

# OVERNIGHT ACCOMMODATIONS FACILITY FOR THE SAN DIEGO UNIFIED PORT DISTRICT

RFP RESPONSE



STAY OPEN





# DEMOCRATIZING TRAVEL. CURATING SOCIAL EXPERIENCES.

\$30 a night PODs

Rooftop Bar & Restaurant

Useful Technology

Connecting with Others

Mindful & Sustainable

You asked for PODs. We build them.  
From the people that financed the Waldorf Astoria Beverly Hills.  
Come OPEN San Diego with us.



- 1,000 PODs by 2020
- 400k Annual Guests
- >\$55M Annual Revenue
- \$750M Hotels Financed or Developed
- \$250M Real Estate Funds under Management
- Local Team (Carrier Johnson, Kunzik & Sara, Cloudbeds)



# San Diego



- 220 PODs + 6 private rooms
- Existing Annex Building only
- \$10.6M total cost
- \$1M Yr 1 NOI
- 9.5% return on cost
- \$4.6M developer equity
- \$6.0M in-lieu fee funds
- 12 month construction
- 2+ acres for other developers
- Reinvigorates neighborhood

# STAY OPEN SAN DIEGO TABLE OF CONTENTS

<b>Response Cover Letter .....</b>	<b>7</b>
<b>Lessee Questionnaire – Form 317 .....</b>	<b>10</b>
<b>Proposer’s Sub-Service Providers .....</b>	<b>30</b>
<b>Project Description .....</b>	<b>36</b>
STAY OPEN San Diego Program .....	38
Site Area .....	38
Program Breakdown .....	39
STAY OPEN San Diego Design .....	40
POD Description .....	42
Shared Bathrooms .....	43
Ensuite Rooms.....	43
Rooftop Bar and Restaurant.....	44
STAY OPEN San Diego Competitive Set.....	45
<b>Preliminary Marketing Plan .....</b>	<b>46</b>
Social Media.....	47
Web Plan Summary .....	47
OTAs .....	47
Reservation System - STAY OPEN Booking Platform .....	48
Search Engine Optimization.....	48
Advertising .....	49
Partnerships .....	50
Technology.....	50
STAY OPEN APP .....	52
<b>Project Design Concept Drawings.....</b>	<b>52</b>
Site Plan .....	52
Layouts .....	53
Context/Perspective Rendering .....	55
<b>Project Schedule .....</b>	<b>58</b>
Entitlements Timeline .....	58
Construction Drawings and GMP Timeline .....	58
Project Financing Timeline .....	58
Construction Timeline .....	58
STAY OPEN San Diego Completion .....	58

<b>Project Team and Relevant Experience.....</b>	<b>60</b>
Ownership Structure.....	60
Organization Structure .....	61
JUCY .....	64
CaRE .....	66
Approach to Project Management Oversight.....	68
Key Personnel .....	70
Steve Shpilsky, CEO.....	70
Chris Alpe, Principal .....	71
Tim Alpe, Principal.....	72
Michael Palmer, Principal .....	73
Andrew Swerdloff, VP of Acquisitions and Development.....	74
Alexandra Brand, Legal Advisor .....	74
Celina Goldenberg, Controller .....	75
Dr. Alex Morrise, Technology Board Advisor.....	75
Carrier Johnson, Architect.....	76
Kunzik & Sara, General Contractor .....	77
Labib & Associates, Civel, Shoring, and Structural Engineering .....	80
Project Experience .....	81
Christchurch International Airport POD Hotel .....	82
Queenstown POD Hotel .....	83
Auckland POD Hotel .....	84
STAY OPEN Hollywood .....	85
STAY OPEN Santa Monica .....	86
Los Angeles International Airport (LAX) Hyatt Place/Hyatt House Hotel .....	87
<b>Capability to Perform .....</b>	<b>88</b>
<b>Development and Operating Proforma .....</b>	<b>89</b>
<b>Development Example for Representative Site Visit.....</b>	<b>92</b>
Christchurch International Airport POD Hotel .....	92
LAX Hyatt Place and Hyatt House Hotel.....	93

<b>Appendix A – STAY OPEN San Diego Concept Drawings &amp; Financials .....</b>	<b>94</b>
Exhibit 1: Preliminary Plans.....	94
Exhibit 2: Detailed Hard Cost Breakdown.....	100
Exhibit 3: Detailed Proforma .....	106
<b>Appendix B: STAY OPEN Team Financials .....</b>	<b>108</b>
Exhibit 1: JUCY World 2018 Financial Statements .....	110
Exhibit 2: CaRE Affiliate Wilshire EB5 Investment Fund I, LLC Financial Statements.....	116
Exhibit 3: CaRE Affiliate Wilshire EB5 Investment Fund II, LLC Financial Statements.....	120
Exhibit 4: CaRE Affiliate WABH A EB-5 MM LLC Profit and Loss Statement .....	124
Exhibit 5: CaRE Affiliate 5959 LLC Financial Statements .....	130
Exhibit 6: CaRE Affiliate CaRE EB-5 Fund III GP LLC Financial Statements .....	136
Exhibit 7: CaRE Affiliate CaRE EB-5 Fund III LP Financial Statements .....	140
Exhibit 8: CaRE Affiliate Alcazar San Pablo Financial Statements .....	144
<b>Appendix C: General .....</b>	<b>148</b>
Exhibit 1: George Smith Partners – Financing Feasibility.....	149
Exhibit 2: CBIZ – Credit Reference Letter.....	151
Exhibit 3: CalPrivate – Credit Reference Letter.....	152
Exhibit 4: Queenstown Mayor – Letter of Support .....	153
Exhibit 5: New Zealand Consul-General to USA -Letter of Support .....	154
Exhibit 6: Christchurch Airport Chief Aeronautical & Commercial Officer – Letter of Support ....	155
<b>Appendix D: Draft Legal Agreements .....</b>	<b>156</b>
Exhibit 1: STAY OPEN San Diego, LLC Operating Agreement .....	157
Exhibit 2: Ground Lease Agreement with The District .....	182
Exhibit 3: STAY OPEN Franchise Agreement.....	187
Exhibit 4: STAY OPEN Management Agreement.....	189
Exhibit 5: CaRE Development, LLC Development Agreement.....	193

STAY OPEN San Diego, LLC  
10474 Santa Monica Blvd., Suite 301,  
Los Angeles, CA 90025  
P: (310) 474-7890 | F: (310) 441-1675

March 6, 2019  
Mrs. Penny Maus  
Development Manager, Real Estate  
San Diego Unified Port District  
3165 Pacific Highway  
San Diego, CA 92101

**Re: Letter of Transmittal, RFP 18-19ME – SAN DIEGO BAY DEVELOPMENT OPPORTUNITY LOWER COST OVERNIGHT ACCOMMODATIONS**

Dear Selection Committee:

On behalf of the CaRE Development (USA) ("**CaRE**") and JUCY World (New Zealand) ("**JUCY**") Team, it is an honor to submit this response to your Request for Proposal to create the highest quality, lower cost overnight accommodations facility for the San Diego Unified Port District (the "**District**") to expand access to San Diego's tidelands to ensure that all visitors from a variety of backgrounds and incomes can enjoy the area's full range of coastal experiences. As you will see from our detailed response, it's as if the RFP was specifically addressed to our group.

CaRE, an experienced US hotel financier and developer, has joint ventured with JUCY, the leading affordable POD accommodations provider in New Zealand, to develop, own, manage, and operate JUCY's proven and successful shared affordable POD Hotels throughout key US markets. PSJ USA, LLC ("**PSJ**") is the joint venture entity created by the owners of CaRE and JUCY.

After one year of extensive US market research, the JUCY name and logo has been rebranded to "**STAY OPEN**" Hotels. Design and operational enhancements are being made to adapt to local US markets, but the fundamental successes and functionality of the PODS is inherent to STAY OPEN.

PSJ/STAY OPEN, with its San Diego-based, experienced design/build team is excited to share its vision to convert the District's Annex Building (the "**Property**") into a high-quality, lower-cost, overnight accommodation. The STAY OPEN San Diego POD Hotel ("**STAY OPEN San Diego**" or the "**Project**") will democratize travel and create social energy offering an activated rooftop restaurant and bar that caters to a broad demographic of US and overseas hotel guests and locals. Moreover, the adaptive reuse of the existing office building will allow for a shorter entitlements and construction timeline bringing the accommodation to the market quicker for the District. Utilizing solely the Annex Building to meet the District's affordable accommodations needs opens up the remaining +2-acre parcel to be redeveloped for another use deemed favorable by the District. Moreover, a timely redevelopment and activation of the Annex Building will increase the value of and attract more opportunities to redevelop the remaining +2-acre site.

The innovative POD design allows for space optimization enabling STAY OPEN San Diego to offer affordable accommodations while creating an activated and fun environment facilitating memorable shared guest experiences. While branded budget motels offer affordability and a place to sleep, they offer no emotional connection to the property or local setting. STAY OPEN offers affordability without sacrificing the fun and enjoyable experience. On average, guests will pay US\$[REDACTED] per night for PODs and US\$[REDACTED] for private Ensuite rooms.

The multifaceted STAY OPEN Team with decades of real estate development, investment, management, and operations experience is uniquely and, quite frankly, exclusively, positioned to successfully deliver the exact accommodation the District is seeking and should be selected by the District:

- Proven and Successful Track Record of Developing and Operating High Quality, Lower Cost Overnight Accommodations and Name Brand Recognition Catering to Broad Range of Travelers from Diverse Backgrounds and Incomes.** Over the past +8 years, JUCY has completed and operated three (3) successful POD Hotels, including one adjacent to Christchurch Airport (opened in 2016), and is developing its fourth (4th) flagship and largest POD Hotel (2020 – adaptive reuse) bringing its total POD/bed count to over 1,000. The company's success continues to grow with JUCY being rated #1 for budget accommodations based on user feedback on both TripAdvisor and Hotels.com platforms.



- Proven and Successful Track Record in Financing, Developing, and Completing Hotels throughout the US.** Founded in 2011, CaRE is an experienced and successful US hospitality real estate firm having financed and developed six (6) hotels valued at over US\$750 million and built/building over 1,100 hotel rooms.
- Expansive, Built-In Customer Platform Maximizing Operating Success.** JUCY has almost 20 years of experience providing travel adventures and experiences to Europeans, Asians, and Americans traveling to New Zealand & Australia, and over the past few years has provided travel adventures to customers in the US. JUCY is a household name in Australasia and has over 400,000 annual customers, 6 million YouTube views, 79,000 Facebook fans, and 20,000 Instagram followers, that will instantly be exposed to STAY OPEN San Diego.
- Extensive and Experienced Team Comprised of Lawyers, Accountants, Finance Professionals, Entrepreneurs, Technology Experts, and Real Estate Professionals.** The STAY OPEN Team has wide-ranging resources to service all facets of real estate projects from entitlements to operations and has a proven track record on successfully delivering high quality hotels to the market.
- Well-Capitalized and Financially Stable.** Both CaRE and JUCY are successful firms with strong annual cash flows. CaRE has invested over US\$250 million on behalf of its investors and is currently building an approximately US\$110 million, 401-key Hyatt Hotel across the street from Los Angeles International Airport (LAX) scheduled to open in 2020. In addition to JUCY's successful POD Hotel business, JUCY provides RV and rental cars (over 6,000 vehicles) throughout the Australia, New Zealand, and the US with revenue exceeding US\$55 million. Moreover, the Principals of STAY

OPEN, namely Michael Palmer and Chris Alpe, have enjoyed multi-decade successes in their respective careers. Mr. Palmer is co-founding partner of Realty Center Management, Inc. (RCMI), in Los Angeles, CA which manages over 250,000 sqft of commercial office and retail space and over 10,000 apartment units valued at over US\$1.0 billion, with properties located in three states. Mr. Alpe, one of New Zealand's preeminent tourism entrepreneurs, grew Maui Campervans into publicly-listed Tourism Holdings Limited (NZSE:THL), and at his retirement, the company achieved revenue of approximately US\$100 million and market valuation of approximately US\$180 million. Mr Alpe currently resides in Los Angeles.

- **Deep US Real Estate Relationships to Ensure Successful Project Execution.** Access to best-in-class real estate service providers, including architects, general contractors, engineers, lawyers, and hotel resources to execute on real estate projects from acquisition through operations. For this RFP, the STAY OPEN Team is working with architects (Carrier Johnson, San Diego-based), general contractor (Kunzik and Sara, San Diego-based), and structural engineer (Richard Chen) that it has successfully worked with on past hotel projects.

The principals of STAY OPEN are Steve Shpilsky (CaRE), Chris Alpe (JUCY), Tim Alpe (JUCY), and Michael Palmer (CaRE); they have the authority to enter into a binding agreement and authorize changes to its scope, terms, and conditions of the agreement if selected.

Name	Steve Shpilsky	Chris Alpe	Tim Alpe	Michael Palmer
Title	CEO/Co-Founder	Co-Founder & Executive Director	CEO & Co-Founder; Principal	Co-Founder
Firm	CaRE	JUCY	JUCY	CaRE
Address	10474 Santa Monica Blvd. Suite 301 Los Angeles, CA 90025	10474 Santa Monica Blvd. Suite 301 Los Angeles, CA 90025	81 Fort St. Auckland CBD 1010	10474 Santa Monica Blvd. Suite 301 Los Angeles, CA 90025
Phone	(310) 474-7890	(310) 627-6738	+64 (0) 9 374 4962	(310) 474-7890
Fax	(310) 441-1675	(310) 441-1675	N/A	(310) 441-1675
Email	steve@stayopen.com	chris@jucy.com	tim@jucy.com	mpalmer@eb5socal.com

The STAY OPEN Team will accept financial responsibility for all travel expenses incurred for oral presentations and candidate interviews.

We sincerely appreciate the opportunity to share our vision for high quality, lower cost overnight accommodations for the District and look forward to discussing the wide variety of benefits our established POD Hotel platform can bring to the city of San Diego.

We look forward to working with you!

Sincerely,

Steve Shpilsky



Chris Alpe



Tim Alpe



Michael Palmer



**Lessee Questionnaire - Form 317**

**Redacted - Intentionally removed.**

# PROPOSER'S SUB-SERVICE PROVIDERS

## ATTACHMENT G

### RFP 18-19ME SAN DIEGO BAY DEVELOPMENT OPPORTUNITY LOWER COST OVERNIGHT ACCOMMODATIONS

#### PROPOSER'S SUB-SERVICE PROVIDERS

Name and Address of Sub Service Provider	Type of Service	SBE Type (DBE, WBE etc.)	Certifying Agency*	Percent of Service**	Dollar Value of Service
Rancho Santa Fe Glass 555 Country Club Drive Escondido, CA 92029	Glass and Glazing			10%	
Alpha Mechanical 4885 Greencraig Lane Suite 100 San Diego, CA 92123	Mechanical/HVAC			12%	
Myerson Electric 33718 Sundrop Ave Murrieta, CA 92563	Electrical			12%	
B&M Plumbing 585 N Twin Oaks Valley Rd San Marcos, CA 92069	Plumbing			12%	
Casper Demolition 3825 Bancroft Drive Suite 105 Spring Valley, CA 91997	Demolition			2%	

\* Must provide copy of SBE Certification

\*\* Must provide percentages of work to be subcontracted. If unknown, what is your overall percentage for all subs combined for the project?

An aerial night photograph of San Diego. The foreground shows a large, multi-story building with a flat roof and some signage, including "ST VILLAGE". To the left, a busy street with multiple lanes has cars with their headlights on. In the background, the San Diego skyline is visible with various skyscrapers illuminated against a twilight sky with streaks of orange and blue. A dark semi-transparent box is overlaid on the bottom right of the image, containing the title text in white.

# OVERNIGHT ACCOMMODATIONS FACILITY FOR THE SAN DIEGO UNIFIED PORT DISTRICT



# WHAT IS STAY OPEN?

## SHARED HOSPITALITY

OPEN is a new hospitality experience where people from all over the world come to make emotional connections with each other through art, music, food, drink, mindfulness, and tech.

OPEN provides shared and private rooms that democratizes travel. Special things happen when you put great open minded people under one roof. Curated and organic social experiences will create lifetime memories.

Tech is used to make life easier and facilitate real life connections.

OPEN THE WORLD TOGETHER.

# AFFORDABLE

Stop in and stay for as little as \$30 a night

# CONNECT

Connect with like minded travelers and locals

# FLEXIBLE

Book as you wish. Check in via our app at will

# UNIQUE

Well thought out common areas where people can meet and share



# WHAT IS THE NEED?



83%

OF MILLENNIAL  
FAMILIES SAY THEY  
ARE LOOKING FOR  
UNIQUE EXPERIENCES

78%

OF MILLENNIAL FAMILIES  
HAVE BOOKED TRAVEL  
IN THE PAST YEAR  
USING AN APP

97%

OF MILLENNIAL  
TRAVELERS POST  
THEIR EXPERIENCES  
ON SOCIAL MEDIA

87%

OF GLOBAL TRAVELERS  
SAY THAT THEY WANT TO  
TRAVEL SUSTAINABLE



# PROJECT DESCRIPTION

The Team will convert the existing District Annex Building into STAY OPEN San Diego and own and operate the POD Hotel to deliver a high quality, lower-cost overnight accommodation for the District. To maximize the number of low-cost accommodations, a second story will be built on top of the existing structure to add PODs/beds and a rooftop amenity to the Property. Moreover, the proposed adaptive reuse of the existing building allows for a more sustainable development plan and the ability to bring the accommodation to market quicker. The conceptual plans envision up to 220 PODs and 6 private Ensuite rooms and an activated rooftop space with a restaurant and bar offering unobstructed views of the Harbor and Downtown San Diego. Utilizing solely the Annex Building to meet the District's affordable accommodations needs opens up the remaining +2-acre parcel to be redeveloped for another use deemed favorable by the District. Moreover, a timely redevelopment and activation of the Annex Building will increase the value of and attract more opportunities to redevelop the remaining +2-acre site.

Travelers to STAY OPEN San Diego will share rooms while sleeping in PODs and sharing well-appointed common bathroom facilities. The Ensuite rooms will offer private rooms with bathrooms to accommodate guests and meet ADA requirements. On average, guests will pay [REDACTED] per night for a POD in a shared room and [REDACTED] for Ensuite rooms. Female only and co-ed shared rooms will be offered via our booking platform.

Technology will be used to make hotel bookings, check-in/out, and ordering food and drinks easier. The social platform app will also facilitate connecting guests on Property and exposing guests to experiences offered by the local San Diego community. Imagine a local art or food festival looking to offer out of town guests a unique experience - our social platform will allow for such engagement.

STAY OPEN San Diego will incorporate the successes of JUCY's Christchurch POD Hotel, adjacent to the Christchurch International Airport, which opened in November 2016. Developed in partnership with Christchurch International Airport, the Christchurch POD Hotel has received accolade from government officials,

OTAs, and guests in its ability to provide safe, clean, and desirable low-cost accommodations close to the Airport. The self-contained "micro accommodation" concept features 271 beds, storage lockers, a power supply, and WiFi connectivity. Moreover, JUCY's two (2) other POD hotels located in Queenstown and Auckland, and it's fourth (4th) flagship property, currently under development, provide important experience and feedback to deliver the unique, stylish, and affordable, STAY OPEN San Diego.

STAY OPEN San Diego will create a high-quality, yet affordable, socially active, overnight living environment under one roof thus activating and substantially improving the streetscape around the Annex Building as well as the neighborhood:

- 1) The ground floor, extended out to Pacific Highway, primarily consists of 8 to 12-person POD rooms with well-appointed, "Equinox-like" shared bathroom space, Ensuite rooms with private bathrooms, a lobby and bar, and skylights offering natural light;
- 2) A lightweight steel structure will be built on the rooftop to provide a second story of accommodations and common space;
- 3) The modern and illuminated lobby entrance, highly visible from Pacific Highway, elevates the streetscape and brings life to an otherwise industrial neighborhood;
- 4) The vehicle entrance and parking lot along the southern side of the Building utilizes a small portion of land from the adjacent parking lot;
- 5) Designated shared scooter and bike areas will help organize and consolidate these popular modes of transportation frequently embraced by our target demographic; and
- 6) Two (2) elevators, new exterior staircase, and the existing staircase abutting Pacific Highway provide circulation to the activated rooftop area with restaurant and bar and outdoor seating area facing Pacific Highway

The Project presents an invaluable opportunity for the District to establish a model of high-quality, low-cost overnight accommodations and to exemplify the goals of this RFP and the Coastal Commission – providing coastal access to visitors with diverse backgrounds and incomes. The Property is the wave of the future with travelers looking to stay in prime locations without breaking the bank and sacrificing the experience.

Moreover, the Project and site are ideally suited to enhance and encourage multi-modal transit options. Multiple transit options are nearby and hotel guests are anticipated to utilize electric scooters and shared car riding services limiting the need for parking and not adding to traffic congestion.



# STAY OPEN – SAN DIEGO PROGRAM

STAY OPEN San Diego is designed to balance privacy with social spaces. The STAY OPEN San Diego design concept seeks to maximize low-cost accommodations while also providing attractive and activated common space and food and beverage offerings to adhere to the RFP's and Coastal Commissions' criteria.

Our unique PODs are custom built to balance the privacy of a room with the cost benefits of a shared accommodation. STAY OPEN is redefining what most typically refer to as "hostels". Our market research revealed that most people associate hostels as unsafe, unclean, and lacking desirable common gathering areas. STAY OPEN's creative and functional PODs provide

privacy and safety in comparison to traditional hostel offerings. STAY OPEN's ethos, engaging technology, and active common areas provide a memorable social experience beyond a typical hostel's ability. Moreover, there is something for everyone in our selection of shared rooms, private rooms, Ensuite rooms, and family rooms.

## SITE AREA

The Project extends the floor plan of the Annex Building to the outside area abutting Pacific Highway and adds a second story of accommodations to optimize gross building area and increase bed count. The Project's gross site area is  $\pm 12,820$  square feet.



## PROGRAM BREAKDOWN

The ±12,280 square foot ground floor consists of 21 rooms (136 beds), ±2,200 square feet of amenity and lounge space as well as a reception/lobby, food and bar options, shared bathroom space, lockers, and back of house space.

By adding a second floor (building height of approximately 30 feet) and activating the rooftop, the Property gains ±3,310 square feet of accommodation space or 12 rooms (90 beds) and ±3,625 square feet of rooftop patio and common space. The total gross building area is ±22,370.

A portion of land from the adjacent parking lot to the Annex Building will be used to create driveway access (curb cut at Pacific Highway) and a parking lot (42 spaces) for STAY OPEN San Diego. We have parked the Property to meet the required parking requirements per its zoning. However, the Property is located in a Transit Priority Area overlay so it qualifies for reduced parking requirements, and we expect our guests to utilize shared transportation, electric scooters, and public transportation reducing our need for parking.

Figure 2: Unit Mix & Parking Demand

Unit Type	# Rooms	# Beds	Parking
POD Room (8 Person)	21	168	
POD Room (12 Person)	4	48	
POD Room (ADA)	2	4	
Ensuite (1 Bed)	6	6	
<b>TOTAL</b>	<b>33</b>	<b>226</b>	<b>42</b>

Figure 3: Program Square Footage Breakdown

	Square Feet
Site Area	±12,820
Accommodations	±8,850
Lobby/Check-in/Office	±235
Amenity (Level 1 & 2)	±3,330
Rooftop Patio	±2,495
Bathrooms (Level 1 & 2)	±2,310
Storage	±775
Back of House	±1,210
Circulation	±3,165
<b>Total Gross Square Footage</b>	<b>±22,370</b>

Solely utilizing the Annex Building to meet the District's affordable accommodations needs allows for the remaining +2-acre parcel to be redeveloped for another use deemed favorable by the District. Moreover, a timely redevelopment and activation of the Annex Building will increase the value of and attract more opportunities to redevelop the remaining +2-acres site.

# STAY OPEN – SAN DIEGO DESIGN

STAY OPEN San Diego is designed to fit our STAY OPEN brand standard of black and rose gold, but with a twist! The Property has been shaped to incorporate elements of San Diego and its surroundings, bringing a local feel with a playful, unique, and chic STAY OPEN flair.

STAY OPEN San Diego will not compromise on design. We aim to create a fun and imaginative space for people to relax, share stories, and feel inspired after a day full of adventures. Our rooftop takes advantage of San Diego's perfect, year-round weather and the unencumbered views of San Diego's Harbor and downtown cityscape. We plan to incorporate artwork from local artists throughout the Property reflecting the adrenaline-filled activities that San Diego has to offer.

STAY OPEN San Diego is designed for more than aesthetic appeal; we deeply think about how customers will use the space and balance contrasting needs for privacy and social experience. The design takes into account the business model requirements, such as total beds, F&B offerings, staffing, and technology. Our goal is to provide effective accommodations that is also a place to be seen.

STAY OPEN San Diego will take its impact on the environment seriously. This means our operations use leading practices to reduce water, waste and power usage. We will also encourage our design and building team to utilize sustainable building materials, designs, and practices. Our goal is to work with our guests, suppliers, and partners to eventually have a net positive impact on the environment.

Figure 5 – STAY OPEN Manifesto

HOW WOULD STAY OPEN SAY IT			
	DESCRIPTION	DO	DON'T
ADVENTUROUS	We're always excited and curious about the next big thing. We live for the wrong turn and embrace/ make change. We say yes when others say maybe.	<ul style="list-style-type: none"> <li>- Be positive, bold and ambitious.</li> <li>- Express a playful nature and innovative spirit.</li> <li>- Use active voice.</li> <li>- Use strong verbs.</li> </ul>	<ul style="list-style-type: none"> <li>- Be vanilla or dry, if you're yawning when you read what you write, it's probably not OPEN!</li> <li>- Say and do what everyone else is doing</li> </ul>
ENTHUSIASTIC	We could never be accused of being too cool for school, we're just too enthusiastic! We want our customers to have the time of their lives... and we wish we could come along for the ride! We are more than just a pod or a room and even an afternoon nap is a STAY OPEN Snooze!	<ul style="list-style-type: none"> <li>- Get excited about the little things. Even a boring afternoon nap is a STAY OPEN Snooze!</li> <li>- Be expressive.</li> <li>- Exude a fun-loving, carefree spirit in language.</li> <li>- Use an upbeat tone at all times.</li> <li>- Use exclamation marks!</li> <li>- Be full of energy.</li> </ul>	<ul style="list-style-type: none"> <li>- Sound like a teenage girl, our enthusiasm is authentic and infectious</li> <li>- Inject enthusiasm into info that is quite simply serious or bad, there are some things that just aren't fun!</li> <li>- Use negative language.</li> </ul>
SOCIABLE	You've always got a friend in a STAY OPEN! The STAY OPEN spirit can be found in any STAY OPEN common room or on the road, there's nothing we like more than being part of something bigger than ourselves. With JUCY we're socially braver and the experience freedom and fun like never before.	<ul style="list-style-type: none"> <li>- Be inclusive – everyone's a part of this adventure!</li> <li>- Speak in the 2nd person</li> <li>- Be casual but confident</li> <li>- Use relatable language</li> <li>- Ooze our friendly, popular, happy-go lucky personality</li> <li>- Use contractions</li> </ul>	<ul style="list-style-type: none"> <li>- Act too cool or too casual/ aloof.</li> <li>- Be a try-hard, we're effortlessly likable.</li> <li>- Don't switch tense, unless writing something like a press release (third person).</li> </ul>
BIG-HEARTED	Come in! Take off your shoes! Or not. We don't mind, so long as your comfy. Thoughtfulness, kindness and a generosity of spirit are all ingredients we like to call our own. We have a genuine and innate drive to make sure STAY OPENs are well-looked after and have the best adventure they can!	<ul style="list-style-type: none"> <li>- Have the customer at the heart of all communication.</li> <li>- Be authentic and caring</li> <li>- Be empathic and helpful</li> <li>- Ensure tone is warm, kind and light</li> </ul>	<ul style="list-style-type: none"> <li>- Be derogatory or negative about anyone or anything. Ever. It's not in our vocabulary</li> <li>- Be abrupt</li> <li>- Be lukewarm or wishy-washy</li> </ul>
QUIRKY	Expect the unexpected. We're playful, off-beat and sometimes cheeky. We march to the beat of our own drum and are happy to stand out from the crowd, quirks and all.	<ul style="list-style-type: none"> <li>- Have good banter</li> <li>- Be sassy (but not sexy)</li> <li>- Be full of character and not afraid to be cheeky</li> </ul>	<ul style="list-style-type: none"> <li>- Be weird or too obscure – quirky is cool, weird is not</li> <li>- Be rude or sarcastic – keep your sass in check</li> <li>- Lose sight of the core information to be communicated, keep it simple.</li> <li>- Use bullshit jargon</li> </ul>
IDEALISTIC	Even the hardest of adventure-seekers need precious rest! Dream, prepare and share – that's what STAY OPEN is for.	<ul style="list-style-type: none"> <li>- Refer to dreams in any brand text.</li> <li>- Believe the world is full of endless possibilities.</li> </ul>	<ul style="list-style-type: none"> <li>- Rain on anyone's parade.</li> <li>- Be a pessimist.</li> <li>- Let reality get you down</li> </ul>



## POD DESCRIPTION

### [360 Degree View of Queenstown 8-POD room](#)

The STAY OPEN POD is a capsule style sleeping POD. The PODs are designed as traditional shared-dorm-style rooms but each individual POD can be completely closed off with a privacy blind – offering privacy without the price tag. Each POD includes all amenities our guests expect including, a comfortable queen bed, a personal light, mirror, temperature control, charging station, free WiFi, and secure luggage storage.

Below is a POD from our Christchurch Airport Hotel; we've highlighted its various features. Please note that the color scheme and exterior façade will change to reflect the STAY OPEN brand and the POD will comply with all local, regional, and state building and safety and fire and life safety requirements.

We are in the process of designing POD 2.0 with certain design enhancements to add to guest comfort and experience. With our POD manufacturer and design team, we are able to design/build our PODs to fit the Annex Building space to ensure space optimization.



Figure 6 – Christchurch Airport POD Features

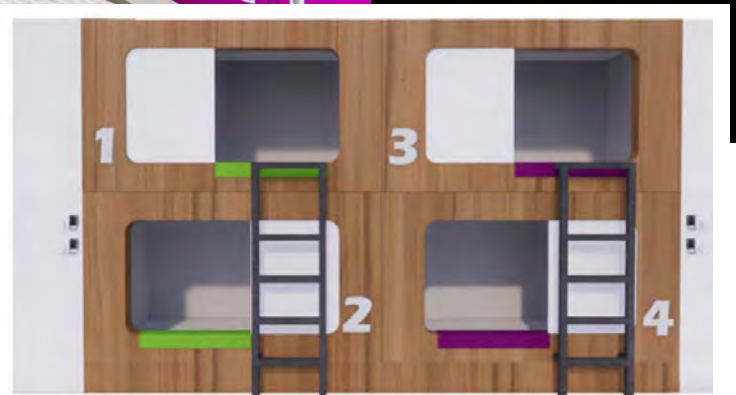


Figure 7 – POD 2.0 Design

## SHARED BATHROOMS

The shared bathrooms will be well-appointed – this is not your college dormitory bathroom. Think high-end gyms, like Equinox. This is a far cry from what most travelers experience in your typical low-cost hostel accommodation.

*Figure 8 – Christchurch Airport Shared Bathrooms*

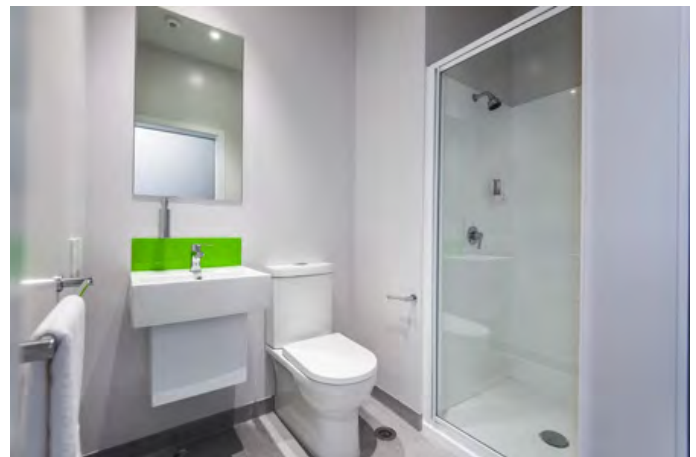
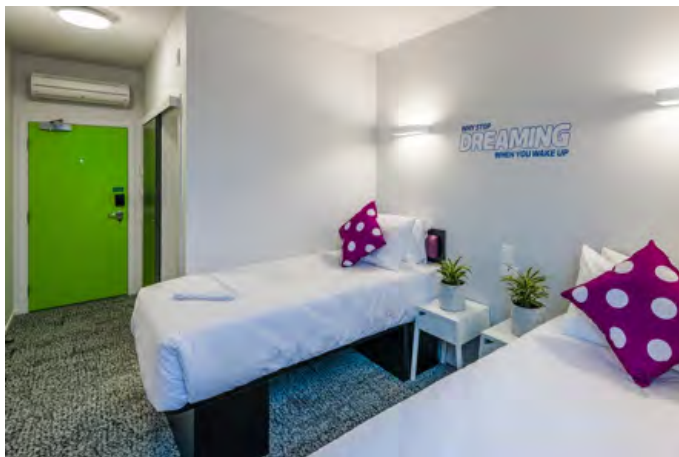


## ENSUITE ROOMS

### [360 Degree View of Queenstown Standard Queen Ensuite](#)

A mixture of Queen, Twin, and Family Ensuite rooms with private bathrooms can accommodate different sized groups.

*Figure 9 – Christchurch Airport Ensuite Room*



## ROOFTOP BAR AND RESTAURANT

### [360 Degree View of Rooftop Pizzeria and Bar](#)

STAY OPEN San Diego will have a rooftop pizzeria and bar. Looking out over the San Diego Harbor, it's a space for guests and locals to unwind after a day of work or play. Serving up craft cocktails and classic Italian pizzas as well as salads and bar snacks, the menu celebrates local and seasonal produce. The STAY OPEN bar and restaurant feature playful congregating areas and interactive areas for guests to plan their trip, connect with friends and family back home, or relax with a drink and a slice of pizza and make new friends and lasting memories.

*Figure 10 – Queenstown Rooftop Bar and Restaurant*



# STAY OPEN SAN DIEGO COMPETITIVE SET

STAY OPEN San Diego will compete with hostels in Little Italy and downtown San Diego.

#	Hostel Name Website	Address Distance	Neighborhood	Weekday Rate (Bed)	Weekend Rate (Bed)	Weekday Rate (Room)	Weekend Rate (Room)
1	R.K. Hostel Found on Booking.com	642 W. Hawthorn St. ± 5 min drive	Little Italy	\$28	\$35	\$75	\$75
2	ITH Adventure Hostel <a href="https://ithhostels.com/san-diego-adventure-hostel/">https://ithhostels.com/san-diego-adventure-hostel/</a>	1658 Front Street ± 5 min drive	Little Italy	\$38	\$40	\$100	\$100
3	Found San Diego <a href="https://www.foundhotels.com/found-san-diego">https://www.foundhotels.com/found-san-diego</a>	505 West Grape Street ± 6 min drive	Little Italy	\$31	\$37	\$102	\$102
4	USA Hostels San Diego <a href="https://www.usahostels.com/locations/san-diego/">https://www.usahostels.com/locations/san-diego/</a>	6726 5th Avenue ± 10 min drive	Downtown	\$33	\$37	\$90	\$90
5	HI San Diego <a href="https://www.hiusa.org/hostels/california/san-diego/downtown">https://www.hiusa.org/hostels/california/san-diego/downtown</a>	521 Market Street ± 11 min drive	Downtown	\$32	\$37	\$104	\$111
6	Lucky D's <a href="http://luckydshostel.com">http://luckydshostel.com</a>	615 8th Avenue ± 11 min drive	Downtown	\$28	\$30	\$76	\$76
7	Hostel on 3rd <a href="https://www.hostelon3rd.com">https://www.hostelon3rd.com</a>	542 3rd Avenue ± 9 min drive	Downtown	\$60	\$60	\$85	\$85
8	Pacifica Hostel <a href="http://pacificahotelsd.com">http://pacificahotelsd.com</a>	551 Fourth Avenue ± 10 min drive	Downtown			\$85	\$85

# PRELIMINARY MARKETING PLAN

Democratizing travel. Curating organic social experiences. This is STAY OPEN's mission statement. We are redefining what most people consider a "hostel". The word itself sounds. . . hostile. STAY OPEN is about creating affordable, safe, mindful and energetic social experiences. Guests have their own sense of space, yet it only costs about US\$ [REDACTED]

Step out of your POD into an energetic, vibrant, social environment. Check your STAY OPEN APP to see if anyone staying at the Property is checking out that live band you love. Meet someone from Brazil for a 7:00 am Yoga and meditation session on the rooftop. Share it all on Instagram. This is OPEN. Our marketing strategy is built around defining this experience as "OPENING" a City. After a day of Yoga, surfing, and live music, our guest will turn in to their POD, pick up their phone, and post pictures of their adventures on Instagram with the caption, "Today, I OPENED San Diego".

As a SoCal-based Company, STAY OPEN has roots in Los Angeles. We are currently developing properties in Hollywood and Santa Monica and see those as perfect compliments to foreign and domestic travelers seeking a complete SoCal travel experience. We will bundle travel packages and experiences, all affordable and targeting the same demographic. In fact, our marketing strategy will help drive foreign travelers to San Diego from Los Angeles as most international flights land in LA. For example, we can bundle a 2-day stay in Hollywood, 2 days in Santa Monica, and 3 days in San Diego, all under the STAY OPEN brand.

STAY OPEN San Diego will integrate and build off JUCY's 8+ years of successes of their three (3) existing high-quality, low-cost accommodations, and its under development 4th flagship property, its largest to date, to ensure the Property is built and operated to maximize operational success. Moreover, JUCY has over 400,000

customers, 70,000 Facebook fans, and 23,000 Instagram followers. STAY OPEN will market STAY OPEN San Diego to this mature and loyal customer base providing instant exposure for the Property.

STAY OPEN San Diego will focus on maximizing "value delivered" to our target market. We understand what our customers want and ensure they get these features at the best overall rate. Our goal is to educate our market about the value in the STAY OPEN San Diego proposition.

STAY OPEN San Diego will become the premiere low-cost accommodations destination for travelers to San Diego. Travelers will gravitate to STAY OPEN not only for the value it offers but the "one of a kind" fun, social, and active atmosphere.

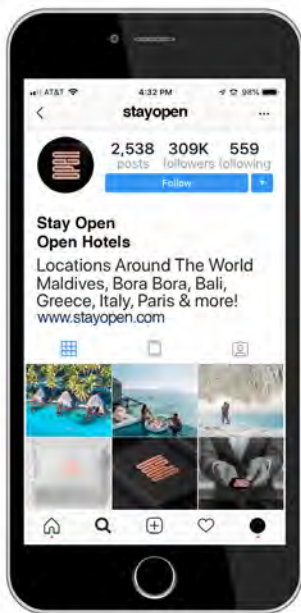
The marketing strategy is based on a multi-layered, rapid market penetration through targeted methods to create interest and long-lasting customer referral loyalties in the establishment. Moreover, STAY OPEN is strategically located across the street from San Diego Airport, one of the busiest airports in the US, and will provide a direct line to guests looking for affordable accommodations in proximity to the Airport.

Additionally, with its fun and energetic rooftop patio, STAY OPEN intends to market the offering to locals in San Diego looking for a fresh day and night social atmosphere. Our goal is to create authentic experiences for our guests that they will not get at other accommodations and be seen as a critical part of the local neighborhood.

## SOCIAL MEDIA

From the early day of influencer marketing, JUCY has worked closely with content creators who are keen to share their road trip experiences with their followers. This has resulted in JUCY featuring authentically in blogs, vlogs, Snapchat, Instagram, and Facebook live videos on a regular basis to an immeasurable and engaged audience. STAY OPEN will tap into and build off JUCY's mature social media platform as well as grow its network of US-based content creators.

STAY OPEN will have a heavy presence in social media, a critical channel in reaching its tech savvy and technology reliant target market. STAY OPEN San Diego will have Instagramable moments throughout the Property enticing guests to post their experiences on these sites and spread the word about STAY OPEN San Diego in a modern, “word of mouth” method via social media. Examples of social media channels spreading the STAY OPEN ethos include but not limited to:



- Instagram
- YouTube
- Twitter
- Facebook
- Pinterest
- STAY OPEN blog posting
- Google Plus
- Yelp
- Foursquare
- TripAdvisor
- Groupon
- Flickr
- WeChat

In order to ensure maximum efficiency from these campaigns, STAY OPEN may retain the services of an advertising/marketing consulting firm. Ads and articles are scheduled to begin around the time STAY OPEN San Diego begins its operation.

## WEB PLAN SUMMARY

STAY OPEN plans to launch its website Summer 2019 and is developing its APP.

Our website marketing strategy will focus on customers looking for fun and dynamic, affordable accommodations. Our APP will be a living and breathing travel social network with onsite property functionality described in more detail below. By having guests download and use the STAY OPEN APP, we will have direct access to them without having to rely 100% on OTAs. Bookings can be made native in the APP at best available rates with incentives and bundled deals can be offered to those on the STAY OPEN network.

