Plan Commission
Meeting Agenda December 19, 2017
6:30 p.m. Village Hall Court Room
3930 N. Murray Ave Village of Shorewood, WI 53211

1. Call to order.
2. Roll call.
3. Approval of November 28, 2017 meeting minutes.
5. Public Hearing for agenda item.
6. Consideration of conditional use application for a proposed dog daycare/boarding and spa business at commercial property 2418-20 E. Capitol Drive.
7. Adjournment.

Dated at Shorewood, Wisconsin, this 11th day of December, 2017

Village of Shorewood
Sara Bruckman
Village Clerk

PLEASE BE ADVISED THAT A REPRESENTATIVE OF THE APPLICANT FOR THE AGENDA ITEM MUST BE PRESENT AT THIS MEETING.
Should you have any questions or comments regarding any item on this agenda, please contact Bart Griepentrog, Planning Director, Planning & Development Department, at (414) 847-2640.
Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals.

It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information; no action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice.
1. **Call to order.**

   The meeting was called to order at 6:30 p.m.

2. **Roll call.**

   Chair Tr. Guy Johnson  Aye  
   Tr. Michael Maher  Aye  
   Tim Hansmann  No  
   Eric Couto  Aye  
   Chris Gallagher  Aye  
   Barbara Kiely Miller  No  
   Nate Piotrowski  Aye  
   Leah Blankenship  No  
   Dan Wycklendt  Aye

3. **Approval of July 25, 2017 meeting minutes.**

   Mr. Gallagher moved to approve the minutes, seconded by Tr. Maher. Tr. Maher noted two grammatical errors on page two of the meeting minutes. Vote 6-0 to approve as noted.

4. **Statement of Public Notice.**

   Staff posted and publicly noticed according to local and state regulations.

5. **Public Hearing for agenda items 6a and 6b:**

   Chair Johnson opened the public hearing at 6:33 p.m. With no public comments, the public hearing was closed immediately.

6. **Consent Agenda:**

   a. **Consideration of conditional use application for installation of solar panels at residential property 4485 N. Woodburn St.**

   b. **Consideration of conditional use application for installation of solar panels at residential property 2415 E. Kensington Blvd.**

   Angie Domagalski from Arch Electric was present. Tr. Maher moved to approve the consent agenda items 6a and 6b, seconded by Mr. Piotrowski. Vote 6-0 to approve.

7. **Adjournment.**

   Ms. Kopydlowski informed the commissioners that staff had received a conditional use application and that a meeting is being scheduled for December 19. Tr. Maher moved to adjourn the meeting at 6:35 p.m. seconded by Mr. Cuoto. Vote to adjourn 6-0.

Recorded by,
Crystal Kopydlowski
Planning Department Administrative Clerk
MEMORANDUM

December 12, 2017

To: Plan Commission
Cc: Village Manager Rebecca Ewald
     Village Attorney Nathan Bayer

From: Planning Director Bart Griepentrog

RE: Conditional Use for Dog Daycare/Boarding/Spa Business 2418-20 E. Capitol Drive

The Village received a Conditional Use Permit application from business owners Jorge and Jennifer Arciniegas for a proposed 5,000 square foot business at 2418-20 Capitol Drive, Dogtopia. The proposed business is a daycare, training, boarding and spa facility for dogs.

The hours of operation were not provided in the materials submitted. There will up to eight employees on site. There proposed site currently has 22 on-site parking spaces.

The business will be located in the B-3 District, which refers to the B-1 District for permitted uses. Shorewood’s zoning code does not list dog daycare/kenneling as permitted or prohibited uses. Per zoning section 535-27 Conditional Uses, dog daycare/kennels in the B-3 district is a conditional use.

Per 535-25C- No conditional use permit shall be authorized by the Plan Commission unless such Commission shall find that:

(1) The establishment, maintenance or operation of the conditional use will not be detrimental to or endanger the public health, safety, morals, comfort or general welfare.

(2) The conditional use will not be injurious to the use and enjoyment of other property in the immediate vicinity for the purposes already permitted nor substantially diminish or impair property values within the neighborhood.

(3) The establishment of the conditional use will not impede the normal and orderly development and improvement of the surrounding property for uses permitted in the district or have a negative impact on the diversity of the type of businesses located in the district.

(4) Adequate utilities, access roads, drainage and/or necessary facilities have been or are being provided.

(5) Adequate measures have been or will be taken to provide ingress and egress so designed as to minimize traffic congestion in the public streets.

(6) The conditional use shall, in all other respects, conform to the applicable regulations of the district in which it is located, except as such regulations may, in each instance, be modified by the Board of Trustees pursuant to the recommendations of the Plan Commission.
(7) The conditional use is in accordance with and subject to all other applicable laws and regulations.

