TORREY PINES
DEVELOPMENT GROUP

Vintage Business Park Senior Assisted Living

Housing and Care Community Proposal



November 21, 2019

Contact Information
Torrey Pines Development Group, LLC
Matthew Parks
(858) 335-1817
mp@torreypinesdevelopment.com

November 21, 2019

City and Borough of Juneau
Attn: Mr. Scott Ciambor
155 S. Seward St.
Juneau, Alaska 99801

RE: VINTAGE BUSINESS PARK ASSISTED LIVING PROPOSAL

To Whom It May Concern:

We are pleased to present our proposal for the development of an assisted living facility at Vintage Business Park in Juneau, Alaska. Torrey Pines Development Group and Bayshire Senior Communities have worked together to develop and operate many assisted living projects, including ground up assisted living projects similar to the one proposed. We have a comprehensive vision for the land at Vintage Business Park, and we have a strong commitment to the success of this facility. Our proposal takes into consideration essential senior care development and operating principles, and we look forward to working with the CBJ in a public/private partnership that will greatly benefit the community.

Torrey Pines Development Group and Bayshire Senior Communities both have the financial capability and requisite experience to ensure a success development and lease up of the facility per the enclosed proposal. We have a long history of successful assisted living developments with a thorough understanding of the opportunities and challenges presented by such a project. We are prepared to individually and collectively guarantee the performance of the development financing and any required agreements with the City and Borough of Juneau.

Our proposal is the product of a long history and extensive experience working in the senior care industry in various U.S. cities. Our proposal involves an ambitious development of the entire site and is financially feasible with some economic incentives provided by the City. All information contained herein is deemed true and correct, except in the case of projections, which are to be treated as such.

We hope the following proposal portrays both our vision and our capability to bring this exciting project to fruition. We look forward to discussing the near and long-term benefits to CBJ and the community of Juneau, and we look forward to being selected as development partners in this tremendous opportunity.

Best regards,

Matthew Parks, President
Torrey Pines Development Group, LLC

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PART ONE: QUALIFICATIONS

Riverview Senior Community will be a much-needed senior care assisted living facility created through a strategic public/private partnership between Torrey Pines Development Group, and the City and Borough of Juneau. The development team is a collaboration between several professional firms who have vast industry experience and expertise in their various disciplines.

The core development team consists of the following firms:

Developer:	Torrey Pines Development Group
Operator:	Bayshire Senior Communities
Architect:	Northwind Architects
Contractor:	Dawson Construction

TORREY PINES DEVELOPMENT GROUP

Torrey Pines Development Group is a for-profit real estate investment and development company established as a limited liability company (LLC) established in the State of Delaware and headquartered in California. As a real estate development firm Torrey Pines Development Group specializes in senior care assisted living development. Torrey Pines Development Group is a partnership of passionate individuals. We view our careers as opportunities to create monuments of lasting value, places and environments that enhance the way people live, and help people to improve quality of life. Our experience spans a wide scope of projects throughout many parts of the United States. This includes senior care, mixed-use, retail, single and multi-family residential uses, and a variety of special use projects. At Torrey Pines Development Group we manage the development process from beginning to end, including project feasibility, acquisition and disposition, finance, architecture and engineering, entitlements, project management, asset management and construction.

The Torrey Pines Development Group team has extensive experience in development and finance, and have completed more than 50 projects in various states. We value the principles of smart growth and as such, our corporate objectives are threefold:

1. To provide opportunities for seniors to receive compassionate care and vital resources to improve quality of life;
2. To create quality living spaces for seniors with immediate access to amenities that will help them live a vibrant life;
3. To plan and develop with a sense of environmental and cultural stewardship.



Matthew Parks, President

Matthew leads all operational activities in the development, construction, and consulting aspects of the company. Matthew oversees all acquisitions and development activities. He has 20 years of experience in real estate investments and development with a broad background in multifamily, single-family, retail, and senior care projects.

Matthew has worked closely with local municipalities and redevelopment agencies to form public/private partnerships to generate political and financial support for his projects. Matthew also serves as the chairman of the board of directors for Affordable Senior Housing Foundation, a California nonprofit whose mission is to provide quality care and resources for seniors who otherwise cannot afford assisted living expenses. He holds a Bachelors Degree in Finance from Brigham Young University, and a Masters Degree in Real Estate from the University of San Diego.



Tom Sutton, CEO

Tom oversees all asset management, investments, and financial activities within the company. Tom is a proven leader with drive and vision. He is a founding principal of Torrey Pines Development Group, and he brings over 30 years of experience in real estate planning, finance and complex deal structure to the team.

Tom's experience includes working with some of the nation's largest real estate investors and he has achieved success in investing and managing his own personal portfolio of real estate and senior care properties. He has purchased, repositioned, and sold hundreds of multifamily and self-storage units, in additional to building a portfolio of senior care assisted living properties. Tom holds a Bachelors Degree in Finance from Brigham Young University.

BAYSHIRE SENIOR COMMUNITIES

As a small, boutique-style senior healthcare manager, Bayshire Senior Communities provides world-class care and hospitality to its senior residents and gives owners results that exceed their expectations. Bayshire operates senior living communities in a way that enriches the lives of its residents and staff alike by fostering an environment where seniors can age with dignity, feel loved and cared for, and are supported in their individual religious and cultural practices.

Bayshire has a reputation for retaining the best administrators and employees in the industry. Bayshire employees make it a point to remember names and know each resident personally. They understand that trust is built through consistency and compassion, the touch of a hand, a look in the eye, a smile. Staff members feel the joy that comes from making life better for others.

Finding and supporting executive directors who lead by example is key to Bayshire's success. They are seasoned leaders — often with skilled-nursing-facility experience — who have a solid clinical foundation to complement their financial and operations expertise. Above all this, they are good-hearted by nature.



