

## 2750 COWELL HYATT HOUSE – DESCRIPTION / JUSTIFICATION

### Project Description

The applicant, 2750 Cowell Hotel LLC, is requesting entitlements to develop the 2.013 acre undeveloped parcel located at 2750 Cowell Drive (see Project Location Map). The applicant has purchased the parcel and proposes to construct a new four-story, 120-room, Hyatt House upscale, extended-stay hotel. There are currently no extended-stay hotels in Davis. This project will be the first of its kind in the local market. Hyatt House features contemporary, upscale guest rooms with state-of-the-art full kitchens and living areas intended to serve guests staying 6-14 days on average. Please visit the following link for a video representation of the Hyatt House brand: [http://www.hyattdevelopment.com/\\_video/hyatthouse\\_video.asp](http://www.hyattdevelopment.com/_video/hyatthouse_video.asp).

The new facility will be comprised of one structure, 47'10" in height to the building parapet (tower element 55'-8") with a footprint of +/- 20,452 sf and total square footage of +/-76,490 sf. The proposed project is almost identical to the height and massing of the UC Davis Hyatt Place (see attached photo). In addition to some guest rooms, the ground floor will be comprised of guest amenities and back of house staff operations, including the lobby, host stand, kitchen, lounge bar, outdoor seating, outdoor pool, fitness center, gathering room, business center, staff offices and breakroom, mechanical, electrical, laundry and maintenance facilities. Upper floors 2-4 will consist primarily of guestrooms with limited space dedicated to building systems and staff operations. The roof level will house building systems and solar panels. Project parking consists of 114 vehicular surface parking spaces, including three EV spaces, and 30 bicycle parking spaces. In addition to the bicycle and car parking, site improvements will include pedestrian, bicycle and vehicular circulation, additional solar panels, landscaping, and utilities.

The project site is currently undeveloped. The site is bounded by a mix of uses and facilities (subsidized multi-family housing, light industrial, general commercial, athletic facilities, single family residences). The parcel faces Cowell Boulevard and Interstate 80 to the north. Cowell Boulevard is a Unitrans bus route. Adjacent uses include a vacant parcel to the west zoned for industrial research uses; the newly developed Davis Diamonds Gymnastics facility is to the east; and directly behind the site to the south is a city greenbelt and bike & pedestrian path. Single family residential use is located south of the city greenbelt. A city bicycle & pedestrian path runs north-south between the Davis Diamonds Gymnastics facility and the subject site providing connectivity through the city greenbelt to Cowell Boulevard.

The project site is rated as "excellent" by world-renowned hotel market consultants, PKF, especially for an extended-stay hotel, for the following reasons:

1. The project site has outstanding I80 visibility and accessibility and is within a 3-minute drive (off-peak) of two freeway on/off ramps.

2. It is in close proximity to downtown, a 4-minute drive (off-peak), and to UC Davis, a 5-minute drive (off-peak).
3. The site is within walking distance of a neighborhood shopping center, parks and athletic facilities.
4. The bike, pedestrian, auto and public transportation infrastructure surrounding the site is excellent with capacity exceeding current and projected volume/demand by significant margins.
5. The project site is within a 3-minute drive (off-peak) of the proposed Embassy Suites hotel/conference facility.
6. It has excellent bicycle and Unitrans access to downtown, UC Davis, the train station and the proposed Embassy Suites hotel/conference facility. Bicycle ride times to downtown (via the Poleline overpass) and campus (via Putah Creek bicycle path) are less than 8 and 12 minutes, respectively.
7. The site is in the immediate vicinity of Davis employment centers such as the Interland/University Research Park as well as the 14.81 acre 3501 Chiles Road office/research park opportunity site. It is only a 3-minute drive (off-peak) and a 6-minute bike ride to the 2<sup>nd</sup> Street business corridor via the Dave Pelz bicycle overpass.
8. The site is within reasonable drive times of major demand generators in the Greater Sacramento region. In addition to meeting local demand, the project will certainly attract guests from outside the Davis Market.

