

CALIFORNIA COASTAL COMMISSION

SOUTH COAST DISTRICT OFFICE
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W15c

A-5-LGB-21-0060 (Highgate Hotels)

October 13, 2021

Correspondence



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Refer To File # - 503547-0001

VIA ELECTRONIC AND U.S. MAIL

September 15, 2021

Zach Rehm
District Supervisor
California Coastal Commission
South Coast District Office
301 E. Ocean Boulevard, Suite 300
Long Beach, CA 90802-4830

Re: Commission Appeal No. A-5-LGB-21-0060 (HCI Laguna Owner LP)
Pacific Edge Hotel Renovation

Dear Mr. Rehm:

My firm represents HCI Laguna Owner LP, the owner of the Pacific Edge Hotel, which has proposed a renovation of its existing hotel resort in the City of Laguna Beach (the "Project"). On September 6, 2021, Unite Here Local 11 filed an appeal to the Commission from the City's approval of the Project (City CDP # 19-5507). This letter explains why the appeal raises "no substantial issue."

Unite Here's appeal raises two issues as its grounds for appeal: (1) the Project's reliance on in-lieu fees violates the City's LCP regarding affordable overnight lodging policies, and (2) the Project proposes valet service transferring vehicles from the site to an off-site parking lot that requires additional mitigation to comply with the unspecified public access "policies."

Unite Here submitted three letters to the City (March 17, July 9, and August 10, 2021) in connection with review by the Planning Commission and City Council. The letters did raise an off-site valet parking issue, but, as discussed below, the City Council added a condition prohibiting off-site valet parking. (Condition #40.) None of the letters or speaker testimony at the Council hearing raised any issue concerning the adequacy of the \$625,000 in-lieu fee that the City imposed for the 25 new rooms proposed, which is consistent with current Commission methodology. (Condition #47.)

Unite Here's March 17 letter to the Planning Commission noted the in-lieu fees for the new rooms, but the sole argument in its letter was that in-lieu fees should also have been required for intensification of the hotel other than the new rooms. The letter stated:

“Here, the applicant is proposing in-lieu fees for the proposed 25-room addition to this admitted high-end resort. (Staff Report, p. 46). However, *this does not account for the “intensification” of this high-end resort hotel (e.g., intensification of restaurant, new café, etc.). Hence, the City should consider additional in-lieu fees or other consideration to ensure compliance with the Coastal Act’s lower-cost overnight accommodation policies.*” (Italics added.)

The City correctly responded to this in its responses to comments on the revised Initial Study/Mitigated Negative Declaration:

“The commenter does not cite a regulation or authority that suggests or requires in-lieu fees or other considerations to account for the 14 additional seats at the existing restaurants or the creation of a new 63-seat café. *To the contrary, the commenter cites policies related to overnight accommodations, which are not relevant to the non-hotel uses at the resort.*” (Response to Comments, #4-16, p. 529; italics added.)

As to the appeal contention that valet parking for the hotel should not utilize off-site parking, the City Council agreed and imposed a condition at the hearing that specifically prohibits the hotel valet parking from using off-site parking. Condition #40 states, in relevant part: “Vehicles shall not be parked in any street, alley, or other public right-of-way. *The valet operator is similarly prohibited from parking vehicles at any off-site private property.*” (Italics added.) Unite Here’s appeal simply overlooked the permit condition.

The two issues raised on appeal have no merit, and the Commission should find, in this case, that the appeal does not present a “substantial issue.”

The Project and City Approval

The hotel renovation includes the remodel of nine existing buildings, relocation of the pool, spa, and hotel lobby, the construction of a subsurface parking garage and a new hotel building, striping of the parking areas, a new porte cochere, roadway improvements along Sleepy Hollow Lane, new office and conference areas, a new café with outdoor dining, HVAC equipment, and landscaping. Overall, the Project will provide 25 new hotel rooms, for a total of 156 rooms. A reconfiguration of the existing oceanfront restaurants at the Villa and Driftwood buildings will increase the number of seats provided by 14, and a new 63-seat café with outdoor seating is proposed at the Coast building.

On August 10, 2021, the City Council unanimously approved the Project, imposing 62 conditions of approval. With respect to the Project and the appeal, three conditions warrant brief mention.

First, the City imposed Condition #47, which directed the \$625,000 in-lieu fee for the 25 new hotel rooms to fund a shortfall in the ongoing program administered by the Crystal Cove Conservancy to provide lower-cost visitor-serving uses at nearby Crystal Cove State Park. The condition expressly enforces the requirement through an agreement between the Commission and the Crystal Cove Conservancy, consistent with how the Commission has controlled funding for that exceptional project in the past.

Second, the City imposed Condition #40, which, as noted, expressly prohibits the valet operator from parking vehicles at any off-site private property.

Lastly, the City imposed Condition #48, so that the entire sandy beach seaward of the Pacific Edge Hotel will be subject to a lateral public access easement. A lateral access condition was previously recorded against the hotel in connection with a City-approved project to remodel the Villa building, but limited to a 47-foot wide beach area adjacent to the Villa. Pacific Edge agreed to accept a similar condition of approval requiring the same lateral public access easement for the balance of the beach adjacent to the hotel, from the MHTL to the seaward edge of the development.

Unite Here Failed to Raise Any Issue in the City’s Proceedings as to the Adequacy of the In-Lieu Fees for Affordable Overnight Accommodations

The Coastal Act allows any aggrieved party to appeal a local government decision to the Commission. (Pub. Res. Code, § 30625(a).) An “aggrieved person” is defined as “any person who, in person or through a representative, appeared at a public hearing of the . . . local government . . . in connection with the decision or action appealed, or who, by other appropriate means prior to a hearing, *informed . . . the local government . . . of the nature of his concerns* or who for good cause was unable to do either.” (§ 30801; italics added.)

While Unite Here did make the nature of its concerns known to the City on the parking issue, it did not do so with respect to the adequacy of the in-lieu fee required by the City. As a threshold matter, Unite Here failed to exhaust its administrative remedies on that issue before appealing to the Commission and raising the issue for the first time.

Coastal Act Section 30801 contemplates that an aggrieved person first inform the local government “of the nature of his [or her] concerns.” If that were not case, a person could simply appear before local government, recite his or her name, state he or she is opposed to the project, and then, having effectively sandbagged, just appeal to the Commission, raising any issue that then comes to mind. As to the in-lieu fee, that is what happened here. Not requiring an appellant to exhaust issues by raising them before the local government deprives the local government of the ability to deal with the issue in the first instance. That is very essence of the exhaustion requirement. (*Park Area Neighbors v. Town of Fairfax* (1994) 29 Cal.App.4th 1442, 1450;

Coalition for Student Action v. City of Fullerton (1984) 153 Cal.App.3d 1994, 1988.) It also is a necessary control on the nature and number of appeals that are made to the Commission. In this case, the failure to raise the issue demonstrates that Unite Here's interest in appealing is not genuine or focused on affordable overnight accommodations. It is, unfortunately, a misuse of the Commission's appeal process in an effort to leverage a labor agreement.

The City Properly Conditioned the Project to Require a \$625,000 In-lieu Fee Payment to Crystal Cove, Consistent with the City's LCP Affordable Overnight Lodging Policies

In any case, Unite Here's first contention is that the Project's reliance on in-lieu fees violates the affordable hotel policies in the City's LCP. Unite Here, however, purposely omits language from the City's LCP Policy 6.2 and misapplies Coastal Act section 30213.

Section 30213 states, in relevant part, "*Lower cost visitor and recreational facilities* shall be protected, encouraged, and, *where feasible provided.*" (Italics added.) While Section 30213 addresses "lower cost visitor" facilities, there is no dispute that Pacific Edge constitutes a high-cost facility, not low-cost. The City noted this in its response to comments on the draft initial study and revised mitigated negative declaration: "Pacific Edge Resort is considered a high-cost facility prior to renovation and will continue to be high-cost following completion of the project. Consequently, the proposed project would not reduce existing affordable accommodations in the City." (Response to Comments, 4-18, p. 531.) In its 2020 decision on the Shore Hotel, the Commission determined that the 2018 (pre-Covid) statewide ADR was \$168.04. Applying the Commission's formula, 25% above \$168.04, or \$210, would define the start of "higher-cost accommodations." Pacific Edge provided statistics demonstrating that the 2019 ADR during the peak months of July and August were \$333.65 and \$314.39, respectively – thus, high-cost. (See City Staff Report, pp. 125-129.)

Unite Here asserts: "A 2012 survey of hotels in the City showed rates as low as \$75 a night at the Pacific Edge, certainly an accessible rate for working families." (Appeal, p. 2.) That survey would be irrelevant as to the hotel 9 years later and, in any event, there is no indication on what the assertion is based –i.e., is it even accurate, at what point during the year does it pertain, under what circumstances (promotion?), or to which units the statement may purport to refer?

As to the City's LCP, Unite Here conspicuously omits the relevant language of the City's policies. LCP Policy 6.2 states that the City must "preserve and encourage an increase of the City's stock of affordable motel and hotel rooms available for short-term visitors." LCP Action 6.2 encourages the City "to investigate and, if appropriate, amend the Municipal Code to ensure that affordable hotels and motels are maintained for short-term occupancy." As noted, Pacific Edge is not low-cost and the Municipal Code has not been amended. Action 6.2 further provides: "Establish standards that require new high-cost visitor accommodations provide affordable overnight accommodations *or pay an "in-lieu" fee.*" (Italics added.) Unite Here

repeatedly omits the alternative of paying an “in-lieu fee.” While the union notes that, generally, the City and the Commission have interpreted these requirements to include requiring mitigation for the addition of new high-cost hotel rooms, the certified LCP policy allows the option of providing rooms on-site or paying an in-lieu fee, to which Pacific Edge agreed and the City properly required. The in-lieu fee clearly complies with the in-lieu fee option stated in the City’s certified LCP.

Unite Here argues that Coastal Act Section 30213 requires that the Project provide low cost overnight accommodations, where feasible. This Project does just that. The in-lieu fee required is not just paid to the City, untethered to a program or project. Under Condition #47, it will in fact help fund the shortfall for the ongoing arrangement with State Parks to provide lower-cost visitor-serving uses at nearby Crystal Cove, which the condition provides the Commission will control through an agreement between the Commission and the Crystal Cove Conservancy, as it has in the past.

Unite Here also misstates the formula that the Commission has applied to address affordable overnight accommodations in the case of new development. Unite Here states that the formula is 25% of the entire hotel, 156 rooms, which would mean 39 affordable rooms. However, the City accurately states that the 25% requirement applies only to the 25 proposed new rooms, and that the Commission “has determined that the estimated cost of constructing a new hotel room in California is approximately \$100,000 per room. Therefore, the Coastal Commission requires an in-lieu fee equal to \$100,000 for 25-percent of the proposed hotel rooms” – or an in-lieu fee in the amount of \$625,000. (City Staff Report, p. 7, fn. 1.)

Unite Here makes reference to a City “pilot program” for determining a required affordable set-aside. (Appeal p. 2.) There is, however, no such program established, nor would it be possible to forecast when such a program or implementing ordinance, whatever it might be, would be formulated, considered by the City, and, if approved, considered by the Coastal Commission through the lengthy LCP amendment process.

Lastly, the City staff report succinctly explained the rationale for tying the in-lieu fees to the specific lower-cost project at Crystal Cove:

“... [T]he City does not have an appropriate overnight accommodation program to which such funding must be directed. The Coastal Commission wishes to see funds allocated to active programs, which further limits the City’s present options. For these reasons, Condition No. 47 would now provide this funding to the Crystal Cove Conservancy. The non-profit Conservancy partners with California State Parks to fund various preservation, education, and conservation initiatives at Crystal Cove State Park to fund various preservation, education, and conservation initiatives at Crystal Cove State Park, including the ongoing restoration of the North Beach historic cottages. Once completed, the project

will add 22 lower-cost overnight rental units, doubling the park's overnight accommodation capacity. One of the last cottages to be restored will also provide the park's first hostel-style accommodation, which will host overnight coastal engineering programs for underserved high school students. The Coastal Commission issued a Coastal Development Permit for the project in 2018, and construction is currently underway. As of the date of this agenda report, the Conservancy has secured \$44 million of the estimated \$48 million needed to complete the project . . .

“Crystal Cove State Park is a significant, regional coastal park that also provides convenient access to Laguna Beach. The non-profit Crystal Cove Conservancy would be a responsible partner with an ongoing partnership with the Coastal Commission and an active affordable visitor accommodation project. It should also be noted that the Conservancy has previously received in-lieu fees related to a hotel development project in Newport Beach.” (City Staff Report, p. 8.)

Thus, the City has developed an appropriate low-cost accommodation in-lieu fee for the added hotel units, consistent with Section 30213 and LCP Policy 6.2. Even assuming the appeal properly raised the “low cost” issue, it does not raise a “substantial issue.”

The City Properly Addressed and Prohibited Off-Site Valet Parking

Unite Here also inaccurately argues that the Project proposes valet service transferring vehicles from the hotel to an off-site parking lot. Unite Here suggests that new mitigation to require valet operators to occupy all 220 on-site spaces before using any off-site parking to minimize displacement of other parking spaces available to the public. In raising this issue on appeal, Unite Here was just not paying attention.