Scott Kirby, CEO

As CEO of Bayshire Senior Communities, Scott oversees the operational activities of all facilities. Scott has been working in senior health care since 2006. He began his career as an administrator in skilled nursing facilities, and quickly developed a love and a passion for creating an environment where both staff and residents thrive. Throughout his career as both an administrator and an executive, Scott has cherished the opportunity to make a real difference in people's lives.

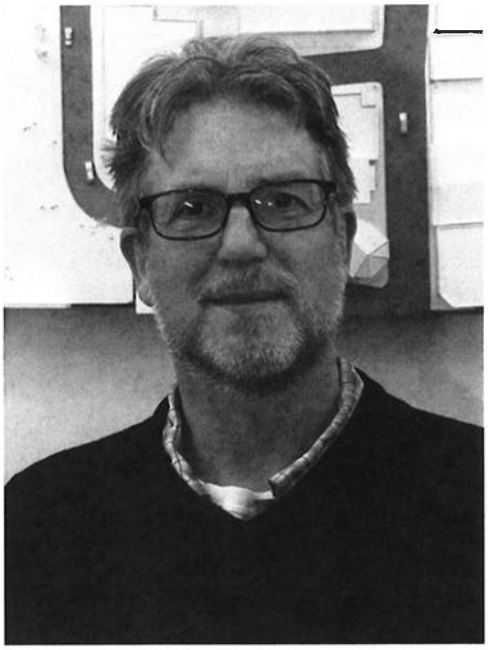
Prior to founding Bayshire Senior Communities, Scott worked as an executive leader with several of the largest skilled nursing and assisted living companies in the country and has helped navigate those companies through evolving regulations and constant change. Scott is a licensed certified public accountant and holds a bachelor's degree in accounting from Southern Utah University, and received his MBA from Brigham Young University.

NORTHWIND ARCHITECTS

NorthWind Architects, LLC is a Juneau based partnership pursuing excellence in architecture, planning, project coordination, and construction administration. With three principal architects, NorthWind has a rich history of public and private design experience throughout Alaska and Oregon. We provide quality architectural design and design services on all projects. We value close working relationships with clients and are committed to delivering projects on time and on budget.

The NorthWind practice is a living part of the communities in which we work. We actively participate in shaping our environment and how we all live together now and in the future. Our motivation is to serve the public's best interest. This reaches the essence of Architecture in a much deeper and enriching way than any singular building or project. Our storefront location in downtown Juneau offers an open and available community studio where anyone is welcome to wander in, browse our library and ask questions about design.

Alaska is a truly amazing place to live, though it can be a difficult place to build. The surrounding mountains and glaciers are simultaneously awe inspiring and humbling. This is the mindset we carry to the studio each day: inspired to do good work and motivated by the challenge of shaping our communities to enhance life in the north.



James Bibb, Partner

James is Principal Architect and Partner at NorthWind Architects and a licensed architect registered in the State of Alaska. He is a life-long Juneau resident who has practiced architecture since 1989. Most of his experience has been in Southeast Alaska but he has also worked in Washington and Oregon as well as three years of international work in Denmark, Switzerland and Sweden. James studied architecture at both the University of Oregon and at the Arkitektskolen in Aarhus Denmark.

His interest in northern architecture has helped to develop a regionalist understanding of our own place here in Southeast Alaska which instructs the built environments we create.



Sean Boily, Partner

Sean is Principal Architect and Partner at NorthWind Architects, a licensed architect in the State of Alaska and a lifelong Alaskan. Having practiced architecture in Alaska since 1994, Sean has developed a broad resume of project experience in all corners of the State. Sean values excellent design that positively affects how we live. In his practice it is his mission to facilitate the creation of architecture that successfully responds to both the physical and social environments. Implicit in this vision is design for longevity in our evolving social landscape and rigorous regional climates.

As a parent of two children and concurrently supporting care for two aging parents, Sean is deeply committed to our vital community infrastructure projects in Juneau and Alaska.

DAWSON CONSTRUCTION

Dawson is a full-service general contractor. Dawson is distinguished in the construction industry through providing exceptional value in a professional and proactive manner. Dawson will serve as a design consultant throughout the design process, which will help to minimize construction cost and maintain realistic budget expectations. Once project design is complete it is then anticipated that Dawson will act as the general contractor to construct Riverview Senior Community.

A relevant example of this Contractor -Design Team relationship is seen in the successful delivery of Trillium Landing senior housing on the adjacent Vintage Park site, completed by the Dawson/NorthWind team in 2017.

Torrey Pines Development Group and Northwind architects will select other needed design consultants and engineers based on their industry experience and local knowledge of building codes and requirements. Team members will likely include the professionals knowledgeable of the existing site conditions, having worked with NorthWind on both Trillium Landing and the early development effort for the Riverview Senior Community.

ASSISTED LIVING PORTFOLIO

Following is a sampling of senior care facilities developed by Torrey Pines Development Group and operated by Bayshire Senior Communities.

Project Name:	Felicita Vida Senior Living
Project Type:	New Construction
Product Mix:	91 Units/ 123 Beds
Size:	80,000 SF
Project Cost:	$29,000,000

