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Title: Continued Public Hearing De Novo to Consider: (1) a Master Use Permit for a New 161-Room, 81,771 Square-Foot Hotel with Full Alcohol Service for Hotel Patrons and a New 14,500 Square-Foot Retail and Office Building with a Reduction in Parking to 152 Parking Spaces at 600 S. Sepulveda Boulevard; and (2) Environmental Determination of Categorical Exemption in Accordance with the California Environmental Quality Act (MB Hotel Partners, LLC) (Continued from the April 6, 2021 City Council Meeting) (Community Development Director Tai).

a) CONDUCT CONTINUED PUBLIC HEARING DE NOVO

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

Sponsors:

Indexes:

Code sections:

Attachments: 1. Revised Plans Received from Applicant, 2. Written Material Received from Applicant (Post February 2, 2021), 3. Material Provided by City and City's Consultants (Post February 2, 2021), 4. Public Comment (Received January 28, 2021 - April 19, 2021, Inclusive of Appellant Materials), 5. Public Comments (Received as of April 28, 2021), 6. Index and Links to Staff Reports and Attachments (City Council and Planning Commission Hearings), 7. Powerpoint

Date	Ver.	Action By	Action	Result
5/4/2021	1	City Council Regular Meeting	approved	Pass

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Carrie Tai, AICP, Community Development Director
Talyn Mirzakhani, Planning Manager
Ted Faturos, Associate Planner

SUBJECT:

Continued Public Hearing *De Novo* to Consider: (1) a Master Use Permit for a New 161-Room, 81,771 Square-Foot Hotel with Full Alcohol Service for Hotel Patrons and a New 14,500 Square-Foot Retail and Office Building with a Reduction in Parking to 152 Parking Spaces at 600 S. Sepulveda Boulevard; and (2) Environmental Determination of Categorical Exemption in Accordance with the California Environmental Quality Act (MB Hotel Partners, LLC) (Continued from the April 6, 2021 City Council Meeting) (Community Development Director Tai).

- a) **CONDUCT CONTINUED PUBLIC HEARING DE NOVO**
- b) **CONSIDER DIRECTING STAFF TO DRAFT A RESOLUTION MAKING AN ENVIRONMENTAL DETERMINATION OF CATEGORICAL EXEMPTION IN ACCORDANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) AND CONDITIONALLY APPROVING THE MASTER USE PERMIT FOR CITY COUNCIL CONSIDERATION AT A SUBSEQUENT CITY COUNCIL MEETING**

RECOMMENDATION:

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

EXECUTIVE SUMMARY:

MB Hotel Partners, LLC (“Applicant”) has submitted an application for a Master Use Permit for a four-story hotel and a two-story retail and office building, with alcohol service for hotel patrons and their guests until 1:00 a.m. every day, and reduced parking pursuant to Manhattan Beach Municipal Code (“MBMC”) Section 10.64.050(B) (collectively, the “Project”). The Project is proposed for 600 S. Sepulveda Boulevard (the “Site”), which is located in the General Commercial (CG) District, D8-Sepulveda Boulevard Corridor Overlay District. Due to the size of the Site and the size of the Project, the Municipal Code requires that the Applicant obtain a Use Permit. A Use Permit is also required for hotel uses, uses that propose alcohol service, and requests for reduced parking. Per MBMC Section 10.84.105, a Master Use Permit is required when a project such as this contains mixed uses.

On November 18, 2020, the Planning Commission approved an 81,775 square-foot, four-story, 162 room hotel and a 16,348 square-foot two-story retail and office building for the Site. The Planning Commission’s decision was appealed by two separate appellants, MB Poets and UNITE HERE Local 11 (collectively, “Appellants”). In addition, two City Council members requested a review of the Planning Commission’s decision. The Municipal Code provides that appeals and reviews of Planning Commission quasi-judicial hearings be conducted as a public hearing *de novo*. *De novo* means that the City Council must take a “fresh look” at all of the evidence presented at its public hearing and, after the public hearing before the City Council is closed, base its decision on the evidence presented at the public hearing before the City Council.

BACKGROUND:

The City Council opened a public hearing *de novo* on January 19, 2021 to consider the Project. City staff, the applicant, and both Appellants made presentations and presented testimony. After the presentations and testimony, the City Council continued the public hearing to February 2, 2021.

Prior to the February 2, 2021 City Council meeting, the Applicant requested a continuance in order to study a redesign of certain elements of its proposed plan, specifically as it relates to shifting the portion of the hotel building along the Chabela Drive frontage to the west, in response to comments received by residents to the east. The City Council granted Applicant’s request and continued the public hearing to April 6, 2021.

