



KEYSER MARSTON ASSOCIATES

**FINANCIAL FEASIBILITY ANALYSIS OF
NONRESIDENTIAL DEVELOPMENT LINKAGE FEES**

Prepared for:

City of Thousand Oaks

Prepared by:

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY.....	1
A. Background	1
B. Nonresidential Development Linkage Fee Nexus Analysis.....	1
C. Maximum Legally Supportable Nonresidential Development Linkage Fees	2
D. Financially Feasible Nonresidential Development Linkage Fees	2
II. DETERMINATION OF NONRESIDENTIAL LAND USE PROTOTYPES	4
III. FINANCIAL FEASIBILITY ANALYSES.....	5
A. Common Assumptions.....	6
B. Retail / Commercial Pro Forma Analyses (Attachment I)	7
C. Office Pro Forma Analyses (Attachment II)	11
D. Industrial Pro Forma Analyses (Attachment III).....	14
E. Research and Development Pro Forma Analyses (Attachment IV)	18
F. Hotel / Lodging Pro Forma Analyses (Attachment V)	22
IV. CONCLUSIONS.....	26

ATTACHMENTS

Summary Tables A & B:	Summary of Financial Feasibility Analysis
Attachment I:	Retail/Commercial Pro Forma Analyses
Attachment II:	Office Pro Forma Analyses
Attachment III:	Industrial Pro Forma Analyses
Attachment IV:	Research and Development Pro Forma Analyses
Attachment V:	Hotel / Lodging Pro Forma Analyses

I. EXECUTIVE SUMMARY

At your request, Keyser Marston Associates, Inc. (KMA) prepared a financial feasibility analysis of proposed Nonresidential Development Linkage Fee amounts. This analysis is intended to assist the City of Thousand Oaks (City) in evaluating the policy implications for enacting a Nonresidential Development Linkage Fee Program. This analysis is intended to accompany the Nonresidential Development Linkage Fee Nexus Study prepared by KMA.

Background

A Nonresidential Development Linkage Fee is an impact fee that is subject to the requirements imposed by the Mitigation Fee Act. This means that the Nonresidential Development Linkage Fee must be directly tied to the increased need for affordable housing that is created by the development of new nonresidential uses in a community. The fundamental concept is that the development of new nonresidential uses will generate new employment, and that a percentage of the new employees will create an increased demand for affordable housing units.

The purpose of a Nonresidential Development Linkage Fee is to apportion the financial responsibility for a part of the increased need for affordable housing to the nonresidential uses that create that additional demand. Nonresidential Development Linkage Fee revenue can only be used to meet the community's future needs for affordable housing. It is therefore necessary to identify the nexus between new nonresidential development and the increased need for affordable housing.

It is important to note that Nonresidential Development Linkage Fee programs are more prevalent in Northern California jurisdictions. It is KMA's understanding that currently, only seven Southern California jurisdictions have enacted Nonresidential Development Linkage Fee programs. These jurisdictions are the Cities of Culver City, Glendale, Los Angeles, Rancho Cucamonga, San Diego, Santa Monica, and West Hollywood.

Nonresidential Development Linkage Fee Nexus Analysis

To adopt and implement a Nonresidential Development Linkage Fee program, it is necessary to document the relationships among the following:

1. The construction of new nonresidential uses;
2. The number and type of employees that work in the new nonresidential uses; and

3. The increased demand for affordable housing.

Jobs in nonresidential projects cover a range in compensation levels, and the workers' households range in size. As a result, housing needs are generated at all affordability levels. To fulfill the Mitigation Fee Act requirements, a nexus analysis must be prepared that quantifies the need for affordable housing created by each type of nonresidential use.

Maximum Legally Supportable Nonresidential Development Linkage Fees

Based on the nexus analysis prepared by KMA, the maximum legally supportable Nonresidential Development Linkage Fees for the five land uses are as follows:

Land Use	Fee Per Square Foot of Gross Building Area (GBA)
Retail / Commercial	\$158
Office	\$162
Industrial	\$60
Research and Development	\$65
Hotel / Lodging	\$63

Financially Feasible Nonresidential Development Linkage Fees

As indicated in the previous section, the nexus analysis establishes the maximum legally supportable Nonresidential Development Linkage Fee levels. These amounts reflect the full cost associated with fulfilling the need for affordable housing created by the new nonresidential development. However, this does not take into account the impact the Fee will have on the financial feasibility of new development. It is important to establish a balance between the City's public policy objectives to produce affordable housing and the economic impact that will be experienced by property owners and developers.

To that end, KMA prepared the following financial feasibility analysis to assess the impact of proposed Nonresidential Development Linkage Fee amounts on each nonresidential land use.

The most common approach to establishing fee levels is based on comparing the Nonresidential Development Linkage Fee against the development costs associated with each land use. This

approach facilitates an evaluation of whether the amount is likely to affect development decisions.

As such, KMA first prepared a base pro forma analysis of each land use prototype that does not include a Nonresidential Development Linkage Fee. Next, KMA estimated a range of potential Nonresidential Development Linkage Fees based on a percentage of total development costs ranging from 0.5% to 5% of total development costs.

Nonresidential Development Linkage Fee Per SF as a Percentage of Development Costs (Base Scenario)					
% Of Development Costs	Retail / Commercial Prototype	Office Prototype	Industrial Prototype	Research and Development Prototype	Hotel / Lodging Prototype
0.5% of Development Costs	\$2.41	\$2.14	\$0.71	\$0.66	\$2.24
1.0% of Development Costs	\$4.83	\$4.27	\$1.43	\$1.32	\$4.48
2.0% of Development Costs	\$9.65	\$8.54	\$2.85	\$2.65	\$8.95
3.0% of Development Costs	\$14.48	\$12.82	\$4.28	\$3.97	\$13.43
4.0% of Development Costs	\$19.30	\$17.09	\$5.71	\$5.29	\$17.90
5.0% of Development Costs	\$24.13	\$21.36	\$7.13	\$6.61	\$22.38

Based on these estimates, KMA analyzed the impact on each development prototype's financial feasibility for the following Nonresidential Development Linkage Fee amounts: \$1 per square foot, \$3 per square foot, and \$5 per square foot.

For reference, to evaluate the financial feasibility of each fee amount, KMA set the threshold return requirements for each development prototype as follows:

Threshold Return Requirements					
	Retail / Commercial Prototype	Office Prototype	Industrial Prototype	Research and Development Prototype	Hotel / Lodging Prototype
Feasible Range (Green)	≥ 8.00%	≥ 9.00%	≥ 6.50%	≥ 8.00%	≥ 9.00%
Marginally Feasible Range (Yellow)	7.00% - 7.99%	8.00% - 8.99%	6.00% - 6.49%	7.50% - 7.99%	8.50% - 8.99%
Infeasible Range (Red)	≤ 6.99%	≤ 7.99%	≤ 5.99%	≤ 7.49%	≤ 8.49%

The following table summarizes the results of the financial feasibility analysis:

Estimated Returns on Investment By Nonresidential Development Linkage Fee Amount					
	Retail / Commercial Prototype	Office Prototype	Industrial Prototype	Research and Development Prototype	Hotel / Lodging Prototype
Base: No Linkage Fee	6.75%	5.08%	7.79%	6.99%	5.55%
Linkage Fee @ \$1/SF	6.74%	5.07%	7.73%	6.94%	5.53%
Linkage Fee @ \$3/SF	6.70%	5.04%	7.62%	6.82%	5.50%
Linkage Fee @ \$5/SF	6.67%	5.02%	7.50%	6.71%	5.47%

II. DETERMINATION OF NONRESIDENTIAL LAND USE PROTOTYPES

As indicated in the previous section, the nexus analysis establishes the maximum legally supportable Nonresidential Development Linkage Fee levels. These amounts reflect the full cost associated with fulfilling the need for affordable housing created by the new nonresidential development. However, this does not take into account the impact the Nonresidential Development Linkage Fee will have on the financial feasibility of new development. It is important to establish a balance between the City's public policy objectives to produce affordable housing and the economic impact that will be experienced by property owners and developers.

City staff provided KMA with information regarding recently proposed and/or developed nonresidential development projects. However, it is important to note, that there has been a very limited amount of nonresidential development proposed and/or developed in Thousand Oaks in the past several years. Thus, for the purposes of establishing nonresidential development prototypes, KMA relied on the limited development information provided by the City, as well as KMA's experience with similar nonresidential development projects throughout the region.

To that end, KMA prepared pro forma analyses for five nonresidential prototypical projects representative of nonresidential product types that might be developed in Thousand Oaks in the near-term. These prototypes are utilized as the basis for which to test the impact of

potential linkage fees on financial feasibility. KMA analyzed the following nonresidential land uses:

1. Retail / Commercial Prototype
2. Office Prototype
3. Industrial Prototype
4. Research and Development (R&D) Prototype
5. Hotel / Lodging Prototype

The scope of development for each prototype is as follows:

Scopes of Development					
	Retail / Commercial Prototype	Office Prototype	Industrial Prototype	Research and Development Prototype	Hotel / Lodging Prototype
Site Area (SF)	45,000	130,680	250,000	200,000	108,900
Gross Building Area (SF) / Rooms	12,000	57,500	100,000	100,000	125
FAR	0.27	0.44	0.40	0.50	0.92
Number of Parking Spaces	105	230	210	280	156

It is important to note that the development prototypes outlined above do not represent actual projects. They are intended to be a composite of many factors used to analyze the financial feasibility of generalized nonresidential development projects.

III. FINANCIAL FEASIBILITY ANALYSES

KMA prepared pro forma analyses for each of the five development prototypes summarized above. The KMA pro forma analyses are described in the following sections of this memorandum. The analyses are presented in Attachments I – V – Appendices A – D. Each pro forma is organized as follows:

Table 1:	Estimated Development Costs
Table 2:	Estimated Stabilized Net Operating Income and Return on Investment

For each of the five development prototypes, KMA first prepared a pro forma analysis of a Base Scenario, which does not include a Nonresidential Development Linkage Fee (Attachments I – V – Appendix A). This Base Scenario was utilized to estimate a range of potential Nonresidential Development Linkage Fee amounts that could be charged to each land use (based on a percentage of total development costs).

Upon identification of a range of potential Nonresidential Development Linkage Fee amounts, KMA defined specific fee amounts for financial feasibility testing. In the subsequent pro forma analyses (Attachments I – V – Appendices B – D), KMA analyzed the impact of imposing these specific Nonresidential Development Linkage Fee amounts on the financial feasibility of each development prototype.

The following sections describe the assumptions utilized in the KMA pro forma analyses.

Common Assumptions

A number of assumptions are applied throughout the analyses of the five development prototypes. These common assumptions are:

Direct Construction Costs

1. The site acquisition costs are based on a review of land sales comparables researched by KMA and are estimated as follows:
 - a. \$30 per square foot of land area for the retail/commercial, office and hotel prototypes; and
 - b. \$20 per square foot of land area for the industrial and R&D prototypes.
2. It is assumed that each development prototype will consist of surface parking. The parking costs are estimated at \$2,500 per surface parking space.
3. The contractor costs, inclusive of overhead, profit, general conditions, builder's risk insurance and direct cost contingency allowance, are estimated at 20% of the other indirect costs.

Indirect Construction Costs

1. The taxes, insurance, legal and accounting costs are estimated at 3% of direct costs.
2. The development management fee is set at 4% of direct costs.
3. A soft cost contingency allowance equal to 5% of other indirect costs is provided.

Financing Costs

1. The construction loan interest rate is set at 5.5%.
2. The permanent loan financing fees are set at 2.0 points.

Retail / Commercial Pro Forma Analyses (Attachment I)

The following summarizes the pro forma analyses prepared for the Retail/Commercial Prototype.

Estimated Development Costs

The following summarizes the development cost assumptions utilized for the Retail/Commercial Prototype:

1. The site improvement costs are estimated at \$7 per square foot of land area.
2. The building costs are estimated at \$150 per square foot of retail/commercial GBA.
3. The tenant improvement costs are estimated at \$25 per square foot of retail/commercial GBA.
4. The architecture, engineering and consulting costs are estimated at 6% of direct costs.
5. Per information provided by City staff, KMA estimated the public permits and fees at \$19 per square foot of retail/commercial GBA.
6. The marketing and leasing costs are estimated at \$6.00 per square foot of retail/commercial GBA.

As such, KMA estimates the Retail/Commercial Prototype's total development costs for the Base Scenario as follows:

Retail / Commercial Prototype	
Total Development Costs	Base Scenario
Total Acquisition Costs	\$1,350,000
Total Direct Costs	3,214,000
Total Indirect Costs	754,000
Total Financing Costs	473,000
Total Development Costs	\$5,791,000
Per SF Retail/Commercial GBA	\$483

Potential Nonresidential Linkage Fees

To estimate the potential Nonresidential Development Linkage Fees that could be applied to retail/commercial land uses, KMA calculated a range of fee amounts based on between 0.5% - 5.0% of the Base Scenario's total development costs. The following table summarizes the range of potential Nonresidential Development Linkage Fees:

Retail / Commercial Land Use	
% of Total Development Costs	Nonresidential Development Linkage Fee Per SF GBA
0.5% of Total Development Costs	\$2.41 / SF
1.0% of Total Development Costs	\$4.83 / SF
2.0% of Total Development Costs	\$9.65 / SF
3.0% of Total Development Costs	\$14.48 / SF
4.0% of Total Development Costs	\$19.30 / SF
5.0% of Total Development Costs	\$24.13 / SF

Estimated Net Operating Income

The Retail/Commercial Prototype's net operating income (NOI) is estimated based on the following:

1. The retail/commercial lease rate is set at \$35 per square foot per year, which equates to \$2.92 per square foot per month and assumes a NNN lease.¹
2. The common area maintenance (CAM) reimbursements are estimated at \$10 per square foot per year.
3. A vacancy and collection allowance is set at 5% of the gross retail/commercial income.
4. The CAM expenses are estimated at \$10 per square foot per year.
5. The capital reserves are estimated at \$0.15 per square foot per year.

