W8a and 8b

FORM FOR DISCLOSURE OF EX PARTE COMMUNICATIONS

Name or description of project, LCP, etc.:	Appeal No. A-6-COR-08-098 & 099 (Hotel del Coronado, City of Coronado)
Date and time of receipt of communication:	5/27/10, 11:30 am
Location of communication:	Board of Supervisor's Offices, Santa Cruz, California
Type of communication:	Telephone Conference
Person(s) initiating communication:	Donna Andrews Bill Dobbs Chris Poland
Person(s) receiving communication:	Mark Stone

Detailed substantive description of content of communication:
(Attach a copy of the complete text of any written material received.)

They gave me a brief history of the project and said that they have an indication that Coastal staff will recommend denial based on geologic issues. Staff feels that there is a likelihood of a secondary fault in the area that is a safety issue. Mr. Poland, a structural engineer explained that the building is designed to survive any such secondary fault and that the soil in the area will give way before the building would. They also pointed out that the mitigation fee will now by $1 million and that the project will provide $20 million in public benefits over all.

Date: 5/27/10 Signature of Commissioner: *Signature on file*

If the communication was provided at the same time to staff as it was provided to a Commissioner, the communication is not ex parte and this form does not need to be filled out.

If communication occurred within seven or more days in advance of the Commission hearing on the item that was the subject of the communication, complete this form and transmit it to the Executive Director within seven days of the communication. If it is reasonable to believe that the completed form will not arrive by U.S. mail at the Commission's main office prior to the commencement of the meting, other means of delivery should be used; such as facsimile, overnight mail, or personal delivery by the Commissioner to the Executive Director at the meeting prior to the time that the hearing on the matter commences.

RECEIVED
MAY 27 2010
CALIFORNIA
COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

Ex Parte Communication

FORM FOR DISCLOSURE OF EX PARTE COMMUNICATIONS

Name or description of project, LCP, etc.:	W 8a & b Appeals No. A-6-COR-09-98 & 99 (Hotel Del Partners LP, Coronado)
Date and time of receipt of communication:	6/1/10, 1:00 pm
Location of communication:	Board of Supervisor's Offices, Santa Cruz, California
Type of communication:	In person meeting
Person(s) initiating communication:	Sarah Damron Grant Weseman
Person(s) receiving communication:	Mark Stone

Detailed substantive description of content of communication:
(Attach a copy of the complete text of any written material received.)

Sarah and Grant represent ORCA and Coastwalk. They agree with staff that the request should be denied because of the geologic issues. They also are concerned about the amount of the mitigation and the movement of the public walkway should the Commission consider approval.

Date: 6/1/10 Signature of Commissioner: *Signature on file*

If the communication was provided at the same time to staff as it was provided to a Commissioner, the communication is not ex parte and this form does not need to be filled out.

If communication occurred within seven or more days in advance of the Commission hearing on the item that was the subject of the communication, complete this form and transmit it to the Executive Director within seven days of the communication. If it is reasonable to believe that the completed form will not arrive by U.S. mail at the Commission's main office prior to the commencement of the meting, other means of delivery should be used; such as facsimile, overnight mail, or personal delivery by the Commissioner to the Executive Director at the meeting prior to the time that the hearing on the matter commences.

If communication occurred within seven days of the hearing, complete this form, provide the information orally on the record of the proceeding and provide the Executive Director with a copy of any written material that was part of the communication.

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JUN 02 2010
California Coastal Commission
San Diego Coast District

2

FORM FOR DISCLOSURE
OF EX PARTE
COMMUNICATIONS

Date and time of communication: MAY 12 - 10 NOON

Location of communication: SANTA CRUZ
(If communication was sent by mail or facsimile, indicate the means of transmission.)

Identity of person(s) initiating communication: Susan McCabe/Bill Woods/client

Identity of person(s) receiving communication: KATCHO ACHADJIAN

Name or description of project: A-6-08-COR-08-098 & 099

Description of content of communication:
(If communication included written material, attach a copy of the complete text of the written material.)

BRIEFING ABOUT HOTEL DEL CORONADO'S 2008 Amended Master plan.
overview of the project. various public access benefits.
seismic/geologic hazard issues raised by the staff geologist
overview of building design to address such issues

Signature on file

MAY 27-10
Date

Signature of Commissioner

If communication occurred seven (7) or more days in advance of the Commission hearing on the item that was the subject of the communication, complete this form and transmit it to the Executive Director **within** seven (7) days of the communication. If it is reasonable to believe that the completed form will not arrive by U.S. mail at the Commission's main office prior to the commencement of the meeting, other means of delivery should be used, such as facsimile, overnight mail, or personal delivery by the Commissioner to the Executive Director at the meeting prior to the time that the hearing on the matter commences.

If communication occurred within seven (7) days of the hearing, **complete** this form, provide the information **orally** on the record of the proceeding **and** provide the Executive Director with a copy of any written material that was part of the communication.

APPENDIX *2*

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Pat Kruer

From: Janet Burt [j[redacted]com] on behalf of Donna Andrews [[redacted]]
Sent: Friday, May 21, 2010 3:30 PM
To: Pat Kruer
Cc: JT Ford; Edgar Gutierrez
Subject: Del Coronado

Dear Commissioner Kruer,

As you may know, Hotel Del Coronado's Amended Master Plan was appealed to the Coastal Commission and will now be before you at your June meetings.

As of today, we are scheduled as item 8a on Wednesday, June 9, 2010 and would like to respectfully request an ex parte to discuss outstanding issues, including mitigation for geological issues. We anticipate the release of the staff report by no later than May 27th. Please advise the best dates and times during that week to meet or have conference call

We are also offering a site tour from sun up to sunset that can be arranged as part of your ex parte.

Project Description:
The Amended Master Plan retains the core elements of a new conference center and 144 additional guestroom keys, while adjusting their placement on the site to accommodate site constraints and increase operational efficiencies. At full build-out Del will offer 222 condo hotel guestrooms out of a total of 901 guestrooms (approx. 25%). The Plan also provides additional public benefits: relocation and extension of the southern portion of the Paseo del Mar for improved public access to, and views to, the beach; substantial additional street work to Ave del Sol to correct flooding problems; additional $1M cash contribution to the City for public improvements such as public restroom along the coast **(total public benefits – approx. $20M)**

A briefing packet with additional information will be sent separately.

Please advise your availability and interest in the site tour. Feel free to contact us at 213-891-2965 or via email if you have any questions.

Thanks,

Janet Burt for Donna Andrews

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ITEMS W8a & W8b

DISCLOSURE OF EX PARTE COMMUNICATIONS

Name or description of project:
Appeal Nos. A-6-08-COR-08-098 & 099. Appeal by Commissioners Wan and Kruer and Concerned Citizens of Coronado from decision of City of Coronado granting permit with conditions to Hotel Del Partners LP for the Hotel del Coronado Master Plan to include relocation of the conference center, guestrooms, and repositioning of the Paseo del Mar public easement. The south beach guestrooms are proposed to be developed with up to 85 limited term occupancy condominium hotel units and 30 resort/hotel managed commercial units under a separate coastal development permit at Hotel del Coronado, 1500 Orange Avenue, City of Coronado, San Diego County.

Date and time of receipt of communication:
June 3, 2010 @ 2:30 pm

Location of communication:
Phone

Type of communication:
Teleconference

RECEIVED
JUN 03 2010
California Coastal Commission
San Diego Coast District

Person(s) in attendance at time of communication:
Bill Dodds, Chris Poland, Susan McCabe, Donna Andrews

Person(s) receiving communication:
Steve Kram

Detailed substantive description of the content of communication:
(Attach a copy of the complete text of any written material received.)
I received a briefing from the project representatives in which they described the Hotel Del Coronado's 2008 Amended Master Plan and explained how various appeal issues had been addressed with staff over the course of the last year and a half. They provided an overview of the project, explained the withdrawal of one appeal, and described the multiple public access benefits included as part of the project. The discussion then focused on the applicant's response to seismic/geologic hazard issues raised by the staff geologist, Mark Johnsson. They informed me that Dr. Johnsson recognizes secondary faulting on-site that no other geologist reviewing the project agrees exists. The applicant's structural engineer spent time going over the proposed building design and assured the strength and stability of the proposed structure for the safety of building occupants. As such, even if such faulting existed, the project is designed to withstand a potential seismic event. The representatives disagree with the recommendation of denial based on seismic concerns and request approval by the Commission.

Date: 6/3/10

Signature on file

Signature of Commissioner: _____

5

W8a and b

SHEPPARD MULLIN
SHEPPARD MULLIN RICHTER & HAMPTON LLP
ATTORNEYS AT LAW

501 West Broadway | 19th Floor | San Diego, CA 92101-3598
619-338-6500 office | 619-234-3815 fax | www.sheppardmullin.com

Writer's Direct Line: 619-338-6524
djones@sheppardmullin.com

Our File Number: 16TE-144914

June 3, 2010

Chairperson Neely and Commissioners
California Coastal Commission
c/o Diana Lilly
Coastal Program Analyst
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108-4421

JUN 03 2010
California
San
Coast District

Re: Hotel Del Coronado Response to Staff Report W8a/b
Appeals A-6-COR-08-098 & 99 (Hotel Del Coronado)

Dear Chairperson Neely and Commissioners:

The Hotel Del Coronado ("Hotel") has worked closely with the California Coastal Commission ("CCC") staff over the last 18 months to respond to requests for additional data and analysis of the Hotel's Amended Master Plan ("Project"). Fortunately, working with staff the Hotel was able to address many of the issues raised by the appeals. After reviewing the staff report, one main issue remains – consistency with the Coronado Local Coastal Program ("LCP") and Coastal Act geologic hazard policies which require that development be designed to minimize the risk to life and property - and this is the basis for the staff recommendation of denial. For the reasons set forth herein, the Hotel strongly believes that the weight of the substantial evidence supports the conclusion that the Project is consistent with both the Coronado Local Coastal Program ("LCP") and the Coastal Act's Chapter 3 policy of minimizing risk.[1]

In concluding that there is a risk of potential faulting outside of the current "no-build zone", staff has taken a position that is contrary to all of the expert evidence that has been submitted, including reports from the Hotel's five geotechnical experts along with the City of Coronado's geotechnical expert, Kleinfelder, and UNITE HERE Local 30's[2] geotechnical expert, Earth Consultants International ("ECI"). Therefore, the Hotel believes that staff's position is not supported by substantial evidence. However, even accepting staff's characterization of the risk of displacement from this posited secondary faulting, the Hotel has presented the uncontradicted evidence of its structural engineer, Degenkolb Engineers, that the nominal strength of the

1 Legally, the Project need only be consistent with Coronado's certified LCP policy.

2 UNITE HERE Local 30 initially filed an appeal of the Project, however all issues have since been resolved and UNITE HERE now fully supports the Project

Conference Center building is much greater than the pressure that would be exerted by the potential faulting. Degenkolb concludes "**No risk to life will be created and only an insignificant amount of physical damage to the property will occur".** Staff has reviewed the Degenkolb analysis and "**concurs with the applicant that the foundation and building design will prevent significant damage to the building from the maximum anticipated fault displacement".** (Staff Report pgs. 21-22)

The only way to ensure there is absolutely no risk at a site is to prohibit all structures from being built there; however, that is not the LCP or Coastal Act requirement. Rather, the standard is that the building be designed in such a way to minimize the risk to persons and property. That requirement has been met for this project, as clearly established by expert evidence. Additionally, the project meets many of the other policies and goals of the LCP and the Coastal Act, including public access and public recreation policies, and provides much needed enhancements to ensure the continuing vitality of this National Historic Landmark and visitor-serving treasure of our coast. Please note that, for your convenience, the format of this letter follows the format of the CCC staff-proposed findings of the staff report.

1. **Geotechnical Issues** (Geologic Hazard policies of LCP and Coastal Act):

The basis for staff's recommendation of denial of the Hotel Del's Amended Master Plan CDP centers around the same reason the Master Plan was amended – the identification of a fault zone running through a portion of the Del site which precluded siting structures in the locations identified in the Master Plan. In 2003, following approval of the Master Plan, the state of California designated portions of Coronado, including portions of the Hotel Del site, as being within an Alquist-Priolo earthquake fault zone. This designation required that a geotechnical investigation be conducted prior to development. A Fault Hazard study was conducted by URS Corporation on behalf of the Hotel in 2006/2007, in conjunction with the City of Coronado and its third-party reviewer, Kleinfelder. The investigation identified the main trace of the Coronado Fault within a 10-foot wide zone, and recommended a total 50-foot wide "no-build" zone (20-foot setbacks on either side of the 10-foot fault zone). (Exhibit A at page 1; Exhibit B at page 2). The City of Coronado as lead agency accepted the URS report and recommended setbacks, and the 2008 Amended Master Plan was designed around these setbacks. The city's compliance with the Alquist-Priolo Act was later challenged in court and the Superior Court of California, County of San Diego, issued an order in December 2009 finding that the City had fully complied with the Alquist-Priolo Act. (Staff Report, pg. 17)

The Hotel met several times in spring/summer 2009 with Coastal Commission staff geologist Mark Johnsson. When Dr. Johnsson expressed concerns about the adequacy of the 50-foot no-build zone, the Hotel consulted with state-renowned seismic experts Dr. Jeffrey Johnson (who served 8 years on the state's Seismic Safety Commission) and Dr. Roy Shlemon (currently serving on the Technical Advisory Committee for the California Board of Geology and Geophysics). Both experts found that the investigation by URS met the standard of practice and

that the 50-foot total no-build was adequate to mitigate potential adverse effects of surface fault rupture. (Exhibit C at pgs. 3-4; Exhibit D at pg. 3) Nevertheless, in order to fully satisfy then-appellant Unite Here Local 30 and its technical consultant, ECI, the Hotel reconfigured the site plan to provide an even larger-than-required setback (ranging from 55 feet to 75 feet wide across the property), and the Project before the Commission now contains that maximum feasible no-build-zone setback. As a result, even the original project opponent's geologist now agrees that the setback from the fault zone in Hotel's Amended Master Plan complies with the LCP requirements.(Exhibit E at pg. 1).

Additionally, the Hotel has submitted an expert report from Dr. Jonathan Bray (Professor of Geotechnical Engineering at UC Berkley), in which he concurs that "the quality and quantity of the data relied upon by URS Corporation provides a sound basis for their findings" and that "the original 50-foot wide 'no-build zone' is appropriate for handling the potential for distinct surface faulting resulting from the Coronado fault." (Exhibit F at pg. 2)

Contrary to staff's interpretations, the Hotel's experts as well as Kleinfelder (the City's expert) and ECI (UNITE HERE's expert) have concurred that there is no compelling evidence of secondary faulting, outside of the setback zone, that would require additional setbacks. (Exhibit B at pg. 2; Exhibit C at pg. 2; Exhibit F at pg. 2) Rather, small differences in CPT data as noted by staff are more likely related to small local variations in bedding structure or unit thickness. (Exhibit B at pg. 2) Continuous layers at depth indicate an absence of faulting in these areas. (Exhibit A at pg. 2) Moreover, staff's recommendation of a "less-conservative approach" which extends the setback only to a point that stops short of encompassing the area of potential faulting concern identified by CCC staff (see Exhibit G) is inconsistent with their stated position of avoidance.

The CCC staff report notes only that "voluminous reports" were submitted by the applicant and by UNITE HERE. (Staff Report at pg. 18) However, the staff report does not analyze, summarize, or even provide the Commissioners with any of the substantial evidence in support of the currently proposed no build zone, despite the requirement to do so in the CCC's administrative regulation section 13060.[3] The staff report also repeatedly elects not to propose

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[3] Written communications regarding applications and staff reports shall be distributed in accordance with the following procedures:

(a) Except as stated in subsection (c) below, **the executive director shall distribute to all commission members the text or a summary of all relevant communications which are received** prior to the close of the public testimony portion of the public hearing.

(c) The executive director may summarize communications orally rather than distribute the communications to each commission member if the executive director receives

project specific conditions related to the Project's conformance with other LCP policies because "[t]he recommendation for denial is based on the geologic hazard and public safety issue." (Staff Report at pp. 31, 34 and 36.) If the geologic issue is the key to approval or denial of this important project, the CCC staff report should fairly summarize the data from both sides and provide the Commissioners access to all the letters and reports. Since this did not occur, the Hotel has summarized the assertions made in the CCC staff report on this issue and the expert evidence rebutting this position in the attached Exhibit H, along with copies of the most relevant expert letters and reports. This information has also been provided to staff and Commissioners in the Technical Resources binder.

