

CALIFORNIA COASTAL COMMISSION

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**ADDENDUM****Th11a**

January 7, 2015

TO: Coastal Commissioners and Interested Parties

FROM: South Coast District Staff

SUBJECT: **ADDENDUM TO ITEM Th11a, COASTAL COMMISSION PERMIT APPLICATION #A-5-LGB-14-0034 (Laguna Beach Golf and Bungalow Village, LLC) FOR THE COMMISSION MEETING OF January 2015.**

Revisions/Corrections to the Staff Report and Responses to Comment Letters

The following revisions to the findings and special conditions of the report are made as follows (deleted language is in ~~strike through~~ and new language is in **bold, underlined**):

1. Page 1 of the staff report dated 12/23/14 includes dates typically required by the Permit Streamlining Act. The Permit Streamlining Act does not apply to appeals. Therefore, the dates listed on page 1 do not apply and are deleted. Also, the description of the staff recommendation shall be modified to reflect the changes to the conditions and findings described herein.
2. The applicant and several public comment letters raised concerns regarding the staff report discussion and calculation of the in lieu mitigation fee for the loss of affordable/lower cost overnight accommodations, addition of new high cost overnight accommodations, and failure to provide new affordable/lower cost overnight accommodations. In a letter dated December 31, 2014, the applicant argues that the project does not result in a loss of low-cost hotel units and as a result, a mitigation fee should only have been assessed for 25% of the new high cost rooms being added to the property. The applicant also argues that the limited tent camping proposal qualifies as low cost and should have been credited against the mitigation fee for the new rooms. Finally, the applicant argues for a further reduction of the mitigation fee for the \$50,000 in seed money for the purchase of a shuttle vehicle if the applicant chooses not to operate and fund the shuttle program.

A letter dated January 5, 2015 from the California Coastal Protection Network states that all 64 existing hotel units at the property are affordable/lower cost because of their size, kitchens and historic rates in comparison to the higher cost accommodations available in the City of Laguna Beach. As a result, the in lieu mitigation fee should have been assessed for 100% of the 64 affordable/lower cost units lost and for 25% of the 33 new high cost rooms being added to the property. This comment letter also notes that the applicant's proposal to partially offset the loss of affordable/lower cost overnight accommodations with the camping experiences at the Scout Camp is inadequate because these camping experiences will not be

open to the public and there is no condition requiring the camping experiences to be low cost. The comment letter urges the Commission to require a study evaluating the feasibility of providing on-site lower cost accommodations as mitigation for the loss of on-site affordable/lower cost overnight accommodations.

Staff recommends the following revisions to the findings regarding Affordable/Lower Cost Overnight Accommodations, to be made on pages 31-34 of the staff report.

The Proposed Hotel Remodel and New Rates

The proposed development is inconsistent with section 30213 of the Coastal Act and with Policy 6.2 of the Land Use Element because the applicant proposes to both remove existing affordable overnight accommodations and fails to provide new affordable overnight accommodations. **The 64 existing overnight accommodations at this location were lower cost as a result of the room sizes and room rates.** The existing hotel rooms were originally designed as apartments—they offer more square footage than standard hotel rooms and each is equipped with a kitchen. This style of overnight accommodations is unique in Laguna Beach and may appeal to specific types of visitors. For example, families might find a one-bedroom suite style room more comfortable and affordable than paying for multiple standard hotel rooms. Budget travelers can also save costs by cooking for themselves instead of eating all meals out at restaurants. The Commission has found these types of suite-style rooms to be more affordable because they accommodate more people and have kitchens [6-13-0407 (Revised Findings, McMillan-NTC)].

The applicant provided Average Daily Rates charged, by month and year, for 2004 through 2013. In 2013, the Average Daily Rate ranged from a low of \$87.13 in January to \$172.34 in July during the peak summer season. In 2005, the Average Daily Rate ranged from a low of \$115.75 in January to a high of \$212.82 in July. The appellant and several public comment letters provided historic screen shots of the hotel website with rates for each room type. These historic screen shots show that in 2002 the lowest available rate was \$127 in the low season and \$175 a night in the high season for a studio room. In 2005 the lowest available rate was \$127 in the low season and \$197 a night in the high season. A survey of lower cost hotel rates in Laguna Beach was not conducted for this project. However, staff did search for the lowest published rate available at several Laguna Beach hotels located along the coast for upcoming dates of January 9 and 10, 2015 for comparison. As of January 6, 2015, rooms were available for \$160 a night at the Hotel Laguna, \$125 a night at the Pacific Edge, \$560 a night at the Surf and Sand, \$595 a night at the Montage, \$260 a night at the Inn at Laguna Beach, and \$179 a night at the Capri Laguna. This sampling of rates in the low season makes clear that hotel rates within easy access to the coast in Laguna Beach are significantly higher than rates that have been charged at this hotel historically. The historic rates charged at this property are affordable and lower cost in comparison to other overnight accommodations in the immediate area.

The applicant proposes to create 32 new rooms within the existing hotel footprint by splitting 32 one-bedroom suites in half. This will reduce the square footage of the existing rooms to offer standard sized hotel rooms. The complete interior remodel of all 64 existing units includes removal of kitchens from the existing rooms. Instead of offering 64 rooms with kitchens, the only hotel room that will offer a kitchen following the remodel is the **new** penthouse suite (**converted**

former residence) for \$520 to \$695 per night—a price that cannot be described as affordable for the general public as a whole, especially for those with low to moderate incomes. ~~At a minimum, the conversion of 32 one-bedroom suites to 64 standard rooms qualifies as a loss of 32 more affordable overnight accommodations.~~

In addition to making the existing 64 rooms unaffordable by removing kitchens from all units and decreasing the square footage of 32 units, the proposed hotel rates for all 97 hotel rooms will be significantly higher than historical rates and no lower-cost accommodations will be provided onsite. During peak summer season in July 2013 the Average Daily Rate (average of rates charged for every room type) was \$172.34. Post-remodel, the applicant proposes to charge \$275 per night on a weekday night or \$334 per night on weekends for the new standard sized hotel rooms. These new rooms will cost approximately \$100 to \$162 more per night for less square footage and no kitchen. These new standard sized rooms will be the cheapest rooms available, making the hotel unaffordable for budget-conscious visitors. **As a result of the conversion of 32 one-bedroom suites to 64 standard sized rooms, removal of kitchens from all 64 existing units, the rate increase for the existing rooms, and addition of 33 new higher cost rooms,** the proposed development will not increase the City’s stock of affordable overnight accommodations or provide lower-cost visitor facilities as required by the LCP and Coastal Act. Therefore, the Commission finds that mitigation is required to address the impact on affordable overnight accommodations associated with the proposed development.

Mitigation

Although the actual provision of lower-cost accommodations in conjunction with a specific project is preferable, in past action, the Commission has also found that when this approach is not feasible, then the requirement of in-lieu fees to provide new lower-cost opportunities constitutes adequate mitigation for the loss or reduction of lower cost overnight accommodations. Recent Commission decisions for individual development projects (6-92-203-A4/KSL, A-6-ENC-07-51, Oceanside LCPA 1-07, and Redondo Beach LCPA 2-08) have required the payment of an in-lieu fee of \$30,000 for each required replacement room as a part of the mitigation package. For high cost overnight visitor accommodations where lower cost alternatives are not included onsite, a mitigation fee of \$30,000 per room has been required for 25% of the high cost rooms constructed. In some cases, mitigation requirements have also included provision of non-overnight public access and recreational amenities, such as public plazas, restaurants, and retail areas.

The \$30,000 per room in-lieu fee amount was established based on figures provided by Hostelling International in a letter dated October 26, 2007. The figures provided are based on two models for a 100-bed, 15,000 square foot hostel facility in the coastal zone, and utilize experience from the existing 153-bed Hostel International San Diego Downtown Hostel. Both models include construction costs for the rehabilitation of an existing structure and factor in both “hard” and “soft” construction and start-up costs, but do not include costs associated with ongoing operations. “Hard” costs include, among other things, the costs of purchasing the building and land and construction costs. “Soft” costs include closing costs, architectural and engineering contracts, construction management, permitting fees, legal fees, furniture and other equipment costs.

Based on these figures, the total cost per bed ranged from \$18,300 for a leased facility to \$44,989 for a facility on purchased land. This model is not based on an actual project, and therefore the actual cost of the land/building could vary significantly, and therefore the higher cost scenario could represent an inflated estimate. In order to take this into account, the Commission finds that a cost per bed located between the two model results is most supportable and conservative.

Past Commission actions have typically assessed an in lieu fee of \$30,000 per room applied to 100% of affordable overnight accommodations lost and to 25% of new high cost rooms where no lower cost alternatives are provided onsite. In this case, ~~32 more~~ **64** affordable units are being lost through conversion to standard **sized rooms**, higher ~~rates~~ **priced rooms** and loss of kitchens. In addition, 33 new high cost rooms are being added to the property. **According to the formula used by the Commission for other projects, the in lieu fee of \$30,000 per room could be applied to the loss of 64 affordable rooms and 25% of the 33 proposed new high cost rooms (33 x 25% = 8.25), plus an added amount to compensate for inflation since 2007 (Consumer Price Index) could be required. Staff calculated the added rate of inflation to \$30,000 since October 26, 2007, when the Hostelling International study was done. According to the U.S. Bureau of Labor Statistics CPI Inflation Calculator, \$30,000 in 2007 has the buying power of \$33,970.11 in 2014.** Under this analysis, ~~the Commission could assess an in lieu fee of \$33,970~~ **\$30,000** per room applied to a total of ~~40~~ **72.25** rooms (~~32~~ **64** + 8.25). **for the loss of 64 existing lower cost/affordable units and addition of 33 high cost overnight accommodations would be \$2,454,332.50 (\$33,970 x 72.25 = \$2,454,332.50).** However, ~~the applicant is proposing limited overnight tent camping at the Scout Camp as part of the mitigation package for the impact to affordable overnight accommodations and lower cost visitor facilities. The camping proposal is subject to the event limit of 12 events per month at the Scout Camp. That means that even if no other events (weddings, workshops, yoga classes) were held at the Scout Camp, camping would only occur 144 nights per year for a total of 12 people per night. That does not provide a significant amount of mitigation against the loss of 32 more affordable overnight accommodations, addition of 33 higher cost rooms, or failure to provide affordable accommodations onsite.~~

Application of the in-lieu fee formula is flexible to account for individual circumstances. For example, the Commission recently adjusted the percentage of new high cost rooms requiring mitigation down to 12.5% of the total number of new rooms where the proposed hotel rooms were all suites with kitchenettes. The Commission found that the suites provided increased affordability and the applicant's commitment to design and furnish 35% of rooms to accommodate up to six persons at a reduced rate warranted the reduction in the mitigation calculation [6-13-0407 (Revised Findings, McMillan-NTC LLC)]. In essence, the Commission found at the McMillan-NTC LLC hearing that the provision of those rooms was consistent with section 30213 of the Coastal Act, finding them to be an acceptable lower cost/affordable accommodation, and warranted removing those rooms from the required mitigation calculus to mitigate for the impacts to lower cost visitor accommodations. At The Ranch property, the applicant is proposing the opposite—there will be no provision/protection of the existing ~~more~~ **affordable/lower cost** units. Instead, the applicant is proposing to increase the rates for **all 64** existing units, reduce the number of persons who can be accommodated in 32 existing rooms, and eliminate the kitchens from all 64 existing units. **The applicant is proposing limited overnight tent camping at the Scout Camp as part of the mitigation package for the impact to affordable overnight**

accommodations and lower cost visitor facilities. The camping proposal is subject to the event limit of no more than 12 events per month at the Scout Camp. That means that even if only camping events occur and no other events (weddings, workshops, yoga classes) were held at the Scout Camp, which is unlikely, camping would occur a maximum of 144 nights per year for up to 12 people per night. In addition, the proposed camping would not be available to the general public – the applicant proposes to make these camping experiences available to groups with preference for non-profit youth organizations. Therefore, the proposal for limited overnight camping alone does not provide sufficient mitigation against the loss of 64 affordable overnight accommodations, addition of 33 higher cost rooms, or failure to provide affordable accommodations onsite. Although the proposed overnight tent camping is not sufficient to mitigate for the full impact of the loss of more affordable units and failure to provide affordable units, it can provide some mitigation here. Instead of assessing an in lieu fee of \$30,000 per room applied to 40.25 rooms, \$30,000 per room applied to the 33 new high cost rooms better captures the limited mitigation provided by the applicant's camping proposal. According to the formula, the in lieu fee of \$30,000 per room applied to all of the proposed new rooms, plus an added amount to compensate for inflation since 2007 (Consumer Price Index) could be required. Staff calculated the added rate of inflation to \$30,000 since October 26, 2007, when the Hostelling International study was done. According to the U.S. Bureau of Labor Statistics CPI Inflation Calculator, \$30,000 in 2007 has the buying power of \$33,970.11 in 2014. Therefore, in today's dollars the total in lieu fee for the addition of 33 high cost overnight accommodations would be \$1,121,010.00 ($\$33,970 \times 33 = \$1,121,010.00$).

Instead of the in lieu mitigation fee, and in addition to the proposed overnight camping, the applicant proposes to offer public access through the site, providing a key connection between existing trails within the adjacent Aliso and Wood Canyons Wilderness Park inland of the site and Aliso Beach across Coast Highway from this site (Exhibit 10). This public access would consist of a temporary, managed shuttle program that would terminate upon construction and opening of a trail on the north side of the property. The applicant would also dedicate a "floating trail easement" on sections of the property to facilitate identification of a future public pedestrian and cycling trail alignment. However, the shuttle proposal does not require that the applicant fund or operate it, offering no assurance that it will provide public access across the site. ~~In addition, the proposed shuttle program does not actually create the missing link in the "Trail to the Sea" because it will drop passengers off at the westernmost edge of the property instead of at Coast Highway or at Aliso Beach.~~

Although this proposed mitigation package would not directly replace affordable overnight accommodations, the Commission has in some cases included provision of non-overnight public access and recreational amenities, such as public plazas, restaurants, and retail areas as mitigation for loss of affordable overnight accommodations (3-84-139; Grover Beach LCPA 1-12 Part 1). The 33 proposed hotel rooms will increase the number of visitors to this property and the surrounding area, creating increased recreational demand on coastal resources. The higher rates associated with all the hotel rooms will also exclude budget-conscious travelers from this property. The applicant's proposed public access offers a lower-cost recreational opportunity through this site, providing visitors who cannot or choose not to afford a stay at the hotel a way to enjoy Aliso Canyon and the subject site.

Based on estimates provided by the applicant, the cost to run the shuttle service over 10 years would range from approximately \$739,000 – \$2.0 million depending on the number of days the shuttle service operates (Exhibit 11). ~~This figure is roughly equivalent to the cost of the in-lieu mitigation fee.~~ Although the proposed public access would not directly replace the loss of affordable overnight accommodations, it would provide a lower cost recreational opportunity for the public on-site. The Commission finds that a commitment to fund and operate the proposed shuttle system, and extend it to the beach, until such time as it is replaced by a viable pedestrian and cycling trail through the property to the beach, could be acceptable as ~~alternative~~ **partial** mitigation for the impact to lower cost recreational facilities along with the other mitigation proposed by the applicant. Therefore, as mitigation for the loss of and lack of providing affordable overnight accommodations and impacts to lower cost recreational facilities, **Special Condition 1** requires the applicant to ~~either (1) pay an in lieu mitigation fee of \$1,121,010.00~~ **and** fund and operate the proposed shuttle service ~~with passenger pick-up/drop-off at Coast Highway or Aliso Beach County parking lot.~~ **Special Condition 7** also requires the applicant to host at least 12 overnight, small group camping experiences at the Scout Camp per year.

As conditioned, the development is consistent with the requirements of the certified LCP and the Coastal Act policies regarding affordable overnight accommodations and lower cost visitor and recreational facilities.

3. In order to make Special Condition 1 and 2 consistent with the changes to the findings regarding Affordable/Lower Cost Overnight Accommodations described above, the following revisions to Special Conditions 1 and 2 shall be made on page 8 of the staff report.

1. Mitigation for Impacts on Affordable/Lower Cost Overnight Accommodations. PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall elect to mitigate the proposed project's impacts on affordable overnight accommodations by implementing ~~one of the following two options~~:

- A. In addition to the proposed Shuttle Access Program and Management Plan, Offer to Dedicate trail easement and group camping at the Scout Camp, the applicant shall pay a fee in-lieu of providing lower-cost overnight accommodations as described in Special Condition 2 to include a Memorandum of Understanding with an approved party subject to the review and approval of the Executive Director, ~~or~~ **and**
- B. The applicant shall agree to fund and operate the proposed Shuttle Access Program and Management Plan ~~and extend the service to Coast Highway or the County Beach parking lot,~~ to be managed in accordance with Special Condition 3; record the proposed Offer to Dedicate in accordance with Special Condition 5; and implement the proposed group camping at the Scout Camp in accordance with Special Condition 7.

2. In-lieu Fee ~~Option~~ as Mitigation for Impacts on Affordable/Lower Cost Overnight Accommodations. PRIOR TO THE ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall pay a fee ~~in-lieu~~ **for the loss of existing lower-cost overnight accommodations and for not** ~~of~~ providing ~~33~~ lower-cost overnight hotel units on the project site.