FELICITA VIDA
SENIOR LIVING





FELICITA VIDA
SENIOR LIVING





FELICITA VIDA
SENIOR LIVING





Heritage Hills
OF OCEANSIDE
A Senior Memory Care Community

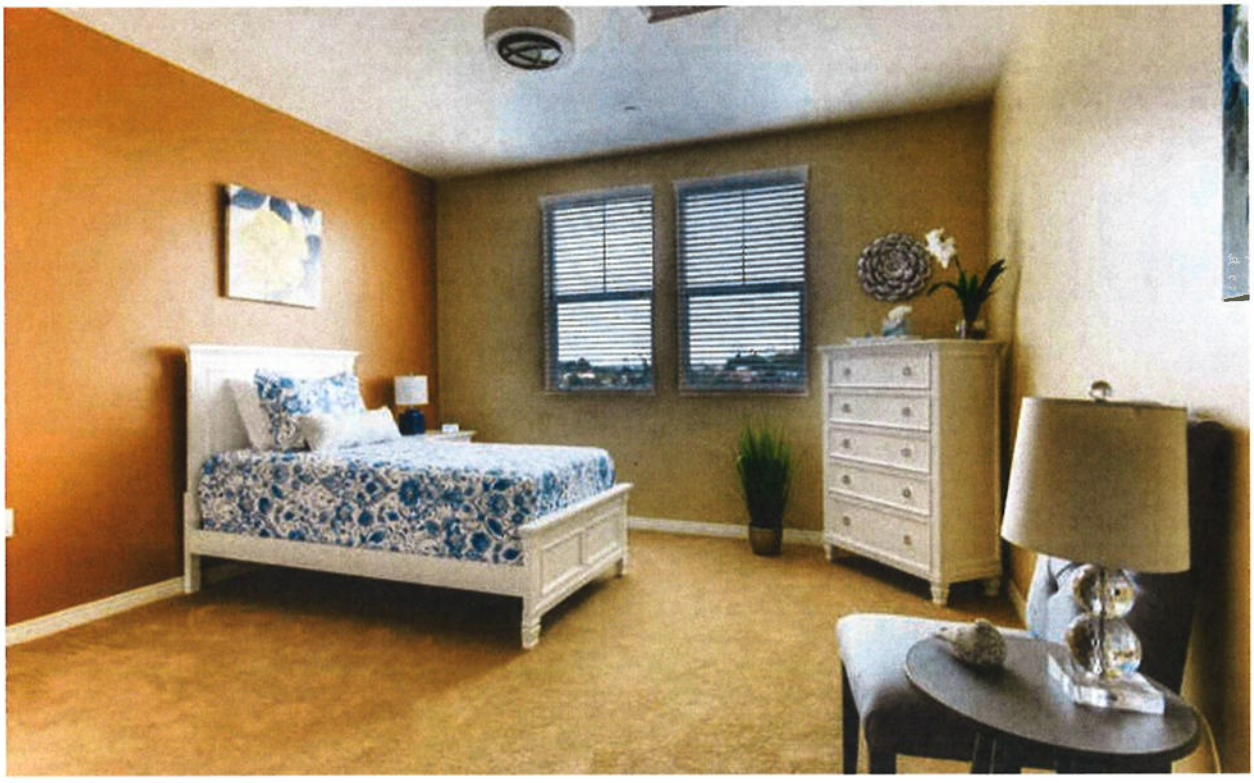
Project Name:	Heritage Hills of Oceanside
Project Type:	New Construction
Product Mix:	48 Units/ 64 Beds
Size:	38,000 SF
Project Cost:	$19,000,000











Vista del Lago

A SENIOR MEMORY CARE COMMUNITY

Project Name:	Vista del Lago
Project Type:	Renovation
Product Mix:	54 Units / 96 Beds
Size:	36,000 SF
Project Cost:	$14,500,000



Vista del Lago
A SENIOR MEMORY CARE COMMUNITY





Vista del Lago
A SENIOR MEMORY CARE COMMUNITY





PART TWO: LAND USE PROPOSAL

PROPOSED DEVELOPMENT

The Vintage Park property currently owned by the City and Borough of Juneau presents a tremendous opportunity to serve the seniors of Southeast Alaska. The need for a new care facility for CBJ seniors is immense, as has been noted in multiple market studies and demographic reports. The proposed Riverview Senior Community project will fulfill an immediate need, enhance the neighborhood and increase housing and care options for seniors who have very few local options to meet their increasing care needs.

Riverview Senior Community will become the nucleus of the CBJ senior community while also drawing in people from the wider community and all over the State of Alaska. Land use elements and amenities will be strategically included to build a sense of community and provide a vibrant lifestyle for all Riverview residents and visitors. As with other senior care projects developed by Torrey Pines Development Group it is anticipated that Riverview Senior Community will include the following amenities.

- Landscaped courtyard with outdoor patio seating
- Furnished common living rooms
- Restaurant style dining
- Facility bus/vehicle to assist residents with shopping and doctor visits
- Library and reading nooks
- Movie theater
- Spa and salon
- Activity rooms
- Housekeeping and laundry services
- Fitness center
- Concierge service

Riverview Senior Community at Vintage Park represents one of Juneau's greatest opportunities to create a sense of place for seniors in need of assisted living. Our approach to Riverview Senior Community is to design a facility that will strike a balance between creating an operationally efficient facility and the need to deliver a destination that is visually attractive and rich in amenities.

The three development principles that guide our approach here are as follows:

1. Meet Existing Demand: Increase Assisted Living Options for Juneau Residents
2. Enhance Quality of Life: Care and Attractive Amenities
3. Environmental and Cultural Stewardship

1. Meet Existing Demand: Increase Assisted Living Options for Juneau Residents

> *"The implementation of good housing policies for Juneau is economic development policy just as much as the continued failure to sufficiently address housing availability and affordability undermines Juneau's economic potential."*
> *– CBJ Housing Action Plan*

According to the Juneau senior housing and services market demand study conducted by Beck Consulting and Northern Economics, Inc., there is a growing demand for new assisted living beds in the Juneau market, and that demand is growing exponentially as the Juneau population ages. It is projected that in the next 20 years that there will be a shortage of more than 300 assisted living beds within the city. Further evidence of the demand for assisted living in Juneau can be found by looking at the waiting list for Pioneer Homes, which is the only assisted living facility in the city. Pioneer Homes currently has approximately 100 people on their active waiting list, and more than 1,300 people on their inactive waiting list. Residents are having to wait 5 years or more to receive assisted living care in the city.

