

FRANKLIN STATION

City of Napa Hotel Policy Analysis

October 11, 2018

FRANKLIN STATION OVERVIEW

The Franklin Station Project proposes a General Plan Amendment, Specific Plan Amendment, Certificate of Appropriateness, a Development Agreement, and Zoning Amendments to rezone the Project sites to allow the rehabilitation of the earthquake damaged historic Franklin Station Post Office building into an upper upscale urban hotel. The amendments and rezone would consist of rezoning the Post Office Parcel from DP to DMU/PD (Planned Development Overlay), the Parking Lot Parcel from DMU to DMU/PD, and the Ace Parcel from DMU to DMU/PD.

These approvals would allow the Developer to proceed with Design Review for up to a 163 key hotel (with up to 25% of the development as condo-hotel and 25% as whole ownership dwelling units, processed in Design Review with a Tentative Map) as a permitted use with accessory retail uses, along with off-site principal use parking to serve the hotel with 65 public spaces. The Development Agreement requires the hotel to be an “upper upscale” or higher quality facility.

The Project would include the removal of approximately 4/5ths of the earthquake damaged Post Office structure from the site, leaving the identified historic features of the building front to a depth equal to and inclusive of the depth of the existing interior lobby. The Franklin Station Project also would involve new construction. The new construction would include adaptive reuse and rehabilitation to the remaining Post Office Structure that would include an addition to the retained portion of the building located behind the structure on the Post Office parcel and Ace parcel. The addition would be allowed to be taller than and wider than the resource, up to the City Height limits and property setbacks. The new construction would also include the parking structure.

HOTEL POLICY ANALYSIS

- 1. A priority should be placed on the development of full-service and resort hotels downtown because of the ancillary and complementary benefits to other downtown uses and activities. This does not preclude the full range of additional lodging products in appropriate locations throughout the city.***

The Development Agreement requires the Project to be “upper upscale” or higher, which would result in a full service resort hotel.

- 2. Limited service hotels with meeting room space and close proximity to surrounding support services would be considered desirable. Bed and breakfasts and small inns as in-fill projects would be encouraged as indicated in the General Plan.***

Franklin Station will be an upper upscale or higher full-service facility, not a limited service or B&B.

- 3. New hotel projects should provide a minimum of 15-100 square feet of contiguous meeting room space per guest room depending on the type of hotel and location to facilitate and expand the group meeting demand.***

Meeting space will be included during the Design Review phase. Meeting space will be appropriate for an upper upscale facility in this location.

- 4. Hotel applicants/developers should demonstrate how they will pursue mass transport activities that reduce traffic congestion such as shuttle services, linkages with other hotels, use of the trolley or like public transit options, for guest and employees, particularly for group-oriented hotels.***

Downtown is a mixed-use, pedestrian-oriented area as envisioned in the DNSP. Franklin Station is centrally located in downtown, ideal for foot or bicycle traffic for its employee and guests. There are several Vine Transit bus routes that currently operate within the vicinity of Franklin Station, with numerous routes operating along a loop using First Street and Third Street between Jefferson Street to the west and the Soscol Gateway Transit Center to the east. The downtown location of Franklin Station is within well-connected and attractive pedestrian and bicycle networks, which create a greater propensity for walk and bike travel and typically have lower vehicular trip generation than developments with poor multi-modal connectivity. Bicycle racks can be provided on or near the site.

Like the many hotels downtown, shuttle or similar service to and from downtown and other locations will be available based on guest demand. While on-site, guests will have little need for their vehicles given the multiple entertainment, shopping and dining options available

within downtown Napa. If vehicle transport is required, Franklin Station can incorporate a variety of transportation options to off-site locations and activities and actively encourage guests to consider alternative transportation options. Franklin Station also will coordinate with other business and hotels downtown on shuttle service.

5. Hotel applicants/developers should demonstrate how they will link with the Napa Valley College Hospitality Institute and Hospitality and Tourism Management Program, and/or provide in-house hospitality and employment training programs that will provide a career ladder and stable employment sector.

Final selection of a brand operator likely will occur during the Design Review phase. As an upper upscale facility, utilizing the Napa Valley College Hospitality Institute and the Hospitality and Tourism Management Program will be a key source for prospective employees and employee training. Generally, upper upscale facilities commence the recruitment and hiring process approximately 12 months prior opening, starting at the senior management level. During this process, Franklin Station will commit to create direct links and discussions with Napa Valley College.

To provide the level of service required by the upper upscale customer, upward mobility and ongoing training is essential to a successful operation and work force. In Napa, the hiring and retention of local talent is essential to achieve success for an upper upscale facility. Franklin Station will commit the final operator to these values.

6. Hotel projects should demonstrate how they will meet sustainability (green practices as determined by LEED standards) or future green ordinances or initiatives that may be adopted by the City.

Franklin Station is an historic rehabilitation project. The new construction will implement the City's High Performance Building Regulations and CalGreen standards, which have been updated since the adoption of the City's Hotel Policies. The sustainability components of the Project will be addressed during Design Review.