## **ENTITLEMENT REQUEST**

To implement this project, we are requesting the following City of Davis land use actions:

1. P-D#2-12 District Amendment (Zoning Amendment);
2. Final Planned Development to establish the final development standards for the proposed hotel use;
3. Minor Modification (for onsite parking);
4. Conditional use permit for the proposed hotel use;
5. Design Review to review the site plan and architecture;
6. Mitigated Negative Declaration to evaluate the environmental impacts associated with the proposal; and
7. General Plan Amendment.
8. Minor Modification to request a 10% reduction in the required parking spaces.

Enclosed as Attachment 1 is a proposed form of Zoning Amendment (Ordinance) respecting the existing P-D#2-12 district. The proposed form of Zoning Amendment creates a subarea for the subject parcel within the P-D#2-12 district and, with respect to this subarea: (a) allows hotel uses as conditionally permitted, (b) adjusts the height and floor restrictions to accommodate the project (the non-tower elements of the project are within the existing 50' limit exclusive of parapet in conformance with Municipal Code 40.27.030, the tower element for the

project will be permitted to be 55'-8", and the total number of floors will be permitted to be four), and (c) allows for the remaining development standards (setbacks, lot coverage, FAR, height, landscaping and parking) to be determined by a Final Planned Development (application made concurrently). This approach would facilitate implementation of the project without affecting or otherwise altering the existing zoning for the Davis Diamonds Gymnastics facility or the other areas within the P-D#2-12 district, and would also permit the use of the Final Planned Development process to officially determine the development standards for the project (other than height/floor regulation). The use of a Final Planned Development process for the remaining development standards is consistent with the land use process utilized for the Davis Diamonds Gymnastics facility.

The Minor Modification with respect to onsite parking applies to the 1:1 ratio required Municipal Code 40.25.090. A total of 120 spaces would be required under Municipal Code 40.25.090. The project would provide a total of 114 spaces, which is a 5% reduction from the required 1:1 ratio. Pursuant to Section 40.27.080 of the Municipal Code, the Minor Modification process permits a decrease of not more than 10% percent in certain development standards, including the number of required parking spaces.

With respect to the Final Planned Development application, the development standards (other than height/floor regulation) for the project would be:

- a. Setbacks - front street: 62', side left: 69'-10", side right: 71'-10", rear: 42'-2".
- b. Maximum Lot Coverage – 23%.
- c. Maximum FAR – 85%.
- d. Landscaping – 13.3%.
- e. Required On-Site Parking Spaces – 114 spaces (with Minor Modification).

In addition, enclosed as Attachment 2 is a proposed form of a text amendment to the Business Park designation within the General Plan. The proposed form of General Plan amendment provides for minimal changes to the existing text. Specifically, the proposed form of General Plan amendment would allow hotel uses as conditionally permitted, and would allow a maximum FAR of 100% for these hotel uses.

### **Narrative/Justification Statement**

The Hyatt House Davis project advances 7 of 8 City Council Goals 2014-16.

**Ensure fiscal resilience.** Objective #3: *Look at a variety of approaches to revenue while providing a balanced look at long term expenditures.* There are very few land uses that generate as much direct and indirect City revenue as the Hyatt House Davis project, while having only a negligible impact on City costs. The project will generate sales, property, and transient occupancy tax (TOT) for the City General Fund. The project is projected to generate \$560,000 p.a. in TOT within 2 years of opening plus an additional \$106,000 p.a. in Visitor

Assessment BID fees for the Yolo County Visitors Bureau to market & promote Davis and Yolo County. As a “necessary complement” to the Embassy Suites project, the Hyatt House Davis project is expected to increase occupancy at the hotel/conference facility and other local hotels by making group bookings more viable thereby contributing to additional TOT and YCVB revenues. The estimated project budget of \$22 - \$24 million would increase the annual total property tax obligation by approx. \$275,000; the City’s 24.45% share would be approx. \$53,790 per year [note: computed using same methodology as Embassy Suites project application]. The one-time sales tax on the approx. \$2,750,000 FF&E package will amount to approx. \$234,000; the City’s share will be approx. \$55,000. Construction will also generate construction tax (estimated at \$450,000) and development impact fees (over \$1,000,000) that could be used for Richards Boulevard improvements or other City priorities.