A. The required total in-lieu fee of \$1,121,010 ($\$33,970 \times 33 = \$1,121,010$) shall be deposited into an interest-bearing account, to be established and managed by one of the following entities approved by the Executive Director of the Coastal Commission...[no intervening changes]:

4. Modify Special Condition 3.A, as follows:

3. Final Shuttle Access Program & Shuttle Management Plan. PRIOR TO ISSUANCE OF A COASTAL DEVELOPMENT PERMIT, the applicant shall submit, for review and approval of the Executive Director, a final Shuttle Access Program and Management Plan. The final plan shall provide the operational stipulations for a temporary shuttle system to provide public access on The Ranch Property that is the subject of this permit from the private hotel/SOCWA gate, at the northeast corner of the property, through the golf course on the property, to the westernmost property line of The Ranch property that connects to the private South Coast Water District road that leads to Coast Highway. ~~To the extent feasible, the applicant shall work with the adjacent property owner and extend the shuttle service to Coast Highway via its easement over the South Coast Water District road.~~ By acceptance of this permit, the applicant/permittee and all successors and assigns agrees to the following operational stipulations:

- A. The shuttle system shall be ~~operated~~ **funded** by the applicant **including provision of a shuttle vehicle** and extended to Coast Highway or the County Beach parking lot if funding and operating the shuttle system is chosen as the mitigation option pursuant to Special Condition 1 and, otherwise, consistent with the final Shuttle Management Plan approved by the Executive Director.
- B. ~~If the applicant does not elect the mitigation option to fund and operate the shuttle system pursuant to Special Condition 1, the applicant shall have no obligation to operate the shuttle system. Any operator of the shuttle system shall be responsible for funding the program, consistent with subsection C.~~ The operator of the Shuttle Access Program **may be the applicant or** shall be a public entity or private entity or association acceptable to the Executive Director of the Commission, and subject to consultation with the permittee.
- C. Upon selection of the operator of the Shuttle Access Program, the applicant shall ~~provide \$50,000 towards~~ **fund** the purchase of a shuttle vehicle, consistent with the final Shuttle Management Plan. The applicant and operator shall cooperate to coordinate the shuttle program and ongoing public golf course and hotel uses, provide shuttle driver training, and ensure compliance with all of the operational stipulations.
- D. The shuttle vehicle shall be equipped to provide access through The Ranch Property for both pedestrians and cyclists...[re-letter remaining condition in sequence...]

Wherever necessary the findings shall be modified to reflect these changes to the condition. For instance, modify the sentences in the second paragraph under the heading "Sufficiency of the proposed Mitigation Package" on page 26 of the findings as follows: "...~~Further, the proposed service would drop shuttle users at the applicant's property line, rather than at Coast Highway or at Aliso Beach.~~ The shuttle service is only an acceptable alternative to a

trail connecting the Wilderness Park to Aliso Beach if it is ~~both operational and extends to the beach...~~”

5. Modify Special Condition 5.A, as follows:

5. Offer to Dedicate Easement for a Public Pedestrian and Cycling Trail

A. Offer to Dedicate Recordation. ~~NO LATER THAN 90 DAYS FOLLOWING~~ **PRIOR TO ISSUANCE OF A** CERIFICATE OF OCCUPANCY OF THE APPROVED DEVELOPMENT, the land owner(s) shall execute and record document(s) in a form and content acceptable to the Executive Director, irrevocably offering to dedicate...[NO INTERVENING CHANGES]

Wherever necessary the findings shall be modified to reflect these changes to the condition.

6. A letter dated January 4, 2015 from the South Laguna Civic Association (SLCA) states that certain facts related to the history of the Scout Camp parcel are not accurate. The information provided in the staff report came from a historical report submitted by the applicant. The SLCA has provided information that differs from that provided by the applicant. At this time staff is unable to verify which information is accurate, thus, both histories are supplied. Staff recommends the Commission adopt the following changes to the findings found on page 50 of the staff report. The following additional text shall be inserted following the first paragraph under “Thurston Grove/Scout Camp” heading.

Thurston Grove/Scout Camp

Based on information supplied by the applicant...[see remainder of this paragraph in the staff report]...YMCA sold the land to The Athens Group in 2007, and the applicant and current owner of The Ranch property purchased it in 2013.

Information subsequently submitted by the South Laguna Civic Association in their letter dated January 4, 2015, provides a different history, part of which is supported by grant deeds in the public record. The SLCA states the Scout Camp parcel was originally part of the homestead of Leon Goff and that the Goffs planted the Eucalyptus grove in the 1800’s to prove out their homestead. SLCA states that the Goff homestead was purchased by the Dolphs in 1905, and the subject 2-acre parcel was then given to the Laguna Beach Girl Scouts in 1935. In 1962 the parcel was given to the Joe Thurston Foundation (though it was never part of the Thurston homestead or owned by the Thurston family). In 1967 the Thurston Foundation transferred the property to the YMCA. The remainder of the history is not contested.

In 2013, the applicant undertook a variety of work....

7. A letter dated January 2, 2015 from the Sea & Sage Audubon Society states that the organization is unaware of any agreement to perform tree inspections for this property as stated in Special Condition 13. In addition, page 39 of the staff report states that Special Condition 13 requires bird, bat, or butterfly surveys for future tree trimming occurring during

their respective nesting or roosting seasons. However, Special Condition 13 as written only applies to birds. To correct the inclusion of the Audubon Society in the condition and the omission of bats and butterflies from the condition, the following revisions shall be made to Special Condition 13 on pages 13 and 14 of the staff report.

13. Tree Trimming and Tree Removal Policy. This coastal development permit approves annual and emergency tree trimming activities consistent with the following policy:

The purpose of this policy is to ensure the protection of bird nesting habitat protected by the Migratory Bird Treaty Act and the long-term protection of breeding, roosting, and nesting habitat of state and federally listed bird species, California bird species of special concern, and bird species that play an especially valuable role in the ecosystem. **This policy is also intended to ensure the protection of roosting California bat species of special concern and wintering Monarch butterflies.** The permittee is obligated to trim trees for the safety of the public and the protection of property. The trimming or removal of any tree that has been used for **bird** breeding and nesting **or bat or butterfly roosting** within the past five years, determined by a qualified biologist, shall be undertaken in compliance with all applicable codes or regulations of the California Department of Fish and Game, the U.S. Fish and Wildlife Service and the U.S. Migratory Bird Treaty Act, and shall be conducted under the parameters described below

Tree trimming or tree removal shall be prohibited during the breeding and nesting season of the bird species referenced above (~~January through September~~ February 1 through August 31) unless the permittee, in consultation with a qualified arborist, determines that a tree causes danger to public health and safety. A health and safety danger exists if an independent qualified arborist in consultation with a qualified biologist determines that a tree or branch is dead, diseased, dying, or injured and said tree or branch is in imminent danger of collapse or breaking away. The permittee shall be proactive in identifying and addressing diseased, dying or injured trees as soon as possible in order to avoid habitat disturbances during ~~the bird~~ nesting season. Trees or branches with a nest that has been active anytime within the last five years shall not be removed or disturbed unless a health and safety danger exists.

Prior to trimming, a qualified biologist shall determine if trees are being used by roosting bats or wintering butterflies. If bats are found on a particular tree, or have been found in the previous five years, tree trimming should be confined to November and December when bats are least active. Tree trimming shall not occur on trees occupied by butterflies, or on trees within 300 ft. of occupied trees, until after the butterflies have migrated from the region. If Monarch butterflies do begin to overwinter in trees at The Ranch, a qualified Monarch biologist must develop a habitat protection and maintenance plan prior to trimming any trees within the roosting grove.

The removal of any **tree with documented use for raptor nesting, bat roosting, or Monarch wintering** ~~breeding or nesting tree~~ shall require mitigation at a 1:1 ratio. A tree replacement planting plan for each tree replacement shall be developed to specify

replacement tree location, tree type, tree size (no less than 36" box size), planting specifications, and a five-year monitoring program with specific performance standards. An annual monitoring report for tree replacement shall be submitted for the review and approval of the Executive Director of the Coastal Commission ~~and a representative of the Audubon Society~~. The permittee shall maintain the annual reports on file as public information and to be used for future tree trimming and removal decisions.

A. Tree Trimming During Non-Breeding and Non-Nesting Season (October through December)

- 1) Prior to tree trimming or removal, a qualified biologist or ornithologist shall survey the trees to be trimmed or removed to detect nests and submit a survey report to the permittee, ~~a representative of the Audubon Society~~, and the Executive Director of the Coastal Commission. The survey report shall include identification of all trees with nests. The permittee shall maintain a database of survey reports that includes a record of nesting trees that is available as public information and to be used for future tree trimming and removal decisions.
- 2) Any trimming of trees with nests shall be supervised by a qualified biologist or ornithologist and a qualified arborist to ensure that adequate nest support and foliage coverage is maintained in the tree, to the maximum extent feasible, in order to preserve the nesting habitat. Trimming of any nesting trees shall occur in such a way that the support structure of existing nests will not be trimmed and existing nests will be preserved, unless the permittee, in consultation with a qualified arborist, determines that such trimming is necessary to protect the health and safety of the public. The amount of trimming at any one time shall be limited to preserve the suitability of the nesting tree for breeding and/or nesting habitat. Trees or branches with a nest that has been active anytime within the last five years shall not be removed or disturbed unless a health and safety danger exists, as defined in this special condition, above.
- 3) Trimming may not proceed if a nest is found and evidence of courtship or nesting behavior is observed at the site. In the event that any birds continue to occupy trees during the non-nesting season, trimming shall not take place until a qualified biologist or ornithologist has assessed the site, determined that courtship behavior has ceased, and given approval to proceed within 300 feet of any occupied tree.

B. Tree Trimming or Removal During Breeding and Nesting Season (~~January through September~~ February 1 through August 31). If tree trimming or removal activities cannot feasibly avoid the breeding season because a health and safety danger exists, the following guidelines must be followed:

- 1) A qualified biologist or ornithologist shall conduct surveys and submit a report at least one week prior to the trimming or removal of a tree (only if it is posing a health or safety danger) to detect any breeding or nesting behavior in or within 300 feet of the work area. A tree trimming and/or removal plan shall be prepared by a qualified arborist in consultation with the qualified biologist or ornithologist ~~and a representative of the Audubon Society~~. The survey report and tree trimming and/or removal plan shall be submitted for the review and approval of the Executive Director of the Coastal Commission, the California Department of Fish

and Wildlife, the U.S. Fish and Wildlife Service, and the applicant. The applicant shall maintain the plans on file as public information and to be used for future tree trimming and removal decisions. The plan shall incorporate the following:

- a. A description of how work will occur.
 - b. Work must be performed using non-mechanized hand tools to the maximum extent feasible.
 - c. Limits of tree trimming and/or removal shall be established in the field with flagging and stakes or construction fencing.
 - d. Steps shall be taken to ensure that tree trimming will be the minimum necessary to address the health and safety danger while avoiding or minimizing impacts to breeding and nesting birds and their habitat.
- 2) Prior to commencement of tree trimming and/or removal the applicant shall notify in writing the Executive Director of the Coastal Commission, the California Department of Fish and Wildlife, and the U.S. Fish and Wildlife Service of the intent to commence tree trimming or removal.

C. Eucalyptus Tree Trimming or Removal

- 1) **Prior to tree trimming or removal, a qualified biologist shall survey the trees to be trimmed or removed to detect evidence of bat roosting and submit a survey report to the permittee and the Executive Director of the Coastal Commission. The survey report shall include identification of all trees with evidence of bat roosting. The permittee shall maintain a database of survey reports that includes a record of roosting trees that is available as public information and to be used for future tree trimming and removal decisions.**
- 2) **Any trimming of trees with evidence of bat roosting shall be supervised by a qualified biologist and a qualified arborist to ensure that adequate foliage coverage is maintained in the tree, to the maximum extent feasible, in order to preserve the roosting habitat, unless the permittee, in consultation with a qualified arborist, determines that such trimming is necessary to protect the health and safety of the public. The amount of trimming at any one time shall be limited to preserve the suitability of the roosting tree for bat roosting habitat. Trees or branches with evidence of active roosting anytime within the last five years shall not be removed or disturbed unless a health and safety danger exists, as defined in this special condition, above.**
- 3) **Trimming may not proceed if roosting is observed at the site until a qualified biologist has assessed the site and given approval to proceed within 300 feet of any occupied tree.**

D. Tree Trimming or Removal During Monarch Roosting Season (September through February). If tree trimming or removal activities cannot feasibly avoid the overwintering season because a health and safety danger exists, the following guidelines must be followed:

- 1) **A qualified biologist shall conduct surveys and submit a report at least one week prior to the trimming or removal of a tree (only if it is posing a health or safety danger) to detect any monarch roosting behavior in or within 300 feet of the work area. A tree trimming and/or removal plan shall be prepared by a**

qualified arborist in consultation with the qualified biologist. The survey report and tree trimming and/or removal plan shall be submitted for the review and approval of the Executive Director of the Coastal Commission, the California Department of Fish and Wildlife, the U.S. Fish and Wildlife Service, and the applicant. The applicant shall maintain the plans on file as public information and to be used for future tree trimming and removal decisions.

The plan shall incorporate the following:

a. A description of how work will occur.

b. Work must be performed using non-mechanized hand tools to the maximum extent feasible.

c. Limits of tree trimming and/or removal shall be established in the field with flagging and stakes or construction fencing.

d. Steps shall be taken to ensure that tree trimming will be the minimum necessary to address the health and safety danger while avoiding or minimizing impacts to roosting monarchs and their habitat.

- 2) Prior to commencement of tree trimming and/or removal the applicant shall notify in writing the Executive Director of the Coastal Commission, the California Department of Fish and Wildlife, and the U.S. Fish and Wildlife Service of the intent to commence tree trimming or removal.**

All tree trimming and tree removal shall be conducted in strict compliance with this policy. All trimmings must be removed from the site at the end of the business day and disposed of at an appropriate location. Any proposed change or deviation from the approved policy must be submitted for review by the Executive Director to determine whether an amendment to this coastal development permit is required.

8. Several letters were submitted, including one from the California Cultural Resource Preservation Alliance and one from Environmental Experts (both dated 12/28/14), with comments on Special Condition 17 (Area of Potential Archeological Significance). Note that both letters erroneously identified Special Condition 17 as Conditions 4 and 5 (these are sub-parts of SC 17.A.). The comments suggest there is a loophole created in the condition wherein Condition 17.A.5 negates the requirements in 17.A.4. Commission staff doesn't necessarily agree that such a loophole exists, but would recommend a few changes to ensure the requirements are not mis-read or mis-applied.

17. Area of Potential Archaeological Significance.

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) If any cultural deposits are discovered...[no intervening changes]...;
- 2) If any cultural deposits are discovered...[no intervening changes];
- 3) In addition to recovery and reburial, ...[no intervening changes]...;
- 4) Archeological 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 **that has any potential to uncover or otherwise disturb cultural deposits;**

5) 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;

6) If human remains are encountered...[no further changes]...

Also, staff recommends the following clarification to the findings under Section IV.G Historical Interest/Preservation, in the last paragraph on page 49:

... The plan shall provide for (1) monitoring of these activities by archaeological and Native American monitors, and the designated most likely descendent (MLD) when required by State law that an MLD be designated; (2) that a pre-grading meeting be convened on the project site involving the applicant, grading contractor, archaeologist, and all monitors and the MLD **(when an MLD is designated)** to in order to make sure all parties are given a copy of the approved archaeological monitoring and mitigation plan and understand the procedures...

9. In a letter dated December 31, 2014, the applicant raises objections to the restrictions regarding event use of the Scout Camp imposed by Special Condition 12. The applicant opposes the limitation of events to 100 people, requirement to install fencing 100 feet from Aliso Creek to prevent intrusion into the buffer area, and prohibition on amplification of voice or music. Staff ecologist Dr. John Dixon addresses these objections in his memo dated 1/7/15 and attached to this addendum. Dr. Dixon's memo assesses the potential biological impacts of certain instances of vegetation removal that have occurred on the site, and his findings are therein. Staff notes that it is important to remember that the definition of development under the Coastal Act includes "removal of major vegetation...", (vegetation that has ecological value is typically considered to be "major vegetation"). Thus, it is not necessary to determine that vegetation removal has resulted in biological impacts to determine that development has occurred. As noted elsewhere in this staff report and addendum, enforcement staff will consider appropriate steps to address any unpermitted removal of major vegetation that has occurred on the site.
10. Add Coastal Act Section 30212 to the list of policies beginning on page 24, in Section IV.B., which states *Wherever appropriate and feasible, public facilities, including parking areas or facilities, shall be distributed throughout an area so as to mitigate against the impacts, social and otherwise, of overcrowding or overuse by the public of any single area.*
11. Add the following findings to Section IV.B, on page 29, just before the "Affordable/Lower Cost Overnight Accommodations"

Nexus and Rough Proportionality Basis for an Offer To Dedicate (OTD) a Trail Easement

Even though the applicant proposed the floating OTD for a trail and open space easement, the Commission would have the constitutional basis to require a trail to mitigate for impacts associated with the proposed development. When an agency conditions approval of a permit on the dedication of property to the public, there must be a nexus and rough proportionality between the property that the government demands and the impacts associated with the applicant's proposal. (Nollan v. California Coastal Commission (1987) 483 U.S. 825, 837; Dolan v. City of Tigard (1994) 512 U.S. 374, 391.) In other words, the Commission must find that there is a connection between a type of impact and the required exaction to satisfy the nexus question. If a nexus is found, then the Commission must find that the exaction is roughly proportional to the impact. The rough proportionality aspect of the inquiry does not require a "precise mathematical calculation...but [the governmental agency] must make some sort of individualized determination that the required dedication is related both in nature and extent to the impact of the proposed development." (Dolan at p. 391.) For the following reasons, the Commission would satisfy the nexus/rough proportionality elements if it conditioned approval of the proposed project on the dedication of a public access trail because the proposed project has significant adverse impacts on public access and a trail dedicated to the public is related both in nature and extent to the impacts on public access.