The City explained in its responses to comments on the draft and revised draft Initial Study/Mitigated Negative Declaration (see Responses 3-10 through 3-14), the Project does not propose off-site valet parking. While the valet operator has in the past parked vehicles at the off-site lot at 340 St. Ann's Drive, the City notified the valet operator that the use is not authorized and must immediately cease. (*Id.*) Further, at the hearing on the Project, the City Council firmly put the issue to bed, adding Condition #47, which specifies: “The valet operator is similarly prohibited from parking vehicles at any off-site private property.” Beyond that, it is worth noting that Condition #40 provides: “Guest or other vehicles associated with the resort shall be parked only in the assigned facility consistent with the approved valet plan.” Condition #20 states: “Resort employees shall not park on public streets. During work hours, resort employees must park only in those spaces under the control of the Resort, and the Resort shall reserve on-site spaces adequate for all employees driving to work to park on-site.” And, finally, Condition #21 requires: “To control employee parking demand, the permittee shall fully fund the appropriate fixed route transit passes for any employee desiring to commute to and/or from the

Zach Rehm
District Supervisor
California Coastal Commission
September 15, 2021
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resort by bus, trolley, or train (i.e., Orange County Transportation Authority, Amtrak, Metrolink, or City of Laguna Beach public transit.”

In short, the valet parking issue has been specifically and properly addressed by the City’s conditions of approval. The issue has no merit.

Conclusion

For the foregoing reasons, the applicant, HCI Laguna Owner LP, respectfully submits that the appeal filed does not raise a substantial issue. If you have any questions on which the applicant can be helpful, please do not hesitate to contact either Morris Skenderian at (949) 497-3374 or me. Thank you very much.

Sincerely,

A handwritten signature in dark ink, appearing to read "Steven H. Kaufmann", with a long horizontal line extending to the right.

Steven H. Kaufmann
Nossaman LLP

cc: Mayor Whalen and Members of the Laguna Beach City Council
Shohreh Dupuis, City Manager, City of Laguna Beach
Marc Wiener, Dir. Community Development, City of Laguna Beach
Anthony Viera, Senior Planner, City of Laguna Beach
Morris Skenderian, Morris Skenderian & Associates
Marc Hoffman, Pacific Edge Hotel



September 16, 2021

Jack Ainsworth
Executive Director
California Coastal Commission
301 E. Ocean Blvd. – Suite 300
Long Beach, CA 90802

RE: CDP 19-5507 Appeal – Pacific Edge Hotel

Dear Director Ainsworth,

On August 10, 2021, the Laguna Beach City Council unanimously approved a remodel and expansion of the Pacific Edge, an oceanfront hotel resort with two existing restaurants. I have been notified that the Coastal Development Permit was appealed by Unite Here 11, and that the matter is pending a determination of substantial issue. I would like to reaffirm the City Council's support of this project. It will be a significant improvement to the facility, which will benefit the community and visitors alike and will enhance coastal access.

As you are aware, City staff has been collaborating with your staff on resolving several longstanding issues, and we feel that significant progress is being made to address these issues in our review of projects. In this case, City Staff did an excellent job evaluating the project, conditioning it, and preparing the necessary LCP findings. For these reasons, the City Council unanimously approved the project.

We believe that this project has been thoroughly vetted, and the City's decision should be upheld without further review by the Commission, on the basis that it complies with both the City's LCP and the Coastal Act. Accordingly, I strongly urge you and your staff not to find substantial issue with the project and to allow it to proceed to enhance our coastline. The City of Laguna Beach is committed to being part of the solution to Coastal issues and look forward to continuing to work collaboratively with you, your staff and the Commission. Thank you for considering our request on this matter.

Sincerely,

Bob Whalen

Bob Whalen
Mayor, City of Laguna Beach

September 17, 2021

Mr. Zach Rehm, District Supervisor
California Coastal Commission
Via email: Zach.Rehm@coastal.ca.gov

Dear Mr. Rehm,

I’m writing in support of the proposal to redevelop the Pacific Edge Hotel in Laguna Beach and direct in-lieu development fees to Crystal Cove Conservancy to support their North Beach restoration project. As a Laguna Beach resident and board member for Crystal Cove Conservancy, I am supportive of both the redevelopment itself as it has been approved by the City Council and of directing the in-lieu fees from the project to The Conservancy.

Crystal Cove State Park borders the City of Laguna Beach and is a playground for its residents and an icon of our part of the coast. My neighbors and friends know and love the Park and consider it part of Laguna Beach. We walk the beaches, we explore the offshore Marine Protected Area, we hike the backcountry trails, and we bring all of our out-of-town visitors to the Historic District.

What makes Crystal Cove even more remarkable is the unique structure that allows overnight rentals to be kept affordable (with cottage rates between \$19-\$60 per person per night) while still creating significant revenue to support The Conservancy’s work in education and conservation. In fact, each year, those funds help educate nearly 10,000 K-12 students from Title 1 schools in Orange County and in neighboring counties. The Conservancy takes equitable access seriously and has created an equity plan for their educational programs as well as cottage rentals. The staff and board are committed to creating and safeguarding access to the coast for people from all backgrounds, and in-lieu fees invested in The Conservancy’s North Beach restoration will have impact on coastal access far beyond offsetting construction costs for affordable overnight rentals.

I hope you’ll move this project forward without further delay and take heart knowing the long-lasting impact it will have on our coast and the equitable access to it.

Sincerely,

Teddie Ray



#5 Crystal Cove, Newport Coast, CA 92657
949.376.6200
www.crystalcove.org

BOARD OF
DIRECTORS

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Caleb Silsby
Shelley Thunen

Kate Wheeler
President & CEO
Crystal Cove Conservancy

Daniel Gee
President
Crystal Cove Management
Company

September 17, 2021

Mr. Zach Rehm, District Supervisor
California Coastal Commission
Via email: Zach.Rehm@coastal.ca.gov

Dear Mr. Rehm,

I'm writing on behalf of Crystal Cove Conservancy, its Board of Directors, and the people we serve in support of the proposal to redevelop the Pacific Edge Hotel in Laguna Beach and direct in-lieu development fees to Crystal Cove Conservancy to support our North Beach restoration project.

Crystal Cove Conservancy is the nonprofit partner to Crystal Cove State Park providing rigorous STEM education programs based in ecological research, environmental monitoring, and habitat restoration in the Park to nearly 10,000 students, mostly from low-income Title 1 schools, each year. The Conservancy is also the concessionaire in the Park managing the overnight cottage rentals and food service at Crystal Cove through our wholly-owned subsidiary, Crystal Cove Management Company. This unique relationship allows us to direct revenue earned from the concessions, including the rental of 22 historically restored beach cottages, to support conservation and education initiatives that will cultivate the environmental scientists of tomorrow.

Background: The beach cottages of Crystal Cove State Park's Historic District are one of Southern California's most iconic destinations, giving visitors a glimpse into simpler times along the California coast. Today, twenty-nine of the forty-five cottages and the Japanese Language Schoolhouse – a structure built by Japanese American tenant farming families prior to World War II and those families' eventual incarceration in Poston, AZ – have been fully restored, are open to visitors, and are producing revenue to support The Conservancy's programs. The unique model created by The Conservancy as both the contracted nonprofit partner and the contracted concessionaire to Crystal Cove State Park which creates a sustainable revenue stream to support K-12 STEM education programs has become a national model for public-private partnership.



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The North Beach restoration aims to restore the last 17 unrestored cottages in the Historic District at Crystal Cove State Park to their mid-century roots. These 17 cottages will create 22 new low-cost overnight rental units and more than quadruple the funds available to The Conservancy to support its STEM education programs.

Thanks to an endowment created with in-lieu fees from the New Home Project in Newport Beach, one of the North Beach cottages is designed to operate as our first hostel-style dorm and will host overnight coastal engineering programs for underserved high school students from around Southern California – adding an important overnight element to our programs. With our partners at University of California, Irvine, we will be educating and inspiring students from low-income inland communities about the challenges of sea level rise and future coastal change as they sleep mere feet from the ocean.

Project Status and Funding: The North Beach restoration received Coastal Development permits in 2018 and has been ongoing since that time. In November 2020 the infrastructure portion of the project was completed, and we began work on the restoration of the first five units. With modern utilities and lift stations installed, retaining and debris walls in place, and the installation of a 650-foot boardwalk and service path running the length of the project, the crew began the restoration work.

We expect the first phase of restoration to be complete around April 2022, at which time the construction fence will be moved North, and the first five units will opened the public while we continue on restoring and opening all 22 new units within the next four years.

The North Beach restoration is primarily funded. The total estimated cost of the project is \$45M. Of that, about \$26M has already been invested and all but the last \$5M has been secured through private donors, foundation funding including a substantial investment from The David & Lucile Packard Foundation and The Marisla Foundation, state funding, and an earlier allocation of in-lieu development fees of \$5M from the New Home Company through the California Coastal Commission. \$4M of those fees were used to support the infrastructure phase of the project and \$1M remains in an endowment which will support our Coastal Engineering Program which will operate out of North Beach Cottage #20.

With \$5M remaining to secure, we have a proposal on review with California State Coastal Conservancy which would allocate \$3.5M to the project from the Coastal Conservancy's Explore the Coast Overnight grants program. The award has been approved by staff and is on the consent agenda for the Coastal Conservancy's board meeting on Sept. 23, 2021. The in-lieu fees from the Pacific Edge project will go far toward filling the gap between secured funding and completion.

Affordability and Equity: Crystal Cove State Park sits of the traditional and unceded lands of the Acjachemen and Tongva Tribal Nations whose members remain an important part of our community today. Over the last 18 months, we have been in conversations with representatives of those nations through our partnership with Sacred Places Institute for Indigenous People (SPI). Our partnership with SPI is one borne from our belief that social, racial, and environmental justice are inextricably linked and that our mission must include an effort to promote access to all the resources at Crystal Cove for those people whose ancestral history on the land and waters of Crystal Cove State Park stretches back thousands of years.



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The Conservancy is in a unique position to move this work forward by serving as a bridge between Tribal Nations and California State Parks. Our aim is to create space for members of the Acjachemen and Tongva Tribal Nations to be the first to stay overnight in the North Beach cottages to gather in community before the cottages are officially available to the public. In addition, we are working in partnership to consider other ways to support Tribal members, provide access to natural spaces that are culturally significant, and begin to create a path toward shared leadership and shared decision-making including opportunities for Tribal elder fellowships within our organization to evaluate and better imbue our education and conservation with Tribal perspectives.

Our commitment to this work goes beyond our work to support access for Acjachemen and Tongva people. Equity and inclusion are core to our mission to protect access to natural spaces, restore degraded habitats, and educate and inspire our next generation of environmental leaders. There are more than 40 documented historic and cultural sites identified at Crystal Cove State Park including the Japanese Language Schoolhouse and important sites for the Acjachemen and Tongva people. We are committed to collective work that uplifts voices and perspectives that benefit the Earth, whether through offering affordable access to coastal accommodations, providing educational opportunities for underserved students, or creating an inclusive, welcoming experience for all park-goers, including those who are Black, Indigenous, and People of Color; Asian American and Pacific Islander; LGBTQ+; and Disabled and/or d/Deaf.

As part of that commitment, we are currently refining an equity marketing plan for the cottages. Rates to stay in the cottages are very affordable – the cottages currently in operation cost between \$39/night for a private room in a dorm-style cottage to \$277/night for a large cottage that sleeps up to 9 people making the rates as low as \$19 per night per person. Rates for the North Beach cottages will mirror this system. Rates are set in our contract with State Parks and can only be increased based on changes in the Consumer Price Index. While the cottages are affordable for most, many still don't know about them, or, if they do, they don't understand the reservation system. To address this, our equity plan will include the creation of screencasts and tutorials in multiple languages, giving diverse communities a step-by-step guide to reserving the cottages; targeted social media advertising focused on low-income zip codes; partnership development with organizations led by and serving people from historically excluded communities, and enhancements to the accessibility and useability of our website. While we don't know yet what the results of these efforts will be, we feel strongly that we must continue to prioritize equity and access and evaluate, iterate, and refine our strategies as we go along so we can make an impact on expanding opportunities for those who have been historically excluded from natural spaces like Crystal Cove State Park and the environmental cause itself.

At The Conservancy we take seriously our responsibility to understand the issues communities like those opposing this project face, and we are committed to creating opportunities for people from all backgrounds to stay at the coast and to feel welcome in our Park. The completion of the North Beach project not only doubles our overnight occupancy for those affordable stays but also creates jobs – in hospitality and in public service. Beyond that, it will create a sustainable revenue stream to support our work in STEM education for those students who have little opportunity to work hands-on side-by-side



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with scientists and researchers which will undoubtedly inspire the environmental stewards who will care for Crystal Cove and places like it for generations.

