



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: October 30, 2012
Staff Report #: 12-162

Agenda Item #: F-2

REGULAR BUSINESS: Council Review and Possible Direction Regarding a Proposed Hotel at 555 Glenwood Avenue and Associated Use Definition, Public Benefit Bonus, Parking Rate, and Use of the Garwood Way Right-of-Way

RECOMMENDATION

Staff recommends that the City Council review and provide feedback on a proposed hotel at 555 Glenwood Avenue. The property is within the El Camino Real/Downtown Specific Plan area, and is currently in use as a senior citizens retirement living center. This initial proposal would benefit at this time from policy direction from the Council on a number of interrelated topics, in particular:

- Confirmation whether the hotel type matches the definition of this use;
- Approval of a Public Benefit Bonus in exchange for the inherent revenue-generating aspects of this use;
- Application of an alternate parking rate for this use; and
- Use of the public right-of-way for required parking.

At this meeting, no formal action will be taken by the City Council. Public meetings for a potential future full application would be scheduled as needed, if the applicant elects to proceed.

BACKGROUND

In April and May 1987, the City Council approved a Planned Development (P-D) permit and associated P-D(3) district rezoning for a 138-room senior citizens retirement living center on a 2.25-acre site at 555 Glenwood Avenue. The P-D permit established a maximum gross floor area of 113,803 square feet, which represents a Floor Area Ratio (FAR) of approximately 1.16. In addition, the P-D permit required that the development provide “off-street parking for 82 vehicles and provide for additional parking on Garwood Way per Engineering Division requirements.” The specific number of parking spaces along Garwood Way was not specified, and the City did not approve an encroachment permit or other mechanism that dedicated these spaces for the exclusive use of the development.

The Planning Commission subsequently approved precise development plans in August 1987, and the development was constructed between 1988 and 1990. In November

1989, during the construction process, the Planning Commission approved a revision that allowed three on-site parking spaces (at the rear of the development) to be removed in exchange for the development of five additional on-street spaces along Garwood Way, due to a conflict with an on-site oak tree. Again, no encroachment permit or other mechanism for exclusive use of the on-street spaces was approved.

The property has since been in use as a senior residential facility, branded initially as the “Glenwood Inn” and renamed more recently to “Casa on the Peninsula.” The facility is age-restricted to seniors and provides independent and assisted living options, but is not a skilled nursing facility that provides specialized medical care. Casa on the Peninsula provides a market-rate housing option for seniors (as opposed to subsidized affordable housing). As reported by the applicant, the owners of the property have conducted revisions over time, such that the number of units is now 125 (due to some single-bedroom units being combined into two-bedroom units), and the number of on-site parking spaces is 78. The east side of Garwood Way, next to the Caltrain tracks, features 30 perpendicular parking spaces in the public right-of-way, which currently have signage stating they may only be used by the 555 Glenwood Avenue facility. The west side of Garwood Way provides nine parallel parking spaces, which do not feature any signage regarding their use. No parking is permitted on Glenwood Avenue in the immediate vicinity of the development; this street features bicycle lanes on both sides of the roadway, and there does not appear to be room to add any on-street parking.

In June 2012, the City Council approved the El Camino Real/Downtown Specific Plan (“Specific Plan”), which rezoned the subject property from P-D(3) to the new SP-ECR/D zoning district. The Specific Plan established that existing discretionary approvals (such as P-D permits) for developments in the SP-ECR/D district will continue to be honored and enforced, but properties may elect to proceed with new or modified development in accordance with Specific Plan regulations. Within the Specific Plan, the 555 Glenwood Avenue parcel is in the El Camino Real Mixed Use/Residential land use designation and the ECR NE-R zoning district.

ANALYSIS

The applicant, Sand Hill Property Company, has requested a study session at this time so that the City Council may provide feedback, informed by public comment, on a potential conversion of 555 Glenwood Avenue to a hotel use. The applicant has provided a project description letter, which discusses their proposal in more detail (Attachment A) as well as initial project plans (Attachment B). The applicant has also prepared initial economic and traffic studies, although the Council should note that, due to the unique circumstances regarding the potential use and applicant’s timeline for staying under contract to purchase the property, staff has not yet had time to fully review and provide comments on these analyses.

As currently proposed, the conversion would not include the construction of any new floor area or any significant exterior modifications. The interior public spaces, located in the central one-story building, would be fully reconfigured to support the hotel use, such

as with dining, meeting, and computer rooms. The three-story residential buildings would be renovated to provide 138 hotel suites, within the outlines of the 138 rooms originally approved. Staff would note that this proposal has not been fully reviewed with regard to Building and Fire Code requirements, and additional actions/improvements could be necessary to technically permit the conversion of use.

Staff has identified a number of areas for Council consideration, which follow, with key questions consolidated at the end of this report. With regard to all topics, the Council should specify if additional information would be needed as part of a full application.

Hotel Use

The Specific Plan establishes hotels as a permitted use in the El Camino Real Mixed Use/Residential land use designation. The “hotel” definition states in part that this “classification includes motor lodges, motels, hostels, extended-stay hotels, and tourist courts, but does not include rooming hotels, boarding houses, or residential hotels designed or intended to be used for sleeping for a period of 30 consecutive days or longer.” The excluded types of uses typically do not provide any Transient Occupancy Tax (TOT). The applicant is proposing that the specific hotel brand be a Marriott Residence Inn, which provides extended-stay accommodations, typically a week or longer. Such hotel would be a limited-service, business-oriented facility that would not include any sizable restaurant or conference center component. Based on the applicant’s experience operating a Marriott Residence Inn in Los Altos on El Camino Real, 23 percent of room revenue would be from guests staying 30 days or longer, and as such would not be subject to TOT. However, as proposed, there would not be any restriction that would prevent non-TOT revenue from being even higher.

The City Council should consider providing guidance on this topic, including:

- Does the proposed use substantially match the definition of “hotel”, or is the projected proportion of 30-day stays too large to be considered ancillary?
- If the projected proportion of 30-day stays is an area of concern, would it be appropriate to prohibit extended-term, non-TOT stays, or limit them to a significantly smaller percentage? (This topic is also discussed in the following section as it relates to initial revenue projections.)

Public Benefit Bonus

The Specific Plan establishes various uses as permitted, permitted with limitations, administratively permitted, conditionally permitted, and prohibited for its land use designations. As previously noted, the El Camino Real Mixed Use/Residential permits hotel uses. However, the Specific Plan also establishes a two-tier density/intensity system, in which uses that exceed the Base level dwelling units per acre and/or Floor Area Ratio (FAR) standards are required to pursue a discretionary Public Benefit Bonus process.

For the 555 Glenwood Avenue property, the ECR NE-R zone establishes a Base level maximum FAR of 1.10, and a Public Benefit Bonus level maximum FAR of 1.50. Although the parcel area and square footage totals have not recently been independently verified, the FAR estimated from the P-D permit standards (1.16) would put the development at a Public Benefit Bonus level. Although the building size is already approved for the current senior living center use, the change of use at a Public Benefit Bonus level would require Planning Commission review and approval (with appeal rights to the City Council).

The Public Benefit Bonus process as outlined in the Specific Plan provides a flexible structure for consideration of such requests, requiring a study session informed by appropriate fiscal/economic review, and providing some suggested elements for consideration. In particular, hotels are called out as one recommended option, as such a facility “generates higher tax revenue for the City while also enhancing downtown vibrancy.”

To inform the Council’s discussion, the applicant has prepared a limited economic benefit review. This review concludes that the proposal would generate substantially more revenue to the General Fund than does the existing use, primarily due to new TOT revenues and increased property taxes. Specifically, the analysis projects that the use would increase annual revenues from the property by approximately \$660,000 (at the current 10 percent TOT) or \$770,000 (at the potential 12 percent TOT that is being considered by Menlo Park voters as part of the November 6, 2012 general election). This analysis also notes that if the revenue from longer-term stays was subject to TOT, the project would generate additional General Fund annual revenues of approximately \$163,000 (at 10 percent TOT) or \$196,000 (at 12 percent TOT).

Although staff has not had time to fully review and critique this analysis, the conclusions are broadly consistent with what the City has seen for other hotel-related projects, and staff would generally agree that such a revenue increase would be a significant fiscal benefit to the City.

The City Council should consider providing guidance on this topic, including:

- Does the proposed public benefit (primarily through TOT revenues) generally seem appropriate, given the relatively modest FAR bonus being requested (1.16, which is slightly over the 1.10 Base level and well below the maximum 1.50 Public Benefit Bonus level that could be considered)?
- For a full application, would a City-overseen peer review of the applicant’s limited economic benefit review be sufficient, or should the City initiate a full, independent Fiscal Impact Analysis (FIA)? (In either case, the applicant is required to pay for the City’s consultant costs.)

Parking Standards

The Specific Plan establishes parking rates by use, and requires that developments provide parking on-site (with the exception of the Downtown Shared/Unbundled Parking Area, where there are allowances for required parking to be provided in the public parking plazas). As established by Specific Plan Table F2, the parking rate for hotel uses is 1.25 spaces per room, which for a 138-room hotel use results in a requirement for 173 off-street parking spaces.

The applicant is proposing to provide 117 parking spaces for the proposal, consisting of 78 on-site spaces and 39 on-street spaces. The use of the public right-of-way for required parking is discussed in more detail in the following section, while this section focuses on the parking rate itself. If all 117 spaces are considered dedicated for this 138-room proposal, it would result in a parking rate of 0.848 spaces per room, which does not meet the Specific Plan baseline requirement for hotel uses. However, Specific Plan Table F2 footnote #6 states: "If a use is not listed in this table, a project applicant may propose a rate from *ULI Shared Parking* or other appropriate source or survey for the review and approval of the Transportation Manager. If ULI Shared Parking is updated with a new edition, the Transportation Manager may consider new rates."

