



Council Agenda Report

To: Mayor Pierson and the Honorable Members of the City Council

Prepared by: Lilly Rudolph, Contract Planner

Reviewed by: Bonnie Blue, Planning Director

Approved by: Reva Feldman, City Manager

Date prepared: July 30, 2020 Meeting date: August 10, 2020

Subject: Hotel Project Development Agreement Public Benefits

RECOMMENDED ACTION: 1) Receive presentation by the owner of 22729 and 22941 Pacific Coast Highway (PCH) regarding public benefits; and 2) Provide direction to staff on the proposed public benefits associated with the hotel project development agreement.

FISCAL IMPACT: There are no significant fiscal impacts associated with the recommended action. There could be a future positive fiscal impact, depending on the nature of public benefits negotiated.

WORK PLAN: This project was not included in the Adopted Work Plan for Fiscal Year 2020-2021.

DISCUSSION: The item before the Council is a follow-up to direction provided as the April 27, 2020 Council meeting for staff to negotiate a development agreement with the property owner of 22729 and 22741 PCH, including a public benefit. In order to make the wisest use of limited staff resources, at this time, staff is requesting direction from the Council regarding the latest public benefit offer from the property owner before continuing review of the application and proceeding to the Planning Commission (Attachment 1).

The property owner for 22729 and 22741 PCH has submitted an application for a hotel project on the subject parcels. The project entitlements involve a coastal development permit, land use and zoning changes, a lot merger and an overlay district with project-specific development standards and uses. Additional square footage over the standard

.15 floor area ratio (FAR) is proposed, and the proposed overlay would increase the FAR for the project site to around 0.53.

The General Plan (Chapter 1, Land Use Element, Section 1.5.0) states:

Commercial development, either new uses or expansions of existing uses, is permitted the maximum development intensity of the site as provided for in the Zoning Ordinance if the proposed development is consistent with the goals, objectives, policies and implementation measures of the General Plan. Development intensities greater than the Zoning Ordinance maximum development intensity may be permitted up to the maximum development intensity bonus of the General Plan only if the proposed project provides public benefits or amenities as specified below.

Public benefits shall include physical improvements dedicated and reserved for public use, including, but not limited to, open space, wetlands, trails and walkways, parks, athletic fields, and civic or public buildings (such as senior centers, youth facilities, city hall, etc.). The public benefit or amenity shall warrant the burdens of the development intensity bonus over the Zoning Ordinance maximum, subject to review and approval by the City.

On April 27, 2020, the Council considered whether to direct staff to negotiate a development agreement with the property owner for the project. A detailed discussion of the development agreement process and purpose can be found in the agenda report for that meeting. According to MMC Section 17.64.040(A), Finding 6 of the required findings for approval of a development agreement specify the Council must find that the information presented by the applicant substantiates, “that in consideration of the rights accruing to the developer under the development agreement, the developer shall provide the city or the community with special benefits which might not otherwise be provided by the developer in the absence of an agreement.”

During the public hearing on April 27, 2020, the property owner presented information pertaining to many of the outcomes expected from the completion of the project, such as costly water system upgrades, transient occupancy tax (TOT) from rental of the 36 hotel rooms, a decrease in traffic generation compared to the existing office building use, beautification of the site, an increase in the amount of overnight accommodations for visitors in the City, among other things. The property owner proposed a public benefit in the form of a cash donation to the City in the amount of \$400,000 upon issuance of building permits.

At the conclusion of the hearing, based on the proposed public benefit of a cash donation of \$400,000, the Council directed the City Attorney and staff to negotiate a development agreement with the property owner with a public benefit informed by the Council

discussion and further with the understanding that the project will undergo robust public hearings after the City is once again holding in-person meetings.¹

On May 8, 2020, Planning staff and the Assistant City Attorney met with the property owner to begin negotiations, including discussion of the Council's direction and comments pertaining to a desire for a greater public benefit. A variety of ideas were discussed, such as additional cash donation that could be used by the City as it chooses, an area on the project site dedicated for use as a visitors center, additional parking, or extra hotel rooms that could be used as low/moderate rate or elder hostel rooms geared toward seniors. The flexibility provided by an overlay district could relax standards to accommodate such proposed features.

On June 16, 2020, the applicant submitted new correspondence (Attachment 2). The letter reiterated the anticipated project outcomes previously referenced. It also described public benefits that would be dedicated as a condition of the Development Agreement, consisting of donations of \$400,000 to the Mighty Underdogs organization and \$200,000 cash to the City as opposed to the \$400,000 previously proposed directly to the City.

On June 30, 2020, Planning staff and the Assistant City Attorney met with the applicant again to discuss the latest public benefit proposal. At the meeting, the property owner introduced revised project plans showing an increase the hotel rooms from 36 to 39 in order to attract an operator and increase the TOT to the City, along with a \$400,000 donation to the Mighty Underdogs organization and \$200,000 in cash to the City. At the conclusion of the meeting, the applicant changed his offer and agreed to consider adding up to \$400,000 to the City in addition to the \$400,000 contribution to the Mighty Underdogs, or a total of \$800,000 cash to the City. At the recommendation by staff, the property owner indicated he would investigate if his potential hotel partners would consider adding two additional smaller rooms that could be used as low/moderate rate or elder hostel rooms.

Since the proposed public benefit offered by the developer differs considerably from the public benefit discussed by the Council on April 27, 2020, this item is being presented back to Council for further consideration.

Latest Information

The property owner continues to revise his proposed public benefit offer. On July 23, 2020, the property owner changed his previous offer again, and submitted revised materials describing the project and public benefit, including a detailed project description, photos of a model to illustrate the finished project, anticipated positive project outcomes and other information (Attachment 1) and has proposed a cash amount of \$400,000 to the City upon

¹ In-person public meetings had been and continue to be suspended due to the COVID-19 pandemic.

receipt of certificate of occupancy when the project is completed and a donation of \$400,000 to the Malibu Boys and Girls Club. The owner also indicated that providing any smaller rooms for lower rate or hostel use was not feasible.

Next Steps

If the Council accepts the most recent public benefit offer, the next step will be to schedule the project for a public hearing before the Planning Commission. In preparation for that meeting, staff will prepare the environmental review under CEQA, an agenda report with analysis and findings pertaining to the complete project entitlements (Draft Development Agreement, General Plan Amendment, Zoning Map and Text Amendments, Local Coastal Program Map and Text Amendments, Coastal Development Permit and Lot Merger).

ATTACHMENTS:

1. July 23, 2020 Project Description prepared by Owner
 - a. Email dated July 23, 2020
2. June 16, 2020 Project Correspondence by Owner

PROJECT DESCRIPTION OF THE HOTEL

An important design requirement of a successful boutique hotel is the number of rooms. The owner has spoken to numerous experienced boutique hotel operators, and they have all stated that the hotel will not be financially successful unless it has a minimum of 35 to 45 rooms. There are economies of scale that explain the hotel operators' and owners' comments. An extreme example is a 10-room hotel; ten rooms cannot pay for a full-time manager, a full kitchen and chef, or the cost of maintenance such as cleaning the pool, paying ongoing maintenance of the wastewater treatment system, or obtaining a valet service. It is noted that a motel on the beach cannot be compared to a hotel that is not on the beach. The four motels in Malibu that are not on the beach were all constructed more than 60 years ago, and they all fail to meet any of Malibu's development standards. Accordingly, a hotel with the amenities that are being proposed requires a minimum of 35 to 45 rooms, and this is an important factor in the size and the design of the hotel. The proposed hotel will have 39 full size rooms.

