



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Conditional Use Authorization & General Plan Referral

HEARING DATE: MAY 2, 2019

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
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Planning
Information:
415.558.6377

Record No.: 2015-016326CUA/2016-011011GPR
Project Address: SEAWALL LOTS 323 AND 324 (DBA TEATRO ZINZANNI)
Zoning: C-2 (Community Business) Zoning District
40-X Height and Bulk District
Waterfront Special Use District No. 3
Article 10 Northeast Waterfront Landmark District
Block/Lots: 0138/001 & 0139/002 (2 lots)
Project Sponsor: Jay Wallace
TKZ Broadway, LLC
170 Columbus Avenue, #240
San Francisco, CA 94133
(415) 955-100 ext. 4007
Property Owner: Port of San Francisco
Pier One
San Francisco, CA 94111
Staff Contact: Christy Alexander – (415) 575-8724
christy.alexander@sfgov.org
Recommendations: **Approve with Conditions**
Adopt Findings of Consistency with the General Plan

PROJECT DESCRIPTION

The Project includes the demolition of an existing surface parking lot and construction of a new mixed-use development consisting of three components: an approximately 26,100 gross-square-foot (gsf) entertainment venue; an approximately 112,700 gsf, 4-story, 40-foot tall hotel that would accommodate 192 guest rooms; and an approximately 14,000 gsf privately financed and maintained public park. The project would include the vacation of portions of Vallejo Street and Davis Street (approximately 14,461 square feet of street). Currently, Vallejo Street does not exist as an actual road and the easement bisects the Project site at the location contemplated for the proposed privately-owned publicly-accessible park, and the continued existence of a functional public street would make this park space infeasible. The proposed street vacation area would be incorporated into the proposed park. Currently, Davis Street does not exist as an actual road and the easement is included in the existing surface parking lot which bisects the Project site and the television station to the west.

REQUIRED COMMISSION ACTIONS

In order for the Project to proceed, the Commission must grant a Conditional Use Authorization, pursuant to Planning Code Sections 210.1, 240.3 and 303 to allow a hotel use within the C-2 Zoning District.

The Commission must also adopt Findings of Consistency with the General Plan for street vacations pursuant to Section 4.105 of the City Charter and Section 2A.53 of Administrative Code.

ENVIRONMENTAL REVIEW

The Department found that the Project could not have a significant impact on the environment pursuant to a final Mitigated Negative Declaration issued on December 21, 2018. The Planning Commission has reviewed and concurs with said determination.

BASIS FOR RECOMMENDATIONS

The Department finds that the Project is, on balance, consistent with the C-2 Zoning District, the Waterfront Special Use District No. 3, the Northeast Waterfront Area Plan and the Objectives and Policies of the General Plan. The Department also finds the project to be necessary, desirable, and compatible with the surrounding neighborhood, and not to be detrimental to persons or adjacent properties in the vicinity as listed below:

- The Project will replace an underutilized surface parking lot with three new public-serving uses that will strengthen the predominant economic functions of the gateway to North Beach and Chinatown and serve as an important feature of the Embarcadero by activating the waterfront and neighborhood during evenings and weekends.
- The creation of the entertainment venue will contribute to the area's diversity and create new jobs in the arts, culture, and hospitality industries and employ qualified local existing San Franciscans.
- The Project develops a new publicly accessible open space that will add to the continuous system of parks, urban plazas, water-related public recreation, pedestrian promenades and walkways that already exist in the Northeastern Waterfront and will extend the existing connections between the Northeastern Waterfront and the Golden Gate National Recreation Area along the Embarcadero.
- The Project does not impact any major views in the City because Vallejo Street is not designated as a street with a major view, nor does it alter the existing street pattern.
- The Project encourages alternatives to private automobiles, emphasizes public transit access and utilizes off-site parking facilities and a comprehensive system of information technology to address transportation needs.
- The Project's architectural design and articulation, including use of dimensional brick construction creates a visually interesting street façade that is consistent with both the surrounding buildings in this neighborhood as well as the Secretary of Interior Standards in a historic district.

ATTACHMENTS:

Draft Motion – Conditional Use Authorization with Conditions of Approval
Draft Motion – General Plan Referral with Findings of Consistency
Exhibit B – Plans and Renderings
Exhibit C – Environmental Determination
Exhibit D – Land Use Data
Exhibit E – Maps and Context Photos
Exhibit F – Public Correspondence
Exhibit G – Hotel Market Study



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Planning Commission Draft Motion

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ADOPTING FINDINGS TO APPROVE A CONDITIONAL USE AUTHORIZATION PURSUANT TO PLANNING CODE SECTIONS 210.1, 240.3, AND 303 TO CONSTRUCT A TOURIST HOTEL AT SEAWALL LOTS 323 AND 324, LOT 001 IN ASSESSOR'S BLOCK 0138 AND LOT 002 IN ASSESSOR'S BLOCK 0139, WITHIN THE C-2 (COMMUNITY BUSINESS) ZONING DISTRICT, THE WATERFRONT SPECIAL USE DISTRICT NO. 3, AND A 40-X HEIGHT AND BULK DISTRICT, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

THE PROJECT WOULD DEMOLISH THE EXISTING SURFACE PARKING LOT AND CONSTRUCT OF A NEW MIXED-USE DEVELOPMENT THAT CONSISTS OF THREE COMPONENTS: AN APPROXIMATELY 26,100 GSF ENTERTAINMENT VENUE KNOWN AS TEATRO ZINZANNI; A 40 FOOT-TALL, FOUR-STORY, APPROXIMATELY 112,700 GSF HOTEL THAT WOULD ACCOMMODATE 192 GUEST ROOMS; AND AN APPROXIMATELY 14,000 GSF PRIVATELY FINANCED AND MAINTAINED PUBLIC PARK. THE PROJECT WOULD ALSO INCLUDE THE VACATION OF PORTIONS OF VALLEJO STREET AND DAVIS STREET.

PREAMBLE

On December 30, 2015, Jay Wallace of TZK Broadway, LLC (hereinafter "Project Sponsor") filed Application No. 2015-016326ENV (hereinafter "Application") with the Planning Department (hereinafter "Department") for an Environmental Review Application that includes the demolition of an existing surface parking lot and construction of a new mixed-use development consisting of three components: an approximately 26,100 gross-square-foot (gsf) entertainment venue; an approximately 112,700 gsf 4-story 40-foot hotel that would accommodate 192 guest rooms, and; an approximately 14,000 gsf privately

financed and maintained public park, on two lots plus the vacation of portions of Vallejo Street and Davis Street (hereinafter "Project") at Seawall Lots 323 and 324, Block 0138 Lot 001 and Block 0139 Lot 002 (hereinafter "Project Site").

On October 17, 2018 a Draft Mitigated Negative Declaration (MND) for the Project was prepared and published for public review; and

The Final MND was available for public comment until November 19, 2018; and

On December 21, 2018, the Planning Department reviewed and considered the Final Mitigated Negative Declaration (FMND) and found that the contents of said report and the procedures through which the FMND was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) (CEQA), Title 14 California Code of Regulations Sections 15000 et seq. (the "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"); and

The Planning Department found the FMND was adequate, accurate and objective, reflected the independent analysis and judgment of the Department of City Planning and the Planning Commission, [and that the summary of comments and responses contained no significant revisions to the Draft MND,] and approved the FMND for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31.

The Planning Department Commission Secretary is the custodian of records, located in the File for Case No. 2015-016326ENV, at 1650 Mission Street, Fourth Floor, San Francisco, California.

Planning Department staff prepared a Mitigation Monitoring and Reporting program (MMRP), which material was made available to the public and this Commission for this Commission's review, consideration and action.

The Planning Department found that the Project could not have a significant impact on the environment pursuant to a final Mitigated Negative Declaration issued on December 21, 2018. The Planning Commission (hereinafter "Commission") has reviewed and concurs with said determination.

On April 14, 2016 the Project Sponsor filed an application with the Department for a Conditional Use Authorization to demolish the existing parking lot at the subject property in order to demolish an existing surface parking lot and construct a new mixed-use development consisting of three components: an approximately 26,100 gross-square-foot (gsf) entertainment venue; an approximately 112,700 gsf hotel that would accommodate 192 guest rooms, and; an approximately 14,000 gsf privately financed and maintained public park, on two lots plus the vacation of portions of Vallejo Street and Davis Street.

On August 25, 2016 the Department received a General Plan Referral Application submitted by the Project Sponsor, for street vacations associated with the Project.

WHEREAS, the Department found that the Project could not have a significant impact on the environment pursuant to a final Mitigated Negative Declaration issued on December 21, 2018.

On March 6, 2019, the Historic Preservation Commission conducted a duly noticed public hearing on the current Project, Case No. 2015-00016326COA, and found the Project to be consistent with Article 10 of the Planning Code and the Secretary of the Interior's Standards for Rehabilitation subject to conditions.

On May 2, 2019, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Conditional Use Authorization Application and General Plan Referral Nos. 2015-016326CUA and 2016-011011GPR.

The Planning Department Commission Secretary is the custodian of records; the File for Record No. 2015-016326CUA is located at 1650 Mission Street, Suite 400, San Francisco, California.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Conditional Use Authorization as requested in Application No. 2015-016326CUA, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Project Description.** The Project includes the demolition of an existing surface parking lot and construction of a new mixed-use development consisting of three components: an approximately 26,100 gross-square-foot (gsf) entertainment venue; an approximately 112,700 gsf, 4-story, 40-foot tall hotel that would accommodate 192 guest rooms; and an approximately 14,000 gsf privately financed and maintained public park. The Project would include the vacation of portions of Vallejo Street and Davis Street (approximately 14,461 square feet of street). Currently, Vallejo Street does not exist as an actual road and the easement bisects the Project Site at the location contemplated for the proposed privately-owned publicly-accessible park, and the continued existence of a functional public street would make this park space infeasible. The proposed street vacation area would be incorporated into the proposed park. Currently, Davis Street does not exist as an actual road and the easement is included in the existing surface parking lot which bisects the Project Site and the television station to the west

3. **Site Description and Present Use.** The Project Site is located on two Port of San Francisco parcels that are triangular in shape and contain a combined surface area of approximately 42,719 square feet. The Project Site is bounded by the Embarcadero to the east, Broadway to the south, and Davis Street to the West. The Project Site also includes two unimproved adjacent street stubs located along Davis Street and Vallejo Street. The unimproved Davis Street portion is approximately 9,619 square feet and the unimproved Vallejo Street portion is approximately 4,842 square feet. The Project Site also includes a small lot adjustment to the Davis Street property line at the corner of Davis Street and Vallejo Streets which is approximately 608 square feet. All of the above combined Project Site totals approximately 57,788 square feet. The Project Site is currently being used as a surface parking lot with approximately 225-stripped, self-parked stalls and leased on an interim basis to a parking operator. The Port retains the net parking revenues from the Project Site's current use.
4. **Surrounding Properties and Neighborhood.** The Project Site is located within the C-2 Zoning District in the Waterfront Special Use District No. 3, Northeastern Waterfront Special Sign District, Northeast Waterfront Historic District (Article 10), Northeast Waterfront Area Plan, Northeast Embarcadero Study Area Plan, and is governed by the Port of San Francisco's Waterfront Land Use Plan (WLUP). The Project Site is located approximately four blocks north of the City's Central Business District, approximately two blocks west/southwest of Port's James R. Herman Cruise Terminal, and approximately five blocks south of Pier 39. The northern edge of the Project Site abuts a 3-story office building that is occupied by KGO television. The Gateway Apartments, an approximately 65-feet 5-story apartment building is located across Broadway from the Project Site. Small 2—and 3-story office buildings are located across Davis Street from the Project Site, and various Port tenants, including the Waterfront Restaurant, are across the Embarcadero from the Project Site. The Port and City and County of San Francisco have recently approved a 100% affordable housing project at 88 Broadway and 735 Davis Street which is across the street to the west of the Project Site.
5. **Public Outreach and Comments.** The Department has received correspondence from two people regarding the Project. This correspondence has primarily expressed opposition to the Project, though the Department has received twenty letters in support from neighborhood groups, labor unions, civic organizations, and business groups (see attachment). Much of the opposition expressed concerns losing extra vehicular surface parking for visitors to the nearby buildings and a desire to see housing built in place of an entertainment venue.
6. **Planning Code Compliance.** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:
 - A. **Use.** Planning Code Section 210.1 establishes permitted uses within the C-2 Zoning District. Entertainment and recreation uses as well as retail sales and service uses are principally permitted. Hotel/Motel uses require a Conditional Use Authorization and are subject to Section 303 and 240.3.

The Project proposes a 192 guest-room hotel which requires a Conditional Use Authorization (see Item #7 for discussion of Conditional Use Findings). The 290-seat theater, welcoming and bar area, kitchen and restaurant at the ground floor of the Project are all principally permitted uses.

- B. Floor Area Ratio (Sections 123, 124, and 210.2).** Planning Code Section 124 establishes basic floor area ratios (FAR) for all zoning districts. For C-2 zoning districts, the numerical basic FAR limit is set out in Section 210.1. The FAR for the Project Site in this C-2 District is 4.8 to 1 due to its proximity to an RC-4 District.

The Project Site is approximately 57,778 square feet in size, including the portions of Vallejo Street and Davis Street proposed to be vacated. Therefore, up to 288,890 square feet of gross floor area ("gfa") is allowed under the basic FAR limit. The Project's total gross floor area is 182,932 gross square feet ("gsf"), for a floor-area ratio of approximately 3.2-to-1.

- C. Streetscape and Pedestrian Improvements (Section 138.1).** Planning Code Section 138.1(b) requires that when a new building is constructed in C-2 Districts, street trees, enhanced paving, and other amenities such as lighting, seating, bicycle racks, or other street furnishings must be provided.

The Project Sponsor shall comply with this requirement. The conceptual plan shows sidewalk enlargement, enhanced paving, installation of street trees, lighting, and street furniture on various public rights-of-way. The precise location, spacing, and species of the street trees, as well as other streetscape improvements, will be further refined throughout the building permit review process, including the privately-financed public park which would go where the portions of Vallejo Street and Davis Street are proposed.

- D. Street Frontage in Commercial Districts (145.1(c)).** Section 145.1(c)(3) of the Planning Code requires that within Downtown Commercial Districts, space for "active uses" shall be provided within the first 25 feet of building depth on the ground floor. Spaces such as lobbies are considered active uses only if they do not exceed 25% of the building's frontage at the ground level, or 40 feet, whichever is greater. Section 145.1(c)(2) of the Planning Code requires that no more than one-third of the width or 20 feet, whichever is less, of any given street frontage of a new or altered structure parallel to and facing a street shall be devoted to parking and loading ingress or egress. With the exception of space allowed for parking and loading access, building egress, and access to mechanical systems, space for active uses as defined in Subsection (b)(2) and permitted by the specific district in which it is located shall be provided within the first 25 feet of building depth on the ground floor and 15 feet on floors above from any facade facing a street at least 30 feet in width. Section 145.1(c)(4) of the Planning Code requires that ground floor non-residential uses in all C-2 Districts shall have a minimum floor-to-floor height of 10 feet, as measured from grade when located in a 40-foot height district. Section 145.1(c)(5)

requires the floors of street-fronting interior spaces housing non-residential active uses and lobbies shall be as close as possible to the level of the adjacent sidewalk at the principal entrance to these spaces. Section 145.1(c)(6) of the Planning Code requires that within Downtown Commercial Districts, frontages with active uses must be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level and allow visibility to the inside of the building.

The Project includes two buildings, with collective frontage onto Davis Street, Broadway, and the Embarcadero. The ground-floor building height will be minimum 10-feet and all facades of the building are proposed to be properly fenestrated with transparent windows and doorways.

- E. **Off-Street Freight Loading.** Planning Section 152.1 of the Planning Code requires one off-street freight loading space for retail sales and services use between 10,001-60,000 gsf and one off-street freight loading space for all other uses between 100,001-200,000 gsf.

The Project provides façade openings for pedestrian access at Broadway, the Embarcadero and Davis Street. Vehicular access for freight loading is provided via Davis Street with a curb cut of 30-feet wide and garage opening of less than 27-feet wide. The Project includes approximately 26,100 square feet of entertainment use and 112,700 square feet of hotel use; thus, the Project requires at two off-street freight loading spaces. The Project is proposing two off-street loading spaces along Davis Street.

- F. **Bicycle Parking (155.1-155.2).** Sections 155.1- 155.2 establish bicycle parking requirements for new developments, depending on use. For projects with an entertainment use Five Class 1 spaces are required for facilities with a capacity of less than 500 guests. Also, for entertainment uses one Class 2 space for every 500 seats or for every portion of each 50-person capacity. For hotel uses, one Class 1 space for every 30 rooms is required and Minimum two spaces. For hotel uses, one Class 2 space for every 30 rooms-plus-One Class 2 space for every 5,000 square feet of Occupied Floor Area of conference, meeting or function rooms. A Class 1 space is located in a secure, weather-protected facility and intended for long-term use by guests and employees. A Class 2 space is located in a publicly-accessible and visible location, and intended for use by visitors, guests, and patrons.

The Project requires a total of 11 Class 1 bicycle parking spaces. The Class 1 parking spaces are provided in secure rooms on level one of the hotel, accessed off Davis Street and includes 20 spaces. The Project requires 8 Class 2 bicycle parking spaces. In the conceptual plan, Class 2 bicycle parking is shown located on the Davis Street sidewalk and includes 14 spaces.

- G. **Shower Facilities and Lockers (Section 155.4).** Section 155.4 requires shower facilities and lockers for new developments, depending on use. For non-retail sales and services uses (i.e. hotel and entertainment), four showers and 24 lockers are required where occupied floor area exceeds 50,000 square feet.

The Project provides 4 showers and 24 lockers on the first floor, adjacent to the back of house area, meeting Code Section 155.4.

- H. **Transportation Demand Management (TDM) Plan.** Pursuant to Planning Code Section 169 and the TDM Program Standards, the Project shall finalize a TDM Plan prior Planning Department approval of the first Building Permit or Site Permit. As currently proposed, the Project must achieve a target of 7 points for both Land Use Category A and B.

The Project submitted a completed Environmental Evaluation Application prior to September 4, 2016. Therefore, the Project must only achieve 50% of the point targets established in the TDM Program Standards, resulting in a required target of 7 points for both Land Use Category A and B. As currently proposed, the Project will achieve its required points through the following TDM measures for both land use categories A and B:

- Bicycle Parking (Option A)
- Showers and Lockers
- Bicycle Repair Station
- Delivery Supportive Amenities
- Real Time Transportation Displays
- Parking Supply (Option K)

- I. **Public Art (Section 429).** In the case of all non-residential projects that involve construction of a new building or addition of floor area in excess of 25,000 sf in a C-2 District, Section 429 requires a project to include works of art costing an amount equal to one percent of the construction cost of the building.

The Project Sponsor shall comply with this Section by dedicating one percent of its construction cost to works of art. The Project Sponsor proposes art on-site that is adjacent to the entertainment venue and the rest of the Project's public open spaces—which can be enjoyed by everyone using that space. The art selection is not a requirement at this time, however some art locations are noted on plans in Exhibit B. The Project Sponsor is considering a few sculptures that are complimentary to the proposed entertainment use proposed at the Project Site.

7. **Conditional Use Findings.** Planning Code Section 303 establishes criteria for the Planning Commission to consider when reviewing applications for Conditional Use authorization. Section 240.3(e) however, states “In considering any application for development on property under the jurisdiction of the Port Commission on which a specific use or uses require a conditional use, the specific use or uses requiring a conditional use within a project, and not the project in its entirety, shall be subject to the provisions set forth in Section [303](#) and [Article 3.5](#) of this Code. The Planning Commission shall consider the following criteria in lieu of those stated in Section [303\(c\)](#).” On balance, the Project complies with said criteria in that:

- A. That such use or feature as proposed is consistent with the Waterfront Land Use Plan (WLUP) and its WLUP Waterfront Design and Access goals, policies and criteria, adopted by the Port Commission, including any amendments thereto which the Planning Commission has found to be consistent with the General Plan;

The Project is consistent with the WLUP as it will help reunite the City with the Waterfront by providing a new cultural and entertainment venue and new public park along the Embarcadero that will attract people to the Waterfront and connect the existing open spaces along the Embarcadero. The Project meets the Northeast Waterfront Historic District requirements and is consistent with the Secretary of the Interior's standards for new construction in historic districts.

- B. Assurance of a general profile for development having higher portions near Telegraph Hill or other inland areas and lower portions near The Embarcadero;

The unique shape of the Project Site does not lend well to creating a structure within the narrow triangular piece to the north of Vallejo Street and therefore the higher portion of the development will be next to Broadway while still maintaining Broadway as a view corridor to the water. The City and Port have recently approved entitlements for the construction of a new 100% affordable housing development project at 88 Broadway and 735 Davis Street. That housing development will be 6-stories in height. The Project's proposed 4-story hotel will step down in height from that housing development towards the waterfront.

- C. Assurance of view corridors along public streets between Telegraph Hill or other inland areas and the waterfront and Bay, in accordance with the view policies of the Northeastern Waterfront Plan, a part of the General Plan;

The WLUP designates this portion of Broadway as a "Street Corridor View of Water" and this portion of Vallejo Street as a "Street Corridor View of Architecture with Waterfront Identity". The Project has no impact on Broadway's existing public views, nor on Davis Street's existing public views. The Project will have an impact on the street level view from Vallejo Street to the Pier 9 Bulkhead Building if standing at Sansome Street and Front Street. However, Vallejo Street is not designated or considered a "Street with a major view", a "Street with views of maritime activities", or a "Street view street." The view from Vallejo Street will still include many valuable views of the Embarcadero and other places featuring a waterfront identity, such as Pier 15, Pier 7, and Pier 9 from the Davis Street and Vallejo Street intersection and the Project's public open spaces.

- D. Provision of open spaces available to the public consistent with the Waterfront Design and Access goals, policies and criteria; and

As mentioned above, the Project does not impact the street views from Davis Street and Broadway and provides a new privately-financed public park that will be open to the public 24/7 and connects to existing open spaces along the Embarcadero. The Project meets the design policies and criteria as it

orients primary uses and pedestrian entrances toward Broadway and the Embarcadero by providing a clear expression of pedestrian entrances and orientation toward the new public park.

E. Adherence to the character of surrounding areas of the City.

The Historic Preservation Commission found the Project to be consistent with the Secretary of Interior Standards in a historic district. The Project's architectural design and articulation, including use of dimensional brick construction creates a visually interesting street façade that is consistent with the surrounding buildings in this neighborhood.

The Planning Commission shall consider the following criteria as stated in Section [303\(g\)](#) for hotels and motels in addition to the criteria set forth in Section 240.3(e) above : On balance, the Project complies with said criteria in that:

A. The impact of the employees of the hotel or motel on the demand in the City for housing, public transit, child-care, and other social services. To the extent relevant, the Commission shall also consider the seasonal and part-time nature of employment in the hotel or motel.

The Project's employment of hotel workers will have a positive impact on the job stability of this industry, providing Union jobs- H.E.R.E. Local 2 of the hotel works and Teamster Local 856 for the front desk and concierge workers. These workers will come primarily from the local, existing San Francisco population so adverse impacts from this employment will not be significant.

B. The measures that will be taken by the Project Sponsor to employ residents of San Francisco in order to minimize increased demand for regional transportation.

The Project will provide Union jobs-H.E.R.E. Local 2 of the hotel works and Teamster Local 856 for the front desk and concierge workers. These workers will come primarily from the local, existing San Francisco population so adverse impacts from this employment will not be significant. The Project Sponsor will also enter into a First Source Hiring Plan setting forth its good faith efforts to employ qualified economically disadvantaged San Franciscans, thereby minimizing increased demand for regional transportation.

C. The market demand for a hotel or motel of the type proposed.

There appears to be a good market for a boutique hotel along the Embarcadero, (see attached Hotel Market Study) At present, occupancy rates in San Francisco are above 80 percent, substantially above the 62 percent nationwide average. With this level of occupancy, the competitive market will be operating at capacity during peak periods and will be unable to accommodate additional demand. especially given the unique nature of this integrally connected multi-use hotel and theater/cultural venue undertaken in partnership with Teatro ZinZanni, a dinner-theater-performance venue that operated for more than 11 years in San Francisco. The City of San Francisco is vastly under-served with regard to hotel supply and generates a significant amount of unsatisfied demand. It is anticipated that the addition of the proposed hotel with 192 guestrooms would be readily absorbed into the marketplace in 2021, without significantly

affecting occupancy for any competitive properties. Market conditions clearly support the need for new hotel stock, particularly in the upscale, branded hotel range that would appeal to both tourists and business travelers.

- D. In the Transit Center C-3-O(SD) Commercial Special Use District, the opportunity for commercial growth in the Special Use District and whether the proposed hotel, considered with other hotels and non-commercial uses approved or proposed for major development sites in the Special Use District since its adoption would substantially reduce the capacity to accommodate dense, transit-oriented job growth in the District.

The Project is not within the C-3-O(SD) Commercial Special Use District.

8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

NORTHEASTERN WATERFRONT AREA PLAN ELEMENT

Objectives and Policies

OBJECTIVE 1:

TO DEVELOP AND MAINTAIN ACTIVITIES THAT WILL CONTRIBUTE SIGNIFICANTLY TO THE CITY'S ECONOMIC VITALITY AND PROVIDE ADDITIONAL ACTIVITIES WHICH STRENGTHEN THE PREDOMINANT USES IN EACH SUBAREA OF THE NORTHEASTERN WATERFRONT, WHILE LIMITING THEIR CONCENTRATION TO PRESERVE THE ENVIRONMENTAL QUALITY OF THE AREA.

Policy 1.1

Accommodate where appropriate, additional activities which will strengthen the predominant economic functions of each subarea of the Northeastern Waterfront.

Policy 1.2

Consistent with other policies of this Plan, encourage uses on Port property which return revenue to the Port to support and improve its facilities.

The Project is consistent with the other policies of the City's General Plan and encourages uses that return revenue to the Port through a long-term ground lease payment, hotel transient occupancy tax revenue, possessory interest tax payments and other fees and taxes associated with the Project. The Project will replace an underutilized surface parking lot with three new public-serving uses that will strengthen the predominant economic functions of the gateway to North Beach and Chinatown, serve as an important feature of The Embarcadero and provide new public uses and economic functions that are consistent with many of the Policies, Objectives and plans set forth in the City's General Plan and its Northeastern Waterfront Area Plan, the Port of San Francisco's Waterfront Land Use Plan and Waterfront Design and Access Plan.

OBJECTIVE 2:

TO DIVERSIFY USES IN THE NORTHEASTERN WATERFRONT, TO EXPAND THE PERIOD OF USE OF EACH SUBAREA AND TO PROMOTE MAXIMUM PUBLIC USE OF THE WATERFRONT WHILE ENHANCING ITS ENVIRONMENTAL QUALITY.

Policy 2.1

Develop uses which generate activity during a variety of time periods rather than concentrating activity during the same peak periods.

Policy 2.2

Diversify activities to encourage the use of the Northeastern Waterfront by a broad spectrum of the population.

Policy 2.3

Encourage land uses having different peak periods of activity within each subarea of the Northeastern Waterfront to contribute to the area's diversity, to expand the period of use, to decrease peak period traffic congestion, to facilitate efficient use of the transit system and to preserve and enhance the environmental quality of the waterfront.

Policy 2.4

Promote the development of new maritime activities, public open space and public access improvements as part of major new development on piers.

The Project will include public open space and public access improvements in, around and adjacent to the Project Site and as an integral part of the Project. The Project involves uses that generate activity during a variety of time periods (i.e. guests arriving and departing from the Hotel at various hours, pedestrians strolling along The Embarcadero during mid-day and afternoon excursions, visiting the public park and patrons to the entertainment venue), rather than concentrating activity only during the AM or PM peak periods. The creation of the entertainment venue will contribute to the area's diversity and create new jobs in the arts, culture, and hospitality industries consistent with this General Plan policy and Administrative Code 90A.2. The Project's use of off-site parking enhances numerous City policies and its adoption of convenient mass transit at the Project Site's front door will facilitate efficient use of the City's transit system. The Project will be designed with attention to details, streetscapes and landscape features and will be constructed consistent with the Secretary of the Interior's standards and Article 10 to ensure respect for the historic district and the waterfront.

OBJECTIVE 5:

TO DEVELOP LIMITED ADDITIONAL OFFICE AND COMMERCIAL SPACE IN ORDER TO SERVE THE CITY'S ECONOMIC NEEDS AND TO ENCOURAGE A MIXTURE OF USES AND ACTIVITIES ALONG THE NORTHEASTERN WATERFRONT.

Policy 5.4

Except on piers, permit additional hotel space in locations which would enhance the mixture of uses. In areas where hotels are already concentrated, additional such facilities should be limited and should only be provided if they complement adjacent uses.

The Project involves the development of a new 192-room hotel on Seawall Lots 323 and 324, two upland seawall lots that have been planned for hotel use in the Port's Waterfront Land Use Plan for more than more than two decades. Moreover, the Project meets POLICY 5.4 because hotels are not overly concentrated in the vicinity of the Project Site.

OBJECTIVE 7:

TO STRENGTHEN AND EXPAND THE RECREATION CHARACTER OF THE NORTHEASTERN WATERFRONT AND TO DEVELOP A SYSTEM OF PUBLIC OPEN SPACES AND RECREATION FACILITIES THAT RECOGNIZES ITS RECREATIONAL POTENTIAL, PROVIDES UNITY AND IDENTITY TO THE URBAN AREA, AND ESTABLISHES AN OVERALL WATERFRONT CHARACTER OF OPENNESS OF VIEWS, WATER AND SKY AND PUBLIC ACCESSIBILITY TO THE WATER'S EDGE.

Policy 7.1

Develop recreation facilities attractive to residents and visitors of all ages and income groups.

Policy 7.2

Provide a continuous system of parks, urban plazas, water-related public recreation, shoreline pedestrian promenades, pedestrian walkways and street greenways throughout the entire Northeastern Waterfront.

Policy 7.3

Connect the recreation and open space facilities of the Northeastern Waterfront with those of the Golden Gate National Recreation Area.

Policy 7.4

Encourage and provide open space and public recreation facilities as part of any development, to provide facilities for people residing and working in the Northeastern Waterfront and in adjoining neighborhoods.

Policy 7.7

Where desirable and feasible, provide amenities which enhance public enjoyment of open spaces and public access areas by providing public restrooms, drinking fountains, information kiosks, sales of refreshments from push carts and other services.

Policy 7.11

Develop a continuous bicycle path along the Northeastern Waterfront that is linked with the city-wide bicycle route system.

The Project develops the new POPOS, a new publicly accessible open space that will be designed and constructed to be attractive to residents and visitors and will provide amenities to enhance public enjoyment of the new POPOS such as information kiosks, push carts and other services. The Project will add to the continuous system of parks, urban plazas, water-related public recreation, pedestrian promenades and walkways that already exist in the Northeastern Waterfront and will extend the existing connections between the Northeastern Waterfront and the Golden Gate National Recreation Area along The Embarcadero. The Project will be linked to the city-side bicycle route system and public bicycles and Class 1 and Class 2 bicycle parking in full compliance with City Codes will be a part of the Project.

OBJECTIVE 8:

TO FACILITATE THE MOVEMENT OF PEOPLE AND GOODS WITHIN THE NORTHEASTERN WATERFRONT IN SUCH A WAY AS TO MINIMIZE THE ADVERSE IMPACT OF THIS MOVEMENT.

Policy 8.1

Intercept and divert as much automobile traffic as feasible away from the water's edge and areas of intense pedestrian activity in order to make conditions more pleasurable, safe, and interesting for the pedestrian, and in order to facilitate the commercial and recreational development of the area.

Policy 8.2

Limit additional parking facilities in the Northeastern Waterfront and minimize the impact of this parking. Discourage long-term parking for work trips which could be accommodated by transit. Restrict additional parking to: (a) Short-term (less than four hour) parking facilities to meet needs of additional business, retail, restaurant, marina, and entertainment activities; (b) Long-term parking facilities for maritime activities, hotel and residential uses. To the extent possible, locate parking away from areas of intense pedestrian activity. Encourage shared parking at adjacent or nearby facilities.

Policy 8.6

Remove or relocate inland those existing parking facilities on or near the water's edge or within areas of intense pedestrian activity.

Policy 8.7

Facilitate pedestrian access to the shoreline, including access for the handicapped, through the provision of convenient, safe pedestrian crossings along The Embarcadero. Provide promenades and walkways of sufficient width to accommodate comfortably and safely the movement of pedestrians throughout the Northeastern Waterfront.

The Project removes an existing parking facility near the water's edge and has been designed to locate parking away from the site by using shared parking at nearby facilities and to minimize the impact of parking by encouraging the use of transit and alternative forms of transportation, such as bicycles, walking and shared ride vehicles. The Project will facilitate pedestrian access to the inland side of the waterfront by providing a series of attractive amenities along The Embarcadero and will provide walkways of sufficient width as determined by relevant City agencies to accommodate all persons comfortably and safely.

OBJECTIVE 10:

TO DEVELOP THE FULL POTENTIAL OF THE NORTHEASTERN WATERFRONT; AND TO ENHANCE ITS UNIQUE AESTHETIC QUALITIES OFFERED BY WATER, TOPOGRAPHY, VIEWS OF THE CITY AND BAY, AND ITS HISTORIC MARITIME CHARACTER.

Policy 10.1

Preserve the physical form of the waterfront and reinforce San Francisco's distinctive hill form by maintaining low structures near the water, with an increase in vertical development near hills or the downtown core area. Larger buildings and structures with civic importance may be appropriate at important locations.

Policy 10.2

Preserve and create view corridors which can link the City and the Bay.

Policy 10.3

Use continuous planting and other ground surface treatment to physically and visually link the waterfront with adjacent inland areas.

Policy 10.9

Encourage the provision of street furniture which is of appropriate design to the historic maritime character of the Northeastern Waterfront.

Policy 10.13

Remove exposed surface parking from over water, and along the Embarcadero roadway to improve shoreline appearance and access to the Bay.

Policy 10.27

Locate buildings to minimize shadows and wind on public open spaces.

Waterfront views from Vallejo Street will not be substantially impacted due to the rising topography of Vallejo Street, the low height of the Project (40 feet) and the translucent (and bird-safe) design for the entertainment venue's glass pavilion. The Project will use planting and other ground surface treatment to physically and visually link the waterfront with adjacent land uses.

The Project is being built within the 40-X height and bulk district for the site thereby preserving the physical form of the waterfront and reinforcing San Francisco's hill form westerly from the Bay toward Telegraph Hill. Consistent with the Waterfront Land Use Plan, and other City policies. The Project will construct the new POPOS with public walkways and public open space around and through the Project Site which will provide new view corridors to the Bay and will provide new amenities in the neighborhood that will make for an inviting experience, in the place of a surface parking lot.

The entertainment venue and the hotel will attract many more members of the public to the waterfront, allowing a greater number of people to experience the historic district, other Port properties, and the Bay, and the POPOS will be a new public amenity for the neighborhood and the City.

OBJECTIVE 18:

TO DEVELOP A DIVERSITY OF ADDITIONAL ACTIVITIES WHICH WOULD STRENGTHEN THE EXISTING PREDOMINANT USES IN THE BASE OF TELEGRAPH HILL SUBAREA AND ACTIVITIES WHICH WOULD EXPAND THE PERIOD OF USE, BUT OF AN INTENSITY WHICH WOULD PROVIDE A RELIEF FROM THE ADJACENT DOWNTOWN AND FISHERMAN'S WHARF AREAS.

Policy 18.3

Encourage moderate development of uses such as shops, restaurants, entertainment and hotels which activate the waterfront during evenings and weekends, but to a lesser overall intensity and concentration than present in the adjacent downtown and Fisherman's Wharf areas.

Policy 18.4

Design new development on Seawall Lots 323 and 324 as an orientation point for the waterfront which also highlights the intersection of Broadway and The Embarcadero.

Policy 18.5

Plan and design new developments on inland sites and adjacent piers in a manner which complements and enhances the surrounding area, and which unites the waterfront with the rest of the City.

The Project involves a new development designed to conform to the site's height and bulk district (40X) involving restaurants, entertainment and a hotel that will activate the waterfront during evenings and weekends, as well as the new POPOS. It is designed to be an orientation point for the waterfront and its highlights the intersection of Broadway and The Embarcadero through the hotel's main entry point and enhancements to The Embarcadero and Broadway streetscapes and the unique entertainment venue and glass pavilion hosting Teatro Zinzanni and the historic entertainment tent.

ARTS ELEMENT

Objectives and Policies

GOAL I.

SUPPORT AND NURTURE THE ARTS THROUGH CITY LEADERSHIP

OBJECTIVE I-1:

RECOGNIZE THE ARTS AS NECESSARY TO THE QUALITY OF LIFE FOR ALL SEGMENTS OF SAN FRANCISCO.

Policy I-1.1

Promote inclusion of artistic considerations in local decision-making.

Policy I-1.2

Officially recognize on a regular basis the contributions arts make to the quality of life in San Francisco.

Policy I-1.4

Provide access to the creative process and cultural resources for all neighborhoods, cultural communities, and segments of the city and its populations.

The Project will allow for the establishment of a new entertainment venue hosting local, regional, national and international performances and talent on a regular basis. The regular activity not only makes a contribution to the quality of artists lives, but also the hundreds of others who provide essential musical, costume, staging, lighting, set building, costuming, and other performance-related professional services and enriches the lives thousands of local, regional, national and international patrons who come to the show annually and it will open its doors to a variety of community groups for special events and school age children for workshops and special events.

OBJECTIVE I-2:

INCREASE THE CONTRIBUTION OF THE ARTS TO THE ECONOMY OF SAN FRANCISCO.

Policy I-2.1

Encourage and promote opportunities for the arts and artists to contribute to the economic development of San Francisco.

Policy I-2.2

Continue to support and increase the promotion of the arts and arts activities throughout the City for the benefit of visitors, tourists, and residents.

The Project will contribute to the San Francisco economy by providing a wide variety of jobs, goods and services in the theater and arts community and will play a significant role in attracting visitors and locals to the City's Northern Waterfront. It will generate jobs in theater and stage production and construction and design, and in costumes, make-up, music, food and beverage services, installation, security, transportation and many other industries necessary to the production, performance, and exhibition of entertainment at the entertainment venue.

OBJECTIVE II-2:

SUPPORT ARTS AND CULTURAL PROGRAMS WHICH ADDRESS THE NEEDS OF DIVERSE POPULATIONS.

The theater supports arts and cultural programs that are accessible to and performed by diverse populations.

OBJECTIVE II-3:

PROMOTE ARTS EDUCATION PROGRAMS THAT REFLECT THE CULTURAL DIVERSITY OF SAN FRANCISCO.

The theater supports arts and cultural programs that are accessible to and performed by diverse populations.

OBJECTIVE III-1:

ENHANCE THE CONTRIBUTION OF ARTISTS TO THE CREATIVE LIFE AND VITALITY OF SAN FRANCISCO.

Through the employment of hundreds of new artists and persons directly related to the arts community, the Project enhances the contribution of artists to the creative life and vitality of San Francisco.

OBJECTIVE V-3:

DEVELOP AND EXPAND ONGOING PARTNERSHIPS WITH THE PRIVATE SECTOR IN SUPPORT OF THE ARTS.

Policy V-3.1

Develop partnerships with the private sector and the business community to encourage monetary and non-monetary support of the arts, as well as sponsorships of arts organizations and events.

The Project involves a partnership between the private sector and the arts community through the construction and partnerships with the theater space and Zinzanni.

OBJECTIVE VI-1:

SUPPORT THE CONTINUED DEVELOPMENT AND PRESERVATION OF ARTISTS' AND ARTS ORGANIZATIONS' SPACES.

Policy VI-1.5

Develop and maintain a mid-sized downtown performing arts facility available to community-based, culturally diverse arts groups easily accessible to visitors.

Policy VI-1.9

Create opportunities for private developers to include arts spaces in private developments citywide.

Policy VI-1.10

Assist artists and arts organizations in attaining ownership or long-term control of arts spaces.

The Project develops and maintains a mid-sized downtown arts facility that is easily accessible to visitors and includes ZinZanni having a long-term lease at the Project.

OBJECTIVE VI-2:

INCREASE OPPORTUNITIES FOR PUBLIC ART THROUGHOUT THE CITY.

The Project it will have public art as part of its development.

RECREATION AND OPEN SPACE ELEMENT

Objectives and Policies

OBJECTIVE 2:

INCREASE RECREATION AND OPEN SPACE TO MEET THE LONG-TERM NEEDS OF THE CITY AND THE BAY REGION.

Policy 2.4

Support the development of signature public open space along the shoreline.

Policy 2.8

Consider repurposing underutilized City-owned properties as open space and recreational facilities.

Policy 2.12

Expand the Privately-owned Public Open Spaces (POPOS) requirement to new mixed-use development areas and ensure that spaces are truly accessible, functional and activated.

The Project repurposes part of the City-owned property for open space and creates a new park along the waterfront.

OBJECTIVE 3:
IMPROVE ACCESS AND CONNECTIVITY TO OPEN SPACE

Policy 3.1

Creatively develop existing publicly-owned rights-of-way and streets into open space.

The Project takes a portion of the publicly-owned right-of-way and turns it into an open space.

URBAN DESIGN ELEMENT
Objectives and Policies

OBJECTIVE 1:
EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

Policy 1.1

Recognize and protect major views in the city, with particular attention to those of open space and water.

Policy 1.2

Recognize, protect and reinforce the existing street pattern, especially as it is related to topography.

Policy 1.5

Emphasize the special nature of each district through distinctive landscaping and other features.

Policy 1.6

Make centers of activity more prominent through design of street features and by other means.

Policy 1.8

Increase the visibility of major destination areas and other points for orientation.

The Project is designed to emphasize and be consistent with the Northeastern Waterfront Historic District and includes the distinctive glass pavilion for the entertainment venue and will become an orientation point as a gateway to North Beach and Chinatown. The Project does not impact any major views in the City because Vallejo Street is not designated as a street with a major view, as more particularly described below in response to Policy 10.2, nor does it alter the existing street pattern.

OBJECTIVE 2:
CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

Policy 2.8

Maintain a strong presumption against the giving up of street areas for private ownership or use, or for construction of public buildings.

No active, or planned-for active, "street areas" are being given up for private ownership or use, or for the construction of public buildings. Rather, the ROW Parcel is not currently used as street areas or for street purposes (instead it is a surface parking lot), and there is no plan to use the ROW Parcel for a street. Moreover, the Port is not "giving up" street areas for private ownership as the Port will remain the fee owner of the ROW Parcel. Additionally, POLICY 2.8 creates a rebuttable presumption that allows for the giving up of street areas in certain circumstances as set forth in Policy 2.9. The ROW Parcel vacation would be offset by the new POPOS which will provide the public with new park areas, passive recreational areas, walkways and pathways and enhance pedestrian walkways and sidewalks in and around the Project, as well as a new easement for an emergency vehicle truck access easement through the ROW Parcel for the benefit of the San Francisco Fire Department.

Policy 2.9

Review proposals for the giving up of street areas in terms of all the public values that streets afford.

The Project creates a new hotel, entertainment venue and POPOS on the ROW Parcel. There is no plan to use the ROW Parcel for street purposes. The Project also meets POLICY 2.9 because the publicly accessible uses proposed at the Project are consistent with the General Plan, Planning Code, Port Policies and State Lands requirements and the Project when judged against the criteria of POLICY 2.9 tips heavily in support of the Project.

Any impacts from the ROW Parcel vacation will be offset by the building of the new POPOS which will afford the public with new park areas, passive recreational areas, walkways and pathways and enhanced pedestrian walkways and sidewalks in and around the Project. The Project also includes a new easement for emergency vehicle truck access through the ROW Parcel that was designed for the benefit of the San Francisco Fire Department and has been endorsed by the Fire Department during the design process.

The POLICY 2.9 characteristics that support the Project's proposal for the giving up of street areas are as follows:

- a. No release of a street area shall be recommended which would result in:
 1. Detriment to vehicular or pedestrian circulation.

The Project will not cause any detriment to vehicular or pedestrian circulation insofar as the Project Site is not currently used for vehicular or pedestrian circulation but instead is used as a surface parking lot for short-term storage of private automobiles. There are no existing or future plans to use the ROW Parcel as a street and doing so would be contrary to City policy to reduce vehicular traffic on The Embarcadero.

2. Interference with the rights of access to any private property.

The Project will not interfere with the right of access to any private property.

3. Inhibiting of access for fire protection or any other emergency purpose, or interference with utility lines or service without adequate reimbursement.

The Project will not inhibit access of fire protection but instead has been designed with the direct input of, and approval from, the San Francisco Fire Department and the Port's Fire Marshal to ensure that the San Francisco Fire Department has adequate and safe passage through and around the Project Site for any emergency purposes. Moreover, the Project will not interfere with utility lines or services as all Project approvals and permits will require coordination and compliance with utility providers requirements.

