

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

**FROM: BRUCE BUCKINGHAM, COMMUNITY DEVELOPMENT DIRECTOR
GREG RAY, PUBLIC WORKS DIRECTOR/CITY ENGINEER**

**SUBJECT: GROVER BEACH LODGE & CONFERENCE CENTER - DEVELOPMENT
PERMIT APPLICATION 10-03 (APPLICANT: PACIFICA COMPANIES)**

EXECUTIVE SUMMARY

The applicant, Pacifica Companies, is proposing the development of a 150 room lodge with a conference center and restaurant totaling approximately 121,370 square feet within four buildings located on approximately 13 acres. In addition, the project would include construction of new public amenities within the State Park. The site is located at the end of West Grand Avenue in the Coastal Planned Commercial (C-P-C) Zone within Pismo State Beach.

In March 2012, the City Council certified the Final Environmental Impact Report (EIR) prepared for the project and approved a Local Coastal Program (LCP) Amendment related to the Grover Beach Lodge project and the Public Works Chapter which were forwarded to the California Coastal Commission for their consideration. In June 2012, the City Council approved the Coastal Development Permit and Site and Architectural Plans in concept based on the proposed LCP Amendment being approved by the Coastal Commission.

In April 2013, the Coastal Commission held a hearing in Santa Barbara to consider the City's proposed LCP Amendment. The Coastal Commission approved the LCP Amendment subject to several changes with two notable changes that would require revisions to the project. The first was to not allow equestrian parking on the south side of West Grand Avenue, and second, that Building 2 could not exceed 24 feet in height, except for minor architectural features.

In May 2013, the City Council approved the revisions to the LCP Amendment as approved by the Coastal Commission and forwarded the final LCP Amendment to the Coastal Commission. On June 14, 2013, the California Coastal Commission certified the Local Coastal Program (LCP) Amendment, thus completing this process and allowing the City Council to consider taking final action to entitle the Grover Beach Lodge and Conference Center project by approving the Coastal Development Permit and Site and Architectural Plans.

The applicant has completed revisions to the project plans in order to comply with the LCP Amendments. Therefore, it is requested that the Council conduct a public hearing and consider final approval of the Coastal Development Permit and Site and Architectural Plans for the Grover Beach Lodge and Conference Center.

APPROVED FOR FORWARDING

~~_____~~
ROBERT PERRAULT
CITY MANAGER

Meeting Date: December 2, 2013

Please Review for the Possibility of a Potential Conflict of Interest:

- None Identified by Staff
- Peterson
- Bright
- Lee
- Marshall
- Nicolls

Agenda Item No.

BACKGROUND

Project Location

The proposed Grover Beach Lodge and Conference Center (Project) is located in the City of Grover Beach at the end of West Grand Avenue within Pismo State Beach. The terminus of West Grand Avenue also serves as the entrance to the Oceano Dunes State Vehicular Recreation Area. The approximately 13-acre site is bounded by Pismo State Beach to the west, the Pismo State Beach Golf Course to the north, Le Sage Recreational Vehicle (RV) Park to the east, the Le Sage Mobilehome Park to the northeast, and West Grand Avenue and Pismo State Beach to the south.

Existing onsite uses include public restrooms, picnic areas, a visitor drop off area, beach user and equestrian parking, public paths and trails, passive use areas, and access to the beach. The majority of the existing project location is an unpaved vacant area, used predominantly as parking for equestrian vehicles and overflow public parking.

Site History & Background

Since the early 1980s, the City and the State of California Department of Parks and Recreation (State Parks) have jointly explored the concept of developing a lodge facility at Pismo State Beach. In July 1982, the State amended its General Development Plan for Pismo State Beach to designate the site for the development of a 150-room lodge and conference center.

In 1994 the State Legislature adopted Public Resource Code Section 5003.02.1 which authorizes the term of a contract entered into by State Parks and the City with a concessionaire for the development of new facilities at Pismo Beach State Park for 50 years. This was in recognition that the maximum 20-year concessionaire lease was not long enough to attract the capital investment and financing necessary to construct a hotel and conference center. For the next 10 years there was interest in the project by developers, but there were no mutually agreed upon goals for the project development between the City and State. Ultimately, the City and State acknowledged that it would be mutually beneficial to establish a procedure for the solicitation, development review, construction, operation, and maintenance associated with the development of a hotel and conference center. In August 2006, the City and State Parks entered into a Joint Powers Agreement (JPA). This established formal roles and responsibility for the City and State and together they form the Joint Authority (JA) for this project.