The proposed hotel will be constructed on two commercially zoned lots; one parcel is located at 22729 Pacific Coast Highway, "PCH," Malibu, and referred to herein as Parcel A; Parcel B is located at 22741 PCH. Parcel A is adjacent to PCH and adjacent to Parcel B on the northerly and westerly property lines of Parcel A. Parcel A is the site of an abandoned gas station, and Parcel B has a commercial building on it. Parcel B is north of Parcel A and rises up 25 to 40 feet higher than Parcel A. This unique hillside topographic feature will result in a six-level hotel. There exists a rooftop deck on the existing building, which will be an important attraction for hotel guests; it will be accessible to all of the guests and will contain tables, umbrellas, trees, a small pool, and an open wet bar and grill, which will be portable and covered with umbrellas. The existing tile deck will be resurfaced with a non-flammable wood (ipe) deck just above the existing tile deck, and except for the umbrellas and trees, the top of the building will look exactly the same as it currently looks from any public viewing location. As the levels of the hotel step up the hill, the roof of the rooms will serve as private decks for the rooms above so that each room will have a private deck that is a minimum of 14 to 15-feet wide and 24+ feet deep. Every room and every deck will have magnificent ocean views, being higher than the level below and stepping back and up following the topography of the hill. The rooftop deck will be available to the hotel guests that have room keys and will not be accessible to the general public or friends of guests with room keys. This restriction is necessary to ensure that there will be sufficient parking spaces onsite to accommodate all restaurant guests, hotel guests, and hotel employees.

The existing commercial building at 22741 Pacific Coast Highway, Parcel B, was fully permitted by the City of Malibu and will be converted to 22 hotel rooms by way of an internal remodel. The building represents 60+% of the total size of the hotel.

ATTACHMENT 1

Received

7/23/2020

Planning Dept.

I.

The hotel project will merge Parcels A and B into a single parcel. Development within Parcel A and B will continue to be referenced to facilitate the description of the proposed hotel project.

SPECIFIC PROJECT DESCRIPTION

I. THE REMODEL OF EXISTING BUILDING ON THE UPPER PARCEL, PARCEL B.

The existing building on the upper parcel is fully permitted by the City of Malibu, and the California Coastal Commission with a valid CDP. The size and height of the building were the results of a compromise with the City over a disagreement concerning whether or not the building had vested building permits.

The building consists of three enclosed levels above the garage level plus the roof deck; each level is higher and located northerly of the level below so each level steps up the hillside. The roof of the level below becomes the deck for the level above.

The conversion of the existing building to 22 guest rooms will require only an internal remodel; the remodel will not require any increase in the approved floor areas as verified by City-stamped APPROVED plans that are compared to the hotel remodel plans shown side-by-side at the same scale on Exhibits E-1, E-2, and E-3 attached to the project plans.

All exterior walls will remain in place except for the opening for 12 new exterior doors on the north side, backside, of the building.

The existing elevator will be extended upward to be consistent with the ADA laws which require that all disabled persons must have access to the rooftop deck and pool area. The additional height of the elevator will have very little visual impact because it is over 200 feet from PCH, and will be partially blocked by the existing southerly roof overhang. This height variance is referenced in the Sea View Hotel Overlay District.

The Los Angeles County Fire Department is also requiring emergency exit stairs from the rooftop deck on the easterly side which will replace an existing stairway.

The new stairs will not extend as far into the east sideyard as the existing stairs.

It is noted that the building was approved by the City as part of a resolution to a vesting claim. Since the City's original approval almost 20 years ago, the definition of what qualifies as a basement has changed in addition to what was counted as usable enclosed floor area.

I.

II. THE NEW CONSTRUCTION ON THE LOWER PARCEL, PARCEL A.

Parcel A, the old Shell Gas station property, is the site of old, dilapidated metal buildings, concrete gas pumping isles covered with large, 20-foot-high metal canopies, an old septic system, and a 10 to 11-foot-high retaining wall 27 feet southerly of the northerly property line. ALL of the existing structures will be demolished, removed, and the lower part of the hotel will be constructed.

A. BASEMENT LEVEL:

- i. Men's and women's spa with six massage rooms, private changing rooms, private bathrooms, shower, sink and locker adjacent to each massage room; the spa will also have a men's steam room and a women's steam room.
- ii. Employee changing rooms, lockers and bathrooms.

TOTAL AREA OF i and ii = 3,476 SF

B. FIRST FLOOR LEVEL:

- i. The hotel driveway entrance is on the ground floor with 31 standard parking places and significant landscaping. The first 24 feet adjacent to PCH will be landscaped except for the access drives. All cars will be valet parked after a guest has checked in to the hotel at the reception desk.
- ii. The first floor area is composed of the uses shown below:

RECEPTION	203.54 SF
BATHROOMS	321.86 SF
BAR AREA	121.00 SF
SERVING AREA	889.5 SF
KITCHEN	307.7 SF
ENTRY AREA	34.7 SF

I.

ELEVATOR 5.5' X 6.5'	35.75 SF
TOTAL GROUND FLOOR ENCLOSED AREA	1,914.1 SF

C. SECOND LEVEL:

- i. 9 Guest rooms with subterranean access hallway. = 4,913 SF
- ii. Private decks adjacent to each guest room with privacy dividers composed of 7-foot-high tempered and frosted glass. The decks will be partially landscaped with colorful, potted plants, grass, and trees. Minimum size of each deck is 14' wide and 24' deep. The decks will serve as a private patio for a quiet and private indoor/outdoor living experience.

D. THIRD LEVEL:

This level is partially over the second level but is not over the first level. No portion of the three levels contains a section that is more than two stories, except the elevator shaft and the entry area to the elevator, which must provide access to all three levels.

The roofs over each guest room will drain at a slope of 1.5% and are not higher than 24 feet, with a flat roof, or 28 feet with a roof that slopes 25%+ as measured from the existing grade or finished grade, whichever is lower.

- i. 8 guest rooms = 3,561.5 SF
- ii. Private decks adjacent to each guest room with privacy dividers composed of 7-foot-high tempered and frosted glass. The decks will be partially landscaped with colorful, potted plants, grass, and trees. Minimum size of each deck is 14' wide and 24' deep.

THE PROPOSED 39-ROOM BOUTIQUE HOTEL

OVERVIEW

The proposed project is a boutique hotel composed of the interior remodel of the large existing commercial building at 22741 PCH and new construction on the old Shell Gas station site at 22729 PCH. The two parcels are adjacent to each other on two sides, with the old Shell Gas station parcel on the lower level and the existing commercial building higher up on the hillside.

The existing commercial building will be remodeled to provide 22 guest rooms and a modified rooftop deck. The old gas station parcel will involve the new construction of an additional 17 guest rooms, a reception area, a small restaurant, and a basement with a spa and employee locker rooms and lounge.

