

management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a percentage of defined profit). Basic hotel management fees are often based on a percentage of total revenue, which means they have no fixed component. While base fees typically range from 2% to 4% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity. Total management fees for the proposed subject hotel have been forecast at 3.0% of total revenue.

Property Taxes

Property (or ad valorem) tax is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value, so properties with equal market values will have similar assessments and properties with higher and lower values will have proportionately larger and smaller assessments.

Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of assessments of comparable hotel properties in the local municipality.

FIGURE 7-14 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS

Hotel	Year Open	Land	Improvements	Personal	Total
Best Western Plus Grapevine Inn	2004	\$352,300	\$1,872,300	\$141,384	\$2,365,984
Best Western Plus The Inn at Horse Heaven	1994	573,590	4,729,340	0	5,302,930
Quality Inn Sunnyside Heart of Wine Country	1997	211,900	1,420,400	0	1,632,300
Rodeway Inn Sunnyside	1973	103,200	735,800	0	839,000
<i>Assessments per Room</i>	<i># of Rms</i>				
Best Western Plus Grapevine Inn	54	\$6,524	\$34,672	\$2,618	\$41,196
Best Western Plus The Inn at Horse Heaven	85	6,748	55,639	0	62,387
Quality Inn Sunnyside Heart of Wine Country	48	4,415	29,592	0	34,006
Rodeway Inn Sunnyside	69	1,496	10,664	0	12,159
Positioned Subject - Per Room	65	\$5,000	\$85,000	\$5,000	\$95,000
Positioned Subject - Total		\$325,000	\$5,525,000	\$325,000	\$6,175,000

Source: Yakima County Assessor

We have positioned the future assessment levels of the subject site and proposed improvements, as well as the planned personal property, based upon the illustrated comparable data. We have positioned these assessments closest to the Best Western



Plus The Inn at Horse Heaven and the Best Western Plus Grapevine Inn because of the similarities, including product type; overall, the positioned assessments are well supported by the market data.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 12.48710%. The following table shows changes in the tax rate during the last several years.

FIGURE 7-15 COUNTY TAX RATES

Year	Real Property Millage Rate	Personal Property Millage Rate
2016	13.08110	13.08110
2017	12.65430	12.65430
2018	14.13570	14.13570
2019	12.48710	12.48710

Source: Yakima County Assessor

Based on comparable assessments and the tax rate information, the proposed subject property's projected property tax expense levels are calculated as follows.

FIGURE 7-16 PROJECTED PROPERTY TAX BURDEN (BASE YEAR)

	Land	Real Property	Total	Personal Property
Positioned (Assessed Value)	\$325,000	\$5,525,000	\$5,850,000	\$325,000
Equalization Rate			1.00000	
Millage Rate			12.48710	12.48710
Tax Burden as of Base Year			\$73,050	\$4,058

FIGURE 7-17 PROJECTED PROPERTY TAX EXPENSE - REAL PROPERTY

Year	Total Tax Burden (Positioned Prior to Increase)	Real Property		Taxes Payable
		Base Rate of Tax Burden Increase	% Positioned Tax Burden	
Positioned	\$73,050	—		\$73,050
2021	\$73,050	5.1 %	100 %	\$76,748
2022	76,748	2.5	100	78,666
2023	78,666	3.0	100	81,026
2024	81,026	3.0	100	83,457

FIGURE 7-18 PROJECTED PROPERTY TAX EXPENSE – PERSONAL PROPERTY

Year	Personal Tax Burden (Positioned Prior to Increase)	Personal Property		Taxes Payable
		Base Rate of Tax Burden Increase	% of Positioned Tax Burden	
Positioned	\$4,058	—		\$4,058
2021	\$4,058	5.1 %	100 %	\$4,264
2022	4,264	2.5	100	4,370
2023	4,370	3.0	100	4,501
2024	4,501	3.0	100	4,637

FIGURE 7-19 PROJECTED PROPERTY TAX EXPENSE – SUMMARY

Year	Taxes Payable			Total Tax Payable
	Real	Personal	Total	
Positioned	\$73,050	\$4,058	\$77,108	\$77,108
2021	\$76,748	\$4,264	\$81,011	\$81,011
2022	78,666	4,370	83,037	83,037
2023	81,026	4,501	85,528	85,528
2024	83,457	4,637	88,094	88,094

Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage.



Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

FIGURE 7-20 INSURANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2021	Deflated Stabilized
Percentage of Revenue	0.1 %	0.5 %	1.2 %	1.3 %	1.7 %	1.6 %	1.3 %
Per Available Room	\$26	\$100	\$198	\$270	\$350	\$271	\$250
Per Occupied Room	\$0.12	\$0.44	\$0.88	\$1.34	\$1.60	\$1.65	\$1.29

Reserve for Replacement

Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Periodic replacement of furniture, fixtures, and equipment is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) oversees a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent study was published in 2014.⁷ Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year to year and depend upon both the actual and effective ages of a property. The results of this

⁷ The International Society of Hotel Consultants, *CapEx 2014, A Study of Capital Expenditure in the U.S. Hotel Industry*.



study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4% to 5% of total revenue.

Based on the results of our analysis and on our review of the proposed subject asset and comparable lodging facilities, as well as on our industry expertise, we estimate that a reserve for replacement of 4% of total revenues is sufficient to provide for the timely and periodic replacement of the subject property's furniture, fixtures, and equipment. This amount has been ramped up during the initial projection period.

Forecast of Revenue and Expense Conclusion

Projected total revenue, House profit, and EBITDA less replacement reserves are set forth in the following table.

FIGURE 7-21 FORECAST OF REVENUE AND EXPENSE CONCLUSION

	Year	Total Revenue		House Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
		Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
Projected	2021	\$1,107,000	—	\$424,000	—	38.3 %	\$270,000	—	24.4 %
	2022	1,358,000	22.7 %	606,000	42.9 %	44.6	423,000	56.7 %	31.2
	2023	1,454,000	7.1	668,000	10.2	46.0	462,000	9.2	31.8
	2024	1,497,000	3.0	688,000	3.0	46.0	475,000	2.8	31.8
	2025	1,542,000	3.0	708,000	2.9	46.0	489,000	2.9	31.8



8. Feasibility Analysis

Return on investment can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. The first step in performing a return on investment analysis is to determine the amount to be initially invested. For a proposed property, this amount is most likely to be the development cost of the hotel. Based on the total development cost, the individual investor will utilize a return on investment analysis to determine if the future cash flow from a current cash outlay meets his or her own investment criteria and at what level above or below this amount such an outlay exceeds or fails to meet these criteria.

As an individual or company considering investment in hotel real estate, the decision to use one's own cash, an equity partner's capital, or lender financing will be an internal one. Because hotels typically require a substantial investment, only the largest investors and hotel companies generally have the means to purchase properties with all cash. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. In leveraged acquisitions and developments where investors typically purchase or build upon real estate with a small amount of equity cash (20% to 50%) and a large amount of mortgage financing (50% to 80%), it is important for the equity investor to acknowledge the return requirements of the debt participant (mortgagee), as well as his or her own return requirements. Therefore, we will begin our rate of return analysis by reviewing the debt requirements of typical hotel mortgages.

Mortgage Component

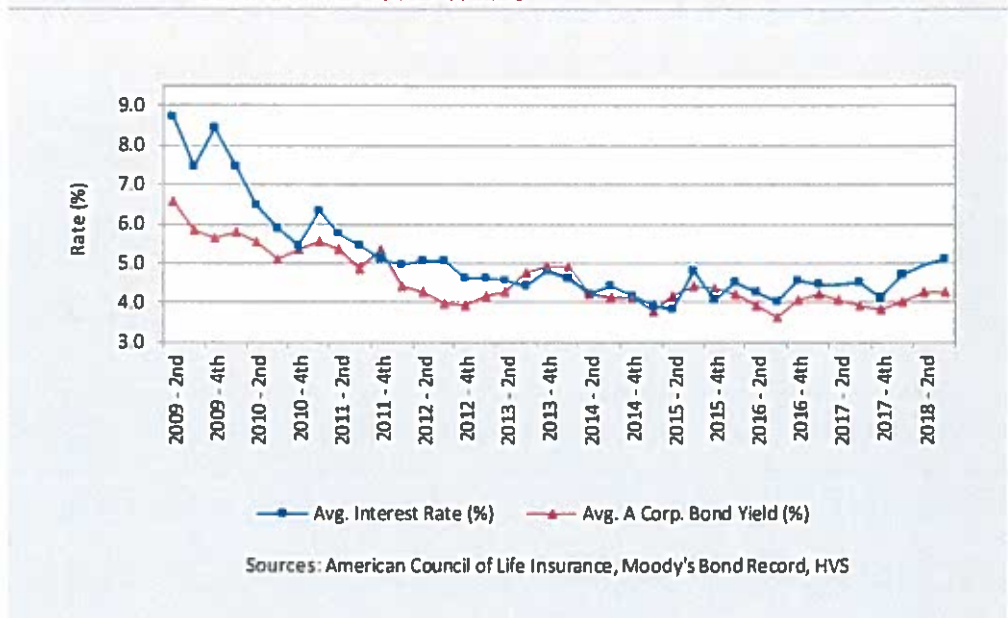
Hotel financing is available for most tiers of the lodging industry from a variety of lender types. The CMBS market is in a phase of strong activity, including lending in the hospitality sector. While many lenders remain active, underwriting standards are more stringent than ten years ago, and loan-to-value ratios remain in the 60% to 70% range. Lenders continue to be attracted to the lodging industry because of the higher yields generated by hotel financing relative to other commercial real estate, and the industry continues to perform strongly in most markets. Commercial banks, mortgage REITs, insurance companies, and CMBS and mezzanine lenders continue to pursue deals.

Data for the mortgage component may be developed from statistics of actual hotel mortgages made by long-term lenders. The American Council of Life Insurance, which represents 20 large life insurance companies, publishes quarterly information pertaining to the hotel mortgages issued by its member companies.

Because of the six- to nine-month lag time in reporting and publishing hotel mortgage statistics, it was necessary to update this information to reflect current lending practices. Our research indicates that the greatest degree of correlation exists between the average interest rate of a hotel mortgage and the concurrent yield on an average-A corporate bond.

The following chart summarizes the average mortgage interest rates of the hotel loans made by these lenders. For the purpose of comparison, the average-A corporate bond yield (as reported by *Moody's Bond Record*) is also shown.

FIGURE 8-1 AVERAGE MORTGAGE INTEREST RATES AND AVERAGE-A CORPORATE BOND YIELDS



The relationship between hotel interest rates and the yields from the average-A corporate bond can be detailed through a regression analysis, which is expressed as follows.

$$Y = 0.95670050 X + 0.76453169$$

Where:

Y = Estimated Hotel Mortgage Interest Rate
 X = Current Average-A Corporate Bond Yield
 (Coefficient of correlation is 95%)



The January 23, 2019, average yield on average-A corporate bonds, as reported by Moody's Investors Service, was 4.36%. When used in the previously presented equation, a factor of 4.36 produces an estimated hotel/motel interest rate of 4.94% (rounded).

Despite the recent interest-rate increases, hotel debt remains available at favorable interest rates from a variety of lender types as of late 2018 (e.g., CMBS, balance-sheet lenders, insurance companies, SBA lenders, and other sources). The most prevalent interest rates for single hotel assets are currently ranging from 5.0% to 7.0%, depending on the type of debt, loan-to-value ratio, and the quality of the asset and its market.

In addition to the mortgage interest rate estimate derived from this regression analysis, HVS constantly monitors the terms of hotel mortgage loans made by our institutional lending clients. Fixed-rate debt is being priced at roughly 250 to 500 basis points over the corresponding yield on treasury notes. As of January 23, 2019, the yield on the ten-year T-bill was 2.74%, indicating an interest rate range from 5.2% to 7.7%. The hotel investment market has been very active given the strong performance of this sector and low interest rates in recent years. The Federal Reserve raised the federal funds rate by 25 basis points in December 2016, March 2017, June 2017, March 2018, and June 2018; the Fed increased rates again in September 2018 to a range between 2.0% and 2.25%. Hotel mortgage interest rates have been affected modestly by the recent rate increases given the contraction in interest-rate spreads; however, future increases by the Fed raises the prospect of a higher cost of debt capital for hotel investors in late 2018 and 2019. Hotel values have not yet been affected by the rise in the Fed rate; furthermore, debt capital is expected to remain available at favorable interest rates in the near term. At present, we find that lenders that are active in the market are using loan-to-value ratios of 60% to 70%, and amortization periods of 20 to 30 years. Loan-to-value ratios in 2018 are not as robust as those from a couple of years ago, when ratios as high as 75% were available.

Based on our analysis of the current lodging industry mortgage market and adjustments for specific factors, such as the property's site, proposed facility, and conditions in the Grandview hotel market, it is our opinion that a 5.50% interest, 25-year amortization mortgage with a 0.073690 constant is appropriate for the proposed subject hotel. In the mortgage-equity analysis, we have applied a loan-to-cost ratio of 65%, which is reasonable to expect based on this interest rate and current parameters.

Equity Component

The remaining capital required for a hotel investment generally comes from the equity investor. The rate of return that an equity investor expects over a ten-year holding period is known as the equity yield. Unlike the equity dividend, which is a

short-term rate of return, the equity yield specifically considers a long-term holding period (generally ten years), annual inflation- adjusted cash flows, property appreciation, mortgage amortization, and proceeds from a sale at the end of the holding period. To establish an appropriate equity yield rate, we have used two sources of data: past appraisals and investor interviews.

Hotel Sales – Each appraisal performed by HVS uses a mortgage-equity approach in which income is projected and then discounted to a current value at rates reflecting the cost of debt and equity capital. In the case of hotels that were sold near the date of our valuation, we were able to derive the equity yield rate and unlevered discount rate by inserting the ten-year projection, total investment (purchase price and estimated capital expenditure and/or PIP) and debt assumptions into a valuation model and solving for the equity yield. The overall capitalization rates for the historical income and projected first-year income are based on the sales price “as is.” The following table shows a representative sample of hotels that were sold on or about the time that we appraised them, along with the derived equity return and discount rates based on the purchase price and our forecast.

FIGURE 8-2 SAMPLE OF HOTELS SOLD – FULL-SERVICE & LUXURY

Hotel	Location	Number of Rooms	Date of Sale	Total Property Yield	Equity Yield	Overall Rate Based on Sales Price	
						Historical Year	Projected Year One
Cavallo Point Lodge	Sausalito, CA	142	Dec-18	9.0 %	15.2 %	5.8 %	6.1 %
Grand Hotel	Minneapolis, MN	140	Dec-18	10.1	16.2	10.5	8.3
Sheraton Suites	Wilmington, DE	223	Nov-18	11.3	20.3	11.0	11.5
Ritz-Carlton	Kapalua, HI	458	Oct-18	9.7	15.6	3.8	6.7
Embassy Suites by Hilton	Williamsburg, VA	161	Jul-18	10.7	19.4	6.5	8.0
Hilton Washington DC North	Gaithersburg, MD	301	Jul-18	12.5	20.6	6.5	8.0
Embassy Suites by Hilton	Napa, CA	205	Jul-18	8.1	12.2	6.5	6.0
Atlantic Terrace	Montauk, NY	96	Jul-18	10.0	16.1	4.5	5.2
Hyatt Centric	Santa Barbara, CA	200	Jul-18	9.6	15.3	5.5	5.8
Holiday Inn Hotel & Suites	Mesa, AZ	246	Jun-18	10.6	17.9	7.4	9.4
Waldorf Astoria Biltmore	Phoenix, AZ	606	Apr-18	9.5	15.9	6.8	7.0
Waldorf Astoria Grand Wailea	Wailea, HI	776	Apr-18	8.9	14.5	5.2	5.5
Embassy Suites by Hilton	Indianapolis, IN	221	Feb-18	10.9	18.9	8.0	9.1
Westin Tysons Corner	Falls Church, VA	407	Feb-18	10.4	18.1	8.3	8.7
DoubleTree University Area	Minneapolis, MN	140	Feb-18	9.7	17.0	—	7.7
Mystic Hotel Union Square	San Francisco, CA	82	Jan-18	8.9	15.2	6.2	6.4
DoubleTree Guest Suites	Tampa, FL	203	Jan-18	11.1	18.3	8.8	7.6
Sheraton Suites	Plantation, FL	263	Jan-18	12.5	21.2	7.4	9.1
Marriott Key Bridge	Arlington, VA	583	Jan-18	8.3	13.0	5.1	5.8
Madeline Telluride	Telluride, CO	124	Dec-17	10.4	18.9	5.8	8.6
Turtle Bay Resort	Kahuku, HI	452	Dec-17	8.9	14.2	6.0	6.4
Smyth Tribeca Hotel	New York, NY	100	Nov-17	8.2	12.7	4.1	3.8
Hotel Minneapolis	Minneapolis, MN	222	Nov-17	9.6	15.7	7.3	5.2
Marriott at Legacy Town Center	Plano, TX	404	Nov-17	11.1	19.8	9.4	10.4
Marriott Key Bridge	Arlington, VA	582	Nov-17	8.3	13.0	5.1	5.8
MacArthur Place	Sonoma, CA	64	Oct-17	9.3	15.5	—	—
Madison A Hilton Hotel	Washington, DC	356	Sep-17	9.3	15.2	2.6	6.9
Sheraton Chicago O'Hare Airport	Rosemont, IL	296	Sep-17	11.2	18.4	10.8	10.1
Hamilton Hotel	Washington, DC	318	Sep-17	9.7	15.2	4.2	5.5
Hyatt Regency Riverfront	Jacksonville, FL	951	Aug-17	11.4	20.2	9.7	9.9
Westin Long Beach	Long Beach, CA	469	Aug-17	10.5	18.0	8.0	7.6
New York Manhattan Hotel	New York City, NY	171	Aug-17	9.2	15.0	4.9	4.9
Hilton Executive Meeting Center	Glendale, CA	351	Jul-17	10.4	17.2	7.7	6.8
Holiday Inn Airport	Albuquerque, NM	121	Jun-17	12.4	20.9	7.3	8.7
Pacific Edge Hotel	Laguna Beach, CA	109	Jun-17	9.4	15.2	5.7	5.6
Marriott Quorum Addison	Dallas, TX	547	Jun-17	11.2	18.4	8.7	9.6
Embassy Suites Anaheim	Orange, CA	230	May-17	9.6	16.3	6.4	7.6
Hilton Dallas Park Cities	Dallas, TX	224	Apr-17	9.4	16.2	6.8	7.2

Source: HVS

FIGURE 8-3 SAMPLE OF HOTELS SOLD – SELECT-SERVICE/EXTENDED-STAY

Hotel	Location	Number of Rooms	Date of Sale	Total Property Yield	Equity Yield	Overall Rate Based on Sales Price	
						Historical Year	Projected Year One
Hampton Inn & Suites	Saint Augustine, FL	93	Dec-18	9.5 %	15.3 %	7.6 %	7.9 %
Hampton Inn & Suites	McKinney, TX	79	Oct-18	10.1	18.6	9.6	9.0
Hampton Inn & Suites	Federal Way, WA	142	Oct-18	9.6	16.0	8.1	8.1
Residence Inn by Marriott	Springdale, AR	72	Sep-18	10.9	18.3	8.2	9.8
Hilton Garden Inn Tampa	Wesley Chapel, FL	125	Sep-18	10.8	18.6	—	8.9
Hyatt Place	Fair Lawn, NJ	143	Aug-18	10.4	18.0	7.5	8.1
Hotel Indigo	Traverse City, MI	107	Aug-18	10.9	17.8	8.8	8.2
Courtyard by Marriott	Farmington, NM	125	Aug-18	11.8	18.9	8.7	7.0
Courtyard by Marriott	Myrtle Beach, SC	157	Jun-18	11.3	19.4	8.9	9.2
SpringHill Suites	Fairfax, VA	140	Jun-18	9.3	17.9	6.7	7.0
Hampton Inn & Suites	Harrison, NJ	165	May-18	10.1	18.1	7.9	7.1
Aloft Silicon Valley	Newark, CA	174	May-18	10.0	17.0	7.3	7.6
SpringHill Suites	Centreville, VA	136	May-18	10.3	18.6	7.3	8.0
Staybridge Suites	Wilmington, NC	93	Apr-18	11.5	21.4	9.6	9.6
Aloft Harlem	New York, NY	124	Mar-18	9.8	15.5	6.0	3.8
Hampton Inn Financial District	New York, NY	81	Mar-18	8.3	12.7	4.5	5.0
Residence Inn by Marriott	Sacramento, CA	126	Feb-18	10.5	18.9	8.7	9.6
Hampton Inn Denver Southwest	Lakewood, CO	150	Feb-18	12.7	21.3	10.7	13.9
Hyatt Place	Chandler, AZ	129	Jan-18	9.4	15.7	7.5	6.8
Wyndham Garden	Greenville, SC	139	Jan-18	14.2	24.2	6.0	7.7
Hampton Inn Cincinnati	Fairfield, OH	100	Jan-18	12.2	20.9	10.5	10.7
Hampton Inn Atlanta	College Park, GA	127	Jan-18	9.3	15.0	10.1	10.0
Hampton Inn Atlanta Northwest	Atlanta, GA	127	Jan-18	14.9	26.1	11.0	10.0
Hilton Garden Inn Allentown West	Breinigsville, PA	111	Nov-17	10.8	18.9	8.1	8.6
Courtyard by Marriott Tucson Airport	Tucson, AZ	149	Nov-17	9.7	16.1	8.9	8.3
Hampton Inn Saint Augustine I-95	Saint Augustine, FL	67	Sep-17	11.9	21.0	11.3	10.8
Hampton Inn & Suites Palm Coast	Palm Coast, FL	94	Sep-17	12.5	21.2	10.2	10.6
Element Denver Park Meadows	Lone Tree, CO	123	Aug-17	10.3	18.7	5.9	8.1
SpringHill Suites by Marriott	Savannah, GA	79	Aug-17	12.1	20.8	4.0	9.3
TownePlace Suites by Marriott	Waco, TX	93	Aug-17	11.2	20.7	8.5	7.8
Courtyard SeaWorld Lackland	San Antonio, TX	96	Aug-17	11.0	18.9	7.9	7.8
Courtyard Kaua'i at Coconut Beach	Kapa'a, HI	311	Aug-17	11.5	19.4	6.4	4.1
Hampton Inn by Hilton Norfolk	Virginia Beach, VA	120	Jul-17	11.4	21.2	12.4	12.6
TownePlace Suites by Marriott	Tallahassee, FL	94	Jul-17	10.5	16.1	14.5	7.9
Hyatt Place US Capitol	Washington, D.C.	200	Jun-17	10.3	20.0	6.1	7.2
Hyatt Place San Jose Downtown	San Jose, CA	234	Jun-17	12.2	21.4	8.1	8.5
Courtyard by Marriott Boston	Cambridge, MA	207	Jun-17	9.0	14.9	5.5	6.0
Hilton Garden Inn Philadelphia	Fort Washington, PA	146	May-17	10.9	19.7	7.6	8.3

Source: HVS



Investor Interviews - During the course of our work, we continuously monitor investor equity-yield requirements through discussions with hotel investors and brokers. We find that equity yield rates currently range from a low in the low-to-mid teens for high-barrier-to-entry "trophy assets"; the upper teens for high quality, institutional-grade assets in strong markets; and the upper teens to low 20s for quality assets in more typical markets. Equity yield rates tend to exceed 20% for aging assets with functional obsolescence and/or other challenging property- or market-related issues. Equity return requirements also vary with an investment's level of leverage.

