

Hand and Stone Application for Development Review

Applicants & Application:

- The Adelante Group (a California Corporation): Leo and Patty Scrivner – Pleasanton, California
- DBA Hand & Stone Massage and Facial Spa

Application for PUD and CUP:

- Spa offering massage, facials, and waxing services along with the retail sale of skin care products, body lotions and candles

**No tanning, hair cutting/styling, or nail services. Waxing services is less than 2% of total services*

- Proposed location: 6786 Bernal Avenue, Suite 830 (Pleasanton Gateway Shopping Center).

Space:

- 2549 SF – By Starbucks / Safeway Gas Station
- Vacant since the shopping center opened

Franchise Corporation:

- **Hand & Stone Spa Franchise Corp: Franchise in the Personal Care Market**
- **Founded in 2003**
 - US Locations: AZ, CA, CO, CT, DL, FL, MD, MI, MO, NC, NJ, NY, OR, PA, SC, TX, VA, WA, WI and 9 locations in Canada
 - Expanding to approximately 150 locations
 - 50 new franchises opening in the next year (5-8 in the San Francisco Bay Area)
 - Intent is to open the first Hand & Stone in the Bay Area in Pleasanton
- **Primary business is massage** paired with facials, waxing services, and sale of retail products
 - Massage is a \$12 billion industry and Skin Care is an \$18.7 billion industry continuing to grow double digit* with 85% of consumers believing massage is beneficial to health and wellness

Real Estate Criteria Power Centers and Lifestyle Centers

- Focused on locating in community shopping centers catering to higher income clientele
- Anchored by Grocery Stores or other “big Box retailers”
- Other stores in plaza often include Banks, apparel, restaurants, pet stores
- Health oriented shopping

Size: 2000 - 3,400 sq. ft.

Market Demographics: 100,000 within a 15 minutes drive time

Why Pleasanton Gateway: FIRST CLASS CENTER

- Pleasanton is Home to the Owners – owners frequent this center
- Aesthetically pleasing landscape and surroundings
- Visibility from roads
- Quality center and design that matches Hand & Stone Brand image
- Anchors that target ideal Hand & Stone Customers
- Right mix of co-tenants that also cater to families and will deliver a symbiotic relationship
 - Customers prefer to shop in centers that can meet multiple needs at once: mix of product and services
- Near upscale residential communities with convenient access to highways

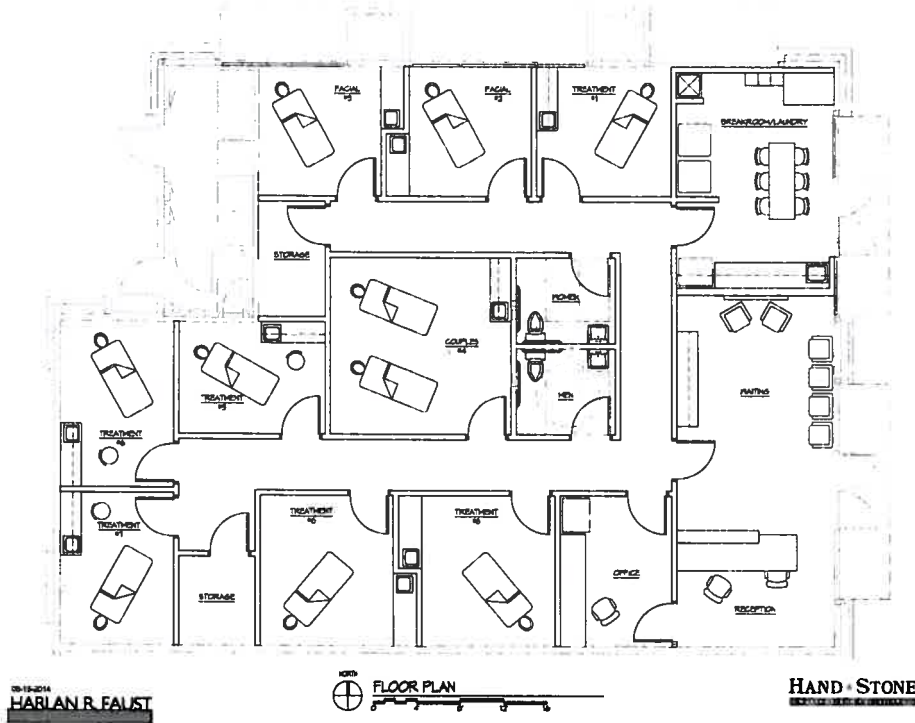
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Conceptual Floor Plan



