CALIFORNIA COASTAL COMMISSION

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Commission Action:

STAFF REPORT: REGULAR CALENDAR

APPLICATION NUMBER: 5-09-040

APPLICANT: Ocean Avenue Management LLC

AGENT: Sherman Stacey

PROJECT LOCATION: 1515-1525 Ocean Avenue, Santa Monica

PROJECT DESCRIPTION: Demolish two separate motels, Pacific Sands Motel (57 rooms) and Santa Monica Beach Travelodge (30 rooms) and construct a single 89,900 square foot, 164 room, forty-five foot high, low to moderate priced Travelodge hotel, swimming pool, 4,670 square feet of retail space, and a total of 294 parking spaces in a 4 level subterranean parking garage.

Lot Area 45,000 sq. ft.
Building Coverage 27,000 sq. ft.
Pavement Coverage 14,300 sq. ft.
Landscape Coverage 3,700 sq. ft.
Parking Spaces 294
Zoning RVC/C3
Ht above final grade 45,000 sq. ft.
27,000 sq. ft.
29,000 sq. ft.
45,000 sq. ft.
45,000 sq. ft.
47,000 sq. ft.

SUMMARY OF STAFF RECOMMENDATION:

Staff recommends approval with special conditions on the basis that the project, as conditioned, conforms with the public access and resource protection policies of the Coastal Act. Special Conditions include: 1) future development; 2) dewatering requirements; 3) water quality mitigation; 4) archaeological resource recovery plan;; 5) conformance with geotechnical recommendations.

SUBSTANTIVE FILE DOCUMENTS: Santa Monica certified Land Use Plan, certified in 1992; CDP No. 5-04-291, 5-88-062, 5-84-866, 5-81-554, 5-94-172, A-253-80, and A-69-76.

STAFF RECOMMENDATION:

MOTION: I move that the Commission approve Coastal

Development Permit No. 5-09-040 pursuant to the staff

recommendation.

STAFF RECOMMENDATION OF APPROVAL:

Staff recommends a **YES** vote. Passage of this motion will result in approval of the permit as conditioned and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

RESOLUTION TO APPROVE THE PERMIT:

The Commission hereby approves a coastal development permit for the proposed development and adopts the findings set forth below on grounds that the development as conditioned will be in conformity with the policies of Chapter 3 of the Coastal Act and will not prejudice the ability of the local government having jurisdiction over the area to prepare a Local Coastal Program conforming to the provisions of Chapter 3. Approval of the permit complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the development on the environment, or 2) there are no further feasible mitigation measures or alternatives that would substantially lessen any significant adverse impacts of the development on the environment.

II. STANDARD CONDITIONS:

- 1. <u>Notice of Receipt and Acknowledgment.</u> The permit is not valid and development shall not commence until a copy of the permit, signed by the permittee or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.
- 2. <u>Expiration.</u> If development has not commenced, the permit will expire two years from the date this permit is reported to the Commission. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.

- 3. <u>Interpretation.</u> Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
- 4. <u>Assignment.</u> The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
- 5. <u>Terms and Conditions Run with the Land.</u> These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

III. SPECIAL CONDITIONS

1. Future Development

This permit is only for the development described in coastal development permit No. 5-09-040. Except as provided in Public Resources Code section 30610 and applicable regulations, any future development as defined in PRC section 30160, including, but not limited to, a change in the density or intensity of use land, or change from the project description, as proposed by the applicant, shall require an amendment to Permit No. 5-09-040 from the California Coastal Commission or shall require an additional coastal development permit from the California Coastal Commission or from the applicable certified local government.

2. <u>Dewatering of Groundwater</u>

PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall provide, for the review and approval by the Executive Director, a written agreement providing that any required dewatering of the site due to groundwater intrusion, or percolating surface water, during construction or post-construction will require filters to be installed on all dewatering pumps and sump pumps. Such dewatering shall comply with the State of California Regional Water Quality Control Board or the Sanitary District discharge requirements.

3. Water Quality Standards

With the acceptance of this permit the applicant agrees to comply with all applicable City of Santa Monica water quality requirements as required under the City's Municipal Code that are in effect at the time of approval of this permit.

4. Archaeological Resources

- A. PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall submit for the review and approval of the Executive Director an archeological monitoring plan prepared by a qualified professional, that shall incorporate the following measures and procedures:
- 1. The monitoring plan shall ensure that any prehistoric or historic archaeological or paleontological cultural resources that are present on the site and could be impacted by the approved development will be identified so that a plan for their protection can be developed. To this end, the cultural resources monitoring plan shall require that archaeological and Native American monitors be present during all grading operations unless the applicant submits evidence, subject to the review and approval of the Executive Director, that a more complete survey of cultural resources adjacent to and within a one-half mile radius of the project site finds no cultural resources. If cultural resources are found adjacent to, or within a one-half mile radius of the project site, the applicant may choose to prepare a subsurface cultural resources testing plan, subject to the review and approval of the Executive Director, in-lieu of proceeding with development with the presence of archaeological and Native American monitors on the site during grading activities. If the subsurface cultural resources testing plan results in the discovery of cultural resources, the applicant shall prepare a mitigation plan, which shall be peer reviewed and reviewed by the appropriate Native American tribe, and shall apply for an amendment to this permit in order to carry out the mitigation plan.

There shall be at least one pre-grading conference with the project manager and grading contractor at the project site in order to discuss the potential for the discovery of archaeological or paleontological resources.

- 2. Archaeological monitor(s) qualified by the California Office of Historic Preservation (OHP) standards, Native American monitor(s) with documented ancestral ties to the area appointed consistent with the standards of the Native American Heritage Commission (NAHC), and the Native American most likely descendent (MLD) when State Law mandates identification of a MLD, shall monitor all project grading, if required in the approved cultural resources monitoring plan required above.
- 3. If required by the above cultural resources monitoring plan to have archeological and Native American monitors present during grading activities, the permittee shall provide sufficient archeological and Native American monitors to assure that all project grading that has any potential to uncover or otherwise disturb cultural deposits is monitored at all times;
- 4. If any archaeological or paleontological, i.e. cultural deposits, are discovered, including but not limited to skeletal remains and grave-related artifacts, artifacts of traditional cultural, religious or spiritual sites, or any other artifacts, all

construction shall cease within at least 50 feet of the discovery, and the permittee shall carry out significance testing of said deposits in accordance with the attached "Cultural Resources Significance Testing Plan Procedures" (Appendix 1). The permittee shall report all significance testing results and analysis to the Executive Director for a determination of whether the findings are significant.

5. If the Executive Director determines that the findings are significant, the permittee shall seek an amendment from the Commission to determine how to respond to the findings and to protect both those and any further, cultural deposits that are encountered. Development within at least 50 feet of the discovery shall not recommence until an amendment is approved, and then only in compliance with the provisions of such amendment.

5. Conformance of Design and Construction Plans to Geotechnical Report

- **A.** All final design and construction plans, including foundations, floor plans and grading shall be consistent with all recommendations contained in the Geotechnical Report prepared by Geotechnologies, Inc., dated January 16, 2009. **PRIOR TO THE ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT**, the applicants shall submit, for the Executive Director's review and approval, evidence that an appropriate licensed professional has reviewed and approved all final design and construction plans and certified that each of those final plans is consistent with all of the recommendations specified in the above-referenced geologic evaluation approved by the California Coastal Commission for the project site.
- **B.** The permittees shall undertake development in accordance with the approved final plans. Any proposed changes to the approved final plans shall be reported to the Executive Director. No changes to the approved final plans shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

IV. FINDINGS AND DECLARATIONS:

The Commission hereby finds and declares:

A. Project Description and Location

Demolish two separate motels, Pacific Sands Motel (57 rooms) and Santa Monica Beach Travelodge (30 rooms) and construct a single 89,900 square foot, 164 room, forty five foot high, low to moderate priced Travelodge hotel, swimming pool, 4,670 square feet of retail space, and a total of 294 parking spaces in a 4 level subterranean parking garage. The hotel will be designed with two separate buildings divided by 1st Court with a three level pedestrian bridge connecting the two buildings. The proposed development will be designed to achieve a minimum of LEED (Leadership in Energy and Environmental Design) Silver certification and will include sustainable elements

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involving building design and materials, onsite energy generation from photovoltaic systems and energy savings from green energy design, energy and water use reduction strategies, drought-tolerant, non-invasive landscaping, and recycling of construction and consumer waste.

The City is also requiring the developer to participate in a Transportation Demand Management program providing bicycle storage, and rentals, shower and changing facilities for employees, and transportation information to employees and guests.

The proposed project site is a 45,000 square foot site, with frontage on Ocean Avenue and Second Street, located approximately 300 feet north of the corner of Ocean Avenue and Colorado Avenue, in the City of Santa Monica (see Exhibit No. 1 and 2). The project site is on the east side of Ocean, across from the bluff top park, Palisades Park, which overlooks Pacific Coast Highway, the beach, ocean, and Santa Monica Pier.

The project is located in the City's Downtown Commercial District. The site consists of two parcels divided by an alley (1st Court). The parcel fronting Ocean consists of 30,003 square feet and the parcel with frontage along 2nd Street consists of 14,998 square feet. The parcel located along Ocean is zoned RVC- Residential Visitor Commercial, which allows for lodging, dining, shopping, and dining type uses. The parcel along 2nd Street is zoned C3-Downtown Commercial, which allows general retail, office, residential, hotel, and visitor-serving uses.

Letters in support of the proposed project, including from the Travelodge corporation and neighboring businesses, have been attached to this report as Exhbiits.

B. Protection of Low Coast Visitor Facilities

Section 30213 of the Coastal Act states in part that:

Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.

The commission shall not: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, motel, or other similar visitor-serving facility located on either public or private lands; or (2) establish or approve any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities.

Section 30222 of the Coastal Act states:

The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.

The intent of Section 30213 is to ensure that there is a balanced mix of visitor and recreational facilities within the Coastal Zone so as to provide coastal recreation facilities to all economic sectors of the public. Access to coastal recreation facilities is also enhanced when there are overnight lodging facilities for all economic sectors. In light of current trends in the market place and along the coast, the Commission is increasingly concerned with the challenge of providing lower-cost overnight accommodations consistent with the Coastal Act. Recent research in support of a Commission workshop concerning hotel-condominiums showed that only 7.9% of the overnight accommodations in nine popular coastal counties were considered lower-cost. Although statewide demand for lower and moderate-cost accommodations in the coastal zone is difficult to quantify, there is no question that camping and hostel opportunities are in high demand, and that there is an on-going need to provide more lower-cost opportunities along California's coast. For example, the Santa Monica hostel occupancy rate was 96% in 2005, with the hostel being full more than half of the year. State Parks estimates that demand for camping has increased 13% between 2000 and 2005. Nine of the ten most popular campgrounds are along the coast.

The proposed project includes the demolition of two motels: the 30 room Santa Monica Beach Travelodge and the 57 room Pacific Sands Motel. According to the 2009 Automobile Association of America hotel price listings, the average room rates for the Santa Monica Beach Travelodge are approximately \$174 per night. The Pacific Sands Motel room rates average approximately \$123 per night.