The existing large commercial building was determined to be exempt from CEQA when it was permitted by the City, and the interior remodel of the building will have no negative environmental impacts and should be exempt from CEQA as well. The old Shell Gas station site is 95% covered with concrete and asphalt with no sensitive habitat and was cleared by the Regional Water Quality Control Board as being completely free of any contaminants; additionally, the previously approved Vintage Sports Car Museum building was declared exempt from CEQA by the City several years ago. The proposed new construction on the old Shell Gas station site is clearly an “infill” within a fully-developed visitor-serving commercial district, and therefore is exempt from CEQA consistent with the previous project approved by the City. The proposed boutique hotel will only have positive environmental impacts as described below.

1. Location:

The proposed 39-room hotel is consistent with the character of the neighborhood.

A. The area is the most dynamic and vibrant visitor-serving commercial district in the entire City and is the optimum location for a small boutique hotel.

- (i) McDonald’s is adjacent to the east.
- (ii) The old KFC is on the west and soon there will be another fast food restaurant on the site.
- (iii) Nobu, the Soho House, and the Ryokan motel are immediately across the street.
- (iv) There is a stop light and crosswalk within 215 feet to the east that leads directly to a 10-foot public access to the public easements on Carbon Beach.
- (v) The hotel is within a short walk to 14 nearby restaurants and many historical sites of interest, such as:
 - (1) The 115-year-old Malibu Pier and its many concessions.
 - (2) The famous Surfrider Beach, featured in many motion pictures,
 - (3) The Malibu Lagoon,
 - (4) The Adamson House,
 - (5) Five shopping centers.

2. The project will reduce traffic on PCH.

The elimination of traffic congestion on PCH has always been a major objective of the City. The small boutique hotel is the only project that will actually reduce traffic on PCH. I asked Bob Brager, the previous director of the Public Works Department for the City, “which Traffic Engineer he had the most respect for?”, and I hired that traffic engineer to perform the analysis of the traffic on PCH that will be generated by the hotel versus the traffic generated on PCH by the existing uses of the large office building. The traffic currently being generated by the doctor’s offices, Cure spa, the salon, the gym, and the many business offices in the building is 20% to 40% more traffic than the 39-room hotel will generate. The hotel will therefore be the only project ever approved by the City that actually reduces traffic on PCH.

3. Increased safety on PCH has always been one of Malibu’s top objectives, and the hotel will increase safety on PCH in four major ways.

- A. Reduction in traffic will increase safety.

- B. Every traffic engineer will unequivocally state that the more driveways that provide ingress to and egress from a busy highway, the more accidents will occur. Cars and trucks entering onto and leaving PCH are a substantial source of accidents caused by swerving and drivers driving with poor distance and speed perception. The hotel properties now have two active driveways for ingress and egress onto and from PCH, and that number will be cut in half! The primary access to the hotel will be from the Shell property. The westerly access will be left in place but will be available only to emergency vehicles and possibly large trucks.

- C. All loading and unloading of packages will be done on site. All contracts will state clearly that NO loading and/or unloading of packages for the hotel will occur in the center turn lane of PCH. Trucks parked in the center turn lane while the driver loads a handcart with packages and pushes it across PCH are a source of accidents and congestion.

- D. The 46.5-foot front yard setback will provide enough area so that all construction vehicles will be able to conduct work onsite without blocking a traffic lane on PCH, which causes congestion and accidents.

4. Beautification of the most traveled Scenic Highway in the entire City is a major objective and a substantial benefit to the City, its citizens, and the general public.

PCH is by far the most traveled Scenic Highway in Malibu, transporting 45,000 vehicles daily, and the old Shell Gas station has long been defined as a “visual blight” adjacent to the PCH corridor. The hotel project will completely eliminate the visual blight. The 20’± high old Shell Gas station canopies are 1’ from the PCH right-of-way, and the new hotel will be set back 46.5-feet from PCH; the first 24 feet of the 46.5-foot setback adjacent to PCH will be landscaped with shrubs and specimen trees with the only exception being the access drives.

5. Malibu has always had an objective of, and even been a leader in, reducing pollution.

The hotel will benefit the City because the reduction in traffic, the increase in safety, and the installation of six electric car charging stations for hotel guests and the general public will

reduce pollution.

6. The hotel will reduce congestion on PCH.

The reduction in traffic and increase in safety will automatically help to reduce congestion on PCH.

7. The hotel will provide much needed overnight accommodations:

Malibu is known worldwide for its 27 miles of beautiful beaches, surfing, historic sites, and unique restaurants; however, there is only one hotel in Malibu and five motels, and they were all constructed before Malibu became a City 29 years ago!

A. The 47-room Malibu Beach inn was approved by the County 32 years ago.

B. Five small motels were approved and constructed 50 to 60 years ago.

The reasons the City has not approved any hotels or motels include the lowest FAR in the country, Malibu's parking requirements, the requirement that 40% of the lot must be landscaped and 25% left as open space reduces the usable area of a parcel to 35%, and hotels and motels require very large wastewater treatment facilities. A survey of all the commercial developments within 1000 feet of the proposed hotel shows that they do not satisfy these development standards. It is also noted that hotels must have a minimum of 35 to 45 rooms to be economically viable, and this number of rooms requires a greater FAR. The only hotel in Malibu is the Malibu Beach Inn, and it has a net FAR of 107.6%; it is three stories high and does not meet the City's parking requirements, height requirements, landscaping requirements, or setback requirements. 90% of the commercially-zoned property outside the Civic Center cannot meet the wastewater treatment facilities required for a hotel or motel.

The pressure for overnight accommodations has created a surge of conversions of single homes, apartments, and condominiums into Airbnbs in many of Malibu's quiet residential neighborhoods where these motel and hotel conversions do not have to satisfy Malibu's very restrictive FAR, the parking requirements or any of the commercial standards such as height limits and setbacks, and there is no requirement for 24-hour onsite management to insure that the very short-term guests are considerate of their long-term neighbors. These Airbnbs are clearly a commercial use in residential neighborhoods, and they are destroying the neighborhoods and the value of the homes in the neighborhoods. Many of these Airbnbs have FARs of 60% to 150%.

When you can buy three homes, or a 4-unit apartment, or condominium and turn it into an Airbnb in three to six months, why would any investor bother with all of the requirements, the development standards and limitations, and four years of processing the approvals for a hotel or motel?

THE PROPOSED HOTEL IS THE BEST ALTERNATIVE TO THE ONGOING DESTRUCTION OF RURAL RESIDENTIAL NEIGHBORHOODS BY AIRBNBS, and putting a stop to this destruction has become a major objective of and will be a benefit to the City.

8. The hotel will provide funding for low and moderate overnight accommodations in accord with Malibu's LCP. It is noted that all of the small hotel operators have stated that a boutique hotel must have 35 to 45 guest rooms to be economically viable, and the Sea View Hotel only has 39 rooms, with possibly two additional rooms, so it is simply not possible to provide the low-income guest rooms in the hotel; the five motels in the City are an existing and much more viable source for low and moderate overnight accommodations.
9. The hotel will provide the City with an estimated \$1,100,000 every year in Transient Occupancy Tax ("TOT") plus the revenue from the 400% increase in property taxes.

The revenue from the TOT can be used to pay for property recently purchased by the City, to provide long-promised recreational facilities for its citizens including soccer fields, an aquatic center, solar panels for City Hall, etc. The new revenue will generate approximately 60% of the revenue that may be lost if the Airbnbs in Malibu's quiet residential neighborhoods are eliminated. The two revenue sources will substantially help Malibu accomplish its goals and objectives.

