



To: Monica Suua, Beach Cities Health District

From: Philip Kroskin, SVP Investments, Sunrise Senior Living

Date: September 25, 2025

Re: Response to Additional Questions – Statement of Qualifications Submittal

## **1. Financial Approach to Ground Lease**

### **a. Ground Lease Structure**

- Sunrise proposes a 99-year ground lease with rent structured to start at closing at \$500,000/year for 24 months, \$750,000/year for 24 months and then \$1,250,000/year for 5 years, paid in equal monthly installments. Following stabilization, ground lease rent shall increase by 7.5% percent every five years for the duration of the lease term. There will be no Fair Market Value (FMV) reset.

The proposed ground lease rent terms are based on current knowledge of site conditions and are subject to adjustment if additional information is discovered during due diligence that materially increases the projected cost or schedule. The terms proposed assume the project is not subject to prevailing wage.

### **b. Development and Construction of allcove Center**

- BCHD may elect to have Sunrise construct the allcove center concurrently with the construction of Sunrise Beach Cities. Sunrise's proposed project design sets aside the 0.40 acre Beryl Street parcel for the allcove center.

If BCHD elects this option, BCHD shall fund all actual costs of design, permitting, and construction (including all development and construction management fees) of the allcove center as such costs are incurred, upon submission by Sunrise of invoices and reasonable supporting documentation. Sunrise is willing to consider adjustments to the ground lease rent, including the possibility of a full abatement, until it has been fully repaid for the costs of constructing the allcove center. During this period,



reasonable carry costs may also be incorporated into the repayment structure.

## **2. Impact of proposed project on existing EIR & entitlements**

Sunrise proposes a total of 217 units, all within the square footage and unit count analyzed and approved in the EIR. The proposed mix reduces the number of Memory Care units and increases the number of Assisted Living units, while maintaining licensing for all units under the State of California Department of Social Services as a Residential Care Facility for the Elderly (RCFE).

The Environmental Impact Report (EIR) for the Healthy Living Campus Master Plan has been certified; however, the project itself will need to be entitled. To move the project forward, the following steps will be required.

### **a. Review of EIR Coverage**

- Any newly proposed project will be subject to an EIR consistency review. The Beach Cities Health District (BCHD) and/or the City of Redondo Beach will determine whether Sunrise's proposal is substantially consistent with the EIR's project description, or if preparation of an Addendum to the EIR is required.
- Because Sunrise is proposing the same use and remaining within the overall unit counts analyzed in the EIR, Sunrise's land use council has advised the proposed project should conform within the certified EIR. If the lead agency determines otherwise, a minor addendum to address the limited change in unit mix may be required. This would be a streamlined process that does not trigger public review or a formal comment period.
- Proposed Unit Mix (217 total units, all licensed as RCFE):
  - 130 Independent Living Units
  - 56 Assisted Living Units
  - 31 Memory Care Units



#### **b. City Approval of Entitlements**

- Entitlements would be granted through the Redondo Beach Planning Commission, likely under a Conditional Use Permit (CUP) and subject to Design Review.
- The Redondo Beach City Council would act as the appeal body for any Planning Commission determinations.

### **3. Community Benefit Specifics**

Sunrise Senior Living strives to be a good steward for the neighborhoods in which we build. We are committed to creating a vibrant, inclusive environment that strengthens connections between our residents and the surrounding community. Beyond simply providing a home and care for seniors, we work to bring meaningful benefits to the surrounding area. These initiatives reflect our dedication to fostering wellness, inclusivity, and strong community ties. By blending resident-focused services with public-facing programs, Sunrise positions this project as a true community hub for the Beach Cities Health District.

#### **a. Partnership with allcove Program and Other Youth Organizations**

- Sunrise recognizes that the allcove program serves a unique and important purpose for youth in the community and is committed to making significant efforts to collaborate with the program's leadership to explore how a partnership can best serve both parties. Building on this commitment, Sunrise proposes a partnership with allcove Beach Cities to create intergenerational opportunities that bring seniors and youth together through shared experiences.
- Potential programming may include mentorship pairings, volunteer activities, service projects, gardening, social gatherings, book clubs, game nights, pen pal connections, and other shared activities designed to promote connection, mutual understanding, and wellness across generations. Sunrise has had tremendous success with similar intergenerational programming at other communities.
- To the extent possible, Sunrise may seek out similar partnerships with other youth programs in the community; however, allcove will remain the priority.