Given all of this, we encourage you to deny the appeal and approve the project as it has been presented. In lieu fees invested here at Crystal Cove State Parks will do more to create affordable coastal accommodations than perhaps in most other projects. In addition, the revenue created by these additional units will add a significant overnight component to our STEM education programs which are helping to cultivate the people who will carry on protecting our coast and our communities for generations.

Warm regards,

A handwritten signature in dark ink, appearing to read "Kate Wheeler", with a stylized, flowing script.

Kate Wheeler
President & CEO



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Refer To File # - 503547-0001

VIA ELECTRONIC AND U.S. MAIL

October 8, 2021

W15c

Stephen Padilla, Chair
Honorable Coastal Commissioners
California Coastal Commission
South Coast District Office
301 E. Ocean Boulevard, Suite 300
Long Beach, CA 90802-4830

Re: Commission Appeal No. A-5-LGB-21-0060 (HCI Laguna Owner LP)
Pacific Edge Hotel Renovation

Dear Chair Padilla and Commissioners:

This firm represents HCI Laguna Owner LP (“HCI”), the owner of the Pacific Edge Hotel, which has proposed to renovate its existing hotel in Laguna Beach (the “Project”). On September 6, 2021, Unite Here Local 11 submitted an appeal to the Commission from the City’s approval of the Project. Your Staff has recommended that the appeal in this instance fails to raise a substantial issue. HCI agrees.

The appeal raises two issues: (1) the Project’s reliance on in-lieu fees violates the City’s LCP regarding affordable overnight lodging policies, and (2) the Project proposes valet service transferring vehicles from the site to an off-site parking lot that requires additional mitigation to comply with unspecified public access “policies.”

Appellant submitted three letters to the City (March 17, July 9, and August 10, 2021). The letters did raise an off-site valet parking issue, but, as discussed below and in response, the City Council added a condition at the City Council hearing that expressly prohibits off-site valet parking. (Condition #40.) None of appellant’s letters or speaker testimony at the Council hearing raised any issue concerning the adequacy of the \$625,000 in-lieu fee that the City imposed for the 25 new rooms proposed, consistent with current Commission methodology. (Condition #47.)

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“Here, the applicant is proposing in-lieu fees for the proposed 25-room addition to this admitted high-end resort. (Staff Report, p. 46). However, *this does not account for the “intensification” of this high-end resort hotel (e.g., intensification of restaurant, new café, etc.). Hence, the City should consider additional in-lieu fees or other consideration to ensure compliance with the Coastal Act’s lower-cost overnight accommodation policies.*” (Italics added.)

The City correctly responded to this in responses to comments on the revised Initial Study/Mitigated Negative Declaration:

“The commenter does not cite a regulation or authority that suggests or requires in-lieu fees or other considerations to account for the 14 additional seats at the existing restaurants or the creation of a new 63-seat café. *To the contrary, the commenter cites policies related to overnight accommodations, which are not relevant to the non-hotel uses at the resort.*” (Response to Comments, #4-16, p. 529; italics added.)

As to the appeal contention that valet parking for the hotel should not utilize off-site parking, the City Council agreed and imposed a condition at the hearing that specifically prohibits the hotel valet parking from using off-site parking. Condition #40 states, in relevant part: “Vehicles shall not be parked in any street, alley, or other public right-of-way. *The valet operator is similarly prohibited from parking vehicles at any off-site private property.*” (Italics added.) Appellant’s appeal simply overlooked the permit condition.

The two issues raised on appeal have no merit, and the Commission should find, in this case, that the appeal does not present a “substantial issue.”

The Project and City Approval

The hotel project will renovate nine existing buildings, relocate the pool, spa, and hotel lobby, construct a subsurface parking garage and a new hotel building, stripe the parking areas, add a porte cochere, and install roadway improvements along Sleepy Hollow Lane, new office and conference areas, a new café with outdoor dining, HVAC equipment, and landscaping. The Project will add 25 new hotel rooms for a total of 156 rooms. The existing oceanfront restaurants at the Villa and Driftwood buildings will be reconfigured to increase the seats provided by 14, and a new 63-seat café with outdoor seating is proposed at the Coast building.

On August 10, 2021, after a public hearing, the City Council unanimously approved the Project, imposing 62 conditions of approval. Three conditions warrant brief mention.

First, City Condition #47 directed a \$625,000 in-lieu fee for the 25 new hotel rooms to fund a shortfall in the ongoing program administered by the Crystal Cove Conservancy to provide lower-cost visitor-serving uses at nearby Crystal Cove State Park. As noted in the Staff Report, the condition expressly enforces the requirement through an agreement between this Commission and

the Crystal Cove Conservancy, consistent with how the Commission has controlled the funding for that exceptional project in the past.

Second, as stated above, the City imposed Condition #40, which expressly prohibits the valet operator from parking vehicles at any off-site private property.

Lastly, the City imposed Condition #48, so that the entire sandy beach seaward of the Pacific Edge Hotel will now be subject to a lateral public access easement. A lateral access condition was previously recorded against the hotel in connection with a City-approved project to remodel the Villa building, but limited to a smaller, 47-foot wide beach area adjacent to the Villa. Pacific Edge agreed to accept a similar condition requiring the same lateral public access easement for the balance of the beach adjacent to the hotel, from the MHTL to the seaward edge of the development.

The City Properly Conditioned the Project to Require a \$625,000 In-lieu Fee Payment to Crystal Cove, Consistent with the City's LCP Affordable Overnight Lodging Policies

The first appeal contention is that the Project's reliance on in-lieu fees violates the affordable hotel policies in the City's LCP. This issue was not raised before the City, signaling that the appeal filed is not genuine or truly focused on affordable overnight accommodations. In any event, the appeal purposely omitted language from the City LCP Policy 6.2 and it misapplied Coastal Act section 30213.

Section 30213 states, in relevant part, "*Lower cost visitor and recreational facilities* shall be protected, encouraged, and, *where feasible provided.*" (Italics added.) While the Section addresses "lower cost visitor" facilities, in this case the Pacific Edge hotel amounts to a high-cost facility, not low-cost. The City noted: "Pacific Edge Resort is considered a high-cost facility prior to renovation and will continue to be high-cost following completion of the project. Consequently, the proposed project would not reduce existing affordable accommodations in the City." (Response to Comments on the Mitigated Neg. Dec., 4-18, p. 531.) In its 2020 decision on the Shore Hotel, the Commission determined that the 2018 (pre-Covid) statewide ADR was \$168.04. Applying the Commission's formula, 25% above \$168.04, or \$210, would define the start of "higher-cost accommodations." In 2019 (pre-pandemic), the hotel's ADR during the peak months of July and August were \$333.65 and \$314.39, respectively, and therefore high-cost. (See City Staff Report, pp. 125-129.)

The appeal asserts: "A 2012 survey of hotels in the City showed rates as low as \$75 a night at the Pacific Edge, certainly an accessible rate for working families." (Appeal, p. 2.) That 2012 survey would be irrelevant as to the hotel nine years later and, in any event, there is no indication on what the assertion is based –i.e., is it accurate, at what point during the year did it pertain, under what circumstances (promotion?), or to which units did it purport to refer?

As to the City's LCP, the appeal conspicuously omits the relevant language in the City's policies. LCP Policy 6.2 states that the City must "preserve and encourage an increase of the City's stock of affordable motel and hotel rooms available for short-term visitors." LCP Action 6.2 encourages the City "to investigate and, if appropriate, amend the Municipal Code to ensure that affordable hotels and motels are maintained for short-term occupancy." As noted, Pacific Edge is not low-cost and the Municipal Code has not been amended. Action 6.2 further provides: "Establish standards that require new high-cost visitor accommodations provide affordable overnight accommodations *or pay an "in-lieu" fee.*" (Italics added.) Appellant repeatedly omits the alternative of paying an "in-lieu fee." While appellant notes that, generally, the City and the Commission have interpreted these requirements to include requiring mitigation for the addition of new high-cost hotel rooms, the certified LCP policy allows the alternative of providing rooms on-site or paying an in-lieu fee, to which Pacific Edge agreed and the City properly required. The in-lieu fee complies with the in-lieu fee alternative stated in the City's certified LCP.

The appeal argues that Coastal Act Section 30213 requires that the Project provide low cost overnight accommodations, where feasible. The Project does just that. The in-lieu fee required is not just paid to the City, untethered to a program or project. Under Condition #47, it will in fact help fund the shortfall for the ongoing arrangement with State Parks to provide actual lower-cost visitor-serving uses at Crystal Cove immediately upcoast of the City (a two to six minute drive to the City on a busy summer weekend day), which the condition provides the Commission itself will control through an agreement between the Commission and the Crystal Cove Conservancy, as it has in the recent past.

The appeal also misstates the formula that the Commission has applied to address affordable overnight accommodations in the case of new development. The appeal states that the formula is 25% of the entire hotel, 156 rooms, which would mean 39 affordable rooms. However, the City and your Staff accurately point out that the 25% requirement applies only to the 25 proposed new rooms, and that the Commission "has determined that the estimated cost of constructing a new hotel room in California is approximately \$100,000 per room. Therefore, the Coastal Commission requires an in-lieu fee equal to \$100,000 for 25-percent of the proposed hotel rooms" – or an in-lieu fee in the amount of \$625,000. (City Staff Report, p. 7, fn. 1.)

The appeal refers to a City "pilot program" for determining a required affordable set-aside. (Appeal p. 2.) There is, however, no such program, nor would it be possible to forecast when such a program or implementing ordinance, whatever it might be, would be formulated, considered by the City, and, if approved, considered by the Coastal Commission through the LCP amendment process.

Lastly, the City staff report succinctly explained the rationale for tying the in-lieu fees to the specific lower-cost project at Crystal Cove:

“ . . . [T]he City does not have an appropriate overnight accommodation program to which such funding must be directed. The Coastal Commission wishes to see funds allocated to active programs, which further limits the City’s present options. For these reasons, Condition No. 47 would now provide this funding to the Crystal Cove Conservancy. The non-profit Conservancy partners with California State Parks to fund various preservation, education, and conservation initiatives at Crystal Cove State Park to fund various preservation, education, and conservation initiatives at Crystal Cove State Park, including the ongoing restoration of the North Beach historic cottages. Once completed, the project will add 22 lower-cost overnight rental units, doubling the park’s overnight accommodation capacity. One of the last cottages to be restored will also provide the park’s first hostel-style accommodation, which will host overnight coastal engineering programs for underserved high school students. The Coastal Commission issued a Coastal Development Permit for the project in 2018, and construction is currently underway. As of the date of this agenda report, the Conservancy has secured \$44 million of the estimated \$48 million needed to complete the project . . .

“Crystal Cove State Park is a significant, regional coastal park that also provides convenient access to Laguna Beach. The non-profit Crystal Cove Conservancy would be a responsible partner with an ongoing partnership with the Coastal Commission and an active affordable visitor accommodation project. It should also be noted that the Conservancy has previously received in-lieu fees related to a hotel development project in Newport Beach.” (City Staff Report, p. 8.)

Working collaboratively with your Staff, the City properly imposed an appropriate low-cost accommodation in-lieu fee for the added hotel units, consistent with Section 30213 and LCP Policy 6.2.

The City Properly Addressed and Prohibited Off-Site Valet Parking

The appeal also inaccurately argues that the Project proposes valet service transferring vehicles from the hotel to an off-site parking lot. Appellant suggests that new mitigation to require valet operators to occupy all 220 on-site spaces before using any off-site parking to minimize displacement of other parking spaces available to the public. Appellant was just not paying attention.

The City explained in its responses to comments on the draft and revised draft Initial Study/Mitigated Negative Declaration (see Responses 3-10 through 3-14) that the Project does not propose off-site valet parking. While the valet operator has in the past parked vehicles at the off-site lot at 340 St. Ann’s Drive, the City notified the valet operator that the use is not authorized and must immediately cease. (*Id.*) Most importantly, at the hearing on the Project, the City Council firmly put the issue to bed, adding Condition #40, which specifies: “The valet operator is similarly prohibited from parking vehicles at any off-site private property.” Beyond that, we note that Condition #40 provides: “Guest or other vehicles associated with the resort

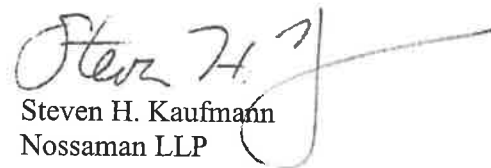
shall be parked only in the assigned facility consistent with the approved valet plan. Vehicles shall not be parked in any street, alley, or other public right-of-way.” Condition #20 states: “Resort employees shall not park on public streets. During work hours, resort employees must park only in those spaces under the control of the Resort, and the Resort shall reserve on-site spaces adequate for all employees driving to work to park on-site.” And, Condition #21 requires: “To control employee parking demand, the permittee shall fully fund the appropriate fixed route transit passes for any employee desiring to commute to and/or from the resort by bus, trolley, or train (i.e., Orange County Transportation Authority, Amtrak, Metrolink, or City of Laguna Beach public transit.” Finally, the Project will provide 11 electric vehicle charging stations and electrical equipment will be developed to allow for installation of additional vehicle charging equipment in the future as demand increases.