It is important to note that hotels, motels, and Airbnbs are the only commercial use that will provide large sums of money to the City each and every year; while the 115,000 square foot La Paz project provided the City with a one-time \$2.5± million benefit, the Sea View Hotel will provide the City with many more benefits and an estimated \$1,100,000+ per year for the next 50 to 100 years!

10. The hotel will increase water flow and water pressure in water mains and hydrants in Malibu during emergencies which may be caused by wildfires or major earthquakes.

There exist two tanks at the top of Topanga Canyon that each hold 2 million gallons of water. There is a 20" diameter water main extending down from the tanks to a check valve located in the northbound lane of Topanga Canyon Road approximately 600 feet north of PCH. The check valve is in a vault 10 feet below the northbound lane of Topanga Canyon Road. When the check valve is opened, all of the water plus additional pressure is allowed to flow into the 30" water main in PCH that supplies water to all of Malibu. The check valve has not been maintained and cannot be opened. The owner of the hotel is being required to develop a new location for a new check valve where it can be easily maintained, design it, and build it at a cost of \$500,000±. This additional water source during an emergency is a major benefit to the City and its citizens.

11. The hotel is designed to be consistent with the natural topography of the land as required by Malibu's development standards and the LCP. Each level of the hotel steps back and up as it follows the slope of the hillside. The landward portion of each level is "notched" into the hillside, and this reduces the visual impact of the hotel; most of the hotel building is not visible from the PCH right-of-way because the line of sight from PCH is at approximately the same angle as the hillside, so many of the building levels are visually blocked by the lower level as a person views the hotel from the vehicular right-of-way or sidewalk which together represent 100% of the public access corridor; 35% to 40% of the actual size of the hotel cannot be seen from the public corridor.

The levels of the hotel step up the hillside at the same angle as the viewing angle from the PCH corridor, so many of the levels are not visible from PCH.



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Rendering of hotel from the northerly sidewalk.

12. The hotel will provide a place of refuge during an emergency and will reduce its room rates by 50% for six weeks for citizens of Malibu who are homeless after a natural disaster strikes the City, such as a wildfire or a major earthquake.
13. Since the hotel will have no negative impacts with respect to the Malibu community, but will have many positive impacts, there are no negative impacts to mitigate; however, I have offered to give the City \$400,000 to be used in any way the City Council believes will optimally serve the City. The funds can be used to build soccer fields, provide solar panels for City Hall, pay for purchased commercial property, pay for more police cars, etc. Payment will be made before Certificate of Occupancy is issued.
14. The hotel is consistent with the intent of Malibu's Development Standards.

For example, Malibu's development standards allow for variances to a development standard when the majority of the buildings in the vicinity and under identical zoning classification are also inconsistent with the subject development standard. For example, the proposed hotel is proposing parking cars on a landscaped area within the front yard setback when all of the parking spaces that are not in the front yard setback are occupied with cars, and this will require a variance; however, a review of all of the commercially-zoned parcels within 1000 feet to the west and 1000 feet to the east verify that all commercially-zoned buildings (15) park cars in the front yard setback.

Nobu and the Soho House on the south side of PCH can be counted as buildings #16 and #17, and they also park cars in the front yard setback area.

All of the requested variances are justified consistent with Malibu's development standards that permit variances when 90% to 100% of all commercial buildings in the area have the same inconsistency, or a greater inconsistency when compared to the inconsistency being requested.

15. The hotel's Floor Area Ratio ("FAR") is substantially larger than the City's "one shoe fits all" commercial development standards; however, this inconsistency can be justified by the following facts.
 - A. The first requirement to justify a variance is to show that the "Strict application of the zoning ordinance deprives such property of privilege enjoyed by other property in the vicinity and under the identical zoning classification." There is only one developed property zoned for a hotel use (CV-2) in the vicinity, and that is occupied by the Malibu Beach Inn, which has a net FAR of 107%, more than twice the proposed hotel's FAR of 51.8%.
 - B. Another finding of fact is that the "granting of such variance or modification will not be detrimental to the public interest, safety, health or welfare, and will not be detrimental or injurious to the property or improvements in the same vicinity and zone(s) in which the property is located." It is clear that the proposed hotel will not have any negative impacts to the property or improvements in the same vicinity and zone. The commercial property owners on both sides of the subject parcel are in favor of the proposed hotel, and the hotel will only have positive impacts with respect to the Malibu community.
 - C. The increase in FAR over the permitted 15% for the new construction on the lower lot is relatively small. The Planning Department's requirement that the two lots be merged makes it appear that the hotel's required increase in FAR covers both lots when, in fact, most of the increase in the FAR is in the existing large building that is fully permitted.
 - D. If a portion of the TOT money that is provided to the City by the hotel is used by the City to purchase, or pay for previously purchased, commercially-zoned land, which will prevent it from being developed into commercial buildings, then there is a direct nexus between the hotel's required increase in FAR and the elimination of commercial development on the property purchased by the City, which will result in the elimination of future commercial floor area. If the TOT for only 1.8 years was used by the City for the acquisition of commercial property that the City is currently paying for the size of the hotel over the permitted FAR would be fully mitigated.
 - E. The underlying reason for a very low FAR is that (1) larger buildings have more people using the building, and this creates more traffic, more pollution, etc., and (2) larger buildings have a greater visual impact. With respect to impact #1, it has been verified that the hotel will reduce traffic and congestion. With respect to impact #2, the proposed hotel will have a very positive impact on existing visual resources. In summary, the proposed hotel is extremely unique because the increased FAR will not result in any negative impacts, but will have many positive impacts both with regard to traffic, visual resources, safety, congestion, substantial TOT payments to the City, etc.

All of the other facts required to justify the FAR variance have been verified. However, the Planning Department felt that the increase in FAR which is required for the hotel should be part of a Development Agreement and a new Overlay District.

II.

THE FOLLOWING WILL LIST THE PRIORITY GOALS AND OBJECTIVES REFERENCED BY ALL OF THE CITY COUNCIL MEMBERS THROUGHOUT MALIBU'S HISTORY AND HOW THE PROPOSED HOTEL WILL HELP TO ACHIEVE THOSE GOALS AND OBJECTIVES.

I. POSITIVE IMPACTS

1. MAINTAIN THE CHARACTER OF MALIBU'S UNIQUE NEIGHBORHOODS:

- a. The proposed hotel is 100% consistent with the character of the neighborhood where it is proposed; the area is the most vibrant and dynamic commercial district in the City.
- b. The hotel is within 200 feet of a PCH stoplight and crosswalk that leads directly to a ten-foot-wide public access to Carbon Beach and the ocean.
- c. The hotel location is also in a short walking distance to many restaurants, including Nobu, the Soho house, "V's," Casa Escobar, and the restaurants on the pier. The hotel is also a short walk to historic sites of interest such as the 120+ year old pier, the famous Surfrider Beach, the Adamson House, Malibu Lagoon, etc.

Malibu has modified its development standards in 10 different overlay districts to ensure that development within each district will be consistent with the character of the neighborhood in each district. The proposed overlay district will ensure that the proposed hotel use is consistent with the other commercial development in the area and where most of the motels and the City's only hotel is located.