According to the applicant, the two existing motels are old and deteriorating (plumbing, electrical, heating, etc.) and are deficient in parking, accessibility, and support space. The applicant hired a hospitality firm, PKF Consulting, to review the existing use and recommend a course of action. PKF determined that operating the two motels is not a viable option and renovation would cost in excess of \$8 million. The recommendation was to demolish the existing motels and develop either a moderate-priced hotel or a boutique luxury hotel. The applicant decided to replace the existing motels with a moderately-priced Travelodge. The applicant has indicated that the proposed Travelodge Hotel, will have a room rate of approximately \$164 per night.

The Travelodge design will be a "limited amenities" hotel. It will have 164 guest rooms, averaging 295 square feet in size, with floor-to-ceiling height of about 8 feet, basic lobby, manager's office, swimming pool, small exercise room, standard housekeeping facilities, and a 750 square foot breakfast/meeting room. According to the applicant, the new Travelodge will not contain a restaurant, bar, conferencing facilities, spa, florist, lounge, or similar amenities typically found in more upscale, or luxury hotels.

In a constantly changing market, it can be difficult to define what price point constitutes "lower-cost," "moderate," and "higher-cost" accommodations for a given area. To address this, the Commission has created a formula to define lower-cost, moderate, and high-cost hotels. The proposed formula is based on hotel accommodations (single room, up to double occupancy) in California. At this time, it does not incorporate hostels, RV parks, campgrounds or other alternative accommodations, as these facilities do not provide the same level of accommodation as hotels and motels. (However, these facilities are inherently lower cost, and are the type of facilities that a mitigation fee could go towards providing). The method compares the average daily rate of lower cost hotels in the Santa Monica coastal zone with the average daily rate of all types of hotels across the state. Under this formula, lower-cost is defined as the average room rate of all hotels that have a room rate less than the statewide average daily room rate.

To determine this number, Commission staff surveyed average daily room rates for all hotels in California. Statewide average daily room rates are collected monthly by Smith Travel Research, and are available on the California Travel and Tourism Commission's website: http://www.visitcalifornia.com/page.php?id=526, under the heading "California Lodging Reports." Smith Travel Research data is widely used by public and private organizations. Based on the Smith Travel Research report, the statewide average daily room rate in California in 2008 for the month of July was approximately \$132.

Comparing the state rate to hotels in the Santa Monica coastal zone, the Commission looked at facilities that meet an acceptable level of quality, including safety and cleanliness, so only AAA rated properties were surveyed. To develop the sample to represent lower cost hotels in Santa Monica, the AAA online database for AAA one and two diamond rated hotels were searched. However, there were no hotels within the City's coastal zone rated one or two diamonds that were at or below the State rate. Therefore, the Mobil Guide Star (internet) rated service was used, which has a similar rating to AAA, and was included in the hotel listing in the City of Santa Monica 2009 Visitors Guide. However, even expanding the search to include the Mobil Guide Star, only one hotel in the City's coastal zone was found to have an average room rate at or below the State average.

The only hotel with a one or two star rating in the coastal zone was the Pacific Sands Motel (one star), which is part of this project. The Pacific Sands has an average room rate of approximately \$123 (2009 AAA).

This lack of one to two diamond/star AAA or Mobile Guide Star rated hotels/motels is not due to a shortage of hotels in the city's coastal zone, but mainly due to the higher price of hotels in the city. The City offers 22 hotels/motels in the coastal zone (Santa Monica Convention & Visitors Bureau, Economic and Fiscal Impacts of Tourism, 2003). The report classifies the hotels as "Luxury/High-Rate" (\$200 and up), "First-Class/Mid-Rate" (\$120-200) and "Value" (\$75-120). Six hotels are listed as "High-Rate"; ten are "First-Class"; and five are considered "Value". (Rates have not been adjusted to current 2009 values. See Exhibit No. 8). The six High-Rate facilities within the coastal zone, at over \$300 per room and the ten Mid-Rate facilities, with an average room rate at

approximately \$240 far exceed the State average room rate of \$132. The five hotels/motels in the coastal zone that are considered "value" lodging (Santa Monica Convention & Visitors Bureau, Economic and Fiscal Impacts of Tourism, 2003) have an average room rate of approximately \$146 per night (2009 Santa Monica Visitors Guide), which also exceeds the State average room rate.

Based on the survey of hotels within Santa Monica coastal zone, it is evident that there is a shortage of low and moderate priced over-night accommodations within the City's coastal zone. Although average room rates vary from city to city, the City of Santa Monica rates are generally higher than surrounding areas, due to the location and visitor attractions offered within the City's coastal zone and it being a popular national and international visitor destination.

Comparing hotels (2 diamond) in the surrounding area, including areas such as Marina del Rey, Los Angeles International Airport (LAX), and the non-coastal area of Santa Monica, the average room rate was approximately \$126 for the five hotels surveyed (see Table 1 below). This surrounding rate is lower than the City's average Mid-Rate (\$240) and Value (\$146) hotels located within the Coastal Zone because of the demand and popularity of Santa Monica as a visitor destination, and land costs.

Table 1

One or	Two Diamond Rated A	ccommodations in Surrounding Area	
Hotel Name	<u>City</u>	Average Rate	
Ramada Inn	Marina del Rey	125	
Super 8 Motel	LAX	76	
Howard Johnson	LAX	140	
Travelodge, Pico	Santa Monica	119	
Comfort Inn	Santa Monica	<u>169</u>	
Average Rate		125.8	

According to a 1988 study, <u>The Policy Rational for Economy Lodging in the City of Santa Monica</u>, the City is experiencing a decline in the supply of moderately priced hotel and motel accommodations. The report states that many of the moderately priced hotel and motel accommodations are older structures that are considered no longer economically viable. As more recycling occurs in the area, the stock of lower-cost overnight facilities will be reduced

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since it is not economically feasible to replace these facilities with accommodations that would charge the same rate.

Since 1986 there has been a loss of approximately five separate hotel/motels containing a total of 363 rooms that are considered lower-cost overnight facilities. There has been only one lower-cost overnight facility constructed within the Santa Monica coastal zone. In 1986 the Commission approved a 196-bed youth hostel [CDP #5-86-175 (American Youth Hostel)]. Room rates range from \$19 to \$21. In contrast, over the last fifteen years, there has been 5 first class hotels (Loews Hotel and Shutters Hotel, Marriott, Hotel Casa del Mar, and the Le Merigot Hotel) constructed or refurbished to upgrade into first class hotels. Room rates for these five hotels are comparable at approximately \$300 and up per night.

With the further removal of lower-cost overnight facilities, lodging opportunities for more budget-conscious visitors to the City will be increasingly more limited. As the trend continues within the City of Santa Monica to build First Class/Deluxe hotels and demolish lower-cost hotels/motels, persons of low and moderate incomes will make up less of the guests staying in Santa Monica. By forcing this economic group to lodge elsewhere, there will be a direct impact on public access to the beach and coastal recreational areas within the Santa Monica area. With the loss of lower-cost lodging facilities, a large segment of the area's population will be excluded from overnight stays within this coastal area. Therefore, by protecting and providing low-cost lodging for the price sensitive visitor, a larger segment of the population will have a greater opportunity to enjoy access to the beach area through overnight stays along or near the coast. Furthermore, access to coastal recreational facilities, such as the beaches, piers, and other coastal points of interest, are also enhanced when there are overnight lodging facilities that serve a greater economic segment of the population.

The City of Santa Monica has recognized the problem of the loss of affordable overnight accommodations and the need to provide overnight accommodations for all economic sectors. The City adopted ordinance No. 1516 in 1990 to establish a mitigation fee for the removal of low cost lodging accommodations in the Santa Monica Coastal Zone (see Exhibit No. 9). The City found that:

- (a)... there has been a significant shift in the development of visitor accommodations within the Santa Monica Coastal Zone from low cost lodging accommodations to luxury lodging accommodations...
- (b) The City of Santa Monica has experienced a significant reduction in the number of low cost lodging accommodations due to demolition and conversion of existing units and construction of office development and luxury lodging accommodations...
- (d) The demolition of low cost lodging accommodations in combination with the replacement by, and new construction of, luxury lodging accommodations has altered the balance and has contributed to the scarcity of affordable visitor accommodations in the City.
- (h) New commercial and new hostel and motel development which requires demolition of existing low cost lodging accommodations is generating a reduction in the City's

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affordable visitor accommodations, and increases the imbalance between coastal activities and affordable visitor accommodations in the City.

The City's finding further state that the purpose of the ordinance is to:

(g)...reduce the negative impact on affordable visitor accommodations caused by new commercial and new hotel and motel development which requires demolition of existing visitor accommodations.

The amount of the fee is based on the reasonable costs of constructing replacement units within the City of Santa Monica. As set out in the ordinance the required fee is as follows:

- (b) The amount of fee required pursuant to this Section shall be based on the number of units to be removed. For each low cost-lodging unit removed, a fee of Eight Thousand Dollars (\$8,000.00) shall be required.
- (c) Any fee payment required pursuant to this Section shall be adjusted for inflation by the percentage change in the Consumer Price Index ("CPI") multiplied by .65 plus the percentage change in land cost multiplied by .35 between the date of adoption of this Ordinance through the month in which payment is made.

Over the years, the Commission has approved a number of Coastal Development Permits for projects that included the removal of lower-cost lodging facilities prior to the City's adoption of the above identified ordinance. In 1983, the Commission approved the demolition of the 97-room Surfrider Motel and the construction of a new hotel [CDP #5-83-560 (Santa Monica Hotel Associates)]. The Surfrider Motel, with room rates approximately \$25 to \$35 in 1983, was considered a lower-cost visitor accommodation. One of the major conditions of the City's approval, which the Commission accepted, was the mitigation of the loss of the affordable overnight accommodations. The City required the applicant to pay an in-lieu fee of \$500,000 (\$5,155 per room). The City was to use this fund for the construction of a hostel facility or for other such affordable overnight facilities as may be deemed desirable by the City.

The \$500,000 was not based on any specific formula or from an official mitigation program but was instead a negotiated figure, according to the City. The money was subsequently granted to the American Youth Hostel, Inc. to partially fund the construction of the 200-bed Westside Hostel [CDP #5-86-175 (American Youth Hostels, Inc.)] that, at the time, was under construction in downtown Santa Monica, within the coastal zone.

In 1988, the Commission approved the demolition of a low-cost, 34-room motel and the construction of a retail/office project [CDP #5-88-062 (CWD Taiyo)]. After discussions with staff the applicant agreed to pay an in-lieu fee of \$200,000, or \$5,882 per room, to mitigate the loss of low-cost visitor accommodations. This amount was presented to the Commission by the applicant and was based on the ratio of the fee required for the demolition of the 97-room (Surfrider Motel under CDP #5-83-560. Although the Commission approved the project and accepted the applicant's proposed mitigation fee, there was lengthy discussion on the issue regarding the appropriate amount of the mitigation fee and how such a fee should be

determined. During the hearing, some of the Commissioners expressed concern that the amount proposed by the applicant would be inadequate to mitigate the number of low-cost, overnight visitor accommodations being removed from the coastal zone in Santa Monica.