The Hotel Has Presented Uncontradicted Expert Evidence That, Even If Secondary Faulting Occurred Outside the No Build Zone and the CCC Staff's Estimates About Maximum Amount of Ground Displacement Were Correct, These Events Would Not Pose a Risk to Life Safety.

As stated in the CCC staff report, staff estimates that the Coronado fault could have a maximum displacement of 11.8 inches. (Staff Report at pg. 20). The proposed Conference Center (adjacent to the no-build zone) sits above two levels of underground parking, located in the water table. To withstand hydrostatic pressures, the building will be designed with a four-foot thick reinforced concrete mat foundation, and will include 12-inch thick reinforced concrete floors enclosed by 12 to 18 inch thick reinforced concrete walls. (Exhibit I at pg. 1) The surface ground conditions are a combination of fill, beach deposits, lagoonal deposits, and marine sediments – all fairly weak materials. (Exhibit I at pg. 2).

After a thorough analysis of these factors in relation to the maximum amount of displacement projected per CCC staff, the Hotel's structural engineer has concluded that "[G]iven the soil conditions at the site and the expected fault offset that may occur, we have determined that the below ground structure is much stronger than the ground surrounding it and believe that the faulting, if it occurs, will trace around the building and only affect the elevation of the ground on either side. We believe that such an occurrence will not pose a risk to life or property and does not create any adverse impacts as cited in Division 20, Section 30253 of the California Coastal Act." (Exhibit I at pg. 1). The report further states that: "[T]he nominal strength of the Conference Center building is at least twice the pressure that will be exerted by the potential faulting. It is therefore proper to conclude that only surface "bulging" and lateral movement along the north side of the conference center garage will occur"; " . . . only the landscaping and concrete flat work will be affected. **No risk to life will be created and only an insignificant amount of physical damage to the property will occur**." (Exhibit I at pg. 2, emphasis added)

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lengthy communications, a sizable number of similar communications, or communications received too late to provide copies to the commission.

This expert evidence is supported by the additional evidence of Dr. Jonathan Bray. Dr. Bray states that even considering the unlikely hypothetical of 11.8 inches of displacement beyond the 50-foot wide "no-build zone", the surface rupturing would be forced back to the west to occur primarily within the "no-build zone". "The ground rupturing would deflect around the relative stiff basement structure and move around it, as it will be far easier for the underlying fault movement to break the soil than the reinforced concrete basement structure." (Exhibit F at pgs. 3-4)

It is important to note that this expert evidence as to the safety of the structure has been accepted by staff. As stated in the staff report: "**The staff engineer has reviewed the analysis of the building design and concurs with the applicant that the foundation and building design will prevent significant damage to the building from the maximum anticipated fault displacement**". (Staff Report at pgs. 21-22)

The Hotel Has Proposed Additional Project-Specific Conditions to Further Assure Risk of Geologic Hazard is Minimized.

As a courtesy, the Hotel has provided CCC staff with proposed potential special conditions for project approval, including project specific conditions to further assure that the risk of geologic hazard is minimized. These conditions include that (1) a licensed geotechnical engineer has reviewed seismic loading and liquefaction hazard and that any resulting recommendations have been incorporated in the final project design; (2) a licensed structural engineer has reviewed and approved all final construction and foundation plans in conformance with the above recommendations; (3) the geological setback pursuant to January 2010 plan modifications have been incorporated into final plans; and (4) that a licensed structural engineer has reviewed and approved final construction and foundation plans in conformance with the seismic standards of the California Building Code (CBC). The proposed conditions also include the Commission's standard language for assumption of the risk, waiver of liability and indemnity. (See Exhibit J, proposed conditions 4 and 6).

The Currently Proposed No Build Zone Properly Balances the LCP Policies and Represents the Feasible Alternative.

Despite the conclusions by not one but all *seven* geotechnical experts[4], including geologists that initially were opposed to the Project, that the current setback fully complies with all legal standards and is adequate to protect the public's health and safety, staff's recommendation is to deny the Project unless an even wider setback is put in place. The width of the setback being requested by staff makes completion of the Amended Master Plan infeasible for the reasons noted below and therefore would make the high priority, visitor-serving uses proposed by the Project unachievable. By making it impossible to complete the Amended Master Plan, staff's

[4] URS, Kleinfelder, Leighton, ECI, Johnson, Shlemon and Bray

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highly conservative maximum setback recommendation not only means those proposed rooms will not be available to the public, but also that the continuing viability of the landmark Hotel itself is endangered, since the Amended Master Plan is an essential component of the Hotel's efforts to remain competitive in the challenging hospitality market.

As discussed with the CCC staff and as referenced in the staff report, the Hotel has carefully considered site design alternatives to further increase the width of the "no-build zone" and has determined that such a redesign is not feasible. The future development area is a very constrained site bounded by existing structures, streets, and the ocean. The current Conference Center footprint cannot be reduced as this would result in the loss of all five break-out meeting rooms, which are necessary to support the ballroom. This would not provide sufficient space for the Conference Center kitchen and back-of-house facilities, which would disrupt the serviceability of the below-grade loading dock. In addition, a wider no build zone would eliminate 14 guestrooms – approximately 10% of the total new guestrooms, and 29 parking spaces. (Exhibit K)

The LCP and Coastal Act Policies Require a Balancing of the Interests

The staff report recommends setbacks 26' wider than those found by multiple experts to be conservative. (Staff Report at pgs. 20-21) However, to speculate that a wider setback is required despite the evidence that such a setback is unnecessary fails to take into consideration the balancing of LCP policies that the law requires. For example, the LCP and/or the Coastal Act not only requires that projects "minimize the risk to life and property," but also require this Commission to take into consideration other policies, such as:

> Policy H. 6. "Officially **encourage** and recognize **private efforts** to designate, rehabilitate, preserve and **make viable, historic and architecturally significant structures** in the community.
>
> Policy H. 7. "Designate and encourage the rehabilitation, preservation and **viability of the community's historic and architecturally significant** structures."
>
> Policy J. 4. "Permit coastal-dependent facilities **to expand, and to have reasonable long-term growth within their existing sites.**"

The Coastal Act mandates that these interests and policies be balanced. Specifically, the Coastal Act states, "[t]he Legislature further finds and recognizes that conflicts may occur between one or more policies of the division. The Legislature therefore declares that in carrying out the provisions of this division such **conflicts be resolved in a manner which on balance is the most protective of significant coastal resources.**" (Pub. Res. Code § 30007.5; emphasis added.) Here, substantial evidence demonstrates that the LCP and Coastal Act policy of minimizing risks

to life and property is met. In fact, Lesley Ewing, CCC staff engineer, agrees that the structure as designed does not pose a risk of significant damage to the building (therefore, presumably, does not pose a safety risk). To require the elimination (versus the minimization) of all risk would mean that the Project simply cannot be build, and the Conference Center along with 144 guestrooms otherwise available for visitors to the Coronado beaches would not be constructed, nor would the myriad public improvements that are included as part of the Project. The Commission must balance the goal of minimizing risk with the other goals of the Coastal Act, including the goal of promoting the viability of a significant visitor destination area. The Coastal Act's definition of significant coastal resources (a.k.a. "sensitive coastal resource areas") includes "[a]reas possessing significant recreational value...[h]ighly scenic areas...sites ...designated by the State Historic Preservation Officer...[s]pecial communities or neighborhoods which are significant visitor destination areas." (Pub. Res. Code § 30116(b),(c),(d) and (e).) The Hotel Del is a designated historic site by the State Historic Preservation Officer and the CCC Staff advise that Coronado has "status as a major vacation destination City." (Staff Report at pg. 27.)

The CCC staff-proposed no build zone would provide at best only an incremental reduction of geological hazard risks, however, given that this makes the project infeasible, this must be balanced against the incremental loss of public access, public recreation, and long-term viable historic preservation programs, which the Coastal Act states should receive the most protection in a conflict of policies. Nearly everyone in California is subject to life and property damage from the risk of geologic hazards. Nevertheless, California is one of the highest populated states due to the other economic and cultural benefits of living in this state, and the public appears willing to incorporate a combination of no build zones and structural mitigation to minimize those geologic risks that cannot be eliminated. The CCC staff's interpretation of the need to "minimize" risk through avoidance essentially amends the LCP and Coastal Act language to read that risk must be "eliminated", something that is likely impossible to achieve in any project, and that exceeds Coastal Act requirements.

The Project Has Been Designed in Such a Way to Minimize Risks to Life and Property, Consistent with the LCP and Coastal Act.

Substantial evidence demonstrates that the Project as designed and the no-build zone as currently proposed is consistent with the LCP policy to "Require that new development in areas of high geologic, flood or fire hazard be designed in such a way to minimize risks to life and property", and the Coastal Act standard that "Development minimize the risk to life and property and assure structural integrity." This standard is met through avoidance of the Coronado fault trace, in full compliance with the Alquist-Priolo Act, as determined by the City of Coronado as lead agency and confirmed by the Superior Court. The adequacy of the Project's fault hazard investigation and 50-foot no-build zone is supported by expert evidence from URS, Kleinfelder, Shlemon, Johnson, and Bray, as set forth above. Even assuming that some risk of potential secondary faulting exists outside of this no-build zone, as suggested by staff, the Hotel has presented

uncontroverted expert evidence that the structures have been designed to minimize this risk, along with the risks of ground shaking and liquefaction through compliance with the International Building Code and California Building Code. In fact, the CCC Staff report "concurs with the applicant that the foundation and building design will prevent significant damage to the building from the maximum anticipated fault displacement." (Staff Report at pg. 21-22). Therefore, the project has been designed in such a way to minimize risks to life and property, consistent with the LCP and Coastal Act.

2. **Encroachment on the beach/flooding/sea level rise** (Shoreline Access; Recreation and Visitor Serving Facilities; and Shoreline Structures policies of LCP)

As CCC staff has noted, the proposed finished floor elevations for the buildings would be above the level that could be expected to be inundated under current flooding conditions and above the inundations which are at the high end of the rise that is predicted to occur in the next 75 years. The Hotel concurs with staff that if flooding should become a concern in the future, there will be options to address the flood problem that should not require augmentation of the revetment.

The Hotel is willing to consider conditions outlined by staff regarding requirement that no seaward expansion of the berm be permitted in the future; an agreement that the public accessway be maintained and kept open to the public; an agreement that, if necessary, the path be relocated landward in order to preserve public access; a waiver of rights to future shoreline protection for the proposed development; submittal of a flood control plan that includes protection measures that will be implemented during major storm events to avoid damage to property; installation of tsunami evacuation signs at appropriate locations on the paths; supplying educational materials about tsunamis in the hotel areas. (See Hotel's proposed conditions attached as Exhibit J).

The Hotel also concurs with staff that any adverse impacts to the beach from the removal of riprap and construction of concrete ramp for pedestrian and lifeguard vehicle access is negligible. Indeed, the Project's record of providing and enhancing public access to the beach is impressive, including the dedication of 2.1 acres of private beach to the public and construction of the Paseo del Mar beachfront walkway during the first phase of the Project buildout. Additionally, the Amended Master Plan provides better views to and access to the beach by relocating the path along the berm, and improved public access to the beach along the extension of the Paseo del Mar beachfront walkway.

For these reasons, the Project as designed is consistent with the shoreline access, recreation and visitor serving facilities, and shoreline structures policies of the LCP.

3. Public Access and Recreation

Lower-Cost Visitor-Serving Facilities & Accommodations

The more than $20 million in public improvements generated by the Project is without question a significant contribution to the facilities that serve lower-cost visitors in the region. The Hotel Del is one of the most publicly accessible facilities to non-Hotel guests who come every day of the year to walk along the Paseo, enjoy the sandy beach, visit the Hotel's shops and restaurants, and enjoy the architecture and history of this National Historic Landmark. Many of these features are what make the Hotel Del unique among resorts in California's coastal zone. It goes without saying that these lower-cost visitor serving features are funded by guests who pay rates in excess of $100 a night (CCC staff definition of lower cost accommodations). As such, it is not appropriate for the CCC staff to treat these two policies as mutually exclusive.

Although the staff report identifies some examples[5] where the CCC has conditioned a hotel project to pay a $30,000 per room x 25% in lieu fee, there is no statewide CCC policy or adopted LCP amendment requiring payment of an in lieu fee. Instead, the only CCC precedent is that the CCC has addressed compliance with the low-cost visitor accommodation policy on a case-by-case basis, taking into account all the circumstances of a particular project and the region in which it was constructed. There are several examples of projects where the CCC found circumstances did not require any in lieu fee or less than a $30,000 per room x 25% in lieu fee. Included among them are the following:

- Imperial Beach/Seacoast Inn (A-6-IMB-07-131)
- Grover Beach/Pacific Coast Hotel (A-3-GRB-07-051)
- Carlsbad/DKN LCP Amendment (CBD-MAJ-1-07A)
- Oceanside/Oceanside Beach Resort LCP Amendment (OCN-MAJ-1-07 and OCN-MAJ-2-08)

Like the above-listed projects, the Hotel Del's circumstances justify no or a lower fee, which is why the Hotel Del has offered to pay an in-lieu fee of $540,000. There are several special circumstances we ask the CCC to consider.

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5 Notably, the examples provided by CCC staff also represent projects that have not been constructed, which invites further examination by the CCC whether the in lieu fee mitigation outside the context of a locally-initiated LCP Amendment is helping supply any new guestrooms for low or high-cost visitors.

First, at the CCC staff's request, the Hotel Del performed an informal survey of area low cost accommodations at the time the CCC staff requested the information, which was in the fall. That informal survey found that of the total 3,896 guestroom accommodations in the region, 52% are low cost. (Staff Report at Exhibit 19.) Additionally, there are 270 campsites and 361 RV spaces (starting at less than $60/night) which also provide low cost opportunities for visitors to stay overnight at the coast. Although CCC staff discounts the value of some of 3,896 guestrooms for not being directly on the coastline, CCC staff arbitrarily leaves out the availability of the campsite/RV facilities as low-cost visitor accommodations in their analysis of this Project (even though Staff included campsites in its April 29, 2010 Status Report on In-Lieu Fees prepared by CCC staff). The Hotel submits that such campsites and RV spaces should be considered in the inventory and that the CCC must be consistent in its accounting of low-cost visitor accommodations.

Second, as CCC staff has noted, the Project provides approximately $20 million in public benefits and public access improvements, which include:

a) Improved pedestrian sidewalks accessing the coast around the Hotel Del's property;

b) Signalized intersection at Avenida del Sol providing pedestrian access from the San Diego Bay to the Pacific Ocean, and connecting to the Coastal Trail;

c) Improved public beachfront walkway that enhances public access, improves public views to the sandy beach, and extends the boardwalk to connect with the boardwalk in front of the Coronado Shores;

d) Funds provided to the City of Coronado for other public improvements such as a public restroom[6] along the coast ($1,000,000)

e) Expanded bus staging area for tourist buses[7] that access the coast and the historic Hotel del Coronado;

f) Continued multi-million dollar restoration of the Historic Hotel and new public museum highlighting the history of The Hotel Del

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6 City staff has indicated to the Hotel that a public restroom is included in its construction projects budget, thus indicating that this is the planned use of the $1,000,000 contribution from the Hotel .

7 The high number of daily tourist buses that visit the Hotel Del bringing regional, national and international visitors demonstrates that the Hotel provides lower-cost visitor recreational opportunities and contributes to the coastal resource experience of visitors other than hotel guests..

g) Public improvements through the dedication of 2.1 acres of beach to the public, the proposed removal of riprap on the beach; and access improvements to Avenida del Sol, which the CCC Staff recognized "clearly are positive benefits to the public" (Staff Report at pp. 27-28); and

h) Posting of signage marking the future Coastal Trail route along Avenida del Sol as part of The Del's street improvement plans.

Third, the Hotel understands that CCC staff remains concerned about the amount of the Hotel Del's contribution towards low-cost overnight accommodations. However, the Hotel strongly disagrees with the CCC staff's statement that the amount offered, $540,000, "would not likely be adequate to provide *any* new lower-cost accommodations" (Staff Report at pg.29, emphasis added). Clearly, the contribution of over a half million dollars, when added to the in lieu fees already on deposit or pending from other projects, would provide an important funding source for a future low-cost overnight accommodations project in the coastal zone.

