

Attachment 7
ROI and Financial Analysis

FUNDING REQUIREMENTS	
Total Project Estimate	\$13,989,314
Equity/Equiv.	\$2,797,863
Loan	\$11,191,451

* See Use of Funds – Attachment 7a

Sources of Funds		
	With TIF	Without TIF
Equity	\$1,857,363	\$2,797,863
TIF	\$940,500	0
Loan	\$11,191,451	\$11,191,451

PRO FORMA	YEAR 1
Revenue:	
Room Rental	\$2,794,848.00
Miscellaneous Revenue	\$61,986.00
<i>Total Revenue</i>	<i>\$2,856,834.00</i>
Expenses:	
Payroll	\$425,127.00
Payroll Taxes/Related	\$77,798.00
Other Expenses	\$680,328.00
Franchise Fees/Ins./Etc.	\$413,684.00
<i>Total Expense</i>	<i>\$1,596,937.00</i>
Net Operating Income:	\$1,259,897.00
Debt Service:	\$1,036,800.00
Net Cash Flow:	\$223,097.00

* See Operating Budget – Year 1 – Attachment 7b

ROI Analysis		
	WITH TIF	WITHOUT TIF
Owner Equity:	\$1,857,362.80	\$2,797,862.80
Net Cash Flow:	\$223,097.00	\$223,097.00
ROI:	12.0%	8.0%

Tax Increment Financing (TIF) is necessary for this project. Without TIF, the project is not economically feasible. The Return on Investment (ROI) for this project with TIF is approximately 12%, which is a commercially reasonable rate of return for a development project with this much up-front capital requirement and risk. Without TIF, the ROI would only be approximately 8%. Any ROI below 10% is insufficient as an investment based on the time, energy, and risk. Without TIF, the project will not occur in this location.

Use of Funds

Attachment 7a

Brand:
Estimate Square Footage:
Number of Rooms:

Fairfield Inn
 42,885
 79

	Total	Per Room
Land Cost:	\$78,000	\$987.34

	Total	Per Room
Soft Costs:		
Soil Borings	\$4,500	\$56.96
Phase I	\$4,000	\$50.63
Phase II		
Engineering	\$35,000	\$443.04
Appraisal	\$5,000	\$63.29
Feasibility Study	\$4,400	\$55.70
Architectural	\$120,000	\$1,518.99
Landscape Design	\$6,000	\$75.95
Impact Fees (est.)	\$75,000	\$949.37
Tap Fees	In Bid	
Developer's Fees		
Franchise Fee	\$50,000	\$632.91
Total	\$303,900	\$3,846.84

	Total	Per Room
General Construction:		
Site Development (includes Demo Fees)	In Bid	\$0.00
Landscaping	In Bid	\$0.00
Building Construction	\$10,721,250	\$135,712.03
3% Contingency	\$321,638	\$4,071.36
Construction Control	\$15,000	\$189.87
Waste Water System		
Pool	In Bid	
Sigage	\$45,000	\$569.62
Field Engineering	In Bid	
Bonds	\$25,000	\$316.46
Total	\$11,127,888	\$140,859.34

FFE & Start Up Expenses:	\$1,412,500	\$17,879.75
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	Total	Per Room
Financing & Closing Costs:		
Loan Origination Fees/SBA/USDA	\$139,099	\$1,760.74
Construction Interest/Reserve	\$510,028	\$6,456.05
Lender Inspections	\$8,000	\$101.27
Builder's Risk Insurance	\$20,000	\$253.16
Title Insurance	\$17,000	\$215.19
Closing Cost/Legal Fees	\$30,000	\$379.75
Total	\$724,127	\$9,166.16

Total Estimate Construction & Land:	\$13,648,414	\$172,739.42
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	Total	Per Room
Additional Expenses:		
Computer Software	\$109,500	\$1,386.08
Telephone System	\$63,400	\$802.53
Pre-Opening Advertising	\$30,000	\$379.75
Pre-Opening Payroll	\$40,000	\$506.33
Working Capital	\$100,000	\$1,265.82
Total	\$342,900	\$4,340.51