In 1989, the Commission approved the demolition of a low-cost 30-room motel (Auto Motel) and construction of a 62-room, four story hotel [CDP #5-89-240(Michael Construction Enterprises)]. The Auto Motel average room rate was approximately \$52 in 1989. The applicant developed a proposal to pay an in-lieu fee to mitigate the loss of the affordable visitor units. The applicant based the proposed fee on the assumption that appropriate mitigation would be mitigation of the loss of each room of lower cost visitor serving accommodations by an amount adequate to produce a "bed of lowest cost accommodations". A "bed of lowest cost accommodations" was determined by the applicant to be the subsidy cost per bed of the Westside Youth Hostel that was under construction at that time in downtown area of Santa Monica. Using this formula the subsidy cost per bed was calculated to be \$8,515.00 per room, or \$255,450 total for the loss of 30 low-cost rooms.

In December 1989, the Commission approved the demolition of a 91-room motel and construction of a 175-room hotel [CDP #5-89-941 (Maquire Thomas Partners Development)]. To mitigate the loss of the 91 low cost rooms the applicant proposed a mitigation fee and the Commission approved the project consistent with the \$8,515 per room mitigation fee used in CDP #5-89-240 (Michael Construction Enterprises).

In 1990, the Commission approved CDP #5-90-928 (Maguire Thomas Partners) involving the removal of an 81 room lower-cost overnight lodging facility. The loss of the 81 low cost overnight rooms was mitigated based on the methodology established by the City (Ordinance No. 1516).

In this particular case with the demolition of the Travelodge (approximately \$159 average room rate) and the Pacific Sands (approximately \$143 average room rate) the City did not impose a mitigation fee for the loss of low-cost over-night accommodations. The City found that the proposed hotel with a proposed average daily room rate of \$164, was considered a low cost lodging facility, therefore, no mitigation fee was required. The City based their decision on what was considered to be low-cost at the time of the passage of Ordinance No. 1516. In 1990, when the ordinance was passed, the rate for low-cost lodging was considered to be \$80 or less, which the Commission concurred with at that time. In October 1989, after discussions with Commission staff, the City of Santa Monica defined "economy", or "low-cost", overnight visitor accommodations as:

A low-cost overnight facility is an overnight lodging facility which charges no more than the average per room, per night rate of lodging facilities such as a hostel, Motel 6, Super 8 Motel or other similarly priced lodging facility.

Based on the PKF hotel analysis (peer reviewed by Maurice Robinson & Associates), it was determined, taking into consideration inflation rates and increase in commercial land values in the city of Santa Monica, the rate for a low-cost facility would be adjusted to \$172.27 (2008 dollars). With the proposed hotel room rates to average \$164, the proposed hotel was considered to be low-cost by the City. In approving the project as a low-cost facility, the City

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required as a condition of their permit that the project shall not exceed the calculated \$172.27 average daily room rate (2008 dollars), subject to inflation adjustments.

As stated, the applicant's intent is to continue to provide a low or moderately priced hotel within the City of Santa Monica, similar to what is currently existing on site, and is not considering providing another luxury hotel as has been the trend in the City of Santa Monica. As currently designed, with smaller rooms and limited amenities, the hotel will not be easily converted to a luxury or high end hotel without major modifications, which will need to be reviewed and approved by the City and Coastal Commission. At that time, the City and Commission can then consider mitigation for the loss of low-cost over-night accommodations.

Based on the current inventory of hotels in Santa Monica, the proposed rate is low to moderate compared to other hotels in the City's coastal zone and there is a lack of both low and moderate priced hotels within the City's coastal zone. To encourage coastal public access and recreation there should be a range of accommodations to meet all economic sectors. Since the City provides a large number of hotels in the high end range, the proposed low to moderate priced hotel will provide rooms in a range that is in short supply within the coastal zone. In addition, the number of available of low to moderate priced rooms is being increased from the existing 87 rooms to 164 rooms. Therefore, the Commission finds that the hotel, as proposed, in this highly urbanized and popular coastal destination would encourage and enhance public opportunities for coastal recreation consistent with Section 30213 and 30222 of the Coastal Act.

In regards to the rates that would be charged in the hotel for overnight accommodations, there is no certainty that the room rates will continue to be moderate or affordable by the average tourist. Section 30213 of the Coastal Act limits the Commission's ability to regulate room rates. However, as proposed, and conditioned by the City, the project will provide low to moderate over-night accommodations for the area. To ensure that any future changes come back to the Commission to ensure that the project will continue to enhance public access a future improvement conditions (Special Condition No. 1) is required.

B. Impact to Public Views

The following policies of the Coastal Act and the certified LUP are applicable to the issue of public views. Section 30251 of the Coastal Act states:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and where feasible, to restore and enhance visual quality in visually degraded areas. New development in highly scenic areas such as those designated in the California Coastline Preservation and Recreation Plan prepared by the Department of Parks and Recreation and by local government shall be subordinate to the character of its setting.

In addition, the Santa Monica LUP, certified with suggest modifications, has a number of policies to ensure that the visual resources of the Santa Monica coastal zone are protected. The policies are as follows:

Policy 66 states in part that:

- ...Permitted development including public works of art shall be sited and designed to:
- a. protect views to and along the ocean and scenic coastal areas;
- b. minimize the alteration of natural landforms; and
- c. be visually compatible with the character of surrounding areas and restore and enhance visual quality in visually degraded areas.

Policy 71 states:

The City shall develop standards to assure that new development along Adelaide Drive and all other scenic corridors and designed viewing areas, as identified in the Scenic and Visual Resources Map#13, is designed and sited to be visually compatible with the character of the surrounding area, restores and enhances visual quality in visually degraded areas, and protects public views to the coast and scenic coastal areas. Public views shall mean views to the ocean from the public right of way of streets and designated public viewing areas.

As stated, the project is located in the City's Downtown area. The certified LUP, certified in 1992, allows development in the Downtown core to a height of 6 stories, 84 feet. In 1992, the height allowed under the LUP was consistent with the City's zoning; however, since 1992, the City has reduced the height limit in the C-3 zone to 4 stories and 45 feet (mechanical equipment is permitted by code to exceed the height limit) and allows development in the RVC zone up to 45 feet.

The proposed development will be 4-stories, 45 feet high above existing grade, consistent with the City's zoning. The proposed project site is located between 2nd Street on the east and Ocean Avenue on the west. The project site is directly west of the Santa Monica Place shopping center. Santa Monica Place is a three-level, enclosed downtown shopping center (currently under redevelopment), which along with the outdoor Third Street Promenade, forms the City's downtown retail core. A significant issue associated with this project is its impact on public views, in particular, the views from the public viewing decks at Santa Monica Place.

The LUP's Scenic and Visual Resources Map designates the area west of Santa Monica Place as a Scenic Corridor. The Santa Monica view corridor extends from the second and third level exterior decks located on the west side of Santa Monica Place shopping center along Second Street, and ranges between Colorado Avenue to the south and Broadway Avenue to the North (see Exhibit No. 3 for location of mall). The development of the viewing

decks at Santa Monica Place were a specific requirement of the Commission in Appeal No. 69-76. In 1977, the State Commission approved the shopping center (Appeal 69-76) with a number of conditions. One of the conditions required viewing decks on the second and third levels along the western portion (Second Street) of the shopping center. The condition required 10,000 square feet of open deck space with an ocean orientation on the second and third levels of the shopping center, along with requiring that at least 5,000 square feet of commercial area be used for public use facilities, such as restaurants.

Although the views would be intermittent due to existing development located between the shopping center and the ocean, the Commission found the views substantial enough to require viewing decks as a condition of approval of the development of Santa Monica Place, and to limit the height of future development within the Santa Monica Place view corridor in order to protect those views.

However, because the views were intermittent due to existing development within the view corridor, in 2004 the Commission approved a 61,600 square foot 45-foot high, as measured from existing grade, commercial building that included two 59-foot high elevator towers, along the southern edge of the view corridor. The Commission found that the remaining views from Santa Monica Place viewing decks were not significant and the decks offered very little ocean viewing opportunities for the public due to the location of the mall, existing development and other obstructions along Second Street and Ocean Avenue. The Commission also suggested that the City should amend the Land Use Plan Scenic and Visual Resources map to remove the decks as public viewing decks.

Subsequently, in 2007, the Commission approved the redevelopment of Santa Monica Place, to convert the interior mall into an outdoor mall (CDP No. 5-07-343A1). The project included removal of the second level deck and includes only an upper deck on the third floor. Although the deck would have an ocean orientation, views would continue to be limited. No public viewing conditions were required as part of the Commission's approval.

Although the City has not amended the LUP policies and map to remove the area as a viewing corridor, the standard of review is the Coastal Act and as proposed, the development will not significantly impact any scenic resources and will be visually compatible with the character of surrounding areas. Furthermore, the proposed project is designed with a public courtyard along the Ocean Avenue frontage which will provide public opportunities for coastal viewing. Therefore, the project as proposed, is consist with Section 30251 of the Coastal Act.

C. Parking

The Commission has consistently found that a direct relationship exists between the provision of adequate parking and the availability of public access to the coast. Section 30252 of the Coastal Act requires that new development should maintain and enhance public access to the coast by providing adequate parking facilities.

Section 30252 of the Coastal Act states in part:

The location and amount of new development should maintain and enhance public access to the coast by. . . (4) providing adequate parking facilities or providing substitute means of serving the development with public transportation. . .

Therefore, in order to conform to the requirements of the Coastal Act, the proposed project must provide adequate support parking in order not to negatively impact parking and coastal access.

The proposed project will provide a total of 294 parking spaces within a subterranean parking garage. The total parking requirement for the 164 room hotel, with 750 square foot breakfast/meeting room, and 4,700 square feet of commercial/retail space would be 184 parking spaces using the City of Santa Monica code requirements. Using the Commission parking standards that have been applied to similar hotel projects and retail uses, the project would require 109 spaces. Therefore, the proposed project, based on Commission parking standards provides the required parking plus a surplus of approximately 185 parking spaces. The applicant has indicated that the additional parking will be used as public parking for nearby commercial businesses.

The proposed project provides adequate parking for the visitor-serving uses and will enhance parking in the area by providing additional parking for the area, which will improve public access to the downtown area and beach/pier area. Therefore, the Commission finds that, the project, as proposed is consistent with past Commission permit actions for the area and with Section 30252 and of the Coastal Act.

D. Control of Polluted Runoff

Section 30230 states:

Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.

Section 30231 states:

The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flow, encouraging waste water

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reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

The proposed project poses a potential source of pollution due to contaminated runoff from the proposed parking lot and other hardscape. The City, to mitigate potential impacts, has adopted an Urban Runoff Ordinance. The ordinance requires projects to incorporate best management practices with extensive recommendations and measures to reduce or prevent contaminants from running off the site. The City requires all new development to achieve twenty- percent reduction of the projected runoff for the site and the use of oil and water separators or clarifiers to remove petroleum-based contaminants and other pollutants. Furthermore, the City has a new state-of-the-art stormwater treatment facility that treats all dry weather storm runoff. Runoff from all new development is directed to existing stormdrains, which direct stormwater to the treatment facility.