Regardless of the methodology of what should and should not be included as part of a low-cost visitor serving accommodation regional inventory, there is no credible dispute that (1) the CCC's precedent is to assess a project's consistency with the low-cost visitor accommodations policy on a case-by-case basis; (2) the Hotel Del has provided and continues through this Project to provide significant contributions to low-cost visitor facilities that enhance other regional low-cost visitor accommodations; and (3) the Hotel Del's significant and unique contributions could not be funded without charging room rates that exceed the CCC staff's definition off low-cost accommodations. In light of these facts, the Hotel Del's offer to contribute $540,000 into a growing fund to provide lower-cost overnight accommodations in the coastal zone more than meets the requirements for a finding of consistency with the applicable LCP and Coastal Act policies.

Condo-Hotel and Permitted Use

The Hotel is in agreement with the CCC staff's analysis that the City of Coronado's Hotel-Motel Zone allows for the use of condo-hotels and that the Project has been conditioned in a manner to avoid a conflicting residential use. Indeed, the CCC already recognized this fact when it approved the Phase 1 of the Master Plan (Beach Village) in August 2006, which contains 78 hotel guestrooms configured into 35 condominium hotel units. At that time, the CCC specifically found that this was a visitor-serving use consistent with the LCP and Coastal Act policies. The owner and guest occupancy data the Hotel has provided to CCC Staff demonstrate that Beach Village's condo-hotels are operating as overnight hotel guest accommodations. (Staff Report at pp. 30-31.)

The Hotel and CCC staff have agreed upon condo-hotel conditions applicable to the project. One point of clarification with the staff report is that the Hotel does not contest a proposed condition

to require each owner of a condo-hotel unit to be jointly and severally liable for any violations of a CCC condo-hotel condition and is willing to incorporate such a condition into the CC&R's for the new condo-hotel units. (See Exhibit J) Therefore, the Project is consistent with the City's LCP and public access policies of the Coastal Act.

4. Visual Quality

At CCC staff's request, the Hotel provided additional analysis of visual impact issues raised by Appellant Concerned Citizens. The Hotel agrees with CCC staff's conclusions that the proposed plan overall constitutes an improvement to public views. With respect to public beach views from Avenida del Sol, which CCC staff notes is not a designated view corridor, a scenic highway, or a major coastal access route, CCC staff notes that views from the street end will remain the same, and the Project's improvements in water quality, the improved walkway and beach accessway will serve to offset the brief loss of water views as seen from halfway down the street. (Staff Report at pg. 34.)

Although private views are not protected under the LCP, the Hotel designed the project to be sensitive to its neighbors, including varied architecture and rooflines along Avenida Del Sol, and siting the Conference Center's loading dock underground. Furthermore, during the course of the City's approval process, the Hotel made additional changes in response to the community's public and private view concerns, including stepping the building from three stories to two stories to one story as it approaches the Paseo del Mar along Avenida del Sol.

5. Water Quality/Biological Resources/Landscaping

As CCC staff notes, the Avenida del Sol cul-de-sac frequently floods during high tides, storm surges, or heavy rain events and also accumulates sand, kelp, and debris due to the cul-de-sac's low elevation and its inability to drain properly. The Hotel agrees with the staff report that the Project, which includes extensive drainage and water quality mitigation measures, "will have a positive impact on water quality." (Staff Report at pg. 35.)

The Hotel has submitted conceptual landscape plans for the Paseo, which include enhancing the dunes with native, drought tolerant dune plants and grasses, and removing the existing ice plant and other exotic ornamental vegetation. This is consistent with CCC staff's request and the Hotel would not oppose a condition requiring that a final landscape plan be developed prohibiting the use of invasive species. (See Exhibit J) As such, the Project is consistent with the resource protection policies of the LCP.

6. Parking/Traffic

The Hotel agrees with the CCC staff's conclusion that the Project is consistent with the parking and circulation policies of the LCP. (Staff Report at pg. 36.)

7. Local Coastal Planning

For the reasons described above in Section 1, the Project is consistent with geologic hazard policies of the LCP. Furthermore, as discussed herein, the Hotel is amenable to project-specific conditions that CCC staff identified in its Staff Report for landscaping, changes to condo-hotel CC&Rs, limiting seaward expansion of the berm, maintenance of the public accessway, additional flood control plans, and tsunami evacuation signs and educational literature. As such, the Project is consistent with the LCP and can be conditioned to enhance consistency with the LCP.

8. CEQA Consistency

The Hotel disagrees that the "no project" alternative is a feasible alternative in that it does not accomplish the central goal of the Amended Master Plan, which is to allow the Historic Hotel to remain economically viable by adding meeting space that is suitable to meet the demands of the competitive market. Rather, the feasible alternative to the proposed Project is the Project as redesigned to expand the no build zone from the width approved by the City of Coronado to the width approved through consultation with the Hotel's geologists, the City's geologist and UNITE HERE Local 30's geologist. As discussed herein, the Superior Court has found that the City complied with CEQA and the Alquist-Priolo Act, which further establishes the Project's consistency with CEQA. The Hotel has provided substantial evidence that supports the currently proposed "no build" zone as the feasible alternative Project design that minimizes risks to life and property from geologic hazards. Therefore, the Project may be approved as consistent with CEQA.

Very truly yours,

Signature on file

Donna D. Jones

for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

W02-WEST:8JWF1\402680546.2

EXHIBIT LIST

Hotel Del Coronado Response to Staff Report W8a/b
Appeals A-6-COR-08-098 & 99 (Hotel Del Coronado)

Exhibit A – URS letter, April 22, 2010

Exhibit B – Kleinfelder letter, April 22, 2010

Exhibit C – Jeffrey A. Johnson Inc. Fault Investigation Review, July 31, 2009

Exhibit D – Roy J. Shlemon & Associates, Inc. Technical Assessment, August 27, 2009

Exhibit E – Earth Consultants International letter, January 12, 2010

Exhibit F - Jonathan D. Bray, Ph.D., P.E. letter, May 25, 2010

Exhibit G – Fault Exhibit

Exhibit H – Hotel's Expert's Rebuttal to Geologic Issues Raised by CCC Staff

Exhibit I – Degenkolb letter, May 27, 2010

Exhibit J – Hotel del Coronado Potential Special Conditions

Exhibit K – Delawie letter, June 2, 2010 with April 7, 2010 letter attached

URS

April 22, 2010

Mr. Bill Dodds
Hotel Del Coronado
1500 Orange Avenue
Coronado, CA 92118

Subject: Review of Coronado Fault Setbacks
Fault Investigation
Hotel Del Coronado
Coronado, California
URS Project 27666007.10000

Dear Mr. Dodds:

At the request of the Hotel del Coronado, URS Corporation (URS) conducted a fault hazard investigation at the Hotel site in 2006/2007[1]. In order to provide setback recommendations from the active[2] Coronado fault, this geologic assessment evaluated potential primary and secondary faulting to establish a "no-build zone" along the fault. The original 50-foot wide no-build zone was modified in January 2010 to provide an increased no-build zone ranging from 55-75 feet across the property. The rationale for establishing the no-build-zone is summarized below. At your request, we have reviewed the possibility of secondary faults along the eastern margin of the no-build zone, as discussed in the following paragraphs.

A multi-phased investigation was performed which accurately identified the location of the Coronado fault on the Del site. Based on 80 cone penetration tests (CPT's) and 18 test borings on site, and seismic reflection profiles to depths of several hundred feet, we judged that the probable narrow width of potential primary faulting along the main trace of the fault would occur within a 10-foot wide fault trace zone. Close-spaced CPT's located on 5-foot centers helped constrain the Coronado fault to a relatively narrow fault zone.

This data was also correlated with data from the previous study of the Coronado fault by Kleinfelder (2006)[3], which included trenching to confirm a narrow zone of faulting at the Coronado fault. There was no evidence of active secondary faulting in the URS and Kleinfelder data. Considering this information, and to be conservative, setbacks 20 feet wide on the west and east sides of the 10-foot wide fault trace zone were recommended to accommodate any potential distributed secondary faulting, for a total 50-foot "no-build zone".

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[1] "Fault Hazard Investigation, Hotel Del Coronado, Coronado California", URS report dated October 10, 2007, URS Project No. 27666007.10000.

[2] An active fault is defined as a fault that has had surface displacement within Holocene time (past 11,000 years).

[3] "Final Preliminary Engineering Geotechnical Investigation, Coronado Fault Capability Assessment, State Route 75 and 282 Transportation Corridor Project", Coronado, California, Kleinfelder report dated April 12, 2006, Project No. 43314.

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The no build zone took into consideration that the Coronado fault is not a major fault. The Coronado fault is one of three branching faults off of the southern end of the Rose Canyon Fault zone and as such, diffuses the displacement capability such that the Coronado fault has only a fraction of the displacement potential of the Rose Canyon fault. Based on anticipated primary displacement of the Coronado fault, the risk of secondary faulting, if it were to occur, would be minor, likely on the order of a fraction of an inch to just a few inches.

It is our understanding that Geology staff for the California Coastal Commission has suggested a 30-foot increase from the current no build zone, based on concerns at two specific locations- CPT I 24/210 on Line B and CPT 312/314 on Line C. Our previous assessment indicated continuous layers in the Pleistocene age Bay Point Formation between the CPTs in question, as shown on Figures 1 and 2 for Lines B and C respectively. Continuous layers at depth within this formation would indicate an absence of faulting. The Bay Point Formation is estimated to be 200,000 years old based on local paleontology (URS, 2007). Continuous layers indicate the absence of a significant fault that could be active, i.e., a fault that has moved within the past 11,000 years. To further review these locations, the geologic cross sections at the suspected faults were enlarged, as shown on Figures 3 and 4. Review of the areas in question indicates some minor tilting and layer thickness differences in the Bay Point Formation, as noted previously. Layer thickness differences are typical of the various sediment types (sand, silt and clay) comprising the Bay Point Formation. Tilting or warping near the Coronado fault would be expected in the Pleistocene age sediments. However, there are no indications of active secondary faulting.

As mentioned, the original 50-foot no-build zone was modified in January 2010 to provide an increased no-build zone ranging from 55-75 feet across the property. Based on our review, it remains our opinion that the hazard of secondary faulting is low, and is appropriately mitigated by the currently planned setback distance.

Sincerely,

URS CORPORATION

Signature on file

David L. Schug, C.E.G. 1212
Principal Geologist

DLS:mv

KLEINFELDER
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April 22, 2010
Project No. 105367

Mr. Peter Fait, Associate Planner
City of Coronado
1825 Strand Way
Coronado, California 92118

Subject: Review of California Coastal Commission Staff Structural Exclusion Zone
Coronado Fault On Hotel Del Site
Third Party Fault Hazard Review
A-P Zone Area of Proposed Hotel Del Expansion
Coronado, California

Dear Mr. Fait:

In accordance with the request of the City of Coronado, Kleinfelder is providing this review of comments by California Coastal Commission (CCC) geology staff regarding the structural exclusion zone ("no-build zone") surrounding the Coronado fault crossing the proposed Hotel Del expansion project in Coronado, California. Kleinfelder has been working as the City's consultant on this project since November, 2006, providing third party review of the fault hazard study conducted by URS Corporation (URS). Our work has consisted of:

- Observation of the original field operations performed by URS in 2006,
- Review of reports, letters and set-back recommendations prepared by URS in regards to it's fault hazard study,
- Providing suggestions for additional investigative work to better define faulting across the site,
- Attendance at numerous review meetings, and
- Review of numerous correspondence prepared by other consultants for various interested parties.

We understand that the CCC geology staff has reviewed all of the correspondence prepared by the various consultants and are suggesting to the CCC commissioners that the structural exclusion zone be increased an additional 30 feet beyond that currently

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adopted by the hotel for their expansion project site. URS recommended a 50-foot wide exclusion zone consisting of a combined 10-foot wide active zone of faulting, with 20-foot wide structural set-back zones on both sides of the fault zone. This 50-foot zone was increased from a narrower zone originally recommended in a 2007 draft report by URS after review and comment provided by Kleinfelder. We subsequently recommended to the City that the 50-foot wide exclusion zone was acceptable for the proposed development and in accordance with provisions in the State of California Alquist-Priolo Act (A-P Act).

An outside party hired Earth Consultants International (ECI) to review the 2007 URS report and associated recommendations. ECI, in their original review letter (October 3, 2008), agreed that URS had properly defined the main active fault zone (10 feet in width) across the project site. However, they interpreted a much wider zone of potential secondary active faulting defining a total active zone of faulting of up 85 feet wide. This secondary faulting zone was based on small variations in stratigraphic markers between adjacent exploration locations performed by URS. They also implied that the 20-feet wide setback zone recommended by URS should be much wider, which would result in an exclusion zone well over 125 feet in width. Kleinfelder, along with URS and three other consultants hired by the hotel (Leighton & Associates, Roy Shlemon and Jeff Johnson), all disputed ECI's interpretations in subsequent review letters. ECI has recently (January 12, 2010) reevaluated it's original interpretation and has significantly reduced their exclusion zone to an area ranging from 55 to 75 feet in width, which has now been adopted by the hotel as the current "no-build zone".

Geology staff for the CCC has reviewed all of the various consultant reports and letters concerning this project and has suggested an exclusion zone that is up to 115 feet wide. This zone is notably wider than that recommended by URS and the current exclusion zone suggested by ECI and adopted by the Hotel. CCC staff is basing this zone width on two areas of the site (URS survey Line B between exploration locations CPT 24 and CPT 210 and Line C between CPT 312 and CPT 314). Faulting in these areas appears to be interpreted due to very small differences between these exploration profiles. URS also has interpreted continuous stratigraphy in deeper sections of the Bay Point Formation below these areas. We have reexamined the data in these areas, as stated in previous letters, and have found that these differences are not compelling for interpretation of faulting and that they are likely related to small local variations in bedding structure or unit thicknesses. It should be noted that ECI originally interpreted these areas as potential faulting, but appear to have reconsidered this as indicated by their support of the current exclusion zone.

Wide zones of active faulting (on the order of 20 feet or greater) are not consistent with fault studies conducted north of the Hotel site. Kleinfelder (2006) conducted a detailed study of the Coronado fault for the State Route 75/282 Transportation Corridor Project less than a mile north of the hotel site. Kleinfelder's study showed that the fault had a negative flower structure with both active and pre-Holocene faults (faults which do not show indications of movement within the last 11,000 years and can be built across with habitable structures) contained within a zone of faulting of up to 40 feet wide.

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However, the zone of active faulting was constrained to a zone of only 13 feet in width, with the most recent episode(s) of fault displacement confined to a zone of 4 feet in width. All faults outside of the 13-foot active zone were identified to be pre-Holocene faults. This zone of narrow active faulting is consistent with that interpreted by URS on the hotel site.

The Coronado fault is not a major fault. This fault is one of at least three faults (Spanish Bight fault and Silver Strand fault being the other two faults) which likely partitions the total displacement from the Rose Canyon fault to the north. The Kleinfelder 2006 study supported this interpretation by demonstrating that the Coronado fault is capable of vertical displacement of up to only 11.5 inches and horizontal displacement ranging from only 5 to 22 inches. These numbers were based on analysis of three different fault models and reviewed by a panel of technical experts appointed by the State of California. Displacements of this magnitude would not be characterized as a "major" fault and additionally demonstrate the improbability of a wide active fault zone.

It is Kleinfelder's opinion that the original 50-foot wide structural exclusion zone recommended by URS is appropriate for proposed hotel project. It is further our opinion that URS' study was appropriate and thorough, complying with standards set forth in the Alquist-Priolo act and with standard professional practice.

Our services have been performed in accordance with the terms and conditions of our August 1, 2009 Agreement and our April 9, 2010 Amendment.

CLOSING

Kleinfelder appreciates the opportunity to have provided our fault hazard letter review services to the City of Coronado on the Hotel Del Coronado project site. Should you have any additional questions or require further documentation, please contact our office at 858-320-2000.

Sincerely,

KLEINFELDER WEST, INC.