## OTAs

STAY OPEN understands the importance of OTAs for Hotel bookings, but will also utilize an all-encompassing marketing and advertising strategy to facilitate direct bookings from its existing customer base through the JUCY platform as well as utilize an all-encompassing marketing and advertising strategy to source direct customers. JUCY is consistently rated at the top of its category on all OTA booking platforms. In 2019, both JUCY Queenstown and Christchurch received the “Loved by Guests” Award from Hotels.com. The list below is a sample of the type of OTAs STAY OPEN will utilize:

- Hotelbeds
- Ctrip
- Agoda
- Hostelworld
- Expedia
- Booking.com
- Hotels.com

Below is a Daily Business Report (DBR/DRR) aka “Manager Flash” for the Christchurch International Airport POD Hotel. Approximately 80% of the day’s bookings come from OTAs. STAY OPEN San Diego will target to reduce its OTA dependence to 60% with the remaining 40% coming from direct bookings through the STAY OPEN reservation system.



## RESERVATION SYSTEM – STAY OPEN BOOKING PLATFORM

Cloudbeds, a San Diego-based property management system that powers 30% of hostel platforms worldwide, is the booking platform used by JUCY. Cloudbeds will also provide the reservation system for STAY OPEN San Diego and the STAY OPEN network. Another wonderful San Diego connection!

## SEARCH ENGINE OPTIMIZATION

Our Technology Advisor, Dr. Alex Morrise, is Chief Science Officer at mediajel.com, a marketing platform that leverages real-time data to precisely target the right audience and engage them. Dr. Morrise will direct Mediajel to run our search engine optimization campaign generating original relevant content and buying key Adwords so STAY OPEN San Diego shows up as a top result for guests interested in or looking for accommodation in San Diego.

## ADVERTISING

STAY OPEN plans to advertise its establishment through general travel on-line publications and hostel websites. The list below is a sample of the type of media channels STAY OPEN will advertise through:

- [www.hostelworld.com](http://www.hostelworld.com)
- [www.gap360.com](http://www.gap360.com)
- [www.studentuniverse.com](http://www.studentuniverse.com)
- [www.skift.com](http://www.skift.com)

STAY OPEN will also curate promotional activities such as featuring local chefs, musicians, and artists. Events to attract guests as well as media coverage will be coordinated as part of the overall marketing strategy in reaching the target market. STAY OPEN will also organize coastal recreation events such as group surf lessons, group volleyball games, and flag football games to allow guests to enjoy San Diego's pristine coastline and weather.

To increase awareness and curiosity amongst travelers, STAY OPEN plans to contact San Diego Airport to install a demo POD in the airport. STAY OPEN also plans to engage with the community by promoting community initiatives such as beach clean ups and sponsoring local teams and events.

These marketing approaches will be supported by various promotional materials to increase visibility and create brand awareness and reputation. Promotional materials such as coasters, cocktail napkins, and apparel will be professionally designed to maintain a uniform image and tie it with other STAY OPEN properties throughout the US to establish a recognizable brand.

Some of these may include but not be limited to:

- STAY OPEN memorabilia (T-Shirts, hats, and other promotional items)
- YouTube Videos
- Instagram, Email, Facebook, Twitter, and Pinterest campaign template

To maintain and continue to grow its image as the premiere affordable accommodation destination with great food and beverage, a fun, social environment, and great customer service, STAY OPEN will maximize efficiency in the selection and scheduling of advertisements by:

- Selecting publication popular with its targeted market
- Scheduling adequate frequency of ads to impact the target market
- Maximizing ad life with monthly and weekly publications

Other plans may include putting up billboard advertisements or large signage at the San Diego Airport.

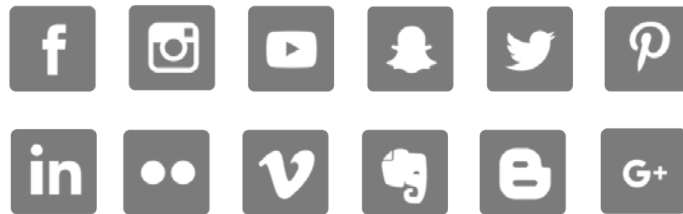
Dr. Morrise will also direct mediajel.com to precisely target the right audience and engage them. Dr. Morrise will facilitate ad buys on behalf of STAY OPEN and utilize mediajel.com's proprietary tools to target the STAY OPEN audience.



## PARTNERSHIPS

The San Diego Fire-Rescue Training Facility, San Diego Police & Fire Training Center, San Diego Marine Corps Recruit Depot, and the San Diego Coast Guard are all within 3 miles of STAY OPEN San Diego. The STAY OPEN

Team plans to reach out to these organizations to assess their needs for high-quality, low-cost accommodations for cadets and new recruits and potentially form partnerships to master lease a portion of the POD accommodations.



## TECHNOLOGY

Technology is paramount to the success of STAY OPEN San Diego. STAY OPEN is an innovator in the use of technology to enhance guest experiences and improve operations. We will provide the technology infrastructure that guests consider essential (such as super-fast WiFi) but also experiment with tech that guests use but hotel operators typically don't. Our goal is to provide useful tech solutions that guests like to use and consider crucial to their stay.

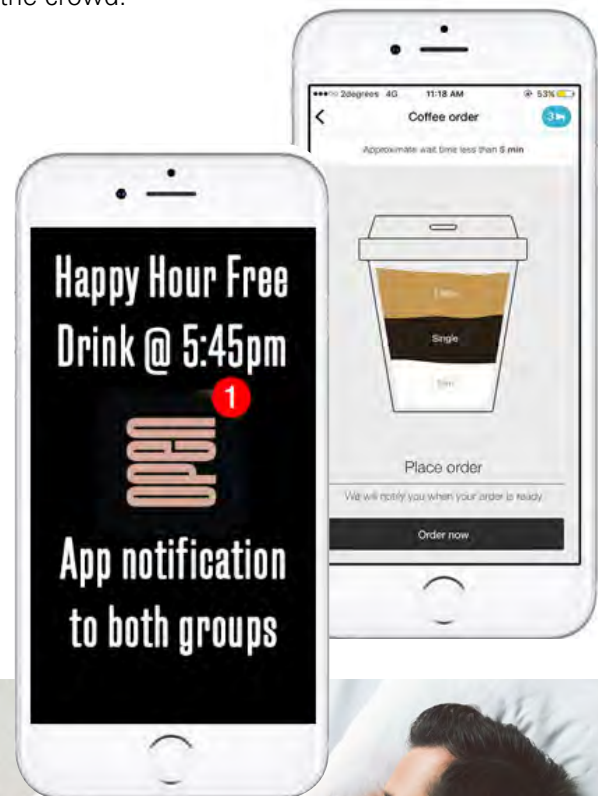
### STAY OPEN APP

Led by its Technology Advisory, Dr. Morrise, STAY OPEN is designing an APP that will offer guests a modern experience that simplifies procurement and enhances enjoyment. User interfaces will be gamified and familiar to guests who use Uber, Lyft, Postmates, and Starbucks.

The APP allows guests to check availability, book PODs and rooms, and help guests to their rooms upon arrival as well as open doors. It will feature an entertainment venue that informs guests of local events and hotspots, allow them to book activities, and measure intent across all users of the APP – this will help produce a real-time “serendipity” engine further facilitating interaction amongst guests. The APP will also facilitate guest connections and shared experiences. For example, happy hour drink tickets at a specific time can be sent to guests with similar interests facilitating a happenstance meet up at the bar.

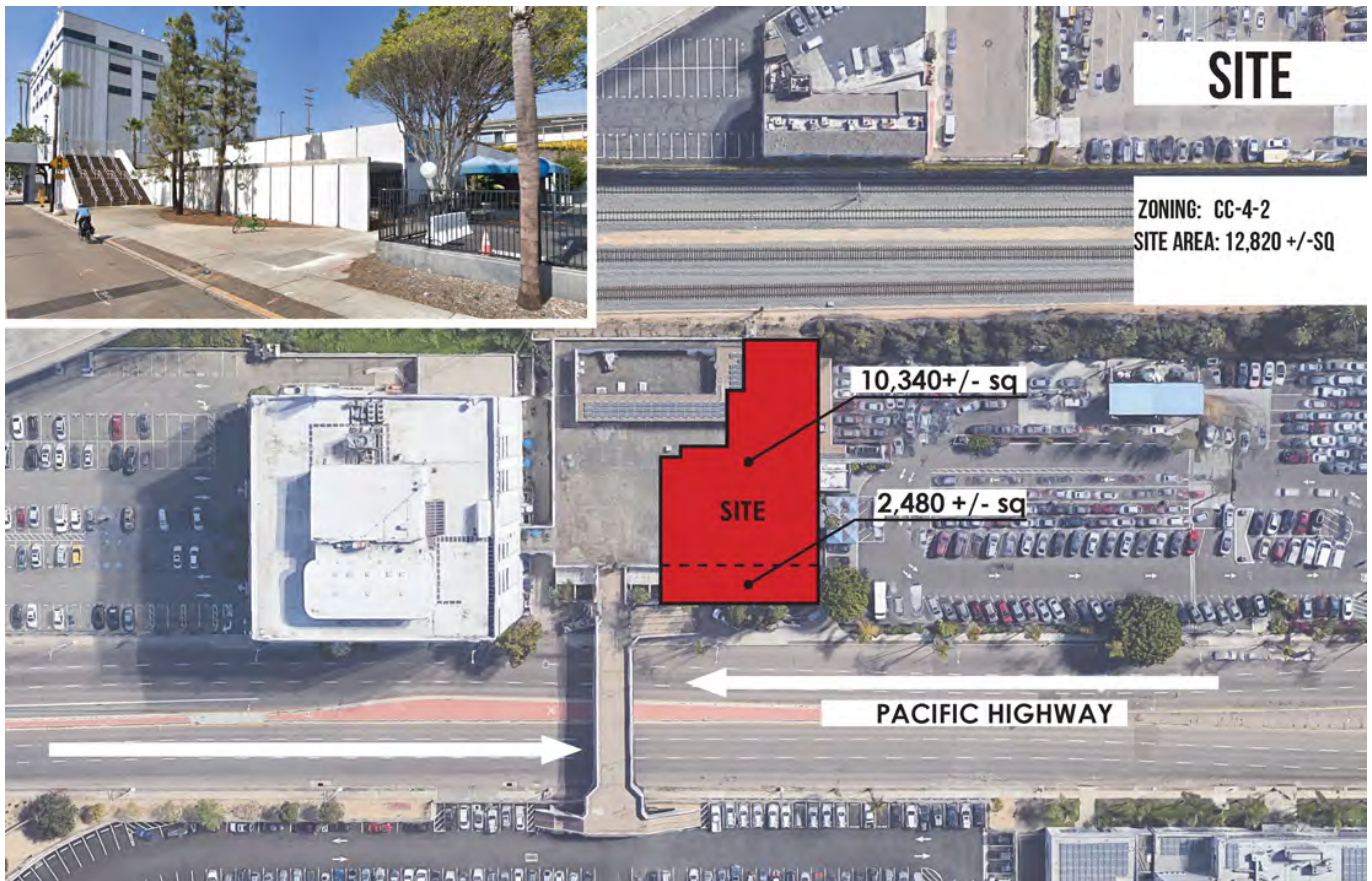
All food and beverage offerings may be ordered via the APP delivering a better guest experience allowing guests to focus on interacting rather than waiting in line and fumbling with credit card payments. For example, when they wake up, they can order a latte just the way they like it and have it ready when they arrive at the pick-up counter, while half the price of Starbucks. Additionally, incentives and rewards will be offered to guests in diverse ways.

There will also be a social aspect to the APP (similar to Yelp) that allows users to gain feedback and tips from the crowd.





# PROJECT DESIGN CONCEPT DRAWING













# PROJECT SCHEDULE

## ENTITLEMENTS TIMELINE

With its proposal to convert the District's existing Annex Building into STAY OPEN San Diego and to deliver the exact high-quality, lower cost overnight accommodations facility the District is seeking, the STAY OPEN Team looks forward to working closely and diligently with the District, the San Diego Planning Department, and the California Coastal Commission (the "Commission") to complete the entitlements' process efficiently.

With our in-house and comprehensive development, finance, and legal Team as well as our experienced and local design/build team, we will quickly work through negotiating and executing Agreements with the District and finalizing our architectural drawings for submittal. By running a simultaneous entitlements and design/build process, receiving the help and support of the District, and assuming a smooth entitlements' process, we plan to receive our Coastal Development Permit (CDP) in twelve (12) months and commence construction shortly thereafter.

Per the RFP, the District may need to process an amendment to the Port Master Plan (PMP), which would require the Board of Port Commissioners (BPC) and Commission approvals, in order for the PMP to explicitly identify a lower cost overnight accommodations facility. We understand that the amendment process could take up to nine (9) months and are hopeful that if an amendment is required, the District will work in parallel with our entitlements' process to successfully amend the PMP within our twelve (12) month entitlements' timeline.

In addition, we may be required to comply with the California Environmental Quality Act (CEQA) and California Coastal Act (Coastal Act), which may require additional entitlement and permit processing at our expense. Given that STAY OPEN San Diego is an adaptive reuse of the existing District Annex Building and the Project will expand access to travelers from a variety of backgrounds and incomes to enjoy San Diego's full range of coastal experiences, we believe STAY OPEN San Diego should receive a negative declaration.

The aforementioned twelve (12) month entitlements timeline also assumes that the Commission will not appeal the CDP, a delay that could extend our entitlements' timeline for up to another twelve (12) months.

## CONSTRUCTION DRAWINGS AND GMP TIMELINE

Within the aforementioned entitlements' timeframe, STAY OPEN will also work with its architect, Carrier Johnson, to complete construction drawings and its general contractor, Kunzik & Sara, to execute a Guaranteed Maximum Price (GMP) contract.

## PROJECT FINANCING TIMELINE

The STAY OPEN Team will finance the development and completion of the STAY OPEN San Diego Hotel with equity from its well-capitalized principals and established base of limited partners/capital members as well as approximately US\$6.0 million in "in-lieu fee" Funds (approximately 5% of Funds reserved to cover the District's administrative costs, including staff costs, of funding STAY OPEN San Diego) and will be fully-capitalized well in advance of commencing construction.

## CONSTRUCTION TIMELINE

The redevelopment of the existing Annex Building into the STAY OPEN San Diego Hotel will take approximately twelve (12) months.

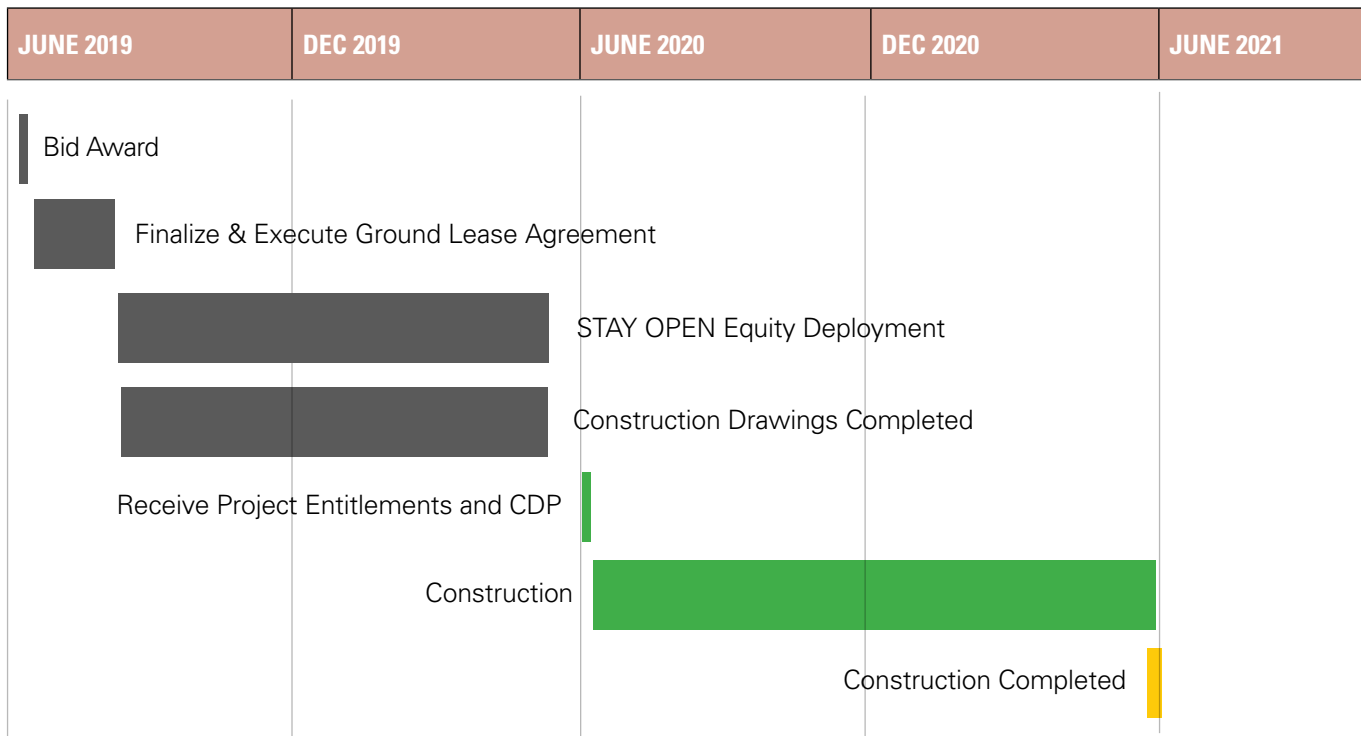
## STAY OPEN SAN DIEGO COMPLETION

As previously highlighted in this RFP Response, the intent behind STAY OPEN San Diego was not only to deliver a high-quality, lower-cost overnight accommodations facility to the District but also design and develop a Project that could be a desired travel destination and a thriving local community member.

Based on our timeline above, from start to finish, we believe we can complete STAY OPEN San Diego in twenty-four (24) months.

Below, please find our Project Timeline with key milestones:

#	Task Name	Duration	Start	Finish
1	<b>Project Timeline</b>	<b>521 days</b>	<b>Mon 6/3/19</b>	<b>Mon 5/31/21</b>
2	Bid Award	1 day	Mon 6/3/19	Mon 6/3/19
3	Finalize & Execute Ground Lease Agreement	64 days	Tue 6/4/19	Fri 8/30 19
4	STAY OPEN Equity Deployed (Pre-Development)	258 days	Wed 6/5/19	Fri 5/29/20
5	Construction Drawings Completed	258 days	Wed 6/5/19	Fri 5/29/20
6	Received Project Entitlements and CDP	1 day	Tue 6/1/20	Tue 6/1/20
7	Remaining STAY OPEN Equity + In-Lieu Fee Funds Deployed (Construction)	260 days	Tue 6/2/20	Mon 5/31/21
8	Construction Completed	259 days	Wed 6/3/20	Mon 5/31/21



# PROJECT TEAM AND RELEVANT EXPERIENCE

The STAY OPEN San Diego Team is comprised of a strong combination of proven hotel development experience and local experience to ensure a successful Project.

With over 100 years of combined experience in residential and commercial real estate, the core STAY OPEN Team is comprised of experienced, successful, and well-capitalized real estate professionals with a proven track record of financing, developing, managing, and operating real estate valued at over US\$2 billion throughout the United States, New Zealand, and Australia. The Principals include Steve Shpilsky, Michael Palmer, Chris Alpe, and Tim Alpe.

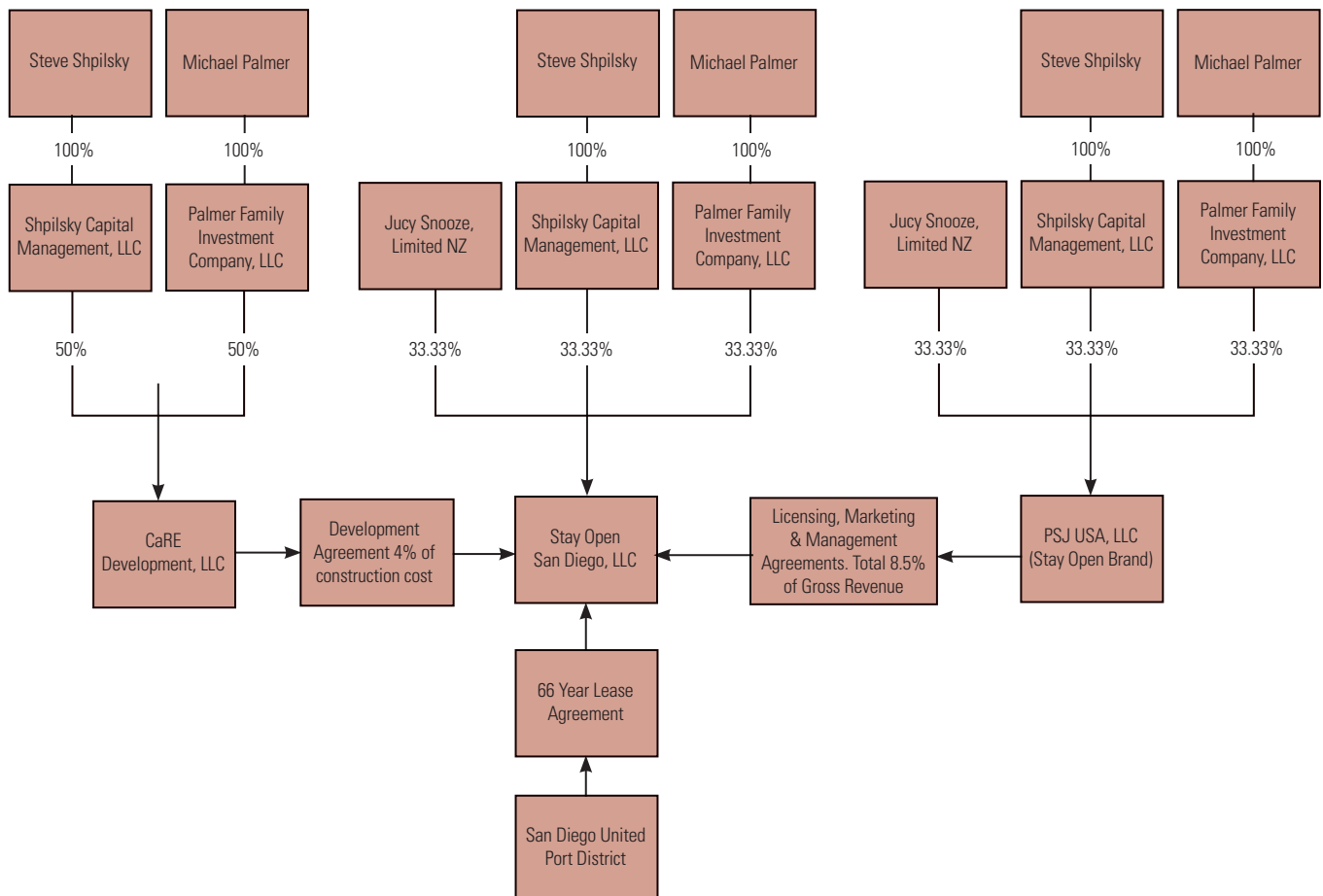
## OWNERSHIP STRUCTURE

STAY OPEN San Diego, LLC (the “Project Company”), a California limited liability company, will be established to execute a 66-year ground lease with the District to solely lease the Annex Building, redevelop it into STAY OPEN San Diego, and own and operate the Hotel. The Project Company will be owned by Jucy Snooze Limited NZ (Chris & Tim Alpe), Shpilsky Capital Management, LLC (Steve Shpilsky), and Palmer Family Investment Company, LLC (Michael Palmer).

The STAY OPEN Brand Company, PSJ USA, LLC, owned by the same entities referenced in the preceding sentence, will execute a Franchise Agreement with STAY OPEN San Diego, LLC, for the use of the Brand and Platform as well as a Management Agreement.

CaRE Development, LLC will develop STAY OPEN San Diego and execute a development agreement with STAY OPEN San Diego, LLC.

Figure 14 – STAY OPEN Ownership Structure



## ORGANIZATION STRUCTURE

STAY OPEN San Diego, LLC has assembled a southern California-based design/build team with extensive hospitality experience. Both the Team's Architect (Carrier Johnson) and General Contractor (Kunzik & Sara) are based in San Diego and many of the sub-contractors will be local as well.

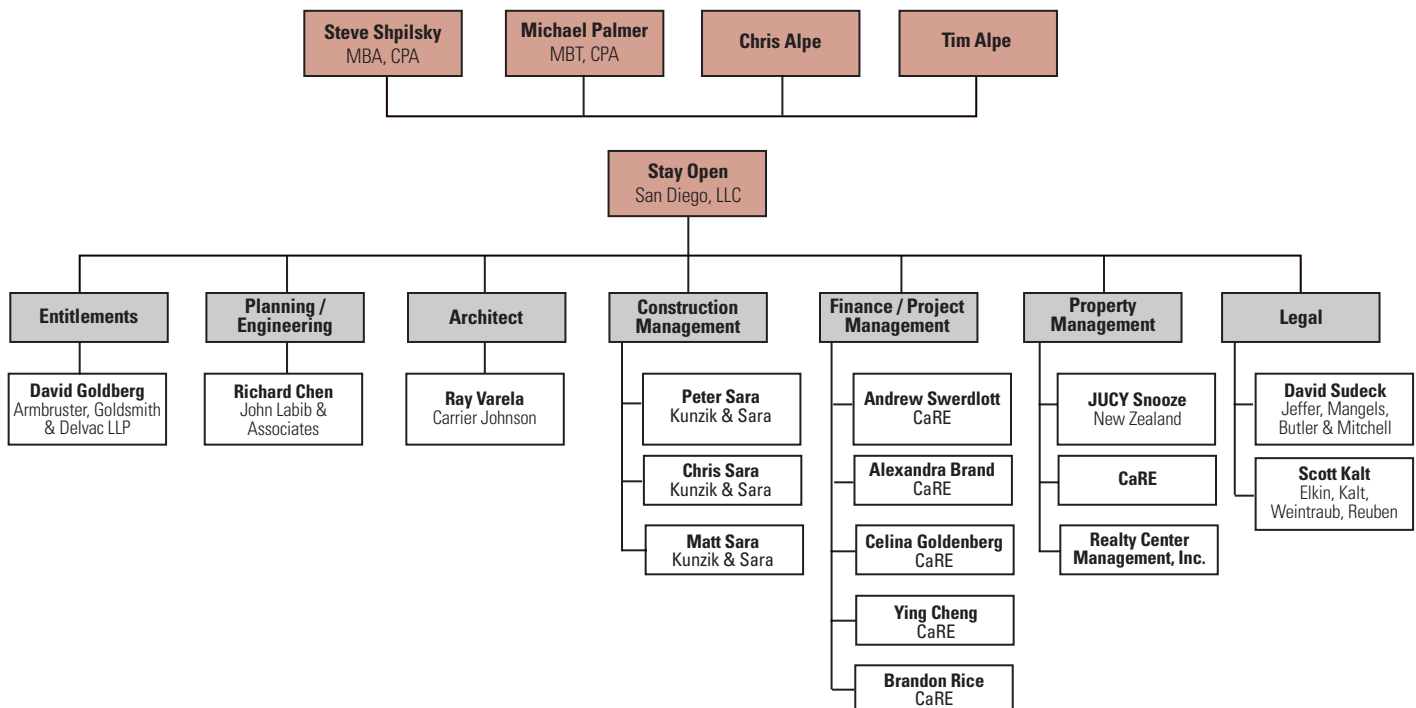
Moreover, CaRE has extensively worked with the Team on numerous hotel development projects and specifically selected the team for STAY OPEN San Diego to ensure efficient execution and a Project delivered on time and on budget.

- Armbruster, Goldsmith & Delvac (Entitlements) – 7051 Sunset Blvd., Los Angeles, CA; 1527-1535 Lincoln Blvd., Santa Monica, CA 90401; 6608 Hollywood, Los Angeles, CA 90028

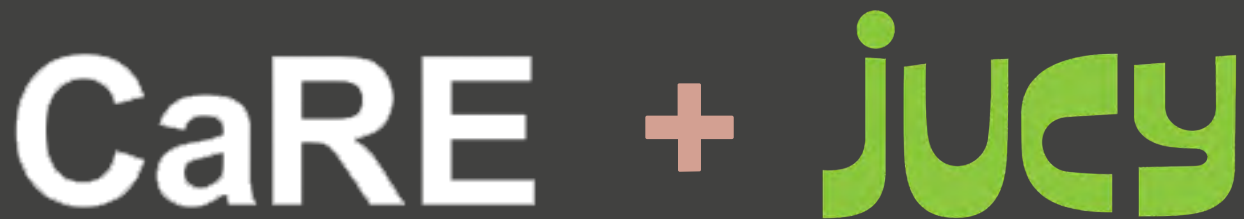
- Richard Chen (Structural, Civil, & Shoring) – LAX Hyatt House/Hyatt Place Hotel – 5959 West Century Blvd., Los Angeles, CA 90045; 1527-1535 Lincoln Blvd., Santa Monica, CA 90401; 6608 Hollywood, Los Angeles, CA 90028
- Carrier Johnson (Architect) – LAX Hyatt House/Hyatt Place Hotel - 5959 West Century Blvd., Los Angeles, CA 90045
- Kunzik & Sara (General Contractor) – USC Hyatt House Hotel - 1550 San Pablo Street, Los Angeles, CA 90033; 1527-1535 Lincoln Blvd., Santa Monica, CA 90401

Over the past month, the Team has been coordinating its efforts to deliver STAY OPEN San Diego that will far exceed the high-quality, lower-cost overnight accommodations criteria contained within the RFP. The Organizational Chart shown below outlines the team and each member's area of responsibility.

Figure 15 - Organization Chart



## PROJECT TEAM AND RELEVANT EXPERIENCE



LOW-COST POD AND PRIVATE ROOM HOTEL CONCEPT WITH SOCIAL EXPERIENCE & TECH EMPHASIS BETWEEN CARE (US) AND JUCY.



# JUCY

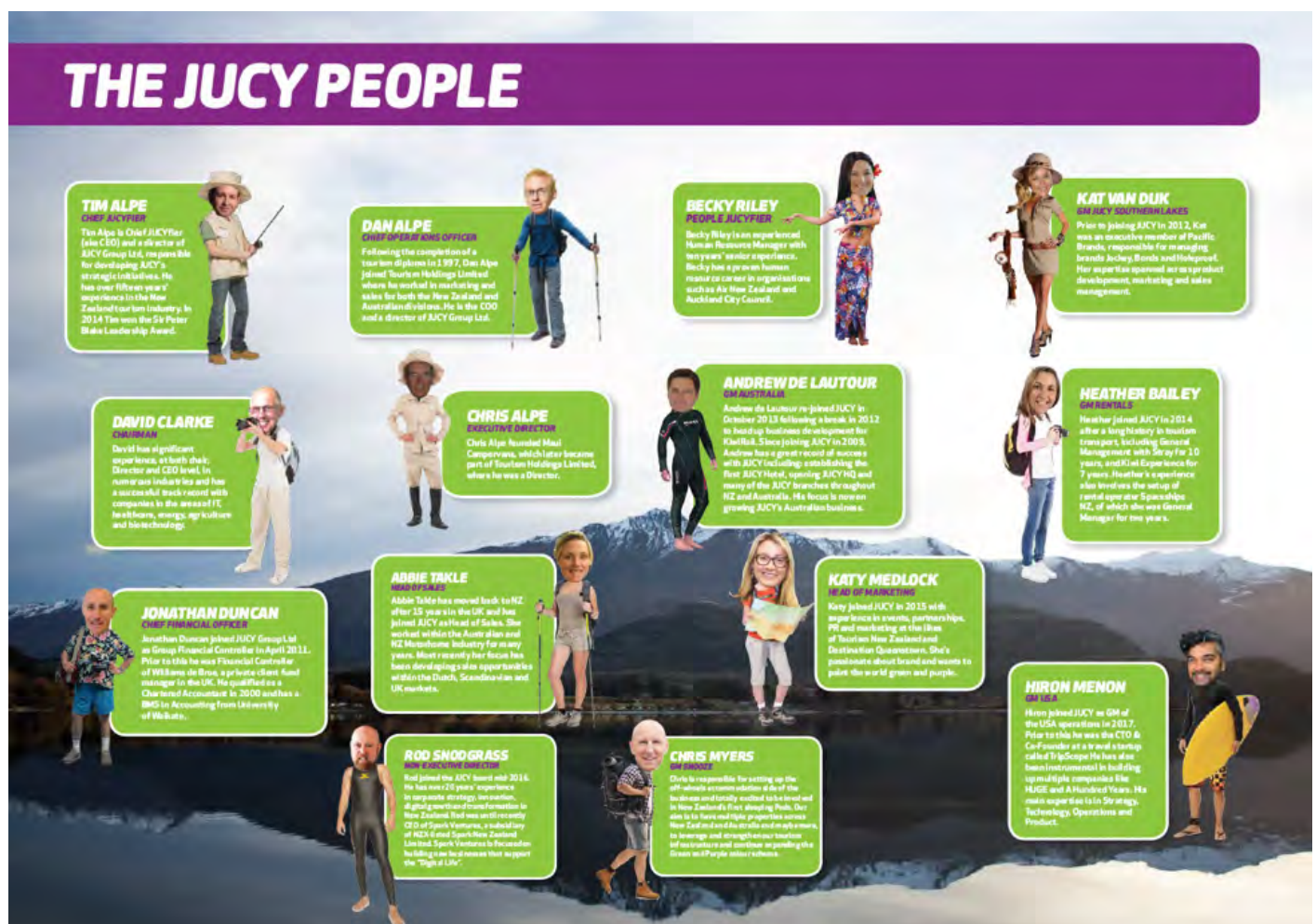
JUCY is family owned and operated by Chris Alpe (Executive Director) and brothers Tim (CEO) and Dan Alpe (COO).

JUCY started in 2001 with a fleet of just 35 rental cars in New Zealand. Today, JUCY has over 6,000 rental vehicles (cars, campers, and motorhomes) across New Zealand, Australia, and North America, two (2) cruise ships, four (4) hotel properties (one under construction), and has grown its revenue to over US\$55 million to become one of Australasia's largest tourism companies. The JUCY POD Hotel business began in 2010 and is

the core focus of the Company's business growth plan; JUCY operates all of its POD Hotels.

JUCY staff members are well traveled, passionate, friendly, and experts in all things road trips, cruising, and sleeping with more than 400 employees worldwide. The Company is comprised of entrepreneurs, architects, engineers, project managers, technology, marketing, operations professionals with +8 years of experience successfully designing, building, and operating high quality, affordable POD Hotels.

Figure 15:



A woman with long blonde hair is sitting on a white bunk bed in a train car, smiling while using a silver laptop. The train car has purple and white branding. A circular window shows another person lying on a lower bunk. The 'Miss Lucys' logo is visible on the wall, and the 'Jucy Snooze' logo is in the bottom right corner.

Our New Zealand fleet of cars, campers and motorhomes offers a load of travel options for the budget-conscious traveller. For those wanting to travel in style.

Our helpful and friendly staff at six locations around New Zealand can connect your customers with the perfect JUCY wheels.

**CARS**

OPERATING 2,000+ RENTAL CARS NATIONWIDE

OPERATING OUT OF 6 LOCATIONS IN NZ

9 DIFFERENT MODELS & TYPES FROM SMALL COMPACT CARS TO 15-30 SEAT BUS MOUNTAINS

**CAMPERS**

OPERATING 900+ CAMPERS IN 5 LOCATIONS

4 UNIQUE VEHICLE TYPES CONDO, CHASER, CABANA, CHAMP



# THE JUCY JOURNEY

**2001**

- NEW ZEALAND CAMPERS
- NEW ZEALAND CARS

**2003**

- NEW ZEALAND CAMPERS
- NEW ZEALAND CARS

**2005**

- NEW ZEALAND CAMPERS
- NEW ZEALAND CARS

**2007**

- NEW ZEALAND CAMPERS
- NEW ZEALAND CARS

**2009**

- NEW ZEALAND CAMPERS
- NEW ZEALAND CARS

**2011**

- NEW ZEALAND CAMPERS
- NEW ZEALAND CARS

**2013**

- NEW ZEALAND CAMPERS
- NEW ZEALAND CARS

**2015**

- NEW ZEALAND CAMPERS
- NEW ZEALAND CARS

**2017**

- NEW ZEALAND CAMPERS
- NEW ZEALAND CARS

**GIVING TRAVELLERS THE GREENLIGHT TO HAVE THE TIME OF THEIR LIVES**

**JUCY BEGAN IN 2001**

**& STARTED WITH 35 VEHICLES NOW MORE THAN 6,000**

**JUCY OFFERS EXCEPTIONAL AND FRIENDLY CUSTOMER SERVICE INCLUDING:**

- PRE-BOOKING NUMBERS
- EASY-TO-USE WEBSITE
- SPECIAL DEALS ON ACTIVITIES

**SOCIAL MEDIA**

- OVER 79,000 FACEBOOK FANS
- OVER 11,000 TWITTER FOLLOWERS
- OVER 9,000 ON INSTAGRAM
- OVER 6 MILLION YOUTUBE VIEWS

**TAG US #JUCYWORLD FOLLOW US @JUCYWORLD**

**Your Drive**

**ONE-STOP SERVICE**

**CHRYSLER CREDIT FINANCE**

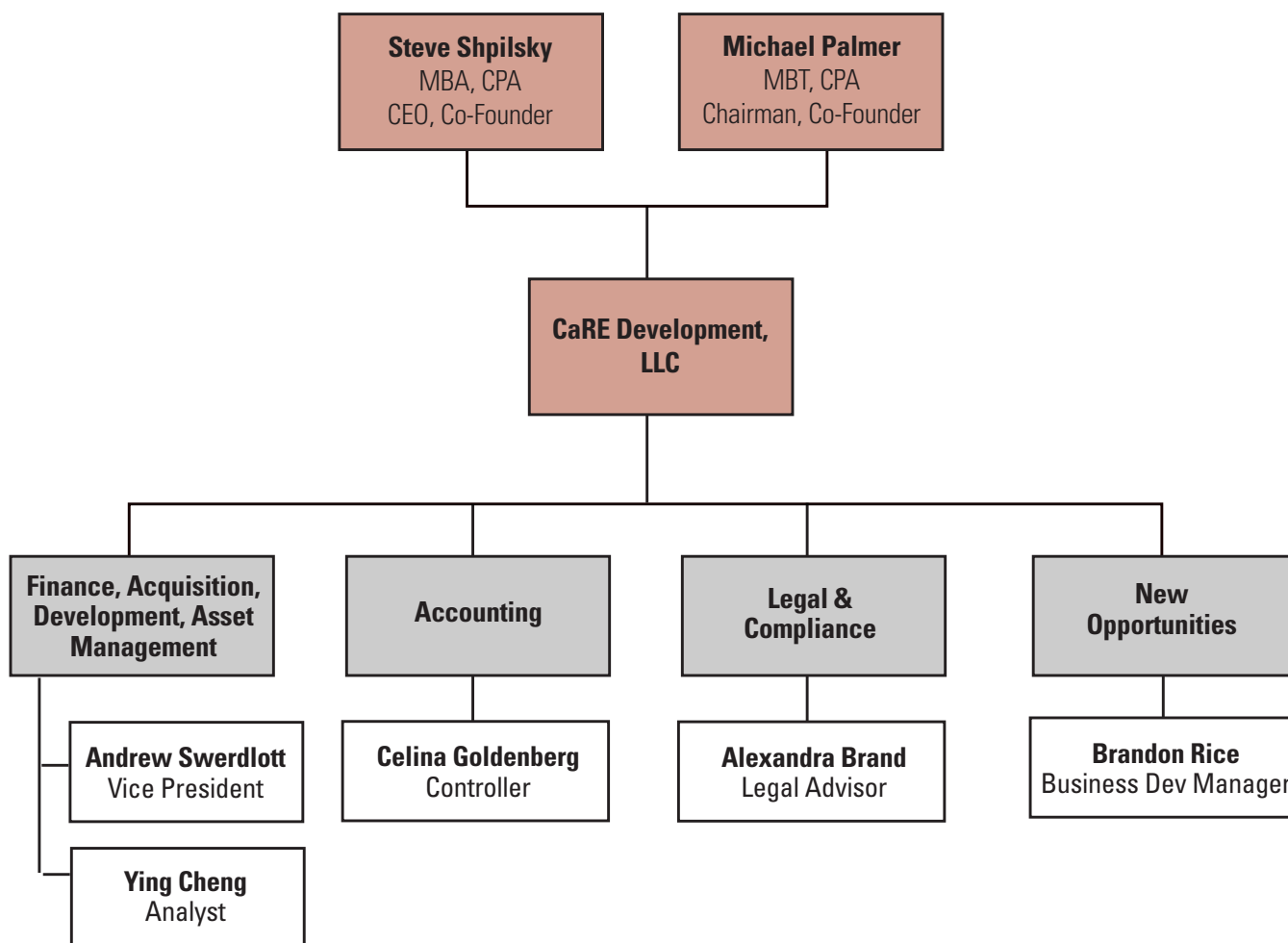
**MINI ZEALAND MOTORHOMES**

# CaRE

Founded in 2011, CaRE is a Los Angeles-based real estate investment and development firm, specializing in hotel development projects in US gateway and resort cities.