This shortage of care options for seniors is forcing them to make difficult choices. Many of the seniors within Juneau have spent their entire lives in the city but they are forced to move out to find adequate assisted living options, and they are moving to states like Washington, Oregon, and Arizona to receive adequate care.

Torrey Pines Development Group's goal is to meet the existing and growing demand for new assisted living options within the city of Juneau, and to build Riverview Senior Community at a cost that will make economic sense for Juneau seniors. Minimizing and reducing the cost to build is critical to maintain affordability for residents and to the financial success of the facility. An important balance exists between the cost to build the facility and the price that must be charged to the residents of the facility. With economic help from the City of Borough of Juneau we can bridge the gap between the demand for assisted living and the limited supply within the city.

2. Enhance Quality of Life: Care and Attractive Amenities

> *"Riverview Senior Community will allow elders to live out their lives where they want to be, near family and friends." - Sioux Douglas, SCSSI*

Riverview Senior Community will be a center of gravity for the Juneau senior community and will draw residents from other Southeast Alaska locations. The facility will be designed to not only meet the demand for long-term regional growth in the senior population, but it will provide attractive housing, assisted living resources and meaningful amenities that will enhance the quality of life for every resident.

As "center of gravity" implies, Riverview Senior Community will attract seniors through its quality care and vibrant activities in an environment that will create a sense of place and allow seniors to age with dignity.

Bayshire Senior Communities is our operating partner because of their "people first" philosophy and their focus on the individual. Bayshire's first priority is to uphold the dignity of every resident and enhance their lifestyle. Simply providing adequate care is not sufficient. It is essential to make every resident feel loved and cared for. Bayshire team members make it a point to know each resident personally. They understand the significance of the small acts of service, and they feel the joy that comes from making life better for others.

Riverview Senior Community will be a vibrant center of constant activity. The common facility amenities will include restaurant style dining, common living areas, movie theater, activity and game rooms, exercise room, and a salon. The daily activities along with the plentiful facility amenities will create a sense of place as it serves the daily needs of residents.

3. Environmental and Cultural Stewardship

> *"Our Nation has a diverse and extremely rich cultural heritage. It is a source of pride and strength to millions of Americans who look to the arts for inspiration, communication and the opportunity for creative self-expression." – Gerald Ford*

Southeast Alaska has a unique cultural heritage rich in history and art. Riverview Senior Community will be built and operated with sense of duty to honor the heritage of Southeast Alaskans. There are many ways to pay tribute to the local cultural heritage in both the design and décor of the community, along with hosting cultural activities that will be integrated into the monthly activity calendar.

Few things strengthen pride and stoke memories of one's own heritage as much as cultural artwork. Riverview Senior Community will incorporate Tlingit and Haida artwork, as well as other historical and cultural designs into the facility.

Given the massive size of the state it is ironic that land in Juneau is a scarcity; however, the topographic nature of the surrounding area requires a thoughtful approach to land use and planning. By increasing the utilization of lands where development already exists (such as Vintage Business Park), Riverview Senior Community greatly decreases the impact on Juneau's crown jewel, the natural environment.

Preserving the environment and relieving pressure on the natural resources is an important corporate philosophy and integral to the project's vision. As such, incorporating energy efficient technology and materials will be a critical component of the facility design. The pristine natural resources will also be an important amenity to the facility. The project will be designed to maximize views of the Mendenhall River, the Mendenhall Glacier, and the surrounding majestic mountains.

In considering the environmental impacts of the project it is important to note that the facility will sit on the Mendenhall River. The river presents a unique challenge because of the potential for flooding and erosion. Much of the concerns have subsided due to the oxbow breaking through last year, which has rerouted the river flow away from the site. This is good news as the flooding and erosion risks are reduced, but further risk assessment is needed and will be conducted to determine what (if any) riverbank protection will be required.

SCHEMATIC DESIGN

Northwind Architects previously had generated a schematic design concept for Riverview Senior Community as part of its initial design work for a previous development group. A lot of thought has gone into that design. This design maximizes the irregular shape lot by conforming to the bend in the river and the bend in the road, while permitting optimal exposure for daylight and views. Torrey Pines Development Group will build on this design concept and will make minor modifications to the floor plan and elevations to create greater operational efficiencies and reduce construction costs.

The following conceptual schematic design by Northwind Architects will serve as the basis for the final project design. These images, while not the focus of this proposal, are intended to illustrate the design concept and project footprint. The final product will be similar is mass and scale but may vary as more thought and planning is needed to consider the operational efficiencies and construction cost of the design.

Conceptual First Floor Plan



Conceptual Second Floor Plan



Conceptual Elevations



SOUTH ELEVATIONS - MEMORY CARE



EAST ELEVATION - MEMORY CARE



② NORTH ELEVATION - MEMORY CARE/CENTER PROGRAM



① NORTH ELEVATION - ASSISTED LIVING/CENTER PROGRAM



③ WEST ELEVATION - ASSISTED LIVING



② SOUTH ELEVATION - ASSISTED LIVING/CENTER PROGRAM

PROJECT SIZE & UNIT MIX

Riverview Senior Community will consist of a single-phase development project and will include approximately 70,000 square feet of building space. The facility will include approximately 45,000 square feet of residential unit living space with approximately 25,000 square feet of common space. The facility will include care options for both assisted living and memory care residents. It is anticipated that the facility will include approximately 80 total units, including 56 assisted living units and 26 memory care units. The bed count varies slightly from the unit count because the facility will include some shared (semi-private) memory care units. As such, the facility will include approximately 88 beds, with 56 assisted living beds and 34 memory care beds.

Additionally, a certain number of assisted living units will be available to residents who qualify for Medicaid. There is a significant need to meet this demand and serve this segment of the senior community. A important component of the financial analysis included in Part Three is the number of units available for residents who receive Medicaid benefits.