Signature on file

REGISTERED GEOLOGIST
SCOTT H. RUGG
NO. 1651
CERTIFIED
ENGINEERING
GEOLOGIST
STATE OF CALIFORNIA

Scott Rugg, CEG 1651
Senior Engineering Geologist

SR:mj

Attachments: References

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2. Coronado Fault Setback Zone, Hotel Del Coronado Project, Coronado, California, Prepared by Roy J. Shlemon & Associates, Inc., dated August 27, 2009.
3. Findings and Conclusions, Fault Investigation Review, Coronado Fault, Hotel Del Coronado, California, Prepared by Jeffery A. Johnson, Inc., dated July 31, 2010.
4. Review of Preliminary Review of Fault Zone Location, Hotel Del Coronado, Coronado, California by Earth Consultants International (ECI), dated October 3, 2008, Prepared by Leighton Consulting, Inc., Dated March 9, 2009.
5. Review of: "Preliminary Review of Fault Zone Location, Hotel Del Coronado, Coronado, California", prepared by Earth Consultants, October 1, 2008, Project No: 2812, URS Project No. 27666007.1000, Prepared by URS Corporation, dated October 6, 2008.
6. Preliminary Review of Fault Zone Location, Hotel Del Coronado, Coronado, California, Prepared by Earth Consultants International, Dated October 3, 2008.
7. Final Draft Report, Fault Hazard Investigation, Hotel Del Coronado, Coronado, California, Prepared by URS, URS Project No. 27666007.10000, Dated September 14, 2007.
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July 31, 2009

Hotel Del Coronado, LP
1500 Orange Ave.
Coronado, California
92118

Attention: William J. Dodds
Vice President, Development

Kathy A. Breedlove
Director of Master Planning

Subject: Findings and Conclusions
Fault Investigation Review
Coronado Fault
Hotel Del Coronado, California

Introduction

Per the request of the Hotel Del Coronado, LP, Jeffrey A. Johnson, Inc. conducted a review of geologic data regarding the location of the Coronado Fault within the limits of the hotel property. Reviewed documents and maps are listed below under references. It is our understanding the Hotel Del Coronado, LP is proposing to construct one or more structures within an Earthquake Fault Zone. The limits of the zone and the approximate location of the Coronado fault, relative to the hotel, are shown on the 2003

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Earthquake Fault Zones, Point Loma Quadrangle map prepared by the California Geological Survey.

Relevant data reviewed as part of this analysis included: (1) subsurface investigations conducted by URS (2007), Kleinfelder (2006) and Artim and Streiff (1981); (2) historic maps prepared by the United States Coast & Geodic Survey (1902) and the United States Navy (1859) and later reprinted by NOAA; (3) analysis of regional active faults prepared by the California Geological Survey (2003); (4) review of the performance of structures subjected to surface fault rupture (Lazarte, and others, 1994); and (5) physical model studies of the surface effects of dip-slip faults (Cole and Lade, 1984 and Lade and others, 1984).

The 2007 URS fault study was site specific and the most relevant data. However, all of the data were considered in reaching the findings and conclusions.

Findings

As noted, by all investigators, the Coronado fault is part of the Rose Canyon Fault Zone. The Coronado fault is therefore basically a strike-slip structure. However, geomorphic and geologic data suggest the fault exhibits a significant component of normal dip-slip movement. Available data constrain the location of the fault, within a narrow well-defined primary fault zone, from San Diego Bay to the Pacific Ocean and including the subject site. Compelling evidence of faults, outside this primary fault zone, that potentially could require set back were not observed at the subject site.

The 2007 URS investigation located the main trace of the fault. Kleinfelder and ECI confirmed URS conclusion. URS's findings and recommendations are consistent with known data regarding the location and character of the Coronado fault and current practice regarding avoidance of the potential hazards of surface fault rupture. Physical models of dip slip faulting and observations of listric and normal faults in general support URS's near vertical projection of the fault to the ground surface.

Site specific observations, by the author of this report, following the 1971 San Fernando, 1972 Managua, Nicaragua, 1992 Landers and 1994 Northridge earthquakes suggest surface fault rupture is not the life safety issue commonly believed. Clearly, poorly constructed facilities, of the type not found in California, are subject to collapse during an earthquake. The potential for collapse is exacerbated if the structure is subjected to surface fault rupture. However, basic structures, with minimal lateral support and no special foundation design, survived significant fault rupture during the 1992 Landers earthquake, with no loss of life, as noted by Lazarte, and others (1994). The above observations suggest URS's fault zone recommendations are conservative. The CGS's note 49, contained in SP 42, clearly notes ground deformation associated with surface fault rupture can be mitigated by use of strengthened foundations and engineering design.

Conclusions

1. The URS Coronado fault investigation was adequate.

2. The main trace of the Coronado fault was accurately located and delineated within URS's 50-foot wide fault set back zone on the subject site.

3. The Fault Trace Zone and symmetrical 20 foot wide Setback Zones, established by URS, adequately mitigate the potential adverse effects of surface fault rupture, including life safety, and are conservative.

4. Physical modeling, observations of surface fault rupture and the performance of structures in recent California earthquakes suggest the 20 foot Set Back Zones need not be symmetrical and could be significantly reduced with "Additional measures (e.g., strengthened foundations, engineering design, flexible utility connections) to accommodate warping and distributive deformation associated with faulting.

5. Available geologic and geomorphic data indicates the Coronado Fault occupies a well-defined and narrow zone across Coronado. There is no compelling data of additional faults, out side the set back zone, potentially requiring additional setback at the subject site.

If you have any questions please contact J. A. Johnson, Ph.D.

Sincerely,
JEFFREY A. JOHNSON, INC.

Signature on file

J. A. Johnson, Ph.D.
C.E.G. 981

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Economic Geomorphology
Soil Stratigraphy
Geoarchaeology
PG: 2867
CPG: 1766; CPESC: 2167

Technical Assessment

CORONADO FAULT SETBACK ZONE, HOTEL DEL CORONADO, CORONADO, CALIFORNIA

INTRODUCTION

This report briefly summarizes a Technical Assessment concerning proposed setback widths from the Coronado fault near the existing Hotel del Coronado. Specifically reviewed were initial and final reports and related graphics by the URS Corporation (2007) for the on-site investigation, by Kleinfelder (2006) for nearby tunnel and trench excavations, by Earth Consultants International (ECI, 2008), who reinterpreted the URS cone penetrometer test (CPT) data, and by Kleinfelder (2007), the Independent Reviewer for the City of Coronado.

This Assessment particularly emphasizes the adequacy and reasonableness of interpretations by URS for their recommended, 50-ft wide, total setback (non-building zone) to encompass the onsite Coronado fault. The URS setback zone for potential surface-fault rupture zone is disputed by ECI, who opines that CPT data are inherently uncertain and that much wider building setback zones must therefore be required. Accordingly, as enumerated in following sections, this Assessment focuses on several issues that bear on the level and quality of investigations and the rationale for establishing a setback zone appropriate for the on-site Coronado fault.

This Assessment was carried out during June and July, 2009, as requested by Ms. Kathy Breedlove, Director of Master Planning, Hotel del Coronado. Pertinent documents were kindly made available by the Hotel del Coronado staff. Also appreciated were maps, cross-sections, and other requested technical data provided by the URS Principal Geologist, David Schug.

TECHNICAL ASSESSMENTS

Standard of Practice

From a technical standpoint, the URS report meets current, geologic standard-of-practice for fault investigations. Specifically, URS completed and formally documented regional expression of the Coronado fault, evidence for its relative activity, time of probable last displacement, and trend and internal character. Additionally, URS reviewed aerial photographs, offshore geophysical data and pertinent background literature. They also completed and compared their data from on-site geophysical lines and cone penetrometer tests (CPT) with those previously obtained by Kleinfelder from tunnel and trench excavations along 5th Street, about 0.6 mi north of the Hotel del Coronado site.

Because of high groundwater levels, site trenching was not feasible. URS therefore emplaced CPT lines across previously mapped traces of the Coronado fault. The CPT spacing ranged from 10 to 30 ft (locally on 5-ft centers), and penetrated sediments in excess of ~100 ka old. The CPT data were calibrated by comparison to sediments retrieved from adjacent continuous cores. Accordingly, URS identified several regionally extensive, stratigraphic markers within the underlying Bay Point formation, including a "weathering zone," most likely a strongly developed buried paleosol. Using the weathering zone, plus overlying stratigraphically continuous depositional markers, URS identified the Coronado fault main trace and adjacent minor faults. Several minor faults terminated at depth within the Bay Point formation and therefore are pre-Holocene in age (not active according to present State of California criteria). Based on apparent vertical displacement and proximity to the main-fault, possible branch or secondary faults were appropriately mitigated by inclusion within the 50-ft wide, no building (setback) zone.

URS data uncertainties and related geologic interpretations are well stated; and site-specific documentation is provided on accompanying geologic maps and cross-sections. Kleinfelder (2007), the independent reviewer for the City of Coronado, observed URS field work and quality of documentation; and ultimately agreed that the URS setback widths were appropriate and intrinsically conservative.

ECI CPT Interpretations

Apparently commissioned by a legal firm, the ECI (2008) report did not provide new, site-specific information, but was based solely on an alternative interpretation of the URS, CPT-derived, geologic cross sections. ECI concludes that CPT data are inherently uncertain, particularly when compared to "better data" potentially derived from detailed logging of trench exposures. Therefore, despite the Kleinfelder concurrence with the URS finding, ECI postulates possible secondary faults outside the URS setback zone. Thus, for extreme conservatism and stringent interpretation of present State of California regulations for implementation of the 1972, Alquist-Priolo Act, ECI indicates that a >50-ft wide setback zone should be required.

Unfortunately, missing from the ECI interpretation is any reference to the nearby Kleinfelder (2006) trench along 5th Street. The Kleinfelder trench logs and other subsurface data show that the main Coronado fault occurs within a clearly observable 4-ft wide zone, and that possible Holocene offsets are confined to a ~13-ft wide zone. Ironically, these are about the same widths as identified in the URS cross-sections. Therefore, the Kleinfelder trenches provide the "higher quality" data postulated by ECI to be lacking in the URS fault assessments. True, CPT data can be variously interpreted; but the URS conclusions are supported by trench "ground truth" in nearby investigations, thus making the ECI hypothesis much less persuasive.

Reasonableness of URS Setback Width

Based on the site-specific CPT data, on sediment calibration with on-site continuous cores, and on the Kleinfelder tunnel and trench data, URS recommends a 10-ft wide zone to encompass the Coronado Fault main trace, and another 20-ft width beyond to include projection uncertainty and conservatively cover any reasonably postulated, "secondary fault" (see, for example, URS [2007], geologic cross-section C-C' and fault map, Fig. 2). The resulting 50-ft total setback zone is therefore realistic, conservative and conformable with technical data stemming from the nearby, Kleinfelder (2006) tunnel investigations.

Forthcoming Changes to AP Regulations

Based on lessons learned since the 1971 San Fernando (Sylmar) earthquake and resulting passage of the Alquist-Priolo Act in 1972, the State

Mining and Geology Board has formed a "Geohazards" and a Technical Advisory Committee (TAC) to recommend changes to regulations governing potential surface rupture. The TAC is presently finalizing its recommendations. Among major proposed regulation change will be: (1) Elimination of the term "active fault" and replacement by "hazardous" and "non-hazardous" faults, respectively; (2) recognition that fault avoidance (setback zone) is not the sole mitigation permitted for construction of habitable structures, for so-called "minor faults" can be readily mitigated by appropriate engineering design, whether or not last surface- or near-surface fault displacement took place in Holocene time; (3) and variable-width, setback zones are indeed appropriate depending on availability of site-specific data.

The TAC is also discussing whether or not the present "Holocene" definition (~11 ka, radiocarbon) is appropriate for a hazardous fault. This is of particular interest, for potential, surface-fault rupture (acceptable risk) is far lower than catastrophic failure outside the zone typically caused by high seismic shaking and related ground deformation. Accordingly, the current deterministic 11 ka may be changed to "mid-Holocene" depending on site conditions.

In brief, the regulations for surface-fault rupture are now in flux, for it is recognized that, for enhancement of public health, safety and welfare, site-specific, professional judgments are required, not merely reviewer "checklists." The whole purpose for surface-fault investigations in California is to reasonably mitigate possible impacts on life safety. Accordingly, based on the abundance and quality of site specific data and on the URS professional judgment; on the site-specific observations, documentation and interpretation agreement by Kleinfelder, the City of Coronado Independent Reviewer; and on the critique of data and professional standards-of-practice for this Technical Assessment, I thus concur that the URS, 50-ft wide no-building zone (setback) is reasonable, inherently conservative, and conforms to existing State regulations and guidelines for mitigation of potential surface-fault rupture of the Coronado fault.

Respectfully,

Signature on file

Roy J. Shlemon, Ph.D.

27 August 2009

ROY J. SHLEMON & ASSOCIATES, INC.

Geologic and Environmental Consultants

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Economic Geomorphology
Soil Stratigraphy
Geoarchaeology
PG: 2867
CPG: 1766; CPESC: 2167

Technical Assessment

CORONADO FAULT SETBACK ZONE, HOTEL DEL CORONADO, CORONADO, CALIFORNIA

INTRODUCTION

This report briefly summarizes a Technical Assessment concerning proposed setback widths from the Coronado fault near the existing Hotel del Coronado. Specifically reviewed were initial and final reports and related graphics by the URS Corporation (2007) for the on-site investigation, by Kleinfelder (2006) for nearby tunnel and trench excavations, by Earth Consultants International (ECI, 2008), who reinterpreted the URS cone penetrometer test (CPT) data, and by Kleinfelder (2007), the Independent Reviewer for the City of Coronado.

This Assessment particularly emphasizes the adequacy and reasonableness of interpretations by URS for their recommended, 50-ft wide, total setback (non-building zone) to encompass the onsite Coronado fault. The URS setback zone for potential surface-fault rupture zone is disputed by ECI, who opines that CPT data are inherently uncertain and that much wider building setback zones must therefore be required. Accordingly, as enumerated in following sections, this Assessment focuses on several issues that bear on the level and quality of investigations and the rationale for establishing a setback zone appropriate for the on-site Coronado fault.

This Assessment was carried out during June and July, 2009, as requested by Ms. Kathy Breedlove, Director of Master Planning, Hotel del Coronado. Pertinent documents were kindly made available by the Hotel del Coronado staff. Also appreciated were maps, cross-sections, and other requested technical data provided by the URS Principal Geologist, David Schug.

TECHNICAL ASSESSMENTS

Standard of Practice

From a technical standpoint, the URS report meets current, geologic standard-of-practice for fault investigations. Specifically, URS completed and formally documented regional expression of the Coronado fault, evidence for its relative activity, time of probable last displacement, and trend and internal character. Additionally, URS reviewed aerial photographs, offshore geophysical data and pertinent background literature. They also completed and compared their data from on-site geophysical lines and cone penetrometer tests (CPT) with those previously obtained by Kleinfelder from tunnel and trench excavations along 5th Street, about 0.6 mi north of the Hotel del Coronado site.

Because of high groundwater levels, site trenching was not feasible. URS therefore emplaced CPT lines across previously mapped traces of the Coronado fault. The CPT spacing ranged from 10 to 30 ft (locally on 5-ft centers), and penetrated sediments in excess of ~100 ka old. The CPT data were calibrated by comparison to sediments retrieved from adjacent continuous cores. Accordingly, URS identified several regionally extensive, stratigraphic markers within the underlying Bay Point formation, including a "weathering zone," most likely a strongly developed buried paleosol. Using the weathering zone, plus overlying stratigraphically continuous depositional markers, URS identified the Coronado fault main trace and adjacent minor faults. Several minor faults terminated at depth within the Bay Point formation and therefore are pre-Holocene in age (not active according to present State of California criteria). Based on apparent vertical displacement and proximity to the main-fault, possible branch or secondary faults were appropriately mitigated by inclusion within the 50-ft wide, no building (setback) zone.

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Unfortunately, missing from the ECI interpretation is any reference to the nearby Kleinfelder (2006) trench along 5th Street. The Kleinfelder trench logs and other subsurface data show that the main Coronado fault occurs within a clearly observable 4-ft wide zone, and that possible Holocene offsets are confined to a ~13-ft wide zone. Ironically, these are about the same widths as identified in the URS cross-sections. Therefore, the Kleinfelder trenches provide the "higher quality" data postulated by ECI to be lacking in the URS fault assessments. True, CPT data can be variously interpreted; but the URS conclusions are supported by trench "ground truth" in nearby investigations, thus making the ECI hypothesis much less persuasive.