Materials enclosed:
- CUP application
- Floor plan – Example of a similar site in Louisville KY
- Site Survey
- Aerial picture
- Façade picture
- Business plan
- Franchise material
- B-3 zoning chapter
APPLICATION FOR  
CONDITIONAL USE PERMIT

Village of Shorewood  
Planning & Development Department  
3930 N. Murray Avenue  
Shorewood, WI 53211  
Phone (414) 847-2640  
Facsimile (414) 847-2648  
www.villageofshorewood.org  
PAD@villageofshorewood.org

<table>
<thead>
<tr>
<th>Office Use Only</th>
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<tbody>
<tr>
<td>General Fee $125</td>
</tr>
<tr>
<td>Permit No.</td>
</tr>
<tr>
<td>Zoning District</td>
</tr>
<tr>
<td>CUP Reason</td>
</tr>
<tr>
<td>Code Reference</td>
</tr>
<tr>
<td>Plan Comm. Meeting</td>
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<tr>
<td>Outcome</td>
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CONDITIONAL USE applications are considered by the Plan Commission. Meetings are the 4th Tuesday each month, as needed. Applications are due 4 weeks before scheduled meetings and additional materials as identified by the Planning & Development Department.

PROPERTY ADDRESS: 2418-20 E. Capitol Dr., Shorewood, WI 53211

PROPERTY OWNER

Owner Name: NAI MLG Commercial  
Address: 757 N. Broadway St., Suite 700  
Milwaukee, WI 53202

APPLICANT/BUSINESS

Name: Jorge & Jennifer Arciniegas  
Address: 9161 N. Fielding Rd.  
Bayside, WI 53217

Phone Number: 414-931-9368

Email: jorge.arciniegas@dogtopia.com

Check if prefer to receive Meeting Agenda by EMAIL: PROPERTY OWNER Applicant X

BUSINESS INFORMATION

Name of Business Dogtopia  
Max # Employees On-site 8

Is a survey attached? (if required)

Is a parking plan attached? (if required)

*Provide copy of business plan

What do you wish to do that will require a Conditional Use Permit?

Dog daycare, boarding, spa

(Please refer to attached description of the business)

Signature  
Date 11-26-17
LOCATION: 2420 E. Capitol Drive, Shorewood, Wisconsin

LEGAL DESCRIPTION: Lot 20 in Block 15 in COLLEGE HEIGHTS, and Lots 24, 25 and 26, Block 4, in C.A. MAYNARD & AGNEW'S CONTINUATION OF SUBDIVISION NO. 2, all in the SE 1/4 of the NW 1/4 of Section 3, Town 7 North, Range 22 East, in the Village of Shorewood, Milwaukee County, Wisconsin.

Jan. 22, 1991

Survey No. 78235

Mortgage Inspection

Monumentation has been waived in accordance with A-S 5.01 (b) of the Wisconsin Administrative Code.

METROPOLITAN SURVEY SERVICE, INC.
REGISTERED LAND SURVEYSORS
9415 W. FOREST HOME AVE., SUITE 107
HALES CORNERS, WI 53132
262-5000

R.E. Services
Joseph & Rosemary P'Anostino

WAYNE D. MICKELESON
3549 GREENELE, WI


THIS SURVEY IS MADE FOR THE EXCLUSIVE USE OF THE PRESENT OWNERS OF THE PROPERTY, AND ALSO THOSE WHO PURCHASE, MORTGAGE, OR GUARANTEE THE TITLE THEREIN WITHIN ONE (1) YEAR FROM DATE HEREOF.

R.F. Services
Joseph & Rosemary P'Anostino

Byline: Wayne D. Mickelson
Kilotoa, LLC

DBA Dogtopia of Milwaukee

Business Plan
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   Dogtopia at a Glance in Pictures
Executive Summary

This is the business plan for a one-store Dogtopia business in the Milwaukee area. The store will have approximately 5,000 sq. ft. of floor space designed and setup in accordance with Dogtopia’s industry-leading standards for safety, transparency, and premium design and appearance.

Dogtopia of Milwaukee will offer dog daycare, boarding, training and spa services in Milwaukee’s North Shore, an area nestled among large stately trees and bordering the shimmering Lake Michigan coastline. We will cater to the needs of the diverse mix of customers in this eclectic and affluent community. Our primary strategy is to develop Dogtopia of Milwaukee into the premier, go-to dog daycare and boarding choice for the well-established and growing pet parent community in the area.