The following table summarizes the range of equity yields indicated by hotel sales and investor interviews. We note that there tends to be a lag between the sales data and current market conditions, and thus, the full effect of the change in the economy and capital markets may not yet be reflected.

FIGURE 8-4 SUMMARY OF EQUITY YIELD OR INTERNAL RATE OF RETURN REQUIREMENTS

Source	Data Point Range	Average
HVS Hotel Sales - Full-Service & Luxury	12.2% - 21.2%	16.8%
HVS Hotel Sales - Select-Service & Extended-Stay	12.7% - 26.1%	18.8%
HVS Hotel Sales - Limited-Service	17% - 23.9%	20.2%
HVS Investor Interviews	13% - 25%	

Based on the assumed 65% loan-to-cost ratio, the risk inherent in achieving the projected income stream, and the anticipated market position of the subject property, it is our opinion that an equity investor could expect to receive a 5.0% internal rate of return over a 10-year holding period, assuming that the investor obtains financing at the time of the project's completion at the loan-to-cost ratio and interest rate set forth.

Terminal Capitalization Rate

Inherent in this valuation process is the assumption of a sale at the end of the ten-year holding period. The estimated reversionary sale price as of that date is calculated by capitalizing the projected eleventh-year net income by an overall terminal capitalization rate. An allocation for the selling expenses is deducted from this sale price, and the net proceeds to the equity interest (also known as the equity residual) are calculated by deducting the outstanding mortgage balance from the reversion.

We have reviewed several recent investor surveys. The following chart summarizes the averages presented for terminal capitalization rates in various investor surveys during the past decade.

FIGURE 8-5 HISTORICAL TRENDS OF TERMINAL CAPITALIZATION RATES

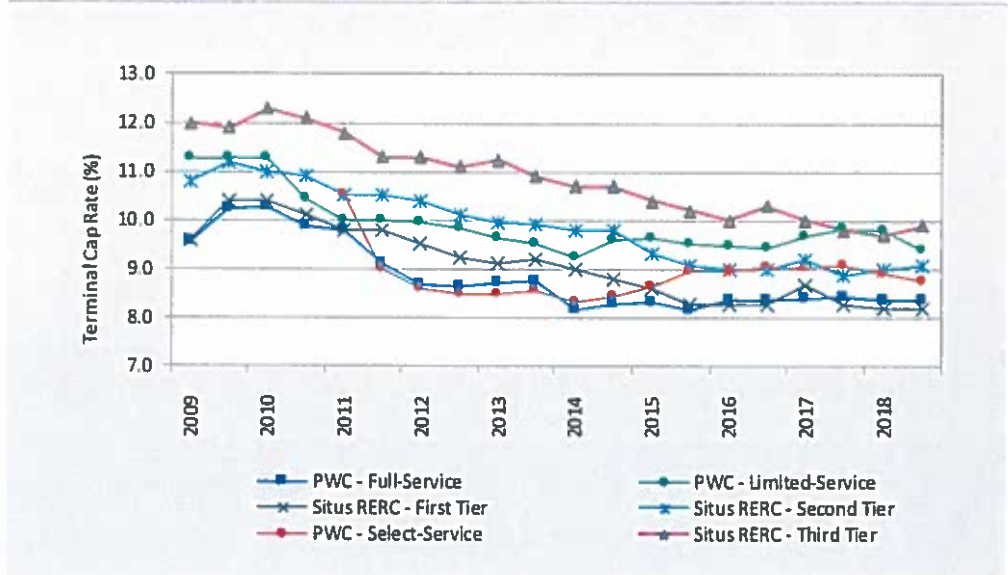




FIGURE 8-6 TERMINAL CAPITALIZATION RATES DERIVED FROM INVESTOR SURVEYS

Source	Data Point Range	Average
<i>HVS Brokers Survey - Fall 2018</i>		
Limited-Service & Economy Hotels	5.0% - 11.0%	8.8%
Select-Service Hotels	4.5% - 10.0%	8.3%
Full-Service Hotels	4.5% - 10.0%	7.7%
Luxury & Upper Upscale Hotels	5.0% - 10.0%	7.0%
<i>PWC Real Estate Investor Survey - 3rd Quarter 2018</i>		
Limited-Service Hotels	7.75% - 11.0%	9.4%
Select-Service Hotels	7.0% - 10.0%	8.8%
Full-Service Hotels	7.0% - 10.0%	8.4%
Luxury Hotels	5.5% - 9.5%	7.3%
<i>USRC Hotel Investment Survey - Mid-Year 2018</i>		
Full-Service Hotels	7.5% - 9.5%	8.3%
Limited-Service Hotels	8.0% - 9.5%	9.0%
<i>Situs RERC Real Estate Report - 2nd Quarter 2018</i>		
First Tier Hotels	5.2% - 10.5%	8.2%
Second Tier Hotels	6.5% - 11.3%	9.1%
Third Tier Hotels	8.5% - 11.8%	9.9%

For purposes of this analysis, we have applied a terminal capitalization rate of 10.50%. Our final position for the terminal capitalization rate reflects the current market for hotel investments and also considers the subject property's attributes. Terminal capitalization rates, in general, have remained stable over the past few years. Terminal cap rates are at the low end of the range for quality hotel assets in markets with high barriers to entry and at the high end of the range for older assets or for those suffering from functional obsolescence and/or weak market conditions, reflecting the market's recognition that certain assets have less opportunity for significant appreciation.

Mortgage-Equity Method

As the two participants in a real estate investment, investors and lenders must evaluate their equity and debt contributions based on their particular return requirements. After carefully weighing the risk associated with the projected economic benefits of a lodging investment, the participants will typically make their decision whether or not to invest in a hotel or resort by determining if their investment will provide an adequate yield over an established period. For the lender, this yield will typically reflect the interest rate required for a hotel mortgage over a period of what can range from seven to ten years. The yield to the equity

participant may consider not only the requirements of a particular investor, but also the potential payments to cooperative or ancillary entities such as limited partner payouts, stockholder dividends, and management company incentive fees.

The return on investment analysis in a hotel acquisition would not be complete without recognizing and reflecting the yield requirements of both the equity and debt participants. The analysis will now calculate the yields to the mortgage and equity participants during a ten-year projection period.

The annual debt service is calculated by multiplying the mortgage component by the mortgage constant.

Mortgage Component	\$4,412,000
Mortgage Constant	<u>0.073690</u>
Annual Debt Service	\$325,000

The yield to the lender based on a 65% debt contribution equates to an interest rate of 5.50%, which is calculated as follows.

FIGURE 8-7 RETURN TO THE LENDER

Year	Total Annual Debt Service		Present Worth of \$1 Factor at 5.4%		Discounted Cash Flow
2021	\$325,000	x	0.948504	=	\$308,000
2022	325,000	x	0.899660	=	292,000
2023	325,000	x	0.853331	=	277,000
2024	325,000	x	0.809388	=	263,000
2025	325,000	x	0.767708	=	250,000
2026	325,000	x	0.728174	=	237,000
2027	325,000	x	0.690676	=	224,000
2028	325,000	x	0.655109	=	213,000
2029	325,000	x	0.621374	=	202,000
2030	3,641,000 *	x	0.589376	=	<u>2,146,000</u>
Value of Mortgage Component					\$4,412,000
*10th year debt service of \$325,000 plus outstanding mortgage balance of \$3,316,000					

The following table illustrates the cash flow available to the equity position, after deducting the debt service from the projected net income.

FIGURE 8-8 NET INCOME TO EQUITY

Year	Net Income Available for Debt Service		Total Annual Debt Service		Net Income to Equity
2021	\$270,000	-	\$325,000	=	(\$55,000)
2022	\$423,000	-	325,000	=	\$98,000
2023	\$462,000	-	325,000	=	\$137,000
2024	\$475,000	-	325,000	=	\$150,000
2025	\$489,000	-	325,000	=	\$164,000
2026	\$504,000	-	325,000	=	\$179,000
2027	\$520,000	-	325,000	=	\$195,000
2028	\$535,000	-	325,000	=	\$210,000
2029	\$551,000	-	325,000	=	\$226,000
2030	\$567,000	-	325,000	=	\$242,000

In order for the present value of the equity investment to equate to the \$2,376,000 capital outlay, the investor must accept a 5.0% return, as shown in the following table.

FIGURE 8-9 EQUITY COMPONENT YIELD

Year	Net Income to Equity		Present Worth of \$1 Factor at 5.0%		Discounted Cash Flow
2021	-\$55,000	x	0.952317	=	-\$52,000
2022	\$98,000	x	0.906908	=	89,000
2023	\$137,000	x	0.863664	=	118,000
2024	\$150,000	x	0.822483	=	123,000
2025	\$164,000	x	0.783265	=	128,000
2026	\$179,000	x	0.745916	=	134,000
2027	\$195,000	x	0.710349	=	139,000
2028	\$210,000	x	0.676478	=	142,000
2029	\$226,000	x	0.644221	=	146,000
2030	\$2,296,000 *	x	0.613503	=	1,409,000
Value of Equity Component					\$2,376,000

*10th year net income to equity of \$242,316 plus sales proceeds of \$2,054,000

Conclusion

In determining the potential feasibility of the Proposed Limited-Service Hotel Grandview, we analyzed the lodging market, researched the area's economics, reviewed the estimated development cost, and prepared a ten-year forecast of



income and expense, which was based on our review of the current and historical market conditions, as well as comparable income and expense statements.

The conclusion of this analysis indicates that an equity investor contributing \$2,376,000 (roughly 35% of the \$6,800,000 development cost) could expect to receive a 5.0% internal rate of return over a ten-year holding period, assuming that the investor obtains financing at the time of the project's completion at the loan-to-value ratio and interest rate set forth. Based on our market analysis, there is not sufficient market support for the proposed limited-service hotel. Our review of investor surveys indicates equity returns ranging from 12.7% to 26.1%, with an average of 18.8%. Based on market parameters, the calculated return to the equity investor, 5.0%, is below the average and the range of market-level returns given the anticipated cost to build a hotel of this type, estimated to be approximately \$6,800,000. In order for a project of this type to be feasible, it would need the support of the city and/or county government via incentives to help offset the construction cost. These incentives could include (but are not limited to) property tax exemptions, providing the land at no cost, waiving the development and impact fees, and providing discounted or free utilities connections. In addition, Grandview would need to attract more local employers, particularly employers that utilize overnight lodging, for a hotel of this type to remain successful in the long term.

The analysis is based on the extraordinary assumption that the described improvements have been completed as of the stated date of opening. The reader should understand that the completed subject property does not yet exist as of the date of this report. Our feasibility study does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, shall take place between the date of inspection and stated date of opening. The use of this extraordinary assumption may have affected the assignment results. We have made no other extraordinary assumptions specific to this feasibility study. However, several important general assumptions have been made that apply to this feasibility study and our studies of proposed hotels in general. These aspects are set forth in the Assumptions and Limiting Conditions chapter of this report.

9. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a feasibility study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.



11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.
18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of value or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.



20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.

10. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in performance that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study;
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
8. Eileen Bosworth personally inspected the property described in this report; Desiree M. Flanary, MAI, participated in the analysis and reviewed the findings, but did not personally inspect the property;
9. Eileen Bosworth provided significant assistance to Desiree M. Flanary, MAI, and that no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this report; Desiree M. Flanary, MAI, has not performed services, as an appraiser or in any other capacity, on the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
10. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;

11. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
12. as of the date of this report, Desiree M. Flanary, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.



Desiree M. Flanary, MAI
Senior Vice President
TS Worldwide, LLC
State Appraiser License (WA) 1102154

Desiree Flanary, MAI

EMPLOYMENT

2006 to present	HVS CONSULTING AND VALUATION SERVICES Portland, Oregon
2004 – 2006	AEROTEK Denver, Colorado
2003 – 2004	TIMBERHOUSE SKI LODGE Winter Park, Colorado

EDUCATION AND OTHER TRAINING

BS – University of Northern Colorado

Other Specialized Training Classes Completed:

Uniform Standards of Professional Appraisal Practice – 15 hours

Basic Appraisal Principles – 30 hours

Basic Appraisal Procedures – 30 hours

General Appraiser Income Approach (Parts I and II) – 60 hours

General Appraiser Market Analysis and HBU – 30 hours

Nevada Appraisal Laws

Business Practices and Ethics – 8 hours

Statistics, Modeling and Finance – 15 hours

General Appraiser Site Valuation and Cost Approach – 30 hours

General Appraiser Sales Comparison Approach – 30 hours

General Appraiser Report Writing and Case Studies – 30 hours

Advanced Income Capitalization – 40 hours

Advanced Sales and Cost – 30 hours

Federal and State Appraiser Law – 4 hours

Fundamentals of Separating Real, Personal Property, and Intangible Business Assets – 15 hours

Appraising and Analyzing Retail Shopping Centers for Mortgage Underwriting – 7 hours

Land and Site Valuation – 7 hours

Ad Valorem Tax Consultation – 2 hours

Even Odder – More Oddball Appraisals – 7 hours

General Demonstration Report – Capstone

Appraisal of Land Subject to Ground Leases – 7 hours

Introduction to Legal Descriptions – 2 hours

Litigation Appraising – 16 hours

Appraiser as an Expert Witness – 15 hours



**EDUCATION
(CONTINUED)**

Condemnation Appraising – 21 hours
Biennial USPAP Updates

STATE CERTIFICATIONS

California, Idaho, Montana, Nevada, Oregon, Utah, Washington

**PROFESSIONAL
AFFILIATIONS**

Appraisal Institute – Designated Member (MAI)

PUBLISHED ARTICLES

<i>HVS Journal</i>	"HVS Market Pulse: Reno, NV," April 2017
<i>HVS Journal</i>	"Key Takeaways: The CREF/MBA Conference 2017," co-authored with Brett Russell, March 2017
<i>HVS Journal</i>	"HVS Market Pulse: Portland, OR," September 2016
<i>HVS Journal</i>	"Key Hotel-Related Takeaways: MBA CREF16," co-authored with Brett Russell, February 2016
<i>HVS Journal</i>	"In Focus: Seattle, WA," co-authored with Kasia Russell, December 2015
<i>HVS Journal</i>	"Hotel-Related Takeaways: Mortgage Bankers Association's CREF / Multifamily Housing Convention & Expo 2015," co-authored with Brett Russell, February 2015
<i>HVS Journal</i>	"In Focus: Hyatt Brands Performance Update," co-authored with Ryan Mark, October 2014
<i>HVS Journal</i>	"Market Intelligence Report 2013: Seattle," co-authored with Kasia Russell, July 2013
<i>HVS Journal</i>	"Portland Market Intelligence Report 2013," co-authored with Kasia Russell, July 2013
<i>HVS Journal</i>	"Demand High, Hotel Supply Low in Eastern Montana and Western North Dakota," co-authored with Sara Olson, January 2013
<i>HVS Journal</i>	"Starwood's Reinvention: Sheraton and Four Points by Sheraton Hotels," co-authored with Amanda Repert, May 2009
<i>HVS Journal</i>	"A Starwood Product Story: New Brands and New Ideas," co-authored with Amanda Repert, March 2009
<i>HVS Journal</i>	"HVS Market Intelligence Report: Reno, Nevada," June 2008
<i>HVS Journal</i>	"Hotel Rooms Remain In Short Supply throughout Wyoming's Energy Corridors," September 2007

EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED

ALASKA

Coast International Inn, Anchorage
Proposed Candlewood Suites,
Fairbanks

ARIZONA

Sheraton Crescent Hotel, Phoenix
Proposed Hampton Inn, Williams

ARKANSAS

Days Inn, Osceola

CALIFORNIA

Proposed Fairfield Inn & Suites by
Marriott, Alameda
Sheraton, Anaheim
Comfort Inn, Arcata
Proposed Hampton Inn & Suites,
Arroyo Grande
Summerfield Suites, Belmont
Ventana Inn & Spa, Big Sur
Bodega Coast Inn & Suites, Bodega Bay
Residence Inn by Marriott, Burbank
Crowne Plaza, Burlingame
Holiday Inn Express SFO, Burlingame
Cameron Park Inn, Cameron Park
Courtyard by Marriott, Carlsbad
Residence Inn by Marriott, Carlsbad
SpringHill Suites by Marriott, Carlsbad
Radisson Hotel, Chatsworth
Vacant Land, Chatsworth
Proposed Woodsprings Suites, Chula
Vista
DoubleTree, Commerce
Proposed Comfort Suites, Dixon
Yosemite Cedar Lodge, El Portal
Yosemite View Lodge, El Portal
Residence Inn by Marriott, El Segundo
Econo Lodge, Fairfield
North Cliff Hotel, Fort Bragg

Quality Inn, Fort Bragg
Residence Inn, Fremont
Proposed Hilton Garden Inn, Grover
Beach
Holiday Inn, Long Beach
Radisson Chatsworth, Los Angeles
Comfort Inn, Marina
Proposed Hotel, Merced
Comfort Suites, Mission Valley
Super 8, Modesto
DoubleTree, Monrovia
Hotel Pacific, Monterey
Residence Inn by Marriott, Mountain
View
Proposed Fairfield Inn by Marriott,
Mule Creek
Chase Suite Hotel, Newark
TownePlace Suites, Newark
Best Western Plus Airport Inn & Suites
Oakland, Oakland
Hampton Inn & Suites, Ontario
Embassy Suites, Orange
Palm Mountain Resort, Palm Springs
Courtyard, Rancho Cucamonga
Hilton Garden Inn, Rancho Cucamonga
Homewood Suites, Rancho Cucamonga
Siena Hotel, Reno
Proposed Country Inn & Suites, Ripon
Proposed Hyatt Summerfield Suites,
Roseville
Courtyard Midtown, Sacramento
Hawthorn Suites, Sacramento
Proposed Hilton Garden Inn,
Sacramento
Residence Inn Airport, Sacramento
Holiday Inn Express (conversion to
Fairfield Inn), San Diego
Holiday Inn Mission Valley, San Diego
Lafayette Hotel & Suites, San Diego
Proposed Renaissance, San Diego
US Grant, San Diego
Comfort Suites, San Jose
Proposed Home2 Suites by Hilton, San
Jose
Courtyard by Marriott, San Luis
Obispo

Franklin Hotel Redevelopment, San
Mateo
Residence Inn by Marriott SF Airport,
San Mateo
Residence Inn, San Mateo
Biltmore Hotel & Suites, Santa Clara
Dream Inn, Santa Cruz
Casa Madrona, Sausalito
Heavenly Inn, South Lake Tahoe
High Country Lodge, South Lake Tahoe
Proposed Unscripted, South Lake
Tahoe
Secrets Inn, South Lake Tahoe
Holiday Inn Express, Temecula
Courtyard by Marriott, Thousand Oaks
TownePlace Suites by Marriott,
Thousand Oaks
Marriott, Walnut Creek
Holiday Inn Express, Watsonville
Proposed Limited-Service Hotel, West
Sacramento
Proposed Home2 Suites and Land,
Woodland

COLORADO

Comfort Inn, Colorado Springs
Courtyard DIA, Denver
Proposed Holiday Inn, Durango
Proposed Union Station Hotel, Denver
Rocky Mountain Park Inn, Estes Park
Proposed Hotel & Water Park,
Leadville
Proposed Residence Inn by Marriott,
Vail
James Peak Property, Winter Park

FLORIDA

Hilton Tampa Westshore, Tampa
Residence Inn Downtown, Tampa

GEORGIA

Georgia Tech Hotel & Conference
Center, Atlanta



IDAHO

DoubleTree, Boise
Hampton Inn, Boise
Hyatt Place Downtown, Boise
SpringHill Suites, Boise
Ramada Inn, Pocatello
Comfort Inn, Twin Falls
Hampton Inn, Twin Falls

ILLINOIS

Holiday Inn Crystal Lake, Chicago
Holiday Inn Express, Chicago
Holiday Inn Express, Oakbrook
Quality Suites, Rockford

INDIANA

Days Inn, Indianapolis
Proposed Hotel & Events Center,
Lawrenceburg

IOWA

Proposed Element, Des Moines
Glenview Motel, Dubuque
Days Inn, Shenandoah

KANSAS

Best Western Surf Motel, Marysville

KENTUCKY

Proposed Resort, Slade

LOUISIANA

Holiday Inn, Lafayette

MINNESOTA

Homewood Suites, Bloomington
Proposed Cambria Suites, Duluth
Microtel Inn & Suites, Owatonna
Super 8, Rochester

MISSISSIPPI

Wingate Inn, D'Iberville
Fairfield Inn, Gulfport
Hampton Inn, Hattiesburg

MISSOURI

Holiday Inn, St. Joseph

MONTANA

Proposed Hotel, Big Sky
Super 8, Billings
TownePlace Suites by Marriott,
Billings
Comfort Suites, Bozeman
Proposed Etha Hotel, Bozeman
Best Western Butte Plaza Inn, Butte
Hampton Inn, Butte
Proposed Best Western Plus, East
Glacier Park
Proposed Holiday Inn Express,
Glendive
Wingate Inn, Helena
DoubleTree, Missoula
Proposed Hotel, Missoula
Proposed Residence Inn, Missoula
Proposed TownePlace Suites, Missoula
TownePlace Suites by Marriott,
Missoula
Best Western, Sidney
TownePlace Suites by Marriott,
Missoula

NEBRASKA

Marriott Hotel, Omaha

NEVADA

Battle Mountain Inn & Suites, Battle
Mountain
Comfort Inn, Carlin
Frontier Hotel, Carson City
Holiday Inn Express, Carson City

Holiday Inn Express, Elko
Shilo Inn & Suites, Elko
Proposed Tru and Home2 Suites by
Hilton, Henderson
Hampton Inn & Suites Las Vegas
Airport, Las Vegas
La Quinta Inn & Suites Las Vegas
Airport North Convention, Las Vegas
La Quinta Inn & Suites Las Vegas
Summerlin Tech Center, Las Vegas
Baymont Inn, Reno
Courtyard by Marriott, Reno
Hawthorn Suites, Reno
Homewood Suites, Reno
Hyatt Place, Reno
La Quinta Inn, Reno
Proposed Courtyard by Marriott, Reno
Proposed Downtown Hotel, Reno
Proposed Hotel Terminal Way Reno,
Reno
Renaissance, Reno
Rodeway Inn, Reno
Travelodge, Reno
Whitney Peak Hotel, Reno