Coastal Commission water quality staff has previously reviewed the City of Santa Monica's water quality standards for similar projects and have determined that the City's standards are consistent with standards imposed by the Commission. However, unlike previous Commission approved projects, this proposed project involves a significant amount of excavation. A potential water quality problem can result from excavation for the underground parking garage. Based on test borings, groundwater was found at depths of approximately 55-1/2 to 57 feet below grade. The proposed subterranean structure is proposed at a depth of approximately 36-39 feet below grade. The Geotechnical Engineering Investigation, prepared by Geotechnologies, Inc. states that groundwater would unlikely be encountered during excavation. However, historic high groundwater level is 20 feet below site grade, which would place the basement level below this highest recorded level. The City uses the historic high groundwater level for design purposes, and as such, the project must incorporate dewatering measures. If groundwater is to be pumped during construction, a National Pollution Discharge Elimination System (NPDES) permit or a sanitary sewer discharge permit will be obtained from the Regional Water Quality Control Board or the Sanitary District. However, to ensure that the dewatering does not adversely impact water quality by introducing sediments or other contaminants into coastal waters, via the storm drain, a special condition is necessary requiring the applicant to provide the installation of filters on all dewatering pumps and sump pumps. Therefore, only as conditioned will the proposed project be consistent with past Commission action with regards to water quality requirements and minimize water quality impacts. To ensure that the development complies with the City requirements, a special condition is necessary that requires the applicant to agree to comply with the water quality requirements of the City. The Commission, therefore, finds that, as conditioned, the development will be consistent with Section 30230 and 30231 of the Coastal Act.

E. Cultural Resources

Section 30244 of the Coastal Act states:

Where development would adversely impact archaeological or paleontological resources as identified by the State Historic Preservation Officer, reasonable mitigation measures shall be required.

The proposed site is currently developed and has been disturbed in the past. According to an EIR that was prepared for an adjacent development (CDP No. 5-04-291) archaeological records indicate no identifiable historical, archaeological, and/or paleontological resources exist on the project site. However, one historic site has been identified within one-half mile radius of the project site.

Although no known archaeological or paleontolgical resources have been discovered during construction in the immediate area, the Commission has required applicants proposing large or deep grading activities to monitor all grading and construction activities within areas of potential archaeological or paleontolgical resources and has also required appropriate recovery and mitigation measures regarding excavation, reporting and curation. To ensure that the project is consistent with past Commission action, Special Condition No. 5 is necessary to ensure consistency with the Coastal Act. As part of the condition, a monitoring plan shall be submitted and reviewed and approved by the Executive Director. The monitoring plan shall require that archaeological and Native American monitors be present during all grading operations, unless the applicant submits evidence that a more complete survey of cultural resources finds no cultural resources adjacent to, or within a one-half mile radius of the project site.

Once a site is determined to contain significant cultural resources, a Treatment Plan (Mitigation Plan) shall be prepared and reviewed by the appropriate Federal and State reviewing agencies (see Appendix 1, Cultural Resources Significance Testing Plan Procedures). The Treatment Plan will outline actions to be implemented to mitigate impacts to the cultural resources found at the site(s). To determine whether the Treatment Plan is consistent with the proposed permit or if an amendment to this permit is required, the applicant shall submit a copy of the Treatment Plan to the Commission. The Executive Director, after review of the Treatment Plan, shall determine if an amendment will be required. The Executive Director will require an amendment if there is significant additional excavation required or there is a significant change in area of disturbance or change in the type of excavation procedures.

In the event that grave goods are found the Los Angeles County Coroner's Office must be notified in compliance with state law, and they in turn will request the Native American Heritage Commission to determine the cultural affiliation.

The Commission's Archaeological Guidelines (Appendix 1) also recommend that the research design include arrangements for curation of collections when appropriate, and dissemination of the research findings. Regarding curation, there must be some assurance that the collection and related field records, catalogs and reports will be properly curated. Without proper curation there is no assurance that the value of information obtained will be retained in perpetuity. A qualified curation facility is one that meets the State Historic Preservation Office (SHPO) guidelines, such as the San Bernardino County Museum. However, there is no guarantee that the facility will be able to accept the collections once the artifacts are ready for curation. Consequently, if another facility is available that meets SHPO's guidelines, it would also be appropriate to allow curation to occur there. In any case,

curation of any significant artifacts must be assured in order to find that the proposed project meets Section 30244 of the Coastal Act's requirement for reasonable mitigation. Therefore, as a condition of approval, artifacts of significant cultural value collected as a result of this project at the archaeological sites shall be curated at a qualified curation facility. If no qualified curation facility is available at the time the project is complete, an amendment to this permit shall be required to determine the appropriate curation process. The Commission finds, therefore, that as conditioned, the proposed project is consistent with Section 30244 of the Coastal Act.

F. Geology

Section 30253 of the Coastal Act states in part:

New development shall:

(I) Minimize risks to life and property in areas of high geologic, flood, and fire hazard. (2) Assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs.

According to the EIR and Environmental Assessment Report prepared by the applicant's consulting Geotechnical engineer, the project site is located over the Lakewood Formation. The Lakewood formation consists of terraces and old dune deposits made up of gravel, sand, silty sand, silt, and clay and have a uniform thickness of approximately 200-300 feet throughout the City.

The report states that there are no known faults in the immediate area. The closest fault, the south branch of the Santa Monica fault is approximately 7,000 feet to the north. According to the report the potential of ground rupture from fault displacement is considered very low due the distance of the fault from the project site. Furthermore, the site is located outside of the liquefaction zone, based on the "Seismic Hazard Zones" map issued by the State of California. According to the EIR, the project site is considered as having medium susceptibility to liquefaction, due to a combination of underlying alluvial soils, ground water levels, and the potential for strong ground shaking.

The report concludes that development of the site is feasible from a geotechnical engineering viewpoint provided its recommendations are incorporated into the design. Recommendations include foundation design and construction. To ensure that the recommendations made by the consultants are implemented, the applicant shall submit plans reviewed and approved by their geotechnical consultants indicating that all recommendations have been incorporated into the design. The Commission, therefore, finds that only as conditioned will the proposed development be consistent with Section 30253 of the Coastal Act and the certified LUP.

G. Local Coastal Program

(a) Prior to certification of the Local Coastal Program, a Coastal Development Permit shall be issued if the issuing agency, or the Commission on appeal, finds that the proposed development is in conformity with the provisions of Chapter 3 (commencing with Section 30200) of this division and that the permitted development will not prejudice the ability of the local government to prepare a Local Coastal Program that is in conformity with the provisions of Chapter 3.

In August 1992, the Commission certified, with suggested modifications, the land use plan portion of the City of Santa Monica's Local Coastal Program, excluding the area west of Ocean Avenue and Neilson Way (Beach Overlay District), the Santa Monica Pier and the Civic Center. On September 15, 1992, the City of Santa Monica accepted the LUP with suggested modifications.

As conditioned, the project will not adversely impact coastal resources and beach access. The Commission, therefore, finds that the proposed project will be consistent with the Chapter 3 policies of the Coastal Act and will not prejudice the ability of the City to prepare a Local Coastal Program consistent with the policies of Chapter 3 of the Coastal Act as required by Section 30604(a).

H. California Environmental Quality Act

Section 13096 of the Commission's regulations requires Commission approval of Coastal Development Permit applications to be supported by a finding showing the application, as conditioned by any conditions of approval, to be consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse effect which the activity may have on the environment.

The proposed project, as conditioned, will be consistent with the applicable policies of the Coastal Act. There are no feasible alternatives or mitigation measures available which would substantially lessen any significant adverse effect which the activity may have on the environment. Therefore, the Commission finds that the proposed project is consistent with CEQA and the policies of the Coastal Act.