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In brief, the regulations for surface-fault rupture are now in flux, for it is recognized that, for enhancement of public health, safety and welfare, site-specific, professional judgments are required, not merely reviewer "checklists." The whole purpose for surface-fault investigations in California is to reasonably mitigate possible impacts on life safety. Accordingly, based on the abundance and quality of site specific data and on the URS professional judgment; on the site-specific observations, documentation and interpretation agreement by Kleinfelder, the City of Coronado Independent Reviewer; and on the critique of data and professional standards-of-practice for this Technical Assessment, I thus concur that the URS, 50-ft wide no-building zone (setback) is reasonable, inherently conservative, and conforms to existing State regulations and guidelines for mitigation of potential surface-fault rupture of the Coronado fault.

Respectfully,

Signature on file

Roy J. Shlemon, Ph.D.

27 August 2009

Project No.: 2812.03
January 12, 2010

Earth Consultants International

To : **Adams Broadwell Joseph & Cardozo**
601 Gateway Boulevard, Suite 1000
South San Francisco, California 94080

Attention: **Ms. Tanya A. Gulesserian**

Subject: **Minimum Fault Setback Zones for the Hotel Del Coronado Project, City of Coronado, California**

Ms. Gulesserian,

At your request we have revisited the Hotel Del Coronado fault data to identify the minimum structural setbacks that in our opinion are necessary to comply with the Local Coastal Program requirements that a proposed development be designed so as to minimize the risks to life and property from geologic hazards. Our approach in developing these minimum setback distances was to identify the most likely location of the main fault and the secondary faults to the east that form a flower structure.

The width of the minimum structural setback zone varies across the site as follows, with all measurements made from the edges of the 10-foot wide zone established by URS:

- In the area of URS' Line C, in the southern portion of the site, the structural setback zone should extend 30 feet to the west of URS' fault zone, and 35 feet to the east of the fault zone, for a "no-build zone" 75 feet wide.
- In the area of URS' Line B, in the central portion of the site, the structural setback zone should extend 20 feet west of URS' fault zone, and 25 feet east of the fault zone, for a total "no-build" zone 55 feet wide.
- In the area of URS' Line D, in the northern portion of the site, the structural setback zone should extend 20 feet west of URS' fault zone, and 30 feet east of the fault zone, for a total "no-build" zone 60 feet wide.

The structural setback would contain the main fault and flower structure. Secondary faults to the east and west (along URS' Line A) of the main fault zone that were not included in the structural setback (no-build zone) may experience a small amount of movement in the event of an earthquake, on the order of a few inches or less. Any movement on these secondary faults would be mitigated by structural design rather than avoidance, in accordance with the guarantees provided by the project's structural engineer. The project's structural engineer has indicated that the structure will be designed to accommodate these potential offsets. Any damage to the structure as a result of surface fault rupture or secondary fault movement, with attendant potential risk to the building's occupants, will be solely the responsibility of the structural engineer.

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◆ www.earthconsultants.com

Thank you for the opportunity to assist you with this project.

Respectfully submitted,

EARTH CONSULTANTS INTERNATIONAL, INC.

Signature on file

Tania Gonzalez, CEG 1859
Vice-President

Signature on file

Thomas Rockwell, PhD
Senior Project Consultant

REFERENCES

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Jonathan D. Bray, Ph.D., P.E.
285 Pickering Place
Walnut Creek, CA 94598

May 25, 2010

William J. Dodds
Vice President, Development
Hotel Del Coronado
1500 Orange Avenue
Coronado, CA 92118

RE: Opinions Related to the California Coastal Commission Geotechnical Review Memorandum dated 4 May 2010 and Referenced as "Appeals A-6-COR-08-098 & 99 (Hotel del Coronado)," which Addresses the Potential Effects of Surface Fault Rupture at the Hotel Del Coronado

Dear Mr. Dodds,

This letter presents my opinions regarding the issues raised in the Coastal Commission Geotechnical Review Memorandum dated 4 May 2010 and referenced as "Appeals A-6-COR-08-098 & 99 (Hotel del Coronado)." I have been asked to perform an independent evaluation of the potential effects of earthquake surface fault rupture at the Hotel Del Coronado. During my evaluation, you asked me to share my opinions on the issues raised in the referenced memorandum.

Qualifications

Through education, research, and professional experience, I have developed considerable expertise on the effects of earthquake surface fault rupture. My attached CV provides evidence of this. In summary, I am a Professor of Civil and Environmental Engineering at the University of California at Berkeley. Over two decades ago, I completed my PhD research on this topic, and I have continued to perform research and practice in this area of earthquake engineering. I have documented the effects of surface fault rupture after major earthquakes, including the 1992 Landers, California, 1995 Kobe, Japan, 1999 Kocaeli, Turkey, and 1999 Chi-Chi Taiwan earthquakes. The U.S. National Science Foundation and David and Lucile Packard Foundation have funded several of my research projects in this area. I have published dozens of papers on this topic, and I have presented several invited lectures on this topic worldwide. I have worked as an engineering consultant on numerous projects, including as a member of the Caltrans Technical Advisory Panel that reviewed the surface fault rupture hazard on the SR 75/282 Transportation Corridor project in Coronado, California. This work in combination with my other work has earned me several prestigious awards, including the Walter L. Huber Civil Engineering Research Prize from the American Society of Civil Engineers, the Shamsher Prakash Research Award, and the Presidential Young Investigator Award from the National Science Foundation.

Background Information on the Effects of Surface Fault Rupture

An assessment of the potential effects of surface fault rupture begins with a comprehensive geologic study by a well-trained and experienced engineering geologist, who characterizes the hazard. Surface faulting is no more complex or dangerous than other earthquake hazards, such as ground shaking, liquefaction, and landsliding. An accurate portrayal of the likely characteristics of a potential surface fault rupture displacement is present in the geologic record. As stated in the "Guidelines for Evaluating the Hazard of Surface Fault Rupture" (California Geological Survey 2002), "*The development of a new fault or reactivation of a long-inactive fault is relatively uncommon and generally need not be a concern in site development.*" Through mapping, trenching, soil sampling, cone penetration testing, geophysical surveys,

and other tools, the engineering geologist can develop reasonable descriptions of the amount, type, and distribution of the surface fault rupture displacement likely to occur at a project site.

With respect to the demands imposed on structures, the ground deformations associated with surface faulting are similar in many ways to ground movements resulting from mining subsidence, excavation, landsliding, and liquefaction. In urban areas, rational design and retrofit strategies can be employed to address the potential hazards associated with surface fault rupture. Observations from past earthquake surface fault rupture events provide numerous examples of satisfactory performance of structures. Some facilities were sufficiently strong to withstand the underlying fault-induced ground movements without collapse. Other buildings were sufficiently ductile to deform in response to the tectonic ground displacements without failing. Other buildings were somewhat isolated from the majority of differential ground displacement, such that the building underwent rigid body translation and rotation, without undergoing the internal deformation that is so damaging to a structure. These examples of satisfactory performance indicate that, similar to what is commonly done to address other forms of ground failure, effective design strategies can be employed to address the surface fault rupture hazard (e.g., see Bray 2001 and Bray 2009, which are attached as well as a summary of observations that are most pertinent to this project, which is provided in Appendix A).

Project Information

The Hotel Del Coronado site has been studied extensively to evaluate the earthquake surface fault rupture hazard. The Geotechnical Review Memorandum dated 4 May 2010 lists applicable documents. Those documents that are cited in this letter are provided in the reference section at the end of this letter. I visited the site on April 23, 2010, and I have had numerous discussions with David Schug of URS Corporation, among others.

Location of Potential Surface Faulting

The URS Corporation (2007) study, with David Schug as the technical lead, finds unequivocally that the original 50-foot wide "no-build zone" captures the primary surface faulting and any potential secondary surface faulting resulting from the active Coronado fault. The quality and quantity of the data relied upon by URS Corporation provides a sound basis for their findings. Compelling evidence such as continuous layers within the Bay Point formation, which is older than 11,000 years (i.e., the threshold of "active" faulting), indicate an absence of faulting outside of the 50-foot wide "no-build zone." The cone penetration test (CPT) is an excellent tool for defining subsurface stratigraphy when conventional fault trenching is neither feasible nor safe. I agree that placing a person in a trench below the elevation of the groundwater surface in the medium dense sands at the site would not be safe. Trenching is not the only means for developing high quality data. CPT profiling has been used successfully in several surface fault rupture studies. The quantity and quality of the CPTs advanced at this site, when combined with the continuous soil borings and the offsite trenches, are reasonable.

Importantly, the URS Corporation findings are consistent with those of the third party reviewer, as presented in Kleinfelder (2007). Moreover, their findings are consistent with those expressed by Roy Shlemon (2009) and Jeffrey Johnson (2009), who are leading surface fault rupture experts in this specialized sub-discipline of engineering geology. The consistency of the findings of these independent engineering geology surface fault rupture specialists indicates that the URS Corporation study can be relied upon in assessing this hazard. In addition, later documents prepared by URS Corporation and Kleinfelder, which are referenced in the Geotechnical Review Memorandum, support these findings. Lastly, it must be remembered that the Coronado fault is not a major fault relative to potentially hazardous major faults such as the San Andreas fault. Major faults are potentially hazardous, because they can produce several feet of relative displacement across them.

The initial document prepared by Earth Consultants International in 2008 states "*We still have additional work to do to review all of the reports, and this letter reflects our current opinions regarding the fault location across the site.*" As some of the statements in this initial letter have been rescinded by their January 12, 2010 letter, I focused on those opinions expressed in the 2010 letter. Earth Consultants International (2010) argue that the "no-build zone" should be widened slightly to the east. However, the data and rationale that they relied upon to develop this opinion were not provided.

The Geotechnical Review Memorandum dated 4 May 2010 provides statements and recommendations that are at odds with those contained in the documents discussed previously (as well as most other documents referenced in the Geotechnical Review Memorandum). Based on my independent examination of the provided information, I agree with the finding of the URS Corporation (2007) study that the original 50-foot wide "no-build zone" is appropriate for handling the potential for distinct surface faulting resulting from the Coronado fault for the proposed project. Consistent with guidance given in the "Guidelines for Evaluating the Hazard of Surface Fault Rupture" (California Geological Survey 2002), it is not necessary to consider the development of a new fault trace at this site. A future fault rupture event will express its relative displacement where the fault has repeatedly displaced in the past, i.e., along its main trace and adjacent secondary fault traces within the "no-build zone." In this case, the location of the main trace of the Coronado fault is clearly defined, especially when incorporating the Kleinfelder (2006) study for the critical SR 75/282 Transportation Corridor project, which is just north of the Hotel Del Coronado site. Thus, the potential hazard of a distinct surface fault offset has been addressed through the establishment of an appropriately wide "no-build zone."

Secondary Fault-Related Ground Deformation

It is prudent to consider the possibility that some ground distortion may occur away from the primary and secondary fault traces when engineering structures near active faults. Several of the documents referenced in the Geotechnical Review Memorandum indicate that a minor amount of relative ground movement, which is on the order of a few inches or less, should be considered. I agree that some minor amount of relative ground movement should be considered in the evaluation of the proposed conference center at the Hotel Del Coronado to ensure it is designed and constructed so that it minimizes risks to life and property from this potential geologic hazard.

Given the previous discussion, it is unrealistic to consider that all of the proposed relative ground movement across the Coronado fault could occur off the main trace and beyond the original 50-foot wide "no-build zone." However, you have asked me to respond to a hypothetical case of an 11.8 inch strike-slip fault displacement within the area 30 feet east the January 2010 identified "no-build zone," which is described in the Degenkolb letter of May 19, 2010. In an attachment to this document, URS Corporation developed estimates of the maximum passive lateral earth pressure that the soils at the site could deliver to the proposed basement.

The earth adjacent to a buried wall cannot develop lateral earth pressures in excess of the maximum passive lateral earth pressure. Thus, if the basement walls are designed to withstand the maximum passive lateral earth pressure, the walls will not perform poorly as a result of differential ground movements from the fault rupture displacement scenario that has been hypothesized. Chris Poland, S.E. of Degenkolb, concludes that the proposed structure can resist these hypothetical maximum passive lateral earth pressures "*without structural damage to the structure.*" Moreover, he states "*that the conditions that result from the assumed fault rupture do not pose a life safety hazard to people in and around the building.*" Thus, even for this hypothetical case, the structure can be designed and constructed to minimize the risks to life and property.

In considering the surface fault rupture hazard it is important to remember that ground movement produced by the next earthquake will follow the weakened shear planes that have already developed in the earth as result of previous earthquakes. Surface rupturing follows the path of least resistance. In this

case, I have argued that faulting would occur along the main trace, i.e., the path of least resistance. However, if the underlying strike-slip bedrock fault movement is moved to the east "unexpectedly" for this hypothetical case, the surface rupturing would be forced back to the west to occur primarily within the "no-build zone." The ground rupturing would deflect around the relative stiff basement structure and move around it, as it will be far easier for the underlying fault movement to break the soil than the reinforced concrete basement structure. There are countless examples of this response documented in previous earthquakes, some of which are described in Appendix A.

Moreover, there are additional design strategies that can be utilized to design the structure to accommodate ground deformation resulting from surface faulting. For example, two layers of compressible materials (e.g., Styrofoam) that have a smooth interface slip layer between them that are installed around the basement walls of the proposed structure could be designed to accommodate and "contain" the ground movements that would accumulate around the proposed structure as result of secondary ground deformation. Engineers have designed structures for ages to accommodate ground movements (e.g., mining subsidence, expansive soils, excavation-induced movements, consolidation-induced settlements). There are a number of well-documented design strategies that can be employed with confidence to ensure that the proposed structure performs satisfactorily and in a manner that minimizes risks to life and property.

Summary

The URS Corporation (2007) study and subsequent documents prepared by URS Corporation, Kleinfelder, Roy Shlemon, and Jeffrey Johnson, among others, find that the original 50-foot wide "no-build zone" is appropriate for handling the potential for distinct surface faulting resulting from the Coronado fault for the proposed project. I agree with their finding.

Additionally, even for the hypothetical case of an 11.8 inch strike-slip fault displacement outside of the "no-build zone," the structure can be designed and constructed to minimize the risks to life and property. The basement walls can be designed to withstand the maximum passive lateral earth pressure that can develop on them. Thus, the walls will not perform poorly as a result of this hypothetical fault rupture displacement scenario.

I hope that you find this information of use in your present deliberations. In the meantime, I will continue my evaluation of the potential effects of surface fault rupture at the Hotel Del Coronado site. Please contact me at (925) 212-7842 [Email: bray@ce.berkeley.edu] if you require additional information. Thank you.

Sincerely,

Signature on file

Jonathan D. Bray, Ph.D., P.E.

References
Appendix A
CV of Professor Jonathan Bray
Bray (2001)
Bray (2009)

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APPENDIX A

Relevant Case Histories Illustrating the Effects of Structures on Surface Faulting

Cases Involving Structures Intersecting Primary Fault Rupture

There are numerous examples that showcase the performance of structures built atop primary fault traces that have displaced during earthquakes. A few representative case histories are described in this section to illustrate the effects of surface faulting on structures.

Observations of surface fault rupture from past earthquake events indicate that flexible structures deform as the underlying ground deforms as a result of surface fault rupture (e.g., Bray 2001). One story buildings on unreinforced concrete pads in Landers, California, broke as the stiff underlying ground deformed indicating that they had very little influence on the patterns of surface fault rupture (Lazarte et al. 1994). An example of this is shown in Figure 1. Similarly, lightweight structures founded on isolated spread foundations, such as the barn shown in Figure 2, deformed in a manner consistent with the underlying ground during the 1999 Kocaeli earthquake. This response is expected if the structural system offers very little resistance to the imposed ground movements.

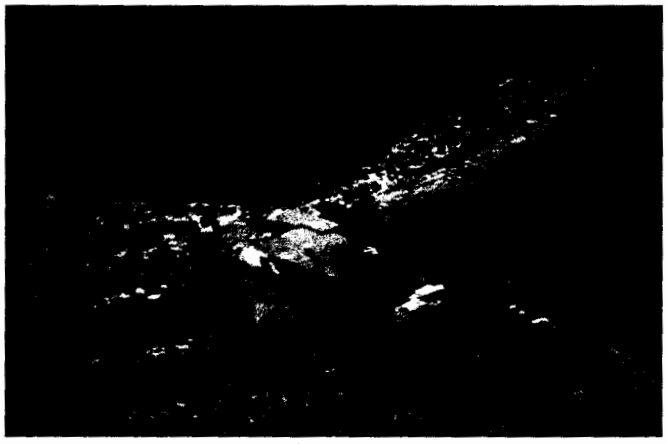

Fig. 1. Strike-slip ground rupture of the 1992 Landers earthquake apparently unaffected by the small house.