The retail/commercial NOI is estimated at \$391,000 as follows:

Retail / Commercial NOI	
Effective Gross Income	\$513,000
(Less) Operating Expenses	(122,000)
Estimated Retail/Commercial NOI	\$391,000

Estimated Return on Investment of Base Scenario

The return on investment is estimated by dividing the NOI by the total development costs. As such, the return on investment for the Base Scenario of the Retail/Commercial Prototype is estimated as follows:

Retail / Commercial Return on Investment (Base Scenario)	
Estimated Retail/Commercial NOI	\$391,000
Estimated Development Costs	\$5,791,000
Return on Investment – Retail/Commercial Prototype	6.8%

¹ Triple Net Lease: A lease where the operating expenses are paid by the tenant in addition to the lease rate.

However, KMA estimates that a retail/commercial project would likely require a return on investment of at least 8% to be financially feasible. The following table summarizes the likely return on investment ranges to evaluate financial feasibility:

Feasibility Thresholds – Retail / Commercial Projects	
Feasible Range	8.0% and Above
Marginally Feasible Range	7.00% - 7.99%
Infeasible Range	6.99% and Below

As such, KMA concludes that retail/commercial development projects are likely infeasible based on current development costs and lease rates.

Impacts on Financial Feasibility of Proposed Nonresidential Development Linkage Fee

Based on a review of potential Nonresidential Development Linkage Fee amounts, KMA analyzed the impacts on financial feasibility of Nonresidential Development Linkage Fees at: \$1 per square foot of GBA; \$3 per square foot of GBA; and \$5 per square foot of GBA. The following table summarizes the results of these analyses:

Retail / Commercial Prototype	
Nonresidential Development Linkage Fee Amount	Estimated Return on Investment
Base Scenario: No Nonresidential Development Linkage Fee	6.75%
Nonresidential Development Linkage Fee at \$1.00 per SF	6.74%
Nonresidential Development Linkage Fee at \$3.00 per SF	6.70%
Nonresidential Development Linkage Fee at \$5.00 per SF	6.67%

As such, the imposition of Nonresidential Development Linkage Fees on the Retail/Commercial Prototype has a minimal impact on financial feasibility. However, it is important to note that

retail/commercial land uses are currently likely to be financially infeasible even without the imposition of a Nonresidential Development Linkage Fee.

Office Pro Forma Analyses (Attachment II)

The following summarizes the pro forma analyses prepared for the Office Prototype.

Estimated Development Costs

The following summarizes the development cost assumptions utilized for the Office Prototype:

1. The site improvement costs are estimated at \$7 per square foot of land area.
2. The building costs are estimated at \$150 per square foot of office GBA.
3. The tenant improvement costs are estimated at \$50 per square foot of office GBA.
4. The architecture, engineering and consulting costs are estimated at 6% of direct costs.
5. Per information provided by City staff, KMA estimated the public permits and fees at \$16 per square foot of office GBA.
6. The marketing and leasing costs are estimated at \$6.00 per square foot of office GBA.

As such, KMA estimates the Office Prototype's total development costs for the Base Scenario as follows:

Office Prototype	
Total Development Costs	Base Scenario
Total Acquisition Costs	\$3,920,000
Total Direct Costs	15,588,000
Total Indirect Costs	3,457,000
Total Financing Costs	1,601,000
Total Development Costs	\$24,566,000
Per SF Office GBA	\$427

Potential Nonresidential Development Linkage Fees

To estimate the potential Nonresidential Development Linkage Fees that could be applied to office land uses, KMA calculated a range of fee amounts based on between 0.5% - 5.0% of the Base Scenario's total development costs. The following table summarizes the range of potential Nonresidential Development Linkage Fees:

Office Land Use	
% of Total Development Costs	Nonresidential Development Linkage Fee Per SF GBA
0.5% of Total Development Costs	\$2.14 / SF
1.0% of Total Development Costs	\$4.27 / SF
2.0% of Total Development Costs	\$8.54 / SF
3.0% of Total Development Costs	\$12.82 / SF
4.0% of Total Development Costs	\$17.09 / SF
5.0% of Total Development Costs	\$21.36 / SF

Estimated Net Operating Income

The Office Prototype's NOI is estimated based on the following:

1. The office lease rate is set at \$37 per square foot per year, which equates to \$3.08 per square foot per month and assumes a Full Service Gross lease.²
2. A vacancy and collection allowance is set at 5% of the gross office income.
3. The operating expenses are estimated at \$10 per square foot per year.
4. The capital reserves are estimated at \$0.15 per square foot per year.

The office NOI is estimated at \$1.25 million as follows:

² Full Service Gross Lease: A lease where all of the costs of occupancy: operating expenses, taxes, insurance, energy and janitorial services are included in the lease rate.

Office NOI	
Effective Gross Income	\$1,757,000
(Less) Operating Expenses	(508,000)
Estimated Office NOI	\$1,249,000

Estimated Return on Investment of Base Scenario

The return on investment is estimated by dividing the NOI by the total development costs. As such, the return on investment for the Base Scenario of the Office Prototype is estimated as follows:

Office Return on Investment (Base Scenario)	
Estimated Office NOI	\$1,249,000
Estimated Development Costs	\$24,566,000
Return on Investment – Office Prototype	5.1%

However, KMA estimates that an office project would likely require a return on investment of at least 9% to be financially feasible. The following table summarizes the likely return on investment ranges to evaluate financial feasibility:

Feasibility Thresholds – Office Projects	
Feasible Range	9.0% and Above
Marginally Feasible Range	8.00% - 8.99%
Infeasible Range	7.99% and Below

As such, KMA concludes that office development projects are likely infeasible based on current development costs and lease rates.

Impacts on Financial Feasibility of Proposed Nonresidential Development Linkage Fee

Based on a review of potential Nonresidential Development Linkage Fee amounts, KMA analyzed the impacts on financial feasibility of Nonresidential Linkage Fees at: \$1 per square foot of GBA; \$3 per square foot of GBA; and \$5 per square foot of GBA. The following table summarizes the results of these analyses:

Office Prototype	
Nonresidential Development Linkage Fee Amount	Estimated Return on Investment
Base Scenario: No Nonresidential Development Linkage Fee	5.08%
Nonresidential Development Linkage Fee at \$1.00 per SF	5.07%
Nonresidential Development Linkage Fee at \$3.00 per SF	5.04%
Nonresidential Development Linkage Fee at \$5.00 per SF	5.02%

As such, the imposition of Nonresidential Development Linkage Fees on the Office Prototype has a minimal impact on financial feasibility. However, it is important to note that office land uses are currently likely to be financially infeasible even without the imposition of a Nonresidential Development Linkage Fee.

Industrial Pro Forma Analyses (Attachment III)

The following summarizes the pro forma analyses prepared for the Industrial Prototype.

Estimated Development Costs

The following summarizes the development cost assumptions utilized for the Industrial Prototype:

1. The site improvement costs are estimated at \$3 per square foot of land area.
2. The building costs are estimated at \$35 per square foot of industrial GBA.
3. The tenant improvement costs are estimated at \$5 per square foot of industrial GBA.

4. The architecture, engineering and consulting costs are estimated at 3% of direct costs.
5. Per information provided by City staff, KMA estimated the public permits and fees at \$9 per square foot of industrial GBA.
6. The marketing and leasing costs are estimated at \$3.00 per square foot of industrial GBA.

As such, KMA estimates the Industrial Prototype's total development costs for the Base Scenario as follows:

Industrial Prototype	
Total Development Costs	Base Scenario
Total Acquisition Costs	\$5,000,000
Total Direct Costs	6,330,000
Total Indirect Costs	1,925,000
Total Financing Costs	1,013,000
Total Development Costs	\$14,268,000
Per SF Industrial GBA	\$143

Potential Nonresidential Development Linkage Fees

To estimate the potential Nonresidential Development Linkage Fees that could be applied to industrial land uses, KMA calculated a range of fee amounts based on between 0.5% - 5.0% of the Base Scenario's total development costs. The following table summarizes the range of potential Nonresidential Development Linkage Fees:

Industrial Land Use	
% of Total Development Costs	Nonresidential Development Linkage Fee Per SF GBA
0.5% of Total Development Costs	\$0.71 / SF
1.0% of Total Development Costs	\$1.43 / SF
2.0% of Total Development Costs	\$2.85 / SF
3.0% of Total Development Costs	\$4.28 / SF
4.0% of Total Development Costs	\$5.71 / SF
5.0% of Total Development Costs	\$7.13 / SF

Estimated Net Operating Income

The Industrial Prototype's NOI is estimated based on the following:

1. The industrial lease rate is set at \$12 per square foot per year, which equates to \$1.00 per square foot per month and assumes a NNN lease.
2. The CAM reimbursements are set at \$2.50 per square foot per year.
3. A vacancy and collection allowance is set at 5% of the gross industrial income.
4. The operating expenses are estimated at \$2.50 per square foot per year.
5. The capital reserves are estimated at \$0.15 per square foot per year.

The industrial NOI is estimated at \$1.11 million as follows:

Industrial NOI	
Effective Gross Income	\$1,377,000
(Less) Operating Expenses	(265,000)
Estimated Industrial NOI	\$1,112,000

Estimated Return on Investment of Base Scenario

The return on investment is estimated by dividing the NOI by the total development costs. As such, the return on investment for the Base Scenario of the Industrial Prototype is estimated as follows:

Industrial Return on Investment (Base Scenario)	
Estimated Industrial NOI	\$1,112,000
Estimated Development Costs	\$14,268,000
Return on Investment – Industrial Prototype	7.8%

KMA estimates that an industrial project would likely require a return on investment of at least 6.50% to be financially feasible. The following table summarizes the likely return on investment ranges to evaluate financial feasibility:

Feasibility Thresholds – Industrial Projects	
Feasible Range	6.50% and Above
Marginally Feasible Range	6.00% - 6.49%
Infeasible Range	5.99% and Below

As such, KMA concludes that industrial development projects are financially feasible based on current development costs and lease rates.

Impacts on Financial Feasibility of Proposed Nonresidential Development Linkage Fee

Based on a review of potential Nonresidential Development Linkage Fee amounts, KMA analyzed the impacts on financial feasibility of Nonresidential Development Linkage Fees at: \$1 per square foot of GBA; \$3 per square foot of GBA; and \$5 per square foot of GBA. The following table summarizes the results of these analyses:

Industrial Prototype	
Nonresidential Development Linkage Fee Amount	Estimated Return on Investment
Base Scenario: No Nonresidential Development Linkage Fee	7.79%
Nonresidential Development Linkage Fee at \$1.00 per SF	7.73%
Nonresidential Development Linkage Fee at \$3.00 per SF	7.62%
Nonresidential Development Linkage Fee at \$5.00 per SF	7.50%

As such, the imposition of Nonresidential Development Linkage Fees on the Industrial Prototype has a minimal impact on financial feasibility. In addition, KMA concludes that an industrial project would likely be financially feasible at each of the proposed Nonresidential Development Linkage Fee amounts.

Research and Development Pro Forma Analyses (Attachment IV)

The following summarizes the pro forma analyses prepared for the R&D Prototype.

Estimated Development Costs

The following summarizes the development cost assumptions utilized for the R&D Prototype:

1. The site improvement costs are estimated at \$3 per square foot of land area.
2. The building costs are estimated at \$35 per square foot of R&D GBA.
3. The tenant improvement costs are estimated at \$5 per square foot of R&D GBA.
4. The architecture, engineering and consulting costs are estimated at 3% of direct costs.
5. Per information provided by City staff, KMA estimated the public permits and fees at \$10 per square foot of R&D GBA.
6. The marketing and leasing costs are estimated at \$3.00 per square foot of R&D GBA.

As such, KMA estimates the R&D Prototype's total development costs for the Base Scenario as follows:

R&D Prototype	
Total Development Costs	Base Scenario
Total Acquisition Costs	\$4,000,000
Total Direct Costs	6,360,000
Total Indirect Costs	2,033,000
Total Financing Costs	834,000
Total Development Costs	\$13,227,000
Per SF R&D GBA	\$132

Potential Nonresidential Development Linkage Fees

To estimate the potential Nonresidential Development Linkage Fees that could be applied to R&D land uses, KMA calculated a range of fee amounts based on between 0.5% - 5.0% of the Base Scenario's total development costs. The following table summarizes the range of potential Nonresidential Development Linkage Fees:

R&D Land Use	
% of Total Development Costs	Nonresidential Development Linkage Fee Per SF GBA
0.5% of Total Development Costs	\$0.66 / SF
1.0% of Total Development Costs	\$1.32 / SF
2.0% of Total Development Costs	\$2.65 / SF
3.0% of Total Development Costs	\$3.97 / SF
4.0% of Total Development Costs	\$5.29 / SF
5.0% of Total Development Costs	\$6.61 / SF

Estimated Net Operating Income

The R&D Prototype's NOI is estimated based on the following:

1. The R&D lease rate is set at \$13.50 per square foot per year, which equates to \$1.13 per square foot per month and assumes a Modified Gross lease.³
2. The CAM reimbursements are set at \$2.50 per square foot per year.
3. A vacancy and collection allowance is set at 10% of gross R&D revenue.
4. The operating expenses are estimated at \$5.00 per square foot per year.
5. The capital reserves are estimated at \$0.15 per square foot per year.

The R&D NOI is estimated at \$925,000 as follows:

R&D NOI	
Effective Gross Income	\$1,440,000
(Less) Operating Expenses	(515,000)
Estimated R&D NOI	\$925,000

Estimated Return on Investment of Base Scenario

The return on investment is estimated by dividing the NOI by the total development costs. As such, the return on investment for the Base Scenario of the R&D Prototype is estimated as follows:

R&D Return on Investment (Base Scenario)	
Estimated R&D NOI	\$925,000
Estimated Development Costs	\$13,227,000
Return on Investment – R&D Prototype	7.0%

KMA estimates that a R&D project would likely require a return on investment of at least 8.0% to be financially feasible. The following table summarizes the likely return on investment ranges to evaluate financial feasibility:

³ Modified Gross Lease: A lease where some of the building operating costs are included in the lease rate (e.g. utilities). All excluded operating costs are paid by the tenant in addition to the lease rate.

Feasibility Thresholds – R&D Projects	
Feasible Range	8.00% and Above
Marginally Feasible Range	7.50% - 7.99%
Infeasible Range	7.49% and Below

As such, KMA concludes that R&D development projects are financially infeasible based on current development costs and lease rates. In addition, R&D projects require a specific subset of tenants/users. Thus, speculative development projects for R&D uses are unlikely.