**Drive innovation and economic vitality.** *Objective #2: Facilitate business development through entrepreneur and startup support.* Meeting the business traveler needs of our burgeoning local startup and tech sector is certainly a critical component to such a support system. Davis currently does not have an extended-stay hotel; meanwhile, the demand for an upscale, extended-stay hotel is widely acknowledged within the local hospitality industry and business community (attached are two example letters of support, one from Panattoni and one from Pam Marrone). The Davis community is leaking visitor stays to other communities because the demand for extended-stay accommodations is not being met. According to BAE Urban Economics, hired by the City of Davis for the Economic Evaluation for the Davis Innovation Park Proposals, “*The local hotel market appears relatively healthy. Consultation with the Yolo Convention and Visitor’s Bureau indicates that the market easily absorbed the Hyatt Place’s recent 55-room expansion, without affecting occupancy rates in other local hotels. Further, the YCVB and a number of tech businesses surveyed indicate that the Davis market is currently leaking hotel demand due to a lack of higher end offerings and/or due to a lack of extended stay offerings. Depending on the market segments targeted by a given hotel project, new hotels included in the innovation park projects may capture currently unmet demand without affecting demand available to support existing hotels.*” On November 5<sup>th</sup>, the Davis Chamber of Commerce board voted to support the project (see attached DCOC support letter).

*Objective #4: Develop Davis as a visitor destination.* Filling in this key missing piece to visitor infrastructure (i.e. an upscale extended-stay hotel) does just that. As quoted in the paragraph immediately above, the YCVB and a number of prominent businesses have stated that Davis is leaking hotel demand to other communities. This project goes a long way toward developing Davis as a visitor destination both as a standalone project and as a “necessary complement” to the Embassy Suites hotel/conference project. On November 5<sup>th</sup>, the YCVB board voted to support the project (see attached YCVB support letter).

*Objective #9: Expand opportunities for local artists and the arts community and develop strategies for innovative Creative Placemaking and future growth of arts and culture in Davis.*

The project applicants are longtime supporters of local art having launched a downtown artists collective, supported placement of sculptures and murals on public and private property, supported Davis Arts Center community art projects, etc. The applicants have met with the Davis Arts Center, the Pence Gallery and the city's Arts & Culture Program Manager to explore opportunities to place locally-created art in the project's public spaces and guest rooms. An arts budget and a plan for permanent and rotating art exhibits will be developed together with local community arts groups upon project planning approval.

**Pursue environmental sustainability.** The project will advance a number of environmental sustainability objectives. A project sustainability team and consultants consisting of Sid England, the Davis Energy Group, New Energy Assets (Chris Soderquist), Civic Spark, UC Davis Lighting Technology Center and others has been created with the intent of meeting or exceeding community sustainability standards. Below are initial sustainability features under consideration for the project.

Hyatt House Davis incorporates certain sustainable features into all aspects of its design, construction and operations with the intent of:

- Significantly reducing the environmental footprint of the hotel; and
- Creating a healthy living experience for hotel guests and patrons.

The project will incorporate applicable design requirements from the 2013 California Building Energy Efficiency Standards (Title 24) and the 2013 California Green Building Standards Tier 1 (CALGreen). These standards alone ensure the design and construction of the project will be highly sustainable. However, Hyatt House Davis will incorporate many additional features that will make the facility a model for hotels in the region. The following topics will be addressed in the design, construction and operation of the project.

