Site Selection Checklist

Some of the major variables clients of Jack Muellerleile use when choosing a property on which to build an EXPRESS Exterior Tunnel Carwash (ECW) are shown below. They pay him $5000 to analyze these variables, determine the findings and prepare a chart setting forth the washed car volume and EBITDA which may be expected at the subject site assuming the facilities are designed correctly, properly built & equipped, the wash services are priced competitively, the business is well managed and aggressively operated until the 'seasoned washed car volume' is reached and beyond.

NOTE: Some of the items listed below are investigated by the client's architect or the client itself.

	Variable	**Jack & his consulting clients look at these things.**
1.	Current demographics within a 1-3-5 mile radius	Want lots of rooftops and/or apartment doors. Also look at average household incomes, median income, average age, amount of vehicles in the area, what % is under the poverty line and % Latino and/or Asian present.
2.	Current Zoning	Will current zoning allow the use or will rezoning be required? Is a C.U.P. required?
3.	Property size, shape & dimensions	Ideally, one acre is desired. Further, a minimum of 185' - 225' along one lot line will be needed to allow the use of a 125 ft. conveyor. Room is needed for vacuum pads, queuing lanes and turning radiuses of 25'-30' each. Building on less than one acre is possible but everything will be reduced in size and it becomes more difficult to perform at high washed car volume.
4.	Approx. length of tunnel & space available for vacuum spaces and queuing lanes	The longer the tunnel and conveyor, the more equipment can be installed with proper, required spacing between the components. With ECWs, you need space for required motors in the drying area to insure a dry car. With high washed car volume, multiple queuing lanes are better and it has been determined with this model CW, the more vacuum spaces, the better.
5.	Visibility/exposure	Having the building and vacuum spaces clearly visible is ideal. If dimensions require the tunnel to be built perpendicular to the street, the entrance or exit should be close to the street for visibility. The initial decision to try out an ECW is usually made on impulse. Therefore, the existence of a "$5.00-5 Minutes-Free Vacuum" carwash sign needs to be seen soon enough to allow for safe lane changes and safe entry into the facility.
6.	Traffic Count	The higher, the better...so long as the demographics justify a new-to-industry or FSCW to ECW conversion at the subject location. The barest minimum count is 35,000 ADT.
7.	Traffic Speed	Extremely important. If the average speed is 50-55 mph or higher, drivers are usually going too fast to view the facilities or decide to access them at that time. Further, it's dangerous to exit the property into fast moving traffic.
8.	Ingress/Egress (entrance & exit points)	Is there direct access? Does a center median cause the customer to go past the location to the next intersection and make a U-turn, enter the facilities then repeat the

		process after leaving the facilities in order to continue traveling in the same direction she was headed in the first place? Must customers exit a highway and use a service road to access the location? Will customers be required to enter a large 'community' or 'regional' shopping center in order to access the location?
9.	Adjacent Surroundings	Adjacent residential neighbors may complain at the Public Hearing about noise created by the carwash equipment. While driving around the immediate area the types of housing are observed (SFRs, MFRs, Mobile Home villages) along with the types of vehicles on the roads. Is the neighborhood prosperous & growing, stable & mature or deteriorating? Locations in Industrial Areas must assume little or no business on weekends. Highly seasonal locations must consider the off-season traffic counts.
10.	Competing CWs in 3-mile radius	All carwashes within a 3-mile radius which serve the same flows of traffic are identified and commented upon. 1. Existing ECWs are of major concern but do not always kill the site. 2. FSCWs are only of concern if they can be economically converted to a high washed car volume ECW. 3. Inbay Automatics (rollovers) at gas stations are of little or no concern unless their tunnel can be lengthened and numerous free vacs added. 4. Self-serve Coin-ops are of no concern except for the number of customers to be cannibalized from them. NOTE: Some clients identify all CWs within the trade area.
11.	Space for additional services	A Drive-thru QSR and a quick service Coffee Shop are compatible uses for the surplus land if more than one acre is acquired.
12.	Cost of property or ground rent	Site selection is no time to be penny-pinching. Never be cheap when choosing a property. If the site can be expected to produce a high washed car volume and EBITDA, it is worth paying an additional amount to purchase it or a higher monthly rental simply because there is no substitute in obtaining the ideal site. Whatever amount you must pay for the desired property will be amortized over many years of operating. It will only require a small amount of increased volume to offset a high cost for the property or additional rent than was expected.
13.	Required entitlements, permits, setbacks, etc.	The City or County Planning Department / Jurisdictional Authorities are visited to determine required entitlements, permits, setbacks, landscaping requirements, etc.
14.	Preliminary title report to determine unrecorded easements.	One should be reviewed to determine recorded underground easements.
15.	Utility & sewer locations.	Rerouting utility and sewer lines or bringing them to the site can be quite expensive.