Total Project Estimate	\$13,989,314	\$177,079.93
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	20%	25%
Down Payment:	\$2,797,863	\$3,497,329
Loan Amount:	\$11,191,451	\$10,491,986
Estimated Payment:	\$86,400	\$81,000

Notes:

Fairfield Inn & Suites
York, Nebraska
Operating Budget - Year 1

Attachment 7b

Room Type	Number	Rack* Rate
King	31	\$160
D/Queen	40	\$170
K/Suites	8	\$185
Q/Suites		

*Does Not Include Special Events

Total Rooms: 79
Total Rooms Annually: 28,835
OCC: 66.87%
ADR: \$144.83
RevPAR: \$96.93

Income Per Unit	Sun	Mon	Tues	Wed	Thurs	Fri	Sat	Total	Weeks	Totals YR Per Room
ADR Model Peak: (May-June-July-August-September)	\$142.59	\$142.59	\$147.59	\$147.59	\$147.59	\$167.59	\$167.59	\$1,063.16	17.38	\$18,477.80
ADR Model Mid-Peak: (April-October)	\$132.59	\$132.59	\$137.59	\$137.59	\$137.59	\$147.59	\$147.59	\$973.16	17.38	\$16,913.60
ADR Model Off-Peak: (January-February-November-December)	\$127.59	\$132.59	\$132.59	\$132.59	\$127.59	\$142.59	\$142.59	\$938.16	17.24	\$16,173.96
Total Possible Revenue										\$51,565.36

Revenue:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Totals
Gross Revenue per Month (corporate-group-leisure)	\$327,324	\$295,648	\$370,937	\$328,583	\$370,937	\$358,971	\$370,937	\$370,937	\$358,971	\$339,536	\$316,765	\$327,324	\$4,136,869
Occupancy PCT	50.90%	51.70%	64.50%	72.60%	76.10%	86.90%	78.60%	76.10%	78.60%	68.70%	53.90%	43.80%	
Occupied Rooms	1,247	1,144	1,580	1,721	1,864	2,060	1,925	1,864	1,863	1,682	1,277	1,073	
ADR	\$133.66	\$133.66	\$151.46	\$138.64	\$151.46	\$151.46	\$151.46	\$151.46	\$151.46	\$138.64	\$133.66	\$133.66	
RevPAR	\$68.03	\$69.10	\$97.69	\$100.65	\$115.26	\$131.62	\$119.05	\$115.26	\$119.05	\$95.25	\$72.04	\$58.54	
Gross Revenue Based on Occupancy	\$166,608	\$152,850	\$239,254	\$238,551	\$282,283	\$311,946	\$291,556	\$282,283	\$282,151	\$233,261	\$170,737	\$143,368	\$2,794,848

Misc. Income

Vending Machine/Food Pantry	\$1,333	\$1,223	\$1,914	\$1,908	\$2,258	\$2,496	\$2,332	\$2,258	\$2,257	\$1,866	\$1,366	\$1,147	\$22,359
Pet Fee	\$935	\$858	\$1,185	\$1,290	\$1,398	\$1,545	\$1,444	\$1,398	\$1,397	\$1,262	\$958	\$804	\$14,473
Meeting Room	\$1,499	\$1,376	\$2,153	\$2,147	\$2,541	\$2,808	\$2,624	\$2,541	\$2,539	\$2,099	\$1,537	\$1,290	\$25,154
Total	\$3,767	\$3,456	\$5,252	\$5,346	\$6,197	\$6,848	\$6,400	\$6,197	\$6,194	\$5,227	\$3,861	\$3,242	\$61,986
Total Gross Revenue	\$170,375	\$156,306	\$244,506	\$243,897	\$288,479	\$318,793	\$297,956	\$288,479	\$288,345	\$238,488	\$174,597	\$146,610	\$2,856,833