In short, the valet parking issue was directly addressed by the City’s conditions of approval. The issue raised on appeal has no merit.

Conclusion

For these reasons and those amply discussed in your Staff Report, HCI respectfully submits that the appeal filed does not raise a substantial issue. Thank you very much.

Sincerely,


Steven H. Kaufmann
Nossaman LLP

cc: Jack Ainsworth, Executive Director
Karl Schwing, District Director
Amber Dobson, District Manager
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October 8, 2021

VIA EMAIL:

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**RE: RESPONSE TO STAFF REPORT FOR PACIFIC EDGE HOTEL REMODEL PROJECT;
APPEAL A-5-LGB-21-0060**

Dear Commissioners:

On behalf of UNITE HERE Local 11 ("Local 11"), this Office respectfully submits the following response to Staff Report/supplemental appeal justifications with regard to the proposed remodeling and expansion of the Pacific Edge Hotel ("Project") located at 647 South Coast Highway and 610-668 Sleepy Hollow Lane ("Site").

In short, the approved Coastal Development Permit ("CDP") violates core public access policies of the Coastal Act. As you know, Local 11 has been an essential partner in working with the Coastal Commission to identify optimal locations for on-site affordable accommodations based on the input from hotel workers, such as the Shore Hotel in Santa Monica. While the circumstances surrounding each hotel development are unique, the Pacific Edge remodeling and expansion is the perfect example of a development where on-site affordable accommodations should be required. Local 11 therefore is seriously concerned with the Project's impacts on low-cost accommodations and public parking access within the Coastal Zone, which are essential to allow working families to access coastal areas that are increasingly congested and rapidly increasing in cost. There is no good evidence that on-site affordable accommodations are infeasible here and the in-lieu payments offered by the applicant do not comply with the Act. This is especially true since the rooms in this Pacific Edge Hotel were historically offered as low-cost accommodations.

Local 11 requests the Commission determine that the appeal raises substantial issues regarding the feasibility of on-site low-cost accommodations, the loss of low-cost accommodations through successive developments and the lack of adequate conditions to prohibit off-site parking in parking lots usable by the public. These are core violations of the Act and Commission's policies.

At a moment when the Coastal Commission is increasingly assertive in enforcing the provisions of Coastal Act Section 30213, the Project would reverse this progress and establish a destructive precedent allowing in-lieu fees for off-site mitigation in virtually any case. Approval of the Project with off-site mitigation would also establish an extremely low bar for demonstrating infeasibility, allowing the Commission to reject on-site mitigation based merely on a local official parroting an applicant's unsubstantiated claims about algorithms and costs without even an



attempt to independently judge the veracity of the applicant's arguments.

I. The Appeal Raises a Substantial Issue Regarding the Feasibility of On-Site Mitigation for Low-Cost Accommodations In This Circumstance

1. City's Decision to Permit Off-Site Mitigation Lacks Factual and Legal Support

The first factor in determining whether a local decision raises a substantial issue is the degree of factual and legal support for the decision.

Coastal Act Section 30213 mandates that "low-cost visitor facilities shall be protected, encouraged, and where feasible, provided." In cases like Shore Hotel when new, additional high-cost rooms are replacing formerly affordable accommodations, the Coastal Commission has determined that on-site mitigations are feasible. Given the increasingly high cost of coastal accommodations, it is vital that the Commission carefully considers on-site mitigations when as here there are new or additional hotel rooms, or when as here high-cost accommodations are replacing existing lower-cost accommodations. *The Coastal Commission recognizes that provision of on-site low-cost accommodations is "superior" and permits in-lieu fees for construction of off-site low-cost accommodations only if on-site mitigation is infeasible.*¹ "In recent years the Commission has found that provision of an in-lieu fee does not result in tangible lower cost rooms in the same way as new on-site lower cost components of a high-cost or mixed-cost hotel development, and therefore encourages development of on-site lower cost rooms whenever possible."²

When a hotel project is a new build, and when as here the applicant is aware of the need for on-site affordable accommodations while in the planning process, then on-site accommodations are much more likely to be feasible. On-site also is more likely to be feasible when the applicant is replacing lower-cost accommodations with higher cost accommodations. In the proposed Project here, all the facts weigh in favor of on-site: applicant proposes new, luxury rooms, the Project application was submitted in 2018 amidst public negotiations over on-site accommodations at the Shore Hotel, and the Project replaces historically-affordable accommodations.

*Substantial evidence must support a finding that the provision of on-site low-cost accommodations is infeasible. It does not here – and the Coastal Commission may properly deny a Coastal Development Permit where it finds the infeasibility finding is not supported by substantial evidence.*³ The Coastal Commission has recently mandated robust feasibility studies to substantiate such a finding. One such feasibility study for Application No. 5-20-0181 (attached hereto as **Exhibit A**) documents extensive site-specific physical, financial and operational characteristics identifying construction costs, mortgage payments, vacancy assumptions, taxes and operating costs.⁴ In this

¹ Coastal Commission Staff Report for Appeal of A-5-DPT-18-0046, dated January 22, 2020, Available at: <<https://documents.coastal.ca.gov/reports/2021/2/W12a/W12a-2-2021-report.pdf>>

² Coastal Commission comment letter on Draft Environmental Impact Report for Dana Point Harbors Hotel, SCH No. 220099024, p. 4. Available at: <<https://files.ceqanet.opr.ca.gov/264903-3/attachment/HWD11-jzsXeKg6CfZCm-PT-7D8lzhDA0OQkwEfw30p-TePayc0XMBdymMtP0fK3qk-wba6i4erEwwfXf0>>

³ Coastal Commission Staff Report for Application No. 5-18-0872, dated November 21, 2019, p. 2-3. Available at: <<https://documents.coastal.ca.gov/reports/2019/12/Th10a/Th10a-12-2019-report.pdf>>

⁴ Coastal Commission Staff Report for Application No. 5-20-0181, Exhibit 4 to January 1, 2021 Staff Report. Available at: <<https://documents.coastal.ca.gov/reports/2021/2/Th14g/Th14g-2-2021-exhibits.pdf>>

case, Coastal Commission staff meticulously scrutinized the feasibility study and corrected assumptions for operating costs, substantially increasing the claimed net annual income from \$184,790 to \$236,540.

Recognizing the vital importance of on-site low-cost accommodations, the Coastal Commission has conditioned recent developments to mandate on-site mitigation in new developments as summarized below:

Project	Description
Cannons Resort ⁵ (City of Dana Point)	<ul style="list-style-type: none">• New development• 100 new rooms with 25 lower-cost rooms reserved on-site.• Amenities include restaurant, café, spa and parking• Located on coastal bluff• Two fully subterranean levels of parking and one partially subterranean level⁶
Shore Hotel (City of Santa Monica)	<ul style="list-style-type: none">• After-the-fact permit for demolition of budget motels to build limited-service, low- to moderately-priced hotel• Amenities include two restaurants, pool, spa, café and parking• Four levels of subterranean parking
Wave Resort (City of Dana Point)	<ul style="list-style-type: none">• New development• 57 new rooms with a 52-unit low-cost hostel on-site• Amenities include restaurant, visitor center and parking• Two levels of subterranean parking

Here, the Commission and Staff Report have no such factual basis for an infeasibility finding. The only supposed foundation for the City's finding is the applicant's unsubstantiated claims that "high construction and operation costs as well as a complex rate-setting algorithm makes it infeasible to designate some of the new rooms as lower cost."7 The City further asserts it is impossible to administer an on-site mitigation condition without an established implementation procedure, which will not be available for several more months. These claims are entirely devoid of a rational foundation.

High Construction Costs Are Not Substantiated to Make Onsite Low-Cost Accommodation Infeasible

The applicant has not provided substantial evidence about the construction costs of this project, or how its construction costs exceed costs in other projects which were able to provide on-site mitigation. Unlike the attached feasibility analysis which calculates cost per square foot and total

⁵ Coastal Commission Appeal Staff Report for Application No. A-5-DPT-18-0046, dated January 22, 2021. Available at: <<https://documents.coastal.ca.gov/reports/2021/2/W12a/W12a-2-2021-report.pdf>>

⁶ Coastal Commission Appeal Staff Report for Application No. A-5-DPT-18-0046, dated January 22, 2021, Exhibit 2, Sheet A.7. Available at: <<https://documents.coastal.ca.gov/reports/2021/2/W12a/W12a-2-2021-exhibits.pdf>>

⁷ Staff Report, p. 12.



construction cost, the Commission and Staff Report lack similar data points upon which to base a judgment.

Furthermore, the three projects identified above as requiring on-site mitigation all have construction substantially more costly than construction of the Project. The Cannons Resort included construction of two new fully-subterranean parking levels and one partially-subterranean level. The Shore Hotel included construction of four new levels of subterranean parking. The Wave Resort included construction of two new levels of subterranean parking. The construction of subterranean parking is immensely expensive, reaching \$34,000 per space.⁸ The Project includes limited subterranean parking of only one level below the Reef Building, minimal grading and shoring and has no substantial geological issues that do not also impact the projects above. Its construction costs per square foot should be substantially lower than comparable hotels which were able to feasibly provide on-site low-cost accommodations.

High Operational Costs Are Not Substantiated to Make Onsite Low-Cost Accommodation Infeasible

The applicant argues that high operational costs preclude on-site mitigation. The applicant for Shore Hotel similarly argued that on-site accommodations were infeasible,⁹ yet the Commission ruled that they be provided, and the hotel continues to operate under these conditions. Similar to the Shore Hotel case, here the Applicant is similarly replacing affordable accommodations with luxury accommodations, and they propose to add rooms. The same standard should apply.

The “Algorithm” Is Vague And Not Substantial Evidence

Far from substantial evidence, the applicant’s vague references to an algorithm constitute no evidence at all supporting an infeasibility finding. It should be no surprise that a modern hotel has dynamic rates that change in response to demand, availability, season, room type and other factors. But a hotel’s use of algorithms to maximize RevPAR has no logical connection to the provision of on-site low-cost accommodations. There is no evidence in the record explaining what the algorithm is, whether it is prepared in-house or by professional consultants, why it would be impossible to amend the algorithm, or why other hotels are able to provide on-site low-cost accommodations while presumably still using industry-standard pricing algorithms. The City of Laguna Beach has extensive experience processing hotel approvals pursuant to the Coastal Act and has access to staff as well as private consultants to demystify pricing policies. Rather than make a good-faith effort to meet its obligations under the Coastal Act, the City is justifying in-lieu fees by failing to meaningfully investigate how to require on-site affordable accommodations.

Applicant’s Claims Do Not Analytically Support a Finding of Infeasibility

There is an intrinsic tension between Coastal Act Section 30213 and a developer’s desire to maximize private profit. Coastal Act mitigation requiring in-lieu fees or on-site mitigation inevitably reduces a development’s profit margin by reducing revenue per available room (RevPAR). Coastal Act Section 30213 prioritizes public access over a developer’s private profit by requiring on-site

⁸ Shoup, Donald, *The High Cost of Free Parking*, p. 90. Available at:
<<http://shoup.bol.ucla.edu/HighCost.pdf>>

⁹ Coastal Commission Staff Report for Application No. 5-18-0872, dated October 31, 2019, p. 31. Available at:
<[https:// documents.coastal.ca.gov/reports/2019/11/W17a/W17a-11-2019-report.pdf](https://documents.coastal.ca.gov/reports/2019/11/W17a/W17a-11-2019-report.pdf)>

mitigation where feasible. Fundamentally, a finding of feasibility requires highly fact-specific analysis, such as a financial pro forma, demonstrating the financial viability of the project with and without on-site mitigation. Again, it is inherently more feasible to provide on-site affordable accommodations when existing affordable accommodations are being turned into luxury accommodations, as is the case with the Project.

Likewise, the applicant's assertion that its special algorithm precludes inclusion of low-cost accommodations must articulate the extent of lost revenues compared to increased revenues. The applicant must further articulate why their algorithm cannot be updated to allow for low-cost rooms. In a world of rapidly advancing artificial intelligence and mass data analysis, it defies logic to assert that the applicant's algorithm cannot reserve certain rooms for low-cost accommodations.

The Site Is Very Suitable for On-Site Affordable Accommodation

The Project is a perfect example of when requiring on-site affordable accommodation would be feasible. Until recently, the accommodations at Pacific Edge included relatively affordable rates within reach for working families. The Project increases the total room count by twenty-five percent. Moreover, at the time the Project application was submitted in 2018, the applicant should have been aware that the Commission was beginning to require on-site affordable accommodations to mitigate public access impacts. The Project, therefore, is distinguishable from other developments which do not increase room count, which have historically been luxury hotels or which submitted applications and assembled environmental and community benefits packages at a time when the Coastal Commission was not requiring on-site affordable accommodations.

Therefore, there is a low degree of factual and legal support for the City's action in approving the Project and finding it consistent with the Coastal Act.