Business Model:

- Target Market is Active Female focused on healthy lifestyle (Age 25 to 60)
- Males represent 30% of business: relief of stress and pain
- Household income minimum \$70,000+

Differentiating Factors:

AVAILABILITY:

- Conveniently located with top quality services
- **OPEN EVERYDAY**
- Great hours 9am to 10 pm on weeknights, until 8 pm on Weekends
- * 9am opening helps with early morning Starbucks traffics. Additionally, spa staff will park towards center of parking lot
- Same day convenience for services (up to 50% of services booked same day)

GREAT MARKETING CAMPAIGN:

- Incredibly priced introductory offers to all first time visitors to entices massage goers
- Low risk to try for customers new to the industry
- Experts in email marketing and social media to gain repeat business
- The Personal Touch: we pick up the phone to ask people to come back in

GIFT CARDS:

- Gift cards extends the services to a new market of clients. Over \$100,000 a year/spa

MEMBERSHIP PROGRAM:

- Customers can join monthly program with a variety of options and specials
- Commit to coming in 1x/month
- More than 75% of members buy at least one additional service/product above their monthly service
- Members are a fantastic source of referral

Business Model Continued

HIGH QUALITY PRODUCTS:

- Carry tested top quality products for body and home-over 150 items
- TOP NATIONAL BRAND for Skin Care Products DERMALOGICA
 - Train over 75,000 skin care therapists every year
 - Spend millions on research and education every year
 - Large philanthropic efforts
 - Customers seek out this brand

EXCEPTIONAL CUSTOMER SERVICE:

- The Franchise and our company personally, is Committed to Exceptional Customer Experience
- Intensive, proprietary training at start and on going training to deliver an exceptional client experience
- On line survey metrics to measure and respond to client feedback

Comprehensive Variety of Services

Massage

- Swedish Massage
- Deep Tissue Massage
- Sports Massage
- Trigger Points Massage
- Hot Stone Massage
- Cold Stone Face Massage
- Foot Treatments
- Pre-Natal
- Couples

Facials

- Classic Facial
- Men's Facial
- Teen Facial
- Rejuvenating Facial
- Detox Facial
- Rosacea Facial
- Anti-Aging Facial
- Sensitive Skin Facial
- Microdermabrasion
- Peels

Hair Removal – Wax Free

Aromatherapy

A Breadth of Product Lines for Face, Body and Home-carry over 150 items

- 2 Skin Care Product Lines - National Brand Dermalogica and Boutique Line Clarity Rx
- Deco Candle Line
- Get Fresh Body Care Line
- Archipelago Lotions and Soaps
- Biofreeze
- NuFree

Build Out Process:

- "Spa in a Box" - all materials have been carefully designed, detailed and negotiated
- Only proven top quality suppliers
- Strict standards for image and brand consistency
- Required by Franchise agreement to follow all details
- We are committed to following not only Franchise but all local rules and conditions specified for our and general use

Licensing, Hiring and Training of Staff:

- All Massage and Esthetics professionals must be fully licensed and insured
- Only California approved program of 500 hours or more
- State Exam and/or National Certification required
- Background Checks and document verification to ensure staff is either citizens of the United States or possess valid and appropriate work permits from the U.S. Immigration and Naturalization Service and other applicable agencies
- License is re-newed every 2 years
- Continuing education requirements - 24 hrs for each renewal period, must include ETHICS

Hand & Stone Spa Process:

- Hiring process includes license verification, in person interview, hands on interview and discussion by at least 2 separate managers
- Corporate training (documents of protocols, rules, etc.), hands on training and testing in spa
- Lead Department Manager responsible and accountable for staff training
 - After 30/60/90 days review and retraining as needed
 - Client feedback through sophisticated Questar Survey Program
 - Annual re-training and safety review

Client and Staff Safety:

- Facility compliant with all local building and safety codes, including but not limited to ADA, Fire Safety, entry/exit access points, emergency signage, sanitation and maintenance
- Follow labor laws for fair treatment of all employees
- Client documentation of treatment and results
- Any one under age of 18 requires parental/guardian signature (under 16 parent must stay in spa)