16.	Existing grades (high or low)	Are they too high or too low? If you have to remove or bring in dirt, it adds to the cost of your development.
17.	Off-site improvement requirements	If there are no sidewalks, curbs, gutters or area lighting, this cost could easily run $250,000.
18.	Is the property environmentally clean?	You want to be absolutely sure the property is environmentally clean. If debt capital is being used to fund the project, the lender will require a Phase I report that has been performed within the last six months.
19.	Is the property viable for an Express Exterior Tunnel Carwash?	Considering all of the above variables, is the property and location viable for an ECW?
20.	Is there a need for this type of business?	Is there a clear need for this type of business within this trade area?
21.	What 'seasoned' washed car volume and EBITDA may be expected here?	At this point a simple projection should be prepared which identifies what may be the reasonable washed car volume, average ticket, gross revenue and EBITDA (Earnings Before Interest Taxes Depreciation & Amortization) before deducting the annual NNN ground rent, if any, and the property taxes. These calculations are reflective of what the "seasoned level of business" may be after the ramping up period has leveled out.
21.	Should you proceed, go forward?	Should you proceed or fall back? When building an ECW there is little room for error. If the location measures up and is designed, built, equipped and operated properly, it can be incredibly lucrative.
22.	"High Washed Car Volume" and "Incredibly Lucrative" defined.	See the chart attached below.

The chart reference above appears below.

High Washed Car Volume at "Seasoned level" & Calculation Formula to get EBITDA	**Expected Annual EBITDA before rent & property taxes**
525 cars / day x 325 = 170,625 cars / year x $7.00 avg. ticket = $1,194,375 gross revenue x 60% =	$716,625
600 cars / day x 325 = 195,000 cars / year x $7.00 avg. ticket = $1,365,000 gross revenue x 60% =	$819,000
675 cars / day x 325 = 219,375 cars / year x $7.00 avg. ticket = $1,535,625 gross revenue x 60% =	$921,375
750 cars / day x 325 = 243,750 cars / year x $7.00 avg. ticket = $1,706,250 gross revenue x 60% =	$1,023,750
825 cars / day x 325 = 268,125 cars / year x $7.00 avg. ticket = $1,876,875 gross revenue x 60% =	$1,126,125
900 cars / day x 325 = 292,500 cars / year x $7.00 avg. ticket = $2,047,500 gross revenue x 60% =	$1,228,500
975 cars / day x 325 = 316,875 cars / year x $7.00 avg. ticket = $2,218,125 gross revenue x 60% =	$1,330,875
1050 cars / day x 325 = 341,250 cars / year x $7.00 avg. ticket = $2,388,750 gross revenue x 60% =	$1,433,250
1125 cars / day x 325 = 365,625 cars / year x $7.00 avg. ticket = $2,559,375 gross revenue x 60% =	$1,535,625
1200 cars / day x 325 = 390,000 cars / year x $7.00 avg. ticket = $2,730,000 gross revenue x 60% =	$1,638,000
1275 cars / day x 325 = 414,375 cars / year x $7.00 avg. ticket =	$1,740,375

$2,900,625 gross revenue x 60% =	
1350 cars / day x 325 = 438,750 cars / year x $7.00 avg. ticket = $3,071,250 gross revenue x 60% =	$1,842,750
1425 cars / day x 325 = 463,125 cars / year x $7.00 avg. ticket = $3,241,875 gross revenue x 60% =	$1,945,125
1500 cars / day x 325 = 487,500 cars / year x $7.00 avg. ticket = $3,412,500 gross revenue x 60% =	$2,047,500

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