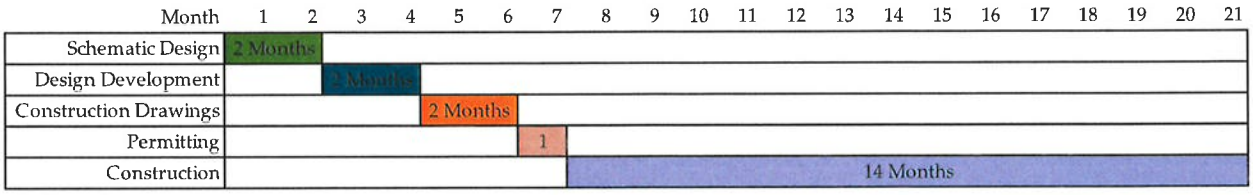
Proposed Unit Mix

Riverview Senior Community: Unit Mix			
	Units	Beds	Unit %
Assisted Living:			
Studio (Medicaid)	13	13	24%
Studio (Private Pay)	10	10	19%
1-Bedroom	31	31	57%
Total Assisted Living Units	**54**	**54**	**100%**
	Units	**Beds**	**Unit %**
Memory Care:			
MC - Private	18	18	69%
MC - Semiprivate	8	16	31%
Total Memory Care Units	**26**	**34**	**100%**
Total Units/Beds	**80**	**88**	

**Proposed unit mix is approximate and final unit mix may vary*

DEVELOPMENT & CONSTRUCTION SCHEDULE

Torrey Pines Development Group anticipates that the combined development/approval schedule and the construction schedule will be between 21 and 26 months. The following illustration breaks down the expected schedule for the development and construction.



*Best Case Scenario

Development Phase	Time (Months)
Schematic Design and Owner Approval:	2
Design Development:	2 – 3
Construction Drawings:	2 – 3
Permitting:	1 – 2
Construction:	14 – 16
TOTAL	**21 – 26 Months**

Project Expediting Measures

Timing of the start of construction is critical. It is always best to start a project like this in the spring, which gives sufficient time to grade, lay the foundation, construct the walls and place a roof overhead before the wet season begins. Timing is not on our side. If the RFP is awarded in December 2019, then the earliest project start date for the schematic design will be January 2020, which pushes the construction start date out to July or August of 2020. That is not sufficient time to get a roof overhead without going into the winter season and incurring costly winter construction and weather mitigation measures.

Torrey Pines Development Group has successfully expedited construction in previous projects by bifurcating the construction drawings and the grading plans into 2 separate submittals. Most jurisdictions will want to see a concurrent submittal of the construction drawings and grading plans because they are so closely tied together; however, if CBJ is willing to process and approve the grading plans prior to the construction drawing submittal then we can theoretically begin grading in the spring even before the construction drawings have been submitted for permitting. This will expedite the construction process by several months and help to reduce additional costs of having an exposed building during the winter.

PART THREE: FINANCIAL ANALYSIS

TOTAL PROJECT COST & BUDGET

Budget		Total Cost	Cost/SF	Cost/Bed
Acquisition				
Closing Cost		$ 10,700	$ 0.15	$ 122
Due Diligence/Reports		$ 31,000	$ 0.43	$ 352
Total Acquisition Cost		**$ 41,700**	**$ 0.57**	**$ 474**
Planning/Building Fees				
Planning/Building Fees		$ 39,000	$ 0.54	$ 443
Total Fees		**$ 39,000**	**$ 0.54**	**$ 443**
Architecture				
Architecture		$ 934,204	$ 12.82	$ 10,616
Civil Engineering		$ 65,710	$ 0.90	$ 747
Structural Engineering		$ 219,040	$ 3.01	$ 2,489
Mechanical/Electrical/Plumbing		$ 483,990	$ 6.64	$ 5,500
Landscape Architect		$ 41,380	$ 0.57	$ 470
Interior Designer		$ 85,000	$ 1.17	$ 966
Kitchen Consultant		$ 11,000	$ 0.15	$ 125
Cost Estimating		$ 31,220	$ 0.43	$ 355
Geotech Services		$ 26,331	$ 0.36	$ 299
Other		$ 40,002	$ 0.55	$ 455
Total Architecture		**$ 1,937,877**	**$ 26.60**	**$ 22,021**
Construction				
Construction Hard Cost		$ 21,853,448	300.00	248,335
General Conditions	3.3%	$ 728,448	10.00	8,278
FF&E		$ 800,000	10.98	9,091
Contingencies	2.9%	$ 750,000	10.30	8,523
GC Fee	6.0%	$ 1,447,914	19.88	16,454
Total Construction Cost		**$ 25,579,810**	**$ 351.15**	**$ 290,680**
Finance Cost				
Loan Fee	1.01%	$ 225,000	$ 3.09	$ 2,557
Interest Reserve - Senior Loan		$ 1,000,000	$ 13.73	$ 11,364
Title Recording Doc Fees		$ 10,000	$ 0.14	$ 114
Insurance		$ 45,000	$ 0.62	$ 511
Appraisal Fee		$ 7,500	$ 0.10	$ 85
Inspections		$ 2,500	$ 0.03	$ 28
Total Finance Cost		**$ 1,290,000**	**$ 17.71**	**$ 14,659**
Other Fees				
Legal Professional Fees		$ 250,000	$ 3.43	$ 2,841
Development/Management Fee	5.0%	$ 1,514,419	$ 20.79	$ 17,209
Total Other Fees		**$ 1,764,419**	**$ 24.22**	**$ 20,050**
Operating Start-Up Costs				
Pre-Opening Ops Budget		$ 300,000	$ 4.12	$ 3,409
Post-Opening Ops Budget		$ 850,000	$ 11.67	$ 9,659
Total Operating Start-Up Costs		**$ 1,150,000**	**$ 15.79**	**$ 13,068**
		Total Cost	Cost/SF	Cost/Unit
TOTAL PROJECT COST		**$ 31,802,807**	**$ 436.58**	**$ 361,396**

Riverview Senior Community is projected to cost a total of $31,800,000, inclusive of all hard and soft costs. Escalating construction hard costs is the largest factor to the increased projected cost since our previous cost analysis. After further consultation with Chris Gilberto at the Juneau office for Dawson Construction it is clear that the hard construction cost budget for this project should be closer to $300 per square foot. The cost to build in Alaska is high, and therefore the project will need assisted from CBJ to make economic sense. Further discussion on this is found in Part Four of this proposal.