#### ENERGY EFFICIENCY AND RENEWABLE ENERGY GENERATION

The baseline design for Hyatt House Davis include energy efficiency specifications for heating, ventilation and air conditioning (HVAC), insulation, water heating, and lighting to meet CALGreen and Title 24 energy efficiency standards. In addition, it will include the following energy efficiency features to minimize the demand for non-renewable energy:

- Energy Star refrigerators and dishwashers in guest rooms with kitchens.
- High efficiency clothes washers in the staff laundry.
- Energy Star clothes washers in the guest laundry.
- Rooftop solar thermal to serve the staff laundry and kitchen.
- Rooftop solar thermal to serve guest rooms and guest laundry.
- Storefront glass with lower Solar Heat Gain Coefficient to reduce energy use and improve comfort in the space.
- High efficiency HVAC system.
- High efficiency staff kitchen equipment with demand controlled ventilation.

- Variable speed pool pumps with timer controls.

Photovoltaic panels with over 290 kilowatts of potential electricity generation capacity will be located on building roof tops and on parking lot shade structures. The PV panels currently are projected to produce approximate 430,000 kilowatt hours of electricity annually. This estimate depends on the final site layout and landscaping details and will be revised as appropriate when these decisions are finalized.

Davis Energy Group has modeled the expected performance of the project based on these design specifications, likely operating characteristics, and planned PV installation with the following results:

- Onsite renewable electricity generation will provide approximately 90 percent of the electrical demand of the facility on an annual basis.
- Natural gas consumption will be reduced by approximately 30 percent.
- Total energy from non-renewable energy resources (i.e., electricity and natural gas) will be reduced by over 60 percent compared to a new hotel designed just to meet Title 24 energy efficiency building standards.

	<b>ELECTRICITY (Kilowatt Hours)</b>	<b>NATURAL GAS (Therms)</b>	<b>TOTAL ENERGY USE (kBTUs)</b>
<b>PROJECTED BASELINE USE</b>			
(Modeled results based on proposed project construction specifications and likely operating characteristics.)	550,000	17,250	3,601,300
<b>ENERGY EFFICIENCY MEASURES</b>			
Energy Star appliances in guest rooms with kitchens	7,800	-	26,600
High efficiency clothes washers in staff laundry and Energy Star washers in guest laundry	7,600	3,800	405,800
Solar thermal to serve laundry, kitchen, guest rooms and guest laundry	-	1,730	173,000
Improved storefront glass	3,000	(100)	200
High efficiency HVAC system	29,000 <sup>1</sup>	(250)	74,000
High efficiency kitchen equipment	18,000	-	61,400
Synergistic effects of integrated system	1,700	20	7,800
Variable speed pool pump	3,900	-	13,300
<b>ENERGY EFFICIENCY SAVINGS</b>	<b>71,000</b>	<b>5,200</b>	<b>762,100</b>

**ONSITE RENEWABLE ENERGY GENERATION**

<sup>1</sup> The estimate of electrical production from the HVAC system and percent savings over baseline depend on the final system specifications and design (meeting CALGreen and Title 24 energy efficiency standards) and will be revised as appropriate when these decisions are more thoroughly considered are finalized.

Potential using photovoltaic panels on rooftops and parking lot shade structures	430,000 <sup>2</sup>	-	1,467,200
<b>TOTAL SAVINGS &amp; RENEWABLE GENERATION</b>	501,000	5,200	2,229,400
<b>PERCENT SAVINGS OVER BASELINE</b>	91%	30%	62%

## WATER USE AND MANAGEMENT

The following features will be incorporated to reduce water use in the Hyatt House Davis building:

- Low flow faucets, showerheads and toilets in all guest rooms.
- Low flow toilets and motion sensor faucets in public and staff restrooms.
- Water efficient clothes washing machines in staff and guest laundry rooms.
- Water efficient dishwashers in guest rooms.
- Laundering guest room linens and towels only upon request.

To reduce water use in landscaping, the following features are incorporated:

- Use of drought-tolerant plants in landscaping.
- Low flow irrigation system.

In addition, rainwater runoff from the parking lots, roof top and other hardscape will flow through a stormfilter box to remove silt and improve water quality before being discharged to the storm water system.