2. TRAFFIC WILL BE REDUCED:

During the past 29 years, every councilmember has been concerned about increases in traffic on PCH.

- a. A highly accredited traffic engineer that was recommended by the Public Works Director, Mr. Bob Brager, conducted a comprehensive analysis of the traffic generated by the businesses in the existing building at 22741 PCH, including doctor's offices, a salon, a spa, a gym, and many other businesses.

II.

After analyzing all of the trips generated by these existing uses, he prepared a comprehensive traffic report that verifies that the traffic generated on PCH by a 36-room hotel will be 20% to 40% less than the traffic generated by the existing uses. The hotel will be the only commercial project that the City has approved that will actually reduce traffic in the City. (Note: The hotel was modified to 39 rooms recently; however, the additional 8.3% increase in rooms will still generate less traffic than the existing uses.) Although the room count now is 39 rooms, an 8.3% increase, proportionately the reduction in traffic would still be 16% to 33%, and is still a significant reduction in traffic.

3. SAFETY WILL BE INCREASED:

During the past 29 years, every City Council member has been in favor of increasing safety on PCH. The proposed hotel will increase safety on PCH in five different ways.

- a. As stated above, the hotel will reduce the amount of traffic on PCH, and this will also increase safety on PCH.
- b. The hotel will reduce the number of active driveways that are used to exist from PCH and enter onto PCH by 50%.

All Traffic Engineers acknowledge that driveways that enter onto and exit from a busy highway such as PCH are a primary cause of accidents.

When a driver exits PCH on the right side of the car, the driver must slow the car to a near stop which causes a chain reaction of many drivers slowing, and if a driver is not paying attention accidents will occur. A more serious source of accidents is drivers exiting PCH through a driveway on the driver's left, requiring crossing two lanes with oncoming traffic; this requires the driver to estimate the distance and speed of oncoming cars, and poor estimates cause many accidents on PCH; the same risks occur when a driver enters onto PCH by making a left-hand turn and crossing in front of oncoming cars and then attempting to merge with the cars on the opposite side of PCH. The two parcels where the hotel will be located currently have two very active driveways that enter onto PCH. The hotel will require only one active driveway; the second driveway will be available for emergency

II.

vehicles only, and therefore will be used very infrequently.

- c. Delivery trucks that park in the center turn lane of PCH so the driver can deliver packages by loading a hand cart and jaywalking across PCH is a very dangerous practice and a major source of accidents.

Many cars must slow down or stop suddenly when the person pushing the hand cart is either rude or simply misjudges the speed or distance of the oncoming cars. Additionally, trucks that park in the center turn lane prevent other motorists from using the turn lane to make safe entry onto PCH or safe exits from PCH; this practice is so dangerous it should be illegal.

All contracts with the hotel will forbid any company from parking trucks in the center turn lane of PCH to deliver or pick-up packages. The hotel is setback 46 feet from PCH, leaving plenty of room to load and unload trucks **ONSITE** in the front or in the back of the hotel where the fire department turnaround is located, and then the truck can exist the hotel site safely.

- d. Closing any lane of PCH creates a safety hazard as cars must slow down and try to merge into the mainstream of cars in the adjacent lane. If a person in the open lane is not alert, accidents will occur.

All contractors will **NOT** be permitted to close any lane of PCH during construction of the hotel or after the hotel opens.

The 46-foot front yard setback will allow all construction equipment, trucks, deliveries, and workers to park and perform all construction **ONSITE**.

- e. People attempting to parallel park along PCH is another source of accidents and congestion on PCH. Drivers attempting to parallel park on PCH must use a relatively complicated maneuver which stops the adjacent lane of traffic. Many of the drivers that park on PCH are employees or valet drivers parking cars that belong to guests of a commercial businesses that do not have adequate parking onsite for their employees or guests.

The hotel has more parking places onsite than will ever be required and no cars will ever be parked offsite; this fact does increase safety

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on PCH.

4. THE HOTEL WILL ELIMINATE A “VISUAL BLIGHT” ADJACENT TO MALIBU’S MOST TRAVELLED SCENIC HIGHWAY; 45,000 VEHICLES TRAVEL PCH DAILY.

The proposed hotel will increase the beautification of PCH in three ways:

- a. The parcel containing the old abandoned and dilapidated Shell Gas station structures is the only parcel in Malibu that the Planning Department has defined as a “visual blight.” The hotel will eliminate the visual blight by eliminating all of the old Shell Gas station structures, including the canopies that are 20± feet high and 1 foot from the PCH right-of-way.
- b. The hotel plans require that the first 20+ feet adjacent to PCH will be landscaped with the only exception being the required access driveways; this is four times the standard 5 feet of landscaping required adjacent to PCH. The landscaping plans specify that 11 specimen trees will be planted in the area adjacent to PCH.
- c. The hotel structure will be setback from PCH almost twice the required front yard setback for Lot A , which will increase the unobstructed peripheral views of the travelers on PCH. The hotel is setback from PCH more than any building on PCH within 2,000 feet, except for Nobu and the Soho House.

5. THE HOTEL WILL REDUCE POLLUTION IN MALIBU AND THE WORLD.

- a. As stated in sections 2 and 3 above, the hotel will reduce traffic on PCH, increase safety on PCH, and these facts will reduce congestion, which, in turn, will reduce pollution due to hydrocarbons from cars; if it takes a person twice as long to drive from Topanga Canyon to the Civic Center due to a traffic accident or a closed lane, then the amount of carbon dioxide produced by the car’s engine is double the amount released by the car if there were no congestion.

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- b. The hotel will provide six electric car charging stations which will be free to the hotel guests. This free offering will encourage people to drive to the hotel in electric cars without fear of being unable to find a charging station that is available in Malibu. When the charging stations are not being used by the hotel guests, they will be made available to the general public for only the cost of the electricity.

6. THE PROJECT WILL REDUCE CONGESTION ON PCH.

The project will reduce congestion on PCH in the following ways:

- a. Reducing the current number of vehicular trips on PCH;
- b. Increasing safety on PCH;
- c. Providing more than the required parking spaces onsite;
- d. Requiring that all delivery trucks unload, and load, onsite;
- e. Requiring that during the construction process no lanes on PCH will be blocked.

7. THE HOTEL WILL PROVIDE MUCH NEEDED OVERNIGHT ACCOMMODATIONS LEGITIMATELY.

The demand for overnight accommodations has destroyed the tranquility of many residential neighborhoods; the hotel will provide an alternative to the commercial use of Airbnbs, and the hotel will have no negative impacts.

- a. Investment companies are buying residential condominiums, apartments, and homes in quiet residential neighborhoods and commercializing these structures by converting them to Airbnbs, which do not have the required parking, the required wastewater treatment facilities, or the required 24-hour onsite management.

This practice of converting residential structures into commercial uses and destroying quiet residential neighborhoods is gaining momentum because the investment companies are sidestepping the appropriate zone changes, the parking requirements, the wastewater treatment requirements, and the 3 years required to file a zone change application, pay the fees, and properly vet all of the issues in front of

II.

the residents of the community, the Planning Commission and the City Council.

- b. Although the practice of commercializing residential neighborhoods provides the city with a substantial amount of income, there is a legitimate way to generate revenue;

it is estimated that the proposed hotel will provide more than 50% of the revenue the City received from all of the Airbnbs in the City and the revenue will be generated by a properly designed hotel in the proper commercial district with 24 hours of onsite management, parking, treatment facilities, etc.