2. City's Decision Approves Significant New Hotel Development and Renovation in a Highly-Desirable Location Adjacent to the Beach

The second factor is the extent and scope of the development as approved or denied by the local government. Here, the City approved new construction of 25 high-cost rooms, a new pool, a new pool bar, new parking areas and renovations of all existing rooms and facilities. The Project is located adjacent to the beach and increases room costs in a coastal community where low-cost accommodations are rapidly being lost. The Project involves substantial construction in an important public recreation location.

Therefore, the Project is significant in scope and extent supporting a finding of substantial issue.

3. City's Decision Relates To Core Coastal Act Policies for Public Access

The third factor is the significance of the coastal resources affected by the decision. "Public access to the coast is *one of the most important policies* embodied in the Coastal Act, and the provision of lower-cost accommodations and recreational facilities is *integral* to protecting public access."¹⁰

¹⁰ Coastal Commission Staff Report on Appeal of Application No. A-5-DPT-18-0046, dated August 22, 2019, at p. 14. Available at: <<https://documents.coastal.ca.gov/reports/2019/9/W25c/W25c-9-2019-report.pdf>>



4. City's Decision Sets a Destructive Precedent Permitting Off-Site Mitigation Based on Trivial and Unverifiable Claims by Applicants

The fourth factor is the precedential value of the local government's decision for future interpretations of the public access policies of the Coastal Act. As noted above, the Coastal Commission in recent years has recognized the limitations of in-lieu fees, determined that on-site mitigation is superior and therefore incorporated on-site mitigation into several recent approvals that involve new development and displace existing affordable accommodations. At a moment when the Coastal Commission is increasingly assertive in enforcing the provisions of Coastal Act Section 30213, the Project would reverse this progress and establish a destructive precedent allowing in-lieu fees for off-site mitigation in virtually any case. If provision of on-site affordable accommodations is infeasible for *this* Project, it will be infeasible for almost any future hotel with similar circumstances.

Therefore, the Project sets a destructive precedent severely undermining public access policies by rendering it nearly impossible to require on-site mitigation for similar projects.

5. City's Decision Implicates Matters of Statewide Significance Allowing the Outsourcing of Coastal Act Compliance to Adjacent Jurisdictions

The final factor is whether the appeal raises issues of regional or statewide significance. "Public access, including the provision of lower-cost accommodations near the coast, and development that may not address geologic hazards on coastal bluffs, are significant issues of regional and statewide concern in coastal areas. In particular, the rise of moderate and/or higher cost overnight accommodation along the coast limits the type of access available to all members of the public who wish to enjoy the coast."¹¹

As this Project is ideally fitted to provide affordable on-site accommodations, approval of the Project with in-lieu fees would undermine the foundation of Coastal Act Section 30213, which is to prioritize on-site low-cost accommodations. The City and other high-cost, high-growth markets will ultimately provide a rapidly diminishing stock of low-cost accommodations. The low-cost accommodations will be outsourced to adjacent jurisdictions which are overall less desirable, less accessible and have access to fewer coastal amenities.

II. The Appeal Raises a Substantial Issue Whether Existing Rooms are Low Cost

The Project must mitigate not only the 25 new high-cost rooms, but also the remainder of rooms which have changed from low-cost to moderate- or high-cost accommodations due to the cumulative impact of successive renovations. Coastal Act Section 30610(b) requires a Coastal Development Permit for any improvement to a structure which would adversely affect public access.

Here, the rooms in Pacific Edge were historically offered as low-cost accommodations. A 2012 survey of hotels in the City showed rates as low as \$75 a night at the Pacific Edge, certainly an

¹¹ Id.



accessible rate for working families.¹² This rate is far below the threshold for rooms to be considered low-cost accommodations, even after accounting for annual CPI adjustments, which is approximately \$129.¹³ The applicant and City have increased the price of rooms through successive improvements to such an extent that rates have increased to between \$170 and \$200 per night – over a 100 percent increase in less than ten years.¹⁴

The Commission should require the applicant to mitigate the loss of all previously-existing low-cost accommodations which were removed from the site in violation of the Coastal Act.

III. Determination that Conditions Prohibit Off-Site Parking Raises a Substantial Issue

The appeal alleged that the Project must be conditioned to prohibit off-site parking in order to maintain consistency with Coastal Act policies protecting existing publicly accessible parking. Currently, Pacific Edge utilizes off-site parking lots which are also usable by the general public to avoid the delays associated with moving tandem-parked vehicles. The Staff Report asserts that two Special Conditions prohibit all off-site parking:

20. Resort employees shall not park on public streets. During work hours, resort employees must park only in those spaces under the control of the Resort, and the Resort shall reserve on-site spaces adequate for all employees driving to work to park on-site.

40. Guest or other vehicles associated with the resort shall be parked only in the assigned facility consistent with the approved valet plan. Vehicles shall not be parked in any street, alley, or other public right-of-way. If the operator is unable to meet the vehicle parking demand and queuing impacts occur within the public right-of-way, additional staff shall be added to handle the demand.

In fact, these conditions do not prohibit off-site parking on privately-owned lots which are also usable by the public. Condition 20 merely prohibits parking on the public streets and the on-site requirement applies only to employees. Condition 40 merely prohibits parking in streets, alleys, and public rights of ways and requires parking consistent with the valet plan.

Crucially, there is no separate document identified as a “valet plan.” Rather, the supposed valet plan appears to be the conceptual connection between the pick-up and drop-off locations identified on the site plan. There is no note, condition or requirement on the site plan, or any other document, prohibiting the applicant from using off-site parking lots for guest vehicles. The Staff Report asserts that the applicant has no intention of using off-site lots, but this is contradicted by the applicant’s demonstrated current use of off-site parking, and it is also entirely unenforceable.

This parking concern may be resolved, as suggested in the appeal, by amending Special Condition 40 to read:

¹² Coastal Commission Staff Report for Major Amendment Request No. 1-12 (LGB-Maj-1-12), October 31, 2013, p. 75. Available at: <<https://documents.coastal.ca.gov/reports/2013/11/F21b-11-2013.pdf>>
¹³ Coastal Commission Staff Report for Application No. A-5-DPT-18-0046, dated January 22, 2021, PDF p. 43. Available at: <<https://documents.coastal.ca.gov/reports/2021/2/W12a/W12a-2-2021-report.pdf>>
¹⁴ Coastal Commission Addendum to Staff Report for Application No. A-5—LGB-14-0034, dated January 7, 2015, at PDF p. 46. Available at: <<https://documents.coastal.ca.gov/reports/2015/1/Th11a-1-2015-a3.pdf>>



40. Guest or other vehicles associated with the resort shall be parked only on-site and in the assigned facility consistent with the approved valet plan. Vehicles shall not be parked in any street, alley, or other public right-of-way. If the operator is unable to meet the vehicle parking demand and queuing impacts occur within the public right-of-way, additional staff shall be added to handle the demand.

IV. Conclusion

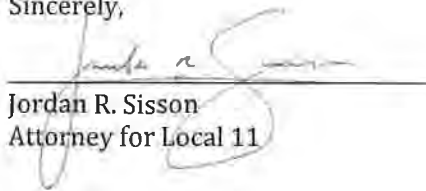
In sum, Local 11 remains seriously concerned with the Project's impacts on working families by making coastal access increasingly out of reach for working families due to rapidly escalating costs of accommodations, the loss of low-cost accommodations and the displacement of publicly accessible parking. While the circumstances surrounding each hotel development are unique, the Pacific Edge remodeling and expansion is the perfect example of a development where on-site affordable accommodations should be required.

At a moment when the Coastal Commission is increasingly assertive in enforcing the provisions of Coastal Act Section 30213, the Project would reverse this progress and establish a destructive precedent allowing in-lieu fees for off-site mitigation in virtually any case. Approval of the Project with off-site mitigation would also establish an extremely low bar for demonstrating infeasibility, allowing the Commission to reject on-site mitigation based merely on a local official parroting an applicant's unsubstantiated claims about algorithms and costs without even an attempt to independently judge the veracity of the applicant's arguments.

Local 11 therefore respectfully requests the Commission find a substantial issue regarding these issues, mandate on-site low-cost accommodations and clearly prohibit all off-site parking.

Thank you for consideration of these comments. We ask that this letter and attachments are placed in the administrative record for the Project.

Sincerely,


Jordan R. Sisson
Attorney for Local 11

Attach: Ex. A



EXHIBIT A

70 10th Street - Boutique Inn
Sales, Price Estimates & Sensitivity Analysis
New Development 2800 sq. ft. - Cost \$500 per sq. ft.

Total Input By Partners as of 10/20/2020		\$3,565,000		\$3,565,000		\$3,565,000
Cost of Construction		\$500		\$500		\$500
- Vertical per S/F	\$ 500.00					
- S/F added	2800					
Actual Cost of Construction		\$1,400,000		\$1,400,000		\$1,400,000
Total Land & Construction		\$4,965,000		\$4,965,000		\$4,965,000
Projected Operating Income 50% vacancy						
Est. Rate for Single Family Per Night		\$ 575.00		\$ 625.00		\$ 675.00
Single Family Rented for 30 nights per month		\$ 17,250.00		\$ 18,750.00		\$ 20,250.00
Estimated Rate Per Night For Rooms		\$ 250.00		\$ 300.00		\$ 350.00
5 Rooms each rented at 30 nights per month		\$ 37,500.00		\$ 45,000.00		\$ 52,500.00
Gross Rental Income per month		\$ 54,750.00		\$ 63,750.00		\$ 72,750.00
Net after 50% vacancy factor		\$ 27,375.00		\$ 31,875.00		\$ 36,375.00
Net after operating cost of 25%		\$ 18,000.00		\$ 20,625.00		\$ 23,250.00
Net 10% discount for green/low income		\$ 12,525.00		\$ 14,250.00		\$ 15,975.00
** Green= no car/low income						
Net After City Bed Tax 12%		\$ 5,955.00		\$ 6,600.00		\$ 7,245.00
Annual Operating Income		\$ 71,460		\$ 79,200		\$ 86,940
\$4MM mortgage at 5% interest, 5 year term	\$200,000 per year					
Estimated Property Taxes based upon \$4,500,000	\$56,250 per year					
Total Mortgage and Tax Estimate Per Year		\$ 256,250.00		\$ 256,250.00		\$ 256,250.00
NET ANNUAL INCOME		\$ (184,790.00)		\$ (177,050.00)		\$ (169,310.00)

California Coastal Commission
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Feasibility Study Submitted by Applicant

Projected Operating Income 25% vacancy					
Est. Rate for Single Family Per Night		\$ 575.00		\$ 625.00	\$ 675.00
Single Family Rented for 30 nights per month		\$ 17,250.00		\$ 18,750.00	\$ 20,250.00
Estimated Rate Per Night For Rooms		\$ 250.00		\$ 300.00	\$ 350.00
5 Rooms each rented at 30 nights per month		\$ 37,500.00		\$ 45,000.00	\$ 52,500.00
Gross Rental Income per month		\$ 54,750.00		\$ 63,750.00	\$ 72,750.00
Net after 25% vacancy factor		\$ 41,062.50		\$ 47,812.50	\$ 54,562.50
Net after operating cost of 25%		\$ 27,375.00		\$ 31,875.00	\$ 36,375.00
Net 10% discount for green/low income		\$ 21,900.00		\$ 25,500.00	\$ 29,100.00
** Green= no car/low income					
Net After City Bed Tax 12%		\$ 15,330.00		\$ 17,850.00	\$ 20,370.00
Annual Operating Income		\$ 183,960		\$ 214,200	\$ 244,440
\$4MM mortgage at 5% interest, 5 year term	\$200,000 per year				
Estimated Property Taxes based upon \$4,500,000	\$56,250 per year				
Total Mortgage and Tax Estimate Per Year		\$ 256,250.00		\$ 256,250.00	\$ 256,250.00
NET ANNUAL INCOME		\$ (72,290.00)		\$ (42,050.00)	\$ (11,810.00)

Projected Operating Income 15% vacancy					
Est. Rate for Single Family Per Night		\$ 575.00		\$ 625.00	\$ 675.00
Single Family Rented for 30 nights per month		\$ 17,250.00		\$ 18,750.00	\$ 20,250.00
Estimated Rate Per Night For Rooms		\$ 250.00		\$ 300.00	\$ 350.00
5 Rooms each rented at 30 nights per month		\$ 37,500.00		\$ 45,000.00	\$ 52,500.00
Gross Rental Income per month		\$ 54,750.00		\$ 63,750.00	\$ 72,750.00
Net after 15% vacancy factor		\$ 46,537.50		\$ 54,187.50	\$ 61,837.50
Net after operating cost of 25%		\$ 32,850.00		\$ 38,250.00	\$ 43,650.00
Net 10% discount for green/low income		\$ 27,375.00		\$ 31,875.00	\$ 36,375.00
** Green= no car/low income					
Net After City Bed Tax 12%		\$ 20,805.00		\$ 24,225.00	\$ 27,645.00
Annual Operating Income		\$ 249,660		\$ 290,700	\$ 331,740
\$4MM mortgage at 5% interest, 5 year term	\$200,000 per year				

Estimated Property Taxes based upon \$4,500,000	\$56,250 per year						
Total Mortgage and Tax Estimate Per Year		\$	256,250.00		\$	256,250.00	\$ 256,250.00
NET ANNUAL INCOME		\$	(6,590.00)		\$	34,450.00	\$ 75,490.00

*The 3 scenarios above are based on projected rents with a 50% vacancy factor
25% vacancy factor and 15% vacancy factor.