Impacts on Financial Feasibility of Proposed Nonresidential Development Linkage Fee

Based on a review of potential Nonresidential Development Linkage Fee amounts, KMA analyzed the impacts on financial feasibility of Nonresidential Development Linkage Fees at: \$1 per square foot of GBA; \$3 per square foot of GBA; and \$5 per square foot of GBA. The following table summarizes the results of these analyses:

R&D Prototype	
Nonresidential Development Linkage Fee Amount	Estimated Return on Investment
Base Scenario: No Nonresidential Development Linkage Fee	6.99%
Nonresidential Development Linkage Fee at \$1.00 per SF	6.94%
Nonresidential Development Linkage Fee at \$3.00 per SF	6.82%
Nonresidential Development Linkage Fee at \$5.00 per SF	6.71%

As such, the imposition of Nonresidential Development Linkage Fees on the R&D Prototype has a minimal impact on financial feasibility. In addition, KMA concludes that a R&D project would likely be financially infeasible at each of the proposed Nonresidential Development Linkage Fee amounts. In addition, it is important to note that R&D projects require a specific subset of tenants/users. Thus, speculative development projects for R&D uses are unlikely to occur.

Hotel / Lodging Pro Forma Analyses (Attachment V)

The following summarizes the pro forma analyses prepared for the Hotel/Lodging Prototype.

Estimated Development Costs

The following summarizes the development cost assumptions utilized for the Hotel/Lodging Prototype:

1. The site improvement costs are estimated at \$10 per square foot of land area.
2. The building costs are estimated at \$175,000 per room.
3. The furniture, fixtures and equipment (FF&E) costs are estimated at \$25,000 per room.⁴
4. The architecture, engineering and consulting costs are estimated at 5% of direct costs.
5. Per information provided by City staff, KMA estimated the public permits and fees at \$19,000 room.
6. The marketing and leasing costs are estimated at \$2,000 per room.

As such, KMA estimates the Hotel/Lodging Prototype's total development costs for the Base Scenario as follows:

Hotel / Lodging Prototype	
Total Development Costs	Base Scenario
Total Acquisition Costs	\$3,267,000
Total Direct Costs	31,776,000
Total Indirect Costs	6,760,000
Total Financing Costs	2,959,000
Total Development Costs	\$44,762,000
Per SF Hotel/Lodging GBA	\$448

⁴ FF&E represents movable furniture, fixtures or other equipment that have no permanent connection to the structure of the building or utilities. Generally, this category includes guestroom, dining room and lounge furnishings; kitchen equipment; front office and administrative equipment; and decorative items.

Potential Nonresidential Development Linkage Fees

To estimate the potential Nonresidential Development Linkage Fees that could be applied to office land uses, KMA calculated a range of fee amounts based on between 0.5% - 5.0% of the Base Scenario's total development costs. The following table summarizes the range of potential Nonresidential Development Linkage Fees:

Hotel / Lodging Land Use	
% of Total Development Costs	Nonresidential Development Linkage Fee Per SF GBA
0.5% of Total Development Costs	\$2.24 / SF
1.0% of Total Development Costs	\$4.48 / SF
2.0% of Total Development Costs	\$8.95 / SF
3.0% of Total Development Costs	\$13.43 / SF
4.0% of Total Development Costs	\$17.90 / SF
5.0% of Total Development Costs	\$22.38 / SF

Estimated Net Operating Income

The Hotel/Lodging Prototype's NOI is estimated based on the following:

1. Gross Revenues:
 - a. The estimated room sales are based on an average daily rate (ADR) of \$175 and an occupancy rate of 75%.
 - b. The food and beverage revenue estimate is limited to revenues directly related to hotel operations. KMA assumes there will be limited food and beverage services, and estimates the associated revenue at 5% of gross revenues.
 - c. Other revenues are estimated at 5% of gross revenues.
2. Expenses:
 - a. The distributed expenses are estimated as follows:

- i. The expenses related to hotel rooms are estimated at 20% of the hotel room sales;
 - ii. The expenses related to food and beverage sales are estimated at 70% of food and beverage sales; and
 - iii. The expenses related to other revenues are estimated at 25% of other revenues.
- b. The undistributed expenses are estimated as follows:
 - i. General and administrative expenses are estimated at 8% of gross revenues;
 - ii. Information and telecom expenses are estimated at 1% of gross revenues;
 - iii. Marketing expenses are estimated at 8% of gross revenues;
 - iv. Utilities costs are estimated at 3.5% of gross revenues; and
 - v. Maintenance and operations costs are estimated at 3.5% of gross revenues.
- c. A management fee equal to 3% of gross revenues is provided.
- d. The fixed expenses are estimated as follows:
 - i. Property taxes are estimated based on 1.1% of the hotel's development costs;
 - ii. Insurance costs are estimated at 1.5% of gross revenues; and
 - iii. An allowance for future replacement of FF&E's is provided at 4% of gross revenues.

The hotel/lodging NOI is estimated at \$2.49 million as follows:

Hotel / Lodging NOI	
Gross Revenues	\$6,654,000
(Less) Operating Expenses	(4,169,000)
Estimated Hotel/Lodging NOI	\$2,485,000

Estimated Return on Investment of Base Scenario

The return on investment is estimated by dividing the NOI by the total development costs. As such, the return on investment for the Base Scenario of the Hotel/Lodging Prototype is estimated as follows:

Hotel/Lodging Return on Investment (Base Scenario)	
Estimated Hotel/Lodging NOI	\$2,485,000
Estimated Development Costs	\$44,762,000
Return on Investment – Hotel/Lodging Prototype	5.6%

However, KMA estimates that a hotel/lodging project would likely require a return on investment of at least 9% to be financially feasible. The following table summarizes the likely return on investment ranges to evaluate financial feasibility:

Feasibility Thresholds – Hotel / Lodging Projects	
Feasible Range	9.0% and Above
Marginally Feasible Range	8.50% - 8.99%
Infeasible Range	8.49% and Below

As such, KMA concludes that hotel/lodging development projects are likely infeasible based on current development costs and lease rates.

Impacts on Financial Feasibility of Proposed Nonresidential Development Linkage Fee

Based on a review of potential Nonresidential Development Linkage Fee amounts, KMA analyzed the impacts on financial feasibility of Nonresidential Linkage Fees at: \$1 per square foot of GBA; \$3 per square foot of GBA; and \$5 per square foot of GBA. The following table summarizes the results of these analyses:

Hotel / Lodging Prototype	
Nonresidential Development Linkage Fee Amount	Estimated Return on Investment
Base Scenario: No Nonresidential Development Linkage Fee	5.55%
Nonresidential Development Linkage Fee at \$1.00 per SF	5.53%
Nonresidential Development Linkage Fee at \$3.00 per SF	5.50%
Nonresidential Development Linkage Fee at \$5.00 per SF	5.47%

As such, the imposition of Nonresidential Development Linkage Fees on the Hotel/Lodging Prototype has a minimal impact on financial feasibility. However, it is important to note that hotel/lodging land uses are currently likely to be financially infeasible even without the imposition of a Nonresidential Development Linkage Fee.

IV. CONCLUSIONS

The following table summarizes the results of the financial feasibility analyses (green shading denotes scenarios that are financially feasible and red shading denotes scenarios that are not financially feasible):

Estimated Returns on Investment By Nonresidential Development Linkage Fee Amount					
	Retail / Commercial Prototype	Office Prototype	Industrial Prototype	Research and Development Prototype	Hotel / Lodging Prototype
Base: No Linkage Fee	6.75%	5.08%	7.79%	6.99%	5.55%
Linkage Fee @ \$1/SF	6.74%	5.07%	7.73%	6.94%	5.53%
Linkage Fee @ \$3/SF	6.70%	5.04%	7.62%	6.82%	5.50%
Linkage Fee @ \$5/SF	6.67%	5.02%	7.50%	6.71%	5.47%

ATTACHMENTS

SUMMARY TABLE A
DEVELOPMENT ANALYSIS
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

	<u>Retail / Commercial Prototype</u>	<u>Office Prototype</u>	<u>Industrial Prototype</u>	<u>Research and Development</u>	<u>Hotel / Lodging Prototype</u>
I. <u>Scope of Development</u>					
Site Area (SF)	45,000	130,680	250,000	200,000	108,900
Gross Building Area (SF) / Number of Rooms	12,000	57,500	100,000 ¹	100,000 ¹	125
FAR	0.27	0.44	0.40	0.50	0.92
Number of Parking Spaces	105	230	210	280	156
II. <u>Total Development Costs - Base Scenario</u>					
Site Acquisition Costs	\$1,350,000	\$3,920,000	\$5,000,000	\$4,000,000	\$3,267,000
Total Direct Costs	3,214,000	15,588,000	6,330,000	6,360,000	31,776,000
Total Indirect Costs	754,000	3,457,000	1,925,000	2,033,000	6,760,000
Total Financing Costs	473,000	1,601,000	1,013,000	834,000	2,959,000
Total Development Costs	\$5,791,000	\$24,566,000	\$14,268,000	\$13,227,000	\$44,762,000
Per SF of GBA/Room	\$483	\$427	\$143	\$132	\$358,100
III. <u>Estimate Lease Rates</u>					
Estimated Annual Lease Rate / ADR	\$35	\$37	\$12	\$14	\$175
Type of Lease	NNN	Full Service Gross	NNN	MG	N/A
IV. <u>Estimated Net Operating Income</u>	\$391,000	\$1,249,000	\$1,112,000	\$925,000	\$2,485,000
V. <u>Estimated Return on Cost (Base Scenario)</u>					
Estimated Net Operating Income	\$391,000	\$1,249,000	\$1,112,000	\$925,000	\$2,485,000
Total Development Costs	\$5,791,000	\$24,566,000	\$14,268,000	\$13,227,000	\$44,762,000
Estimated Return on Cost	6.8%	5.1%	7.8%	7.0%	5.6%
VI. <u>Nonresidential Development Linkage Fee Per SF as a Percentage of Development Costs (Base Scenario)</u>					
0.5% of Development Costs	\$2.41	\$2.14	\$0.71	\$0.66	\$2.24
1.0% of Development Costs	\$4.83	\$4.27	\$1.43	\$1.32	\$4.48
2.0% of Development Costs	\$9.65	\$8.54	\$2.85	\$2.65	\$8.95
3.0% of Development Costs	\$14.48	\$12.82	\$4.28	\$3.97	\$13.43
4.0% of Development Costs	\$19.30	\$17.09	\$5.71	\$5.29	\$17.90
5.0% of Development Costs	\$24.13	\$21.36	\$7.13	\$6.61	\$22.38

¹ Includes 5,000 square feet of office space and 95,000 square feet of industrial/warehouse space.

SUMMARY TABLE B

FINANCIAL FEASIBILITY TESTING
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

	Retail / Commercial Prototype	Office Prototype	Industrial Prototype	Research and Development Prototype	Hotel / Lodging Prototype
I. <u>Threshold Return Requirements</u>					
Feasible Range (Green)	8.00% and Above	9.00% and Above	6.50% and Above	8.00% and Above	9.00% and Above
Marginally Feasible Range (Yellow)	7.00% - 7.99%	8.00% - 8.99%	6.00% - 6.49%	7.50% - 7.99%	8.50% - 8.99%
Infeasible Range (Red)	6.99% and Below	7.99% and Below	5.99% and Below	7.49% and Below	8.49% and Below
II. <u>Nonresidential Linkage Fees - Financial Feasibility Results</u>					
Base Scenario: No Nonresidential Development Linkage Fee	6.75%	5.08%	7.79%	6.99%	5.55%
Nonresidential Development Linkage Fee @ \$1/SF Scenario	6.74%	5.07%	7.73%	6.94%	5.53%
Nonresidential Development Linkage Fee @ \$3/SF Scenario	6.70%	5.04%	7.62%	6.82%	5.50%
Nonresidential Development Linkage Fee @ \$5/SF Scenario	6.67%	5.02%	7.50%	6.71%	5.47%

ATTACHMENT I

RETAIL / COMMERCIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

ATTACHMENT I - APPENDIX A

RETAIL / COMMERCIAL PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT I - APPENDIX A - TABLE 1

ESTIMATED DEVELOPMENT COSTS
RETAIL / COMMERCIAL PROTOTYPE
BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE
12,000 SF RETAIL/COMMERCIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		45,000 Sf Land	\$30 /Sf Land	\$1,350,000
II. Direct Costs	¹			
Site Improvement Costs		45,000 Sf Land	\$7 /Sf Land	\$315,000
Surface Parking Costs	²	105 Spaces	\$2,500 /Space	263,000
Building Costs		12,000 Sf Retail/Comm GBA	\$150 /Sf Retail/Comm GBA	1,800,000
Tenant Improvement Costs		12,000 Sf Retail/Comm GBA	\$25 /Sf Retail/Comm GBA	300,000
Contractor Costs		20.0% Other Direct Costs		536,000
Total Direct Costs		12,000 Sf Retail/Comm GBA	\$268 /Sf Retail/Comm GBA	\$3,214,000
III. Indirect Costs				
Architecture, Engineering & Consulting		6.0% Direct Costs		\$193,000
Public Permits & Fees/Impact Fees	³	12,000 Sf Retail/Comm GBA	\$19 /Sf Retail/Comm GBA	228,000
Nonresidential Development Linkage Fee		12,000 Sf Retail/Comm GBA	\$0 /Sf Retail/Comm GBA	0
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		96,000
Marketing & Leasing Costs		12,000 Sf Retail/Comm GBA	\$6.00 /Sf Retail/Comm GBA	72,000
Development Management		4.0% Direct Costs		129,000
Contingency Allowance		5.0% Other Indirect Costs		36,000
Total Indirect Costs				\$754,000
IV. Financing Costs				
Construction Loan Interest	⁴	\$5,791,000 Financed	5.50% Interest	\$382,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	91,000
Total Financing Costs				\$473,000
V. Total Construction Costs		12,000 Sf Retail/Comm GBA	\$370 /Sf Retail/Comm GBA	\$4,441,000
Total Development Costs		12,000 Sf Retail/Comm GBA	\$483 /Sf Retail/Comm GBA	\$5,791,000
VI. Nonresidential Development Linkage Fee Per SF as a Percentage of Development Costs				
0.5% of Development Costs		\$2.41		
1.0% of Development Costs		\$4.83		
2.0% of Development Costs		\$9.65		
3.0% of Development Costs		\$14.48		
4.0% of Development Costs		\$19.30		
5.0% of Development Costs		\$24.13		

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Parking requirement based on: 80% general retail space with a requirement of 4 spaces per 1,000 SF; and 25% restaurant space with a requirement of 1 space per 45 SF (22 spaces per 1,000 SF).