The April 6, 2021 City Council agenda announced that the continued public hearing would be rescheduled to a duly noticed continued public hearing on May 4, 2021 to provide the staff, the public and the Appellants ample time to review revised plans submitted by the Applicant. Staff provided the revised plans to a representative of Appellant MB Poets pursuant to a Public Records Act request,

and posted the new plans on the City's website on April 16, 2021.

DISCUSSION:

As noted in the Background Section, Applicant has revised its plans to address comments raised by residents east of the proposed mixed-use Project. As shown in more detail below, the Project approved by the Planning Commission has been revised to: (1) decrease the number of rooms to 161; (2) reduce the size of the hotel to 81,771 square feet; and (3) reduce the size of the retail and office building to 14,500 square feet. Most significantly, the hotel footprint has been shifted westward, away from the residential neighborhood to the east, with increased screening and architectural features on the eastern side of the hotel.

The revised plans retain the basic characteristics of the original plan, including a surface parking lot and a subterranean parking garage providing 152 parking spaces. The subterranean parking garage is ventilated with light and air along significant portions of the site's perimeter and landscaping is provided in large raised planting areas along the garage's perimeter between the parking garage's subterranean level and the sidewalk and buildings above. A ramp near Sepulveda Boulevard leads from the surface level parking lot into the subterranean garage. Vehicular and pedestrian access to the site is provided along Sepulveda Boulevard and Tennyson Street. Dedications required by the City's Public Works Department have been refined and now total 1,867 square feet. The basic layout of the revised plans mirrors that of the original plans, with an "L"-shaped four-story hotel building along the northern and eastern portions of the site, an outdoor terrace on the fourth floor of the portion of the hotel facing Sepulveda Boulevard, and a two-story retail/office building in the southwest corner of the site.

The main revisions to the plans are summarized below:

Reduction in Hotel Building Size and Number of Rooms

Per the revised plans, the size of the hotel building has been reduced to 81,771 square feet from the previously proposed 81,775 square feet. Consequently, this reduction resulted in the loss of one hotel room, for a new total of 161 hotel rooms compared to the originally proposed total of 162 hotel rooms.

Hotel Building Massing Along Chabela Drive

The Applicant has revised the design and location of the eastern portion of the hotel building along Chabela Drive, the street separating the commercial strip along Sepulveda from the residential neighborhood to the east. The revised design shows the hotel's eastern façade broken up into three distinct sections, with each section staggered further away from Chabela Drive when viewed from north to south. Specifically, the revised plans show the eastern portion of the hotel building between four and thirteen feet further west from Chabela Drive than the eastern façade in the originally proposed design. The eastern portion of the hotel building is now proposed to be between 18.4 to 28 feet away from the existing eastern property line, and consequently, further from the residential properties across Chabela Drive to the east than originally proposed.

Reduction in Retail/Office Building Size

The revised plans show that the retail/office building at the site's southwest corner has been reduced in size from 16,268 square feet to 14,500 square feet, with an 808 square-foot reduction in retail space (6,085 square feet vs 6,893 square feet) and a 960 square-foot reduction in office space (8,415 square feet vs 9,375 square feet).

No Reduction in Net Parking Spaces

There is no net reduction in the number of parking spaces proposed on the Site. The revised plans include a minor redesign of the parking layout, with no net gain or loss in parking spaces when compared to the previous version of the proposal. The surface level parking lot would include 28 surface level parking spaces, compared to the 29 surface level parking spaces previously proposed. The subterranean parking garage would include 124 subterranean parking spaces; initially, 123 subterranean parking spaces were proposed.

Unless MBMC Section 10.64.050(B) is applicable (as it is here), 236 on-site parking spaces would typically be required for a project such as this; with the revised plans, this amount is seven fewer spaces than the standard Code requirements for the previous design. The lower number is attributed to the loss of one hotel room and the reduction in square-footage in the retail and office building. Nevertheless, the revised plans still indicate the same number (152) of parking spaces as were shown on the prior plans.

