIAL OPERATING BUDGET - EXPENSES

Project Name: Masonic Lodge: Events Space		Annual Inflation Rate Factor: 3.00%									
Date:	03/15/09	1	2	3	4	5	10	15	20	30	
ANNUAL Operating Expenses											
Food & Alcohol (33% of Total Sales)	19,470	20,054	20,656	21,275	21,914	22,556	25,404	29,450	34,141	45,882	
Staffing (18% of Total Sales)	16,380	16,871	17,378	17,899	18,436	18,984	21,372	24,776	28,722	38,601	
Overhead (10% of Total Sales)	9,100	9,373	9,654	9,944	10,242	10,550	11,873	13,765	15,957	21,445	
Other:	0	0	0	0	0	0	0	0	0	0	
Total Annual Operating Expenses:	44,950	46,299	47,687	49,118	50,592	52,082	58,650	67,991	78,820	105,928	
Less Debt Service:											
Permanent loan											
Rate	6.00%										
Term (Years)	30										
Loan Amount	500,000										
Effective Gross Income:	91,000	92,820	94,676	96,570	98,501	100,467	108,753	120,073	132,570	161,602	
Total Annual Operating Expenses:	44,950	46,299	47,687	49,118	50,592	52,082	58,650	67,991	78,820	105,928	
Net Operating Income:	46,050	46,522	46,989	47,452	47,910	48,385	50,104	52,082	53,750	55,674	
Primary Debt Service	35,973	35,973	35,973	35,973	35,973	35,973	35,973	35,973	35,973	35,973	
Cash Flow Per Year	10,077	10,548	11,016	11,479	11,937	12,396	14,131	16,109	17,777	19,701	
Primary Debt Coverage Ratio	1.28	1.29	1.31	1.32	1.33	1.34	1.39	1.45	1.49	1.55	

COMMERCIAL ASSUMPTIONS

Project Name: **Masonic Lodge:**

Date: **02/26/09**

Sources

Mortgage is the only permanent source of funding.

Uses

Hill International's estimated hard costs

Hill International's estimated soft costs (highlighted in blue) include:

FFE

Building Permits

SDC's (which per the City's website are estimated at approx. \$96,000)

Special Testing/Inspections

Soils (Geotechnical) Report

Environmental Report

Hill International's estimated architect/engineer costs

6 month construction period

Construction loan interest rate = 1%+prime (which equals 4.25% currently)

3 month period post construction before conversion to a permanent loan

5% Soft Cost Contingency

Income

Per 1/09 Market Study, room rates are based off what Canby, OR is charging

Expenses

Banquet Space

Food & Alcohol = 33% of amount charged

Staffing = 18% of amount charged

Overhead = 10% of amount charged

Lecture Space

Staffing = 18% of amount charged

Overhead = 10% of amount charged

30 Year Fixed Mortgage at 6% Interest



Use of Historic Preservation Tax Incentives



Use of Historic Preservation Tax Incentives

Proposed Developer

The potential developer was familiar with the use of tax incentives for historic preservation. He was also interested in how the Community Development Block Grant (CDBG) program would assist in his project as well as how the City's Redevelopment Program could make his project economically feasible.

The rapid downturn in the economy appears to have delayed any decisions by this potential developer. However, the information developed through the Planning and Technical Assistance grant will be viable once the economy recovers. Any of the potential reuse concepts will create jobs that the Targeted Income Group (TIG) will be eligible to fill. The potential job classes include accommodation staff, event staff, and food preparation and serving staff.

Historic Preservation Tax Incentives

The Historic Preservation Tax Incentive program may be applicable to this project as the structure is within a certified historic district. To access the program the preservation work must cause minimal change to the historic character of the building and have a value greater than the value of the structure. If the 20% tax credit cannot be used in one year, it can be applied one year in arrear and up to 20 years into the future. A key is that the new use must be consistent with past (historical) use without changes to the historical character of the building that is also economically viable. The application for the program must be made before work begins.

The U.S. Department of Interior, National Parks Service, along with the Internal Revenue Service administer the Historic Preservation Tax Incentive program. Department of the Interior regulations governing the procedures for obtaining historic preservation certifications are more fully explained in Title 36 of the Code of Federal Regulations, Part 67. The Internal Revenue Service regulations governing the tax credits for rehabilitation are contained in Treasury Regulation Section 1.48-12.

The 20% rehabilitation tax credit applies to any project that the Secretary of the Interior designates a certified rehabilitation of a certified historic structure. The 20% credit is available for properties rehabilitated for commercial, industrial, agricultural, or rental residential purposes, but it is not available for properties used exclusively as the owner's private residence.

Key elements of the program are:

A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.

Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.

Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.

Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.

New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

A certified historic structure is a building that is listed individually in the National Register of Historic Places -OR- a building that is located in a registered historic district and certified by the National Park Service as contributing to the historic significance of that district. This building is within the historic district recognized by the NPS in 1997.

There are a number of IRS issues that must be addressed by the owner as they relate to other tax code provisions that may or may not affect the ability to access program. Applicants are strongly advised to consult an accountant, tax attorney, or other professional tax advisor, legal counsel, or the Internal Revenue Service for help in determining whether these incentives apply to their own situations.

Recommendation

One possible use that was not considered in the original market feasibility assessment was housing. Not the normal economic development solution, but housing may be an economically viable use that can be adapted to the structure without much modification to the historic character of the structure while allowing accessing additional funding sources.

About the Consulting Team

Chabin Concepts' core competency is in realistic, achievable and measurable actions.

We are more than a consulting group – we are a solutions **network**. We use our network to bring our clients the best practices of renowned experts in urban and rural economic development, site location analysis and hands-on experience in implementing and managing competitive and results-oriented economic development programs.

We value every client and project, respecting the characteristics, heritage and goals of each community, their stakeholders and their economic development team. We commit to integrating our values, integrity and philosophy to create success through:

- ❖ Involvement of the community and all partner organizations.
- ❖ Research that is tailored to specific areas of interest, program implementation or industry focus.
- ❖ A team of experienced and diverse professionals to bring specialized techniques, knowledge, and expertise.
- ❖ Innovative strategies and creative economic development tools.
- ❖ Tactical plans designed for implementation.
- ❖ Effective and successful economic development roadmaps – integrating resources, innovative tools and creative marketing – for communities to accomplish their goals consistent with their values.

The consulting team for City of Winters, Downtown Feasibility Market Study included:

- ❖ Audrey Taylor, President, Chabin Concepts,
- ❖ Mary Bosch, Marketek
- ❖ David Berniker and Eric Philips, SERA Architects
- ❖ Dan Allwardt and Emily Pettit, KPFF Consulting Engineers
- ❖ Jeff Lucas, Community Development Services

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