The project will have two distinct public access impacts. First, the proposed project will have significant adverse impacts on lower cost visitor and recreational facilities in the vicinity of the proposed project. Section 30213 protects, encourages and requires provision, where feasible, of lower cost visitor and recreational facilities. The proposed project is eliminating 64 lower cost accommodations in the coastal zone, ultimately making the proposed 97 hotel rooms a high-cost overnight accommodation. In order to ensure lower cost visitor and recreational facilities in the coastal zone are available to as many Californians and other visitors to the coast as possible, protection of the existing lower cost facilities is required. The proposed project fails to do this. Thus, there must be mitigation for the loss of this lower cost facility. Special Condition No. 1 requires payment of an in lieu fee to address this impact.

Second, the project will also have significant impacts on existing public access and recreational facilities in the area, including existing trails, beaches, and other coastal recreational resources. Indeed, as with most coastal hotels, the project is relying on the attraction of the coastal recreation resources of the area as a primary attractive feature of The Ranch facility. The website for the proposed project advertises that public recreational facilities are available for its guests (Exhibit 23). In particular, the webpage dedicated to activities during a guest's stay at the hotel has links that promote the use of public amenities that are lower cost visitor/recreational facilities. Since the proposed project will increase the capacity of the hotel, accommodating at least additional 33-66 people per night (33 new rooms times 1-2 people per room), there is the potential that the additional capacity could bring up to 24,090 additional people per year to the area (max potential- 66people x 365 days=24,090). While it is

unlikely that every guest who stays at the hotel will use all the public amenities advertised on the hotel website, and recognizing that the actual occupancy will be somewhat less than 100% year round, it is reasonable to assume that at least 50% of the people who potentially stay at the hotel will use some inland public facilities further from the hotel (inland trails) and nearly 100% would use most of the public facilities near the hotel (beach parking lot, beaches, Pacific Coast Highway, parks, etc.). The additional people that the project will bring into the area will increase the impact on those facilities including, but not limited to, additional bathroom maintenance, garbage accumulation, trail maintenance, road maintenance and traffic congestion. Considering the additional load that the proposed project will have on the lower cost visitor/recreational facilities in the vicinity, the proposed project does not protect those facilities, inconsistent with section 30213.

There is a nexus/rough proportionality for the requirement of a trail dedication to mitigate for the aforementioned impacts on lower cost visitor/recreational facilities. While the Commission has typically required mitigation for the loss of/failure to provide lower cost overnight accommodations in the form of an in-lieu fee, there is a nexus for the requirement of a trail dedication because it is within the ambit of mitigation for impacts on a lower cost visitor/recreational facility. A public trail is typically a no-cost visitor/recreational facility because there is usually no charge for a person to hike or bike on a trail. Some parking lots at trailheads require a nominal fee, but overall a hiking/biking trail is inherently a lower cost visitor/recreational facility. Thus, there is a nexus between the impacts that the proposed project will have on lower cost visitor/recreational facilities and the requirement of a lower cost visitor/recreational facility in the form of a trail. Additionally, a trail dedication would be roughly proportional to the project's impacts on lower cost visitor/recreational facilities because it is in the same form of the impact in that it is a lower cost visitor/recreational facility. Further, a dedicated trail would be of a similar extent to the loss of the lower cost units because it would similarly be available to the public at a lower cost. In addition, the extension of a trail is a public facility that would alleviate the increased use of the existing trails on nearby public park area, as required by Coastal Act section 30212.5 The applicant's attorney concedes on page 11 of his letter dated December 31, 2014, that a public trail could be mitigation for impacts associated with the loss/lack of providing lower cost visitor/recreational facilities, contrary to his assertion on page 2 of his letter that there is no nexus or rough proportionality for the Commission to require a trail as a condition for approval. Therefore, there would be a nexus/rough proportionality in requiring an OTD for a trail easement to mitigate for the project's impacts on public access and lower cost visitor/recreational facilities.

12. Add the following findings to Section IV.I Liability for costs and attorney's fees, following the first paragraph.

Indemnity Provision

The applicant argues that the Commission lacks authority to impose Special Condition 21, an indemnity condition which requires the applicant to reimburse the Commission should a third party successfully sue to overturn the Commission approval of the subject application and obtain an award of attorney's fees from a court¹. In addition, the applicant alleges that the condition is inconsistent with section 30607 of the Coastal Act and that its imposition is an underground regulation in violation of the Administrative Procedures Act ("APA"). The Commission has statutory and regulatory authority to impose Special Condition 21 and the applicant is incorrect on all counts. The Commission has considered the arguments regarding indemnification at its June 2007 meeting (Item F14a.), its August 2007 meeting (Item W27d.), when revising its permit fee regulations in 2007 and 2008, and during the proceedings of numerous permit hearings when the Commission has decided whether or not to impose the condition. Section 30620(c) authorizes the Commission to "require a reasonable filing fee and the reimbursement of expenses for the processing by the commission of any application for a coastal development permit under [the Coastal Act]." When construing a statute, courts "ascertain the intent of the Legislature so as to effectuate the purpose of the law." [Citation.] 'In determining such intent, a court must look first to the words of the statute themselves, giving to the language its usual, ordinary import and according significance, if possible, to every word, phrase and sentence in pursuance of the legislative purpose.' [Citation.]' (State Farm Mutual Automobile Ins. Co. v. Garamendi (2004) 32 Cal.4th 1029, 1043.) The Legislature specifically authorized the Commission to seek reimbursement for expenses incurred by it for processing applications for coastal development permits (CDP) in section 30620(c). Attorney's fees and litigation costs are expenses related to the processing of CDPs, based on the plain language of the statute. The language of both §30620 and §13055 recognizes that the Commission may seek "reimbursement" for its reasonable expenses. This suggests the Legislature anticipated the Commission would seek to recover expenses after they had actually been incurred, not just prospectively seek fees to cover the administrative costs involved in reviewing permit applications. Attorneys' fees are one type of expense that fits this expectation, as the Commission may only seek reimbursement for such expenses after they have been incurred.

Further, attorney's fees and costs for which the indemnity provision requires reimbursement are only incurred by the Commission as the result of approving a given CDP, so these costs are not only related to but dependent on the Commission's action on the CDP. In addition, if the Commission does not prevail in the litigation filed as the result of its approval of a CDP, the Court typically requires the Commission to reconsider the permit. The Commission's litigation costs and expenses are thus all part of the Commission's consideration and processing of the CDP. The Commission is therefore authorized under §30620 and §13055 to seek reimbursement for such expenses.

¹ At present, the Attorney General's Office does not charge the Commission for its attorney's fees and thus no charge for its representation that could or would be passed on to the applicant.

The applicant argues that only cities and counties may impose conditions requiring reimbursement of litigation costs, citing a 2002 Attorney General’s Opinion for support. While cities and counties have authority to impose conditions requiring reimbursement of litigation costs from applicants based on its police power granted under the California Constitution (Cal. Const. art. XI, §7), the Commission’s basis for imposing the same condition need not be based on the same constitutional provision to be valid. As stated above, the Commission has statutory authority to require Special Condition 21 under section 30620 and thus is equally justified to impose the disputed indemnity provision.

The Office of Administrative Law (“OAL”) carefully reviewed and approved section 13055 of the Commission’s regulations which clarifies when section 30620 of the Coastal Act cannot be used for indemnification purposes. Government Code section 11342.2, which is part of the APA, requires that a state agency that has express or implied statutory authority to adopt regulations to implement the provisions of a statute does so in a manner that is consistent and not in conflict with the statute and reasonably necessary to effectuate the purpose of the statute. As the Commission stated in its Final Statement of Reasons, November 30, 2007: “The Commission has the authority under existing statutory and regulatory provision to require indemnification and thus may continue to require indemnification from applicants on a case-by-case basis, as necessary. The proposed regulation amendment has no effect on this ability. The regulation simply states that if the Commission requires indemnification in the future, it will under no circumstances require it from an applicant for a single family home.”

The Commission has been imposing this condition on a case-by-case basis for years, as mentioned by the applicant, dating back to at least 1996. It is authorized by statute and regulation, imposed on a case-by-case basis, and is not an underground regulation.

13. The appellant submitted three documents for Commissioner review. The first is a copy of the *Hydraulic Review/Substantial Improvement Study* report prepared by engineering firm WRECO dated December 2014, including all Appendices. A copy of the report without the appendices was attached as Exhibit 21 to the staff report dated 12/23/14. This report is discussed in the staff report findings related to Natural Hazards-Flooding on pages 41-47. The second document submitted by the appellant is a copy of the Commission staff report dated 5/30/13 for the City of Laguna Beach LCP Amendment Request No. 1-13-A (LGB-MAJ-1-13A). This LCP amendment is discussed in the staff report on page 47. The final document submitted by the appellant for Commissioner review is an excerpt from a FEMA guidance document discussing the substantial improvement rule.
14. Several comment letters, including a letter from the Sierra Club dated December 29, 2014 and a letter from the California Coastal Protection Network dated January 5, 2015, reference unpermitted development within the “Scout Camp” area that was the subject of a Notice of Violation (“NOV”) letter from Commission staff dated September 24, 2014 and addressed to

the applicant. As noted in Section H of the staff report, in order to resolve the matter of the unpermitted development at issue, that was described in the NOV letter, the applicant proposes to modify and remove portions of the unpermitted development, in order to avoid potential impacts to coastal resources, and requests after the fact authorization of portions of the unpermitted development, as modified. The applicant proposes to restore the areas where unpermitted development is proposed to be removed with native plant species; in order to ensure that any effects of the unpermitted development are properly remedied, Special Condition No. 11 requires use of plant species appropriate to the surrounding native plant communities. In addition, special conditions of the coastal development permit, Nos. 11 and 12, for instance, require additional modifications to the proposed development, including restrictions on use of the Scout Camp area, to further protect coastal resources.

The September 24 NOV letter was limited in its scope to address the unpermitted development within the Scout Camp area that functions as a component of the proposal presently before the Commission and results in an intensification of use of the site. Enforcement staff will consider appropriate action in coordination with the City of Laguna Beach, as this site is located within an area with a certified local coastal program, to address other unpermitted development that may have occurred on the site, if any, and is not addressed by the September 24 Notice of Violation letter, and consequently by this permit application.

15. Posting Notice. The Sierra Club, through its counsel, has argued that the de novo hearing should be postponed because the applicant failed to post notice on the subject property that there is a pending appeal of a locally approved CDP application for development on the property. The posting notice regulation in section 13054(d) of the Commission's regulations do not apply to appeals. (14 CCR section 13115(b).) Therefore, the applicant did not violate any due process requirement for failing to post notice of the pending appeal on his property.
16. Condition Subsequent. Sierra Club argues, in a letter dated December 29, 2014, that one of the applicant's predecessors in interest, the Laguna Beach YMCA, violated a deed restriction when it sold the property to Driftwood Properties in 2007. The "deed restriction" is, in fact, stated as a condition subsequent in the grant deed, which is a qualification annexed to the grant of an estate by the grantor, the happening of which defeats the estate granted. (*Moe v. Gier* (1931) 116 Cal.App. 403, 410.) The Sierra Club included a copy of the grant deed on page 23 of its letter. Only the original party who granted the property subject to the condition subsequent can enforce the condition should there be a breach of the condition. (*Shields v. Bank of America National Trust & Savings Association* (1964) 225 Cal.App.2d 330, 334.) The original party's heirs or assigns, or successors by express assignment can also enforce against the breach of the condition subsequent. (Civil Code section 1046; *Parry v. Berkeley Hall School Foundation* (1937) 10 Cal.2d 422, 424-427.) Since the Commission, nor its predecessor, was not even in existence at the time that the condition subsequent was annexed to the grant of fee title of the Scout Camp parcel, the Commission could not have been the grantor of the Scout Camp parcel and thus has no authority to enforce the condition subsequent. Further, the Commission has no authority to enforce the condition subsequent because it has never been an assign or successor by express assignment to the original party.

Therefore, the Sierra Club's claim that the Commission can enforce the condition subsequent associated with the Scout Camp parcel is inaccurate.

17. Memorandum from Dr. John Dixon

18. Add Exhibit 23 containing selected screen shots of the website for The Ranch
(www.theranchlb.com)

19. Attached is information regarding past and proposed room rates supplied by the applicant

20. Alta Golf Cart Path Feasibility Study letter

21. Additional comment letter from Bonnie Brown

22. Ex Parte Communication Disclosures are attached.

CALIFORNIA COASTAL COMMISSION

NORTH COAST DISTRICT
1385 8th Street, Suite 130
ARCATA, CA 95521
(707) 826-8950

**MEMORANDUM**

FROM: John D. Dixon, Ph.D.
Ecologist

TO: Erin Prahler

SUBJECT: Response to comments on the staff report for “The Ranch at Laguna Beach”

DATE: January 7, 2015

Documents reviewed:

Bomkamp, T. (Glenn Lukos Assoc.). December 30, 2014. Memorandum to M. Christy (The Ranch) regarding: “Proposed amendments to conditions related to biological resources in Coastal Commission staff report for The Ranch at Laguna Beach (Agenda item, January 8, 2015, TH11a).”

Christy, M. (The Ranch at Laguna Beach). December 31, 2014. Letter to the California Coastal Commission regarding: Agenda item Th11A, A-5-LGB-14-0034, The Ranch at Laguna Beach, 31106 South Coast Highway, Laguna Beach.”

Elia, P. (Sierra Club). December 29, 2014. Letter to the California Coastal Commission regarding: “Application No. A-5-LGB-14-0034 Laguna Beach Golf and Bungalow Village/The Ranch.”

Hamilton, R.A. (Hamilton Biological). December 29, 2014. Letter to the California Coastal Commission regarding: “Application No. A-5-LGB-14-0034 Laguna Beach Golf and Bungalow Village, LLC The Ranch at Laguna Beach.”

Kaufmann, S.H. (Richards, Watson, Gershon, Attorneys at Law). December 31, 2014. Letter to the California Coastal Commission regarding: “A-5-LGB-14-0034 (Laguna Beach Golf and Bungalows Village, LLC) The Ranch Project, Agenda item, January 8, 2015, #Th11a.”

Kutcher, C. (California Native Plant Society). December 29, 2014. Letter to the California Coastal Commission regarding: “Application No. A-5-LGB-14-0034 Laguna Beach Golf and Bungalow Village, LLC/The Ranch.”

Thomas, S. (Sea and Sage Audubon Society). January 2, 2015 (misdated “January 2, 2014 in letter). Letter to K. Schwing (CCC) regarding: “Sea And Sage Audubon Society comments in response to 12-18-2014 staff report Application No.: A-5-LGB-14-0034.”

Writing for the Sierra Club, Elia (2014) states that the staff report did not include significant biological reports and failed to address many of the biological impacts resulting from development at The Ranch at Laguna Beach. Although the various pertinent biological reports were not included as exhibits to the staff report, they were

listed in my December 17, 2014 memorandum to Coastal Program Analyst Erin Prahler, which was included as an exhibit, and those documents were considered by staff in crafting findings for the Commission's consideration and are part of the administrative record. The documented biological impacts from development activities were: 1) the removal of one and the extensive trimming of many Eucalyptus and other non-native trees in the Scout Camp area and within or adjacent to fairways, 2) removal of invasive non-native species, mostly giant reed, from the bank and watercourse of Aliso Creek, 3) the trimming of native elderberry and willows along the edge of the golf course, 4) removal of non-native species within High or Very High value habitat along the edge of the golf course, and 5) the trimming of native poison oak within the High or Very high value habitat along the edge of the golf course. Of the above enumerated impacts, only the tree trimming in the Scout Camp area is at issue in this de novo CDP. All else is under review by Commission enforcement staff and any resolution is to be handled separately from the matter currently before the Commission. About 0.3 acre of habitat that is identified as High or Very High value habitat in the LCP was subject to removal of non-native species and the trimming of native poison oak. The removal of non-native species is beneficial to the sensitive habitat. The trimming of native species is not so beneficial. However, in this case the disturbance was short-lived, the impacts were to a small area and the effects on the vegetation were temporary. Therefore, it is my opinion that the resultant ecological impacts did not constitute a significant disruption of habitat values within the High or Very High value habitat.

In various reports, Robert Hamilton identified potential impacts to wildlife and to a rare plant that might have resulted from the documented impacts to vegetation. These include loss of potential foraging habitat for coastal California gnatcatchers, possible disturbance to gnatcatchers, possible disruption of roosting by bats and butterflies or nesting by birds, and possible damage to big-leaved crownbeard, a rare plant known to occur in the immediate vicinity. Although these are all possible impacts, their identification does not provide substantial evidence upon which the Commission can rely to support its findings and actions. Nonetheless, I concluded in my December 17, 2014 memorandum that these impacts were unlikely for the following reasons. The applicant's agent reports that the vegetation removal took place outside the breeding season for most birds, the Eucalyptus trees were examined for nests before the trimming and removal took place, native plants were identified and avoided within the Eucalyptus grove and on the banks and in the bed of Aliso Creek, most of the potential foraging habitat for gnatcatchers that was removed was comprised of non-native species and was small relative to adjacent higher quality foraging habitat, and the only documented impact to native species within the High or Very High value habitat was the trimming of poison oak.