4. Obstruction or diminishing of a significant view, or elimination of a viewpoint; industrial operations.

The Project does not obstruct, diminish or eliminate a "significant view" insofar as the Vallejo Street view to Pier 9 is not considered a significant view as described previously in response to Policy 10.2, Page 10-11 of this Memo.

5. Elimination or reduction of open space which might feasibly be used for public recreation.
The Project will create the new park for use by the public and does not eliminate or reduce any open space.
6. Elimination of street space adjacent to a public facility, such as a park, where retention of the street might be of advantage to the public facility.

The Project does not propose to eliminate any street space adjacent to a public facility.

7. Elimination of street space that has formed the basis for creation of any lot, or construction or occupancy of any building according to standards that would be violated by discontinuance of the street.

The Project does not eliminate any street space that has formed the basis for creation of any lot or occupancy of any building.

8. Enlargement of a property that would result in (i) additional dwelling units in a multi-family area; (ii) excessive density for workers in a commercial area; or (iii) a building of excessive height or bulk.

The Project would not result in additional dwelling units in a multi-family area, excessive density of workers in a commercial area and the building will be built to conform to the 40-X height and bulk district for the area.

9. Reduction of street space in areas of high building intensity, without provision of new open space in the same area of equivalent amount and quality and reasonably accessible for public enjoyment.

The Project not reduce street space, but instead creates the new POPOS that will be accessible to the public for public enjoyment.

10. Removal of significant natural features, or detriment to the scale and character of surrounding development.

The Project does not remove any significant natural feature because it is redeveloping an undeveloped, surface parking lot, nor does it cause any detriment to the scale and character of the surrounding area because it is being designed to conform to the 40-X height and bulk district for the area and in accordance with the Secretary of the Interiors Standards, the City's Planning Code Article 10, the Northeastern Waterfront Area Plan and the Port's Waterfront Land Use Plan.

11. Adverse effect upon any element of the General Plan or upon an area plan or other plan of the Department of City Planning.

The Project does not have an adverse effect any element of the General Plan or upon an area plan or other plan of the Department of City Planning. Rather, the Project is consistent with all of the other plans governing the Project Site.

12. Release of a street area in any situation in which the future development or use of such street area and any property of which it would become a part is unknown.

The site has been planned for a hotel, entertainment venue and park form more than two decades since the Port's Waterfront Land Use Plan was first adopted in 1996. As such, the ROW Parcel's use, and that of Seawall Lots 323 and 324, has been known for some time. Release of the ROW Parcel will facilitate a better and fully integrated design for the Project along The Embarcadero and the waterfront, as explained in greater detail in Section b. below.

As shown above, none of the 12 conditions that would discourage approval of a vacation action are present. Moreover, the vacation action meets the criteria listed under subsection b(1) and b(3), below, which results in a favorable finding in support of the proposed vacation given the following: (a) it would facilitate a public serving, Public Trust consistent project (hotel and entertainment venue) and (b) would create a signature public space, the POPOS, that would offer a variety of high quality public spaces. The vacation would also meet the criteria of subsection b(5) in that they specifically support and are consistent with the policies of the Waterfront Land Use Plan and the Waterfront Design and Access Plan.

- b. Release of a street area may be considered favorably when it would not violate any of the above criteria and when it would be:

1. Necessary for a subdivision, redevelopment Project or other Project involving assembly of a large site, in which a new and improved pattern would be substituted for the existing street pattern.

The Project allows for the Project to fulfill many of the Port's Waterfront Land Use Plan's preferred uses for the Project Site, which include preferred use designations for a hotel, theater and open space and the ROW Parcel vacation is necessary to complete the Project. Moreover, the Project meets this subsection of POLICY 2.9 because its streetscape improvements will improve the pattern of the existing street and pedestrian pattern

in the area from its current state as a surface parking lot to new publicly accessible preferred uses. Additionally, the Project will create a new POPOS that will be accessible to the public which in addition to creating new open space will also improve pedestrian transit in and around the site without effecting the vehicular traffic at all on any of the four adjacent streets (The Embarcadero, Broadway, Davis and Vallejo).

2. In furtherance of an industrial Project where the existing street pattern would not fulfill the requirements of modern industrial operations.

This ROW Parcel vacation is not applicable to this subsection as the Project does not include an industrial project.

3. Necessary for a significant public or semi-public use, or public assembly use, where the nature of the use and the character of the development proposed present strong justifications for occupying the street area rather than some other site.

The street vacation is necessary for the Project to be built because of the nature of the public assembly uses (i.e. theater, entertainment, cultural uses in the Entertainment venue) and hotel and open space uses designed for the public, all of which are allowed by the Public Trust doctrine on the Site. As the hotel and entertainment venue need to share back of house spaces, it is essential to the Project's success that these uses be located adjacent to each other which requires in turn that the released ROW Parcel be occupied by the theatre use and the park be located to the north of the theatre use. Each of these uses also conform to the preferred use designations of the Port's Waterfront Land Use Plan, and which are consistent with the General Plan, the Northeastern Waterfront Area Plan and San Francisco Administrative Code Section 90A.

4. For the purpose of permitting a small-scale pedestrian crossing consistent with the principles and policies of The Urban Design Element.

The Project will create the new park that will have small-scale pedestrian walkways through the open space, including a paved crossing from Davis and Vallejo through the site to The Embarcadero and from Davis Street through the Site to Green Street to the north.

5. In furtherance of the public values and purposes of streets as expressed in The Urban Design Element and elsewhere in the General Plan.

The Project furthers the public values and purposes of streets as expressed in the Urban Design Element and elsewhere in the General Plan as described in the memorandum.

Policy 2.10

Permit release of street areas, where such release is warranted, only in the least extensive and least permanent manner appropriate to each case.

The Project involves the ROW Parcel, which is an unmapped, undeveloped, right-of-way areas, not active or even proposed to be active street areas, and it will be constructed pursuant to a Port ground lease, which means that the Port will always retrain ownership to the Project Site and the ROW Parcel. The Project also meets POLICY 2.10

because the release of the unused ROW Parcel furthers the public values and purposes of streets as expressed in the Urban Design Element and elsewhere in the General Plan and is consistent with the preferred uses for the Project Site as set forth in the Port's Waterfront Land Use Plan.

COMMERCE AND INDUSTRY ELEMENT

Objectives and Policies

OBJECTIVE 1:

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

Policy 1.1

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development which has substantial undesirable consequences that cannot be mitigated.

Policy 1.7

Recognize the natural boundaries of districts and promote connections between districts.

The Project encourages a project that has substantial net benefits (jobs, revenues, art and entertainment, open space and the like) and it minimize undesirable consequences on the environment as determined by the Initial Study.

OBJECTIVE 2:

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.1

Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

The Project attracts a new hotel and the entertainment venue to the city.

OBJECTIVE 3:

PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.

Policy 3.1

Promote the attraction, retention and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers.

The Project expands commercial uses in the hotel and entertainment fields which are strong industries for creating opportunities for unskilled and semi-skilled workers.

TRANSPORTATION ELEMENT

Objectives and Policies

OBJECTIVE 16:

DEVELOP AND IMPLEMENT PROGRAMS THAT WILL EFFICIENTLY MANAGE THE SUPPLY OF PARKING AT EMPLOYMENT CENTERS THROUGHOUT THE CITY SO AS TO DISCOURAGE SINGLE-OCCUPANT RIDERSHIP AND ENCOURAGE RIDESHARING, TRANSIT AND OTHER ALTERNATIVES TO THE SINGLE-OCCUPANT AUTOMOBILE.

Policy 16.1

Reduce parking demand through the provision of comprehensive information that encourages the use of alternative modes of transportation.

Policy 16.3

Reduce parking demand through the provision of incentives for the use of carpools and vanpools at new and existing parking facilities throughout the City.

Policy 16.5

Reduce parking demand through limiting the absolute amount of spaces and prioritizing the spaces for short-term and ride-share uses.

Policy 16.6

Encourage alternatives to the private automobile by locating public transit access and ride-share vehicle and bicycle parking at more close-in and convenient locations on-site, and by locating parking facilities for single-occupant vehicles more remotely.

The Project encourages alternatives to private automobiles, emphasizes public transit access and by utilizing off-site parking facilities and a comprehensive system of information technology to address transportation needs.

OBJECTIVE 17:

DEVELOP AND IMPLEMENT PARKING MANAGEMENT PROGRAMS IN THE DOWNTOWN THAT WILL PROVIDE ALTERNATIVES ENCOURAGING THE EFFICIENT USE OF THE AREA'S LIMITED PARKING SUPPLY AND ABUNDANT TRANSIT SERVICES.

Policy 17.2

Encourage collaboration and cooperation between property owners, neighboring uses and developers to allow for the most efficient use of existing and new parking facilities.

The Project encourages collaboration and cooperation between off-site parking facilities and the development.

OBJECTIVE 23:

IMPROVE THE CITY'S PEDESTRIAN CIRCULATION SYSTEM TO PROVIDE FOR EFFICIENT, PLEASANT, AND SAFE MOVEMENT.

Policy 23.1

Provide sufficient pedestrian movement space with a minimum of pedestrian congestion in accordance with a pedestrian street classification system.

The Project will provide improved pedestrian movement in accordance with City standards.

OBJECTIVE 24:

IMPROVE THE AMBIANCE OF THE PEDESTRIAN ENVIRONMENT.

Policy 24.5

Where consistent with transportation needs, transform streets and alleys into neighborhood-serving open spaces or “living streets” by adding pocket parks in sidewalks or medians, especially in neighborhoods deficient in open space.

The Project transforms the ROW Parcel into a neighborhood-serving open space.

ENVIRONMENTAL PROTECTION ELEMENT

Objectives and Policies

OBJECTIVE 7:

ASSURE THAT THE LAND RESOURCES IN SAN FRANCISCO ARE USED IN WAYS THAT BOTH RESPECT AND PRESERVE THE NATURAL VALUES OF THE LAND AND SERVE THE BEST INTERESTS OF ALL THE CITY'S CITIZENS.

Policy 7.1

Preserve and add to public open space in accordance with the objectives and policies of the Recreation and Open Space Element.

The Project adds to public open space in accordance with applicable City and Port policies.

OBJECTIVE 10:

MINIMIZE THE IMPACT OF NOISE ON AFFECTED AREAS.

Policy 10.1

Promote site planning, building orientation and design, and interior layout that will lessen noise intrusion.

Policy 10.2

Promote the incorporation of noise insulation materials in new construction.

The design of the glass pavilion for the entertainment venue lessens noise intrusion from that preferred use.

OBJECTIVE 12:

ESTABLISH THE CITY AND COUNTY OF SAN FRANCISCO AS A MODEL FOR ENERGY MANAGEMENT.

Policy 12.1

Incorporate energy management practices into building, facility, and fleet maintenance and operations.

The Project incorporate best practices for energy management into the building.

9. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the Project complies with said policies in that:

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

The Project would demolish a surface parking lot and replace it with a mixed-use development that would include new entertainment and active hotel uses on the ground floor. Visitors that stay at the proposed hotel would help support existing neighborhood-serving retail uses.

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

The Project Site does not possess any existing housing. The Project would strengthen neighborhood character by respecting the character-defining features of the landmark district in conformance with the Secretary of the Interior's Standards. The creation of a new, compatible building would help fill out the subject landmark district and would be replacing a surface parking lot that does not contribute to the character of the district and neighborhood. For these reasons, the Project would protect and preserve the cultural and economic diversity of the neighborhood.

- C. That the City's supply of affordable housing be preserved and enhanced,

The Project does not currently possess any existing affordable housing. The Project would have no effect on the affordable housing supply of the City.

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The Project Site is served by nearby public transportation options. The Project is located along a Muni E and F lines and is within walking distance of the BART Station at Embarcadero and Montgomery Streets. The Project would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking. The Project also provides sufficient bicycle parking for employees and hotel guests.

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Project does not include commercial office development. The Project would demolish a surface parking lot and replace it with a mixed-use development that would include new active uses on the ground floor. The Project would not have any effect on industrial jobs but may increase job opportunities in the service sector through employment at the proposed hotel.

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project will be designed and will be constructed to conform to the structural and seismic safety requirements of the Building Code. This proposal will not impact the property's ability to withstand an earthquake.

- G. That landmarks and historic buildings be preserved.

A landmark or historic building does not occupy the Project Site. The Project, which lies within the boundaries of the Northeast Waterfront Landmark District, is in conformance with Article 10 of the Planning Code and the Secretary of the Interior's Standards.

- H. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project would not affect access to sunlight or vistas for existing parks and open spaces and would result in a new public park that would be privately financed and maintained.

10. The General Plan Consistency Findings set forth in Motion No. XXXXX, Case #2016-011011GPR (Findings of Consistency with the General Plan Referral for Street Vacations) apply to this Motion and are incorporated herein by reference as though fully set forth.
11. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
12. The Commission hereby finds that approval of the Conditional Use Authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other

written materials submitted by all parties, the Commission hereby **APPROVES Conditional Use Authorization Application No. 2015-016326CUA** subject to the following conditions attached hereto as “EXHIBIT A” in general conformance with plans on file, dated December 21, 2018, and stamped “EXHIBIT B”, which is incorporated herein by reference as though fully set forth.

The Planning Commission has reviewed and considered the MND and the record as a whole and finds that there is no substantial evidence that the Project will have a significant effect on the environment with the adoption of the mitigation measures contained in the MMRP to avoid potentially significant environmental effects associated with the Project, and hereby adopts the FMND.

The Planning Commission hereby adopts the MND and the MMRP attached hereto as “EXHIBIT C” and incorporated herein as part of this Motion by this reference thereto. All required mitigation measures identified in the MND and contained in the MMRP are included as conditions of approval.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Conditional Use Authorization to the Board of Supervisors within thirty (30) days after the date of this Motion. The effective date of this Motion shall be the date of this Motion if not appealed (after the 30-day period has expired) OR the date of the decision of the Board of Supervisors if appealed to the Board of Supervisors. For further information, please contact the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the Project, the Planning Commission’s adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator’s Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on May 2, 2019.

Jonas P. Ionin
Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: May 2, 2019

EXHIBIT A

AUTHORIZATION

This authorization is for a conditional use to allow a mixed-use development consisting of three components: an approximately 26,100 gross-square-foot (gsf) entertainment venue; an approximately 112,700 gsf hotel that would accommodate 192 guest rooms, and; an approximately 14,000 gsf privately financed and maintained public park (d.b.a. **Teatro ZinZanni**) located at Seawall Lots 323 and 324, Block 0138 and Lot 00, and Block 0139 and Lot 002, pursuant to Planning Code Section(s) 210.1, 240.3, AND 303 within the C-2 Zoning District and a 40-X Height and Bulk District; in general conformance with plans, dated **December 21, 2018**, and stamped "EXHIBIT B" included in the docket for Record No. **2015-016326CUA** and subject to conditions of approval reviewed and approved by the Commission on **May 2, 2019** under Motion No **XXXXXX**. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on **May 2, 2019** under Motion No **XXXXXX**.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the "EXHIBIT A" of this Planning Commission Motion No. **XXXXXX** shall be reproduced on the Index Sheet of construction plans submitted with the site or building permit application for the Project. The Index Sheet of the construction plans shall reference to the Conditional Use authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new Conditional Use authorization.

Conditions of Approval, Compliance, Monitoring, and Reporting PERFORMANCE

1. **Validity.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the Project and/or commence the approved use within this three-year period.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the Project Sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the Project Sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

3. **Diligent Pursuit.** Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

4. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the Project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

5. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

6. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
7. **Additional Project Authorization.** The Project Sponsor must obtain a General Plan Referral for vacations for portions of Vallejo Street and Davis Street and satisfy all the conditions thereof. The conditions set forth below are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
8. **Mitigation Measures.** Mitigation measures described in the MMRP attached as "EXHIBIT C" are necessary to avoid potential significant effects of the proposed project and have been agreed to by the project sponsor. Their implementation is a condition of project approval.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

DESIGN – COMPLIANCE AT PLAN STAGE

9. **Final Materials.** The Project Sponsor shall continue to work with Planning Department on the building design. Final materials, glazing, color, texture, landscaping, and detailing shall be subject to Department staff review and approval. The architectural addenda shall be reviewed and approved by the Planning Department prior to issuance.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
10. **Garbage, Composting and Recycling Storage.** Space for the collection and storage of garbage, composting, and recycling shall be provided within enclosed areas on the property and clearly labeled and illustrated on the building permit plans. Space for the collection and storage of recyclable and compostable materials that meets the size, location, accessibility and other standards specified by the San Francisco Recycling Program shall be provided at the ground level of the buildings.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
11. **Rooftop Mechanical Equipment.** Pursuant to Planning Code 141, the Project Sponsor shall submit a roof plan to the Planning Department prior to Planning approval of the building permit application. Rooftop mechanical equipment, if any is proposed as part of the Project, is required to be screened so as not to be visible from any point at or below the roof level of the subject building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

12. **Lighting Plan.** The Project Sponsor shall submit an exterior lighting plan to the Planning Department prior to Planning Department approval of the building / site permit application.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

13. **Streetscape Plan.** Pursuant to Planning Code Section 138.1, the Project Sponsor shall continue to work with Planning Department staff, in consultation with other City agencies, to refine the design and programming of the Streetscape Plan so that the plan generally meets the standards of the Better Streets Plan and all applicable City standards. The Project Sponsor shall complete final design of all required street improvements, including procurement of relevant City permits, prior to issuance of first architectural addenda, and shall complete construction of all required street improvements prior to issuance of first temporary certificate of occupancy.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

14. **Signage.** The Project Sponsor shall develop a signage program for the Project which shall be subject to review and approval by Planning Department staff before submitting any building permits for construction of the Project. All subsequent sign permits shall conform to the approved signage program. Once approved by the Department, the signage program/plan information shall be submitted and approved as part of the site permit for the Project. All exterior signage shall be designed to complement, not compete with, the existing architectural character and architectural features of the building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

15. **Transformer Vault Location.** The location of individual Project PG&E Transformer Vault installations has significant effects to San Francisco streetscapes when improperly located. However, they may not have any impact if they are installed in preferred locations. Therefore, the Planning Department in consultation with Public Works shall require the following location(s) for transformer vault(s) for this Project: inside the building along Davis Street. This location has the following design considerations: near the loading dock and with adequate street trees in front of the building to block the view of the blank wall. The above requirement shall adhere to the Memorandum of Understanding regarding Electrical Transformer Locations for Private Development Projects between Public Works and the Planning Department dated January 2, 2019.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

16. **Overhead Wiring.** The Property owner will allow MUNI to install eyebolts in the building adjacent to its electric streetcar line to support its overhead wire system if requested by MUNI or MTA.

For information about compliance, contact San Francisco Municipal Railway (Muni), San Francisco Municipal Transit Agency (SFMTA), at 415-701-4500, www.sfmta.org

17. **Noise.** Plans submitted with the building permit application for the approved Project shall incorporate acoustical insulation and other sound proofing measures to control noise.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

18. **Landscaping.** Pursuant to Planning Code Section 132, the Project Sponsor shall submit a site plan to the Planning Department prior to Planning approval of the building permit application indicating that 50% of the front setback areas shall be surfaced in permeable materials and further, that 20% of the front setback areas shall be landscaped with approved plant species. The size and specie of plant materials and the nature of the permeable surface shall be as approved by the Department of Public Works.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

19. **Odor Control Unit.** In order to ensure any significant noxious or offensive odors are prevented from escaping the premises once the Project is operational, the building permit application to implement the Project shall include air cleaning or odor control equipment details and manufacturer specifications on the plans. Odor control ducting shall not be applied to the primary façade of the building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

PARKING AND TRAFFIC

20. **Transportation Demand Management (TDM) Program.** Pursuant to Planning Code Section 169, the Project shall finalize a TDM Plan prior to the issuance of the first Building Permit or Site Permit to construct the Project and/or commence the approved uses. The Property Owner, and all successors, shall ensure ongoing compliance with the TDM Program for the life of the Project, which may include providing a TDM Coordinator, providing access to City staff for site inspections, submitting appropriate documentation, paying application fees associated with required monitoring and reporting, and other actions.

Prior to the issuance of the first Building Permit or Site Permit, the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property to document compliance with the TDM Program. This Notice shall provide the finalized TDM Plan for the Project, including the relevant

details associated with each TDM measure included in the Plan, as well as associated monitoring, reporting, and compliance requirements.

For information about compliance, contact the TDM Performance Manager at tdm@sfgov.org or 415-558-6377, www.sf-planning.org.

21. **Bicycle Parking.** Pursuant to Planning Code Sections 155.1 and 155.4, the Project shall provide no fewer than **11** Class 1 or 8 Class 2 bicycle parking spaces. SFMTA has final authority on the type, placement and number of Class 2 bicycle racks within the public ROW. Prior to issuance of first architectural addenda, the Project Sponsor shall contact the SFMTA Bike Parking Program at bikeparking@sfmta.com to coordinate the installation of on-street bicycle racks and ensure that the proposed bicycle racks meet the SFMTA's bicycle parking guidelines. Depending on local site conditions and anticipated demand, SFMTA may request the Project Sponsor pay an in-lieu fee for Class II bike racks required by the Planning Code.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

22. **Showers and Clothes Lockers.** Pursuant to Planning Code Section 155.3, the Project shall provide no fewer than **four** showers and **24** clothes lockers.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org.

23. **Off-Street Loading.** Pursuant to Planning Code Section 152, the Project will provide **two** off-street loading spaces.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

24. **Managing Traffic During Construction.** The Project Sponsor and construction contractor(s) shall coordinate with the Traffic Engineering and Transit Divisions of the San Francisco Municipal Transportation Agency (SFMTA), the Police Department, the Fire Department, the Planning Department, and other construction contractor(s) for any concurrent nearby Projects to manage traffic congestion and pedestrian circulation effects during construction of the Project.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

PROVISIONS

25. **Transportation Sustainability Fee.** The Project is subject to the Transportation Sustainability Fee (TSF), as applicable, pursuant to Planning Code Section 411A.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

26. **Jobs-Housing Linkage.** The Project is subject to the Jobs Housing Linkage Fee, as applicable, pursuant to Planning Code Section 413.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
27. **Child-Care Requirements for Office and Hotel Development.** In lieu of providing an on-site child-care facility, the Project has elected to meet this requirement by providing an in-lieu fee, as applicable, pursuant to Planning Code Section 414.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
28. **First Source Hiring.** The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.
For information about compliance, contact the First Source Hiring Manager at 415-581-2335, www.onestopSF.org
29. **Art.** The Project is subject to the Public Art Fee, as applicable, pursuant to Planning Code Section 429.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
30. **Art Plaques.** Pursuant to Planning Code Section 429(b), the Project Sponsor shall provide a plaque or cornerstone identifying the architect, the artwork creator and the Project completion date in a publicly conspicuous location on the Project Site. The design and content of the plaque shall be approved by Department staff prior to its installation.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
31. **Art.** Pursuant to Planning Code Section 429, the Project Sponsor and the Project artist shall consult with the Planning Department during design development regarding the height, size, and final type of the art. The final art concept shall be submitted for review for consistency with this Motion by, and shall be satisfactory to, the Director of the Planning Department in consultation with the Commission. The Project Sponsor and the Director shall report to the Commission on the progress of the development and design of the art concept prior to the submittal of the first building or site permit application
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

32. **Art.** Pursuant to Planning Code Section 429, prior to issuance of any certificate of occupancy, the Project Sponsor shall install the public art generally as described in this Motion and make it available to the public. If the Zoning Administrator concludes that it is not feasible to install the work(s) of art within the time herein specified and the Project Sponsor provides adequate assurances that such works will be installed in a timely manner, the Zoning Administrator may extend the time for installation for a period of not more than twelve (12) months.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

MONITORING - AFTER ENTITLEMENT

33. **Enforcement.** Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

34. **Monitoring.** The Project requires monitoring of the conditions of approval in this Motion. The Project Sponsor or the subsequent responsible parties for the Project shall pay fees as established under Planning Code Section 351(e) (1) and work with the Planning Department for information about compliance.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

35. **Revocation due to Violation of Conditions.** Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in "EXHIBIT A" of this Motion, the Zoning Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

OPERATION

36. **Eating and Drinking Uses.** As defined in Planning Code Section 202.2, Eating and Drinking Uses, as defined in Section [102](#), shall be subject to the following conditions:

- A. The business operator shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Street and Sidewalk Maintenance Standards. In addition, the

operator shall be responsible for daily monitoring of the sidewalk within a one-block radius of the subject business to maintain the sidewalk free of paper or other litter associated with the business during business hours, in accordance with Article 1, Section [34](#) of the San Francisco Police Code.

For information about compliance, contact the Bureau of Street Use and Mapping, Department of Public Works at 415-554-.5810, <http://sfdpw.org>.

- B. When located within an enclosed space, the premises shall be adequately soundproofed or insulated for noise and operated so that incidental noise shall not be audible beyond the premises or in other sections of the building, and fixed-source equipment noise shall not exceed the decibel levels specified in the San Francisco Noise Control Ordinance.

For information about compliance of fixed mechanical objects such as rooftop air conditioning, restaurant ventilation systems, and motors and compressors with acceptable noise levels, contact the Environmental Health Section, Department of Public Health at (415) 252-3800, www.sfdph.org.

For information about compliance with construction noise requirements, contact the Department of Building Inspection at 415-558-6570, www.sfdbi.org.

For information about compliance with the requirements for amplified sound, including music and television, contact the Police Department at 415-553-0123, www.sf-police.org.

- C. While it is inevitable that some low level of odor may be detectable to nearby residents and passersby, appropriate odor control equipment shall be installed in conformance with the approved plans and maintained to prevent any significant noxious or offensive odors from escaping the premises.

For information about compliance with odor or other chemical air pollutants standards, contact the Bay Area Air Quality Management District, (BAAQMD), 1-800-334-ODOR (6367), www.baaqmd.gov and Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

- D. Garbage, recycling, and compost containers shall be kept within the premises and hidden from public view, and placed outside only when being serviced by the disposal company. Trash shall be contained and disposed of pursuant to garbage and recycling receptacles guidelines set forth by the Department of Public Works.

For information about compliance, contact the Bureau of Street Use and Mapping, Department of Public Works at 415-554-.5810, <http://sfdpw.org>.

37. **Sidewalk Maintenance.** The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>

38. **Community Liaison.** Prior to issuance of a building permit to construct the Project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator and all registered neighborhood groups for the area with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator and registered neighborhood groups shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

39. **Notices Posted at Bars and Entertainment Venues.** Notices urging patrons to leave the establishment and neighborhood in a quiet, peaceful, and orderly fashion and to not litter or block driveways in the neighborhood, shall be well-lit and prominently displayed at all entrances to and exits from the establishment.

For information about compliance, contact the Entertainment Commission, at 415 554-6678, www.sfgov.org/entertainment

40. **Other Entertainment.** The Other Entertainment shall be performed within the enclosed building only. The building shall be adequately soundproofed or insulated for noise and operated so that incidental noise shall not be audible beyond the premises or in other sections of the building and fixed-source equipment noise shall not exceed the decibel levels specified in the San Francisco Noise Control Ordinance. Bass and vibrations shall also be contained within the enclosed structure. The Project Sponsor shall obtain all necessary approvals from the Entertainment Commission prior to operation. The authorized entertainment use shall also comply with all of the conditions imposed by the Entertainment Commission.

For information about compliance, contact the Entertainment Commission, at 415 554-6678, www.sfgov.org/entertainment

41. **Lighting.** All Project lighting shall be directed onto the Project Site and immediately surrounding sidewalk area only, and designed and managed so as not to be a nuisance to adjacent residents. Nighttime lighting shall be the minimum necessary to ensure safety, but shall in no case be directed so as to constitute a nuisance to any surrounding property.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

42. **Hours of Operation.** The entertainment use of the subject establishment is limited to the following public hours of operation: Sunday through Saturday from 5:30 p.m. to 11:30 p.m.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Draft Motion

HEARING DATE: MAY 2, 2019

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Record No.: 2016-011011GPR
Project: STREET VACATION ON DAVIS AND VALLEJO STREETS
FOR THE TEATRO ZINZANNI DEVELOPMENT PROJECT
Project Address: SEAWALL LOTS 323 AND 324 (DBA TEATRO ZINZANNI)
Zoning: C-2 (Community Business) Zoning District
40-X Height and Bulk District
Waterfront Special Use District No. 3
Article 10 Northeast Waterfront Landmark District
Project Sponsor: Jay Wallace
TKZ Broadway, LLC
170 Columbus Avenue, #240
San Francisco, CA 94133
(415) 955-100 ext. 4007
Staff Contact: Christy Alexander – (415) 575-8724
christy.alexander@sfgov.org

ADOPTING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND WITH THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1 FOR THE PROPOSED STREET VACATIONS OF PORTIONS OF VALLEJO STREET AND DAVIS STREET FOR THE TEATRO ZINZANNI DEVELOPMENT PROJECT, WITH CONDITIONS.

PREAMBLE

WHEREAS, Section 4.105 of the City Charter and Section 2A.53 of Administrative Code require General Plan referrals to the Planning Commission (hereinafter "Commission") for certain matters, including determination as to whether the lease or sale of public property, the vacation, sale or change in the use of any public way, transportation route, ground, open space, building, or structure owned by the City and County, would be in conformity with the General Plan prior to consideration by the Board of Supervisors.

WHEREAS, On August 25, 2016, the Planning Department received a General Plan Referral Application submitted by Jay Wallace, the Agent for TZK Broadway, LLC, developer of project at Seawall Lots 323 and 324 (the "Project"), for various street vacations necessary for the construction of a new mixed-use development at this site.

WHEREAS, the Project Site consists of two lots located at or near the northwest corner of the Embarcadero and Broadway in San Francisco, along with portions of Vallejo Street and Davis Street, within the C-2 —Community Business Zoning District and a 40-X Height and Bulk District. In total, the site is approximately 42,719 square feet in size (excluding the portions of Vallejo Street and Davis Street). The Project proposes demolition of a surface parking lot on Seawall Lots 323 and 324 to construct a new mixed-use development consisting of three components: an approximately 26,100 gross-square-foot (gsf)

entertainment venue; an approximately 112,700 gsf hotel that would accommodate 192 guest rooms, and; an approximately 14,000 gsf privately financed and maintained public park.

WHEREAS, the proposed street vacation on portions of Vallejo Street and Davis Street would facilitate the Teatro ZinZanni Development Project at the scale of development contemplated in the Waterfront Land Use Plan (WLUP) while providing much needed open space areas within the Northeastern Waterfront Area Plan and extend the existing connections between the Northeastern Waterfront and the Golden Gate National Recreation Area along the Embarcadero. Currently, Vallejo Street does not exist as an actual road and the easement bisects the Project Site at the location contemplated for the proposed privately-owned publicly-accessible park, and the continued existence of a functional public street would make this park space infeasible. The proposed street vacation area would be incorporated into the proposed park. Currently, Davis Street does not exist as an actual road and the easement is included in the existing surface parking lot which bisects the Project Site and the television station to the west. The proposed park is an approximately 13,000 square foot open area with walkways at ground elevation. The proposed vacations on Vallejo Street and Davis Street would expand the public's use of the proposed privately-owned publicly-accessible park and maintain interconnectivity with subsequent permanent declaration of public access covenants and restrictions for pedestrian access and an emergency vehicle and large trucks access easement (See Exhibit B in Case No. 2015-016326CUA).

WHEREAS, the proposed street vacation of portions of Vallejo Street and Davis Street would incorporate these portions of the streets into the proposed privately-owned publicly-accessible park. The proposed vacations on Vallejo Street and Davis Street would expand the public's access to the Embarcadero with subsequent permanent declaration of public access covenants and restrictions for pedestrian access (See Exhibit B in Case No. 2015-016326CUA).

WHEREAS, In lieu of the current easement of Vallejo Street from Davis Street to the Embarcadero, Vallejo Street would continue to be routed as it exists at a 90-degree angle to the south to Davis Street.

WHEREAS, In lieu of the current easement of Davis Street from Vallejo Street to the Embarcadero, Davis Street would continue to be routed as it exists at a 90-degree angle to the west to Vallejo Street.

WHEREAS, the Project proposes to vacate approximately 14,461 square feet of street including approximately 4,842 square feet of Vallejo Street and approximately 9,619 square feet of Davis Street under the specific configurations as described below (See "EXHIBIT B" in Case No. 2015-016326CUA):

Vallejo Street Vacation – Vallejo Street is currently a 68.75' wide street running west of Davis Street to the Embarcadero. The Project proposes to vacate Vallejo Street west of Davis Street for a length of 87.84' on its southerly side and a width of 68.75' (for the total area of approximately 4,842 square feet).

The area proposed for the Vallejo Street vacation is generally bounded by Assessor's Block No. 0139, Lot No. 002 to the south and Assessor's Block No. 0138, Lot No. 001 to the north. The area proposed for the Davis Street vacation is generally bounded by Assessor's Block No. 0138, Lot No. 001 to the east and Assessor's Block No. 0137, Lot No. 001 to the west.

Davis Street Vacation – Davis Street is currently a 69.79' wide street running north of Vallejo Street to the Embarcadero. The Project proposes to vacate Davis Street north of Vallejo Street for a length of 250.29' on its westerly side and a width of 69.79' (for the total area of approximately 9,619 square feet).

The full length of vacated area on Vallejo Street and Davis Street would be subject to a non-exclusive public easement for pedestrian access and will be open 24 hours per day and seven days a week and will be fully open air and feature no gates or other physical restrictions to pedestrian access. The Vallejo Street vacation area will be accessible by pedestrians between Davis Street and the Embarcadero and the Davis Street vacation area will be accessible by pedestrians between Vallejo Street and the Embarcadero via the proposed privately-owned publicly-accessible park.

The vacation area would become part of the privately-owned publicly accessible park. This area would be accessible by pedestrians primarily from the Embarcadero and from Davis Street. The vacated portion of Vallejo Street and Davis Street is proposed by the Project Sponsor to be accessible to the public 24 hours per day, 7 days a week through a permanent declaration of public access covenants and restrictions.

WHEREAS, to provide consistency with General Plan policies pertaining to the vacation of City streets and to minimize the effects of the proposed street vacation per the Urban Design Element (Policy 2.9) the certain conditions are required to be met regarding hours of public access as well as design treatments on the vacated streets, publicly accessible private open spaces, or the continued alignment of Vallejo Street and Davis Street as described below:

WHEREAS, the Urban Design Element allows permitting street vacations so long as the greater public benefit of the vacation outweigh the loss of public ownership of the streets. To ensure that standard is met, the design and access of the proposed privately-owned publicly-accessible park provided at the street level must be seamlessly coordinated with the vacated areas to provide the highest quality open space that is publicly accessible at all times. To this end, the proposed park shall remain 24 hours of public access, seven days a week (See Exhibit B in Case No. 2015-016326CUA). This would enhance the pedestrian and public space along the Embarcadero and Davis Street with widened areas as public space. These enlarged public spaces are open to sky and accessible at all times. Consequently, this design would help advance the greater public benefit offered by this Project in exchange for the vacation of public rights-of-ways.

ENVIRONMENTAL REVIEW

The Department found that the Project could not have a significant impact on the environment pursuant to a final Mitigated Negative Declaration issued on December 21, 2018. The Planning Commission (hereinafter "Commission") has reviewed and concurs with said determination.

The proposal addresses the following relevant objectives and policies of the General Plan:

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Project is consistent with the General Plan and Eight Priority Policies of Planning Code Section 101.1 as described below in the body of this letter. The Project as modified by the conditions described above, is on balance, in conformity with the following Objectives and Policies of the General Plan:

NORTHEASTERN WATERFRONT AREA PLAN ELEMENT

Objectives and Policies

OBJECTIVE 1:

TO DEVELOP AND MAINTAIN ACTIVITIES THAT WILL CONTRIBUTE SIGNIFICANTLY TO THE CITY'S ECONOMIC VITALITY AND PROVIDE ADDITIONAL ACTIVITIES WHICH STRENGTHEN THE PREDOMINANT USES IN EACH SUBAREA OF THE NORTHEASTERN WATERFRONT, WHILE LIMITING THEIR CONCENTRATION TO PRESERVE THE ENVIRONMENTAL QUALITY OF THE AREA.

Policy 1.1

Accommodate where appropriate, additional activities which will strengthen the predominant economic functions of each subarea of the Northeastern Waterfront.

Policy 1.2

Consistent with other policies of this Plan, encourage uses on Port property which return revenue to the Port to support and improve its facilities.

The Project is consistent with the other policies of the City's General Plan and encourages uses that return revenue to the Port through a long-term ground lease payment, hotel transient occupancy tax revenue, possessory interest tax payments and other fees and taxes associated with the Project. The Project will replace an underutilized surface parking lot with three new public-serving uses that will strengthen the predominant economic functions of the gateway to North Beach and Chinatown, serve as an important feature of The Embarcadero and provide new public uses and economic functions that are consistent with many of the Policies, Objectives and plans set forth in the City's General Plan and its Northeastern Waterfront Area Plan, the Port of San Francisco's Waterfront Land Use Plan and Waterfront Design and Access Plan.

OBJECTIVE 2:

TO DIVERSIFY USES IN THE NORTHEASTERN WATERFRONT, TO EXPAND THE PERIOD OF USE OF EACH SUBAREA AND TO PROMOTE MAXIMUM PUBLIC USE OF THE WATERFRONT WHILE ENHANCING ITS ENVIRONMENTAL QUALITY.

Policy 2.1

Develop uses which generate activity during a variety of time periods rather than concentrating activity during the same peak periods.

Policy 2.2

Diversify activities to encourage the use of the Northeastern Waterfront by a broad spectrum of the population.

Policy 2.3

Encourage land uses having different peak periods of activity within each subarea of the Northeastern Waterfront to contribute to the area's diversity, to expand the period of use, to decrease peak period traffic congestion, to facilitate efficient use of the transit system and to preserve and enhance the environmental quality of the waterfront.

Policy 2.4

Promote the development of new maritime activities, public open space and public access improvements as part of major new development on piers.

The Project will include public open space and public access improvements in, around and adjacent to the Project Site and as an integral part of the Project. The Project involves uses that generate activity during a variety of time periods (i.e. guests arriving and departing from the Hotel at various hours, pedestrians strolling along The Embarcadero during mid-day and afternoon excursions, visiting the public park and patrons to the entertainment venue), rather than concentrating activity only during the AM or PM peak periods. The creation of the entertainment venue will contribute to the area's diversity and create new jobs in the area in the arts, culture, and hospitality industries consistent with this General Plan policy and Administrative Code 90A.2. The Project's use of off-site parking enhances numerous City policies and its adoption of convenient mass transit at the Project Site's front door will facilitate efficient use of the City's transit system. The Project will be designed with attention to details, streetscapes and landscape features and will be constructed consistent with the Secretary of the Interior's standards and Article 10 to ensure respect for the historic district and the waterfront.

OBJECTIVE 7:

TO STRENGTHEN AND EXPAND THE RECREATION CHARACTER OF THE NORTHEASTERN WATERFRONT AND TO DEVELOP A SYSTEM OF PUBLIC OPEN SPACES AND RECREATION FACILITIES THAT RECOGNIZES ITS RECREATIONAL POTENTIAL, PROVIDES UNITY AND IDENTITY TO THE URBAN AREA, AND ESTABLISHES AN OVERALL WATERFRONT CHARACTER OF OPENNESS OF VIEWS, WATER AND SKY AND PUBLIC ACCESSIBILITY TO THE WATER'S EDGE.

Policy 7.1

Develop recreation facilities attractive to residents and visitors of all ages and income groups.

Policy 7.2

Provide a continuous system of parks, urban plazas, water-related public recreation, shoreline pedestrian promenades, pedestrian walkways and street greenways throughout the entire Northeastern Waterfront.

Policy 7.3

Connect the recreation and open space facilities of the Northeastern Waterfront with those of the Golden Gate National Recreation Area.

Policy 7.4

Encourage and provide open space and public recreation facilities as part of any development, to provide facilities for people residing and working in the Northeastern Waterfront and in adjoining neighborhoods.

Policy 7.7

Where desirable and feasible, provide amenities which enhance public enjoyment of open spaces and public access areas by providing public restrooms, drinking fountains, information kiosks, sales of refreshments from push carts and other services.

Policy 7.11

Develop a continuous bicycle path along the Northeastern Waterfront that is linked with the city-wide bicycle route system.

The Project develops the new POPOS, a new publicly accessible open space that will be designed and constructed to be attractive to residents and visitors and will provide amenities to enhance public enjoyment of the new POPOS such as information kiosks, push carts and other services. The Project will add to the continuous system of parks, urban plazas, water-related public recreation, pedestrian promenades and walkways that already exist in the Northeastern Waterfront and will extend the existing connections between the Northeastern Waterfront and the Golden Gate National Recreation Area along The Embarcadero. The Project will be linked to the city-side bicycle route system and public bicycles and Class 1 and Class 2 bicycle parking in full compliance with City Codes will be a part of the Project.

OBJECTIVE 8:

TO FACILITATE THE MOVEMENT OF PEOPLE AND GOODS WITHIN THE NORTHEASTERN WATERFRONT IN SUCH A WAY AS TO MINIMIZE THE ADVERSE IMPACT OF THIS MOVEMENT.

Policy 8.1

Intercept and divert as much automobile traffic as feasible away from the water's edge and areas of intense pedestrian activity in order to make conditions more pleasurable, safe, and interesting for the pedestrian, and in order to facilitate the commercial and recreational development of the area.

Policy 8.2

Limit additional parking facilities in the Northeastern Waterfront and minimize the impact of this parking. Discourage long-term parking for work trips which could be accommodated by transit. Restrict additional parking to: (a) Short-term (less than four hour) parking facilities to meet needs of additional business, retail, restaurant, marina, and entertainment activities; (b) Long-term parking facilities for maritime activities, hotel and residential uses. To the extent possible, locate parking away from areas of intense pedestrian activity. Encourage shared parking at adjacent or nearby facilities.

Policy 8.6

Remove or relocate inland those existing parking facilities on or near the water's edge or within areas of intense pedestrian activity.

Policy 8.7

Facilitate pedestrian access to the shoreline, including access for the handicapped, through the provision of convenient, safe pedestrian crossings along The Embarcadero. Provide promenades and walkways of sufficient width to accommodate comfortably and safely the movement of pedestrians throughout the Northeastern Waterfront.

The Project removes an existing parking facility near the water's edge and has been designed to locate parking away from the site by using shared parking at nearby facilities and to minimize the impact of parking by encouraging the use of transit and alternative forms of transportation, such as bicycles, walking and shared ride vehicles. The Project will facilitate pedestrian access to the inland side of the waterfront by providing a series of attractive amenities along The Embarcadero and will provide walkways of sufficient width as determined by relevant City agencies to accommodate all persons comfortably and safely.

OBJECTIVE 10:

TO DEVELOP THE FULL POTENTIAL OF THE NORTHEASTERN WATERFRONT IN ACCORD WITH THE UNUSUAL OPPORTUNITIES PRESENTED BY ITS RELATION TO THE BAY, TO THE OPERATING PORT, FISHING INDUSTRY, AND DOWNTOWN; AND TO ENHANCE ITS UNIQUE AESTHETIC QUALITIES OFFERED BY WATER, TOPOGRAPHY, VIEWS OF THE CITY AND BAY, AND ITS HISTORIC MARITIME CHARACTER.

Policy 10.1

Preserve the physical form of the waterfront and reinforce San Francisco's distinctive hill form by maintaining low structures near the water, with an increase in vertical development near hills or the downtown core area. Larger buildings and structures with civic importance may be appropriate at important locations.

Policy 10.2

Preserve and create view corridors which can link the City and the Bay.

Policy 10.3

Use continuous planting and other ground surface treatment to physically and visually link the waterfront with adjacent inland areas.

Policy 10.9

Encourage the provision of street furniture which is of appropriate design to the historic maritime character of the Northeastern Waterfront.

Policy 10.13

Remove exposed surface parking from over water, and along the Embarcadero roadway to improve shoreline appearance and access to the Bay.

Policy 10.27

Locate buildings to minimize shadows and wind on public open spaces.

Waterfront views from Vallejo Street will not be substantially impacted due to the rising topography of Vallejo Street, the low height of the Project (40 feet) and the translucent (and bird-safe) design for the entertainment venue's glass pavilion. The Project will use planting and other ground surface treatment to physically and visually link the waterfront with adjacent land uses.

The Project is being built within the 40-X height and bulk district for the site thereby preserving the physical form of the waterfront and reinforcing San Francisco's hill form westerly from the Bay toward Telegraph Hill. Consistent with the Waterfront Land Use Plan, and other City policies. The Project will construct the new POPOS with public walkways and public open space around and through the Project Site which will provide new view corridors to the Bay and will provide new amenities in the neighborhood that will make for an inviting experience, in the place of a surface parking lot.