NEW MEXICO

Microtel Inn & Suites, Owatonna
Holiday Inn Express, Portales
Holiday Inn Express, Santa Rosa
La Quinta Inn, Santa Rosa

NORTH CAROLINA

Proposed InterContinental, Charlotte
Great Wolf Lodge, Concord
Wyndham Garden Hotel, Durham

NORTH DAKOTA

Grand Inn, Fargo

OREGON

Best Western, Astoria
El Dorado Inn, Baker City
Rodeway Inn, Baker City

Hilton Garden Inn Portland Beaverton,
Beaverton
Best Western Pier Point Inn, Florence
Larkspur Landing, Hillsboro
Proposed Staybridge Suites, Hillsboro
Proposed Boutique Hotel,
Independence
Best Western, Lakeview
Fremont Inn, Lakeview
Windmill Inn, Medford
Shilo Inn, Newport
Proposed La Quinta Inn & Suites,
Phoenix
Embassy Suites, Portland
Proposed Hyatt Convention Hotel,
Portland
Red Lion, Salem
Proposed Limited-Service Hotel,
Sherwood
Proposed Hotel, Sisters
Shilo Inn, The Dalles
Shilo Inn, Warrenton
Quality Inn, Wilsonville

SOUTH CAROLINA

Holiday Inn Express, Myrtle Beach
Marina Inn at Grand Dunes, Myrtle
Beach

SOUTH DAKOTA

Best Value Inn, Hot Springs

TENNESSEE

Hampton Inn, Memphis

TEXAS

La Quinta Inn El Paso Cielo Vista, El
Paso
Holiday Inn Express, Longview
Courtyard by Marriott, San Antonio
Fairfield Inn by Marriott (2), San
Antonio

Residence Inn by Marriott, San
Antonio
Candlewood Suites, Texarkana
Comfort Suites, Tyler

UTAH

Value Place, American Fork
Proposed Resort, Cannonville
Hampton Inn, Layton
Proposed Homewood Suites by Hilton,
Moab
Hampton Inn & Suites Salt Lake City
Airport, Salt Lake City
Hilton Downtown, Salt Lake City
Hilton Garden Inn Downtown Salt
Lake City, Salt Lake City
Peery Hotel, Salt Lake City
Residence Inn by Marriott City Center,
Salt Lake City
Home2 Suites by Hilton, South Jordan
Pioneer Lodge, Springdale
Best Western Capitol Reef, Torrey
Capitol Reef Resort, Torrey
Value Place, West Haven
Value Place, West Valley City

WASHINGTON

Embassy Suites, Bellevue
Hilton, Bellevue
Larkspur Landing, Bellevue
Residence Inn Seattle Bellevue
Downtown, Bellevue
Proposed Hotel, Bellevue
La Quinta Inn & Suites, Bellingham
Proposed Limited-Service Hotel,
Blaine
Red Lion Inn & Suites, Bothell
SpringHill Suites by Marriott Seattle
Bothell, Bothell
Proposed La Quinta Inn & Suites,
Centralia
Proposed Hotel Silver Lake, Everett
La Quinta Inn & Suites Seattle Bellevue
Kirkland, Kirkland
Embassy Suites, Lynnwood

Proposed Hilton Garden Inn,
Lynnwood
Proposed Home2 Suites, Marysville
Proposed Hampton Inn Moses Lake,
Moses Lake
Holiday Inn Express, Pasco
Sleep Inn, Pasco
Proposed Hastings Landing Hotel, Port
Townsend
Proposed Courtyard by Marriott,
Redmond
Larkspur Landing, Renton
Travelodge, Renton
Motel 6 Richland Kennewick, Richland
Lodge at Columbia Point, Richland
Proposed Homewood Suites, Richland
Proposed Springhill Suites by Marriott,
Richland
Shilo Inn, Richland
Comfort Inn & Suites Sea-Tac, Seattle
DoubleTree by Hilton South Center,
Seattle
Hilton Seattle, Seattle
Hilton Seattle Airport, Seattle
Homewood Suites by Hilton
Downtown, Seattle
Hyatt at Olive 8, Seattle
La Quinta Inn & Suites Seattle SeaTac
Airport, Seattle
Marriott, Seattle
Marriott Seattle Waterfront Hotel,
Seattle
Proposed AC Hotel by Marriott, Seattle
Renaissance Hotel, Seattle
Sheraton Seattle Hotel & Towers,
Seattle
Proposed Sleep Inn and Mainstay
Suites, Spokane
SpringHill Suites by Marriott, Seattle
Quality Inn Valley Suites, Spokane
Courtyard by Marriott, South Federal
Way
La Quinta Inn & Suites Tacoma Seattle,
Tacoma
Proposed Penrose Hotel, Walla Walla

WYOMING

Settle Inn & Suites, Gillette
Hampton Inn & Suites, Green River
Proposed Hampton Inn & Suites, Green
River
Alpenhof Hotel, Jackson
Homewood Suites, Jackson
The Lodge at Jackson Hole (Best
Western), Jackson
Rustic Inn, Jackson
Super 8, Laramie
La Quinta, Rock Springs
Proposed Fairfield Inn & Suites, Rock
Springs
Proposed SpringHill Suites, Rock
Springs

INTERNATIONAL

MEXICO

Desire, Los Cabos
Tesoro, Los Cabos
Proposed Hotel, Puerto Pensaco



State of Montana
Business Standards Division
Board of Real Estate Appraisers

This certificate verifies licensure as:
CERTIFIED GENERAL APPRAISER

REA-RAG-LIC-4165

Status: **Active**
Expires: **03/31/2020**

**DESIREE M FLANARY
TS WORLDWIDE LLC DBA HVS
8134 BIG BEND BLVD
WEBSTER GROVES, MO 63119**

 **Montana Department of
LABOR & INDUSTRY**
RENEW OR VERIFY YOUR LICENSE AT:
<https://ebiz.mt.gov/pol>

Renew online at <https://ebiz.mt.gov/pol> by signing in with your username and password.

The renewal cycle for your board opens 60 days prior to the expiration date on your current license.

Renew your license prior to your expiration date to avoid being charged a late fee(s).

Remember to maintain your online account information with a password, security question and a valid email address. You can update your account information by accessing the 'Account Management' link when logged in.



December 2, 2018

Casey Kidd
Chief Executive Officer
NaviRetail, LLC
5100 Poplar Avenue
Memphis, Tennessee 37137
(662) 419-8098
Casey@NaviRetail.com

HVS NASHVILLE
1816 Stonewater Drive
Hermitage, TN 37076
(615) 473-2447
(516) 742-3059 Fax
www.hvs.com

Re: Proposed Limited-Service Hotel
Grandview, Washington

Dear Mr. Kidd:

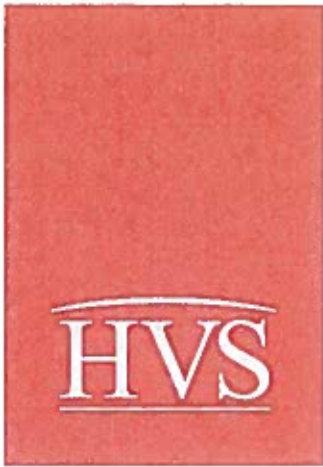
Thank you for your recent inquiry pertaining to your Grandview, Washington project; we are pleased to submit this proposal for our services. We are certain that we will be able to provide you with the precise mix of experience and skills you will need for this engagement. HVS is internationally recognized as the leader in hospitality consulting, providing the highest-quality experience in this arena. HVS is unique among hospitality consulting firms and offers NaviRetail, LLC unparalleled credibility, specialized experience, and a track record of success.

The attached proposal sets forth a description of the objectives and scope of the assignment, along with a detailed description of the methodology to be employed, an estimate of the time requirements, and a schedule of professional fees. The proposal also includes a list of requested information that we would require for completing the study.

Additionally, for your convenience, we have enclosed a confirmation letter detailing this proposal. If the proposal meets your acceptance, please sign, and then return a copy of the accompanying confirmation, together with your retainer check. If you have any questions regarding the contents of the proposal, please do not hesitate to contact me. Thank you for the opportunity to submit this proposal for your project.

Very truly yours,
HVS, Division of TS Worldwide, LLC

Jai B. Patel, Director
jpatel@hvs.com
(615) 473-2447 - Direct



PROPOSAL FOR A SUMMARY MARKET STUDY WITH
FACILITY RECOMMENDATION AND FEASIBILITY ANALYSIS

**Proposed Limited-Service Hotel,
Grandview, Washington**

SUBMITTED TO:

Casey Kidd
Chief Executive Officer
NaviRetail, LLC
5100 Poplar Avenue
Memphis, Tennessee 37137
(662) 419-8098
Casey@NaviRetail.com

PREPARED BY:

HVS NASHVILLE
Division of TS Worldwide, LLC
1816 Stonewater Drive
Hermitage, TN 37076
(615) 473-2447
(516) 742-3059 FAX

December 2, 2018



Proposal for a Summary Market Study with Facility Recommendation and Feasibility Analysis

Pursuant to our conversation, we are pleased to submit this proposal for services of the HVS division of TS Worldwide LLC in connection with the proposed hotel project in Grandview, Washington. This letter sets forth a description of the objectives and scope of the assignment, along with the methodology to be employed, an estimate of the time requirements, and a schedule of professional fees.

Objective

The objective of this assignment is to perform a summary market study with facility recommendation and feasibility analysis for the purpose of evaluating the market demand, analyzing the economics, projecting income and expense, and determining the feasibility of a Proposed Limited-Service Hotel in Grandview, Washington. Our study will also include a recommendation of the size, quality and type of lodging facility, and an optimal brand chain scale for the hotel.

Phase One: Fieldwork

To accomplish the objective described above, our work will be conducted in three phases, which typically include the following steps:

1. An onsite inspection of the subject site will be made. The physical orientation of the subject site with respect to access and visibility to highways, other forms of transportation, and the local demand for accommodations will be analyzed. We will also review the supportive nature of surrounding land uses as they relate to the subject site.
2. The demand for hotel accommodations will be investigated to identify the various generators of visitation operating within the local market. The current and anticipated potential of each of these market segments will be evaluated to determine the extent of existing and future demand. Interviews with officials of business and government, as well as statistical data collected during the fieldwork, are useful in locating and quantifying transient demand. In conjunction with the identification of potential demand, an investigation will be made of the respective strengths of these markets in terms of seasonality, weekly demand fluctuations, vulnerability to economic trends and changes in travel patterns, and other related factors. Similar market-research procedures are utilized in estimating the demand for food, beverage, banquet, and other facilities, if applicable.



3. The market orientation of nearby lodging facilities will be evaluated to determine their competitive position with respect to the subject site. Those properties displaying similar market attributes will receive a physical inspection, along with selective management interviews, to estimate levels of occupancy, room rates, market segmentation, and other pertinent operational characteristics. Some of the competitive factors that will be specifically reviewed include location, type and quality of facilities, physical condition, management expertise, and chain affiliation.
4. Statistical data relating to general economic and demographic trends often foreshadow future potential for market areas and neighborhoods. Interviews with local Chambers of Commerce, economic development agencies, and other related organizations, along with an investigation of the proposed subject property's primary market area, will reveal patterns reflecting growth, stability, or decline.
5. Through interviews with hotel operators, developers, governmental officials, and others, we will ascertain the status of projects under construction, proposed, or rumored that might be competitive with the proposed subject property.

Phase Two: Analysis

The following analysis phase will utilize data and information gathered during the fieldwork phase, along with our extensive library of actual hotel operating statements, financial statistics, area hotel trends, and investor requirements.

We will first compose a facilities and brand chain-scale recommendation. This recommendation will be based on the demands of the local and pertinent regional market and will address the following points:

- Room count and room type mix (suites vs. standard rooms)
- Food and beverage facilities
- Meeting and function space
- Recreational amenities
- Brand chain scale

These recommendations will include comparisons for each category to the relevant competitive market. Based on the above noted recommendations,

We will then perform a supply-and-demand analysis for the proposed subject property to forecast its market orientation and competitive position with respect to other lodging facilities. The supply-and-demand analysis typically encompasses the following steps:



- a) Using the occupancy levels and market segmentations of the competitive properties, the number of room nights accommodated in each segment is calculated by multiplying each property's room count by its occupancy, market segmentation, and 365 days, which yields the accommodated-room-night demand. The annual number of room nights occupied per room in each segment is also calculated (room nights occupied per year divided by the room count), and the resulting figure serves as a competitive index.
- b) Latent demand (unaccommodated and induced demand) is estimated for each market segment.
- c) Growth rates are projected for each of the market segments.
- d) The total usable room-night demand, which consists of usable latent demand and accommodated demand, is projected.
- e) The area's guestroom supply and total room nights available are quantified for each projection year.
- f) The overall competitive occupancy is calculated for each projection year.
- g) Using competitive indexes, the relative competitiveness of each of the area hotels is evaluated.
- h) This analysis will result in a quantification and documentation of probable future trends in the proposed subject property's occupancy, average rate, and overall rooms revenues.

A similar procedure will be utilized in projecting food, beverage, and other revenues, if applicable. Using actual income and expense statements of comparable lodging facilities, we will develop income and expense estimates corresponding to the level of activity and quality of operations indicated by the projected occupancy and average rate.

A projection of income and expenses representing future expectations of income potential will be made for a ten-year period. This analysis will utilize HVS Software—a sophisticated, computerized, financial analysis package that was developed by Steve Rushmore and Suzanne Mellen. The logic behind the projection of income and expense is based on the premise that hotel revenue and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. The software takes a known level of revenue or expense and calculates the fixed and variable components. The fixed component is then held constant, while the variable component is adjusted for the percent change between the projected occupancy and facility usage that produced the known level of revenue or expense. Our projected income statements conform with the *Uniform System of Accounts for the Lodging Industry* and include a detailed line-by-line account of all revenue sources and expenses.



Phase Three: Feasibility Analysis

For a proposed hotel, the total project cost is estimated by applying industry cost parameters to the planned facilities and concept. Included in the final figure are all hard costs, such as building construction; furniture, fixtures, and equipment (FF&E); and land value, as well as soft costs, such as legal and architectural fees, financing costs, insurance, and taxes during construction. The final figure also includes pre-opening expenses, operating capital, contingencies, and a developer's profit. Data from applicable sources, including the Hotel Development Cost Survey published annually by HVS, shall be used to determine costs of similar projects.

The current market for hotel/motel transfers, mortgage rates, and hostelry equity investment requirements will be researched. Following the recommended procedures and industry standards set forth in the textbooks *The Valuation of Hotels and Motels*, *Hotels, Motels and Restaurants: Valuations and Market Studies*, and *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* that we authored, a return on investment (ROI) analysis will be made to determine the potential internal rate of return (IRR) for the equity participant(s). Based on this rate, an opinion of feasibility will be offered.

OPTIONAL – Economic Impact Analysis: HVS has the ability to provide an economic impact analysis of the proposed subject property and conference center. HVS will estimate three types of spending impacts in the analysis:

- Direct impacts include the visitor expenditures, payroll, and employment resulting from the opening of the proposed subject property.
- Indirect impacts are the supply of goods and services resulting from the initial direct facility-related spending.
- Induced impacts represent the change in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending.

Indirect and induced impacts are often referred to as the multiplier effects, which vary depending upon the types of spending and the characteristics of the local economy.

HVS will use the IMPLAN input-output model to estimate indirect and induced impacts. IMPLAN is a nationally recognized model commonly used to estimate economic impacts. An input-output model generally describes the commodities and income that normally flow through the various sectors of the economy. The indirect and induced expenditure, payroll, and employment effects result from



the estimated changes in the flow of income and goods caused by the projected direct impacts. IMPLAN data are available by state, county, and zip code levels.

Moreover, fiscal impacts represent the incremental tax revenue collected by the City, County, and State associated with the net new spending related to the activity at the facility. For example, our analysis estimates the hotel tax revenue from an overnight stay by an event attendee and considers this a fiscal impact.

**Phase Four:
Written Report**

Complete documentation of our fieldwork and analyses will be set forth in a written report and will contain the following sections:

1. Purpose of the study
2. Description of the site and neighborhood
3. Review of the market area
4. Analysis of the market for hotel accommodations
5. Examination of existing and proposed competition
6. Facilities and brand chain-scale recommendation
7. Projection of occupancy and average rate
8. Income and expense projections
9. ROI analysis and feasibility conclusion

When appropriate, we will include graphics such as photographs, maps, surveys, plans, and charts to assist in visualizing our findings.



Additional Services

Following the completion of this engagement, HVS can be engaged for additional development consulting services at the client's discretion, including:

- Design and Architecture
- Development Project Management
- Construction Management
- Financing
- Franchise / Brand Search and Contract Negotiations
- Management / Operator Search and Contract Negotiations
- Hotel Management
- Asset Management

Requested Information

To aid us in performing this assignment, we request that you provide us with the following information (where applicable):

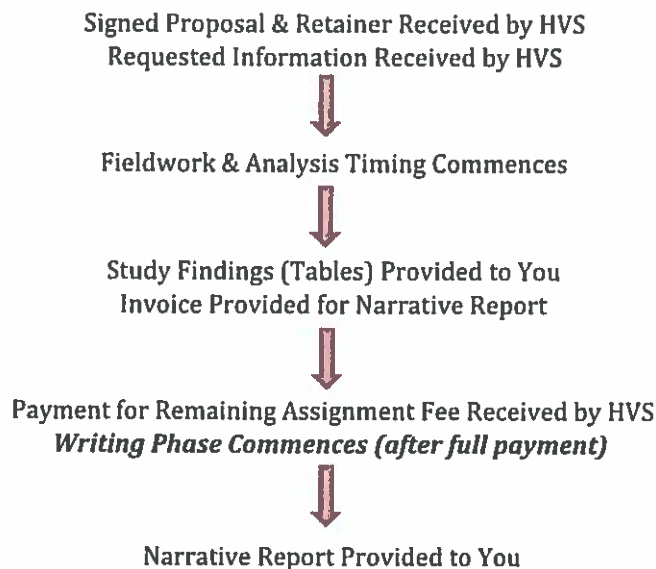
6. Name of contact person for site tour
7. Terms of purchase or sale of the site, including options and listings, as well as the price, date, and financing information; please include a copy of the contract and closing statement
8. Capital budget (cost) projections
9. The most recent real property tax bill for the land
10. Name of legal owner and detailed ownership history for the subject site for the last five years
11. Architectural/floor plans and plot plans, survey, and legal description in PDF
12. If available: operating budgets, projections, marketing plans, etc.
13. If available: any preliminary management contracts and franchise agreements that may be in place
14. If available: past appraisals, market and feasibility studies, impact studies, prospectuses, Smith Travel STAR reports; any Phase I or Phase II environmental audit reports



Timing

We anticipate that Phases I, II, and III of the feasibility study will be completed within approximately 21 to 24 days from the date we receive the signed proposal, all requested information, and the retainer check. At that time, we will provide you with a *verbal* summary of findings; for this conference, we will provide you with various charts and data tables that support our findings.

After your review of our findings, upon your authorization and payment of our invoice, we will then prepare the feasibility report, which will take an additional 10 to 14 days.



Professional Fees

Our fee for the Phases I, II, and III will be \$7,500, payable \$5,625 *upon execution* of this agreement, and the balance payable *upon request* for the feasibility study report (Phase IV).

It is our normal policy to provide an electronic draft copy of our final report for your review. After confirmation that our invoice for services has been paid in full, this draft will be provided in PDF and will include a watermark "Draft." Upon your approval of this draft, we will commence preparation of the final report. This fee includes one electronic copy of the final report, which will be delivered to you via email in PDF. Upon your request, we can prepare one bound, hard copy that can be mailed to you at no additional cost. If more than one hard copy is required, additional copies of the report can be prepared for a fee of \$250 per copy. Reports are not transmitted in Microsoft Word format.



Related expenses are included in this fee.

If, upon completion of Phases I, II, and III of this assignment, our analysis should indicate that the project is not feasible, we will inform you of this conclusion. At that point, you may elect to have us cease work on this project. Our fee for these phases will be the retainer paid, plus out-of-pocket travel and related expenses (such as any Smith Travel Research trend report charges).

After completing the fieldwork phase of this assignment, should it become necessary to alter the parameters of the study, such as the property description, opening date, location, or any other factor that could change the final conclusions, the HVS division of TS Worldwide LLC will be entitled to charge an additional fee based on our current per-diem rates and the time required to incorporate the necessary changes into our analysis and report. In addition, the estimate of timing will be extended by an amount equal to the added work.

Payment Due Dates

If payment for professional fees and out-of-pocket travel and related expenses is not received within thirty (30) days of the billing date, HVS reserves the right to suspend all work until payment is made and apply a service charge of 1.5 percent per month, or fraction thereof, to the total unpaid sum. Should any type of action becomes necessary to enforce collection of bills rendered, it is further agreed that you will be responsible for all collection costs, including but not limited to court costs and reasonable legal fees. It is understood that HVS may extend the time for payment on any part of billings rendered without affecting the understanding outlined above.

Collection of Outstanding Professional Fees

The parties to this contract agree that any disputes regarding professional fees and/or other charges owed to HVS will be resolved in accordance with Texas law (TS Worldwide is a Texas-based LLC with a home office location of 2601 Sagebrush Drive, Suite 101, Flower Mound, Texas, 75028). The parties to this contract further agree that (a) any legal action regarding money owed to HVS will take place in Texas; (b) Texas courts have exclusive jurisdiction for resolution of disputes; and (c) the plaintiff will have the choice of venue in any county in the State of Texas.

Limitations of Liability

It is agreed that our company's liability, our employees, and anyone else associated with this assignment is limited to the amount of the fee paid as liquidated damages. You acknowledge that any opinions, recommendations, and conclusions expressed during this assignment will be rendered by the staff acting solely as employees and not as individuals. Our responsibility is limited to the client; use of our product by third parties shall be solely at the risk of the client and/or third parties. The study described in this proposal will be made subject to



certain assumptions and limiting conditions. A copy of our normal assumptions and limiting conditions will be provided upon request.

Conclusion

If the foregoing proposal meets with your acceptance, please sign, and then and return one copy of the accompanying confirmation, together with your retainer check in the amount of \$5,625. Your signature beneath the words "Agreed to and Accepted" signifies your agreement to employ the HVS division of TS Worldwide LLC for these services. In order to schedule our assignments and perform your study in accordance with the timing set forth above, we ask that you return an executed copy of this agreement by January 11, 2019. We appreciate the opportunity of submitting this proposal and look forward to working with you on this assignment.

Very truly yours,
HVS
Division of TS Worldwide, LLC

A handwritten signature in blue ink, appearing to read "Jai B. Patel", with a long horizontal flourish extending to the right.