In August 2007, the JA solicited Requests for Proposals (RFP) from hotel developers to construct and operate a hotel and conference facility. As a result of the public process to select a hotel developer, Pacifica Companies was selected by the JA as a qualified firm in March 2008. In June 2009, the JA entered into a Concession Contract with Pacifica Companies to develop a lodge and conference center (available for review in the City Manager's office). Under this contract, the applicant is required to design, construct, operate, and maintain the project. The concession contract is valid for 50 years from the first day of operation. At the end of the 50 year contract, the State will control the property.

Project History

The following is a summary of the project application, key milestones and all public meetings.

- June 2009 – Pacifica Companies and the JA enter into a Concession Contract.
- February 2010 – Pacifica submits development application to the City.
- June 2010 – City conducts Environmental Impact Report (EIR) public scoping meeting.

- December 2010 – Joint City Council and Planning Commission meeting on project status.
- January 2011 – End of 45-day public comment period on Draft EIR
- July 2011 – Planning Commission conducts public hearing and recommends the Council certify the EIR and approve the project.
- August 2011 – Pacifica revises the project to enlarge the conference center.
- January 2012 – Revised Final EIR is completed to reflect project revisions.
- February 2012 - Planning Commission conducts public hearing and recommends the Council certify the EIR and approve the revised project.
- March 2012 – City Council conducts public hearing and certifies Final EIR and approves an LCP Amendment which is forwarded to the Coastal Commission.
- June 2012 – City Council conducts public hearing and approves the Coastal Development Permit & Site and Architectural Plans in concept.
- April 2013 – Coastal Commission conducts public hearing and approves the LCP Amendment with revisions.
- May 2013 – City Council conducts public hearing and approves the LCP Amendments as approved by the Coastal Commission.
- June 2013 – Coastal Commission certifies the LCP Amendment.
- November 2013 – Pacifica revises project plans consistent with the LCP Amendment.

DISCUSSION

The Coastal Commission approval of the LCP Amendment contained many new policies that were not included in the City Council's approval. New policies addressed a variety of issues including restrictions on building heights, building design, requirement for all native dune plant species, and public access paths. Fortunately, the proposed project incorporated most of these requirements and only two revisions affected the project design.

The first revision was to not allow the equestrian parking area on the south side of West Grand Avenue. This required the reconfiguration of the parking lot adjacent to West Grand Avenue to include an area for equestrian parking. This resulted in minor changes to the internal circulation and a reduction in lodge parking from 261 to 209 spaces.

The second revision established a Viewshed Setback line which limits the heights of buildings located closer to the dunes to a maximum height of 24 feet, with minor architectural features no higher than 26 feet. This necessitated revisions to Building 2, which was a three-story building approximately 33 feet in height. Building 2 has been revised to a two-story building with a maximum height of 24 feet, which resulted in the loss of eight rooms or 6,131 square feet. The Building 2 footprint increased by 705 square feet and the building expanded to the north approximately 10 feet having no impact on the view corridor from Highway 1 looking west on Le Sage Drive. There were no changes to the locations of the public paths and minor changes to the shape of the detention basin at the north end of the building.

The eight rooms have been retained by enlarging Building 3 by 3,897 square feet. The Building 3 footprint increased by 1,093 square feet and the building expanded to the north approximately 20 feet having no impact on the view corridor from Highway 1 looking west on West Grand Avenue. There were no changes to the locations of the public paths and minor changes to the shape of the detention basins at the north end of the building.

The following sections discuss the development by area and the proposed uses and amenities.

Site Plan & Design

The proposed project site is approximately 13.0 acres which consists of 8.3 acres for the proposed Grover Beach Lodge and Conference Center and 4.7 acres of proposed improvements to the State Park. The Concession Contract between Pacifica and the JA established a scope of work and minimum design requirements for the development of the Lodge.