The entertainment venue and the hotel will attract many more members of the public to the waterfront, allowing a greater number of people to experience the historic district, other Port properties, and the Bay, and the POPOS will be a new public amenity for the neighborhood and the City.

OBJECTIVE 18:

TO DEVELOP A DIVERSITY OF ADDITIONAL ACTIVITIES WHICH WOULD STRENGTHEN THE EXISTING PREDOMINANT USES IN THE BASE OF TELEGRAPH HILL SUBAREA AND ACTIVITIES WHICH WOULD EXPAND THE PERIOD OF USE, BUT OF AN INTENSITY WHICH WOULD PROVIDE A RELIEF FROM THE ADJACENT DOWNTOWN AND FISHERMAN'S WHARF AREAS.

Policy 18.3

Encourage moderate development of uses such as shops, restaurants, entertainment and hotels which activate the waterfront during evenings and weekends, but to a lesser overall intensity and concentration than present in the adjacent downtown and Fisherman's Wharf areas.

Policy 18.4

Design new development on Seawall Lots 323 and 324 as an orientation point for the waterfront which also highlights the intersection of Broadway and The Embarcadero.

Policy 18.5

Plan and design new developments on inland sites and adjacent piers in a manner which complements and enhances the surrounding area, and which unites the waterfront with the rest of the City.

The Project involves a new development designed to conform to the site's height and bulk district (40X) involving restaurants, entertainment and a hotel that will activate the waterfront during evenings and weekends, as well as the new POPOS. It is designed to be an orientation point for the waterfront and its highlights the intersection of Broadway and The Embarcadero through the hotel's main entry point and enhancements to The Embarcadero and Broadway streetscapes and the unique entertainment venue and glass pavilion hosting Teatro Zinzanni and the historic entertainment tent.

RECREATION AND OPEN SPACE ELEMENT

Objectives and Policies

OBJECTIVE 2:

INCREASE RECREATION AND OPEN SPACE TO MEET THE LONG-TERM NEEDS OF THE CITY AND THE BAY REGION.

Policy 2.4

Support the development of signature public open space along the shoreline.

Policy 2.8

Consider repurposing underutilized City-owned properties as open space and recreational facilities.

Policy 2.12

Expand the Privately-owned Public Open Spaces (POPOS) requirement to new mixed-use development areas and ensure that spaces are truly accessible, functional and activated.

The Project repurposes part of the City-owned property for open space and creates a new park along the waterfront.

OBJECTIVE 3:

IMPROVE ACCESS AND CONNECTIVITY TO OPEN SPACE

Policy 3.1

Creatively develop existing publicly-owned rights-of-way and streets into open space.

The Project takes a portion of the publicly-owned right-of-way and turns it into an open space.

URBAN DESIGN ELEMENT

Objectives and Policies

OBJECTIVE 1:

EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

Policy 1.1

Recognize and protect major views in the city, with particular attention to those of open space and water.

Policy 1.2

Recognize, protect and reinforce the existing street pattern, especially as it is related to topography.

Policy 1.5

Emphasize the special nature of each district through distinctive landscaping and other features.

Policy 1.6

Make centers of activity more prominent through design of street features and by other means.

Policy 1.8

Increase the visibility of major destination areas and other points for orientation.

The Project is designed to emphasize and be consistent with the Northeastern Waterfront Historic District and includes the distinctive glass pavilion for the entertainment venue and will become an orientation point as a gateway to North Beach and Chinatown. The Project does not impact any major views in the City because Vallejo Street is not designated as a street with a major view, as more particularly described below in response to Policy 10.2, nor does it alter the existing street pattern.

OBJECTIVE 2:

CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

Policy 2.8

Maintain a strong presumption against the giving up of street areas for private ownership or use, or for construction of public buildings.

No active, or planned-for active, "street areas" are being given up for private ownership or use, or for the construction of public buildings. Rather, the ROW Parcel is not currently used as street areas or for street purposes (instead it is a surface parking lot), and there is no plan to use the ROW Parcel for a street. Moreover, the Port is not "giving up" street areas for private ownership as the Port will remain the fee owner of the ROW Parcel. Additionally, POLICY 2.8 creates a rebuttable presumption that allows for the giving up of street areas in certain circumstances as set forth in Policy 2.9. The ROW Parcel vacation would be offset by the new POPOS which will provide the public with new park areas, passive recreational areas, walkways and pathways and enhance pedestrian walkways and sidewalks in and around the Project, as well as a new easement for an emergency vehicle truck access easement through the ROW Parcel for the benefit of the San Francisco Fire Department.

Policy 2.9

Review proposals for the giving up of street areas in terms of all the public values that streets afford.

The Project creates a new hotel, entertainment venue and POPOS on the ROW Parcel. There is no plan to use the ROW Parcel for street purposes. The Project also meets POLICY 2.9 because the publicly accessible uses proposed at the Project are consistent with the General Plan, Planning Code, Port Policies and State Lands requirements and the Project when judged against the criteria of POLICY 2.9 tips heavily in support of the Project.

Any impacts from the ROW Parcel vacation will be offset by the building of the new POPOS which will afford the public with new park areas, passive recreational areas, walkways and pathways and enhanced pedestrian walkways and sidewalks in and around the Project. The Project also includes a new easement for emergency vehicle truck access through the ROW Parcel that was designed for the benefit of the San Francisco Fire Department and has been endorsed by the Fire Department during the design process.

The POLICY 2.9 characteristics that support the Project's proposal for the giving up of street areas are as follows:

- a. No release of a street area shall be recommended which would result in:

1. Detriment to vehicular or pedestrian circulation.

The Project will not cause any detriment to vehicular or pedestrian circulation insofar as the Project Site is not currently used for vehicular or pedestrian circulation but instead is used as a surface parking lot for short-term storage of private automobiles. There are no existing or future plans to use the ROW Parcel as a street and doing so would be contrary to City policy to reduce vehicular traffic on The Embarcadero.

2. Interference with the rights of access to any private property.

The Project will not interfere with the right of access to any private property.

3. Inhibiting of access for fire protection or any other emergency purpose, or interference with utility lines or service without adequate reimbursement.

The Project will not inhibit access of fire protection but instead has been designed with the direct input of, and approval from, the San Francisco Fire Department and the Port's Fire Marshal to ensure that the San Francisco Fire Department has adequate and safe passage through and around the Project Site for any emergency purposes. Moreover, the Project will not interfere with utility lines or services as all Project approvals and permits will require coordination and compliance with utility providers requirements.

4. Obstruction or diminishing of a significant view, or elimination of a viewpoint; industrial operations.

The Project does not obstruct, diminish or eliminate a "significant view" insofar as the Vallejo Street view to Pier 9 is not considered a significant view as described previously in response to Policy 10.2, Page 10-11 of this Memo.

5. Elimination or reduction of open space which might feasibly be used for public recreation.

The Project will create the new park for use by the public and does not eliminate or reduce any open space.

6. Elimination of street space adjacent to a public facility, such as a park, where retention of the street might be of advantage to the public facility.

The Project does not propose to eliminate any street space adjacent to a public facility.

7. Elimination of street space that has formed the basis for creation of any lot, or construction or occupancy of any building according to standards that would be violated by discontinuance of the street.

The Project does not eliminate any street space that has formed the basis for creation of any lot or occupancy of any building.

8. Enlargement of a property that would result in (i) additional dwelling units in a multi-family area; (ii) excessive density for workers in a commercial area; or (iii) a building of excessive height or bulk.

The Project would not result in additional dwelling units in a multi-family area, excessive density of workers in a commercial area and the building will be built to conform to the 40-X height and bulk district for the area.

9. Reduction of street space in areas of high building intensity, without provision of new open space in the same area of equivalent amount and quality and reasonably accessible for public enjoyment.

The Project not reduce street space, but instead creates the new POPOS that will be accessible to the public for public enjoyment.

10. Removal of significant natural features, or detriment to the scale and character of surrounding development.

The Project does not remove any significant natural feature because it is redeveloping an undeveloped, surface parking lot, nor does it cause any detriment to the scale and character of the surrounding area because it is being designed to conform to the 40-X height and bulk district for the area and in accordance with the Secretary of the Interiors Standards, the City's Planning Code Article 10, the Northeastern Waterfront Area Plan and the Port's Waterfront Land Use Plan.

11. Adverse effect upon any element of the General Plan or upon an area plan or other plan of the Department of City Planning.

The Project does not have an adverse effect any element of the General Plan or upon an area plan or other plan of the Department of City Planning. Rather, the Project is consistent with all of the other plans governing the Project Site.

12. Release of a street area in any situation in which the future development or use of such street area and any property of which it would become a part is unknown.

The site has been planned for a hotel, entertainment venue and park form more than two decades since the Port's Waterfront Land Use Plan was first adopted in 1996. As such, the ROW Parcel's use, and that of Seawall Lots 323 and 324, has been known for some time. Release of the ROW Parcel will facilitate a better and fully integrated design for the Project along The Embarcadero and the waterfront, as explained in greater detail in Section b. below.

As shown above, none of the 12 conditions that would discourage approval of a vacation action are present. Moreover, the vacation action meets the criteria listed under subsection b(1) and b(3), below, which results in a favorable finding in support of the proposed vacation given the following: (a) it would facilitate a public

serving, Public Trust consistent project (hotel and entertainment venue) and (b) would create a signature public space, the POPOS, that would offer a variety of high quality public spaces. The vacation would also meet the criteria of subsection b(5) in that they specifically support and are consistent with the policies of the Waterfront Land Use Plan and the Waterfront Design and Access Plan.

b. Release of a street area may be considered favorably when it would not violate any of the above criteria and when it would be:

1. Necessary for a subdivision, redevelopment Project or other Project involving assembly of a large site, in which a new and improved pattern would be substituted for the existing street pattern.

The Project allows for the Project to fulfill many of the Port's Waterfront Land Use Plan's preferred uses for the Project Site, which include preferred use designations for a hotel, theater and open space and the ROW Parcel vacation is necessary to complete the Project. Moreover, the Project meets this subsection of POLICY 2.9 because its streetscape improvements will improve the pattern of the existing street and pedestrian pattern in the area from its current state as a surface parking lot to new publicly accessible preferred uses. Additionally, the Project will create a new POPOS that will be accessible to the public which in addition to creating new open space will also improve pedestrian transit in and around the site without effecting the vehicular traffic at all on any of the four adjacent streets (The Embarcadero, Broadway, Davis and Vallejo).

2. In furtherance of an industrial Project where the existing street pattern would not fulfill the requirements of modern industrial operations.

This ROW Parcel vacation is not applicable to this subsection as the Project does not include an industrial project.

3. Necessary for a significant public or semi-public use, or public assembly use, where the nature of the use and the character of the development proposed present strong justifications for occupying the street area rather than some other site.

The street vacation is necessary for the Project to be built because of the nature of the public assembly uses (i.e. theater, entertainment, cultural uses in the Entertainment venue) and hotel and open space uses designed for the public, all of which are allowed by the Public Trust doctrine on the Site. As the hotel and entertainment venue need to share back of house spaces, it is essential to the Project's success that these uses be located adjacent to each other which requires in turn that the released ROW Parcel be occupied by the theatre use and the park be located to the north of the theatre use. Each of these uses also conform to the preferred use designations of the Port's Waterfront Land Use Plan, and which are consistent with the General Plan, the Northeastern Waterfront Area Plan and San Francisco Administrative Code Section 90A.

4. For the purpose of permitting a small-scale pedestrian crossing consistent with the principles and policies of The Urban Design Element.

The Project will create the new park that will have small-scale pedestrian walkways through the open space, including a paved crossing from Davis and Vallejo through the site to The Embarcadero and from Davis Street through the site to Green Street to the north.

5. In furtherance of the public values and purposes of streets as expressed in The Urban Design Element and elsewhere in the General Plan.

The Project furthers the public values and purposes of streets as expressed in the Urban Design Element and elsewhere in the General Plan as described in the memorandum.

Policy 2.10

Permit release of street areas, where such release is warranted, only in the least extensive and least permanent manner appropriate to each case.

The Project involves the ROW Parcel, which is an unmapped, undeveloped, right-of-way areas, not active or even proposed to be active street areas, and it will be constructed pursuant to a Port ground lease, which means that the Port will always retrain ownership to the Project Site and the ROW Parcel. The Project also meets POLICY 2.10 because the release of the unused ROW Parcel furthers the public values and purposes of streets as expressed in the Urban Design Element and elsewhere in the General Plan and is consistent with the preferred uses for the Project Site as set forth in the Port's Waterfront Land Use Plan.

TRANSPORTATION ELEMENT

Objectives and Policies

OBJECTIVE 16:

DEVELOP AND IMPLEMENT PROGRAMS THAT WILL EFFICIENTLY MANAGE THE SUPPLY OF PARKING AT EMPLOYMENT CENTERS THROUGHOUT THE CITY SO AS TO DISCOURAGE SINGLE-OCCUPANT RIDERSHIP AND ENCOURAGE RIDESHARING, TRANSIT AND OTHER ALTERNATIVES TO THE SINGLE-OCCUPANT AUTOMOBILE.

Policy 16.1

Reduce parking demand through the provision of comprehensive information that encourages the use of alternative modes of transportation.

Policy 16.3

Reduce parking demand through the provision of incentives for the use of carpools and vanpools at new and existing parking facilities throughout the City.

Policy 16.5

Reduce parking demand through limiting the absolute amount of spaces and prioritizing the spaces for short-term and ride-share uses.

Policy 16.6

Encourage alternatives to the private automobile by locating public transit access and ride-share vehicle and bicycle parking at more close-in and convenient locations on-site, and by locating parking facilities for single-occupant vehicles more remotely.

The Project encourages alternatives to private automobiles, emphasizes public transit access and by utilizing off-site parking facilities and a comprehensive system of information technology to address transportation needs.

OBJECTIVE 17:

DEVELOP AND IMPLEMENT PARKING MANAGEMENT PROGRAMS IN THE DOWNTOWN THAT WILL PROVIDE ALTERNATIVES ENCOURAGING THE EFFICIENT USE OF THE AREA'S LIMITED PARKING SUPPLY AND ABUNDANT TRANSIT SERVICES.

Policy 17.2

Encourage collaboration and cooperation between property owners, neighboring uses and developers to allow for the most efficient use of existing and new parking facilities.

The Project encourages collaboration and cooperation between off-site parking facilities and the development.

OBJECTIVE 23:

IMPROVE THE CITY'S PEDESTRIAN CIRCULATION SYSTEM TO PROVIDE FOR EFFICIENT, PLEASANT, AND SAFE MOVEMENT.

Policy 23.1

Provide sufficient pedestrian movement space with a minimum of pedestrian congestion in accordance with a pedestrian street classification system.

The Project will provide improved pedestrian movement in accordance with City standards.

OBJECTIVE 24:

IMPROVE THE AMBIANCE OF THE PEDESTRIAN ENVIRONMENT.

Policy 24.5

Where consistent with transportation needs, transform streets and alleys into neighborhood-serving open spaces or "living streets" by adding pocket parks in sidewalks or medians, especially in neighborhoods deficient in open space.

The Project transforms the ROW Parcel into a neighborhood-serving open space.

ENVIRONMENTAL PROTECTION ELEMENT

Objectives and Policies

OBJECTIVE 7:

ASSURE THAT THE LAND RESOURCES IN SAN FRANCISCO ARE USED IN WAYS THAT BOTH RESPECT AND PRESERVE THE NATURAL VALUES OF THE LAND AND SERVE THE BEST INTERESTS OF ALL THE CITY'S CITIZENS.

Policy 7.1

Preserve and add to public open space in accordance with the objectives and policies of the Recreation and Open Space Element.

The Project adds to public open space in accordance with applicable City and Port policies.

On May 2, 2019, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed findings of General Plan conformity with Application No. 2016-011011GPR.

NOW THEREFORE BE IT RESOLVED that the Commission hereby finds the proposed street vacations on portions of Vallejo Street and Davis Street, as modified by conditions described above, for the Teatro ZinZanni Development Project in Case No. 2015-016326CUA to be, on balance, consistent with the General Plan of the City and County of San Francisco, including, but not limited to the Urban Design Element, and consistent with the eight Priority Policies in City Planning Code Section 101.1 for reasons set forth in this Motion.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on May 2, 2019.

Jonas P. Ionin
Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: May 2, 2019

EXHIBIT B



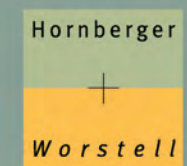
ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project



KENWOOD INVESTMENTS

TZK Broadway, LLC
December 21, 2018 Design Package



Prepared for:
Teatro ZinZanni, Presidio Companies,
and Kenwood Investments

by:
Hornberger + Worstell

Site Context



ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project



Project Site



Existing Site
Embarcadero Looking South



Existing Site
Davis Looking North



Existing Site
Broadway/Embarcadero Corner Looking North



Existing Site
Broadway/Davis Corner Looking East

Existing Site Images



KGO - from Davis & Vallejo



KGO - from Green St.



900 Front St. KGO - from Front & Vallejo



KGO - from The Embarcadero across project park site



Golden Gateway Commons - Broadway



Golden Gateway Commons - Broadway



Golden Gateway Commons - from The Embarcadero



Golden Gateway Commons - from The Embarcadero



The Waterfront Restaurant & Cafe - Pier 7 & The Embarcadero



Pier 9 & The Embarcadero

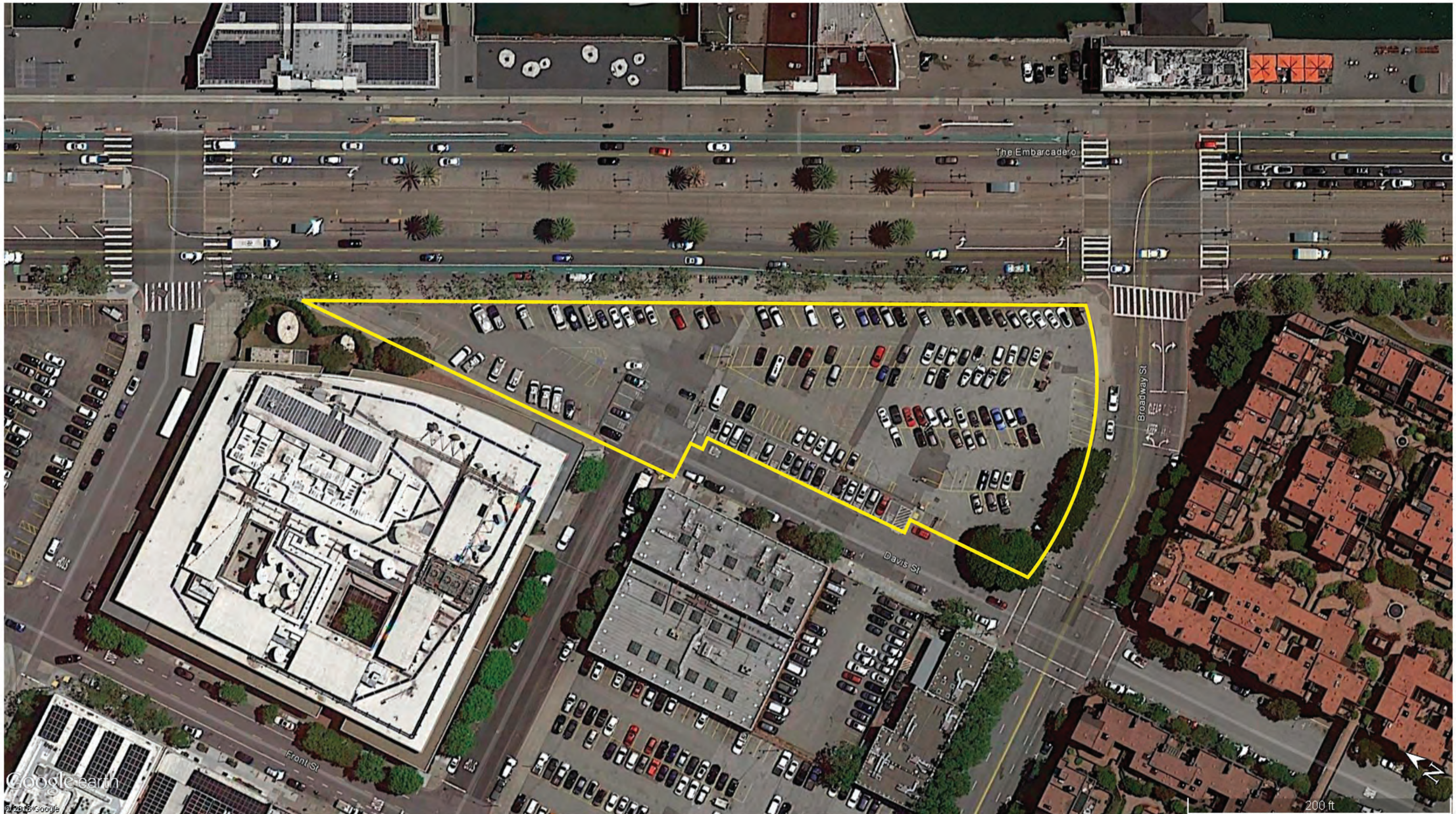


60 Broadway - from Davis St.



753 Davis - from across project site

Existing Context Images / Nearby Buildings



Project Site

Historic District Images



ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project



151 Union



1050 Battery

1010 Battery

Section 6. FEATURES

(a) Overall Form and Continuity.

- Building height is generally within a six-story range, with the higher structures closer to the base of Telegraph Hill and lower buildings near the water. Many of the oldest structures are one or two stories in height.

Northeast Waterfront Historic District

Appendix D, Article 10 San Francisco Planning Code

All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code



Embarcadero Elevation - Proposed Scheme

Historic District Images



1035 Battery



1050 Battery



1050 Battery

1010 Battery

Section 6. FEATURES

(b) Scale & Proportion:

- The buildings are of typical warehouse design, large in bulk, often with large arches and openings originally designed for easy vehicular access. The earlier brick structures blend easily with the scaled-down Beaux Arts forms of the turn of the century and the plain reinforced-concrete structures characteristic of twentieth century industrial architecture.

Northeast Waterfront Historic District

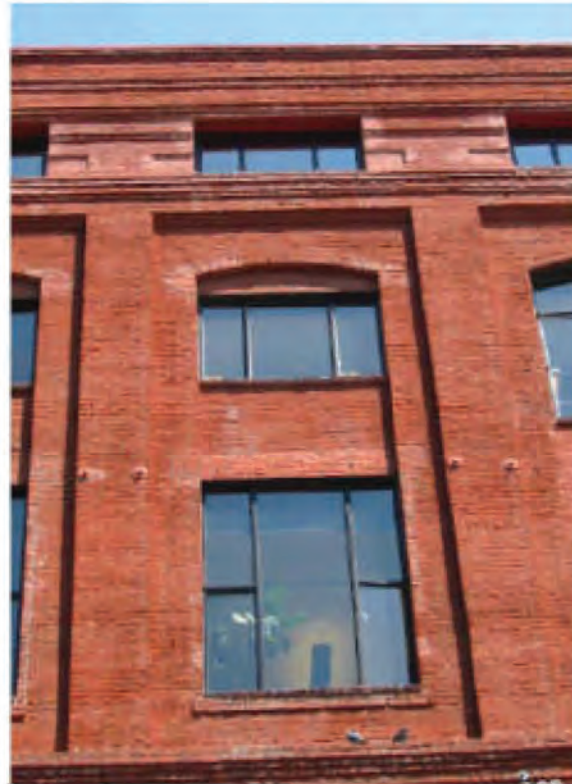
Appendix D, Article 10 San Francisco Planning Code

All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code

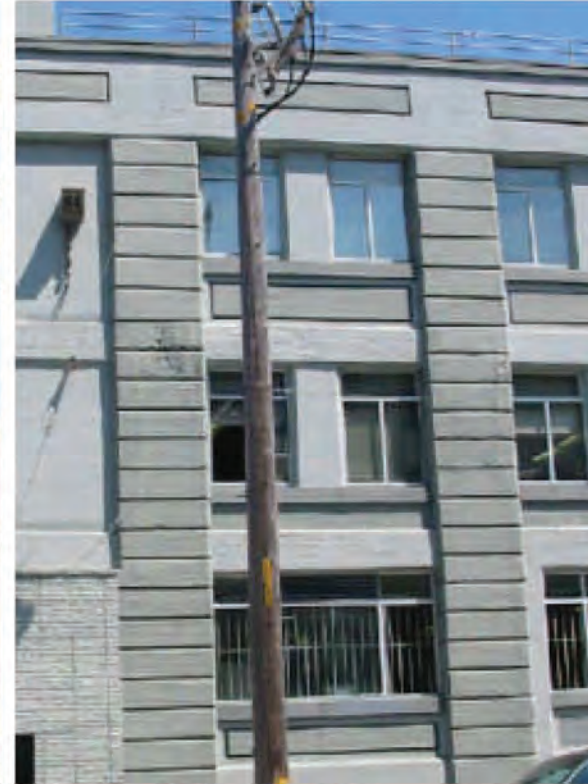


Embarcadero Elevation - Proposed Scheme

Historic District Images



151 Union Street



1088 Sansome Street



150 Green Street



1010 Battery



847 Front Street



Icehouse Alley: glass bridge approved by HRC 1992

(c) Fenestration.

- Minimal glazing is deeply recessed, producing a strong shadow line. The earliest structures have a few windows expressing their warehouse function. They are varied in size, rhythmically spaced and relate in shape and proportion to those in nearby buildings. Larger industrial sash window began to be incorporated in structures built from the 1920's and onward. Door openings are often massive to facilitate easy access of bulk materials.

Northeast Waterfront Historic District

Appendix D, Article 10 San Francisco Planning Code

All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code



Historic District Images



Embarcadero | Teatro ZinZanni Entrance

Section 6. FEATURES

(c) Fenestration.

- They are varied in size, rhythmically spaced and relate in shape and proportion to those in nearby buildings. Larger industrial sash window began to be incorporated in structures built from the 1920's and onward. Door openings are often massive to facilitate easy access of bulk materials.

(d) Materials:

- Standard brick masonry is predominant for the oldest buildings in the District, with reinforced concrete introduced after the 1906 fire. Some of the brick facades have been stuccoed over. One of the structures still has its metal shutters, which were once typical of the area.

(e) Color.

- Red brick is typical, with some yellow and painted brick. Muted earth tones predominate in shades of red, brown, green, gray and blue.

(f) Texture.

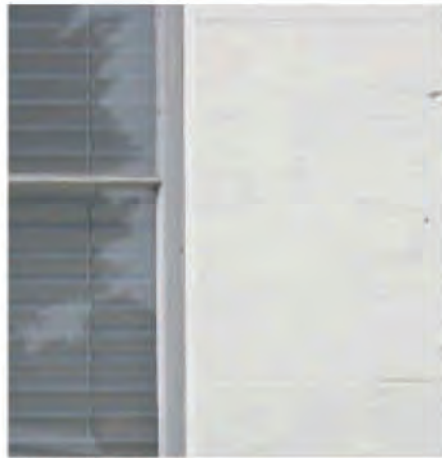
- Typical facing materials give a rough-textured appearance. The overall texture of the facades is rough-grained.

Northeast Waterfront Historic District

Appendix D, Article 10

San Francisco Planning Code

All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code



60 Broadway



150 Green Street



Cobblestones - John Maher St.



55 Union St.



1035 Battery



1010 Battery

Section 6. FEATURES

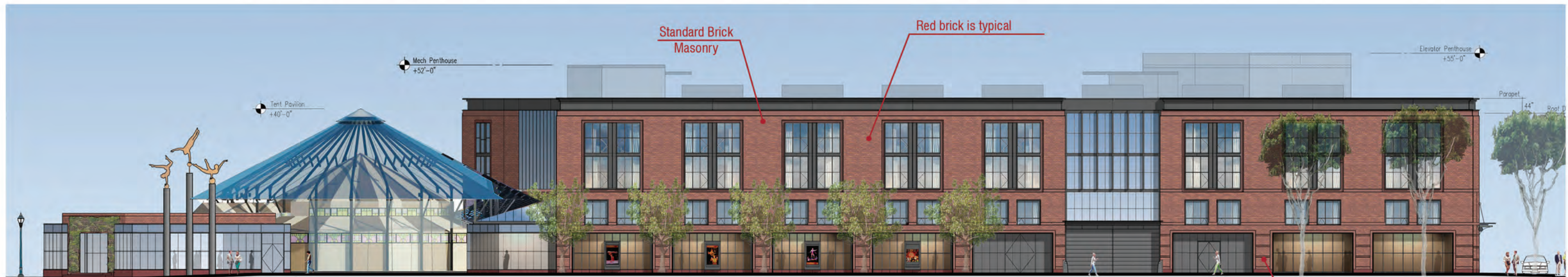
(d) Materials:

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Northeast Waterfront Historic District

Appendix D, Article 10 San Francisco Planning Code

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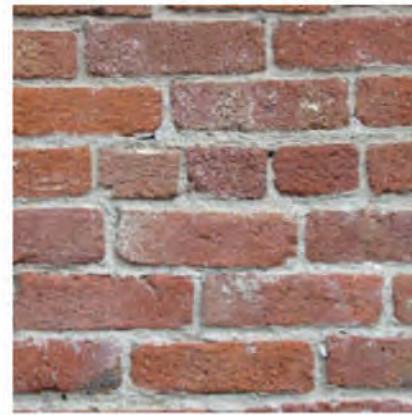


Davis Elevation - Proposed Scheme

Historic District Images



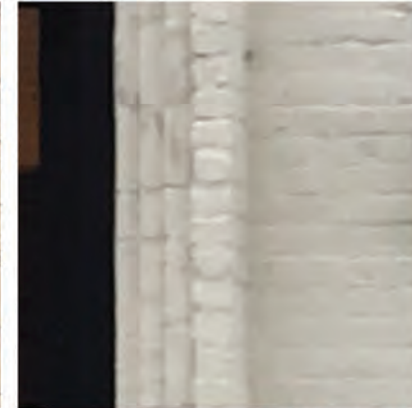
150 Green St.



825 Battery



55 Union



100 Green St.

Section 6. FEATURES

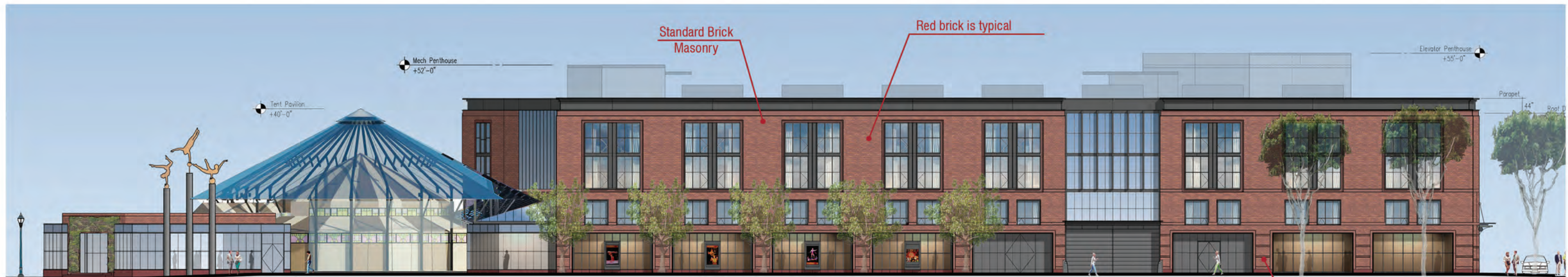
(e) Color.

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Northeast Waterfront Historic District

Appendix D, Article 10 San Francisco Planning Code

All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code



Davis Elevation - Proposed Scheme

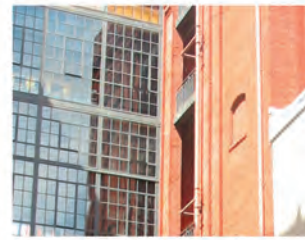
Historic District Images



1010 Battery



1088 Sansome



Icehouse Alley: glass bridge approved by HRC 1992



1025 Battery

Section 6. FEATURES

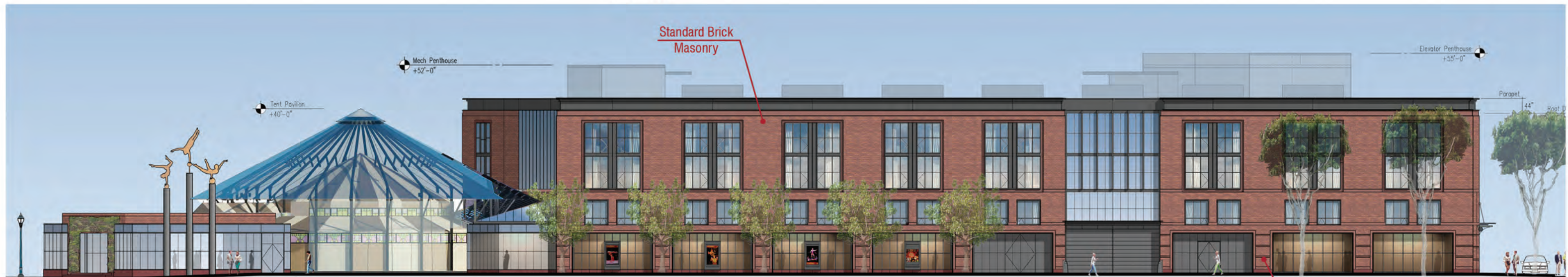
(f) Texture.

- Typical facing materials give a rough-textured appearance. The overall texture of the facades is rough-grained.

Northeast Waterfront Historic District

Appendix D, Article 10 San Francisco Planning Code

All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code



Davis Elevation - Proposed Scheme

Rough-textured
Rough-grained
Brick

Historic District Images



1001 Front St.



55 Union & 1050 Battery



1105 Battery



John Maher St.



101 Green St.

Section 6. FEATURES

(g) Detail.

- Arches are common on the ground floor, and are frequently repeated on upper floors. Flattened arches for window treatment are typical. Cornices are simple and generally tend to be abstract versions of the more elaborate cornices found on the downtown commercial structures from the nineteenth century. Most of the surfaces of the later buildings are plain and simple, reflecting their function. Some of the earlier brickwork contains suggestions of pilasters, again highly abstracted. Where detail occurs, it is often found surrounding entryways.

Northeast Waterfront Historic District Appendix D, Article 10 San Francisco Planning Code

All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code



Broadway Elevation - Proposed Scheme

Historic District Images

1088 Sansome



1105 Battery

151 Union St.



855 Battery

55 Union St.



151 Union St.

Sec. 7. ADDITIONAL PROVISIONS FOR CERTIFICATES OF APPROPRIATENESS

(b) Additional Standards for Certain Features.

(1) Facade Line Continuity.

- Facade line continuity is historically appropriate. Therefore, setbacks and arcades, not generally being features of the Northeast Waterfront Historic District, are not acceptable.

Northeast Waterfront Historic District

Appendix D, Article 10 San Francisco Planning Code

All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code



Broadway Elevation - Proposed Scheme

Historic District Images



Existing Rooftop View



Proposed Rooftop View

Sec. 7. ADDITIONAL PROVISIONS FOR CERTIFICATES OF APPROPRIATENESS

(3) Roof Treatment.

- Historically the view from Telegraph Hill over the Northeast Waterfront District has been one of roofs characterized by numerous regularly spaced industrial skylights. In renovation or new construction, these particular design features should be retained or incorporated.

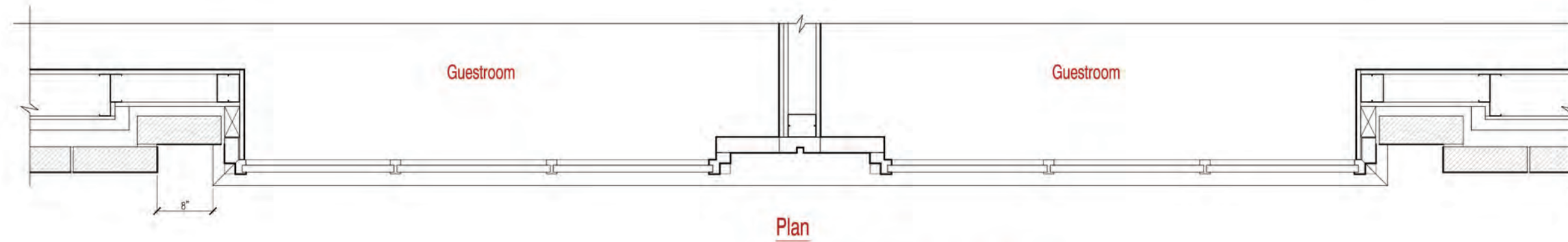
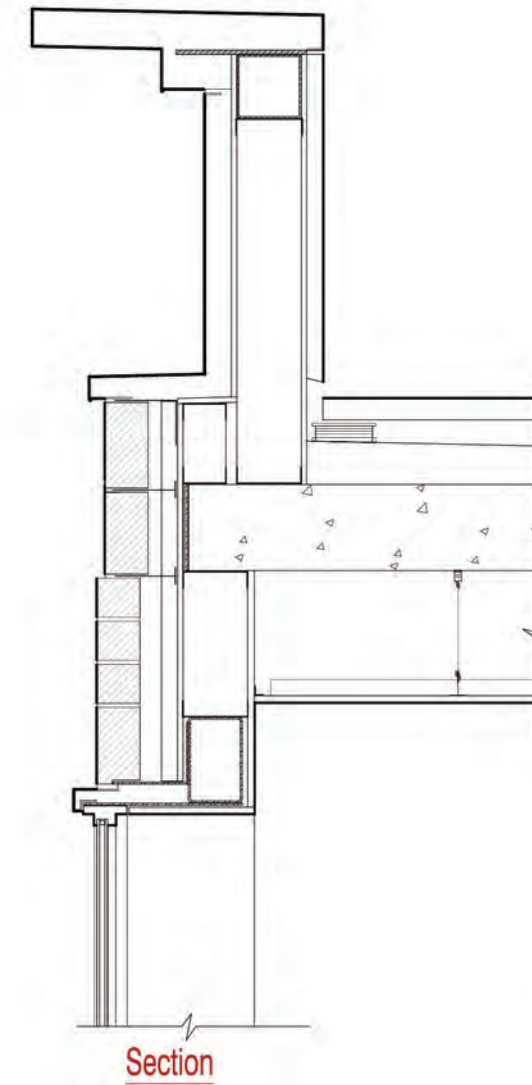


Davis Elevation - Proposed Scheme

All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code

Northeast Waterfront Historic District
Appendix D, Article 10 San Francisco Planning Code

Historic District Images



Metal Corbice @ Flush Bay



HPC Approved 2003



District Images

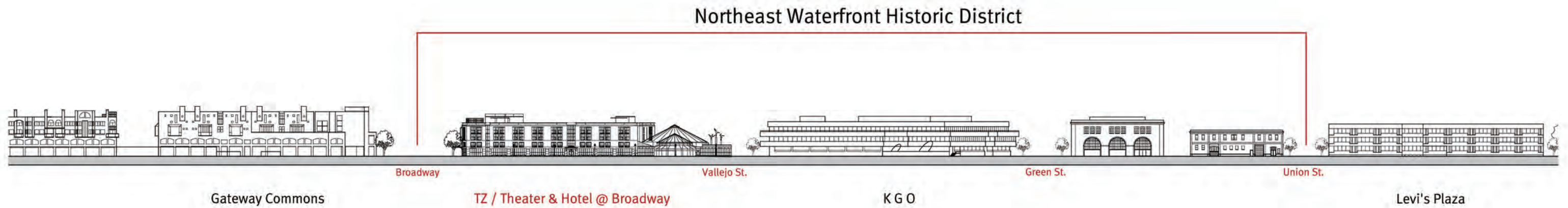
Sec. 6. FEATURES.

(g) Detail.

Cornices are simple and generally tend to be abstract versions of more elaborate cornices found on downtown commercial structures from the nineteenth century.



1050 Battery



All quotes from Article 10: Preservation of Historical Architectural and Aesthetic Landmarks, Appendix D: Northeast Waterfront Historic District - San Francisco Planning Code

Northeast Waterfront Historic District
Appendix D, Article 10 San Francisco Planning Code

Northeast Waterfront Historic District

Appendix D, Article 10 San Francisco Planning Code

Section 6. FEATURES

(b) Scale & Proportion:

- The buildings are of typical warehouse design, large in bulk, often with large arches and openings originally designed for easy vehicular access. The earlier brick structures blend easily with the scaled-down Beaux Arts forms of the turn of the century and the plain reinforced-concrete structures characteristic of twentieth century industrial architecture.