Sea and Sage Audubon Society (Thomas 2015) suggests that Eucalyptus trees adjacent to native habitats are "in almost all cases heavily occupied by birds, especially raptors" and should be assumed to be ESHA. There have only been a few instances where the Commission has designated non-native trees as ESHA. In those instances there was substantial evidence that the trees were especially valuable due to their role in the ecosystem, which the Commission found to be the repeated use for nesting by multiple species of raptors or by a rare species of raptor, or as wintering habitat for

Monarch butterflies¹. The requirement that the habitat be “especially valuable” is a high bar. Any tall trees near foraging habitat are likely to be used periodically for perching and hunting by birds of prey and may occasionally be used for nesting. The Commission has not found this type of use to be “especially valuable.” In most situations, the necessary studies (which may require several years of observations) have not been conducted and, as a result, there may be cases where important habitat has not been identified and protected. However, trees that receive exceptional use by wildlife are generally known to biologists in the community and in the resource agencies and such use can generally be documented in some fashion. In the case of the Eucalyptus trees in the Scout Camp area, no surveys were conducted immediately prior to the tree trimming and removal, but previous surveys did not document the exceptional use that would be required to meet the definition of ESHA.

The applicant and representatives object to several conditions in the staff report intended to protect the sensitive scrub and riparian habitats adjacent to the Scout Camp area (Bomkamp 2014, Christy 2014, Kaufmann 2014). In my December 17, 2014 memorandum and in the staff report, it is recommended that occupants be limited to a maximum of 100 people, that human activity be set back 100 feet from nearby scrub and riparian habitats, and that sound amplification be prohibited. In addition, the sound level limit of 65 decibels at the property line proposed by the applicant was affirmed. The intent is to reduce the effects of activity and sound on the surrounding habitat.

Bomkamp (2014) and Kaufmann (2014) consider the 100 person limit on gatherings to be arbitrary and without scientific justification (a criticism that also applies to the 150 person limit proposed by the applicant), believe prohibiting sound amplification is unnecessary if there is a stated limit to the level of sound at the property line, that keeping human activity 25 feet from riparian habitat and associated scrub habitats is adequate, and propose no setback from the scrub habitats in other areas.

Although staff is not aware of a scale that specifically relates sound levels to the number of people or activity type in gatherings, there is ample evidence to justify restrictions on human activity near sensitive native habitats. A central concern is the effect of anthropogenic sounds on the behavior of wildlife that is known to occupy the coastal sage scrub communities of Aliso Canyon, including animals with a protected status. Sound is used by animals for a wide array of communicative functions (e.g. navigation, predator deterrence, and attracting a mate)². Excessive anthropogenic noises can disrupt wildlife communications, requiring animals to alter natural acoustic patterns. Moreover, numerous studies have uncovered adverse impacts of human activities and acoustics on wildlife, from birds to aquatic species to ungulates and even invertebrates. These impacts include changes in foraging behavior and timing, habitat avoidance, reduced reproductive success, and altered physiological responses such as heart rate and energy expenditure, among others³.

¹ Some specific cases are provided in my December 17, 2014 memorandum.

² Blumstein DT, Mennill DJ, Clemens P, Girod L, Yao K, Patricelli G, Deppe JL, Krakauer AH, Clark C, Cortopassi KA, et al. 2011. Acoustic monitoring in terrestrial environments using microphone arrays: applications, technological considerations and prospectus. *Journal of Applied Ecology*. 48:758–767.

³ Bautista LM, Garcia JT, Calmaestra RG, Palacin C, Martin CA, Morales MB, Bonal R, Vinuela J. 2004. Effect of weekend road traffic on the use of space by raptors. *Conservation Biology* 18:726–732.

The effects of both noise and general activity is reduced by reducing the number of people present, preventing sound amplification, and putting a significant distance between the people and the habitat. In the absence of specific data on the maximum number of people allowed in an area before the gathering generates sound above 65 decibels and given the high variation of gatherings (i.e. silent meditation retreat versus a wedding), staff's recommendation is intended to apply the precautionary principle and to be conservative in the direction of resource protection. The recommended proscription on sound amplification is based on the belief that decibel limits at the property line will be extremely difficult to monitor, maintain, and enforce. Even were acoustic sensors in place and a mechanism instituted to monitor them continuously during events, what would be the action when noise from a wedding party crept over the limit? I believe that a more enforceable and effective approach is to limit the number of people present, keep them a safe distance from sensitive habitat, and not amplify music or voice. There is an additional reason for setting back human activity 100 feet from Aliso Creek. This is an area where unpermitted development is being removed and that is being restored to native riparian and scrub vegetation. In order for the restored community to develop and function naturally, it should not be subject to frequent disturbance from human intrusion.

Blumstein DT, Mennill DJ, Clemins P, Girod L, Yao K, Patricelli G, Deppe JL, Krakauer AH, Clark C, Cortopassi KA, et al. 2011. Acoustic monitoring in terrestrial environments using microphone arrays: applications, technological considerations and prospectus. *Journal of Applied Ecology*. 48:758–767.

Frid A, Dill L. 2002. Human-caused disturbance stimuli as a form of predation risk. *Conserv Ecol*. 6:11.

Kight CR, Swaddle JP. 2011. How and why environmental noise impacts animals: an integrative, mechanistic review. *Ecological Letters* 14:1052–1061.

Stankowich T. 2008. Ungulate flight responses to human disturbance: A review and meta-analysis. *Biological Conservation* 141:2159–2173.



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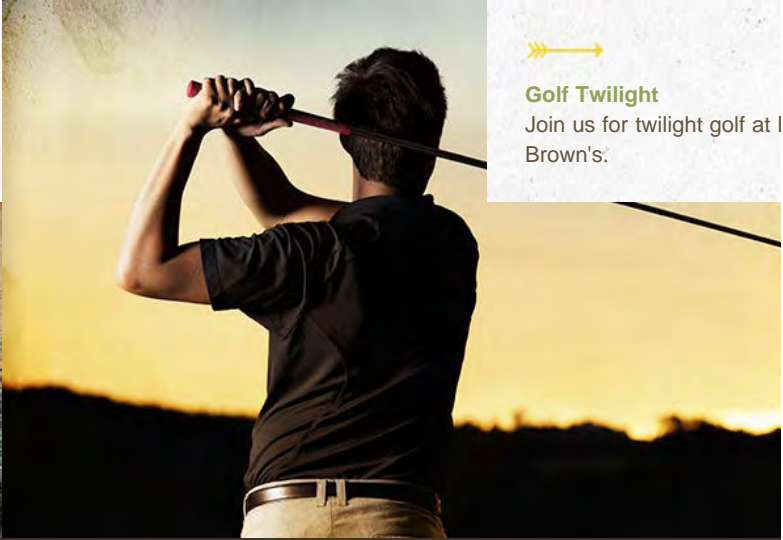
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The natural topography of The Ranch's rugged canyon and its proximity to the ocean and mountains provide an inspiring backdrop for an endless array of activities where Laguna's true nature shines through. Land pursuits run the gamut from world-class mountain biking, Bocce ball, archery and Frisbee to guided hiking, birdwatching, stargazing and campfire talks



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BEACH

[The Ranch House](#)

[Canyon Camp](#)

[Ranger Station Kid's Camp](#)

[Beach](#)

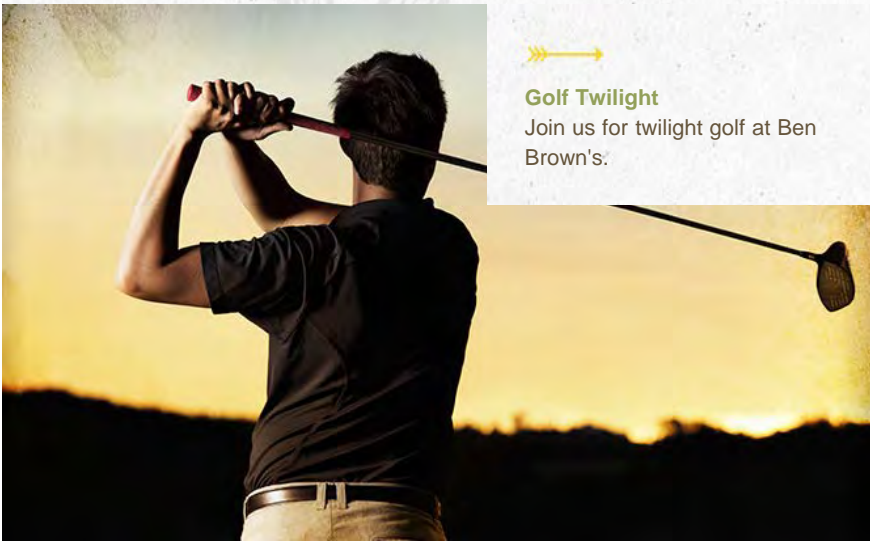
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Just 350 yards from one of the world's most acclaimed beaches, The Ranch's activity program – **Canyon Camp** – presents a variety of beach and marine activities. Our complimentary transportation drops you off beachfront to explore the wonders of the Pacific. Take up surfing, kayaking, stand-up paddleboarding (SUP), skimboarding, snorkeling, deep-sea fishing, dolphin safaris, tide pool exploration and other invigorating water activities. Or grab a custom-made picnic basket and head down for relaxation. The nearby **Hobie Surf Shop** specializes in the California coastal experience. You can paddle board, surf, play in paradise, or experience the eco-kayak tours.



Golf Twilight

Join us for twilight golf at Ben Brown's.



Dining

Chef welcomes Sp... new vegetable side

LOCATED IN BEAUTIFUL
LAGUNA BEACH, CALIFORNIA



DIRECTIONS

31106 S. COAST HIGHWAY
LAGUNA BEACH, CA, 92651

THE RANCH HOTEL GALLERY

The Hotel, Venue, Golf, Wedding, Meetings

VISITOR'S GUIDE

From surf and sand to nature hikes and biking, Laguna Beach has something for everyone. [Learn More](#)

TRAVEL LAGUNA BEACH

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CANYON CAMP: AN ARRAY OF ACTIVITIES FOR EVERYONE

[The Ranch House](#)

[Canyon Camp](#)

[Ranger Station Kid's Camp](#)

[Beach](#)

[Nature](#)

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[Arts](#)

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Join a docent for an informative hike. Cultivate your green thumb with **garden** tours and planting and harvesting parties. Chill out with friends and family at a festive beach bonfire. Soothe your spirit with a **meditation** or introspection class in our open, grassy gathering spaces. Get fit with poolside yoga, Pilates or a beach-style boot camp. Or hide out in an Adirondack-style chair and read for hours under a favorite tree.

Land pursuits run the gamut from world-class mountain biking, sand volleyball, Bocce ball, archery and Frisbee to guided hiking, bird-watching, stargazing and campfire talks. By sea, take up surfing, kayaking, stand-up paddleboarding (SUP), skim-boarding, snorkeling, deep-sea fishing, dolphin safaris, tide pool exploration and other invigorating water activities. Or grab a custom-made picnic basket and head for the beach on our complimentary shuttle.



Orange County's Yosemite, The Ranch at Laguna Beach, offers an impressive array of activities for all ages. Families love our "Family Tee" golf program with its shortened tees and fun, laid-back atmosphere. Kids flock to our **Junior Rangers** kid's program with its themed adventures in exploration and education. Couples enjoy cooking classes, **wellness programs** and sports of all sorts. Retirees come for gardening, historic tours and Plein-Air painting classes. Everyone gathers for our nightly "Deer Talk" storytelling event at sundown, when our deer magically appear.

Fun is in all forms at The Ranch – enjoy as little or as much as you like!



Golf Twilight

Join us for twilight golf at Ben



Dining

Chef welcomes Sp



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[Home](#) > [Fun](#) > [Ranger Station Kid's Camp](#)

RANGER STATION KID'S CAMP

[The Ranch House](#)

[Canyon Camp](#)

[Ranger Station Kid's Camp](#)

[Beach](#)

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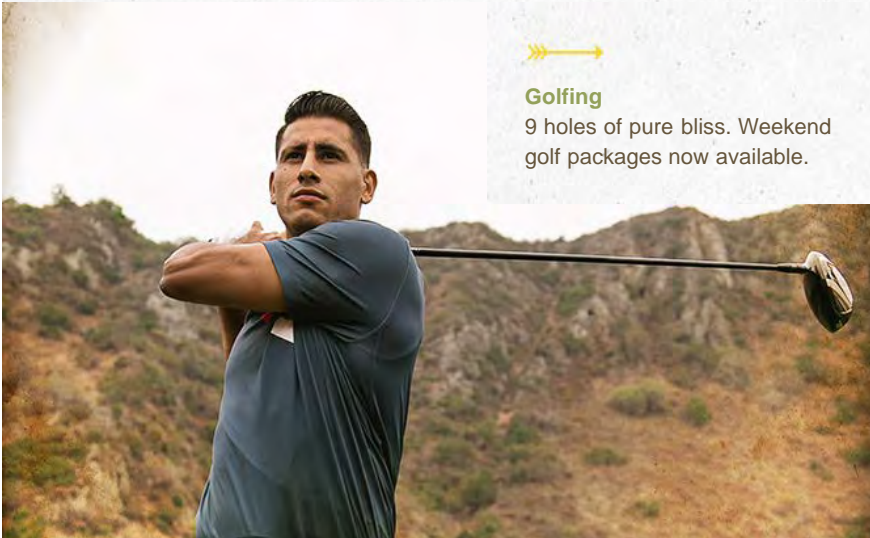
[Shopping](#)

Families are always at home at The Ranch at Laguna Beach. Our guestrooms offer a variety of configurations for families of all sizes.

We offer an array of activities for every age and interest. Share a love of golf with our unique "Family Tee" program, featuring shortened tees to encourage junior golfers to play. Keep children and grandchildren entertained with our interpretive Junior Rangers kid's program. Instead of a video game room, our themed program is chock-full of fun, adventure, exploration and education. Ranger activities include an array of opportunities for families to connect or children to make friends and explore nature. Choose guided programs and curriculum focused on marine life, sustainability and appreciating all of nature's wonder. Bring the whole family for our nightly "Deer Talk," a great storytelling event at sundown—the magic hour when some of our favorite neighbors, the deer, appear.



Lose the electronics and all the "stuff" that just gets in the way. Come to The Ranch to kick back, unplug and make memories with the ones you love most. There's no better place to just connect in the raw beauty of family time.



Golfing

9 holes of pure bliss. Weekend golf packages now available.



Calendar

View our full list of events at The Ranch.

LOCATED IN BEAUTIFUL
LAGUNA BEACH, CALIFORNIA

THE RANCH HOTEL GALLERY

The Hotel, Venue, Golf, Wedding, Meetings

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GALLERY

Home > Overview > Community Support

COMMUNITY SUPPORT

Ranch Overview

History

Our Team

Calendar

Community Support

Locations



THE FINAL RANCH FIELD TRIP

8:00 AM Meet at RLB for Coffee & Donuts

8:30 AM Depart as a group for the Commission meeting being held in Santa Monica

Or meet us there by **10:30AM**

California Coastal Commission Meeting

Santa Monica Civic Center-East Wing

1855 Main Street
Santa Monica, CA 90401

Once again a sincere thank you to everyone who have supported us through this long process. We are in the final stretch for a resolution to allow us to complete this amazing project. Once again we ask for your assistance and support! Join us in Santa Monica on Thursday January 8 for the January California Coastal Commission Meeting. As we did this past October, we will be taking buses up to the meeting with anyone who would like to join us. We will leave from The Ranch at Laguna beach that morning.



Letter from our Owner and Principal Mark Christy in response to appeal filed with the California Coastal Commission delaying the completion of The Ranch at Laguna Beach:

First and foremost, I'd like to thank the people of Laguna for their overwhelming support of our restoration here at The Ranch at Laguna Beach (Aliso Creek/Ben Browns). Inevitably, while thanking us for what we're doing, they offer to help support our efforts and set the record straight on what is (and isn't) happening on the project.

Perhaps you've read that our project was appealed to the Coastal Commission. In finding there may be "Substantial Issue" the Commission neither upheld nor denied the appeal. But it's a big project, in a magnificent natural setting and a local citizen has requested that they take a closer look. We did not oppose this review because we know that we're doing right by this iconic property on every level. They'll soon recognize what the rest of town already knows. That our restoration project is literally the best thing that Laguna, and all of her residents, could possibly have hoped for.