Through a series of design meetings with Pacifica and the JA, the JA approved a "master plan" that has evolved into the proposed conceptual project plans. It was also during these meetings the architectural theme was selected. Pacifica initially provided three architectural style options for the JA to select from: California Craftsman, Spanish Eclectic and Contemporary. After a thorough review and discussion, the JA selected the Contemporary style for the architectural theme. The primary reason for the Contemporary design was to differentiate the project from the Spanish architectural style found throughout southern and central California.

Lodge Buildings

The proposed lodge complex would consist of four buildings connected by public walkways (reference Sheet A1.0 of the Project Plans). Building 1 is approximately 63,048 square feet and includes a restaurant, the main entry and lobby, four conference rooms totaling 2,183 square feet, gift shop, offices, and guest rooms. The second story consists of a public viewing area and guest rooms. The third floor consists of guest rooms only. Building 2 is a two-story building approximately 18,582 square feet consisting of guest rooms only. Building 3 is a three-story building approximately 28,610 square feet consisting of guest rooms only. The conference center is approximately 11,130 square feet and includes a main ballroom, pre-function area, restrooms, and kitchen prep area.

The proposed project meets all development standards for the C-P-C Zone and LCP as shown below.

Development Standard	Requirement	Proposed
Site Coverage	Maximum 60%	54%
Landscape Area	Minimum 40%	46%
Front Setback (West Grand)	10 feet	10 feet
Rear Setback (Le Sage)	0 feet	20 feet
Side Setback	0 feet	10 feet
Parking = 1 parking space per unit + 1 space per 20 rooms	158 spaces	209 spaces
Building Height (Zoning Code)	40' maximum for 60% of the project & 28' maximum for 40% of the project.	40' maximum = 53% 28' maximum = 47%
Building Height (LCP)	Same as above except that structures west of the Viewshed Setback shall be a maximum of 24' with minor architectural projections to 26'.	Building 2 maximum height = 24' with minor architectural projections to a maximum height of 26'.
Maximum rooms/acre	15 rooms/acre x 12.96 acres = 194 rooms	150 rooms

The maximum building heights shall be measured from the finish floor elevations shown on the Preliminary Grading Plan (Sheet C2.0 of the Project Plans). Because the site has previously been graded, the Community Development Director has determined that these finished floor elevations are appropriate since they are consistent with the existing grades.

Lodge Parking

The applicant is proposing approximately 209 parking spaces located on the east side of Building 1. The proposed parking exceeds the Zoning Code requirement of 158 parking spaces. The parking lot also includes diagonal parking spaces that can be used as pull through spaces for oversized vehicles (i.e., vehicles towing trailers and large RVs). The parking lot is designed to have the primary access via the main entrance on West Grand Avenue with secondary access via Le Sage Drive.

The lodge parking area is connected to the State Park parking area. The applicant and State Parks recognize the importance of developing a comprehensive wayfinding signage program to direct and identify the public parking areas from the lodge parking area. The State and applicant recognize that monitoring of these areas may be necessary during peak usage and both parties are committed to working together to address any issues that might arise.

State Park Amenities

The integration of the lodge facilities into the existing State Park amenities led to a redesign and expansion of some of the existing facilities. As a result, existing public areas would be upgraded, existing public walkways would be reconfigured, and new public walkways added with a common design theme using compatible materials to provide a uniform appearance throughout the entire project area. The existing public plaza would be enlarged as a result of relocating the current parking north of Fin's Seafood Restaurant.

A new pathway would be added adjacent to the dunes which would connect the existing boardwalk to the north with West Grand Avenue and the public parking lot adjacent to Fin's Seafood Restaurant. This path would be west of all buildings and structures to provide uninterrupted views of the dunes and coast.

Public pathways would also be designed to connect through the proposed lodge facility to various locations throughout the State Park and vicinity, as follows: (1) to the east, to connect to Meadow Creek and a new north-south trail connecting to West Grand Avenue; (2) to the north, to connect the parking areas with the golf course and existing boardwalk; and (3) to the south and along West Grand Avenue, to connect the West Grand Avenue/Highway 1 intersection and the Grover Beach Train Station (located at the southeast corner of the intersection) with the project site.