MBMC Section 10.64.050(B) allows for a reduction in the number of parking spaces required for a project via the Use Permit process if an applicant can demonstrate that the proposed on-site parking would satisfy the demand generated by the proposed uses, and that parking demand will be less than the demand contemplated in MBMC Section 10.64.030's off-street parking spaces schedule. The Applicant provided a parking evaluation by the consulting firm Kimley-Horn dated March 9, 2020, which was subsequently revised on January 7, 2021, that calculated the Project's parking demand, using parking rates based on the Institute of Transportation Engineers' (ITE) Parking Manual Generation, Fifth Edition. The project Parking Evaluation, which was peer-reviewed by the City's Traffic Engineer, determined that the previous version of the Project required a minimum of 152 parking spaces to meet the site's peak parking demand, with the Parking Evaluation assuming 162 hotel rooms, 6,845 square feet of retail space, and 9,264 square feet of office space. Compared to the Project evaluated in the Parking Evaluation, the revised plans include one fewer hotel room (161 rooms vs 162 rooms), a reduction of 760 square feet in retail space (6,085 square feet vs 6,845 square feet), and a reduction of 849 square feet in office space (8,415 square feet vs 9,264 square feet). Given that the Parking Evaluation: (1) was based upon a larger project with an additional hotel room and more retail and office square-footage than what is proposed in the revised plan; and (2) the revised plans still contain 152 parking spaces, the conclusions in the Parking Evaluation remain valid. The proposed off-street parking will accommodate the parking demands generated by the Project, both in its prior version and as revised, and the long-term occupancy of the structures, based upon their designs, will not generate additional parking demand.

MBMC Section 9.36.030 requires 38 electric vehicle (EV) spaces for a commercial project with 151-300 parking spaces. Whereas the previous version of the plans did not identify the exact location of all of the required EV spaces, the revised plans include additional detail and identify the locations of the 38 EV spaces, labeled as "EV parking".

Planter Along Chabela Drive

The revised plans include changes to the planter along Chabela Drive, as the width of the planter has been increased to five feet in the revised plans from three feet in the previously proposed plans.

The Applicant has also stated in submitted written material (see attached) that the wider planter can better accommodate trees compared to the previous design. The Applicant states that some neighbors have requested trees be planted in lieu of bamboo in the planter along Chabela Drive,

but the Applicant notes that the privacy concerns expressed by residents across Chabela have been addressed by adding architectural screening to the third and fourth floors facing Chabela Drive, by moving the eastern portion of the building to the west, and by maintaining the previously proposed bamboo.

Miscellaneous Plan Revisions

The revised plans also contain additional minor modifications, including the change in location of egress stairs from the subterranean garage, removal of the encroachment of the retail/office building's roof into the public right-of-way, and updates to the renderings.

Staff has conducted a thorough review of the revised plans and finds that the revised plans continue to conform to all applicable General Plan policies and meet all applicable development standards for commercial properties in the CG district (MBMC Section 10.16.030) and the D8-Overlay District (MBMC Section 10.44.030), including but not limited to setbacks, floor area factor, and height. Pursuant to MBMC Section 10.64.050, the requested reduced parking likewise complies with the Municipal Code.

Additional Public Comments and City Responses

Subsequent to the publication of the February 2, 2021 staff report and supporting documents on January 27, 2021, Appellants submitted several documents. The majority of these documents contain previously submitted documents with arguments that have been addressed in previously released staff reports. In addition, the City responds to the following late submitted material:

- MB Poets addendum to its appeal filing dated January 19, 2021.
A letter from the Steve Rogers Acoustics, Appellant MB Poet's noise consultant, dated January 30, 2021, responding to the Michael Baker International ("MBI") response to MB Poet's "Rebuttal of MBI Report, 01-19-21".

City Response

The City's environmental consultant, MBI, has prepared a response to Mr. Rogers' letter (see attached). MBI concludes (again) that the Project will not have a significant impact on noise.

- Letter from Tom Brohard, UNITE HERE Local 11's traffic consultant, dated January 31, 2021, in response to Applicant's traffic consultant Kimley-Horn's January 25, 2021 letter and the City's Traffic Engineer's January 26, 2021 letter.

City Response

Kimley-Horn has provided a response to the January 31, 2021 letter. The City's Traffic Engineer has reviewed Kimley-Horn's responses and concurs with the conclusions made in the report in his own memorandum (see attached). Kimley-Horn and the City's Traffic Engineer again conclude that Project will not have a significant impact on traffic.

- A public comment was also received with a previously-unraised argument claiming that the City's Public Works Department's will serve letter regarding the city's infrastructure's ability to meet the demand for potable water and wastewater services was flawed.

Response

The City's Public Works Department has provided a letter addressing the public comment

regarding the Public Works Department's will serve letter (attached). The Public Works Department reaffirms that the project can be adequately served by the City's water and sewer infrastructure.

- Appellant MB Poets submitted a public comment via email to the City with a title of "Addendum to MB Poets Appeal Report Dated 19 January 2021" on February 2, 2021. On Page 1 of the above-referenced document, under the heading "Comments on Parking and Traffic Rebuttal by City", The comment refers to Conditions of Approval #13 and #14 from Resolution No. PC 20-10 (adopted by the Planning Commission on November 18, 2020), stating: "Condition 14 violates Condition 13 because the Department of Alcohol Beverage Control ["ABC"] requires a public bona fide eating place for the Type 47 license service areas, per former ABC sworn officer Lauren Tyson." This reference to the Type 47 license comes from a project description submitted by the Applicant early in the review process stating that it was intending to pursue a Type 47 License.