Expenses:

Payroll & Related

Administrative & Supervision	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$150,000
Rooms - Public Area	\$10,075	\$9,100	\$10,075	\$9,750	\$10,075	\$9,750	\$10,075	\$10,075	\$9,750	\$10,075	\$9,750	\$10,075	\$118,625
Housekeeping	\$7,401	\$6,790	\$9,379	\$10,216	\$11,066	\$12,228	\$11,429	\$11,066	\$11,060	\$9,990	\$7,585	\$6,369	\$114,579
Maintenance	\$2,499	\$2,293	\$3,589	\$3,578	\$4,234	\$4,679	\$4,373	\$4,234	\$4,232	\$3,499	\$2,561	\$2,151	\$41,923
Total	\$32,475	\$30,683	\$35,543	\$36,044	\$37,875	\$39,158	\$38,378	\$37,875	\$37,543	\$36,064	\$32,396	\$31,094	\$425,127

Related Payroll

Payroll Taxes	\$3,248	\$3,068	\$3,554	\$3,604	\$3,787	\$3,916	\$3,838	\$3,787	\$3,754	\$3,606	\$3,240	\$3,109	\$42,513
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Benefits-Group Insurance	\$1,299	\$1,227	\$1,422	\$1,442	\$1,515	\$1,566	\$1,535	\$1,515	\$1,502	\$1,443	\$1,296	\$1,244	\$17,005
Benefits-Workmens Comp	\$1,396	\$1,319	\$1,528	\$1,550	\$1,629	\$1,684	\$1,650	\$1,629	\$1,614	\$1,551	\$1,393	\$1,337	\$18,280
Total	\$5,943	\$5,615	\$6,504	\$6,596	\$6,931	\$7,166	\$7,023	\$6,931	\$6,870	\$6,600	\$5,928	\$5,690	\$77,798

Other Expenses

Photocopy Rental & Supplies	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$13,200
Breakfast	\$5,298	\$4,860	\$6,713	\$7,313	\$7,921	\$8,753	\$8,181	\$7,921	\$7,917	\$7,150	\$5,429	\$4,559	\$62,015
Audit & Legal	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$8,400
Dues & Subscriptions	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Cleaning Supplies	\$2,666	\$2,446	\$3,828	\$3,817	\$4,517	\$4,991	\$4,665	\$4,517	\$4,514	\$3,732	\$2,732	\$2,294	\$44,718
Guest Supplies	\$3,499	\$3,210	\$5,024	\$5,010	\$5,928	\$6,551	\$6,123	\$5,928	\$5,925	\$4,898	\$3,585	\$3,011	\$58,692
Laundry/Dry Cleaning	\$333	\$306	\$479	\$477	\$565	\$624	\$583	\$565	\$564	\$467	\$341	\$287	\$5,590
Linen	\$716	\$657	\$1,029	\$1,026	\$1,214	\$1,341	\$1,254	\$1,214	\$1,213	\$1,003	\$734	\$616	\$12,018
Office Supplies	\$516	\$474	\$742	\$740	\$875	\$967	\$904	\$875	\$875	\$723	\$529	\$444	\$8,664
Decorations	\$167	\$153	\$239	\$239	\$282	\$312	\$292	\$282	\$282	\$233	\$171	\$143	\$2,795
Uniforms	\$750	\$688	\$1,077	\$1,073	\$1,270	\$1,404	\$1,312	\$1,270	\$1,270	\$1,050	\$768	\$645	\$12,577
Telephone & Telecom	\$5,831	\$5,350	\$8,374	\$8,349	\$9,880	\$10,918	\$10,204	\$9,880	\$9,875	\$8,164	\$5,976	\$5,018	\$97,820
Credit Card Commissions	\$2,749	\$2,522	\$3,948	\$3,936	\$4,658	\$5,147	\$4,811	\$4,658	\$4,655	\$3,849	\$2,817	\$2,366	\$46,115
Travel Agent Commission	\$2,416	\$2,216	\$3,469	\$3,459	\$4,093	\$4,523	\$4,228	\$4,093	\$4,091	\$3,382	\$2,476	\$2,079	\$40,525
Marketing	\$8,414	\$7,885	\$11,211	\$11,184	\$12,868	\$14,010	\$13,225	\$12,868	\$12,863	\$10,981	\$8,573	\$7,520	\$131,602
Postage	\$583	\$535	\$837	\$835	\$988	\$1,092	\$1,020	\$988	\$988	\$816	\$598	\$502	\$9,782
Promotions	\$1,166	\$1,070	\$1,675	\$1,670	\$1,976	\$2,184	\$2,041	\$1,976	\$1,975	\$1,633	\$1,195	\$1,004	\$19,564
Licences	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Reservation Fee	\$2,916	\$2,675	\$4,187	\$4,175	\$4,940	\$5,459	\$5,102	\$4,940	\$4,938	\$4,082	\$2,988	\$2,509	\$48,910
Pest Control	\$500	\$459	\$718	\$716	\$847	\$936	\$875	\$847	\$846	\$700	\$512	\$430	\$8,385
Miscellaneous	\$1,333	\$1,223	\$1,914	\$1,908	\$2,258	\$2,496	\$2,332	\$2,258	\$2,257	\$1,866	\$1,366	\$1,147	\$22,359
Total	\$42,203	\$39,077	\$57,814	\$58,276	\$67,429	\$74,057	\$69,501	\$67,429	\$67,399	\$57,080	\$43,141	\$36,923	\$680,328