³ Based on information provided by City staff. City staff should verify the accuracy of this estimate.

⁴ Assumes an 14-month construction period with a 60% average outstanding balance, and a 6-month absorption period with a 100% average outstanding balance.

ATTACHMENT I - APPENDIX A - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
 RETAIL / COMMERCIAL PROTOTYPE
 BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE
 12,000 SF RETAIL/COMMERCIAL GBA
 NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
 THOUSAND OAKS, CALIFORNIA

I. <u>Retail / Commercial Revenue</u>				
Lease Revenue	12,000	Sf Retail/Comm GBA	\$35 /Sf Retail/Comm GBA	\$420,000
CAM Reimbursements	12,000	Sf Retail/Comm GBA	\$10 /Sf Retail/Comm GBA	120,000
Gross Retail / Commercial Revenue				\$540,000
(Less) Vacancy & Collection Allowance		5% Gross Retail / Commercial Revenue		(27,000)
Effective Gross Income				\$513,000
II. <u>Retail / Commercial Operating Expenses</u>				
CAM Expenses	12,000	Sf Retail/Comm GBA	\$10 /Sf Retail/Comm GBA	\$120,000
Reserves	12,000	Sf Retail/Comm GBA	\$0.15 /Sf Retail/Comm GBA	2,000
Retail / Commercial Operating Expenses				\$122,000
III. <u>Retail Net Operating Income</u>				\$391,000
IV. <u>Estimated Return on Investment</u>				
Net Operating Income				\$391,000
Total Development Costs		See ATTACHMENT I - APPENDIX A - TABLE 1		\$5,791,000
V. <u>Return on Investment</u>				6.75%

¹ Assumes a NNN lease. Equates to \$2.92/sf/month.

ATTACHMENT I - APPENDIX B

RETAIL / COMMERCIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT I - APPENDIX B - TABLE 1

ESTIMATED DEVELOPMENT COSTS
RETAIL / COMMERCIAL PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO
12,000 SF RETAIL/COMMERCIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		45,000 Sf Land	\$30 /Sf Land	\$1,350,000
II. Direct Costs	¹			
Site Improvement Costs		45,000 Sf Land	\$7 /Sf Land	\$315,000
Surface Parking Costs	²	105 Spaces	\$2,500 /Space	263,000
Building Costs		12,000 Sf Retail/Comm GBA	\$150 /Sf Retail/Comm GBA	1,800,000
Tenant Improvement Costs		12,000 Sf Retail/Comm GBA	\$25 /Sf Retail/Comm GBA	300,000
Contractor Costs		20.0% Other Direct Costs		536,000
Total Direct Costs		12,000 Sf Retail/Comm GBA	\$268 /Sf Retail/Comm GBA	\$3,214,000
III. Indirect Costs				
Architecture, Engineering & Consulting		6.0% Direct Costs		\$193,000
Public Permits & Fees/Impact Fees	³	12,000 Sf Retail/Comm GBA	\$19 /Sf Retail/Comm GBA	228,000
Nonresidential Development Linkage Fee		12,000 Sf Retail/Comm GBA	\$1 /Sf Retail/Comm GBA	12,000
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		96,000
Marketing & Leasing Costs		12,000 Sf Retail/Comm GBA	\$6.00 /Sf Retail/Comm GBA	72,000
Development Management		4.0% Direct Costs		129,000
Contingency Allowance		5.0% Other Indirect Costs		37,000
Total Indirect Costs				\$767,000
IV. Financing Costs				
Construction Loan Interest	⁴	\$5,805,000 Financed	5.50% Interest	\$383,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	91,000
Total Financing Costs				\$474,000
V. Total Construction Costs		12,000 Sf Retail/Comm GBA	\$371 /Sf Retail/Comm GBA	\$4,455,000
Total Development Costs		12,000 Sf Retail/Comm GBA	\$484 /Sf Retail/Comm GBA	\$5,805,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Parking requirement based on: 80% general retail space with a requirement of 4 spaces per 1,000 SF; and 25% restaurant space with a requirement of 1 space per 45 SF (22 spaces per 1,000 SF).

³ Based on information provided by City staff. City staff should verify the accuracy of this estimate.

⁴ Assumes an 14-month construction period with a 60% average outstanding balance, and a 6-month absorption period with a 100% average outstanding balance.

ATTACHMENT I - APPENDIX B - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
RETAIL / COMMERCIAL PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO
12,000 SF RETAIL/COMMERCIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. <u>Retail / Commercial Revenue</u>					¹
Lease Revenue	12,000	Sf Retail/Comm GBA	\$35 /Sf Retail/Comm GBA	\$420,000	
CAM Reimbursements	12,000	Sf Retail/Comm GBA	\$10 /Sf Retail/Comm GBA	120,000	
Gross Retail / Commercial Revenue				\$540,000	
(Less) Vacancy & Collection Allowance		5% Gross Retail / Commercial Revenue		(27,000)	
Effective Gross Income					\$513,000
II. <u>Retail / Commercial Operating Expenses</u>					
CAM Expenses	12,000	Sf Retail/Comm GBA	\$10 /Sf Retail/Comm GBA	\$120,000	
Reserves	12,000	Sf Retail/Comm GBA	\$0.15 /Sf Retail/Comm GBA	2,000	
Retail / Commercial Operating Expenses					\$122,000
III. <u>Retail Net Operating Income</u>					\$391,000
IV. <u>Estimated Return on Investment</u>					
Net Operating Income				\$391,000	
Total Development Costs		See ATTACHMENT I - APPENDIX B - TABLE 1		\$5,805,000	
V. <u>Return on Investment</u>					6.74%

¹ Assumes a NNN lease. Equates to \$2.92/sf/month.

ATTACHMENT I - APPENDIX C

RETAIL / COMMERCIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT I - APPENDIX C - TABLE 1

ESTIMATED DEVELOPMENT COSTS
RETAIL / COMMERCIAL PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO
12,000 SF RETAIL/COMMERCIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		45,000 Sf Land	\$30 /Sf Land	\$1,350,000
II. Direct Costs	¹			
Site Improvement Costs		45,000 Sf Land	\$7 /Sf Land	\$315,000
Surface Parking Costs	²	105 Spaces	\$2,500 /Space	263,000
Building Costs		12,000 Sf Retail/Comm GBA	\$150 /Sf Retail/Comm GBA	1,800,000
Tenant Improvement Costs		12,000 Sf Retail/Comm GBA	\$25 /Sf Retail/Comm GBA	300,000
Contractor Costs		20.0% Other Direct Costs		536,000
Total Direct Costs		12,000 Sf Retail/Comm GBA	\$268 /Sf Retail/Comm GBA	\$3,214,000
III. Indirect Costs				
Architecture, Engineering & Consulting		6.0% Direct Costs		\$193,000
Public Permits & Fees/Impact Fees	³	12,000 Sf Retail/Comm GBA	\$19 /Sf Retail/Comm GBA	228,000
Nonresidential Development Linkage Fee		12,000 Sf Retail/Comm GBA	\$3 /Sf Retail/Comm GBA	36,000
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		96,000
Marketing & Leasing Costs		12,000 Sf Retail/Comm GBA	\$6.00 /Sf Retail/Comm GBA	72,000
Development Management		4.0% Direct Costs		129,000
Contingency Allowance		5.0% Other Indirect Costs		38,000
Total Indirect Costs				\$792,000
IV. Financing Costs				
Construction Loan Interest	⁴	\$5,832,000 Financed	5.50% Interest	\$385,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	91,000
Total Financing Costs				\$476,000
V. Total Construction Costs		12,000 Sf Retail/Comm GBA	\$374 /Sf Retail/Comm GBA	\$4,482,000
Total Development Costs		12,000 Sf Retail/Comm GBA	\$486 /Sf Retail/Comm GBA	\$5,832,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Parking requirement based on: 80% general retail space with a requirement of 4 spaces per 1,000 SF; and 25% restaurant space with a requirement of 1 space per 45 SF (22 spaces per 1,000 SF).

³ Based on information provided by City staff. City staff should verify the accuracy of this estimate.

⁴ Assumes an 14-month construction period with a 60% average outstanding balance, and a 6-month absorption period with a 100% average outstanding balance.

ATTACHMENT I - APPENDIX C - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
RETAIL / COMMERCIAL PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO
12,000 SF RETAIL/COMMERCIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. <u>Retail / Commercial Revenue</u>				
Lease Revenue	12,000	Sf Retail/Comm GBA	\$35 /Sf Retail/Comm GBA	\$420,000
CAM Reimbursements	12,000	Sf Retail/Comm GBA	\$10 /Sf Retail/Comm GBA	120,000
Gross Retail / Commercial Revenue				\$540,000
(Less) Vacancy & Collection Allowance		5% Gross Retail / Commercial Revenue		(27,000)
Effective Gross Income				\$513,000
II. <u>Retail / Commercial Operating Expenses</u>				
CAM Expenses	12,000	Sf Retail/Comm GBA	\$10 /Sf Retail/Comm GBA	\$120,000
Reserves	12,000	Sf Retail/Comm GBA	\$0.15 /Sf Retail/Comm GBA	2,000
Retail / Commercial Operating Expenses				\$122,000
III. <u>Retail Net Operating Income</u>				\$391,000
IV. <u>Estimated Return on Investment</u>				
Net Operating Income				\$391,000
Total Development Costs		See ATTACHMENT I - APPENDIX C - TABLE 1		\$5,832,000
V. <u>Return on Investment</u>				6.70%

¹ Assumes a NNN lease. Equates to \$2.92/sf/month.

ATTACHMENT I - APPENDIX D

RETAIL / COMMERCIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT I - APPENDIX D - TABLE 1

ESTIMATED DEVELOPMENT COSTS
RETAIL / COMMERCIAL PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO
12,000 SF RETAIL/COMMERCIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		45,000 Sf Land	\$30 /Sf Land	\$1,350,000
II. Direct Costs	¹			
Site Improvement Costs		45,000 Sf Land	\$7 /Sf Land	\$315,000
Surface Parking Costs	²	105 Spaces	\$2,500 /Space	263,000
Building Costs		12,000 Sf Retail/Comm GBA	\$150 /Sf Retail/Comm GBA	1,800,000
Tenant Improvement Costs		12,000 Sf Retail/Comm GBA	\$25 /Sf Retail/Comm GBA	300,000
Contractor Costs		20.0% Other Direct Costs		536,000
Total Direct Costs		12,000 Sf Retail/Comm GBA	\$268 /Sf Retail/Comm GBA	\$3,214,000
III. Indirect Costs				
Architecture, Engineering & Consulting		6.0% Direct Costs		\$193,000
Public Permits & Fees/Impact Fees	³	12,000 Sf Retail/Comm GBA	\$19 /Sf Retail/Comm GBA	228,000
Nonresidential Development Linkage Fee		12,000 Sf Retail/Comm GBA	\$5 /Sf Retail/Comm GBA	60,000
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		96,000
Marketing & Leasing Costs		12,000 Sf Retail/Comm GBA	\$6.00 /Sf Retail/Comm GBA	72,000
Development Management		4.0% Direct Costs		129,000
Contingency Allowance		5.0% Other Indirect Costs		39,000
Total Indirect Costs				\$817,000
IV. Financing Costs				
Construction Loan Interest	⁴	\$5,859,000 Financed	5.50% Interest	\$387,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	91,000
Total Financing Costs				\$478,000
V. Total Construction Costs		12,000 Sf Retail/Comm GBA	\$376 /Sf Retail/Comm GBA	\$4,509,000
Total Development Costs		12,000 Sf Retail/Comm GBA	\$488 /Sf Retail/Comm GBA	\$5,859,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Parking requirement based on: 80% general retail space with a requirement of 4 spaces per 1,000 SF; and 25% restaurant space with a requirement of 1 space per 45 SF (22 spaces per 1,000 SF).

³ Based on information provided by City staff. City staff should verify the accuracy of this estimate.

⁴ Assumes an 14-month construction period with a 60% average outstanding balance, and a 6-month absorption period with a 100% average outstanding balance.

ATTACHMENT I - APPENDIX D - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
RETAIL / COMMERCIAL PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO
12,000 SF RETAIL/COMMERCIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. <u>Retail / Commercial Revenue</u>				
Lease Revenue	12,000	Sf Retail/Comm GBA	\$35 /Sf Retail/Comm GBA	\$420,000
CAM Reimbursements	12,000	Sf Retail/Comm GBA	\$10 /Sf Retail/Comm GBA	120,000
Gross Retail / Commercial Revenue				\$540,000
(Less) Vacancy & Collection Allowance		5% Gross Retail / Commercial Revenue		(27,000)
Effective Gross Income				\$513,000
II. <u>Retail / Commercial Operating Expenses</u>				
CAM Expenses	12,000	Sf Retail/Comm GBA	\$10 /Sf Retail/Comm GBA	\$120,000
Reserves	12,000	Sf Retail/Comm GBA	\$0.15 /Sf Retail/Comm GBA	2,000
Retail / Commercial Operating Expenses				\$122,000
III. <u>Retail Net Operating Income</u>				\$391,000
IV. <u>Estimated Return on Investment</u>				
Net Operating Income				\$391,000
Total Development Costs		See ATTACHMENT I - APPENDIX D - TABLE 1		\$5,859,000
V. <u>Return on Investment</u>				6.67%

¹ Assumes a NNN lease. Equates to \$2.92/sf/month.

