CALIFORNIA COASTAL COMMISSION

South Coast Area Office 200 Oceangate, Suite 1000 Long Beach, CA 90802-4302 (562) 590-5071



TH 18a

ADDENDUM

Date: January 12, 2010

To: COMMISSIONERS & INTERESTED PERSONS

From: JOHN AINSWORTH, DEPUTY DIRECTOR

SOUTH COAST DISTRICT STAFF

Subject: Commission Hearing of January 14, 2010, item TH 18a of agenda,

application No. 5-09-151(SHC Santa Monica Hotel, LLC), Santa Monica,

Los Angeles County.

The applicant's agent, California Strategies, LLC, has submitted the attached project summary and artist rendering.

Th 180

Ocean Front Walk

Ocean Front Walk is a pedestrian and bicycle-oriented 6-unit condominium project with an integrated bicycle/skate/surf rental facility. The project location, 1703 – 1705 Ocean Front Walk, is accessible to transit, biking and walking paths, and exceptional amenities. The project includes construction of five market-rate condominiums, an affordable rental unit, and an improved facility for the existing beach rental use, which will continue to offer lower-cost beach amenities for coastal visitors.

The project has been carefully designed within the Santa Monica Beach Overlay Zone to:

- Protect and improve lower-cost visitor serving uses that provide beachoriented public recreational opportunities,
 - The project incorporates affordable public bike, skate, surfboard, boogie board, beach chair, and other lower-cost beach recreational visitor-serving rentals, which are being maintained, improved, and fully integrated into the pedestrian-oriented project.
- 2. Provide public access to the beach from the nearest public roadway.
 - The project incorporates a designated pedestrian access along the southern side of the property for public access to the beach.
- Follow the Coastal Commission and City's direction to implement green buildings in order to help achieve sustainability and minimize impacts to coastal resources associated with climate change.
 - The project's infill location on a walk street is close to amenities and at a Mini Blue Bus stop.
 - The project includes ample bike and car parking.
 - Project will use sustainable and recycled materials, achieve exceptional water and energy efficiency, improve indoor air quality, reduce emissions, and attain LEEDTM Platinum certification.

The project is participating in Coastal's Green Building Program to help minimize impacts to coastal resources and has been designed with guidance from the Santa Monica Green Building Guide. Energy will be generated by solar arrays integrated into the roof area, which will be sized to meet the project's entire onsite electricity demand.

The project has been unanimously approved by the City of Santa Monica Planning Commission and the Architectural Review Board and helps exceed targets established in the Santa Monica Sustainable City Plan.

Ocean Front Walk



Ocean Front Walk will be one of the first "net-zero energy" LEEDTM Platinum residential developments in the nation, and one of the first ever "net zero" solar powered bike, skate and surf rental shops.



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TH18a

Filed: 8/10/09 49th Day: 9/28/09 180th Day: 2/06/09

Staff: Al J. Padilla-LB 12/22/09

Staff Report: Hearing Date: 1/14-15/10

Commission Action:

STAFF REPORT: REGULAR CALENDAR

APPLICATION NUMBER: 5-09-151

APPLICANT: SHC Santa Monica Beach Hotel, LLC

AGENT: Ted Harris, California Strategies, LLC

PROJECT LOCATION: 1703-1715 Ocean Front Walk, Santa Monica

PROJECT DESCRIPTION: Demolish an existing bicycle/skate rental shop and construction of a two-story, 30 foot high residential building with five market-rate condominiums and one affordable rental unit, and a 409 square foot bicycle/skate rental use with storage and display area, and 14 parking spaces provided within a subterranean garage on a 20,000 square foot lot. The project will include solar panels on the roof and the project will be constructed to attain LEED Platinum or equivalent certification.

> Lot Area 20,000 square feet 8,902 square feet **Building Coverage Pavement Coverage** 7,029 square feet Landscape Coverage 4,035 square feet 14

Parking Spaces

Zoning R3R Medium Density Multi-Family

Ht above final grade 30 feet

SUMMARY OF STAFF RECOMMENDATION:

Staff recommends APPROVAL of the proposed development with special conditions regarding: 1) future improvements; 2) no future shoreline protective device: 3) assumption of risk; 4) landscaping; 5) dewatering requirements; 6) compliance with City's water quality requirements; 7) Plexiglas/ windscreen design; and 8) recordation of a deed restriction against the property, referencing all of the Standard and Special Conditions contained in this staff report.

LOCAL APPROVALS RECEIVED: Santa Monica Approval in Concept; Planning Commission Approval: Design Compatibility Permit 08-002, CUP 08-016, Vesting Tentative Tract map VTTM 70785(Tract Map 08-007)

SUBSTANTIVE FILE DOCUMENTS: Santa Monica conditionally certified LUP, with suggested modifications, 1987 (never effectuated); Santa Monica certified LUP, with suggested modifications, 1992 (effectively certified November 17,1992); coastal development permits 5-83-560, 5-93-361, 5-95-241, and 5-99-127

I. STAFF RECOMMENDATION:

MOTION: I move that the Commission approve Coastal

Development Permit No. 5-09-151 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:

 Notice of Receipt and Acknowledgment. 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 Improvements Restriction

This permit is only for the development described in coastal development permit No. **5-09-151**. Pursuant to Title 14 California Code of Regulations section 13253(b)(6), the exemptions otherwise provided in Public Resources Code section 30610 (b) shall not apply to the development governed by the coastal development permit No. **_5-09-151**. Accordingly, any future improvements to the structure authorized by this permit, including but not limited to repair and maintenance identified as requiring a permit in Public Resources section 30610(d) and Title 14 California Code of Regulations sections 13252(a)-(b), shall require an amendment to Permit No. **5-09-151** from the Commission or shall require an additional coastal development permit from the Commission or from the applicable certified local government.

2. No Future Shoreline Protective Device

A. By acceptance of this Permit, the applicant agrees, on behalf of itself and all successors and assigns, that no bluff or shoreline protective device(s) shall ever be constructed to protect the development approved pursuant to Coastal Development Permit No. 5-09-151 including, but not limited to, the residences, garages, foundations, and any other future improvements in the event that the development is threatened with damage or destruction from waves, erosion, storm conditions, bluff retreat, landslides, or other natural hazards in the future. By acceptance of this Permit, the applicant hereby waives, on behalf of itself (or himself or herself, as applicable) and all successors and assigns, any rights to construct such devices that may exist under Public Resources Code Section 30235.

B. By acceptance of this Permit, the applicant further agrees, on behalf of itself and all successors and assigns, that the landowner shall remove the development authorized by this Permit, including the residences, garages, foundations, and any other future improvements if any government agency has ordered that the structures are not to be occupied due to any of the hazards identified above. In the event that portions of the development fall to the beach before they are removed, the landowner shall remove all recoverable debris associated with the development from the beach and ocean and lawfully dispose of the material in an approved disposal site. Such removal shall require a coastal development permit.

3. Assumption of Risk, Waiver of Liability and Indemnity

By acceptance of this permit, the applicant acknowledges and agrees (i) that the site may be subject to hazards from flooding and wave uprush; (ii) to assume the risks to the applicant and the property that is the subject of this permit of injury and damage from such hazards in connection with this permitted development; (iii) to unconditionally waive any claim of damage or liability against the Commission, its officers, agents, and employees for injury or damage from such hazards; and (iv) to indemnify and hold harmless the Commission, its officers, agents, and employees with respect to the Commission's approval of the project against any and all liability, claims, demands, damages, costs (including costs and fees incurred in defense of such claims), expenses, and amounts paid in settlement arising from any injury or damage due to such hazards.

4. Landscape Plan

- **A.** Prior to issuance of the coastal development permit, the applicant shall submit, for review and approval of the Executive Director, a landscaping plan. The plan shall be prepared by a licensed landscape architect. To minimize the need for irrigation and minimize encroachment of non-native plant species into adjacent areas, all landscaping shall consist of native and/or drought tolerant non-invasive plant species. No plant species listed as problematic and/or invasive by the California Native Plant Society, the California Invasive Plant Council (formerly known as the California Exotic Pest Plant Council), or as may be identified from time to time by the State of California shall be utilized on the property. No plant species listed as a 'noxious weed' by the State of California or the U.S. Federal Government shall be utilized within the property. All plants employed on the site shall be drought tolerant (low water use) plants identified by U.C. Davis and the Water Resources Board. Ornamental planting with non-indigenous and non-invasive plant species is permitted within the garden areas.
- **B.** The permittee shall undertake development in accordance with the final plans approved by the Executive Director pursuant to this condition. Any proposed changes to the approved plans shall be reported to the Executive Director in order to determine if the proposed change shall require a permit amendment pursuant to the requirements of the Coastal Act and the California Code of Regulations.