7. Hotel applications should demonstrate as part of the application process a commitment to advancing cultural arts by providing a public art component visible and accessible to the public, particularly for hotels located downtown. Hotel projects in the pipeline may be subject to a future "art in public places" ordinance, pending adoption by City Council in 2008.

As a historic rehabilitation project, the development is committed to community and cultural advancement. Historic rehabilitation projects are exempt from the Public Art ordinance. A reason for this is that historic rehabilitation is recognized as advancing the community's cultural interests. In addition, the City recognized the significant cost associated with historic rehabilitation (estimated at \$8 Million dollars for Franklin Station) as another

reason that historic rehabilitation projects are exempt from the Public Art fee. However, the Franklin Station Project will include public art as part of the parking garage and donate an additional \$25,000 to the public art program.

8. Hotel applicants should provide a report or study that provides a comprehensive overview regarding hotel employment. The report or study should be prepared by an independent consultant and include, at a minimum, the following information: the number of employees the hotel would employ, full-time vs. part-time, positions titles, wage rates by position, and types of benefits; the anticipated breakdown of employees residing inside or outside the County of Napa, and the rationale for breakdown; and any programs or policies the applicant or operator will implement in the area of employee housing and congestion management. The City Council has requested this employment information to measure any economic, housing and transportation impacts the hotel would create.

In May 2018, Cushman Wakefield prepared a Napa Lodging Market Study analyzing general market conditions for the development of hotels in Napa. That study is incorporated by reference. Visit Napa Valley updated its Tourism Matters report to the community in 2016. That report includes economic impact and employment data related to hotels in Napa.

Under the approvals and Development Agreement, the Franklin Station Project will require additional regulatory phases prior to its development. That will include precise uses and final key counts at the Design Review phase, and approval of the Tentative Map if condo-hotel or accessory whole ownership dwelling units are incorporated into the Project. Additional documentation on operations is required prior to any final mapping. Under the Development Agreement, this process will take several years. The specific data sought by the City will be available in those subsequent phases as the project specifics are defined so that accurate employment information can be evaluated at the time details are known.

In general, upper upscale hotel facilities of the size of Franklin Station would be at the high end of wage and salary levels for hotels of this size. Consistent with similar hotels, if the site is maximized to its 163 unit potential, the project would expect to create 60-80 FTE employees, which also depends upon amount of retail, food and beverage operations as well as final unit mix, which will be known at the time of Design Review. Consistent with higher end hotels in Napa, approximately 75% to 85% of the employees would be full time.

An upper upscale facility is likely to have the following employment categories:

- Executive/Supervisory
- Sales & Marketing
- Engineering
- Front Office

- Housekeeping*
- Laundry*
- Valet Parking*/Bell Staff
- Food & Beverage* (including restaurant, bar, room service, rooftop lounge & event and meeting servicing)

Specific wage and salary information for positions will not be known until the time the project is under construction. Additional information will be available at the time of the Design Review process. Generally, upper upscale facility would expect salaries and wages to fall with the following ranges (before accounting for benefits).

- Executive/Supervisory (salaried) – Salaries are expected to range from \$50,000 per year for assistant supervisors to over \$120,000 per year for senior executive staff.
- Sales & Marketing (salaried) – Salaries are expected to range from \$50,000 per year to over \$100,000 per year for senior level salaries.
- Engineering (hourly) – Salaries for engineers are expected to range from \$16/hr. to \$28/hr.
- Front Office (hourly) – Salaries are expected to range from \$15/hr. to \$23/hr.
- Housekeeping (hourly) – Wages are expected to range from \$15/hr. to \$22/hr.
- Laundry (hourly) – Wages are expected to range from \$15/hr. to \$20/hr.

Benefits in an upper upscale facility generally would include:

- Comprehensive health insurance (employee and family plans available)
- Dental and vision insurance coverage
- Vacation & Sick Benefits
- Company-sponsored retirement plans (U.S. 401(k) program)
- Life Insurance and Disability Insurance
- Flexible Spending Accounts

In terms of employee housing, Franklin Station is located in downtown Napa and close to many transit opportunities and within walking and biking distance from existing and future planned housing. At the time of commencement of operations at Franklin Station, additional

* Often these positions are provided by independent operators that contract with the hotel and is common in Napa.

employee housing opportunities are anticipated in Napa, including the completion of approximately 500 units at Gasser, the development of the HHS site near downtown, various sites proposed on Soscol, and the many other residential pipeline projects. At the time of hotel construction, Franklin Station will coordinate with workforce housing developers to secure housing opportunities for Franklin Station employees. Similar to other higher end facilities, Franklin Station would expect that 75% to 85% of the project employees will reside in Napa. The remaining employees would be expected to live nearby, such as American Canyon, Vallejo, Fairfield and Sonoma. This information will be better known at the time of design and construction.

With regard to congestion management, as described in the traffic report and CEQA addendum, hotel operations do not coincide with peak hour traffic. A significant amount of employee travel can avoid the highly-congested hours of the day. In addition, transit options from the VINE stops are available based on Franklin Station's location.