**b. Pocket Park and Green Space**

- Sunrise proposes repurposing a portion of the parking area along North Prospect Drive into pocket park and green space. See pages 23 and 24 of the Sunrise RFEI submittal for visual representations. This would not only beautify the curb appeal of the entire campus, but also create an inviting, pedestrian-friendly area open to the public. Potential community uses include a community garden, farmers markets, wellness fairs, food truck gatherings, pet adoptions, and other neighborhood events. Incorporating this area into the BCHD campus will enhance opportunities for community interaction while promoting the health and wellness of residents.

**c. Aquatic Classes for Seniors**

- Select water aerobics for seniors at Sunrise of Beach Cities will be available to senior citizen members of the BCHD Center for Health & Fitness, promoting physical wellness and fostering stronger neighborhood ties. Sunrise may also open some water aerobics classes to seniors in the greater community.

**d. Salon Access Available to Public**

- The Sunrise of Beach Cities salon will be made available to the public by appointment, creating another point of connection with the community. Families and relatives of residents will also be encouraged to use these amenities alongside residents.

**e. Community Multi-Use Room**

- A designated multi-use community room will be available by appointments for local gatherings that promote wellness and wellbeing, such as book clubs, workshops, and library-partnered events. Residents will be invited to participate alongside community members, with staff providing support for set-up and coordination. A published calendar will ensure these offerings are accessible and visible to the greater community.



**f. Exercise and Wellness Programs**

- Exercise classes, including tai chi, yoga, dance, and strength training, will be offered to residents, with select sessions made available to seniors in the greater community. Expanded spaces and equipment will support larger group participation, with typical classes accommodating 15–20 participants.

**g. Community Events for Seniors**

- Sunrise will host free quarterly social events open to residents and non-resident seniors with the goal of increasing social interaction and fostering a sense of community. Examples include happy hours, holiday-themed gatherings, and bingo nights.

**h. Community Shuttle**

- The community shuttle will provide safe, reliable transportation for residents to medical appointments, pharmacies, shopping, local attractions, and recreational outings. This service will not only support resident wellness but also enhance seniors' access to local businesses and community events.

**4. Intended Project Schedule**

Sunrise Senior Living strives to deliver every project with reliability, accountability, and excellence. With more than 250 communities across the U.S. and Canada, most of which we have developed and built ourselves, we bring unmatched expertise in delivering complex senior living projects on schedule and to the highest standards. Our disciplined approach, refined over decades of experience, ensures that commitments are met and momentum is maintained at every stage. The following schedule reflects this commitment, setting out clear quarterly milestones to keep the project firmly on track from entitlement through delivery.

- **Q1 2026** – Execute development agreement.
- **Q2–Q4 2026** – Complete due diligence, predevelopment activities, finalize design, and secure entitlements or amendments as needed.
- **Q1–Q4 2027** – Complete Construction Drawings and Plan Check Process



- **Q1 2028:** Begin site preparation and carry out demolition activities.
- **Q2 2028 – Q1 2030** – Full construction period with phased delivery of units and amenities.
- **Q1 2030** – Project opening and commencement of operations.

## **5. Parking plan**

Sunrise proposes approximately 182 surface parking stalls to serve the RCFE community. This parking ratio of approximately 1 stall per independent living unit and .6 stall per assisted living and memory care unit has proven more than sufficient within Sunrise's portfolio of over 240 communities.

Based on observations of the existing lots, it appears a pocket park and green space along North Prospect Street can be created while still providing sufficient parking capacity for the entire campus. The Blue Lot includes two subterranean levels with about 80 open spaces available, while the Red Lot is a three-level structure with roughly 70 vacant spaces. The Yellow Lot, located at the back of the site, is an open surface lot currently accommodating around 50 cars. Even if the Yellow Lot were fully removed, we would still maintain a surplus of approximately 100 spaces between the Blue and Red lots. This surplus provides a strong rationale for converting the front of the site into green space, which would improve community visibility, enhance curb appeal, and create a more pedestrian-friendly environment, all while ensuring more than adequate parking remains available. If needed, this parking plan can accommodate up to 30 spaces for the allcove Beryl Street location through a reciprocal parking agreement or easement.





## 6. Plan for allcove

To provide further clarification, Sunrise's proposal does not rely on the 0.4 acre Beryl Street parcel as part of the RCFE project plan but instead sets this parcel aside for a future allcove center.

As outlined in section 1 of this memo, to the extent feasible, Sunrise is willing to concurrently construct the planned 9,400 sq. ft alcove facility at cost for BCHD. BCHD would benefit from Sunrise's decades of experience in construction and development as well as their deep relationships with local general contractors, subcontractors and consultants.



As outlined in Section 2 of this memo, Sunrise intends to partner with the allcove program to develop meaningful intergenerational programming. During the design phase of Sunrise Beach Cities, Sunrise will work closely with allcove leadership to identify co-location opportunities, such as shared outdoor green spaces and multi-use intergenerational lounges. The goal would be to create environments where both organizations can benefit from their proximity while preserving their operational independence.