By not treating Airbnbs as a commercial use that must be approved by the City Planning Commission and City Council after being vetted by all of the City's departments, and after full public hearings, the City is encouraging the ongoing Airbnb conversions.

- c. The proposed hotel is in a very active and dynamic commercial district, and going through the very costly and time-consuming project approval process, it is the appropriate process and will ensure that the use is respectful of the neighborhood and all of the citizens of Malibu, while also providing the City with substantial revenue due to the TOT and increased property taxes.

8. THE HOTEL WILL INCREASE FUNDING FOR LOW AND MODERATE OVERNIGHT ACCOMMODATIONS.

The proposed hotel will provide funding for low and moderate overnight accommodations consistent with the LCP.

- a. The LCP requires that a prescribed amount of funding be provided for future low and moderate income overnight accommodations, and the applicant will provide 100% of the prescribed amount of funding to be used specifically for low and moderate income overnight accommodations.

9. FOR THE PAST 29 YEARS OF THE CITY'S EXISTENCE, EVERY CITY COUNCILMEMBER AND ALL OF MALIBU'S CITIZENS HAVE WANTED ADDITIONAL YOUTH PLAYING FIELDS, A SKATE PARK, AN AQUATIC CENTER, SOLAR PANELS FOR THE CITY HALL, AND OTHER AMENITIES;

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HOWEVER, THESE AMENITIES REQUIRE FUNDS.

- a. It is estimated that the transient occupancy tax, TOT, will generate over \$1,000,000 each and every year. These funds will pay for a very significant portion of the City's new soccer fields, skate park, aquatic center, etc.
- b. In addition to the above, property taxes for the building will increase by a minimum of 400%.

10. EVERY COUNCILMEMBER AND ALL OF MALIBU'S CITIZENS SUPPORT INCREASING THE WATER SUPPLIED TO MALIBU IN THE EVENT OF WILDFIRES, EARTHQUAKES, AND/OR OTHER POTENTIAL EMERGENCIES.

- a. As part of an agreement with Water District 29, the approval of the hotel will ensure that an additional 4 million gallons of water will be available to increase the water flow and pressure in the primary water main in PCH which supplies water to Malibu. The water department does not have the money required to fix a dysfunctional valve that, if opened, would allow the 4 million gallons of water currently being stored in two water tanks at the top of Topanga to flow into the water main in PCH that provides water to the City. If the hotel is approved, the owner of the hotel site will provide the required funds and ensure that the valve will be fixed before the hotel is opened. It is noted that the replacement of the 20"-diameter check valve could cost \$500,000 or more.

11. THE CITY'S PLANNING DEPARTMENT AND THE LIP STRESS THAT PROJECTS SHOULD BE CONSISTENT WITH THE NATURAL TOPOGRAPHY OF AN AREA WHERE THE PROJECT IS SITED.

The design of the hotel is consistent with the natural topography where it will be sited.

- a. The Planning Department and City Council require that proposed projects be designed to follow the natural topography of the project site and "notch" into the hillside where possible to reduce the visual impact of the structure. The design of the hotel is 100% consistent with the topography of the area; the lower level is notched into the hillside which reduces the appearance of size; 25% to 35% of each level is excavated into the hillside, "notched," and is not visible, so each level

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appears smaller. An additional benefit of excavating the lower level and the second level of the hotel into the northerly hillside is the front yard setback is almost twice the required setback at 46 feet from PCH. As each level of the hotel increases in height it steps back into the hillside to be consistent with and blend with the natural topography; this also ensures that no section of the hotel is higher than two stories.

- b. Another visual benefit of following the natural topography is that the viewing angle from the Pacific Coast Highway and adjacent sidewalks is consistent with the slope of the hillside, so that each level of the hotel is substantially blocked by the level below it, and this fact will substantially reduce the visual perception of size and height of the hotel.

12. THE HOTEL WILL PROVIDE MUCH-NEEDED LIVING ACCOMMODATIONS FOR VICTIMS OF FIRES AND OTHER DISASTERS THAT WILL SURELY PLAGUE THE MALIBU COMMUNITY IN THE FUTURE.

- a. Anyone that lives in the City and loses the ability to occupy their home due to a community emergency will be able to stay in one of the hotel luxury guest rooms for up to six weeks at 50% of the normal rate.
- b. The hotel garage can accommodate 38 cars and the garage has been designated as a shelter-in-place area. Anyone fleeing a fire or other natural disaster may park their cars in the garage free of charge.





MALIBU SEA VIEW HOTEL

27741 / 27751 PCH
MALIBU, CA 90263



Lilly Rudolph

From: Norman Haynie <norm@blueonyxdesign.com>
Sent: Thursday, July 23, 2020 2:27 PM
To: Bonnie Blue; Lilly Rudolph
Subject: Hotel
Attachments: Hotel Description.pdf; Model photos compressed.pdf

Dear Bonnie and Lilly:

There are no changes to the plans that show 39 rooms; these are the same plans we looked at during our last meeting at City Hall at which Lilly and Trevor Zoomed in.

I have provided you with a set of what I believe are the most relevant documents, and pictures of the scale model of the proposed hotel (scale is $\frac{1}{8}" = 1'$).

I did the math with respect to the traffic report and analyzed the increase in three rooms over the 36 rooms the report cites; three more rooms is an 8.33% increase and therefore the reduction in traffic would be 16% to 33% instead of 20% to 40% when compared to the existing uses of the existing building. This is still a significant reduction in trips per day on PCH.

As stated during our meeting, the additional rooms were created by squeezing one additional room on the second, third and fourth levels in areas that were already included in the FAR, and therefore adding the rooms did not change the FAR.

I have enclosed the proposed program recently submitted to me by the Boys & Girls Club of Malibu. I believe that my contribution to their program of providing access to the beach for inner City underprivileged children will benefit the City in many ways including a clear statement that the citizens of Malibu are in favor of sharing its beaches with all people including those who do not have the resources to go to the beach, much less learn how to surf. The City has provided funding for this very same program in the past and the Council was very supportive; however, it was not as large. The City would not spend City money if the program did not benefit the City.

In addition to the above I am offering \$400,000 in cash to be used as the Council decides.

It is estimated that the additional three units will increase the estimated TOT from \$1 million to \$1.085 million annually; it will also increase my ability to locate a hotel operator.

Sincerely,

Norm

Norman R. Haynie
22741 Pacific Coast Highway, Suite 400
Malibu CA 90265
310-456-5515
310-456-9821 fax
norm@blueonyxdesign.com

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BOYS & GIRLS CLUB OF MALIBU CIRCLE OF SURF

OVERVIEW

Surfing's philosophies transcend race, class and borders. Surfing can provide an incredible opportunity for personal growth and development. Surfing and being immersed in nature can also break barriers and create empowerment and healing. This is the goal with the BGCM Surf Camp Program.