**Also, we have included a green/low income discount of 10% for low income visitors and
visitors without cars

Incorrect (from applicant)		Corrected (by CCC staff)	
Bungalow	\$575	Bungalow	\$575
Bungalow 30 days	\$17,250	Bungalow 30 days	\$17,250
4 rooms	\$250	4 rooms	\$250
1 room	\$250	1 room	\$250
5 rooms 30 days	\$37,500	5 rooms 30 days	\$37,500
Gross Income 30 days	\$54,750	Gross Income 30 days	\$54,750
50% vacancy	\$27,375	50% vacancy	\$27,375
operating costs 25% (of 37500)	\$9,375	operating costs 25% (of 54750)	\$13,688
Net after operating costs 25%	\$18,000	Net after operating costs 25%	\$13,688
green/low income costs 10%	\$5,475	green/low income costs 10%	\$5,475
Net after green/low income costs 10%	\$12,525	Net after green/low income costs 10%	\$8,213
City tax 12%	\$6,570	City tax 12%	\$6,570
Net after City tax 12%	\$5,955	Net after City tax 12%	\$1,643
Annual Operating Income	\$71,460	Annual Operating Income	\$19,710
Total Mortgage and Tax Estimate	\$256,250	Total Mortgage and Tax Estimate	\$256,250
NET ANNUAL INCOME	(\$184,790)	NET ANNUAL INCOME	<u>(\$236,540)</u>

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Incorrect (from applicant)		Corrected (by CCC staff)	
Bungalow	\$625	Bungalow	\$625
Bungalow 30 days	\$18,750	Bungalow 30 days	\$18,750
4 rooms	\$300	4 rooms	\$300
1 room	\$300	1 room	\$300
5 rooms 30 days	\$45,000	5 rooms 30 days	\$45,000
Gross Income 30 days	\$63,750	Gross Income 30 days	\$63,750
50% vacancy	\$31,875	50% vacancy	\$31,875
operating costs 25% (of 37500)	\$11,250	operating costs 25%	\$15,938
Net after operating costs 25%	\$20,625	Net after operating costs 25%	\$15,938
green/low income costs 10%	\$6,375	green/low income costs 10%	\$6,375
Net after green/low income costs 10%	\$14,250	Net after green/low income costs 10%	\$9,563
City tax 12%	\$7,650	City tax 12%	\$7,650
Net after City tax 12%	\$6,600	Net after City tax 12%	\$1,913
Annual Operating Income	\$79,200	Annual Operating Income	\$22,950
Total Mortgage and Tax Estimate	\$256,250	Total Mortgage and Tax Estimate	\$256,250
NET ANNUAL INCOME	(\$177,050)	NET ANNUAL INCOME	<u>(\$233,300)</u>

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Exhibit 4
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Incorrect (from applicant)

Corrected (by CCC staff)

Bungalow	\$675	Bungalow	\$675
Bungalow 30 days	\$20,250	Bungalow 30 days	\$20,250
4 rooms	\$350	4 rooms	\$350
1 room	\$350	1 room	\$350
5 rooms 30 days	\$52,500	5 rooms 30 days	\$52,500
Gross Income 30 days	\$72,750	Gross Income 30 days	\$72,750
50% vacancy	\$36,375	50% vacancy	\$36,375
operating costs 25% (of 37500)	\$13,125	operating costs 25%	\$18,188
Net after operating costs 25%	\$23,250	Net after operating costs 25%	\$18,188
green/low income costs 10%	\$7,275	green/low income costs 10%	\$7,275
Net after green/low income costs 10%	\$15,975	Net after green/low income costs 10%	\$10,913
City tax 12%	\$8,730	City tax 12%	\$8,730
Net after City tax 12%	\$7,245	Net after City tax 12%	\$2,183
Annual Operating Income	\$86,940	Annual Operating Income	\$26,190
Total Mortgage and Tax Estimate	\$256,250	Total Mortgage and Tax Estimate	\$256,250
NET ANNUAL INCOME	(\$169,310)	NET ANNUAL INCOME	<u>(\$230,060)</u>

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Exhibit 4
Page 6 of 9

Corrections of Feasibility Study by Staff

Provision of 1-low cost unit at \$129.95, Beach Bungalow at \$575, and 5 units at \$250

Correct Operating Costs - 1 Low Cost		Correct Operating Costs - 1 Low Cost		Correct Operating Costs - 1 Low Cost	
Bungalow	\$575	Bungalow	\$575	Bungalow	\$575
Bungalow 30 days	\$17,250	Bungalow 30 days	\$17,250	Bungalow 30 days	\$17,250
4 rooms	\$250	4 rooms	\$250	4 rooms	\$250
1 room (low-cost)	\$130	1 room (low-cost)	\$130	1 room (low-cost)	\$130
5 rooms 30 days	\$33,895	5 rooms 30 days	\$33,895	5 rooms 30 days	\$33,895
Gross Income 30 days	\$51,145	Gross Income 30 days	\$51,145	Gross Income 30 days	\$51,145
50% vacancy	\$25,572	25% vacancy	\$38,358	15% vacancy	\$43,473
operating costs 25% (of 54750)	\$12,786	operating costs 25% (of 54750)	\$12,786	operating costs 25% (of 54750)	\$12,786
Net after operating costs 25%	\$12,786	Net after operating costs 25%	\$25,572	Net after operating costs 25%	\$30,687
Green/low income costs 10%	\$5,114	Green/low income costs 10%	\$5,114	Green/low income costs 10%	\$5,114
Net after green/low income costs 10%	\$7,672	Net after green/low income costs 10%	\$20,458	Net after green/low income costs 10%	\$25,572
City tax 12%	\$6,137	City tax 12%	\$6,137	City tax 12%	\$6,137
Net after City tax 12%	\$1,534	Net after City tax 12%	\$14,320	Net after City tax 12%	\$19,435
Annual Operating Income	\$18,412	Annual Operating Income	\$171,846	Annual Operating Income	\$233,219
Total Mortgage and Tax Estimate	\$256,250	Total Mortgage and Tax Estimate	\$256,250	Total Mortgage and Tax Estimate	\$256,250
NET ANNUAL INCOME	<u>(\$237,838)</u>	NET ANNUAL INCOME	<u>(\$84,404)</u>	NET ANNUAL INCOME	<u>(\$23,031)</u>

Provision of 1-low cost unit at \$129.95, Beach Bungalow at \$625, and 5 units at \$300

Correct Operating Costs - 1
Low Cost

Bungalow	\$625
Bungalow 30 days	\$18,750
4 rooms	\$300
1 room (low-cost)	\$130
5 rooms 30 days	\$39,895
Gross Income 30 days	\$58,645
50% vacancy	\$29,322
Operating costs 25%	\$14,661
Net after operating costs 25%	\$14,661
Green/low income costs 10%	\$5,864
Net after green/low income costs 10%	\$8,797
City tax 12%	\$7,037
Net after City tax 12%	\$1,759
Annual Operating Income	\$21,112
Total Mortgage and Tax Estimate	\$256,250
NET ANNUAL INCOME	<u>(\$235,138)</u>

Correct Operating Costs - 1
Low Cost

Bungalow	\$625
Bungalow 30 days	\$18,750
4 rooms	\$300
1 room (low-cost)	\$130
5 rooms 30 days	\$39,895
Gross Income 30 days	\$58,645
25% vacancy	\$43,983
Operating costs 25%	\$14,661
Net after operating costs 25%	\$29,322
Green/low income costs 10%	\$5,864
Net after green/low income costs 10%	\$23,458
City tax 12%	\$7,037
Net after City tax 12%	\$16,420
Annual Operating Income	\$197,046
Total Mortgage and Tax Estimate	\$256,250
NET ANNUAL INCOME	<u>(\$59,204)</u>

Correct Operating Costs - 1
Low Cost

Bungalow	\$625
Bungalow 30 days	\$18,750
4 rooms	\$300
1 room (low-cost)	\$130
5 rooms 30 days	\$39,895
Gross Income 30 days	\$58,645
15% vacancy	\$49,848
Operating costs 25%	\$14,661
Net after operating costs 25%	\$35,187
Green/low income costs 10%	\$5,864
Net after green/low income costs 10%	\$29,322
City tax 12%	\$7,037
Net after City tax 12%	\$22,285
Annual Operating Income	\$267,419
Total Mortgage and Tax Estimate	\$256,250
NET ANNUAL INCOME	<u>\$11,169</u>

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Exhibit 4
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Provision of 1-low cost unit at \$129.95, Beach Bungalow at \$675, and 5 units at \$350

Correct Operating Costs - 1 Low Cost		Correct Operating Costs - 1 Low Cost		Correct Operating Costs - 1 Low Cost	
Bungalow	\$675	Bungalow	\$675	Bungalow	\$675
Bungalow 30 days	\$20,250	Bungalow 30 days	\$20,250	Bungalow 30 days	\$20,250
4 rooms	\$350	4 rooms	\$350	4 rooms	\$350
1 room (low-cost)	\$130	1 room (low-cost)	\$130	1 room (low-cost)	\$130
5 rooms 30 days	\$45,895	5 rooms 30 days	\$45,895	5 rooms 30 days	\$45,895
Gross Income 30 days	\$66,145	Gross Income 30 days	\$66,145	Gross Income 30 days	\$66,145
50% vacancy	\$33,072	25% vacancy	\$49,608	15% vacancy	\$56,223
operating costs 25%	\$16,536	operating costs 25%	\$16,536	operating costs 25%	\$16,536
Net after operating costs	\$16,536	Net after operating costs 25%	\$33,072	Net after operating costs 25%	\$39,687
green/low income costs	\$6,614	green/low income costs 10%	\$6,614	green/low income costs 10%	\$6,614
Net after green/low income costs 10%	\$9,922	Net after green/low income costs 10%	\$26,458	Net after green/low income costs 10%	\$33,072
City tax 12%	\$7,937	City tax 12%	\$7,937	City tax 12%	\$7,937
Net after City tax 12%	\$1,984	Net after City tax 12%	\$18,520	Net after City tax 12%	\$25,135
Annual Operating Income	\$23,812	Annual Operating Income	\$222,246	Annual Operating Income	\$301,619
Total Mortgage and Tax Estimate	\$256,250	Total Mortgage and Tax Estimate	\$256,250	Total Mortgage and Tax Estimate	\$256,250
NET ANNUAL INCOME	<u>(\$232,438)</u>	NET ANNUAL INCOME	<u>(\$34,004)</u>	NET ANNUAL INCOME	<u>\$45,369</u>



San Diego County Hotel and Food Service Workers' Union

October 11, 2021

VIA EMAIL:

California Coastal Commission, South Coast District Office

c/o Zach Rehm
301 E. Ocean Blvd., Suite 300
Long Beach, CA 90802
SouthCoast@coastal.ca.gov

RE: IN SUPPORT OF APPEAL OF PACIFIC EDGE HOTEL EXPANSION PROJECT;
APPEAL A-5-LGB-21-0060

On behalf of over 60,000 members of UNITE HERE in California, we urge you to reject the staff recommendation and find substantial issue with the Pacific Edge Hotel Expansion. The appeal presents a substantial issue regarding coastal access and resources. The City of Laguna Beach and the project applicant failed to convincingly demonstrate that it is infeasible to provide affordable rooms onsite. To allow the Pacific Edge to move forward will set a poor precedent for other hotels in California and will harm working people throughout the state who will be denied the opportunity to stay in a hotel in the heart of Laguna Beach.

Working class families deserve access to our state's most precious natural resource, the California coast. Every day, hotel workers welcome visitors to some of our State's most renowned coastal luxury resorts and yet, the very people who make visitors' stays so enjoyable find themselves priced out of staying the night with their families.

Our union has been an essential partner in working with the Coastal Commission to identify optimal locations for on-site affordable accommodations based on the input from hotel workers. The proposed project is a perfect example of when requiring on-site affordable accommodations would be feasible. Until recently, the accommodations at Pacific Edge included relatively affordable rates within reach for working families. The project increases the total room count by twenty-five percent. Moreover, at the time the application for a CDP was submitted, the applicant should have been aware that the Commission was beginning to require on-site affordable accommodations to mitigate public access impacts. The project, therefore, is distinguishable from other developments which do not increase room count, which have historically been luxury hotels or which submitted applications and assembled environmental and community benefits packages at a time when the Coastal Commission was not requiring on-site affordable accommodations.

We urge the Commission to recognize the critical environmental justice issues at stake here. Please find substantial issue with the appeal of the Pacific Edge Hotel Expansion.

Thank you,

Rick Bates
Lead Research and Policy Analyst

Affiliated with...