Embarcadero Elevation & Building Height Comparison

December 21, 2018 | 19

Teatro ZinZanni

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KENWOOD INVESTMENTS

ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project

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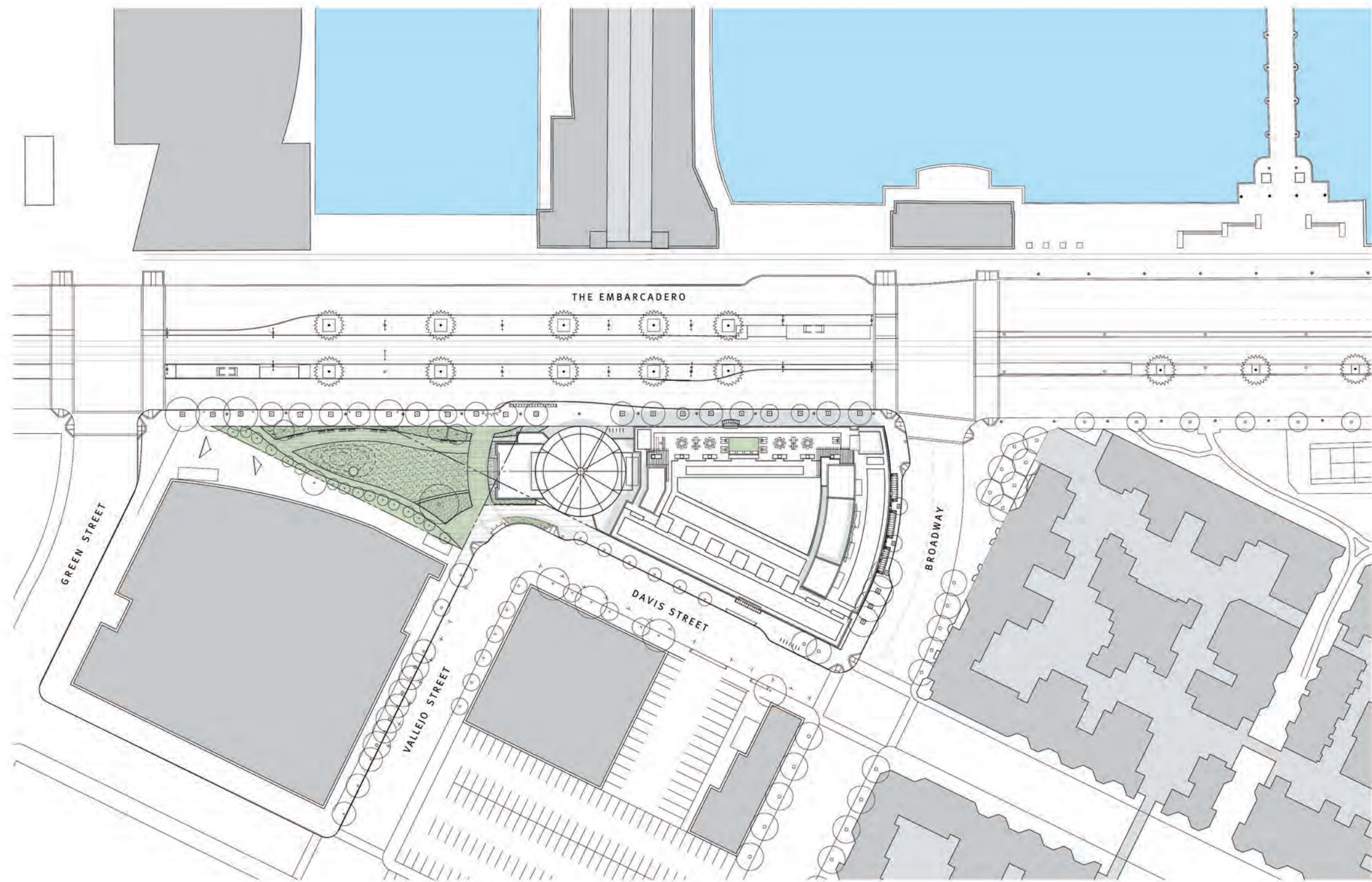
Hornberger
+
Worstell

Proposed Project

ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project

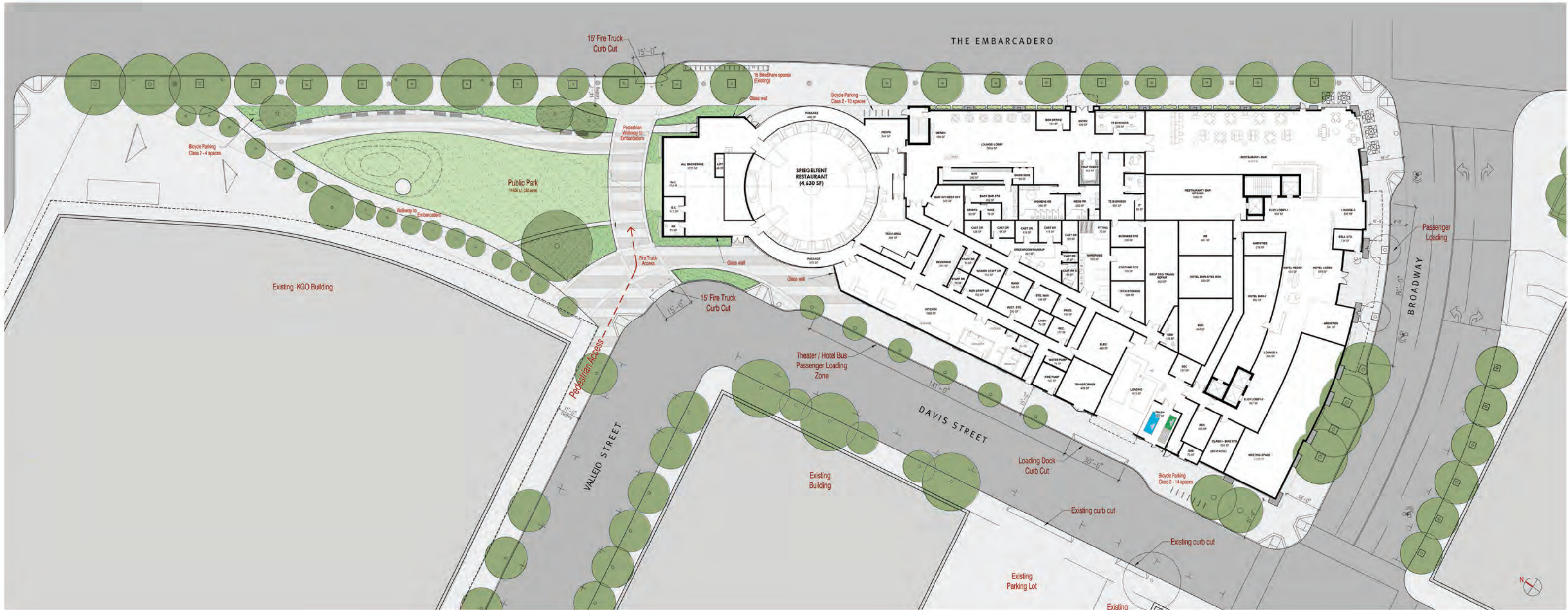




Project Area Plan

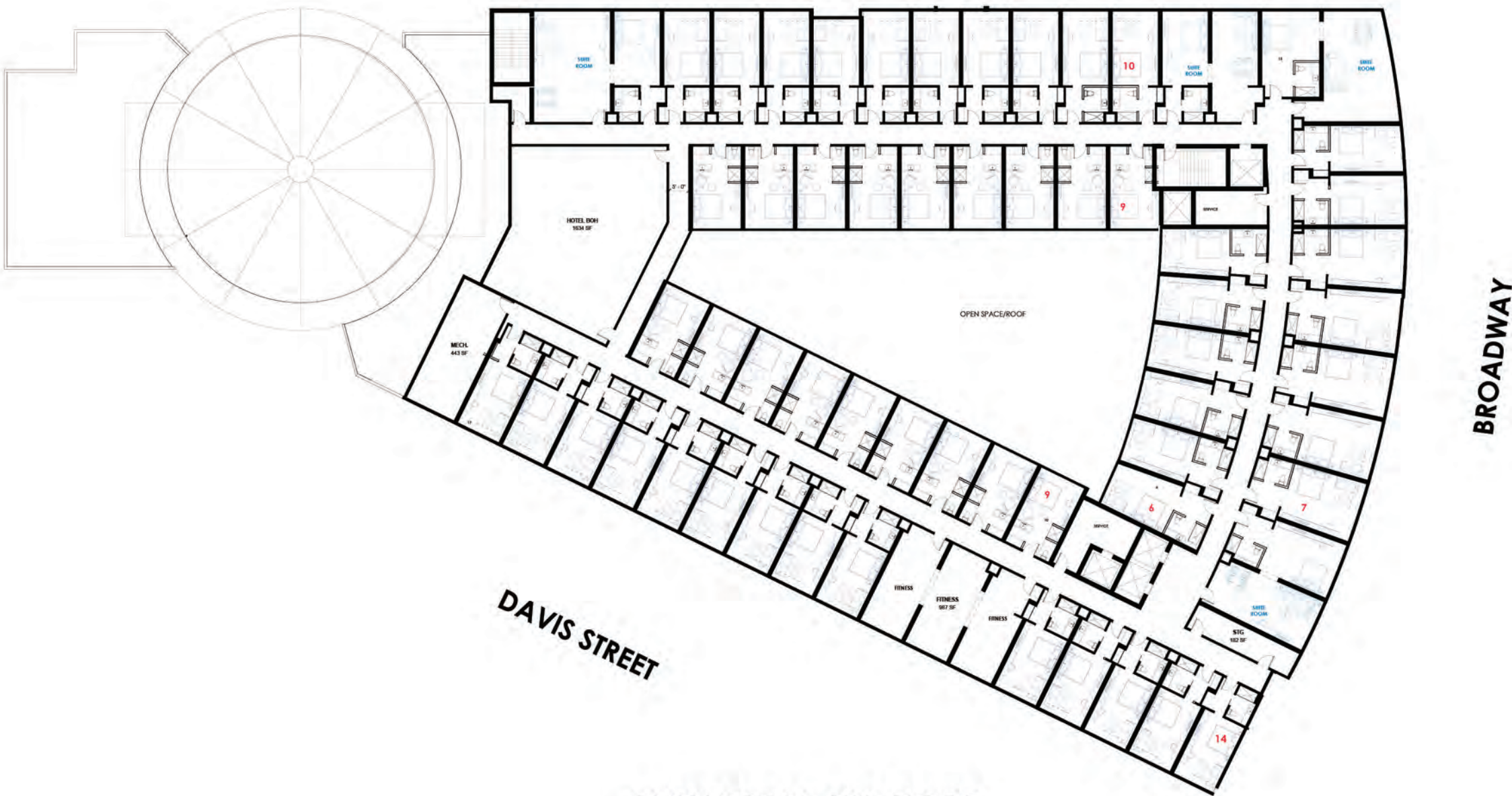


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Site Plan

THE EMBARCADERO



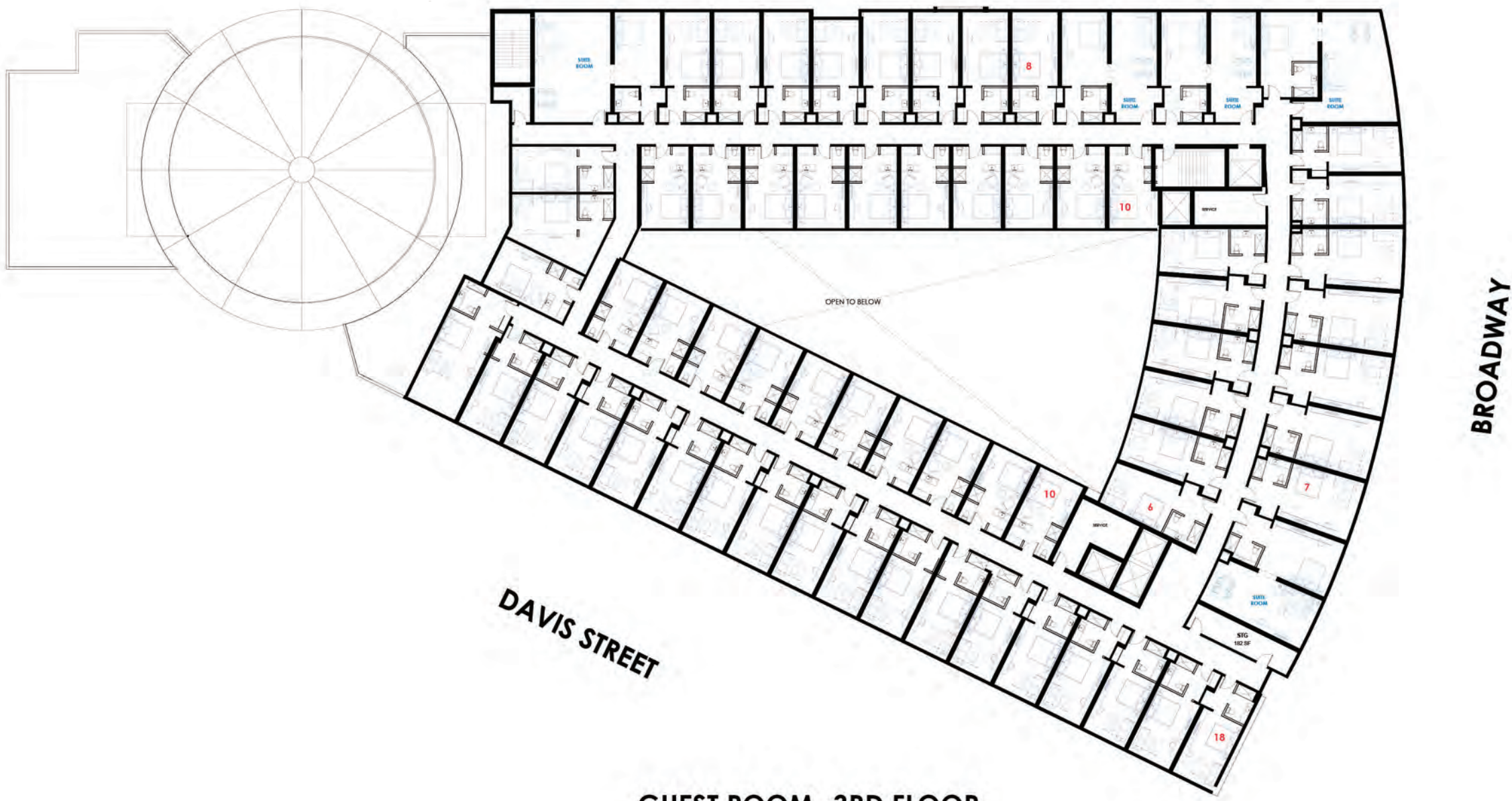
GUEST ROOM -2ND FLOOR

LEVEL 2 1



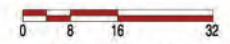
December 21, 2018 | 24

THE EMBARCADERO



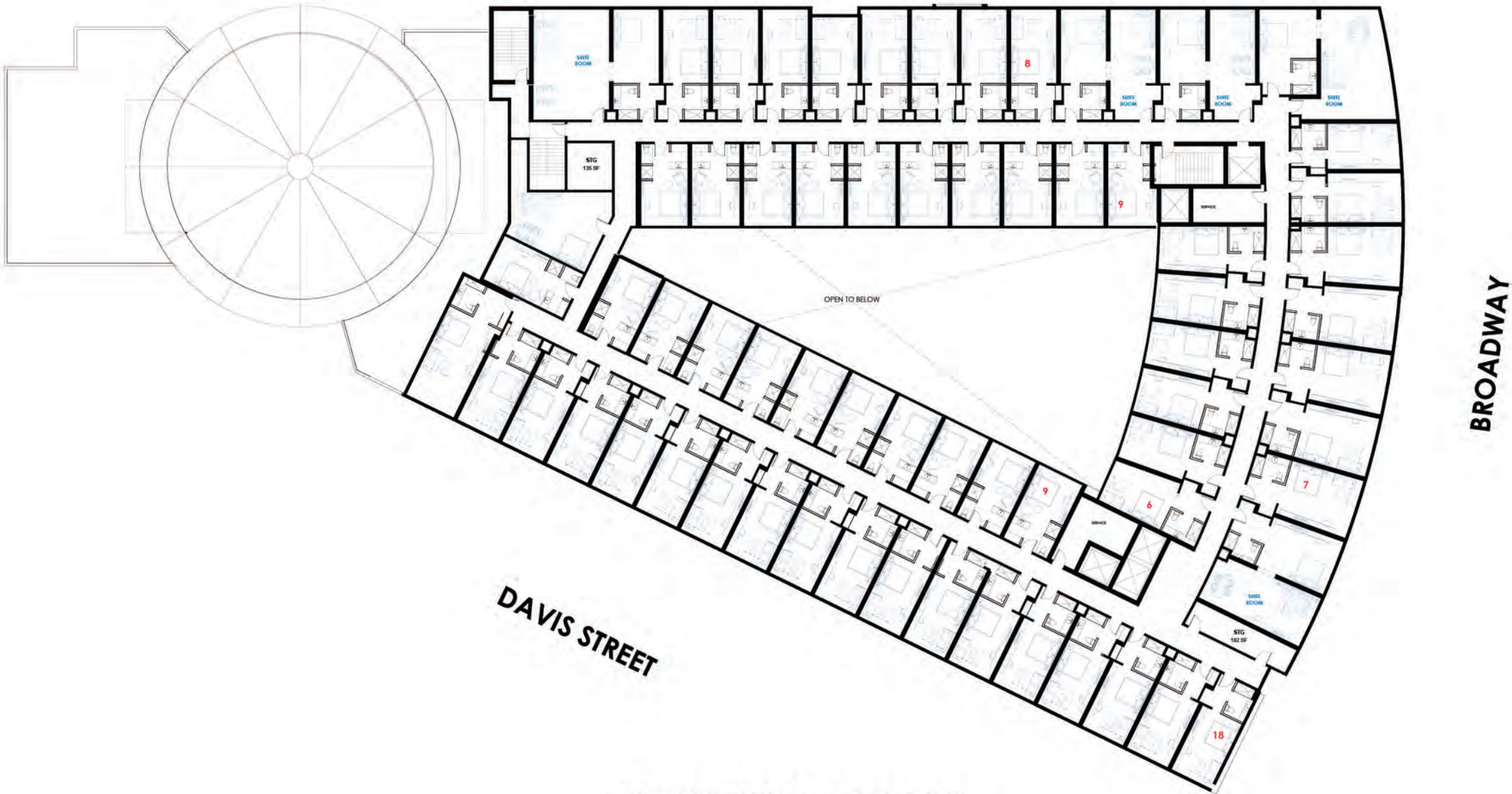
GUEST ROOM -3RD FLOOR

Level 3 1



December 21, 2018 | 25

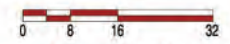
THE EMBARCADERO



GUEST ROOM -4TH FLOOR

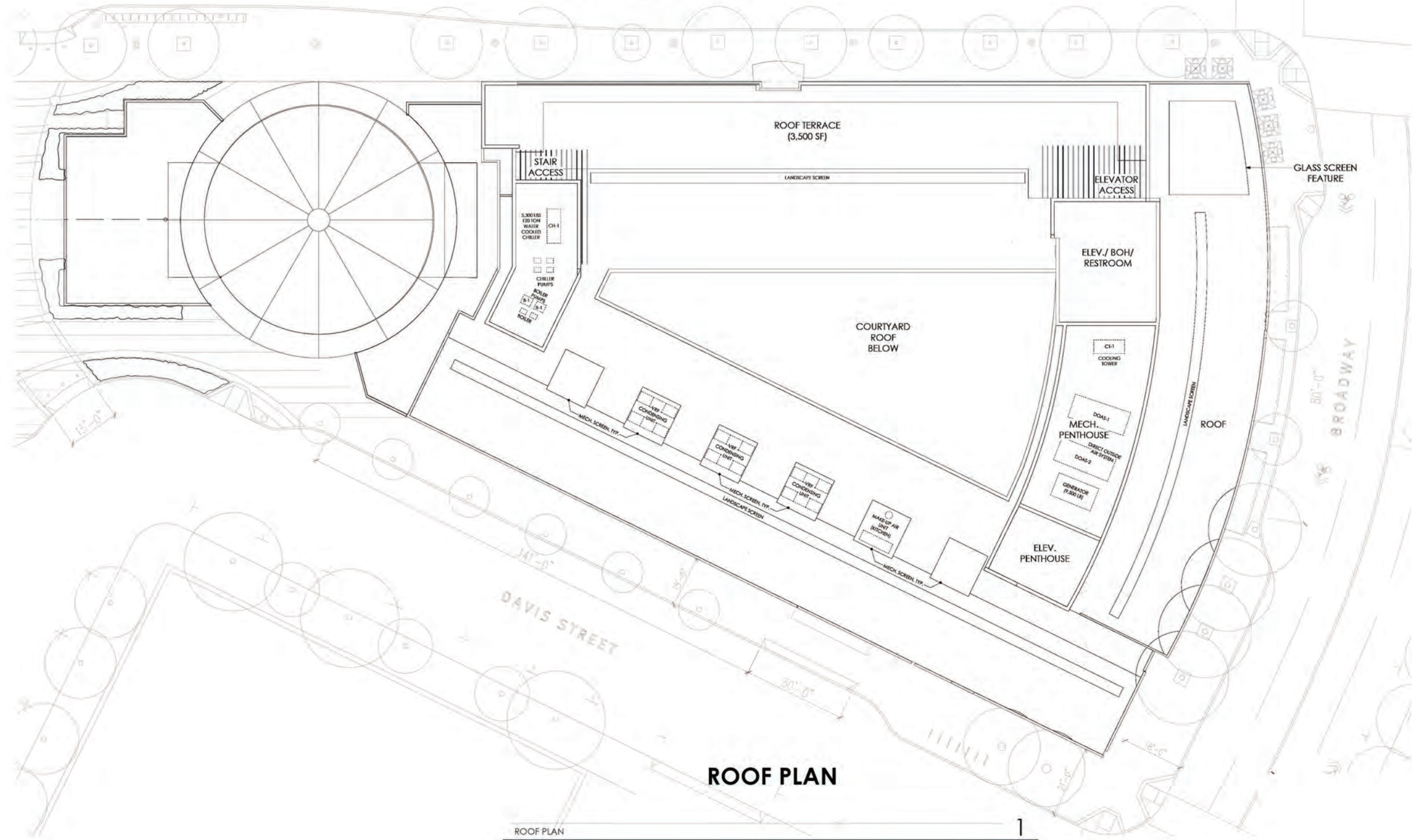
Level 4

1

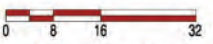


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THE EMBARCADERO



ROOF PLAN



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Architectural Drawings



ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project



Broadway



The Embarcadero

Building Elevations

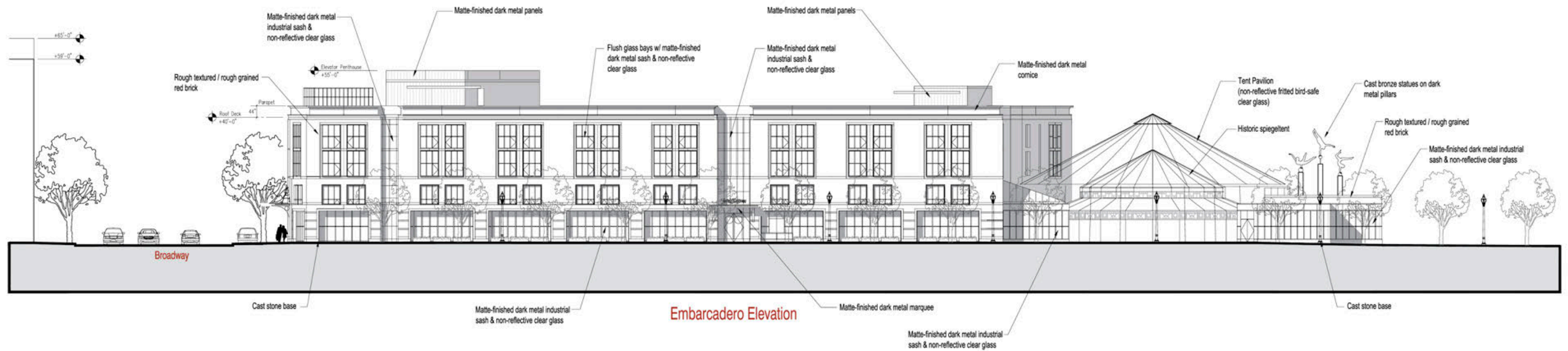
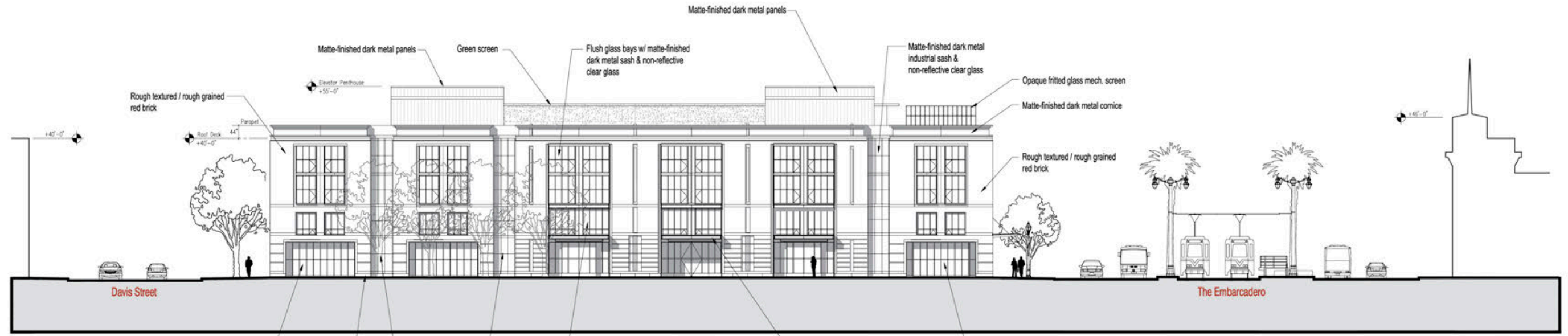


Park



Davis Street

Building Elevations



Building Elevations | Preferred Proposal Reviewed by Planning Staff & ARC

February 8, 2019 | 31

Teatro ZinZanni

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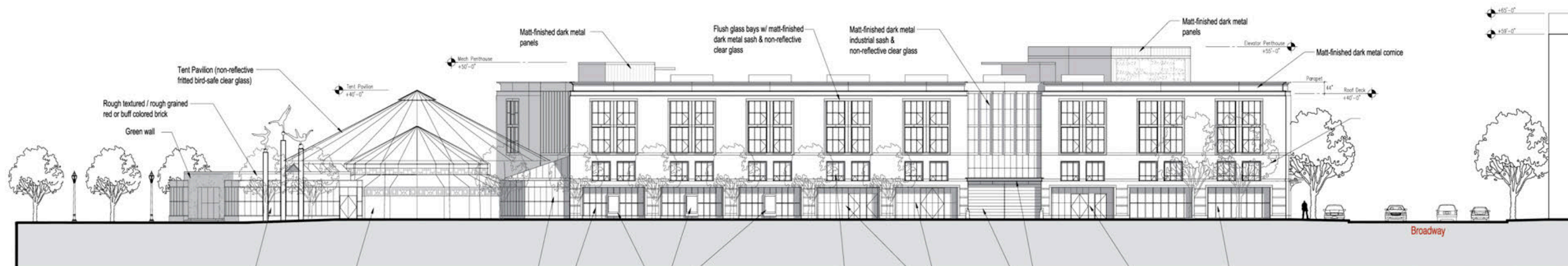
Worstell

KENWOOD INVESTMENTS



The Embarcadero

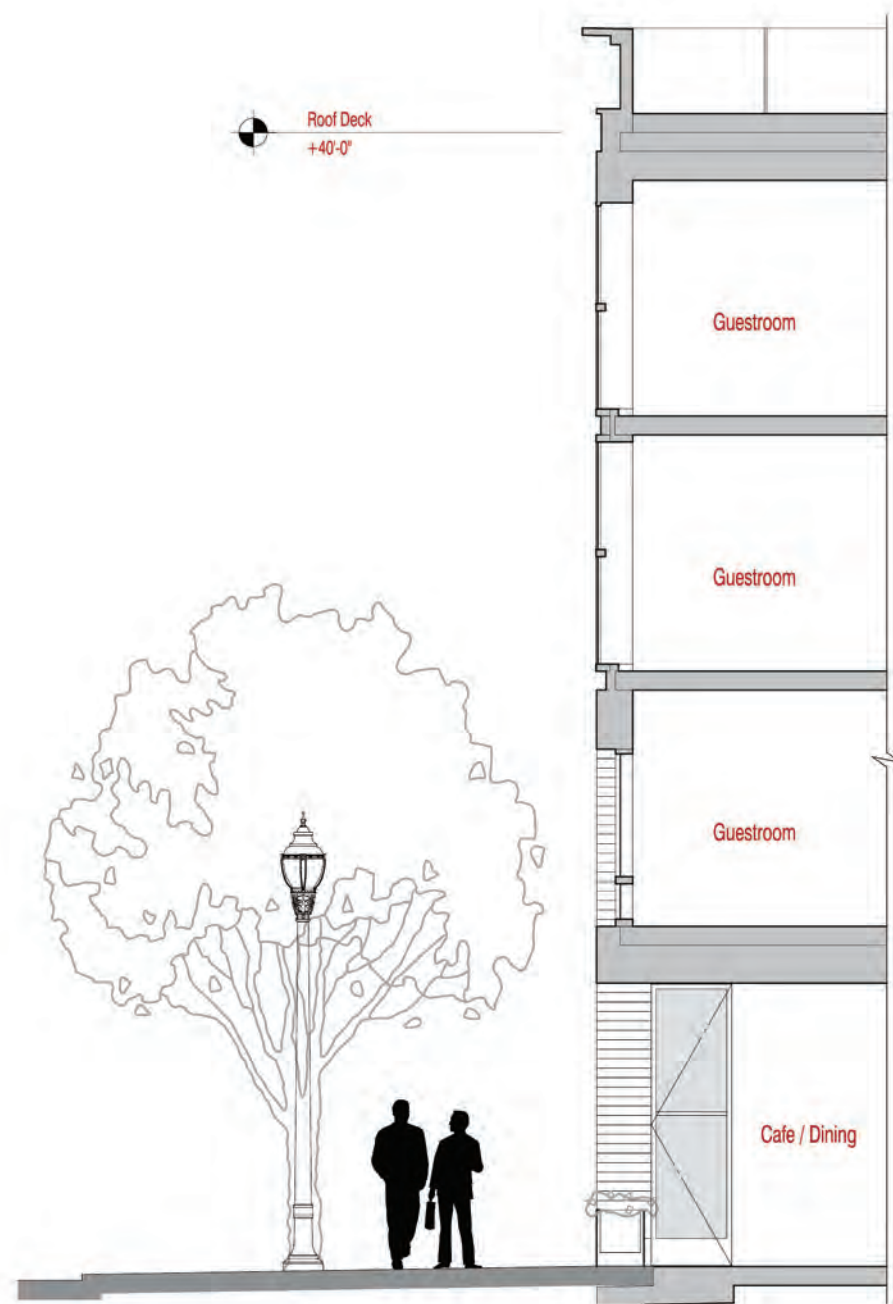
Park Elevation



Davis Street Elevation

Building Elevations | Preferred Proposal Reviewed by Planning Staff & ARC

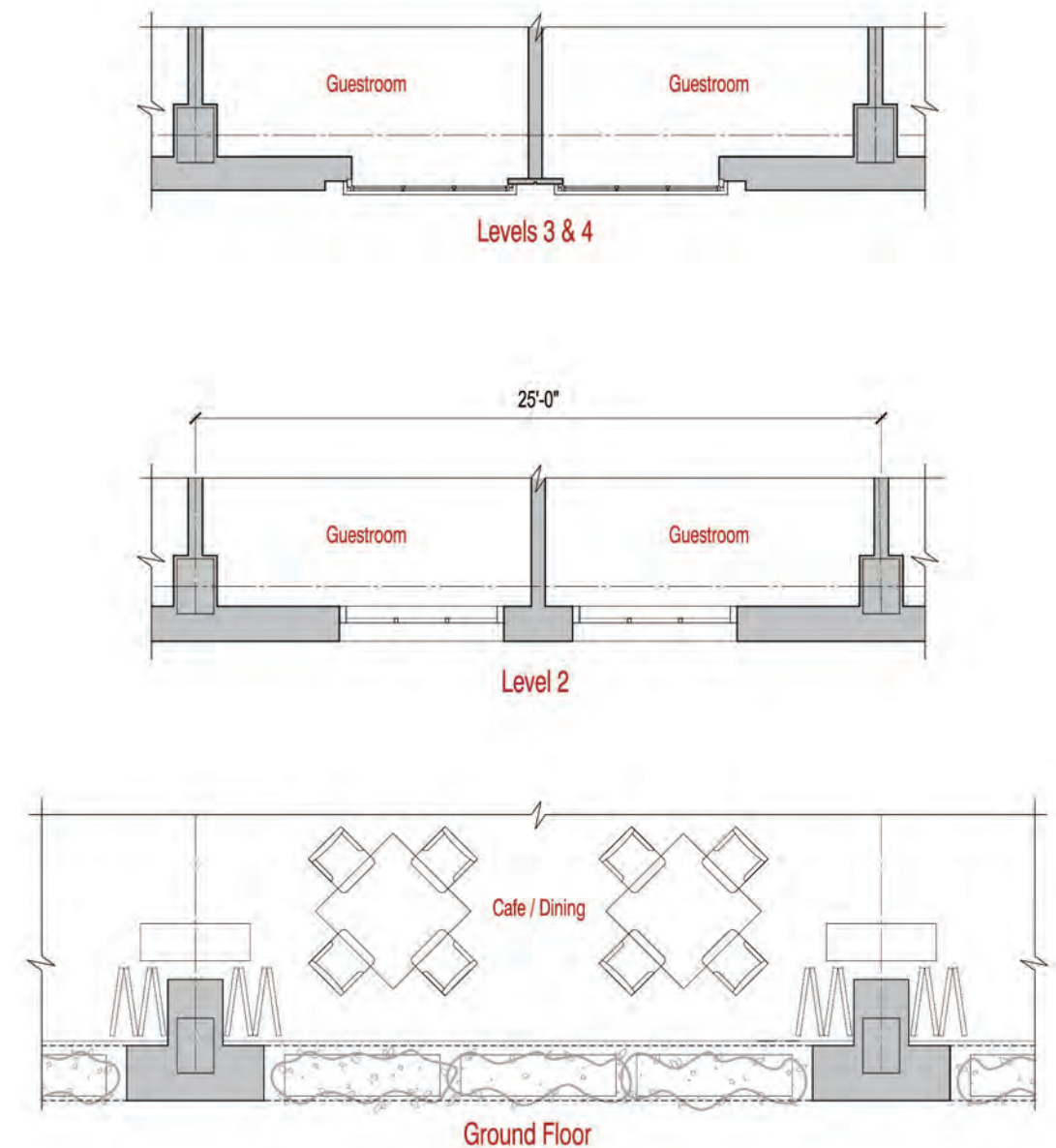
February 8, 2019 | 32



Wall Section



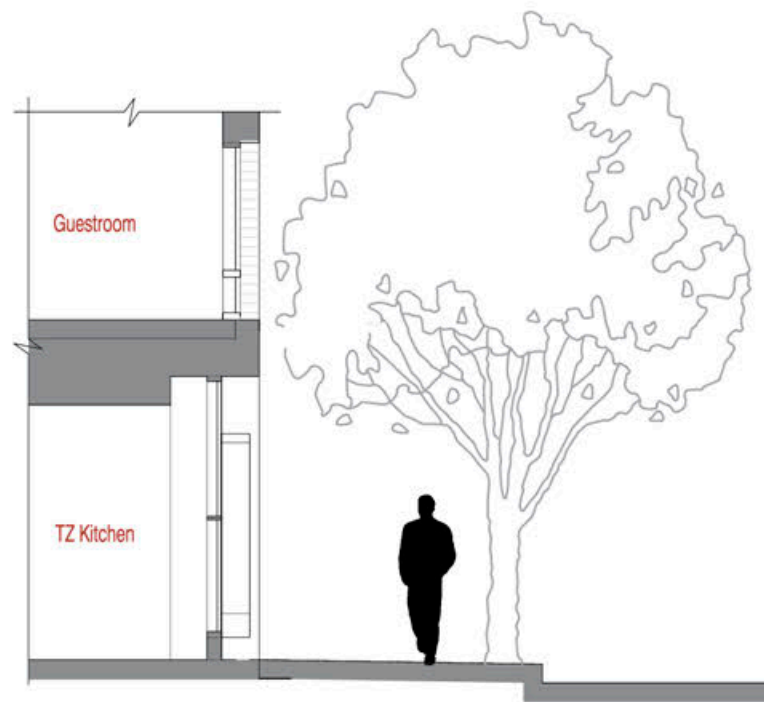
Elevation



Plan Sections

Embarcadero | Rectangular Shoulder & Flush Bay

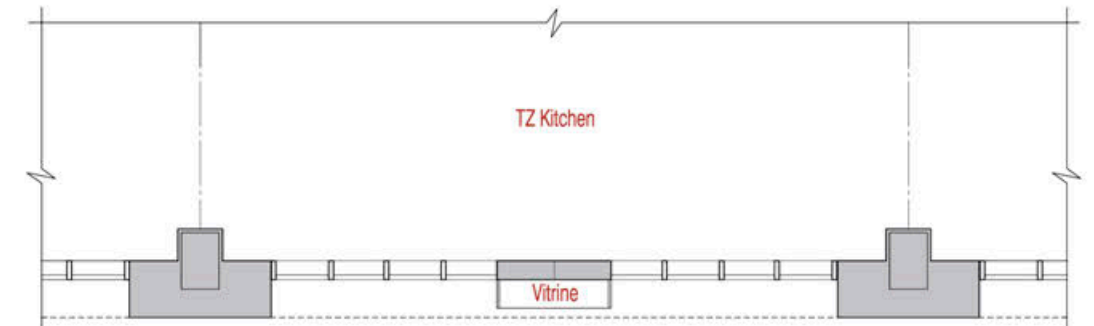
December 21, 2018 | 33



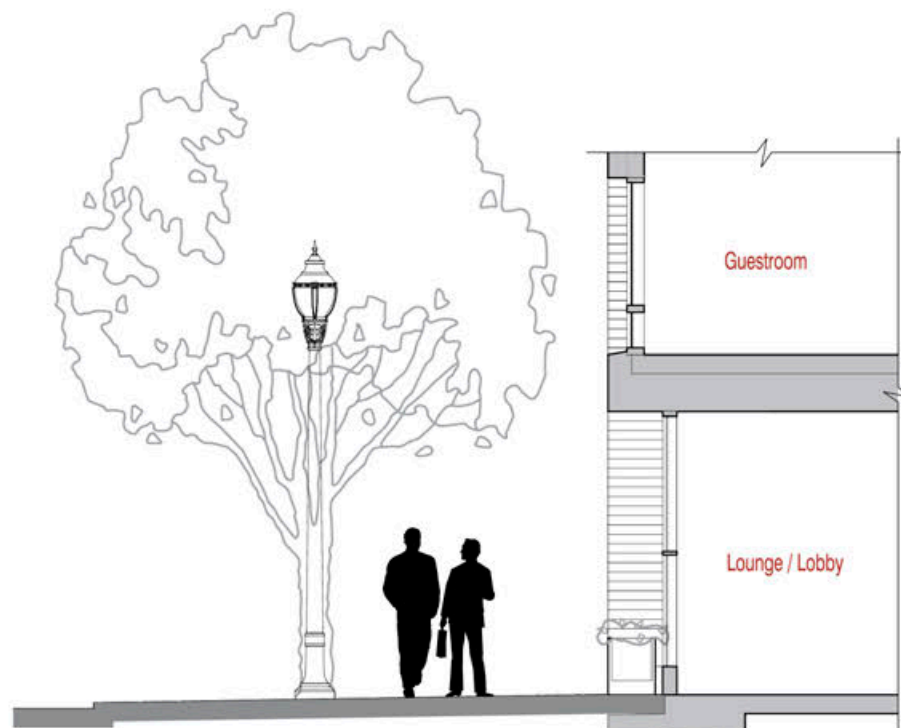
Partial Wall Section @ Davis



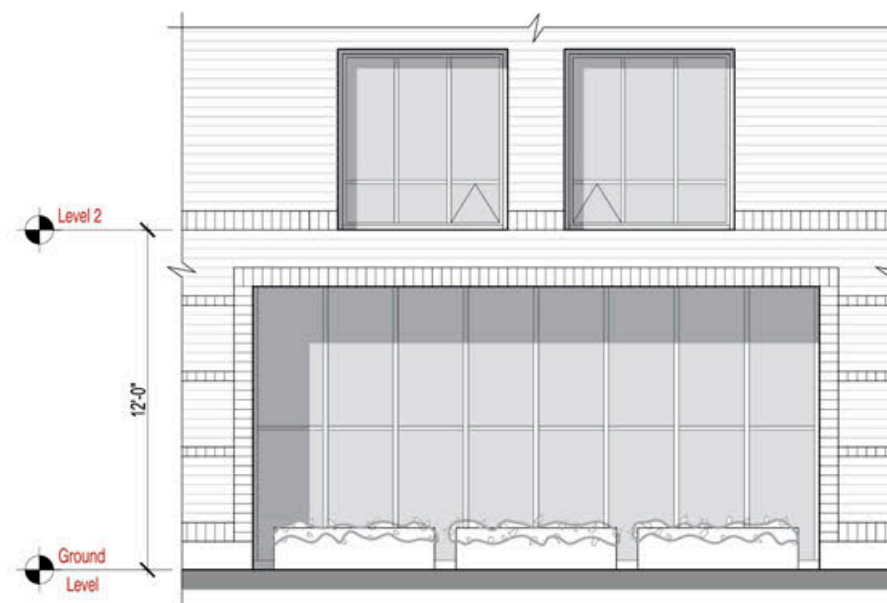
Davis St. Bay- Fixed Storefront & Vitrine



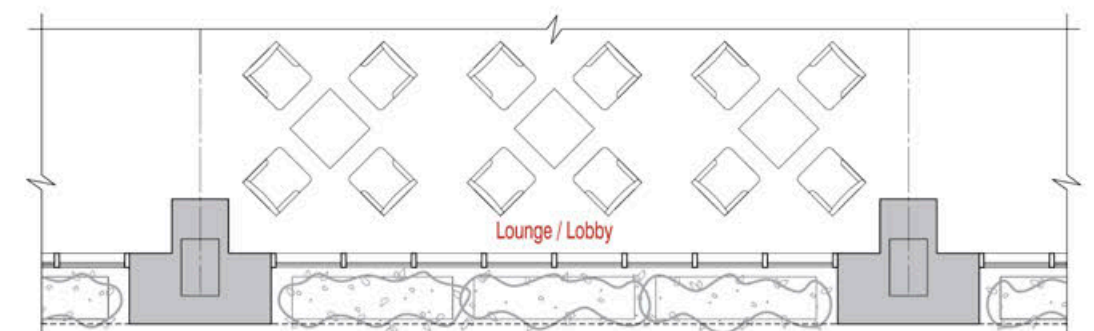
Partial Plan - Ground Floor



Partial Wall Section @ Embarcadero



Embarcadero Bay - Fixed Storefront



Partial Plan - Ground Floor

Enlarged Bay - Fixed Storefront



Cross Section looking South



Longitudinal Section looking East

Building Sections

December 21, 2018 | 34

Teatro ZinZanni

presidio companies

KENWOOD INVESTMENTS

ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project

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Cross Section looking South



Longitudinal Section looking West

Building Sections

December 21, 2018 | 35

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Project Characteristics & Dimensions

ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project



TABLE 1 PROJECT CHARACTERISTICS

Lot		Dimensions
Size		59,750 square feet (HRGA cannot confirm. No data)
Length		600 feet (Embarcadero)/210 feet (Broadway)/ 290 feet (Davis Street)
Proposed Building		Area (gsf)
Height		40 feet (4 stories) (55 feet with elevator penthouse)
Ground Floor (Hotel and Theater)	Lobby (Hotel Lobby + Elev Lobby + Elev Lobby)	1,460
	Pre-function (TZ Lounge + TZ Lobby)	3,010
	Food & Beverage (Restaurant/bar)	4,420
	Retail (TZ Merchant STG + Merch Sale)	1,900
	Tent	4,630
	Meeting (net) (Hotel)	2,360
	Mechanical/Circulation/Back of House	26,920
	Total	43,700
Level 2 ¹		30,600
Level 3 ¹		30,500
Level 4 ¹		30,500
Roof	Open Roof Terrace	3,500
	Elevator/Mechanical Penthouse	4,220
	Total	143,020
Uses		Area (gsf)
Entertainment Venue		26,100 (includes all ground-floor uses, circulation, and back-of-house uses)
Hotel		112,700
Open Space		Publicly Accessible ² 14,000
		Common ³ 3,500
		Private ⁴ 0
Vehicle Parking Spaces		Number
		0
Bicycle Parking Spaces		Class I 20 (on ground floor)
		Class II 24 (in current site plan) (in two locations along project frontage); 15 existing (along The Embarcadero)
Loading Spaces		2

Notes:

- ¹ Proposed room numbers: Level 2, 59 rooms; level 3, 67 rooms; and level 4, 66 rooms.
- ² Publicly accessible open space provided as a park in the northern corner of the site.
- ³ Common open space provided as an open roof terrace that would be accessible to hotel guests only.
- ⁴ No private open space (including patios/decks off of hotel rooms) would be provided.