Market Opportunity

Dogtopia, created in 2002, has 51 units operating in the U.S. and Canada and focuses on daycare, with 65% of revenues from that service, 22% from boarding, 11% from grooming/spa and 1% from retail. The brand grew modestly under its founder until acquired in June 2015 by franchise guru Peter Thomas of Thomas Franchise Solutions. Thomas has developed billions of dollars in real estate, including shopping centers, apartments, condominiums and golf courses. His most recent development is the Four Seasons Resort in Scottsdale, AZ. His franchise experience includes being founder and chairman of Century 21 Real Estate Canada.

In Q3 and Q4 of 2015, Thomas built a world-class leadership team around Dogtopia’s new CEO Neil Gill and moved the headquarters to Phoenix, AZ. Mr. Gill has over 30 years of franchise experience, including being CEO of Gloria Jean’s Coffee where he expanded its franchise units from 200 to over 1,000. Fueled by Thomas’ substantial capital and Neil’s leadership, Dogtopia was reinvented in what was coined “Dogtopia 2.0”. The result was immediate. Dogtopia Franchisees that have been operating for 13+ months are enjoying sales growth of 22% this year, marking their second year of double-digit growth. With 75+ Dogtopia locations sold and in development in the US and Canada, 20 additional stores are scheduled to open in 2017 toward a goal of 400+ stores by 2021.

Dogtopia’s growth is possible due to the pet industry’s explosive growth. The pet industry is recession resistant with recurring, dependable, and consistent revenue. The industry will reach a staggering $69 billion this year and is projected to hit $90+ billion by 2025. Of that, a remarkable $7+ billion will be spent on daycare, grooming and boarding offered by businesses with no consistent service quality, brand or standards. By comparison, the
U.S. health & fitness club industry is $26 billion, serviced by what appears to be a fitness club on every corner. Dogtopia capitalizes on the pet industry’s growth and sub-par practices with a proven business model, by establishing industry leading standards of safety, transparency and quality and by offering an unparalleled premium customer experience.

The psychology of the pet industry, in particular America’s infatuation with dogs, is interesting and explains the industry’s recession-resistant nature. There are two very different groups driving pet industry growth: millennials and in particular female millennials and baby boomers.

Female millennials are the prized market of all retailers. They spend more than their male counterparts and are more loyal. Female millennials are getting married later in life, are having fewer children and are postponing having children until later in life. Psychologists report that female millennials are checking their biological clocks by buying dogs and doing so in record numbers. Dogs are the new babies. According to recent statistics there are 89 million dogs in the US with 68% of households owning one dog. 26% of households own at least two dogs. 62% of small dogs sleep in their owner’s bed. Millennials are now the largest group of dog owners. Female millennials in particular spend lavishly on their furry children and apply their motherly instincts on them. This includes spending on daycare to ease the anxiety of leaving their furry children alone for hours while working and to ensure that their precious pet receives the proper exercise, stimulation and much needed socialization. On average, each Dogtopia client brings their dog to daycare three times per week.

The second population segment fueling growth in the pet industry is baby boomers in their psychological need to fill the “empty nest”. It is not at all unusual for the wife to buy a dog in spite of the initial reluctance to dog ownership from the husband, who in the end falls in love with their new “kid” and becomes the loving caregiver. The predictable family dynamic is complete when the wife becomes jealous of the relationship between her husband and the furry child she originally purchased. In the end, their new furry family member fills their life and assumes a central role at home. Dogtopia has coined the name “pet parent” to accurately describe the loving, nurturing relationship held by the aforementioned pet parents and their dogs.

Numbering 84 million, millennials are the largest cohort group in history. Baby boomers are the second largest at 74 million. Together, they represent 50% of the U.S. population. Their love and psychological need for dogs will ensure that the industry continues its growth trajectory for years to come (see the chart below).
Competitive Advantages

As the leading provider of dog daycare services in the US, Dogtopia enjoys three key competitive advantages: pet safety, convenience play, and premium customer experience with a focus on daycare. Pet parents place pet safety as their first priority and Dogtopia’s operating system and procedures reflect the highest standards of care and safety to maintain pet parent trust.

Convenience play has to do with the location of Dogtopia stores. Most competitor services are located in semi-rural and/or industrial areas. Dogtopia stores are located in urban or suburban neighborhoods easily accessible to customers. Our premium store will be located in the heart of Milwaukee’s North Shore area, home to a well-established and growing pet parent community.

The third competitive advantage, premium customer experience with a focus on daycare is a key differentiator. The emphasis on offering a premium customer experience is unique...
to the Dogtopia brand in the industry. Dogtopia facilities are striking in design and maintenance. Customers are treated to a premium experience from the moment that they step in the door and feel as if they walked in a modern professional office rather than your typical dog kennel (please see “Dogtopia At a Glance in Pictures” in the Appendix). Of over 10 competitor stores visited in the Milwaukee market, none come close to offering Dogtopia’s premium store experience.