5. Dewatering of Groundwater

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.

6. 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.

7. Plexiglas/Glass Wind Screen Treatment

- A. The plexiglas or glass wind screen/wall located along The Promendade shall consist of materials designed to minimize bird-strikes. Such materials may consist, all or in part, of wood; wrought iron; frosted or partially-frosted glass, plexiglas or other visually permeable barriers that are designed to prevent creation of a bird strike hazard. Use of opaque or partially opaque materials is preferred to clear glass or Plexiglas. All materials shall be maintained throughout the life of the development to ensure continued effectiveness at addressing bird strikes. PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the permittee shall submit final revised plans showing the location, design, height and materials of all walls, fences, and gates for the review and approval of the Executive Director.
- B. The permittee shall undertake development in accordance with the approval 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.

8. Deed Restriction

PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall submit to the Executive Director for review and approval documentation demonstrating that the applicant has executed and recorded against the parcel(s) governed by this permit a deed restriction, in a form and content acceptable to the Executive Director: (1) indicating that, pursuant to this permit, the California Coastal Commission has authorized development on the subject property, subject to terms and conditions that restrict the use and enjoyment of that property; and (2) imposing the Special Conditions of this permit as covenants, conditions and restrictions on the use and enjoyment of the Property. The deed restriction shall include a legal description of the

entire parcel or parcels governed by this permit. The deed restriction shall also indicate that, in the event of an extinguishment or termination of the deed restriction for any reason, the terms and conditions of this permit shall continue to restrict the use and enjoyment of the subject property so long as either this permit or the development it authorizes, or any part, modification, or amendment thereof, remains in existence on or with respect to the subject property.

IV. FINDINGS AND DECLARATIONS:

The Commission hereby finds and declares:

A. Project Description and Location

The applicant proposes to demolish an existing approximately 450 square foot bicycle and skate rental shop and construct a 19,966 square foot, two-story, 30-foot high (above existing grade), 6-unit residential building (five market-rate for sale units and one affordable rental unit), and 409 square foot bicycle and skate rental shop, with approximately 700 square feet of outdoor display and storage area, above a subterranean 14-car garage, on a 20,000 square lot (See Exhibit No. 1-3). According to the applicant, the project will be a "net-zero energy" development which produces on-site more power than it uses from renewable energy sources. The project design features numerous sustainable elements and features to achieve a LEED Platinum certification, including green and renewable building materials, photovoltaic and hydroponic solar panels.

The five market rate condominiums will range in size from 3,376 to 4,210 square feet. The proposed affordable rental unit will be 1,170 square feet. The affordable unit is provided to meet the City's affordable housing program and will be owned and managed by the developer. In addition to the unit, the applicant will also be required by the City to pay an affordable housing fee to meet the City's affordable housing requirements.

The proposed project is located immediately adjacent to and east of Ocean Front Walk (The Promenade). Pacific Terrace is to the north and Appian Way to the east (see Exhibits No. 1-3). Abutting the property to the south is a 5-unit condominium with 11 subterranean parking spaces. To the north and across from the public street, Pacific Terrace, is an approximately 60 space surface public parking lot. To the east and across Appian Way is a 342 room hotel (Loews Hotel), and to the west is the approximately 20 foot wide pedestrian promenade (Ocean Front Walk) and the public beach, which is approximately 500 feet wide in this location.

The 20,000 square foot lot has 160 linear feet of frontage along Ocean Front Walk and is 125 feet deep. The lot is situated approximately 600 feet south of the Santa Monica Pier and Approximately 810 feet north of Pico Boulevard.

The beach area between the Pier and Pico Boulevard, and west of The Promenade, contains a number of recreational facilities, such as volleyball courts, swings, children's

play area, exercise equipment, and bike path. Along the inland side of The Promenade there are a small group of shops selling food and beach-related items, hotels, and a mix of apartments, and public parking lots.

B. <u>Past Commission Permit Action</u>

The Commission has approved a number of permits within this oceanfront area between the Pier and Pico Boulevard. On the project site, the Commission approved two separate projects on the same lot. In January 1994, the Commission approved the demolition of three of four single-family dwellings and construction of a private (non-commercial) tennis court on a 20,000 square foot lot (CDP #5-93-361). The tennis court was intended to be an interim use of the site and associated with the remaining single-family residence abutting the tennis court site. The City prohibits the demolition of structures without a proposed replacement project, therefore, the proposed tennis court was to allow the applicant to remove the dilapidated residential structures on-site and improve the appearance of the lot. The applicant's ultimate goal was to eventually obtain approval for a Bed and Breakfast facility from the City and the Commission. The approval of the demolition and construction of the tennis court project would allow the property owner to quickly improve the site while going through the longer permitting process for the Bed and Breakfast project.

In approving the demolition and tennis court construction, because the tennis court was a low priority use and not a visitor-serving use, the Commission found that the project would have adverse individual and cumulative impacts on access and coastal recreational opportunities by perpetuating low priority uses and reducing development opportunities for visitor-serving commercial development along the beach front. Therefore, since the applicant's intent was to use the tennis court as a temporary use until plans where approved for a bed and Breakfast facility, the Commission found that approving the project as a temporary use, with a condition limiting the use to five years, the tennis court would be consistent with the Coastal Act.

Subsequently, in February 1994, the Commission approved a coastal development permit for the construction of a four-unit Bed and Breakfast facility and demolition of the bicycle rental shop on the adjoining lot (CDP#5-95-241). In approving the Bed and Breakfast facility, the Commission found that the development was a priority use and would provide visitor accommodations and provide low-cost recreational activities along the beachfront, providing greater opportunities to the public for coastal access and public opportunities for coastal recreation.

The buildings have been demolished, except for the bicycle rental shop, but neither the tennis court nor the Bed and Breakfast facility were ever constructed. The lot has been landscaped and is currently vacant, except for the operating rental shop.

Immediately adjacent to the project site, in 2002, the Commission approved CDP No. 5-02-113(1719 Ocean Inc.) for the demolition of a two-story, 13-unit apartment complex and

construction of a 9,943 square foot, 5-unit condominium building above a subterranean 11-car garage.

Other projects along Ocean Front Walk approved by the Commission include the Shutters Hotel to the south at Pico Boulevard (CDP #5-87-1105), and a hotel renovation (CDP#5-99-127, Casa del Mar) located just south of Pico Boulevard.

In 1998, the Commission approved CDP No. 5-98-009 for the renovation of the playground and gymnastic equipment, improvements to the bicycle path and renovation of the Promenade, including a vehicle turn-out and beach drop-off at the terminus of Bay Street (south of Pico Boulevard). The improvements extended from just south of the Pier to Bay Street.

C. Beach Overlay District

The subject property and surrounding area is located within the City's Beach Overlay District. The boundary of the Beach Overlay District extends along Ocean Avenue from the City's northern boundary line to Neilson Way, then along Neilson Way to the southern boundary of the City, excluding the pier and the area between the Pier on the north and Seaside Terrace on the south (see Exhibit No. 2). The Beach Overlay District was created in 1990 with the passage of a Santa Monica voter initiative (referred to as Proposition S). The initiative prohibits hotel and motel development, and restaurants over 2,000 square feet within the City' Beach Overlay District. According to the initiative, the purpose is to:

...protect the public health, safety and welfare of present and future residents of the City... by avoiding the deleterious effects of uncontrolled growth in the beach Overlay District and preserving the unique and diverse character of the Santa Monica oceanfront.

This purpose is achieved by limiting the proposed proliferation of excessive hotel, motel and large restaurant development within the Beach Overlay District. Such development ignores the need to preserve Santa Monica's greatest physical asset—its oceanfront setting, view, and access to coastal resources—and to maintain its beach and oceanfront parks as open recreational area for present and future generations.