City Response

The City does not issue alcohol licenses; that is the purview of the California Department of Alcohol Beverage Control ("ABC"). As part of its review of an application for a Use Permit, the City may decide to issue a Use Permit for alcohol service under certain operating terms and conditions. It is then incumbent upon an applicant to obtain the appropriate type of license from ABC to serve alcohol in the manner that is approved by the City.

In the case of the proposed hotel at 600 S. Sepulveda Boulevard, the eating and drinking facilities would not be open to the public and would be open to hotel patrons and their guests only. Therefore, the hotel would need to secure the appropriate type of license from ABC that reflects this operation.

For reference, Conditions of Approval #13 and #14 from Resolution No. PC 20-10 are as stated below:

"Condition of Approval #13: Operation of the hotel's eating and drinking areas shall be in substantial compliance with all restrictions imposed by the California Department of Alcohol Beverage Control (ABC) prior to service of beer, wine, and distilled spirits.

Condition of Approval #14: Alcohol service shall be conducted only in conjunction with food service during all hours of operation. The hotel's eating and drinking options are for the use of hotel patrons only."

The revisions to the plan do not change any of the City's conclusions set forth in the above responses.

ENVIRONMENTAL REVIEW:

The City's environmental consultant, Michael Baker International, thoroughly reviewed the revised plans and issued a revised statement of categorical exemption (see attached) concluding that the revised 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; staff independently reviewed the project, as revised, for compliance with CEQA regulations and concurs with all of the findings in the revised statement. The Infill Development exemption remains applicable to the proposed project 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 five 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. In particular, there are no unusual circumstances related to the Project, as revised.

The determination of exemption was supported by a series of technical studies. The Applicant engaged the services of engineering firm Kimley-Horn to conduct a "Traffic Impact Analysis" that shows that the Project will have a less-than-significant impact on traffic. The City's Traffic Engineer has reviewed the Traffic Impact Analysis. The City Traffic Engineer supports the findings in the Traffic Impact Analysis that no significant traffic impacts are anticipated on the roadway network as the result of the Project. The Applicant also hired engineer Barbara L. Hall, P.E., Inc. to conduct a "Drainage Technical Report" that concludes that the Project would produce less than significant impacts related to water quality with implementation of the required Stormwater Pollution Prevention Plan and Low Impact Development best management practices. Michael Baker International, the City's environmental services consultant, prepared technical studies regarding noise and air quality. MBI has provided several addendums and comments that address potential crowd noise and the effect of crowd noise on residences to the east of the Project, as well as potential noise generated by amplified speakers proposed for the Project. These noise and air quality technical studies have concluded that the Project will have less than significant noise and air quality impacts. The Applicant has also obtained "will serve" letters from Southern California Edison, Southern California Gas Company, and the City's Public Works Division stating that the Project could be adequately served by all required utilities and public services. Staff has reviewed all public comments and documents submitted by the Appellants, including those submitted subsequent to the publication of the previous staff reports on January 13, 2021 and January 27, 2021. Staff has also obtained and independently reviewed all responses from consultants, and none of the material submitted alters staff's conclusion that the Class 32 exemption from CEQA is appropriate, and the required findings for the Project, as revised, can still be made.

CONCLUSION:

The City Council has the following options:

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

Staff recommends Option 1.

PUBLIC OUTREACH:

As a courtesy, on April 16, 2021, the City posted the revised plans to the City's website on April 16, 2021 and notified interested parties via email with a link to the revised plans.

A public notice for the May 4, 2021 City Council hearing was mailed on April 19, 2021 to all property owners within 500 feet of the project, and the notice was published in the April 22, 2021 edition of the Beach Reporter. As a courtesy, on April 29, 2021, City staff sent an email to all interested parties, including Applicant and Appellants, with a reminder that the City Council continued the public hearing to the May 4, 2021 City Council meeting. The email provided a link to the staff report for the May 4, 2021 City Council hearing as well as a link to the city's webpage with information on how to participate in the May 4, 2021 public hearing.

Staff has received public comment both in support and opposition to the project. (See attached.)

LEGAL REVIEW:

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

ATTACHMENTS:

1. Revised Plans Received from Applicant
2. Written Material Received from Applicant (Post February 2, 2021)
3. Material Provided by City and City's Consultants (Post February 2, 2021)
4. Public Comment Received (January 28, 2021 - April 19, 2021, Inclusive of Appellant Materials)
5. Public Comment (Received as of April 28, 2021)
6. Index and Links to Staff Reports and Attachments (City Council and Planning Commission Hearings)
7. PowerPoint Presentation