Jai B. Patel,
Director
jpatel@hvs.com
(615) 473-2447 - Direct



Jai B. Patel

Employment

<i>2012 to present</i>	HVS CONSULTING AND VALUATION SERVICES Nashville, Tennessee and Atlanta, Georgia
<i>2009 – 2012</i>	COUNTRY INN & SUITES BY CARLSON Nashville, Tennessee
<i>2009</i>	WELLS FARGO FINANCIAL Nashville, Tennessee
<i>2003 – 2006</i>	COUNTRY INN & SUITES BY CARLSON Nashville, Tennessee

Education and other Training

BS – Finance & Enterprise Management, The University of Tennessee, Knoxville

Other Specialized Training Classes Completed:

Uniform Standards of Professional Appraisal Practice – 15 hours
Basic Appraisal Procedures – 30 hours
Basic Appraisal Principles – 30 hours
OH Fair Housing Class – 3 hours
Residential Report Writing and Case Studies – 15 hours
General Appraiser Income Approach (Parts I and II) – 60 hours
General Appraiser Market Analysis and HBU – 30 hours
General Appraiser Sales Comparison Approach – 30 hours
Statistics, Modeling and Finance – 15 hours
General Appraiser Site Valuation and Cost Approach – 30 hours
General Appraiser Report Writing and Case Studies – 30 hours
Advanced Income Capitalization – 35 hours
Advanced Concepts and Case Studies – 40 hours
Annual USPAP Updates

State Certifications

Indiana, Kentucky, Ohio, Tennessee

Professional Affiliations

Asian American Hotel Owners Association
Middle Tennessee Hotel Association

Published Articles

HospitalityNet
Commercial Property Executive
HVS Journal
HVS Journal

"HVS Market Pulse: Indianapolis, IN," November 2017
"JW Marriott to Make Sweet Music in Nashville," Main Contributor, February 2017
"In Focus: Nashville, Tennessee," co-authored with J. Carter Allen, September 2014
"Market Intelligence Report 2013: Cleveland," October 2013

AWARDS & ACHIEVEMENTS

"Business Leader of the Year for 2012" in Nashville by Business Leader Magazine



EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED

ALABAMA

Comfort Inn & Suites, Birmingham
The Hotel Highland, Birmingham
Comfort Suites, Cullman
Sleep Inn & Suites, Cullman
La Quinta Inn, Fultondale
Proposed Holiday Inn Express, Huntsville
Sleep Inn, Oxford
Red Roof Inn, Mobile
Holiday Inn Express, Montgomery
Quality Roof Inn & Suites, Montgomery
Best Western, Troy
Courtyard by Marriott, Troy
Hampton Inn, Troy

ARKANSAS

Holiday Inn Express, Forrest City
Candlewood Suites, Hot Springs
Proposed Holiday Inn Express & Suites, Jonesboro
Holiday Inn Presidential Conference Center, Little Rock
Proposed Embassy Suites Hotel & Conference Center, Jonesboro
Proposed Holiday Inn Express, Jonesboro
Proposed Holiday Inn, West Memphis

FLORIDA

Turnberry Isle, Miami

GEORGIA

Hilton Garden Inn, Atlanta
SpringHill Suites Buckhead, Atlanta
Parkway Inn, Augusta
Proposed Residence Inn by Marriott, Augusta
Red Roof Inn, Brunswick
Hotel Indigo Atlanta Airport, College Park
Regency Inn, East Point
SpringHill Suites by Marriott, Lithia Springs
Comfort Inn, Smyrna
Best Western, Union City
Ramada Inn, Warner Robins

INDIANA

Fairfield Inn by Marriott, Bloomington
TownePlace Suites by Marriott, Bloomington
Proposed Hotel, Brownsburg
Proposed Fairfield Inn & Suites by Marriott, Fishers
Courtyard by Marriott Downtown, Indianapolis
Fairfield Inn & Suites by Marriott Indianapolis Airport, Indianapolis
Hampton Inn NE Castleton, Indianapolis
Hilton North, Indianapolis
Holiday Inn Express Downtown, Indianapolis
Motel 6 Indianapolis East, Indianapolis
Motel 6 Indianapolis South, Indianapolis
Proposed Boutique Hotel Downtown, Indianapolis
Proposed Canopy by Hilton Hotel Downtown, Indianapolis
Proposed Curio by Hilton Hotel Downtown, Indianapolis
Proposed Hotel at Keystone Crossing, Indianapolis
Proposed Hyatt Place/Hyatt House Downtown, Indianapolis
Proposed Hyatt-Branded Hotel, Indianapolis
Proposed InterContinental Downtown, Indianapolis
Proposed Iron Works Hotel, Indianapolis
Residence Inn by Marriott Indianapolis Airport, Indianapolis
Sleep Inn Airport West, Indianapolis
SpringHill Suites by Marriott Downtown, Indianapolis
Staybridge Suites Downtown, Indianapolis
Staybridge Suites Indianapolis City Centre, Indianapolis
Proposed Hotel, Jeffersonville
Proposed La Quinta Inn & Suites, Jeffersonville
Best Western, Merrillville
Holiday Inn Express & Suites, Noblesville
Proposed Embassy Suites Hotel & Conference Center, Noblesville
Proposed Holiday Inn Express & Suites, Noblesville
Proposed Embassy Suites Hotel & Conference Center Indianapolis Airport, Plainfield
Value Place, Plainfield
Holiday Inn Express, Tell City

KENTUCKY

Proposed Hampton Inn by Hilton, Berea
Courtyard by Marriott Bowling Green Convention Center, Bowling Green
Proposed Home2 Suites by Hilton, Bowling Green
TownePlace Suites by Marriott, Bowling Green
Americas Best Value Inn, Elizabethtown



Value Place, Florence
Comfort Inn, Glasgow
Motel 6 Lexington East, Lexington
Aloft Downtown, Louisville
Courtyard by Marriott, Louisville
Hilton Garden Inn East, Louisville
Holiday Inn Louisville Airport Fair Expo, Louisville
Proposed Boutique Hotel, Louisville
Proposed Tru by Hilton East, Louisville
Proposed WoodSpring Suites, Louisville
Value Place Louisville South, Louisville
Candlewood Suites Fort Campbell Oak Grove, Oak Grove
Proposed Best Western Plus, Owensboro
Motel 6, Paducah

LOUISIANA

Proposed Hotel, Baton Rouge
Holiday Inn Express, Covington
Comfort Suites, Gonzales
Holiday Inn Express Hotel & Suites New Orleans Airport
South, Saint Rose
Holiday Inn Express East, New Orleans
Candlewood Suites North Shore, Slidell

MISSISSIPPI

Comfort Suites, Biloxi
Holiday Inn Express, Canton
Best Western Goodman, Horn Lake
Cottage Inn Tunica, Robinsville
Hilton Garden Inn, Tupelo

MISSOURI

Holiday Inn (Conversion to DoubleTree), Joplin
Hotel Joplin, Joplin

SOUTH CAROLINA

Quality Inn, Aiken
Airport Inn, Cayce
Holiday Inn, Rock Hill

TENNESSEE

La Quinta Inn & Suites Downtown, Chattanooga
Super 8, Chattanooga
Hampton Inn & Suites Nashville Franklin, Franklin
Hyatt Place Nashville Franklin Cool Springs, Franklin
Proposed Berry Farms Hotel, Franklin
Proposed Candlewood Suites, Franklin
TownePlace Suites by Marriott Cool Springs, Franklin
Motel 6 Nashville Goodlettsville, Goodlettsville
Old Hickory Inn, Jackson
Proposed Fairfield Inn & Suites, Johnson City
Courtyard by Marriott East Bill Morris Parkway, Memphis
Holiday Inn Downtown, Memphis
Madison Hotel, Memphis
Motel 6 Memphis Downtown, Memphis
Residence Inn by Marriott Downtown, Memphis
Proposed Holiday Inn Southwind, Memphis
Proposed Marriott-Branded Hotel, Mt. Juliet
Aloft Nashville West End, Nashville
Courtyard by Marriott Green Hills, Nashville
Courtyard by Marriott Nashville Downtown, Nashville
Courtyard by Marriott West End, Nashville
DoubleTree by Hilton Downtown, Nashville
Hampton Inn & Suites Airport, Nashville
Hampton Inn & Suites Downtown, Nashville
Hampton Inn Nashville Vanderbilt, Nashville
Hampton Inn & Suites Nashville Vanderbilt Elliston Place,
Nashville
Holston House, Nashville
Proposed Best Western GLO Airport, Nashville
Proposed Bobby, Nashville
Proposed Cambria Suites Downtown, Nashville
Proposed Four Seasons, Nashville
Proposed Margaritaville Hotel, Nashville
Proposed Moxy by Marriott Downtown, Nashville
Proposed Printing House, Nashville
Proposed Staybridge Suites, Nashville
Proposed The Joseph, Nashville
Proposed Virgin Hotel, Nashville
Proposed W Hotel, Nashville
Renaissance, Nashville
Thompson Hotel, Nashville
Westin, Nashville
WoodSpring Suites Nashville Southeast, Nashville
Rodeway Inn, Pigeon Forge
Candlewood Suites, Smyrna
Proposed Best Western GLO, Smyrna
Hampton Inn by Hilton, Tullahoma



CONFIRMATION

Client: Casey Kidd
NaviRetail, LLC
Date: December 2, 2018

Your signature beneath the words "Agreed to and Accepted" signifies your agreement to employ the HVS division of TS Worldwide LLC for the services described in the accompanying proposal titled "Proposal for a Summary Market Study with Facility Recommendation and Feasibility Analysis." A summary of the proposal's salient data is as follows:

Type of Assignment:	Summary Market Study with Facility Recommendation and Feasibility Analysis
Property Name:	Proposed Limited-Service Hotel
Property Location:	Grandview, Washington
Timing:	Ph. I-III: 21 to 24 Days; Ph. IV: 10 to 14 Days
Total Fee (Phases I, II, III, IV):	\$7,500, includes expenses (Optional: Economic Impact add-on: \$3,000)
Number of Final Copies:	Electronic Copy Only (Hard Copy Upon Request)
Retainer:	\$5,625 (Add \$3,000 if Economic Impact option selected)

In order to schedule our assignments and perform your study in accordance with the timing set forth above, we ask that you return an executed copy of this agreement by January 11, 2019.

Payment must be made in U.S. dollars, using either a check drawn on a U.S. bank or a wire transfer of funds to the account of TS Worldwide LLC. After completing the fieldwork phase of this assignment, should it become necessary to alter the parameters of the assignment, such as the property description(s); date(s) of hotel opening(s); financial, management, or ownership structure(s); or any other factor that could change the final estimate(s) of operating results, the HVS division of TS Worldwide LLC will be entitled to charge an additional fee based on our current per-diem rates and the time required to incorporate the necessary changes into our analysis and reports. In addition, the estimate of timing will be extended by an amount equal to the added work. Notwithstanding the fee payment schedule set forth above, if, at any time while performing this assignment, it becomes necessary to suspend work for a period of 30 days or more, then the HVS division of TS Worldwide LLC will be entitled to bill for the portion of the assignment completed up to the suspension (less any retainer paid) at its current per-diem rates.

It is agreed that the liability of the HVS division of TS Worldwide LLC, its employees, and anyone else associated with this assignment is limited to the amount of the fee paid as liquidated damages. You acknowledge that any opinions, recommendations, and conclusions expressed during this assignment will be rendered by the staff of TS Worldwide LLC acting solely as employees and not as individuals. Any responsibility of HVS is limited to the client; use of our product by third parties shall be solely at the risk of the client and/or third parties. The study described in this proposal will be made subject to certain assumptions and limiting conditions. A copy of our normal assumptions and limiting conditions will be provided upon request.

HVS, Division of TS Worldwide, LLC


Rodney G. Clough, MAY President - Americas


Jai B. Patel, Director

AGREED TO AND ACCEPTED: Casey Kidd, NaviRetail, LLC

Economic Impact Option: YES _____ NO X

By:  Date: 1/15/19

Local Office: 1816 Stonewater Drive, Hermitage, TN 37076 • 615.473-2447
Accounting Office: 1400 Old Country Road, Ste. 105N, Westbury, NY 11590 (Please send all signed contracts & payment to this address.)

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INVOICE FOR RETAINER

HVS Accounting Office
1400 Old Country Road
Suite 105N
Westbury, New York 11590
(402) 312-8952
www.hvs.com

Date: December 2, 2018
Terms: Due Prior to Start of Assignment

Casey Kidd
NaviRetail, LLC
5100 Poplar Avenue
Memphis, Tennessee 37137

Re: Proposed Limited-Service Hotel
Grandview, Washington
(HVS staff member: Jai B. Patel)

Project	Amount Due
Summary Feasibility Study Report	\$5,625
(Add additional \$3,000 if Economic Impact option selected)	

Please make all checks payable to HVS
(dba of TS Worldwide, LLC - Tax ID #20-2762887)

Please remit to:
TS Worldwide, LLC – Accounting Office
1400 Old Country Road
Suite 105N
Westbury, NY 11590

Wire Instructions:

JPMorgan Chase Bank (please notify mculbertson@hvs.com of all wire transmissions):

267 Old Country Road
Carle Place, NY 11514
(516) 333-4691

Account Name: TS Worldwide, LLC
Transit ABA #: 021000021
Swift Code: CHASUS33
Account Number: 682090837

Abbreviated Legal Description:

Section 15 Township 09 Range 23 Quarter NE: BEG N 88° 19' 34" W 896.78 FT & N 29° 07' 02" W 399.4 FT OF SE COR NE1/4, TH N 29° 07' 02" W 325.6 FT, TH S 88° 59' 02" E 439 FT, TH S 02° 35' 02" E 248.21 FT, TH S 89° 13' 34" W 202.97 FT TH S 03° 44' 42' E 28.98 FT, TH S 86° 41' 04" W 86.63 FT TO BEG

Abbreviated Legal Description:

BEG N 88°19'34"W 896.78 FT OF SE COR NE1/4, TH N 29°07'02"W 399.4 FT, TH N 86°41'01"E 86.83 FT, TH N 03°44'42"W 28.98 FT, TH N 89°13'24"E 202.97 FT, TH S 02°35'02"E 338.49 FT TH S 68°48'58"W 119 FT TO BEG

Abbreviated Legal Description:

TH PT OF SE1/4 NE1/4 LY S'LY OF SR-82 EX BEG E1/4 COR, TH N 85°22'W 926.7 FT TH N 29°08'W 817 FT, TH E 135 FT, TH S 29°08'E 74 FT, TH S 65 FT, TH S 89°E 339 FT, TH S 02°36'E 586.7 FT, TH N 68°48'E 270 FT, TH N 50 FT, TH N 68°48'E 273 FT TH S 62.32 FT, TH N 64°19'E 47.48 FT, TH N 28°43'W 48.35 FT, TH N 57°35'E 384.02 FT TH S 494.3 FT TO BEG

Trend # 105663_SADIM / Created February 11, 2019

Trend Report - Sunnyside-Grandview-Prosser, WA Area Selected Properties

January 2015 to December 2018 Currency: USD - US Dollar

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Tab 2 - Data by Measure

Sunnyside-Grandview-Prosser, WA Area Selected Properties
Job Number: 1055863_SADIM Staff: MB Created: February 11, 2019

Occupancy (%)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Dec YTD
2015	41.1	54.9	63.5	60.2	68.5	75.7	72.1	71.6	68.7	61.3	48.9	44.4	60.9	60.9
2016	49.6	56.5	63.3	68.3	70.8	75.5	68.5	65.0	69.0	62.3	52.2	48.6	62.5	62.5
2017	48.5	51.1	61.6	68.1	72.0	76.7	71.8	72.8	61.4	55.4	43.7	35.6	59.2	59.2
2018	32.5	45.7	56.4	60.5	66.6	75.2	60.3	56.9	62.5	57.8	46.8	42.1	54.9	54.9
Avg	41.8	51.7	60.9	64.0	69.3	75.8	67.7	66.4	65.0	57.8	47.6	42.3	59.1	59.1

ADR (\$)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Dec YTD
2015	75.32	72.23	76.80	81.00	81.61	83.79	81.85	82.10	82.96	80.20	75.67	70.52	79.35	79.35
2016	75.31	74.13	79.24	83.17	83.99	85.74	85.47	85.47	88.69	83.65	78.81	75.09	82.13	82.13
2017	70.89	73.95	80.70	82.60	83.14	85.77	82.49	81.19	91.36	86.83	79.94	75.48	83.68	83.68
2018	72.42	76.32	79.81	85.33	90.31	95.27	92.08	90.57	94.25	87.86	77.77	72.96	86.14	86.14
Avg	73.49	74.18	79.14	83.15	85.02	88.07	87.03	87.62	89.53	84.77	77.10	73.52	82.94	82.94

RevPAR (\$)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Dec YTD
2015	30.94	36.63	48.75	48.74	55.89	63.42	59.03	58.75	57.01	49.20	37.01	31.33	48.34	48.34
2016	37.33	41.89	50.13	56.76	59.43	64.72	58.56	55.57	61.24	52.08	41.14	36.49	51.30	51.30
2017	32.95	37.80	49.68	56.21	59.82	65.81	62.81	66.42	56.13	48.12	34.92	28.91	49.54	49.54
2018	23.54	34.88	45.00	51.61	60.15	71.67	56.03	51.56	58.88	47.28	36.25	30.72	47.32	47.32
Avg	30.74	38.34	48.19	53.23	58.90	66.72	58.93	58.18	58.22	49.00	37.14	31.08	49.03	49.03

Supply	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Dec YTD
2015	9,300	8,400	9,300	9,000	9,300	9,000	9,300	9,300	9,000	9,300	9,000	9,300	109,500	109,500
2016	9,300	8,400	9,300	9,000	9,300	9,000	9,300	9,300	9,000	9,300	9,000	9,300	109,500	109,500
2017	9,300	8,400	9,300	9,000	9,300	9,000	9,300	9,300	9,000	9,300	9,000	9,300	120,875	120,875
2018	11,625	10,500	11,625	11,625	11,625	11,625	11,625	11,625	11,250	11,625	11,250	11,625	136,875	136,875
Avg	9,881	8,925	9,881	9,563	9,881	9,563	9,881	10,463	10,125	10,463	10,125	10,463	119,213	119,213

Demand	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Dec YTD
2015	3,820	4,609	5,904	5,415	6,368	6,812	6,707	6,655	6,185	5,705	4,402	4,132	66,715	66,715
2016	4,610	4,747	5,884	6,143	6,580	6,794	6,372	6,047	6,214	5,790	4,698	4,519	68,398	68,398
2017	4,323	4,284	5,725	6,125	6,692	6,907	6,677	6,467	6,912	6,442	4,915	4,144	71,623	71,623
2018	3,778	4,799	6,555	6,805	7,742	8,463	7,005	6,618	7,028	6,255	5,244	4,885	75,187	75,187
Avg	4,133	4,612	6,017	6,122	6,846	7,244	6,690	6,947	6,585	6,048	4,815	4,423	70,481	70,481

Revenue (\$)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Dec YTD
2015	287,705	332,911	453,421	439,618	519,787	570,789	548,993	546,387	513,082	457,543	333,119	281,370	5,293,705	5,293,705
2016	347,160	351,879	466,225	510,884	552,661	582,523	544,631	516,812	551,137	484,305	370,256	339,350	5,617,823	5,617,823
2017	306,448	317,553	461,988	505,999	558,341	592,379	584,173	572,141	631,466	559,378	392,900	312,771	5,993,445	5,993,445
2018	273,608	366,242	523,157	580,656	699,217	806,241	651,333	599,412	682,387	545,595	407,837	357,146	6,476,831	6,476,831
Avg	303,730	342,146	476,197	509,017	581,997	637,983	582,283	608,688	589,518	512,705	376,028	325,159	5,845,451	5,845,451

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Tab 3 - Percent Change from Previous Year - Detail by Measure

Sunnyside-Grandview-Prosser, WA Area Selected Properties
Job Number: 1055863_SADIM Staff: MB Created: February 11, 2019

Occupancy												
	January	February	March	April	May	June	July	August	September	October	November	December
2016	20.7	3.0	-0.3	13.4	3.3	-0.3	-5.0	-9.1	0.5	1.5	6.7	9.4
2017	-8.2	-9.5	-2.7	-0.3	1.7	1.7	4.8	12.0	-11.0	-11.0	-16.3	-26.6
2018	-30.1	-10.8	-8.4	-11.1	-7.4	-2.0	-16.1	-21.8	1.7	-2.9	6.7	18.1
Avg	-5.2	-5.7	-3.8	0.7	-0.8	-0.2	-5.4	-6.3	-3.0	-4.1	-1.0	0.3
Total Year												
Dec YTD												

ADR												
	January	February	March	April	May	June	July	August	September	October	November	December
2016	20.7	2.6	3.2	2.7	2.9	2.3	4.4	4.1	6.9	4.3	4.1	6.5
2017	-5.9	-0.2	1.8	-0.7	-1.0	0.0	2.4	6.7	3.0	3.9	1.4	0.5
2018	2.2	3.2	-1.1	3.3	8.6	11.1	6.3	-0.7	3.2	-2.7	-2.7	-3.3
Avg	-1.2	1.9	1.3	1.8	3.5	4.5	4.4	3.4	4.4	3.1	1.0	1.2
Total Year												
Dec YTD												

RevPAR												
	January	February	March	April	May	June	July	August	September	October	November	December
2016	20.7	5.7	2.8	16.5	6.3	2.1	-0.8	-5.4	7.4	5.8	11.1	16.5
2017	-11.7	-9.8	-0.9	-0.7	0.7	1.7	7.3	19.5	-8.3	-7.6	-15.1	-26.3
2018	-28.6	-7.7	-8.4	-8.2	0.5	8.9	-10.8	-22.4	4.8	-1.7	3.6	14.2
Avg	-8.5	-3.9	-2.5	2.4	2.5	4.2	-1.4	-2.8	1.3	-1.2	-0.1	1.5
Total Year												
Dec YTD												

Supply												
	January	February	March	April	May	June	July	August	September	October	November	December
2016	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0	25.0	25.0	25.0	25.0
2018	25.0	25.0	25.0	25.0	25.0	25.0	25.0	8.3	8.3	8.3	8.3	8.3
Avg	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Total Year												
Dec YTD												

Demand												
	January	February	March	April	May	June	July	August	September	October	November	December
2016	20.7	3.0	-0.3	13.4	3.3	-0.3	-5.0	-9.1	0.5	1.5	6.7	9.4
2017	-6.2	-9.5	-2.7	-0.3	1.7	1.7	4.8	40.0	11.2	11.3	4.6	-8.3
2018	-12.8	11.8	14.5	11.1	15.7	22.5	4.9	-21.8	1.7	-2.9	6.7	18.1
Avg	0.8	1.7	3.8	8.1	6.9	8.0	1.6	3.0	4.5	3.3	6.0	6.4
Total Year												
Dec YTD												