ATTACHMENT II

OFFICE PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

ATTACHMENT II - APPENDIX A

OFFICE PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT II - APPENDIX A - TABLE 1

ESTIMATED DEVELOPMENT COSTS

OFFICE PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

57,500 SF OFFICE GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		130,680 Sf Land	\$30 /Sf Land	\$3,920,000
II. Direct Costs		¹		
Site Improvement Costs		130,680 Sf Land	\$7 /Sf Land	\$915,000
Surface Parking Costs		230 Spaces	\$2,500 /Space	575,000
Building Costs		57,500 Sf Office GBA	\$150 /Sf Office GBA	8,625,000
Tenant Improvement Costs		57,500 Sf Office GBA	\$50 /Sf Office GBA	2,875,000
Contractor Costs		20.0% Other Direct Costs		2,598,000
Total Direct Costs		57,500 Sf GBA	\$271 /Sf GBA	\$15,588,000
III. Indirect Costs				
Architecture, Engineering & Consulting		6.0% Direct Costs		\$935,000
Public Permits & Fees/Impact Fees	²	57,500 Sf Office GBA	\$16 /Sf Office GBA	920,000
Nonresidential Development Linkage Fee		57,500 Sf Office GBA	\$0 /Sf Office GBA	0
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		468,000
Marketing & Leasing Costs		57,500 Sf Office GBA	\$6.00 /Sf Office GBA	345,000
Development Management		4.0% Direct Costs		624,000
Contingency Allowance		5.0% Other Indirect Costs		165,000
Total Indirect Costs				\$3,457,000
IV. Financing Costs				
Construction Loan Interest	³	\$24,566,000 Financed	5.50% Interest	\$1,351,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	250,000
Total Financing Costs				\$1,601,000
V. Total Construction Costs		57,500 Sf Office GBA	\$359 /Sf Office GBA	\$20,646,000
Total Development Costs		57,500 Sf Office GBA	\$427 /Sf Office GBA	\$24,566,000
VI. Nonresidential Development Linkage Fee Per SF as a Percentage of Development Costs				
0.5% of Development Costs		\$2.14		
1.0% of Development Costs		\$4.27		
2.0% of Development Costs		\$8.54		
3.0% of Development Costs		\$12.82		
4.0% of Development Costs		\$17.09		
5.0% of Development Costs		\$21.36		

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 15-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT II - APPENDIX A - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
OFFICE PROTOTYPE
BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE
57,500 SF OFFICE GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Office Revenue</u>					
	Lease Revenue	1	50,000	Sf Office GLA	\$37 /Sf Office GLA	\$1,850,000
	(Less) Vacancy & Collection Allowance		5%	Lease Revenue		(93,000)
	Effective Gross Income					\$1,757,000
II.	<u>Office Operating Expenses</u>					
	Operating Expenses		50,000	Sf Office GLA	\$10 /Sf Office GLA	\$500,000
	Reserves		50,000	Sf Office GLA	\$0.15 /Sf Office GLA	8,000
	Office Operating Expenses					\$508,000
III.	<u>Office Net Operating Income</u>					\$1,249,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$1,249,000
	Total Development Costs		See ATTACHMENT II - APPENDIX A - TABLE 1			24,566,000
V.	<u>Return on Investment</u>					5.08%

¹ Assumes a Full Service Gross lease. Equates to \$3.08 per square foot per month on a full service gross basis.

ATTACHMENT II - APPENDIX B

OFFICE PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT II - APPENDIX B - TABLE 1

ESTIMATED DEVELOPMENT COSTS

OFFICE PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO

57,500 SF OFFICE GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I.	Site Acquisition Costs	130,680	Sf Land	\$30 /Sf Land	\$3,920,000
II.	<u>Direct Costs</u>	1			
	Site Improvement Costs	130,680	Sf Land	\$7 /Sf Land	\$915,000
	Surface Parking Costs	230	Spaces	\$2,500 /Space	575,000
	Building Costs	57,500	Sf Office GBA	\$150 /Sf Office GBA	8,625,000
	Tenant Improvement Costs	57,500	Sf Office GBA	\$50 /Sf Office GBA	2,875,000
	Contractor Costs	20.0%	Other Direct Costs		2,598,000
	Total Direct Costs	57,500	Sf GBA	\$271 /Sf GBA	\$15,588,000
III.	<u>Indirect Costs</u>				
	Architecture, Engineering & Consulting	6.0%	Direct Costs		\$935,000
	Public Permits & Fees/Impact Fees	2	57,500	\$16 /Sf Office GBA	920,000
	Nonresidential Development Linkage Fee		57,500	\$1 /Sf Office GBA	58,000
	Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs		468,000
	Marketing & Leasing Costs		57,500	\$6.00 /Sf Office GBA	345,000
	Development Management	4.0%	Direct Costs		624,000
	Contingency Allowance	5.0%	Other Indirect Costs		168,000
	Total Indirect Costs				\$3,518,000
IV.	<u>Financing Costs</u>				
	Construction Loan Interest	3	\$24,631,000	Financed 5.50% Interest	\$1,355,000
	Financing Fees				
	Permanent Loan		70.00%	Loan to Value 2.00 Points	250,000
	Total Financing Costs				\$1,605,000
V.	Total Construction Costs	57,500	Sf Office GBA	\$360 /Sf Office GBA	\$20,711,000
	Total Development Costs	57,500	Sf Office GBA	\$428 /Sf Office GBA	\$24,631,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 15-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT II - APPENDIX B - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
OFFICE PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO
57,500 SF OFFICE GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Office Revenue</u>					
	Lease Revenue	1	50,000	Sf Office GLA	\$37 /Sf Office GLA	\$1,850,000
	(Less) Vacancy & Collection Allowance		5%	Lease Revenue		(93,000)
	Effective Gross Income					\$1,757,000
II.	<u>Office Operating Expenses</u>					
	Operating Expenses		50,000	Sf Office GLA	\$10 /Sf Office GLA	\$500,000
	Reserves		50,000	Sf Office GLA	\$0.15 /Sf Office GLA	8,000
	Office Operating Expenses					\$508,000
III.	Office Net Operating Income					\$1,249,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$1,249,000
	Total Development Costs		See ATTACHMENT II - APPENDIX B - TABLE 1			24,631,000
V.	Return on Investment					5.07%

¹ Assumes a Full Service Gross lease. Equates to \$3.08 per square foot per month on a full service gross basis.

ATTACHMENT II - APPENDIX C

OFFICE PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT II - APPENDIX C - TABLE 1

ESTIMATED DEVELOPMENT COSTS

OFFICE PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO

57,500 SF OFFICE GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		130,680 Sf Land	\$30 /Sf Land	\$3,920,000
II. Direct Costs	¹			
Site Improvement Costs		130,680 Sf Land	\$7 /Sf Land	\$915,000
Surface Parking Costs		230 Spaces	\$2,500 /Space	575,000
Building Costs		57,500 Sf Office GBA	\$150 /Sf Office GBA	8,625,000
Tenant Improvement Costs		57,500 Sf Office GBA	\$50 /Sf Office GBA	2,875,000
Contractor Costs		20.0% Other Direct Costs		2,598,000
Total Direct Costs		57,500 Sf GBA	\$271 /Sf GBA	\$15,588,000
III. Indirect Costs				
Architecture, Engineering & Consulting		6.0% Direct Costs		\$935,000
Public Permits & Fees/Impact Fees	²	57,500 Sf Office GBA	\$16 /Sf Office GBA	920,000
Nonresidential Development Linkage Fee		57,500 Sf Office GBA	\$3 /Sf Office GBA	173,000
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		468,000
Marketing & Leasing Costs		57,500 Sf Office GBA	\$6.00 /Sf Office GBA	345,000
Development Management		4.0% Direct Costs		624,000
Contingency Allowance		5.0% Other Indirect Costs		173,000
Total Indirect Costs				\$3,638,000
IV. Financing Costs				
Construction Loan Interest	³	\$24,758,000 Financed	5.50% Interest	\$1,362,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	250,000
Total Financing Costs				\$1,612,000
V. Total Construction Costs		57,500 Sf Office GBA	\$362 /Sf Office GBA	\$20,838,000
Total Development Costs		57,500 Sf Office GBA	\$431 /Sf Office GBA	\$24,758,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 15-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT II - APPENDIX C - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
OFFICE PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO
57,500 SF OFFICE GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Office Revenue</u>					
	Lease Revenue	1	50,000	Sf Office GLA	\$37 /Sf Office GLA	\$1,850,000
	(Less) Vacancy & Collection Allowance		5%	Lease Revenue		(93,000)
	Effective Gross Income					\$1,757,000
II.	<u>Office Operating Expenses</u>					
	Operating Expenses		50,000	Sf Office GLA	\$10 /Sf Office GLA	\$500,000
	Reserves		50,000	Sf Office GLA	\$0.15 /Sf Office GLA	8,000
	Office Operating Expenses					\$508,000
III.	Office Net Operating Income					\$1,249,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$1,249,000
	Total Development Costs		See ATTACHMENT II - APPENDIX C - TABLE 1			24,758,000
V.	Return on Investment					5.04%

¹ Assumes a Full Service Gross lease. Equates to \$3.08 per square foot per month on a full service gross basis.

ATTACHMENT II - APPENDIX D

OFFICE PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT II - APPENDIX D - TABLE 1

ESTIMATED DEVELOPMENT COSTS

OFFICE PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO

57,500 SF OFFICE GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		130,680 Sf Land	\$30 /Sf Land	\$3,920,000
II. <u>Direct Costs</u>		¹		
Site Improvement Costs	130,680 Sf Land		\$7 /Sf Land	\$915,000
Surface Parking Costs	230 Spaces		\$2,500 /Space	575,000
Building Costs	57,500 Sf Office GBA		\$150 /Sf Office GBA	8,625,000
Tenant Improvement Costs	57,500 Sf Office GBA		\$50 /Sf Office GBA	2,875,000
Contractor Costs	20.0% Other Direct Costs			2,598,000
Total Direct Costs	57,500 Sf GBA		\$271 /Sf GBA	\$15,588,000
III. <u>Indirect Costs</u>				
Architecture, Engineering & Consulting	6.0% Direct Costs			\$935,000
Public Permits & Fees/Impact Fees	² 57,500 Sf Office GBA		\$16 /Sf Office GBA	920,000
Nonresidential Development Linkage Fee	57,500 Sf Office GBA		\$5 /Sf Office GBA	288,000
Taxes, Insurance, Legal & Accounting	3.0% Direct Costs			468,000
Marketing & Leasing Costs	57,500 Sf Office GBA		\$6.00 /Sf Office GBA	345,000
Development Management	4.0% Direct Costs			624,000
Contingency Allowance	5.0% Other Indirect Costs			179,000
Total Indirect Costs				\$3,759,000
IV. <u>Financing Costs</u>				
Construction Loan Interest	³ \$24,886,000 Financed		5.50% Interest	\$1,369,000
Financing Fees				
Permanent Loan	70.00% Loan to Value		2.00 Points	250,000
Total Financing Costs				\$1,619,000
V. Total Construction Costs		57,500 Sf Office GBA	\$365 /Sf Office GBA	\$20,966,000
Total Development Costs		57,500 Sf Office GBA	\$433 /Sf Office GBA	\$24,886,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 15-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT II - APPENDIX D - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
OFFICE PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO
57,500 SF OFFICE GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Office Revenue</u>					
	Lease Revenue	1	50,000	Sf Office GLA	\$37 /Sf Office GLA	\$1,850,000
	(Less) Vacancy & Collection Allowance		5%	Lease Revenue		(93,000)
	Effective Gross Income					\$1,757,000
II.	<u>Office Operating Expenses</u>					
	Operating Expenses		50,000	Sf Office GLA	\$10 /Sf Office GLA	\$500,000
	Reserves		50,000	Sf Office GLA	\$0.15 /Sf Office GLA	8,000
	Office Operating Expenses					\$508,000
III.	<u>Office Net Operating Income</u>					\$1,249,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$1,249,000
	Total Development Costs		See ATTACHMENT II - APPENDIX D - TABLE 1			24,886,000
V.	<u>Return on Investment</u>					5.02%

¹ Assumes a Full Service Gross lease. Equates to \$3.08 per square foot per month on a full service gross basis.

ATTACHMENT III

INDUSTRIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

ATTACHMENT III - APPENDIX A

INDUSTRIAL PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT III - APPENDIX A - TABLE 1

ESTIMATED DEVELOPMENT COSTS

INDUSTRIAL PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

100,000 SF INDUSTRIAL GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		250,000 Sf Land	\$20 /Sf Land	\$5,000,000
II. Direct Costs		¹		
Site Improvement Costs		250,000 Sf Land	\$3 /Sf Land	\$750,000
Surface Parking		210 Spaces	\$2,500 /Space	525,000
Building Costs		100,000 Sf Industrial GBA	\$35 /Sf Industrial GBA	3,500,000
Tenant Improvement Costs		100,000 Sf Industrial GBA	\$5 /Sf Industrial GBA	500,000
Contractor Costs		20.0% Other Direct Costs		1,055,000
Total Direct Costs		100,000 Sf Industrial GBA	\$63 /Sf Industrial GBA	\$6,330,000
III. Indirect Costs				
Architecture, Engineering & Consulting		3.0% Direct Costs		\$190,000
Public Permits & Fees/Impact Fees	²	100,000 Sf Industrial GBA	\$9 /Sf Industrial GBA	900,000
Nonresidential Development Linkage Fee		100,000 Sf Industrial GBA	\$0 /Sf Industrial GBA	0
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		190,000
Marketing & Leasing Costs		100,000 Sf Industrial GBA	\$3.00 /Sf Industrial GBA	300,000
Development Management		4.0% Direct Costs		253,000
Contingency Allowance		5.0% Other Indirect Costs		92,000
Total Indirect Costs				\$1,925,000
IV. Financing Costs				
Construction Loan Interest	³	\$14,268,000 Financed	5.50% Interest	\$667,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	346,000
Total Financing Costs				\$1,013,000
V. Total Construction Costs		100,000 Sf Industrial GBA	\$93 /Sf Industrial GBA	\$9,268,000
Total Development Costs		100,000 Sf Industrial GBA	\$143 /Sf Industrial GBA	\$14,268,000
VI. Nonresidential Development Linkage Fee Per SF as a Percentage of Development Costs				
0.5% of Development Costs		\$0.71		
1.0% of Development Costs		\$1.43		
2.0% of Development Costs		\$2.85		
3.0% of Development Costs		\$4.28		
4.0% of Development Costs		\$5.71		
5.0% of Development Costs		\$7.13		

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 12-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT III - APPENDIX A - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT

INDUSTRIAL PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

100,000 SF INDUSTRIAL GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I.	<u>Industrial Revenue</u>					
	Lease Revenue	1	100,000	Sf Industrial GBA	\$12.00 /Sf Industrial GBA	\$1,200,000
	CAM Reimbursements		100,000	Sf Industrial GBA	\$2.50 /Sf Industrial GBA	<u>250,000</u>
	Gross Industrial Revenue					\$1,450,000
	(Less) Vacancy & Collection Allowance		5.0%	Gross Industrial Revenue		<u>(73,000)</u>
	Effective Gross Income					\$1,377,000
II.	<u>Industrial Operating Expenses</u>					
	Operating Expenses		100,000	Sf Industrial GBA	\$2.50 /Sf Industrial GBA	\$250,000
	Reserves		100,000	Sf Industrial GBA	\$0.15 /Sf Industrial GBA	<u>15,000</u>
	Industrial Operating Expenses					\$265,000
III.	Industrial Net Operating Income					\$1,112,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$1,112,000
	Total Development Costs		See ATTACHMENT III - APPENDIX A - TABLE 1			\$14,268,000
V.	Return on Investment					7.79%

¹ Assumes a NNN lease. Equates to a lease rate of \$1.00 per square foot per month.