CaRE has financed and developed over US\$750 million of hotel developments (over 1,100 keys) in US gateway cities, including financing the Waldorf Astoria Beverly Hills Hotel. CaRE manages over US\$250 million of capital and is currently converting a 13-story office building across the street from Los Angeles International Airport (LAX) into a 401-key Hyatt Hotel.

CaRE has seven (7) employees and is comprised of MBAs, CPAs, Lawyers, and Private Equity professionals with more than 60 years of experience investing, developing, and managing real estate projects in North America, China, Latin America and Europe.





**Pier South Resort** ([website](#))  
800 Seacoast Drive, San Diego, CA 91932

**Marriott Autograph Hotel**  
78 Keys | Opened January 2014  
Development Value: US\$33 million  
Role: CaRE raised \$2.5M in financing for Developer



**Andaz Palm Spring Hotel** ([website](#))  
400 North Palm Canyon Drive, Palm Springs, CA 92262

**Hyatt Andaz**  
150 Keys | Opening 2019  
Development Value: US\$109 million  
Role: CaRE raised \$33M in financing for Developer



**USC Hyatt Hotel** ([website](#))  
USC Medical Campus,  
1550 San Pablo Street, Los Angeles, CA 90033

**Hyatt House**  
200 Keys | Opening 2020  
Development Value: US\$75 million  
Role: CaRE raised \$24M in financing for Developer



**Waldorf Astoria Beverly Hills Hotel** ([website](#))  
9850 Wilshire Blvd., Beverly Hills, CA 90210

**Hilton**  
170-Keys | Opened June 2017  
Development Value: \$400 million  
Role: CaRE raised \$150M in financing for Developer



**The MC Hotel** ([website](#))  
690 Bloomfield Ave., Montclair, NJ 07042

**Marriott Autograph Collection**  
159-Keys | Opening 1H 2019  
Development Value: \$60M  
Role: CaRE raised \$12M in financing for Developer



**LAX Hyatt Hotel**  
5959 West Century Blvd., Los Angeles, CA

**Dual-Branded Hyatt Place and Hyatt House**  
401-Keys | Opening 2020  
Development value: \$110M  
Role: CaRE raised \$35M in financing for Developer

# APPROACH TO PROJECT MANAGEMENT & OVERSIGHT

The STAY OPEN's team approach to project management and oversight includes a multi-faceted approach that synergizes the skills and talents from multiple parties to create a well thought out, detail oriented, systematic, communicative, and organized approach over the timeline of the project.

Day-to-day project management, reporting, scheduling, cost management, document management and risk management are coordinated among third-party owner's representatives, consultants, and staff of STAY OPEN. Individuals are assigned as necessary to accounting and financial analyst roles to cover cost management, reporting, document management and risk management. Day-to-day project management includes on-site construction managers and A&E managers reporting to owner's representatives and staff employed by STAY OPEN. Individuals assigned to management and reporting roles report weekly, semi-weekly, or monthly as necessary throughout project timelines. Ongoing real estate investment management, marketing, and investor relations services are also assigned as necessary to staff of STAY OPEN or consultants.

The real estate investment management team provides asset management services and development oversight. This includes selecting necessary staff and consultants as part of the project team, negotiating contracts for final review and approval, providing expertise throughout the land use approval process, and providing oversight and control for Projects. A combination of STAY OPEN staff and consultants are engaged in site selection and engineering, building design and construction analysis, value engineering and cost analysis, general contracting, build-out and interior renovation, property management, and construction and permanent loan financing.

Asset management services include key services throughout the lifecycle of projects on behalf of STAY OPEN, such as leading efforts in procuring financing, providing continued input during the construction phase, negotiating management and franchise agreements, and providing continued asset management services for fee after the project is developed.



# KEY PERSONNEL



## STEVE SHPILSKY, CPA, MBA

CEO | Founder of CaRE



Mr. Shpilsky has over 10 years of real estate fund management, development and investment experience. Mr. Shpilsky co-founded CaRE with Mr. Palmer.

Under Mr. Shpilsky's leadership, CaRE has invested over \$250 million of capital into six branded hotel projects throughout the US valued at over \$750 million, including the Waldorf Astoria Hotel in Beverly Hills. Moreover, in addition to facilitating the equity and debt financing for CaRE's ~US\$110M, 401-key, Dual-Branded Hyatt Hotel across the street from Los Angeles Airport (LAX), Mr. Shpilsky assembled and manages the experienced development team for the project. The Hotel is expected to open in 2020.

Prior to founding CaRE, Mr. Shpilsky spent 7 years with PricewaterhouseCoopers (PwC) in San Jose, San Francisco and Moscow in Russia as a senior manager in the Advisory Group specializing in the Foreign Corrupt Practices Act, anti-money laundering, financial due diligence, regulatory compliance and complex cross border matters. He went on to manage a €100 million real estate fund and acquired a \$660 million U.S. office portfolio on behalf of a Russian family office.

## EDUCATION

- MBA, University of Southern California (USC), Los Angeles, CA
- B.S. Accounting, University of Southern California (USC), Los Angeles, CA
- Honors: Beta Gamma Sigma

## PROFESSIONAL ASSOCIATIONS

- Certified Public Accountant
- Previously Member of the Milken Institute Young Leaders Circle
- Previously Advisor to Banc of California (NYSE: BANC)

## COMMUNITY ACTIVITIES

- President of the Board of LA Breakers FC

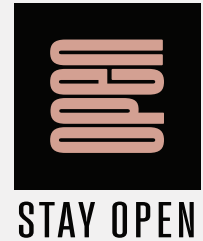
## PROJECT EXPERIENCE

- Marriott Autograph Pier South Resort
- Hyatt Andaz Palm Spring Hotel
- USC Hyatt House Hotel
- Waldorf Astoria Beverly Hills Hotel
- Marriott Autograph MC Hotel
- LAX Hyatt Place & Hyatt House Hotel
- STAY OPEN Hollywood
- STAY OPEN Santa Monica



## CHRIS ALPE

*Principal | Founder of Jucy*



Alpe is one of New Zealand's preeminent tourism entrepreneurs. Mr. Alpe's tourism experience began in 1981 when he noticed a gap in the market for independent travel in New Zealand. Mr. Alpe started Maui Campervans, which grew into publicly-listed Tourism Holdings Limited (NZSE:THL; [www.thlonline.com](http://www.thlonline.com)) after a series of acquisitions and mergers. With operations across New Zealand, Australia and South Africa, the business grew to include RV and car rentals, The Helicopter Line, and iconic tourism businesses such as The Milford Track, Waitomo Caves and Kelly Tarlton's Underwater World. Mr. Alpe grew THL's revenue to ~\$100M and at his retirement from THL, Mr. Alpe had built an ~\$180M company.

After retiring from THL in 2001, Mr. Alpe founded JUCY Rentals Limited ("JUCY"), a family business that began by Mr. Alpe recognizing an opportunity to provide second-tier RV rentals. Quickly moving on from a second-tier operator, JUCY has become the market leader in New Zealand and Australia in renting micro RVs and now has operations in New Zealand, Australia and the United States comprising of several classes of RV and rental cars. JUCY owns and operates over 5000 rental vehicles throughout the Australia, New Zealand, and the US. Mr. Alpe has grown JUCY's revenue to over \$77M.

Recently branching into hotel accommodation, JUCY Snooze offers an alternative to the traditional hotel experience and has operational hotels in Auckland, Queenstown and Christchurch and expanding in New Zealand, Australia, and the United States. Additionally, Mr. Alpe is currently Chairman and one of two Principal Shareholders of Vomo Island and Vomo.

Island Resort, Fiji. Vomo is a 225-acre private island in the Mamanuca group, and Vomo Island Resort is an independently owned 5-star property comprising 30 villas and currently four private residences. Mr. Alpe's other business interests and enterprises include property and a period as Chairman of Tasman Agriculture, a business which acquired and operated 98 dairy farms throughout New Zealand.

Mr. Alpe and his wife now live in Los Angeles and he is expanding his JUCY platform into the United States in partnership with CaRE and its affiliates.

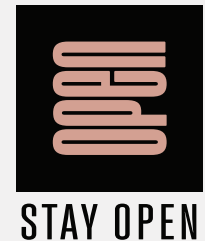
## PROJECT EXPERIENCE

- JUCY Snooze – Queenstown, NZ
- JUCY Snooze – Auckland, NZ
- JUCY Snooze – Christchurch, NZ



## TIM ALPE

*Principal | Founder of Jucy*



Tim Alpe is CEO and Director of JUCY Group Limited

Brothers Tim & Dan and father Chris founded JUCY back in 2001 with only 35 rental vehicles. Today, JUCY is one of the largest tourism companies in Australasia with over 6,000 rental vehicles and 400 employees. Each year, more than 400,000 customers 'live JUCY'

In 2010, Tim started JUCY Snooze, the Company's POD Hotel business opening JUCY Snooze Auckland, followed by the development of JUCY Snooze Christchurch adjacent to Christchurch International Airport, JUCY Snooze Queenstown, and currently developing its largest and flagship property downtown Auckland City.

The JUCY Snooze brand offers budget travelers a premium product with a mix of shared and private accommodation and has a strong focus on great social spaces and connectivity. JUCY Snooze Christchurch and Queenstown both recently received a 'Loved by Guests' Award from Hotels.com (Expedia Group) for consistently high guest satisfaction levels.

Tim has over twenty (20) years of experience in tourism and has the industry following in the shows of his father, Chris Alpe, a New Zealand campervan pioneer who three decades ago founded Maui campervans, which later became publicly-listed, Tourism Holdings Limited. Prior to founding JUCY, Tim was Business Development Manager at Tourism Holdings Limited.

Tim and JUCY have received numerous accolades.

In 2010, Tim was named Ernst & Young Entrepreneur of The Year and represented New Zealand at the World Entrepreneur of The Year Awards in Monaco. In 2014, Tim was named as a recipient of the Sir Peter Blake Leadership Award, recognized for his dynamic and motivational leadership. In 2017 Tim graduated the Owner President Management Program (OPM) at Harvard Business School.

Meanwhile, JUCY was named joint winner in the AUT Business School Most Innovative Business Model in International Business category at the New Zealand Trade and Enterprise International Business Awards in 2013. JUCY was also a finalist in the ANZ Best Business Operating Internationally, \$10 million to \$50 million category.

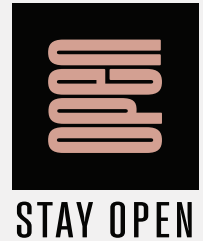
## PROJECT EXPERIENCE

- JUCY Snooze Auckland x 2
- JUCY Snooze Christchurch
- JUCY Snooze Queenstown



## MICHAEL PALMER

*Principal | Founder of CaRE*



Mr. Palmer has been involved in multi-family housing and real estate development for the past 30 years. He is a Principal of CaRE Wyoming Partners, LLC. Mr. Palmer resides in Teton Village with his family part-time.

Through his affiliated companies California Real Estate Regional Center, LLC ("CaRE") and Realty Center Management Inc ("RCMI), Mr. Palmer provides development, financing, and asset and property management services to a portfolio of residential (>10,500 units), hotel (>1200 Keys), and office (>263,000 sqft) properties valued at over [REDACTED] throughout the United States.

Prior to founding CaRE and RCMI, Mr. Palmer founded Parks, Palmer, Turner & Yemenidjian, LLP (PPTY), one of the largest regional accounting and tax firms in California. Century Business Services (NASDAQ: CBIZ) acquired PPTY in 1998.

### EDUCATION

- Masters of Business Taxation (MBT), University of Southern California (USC), Los Angeles, CA
- Northrop Institute of School of Law
- B.S. Business Administration, University of Southern California (USC)

### PROFESSIONAL ASSOCIATIONS

- MBA, University of Southern California (USC), Los Angeles, CA
- B.S. Accounting, University of Southern California (USC), Los Angeles, CA
- Honors: Beta Gamma Sigma

### HONORS

- University of Southern California Leventhal School of Accounting Distinguished Alumni Award

### COMMUNITY ACTIVITIES

- The Children's Burn Foundation



### ANDREW SWERDLOFF

*VP of Investments,  
Acquisitions and  
Development*

Mr. Swerdloff is Vice President at CaRE and brings over 10 years of investment experience. He is responsible for underwriting, structuring, and managing existing and new multifamily and hospitality real estate investment and development opportunities, fundraising, and investor relations.

Prior to joining CaRE, Andrew worked for a Los Angeles-based family office (>\$250M AUM) heavily involved in commercial and residential real estate, restaurants, and outdoor media and successfully raised financing to expand the family office's extensive restaurant platform.

Andrew spent 6 years with KAILAI Investments in China, a US\$350 million private equity firm. Andrew was responsible for origination, analysis, structuring, and due diligence on hundreds of prospective Asian companies as well as fundraising and investor relations. He sourced, invested, and managed 5 portfolio companies (total investment over US\$80 million), including Ming Yang Wind (NYSE:MY), and concentrated on real estate, natural resources, and renewable energy.

Andrew holds a B.A. degree from Emory University with a double major in Chinese Studies and International Affairs with a focus on China. He speaks fluent Chinese (Mandarin).

### PROJECT EXPERIENCE

- USC Hyatt House Hotel
- Waldorf Astoria Beverly Hills Hotel
- Marriott Autograph MC Hotel
- LAX Hyatt Place & Hyatt House Hotel
- CARE Residential, Jackson Hole, Wyoming
- STAY OPEN Hollywood
- STAY OPEN Santa Monica



### ALEXANDRA BRAND

*Legal Advisor*

Since 2011 Alexandra Brand has served as legal advisor and project coordinator for CaRE and will service STAY OPEN in a similar capacity.

Mrs. Brand began her legal career at Greene Fidler & Chaplan (GFC), a real estate and business law firm in Los Angeles. Prior to joining GFC, she developed a specialization in real estate while working for the general counsel to Ewing & Associates Sotheby's International Realty, a top producing real estate brokerage firm in Los Angeles.

Mrs. Brand received her B.S. in Business Administration (Real Estate Finance Concentration) from the University of Southern California (USC), and her J.D. from Pepperdine University School of Law. She is also a licensed California real estate broker.

In her spare time, Mrs. Brand actively pursues volunteer opportunities, including serving on The Council for the Children's Burn Foundation.

### PROJECT EXPERIENCE

- Marriott Autograph Pier South Resort
- Hyatt Andaz Palm Spring Hotel
- USC Hyatt House Hotel
- Waldorf Astoria Beverly Hills Hotel
- Marriott Autograph MC Hotel
- LAX Hyatt Place & Hyatt House Hotel
- STAY OPEN Hollywood
- STAY OPEN Santa Monica



**CELINA  
GOLDENBURG**

*Controller*

As Controller at CaRE, Celina Goldenburg is responsible for financial statement reporting, tracking investments and returns, financial forecasts, cash flow modeling, returns analysis, cost management, budgeting, compliance, and property management. Mrs. Goldenburg will service STAY OPEN in a similar capacity.

Prior to joining CaRE, Celina worked as a forensic accountant at Zivetz, Schwartz, & Saltsman CPA's, where she used financial analytics and business management skills to successfully resolve shareholder and family law disputes. Additionally, Celina has over 10 years of experience in agricultural administration and management, working in contract review and negotiation, real estate research and trends analysis, cost management, risk management, investment analysis, and valuation for the family office of a Blue Diamond Almonds Member-Grower.

Celina received her B.A from UC Berkeley (Cal Honor Society) and holds a Certificate in Accounting (Awarded with Distinction) from the University of California Los Angeles (UCLA). She is a Certified Public Accountant (CPA).

#### PROJECT EXPERIENCE

- USC Hyatt House Hotel
- Waldorf Astoria Beverly Hills Hotel
- Marriott Autograph MC Hotel
- LAX Hyatt Place & Hyatt House Hotel
- STAY OPEN Hollywood
- STAY OPEN Santa Monica



**DR. ALEX  
MORRISE**

*Technology Board  
Advisor*

An accomplished mathematician and string theorist, Dr. Alex Morrise has made numerous achievements in the field of data science, where he specializes in building machine learning systems.

Dr. Morrise helped build Beats Music, a streaming music service created by musician Dr. Dre and producer Jimmy Iovine and acquired by Apple for US\$3 billion, Idle Games, Quid.com and most recently Tehama.io.

Post-Beats Music acquisition, Dr. Morrise founded and built a boutique AI startup, TensorML, which was acquired in 2014 by The Pythian Group ("Pythian"), a large IT services firm based in Canada. Dr. Morrise continues to serve as Pythian's Chief Data Scientist solving and building scalable machine learning solutions for over 30 Fortune 500 companies in diverse verticals such as FinTech, IoT, Biotech, Blockchain, Entertainment, Manufacturing, and eCommerce and has helped grow the Company's revenue to over US\$80 million.

Dr. Morrise has held research positions in theoretical physics all over the world, including Berkeley, Stanford, Harvard, and Princeton's Institute for Advanced Study. He advises several technology companies, practices MMA, and is a proud father.

Dr. Morrise, received his PhD in Theoretical Physics from UC Santa Cruz and his Bachelors and Masters from UC Berkeley. He was assistant research professor at USC Santiago before leaving academia to pursue a successful career in machine learning.



## carrierjohnson + CULTURE

architecture + environments + brand strategy + graphics

### RAY VARELA

*Design Principal | Carrier Johnson + CULTURE*

Ray Varela is Design Principal at Carrier Johnson + CULTURE. Since joining the firm in 1999, Ray has been an integral part of the firm's design thinking. Mr. Varela brings 29 years of experience in multiple project types, serving as the lead design architect for a wide variety of projects, including Corporate, Educational, Urban Mixed-Use, Residential and Scientific Research facilities.

#### EDUCATION

- Master of Architectural Design, University of California, Los Angeles
- Bachelor of Architecture, California State Polytechnic University, Pomona

#### REGISTRATION

- Architect: California

#### SELECTED EXPERIENCE

- Block F Makers Quarter, San Diego, CA – 32-story mixed-use project: 405 units, 22,000 s.f. retail, 48,000 s.f. commercial office, 538 parking spaces
- 10th & Market, Hanover Company, San Diego, CA – 326,313 s.f. multi-family housing with 368 units and 412 parking stalls
- Luma Apartments, San Diego, CA – 433,476 s.f., 24 story, 220 unit luxury apartment community with rooftop pool and outdoor space, ground floor retail, five levels below grade and three levels above grade parking. LEED for Homes Gold
- Affirmed Housing, Cypress 1435 Imperial, San Diego, CA – 38,700 s.f. 6-story podium style housing development, 63 units comprised of 62 -40% AMI permanent supportive housing units
- Courthouse Commons, San Diego, CA – 790,000 s.f. mixed-use development including approximately 431 units, 300,000 s.f. office space, 17,000 s.f. retail/commercial space and below grade parking
- Waterfront Hilton Retail Plaza, Huntington Beach, CA – 15,000 s.f. retail plaza\*
- Pacific Corporate Center, San Diego, CA – 808,900 s.f. mixed-use corporate center
- Hartford Villas SRO Apartments, Los Angeles, CA – 52,000 s.f. 6 story single resident housing complex with 92 units, 40,000 s.f. 2 story basement garage with parking for 96 cars
- iHope Tower, Los Angeles, CA – mixed-use development involving 332,000 s.f. condominiums, 280,000 s.f. parking and 25,000 s.f. retail
- Moderaire, San Diego, CA – 5 building, 200-unit renovation and 16 unit expansion
- The Commons at Mt. Burdell/Novato Fireman's Fund Master Plan, Novato, CA – 64.99-acre master plan, 1,413,000 g.s.f. residential units, hotel, sports/ health club, commercial retail space, multi-family residential, community



**PETER SARA**

*Executive VP - Owner*



Pete has over 35+ years in the general contracting and construction industry. Results-oriented, hands-on construction and development professional with 35 years of expertise in all facets of the industry. Verifiable track record for the successful completion of multi-million-dollar projects through coordinating trades, developing partnerships, and building positive rapport with architects, engineers, local officials, vendors and clients. Versed in contract negotiations, project estimating, impending design problems, document preparation, building code and regulations, material purchasing, project and site management. New ground-up projects, service/repair facilities, and tenant improvement projects in California in retail, industrial, multi-family, religious and hospitality.

## EDUCATION & AFFILIATIONS

DBA– Candidate—United States International University, San Diego

MBA– National University, San Diego, 1978

MA– University of San Diego, 1976

BS– University of Wisconsin, Milwaukee, 1970

## PROFESSIONAL EXPERIENCE

Kunzik & Sara Construction, Inc.; San Marcos, CA

Executive Vice President / Owner

2004 – Present

Established corporate partnership with Mike Kunzik

Roel Construction co., Inc.– San Diego, CA 2000- 2004

Senior Vice President

In charge of general construction for the Automotive Group, Tenant Improvements, and Special Projects in the Irvine and Los Angeles operations. Responsibilities included, but not limited to procuring work and business development. While involved with Roel Construction, projects included 23 story twin towers with 7-foot mat slabs, multi-story parking decks and post tension steel and wood framed structures.

K. L. Wessel Construction Company, Inc.– San Diego, CA 1981-May 2000

Vice President/Principal

Twenty years of experience as Principal and Senior Executive of a mid-size general contracting firm that was licensed in several western states. Serving in this position, responsibilities included; developing contracts of which majority was negotiated work, constructed office, retail, automotive, institutional & multi-family projects, involved in all phases of land development through construction, constructed over 350 auto dealerships resulting in excess of \$340 million in gross receipts, expertise in public improvements and infrastructures, type of construction included post tension and multi-story parking decks, pre-casts parking decks, concrete tilt-up buildings, multi-story wood and steel framed buildings.



## CHRISTOPHER SARA

*Project Engineer*



In the project engineer role, Chris coordinates with architects and engineers in the design and preconstruction process, manages RFIs, submittals, provide estimates and meets with owners to ensure their needs are met

Chris also supervises sites and meets with inspectors to ensure the project stays on schedule. Chris is also responsible for leading the corporate safety compliance program, the company website and social media presence.

### RELEVANT PROJECT EXPERIENCE

#### Waterfront Hilton \$5,000,000

Remodel of existing back of house area into a state-of-the-art spa, offices, back of the house kitchens and restrooms.

#### Hyatt House USC Medical Center \$35,000,000

New Hyatt House Hotel on USC Medical Center Campus including basement level conference area, first level retail and 2-5 levels of hotel space.

#### BMW Riverside Remodel Showroom and Service Drive Addition \$4,700,000

Addition of ~5000 sq ft Service Drive tied into existing building. Gutted existing showroom, customer waiting area, and office space (~13k sq ft) including full remodel of area with new finishes, walls and fixtures.

#### Hooman AutoMall \$3,200,000

Complete interior demotion and remodel of existing retail and warehouse space for four new dealership showrooms and service bay. New exterior cladding and fascia to accommodate all four dealerships' signage.

### EDUCATION & AFFILIATIONS

UC Riverside 2014 BS in Electrical Engineering

OSHA 10

First Aid/CPR

### PROFESSIONAL EXPERIENCE

Kunzik & Sara Construction, Inc.

Project Engineer, Safety Compliance, Website & Social Media Presence

### PERSONAL

Chris enjoys spending time with family, traveling and exploring culinary adventures.



**MATT SARA**

*Project Manager*



Matt has been working in the construction industry since 2005 and has held a multitude of roles throughout his career. Starting from the bottom as a carpenter apprentice and working his way up to journeyman, superintendent and finally to his current position as project manager. Having both field and management experience has provided him a knowledge base in virtually every facet of the construction process. As a carpenter, Matt learned and performed various skills such as concrete forming, wood framing, layout and finish work. As a superintendent, his experience includes large scaled, multi-story, post tension concrete and steel structures with high success in finishing on time and under budget. His current responsibilities as a project manager include budgeting, estimating, cost saving analysis and value engineering, scheduling, project coordination, and pre-construction services.

## EDUCATION & AFFILIATIONS

BA– California State University, San Marcos Business Administration Degree

## PROFESSIONAL EXPERIENCE

Kunzik & Sara Construction, Inc. – San Marcos, CA  
(November 2005-Present)

### Project Manager

- Remodel, Tenant Improvement and New Construction
- Demolition Projects
- Environmental Remediation Projects
- Bidding/Estimating/Proposals
- Budgeting and Cost Controls
- Subcontractor Supervision

Responsibilities include takeoffs, estimating, lead project meetings, and qualifying subcontractor bids, buying out subcontracts, problem solving, reviewing submittals, and approving Payment Applications. Involved in all phases of construction from preconstruction to completion.

## PERSONAL

In his personal time, Matt is an avid weight-lifter and enjoys spending time with his family including cheering on his children at their athletic activities.

## LICENSE

B847939 - Kunzik & Sara Construction KUNZIK & SARA CONSTRUCTION



## RICHARD CHEN, M.S., S.E.

*Principal*



Mr. Chen is a registered civil and structural engineer in the State of California. His depth of design experience includes peer review, commercial, civic, retail, office and residential urban-infill projects, as well as various institutional and essential services facilities. His expertise focuses on design of casting-place, precast, prestressed and post-tensioned concrete, steel, metal stud, wood and masonry structures.

Notable projects include the AEG Conference Center Expansion Project, LA Convention Center expansion, Santa Monica's Criterion redevelopment, the University Southern California Gateway, the Citizens Business Bank Arena and multiple projects at Los Angeles International Airport. On every assignment, Richard provides a crucial understanding of a project's critical path and helps develop strategies that best protect key stakeholder interests.

### EDUCATION

Master of Science in Structural Engineering, University of California, San Diego

Bachelor of Science in Structural Engineering, University of California, San Diego

### PROFESSIONAL LICENSES

Structural Engineer, CA S5150

Civil Engineer, CA C66197

### PROFESSIONAL ORGANIZATIONS

Structural Engineers Association of Southern California  
Precast/Prestressed Concrete, Manufacturers Associates of California (PCMAC)

Precast Concrete Institute

### RECOGNITIONS

2006 SEAOC Young Engineers Award

2008 ACI International Workshop

### RELEVANT PROJECT EXPERIENCE

#### *Adaptive Re-Use*

1130 South Hope Street Hotel, Seismic Retrofit and Adaptive Re-use, Los Angeles, CA\*

722 S. Broadway Building, Adaptive Re-use, Los Angeles, CA\*

6th and Lucas Seismic Retrofit and Adaptive Re-use, Los Angeles, CA\*

Criterion Redevelopment, Santa Monica, CA\*

LAX Hyatt Adaptive Re-use and Seismic Retrofit, Los Angeles, CA\*

*\*Indicates Projects Done Prior to JLA*

# PROJECT EXPERIENCE



# 1 CHRISTCHURCH AIRPORT 5 PETER LEEMING ROAD CHRISTCHURCH 8053 NZ

Opened in 2016, the US\$8.8 million Christchurch Airport POD Hotel offers 79 rooms (271 beds). The 2-story building was developed in partnership with Christchurch International Airport Limited (CIAL), designed by JUCY, and is operated by JUCY. Tim and Dan Alpe were project managers for the Hotel. The Property is less than a 9-minute walk from both International and Domestic terminals. Prices start at US\$24.

The property offers PODS as well as queen, twin, and family Ensuite rooms. Rooms are centered around a large and well-furnished social space designed to reflect the local geography of the Canterbury Plains. The space contains shared kitchen facilities, social seating for meals, hammocks for relaxing and a pool table. Large doors open to the outside deck, another accommodating space to relax, socialize, or BBQ. fast and free WiFi is available throughout the property.

Reception is 24-hours and self-check in/out can be managed via kiosks although friendly staff are always on hand to assist and answer questions at all times.



## FIRMS ROLE:

CIAL/CIAL /Jucy Snooze (CIAL = Christchurch International Airport Ltd)

## LANDLORD'S PROJECT MANAGER:

Arrow International

## CLIENT-SIDE PROJECT MANAGER:

Jucy

## PROGRAMMING & AMENITIES:

Communal Kitchen, Laundry Facilities, Vending Machines, Luggage Storage, BBQ Area, Pool Table & Games

## DEVELOPMENT VALUE:

\$8.8M incl land, building, hard fitout, soft fitout, professional fees, council fees and finance

## TYPE OF CONSTRUCTION:

Type IV



## 2 | QUEENSTOWN POD HOTEL 47 CAMP STREET QUEENSTOWN 9300 NZ

Opened in early 2018, the US\$9.5 million, ground-up development of the Queenstown POD Hotel offers 62 rooms (276 beds) was designed by and is operated by JUCY. The property is located in downtown Queenstown, five minutes from the Lakefront.

The 5-story property offers PODS as well as queen, twin, and family Ensuite rooms as well as the popular rooftop bar and pizzeria ("Miss Lucy") where people can indulge, work, or relax while overlooking the majestic Lake Wakatipu and mountains. Prices start at \$24.

Fast, free WiFi is available throughout the property. Reception is 24-hours and self-check in/out can be managed via kiosks although friendly staff are always on hand to assist and answer questions at all times.



### FIRMS ROLE:

Oxford Holdings Ltd/Oxford Holdings Ltd /Jucy Snooze.

### LANDLORD'S PROJECT MANAGER:

Peak Projects

### CLIENT-SIDE PROJECT MANAGER:

Jucy

### PROGRAMMING & AMENITIES:

Travel Desk, Communal Kitchenette, 24 Hour Reception, Express Check-In Via Kiosks, Rooftop Lounge, Luggage Storage, Laundry Facilities, Rooftop Café & Bar

### DEVELOPMENT VALUE:

\$9.5M incl land, building, hard fitout, soft fitout, professional fees, council fees and finance

### TYPE OF CONSTRUCTION:

Type IV



### 3 | AUCKLAND NEW ZEALAND COOK STREET

Under construction and scheduled to open in early 2020, the 135 room (404 beds) Auckland POD Hotel is a US\$25 million adaptive reuse of an existing office building in downtown Auckland. The property is JUCY's fourth POD hotel, its largest, and its flagship property; JUCY designed and is operating the Property at completion. In addition to providing high quality, low-cost accommodations, the top floor will also be home

JUCY's corporate headquarters.

The property will offer PODs, double rooms with shared bathroom facilities as well as queen and twin Ensuite rooms. Fast and free WiFi will be available throughout the property. Prices will start at US\$24.

The ground floor will offer guests and locals food and beverage offerings as well as vibrant hangout spaces throughout the property.

Flyover: [https://drive.google.com/file/d/1lc4ZMILW5lmBsau13Fy\\_7IBpmkiThEZ/view?ts=5c5b452b](https://drive.google.com/file/d/1lc4ZMILW5lmBsau13Fy_7IBpmkiThEZ/view?ts=5c5b452b)



#### FIRMS ROLE:

Augusta Property Group, Augusta Property Group , Jucy Snooze

#### LANDLORD'S PROJECT MANAGER:

Platform Consulting

#### CLIENT-SIDE PROJECT MANAGER:

JUCY Project Manager

#### PROGRAMMING & AMENITIES:

Communal Kitchen, Laundry Facilities, Travel Desk, Luggage Storage

#### DEVELOPMENT VALUE:

\$25M incl land, building, hard fitout, soft fitout, professional fees, council fees and finance and office fitout

#### TYPE OF CONSTRUCTION:

Type IV



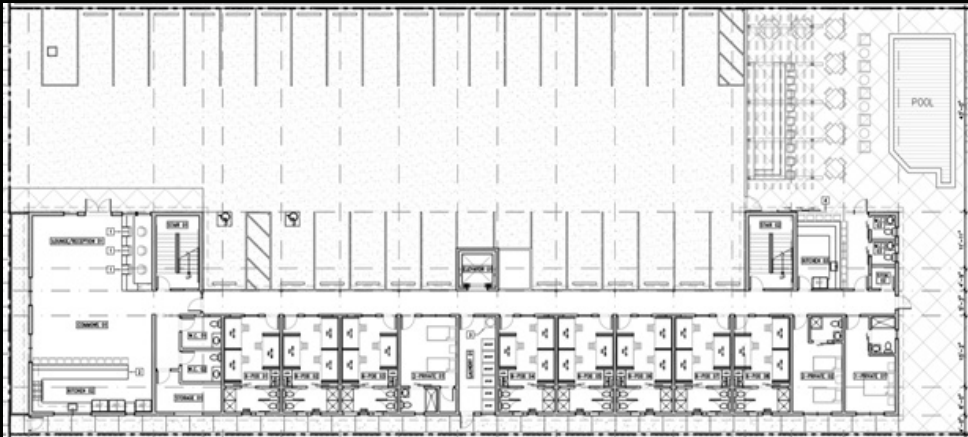
# 4 | STAY OPEN HOLLYWOOD 7051 SUNSET BOULEVARD HOLLYWOOD, CA 90028

Hollywood is a global mecca for millennial travelers so it's only natural that we plan to OPEN Hollywood. STAY OPEN is in the process of converting the existing 44-room H-Wood Motel in prime Hollywood, CA into STAY OPEN Hollywood. This motel is commonly referred to as the "Baby Rocker Motel". The likes of Motley Crue, Guns n Roses, and other rock bands would flow through its corridors. Our strategy is to embrace the renegade rocker edge of this property to

create a truly unique Hollywood experience at an affordable price point. People will be OPENing in Hollywood in no time.

The improvements strategy includes the replacement of conventional beds with PODs while retaining Ensuite rooms, conversion of the lobby/breakfast area into a fun and socially active restaurant and bar, and reinvigorating the lifeless pool area with a bar and kitchen.

At completion, the Hotel will have 186 PODs and 11 private rooms and become the premiere, affordable yet energetic accommodations destination in Hollywood. The total CAPEX budget is forecasted to be \$2.5M.



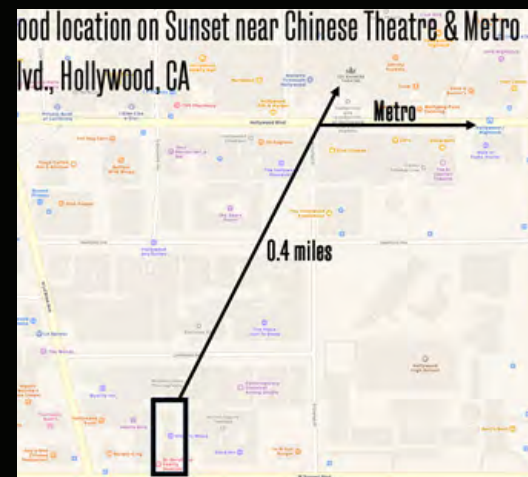
**FIRMS ROLE:**  
CaRE (Design, Development, Operate)

**PROJECT EXECUTIVE & MANAGER:**  
Steve Shpilsky  
Andrew Swerdlhoff

**PROGRAMMING & AMENITIES:**  
Hip restaurant & bar, Outdoor pool area with bar and communal space seating.

**DEVELOPMENT VALUE:**  
\$2.5M

**TYPE OF CONSTRUCTION:**  
Type IV



# 5 | STAY OPEN SANTA MONICA 1527-1535 LINCOLN BLVD., SANTA MONICA, CA 90401

Santa Monica is perfect for STAY OPEN. The Property is located by the beach, near public transportation, and is a highly trafficked tourist destination; however Santa Monica faces a shortage of high-quality, low-cost accommodations.

The proposed approximately US\$5 million adaptive reuse of an existing retail building into the STAY OPEN Santa Monica POD Hotel is located on two parcels of land totaling approximately 0.34 acres (15,000) in downtown Santa Monica. The project is next door to one of LA's most famous delis, Bay Cities. Santa Monica's Master Plan has deemed this stretch of Lincoln Blvd. as an area necessitating activity and energy. The City turned down numerous tenants for this location such as car dealerships and medical offices yet fell in love with our affordable POD accommodation solution.

The site contains a 1-story,  $\pm 11,900$  sq. ft., vacant commercial retail building. The parcels have street frontage on Lincoln Blvd. and alley access with on-site parking accessed via the alley.

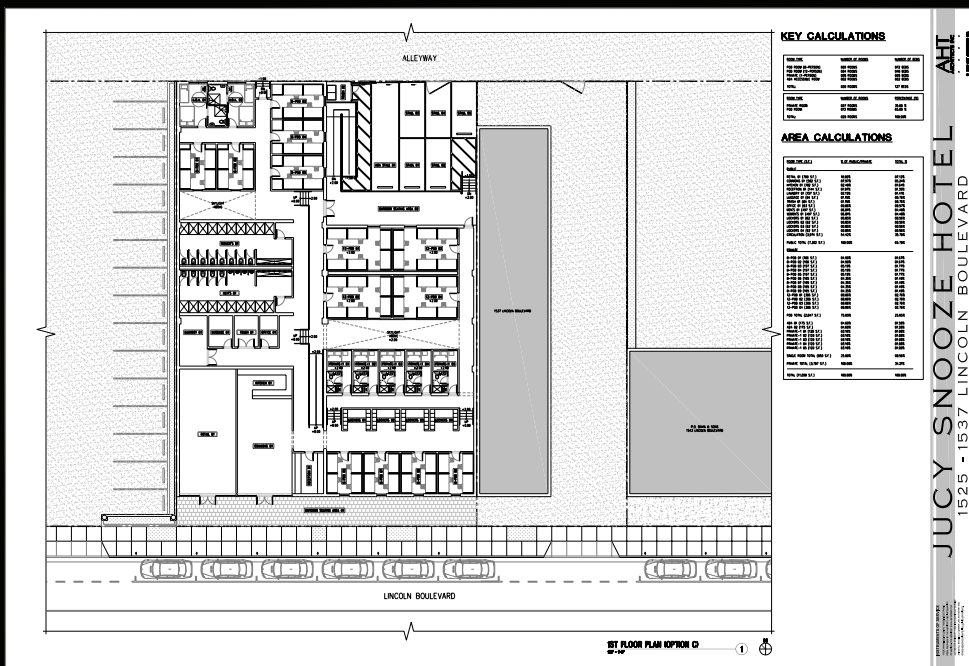
STAY OPEN is in discussions with the city of Santa Monica to convert the lifeless, vacant retail building into a 20 room (127 bed) STAY OPEN POD Hotel thus activating Lincoln Blvd. A large outdoor patio with an indoor-outdoor feel with a restaurant, café, and bar, will showcase the activity and energy emerging from STAY OPEN Santa Monica. Please see the following layouts and images of the existing building we plan to convert:

**FIRMS ROLE:**  
STAY OPEN (Design,  
Development, Operate)

**PROJECT EXECUTIVE &  
MANAGER:**  
Steve Shpilsky  
Andrew Swerdloff

**DEVELOPMENT VALUE:**  
US\$5M

**TYPE OF CONSTRUCTION:**  
Type IV



## 6 | LOS ANGELES AIRPORT (LAX) HYATT PLACE/HYATT HOUSE HOTEL, LOS ANGELES, CA

CaRE through its affiliate 5959, LLC is converting a 1960s, 250,000 square foot, 13-story office tower into a \$110 million, 401-key, dual-branded Hyatt Place and Hyatt House hotel in Los Angeles, directly adjacent to LAX. The development is the first dual-branded Hyatt Hotel in Los Angeles. Construction commenced in April 2018 and the Hotel is scheduled to open in 2020.

The Property embraces LA's historical mid-century architecture and design with a contemporary twist. The 272-room Hyatt Place LAX will bring the brand's intuitive design, casual atmosphere, spacious guestrooms with distinct sleeping and living areas, and practical amenities, such as free Wi-Fi and 24-hour food offerings, to guests looking for a relaxing and uncomplicated place to pause before beginning the next leg of their journey. The 129-room Hyatt House LAX will offer apartment-style suites with fully equipped kitchens, providing guests with the spaces and places that make them feel more at home.

Together, the two hotels will offer an array of shared services and amenities that meet the needs of transient and extended-stay guests, which will be highlighted by a rooftop pool and restaurant and bar with unprecedented views of LAX runways, downtown Los Angeles, the Hollywood Sign, Beverly Hills, Santa Monica, and Manhattan Beach; the rooftop pool and bar will be a first in the LAX submarket.

Located steps away from LAX at 5959 West Century Blvd. and less than two miles away from the new City of Champions Stadium, Hyatt Place LAX and Hyatt House LAX will serve the annual 85 million business and leisure travelers that pass through the second busiest airport in the United States.

### FIRMS ROLE:

CaRE (Design, Development, Operate)

### PROJECT EXECUTIVE & MANAGER:

Brent Hardy Group  
Andrew Swerdloff

### DEVELOPMENT VALUE:

US\$110M

### TYPE OF CONSTRUCTION:

Type II



## CAPABILITY TO PERFORM

As referenced throughout the RFP response, the Principals of STAY OPEN have spent their careers successfully starting businesses, building teams, and financing and developing complex real estate and business transactions all over the world. Our reputation amongst lenders, equity partners, and government entities is second to none. Please see Appendix C for credit reference letters and letters of support.

As you will see in the subsequent financing sections, we estimate a total all-in Project cost of approximately US\$10.6 million to complete STAY OPEN San Diego. We plan to finance the Project with approximately US\$4.6 million of equity and are requesting approximately US\$6 million of in-lieu fee funds to fully capitalize the Project.