The Specific Plan also allows for shared parking reductions, also via the *ULI Shared Parking* text, as noted in Section F.8:

In addition to the proposed rates, an individual development proposal may incorporate a shared parking study that proposes additional ULI credits to account for the mixture of uses, either on-site or within a reasonable distance. By virtue of the existing diversity of nearby uses, parcels in the downtown area would effectively have lower parking rates. However, the precise credit would be subject to review and approval based on the specific design and site conditions.

In addition to the above allowances, an applicant would also have the right to apply for a variance to permit a lower parking rate (at a maximum of 50 percent of the standard in question). Approval of a variance requires specific findings, in particular that a hardship peculiar to the property and not created by any act of the owner exists.

The applicant has prepared an initial parking analysis, which argues that a parking ratio of between 0.75 and 0.84 spaces per room is appropriate given the unique attributes of this hotel, and is justified both from alternate parking rate sources and from observed facility operations at the Los Altos Marriott Residence Inn that is operated by the applicant. Staff has not had an opportunity to review this analysis in detail, but generally believes that there are technical means by which such an alternate rate could be granted (be it through a variance, shared parking reduction, the Specific Plan Table F2 footnote #6 allowance, or a combination).

The City Council should consider providing guidance on this topic, including:

- Provided staff continues to work with the applicant to refine the parking analysis and ultimately supports an alternate parking rate proposal, does the Council believe it can support the provision of 117 parking spaces for the proposed 138-room hotel (a limited service business-oriented facility that would not include any sizable restaurant or conference center component)?

Use of Garwood Way Public Right-of-Way

The applicant is proposing that the 39 on-street parking spaces along Garwood Way in the vicinity of the development be considered as part of the hotel facility's required parking. As noted previously, the original approvals for the senior citizens retirement living facility required that the developer construct the perpendicular spaces along the east side of the street, but did not formally recognize or enumerate them as required parking spaces for the exclusive use of this parcel (such as through an encroachment permit or other agreement). Staff understands that the spaces have effectively been used as dedicated private parking spaces since the construction of the building, but this use has not created a legal right for continued use, either for the current senior residential facility or any future use, as "prescriptive" rights cannot be obtained on public property.

The applicant is proposing that these on-street spaces be considered as part of the proposal, and that documentation of their exclusive use be recorded if such an agreement does not already exist. The applicant states that alternatives, such as constructing new on-site parking facilities, adding parking lifts to existing parking areas, or providing a 24-hour valet service, are either financially, technically, or aesthetically infeasible given the constraints of this site. Although not described in the project description letter, staff has also encouraged the applicant to consider whether parking could be shared with any nearby parcels, such as the adjacent pending 1300 El Camino Real project, but the applicant has stated that this is also not feasible, primarily due to differing development timeframes.

Staff is not aware of any existing examples of private uses being granted exclusive use of parking spaces on the public right-of-way for the purposes of meeting a development's parking requirement. In some cases, such as for the recent 389 El Camino Real project, public right-of-way has been abandoned for the benefit of a private development, but such a permanent step is typically reserved for cases in which the right-of-way has limited use to the public, either now or in the future (the 389 El Camino Real case involved abandonment of a short dead-end alley only serving the project site). While this section of Garwood Way is currently a dead-end street, the City Council has previously adopted a plan line to extend this roadway to Oak Grove Avenue, and as such staff does not recommend a permanent right-of-way abandonment for this application. However, a long-term encroachment permit (or equivalent mechanism), tied to the hotel use being in active operation, could be considered in recognition of the positive fiscal aspects of this use and the unique attributes of this site

(namely, that it was required to construct these spaces originally and has limited opportunities to provide additional on-site parking). If such approval is ultimately granted, staff recommends that the City Council specify it is limited and does not establish any precedents for future applications, which should have their attributes and benefits evaluated on a case-by-case basis.

It should also be noted that the approved off-site improvement plans for the 1300 El Camino Real project show the existing perpendicular parking spaces on the east side of Garwood Way as being changed into parallel spots. Such a reconfiguration would likely reduce the number of parking spaces in this location. Although the 1300 El Camino Real project currently appears likely to be revised in some way, some sort of reconfiguration of the perpendicular parking spaces along Garwood Way may still be necessary. It is possible that alternate (such as angled) parking layouts could preserve a larger number of spaces, but the feasibility of such alternatives is not immediately certain.

The City Council should consider providing guidance on this topic, including:

- Is the granting of exclusive use rights for on-street parking appropriate for this proposal, given the positive fiscal attributes of this use and the unique attributes of this site and the right-of-way immediately adjacent to the railroad tracks?
- If such rights are granted, but changes to the Garwood Way parking layout are required by other projects in the vicinity, how should that potential conflict be addressed? For example, if Garwood Way is extended to Oak Grove Avenue, would it be appropriate to dedicate on-street spaces farther down the new portion of the street for the benefit of 555 Glenwood Avenue?

Architectural Modifications

The Specific Plan states that the “Architectural Control procedures as codified in Zoning Ordinance Section 16.68.020 would apply to all new construction and additions of more than 100 square feet, as well as exterior modifications (regardless of whether square footage is affected) that would not be in conformance with a previous design approval.” The Applicant states that exterior changes will be minimal, but has not prepared full project plans that would enable a determination of whether Planning Commission Architectural Control review would be required. New signage, if it conforms to the Zoning Ordinance and the Sign Design Guidelines, does not itself require Planning Commission Architectural Control review.

The City Council should consider providing guidance on this topic, including:

- Are there particular aspects of the existing development (for example, building color or landscaping) that, if modified, either should or should not be considered a significant change from the original building approvals?

Housing Element and Related Implications

The City is currently undertaking a Housing Element update. A concern of staff when the applicant initially inquired about a use change was whether such an action could result in direct negative implications for future Housing Element update cycles (i.e., would the City's unit count obligations be raised by an amount equivalent to the number of rooms currently at this facility). Staff inquired with the primary consultant assisting the current Housing Element update, who has stated that his experience indicates such a "penalty" is only a possibility if a development is explicitly income-restricted for affordable housing and is subsequently removed from those protections. Based on this guidance, because the Casa on the Peninsula facility is and has always been a market-rate facility, conversion of the use should not result in direct effects for future Housing Element cycles. In addition, it may also be relevant that the existing facility does not provide independent living units (while there are efficiency kitchens in each room, they are not full kitchens that would be required under City practices in order to be considered a primary or secondary dwelling unit). If the application proceeds, staff would continue to review this topic to ensure that there are not negative effects with regard to the Housing Element.

Although there do not appear to be direct Housing Element implications, and although the requested actions to enable a potential hotel operation do not explicitly require consideration of the use change from a senior living center, the applicant has provided information about the State requirements for winding down such a facility. Specifically, they state that "(i) the current owner will be generating a relocation plan customized to each resident and coordinating with the governing agency as to that person's relocation, (ii) from the provision of this information residents would have 60 days' notice to vacate, (iii) staff will be maintained to assist the residents in their moves, and (iv) referral agencies will be retained to place them in a new home." As previously noted, Casa on the Peninsula is not a skilled nursing home or an affordable senior housing community, which should enable greater flexibility with potential placement of residents in alternate facilities. In addition, the applicant has stated that the facility has recently operated far below capacity (current at approximately 20 percent), which would limit the number of residents affected by a potential closure.

SUGGESTED STUDY SESSION PROCESS

Staff suggests that the City Council consider an agenda for the study session that would include the following:

1. Staff presentation
2. Council questions of clarification regarding the presentation
3. Applicant presentation
4. Council questions of clarification regarding the presentation
5. Public comments
6. Council discussion

As previously discussed, the key questions for Council consideration are:

Hotel Use

- Does the proposed use substantially match the definition of “hotel”, or is the projected proportion of 30-day stays too large to be considered ancillary?
- If the projected proportion of 30-day stays is an area of concern, would it be appropriate to prohibit extended-term, non-TOT stays, or limit them to a significantly smaller percentage?

Public Benefit Bonus

- Does the proposed public benefit (primarily through TOT revenues) generally seem appropriate, given the relatively modest FAR being requested (1.16, which is slightly over the 1.10 Base level and well below the maximum 1.50 Public Benefit Bonus level that could be considered)?
- For a full application, would a City-overseen peer review of the applicant’s limited economic benefit review be sufficient, or should the City initiate a full, independent Fiscal Impact Analysis (FIA)? (In either case, the applicant is required to pay for the City’s consultant costs.)

Parking Standards

- Provided staff continues to work with the applicant to refine the parking analysis and ultimately supports an alternate parking rate proposal, does the Council believe it can support a the provision of 117 parking spaces for the proposed 138-room hotel (a limited service business-oriented facility that would not include any sizable restaurant or conference center component)?

Use of Garwood Way Public Right-of-Way

- Is the granting of exclusive use rights for on-street parking appropriate for this proposal, given the positive fiscal attributes of this use and the unique attributes of this site and the right-of-way immediately adjacent to the railroad tracks?
- If such rights are granted, but changes to the Garwood Way parking layout are required by other projects in the vicinity, how should that potential conflict be addressed? For example, if Garwood Way is extended to Oak Grove Avenue, would it be appropriate to dedicate on-street spaces farther down the new portion of the street for the benefit of 555 Glenwood Avenue?