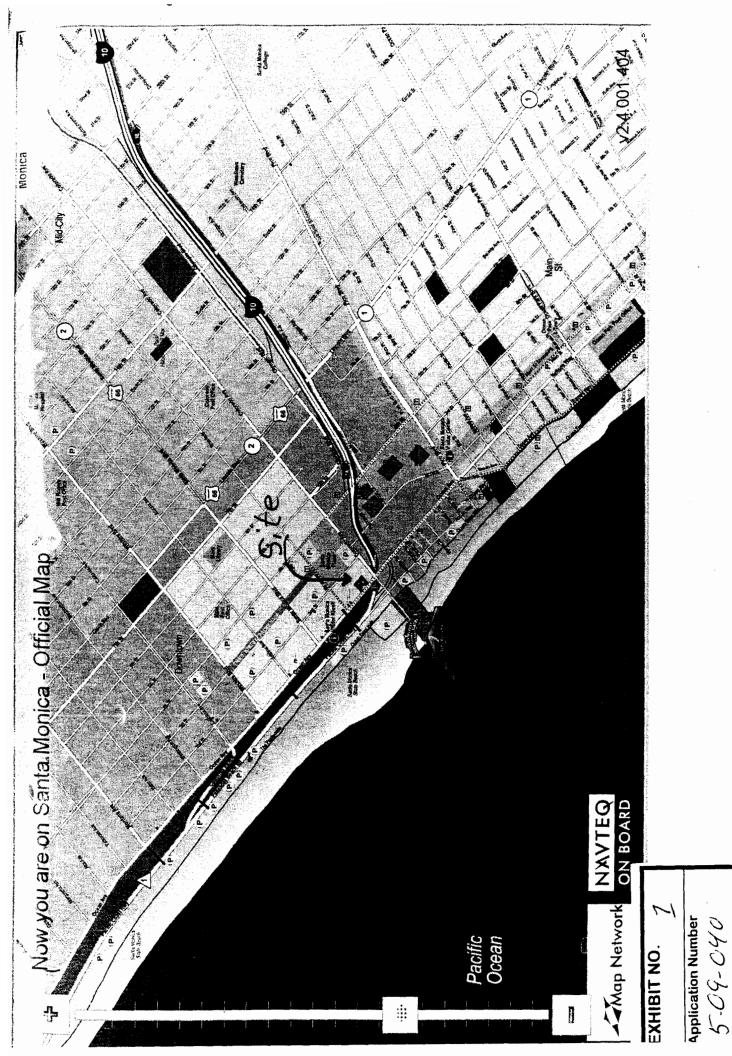
APPENDIX 1

CULTURAL RESOURCES SIGNIFICANCE TESTING PLAN PROCEDURES

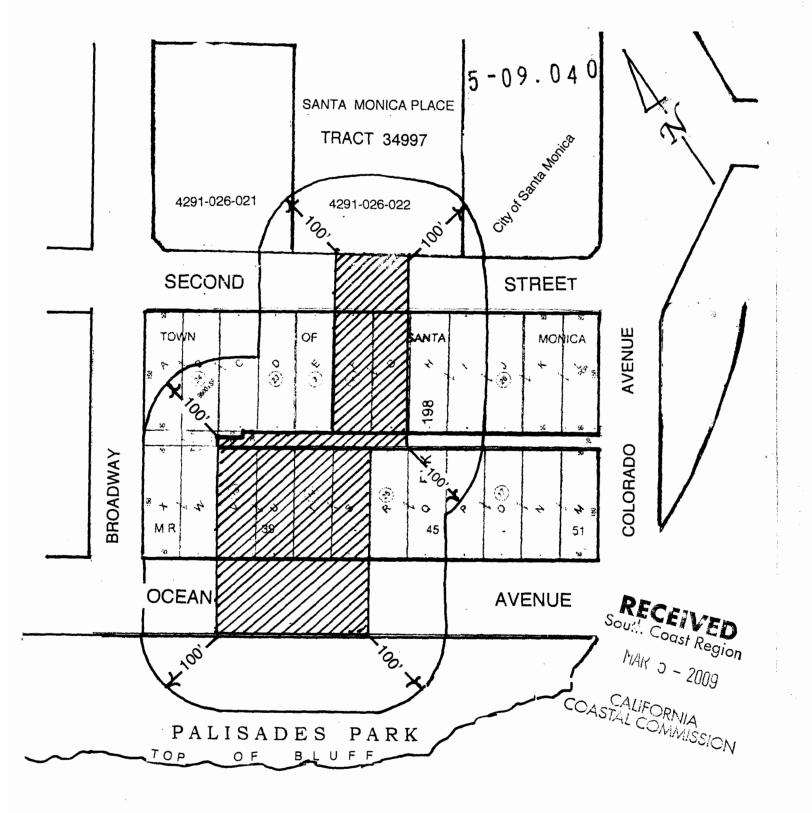
- A. An applicant seeking to recommence construction following discovery of the cultural deposits shall submit a Significance Testing Plan for the review and approval of the Executive Director. The Significance Testing Plan shall identify the testing measures that will be undertaken to determine whether the cultural deposits are significant. The Significance Testing Plan shall be prepared by the project archaeologist(s), in consultation with the Native American monitor(s), and the Most Likely Descendent (MLD) when State Law mandates identification of a MLD. The Executive Director shall make a determination regarding the adequacy of the Significance Testing Plan within 10 working days of receipt. If the Executive Director does not make such a determination within the prescribed time, the plan shall be deemed approved and implementation may proceed.
 - 1. If the Executive Director approves the Significance Testing Plan and determines that the Significance Testing Plan's recommended testing measures are de minimis in nature and scope, the significance testing may commence after the Executive Director informs the permittee of that determination.
 - 2. If the Executive Director approves the Significance Testing Plan but determines that the changes therein are not de minimis, significance testing may not recommence until after an amendment to this permit is approved by the Commission.
 - 3. Once the measures identified in the significance testing plan are undertaken, the permittee shall submit the results of the testing to the Executive Director for review and approval. The results shall be accompanied by the project archeologist's recommendation as to whether the findings are significant. The project archeologist's recommendation shall be made in consultation with the Native American monitors and the MLD when State Law mandates identification of a MLD. The Executive Director shall make the determination as to whether the deposits are significant based on the information available to the Executive Director. If the deposits are found to be significant, the permittee shall prepare and submit to the Executive Director a supplementary Archeological Plan in accordance with subsection D of this condition and all other relevant subsections. If the deposits are found to be not significant, then the permittee may recommence grading in accordance with any measures outlined in the significance testing program.
- **B.** An applicant seeking to recommence construction following a determination by the Executive Director that the cultural deposits discovered are significant shall submit a supplementary Archaeological Plan for the review and approval of the Executive Director. The supplementary Archaeological Plan shall be prepared by the project

archaeologist(s), in consultation with the Native American monitor(s), the Most Likely Descendent (MLD) when State Law mandates identification of a MLD, as well as others identified in subsection E of this condition. The supplementary Archeological Plan shall identify proposed investigation and mitigation measures. The range of investigation and mitigation measures considered shall not be constrained by the approved development plan. Mitigation measures considered may range from in-situ preservation to recovery and/or relocation. A good faith effort shall be made to avoid impacts to cultural resources through methods such as, but not limited to, project redesign, capping, and placing cultural resource areas in open space. In order to protect cultural resources, any further development may only be undertaken consistent with the provisions of the Supplementary Archaeological Plan.

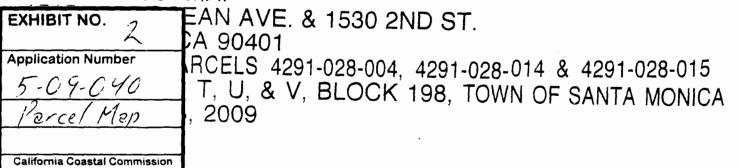
- 1. If the Executive Director approves the Supplementary Archaeological Plan and determines that the Supplementary Archaeological Plan's recommended changes to the proposed development or mitigation measures are de minimis in nature and scope, construction may recommence after the Executive Director informs the permittee of that determination.
- 2. If the Executive Director approves the Supplementary Archaeological Plan but determines that the changes therein are not de minimis, construction may not recommence until after an amendment to this permit is approved by the Commission.
- C. Prior to submittal to the Executive Director, all plans required to be submitted pursuant to this special condition, except the Significance Testing Plan, shall have received review and written comment by a peer review committee convened in accordance with current professional practice that shall include qualified archeologists and representatives of Native American groups with documented ancestral ties to the area. Names and qualifications of selected peer reviewers shall be submitted for review and approval by the Executive Director. The plans submitted to the Executive Director shall incorporate the recommendations of the peer review committee. Furthermore, upon completion of the peer review process, all plans shall be submitted to the California Office of Historic Preservation (OHP) and the NAHC for their review and an opportunity to comment. The plans submitted to the Executive Director shall incorporate the recommendations of the OHP and NAHC. If the OHP and/or NAHC do not respond within 30 days of their receipt of the plan, the requirement under this permit for that entities' review and comment shall expire, unless the Executive Director extends said deadline for good cause. All plans shall be submitted for the review and approval of the Executive Director.