AFL-CIO
San Diego and Imperial Counties Labor Council
State Federation of Labor
State Culinary Alliance
Union Label & Service Trades Council

1940 Fifth Avenue, Ste. 200, San Diego, CA 92101 • (619) 516-3737 • Fax (619) 516-1383

Local30@unitehere.org

Together, We Will Make a Difference





UNITE HERE Local 483

702 Forest Avenue, Suite C
Pacific Grove, CA 93950

(831) 375-2246
Fax: (831) 375-0459
E Mail: Local483@unitehere.org

October 8, 2021

VIA EMAIL:

California Coastal Commission, South Coast District Office

c/o Zach Rehm
301 E. Ocean Blvd., Suite 300
Long Beach, CA 90802
SouthCoast@coastal.ca.gov

RE: IN SUPPORT OF APPEAL OF PACIFIC EDGE HOTEL EXPANSION PROJECT;
APPEAL A-5-LGB-21-0060

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Our union has been an essential partner in working with the Coastal Commission to identify optimal locations for on-site affordable accommodations based on the input from hotel workers. The proposed project is a perfect example of when requiring on-site affordable accommodations would be feasible. Until recently, the accommodations at Pacific Edge included relatively affordable rates within reach for working families. The project increases the total room count by twenty-five percent. Moreover, at the time the application for a CDP was submitted, the applicant should have been aware that the Commission was beginning to require on-site affordable accommodations to mitigate public access impacts. The project, therefore, is distinguishable from other developments which do not increase room count, which have historically been luxury hotels or which submitted applications and assembled

environmental and community benefits packages at a time when the Coastal Commission was not requiring on-site affordable accommodations.
We urge the Commission to recognize the critical environmental justice issues at stake here. Please find substantial issue with the appeal of the Pacific Edge Hotel Expansion.
Thank you,

UNITE HERE Local 483

A handwritten signature in black ink, appearing to read "Hector H. Azpilcueta", written over a horizontal line.

HECTOR H. AZPILCUETA
Secretary Treasurer

UNITE HERE! LOCAL 2850

East and North Bay's Union for hotel, foodservice, and gaming workers

October 11, 2021

VIA EMAIL:

California Coastal Commission, South Coast District Office

c/o Zach Rehm
301 E. Ocean Blvd., Suite 300
Long Beach, CA 90802
SouthCoast@coastal.ca.gov

RE: IN SUPPORT OF APPEAL OF PACIFIC EDGE HOTEL EXPANSION PROJECT;
APPEAL A-5-LGB-21-0060

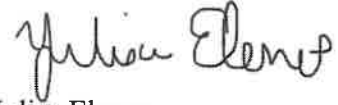
UNITE HERE Local 2850 represents thousands of hospitality workers in Sonoma, Marin, Contra Costa, and Alameda Counties, among over 60,000 UNITE HERE members in California. We are writing to urge you to reject the staff recommendation and find substantial issue with the Pacific Edge Hotel Expansion. The appeal presents a substantial issue regarding coastal access and resources. The City of Laguna Beach and the project applicant failed to convincingly demonstrate that it is infeasible to provide affordable rooms onsite. To allow the Pacific Edge to move forward will set a poor precedent for other hotels in California and will harm working people throughout the state who will be denied the opportunity to stay in a hotel in the heart of Laguna Beach.

Working class families deserve access to our state's most precious natural resource, the California coast. Every day, hotel workers welcome visitors to some of our State's most renowned coastal luxury resorts and yet, the very people who make visitors' stays so enjoyable find themselves priced out of staying the night with their families.

Our union has been an essential partner in working with the Coastal Commission to identify optimal locations for on-site affordable accommodations based on the input from hotel workers. The proposed project is a perfect example of when requiring on-site affordable accommodations would be feasible. Until recently, the accommodations at Pacific Edge included relatively affordable rates within reach for working families. The project increases the total room count by twenty-five percent. Moreover, at the time the application for a CDP was submitted, the applicant should have been aware that the Commission was beginning to require on-site affordable accommodations to mitigate public access impacts. The project, therefore, is distinguishable from other developments which do not increase room count, which have historically been luxury hotels or which submitted applications and assembled environmental and community benefits packages at a time when the Coastal Commission was not requiring on-site affordable accommodations.

We urge the Commission to recognize the critical environmental justice issues at stake here. Please find substantial issue with the appeal of the Pacific Edge Hotel Expansion.

Thank you,

A handwritten signature in dark ink, appearing to read "Yulisa Elenes". The script is fluid and cursive, with the first name "Yulisa" written in a larger, more prominent style than the last name "Elenes".

Yulisa Elenes
President



October 11, 2021

California Coastal Commission, South Coast District Office
c/o Zach Rehm
301 E. Ocean Blvd., Suite 300
Long Beach, CA 90802
SouthCoast@coastal.ca.gov

RE: IN SUPPORT OF APPEAL OF PACIFIC EDGE HOTEL EXPANSION PROJECT;
APPEAL A-5-LGB-21-0060

We urge you to reject the staff recommendation and find substantial issue with the Pacific Edge Hotel Expansion. The appeal presents a substantial issue regarding coastal access and resources. The City of Laguna Beach and the hotel failed to convincingly demonstrate that it is infeasible to provide affordable rooms onsite. To allow the Pacific Edge to move forward will set a poor precedent for other hotels in California and will harm working people throughout the state who will be denied the opportunity to stay in a hotel in the heart of Laguna Beach.

The Pacific Edge historically had affordable rooms, but over the years, the hotel has become more and more expensive. Further, since the project lacks adequate parking, it will contribute to the difficulties of Californians to visit Laguna Beach. Without affordable overnight accommodations and adequate parking, coastal access will only be for those wealthy enough to live nearby or bear the high cost of staying overnight. Our coast shouldn't be only a playground for the rich, and neither should Laguna Beach.

Not everyone sees it that way. During the hearing for the Pacific Edge at the Laguna Beach City Council, Ashley Johnson, CEO of Visit Laguna, spoke in support of the project because she explained it would bring "quality guests" to Laguna Beach. She emphasized the importance of "attract[ing] the right type of clientele, the guests we want to see in town, and those who have discretionary income to support our local businesses."¹ From the perspective of those marketing Laguna Beach as a destination, it isn't desirable to have affordable rooms onsite.

However, the Project is a perfect example of when requiring on-site affordable accommodations would be feasible. Until recently, the accommodations at Pacific Edge included relatively affordable rates within reach for working families. The Project increases the total room count by twenty-five percent. Moreover, at the time the application for a CDP was submitted, the applicant should have been aware that the Commission was beginning to require on-site affordable accommodations to mitigate public access impacts. The Project, therefore, is distinguishable from other developments which do not increase room count, which have historically been luxury hotels, or which submitted applications and assembled environmental and community benefits packages at a time when the Coastal Commission was not requiring on-site affordable accommodations.

We urge the Commission to recognize the critical environmental justice issues at stake here. Please find substantial issue with the appeal of the Pacific Edge Hotel Expansion.

Sincerely,

Max Bell Alper
Executive Director
North Bay Jobs with Justice

¹ https://lagunabeachcity.granicus.com/player/clip/1443?view_id=3&redirect=true, 5:47:32-5:48:20.

10/11/21, 4:49 PM

Mail - Rehm, Zach@Coastal - Outlook

Appeal No. A-5-LGB-21-0060 - Highgate Hotel, Laguna Beach

PENNY ELIA <greenp1@cox.net>

Fri 10/8/2021 3:44 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

Good afternoon, Zach -

I am currently out of town without access to proper technology, so please forgive my last minute submission via email.

Having stayed at this property several times as a newly wed back in 1976, I remember the "good old days" of Laguna. Those days are long gone now that big money is the only thing that matters and that's the focus of my brief comment.

It is my hope that staff and the Commissioners will give another hard look at this appeal and dig a bit deeper on some of the issues the appellant touched on since the City of Laguna Beach continues to work with the same cast of characters year after year, decade after decade, in an effort to turn what used to be a quaint town that welcomed everyone from all walks of life into a wealthy enclave where only "quality" guests are welcome. The Chamber of Commerce doesn't want beachgoers because they don't spend enough money and the visitor bureau doesn't want anything but "quality" clientele given some of their most recent public comments. Quality = money.

As we all know, this flies in the face of the Coastal Commission's EJ Policy. New projects should have the EJ Policy baked in and not sprinkled on, but once again, this project seems to fail on many levels and simply doesn't provide the much needed affordable accommodations Laguna Beach is lacking. Well, not actually lacking - affordable accommodations don't exist at all any longer.

While I appreciate the donation to the Crystal Cove project, Laguna Beach continues to lack affordable accommodations where its needed most. We lost \$2.5 million of staff recommended in lieu fees when The Ranch was redeveloped back in 2015, along with what used to be wonderful, affordable family accommodations in beautiful Aliso Canyon adjacent to Aliso Beach. It seems every time there's a redevelopment or "remodel" project in Laguna Beach we lose affordable accommodations, and interestingly enough, it's usually all the same people pushing these projects forward. It's all rather predictable...unfortunately.

Once again, I urge you to take another look at this project for EJ Policy compliance given that the appeal does focus on fair and equitable affordability.

Thank you for considering these comments.

Best -

Penny Elia

10/11/21, 4:49 PM

Mail - Rehm, Zach@Coastal - Outlook

Find Substantial Issue! Protect Lower Cost Overnight Access. Appeal No. A-5-LGB-21-0060 (Highgate Hotel, Laguna Beach)

Sandy Smith <smiths7573@ymail.com>
Sat 10/9/2021 3:36 PM
To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please reject the staff recommendation and find substantial issue with the Pacific Edge Expansion. Working people are losing affordable access to the coast all over California as developers upscale their properties.

The Project is a perfect example of when requiring on-site affordable accommodations would be feasible to provide onsite. Until recently, the accommodations at Pacific Edge included relatively affordable rates within reach for working families. The Project increases the total room count by twenty-five percent. Moreover, at the time the application for a CDP was submitted, the applicant should have been aware that the Commission was beginning to require on-site affordable accommodations to mitigate public access impacts. The Project, therefore, is distinguishable from other developments which do not increase room count, which have historically been luxury hotels, or which submitted applications and assembled environmental and community benefits packages at a time when the Coastal Commission was not requiring on-site affordable accommodations.

Thank you,

Sandy Smith
smiths7573@ymail.com
387 Cypress Drive #5
Laguna Beach, California 92651

10/11/21, 4:40 PM

Mail - Rehm, Zach@Coastal - Outlook

Appeal No. A-5-LGB-21-0060 (Highgate Hotel, Laguna Beach): Stand up for the Coastal Act and find SI

Annie Wild <ukannie@cox.net>

Sun 10/10/2021 12:59 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please reject the staff recommendation and find substantial issue with the Pacific Edge Expansion. Unfortunately, over the past decades, it appears that the City of Laguna Beach and the Coastal Commission failed to maximally uphold the essential goals of the Coastal Act to maximize coastal access and protect the coast. The Pacific Edge project is clear example of this. The Pacific Edge historically had affordable rooms, but over the years, the hotel has become more and more expensive. Further, since the project lacks adequate parking, it will contribute to the difficulties of Californians to visit Laguna Beach. Without affordable overnight accommodations and adequate parking, coastal access will only be for those wealthy enough to live nearby or bear the high cost of staying overnight. Our coast shouldn't be only a playground for the rich, and neither should Laguna Beach.

We have an income property on Legion Street in Laguna Beach with just 2 tenants, limited parking and the street has no meters and no local resident permit system. WE ARE 2 blocks to downtown and the beach AND JUST DOWN BELOW THE HIGH SCHOOL. WE CAN NEVER EVER PARK OUTSIDE OUR PROPERTY AND SOMETIMES HAVE TO PARK ON OTHER STREETS 1/4 MILE AWAY DURING THE DAY AND EVENING. ITS A NIGHTMARE!!!! WE AS LOCAL RESIDENTS DONT HAVE ENOUGH PARKING YET THE CITY OK'd THE ENLARGEMENT OF THIS HOTEL WITHOUT PROVIDING EXTRA PARKING SPACES TO ACCOMODATE THE EXTRA NUMBER OF CARS!! THIS IS OUTRAGEOUS AND TOTALLY BIASED TOWARDS THE LOCAL BUSINESS RATHER THAN THE RESIDENTS OF THE CITY!! Money makes the world go around!!! SCREW THE PEOPLE THAT ACTUALLY LIVE HERE ON A DAILY BASIS AND PAY OUR PROPERTY TAXES!! This approval MUST BE OVERTURNED BY THE COASTAL COMMISSION!! PARKING AND CONGESTION HAS GOT TO THE POINT WHERE THE DOWNTOWN AREA TRAFFIC GRINDS TO A HALT IN THE SUMMER MONTHS AND OVER THE VARIOUS HOLIDAYS. NO NO NO ON THIS HOTEL PROJECT!!!!!! Please please OVERTURN THE CITY's APPROVAL.

10/11/21, 4:40 PM

Mail - Rehm, Zach@Coastal - Outlook

Thank you,
ANNIE WILD & TOBY SCHOOLMAN.