The principals of STAY OPEN have financed over US\$40 million of recent JUCY POD Hotel developments and \$750M of US-based hotels, and we manage over US\$250 million of limited partner equity on behalf of over 500 domestic investors and foreign EB-5 investors.

As general partners and developers, we typically invest the initial and riskiest capital to source, design, and entitle projects. This usually amounts to approximately 10% to 50% of the required equity investment. The remaining equity is committed by our established network of limited partners looking for low-risk projects with reasonable development risk returns on their investment. Our limited partners typically target an 8% preferred return with a [REDACTED] IRR. Any project we invest in meets this requirement.

Our most recent development, an under construction, 401-key Hyatt Hotel across from LAX is being financed with approximately US\$60 million of equity along with \$50 million of debt from Bank of the Ozarks, one of the largest construction lenders in the US.

Our ability to commit US\$4.6 million of equity towards the development of STAY OPEN San Diego is well within our capabilities.

As requested, please see Appendix B for the 2017-2018 financial statements of both JUCY and CaRE affiliates evidencing the financial capabilities of both firms. Please note that JUCY's financial statements are undergoing the final stages of an audit review and audited financial statements are expected to be available during the week of March 11, 2019. We would be happy to provide the audited financial statements at the District's request.

# DEVELOPMENT AND OPERATIONAL PERFORMA

With a preliminary design from Carrier Johnson, the following STAY OPEN San Diego all-in development Budget and Proforma are conservative estimates based on our preliminary evaluation of the information provided by our general contractor, Kunzik & Sara, (please see Appendix A, Exhibit 2 for detailed hard-cost breakdown assuming prevailing wage), our structural engineer, John Labib & Associates, JUCY POD Hotel operating performance as well as past experience.

The Budget and Proforma are subject to change pending further inspection and due diligence of the Property, finalization of design, and working with the District to accommodate all Project goals.

The total cost of the Project is estimated to be US\$10.6 million or approximately \$47,000 per bed. The total cost per bed appears reasonable as the Coastal Commission has relied on Hostelling International's estimates of the cost to construct new hostels when calculating in-lieu fee funds to be charged against a project to mitigate the loss of affordable hotel rooms. In 2014, Hostelling International estimated the cost to construct a new, 2-story hostel (not including land) to be \$42,120 per bed for a 100-bed hostel in a 12,000 sqft building. Moreover, since 2014, construction costs have risen significantly and today's cost are likely more in-line with our total cost estimate.

The Project will be financed with a combination of approximately US\$4.6 million of equity and US\$6.0 million of in-lieu fee funds.

Below is a consolidated sources and uses summary from predevelopment to operations for STAY OPEN San Diego. We anticipate our equity to fund predevelopment costs and a portion of construction costs with a majority of the construction costs to be financed with the in-lieu fee funds.

CONSOLIDATED SOURCES & USES				
SOURCES		%	\$ / BED	\$ / SF
Pre-Development Period	\$			
STAY OPEN Equity	\$			
Construction Period	\$			
STAY OPEN Equity	\$			
In-Lieu Fee Funds	\$			
Permanent/Operation Period	\$			
District In-Lieu Fees Funds	\$			
Soft Cost Contingency	\$			
Total Sources	\$			
USES		%	\$ / BED	\$ / SF
Pre-Development Period	\$			
Construction Period	\$	77.45/882	66.6%	\$ 117,641 \$ 122
Permanent/Operations Period	\$			
Soft Cost Contingency	\$			
Total Uses	\$			

Below is a more detailed all-in development budget for STAY OPEN San Diego Project, including a breakdown of all anticipated direct, indirect, marketing and preopening costs as well as development team fees. The hard costs are conservative assuming all new building systems and 100% seismic retrofit to bring the building to current code and activate the rooftop as well as build a second story to increase the number of high-quality, low-cost accommodations.

SOURCES & USES				
			Total Beds	Total SF
SOURCES		%	\$ / Bed	\$ / SF
District In-Lieu Fee Funds				
STAY OPEN Equity				
<b>Total Sources</b>				
USES		%	\$ / Bed	\$ / SF
<b>Hard / Construction Costs</b>				
Direct Hard Costs				
General Conditions				
General Liability Insurance				
General Contractor Fee				
General Contractor Contingency				
<b>Total Hard / Construction Costs</b>				
<b>Soft / Development Costs</b>				
Architect & Engineers	10.00%			
Consultants / Vendors				
FF&E				
OS&E				
IT Systems				
Impact and Permit Fees				
Soft Cost Contingency	10.00%			
General Liability				
GL/Builder's Risk Insurance				
Development Fee				
Marketing & Pre-Opening Costs				
<b>Total Soft / Development Costs</b>				
<b>Total Uses</b>				

As discussed throughout the RFP response, the STAY OPEN San Diego Hotel is delivering high-quality, low-cost overnight accommodations for the District with a fun and socially active environment and attractive indoor and outdoor common space, including a rooftop patio, that will reinvigorate the industrial nationhood. We anticipate the Project will be in high demand not only for its prime location but also for its appealing environment. The figure on the next page provides overviews of the operating performance of STAY OPEN San Diego.

Projected Operations	Yr. 0	Design and Entitlements Yr. 1	Construction Yr. 2	Operations Yr. 3	Operations Yr. 4	Operations Yr. 5
Occupancy		75%	77%	80%	80%	80%
ADR	\$	30	\$ 31	\$ 32	\$ 33	\$ 34
RevPAR		23	24	25	26	27
POD Revenue	\$	-	\$ -	\$ 2,033,313	\$ 2,105,903	\$ 2,175,023
Occupancy		80%	80%	80%	80%	80%
ADR	\$	100	\$ 103	\$ 106	\$ 109	\$ 113
RevPAR		80	82	85	87	90
Room Ensuite Revenue	\$	-	\$ -	\$ 185,870	\$ 191,446	\$ 197,729
Total Hotel Operating Revenue	\$	-	\$ -	\$ 2,219,383	\$ 2,297,349	\$ 2,372,753
Food & Beverage Revenue		-	-	341,484	350,156	358,138
Total Revenue	\$	-	\$ -	\$ 2,560,866	\$ 2,647,505	\$ 2,730,890
Total Hotel Operating Expense (Excluding F&B)	\$	-	\$ -	\$ 1,111,462	\$ 1,161,021	\$ 1,223,980
Food & Beverage Expense		-	-	221,964	227,602	232,790
Total Expense	\$	-	\$ -	\$ 1,333,426	\$ 1,388,623	\$ 1,456,769
Capital Reserve	\$	-	\$ -	\$ 76,826	\$ 79,425	\$ 81,927
Ground Lease		-	-	169,016	174,821	180,418
Total NOI	\$	-	\$ -	\$ 981,598	\$ 1,004,637	\$ 1,011,776
Net Cash Flow	\$	-	\$ -	\$ 981,598	\$ 1,004,637	\$ 1,011,776
Return on Cost		N/A	N/A	9%	9%	10%
Cash on Cash				21%	22%	22%

Based on our Proforma, in Yr 1 of operations (ie. Yr 3 of development), STAY OPEN San Diego will achieve room and F&B revenue of [REDACTED] and [REDACTED] respectively, for a total revenue of approximately \$2.6 million [REDACTED], incur total expenses of approximately [REDACTED] [REDACTED] and achieve total NOI of close to [REDACTED] [REDACTED]. Annual expense escalation is assumed to be [REDACTED] per annum exceeding projected inflation increases of [REDACTED]

STAY OPEN's Proforma includes an annual franchise and management fee to the STAY OPEN Brand Company for use of its name and platform as well as a management fee for operating the Hotel.

Given the anticipated success of STAY OPEN and the assumed ground lease terms with the District of [REDACTED] of room revenue and [REDACTED] of F&B, the District's Yr 1 ground lease payment is forecasted to be approximately U [REDACTED]

For investment return purposes for our investor base, our Proforma shows a hypothetical sale of STAY OPEN San Diego in Yr. 10 (2029) at an exit capitalization rate of [REDACTED] costs of [REDACTED]. However, we are holders of real estate and seek to own and operate our assets for the long-term.

For the 10 Year detailed operating Proforma for STAY OPEN San Diego, please see Appendix A, Exhibit 3.

# DEVELOPMENT EXAMPLE FOR REPRESENTATIVE SITE VISIT

## CHRISTCHURCH INTERNATIONAL AIRPORT POD HOTEL

STAY OPEN is submitting its Christchurch International Airport POD Hotel as an example of a development within its portfolio that is currently leased, managed, and operated by JUCY that demonstrates the Team's operational wherewithal and vision for STAY OPEN and is most comparable to the Proposal for this RFP.

As previously highlighted throughout the RFP response, the 2-story, \$US8.8 million Christchurch International Airport POD Hotel, which opened in 2016, was developed in partnership with Christchurch International Airport and designed and operated by JUCY. Additionally, hotel guests are within walking distance to the Airport.

As the Christchurch property is located in Christchurch, New Zealand and the District staff is unlikely to have the opportunity to physically visit the Representative Site, the STAY OPEN team suggests arranging a video call to arrange a virtual tour of the property if STAY OPEN is selected for interviews.



## LAX HYATT PLACE AND HYATT HOUSE HOTEL

Additionally, the STAY OPEN team would also like to respectfully submit its LAX Hyatt Place and Hyatt House Hotel as an additional Representative Site as it will provide a convenient opportunity for the District staff to physically visit one of the Team's development sites allowing it to showcase its operational wherewithal and execution capabilities.

Although a select-service hotel, the property does have similarities to STAY San Diego albeit on a much larger scale. It's adjacent to LAX, an adaptive reuse, and the property will have a rooftop pool and restaurant with views of the Pacific Ocean and Los Angeles.



# APPENDIX A:

## STAY OPEN SAN DIEGO CONCEPT DRAWINGS & FINANCIALS

**Exhibit 1:** Preliminary Plans

**Exhibit 2:** Detailed Hard Cost Breakdown

**Exhibit 3:** Detailed Proforma



EXHIBIT 1: PRELIMINARY PLANS



EXHIBIT 1: PRELIMINARY PLANS



## EXHIBIT 1: PRELIMINARY PLANS



## EXHIBIT 1: PRELIMINARY PLANS



## EXHIBIT 1: PRELIMINARY PLANS



## EXHIBIT 2: DETAILED HARD COST BREAKDOWN

Page: 1



## BUDGET RECAP SHEET

Job Name: STAY OPEN San Diego		3/5/2019	
Location: San Diego, CA			
Architect: Carrier Johnson			
SPEC. SECTION	K & S PHASE & DESCRIPTION	BUDGET COST	COMMENTS
CSI DIVISION 2 - SITEWORK & EARTHWORK		[REDACTED]	
	2200-Demolition		
	2210-Earthwork & Grading		
	2220-Erosion/Dust Control & Maintenance		
	2400-Site Wet Utilities/Storm		
	2444-Chain Link/Temporary Chain Link Fence		
	2480-Landscape & Irrigation		
	2513-Asphalt Paving		
	2550-Site Concrete Improvements		
CSI DIVISION 3 - CONCRETE WORK			[REDACTED]
	3300-Concrete		
	3300-Lightweight Concrete		
CSI DIVISION 4 - MASONRY AND BRICKWORK		[REDACTED]	
	4200-Masonry		
CSI DIVISION 5 - METAL WORK		[REDACTED]	
	5500-Structural & Misc. Steel		
	5700-Wrought Iron		
CSI DIVISION 6 - WOOD & PLASTICS		[REDACTED]	
	6100-Framing and Miscellaneous		
	6410 Cabinets & Countertops		
CSI DIVISION 7 - THERMAL & MOISTURE PROTECTION		[REDACTED]	
	7150-Caulking/Waterproofing		
	7200-Insulation		
	7500-Roofing		
	7600-Sheet Metal		
CSI DIVISION 8 - DOORS / WINDOWS / FINISH CARPENTRY		[REDACTED]	
	8100-Doors / Frames / Hardware		
	8100-Operable partitions		
	8350-Special Doors		
	8800-Glass & Glazing		
CSI DIVISION 9 - FINISHES			

EXHIBIT 2: DETAILED HARD COST BREAKDOWN



BUDGET RECAP SHEET

Job Name: STAY OPEN San Diego		3/5/2019	
Location: San Diego, CA			
Architect: Carrier Johnson			
SPEC. SECTION	K & S PHASE & DESCRIPTION	BUDGET COST	COMMENTS
	9200-Lath & Plaster		
	9250-Drywall / Taping		
	9330-Ceramic Tile		
	9330-Stone Cladding		NIC
	9510-Acoustical Ceiling		
	9650-Flooring		
	9655-Floor Sealer		
	9900-Painting		
	CSI DIVISION 10 - SPECIALTIES		
	10160-Toilet Partitions/Accessories		
	10520-Fire Extinguishers & Cabinets		
	CSI DIVISION 11 - BUILDING EQUIPMENT		
	CSI DIVISION 12 - FURNISHINGS		
	CSI DIVISION 13 - SPECIAL CONSTRUCTION		
	CSI DIVISION 14 - CONVEYING SYSTEMS		
	14500-Elevators		
	14501-Construction Man Lift and Temporary Stairs		NIC
	CSI DIVISION 15 - MECHANICAL & PLUMBING		
	15300-Fire Sprinklers		
	15400-Plumbing		
	15500-H V A C		
	CSI DIVISION 16 - ELECTRICAL		
	16100-Electrical & Lighting		
	16100-BMS Controls		NIC
	16100-Fire life safety		
	CSI DIVISION 17 - CLEANUP		
	17000-Progressive Cleanup and Dumpsters		
	17100-Final Cleanup		

## EXHIBIT 2: DETAILED HARD COST BREAKDOWN

Page: 3

**BUDGET RECAP SHEET**

Job Name:		STAY OPEN San Diego	3/5/2019
Location:		San Diego, CA	
Architect:		Carrier Johnson	
SPEC. SECTION	K & S PHASE & DESCRIPTION	BUDGET COST	COMMENTS
	SUBTOTAL SUB COUNT/COSTS:		
999-099	SUB BOND ALLOWANCE @:		
	<u>SUMMARY</u>		
1000	K & S GENERAL CONDITIONS		
Others	SUBCONTRACTORS		(From Above)
	SUBTOTAL:		
999-599	CONTINGENCY @:		
	SUBTOTAL:		
999-180	INSURANCES @:		
	SUBTOTAL:		
999-900	OVERHEAD & PROFIT @:		
	SUBTOTAL:		
999-099	PERFORMANCE & PAYMENT BOND @ :		
	TOTAL BUDGET PRICE:		

## EXHIBIT 2: DETAILED HARD COST BREAKDOWN

### STAY OPEN San Diego

#### QUALIFICATIONS/EXCLUSIONS:

##### QUALIFICATIONS:

The following documents were reviewed:

Preliminary proposed design plans, renderings, and conference call by Carrier Johnson on 3/4/2019  
Structural narrative by Richard Chen by email on 3/2/2019

Sidewalk / street closures required for site logistics and city permit cost are by owner.

All work to be completed during normal business hours

All work to be completed in one continuous phase. Assumes work to commence 1st Quarter 2019

All blueprint, reprographic and reimbursable costs under separate monthly invoice.

Construction water, power, telephone, storage and parking area available for contractor use on site

Includes 3" AC over 4" base

Includes 1.5" lightweight concrete over wood floors

Includes 60 mil TPO roof with a 20 year manufacturer NDL warranty.

Includes lath&plaster exterior on 2nd story to match 1st story

Flooring includes:

Supply/install carpetting in corridors and all guestrooms.

Supply/install VCT in BOH rooms and service room.

Tile includes:

Install all guest bathrooms walls and floors, all public restroom walls (5' wainscot) and floors

Install floor tile all first floor common areas i.e. lobby and breakfast (Assumes \$10sqft material)

Includes floor tile in amenity and lobby areas

Painting:

Includes all guestrooms, corridors, common/meeting areas, and BOH walls. All exposed hardid ceilings. Steel handrails.

Includes public restroom ceiling and walls above wainscot.

Includes 2x2 acoustical tile offices, BOH, common area, lobby, and hallways

Includes drywall ceiling at guestrooms and restrooms

Includes fire sprinkler system with concealed heads at public area otherwise semi recessed at finished ceilings.

Each pod to have it's own sprinkler head

Glass and Glazing:

Glass handrail on second floor at F&B area

Storefront on first and second floor

Aluminum louver-type design for storefront

Nanawall bi-folding door system for F&B

Glass garage door panel for bar area at F&B

Automatic Electric Sliding Door

Includes plumbing:

Supply/install restroom toilets/urinals, restroom floor drains, condensate piping, roof drains

new underground for scope of work

janitor room mop sink, Gas tankless waterheater system.

gas piping for F&B area, dryers, and water heaters. floor drains and floor sinks for F&B.

Floor drains in kitchen, sinks, hook ups for kitchen fixtures. Floor drains for laundry, laundry room hookups for washer/dryer

Includes the following conceptual HVAC systems:

VRF system for guestrooms and common areas

Exhaust fans for service/BOH and communal restrooms

All thermostats required for systems.

Start-up and test

Controls: Thermostats, smoke detectors as required (global shutdown by others)

Supply/install all ducting, insulation, plenums, sheet metal per scope of work. Testing as required.

Includes the following conceptual electrical system:

Temporary Power during course of construction

All conduit and wire needed for a complete electrical system

BOH lighting and standard downlights for lighting.

Provide conduit only for low voltage systems

Power for Mechanical system/HVAC

Power for site lighting, light poles, bollard walkway lighting, landscape lighting, exterior side lighting

Assumes two 2-stop elevators, details to be confirmed in further concepts.

Includes site concrete, truncated domes around driveway, sidewalks on property.

Does not include city improvements except for bus stop bench

Landscaping includes:

Provide and install shade trees with root barriers as required around parking lot.

Provide and install shrubs around property

Installation of an irrigation system with timers.

## EXHIBIT 2: DETAILED HARD COST BREAKDOWN

## EXCLUSIONS:

Removal, excavation, treatment, remediation, testing or otherwise handling Hazardous, Toxic and Unsuitable Materials  
 Performance & Payment Bonds  
 Permits, plan check fees, utility company fees or other governing agency fees  
 Builders Risk Insurance & deductibles (by owner)  
 Furniture, Fixtures and Equipment (FF&E) (by owner)  
 Operating supplies & equipment (OS&E)(by owner)  
 Professional Design Services except design/build fire sprinkler  
 Off-site work and street improvements  
 Field engineering & staking (by owner)  
 Shoring  
 Testing & Special Inspections (by owner)  
 Gas vapor or methane barrier/system, testing & special inspection  
 QSP SQPPP Monitoring or reporting (by owner)  
 Commissioning agent (by owner)  
 Security System, cameras or wiring (by owner)  
 Access controlled door lock hardware, card reader, doorbell or access system or wiring (by owner)  
 Audiovisual, computer, telephone or TV systems or wiring (by owner)  
 Security Guards and construction camera (by owner)  
 Signage or artwork  
 Window treatments, shades or valances (by owner)  
 Decorative Light Fixtures, sconces, chandeliers, pendant lights, FFE fixtures (by owner)  
 Kitchen or Bar Equipment (by owner)  
 Kitchen cabinetry, countertops, ranges, equipment or appliances (by owner)  
 Guest room cabinetry, countertops, restroom cabinets/tops, closet shelf&rod, ranges, equipment or appliances (by owner)  
 Refrigerators, microwaves, dishwashers, hoods, ranges, cooktops, disposals, ice machines or appliances (by owner)  
 Guest room mirrors, guest room vanity mirrors, full length mirrors or wall mirrors (by owner)  
 Laundry or cleaning equipment (by owner)  
 Laundry or trash chutes/doors  
 Lockers (by owner)  
 All corner guards, entry mats (by owner)  
 Case goods, bedding or draperery  
 Pots or planter boxes  
 Umbrellas or shade structures  
 Sound attenuation or Acoustimat  
 Laminated glass or additional requirements of acoustical study(TBD by acoustical report)  
 Sound board or exterior party walls  
 Waterproofing under grade level slabs  
 Anslul system  
 Window washing equipment, davits or systems  
 Shower curtains  
 Solar Systems or Solar electric system  
 Green roof  
 Building Energy Management System  
 LEED certification or commissioning  
 All right of way work  
 Site fencing or gates  
 Bike racks or lockers  
 Skylights  
 Water pumps or Fire system pump  
 Water softener system and equipment  
 Precast stone/concrete  
 Bioswale

## EXHIBIT 2: DETAILED HARD COST BREAKDOWN

<b>KS</b> Kunzik & Sara Construction, Inc.							
JOB NAME: STAY OPEN San Diego LOCATION: San Diego, CA ARCHITECT: Carrier Johnson Budget Date: March 5, 2019							
PROJECT AREA SUMMARY:	QTY	UNIT		ROOM QTY	INSIDE WALL PER ROOM (\$F)	INSIDE WALL TOTAL SF	COMMENTS
SITE (Area of work):		Gsf					
BUILDING (Area of work):		Gsf					
TOTAL 1ST FLOOR		SF					
TOTAL 2ND FLOOR		SF					
COMMON AREAS:							
~CORRIDORS/HALLWAYS		SF					
~SERVICE ROOM		SF					
~AMENITY							
~BOH/OFFICE/STORAGE							
~PATIO							
~COMMUNAL RESTROOMS							
ROOM MATRIX:							
8 Pod							SF 8pod
12 Pod							SF 12pod
Private Room							SF Private
Private Room ADA							SF Private ADA
							TOTAL # ROOMS
BUILDING CONSTRUCTION COSTS	QTY	UNIT	UNIT COST	BUILDING	SITE		COMMENTS
SITE WORK							\$
STRUCTURE							
SHELL CLADDING SYSTEM							
CORE INTERIOR SYSTEM							
EQUIPMENT							
MECHANICAL SYSTEMS							
ELECTRICAL SYSTEMS							
SUB-TOTAL							
GENERAL CONDITIONS							
SUBTOTAL							
CONTRACTOR'S CONTINGENCY							
SUBTOTAL							
INSURANCE							
SUBTOTAL							
GENERAL CONTRACTORS OVERHEAD & FEE							
SUBTOTAL							
CONSTRUCTION ESCALATION							
SUBTOTAL							
PERFORMANCE & PAYMENT BOND		NIC					
TOTAL BUDGET PRICE							

S:\Proposals\STAY Open\STAY Open 3\_5\_19.xls\QUAL

### **Exhibit 3: PROFORMA**

**Redacted - intentionally removed**

# APPENDIX B:

## STAY OPEN TEAM FINANCIALS

**The Stay Open Team's capability to successfully perform is evidenced by the financial statements of Jucy World and the CaRE affiliates included below.**

**Exhibit 1:** JUCY World 2018 Financial Statements

**Exhibit 2:** CaRE Affiliate Wilshire EB5 Investment Fund I, LLC Financial Statements (Waldorf)

**Exhibit 3:** CaRE Affiliate Wilshire EB5 Investment Fund II, LLC Financial Statements (Waldorf)

**Exhibit 4:** CaRE Affiliate WABH A EB-5 MM LLC Profit and Loss Statement (Waldorf)

**Exhibit 5:** CaRE Affiliate 5959 LLC Financial Statements (LAX Hyatt)

**Exhibit 6:** CaRE Affiliate CaRE EB-5 Fund III GP LLC Financial Statements (Montclair Marriott)

**Exhibit 7:** CaRE Affiliate CaRE EB-5 Fund III LP Financial Statements (Montclair Marriott)

**Exhibit 8:** CaRE Affiliate Alcazar San Pablo Financial Statements (USC Hyatt)

## **Appendix B, Exhibits 1-8**

**Redacted - intentionally removed**

# APPENDIX C:

## GENERAL

**Exhibit 1:** George Smith Partners – Financing Feasibility

**Exhibit 2:** CBIZ – Credit Reference Letter

**Exhibit 3:** CalPrivate – Credit Reference Letter

**Exhibit 4:** Queenstown Mayor – Letter of Support

**Exhibit 5:** New Zealand Consul-General to USA -Letter of Support

**Exhibit 6:** Christchurch Airport Chief Aeronautical & Commercial Officer –  
Letter of Support

## EXHIBIT 1: GEORGE SMITH PARTNERS – FINANCING FEASIBILITY



**GEORGE SMITH PARTNERS**  
REAL ESTATE INVESTMENT BANKING

10250 Constellation Blvd., Ste. 2700  
Los Angeles, California 90067

To: Penny Maus  
Development Manager, Real Estate  
San Diego Unified Port District  
3165 Pacific Highway  
San Diego, CA 92101

From: Zachary D. Streit, *Senior Vice President*, George Smith Partners

Date: March 5, 2019

Re: Request for Proposals San Diego Bay Development Opportunity Lower Cost Overnight Accommodations

Dear Selection Committee:

George Smith Partners ("GSP") is pleased to serve as capital advisor in connection with the San Diego Bay Development Opportunity Lower Cost Overnight Accommodations for our client.

Upon review of the Request for Proposal documentation, it is our opinion that the project is financeable and will be viewed attractively in the capital markets by both debt and equity capital sources. The location, affordability components and business plan make this hospitality development unique and compelling and should elicit broad interest in the capital markets up and down the capital stack.

Of note, our clients have significant hospitality experience that bolsters their ability to execute on a project of this magnitude. Most recently, we arranged financing for their \$110 million, redevelopment of a 13 story, 250,000 square foot office building into a dual-branded 401-Key Hyatt Place and Hyatt House Hotel at LAX. So, the contemplated redevelopment business plan is well within the sponsors' execution ability. The capital stack on the LAX Hyatt transaction was complicated and involved a senior construction loan, mezzanine financing and multiple classes of equity. This speaks to our clients' ability to successfully navigate complex capital structures and offer efficient solutions.

Supporting these assumptions is GSP's \$3 billion dollars in annual arranged financing, including the following notable transactions that are similar to the subject:

1. \$212,000,000 Non-Recourse Senior Construction Financing for a 360-Key Montage and Pendry in La Quinta, CA
2. \$115,000,000 Non-Recourse Senior Construction Financing for a 326-Key Radisson BLU in Anaheim, CA
3. \$53,000,000 Non-Recourse Senior Construction Financing for a 173-Key Autograph Marriott in Scottsdale, AZ
4. \$50,000,000 Non-Recourse Senior Construction Financing for a 401-Key Dual-Branded Hyatt in Los Angeles, CA
5. \$45,000,000 Non-Recourse Bridge Loan Construction Take Out Financing for a 131-Key Luxury Lifestyle Hotel in San Francisco, CA

## EXHIBIT 1: GEORGE SMITH PARTNERS – FINANCING FEASIBILITY



GEORGE SMITH PARTNERS  
REAL ESTATE INVESTMENT BANKING

10250 Constellation Blvd., Ste. 2700  
Los Angeles, California 90067

In closing, we strongly recommend our clients for this transaction and think they will deliver an excellent product that will make a strong impact on the submarket.

Sincerely,

*Zachary Streit*

Zachary Streit, J.D., M.S.  
Vice President  
George Smith Partners  
10250 Constellation Boulevard  
Suite 2700 | Los Angeles, CA 90067  
Office: 310.867.2936 | Mobile: 310.709.5320  
BRE License No: 01905977

## EXHIBIT 2: CBIZ – CREDIT REFERENCE LETTER



March 4, 2019

Penny Maus  
Development Manager, Real Estate  
San Diego Unified Port District  
3165 Pacific Highway  
San Diego, CA 92101

Re: Request for Proposals San Diego Bay Development Opportunity Lower Cost  
Overnight Accommodations

Dear Ms. Maus,

We have been business managers and accountants to Michael C. Palmer since 1978. Over the years, we have assisted Mr. Palmer with many financial transactions including purchases of various real estate properties.

Mr. Palmer is a co-founding partner in the real estate property management company Realty Center Management Co, Inc. in Los Angeles, California, which manages over 263,000 square feet of commercial office and retail space and over 10,500 apartment units, with properties located in three states.

We are very familiar with Mr. Palmer's financial situation and can confirm that his net worth as of September, 2018 is in excess of [REDACTED]

We are not independent with respect to Michael C. Palmer.

Sincerely,

CBIZ MHM, LLC

James R Parks, Executive Director

SOUTHERN CALIFORNIA LOCATIONS  
10474 SANTA MONICA BOULEVARD, SUITE 200 | LOS ANGELES, CA 90025 | PH 310.268.2000 FAX 310.268.2001  
2301 DUPONT DRIVE, SUITE 200 | IRVINE, CA 92612 | PH 949.450.4400 FAX 949.450.0694  
10616 SCRIPPS SUMMIT COURT | SAN DIEGO, CA 92131 | PH 858.795.2000 FAX 858.795.2001  
5060 CALIFORNIA AVENUE, SUITE 800 | BAKERSFIELD, CA 93309 | PH 661.325.7500 FAX 661.325.7004  
300 ESPLANADE DRIVE, SUITE 250 | OXNARD, CA 93036 | PH 805.988.3222 FAX 805.988.3220

## EXHIBIT 3: CALPRIVATE – CREDIT REFERENCE LETTER



March 5, 2019

Penny Maus  
Development Manager, Real Estate  
San Diego Unified Port District  
3165 Pacific Highway  
San Diego, CA 92101

Re: Request for Proposals San Diego Bay Development Opportunity Lower Cost Overnight Accommodations

Dear Selection Committee:

Please be advised that CaRE, JUCY, Inc and PSJ USA, LLC are valued clients who has maintained good standing status with the bank upon the onset of each relationship. As of the date of this letter each company has maintained the respective balance:

	Open Date
CaRE	07/26/2018
JUCY	10/30/2018
PSJ, USA, LLC	01/04/2019

It is worth noting that each client has historically carried larger amounts.

Steve Shpilsky and Chris Alpe are highly valued clients of CalPrivate Bank. All loans facilitated have been paid as agreed, and all deposit accounts maintained satisfactory balances. They are outstanding clients and well regarded at the bank.

Please don't hesitate to contact me or any questions whatsoever. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dexter De Mesa", is written over a horizontal line.

**DEXTER DE MESA**  
Market President | CalPrivate Bank

d. (424) 303-4887  
c. (626) 807-8474  
e. [ddemesa@calprivate.bank](mailto:ddemesa@calprivate.bank)

## EXHIBIT 4: QUEENSTOWN MAYOR – LETTER OF SUPPORT



4 March 2019

San Diego Airport Selection Committee,

OFFICE OF THE MAYOR

File: DE/05/2

### Letter of Support for STAY Open San Diego POD Hotel

Dear Selection Committee,

It gives me great pleasure to provide this letter of support for the STAY Open San Diego POD Hotel.

As Mayor of the Queenstown Lakes District of New Zealand, our recently opened Jucy POD Hotel has been a quality addition to the accommodation offering we provide in Queenstown.

Opened in our CBD in April 2018, Jucy Queenstown is a 5-story, 286-bed POD Hotel with a mixture of PODS and private rooms. The property includes a rooftop pizzeria and bar with unencumbered views that is open to the public.

The POD Hotel offers a low-cost alternative for the budget traveller, a welcome addition to Queenstown where high prices and a shortage of beds have forced budget conscious travellers to rethink hotel accommodation.

A broad accommodation offering to all demographics is of benefit to our district and Jucy's product is a contributor. Often while budget travellers are looking for affordable accommodations, once checked-in, these travellers don't require personal vehicles as they can walk, take public transportation, or utilize shared car-riding services to their desired destinations, which reduces road congestion and frees up discretionary spending, making these visitors important consumers for our local businesses and economy.

The Jucy POD hotel concept and Team have my full support, and I would highly recommend that the San Diego Unified Port District select STAY Open San Diego as a solution to provide a lower cost, high quality overnight accommodation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jim Boulton'.

Jim Boulton  
Mayor of Queenstown Lakes District

## EXHIBIT 6: NEW ZEALAND CONSUL-GENERAL TO USA -LETTER OF SUPPORT



March 5, 2019

Mrs. Penny Maus  
Development Manager, Real Estate  
San Diego Unified Port District  
3165 Pacific Highway, San Diego, CA 92101

**Re: Request for Proposals San Diego Bay Development Opportunity Lower Cost Overnight Accommodations – Letter of Support for the STAY OPEN San Diego Hotel**

Dear Selection Committee:

It is with great pleasure that I write this Letter of Support for the STAY OPEN San Diego Hotel.

I'm a New Zealand diplomat and former politician. I was a member of parliament for 30 years and over those years I was a Minister of many portfolios: Transport, Communications, Broadcasting, Local Government, Research Science and Technology, Building and Construction, Customs, Small Business, Statistics, and Land Information.

After leaving parliament in 2017, I was appointed the New Zealand Consul-General to the USA in Los Angeles.

Throughout my decades of public service, I have known Chris Alpe and the JUCY World business. Chris is a man of integrity, honesty, and good business sense and the consummate tourism entrepreneur who was instrumental in helping to create part of New Zealand's largest listed tourism entity.

JUCY World has been in business for almost 20 years and is a deeply respected and reputable business in New Zealand. The firm's incredible growth and success over the years to become a leader in travel accommodations and experiences have not only benefited the New Zealand economy but has also cast a favorable light on New Zealand and become a source of pride and accomplishment.

I have no doubt that the STAY OPEN San Diego Hotel will be a successful endeavor. Please feel free to contact me if you have any questions or would like additional information. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Maurice Williamson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Hon. Maurice Williamson  
Consul-General  
New Zealand Consulate General - Los Angeles  
C: (310) 720-8868  
[maurice.williamson@mfat.govt.nz](mailto:maurice.williamson@mfat.govt.nz)

## EXHIBIT 7: Christchurch Airport Chief Aeronautical & Commercial Officer – Letter of Support



PO Box 14001  
Christchurch 8544  
New Zealand  
Telephone (+64 3) 358 5029  
[christchurchairport.co.nz](http://christchurchairport.co.nz)

Dear Selection Committee,

It gives me great pleasure to put forward this letter of recommendation for JUCY for the Stay Open San Diego POD Hotel proposal.

The significant earthquakes experienced by our region in 2010 and 2011 led to a large shortage of visitor accommodation and infrastructure in the city and surrounding areas. Existing property stocks were significantly reduced, and remaining options filled with workers contributing to the rebuild of Christchurch. As the primary gateway for visitors to the South Island of New Zealand, a result of this shortage was a large number of budget travellers sleeping overnight in the airport with no adequate infrastructure to support this. Alternatively, visitors were having to drive long distances to surrounding towns to find accommodation or bypassing Christchurch altogether.

To help address this critical issue JUCY and the Christchurch International Airport worked in partnership to develop and build the highly innovative 271 bed JUCY Snooze property located on the airport campus, less than 10 mins walk from both the international and domestic terminals.

JUCY Snooze offers a mix of premium pods for guests wanting shared accommodation as well as private ensuite rooms. These annex off a large popular social space designed to reflect the geography of the local area and bring guests together while eating, connecting to the outside world, engaging in a game of pool or just relaxing in the hammocks.

Since opening in 2016 JUCY Snooze has been hugely successful in not only meeting the needs of this demographic with the popular pod concept but also with domestic travellers looking for a compact yet stylish private room pre or post flight. I have no hesitations in recommending STAY Open for San Diego.

Yours sincerely

Justin Watson  
Chief Aeronautical and Commercial Officer

# APPENDIX D:

## DRAFT LEGAL AGREEMENTS

**Exhibit 1:** STAY OPEN San Diego, LLC Operating Agreement

**Exhibit 2:** Ground Lease Agreement with The District

**Exhibit 3:** STAY OPEN Franchise Agreement

**Exhibit 4:** STAY OPEN Management Agreement

**Exhibit 5:** CaRE Development, LLC Development Agreement

## **Appendix D, Exhibit 1-5**

**Redacted - Intentionally Removed**

# OVERNIGHT ACCOMMODATIONS FACILITY FOR THE SAN DIEGO UNIFIED PORT DISTRICT

RFP RESPONSE

**SUPPLEMENTAL  
PROPOSAL  
INFORMATION  
PROVIDED  
PG 101- 175**

The San Diego Unified Port District (District) respectfully requests responses to the following clarifications no later than end of day, Wednesday, March 20, 2019.

## **Development**

- Please clarify the approximate total land area (square footage) required for the proposed ground lease, including parking.
- Please confirm the total proposed ground lease term is 66 years.

## **Financial Assumptions**

- Please confirm operating year three is anticipated as the proposed project's stabilized year.
- Please confirm the average ADR is calculated based on a one-night stay for all unit types.
- Please clarify whether partial/day rates will be offered for the proposed project, and if so, the rate structure proposed for each unit type.
- Please confirm District ground rent payments will begin with the first year of operations.
- Please confirm parking is assumed to be free for guests.
- Please clarify whether CaRE anticipates providing the estimated equity investment from internal sources and/or whether external investors will be sought.
- Please identify the target equity return for the project (IRR).

March 20, 2019

**RE: CaRE Development Financial Clarification Questions 03182018 – STAY OPEN Responses**

Tara and Penny:

Thank you for the clarification questions provided on Monday, March 18, 2019.

Below, please find our responses to your questions.

**Development**

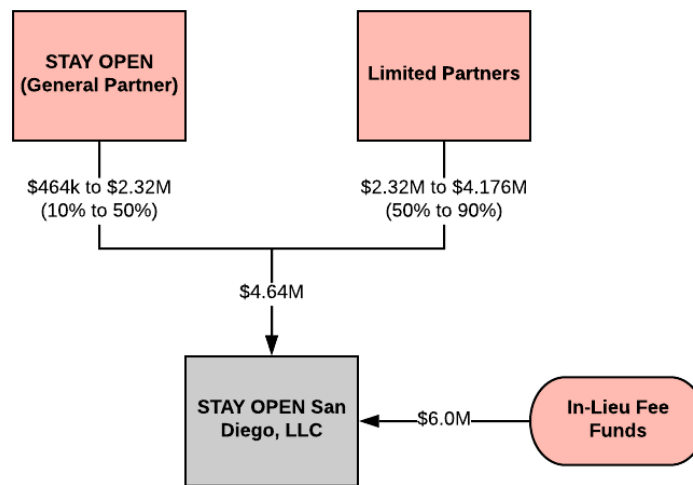
1. Please clarify the approximate total land area (square footage) required for the proposed ground lease, including parking.
  - **The approximate total land area required for the proposed ground lease is ±34,220 sqft, including the existing Annex Building (±12,820 sqft) as well as the adjacent driveway access and parking lot (±21,400 sqft).**
  - **The proposed parking lot includes 42 parking stalls to meet zoning parking requirements (CC-4-2).**
  - **However, the Property is located in a Transit Priority Area overlay qualifying it for reduced parking requirements.**
  - **Additionally, given its close proximity to the Airport and Airport shuttle drop-off and pick-up location as well as the makeup of our guests who are anticipated to utilize shared transportation, electric scooters, and public transportation, we propose a reduced parking requirement.**
  - **For example, to accommodate 25 parking stalls and driveway access, STAY OPEN San Diego would need ±13,000 sqft for a parking lot compared to ±21,400 sqft for our currently proposed parking lot.**
  - **The reduction in parking area will also provide additional land for the redevelopment of the remaining parcels.**
2. Please confirm the total proposed ground lease term is 66 years.
  - **Yes, the term of the proposed ground lease is 66 years.**

**Financial Assumptions**

1. Please confirm operating year three is anticipated as the proposed project's stabilized year.

- Yes, according to “2019\_0313\_STAY OPEN San Diego\_Development & Operating Proforma” provided on March 13, 2019, operating year three (2024) is anticipated to be the proposed Project’s stabilized year.
2. Please confirm the average ADR is calculated based on a one-night stay for all unit types.
    - Yes, the average ADR is calculated based on a one-night stay for both PODs [REDACTED] and private Ensuite rooms [REDACTED]
  3. Please clarify whether partial/day rates will be offered for the proposed project, and if so, the rate structure proposed for each unit type.
    - Given the affordable price points for our PODs, we will charge guests the same rate for part of the day or full-day stays.
    - Rate ranges will be driven by supply and demand, time of year, and availability of PODs at different times of the day or evening. In some instances, our overnight rate may be in line with an hourly rate offered by some competitors due to the scale of our operation as well as the supplemental income we expect to generate from food & beverage and other travel experiences sales.
    - In our experience, offering hourly rates in an overnight accommodation may attract guests that will diminish the overnight/multi-day guests’ experience.
  4. Please confirm District ground rent payments will begin with the first year of operations.
    - Yes, according to “2019\_0313 STAY OPEN San Diego\_Development & Operating Proforma provided on March 13, 2019, District ground rent payments will commence during the first year of operation (2022)
  5. Please confirm parking is assumed to be free for guests.
    - If we are expected to operate the parking facility, we will charge for overnight guest parking at a price point in line with operating similar parking facilities.
    - As mentioned above, it is our preference to reduce our proposed parking footprint. Given the Property’s location, makeup of guests, and accommodation price point, we anticipate limited overnight parking guests.
    - For food and beverage patrons, we will provide complimentary, up to three (3) hour parking with STAY OPEN validation.
  6. Please clarify whether CaRE anticipates providing the estimated equity investment from internal sources and/or whether external investors will be sought.
    - 100% of the estimated equity investment will come from a single STAY OPEN affiliated entity controlled by Shpilsky, Palmer and Alpe as the General Partners (“GPs”). The General Partners will control all Project decisions.