Architectural Modifications

- Are there particular aspects of the existing development (for example, building color or landscaping) that, if modified, either should or should not be considered a significant change from the original building approvals?

The study session is intended to provide feedback to inform the applicant's potential future full application for the actions as described in the preceding sections. The Council may not necessarily be able to provide clear and unified direction on all topics, but consideration of each can still provide useful information for the benefit of the applicant and the public.

IMPACT ON CITY RESOURCES

The applicant has submitted an initial deposit for this study session, and is required to pay for staff time above and beyond that deposit. A future full application would likewise require a deposit and billing for full cost recovery.

The applicant has prepared an initial analysis that states that this use would result in annual net new General Fund revenues of between \$660,000 and \$770,000 (plus a potential additional \$163,000 to \$196,000 if extended-term stays are subject to TOT). This initial analysis has not been fully reviewed or independently replicated by staff, but would be as part of a full application.

POLICY ISSUES

The El Camino Real/Downtown Specific Plan establishes regulations and guidelines for potential future development of the 555 Glenwood Avenue property, although there are specific areas that the Council should provide policy feedback on, as described in more detail above.

ENVIRONMENTAL REVIEW

Study sessions do not result in an action, and as such are not subject to the requirements of the California Environmental Quality Act (CEQA).

A future full application would require some level of environmental review, although the precise requirements have not been determined at this point. The El Camino Real/Downtown Specific Plan did include the preparation of a program-level Environmental Impact Report (EIR), which states the following with regard to review of individual projects:

- It is anticipated that projects will typically fall into one of the following categories:
 - Smaller buildings/additions (under 10,000 square feet of floor area, typically) may be categorically exempt under Class 1 ("Existing Facilities") or other provisions of the CEQA Guidelines, and no further review needs to be done. However, environmental review may be required even for future projects that would normally be categorically exempt if there is a reasonable possibility that a project would have a significant effect due to unusual circumstances;

- Any project that is not categorically exempt will be required to complete an Initial Study to determine if all potential impacts were reviewed in this Program EIR; and
- If the Initial Study identifies any impacts that were not analyzed in this Specific Plan EIR, then either a Mitigated Negative Declaration or a project-level EIR will be prepared, depending on whether all of the new impacts can be mitigated.
- In addition, all future projects must incorporate feasible mitigation measures and alternatives included in the Mitigation Monitoring Program.

The Specific Plan development program did consider the addition of up to 380 hotel rooms within the Plan area, although the projected geographic distribution of these uses and other new development may not necessarily align with any particular individual development proposal. As a result, a key part of any project-level review relates to traffic. The applicant has submitted an initial analysis of four intersections. This information has not been fully reviewed by staff, but detailed review would proceed if the applicant elects to pursue a full application.

Signature on file

Thomas Rogers
Senior Planner

Signature on file

Arlinda Heineck
Community Development Director

PUBLIC NOTICE

Public notification was achieved by posting the agenda, at least 72 hours prior to the meeting, with this agenda item being listed.

ATTACHMENTS

- A. Project Description Letter
- B. Project Plans



SAND HILL PROPERTY COMPANY

PROJECT DESCRIPTION

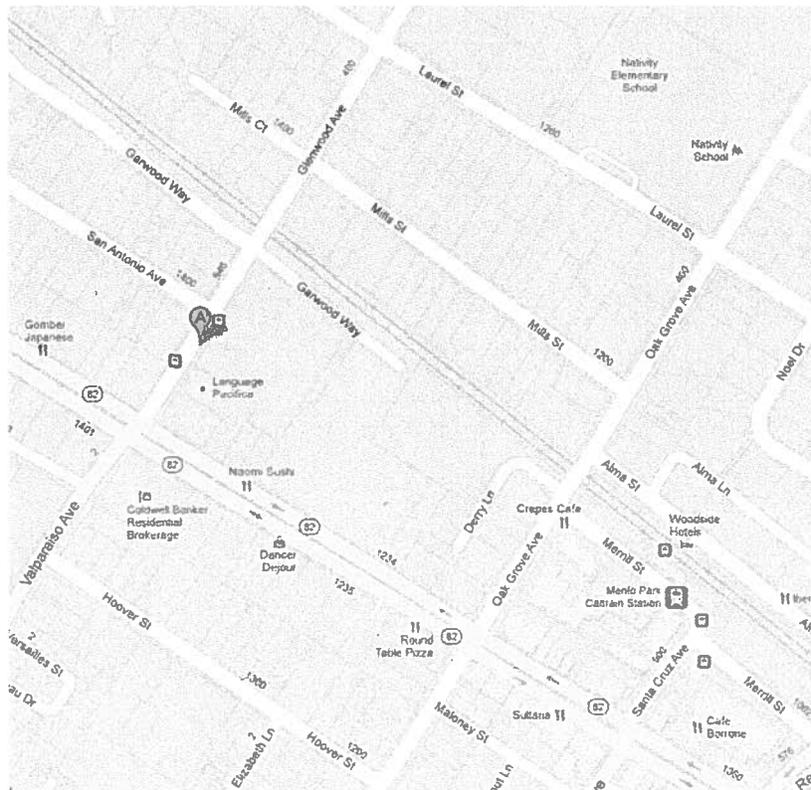
MARRIOTT RESIDENCE INN MENLO PARK

OCTOBER 19, 2012

Sand Hill Property Company (the "Company") is considering the purchase of 555 Glenwood Avenue, commonly known as the Glenwood Inn (the "Property"). The Company's intent is to change the permitted use of the property from retirement living complex to a Marriott Residence Inn hotel. The Company has had preliminary discussions with and feedback from staff and is presenting this project description in connection with a "development permit application" submitted on a date even herewith and moreover in furtherance of its desire to (i) solicit the feedback of the City Council at an October 30th study session as to its support of the project as proposed. The Company intends to purchase the property subject to the City's approval of the proposed use change.

PROJECT LOCATION

The subject property is located at 555 Glenwood Avenue at the corner of Garwood Way, less than a block to the east of El Camino Real and approximately one block (less than one quarter of a mile) from the Menlo Park Caltrain Station. Due to its proximity to mass transit alternatives, the property should be considered a transit-oriented site. Glenwood Avenue bounds the project to the north and Garwood Way (and the adjacent Caltrain railroad tracks) bound the project site to the east. Beyond two commercial parcels to the north sits El Camino Real. The site is isolated from adjacent residential neighborhoods by El Camino Real and the railroad tracks.





EXISTING CONDITIONS

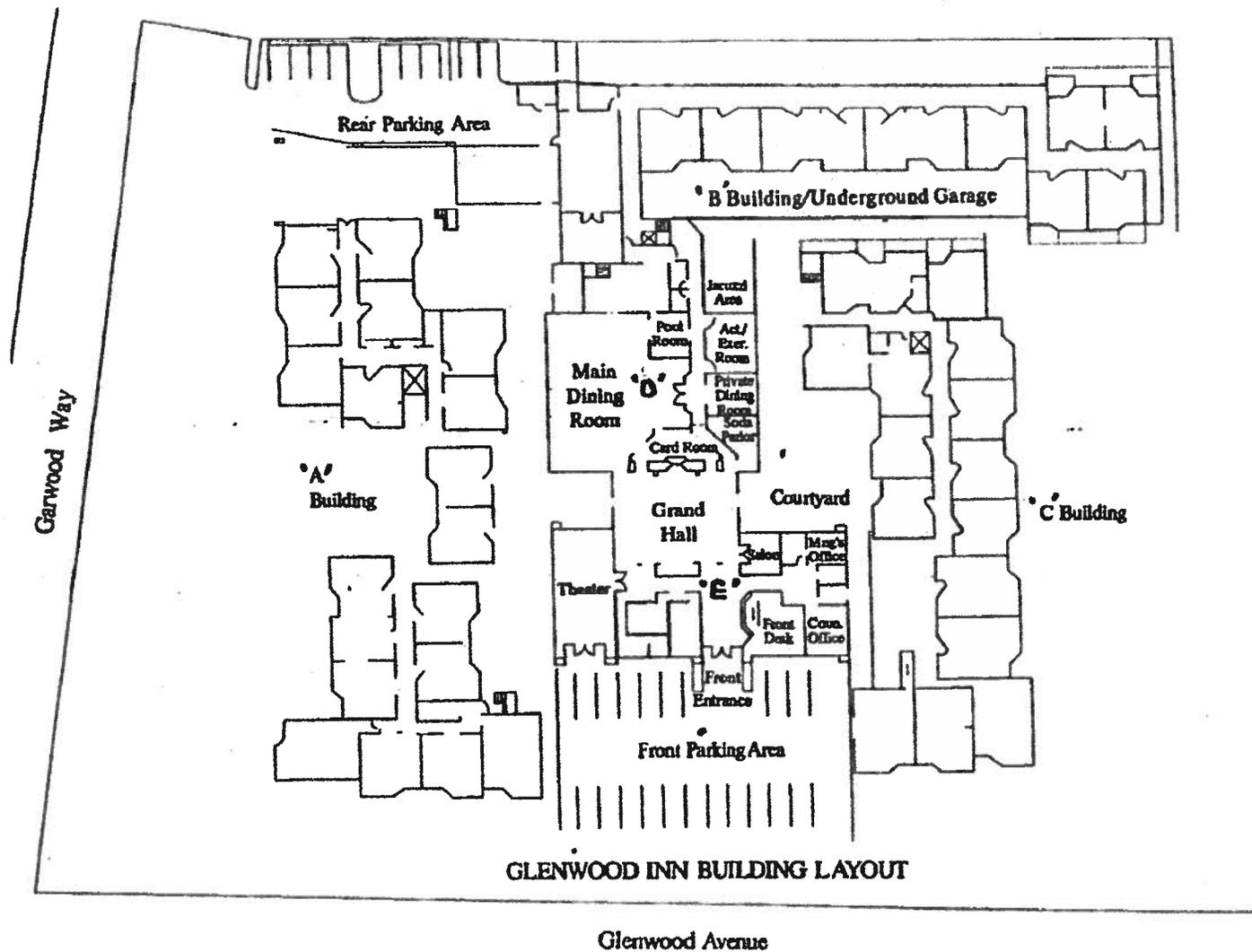
The project site consists of one parcel (APN 061-430-430) of 2.266 acres and existing buildings totaling 113,803 square feet. The subject property is currently operating a market rate assisted living facility consisting of four rectilinear buildings. The buildings were constructed in 1989 in connection with a PD permit issued on April 14, 1987 and are classified as post-modern, concrete and frame structures. The complex has one single-story building (Building A) that houses the public space and common facilities, and three additional three-story structures which contain the guest quarters. The single-story building consists of a library, auditorium, main dining room, private dining room, social room, meeting room, and card room, as well as management offices and areas. The guest quarters include a combination of studio, one-bedroom, and two-bedroom/two-bathroom units that total 125 existing guest rooms, having been converted from the original permitted construction of 138 rooms. Covered or enclosed walkways connect all buildings. There is also an existing 50 space structured garage underneath Building B (see chart below) and 78 total on-site parking stalls. Approximately 30 additional stalls are located on the east side of Garwood Way and are for the property's exclusive use (as indicated by signage all along this parking area). Another 9 stalls are located on the west side of Garwood Way, contiguous to the property, and for practical purposes are solely used by the facility. Including the Garwood Way parking, the facility's total parking is 117 stalls.