**Objectives**

The short-term objectives of this business can be grouped along the following three dimensions:

1. **Nailing the Fundamentals:** by placing a strong emphasis on operational excellence and by adhering to Dogtopia’s strong brand guidelines and operating principles, Dogtopia of Milwaukee will aim to operate in the top quartile in terms of business performance in Dogtopia’s franchise system.

2. **Excellence in Customer Satisfaction and Employee Engagement:** exceeding the expectations of and delighting every pet parent via a meticulous emphasis on pet safety, transparency, and love and care for their furry children is the overriding objective of everything that we’ll do. We will focus on maintaining a highly engaged, committed, well-trained team that loves to come to work every day.

3. **Customer Acquisition and Retention:** the business will reach the minimum average mark of 60 dogs per day within the first 12 months of operation. This is well beyond the monthly break-even point and will constitute a solid foundation for business consolidation and strong growth in years 2 and beyond.

**Financial Projections**

Dogtopia of Milwaukee expects to earn a modest profit by year two based on projected dogs in the door. Our projections are based on the following key assumptions:

- Average number of daycare dogs in month 1 of operations is 22 (21 daycare and 1 boarding). This is a very conservative assumption which is 3 below the national average for new Dogtopia stores opened in 2016.
- Initial growth will be moderate as we establish awareness in the market. Indeed, our financial projections assume a modest increase of 3 dogs to the average number of dogs per day in each month in year 1.
- Operating costs are inline with average operating costs of new Dogtopia stores as reflected in Dogtopia’s Franchise Disclosure Document (FDD).
- Employee payroll costs are competitive in the Milwaukee labor market.

We project first-year revenue of $478K growing to $879K in year 2 and $993K in year 3. It is worth noting that while we absolutely believe that the market and business opportunity allows for actual performance beyond these projections, we have kept the revenue drivers in the financial model intentionally very conservative in years 2 and beyond for this purpose. All-in total costs which include debt service are 86% in year 2, 82% in year 3 and fall below 80% in subsequent years as revenue increases and operations become more efficient.

**Description of Business**

Dogtopia is a trusted authority, rapidly growing franchise network focused on daycare, boarding, training and spa services and is the nation’s leading provider of dog daycare. It uses a proven business model resulting in consecutive years of double-digit growth with current 2017 YTD comp store growth of 22%. Dogtopia’s industry leading standards of safety include the use of nationally certified pet-safe cleaning products in its stores, using meet-and-greet trial periods for every dog, separating dogs by size and temperament, following consistent health and safety guidelines developed by its in-house biologist, animal behaviorist and veterinarian working together, and deploying independently approved dog training protocols to manage safe play and behavior.

Dogtopia’s industry leadership is based on the following brand differentiators: 8-to-10 hours of safe, open-play daycare focused on socialization, exercise, education and fun with trained canine coaches; live playroom webcams; waste management and nationally certified cleaning protocols; pet evaluations with meet and greet trial periods; separate playrooms for size and temperament; compressed rubber flooring to reduce impact to dog’s feet and joints; and focus on providing a premium customer experience.

The above brand differentiators enable Dogtopia stores to enjoy three strong competitive factors. First, pet parents place pet safety as their first priority and Dogtopia’s operating system and procedures reflect the highest standards of care and safety to maintain pet parent trust. In addition to premium design, Dogtopia stores adhere to rigorous safety and environmental procedures that are industry-leading. Rooms are sound proofed and the HVAC/air-filtration system is industrial grade. This, along with its nationally certified cleaning protocols, result in facilities without any smells of dog and reception areas completely free of dog noise. Additionally, airborne illnesses and diseases, like kennel cough, are eliminated through the air filtration system. Trained Canine Coaches remain
with the dogs at all times in the play areas to provide a safe, structured play environment and to work with the dogs on socialization, education and exercise. To provide the highest level of transparency in terms of pet care, live streaming of all play rooms and kennels is available to pet parents during operating hours via web-enabled Nest Cameras. This feature is very popular with Dogtopia pet parents who on average watch the video feeds of their furry children at least 13 minutes a day. Anecdotally, some pet parents confess that they enjoy this feature so much that they end up peeking at their furry children online a lot more than that.

The second strong competitive factor is Dogtopia’s convenience play which has to do with the location of Dogtopia stores. Most competitor services are located in semi-rural and/or industrial areas. Dogtopia stores are located in urban or suburban neighborhoods easily accessible to customers. Our premium store will be located in the heart of Milwaukee’s North Shore area, home to a well-established and growing pet parent community. The pet parent arrives in the morning to drop off his/her furry child in front of the store that is conveniently located in a local retail area. The pet parent is met and greeted at his/her car by a Dogtopian who takes his/her precious dog for the day. At the end of the day on the way home from work or shopping, the pet parent comes into the store to receive his/her dog along with a report on the day’s activities.