## SUSTAINABLE TRANSPORTATION

The site for Hyatt House Davis is ideally located for promoting the use of sustainable transportation. Four Unitrans bus stops providing access to two routes are within a 7-minute walk of the hotel front door. The site also is within walking distance of a neighborhood shopping center, parks and athletic facilities.

A city greenbelt forms the south edge of the hotel property and provides pedestrian and bicycle connections to local destinations. Bicycle ride times to downtown (via the Poleline overpass) and campus (via Putah Creek bicycle path) are less than 8 and 12 minutes, respectively. The site is in the immediate vicinity of the Interland/University Research Park as well as the potential future office/research park at 3501 Chiles Road. And, it is only 6 minutes by bicycle to the 2nd Street business corridor via the Dave Pelz bicycle overpass.

To facilitate use of sustainable transportation modes, the following amenities and programs will be marketed and provided to hotel guests and patrons:

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<sup>2</sup> The estimate of electrical production from PV panels and percent savings over baseline depend on the final site layout and landscaping details and will be revised as appropriate when these decisions are finalized.

- Online information about pedestrian, cycling, and public transportation alternatives available to guests before they arrive.
- A Hyatt House shuttle bus, powered by compressed natural gas (CNG), that will connect to Sacramento International Airport, UC Davis and other guest destinations.
- A bicycle parking area with a minimum of 30 spaces.
- Rental/shared bicycles available to guests that will be outfitted with lights, locks, and baskets that can be used conveniently to transport groceries, briefcases, etc.
- A points incentive program through the Hyatt Gold Passport loyalty program for guests who utilize alternative transportation while staying at Hyatt House Davis.
- Electric vehicle charging stations to promote use of this technology as a more sustainable transportation mode.<sup>3</sup>

## WASTE REDUCTION AND RECYCLING

During construction of Hyatt House Davis, at least 75 percent of the construction and demolition waste will be diverted from local landfills. This percentage is the minimum required by the U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) program for New Construction (NC) to achieve a credit towards certification. In addition, the project will strive to achieve a 95 percent diversion rate to achieve a higher credit under the LEED program.

The entire facility will be designed to provide for waste reduction and recycling from the common spaces to the operations spaces. Recycling receptacles consistent with City of Davis waste collection and diversion programs will be provided in guest rooms, employee work areas, kitchens, and public areas as well as outdoor collection and pickup locations. A program will be developed to minimize waste generated from food prepared in the hotel kitchen, by merchandise available for sale in the hotel market, and by hotel office functions.

## HEALTHY LIVING

Overall, Hyatt House Davis will strive to make hotel guests and patrons feel fresh, focused, and at their finest with well-designed open public spaces and guestrooms. Guests and patrons will be able to enjoy easily accessible, state-of-the-art technology whenever needs demand, as well as healthy food and fitness options. With bikes available to borrow for accessible trips across the city, a saline water swimming pool, and a large fitness center with equipment that charges personal devices through pedal power, Hyatt House Davis is committed to healthy living.

The design team has engaged the UC Davis Lighting Technology Center to help develop the lighting plan for Hyatt House Davis. The intent of this work-in-progress is not only to ensure an

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<sup>3</sup> The potential electricity demand for recharging electric vehicles has not been incorporated into the overall energy demand calculation for Hyatt House Davis. With the current penetration of electric vehicles in the marketplace, it is not expected to significantly alter the overall estimate of energy savings.

energy efficient system, but also to incorporate the latest research and technology in lighting color and intensity to promote good health and sleep for our patrons.

## SUSTAINABILITY CERTIFICATIONS

Certification of sustainability programs by a third party ensures that the reporting is accurate and objectives are met. Initially, Hyatt House Davis will pursue these certifications:

- U.S. Green Building Council Gold Level Certification in LEED NC program.
- City of Davis Partner for a Green Business.

As facility design progresses, certification by the following programs will be evaluated and considered:

- Green Seal Certification.
- Energy Star Rating.
- California Green Lodging Program.
- Routine recertification by the U.S. Green Building Council LEED program for Building Operations and Maintenance (O+M).