Each studio or one bedroom guest quarter has a bathroom as well as an efficiency kitchen (two plate burners, no oven or ventilation, and a shallow bar sink). Each two bedroom guest quarter has two bathrooms as well as the afore-described efficiency kitchen. The units are not considered permanent residences for purposes of characterizing Menlo Park's "housing stock" due to, among other things, this substandard kitchen.

Existing Room Breakdown

Building	Studio	1 Bedroom	2 bedrooms/2 bath
A	37	4	11
B	17	0	11
C	32	10	3
Total	86	14	25

Existing Building Layout



The existing facility serves both independent and assisted living residents aged 62 years or older. No skilled nursing, Alzheimer's care or rehabilitation care is offered. This is not a continuum of care facility.

Actual rental rates currently range from approximately \$4,000 to over \$5,000 for an "independent" resident in a basic living suite. Additional charges apply for assisted living care (in-room meal service, grooming, dressing, toileting, among other like services) and can bring total monthly room rents to over \$7,000. These are not "affordable" or subsidized rents – they are "at market" and at the highest rate it can bear.

The facility has been operating at far below capacity as a result of the current owner's contemplation of exiting the business and currently only stands at approximately 20%¹ occupancy.

In terms of impacts of the facility closure on the remaining residents, existing state codes govern how the current owner must close the facility and assist in the relocation of residents prior to a sale taking place. Among other things, it is our understanding that (i) the current owner will be generating a relocation plan customized to each resident and coordinating with the governing agency as to that person's relocation, (ii) from the provision of this information residents would have 60 days' notice to vacate, (iii) staff will be maintained to assist the residents in their moves, and (iv) referral agencies will be retained to place them in a new home. The relocation of the residents from this facility should be easier than had it been a skilled nursing home or rehabilitation facility, where the health conditions of

¹ Percentage occupancy as of the first week in October 2012. The vacancy rate is showing no signs of slowing as time progresses. The current owner has ceased re-leasing pending the sale.

residents would present unique challenges, or an affordable senior housing community, in which case the available options for residents with subsidy requirements for relocation would have been much more limited.

Given the rapid rate of move-outs in recent weeks (word of the finality of the use change has prematurely been spread), it is apparent that the residents of this facility are highly mobile and have options financially. While there are a few exceptions, the majority of the remaining occupants is from Menlo Park and adjacent communities such as Palo Alto, Atherton and Redwood City and has family support locally. (Note that residents or their families typically choose residential care facilities based on proximity to the home of the resident or the home of the families responsible for their care.)

The property sits within the El Camino Real Mixed Use/Residential land use designation of the City's recently adopted El Camino Real / Downtown Specific Plan.

PROJECT OBJECTIVE

The renovation and adaptive re-use of an underutilized assisted living facility to/as a vibrant, tax-generating, business-oriented, internationally-recognized hotel, which use is encouraged by the City of Menlo Park pursuant to its recently adopted Specific Plan.

PROJECT DESCRIPTION

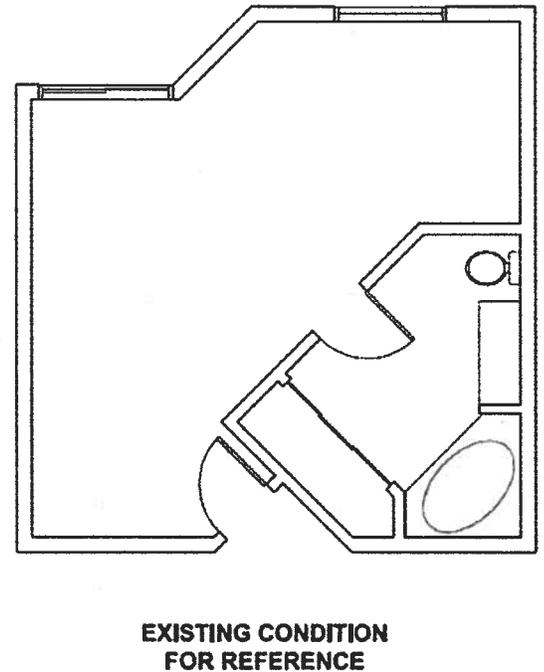
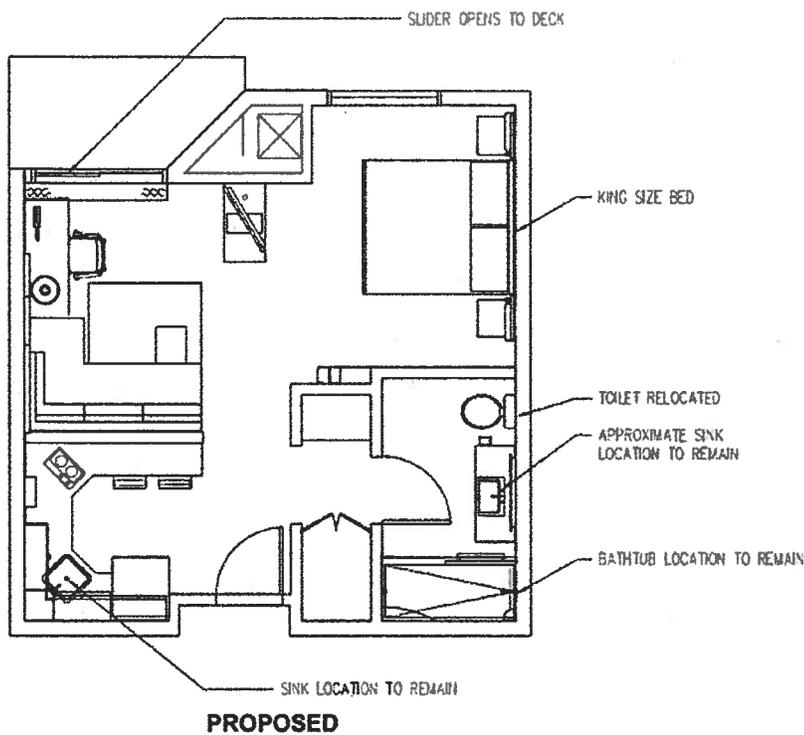
The proposed project is the conversion of the existing market rate assisted living senior housing complex into a limited service hotel. The hotel brand proposed would be Marriott Residence Inn ("MRI"), a Marriott brand with over 650 locations throughout the United States. The Company is an experienced hotel developer and has previously developed (and continues to own and operate) a MRI in Los Altos, CA. (The Los Altos MRI has continuously ranked in the top 5% globally in guest satisfaction, including multiple "Platinum" awards, since we opened it 10 years ago.) Marriott has already given the Company its approval of the site as a MRI consistent with this project description. The MRI brand is ideal for the Menlo Park area because it will appeal not only to the corporate travelers visiting the Silicon Valley and nearby Stanford University, it will also serve as a popular amenity to the residents and businesses of the local Menlo Park community. MRIs typically appeal to guests staying for a week or longer and provides them away-from-home comforts including functional in-room and public area work spaces, free daily hot breakfasts, free high speed internet in guest rooms and public areas, convenient 24 hour snack and essentials market, as well as complimentary social events including foods and beverages in the afternoon, while also offering on-site amenities including private meeting rooms, a business center for guests, a communal room for guest work pods/spaces, a guest "hearth room" or sitting room, a breakfast buffet and eating room, and exercise room. The average MRI guest stay is 5 to 10 days.

The project proposes no increases to the existing lot coverage or floor area. Conveniently, the existing facility very closely mirrors the layout of a prototypical MRI brand product. The size and layout of the guest quarters transitions seamlessly into the various guest room mixes required for a MRI. Additionally the common area and facilities currently in Building A (the public area building) will be reallocated and reconfigured to accommodate the MRI amenities requirements and appeal to the demands of the local market. The goal is to update the existing facilities to create a fresh, unique, and high quality environment that provides state of the art technology, amenities, and business services while still maintaining a consistency with the exterior so as to integrate the use change into the existing neighborhood character.

Existing Facility's Common Area		Proposed Hotel Public Space	
Room Description/Use	Approx. Square Footage	Room Description/Use	Approx. Square Footage
Activity/Exercise Room	483	Meeting Room I	483
Card Room	420	Meeting Room II	828
Grand Hall	1711	Meeting Room III	1209
Library	178	Tech Lounge	420
Main Dining Room	2793	Hearthroom	1711
Pool Room	261	Computer Area	178
Private Dining Room	475	Breakfast Buffet & Dining Area	2467
Restrooms	371	Exercise Room	587
Salon	165	Restrooms	371
Soda Parlor	353	The Market	165
Theater	1209		
TOTAL	8419	TOTAL	8419

Residence Inn hotels are designed to accommodate the extended-stay traveler, and the rooms will be spacious suites with full kitchens and separate areas for sleeping, working, eating, and relaxing.

The below diagram illustrates a potential renovation of an existing studio layout to the MRI proposed studio layout. The existing room structures and plumbing fixtures generally remain in place despite new configurations for the furniture and equipment.



For the ideal MRI room mix, the project proposes the restoration of the converted two-bedroom/two-bathroom guest quarters back into their original studio configuration. The current owner had over time converted 26 original studios into two-bedroom/two-bathroom quarters by simply removing the demising wall and second kitchen area and keeping all other elements of the guest quarters intact. Our project contemplates the reversion of those converted two-bedroom/two-bathroom quarters into their original layout as a single studio guest room by re-introducing the demising wall and the removed kitchen area. The new proposed guest room mix would be as follows:

Room Type	Existing Senior Guest Quarter	Proposed under MRI
Studio	86	112
One Bedroom	14	14
Two Bedroom/Two Bathroom	25	12
Total Room Count	125	138

Note that the original PD permit for the existing buildings permitted 138 “living suites” and the buildings were originally developed with those 138 rooms.

No increases to the property’s existing heights (35’), lot coverage, or floor area (113,800 sq ft) are proposed in our project.

Parking

Furthermore, we propose no decrease to the site’s parking supply. Today there are total 78 parking stalls on site (17 on the surface parking lot near the entrance and 61 along the ramp and in the below grade parking garage). The facility

also currently has use of an additional 39 stalls on Garwood Way, 30 of which are exclusive to the facility². The current parking ratio falls well below what is typically required for housing but is suitable for a business hotel use.

Our project would propose on- and off-site parking to accommodate the operations of the MRI. In addition to the continued exclusive use of the 30 off-site stalls along the east side of Garwood Way³, the project proposes the 9 existing parallel stalls along the Property on the west side of Garwood Way, which is the maximum amount of stalls readily available to be added to the site (with removing existing buildings and/or constructing more underground parking areas). Based on the Company's operating experience (and empirical data from its Los Altos MRI) as well as Marriott's site-specific requirements, only with the inclusion of the above Garwood Way stalls is the parking ratio manageable for the proposed MRI operation. A parking analysis from TJKM justifies the proposed parking ratio for the business hotel use.

Location	Existing Stall Count	Proposed under MRI	Change
Entrance Surface Lot	17	17	0
Surface Lot at Building Rear	11	11	0
Below Grade Garage	50	50	0
Garwood Way – East Side	30	30	0
Garwood Way – West Side	9	9	0
Total Count	117	117	0
Ratio of Stalls to Guest Quarters (inclusive of stalls along Garwood Way)	0.848	0.848	
Ratio of Stalls to Guest Quarters (exclusive of stalls along Garwood Way)	0.565	0.565	

The proposed parking rate above is supported by industry standard rates for the proposed use as well as actual parking usage rates for the Company's comparable MRI in Los Altos. The Company has audited the parking demand of its 156-room Los Altos MRI (regularly 100% occupied) for the last several months and the resulting data shows that the parking usage peaks at 0.75-0.88 stalls per room⁴ and averages at approximately 0.68 stalls per room. Quite simply neither the Company as the future hotel operator nor Marriott as the hotel franchisor require stalls beyond what is proposed to satisfy the future parking demand of the hotel.

Further, the requirement of additional stalls would not only be unnecessary but would make the project infeasible. The costs of construction to provide subterranean parking are prohibitively high. Adding this below ground parking would also require the removal of portions of the existing structure, as would the creation of additional surface parking. The addition of an above-ground parking structure over the portion of the property currently used as surface parking along Glenwood Avenue is not only cost prohibitive for this project but such a structure would be highly visible from the street and would negatively affect the character of the surrounding area. Finally, the addition of parking stackers or lifts in the existing below grade parking area is physically impossible due to clear height constraints. Moreover, the labor costs of providing 24 hour valet services and stacker or tandem stall management is financially infeasible.

² Garwood Way was developed as configured by the original developer of the property at his expense in connection with the entitlement and construction of the existing assisted living facility.

³ We would propose to document such continued use with the City for the benefit of the Property, if same does not already exist.

⁴ This figure is inflated at least 5-10% as it does not exclude unauthorized night-time parkers from Box.net, our next door neighbor.

REVIEW & APPROVAL PROCESS

In mid-July, the City of Menlo Park adopted the El Camino Real / Downtown Specific Plan (the "Plan"). As of that date, all new development proposals in the Plan area, which encompasses the Property, are now required to adhere to the Specific Plan regulations.

The Company believes the proposed project is in conformance with the guidelines and is strongly supported by the objectives of the Plan.

Our review of the Plan showed that:

- ✓ The Property sits within the Plan's ECR Mixed Use / Residential district (the "District").
- ✓ The existing buildings generally comply with the District's development standards.
- ✓ The hotel use is a permitted use within the District.
- ✓ The hotel use is considered a public benefit by the Plan for its tax revenue and vibrancy.
- ✓ The Property's parking is deficient for the proposed hotel use using the Plan's 1.25 stalls per room ratio.
- ✓ The Plan allows for justifiable parking reductions.
- ✓ The Plan attempts to incentivize public benefit by granting development bonuses or other concessions.

Parking Reduction

With respect to the above-referenced parking shortfall, as previously outlined the lower number of provided stalls will not have a negative impact on the operations of the hotel or on the adjacent community as the demand will be fully met. In fact, the Plan itself:

- (i) acknowledges that the prescribed parking rate is "conservative" and "industry standard" as opposed to accurate and customized to suit the variety of potential hotel types (limited service hotels such as MRI involve substantially fewer employees – our Los Altos MRI has only two night-time employees on site – than full service hotels, which we believe was a major driver for the high 1.25 "standard" rate) and
- (ii) offers various scenarios in which a qualifying project can justifiably propose a parking supply that does not meet the Plan's minimum parking ratio or involves a use that is not contemplated by the Plan.

The Plan provides that its minimum parking requirements are "higher than average for commercial uses when compared to neighboring jurisdictions." The Plan considers a hotel to be a commercial use. Accordingly, the Plan offers that "there is an opportunity to reduce the minimum parking requirements for some types of development to account for the accessibility of the downtown to non-automobile users and the potential for shared parking."

Non-Automobile Users

We anticipate a great deal of our proposed hotel's occupancy will come from "non-automobile users". For one, as a member site of the ECR MU/R land use designation, we of course are located less than a quarter of a mile from Menlo Park's Caltrain Station and four SamTrans bus routes (one Express, one Community, and two Caltrain connecting routes, one of which also connects to BART) and expect a significant percentage of guests and employees to travel by modes other than private automobile. Further, from our experience operating the Los Altos MRI, a large portion of the proposed hotel's guests will be "non-transit non-automobile users" including the following guest profiles:

- Business traveler visiting a company within walking or biking distance of hotel
- Business traveler ride-sharing with coworkers (either also staying at the hotel or locally based at the business being visited)
- Longer-term guest from a foreign country who has no valid driver's license utilizing a car service
- Leisure traveler visiting family who is responsible for the guest's transportation

Shared Parking

As the Plan states, “different uses have different parking demand characteristics, with some uses (like offices) peaking during the day on weekdays and other uses (like housing) peaking in the evenings and on weekends. Providing parking spaces that can be shared between these uses is a more efficient usage of the limited amount of available parking.”

First, there is an abundance of available street parking in the vicinity of the Property. In addition to the Property’s 30 dedicated stalls on the east side of Garwood Way south of Glenwood Ave, there is approximately 300 linear feet of parallel parking on the west side of Garwood which is effectively used only by visitors to the Property. Crossing Glenwood also on the west side, from the corner there is another 150 lf of uninterrupted parallel parking on Garwood alongside the PG&E substation, for which there is little to no competition as the adjacent uses are single family or low density residential with adequate off-street and adjacent on-street parking for residents and guests.⁵

Further, the entire block in which the Property sits (including large vacant lots such as 1300 El Camino Real and the Derry Property) contain no other residential or hotel uses, only commercial uses. Hotel and residential uses typically share similar evening peak hours and are compatible shared parking mates with the day-time peaking commercial uses.

The Plan provides that “shared parking reductions are not included in the City’s existing rates, although individual developments can currently request parking reductions based on specific factors”. This project is an excellent candidate for a parking reduction not just because it is transit-oriented but on the basis of shared parking efficiencies.

Finally, the Plan introduces a specific geographic zone referred to as the “Station Area Sphere of Influence”, which zone includes the subject site. Interestingly the Plan grants all projects within the Station Area Sphere of Influence proposing a multifamily residential use a dramatically reduced minimum parking rate of 1.0 stall per residential unit. This effectively is a 45% reduction from the standard multifamily residential Specific Plan parking rate of 1.85 (which would be applicable to all sites outside of the Station Area or the Station Area Sphere of Influence). As discussed previously, hotel use parking acts very similarly to residential use parking (except hotel use parking typically does not involve weekend daytime volumes like residential use). The question we present to staff is would it not be appropriate to offer hotel uses within the Station Area Sphere of Influence the same kind of Sphere of Influence parking requirement reduction. (This would make the 1.25 stalls per room rate closer to 0.70, aligning with our operational needs.) We feel that, given the above justifications, it would.

We have commissioned the preparation of a parking analysis by TJKM, which concludes that the proposed parking is adequate for the proposed use, and have included same in our project application for the City’s reference. TJKM also performed an assessment of the traffic impacts of the proposed use change and determined that level of service impacts at the four study intersections (as identified by staff) due to the proposed project are also considered acceptable. The traffic analysis was also included in the application.

Public Benefits

We feel the public benefit the proposed project inherently offers to the community should be a material element of the City’s consideration of the proposed project.

The Plan reveals that the community believes “hotels are a desirable use for the City from a fiscal and economic development perspective.” Accordingly, the Plan identifies the hotel use that by itself will be considered a public benefit. No other use is so esteemed. The Plan explains that hotel use is considered a public benefit because it

⁵ It should be noted that the Plan indicates that downtown on-street parking supply would not be impacted by the parking situation at the intersection of Glenwood and Garwood. The Plan’s Figure F5 clearly demarcates the Property as “Outside Downtown On-Site Parking Area”, while Table F3 (“Existing and Future Downtown Parking Supply”) and Figure F6 (“Proposed Public Parking Downtown”) show in practice that overflow parking by our proposed hotel at the Glenwood/Garwood intersection would be separate and distinct from the downtown parking dynamic.

generates higher tax revenue for the City while also enhancing downtown vibrancy. Our proposed MRI will undoubtedly accomplish both of these things, and more. Below is a list of public benefits that will result from the proposed MRI:

- ✓ Transient Occupancy Tax ("TOT"). This is a topical issue right now for the City as it attempts to manage on-going budget challenges. There is a measure on the November ballot calling for the increase of the TOT rate in the City from 10% to 12%. The proposed MRI hotel would introduce 138 hotel rooms to the City, which based on our market knowledge, operating data from our neighboring Los Altos MRI, and independent review by a fiscal impact consultant, at the current 10% TOT rate would each conservatively generate approximately \$4,000 annually in tax revenue, or approximately \$600,000 in total annual tax revenue from this hotel. In fact, assuming we achieve our projections the proposed hotel will generate upwards of \$1,000,000 in annual TOT within 3 years of opening. Furthermore, this revenue would be independent of the state's budget crisis and not subject to appropriation, as was the case when the State of California eliminated the Redevelopment Agency in January. The proposed MRI's tax revenue is pure bonus revenue with no accompanying economic disadvantages to local businesses or impact or constraint to the 380 hotel units that the Plan projects to see developed over the next 30 years in other parts of the City. The 138 rooms and bonus TOT revenue from the proposed MRI would be immediately accretive to the Plan and the greater economic development of the City in every sense.

Together with its other additional taxes (property, sales, and business), our most conservative internal projections indicate no less than \$1,000,000 per year in direct revenue to the City thanks to this proposed project.

- ✓ Direct Economic Stimulus to the Community. In addition to tax revenue, the hotel will generate economic stimulus within the community on a direct basis. The proposed MRI is geared toward the business traveler (we expect an 80/20 split between business and leisure guests), and we expect the productivity of the Menlo Park business community to benefit from the introduction of a business friendly, amenitized hotel. The hotel proposed multiple meeting spaces that will not only be amenity to guests but available to the public. We expect these quasi-public spaces to be popular with the City's larger businesses. Furthermore, based on our experience with the Los Altos MRI, we know guests prefer to eat and shop locally and preferably within walking distance – our proposed Menlo Park MRI is in a more walkable location than our Los Altos MRI (and per the Plan sits within a 5 minute walking radius of the Santa Cruz/El Camino Real intersection), so we know our guests will generate spending with downtown businesses. Additionally, we expect the proposed hotel to create nearly 50 net new jobs in the City after considering those removed by the closure of the existing facility. This means with this one project the City will have already created 2+% of the 1,357 new jobs the Plan hopes to create over the next 30 years. Further, our internal projections indicate that the proposed project will generate a net increase of \$3.4 million in direct economic activity, \$1.6 million in indirect impacts and \$1.7 million in induced impacts for a net total of \$6.6 million of economic activity added to the local economy.
- ✓ Vibrancy. The proposed hotel will offer guests a premier location within walking distance of Caltrain and downtown that will result in their maximum interaction with the community that surrounds the hotel. We expect over 120 guests to be introduced to the greater downtown area on a nightly basis, and many of which will spend their days here as well. The location of the proposed hotel is highly beneficial to the community. At the edge of the Plan's "Station Area Sphere of Influence", the hotel will activate the Station Area and allow for the expansion of the borders of the greater downtown area and bring vibrancy to a pocket of the City that currently is at risk of being deadened by the lack of connectivity caused by the adjacent railroad tracks. An important publicly-stated City goal is to enhance connectivity. As the Plan states, "There is a relatively weak connection between the train station and downtown, with limited foot traffic and activities that would otherwise generate more vibrancy in the area." We believe this trend would be reversed by the proposed hotel and its location.
- ✓ Improvement of Underutilized Properties & Sustaining Village Character. The existing facility, 'Casa on the Peninsula' and formerly (and perhaps more commonly) known as the 'Glenwood Inn', has been running at occupancies well below industry and market standards for several years as the owner has been contemplating

exiting the business. The facility has accrued a significant amount of deferred maintenance and has not enjoyed a comprehensive “refresh” in many years. The exterior of the buildings and perimeter of the property, while offering interesting architecture and pleasing landscaping, are tired and merit rehabilitation. In anticipation of 85% occupancy rates, the conversion to the hotel use would involve cosmetic improvements to the exterior (as well as to the interior, of course) that will transform the streetscape character along Glenwood Avenue and Garwood Way, encouraging street level activity and enhancing the pedestrian environment. Because no changes to the building massing or additional parking structures are envisioned, Menlo Park will get a new hotel while still preserving its village character.

- ✓ **Healthy Living and Sustainability.** We believe that our adaptive re-use of the Property, salvaging as much of the existing structure and improvements as possible, is an environmentally responsible approach to the project. Our goal is to adhere to the Plan’s recommendation, “utilizing finite resources in a responsible way, creating healthy environments for building inhabitants and minimizing impacts to both natural systems and existing utilities”. We believe our proposed hotel responds to the Plan’s sustainability strategy: “Reduce parking footprint by limiting the amount of space dedicated to surface parking, providing shared parking facilities and integrating parking within development footprints.” By requesting to provide only enough parking to meet the actual demand of the hotel, as opposed to creating un-needed additional surface parking through the demolition of certain, non-critical existing buildings (which would eliminate hotel amenities, like meeting rooms), we not only avoid unnecessary expense and a compromised hotel operation, we are being sustainable. Additionally, the hotel will be designed and constructed to the standards of LEED certification.

Unlike what the Plan contemplates the nature of the relationship between the City and a developer proposing a public benefit, the proposed hotel does not attempt to derive any benefit or additional profits for the provision to the City of the above. As proposed, the re-use of the existing facility as a hotel is justifiable on its own merits. The public benefits that would accompany the re-use would come at no cost or expense to the City. They would be a bonus to the successful project.

In addition to the above public benefits, there are several advantages offered by the proposed hotel.

- ✓ **Free of Political and Unmitigated Environmental Impacts.** The proposed use change does not remove any housing units from the City’s existing housing stock or eliminate an “opportunity site” for rezoning for compliance with the City’s Regional Housing Needs Allocation, so there is no negative impact to the efforts of the City’s Housing Element. Not only this, but the proposed 138 room hotel is accretive to the Plan’s expectation of future hotel development and site targeting. Furthermore, the site’s proposed hotel use is an analyzed and permitted use pursuant to the Plan and its Environmental Impact Report. There will be no intensification, densification, or footprint increases to the Property. From an environmental impact perspective, the assisted living facility and the proposed hotel are comparable uses and no environmental impacts, including traffic related, would result from the use change.
- ✓ **Community Advocacy.** The MRI hotel will be an active member of the community. We anticipate the proposed MRI will act as does our Los Altos MRI, which:
 - Participates in various local community programs
 - Donates rooms to local schools for charity purposes (fundraisers)
 - Is a member of the chamber of commerce and is involved in their events and causes
 - Is actively involved in local festivals
 - Conducts in-house drives to give back to the community
 - Advertises in local papers
 - Refers out to and promotes local businesses
- ✓ **Developer Track Record.** The developer, Sand Hill Property Company is a long-time local developer with deep experience in hotel development and management, having built or in the process of building several hotels and currently owning and operating the Los Altos Marriott Residence Inn, an award-winning hotel for its

management and guest satisfaction. Further, the Company has experience working with the City, having recently entitled the 1300 El Camino Real project.

In addition to the above public benefits and advantages, the proposed project successfully neutralizes several constraints of the Plan area as suggested by the City.

- **“Railroad Line Limits East-West Connectivity”**. The site is immediately bounded by the railroad line, and our MRI will bring the vibrancy associated with 120+ guests per night right up against it. Increased east-west connectivity over the railroad line on Glenwood Avenue is a natural consequence.
- **“Funding for Public Improvements”**. The proposed hotel will bring with it upwards of \$1,000,000 in unplanned tax revenue on an annual basis. The City should consider directing this revenue to its General Capital Improvement Fund or its forthcoming “public amenity fund” so that it may utilize this TOT windfall toward the implementation of the public improvements included in the Plan.
- **“Financing Given the Current Market Situation”**. The economy still has not fully recovered from the financial crises of the last few years. According to the Plan, “the current market situation is characterized by constrained credit markets and a broader economic downturn that has impacted the potential for real estate development. While current market conditions, wherein home prices and the volume of sales have both declined, are not conducive to real estate development at this time, the market for real estate tends to be cyclical in nature. It is difficult to predict when the market will improve; however it is unlikely that new projects in the plan area will be constructed and occupied until 2012–2013, at the earliest.” It is true that there are still significant challenges to planning and executing economically viable projects, and the market for hotel construction (or renovation) financing is not a free-flowing one.

However, the unique circumstances of this proposed project make this a realistic opportunity for a successful hotel in the City to be built. A MRI-conducive building on a properly sized parcel, not to mention the availability thereof, is not commonplace, especially in Menlo Park. The minimal amount of hotel development occurring in the region will also give the project a competitive advantage, especially considering no MRIs even exist between the cities of San Mateo and Los Altos. The local market has put this unique hotel use in demand today, appealing to businesses both big and small as well as the residential population, without impairing the likelihood of the 380 additional new hotel rooms (made up of a conference hotel in the southern end of the City and a boutique hotel downtown) envisioned by the Plan over the next 20 to 30 years. (We believe this not only because our hotel’s location does not conflict with either of the two envisioned hotels, but because our expected guest profile will be 80% business guest and 20% leisure guest, while the Plan based its 380 room vision on an expected breakdown of 60% leisure guests and 40% business guests.) Finally, the economy supports our particular effort: the project as proposed is financeable and we have capital already arranged for the purchase and complete redevelopment of the property. We are proposing to commence construction immediately upon receiving the necessary approvals and believe we can open the hotel within a year.

In sum, not only is the proposed hotel consistent with guidelines and standards of the Plan, we believe this project and its inherent public benefit achieves many of its goals, strategies, and intent.

Applicant’s Request

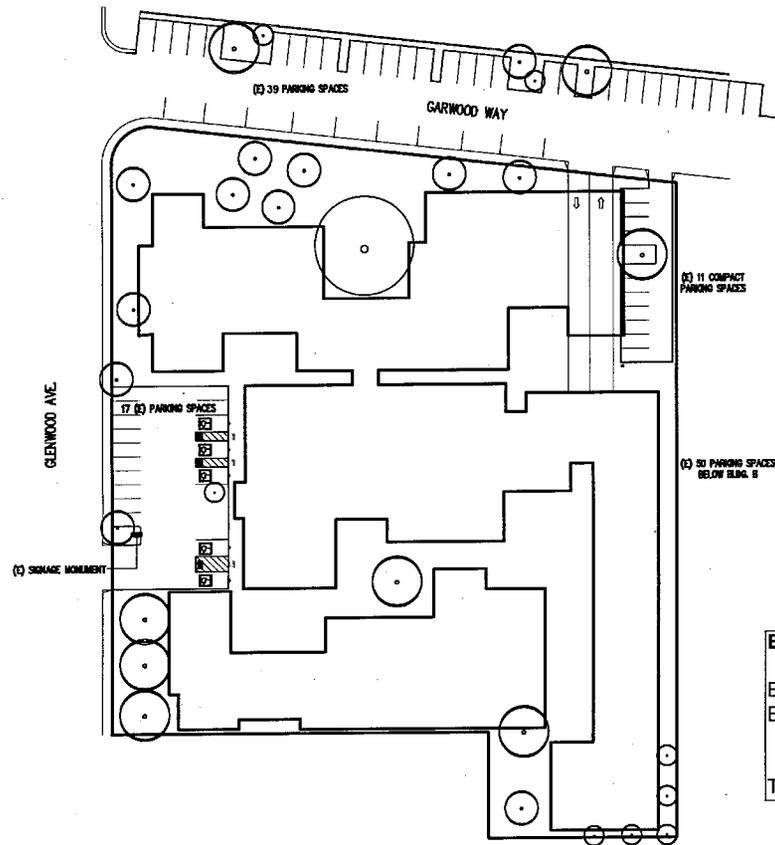
We request the following of the City:

- Feedback from the City Council as to its willingness to formally dedicate the 39 parking stalls on Garwood Way for the exclusive of the proposed hotel facility (to run with the land and be transferable) for as long as the hotel use is maintained. In the event the City requires a third party developer to redevelop and/or reconfigure the existing Garwood Way per the previously approved plans in connection with the “Derry” and “1300 ECR” projects, the applicant shall be able to use the 39 most adjacent stalls to the Property in such new configuration. Applicant is willing to accommodate on its own an interim parking solution in that event (ie during the actual reconfiguration).

- Community Development Director to grant an administrative permit for the change of assisted living facility use to hotel use with the proposed parking supply of 117 stalls. After receipt of the administrative permit but prior to granting a building permit, if it has not been done already applicant shall demonstrate how the 117 stalls shall be provided (whether by exclusive dedication by the City of the Garwood parking areas, licensing of off-site parking areas from a third party, or some on-site solution that in the future shows itself to be physically, operationally, and financially viable). No Architectural Control to be required.
- Expedited permit processing. We respectfully recognize the City has an established process for reviewing project proposals and have legitimate constraints on accommodating expedited schedules. However, we have a limited amount of time and flexibility to execute on this project given that we are not currently the owners of the Property and believe the benefits of this project justify an expedited review. To date the City has been quite accommodating of this special need and we are greatly appreciative.

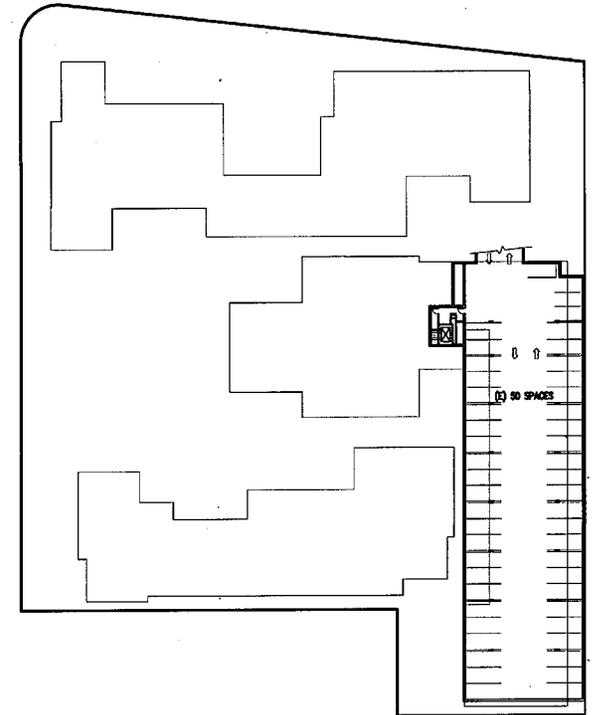
Please direct all correspondence regarding the enclosed to:

Reed Moulds
Managing Director
Sand Hill Property Company
203 Redwood Shores Parkway, Suite 200
Redwood City, CA 94065
650/344-1500x110



Existing & Proposed Site Plan

EXISTING PARKING TABULATION	
EXISTING ON GRADE	67
EXISTING BASEMENT	50
TOTAL	117



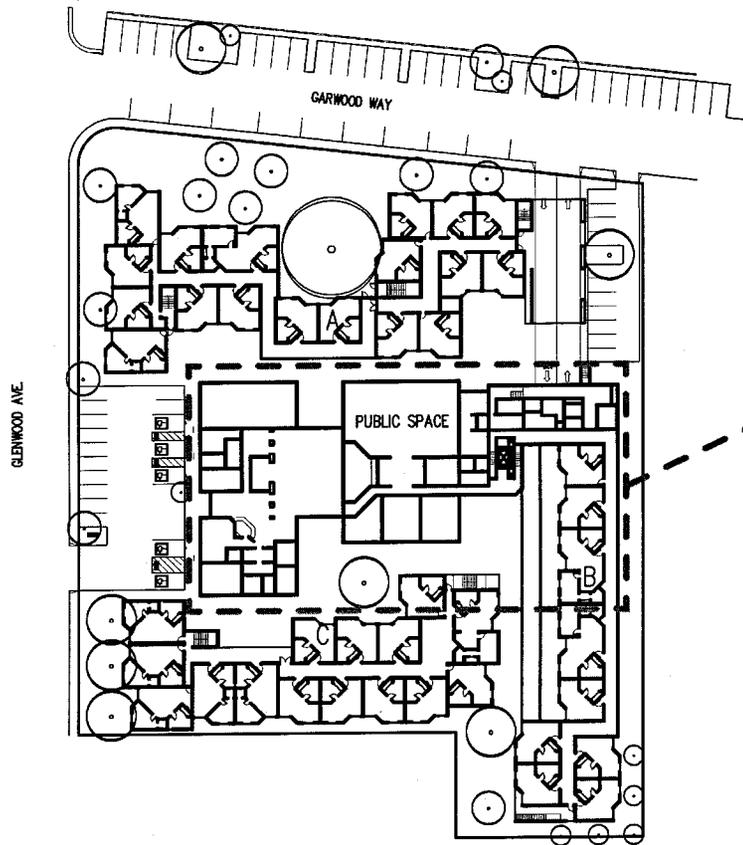
Plan Below Grade

SCALE: 1/64" = 1'-0"
 0 16' 32' 64'