- The General Partners expect to provide 10% to 50% of the estimated equity investment and our Limited Partners (“LPs”) will provide the balance as is customary with most real estate development project financings.
- *STAY OPEN Equity Investment Structure:*



7. Please identify the target equity return for the project (IRR).

- Our target equity return for the Project is approximately [REDACTED] which is standard for real estate development opportunities.

# **FOOD & BEVERAGE SURVEY RESULTS**

## OBJECTIVE

Create a survey for JUCY Snooze guests and JUCY staff to complete either onsite or after they have checked out.

Questions will be focused on what type of meals & cuisines they would like on offer, how much they are prepared to spend, a bar offering and what influences their decision to purchase.

This will be collated and analysed to ensure we are:

1. Designing a food & beverage offering at Cook Street that our customers & staff actually want
2. Listening and taking action on areas we can improve on
3. Identifying trends among guests & staff that will inform our decision-making going forward
4. Identifying gaps, opportunities & pain points

## WHAT QUESTIONS WILL BE ANSWERED?

- If they are interested in an on-site food & beverage offering
- What meals & cuisines they would like on offer
- The style of offering
- How much they are prepared to pay at our F&B offering

- If they expect/want to see an onsite licensed bar at JUCY Snooze
- What products they would like to see at an on-site bar
- The importance of technology & preferred method of ordering (i.e. face-to-face or via iPad)
- What influences their decision to purchase

## HOW DO WE DO THIS?

Create a questionnaire designed to get as much information from our guests about what they would like to see from an on-site food & beverage offering who stayed at either our Auckland, Christchurch or Queenstown properties. The questions will be a series of checkbox and multi-choice questions with areas for further comments where necessary.

Questionnaires will be distributed as follows:

- Digital via Survey Monkey form, which will be linked to guest check-out emails
- Paper surveys onsite with staff encouraging/incentivising guests to complete
- Digital via Survey Monkey form, which will be emailed out to JUCY HQ staff

We will allow 2 weeks to collect responses with a minimum of 100 needed to get informed insights.

## GUEST SURVEY: RESULTS

70 Survey  
Responses

22% Online v 78%  
Onsite

**AS A GUEST STAYING AT  
JUCY SNOOZE, WOULD YOU  
WANT FOOD AVAILABLE FOR  
PURCHASE ONSITE?**

92% Yes

8% No

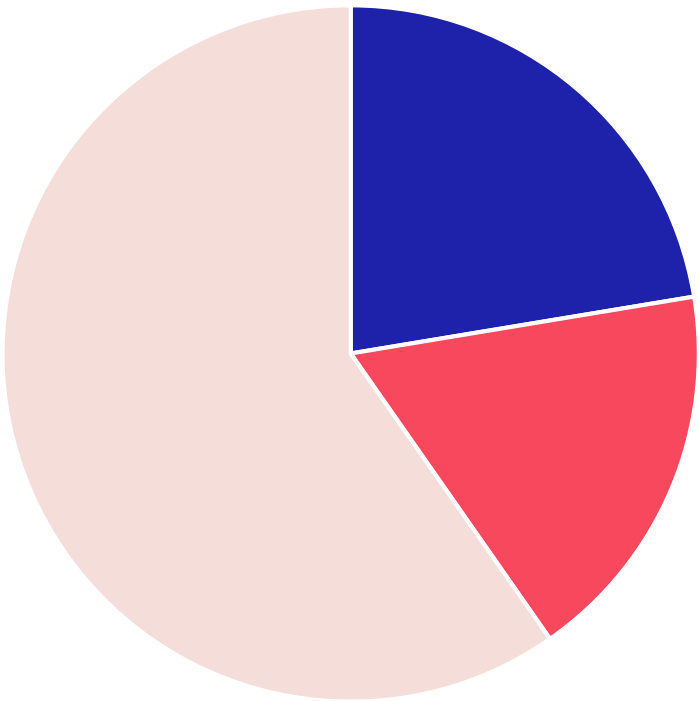
### WHAT MEALS WOULD YOU WANT ON OFFER?

Dinner  
Breakfast  
Brunch  
Lunch  
BarSnacks

- Breakfast is the most popular option
- Followed by bar snacks, which is closely followed by dinner
- Brunch was the least selected option

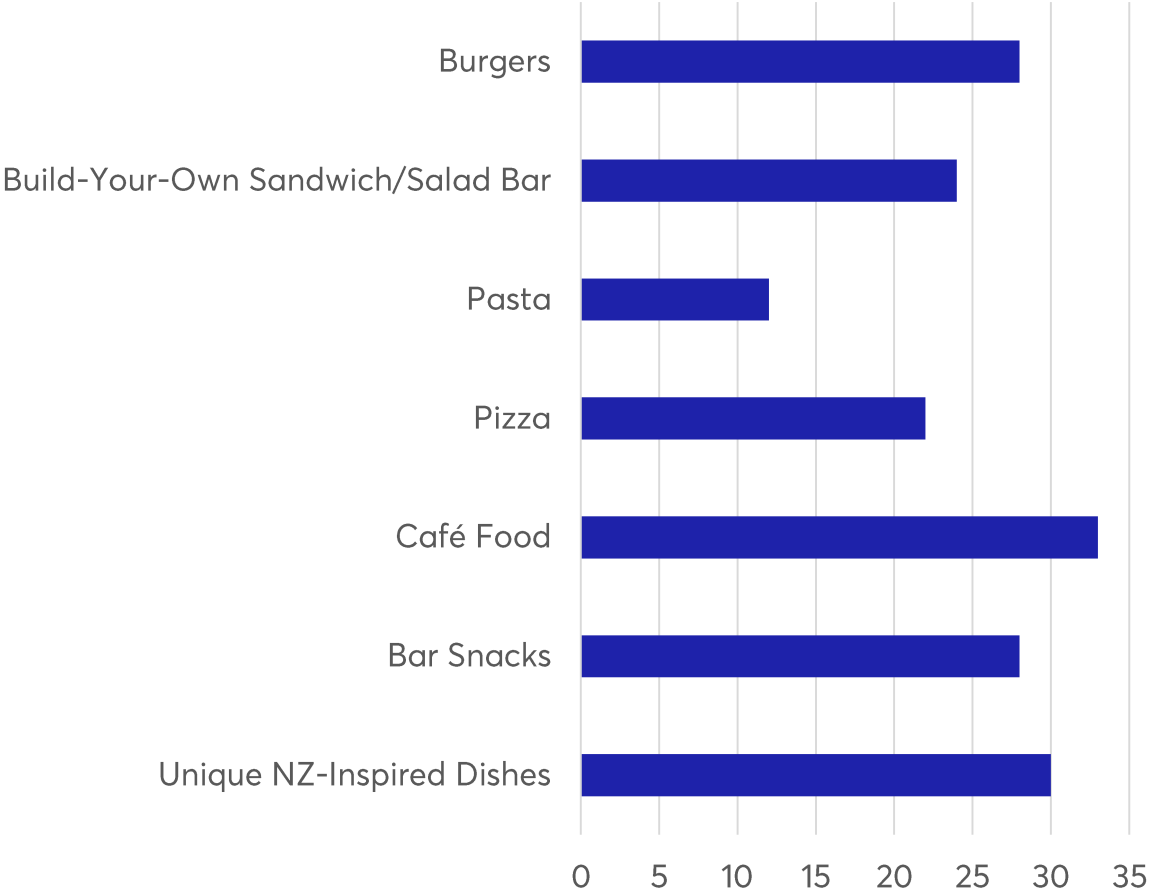
# GUEST SURVEY: RESULTS

## WHAT STYLE OFFERING WOULD YOU WANT TO SEE?



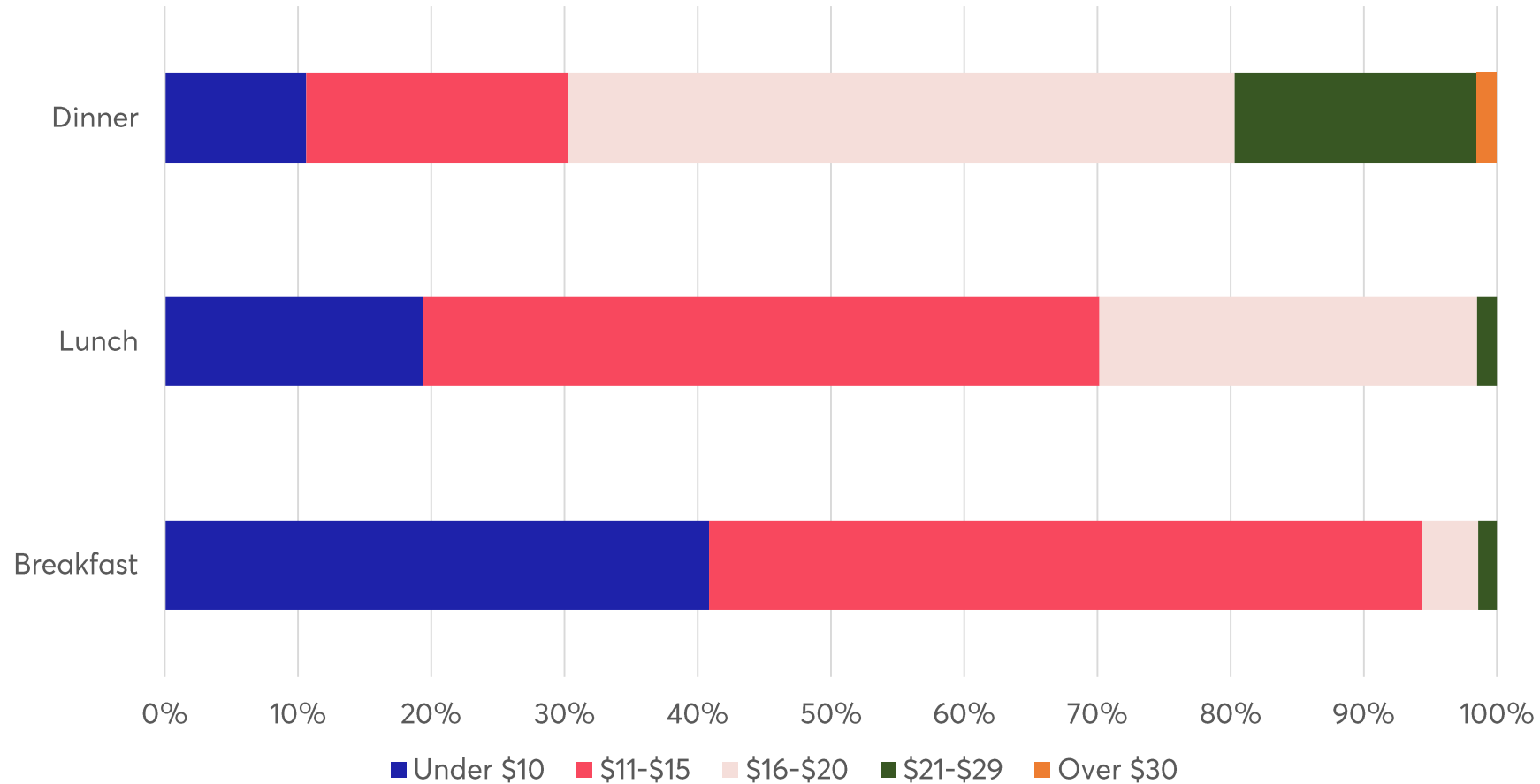
■ Grab & Go ■ Dine-In ■ I Would Like The Option Of Both

## WHAT TYPE OF CUISINE WOULD YOU WANT TO SEE?



# GUEST SURVEY: RESULTS

## HOW MUCH ARE YOU WILLING TO PAY FOR EACH MEAL?



**BREAKFAST:**  
Majority Under \$10

**LUNCH:**  
Majority \$11-15

**DINNER:**  
Majority \$16-\$20

## GUEST SURVEY: RESULTS

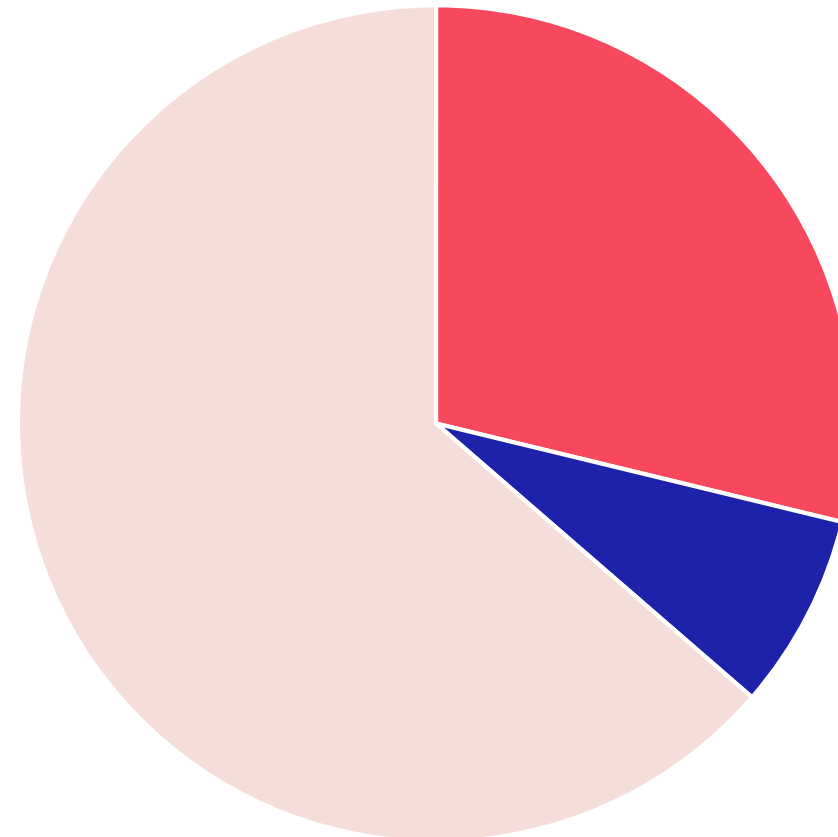
**AT THE BAR, WOULD YOU PREFER LOCAL NZ BEVERAGES OR INTERNATIONAL BEVERAGE BRANDS?**

**WOULD YOU EXPECT TO SEE AN ON-SITE BAR AT JUCY SNOOZE?**

67% Yes

27% No

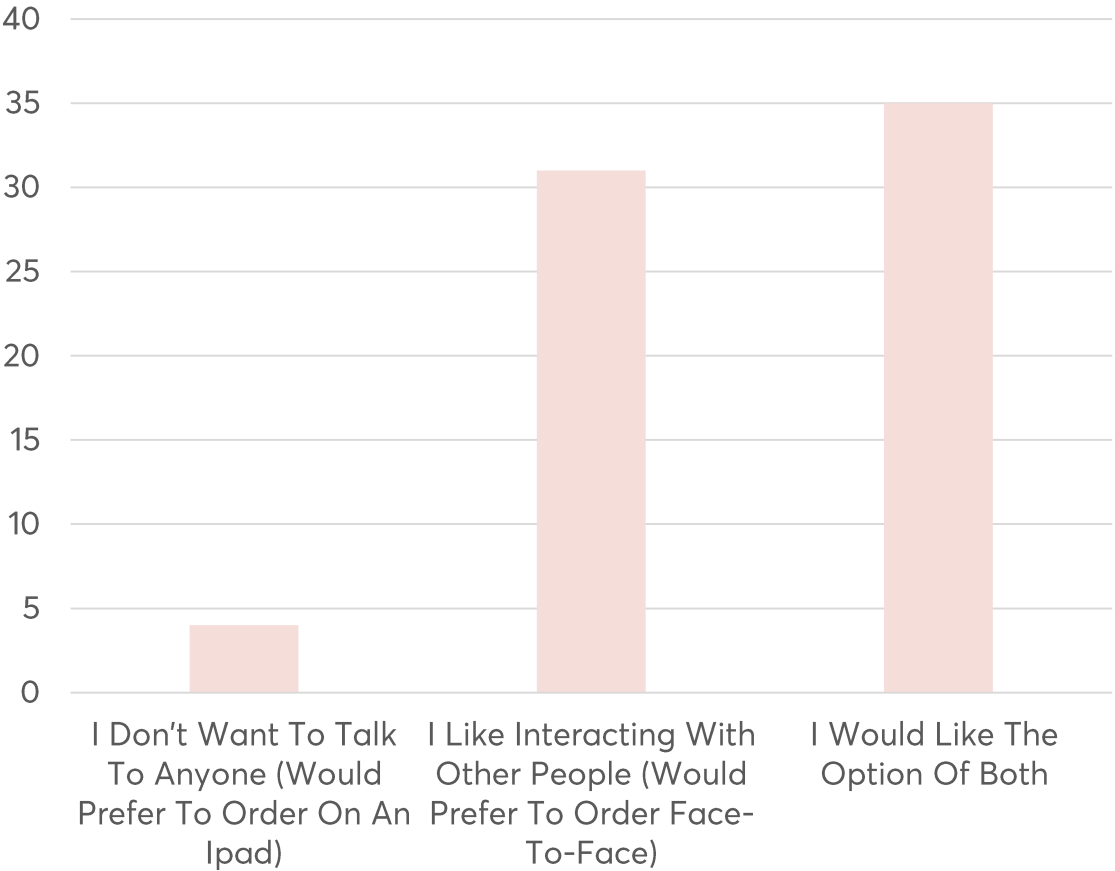
6% Unsure



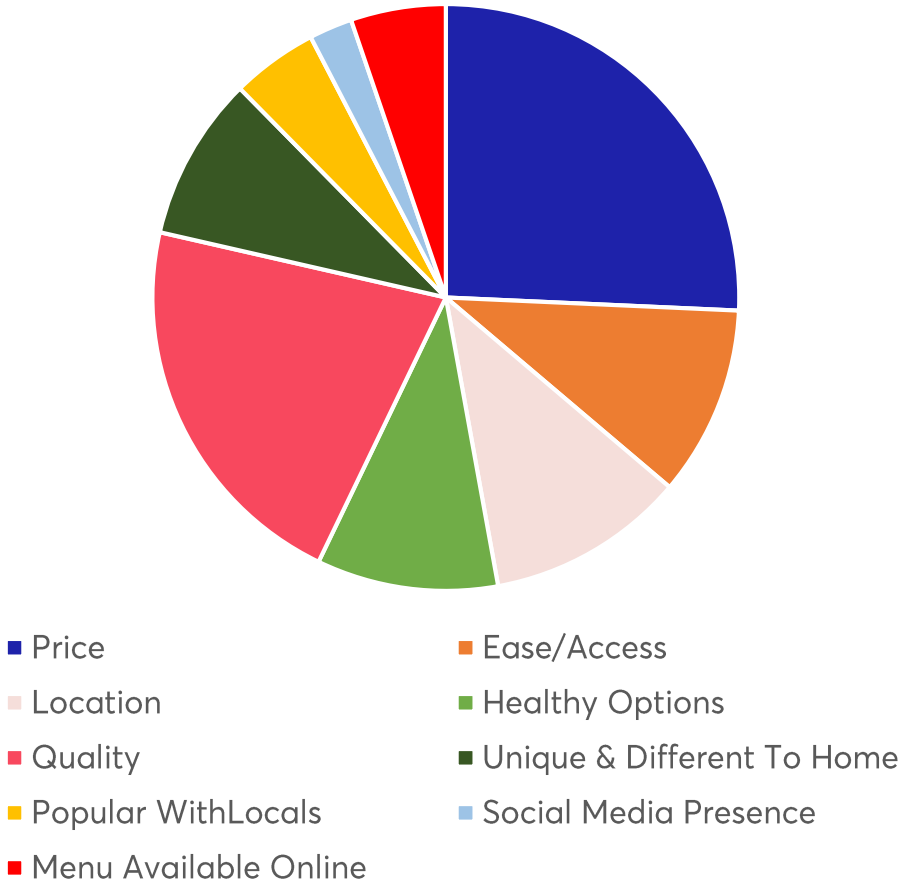
■ Local NZ Beverage Brands ■ Globally Recognised/International Beverage Brands ■ Mix Of Both

# GUEST SURVEY: RESULTS

## HOW IMPORTANT IS TECHNOLOGY IN A RESTAURANT/BAR FOR YOU (WHEN ORDERING)?



## WHAT ARE THE 3 MOST IMPORTANT THINGS TO YOU WHEN LOOKING TO PURCHASE AT A BAR/RESTAURANT WHILE TRAVELLING?



## GUEST SURVEY: FURTHER COMMENTS

*"A designated smokers area."*

*"Healthy is becoming more and more important, more of this would be great."*

*"For me, I prefer grab & go food for breakfast as I often don't have time to wait ... In Auckland, there are a few hostels that do a breakfast buffet but it's nothing special (bread, spreads, cereals & juice). I really like the sound of a \$6-\$8 offering!"*

*"A 'meal of the day' on offer perhaps? A meal that is a bit cheaper but different and changes each day."*

*"Guests added that they would like to see in-house guest promotions, deals and specials."*

E.g. \$5 beers

Special food offers

*"Comments were made about how important atmosphere is and how this would likely impact their decision to hang out and purchase from our offering."*

Fun & vibrant style

Live music

Comfortable climatic conditions

# GUEST SURVEY: SUMMARY

- JUCY Snooze guests are interested in a F&B offering, as predicted
- Breakfast is by far the most popular meal that guests are interested in during their stay, followed by bar snacks
- Guests would like the option of both a grab & go style offering as well as dining in, which is supported by research
  - *"Millennials & hospitality – they are more likely to get food to go than to dine-in, particularly at breakfast ... they prefer fast, fast-casual, takeout options"*
- Café food was the most selected cuisine, followed by unique NZ-inspired dishes and burgers
- Guests are prepared to spend the most on dinner, which is interesting seeing as breakfast was the most selected meal type
  - Most guests prepared to spend "under \$10" on breakfast, "\$11-\$15" on lunch & "\$16-\$20" on dinner
- A large proportion of guests (67%) would like/expect to see an onsite bar at JUCY Snooze, however it is interesting to note that 27% selected "no" and 6% were "unsure"
- Guests would like to see a mix of both local & international beverage brands at the bar, with a large number of participants selected only local beverage brands
  - Research states *"it's important to give them a local experience ... F&B is an important way to engage with the local community"*
- Most participants (35) selected they would like the option of both order face-to-face and via technology (iPad & pre-order), however a large number (31) prefer to interact and order face-to-face
  - Research suggests that introducing technology in a meaningful way in hospitality enhances the experience – *"online reservations, mobile and self-order placement, self-payment, internet access, charging stations"*
- Price has the biggest impact on if a participant is likely to purchase, followed by quality
  - 64% believe 2018/19 will see a demand for restaurants & cafes to provide locally sourced, sustainable and plant-based cuisine
  - 44% mentioned a focus on health, including fresh and diet/allergen friendly options

## STAFF SURVEY: RESULTS

46 Survey  
Responses

100% Online

**AS AN EMPLOYEE, WOULD  
YOU CONSIDER  
PURCHASING FROM AN  
ONSITE F&B OFFERING?**

100% Yes

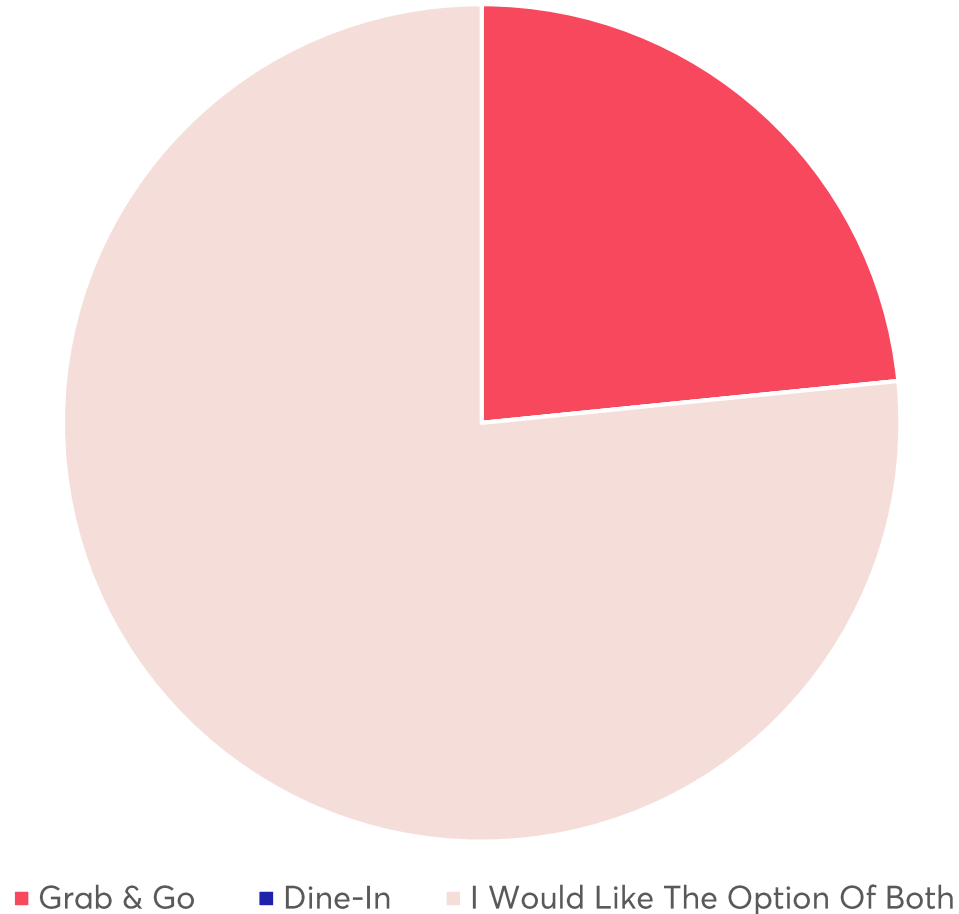
### WHAT MEALS WOULD YOU WANT ON OFFER?

- Lunch is the most popular option for staff
- Breakfast closely followed as a second option
- Dinner is the least favoured option, and 36% of people were interested in brunch

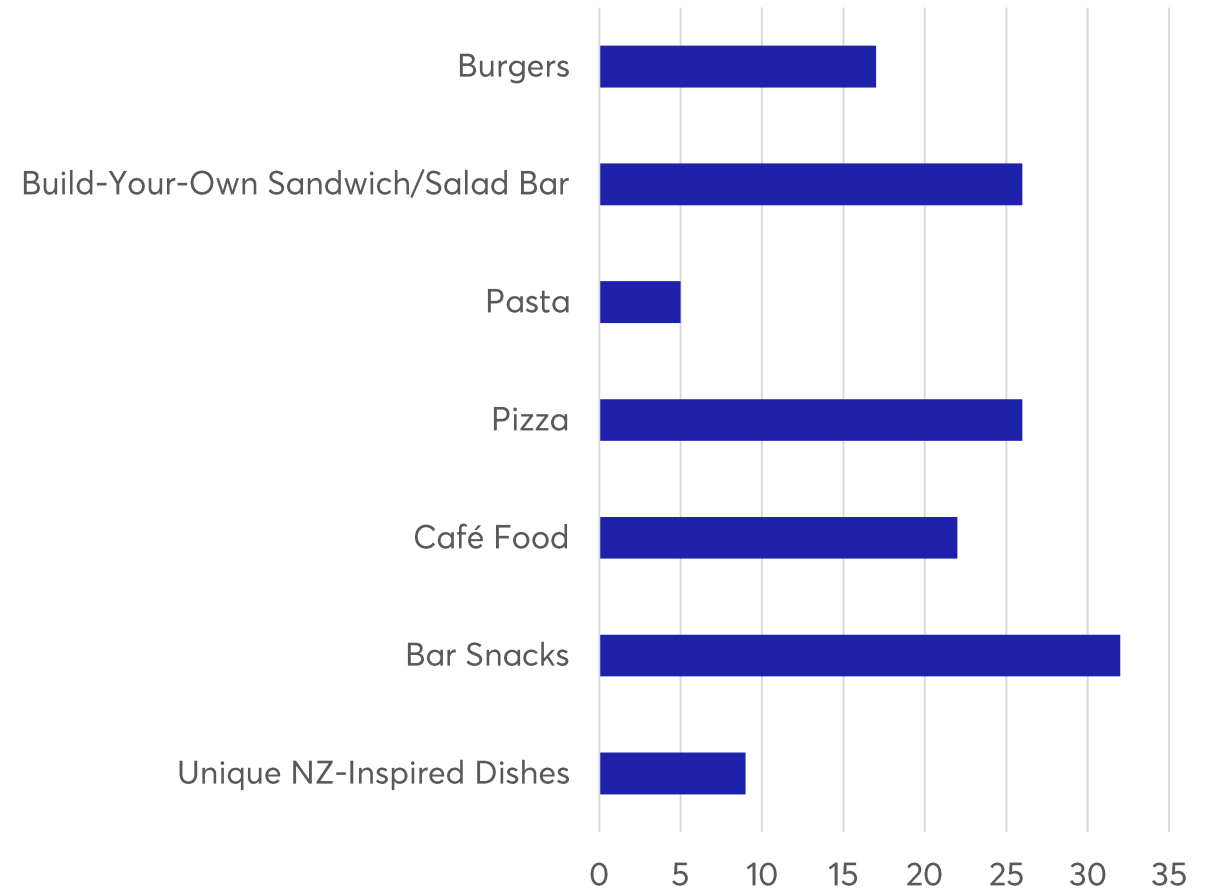
Dinner  
Brunch  
Lunch  
Breakfast  
GeneralSnacks  
BarSnacks

# STAFF RESULTS

## WHAT STYLE OFFERING WOULD YOU WANT TO SEE?

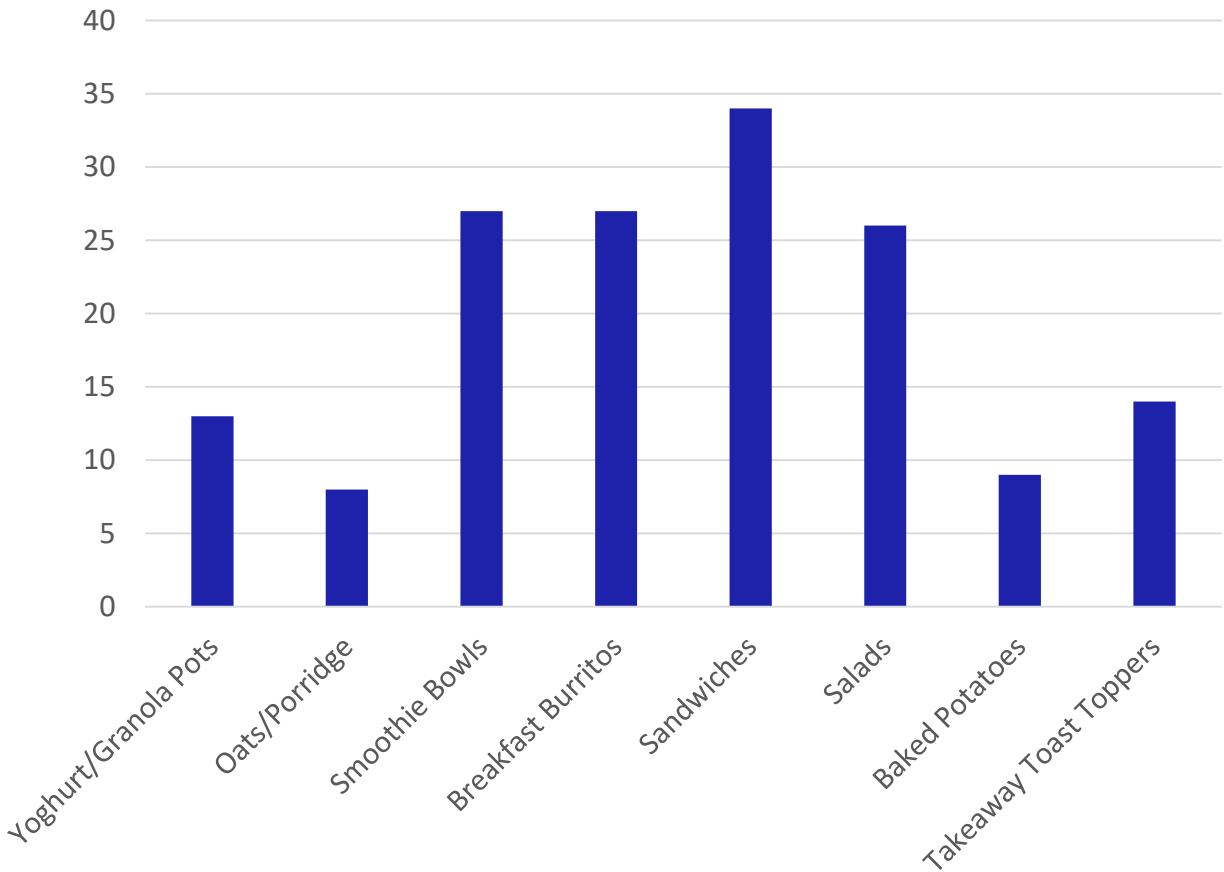


## WHAT TYPE OF CUISINE WOULD YOU WANT TO SEE?

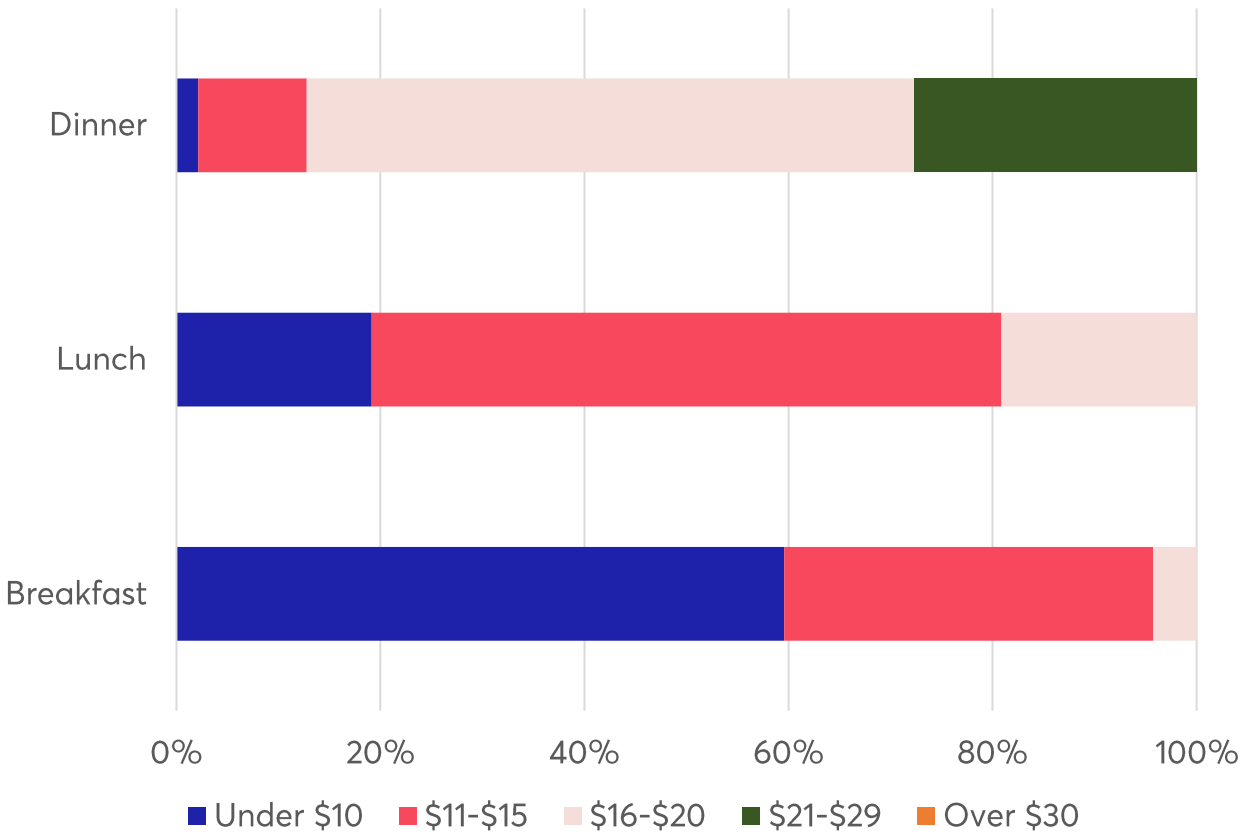


# STAFF RESULTS

IF GRAB & GO FOR BREAKFAST/LUNCH WAS AVAILABLE, WHAT WOULD YOU CONSIDER PURCHASING?



HOW MUCH WOULD YOU BE WILLING TO PAY FOR EACH MEAL?

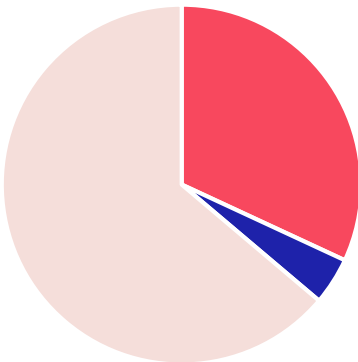


# STAFF RESULTS

## WOULD YOU LIKE TO SEE AN ONSITE LICENSED BAR AT JUCY SNOOZE?

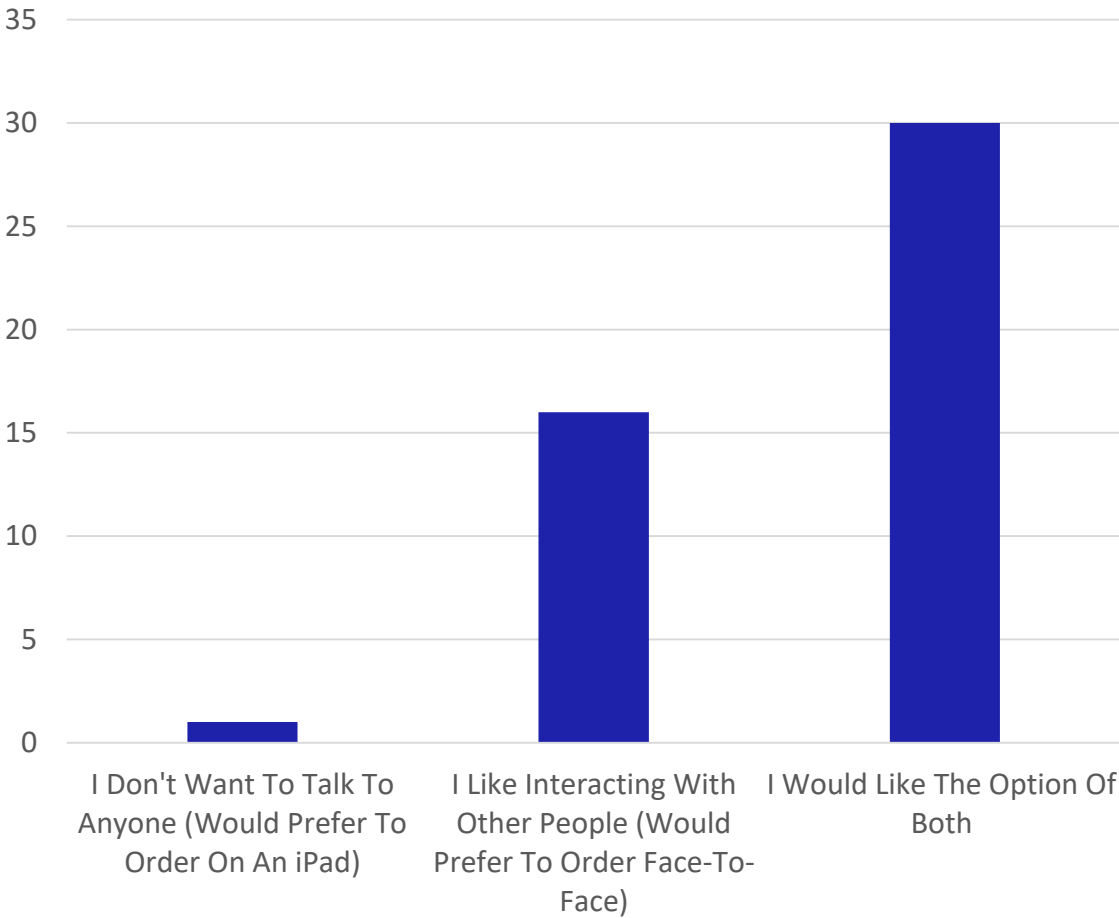
98% Yes  
2% No

## AT THE BAR WOULD YOU PREFER LOCAL NZ BEVERAGES OR INTERNATIONAL BRANDS?



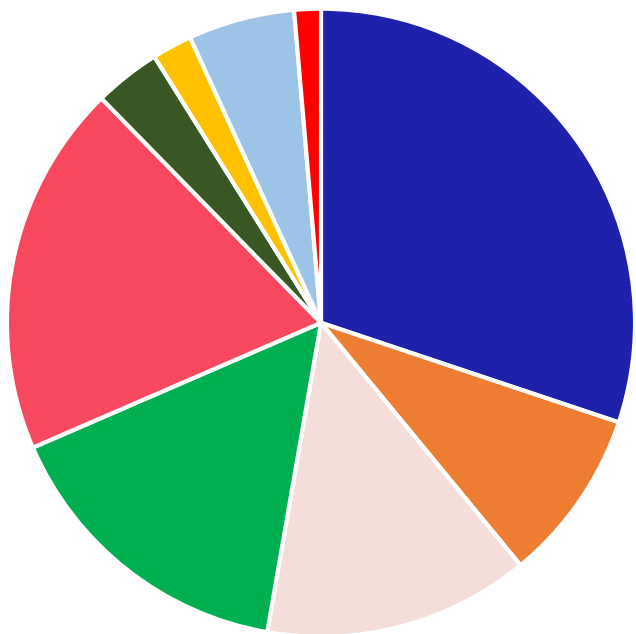
- Local NZ Beverage Brands
- Globally Recognised/International Beverage Brands
- Mix Of Both

## HOW WOULD YOU LIKE TO ORDER YOUR FOOD/DRINK?



# STAFF SURVEY: RESULTS

## WHAT ARE THE 3 MOST IMPORTANT THINGS TO YOU WHEN LOOKING TO PURCHASE AT A BAR/RESTAURANT WHILE TRAVELLING?



- Price
- Location
- Quality
- Seen Online/On Social Media
- Easy To Find On Social Media
- Ease/Accessibility
- Healthy Options
- Unique & Different To Where I Usually Go
- Menu Available Online

## STAFF SURVEY: FURTHER COMMENTS

- "Honest simple food at a reasonable price"*
- "Menus that change regularly, so it doesn't get boring like Sierra"*
- "Vegetarian options"*
- "Discounted rates for employees"*
- "Happy hours"*
- "Space to dance!"*
- "Gluten free options"*
- "Vegan options"*

## STAFF SURVEY: SUMMARY

- 100% of staff participants would consider purchasing from an F&B offering at JUCY Snooze Cook Street
- Most staff are interested in purchasing lunch from an F&B offering, followed by breakfast. Dinner and brunch were the least popular options.
- Staff would like the option of both grab & go and dining in. However, 23% would only like grab & go.
- Bar snacks were the most selected cuisine among staff participants, followed by pizza and build-your-own sandwich/salad bar
- Regarding breakfast & lunch options, sandwiches were the most popular answer, followed by smoothie bowls and breakfast burritos
  - This follows trends outlined in the research – the concept of convenience, providing quick & easy options and offering healthy options (such as smoothie bowls)
- Similarly to guests, most staff participants are prepared to pay under \$10 for breakfast, \$11-\$15 for lunch and \$16-\$20 for dinner
- Staff would like the option of both local & international beverage brands at the bar
  - Again, this is supported by the research that outlines the importance of community and supporting local businesses and initiatives
- Similarly to guests, the majority of staff participants would also the option of pre-ordering/ordering via an iPad & interacting with someone & ordering face-to-face

# KEY INSIGHTS

1. Price is very important and has a great impact on the likelihood of people purchasing from our offering
2. The quality of our offering is likely to impact one's perception of price (recurring idea of value-for-money), along with a variety of healthy and sustainable options
3. An awesome breakfast offering is important to guests, while lunch is important to staff
4. The type of cuisine the two segments selected differs slightly
  - Guests: café food & unique NZ-inspired dishes
  - Staff: Bar snacks & pizza
  - How are we going to cater to both segments?
5. Giving our customers options is very important (between grab & go/dine-in, technology vs. face-to-face, local vs international beverage brands)



JUCY SNOOZE

# Playbook



## INTRODUCTION

**The JUCY Snooze playbook contains all the foundational customer centric and operational information required to build another JUCY Snooze property.**

**The contents is derived from customer insights, staff insights and lessons learnt from previous builds.**

**Consider this playbook your operating manual on how to build a JUCY Snooze.**

**Note this document is still a work in progress and should also be treated as an organic document that is maintained by Snooze staff.**

### Contents

Vision	3
Design principles & pillars	4
Customer types	7
Hostel types	13
Customer experience model	16
Roles	25

# **The vision**

TBC.