ATTACHMENT III - APPENDIX B

INDUSTRIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT III - APPENDIX B - TABLE 1

ESTIMATED DEVELOPMENT COSTS

INDUSTRIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO

100,000 SF INDUSTRIAL GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		250,000 Sf Land	\$20 /Sf Land	\$5,000,000
II. Direct Costs	¹			
Site Improvement Costs		250,000 Sf Land	\$3 /Sf Land	\$750,000
Surface Parking		210 Spaces	\$2,500 /Space	525,000
Building Costs		100,000 Sf Industrial GBA	\$35 /Sf Industrial GBA	3,500,000
Tenant Improvement Costs		100,000 Sf Industrial GBA	\$5 /Sf Industrial GBA	500,000
Contractor Costs		20.0% Other Direct Costs		1,055,000
Total Direct Costs		100,000 Sf Industrial GBA	\$63 /Sf Industrial GBA	\$6,330,000
III. Indirect Costs				
Architecture, Engineering & Consulting		3.0% Direct Costs		\$190,000
Public Permits & Fees/Impact Fees	²	100,000 Sf Industrial GBA	\$9 /Sf Industrial GBA	900,000
Nonresidential Development Linkage Fee		100,000 Sf Industrial GBA	\$1 /Sf Industrial GBA	100,000
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		190,000
Marketing & Leasing Costs		100,000 Sf Industrial GBA	\$3.00 /Sf Industrial GBA	300,000
Development Management		4.0% Direct Costs		253,000
Contingency Allowance		5.0% Other Indirect Costs		97,000
Total Indirect Costs				\$2,030,000
IV. Financing Costs				
Construction Loan Interest	³	\$14,378,000 Financed	5.50% Interest	\$672,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	346,000
Total Financing Costs				\$1,018,000
V. Total Construction Costs		100,000 Sf Industrial GBA	\$94 /Sf Industrial GBA	\$9,378,000
Total Development Costs		100,000 Sf Industrial GBA	\$144 /Sf Industrial GBA	\$14,378,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 12-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT III - APPENDIX B - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
INDUSTRIAL PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO
100,000 SF INDUSTRIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Industrial Revenue</u>					
	Lease Revenue	1	100,000	Sf Industrial GBA	\$12.00 /Sf Industrial GBA	\$1,200,000
	CAM Reimbursements		100,000	Sf Industrial GBA	\$2.50 /Sf Industrial GBA	<u>250,000</u>
	Gross Industrial Revenue					\$1,450,000
	(Less) Vacancy & Collection Allowance		5.0%	Gross Industrial Revenue		<u>(73,000)</u>
	Effective Gross Income					\$1,377,000
II.	<u>Industrial Operating Expenses</u>					
	Operating Expenses		100,000	Sf Industrial GBA	\$2.50 /Sf Industrial GBA	\$250,000
	Reserves		100,000	Sf Industrial GBA	\$0.15 /Sf Industrial GBA	<u>15,000</u>
	Industrial Operating Expenses					\$265,000
III.	Industrial Net Operating Income					\$1,112,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$1,112,000
	Total Development Costs		See ATTACHMENT III - APPENDIX B - TABLE 1			\$14,378,000
V.	Return on Investment					7.73%

¹ Assumes a NNN lease. Equates to a lease rate of \$1.00 per square foot per month.

ATTACHMENT III - APPENDIX C

INDUSTRIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT III - APPENDIX C - TABLE 1

ESTIMATED DEVELOPMENT COSTS

INDUSTRIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO

100,000 SF INDUSTRIAL GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		250,000 Sf Land	\$20 /Sf Land	\$5,000,000
II. Direct Costs	¹			
Site Improvement Costs		250,000 Sf Land	\$3 /Sf Land	\$750,000
Surface Parking		210 Spaces	\$2,500 /Space	525,000
Building Costs		100,000 Sf Industrial GBA	\$35 /Sf Industrial GBA	3,500,000
Tenant Improvement Costs		100,000 Sf Industrial GBA	\$5 /Sf Industrial GBA	500,000
Contractor Costs		20.0% Other Direct Costs		1,055,000
Total Direct Costs		100,000 Sf Industrial GBA	\$63 /Sf Industrial GBA	\$6,330,000
III. Indirect Costs				
Architecture, Engineering & Consulting		3.0% Direct Costs		\$190,000
Public Permits & Fees/Impact Fees	²	100,000 Sf Industrial GBA	\$9 /Sf Industrial GBA	900,000
Nonresidential Development Linkage Fee		100,000 Sf Industrial GBA	\$3 /Sf Industrial GBA	300,000
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		190,000
Marketing & Leasing Costs		100,000 Sf Industrial GBA	\$3.00 /Sf Industrial GBA	300,000
Development Management		4.0% Direct Costs		253,000
Contingency Allowance		5.0% Other Indirect Costs		107,000
Total Indirect Costs				\$2,240,000
IV. Financing Costs				
Construction Loan Interest	³	\$14,598,000 Financed	5.50% Interest	\$682,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	346,000
Total Financing Costs				\$1,028,000
V. Total Construction Costs		100,000 Sf Industrial GBA	\$96 /Sf Industrial GBA	\$9,598,000
Total Development Costs		100,000 Sf Industrial GBA	\$146 /Sf Industrial GBA	\$14,598,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 12-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT III - APPENDIX C - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
INDUSTRIAL PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO
100,000 SF INDUSTRIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Industrial Revenue</u>					
	Lease Revenue	1	100,000	Sf Industrial GBA	\$12.00 /Sf Industrial GBA	\$1,200,000
	CAM Reimbursements		100,000	Sf Industrial GBA	\$2.50 /Sf Industrial GBA	<u>250,000</u>
	Gross Industrial Revenue					\$1,450,000
	(Less) Vacancy & Collection Allowance		5.0%	Gross Industrial Revenue		<u>(73,000)</u>
	Effective Gross Income					\$1,377,000
II.	<u>Industrial Operating Expenses</u>					
	Operating Expenses		100,000	Sf Industrial GBA	\$2.50 /Sf Industrial GBA	\$250,000
	Reserves		100,000	Sf Industrial GBA	\$0.15 /Sf Industrial GBA	<u>15,000</u>
	Industrial Operating Expenses					\$265,000
III.	Industrial Net Operating Income					\$1,112,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$1,112,000
	Total Development Costs		See ATTACHMENT III - APPENDIX C - TABLE 1			\$14,598,000
V.	Return on Investment					7.62%

¹ Assumes a NNN lease. Equates to a lease rate of \$1.00 per square foot per month.

ATTACHMENT III - APPENDIX D

INDUSTRIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT III - APPENDIX D - TABLE 1

ESTIMATED DEVELOPMENT COSTS

INDUSTRIAL PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO

100,000 SF INDUSTRIAL GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		250,000 Sf Land	\$20 /Sf Land	\$5,000,000
II. Direct Costs	¹			
Site Improvement Costs		250,000 Sf Land	\$3 /Sf Land	\$750,000
Surface Parking		210 Spaces	\$2,500 /Space	525,000
Building Costs		100,000 Sf Industrial GBA	\$35 /Sf Industrial GBA	3,500,000
Tenant Improvement Costs		100,000 Sf Industrial GBA	\$5 /Sf Industrial GBA	500,000
Contractor Costs		20.0% Other Direct Costs		1,055,000
Total Direct Costs		100,000 Sf Industrial GBA	\$63 /Sf Industrial GBA	\$6,330,000
III. Indirect Costs				
Architecture, Engineering & Consulting		3.0% Direct Costs		\$190,000
Public Permits & Fees/Impact Fees	²	100,000 Sf Industrial GBA	\$9 /Sf Industrial GBA	900,000
Nonresidential Development Linkage Fee		100,000 Sf Industrial GBA	\$5 /Sf Industrial GBA	500,000
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		190,000
Marketing & Leasing Costs		100,000 Sf Industrial GBA	\$3.00 /Sf Industrial GBA	300,000
Development Management		4.0% Direct Costs		253,000
Contingency Allowance		5.0% Other Indirect Costs		117,000
Total Indirect Costs				\$2,450,000
IV. Financing Costs				
Construction Loan Interest	³	\$14,819,000 Financed	5.50% Interest	\$693,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	346,000
Total Financing Costs				\$1,039,000
V. Total Construction Costs		100,000 Sf Industrial GBA	\$98 /Sf Industrial GBA	\$9,819,000
Total Development Costs		100,000 Sf Industrial GBA	\$148 /Sf Industrial GBA	\$14,819,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 12-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT III - APPENDIX D - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
INDUSTRIAL PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO
100,000 SF INDUSTRIAL GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Industrial Revenue</u>					
	Lease Revenue	1	100,000	Sf Industrial GBA	\$12.00 /Sf Industrial GBA	\$1,200,000
	CAM Reimbursements		100,000	Sf Industrial GBA	\$2.50 /Sf Industrial GBA	<u>250,000</u>
	Gross Industrial Revenue					\$1,450,000
	(Less) Vacancy & Collection Allowance		5.0%	Gross Industrial Revenue		<u>(73,000)</u>
	Effective Gross Income					\$1,377,000
II.	<u>Industrial Operating Expenses</u>					
	Operating Expenses		100,000	Sf Industrial GBA	\$2.50 /Sf Industrial GBA	\$250,000
	Reserves		100,000	Sf Industrial GBA	\$0.15 /Sf Industrial GBA	<u>15,000</u>
	Industrial Operating Expenses					\$265,000
III.	Industrial Net Operating Income					\$1,112,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$1,112,000
	Total Development Costs		See ATTACHMENT III - APPENDIX D - TABLE 1			\$14,819,000
V.	Return on Investment					7.50%

¹ Assumes a NNN lease. Equates to a lease rate of \$1.00 per square foot per month.

ATTACHMENT IV

RESEARCH AND DEVELOPMENT PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

ATTACHMENT IV - APPENDIX A

RESEARCH AND DEVELOPMENT PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT IV - APPENDIX A - TABLE 1

ESTIMATED DEVELOPMENT COSTS
RESEARCH AND DEVELOPMENT PROTOTYPE
BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE
100,000 SF RESEARCH AND DEVELOPMENT GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	Site Acquisition Costs	200,000	Sf Land	\$20 /Sf Land	\$4,000,000
II.	<u>Direct Costs</u>	1			
	Site Improvement Costs	200,000	Sf Land	\$3 /Sf Land	\$600,000
	Surface Parking Costs	280	Spaces	\$2,500 /Space	700,000
	Building Costs	100,000	Sf R&D GBA	\$35 /Sf R&D GBA	3,500,000
	Tenant Improvement Costs	100,000	Sf R&D GBA	\$5 /Sf R&D GBA	500,000
	Contractor Costs	20.0%	Other Direct Costs		1,060,000
	Total Direct Costs	100,000	Sf R&D GBA	\$64 /Sf R&D GBA	\$6,360,000
III.	<u>Indirect Costs</u>				
	Architecture, Engineering & Consulting	3.0%	Direct Costs		\$191,000
	Public Permits & Fees/Impact Fees	2	100,000	\$10 /Sf R&D GBA	1,000,000
	Nonresidential Development Linkage Fee		100,000	\$0 /Sf R&D GBA	0
	Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs		191,000
	Marketing & Leasing Costs		100,000	\$3.00 /Sf R&D GBA	300,000
	Development Management	4.0%	Direct Costs		254,000
	Contingency Allowance	5.0%	Other Indirect Costs		97,000
	Total Indirect Costs				\$2,033,000
IV.	<u>Financing Costs</u>				
	Construction Loan Interest	3	\$13,227,000	Financed 5.50% Interest	\$618,000
	Financing Fees				
	Permanent Loan		70.00%	Loan to Value 2.00 Points	216,000
	Total Financing Costs				\$834,000
V.	Total Construction Costs	100,000	Sf R&D GBA	\$92 /Sf R&D GBA	\$9,227,000
	Total Development Costs	100,000	Sf R&D GBA	\$132 /Sf R&D GBA	\$13,227,000
VI.	<u>Nonresidential Development Linkage Fee Per SF as a Percentage of Development Costs</u>				
	0.5% of Development Costs		\$0.66		
	1.0% of Development Costs		\$1.32		
	2.0% of Development Costs		\$2.65		
	3.0% of Development Costs		\$3.97		
	4.0% of Development Costs		\$5.29		
	5.0% of Development Costs		\$6.61		

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 12-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT IV - APPENDIX A - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
RESEARCH AND DEVELOPMENT PROTOTYPE
BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE
100,000 SF RESEARCH AND DEVELOPMENT GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Research and Development Revenue</u>					
	Lease Revenue	1	100,000	Sf R&D GBA	\$13.50 /Sf R&D GBA	\$1,350,000
	CAM Reimbursements		100,000	Sf R&D GBA	\$2.50 /Sf R&D GBA	<u>250,000</u>
	Gross Research and Development Revenue					\$1,600,000
	(Less) Vacancy & Collection Allowance		10.0%	Gross Research and Development Revenue		<u>(160,000)</u>
	Effective Gross Income					\$1,440,000
II.	<u>Research and Development Operating Expenses</u>					
	Operating Expenses		100,000	Sf R&D GBA	\$5.00 /Sf R&D GBA	\$500,000
	Reserves		100,000	Sf R&D GBA	\$0.15 /Sf R&D GBA	<u>15,000</u>
	Research and Development Operating Expenses					\$515,000
III.	Research and Development Net Operating Income					\$925,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$925,000
	Total Development Costs		See ATTACHMENT IV - APPENDIX A - TABLE 1			\$13,227,000
V.	Return on Investment					6.99%

¹ Assumes a MG lease. Equates to \$1.13 per square foot per month.