Fig. 2. Collapsed barn offset by over 4 m of ground displacement from the 1999 Kocaeli earthquake.

Very stiff, nearly "rigid" structures do not strictly follow the patterns of ground fracturing associated with a fault that ruptures across it. Instead, the "rigid" structure being too strong to deform internally forces the ground fracturing and fault offset to occur around (not through) the embedded "rigid" structure.

An excellent example of this case is the primary fault movement associated with the 1972 Managua, Nicaragua earthquake, where the heavily reinforced 0.45 m-thick concrete walls of a bank vault

of the Banco Central in downtown Managua pushed the distinct movement off of the primary fault trace to a zone around the embedded "rigid" bank vault (Figure 3; Niccum et al, 1976). Away from the Banco Central embedded vault, about 7 inches of fault displacement occurred across the existing, old primary fault feature, as is commonly observed (i.e., most fault movement occurs where it has largely occurred previously, which is across the primary fault trace). However, in the vicinity of the bank vault, the ground rupturing was pushed off the primary trace by this very stiff inclusion within the weaker ground, and new cracks formed to the west of the primary trace just outside the bank vault. The walls of the bank vault showed no significant distress. Only a few hairline cracks were observed in these heavily reinforced walls (Niccum et al. 1976).

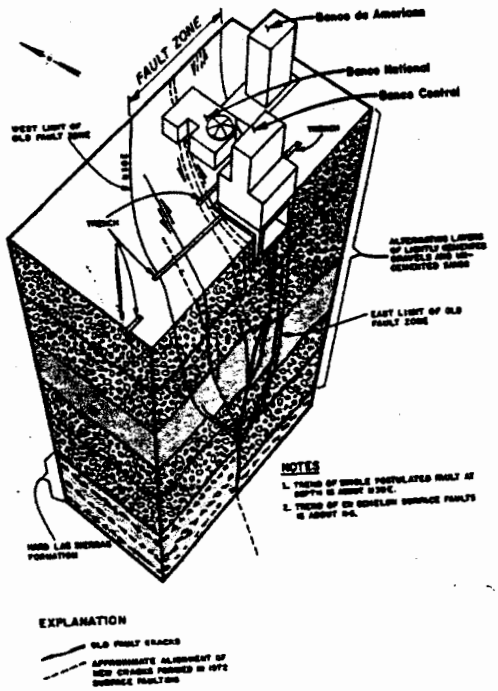

Fig. 3. Interpretation of deflected fault beneath the Banco Central after the 1972 Managua earthquake (Niccum et al. 1976).

The pushing of the ground fracturing around (and not through) the heavily reinforced bunkers at the Golcuk Naval Base due to the 1999 Kocaeli surface rupture is another example of how "rigid" structures that are embedded in the ground force ground fracturing to move around them as opposed to through them (Figure 4; Lettis et al. 2000). In this case, 4 m of right-lateral strike-slip fault displacement moved off its original fault trace and was deflected around these nearly "rigid" embedded bunkers. The bunkers rotated and displaced somewhat, but there was no evidence of distress to these structures. Several of the walls were inspected, but not even hairline cracks were observed (Lettis et al. 2000).

A physical model experiment performed by Duncan and Lefebvre (1973) examined the effects of a rigid inclusion that represented a containment structure that was embedded within a softer clay model material that represented the ground on the patterns of surface rupture associated with a strike-slip fault offset. Figure 5 shows how the surface fracturing diverted around the embedded structure, with separate fault branches passing on opposite sides of the structure. If the structure is designed sufficiently strong so that it can accommodate the significant passive earth pressures developed on opposing sides of its walls, it would merely rotate and displace somewhat as a "rigid" body with little to no internal deformation. Hence, all ground rupturing associated with the primary fault displacement will be accommodated within the weaker earth materials that surrounded the significantly stiffer inclusion.

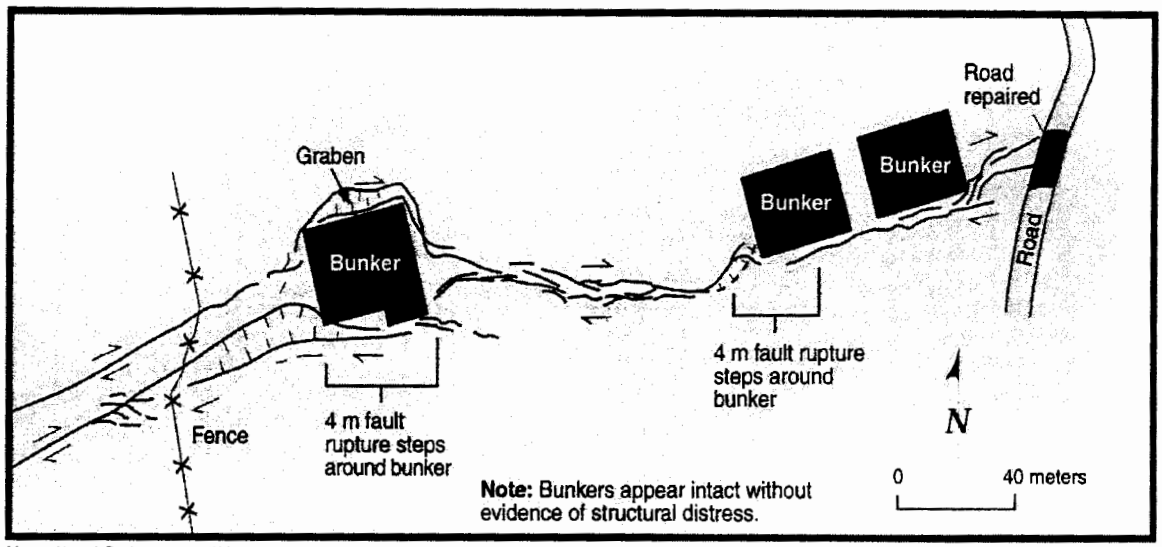

Fig. 4. Ground fracturing of the 1999 Kocaeli earthquake in the vicinity of heavily reinforced concrete bunkers on the Golcuk Naval Base (Lettis et al. 2000).

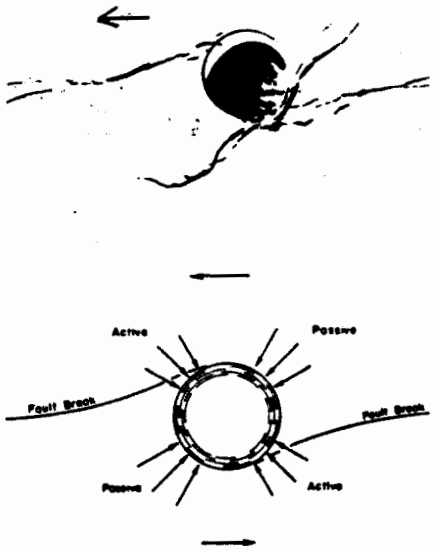

Fig. 5. Photograph and diagram of earth movements around an embedded rigid structure overlying a strike-slip fault offset (Duncan and Lefebvre, 1973).

Case Involving Distributed Ground Shear or Tectonic Warping

Distributed ground shearing or tectonic warping outside the primary fault zone can also affect the performance of constructed facilities. In the absence of structures in these distributed ground deformation zones, differential ground movements are not localized across one particular shear plane, but instead differential ground movements are spread across wider zones of general shearing. A myriad of minor ground cracks may be expressed in brittle ground as shown in Figure 6. However, ductile ground such as soft, wet fine-grained sediments may accommodate the ground warping without showing cracking (e.g. 1906 San Francisco earthquake as described by Lawson et al. 1908; and 1964 Alaskan earthquake as described by Plafker, 1967).

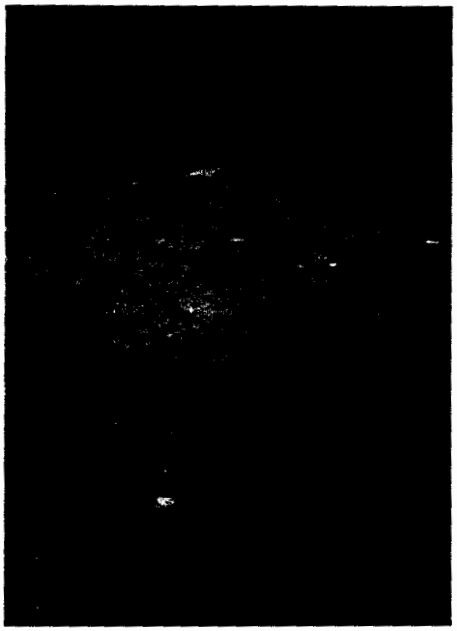

Fig. 6. Distributed ground shearing from the 1992 Landers earthquake.

Relatively stiff structures will not strictly follow this pattern of distributed ground cracking. Instead, the minor ground shearing and cracking will not be sufficient to fracture the foundation elements of the stiff structure. Distributed ground movements underlying the structure will accumulate and be expressed as ground cracks along the edges of the intact foundation elements.

An example of this type of response was well-documented by Kelson et al. (2001) after the 1999 Chi-Chi earthquake. Their mapping of the ground fractures observed at a site adjacent to the primary fault trace is shown in Figure 7. Tectonic warping of the upthrown block associated with displacement along the primary reverse fault led to stretching of the ground (i.e., extensional ground strains) that accumulated at the front and back of buildings, which were founded on relatively stiff foundations compared to the surrounding ground. Internal deformation of the building foundations was not observed. Instead, distributed ground deformations that were difficult to observe in the open fields were expressed where buildings were located as distinct cracks in front of or behind of the buildings.

There are numerous other cases that show that stiffer inclusions within a weaker earth mass will merely rotate, tilt, warp, or displace a minor amount when secondary fault movement imposes a state of distributed ground shear across the structure. The ground strain across the structure typically accumulates under the relatively "rigid" structure so that the integration of this strain produces minor fracturing at the edges of the structure. This is a localized phenomenon that does not appear to produce ground fracturing away from the structure.

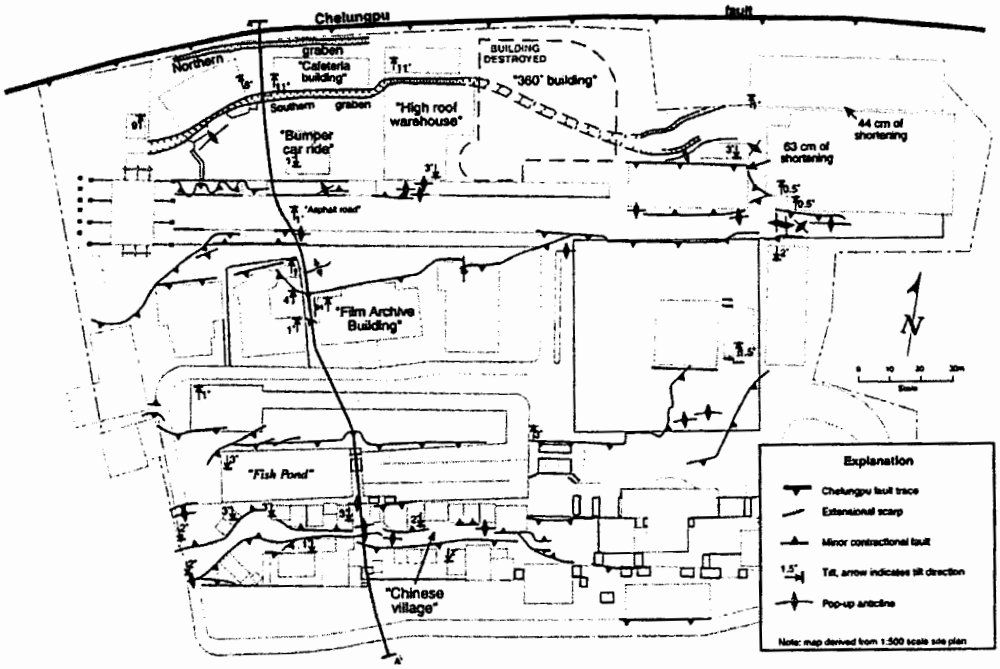

Fig. 7. Map of Taiwan Studio City showing main trace of Chelungpu fault and distributed secondary hanging wall deformation localized at the front and back of buildings (Kelson et al. 2001).

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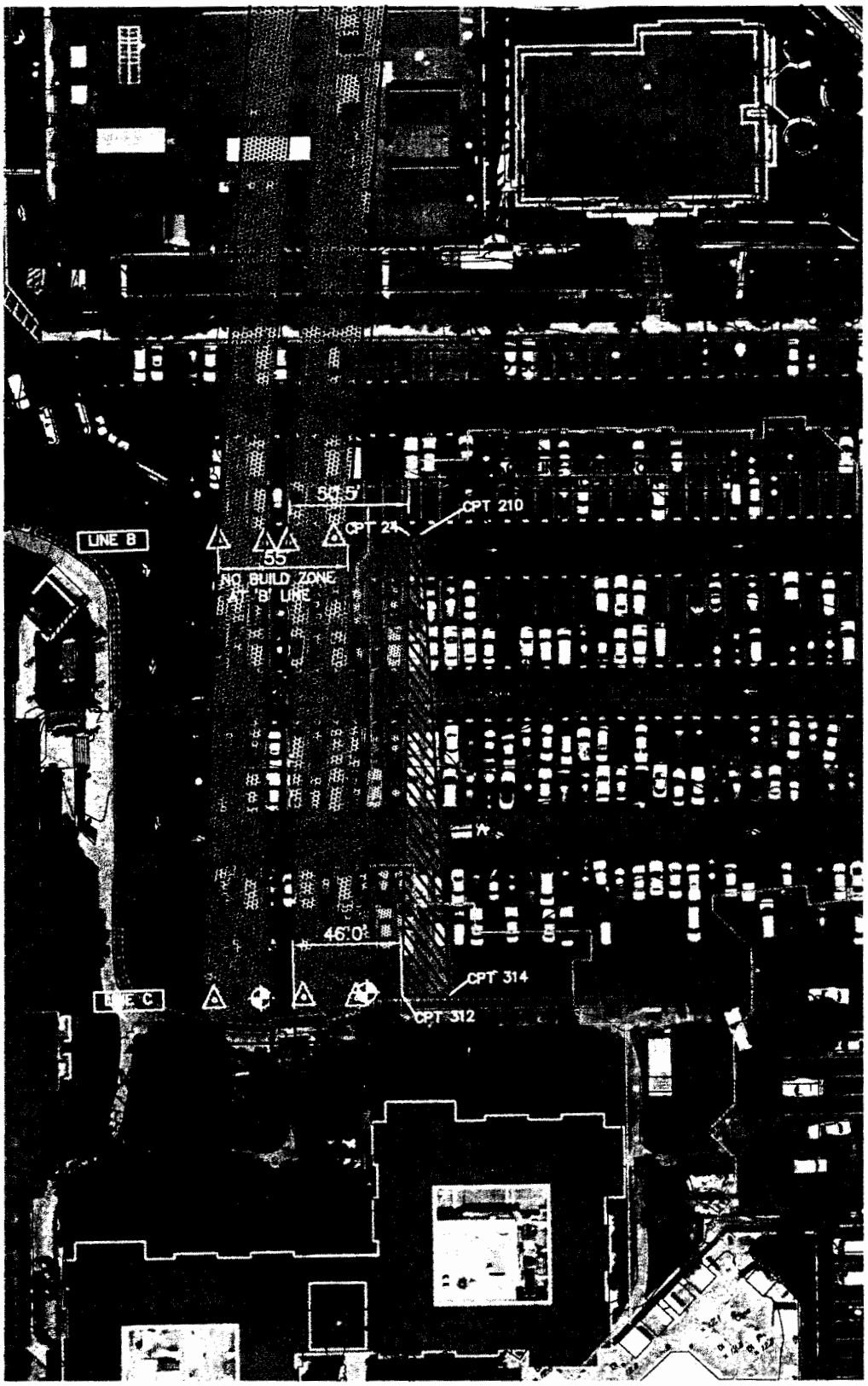

FAULT EXHIBIT

FOR

HOTEL DEL CORONADO

H.E. JOB NO. 08006

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Hotel's Expert's Rebuttal to Geologic Issues Raised by CCC Staff