For those of you unfamiliar with this 87-acre property, it consists of a rambling hotel campus, a restaurant/lodge building, a tranquil 9-hole golf course and a pro-shop/office building. The course was built in 1950, with the balance of the hotel/lodge area property developed by Ben and Violet (Vi) Brown in the early 60's. The Brown family ran the enterprise until selling to an affiliate of the Montage in 2004. This affiliate eventually submitted elaborate plans to tear everything down, move thousands of yards of soil, develop a large hotel including dozens of new homes throughout the canyon and construct an 18-hole course by pushing into Aliso and Wood Canyons Wilderness Park. For many locals including myself, it seemed overly ambitious for this incomparable setting. So I asked them to please call me if/when they ever decided to sell before selling to some generic national chain. Years later, the call came in. And as a lifetime resident who'd grown up playing this golf course with my dad (and now my son), and one who has nothing but reverence for the setting, I jumped at the opportunity. However our approach to the property would be completely different. We planned on restoring this decades-neglected iconic treasure to its original glory, while incorporating modern functionality required by both the building/safety code and our guests. And that is precisely what we are doing. Nothing more:

- We **are NOT building a new resort** but rather are simply **restoring the original hotel buildings**.
- While splitting rooms to offer more options to visitors, we're maintaining the **original hotel room footprints, original rooflines** and keeping the **original perimeter framing of the hotel buildings** approximately 98% intact.
-

The work was unanimously approved by the Planning Commission (the subject of the appeal) and **takes place entirely within an existing footprint that was 100% developed and virtually completely paved back in the 1960's**

→ We're **replacing the hazardous 50-year old wood siding** with fire-resistant materials

→ We're installing **new fire sprinkler systems** for the safety of our guests and neighbors

→ We've **eliminated all of the original wood-shake roofs**

→ We're installing insulation and energy efficient windows utilizing the **original openings**.

→ Even with the modest new buildings proposed the project entails an **over 11,000-foot reduction in the building footprints**

→ We're **eliminating over 7,000 feet of paved surfaces** and replacing them with natural materials and filtration drains reducing runoff into the creek.

→ We've sensitively pruned the decades-ignored vegetation, ensuring the preservation of native plants and proper maintenance. All State and Federal laws regarding protection of nesting/roosting birds were followed during tree trimming.

→ After obtaining all required permits and properly giving advance notice to the appropriate agencies (CA Coastal Commission, US Fish & Wildlife, etc.), we used only their permit-approved restoration methodologies to **voluntarily eradicate invasive non-native vegetation** in the creek bed. All work was conducted under the supervision of our on-site M.S. Habitat Restoration Ecologist. No other work in the sensitive creek area has occurred besides this agency-permitted ecosystem improvement.

→ We'll **celebrate and respect the property's heritage** including the original Thurston home site and restore the long-abandoned moniker and community use of the original Camp Elizabeth Dolph which had for decades been a dilapidated maintenance dump covered in refuse. I believe that the site should preserve and reflect its wonderful history and engage the community in the parcel's special setting.

→ We're **voluntarily converting the hotel landscape irrigation to recycled water** using drought tolerant and native plants.

→ We've been proactively working with SCWD and SOCWA for months in effort to **voluntarily convert the Golf Course to recycled water**. They are currently still in the testing stages for the new recycled water facility to ensure proper TDS levels for turf.

→ We've hired a regionally-recognized Eucalyptus expert to ensure that trees on the property, including Camp Elizabeth Dolph, are continually monitored and maintained to ensure long, healthy lives as well as visitor safety.

We're **voluntarily reducing turf coverage by tens of thousands of feet throughout the golf course** to minimize water usage.

We welcome the review. This project stands quite tall on its merits and is widely and enthusiastically embraced by virtually everyone who has seen it. But when it's characterized that we're potentially harming the environment, or somehow doing some major development I needed to set the record straight. For example, a letter in this week's paper claims "powerful special interests fought (the appellants) appeal." In reality, no one "fought" the appeal. Rather, these "Special Interests" were simply going on record as supporting this project and include such groups as Schoolpower, Laguna Art Museum, Laguna Beach Little League, Laguna Ocean Foundation, One World/One Ocean – Greg MacGillivray, Pacific Marine Mammal Center, The Ocean Institute, Laguna Plein Air Painters Association, Glennwood House, Wheels 4 Life, Grower's First, and several environmentally focused former City Council Members. We're humbled that this diverse and unprecedented group has offered to lend their voices to the strong chorus of locals who love what we're doing.

Our project is an oasis of Laguna Soul and represents an aesthetic and environmental windfall that visitors will love and locals describe as "an answer to Laguna's prayers." We have a decades-overdue, environmentally correct and widely supported project with nothing to hide. As a lifetime resident, I'm confident that generations of Laguna residents will look at this property with the same pride I'm feeling right now.

If you'd like to see for yourself, please contact me: mark@ranchlb.com. I'll be more than happy to take you on a personal tour so you can witness the sensitive restoration and minimal scope of work that is actually involved. You'll see the loving attention that has gone into every detail of this restoration and recognize it as being the ideal outcome for this local treasure. And if you too want to support this worthy project, please stop by and we'll let you know how you can help.

Thank you for your consideration.

Mark Christy



We offer a sincere THANK YOU to the Local Charitable Organizations, Foundations and Environmental Groups listed below that are in support of our project.

Please click the Logos below to read their letters in full:



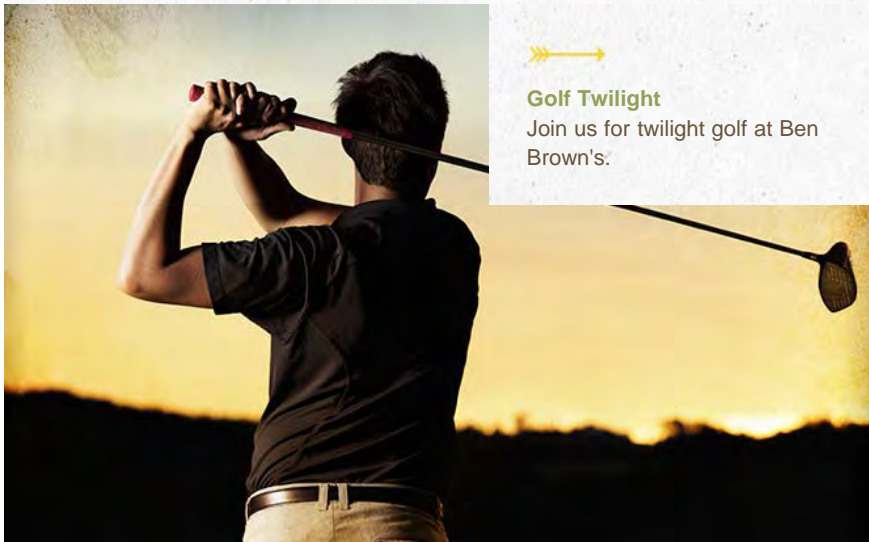


LAGUNAARTMUSEUM



The Laguna Playhouse 

The Ecology Center



Golf Twilight

Join us for twilight golf at Ben Brown's.



Dining

Chef welcomes Spring new vegetable side

LOCATED IN BEAUTIFUL LAGUNA BEACH, CALIFORNIA



DIRECTIONS

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LAGUNA BEACH, CA, 92651

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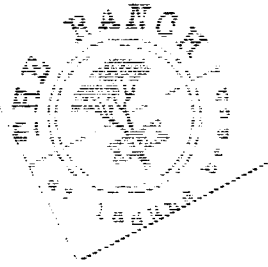
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South Coast Region

OCT 16 2014

CALIFORNIA
COASTAL COMMISSION

August 5, 2014

Mark Christy
Laguna Beach Golf & Bungalow Village LLC
DBA: The Ranch at Laguna Beach
31106 S. Coast Highway
Laguna Beach, CA 92651

RE: Historical Rate Analysis

Dear Mr. Christy;

The following will summarize a ten year history of rates for your property at 31106 S. Coast Highway, Laguna Beach CA 92651 – formally known as “Aliso Creek Inn” (2004-2013) and currently known as “The Ranch at Laguna Beach”.

All the rate information has been obtained from the resort’s profit and loss statements. The financial information recorded on these profit and loss statements are from the resort’s prior ownership, Aliso Creek Properties LLC. I was employed as the General Manager of Aliso Creek Properties LLC from December 2010 to November 2013, and continue as General Manager under your employ. I have over 25 years’ experience in operating hotels and resorts.

Definitions

ADR (Average Daily Rate) — A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold.

$$\text{ADR} = \text{Room Revenue} / \text{Rooms Sold}$$

Reporting Period

The Reporting Periods used for this report are:

- Monthly
 - o The ADR for a specific month (monthly ADR)
- Annual
 - o The ADR for the entire recorded year (annual ADR)

Economy Lodging

Hotels / Motels that fall within the “Economy Lodging” definition are usually Limited Service Hotels - Limited-Service Hotel — Limited-service hotels have rooms-only operations, (i.e. without food and beverage service) or offer a bedroom and bathroom for the night, but very few other services and amenities. These hotels are often in the budget or economy group and do not report food and beverage revenue.

Full Service and Destination Resort (*Aliso Creek Inn falls within these categories*)

Full-service hotels are generally mid-price, upscale or luxury hotels with a restaurant, lounge facilities and meeting space as well as minimum service levels often including bell service and room service. These hotels report food and beverage revenue.

Destination Resorts

Hotels that appeal to leisure and family vacation travelers, typically located in **resort markets**, and are considered a destination in and of themselves. Destination resorts provide guests with extensive amenities normally associated and oriented toward the vacation and/or **family experience**- such as: **pools, golf**, tennis, restaurants, spa facilities, beach, ski, casino, etc. These more exclusive hotels are typically larger, **full-service**, Luxury chains, Upper Upscale chains, or higher priced (ADR) independents.

Aliso Creek Inn was recognized by the media as a Luxury Resort – reference a January 9th 2014 USA Today article by Mark Rogers listing Aliso Creek Inn as a Luxury accommodation, accompanied by Montage and Surf & Sand. A copy of this article is included at the end of this report.

Detail Summary

The Reporting Period used for this rate analysis report is March 2004 thru December 2013. Aliso Creek Properties LLC took ownership of the property in March of 2004. No historical rate information is available prior to March of 2004.

The Average Daily Rates noted within this report are monthly totals. No individual daily rate information is available. It is important to note that the ADR for any hotel will change daily based on market demand. With this property specifically, the ADR would be much higher on a Friday and Saturday than on a weekday due to visitor demand in this specific market.

Historic Rate Information

Month / Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
January	NA	\$115.75	\$139.17	\$143.64	\$113.40	\$113.39	\$115.78	\$123.06	\$107.80	\$87.13
February	NA	\$119.00	\$131.40	\$138.42	\$114.16	\$116.94	\$119.39	\$98.08	\$107.34	\$127.73
March	\$139.80	\$130.14	\$139.29	\$132.74	\$127.82	\$112.95	\$115.01	\$102.37	\$105.96	\$106.43
April	\$151.51	\$127.95	\$153.50	\$139.77	\$129.21	\$127.55	\$122.02	\$139.25	\$132.39	\$121.13
May	\$144.52	\$138.39	\$141.20	\$145.31	\$131.98	\$124.19	\$123.65	\$108.70	\$115.82	\$130.05
June	\$169.76	\$151.49	\$176.38	\$176.81	\$146.03	\$128.19	\$147.05	\$113.72	\$134.97	\$150.24
July	\$205.88	\$212.82	\$208.47	\$205.31	\$200.75	\$194.62	\$198.12	\$179.58	\$188.50	\$172.34
August	\$205.88	\$212.77	\$219.63	\$214.01	\$200.05	\$168.73	\$182.16	\$166.18	\$163.24	\$192.72
September	\$157.36	\$151.56	\$167.16	\$144.38	\$132.89	\$118.13	\$134.97	\$127.20	\$131.72	\$127.63
October	\$133.15	\$133.92	\$142.92	\$140.67	\$131.64	\$119.18	\$110.42	\$126.16	\$118.82	\$135.02
November	\$120.13	\$134.13	\$150.20	\$128.58	\$127.02	\$119.53	\$115.41	\$118.72	\$104.98	\$191.70
December	\$125.48	\$135.32	\$125.86	\$113.80	\$119.24	\$109.61	\$99.37	\$103.19	\$100.01	\$193.55
Annual ADR	\$162.26	\$153.91	\$163.54	\$157.20	\$144.84	\$133.27	\$135.56	\$128.27	\$127.84	\$172.61

Room Type Summary

Prior to Renovation

- 9 Studio Rooms. Accommodate up to 4 guests.
- 3 One Bedroom Studios. Accommodate up to 6 guests.
- 20 Two Bedroom Suites. Accommodate up to 8 guests.
- 32 One Bedroom Suites. Accommodate up to 7 guests.
- Penthouse Suite. Large home rented by the night. Accommodate 8 guests.
-

Total: 65 Rooms

Post Renovation – recommended

- 9 Studio Rooms. Accommodate up to 4 guests.
- 3 One Bedroom Studios. Accommodate up to 6 guests.
- 20 Two Bedroom Suites. Accommodate up to 8 guests.
- 64 Standard Rooms. Accommodate up to 2 guests.
- Penthouse Suite. Large home rented by the night. Accommodate 8 guests.
-

Total: 97 Rooms

Market Notes 2004-2013

The Aliso Creek Inn was never considered Economy Lodging in Laguna Beach. The hotel was always positioned, marketing and recognized as a Mid to Upper Scale Resort. Note the USA Today recognition listing Aliso Creek Inn as one of 3 Luxury Resort in Laguna Beach (attached). A strong ADR performance in 2004 was indicative of what the industry refers to Mid-Scale lodging establishments. The rate variances year over year reflect economic conditions as well as the continued degradation of the property over time as a result of inadequate preventative maintenance, marketing efforts and apathetic guest programming.

There are fewer than 30 lodging establishments in the city of Laguna Beach. Since 2004 virtually no new room inventory has been introduced to the city. The lodging establishments that make up these 30 +- vary greatly in size, scale and levels of service. This does not account for the 100+ Airbnb.com “rooms” available online at rates as low as \$69 per night.

Laguna Beach Economy Hotels

We purchased a third party rate comparison report from:

Hotel Information Service Inc.

P.O. Box 1415
Yelm, WA 98597
360-458-5348 Office
360-458-6529 Fax
hotelrates@hisreports.com

H.I.S. finds rates from hotel websites and Online Travel Agencies (Like Expedia) and creates a report. The report commissioned by The Ranch outlined the daily available rates from multiple

channels for May 2013 thru November 24th 2013. The report compared the rates of what traditionally are known as Laguna Beach's "Economy Hotels": These economy hotels represent the sub 100 ADR set.

Crescent Bay Inn

<http://www.crescentbayinn.com>

1435 N. Coast Highway, Laguna Beach CA 92651

Travelodge Laguna Beach

www.travelodgelagunabeach.com

30806 S. Coast Highway, Laguna Beach CA 92651

Laguna Beach Inn

www.thelagunabeachinn.com

2020 S. Coast Highway, Laguna Beach CA 926951

Art Hotel

www.arthotellagunabeach.com

1404 N. Coast Highway, Laguna Beach CA 92651

Laguna Beach Motor Inn

www.lagunabeachmotorinn.com

985 N. Coast Highway, Laguna Beach CA 92651

The report clearly shows that Aliso Creek Inn / The Ranch ADR was always higher, in many cases much higher than the Economy lodging offerings in Laguna Beach.

Rates for Renovated Property

The rates for the renovated hotel rooms start in 2015 when the project is expected to be 100% complete and stabilized as an operating resort. These are projections only based on market intelligence, comp set analysis and travel industry forward looking trends. While the rates show an increase over the prior years, it is important to note several important factors relating to the rate growth:

- The travel industry as a whole is on a rebound from the hit of 2008 – especially full service lodging establishments.
- You may recall that during our initial renovation / branding conversations in 2012, my recommendation was that if no additional hotel rooms were to be added to the inventory rates should be increased by at least thirty to fifty percent based on the guest room improvements you were planning. That would mean that the One Bedroom Suites (820 square feet) would be rented at an ADR of over 400 per night and the Two Bedroom Suites close to 900 per night on average. This ADR would be consistent with mid-scale lodging establishments both in and out of market on a price per square foot. Additional conversations led us to examine and recommend the addition of at least 30 rooms (to get as close to 100 rooms as possible) so that we could offer rooms at a lower room rate and maintain, even grow occupancy. With the additional rooms scenario we would be able to maintain our historic mid-market ADR position.
- The rate increase includes the assumption that we will open a spa and enhance the food and beverage operation.

Anticipated / Budgeted Rates

2015-2019 (5 year projection)

2015	2016	2017	2018	2019
\$306	\$314	\$323	\$334	\$344

The projected rates for 2015 thru 2019 were established using competitive set data taking into account other Full Service / Luxury Destination establishments that have newer or highly maintained rooms and amenities. As an example – the ADR for our neighboring Montage Laguna Beach will record an annual ADR in 2015 at an estimated \$500 per night, Surf and Sand, another Luxury resort in Laguna Beach will have an estimated 2015 ADR of \$400. Other properties in Laguna Beach like Pacific Edge and the Inn at Laguna Beach are all seeing significant rate increases due to property improvements.

The Ranch at Laguna Beach will continue to be able to offer, via our uniquely large rooms, all guest types a much more affordable option as compared to other Mid to Luxury hotels in Laguna Beach. Our Two Bedroom Suites will be able to accommodate a full sized family at a rate lower than any comparably sized room in Laguna Beach or even weekly vacation rentals – of which are a significant part of the un-recorded overnight accommodations in the city. Many of our Standard Rooms will now connect to adjoining Standard Rooms, also allowing families to comfortably stay together in reasonable accommodations.