State Park Parking

The existing State Park has 160 paved parking spaces for public use. The proposed project would retain the existing 160 parking spaces consistent with the City's LCP. The golf course parking area would be relocated from the west side of the Pro Shop to the east side and consist of 52 public parking spaces. In addition, the existing large parking lot would be separated into two areas. Approximately 52 spaces would remain adjacent to Fin's Seafood Restaurant with the remaining 56 spaces relocated to the southeast corner of the site. All of the public parking lots would include signage directing the public to the lots and differentiating public parking from the lodge parking lot.

Fin's Seafood Restaurant

The existing Fin's Seafood Restaurant would remain and continue to be operated under a separate Concessionaire Contract from the proposed Lodge concession. Upon reissuance of the Concession Contract for Fin's, the State may require the concessionaire to revise the building architecture to be compatible with the lodge buildings. In addition, the restaurant building may be enlarged approximately 700 square feet to include beach equipment rental if State Parks and the concessionaire determine there is sufficient demand for the use.

The reconfigured public parking area adjacent to Fin's Seafood Restaurant would include a visitor drop off and loading/unloading area for the public plaza/picnic area and beachfront. Parking in this area would be for short-term parking, principally for the restaurant.

Golf Course

The Pismo State Beach Golf Course is adjacent to the proposed project area and portions of this facility fall within the proposed project improvements. The existing parking area would be relocated to the southeast of the existing Pro Shop to accommodate Building 2 of the lodge facility. The number of proposed parking spaces adjacent to the Pro Shop is approximately 52, which is slightly less than the number of spaces that currently exists. The parking area would continue to be used principally by golfers and State Parks will monitor the use, especially during peak usage, to ensure that the golf course will have adequate parking. As a result of relocating the parking lot, the practice putting green would be relocated to the west of the new parking area and the events tent would be relocated approximately 10 feet to the north of the new parking area. Access to the golf course would continue to be from Le Sage Drive.

Equestrian Parking Area

As part of the Local Coastal Program (LCP) Amendment, the Coastal Commission did not approve the proposed equestrian parking area on the south side of West Grand Avenue. The project has been revised to incorporate a smaller area, approximately 10,500 square feet, for equestrian parking in the southeast corner of the site consistent with the environmentally superior alternative identified in the Final EIR. The revised plan shows the area with raised curbs and landscaping. However, a condition of approval has been added to revise the area to maximize the useable space for parking as approved by the JA, which could include the removal of some or all of the raised curbs and landscaping. Based on these revisions, the site could accommodate approximately five to seven trailers depending on the size and parking configuration. The area would be constructed of an all weather surface to accommodate equestrian usage.

In order to provide equestrians with safe access to the trails and beach, the parking area would connect to the path adjacent to Meadow Creek. The path terminates at West Grand Avenue where a decorative crosswalk would be installed to allow access to the south side of West Grand Avenue. The existing shoulder on the south side would be converted to an eight foot wide multi-purpose trail with split rail fencing. This trail would terminate at the Grand Dune Trailhead.

State Parks and the City are committed to retaining the equestrian use and replacing the existing area with a location that is comparable in size. The City has been working with San Luis Obispo County staff on a potential 0.8 acre site owned by the County that is currently vacant. The site is in the Coastal Zone adjacent to the Oceano Airport and has access to the beach via an existing trail on the Arroyo Grande Creek levy. Although there are issues related to easements and trail maintenance to be resolved, the City remains optimistic that this site will

provide an equestrian parking area in addition to the on-site location. The next steps will be for County staff to complete a project description and initiate a conversation with Coastal Commission staff on the permitting process and receive input from the Oceano Advisory Committee on the proposed use of the site.

RV Sewer Dump Station

The current RV sewer dump station located on the project site just south of Le Sage Drive would be relocated off-site as part of the proposed project improvements. The JA evaluated several locations within Pismo State Beach and other public and private locations. The JA determined that the most appropriate and easily accessible site in the vicinity would be to expand the existing RV sewer dump station located in the North Beach Campground, approximately a half mile north of the current location.

The existing RV dump station would be reconfigured to install two additional dump connections with adequate stacking (reference Sheet T1.0 of the Project Plans). Staff has met with the City of Pismo Beach and they have indicated that their wastewater treatment plant has the capacity for the additional effluent. A Coastal Development Permit would need to be approved by the City of Pismo Beach prior to construction.