Insurance: landlord, spa, individual providers:

- All therapists must hold personal insurance with \$1MM coverage
- Hand & Stone Spa (Adelante Group). holds \$3MM in insurance for property, employee and client concerns

Aggressive and Dedicated Marketing Campaign:

- Over \$60K per year spent on high end individualized postcards, front covers, internet
- Messages to target New Clients: 500 prospects/month
- Repeat Visits: email, text and Social Media campaigns designed to entice repeat visits
- Membership Retention (clients come from up to 8 miles away) special "member only" offers
- Corporate Chair Massage Programs
- Community Outreach and Donations

Corporate Support:

- Start Up Support, Grand Opening, Cooperative discounts
- Extensive Classroom and On-Site Training for Owners and Managers
- On-Going Operational Support
(Intranet Resource, Regular Corporate Visits, dedicated IT team, Sales guidance)

About THIS Spa

- **Hours:**
9am to 10 pm on weeknights, 9am to 8 pm on Weekends *9am opening helps with morning Starbucks traffics
- **Anticipated Customer flow:**
Hand & Stone Benchmark data indicates **3-4 customers per hour** and a typical customer visit is one hour. We also believe customers will do other shopping in centers and are willing to walk within other areas of the center for a massage
- **Spa Staff**
Store Manager: 1
Spa Associates / Front Desk Reception and Sales: 2-3 (typically only one on premises at a time)
Massage Therapists: 8 - 12 (only those scheduled for a massage service on site)
Estheticians: 3 - 4 (only those scheduled for a facial service on site)
*Hand and Stone Benchmark data indicates **4-6 employees per hour** on site during a normal week. Additionally, spa staff will be asked to **park towards the center of parking lot** to reduce and **minimize traffic and parking impact** in front of this pad.
- All Massage and Esthetics professionals must be fully **licensed and insured** and must be a **US citizen or possess valid work permits**. Staff will be corporate hands-on trained & tested.
- Carry over 150 items for Face, Body and Home
- Accessible to all shoppers-not just members
- Retail visible from outside (all glass front) to draw attention
- Certified Dermalogica Brand products account
- Spa Staff will be Vendor and Corporate trained for sales, plus compensated on retail performance

Potential Traffic Flow

	Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday	
	Cust	Staff	Cust	Staff	Cust	Staff	Cust	Staff	Cust	Staff	Cust	Staff	Cust	Staff
8:00 AM	0	1-2	0	1-2	0	1-2	0	1-2	0	1-2	0	1-2	0	1-2
9:00 AM	2-3	3-5	2-3	3-5	2-3	3-5	2-3	3-5	2-3	3-5	4-6	5-7	4-6	5-7
10:00 AM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
11:00 AM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
12:00 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
1:00 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
2:00 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
3:00 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
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6:00 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
7:00 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
8:00 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
9:00 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6
10:00 PM	2-3	3-5	2-3	3-5	2-3	3-5	2-3	3-5	2-3	3-5	0	0	0	0

Spa staff will be asked to park towards the center of parking lot to reduce and minimize traffic and parking in front of this pad

Potential Traffic

	Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday	
	Cust	Staff	Cust	Staff	Cust	Staff	Cust	Staff	Cust	Staff	Cust	Staff	Cust	Staff
8 - 9 AM	0	1-2	0	1-2	0	1-2	0	1-2	0	1-2	0	1-2	0	1-2
9 - 10 AM	2-3	3-5	2-3	3-5	2-3	3-5	2-3	3-5	2-3	3-5	4-6	5-7	4-6	5-7
10 - 11 AM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
11 - 12 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
12 - 1 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
1 - 2 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
2 - 3 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
3 - 4 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
4 - 5 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
5 - 6 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
6 - 7 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
7 - 8 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	4-6	5-7	4-6	5-7
8 - 9 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	0	1-2	0	1-2
9 - 10 PM	2-3	3-5	3-4	4-6	3-4	4-6	3-4	4-6	3-4	4-6	0	0	0	0
10 - 11 PM	0	1-2	0	1-2	0	1-2	0	1-2	0	1-2	0	0	0	0

Spa staff will be asked to park towards the center of parking lot to reduce and minimize traffic and parking in front of this pad

Benefits to Center and Community

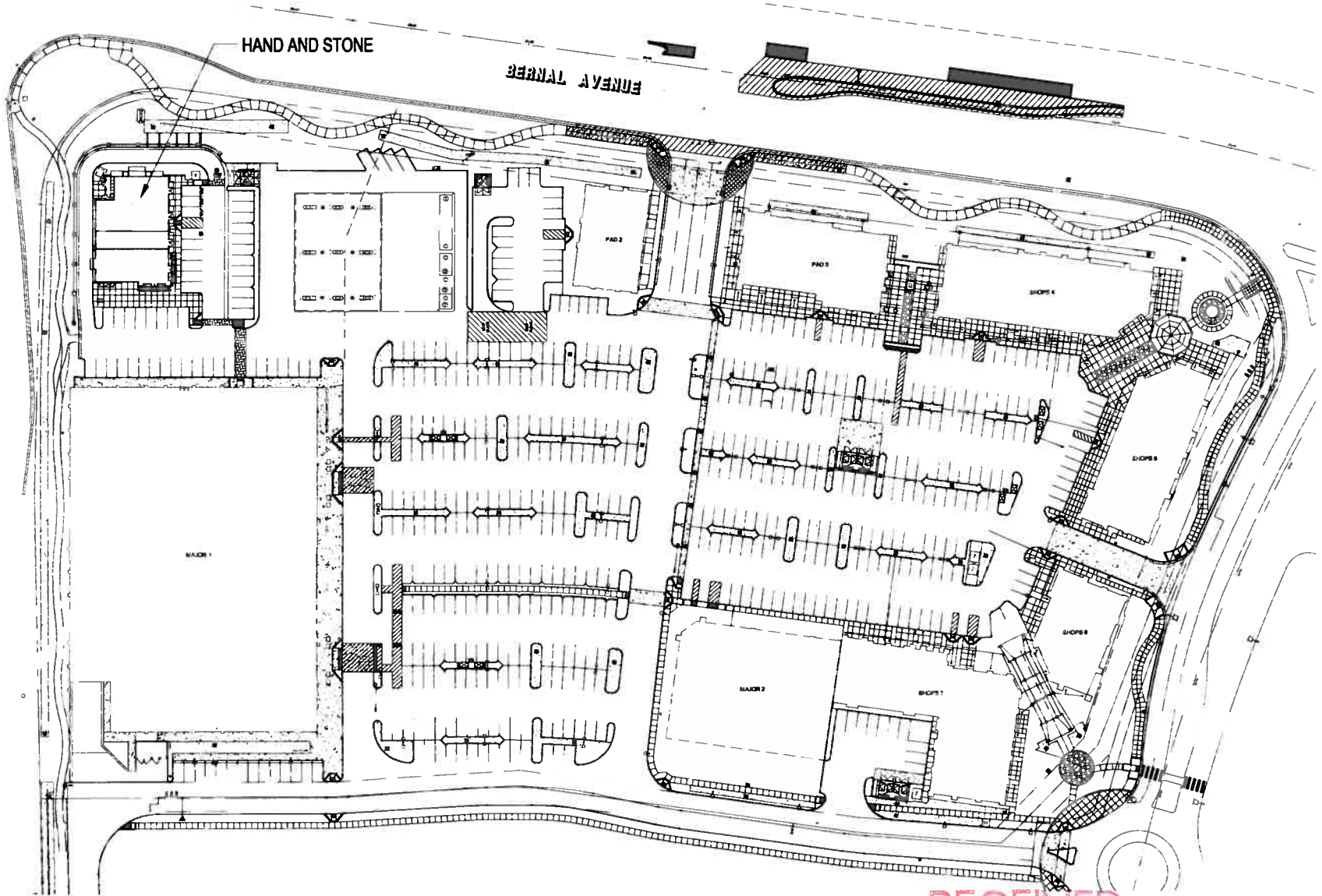
Conditional Use Considerations:

1. Desirable for Public Interest and Community
 - Provide therapeutic and health oriented benefits to resident
 - Spa is a destination type of store: people plan schedule around a visit to the spa.
 - Open to members and non-members
 - Employs people
 - Generates sales tax revenue (expected to generate \$60,000-\$70,000 in sales tax applicable revenue)
2. Use will not be detrimental to health and safety of community or property value
 - This center was designed to contain different types of uses to serve this area.
 - A use such as Hand & Stone Massage and Facial Spa is a perfect use for this space which is harder to lease due to traffic and limited parking spaces.
 - Hand & Stone is not a high traffic store. Benchmark data indicates 3-4 customers and approximately 5 employees per hours. Additionally, employees will be asked to park towards the center of the parking lot.
 - Hand & Stone does not generate excessive noise, traffic or other detriments that will affect the general welfare of the center
 - High brand image standards are a fit with the image of the center
 - We will comply with all regulations and conditions specified in the zoning ordinance.