Hotels, motels, hostels and large restaurants are visitor-serving uses that provide public opportunities for coastal recreation and access. With the loss of areas for development of this sort of visitor-serving commercial recreational uses, the opportunities for developing visitor-serving uses generally in this beach front area are significantly reduced, and the City's ability to plan for increasing visitor-serving commercial recreational uses is significantly reduced due to the limited area in which such uses could be developed. With the loss of beach front areas that are suitable for visitor-serving development, the effects of Proposition S, and its limitations on developing visitor-serving uses, are much more significant. For these reasons, it is all the more important that beach front property that is suitable for visitor-serving uses in this area should be reserved for such uses. To mitigate

the effects of Proposition S it may be necessary to increase the level of scrutiny applied to proposals for residential development, or any other non-visitor-serving type of development, along the beach and encourage more visitor-serving uses in areas where visitor-serving uses are found to be appropriate.

In comments on past Commission permit actions, the City has stated that public facilities can encourage beach recreation just as well as restaurants and hotels, therefore, Proposition S does not necessarily prohibit the City from providing and enhancing visitor-serving facilities and beach access. This may be true, however, allowing recycling of residential uses with no provisions for visitor-serving facilities and access precludes the development of recreation and access facilities within the area. It may be necessary to provide additional public facilities on this beach in order to protect and enhance public access to the shoreline. The City's options on methods to increase recreational support facilities in light of Proposition S, include increasing privately operated facilities, requiring or encouraging redevelopment of lots with low priority uses to visitor-serving uses, or exploring an alternate program that allows the homeowners and residents who might benefit from less traffic, less beach visitors, and less visitor-resident conflicts, due to the absence of commercial support facilities, such as restaurants, hotels, and visitor-serving recreational commercial businesses, to provide a public facility network.

While City staff and coastal staff will continue to work together to develop policies for the Beach Overlay District to mitigate the potential adverse impacts to access and coastal recreation, there will continue to be a few residential developments proposed in areas where residential structures have been routinely approved in the past. However, because of the constraints placed by Proposition S on providing visitor-serving commercial recreational opportunities in the Beach Overlay District, approving residential development in this beach fronting area could have a particularly adverse individual and cumulative impact on access and coastal recreational opportunities by reducing the opportunities to develop visitor-serving uses in the Beach Overlay District. The impact caused by development of low priority uses along this beach front area are made more severe by the restrictions of Proposition S.

The project, as proposed, will include redevelopment of the site with a mix of commercial and residential use with a portion of the ground floor providing visitor-serving commercial use. The proposed commercial use will provide a visitor-serving use that will serve beach visitors and will be consistent with the City's current zoning and Proposition S.

D. Visitor-Serving Commercial Recreation

Section 30221 of the Coastal Act states:

Oceanfront land suitable for recreational use shall be protected for recreational use and development unless present and foreseeable future demand for public or commercial recreational activities that could be accommodated on the property is already adequately provided for in the area.

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 applicant is proposing to construct a 6-unit residential project with a portion of the ground floor designed for visitor-serving use. The proposed project site is a beach fronting property located between the pedestrian promenade (Ocean Front Walk) and the first public road (Appian Way) landward of the sea (see Exhibit No. 2).

In preliminary studies that led to the adoption of the Coastal Act, the Commission and the Legislature reviewed evidence that land uses directly adjacent to the beach were required to be regulated to protect access and recreation opportunities. These sections of the Coastal Act provide that the priority of new development near beach areas shall be given to uses that provide support for beach recreation. The Coastal Act requires that public coastal recreational facilities shall have priority over other types of development on any private land suitable for such use. Sections 30221 and 30222 give priority land use to visitor-serving commercial recreational facilities and general public recreational use on public and private oceanfront and upland areas where necessary.

One of the basic Coastal Act goals is to maximize public recreation and access to the beaches. Permitting large lot residential development along the beach is clearly not maximizing public recreation and access. The proposed residential use is not a priority use and developing this lot with a use that will perpetuate residential use of the lot could have adverse individual and cumulative impacts on coastal access and public opportunities for coastal recreation. Furthermore, by improving the site with a new residential development on a site that, due to the location in relation to the visitor-serving Pier and the pedestrian promenade, is suitable for visitor-serving type uses, the proposed development could contribute to the establishment of a predominately residential beach front community and diminish the limited opportunities that are available for improving visitor-serving commercial recreational development to improve and maximize beach access.

However, the City's Proposition S limits the type of development along the beach area. With the passage of Proposition S all properties along the beach front, including the applicant's, are limited to the type of visitor-serving development that can be developed on the site. Proposition S limits the uses to neighborhood grocery, day care, bed and breakfast, and bike/skate rental. The Commission is not bound by the limits of Proposition S, however, it clearly limits the options the property owners have in developing sites within the area affected by Proposition S. To comply with Proposition S and with the recreation and access policies of the Coastal Act, the applicant is proposing to incorporate the existing bike/skate rental shop into the new development. The proposed bicycle/skate rental shop will occupy 400 square feet of covered space, 450 square feet of outdoor secured gated space, and 310 square feet of additional outdoor space dedicated to bicycle and skate shop operations for a total of 1,169 square feet.

The design of the rental space will occupy approximately 23 linear feet of Ocean Front Walk along the 160 foot of property frontage in the southwest portion of the site and will be

adjacent to a proposed public vertical accessway proposed by the applicant that extends from Appian Way, at the rear of the property, to Ocean Front Walk (see Exhibit No. 7). This proposed public accessway and location of the rental shop adjacent to the accessway will provide additional visibility of the shop for those visitors coming from the Loews Hotel and Le Merigot Hotel, which are located directly behind the proposed site.

The 20,000 square foot property is located approximately 600 feet south of the pier, in an area that contains a mix of multiple-family residential, visitor-serving commercial development and State Beach parking lots. Along The Promenade, between the Pier and Pico Boulevard, there are 5 visitor-serving establishments, 2 commercial businesses, 5 multiple-family residential buildings, 1 hotel, and 3 State beach parking lots providing approximately 256 public parking spaces (see Exhibit No. 12). The majority of the visitor-serving commercial is located at the foot of the pier, except for a small commercial use (Hotdog On A Stick), and the bike rental/snack shop (Spokes N Stuff) located at the project site.

In addition to the commercial area along the Promenade, the Pier has approximately 122,065 square feet of visitor-serving commercial. In addition to the visitor-serving commercial development located along the Promenade and at the Pier that attracts thousands of visitors each year, the City has also provided beach improvements over the previous years to such areas as Muscle Beach, which is located directly in front of the project site, improvements to The Promenade, and bicycle path. Other visitor-serving beach improvements include a recently opened approximately 11,000 square foot public beach facility (CDP No. 5-06-226), that was formally a private beach club, located north of the pier. One block to the east of the project site and along Ocean Boulevard, the Commission recently approved a mixed use residential development (CDP No. 5-08-159) with 20,000 square feet of ground floor retail/restaurant space, with 3,000 square feet of outdoor dining. Such development will improve beach and visitor access in the south and north beach areas providing the public additional recreational facilities and visitor-serving establishments.

Alternatives that were considered for the site included the previously approved 12-unit Bed and Breakfast, and providing visitor-serving along the entire ground floor that fronts Ocean Front Walk. The Bed and Breakfast development although previously approved by the Commission, was considered economically infeasible based on the size of the lot and zoning constraints. The applicant has provided an economic analysis showing the economic infeasibility of constructing and operating a Bed and Breakfast on the site (see Exhibit No. 13).

The other alternative would be to provide the entire ground floor fronting Ocean Front Walk with a visitor-serving use, with residential development above the ground floor. However, given the limited uses allowed by Proposition S, providing a viable visitor-serving use, along the entire ground floor fronting Ocean Front Walk would also be economically infeasible. The applicant has worked with the owner of the rental shop and based on the rental shops size requirements and space rental costs, the proposed interior space, storage space, and outdoor display space, is optimum to continue the operation of the visitor-serving business at this location.