Source: Homberger + Worstell Architects and HRGA Architects, 2018

Landscape Plan



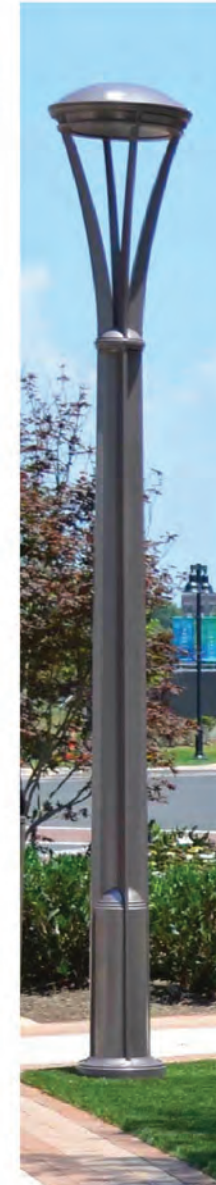
ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project

THE EMBARCADERO



Site Plan | New Theater and Hotel Park



Landscape Images

December 21, 2018 | 40

Teatro ZinZanni

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KENWOOD INVESTMENTS

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Park Images - South Park, San Francisco



Visual Analysis | Park View looking South

Project Renderings



ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project



Aerial View



Visual Analysis | Park View from Davis Street



View: Broadway and The Embarcadero



View: Broadway and Davis

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Teatro ZinZanni

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KENWOOD INVESTMENTS

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View: South Along The Embarcadero



Existing



Proposed

Visual Analysis | View From Telegraph Hill



Existing



Proposed

Visual Analysis | View from Sansome & Vallejo

December 21, 2018 | 50

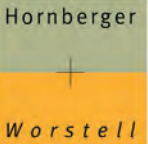


ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California
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KENWOOD INVESTMENTS

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Existing



Proposed

Visual Analysis | View from Vallejo

December 21, 2018 | 51



Existing



Proposed

Visual Analysis | **View 3 - Looking North Along Davis Street**



Existing



Proposed

Visual Analysis | View Looking North Along The Embarcadero

December 21, 2018 | 53



Visual Analysis | Park View looking South

December 21, 2018 | 54

Teatro ZinZanni

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KENWOOD INVESTMENTS

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Existing



Proposed

Visual Analysis | Park View from Davis Street

Materials



ZinZanni / Kenwood - The Theater & Hotel @ Broadway | San Francisco, California

A Teatro ZinZanni & Kenwood Investments Project

Dark anthracite
color matte-finish
metal cornice &
marquis

Red brick
3-color blend



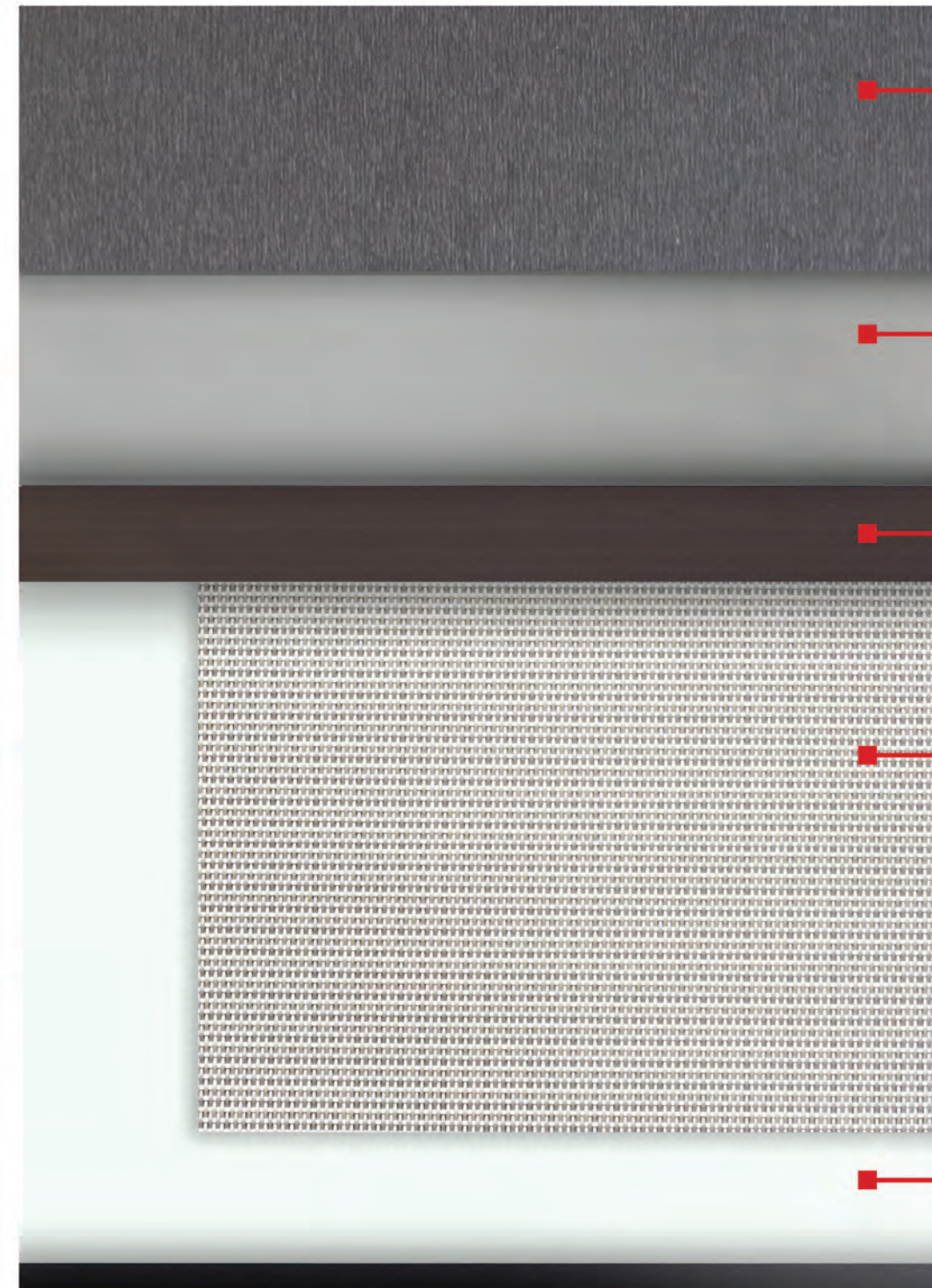
Matte-finish metal
panels at mechanical
enclosures

Back painted/fritted
spandrel glass panel at
mechanical screen and
selected storefront locations

Dark anthracite color
metal mullion sash

Privacy shade

Non-reflective
clear glass



Exterior Materials

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Teatro ZinZanni

presidiocompanies

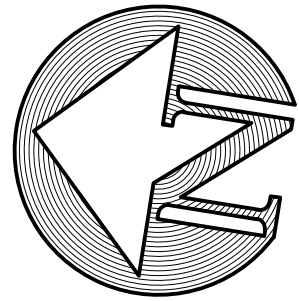
KENWOOD INVESTMENTS

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SCALE: 1" = 30'

THE EMBARCADERO
(WIDTH VARIES)

BLOCK
0138

BLOCK
0139

DAVIS STREET
(69.79' WIDE)

VALLEJO STREET
(68.75' WIDE)

BLOCK
0140

BLOCK
0137

50 Foot Wide
Fire Department Access and
Light and Air Purposes
B959 O.R. 872

POINT OF
BEGINNING

S 34°03'52" E 156.03'

N 07°55'20" W 110.22'

N 07°55'20" W 18.96'

N 34°03'52" W 55.46'

76.58'

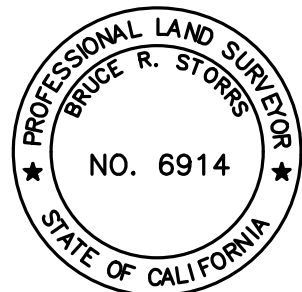
S 82°04'40" W 87.84'

S 82°04'40" W 54.10'

S 82°04'40" W 44.31'

N 07°55'20" W 250.29'

GREEN STREET
(68.75' WIDE)



APPROVED:

BRUCE R. STORRS
CITY & COUNTY SURVEYOR

DATE

CITY AND COUNTY OF SAN FRANCISCO PUBLIC WORKS
SUBDIVISION AND MAPPING

PROPOSED STREET VACATION FOR DAVIS STREET BETWEEN VALLEJO AND THE EMBARCADERO
AND VALLEJO STREET BETWEEN DAVIS AND THE EMBARCADERO

FILE:
6169_ST-VAC

SHEET 1 OF 1

SCALE: 1" : 30'

REVISION

EXHIBIT C

EXHIBIT 2: MITIGATION MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
MITIGATION MEASURES AGREED TO BY PROJECT SPONSOR				
CULTURAL RESOURCES				
<p>Mitigation Measure M-CR-2: Archeological Testing</p> <p>Based on a reasonable presumption that archeological resources may be present on the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources.</p> <p>The project sponsor shall retain the services of an archeological consultant from the rotational Department Qualified Archaeological Consultants List maintained by the San Francisco Planning Department's archeologist. The project sponsor shall contact the department's archeologist to obtain the names and contact information for the next three archeological consultants on the list. The archeological consultant shall undertake an archeological testing program as specified herein. In addition, the consultant shall be available to conduct an archeological monitoring and/or data recovery program if required pursuant to this measure. The archeological consultant's work shall be conducted in accordance with this measure at the direction of the environmental review officer (ERO). All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archeological monitoring and/or data recovery programs required by this measure could suspend construction of the project for up to 4 weeks. At the direction of the ERO, the suspension of construction can be extended beyond 4 weeks only if such a suspension is the only feasible means to reduce to a less-than-significant level potential effects on a significant archeological resource as defined in CEQA Guidelines sections 15064.5(a) and 15064.5(c).</p> <p>Consultation with Descendant Communities: On discovery of an archeological site¹⁹¹ associated with descendant Native Americans, the Overseas Chinese, or other potentially interested descendant group, an appropriate representative¹⁹² of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archeological field investigations of the site and to offer recommendations to the ERO regarding appropriate archeological treatment of the site, of recovered data from the site, and if applicable, any interpretative treatment of the associated archeological site. A copy of the final archeological</p>	Project sponsor/ construction contractor (in the event of the discovery of human remains and associated burial-related cultural materials)/ archeological consultant, at the direction of the ERO.	<p>Prior to the issuance of site permits and initiation of construction, during construction, and after the conclusion of all construction activities.</p> <p>During construction in the event of the discovery, or anticipated discovery, of human remains and associated burial-related cultural materials.</p>	<p>The ERO to review and approve an archeological testing plan and a final archeological resources report.</p> <p>In the event of the discovery of human remains and associated burial-related cultural materials, the Planning Department to monitor sponsor and contractor compliance.</p>	<p>The ERO to review and approve an archeological testing plan for the applicable project site before the start of construction. Depending on the findings of the archeological testing program, intermittent reports may be submitted by the qualified archeological consultant for each phase of construction within the applicable project site.</p> <p>The final archeological resources report will be submitted after the conclusion of all construction activities.</p>

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Schedule
<p>resources report shall be provided to the representative of the descendant group.</p> <p>Archeological Testing Program. The archeological consultant shall prepare and submit to the ERO for review and approval an archeological testing plan. The archeological testing program shall be conducted in accordance with the approved testing plan. The archeological testing plan shall identify the property types of the expected archeological resource(s) that potentially could be adversely affected by the proposed project, the testing method to be used, and the locations recommended for testing. The purpose of the archeological testing program will be to determine to the extent possible the presence or absence of archeological resources and to identify and evaluate whether any archeological resource encountered on the site constitutes a historical resource under CEQA.</p> <p>At the completion of the archeological testing program, the archeological consultant shall submit a written report of the findings to the ERO. If based on the archeological testing program the archeological consultant finds that significant archeological resources may be present, the ERO in consultation with the archeological consultant shall determine whether additional measures are warranted. Additional measures that may be undertaken include additional archeological testing, archeological monitoring, and/or an archeological data recovery program. No archeological data recovery shall be undertaken without the prior approval of the ERO or the San Francisco Planning Department's archeologist. If the ERO determines that a significant archeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the project sponsor either:</p> <p>(A) The proposed project shall be redesigned to avoid any adverse effect on the significant archeological resource. OR</p> <p>(B) A data recovery program shall be implemented, unless the ERO determines that the archeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.</p> <p>Archeological Monitoring Program. If the ERO in consultation with the archeological consultant determines that an archeological monitoring program shall be implemented, the archeological monitoring program shall minimally include the following provisions:</p> <ul style="list-style-type: none"> • The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the archeological monitoring program a reasonably prior to any project-related soil-disturbing activities commencing. The ERO in consultation with the archeological consultant shall determine what project activities shall be archeologically monitored. In most cases, any soil-disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, 				<p>In the event of the discovery of human remains and associated burial-related cultural materials, considered complete after reburial or permanent disposition of any discovered human remains and burial-related cultural materials and approval of the final archeological resources report.</p>

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Schedule
<p>foundation work, driving of piles (e.g., foundation, shoring), and site remediation, shall require archeological monitoring because of the risk these activities pose to potential archeological resources and to their depositional context.</p> <ul style="list-style-type: none"> • The archeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), how to identify the evidence of the expected resource(s) and the appropriate protocol in the event of apparent discovery of an archeological resource. • The archeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archeological consultant and the ERO until the ERO has, in consultation with the project's archeological consultant, determined that project construction activities could have no effects on significant archeological deposits. • The archeological monitor shall record and be authorized to collect soil samples and artifactual/ecofactual material as warranted for analysis. • If an intact archeological deposit is encountered, all soil-disturbing activities in the vicinity of the deposit shall cease. The archeological monitor shall be empowered to temporarily redirect demolition/excavation/pile driving/construction activities and equipment until the deposit is evaluated. If in the case of pile driving or deep foundation activities (e.g., foundation, shoring), the archeological monitor has cause to believe that the pile driving or deep foundation activities may affect an archeological resource, the pile driving or deep foundation activities shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archeological consultant shall immediately notify the ERO of the encountered archeological deposit. The archeological consultant shall make a reasonable effort to assess the identity, integrity, and significance of the encountered archeological deposit, and present the findings of this assessment to the ERO. <p>Whether or not significant archeological resources are encountered, the archeological consultant shall submit a written report of the findings of the monitoring program to the ERO.</p> <p>Archeological Data Recovery Program. The archeological data recovery program shall be conducted in accordance with an archeological data recovery plan (ADRP). The archeological consultant, project sponsor, and ERO shall meet and consult on the plan's scope of the ADRP prior to preparation of a draft ADRP. The archeological consultant shall submit a draft ADRP to the ERO. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archeological resource is expected to contain. That is,</p>				

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Schedule
<p>the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archeological resources if nondestructive methods are practical.</p> <p>The scope of the ADRP shall include the following elements:</p> <ul style="list-style-type: none"> • <i>Field Methods and Procedures.</i> Descriptions of proposed field strategies, procedures, and operations. • <i>Cataloguing and Laboratory Analysis.</i> Description of the selected cataloguing system and artifact analysis procedures. • <i>Discard and Deaccession Policy.</i> Description of and rationale for field and post-field discard and deaccession policies. • <i>Interpretive Program.</i> Consideration of an onsite/offsite public interpretive program during the course of the archeological data recovery program. • <i>Security Measures.</i> Recommended security measures to protect the archeological resource from vandalism, looting, and unintentionally damaging activities. • <i>Final Report.</i> Description of proposed report format and distribution of results. • <i>Curation.</i> Description of the procedures and recommendations for the curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities. <p>Human Remains, Associated or Unassociated Funerary Objects. The treatment of human remains and of associated or unassociated funerary objects discovered during any soil-disturbing activity shall comply with applicable state and federal laws, including immediate notification of the Office of the Chief Medical Examiner of the City and County of San Francisco and, in the event of the medical examiner's determination that the human remains are Native American, notification of the Native American Heritage Commission, which shall appoint a Most Likely Descendant (MLD) (PRC section 5097.98). The ERO shall also be immediately notified upon discovery of human remains. The archeological consultant, project sponsor, ERO, and MLD shall have up to but not beyond 6 days after the discovery to make all reasonable efforts to develop an agreement for the treatment of human remains and associated or unassociated</p>				

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Schedule
<p>funerary objects with appropriate dignity (CEQA Guidelines, section 15064.5[d]). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, curation, possession, and final disposition of the human remains and associated or unassociated funerary objects. Nothing in existing state regulations or in this mitigation measure compels the project sponsor and the ERO to accept the recommendations of an MLD. The archeological consultant shall retain possession of any Native American human remains and associated or unassociated burial objects until completion of any scientific analyses of the human remains or objects as specified in the treatment agreement, if such as agreement has been made, or otherwise, as determined by the archeological consultant and the ERO. If no agreement is reached, state regulations shall be followed, including the reburial of the human remains and associated burial objects with appropriate dignity on the property in a location not subject to further subsurface disturbance (PRC section 5097.98).</p> <p>Final Archeological Resources Report. The archeological consultant shall submit a draft final archeological resources report to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods employed in the archeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report.</p> <p>Once approved by the ERO, copies of the draft final archeological resources report shall be distributed as follows: The California Archaeological Site Survey Northwest Information Center shall receive one copy and the ERO shall receive a copy of the transmittal of the report to the Northwest Information Center. The Environmental Planning Division of the San Francisco Planning Department shall receive one bound, one unbound, and one unlocked, searchable PDF copy on CD of the report, along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the NRHP/CRHR. In instances of high public interest in or the high interpretive value of the resource, the ERO may require a different final report content, format, and distribution than that presented above.</p>				
<p>Mitigation Measure M-CR-4: Tribal Cultural Resources Interpretive Program</p> <p>If the ERO determines that a significant archeological resource is present, and if in consultation with the affiliated Native American tribal representatives, the</p>	Project Sponsor and qualified archeological consultant.	During construction.	Planning Department.	Considered complete after the archeological resource preservation plan

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>ERO determines that the resource constitutes a tribal cultural resource and that the resource could be adversely affected by the proposed project, the proposed project shall be redesigned to avoid any adverse effect on the significant tribal cultural resource, if feasible.</p> <p>If the ERO, in consultation with the affiliated Native American tribal representatives and the project sponsor, determines that preservation in place of the tribal cultural resources is not a sufficient or feasible option, the project sponsor shall implement an interpretive program of the tribal cultural resource in consultation with affiliated tribal representatives. An interpretive plan produced in consultation with the ERO and affiliated tribal representatives, at a minimum, and approved by the ERO would be required to guide the interpretive program. The plan shall identify, as appropriate, proposed locations for installations or displays, the proposed content and materials of those displays or installation, the producers or artists of the displays or installation, and a long-term maintenance program. The interpretive program may include artist installations, preferably by local Native American artists, oral histories with local Native Americans, artifact displays and interpretation, and educational panels or other informational displays.</p>				<p>or interpretive plan of the tribal cultural resource in consultation with affiliated Native American tribal representatives have been approved by the ERO and implementation of preservation or interpretive program.</p>

AIR QUALITY

Mitigation Measure M-AQ-2: Construction Air Quality

The project sponsor or the project sponsor's contractor shall comply with the following:

A. Engine Requirements.

Where access to alternative sources of power is available, portable diesel engines shall be prohibited. Diesel engines, whether for off-road or on-road equipment, shall not be left idling for more than 2 minutes, at any location, except as provided in exceptions to the applicable state regulations regarding idling for offroad and on-road equipment (e.g., traffic conditions, safe operating conditions).

The contractor shall post legible and visible signs in English, Spanish, and Chinese, in designated queuing areas, and at the construction site to remind operators of the 2-minute idling limit. The contractor shall instruct construction workers and equipment operators on the maintenance and tuning of construction equipment, and require that such workers and operators properly maintain and tune equipment in accordance with manufacturer specifications.

Project sponsor and ERO or ERO's designated representative and construction contractors.

The construction emissions minimization plan shall be submitted and approved before a construction permit is issued for each project phase or property and ongoing during construction.

The Planning Department, ERO, or the ERO's designated representative for review and approval.

Considered complete after review and approval of Construction Emissions Minimization Plan, ongoing review and approval of quarterly reports, review and approval of a final report.

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Schedule
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B. Waivers.

1. The Planning Department's environmental review officer or designee may waive the alternative source of power requirement of subsection (A)(2) if an alternative source of power is limited or infeasible at the project site. If the ERO grants the waiver, the contractor must submit documentation that the equipment used for onsite power generation meets the requirements of subsection (A)(1).
2. The ERO may waive the equipment requirements of subsection (A)(1) if: a particular piece of off-road equipment with an ARB Level 3 VDECS is technically not feasible; the equipment would not produce desired emissions reduction due to expected operating modes; installation of the equipment would create a safety hazard or impaired visibility for the operator; or there is a compelling emergency need to use off-road equipment that is not retrofitted with an ARB level 3 VDECS. If the ERO grants the waiver, the contractor must use the next cleanest piece of off-road equipment, according to Table M-AQ-2.

**TABLE M-AQ-2 OFF-ROAD EQUIPMENT
COMPLIANCE STEP-DOWN SCHEDULE**

<i>Compliance Alternative</i>	<i>Engine Emissions Standard</i>	<i>Emissions Control</i>
<i>1</i>	<i>Tier 2</i>	<i>ARB Level 2 VDECS</i>
<i>2</i>	<i>Tier 2</i>	<i>ARB Level 1 VDECS</i>
<i>3</i>	<i>Tier 2</i>	<i>Alternative Fuel*</i>

How to use the table: If the ERO determines that the equipment requirements cannot be met, then the project sponsor would need to meet Compliance Alternative 1. If the ERO determines that the contractor cannot supply off-road equipment meeting Compliance Alternative 1, then the contractor must meet Compliance Alternative 2. If the ERO determines that the contractor cannot supply off-road equipment meeting Compliance Alternative 2, then the contractor must meet Compliance Alternative 3. Alternative fuels are not a VDECS.

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Schedule
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C. Construction Emissions Minimization Plan.

Before starting onsite construction activities, the contractor shall submit a construction emissions minimization plan to the ERO for review and approval. The plan shall state, in reasonable detail, how the contractor will meet the requirements of Section A.

1. The plan shall include estimates of the construction timeline by phase, with a description of each piece of offroad equipment required for every construction phase. The description may include, but is not limited to: equipment type, equipment manufacturer, equipment identification number, engine model year, engine certification (tier rating), horsepower, engine serial number, and expected fuel usage and hours of operation. For VDECS installed, the description may include: technology type, serial number, make, model, manufacturer, ARB verification number level, and installation date and hour meter reading on installation date. For off-road equipment using alternative fuels, the description shall also specify the type of alternative fuel being used.

2. The project sponsor shall ensure that all applicable requirements of the plan have been incorporated into the contract specifications. The plan shall include a certification statement that the contractor agrees to comply fully with the plan.

3. The contractor shall make the plan available to the public for review onsite during working hours. The contractor shall post at the construction site a legible and visible sign summarizing the plan. The sign shall also state that the public may ask to inspect the plan for the project at any time during working hours and shall explain how to request to inspect the plan. The contractor shall post at least one copy of the sign in a visible location on each side of the construction site facing a public right-of-way.

D. Monitoring. After start of construction activities, the contractor shall submit quarterly reports to the ERO documenting compliance with the plan. After completion of construction activities and prior to receiving a final certificate of occupancy, the project sponsor shall submit to the ERO a final report summarizing construction activities, including the start and end dates and duration of each construction phase, and the specific information required in the plan.

Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Schedule
<p>Mitigation Measure M-AQ-4: Best Available Control Technology for Diesel Generators</p> <p>The project sponsor shall ensure that the backup diesel generator meets or exceeds one of the following emission standards for particulate matter: (1) tier 4 certified engine, or (2) tier 2 or tier 3 certified engine that is equipped with an ARB level 3 verified diesel emissions control strategy (VDECS). A nonverified diesel emission control strategy may be used if the filter has the same particulate matter reduction as the identical ARB-verified model and if BAAQMD approves of its use. The project sponsor shall submit documentation of compliance with the BAAQMD New Source Review permitting process (regulation 2, rule 2, and regulation 2, rule 5) and the emission standard requirement of this mitigation measure to the Planning Department for review and approval prior to issuance of a permit for a backup diesel generator from any City agency.</p>	Project sponsor and construction contractor.	Prior to issuance of a permit for each backup diesel generator.	Project sponsor shall submit documentation of compliance to the Planning Department for review and approval within 3 months of a request for such information.	Considered complete upon review and approval of documentation by Planning Department staff.



SAN FRANCISCO PLANNING DEPARTMENT

Land Use Information

PROJECT ADDRESS: SEAWALL LOTS 323 & 324
RECORD NO.: 2015-016326CUA & 2016-011011GPR

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

	EXISTING	PROPOSED	NET NEW
GROSS SQUARE FOOTAGE (GSF)			
Parking GSF	57,170	-57,170	0
Residential GSF			
Retail/Commercial GSF			
Office GSF			
Industrial/PDR GSF <i>Production, Distribution, & Repair</i>			
Medical GSF			
Visitor GSF		112,700	112,700
CIE GSF		26,100	26,100
Usable Open Space		4,000	4,000
Public Open Space		14,000	14,000
Other ()			
TOTAL GSF	57,170	99,630	156,800
	EXISTING	NET NEW	TOTALS
PROJECT FEATURES (Units or Amounts)			
Dwelling Units - Affordable			
Dwelling Units - Market Rate			
Dwelling Units - Total			
Hotel Rooms	0	192	192
Number of Buildings	0	1	1
Number of Stories	0	4	4
Parking Spaces	225	-225	0
Loading Spaces	0	2	2
Bicycle Spaces	0	20 Class I, 14 Class II	20 Class I, 14 Class II
Car Share Spaces			
Other ()			

	EXISTING	PROPOSED	NET NEW
LAND USE - RESIDENTIAL			
Studio Units			
One Bedroom Units			
Two Bedroom Units			
Three Bedroom (or +) Units			
Group Housing - Rooms			
Group Housing - Beds			
SRO Units			
Micro Units			
Accessory Dwelling Units			

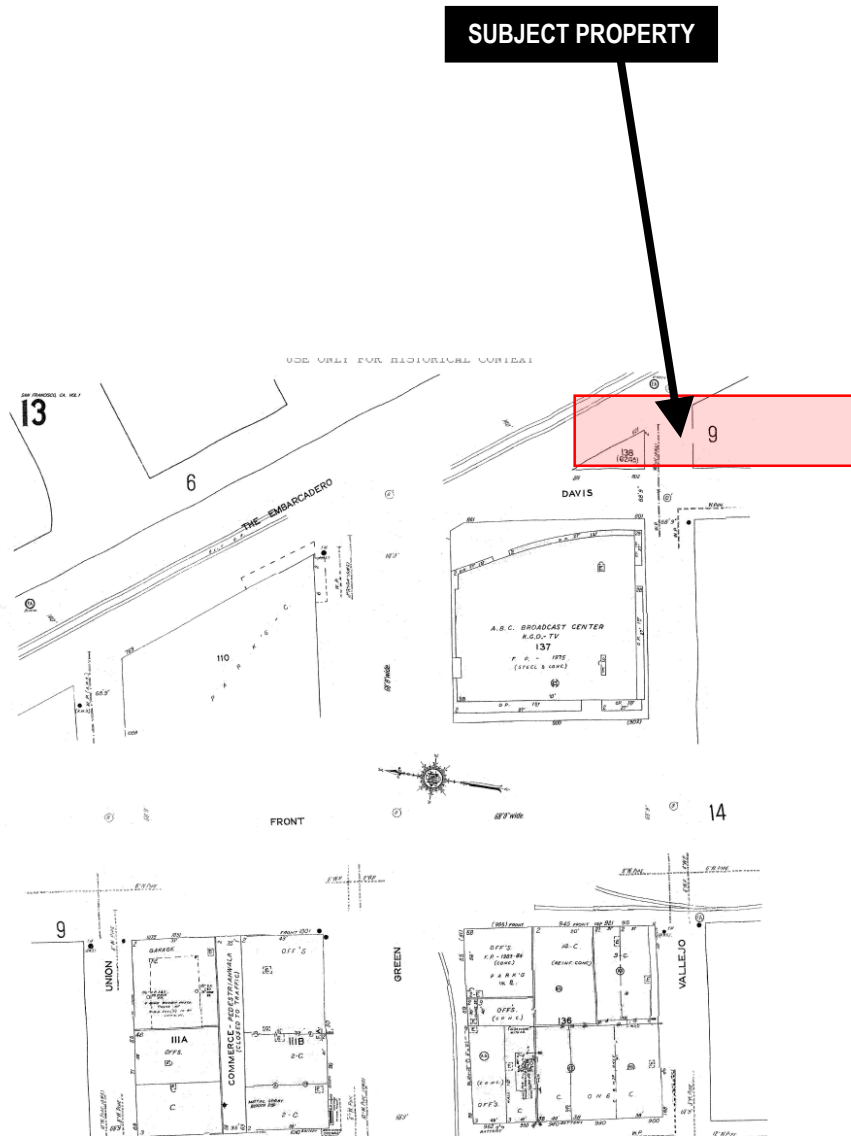
Parcel Map



SUBJECT PROPERTY



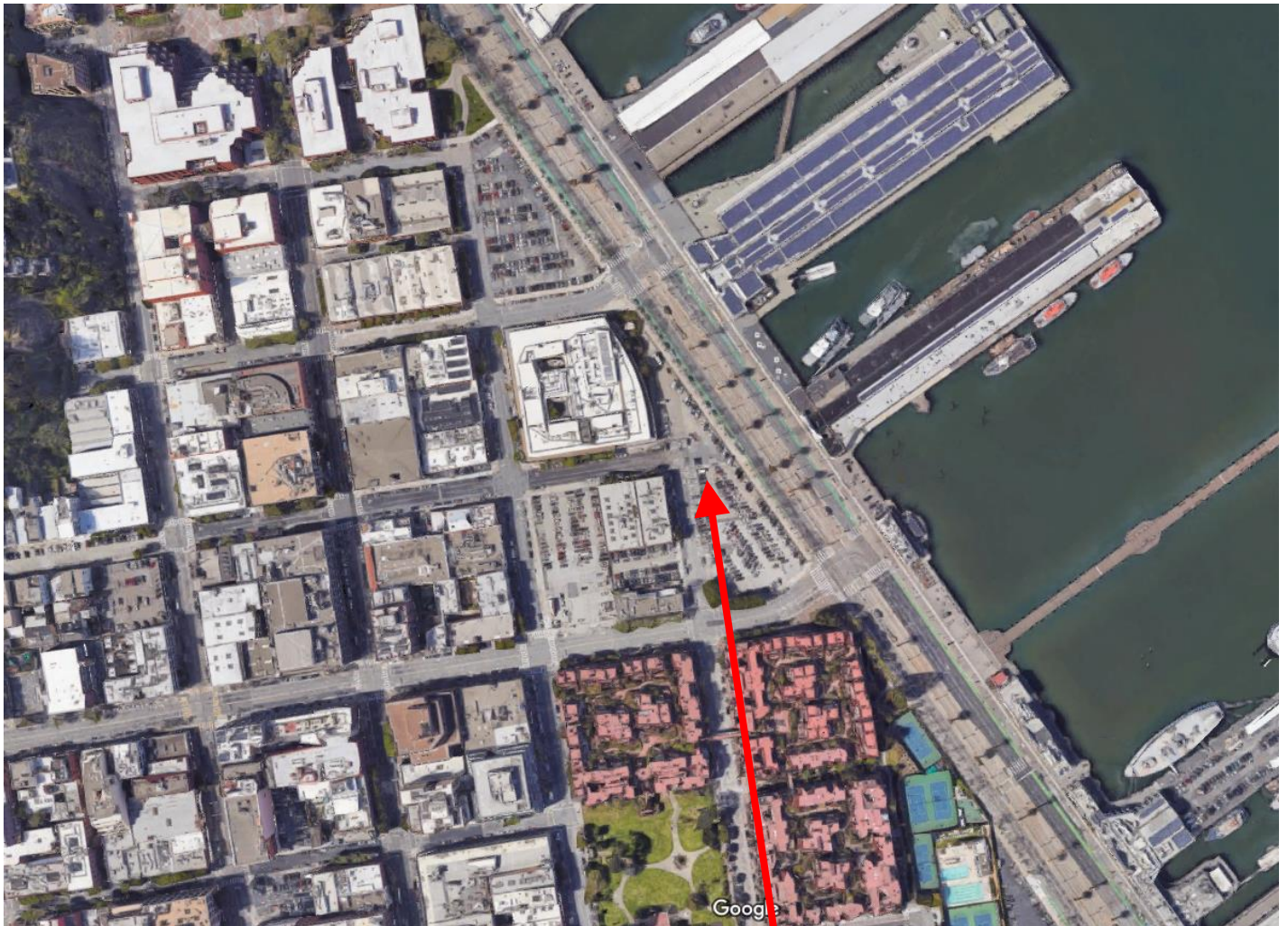
Sanborn Map*



*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.



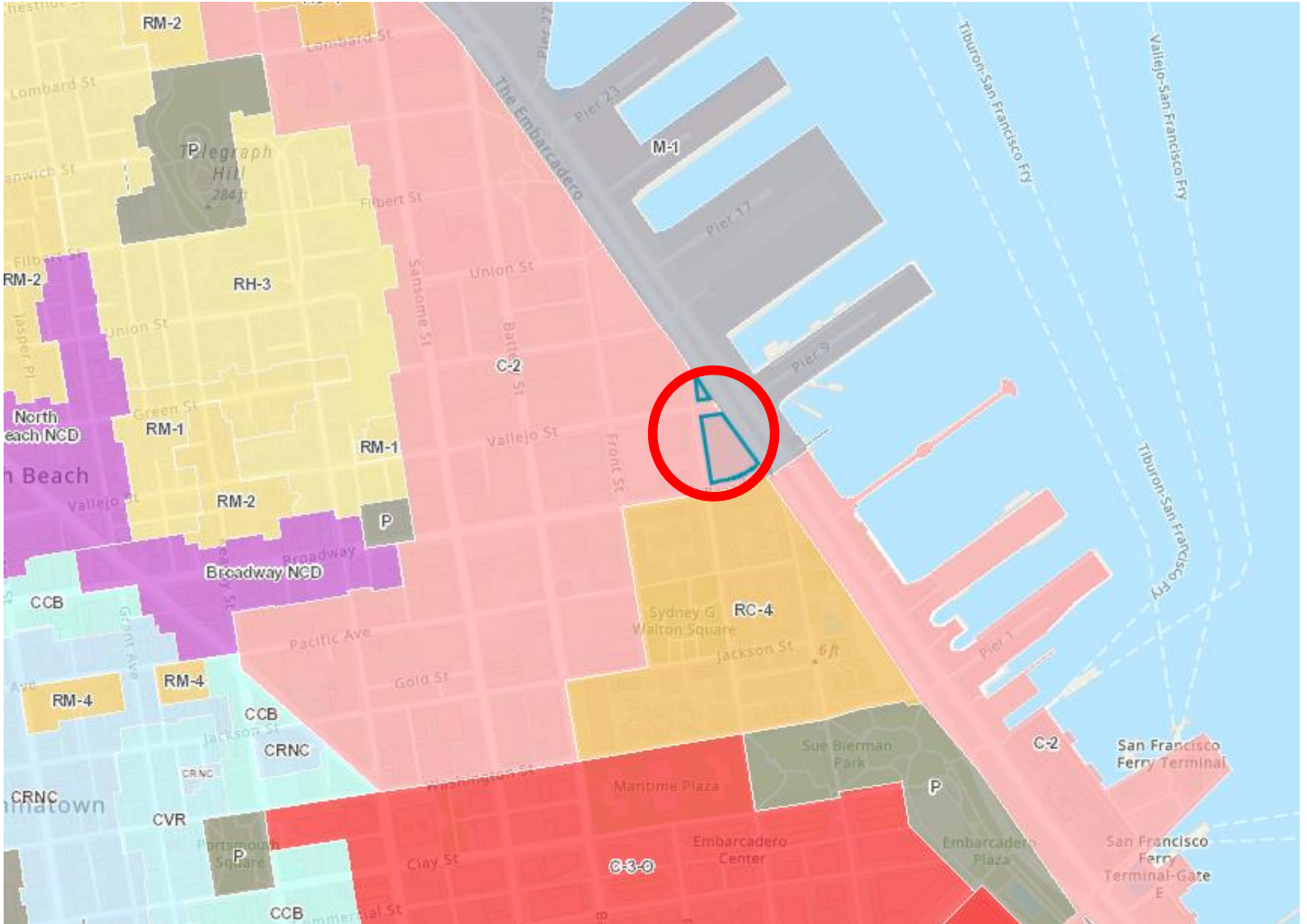
Aerial Photo



SUBJECT PROPERTY



Zoning Map

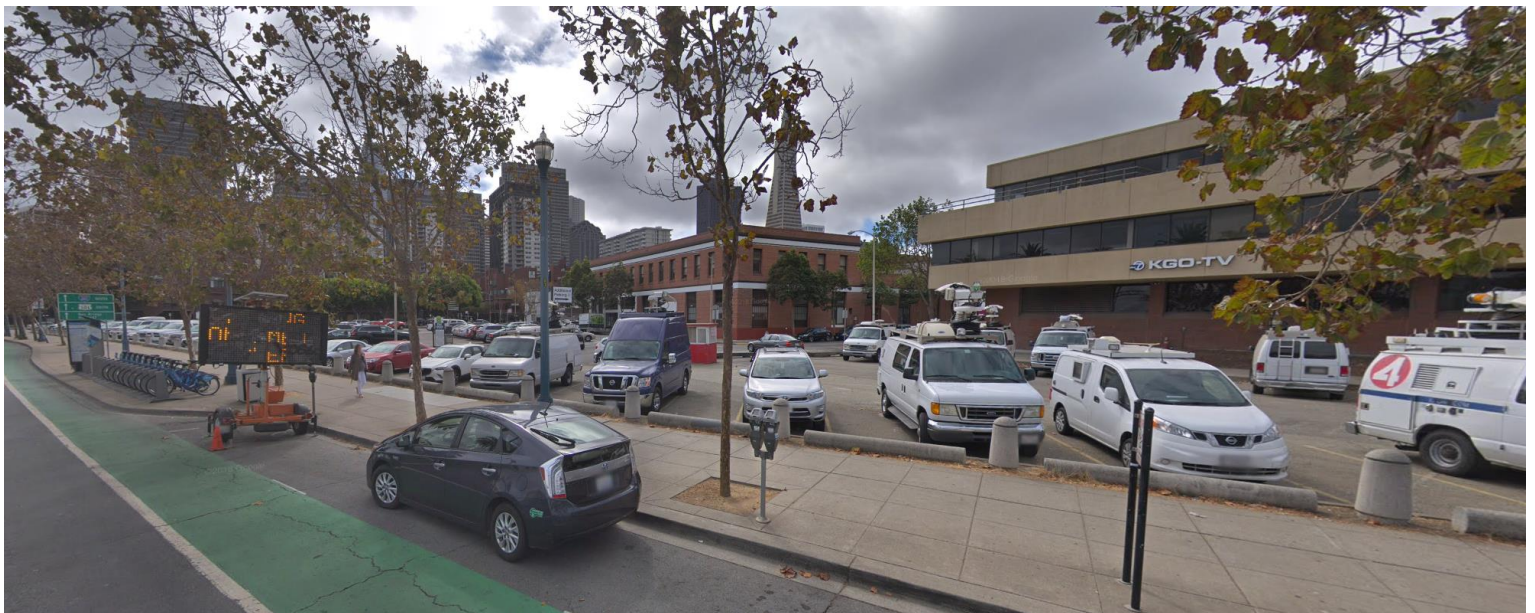


CUA & GPR Hearing
Case No. 2015-016326CUA/2016-011011GPR
Teatro ZinZanni
Seawall Lots 323 and 324

Site Photos



Looking northeast from Davis Street



Looking southwest from the Embarcadero

CUA & GPR Hearing
Case No. 2015-016326CUA/2016-011011GPR
Teatro ZinZanni
Seawall Lots 323 and 324

TZK Broadway, LLC

April 9, 2019

Via Email

Christy Alexander
SF Planning Department
1651 Mission Street, 4th Floor
San Francisco, CA 94111

RE: **SUPPORT FOR TZK BROADWAY, LLC HOTEL & THEATER PROJECT
2015-016326CUA/GPR—MAY 2, 2019 HEARING DATE
SEAWALL LOTS 323 & 324/BROADWAY AND THE EMBARCADERO**

Dear Christy:

Enclosed are twenty (20) letters from neighborhood groups, labor unions, civic organizations, and business groups, representing tens of thousands of San Franciscans, all in support of the TZK Broadway, LLC hotel and theater project. Please provide these letters to the Commissioners at their upcoming May 2, 2019 meeting on this matter. Please feel free to contact me if you have any questions concerning this letter.

Sincerely,



Jay Wallace
TZK Broadway, LLC

Support Letters Included:

1. Chinatown Community Development Center
2. 88 Broadway/John Stewart
3. Barbary Coast Neighborhood Association
4. Carpenters Union Local 22
5. Golden Gate Tenants Association
6. UNITE HERE, Local 2
7. Hotel Council of San Francisco
8. Laborers' International Union of North American, Local 261
9. Livable City
10. North Beach/Chinatown Neighbors and Friends Supporting Hotel and Theater
11. North Beach Neighbors
12. Plumbers Union, Local 38
13. San Francisco Building and Construction Trades Council
14. San Francisco Chamber of Commerce
15. San Francisco Fire Fighters Local 798
16. San Francisco Travel
17. Sheet Metal Works' Union, Local 104
18. Stewart Morton
19. Teamsters Local 856
20. Top of Broadway Community Benefit District



Chinatown Community
Development Center

華協中心

1525 Grant Avenue
San Francisco, CA 94133
TEL 415.984.1450
FAX 415.362.7992
TTY 415.984.9910
www.chinatowncdc.org

San Francisco Planning Department
1650 Mission Street
San Francisco, CA 94103
Attention: Laura Lynch

RE: **Support for Teatro Zinzanni and Kenwood Investments
Hotel & Theater Project**
Seawall Lots 323 & 324/Broadway and The Embarcadero
Case No. 2015-016326ENV

On behalf of the Chinatown Community Development Center (CCDC), I am writing to express our support for the Teatro Zinzanni/Kenwood Investments hotel and theater project and the Planning Department's decision that the project qualifies for a Mitigated Negative Declaration.

For over 30 years, Chinatown CDC has been dedicated to the pursuit of our mission to build community and enhance the quality of life for San Francisco's residents. We are a place-based community development organization that strives to empower low-income residents by providing advocacy, planning, organizing, housing development and property management for neighborhood across the City. As you know, we are particularly attentive to protecting Chinatown and thus are pleased to report that Chinatown CDC wholeheartedly supports the Zinzanni/Kenwood hotel and theater project at Broadway and The Embarcadero, the gateway to Chinatown and North Beach.

We have participated in numerous meetings with the Project Sponsor and we are fully aware of the hotel and theater project's uses, design and scope, and we support the project wholeheartedly!

The hotel and theater will support the Arts, create a new public park in our neighborhood, is designed to fit into the historic district, will be sustainably built, and respects the 40-X height and bulk limit for the site.

Chinatown CDC strongly believes that the Zinzanni/Kenwood hotel and theater project should be approved, and we urge you to support the issuance of the Mitigated Negative Declaration for the project. Thank you for your anticipated support for the Kenwood/Zinzanni hotel and theater project.

Sincerely,

Malcolm Yeung
Chinatown Community Development Center



Properties professionally managed by Chinatown Community Development Center do not discriminate based on race, color, creed, religion, sex, national origin, age, familial status, handicap, ancestry, medical condition, physical handicap, veteran status, sexual orientation, AIDS, AIDS related condition (ARC), mental disability, mental status, source of income, or any other arbitrary status.



John K. Stewart
285 Telegraph Hill Blvd.
San Francisco, CA 94133

Via Email: laura.lynch@sfgov.org

San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project

Dear Ms. Lynch:

Gussie and I are long-time North Beach residents and we are writing to express our support for the Kenwood Investments-Teatro Zinzanni hotel and theater project, and the Planning Department's decision that the project qualifies for a Mitigated Negative Declaration. As you know, my company, The John Stewart Company, and Bridge Housing are developing the new affordable housing project at 88 Broadway, which is directly across the street from the Kenwood-Zinzanni hotel and theater. I am writing to let you know that we have worked with Kenwood-Zinzanni on a number of design issues and are currently cooperating with them on a number of off-site utility issues that we share in common, and that we too endorse the Kenwood-Zinzanni project.

I have watched the Kenwood-Zinzanni project from its inception. To its credit, the project promised that it would comply, and to this day, has complied with the site's 40-foot height limit. Once built, the project will support a new 192-room, an entertainment venue featuring Teatro Zinzanni, and a new public park in the neighborhood. The project is designed to fit into the historic district, will be sustainably built, and respects the height and bulk limit and the neighborhood character surrounding the project. Finally, the under-used and undeveloped surface parking lot will become a vibrant public serving venue, hosting Trust consistent uses on the site and creating a long missing gateway to North Beach and Chinatown.

I believe that the Kenwood-Zinzanni project should be approved when it comes before the various approving agencies in the near future and urge your support for that outcome and the issuance of the Mitigated Negative Declaration.

Sincerely,



John Stewart



**BARBARY COAST
NEIGHBORHOOD
ASSOCIATION**

BCNA
550 Davis Street, Box 6
San Francisco, CA 94111

BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

David Albert
Bill Hannan
Karen Scarr
Diana Taylor

MEMBERS AT LARGE

Morton Beebe
Adam Bergman
Bob Harrer
Michele Hennessey
Mary Lou Licwinko
Lee Robbins
James Seff

November 12, 2018

via email to Laura.Lynch@sfgov.org and by U.S. Mail

Laura Lynch, Staff Contact
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Re: Case No. 2015-016326ENV
Seawall Lots SWL 323 and 324
Hotel and Theater Project

Dear Ms. Lynch:

Please be advised that the Barbary Coast Neighborhood Association ("BCNA") supports the determination by the Planning Department that a Mitigated Negative Declaration will be issued for the Teatro ZinZanni-Kenwood Investments (TZK) hotel and theater project, and that no Environmental Impact Report will be required.

We have completed our review of the Initial Study and want to emphasize a few remaining concerns. They are:

- 1) The loss of 250 parking spaces at the existing parking lot, and the loss of 35 existing street parking spaces, which will require some workers, shoppers and visitors to find other parking accommodations;
- 2) The effect of traffic using the 80-foot Broadway passenger loading zone on drivers exiting from the parking garage immediately across the street at 25 Broadway; and,
- 3) Construction noise from impact tools and other construction equipment not subject to the San Francisco Noise Ordinance, especially during the demolition and foundational work phases.

We suggest that permanent signage at or near the site should be installed to direct motorists to nearby parking locations. We have had a discussion with the Project Sponsor who has agreed to work cooperatively with BCNA and the Port to address parking signage and availability measures on both the Embarcadero and the SWL intersections to help direct motorists to nearby parking locations.

Second, we believe that hotel management should open and maintain communications with the property managers representing the co-owners of the properties across Broadway from the TZK development (Golden Gateway Commons II & III HOA/Downtown Properties) to minimize traffic hazards. Again, we have had a discussion with the Project Sponsor who has agreed to work cooperatively with BCNA and the property managers to address this issue. We also want to note,

affirmatively, that the Project Sponsor has already agreed to Improvement Measures I-TR-2a and I-TR-2b, which specifically addresses monitoring and abatement of queues and active valet parking management.

Finally, we believe that construction managers should take action to minimize noise, especially during the demolition and foundational work phases. We see in the Initial Study that the Project Developer will be required to comply with the City's Noise Ordinance, Police Code Article 29, section 2907 which we endorse. We note that section 2907(b) requires that pavement breakers and jackhammers shall be equipped with acoustically attenuating shields or shrouds to maximize noise attenuation. We have discussed this issue with the Project Sponsor as well and are pleased to report that the Project Sponsor has agreed to work with us on this request, by implementing the use of mufflers or other noise screening measures to maximize noise attenuation from pavement breakers and jackhammers consistent with the ordinance.