Landscaping

The overall landscape concept is to create and integrate sand dunes into the project area to replicate the surrounding dunes and eliminate the abrupt transition that currently exists (reference Sheet L1.0 & L1.1 of the Project Plans). The LCP Amendment requires that all landscaping consist of native dune species with the exception of detention basins which shall be planted with native riparian species.

The Local Coastal Program requires a 50 foot riparian buffer area be created adjacent to Meadow Creek on the project site. The proposed project would enhance this area as part of a habitat restoration plan. A trail would be constructed adjacent to the 50 foot buffer area which would connect West Grand Avenue to the conference center building and link to the pathways leading to the public use areas.

Project Phasing

All lodge improvements would be completed in one phase in order to meet the requirements of the Concession Contract. Prior to any on-site construction that interferes with the equestrian parking and the RV dump station, an interim or permanent equestrian parking area and RV dump station would need to be constructed and completed. In addition, prior to removing any of the existing 160 public parking spaces, interim or permanent parking would need to be constructed to retain the 160 spaces during construction.

Architectural upgrades to Fin's Seafood Restaurant may be completed as part of the new concessionaire contract and would be a separate phase, which is not part of the applicant's proposed project. In addition, the potential expansion of Fin's Seafood Restaurant to include a beach concession area would be completed in the future at such time the State and concessionaire agree. This would also be a separate phase, which is not part of the applicant's proposed project.

Signage

A variety of signs would be placed throughout the proposed project area, including entry monuments, interpretive, safety, and directional signage. These signs would be developed in consultation with State Parks and the City, and would be of a uniform design. A key component

will be a comprehensive directional and wayfinding signage program to differentiate and direct the public to their destinations. In addition, the site would include several interpretive signs placed at key public viewing locations for educational purposes related to dune habitat, riparian habitat and wildlife.

LEED Silver Certification

The proposed project is required as part of the Concessionaire Contract to obtain a LEED (Leadership in Energy and Environmental Design) Silver certification. This is consistent with the State's requirement that a minimum of LEED Silver be met for all new construction on State Parks property. The U.S. Green Building Council (USGBC) LEED is an internationally recognized green building certification program that encourages and accelerates global adoption of sustainable green building and development practices through a number of rating systems that recognize projects that implement strategies for better environmental and health performance. LEED consists of a suite of nine rating systems for the design, construction, and operation of buildings.

The proposed project will meet LEED Silver status by incorporating green building materials, orienting the buildings for better solar access (reducing heating and cooling requirements), utilizing energy efficient systems, and incorporating energy and water saving features throughout the project (reference Sheet T1.0 of the Project Plans).

Lighting

Lighting is proposed along the primary pathways within the project. Lighting would be focused inward or downward and would be shielded where necessary to avoid nuisance lighting affecting the nearby RV campground and the Le Sage Mobile Home Park, as well as ambient lighting discouraged by LEED design guidelines. Since the parking areas would be occupied at night, lighting directed downward in the parking areas would be provided. Lighting would be kept to a minimum necessary to ensure safety of guests at the lodge and the public in public areas accessible during nighttime hours. Beachfront access ways and picnic areas are not anticipated to be lighted since these are day-use areas only.

PUBLIC WORKS DISCUSSION

West Grand Avenue

The project is conditioned to modify the existing street section to accommodate improvements to enhance bike and pedestrians access. However, these improvements are included in the City's Capital Improvement Program as the West Grand Avenue Phase 3 project. The City has received federal grant monies to complete the design of the improvements and anticipates receiving federal funds for the improvements. The City is currently in the process of awarding the engineering design contract and construction is expected to occur in the fall of 2014.

Grading

The site is generally level so the majority of grading is related to the construction of stormwater basins and footing construction. The preliminary grading plan (reference Sheet C2.0 of the Project Plans) estimates that site grading would be balanced with an estimated 11,470 cubic yards of cut and 11,470 cubic yards of fill. The maximum fill height is approximately 5.3 feet and the maximum cut height is approximately 5.5 feet. The site would be graded with maximum 3:1 slopes for the entire development. Proposed slopes would be graded to provide a smooth transition to the existing surroundings. The applicant proposes to import approximately 1,600 cubic yards of soil amendments for bio filtration.