**Build and promote a vibrant downtown.** The Davis Downtown Board of Directors at their September 2015 board meeting voted unanimously to support the Hyatt House Davis project. The attached DD support letter states, *“This project will provide a much needed resource for our community, create opportunities for additional customers and revenue for our downtown businesses, and support the economic development efforts taking place in Davis.”*

**Promote community.** The applicants have held three neighborhood meetings, two of them were held *prior* to submitting the development application, for the explicit intent of ensuring neighborhood input in the project design. All three meetings were well-noticed with meeting notices posted to the front doors of residents. The first meeting focused on the immediate neighbors residing adjacent to the project site along the greenbelt. The 2<sup>nd</sup> meeting was for all the neighbors living within 500’ of the project site. The 3<sup>rd</sup> meeting was for all neighbors within the Rose Creek neighborhood (a meeting announcement was mailed to all neighbors within approx. 600’ of the project site and an announcement was posted to the Rose Creek NextDoor site). Attendance was admittedly sparse; nevertheless, good and valuable input was obtained. A number of neighbors also availed themselves of the opportunity to meet with the applicants one-on-one. Comments from the neighborhood engagement were mixed ranging from pleased with the prospect of a pending freeway and railroad sound barrier to privacy concerns for those residents living along the greenbelt (see attached neighborhood comments compilation for further details). The applicant has taken a number of measures to address neighborhood comments including moving the hotel further north and away from the residential neighbors, reducing the building height including the tower element, taking drone pictures, etc.

Neighborhood engagement is ongoing via one-on-one meetings and correspondence with engaged neighbors and via an online portal linked with the Rose Creek NextDoor site. The online portal is located at the following link: [hyattdavis.wpengine.com](http://hyattdavis.wpengine.com).

Feedback from the neighborhood engagement indicates the neighborhood lacks identity compared to a number of other Davis neighborhoods. The applicants have also met with the boards of Davis Downtown, YCVB and Davis Chamber of Commerce; numerous business owners; several local hoteliers; Cool Davis; Davis Arts Center; UC Davis representatives; and others. A number of opportunities were identified by neighbors and stakeholders for the project to build community and support the neighborhood. These suggestions include providing neighbors access to the project EV charging stations, promoting the project's public spaces as a neighborhood gathering place, hosting an annual neighborhood gathering, etc.

**Fund, maintain and improve infrastructure.** As stated further above, not only will the project generate approx. \$1,505,000 in one-time construction taxes, sales taxes and development impact fees that can be used to improve City infrastructure, it will also provide a significant ongoing annual revenue stream for parks, pools, playing fields and other City infrastructure, services and amenities.

**Ensure a safe and healthy community.** The project will provide much needed funding needed to advance *Objective #1: Maintain efficient and highly trained public safety staff*. The project will also advance *Objective #3: Create and maintain a built environment that promotes safety and well-being*, by replacing an undeveloped high-visibility site with an aesthetically pleasing project.

**Foster positive workplace dynamics.** Not applicable.

**Labor relations.** While labor relations are not one of the formal City Council Goals, the council has made it clear that labor relations are important to the community. The applicant has developed other area hotels including the Hyatt Place at UC Davis. At Hyatt Place both union and non-union labor was employed under the applicant's ownership. They have an impeccable record of fostering a safe workplace environment and maintaining high employee morale.

**Impact on Embassy Suites project.** The Hyatt House Davis project is a "necessary complement" to the success of the City Council-approved Embassy Suites hotel/conference project located on Richards Boulevard. The Embassy Suites project has been a high priority City Council project for many years. *According to PKF, the market research consulting firm that was hired for both the Embassy Suites hotel/conference project and the Hyatt House project, "the proposed Hyatt House is a necessary complement to the local market serving to capture either overflow group demand that is booked at the Embassy Suites (but can't be accommodated) or from traditional unsatisfied transient demand that cannot be*

*accommodated by the Embassy Suites due to a large group in house.”* Please see pages 17 and 23 of the attached PKF report.