Revenue												
	January	February	March	April	May	June	July	August	September	October	November	December
2016	20.7	5.7	2.8	16.5	6.3	2.1	-0.8	-5.4	7.4	5.8	11.1	16.5
2017	-11.7	-9.8	-0.9	-0.7	0.7	1.7	7.3	49.4	14.6	15.5	6.1	-7.8
2018	-10.7	15.3	13.2	14.8	25.7	36.1	11.5	-22.4	4.9	-1.7	3.8	14.2
Avg	-0.6	3.8	5.1	10.1	10.9	13.3	6.0	7.2	9.0	6.5	7.0	7.6
Total Year												
Dec YTD												

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Tab 4 - Percent Change from Previous Year - Detail by Year

Sunnyside-Grandview-Prosser, WA Area Selected Properties
Job Number: 1055863_SADIM Staff: MB Created: February 11, 2019

	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Total Year	Dec YTD
Occ	20.7	3.0	-0.3	13.4	3.3	-0.3	-5.0	-9.1	0.5	1.5	6.7	9.4	2.5	2.5
ADR	-0.0	2.6	3.2	2.7	2.9	2.3	4.4	4.1	6.9	4.3	4.1	6.5	3.5	3.5
RevPAR	20.7	5.7	2.8	16.5	6.3	2.1	-0.8	-5.4	7.4	5.8	11.1	16.5	6.1	6.1
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	20.7	3.0	-0.3	13.4	3.3	-0.3	-5.0	-9.1	0.5	1.5	6.7	9.4	2.5	2.5
Revenue	20.7	5.7	2.8	16.5	6.3	2.1	-0.8	-5.4	7.4	5.8	11.1	16.5	6.1	6.1

	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Total Year	Dec YTD
Occ	-6.2	-9.5	-2.7	-0.3	1.7	1.7	4.8	12.0	-11.0	-11.0	-18.3	-28.8	-5.2	-5.2
ADR	-5.9	-0.2	1.8	-0.7	-1.0	0.0	2.4	6.7	3.0	3.8	1.4	0.5	1.9	1.9
RevPAR	-11.7	-9.8	-0.9	-1.0	0.7	1.7	7.3	19.5	-8.3	-7.6	-15.1	-26.3	-3.4	-3.4
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0	25.0	25.0	25.0	25.0	10.5	10.5
Demand	-6.2	-9.5	-2.7	-0.3	1.7	1.7	4.8	12.0	11.2	11.3	4.6	-8.3	4.7	4.7
Revenue	-11.7	-9.8	-0.9	-1.0	0.7	1.7	7.3	49.4	14.6	15.5	6.1	-7.8	6.7	6.7

	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Total Year	Dec YTD
Occ	-30.1	-10.6	-8.4	-11.1	-7.4	-2.0	-16.1	-21.8	1.7	-2.9	6.7	18.1	-7.2	-7.2
ADR	2.2	3.2	-1.1	3.3	8.6	11.1	6.3	-0.7	3.2	1.2	-2.7	-3.3	2.9	2.9
RevPAR	-28.6	-7.7	-9.4	-8.2	0.5	8.9	-10.8	-22.4	4.9	-1.7	3.8	14.2	-4.5	-4.5
Supply	25.0	25.0	25.0	25.0	25.0	25.0	25.0	0.0	0.0	0.0	0.0	0.0	13.1	13.1
Demand	-12.6	11.8	14.5	11.1	15.7	22.5	4.9	-21.8	1.7	-2.9	6.7	18.1	5.0	5.0
Revenue	-10.7	15.3	13.2	14.8	25.7	36.1	11.5	-22.4	4.9	-1.7	3.8	14.2	8.1	8.1

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Tab 5 - Twelve Month Moving Average

Sunnyside-Grandview-Prosser, WA Area Selected Properties
 Job Number: 1055663_SADIM Staff: MB Created: February 11, 2019

Occupancy (%)		January	February	March	April	May	June	July	August	September	October	November	December
2016		61.8	61.8	62.6	62.4	61.7	62.6	62.1	63.0	61.8	61.7	62.1	62.5
2017		62.2	61.8	61.6	61.6	61.7	61.8	62.1	63.0	62.4	61.7	60.7	59.2
2018		57.6	57.1	56.7	56.2	56.0	56.3	55.5	54.2	54.3	54.7	54.4	54.9

ADR (\$)		January	February	March	April	May	June	July	August	September	October	November	December
2016		79.30	79.42	79.63	79.84	80.07	80.27	80.90	81.41	81.71	81.71	81.90	82.13
2017		81.88	81.92	82.05	82.00	81.92	81.93	82.14	82.95	83.26	83.55	83.61	83.68
2018		83.86	83.95	83.83	84.07	84.81	85.89	86.40	86.23	86.51	86.80	86.42	86.14

RevPAR (\$)		January	February	March	April	May	June	July	August	September	October	November	December
2016		48.89	49.06	49.18	49.84	50.14	50.24	50.21	49.94	50.28	50.53	50.97	51.30
2017		50.93	50.62	50.58	50.53	50.57	50.66	51.02	52.24	51.92	51.52	50.74	49.54
2018		48.34	47.92	47.53	47.28	47.53	48.32	47.99	46.73	46.96	48.89	47.00	47.32

Supply		January	February	March	April	May	June	July	August	September	October	November	December
2016		109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500
2017		109,500	109,500	109,500	109,500	109,500	109,500	109,500	111,825	114,075	116,400	118,650	120,975
2018		123,300	125,400	127,725	129,975	132,300	134,550	136,875	136,875	136,875	136,875	136,875	136,875

Demand		January	February	March	April	May	June	July	August	September	October	November	December
2016		67,505	67,543	67,623	68,351	68,562	68,544	68,209	67,601	67,830	67,715	68,011	68,388
2017		68,111	67,658	67,499	67,481	67,593	67,706	68,011	70,431	71,129	71,781	71,998	71,623
2018		71,078	71,583	72,413	73,093	74,143	75,699	76,027	74,178	74,294	74,107	74,436	75,187

Revenue (\$)		January	February	March	April	May	June	July	August	September	October	November	December
2016		5,353,160	5,372,128	5,384,932	5,457,198	5,480,092	5,501,826	5,497,464	5,467,889	5,505,944	5,532,708	5,569,843	5,617,823
2017		5,577,111	5,542,785	5,538,546	5,533,571	5,537,251	5,547,107	5,586,649	5,841,978	5,922,307	5,997,380	6,020,024	5,993,445
2018		5,960,805	6,009,294	6,070,465	6,145,212	6,288,088	6,501,950	6,569,110	6,396,381	6,427,302	6,417,519	6,432,456	6,476,831

High value is boxed.

Low value is boxed and italicized.

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Tab 6 - Twelve Month Moving Average with Percent Change

Sunnyside-Grandview-Prosser, WA Area Selected Properties
Job Number: 1055863_SADIM Staff: MB Created: February 11, 2019

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg
Jan 16	61.6		79.30		48.89		109,500		67,505		5,353,160	
Feb 16	61.8		79.42		49.06		109,500		67,643		5,372,128	
Mar 16	61.8		79.63		49.18		109,500		67,623		5,384,932	
Apr 16	62.4		79.84		49.84		109,500		68,351		5,457,198	
May 16	62.6		80.07		50.14		109,500		68,562		5,490,092	
Jun 16	62.6		80.27		50.24		109,500		68,544		5,501,826	
Jul 16	62.3		80.60		50.21		109,500		68,209		5,497,464	
Aug 16	61.7		80.88		49.94		109,500		67,601		5,467,889	
Sep 16	61.8		81.41		50.28		109,500		67,630		5,505,944	
Oct 16	61.8		81.71		50.53		109,500		67,715		5,532,706	
Nov 16	62.1		81.90		50.87		109,500		68,011		5,569,843	
Dec 16	62.5	2.5	82.13	3.5	51.30	6.1	109,500	0.0	68,398	2.5	5,617,823	6.1
Jan 17	62.2	0.9	81.88	3.3	50.93	4.2	109,500	0.0	68,111	0.9	5,577,111	4.2
Feb 17	61.8	0.0	81.92	3.2	50.62	3.2	109,500	0.0	67,658	0.0	5,542,785	3.2
Mar 17	61.6	-0.2	82.05	3.0	50.58	2.9	109,500	0.0	67,499	-0.2	5,538,546	2.9
Apr 17	61.6	-1.3	82.00	2.7	50.53	1.4	109,500	0.0	67,481	-1.3	5,533,571	1.4
May 17	61.7	-1.4	81.92	2.3	50.57	0.9	109,500	0.0	67,593	-1.4	5,537,251	0.9
Jun 17	61.8	-1.2	81.93	2.1	50.66	0.8	109,500	0.0	67,706	-1.2	5,547,107	0.8
Jul 17	62.1	-0.3	82.14	1.9	51.02	1.6	109,500	0.0	68,011	-0.3	5,586,649	1.6
Aug 17	63.0	2.0	82.95	2.5	52.24	4.6	111,825	2.1	70,431	4.2	5,841,978	6.8
Sep 17	62.4	1.0	83.26	2.3	51.92	3.2	114,075	4.2	71,129	5.2	5,922,307	7.6
Oct 17	61.7	-0.3	83.55	2.3	51.52	2.0	116,400	6.3	71,781	6.0	5,997,380	8.4
Nov 17	60.7	-2.3	83.61	2.1	50.74	-0.3	118,650	8.4	71,998	5.9	6,020,024	8.1
Dec 17	59.2	-5.2	83.68	1.9	49.54	-3.4	120,975	10.5	71,623	4.7	5,993,445	6.7
Jan 18	57.6	-7.3	83.86	2.4	48.34	-5.1	123,300	12.6	71,078	4.4	5,960,605	6.9
Feb 18	57.1	-7.6	83.95	2.5	47.92	-5.3	125,400	14.5	71,583	5.8	6,009,294	8.4
Mar 18	56.7	-8.0	83.83	2.2	47.53	-6.0	127,725	16.6	72,413	7.3	6,070,465	9.6
Apr 18	56.2	-8.7	84.07	2.5	47.28	-6.4	129,975	18.7	73,093	8.3	6,145,212	11.1
May 18	56.0	-9.2	84.81	3.5	47.53	-6.0	132,300	20.8	74,143	9.7	6,288,088	13.6
Jun 18	56.3	-9.0	85.89	4.8	48.32	-4.6	134,550	22.9	75,699	11.8	6,501,950	17.2
Jul 18	55.5	-10.6	86.40	5.2	47.99	-5.9	136,875	25.0	76,027	11.8	6,569,110	17.6
Aug 18	54.2	-14.0	86.23	4.0	46.73	-10.5	136,875	22.4	74,178	5.3	6,396,381	9.5
Sep 18	54.3	-12.9	86.51	3.9	46.96	-9.6	136,875	20.0	74,294	4.4	6,427,302	8.5
Oct 18	54.1	-12.2	86.60	3.6	46.89	-9.0	136,875	17.6	74,107	3.2	6,417,519	7.0
Nov 18	54.4	-10.4	86.42	3.4	47.00	-7.4	136,875	15.4	74,436	3.4	6,432,456	6.9
Dec 18	54.9	-7.2	86.14	2.9	47.32	-4.5	136,875	13.1	75,167	5.0	6,476,831	8.1

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Tab 7 - Day of Week Analysis

Sunnyside-Grandview-Prosser, WA Area Selected Properties
Job Number: 1055863_SADIM Staff: MB Created: February 11, 2019

Occupancy (%)							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Jan - 18	23.0	31.7	37.5	37.8	34.3	29.9	30.8
Feb - 18	32.4	43.3	49.4	54.6	43.3	49.8	47.5
Mar - 18	39.7	52.6	61.2	57.3	59.1	60.9	62.6
Apr - 18	39.4	52.4	60.3	61.7	59.1	78.8	79.0
May - 18	50.8	58.7	66.2	65.0	59.1	77.3	91.5
Jun - 18	52.8	70.8	76.3	78.3	72.1	76.6	92.5
Jul - 18	46.2	56.4	59.5	61.4	58.5	67.4	78.4
Aug - 18	40.2	50.1	57.0	60.5	51.9	62.0	75.8
Sep - 18	47.1	50.4	58.9	62.2	53.7	75.3	87.4
Oct - 18	38.5	48.6	53.3	52.5	53.0	58.9	73.5
Nov - 18	35.1	46.9	52.0	50.7	47.6	49.2	43.9
Dec - 18	33.1	45.8	50.0	51.5	47.2	33.0	36.8
Total Year	40.0	50.3	56.5	57.5	53.2	60.3	66.9
Total Month							

ADR							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Jan - 18	67.11	72.73	74.22	74.29	71.92	71.29	72.04
Feb - 18	70.67	74.77	76.45	76.87	72.53	80.17	80.21
Mar - 18	71.96	76.79	79.57	78.12	77.61	85.08	84.16
Apr - 18	75.67	78.13	80.21	80.93	79.71	97.15	97.06
May - 18	84.36	82.77	84.75	85.25	82.72	100.12	105.85
Jun - 18	81.34	86.41	89.80	91.10	90.51	103.30	109.73
Jul - 18	85.66	88.46	91.22	90.23	88.94	98.60	104.42
Aug - 18	80.52	84.15	86.30	88.23	88.12	97.73	102.19
Sep - 18	83.82	85.07	87.54	87.59	85.54	106.02	107.68
Oct - 18	76.94	82.71	84.05	84.16	84.32	96.15	100.55
Nov - 18	72.41	75.39	75.98	77.75	77.26	82.49	80.84
Dec - 18	67.94	72.83	75.40	74.42	74.13	69.81	74.68
Total Year	77.79	80.60	82.88	83.21	81.70	93.64	97.44
Total Month							

RevPAR							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Jan - 18	15.43	23.04	27.87	28.09	24.69	21.34	22.19
Feb - 18	22.87	32.34	37.74	41.93	31.37	39.79	38.11
Mar - 18	28.59	40.39	48.70	44.79	44.62	51.77	52.65
Apr - 18	29.78	40.96	48.34	48.96	47.14	76.55	76.68
May - 18	42.86	46.61	56.14	55.38	48.88	77.36	96.82
Jun - 18	42.95	61.18	68.33	71.30	65.29	81.21	101.54
Jul - 18	39.59	49.90	53.34	55.36	52.03	66.44	81.86
Aug - 18	32.37	42.18	49.19	53.41	44.89	60.62	77.46
Sep - 18	39.47	42.88	51.53	54.48	45.90	79.87	94.07
Oct - 18	29.60	40.23	44.82	44.21	44.69	56.66	73.87
Nov - 18	25.44	35.33	39.51	39.39	36.75	40.61	35.52
Dec - 18	22.52	33.25	37.67	38.32	35.01	23.07	27.46
Total Year	31.10	40.54	46.82	47.84	43.45	56.45	65.17
Total Month							

Three Year Occupancy (%)							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Jan 16 - Dec 16	46.0	59.2	66.2	66.0	58.8	66.9	74.0
Jan 17 - Dec 17	43.5	56.2	61.0	63.4	56.3	64.4	69.8
Jan 18 - Dec 18	40.0	50.3	56.5	57.5	53.2	60.3	66.9
Total 3 Yr	42.9	54.9	60.9	62.0	56.9	63.6	70.0
Total Year							

Three Year ADR							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Jan 16 - Dec 16	75.66	78.18	78.66	79.83	79.86	87.08	90.67
Jan 17 - Dec 17	78.04	79.75	81.71	81.03	80.48	88.97	92.23
Jan 18 - Dec 18	77.79	80.60	82.88	83.21	81.70	93.64	97.44
Total 3 Yr	77.20	79.54	81.45	81.40	80.72	90.01	93.58
Total Year							

Three Year RevPAR							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Jan 16 - Dec 16	34.77	46.29	52.71	52.66	46.94	58.25	67.07
Jan 17 - Dec 17	33.92	44.80	49.86	51.39	45.35	57.33	64.40
Jan 18 - Dec 18	31.10	40.54	46.82	47.84	43.45	56.45	65.17
Total 3 Yr	33.13	43.63	49.58	50.44	45.11	57.28	65.49
Total Year							

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Tab 8 - Raw Data

Sunnyside-Grandview-Prosser, WA Area Selected Properties
 Job Number: 1055863_SADIM Staff: MB Created: February 11, 2019

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 15	41.1		75.32		30.94		9,300		3,820		287,705		5	300	100.0
Feb 15	54.9		72.23		39.63		8,400		4,609		332,911		5	300	100.0
Mar 15	63.5		76.80		48.75		9,300		5,904		453,421		5	300	100.0
Apr 15	60.2		81.00		48.74		9,000		5,415		438,618		5	300	100.0
May 15	68.5		81.61		55.89		9,300		6,369		519,767		5	300	100.0
Jun 15	75.7		83.79		63.42		9,000		6,812		570,789		5	300	100.0
Jul 15	72.1		81.85		59.03		9,300		6,707		548,993		5	300	100.0
Aug 15	71.6		82.10		58.75		9,300		6,655		546,387		5	300	100.0
Sep 15	68.7		82.96		57.01		9,000		6,185		513,082		5	300	100.0
Oct 15	61.3		80.20		49.20		9,300		5,705		457,543		5	300	100.0
Nov 15	48.9		75.67		37.01		9,000		4,402		333,119		5	300	100.0
Dec 15	44.4		70.52		31.33		9,300		4,132		291,370		5	300	100.0
Jan 16	49.6	20.7	75.31	-0.0	37.33	20.7	9,300	0.0	4,610	20.7	347,160	20.7	5	300	100.0
Feb 16	56.5	3.0	74.13	2.6	41.89	5.7	8,400	0.0	4,747	3.0	351,879	5.7	5	300	100.0
Mar 16	63.3	-0.3	79.24	3.2	50.13	2.8	9,300	0.0	5,884	-0.3	466,225	2.8	5	300	100.0
Apr 16	68.3	13.4	83.17	2.7	56.76	16.5	9,000	0.0	6,143	13.4	510,884	16.5	5	300	100.0
May 16	70.8	3.3	83.99	2.9	59.43	6.3	9,300	0.0	6,580	3.3	552,661	6.3	5	300	100.0
Jun 16	75.5	-0.3	85.74	2.3	64.72	2.1	9,000	0.0	6,794	-0.3	582,523	2.1	5	300	100.0
Jul 16	68.5	-5.0	85.47	4.4	58.56	-0.8	9,300	0.0	6,372	-5.0	544,631	-0.8	5	300	100.0
Aug 16	65.0	-9.1	85.47	4.1	55.57	-5.4	9,300	0.0	6,047	-9.1	516,812	-5.4	5	300	100.0
Sep 16	69.0	0.5	88.69	6.9	61.24	7.4	9,000	0.0	6,214	0.5	551,137	7.4	5	300	100.0
Oct 16	62.3	1.5	83.65	4.3	52.08	5.8	9,300	0.0	5,790	1.5	484,305	5.8	5	300	100.0
Nov 16	52.2	6.7	78.81	4.1	41.14	11.1	9,000	0.0	4,698	6.7	370,256	11.1	5	300	82.0
Dec 16	48.6	9.4	75.09	6.5	36.49	16.5	9,300	0.0	4,519	9.4	339,350	16.5	5	300	71.7
Jan 17	46.5	-6.2	70.89	-5.9	32.95	-11.7	9,300	0.0	4,323	-6.2	306,448	-11.7	5	300	100.0
Feb 17	51.1	-9.5	73.95	-0.2	37.80	-9.8	8,400	0.0	4,294	-9.5	317,553	-9.8	5	300	100.0
Mar 17	61.6	-2.7	80.70	1.8	49.68	-0.9	9,300	0.0	5,725	-2.7	461,986	-0.9	5	300	100.0
Apr 17	68.1	-0.3	82.60	-0.7	56.21	-1.0	9,000	0.0	6,125	-0.3	505,909	-1.0	5	300	100.0
May 17	72.0	1.7	83.14	-1.0	59.82	0.7	9,300	0.0	6,692	1.7	556,341	0.7	5	300	100.0
Jun 17	76.7	1.7	85.77	0.0	65.82	1.7	9,000	0.0	6,907	1.7	592,379	1.7	5	300	100.0
Jul 17	71.8	4.8	87.49	2.4	62.81	7.3	9,300	0.0	6,677	4.8	584,173	7.3	5	300	100.0
Aug 17	72.8	12.0	91.19	6.7	66.42	19.5	11,625	25.0	8,467	40.0	772,141	49.4	6	375	80.0
Sep 17	61.4	-11.0	91.36	3.0	56.13	-8.3	11,250	25.0	6,912	11.2	631,466	14.6	6	375	100.0
Oct 17	55.4	-11.0	86.83	3.8	48.12	-7.6	11,625	25.0	6,442	11.3	559,378	15.5	6	375	100.0
Nov 17	43.7	-16.3	79.94	1.4	34.92	-15.1	11,250	25.0	4,915	4.6	392,900	6.1	6	375	100.0
Dec 17	35.6	-26.6	75.48	0.5	26.91	-26.3	11,625	25.0	4,144	-8.3	312,771	-7.8	6	375	100.0
Jan 18	32.5	-30.1	72.42	2.2	23.54	-28.6	11,625	25.0	3,778	-12.6	273,608	-10.7	6	375	100.0
Feb 18	45.7	-10.6	76.32	3.2	34.88	-7.7	10,500	25.0	4,799	11.8	366,242	15.3	6	375	100.0
Mar 18	58.4	-8.4	79.81	-1.1	45.00	-9.4	11,625	25.0	6,555	14.5	523,157	13.2	6	375	100.0
Apr 18	60.5	-11.1	85.33	3.3	51.61	-8.2	11,250	25.0	6,805	11.1	580,656	14.8	6	375	100.0
May 18	66.6	-7.4	90.31	8.6	60.15	0.5	11,625	25.0	7,742	15.7	699,217	25.7	6	375	100.0
Jun 18	75.2	-2.0	95.27	11.1	71.67	8.9	11,250	25.0	8,463	22.5	806,241	36.1	6	375	100.0
Jul 18	60.3	-16.1	92.98	6.3	56.03	-10.8	11,625	25.0	7,005	4.9	651,333	11.5	6	375	100.0
Aug 18	56.9	-21.8	90.57	-0.7	51.56	-22.4	11,625	0.0	6,618	-21.8	599,412	-22.4	6	375	100.0
Sep 18	62.5	1.7	94.25	3.2	58.88	4.9	11,250	0.0	7,028	1.7	662,387	4.9	6	375	100.0
Oct 18	53.8	-2.9	87.86	1.2	47.28	-1.7	11,625	0.0	6,255	-2.9	549,595	-1.7	6	375	100.0
Nov 18	46.6	6.7	77.77	-2.7	36.25	3.8	11,250	0.0	5,244	6.7	407,837	3.8	6	375	100.0
Dec 18	42.1	18.1	72.96	-3.3	30.72	14.2	11,625	0.0	4,895	18.1	357,146	14.2	6	375	100.0

Tab 8 - Raw Data

Sunnyside-Grandview-Prosser, WA Area Selected Properties
 Job Number: 1055863_SADIM Staff: MB Created: February 11, 2019