Our Personal Mission:

**“ Deliver EXCEPTIONAL service
every time and
at every point of contact
with every client”**

This is how we treat our clients,
our employees, our vendors and the
surroundings where we work and live



05-15-2014
HARLAN R. FAUST

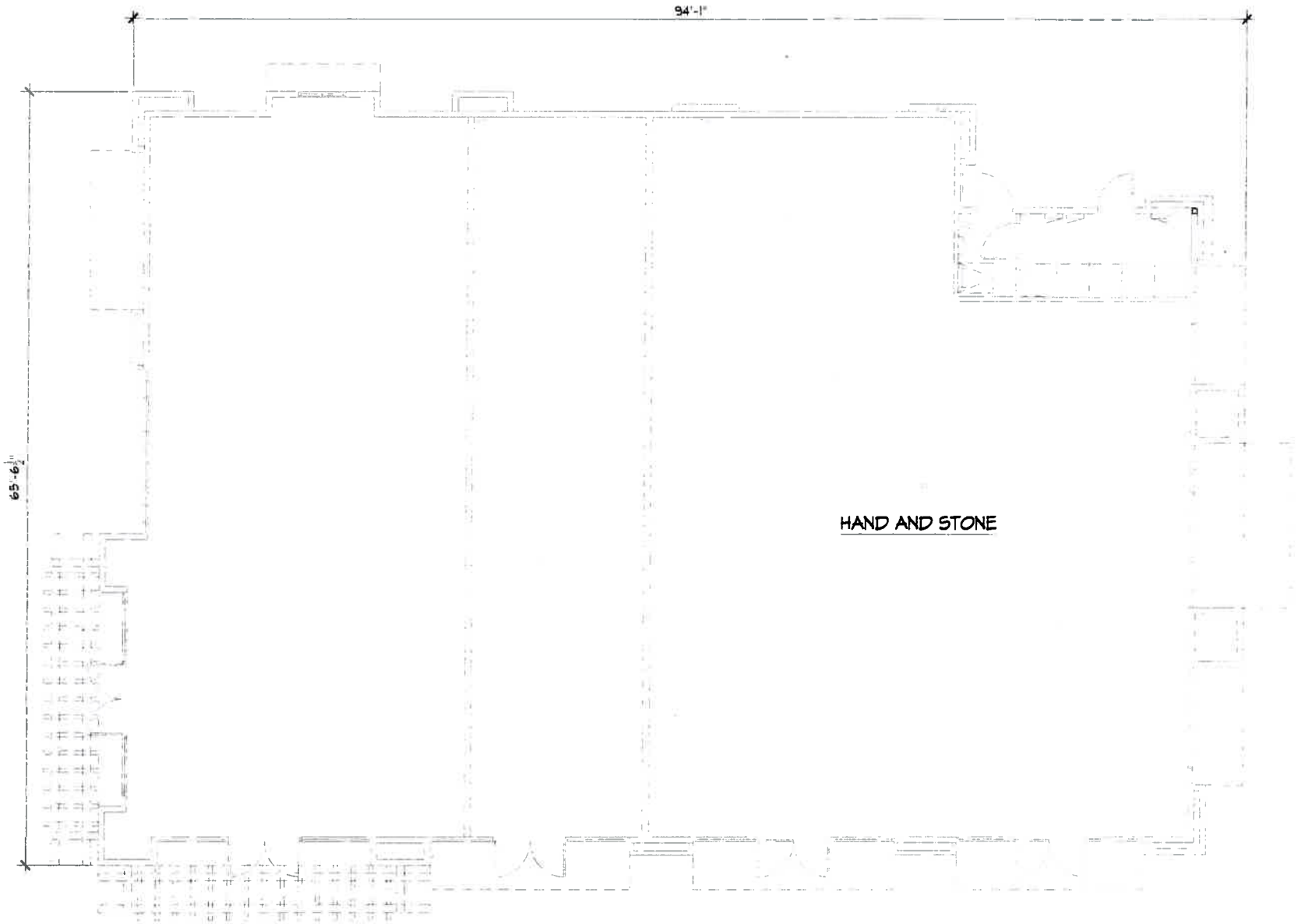


SITE PLAN

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HAND & STONE
MASSAGE AND FACIAL SPA
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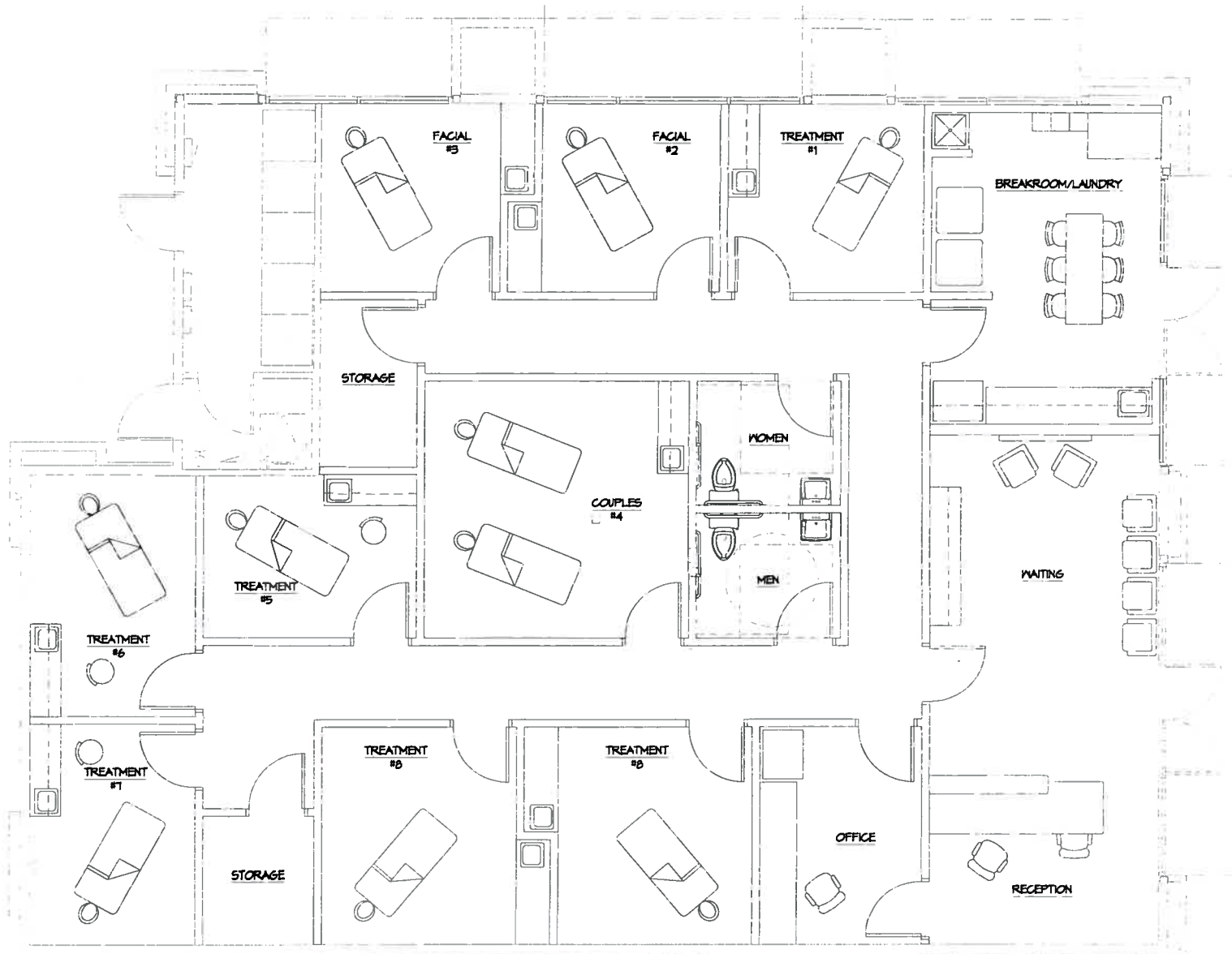
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