The third competitive factor, premium customer experience with a focus on daycare is a key differentiator. The emphasis on offering a premium customer experience is unique to the Dogtopia brand in the industry. Dogtopia facilities are striking in design and maintenance. Customers are treated to a premium experience from the moment that they step in the door and feel as if they walked in a modern professional office rather than in your typical dog kennel (please see “Dogtopia At a Glance in Pictures” in the Appendix). Of the multiple competitor stores visited in the Milwaukee market, none come close to offering Dogtopia’s premium store experience. The experience coupled with Dogtopia focus on daycare is a winning and profitable combination. 65% of Dogtopia’s revenues are from daycare which is considered the “hero” of our business. Daycare is less maintenance than boarding and it provides far greater profits.

It is important to note that from our core consumer’s perspective, dog daycare is not a discretionary spend. An ever growing number of Americans is choosing dog ownership and they love their pets deeply. Dog owners consider their dogs as children, full members of the family and they become conflicted when having to leave their pets alone at home, oftentimes in a kennel, for long periods of time while they work, shop or recreate. Pet parents often return home to find their precious pet too full of energy to enjoy. Others realize that their pet lacks socialization due to limited opportunities to interact with other
dogs. Many pet parents seek solutions to no avail and are willing to make weekly daycare a part of the family budget.

In addition to daycare, and consistent with Dogtopia’s business model, Dogtopia of Milwaukee will also offer boarding and spa services from day one. Dogtopia staff are trained to provide spa services, such as bathing, nail trimming and teeth brushing. Future services will include grooming and specialized training. These incremental services, however, are not included in our financial projections as they will only be added after we establish market awareness, grow revenue and reach operational efficiency.

**Competition**

The competition in the dog daycare business is fragmented with only one other national brand, Camp Bow Wow. Camp Bow Wow focuses on boarding in a camp environment in rural areas and industrial parks and is not a direct competitor to Dogtopia’s daycare-focused business. Camp Bow Wow has one store in the Milwaukee area, located approximately 20 miles from Milwaukee.

In the Milwaukee area there is another locally grown, regional dog daycare and boarding franchise, Central Bark which, because of the nature of its business, is a direct competitor of Dogtopia. Central Bark has 14 stores spread across the extended Milwaukee and adjacent areas (Milwaukee county, Waukesha county, and beyond). Central Bark stores, however, are all located in industrial and semi-industrial sites and do not match Dogtopia’s premium brand and service standards.

Of the 14 Central Bark location mentioned above, 6 are in Milwaukee County and the remaining 8 are in surrounding counties. Of the 6 stores in Milwaukee county, 2 are within 10 miles of Milwaukee’s North Shore area. As already mentioned, Central Bark offers similar services as Dogtopia, however, with lower and inconsistent standards of service compared to Dogtopia. For example, while Central Bark stores share certain features and brand identifiers, they don’t seem to have a clear and unique “look and feel”. Central Bark doesn’t appear to have a strong brand positioning strategy and as a result their individual stores, some more than others, are not that different from other local mom-and-pop pet service businesses. Central Bark requires its customers to agree to a minimum 1-day-per week daycare commitment and a customer cannot use Central Bark’s boarding service unless the customer is a regular daycare customer as well.

As in most towns and cities across the country, in the local market there are also a number of privately owned small businesses providing dog care services with low standards for service quality and care, inconsistent practices and pricing. During our
research we identified 12 such stores. Of those 5 are located within 10 miles of Milwaukee’s North Shore area. The remaining 7 stores are farther away and unevenly spread across Milwaukee county and Waukesha county.

With Dogtopia’s strong brand it is important to recognize the value of personalization that we will offer to our customers to provide them a premium customer experience. We recognize the value of being personable and getting to know each dog and the pet parent. Locals in Milwaukee enjoy places that they know well and that give them a high quality of service while still adding a personal touch. Dogtopia already excels in this regard which allows the brand to consistently exceed the high standards of loving pet parents in many cities across North America.

**Company Ownership/Legal Entity and Management Structure**

Kilotoa, LLC was established in Wisconsin in August of 2017. Its owners, Jorge Arciniegas and Jennifer Arciniegas (husband and wife), have been married 24 years.