Additional Expenses

Franchise Fees	\$5,831	\$5,350	\$8,374	\$8,349	\$9,880	\$10,918	\$10,204	\$9,880	\$9,875	\$8,164	\$5,976	\$5,018	\$97,820
Misc. Franchise Expenses	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$25,200
Property Taxes	\$5,165	\$4,738	\$7,417	\$7,395	\$8,751	\$9,670	\$9,038	\$8,751	\$8,747	\$7,231	\$5,293	\$4,444	\$86,640
Liability Insurance	\$2,166	\$1,987	\$3,110	\$3,101	\$3,670	\$4,055	\$3,790	\$3,670	\$3,668	\$3,032	\$2,220	\$1,864	\$36,333
Capital Reserve	\$1,999	\$1,834	\$2,871	\$2,863	\$3,387	\$3,743	\$3,499	\$3,387	\$3,386	\$2,799	\$2,049	\$1,720	\$33,538
Energy Expense	\$7,997	\$7,337	\$11,484	\$11,450	\$13,550	\$14,973	\$13,995	\$13,550	\$13,543	\$11,197	\$8,195	\$6,882	\$134,153
Total	\$25,259	\$23,346	\$35,356	\$35,259	\$41,337	\$45,460	\$42,626	\$41,337	\$41,319	\$34,523	\$25,832	\$22,028	\$413,684
Total Expense	\$105,880	\$98,721	\$135,217	\$136,175	\$153,572	\$165,841	\$157,528	\$153,572	\$153,131	\$134,266	\$107,298	\$95,736	\$1,596,937
Net Income - Rooms	\$64,495	\$57,585	\$109,289	\$107,722	\$134,907	\$152,952	\$140,428	\$134,907	\$135,213	\$104,222	\$67,300	\$50,874	\$1,259,896

Debt Service

(Based on 30YR - 80% LTV)/8%	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400	\$1,036,800
Income After Debt Service	-\$21,905	-\$28,815	\$22,889	\$21,322	\$48,507	\$66,552	\$54,028	\$48,507	\$48,813	\$17,822	-\$19,100	-\$35,526	\$223,096