INCOME ANALYSIS

Unit Mix and Revenue Projection

The following table illustrates the projected unit mix along with the projected pricing and the unit square footage for the various unit types.

Unit Mix	Units	Beds	Total Beds	Room SF	Building SF
ALF - Studio (Medicaid)	13	1	13	400	5,200
ALF - Studio (Private)	10	1	10	400	4,000
ALF - 1 Bedroom	31	1	31	550	17,050
ALF - 2 Bedroom	-	2	-	-	-
MC - Semi Private	8	2	16	550	8,800
MC Private	18	1	18	400	7,200
	-	-	-	-	-
	-	-	-	-	-
TOTAL AL	**80**		**88**	**2,300**	**42,250**

Unit Pricing & Revenue	Price/Bed	Base Income	Care Fees	Total Care	Total Income
ALF - Studio (Medicaid)	$ 5,196	$ 67,543	$ -	$ -	$ 67,543
ALF - Studio (Private)	$ 4,995	$ 49,950	$ 1,250	$ 12,500	$ 62,450
ALF - 1 Bedroom	$ 5,995	$ 185,845	$ 1,250	$ 38,750	$ 224,595
ALF - 2 Bedroom	$ -	$ -	$ -	$ -	$ -
MC - Semi Private	$ 6,000	$ 96,000	$ 1,250	$ 20,000	$ 116,000
MC Private	$ 8,500	$ 153,000	$ 1,250	$ 22,500	$ 175,500
-	$ -	$ -	$ -	$ -	$ -
-	$ -	$ -	$ -	$ -	$ -
TOTAL AL	**$ 30,686**	**$ 552,338**	**$ 5,000**	**$ 93,750**	**646,088**
Average Income/Bed/Mo					**7,342**

Recently there has been much media attention given to market pricing for assisted living in the State of Alaska. Pioneer Homes has drastically increased their rates to account for the true cost of care. The recent rate increases are so dramatic that a class action lawsuit has been filed seeking a reduction in the new rates.

The question that any operator must ask is whether or not Alaskan's can afford the cost of care based on the new rate structure at Pioneer Homes. Given that the market rates for assisted living at Pioneer Home in Juneau was already well above the national average prior to the rate increase, it is unrealistic for an operator or a lender to underwrite a project at rates higher than we are projecting in our model. The starting rates illustrated in our model for each unit type is much higher than the rates that we can charge for similar accommodations and care levels at any of our other facilities, and therefore we feel these figures are somewhat aggressive. However, given the cost to build and operate this facility in Juneau, these are the minimum rates that must be achieved to ensure economic sustainability.

Lease Up Schedule

A critical component of the financial success of the facility will be how quickly the facility will reach full occupancy. If the facility can stabilize quickly then that will create less of a financial burden to carry the project through to the cash flow breakeven point. Strategic marketing and community outreach will play an important role in stabilizing as quickly as possible. For illustration purposes we are projecting the facility lease up rate at 5% per month, which get the facility to full occupancy in approximately 20 months. This is not an aggressive projection, but it is not an extremely conservative projection either. Most lenders will not underwrite a lease up schedule that is more aggressive than this.

Please refer to the digital file submitted with this proposal to view the lease up schedule table.

EXPENSE ANALYSIS

Several factors are taken into consideration when projecting operating expenses for the new facility. Non-labor related expenses such as administrative, marketing, utilities and maintenance add up to significant expenses, but as with any other facility, labor related expenses will account for the largest majority of the operating budget. A thorough analysis of the operating expenses can be found in the digital proforma included in this submittal.

Labor Schedule

Although generally speaking labor in a care facility is a variable expense (labor fluctuates with occupancy); however, there is a minimum labor requirement set by State Licensing that requires a minimum number of employees regardless of occupancy. In that regard the labor related expenses during the lease up period are high, which is a burden on the cash flow. We account for this burden by including a pre-opening and a post-opening operating budget in the overall cost of the project to pay for the labor overhead during the lease up period.

Our economic analysis includes the following labor assumptions at full occupancy. For a more thorough analysis of the staffing and caregiving ratios, please refer to the digital proforma model included with this submittal.

Nursing and Care Staff	
Resident Services Director	1
LVN - AM Shift	1
LVN - PM Shift	1
LVN - NOC Shift	1
Caregivers - AM Shift	8
Caregivers - PM Shift	8
Caregivers - NOC Shift	5
Total Nursing and Care Staff	**25**
Non-Nursuing Staff	
Marketing Director	1
Maintenance Director	1
Culinary Director	1
Cooks	3
Dishwashser/Prep Cook	3
Servers	4
Housekeeping	2
Laundry	1
Activities Director	1
Assisted Activities Dir.	2
Total Non-Nursing Staff	**19**
Administrative	
Executive Director	1
Business Office Director	1
Receptionist	1
Total Administrative	**3**
Total Daily Empolyees	**47**

Another important factor in the labor analysis is the acuity level of the residents at the facility. High acuity residents require more care and therefore increase the staffing requirement of the facility. It has been our experience that newer facilities initially attract lower acuity residents who are more independent, and as the facility ages the acuity level of the residents rise, as does the staffing requirement.