# **Our customer promise**

TBC

## JUCY SNOOZE PLAYBOOK / DESIGN PRINCIPLES

### Design principles & pillars

A set of overarching principles that govern the customer experience.

## JUCY SNOOZE PLAYBOOK / DESIGN PRINCIPLES

Based on the needs of customers we defined design principles to guide Jucy in creating better experiences that are relevant to customers at different stages of their journey.

### 01 / Increase visibility of available services

We'll ensure that guests are aware of all available services (e.g. store provided cooking essentials on open shelves/cupboards in shared kitchen).

### 02 / Be specific

We'll ensure that spaces intuitively communicate their primary purpose to reduce risk of confusion.

### 03 / Safe & secure

We'll design experiences that enable guests to feel confident using and benefitting from shared facilities by providing a sense of security for personal laundry, food and bags.

### 04 / Wayfinding hubs

Our spaces will have central hubs from which customers can easily find their way.

### 05 / Ambient signifiers

We'll use ambient signifiers to subconsciously communicate wayfinding and purpose within spaces.

### 06 / Cocooning

We'll create spaces that support a sense of community and belonging but that make interaction optional.

### 07 / Cross sell

We'll take the opportunity to promote other relevant Jucy products to our customers.

## JUCY SNOOZE PLAYBOOK / ENVIRONMENTAL PILLARS

At the core of our experiences are a set of environmental pillars that make or break our experiences. In some cases, these pillars may be difficult to control but they form the basis of our offering and help distinguish us from our competitors.



**Cleanliness**

**Quiet**

**Security**

**Fresh air**

**Privacy**

**Warmth**

**Natural light**

## JUCY SNOOZE PLAYBOOK / CUSTOMER TYPES

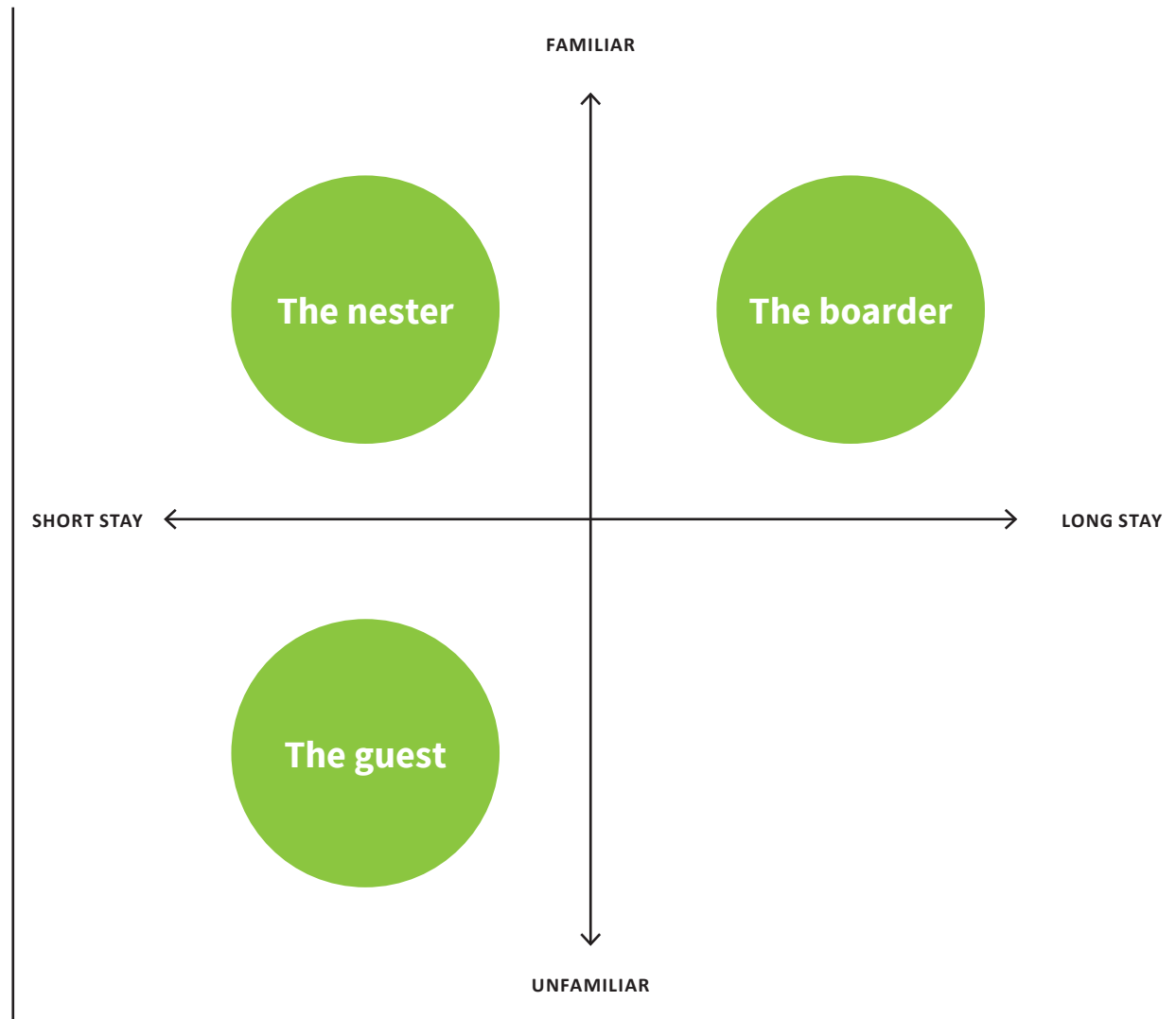
### Customer types

As a result of the research we identified three key Customer Types. A Customer Type enables us to segment our customers based on their observed behaviour.

Customer Types enable us to gain empathy with our customers and are a valuable tool for seeing the world through their eyes.

## JUCY SNOOZE PLAYBOOK / CUSTOMER TYPES

Customer Modes are defined by a customer's **familiarity with the Jucy Snooze offering** and their **length of stay**.



## JUCY SNOOZE PLAYBOOK / CUSTOMER TYPES/ THE GUEST



### The Guest

**“I need a convenient good night’s sleep at low cost”**

UNFAMILIAR + SHORT STAY

#### DESCRIPTION

**A group of customers that are unfamiliar with the Jucy Snooze experience and stay a maximum of two nights**

#### SCENARIOS

May have bookings with other hostels in other locations that Jucy service  
 Maybe staying in a pod for the novelty factor  
 Often arrive late - dictated by flight arrival and departure times  
 Can have short stays of less than 8 hours

#### PAIN-POINTS

Not being aware of all of the available amenities  
 Unsure how to get to the property

#### OPPORTUNITIES

Cross-sell Jucy services  
 Secure bookings in other locations

## JUCY SNOOZE PLAYBOOK / CUSTOMER TYPES/ THE NESTER



### The Nester

**“I need to get rested, get clean, reset and connect with family and friends”**

FAMILIAR + SHORT STAY

#### DESCRIPTION

**A group of customers that regularly use Snooze to recharge and reset during a longer stay in a particular area**

#### SCENARIOS

May have short repeated stays at the same location  
Snooze is not their primary source of accommodation  
Maybe living in a vehicle or camping  
High level of familiarity with services  
Service hungry (WiFi, showers, laundry)  
Recognise staff but don't necessarily have a relationship with them  
Known face but not a personality

#### PAIN-POINTS

Short notice bookings  
Rooms not being available when required

#### OPPORTUNITIES

Buy now sleep later (buy 5 nights accommodation at a discounted rate and book later)  
Recognition that they are a valued customer

## JUCY SNOOZE PLAYBOOK / CUSTOMER TYPES/ THE BORDER



# The Border

“I need a simple affordable  
alternative to flatting”

FAMILIAR + LONG STAY

### DESCRIPTION

**A group of customers that are familiar with the Jucy snooze experience and have stayed at one location for a month or more**

### SCENARIOS

May take ownership over shared areas  
May bring friends in to the hostel  
May work locally  
May actively avoid social interaction with others  
Habitual in how they use the facilities  
Have established routines and behaviours

### PAIN-POINTS

Having the same repeated social interactions with “guests”  
Guests that break convention

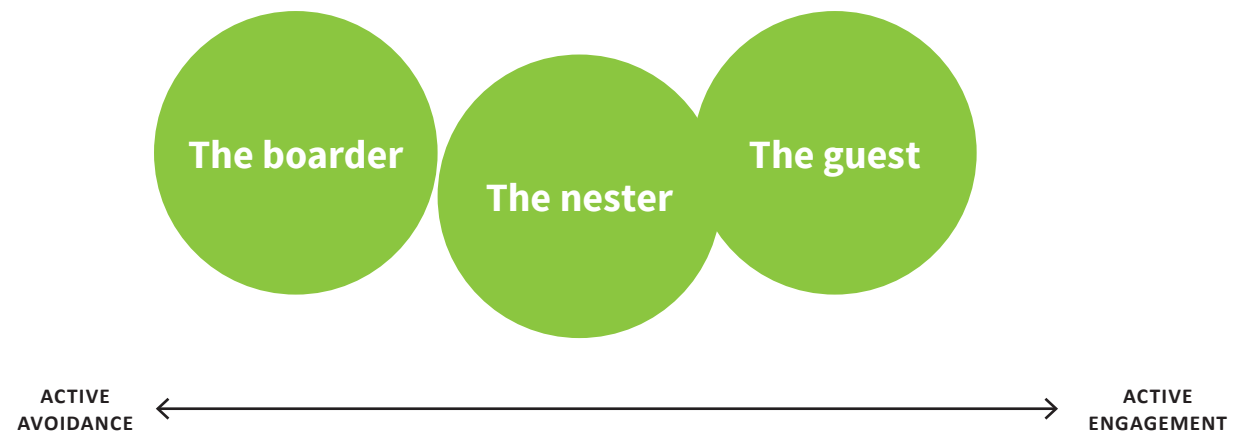
### OPPORTUNITIES

Provide discounted rates during the off season

## JUCY SNOOZE PLAYBOOK / ATTITUDES TO SOCIAL INTERACTION

Our hostels must support customers interacting with one another but ensure that this interaction is optional. On one side of the scale there are a group of customers who have a very real desire to interact with new people and then there were those that actively avoided all contact with others.

Our spaces must support all of these interaction types but should be primarily focussed on supporting customers to feel socially connected while not directly interacting with others.



## JUCY SNOOZE PLAYBOOK / HOSTEL TYPES

### Hostel types

Hostel types have been defined to enable Jucy to standardise service delivery across multiple properties while understanding the underlying role that an individual property plays in a customer's journey.

## JUCY SNOOZE PLAYBOOK / HOSTEL TYPES / THE BASE



# The Base

### DESCRIPTION

**A hostel that acts as a home “base” for customers who are visiting an adventure or city centre**

### MISSION

To provide customers with the services and facilities that enable them to make the most of their time in the destination

### SCENARIOS

2-3 night average stay  
Located in a city or adventure centre  
Maybe frequented by tour groups

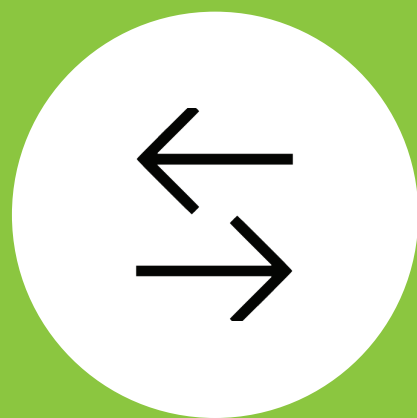
### CUSTOMER BEHAVIOUR

Customers are out during the day on excursions  
Customers come back to base to rest and recuperate  
Most customers are after companionship but not a high degree of social interaction (tour group exception)

### REQUIREMENTS

Large common areas where socialising is optional  
Large kitchen facilities  
Food and beverage offering  
Organised events to support a sense of community and engagement  
Local advice and activity information essential

## JUCY SNOOZE PLAYBOOK / HOSTEL TYPES / THE TRANSIT LOUNGE



### The Transit Lounge

#### DESCRIPTION

**A hostel whose primary function is to support customers on their first and last night in a location**

#### MISSION

To provide a friendly, convenient and affordable night's sleep

#### SCENARIOS

1-night average stay  
Close proximity to the city centre or airport

#### CUSTOMER BEHAVIOUR

Customers staying in city centres want to get out and experience the city  
Customers are largely at the beginning or end of their journeys  
Less willingness to interact with other customers

#### REQUIREMENTS

24/7 reception  
Food and beverage offering  
Shared kitchen

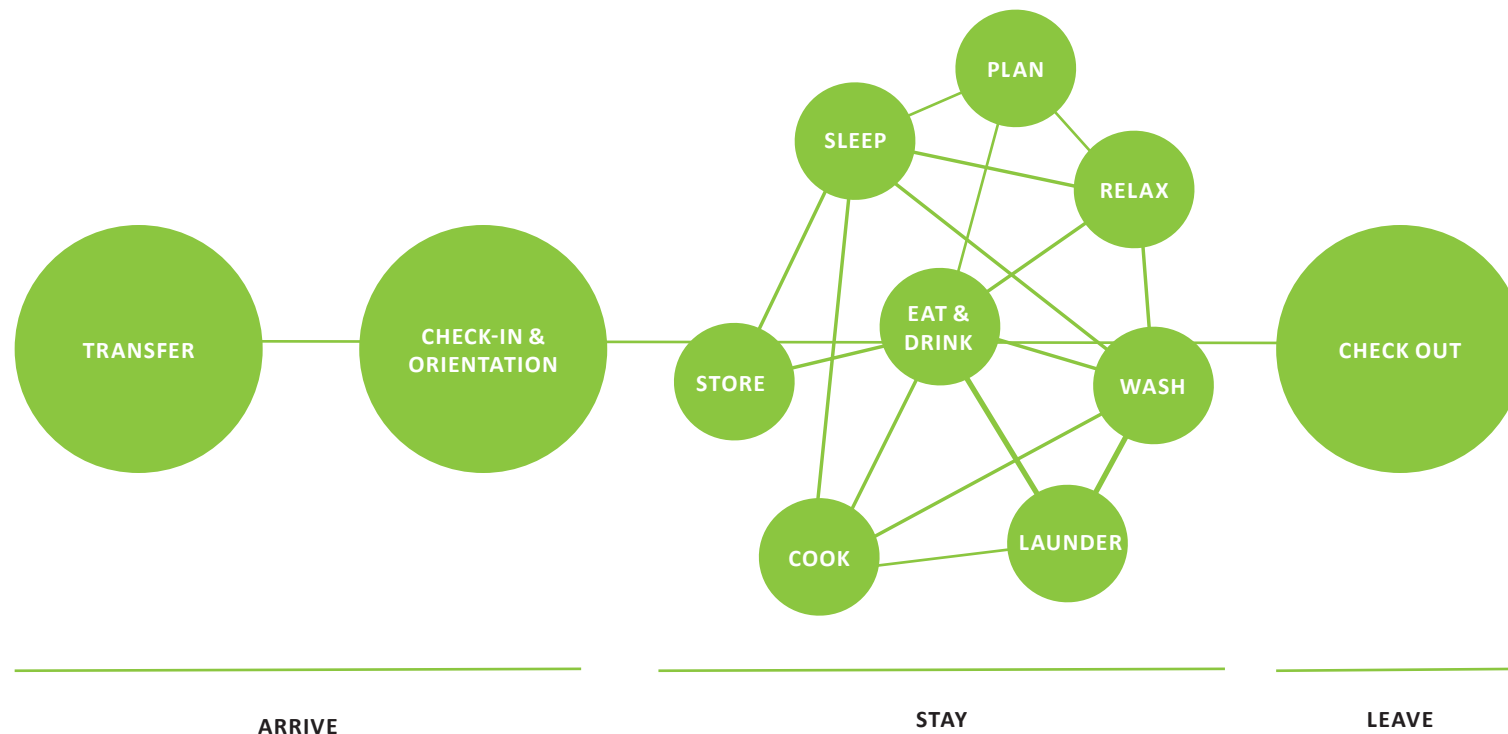
## JUCY SNOOZE PLAYBOOK / CUSTOMER EXPERIENCE MODEL

### CX Model

As part of our research we identified a three phase customer experience model that governs the activities, roles and physical environment of Jucy Snooze.

## JUCY SNOOZE PLAYBOOK / CUSTOMER EXPERIENCE MODEL

The Customer Experience Model is a three stage journey that describes a customer's stay at Jucy. Deconstructing the experience into stages allows us to design for all activities within the journey. While the structure of the experience model generally holds true, during their "stay" a customer may not engage in all activities.



## JUCY SNOOZE PLAYBOOK / CX MODEL / TRANSFER

As a customer, I need to know where to go to get to the property and how to get there.

<b>SERVICE PROMISE</b>	<ul style="list-style-type: none"> <li>• Every confirmed customer will receive clear instructions on how to get to the property</li> </ul>
<b>CUSTOMER NEEDS</b>	<ul style="list-style-type: none"> <li>• Confidence</li> <li>• Convenience - location needs to be contextual to the city/town</li> </ul>
<b>PAIN POINTS</b>	<ul style="list-style-type: none"> <li>• Not knowing where to go to catch a shuttle from the airport</li> <li>• Not knowing times that shuttle available</li> <li>• Walking at 1 am in the morning to the property</li> </ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>• Develop a customer contact strategy to support customer journey</li> <li>• Location-based confirmation emails and trigger email pre-arrival.</li> </ul>
<b>AVOID</b>	<ul style="list-style-type: none"> <li>• Inadequate spaces for large items</li> <li>• Forcing customers to lift to store</li> </ul>
<b>RELATED PROCEDURES</b>	<ul style="list-style-type: none"> <li>• TBC</li> </ul>

## JUCY SNOOZE PLAYBOOK / CX MODEL / CHECK-IN & ORIENTATION

As a customer, I need to check in, gain access to my room and orientate within the hostel.

<b>SERVICE PROMISE</b>	<ul style="list-style-type: none"> <li>Our check-in process will be efficient and open 24/7 and ensure that customers know all of the amenities available to them</li> </ul>
<b>CUSTOMER NEEDS</b>	<ul style="list-style-type: none"> <li>I need to understand what amenities are available in the hostel and the local neighbourhood</li> <li>Peace of mind that I can check in at any time of the day/night.</li> <li>The staff that are friendly and welcoming</li> </ul>
<b>PAIN POINTS</b>	<ul style="list-style-type: none"> <li>Not knowing what amenities are available</li> <li>Facilitating large groups</li> </ul>
<b>OPPORTUNITIES</b>	Structured orientation process that: <ul style="list-style-type: none"> <li>Develop awareness of Jucy products and activation capability in all sites</li> <li>Develop awareness of the property itself (site orientation)</li> <li>Promote 24/7</li> <li>Improve signage to fastrack orientation</li> </ul>
<b>AVOID</b>	<ul style="list-style-type: none"> <li>Creating cramped spaces with no waiting areas</li> <li>Storing customer's luggage in check-in area</li> <li>Implementing digital experiences that are less efficient than human facilitated experiences</li> </ul>
<b>RELATED PROCEDURES</b>	<ul style="list-style-type: none"> <li>TBC</li> </ul>

## JUCY SNOOZE PLAYBOOK / CX MODEL / STAY / SLEEP

As a customer, I want to be able to sleep safely and comfortably with little or no interruption.

<b>SERVICE PROMISE</b>	<ul style="list-style-type: none"> <li>Our sleeping experiences will be private, clean, safe, comfortable and practical</li> </ul>
<b>CUSTOMER NEEDS</b>	<ul style="list-style-type: none"> <li>A sense of security</li> <li>A suitable level of privacy</li> <li>Quiet</li> <li>Fresh air and a comfortable temperature</li> <li>As a couple, I need to be able to share a pod with my partner</li> <li>Access to and services to support me and my things while I am sleeping - power to recharge devices, light, aircon, shelf to put my things</li> </ul>
<b>PAIN POINTS</b>	<ul style="list-style-type: none"> <li>No windows</li> <li>Nowhere to sit</li> <li>Poor air quality or mustiness</li> <li>Power not working correctly</li> <li>Pods being activated by a card other than the room access card</li> <li>Noisy doors waking guests</li> <li>Noisy lockers</li> <li>Dual card system for power is confusing</li> <li>Not able to leave devices charging (Pods)</li> </ul>
<b>AVOID</b>	<ul style="list-style-type: none"> <li>Low beds that are only accessible from one side</li> <li>Scrimping on sound proofing</li> <li>Relying solely on artificial light</li> </ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>Promote the novelty of the pods as it seems to be one of the main drivers for customers choosing snooze</li> <li>In the detailed design phase of build, test to ensure needs and sensory experiences are supported</li> </ul>

## JUCY SNOOZE PLAYBOOK / CX MODEL / STAY / EAT & DRINK + COOK

### Eat & Drink

As a customer, I want to purchase simple food at a reasonable price.

**SERVICE PRIOMISE** • Our food offering will be reasonably priced; healthy and varied

**CUSTOMER NEEDS** • Convenience - sometimes customers don't' want to go outside alone in the dark to find food  
Affordable food  
• Recognise that I am a guest  
• Variety of choice if I am basing myself for a few days or longer

**PAIN POINTS** • No food offering available in CHCH / AKL

**OPPORTUNITIES** • Convenient, simple Cafe style breakfast in CHCH

**AVOID** • Unhealthy food options

**RELATED PROCEDURES** • TBC

### Cook

As a customer, I want to purchase simple food at a reasonable price.

**SERVICE PRIOMISE** • Our kitchen will be hygienic, well stocked, support multiple people cooking at once and provide secure storage

**CUSTOMER NEEDS** • Adequate space  
• Adequate utensils and cooking tools  
• Adequate fridge space  
• Personalised storage of food in fridge

**PAIN POINTS** • Food going missing

**OPPORTUNITIES** • Promote social consciousness amongst guests to clean up after

**AVOID** • Long periods where the kitchen remains uncleaned  
• Avoid poor ventilation

**RELATED PROCEDURES** • TBC

## JUCY SNOOZE PLAYBOOK / CX MODEL / STAY / STORE

As a customer, I want to be able to securely store my belongings.

<b>SERVICE PROMISE</b>	<ul style="list-style-type: none"> <li>• Every customer will have their own dedicated, secure locker to store their gear that is practical in size</li> <li>• We have a dedicated space for large items that is secure and customers can self-serve</li> </ul>
<b>CUSTOMER NEEDS</b>	<ul style="list-style-type: none"> <li>• I need secure storage large enough to hold a big pack that I can easily access</li> <li>• I need somewhere to store oversize baggage</li> </ul>
<b>PAIN POINTS</b>	<ul style="list-style-type: none"> <li>• Not being able to see the content of the locker as it has no lighting</li> <li>• Opening and closing lockers is noisy</li> </ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>• Improve visibility of interior of lockers</li> <li>• Soundproof or reduce noisiness of lockers</li> </ul>
<b>RELATED PROCEDURES</b>	<ul style="list-style-type: none"> <li>• TBC</li> </ul>

## JUCY SNOOZE PLAYBOOK / CX MODEL / STAY / RELAX

As a customer, I need a space in which I can relax.

<b>SERVICE PROMISE</b>	<ul style="list-style-type: none"> <li>We will have a dedicated 'common space' that allows people to be together but supports individual activities</li> </ul>
<b>CUSTOMER NEEDS</b>	<ul style="list-style-type: none"> <li>I need companionship not interaction</li> <li>Power points</li> <li>Good wifi</li> <li>Nooks and crannies which I can inhabit on my own</li> <li>Less formality than the F&amp;B offering</li> <li>A good atmosphere that is friendly and relaxed (music)</li> <li>Activities, such as pool or table tennis</li> <li>Place where I can concentrate/work or suss out my travel plans</li> </ul>
<b>PAIN POINTS</b>	<ul style="list-style-type: none"> <li>Proximity to kitchens and associated smells can negatively impact the experience</li> <li>Lots of charging points</li> </ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>Ensure customers can find a 'private' space or a small piece of territory that they can call 'their own'</li> </ul>
<b>AVOID</b>	<ul style="list-style-type: none"> <li>Cooking smells "infusing" the environment</li> <li>Confusing the purpose of a space especially during different times of the day</li> </ul>
<b>RELATED PROCEDURES</b>	<ul style="list-style-type: none"> <li>TBC</li> </ul>

## JUCY SNOOZE PLAYBOOK / CX MODEL / STAY / WASH + LAUNDER

### Wash

As a customer, I need to be able to wash efficiently and conveniently.

<b>SERVICE PROMISE</b>	<ul style="list-style-type: none"> <li>Washing will be pleasant because our bathrooms will be clean and we will obsess on functional design</li> </ul>
<b>CUSTOMER NEEDS</b>	<ul style="list-style-type: none"> <li>Clean + spacious</li> <li>Not to feel rushed or have to fight for basins or showers</li> <li>Hot showers</li> <li>Hooks/shelves to put my gear</li> <li>Keep my gear dry while I am showering</li> <li>Full length mirrors</li> </ul>
<b>PAIN POINTS</b>	<ul style="list-style-type: none"> <li>One basin in Queenstown</li> <li>Forgetting their towel and towel being wet</li> </ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>Test detailed design to ensure bathing is functional</li> </ul>
<b>AVOID</b>	<ul style="list-style-type: none"> <li>Running out of hot water</li> <li>Plain sterile look and feel</li> </ul>
<b>RELATED PROCEDURES</b>	<ul style="list-style-type: none"> <li>TBC</li> </ul>

### Laundry

As a customer, I need to be able conveniently wash and dry my clothes.

<b>SERVICE PROMISE</b>	<ul style="list-style-type: none"> <li>Our laundry will be accessible and easy to use</li> </ul>
<b>CUSTOMER NEEDS</b>	<ul style="list-style-type: none"> <li>Better priced than outside of the property</li> <li>Cashless payment</li> </ul>
<b>PAIN POINTS</b>	<ul style="list-style-type: none"> <li>Sourcing change</li> <li>Not being able to air dry clothes</li> </ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>Tokenized payment for laundry services so that payment can be charged to rooms</li> </ul>
<b>AVOID</b>	<ul style="list-style-type: none"> <li>Cramped spaces with no option to air dry</li> </ul>
<b>RELATED PROCEDURES</b>	<ul style="list-style-type: none"> <li>TBC</li> </ul>

## JUCY SNOOZE PLAYBOOK / ROLES

### Roles

**Roles have been defined to reflect the needs of customers and operational efficiencies. Role definitions should be adhered to, to ensure that the service system can be executed in its entirety.**

## JUCY SNOOZE PLAYBOOK / ROLES / HOUSE KEEPING

As a house keeper it's my responsibility to ensure that the hostel is tidy, clean and hygienic.

<b>OBJECTIVE</b>	<ul style="list-style-type: none"> <li>• Keeping the property tidy, clean and hygienic</li> <li>• Enabling turn over of rooms</li> </ul>
<b>RULES OF THUMB</b>	<ul style="list-style-type: none"> <li>• House keeping should actively monitoring common areas to ensure they are kept to the required standard`</li> </ul>
<b>COMMON TASKS</b>	<ul style="list-style-type: none"> <li>• Cleaning common areas including shared bathrooms and cooking areas</li> <li>• Cleaning room</li> <li>• Restocking laundry</li> </ul>
<b>QUALITIES</b>	<ul style="list-style-type: none"> <li>• Strong sense of initiative</li> <li>• Hard working</li> <li>• Fit</li> </ul>
<b>RELATED PROCEDURES</b>	<ul style="list-style-type: none"> <li>• Pod cleaning</li> <li>• Private room make up</li> </ul>

## JUCY SNOOZE PLAYBOOK / ROLES / CONCIERGE

As a concierge its my job to assist customers in orientating themselves within the hostel and helping them get the best out of their stay.

- 
- |                  |   |
|------------------|---|
| <b>OBJECTIVE</b> | <ul style="list-style-type: none"> <li>• To provide reassurance, advice and a sense of connection to the Jucy brand</li> <li>• To provide local insight and tips</li> </ul> |
|------------------|---|
- 

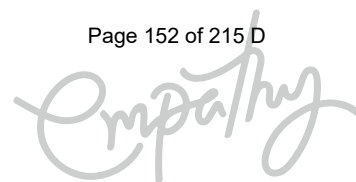
- |                       |   |
|-----------------------|---|
| <b>RULES OF THUMB</b> | <ul style="list-style-type: none"> <li>• There should always be someone on the front desk</li> <li>• A conceierge needs to be in "the know" for local attractions, activitties and F&amp;B offerings</li> </ul> |
|-----------------------|---|
- 

- |                     |   |
|---------------------|---|
| <b>COMMON TASKS</b> | <ul style="list-style-type: none"> <li>• Promoting amenities</li> <li>• Promoting other Jucy services</li> <li>• Promoting the local area and wider region</li> </ul> |
|---------------------|---|
- 

- |                  |  |
|------------------|--|
| <b>QUALITIES</b> | <ul style="list-style-type: none"> <li>• Charasmatic</li> <li>• Informed</li> <li>• Enthusiastic</li> <li>• Empathetic</li> <li>• Firm but fair</li> </ul> |
|------------------|--|
- 

- |                           |  |
|---------------------------|--|
| <b>RELATED PROCEDURES</b> | <ul style="list-style-type: none"> <li>• Front of house management</li> <li>• Cross and up sell</li> </ul> |
|---------------------------|--|
-

# END

**MEMO**

# USA customer impressions of Jucy Snooze

**31 August 2018**

Ann Pistacchi-Peck

**Background**

We recently spent time in the field and through a dScout mobile ethnography mission talking to U.S. customers. We spent approximately 2 - 3 hours with each ethnography participant, talking about what delights and pains them when travelling, finding out what they look for in accommodation and exploring how they feel about pod-style accommodation. We also followed 30 dScouts on a diary-style mission through an entire trip, from booking to the return home, asking them to share what thoughts, feelings and emotions drove their travel decisions and about their reactions to the accommodation, excursions and food and beverage options they encountered along the way.

During these conversations, we asked participants about their impressions and perceptions of the current Jucy Snooze offering and branding. When they reacted positively or negatively to a word or image we dug deep, unearthing the underlying beliefs, attitudes and feelings that led to their reactions. The following is a recording of their thoughts and feelings.

n.b. there is no order/hierarchy to these learnings.

**1. Customers are intrigued by the Jucy Snooze pods, but would need to see some changes to the design before they book in.**

- Customers are keen to know more about the **privacy screens**. They like the concept of being able to shut themselves away from their bunkmates when they are ready to turn in and are pleased they'd have an opportunity to spruce themselves up in the morning before anyone sees them. They also believe the screens would keep them safer because it would be harder for someone to get in their bunk. They wonder if the screens lock (this thought frightens them,

they are terrified of getting locked in a pod) and if they are completely opaque.

- "I really like the privacy aspect of these. I've never seen that before. Very cool to have that option."
  - "I might feel like I was in a tomb if I was awake, but it would be cool to have the privacy when sleeping."
  - "I really love the concept of privacy here. This is the age of Instagram. Sometimes we want to be out where everything's happening. Sometimes we just want to be alone with our phones."
  - "It would be awesome to just shut out the world when you're ready to shut down for the night."
  - "I'm always scared when I stay in a shared room that someone will jump on me in my sleep. I like that this feels safer."
  - "I like the idea that some creep couldn't just crawl on your bunk if this screen was down."
  - "I like that you can close it and have your own private space. That's really cool."
- Customers worry about **feeling claustrophobic**. They would feel more comfortable about sleeping in the pods if there was a window and/or the assurance of really good ventilation.
    - "I'm worried I'd be totally claustrophobic in here. I'm not typically claustrophobic, but I think I would be if I was shut in a pod."
    - "If I was in this I would feel like I need to get out. Like I was trapped and maybe couldn't breathe."
    - "Do these look? I'd be afraid of getting locked in one of these things and running out of air."
    - "I'm a big guy. I have a feeling I'd get pretty claustrophobic in there pretty quick."
    - "If this pod had a window I'd be into it. But I'd need a window or I'd feel too claustrophobic and trapped to sleep in this thing."
  - The pods remind many customers of a **space ship**. In some settings (e.g. at theme parks) customers think this could be appealing, but in most places they don't want to feel like they are spending the night in a space station.
    - "This looks like a space ship. Like what you might imagine the bunk room on the international space station might look like."
    - "This has a Star Trek feel to it. Like you're sleeping in a space pod."
    - "These accommodations are definitely unique. They have a childish feel. They remind me of Toy Story because this is the Buzz Lightyear colour scheme."

- "This looks....very futuristic. But at the same time very dated. It's like what people thought the future might look like back in the 80s."
- "This looks like a hotel you would stay in at Legoland."
- "The only place this would feel appropriate to me was at Disneyland or some other theme park. Outside of a theme park this would feel cheap and cheesy, but that's what you expect when you're going to a theme park so I could see staying in this plastic space pod there. The hotels around theme parks are always terrible. It would be fun if you had kids to take them to something like this instead. It would be like staying in Tomorrowland."
- The pods remind some customers of **sleeping compartments on trains or airplanes**. These are not places they associate with a good night's sleep.
  - "This looks like an airplane rather than a cozy nook, but it doesn't have to be that way. Less plastic and generic looking, more hip, fun prints and bright colours. Then you'd be talking."
  - "This looks like sleeping chambers on a fancy Japanese train."
  - "These remind me of sleeping compartments on a train. I've slept on a lot of trains and 'good night's sleep' is not what comes to mind when I think about those experiences."
  - "This looks like what first class sleeping pods might look like on a futuristic airplane. Normally I wouldn't want to associate my bed with an airplane because I can never sleep on planes, but I guess I've never flown first class. I'd feel different if I was flying around in one of these!"
- Customers almost universally **hate the white plastic**. It feels cold and sterile to them, the opposite of what they are looking for in accommodation. A few did say, however, that while they hated the look, they like the idea that the plastic would be easier to clean.
  - "This sterile, white, plastic room is the opposite of the places that I look for when I travel. The places that stand out to me and that I remember have rich colours, materials, textures. They use local natural materials in beautiful, eco-friendly ways."
  - "I like the concept, but I absolutely hate the look of this. It looks like a futuristic prison."
  - "This looks so sterile. Like something you'd get a CAT scan in. It's sort of terrifying."
  - "This is way too much plastic. I know it's not the same colours, but all I can think of when I see this is a McDonald's playground."

- "Staying in these plastic pods would feel like staying in a video game. I guess that might be appealing to a certain gaming crowd. That's not me, but I could see it appealing to some people."
  - "This just doesn't go with a California sensibility or sense of taste. I think most of us crave things that look much more natural, that use natural materials, deep colours and hues. Those things feel relaxing. There is nothing relaxing about all of this white plastic."
  - "It's kind of cool, but it's not me. I'd never stay in a place with this much plastic. Now if it was wood, with windows and decorated with more natural colours? Then I might consider it."
  - "This would be a cool one-time experience - just to get the pictures. But then I'd never do it again. This sort of sterile environment is usually exactly what I'm trying to avoid."
  - "I love that this looks so clean. At first I thought 'I hate the plastic' but then I thought, 'it would be easy to clean,' and cleanliness is the thing I worry about the most in a hostel."
  - "I hate plastic, but I'll admit this does look like it would be really clean. And if it wasn't clean you'd know right away because everything would show on all those white surfaces."
  - "All of this white plastic would make me feel like I was sleeping in a laundromat. Which at first seems unappealing, but I guess it would feel clean."
- Customers do not like that all of the **pods look identical**. They want to see individualisation in their accommodation spaces.
    - "There is no uniqueness here. No individuality. I'd feel like I was just one of the rats in the experiment going to my cage."
    - "This feels really sterile to me. I wonder if there could be more personality to it? They are all the same. Is there some way to make them individual and special?"
    - "Is there a way to personalise these so it doesn't feel like it comes straight out of IKEA?"
    - "I don't like these big numbers. Who wants to be a number?"
    - "This feels like it will be cheap, efficient, but not comfortable. You're gonna get the job done if your goal is just to have a place to crash. But I prefer something more unique and special."
    - "I don't like these as they are now, but it doesn't seem like it would be that hard to make these seem more inviting. If it wasn't plastic, if there were pops of colour - more natural colours, not these fluorescent ones - if you had a cool blanket on the bed. Little things. It wouldn't take much."

- Customer think this concept would **seem more appealing if they were traveling in Asia**, especially in Japan. They question the appropriateness of pod accomodation in a Californian context.
  - "If this was in Tokyo I'd think it was so cool and I'd totally stay here, but not here in the USA. This doesn't fit in LA. It's out of place here. I don't think it would fit anywhere in California except maybe Disneyland. When I'm in a new place I like to live the culture of that city. This looks Japanese to me. I've seen pictures of places like this in Japan. So in Japan, it would be cool to stay in this. But not here."
  - "In the USA this wouldn't appeal to me, but if I was outside the country it might. When you travel overseas you expect things to be different. You might think it was cool to sleep in a futuristic pod if you thought that's what people do in the country you're visiting. But here we know that doesn't fit our culture, so it doesn't appeal."
  - "I've been to Tokyo. I think this might work there, but not here. This reminds me of the Japanese bullet trains. It would fit in much better over there."
  - "I travel in Asia a lot so I've seen this sort to thing there. I've never stayed in one, but they seem cool. At least there they seem cool. I'm not sure I'd want to stay in one here."
- Almost all customers, even those in their early 20s, felt the Jucy Snooze pods would be more appealing to people much younger than themselves. They felt the pods would be particularly **appealing to children and teenagers**.
  - "I feel like maybe this would appeal to students? Like really young students, maybe 18 - 21. I can't imagine anyone who had graduated from college and had a job staying here."
  - "I think maybe 20 years ago this might have appealed to people in their 20s, but people's taste are maturing faster now with social media and Instagram. I think only really young kids would find this look appealing these days."
  - "No one I know would stay here. I mean no one I know who is my age [28] would stay here because it feels like this place is designed for kids."
  - "This feels like a kid's sleepover room. I could see kids thinking this was really cool, maybe even teenagers, but I can't imagine a grown-up wanting to stay in something that looks like this."
  - "I could have seen staying in these during my college years when I didn't have much money, but not now. Now I want a cooler, more hip experience than this."
  - "I think if I was like a young kid or a college student trying to save money or looking to meet new people I would say in a pod accommodation but

at the stage of my life that's just not interesting to me at all. I like to have more privacy the older I get."