## **7. Construction feasibility**

### **a. Construction Phasing**

- The first phase will focus on hazardous material abatement within the existing 514 building and its associated central mechanical plant, followed by demolition of the existing structures. Upon completion of site preparation, construction of the new senior living building will commence. The project is anticipated to be delivered as a single phase, with Independent Living, Assisted Living, and Memory Care components opening concurrently. The structure is expected to be concrete on standard spread footings. Once the structural frame is complete, the building envelope will be installed, likely incorporating a combination of windows, storefronts, masonry or stone, and other exterior cladding. Following establishment of a weather-tight building, interior construction will proceed, including mechanical, electrical, plumbing, and finishes. The final stage will consist of inspections and approvals, culminating in California licensing and resident occupancy.

### **b. Site Access**

- Since two sides of the site are located at significantly lower elevations, feasible entry points are limited. Construction access is therefore proposed from North Prospect Avenue, utilizing the existing signalized intersection to ensure safe and controlled movement of construction vehicles. This approach minimizes disruption to surrounding neighborhoods, maintains predictable traffic flow along North Prospect, and enhances overall site safety during the construction





period. All access and haul routes will comply with the mitigation measures outlined in the Environmental Impact Report (EIR), including traffic management protocols, noise and dust control, and restrictions on delivery hours.

**c. Mitigation of Impacts to Existing Medical Office Buildings (510 and 520)**

- The goal during construction will be to minimize disruption to the adjacent medical office buildings at 510 and 520 North Prospect and their associated parking facilities. All measures will be undertaken in compliance with the mitigation requirements outlined in the Environmental Impact Report (EIR), including those related to traffic, air quality, noise, and vibration.

Key strategies will include:

- Traffic Management: Construction traffic will be routed away from the 510 and 520 buildings and the existing parking garage. Public access from the signalized intersection on North Prospect will be closed. Traffic serving the 520 building will be diverted to the access road on the north side, while traffic to the 510 building and parking garage will be directed to the south entrance of the 510 building. The garage entrance and exit adjacent to the 514 building will be closed for the duration of construction.
- Parking Controls: Construction-related parking will not be permitted in the existing parking garage or in surface spaces serving the 510 and 520 buildings, preserving availability for patients, staff, and visitors.
- Vibration Monitoring and Compliance: Sunrise will review any medical equipment used within the 510 and 520 buildings to assess potential sensitivity to construction-related vibrations. Monitoring will be conducted as needed, and mitigation measures implemented, to remain within EIR thresholds and prevent disruption to medical operations.



- Dust and Air Quality Control: During earth-moving and grading activities, enhanced dust suppression measures will be implemented in accordance with EIR standards to protect adjacent buildings and minimize impacts to staff and patients.



These measures will help ensure continuity of operations for the medical office buildings while maintaining safety, regulatory compliance, and minimal inconvenience to patients, staff, and visitors.

## **8. Plan for Blue Zones incorporation**

Sunrise of Beach Cities will be designed around the principles of the Blue Zones Project, which promote longer, healthier lives through daily movement, social connection, purpose, and whole-person wellness. These values will guide the community's architecture, landscaping, programming, and dining. The campus will encourage natural movement with walkable paths linking cottages, 2 courtyards, and amenities. Rooftop terraces, gardens, and fitness areas will integrate wellness into daily



life. A prominent grand staircase will further encourage ambulatory residents to choose stairs over elevators.

Programming will foster engagement through performances, fitness classes, book clubs, and volunteer opportunities. Partnerships with BCHD programs such as allcove will create intergenerational experiences that strengthen community ties.

Meditation courtyards, quiet gardens, and flexible gathering areas will support reflection, belonging, and connection. Communal dining rooms and teaching kitchens will offer shared spaces that bring residents and neighbors together.

Dining will follow Blue Zones nutrition principles, with dietitians and food program directors crafting healthy, flavorful, plant-forward meals enjoyed in a social, hospitality-inspired setting.

The architecture will support holistic wellness with fitness centers, outdoor walking loops, meditation courtyards, and flexible spaces that accommodate BCHD initiatives. By blending hospitality-level amenities with healthcare partnerships, Sunrise of Beach Cities will create a lifestyle where wellness is woven into everyday life.

In short, Sunrise of Beach Cities will be more than a building. It will be a living environment that embodies Blue Zones values while advancing BCHD's mission to help people live better, longer.

Please note that Sunrise is in receipt of Blue Zones, LLC expression of interest and will consider engaging them as a strategic advisor.