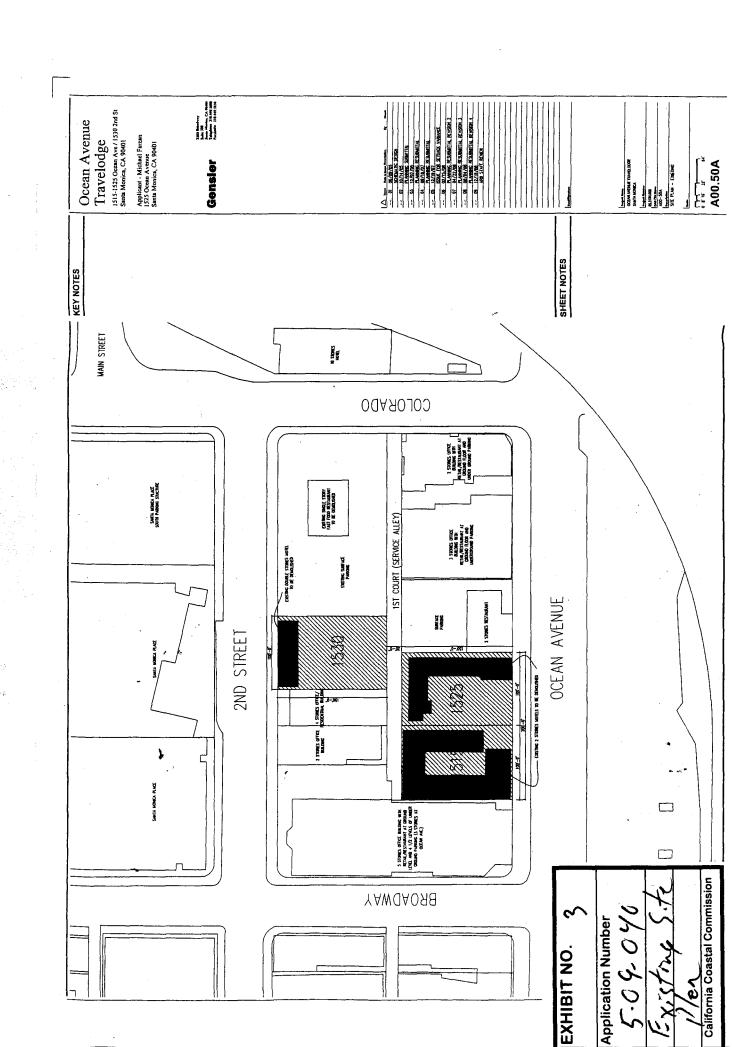


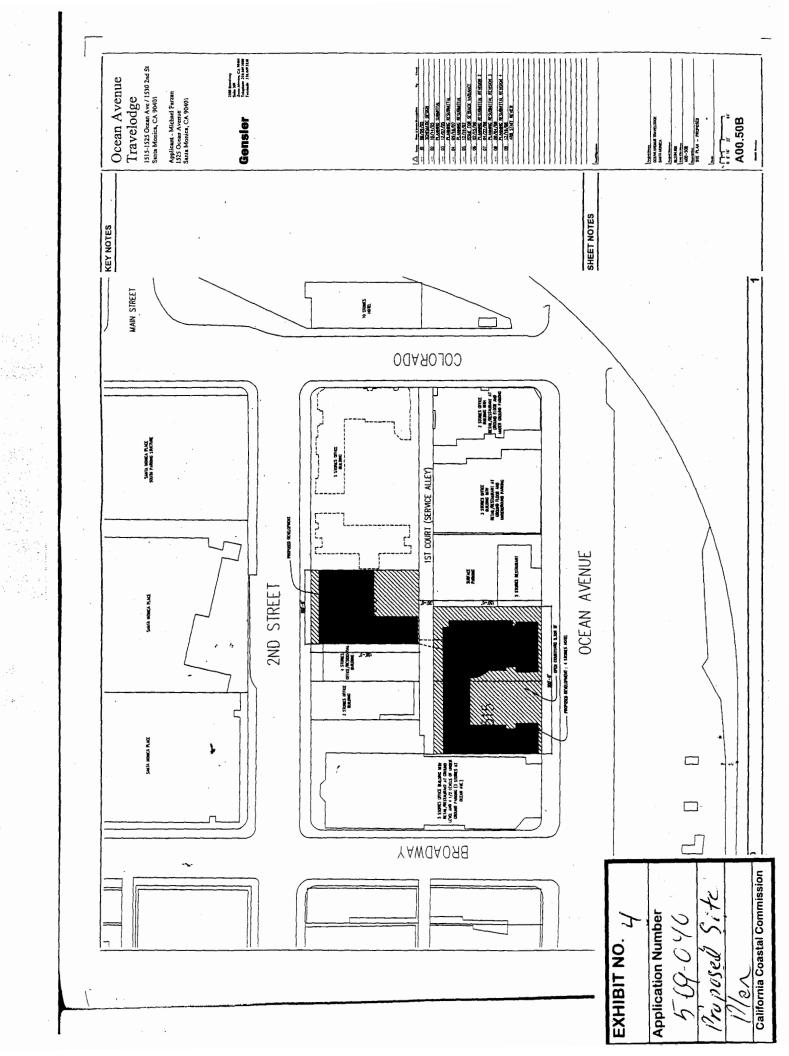
California Coastal Commission

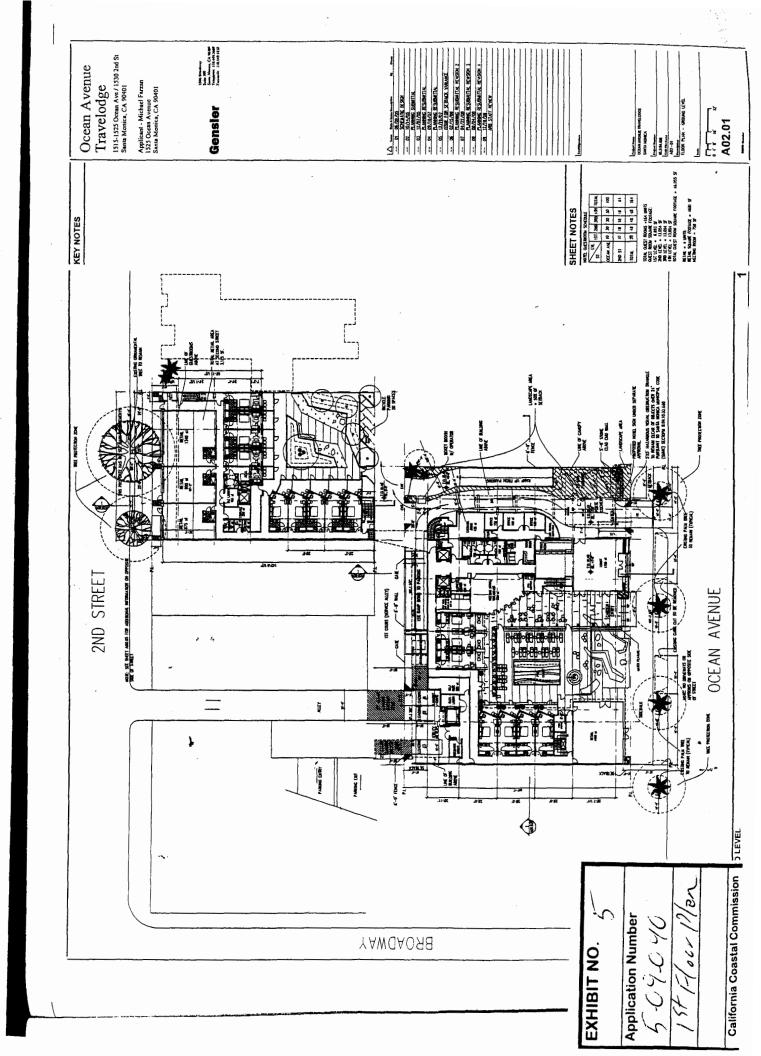


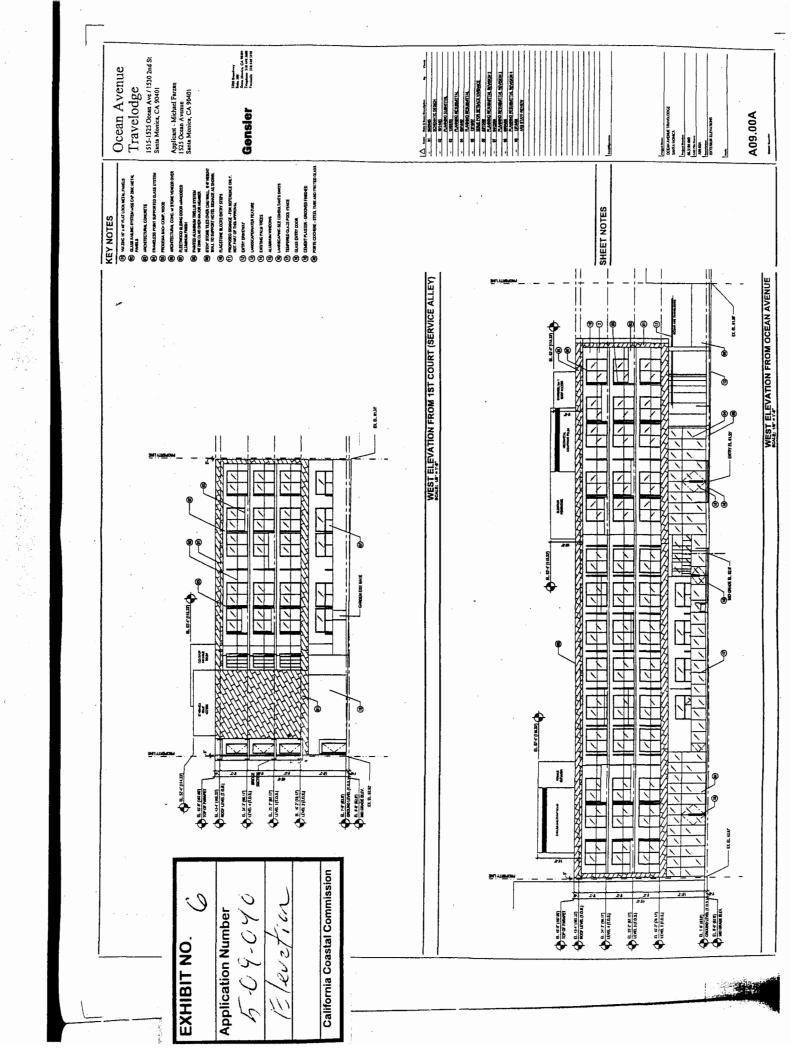
100' RADIUS MAP

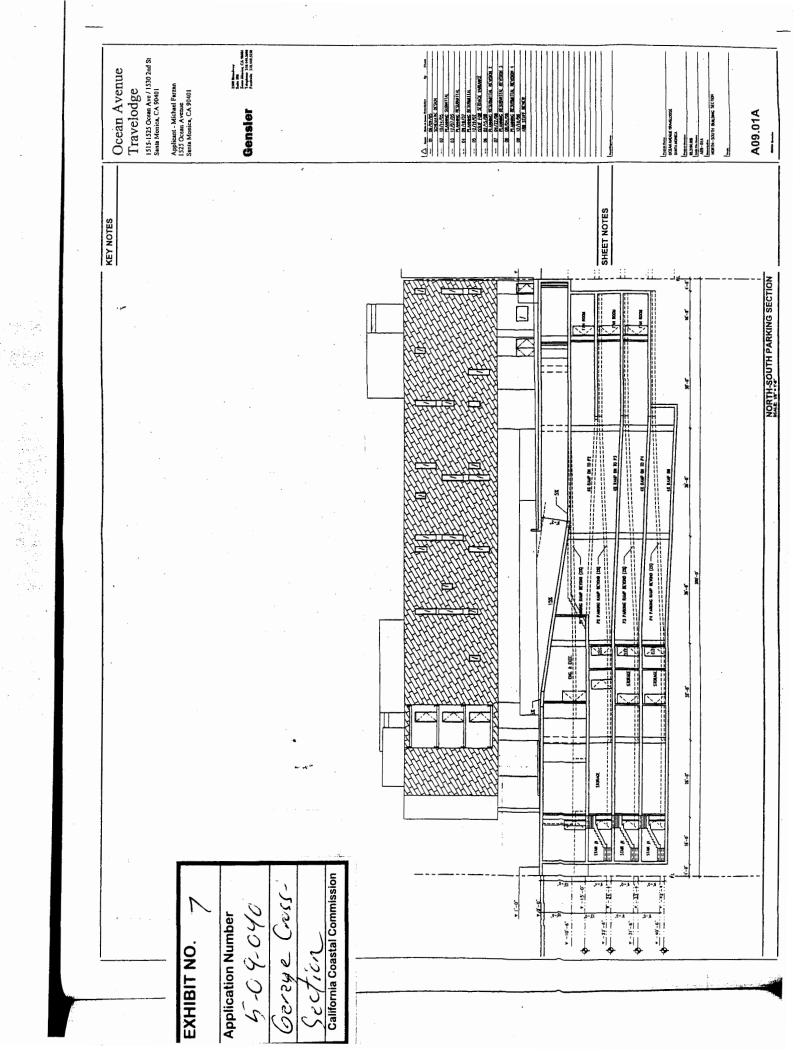












Santa Monica Convention & Visitors Bureau Economic and Fiscal Impacts of Tourism 2003

SANTA MONICA LODGING CENSUS **TABLE 13**

	Luxun	Luxury/High-Rate		First-	First-Class/Mid-Rate			Value	
	Hotel	Address	Rooms	Hotel	Address	Rooms	Hotel	Address	Roome
*	Hotel Casa del	1910 Ocean	129	Ambrose	1255 20 th Street	77	American Motel	1243 Lincoln	9
	I Moriot 111/	way	1	Best Western	1920 Santa	,	טווכן וכפון ויוטנקו	Blvd.	ρ
*	Le Merigot J.W.	1/40 Ocean	175	Gateway	Monica Blvd.	771	Bavside	2001 Ocean	45
	Loews Santa			Best Western Ocean View	1447 Ocean Avenue	72	orbo Lucaso	Avenue 1667 Ocean	2 6
*	Hotel	1700 Ocean Avenue	340	CalMar Suites	20 California	36	ocean roade	Avenue	70
*	Fairmont Miramar	101 Wilshire	302	Hotel	Avenue 2815 Santa	3	Ocean Park Inn	2452 Lincoln Blvd.	29
	notei	BIVG.		Comrort Inn	Monica Blvd.	108	Ocean Park Hotel	2680 32 nd	43
*	Hotel Oceana	Avenue	63	Days Inn Santa	3007 Santa	89		Street	6
*	Shutters on the	77.10	198	DoubleTree	1707 Fourth	25.	Pacific Sands	Avenue	58
	Sub-total	1 PICO BIVO	1 207	Guest Suites	Street	233	Palm Motel	2020 Pico	76
			1,20/	Four Points	530 Pico Blvd.	309		Blvd.	22
				Sheraton		7	Pavilions Motel	2338 Ocean Park Blvd	19
	/ /	•	K	Georgian Hotel	1415 Ocean Blvd.	84	Canta Monica Dico	2102 Canta	
*	* In Cosstel Zonc	Zone	*	Holiday Inn Santa Monica	120 Colorado	132	Janua Monica Moo	Monica Blvd.	84
			*	Hotel California	1670 Ocean	26	Sea Shore Motel	2637 Main Street	20
			*	Hotel Carmel	201 Broadway	102	Seaview Motel	1760 Ocean Avenue	17
			*	Radisson Huntley Hotel	1111 Second Street	213	Village Motel	2624 Santa Monica Blvd.	7
			•	_	1525 Ocean	00	Sub-total		374
			K	Travelodge	Avenue	OC .			
EXHIB	EXHIBIT NO.		*	Shangri-La Hotel	1301 Ocean Avenue	22	Hostelling Int'l.	1436 Second Street	200 beds
Annlicat	Anntication Number		*	Viceroy	1819 Ocean Avenue	163			
	7000			Sub-total		1,850			
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California Coastal Commission

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Santa Monica, California

ORDINANCE NUMBER 1516 (CCS)

(City Council Series)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MONICA IMPLEMENTING POLICY 45 OF THE CITY OF SANTA MONICA DRAFT LOCAL COASTAL PROGRAM ESTABLISHING MITIGATION FEES FOR THE REMOVAL OF LOW COST LODGING ACCOMMODATIONS IN THE SANTA MONICA COASTAL ZONE

THE CITY COUNCIL OF THE CITY OF SANTA MONICA DOES ORDAIN AS FOLLOWS:

SECTION 1. Findings and Purpose. The City Council finds and declares:

- (a) In recent years, there has been a significant shift in the development of visitor accommodations within the Santa Monica Coastal Zone from low cost lodging accommodations to luxury lodging accommodations. Since 1984, six luxury hotels containing 1,109 rooms have received City approvals within the Coastal Zone while no new low cost rooms have been proposed in this area.
- (b) The City of Santa Monica has experienced a significant reduction in the number of low cost lodging accommodations due to demolition and conversion of existing units and construction of office development and luxury lodging accommodations. Since 1984, approximately 355 low cost rooms in the Coastal Zone have been demolished and not replaced, representing a loss of forty-five percent (45%) of the low cost rooms existing in the Coastal Zone as of 1984.