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %	
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	% Rooms STAR Participants

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Tab 9 - Classic

Sunnyside-Grandview-Prosper, WA Area Selected Properties
Job Number: 1055863_SADIM Staff: MB Created: February 11, 2019

Date	Occupancy	ADR	RevPar	Supply	Demand	Revenue	Census & Sample %	% Rooms STAR Participants
	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms
Jan 15	41.1	75.32	30.94	9,300	3,820	287,705	5	300
Feb 15	54.9	72.23	39.63	8,400	4,609	332,911	5	300
Mar 15	63.5	76.80	48.75	9,300	5,904	453,421	5	300
Apr 15	60.2	81.00	48.74	9,000	5,415	438,618	5	300
May 15	68.5	81.61	55.89	9,300	6,369	519,767	5	300
Jun 15	75.7	83.79	63.42	9,000	6,812	570,789	5	300
Jul 15	72.1	81.85	59.03	9,300	6,707	548,993	5	300
Aug 15	71.6	82.10	58.75	9,300	6,655	546,387	5	300
Sep 15	68.7	82.96	57.01	9,000	6,185	513,082	5	300
Oct 15	61.3	80.20	49.20	9,300	5,705	457,543	5	300
Nov 15	48.9	75.67	37.01	9,000	4,402	333,119	5	300
Dec 15	44.4	70.52	31.33	9,300	4,132	291,370	5	300
Dec YTD 2015	60.9	79.35	48.34	109,500	66,715	5,293,705		
Total 2015	60.9	79.35	48.34	109,500	66,715	5,293,705		
Jan 16	49.6	75.31	37.33	9,300	4,610	347,160	5	300
Feb 16	56.5	74.13	41.89	8,400	4,747	351,879	5	300
Mar 16	63.3	79.24	50.13	9,300	5,884	466,225	5	300
Apr 16	68.3	83.17	56.76	9,000	6,143	510,884	5	300
May 16	70.8	83.99	59.43	9,300	6,580	552,661	5	300
Jun 16	75.5	85.74	64.72	9,000	6,794	582,523	5	300
Jul 16	68.5	85.47	58.56	9,300	6,372	544,631	5	300
Aug 16	65.0	85.47	55.57	9,300	6,047	516,812	5	300
Sep 16	69.0	88.69	61.24	9,000	6,214	551,137	5	300
Oct 16	62.3	83.65	52.08	9,300	5,790	484,305	5	300
Nov 16	52.2	78.81	41.14	9,000	4,698	370,256	5	300
Dec 16	48.6	75.09	36.49	9,300	4,519	339,350	5	300
Dec YTD 2016	62.5	82.13	51.30	109,500	68,398	5,617,823	6.1	
Total 2016	62.5	82.13	51.30	109,500	68,398	5,617,823	6.1	
Jan 17	46.5	70.89	32.95	9,300	4,323	306,448	5	300
Feb 17	51.1	73.95	37.80	8,400	4,294	317,553	5	300
Mar 17	61.6	80.70	49.68	9,300	5,725	461,986	5	300
Apr 17	68.1	82.60	56.21	9,000	6,125	505,909	5	300
May 17	72.0	83.14	59.82	9,300	6,692	556,341	5	300
Jun 17	76.7	85.77	65.82	9,000	6,907	592,379	5	300
Jul 17	71.8	87.49	62.81	9,300	6,677	584,173	5	300
Aug 17	72.8	91.19	66.42	11,625	8,467	772,141	6	375
Sep 17	61.4	91.36	56.13	11,250	6,912	631,466	6	375
Oct 17	55.4	86.83	48.12	11,625	6,442	559,378	6	375
Nov 17	43.7	79.94	34.92	11,250	4,915	392,900	6	375
Dec 17	35.6	75.48	26.91	11,625	4,144	312,771	6	375
Dec YTD 2017	59.2	83.68	49.54	120,975	71,623	5,993,445	6.7	
Total 2017	59.2	83.68	49.54	120,975	71,623	5,993,445	6.7	
Jan 18	32.5	72.42	23.54	11,625	3,778	273,608	6	375
Feb 18	45.7	76.32	34.88	10,500	4,799	366,242	6	375
Mar 18	56.4	79.81	45.00	11,625	6,555	523,157	6	375
Apr 18	60.5	85.33	51.61	11,250	6,805	580,656	6	375
May 18	66.6	90.31	60.15	11,625	7,742	699,217	6	375
Jun 18	75.2	95.27	71.67	11,250	8,463	806,241	6	375
Jul 18	60.3	92.98	56.03	11,625	7,005	651,333	6	375
Aug 18	56.9	90.57	51.56	11,625	6,618	599,412	6	375
Sep 18	62.5	94.25	58.88	11,250	7,028	682,387	6	375
Oct 18	53.8	87.86	47.28	11,625	6,255	549,595	6	375
Nov 18	46.6	77.77	36.25	11,250	5,244	407,837	6	375

Tab 9 - Classic

Sunnyside-Grandview-Prosser, WA Area Selected Properties
Job Number: 1055863_SADIM Staff: MB Created: February 11, 2019

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Dec 18	42.1	18.1	72.96	-3.3	30.72	14.2	11,625	0.0	4,895	18.1	357,146	14.2	6	375	100.0
Dec YTD 2018	54.9	-7.2	86.14	2.9	47.32	-4.5	136,875	13.1	75,187	5.0	6,476,831	8.1			
Total 2018	54.9	-7.2	86.14	2.9	47.32	-4.5	136,875	13.1	75,187	5.0	6,476,831	8.1			

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Sunnyvale-Grandview-Prosser, WA Area Selected Properties
Job Number: 1055863_SADIMA Staff: MB Created: February 11, 2019

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Tab 11 - Terms and Conditions

Before purchasing this product you agreed to the following terms and conditions.

In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STR, Inc. ("STR"), STR Global, Ltd. ("STRG"), and the licensee identified elsewhere in this Agreement ("Licensee") agree as follows:

1. LICENSE

1.1 Definitions.

(a) "Agreement" means these Standard Terms and Conditions and any additional Terms and Conditions are attached or in which they are incorporated by reference, and, if applicable, any additional terms specifically set out in writing in any Schedule attached hereto.

(b) "Licensed Materials" means the newsletters, reports, databases or other information resources, and all lodging industry data contained therein, provided to Licensee hereunder.

1.2 Grant of License. Subject to the terms and conditions of this Agreement, and except as may be expressly permitted elsewhere in this Agreement, STR hereby grants to Licensee a non-exclusive, non-transferable, indivisible, non-sublicensable license to use, copy, manipulate and extract data from the Licensed Materials for its own INTERNAL business purposes only.

1.3 Copies. Except as expressly permitted elsewhere in this Agreement, Licensee may make and maintain no more than two (2) copies of any Licensed Materials.

1.4 No Service Bureau Use. Licensee is prohibited from using the Licensed Materials in any way in connection with any service bureau or similar services. "Service bureau" means the processing of input data that is supplied by one or more third parties and the generation of output data in the form of reports, charts, graphs or other pictorial representations, or the like that is sold or licensed to any third parties.

1.5 No Distribution to Third Parties. Except as expressly permitted in this Agreement, Licensee is prohibited from distributing, republishing or otherwise making the Licensed Materials or any part thereof (including any excerpts of the data and any manipulations of the data) available in any form whatsoever to any third party, other than Licensee's accountants, attorneys, marketing professionals or other professional advisors who are bound by a duty of confidentiality not to disclose such information.

1.6 Security. Licensee shall use commercially reasonable efforts to protect against unauthorized access to the Licensed Materials.

1.7 Reservation of Rights. Licensee has no rights in connection with the Licensed Materials other than those rights expressly enumerated herein. All rights to the Licensed Materials not expressly enumerated herein are reserved to STR.

2. DISCLAIMERS AND LIMITATIONS OF LIABILITY

2.1 Disclaimer of Warranties. The licensed materials are provided to the licensee on an "as is" and "as available" basis. STR makes no representations or warranties of any kind, express or implied, with respect to the licensed materials, the services provided or the results of use thereof. Without limiting the foregoing, STR does not warrant that the licensed materials, the services provided or the use thereof are or will be accurate, error-free or uninterrupted. STR makes no implied warranties, including without limitation, any implied warranty of merchantability, noninfringement or fitness for any particular purpose or arising by usage of trade, course of performance or otherwise.

2.2 Disclaimers. STR shall have no liability with respect to its obligations under this agreement or otherwise for consequential, exemplary, special, incidental, or punitive damages even if STR has been advised of the possibility of such damages. Furthermore, STR shall have no liability whatsoever for any claim relating in any way to any decision made or action taken by licensee in reliance upon the licensed materials.

2.3 Limitation of Liability. STR's total liability to licensee for any reason and upon any cause of action including without limitation, infringement, breach of contract, negligence, strict liability, misrepresentations, and other torts, shall be limited to all fees paid to STR by the licensee during the twelve month period preceding the date on which such cause of action first arose.

3. MISCELLANEOUS

3.1 Liquidated Damages. In the event of a violation of Section 1.5 of these Standard Terms and Conditions, Licensee shall be required to pay STR an amount equal to the sum of (i) the highest aggregate price that STR, in accordance with its then-current published prices, could have charged the unauthorized recipients for the Licensed Materials that are the subject of the violation, and (ii) the full price of the lowest level of republishing rights that Licensee would have been required to purchase from STR in order to have the right to make the unauthorized distribution, regardless of whether Licensee has previously paid for any lower level of republishing rights, and (iii) fifteen percent (15%) of the total of the previous two items. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

3.2 Obligations on Termination. Within thirty (30) days of the termination or expiration of this Agreement for any reason, Licensee shall cease all use of the Licensed Materials and shall return or destroy, at STR's option, all copies of the Licensed Materials and all other information relating thereto in Licensee's possession or control as of the such date. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

3.3 Governing Law; Jurisdiction and Venue. This Agreement shall be governed by the substantive laws of the State of Tennessee, without regard to its or any other jurisdiction's laws governing conflicts of law. Any claims or actions regarding or arising out of this Agreement shall be brought exclusively in a court of competent jurisdiction located in Nashville, Tennessee, and the parties expressly consent to personal jurisdiction thereof. The parties also expressly waive any objections to venue.

3.4 Assignment. Licensee is prohibited from assigning this Agreement or delegating any of its duties under this Agreement without the prior written consent of STR.

3.5 Independent Relationship. The relationship between the parties is that of an independent contractor. Nothing in this Agreement shall be deemed to create an employer/employee, principal/agent, partnership or joint venture relationship.

3.6 Notices. All notices required or permitted to be given hereunder shall be in writing and shall be deemed given (i) when delivered by facsimile transmission or e-mail, at the time of such delivery; (ii) when delivered by facsimile transmission (provided, however, that notice delivered by facsimile transmission shall only be effective if such notice is also delivered by hand or deposited in the United States mail, postage prepaid, registered, certified or express mail or by courier service within two (2) business days after its delivery by facsimile transmission); (iii) when delivered by a courier service or by express mail, at the time of receipt; or (iv) five (5) business days after being deposited in the United States mail, postage prepaid, registered or certified mail, addressed (in any such case) to the addresses listed on the first page of this Agreement or to such other address as either party may notify the other in writing.

3.7 Waiver. No waiver of any breach of this Agreement will be deemed to constitute a waiver of any subsequent breach of the same or any other provision.

3.8 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the matters described herein, superseding in all respects any and all prior proposals, negotiations, understandings and other agreements, oral or written, between the parties.

3.9 Amendment. This Agreement may be amended only by the written agreement of both parties.

3.10 Recovery of Litigation Costs. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

3.11 Injunctive Relief. The parties agree that, in addition to any other rights or remedies which the other or STR may have, any party alleging breach or threatened breach of this Agreement will be entitled to such equitable and injunctive relief as may be available from any court of competent jurisdiction to restrain the other from breaching or threatening to breach any of the provisions of this Section, without posting bond or other surety.

3.12 Notice of Unauthorized Access. Licensee shall notify STR immediately upon Licensee's becoming aware of any facts indicating that a third party may have obtained or may be about to obtain unauthorized access to the Licensed Materials, and shall fully cooperate with STR in its efforts to mitigate the damages caused by any such breach or potential breach.

3.13 Conflicting Provisions. In the event that any provision of these Standard Terms and Conditions directly conflicts with any other provision of the Agreement, the conflicting terms of such other provision shall control.

3.14 Remedies. In addition to any other rights or remedies that STR may have, in the event of any termination by STR on account of a breach by Licensee, STR may, without refund, immediately terminate and discontinue any right of Licensee to receive additional Licensed Materials from STR.



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Please visit our website at www.str.com, or if you need additional assistance please reach out to our Customer Support team.

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TO: Mayor Mendoza
Grandview City Council
Cus Arteaga, City Administrator

FROM: Matthew Cordray, City Treasurer

DATE: April 16, 2019

SUBJECT: HOTEL/MOTEL TAXES TO CHAMBER OF COMMERCE

I have received accounting of the Chamber's 2018 tourism expenditures of the Hotel/Motel taxes remitted to them in and prior to 2018. My review of the expenditures included cancelled checks written on the Chamber's account and corresponding invoices for services or materials. The 2018 expenses claimed by the Chamber of Commerce are \$1,788.78.

City of Grandview Resolution 87-15, paragraph 3. Records. States "*The Chamber shall keep and provide all copies of any and all records, receipts, lists, descriptions and itemizations of expenses involved in the Chamber's activities in promoting and advertising the City of Grandview and encouraging tourism expansion upon request by the City.*"

There was sufficient evidence of invoice support for all checks written on the Tourism account. I again relied heavily on past tourism activities of the Chamber of Commerce and the documentation of same. Expenses for 2018 were consistent with recent prior years.

Based on my review of the Chamber records, they are due the Hotel/Motel Taxes receipted by the City during 2018. That amount is \$1,761.72, to be processed by a Treasurer's check after Council's approval at the April 23, 2019 Committee-of-the-Whole meeting.

Grandview Chamber of Commerce
2018 Tourism Expenditures
City Treasurer's Audit Worksheet

Data provided by C. of C.

Check No.	Date	Paid To	Purpose	Amount	"Tourism"	Invoice or Receipt	Audit & Review Notes
3112	1/8/2018	Valley Publishing Co.	Chamber Auction - Advertising	103.42	103.42	Invoice	Copy of cancelled check & invoice
3121	1/30/2018	Tammy Ouellette	Parade - Decorations, supplies & repairs	1,000.00	1,000.00	Receipts	Copy of cancelled check & receipts
3154	6/21/2018	Mike Bradshaw	Car Show - Plaques	234.58	234.58	Receipts	Copy of cancelled check & receipts
3158	7/5/2018	The Lockshop	Chamber awards banquet - plaques	427.28	427.28	Invoice	Copy of cancelled check & invoice
3159	7/5/2018	Yakima Valley Vinters	Tri-Member Social - Refreshments	23.50	23.50	Invoice	Copy of cancelled check & invoice
Total:				1,788.78	1,788.78		

City can reimburse \$1,761.72

**CITY OF GRANDVIEW
AGENDA ITEM HISTORY/COMMENTARY
COMMITTEE-OF-THE-WHOLE MEETING**

ITEM TITLE	AGENDA NO.: New Business 4 (C)
Ordinance amending the 2019 Annual Budget	AGENDA DATE: April 23, 2019
DEPARTMENT	FUNDING CERTIFICATION (City Treasurer) (If applicable)
City Treasurer	

DEPARTMENT DIRECTOR REVIEW

Matthew Cordray, City Treasurer



CITY ADMINISTRATOR

MAYOR



ITEM HISTORY (Previous council reviews, action related to this item, and other pertinent history)

Staff monitoring and review of fund and department budgets has identified a few budget accounts to be amended. An ordinance will be prepared to provide for the amending of the 2019 Annual Budget to accommodate the changes in sources and uses.

ITEM COMMENTARY (Background, discussion, key points, recommendations, etc.) Please identify any or all impacts this proposed action would have on the City budget, personnel resources, and/or residents.

By Fund the highlights of the budget changes are:

STREET FUND: Increase appropriations for Overtime and Repairs & Maintenance in Snow and Ice Control. Net effect is a decrease in estimated ending fund balance.

TRANSPORTATION BENEFIT DISTRICT FUND: Increase appropriations for Wine Country Road Resurfacing – E. Stover to I-82 Ramp project. Net effect is a decrease in estimated ending fund balance.

CAPITAL IMPROVEMENT FUND: Increase appropriations for museum roof. Net effect is a decrease in estimated ending fund balance.

ACTION PROPOSED

Move Ordinance amending the 2019 Annual Budget to the next regular Council meeting for consideration.

Ordinance No. 2019-x

Account	Description Fund/Account	Original Estimate	Amendment Amount	New Estimate	Treasurer's notes
<input type="checkbox"/> 110 000 000 308 80 00 00	Street Fund Beginning Fund Balance	117,620		117,620	
	Revenues/Sources	1,115,800		1,115,800	
	Street Fund Total	1,233,420	-	1,233,420	
<input type="checkbox"/> 110 000 045 542 66 12 00	Overtime		8,000		
<input type="checkbox"/> 110 000 045 542 66 48 00	Repairs & Maintenance		130,000		
	Expenditures/Uses	976,470		1,114,470	Snow and ice control Snow and ice control
<input type="checkbox"/> 110 000 099 508 80 00 00	Ending Fund Balance	256,950	(138,000)	118,950	
	Street Fund Total	1,233,420	-	1,233,420	
<input type="checkbox"/> 115 000 000 308 10 00 00	TBD Fund Beginning Fund Balance	260,060		260,060	
	Revenues/Sources	183,600		183,600	
	TBD Fund Total	443,660	-	443,660	
<input type="checkbox"/> 115 000 070 595 30 63 05	WCR Resurfacing - E. Stover to I-82 Ramp		130,000		
	Expenditures/Uses	113,095		243,095	Wine Country Road Resurfacing project
<input type="checkbox"/> 115 000 099 508 10 00 00	Ending Fund Balance	330,565	(130,000)	200,565	
	TBD Fund Total	443,660	-	443,660	

Ordinance No. 2019-x

Account	Description Fund/Account	Original Estimate	Amendment Amount	New Estimate	Treasurer's notes
<input type="checkbox"/> 301 000 000 308 80 00 00	Capital Improvement Fund Beginning Fund Balance	109,910		109,910	
	Revenues/Sources	91,000		91,000	
	Capital Improvements Fund Total	200,910	-	200,910	
<input type="checkbox"/> 301 000 090 594 75 62 02	Museum Roof	128,000	12,000	140,000	New roof at museum
	Expenditures/Uses				
<input type="checkbox"/> 301 000 099 508 80 00 00	Ending Fund Balance	72,910	(12,000)	60,910	
	Capital Improvements Fund Total	200,910	-	200,910	

ORDINANCE NO. 2019-__

**AN ORDINANCE OF THE CITY OF GRANDVIEW, WASHINGTON,
AMENDING THE 2019 ANNUAL BUDGET**

WHEREAS, the original 2019 estimated beginning fund balances and revenues do not reflect available budget sources; and

WHEREAS, there are necessary and desired changes in uses and expenditure levels in the funds; and

WHEREAS, there are sufficient sources within the funds to meet the anticipated expenditures.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GRANDVIEW, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. That the 2019 annual budget be amended to reflect the changes presented in Exhibit A.

Section 2. That the City Administrator is authorized and directed to adjust estimated revenues, expenditures and fund balances reflecting the determined changes.

Section 3. This Ordinance shall be in full force and effect five (5) day after its passage and publication as required by law.

PASSED by the **CITY COUNCIL** and **APPROVED** by the **MAYOR** at its regular meeting on _____, 2019.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

PUBLICATION:
EFFECTIVE:

Exhibit A

Beginning Balance	Estimated Revenues	Appropriated Expenditures	Ending Balance	Budget Total
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Street Fund

Original 2019 Budget	117,620	1,115,800	976,470	256,950	1,233,420
Amendment Amount			138,000	(138,000)	-
Amended Total	117,620	1,115,800	1,114,470	118,950	1,233,420

TBD Fund

Original 2019 Budget	260,060	183,600	113,095	330,565	443,660
Amendment Amount			130,000	(130,000)	-
Amended Total	260,060	183,600	243,095	200,565	443,660

Capital Improvement Fund

Original 2019 Budget	109,910	91,000	128,000	72,910	200,910
Amendment Amount			12,000	(12,000)	-
Amended Total	109,910	91,000	140,000	60,910	200,910

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY GRANDVIEW, WASHINGTON,
PROHIBITING THE DISTRIBUTION OF PLASTIC STRAWS AND POLYSTYRENE-
BASED FOOD CONTAINERS AND REQUIRING RETAIL ESTABLISHMENTS TO
COLLECT A PASS-THROUGH CHARGE FROM CUSTOMERS FOR THE
DISTRIBUTION OF PLASTIC BAGS, AND ADDING A NEW CHAPTER TO THE
GRANDVIEW MUNICIPAL CODE ENTITLED 8.44 – CARRYOUT BAG AND FOOD
CONTAINER REGULATION**

WHEREAS, the Washington State Legislature in RCW 70.95.010(8)(a) established waste reduction as the first priority for the collection, handling, and management of solid waste; and

WHEREAS, the Washington State Legislature in RCW 70.95.010(4) found that it is “necessary to change manufacturing and purchasing practices and waste generation behaviors to reduce the amount of waste that becomes a governmental responsibility; and

WHEREAS, the Washington State Legislature in RCW 70.95.010(6)(c) found that it is the responsibility of city and county governments “to assume primary responsibility for solid waste management and to develop and implement aggressive and effective waste reduction and source separation strategies”; and

WHEREAS, it is the City’s desire to implement effective waste reduction strategies, conserve resources, reduce greenhouse gas emissions, waste, litter and pollution, and to protect the public health and welfare; and

WHEREAS, there is a need for conserving energy and natural resources, controlling litter, and decreasing reliance on plastic straws, polystyrene-based food containers and on plastic carryout bags provided by retail establishments; and

WHEREAS, to reduce the use of plastic straws, polystyrene-based food containers and plastic carryout bags in the City, it is necessary to regulate such use; and

WHEREAS, it is in the best interest of the health, safety and welfare of the people of the City of Grandview to prohibit the distribution of plastic straws and polystyrene-based food containers, and to impose a pass-through charge on the use of plastic carryout bags in order to encourage greater use of reusable bags, in order to reduce the cost of solid waste disposal by the City, and to protect the environment;

NOW, THEREFORE, the City Council of the City of Grandview, Washington do hereby ordain as follows:

Section 1. A new Chapter entitled: "8.44 – Carryout Bag and Food Container Regulation" is hereby added to the Grandview City Code to read as follows:

Sections

8.44.020 Purpose.

8.44.040 Definitions.

8.44.060 Carryout bag regulations.

8.44.080 Required signage for retail establishments.

8.44.100 Distribution of Plastic Straws Prohibited.

8.44.120 Distribution of Polystyrene-based Disposable Food Service Ware Prohibited.

8.44.140 Compliance and penalties.

8.44.020 Purpose.

The purpose of this chapter is to encourage the use of reusable bags and to prohibit the distribution of plastic straws and polystyrene-based disposable food service ware within the City so as to reduce litter in the City and the City's waterways, and to also reduce the number of single-use bags and plastic straws and polystyrene-based disposable food service ware in the city's waste stream.