Although residential use is not a priority use, the applicant has incorporated a visitor-serving commercial use on a portion of the ground floor that will be economically viable and continue to provide the public with beach and recreational amenities. Although the proposed visitor-serving use is limited in size, the site will continue to provide to the public recreational beach amenities along Ocean Front Walk and in the South Beach area, and with the surrounding public beach improvements the City has provided in the area and extensive visitor-serving commercial uses in the area, the limited size of the visitor-serving use and mix of residential will not have an adverse impact on beach access and recreation in the area.

The proposed project will be consistent with the City's zoning requirements that limit the type of visitor-serving uses and can be found consistent with the recreation and access policies of the Coastal Act. Furthermore, the proposed project will not perpetuate residential development along the beach front in the South Beach area since most of the properties have been redeveloped, so there is no potential for increasing residential use beyond what currently exists in the area. To ensure that the development will continue to provide a visitor-serving use, Special Condition No. 1, requires that any future change in use will required an amendment to this permit. Therefore, the Commission finds that the proposed project is consistent with Section 30221 and 30222 of the Coastal Act.

E. 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 or providing substitute means of serving the development with public transportation.

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... (2) providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads, (3) providing nonautomobile circulation within the development, (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 parking or alternative modes of transportation in order not to negatively impact coastal access.

The proposed project will provide a total of 14 parking spaces within a subterranean parking garage. Thirteen spaces will be reserved for residential use and one space will be for the visitor-serving commercial use. The proposed parking is consistent with the City's parking standards. The Commission's parking requirements established through permit actions, for the six residential units is two parking spaces per unit plus 1 guest space. The provided parking for the residential use meets the Commission's parking requirements. For the rental use, the Commission has not established specific parking ratios for beach rental shops. Using General

Retail parking standards, the parking requirement is 1 space per 225 square feet, which would be approximately two spaces for the 470 square foot space (not including the outdoor display space or storage area). However, the rental use because of its small size, and type of use (bicycle, skates, and beach equipment), is not a destination type use that would generate its own parking demand. The majority of the demand is from beach visitors and the rental use serves as a supplement or ancillary use to the visitors' beach activities. So the rental facility, on its own, does not generate a significant parking demand. Moreover, the employees are generally from the area and use alternative transportation, such as walking, bicycle, or mass transit to get to the site. The one space allocated for the rental shop is adequate to meet the demand. 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.

F. Hazards

Section 30253 of the Coastal Act provides in part:

New Development shall:

(1) Minimize risks to life and property in areas of high geologic, flood, and fire hazards.

The subject site is located on the beach south of the Santa Monica Pier, in the South Beach area of the City of Santa Monica. The South Beach area provides a broad beach, over 500 feet in width. Due to the width of the beach and the location of the Santa Monica Pier and breakwater, properties along the beach are generally protected from storm wave impacts and have not required shoreline protective devices.

Previous wave run-up analysis studies for the Santa Monica beach area that examined the impact of wave run-up and wave induced flooding (i.e. overtopping) in the area under extreme oceanographic conditions over the next 75 years, found that, based upon beach width and the presence of the pier structure and a breakwater located off shore of the North Beach area, it is extremely unlikely that the shoreline will erode significantly in the next 75 years. The study states that the area was not subject to wave attack during the 1988 storm event, which was considered a "400 year" wave event with an 18-year recurrence interval extreme high tide level.

Furthermore, the applicant is constructing the proposed development within an area that already contains development and will extend no further seaward than the existing development. In the case of the proposed project, the applicant does not propose the construction of any shoreline protective device to protect the proposed development. However, beach areas are dynamic environments which may be subject to unforeseen changes. Such changes may effect beach processes, including sand regimes. The mechanisms of sand replenishment are complex and may change over time, especially as beach process altering structures, such as jetties, are modified, either through damage or deliberate design. Therefore, the presence of a wide sandy beach at this time does not preclude wave uprush damage and flooding from occurring at the subject site in the future. The width of the beach may change, perhaps in combination with a strong storm event like

those which occurred in 1982-83 and 1988, or from sea-level rise, resulting in future wave and flood damage to the proposed development.

The Coastal Act limits construction of protective devices because they have a variety of negative impacts on coastal resources including adverse effects on sand supply, public access, coastal views, natural landforms, and overall shoreline beach dynamics on and off site, ultimately resulting in the loss of beach. Under Coastal Act Section 30235, a shoreline protective structure must be approved if all of the following conditions are met: (1) there is an existing principal structure in imminent danger from erosion; (2) shoreline altering construction is required to protect the existing threatened structure; and (3) the required protection is designed to eliminate or mitigate the adverse impacts on shoreline sand supply.

The Commission has generally interpreted Section 30235 to require the Commission to approve shoreline protection for development only for <u>existing</u> principal structures. The construction of a shoreline protective device to protect <u>new</u> development would not be required by Section 30235 of the Coastal Act. Proper coastal planning mandates that structures be sited far enough back from hazards to minimize the potential that they would be in danger and require a protective device. In addition, allowing new development that requires the construction of a shoreline protective device would be inconsistent with Section 30251 of the Coastal Act which states that permitted development shall minimize the alteration of natural land forms, including beaches which would be subject to increased erosion from such a device.

In the case of the current project, the applicant does not propose the construction of any shoreline protective device to protect the proposed development. However, it is not possible to completely predict what conditions the proposed structure may be subject to in the future. Consequently, it is conceivable the proposed structure may be subject to wave uprush hazards which could lead to a request for a protective device.

Shoreline protective devices can result in a number of adverse effects on the dynamic shoreline system and the public's beach ownership interests. First, shoreline protective devices can cause changes in the shoreline profile, particularly changes in the slope of the profile resulting from a reduced beach berm width. This may alter the usable area under public ownership. A beach that rests either temporarily or permanently at a steeper angle than under natural conditions will have less horizontal distance between the mean low water and mean high water lines. This reduces the actual area in which the public can pass on public property.

The second effect of a shoreline protective device on access is through a progressive loss of sand as shore material is not available to nourish the bar. The lack of an effective bar can allow such high wave energy on the shoreline that materials may be lost far offshore where it is no longer available to nourish the beach. A loss of area between the mean high water line and the actual water is a significant adverse impact on public access to the beach.

Third, shoreline protective devices such as revetments and bulkheads cumulatively effect shoreline sand supply and public access by causing accelerated and increased erosion on adjacent public beaches. As discussed earlier this portion of the beach is a wide sandy beach. However, the width of the beach can vary, as demonstrated by severe storm events. The Commission notes that if a seasonal eroded beach condition occurs with greater frequency due to the placement of a shoreline protective device on the subject site, then the subject beach would also accrete at a slower rate. The Commission also notes that many studies performed on both oscillating and eroding beaches have concluded that loss of beach occurs on both types of beaches where a shoreline protective device exists.

Fourth, if not sited in a landward location that ensures that the seawall is only acted upon during severe storm events, beach scour during the winter season will be accelerated because there is less beach area to dissipate the wave's energy. Finally, revetments, bulkheads, and seawalls interfere directly with public access by their occupation of beach area that will not only be unavailable during high tide and severe storm events but also potentially throughout the winter season.

Section 30253 (2) of the Coastal Act states that new development shall neither create nor contribute to erosion or geologic instability of the project site or surrounding area. Therefore, if the proposed structure requires a protective device in the future it would be inconsistent with Section 30253 of the Coastal Act because such devices contribute to beach erosion.

In addition, the construction of a shoreline protective device to protect new development would also conflict with Section 30251 of the Coastal Act which states that permitted development shall minimize the alteration of natural land forms, including sandy beach areas which would be subject to increased erosion from shoreline protective devices. The coastal processes and physical conditions are such at this site that the project is not expected to engender the need for a seawall to protect the proposed development. There is currently a wide sandy beach in front of the proposed development, including the Pier and breakwater to the north, that currently provide substantial protection from wave activity. However, the continued presence of a wide beach cannot be guaranteed.

To further ensure that the proposed project is consistent with Sections 30251 and 30253 of the Coastal Act, and to ensure that the proposed project does not result in future adverse effects to coastal processes, the Commission imposes Special Condition No. 2 which would prohibit the applicant from constructing a shoreline protective device for the purpose of protecting any of the development proposed as part of this application. This condition is necessary because it is impossible to completely predict what conditions the proposed structure may be subject to in the future. Consequently, as conditioned, the development can be approved subject to Sections 30251 and 30253 of the Coastal Act.