- "So I have seen this concept before and it is wild. I think I would like to try some sort of pod like this because I would assume that it's cheaper. And I think it would be especially fun to go with a group of friends and then everyone could have essentially a bunk bed and still enjoy a communal area. The colours make me think that it's probably geared toward younger people in general. I wouldn't mind seeing it really classed-up because then I think it would appeal."

- Customers have **questions** they would want answered on your website before they booked into a Jucy Snooze pod.
  - "Do the screens lock? I'd be afraid if this locked that I'd get locked in. Just thinking about getting locked in there is making me super anxious."
  - "How many pods are in one room? How many people?"
  - "Is there an option for a double or queen mattress?"
  - "Can you dim the lights in your own pod?"
  - "How big are the pods? These could be really tiny women in these pictures. I'm a big guy so I worry I might not fit in here."
  - "Where do you shower? Is there a bathroom in the room or just down the hall?"
  - "Where does my stuff go?"
  - "Where can I get coffee in the morning? I don't want to have to go far to get my first cup of coffee. I don't care about a place having a kitchen, I just need to be able to make or get a cup of coffee when I wake up."
  - "What's the common area like?"
  - "Is there wi-fi in the pods?"

## **2. A few customers didn't mind the Jucy colours and font, but most recoiled from them.**

- A few customers like the **purple and green**, but most have a negative reaction to these colours.
  - "I don't like purple, but I know people who are purple freaks. Everything purple just reminds me of Barney."
  - "I hate these colours. They feel cheesy to me. Cheap."
  - "These colours make me want to vomit."

- "All of these colours and all of this plastic - it's overwhelming. It's like vomit."
  - "These colours are so terrible. You'd get sick of them so quickly. I'm already sick of them and I've only been looking at these pictures for 10 minutes."
  - "These colours feel really juvenile to me. Like they are meant for a children's play area at the airport."
  - "These colours seem really outdated to me. Fluorescent might have been in once, but it's not any more."
  - "These colours might appeal to kids, but not to people in their 20s or older. Especially people in their 30s. In their 30s if people are feeling adventurous they want to go someplace cool with a good vibe where they can meet cool people. They don't want to feel like they are staying in a McDonald's or a Jamba Juice."
  - "I'm not crazy about these colors. I prefer earth tones. Things that look more natural than this."
  - "All of this [branding] looks very woman focussed. The colours, the mascot, the people in the pods. Nothing about this seems like it's meant to be a place for guys to hang out."
  - "I don't like the colours. These aren't sophisticated colours. This feels like it popped out of a cartoon."
  - "Bright colours feel cheap to me, like everything came straight out of IKEA."
  - "The colours are bright, cheerful. It's cute. Not to my taste, but I could see where some people might really love this. Especially kids or teenagers."
- Most customers are **not drawn to the Jucy font**. They find it dated and/or juvenile.
    - "This font feels really outdated."
    - "This font is terrible. Like something straight out of the 90s."
    - "I think the font, especially in these colours, looks really juvenile. Like the font and colours you'd see on one of those really outdated indoor kid's playgrounds."
    - "There is nothing sophisticated about this font. It looks like the font for romper room."
    - "I don't know why exactly, but I don't like the font. I guess it just doesn't feel hip or cool to me. Maybe it's just the terrible colour though. Maybe I'd like it more in another colour."
    - "This font might be ok for a juice bar, or an ice cream parlour at the beach, but it just doesn't fit for a hotel. It's not sophisticated enough. Not

clean enough to appeal to me. I don't want to bring my date to what looks like a juice bar."

- "I feel like I have seen this font before. Maybe at a yogurt shop? I know it's not exactly the same but it reminds me of Yogurtland's font."

### 3. Most customers are baffled by the name, Jucy Snooze.

- Customers don't understand why **'jucy' is spelled wrong**.
  - "Is JUCY someone's last name? Or do they mean juice? If they mean juice why is it spelled wrong? And snooze? I mean I know what it means to snooze, but this just feels off here. You know how when you go to a foreign country and they have tried to translate something into English and the translation gets the point across but just feels....off? That's how this feels. Like they didn't get the translation quite right."
  - "I just can't handle the Jucy spelling. If they need to explain it, it's not working. Unless it's in a town called Jucy. Then it's ok. But also, the town should change its name. Other thoughts are, there's a breakfast place I've been to called Snooze. That's what else Jucy Snooze made me think of. Bad spellers and breakfast. So, I don't know. Maybe that's what they are going for. But if they are, they shouldn't go for that."
  - "I know some people think it's cute, but I absolutely hate it when people misspell things in their company names."
  - "Is it pronounced jukie or juicy? If it's meant to be juicy, why is it spelled wrong?"
  - "Unless they serve juice with something in it to make you nap the afternoon away and forget how to spell, I'm out!"
  - "Is this like a juice bar that offers melatonin as an additive?"
- Customers almost universally think **"juice bar"** when they first see the Jucy Snooze sign both because of the reference to juice, and because the font and colours are very similar to those used by a few big U.S. smoothie chains. Most said they would never guess this was a hotel.
  - "I would assume this was some kind of a smoothie factory. I'd never in a million years think this was a hotel."
  - "My first thought is - smoothies. Isn't this exactly the Jamba Juice colours? My second thought is that maybe this is one of those places where you can take a nap in a pod in the middle of the day."
  - "To me this looks like a juice bar. Like the branding for a juice bar. Or maybe a yogurt shop where you can get smoothies too. Not just because

it says JUCY, but because the font and the colours make this look like a place where you would get smoothies.”

- “Are you selling juice? I'd assume from this sign you were selling juice. I'm willing to bet my life savings nobody would walk by this sign and think this was a hotel.”
- “My first reaction is to think it is a juice bar and then I get confused about the snooze part.”
- “Smoothies or frozen yogurt. That's what I would assume I'd buy here. I'm pretty sure this is the exact colour scheme Yogurtland uses. It might even be the same font.”

- A lot of customers said they can't help but think of **Juicy Couture** when they read “Jucy Snooze.”

- “The first thing I think after smoothies is Juicy Couture.”
- “When I see JUCY I think of Juicy Couture so I assume this will have something to do with clothing.”
- “JUCY reminds me of Juicy Couture. I'm sure they're not related, but I can't get beyond that. All I can think about is valour tracksuits.”
- “This reminds me of ‘Juicy’ being written across people's butts back in the big Juicy Couture days.”

- Customers **don't like associating the concept of “juicy” with sleeping.**

This thought grosses them out.

- “I am so confused by this. These words make no sense together. I don't want anything juicy about my snooze.”
- “I don't know why something would want to be juicy at a hotel.”
- “Juicy makes me think of moist, which is not a nice thought in the first place, but when you think about a hotel mattress being juicy or moist? Ewe. That is so gross.”
- “I don't want there to be anything juicy about my hotel room. That just feels wet, slimy, mouldy. These are not things I want to associate with where I sleep.”
- “Just saying ‘Jucy Snooze’ out loud grosses me out. I don't want there to be anything juicy about my snooze, and I certainly don't want to think about the last person's snooze on my hotel mattress being juicy either.”

- Many customers, upon reflection, felt Jucy Snooze had **sexual connotations.**

A few were offended by this.

- “The word JUCY has a sexual connotation. it makes me think of a girl's juicy butt.”

- "A Juicy Snooze? I'm a single guy so I can say I like the sound of that, but it's probably not what everyone's looking for!"
- "I'm not sure what this says about me, but this makes me think of a wet dream."
- "I honestly would have no idea what Jucy Snooze means, but it sounds sexual to me, which is not necessarily a bad thing but maybe not what they mean to be going for."
- "Sounds like accommodations where you pay by the hour!"
- "This sounds like the name of an illicit massage parlour."
- "I'm not keen on this name. It sounds wrong....sleazy somehow. I'd be creeped out to stay at a hotel with that name."

#### **4. Customers are intrigued by the automatic check-in kiosks, but would like the Jucy Snooze lobby to feel more inviting.**

- Some customers love the idea of the **automatic check-in kiosks** because they hate standing in lines, but others are worried this will take out the person-to-person aspect of travel they are searching for and that they'll miss out on upgrades they might get if they check-in with staff.
  - "One of my biggest pet peeves is waiting in line, so this appeals to me, but I'd also want the opportunity to talk to someone if I wanted to."
  - "There's nothing worse than hitting a big line at check-in when you're super tired from travelling, but I also like seeing someone's face to welcome me. So I'm torn. I'm not sure if I like these or not. I guess I would like having the option, but I wouldn't want it to be my only option."
  - "I like that this would be efficient, but sometimes I like talking to other travellers in the queue while I'm waiting to check-in. But I like talking to people in general so maybe this would appeal more to people who don't like talking to people."
  - "I've never used auto check-in, but I guess it seems like a cool option. But it would have to be an option. I'd also want to be able to talk to a human."
  - "These kiosks remind me of the airport. Or checking out at Target. I don't love the idea of associating those experiences with checking into a hotel."
  - "If you're the type of person who doesn't want to bother talking to other people I could see this being appealing, but are those the kind of people who would be drawn to a place like this in the first place?"
  - "This would not appeal to me at all. It lacks the one-on-one interactions that are so important when you travel. The things that stand out to me when I think back on my best trips are the cool experiences, the cool

interactions I had with the people there. When I get someplace new I want to meet a new face. If I'm having a hard time with the travel I want someone to hold my hand, help me, and welcome me to this new place. I don't want to walk into a lobby and meet a machine."

- "I've seen automated check-ins before. I choose not to use them because sometimes you get a free upgrade or other free benefits by checking in at the front desk. So I prefer to do that unless it's a crazy long line and then I'd consider checking-in with the machine."
- Customers think the **lobby looks too sterile and transactional**, like an airport or train station.
  - "This feels like robot land. I'm not a robot."
  - "This looks like an airport or a train station. The last thing you'd want to do is stay at an airport. That's the travel experience, not the stay experience."
  - "Everything feels really digital. I don't go to a hotel to feel digital. I want to feel more personalised. I want to escape."
  - "This does not look warm and inviting, like a place I'd want to hang out. The furniture looks really uncomfortable."
  - "This lobby says, 'DO NOT STOP HERE. Do your business and get to your room.'"
  - "This looks like an airport or a train station. The sliding doors, the lines on the floor, the clear windows, the lack of anything interesting on the walls. This just scream airport and that isn't someplace I want to hang out."
  - "This doesn't feel hip or cool. Everything in this picture feels so sterile. Totally uninviting."
  - "This looks really transactional. Like a subway station. This does not look inviting."
- Customers are not keen about the **lines on the floor**.
  - "I'm not a robot or a machine. I don't want stuff on the floor directing me like some robotic car."
  - "The lines on the floor make this feel like an airport. I don't want to stay at an airport."
  - "I don't understand these lines on the floor. Why would I want to be looking down instead of up, checking out everything around me?"
  - "These lines on the floor are just weird. Why wouldn't you put directional signs at eye level? And from a practical standpoint, I bet these get scuffed up really quick and look dirty and gross."

- Customers **love the greenery** behind the check-in kiosks and the **natural materials** used on the front entrance of the Queenstown Jucy Snooze location.
  - "I like the feel of the outdoor design. I like the brick, wood, rock. This is really appealing to the eye. But it seems in juxtaposition to the goofy colours and fonts on the sign. It feels like these are two different places."
  - "I love the greenery in the lobby. That is really pretty."
  - "I hate everything about this lobby except the plant wall behind the kiosks. That looks amazing. As long as those are really plants. It would be terrible if those were made of plastic."
  - "Is that a real plant wall? If it is, I love it. If it's plastic I take it back. I hate it."
  - "I love the natural materials used around the entrance. If only they carried these materials inside instead of the plastic!"
  - "The wood, rock, and bricks on the exterior is so much more appealing to me than the plastic interior."

## **5. Customers are drawn to the Christchurch Jucy Snooze common space and think with a few tweaks it could be exactly the kind of place they like to hang out.**

- Customers love the **indoor-outdoor** feel of the common room. They say they would love it even more if the ceiling was actually glass and open to the sky and instead of astroturf the room was full of live plants.
  - "This has an outside vibe inside. I like that."
  - "I love that this would feel like you were outdoors, indoors. This would be especially appealing in a place where it rained a lot. Like Portland."
  - "I love that this feels so open, bright and airy. With all that light they should add a lot of live plants. That would add a lot to the room."
- Customers like the aspects of the room that make it look **fun to lounge in**, like the hammocks and daybed.
  - "This looks playful. I would like to hang out here and have a coffee."
  - "I could totally see myself taking a nap in one of those hammocks."
  - "I love the daybed. Hate the purple polkadot pillows, but love the concept."
- Customers still **aren't crazy about the colours and plastic**, but they feel like this would be an easy thing to "fix."
  - "This feels very Romper Room. But maybe it's just the colours that make it feel that way."
  - "I like the day bed and hammocks, hate the colours and artificial turf"

- "Everything in this room feels mass-produced, plastic. Not warm. Not like a place you can't wait to get back to."
  - "That artificial turf is terrible. It looks really cheap. They'd be better with all hardwood and amazing rugs."
  - "I like the general idea here, just not the execution. The beams holding up the hammocks should be metal. The pillows should be more natural, modern colours. The ground should not be astroturf. Then this big, bright space would be a place I would love to hang out."
- Customers worry the common room feels **too corporate**. Several of them said the room made them think of Google headquarters.
    - "This is what I imagine Google headquarters looking like."
    - "This immediately makes me think of Google headquarters. I don't know why. It's not like I've ever been to Google headquarters, but this is what I think it would look like."
    - "This feels corporate, not like a place I'd want to escape to on the weekend."
  - Customers would like to see **better work surfaces**. They would want to be able to work in the common area.
    - "This room needs desk space, places you could work."
    - "This place needs better places to work. That guy sitting hunched over his computer on that hard wood step does not look comfortable."
    - "I'm assuming this place has wi-fi because that guy is working on his computer, but are there outlets for charging? There would need to be."

## 6. Customers are confused about the use of a mascot in a hotel setting and don't relate to Lucy.

- Most customers **associate mascots with older businesses or cheap restaurant chains**. They don't understand why a new, modern business would use a mascot in its branding.
  - "The concept of a mascot feels really dated to me. Do modern companies have mascots? That feels like a thing of the past. Like Wendy's or Bob's Big Boy. You don't see new businesses branding themselves in that way."
  - "A mascot just feels cheesy to me. Cheap. The only places I can think of that have mascots are cheesy and cheap. Like Chucky Cheese."
  - "This mascot feels really cheap and kitschy to me."

- Lucy's **youthful appearance** reinforces for them the idea that Jucy Snooze pods are meant for really young people.
  - "She looks like she's maybe 19 or 20, which sort of reinforces that anything she's associated with would be for really young people."
  - "I feel like this targets young single men who want to hook up with a girl who looks like this. It's targeting young guys who are looking for a....well a juicy snooze."
  - "I like that she's wearing a backpack and boots and looks ready for adventure, but she also looks really young so I'd assume if she was in the branding that this place was for really young people. Like 18 year olds."
  - "No girl looks like that right now. Maybe if she was more bohemian? More sheik? She looks like a kid. This is not relatable for someone like me approaching my 30s."
- Most customers **don't understand or relate to Lucy**. She is not them, so they assume the product won't be for them.
  - "This girl is just way too young. Way too white. Way too 50s. Way too everything that is not LA. LA is a diverse place - this is a diverse market. There is nothing diverse about this girl. Who in LA is going to relate to this or want to relate to this girl?"
  - "This girl is so white. As an African-American, this doesn't appeal to me at all. I like brands that reflect diversity. There is nothing remotely diverse about this image. She's a throwback to some of the most racist times in our history."
  - "I do not like her. Live Jucy? What does this mean? Am I supposed to look like her? Do I need to be younger? Show more cleavage? Be more 'juicy'? I don't get it and I don't connect with her at all."
  - "I'm confused by this person. She looks like a pin-up girl, but that doesn't seem to fit what's going on with this place. I'm not getting what the connection is here between her and the pods. Or her and anything in the 21st century really."
  - "She's not me. Which makes me think this place is not for me."
  - "This is not me. At least this is not me travelling domestically. It might be a little bit like me travelling internationally. Or at least as younger 20-year-old version of me. I don't relate to her in my current life, so she doesn't appeal to me."
  - "Obviously she's very feminine. I'm a guy so I don't know if I relate to the activities that it seems like she would engage in. "
  - "She's a very white caucasian redhead. She's not going to be good at capturing or attracting different people from different ethnic backgrounds. As a hispanic woman I can't relate to her at all."

- "I don't like her. I think she's trying to be like an outdoorsy girl. But then her hair and makeup kind of look like a pinup model from the 1950s. I don't understand how those things meld together, so she's very confusing to me. When I look at her I don't really feel like she's a young traveler. Instead I feel like she almost looks like a stripper. A stripper trying to go to the country."
- "I don't like the image of the sexualised woman traveller at all - this is exactly how solo female travellers DON'T want to be seen. You can make your brand appealing without leaning on cliché pinup style visuals."
- "She's too sexual. I think this sexual pinup idea might give the wrong impression that this place could be slightly brothelish. As a woman this doesn't appeal to me and even offends me. "
- "The logo/mascot combination is ridiculous. A pinup like woman in a safari outfit? Eek. I also don't love the Barney colours she is wearing. The whole thing is a bit awkward - like that person just outside your friend group who wants to be 'in' and 'cool' and 'hip' but just....isn't."

## Brand and product recommendations

The following recommendations bring together fieldwork insights, customers needs, and reactions to the current Jucy Snooze products and branding.

### 1. Hone in on your target market, and then meet their needs. Think about:

- **Age.** Participants almost universally feel that the current Jucy Snooze product, including the colours, could appeal, as is, to 'kids' under the age of 21. They think staying in the pod rooms looks like a great place for a child's slumber birthday party. They also think if priced low-enough the current Jucy Snooze pods might appeal to college students who don't have enough money to spend on a cooler, hipper, more up-scale place. If young people 21 and under are your target market, your customers think you've already nailed it. If you want to appeal to domestic U.S. customers over the age of 20 or 21 you're going to need to make some significant design changes.
- **Reason/length of stay.** Participants also said they could see Jucy Snooze appealing to people needing a quick, cheap one-night stay near the airport while travelling, or people who were just using this as a cheap place to crash while they were in town for an event (e.g., music/sports). Participants nearly

universally said they could not imagine staying in a pod for more than one or two nights

- **Price point.** Price is a big consideration for people of all ages, but for different reasons. Participants speculated that a cheap price point will attract 'kids' 21 and under who don't have a solid income and possibly some older travellers just looking for a place to crash for one night for pragmatic reasons (a flight the next day, a nearby event ending too late to go back home). They do not think, however, that a low price-point will attract them if they are going on an experience-driven vacation. In fact for most customers, a really low price would be a deterrent. If a place is too cheap they assume it won't be clean, fun, hip, cool or interesting. They also think it will be full of drunk kids, which is not the type of people they are hoping to connect with when they are travelling.

## 2. Don't throw the baby out with the bathwater.

Keep the things customers like, tweak the things they don't. Giving Jucy Snooze a U.S. facelift doesn't have to mean the brand loses its soul. You're an adventure travel company that has captured the hearts (and dollars) of customers for almost two decades. You already understand what lies at the heart of good accommodation offerings.

Use your previous knowledge in conjunction with the research insights to steer your venture in a direction that will meet the needs of your U.S. customers. The primary difference for Jucy Snooze in America is that you want to market to domestic travellers. The research has shown these widely diverse customers will be keen to check out the new adventures you have to offer, but they have different needs and expectations than international travellers. Meeting the specific needs of these domestic explorers will be the key to U.S. success.

- **U.S. customers like:** The privacy screens, individual temp control, perception of increased safety, outlets/chargers in pods, wi-fi capability in pods, cleanliness, lockers, the option to check-in with a kiosk (if there are also humans available to talk to), the outdoors-indoors feel of the common room, the daybed and hammocks in the common room, the brick/stone/wood entrance, the thought of staying here with kids when visiting a theme park.
- **U.S. customers aren't keen on:** The colours and font, the plastic, the generic look of the pods, the airport feel of the lobby, the thought they might only have

access to a check-in kiosk and not a human, the fear of getting claustrophobic in a pod, the plastic pod concept in California (although they would love it on a trip to Japan), the name Jucy Snooze and Lucy the mascot.

### **3. Standardise the things they need to take for granted. Be unexpected in the rest.**

While customers claim they despise the predictability of generic mainstream hotels, there are certain amenities and standards they demand be present at every hotel they book. They see things like fast, free wi-fi as a given at any hip, modern hotel they book into. They don't see this as a bonus amenity, it's an expectation. You don't get brownie points in their mind for providing it, but you'll catch hell from them if it isn't there.

Standardise the things they see as must-haves so they know they can depend on your brand to provide them. Then be unexpected in the individual details and flourishes integrated into each property.

Customer's expect and demand:

- A beautiful, informative website that captures their imaginations and reflects their dreams
- The ability to make reservations quickly and easily online
- Fast, free wi-fi available throughout the hotel
- A clean, well-kept and carefully manicured property
- Linens, pillows and towels to be provided and free
- A secure place to keep their things in shared rooms
- A bar with a great vibe
- Food and beverage options onsite. Even if you don't have a full restaurant, customers expect to be able to grab coffee/tea and healthy, high-quality snacks at their hotel.
- Parking. It doesn't have to be onsite, but it has to be available through you somewhere close by. Customers don't want to have to drive around town searching for it.

# Understanding your West Coast USA Customer

## Initial findings document

August 2018

LIVE JUCY



## Contents

<b>Introduction</b>	<b>2</b>
<b>What we did</b>	<b>3</b>
Our process	4
Ethnography	6
<b>Key insights</b>	<b>9</b>
Explorers not tourists	11
Expecting the unexpected	14
Moments of inspiration	18
Accommodation as experience	21
The joy of amenities	24
Health and eco-consciousness	27
<b>Additional themes</b>	<b>30</b>
<b>Identifying customer needs</b>	<b>32</b>
<b>Customer value statements</b>	<b>38</b>

# Introduction

As JUCY Snooze expands beyond the NZ market you are exploring ways to deliver your pod accommodation concept to those markets. In particular you are seeking deep customer insight to inform, inspire, and focus your efforts to build relationships with new customers in California.

JUCY Snooze is a new accommodation concept that offers innovative capsule style sleeping pods in shared rooms, as well as private ensuite rooms. The concept has been a huge success in New Zealand, and you're looking to expand overseas. Market research tells you there is global demand for the 'upmarket hostel' concept and that there is a lot of traction and investor interest globally in this segment with significant developments in Europe (30+ properties) and the USA (30-40 properties planned to open in next few years).

You have identified the USA as a key area for market expansion, and Los Angeles in particular as the perfect place to test the JUCY Snooze concept with the American market. You like that LA is a melting pot of people and cultures and a cross-section of everything from dense urban environments to laid-back beach towns.

While you already understand a lot about your JUCY van customers in the USA, your team is looking for a deeper understanding of the "Hostel 2.0" market in Southern California.

That led to a key question for Empathy:

**How do target U.S. customers respond to and engage with the JUCY Snooze brand, brand propositions, and the concept of 'pod' accommodation in general? What value can JUCY Snooze offer U.S. travellers that will attract and retain them as a brand-loyal customers?**

# What we did

# Our process

We led a customer insight project aimed at uncovering the key information required to understand what's meaningful to Californian customers as they think about and engage with hotel and hostel properties.

## Understanding the business / market context

We started by having conversations with JUCY to better understand the business challenge that was driving this piece of work. We learned more about the current business strategy and got a sense of what you already know about customers in the target market in California.

We also reviewed the JUCY Snooze strategy recommendations, Snooze brand book, current branding images and collateral, and the research you provided on the state of the current global hostel marketplace.

Once we understood the business context, we went to work recruiting the right participants and creating an ethnography guide we took into the field with us.

## Gaining customer empathy

We sought to understand your prospective customers through a dScout qualitative research mission, two over-night immersions in Southern Californian hostels, and in-home ethnographies.

For this project we immersed ourselves in the lives of 8 customers in the Southern California region. We spent 2 - 3 hours with each of them, visiting them in or near their homes, allowing us to get to know them in their natural environment.

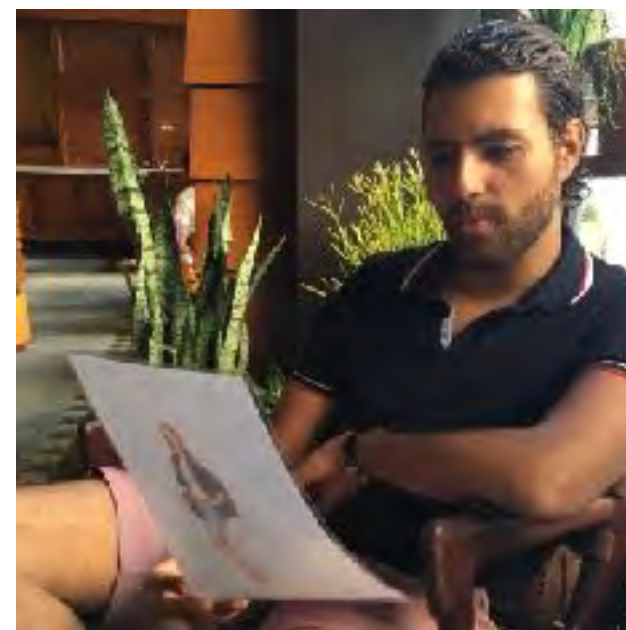
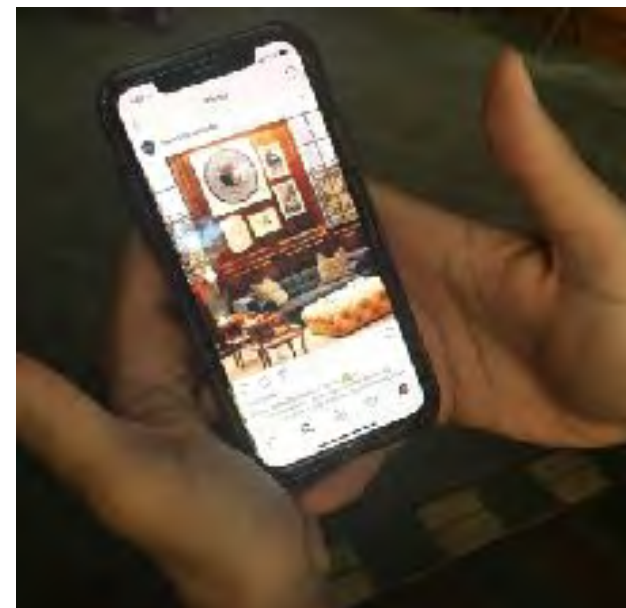
We also completely immersed ourselves in the context of the lives of target customers during two overnight stays at hostels in Los Angeles and San Diego. During these immersions we observed behaviour and conducted 'street intercept' conversations with fellow lodgers in order to gain a deeper understanding of how they chose their lodgings, and what the delights and pain points were in their stay.

To triangulate our findings we also conducted an in-depth customer insight dScout 'mission' with 30 additional participants. Using the dScout platform these participants created online diaries of a trip they took, sharing their thoughts and feelings from booking through to check-out. They also provided us with feedback on current JUCY Snooze offerings and branding.

## Sharing stories, theming, and uncovering key insights

When the dScout mission, hostel visits and in-home ethnographies were complete, we shared stories and began to make sense of the information we gathered in the field.

Discoveries from over a week of intense analysis sessions culminated in a summary of key insights, customer needs, and an outline of customer value statements.



# Ethnography

Immersing ourselves in your customers' lives in order to get 'inside their heads'

## Recruitment

We focussed on recruiting 30 dScout participants and 8 ethnography participants who were approximately 50/50 male/female and who:

- currently reside in Southern California (ethnographies) or the greater U.S. (dScout)
- are between the ages of 18 - 40
- travel regularly for business and/or pleasure
- are sophisticated, probably college educated, and interested in culture, the arts, new experiences
- are looking for 'an experience' when they travel and in their accommodation.
- have some disposable income.

We screened over 150 dScouts to arrive at the 30 we invited to participate in the research.

## dScout & ethnography guides

We worked with JUCY to carefully craft our dScout mission to ensure the stories we received from scouts would enable us to understand the thoughts, beliefs, feelings and emotions that underly their travel decisions and behaviours. We asked them to 'invite us into their lives' by sending us pictures and videos as they travelled from the planning phase through the return home.

We also crafted a field guide before we met with in-home fieldwork participants. Rather than concentrate solely on perceptions of pod style accommodation, we looked to understand the broader context of their lifestyle, their views on travel and their attitudes and beliefs about travel accommodation.

We began our conversations by going wide to gain a general understanding of how they like to travel, what they love to do, and what kinds of things get in the way of them doing the things they love. We gathered

stories and dug deep to find out where the pain points are and where they find moments for celebration. We also delved deeply into how they feel about travel accommodation and what good travel accommodation means to them. We then explored their relationship to the total travel experience, uncovering the roots of their beliefs. Only towards the end of the ethnographies did we turn the conversation to a specific discussion about pod style accommodation.

## Ethnography

During these ethnographic encounters, we immersed ourselves completely in the lives of customers. We met them at or near their homes. We invited them to share travel stories and pictures and to introduce us to the travel related apps they use. It was critical for this fieldwork that we didn't just sit participants down for an interview, but allowed them to invite us into the way they do things when they plan their travel. We wanted to see what it was like being them.

## Where we went

We immersed ourselves in the lives of eight customers in Southern California.

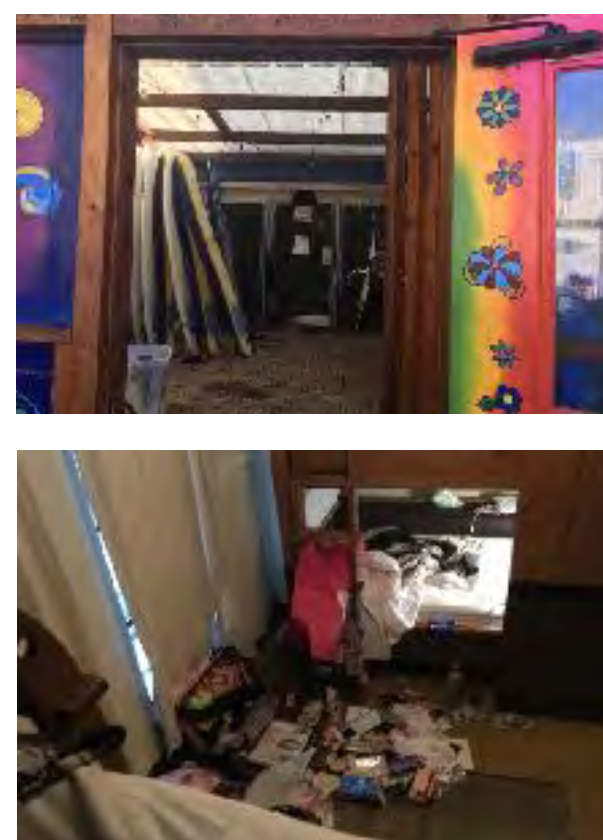
We met with people in or near their homes and completed two over-night hostel immersions in San Diego and Los Angeles counties.

We also gathered stories from 30 online dScout participants travelling throughout the United States.





SUNDAY	MONDAY	TUESDAY	WEDNESDAY
8:00 AM - 10:00 AM Cafe Open	8:00 AM - 10:00 AM Cafe Open	8:00 AM - 10:00 AM Cafe Open	8:00 AM - 10:00 AM Cafe Open
10:00 AM - 11:00 AM Cafe Open	10:00 AM - 11:00 AM Cafe Open	10:00 AM - 11:00 AM Cafe Open	10:00 AM - 11:00 AM Cafe Open
11:00 AM - 12:00 PM Cafe Open	11:00 AM - 12:00 PM Cafe Open	11:00 AM - 12:00 PM Cafe Open	11:00 AM - 12:00 PM Cafe Open
12:00 PM - 1:00 PM Cafe Open	12:00 PM - 1:00 PM Cafe Open	12:00 PM - 1:00 PM Cafe Open	12:00 PM - 1:00 PM Cafe Open
1:00 PM - 2:00 PM Cafe Open	1:00 PM - 2:00 PM Cafe Open	1:00 PM - 2:00 PM Cafe Open	1:00 PM - 2:00 PM Cafe Open
2:00 PM - 3:00 PM Cafe Open	2:00 PM - 3:00 PM Cafe Open	2:00 PM - 3:00 PM Cafe Open	2:00 PM - 3:00 PM Cafe Open
3:00 PM - 4:00 PM Cafe Open	3:00 PM - 4:00 PM Cafe Open	3:00 PM - 4:00 PM Cafe Open	3:00 PM - 4:00 PM Cafe Open
4:00 PM - 5:00 PM Cafe Open	4:00 PM - 5:00 PM Cafe Open	4:00 PM - 5:00 PM Cafe Open	4:00 PM - 5:00 PM Cafe Open
5:00 PM - 6:00 PM Cafe Open	5:00 PM - 6:00 PM Cafe Open	5:00 PM - 6:00 PM Cafe Open	5:00 PM - 6:00 PM Cafe Open
6:00 PM - 7:00 PM Cafe Open	6:00 PM - 7:00 PM Cafe Open	6:00 PM - 7:00 PM Cafe Open	6:00 PM - 7:00 PM Cafe Open
7:00 PM - 8:00 PM Cafe Open	7:00 PM - 8:00 PM Cafe Open	7:00 PM - 8:00 PM Cafe Open	7:00 PM - 8:00 PM Cafe Open
8:00 PM - 9:00 PM Cafe Open	8:00 PM - 9:00 PM Cafe Open	8:00 PM - 9:00 PM Cafe Open	8:00 PM - 9:00 PM Cafe Open
9:00 PM - 10:00 PM Cafe Open	9:00 PM - 10:00 PM Cafe Open	9:00 PM - 10:00 PM Cafe Open	9:00 PM - 10:00 PM Cafe Open
10:00 PM - 11:00 PM Cafe Open	10:00 PM - 11:00 PM Cafe Open	10:00 PM - 11:00 PM Cafe Open	10:00 PM - 11:00 PM Cafe Open
11:00 PM - 12:00 AM Cafe Open	11:00 PM - 12:00 AM Cafe Open	11:00 PM - 12:00 AM Cafe Open	11:00 PM - 12:00 AM Cafe Open



# Key insights

From an initial 55 key learnings, we themed and derived patterns to identify inferences and insights that underpin the essence of what is meaningful and valuable to U.S. travellers.

## INSIGHT 1:

## Customers see themselves as adventurers and explorers, not tourists.

They crave the joy of discovering off-the-beaten track 'hidden gems' that other visitors don't know about.

### Don't call me a tourist

Customers do not view themselves as tourists and are insulted by the idea they might be considered one. For them, tourists are people like their parents who travel to safe places with pre-planned itineraries packed with activities aimed at ticking off a list of must-see attractions. Tourists stay at mainstream hotels. Tourists go on mass-marketed, over-crowded excursions. Tourists eat at chain restaurants. Your customers would rather stay home than do any of these things.

Instead, customers see themselves as adventurers and pioneers. They see the world through a global lens and travel to explore and learn from the communities they visit. They want to fly by the seat of their pants and engage in diverse, interactive travel experiences - the kind the 'tourists' don't go near.

***"When I travel I don't feel like a tourist, I feel like a chameleon. I want to immerse myself and to understand and experience everything around me. I don't want to be the outsider who sticks out. I want to blend in and be a part of things."***

### Chameleons, not butterflies

Customers see travel as an important way to develop their personal identities. They want their travel experiences to become a part of who they are, and how they view the world. They expect their trips to underwrite their personal narratives.

They feel the best way to fuel these narratives is to harmonise with the communities they visit. They want to be the "chameleon" who blends in or the "fly on the wall" who listens and absorbs everything going on around them. They don't want to be the butterfly garnering all of the attention. They worry that as soon as they are tagged as an out outsider their experience will become less authentic. This is why they love to book accommodation at places where the locals hang out too. It makes it harder to tag them as a 'tourist' for being there.

## INSIGHT 1:

# Customers see themselves as adventurers and explorers, not tourists. (con't)

## Going where the locals go

Customers want to meet and engage with locals. They want to hang out where the locals hang out, eat what they eat, and drink what they are drinking. They believe this is the only way to authentically engage with the community they are visiting.

Customers worry that hotel staff at mainstream hotels might steer them towards expensive, touristy spots. They would much rather get advice from a local about where to spend their time.

***"The first thing I do when I arrive is try to hook up with some locals so I can find out where I should be hanging out. I always ask, 'Where would you take your favourite person?'"***

## Hoofing it

Customers want to stay in places that are close to the heart of the local action because they believe the best way to immerse themselves in the places they are visiting is to explore by foot. They worry if they get on a bus or in an Uber to head to a specific location they'll miss out on the opportunity to stumble across the cool hole-in-the-wall places where all of the locals are hanging out. This is part of the reason some of them are turning away from Air B&B. They don't want to be in the suburbs, they want to be where they can walk to everything.

For these customers, half the fun in the adventure is wandering around until they get lost. When they do stumble across a cool place that is far from other travellers they feel proud, like they have just discovered a new frontier.

***"If I go on a trip and I don't get lost I feel like I haven't really explored anything."***

***"Sometimes when I Google or Yelp I feel like I miss out on the really cool things. The undiscovered things. I'd rather just walk out of my hotel and wander around on foot and experience what's around me in this new place. I feel proud when I do this and I end up finding that super cool place - that unique place no other tourists have found."***

**"My goal is always to be where the locals are - not where the tourist go. "**

**"Being a traveller is an important part of who I am. It shapes the way I think, the way I interact with the world. Travel makes me a better educated, more tolerant person. "**

**"I want to find the good place. Not the trendy place. Not the touristy place. I want to find the place that's THE place. The place the locals go and try to hide from the tourists. "**

**"When I ask people for advice I'm not looking for an excursion. I'm not looking to hear what everyone else is doing or where everyone else is going. I'm looking for that little hole in the wall. That place off the beaten track. "**

**"When I travel I'm looking for adventure. I'm an explorer, not a tourist. My parents are tourists. They are looking to go on a nice, safe, fun trip. I'm looking to go on an expedition. "**

**"I want to be able to walk around and explore without having to take a bus or an Uber somewhere. I want to be able to wander and find things on my own, without having to ask for a recommendation or give a driver a specific address for a destination. This feels so much more authentic to me than trying to curate my experience through Yelp or other people's recommendations and experiences. "**

## INSIGHT 2:

## Customers expect the unexpected.

Adventurous travellers actively seek out quirky, unique, personalised experiences and accommodation options. They won't settle for less.

### Go boutique or stay home

Big, generic hotel chains are kryptonite for customers. Most would rather stay home than waste time and money on generic, mainstream experiences or accommodation.

Many come to this mindset after staying in a unique, hip hotel or hostel for the first time. After they find out how cool and localised accommodation can be they feel they 'can't go back' to generic hotels.

***"When I travel I'm looking for adventure. You can pretty much guarantee there is nothing adventurous going on at the Double Tree, so why bother?"***

### Transport me

Customers want to feel transported when they arrive at their accommodation. It brings them joy to be somewhere that doesn't feel anything like home.

People believe they have to play it safe when decorating their own homes, especially if they are renting. They don't want their accommodation to be anything like home, they want it to be cool, memorable, and totally immersive of the local space. They also want it to be 'rich' in colours, textures, fabrics, and comfort. It doesn't need to be fancy - it just needs to be thoughtfully, deliberately curated to transport them into this new place they are exploring.

***"When I travel I want to be transported. I want to feel like this is nothing like home. That's why I travel."***

### Personalise it

Customers want the rooms and common spaces at their accommodation to have 'personality.' They don't want to feel like they are spending their holiday at an IKEA showroom where they could easily jump online and order everything they see.

Customers love when their room decor feels unique, personalised and hand-chosen. Nothing turns them off faster than generic hotel art, and they hate it when they go to visit a friend staying down the hall only to find themselves in a carbon copy of their own hotel room. Small personalised touches make them feel special and welcomed and make them believe the hotel cares that they are there and wants them to have an amazing experience.