We continue to support the Teatro ZinZanni-Kenwood Investments hotel and theater project and are very pleased with the relationship the Project Sponsor has developed with BCNA and other affected neighbors by addressing our concerns during the design and pre-development phases. Please feel free to contact me with any questions.

Sincerely,

Diana Taylor, President
Barbary Coast Neighborhood Association

cc: Jay Wallace, Kenwood Investments, LLC jwallace@jwallaceassociates.com
Ricky Tijani (ricky.tijani@sfpport.com)
Supervisor Aaron Peskin (aaron.peskin@sfgov.org)
Adele Laurence Adele@laurencemanagement.com (Property Manager GG Commons I/III)*
Miguel Ordeñana Miguel@terrenosf.com (Property Manager GGII Commons HOA; 640 Davis St)*

*Contact Adele Laurence or Miguel Ordeñana for contact information of the Property Manager of the Commercial owner of the properties that are owned in common with the GGI-III residential units HOA (they manage the garage and commercial units across Broadway from the TZK development). The current owner (Downtown Properties) is in process of selling their commercial portion.



United Brotherhood of Carpenters
and Joiners of America
LOCAL UNION NO. 22

November 8, 2018

San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

Re: Case No. 2015-016326ENV, Kenwood-Zinzanni Hotel and Theater Project, Seawall Lots 323 & 324
Support for Project

Dear Ms. Lynch,

I am writing on behalf of Carpenters Local Union 22 which represents over 3600 residents in San Francisco. Our union is a proud member of the San Francisco community and we take our responsibilities to the community seriously.

It is in that regard that we are writing to inform you of our strong support for the Kenwood-Zinzanni hotel and theater project at Seawall Lots 323 and 324. The developer of this project contacted our union early in the process and agreed to construct the project with union labor. This strong commitment for our community and the working men and women of our city should be acknowledged and rewarded by the city and its decision makers. We were proud to stand with the Kenwood-Zinzanni hotel and theater project when it came before the Board of Supervisors in July 2016 wherein it was endorsed by a vote of 11-0. Additionally, will be standing with them through the entitlement process. Towards that end, we strongly support the Planning Department's decision to publish a Mitigated Negative Declaration for the project.

Our support for the project is due not only to the commitments made and kept by the Project Sponsor regarding employment and worker's rights, but also by the fact that this project has consistently and without waiver complied with the 40 foot height limit on the site as well as the requirements of all Planning Code provisions. Projects like these should be approved to keep our city strong.

We urge you to move the Kenwood-Zinzanni hotel and theater project forward as quickly as possible.

Sincerely,



Todd D. Williams

Senior Field Representative

sko/opeiu29/afl-cio

2085 3RD STREET • SAN FRANCISCO, CA 94107
TELEPHONE: (415) 355-1322 • FAX: (415) 355-1422



GOLDEN GATEWAY TENANTS ASSOCIATION
P.O. BOX 2134
SAN FRANCISCO, CA 94126
goldengatewaytenants.org

November 7, 2018

Via email to Laura.Lynch@sfgov.org and by US Mail

Laura Lynch, Staff Contact
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Re: Case No. 2015-016326ENV
Seawall Lots 323 and 324
Teatro ZinZanni and Kenwood Investments hotel and dinner theater


Dear Ms. Lynch:

The Golden Gateway Tenants Association represents occupants of the Gateway, a residential complex bounded by Battery, Jackson, Drumm and Washington Streets located two blocks from the Teatro ZinZanni project site. GGTA supports the decision by the Planning Department that no Environmental Impact Report is required, and that a Mitigated Negative Declaration will be sufficient.

We have been assured that the Project Sponsor will cooperate with the Port to post signs or otherwise direct motorists to nearby parking locations; will actively monitor the Broadway passenger loading zone to control traffic congestion; and will provide sound mufflers and other acoustic devices to minimize construction noise, especially during the demolition phase.

We continue to welcome the Teatro ZinZanni project, and very much appreciate the excellent community outreach the Project Sponsor has pursued for several years. Please feel free to contact us with any questions.

Sincerely,


Tatjana Eggert-Reich, President
Golden Gateway Tenants Association
tatereich@ gmail.com


Bill Hannan, Vice President
Golden Gateway Tenants Association
whann@att.net

cc: Jay Wallace, Kenwood Investments, LLC
jwallace@wallaceassociates.com



UNITE HERE!

San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

Via Email: laura.lynch@sfgov.org

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project

I am writing on behalf of UNITE HERE Local 2 which represents 9,000 hospitality industry workers in San Francisco.

We are writing to inform you that Local 2 strongly supports the Kenwood-Zinzanni hotel and theater project at Seawall Lots 323 and 324. The developer of this project, Kenwood Investments, contacted our Union early in the process and entered into a Card Check Neutrality Agreement (CCNA) that meets all of Local 2's conditions for operations of the new hotel and theater as they pertain to front desk personnel. We also want to acknowledge approvingly that our CCNA is a companion CCNA to the one that the developer signed with Teamsters Local 856, a measure that we applaud.

We were proud to stand with the Kenwood-Zinzanni hotel and theater project when it came before the Board of Supervisors in July 2016 when the project was endorsed by a vote of 11-0, and we will do so again as this project moves through the entitlement process. Towards that end, we strongly support the Planning Department's decision to publish a Mitigated Negative Declaration for the project.

We also want to note for the record that this project, in addition to entering into the CCNA, has also maintained the 40-foot height limit on the site and has been designed to meet the requirements of the Planning Code provisions concerning development in historic districts. Projects that can do all of those things should be approved to keep our City strong. Accordingly, Local 2 wants you to know that we strongly support the Kenwood-Zinzanni hotel and theater project and urge you to move the project forward as quickly as possible.

Sincerely,

Ian Lewis
Research Director

Anand Singh
President

Chito Cuéllar
Vice-President

Tina Chen
Secretary-Treasurer

209 Golden Gate Ave., San Francisco, CA 94102 • phone: 415.864.8770 • fax: 415.864.4158
209 Highland Ave., Burlingame, CA, 94010 • phone: 650.344.6827 • fax: 650.344.9406





Via Email: laura.lynch@sfgov.org

San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project

On behalf of the Hotel Council of San Francisco and our Board of Directors I am writing in support of the Kenwood-Zinzanni Hotel and Theater Project at Seawall Lost 323 and 324. Our organization is proud to represent the hotel industry in San Francisco, which is part of our city's largest industry, tourism.

This project will provide more hotel and lodging options for our City's tourism and visitor base, and will provide good jobs for our residents. The hotel and visitor-serving industry is San Francisco's most important industry base and projects like the Kenwood-Zinzanni hotel and theater project should be supported for that reason alone. Accordingly, we strongly support the Planning Department's decision to publish a Mitigated Negative Declaration for the project.

Our support for the project is due not only to the commitments made and kept by the Project Sponsor during the review period to further the hotel industry, but also by the fact that this project has complied with the 40 foot height limit on the site and the requirements of all Planning Code provisions. Projects that can do all of those things should be approved to keep our City strong.

We urge you to move the Kenwood-Zinzanni hotel and theater project forward as quickly as possible. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Carroll".

Kevin Carroll
Executive Director

323 Geary Street Suite 405 – San Francisco, CA 94102



LABORERS' INTERNATIONAL UNION OF NORTH AMERICA

LOCAL UNION NO. 261

November 14, 2018

Via Email: laura.lynch@sfgov.org

San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

RAMON HERNANDEZ
Business Manager

DAVID DE LA TORRE
Secretary-Treasurer

JESUS VILLALOBOS
President

JAVIER FLORES
Vice President

VINCE COURTNEY
Recording Secretary

OSCAR DE LA TORRE
Executive Board

JOSE DE LA MORA
Executive Board

SAN FRANCISCO

3271 18th Street
San Francisco, CA 94110
Phone: (415) 826-4550
Fax: (415) 826-1948

SAN MATEO COUNTY

300 7th Avenue
San Mateo, CA 94401
Phone: (650) 344-7168
Fax: (650) 344-5357

MARIN COUNTY

4174 Redwood Highway
San Rafael, CA 94913
Phone: (415) 492-0936
Fax: (415) 492-8233

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project

I am writing on behalf of the Laborers' International Union of Northern America, Local 261, which represents over 5,000 residents in San Francisco. Our Union is a proud member of the San Francisco community and we take our responsibilities to our community seriously.

It is in that regard that we are writing to inform you of our strong support for the Kenwood-Zinzanni hotel and theater project at Seawall Lots 323 and 324. The developer of this project contacted our Union early in the process and agreed to construct the project with union labor. This strong commitment for our community, and the working men and women of our City should be acknowledged and rewarded by the City and its decision makers. We were proud to stand with the Kenwood-Zinzanni hotel and theater project when it came before the Board of Supervisors in July 2016 and the project was endorsed by a vote of 11-0, and we will do so again as this project moves through the entitlement process. Towards that end, we strongly support the Planning Department's decision to publish a Mitigated Negative Declaration for the project.

Our support for the project is due not only to the commitments made and kept by the Project Sponsor regarding employment and worker's rights, but also by the fact that this project has consistently and without waiver complied with the 40 foot height limit on the site and the requirements of all Planning Code provisions. Projects that can do all of those things should be approved to keep our City strong.

We urge you to move the Kenwood-Zinzanni hotel and theater project forward as quickly as possible. Thank you.

Sincerely,

VINCE COURTNEY
Recording Secretary



October 11, 2018

Re: **Support for Teatro Zinzanni/Kenwood Investments Hotel Project**
Seawall Lots 323 & 324/Broadway and The Embarcadero

Dear Members:

Livable City is a San Francisco based non-profit whose mission is to create a San Francisco of great streets and complete neighborhoods, where walking, bicycling, and transit are the best choices for most trips, where public spaces are beautiful, well-designed, and well-maintained, and where housing is more plentiful and more affordable.

On behalf of Livable City, I am writing to express our strong support for the Teatro Zinzanni/Kenwood Investments, LLC hotel and theater project, located on Seawall Lots 323 & 324 at the intersection of Broadway and The Embarcadero, and encourage you to support it when it comes before you for approval.

Teatro Zinzanni and Kenwood Investments are rooted here in San Francisco. The project sponsor reached out to us, and have thoroughly reviewed the proposal and met with the project sponsor to better understand aspects of the project and its public benefits.

The hotel and theater project will provide an active and engaging set of uses and public spaces where Broadway meets the Embarcadero. The building has been thoughtfully designed to enhance its urban context, engage and activate adjacent streets, and to be a respectful neighbor to nearby historic buildings. The building will be built to a minimum LEED Gold standard. It contains no parking, which is both green and appropriate to the setting. The sponsors intend to rely on the rich transit service near the project site (Muni, BART, ferries) and the site's excellent walking and cycling access, supplemented with off-site parking.

The project will build and maintain a new public park and improve pedestrian access with new landscaped sidewalks. The theater, restaurant, bar, and meeting rooms will activate this stretch of the waterfront in the evening hours, making this stretch of the waterfront safer, livelier, more diverse, and more inviting.

Lease revenues from the project will help the Port sustain critical public infrastructure, including the seawall and historic piers, and support public access and desirable maritime activities on the waterfront. The project will generate millions of dollars in property, sales, and hotel taxes to sustain the City's General Fund, transportation, and the arts. A new performing arts venue supports San Francisco's arts and performance communities, and during both construction and operation the theater and hotel will provide hundreds of unionized jobs.

Livable City strongly believes that the Zinzanni/Kenwood hotel and theater project will be fine asset to our waterfront, and we urge you to support the project when it comes before you in the future. Thank you in advance for your consideration and support for this project.

Sincerely,

Tom Radulovich
Executive Director

**North Beach/Chinatown Neighbors and Friends
Supporting Kenwood-Zinzanni Hotel and Theater**

Via Email: laura.lynch@sfgov.org

Ms. Laura Lynch
San Francisco Planning Department
San Francisco, CA 94103

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project/Seawall Lots 323 & 324
Support for Project

Dear Ms. Lynch:

We are long-time North Beach and Chinatown community activists, supporters and neighbors and we are writing to express our support for the Kenwood Investments-Teatro Zinzanni hotel and theater project, and the Planning Department's decision that the project qualifies for a Mitigated Negative Declaration.

The project complies with the site's 40 foot height limit and once built will support a new entertainment venue and a new public park in our neighborhood. The project is designed to fit into the historic district and has received endorsement from the Department's historic office. After participating in numerous meetings with the project sponsor, we find that the project meet with the requirements of the Waterfront Land Use Plan and all other planning requirements, and at the same time, brings desirable community benefits as well as positive economic impact to the neighborhood as well as the City as a whole.

When the project is approved, San Francisco, in addition to receiving the benefits described above, will also receive millions of dollars in General Fund and TOT dollars, new Port lease revenues that can be used to fulfill its Trust obligations, a new entertainment venue to enhance the City's artist communities, and hundreds of jobs during construction and operation of the hotel and theater. For these reasons, we strongly support the Kenwood-Zinzanni hotel and theater project and urge the City to approve the project as soon as possible.

*Bob Harrer Diana Taylor Bill Hannan Stewart Morton Joe Carouba
Janet Clyde Brad Paul Chris Martin Anne Halsted John Stewart Dick Grosboll
Rod Freebairn-Smith Claudine Cheng Malcolm Yeung Wells Whitney
Bruno Kanter Danny Sauter Marv Kasoff Jeannette Etheridge Dave Ho
Leslie Kay Michael DeWees Larry Zintarski Bobby Winston Mort Beebe
Pat Franks Bob Mittlestadt Cathy Merrill Susan Heller Irene Tibitts
Rev. Norman Fong Tom McCarthy Gussie Stewart Denise McCarthy Patricia Neel*



North Beach Neighbors
P.O. Box 330115
San Francisco, CA 94133
northbeachneighbors.org

November 15, 2018

San Francisco Planning Department
1650 Mission Street
San Francisco, CA 94103
Attn: Laura Lynch, laura.lynch@sfgov.org

**RE: Support Letter: Teatro Zinzanni-Kenwood Investments Hotel & Theater Project,
Seawall Lots 323 and 324, Case No. 2015-016326ENV.**

Dear Planning Department,

North Beach Neighbors (NBN) is a San Francisco non-profit organization comprised of North Beach residents, local businesses, and civic leaders. Since 1981, we have advocated on behalf of neighbors to create a vibrant and inclusive neighborhood.

With these goals in mind, we write to you today in support of the Teatro Zinzanni-Kenwood Investments Hotel & Theater Project and the Planning Department's determination that the project qualifies for a Mitigated Negative Declaration. We were impressed by the community outreach of the developer from early conception of the project through numerous meetings these past several years. We have seen broad community input and concerns addressed with changes to the project resulting in an appropriately scaled and mature building design. Not only does the project comply with the Port's Waterfront Land Use Plan, it also seems to fit properly within the context of the historic district. We see this project as well suited to act as a "gateway" to North Beach at this prominent intersection of Broadway Street and the Embarcadero.

North Beach will be a stronger and more vibrant community when the arts are supported in our area. Teatro Zinzanni has become woven into the fabric of our neighborhood and we are grateful that the hotel project offers a sustainable home for the facility. The community will also be well served by the public park to be constructed as a part of the project. North Beach Neighbors offers our strong support and asks that you please see that the hotel and theater project moves forward.

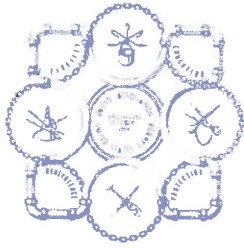
Daniel J. Sauter

Danny Sauter, President

Bruno Kanter

Bruno Kanter, V.P. / Chair P&Z

CC: Jay Wallace - jwallace@jaywallaceassociates.com



**UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES
OF THE PLUMBING AND PIPE FITTING INDUSTRY**

LOCAL UNION NO. 38

1621 MARKET STREET • SAN FRANCISCO, CA 94103

November 7, 2018

Via Email: laura.lynch@sfgov.org

**San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch**

**RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project**

I am writing on behalf of Local Union 38, which represents over 2500 residents in San Francisco. Our Union is a proud member of the San Francisco community and we take our responsibilities to our community seriously.

It is in that regard that we are writing to inform you of our strong support for the Kenwood-Zinzanni hotel and theater project at Seawall Lots 323 and 324. The developer of this project contacted our Union early in the process and agreed to construct the project with union labor. This strong commitment for our community, and the working men and women of our City should be acknowledged and rewarded by the City and its decision makers. We were proud to stand with the Kenwood-Zinzanni hotel and theater project when it came before the Board of Supervisors in July 2016 and the project was endorsed by a vote of 11-0, and we will do so again as this project moves through the entitlement process. Towards that end, we strongly support the Planning Department's decision to publish a Mitigated Negative Declaration for the project.

Our support for the project is due not only to the commitments made and kept by the Project Sponsor regarding employment and worker's rights, but also by the fact that this project has consistently and without waiver complied with the 40-foot height limit on the site and the requirements of all Planning Code provisions. Projects that can do all of those things should be approved to keep our City strong.

We urge you to move the Kenwood-Zinzanni hotel and theater project forward as quickly as possible. Thank you.

Sincerely,

**LARRY MAZZOLA, JR
Bus.Mgr. & Fin.Secty-Treas.**

San Francisco Building and

1188 FRANKLIN STREET • SUITE 203
SAN FRANCISCO, CA 94109
EMAIL: tim@sfbuildingtradescouncil.org



Construction Trades Council

TEL (415) 345-9333

www.sfbuildingtradescouncil.org

*A Century of Excellence
in Craftsmanship*

LARRY MAZZOLA, JR.
President

TIM PAULSON
Secretary - Treasurer

JOHN DOHERTY
VINCE COURTNEY, JR.
Vice Presidents

Via Email: laura.lynch@sf.gov

San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project

I am writing on behalf of the San Francisco Building and Construction Trades Council, which represents 36 Unions in San Francisco.

I am writing to inform you of the Building and Construction Trades Council's strong support for the Kenwood-Zinzanni hotel and theater project at Seawall Lots 323 and 324. The developer of this project contacted our Union early in the process and agreed to construct the project with union labor. We are proud to support this project given its strong commitment for our community, and the working men and women of our City. We were proud to stand with the Kenwood-Zinzanni hotel and theater project when it came before the Board of Supervisors in July 2016 and the project was endorsed by a vote of 11-0, and we will do so again as this project moves through the entitlement process. Towards that end, we strongly support the Planning Department's decision to publish a Mitigated Negative Declaration for the project.

Our support for the project is due not only to the commitments made and kept by the Project Sponsor regarding employment and worker's rights, but also by the fact that this project has consistently and without waiver complied with the 40 foot height limit on the site and the requirements of all Planning Code provisions. Projects that can do all of those things should be approved to keep our City strong.

We urge you to move the Kenwood-Zinzanni hotel and theater project forward as quickly as possible. Thank you.

Sincerely,

Tim Paulson



235 Montgomery St., Ste. 760, San Francisco, CA 94104
tel: 415.352.4520 • fax: 415.392.0485
sfchamber.com • twitter: @sf_chamber

November 1, 2018

John Rahaim
Planning Director
San Francisco Planning Commission
1660 Mission Street, Suite 400
San Francisco, CA 94103

Elaine Forbes
Executive Director
Port of San Francisco
Pier 1, The Embarcadero
San Francisco CA 94111

Re: SUPPORT Teatro Zinzanni-Kenwood Investments Hotel and Theater Project

Dear Director Rahaim and Executive Director Forbes,

The San Francisco Chamber of Commerce, representing thousands of local businesses and their employees is pleased to express our support of the Teatro Zinzanni-Kenwood Investments Hotel and Theater Project on Seawall Lots 323 and 324.

The Chamber supports this project for the following reasons:

- a. The Project fully complies with the requirements set forth by the City codes, regulations and policies, including maintaining the 40-foot height limit and the City's historic preservation codes that govern the project site.
- b. The theater created by the Project will establish a new, permanent home for entertainment of all varieties, featuring Teatro Zinzanni's world-renowned entertainment performances. The addition of this space will allow the continued growth of vibrant cultural life in our City, a true pillar of what makes San Francisco special.
- c. This Project will create hundreds of temporary union construction jobs and approximately 85 permanent jobs in the arts, hotel and hospitality industry fields – all of which are critical for the economic well-being of the City.
- d. The Project also re-purposes the Port's notoriously hard-to-develop and currently under-utilized surface parking lot and will allow the private sector to build a world class project, capable of generating millions of dollars in new tax revenues and rent payments for the City and the Port, thus contributing to our City's resiliency and fiscal responsibility.
- e. Finally, the Project is in line with the City's General Plan, Northeastern Waterfront Area Plan, and the Waterfront Land Use Plan. This is good for the City, its residents and its businesses.

We thank you in advance for your anticipated support of the Teatro Zinzanni-Kenwood Investments Hotel and Theater Project. If you have any questions regarding the Chamber's support, please feel free to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lazarus", with a long horizontal flourish extending to the right.

Jim Lazarus
SVP Public Policy
San Francisco Chamber of Commerce

cc: Clerk of the Board, to be distributed to all Supervisors

THOMAS P. O'CONNOR JR.
PRESIDENT

DANIEL A. GRACIA
VICE PRESIDENT

FLOYD K. ROLLINS II
SECRETARY

SHON M. BUFORD
TREASURER



DIRECTORS
STEPHEN V. GIACALONE
THOMAS A. FOGLE
ADAM H. WOOD
ADRIENNE R. SIMS
DANIEL V. CASEY

SAN FRANCISCO FIRE FIGHTERS
- Local 798 -

1139 MISSION STREET, SAN FRANCISCO, CA 94103-1514
TELEPHONE (415) 621-7103 • FAX (415) 621-1578
WWW.SFFDLOCAL798.ORG

November 12, 2018

San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project

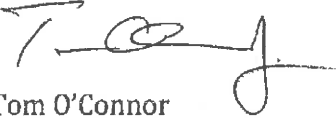
I am writing on behalf of the San Francisco Fire Firefighters Union, Local 798 which represents over 1500 workers in San Francisco, to inform you that we strongly support of the Planning Department's Mitigated Negative Declaration for the Kenwood-Zinzanni hotel and theater project at Seawall Lots 323 and 324.

First, the developer of this project, Kenwood Investments, worked closely with our Union to determine what the Fire Department's needs where as they pertain to the Project. Towards that end, the Project has been designed to improve fire department access from Davis Street through the undeveloped surface parking lot, and to The Embarcadero, which makes a major improvement for life safety and fire fighting purpose, as part of the Project's overall site improvement and public park construction plans. As the Battalion Chief for the area surrounding the project, I am particularly pleased with this outcome.

Second, the Project adheres to all of the dictates of the City's Planning Code, including the 40-foot height limit, the requirements of the City's Article 10, and compliance with development in the Northeastern Historic Waterfront District.

Thirdly, this Project has earned the support of our brothers and sisters in organized labor. Accordingly, we are proud to stand with the Kenwood-Zinzanni hotel and theater project as the project moves through the entitlement process. Towards that end, we strongly support the Planning Department's decision to publish a Mitigated Negative Declaration for the project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom O'Connor'. The signature is stylized with a large 'T' and a cursive 'O'.

Tom O'Connor



Via Email: laura.lynch@sfgov.org

November 9, 2018

San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project

I am writing on behalf of the San Francisco Travel Association, which represents over 1,300 Bay Area businesses partners involved in the travel and hospitality sectors. San Francisco welcomes over 25 million visitors per year who spend over \$9 billion during their visit. Our organization is proud to lead the travel industry in San Francisco, the city's largest and most important economic driver.

I am writing today to express our strong support for the Kenwood-Zinzanni hotel and theater project at Seawall Lots 323 and 324. This project will provide more lodging, cultural and entertainment options for visitors to enjoy, and will provide good jobs for our community.

Our support for the project is due not only to the commitments made and kept by the project sponsor during the review period, but also by the fact that this project has complied with the 40-foot height limit on the site and the requirements of all Planning Code provisions. This project will be a true treasure in the City and County of San Francisco and we are thrilled about the thoughtful planning that the project sponsor has exhibited.

We urge you to move the Kenwood-Zinzanni hotel and theater project forward as quickly as possible. Thank you.

Sincerely,

Joe D'Alessandro
President and CEO

INTERNATIONAL ASSOCIATION OF SHEET METAL, AIR, RAIL AND TRANSPORTATION WORKERS
SHEET METAL WORKERS' LOCAL UNION No. 104
WEST BAY DISPATCH OFFICE

PHONE (415) 621-2930



FAX (415) 621-2554

1939 MARKET STREET, SUITE A, SAN FRANCISCO, CA 94103

November 8, 2018

Via Email: laura.lynch@sfgov.org

San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project

I am writing on behalf of the Sheet Metal Workers' Local Union No. 104. Our Union is a proud member of the San Francisco community and we take our responsibilities to our community seriously.

It is in that regard that we are writing to inform you of our strong support for the Kenwood-Zinzanni hotel and theater project at Seawall Lots 323 and 324. The developer of this project contacted our Union early in the process and agreed to construct the project with union labor. This strong commitment for our community, and the working men and women of our City should be acknowledged and rewarded by the City and its decision makers. We were proud to stand with the Kenwood-Zinzanni hotel and theater project when it came before the Board of Supervisors in July 2016 and the project was endorsed by a vote of 11-0, and we will do so again as this project moves through the entitlement process. Towards that end, we strongly support the Planning Department's decision to publish a Mitigated Negative Declaration for the project.

Our support for the project is due not only to the commitments made and kept by the Project Sponsor regarding employment and worker's rights, but also by the fact that this project has consistently and without waiver complied with the 40 foot height limit on the site and the requirements of all Planning Code provisions. Projects that can do all of those things should be approved to keep our City strong.

We urge you to move the Kenwood-Zinzanni hotel and theater project forward as quickly as possible. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Danny Campbell".

Danny Campbell
Business Representative
DC:lr opelu29



Stewart Morton
1730 Kearny Street
San Francisco, CA 94133
mr.stewartmorton@gmail.com

October 31, 2018

Re: Project Name: Teatro Zinzanni-Kenwood Investments Hotel & Theater Project
Location: Seawall Lots 323 and 324
Project Sponsor: TZK Broadway, LLC

LETTER OF SUPPORT

Dear Members:

I am writing to inform you that I am in support of the Teatro Zinzanni-Kenwood Investments hotel and theater project located at Seawall Lots 323 and 324 and I am urging you to support the project when it comes before you for approval.

I have reviewed the project several times as a member of NEWAG, The Telegraph Hill Dwellers, and in private discussions with the project sponsor and have found the developer to be most responsive to the communities concerns.

The project has complied with the 40-foot height limit for the site, is designed to be consistent with the City's Article 10 and the Secretary of the Interior's Standards for Construction in historic districts, has implemented many of the suggestions offered by the community, including the use of red-brick for its exterior veneer consistent with other buildings in the area, and will construct a new, approximate 14,000 sq. ft. public park on the site.

In conclusion, I want to let you know that I am in support of the Teatro Zinzanni-Kenwood Investments hotel and theater project, and urge you to support the project when it comes before you for approval. Thank you for your consideration of this letter.

Sincerely,



Stewart Morton
Member, NEWAG
Member, SF Port, Waterfront Plan Working Group
Past Board Member, Telegraph Hill Dwellers
Founding Board Member, San Francisco Heritage



TEAMSTERS LOCAL UNION No. 856

453 San Mateo Avenue • San Bruno • California 94066
Telephone: (650) 635-0111 • Fax Number (650) 635-1632 • 1(800) 758-TEAM (8326)

November 14, 2018

Via Email: laura.lynch@sfgov.org
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103
Attn: Laura Lynch

RE: Case No. 2015-016326ENV
Kenwood-Zinzanni Hotel and Theater Project
Seawall Lots 323 & 324
Support for Project

I am writing on behalf of the Teamsters International Union, Local 856 which represents over 1,000 workers in San Francisco, including hotel front desk personnel at union hotels throughout the Bay Area.

We are writing to inform you that Teamsters International Union, Local 856 strongly supports the Kenwood-Zinzanni hotel and theater project at Seawall Lots 323 and 324. The developer of this project, Kenwood Investments, contacted our Union early in the process and entered into a Card Check Neutrality Agreement (CCNA) that meets all of the Teamsters International Union, Local 856 conditions for operations of the new hotel and theater as they pertain to front desk personnel. We also want to acknowledge approvingly that our CCNA is a companion CCNA to the one that the developer signed with H.E.R.E., Local 2, a measure that we applaud.

We were proud to stand with the Kenwood-Zinzanni hotel and theater project when it came before the Board of Supervisors in July 2016 when the project was endorsed by a vote of 11-0, and we will do so again as this project moves through the entitlement process. Towards that end, we strongly support the Planning Department's decision to publish a Mitigated Negative Declaration for the project.

We also want to note for the record that this project, in addition to entering into the CCNA, has also maintained the 40-foot height limit on the site and has been designed to meet the requirements of the Planning Code provisions concerning development in historic districts. Projects that can do all of those things should be approved to keep our City strong. Accordingly, Teamsters Local 856 urges you to move the Kenwood-Zinzanni hotel and theater project forward as quickly as possible.

Sincerely,

Mike Lagomarsino
President
ML/lh



RE: Support for Teatro/Kenwood Hotel Project

Seawall Lots 323 & 324/Broadway and The Embarcadero

Case No. 2015-016326 ENV

On behalf of the Top of Broadway CBD, an organization that represents over 100 businesses in North Beach, I am writing to express our strong support for the Teatro Zinzanni/Kenwood Investments hotel and theater and to urge support for the Planning Department's decision that the Project qualifies for a Mitigated Negative Declaration.

The Top of Broadway CBD and I personally have participated in numerous meetings with the Project Sponsor and we are fully aware of the hotel and theater project's uses, design and scope, and we support the project wholeheartedly.

The hotel and theater project will enhance the Arts and cultural aspects of our city, create a gateway to North Beach and Chinatown and create a new public park in our neighborhood, and it is designed to fit into the historic district, will be sustainably built, and respects the 40-X height and bulk limit for the site. This last feature is truly important for our neighborhood as we have fought hard to maintain the 40 foot height limit and this project should be congratulated, and supported, for its adherence to that height limit.

Additionally, with the approval of the hotel and theater project, San Francisco will receive millions of dollars in General Fund fees, TOT dollars and Port lease revenues that will help the Port with its ongoing infrastructure and seawall needs; create a new performing arts and arts institution that will further the City's artist communities and the entertainment aspects of North Beach; employ hundreds of Union workers both during construction and during operation of the hotel; construct a new public park and a sustainable new building that will fit into the historic district ; and repurpose an under-utilized parking lot that has been slated for development for years into a vibrant new public serving use along the waterfront.

Top of Broadway strongly believes that the Zinzanni/Kenwood hotel and theater project should be approved and thank you for your anticipated support for the Kenwood/Zinzanni hotel and theater project.

Sincerely,

Joe Carouba
Vice President
Top of Broadway CBD

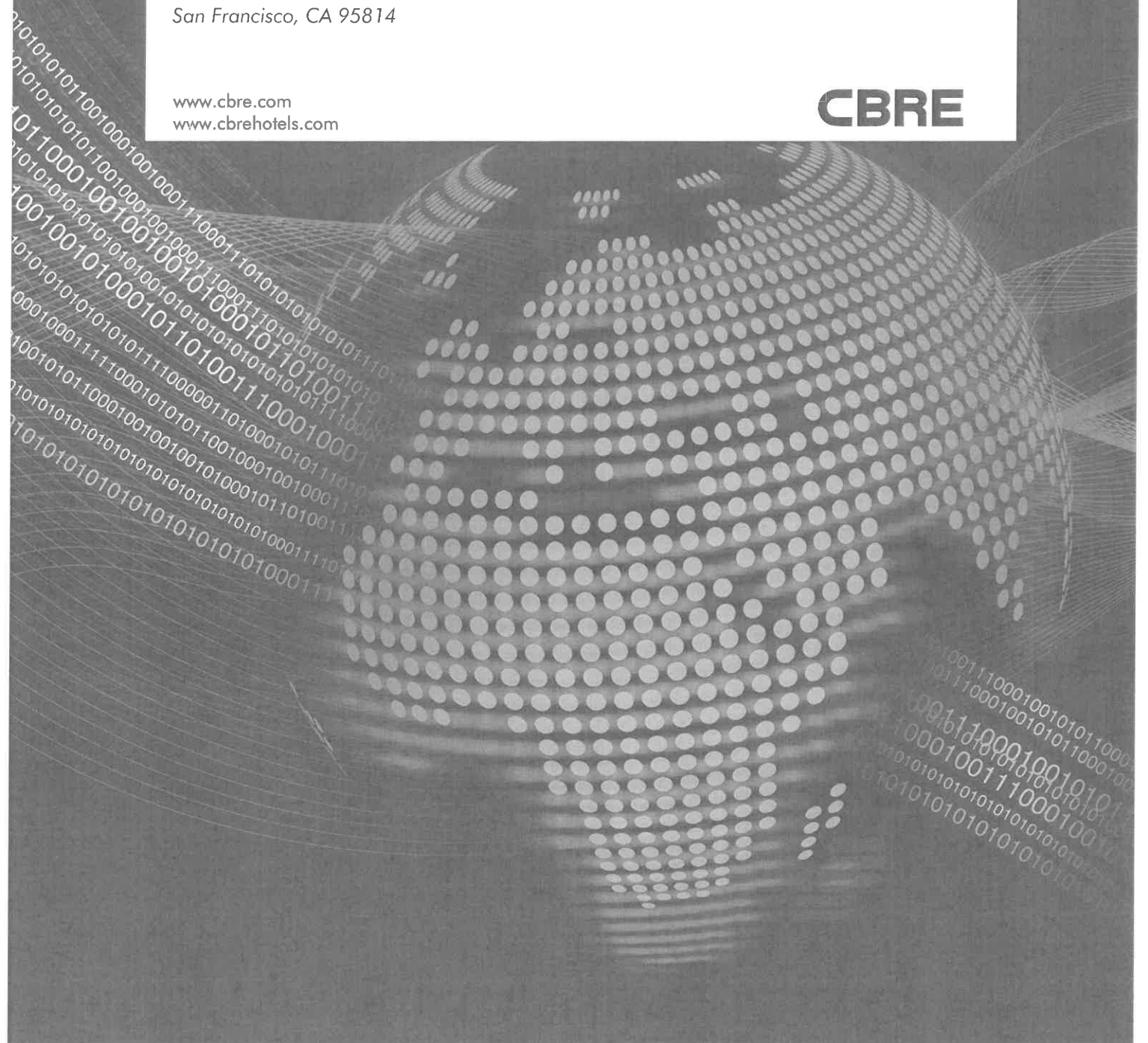
MARKET DEMAND ANALYSIS

Market Demand Analysis – Proposed Hotel
Seawall Lots 323 & 324
San Francisco, CA 94111
CBRE, Inc. File No. 19-490SF-0024

Jay Wallace
TZK Broadway, LLC
1215 K Street
San Francisco, CA 95814

www.cbre.com
www.cbrehotels.com

CBRE





Julie Purnell
Managing Director
CBRE Hotels Advisory

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April 11, 2019

Mr. Jay Wallace
TZK Broadway, LLC
1215 K Street
San Francisco, CA 95814
Email: jwallace@jaywallaceassociates.com

Re: Market Demand Analysis – Proposed Hotel
Seawall Lots 323 & 324
San Francisco, CA 94111
CBRE, Inc. File No. 19-490SF-0024

Dear Mr. Wallace:

In accordance with your request, we have completed our engagement contract, which is a study of the potential market demand for a proposed 192-room hotel (the "Subject" or "Hotel") to be located at Seawall Lots 323 & 324 in San Francisco, California ("Site"). Based on discussions with the developer, it is our understanding that the Subject will be positioned as an upscale, branded hotel. Representative hotel brands in the upscale tier include AC Hotels by Marriott, aloft, Courtyard by Marriott, Crowne Plaza, DoubleTree, Hilton Garden Inn and Hyatt Place. The proposed Subject will be part of a mixed-use development that will include a dinner revue staged within a historic Belgian vaudeville tent that features the critically-acclaimed Teatro ZinZanni performance troupe. This unique attraction is anticipated to beneficially influence the overall positioning of the Hotel, and the design of the glass pavilion enclosure for the tent will enhance the Subject's visibility from The Embarcadero. Pursuant to our engagement, we have prepared this report summarizing our findings.

The conclusions set forth are based on an analysis of the existing and potential future supply and demand for the competitive lodging market as of the completion of our fieldwork in March and April of 2019. This report is intended for your internal management use as well as for presentation to representatives of the City and County of San Francisco for understanding the potential market demand for the proposed Hotel within the City of San Francisco lodging market.

As in all studies of this type, the estimated results are based on competent and efficient hotel management and presume no significant change in the status of the competitive lodging market from that as set forth in this report. The terms of our engagement are such that we have no obligation to revise our conclusions to reflect events or conditions that occur subsequent to the date of completion of our fieldwork. However, we are available to discuss the necessity for revisions in view of changes in the economy or market factors impacting the competitive lodging market.

Since the proposed Hotel's future performance is based on estimates and assumptions that are subject to uncertainty and variation, we do not present them as results that will actually be achieved. However, our analysis has been conscientiously prepared on the basis of information obtained during the course of this assignment and on our experience in the industry. This report is subject to the Assumptions and Limiting Conditions presented in the Addenda.

After you have had an opportunity to review this report, please feel free to contact us with any questions or comments. Thank you for the opportunity to work with you on this interesting engagement.

Yours sincerely,

CBRE Hotels Advisory



By: Julie Purnell
Managing Director
julie.purnell@cbre.com | 415.772.0262

A. INTRODUCTION

1. OVERVIEW OF THE MARKET STUDY

CBRE Hotels Advisory was formally retained on March 18, 2019 by TZK Broadway, LLC to conduct a study of the potential market demand for a proposed hotel to be located at Seawall Lots 323 & 324 in San Francisco, California ("Site"). The proposed Subject will consist of approximately 192 rooms and will include an entertainment venue featuring the critically-acclaimed Teatro ZinZanni dinner revue.

As a component of this analysis, we first determined the market potential for a hotel by evaluating supply and demand trends within the San Francisco lodging market. Based on the recent performance of comparable hotels in the market, we then provided our projections of the occupancy and average daily room rate ("ADR") the proposed Hotel could achieve for its first five years of operation. For the purpose of this analysis, we have assumed that the proposed Hotel would be open and available for occupancy by November 1, 2021, in line with the developer's construction timeline.

2. METHODOLOGY

Specifically, in conducting the study of the potential market demand, we:

- Visited the site and assessed the impact of its accessibility, visibility, and location relative to demand generators;
- Researched and analyzed current economic and demographic trends to determine their impact on future lodging demand in the market;
- Researched the competitive lodging supply in San Francisco, with a particular focus on the hotels that would compete most directly with the proposed Hotel;
- Reviewed the historical performance of the competitive lodging market;
- Estimated the anticipated growth in supply and demand for lodging accommodations in the local market area;
- Prepared a forecast of future performance for the competitive lodging market;
- Evaluated the project's development plan for appropriateness within the market based on projected demand growth in San Francisco and the city's lodging needs; and,
- Prepared a forecast of the projected market penetration and the resulting occupancy levels and average daily rates ("ADR") for the proposed Hotel's first five years of operation.

Several sources were used in compiling the background information and preparing the analyses contained in this report. These sources include CBRE's *Trends® in the Hotel Industry*, data gathered

through direct interviews with representatives of local businesses, data provided by sources in the lodging chains with which the competitive properties are affiliated, data from various local government agencies, and data collected by STR, Inc.

B. SUMMARY OF FINDINGS

Based on the preceding work program, we have made a determination of the market viability for the proposed Hotel in San Francisco, California. Presented below is a summary of the historical and projected future performance of the greater San Francisco lodging market, followed by a more detailed projection of the primary sample of hotels deemed most competitive to the proposed Hotel. We have also presented the potential market performance of the proposed Hotel.

1. SAN FRANCISCO LODGING MARKET

A summary of historical and projected future performance for the San Francisco MSA lodging market for years 2014 to 2023 is presented below (from *CBRE Hotels Hotel Horizons®*, March – May 2019 Edition). It should be noted that this table includes hotels in San Francisco, San Mateo, and Marin Counties and is generally referred to as the San Francisco MSA lodging market.

SAN FRANCISCO MSA LODGING MARKET HISTORICAL AND PROJECTED PERFORMANCE						
YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2014	84.0%	1.5%	\$208.09	11.1%	\$174.83	12.8%
2015	84.4%	0.5%	\$222.10	6.7%	\$187.50	7.2%
2016	84.3%	-0.2%	\$230.62	3.8%	\$194.32	3.6%
2017	82.8%	-1.8%	\$229.00	-0.7%	\$189.50	-2.5%
2018	81.9%	-1.0%	\$241.28	5.4%	\$197.65	4.3%
2019F	82.8%	1.1%	\$255.62	5.9%	\$211.61	7.1%
2020F	82.4%	-0.4%	\$262.54	2.7%	\$216.37	2.2%
2021F	81.6%	-1.0%	\$267.08	1.7%	\$217.85	0.7%
2022F	81.7%	0.1%	\$270.14	1.1%	\$220.66	1.3%
2023F	82.4%	0.9%	\$274.55	1.6%	\$226.32	2.6%

Source: CBRE Hotels Americas Research, STR, Inc, Q4 2018

The San Francisco Bay Area is one of the strongest lodging markets in the United States. Occupancy has been consistently strong between 2014 and 2018 and has been approximately 20 percentage points above national averages for each of the past five years. ADR has also been very strong with rate growth ranging between -0.7 percent in 2017 (primarily due to the temporary

closure of the Moscone Center) and 11.1 percent in 2014. The long run average ADR growth rate for the San Francisco MSA lodging market is 3.9 percent, above the national long run average growth rate of 3.0 percent. Through year-end 2018, occupancy decreased by 1.0 percent, resulting in a market occupancy of 81.9 percent. The ADR for the San Francisco MSA increased by 5.4 percent, resulting in an ADR of \$241.28. It should be noted that the fluctuations in occupancy between 2016 and 2018 are largely attributable to decreased market compression resulting from the expansion construction and intermittent closure of the Moscone Center, San Francisco's convention center, which was undergoing a renovation and expansion. Over 500,000 group and convention room nights were cancelled during the renovation and expansion. However, with the January 2019 re-opening of the expanded Moscone Center, occupancy for the San Francisco MSA is projected to remain in the low to mid 80 percent range over the next five years, with continual ADR growth beginning in 2019.

2. COMPETITIVE LODGING MARKET

Presented in the following table is the historical and projected performance for the identified competitive market from 2013 to 2018, as well as for year-to-date ("YTD") February 2018 and 2019. Also presented below is the projected performance for these hotels from 2019 to 2026, coinciding with the first six calendar years of operation for the proposed Hotel.

PROPOSED HOTEL - SAN FRANCISCO, CA									
HISTORICAL AND PROJECTED PERFORMANCE OF THE COMPETITIVE MARKET									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2013	539,105	-	485,887	-	90.1%	\$249.99	-	\$225.31	-
2014	539,105	0.0%	487,722	0.4%	90.5%	\$274.23	9.7%	\$248.10	10.1%
2015	539,675	0.1%	462,938	-5.1%	85.8%	\$290.83	6.1%	\$249.48	0.6%
2016	540,200	0.1%	489,488	5.7%	90.6%	\$285.89	-1.7%	\$259.05	3.8%
2017	540,200	0.0%	468,102	-4.4%	86.7%	\$277.11	-3.1%	\$240.12	-7.3%
2018	540,200	0.0%	489,923	4.7%	90.7%	\$285.78	3.1%	\$259.19	7.9%
CAGR/Avg.	0.0%	-	0.2%	-	89.1%	2.7%	-	2.8%	-
YTD Feb '18	90,033	-	75,263	-	83.6%	\$275.86	-	\$230.60	-
YTD Feb '19	90,033	0.0%	80,502	7.0%	89.4%	\$319.39	15.8%	\$285.57	23.8%
2018	540,200	0.0%	489,923	4.7%	91%	\$285.78	3.1%	\$259.19	7.9%
2019	540,200	0.0%	480,800	-1.9%	89%	\$306.00	7.1%	\$272.35	5.1%
2020	555,408	2.8%	488,800	1.7%	88%	\$318.00	3.9%	\$279.86	2.8%
2021	643,130	15.8%	550,700	12.7%	86%	\$328.00	3.1%	\$280.86	0.4%
2022	758,835	18.0%	637,200	15.7%	84%	\$338.00	3.0%	\$283.82	1.1%
2023	816,505	7.6%	691,300	8.5%	85%	\$348.00	3.0%	\$294.64	3.8%
2024	816,505	0.0%	702,200	1.6%	86%	\$358.00	2.9%	\$307.88	4.5%
2025	816,505	0.0%	702,200	0.0%	86%	\$369.00	3.1%	\$317.34	3.1%
2026	816,505	0.0%	702,200	0.0%	86%	\$380.00	3.0%	\$326.80	3.0%
CAGR	6.1%	-	5.6%	-	-	3.1%	-	2.6%	-

Net supply changes reflect fluctuating available room inventory due to renovations of hotels in the competitive market as well as new hotel openings.