Jorge works full-time as a successful Finance Executive with over 20 years of business experience. With an MBA degree specializing in Financial Management, Jorge has enjoyed a rewarding and successful career in a variety of impactful roles of increasing responsibility and broad exposure, supporting numerous businesses. He is recognized as a finance leader, a keen strategic thinker and an effective business leader. Jorge has accomplished this by influencing the development and execution of business strategy, by supporting operational improvements and delivering multi-million dollar profitability improvements, by building a solid track record of global business experience, and by leading and developing effective teams made up of rich individual talent. Jorge’s resume is attached as an addendum to this document as a reference.

Jennifer is a stay-at-home homemaker who focused her energy and attention to raising their two children who are now successful and happy young adults. Jennifer will now shift her talents and energy to this Dogtopia business.

While both owners will be actively involved in the business, the day-to-day operational management of the store will be the responsibility of an experienced Manager that will be hired well in advance of the store Grand Opening. The core responsibilities of the Manager will include performing sales and marketing activities; identifying and marketing to prospective customers; conducting ongoing marketing and public relations activities; managing the sales process; managing the store facility; hiring, training, and evaluating team members; and communicating with and managing the performance of the business with the owners.
In addition to the Manager, staffing for the business includes the following roles: Assistant Managers, Canine Coaches, and Shift Leaders. The Manager will be a salaried, full-time position. The other roles will be hourly, part-time. All roles will receive extensive initial and ongoing training, will be paid market competitive wages and will be incentivized according to well-define business objectives.

**Marketing/Client Acquisition**

Dogtopia franchisees and senior leadership credit their double digit growth to the Dogtopia 2.0 marketing and client acquisition strategies. Store design, graphics, website and social media have been redesigned, providing for a clean, modern look and feel that says we enjoy dog care but take the responsibilities very seriously. Each store enjoys a micro website where a budget is defined monthly for search engine click-throughs and Facebook advertising. Dogtopia Club Membership and Awards programs are being developed and will only add to the current acquisition strategy.

Each store participates in a Client Experience Survey program where distracter clients are called by store managers or owners to resolve any issues that may impair the trust relationship.

Dogtopia provides a robust pre-opening client acquisition strategy that begins 90 days prior to the store opening. “Soft” openings begin one month before the formal opening to allow pet parents to purchase pre-opening packages and tour the facility. Collectively, these actions allow Dogtopia stores to open on their first official day of business with a minimum of 25 paying dogs. The result is stores achieve positive cash flow within the first 12 months of operation.

**Summary of Financial Performance**

Detailed financial performance pro forma statements are available for discussion for specific business reasons. We have been very conservative in projecting growth as far as number of dogs per day in daycare and revenue. The revenue figures, expenses and staffing have been derived from existing franchisee financials, data from the Franchise Disclosure Document (FDD) and guidance from existing franchisees and the franchisor. The average price per day of daycare has been calculated at $29 for the first year of operations. The business projects achieving monthly operating profit by month 12. It should be noted that these important milestones are due to a very conservative set of assumptions which include using a dogs-in-the-door figure which is below the national average of new Dogtopia stores. Projected growth has been calibrated against the 13 newest Dogtopia stores where 10 (77%) outperformed our pro forma. Net profit before
taxes at the end of year 2 is 14%, climbing to 22% by year 4. The business’ cash position is $43K at the end of year 1, $177K at the end of year 2, and climbing to $631K by the end of year 4.
Dogtopia at a Glance in Pictures
IT’S ALL about my quality time with BFFF’s. You know—socializing, playing and being a smarty-pants, fashion pants.
Daycare

Boarding

Spa
daycare • boarding • spa
dogtopia.com
OUR STORES
SAFE AND CLEAN ENVIROMENTS WHERE DOGS EXERCISE, LEARN AND PLAY

Bright playrooms filled with sunshine, spacious boarding suites for extended stays and a fully-equipped posh spa combine to give dogs the most exciting day ever.

3 STORE MODELS

LITE
3,000-4,000 sq ft, Urban/downtown, residential towers, indoor malls

SUBURBAN RETAIL
4,000-6,000 sq ft, End cap, in-line or freestanding

TRADITIONAL
6,000-8,000 sq ft, Industrial model, includes light industrial/office

ODOR CONTROL
SEPARATE HVAC SYSTEM for each playroom
STERIL-AIRE UV EMITTERS and ScentAir system
EXTENDED WALLS prevent smell and sound transfer
3 TIMES PER DAY playroom cleaning schedule

NOISE CONTROL
SPECIAL WALL TYPE and air gap at demising walls and between playrooms and people space

DOG TRAINING PROTOCOLS to manage behavior and bark control

CONSTRUCTION PROCESS
10 WEEK store build out
CUSHMAN & WAKEFIELD project coordination
IN-HOUSE real estate and construction team
RELIABLE general contractors
GNICH ARCHITECTURE nationwide partner
OUR SITE CRITERIA

SOPHISTICATED LOOK AND FEEL ADDS VALUE AND CONVENIENCE TO SHOPPING CENTERS

Our pet parents’ twice-daily store visit frequency drives habit activity that complements daily conveniences. Dogtopia pet parents become fellow retail center tenants’ customers, too.