***"My room can be simple, but I like it to have little touches that show someone cares."***

## INSIGHT 2:

## Customers expect the unexpected. (con't)

### A good vibe is worth its weight in gold

Experience and adventure driven travellers are willing to pay more to have a unique and memorable accommodation experience. They will pay more to have fantastic social spaces that attract locals. They will pay more to have a unique, personalised room. They will pay more for eco-friendly amenities and a staff who treats them like valued individuals. What they are less willing to pay for is luxury. For many of these customers a Four Seasons feels just as boring and sterile as a Hyatt. They don't see any reason to waste their money on either one.

This doesn't mean price isn't important to them. It is a factor - they don't have limitless budgets. Price just ranks lower as a decision factor than things like location, hip decor, a good vibe and a great (preferably rooftop) bar.

It's also worth noting that customers are highly suspicious of cheap accommodation. They will rarely book with the least expensive option on Expedia or Travelocity because they believe you get what you pay for. They assume a cheap hotel will result in a cheap, cheesy experience.

***"Price is important to me, but it's maybe like 4th on my list of criteria. It's not the ultimate factor. I'll pay more for a great location where we're within walking distance to all of the action. I'll pay more for a funky, cool hotel that gives me a better experience than a boring hotel. I'll pay more for a place with amazing food or a roof-top bar."***

***"For me price doesn't matter as much as experience."***

### If you build it they will come

When they travel, customers want to meet other like-minded adventurers and explorers. One of the reasons they are willing to spend more money on interesting, unique hotels is because they assume these establishments will attract interesting, unique people. They believe guests staying at mainstream hotels will be as boring as the decor, and they have no interest in mingling with these people.

***"I'm pretty sure there is no one interesting to talk to at the Marriott hotel bar, so I don't bother going in."***

### It's not that hard

Customers grow frustrated with generic hotels because they feel "it's not that hard" to add simple touches that make a place feel unique and special. They feel personally insulted when they pay money to stay somewhere they feel isn't putting any effort into giving them a good experience.

**"When I stay at a cool place like a Freehand I assume the other people staying there will be like me. I assume if I talk to them in the lounge or the bar that they'll be like-minded. I never think that when I'm staying at a mainstream place. If I have to stay at a Sheraton or something for work I think the opposite. I assume nobody staying there will be likeminded. I assume we won't have anything in common so I find myself not even really talking to people."**

**"I like it when the lobby and room decor feel unique, different. Curated. I don't want to feel like I could go buy all of the furniture in my hotel room at IKEA or the art in my room at Michael's. I want to be around things from that local place."**

**"It's not that hard to decorate a room so it's chic, cute, nice to stay in. It's not that hard to create a room that's Instagrammable. That is something you want to be a part of and want others to be a part of."**

**"I like a place that makes you feel special. Like everything in the room has been picked out for you so you can have a great experience. Like they really want you to experience the specialness of this place."**

**"I like the idea of staying in a high-end hostel because you need to be extra open-minded, extra adventurous, extra comfortable with yourself to try staying in a hostel. And those are the kind of people I want to meet and hang out with."**

**"I like there to be space for originality in each room. I hate it when I go from my room over to a friend's room and they have the same terrible mass-produced hotel art on the wall. When you see that you just realise these people don't care. This is just a factory to them."**

**"Luxury is nice, but it's much more important to me to stay in a place with a cool vibe than a luxurious one."**

**"You want to have a cool story to tell. Who ever tells a story about their stay at the Holiday Inn?"**

**"When I was younger I stayed at the kinds of places my parents stayed at. You know, mainstream hotels. I would look for things I was familiar with and stay there. And then I stayed at the Crosby in New York - a friend had recommended it. It blew my mind. I had no idea a hotel could be so edgy. So cool. I had never been to a hotel that I actually wanted to hang out at. This changed everything for me. I'll never stay at a mainstream hotel again if I can help it."**

**"I don't like chain hotels. They are too expected. Too cookie-cutter. They are like the bad art they hang on the wall, there's just nothing original or interesting about them."**

**"It's so easy to make a room look like someone put some effort into it. At home you don't usually want to make really bold choices with your decor, you want it to be more neutral. But when I travel I want to be transported. I want to feel like this is nothing like home. That's why I travel."**

## INSIGHT 3:

## Customers plan and book their trips in moments of inspiration.

Capturing their sense of adventure and imagination in this moment is the key to engagement with your properties and your brand.

### Social media is the gateway to dreams

Most customers carve their future travel bucket list out of what they see on social media. They get inspired watching their friends exploring the world, and want those experiences for themselves. They travel vicariously with influencers they follow, jealously coveting the adventures they have and the fabulous places they stay. It is frequently in these moments of online inspiration that they start planning their next trip.

*"I find all my ideas of where to go next on Instagram. I get so inspired by the pictures and think, 'I have to go there.'"*

### Dress the window well

Customers see a hotel or hostel website as its front window. They expect you to dress it well.

Customers spring from the moment of social media inspiration into action. They often save or bookmark the picture or blog they have fallen for and head directly for that hotel's website and reviews. The key to capturing their next booking is ensuring your website and reviews live up to the social media hype. Your online face needs to be as hip, inviting and cool as the Instagram bait the customers have clicked on. If it's not, they will bounce and find another place that has a website that lives up to their dream.

The website also needs to provide the key to the door. Customers are frustrated and angry when they cannot book easily online. They equate bad tech with bad service and will look to find something better.

*"If a place doesn't care enough to design a cool, hip, beautiful website, they're not going to care enough to create a beautiful space."*

*"If I fall in love with a place I want to make a reservation right then. I want to know I have it. If I can't book online right away I get suspicious. Will the in-person service be bad too?"*

## INSIGHT 3:

## Customers plan and book their trips in moments of inspiration. (con't)

### Research, research and more research

Once inspired, customers research travel and accomodation options in depth and with pride. They brag about “doing a lot of research” and “being really good researchers.” They read reviews, travel magazines, blogs, and social media postings. Their time and their money is precious and they don’t want to spend a single minute or dollar on a hotel experience that isn’t amazing.

If they end up at a crappy place, they feel guilty and blame themselves for “not doing enough research.” They will share the story of their bad experience - including photos - far and wide to ensure others don’t make the same “stupid” mistake they did.

***“When we end up at a terrible place I feel bad. I feel like I failed. Like I didn’t do my research.”***

***“If you’re going to spend money every night you want to make sure it’s money well spent. Especially now that I’m older and have a real job I only have a fixed number of vacation days a year. I do my research so I can make sure every single one of those days is awesome and that I’m staying someplace worth my time and my money.”***

### The Instagrammable moment

As the JUCY team is already well aware, once customers arrive on your doorstep they will be looking for ‘Instagrammable’ spaces and moments to share in their own feeds. It will be critical to your marketing that you provide them.

Give your customers a good picture and story to share, and they’ll share it for you. They want their accomodation to be a key part of their travel narrative.

***“Of course I want to share my travel experience. Who wouldn’t?”***

***“I try to be in the moment, but admit I’m also thinking, could I post that?”***

**"I'll see a place on Expedia or hotels.com or TripAdvisor, but what really sells me is the hotel website. That's what will really bring me in."**

**"To me doing good research means checking all the channels - websites, friends, blogs, photos, reviews. For me the most influential are reviews with real-life pictures. Those have a date so you know what you're really getting."**

**"I'm totally inspired to travel by what I see on Instagram."**

**"I don't depend on reviews and things like Yelp for all my research. I seek out blogs, travel articles - stories. I want to read people's travel stories - about their full, lived experience, and decide if I want that experience too."**

**"If you're the one finding a place for your friends there's a lot of pressure to get it right. You have to do a lot of research. You have to read all the reviews. They're counting on you to find them THE place to stay."**

**"If I'm booking a hotel in America it has to have a great website. That's what ultimately lures me in to make a reservation. When I travel overseas I don't care as much. I just assume most places don't have the advanced tech that we have here. It's weird, I guess that I might find a terrible website in Thailand almost endearing while here it would just piss me off."**

**"In my experience if the hotel website is terrible, the hotel will be terrible."**

## INSIGHT 4:

## Customers want the accommodation experience to be a key component of their travel adventure.

Experience-driven travellers aren't just looking for a place to crash, they're looking for a place to hang out and hold court.

### The hotel lifestyle

Customers believe the nature of travel is changing. They believe for their parents generation a trip was all about what you did when you got to your vacation destination. They were raised thinking a hotel was just a place to sleep in. As long as it was clean and safe, the actual hotel wasn't considered a critical part of the vacation experience.

This is no longer the case for the majority of experience-driven travellers. They expect exploring the hotel to be part of the travel adventure. They believe hanging out at cool hotels - even for locals - can be a lifestyle. It's not just a crash pad anymore.

***"When I travel it's a lot about the hotel. I want to love my hotel and to want to hang out there on my trip."***

### Local vibes

Customers want their hotel or hostel to reflect the local vibe and culture. They hate walking into a sterile, generic lobby that could be anywhere in the world. They want their accommodation to bring together the people, food, energy and personality of all things local. They hope this will make their hotel feel authentic enough to draw in locals so they can meet them.

***"I want the place I stay at to be part of the experience, part of the adventure. I want it to bring it all together for me - the people, vibe, and culture of the place that I'm visiting."***

### Bring them together

For many travellers, warm, inviting common spaces are the key to a successful trip. One of the biggest reasons they travel is to meet other like-minded people, and they need places to do that.

Customers want carefully crafted common spaces and activities (eg. bars/coffee carts/live music/yoga/pub crawls/games/shared meals) that bring people together and invite them to stay, socialise, and hold court for any local friends who come to visit.

***"To me travelling is meeting new people. If you're just going to lock yourself in your room you could be anywhere. You could be at home. So why go?"***

## INSIGHT 4:

## Customers want the accommodation experience to be a key component of their travel adventure (con't)

### Let them work alone - together

Many customers are travelling for business or work as digital nomads. They want to be able to work alone - together. They don't want a "crappy" outdated business centre tucked away in a far-off corner of the hotel. They want work-conducive tables, power outlets and good wi-fi that allow them to be able to work in the middle of the buzz. For most of these customers business travel is not a burden, it's an opportunity for more adventure.

***"I do a lot of freelancing, so when I travel it is often for work. I hate working in those crappy old business centres in mainstream hotels. I like to work in the lobby or the bar where I can check out the scene."***

### Be the epicentre of social interactions

Customers want to meet people at the hotel or hostel and have the rest of their social interactions ripple out from this epicentre. This could mean going out to do things with people they meet at the hotel or bringing local friends in to visit. Because of this, it's important to them that people not staying at the hotel or hostel have access to the bars, pool and other common spaces. They don't mind if the individual rooms, especially dorm rooms, are on 'lockdown' and available only to hotel and hostel guests, but they don't want their guests to feel policed or harassed in the common areas.

***"If I meet new friends and want them to join me for a drink or dinner, or want old friends in the area to come visit me I don't want the hotel staff hassling them."***

### Personalise it

Customers want personal service. They want to be treated like individuals who are seeking their own unique adventures. They like it when staff know their name and when they try to get to know them before making a recommendation. They love when hotel communications are personalised, and when loyalty and rewards programs feel spontaneous and personal. They don't necessarily want to collect Marriott points, they want their hotel staff to thank them for their loyalty both verbally and through 'personalised' perks like free food or drinks, a room upgrade, or an upgraded amenities pack.

***"It feels good when the staff know you're a regular and they welcome you back with a free drink or a room upgrade. Something that feels special."***

**"I want to stay in places that have a personality. That are all different. Even if it's a chain I want each place to feel unique and have the personality of that location. I'm looking for a different vibe in Chicago than I am in Austin. "**

**"When I travel domestically a lot of times it's to meet up with friends so I want to stay someplace really cool so my friends want to come to me and see me at my hotel. I want to give them a cool experience too. "**

**"I feel like hotels like Freehand or Mama Shelter are making hanging out at hotels a lifestyle, even for locals. I spend time in both of these hotels even though I'm a local and I'm not staying there because they have such a cool vibe. I want to be there. I'd never go to a Sheraton in LA, but I'll go all the way across town to go to Mama Shelter. "**

**"People need something to gather around, something that gives them a reason to stay and hangout in the common spaces. Like a bar, or a coffee cart. "**

**"Things are changing from when I was a kid and my parents just wanted to stay in a safe, clean, dependable chain hotel. Today a hotel isn't just a place to crash. It's a place you could spend your whole vacation. So you want to make sure you do your research and find the right place. "**

**"Places like Sheratons and Marriotts are all the same. Once you step in them you could literally be anywhere. What's the point of travelling to stay in a place where you could be anywhere?"**

## INSIGHT 5:

## Good ammenities bring customers joy.

Carefully chosen and crafted ammenities are your customers' love language. They want to know you understand and care about their needs.

### Know what I need

Customers crave recognition. They want to know that hotel and hostel staff really see them, know them, and care about how to meet their individual needs. They are annoyed when they feel an accomodation provider isn't in touch with the lifestyle of the modern traveller. If a hotel doesn't provide things like free wi-fi (preferably without an "annoying" password they have to remember to sign-in), three prong electrical outlets for their devices, the ability to charge their phones by their beds, places to hang wet clothes and towels, and hangers in the lockers or closets, customers think the hotel is too out of touch with their lifestyle to provide the kind of experience they are looking for.

***"If you don't know enough to know people in my generation want a phone charger by the bed you've never met any of us."***

### Get the party started

Customers love anything that can help them set the scene for their travel adventure. A bluetooth enabled speaker, a travelling drinks cart, or high quality in-room snacks are all celebrated as ways to get the party started while they get dressed and ready to head to the common spaces or out for the night.

***"My current favourite hotel amenity is a bluetooth speaker. I love this, especially when travelling with friends. Being able to play good music while we get ready totally sets the scene."***

### The way to their hearts is through their stomachs

Customers like having the option to eat and drink at their hotel. They want to have good coffee and healthy, high-quality breakfast options on-site so they don't have to run out of the hotel first thing in the morning. They also want a great bar serving locally-inspired snacks where they can grab a drink and an appetiser before they go out, or a snack after they return late at night.

***"Pre-bed snacks are so important to me. I want to be able to get something to eat late at night when I get back to the hotel. There should be snacks available at the bar or in the room."***

## INSIGHT 5:

## Good ammenities bring customers joy. (con't)

### Gear up

Customers love having the gear they need to participate in local activities (e.g., bikes, scooters, surfboards, beach towels) available for loan or rent at their hotel or hostel. They want whatever they need to explore and fully engage with the local environment to be easy to access so they don't have to waste time getting kitted out for their day's adventure.

***"When I travel I want to do what the locals are doing. If they are surfing, I want to surf. If they are biking on the trails, I want to cycle. It's great when your hotel can gear you up for that."***

### Be unexpected

Customers are chuffed when a hotel or hostel provides them with the ammenities they need to engage with the local environment. They are impressed when their accomodation provides unexpected things like SPF lip gloss if they are in the desert, ear plugs if the club next door goes late, or an outdoor space to wash off sandy feet if the hotel is near the beach. These targeted ammenities makes them feel like a local knows what they'll need for an awesome experience, and cares enough to provide it.

***"I went to this place once in the desert that provided free sunscreen and chapstick in the ammenities basket. I thought that was so cool and I never forgot it."***

### Be generous

It brings customers joy when hotel staff come around the common areas with something complimentary, like nuts, frozen grapes or locally sourced snacks. This makes them feel special and they appreciate the opportunity to easily and naturally chat with the hotel staff sharing the goodies.

***"I absolutely love it when the staff come around the common areas or the pool with complimentary treats. It doesn't have to be anything big or fancy, just something that makes you feel special and gives you a chance to meet the staff."***

***"It brings me so much joy when the hotel staff comes around with something like complimentary nuts if you're in the lounge or bar, or frozen grapes if you're out by the pool. "***

***"I love when places have a phone charger next to the bed. This makes me think, They get it! They know how life is lived these days! They know we all wake up and reach for our phones and we don't want to have to get out of bed to do it. "***

***"I love odd amenities - chapstick, condoms, mouthwash - the things most hotels don't offer because then I know I chose a good place to stay. "***

***"I really like cool amenities that are locally sourced. Like locally made soap, or snacks made in the town I'm visiting. Something I might want to go out and buy to take home. "***

***"I'm pretty health conscious so I drink a lot of water. I like when places have filtered water I don't have to buy. "***

***"You've gotta have good wi-fi. No matter how much you tell yourself you want to turn it off you end up wanting it. There just ends up being stuff you want to look up".***

***"I hate having to pay for wi-fi. If you're going to charge me build it into the price, but don't ask me for money for wi-fi once I arrive and don't limit my time on it. That just pisses me off."***

***"I like there to be snacks or cookies or something available when I get back to the hotel at night. "***

## INSIGHT 6:

## Customers are health and eco-conscious.

They want the things they eat and the products they use when travelling to be good for them, and good for the earth.

### Fuel me for my adventure

Customers want healthy food options at their accommodation. They don't want to eat a breakfast - even if it's free - that is just a bunch of processed food loaded with sugar. They want to be well fuelled for the adventures ahead. They also want healthy snacks available in their room or in the lobby that they can grab to take along on these adventures.

***"I want a healthy, quality breakfast to be available. Really good granola, fresh fruit, eggs, spinach. It doesn't have to be super fancy or gourmet, but it should be healthy so I start my day off right."***

### Help me hydrate

Customers want easy, free access to filtered water. Having to buy water irks them, both because of the cost and because they hate the use of plastic bottles. One participant said her dream hotel would offer guests reusable water bottles upon check in and then refillable water bottle stations and ice on every floor.

***"It would be really cool if places gave you a reusable water bottle when you checked in and then had fill stations in the hallways. It would be a win-win. I get hydrated and the hotel gets free advertising when I walk around with their bottle."***

### Reduce, reuse and recycle

Customers want their accommodations to be eco-friendly. They want to see room service delivered in reusable or eco-friendly packaging. They want shampoos, lotions and other products to be free of chemicals. They want recycling bins where they can dispose of their goods. Things like plastic straws, water bottles and Keurig-type coffee makers anger and offend them.

***"When I see a Keurig coffee pod machine in a hotel room I get so mad and think, Seriously? Who doesn't know these are killing the planet? What is wrong with this place?"***

## INSIGHT 6:

# Customers are health and eco-conscious. (con't)

## Keep it green

Customers love places that feel alive. They are drawn to windows and sky lights, natural light, live plants and greenery. They believe if a place is caring for live plants they are constantly engaged with their space and decor.

*"I'm drawn to places that have really beautiful native landscaping. I like seeing the local plants both inside and out. A place with a lot of plants and greenery feels more alive to me. And then I feel more alive in those spaces."*

*"The vibe of a hotel that appeals to me is calm, peaceful, inviting, but also with a hint of fun to be had underneath. I like the decor to be artsy, vintage with a hint of modern. I also like lots of plants and natural materials. Beautiful fabrics. Nothing plastic. Nothing all white. Nothing sterile that makes me wonder if I wandered into a hotel or a dentist's office."*

## The draw of natural materials

Spaces that integrate natural materials like wood, stone, metal and brick make customers feel warm, cozy and comfortable. Travellers want to lounge in and engage with these spaces.

They are turned off by plastics and synthetic fabrics that feel cold, sterile and cheap to them. These materials remind them of hospitals and airports, places they normally want to get out of as quickly as possible.

*"The hotels that stand out to me and that I remember and tell others about have rich colours, materials, textures. They use local natural materials in beautiful, eco-friendly ways."*

***"I won't do fast food. Even when I'm travelling. I always regret it when I do it because I just end up feeling sick for the rest of the day."***

***"When I travel I hate that I often feel unhealthy, or like my only food and beverage choices are unhealthy choices. My favourite places I've ever been are the ones that offered healthy, fresh, local food. I want to taste the flavours of the place I am in, not the flavours of fast food."***

***"I love a place that has a lot of live plants, a lot of greenery. A place that feels alive and cared for. You know someone has to tend to those plants all the time, which means the staff is engaging with the decor at some level. They haven't just dumped some fake plant in the corner before opening day and then never touched it again."***

***"I'm always drawn to natural materials - wood, stone, steel - and earth tones. These things feel warm and inviting."***

***"When I travel internationally I always want breakfast to be included because I'm curious to eat the local cuisine. When I'm in America I could care less because I just assume the breakfast will be crap. Usually free breakfast here just means a ton of processed sugar-filled junk that sets you up all wrong for your day. I do like healthy breakfast options to be available to purchase though, at an attached restaurant or cafe that has high quality healthy options. I'd always rather pay for good food than eat some crap for free."***

# Additional themes

**Additional themes**

# We found some additional themes too.

These are less critical than the insights, but good to have back of mind as you move forward.

**1) Nickels and dimes**

Don't nickel and dime customers. They get furious when you hit them up for extra charges upon arrival. They would rather you build small costs for things like lockers or wi-fi into the original price of the room than ask them for more money when they get there.

**2) Don't let the bed bugs bite**

Cleanliness is the most important factor for customers. They don't need things to be fancy or luxurious, but they do need it to be clean. The number one reason they will not make a booking somewhere is previous customer complaints about cleanliness.

**3) Game on**

Many customers want a way to watch their favourite sports while they travel. They don't necessarily need a TV and cable in their rooms, but they need to have a way to watch the game of the day in the common spaces or at a nearby sports bar.

**4) Cooking is for the birds**

While most customers like having a refrigerator and microwave available somewhere in the facility, most would rather have healthy, well-priced F&B on offer than a kitchen they can cook in. When they're on holiday they don't want to spend time cooking and cleaning.

**5) Don't take me to a place - take me to THE place**

Offer opportunities for authentic experiences. Customers want to engage in local activities - led by locals, not massive tour companies. Customers are suspicious of any experience that feels canned or like they are being brought somewhere because the hotel proprietor is getting a kick-back. They'll be more drawn to a pub crawl if they know it's not the same tour every night and instead believe the guide is picking places to share with them based on what she thinks that particular group will like.

**6) Keep me safe, but don't scare me**

Customers want someone at the front desk 24/7 both to help them with any issues that come up any time of day or night and to keep an eye on who is coming and going. They want a safe, locked place to store their things and a room key that only works for the people staying in their room. Too many safety measures in place, however, makes them nervous. Then they start to wonder, should I be worried?

**7) Remember, we're people-people**

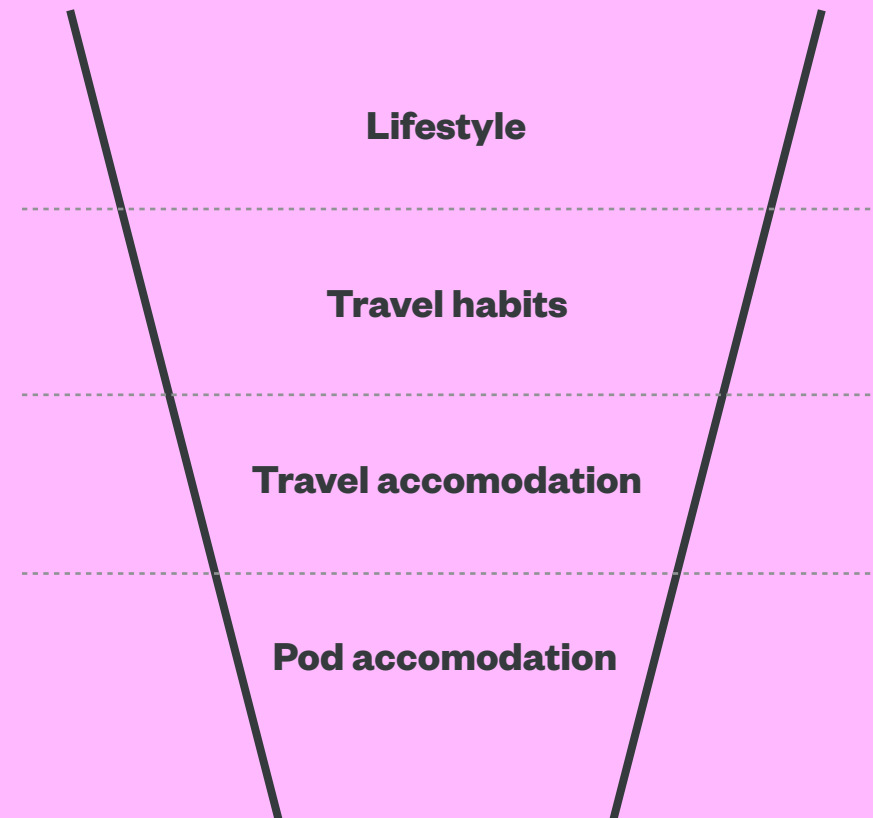
Customers who are drawn to this type of accommodation are looking for social interactions. They are there in large part to meet people. They enjoy talking to people, including front desk staff, bartenders, baristas, concierges, food servers and the guy who puts the towels out by the pool. They crave these face-to-face interactions. Don't automate everything - this isn't the right crowd to win over with too many tech tricks.

# Key human needs

Identifying essential **human needs** is a critical component of Empathy ethnography. When used in conjunction with the key insights, these needs become an invaluable resource in understanding and developing future value.

During our fieldwork we dug deep to uncover customer needs at four levels: general lifestyle, travel habits, travel accommodation and pod-style accommodation.

The following pages identify these needs for use as a platform for new product and services generation.



**Key human needs:**

## **General lifestyle needs at play**

It's worth remembering a few key lifestyle needs at play that influence this customer type.

*I need...* to engage with likeminded adventurous individuals

*because* these people inspire me to travel, try new things, and become the best version of myself.

*I need...* to be treated as an individual

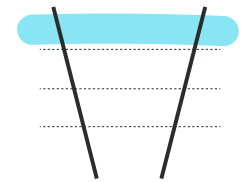
*because* I believe in my own self-worth and am offended when I am treated like a number.

*I need...* to immerse myself in new places and cultures as often as possible

*because* I believe that I am a better, more tolerant, broader minded person when I take the time to deeply engage with other cultures.

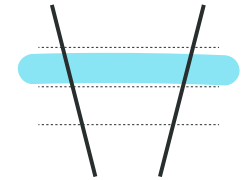
### **What the general lifestyle needs mean to JUCY Snooze**

Find simple, authentic ways to show customers you value them as individuals. Design spaces and curate experiences that encourage customers to engage with each other and locals. Provide opportunities for customers to educate themselves about and immerse themselves in the local culture.



**Key human needs:**

## **General travel habits needs at play**



It's worth remembering a few key general travel habit needs at play that influence this customer type.

*I need...* to engage in extensive research before I travel

*because* I have limited vacation time and resources and don't want to squander them on bad experiences or boring accommodation. I feel guilty if I choose a bad place to stay.

*I need...* to feel transported when I travel

*because* what's the point of travelling if I end up somewhere that feels just like home?

*I need...* to explore the places where the locals hang out, eat and drink

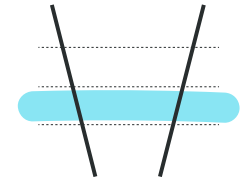
*because* I believe this is the only authentic way to experience the real culture of the place I am visiting.

### **What the travel habit needs mean to JUCY Snooze**

Create a website that excites customers at the moment of inspiration when they are trip planning. Ensure the online experience transports them to a new world and shows them that your accommodation will meet their needs and live up to their dreams. Provide customers with opportunities to meet and get advice from locals on what to do and where to eat and drink.

**Key human needs:**

## **Travel accomodation needs at play**



It's worth remembering a few key travel accomodation needs at play that influence this customer type.

*I need...* to discover hotels that reflect the local area I'm visiting

*because* the reason I travel is to engage with new people and cultures. I don't want to stay in a place that feels like it could be anywhere once you step through the doors.

*I need...* to feel comfortable hanging out in warm, welcoming , beautifully curated common spaces

*because* I don't want to hang out alone in my room. The biggest reason I travel is to meet new people.

*I need...* to see evidence that my hotel is clean and safe

*because* if it isn't I will worry about things like bed bugs and thieves and won't sleep well or enjoy my stay.

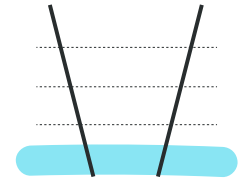
### **What the travel accomodation needs mean to JUCY Snooze**

Find ways to reflect the local vibe and culture in each JUCY Snooze location. Keep rooms and bathrooms clean and immediately address any complaints about cleanliness. Create food and beverage options that reflect local cuisine and are cool enough and authentic enough to draw in the locals. This is who your customer wants to meet and invite in for a visit.

**Key human needs:**

## Pod accommodation needs at play

It's worth remembering a few pod accommodation needs at play that influence this customer type.



*I need...* to know I would have good ventilation in the pods

*because* I'm afraid I'll feel claustrophobic once I close the privacy screen if the airflow isn't good.

*I need...* to surround myself with natural, preferably re-purposed materials instead of plastic

*because* I'm eco-conscious and don't want to feel like I'm sleeping in a McDonald's playground.

*I need...* to believe my pod has unique, hand-picked, locally sourced decor

*because* I recoil from anything that feels sterile, generic or mass-produced.

### What the pod accommodation needs mean to JUCY Snooze

Incorporate more natural materials (wood/stone/metal) into the design of the pod rooms. Find ways to individualise the rooms or individual pods with local art, fabrics, rugs, and bedding. Ensure customers via your website that there is personal ventilation controls in the pods and consider adding windows to the individual pods or pod rooms.

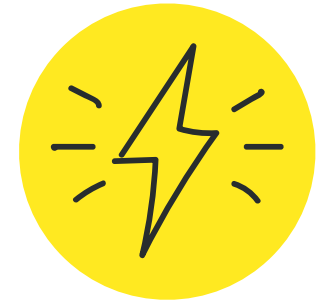
# Customer Value Statements

The research revealed key areas where JUCY Snooze can deliver **meaningful value** to experience-driven U.S. travellers.

**Customer Value Statement 1:**

# Be the destination, not the jumping point.

Design accommodation options that become a unique part of the travel experience, not just the springboard to adventures outside your walls.

**Be the technicolor, not the black and white backdrop**

Unless they are looking for a cheap and cheerful place to sleep because they are in town for a specific event (sport/music/wedding, etc.), customers are increasingly wanting their hotels and hostels to be key players in their travel adventures.

Aim to be the technicolour in their vacation, not the backdrop that fades into the distance of their photos, social media feeds and memories of the trip. Avoid the mass-produced, sterile, generic furniture, fixtures and decor they despise mainstream hotels, and instead steep your properties in the rich colours, fabrics and natural materials your customers are craving. Instead of focussing on creating a single 'Instagrammable' spot, design a series of carefully crafted spaces your customers will want to sink into, immerse themselves in, and share across their social circles.

**Offer a deep dive into local culture**

Experience-driven travellers have a near insatiable thirst for local culture. They want to do what the locals do, eat where they eat, and hang out with them at the best 'hidden gems' in town.

Help customers immerse themselves in local culture the moment they arrive at your hotel. Ensure decor, food and beverage options, activities and excursions reflect the local vibe. Hire locals to staff your front desk, bars and restaurants so they can be the local your customer wants to meet. Create a work environment that encourages staff to ask questions and get to know guests before they make recommendations.

Remember that customers only "hate chains" when they feel like chains. They are happy to keep going back to the chains they know will fully embrace the local in each new city they expand into.

**Become a lifestyle destination**

Customers increasingly see hanging out at hip hotels as a day-to-day lifestyle choice, not just a place to go when on vacation. If the vibe is right and the lounge or bar is hopping, locals will become customers even in their own hometowns. They will eat in your restaurants, drink in your bars and hang-out with your out-of-town guests, which is exactly what your experience-driven guests are looking for.

In order to do all of this, you have to build something special. As one participant said, "There is no way I'd ever go hang out at the bar at the local Sheraton."

Many customers listed a roof-top bar as a top reason they will patronise a hotel in their home town. Others said they gravitate to local establishments if they offer live music or an interesting eclectic restaurant experience that can't be duplicated elsewhere. Just like your out of town visitors, the locals want to be at THE place in town, not just a place.

**Customer Value Statement 2:**

# Show them you know them.

Lean into this research and your immense background knowledge about world travellers to ensure customers that you truly understand what they need.

**Meet their modern needs**

Provide amenities, F&B options and common areas that meet the needs of modern customers. Show them you understand how people today live their lives.

This means providing up-to-date technology, including fast, free wi-fi, phone charging capability by the beds, three prong outlets, and good work surfaces in the common areas for digital nomads and business travellers to work in the heart of the action.

It also means providing check-in capability 24/7 because customers want the flexibility to arrive at all times of the day and night. It means providing food and beverage options open for late-night drinking and snacking, and it means creating policies that allow customers to invite guests into the hotel common areas.

**Tap into their inner eco-warrior**

Customers are increasingly demanding their accommodation reflect their personal values.

Most experience-driven customers, especially in Southern California, are health and eco-conscious. Providing them with free filtered water, recycling bins, biodegradable or reusable room service packaging and eco-friendly amenities show them your company shares their values and is dedicated to promoting good health and sustainability.

Similarly, providing healthy snacks and meal options, especially options that cater to west coast U.S. diets which are often vegan or gluten/lactose free shows that you care about the health and happiness of your customers. They want you to care about fuelling them for a successful day of adventuring, not feeding them cheap processed food that will result in a late-morning sugar crash. They are willing to pay for and invest in these healthy options.

**Make them feel special**

Nearly every customer we spoke to talked about the need to be treated as an individual when they travel. They want staff to know their names and to care what they are interested in before they make a recommendation. They love getting individualised loyalty rewards like upgrades and freebies and are excited when staff introduce them to the hot local spots.

Customers also gain an enormous amount of joy out of an individualised room. They don't want to feel like their room is a cookie-cutter version of every other room in the hotel. They seek out hotels that have small, individual touches in the decor, artwork and amenities that make them feel special, and assure them somebody cared enough to curate a beautiful, special experience for them.

**Customer Value Statement 3:**

# Be a source of the unexpected in their travel expeditions.

Offer your adventure-driven guests a place to explore.

**Don't be their parents' hotel**

Customers believe the nature of travel is changing and that what they are looking for in a hotel looks nothing like what their parents were looking for in a hotel when they went on childhood family vacations.

Customers think their parents were mainly looking for consistency in their choice of hotel and that once they found a brand or chain that met their needs they stuck with it because it was comforting to know what to expect and because they could rack up loyalty points to put towards free future stays.

Not only will today's experience-driven travellers recoil from the thought of staying in a generic chain, they will go out of their way to avoid it. They are disgusted by the thought their accommodation experience would be safe, predictable and expected. They are also much less concerned with loyalty points. They would much rather stay in a cool, unique place than somewhere that will give them points.

**Go the extra mile - customers are willing to pay for it**

Designing and crafting unexpected accommodation experiences might be more expensive than mass-producing a chain of hotel 'factories,' but customers say they are willing to pay more for unique, culturally immersive, memorable accommodation experiences.

Most are also quick to note that the things they want in their ideal accommodation don't have to be luxurious or expensive. Nearly everyone we spoke to said they would choose simple, hand-picked, locally sourced decor over ornate luxury. They would rather pay a few dollars more to have eco-friendly amenities than save the buck and be presented with products they don't feel safe putting on their bodies. They'll invest in organics and a healthy meal because they believe they are worth it and they don't believe in letting their healthy habits go just because they are travelling.

**Build a community of followers**

Experience-driven travellers find their accommodation inspiration primarily through social media, travel magazines and blogs, personal recommendations and online reviews. If you can build an online community of brand advocates, they will build a community of followers for you.

Catching their attention is the key. Many customers talked about how much they loved places that did something really unique and special. Even years later they are still talking about the B&B that served fresh baked pie on the roof-top veranda every night, the hotel that had a roaming drinks cart that stopped by their room to offer them a cocktail, or the hostel that had staff circulating around the front porch handing out snacks and chatting with guests.

Finding a signature offering or gesture could be the key to creating accommodation options your customers love, remember and share.

[REDACTED]  
 [REDACTED]  
 [REDACTED]

Government	Percentage
Current government	65%
Previous government	35%

Empathy®

## Representative Site Visit

<b>Date:</b>	3/27/19	<b>Location:</b>	Virtual (Skype)	<b>Project Visited:</b>	CaRE/Stay Open
<b>Port Attendees:</b>	Penny Maus, Dept. Mgr. Bus. Dev. RE  Tara Henos, Asset Mgr. Bus. Dev. RE		<b>Management Team Attendees:</b>	Tim Alpe Andrew Swerdloff Steve Shpilsky	

### Meeting Summary:

Q.1	<b>Approach to the Project: As a newer concept, how do you plan to ensure success?</b>
A.1	<p>Jucy Snooze and CaRe have worked together on previous projects. Jucy has opened two in New Zealand and are partnering with CaRe to open the new concept, Stay Open, in Hollywood and in Santa Monica. In addition to the available financing that CaRe has, the full team has also done market research with Empathy Research Company out to Americans about what would work and wouldn't work regarding Jucy Snooze. This gave them the idea to rebrand to Stay Open, which doesn't change the concept, but changes the name and the color scheme and additional ensuite rooms if the market demands it.</p>
Q.2	<b>Approach to the Project: How do you plan to activate spaces both for the public and guests?</b>
A.2	<p>The second floor will be a pizza restaurant, bar, and common area seating. The first floor will also provide a lobby type of environment with open seating. Both spaces will be open to the public and guests. The proposed project will require the public to go through the front doors of the building to reach the upstairs, which will be secured from the Port building. The team also proposes an extensive marketing plan, working with local events, showcasing pods, social media (Facebook, Instagram, Twitter, Pinterest), OTA's, advertising, search engine optimization and partnerships. The team also suggest large billboard advertisements and large signage at the San Diego Airport.</p>
Q.3	<b>Project Team and Relevant Experience: How familiar are you with the CEQA and Coastal process? How will a longer project schedule affect your project proposal?</b>

A.3	<p>The team's legal counsel has gone through the CEQA/Coastal Process, however, individual members have not. They have reached out to Pacifica, who has previously worked with the Port and will help guide the team throughout the process. The team has also hired Armbruster, Carrier Johnson to help rely on them during the entitlement process and would also like to hire a local consultant.</p>
-----	--

### Project Specific Questions

What role are they proposing that the entitlement attorney (Armbruster, Goldsmith, Delvac LLP) will have in this project?

Armbruster, Carrier Johnson – existing relationship on previous projects. Relying on them during entitlement process, along with local help. Pacifica – previously worked with the Port.

At what point are they anticipating to have the in-lieu fees in hand?

ASAP, but they understand they need to commit all equity at first, then draw the in-lieu fees after the project and use of the in-lieu fees are approved.

Can they provide more information on where they are in the development phase (ideally the entitlement phase) for the STAY OPEN Hollywood and STAY OPEN Santa Monica pods?

Hollywood – start converting rooms into pod rooms within 3 months (44 rooms) existing motel. Budgeting/Planning phase. Redesign to Common area.

Santa Monica – pre-application meeting a few weeks, design/planning phase, opportunity to lease a building 11,000 sqft.

Is the second floor (restaurant, communal space, pod rooms) necessary to the success of the development?

Yes

On the Site Plan, is the “Nest” adjacent to Pacific Highway the location for the shared bikes, etc.?

They will show a 3D in the interview that will give a better perspective.

Unclear if the proposed 12,820 square feet development site area includes the required parking.

Our proposed driveway access and parking lot footprint is ±21,400 sqft to accommodate 42 parking stalls to meet zoning parking requirements (CC-4-2). Please see attached Responses to District Clarification Questions emailed on March 20, 2019.

As the Property is located in a Transit Priority Area overlay, it qualifies for reduced parking requirements. Moreover, given the Hotel's close proximity to the Airport, the Airport shuttle drop-off and pick-up location, public transportation, and the make-up of our Hotel guests who are anticipated to utilize shared transportation, electric scooters, and public transportation, we propose a reduced parking requirement. To accommodate 25 parking stalls and driveway access, STAY OPEN San Diego would need a footprint of ±13,000 sqft vs. ±21,400 sqft of land; a footprint reduction of ~40% to free up additional land for the redevelopment of the remaining parcels.

Parking ratio of about 0.18 spaces/bed. Is that the typical ratio in their other POD projects?

No typical ratio for POD projects.

Will ensuites have twin or full beds?

"Private rooms" twin, queen or family – open to options. 225 sqft per room – 8 pods or a room.

Are you increase the footprint of the Annex?

Footprint isn't changing. Extend the front of the building – replacing wall with glass and enclosing.

How will the public get access to the restaurant and amenities upstairs?

Looking for feedback from the Port on how best to share rooftop access.

Two elevators – are you planning to fix the existing one?

Full gut, two new elevators.

Two floors – what is the height of the whole structure?

The proposed building height is ±30 ft, including the lightweight steel structure on the rooftop to provide a 2<sup>nd</sup> story of accommodation and common space. The ground floor building height is ±15 ft and the second story is ±15 ft.

How many ADA parking spots and beds will you have?

Plan to stay in compliance with ADA.

Schedule – What if your schedule doubles the amount of time?

They are targeting San Diego as a market and understand entitlements may take a bit longer. While they would like to move forward as quickly as possible, they are committed to the project, even through delays or a longer timeline.

**Photos:**

**Please view link below:**

<https://www.dropbox.com/s/4h07vq97kiqzc8g/Unveil%20Films%20CHC%20Original%20%281920%20x%201080%20-%2020201.122MB%29.mp4?dl=0>