Flooding and Water Quality

A portion of the proposed parking lot is within the existing 100-year floodplain boundaries as shown on the FEMA Flood Insurance Rate Map (FIRM). Project grading would reduce the amount of project area below the 100-year floodplain elevation. The applicant would be required to correct the location of the floodplain boundary indicated on the FIRM by amending the Map through the Conditional Letter of Map Revision (CLOMR) and Letter of Map Revision (LOMR) process in accordance with the City's adopted Floodplain Management Ordinance.

The existing project site generally drains to the east into Meadow Creek. The project has been designed with a series of basins and bioswales that intercept runoff and filter the runoff prior to discharging into Meadow Creek. In addition, all storm drain inlets would include oil and sedimentation filters so discharge is treated prior to entering Meadow Creek. On-site detention and biofiltration would be designed to mimic preconstruction site hydrology including a reduction in site runoff compared to the existing condition in a 100-year storm.

ENVIRONMENTAL REVIEW

The City Council certified the Final Environmental Impact Report (EIR) for the project in March 2012. The Local Coastal Program (LCP) Amendment certified by the Coastal Commission required two minor changes to the project. The first revision relocated the equestrian parking area to the north side of West Grand Avenue consistent with the environmental superior alternative identified in the Final EIR. The second revision required the height of Building 2 to be reduced to a maximum height of 24 feet. Staff has analyzed the two project changes and has concluded that the revised project is consistent with the Final EIR. The two revisions have further minimized environmental effects identified in the Final EIR and eliminated the need for implementation of several mitigation measures (reference Exhibit B of Attachment 1).

POST ENTITLEMENT REQUIREMENTS

If the City Council approves the Coastal Development Permit and no appeal is filed with the Coastal Commission, this will complete the entitlement process for the project. The next step would be to complete the Financing Agreement with Pacifica Companies consistent with the Council approved Financing Plan. The Joint Powers Agreement and Concession Contract will also need to be amended to address changes to the project boundary and project scope, and the schedule for project completion.

The JA will need to continue to work with San Luis Obispo County on the off-site equestrian parking lot. State Parks will also need to submit a Coastal Development Permit application for the expansion of the sewer dump station at North Beach Campground.

ALTERNATIVES

The City Council has the following alternatives to consider:

1. Conduct the public hearing and receive testimony; adopt the Resolution approving the Coastal Development Permit and Site and Architectural Plans; or
2. Provide alternative direction to staff.

RECOMMENDED ACTION

It is recommended that the City Council take the following actions:

1. Conduct the public hearing and receive testimony; and
2. Adopt the Resolution approving the Coastal Development Permit and Site and Architectural Plans.

FISCAL IMPACT

The project's fiscal impacts were previously discussed in the City Council staff report dated June 4, 2012 titled "Consideration of a Financing Plan for Public Improvements Associated with the Grover Beach Lodge and Conference Center Master Plan" and Resolution No. 12-33 (reference Attachment 2).

PUBLIC NOTIFICATION

On November 22, 2013, the public hearing notice was published in The Tribune and mailed to all property owners located within 300 feet of the property, all occupants within 100 feet of the property, all residences in Le Sage Mobilehome Park, and posted as required by City code. Additional public hearing notices were also posted in the vicinity of the project site on State Parks property – at parking lot entrances, near the golf course club house, Fin's Seafood Restaurant, and the pedestrian access to the beach. In addition, persons who commented on the Draft EIR or previously submitted letters or emails were sent a notice via mail or email. The agenda was posted in accordance with the Brown Act.

Since the end of the public comment period on the Draft EIR, the City has received 36 letters and emails regarding the project. This correspondence has previously been provided to the Council. A summary of the person submitting the correspondence, date, and comment topic is attached (reference Attachment 3). A complete copy of all correspondence is available for viewing in the City Manager's Office during normal business hours.

ATTACHMENTS

1. Draft Resolution No. 13-__ Approving the Coastal Development Permit & Site and Architectural Plans with Exhibits A and B
2. City Council Staff Report and Resolution on the Grover Beach Lodge Financing Plan for Public Improvements Dated June 4, 2012
3. Summary of Previous Public Comment Correspondence
4. Project Plans Dated November 20, 2013 (under separate cover)