Annie Wild
ukannie@cox.net
518 Legion Street
Laguna Beach, California 92651

10/11/21, 4:25 PM

Mail - Rehm, Zach@Coastal - Outlook

Appeal No. A-5-LGB-21-0060 (Highgate Hotel, Laguna Beach): Find Substantial Issue! Not Enough Parking

Nazish Mir <info@email.actionnetwork.org>

Sun 10/10/2021 11:17 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Dear Coastal Commission:

Please reject the staff recommendation and find substantial issue with the Pacific Edge Expansion. The proposed expansion will add undue burden in an already over-crowded area. Parking has not been accommodated for and will add to the current parking and traffic stress, which already has a negative impact on my neighborhood.

At the Planning Commission, the staff report noted that "Straight application of the parking requirements without allowed reductions or parking credits would necessitate 281 off-street parking spaces." But instead of providing 281 spaces, the staff is saying they can continue to have only 220, even as they are going to add 25 MORE hotel rooms and 77 MORE restaurant seats. Even without the increase, the hotel has used off-site parking lots to accommodate valet service at the hotel. Please do not allow this expansion. Please vote to find substantial issue on the Pacific Edge appeal.

Thank you,
Ms. Nazish Mir

Nazish Mir
nazishdc@aol.com
376 Loma Ter
Laguna Beach, California 92651

10/11/21, 4:22 PM

Mail - Rehm, Zach@Coastal - Outlook

Neighbors of the Pacific Edge urge you to find substantial issue on Appeal No. A-5-LGB-21-0060 (Highgate Hotel, Laguna Beach)

Jessica Yadegar <info@email.actionnetwork.org>

Mon 10/11/2021 2:04 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

As neighbors of the Pacific Edge, we know what the Pacific Edge Hotel is like and we urge you to please reject the staff recommendation and find substantial issue with the Pacific Edge Expansion.

Pacific Edge Hotel's proposed expansion proposes 25 new hotel rooms and 77 new seats in the restaurants with NO NEW parking spaces and NO affordable accommodations on-site.

Even without the increased number of rooms, the hotel has used off-site parking lots to accommodate valet service at the hotel. How is this not going to be worse when the hotel increases its guest rooms and restaurant seats?

The Coastal Commission should not allow this expansion. Please vote to find substantial issue on the Pacific Edge appeal.

Thank you,

Jessica Yadegar
jessica.yadegar@gmail.com
609 Sleepy Hollow Lane, Apt 3
Laguna Beach , California 92651

10/11/21, 4:21 PM

Mail - Rehm, Zach@Coastal - Outlook

We need affordable rooms in Laguna Beach

Blanca Duran <info@email.actionnetwork.org>

Mon 10/11/2021 2:11 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please reject the staff recommendation and find substantial issue with the Pacific Edge Expansion. This hotel used to have rooms for as low as \$79 a night. As a hotel worker, that's something my family could potentially have afforded. But now the rates are going up and up. It's getting harder and harder for families like mine to visit the coast. Please, uphold the Coastal Act and require this project to provide affordable rooms on site.

Thank you,

Blanca Duran
mmbrsuhl11@gmail.com
316 E Pomona St,
Santa Ana, CA , California 92707

10/11/21, 4:20 PM

Mail - Rehm, Zach@Coastal - Outlook

Appeal No. A-5-LGB-21-0060 (Highgate Hotel, Laguna Beach): Stand up for the Coastal Act and find SI

Arvind Srinivasan <info@email.actionnetwork.org>

Mon 10/11/2021 2:18 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please reject the staff recommendation and find substantial issue with the Pacific Edge Expansion. Unfortunately, over the past decades, it appears that the City of Laguna Beach and the Coastal Commission failed to maximally uphold the essential goals of the Coastal Act to maximize coastal access and protect the coast. The Pacific Edge project is clear example of this. The Pacific Edge historically had affordable rooms, but over the years, the hotel has become more and more expensive. Further, since the project lacks adequate parking, it will contribute to the difficulties of Californians to visit Laguna Beach. Without affordable overnight accommodations and adequate parking, coastal access will only be for those wealthy enough to live nearby or bear the high cost of staying overnight. Our coast shouldn't be only a playground for the rich, and neither should Laguna Beach.

Thank you,

Arvind Srinivasan
ein25@yahoo.com
516 reed street
Laguna beach, California 92651

10/11/21, 4:21 PM

Mail - Rehm, Zach@Coastal - Outlook

Hotel workers say grant appeal no. A-5-LGB-21-0060 (Highgate Hotel)

Concepcion Fuentes <info@email.actionnetwork.org>

Mon 10/11/2021 2:18 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

I am a hotel worker and I urge you to grant this appeal. Please oppose this hotel! Instead of providing 281 spaces, the staff is saying they can continue to have only 220, even as they are going to add more hotel rooms. If a project has insufficient parking and workers and guests will have to take up parking meant for visitors. That means visitors will struggle to make it to the beach. That isn't right. Please don't let this hotel move forward without clear rules to ensure there is enough parking for visitors to Laguna Beach.

Thank you,

Concepcion Fuentes
mmbrsuhl11@gmail.com
315 S Newhope St, Apt 212,
Santa Ana, CA , California 92704



10/11/21, 4:20 PM

Mail - Rehm, Zach@Coastal - Outlook

Find Substantial Issue! Protect Lower Cost Overnight Access at the Highgate Hotel

Elena Ortega <info@email.actionnetwork.org>

Mon 10/11/2021 2:23 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please reject the staff recommendation and find substantial issue with the Pacific Edge Expansion. Hotel workers like me work hard to make Orange County a place people come to visit, but beautiful beaches and coastal bluffs are a big part of what makes me love it and makes it so exciting for others to come there, too. The Coastal Act goals of protecting affordable coastal access and our natural resources are very important to me and my family. The City should require this developer to provide affordable rooms at the hotel, not pay for a rooms elsewhere. Otherwise, this project should be rejected.

Thank you.

Elena Ortega
mmbrsuhl11@gmail.com
1230 E Borchard Ave Apt A1,
Santa Ana CA , California 92707

10/11/21, 5:33 PM

Mail - Rehm, Zach@Coastal - Outlook

Find Substantial Issue! Protect Lower Cost Overnight Access. Appeal No. A-5-LGB-21-0060 (Highgate Hotel, Laguna Beach)

Douglas Garnhart <doug.garnhart@dlgarnhart.com>

Mon 10/11/2021 2:34 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please reject the staff recommendation and find substantial issue with the Pacific Edge Expansion.

I have lived here now for eight years; the management and employees of pacific edge are aggressive and threatening. The parking on Sleepy Hollow is nonexistent. Valet blocks the street every single day. They are doing nothing to mitigate this situation, even though I have tried several times to speak with management about how to be good neighbors.

On several occasions pacific edge has taken over the beach in front of my building and at one point I was threatened with physical violence in front of a police officer (out of uniform) who will attest to this. They tried to get the lifeguard and two supervisors to kick us off the beach claiming Pacific edge had exclusive rights to all of the sand along Sleepy Hollow.

Working people are losing affordable access to the coast all over California as developers upscale their properties.

The Project is a perfect example of when requiring on-site affordable accommodations would be feasible to provide onsite. Until recently, the accommodations at Pacific Edge included relatively affordable rates within reach for working families. The Project increases the total room count by twenty-five percent. Moreover, at the time the application for a CDP was submitted, the applicant should have been aware that the Commission was beginning to require on-site affordable accommodations to mitigate public access impacts. The Project, therefore, is distinguishable from other developments which do not increase room count, which have historically been luxury hotels, or which submitted applications and assembled environmental and community benefits packages at a time when the Coastal Commission was not requiring on-site affordable accommodations.

Date: September 15, 2021

To: California Coastal Commission

Attention: Zach Rehm, District Supervisor

Subject: Appeal No. A-5-LGB-21-0060 (HCI Laguna Owner LP) Pacific Edge Hotel

Dear Mr. Rehm:

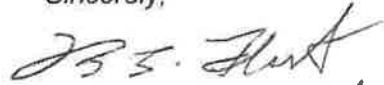
My name is Russ Fluter and I own the commercial property at 627 S. Coast Highway, also oceanfront, adjacent to but north of the Pacific Edge Hotel.

I have owned my property for the last 20 years and support the renovation efforts at the Pacific Edge Hotel as the property is in dire need of work and I believe this owner is committed to doing what's long been necessary to restore and enhance the property.

The remodel of this property will be a positive addition to the neighborhood and a benefit to the City, the public and the Coastal Zone.

The appeal is an unnecessary delay tactic on the part of the Union and thus I urge you to find no merit and deny their appeal.

Sincerely,



Russell Fluter

cell 949 466 2037

Date: September 15, 2021

To: California Coastal Commission

Attention: Zach Rehm, District Supervisor

Subject: Appeal No. A-5-LGB-21-0060 (HCI Laguna Owner LP) Pacific Edge Hotel

Dear Mr. Rehm:

My name is Don Zamborelli and I own and reside on the commercial property at 640 S. Coast Highway, directly across the street from the Pacific Edge Hotel.

I have participated in the approval process for the last 3 years, support their renovation efforts and believe the remodel of this property will be a positive addition and benefit to the City, the public and the Coastal Zone.

I believe the appeal is self-serving in that the Union has only one thing in mind, and that is to Unionize the hotel's employees. Their arguments included in their appeal are baseless and you should not hold up the Pacific Edge approval and delay the remodel of this hotel any longer.

I urge you to find no merit and thus deny their appeal.

Thanks for your time and effort on the project.

Sincerely,

Don Zamborelli.

10/11/21, 5:34 PM

Mail - Rehm, Zach@Coastal - Outlook

Pacific Edge

Ray Fidel <rayfidel1@gmail.com>

Tue 9/14/2021 6:27 AM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

Dear Mr. Rehm,

My name is Ray Fidel, my wife Kathi and I live at 671 Sleepy Hollow Lane, the oceanfront property to the immediate south of the Pacific Edge Hotel. Our residence will be directly impacted with the proposed plans of remodel in that the underground parking garage and pool are directly adjacent to our home.

I have been in contact with the applicants over the past two years throughout the design development process. I have voiced my concerns over noise from the pool that would impact my home and pushed for a solution to mitigate. The applicant hired a noise consultant and has provided sufficient information to assuage my concerns. I request a "sound-wall fence" and the applicant agreed to install.

I am now able to support the project as designed and appreciate the applicant working with us during this long process.

Based on the above, the motivation for appeal has nothing to do with the merits and project benefits. I urge you to find no Substantial Issue and deny the appeal.

Thank you

Ray Fidel

10/11/21, 4:48 PM

Mail - Rehm, Zach@Coastal - Outlook

Appeal No. A-5-LGB-21-0060 (Highgate Hotel, Laguna Beach): Stand up for the Coastal Act and find SI

Jason Vogel <info@email.actionnetwork.org>

Sat 10/9/2021 11:28 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please ACCEPT the staff recommendation and find TO APPROVE the Pacific Edge Expansion.
The City of Laguna Beach and the Coastal Commission MEET the essential goals of the Coastal
Act to maximize coastal access and protect the coast.

Thank you,
Jason Vogel

Jason Vogel
jagovo@me.com
274 Diamond St
Laguna Beach, California 92651

10/11/21, 4:46 PM

Mail - Rehm, Zach@Coastal - Outlook

Support Pacific Edge!

PAULA A HORNBUCKLE <mgmlvlioness@msn.com>
Sun 10/10/2021 11:21 AM
To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please support Laguna Beach staff recommendations to move forward to update, enhance and beautify Pacific Edge Hotel. Kindly reject this Union’s attempt to organize by using scare tactics geared towards the residents of Laguna Beach.

Thank you,

PAULA A HORNBUCKLE
mgmlvlioness@msn.com
1603 S. Coast Hwy
Laguna Beach, California 92651

10/11/21, 4:43 PM

Mail - Rehm, Zach@Coastal - Outlook

Do NOT Appeal No. A-5-LGB-21-0060 (Highgate Hotel, Laguna Beach): Stand up for the Coastal Act and find SI

Michelle Robbins <mwrobb@cox.net>

Sun 10/10/2021 12:09 PM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please accept the staff recommendation with the Pacific Edge Expansion. Modernizing downtown Laguna is long overdue. This town is full of NIMBY’s who want nothing more than to keep it to themselves in a dilapidated state.

Thank you,
Michelle Robbins

Michelle Robbins
mwrobb@cox.net
9 Vista Del Sol
Laguna Beach, California 92651

10/11/21, 4:25 PM

Mail - Rehm, Zach@Coastal - Outlook

Appeal No. A-5-LGB-21-0060 (Highgate Hotel, Laguna Beach): Stand up for the Coastal Act and find SI

Doug Cortez <DHC@POBOX.COM>

Mon 10/11/2021 6:14 AM

To: Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>

CCC Staffer Zach Rehm,

Please SUPPORT the City of Laguna Beach decision to approve the Pacific Edge Hotel Project Improvements. This project meets all coastal act requirements. REJECT efforts by small activist groups to kill this project that will provide jobs, and protect all coastal environmental assets.

Doug Cortez
dhc@pobox.com
789 Bayview, LB 92651

Doug Cortez
DHC@POBOX.COM
789 BAYVIEW PL
LAGUNA BEACH, California 92651