

MEMORANDUM

To: The Honorable Betsy Nash, Mayor
The Honorable Cecilia Taylor, Council Member
Willow Village Development Agreement & Community Amenities Subcommittee Members
Justin Murphy, City Manager

From: Michael Ghielmetti, President, Signature Development Group

Subject: Updated Community Amenities Proposal

Date: October 11, 2022

On behalf of Peninsula Innovation Partners, I am following up on the May 24, 2022, Menlo Park City Council’s and Willow Village Sub-Committee for Development Agreement and Community Amenities’ request for additional funding for Belle Haven and other City initiatives. Below please find the summary of our Original Community Amenities Proposal and Revised Proposal based on feedback and requests from the City Council and Subcommittee.

While the Willow Village team estimates the Community Amenities value obligation to be \$102M and the original amenities value offered to be approximately \$296M under the City of Menlo Park’s ordinances and policies, the City of Menlo Park’s financial consultant estimated the Community Amenity obligation and original Community Amenity value offered to be approximately \$133M and \$267M respectively.

ORIGINAL COMMUNITY AMENITIES PROPOSAL – APRIL 2022

Amenity	Applicant Value	BAE Value
Grocery Store Space	\$33,276,808	\$30,450,935
Grocery Store Rent Subsidy	\$2,014,800	\$1,972,630
Pharmacy Services	\$1,405,346	\$992,340
Bank/Credit Union	\$1,504,156	\$1,557,964
Dining Venues	\$10,064,499	\$10,316,257
Willow Road Tunnel Bike & Ped Paths	\$35,467,818	\$22,250,919
Funding for Job Training Programs	\$8,363,395	\$8,304,907
Teacher Housing Rent Subsidies	\$1,906,772	\$1,745,319
Dog Park Improvement Costs	\$1,197,682	\$1,058,510
Entertainment Offerings	\$11,768,423	\$12,247,793
Excess Publicly Accessible Open Space	\$24,115,309	\$18,078,137
Elevated Park Improvement Costs	\$135,321,486	\$133,668,672
Town Square Improvement Costs	\$17,623,908	\$15,517,431
Open Space Maintenance	\$7,133,693	\$4,656,361
Mobile Market	\$4,400,000	\$4,299,571
TOTAL	\$295,564,095	\$267,117,746

REVISIONS TO ORIGINAL COMMUNITY AMENITIES PROPOSAL BASED ON CITY COUNCIL FEEDBACK AND SUBCOMMITTEE REQUESTS

Based on requests and feedback from the City Council and Subcommittee, Willow Village can revise our Original Proposal to respond to direct requests from the City as outlined below. The Community Amenity items and values identified below would continue to exceed the City’s requirement for Community Amenities. Willow Village can make the modifications to the proposal included herein as requested by the City Council and Subcommittee provided that there are no further reductions in values of Community Amenities or proportions of Community Amenities, and that there are no additional Community Amenities included. Any excess Community Amenities value above the obligation for the project would be constituted as Public Benefit for the Development Agreement as originally proposed.

- **Public Bike and Pedestrian Tunnel.** Removed the Community Amenity value for the public bike and pedestrian tunnel connecting residents under Willow Road and the SamTrans right of way to the Bay Trail. With the removal of the Community Amenities value for the tunnel, this item would not be an obligation of the project but would remain an option to be constructed by Peninsula Innovation Partners at its sole election.
- **Elevated Park.** Reduced Community Amenity value for the Elevated Park to half the value assessed by the applicant. This amenity is part of Phase 1.
- **Publicly Accessible Open Space.** Since the elevated park is included as a Community Amenity obligation, the applicant is including our full value of excess publicly accessible open space, as well as the full value of open space maintenance as determined by BAE.
- **Mobile Market.** Removed Community Amenities value associated with the Mobile Market. Willow Village would not receive Community Amenities value associated with this item and this item would not be an obligation of Willow Village but could be implemented by Willow Village at its election outside the project.
- **Willow Village Dog Park.** Removed Community Amenities value associated with the Willow Village Dog Park. Willow Village would not receive Community Amenities value associated with this item. This item would not be an obligation of Peninsula Innovation Partners but could be implemented at its sole election.