LOCATION WISH LIST
- Major retail and grocery-anchored centers
- Highly trafficked strip centers
- Visible light industrial service centers
- Mixed-use lifestyle centers
- Residential towers

DEMOGRAPHIC REQUIREMENTS
- Higher household income areas
- Dense urban and suburban markets
- Strong daytime and residential populations in immediate vicinity
- 100,000 residents within a 5-mile radius

BENEFITS TO REAL ESTATE PARTNERS

DROP OFF/PICK UP
minimizes need for excess parking

NATIONWIDE EXPOSURE
and accelerated brand recognition

$1 MILLION
in national marketing spend drives traffic to our stores and your retail centers

#1 IN DOG DAYCARE
search engine results in North America

IN-HOUSE MARKETING TEAM
available to coordinate co-branded retail center promotions

CONSTRUCTION MINIMUMS

400 AMPS (120/208V)
3 INCH sound batt insulation to the deck
1 TON of cooling per 200 sq ft
1,000 SQ FT of outdoor play area (preferred)
Fire suppressant system
ABOUT US

TRUSTED AUTHORITY AND MARKET LEADER IN DOG DAYCARE

Dogtopia is a rapidly growing network focused on daycare, boarding, training and spa services and is the nation’s leading provider of dog daycare.

PROVEN BUSINESS MODEL
- Showing dogs the LOVE since 2002
- 22% comp store growth YTD 2017

CUSTOMER DEMOGRAPHIC
- High net-worth female millennials
- Twice-daily frequency (pick up & drop off)
- Hourly options for dog daycare while consumers work, shop and dine
- Habit-driven activity complements daily convenience (coffee, gym, dry cleaners)

HIGHEST STANDARDS OF SAFETY
- Nationally certified pet-safe cleaning products
- Meet and greet trial periods for every dog
- Dogs separated by size and temperament
- Health and safety guided by a biologist, behaviorist and veterinarian working together
- Independently approved dog training protocols to manage safe play and behavior

BRAND DIFFERENTIATORS
8 TO 10 HOURS OF SAFE, OPEN-PLAY DAYCARE focused on socialization, exercise, education and fun with trained canine coaches

LIVE PLAYROOM webcams

WASTE MANAGEMENT and nationally certified cleaning

PET EVALUATIONS with meet and greet trial periods

SEPARATE PLAYROOMS for size and temperament

COMPRESSED RUBBER FLOORING to reduce impact to dog’s feet and joints

GROW, DOGTOPIA. GROW!

51 STORES in US and Canada (Franchise + Corporate)

20 MORE to open in 2017

75+ SOLD & in development

400+ stores by 2021
OUR INDUSTRY
RECESSION RESISTANT WITH RECURRING, DEPENDABLE, CONSISTENT REVENUE

Tremendous increasing demand for pet services and a booming industry means Dogtopia stores will enhance your success for years to come.

WORLD-CLASS FRANCHISEE SUPPORT TEAM
- Experienced franchise-focused leadership
- Operations, technology, marketing, health, safety, real estate and construction support
- Dedicated new store opening team
- In-house instructional designer, environmental biologist, veterinary scientist and canine behaviorist

FREQUENCY AND SEASONAL ADVANTAGES
- Average pet parent visits 2.7 times/week
- Top quintile stores manage database of more than 4,000 pet parents
- 12 weeks of seasonal holidays drives boarding needs

DOGS ARE THE NEW BABIES
89 MILLION
dogs in US
68% of households in US own one dog
26% own at least 2 dogs
62% of small dogs sleep in their owners’ bed

MILLENNIALS are now the largest group of dog owners

THE PET INDUSTRY
$69 BILLION industry
$90+ BILLION industry by 2025
9.8% GROWTH in pet services spending year over year
11% projected job growth (2015-2024)
Where every day is THE MOST EXCITING DAY ever!