Summer of 2021 and beyond, Boys & Girls Club of Malibu (BGCM) will host surf camps during summer break. BGCM will work with other Boys & Girls Clubs from around Los Angeles to participate in the camps, with specific inclusion of Club members who are minority and or experience inequity in accessing Malibu beaches and surfing as a sport. The program is developed to align the philosophies of surfing with the philosophies of the Boys & Girl Club. The surf program is integrative, all- inclusive, and will include programming focused on ocean safety, environmental issues & protecting our oceans, racial equity, health and wellbeing in addition to the surfing instruction. Together this program will enhance the lives of the youth who participate through their ability to feel comfortable and accomplished in the environment will have a trickle-down effect to their families and communities for generations to come.

PARTNERS/VENDORS

- BGCM will work with a licensed and registered surf instruction facility that will provide instructors and equipment and we are currently working on proposals from: The Surf Bus / Surf Academy, Perfect Day Surf Camp and Freedoom. These three programs are highly rated, have all been in business for over two decades and have developed robust surfing instructional programs focused on kids.
- We will also have a robust volunteer program that will supplement the staff.
- Important to the success of this program is to ensure there are instructors and volunteers who look like the students and have stories that the students can relate to.
- In addition, they will learn about those who have been pioneers like Nick Gabaldan and Mikey February. Our program will create an experience that helps break the divide of access and create a welcoming experience to these public lands made for everyone in LA.
- We will work with other partners from the industry as is beneficial to the overall program. Some examples of groups that will be considered for partnership are: Heal the Bay, Surfrider LA Chapter, Malibu Makos, Mighty UnderDogs, World Surf League, Black Surfers Collective. Additionally, some brands that may be considered are Vans, Boardriders, Clif Bar, Vita Coco, GoPro, Matix, 686, Zuma Jay

2021 AND BEYOND

- ~30 kids per week x 5 weeks x 3 consecutive days per week (June 28 – July 30)
- Ages 12-17
- Location: TBD Malibu, permit provided by BGCM



BOYS & GIRLS CLUB
OF MALIBU

- Hours and programming will match the hours needed for the Boys & Girl Club of Malibu program, approximately 9a-3p
- Curriculum and activities to include fundamentals of surfing (equipment, water safety, etiquette...), environment and sustainability (ocean life, pollution, plastics, protecting), racial equity (awareness into less publicized stories of surfing and surfing culture, connecting these campers to their public beaches and making them ambassadors, providing instructors and influencers who can share their stories), health and wellness including physical and mental health (visualizing, feeling the moment, being out in nature, healthy eating, moving your body, trying new things, laughing), and other fun beach games and activities for lots of learning and fun!
- End of week celebration with gift bag and prizes/raffle
- Additional programming content will be provided and be able to be incorporated at the BGC locations and revolve around the tenets of the programming for summer long fun for all the Club kids
- Potential multi-club beach day for some of the younger kids and those not able to attend camp/can't swim
- Programming will continue to evolve throughout the next couple of months

LOGISTICS/BUDGET

- The attending Boys & Girl Clubs will provide the transportation and staff time
- The Boys & Girl Club of Malibu through this surf program will host and provide all instruction, equipment, food, support staff and a memento/gift bag for their completed session
- As the level is expected to be beginners for all attendees the ratio of instructor to camper needs to be small, ideal 1:3, max 1:5
- Beach location and permits will be handled by BGCM
- BGCM will work with all city, state, and county officials and health experts to ensure we meet all safety standards required
- Detailed budget will continue to evolve as we further develop the specific programming

PILOT PROGRAM

- One day during spring break 2021
- ~25 kids
- Age 12-17 - all kids will be required to swim & have the ability to swim
- Location: TBD Malibu, permit provided by BGCM
- 8:30 - 3p (specific schedule will be built out and will include some morning stretching/yoga, surfing, other water activities and games, lunch and snacks, etc)
- Food & Drinks would all be handled by BGCM
- Looking at ~ 1:3 ratio student to coach
- We will have developed program we will test out and further fine tune based on experience and feedback

Norman R. Haynie
22741 Pacific Coast Highway, Suite 400
Malibu CA 90265
310-456-5515

June 16, 2020 (revised June 30, 2020)

Bonnie Blue <bblue@malibucity.org>
Lilly Rudolph <lrudolph@malibucity.org>
City of Malibu Planning Department
23825 Stuart Ranch Road
Malibu CA 90265

RE: Hotel project

Dear Bonnie and Lilly:

I am aware that you are extremely busy, and I am sure that is why you have not been able to respond to my request to meet and discuss various benefit options. Unfortunately, the COVID-19 virus has eliminated 85% of the tenants in my building and close to 85% of the revenue I have relied on to pay the mortgage. The new tenants I have interviewed want five year leases and the right to extend for additional periods of time, which would eliminate any hope of building a hotel; accordingly, I must move forward with the hotel approval process now, or withdraw the hotel application and start leasing the building, which would mean the last four years of work and in excess of \$750,000 of expenses would be wasted.

I have had some difficulty locating an experienced hotel operator/partner because they've all said that a 36 room hotel is right at the tipping point of being economically viable. Fortunately, with their help, and my architect's help, we have been able to modify the plan to create three more full size guest rooms with no increase in the previously designated FAR or any change in the appearance of the hotel in any way. The added rooms have increased interest among the hotel operators, and the additional rooms will also increase the annual TOT to the City by approximately \$85,000 annually.

Before you review my short proposal for additional benefits it is important that the Planning Commissioners do not overlook the very unique, and substantial, benefits that this particular project provides to the City as a result of its day-to-day operations:

1. Only hotels, motels, and Airbnb's provide very large annual incomes to the City in the form of TOT. The City has never approved a hotel or motel. The proposed hotel is estimated to provide \$1.1 million each year to the City.

The Whole Foods center and the La Paz center will never provide any money to the City close to the amount of revenue that will be provided by the Sea View Hotel. Accordingly, hotels are a very unique commercial use, and this fact should be considered when applying the “one shoe fits all” commercial development standards.

2. The City has never approved a project that reduces traffic on PCH; however, the fact that the existing building uses generate 20 to 40% more traffic than the hotel will generate is very unique; this fact will make the hotel, if approved, the only project ever approved in the City that actually reduces vehicular trips on PCH, and this is one of the primary objectives of the City.
3. Another unique situation is the existing unsightly appearance of the abandoned Shell gas station which has canopies 20± feet high one foot from PCH, the most traveled Scenic Highway in the City. The hotel will eliminate this visual blight, and the front yard setback, at 46.5 feet, is larger than that of any other building within a 1000 foot radius.
4. One of the City’s primary objectives is to insure the availability of water during a wildfire and other emergencies such as a major earthquake that eliminates the primary source of water to the City via Santa Monica. The owners of the hotel will replace the check valve at Topanga Canyon and PCH which, when open, will allow millions of gallons of water at a high-pressure to flow into the 30 inch water main in PCH that provides water to most of the City. The cost to replace the valve is \$500,000±. Approving the hotel will guarantee the replacement of the valve.
5. There are many more benefits that the hotel will provide to the City as discussed in a separate document.

Just because the above citywide benefits are uniquely part of the proposed hotel does not change the fact they are enormous benefits to the City and should be considered when the Planning Commission considers the additional benefits listed below.

PROPOSED ADDITIONAL BENEFITS TO BE PROVIDED AS A CONDITION OF BEING
GRANTED THE HOTEL ENTITLEMENTS

1. The City of Malibu has provided funds to support the Malibu Boys & Girls Club and the Mighty Underdogs program of providing underprivileged children from inner-city communities with an exciting and fun day at one of Malibu's famous beaches. The program includes free transportation from the inner-city to the beach and back home, free lunches, and free surfing lessons. Many of the children have never been to a beach.