The Ranch at Laguna Beach has a marketing goal to remain an attainable lodging option for the majority of travelers looking for a vacation at or near the beach. With amenities that are not offered at any other resort in Laguna Beach (golf, restaurant and spa) and rates still much lower than our luxury hotel neighbors, we look forward to being able to continue to welcome guests who each year make Laguna Beach a vacation destination. With our enhanced amenities renovated guest room product and attractive rates, we will also be able to introduce Laguna Beach to new travelers who may have not opted for a coastal vacation in the past and creating new generations of families who will have continued vacation experiences here on the coast of California.

Should you have further questions please do not hesitate to reach out to me directly.

Sincerely,

Kurt Bjorkman
General Manager
The Ranch at Laguna Beach
kurt@ranchlb.com
949-715-1407

THE RANCH AT LAGUNA BEACH

COMPETITIVE RATE SURVEY

SHOP AAA.COM INDICATE IF THE RATE IS AN AAA DISCOUNT RATE AND INDICATE LOWEST AVAILABLE RATE FOR ALL THE SEARCHES

Date: 9/29/2014
 Day:
 Date:

M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su				
10/16	10/17	10/18	10/19	10/20	10/21	10/22	10/23	10/24	10/25	10/26	10/27	10/28	10/29	10/30	10/31	11/1	11/2

HOTEL LAGUNA
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

MONTAGE LAGUNA BEACH
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

THE BEACH AT LAGUNA BEACH
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

HOTEL SEVEN4ONE
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

LA CASA DEL CAMINO
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

PACIFIC EDGE HOTEL
 AAA.Com 171 171 171 171 171 250 S/O 190
 Rate Type 171,250,190,240,230 Prepaid Rate

THE INN AT LAGUNA BEACH
 AAA.Com 249 249 249 249 S/O S/O 249
 Rate Type 249,299,599,274,289,239 Prepaid Rate

SURF & SAND RESORT
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

CAPRI LAGUNA ON THE BEACH
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

LAGUNA RIVIERA
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

ART HOTEL LAGUNA BEACH
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

THE TIDES LAGUNA BEACH
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

LAGUNA BEACH INN
 AAA.Com N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
 Rate Type HOTEL NOT ON WEBSITE

HOLIDAY INN LAGUNA BEACH
 AAA.Com 159 159 159 159 339 S/O 153
 Rate Type 159,339 AAA Rate/153,227,272 Prepaid Rate

ALL RATES ARE THE BEST AVAILABLE AT THE TIME ATTAINED. S/O MEANS SOLD OUT. N/A MEANS NOT AVAILABLE IN INTERNET. /2, /3 MEANS MINIMUM STAY REQUIRED / MUST STAY

THE RANCH AT LAGUNA BEACH

COMPETITIVE RATE SURVEY

SHOP AAA.COM INDICATE IF THE RATE IS AN AAA DISCOUNT RATE AND INDICATE LOWEST AVAILABLE RATE FOR ALL THE SEARCHES

Date: 9/29/2014

Day:

Date:

M	T	W	Th	F	Sa	Su
10/6	10/7	10/8	10/9	10/10	10/11	10/12

M	Tu	W	Th	F	Sa	Su
10/13	10/14	10/15	10/16	10/17	10/18	10/19

M	Tu	W	Th	F	Sa	Su
10/20	10/21	10/22	10/23	10/24	10/25	10/26

M	Tu	W	Th	F	Sa	Su
10/27	10/28	10/29	10/30	10/31	11/1	11/2

**BEST WESTERN PLUS
LAGUNA BRISAS SPA**

AAA.Com 127 127 144 127 207 S/O 127
Rate Type 127,144,207,135,134,203 AAA Rate

127 127 127 127 203 S/O 127

LAGUNA CLIFFS INN

AAA.Com 179 179 179 179 209 S/O 179
Rate Type 179,209,199,169 Prepaid Rate

179 179 179 179 209 199 169

**SEASIDE LAGUNA INN
& SUITES**

AAA.Com N/A N/A N/A N/A N/A N/A N/A
Rate Type HOTEL NOT ON WEBSITE

N/A N/A N/A N/A N/A N/A N/A

**TRAVELodge LAGUNA
BEACH**

AAA.Com N/A N/A N/A N/A N/A N/A N/A
Rate Type HOTEL NOT ON WEBSITE

N/A N/A N/A N/A N/A N/A N/A

CRESCENT BAY INN

AAA.Com N/A N/A N/A N/A N/A N/A N/A
Rate Type HOTEL NOT ON WEBSITE

N/A N/A N/A N/A N/A N/A N/A

LAGUNA BEACH MOTOR INN

AAA.Com N/A N/A N/A N/A N/A N/A N/A
Rate Type HOTEL NOT ON WEBSITE

N/A N/A N/A N/A N/A N/A N/A

BEST LAGUNA VACATIONS

AAA.Com N/A N/A N/A N/A N/A N/A N/A
Rate Type HOTEL NOT ON WEBSITE

N/A N/A N/A N/A N/A N/A N/A

LAGUNA SURF RESORTS

AAA.Com N/A N/A N/A N/A N/A N/A N/A
Rate Type HOTEL NOT ON WEBSITE

N/A N/A N/A N/A N/A N/A N/A

**BEST WESTERN PLUS
DANA POINT INN BY THE SEA**

AAA.Com 117 117 117 117 126 162 135
Rate Type 117,126,162,135,99 AAA Rate

117 117 117 117 126 207 117

**BEST WESTERN PLUS
MARINA SHORES HOTEL**

AAA.Com 117 117 117 117 126 S/O 117
Rate Type 117,126,135,108,99 AAA Rate

117 117 117 117 126 108 99

BLUE LANTERN INN

AAA.Com 215 215 S/O S/O S/O S/O S/O
Rate Type 215 255 Prepaid Rate

215 215 215 215 S/O S/O S/O

DANA POINT MARINA INN

AAA.Com N/A N/A N/A N/A N/A N/A N/A
Rate Type HOTEL NOT ON WEBSITE

N/A N/A N/A N/A N/A N/A N/A

**DOUBLETREE DOHENY
BEACH DANA POINT**

AAA.Com 134 134 134 134 143 180 S/O 134
Rate Type 134,143,180,199,170 AAA Rate

143 143 143 143 199 143

**LAGUNA CLIFFS MARRIOTT
RESORT & SPA**

AAA.Com 151 215 289 279 233 279 151
Rate Type 151,215,289,233,279,188,179,251,170,197 AAA Rate

151 151 159 233 170 170 197 151

ALL RATES ARE THE BEST AVAILABLE AT THE TIME ATTAINED. S/O MEANS SOLD OUT. N/A MEANS NOT AVAILABLE IN INTERNET. /2, /3 MEANS MINIMUM STAY REQUIRED / MUST STAY

THE RANCH AT LAGUNA BEACH

COMPETITIVE RATE SURVEY

SHOP AAA.COM INDICATE IF THE RATE IS AN AAA DISCOUNT RATE AND INDICATE LOWEST AVAILABLE RATE FOR ALL THE SEARCHES

Date: 9/29/2014
 Day:
 Date:

M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
10/6	10/7	10/8	10/9	10/10	10/11	10/12	10/13	10/14	10/15	10/16	10/17	10/18	10/19
10/20	10/21	10/22	10/23	10/24	10/25	10/26	10/27	10/28	10/29	10/30	10/31	11/1	11/2

RITZ CARLTON LAGUNA NIGUEL

AAA.Com	S/O	516	401	536	410	695	401	401	436	436	756	716	S/O	401	401	401	401	410	410	410	410	410	410	401
Rate Type 516,401,536,410,695,436,756,716,945 AAA Rate																								

ST. REGIS MONARCH BEACH RESORT & SPA

AAA.Com	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O	S/O
Rate Type S/O on website																								

QUALITY INN & SUITES OCEANVIEW

AAA.Com	S/O	107	107	107	116	116	107	107	107	107	116	116	107	107	107	107	107	116	116	116	107	107	107	98
Rate Type 107,116,89,98 AAA Rate																								

CAPISTRANO SEASIDE INN

AAA.Com	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rate Type HOTEL NOT ON WEBSITE																								

BEST WESTERN CASABLANCA INN

AAA.Com	94	94	94	94	139	S/O	112	94	94	94	112	112	94	94	94	94	94	121	121	121	121	121	90	84
Rate Type 94,139,112,121,84 AAA Rate																								

SEA HORSE RESORT

AAA.Com	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rate Type HOTEL NOT ON WEBSITE																								

HOLIDAY INN SAN CLEMENTE

AAA.Com	128	121	121	121	142	179	121	121	121	121	149	142	121	121	121	121	121	142	142	142	121	121	121	121
Rate Type 128,121,142,179,149 AAA Rate																								

SAN CLEMENTE BEACH TRAVELODGE

AAA.Com	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rate Type HOTEL NOT ON WEBSITE																								

HAMPTON INN & SUITES

AAA.Com	131	131	131	131	149	169	127	127	127	127	135	S/O	127	127	127	127	127	144	144	144	127	127	127	127
Rate Type 131,149,169,127,135,144 Prepaid Rate																								

SAN CLEMENTE INN

AAA.Com	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rate Type HOTEL NOT ON WEBSITE																								

SAN CLEMENTE'S INN BY THE BEACH

AAA.Com	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rate Type HOTEL NOT ON WEBSITE																								

HOLIDAY INN EXPRESS SAN CLEMENTE

AAA.Com	122	122	122	122	144	140	122	122	122	122	132	140	122	122	122	122	122	132	140	122	122	122	122	113
Rate Type 122,144,140,132,113 Prepaid Rate																								

PATRIOTS BOTIQUE MOTEL

AAA.Com	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rate Type HOTEL NOT ON WEBSITE																								

HOTEL MIRIMAR

AAA.Com	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rate Type HOTEL NOT ON WEBSITE																								

ALL RATES ARE THE BEST AVAILABLE AT THE TIME ATTAINED. S/O MEANS SOLD OUT. N/A MEANS NOT AVAILABLE IN INTERNET. /2, /3 MEANS MINIMUM STAY REQUIRED / MUST STAY

THE RANCH AT LAGUNA BEACH COMPETITIVE RATE SURVEY

SHOP AAA.COM INDICATE IF THE RATE IS AN AAA DISCOUNT RATE AND INDICATE LOWEST AVAILABLE RATE FOR ALL THE SEARCHES

Date: 9/29/2014
Day:
Date:

M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
10/6	10/7	10/8	10/9	10/10	10/11	10/12	10/20	10/21	10/22	10/23	10/24	10/25	10/26
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
10/13	10/14	10/15	10/16	10/17	10/18	10/19	10/27	10/28	10/29	10/30	10/31	11/1	11/2
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

VILLA DEL MAR SUITES

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

COMFORT SUITES
SAN CLEMENTE

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

RODEWAY INN
CAN CLEMENTE BEACH

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
72	72,81 AAA Rate	72	72	72	72	81	81	72	72	72	72	72	81	81	72

AMERICAS BEST VALUE INN
SAN CLEMENTE BEACH

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

TRAVEL LODGE
SAN CLEMENTE BEACH

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
86	86,77,95 AAA Rate	86	86	86	77	86	95	86	77	77	77	77	86	86	77

ALWAYS INN SAN CLEMENTE
BED & BREAKFAST

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

ALWAYS SAN CLEMENTE
BEACH RENTAL

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

BEACHCOMBER

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

SURF INN CARMELO MOTEL

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

CASA TROPICANA

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

LA VISTA INN MOTEL

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

EXCUSTAY AT PINNACLE
AT TALEGA

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

INN AT CALAFIA BEACH

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

SAN CLEMENTE WINDS
MOTEL

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

ON THE BEACH OCEANA

AAA.Com	Rate Type	M	T	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su
N/A	HOTEL NOT ON WEBSITE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

ALL RATES ARE THE BEST AVAILABLE AT THE TIME ATTAINED. \$10 MEANS SOLD OUT. N/A MEANS NOT AVAILABLE IN INTERNET. /2, /3 MEANS MINIMUM STAY REQUIRED / MUST STAY



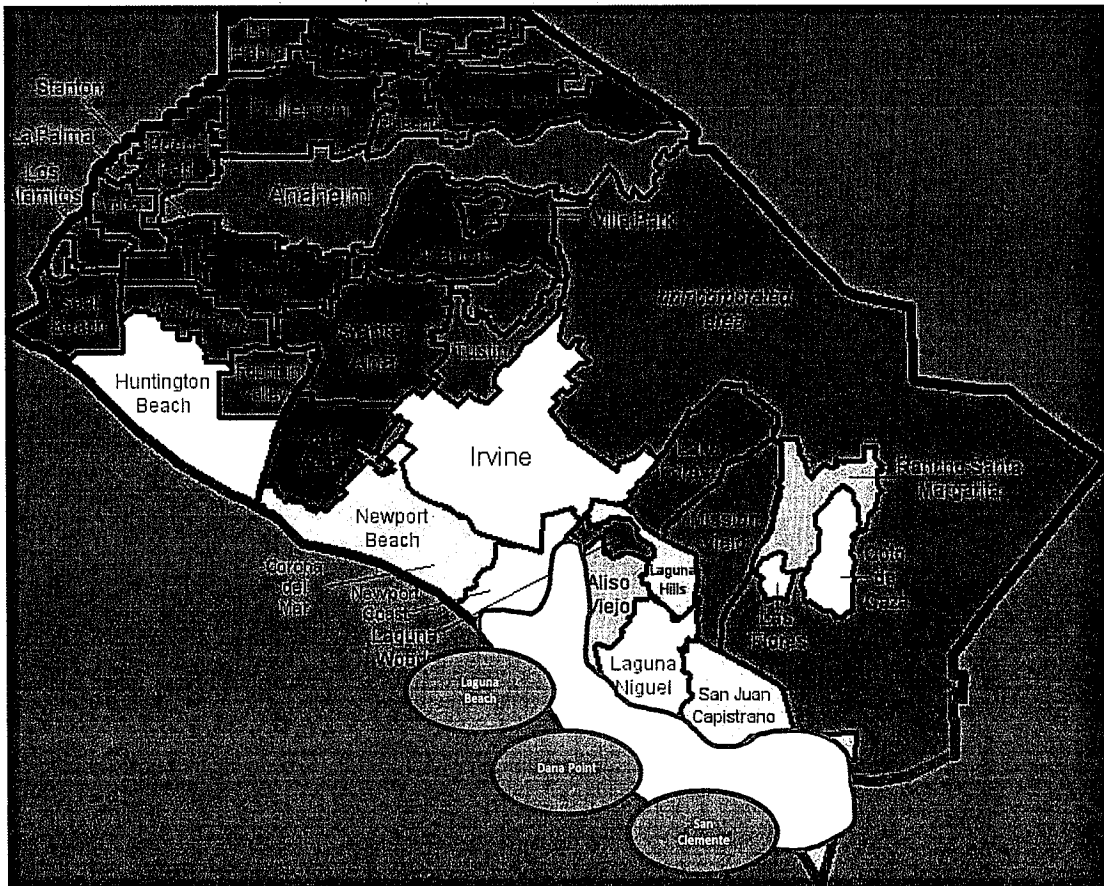
September 26, 2014

Mark Christy
Laguna Beach Golf & Bungalow Village LLC
DBA: The Ranch at Laguna Beach
31106 S. Coast Highway
Laguna Beach, CA 92651

RE: Supplemental Report to August 5th 2014 Historical Rate Analysis

Dear Mr. Christy,

This report is a supplement to the August 5th 2014 "Historical Rate Analysis" report that documented the properties ten year room rate history and summary of economy lodging available in the city of Laguna Beach. This supplement will support that report, expanding the room rate research to include not just Laguna Beach, but the two southern adjacent cities of Dana Point and San Clemente.



Laguna Beach – Dana Point – San Clemente – South OC Beach Cities

The three cities of Laguna Beach, Dana Point and San Clemente are the destinations most travelers choose when they look for southern Orange County beach vacations. Each city embodies a surf culture with very specific and authentic identities, history, amenities and activities. Those making Laguna Beach, Dana Point or San Clemente an overnight destination are for the most part not “driving through” or in other words are not finding these towns and their hotels as a one night stop over on their way to another destination. These towns are the destinations and the hotels visitors choose are generally part of the multi night stay vacation plan.

Combined, these three cities have a total of 59 hotels with a combined 4,069 hotel rooms. This number does not include bed and breakfast, vacation rentals and time share properties. Airbnb.com for example has over 1,000 rentals available in San Clemente alone with rates as low as \$50 per night. There are also 3 State Run campgrounds within this area, El Morro/ Crystal Cove, San Onofre and Doheny that allow for RV and tent camping at overnight rates as low as \$20 per night.

On an average busy summer weekend, you can find overnight rates within these three cities as low as \$50 and as expensive as \$750 per night. Most of the hotels will be in the \$150 range.

AAA.com Rate Research

A majority of these 59 hotels do not advertise or list themselves on AAA.com, the apparent hotel rate research tool of the California Coastal Commission. The properties that do advertise rates on AAA.com are detailed in the attached report that profiles each of these properties available rates as listed on AAA.com. Most of the 59 hotels would be considered 3 star, using an average rating derived from various sources. Hotel ratings, such as the AAA Diamonds do not necessarily indicate a level of pricing, rather a level of service that has been determined either by a AAA inspection or user ratings as in the case of Expedia.com or Tripadvisor.com. To use Diamond Ratings as a pricing guide is not a way to determine if a hotel is affordable or expensive.