PROFIT & LOSS PROJECTION

Proforma Profit & Loss

RIVERVIEW SENIOR COMMUNITY

Juneau, Alaska

	Year 1	Year 2	Year 3	Year 4	Year 5
INCOME					
Rent & Care Fees	$ 2,378,777	$ 6,530,183	$ 7,699,625	$ 7,853,618	$ 8,010,690
Community Fees	$ 138,000	$ 128,520	$ 74,909	$ 76,407	$ 77,935
Total Revenue	**$ 2,516,777**	**$ 6,658,703**	**$ 7,774,534**	**$ 7,930,025**	**$ 8,088,625**
OPERATING EXPENSE					
Nursing	$ (991,098)	$ (1,838,569)	$ (2,092,823)	$ (2,129,266)	$ (2,171,852)
Marketing	$ (139,460)	$ (143,269)	$ (146,135)	$ (149,057)	$ (152,038)
Utilities	$ (267,348)	$ (272,695)	$ (278,149)	$ (283,712)	$ (289,386)
Culinary	$ (373,558)	$ (758,257)	$ (878,440)	$ (894,744)	$ (912,638)
Housekeeping/Laundry	$ (137,690)	$ (200,028)	$ (225,779)	$ (229,732)	$ (234,327)
Activities	$ (154,565)	$ (204,492)	$ (226,912)	$ (231,075)	$ (235,697)
Maintenance	$ (169,800)	$ (173,196)	$ (176,660)	$ (180,193)	$ (183,797)
Administrative	$ (469,483)	$ (500,304)	$ (524,100)	$ (534,295)	$ (544,981)
Other Expenses	$ (323,523)	$ (479,502)	$ (547,138)	$ (566,331)	$ (586,241)
Total Operating Expense	**$ (3,026,525)**	**$ (4,570,313)**	**$ (5,096,134)**	**$ (5,198,405)**	**$ (5,310,957)**
Net Operating Income	**$ (509,748)**	**$ 2,088,390**	**$ 2,678,400**	**$ 2,731,619**	**$ 2,777,668**
Operating Margin	-20.3%	31.4%	34.5%	34.4%	34.3%
Debt Serice - Senior Loan	$ (1,408,468)	$ (1,408,468)	$ (1,408,468)	$ (1,408,468)	$ (1,408,468)
Debt Service - Junior Loan	$ -	$ -	$ -	$ -	$ -
Net Income	**$ (1,918,216)**	**$ 679,922**	**$ 1,269,932**	**$ 1,323,151**	**$ 1,369,200**
DCR - Senior Loan	(0.4)	1.5	1.9	1.9	2.0
DCR - Senior + Mezz Loan	(0.4)	1.5	1.9	1.9	2.0

PART FOUR: INCENTIVES AND PROPOSED CBJ CONTRIBUTIONS

Due to the high cost to build the facility in Juneau (in addition to the high cost to operate the facility), it is challenging to make sense of the economics. When analyzing the potential project there are two ways to adjust the model to improve the economic outlook: increase the revenue projection or decrease the expense projection. In this case it will take a little of both. We have already increased our revenue projections beyond our comfort level, and we have also included cost mitigation measures and financial incentives from CBJ into our proforma.

To assist in making the project economically feasible the following incentives are being sought from CBJ, and these incentives have been incorporated into the economic model.

1. Land lease with an option to purchase
2. Property tax abatement
3. Grant funded through the Juneau Affordable Housing Fund
4. Fill gravel provided by CBJ
5. Waiver of impact, development, and permitting fees

1. LAND LEASE WITH OPTION TO PURCHASE

The City and Borough of Juneau has already shown a tremendous commitment to establishing a new senior care facility in Juneau by purchasing the land at Vintage Business Park and soliciting proposals from developers and operators. This is critical to the financial feasibility of the project because it reduces the cash outlay required by a developer to build the facility, which increases the projected return and reduces risk. As such, we propose a ground lease structure that will give Torrey Pines Development Group adequate time to build the and stabilize the facility.

Lease Terms

The following ground lease terms are proposed:

Lease Rate:	3.5% lease rate on the $1,519,000 purchase price
Annual Payment:	$53,165.00
Monthly Payment:	$4,430.00
Lease Term:	50 - 99 years
Lease Deposit:	None
Payment Deferral:	12 months after facility operations commence

Option to Purchase Land

Although a ground lease arrangement will reduce the initial project cost and the cash outlay for the project, it may not be the most appropriate long-term approach for either party, and therefore an option agreement to purchase the land is an important element of this proposal.

Once Riverview Senior Community is fully stabilized and operating efficiently and producing the necessary cash flow, it is entirely feasible to exercise the option and purchase the land either through a refinance or a new syndicated investment group.

We propose an option price of $1,750,000 that can be exercised at any time within the first 10 years of the project.

2. PROPERTY TAX ABATEMENT

On July 22 of this year the Assembly of the City and Borough of Juneau enacted an ordinance providing for a property tax abatement program to incentivize the development of assisted living for senior citizens. We applaud the Assembly in their efforts in helping make this new and much-needed assisted living facility more economically feasible.

We have incorporated the property tax abatement program into our financial analysis and the impact is substantial. Removing property taxes from the proforma boosts the bottom line profitability of the project by approximately 20%. This increase to the bottom line revenue is fundamental to making the project an attractive investment for both investors and lenders.

3. GRANT FUNDED THROUGH THE JUNEAU AFFORDABLE HOUSING FUND

Increasing investor returns and reducing exposure to risk is essential to attracting capital partners and lender. Increasing bottom line profitability through cost saving measures like the property tax abatement program are only one way to help increase investor returns. Reducing the equity investment requirement is another way to increase the required investor returns, and this can be accomplished through a grant from the Juneau Affordable Housing Fund.

