

Sacramento Office

Hotel such as uniforms, maintenance supplies, paper goods, silverware, glassware, china, liquor and food. These items may, but need not, be purchased from Approved Suppliers.

11. This item includes costs for permit fees, utility deposits, business licenses and other startup requirements.

12. Liquor license costs vary widely by jurisdiction based on zoning requirements, liquor license quotas, and food sales requirements of the jurisdiction and other factors. The above estimates presume that the Hotel (i) has procured the proper zoning, (ii) qualifies to hold a liquor license, (iii) meets all food sales requirements, (iv) is not subject to any tax liens or encumbrances and (v) is not subject to a quota license. If any of these conditions are not met, the cost of the liquor license could be greater.

13. The low end of the range presumes that you will lease out the Hotel's food and beverage operations, and you will not have any labor expenses for them. The high end of the range presumes that you will operate the food and beverage operations, and you will be responsible for their labor costs.

14. This amount is calculated as 5% of construction costs.

15. This item includes miscellaneous pre-opening expenses such as postage, office supplies, recruitment costs, travel and entertainment, dues and subscriptions, and equipment rental expenses.

16. This amount is an estimate and does not include Royalties or Marketing Fees, you must pay us. No financial performance representation is implied. Many factors affect your initial period revenues and operating costs, including seasonality, pre-opening advertising and marketing, your location, your management ability, staff performance and local market factors such as competition for customers and employees. These expenses include labor costs. We do not guarantee that you will not have additional expenses starting the business.

NIGHT HOTEL – CONVERSION – 100 ROOMS*					
(1) Type of expenditure	(2) Amount		(3) Method of payment	(4) When due	(5) To whom payment is to be made
	Lowest	Highest			
Initial Fee (1)	\$40,000	\$40,000	Lump sum	\$5,000 Application Fee: upon submission of application; Initial Fee: Upon signing License Agreement	Us
Integration Fee (1)	\$7,600	\$7,600	Lump sum	Upon signing License Agreement	Us
Market Study (2)	\$12,000	\$12,000	As arranged	As arranged	Consultant
Reservation Start-Up Fee (1)	\$4,500	\$4,500	Lump sum	Upon signing License Agreement	Us
PIP Fee (1)	\$2,500	\$2,500	Lump sum	Upon signing License Agreement	Us
Architectural, Design and Engineering (4)	\$105,000	\$255,000	As arranged	As arranged	Architect, Engineers, Interior Designers, Consultants
Insurance (5)	\$10,000	\$15,000	As arranged	Before opening	Insurance Agent
Hotel Renovation (6)	\$500,000	\$4,000,000	As arranged	As arranged	Independent Contractors
Furniture, Fixtures and Equipment (7)	\$500,000	\$1,800,000	WSSI and Us: Lump sum; Vendors and Suppliers: As arranged	WSSI and Us: When invoiced; Vendors and Suppliers as arranged	Approved Suppliers, Other Vendors
Technical Systems (8)	\$165,000	\$550,000	As arranged	As arranged	Vendors, Suppliers
Opening Inventory and Supplies (9)	\$64,000	\$140,000	WSSI and Us: Lump sum; Vendors and Suppliers: As arranged	WSSI and Us: When invoiced; Vendors and Suppliers as arranged	Approved Suppliers, Other Vendors
Signage	\$25,000	\$100,000	As arranged	As arranged	Vendors, Suppliers
Permits, Licenses, Deposits and Related Fees (10)	\$20,000	\$150,000	Lump sum	As arranged	Government Agencies, Utility Companies
Liquor License (11)	\$4,000	\$50,000	As arranged	As arranged	Government Agency or Previous License Holder

NIGHT HOTEL – CONVERSION – 100 ROOMS*					
(1) Type of expenditure	(2) Amount		(3) Method of payment	(4) When due	(5) To whom payment is to be made
	Lowest	Highest			
Pre-Opening Wages (12)	\$112,000	\$140,000			
Grand Opening Marketing	\$124,000	\$160,000	As arranged	As arranged	Advertising Agencies, Media, Printers, Photographers, Other Vendors
Renovation Contingency (13)	\$25,000	\$200,000	As arranged	As incurred	Contractors, Vendors, Suppliers
Additional Funds for First 3 Months of Operation (14, 15)	\$150,000	\$150,000	As arranged or as incurred	Before Opening or as arranged	Us, Employees, General Managers, Contractors, Vendors, Suppliers
Total	\$1,870,600	\$7,776,600			
Cost Per Room	\$18,706	\$77,766			

* The table above provides an estimate of the initial investment required to renovate and convert an existing structure into a 100 room Night Hotel. The estimate presumes that you already own the property which is being converted. We have based the figures in the table above on a major conversion of a historic building in an urban market, with historic preservation issues to adapt it into a 100 room Night Hotel, with the estimate ranges subsequently expanded based on numerous factors such as likely location variables. Your actual expenditures for a conversion Night Hotel may fall outside of the ranges presented. Your expenditures will depend upon many variables such as region of the country, labor costs, economic conditions and timetable for completing the project.

1. The Initial, Integration, Reservation Start-Up and PIP are further described in Item 5.

2. We do not provide assistance in site selection. However, we recommend that you obtain a market feasibility study if you are converting an existing structure to a Night Hotel.

3. The estimate is based on a Phase 1 environmental survey only. The outcome of the Phase 1 environmental survey may dictate that additional environmental studies should be done to satisfy any concerns over potential hazards at the location you select. The cost of these additional studies can be highly variable.

4. This item includes survey fees, architectural and engineering fees, interior and landscape design fees and other costs assuming a generally simple building construction and finish level for a Night Hotel located on a suburban site. The amount varies with the complexity, location and design of the Night Hotel and the conditions and configurations of the existing hotel. We assume that you will manage the Hotel's development yourself, so this item does not include third party development or management fees.

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