

ADDENDUMS

ADDENDUM #1

ROANOKE CITY MARKET BUILDING OPERATING BUDGET

OPERATING INCOME

Rental Area	Rental Rate per SF	Income
<u>Ground Floor</u>		
Permanent Stalls (11 x 55 x 4 = 2420 SF)	\$30	\$72,600
(16 x 45 = 720 SF)	\$30	21,600
(16 x 32 = 512 SF)	\$30	15,360
Corner Retail/ Restaurants (18 x 26 x 3 = 1404 SF)	\$30	42,120
Mini-Stalls – NE corner (100 SF)	\$30	3,000
Arcade Retail – Wall and Market Street		
April to September	\$50/month	14,400
October to March	\$40/month	11,520
Permanent stalls (935 SF)	\$25	23,375
Sidewalk stalls		
24 stalls – April to Sept	\$50/month	7,200
Oct to March	\$40/month	5,760
	Subtotal	\$216,935
<u>Mezzanine</u>		
Corner Retail/ Restaurants (18 x 26 x 3 = 1404 SF)	\$15	21,060
Storage (18 x 26 = 466 SF)	\$15	6,990
	Subtotal	\$28,050

Total Rentable Square Feet (SF) of Ground Floor and Mezzanine = 9028 SF

Not included: outdoor and balcony seating areas on the canopy/mezzanine
public seating on the ground floor

Upper Floor Meeting Room

Rent at \$1500. Less expenses of \$500 = \$1000 net per rental/event
20 daytime rentals/events/year = \$30,000

30 evening rentals/events/year = \$40,000		
	Subtotal	\$70,000
<u>Utilities</u> – Estimate of sub-metering tenants		
Electricity		45,000
Water		12,000
<u>Marketing Fee</u>	\$2	18,000
	TOTAL INCOME	\$389,985

OPERATING EXPENSES

Salaries		
Manager	60,000	
Bookkeeping/Office	10,000	
Janitorial		
2 f/t	50,000	
Custodial		
2 p/t	40,000	
Subtotal	\$160,000	
Benefits (20%)	32,000	
	<i>Total Salaries</i>	<i>\$192,000</i>
Advertising/Mktg	25,000	
Office	5,000	
Insurance	n/a	
Utilities		
Electricity	80,000	
Water	20,000	
Garbage	1,000	
Supplies	5,000	
Maintenance/Repair	10,000	
Real Estate Taxes	n/a	
Subtotal	\$146,000	
Contingency (10%)	14,000	
	<i>Total Non-salary</i>	<i>\$160,000</i>
	TOTAL EXPENSES	\$352,000
	Net Income	\$35,985

OTHER POTENTIAL REVENUE SOURCES

- **Percentage Rents:** More markets are instituting a clause in leases – whereby tenants pay a percentage of sales as rent. Typical market percentages range from 4% - 10%, with farmers and fresh food tenants paying less, and prepared food/lunch vendors paying higher rates. It is impossible for us to make predictions with no sales data.

- **Catering Kitchen Rental:** The second floor kitchen will be a 'licensed' kitchen and it can be rented to small scale food producers (jellies, salsas, baked goods, etc.). Market tenants would be able to augment their own production capacities as well.
- **ATM:** There may be one or two small spaces to rent for an ATM machine.
- **Triple Net Rent System:** Establish a Base Year and pass through all increases in operating expenses to tenants.

ROANOKE CITY MARKET – 3 YEAR CASH FLOW PROJECTION

BREAK EVEN SCENARIO BY YEAR 2011

The following figures are based on the 100% occupancy Operating Budget. The figures below have been adjusted to reflect vacancy as indicated.

Assumptions

- *Vacancy Rate: 2009 – 30%, 2010 – 15%, 2011 – 5%; Vacancy rate stabilizes at 5% thereafter*
- *Expenses Increase 2.5% per year*
- *Revenues will increase in 2012 with rent increases*

	Year		
	2009	2010	2011
<u>Revenues</u>			
Ground Floor 206,088	151,854	184,394	
Mezzanine	19,635	23,842	26,647
Upper Floor	49,000	59,500	66,500
Utilities	39,900	48,450	54,150
Marketing Fee	12,600	15,300	17,100
Vacancy Factor	30%	15%	5%
TOTAL REVENUES	272,989	331,486	370,485

Expenses

- Payroll and benefits
- Advertising/Mktg.
- Insurance
- Utilities
- Garbage
- Supplies

Maintenance/Repair RE Taxes			
TOTAL EXPENSES	352,000	360,800	369,820
Net Operating Income	(79,011)	(29,314)	665

2012 AND BEYOND

The market is projected to show a positive cash flow in its third year. Starting in 2012, the market will be in a position to increase rents, based on observation of existing conditions. Assuming expenses stay relatively stable, the City Market Building will begin to see ongoing positive cash flow.

ADDENDUM #2

LUND REPORT: PRELIMINARY FEASIBILITY STUDY