REAL ESTATE OPPORTUNITIES:
Jesse Stiles
VP of Real Estate
303.345.1477
jesses@dogtopia.com

FRANCHISING OPPORTUNITIES:
Alex Samios
VP of Franchise Development
949.702.6262
alexs@dogtopia.com
ZONING CODE - B-3

than 15 feet from the curbline, then the build-to line shall be the lot line.
[Amended 2-25-2008 by Ord. No. 1935]

(b) Rear: minimum of 5 feet from rear lot line or alley; except that where the rear lot line is adjacent to a residential district, the setback is 10 feet. The Plan Commission may grant a special exception from the rear setback for underground parking garage entrances, not to exceed 15 feet in height, pursuant to the provisions of § 535-51; except that, in lieu of the criteria in § 535-51B, the Plan Commission shall consider the following criteria in an application for a special exception from the rear setback for an underground parking garage entrance:
[Amended 6-16-2008 by Ord. No. 1939]

1. Safety concerns related to vehicular traffic.

2. Distance of the entrance relative to the other property lines.

3. Aesthetics of the entrance.

4. Such other matters as the Plan Commission deems relevant and material.

(c) Side:

1. Zero, unless applicable Building Code requirements for dwelling units require a greater distance and except that it shall be 10 feet for a lot that borders a single- or two-family residential district.

2. Corner lots: a build-to line of 20 feet from the street curbline, except that the side yard setback on corner lots shall be reviewed by the Plan Commission to determine whether a twenty-foot build-to line or another corner lot side yard build-to line is appropriate due to parking considerations and the layout of the intersection.
[Amended 2-25-2008 by Ord. No. 1935]

7. Design guidelines: Central District Design Guidelines (see Subsection G) shall apply to construction of new buildings, the structural alteration of or additions to existing building and any substantial modifications to the exterior of any buildings in this district.

C. B-3 Mixed-Use Commercial District. The B-3 Mixed-Use Commercial District is intended to provide opportunities for mixed-use development while encouraging commercial development. This district provides maximum flexibility by allowing buildings with exclusively commercial uses, buildings with exclusively residential uses, and mixed-use buildings with commercial on the first floor.

1. Permitted uses:

   a. All uses permitted in the B-1 District.

   b. Multifamily or commercial use on all floors.

   c. Mixed-use building, commercial first floor only.

2. Uses prohibited:

   a. One- and two-family dwellings.

      1. Any land or lot on which there is located a residence of four families or fewer shall not be subdivided for business purposes.

      2. Any building used as a residence of four families or fewer shall not be added to, altered or converted for business purposes.

   b. Manufacturing, repairing, processing or storing of goods, wares, merchandise, machinery, equipment or materials, except such manufacturing, repairing, processing, or storing of said goods, wares, merchandise, machinery, equipment or materials as is customarily incidental to the principal use of the property that is conducted solely within the building and in such
manner that is not in conflict with the requirements of Article VIII of this chapter.

(c) Parking lots with total parking spaces in excess of 100 spaces, except as allowed in § 535-46A(3).
   [Added 10-20-2008 by Ord. No. 1944]

(3) Conditional uses: see Article V.
   [Amended 2-25-2008 by Ord. No. 1935]

(4) Building:
   (a) Height: see Subsection F, Building height overlay, of this section.
   (b) Area: no minimum.

(5) Lot:
   (a) Width, minimum: 40 feet.
   (b) Area, minimum: 4,500 square feet.

(6) Setback:
   (a) Front: build-to line of 15 feet from the street curbline, unless the lot line is at a distance greater than 15 feet from the curbline, then the build-to line shall be the lot line.
      [Amended 2-25-2008 by Ord. No. 1935]
   (b) Rear: minimum of 5 feet from rear lot line or alley; except that where the rear lot line is adjacent to a residential district, the setback is 10 feet. The Plan Commission may grant a special exception from the rear setback for underground parking garage entrances, not to exceed 15 feet in height, pursuant to the provisions of § 535-51; except that, in lieu of the criteria in § 535-51B, the Plan Commission shall consider the following criteria in an application for a special exception from the rear setback for an underground parking garage entrance:
      [Amended 6-16-2008 by Ord. No. 1939]
      [1] Safety concerns related to vehicular traffic.
      [2] Distance of the entrance relative to the other property lines.
      [4] Such other matters as the Plan Commission deems relevant and material.

(c) Side:
   [1] Zero, unless applicable Building Code requirements for dwelling units require a greater distance, and except that it shall be 10 feet for a lot that borders a single- or two-family residential district.
   [2] Corner lots: a build-to line of 20 feet from the street curbline, except that the side yard setback on corner lots shall be reviewed by the Plan Commission to determine whether a twenty-foot build-to line or another corner lot side yard build-to line is appropriate due to parking considerations and the layout of the intersection.
      [Amended 2-25-2008 by Ord. No. 1935]

(7) Design guidelines. Central District Design Guidelines (see Subsection G) shall apply to construction of new buildings, the structural alteration of or additions to existing building and any substantial modifications to the exterior of any buildings in this district.

D. B-4 River District. The B-4 River District is intended to be a multifamily residential district. However, the Village also seeks to encourage a high-quality planned development that incorporates views of the Milwaukee River and a sensitive design approach toward the natural features of the river corridor. These