Issue	Staff's Position	Hotel's Expert Rebuttal
Adequacy of URS investigation, lack of trenching requiring wider setbacks	"According to Dr. Johnsson, ideally, a fault hazard investigation would make use of multiple trenches through the younger materials at a site" (noting however that "applicant's consultants felt that the combination of sandy soils and a high ground water table would make the trenching difficult and dangerous"). "It is prudent to establish wider setback zones to account for the uncertainty inherent in using indirect means of identifying fault zones" (Staff Report, pgs. 16-18)	"Placing a person in a trench below the elevation of the groundwater surface in the medium dense sands at the site would not be safe. Trenching is not the only means for developing high quality data. CPT profiling has been used successfully in several surface fault rupture studies". (Exhibit F, pg. 2.) "Data was correlated with data from the previous study of the Coronado fault by Kleinfelder (2006), which included trenching to confirm a narrow zone of faulting at the Coronado fault". (Exhibit A, pg. 1). ". . . URS' study was appropriate and thorough, complying with standards set forth in the Alquist-Priolo Act and with standard professional practice" (Exhibit B, pg. 3) "The quantity and quality of the CPTs advanced at this site, when combined with the continuous soil borings and the offsite trenches, are reasonable" (Exhibit F, pg. 2) "based on the abundance and quality of site specific data . . . and . . . the site-specific observations by Kleinfelder . . . I thus concur that the URS 50-ft wide no-building zone (setback) is reasonable, inherently conservative, and conforms to existing state

Issue	Staff's Position	Hotel's Expert Rebuttal
		regulations and guidelines for mitigation of potential surface fault rupture of the Coronado fault" (Exhibit D, pg 4) "The URS Coronado fault investigation was adequate"; "URS's findings and recommendations are consistent with known data regarding the location and character of the Coronado fault and current practice regarding avoidance of the potential hazards of surface fault rupture." (Exhibit C, pg. 3)
CCC Staff's interpretation of secondary faulting outside of currently proposed no-build zone	"Dr. Johnsson has determined that the identification of several possible faults both east and west of the main trace and the presence of numerous secondary faults radiating outward from the main fault is a reasonable, and perhaps likely, interpretation of the faulting present at the subject site" (Staff Report, pg. 18)	"No evidence of active secondary faulting in the URS and Kleinfelder data" (Exhibit A, pg. 1). "Wide zones of active faulting are not consistent with [Kleinfelder] fault studies conducted north of the hotel site"; "All faults outside of the 13-foot active zone were identified to be pre-Holocene faults" [i.e., are not "active"](Exhibit B, pg.3) "Continuous layers at depth within this formation would indicate an absence of faulting . . . Layer thickness differences are typical of the various sediment types (sand, silt and clay) comprising the Bay Point Formation. Tilting or warping near the Coronado fault would be expected in the Pleistocene age sediments. However, there are no indications of active secondary faulting". (Exhibit A, pg. 2)

Issue	Staff's Position	Hotel's Expert Rebuttal
		"We . . have found that these differences are not compelling for interpretation of faulting and that they are likely related to small local variations in bedding structure or unit thicknesses". (Exhibit B, pg. 2) "Compelling evidence of faults, outside this primary fault zone, that potentially could require set back were not observed at the subject site"; "There is no compelling data of additional faults, out side the set back zone, potentially requiring additional setback at the subject site" (Exhibit C, pg. 2, 4) "Compelling evidence such as continuous layers within the Bay Point formation, which is older than 11,000 years (i.e., the threshold of "active" faulting), indicate an absence of faulting outside of the 50-foot wide "no-build zone". (Exhibit F, pg. 2)
Amount of movement anticipated on secondary faults	"Secondary faults cannot be assumed to only be capable of a few inches of movement in the next earthquake" (Staff Report, pg. 19) "Dr. Johnsson believes the entire fault movement in the next earthquake could easily be taken up by any one of the traces – or a new trace – rather than the trace that has been identified as the "main" trace". (Staff Report, pg. 18) "Staff disagrees with the characterization of the offsets observed at the outer zone as being secondary faults that are capable of only a few inches of displacement" and estimates 11.8 inches of	"As stated in the "Guidelines for Evaluating the Hazard of Surface Fault Rupture" (California Geological Survey 2002), "*The development of a new fault or reactivation of a long-inactive fault is relatively uncommon and generally need not be a concern in site development*". (Exhibit F, pg. 1); "A future fault rupture event will express its relative displacement where the fault has repeatedly displaced in the past, i.e., along its main trace and adjacent secondary fault traces within the "no-build zone" (Exhibit F, pg. 3)

Issue	Staff's Position	Hotel's Expert Rebuttal
	displacement (Staff Report, pg. 20)	". . . ground movement produced by the next earthquake will follow the weakened shear planes that have already developed in the earth as a result of previous earthquakes. Surface rupturing follows the path of least resistance [therefore] faulting would occur along the main trace". " . . . it is unrealistic to consider that all of the proposed relative ground movement across the Coronado fault could occur off the main trace and beyond the original 50-foot wide "no-build zone." (Exhibit F, pgs. 3-4.) "[T]he Coronado fault is not a major fault. This fault is one of at least three faults (Spanish Bight fault and Silver Strand fault being the other two faults) which likely partitions the total displacement from the Rose Canyon fault to the north" (Exhibit B, pg. 3) "Based on anticipated primary displacement of the Coronado fault, the risk of secondary faulting, if it were to occur, would be minor, likely on the order of a fraction of an inch to just a few inches." (Exhibit A, pg. 2) "I agree that some minor amount of relative ground movement, which is on the order of a few inches or less, should be considered." (Exhibit F, pg. 3)

Issue	Staff's Position	Hotel's Expert Rebuttal
Adequacy of current "no-build zone"	"Based on his review of the data, Dr. Johnsson has concluded that the no-build zone now proposed by the applicant continues to be too narrow . . ." (Staff Report, pg. 19)	"It is Kleinfelder's opinion that the original 50-foot wide structural exclusion zone recommended by URS is appropriate for [the] proposed hotel project" (Exhibit B, pg. 3) "The Fault Trace Zone and symmetrical 20 foot wide Setback Zones, established by URS, adequately mitigate the potential adverse effects of surface fault rupture, including life safety, and are conservative" (Exhibit C, pg. 4) " . . . the URS, 50-ft wide no-building zone (setback) is reasonable, inherently conservative, and conforms to existing State regulations and guidelines for mitigation of potential surface-fault rupture of the Coronado fault" (Exhibit D, pg. 4) "I agree with the finding of URS Corporation (2007) study that the original 50-foot wide "no-build zone" is appropriate for handling the potential for distinct surface faulting resulting from the Coronado fault for the proposed project" (Exhibit F, pg. 3)

Degenkolb

San Francisco
Los Angeles
Portland
Oakland
San Diego
Seattle

May 27, 2010

Hotel Del Coronado
1500 Orange Avenue
Coronado, California 92118

E-mail: wdodds@hoteldel.com

Attention: Mr. Bill Dodds
Vice President of Development

Reference: Affects of potential Secondary Faulting on the proposed Conference Center with Guest Rooms [Degenkolb Job Number A9128005.00]

Dear Bill:

At your request, we have given additional consideration to the affects that faulting would have on the proposed Conference Center with Guest Rooms, specifically to an 11.8 inch fault displacement in a 30 foot wide impact zone, as postulated by California Coastal Commission staff. Given the soil conditions at the site and the expected fault offset that could occur, we have again determined that the below ground structure is much stronger than the ground surrounding it and believe that the faulting, if it occurs, will trace around the building and only affect the elevation of the ground on either side. We believe that such an occurrence will not pose a risk to life or property and does not create any adverse impacts as cited in Division 20, Section 30253 of the California Coastal Act.

The Amended Master Plan provides for a conference center with guest rooms and underground parking garage. The facility will be a combination of Type 2 construction for the conference facility and Type 5 construction for the guest rooms. The proposed conference facility is located immediately adjacent to, and on the south side of, the designated "no-build" zone and is comprised of a two story, concrete, subterranean parking structure that supports a steel framed conference center. The conference center garage is rectangular in configuration, 220 by 160 feet, and encompasses the entire footprint of the above ground construction.

The Conference Center is located at elevation 16 feet with the parking garage basement extending down to approximately –8 feet. Because of the potential for up to a 14-foot head of water, we expect that the garage structure will be founded on a four-foot thick reinforced concrete mat, and include 12-inch thick reinforced concrete floors that are enclosed by 12 to 18 inch thick reinforced concrete walls. The below ground/below water construction has dictated a very substantial and naturally strong structure for the conference center.

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Coastal Commission staff has suggested that there is a potential for faulting in an area up to 30 feet east of the January 2010 "identified no build zone" and that this area could experience up to an 11.8 inch displacement.

Past earthquakes have shown that the consequence of faulting on a building depends on both the strength of the ground and the strength and rigidity of the building. In this case the surface ground conditions are a combination of fill, beach deposits, lagoonal deposits, and marine sediments – all fairly weak materials. If the faulting occurs that has been postulated by Coastal Commission staff, these materials can only impart as much load as their ultimate passive resistance can deliver. If the structure is sufficiently strong to move the soil, then the faulting will not damage the building, rather the building will cause the faulting to track around the structure and also cause the ground to "bulge" at the face of the building. In this case, we have determined that the nominal strength of the Conference Center building is much greater than the pressure that will be exerted by the potential faulting. It is therefore proper to conclude that only surface "bulging" and lateral movement along the north side of the conference center garage will occur.

The location of the bulge depends on the direction of the movement. If the ground north of the fault moves to the west, the ground on the east side of the building will bulge up on the order of 2 to 6 inches over an area extending 20 to 40 feet to the east. Similarly, if the movement is to the east, the surface bulging will occur on the west side. In both areas, only the landscaping and concrete flat work will be affected. No risk to life will be created and only an insignificant amount of physical damage to the property will occur.

We appreciate the opportunity to assist you with the important issue and will be pleased to respond to any questions or comments you have.

Very Truly Yours,
Degenkolb Engineers

Signature on file

Chris D. Poland, SE 2336
Senior Principal

emr

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Hotel del Coronado

Potential Special Conditions

1. **Condo-Hotel conditions – see attached language developed with CCC legal staff**

2. **In-lieu fee:**

Affordable overnight accommodations:

(a) A $30,000 mitigation fee per room shall apply to 25% of the total number of approved hotel rooms (.25 x 144), however this fee shall be reduced by 50% in recognition of the substantial public benefits and public access improvements provided by the project. Prior to the occupancy of the approved development, the total in-lieu fee of $540,000 ($30,000 x 36 = $1,080,000 x .50 = $540,000) shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy pursuant to a memorandum of understanding entered into between the Conservancy and the Executive Director. The purpose of this account shall be to provide funding grants to public agencies or non-profit organizations for the provision of lower cost overnight visitor accommodations within or in close proximity to the coastal zone, including but not limited to hostel accommodations, campground accommodations, cabins, or low cost hotel or motel accommodations.

(b) The entire fee deposited into the special account identified in subparagraph (a) together with any accrued interest shall be used for the purpose set forth in subparagraph (a), and the expenditure of any funds from this account shall be subject to review and approval by the Executive Director of the Coastal Commission. This fee shall be expended within five (5) years of the date the fee is deposited into the account, unless this time limit is extended for good cause for a period not to exceed an additional five (5) years. If the funds are not expended within this time period, the Commission and the State Conservancy shall agree on an alternative expenditure of the funds for public recreational benefits in the coastal zone.

3. **Coastal Trail Signage (per Joint Statement of Hotel Del Partners, LP and Unite Here Local 30, January 2010):**

PRIOR TO CONSTRUCTION of the 2008 Amended Master Plan improvements along Avenida del Sol, the Hotel shall work with the City, Coastwalk and Local 30 to identify locations for at least two signs marking the California Coastal Trail on Avenida del Sol and shall submit an application, if necessary, to the City of Coronado for the approval of the installation of the signs. If such application is approved by the City's legislative body, the Hotel shall cooperate with the City, Coastwalk and Local 30 in obtaining CCC approval for the installation of the signs.

4. **Minimization of Geologic Hazards:**

PRIOR TO COMMENCEMENT OF CONSTRUCTION[1] of the Conference Center with underground parking and South Beach Guestrooms approved pursuant to this coastal development permit, the applicant shall submit for the review and approval of the Executive Director evidence that (1) a licensed geotechnical engineer has reviewed seismic loading and liquefaction hazard and that any resulting recommendations have been incorporated in the final project design; (2) a licensed structural engineer has reviewed and approved all final construction and foundation plans in conformance with the above recommendations; (3) the geologic setback pursuant to January 2010 plan modifications have been incorporated into final plans such that no development of habitable structures will occur in the designated "no-build zone" (attach Hale Engineering depiction from Joint Statement); and (4) a licensed structural engineer has reviewed and approved final construction and foundation plans in conformance with the seismic standards of the California Building Code (CBC).

5. **Final Plans – Paseo/Avendia del Sol:**

PRIOR TO THE COMMENCEMENT OF CONSTRUCTION of improvements to the Paseo del Mar beachfront walkway and street improvements to Avenida del Sol pursuant to this Coastal Development Permit, the applicant shall submit final construction plans for review and acceptance in writing by the Executive Director. The plans shall be in substantial conformance with the Conceptual Grading and Alignment for Paseo Del Mar plans prepared by Hale Engineering dated August 6, 2008 (*attached as Exhibit D to the Coastal Permit approved by the City of Coronado)* and the Avenida del Sol Conceptual Street Improvements plans prepared by Hale Engineering (*attached as Exhibit E to the Coastal Permit approved by the City of Coronado)*. The permittee shall undertake these improvements in accordance with the approved final plans. Any significant proposed changes to the approved plans shall be reported to the Executive Director. No changes to

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[1] ***Note:*** A "prior to issuance" timing requirement is not feasible for fulfillment of special conditions 4 & 5. The Amended Master Plan provides for multi-phased development. While the Coastal Development Permit would be issued prior to the first phase of development (underground parking on the north side of the property), construction plans for the Conference Center and Guestrooms would not be completed and available for Coastal Commission review until a subsequent phase. Therefore, the timing of this condition (and the Final Plans condition that follows) would also need to be phased, and linked to the timing of construction of that phase.

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the plans shall occur without a Commission-approved amendment to the permit unless the Executive Director determines that no such amendment is legally required.

6. **Assumption of Geologic Risk, Waiver of Liability and Indemnity:**

   By acceptance of this permit, the applicant acknowledges and agrees: (i) that the site may be subject to hazards from earth movement; (ii) to assume the risks to the applicant and the property that is the subject of this permit of injury and damage from such hazards in connection with this permitted development; (iii) to unconditionally waive any claim of damage or liability against the Commission, its officers, agents, and employees for injury or damage from such hazards; and (iv) to indemnify and hold harmless the Commission, its officers, agents, and employees with respect to the Commission's approval of the project against any and all liability, claims, demands, damages, costs (including costs and fees incurred in defense of such claims, expenses, and amounts paid in settlement arising from any injury or damage due to such hazards.

7. **Water Quality Management Plan:**

   The applicant shall conform to the Storm Water Management Plan (SWMP) prepared by Hale Engineering dated September 22, 2008. Any proposed changes to the approved plan shall be reported to the Executive Director. No changes to the approved plan shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

Additional Conditions referenced in staff report

8. **No Seaward Encroachment of New Development Beyond Existing Development:** (*Prohibiting any development from encroaching further seaward than existing development per city language)*

   No portion of the new development approved pursuant to this coastal development permit may extend seaward of a straight line connecting the tower elements of the southwesterly or seaward corners of the existing Hotel del Coronado Ocean Towers building and the closest Coronado Shores building.*(See attached graphic, provided to staff on January 15, 2009)*

9. **Final Plans (Conference Center and Guestrooms):** *(To address visual impacts - conditions requiring final plans consistent with the proposed development)*

   PRIOR TO COMMENCEMENT OF CONSTRUCTION of the Conference Center with underground parking and South Beach Guestrooms pursuant to this coastal development permit, the applicant shall submit to the Executive Director for review and written approval, final site, building and elevation plans for the permitted development. Said plans shall be in accordance with the following: (a) building setback from Paseo del Mar

beachfront walkway as depicted in Exhibit 8 to this staff report; and (b) building height and elevations as depicted in Exhibit 12 to this staff report.