By imposing the "No Future Shoreline Protective Device" special condition, the Commission requires that no shoreline protective devices shall ever be constructed to protect the development approved by this permit in the event that the development is threatened with damage or destruction from waves, erosion, storm conditions or other natural hazards in the future. The Commission also requires that the applicant remove the

structure if any government agency has ordered that the structure be removed due to wave uprush and flooding hazards. In addition, in the event that portions of the development are destroyed on the beach before they are removed, the landowner shall remove all recoverable debris associated with the development from the beach and ocean and lawfully dispose of the material in an approved disposal site. Such removal shall require a coastal development permit.

Furthermore, since the continued presence of a wide beach cannot be guaranteed, and not all risks from wave run-up or seismic activity can be eliminated, the Commission finds it necessary to require the acknowledgment and acceptance from the applicant (Special Condition No. 3), that the project is located in an area that is potentially subject to flooding and geologic hazards that could damage the applicant's property. The applicant is also notified that the Commission is not liable for such damage as a result of approving the permit for development. As conditioned, the proposed project is consistent with Sections 30251 and 30253 of the Coastal Act.

G. Visual Resources

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.

The proposed project includes the construction of a two-story, 30 foot high, 19,966 square foot building. The building has been designed to step back the façade of the Ocean Front Walk elevation to reduce the massing. The building will be setback from Ocean front Walk 10 feet along the southwest corner to 23 feet for the rest of the structure. The 6 foot high privacy wall along Ocean Front Walk will incorporate translucent elements, texture, and landscaping.

Development in the surrounding area consists of residential and commercial development varying from three to eight stories, and 30 to 50 feet in height. Because of existing development coastal views are basically along The Promenade with intermittent views along some of the adjacent streets. Major scenic resources in the City of Santa Monica are identified in the City's Local Coastal Land Use Plan and the City's Scenic Corridor Element. Scenic resources include the coastline, beach and bay, the Santa Monica Pier, Palisades bluff, and the Santa Monica Mountains. The proposed project will be located within a developed area, surrounded by multi-story development and will not impact any coastal views from any of the scenic view corridors. Therefore, the development will not have an adverse impact to coastal views from along the Promenade or any scenic view corridor and is consistent with the size and scale of surrounding development. The Commission finds that, as proposed, the project will be consistent with Section 30251 of the Coastal Act.

H. Biological Resources

Section 30230 of the Coastal Act 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 of the Coastal Act 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 reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

Section 30240 of the Coastal Act states:

- (a) Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values, and only uses dependent on those resources shall be allowed within those areas.
- (b) Development in areas adjacent to environmentally sensitive habitat areas and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.

1. Landscaping

The only native terrestrial habitat in the area is located along the Palisades bluff, located north of the Pier. Due to erosion, the bluffs contain little vegetation, and the majority of the vegetation is non-native. The top of the bluff is an urban landscaped park consisting of ornamental and non-native plants. The existing site provides very little landscaping other than ornamental grass, shrubs and palm trees, which will be removed. The applicant is proposing to incorporate landscaping along the Ocean Front frontage using a mix of native and non-native non-invasive plants. The applicant has designed the landscaping to minimize water use and to soften the views of the development from along Ocean Front Walk. To ensure that the project maintains drought tolerant non-invasive vegetation, Special Condition No. 3 is required by the Commission.

2. Water Quality

The proposed project poses a potential source of pollution due to contaminated runoff from the proposed construction, parking areas and other hardscape. The City, to mitigate potential impacts from development, 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 has determined that the City's standards are consistent with standards imposed by the Commission. However, the proposed project involves a significant amount of excavation for the subterranean garage which has the potential for water quality problems. Groundwater and/or percolating surface water may collect in the bottom of the parking structure during or after construction and may require pumping. 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, Special Condition No. 4 is necessary, requiring the applicant to provide the installation of filters on all dewatering pumps and sump pumps. To ensure that the development complies with the City requirements, Special Condition No. 5 is necessary to require compliance with the City's water quality requirements. Therefore, only as conditioned will the proposed project be consistent with the Coastal Act and past Commission action with regards to water quality requirements to minimize water quality impacts.

3. Plexiglas or Glass Wind Screens

The proposed project includes a 6 foot high wall along Ocean Front Walk (see Exhibit No. 11). As conditioned by the City, the wall will incorporate translucent elements, such as frosted or etched Plexiglas to soften the appearance of the wall. In terms of design, the translucent glass and landscaping along the wall will improve the appearance and transition from private space to public space; however, glass walls or wind screens are known to have adverse impacts upon a variety of bird species. Birds are known to strike these glass walls causing their death or stunning them which exposes them to predation. Some authors report that such birds strikes cause between 100 million to 1 billion bird deaths per year in North America alone. Birds strike the glass because they either don't see the glass, or there is some type of reflection in the glass which attracts them (such as the reflection of bushes or trees that the bird might use for habitat).

There are a variety of methods available to address bird strikes against glass. For instance, glass can be frosted or etched in a manner that renders the glass more visible and less reflective. Where clear glass is used, appliqués (e.g.) stickers can be affixed to the glass that have a pattern that is visible to birds. Some appliqués incorporate features that allow humans to see through the glass, but which are visible to birds. Usually appliqués must be replaced with some frequency in order to retain their effectiveness. In the case of fences or walls, alternative materials can be used, such as wood, stone, or metal (although this approach isn't usually palatable when there is a desire to see through the wall). Use of frosted or etched glass, wood, stone or metal material is preferable to appliqués because of the lower maintenance and less frequent replacement that is required.

The applicant has indicated that they will frost or etch the plexiglas so that the glass will be more visible and less reflective. As a special condition of this permit (Special Condition No. 6) the applicant is required to use frosted or etched glass or plexiglas or other visually permeable barriers that are designed to prevent creation of a bird strike hazard.

Conclusion

The Commission, therefore, finds that, as conditioned to require non-invasive drought tolerant plandscaping, compliance with the City's water quality requirements, and to incorporate glass walls or windscreens that will prevent bird strikes, the development will be consistent with Section 30230, 30231 and 30240 of the Coastal Act.

I. Local Coastal Program

Section 30604 of the Coastal Act provides, in part:

(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), except for the Santa Monica Pier, and excluding the Civic Center. On September 15, 1992, the City of Santa Monica accepted the LUP with suggested modifications. The proposed project, which is located west of Neilson Way, is not covered under the 1992 certified LUP.

The area within the Beach Overlay District was excluded from certification due to Proposition S discouraging visitor-serving uses along the beach, resulting in an adverse impact on coastal access and recreation. In deferring this area the Commission found that, although Proposition S and its limitations on development were a result of a voters'

initiative, with Proposition S in effect, the policies of the City's proposed LUP were inadequate to achieve the basic Coastal Act goal of maximizing public access and recreation to the State beach within the Beach Overlay District area, and they would not ensure that development would not interfere with the public's right of access to the sea.

In a previous Commission LUP action, in 1987 and prior to the passage of Proposition S, the Commission certified, with suggested modifications, a LUP that included the area presently known as the Beach Overlay District. In certifying the 1987 LUP, the Commission found that the LUP, as submitted, would result in adverse impacts on coastal access and recreational opportunities and, therefore, denied the LUP as submitted, and approved it with suggested modifications to mitigate any adverse impacts. One of the suggested modifications required that the subarea south of the Santa Monica Pier to Pico Boulevard shall be devoted to visitor-serving uses. Residential uses were permitted in the area, but only above the ground floor of visitor-serving uses. The Commission found that the modification was necessary to assure that the lower priority land use of private residential development would not adversely impact the public beach parking supply and that higher priority recreational and visitor-serving use is not replaced by private residential development. The 1987 Commission certified LUP, with modifications, was never adopted by the City. Subsequently, in 1992 the City submitted a new LUP with policies covering the area between the Pier and Pico Boulevard. One of the policies proposed by the City reflected the Commission's 1987 suggested modification that prohibited residential development on the ground floor between the Pier and Pico Boulevard. However, by that time, the area was within the Beach Overlay District and the area was, therefore, deferred from certification for the reasons indicated above.