Residence Inn by Marriott
 555 Glenwood Avenue, Menlo Park

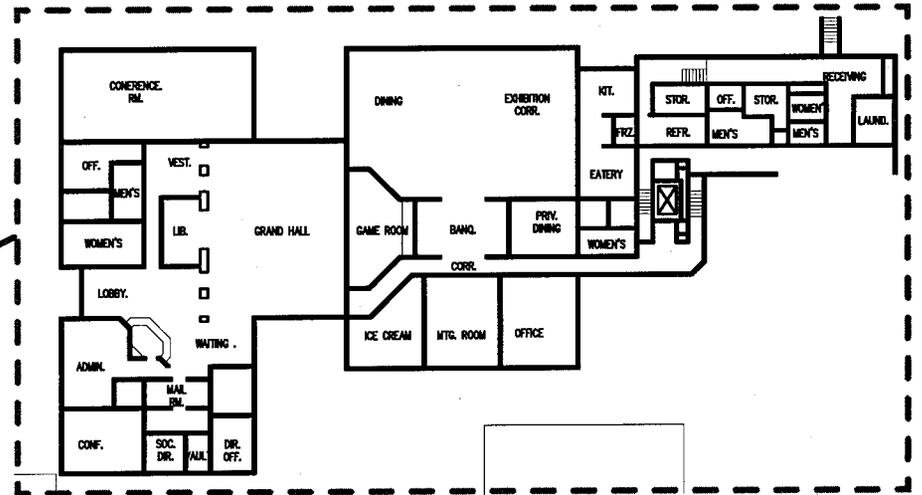
Sand Hill Property Company

Stantec October 18, 2012



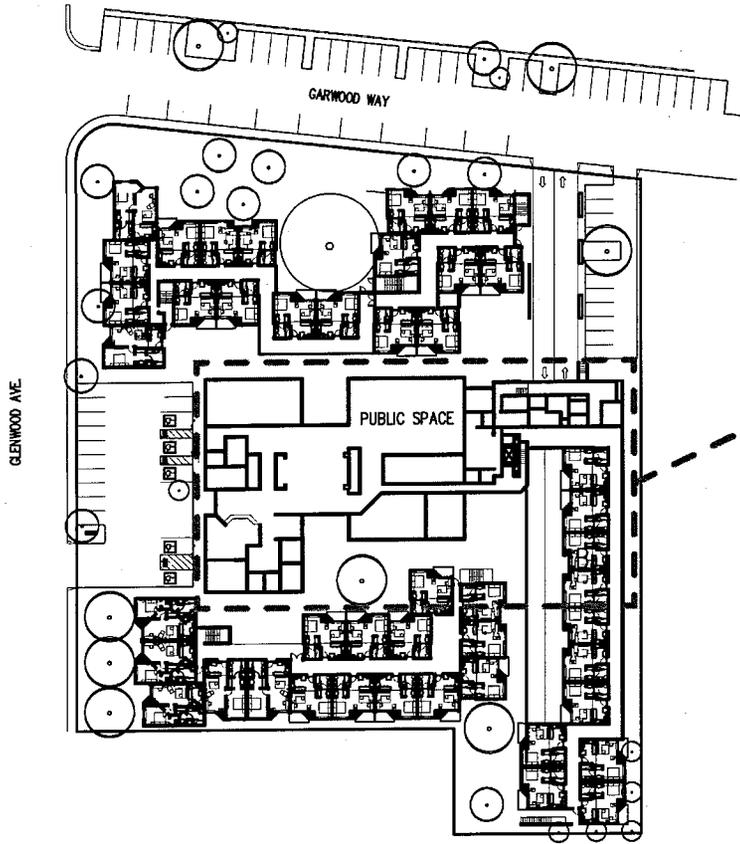
Existing Ground Floor Plan

SCALE: 1/64" = 1'-0"
0 16' 32' 64'



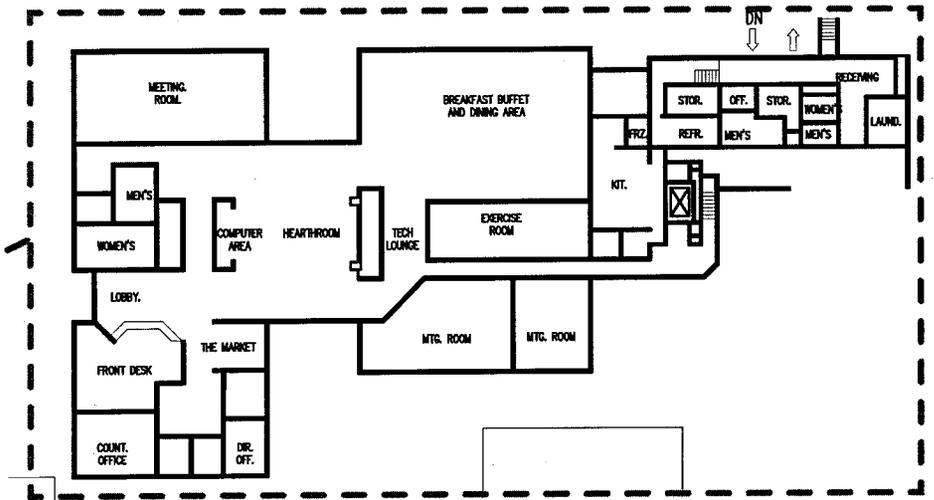
Existing Public Spaces

SCALE: 1/32" = 1'-0"
0 8' 16' 32'



Proposed Ground Floor Plan

SCALE: 1/64" = 1'-0"
0 16' 32' 64'



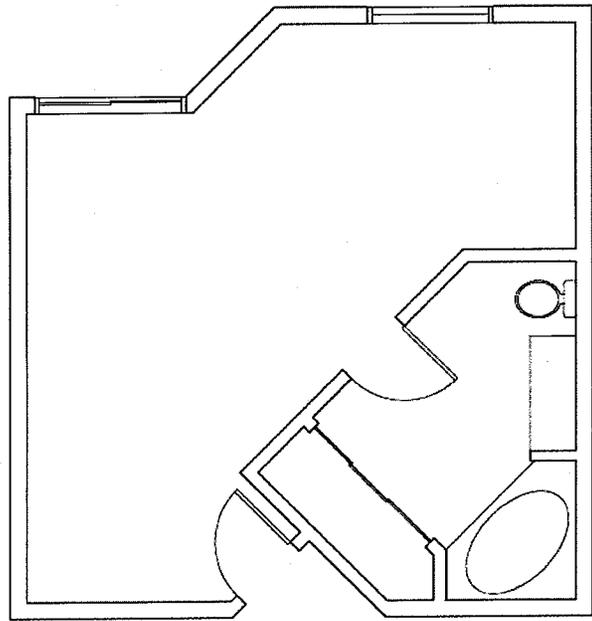
Proposed Public Spaces

SCALE: 1/32" = 1'-0"
0 8' 16' 32'

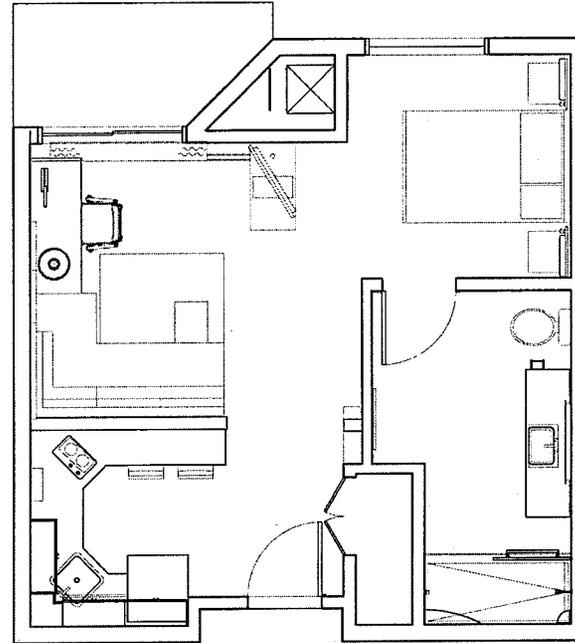
Residence Inn by Marriott
555 Glenwood Avenue, Menlo Park

Sand Hill Property Company

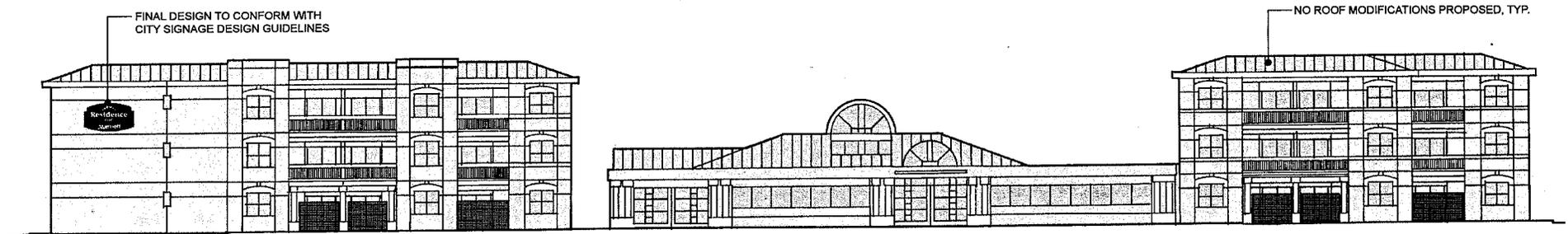
Stantec October 18, 2012



Existing Room Layout



Proposed Room Layout



North Elevation (Glenwood Avenue)



East Elevation (Garwood Way)

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