We are proposing a $2,000,000 grant from the Juneau Affordable Housing Fund, or other appropriate resources available from the City and Borough of Juneau. These funds will reduce the overall equity investment requirement for the project from approximately $11,130,000 to $9,130,000. This reduction in the equity investment increases the projected return to the equity investors to a point where the investment returns make sense.

The following table is an illustration of the projected capital investment structure for Riverview Senior Community.

Capital Investment Structure			
Equity	$	9,130,982	28.7%
City Funded Grant	$	2,000,000	6.3%
Senior Lender	$	20,671,824	65.0%
Total Cost	$	31,802,806	100.0%

4. FILL GRAVEL PROVIDED BY CBJ

The soil conditions on the site will require an estimated 4,000 yards of soil beneath the building footprint to be removed and filled with suitable sand/gravel that can support the facility's foundation. This amount of sand/gravel will add additional construction expenses. In consultation with Dawson Construction, the market price cost for the san/gravel will be approximately $200,000.

The City and Borough of Juneau owns a rock quarry and we propose for the city to donate the required 4,000 yards of sand/gravel to the project. Providing the sand/gravel to the project does not require any capital outlay from CBJ, but this cost savings to the project will help relieve the burden of the high construction cost to construct the facility.

5. WAIVER OF IMPACT, DEVELOPMENT, AND PERMITTING FEES

Impact and connection fees, development fees and permitting fees can add up to substantial project costs. Although these fees may not seem significant compared to the overall project cost, waiving these fees will help to improve the financial feasibility of the project, and we propose for these fees to be waived.

EXHIBIT A

CONTACT INFORMATION

Torrey Pines Development Group, LLC

1817 Avenida del Diablo
Escondido, CA 92029

Name: Matthew Parks
Phone: (858) 335-1817
Email: mp@torreypinesdevelopment.com

Name: Tom Sutton
Phone: (858) 776-7537
Email: tom@torreypinesdevelopment.com

Website: www.torreypinesdevelopment.com

Bayshire Senior Communities, LLC

1817 Avenida del Diablo
Escondido, CA 92029

Name: Scott Kirby
Phone: (619) 201-5888
Email: scott@bayshirellc.com

Website: www.bayshirellc.com

Northwind Architects

126 Seward Street
Juneau, AK 99801

Name: Sean Boily
Phone: (907) 586-6150
Email: sean@northwindarch.com

Name: James Bibb
Phone: (907) 586-6150
Email: james@northwindarch.com

Website: www.northwindarch.com

EXHIBIT B

REFERENCES

Lender References:

Tim DeWan
Pacific Western Bank
4365 Executive Drive, Suite 125
San Diego, CA 92121
(858) 967-2261
tdewan@pacificwesternbank.com

Nancy Pepper
Preferred Bank
890 Roosevelt Avenue, 2nd Floor
Irvine, CA 92620
(951) 2649201
nancy.pepper@preferredbank.com

Local References:

Sioux Douglas
Senior Citizen Support Services, Inc.
(907) 209-8151
sioux@gci.net

Betty Stidolph
Juneau Community Resident
(907) 723-9654
bstidolph@gmail.com

Non-Local References:

Dan Dobron
Pacific West Development
(951) 240-5230 x-102
dan@pwdevelopment.com

Jeff Bullick
Lusardi Land Company
(760) 744.3133 x1201
JBullick@lusardi.com

Vintage Business Park Senior Housing Assisted Living Bid Form

Instructions
A significant factor in the award of the bid for the Vintage Business Park property will be the senior housing assisted living and memory care proposal included with the bid form. Bidders should be sure that the proposed purchase or lease price on the bid form is consistent with information provided with the proposal narrative.

☐ Purchase

Proposed purchase price: _____

☑ Lease

Proposed lease price: $53,165 /yr
* with option to purchase land
Please see proposal

Note:
In August 2019, CBJ purchased the property for $1,519,000. An April 18, 2019 appraisal report (Appendix C) showed a fair market valuation of $1,860,000.

Torrey Pines Development Group
Bidder or Company Name

Matt Parks 11/21/19
Signature Date

Matthew Parks
Printed Name

1817 Avenida del Diablo
Address

Escondido CA 92029
City State Zip

Addendum #1, 10-31-2019
Addenda Nos. Received

$ Described in proposal
TOTAL BID

(858) 335-1817
Telephone Number

(907) 586-6181
Fax Number

mp@torreypinesdevelopment.com
E-Mail Address

Items Due at time of submittal:
- Bid Form
- Proposal
- Registration Fee

CITY AND BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

October 31, 2019

Addendum No. 1 To Bid to Purchase or Lease Land in the Vintage Business Park and Proposal for the Development and Operation of a Senior Assisted Living Housing and Care Community

The following items of the subject Quote are modified as herein indicated. All other items remain unchanged.

REFER TO: V. Attachments, E. CBJ Senior Assisted Living Bid Form
DELETE: in its entirety.
REPLACE WITH: V. Attachments, E. CBJ Senior Assisted Living Bid Form (2), Revised October 31, 2019.

REFER TO: V. Attachments
DELETE: nothing.
ADD: V. Attachments

G. CBJ Vintage Park Limited Topographic Survey
H. AutoCAD file for Topographic Mapping (Link @ https://beta.juneau.org/housing/assisted-living 2019)
I. CBJ Land Management Code (attached, sealed competitive bid, pg. 3)

This addendum must be acknowledged or your quote may be considered non-responsive. Acknowledgment can be made by signing and returning prior to deadline or include with your quote via:
Email: Scott.ciambor@juneau.org

Buyer & Title
City and Borough of Juneau
(907) 586-0220

Torrey Pines Development Group	Matthew Parks	11/21/19
Company	Signature/Printed Name	Date

ACKNOWLEDGE THIS PAGE IF YOU INTEND TO SUBMIT A BID