The owner of the hotel project will provide \$400,000 to expand the program to provide the opportunity for more underprivileged children from inner cities to experience a "day at the beach". The funds will be placed in a trust account and disbursed under the supervision of the Malibu Boys & Girls Club and the Mighty Underdogs organization. These two entities may partner with other organizations such as the Surfrider Foundation. Senator Henry Stern is a strong proponent and supporter of this program. The program will be enlarged with the added funding to connect with the Boys & Girls Clubs in the inner city communities to increase the opportunity for many more underprivileged children to have the opportunity to spend a day at the beach. A proposal to increase the program three to ten times is currently being drafted.

People are rioting in the streets because of the perception that society is unfair. This program will go a long way towards eliminating that perception with respect to the City of Malibu and its beaches.

2. The City of Malibu is experiencing some very challenging times due to a substantial drop in revenue which is extremely important in the City's ability to provide services to its citizens and visitors to the city.

The owner of the hotel property will provide \$200,000 to the City to help with some of its financial challenges. The referenced funds will be in addition to the estimated \$1 million+ that will be provided to the City every year as a result of the Transient Occupancy Tax.

Bonnie Blue
Lilly Rudolph
June 16, 2020 (revised June 30, 2020)
Page Four

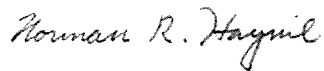
As referenced in the first paragraph of this letter, I am in a difficult situation and must move forward with the hotel approval process. It has been seven weeks since the City Council indicated they wanted the Planning Staff and Planning Commission to hear the project and negotiate some benefits, and my situation makes it very important that the Planning Commission hear the hotel within the next five weeks.

*With respect to the hearing venue, the virtual hearings have been going well; everyone who wants to speak has been able to, and all of the project issues have been discussed and properly vetted. The same hearing venue is acceptable to hear one of the most debated subjects in the City's history, short-term rentals, and it is acceptable to hear one of the least debated subjects, the proposed hotel.

The project hotel will generate many benefits for the City and its citizens, including \$90,000+ per month; however, if the hearing process is further delayed the project may never happen.

In closing, I believe a tour of the proposed hotel site would be beneficial and I will make myself available at any time.

Sincerely,

A handwritten signature in cursive script that reads "Norman R. Haynie".

Norman R. Haynie

THE MODIFIED SEA VIEW HOTEL PROJECT

1. Parking:

- A. Originally, the 36 room hotel provided 15 parking spaces for its employees and a small 889.5 square-foot restaurant, and 72 parking spaces for the 36 rooms, with four additional parking spaces left over for a total of 91 spaces.
- B. If the number of rooms is increased by adding three normal rate rooms and possibly two low-to-moderate rental rate rooms, which by code requires 10 spaces, the hotel will be technically short six spaces. From a practical consideration it would be extremely unusual for more than 20 of the rooms to be occupied by guests driving two cars per room, i.e. 40 cars for 20 rooms. If the above scenario were to occur there would still be 36 parking spaces left to accommodate the remaining 21 rooms, which would result in 15 parking spaces with no designated user.

Simply stated, 76 parking spaces is more than enough parking spaces for a 41 room hotel.

It is noted that for convenience eight years ago the building owner developed seven parking spaces at the top of the McDonalds property next to the Los Angeles County Water Department access easement and the upper building access drive. The building's tenants have used the spaces because they were convenient for the past eight years. The owner strongly believes he has established all the required facts for a prescriptive easement to continue using the spaces; however, as stated above, the seven spaces will never be required from a practical standpoint. The 91 parking spaces the hotel provides on this property are more than enough spaces.

2. FAR

Although we increased the number of rooms by three to make the hotel economically viable, 95% of the areas that were converted to the three rooms were counted in the FAR in the past.

- A. The area of the additional room on the second level of the hotel was accomplished by being realistic with the thickness of the walls; the original walls were shown as 18 inches thick. The actual thickness will be 8.37 inches thick which provides 9.63 inches per wall, and there are 10 walls, which results in 8 feet. The rest of the width of the new room was established by slightly reducing the width of the other eight rooms.
- B. The extra room on the third level was created by reducing the thickness of the dividing walls, modifying the stairs that provide access to the third level and completely enclosing the area around the elevator and stairs; this area is already more than 60% enclosed and therefore counted as part of the FAR in the past. Finally, the rooms were slightly reduced in width and extended northerly to encroach 3 feet into the 10 foot wide walkway between the two buildings. The entire 10 foot walkway was included in the FAR calculation in the past.

- C. The breezeway on the fourth level was converted to a room; it is 15 feet wide and 42 feet long and is enclosed on the ceiling, floor, both sides, and one end so it was included in the FAR in the past; however it was not a room.
- D. I have not found a hotel operator that is interested in the two smaller low-to-moderate rental rate rooms. If I do, the FAR of 52% will have to be increased and the landscaped areas and open space areas will be slightly reduced in size. Additionally, the parking spaces requirement to provide two cars per room cannot be met although there will be more parking spaces that will ever be required as explained in Paragraph 1 above.

3. Hotels have special needs for storage areas:

Storage areas for linens, vacuum cleaners, cleaning products, soap, cleaning carts, etc. are only accessible by the cleaning staff. It is possible to create some storage areas on the third level of the hotel by moving the retaining wall to the north; the areas will not be visible to anyone. I would like to have a ceiling height of 8 feet that would put me over the FAR of 52%. If the City cannot accept this I will have to create the storage area with a ceiling height of 5' 11 ¾" so it will not count as part of the FAR. A person's average height is 5'8" and most people do not need an 8 foot high ceiling except for higher racks to provide more shelves for storage.

4. Visual impact:

Although I was required to add the three additional rooms to make the hotel economically viable there are no changes in how the hotel appears because all the areas where the three rooms are located were enclosed and counted as part of the FAR in the past.

5. CEQA exemption:

- A. The existing large commercial building currently exists and there are no changes proposed except the elevator extension up to the rooftop deck and the modified stairs on the east side for the Fire Department required emergency exit stairs. It is CEQA exempt because the environment is not impacted in any way by the changes.
- B. The portion of the hotel on the old Shell gas station parcel is surrounded by commercial development and has NO indigenous or protected vegetation on the property. 95% of the area is covered by concrete, asphalt, retaining walls, buildings, shotcrete slopes, and planters. The gas tanks were removed and the Regional Water Quality Control Board has verified there are no contaminants above or below the ground. A previously approved vintage sports car museum was approved by the City on the parcel and found to be CEQA exempt. The proposed development is less than 10,000 ft.² and is clearly an infill development. It is CEQA exempt.

- C. Traffic trips on PCH will be reduced by the change in use to the hotel according to a highly accredited traffic engineer recommended by Bob Brager, the previous Director of Public Works for the City.
- D. The hotel will eliminate a visual blight by removing an abandoned Shell gas station.
- E. The existing old septic system will be removed and replaced with the very best Advanced Wastewater Treatment System. It is noted that the size of the system easily accommodates the additional three rooms.

Summary:

There are no negative environmental impacts with respect to the hotel project; however, there are many positive environmental impacts.