Source: CBRE Hotels Advisory and STR, Inc.

As shown, the competitive market's occupancy ranged between 85.8 percent and 90.7 percent between 2013 and 2018, above the San Francisco MSA averages. Over this six-year period, the competitive market's average occupancy was 89.1 percent. The ADR for the competitive market has increased at a compound annual growth rate ("CAGR") of 2.7 percent over the presented historical period, below the levels of growth achieved by the San Francisco MSA of 5.2 percent as a result of disruptions from significant renovations at some of the properties within the competitive set in addition to overall softness in demand arising from the closure and renovation of the Moscone Center during 2017 to 2019. As of year-end 2018, ADR for the competitive market was approximately \$286 which was \$45 higher than the \$241 ADR for the San Francisco MSA.

The performance of the hotels comprising the proposed Hotel's direct competitive market is indicative of robust demand, with occupancy levels in the high 80 to low 90 percent range. ADR levels within the competitive market are likewise very healthy, surpassing both national and regional trends. We are of the opinion that the addition of the proposed Hotel will not have any material negative impact on the overall competitive market's long-term performance. In fact, the City of San Francisco is significantly under-served with regard to hotel rooms supply and generates a significant amount of unsatisfied demand that is displaced to other markets throughout the Bay Area such as the SFO market and Oakland/Emeryville market.

Occupancy for the competitive market is projected to remain relatively stable between 84 and 89 percent over the next several years, even with the anticipated hotel additions, including the proposed Hotel, expected to enter the market.

3. SUBJECT

Finally, we have presented our projections of future performance for the 192-room proposed Hotel in the following table. As mentioned, we have assumed that the proposed Hotel will be open as of November 1, 2021. Based on discussions with the developer, we have assumed that the proposed Hotel would be positioned as an upscale, chain-branded hotel. Representative hotel brands in the upscale tier include AC Hotels by Marriott, aloft, Courtyard by Marriott, Crowne Plaza, DoubleTree, Hilton Garden Inn and Hyatt Place.

PROPOSED HOTEL - SAN FRANCISCO, CA PROJECTED PERFORMANCE									
Year	Hypothetical ADR	Market Growth	Introductory Discount	Actual ADR	Percent Change	Subject Occupancy	Subject Penetration	RevPAR	Percent Change
2018	\$285.00	-							-
2019	\$308.00	8.0%							
2020	\$320.00	4.0%							
2021	\$330.00	3.0%	3.0%	\$320.00	-	75%	88%	\$241.10	-
2022	\$340.00	3.0%	0.0%	\$340.00	6.3%	80%	95%	\$271.20	12.5%
2023	\$350.00	3.0%	0.0%	\$350.00	2.9%	83%	98%	\$290.17	7.0%
2024	\$361.00	3.0%	0.0%	\$361.00	3.1%	87%	101%	\$313.71	8.1%
2025	\$372.00	3.0%	0.0%	\$372.00	3.0%	87%	101%	\$323.27	3.0%
2026	\$383.00	3.0%	0.0%	\$383.00	3.0%	87%	101%	\$332.83	3.0%

Source: CBRE Hotels Advisory

If the Hotel were open in 2018, we believe that it could achieve an ADR of approximately \$285 based upon the performance of other hotels of similar quality and chain scale in the City of San Francisco. Applying the same growth rates for the competitive market, we project an ADR of \$320 upon opening in 2021 after the deduction of an introductory discount, which is typical as hotels offer discounts and promotions to create awareness in the local market. We expect the proposed Hotel to achieve a stabilized occupancy in 2024 of 87 percent, slightly above the stabilized level projected for the competitive market given its unique meeting and event facilities which will help drive group demand.

We have subsequently converted the preceding projected calendar year performance of the Subject to a fiscal year basis, with the first full fiscal year of operations represented by the period November 1, 2021 to October 31, 2022. The following table summarizes the Subject's projected results on a fiscal year basis.

PROPOSED HOTEL - SAN FRANCISCO, CA PROJECTED PERFORMANCE – FISCAL YEAR BASIS							
Calendar Year Projections				Fiscal Year Conversion			
Year	Occupancy	ADR	Percent Change	Fiscal Year	Occupancy	ADR	Percent Change
2021	75%	\$320	-	2021/22	79%	\$337	-
2022	80%	\$340	6%	2022/23	82%	\$348	3%
2023	83%	\$350	3%	2023/24	86%	\$359	3%
2024	87%	\$361	3%	2024/25	87%	\$370	3%
2025	87%	\$372	3%	2025/26	87%	\$381	3%
2026	87%	\$383	3%	2026/27	87%	\$392	3%
2027	87%	\$394	3%	2027/28	87%	\$404	3%
2028	87%	\$406	3%	2028/29	87%	\$416	3%
2029	87%	\$418	3%	2029/30	87%	\$428	3%
2030	87%	\$431	3%	2030/31	87%	\$441	3%

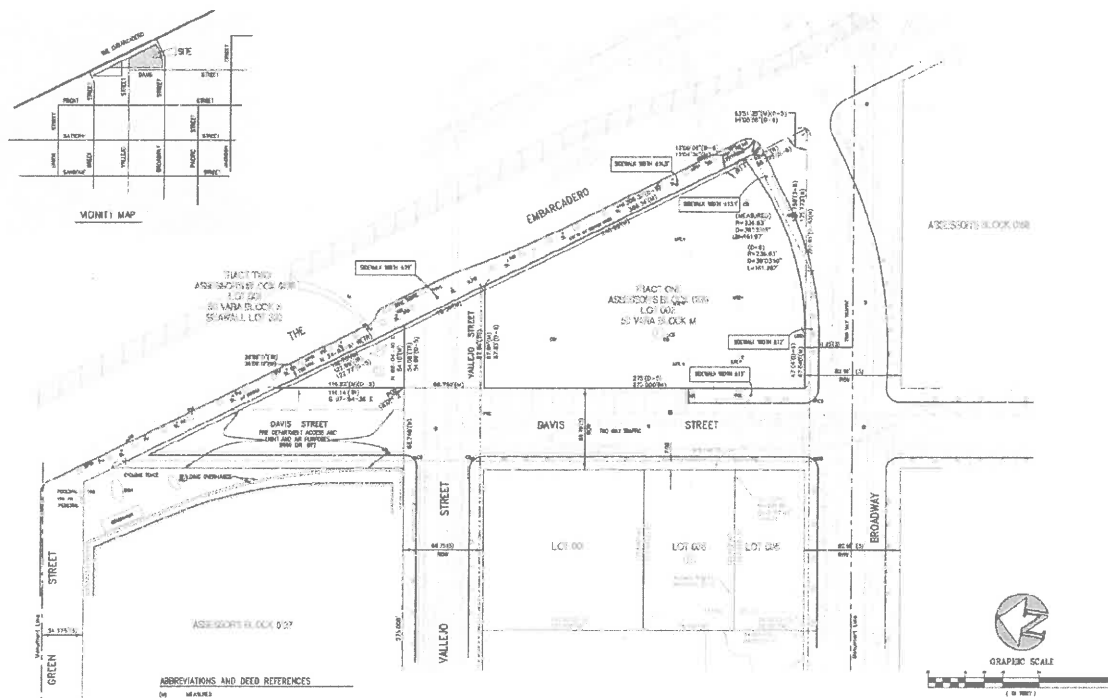
Note: Average daily rates rounded to the whole dollar
Source: CBRE Hotels Advisory

C. PROJECT AND SITE DESCRIPTION

The proposed Hotel will be positioned as an upscale, branded hotel affiliated with an international hotel company. As we understand it, the proposed Hotel will consist of a four-story brick building with frontage on The Embarcadero along San Francisco's waterfront. The main entrance to the Hotel will be on Broadway Avenue, an east/west four-lane thoroughfare on the southern portion of the Subject site. A bus loading zone will be located on Davis Street, on the western portion of the Site. The physical address of the Site is known as Seawall Lots 323 and 324, San Francisco, California.

The Subject site consists of a wedge-shaped assemblage measuring approximately 59,750 SF (1.37 acres) which is bounded by The Embarcadero to the east, Davis Street to the west and Broadway Avenue to the south. A copy of the survey delineating the Subject site is presented below.

ALTA/NSPS LAND TITLE SURVEY



The Subject will offer 192 guestrooms averaging 300 square feet which will be located on the second through fourth floors; a restaurant and bar measuring 4,400 square feet located on the ground floor along The Embarcadero; approximately 2,400 square feet of meeting and pre-function space located on the ground floor; and an approximate 3,500-square foot roof terrace

offering views of the waterfront and the city skyline. For the purpose of this analysis, we have assumed that the proposed Subject would represent a 192-room, upscale, branded hotel and would be open and available for occupancy in November of 2021.

Sharing the site with the Subject is the approximate 4,600-square foot Teatro ZinZanni featuring a 40-foot glass pavilion with the historic mirror tent, “Palais Nostalgique” enclosed within. Teatro ZinZanni is a dinner theater revue that showcases performances of cirque, clowning, cabaret, aerial arts, magic, and illusion, during which a five-course gourmet dinner is served. The shows begin at approximately 5:30 PM and conclude at approximately 11:30 PM. Teatro ZinZanni plans to operate five days a week during peak periods and four days a week during the shoulder months of January through March. The tent is also available for group events and social gatherings when performances are not being staged.

Teatro ZinZanni has a track record of success in San Francisco, having operated successfully on The Embarcadero from 2000 to 2011, with an average attendance of 60,000 guests annually. The brand has established relationships with more than 500 national businesses, travel organizations and event planners, resulting in groups sales volume that comprises more than 20 percent of total ticket sales. The Subject’s partnership with Teatro ZinZanni is anticipated to allow for better-than-average penetration of group business.

In addition to Teatro ZinZanni, other distinctive features of the Subject include an adjacent 14,000 square foot public park at the northern end of the Site, with seating areas, paved pathways and landscaping that can also be utilized for outdoor events.

The proposed Hotel will be located in the Jackson Square neighborhood and Northeast Waterfront Historic District of San Francisco, with frontage along The Embarcadero, San Francisco’s roadway along the waterfront. East, northeast and southeast of the Site, across and along The Embarcadero, are piers, restaurants, retail stores and The Exploratorium, one of San Francisco’s top ranked museums that hosts an estimated 850,000 visitors annually. Notable developments west of the site, along Davis Street, include two/three story commercial buildings and the headquarters of the local San Francisco ABC affiliate, KGO TV. South of the site along Broadway Avenue is the Golden Gateway Commons, a residential and commercial development spanning several blocks. Further south of the site along The Embarcadero is The Ferry Building Marketplace, a San Francisco landmark that is also a multi-modal public transit hub served by historic trolley, MUNI (light rail), BART (rapid transit) and ferry; an expansive festival retail center for artisanal food and beverage producers; and the venue for one of San Francisco’s most popular farmers’ markets. North of the Subject site is Levi’s Plaza, the world headquarters for Levi jeans, the Alcatraz tours pier, the San Francisco Aquarium, Pier 39 and Fisherman’s Wharf, all of which are located within one mile of the proposed Hotel.

The Subject site is bookended by two F-line trolley stops: The Embarcadero & Green Street to the north and The Embarcadero & Broadway to the south. The F-line, San Francisco’s historic trolley

line, connects the waterfront attractions from Fisherman's Wharf to the north to the Ferry Building to the south, and thereafter travels in a westerly direction along Market Street for approximately three miles to San Francisco's Castro District. The F-line also connects with the E-line with stops at Oracle Park, home of the SF Giants MLB team and the CalTrain station. Given its convenient access via public transportation to destinations throughout the City of San Francisco as well as the Site's ample frontage along The Embarcadero and the low height profile of surrounding buildings ensure that proposed Hotel will enjoy excellent visibility from area thoroughfares.

Overall, the location of the Subject site is ranked "excellent," as outlined in the following table.

SUBJECT SITE ANALYSIS					
	Excellent	Very Good	Good	Fair	Poor
Accessibility	X				
Visibility	X				
Proximity to Amenities	X				
Proximity to Demand	X				
Long-term Strategic Potential	X				

Renderings of the proposed Hotel, maps, photographs and a site plan are presented on the following pages.

PROPOSED HOTEL RENDERING – VIEW OF HOTEL BUILDING FROM BROADWAY AND THE EMBARCADERO



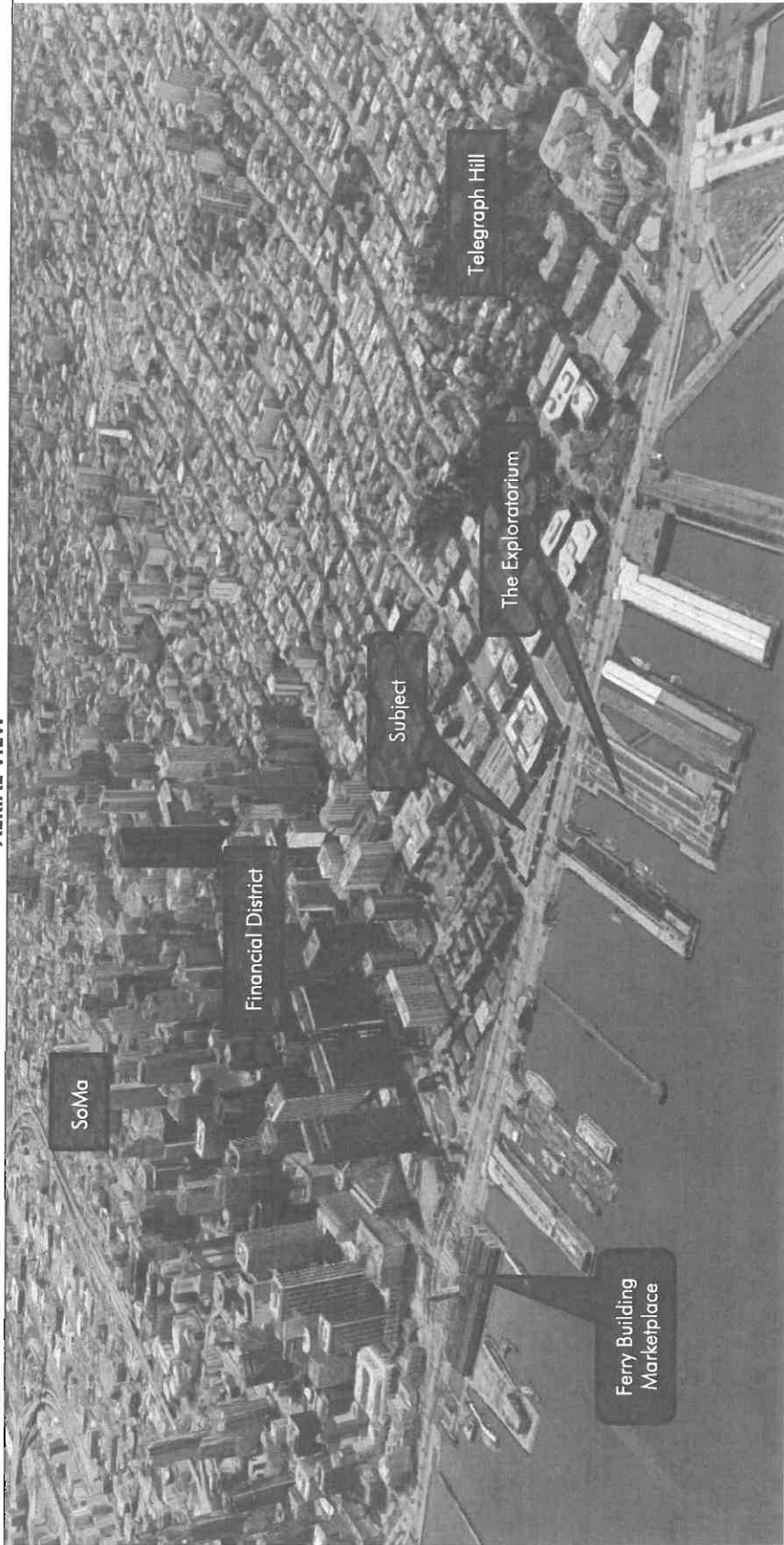
PROPOSED HOTEL RENDERING – VIEW OF PALAIS NOSTALGIQUE AND GLASS PAVILION FROM THE EMBARCADERO



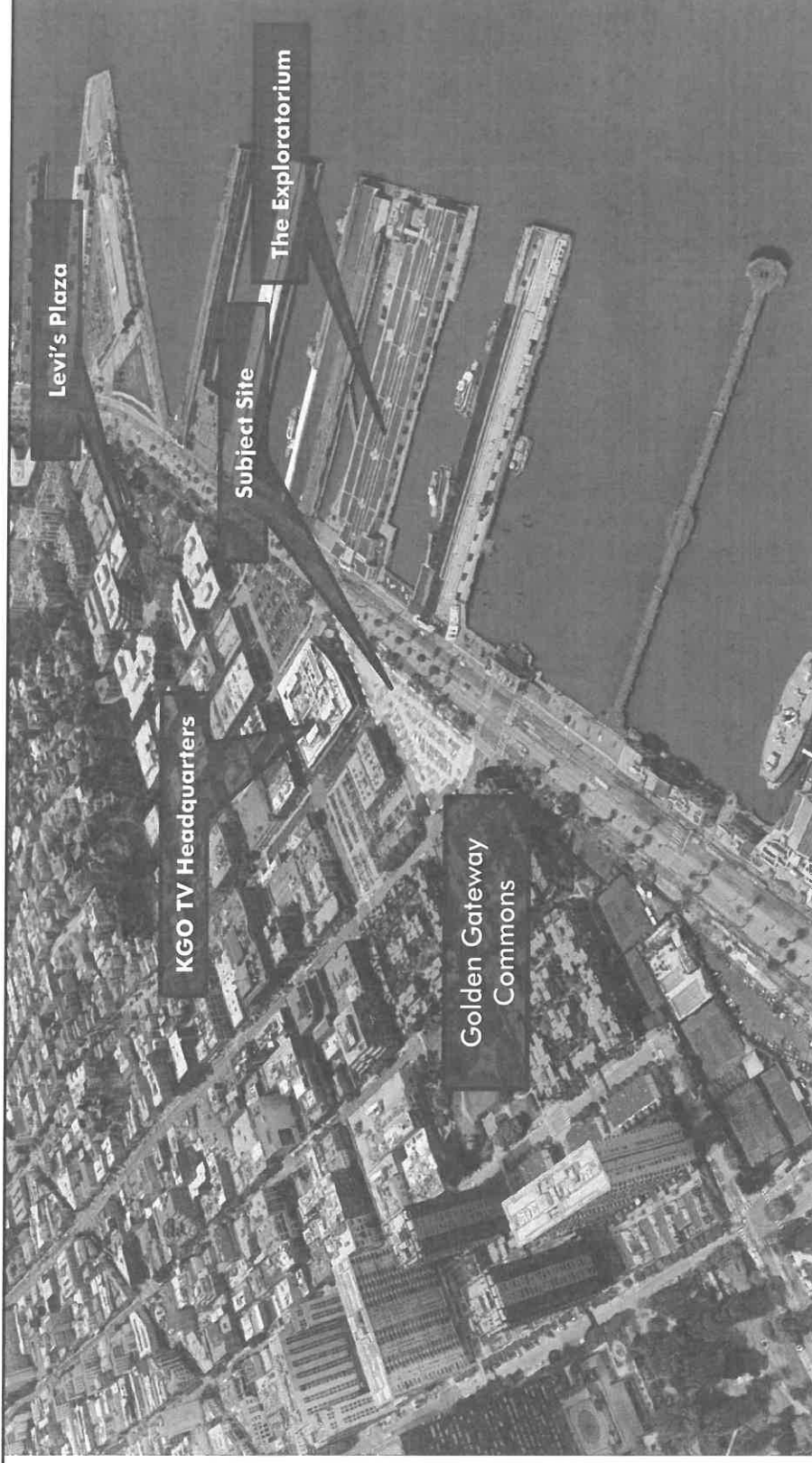
PROPOSED HOTEL RENDERING – VIEW OF HOTEL BUILDING FROM BROADWAY AVENUE AND DAVIS STREETS



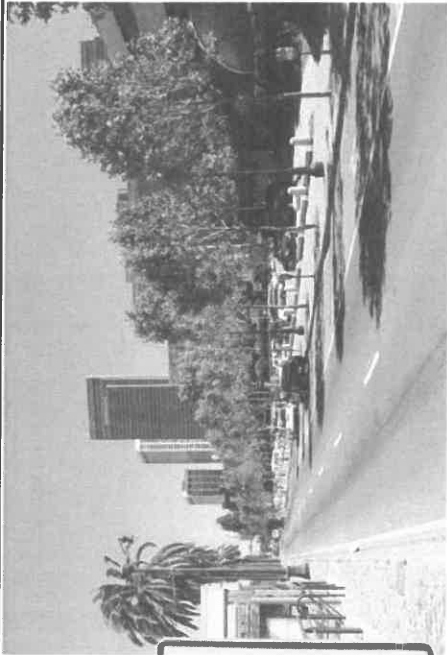
AERIAL VIEW



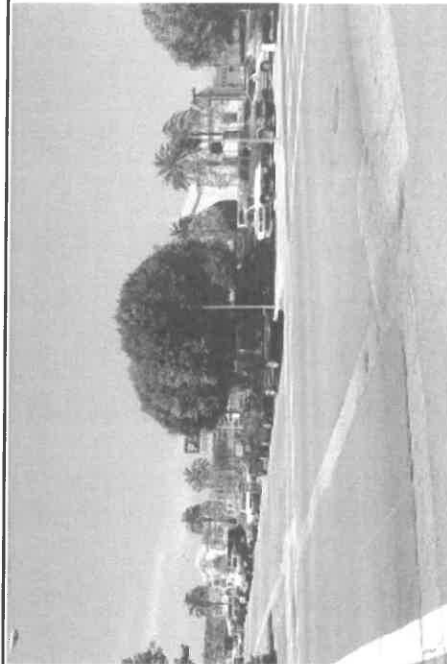
NEIGHBORHOOD MAP



SUBJECT PHOTOGRAPHS



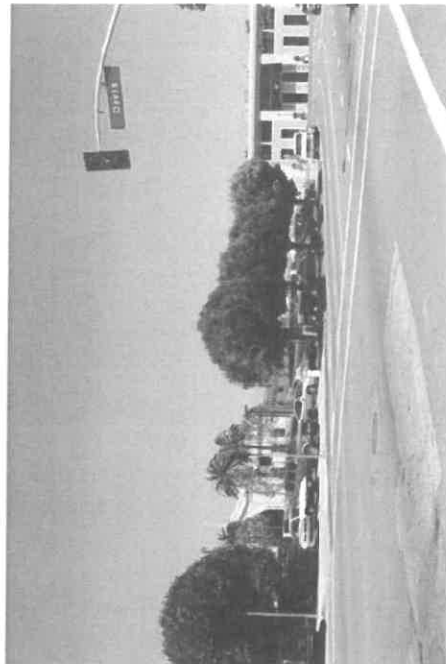
Existing Site
Embarcadero Looking South



Existing Site
Davis Looking North

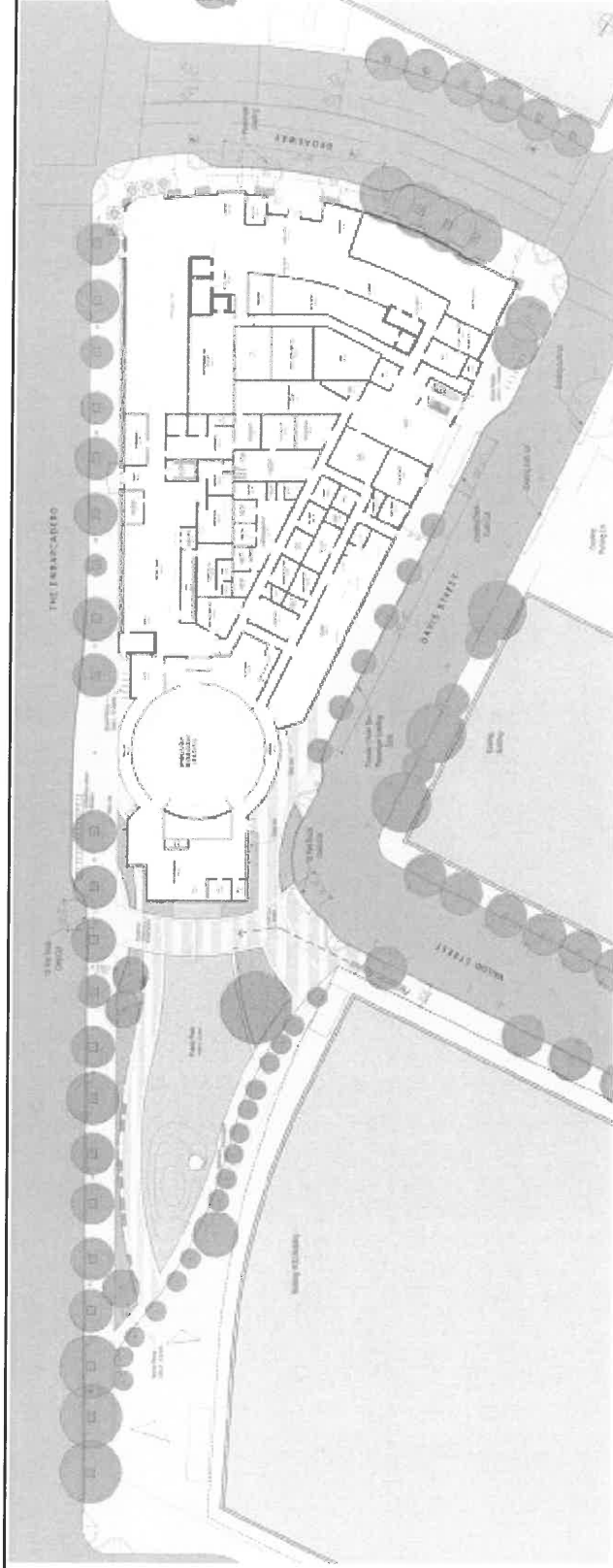


Existing Site
Broadway/Embarcadero Corner Looking North



Existing Site
Broadway/Davis Corner Looking East

SITE PLAN



D. LOCAL AREA ECONOMIC HIGHLIGHTS

Presented in the following pages is a brief summary of several of the economic highlights impacting the economy and subsequently the lodging demand in San Francisco.

Introduction: The market performance of a hotel is often influenced by factors that can be broadly categorized as economic, governmental, social, and environmental. It is therefore necessary to evaluate the dynamics of these factors within the local and primary feeder markets to understand their effect on the performance of a lodging property.

National Overview: In analyzing the Subject, it is necessary to understand the current state of the U.S. economy. Economic growth remained strong in Q4 2018. Total nonfarm payroll employment increased by an average of 223,000 jobs per month in Q4, according the Bureau Labor Statistics. This is greater than the previous quarter's average of 208,000. The unemployment rate held steady compared to the previous quarter, remaining at 3.8 percent. On the other hand, median weekly wages increased in Q4, although the 1.5 increase is somewhat muted in comparison with unemployment.

In Q4, the Federal Reserve raised its target interest rate 25 basis points for the fourth time in 2018, to between 2.25 and 2.50 percent. The stated motivations were the strengthening labor market and economic activity. Inflation, as measured by the change in CPI, moderated slightly to 2.2 percent. This is very close to the Federal Reserve's stated goal of 2.0 percent inflation. In anticipation of the market reaction due to the consistent pace of rate increases, CBRE-EA lowered its forecast for 2019 inflation to 1.9 percent, down from 2.2 percent.

CBRE's baseline outlook for the U.S. has real GDP growing at 2.4 percent in 2019. The rate of job creation has slowed as the number of available workers fell and the economy operated at near-peak capacity. The total annual job creation is forecast to be 1.9 million in 2019, down from 2.6 million in 2018. Wages should continue to rise with a tightening labor market, and real personal income is predicted to increase by 2.5 percent in 2019, up from 2.0 percent in 2018. Although significant risk from political uncertainty continues, the economic fundamentals remain solid.

Presented in the following text is a brief overview of the local socio-economic factors directly impacting the performance of the proposed Hotel.

State of California: California is the most populous state in the U.S., with its nearly 40 million residents representing approximately 12 percent of the U.S. population. California's GDP is also the highest of any state in the U.S., and is ranked fifth globally after the U.S., China, Japan, and Germany. As of Q3 2018, the Bureau of Economic Analysis reported that California's GDP of \$2.9 trillion represented more than 14 percent of the national total. The table below presents historical and projected trends in the state's labor force, income and construction, as compiled by

the State of California Department of Finance.

STATE OF CALIFORNIA LABOR FORCE, INCOME AND CONSTRUCTION TRENDS										
California Labor Force and Employment ^{1/}										
	Annual Averages					Annual Percent Change				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Civilian Labor Force	19,465	19,612	19,753	19,886	20,016	0.8	0.8	0.7	0.7	0.7
Civilian Unemployment Rate	4.3	4.3	4.3	4.3	4.3					
Farm Employment	427	426	425	424	424	(0.1)	(0.3)	(0.2)	(0.0)	(0.0)
Non-Farm Employment	17,155	17,386	17,550	17,681	17,807	1.9	1.3	0.9	0.8	0.7
Year-to-Year Change	328	231	163	132	126					
Goods Producing	2,199	2,266	2,322	2,381	2,441	2.6	3.1	2.5	2.5	2.5
Mining and Logging	23	23	23	23	23	2.8	3.6	(1.6)	(1.0)	(0.6)
Construction	858	924	979	1,037	1,096	6.1	7.6	6.0	5.9	5.7
Manufacturing	1,318	1,319	1,320	1,321	1,322	0.4	0.1	0.1	0.1	0.1
Machinery, Computers and Transportation	783	787	789	791	794	1.9	0.4	0.3	0.3	0.3
Food, Textiles and Other Manufacturing	534	533	531	530	528	(1.8)	(0.3)	(0.3)	(0.2)	(0.2)
Service Providing	14,957	15,120	15,227	15,301	15,367	1.9	1.1	0.7	0.5	0.4
Trade, Transportation, Warehousing and Utilities	3,073	3,096	3,108	3,125	3,136	1.1	0.7	0.4	0.5	0.4
Retail, Wholesale Trade and Utilities	2,473	2,485	2,494	2,507	2,515	0.1	0.5	0.3	0.5	0.3
Retail Trade	1,723	1,737	1,743	1,750	1,752	1.9	0.8	0.4	0.4	0.1
Wholesale Trade and Utilities	749	748	751	757	763	(4.0)	(0.1)	0.3	0.8	0.8
Transport and Warehousing	601	611	615	618	621	5.7	1.6	0.7	0.6	0.5
Information	548	552	556	559	560	2.4	0.8	0.7	0.4	0.3
Financial Activities	844	855	861	865	867	0.5	1.4	0.7	0.4	0.3
Professional and Business Services	2,648	2,680	2,696	2,703	2,709	3.0	1.2	0.6	0.3	0.2
Professional, Scientific, Technical Services	1,522	1,542	1,550	1,554	1,557	4.0	1.3	0.6	0.3	0.2
Administrative, Waste and Remediation Services	1,126	1,138	1,146	1,149	1,151	1.8	1.1	0.7	0.3	0.2
Educational and Health Services	2,699	2,745	2,781	2,814	2,843	2.5	1.7	1.3	1.2	1.0
Educational Services	364	364	366	367	367	0.1	0.2	0.3	0.3	0.2
Health Services	2,335	2,381	2,415	2,447	2,475	2.8	2.0	1.4	1.3	1.2
Ambulatory Services	836	855	871	886	899	3.3	2.2	1.9	1.7	1.4
Social Assistance	795	814	830	845	860	3.5	2.4	1.9	1.8	1.7
Other Health Care Services	704	712	714	716	717	1.6	1.1	0.3	0.2	0.1
Leisure and Hospitality	1,985	2,007	2,019	2,029	2,037	2.0	1.1	0.6	0.5	0.4
Other Services	575	581	583	585	586	1.8	0.9	0.4	0.4	0.2
Government	2,585	2,603	2,623	2,621	2,628	1.2	0.7	0.7	(0.0)	0.3
Units: Thousands										
California Personal Income ^{1/}										
	Annual Averages					Annual Percent Change				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Total Personal Income	2,494	2,619	2,740	2,857	2,972	5.5	5.0	4.6	4.3	4.0
Taxable Personal Income	1,783	1,871	1,953	2,031	2,106	5.6	4.9	4.4	4.0	3.7
Total Wages and Salaries	1,256	1,319	1,377	1,431	1,483	5.8	5.0	4.4	3.9	3.6
Disposable Income	2,147	2,251	2,350	2,444	2,537	5.8	4.8	4.4	4.0	3.8
Units: Billion Current Dollars										
California Construction ^{1/}										
	Annual Averages					Annual Percent Change				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Total Units (Thousand Permits)	125.1	139.2	153.6	165.9	177.4	9.8	11.3	10.3	8.0	7.0
Single Family	62.2	69.7	76.9	83.0	88.5	12.2	12.0	10.3	8.0	6.5
Units in Multiples	62.8	69.5	76.6	82.8	89.0	7.4	10.7	10.2	8.1	7.4
Total Valuation (Billion Dollars)	70.6	78.3	86.1	94.1	101.9	10.7	11.0	9.9	9.3	8.3
Residential	38.5	43.3	48.3	53.7	59.5	10.3	12.4	11.5	11.2	10.9
Non-Residential	32.0	35.0	37.8	40.4	42.4	11.1	9.3	7.9	6.9	5.0

^{1/} Data starting in 2018 are forecasts prepared in November 2018.
Source: California State Department of Finance

City and County of San Francisco Overview: The proposed Hotel will be located in the City and County of San Francisco. San Francisco is the focal point of the Bay Area and a major West Coast financial, retail, and transportation center, with an economy driven primarily by technology and tourism. Although the city was negatively impacted by the 2008 and 2009 economic downturn, it has been quick to rebound. A knowledge-based economy, coupled with numerous developments within the city, will continue to support economic growth in the region.

Population: According to the U.S. Census Bureau, San Francisco had a population of approximately 884,000 residents in 2018. The population has increased at a CAGR of 1.2 percent since 2010, slightly above the statewide growth rate of 0.7 percent over the same period due primarily to the city's rapid economic growth following the most recent recession. Going forward, San Francisco's population growth is projected to trail that of the state for the next decade as residents relocate to more affordable areas in surrounding Bay Area cities.

Employment: According to the State of California Employment Development Department, San Francisco County had a labor force of 589,100 persons as of February 2019. Major employment sectors include professional and business services; trade, transportation, and utilities; government; and leisure and hospitality. However, San Francisco (and the entire Bay Area) is primarily known for its high-tech industry, and high-tech has propelled the local job market since 2011, accounting for nearly 71 percent of the 94,500 estimated office jobs added. San Francisco's unemployment rate was reported to be 2.4 percent as of February 2019, lower than the national rate of 3.8 percent and the statewide rate of 4.2 percent that same month due to the city's highly-trained workforce and concentration of high-growth technology companies.

Commercial Office Market: The San Francisco commercial office market consists of approximately 82 million square feet of net rentable area, of which approximately 65 percent is classified as Class A space. The office market can be generally categorized into ten submarkets. CBRE Research reports that average asking rents in San Francisco have surpassed prior record levels set in 2000 and were ranked the highest in the U.S. as of Q4 2018, at an average of over \$81 per square foot. Vacancy rates were also the lowest in the nation, at 4.1 percent as of Q4 2018. The following table presents a snapshot of the San Francisco office market as of Q4 2018.

SAN FRANCISCO OFFICE MARKET STATISTICS Q4 2018

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate (\$)	Q4 Net Absorption	YTD Net Absorption
Financial District	26,754,354	5.2	10.0	82.86	159,250	937,080
Class A	20,201,447	4.4	9.4	85.38	107,206	870,124
South Financial District	24,470,735	2.6	8.4	87.59	234,282	2,039,044
Class A	21,208,865	2.5	7.8	88.77	225,937	1,855,675
N. Waterfront & Jackson Sq.	5,364,239	5.4	10.2	70.69	31,470	(41,436)
Class A	1,928,125	3.1	5.7	74.29	18,685	(37,803)
South of Market	8,006,654	4.4	7.6	79.58	50,785	442,765
Class A	3,567,367	3.1	6.3	84.45	30,467	435,626
Yerba Buena	3,395,612	2.1	6.3	75.82	10,756	42,051
Class A	1,279,859	0.9	1.9	77.51	0	9,743
South of Market West	3,505,381	2.4	6.9	69.97	5,537	56,568
Class A	1,633,952	4.5	4.5	72.98	0	16,205
Mission Bay / China Basin	2,510,383	0.3	0.3	94.30	(5,220)	20,136
Class A	2,510,383	0.3	0.3	94.30	(5,220)	20,136
Potrero Hill	2,406,464	5.2	7.4	67.91	(6,497)	287,689
Class A	573,109	0.0	0.0	70.29	0	328,653
Civic Center & Van Ness	1,806,369	7.2	8.5	61.76	14,174	60,016
Class A	619,541	4.2	7.4	68.50	19,151	22,685
Union Square	3,694,923	7.8	11.8	66.89	52,775	34,107
Class A	335,200	7.8	15.4	78.21	(5,510)	3,733
San Francisco Office Market	81,915,114	4.1	8.7	81.04	547,312	3,878,020
Class A	53,857,848	3.2	7.6	85.71	390,716	3,524,777

Source: CBRE Research, Q4 2018.

Convention Center: San Francisco is home to the Moscone Convention Center, which is responsible for generating an estimated 21 percent of all tourism to the City. Until January 2019, the Center offered approximately 740,000 square feet of exhibit space, up to 106 meeting rooms, and as many as four ballrooms in its three main buildings: Moscone North, South, and West. In January 2019, an expansion wing was completed, adding approximately 157,000 square feet of space. The expansion effectively increased the center's usable event space by more than 25 percent with the addition of a 50,000-square foot column free ballroom, 25,000 square feet of secure outdoor terraces and 100,000 square feet of pre-function space oriented to provide views of the city. The economic impact of the \$551 million expansion is projected to be \$272 million annually. As an indication of the success of the expansion, 2019 citywide convention demand is projected to grow by 60 percent over 2018 levels with an estimated increase of nearly 470,000 room nights; there are 49 events on the books for 2019 compared to 41 in 2018. Based on the March 2019 Trends Analysis Projections, LLC ("TAP") report, the number of definite room nights booked for

2019 have exceeded the pace target with approximately 1.66 million rooms nights booked, a record for San Francisco. Total booked room nights for 2020 as of March 2019 are approximately 1.25 million.

Tourism: San Francisco is a world-class tourist destination and is widely appreciated for its numerous attractions, picturesque scenery, and diverse culture. It is consistently ranked as one of the top ten best cities to visit by the Condé Nast Traveler's Readers' Choice Awards and has received a variety of additional accolades from other national and international publications.

The San Francisco Travel Association estimated a total of 26.3 million visitors in 2018, an increase of 2.6 percent over 2017. Total visitor spending reached \$9.5 billion in 2018, up 3.8 percent over 2017. This was the ninth consecutive year of record-breaking performance for San Francisco's tourism industry. This massive influx of visitor dollars benefits hotels, restaurants, retail shops, local attractions, and cultural institutions, and has in fact bolstered practically every segment of the local economy. It has also remained a positive influence on government finances. Major contributors to that figure include hotel tax and property tax. Due to a high volume of visitation, the city's hotels achieve some of the highest annual occupancy levels in the nation.

City Development: San Francisco continues to be involved in various medium to large-scale development projects that will revive some underused areas and improve other already-popular districts of the city, such as the Embarcadero and Mission Bay. These projects are discussed further in the following paragraphs.

The continuous development of **The Embarcadero**, San Francisco's waterfront area between Mission Bay and Fisherman's Wharf, is part of a master plan known as the Waterfront Land Use Plan of 1997. This mixed-use plan emphasizes opening up the Bay to residents and tourists and promoting the development of abandoned piers and buildings into more attractive uses. Between 1997 and 2014, 63 new acres of waterfront open space were constructed, 19 historical resources were rehabilitated, seven derelict piers and wharves were removed, and AT&T Park was constructed. The Ferry Building, a San Francisco landmark, is the most visual of the numerous Embarcadero developments. After a comprehensive renovation and restoration in 2003, the Ferry Building now houses numerous restaurants, shops, and a popular farmers' market. Additional restaurants and retail outlets along Steuart Street (which runs parallel to the waterfront) and on the first and second floors of the Embarcadero Center have made this area a destination.

Current projects in the planning stages for The Embarcadero include the following:

- Construction of an affordable housing development and a new welcome center for the National Park Service at Alcatraz Landing;
- The re-purposing of Pier 29 to potentially include new retail facilities;

- The repairing of the Pier 38 bulkhead;
- A redevelopment of Pier 48 to include a waterfront park, and 3.6 million square feet of retail, light manufacturing, commercial, and residential uses;
- Construction of the nine-acre Crane Cove waterfront park at Pier 70;
- Redevelopment of a 28-acre site at Pier 70, to potentially include the construction of 950 residential units; 2.6 million square feet of office, retail, and commercial uses; rehabilitation of four historic buildings; seven acres of open space; and parking structures;
- Redevelopment of a privately-owned 21-acre site located south of Pier 70, to potentially include the construction of residential, life and sciences, office developments, and a hotel;
- The construction of an automobile import/export terminal at Pier 80;
- Development of a cargo terminal at Pier 90 to facilitate the export of iron ore mining products; and,
- Development of the proposed Hotel and Teatro ZinZanni.

Mission Bay, a 303-acre redevelopment area located just south of AT&T Park, is the City's largest raw land development project and is being promoted as the future headquarters to the world's biotechnology industry. When fully complete, the project could potentially include 6,400 housing units (including 1,900 designated affordable units), 3.4 million square feet of commercial space and biotech lab space, a 3.15 million-square-foot UCSF research campus, a 550-bed UCSF Medical Center (which opened its first phase in February 2015 and started the second phase in March 2017), 425,000 square feet of retail space, a 250-room Marriott hotel, 49+ acres of public parks and open space, a 500-student public school, a public library, a new fire and police station, and other community facilities. Development began in 2000 and will take place over 20 to 30 years, and is expected to cost in excess of \$9 billion. \$700 million of investment in new public infrastructure and parks is being leveraged to generate \$9+ billion in new investment from private developers, users, and institutions. This community will be home to an estimated 11,000 new residents, promoting smart growth by placing housing and jobs directly adjacent to transit. With an estimated 30,000 jobs at full build-out in critical fields like biotech, healthcare, technology and education, Mission Bay creates a hub for innovation and economic growth.

Mission Rock, a 28-acre project area located in Mission Bay at the site of Oracle Park's Lot A surface parking, is proposed to be a new mixed-use neighborhood. The project is expected to consist of eight acres of new parks and open space, approximately 1,500 new rental homes (40 percent affordable housing), historic rehabilitation of Pier 48, 1.3 to 1.7 million square feet of commercial space, 150,000 to 200,000 square feet of retail, and 850,000 square feet of structured parking. Construction is expected to begin in 2020 and be complete by 2025.

The Golden State Warriors basketball team is relocating from Oakland to San Francisco, and has begun construction on a privately funded \$800 million arena. This arena, the Chase Center, is located in Mission Bay on a 12-acre site bounded by South Street, Terry Francois Boulevard, 16th Street, and 3rd Street. The 18,000-seat structure will include a view deck and two public plazas, and represents another indoor venue for the city with the ability to host approximately 220 events annually. Completion is scheduled for September 6, 2019, and it will host the Warriors for the start of the 2019-20 NBA season.

The ongoing development of Mission Bay has led to the revitalization of the nearby Rincon Hill and Dogpatch neighborhoods. A 49-story, 298-unit residential development at One Rincon Hill opened in 2014 as a companion to an existing 64-story, 390-unit tower. In addition, over 1,500 housing units are proposed or under construction in the Dogpatch area.