8.44.020 Definitions.

The following terms used in this chapter have the following meanings unless the context clearly indicates otherwise:

"Carryout bag" means any bag that is provided by a retail establishment at the check stand, cash register, point of sale or other point of departure to a customer for use to transport or carry away purchases such as merchandise, goods or food from the retail establishment. Carryout bags do not include:

1. Bags used by consumers inside stores to package bulk items, such as fruit, vegetables, nuts grains, candy, greeting cards or small hardware items such as nails, bolts or screws, contain or wrap frozen foods, meat or fish regardless of whether they are prepackaged, contain or wrap flowers, potted plants or other items where dampness may be a problem, contain unwrapped prepared foods or bakery goods, contain prescription drugs; or

2. A bag used to protect a purchases item from damaging or contaminating other purchased items when placed in a recyclable paper bag or reusable bag, such as prepared take-out foods or prepared liquids intended for consumption away from the retail establishment, or

3. Newspaper bags, door-hanger bags, tire bags, laundry-dry cleaning bags or bags sold in packages containing multiple bags for uses such as food storage, garbage, pet waste or yard waste.

"Disposable food service ware" means single-use disposable products used in the restaurant and food service industry for serving or transporting prepared, ready-to-consume food or beverages. This includes but is not limited to plates, cups, bowls, trays and hinged or lidded carry-out containers. This does not include straws, utensils, or cup lids nor does it include disposable packaging for unprepared foods.

"Distribution" or to "distribute" means the vending, sale, giving, deployment or delivering for any purpose of a straw or polystyrene-based disposable food service ware, other than as defined herein, whether or not incident to the sale, vending or provision of any kind of beverage in a container. "Distribution" does not include provision of a straw or polystyrene-based disposable food service ware with a beverage or food product on private property used as a residence or by beverages or food products prepared and packaged outside the City, provided such beverage or food product is not altered, packaged or repackaged within the City.

"Food vendor" means any vendor, business, organization, entity, group or individual, including a licensed retail food establishment that provides prepared food at a retail level.

"Paper carryout bag" means any carryout bag made from paper.

"Pass-through charge" means a charge to be collected by retailers from their customers when providing plastic carryout bags, and retained by retailers to offset the cost of bags and other costs related to pass-through charge.

"Plastic carryout bag" means any carryout bag made from plastic or any material marketed or labeled as "biodegradable" or "compostable" that is less than 2.25 mils thick.

"Polystyrene-based Products" means and includes blown polystyrene and expanded and extruded foams (sometimes called Styrofoam, a Dow Chemical Company trademarked form of polystyrene foam insulation) which are thermoplastic petrochemical materials utilizing a styrene monomer and processed by any number of techniques including, but not limited to, fusion of polymer spheres (expandable bead polystyrene), injection molding, foam molding, and extrusion-blown molding (extruded foam polystyrene). Polystyrene foam is generally used to make items such as cups, bowls, plates, trays, carry-out containers, meat trays and egg cartons.

"Prepared food" means food or beverages, which are serviced, packaged, cooked, chopped, sliced, mixed, brewed, frozen, squeezed, or otherwise prepared. Prepared food does not include eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the Food and Drug Administration.

"Retail establishment" means any person, corporation, partnership, business venture, entertainment facility, government agency, street vendor or vendor at public events or festivals or organizations that sell or provide merchandise, goods or materials including, without limitation, clothing, food, beverages, household goods, or personal items of any kind directly to a customer. Examples include but are not limited to clothing stores, jewelry stores, grocery stores, pharmacies, home improvement stores, home décor stores, liquor stores, convenience stores, gas stations, restaurants, food vending trucks, farmers markets and temporary vendors of food and merchandise at street fairs and festivals. Food banks and other food assistance programs are not considered to be retail establishments for the purposes of this chapter.

"Reusable bag" means a bag that:

1. Is washable, whether by machine or hand; and
2. If made from plastic, is a minimum of 2.25 mils thick.

"Straw" means a tube for transferring a beverage from its container to the mouth of a drinker by suction.

8.44.060 Carryout bag regulations.

A. Each retail establishment that provides a customer with a plastic carryout bag shall collect a pass-through charge of not less than ten cents for each plastic carryout bag provided.

B. It shall be a violation of this section for any retail establishment to pay or otherwise reimburse a customer for any portion of the plastic carryout bag pass-through charge; provided that retail establishments may not collect a pass-through charge from anyone with a voucher or electronic benefits card issued under the Women, Infants and Children (WIC) or Temporary Assistance to Needy Families (TANF) support programs, or the federal Supplemental Nutrition Assistance Program (SNAP, also known as Basic Food), or the Washington State Food Assistance Program (FAP).

C. All retail establishments shall indicate on the customer transaction receipt the number of plastic carryout bags provided to customers and the total amount of the pass-through charge.

8.44.080 Required retail establishment signage.

Every retail establishment subject to the collection of the carryout bag fee in this chapter must post signage clearly indicating the per bag charge for carryout bags.

8.44.100 Distribution of Plastic Straws Prohibited.

The distribution of plastic straws within the City is prohibited.

8.44.120 Distribution of Polystyrene-based Disposable Food Service Ware Prohibited.

No food vendor shall distribute polystyrene-based disposable food service ware when providing prepared food.

8.44.140 Compliance and penalties.

A. Upon a first violation of any part of this chapter, the code enforcement officer may issue a notice of violation to the offending person or business. The notice of violation shall contain the date of and alleged type of violation. The notice of violation shall be regarded as a warning and no other sanctions shall be implemented. Notice shall be served upon the premises to the highest ranking employee currently on duty at the time of delivery.

B. If after issuance of a notice of violation the code enforcement officer becomes aware of subsequent noncompliance, he or she has the authority to issue a civil infraction and levy a fine of not less than \$100.00. Any subsequent violation of this chapter shall be designated as a civil infraction. Each day of any such violation is a separate civil infraction; a notice of infraction may be issued for each day of any such violation. Civil infractions shall be heard and determined according to Chapter 7.80 RCW as amended, and any applicable court rules.

C. It shall be a violation of this chapter for any retail establishment to penalize, discipline, or discriminate against any employee for performing any duty necessary to comply with this chapter.

Section 2. If any portion of this ordinance is declared invalid or unconstitutional by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portion(s) of this ordinance.

Section 3. This ordinance shall be in full force and effect five days after its passage and publication as required by law.

PASSED by the **CITY COUNCIL** and approved by the **MAYOR** at its regular meeting on_____.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

PUBLICATION:
EFFECTIVE:

Anita Palacios

From: Cus Arteaga
Sent: Monday, January 14, 2019 3:14 PM
To: Anita Palacios
Subject: FW: Plastic Ordinance
Attachments: Tacoma bag ban ordinance.pdf

Cus Arteaga

City Administrator/Public Works Director
City of Grandview
207 West Second Street
Grandview, WA 98930
Ph: (509) 882-9211
Fax: (509) 882-9232
Visit our website: <http://www.grandview.wa.us>

This message may contain confidential and/or propriety information and is intended for the person/entity to whom it was originally addressed. Any use by others is strictly prohibited.

From: Mike Everett [<mailto:Mike@everettlaw.net>]
Sent: Monday, January 14, 2019 3:01 PM
To: Quinn Plant
Cc: Cus Arteaga
Subject: FW: Plastic Ordinance

Could you take a look at this and maybe can make some changes, be glad to hear your thoughts.

From: hollychisa [<mailto:hollychisa@hpcadvocacy.com>]
Sent: Tuesday, January 8, 2019 4:09 PM
To: Mike Everett <Mike@everettlaw.net>
Subject: Re: Plastic Ordinance

I truly appreciate the phone call and your willingness to work with us. Here is a copy of the model ordinance that we've used with other cities interested in passing regulations on plastic bags. This version happens to be Tacoma's but it's been used in 20+ cities across the state.

I look forward to talking with you more about this issue and how we can help.

HPC

(360)791-6647

From: Mike Everett <Mike@everettlaw.net>
Date: Tuesday, January 8, 2019 at 2:42 PM

To: Holly Chisa <hollychisa@hpcadvocacy.com>

Subject: Plastic Ordinance

Holly

Thanks for the phone call. I am totally in agreement with you about the effective date. Thanks for all of the suggestions. You are right and this is not ready yet to be passed---however, your positive attitude is very encouraging. I will keep you up to date. I will try and give you an up date tomorrow after the Council meeting tonight.

Mike Everett



Req. #16-0509

**SUBSTITUTE NO. 2
ORDINANCE NO. 28367**

1 AN ORDINANCE regulating the distribution of carryout bags; amending
2 Chapter 12.09 of the Tacoma Municipal Code by adding thereto a new
3 Section 12.09.215, entitled "Bring Your Own Bag"; prohibiting the use of
4 carryout bags except reusable carryout bags and recycled paper carryout
5 bags; requiring retail establishments to collect a pass-through charge from
6 customers requesting recycled paper and reusable carryout bags; providing
7 for reporting of the aggregate number of recycled paper carryout bags
8 annually distributed; establishing penalties; providing for outreach; providing
9 for a study of the impacts of the requirements of the new Section 12.09.215;
10 establishing an effective date; and providing for severability.

11 WHEREAS the Washington State Legislature ("Legislature"), in
12 RCW 70.95.010(8)(a), established waste reduction as the first priority for the
13 collection, handling, and management of solid waste, and

14 WHEREAS the Legislature, in RCW 70.95.010(4), found that it is
15 "necessary to change manufacturing and purchasing practices and waste
16 generation behaviors to reduce the amount of waste that becomes a
17 governmental responsibility," and

18 WHEREAS the Legislature, in RCW 70.95.010(6)(c), found that it is the
19 responsibility of city governments "to assume primary responsibility for solid waste
20 management and to develop and implement aggressive and effective waste
21 reduction and source separation strategies," and

22 WHEREAS, in May 2014, the City Council adopted Resolution No. 38907,
23 reaffirming the goal of diverting 70 percent of the City's waste from landfilling by
24 2018, and called for strategies to reduce consumption of single-use carryout bags,
25 bottles, and other products, which can be accomplished through restrictions and
26 price signals, and



1 WHEREAS, as demonstrated in the City's STAR Communities 4 Star
2 rating, Lifecycle City resolution, and Environmental Action Plan, it is the City's
3 desire to conserve resources, reduce greenhouse gas emissions, waste, litter,
4 and marine pollution, and to protect the public health and welfare, including
5 wildlife, all of which increase the quality of life for the City's residents, and

6 WHEREAS less reliance on single-use carryout bags contributes toward
7 the goals of conserving energy and natural resources while reducing greenhouse
8 gases and litter, and

9 WHEREAS plastic bags are made of nonrenewable resources and never
10 biodegrade; they photo-degrade and can take hundreds of years to break down
11 into tiny toxic bits which can seep into the soil, waterways, lakes, and bays,
12 posing a threat to animal life and the natural food chain, and

13 WHEREAS the Ocean Conservancy cited plastic bags as within the
14 10 most collected items in the 2013 Coastal Cleanup in Washington State, and

15 WHEREAS, as noted in the Seattle Public Utilities' "Alternatives to
16 Disposable Shopping Bags and Food Service Items," although single-use paper
17 carryout bags are made from renewable resources and are less environmentally
18 impactful with regard to litter than single-use plastic carryout bags, they do require
19 significant environmental resources to manufacture, transport, recycle, and/or
20 dispose of, and

21 WHEREAS the Washington State Department of Ecology's "Beyond the
22 Curb" study of commingled residential recyclables from the Southwest Region,
23 which includes Pierce County, estimates that it takes \$700-\$1,000 per ton for
24 recycling centers to remove plastic films from other recyclables, and
25
26



1 WHEREAS, in order to reduce the use of single-use plastic and paper
2 carryout bags in the City, it is necessary to regulate such use, and

3 WHEREAS an Environmental Checklist for a non-project action has been
4 prepared under the State Environmental Policy Act (RCW Chapter 43.21.C),
5 pursuant to Washington Administrative Code Chapter 197-11; and a Notice of
6 Adoption and a Determination of Non-Significance ("DNS") was issued on June 6,
7 2016, with the comment period ending on June 20, 2016, and

8 WHEREAS the City Council solicited feedback and comments from
9 residents and businesses, and considered various studies, reports, articles, and
10 other references, including, but not limited to: *Plastic Bag Staff Report*, City of
11 Kirkland (2013); *The Most Popular Tax in Europe? Lessons From the Irish Plastic*
12 *Bags Levy*, Frank Convey, Simon McDonnell, Susana Ferreira; Environmental
13 and Resource Economics, *Environ Resource Econ* (2007) 38:1-11; *The Evolution*
14 *of SF's Plastic Bag Ban*, Jennie Reilly Romer, Golden Gate University
15 Environmental Law Journal, 1 Golden Gate Env't'l L.J. 439 (2007); and
16 *Assessment of the Potential for Cross Contamination of Food Products by*
17 *Reusable Shopping Bags*, American Chemistry Council – By Charles P. Gerba,
18 David Williams, Ryan G. Sinclair (2010), and

20 WHEREAS regulations that prohibit the use of single-use plastic carryout
21 bags and require a pass-through charge on all carryout bags will encourage
22 shoppers to bring their own reusable carryout bags, reduce the cost of solid waste
23 disposal by the City, and protect the environment, and

24 WHEREAS the City Council finds that it is in the best interest of the health,
25 safety, and welfare of the citizens of the City that the proposed amendment to
26



Chapter 12.09 of the Tacoma Municipal Code, attached hereto as Exhibit "A," be approved; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. That Chapter 12.09 of the Tacoma Municipal Code ("TMC") is hereby amended by the addition of a new section, to be known and designated as Section 12.09.215, "Bring Your Own Bag," consisting of six subsections to read as set forth in the attached Exhibit "A."

Section 2. That the City Manager is directed to establish and conduct focused outreach with low-income populations and communities of color to provide assistance in achieving compliance with the requirements of TMC 12.09.215.

Section 3. That the City Manager is directed to conduct a study to evaluate the impacts of TMC 12.09.215 on low-income populations and communities of color, to be completed within 18 months of implementation of TMC 12.09.215.

Section 4. Commencing in 2018 and ending in 2020, the City Manager shall (1) aggregate the data received from the annual reports voluntarily submitted by retail establishments pursuant to TMC 12.09.215.C, annually report the aggregate totals to the City Council, and report the annual and cumulative percentage change in the number of recycled paper carryout bags distributed; (2) conduct an annual voluntary survey of retail establishments regarding the impact of TMC 12.09.215 on retail establishments, including the challenges of implementation, improvements that could be made, whether carryout bag practices have changed, and impacts to customer experiences; and (3) report the results of the survey to the City Council.



1 Section 5. If any section, subsection, sentence, clause, or phrase of this
2 ordinance is for any reason held to be invalid or unconstitutional by a decision of
3 any court of competent jurisdiction, such decision shall not affect the validity of
4 the remaining portions of this ordinance. The City Council hereby declares that it
5 would have passed this ordinance and each and every section, subsection,
6 sentence, clause, or phrase not declared invalid or unconstitutional without
7 regard to whether any portion of the ordinance would be subsequently declared
8 invalid or unconstitutional.

9 Section 6. This ordinance shall become effective at 12:01 a.m. 365 days
10 after enactment.

11
12 Passed JUL 12 2016

13 
14 _____
Mayor

15 Attest:

16 
17 _____
18 City Clerk

19 Approved as to form:

20 
21 _____
22 Chief Deputy City Attorney



EXHIBIT "A"

CHAPTER 5.55 BRING YOUR OWN BAG

Section:
5.55.010 Definitions.
5.55.020 Regulation.
5.55.030 Pay Through Charge.
5.55.040 Exemptions.
5.55.050 Enforcement.
5.55.060 Violations Penalties Appeal.

Chapter 12.09 SOLID WASTE, RECYCLING, AND HAZARDOUS WASTE

Sections:

12.09.010 Purpose.
12.09.020 Authority.
12.09.030 Definitions.
12.09.040 General requirements.
12.09.050 Transportation.
12.09.060 Requirements for containers.
12.09.070 Special permits.
12.09.080 Assistance to elderly and/or disabled individuals.
12.09.090 Rate reduction for low-income senior and low-income disabled individuals.
12.09.092 Authority to allow residential or commercial service.
12.09.095 Disposal rate reduction for qualifying nonprofit materials salvage/recycling corporation(s).
12.09.100 Collection.
12.09.105 Pilot Projects.
12.09.110 Residential automated and semi-automated services.
12.09.120 Commercial services.
12.09.130 Use of Recovery and Transfer Center Facility (disposal site) – General.
12.09.140 Disposal rates.
12.09.150 *Repealed.*
12.09.160 Billing periods, payments and collections.
12.09.170 Disposal area automated scale system cards.
12.09.180 State tax.
12.09.190 Prohibited material.
12.09.200 Disposal of asbestos-containing material.
12.09.210 Recycling – General.
12.09.215 Bring Your Own Bag.
12.09.220 Enforcement.
12.09.230 Violations – Penalties.
12.09.240 Notice of violations – Civil penalties.
12.09.250 Appeals of special permits.

5.55.010 Definitions.

12.09.215 Bring Your Own Bag.

A. Definitions.

"Agent" means any director, partner, high managerial agent, officer, or employee of a retail establishment, or any other person who is authorized to act on behalf of the corporation.



B. "Carryout bag" means any bag that is provided by a retail establishment at the point-of-sale to a customer for use to transport or carry away purchases, such as merchandise, goods, or food from the retail establishment. "Carryout bag" does not include:

1. Product Bags; or

2. Newspaper bags, door-hanger bags, laundry dry cleaning bags, tire bags, or bags sold in packages containing multiple bags intended for use as garbage, pet waste, or yard waste bags.

C. "Corporation" means any firm, business, association, partnership, limited liability company, corporation, or other legal entity, public or private, however organized.

D. "Department" means the Environmental Services Department.

E. "Director" means the Director of the Environmental Services Department and the Solid Waste Division Manager, as designee.

F. "High managerial agent" means an officer or director of a corporation or any other agent in a position of comparable authority with respect to the formulation of policy of the corporation or the supervision in a managerial capacity of subordinate employees.

G. "Pass-through charge" means the charge which must be collected by a retail establishment from its customers when providing a recycled paper or reusable carryout bags. The pass-through charge is retained by the retailer.

H. "Product bag" means any bag provided to a customer for use within a retail establishment to assist in the collection or transport of products to the point-of-sale within the retail establishment. Product bags include, by way of example, bags that are used by consumers inside stores to: (a) package bulk items such as fruit, vegetables, mushrooms, nuts, grains, candy or small hardware items; (b) contain or wrap frozen foods, meat, or fish, whether packaged or not; (c) contain or wrap flowers, potted plants, or other items where dampness may be a problem; (d) contain unwrapped prepared foods or bakery goods; (e) contain pharmacy prescriptions; and (f) safeguard public health and safety during the transportation of hot, prepared take-out foods and prepared liquids intended for consumption away from the premises.

I. "Recycled paper carryout bag" means a paper carryout bag provided by a store to a customer at the point-of-sale that meets all of the following requirements:

1. Except as provided in subsection 2 of this subsection (I), the paper carryout bag contains an average of 40 percent postconsumer recycled materials;

2. An eight-pound or smaller recycled paper bag shall contain a minimum of 20 percent postconsumer recycled material;

3. The paper carryout bag is accepted for recycling in curbside programs in a majority of households that have access to curbside recycling programs in the City;

4. The paper carryout bag is capable of composting, consistent with the timeline and specifications of the American Society of Testing and Material (ASTM) Standard D6400, as published in Master Environmental Assessment on Single Use and Reusable Bags, March 2010; and

5. Printed on the paper carryout bag is the minimum percentage of postconsumer content.

J. "Retail establishment" means any corporation that sells or provides merchandise, goods, or materials, including, without limitation, clothing, food, or personal items of any kind, directly to a customer; retail establishment includes, by way of example and not limitation, any grocery store, department store, hardware store, pharmacy, liquor store, restaurant, catering truck, convenience store, and any other retail store or vendor, including temporary ones at farmers markets, street fairs, and festivals.

K. "Reusable carryout bag" means a bag made of cloth or other material with handles that is specifically designed and manufactured for long-term multiple reuse and meets all of the following requirements:

1. Is machine washable or made from a material that can be cleaned or disinfected, and

2. If made of film plastic, is a minimum of at least 2.25 mils thick.

L. "Single-use plastic carryout bag" means any bag made from plastic or any material marketed or labeled as "biodegradable" or "compostable" that is not intended for continuous reuse as a carryout bag and that is less than 2.25 mils thick.



5.55.020B. Regulations.

A1. No retail establishment in the City shall provide a carryout bag to a customer unless otherwise permitted pursuant to this chapter.

B2. No retail establishment shall distribute a carryout bag at any City facility, City-managed concession, City-sponsored event, or City-permitted event unless otherwise permitted pursuant to this chapter.

C3. Retail establishments in the City may, subject to TMC 5.55.030, provide to a customer at the point-of-sale a reusable carryout bag or a recycled paper carryout bag.

D4. A retail establishment may make reusable carryout bags available to customers through sale.

5.55.030C. Pass-Through Charge.

A1. Retail establishments that provide a customer with a carryout bag shall charge the customer a reasonable pass-through charge of not less than five cents. Retailers shall not collect a pass-through charge for any bags brought to the retail establishment by a customer.

B2. Retail establishments shall indicate on the customer transaction receipts the total amount of the pass-through charge.

C3. A retail establishment may provide a reusable carryout bag, free of charge, to any customer during a limited time, in-store promotional event. Such events shall not exceed a total of 12 days within any consecutive 12-month period.

4. Annual Reporting. All retail establishments required to levy and collect pass-through charges pursuant to this chapter, shall report to the Director the aggregate number of recycled paper carryout bags provided to customers as provided below:

a. Reporting Obligation. On an annual basis, beginning in 2018 and ending in 2020, on or before September 30th of each year, a retail establishment shall report the number of recycled paper carryout bags provided to customers by the retail establishment from August 1st of the previous year through July 31st of the reporting year.

b. If an operator of a retail establishment has more than one location subject to this ordinance, the operator may aggregate the total number of bags to be reported for all subject locations into a single report. The reporting form shall be signed by a responsible officer or agent of the retail establishment. The individual signing the report shall swear or affirm that the information in the form is true and complete.

5.55.040D. Exemptions.