REVISIONS TO ORIGINAL PROPOSAL BASED ON CITY COUNCIL & SUBCOMMITTEE REQUESTS (Continues on next page)

Amenity	Original Applicant Value	Original BAE Value	New Applicant Value	New Estimated BAE Value
Grocery Store Space (Phase 1)	\$33,276,808	\$30,450,935	\$33,276,808	\$30,450,935
Grocer Rent subsidy (Phase 1)	\$2,014,800	\$1,972,630	\$2,014,800	\$1,972,630
Pharmacy Services (Phase 2)	\$1,405,346	\$992,340	\$1,405,346	\$992,340
Bank/Credit Union (Phase 1)	\$1,504,156	\$1,557,964	\$1,504,156	\$1,557,964
Dining Venues (Phase 1)	\$10,064,499	\$10,316,257	\$10,064,499	\$10,316,257
Willow Road Tunnel Bike & Ped Paths	\$35,467,818	\$22,250,919	\$0	\$0

Amenity	Original Applicant Value	Original BAE Value	New Applicant Value	New Estimated BAE Value
Funding for Job Training Programs (Phase 1)	\$8,363,395	\$8,304,907	\$8,363,395	\$8,304,907
Teacher Housing Rent Subsidies (Phase 1)	\$1,906,772	\$1,745,319	\$1,906,772	\$1,745,319
Dog Park Improvement Costs	\$1,197,682	\$1,058,510	\$0	\$0
Entertainment Offerings (Phase 1)	\$11,768,423	\$12,247,793	\$11,768,423	\$12,247,793
Excess Publicly Accessible Open Space (Phase 1)	\$24,115,309	\$18,078,137	\$24,115,309	\$18,078,137
Elevated Park Improvement Costs (Phase 1)	\$135,321,486	\$133,668,672	\$67,660,7436	\$66,834,336
Town Square Improvement Costs (Phase 1)	\$17,623,908	\$15,517,431	\$17,623,908	\$15,517,431
Open Space Maintenance (Phase 1)	\$7,133,693	\$4,656,361	\$4,656,361	\$4,656,361
Mobile Market	\$4,400,000	\$4,299,571	\$0	\$0
TOTAL	\$295,564,095	\$267,117,746	\$184,360,520	\$172,674,410

CITY COUNCIL & SUBCOMMITTEE REQUESTS FOR ADDITIONAL BELLE HAVEN & CITY COMMUNITY AMENITIES/FUNDING

In addition to the revisions to the Original Proposal requested by the City Council and Subcommittee above, the Subcommittee has made requests for additional funding for additional Community Amenities to further benefit the Belle Haven neighborhood. Willow Village can accommodate revisions above as well as the additional Community Amenity funding requests below provided that any excess Community Amenities value above the obligation for the project would constitute the public benefit for the Development Agreement as originally proposed. The total additional funding for items requested by the Subcommittee is \$14,950,000.

- **Funding for Bayfront Shuttle.** Willow Village would fund a Bayfront shuttle through the formation of a Transportation Management Association (TMA) that would provide shuttle service for Bayfront residents to and from Willow Village. The shuttle value is based BAE’s NPV methodology with a proposed duration 17 years. Value: \$9.7M.
- **Funding for Additional Affordable Housing.** In addition to 312 affordable housing units as part of the project (including 119 affordable homes for low-income seniors), and funding for affordable housing for teachers as a Community Amenity, Willow Village would also provide millions of dollars in additional funding for Menlo Park affordable housing programs to provide financial support for continued housing security for Menlo Park residents with a priority for Belle Haven residents. Value: \$5M.

- **Funding for Belle Haven Air Quality & Noise Monitoring Equipment.** Willow Village would contribute funding to purchase and install one (1) new high-quality air monitoring system and one (1) new high quality noise monitoring system for the Belle Haven neighborhood. Value: \$150,000.
- **Funding for Willow Road Feasibility Study.** Willow Village would provide funding to support a feasibility study related to potential ownership of Willow Road to City of Menlo Park. Value: \$100,000.

CITY COUNCIL & SUBCOMMITTEE REQUESTS FOR ADDITIONAL COMMUNITY AMENITIES / BELLE HAVEN FUNDING TABLE

Amenity	Committee Request	Applicant Value
Bayfront Shuttle Funding	\$9,700,000	\$9,700,000
Willow Road Study	\$100,000	\$100,000
Affordable Housing Contribution	\$5,000,000	\$5,000,000
Funding For Air Quality & Noise Monitoring Equipment	\$150,000	\$150,000
Total Additional Community Amenities	\$14,950,000	\$14,950,000
Total Revised Community Amenities		\$184,360,520
Total Community Amenity Value		\$199,310,520

As a result of the update to the original proposal and additional funding requested by the Subcommittee, the total Community Amenities value would total approximately \$199M based on Willow Village estimates and approximately \$188M using BAE valuation methodologies. Direct funding contributions are set dollar amounts from the applicant and do not require additional BAE evaluation. Both valuations exceed the total community amenities value required by the City.

We look forward to continuing to collaborate and coordinate with the City Council, Subcommittee, and community to provide unprecedented community amenities associated with Willow Village.

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