



**OHMVR COMMISSION MEETING
Upper Lake, CA 95485**

February 28, 2014

STAFF REPORT: Grover Beach Lodge and Conference Center
STAFF: Dena Bellman, Park & Recreation Specialist, Oceano Dunes District
SUBJECT: Grover Beach Lodge and Conference Center

Summary

Planning for the Grover Beach Lodge and Conference Center began in July of 1982 with the amendment of the Pismo State Beach and Pismo Dunes State Vehicular Recreation Area General Plan designating this site as the location for a 150 room lodge and conference center.

In 1994 the California State Legislature adopted Public Resources Code Section 5003.02.1 which authorizes the term of a contract entered into by State Parks and the City of Grover Beach with a concessionaire for the development of new facilities at Pismo State Beach 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 Parks.

Up to this point Pismo State Beach was managed by the San Luis Obispo Coast District of California State Parks, in 2004 the management responsibility transferred to the now named Oceano Dunes District. With new District Staff involved in the process of bringing this contract forward, the City and State Parks 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 Parks 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. 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, State Parks will control the property.

March of 2012 the Environmental Impact Report and Local Coastal Plan Amendments were completed and certified by the Grover Beach City Council and after several revisions, the amended LCP was certified by the Coastal Commission in June of 2013. Pacifica revised the project plans consistent with the LCP Amendments and submitted those plans in November 2013.

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. 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 the region and to choose a style most in design with the natural dune surrounding.

Discussion

This location at the end of Grand Avenue is a heavily utilized day use area, as well as an overflow staging area when high ocean tides delay park visitor access to the Oceano Dunes SVRA. State Parks is committed to minimizing the loss of opportunity or access by this development. Three areas of opportunity continue to be a challenge for this project; parking, the RV dump station and equestrian staging. State Parks required in the concession contract that the three previously mentioned items be replaced prior to the lodge development taking place.

The first and best option for the equestrian staging was proposed to be south of Grand Avenue in a 1 acre stabilized dune area covered with non-native vegetation. This site was not approved by the Coastal Commission and forced the project to utilize the alternative option which is a mixed use parking lot for larger vehicles in the south east corner of the project. The JA exhausted all State Park property locations before agreeing to this site and the best alternate location. The JA is currently working with the County of San Luis Obispo and the community of Oceano to acquire an addition location that would be suitable and provide park access for equestrian riding.

The lodge and conference center would effectively displace the current RV dump station on Le Sage Drive. The alternate location for this has been designated at Pismo State Beach Northbeach Campground. There is currently a small dump station at this location and plans are being designed to enhance and enlarge the Northbeach location to make is feasible for maximum length vehicles and trailers. Additionally this requires the approval of a Coastal Development Permit by the City of Pismo Beach. Discussions for this project are currently taking place.

When the parking space requirement was detailed in the concession contract, it only included the paved parking spots. East of the paved area at the Grand Avenue Day Use lot there is an approximate 7 acre open dirt lot where equestrian and campers stage. This area often has 3 to 4 large vehicle and trailer rigs utilizing the space, and on busier weekends or in the summer it is used as overflow for everyone and is often quite full. The project replaces in kind the free day use parking required by the contract, and fully meets the parking ratio to room requirement the City of Grover Beach. The City has also agreed to search for additional public parking lot opportunities near the project site.

There is a current concessionaire in the surrounding property, Superior Guest Care owned by Bruce VanVort. Mr. VanVort operated the Pismo State Beach and Fin's restaurant. Prior to 2006 developers consideration was given to incorporate those concessions into the larger project, but this approach was ultimately rejected. Currently the Superior Guest Care Concession fees bring in approximately \$250,000 annually. The Grover Beach Lodge and Conference Center estimated income to the State was also approximately \$250,000; the incorporation of the two concessions would be a net loss to the State. Bruce VanVort and Superior Guest Care have increased their rent to the State nearly every year since they began operating in 2002; and they continue to be the highest quality stewards of this State Park property. When the Lodge is completed the Golf and Restaurant concession contract will be renewed and required to update the exterior of those buildings similar to the Lodge.

The Grover Beach Lodge and Conference Center project has had overwhelming community and local government support. However, on December 2, 2013 when the City of Grover Beach City Council approved the Coastal Development Permit (CDP) for the project, two appeals were received. The following City Council meeting the CDP was rescinded giving the JA an opportunity to alleviate a couple of the issues.

One appeal was from the Coastal Commission, requiring that State Parks specifically agree to conditions in the CDP regarding Sea Wall Armoring. This is language that Coastal Commission required the City's LCP amendment in June of 2013 to include. As of this writing State Parks is negotiating that CDP condition language with legal from Coastal Commission and Resources Agency.

The second appeal is from Friends of Oceano Dunes; there were some technical claims regarding public noticing that will be alleviated by re-hearing the CDP at a City Council Meeting in March. The larger issues are Friends concerns about traffic impacts on Highway One between Grand Avenue and Northbeach Campground to access the new RV dump station location and Parking at Grand Avenue public parking. The traffic concerns are addressed in the EIR traffic study but the JA and especially State Parks are concerned about not negatively impacting that area of Highway One or the community. The JA continues to work on options that will cause the least impact and develop the most efficient dump station for park visitors.

There are still several challenges to having a completed project, however the JA continues to work diligently toward the end goal of a LEED Silver certified master plan project that will bring large scale conferences to the location and enhance the public day use venue. This project is unique in several ways; in order to have hotel rooms nearer

the ocean the project will have numerous pedestrian pathways with interpretive signage through the property, bringing park visitors from the public parking on the eastern side toward the ocean. From a fiscal perspective it is the first time State Parks has negotiated a facility be built and funded by the concessionaire.

Commission Action

For information only

Attachments

None