The subject site, because of its proximity to the Pier, pedestrian promenade, hotels and State beach parking lots, is suitable for visitor-serving commercial recreational development. The applicant has designed the development to incorporate visitor-serving use along a portion of the ground floor. Because of the restrictions placed on beach properties by Proposition S and the size of the property, the site is limited to the type of visitor-serving uses that would be permitted and viable. The proposed development allows the site to be developed with residential and incorporate a visitor-serving use that would enhance public beach access and recreational opportunities. The Commission, therefore, finds that the proposed project is consistent with the Chapter 3 policies of the Coastal Act and will not prejudice the ability of the City to prepare Land Use Plan policies for the Beach Overlay District (deferred area) and a Local Coastal Program implementation program consistent with the policies of Chapter 3 of the Coastal Act, as required by Section 30604(a) of the Coastal Act.

J. CEQA

The City, as lead agency for California Environmental Quality Act (CEQA) review, determined that the proposed project is exempt from the pursuant to Class 3, Section 15303 (b) and (c) of the State CEQA Guidelines.

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 CEQA.

The applicant has the option of developing the site with visitor-serving uses, such as, a Bed and Breakfast facility or grocery store. The Bed and Breakfast would enhance public coastal access in the area by providing the public with visitor-serving type uses. However, such a use, according to the applicant's analysis, would not be viable based on the size of the lot and the limited number of units permitted.

Another option available to the applicant is to have the City rezone the property to allow additional visitor-serving uses, such as, restaurants and retail shops, which are prohibited under the current zoning. However, since the City's residents passed Proposition S through a referendum, it is unlikely the project site and the beach area will be rezoned to allow for additional visitor-serving uses. Therefore, the Commission finds that the proposed project is the least environmentally damaging feasible alternative and the project can be found consistent with CEQA and the policies of the Coastal Act.

CALE 1" = 4290

COUNTY OF LOS ANGELES, CALIF. ASSESSOR'S MAP

COASTAL COMMISSIOM

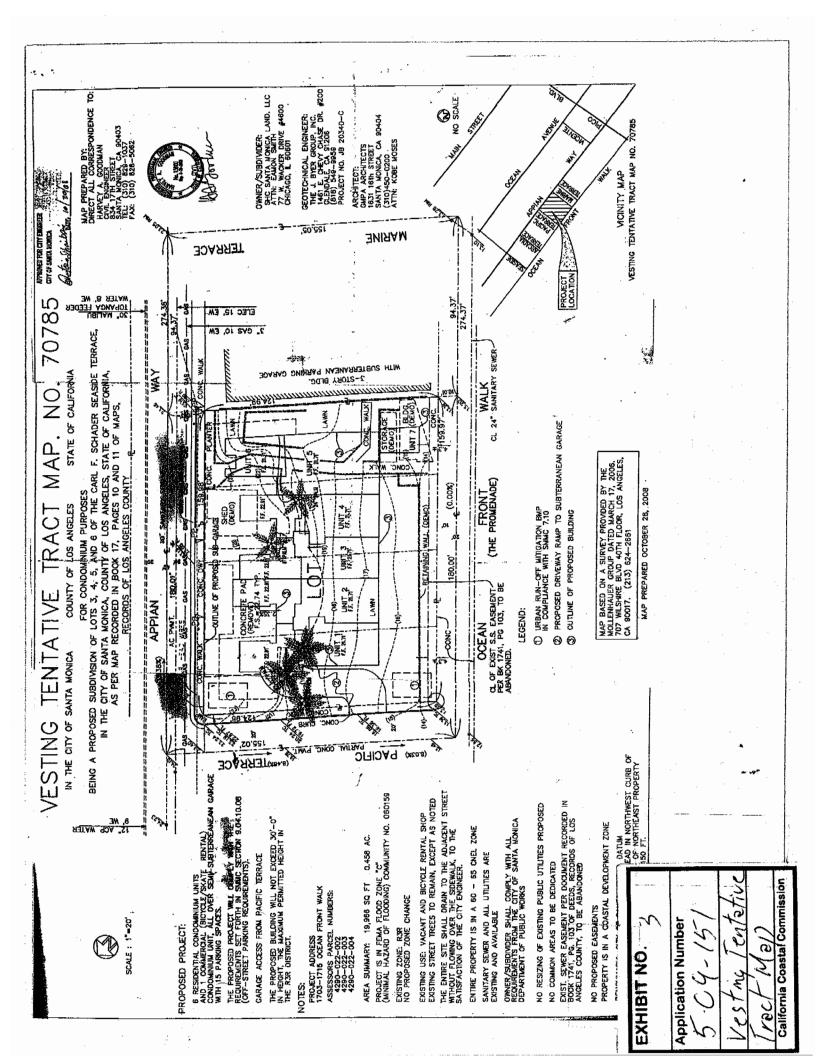
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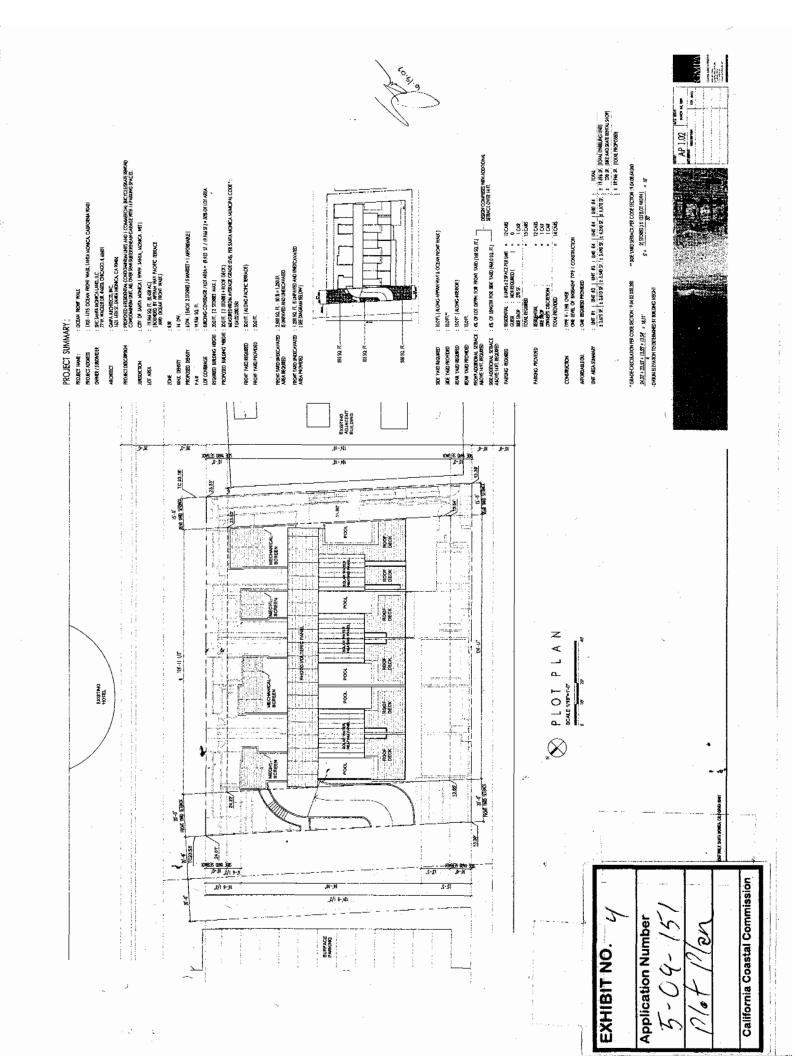
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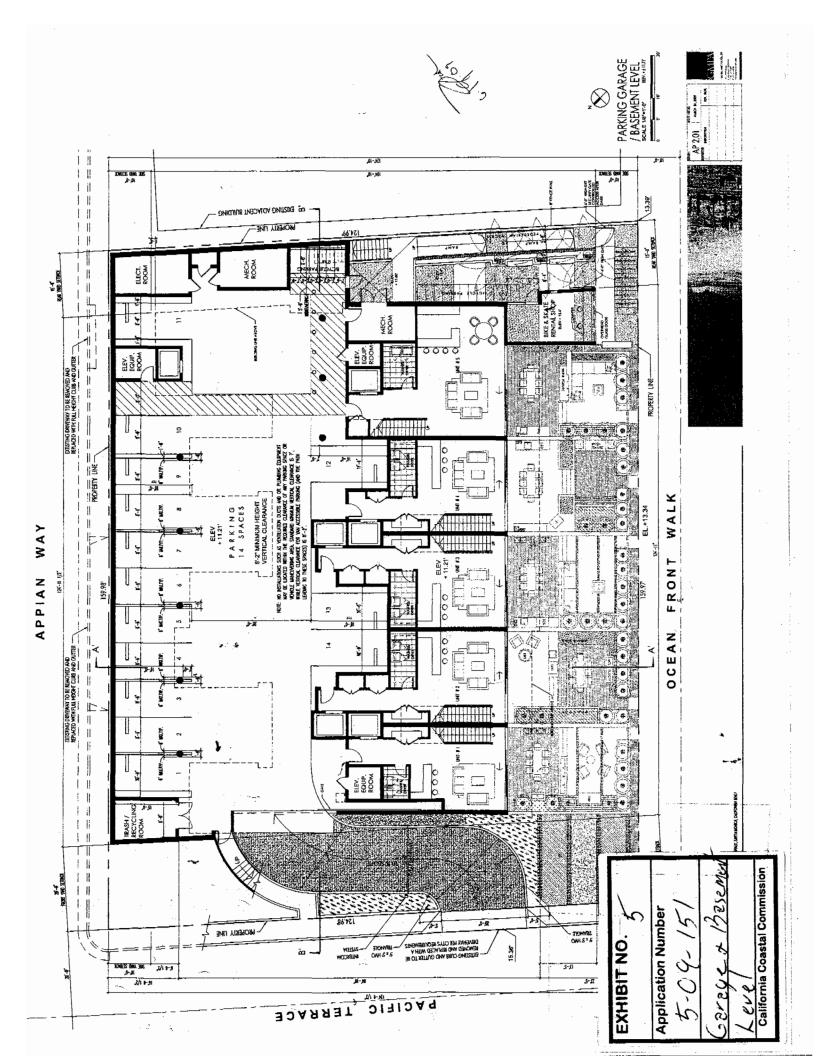
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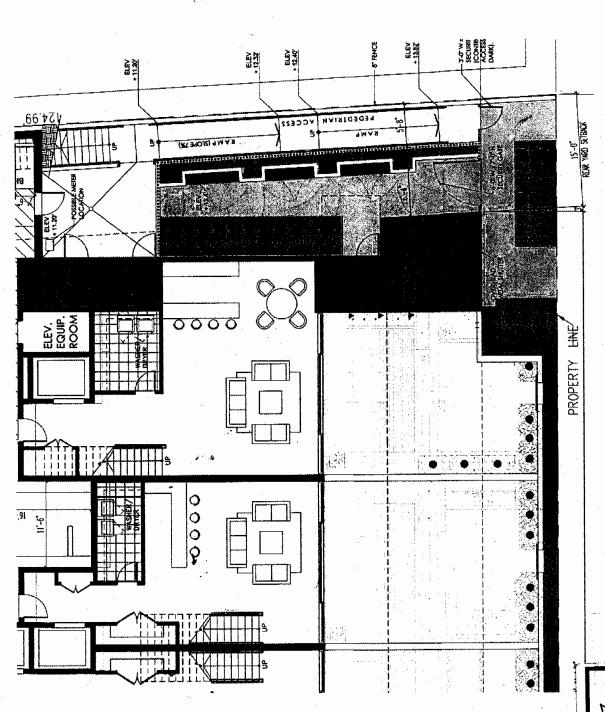
Application Number .09-15 California Coastal Commission

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KE & SKATE RENTAL SHOP PROGAM PLAN

SANTA MONICA, CA 90401

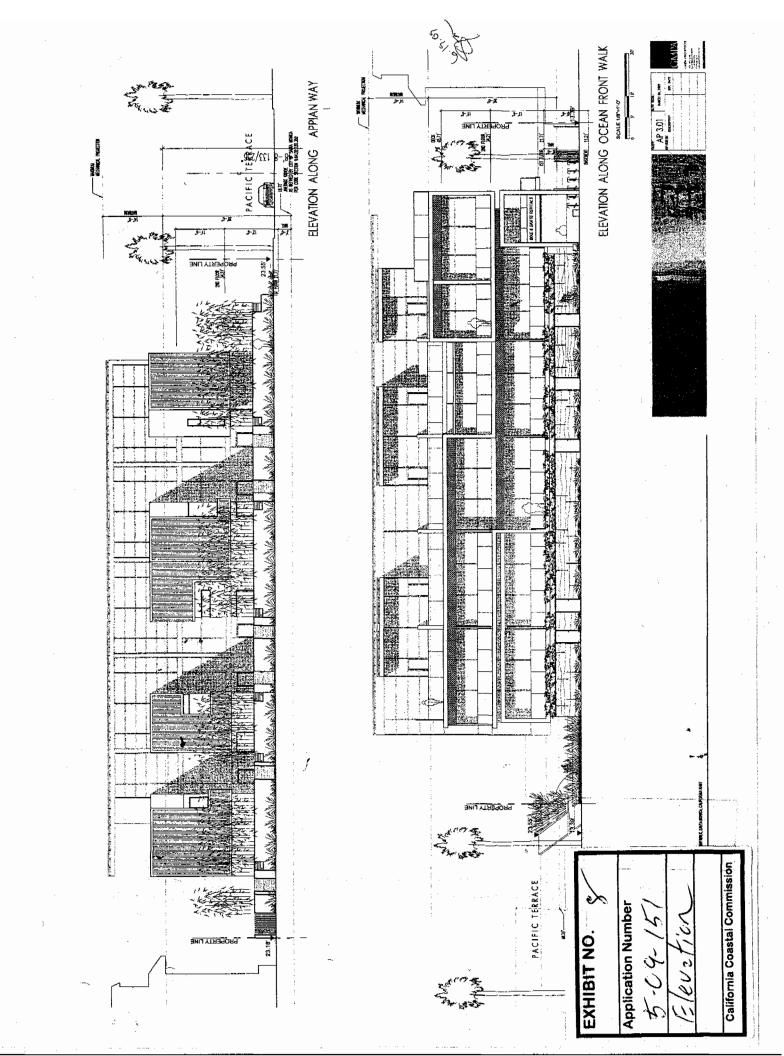
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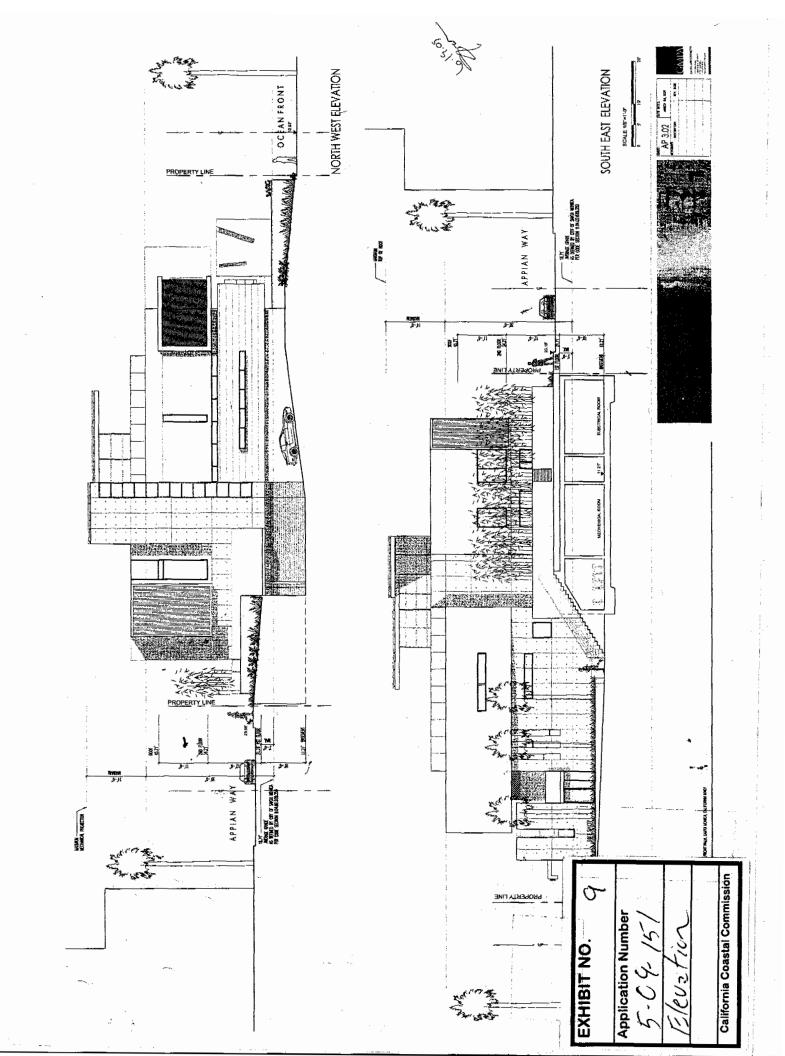
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California Coastal Commission

CA COASTAL ADDENDUM PAGE 03
OCT 30, 2009

GMPA ARCHITECTS

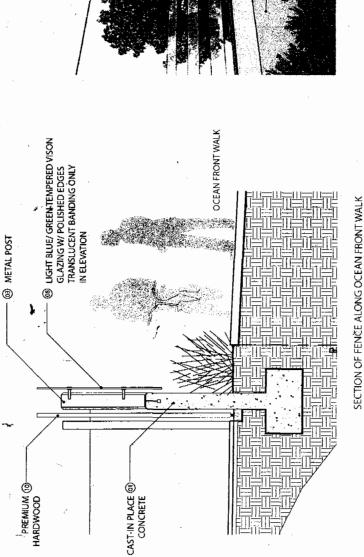




Application Number

EXHIBIT NO.

SANTA MONICA, CA 90401



-@ LIGHT BLUE / GREEN TEMPERED VISON GLAZING W/ POLISHED EDGES

® PREMIUM HARDWOOD

® TRANSLUCENT BANDING

3D VIEW OF FENCING ALONG OCEAN FRONT WALK

(1) CAST-IN PLACE CONCRETE

SANTA MONICA, CA 90401

slord

Application Number

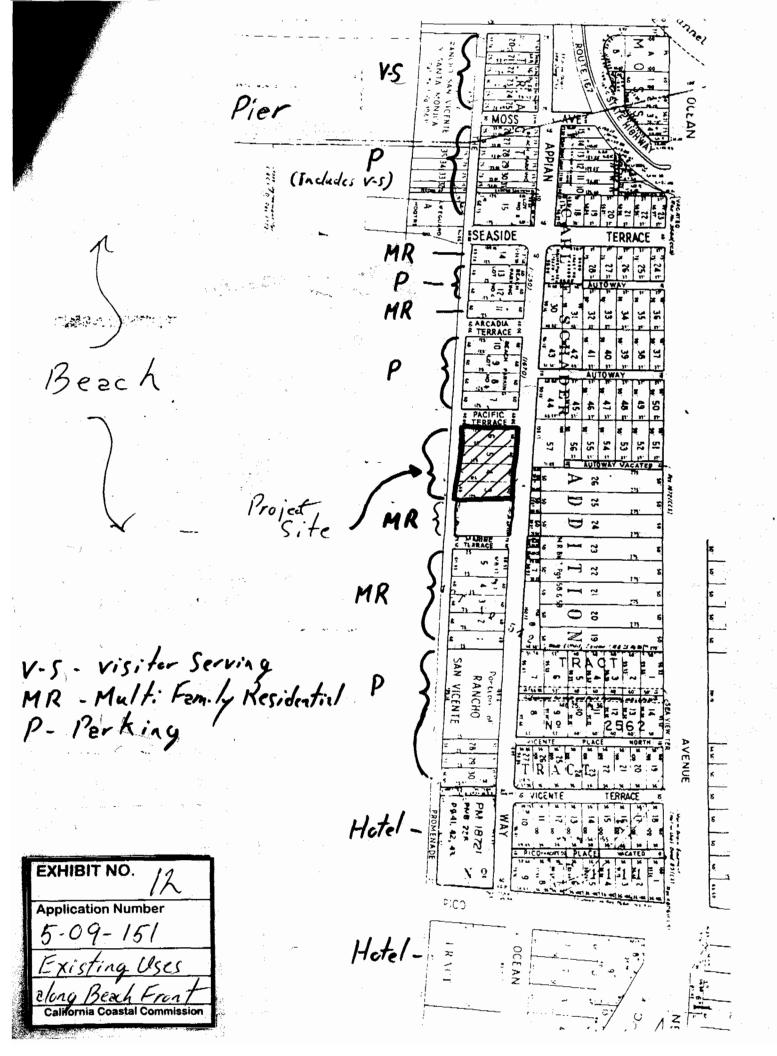
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EXHIBIT NO.

California Coastal Commission

CA COASTAL ADDENDUM PAGE 01 OCT 30, 2009

GMPA ARCHITECTS



1703-1715 Ocean Front Walk Bed and Breakfast Analysis

Assumptions:		Notes		
Product will be unbranded	•			
Project will begin operating in 2012	, y			
Revenue				
Rate (Peak Season)	\$200	2009 Loews forecasted Full Year ADR is \$265		
Occupancy (Peak Season)	100%	2009 Loews forecasted Full Year Occupancy is 76%		
Rate (Off-Peak Season)	\$150	Peak Season is June/July/August/September		
Occupancy (Off-Peak Season)	75%	Off-Peak Season is the remainer of the year		
	_ / *			
Operating Costs		· • • • • • • • • • • • • • • • • • • •		
Payroll	300,000	Receptionist, 2 Housekeepers, Breakfast Cook, Manager.		
Food and Beverage	\$ 15	Per occupied room.		
Telephone	2.0%	Of gross revisites.		
Marketing & Sales	8.0%	Of gross revenues, includes travel agent commissions		
Utilities	5.0%	Of gross revenues.		
Laundry	\$5	Per occupied room		
Repairs and Maintenance	\$8	Per occupied room		
Insurance	5.0%	Of gross revenues.		
Replacement reserve	3.0%	Of gross revenues.		
Bed tax	12.0%	Of gross revenues.		
Property tax	1.0%	Of total project costs		
Development Costs & Assumptions		-		
Units:	12			
Room size	500 sq ft			
Public space and dinning	2,000 sq ft	·		
Cost per room	500,000	Equates to development cost of \$250 per square foot - Both hard and soft costs included.		
FF&E per room	20,000	Equates to development cost of \$10 per square foot		
Total Development Costs	6,240,000			
Financing Assumptions				
Loan to Cost	70.0%			
Proceeds	4,368,000			
Rate	8.0%			
Amortization	30 years			
Yearly Payment	387,998			

Application Number
6-09-15/
Bed + Breshfest
Analysis

1703-1715 Ocean Front Walk Bed and Breakfast Analysis

Pro Forma Analysis

Year			Dec-12
	Peak	Off Peak	Total
Rate	\$200	\$150	\$170
Occupancy	100%	75%	83%
Days	122	243	365
Rooms	12	12	12
Occupied Rooms	1,464	2,187	3,651
	Amount	Amount	Amount
REVENUES			
Rooms Rental	292,800	<u>328,050</u>	<u>620,850</u>
TOTAL	292,800	328,050	620,850
OPERATING EXPENSES	i I		
Payroll	100,274	199,726	300,000
Breakfast	21,960	32,805	54,765
Telephone	5,856	6,561	12,417
Sales and Marketing	23,424	26,244	49,668
Utilities	14,640	16,403	31,043
Repairs and Maintenance	11,712	17,496	29,208
Laundry	<u>7,320</u>	<u>10,935</u>	<u>18,255</u>
TOTAL	185,186	310,170	495,356
FIXED EXPENSES			
Insurance	14,640	16,403	31,043
Replacement reserve	8,784	9,842	18,626
Bed tax	35,136	39,366	74,502
Property tax	<u>20,857</u>	<u>41,543</u>	<u>62,400</u>
TOTAL	79,417	107,153	186,570
CASH FLOW BEFORE DEBT SERVICE	28,197	(89,273)	(61,076)
DEBT SERVICE	(86,340)	(258,311)	(387,998)
BEFORE TAX CASH FLOW	(58,143)	(347,584)	(449,074)