- (c) The vast majority of visitor accommodations in the Coastal Zone removed from the market due to demolition are low cost ledging accommodations.
- (d) The demolition of low cost lodging accommodations in combination with the replacement by, and new construction of, luxury lodging accommodations has altered the balance and has contributed to the scarcity of affordable visitor accommodations in the City. Only fifteen percent (15%) of the total hotel-motel accommodations which will exist in the Coastal Zone once the new City-approved accommodations are completed, will be low cost accommodations.
- (e) Policy 45 of the Draft Local Coastal Program provides for a mitigation fee where new development removes low cost lodging accommodations.
- (f) Pursuant to the police power, the City has the authority to address both the imbalance created by the removal of existing low cost lodging accommodations and the overall need for affordable visitor accommodations in the City.
- (g) The purpose of this Ordinance is to reduce the negative impact on affordable visitor accommodations caused by new commercial and new hotel and motel development which requires demolition of existing visitor accommodations.
- (h) New commercial and new hotel and motel development which requires demolition of existing low cost lodging accommodations is generating a reduction in the City's affordable visitor accommodations, and increases the imbalance between coastal activities and affordable visitor accommodations in the City.

- (i) The City has a continuing need for low cost visitor accommodations and such need is exacerbated by the demolition and conversion of such units and construction of new commercial developments.
- (j) Any fees collected pursuant to this Ordinance shall be used only to finance the construction of low cost lodging accommodations.
- (k) The fee requirements of this Ordinance will help diminish the overall loss of low cost lodging accommodations in the City and to mitigate the adverse consequences of removal of low cost lodging accommodations in the Coastal Zone.
- (1) The facts and evidence presented in the Draft Local Coastal Program dated October, 1989, in the "Santa Monica Coastal Zone Motel and Hotel Room Survey" prepared by Willdan Associates, dated January 18, 1990, and in the California Coastal Act of 1976, establish that there is a reasonable relationship between the need for the replacement of low cost visitor accommodations which is removed by demolition and the fee established by this Ordinance, and also that there is a reasonable relationship between the use of the fee and the type of development for which the fee is charged.
- (m) The fees required by this Ordinance do not exceed the reasonable costs of constructing replacement units as demonstrated by the "Evaluation of Financial Assistance Requirements for the City of Santa Monica's Overnight Affordable Accommodations Program," a studied prepared by Natelson Levander Whitney, Inc., dated December 11, 1989.

SECTION 2. **Definitions.** The following words or phrases as used in this Ordinance shall have the following meanings:

- (a) <u>Fee</u>. A fee paid to the City by a developer pursuant to this Ordinance to mitigate the removal of low cost lodging accommodations.
- (b) Low Cost Lodging Accommodation. Any hotel or motel unit designed, occupied, or intended for occupancy, as a temporary lodging place for individuals for less than thirty (30) consecutive calendar days for which the room rate was Eighty Dollars (\$80.00) or less as of December 12, 1989, or as of the last day of operation if the hotel or motel was not in operation as of that date.
- (c) Remove or Removal. The demolition of low cost lodging accommodations or the conversion of such units to other use.
- (d) <u>Santa Monica Coastal Zone</u>. The approximately 1.5 square miles bounded on the west by the Pacific Ocean, on the south by the City's southern boundary, on the east by Lincoln Boulevard south of Pico Boulevard, and by 4th Street north of Pico Boulevard as far north as San Vicente Boulevard. Along the San Vicente Boulevard centerline, the boundary goes inland to 7th Street to the northern City boundary.
- (e) <u>Site</u>. One or more contiguous parcels under common ownership which have been used, developed, or built upon as a unit.

SECTION 3. Mitigation Fee Requirement.

- (a) No person shall remove low cost lodging accommodations in the Santa Monica Coastal Zone unless the person has complied with the provisions of this Ordinance.
- (b) No permit, license, or other approval shall be issued or granted by the City for the development or use of any property from which any low cost lodging accommodations have been removed until the person seeking the license, permit, or other approval has complied with this Ordinance.

SECTION 4. Applicability. This Ordinance shall apply to:

- (a) Any development, project, or other activity involving the removal of any low cost lodging accommodations in the Santa Monica Coastal Zone. For purposes of this Ordinance, development, project, or other activity shall include the creation of a parking lot, open space, or vacant land on a site previously occupied by low cost lodging accommodations.
- (b) Any site located in the Santa Monica Coastal Zone from which the removal of low cost lodging accommodations has been approved and as to which a condition requiring, the payment of a mitigation fee has been imposed by the California Coastal Commission.

SECTION 5. Fee.

- (a) The low cost lodging mitigation fee required by this Ordinance shall be satisfied by payment of a fee to the City in the amount required by this Section.
- (b) The amount of fee required pursuant to this Section shall be based on the number of units to be removed. For each

low cost lodging unit removed, a fee of Eight Thousand Dollars (\$8,000.00) shall be required.

- (c) Any fee payment required pursuant to this Section shall be adjusted for inflation by the percentage change in the Consumer Price Index ("CPI") multiplied by .65 plus the percentage change in land cost multiplied by .35 between the date of adoption of this Ordinance through the month in which payment is made.
- (1) For purposes of this Section, CPI shall mean the index for Urban Wage Earners and Clerical Workers for the Los Angeles/Long Beach/Anaheim statistical area, as published by the United States Department of Labor, Bureau of Labor Statistics.
- (2) For purposes of this Section, "land cost" shall mean the average purchase price per square foot for commercially zoned property, as determined through an independent survey performed for the Community and Economic Development Department by a qualified real estate consultant and adjusted on an annual basis.

SECTION 6. Payment of Fee.

- (a) At the time of application for a demolition permit or other approval necessary for the removal of low cost lodging accommodations located in the Santa Monica Coastal Zone, the developer shall enter into a compliance agreement for payment of the fee in accordance with the provisions of this Section.
- (b) The compliance agreement shall contain the following requirements:

- (1) At least fifty percent (50%) of the fee shall be paid prior to issuance of a demolition or building permit for a project on the site.
- (2) The balance of the fee shall be paid prior to issuance of the certificate of occupancy for any development or conversion on the subject site. If no certificate of occupancy is required for the conversion or other new activity on the subject site, the balance of the fee shall be due upon commencement of the new activity or within one year, whichever occurs sooner.
- (3) The agreement shall create a lien on the property which shall be binding on the developer and any successor of the developer, including any person acquiring an interest in the property by foreclosure, trust sale, or other proceeding.
- (4) Payments shall be adjusted annually for inflation pursuant to Section 5.
 - (5) The compliance agreement shall be recorded.
- (6) Such other provisions as are reasonably deemed necessary by the City to ensure payment of the fees required by this Ordinance.
- (c) The fee required by this Ordinance shall not become effective until sixty (60) days from its adoption, pursuant to Government Code Section 65962(a).
- SECTION 7. Deposit and Use of Fee. Any payment made pursuant to this Ordinance shall be deposited in a Reserve Account separate from the General Fund to be used only for

development of low cost lodging accommodations in the Santa Monica Coastal Zone. Any interest income earned by monies in such account shall be expended only for development of low cost lodging accommodations in the Santa Monica Coastal Zone.

Regulations. None of the provisions in this Ordinance are intended to supersede any provisions of the City Charter, ordinances, regulations, or resolutions concerning demolition of residential housing, relocation of displaced tenants, rent control removal within fifteen (15) days after its adoption.

SECTION 9. Any provision of the Santa Monica Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, are hereby repealed or modified to that extent necessary to affect the provisions of this Ordinance.

SECTION 10. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court, of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance, and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 11. The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Clerk shall cause the same to be published once in the official newspaper within 15 days after its adoption. This Ordinance shall become effective 30 days from the date of its adoption.

APPROVED AS TO FORM:

ROBERT M. MYERS

City Attorney

Adopted and approved this 27th day of February, 1990.

Shring Tombel

I hereby certify that the foregoing Ordinance No. 1516(CCS) was duly and regularly introduced at a meeting of the City Council on the 20th day of February 1990; that the said Ordinance was thereafter duly adopted at a meeting of the City Council on the 27th day of February 1990 by the following Council vote:

Abdo, Reed Ayes: Councilmembers: Finkel, Jennings, Katz,

Councilmembers: Noes: None

Abstain: Councilmembers: None

Absent: Councilmembers: Genser, Mayor Zane

ATTEST:

Letters from Public

Application Number
5-09-040
Lefters from
Public

California Coastal Commission



5-09.040

South Coast Region

MAK 5 - 2009

March 2, 2007

CALIFORNIA COASTAL COMMISSION

City of Santa Monica Santa Monica, CA

Dear Sir/Madam:

On behalf of Travelodge Hotels, Inc., please accept this letter as our strong endorsement for the proposed construction of a new 164-room limited amenity Travelodge on Ocean Avenue in Santa Monica.

As you are aware, the current Santa Monica Beach Travelodge has been operating at its current location for over 50 years. Most recently, Michael Farzam and his family have been successful in satisfying the lodging needs of the traveling public as owners since 2004. Of equal significance, the Travelodge name is expected to remain part of the Santa Monica landscape for the foreseeable future as we have recently renewed our franchisee agreement with the Farzam's through March of 2019.

Travelodge is primarily a 500-hotel North American brand, and at the very core, known for clean and affordable lodging with over 90 hotels in the California market alone. Mr. Farzam has shared his vision with me for the proposed new construction, limited-service Travelodge and I applaud his efforts to provide affordable, moderately-priced lodging to the traveling public. This venture will no doubt further enhance the guest experience while outwardly contributing to the vibrancy of the Santa Monica market.

If I can be of further assistance, please do not hesitate to contact me at 973-753-8511.

Sincerely,

Ken Greene President Travelodge Hotels, Inc.



EXHIBIT "A"

Ms. Eileen Fogarty
Planning Director
City of Santa Monica
1685 Main Street
Santa Monica, California 90401

Re: Santa Monica Beach Travelodge Project – 1525 Ocean Avenue, 1515 Ocean Avenue and 1530 Second Street.

Dear Ms. Fogarty:

This letter is in regard to the Santa Monica Beach Travelodge project (the "Travelodge Project") proposed at 1525 Ocean Avenue, 1515 Ocean Avenue and 1530 Second Street in Santa Monica, California. As you know, Macerich Company, the owners of the nearby Santa Monica Place Mall, has in the past raised concerns regarding certain aspects of the Travelodge Project.

Recently, we have had the opportunity to meet with the Travelodge Project applicants to more closely review and to discuss the Travelodge Project. We are pleased to inform you that all of our concerns have been addressed to our satisfaction, including our concerns about the proposed 45-foot height of the Travelodge Project. We hereby withdraw all of our previous objections, both written and oral, to the Travelodge Project, including the pending applications (CUP 05-009, DR 05-007, GPA 06-001 and VAR 06-018). We encourage you to approve the Travelodge Project as is and without modification, and look forward to its ultimate development.

Thank you for your consideration.