Redevelopment of the **Transbay Terminal** in San Francisco's SoMa neighborhood began in December 2008. This \$4.5 billion transportation and housing project has replaced the current Transbay Terminal at First and Mission Streets with a modern regional transit hub connecting eight Bay Area counties through 11 transit systems. The project consists of three elements: replacing the existing terminal; extending CalTrain and the California High Speed Rail underground; and creating a new neighborhood with homes, hotels, offices, parks, and shops surrounding the new Transit Center, now referred to as the Salesforce Transit Center. The center will include over six million square feet of new office space, 4,400 units of new housing (1,200 of which will be affordable), 100,000 square feet of new retail, 1,000 new hotel rooms, the 1,070-foot Salesforce Tower, and 11 acres of public parks. Construction on the first phase, the aboveground bus terminal, began in 2010. Limited Muni bus service began in December 2017, and full service from AC Transit and other regional bus operators began in August 2018. Full funding has not yet been secured for the second phase of construction, the Downtown Rail Extension, which will add an underground terminal station for Caltrain and California High-Speed Rail. Once completed, the new Transit Center is anticipated to accommodate over 100,000 passengers each weekday and up to 45 million people per year. The Transit Center was abruptly ordered closed on September 25, 2018 following the discovery of a crack in a steel beam supporting the rooftop park. After discover of a crack in a second beam, the Transit Center is closed indefinitely and until repairs can be made.

The **Central Subway Project** will improve public transportation in San Francisco by extending the Muni Metro T Third Line to provide a direct transit link between the Bayshore and Mission Bay areas to SoMa, downtown San Francisco, and Chinatown. When the Central Subway is completed, T Third Line trains will travel mostly underground from the 4th Street Caltrain Station to Chinatown, bypassing heavy traffic on congested 4th Street and Stockton Street. Four new stations will be built along the 1.7-mile alignment: 1) 4th and Brannan Station, 2) Yerba Buena/Moscone Station (4th

and Folsom Streets), 3) Union Square/Market Street Station (Stockton Street at Union Square), and 4) Chinatown Station (Stockton and Washington Streets). Construction is underway and the project is scheduled for completion in 2019.

Treasure Island, a former naval base, is currently in the stages of converting to civilian use and incorporation into the jurisdiction of San Francisco. Current plans for the \$1.5 billion project include the development of approximately 8,000 residential units, 300,000 square feet of retail, 100,000 square feet of office, 500 hotel rooms, 300 acres of parks and open space, a marina, and a ferry terminal. Additional developments may include an organic farm, wind farm, parkland, and tidal marshes.

San Francisco has long been known for its art and culture and is the home to a diverse selection of museums, many of which have undergone expansions or renovations in recent years. Most notable is the **San Francisco Museum of Modern Art** ("SFMOMA"), which closed in June 2013 to undergo a \$295 million expansion to triple the amount of gallery space and reopened in May 2016.

The **Hunters Point Shipyard**, a former naval base, is a master-planned community of approximately 500 acres. A two-phase development program is planned for the area: Phase I is underway and upon completion will include the construction of 1,600 homes (27 to 40 of which will be affordable) and 26 acres of open space. Phase II provides for an additional 10,500 new housing units (32 percent of which will be affordable) and over three million square feet of research and development uses centered around green and clean technology uses. Phases I and II will generate hundreds of new construction jobs each year, and ultimately will create over 10,000 permanent jobs. The redevelopment project is projected to take seven years and \$15 billion to complete. However, the overall development has recently been stalled due to concerns over the initial removal of nuclear residue and other toxic materials.

One of the fastest growing neighborhoods in San Francisco is **Mid-Market**, which generally refers to the area bordered by Market, 5th, Mission, and 9th Streets. Approximately 35 projects are currently in varying stages of development in and around this fast-growing area, including multi-family residential, retail, office developments, and several boutique hotels.

Transportation: San Francisco has a well-developed transportation system with sophisticated air, highway, rail, trucking, and water infrastructure. Each is discussed in the paragraphs below.

The San Francisco International Airport ("SFO") is located approximately 15 miles south of San Francisco between the cities of South San Francisco and Millbrae. Passenger volume has increased steadily since 2004, aided by the expansion of services by Southwest Airlines and Virgin America in 2008. Overall, passenger traffic has increased dramatically since 1995, with 2018 representing a new record for SFO in terms of passenger counts. In 2018, SFO served approximately 57.8

million passengers, an increase of 3.5 percent over 2017 passenger traffic. Through YTD February 2019, passenger volume was essentially flat when compared to the same time period in 2018.

A \$383 million renovation of SFO's Terminal 2 was completed in April 2011 that included a new control tower, the use of green materials, and a seismic retrofit. The renovated terminal features permanent art installations from Janet Echelman, Kendall Buster, Norie Sato, Charles Sowers, and Walter Kitundu. Terminal 2 set accolades by being the first U.S. airport to achieve LEED Gold status. It is home to Alaska Airlines (formerly Virgin America) and American Airlines, who share the 14-gate common-use facility. A \$253 million renovation of Terminal 3 was completed at the end of 2015 that included a 53,000-square-foot expansion of its East Concourse which resulted in the introduction of three more boarding gates, a new United Club, and a larger, more consolidated central security checkpoint. The renovation began in June 2013 and covered the concourse's 400,000 square feet.

SFO began the renovation of Terminal 1, one of its oldest terminals, to meet the needs of modern travelers. When fully completed in 2024, T1 will elevate SFO's standard of providing a world-class, environmentally friendly travel experience and is expected to meet or exceed the award-winning standards of Terminal 2 and Terminal 3 boarding areas. The \$2.4 billion project will include:

- Design and construction of Terminal 1's north, south, and central areas.
- A new boarding area with improved passenger circulation and access to its 24 gates, new passenger loading bridges, and new concessions.
- A refreshed boarding area C.
- A new central area with improved spaces for passenger check-in, a consolidated security checkpoint, a re-composure area, a new common use baggage handling system and baggage claims, and a new mezzanine with connections to the AirTran, and the Central Parking Garage.

A number of additional construction projects are currently planned for SFO over the next few years as part of a ten-year \$4.1 billion capital improvement plan. Major projects include the construction of a new rental car center and the redevelopment of the old Air Traffic Control Tower that was decommissioned in October 2016 when the new 221-foot Tower opened. Additionally, a new 351-room Grand Hyatt Hotel is currently under construction at the entrance of SFO with an expected completion date in mid-2019.

Additional airports that service the San Francisco Bay Area include the Oakland International Airport approximately ten miles east, and the San Jose International Airport approximately 40 miles south.

The major highways in and out of the City include Interstates 80 and 280 and Highways 1 and 101. Interstate 80 connects with the Bay Bridge and Oakland, and Highway 101 connects with the

Golden Gate Bridge and Marin County. Bay Area Rapid Transit (“BART”), a high-speed rail system, is a major commuter transportation system that links 43 stations in the Counties of Alameda, Contra Costa, San Mateo, and San Francisco. BART has had a tremendous impact on the Bay Area, transporting approximately 126 million passengers annually and, thus, facilitating the region’s commercial and residential growth. The CalTrain system provides commuter rail service to Peninsula cities from San Francisco to Gilroy, and the MUNI light rail and bus systems facilitate transportation throughout the city.

E. HOTEL MARKET ANALYSIS

1. NATIONAL LODGING MARKET

In addition to our advisory and valuation group, our Firm contains a research division, CBRE Hotels’ Americas Research (“CBRE Hotels’ Research”). CBRE Hotels’ Research owns the database for Trends® in the Hotel Industry, the statistical review of U.S. hotel operations, which first appeared in 1935 and has been published every year since. Beginning in 2007, CBRE Hotels’ Research unveiled its powerful Hotel Horizons®, an economics-based hotel forecasting model that projects five years of supply, demand, occupancy, ADR, and revenue per available room (“RevPAR”) for the U.S. lodging industry with a high degree of accuracy. Hotel Horizons® reports are published on a quarterly basis for 60 markets and six national chain-scales.

Based on the *March – May 2019 National Edition* of Hotel Horizons®, occupancy levels for the U.S. lodging industry continued to grow through 2018. For the year, the national occupancy was 66.2 percent according to STR, Inc., the fourth consecutive record high since 1988. In fact, the national occupancy levels for the first, second, and fourth quarters of 2018 were record highs for those respective quarters.

In 2018, the ADR for U.S. hotels increased by 2.4 percent. While disappointing given the record occupancy level, the 2.4 percent growth rate was greater than the 2.2 percent rate posted in 2017 and reversed a three-year trend of decelerating ADR change.

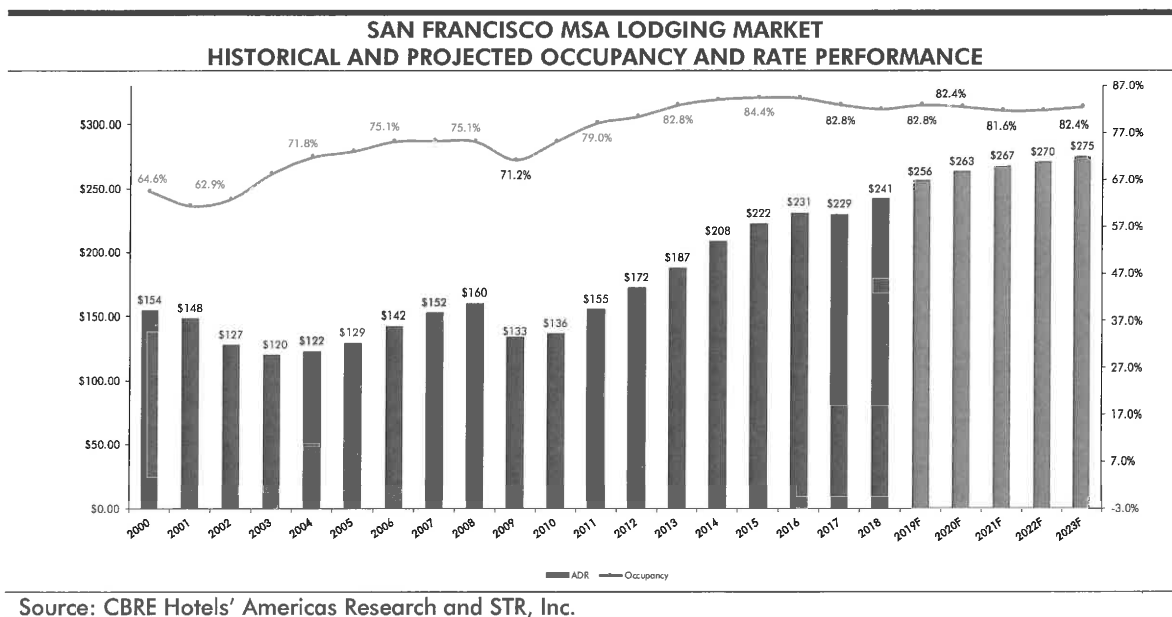
Given the high occupancy levels achieved throughout 2018, it will be a challenge to increase occupancy once again in 2019 and beyond. The combination of increasing supply, tempering economic growth, and consumer uncertainty is projected to result in a slowdown in the pace of demand growth over the next three years. Accordingly, CBRE Hotels’ Americas Research is forecasting declines in occupancy through 2021. It is important to note, however, that the national occupancy level will remain at least 200 basis points above the STR 62.5 percent long-run average.

ADR growth is forecast to exceed 2.6 percent in 2019 and 2020, with a deceleration to 1.3 percent in 2021. Using RevPAR as the barometer, the greatest gains will be achieved in the luxury and

economy segments through 2020. During the dip in 2021, slow employment growth will have the greatest negative impact on the lower-priced segments.

2. HISTORICAL AND PROJECTED PERFORMANCE OF THE SAN FRANCISCO MSA LODGING MARKET

Presented in the following table is a summary of the historical performance of the overall San Francisco MSA lodging market from 2000 through 2018, along with performance projections through 2023. This historical and projected future performance is compiled by CBRE Hotels' Americas Research. It should be noted that the historical and projected performance of the San Francisco MSA market includes hotels located in San Francisco, San Mateo, and Marin Counties.



Source: CBRE Hotels' Americas Research and STR, Inc.

Occupancy has historically been strong for the San Francisco MSA lodging market over the past five calendar years, averaging 83.5 percent and ranging from a low of 81.9 percent in 2018 to a high of 84.4 percent in 2015. With occupancy levels this high, the MSA generated a significant amount of unsatisfied demand, or demand that was turned away to other Bay Area markets due to the limited supply growth during those years. This high demand allowed hotel managers to significantly increase room rates. Between 2014 and 2018, the San Francisco MSA achieved rate growth ranging between approximately -0.7 and 11.1 percent per year, resulting in a year-end 2018 ADR of approximately \$241. It should be noted that hotels within the City of San Francisco achieve a premium in ADR over the other aforementioned markets comprising the San Francisco MSA, as well as an overall higher occupancy level.

Lastly, the City of San Francisco is generally regarded as one of the strongest lodging markets in the United States, achieving record occupancy levels and extraordinary average rate growth with relatively few projected additions to supply. In fact, lodging demand is forecast to remain so strong that the City of San Francisco has a significant undersupply of new rooms in the development pipeline, ensuring strong levels of occupancy, even during the downturns in normal economic cycles.

3. CITY OF SAN FRANCISCO LODGING MARKET OVERVIEW

Of the total 33,862 hotel rooms in San Francisco recorded by STR, Inc., we have categorized hotels totaling 25,071 available rooms as representing the city's primary hotel supply as of year-end 2018. The remaining 8,791 rooms ($33,862 - 25,071 = 8,791$) consist of small, limited-service motels and "residential" hotels. The primary hotel supply can generally be categorized into five lodging products or classifications: luxury, first-class/convention, boutique, middle-market, and limited-service. These hotels are generally located within five primary lodging sectors: Union Square/Moscone, Nob Hill, the Financial District, Fisherman's Wharf, and Civic Center/Van Ness Corridor. While these are distinct areas with their own supply and demand dynamics, there is often some market area overlap.

The primary hotel supply can generally be categorized into five lodging products or classifications: luxury, first-class/convention, boutique, middle-market, and limited-service as detailed in the following paragraphs.

Luxury Hotels provide extensive and personalized services along with high-quality furnishings, superior food and beverage facilities, and extensive, varied guest amenities. The emphasis on personalized guest services results in a high employee-to-guest ratio, an intimate atmosphere, and high room rates. These properties provide meeting and banquet space; however, the emphasis is on catering to small meetings of less price-sensitive, top-level professionals and executives.

Large First-Class/Convention Hotels have guest services, amenities, and product quality designed to appeal to middle and high-income convention and individual travelers. These are medium to large properties which offer high quality but less personalized service than luxury hotels. First-class hotels usually offer a variety of food and beverage facilities at varying price ranges. In San Francisco, they are located near the Moscone Convention Center, Financial District, or various tourist attractions. Meeting facilities are provided to accommodate the group and convention segment needs. Many first-class hotels provide designated floors with special services for the upscale executive traveler. Generally, these hotels are newer or well-maintained older properties. Room rates typically fall between luxury room rates and the citywide ADR.

Boutique and Lifestyle Upscale Hotels are typically older buildings, ranging in size from 80 to 200 rooms. The majority of these hotels have been fully renovated within the last ten to 15 years. Because renovation or conversion of an existing hotel or office building is generally less expensive than building a new facility, these properties are able to offer below-market room rates for a high-quality product. In San Francisco, boutique and lifestyle hotels have developed a significant market presence, competing with the full-service hotels for the commercial and leisure traveler predominately and for group demand to a lesser extent. They tend to have limited meeting space and small public areas and have eliminated expensive overhead such as extensive food and beverage facilities. A number of boutique hotels do, however, have “signature” restaurants on-premises that are marketed independently of the hotel and have achieved a high level of recognition for quality and uniqueness. Lastly, there have been a number of new nationally affiliated hotels that have entered the San Francisco market over the last several years that also fall into this category. Based on discussions with the developer, we understand that the proposed Hotel will be positioned as an upscale, international chain-branded hotel.

Middle-Market Hotels primarily appeal to the middle-income individual and family traveler. Tour operators, both international and domestic, book these hotels because they offer a good value among service, product quality, and room rate. Guest service is adequate, but with few frills. Food and beverage facilities are limited and more economical than in first-class hotels. Room rates are typically similar to the citywide average.

Limited-Service, Midscale and Economy Hotels generally range in size from 30 to 150 rooms. These properties offer room rates at the lower end of the scale and commonly do not offer on premise food and beverage facilities or recreational components. This lodging product type is located outside of the more highly trafficked areas such as the Financial District or Union Square, and is instead proximate to the Civic Center, SoMa, and Lombard Street. This product-type generally does not compete, directly or indirectly, with the four other lodging products discussed.

4. PRIMARY LODGING SECTORS

The five primary lodging sectors in San Francisco are: 1) Union Square/Moscone/SoMa; 2) Nob Hill; 3) the Financial District and South Financial District; 4) Fisherman's Wharf; and 5) Civic Center/Van Ness Corridor. While these are distinct areas with their own supply and demand dynamics, there is often some market area overlap. The map on the following page indicates the general location of these sectors within San Francisco. The proposed Hotel is located at the northern boundary of the Financial District and South Financial District sector, in the Jackson Square neighborhood and Northeast Waterfront Historic District.

THE CITY OF SAN FRANCISCO – PRIMARY LODGING SECTORS



Source: CBRE Hotels Advisory

Union Square/Moscone/SoMa: This sector's location makes it attractive to most lodging demand, as Union Square is proximate to the Financial District and the Moscone Convention Center. Union Square is one of the nation's most prestigious retail districts, continually attracting new retail shops and expanding its existing stores. Westfield San Francisco Centre is the largest shopping center in this district, as well as one of the largest in the country. This general area also includes the growing SoMa office district, The Transbay District, the Museum of Modern Art, Yerba Buena Gardens and the Sony Metreon. Oracle Park and Mission Bay are easily accessible from this sector.

Union Square contains the city's largest supply of hotel rooms and attracts a mix of commercial, leisure, and group travelers. This sector has benefited from the completion of Moscone West in 2003 and will benefit further from the Center's recently opened expansion.

Nob Hill: This lodging sector has the most prestigious location in the city, with luxury properties including the Ritz-Carlton, Stanford Court, Huntington Hotel, Fairmont Hotel, and the Mark Hopkins-InterContinental. However, it is also the smallest of the lodging sectors in terms of number of properties and number of guestrooms. The Ritz-Carlton, which opened in 1991, was the first addition to this sector's supply since the mid-1970s. Typical guests are upper-income corporate and leisure travelers, as well as the high-end self-contained group market.

Historically, this sector has commanded the highest ADR in the city, but with below-average occupancy. This is due to the price points of the hotel rooms and to their somewhat removed, hilltop location.

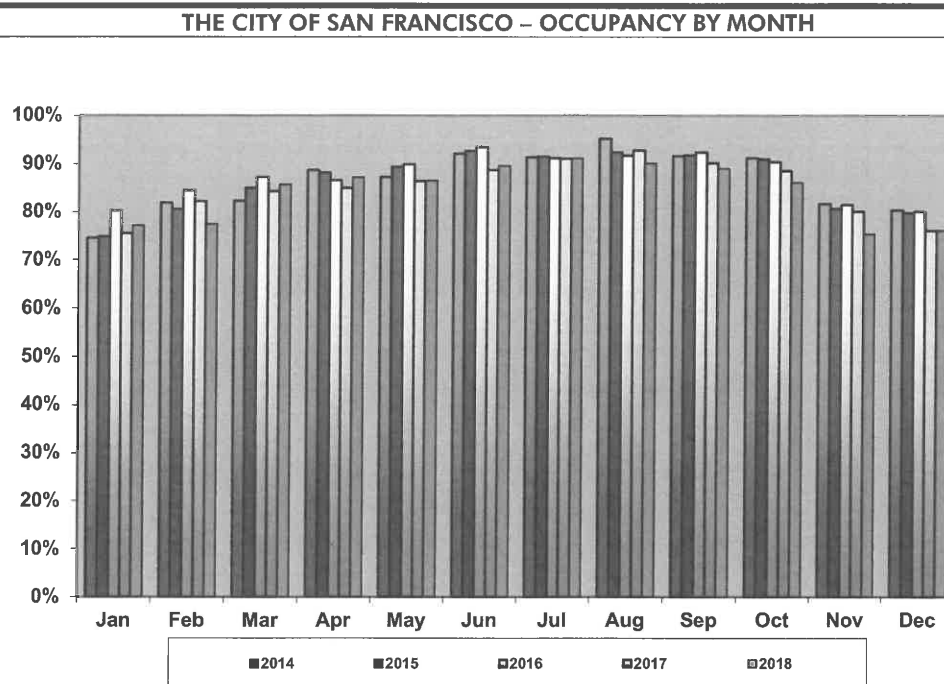
Financial and South Financial District: The major demand generator for the Financial District lodging sector is the high-density office population located within the area, both north and south of Market Street. The north is comprised of more traditional professional services firms while the south of market financial district is comprised of a higher concentration of technology companies. Typical guests in this sector are middle to high-income business, professional, and group travelers. Hotels in this neighborhood attract primarily commercial visitors due to their location. They experience their highest demand on weekdays and obtain above-average occupancy and ADRs. The Subject site is located at the northern boundary of the Financial District, in the Jackson Square neighborhood and Northeast Waterfront Historic District.

Fisherman's Wharf: This area is considered to be one of the top tourist attractions in Northern California. Its hotels are designed and oriented primarily to service middle-income families visiting San Francisco. However, given its proximity to the Financial District, the hotels attract a secondary share of business travelers. Most of the major U.S. lodging chains are represented in this sector by their respective mid-level products such as Hilton, Holiday Inn, Hyatt Centric, Marriott, and Sheraton. Furthermore, this sector is family-friendly due to its convenience, price point, and proximity to venues and attractions. Consequently, families visiting San Francisco perceive a more casual and comfortable ambiance in the Fisherman's Wharf lodging sector as opposed to Nob Hill, Union Square, or the Financial District. Historically, this sector has achieved the highest occupancy of all the city's sectors. However, ADR is typically below the overall average.

Civic Center/Van Ness Corridor: This lodging sector stretches along Van Ness Avenue, reaching south from the San Francisco Civic Center into SoMa, north to Fisherman's Wharf, and along Lombard Street into the Cow Hollow area. This lodging sector caters to the more price-sensitive visitors to San Francisco, as well as state and federal government employees. Historically, its composite occupancy and ADR tends to be the lowest of the five lodging sectors.

5. SEASONALITY OF DEMAND

The seasonality of demand in San Francisco is largely tied to leisure travel as well as the convention calendar. Presented in the following table is a graph summarizing the city's occupancy by month for the past five calendar years.



Source: CBRE Hotels Advisory

As noted, San Francisco hotels run a high occupancy year-round. However, the summer and fall months of June, July, August, September, and October are generally the strongest due to the seasonal increase of leisure travelers in the summer and to the high volume of commercial travelers and conventioners in the fall. March, April, and May are also strong months due to convention activity and commercial travel. January, February, November, and December are the slowest months, as both commercial and leisure travel declines during the holiday season. However, occupancy during these months still well exceeds national averages.

6. CHANGES TO SUPPLY – CITY OF SAN FRANCISCO

We are aware of numerous projects that have been proposed or are currently under construction throughout the City of San Francisco. However, as many of these projects are deemed to be either highly speculative at this point in time and/or are deemed to be noncompetitive to the proposed Hotel due to their positioning within the market and/or their location, we have excluded them from our analysis. We have, however, identified two hotel projects that are deemed to be competitive

with the proposed Hotel. A summary of the anticipated new competitive hotel supply is provided below.

- **Marriott San Francisco Downtown–Mission Bay:** A 250-room full-service Marriott is currently under construction in the Mission Bay neighborhood, at 100 Channel Street. Construction commenced in April 2018 and the project is slated for delivery by October of 2020. Situated immediately south of Oracle Park and a few blocks north of the Chase Center arena, the 17-story hotel will reportedly feature a street side café, art from local artists and a rooftop lounge/garden which will be accessible to the public. The Marriott San Francisco Downtown – Mission Bay is approximately two miles southeast of the Subject site.
- **Proposed Hotel at 439 Washington Street:** The proposed hotel at 439 Washington Street in the Financial District is slated to begin construction in mid-2020, and to be completed in mid-2022. The project is anticipated to consist of a 22-story, 140,000-square foot building with 315 guestrooms and approximately 2,000 square feet of retail space. This proposed hotel project is located approximately 0.5 miles southwest of the Subject site.

An overview of other notable hotel development projects located proximate to the proposed Subject site and/or are deemed to be comparable to the proposed Subject is presented below.

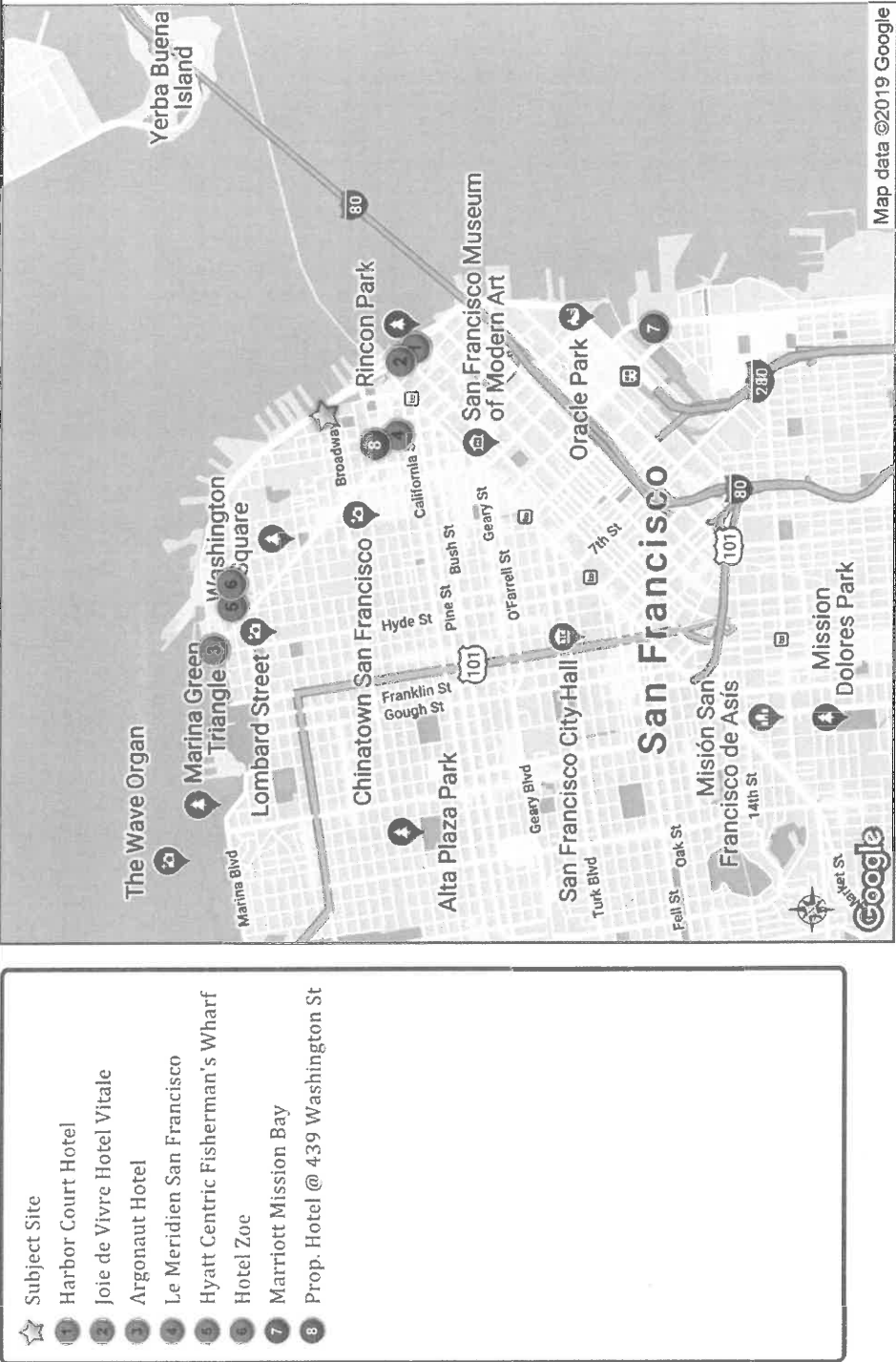
- **1 Hotel:** The Golden State Warriors are desirous of developing a 142-room hotel adjacent to the Chase Center basketball arena in the Mission Bay neighborhood of San Francisco. If approved, the Warriors plan to start construction by mid-2021 with the 1 Hotel, an upscale, independent hotel expected to open in 2023. The Chase Center arena is located approximately 2.5 miles southeast of the Subject site.

7. COMPETITIVE LODGING MARKET OVERVIEW




Within the San Francisco lodging market, the proposed Hotel will compete with similarly-positioned hotels located in and around the Financial District and Fisherman’s Wharf submarkets. Based on our research and understanding of the proposed Hotel, we have identified six properties (totaling 1,480 guestrooms) as representing the primary competitive market.

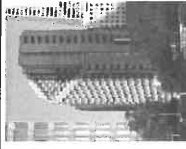


Competitive properties were identified on the basis of location, affiliation, room product offered, guest type, rate structure, and overall quality. A map and tables on the following pages show the location and provide a summary of the competitive hotels.

COMPETITIVE LODGING MARKET (GREEN) AND ADDITIONS TO SUPPLY (BLUE)



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Summary of Hotels in the Primary Competitive Lodging Market				
Property	Harbor Court Hotel	Joie de Vivre Hotel Vitale	Argonaut Hotel	
				
Address	165 Steuart Street	8 Mission Street	495 Jefferson Street	
Distance from Subject	<1 mile southeast	<1 mile southeast	<2 miles northwest	
Year Opened	1907	2005	2003	
Number of Rooms	131	200	252	
Affiliation	OLS Hotels & Resorts	Hyatt Corporation	Noble House Hotels & Resorts	
Chain Scale	Luxury	Upper Upscale	Luxury	

Summary of Hotels in the Primary Competitive Lodging Market				
Property	Le Meridien San Francisco	Hyatt Centric Fisherman's Wharf	Hotel Zoe	
				
Address	333 Battery Street	555 North Point Street	425 North Point Street	
Distance from Subject	<1 mile southwest	<2 miles northwest	<2 miles northwest	
Year Opened	1989	1990	1990	
Number of Rooms	360	316	221	
Affiliation	Marriott International	Hyatt Corporation	Noble House Hotels & Resorts	
Chain Scale	Upper Upscale	Upper Upscale	Upper Upscale	

8. HISTORICAL PERFORMANCE OF THE COMPETITIVE MARKET

The following table summarizes the historical performance of the identified competitive market between 2013 and 2018, as well as for year-to-date (“YTD”) February 2018 and 2019.

PROPOSED HOTEL - SAN FRANCISCO, CA HISTORICAL PERFORMANCE OF THE COMPETITIVE MARKET									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2013	539,105	-	485,887	-	90.1%	\$249.99	-	\$225.31	-
2014	539,105	0.0%	487,722	0.4%	90.5%	\$274.23	9.7%	\$248.10	10.1%
2015	539,675	0.1%	462,938	-5.1%	85.8%	\$290.83	6.1%	\$249.48	0.6%
2016	540,200	0.1%	489,488	5.7%	90.6%	\$285.89	-1.7%	\$259.05	3.8%
2017	540,200	0.0%	468,102	-4.4%	86.7%	\$277.11	-3.1%	\$240.12	-7.3%
2018	540,200	0.0%	489,923	4.7%	90.7%	\$285.78	3.1%	\$259.19	7.9%
CAGR/Avg.	0.0%	-	0.2%	-	89.1%	2.7%	-	2.8%	-
YTD Feb '18	90,033	-	75,263	-	83.6%	\$275.86	-	\$230.60	-
YTD Feb '19	90,033	0.0%	80,502	7.0%	89.4%	\$319.39	15.8%	\$285.57	23.8%

Source: STR, Inc.

- Supply for the competitive market remained virtually unchanged between 2013 and 2018, although there was a small increase (3 rooms) in room count between 2014 and 2016 as a result of property renovations.
- Demand for room nights, as measured by occupied rooms, increased at a CAGR of 0.2 percent between 2013 and 2018. Occupancy during this historical period averaged 89.1 percent, ranging from a low of 85.8 percent in 2015 to a high of 90.7 percent in 2018. Demand, as measured by the number of occupied rooms over the historical period, exhibits fluctuations due to renovations at some of the properties within the competitive set. The renovations at Hotel Zoe, concurrent with its conversion from its former branding as the Tuscan Inn (a Best Western Plus affiliate), resulted in significant demand displacement during 2017. In 2015, both the Le Meridien and Hyatt Centric were substantially renovated and the decrease in occupied rooms observed that year reflects the disruptions stemming therefrom. All 360 guestrooms at the Le Meridien were renovated, and its lobby, meeting facilities and restaurant also received capital improvements estimated at a total of \$12 million. The Hyatt Centric’s renovations were undertaken to reposition the property to its current brand (formerly a Hyatt), and consisted of improvements to its 316 guestrooms, lobby and two restaurants which reportedly totaled \$10 million. The Harbor Court Hotel completed a comprehensive \$10 million renovation in the first quarter of 2018 which included upgrades to the 131 guestrooms and public areas. In addition to property-specific reasons for the historical fluctuations in demand within the competitive set, there was also general softness in the market due to the closure, renovation and expansion of the Moscone

Center between 2017 and 2018 which displaced group demand. Through YTD February 2019, demand has increased by 7.0 percent over prior year levels, resulting in a market occupancy level of 89.4 percent.

- With hotels operating at such high occupancy levels, it is unusual that the competitive set hotels only achieved ADR growth at a CAGR of 2.7 percent between 2013 and 2018. This somewhat anomalous trend is explained by the aforementioned renovations at the competitive set hotels, the absence of compression due to the renovations and closure of Moscone Center, and the composition of demand within the competitive set hotels located in Fisherman's Wharf which tends towards leisure-oriented, price-sensitive guests. Through YTD February 2019, ADR increased by a significant 15.8 percent over prior year levels, which is partially attributable to a very strong convention calendar which has allowed hotel operators to significantly increase ADR during peak periods. Another factor allowing for the remarkable ADR lift thus far in 2019 is the ramp-up of recently renovated hotels within the competitive set.
- As a direct reflection of historical trends in occupancy and ADR, RevPAR for the competitive market increased at a CAGR of 2.8 percent between 2013 and 2018, or an absolute increase of approximately \$34 during this six-year period. Through year-to-date February 2019, RevPAR has increased by 23.8 percent over prior year levels, driven by material improvements in both occupancy and ADR.
- As illustrated in the following table, occupancy in the competitive market exhibits minimal seasonality, with the months of January and February registering only slightly lower occupancy levels than the annual averages.

COMPETITIVE MARKET SEASONALITY (MONTHLY)				
Monthly Occupancy	2016	2017	2018	3-Year Avg.
January	87%	90%	87%	88%
February	88%	89%	87%	88%
March	90%	89%	87%	89%
April	90%	88%	88%	89%
May	90%	88%	89%	89%
June	91%	87%	90%	89%
July	91%	87%	90%	89%
August	91%	87%	90%	89%
September	91%	87%	90%	89%
October	91%	87%	91%	89%
November	91%	87%	90%	89%
December	91%	87%	91%	89%
Average	90%	88%	89%	89%

- The chart below illustrates the demand in the competitive market by day of the week. Corporate and convention travel drives demand from Monday through Thursday, with the peak nights achieving occupancy in the high 80 to low 90 percent range. Leisure travel drives demand on Fridays and Saturdays, with occupancy in the high 80 to low 90 percent range. Sundays are the slowest day of the week, albeit still very strong with occupancy in the low 80 percent range.

COMPETITIVE MARKET SEASONALITY (WEEKLY)				
Day of Week	TTM 2/17	TTM 2/18	TTM 2/19	3-Year Avg.
Sunday	81%	81%	85%	82%
Monday	88%	86%	91%	88%
Tuesday	93%	88%	93%	91%
Wednesday	93%	90%	94%	92%
Thursday	91%	87%	93%	90%
Friday	89%	86%	92%	89%
Saturday	92%	89%	93%	91%
Average	89%	87%	92%	89%

9. PROJECTED PERFORMANCE OF THE COMPETITIVE MARKET

Presented in the following table is a summary of our occupancy and ADR projections for the competitive market for the years 2018 through 2026, coinciding with the proposed Hotel's first six calendar years of operation. We have assumed that the proposed Hotel would be open and available for occupancy by November 1, 2021 and will include 192 guestrooms.

PROPOSED HOTEL - SAN FRANCISCO, CA									
PROJECTED PERFORMANCE OF THE COMPETITIVE MARKET									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2018	540,200	0.0%	489,923	4.7%	91%	\$285.78	3.1%	\$259.19	7.9%
2019	540,200	0.0%	480,800	-1.9%	89%	\$306.00	7.1%	\$272.35	5.1%
2020	555,408	2.8%	488,800	1.7%	88%	\$318.00	3.9%	\$279.86	2.8%
2021	643,130	15.8%	550,700	12.7%	86%	\$328.00	3.1%	\$280.86	0.4%
2022	758,835	18.0%	637,200	15.7%	84%	\$338.00	3.0%	\$283.82	1.1%
2023	816,505	7.6%	691,300	8.5%	85%	\$348.00	3.0%	\$294.64	3.8%
2024	816,505	0.0%	702,200	1.6%	86%	\$358.00	2.9%	\$307.88	4.5%
2025	816,505	0.0%	702,200	0.0%	86%	\$369.00	3.1%	\$317.34	3.1%
2026	816,505	0.0%	702,200	0.0%	86%	\$380.00	3.0%	\$326.80	3.0%
CAGR	6.1%	-	5.6%	-	-	3.1%	-	2.6%	-

Source: CBRE Hotels Advisory

- Supply for the competitive market is expected to increase at a CAGR of 6.1 percent between 2019 and 2026 due to the addition of the 250-room Marriott San Francisco Downtown – Mission Bay in October 2020, the 192-room Subject in November 2021, and the 315-room hotel at 439 Washington Street in July 2022. This assumed increase in supply is well above the growth experienced within the competitive market between 2013 and 2018.
- Despite the strong increase in accommodated demand experienced through YTD February 2019, we project occupancy to moderate slightly by year-end 2019. We believe that the recently renovated and improved hotels within the competitive set will begin to yield manage demand for higher ADR, resulting in the displacement of lower-rated volume business to other properties that are external to the competitive set. The build-up in compression with the strong convention calendar should facilitate this envisioned yield management play for hoteliers in 2019. Overall, market occupancy is projected to fluctuate between 84 and 89 percent between 2019 and 2023, reflecting the impact of the aforementioned additions to supply, including the Subject. Beginning in 2024, occupancy is projected to stabilize at 86 percent.
- As noted in the historical performance table, the competitive market has consistently achieved occupancy levels in the high 80 to low 90 percent range. Consistent with projections for the overall San Francisco MSA based on historical averages, new supply additions, and current market conditions, we believe it is reasonable to assume an occupancy level in the 86 percent range for the competitive market through 2026.
- ADR for the competitive market increased by 3.1 percent in 2018 and further increased by 15.8 percent through YTD February 2019, which is largely a result of a strong convention calendar at the expanded Moscone Convention Center in addition to the ADR lift achieved by the recently renovated hotels in the competitive market. Consistent with year-to-date trends, we project ADR to increase by 7.1 percent through year-end 2019 before tapering to 3.9 percent in 2020. Thereafter, it is expected that ADR will increase by 3.0 percent per annum, consistent with our long-term outlook for inflation.

F. PROJECTED PERFORMANCE OF THE SUBJECT

Based upon our analysis contained herein, including a review of the overall competitive market and of each identified hotel, we have provided our occupancy and ADR projections for the proposed Hotel's first six years of operation, as stated in calendar years.

Assuming that the proposed Hotel will be a 192-room, upscale, branded hotel, we assume that it will be able to achieve its fair share of demand after a three-year ramp up period. Specifically, we believe that it could achieve an occupancy of 75 percent as it is introduced into the market in November 2021.

As it gains recognition, we project occupancy to increase to 80 percent in 2022 and 83 percent in 2023, thereafter stabilizing at 87 percent in 2024. Our stabilized occupancy for the proposed Hotel is slightly above the anticipated stabilized occupancy for the competitive market, which we believe is reasonable given the proposed Hotel's location, complement of amenities, and number of guestrooms.

Based on the individual attributes and performance levels of the individual competitive hotels, we believe that the proposed Hotel could achieve an ADR of \$285 under the hypothetical condition that it was open and stabilized in 2018.

We project ADR to grow at rates in line with our projections for the competitive market, such that the proposed Hotel is projected to open with an ADR of \$320 in 2021. It should be noted, however, that we have applied a 3.0 percent introductory discount to the proposed Hotel's ADR for 2021, which is typical as hotels offer discounts and promotions to create awareness in the local market and build market share. Projections for both occupancy and ADR for the proposed Hotel's first six years of operation are presented in the following table.

PROPOSED HOTEL - SAN FRANCISCO, CA PROJECTED PERFORMANCE									
Year	Hypothetical ADR	Market Growth	Introductory Discount	Actual ADR	Percent Change	Subject Occupancy	Subject Penetration	RevPAR	Percent Change
2018	\$285.00	-							
2019	\$308.00	8.0%							
2020	\$320.00	4.0%							
2021	\$330.00	3.0%	3.0%	\$320.00	-	75%	88%	\$241.10	-
2022	\$340.00	3.0%	0.0%	\$340.00	6.3%	80%	95%	\$271.20	12.5%
2023	\$350.00	3.0%	0.0%	\$350.00	2.9%	83%	98%	\$290.17	7.0%
2024	\$361.00	3.0%	0.0%	\$361.00	3.1%	87%	101%	\$313.71	8.1%
2025	\$372.00	3.0%	0.0%	\$372.00	3.0%	87%	101%	\$323.27	3.0%
2026	\$383.00	3.0%	0.0%	\$383.00	3.0%	87%	101%	\$332.83	3.0%

Source: CBRE Hotels Advisory

We have subsequently converted the projected performance of the Subject to a fiscal year basis, with the first full fiscal year of operations represented by the period November 1, 2021 to October 31, 2022. The following table summarizes the Subject's projected results on a fiscal year basis.

PROPOSED HOTEL - SAN FRANCISCO, CA							
PROJECTED PERFORMANCE – FISCAL YEAR BASIS							
Calendar Year Projections				Fiscal Year Conversion			
Year	Occupancy	ADR	Percent Change	Fiscal Year	Occupancy	ADR	Percent Change
2021	75%	\$320	-	2021/22	79%	\$337	-
2022	80%	\$340	6%	2022/23	82%	\$348	3%
2023	83%	\$350	3%	2023/24	86%	\$359	3%
2024	87%	\$361	3%	2024/25	87%	\$370	3%
2025	87%	\$372	3%	2025/26	87%	\$381	3%
2026	87%	\$383	3%	2026/27	87%	\$392	3%
2027	87%	\$394	3%	2027/28	87%	\$404	3%
2028	87%	\$406	3%	2028/29	87%	\$416	3%
2029	87%	\$418	3%	2029/30	87%	\$428	3%
2030	87%	\$431	3%	2030/31	87%	\$441	3%

Note: Average daily rates rounded to the whole dollar
Source: CBRE Hotels Advisory

We are of the opinion that, given the previously discussed strong fundamentals of the greater San Francisco lodging market, and the proposed Hotel's identified competitive market, along with the proposed Hotel's assumed upscale quality level and chain affiliation, in addition to its relationship and adjacency with the Teatro ZinZanni, the new 192-room Hotel will open with strong levels of performance and with minimal impact on the greater competitive San Francisco lodging market.

While it is possible that the proposed Hotel will experience growth in occupancy and ADR above those estimated in the report, it is also possible that sudden economic downturns, unexpected additions to the room supply, or other external factors will force the proposed Hotel below the selected point of stability. Consequently, the estimated occupancy and ADR levels are representative of the most likely potential operations of the proposed Hotel over the projection period based on our analysis of the market as of the date of the report.

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This completes our analysis of the potential market demand for the proposed Hotel at Seawall Lots 323 & 324 in San Francisco. After you have had an opportunity to review this report, please feel free to contact us with any questions or comments. We appreciate the opportunity to work with you on this engagement. Please let us know if you have any questions or should you require any further information.

Yours sincerely,

CBRE Hotels Advisory

A handwritten signature in black ink, appearing to read 'JPurnell', is positioned above a horizontal line.

By: Julie Purnell
Managing Director
julie.purnell@cbre.com | 415.772.0262

ADDENDA

Addendum A

ASSUMPTIONS AND LIMITING CONDITIONS

ASSUMPTIONS AND LIMITING CONDITIONS

1. CBRE, Inc. through its advisor (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) If any, existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this report and, therefore, makes no representations relative to the condition of improvements. CBRE advisors are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
7. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of the performance of the subject property. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
8. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by the advisors. Any user of the Report is advised to retain experts in areas that fall outside the scope of the advisor for such matters.
9. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
10. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
11. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
12. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
13. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any

court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own consultants and advisors for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.