ATTACHMENT IV - APPENDIX B

RESEARCH AND DEVELOPMENT PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT IV - APPENDIX B - TABLE 1

ESTIMATED DEVELOPMENT COSTS
RESEARCH AND DEVELOPMENT PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO
100,000 SF RESEARCH AND DEVELOPMENT GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	Site Acquisition Costs	200,000	Sf Land	\$20 /Sf Land	\$4,000,000
II.	<u>Direct Costs</u>	1			
	Site Improvement Costs	200,000	Sf Land	\$3 /Sf Land	\$600,000
	Surface Parking Costs	280	Spaces	\$2,500 /Space	700,000
	Building Costs	100,000	Sf R&D GBA	\$35 /Sf R&D GBA	3,500,000
	Tenant Improvement Costs	100,000	Sf R&D GBA	\$5 /Sf R&D GBA	500,000
	Contractor Costs	20.0%	Other Direct Costs		1,060,000
	Total Direct Costs	100,000	Sf R&D GBA	\$64 /Sf Warehouse GBA	\$6,360,000
III.	<u>Indirect Costs</u>				
	Architecture, Engineering & Consulting	3.0%	Direct Costs		\$191,000
	Public Permits & Fees/Impact Fees	2	100,000	\$10 /Sf R&D GBA	1,000,000
	Nonresidential Development Linkage Fee		100,000	\$1 /Sf R&D GBA	100,000
	Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs		191,000
	Marketing & Leasing Costs		100,000	\$3.00 /Sf R&D GBA	300,000
	Development Management	4.0%	Direct Costs		254,000
	Contingency Allowance	5.0%	Other Indirect Costs		102,000
	Total Indirect Costs				\$2,138,000
IV.	<u>Financing Costs</u>				
	Construction Loan Interest	3	\$13,338,000	Financed 5.50% Interest	\$624,000
	Financing Fees				
	Permanent Loan		70.00%	Loan to Value 2.00 Points	216,000
	Total Financing Costs				\$840,000
V.	Total Construction Costs	100,000	Sf R&D GBA	\$93 /Sf R&D GBA	\$9,338,000
	Total Development Costs	100,000	Sf R&D GBA	\$133 /Sf R&D GBA	\$13,338,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 12-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT IV - APPENDIX B - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
RESEARCH AND DEVELOPMENT PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO
100,000 SF RESEARCH AND DEVELOPMENT GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Research and Development Revenue</u>					
	Lease Revenue	1	100,000	Sf R&D GBA	\$13.50 /Sf R&D GBA	\$1,350,000
	CAM Reimbursements		100,000	Sf R&D GBA	\$2.50 /Sf R&D GBA	<u>250,000</u>
	Gross Research and Development Revenue					\$1,600,000
	(Less) Vacancy & Collection Allowance		10.0%	Gross Research and Development Revenue		<u>(160,000)</u>
	Effective Gross Income					\$1,440,000
II.	<u>Research and Development Operating Expenses</u>					
	Operating Expenses		100,000	Sf R&D GBA	\$5.00 /Sf R&D GBA	\$500,000
	Reserves		100,000	Sf R&D GBA	\$0.15 /Sf R&D GBA	<u>15,000</u>
	Research and Development Operating Expenses					\$515,000
III.	Research and Development Net Operating Income					\$925,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$925,000
	Total Development Costs		See ATTACHMENT IV - APPENDIX B - TABLE 1			\$13,338,000
V.	Return on Investment					6.94%

¹ Assumes a MG lease. Equates to \$1.13 per square foot per month.

ATTACHMENT IV - APPENDIX C

RESEARCH AND DEVELOPMENT PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT IV - APPENDIX C - TABLE 1

ESTIMATED DEVELOPMENT COSTS
RESEARCH AND DEVELOPMENT PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO
100,000 SF RESEARCH AND DEVELOPMENT GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	Site Acquisition Costs	200,000	Sf Land	\$20 /Sf Land	\$4,000,000
II.	<u>Direct Costs</u>	1			
	Site Improvement Costs	200,000	Sf Land	\$3 /Sf Land	\$600,000
	Surface Parking Costs	280	Spaces	\$2,500 /Space	700,000
	Building Costs	100,000	Sf R&D GBA	\$35 /Sf R&D GBA	3,500,000
	Tenant Improvement Costs	100,000	Sf R&D GBA	\$5 /Sf R&D GBA	500,000
	Contractor Costs	20.0%	Other Direct Costs		1,060,000
	Total Direct Costs	100,000	Sf R&D GBA	\$64 /Sf R&D GBA	\$6,360,000
III.	<u>Indirect Costs</u>				
	Architecture, Engineering & Consulting	3.0%	Direct Costs		\$191,000
	Public Permits & Fees/Impact Fees	2	100,000	\$10 /Sf R&D GBA	1,000,000
	Nonresidential Development Linkage Fee		100,000	\$3 /Sf R&D GBA	300,000
	Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs		191,000
	Marketing & Leasing Costs		100,000	\$3.00 /Sf R&D GBA	300,000
	Development Management	4.0%	Direct Costs		254,000
	Contingency Allowance	5.0%	Other Indirect Costs		112,000
	Total Indirect Costs				\$2,348,000
IV.	<u>Financing Costs</u>				
	Construction Loan Interest	3	\$13,558,000	5.50% Interest	\$634,000
	Financing Fees				
	Permanent Loan		70.00% Loan to Value	2.00 Points	216,000
	Total Financing Costs				\$850,000
V.	Total Construction Costs	100,000	Sf R&D GBA	\$96 /Sf R&D GBA	\$9,558,000
	Total Development Costs	100,000	Sf R&D GBA	\$136 /Sf R&D GBA	\$13,558,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.
Based on information provided by City staff. City staff should verify the accuracy of this estimate.

² Assumes a 12-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT IV - APPENDIX C - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
RESEARCH AND DEVELOPMENT PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO
100,000 SF RESEARCH AND DEVELOPMENT GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Research and Development Revenue</u>					
	Lease Revenue	1	100,000	Sf R&D GBA	\$13.50 /Sf R&D GBA	\$1,350,000
	CAM Reimbursements		100,000	Sf R&D GBA	\$2.50 /Sf R&D GBA	<u>250,000</u>
	Gross Research and Development Revenue					\$1,600,000
	(Less) Vacancy & Collection Allowance		10.0%	Gross Research and Development Revenue		<u>(160,000)</u>
	Effective Gross Income					\$1,440,000
II.	<u>Research and Development Operating Expenses</u>					
	Operating Expenses		100,000	Sf R&D GBA	\$5.00 /Sf R&D GBA	\$500,000
	Reserves		100,000	Sf R&D GBA	\$0.15 /Sf R&D GBA	<u>15,000</u>
	Research and Development Operating Expenses					\$515,000
III.	Research and Development Net Operating Income					\$925,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$925,000
	Total Development Costs		See ATTACHMENT IV - APPENDIX C - TABLE 1			\$13,558,000
V.	Return on Investment					6.82%

¹ Assumes a MG lease. Equates to \$1.13 per square foot per month.

ATTACHMENT IV - APPENDIX D

RESEARCH AND DEVELOPMENT PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT IV - APPENDIX D - TABLE 1

ESTIMATED DEVELOPMENT COSTS
RESEARCH AND DEVELOPMENT PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO
100,000 SF RESEARCH AND DEVELOPMENT GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	Site Acquisition Costs	200,000	Sf Land	\$20 /Sf Land	\$4,000,000
II.	<u>Direct Costs</u>	1			
	Site Improvement Costs	200,000	Sf Land	\$3 /Sf Land	\$600,000
	Surface Parking Costs	280	Spaces	\$2,500 /Space	700,000
	Building Costs	100,000	Sf R&D GBA	\$35 /Sf R&D GBA	3,500,000
	Tenant Improvement Costs	100,000	Sf R&D GBA	\$5 /Sf R&D GBA	500,000
	Contractor Costs	20.0%	Other Direct Costs		1,060,000
	Total Direct Costs	100,000	Sf R&D GBA	\$64 /Sf R&D GBA	\$6,360,000
III.	<u>Indirect Costs</u>				
	Architecture, Engineering & Consulting	3.0%	Direct Costs		\$191,000
	Public Permits & Fees/Impact Fees	2	100,000	\$10 /Sf R&D GBA	1,000,000
	Nonresidential Development Linkage Fee		100,000	\$5 /Sf R&D GBA	500,000
	Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs		191,000
	Marketing & Leasing Costs		100,000	\$3.00 /Sf R&D GBA	300,000
	Development Management	4.0%	Direct Costs		254,000
	Contingency Allowance	5.0%	Other Indirect Costs		122,000
	Total Indirect Costs				\$2,558,000
IV.	<u>Financing Costs</u>				
	Construction Loan Interest	3	\$13,778,000	Financed 5.50% Interest	\$644,000
	Financing Fees				
	Permanent Loan		70.00%	Loan to Value 2.00 Points	216,000
	Total Financing Costs				\$860,000
V.	Total Construction Costs	100,000	Sf R&D GBA	\$98 /Sf R&D GBA	\$9,778,000
	Total Development Costs	100,000	Sf R&D GBA	\$138 /Sf R&D GBA	\$13,778,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 12-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT IV - APPENDIX D - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
RESEARCH AND DEVELOPMENT PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO
100,000 SF RESEARCH AND DEVELOPMENT GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	<u>Research and Development Revenue</u>					
	Lease Revenue	1	100,000	Sf R&D GBA	\$13.50 /Sf R&D GBA	\$1,350,000
	CAM Reimbursements		100,000	Sf R&D GBA	\$2.50 /Sf R&D GBA	<u>250,000</u>
	Gross Research and Development Revenue					\$1,600,000
	(Less) Vacancy & Collection Allowance		10.0%	Gross Research and Development Revenue		<u>(160,000)</u>
	Effective Gross Income					\$1,440,000
II.	<u>Research and Development Operating Expenses</u>					
	Operating Expenses		100,000	Sf R&D GBA	\$5.00 /Sf R&D GBA	\$500,000
	Reserves		100,000	Sf R&D GBA	\$0.15 /Sf R&D GBA	<u>15,000</u>
	Research and Development Operating Expenses					\$515,000
III.	Research and Development Net Operating Income					\$925,000
IV.	<u>Estimated Return on Investment</u>					
	Net Operating Income					\$925,000
	Total Development Costs		See ATTACHMENT IV - APPENDIX D - TABLE 1			\$13,778,000
V.	Return on Investment					6.71%

¹ Assumes a MG lease. Equates to \$1.13 per square foot per month.

ATTACHMENT V

HOTEL / LODGING PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

ATTACHMENT V - APPENDIX A

HOTEL / LODGING PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT V - APPENDIX A - TABLE 1

ESTIMATED DEVELOPMENT COSTS

HOTEL / LODGING PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

100,000 SF R&D GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs	108,900	Sf Land	\$30 /Sf Land	\$3,267,000
II. Direct Costs	¹			
Site Improvement Costs	108,900	Sf Land	\$10 /Sf Land	\$1,089,000
Surface Parking	156	Spaces	\$2,500 /Space	391,000
Building Costs	125	Rooms	\$175,000 /Room	21,875,000
FF&E Costs	125	Rooms	\$25,000 /Room	3,125,000
Contractor Costs	20.0%	Other Direct Costs		5,296,000
Total Direct Costs	125	Rooms	\$254,200 /Room	\$31,776,000
III. Indirect Costs				
Architecture, Engineering & Consulting	5.0%	Direct Costs		\$1,589,000
Public Permits & Fees/Impact Fees	² 125	Rooms	\$19,000 /Sf R&D GBA	2,375,000
Nonresidential Development Linkage Fee	100,000	Sf Hotel GBA	\$0 /Sf Hotel GBA	0
Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs		953,000
Pre-Opening / Working Capital	125	Rooms	\$2,000 /Room	250,000
Development Management	4.0%	Direct Costs		1,271,000
Contingency Allowance	5.0%	Other Indirect Costs		322,000
Total Indirect Costs				\$6,760,000
IV. Financing Costs				
Construction Loan Interest	³ \$44,762,000	Financed	5.50% Interest	\$2,462,000
Financing Fees				
Permanent Loan	70.00%	Loan to Value	2.00 Points	497,000
Total Financing Costs				\$2,959,000
V. Total Construction Costs	100,000	Sf Hotel GBA	\$415 /Sf Hotel GBA	\$41,495,000
Total Development Costs	100,000	Sf Hotel GBA	\$448 /Sf Hotel GBA	\$44,762,000
VI. Nonresidential Development Linkage Fee Per SF as a Percentage of Development Costs				
0.5% of Development Costs	\$2.24			
1.0% of Development Costs	\$4.48			
2.0% of Development Costs	\$8.95			
3.0% of Development Costs	\$13.43			
4.0% of Development Costs	\$17.90			
5.0% of Development Costs	\$22.38			

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 15-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT V - APPENDIX A - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT

HOTEL / LODGING PROTOTYPE

BASE SCENARIO: NO NONRESIDENTIAL DEVELOPMENT LINKAGE FEE

100,000 SF R&D GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. <u>Hotel Income</u>				
Room Sales Revenues	¹	125 Rooms	\$175 /Room	\$5,988,000
Food & Beverage		5% Gross Revenues	\$2,700 /Room	333,000
Other		5% Gross Revenues	\$2,700 /Room	333,000
Gross Revenues				\$6,654,000
II. <u>Distributed Expenses</u>				
Rooms		20.0% Department Sales	\$9,600 /Room	\$1,198,000
Food & Beverage		70.0% Department Sales	\$1,900 /Room	233,000
Other		25.0% Department Sales	\$700 /Room	83,000
Total Distributed Expenses				\$1,514,000
III. <u>Undistributed Expenses</u>				
General & Administration		8.0% Gross Revenues	\$4,300 /Room	\$532,000
Information & Telecom		1.0% Gross Revenues	\$500 /Room	67,000
Marketing		8.0% Gross Revenues	\$4,300 /Room	532,000
Utilities		3.5% Gross Revenues	\$1,900 /Room	233,000
Maintenance & Operations		3.5% Gross Revenues	\$1,900 /Room	233,000
Total Undistributed Expenses				\$1,597,000
IV. <u>Management Fees</u>				
		3.0% Gross Revenues	\$1,600 /Room	\$200,000
V. <u>Fixed Expenses</u>				
Property Taxes		1.1% Project Costs	\$3,900 /Room	\$492,000
Insurance		1.5% Gross Revenues	\$800 /Room	100,000
FF&E Replacement Reserves		4.0% Gross Revenues	\$2,100 /Room	266,000
Total Fixed Expenses				\$858,000
IV. <u>Hotel / Lodging Net Operating Income</u>				
		37% Gross Revenues		\$2,485,000
VII. <u>Estimated Return on Investment</u>				
Net Operating Income				\$2,485,000
Total Development Costs		See ATTACHMENT V - APPENDIX A - TABLE 1		\$44,762,000
VIII. <u>Return on Investment</u>				
				5.55%

¹ Assumes a 75% occupancy rate.