Very Truly Yours,

Macerich/Santa Monica LLC

Randy Brant



John D. Forbess Executive Vice President And General Counsel Direct Ph: 310.584.8004 Direct Fax: 310.584.8104 E-Mail: JohnF@HertzGroup.com

December 9, 2008

California Coastal Commission South Central Coast District Office 89 South California Street, Suite 200 Ventura, CA 93001-2801

Attn: Al Padilla

Re: Santa Monica Beach Travelodge Project

1525 Ocean Avenue, 1515 Ocean Avenue and 1530 Second Street

To the California Coastal Commission:

This letter is in regard to the Santa Monica Beach Travelodge project (the "Travelodge Project") proposed at 1525 Ocean Avenue, 1515 Ocean Avenue and 1530 Second Street in Santa Monica, California. Hertz Investment Group, the owners of the nearby 1522-1524 Second Street office building, has recently had the opportunity to meet with the Travelodge Project applicants to review and to discuss the Travelodge Project.

We are pleased to inform you that we fully support the Travelodge Project, including the approved applications (CUP 05-009, DR 05-007, GPA 06-001 and VAR 06-018). We encourage you to approve the Travelodge Project as is and without modification, and look forward to its ultimate development.

Thank you for your consideration.

Very Truly Yours,

Hertz Investment Group, LLC

Hertz SM One, LLC

By: John D. Forbess, Esq.

Executive VP & General Counsel



September 22, 2008

Mayor Herb Katz City of Santa Monica 1685 Main Street Santa Monica, California 90401

Dear Mayor Katz:

RE: SUPPORT Proposed Travelodge Hotel Project

The Board of Directors of the Santa Monica Chamber of Commerce previously voted to support the application submitted by Michael Farzam and Travelodge Hotel for demolition of the existing Travelodge Hotel and Pacific Sands Hotel and construction of a new 164-room Travelodge Hotel plus associated ground floor retail space.

Dr. Farzam gave a detailed presentation to the Board concerning the project and Board members were impressed with the fact that the new project would be a moderately-priced hotel. This new project, by replacing two virtually obsolete hotels, will not only provide additional moderately-priced accommodations but will give Ocean Avenue a new and architecturally superior product.

The new limited-amenity hotel will create more affordable lodging in a much-needed downtown Santa Monica coastal zone, will revitalize 2nd Street and Ocean Avenue with pedestrian oriented retail uses, will provide excess parking to offset the parking shortage for surrounding businesses in the area, will create more employment, and provide a public plaza garden on Ocean Avenue.

Hotels have proven to be of strong economic benefit to the City, an important factor in these uncertain economic times. At the same time, they have a relatively benign environmental impact since they generate little peak hour traffic.

The Santa Monica Chamber of Commerce supports the Travelodge Hotel Project, and recommends that the City Council approve the project.

Sincerely,

Laurel Rosen
President and CEO

cc: Santa Monica City Council

Dr. Michael Farzam

Hello Council Members,

I am writing to you today to urge you to please support and approve the Travelodge Hotel project on Ocean Avenue on Tuesday September 23, 2008. As many of you are aware this hotel projects redevelopment will replace the current Santa Monica Beach Travelodge Motel and Pacific Sands Motel. Both hotels are aged and not up to par with what our local residents visiting friends & family and tourist have come to except of our destination. The facilities are in poor and nearly inoperable conditions. The owners are aware of the need to upgrade this important property but require your support to complete their work.

More importantly, this project once approved, will offer an affordable and very needed rehabbed inventory of a 164-guestroom limited-amenity hotel in downtown Santa Monica. My understanding is the project will also provide a pedestrian-oriented retail on Ocean Avenue and 2nd Street- a publicly accessible plaza garden space on Ocean Ave, and the benefit of 110 additional non-required parking spaces. Lastly, a connecting guestroom access bridge over the alley, all which encourage and support our message as a safe and pedestrian friendly community.

The Travelodge Hotel redevelopment would provide another affordable asset to the city in the popular downtown area. It will assist with the revitalization of 2nd Street and Ocean Avenue offer pedestrian oriented retail uses, and provide excess parking to help offset the parking shortage for surrounding businesses. This additional overnight room inventory will create additional hospitality employment as well, all while providing a public garden experience on the East side of Ocean Ave.

I urge you to approve the owner's application request on tonight's agenda. Thank you for your time and consideration.

Sincerely,

Misti Kerns President/CEO Santa Monica CVB



March 12, 2008

Chair Gwynne Pugh and the Santa Monica Planning Commission City of Santa Monica 1685 Main Street Santa Monica, CA 90401

Regarding: Santa Monica Travelodge, 1525 Ocean Avenue

Dear Chair Pugh and Commissioners:

On November 15, 2007 the Bayside District Corporation Board of Directors reviewed the plans for the Travelodge located at 1525 Ocean Avenue.

Following extensive discussion, the Board voted to support the project, while encouraging retail along Ocean Avenue as close to grade as possible and to NOT support a public walkway through the project because of a lack of public benefit.

If I can offer any additional information, please feel free to contact me.

Sincerely,

Kathleen Rawson Executive Director

Cc: BDC Board of Directors
Eileen Fogarty, Director, Planning & Community Development
P. Lamont Ewell, City Manager
Michael Farzam



Travelodge Hotel project, City Council hearing, Sept 23rd, 6:45pm Monday, September 22, 2008 5:50 PM

From: "BORLIDO_SUSY" <BORLIDO_SUSY@smc.edu>

To: laura.beck@smgov.net

To The City Council/City of SM

This letter is in support of the Travelodge Hotel project on Ocean Avenue. The hotel project redevelopment will replace the current Santa Monica Beach Travelodge Motel and Pacific Sands Motel, which are both aged and outdated facilities in poor and nearly inoperable conditions. The new project will include an affordable 164-guestroom limited-amenity hotel, pedestrian-oriented retail on Ocean Avenue and 2nd Street, a publicly accessible plaza garden on Ocean Ave, 110 additional non-required parking spaces, and a connecting guestroom bridge over the alley.

As a business affiliate of Santa Monica, I feel that the Travelodge Hotel redevelopment will be a great asset to the community and to the city. The new limited-amenity hotel will create more affordable lodging in a much-needed downtown Santa Monica coastal zone, will revitalize 2nd Street and Ocean Avenue with pedestrian oriented retail uses, will provide excess parking to offset the parking shortage for surrounding businesses in the area, will create more employment, and provide a public plaza garden on Ocean Avenue.

As Director of Business Greening Programs for Sustainable Works, it has been a pleasure to work with Michael Farzam in helping him obtain 2007-2009 Green Business Certification for the Ocean View Hotel. (www.smgbc.org) I can attest that he is one of the hotel owners actively involved in the Green Business Community – and hotel participation is integral to the success of the program.

I support the Travelodge Hotel Project, and recommend that the City Council approve their application request.

Sincerely,

Susy Borlido Director, Business Greening Program Sustainable Works

Date: Sept 9th, 2008

This letter is in support of the Travelodge Hotel project on Ocean Avenue. The hotel project redevelopment will replace the current Santa Monica Beach Travelodge Motel and Pacific Sands Motel, which are both aged and outdated facilities in poor and nearly inoperable conditions. The new project will include an affordable 164-guestroom limited-amenity hotel, pedestrian-oriented retail on Ocean Avenue and 2nd Street, a publicly accessible plaza garden on Ocean Ave, 110 additional non-required parking spaces, and a connecting guestroom bridge over the alley.

As a resident/business affiliate of Santa Monica, I feel that the Travelodge Hotel redevelopment will be a great asset to the community and to the city. The new limited-amenity hotel will create more affordable lodging in a much-needed downtown Santa Monica coastal zone, will revitalize 2nd Street and Ocean Avenue with pedestrian oriented retail uses, will provide excess parking to offset the parking shortage for surrounding businesses in the area, will create more employment, and provide a public plaza garden on Ocean Avenue.

I support the Travelodge Hotel Project, and recommend that the City Council approve their application request.

Sincerely,

Name: Zovig Sarkissian

Company: i Cugini restaurant

Title: General Manager

Address: 1501 Ocean Avenue, Santa Monica CA 90401

Tel: 310-451-4595 Fax: 310-451-9026

Email: zsarkissian@kingsseafood.com

My name is Rudy Alegre, the owner of Makai Restaurant located at 101 Broadway Avenue, on the corner with Ocean Ave., next door to the existing Ocean View Hotel.

This letter is to confirm our full support on your project, The Travelodge Hotel.

We believe that the more improvements we have on Ocean Ave, the better for everyone living and visiting the city of Santa Monica and California. We have a strong tourist base in our city and we need more space for the visitors. You will provide more work and you will definitely enhance the area with your beautiful well designed project.

I hope that the city council, all your neighbors and everyone can see the positive side of your project, and we hope that it gets approved as soon as possible.

Thank you! Rudy Alegre Makai owner 101 Broadway Ave Santa Monica, CA 90401 Tel: 310- 678 7957

Community Outreach Meetings and Dates

Travelodge Hotel Project, 1515-1525 Ocean Ave, 1530 Second St, Santa Monica, CA

All of the following persons and agencies have fully endorsed project

Organizations:

SM Chamber of Commerce Board: 11-29-07

Bayside District Board: 11-15-07

SM Convention and Visitor's Bureau Board: 10-10-07 and 11-8-06

Pier Restoration Corp, Ben Franz Knight: 9-23-07,

Ocean Park Association: 1-13-08 Wilmont Association: 12-17-07 Neighborhood Council: 1-19-08

18th Street Art, Jan Williamson: 5-24-07 Redevelopment Agency, Andy Agle: 6-27-07

Chamber of Commerce, Samantha O'Neil, Gov Affairs: 4-3-07 Santa Monica Police Dept, Phil Sanchez, Deputy Chief: 3-28-07 SM Convention and Visitor's Bureau, Bruce Cameron: 6-12-07 SM Convention and Visitor's Bureau, Misti Kerns, CEO: 10-16-07 Jerry Rubin, Tree Savers Association, community activist: 5-17-07

PAR Realty, Jeff Jarow: 9-22-08

City Council Members:

Pam O'Conner: 9-23-07 Ken Genser: 6-4-07 Richard Bloom: 4-25-07 Herb Katz: 4-24-07 Bob Holbrook: 9-5-08 Kevin McKeowen: 9-22-08

Planning Commissioners:

Jay Johnson: 6-15-07 Terry O'Day: 5-31-07 Gwynne Pugh: 3-16-08 Gleam Davis: 3-17-08 Jim Reis: 3-16-08

Neighbors:

Macerich Company, Randy Brant and Bob Aptaker: 6-30-07, 3-14-07, 2-2-07, 9-26-07

Jeff King, owner I'Cugini Restaurant, 1501 Ocean Avenue: 5-24-07

Thomas Landau, owner 1520 2nd Street: 5-24-07 Norman Kravetz, owner 1540 2nd Street: 11-16-07 McDonalds Restaurant, Tony Lardas, owner: 5-24-08 Richard Irving, owner 1541 Ocean Avenue:

Richard Irving, owner 1541 Ocean Avenue: Both Ruth Group, former owner 1522-24 2nd Street Hertz Investment Group, owner 1522-24 2nd Street

Holiday Inn, Felcor Investments, Debra Feldman 120 Colorado Ave: 4-12-08

Additional Outreach:

Outreach letter, sent to over 100 Santa Monica residents and organizations: 12-02-07