The attached report shows that most hotels in our three city study area have rates as low as sub-\$100 and as high as \$500. Again it must be noted that using AAA.com is does not reflect a true market study as many of the hotels do not list themselves on AAA.com.

We used AAA.com to research available rates for the following list of hotels in Laguna Beach, Dana Point and San Clemente – which should be inclusive of all hotels excluding time share, vacation rentals and B&Bs.

Hotel List

CITY	HOTEL NAME	ADDRESS	# OF ROOMS
LB	HOTEL LAGUNA	425 S. COAST HWY, LAGUNA BEACH 92651	65
LB	MONTAGE LAGUNA BEACH	30801 S. COAST HWY, LAGUNA BEACH 92651	248
LB	THE RANCH AT LAGUNA BEACH	31106 S. COAST HWY, LAGUNA BEACH 92651	64
LB	HOTEL SEVEN4ONE	740 S. COAST HWY, LAGUNA BEACH 92651	12
LB	LA CASA DEL CAMINO	1289 S. COAST HWY, LAGUNA BEACH 92651	36
LB	PACIFIC EDGE HOTEL	647 S. COAST HWY, LAGUNA BEACH 92651	125
LB	THE INN AT LAGUNA BEACH	211 N. COAST HWY, LAGUNA BEACH 92651	70
LB	SURF & SAND RESORT	1555 S. COAST HWY, LAGUNA BEACH 92651	167
LB	CAPRI LAGUNA ON THE BEACH	1441 S. COAST HWY, LAGUNA BEACH 92651	48
LB	LAGUNA RIVIERA	825 S. COAST HWY, LAGUNA BEACH 92651	41
LB	ART HOTEL LAGUNA BEACH	1404 N. COAST HWY, LAGUNA BEACH 92651	28
LB	THE TIDES LAGUNA BEACH	460 N. COAST HWY, LAGUNA BEACH 92651	20
LB	LAGUNA BEACH INN	2020 S. COAST HWY, LAGUNA BEACH 92651	23
LB	HOLIDAY INN LAGUNA BEACH	696 S. COAST HWY, LAGUNA BEACH 92651	54
LB	BEST WESTERN PLUS LAGUNA BRISAS SPA HOTEL	1600 S. COAST HWY, LAGUNA BEACH 92651	66
LB	LAGUNA CLIFFS INN	475 N. COAST HWY, LAGUNA BEACH 92651	36
LB	SEASIDE LAGUNA INN & SUITES	1661 S. COAST HWY, LAGUNA BEACH 92651	25
LB	TRAVELODGE LAGUNA BEACH	30806 S. COAST HWY, LAGUNA BEACH 92651	43
LB	CRESCENT BAY INN	1435 N. COAST HWY, LAGUNA BEACH 92651	29
LB	LAGUNA BEACH MOTOR INN	985 N. COAST HWY, LAGUNA BEACH 92651	22
LB	BEST LAGUNA VACATIONS	120, 130, 150 CRESS ST., LAGUNA BEACH 92651	3
LB	LAGUNA SURF RESORTS	611 S. COAST HWY, LAGUNA BEACH 92651	25
DP	BEST WESTERN PLUS - DP INN BY THE SEA	34744 PCH, CASPISTRANO BEACH 92624	30
DP	BEST WESTERN PLUS - MARINA SHORES HOTEL	34280 PCH, DANA POINT 92629	87
DP	BLUE LANTERN INN	34343 BLUE LANTERN, DANA POINT 92929	29
DP	DANA POINT MARINA INN	24800 DANA POINT HARBOR DR, DANA POINT 92629	136
DP	DOUBLE TREE SUITES BY HILTON, DOHENY BEACH-DP	34402 PCH, DANA POINT 92629	197
DP	LAGUNA CLIFFS MARRITT RESORT & SPA	25135 PARK LANTERN, DANA POINT 92629	378
DP	RITZ-CARLTON LAGUNA NIGUEL	ONE RITZ CARLTON DR., DANA POINT 92629	396
DP	ST. REGIS MONARCH BEACH RESORT & SPA	ONE MONARCH BEACH RESORT, DANA POINT 92629	400
DP	QUALITY INN & SUITES OCEANVIEW	34734 PCH, CAPISTRANO BEACH, CA 92624	33
DP	CAPISTRANO SEASIDE INN	34862 PCH, CAPISTRANO BEACH 92624	28
SC	BEST WESTERN - CASABLANCA INN	1601 N. CAMINO REAL, SAN CLEMENTE 92672	63
SC	SEA HORSE RESORT	602 AVE. VICTORIA, SAN CLEMENTE 92672	11
SC	HOLIDAY INN SAN CLEMENTE	111 S. AVE. DE LA ESTRELLA, SAN CLEMENTE 92672	72
SC	SAN CLEMENTE BEACH TRAVELODGE	2441 S. EL CAMINO REAL, SAN CLEMENTE 92672	20
SC	HAMPTON INN & SUITES	2481 S. EL CAMINO REAL, SAN CLEMENTE 92672	69
SC	SAN CLEMENTE INN	2600 AVE. DEL PRESIDENTE, SAN CLEMENTE 92672	97
SC	SAN CLEMENTE'S LITTLE INN BY THE BEACH	1819 S. EL CAMINO REAL, SAN CLEMENTE 92672	18
SC	HOLIDAY INN EXPRESS SC	35 VIA PICO PLAZA, SAN CLEMENTE 92672	110
SC	PATRIOTS' BOUTIQUE MOTEL	711 S. EL CAMINO REAL, SAN CLEMENTE 92672	14
SC	HOTEL MIRAMAR	2222 S. EL CAMINO REAL, SAN CLEMENTE 92672	15
SC	VILLA DEL MAR SUITES	612 AVENIDA VICTORIA, SAN CLEMENTE 92672	16
SC	COMFORT SUITES	3701 S. EL CAMINO REAL, SAN CLEMENTE 92672	65
SC	RODEWAY INN SAN CLEMENTE BEACH	1301 N. EL CAMINO REAL, SAN CLEMENTE 92672	43
SC	AMERICAS BEST VALUE IN SAN CLEMENTE BEACH	2002 S. EL CAMINO REAL, SAN CLEMENTE 92672	31
SC	TRAVELODGE SAN CLEMENTE BEACH	2441 S. EL CAMINO REAL, SAN CLEMENTE 92672	23
SC	ALWAYS INN SAN CLEMENTE BED & BREAKFAST	177 AVENIDA CABRILLO, SAN CLEMENTE 92672	3
SC	ALWAYS SAN CLEMENTE BEACH RENTAL	167 AVENIDA FLORENCIA, SAN CLEMENTE 92672	3
SC	BEACHCOMBER	533 AVENIDA VICTORIA, SAN CLEMENTE 92672	12
SC	SURF INN/CARMELO MOTEL	3619 S. EL CAMINO REAL, SAN CLEMENTE 92672	12
SC	CASA TROPICANA	610 AVENIDA VICTORIA, SAN CLEMENTE 92672	8
SC	LA VISTA INN MOTEL	2435 EL CAMINO REAL, SAN CLEMENTE 92672	10
SC	EXCUSTAY AT PINNACLE AT TALEGA	120 CALLE AMISTAD, SAN CLEMENTE 92673	362
SC	INN AT CALAFIA BEACH	2341 S. EL CAMINO REAL, SAN CLEMENTE 92672	16
SC	SAN CLEMENTE TRADE WINDS MOTEL	2001 S. EL CAMINO REAL, SAN CLEMENTE 92672	11
SC	ON THE BEACH OCEANA	1107 BUENA VISTA, SAN CLEMENTE 92672	1

As you will see by reading the attached rate report, not all hotels are listed on AAA.com. Many advertise some of the time, while others never advertise on that particular private retail travel site.

The report shows month by month, day by day rates advertised on AAA.com from October 2014 to October 2015. Some hotels do not establish or begin to sell rates that far into the future, which you will see by examining the numbers.

The Ranch at Laguna Beach

The property currently has 64 guest rooms. The rooms vary in size from 700 square feet to 1150 square feet. The hotel was built with this room count and size in 1962.

There are few, if any standard hotel rooms in the three cities study area that have rooms larger than 500 square feet (not counting suites). The very typical hotel room in our study area is 300 square feet and includes one queen or two twin beds, a single bathroom, a small closet and a window that may or may not open. For a family of four to stay in one of these standard rooms would involve having to rent an additional room, or if the room has enough space, rent a roll a way bed that usually costs \$15-\$35 per night.

The smallest room size with the current 64 room configuration of The Ranch at Laguna Beach is 700 square feet and includes a king bed, dining area, living room area and bathroom. The room can accommodate up to four guests comfortably. The One Bedroom 820 square feet suites have two separate bedrooms with their own private entrances, two bathrooms and could easily accommodate 6 guests. The Two Bedroom Suites have two upstairs bedrooms, a separate downstairs living and dining area, one and one half bath and a pull out sofa. These rooms can accommodate up to 8 guests. Every one of these rooms has a private outdoor patio area.

In doing rate research it is important to take the size of the rooms into consideration. Our rooms can accommodate more overnight guests at a lower rate than a hotel with a standard room configuration. The same sized suite at a luxury hotel less than 1/2 mile from The Ranch at Laguna Beach with not un-similar service levels will on average cost 10-20 times more than our resort.

The 97 Room Proposal

The proposal at hand for The Ranch at Laguna Beach is to increase the room count from 64 rooms to 97 rooms. We would accomplish this by splitting the current 820 square foot one bedroom suites in half, creating two standard 410 square foot rooms. These "new" rooms add no square footage, no new buildings and no changes to the exteriors of the existing buildings. With new plumbing and electrical systems in place the "addition" of rooms actually decreases the overall utilities load from the existing older arrangement.

This accomplishes several things:

- It adds 33 "standard rooms" for the city of Laguna Beach. The city sells out of hotel rooms every year on summer weekends and week days. This additional room inventory will help keep guests at the coast. All of the three city hotel study areas have this summer sell out dynamic.
- It reduces the size of the room, thus lowering the cost of staying overnight for a family that does not require a larger sized suite. The cost of two of our "new" rooms would be less than the cost of one of the 820 square foot suites.

- Very important – with exception of two high priced luxury hotels, there are NO other hotels in Laguna Beach with meeting space that can accommodate groups over 100 people other than The Ranch at Laguna Beach. For decades family

reunions, business groups, retreats and social groups have held their events at The Ranch because it was the only non-luxury (priced) option in the city of Laguna Beach. By increasing the room count, this allows us to maintain this unique and important dynamic. The ability to continue to offer upper mid-scale rooms and amenities to groups who without our property would have to go inland to find the same value proposition is vital to our city.

- The new room inventory would maintain the hotels market placement as a mid-tiered hotel in regards to pricing in Laguna Beach.

Conclusion

Based on working in this Southern OC coastal market for over 5 years and using what I have learned in my 25 year hotel career – the data on the August 14th report, additionally supported by this supplemental report shows the following:

- The Ranch at Laguna Beach will maintain its market position as a mid-level property should the additional rooms be permitted.
- Should the resort have to maintain the current 64 room configuration, the pricing of these larger than market average sized rooms will have to increase to a range that will change the demographic reach of our overnight guest profile.

Should you have further questions please do not hesitate to reach out to me directly.

Sincerely,

Kurt Bjorkman
General Manager
The Ranch at Laguna Beach
kurt@ranchlb.com
949-715-1407

From: Anne Blemker [<mailto:ablemker@mccabeandcompany.net>]

Sent: Tuesday, December 09, 2014 1:46 PM

To: Prahler, Erin@Coastal; Posner, Chuck@Coastal; Schwing, Karl@Coastal; Sarb, Sherilyn@Coastal

Cc: Mark Christy

Subject: The Ranch LB Proposed Rate Info

Hi Erin (et al),

Thanks again for taking the time to meet with us yesterday. I think it was a really productive meeting. Below is the more detailed rate information you requested. Please note that it is plan only and rates may vary based on many factors, up and down. I hope this was what you were looking for. If not, please let us know.

AVERAGE RATE (Rounded to Nearest Dollar)	January	February	March	April	May	June	July	August	September	October	November	December
The Ranch at Laguna Beach	2016 rates	2016 rates	2016 rates	2015 rates	2015 rates	2015 rates	2015 rates	2015 rates	2015 rates	2015 rates	2015 rates	2015 rates
Sun- Thu												
Canyon Room	\$190	\$190	\$198	\$218	\$218	\$233	\$275	\$275	\$218	\$215	\$198	\$190
Studio Canyon Suite	\$232	\$232	\$240	\$265	\$251	\$266	\$315	\$315	\$254	\$254	\$240	\$232
1 Bedroom Canyon Suite	\$296	\$296	\$296	\$323	\$304	\$323	\$379	\$379	\$311	\$311	\$296	\$296
2 Bedroom Canyon Suite	\$469	\$469	\$469	\$491	\$461	\$491	\$581	\$581	\$499	\$499	\$469	\$469
Penthouse	\$520	\$520	\$520	\$545	\$520	\$545	\$650	\$650	\$545	\$545	\$520	\$520
Fri - Sat												
Canyon Room	\$239	\$239	\$239	\$285	\$266	\$285	\$334	\$334	\$292	\$292	\$239	\$239
Studio Canyon Suite	\$277	\$277	\$277	\$323	\$304	\$323	\$379	\$379	\$329	\$329	\$277	\$277
1 Bedroom Canyon Suite	\$334	\$334	\$334	\$371	\$349	\$371	\$439	\$439	\$386	\$386	\$334	\$334
2 Bedroom Canyon Suite	\$510	\$510	\$510	\$544	\$510	\$544	\$641	\$641	\$574	\$574	\$510	\$510
Penthouse	\$560	\$560	\$560	\$600	\$560	\$595	\$695	\$695	\$625	\$625	\$560	\$560



617 W 7th Street, Suite 505
Los Angeles, CA 90017
(213) 489-7443 phone
www.altaplanning.com

To: Mark Christy, The Ranch at Laguna Beach
From: Emily Duchon, Alta Planning + Design
CC: Greg Maher, Alta Planning + Design
Project: The Ranch at Laguna Beach – Golf Cart Path Trail
Date: November 11, 2014

RE: Golf Cart Path Feasibility Assessment

Introduction

This memorandum is intended summarize the feasibility of a center-running multi-use trail through The Ranch at Laguna Beach Golf Course. Information in this memorandum is based upon the assumption that the design of the golf course will not be changing, and our evaluation is based on the current layout and configuration of the 9-hole par 3 golf course. Design considerations, opportunities and constraints, and conclusions are presented.

The Ranch is the only golf course in Laguna Beach, and is located in Aliso and Woods Canyons. It is a privately owned and operated golf course and is located on private property. The existing golf cart path follows Aliso Creek through the middle of the course, and is a shared access road for the sewage treatment plant further up the creek. This path is not open to public use and does not have a history of public use. Aliso and Woods Canyons Wilderness Park is located further upstream.

Design Considerations

Multi-Use Trail Cross Section

The existing golf cart path varies in width from 6.5 to 21 feet, but averages 8-10' throughout the course. This width is insufficient to allow carts to safely pass pedestrians and bicyclists, and on such a narrow surface neither user group will be expecting the other to be sharing the path. With this constrained condition, it is recommended that separate facilities are provided for golf carts and other recreational uses, even if these facilities run parallel to one another.

Per the 2012 of the Caltrans Highway Design Manual, a two-way Class I bicycle path shall be 8' minimum, preferably 10', with 2' paved shoulders on both sides. The California Manual on Uniform Traffic Control Devices (California MUTCD), 2012, requires that any signage on a bicycle facility be placed no less than 2 feet from the edge of the path. As such, any signage used through this path would need to be located beyond the edges of the path's shoulders.

The preferred cross section for this parallel trail arrangement consists of a multi-use trail 8'-10' wide with 2' shoulders and fencing (12'-14' total width), adjacent to a minimum 10' wide golf cart path/maintenance road (see Figure 1). Implementing this cross section would require a minimum 22'-24' corridor through the golf course.