ATTACHMENT V - APPENDIX B

HOTEL / LODGING PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT V - APPENDIX B - TABLE 1

ESTIMATED DEVELOPMENT COSTS
HOTEL / LODGING PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO
100,000 SF R&D GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	Site Acquisition Costs	108,900	Sf Land	\$30 /Sf Land		\$3,267,000
II.	<u>Direct Costs</u>	1				
	Site Improvement Costs	108,900	Sf Land	\$10 /Sf Land	\$1,089,000	
	Surface Parking	156	Spaces	\$2,500 /Space	391,000	
	Building Costs	125	Rooms	\$175,000 /Room	21,875,000	
	FF&E Costs	125	Rooms	\$25,000 /Room	3,125,000	
	Contractor Costs	20.0%	Other Direct Costs		5,296,000	
	Total Direct Costs	125	Rooms	\$254,200 /Room		\$31,776,000
III.	<u>Indirect Costs</u>					
	Architecture, Engineering & Consulting	5.0%	Direct Costs		\$1,589,000	
	Public Permits & Fees/Impact Fees	2	125 Rooms	\$19,000 /Sf R&D GBA	2,375,000	
	Nonresidential Development Linkage Fee	100,000	Sf Hotel GBA	\$1 /Sf Hotel GBA	100,000	
	Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs		953,000	
	Pre-Opening / Working Capital	125	Rooms	\$2,000 /Room	250,000	
	Development Management	4.0%	Direct Costs		1,271,000	
	Contingency Allowance	5.0%	Other Indirect Costs		327,000	
	Total Indirect Costs					\$6,865,000
IV.	<u>Financing Costs</u>					
	Construction Loan Interest	3	\$44,873,000 Financed	5.50% Interest	\$2,468,000	
	Financing Fees					
	Permanent Loan	70.00%	Loan to Value	2.00 Points	497,000	
	Total Financing Costs					\$2,965,000
V.	Total Construction Costs	100,000	Sf Hotel GBA	\$416 /Sf Hotel GBA		\$41,606,000
	Total Development Costs	100,000	Sf Hotel GBA	\$449 /Sf Hotel GBA		\$44,873,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 15-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT V - APPENDIX B - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
HOTEL / LODGING PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$1/SF SCENARIO
100,000 SF R&D GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. <u>Hotel Income</u>				
Room Sales Revenues	¹	125 Rooms	\$175 /Room	\$5,988,000
Food & Beverage		5% Gross Revenues	\$2,700 /Room	333,000
Other		5% Gross Revenues	\$2,700 /Room	333,000
Gross Revenues				\$6,654,000
II. <u>Distributed Expenses</u>				
Rooms		20.0% Department Sales	\$9,600 /Room	\$1,198,000
Food & Beverage		70.0% Department Sales	\$1,900 /Room	233,000
Other		25.0% Department Sales	\$700 /Room	83,000
Total Distributed Expenses				\$1,514,000
III. <u>Undistributed Expenses</u>				
General & Administration		8.0% Gross Revenues	\$4,300 /Room	\$532,000
Information & Telecom		1.0% Gross Revenues	\$500 /Room	67,000
Marketing		8.0% Gross Revenues	\$4,300 /Room	532,000
Utilities		3.5% Gross Revenues	\$1,900 /Room	233,000
Maintenance & Operations		3.5% Gross Revenues	\$1,900 /Room	233,000
Total Undistributed Expenses				\$1,597,000
IV. <u>Management Fees</u>				
		3.0% Gross Revenues	\$1,600 /Room	\$200,000
V. <u>Fixed Expenses</u>				
Property Taxes		1.1% Project Costs	\$4,000 /Room	\$494,000
Insurance		1.5% Gross Revenues	\$800 /Room	100,000
FF&E Replacement Reserves		4.0% Gross Revenues	\$2,100 /Room	266,000
Total Fixed Expenses				\$860,000
IV. <u>Hotel / Lodging Net Operating Income</u>				
		37% Gross Revenues		\$2,483,000
VII. <u>Estimated Return on Investment</u>				
Net Operating Income				\$2,483,000
Total Development Costs		See ATTACHMENT V - APPENDIX B - TABLE 1		\$44,873,000
VIII. <u>Return on Investment</u>				
				5.53%

¹ Assumes a 75% occupancy rate.

ATTACHMENT V - APPENDIX C

HOTEL / LODGING PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT V - APPENDIX C - TABLE 1

ESTIMATED DEVELOPMENT COSTS
HOTEL / LODGING PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO
100,000 SF R&D GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I.	Site Acquisition Costs	108,900	Sf Land	\$30 /Sf Land		\$3,267,000
II.	<u>Direct Costs</u>	1				
	Site Improvement Costs	108,900	Sf Land	\$10 /Sf Land	\$1,089,000	
	Surface Parking	156	Spaces	\$2,500 /Space	391,000	
	Building Costs	125	Rooms	\$175,000 /Room	21,875,000	
	FF&E Costs	125	Rooms	\$25,000 /Room	3,125,000	
	Contractor Costs	20.0%	Other Direct Costs		5,296,000	
	Total Direct Costs	125	Rooms	\$254,200 /Room		\$31,776,000
III.	<u>Indirect Costs</u>					
	Architecture, Engineering & Consulting	5.0%	Direct Costs		\$1,589,000	
	Public Permits & Fees/Impact Fees	2	125 Rooms	\$19,000 /Sf R&D GBA	2,375,000	
	Nonresidential Development Linkage Fee	100,000	Sf Hotel GBA	\$3 /Sf Hotel GBA	300,000	
	Taxes, Insurance, Legal & Accounting	3.0%	Direct Costs		953,000	
	Pre-Opening / Working Capital	125	Rooms	\$2,000 /Room	250,000	
	Development Management	4.0%	Direct Costs		1,271,000	
	Contingency Allowance	5.0%	Other Indirect Costs		337,000	
	Total Indirect Costs					\$7,075,000
IV.	<u>Financing Costs</u>					
	Construction Loan Interest	3	\$45,094,000 Financed	5.50% Interest	\$2,480,000	
	Financing Fees					
	Permanent Loan	70.00%	Loan to Value	2.00 Points	496,000	
	Total Financing Costs					\$2,976,000
V.	Total Construction Costs	100,000	Sf Hotel GBA	\$418 /Sf Hotel GBA		\$41,827,000
	Total Development Costs	100,000	Sf Hotel GBA	\$451 /Sf Hotel GBA		\$45,094,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 15-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT V - APPENDIX C - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
HOTEL / LODGING PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$3/SF SCENARIO
100,000 SF R&D GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. <u>Hotel Income</u>				
Room Sales Revenues	¹	125 Rooms	\$175 /Room	\$5,988,000
Food & Beverage		5% Gross Revenues	\$2,700 /Room	333,000
Other		5% Gross Revenues	\$2,700 /Room	333,000
Gross Revenues				\$6,654,000
II. <u>Distributed Expenses</u>				
Rooms		20.0% Department Sales	\$9,600 /Room	\$1,198,000
Food & Beverage		70.0% Department Sales	\$1,900 /Room	233,000
Other		25.0% Department Sales	\$700 /Room	83,000
Total Distributed Expenses				\$1,514,000
III. <u>Undistributed Expenses</u>				
General & Administration		8.0% Gross Revenues	\$4,300 /Room	\$532,000
Information & Telecom		1.0% Gross Revenues	\$500 /Room	67,000
Marketing		8.0% Gross Revenues	\$4,300 /Room	532,000
Utilities		3.5% Gross Revenues	\$1,900 /Room	233,000
Maintenance & Operations		3.5% Gross Revenues	\$1,900 /Room	233,000
Total Undistributed Expenses				\$1,597,000
IV. <u>Management Fees</u>				
		3.0% Gross Revenues	\$1,600 /Room	\$200,000
V. <u>Fixed Expenses</u>				
Property Taxes		1.1% Project Costs	\$4,000 /Room	\$496,000
Insurance		1.5% Gross Revenues	\$800 /Room	100,000
FF&E Replacement Reserves		4.0% Gross Revenues	\$2,100 /Room	266,000
Total Fixed Expenses				\$862,000
IV. <u>Hotel / Lodging Net Operating Income</u>				
		37% Gross Revenues		\$2,481,000
VII. <u>Estimated Return on Investment</u>				
Net Operating Income				\$2,481,000
Total Development Costs		See ATTACHMENT V - APPENDIX C - TABLE 1		\$45,094,000
VIII. <u>Return on Investment</u>				
				5.50%

¹ Assumes a 75% occupancy rate.

ATTACHMENT V - APPENDIX D

HOTEL / LODGING PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

ATTACHMENT V - APPENDIX D - TABLE 1

ESTIMATED DEVELOPMENT COSTS

HOTEL / LODGING PROTOTYPE

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO

100,000 SF R&D GBA

NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

THOUSAND OAKS, CALIFORNIA

I. Site Acquisition Costs		108,900 Sf Land	\$30 /Sf Land	\$3,267,000
II. Direct Costs	¹			
Site Improvement Costs		108,900 Sf Land	\$10 /Sf Land	\$1,089,000
Surface Parking		156 Spaces	\$2,500 /Space	391,000
Building Costs		125 Rooms	\$175,000 /Room	21,875,000
FF&E Costs		125 Rooms	\$25,000 /Room	3,125,000
Contractor Costs		20.0% Other Direct Costs		5,296,000
Total Direct Costs		125 Rooms	\$254,200 /Room	\$31,776,000
III. Indirect Costs				
Architecture, Engineering & Consulting		5.0% Direct Costs		\$1,589,000
Public Permits & Fees/Impact Fees	²	125 Rooms	\$19,000 /Sf R&D GBA	2,375,000
Nonresidential Development Linkage Fee		100,000 Sf Hotel GBA	\$5 /Sf Hotel GBA	500,000
Taxes, Insurance, Legal & Accounting		3.0% Direct Costs		953,000
Pre-Opening / Working Capital		125 Rooms	\$2,000 /Room	250,000
Development Management		4.0% Direct Costs		1,271,000
Contingency Allowance		5.0% Other Indirect Costs		347,000
Total Indirect Costs				\$7,285,000
IV. Financing Costs				
Construction Loan Interest	³	\$45,316,000 Financed	5.50% Interest	\$2,492,000
Financing Fees				
Permanent Loan		70.00% Loan to Value	2.00 Points	496,000
Total Financing Costs				\$2,988,000
V. Total Construction Costs		100,000 Sf Hotel GBA	\$420 /Sf Hotel GBA	\$42,049,000
Total Development Costs		100,000 Sf Hotel GBA	\$453 /Sf Hotel GBA	\$45,316,000

¹ Direct costs assume prevailing wage requirements will not be imposed on the Project.

² Based on information provided by City staff. City staff should verify the accuracy of this estimate.

³ Assumes a 15-month construction period with a 60% average outstanding balance, and a 3-month lease-up period with a 100% average outstanding balance.

ATTACHMENT V - APPENDIX D - TABLE 2

ESTIMATED STABILIZED NET OPERATING INCOME & RETURN ON INVESTMENT
HOTEL / LODGING PROTOTYPE
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE @ \$5/SF SCENARIO
100,000 SF R&D GBA
NONRESIDENTIAL DEVELOPMENT LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS
THOUSAND OAKS, CALIFORNIA

I. <u>Hotel Income</u>				
Room Sales Revenues	¹	125 Rooms	\$175 /Room	\$5,988,000
Food & Beverage		5% Gross Revenues	\$2,700 /Room	333,000
Other		5% Gross Revenues	\$2,700 /Room	333,000
Gross Revenues				\$6,654,000
II. <u>Distributed Expenses</u>				
Rooms		20.0% Department Sales	\$9,600 /Room	\$1,198,000
Food & Beverage		70.0% Department Sales	\$1,900 /Room	233,000
Other		25.0% Department Sales	\$700 /Room	83,000
Total Distributed Expenses				\$1,514,000
III. <u>Undistributed Expenses</u>				
General & Administration		8.0% Gross Revenues	\$4,300 /Room	\$532,000
Information & Telecom		1.0% Gross Revenues	\$500 /Room	67,000
Marketing		8.0% Gross Revenues	\$4,300 /Room	532,000
Utilities		3.5% Gross Revenues	\$1,900 /Room	233,000
Maintenance & Operations		3.5% Gross Revenues	\$1,900 /Room	233,000
Total Undistributed Expenses				\$1,597,000
IV. <u>Management Fees</u>				
		3.0% Gross Revenues	\$1,600 /Room	\$200,000
V. <u>Fixed Expenses</u>				
Property Taxes		1.1% Project Costs	\$4,000 /Room	\$498,000
Insurance		1.5% Gross Revenues	\$800 /Room	100,000
FF&E Replacement Reserves		4.0% Gross Revenues	\$2,100 /Room	266,000
Total Fixed Expenses				\$864,000
IV. <u>Hotel / Lodging Net Operating Income</u>				\$2,479,000
VII. <u>Estimated Return on Investment</u>				
Net Operating Income				\$2,479,000
Total Development Costs		See ATTACHMENT V - APPENDIX D - TABLE 1		\$45,316,000
VIII. <u>Return on Investment</u>				5.47%

¹ Assumes a 75% occupancy rate.