A1. Notwithstanding the requirements contained in TMC 5.55.030, retailers may not collect a pass-through charge from anyone with a voucher or electronic benefits card issued under programs including, but not limited to, Women Infants and Children (WIC); Temporary Assistance to Needy Families (TANF); Federal Supplemental Nutrition Assistance Program (SNAP), also known as Basic Food; and The Washington State Food Assistance Program (FAP).

B2. Food banks and other food assistance programs are exempt from the requirements of this chapter.

3. Retail establishments engaged in retail sales occurring at any special event or show licensed under TMC Chapter 6B.230 (Temporary Licenses), or exempt from the temporary licensing requirements pursuant to TMC 6B.230.050(A) through (E), are not subject to the requirements of this chapter.

C4. The Director may exempt a retail establishment from the requirements of this chapter for up to a one-year period, upon a request by the retail establishment showing that the conditions of this chapter would cause undue hardship. An "undue hardship" shall only be found in:

1a. Circumstances or situations unique to the particular retail establishment, such that there are no reasonable alternatives to single-use plastic carryout bags or a pass-through charge cannot be collected; or

2b. Circumstances or situations unique to the retail establishment, such that compliance with the requirements of this chapter would deprive a person of a legally protected right.

If a retail establishment requires an exemption beyond the initial exemption period, the retail establishment must reapply prior to the end of the exemption period and must demonstrate continued undue hardship if it wishes to have the exemption extended. Extensions may only be granted for intervals not to exceed one year.



1 An exemption request shall include all information necessary for the City to make its decision, including, but not limited to, documentation showing the factual support for the claimed exemption. The Director may require the applicant to provide additional information to permit the City to determine facts regarding the exemption request.

2 The Director may approve the exemption request, in whole or in part, with or without conditions.

3 Exemption decisions are effective immediately. A party aggrieved by a final decision may appeal or seek review of the decision in accordance with applicable law. Unless another period of time applies under applicable law or court rule, an appeal of the decision must be filed within 21 calendar days from the date the final decision was served personally or placed in the United States mail, postage prepaid and properly addressed.

4 The City Council may, by resolution, establish a fee for exemption requests. The fee shall be sufficient to cover the costs of processing the exemption request.

5 **5.55.050DE. Enforcement.**

6 The Director is authorized to establish regulations consistent with this chapter, and to take any and all actions reasonable and necessary to obtain compliance with this chapter, including, but not limited to, inspecting the premises of any retail establishment to verify compliance, issuance of a notice of violation, and enforcement of other remedies available at law.

7 **5.55.060EF. Violations; Penalties; Appeal.**

8 **A1.** Any retail establishment violating or failing to comply with any of the provisions of this chapter, or any lawful rule or regulation adopted by the Director pursuant thereto, shall be guilty of a civil violation.

9 **B2.** A retail establishment is strictly liable for the acts or omissions of its agents that constitute a civil violation.

10 **C3.** It is the responsibility of the retail establishment to contact the Department to request inspection for compliance with this code.

11 **D4.** Penalties for violations of this chapter may be assessed in the amount of \$250 for each day during which the violation continues.

12 **E5.** Contents of Notice of Civil Violation. The notice of civil violation shall set forth and contain:

13 **1a.** The name and last known address of the retail establishment;

14 **2b.** The name, business address, and telephone number of the enforcement officer issuing the notice of civil violation;

15 **3c.** The street address or a description sufficient for identification of the building, structure, premises, or land upon or within which the violation has occurred or is occurring;

16 **4d.** A description of the nature, extent, and time of the violation and a reference to the regulation or provision of the Tacoma Municipal Code ("TMC") that has been violated;

17 **5e.** A statement setting forth the monetary penalty imposed and each violation or violations that are subject to such monetary penalty;

18 **6f.** A statement that the retail establishment to which the notice of civil violation is issued may appeal the notice of civil violation;

19 **7g.** A statement that a notice of civil violation issued pursuant to this chapter represents a determination that the violation or violations identified in the notice has/have been committed and that this determination is final and conclusive unless appealed; and

20 **8h.** Any additional information that may be required under the TMC or regulation that is alleged to have been violated.

21 **F6.** Service of the notice of violation shall be made by:

22 **1a.** First-class mail to the retail establishment and/or agent on whom the penalty was imposed. Where service of the notice of violation is by mail, service shall be deemed complete upon the third day following the day upon which it is placed in the mail, unless the third day falls on a Saturday, Sunday, or federal legal holiday, in which event service shall be deemed complete on the first day other than a Saturday, Sunday, or



legal holiday following the third day. Service by posting shall be accomplished on the date of the posting in compliance with this section; or

2b. Served directly upon an agent of the retail establishment; or

2c. Posted on the property. Posting shall mean affixing a copy of the document in a conspicuous place on the property(ies) where the violation occurred, with at least one copy of such document placed at an entryway to the property or structure if an entryway exists.

G7. Civil penalties will continue to accrue until the retail establishment comes into compliance with the provisions of this chapter.

H8. The retail establishment to which the notice of violation was issued may appeal the notice of violation to the City Hearing Examiner pursuant to the provisions of TMC Chapter 1.23 by filing an appeal with the Department within 21 calendar days following service of the notice of violation.

I9. The City Attorney may seek legal, injunctive, or other equitable relief to enforce this chapter.

J10. Each violation of this chapter shall be considered a separate violation.

K11. Payment of a monetary penalty imposed pursuant to this chapter does not relieve a person of the duty to correct the violation as ordered by the code enforcement officer.

L12. The remedies and penalties provided in this section are cumulative and not exclusive, and nothing in this chapter shall preclude the City from pursuing any other remedies provided by law.



TO: T.C. Broadnax, City Manager
FROM: Michael P. Slevin III, P.E., Director, Environmental Services *M. Slevin*
James Parvey, LEED AP, Office of Environmental Policy and Sustainability
COPY: City Council and City Clerk
SUBJECT: Ordinance amending Title 5 of the Tacoma Municipal Code to add a new Chapter 5.55
"Bring Your Own Bag" – June 28, 2016
DATE: June 2, 2016

SUMMARY:

An Ordinance amending Title 5 of the Tacoma Municipal Code, by adding a new Chapter 5.55, entitled "Bring Your Own Bag", prohibiting the use of carryout bags except for reusable or recycled paper carryout bags, requiring retail establishments to collect a pass-through charge with a minimum fee of \$0.05 from customers requesting recycled paper and reusable carryout bags, establishing penalties, providing outreach, and providing for a study of the impacts of the requirement effective one-year after passage of this ordinance.

COUNCIL SPONSORS:

Deputy Mayor Mello and Council Members Blocker and Ibsen.

STRATEGIC POLICY PRIORITY:

- Assure outstanding stewardship of the natural and built environment.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This ordinance supports environmental stewardship by reducing litter and waste disposed of in the landfill. It also promotes citizen engagement by giving individuals a personal opportunity to reduce costs to the City's Solid Waste Management System.

BACKGROUND:

Since March of 2012, the Sustainable Tacoma Commission has been interested in reducing disposable shopping bags in Tacoma. In May 2014, the City Council adopted Resolution No. 38907, reaffirming the goal of diverting 70 percent of the City's waste by 2028, and calling for strategies to reduce consumption of single-use carryout bags, bottles, and other products. The Environmental Action Plan identifies reducing disposable bag use by shoppers as item M9 in the Material Management section.

The Office of Environmental Policy and Sustainability (OEPS) staff has given multiple presentations to the City Council's Infrastructure, Planning, and Sustainability (IPS) Committee to update them on the program progress and recommendations. IPS formally requested that staff prepare a draft ordinance based on the "Bellingham Model" and gather public input on the draft ordinance elements. The "Bellingham Model" is essentially a ban on plastic and a fee on paper, with the fee retained by the retailer. This ordinance is based on that model and is the dominant model in the state.

The proposed ordinance differs from the "Bellingham Model" by requiring retailers to provide either paper or reusable bags upon request for no less than \$0.05. This is based on the experience where some retailers in communities with restrictions replaced disposable plastic bags with ones just slightly thicker and continued to charge no fee.



A draft of the ordinance was presented at study session on April 27, 2016; comments received included:

- Ensure there is follow up and outreach with community groups that were engaged in the Tacoma 2025 Plan.
- Provide training to the retailers on the ordinance requirements and effective bagging of products.
- During the implementation period organize reusable bag exchanges within the community such as Tacoma School District, Tacoma Housing Authority, and at local food banks

ISSUE:

Fourteen communities in Washington State and countless others around the United States and world have placed restrictions on disposable plastic and paper bags. Restricting these bags is intended to encourage the use of reusable shopping bags and thereby reduce resource use, litter, and waste, as well as protect the environment and wildlife.

Widespread use of disposable plastic bags took hold in the late 1970's and early 1980's when they became extremely price competitive with paper bags. Since then their use has become widespread; an estimated two billion bags are used in Washington State each year according to the Environment Washington Research and Policy Center. Plastic grocery bags were the eighth most common item collected in the 2015 International Coastal Cleanup and are considered the second most impactful item to wildlife, due to the tendency of animals to mistake them as food according to the Ocean Conservancy 30th Anniversary International Coastal Cleanup Annual Report, 2016.

Some items specific to Tacoma citizens are:

1. *Clean* shopping/dry cleaning bags make up 534 tons/0.3 percent of the City's solid waste stream.
2. The City pays roughly \$30,000/year in disposal costs to the landfill for just these *clean* bags.
3. Plastic bags cause significant additional sorting, disruption and down time at recycling centers, costing an estimated \$700-\$1000/ton. This is reflected in recycling rates.
4. Shoppers pay indirectly for all "free" bags. One study estimated these hidden costs to be \$37.50 per person per year according to the Metropolitan Washington D.C. Council of Governments.
5. Plastic grocery bags were the sixth most common item picked up during the 2013 International Coastal Cleanup in Washington State according to the Ocean Conservancy.

ALTERNATIVES:

Several strategies to limit the use of disposable bags have been utilized around the world. Some of the most common or viable options are listed below in order of effectiveness in reducing the use of plastic bags.

1. Ban plastic, fee on paper;
2. Ban plastic, fee on paper and reusable bags;
3. Fee on both paper and plastic bags;
4. Ban plastic, paper unrestricted; and
5. Maintain status quo.

Option five would not reduce the volume of plastic bags being disposed of in the landfill or ending up as litter.

**RECOMMENDATION:**

An Ordinance amending Title 5 of the Tacoma Municipal Code, by adding a new Chapter 5.55, entitled "Bring Your Own Bag", prohibiting the use of carryout bags except for reusable or recycled paper carryout bags, requiring retail establishments to collect a pass-through charge with a minimum fee of \$0.05 from customers requesting recycled paper and reusable carryout bags, establishing penalties, providing outreach, and providing for a study of the impacts of the requirement effective one-year after passage of this ordinance.

FISCAL IMPACT:**EXPENDITURES**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
ES Solid Waste Fund 4200	512005	5412000	\$50,000
TOTAL			\$50,000

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
ES Solid Waste Fund 4200	512000	various	\$50,000
TOTAL			\$50,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$50,000

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No.

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

Monies have not yet been budgeted but would come from the ES Solid Waste Fund 4200 in the 2017-18 biennium.

Ordinance No. 28367 SUBSTITUTE NO. 2
 First Reading of Ordinance: JUN 28 2016
 Final Reading of Ordinance: JUL 12 2016
 Passed: JUL 12 2016

Roll Call Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Mr. Blocker	X			
Mr. Campbell	X			
Mr. Ibsen	X			
Mr. Lonergan		X		
Mr. McCarthy	X			
Mr. Mello	X			
Mr. Thoms	X			
Ms. Woodards	X			
Mayor Strickland	X			

Voice Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Mr. Blocker				
Mr. Campbell				
Mr. Ibsen				
Mr. Lonergan				
Mr. McCarthy				
Mr. Mello				
Mr. Thoms				
Ms. Woodards				
Mayor Strickland				

Regarding the bag and styrofoam ordinance before Grandview Council tonight

hollychisa <hollychisa@hpcadvocacy.com>

Tue 1/8/2019 11:26 AM

To: Mike Everett <EverettM@grandview.wa.us>; Javier Rodriguez <RodriguezJ@grandview.wa.us>; Gaylord Brewer <brewerg@grandview.wa.us>; Bill Moore <MooreB@grandview.wa.us>; Dennis McDonald <DennisM@grandview.wa.us>; Gloria Mendoza <MendozaG@grandview.wa.us>; Joan Souders <SoudersJ@grandview.wa.us>;

Heather Trim <heather@zerowastewashington.org>;

Importance: High

To the members of City Council,

I received notice this morning of your proposal to put a plastic bag fee and styrofoam ban before Council tonight. I work with the NW Grocery Association, representing Safeway, Albertsons, QFC, Fred Meyer, Costco and Haggen Stores. Over the past several years we have supported styrofoam bans and over 25 bag bans throughout our state as long as they include the following provisions:

- Applies to all retailers, not just grocery stores – A plastic bag is a plastic bag regardless of its source, whether a grocery store or a hardware store.
- Bans plastic bags, then applies a fee to paper bags – This helps retailers offset the cost of switching consumers from plastic to paper. A plastic “t-shirt” shaped bag is usually \$.03 to \$.05. A paper bag can be as much as \$.10, more if it has a handle. The fee also encourages customers to bring their own bags, not just those paper over plastic.
- Allows for specific exemptions for products that must meet local health department regulations (hot/cold prepared wet foods, meat contaminants, etc.)
- Allows for a couple of months of implementation. This is critical for styrofoam bans, as it takes some time to find compostable containers accepted by the local solid waste handling facility, and source out enough product to supply a major (or even independent) grocery store. This also allows for time to educate consumers on the new fee and reprogram our registers.

The ordinance proposed tonight does not, regretfully, follow the above criteria. We must oppose the ordinance as drafted at this time.

- The ordinance puts a fee on plastic, but does not affect paper bags at all. Consumers will simply switch to a paper bag, increasing costs to grocery stores of \$.03 to \$.10 per bag per year for each store site. This can be as much as \$75,000 or more ANNUALLY for EACH grocery store site.
- The bill bans straws unilaterally, without an exemption for straws allowed on request for those with medical needs. This is important for our customers with disabilities that may need a straw to drink.
- The ordinance gives the retail community 5 DAYS to comply with a fee on bags and a complete styrofoam ban for all take out items. There is no way to reprogram the registers in five days to add the fee, and there is no

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way to ensure that all restaurants and delis, including our stores, will be able to switch to acceptable compostable products in 5 days.

- The ordinance requires signage in our stores announcing the fee for plastic bags, but with no end date for the signs. Retailers find that educational materials like signage are effective for about a month, then consumers don't really "see" them anymore. We'd be required to keep the fee signs up in perpetuity, even long after consumers adjust to the fee.

We would ask that Council set aside the ordinance, and work with our grocery members, Zero Waste WA, and others to present a different ordinance for Council. This ordinance is proven to reduce overall bag usage in our stores by 85% - paper and plastic – and will reduce the use of styrofoam take out containers in our stores and in restaurants.

This ordinance would give retailers and restaurants a couple of months to implement the switch from styrofoam to compostables and reprogram our registers. This would also give retailers time to educate consumers on the new fees and how to compost their take out containers and serviceware.

Please contact me; I'd be happy to talk with you more about these issues. Recent food surgery on my right foot prevents me from driving to Grandview today, but I will certainly make myself available by phone and email.

Respectfully,

Holly Chisa

On behalf of the NW Grocery Association

PO Box 1414

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Plastics ordinance

Heather Trim <heather@zerowastewashington.org>

Tue 1/8/2019 10:07 AM

To: Mike Everett <EverettM@grandview.wa.us>;

Dear Council member Everett,

Just read in the paper (online) that you are planning to introduce a plastic bag and food serviceware ordinance tonight. What wonderful news!!

I would love to talk to you about it, as I would have a few suggestions for the text. There might be some unintended consequences in the existing language.

So happy you are working on this!

Best,
Heather

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Anita Palacios

From: Anita Palacios
Sent: Tuesday, January 15, 2019 2:54 PM
To: Bill Moore (mooreb@grandview.wa.us); Bill Moore 1 (billandrachel@charter.net); Cus Arteaga; Dennis McDonald (dennism@grandview.wa.us); Dennis McDonald 1 (dennismcd10@gmail.com); Gay Brewer (dancefunproductions@yahoo.com); Gaylord Brewer (brewerg@grandview.wa.us); Gloria Mendoza; Gloria Mendoza (mendozag@grandview.wa.us); Gview Mayor; Javier Rodriguez; Javier Rodriguez (rodhav1@yahoo.com); Joan Souders; Joan Souders 1 (jesouders@hotmail.com); Mayor Norm Childress; Mike Everett (everettm@grandview.wa.us); Mike Everett 1 (mike@everettlaw.net); Quinn Plant
Cc: Jim Davidson
Subject: FW: Letter to Council
Attachments: 2019-1-15 Council Plastics Ban.docx

From: Jim Davidson [mailto:clandavidson@embarqmail.com]
Sent: Tuesday, January 15, 2019 2:46 PM
To: Anita Palacios
Subject: Letter to Council

Ms. Palacios,

May I ask the enclosed letter be given to the Mayor and Council?

--

Jim Davidson
clandavidson@embarqmail.com

JAMES A. DAVIDSON
PO Box 56, GRANDVIEW WA 98930
509-882-1984 CLANDAVIDSON@EMBARQMAIL.COM

January 15, 2019

Grandview City Council
207 W 2nd St
Grandview WA 98930

Dear Council Members:

I am strongly opposed to a proposal before you banning plastic bags or all bags in the city. I believe the proposal includes plastic straws as well.

This proposal is misguided, largely based on environmental propaganda not honestly supported by science or research and is simply a feel-good exercise.

The proposal, which suggests a new tax or user fee, does not take into consideration the following points:

- Plastic shopping bags are cheaper to produce;
- Plastic bags are frequently used for other purposes once at home, such as garbage collection;
- Will the ban impact plastic produce bags and bread bags;
- Paper bag production has a far higher environmental cost / impact than plastic and, while recyclable, there is no recycling available in Grandview (for any material);
- Council members have suggested no bags be given to consumers, suggesting they bring their own reusable bags, which medical research has found to be a contributor to contaminated food supplies (no one washes these bags);
- Council members fail to recognize the number of people in our community who carry their groceries / items home, which is hard to do without handles on bags;
- The tax / user fee to allow people to obtain a bag is unfair to consumers and simply makes for a profit center for the retailer – what keeps consumers from going elsewhere to avoid the hassle and fee(s);
- Activists will point to the “Pacific Garbage Patch” as a reason to eliminate bags (bottles, etc.), though researchers are now finding those images of mounds of garbage, supposedly the size of Texas, does not exist – plastics ARE in the oceans, but heaping mounds are NOT floating around out there – in short, the photos are propaganda;
- A proposal to ban plastic straws, while not as obnoxious as a bag ban, is built on faulty “science.” The numbers cited by so called experts comes from a child’s school homework assignment that is made up out of whole cloth and having no bearing on reality;
- Will a ban on plastic straws take into consideration the need of children, handicapped and disabled who need flexible straws to consume liquids;
- Paper straws are an acceptable alternative as long as the needs of the disabled are met;
- Will Code Enforcement be assigned the responsibility of seeking out and fining users of bags and straws;
- A far larger problem are plastic bottles. There is no way to recycle them.

This proposal is not suitable for the citizens of Grandview. If you want to tackle plastics, find a way to recycle plastic bottles or work toward using corn-based bio-gradable plastic bottles. Better yet, pick up the disposable plastic syringes laying on the streets and alleys left by community drug abusers, since they are a greater threat to the health and safety of our citizens.

I urge the Council to reject this proposal.

Respectfully,

James A. Davidson

Anita Palacios

From: Anita Palacios
Sent: Tuesday, January 22, 2019 8:20 AM
To: Jim Davidson
Cc: Bill Moore (mooreb@grandview.wa.us); Bill Moore 1 (billandrachel@charter.net); Cus Arteaga; Dennis McDonald (dennism@grandview.wa.us); Dennis McDonald 1 (dennismcd10@gmail.com); Gay Brewer (dancefunproductions@yahoo.com); Gaylord Brewer (brewerg@grandview.wa.us); Gloria Mendoza; Gloria Mendoza (mendozag@grandview.wa.us); Javier Rodriguez; Javier Rodriguez (rodhav1@yahoo.com); Joan Souders; Joan Souders 1 (jesouders@hotmail.com); Mike Everett (everettm@grandview.wa.us); Mike Everett 1 (mike@everettlaw.net); Quinn Plant
Subject: FW: Davidson Letter
Attachments: 1111 Response to Davidson.docx

From: Mike Everett [mailto:Mike@everettlaw.net]
Sent: Monday, January 21, 2019 11:15 AM
To: Anita Palacios
Subject: Davidson Letter

Anita

Could you send the attached letter to Mr. Davidson and anyone else you shared his letter with.

Thank you

Mike Everett

Dear Jim:

I am pleased that you have an interest in the problems that are created by the plastic waste that is over whelming. Your letter raises some interesting points that deserve attention.

1. I don't understand what is meant by this being a "feel good" exercise. You reference that it is not supported by science or research. Could you be more specific? What research are you referencing? As for banning some kinds of plastic, are you saying that there is science that holds that, this is not scientifically sound?
2. Plastic bags may be cheaper to produce for one use and then be thrown away, but a less disposable has many uses and considering the life of the bag, is cheaper. When you say it is cheaper, that is like saying that it is cheaper not to have a garbage can in your house, but simply thrown the material on the floor.
3. The ban does not effect bread bags. Yes it will impact the production of plastic bags, as more and more people move away from that usage, the production will drop.
4. I don't believe that the government should, as you suggest, require people to wash the bags. I believe that people have sense enough to handle this issue.
5. I am excited to hear your suggestions regarding recycling, that fact that you raise this issue, tells me that you too have concerns. Your ideas would be most welcome.
6. I don't understand what bags, don't have handles. I don't think that you have thought this through very well.
7. I can't agree with your statement that the fees are "unfair" to the consumers choking on garbage is unfair to all of us.

You are clearly concern about the plastic waste, but I don't think that at this point the City of Grandview can solve the plastic bottles issue. That would be great if we could, but it is beyond our reach. If you have suggestions or would like to work with the City on the issue, you would be welcome. You too recognize the problems that plastic creates---I am glad that you raise the issue.

Much like you concern about plastic that is getting in the sea and into the environment, we can't solve all of the world's problem. But rather than be part of the problem, let's be part of the solution. You and I grew up before the

prevalence of plastics. As a child I didn't use plastic straws, and neither did you, they didn't exist. As you say, those that need accommodation can easily be dealt with.

As for enforcement, I have been contacted by the State Retailers Association who have been very positive (as have just about everyone I have talked to in Grandview). I believe that they will be very cooperative, and if someone needs information, of course Code Enforcement will work with them.

Thank you for your communication.

Sincerely,

Michael Everett, City Councilman