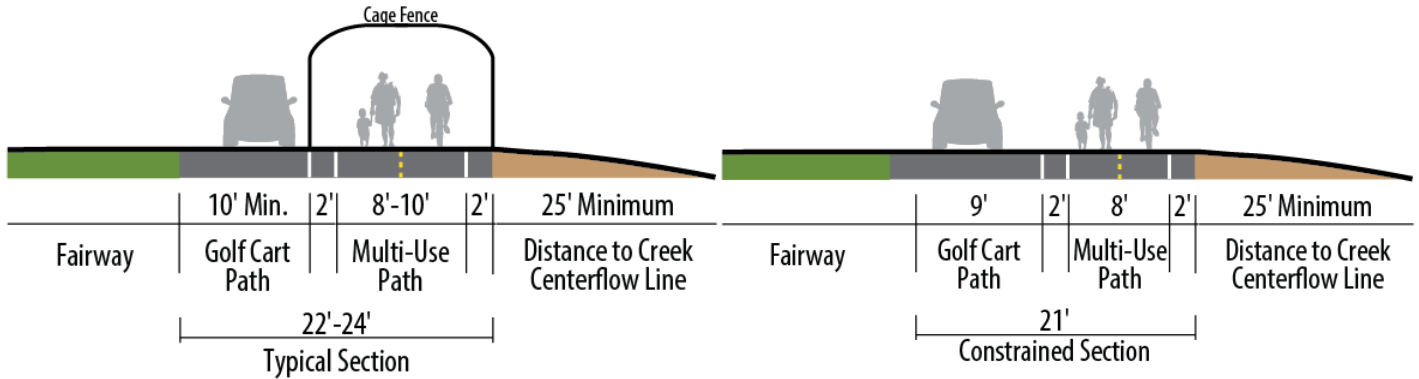


Figure 1: Pathway Cross Sections

Trails and Golf Courses

In 2005 Alta Planning + Design produced a report titled “Trails and Golf Courses: Best Practices on Design and Management.” The report analyzes case studies of trails through golf courses, and presents a summary of design and management guidelines for successful implementation. Primary design considerations include:

Trail Alignment

Preferred trail alignments will follow the perimeter of a golf course, at maximum distance from tees, fairways, and the clubhouse. Ideally, a trail will not cross any fairways or golf cart paths. Where this is not possible, it is recommended that any trail that passes within a 200-yard 180-degree arc of a tee’s orientation be protected by berms, fencing, and/or trees and shrubs. This same protection is also recommended anywhere a trail passes within 50’ of a fairway. Any trail located closer than 50 feet from the backside of a green would need similar protection.

Golf Cart Paths

Golf cart paths are not recommended to be shared with bicyclists and pedestrians, as they are generally not wide enough to allow carts to safely pass slower moving trail users. If a shared facility is to exist, a minimum of 12’ width is required.

Fencing

Where required due to physical constraints, fencing can protect trail users from golf balls. If the direction of a tee allows, a high fence with a curved top may be used as protection on one side of the trail. Where golf ball trajectories cross the path from multiple directions, a full cage fence will be required, which fully encloses the trail.

Trail Intersections

Anywhere a trail intersects a golf cart path or other road, signage or pavement delineators must be present to alert both users to the presence of the other. Required signage will include stop and yield signs, as well as signs indicating which paths are allowed or prohibited for which users.

Signage

Beyond those required at intersections, other signs can be used to minimize conflict and increase safety. At the entrance of trails, a sign stating: “Active Golf Course. Stay on the trail surface, no stopping, and please be quiet. Flying golf balls may cross the trail: use at your own risk” may be used, and at approached to tees and greens a sign may be posted that reads: “Please stop if the tee/green area is occupied.”

Development within a Flood Plain

The entirety of the existing golf cart path lies within a FEMA 100-year floodplain (see Figure 2) and as such any development will be subject to Laguna Beach Municipal Code Chapter 25.38 FLOODPLAIN MANAGEMENT. Any fences created within this area must be permeable as not to obstruct the movement of water in a flood event, per FEMA’s “Free-of-Obstruction Requirements: Technical Bulletin 5, August 2008.” As Aliso Creek is an intermittent “blue-line” stream (per USGS 2012 Quadrangle map: SAN JUAN CAPISTRANO, CA and City of Long Beach Appeal Number A-5-LGB-14-0034) and as such is classified a “significant natural watercourse,” Chapter 25.50 GENERAL YARD AND OPEN SPACE PROVISIONS applies, which states that no buildings or structures nor any disturbance to native vegetation may take place within 25 feet of the centerflow line of the given watercourse. While the exact centerflow line of Aliso Creek will need to be approved by the city engineer, the existing golf cart path lies outside this boundary.

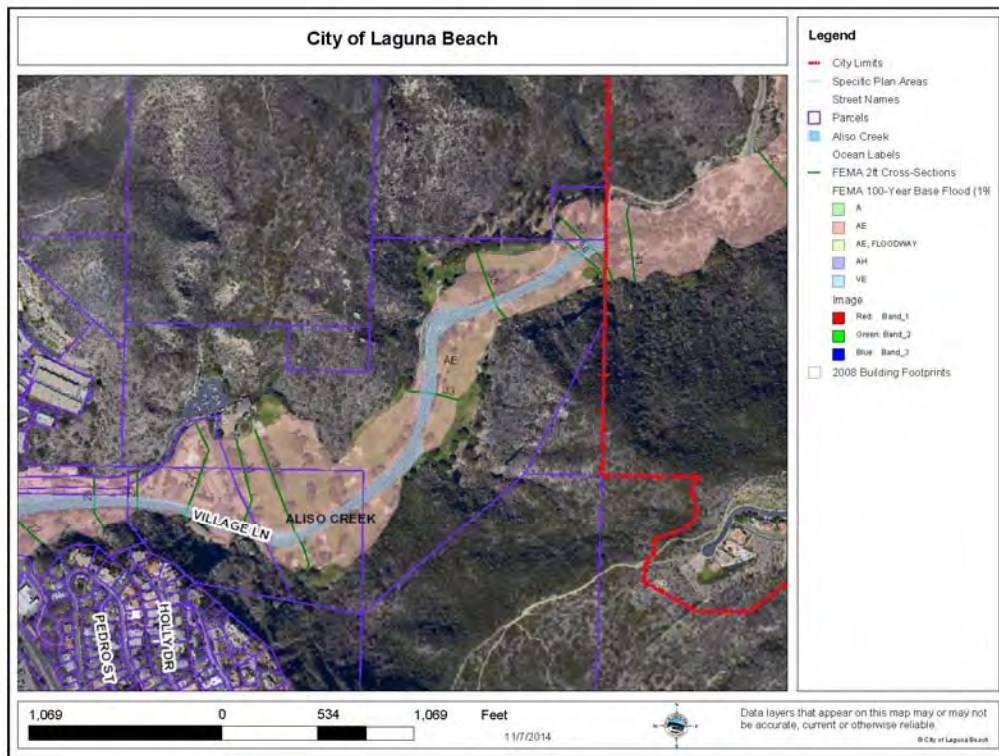


Figure 2: FEMA Flood Zones

Constraints and Opportunities

Site Constraints

The entire canyon floor is within the 200 yard tee buffer mentioned in the guidelines above (see Figure 3). With the golf course's topographical constraints, fairways are within 50' of the existing golf cart path in many places. This adjacency would only increase with a wider trail corridor that included a multi-use trail parallel to the golf cart path. In addition, five of the nine holes on the course tee off directly toward the path. Given this proximity to tees and fairways, fencing would be necessary to protect trail users from errant golf balls. A trail running down the center of the canyon, parallel to the existing path, would require a fully enclosed cage fence, as the course zigzags across the creek and golfers tee off towards the creek from both directions.

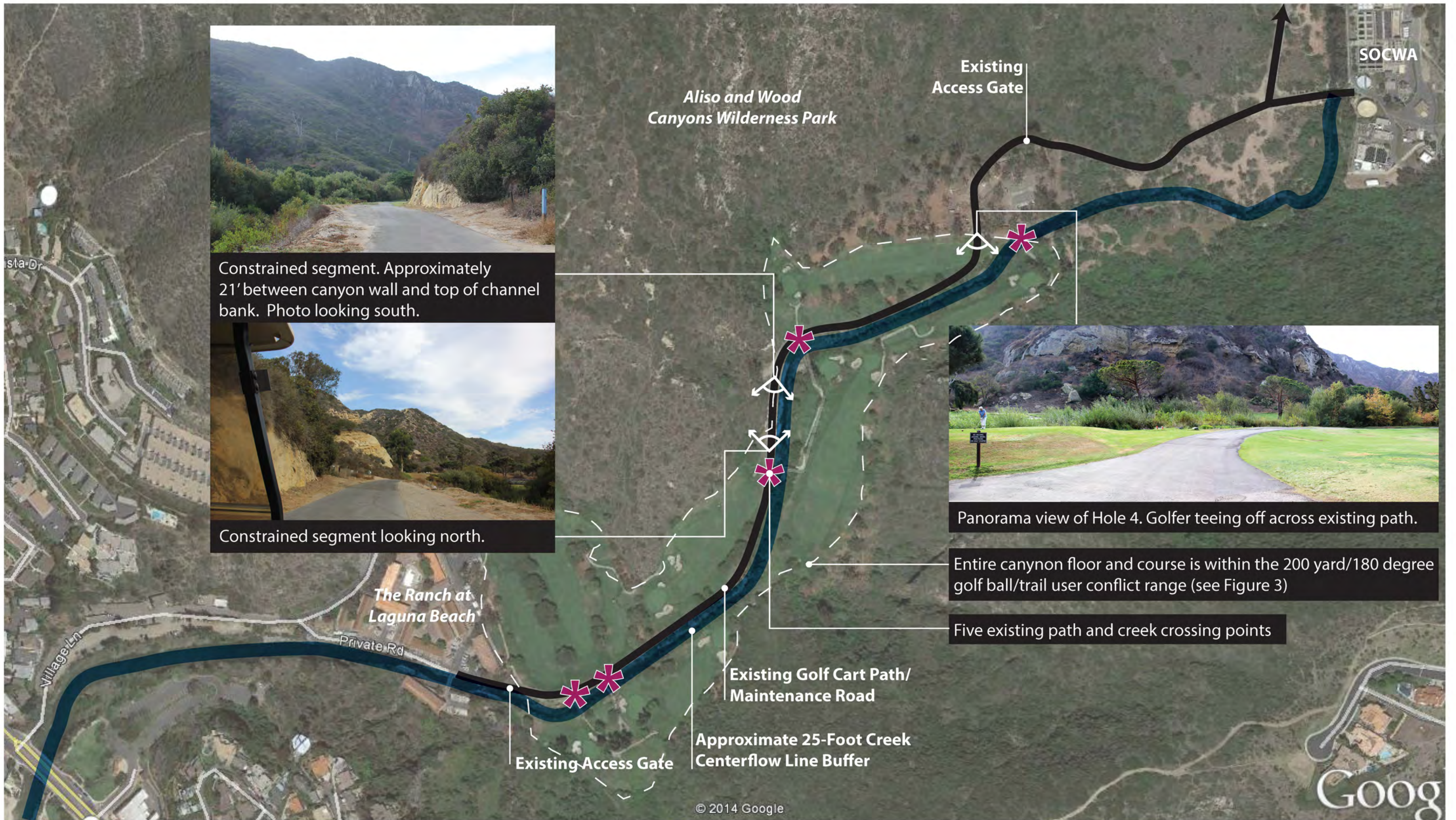


200 Yard/180 Degree Golf Ball Travel Exhibit

0 165 330 660 990 1,320 Feet



Figure 3: Golf Ball Travel Exhibit



Existing Path and Creek Crossing Points

Figure 4: The Ranch at Laguna Beach Golf Cart Path Feasibility Study: Opportunities and Constraints

Golfers must cross the path and creek to reach every tee (between holes 1, 2, 5, 6, 7, 8 and 9: see Figure 3). There are five existing bridges over the creek to allow these crossings (see Figure 4). Each of these crossings would require signage and appropriate gaps in the fencing between the golf cart path and multi-use path.

As detailed above, the proximity of the golf course and existing golf cart path to Aliso Creek presents specific development concerns, and will limit the types of fencing and materials that can be used adjacent to the creek. Any fencing used must be chainlink or another permeable material with mesh small enough to prevent golf ball entry. The use of decorative or visual screening materials will most likely be prohibited. The trail, signs, fence, and its footings must not pass within 25' of the creek's centerflow line, which is typically not far beyond the top of the channel bank.

Near the middle of the course, a pinch point is created where the canyon wall and creek come closer together. The width of this segment varies, but becomes as narrow as 21 feet, which is one foot less than the minimum cross section detailed in Figure 1.

At the easternmost end of the golf course, the path continues to a sewage treatment plant. The existing golf cart path serves as an access road for trucks entering and leaving this plant, and usage is constant throughout the day. While this conflict already exists between maintenance vehicles and golfers, the potential for conflict would be increased if additional users, such as cyclists and pedestrians, were added through the construction of a multi-use trail. In addition to trucks moving to and from the sewage treatment plant, other maintenance vehicles use the existing trail for South Coast Water District, Edison, and golf course operations. A trail access and an easement agreement would be necessary from South Coast Water District.

Regional Trail Connection Opportunities

There are opportunities for regional trail connections to Pacific Coast Highway outside of the Aliso Creek Corridor (see Figure 5). These include:

Trails in Aliso and Wood Canyons Wilderness Park

The Mentally Sensitive Trail is a natural surface trail that winds through the hills above the golf course, and is popular with mountain bikers and hikers. This trail, originally marked as "Environmentally Sensitive," has changed course as portions have been closed off and new trails have been made by cross-cutting existing trails. Sensitive habitat surrounding the trail is threatened by off-trail use.

Bike Lanes on Pacific Island Drive

There are existing bike lanes on Pacific Island Drive and Crown Valley Parkway which connect bicyclists to Pacific Coast Highway from northern communities along Aliso Creek such as Lake Forest and Laguna Hills.



Figure 5: Regional Trail Connections

Conclusions and Considerations

Based upon our analysis of the existing golf course layout, a center running trail adjacent to Aliso Creek is not a feasible alignment. While a trail is physically possible through the golf course, the required fencing would drastically change the appearance of the course, create a physical impediment to the movement of golfers throughout the course, and prove a major obstacle to playing through the course. In order to avoid this significant fencing, a redesign of the entire golf course layout would be required: no current plans to do so have been identified.

Alternatives to the golf course path would involve routing potential path users to streets south of the canyon. Bike lanes exist on Pacific Island Drive just south of the golf course, follow a similar route to the canyon floor, and also connect to many of the same trails at the top of the canyon.

References

California MUTCD, 2012. <http://www.dot.ca.gov/hq/traffops/engineering/mutcd/>

Caltrans Highway Design Manual, 2012. <http://www.dot.ca.gov/hq/oppd/hdm/hdmtoc.htm>

City of Laguna Beach Municipal Code, 2014. <http://qcode.us/codes/lagunabeach/>

City of Laguna Beach Appeal #A-5-LGB-14-0034, 2014. <http://documents.coastal.ca.gov/reports/2014/7/W15a-7-2014.pdf>

FEMA Technical Bulletin 5, 2008. http://www.fema.gov/media-library-data/20130726-1511-20490-9526/fema_tb_5.pdf

USGS Quadrangle Map, San Juan Capistrano, 2012. http://ims.er.usgs.gov/gda_services/download?item_id=5641316

RECEIVED
South Coast Region

JAN 7 2015

January 5, 2015

To Whom It May Concern,

CALIFORNIA
COASTAL COMMISSION

My name is Bonnie Brown and my father was the late Ben Brown who developed the cherished property in south Laguna. After Violet Brown passed away, I was concerned about the plans Montage unveiled to demolish everything and build a new hotel, 18 hole golf course, homes and a spa.

When I found out that Montage had sold to a local, I was very happy. When I read about his plans to restore my dad's early vision and re-engage the name 'Ben Brown', I was so excited I went to Laguna for a visit and toured the property. I liked what I saw and believe my dad would be thrilled to see his legacy brought back to life.

I am writing to ask for your approval on this project for the benefit of the city of Laguna and the restoration of my dad's original dream.

Thank you,



Bonnie Brown

Re: January 8th Hearing Item 11A
Appeal # A-5-LGB-14-0034

DISCLOSURE OF EX PARTE COMMUNICATIONS

Name or description of project:

Application No. A-5-LGB-14-0034 (Laguna Beach Golf and Bungalow Village, LLC/The Ranch, Laguna Beach) Application of Laguna Beach Golf and Bungalow Village, LLC to expand and remodel former 64-room Aliso Creek Inn hotel, restaurant, banquet and golf course facility on 84 acre site to include addition of 33 hotel rooms, reconfiguration of restaurant and assembly areas and additions to existing structures; new spa, fitness center, employee lounge; and accessory structures, and establish outdoor event venue at 'Scout Camp', located at 31106 Coast Highway, Laguna Beach, Orange County.

Date and time of receipt of communication:

December 30, 2014 at 2:30pm

Location of communication:

Phone

Type of communication:

Teleconference

Person(s) in attendance at time of communication:

Mark Christy, John Pietig, Steve Kaufmann, Morris Skenderian, Susan McCabe, Anne Blemker

Person(s) receiving communication:

Wendy Mitchell

Detailed substantive description of the content of communication:

I received a briefing from the owner and representatives of The Ranch in Laguna Beach along with the Laguna Beach City Manager in which they described the proposed project, provided background on the current appeal, and went through a briefing booklet and correspondence that was previously provided to staff. As described, the project involves an effort to upgrade and improve an existing outdated hotel adjacent to Aliso Creek in Laguna Beach. According to the representatives, benefits include improved overnight accommodations to serve visitors to the coast; increased public access through the golf course via an OTD for a future trail and a temporary shuttle program; restoration of the "Scout Camp" area through revegetation and new youth camping opportunities; and enhancement of existing visitor-serving uses at a popular, locally-significant site. The City Manager noted the applicant's cooperative efforts throughout the process. The representatives stated that the owner is in agreement with the majority of the recommended special conditions, but requests modifications to conditions that affect the future use and viability of the property, specifically those related to the trail OTD, the operation of the shuttle program, payment of an in-lieu mitigation fee, uses on the Scout Camp parcel, and the indemnity requirement, which the representatives requested not be imposed for equitable reasons. At the time of our call, the applicant was hoping to continue working with staff to resolve outstanding issues. The applicant requests approval with modifications as specified in the letter provided to the Commission on December 31, 2014.

Date:

Signature of Commissioner:

