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Title: Continued Public Hearing De Novo to Consider: (1) a Master Use Permit for a New 162-Room, 81,775 Square-Foot Hotel with Full Alcohol Service for Hotel Patrons and A New 16,268 Square-Foot Retail and Office Building with a Reduction in Parking to 152 Parking Spaces at 600 S. Sepulveda Boulevard; and (2) Environmental Determination in Accordance with the California Environmental Quality Act (MB Hotel Partners, LLC) (Continued from the January 19, 2021 City Council Meeting) (Community Development Director Tai).

a) RESUME PUBLIC HEARING DE NOVO

b) CONSIDER DIRECTING STAFF TO DRAFT A RESOLUTION MAKING AN ENVIRONMENTAL DETERMINATION IN ACCORDANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) AND CONDITIONALLY APPROVING THE MASTER USE PERMIT FOR CITY COUNCIL CONSIDERATION AT A SUBSEQUENT COUNCIL MEETING

Sponsors:

Indexes:

Code sections:

Attachments: 1. Agenda Item No. 10 from the January 19, 2021 City Council Packet (Staff Report only), 2. Attachments for Agenda Item No. 10 (January 19, 2021) (Web-Link Provided), 3. Material Received from Applicant (Post January 13, 2021) (Web-Link Provided), 4. Material Received from Appellant #1 MB Poets (Post January 18, 2021) (Web-Link Provided), 5. Material Received from Appellant #2 UNITE HERE Local 11 (Post January 18, 2021) (Web-Link Provided), 6. Material Provided by City and City’s Consultants (Post January 18, 2021), 7. Public Comment (Received as of January 27, 2021), 8. PowerPoint

| Date | Ver. | Action By | Action | Result |
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TO:
Honorable Mayor and Members of the City Council

THROUGH:
Bruce Moe, City Manager

FROM:
Carrie Tai, AICP, Community Development Director
Talyn Mirzakhonian, Planning Manager
Ted Fatuross, Associate Planner

SUBJECT:
Continued Public Hearing *De Novo* to Consider: (1) a Master Use Permit for a New 162-Room, 81,775 Square-Foot Hotel with Full Alcohol Service for Hotel Patrons and A New 16,268 Square-Foot Retail and Office Building with a Reduction in Parking to 152 Parking Spaces at 600 S. Sepulveda Boulevard; and (2) Environmental Determination in Accordance with the California Environmental Quality Act (MB Hotel Partners, LLC) (Continued from the January 19, 2021 City Council Meeting)

(Community Development Director Tai).

a) **RESUME PUBLIC HEARING DE NOVO**

b) **CONSIDER DIRECTING STAFF TO DRAFT A RESOLUTION MAKING AN ENVIRONMENTAL DETERMINATION IN ACCORDANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) AND CONDITIONALLY APPROVING THE MASTER USE PERMIT FOR CITY COUNCIL CONSIDERATION AT A SUBSEQUENT COUNCIL MEETING**

RECOMMENDATION:

Staff recommends that after closing the continued public hearing *de novo*, the City Council direct staff to draft a resolution making an environmental determination under CEQA and approving the Master Use Permit, subject to conditions, for Council consideration at a future City Council meeting.

BACKGROUND:

The City Council opened a public hearing *de novo* on January 19, 2021 to consider a Master Use Permit for a new 162-room, 81,775 square-foot, four-story hotel and a separate new 16,268 square-foot two-story retail and office building at 600 S. Sepulveda Boulevard. The Master Use Permit request also includes a reduction in parking and the ability to serve alcohol to hotel patrons until 1:00 a.m. seven days a week. City staff, the applicant, and both appellants made presentations. After the presentations, but while the public hearing was still open, the City Council continued the public hearing to a date certain, February 2, 2021. The Mayor announced that the continued public hearing would be on February 2, 2021, at which time the Council would receive additional public comments. The City Attorney notified the public that no additional notice would be given. As a courtesy, on January 27, 2021, City staff sent an email to all interested parties, including the applicant and both appellants, reminding them that the City Council continued the public hearing to the February 2, 2021 City Council meeting. The email provided a link to the staff report for the February 2, 2021 City Council hearing as well as a link to the city's webpage with information on how to participate in the February 2, 2021 public hearing. Prior to opening the public hearing on January 19, 2021, the City Council unanimously approved the waiver of the appeal fees for the appellants.

SUPPLEMENTAL INFORMATION:

Attached as Attachment A is the staff report from the January 19, 2021 City Council agenda packet, which is, along with documents attached to the January 19 staff report, hereby incorporated by this reference. Due to the length of the attachments to the January 19 report, staff has provided a hyperlink to the attachments to that report, as well as to other documents submitted by the applicant and both appellants after the posting of the January 19 agenda. The purpose of this Supplemental Report is to:

1. Address questions posed at the January 19 public hearing; and
2. Incorporate in the record technical reports, documents, and comments that were not part of the January 19 agenda packet when it was posted on January 13.

1. Questions Posed at the January 19, 2021 Public Hearing

In response to questions at the January 19, 2021 City Council meeting, the applicant has provided the following clarifications about the operations of the hotel.

The applicant has confirmed that the fitness room and library/meeting rooms located at the western portion of the hotel's third floor will be for the sole use of hotel patrons and their guests, with the term "hotel patron" defined as hotel guests who have paid for overnight accommodations. The applicant states that the fitness room and meeting rooms are intended to be an amenity for hotel patrons, as the hotel's business model does not involve renting the fitness room and library/meeting rooms to the

public. These amenities on the third floor will only be physically accessible with a room key, ensuring that only hotel patrons and their guests will be able to access the third-floor amenities.

The applicant has also provided additional detail about the food and beverage service in the first-floor lounge and fourth-floor lounge and outdoor terrace. The applicant states that the fourth-floor lounge and outdoor terrace will only be physically accessible with a room key, meaning only hotel patrons will be able to access the fourth-floor lounge and terrace. Hotel patrons may bring their guests who have not paid for overnight accommodations to the access-restricted fourth-floor lounge and outdoor terrace, and the hotel's staff will serve both hotel patrons and their guests. The lounge in the first-floor lobby will not have physical access restrictions, but staff will only be allowed to serve hotel patrons who show their room key, along with guests of hotel patrons who have not paid for overnight accommodations. Guests of hotel patrons will only be served food or beverages if they are accompanied by a hotel patron with a room key. The hotel's staff will be trained to ask first-floor lounge patrons for proof of stay in the same way that the hotel's staff will be trained to ask anyone who looks under 30 years old for proof of identification to ensure that alcohol is not served to people under 21 years of age.

Staff has historically viewed such operating characteristics as an ancillary use to the primary use, rather than an "Eating and Drinking Establishment" use as defined in the Zoning Code.

To further strengthen the City's ability to enforce the hotel's operation as described, staff recommends that the following conditions be imposed in the City Council's Resolution if the project is approved:

- The third-floor meeting rooms/business center and the fourth-floor lounge and outdoor terrace shall not be independently rented for any events, small or large.
- The hotel's third-floor amenities (fitness center, meeting rooms, business center, etc.) and fourth-floor lounge and outdoor terrace shall be physically accessible only with a room key, ensuring that only hotel patrons and their guests will be able to access these amenities.

2. Additional Materials

After the publication of the January 19 staff report and supporting documents on January 13, the applicant and appellants submitted several documents. Those documents are listed below and briefly summarized.

- Memorandum from applicant's traffic and parking consultant, Kimley-Horn, dated January 18, 2021, regarding air quality and greenhouse gas emissions.
- Responses from the applicant's traffic and parking consultant, Kimley-Horn, dated January 18, 2021, addressing traffic and parking comments made in a "letter prepared by TEP [MB Poet's traffic consultant], dated December 20, 2020."
- Letter from the applicant's architect, Axis/GFA Architecture + Design, dated January 19, 2021, regarding architectural screening on the third and fourth floors of the hotel's eastern façade along Chabela Drive, as well as the need to revise the plans in order to remove the stairs on the northern part of the property leading from the subterranean garage to the property to the north.
- Letter from Keith E. McCullough of AlvaradoSmith, dated January 19, 2021- Letter from the

applicant's attorney stating that "the [appellants'] appeal erroneously asserts that the project is not subject to a categorical exemption from CEQA", that "much of appellants' material is not substantial evidence...", and that to "assume a zero environmental baseline, as appellants do, is contrary to law."

- MB Poets "revised appeal report", emailed to the City on January 18, 2021. The majority of the revised appeal report is composed of the appellant's original appeal documents. New information in the appeal report includes the following, much of which incorporates recycled arguments that have previously been addressed in the January 19, 2021 staff report:
 - An excerpt from an unidentified source regarding shared parking methodologies.
 - A revised parking and traffic report from the appellant's traffic engineer Craig S. Neustaedter, dated January 17, 2021. The revised appeal report recycles previous arguments made by the appellant in the past which have already addressed by staff, but asserts the new claim that the hotel will presumably charge room rates that are charged by 310 Hotels, and thus the 310 Hotel category from the Institute of Transportation Engineer's (ITE) Parking Generation Manual, Fifth Edition should be used in the parking analysis, instead of the 312 Business Hotel category used in Kimley-Horn's parking analysis. As noted in the January 19, 2021 staff report, the 312 Business Hotel is the appropriate land use category because the project's characteristics most closely match the description of a 312 Business Hotel over the 310 Hotel use as described in ITE's Parking Generation Manual, Fifth Edition. Further, nowhere in ITE's Parking Generation Manual, Fifth Edition does it state that hotel room rates should be considered when choosing the most appropriate hotel category from the manual.
 - A letter from the appellant's alcohol consultant Lauren C. Tyson, dated December 14, 2020.
 - An undated letter from Michael Rendler, AIA, regarding egress provided with stairs on the northern part of the property leading from the subterranean garage to the property to the north.
 - An undated, unsigned letter analyzing room rates of other hotels in Manhattan Beach and arguing that the hotel should be classified as a 310 Hotel, not a 312 Business Hotel based on the room rates.
 - A letter from Steve Rogers Acoustics, the appellant's noise consultant, dated December 14, 2020 regarding "rebuttal testimony by applicant's consultant MBI on 11/18/2020."
 - A letter from Steve Rogers Acoustics, the appellant's noise consultant, dated January 16, 2021 regarding "rebuttal of staff report dated January 14, 2021 and MBI addendum to Noise Technical Memorandum dated January 12, 2021."
 - City Council Resolution No. 14-0064, which governs the Shade Hotel located at 1221 N. Valley Drive.
 - A letter from the appellant's alcohol consultant Lauren C. Tyson, dated January 18, 2021.
 - A "rebuttal of staff report comments on parking and traffic deficiencies in appeal report" from the appellant's traffic engineer Craig S. Neustaedter, dated January 17, 2021.
- Memorandum from Michael Baker International (MBI), the City's environmental consultant, dated January 19, 2021, with rebuttals to "the two documents prepared by [MB Poets' noise expert] Steve Rogers Acoustics (SRA)" dated December 14, 2020 and January 16, 2021,

which recycles previous arguments made by the appellant in the past and already addressed by staff, but also claims that the hotel's assumed room rates should make the hotel be categorized as a 310 Hotel from the Institute of Transportation Engineer's Parking Generation Manual, 5th Edition, instead of the 312 Business Hotel category chosen by the applicant's traffic and parking consultant.

- Letter from Jordan R. Sisson, Esq. of Gideon Kracov, attorney for the appellant UNITE HERE Local 11, dated January 19, 2021. The letter provides a report from Tom Brohard and Associates claiming that the Kimley-Horn Traffic Study is "fatally flawed". The letter also provides a report from SWAPE claiming that MBI's Air Quality Technical Memorandum "fails to adequately evaluate the Project's air quality, health risk, and greenhouse gas impacts."

These documents are either attached to this report, or a link has been provided, and are hereby incorporated by this reference.

Rebuttals

Traffic and parking consultant Kimley-Horn has provided a rebuttal to the traffic and parking claims made in the letter dated January 19, 2021 from the appellant UNITE HERE Local 11's attorney Gideon Kracov. The City's Traffic Engineer has reviewed Kimley-Horn's responses and endorses the conclusions made in the report in his own memorandum (see attached). The City's Traffic Engineer has also provided a response to the parking and traffic comments in MB Poets documents from January 18, 2021, and that response has also been attached.

The City's environmental consultant, MBI, has prepared a rebuttal regarding the air quality and greenhouse gas emissions claims made in the letter dated January 19, 2021 from the appellant UNITE HERE Local 11's attorney Gideon Kracov. MBI's rebuttal explains why the original Air Quality Technical Memorandum, dated September 21, 2020, correctly followed all required methodologies for determining the project's impacts on air quality, and again concludes that the project will not have a significant impact on air quality. MBI's rebuttal, dated January 25, 2021, is attached.

ENVIRONMENTAL REVIEW:

The Project is Categorically Exempt from the requirements of the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15332 (Infill Development Projects) exemption, as it meets the definition of infill development; would be consistent with the applicable General Plan designation and all applicable General Plan policies as well as with the applicable zoning designation and regulations; occurs within city limits on a project site of no more than 5 acres substantially surrounded by urban uses; would be located on a site that has no habitat for endangered, rare, or threatened species; would not result in any significant effects relating to traffic, noise, air quality, or water quality; and could be adequately served by all required utilities and public services. Further, none of the exceptions to the use of a categorical exemption apply to the Project.

Please refer to the January 19 staff report for the reasons supporting this conclusion. Staff has reviewed all public comments and documents submitted by the appellants after the publication of the staff report on January 13, 2021. Staff has also obtained and independently reviewed all rebuttals from consultants, and nothing submitted changes staff's conclusion that the Class 32 exemption from CEQA is appropriate and the required findings for the Master Use Permit and reduced parking request can still be made with confidence. The documents submitted by the applicant and by the City's consultants referenced above reinforce staff's conclusion.

CONCLUSION:

The City Council has the following options:

1. Direct staff to draft a resolution approving the MUP, subject to reasonable conditions, for Council consideration at a subsequent Council meeting.
2. Direct staff to draft a resolution denying the MUP, for Council consideration at a subsequent Council meeting.
3. Refer the matter to staff to perform an initial study and appropriate additional environmental assessment.
4. Continue the matter to a future council meeting.

Staff recommends Option 1.

LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENTS:

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8. PowerPoint Presentation