The permittee shall undertake development in accordance with the approved final plans. Any proposed changes to the approved plans shall be reported to the Executive Director. No changes to the plans shall occur without a Coastal Commission approved amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

10. **Public Access along Paseo del Mar Beachfront Walkway:** *(Agreement that the public accessway be maintained and kept open to the public and, if necessary, relocated landward in order to preserve public access)*

Except for the temporary disruptions that may occur during the construction of the permitted development, the applicant shall ensure the Paseo del Mar beachfront walkway shall remains open for public access pursuant to the terms of the Coastal Permit (CP 3-02) issued by the City of Coronado. During construction, the permittee shall provide signage to direct the public to alternative access opportunities. The permittee shall maintain the Paseo del Mar in a reasonable and safe state of repair so that it fulfills its purpose as a public access path as described above. The permittee shall relocate the walkway landward if necessary to preserve public access.

11. **No Future Seaward Extension of Shoreline Protective Device:** *(No seaward expansion of the berm will be permitted in the future; Waiver of rights to future shoreline protection)*

By acceptance of this Permit, the applicant agrees, on behalf of itself and all successors and assigns, that no future repair or maintenance, enhancement, reinforcement, modifications to address rising sea level, increased risk of flooding or other hazards, or any other activity affecting the shoreline protective device approved pursuant to this coastal development permit, to be constructed as described and depicted on Exhibit D to the Coastal Permit (CP 3-02) issued by the City of Coronado, shall be undertaken if such activity extends the footprint seaward of the subject shoreline protective device as it is constructed pursuant to this Coastal Development Permit. By acceptance of this Permit, the applicant waives, on behalf of itself and all successors and assigns, any rights to such activity that may exist under Public Resources Code Section 30235.

Following completion of the improvements to the Paseo del Mar beachfront walkway pursuant to this Coastal Development Permit, the applicant shall submit for the review and approval of the Executive Director, a formal legal description and graphic depiction of the shoreline protective device approved by this permit, as generally described above, showing the footprint of the device and the elevation of the device referenced to NGVD (National Geodetic Vertical Datum).

12. **Flood Control Plan:** *(Submittal of a flood control plan that includes protection measures that will be implemented during major storm events to avoid damage to the property)*

    PRIOR TO THE COMMENCEMENT OF CONSTRUCTION of the Conference Center with underground parking and South Beach Guestrooms approved pursuant to this coastal development permit, the applicant shall submit to the Executive Director for review and written approval, a flood control plan that includes measures that will be implemented during major storm event to protect the new development from floods. No changes to the approved plan shall occur without an amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

13. **Tsunami Information Plan:** (*Provide tsunami evacuation signs at appropriate locations on the paths and provide some educational materials about tsunamis in the hotel areas)*

    PRIOR TO OCCUPANCY OF THE SOUTHBEACH GUESTROOMS approved pursuant to this coastal development permit, the applicant shall submit, for the review and approval of the Executive Director, a tsunami information plan, which shall include posting signs at appropriate locations on the Paseo del Mar beachfront walkway and providing educational materials about tsunamis within the resort.

14. **Final Landscape Plan for Paseo del Mar beachfront walkway:** *(Final landscape plan prohibiting the use of invasive plant materials on the Paseo)*

    PRIOR TO THE COMMENCEMENT OF CONSTRUCTION of improvements to the Paseo del Mar beachfront walkway, the applicant shall submit to the Executive Director for review and written approval, final landscape plans. Said plans shall demonstrate that all landscaping along the Paseo del Mar beachfront walkway shall be drought-tolerant (or irrigated via reclaimed water) and (1) native or (2) non-invasive plant species. Except as noted below, no plant species listed as problematic and/or invasive by the California Native Plant Society, the California Invasive Plan Council (CAL-IPC) Inventory Database, or as may be identified from time to time by the State of California shall be employed or allowed to naturalize or persist on the site. No plant species listed as 'noxious weed' by the State of California or the U.S. Federal Government shall be utilized within the property.

    The permittee shall undertake development in accordance with the approved final plans. Any proposed changes to the approved plans shall be reported to the Executive Director. No changes to the plans shall occur without a Coastal Commission approved amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

Hotel del Coronado Revised Conditions - Proposed

1. Condominium Hotel development is subject to the following conditions/restrictions::

a) Definitions applicable to this Section:

i. Condominium Hotel is defined as the 144 guestrooms that are the subject of this coastal development permit (identified as Lot 3 on the Tentative Map dated August 7, 2008) where ownership is in the form of separate condominium interests, as defined in California Civil Code Section 1351(f). The primary function of the Condominium Hotel is to provide overnight transient visitor accommodations on a daily basis year round, providing both general public availability and limited owner occupancy of these guestrooms/units that are in the form of separate condominium ownership interests.

ii. Guestroom is defined as an individual room made available to the general public for hotel rental. Unit is defined as a condominium unit as described in Civil Code Section 1351(f), which may consist of one or more guestrooms, and which is subject to individual ownership with limited owner occupancy.

iii. Hotel Operator is defined as the entity that operates the traditional guestrooms at the Hotel del Coronado, and that manages the Condominium Hotel guestrooms/units as provided herein.

iv. Hotel Owner is defined as the fee owner of the Hotel del Coronado and/or its affiliated ownership entities.

b) A maximum of 226 guestrooms in the facility as a whole (i.e., the Hotel del Coronado) may be configured as condominium hotel units and sold for individual ownership.

c) The Hotel Owner and/or Hotel Operator shall retain control through ownership, lease, easements, or other legal means, of all recreational amenities, meeting space, restaurants, "back of house" and other non-guest unit facilities. The Hotel Operator must be the same entity for both the traditional hotel guestrooms and the Condominium Hotel guestrooms/units.

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d) The Hotel del Coronado, including the Condominium Hotel facility, shall have an on-site Hotel Operator to manage booking of all guestrooms/units (both traditional and Condominium Hotel guestrooms/units). Whenever any individually owned Condominium Hotel guestroom/unit is not occupied by its owner(s), that guestroom/unit shall be available for hotel rental by the general public, through the Hotel Operator or a rental agent other than the Hotel Operator, or through the owner directly, on the same basis as a traditional hotel room.

As used in this Section, the term " to book" or "booking" shall mean the confirmation of a reservation request for use of a Condominium Hotel guestroom/unit by either the owner of the guestroom/unit, the owner's permitted user or by a member of the public, and the entry of such confirmation in the Hotel Operator's reservation data base.

Each owner of a Condominium Hotel unit shall have the right, in his or her sole discretion, to engage either the Hotel Operator or a rental agent of his or her choice to serve as the rental agent for his or her guestroom/unit, or to rent his or her guestroom/unit directly, but any engagement of a rental agent other than the Hotel Operator shall be on a non-exclusive basis. The Hotel Operator shall have the right and obligation to offer for public rental all time periods not reserved by a Condominium Hotel unit owner for his or her personal use, or for the use of an owner's permitted user, or reserved for use by a public renter procured by an owner or by an owner's rental agent who is not the Hotel Operator. Whether or not the Hotel Operator is selected as an owner's exclusive rental agent, the Hotel Operator shall manage the booking and the reservation of all guestrooms/units in the Condominium Hotel. All Condominium Hotel unit owners, and their rental agents, must comply with the following restrictions:

i. Condominium Hotel unit owners shall not discourage rental of their guestrooms/units or create disincentives meant to discourage rental of their guestrooms/units;

ii. As more fully described in Section (r), below, Condominium Hotel unit owners shall report and certify the rental rate and terms of any rental of the owner's guestroom/unit made independently of the Hotel Operator, and the Hotel Operator shall book all guestroom/unit reservations in the Hotel Operator's reservation

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database, a service for which the Hotel Operator may charge the Condominium Hotel unit owner a reasonable fee;

e) Based on its own rentals and also those certified by those owners who have reported rentals made by them directly or by another rental agent they have selected, the Hotel Operator shall maintain records of usage for all guestrooms/units and the rental terms of such usage, and shall be responsible for reporting Transient Occupancy Taxes for all guestrooms/units, services for which the Hotel Operator may charge the Condominium Hotel unit owner a reasonable fee.

f) The Hotel Operator shall market all rooms to the general public. Owners of individually owned Condominium Hotel units may also independently market their guestrooms/units, but all booking of reservations shall be made by and through the Hotel Operator.

g) The Hotel Operator shall manage all guestrooms/units of the Condominium Hotel as part of the hotel inventory of the facility as a whole (i.e. the Hotel del Coronado), which management will include the booking of reservations, mandatory front desk check-in and check-out, maintenance, cleaning services and preparing guestrooms/units for use by guests/owners, a service for which the Hotel Operator may charge the unit owner a reasonable fee.

h) If the Hotel Operator is not serving as the exclusive rental agent for an individually owned Condominium Hotel unit, then the Hotel Operator shall nevertheless have the right, working through the individually owned units' owners or their designated agents, to book any unoccupied room to fulfill public demand. The owner or an owner's rental agent may not withhold guestrooms/units from use, unless they have already been reserved for use by the owner, consistent with the owner's maximum use right, as set forth in Section (l), below. In all circumstances, the Hotel Operator shall have full access to the guestroom/unit's reservation and booking schedule so that the Hotel Operator can fulfill its booking and management obligations hereunder.

i) All guestroom/unit keys shall be electronic and created by the Hotel Operator upon each new occupancy to control the use of the individually owned Condominium Hotel guestrooms/units.

j) All individually owned Condominium Hotel guestrooms/units shall be rented at a rate similar to that charged by the Hotel Operator for traditional hotel rooms of a similar class or amenity level.

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k) The Hotel Operator shall maintain records of usage by owners and guests and rates charged for all Condominium Hotel guestrooms/units.

l) Each individually owned Condominium Hotel unit shall be used by its owner(s) (no matter how many owners there are) or their guests for not more than 90 days per calendar year with a maximum of 25 days of use during any immediately preceding 50 day time period.

m) The occupancy limitations identified in Section (l) above, shall be unaffected by multiple owners of an individually owned Condominium Hotel unit or the sale of a unit to a new owner during the calendar year, meaning that all such owners of any given unit shall be collectively subject to the occupancy restriction as if they were a single, continuous owner.

n) No portion of the Condominium Hotel may be converted to full-time occupancy of a condominium or other use that differs from the approved Condominium Hotel, except that Condominium Hotel guestrooms/units may be converted to traditional hotel guestrooms, with approval of an amendment to this CDP.

o) The Hotel Owner shall be required to submit, prior to issuance of a coastal development permit, for the review and written approval of the Executive Director of the Coastal Commission ("Executive Director"), a Declaration of Restrictions or CC&Rs (Covenants, Conditions & Restrictions) approved by the City of Coronado, which shall include:

    1. All the specific restrictions listed in Sections (b) through (n) above;
    2. Acknowledgement that these same restrictions are independently imposed as condition requirements of the coastal development permit;
    3. A statement that provisions of the CC&Rs (Declaration of Restrictions) that reflect the requirements of Sections (b) through (n) above, cannot be changed without a coastal development permit amendment. However, minor changes that do not conflict with Sections (a) through n) above may be processed as an amendment to the coastal development permit, unless it is determined by the Executive Director that an amendment is not legally required. If there is a section of the CC&Rs (Declaration of Restrictions) related to amendments, and the statement provided pursuant to this paragraph is not in that section, then the section on amendments shall cross-reference this statement and clearly indicate that it controls over any contradictory statements in the section of the CC&Rs (Declaration of Restrictions) on amendments.

p) The CC&Rs (Declaration of Restrictions) described above shall be

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recorded against all individual property titles prior to the close of the first escrow for the Condominium Hotel units.

q) The Hotel Owner and Hotel Operator or any successors-in-interest shall maintain the legal ability to ensure compliance with the terms and conditions stated above at all times in perpetuity and shall be responsible in all respects for ensuring that all parties subject to these restrictions comply with the restrictions. Each owner of an individual Condominium Hotel unit is jointly and severally liable with the Hotel Owner and Hotel Operator for any and all violations of the terms and conditions imposed by the special conditions of the coastal development permit with respect to the use of that owner's guestroom/unit. Violations of the coastal development permit can result in penalties pursuant to Public Resources Code Section 30820.

r) All documents related to the marketing and sale of the condominium interests, including marketing materials, sales contracts, deeds, CC&Rs and similar documents, shall notify buyers of the following:

1. Each owner of any individual Condominium Hotel unit is jointly and severally liable with the Hotel Owner and Hotel Operator for any violations of the terms and conditions of the coastal development permit with respect to the use of that owner's guestroom/unit; and
2. The occupancy of a Condominium Hotel unit by its owner(s) and their guests is restricted to 90 days per calendar year with a maximum of 25 days of use during any immediately preceding 50 day time period, and when not in use by the owner, the guestroom/unit shall be made available for rental by the Hotel Operator to the general public pursuant to the terms of the coastal development permit and that the coastal development permit contains additional restrictions on use and occupancy; and
3. Each owner of a Condominium Hotel unit who does not retain the Hotel Operator as his or her rental agent shall be obligated by the governing documents of the Condominium Hotel to truthfully report to the Hotel Operator (and to certify each such report) on an annual basis each effort, if any, he or she has made to rent his or her guestroom/unit to a member of the public, and the terms and conditions of any such offer, and the terms and conditions of each rental offer which has been accepted by a member of the public.

s) The Hotel Owner and any successor-in-interest Hotel Owner , and each future individual Condominium Hotel unit owner shall obtain, prior

to the sale of individual Condominium Hotel units, a written acknowledgement from the buyer that occupancy by the owner is limited to 90 days per calendar year with a maximum of 25 days of use during any immediately preceding 50 day time period, that the guestroom/unit must be available for rental to the general public when not occupied by the owner, and that there are further restrictions on use and occupancy in the coastal development permit and the CC&Rs (Declaration of Restrictions).

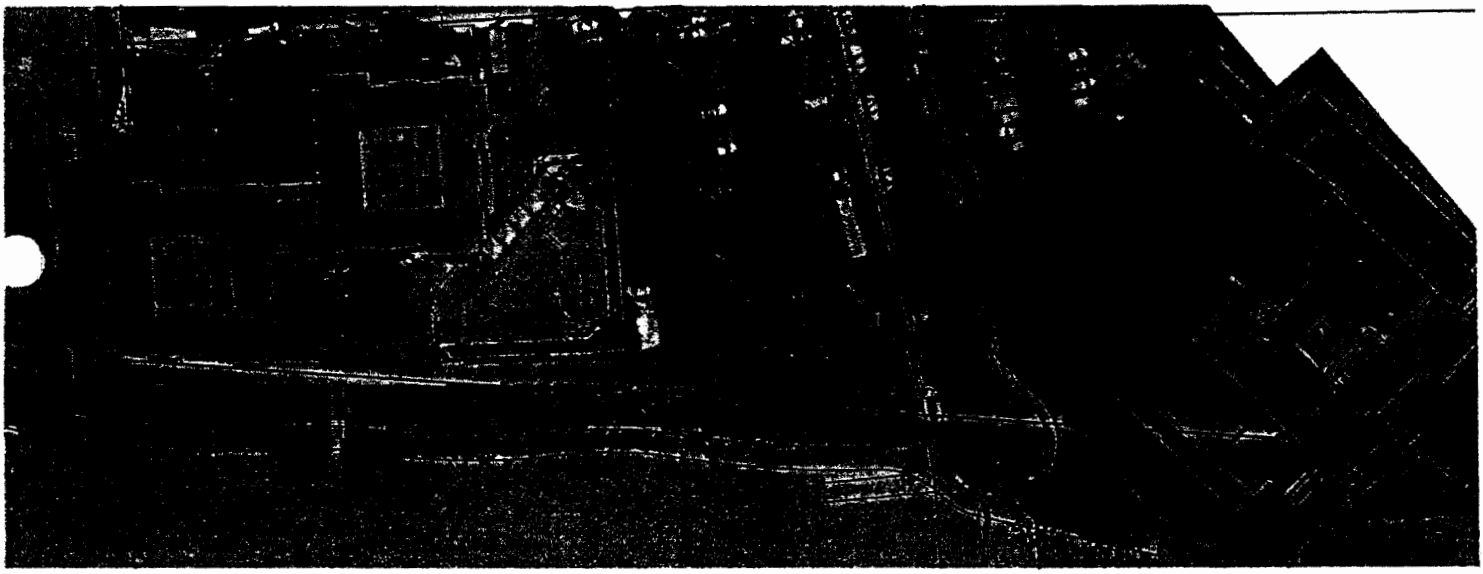
t) The Hotel Operator and any successor-in-interest Hotel Operator shall monitor and record Condominium Hotel occupancy and use by the general public and the owners of individual Condominium Hotel units throughout each year. The monitoring and record keeping shall include specific accounting of owner usage for each individual Condominium Hotel unit. The records shall be sufficient to demonstrate compliance with the restrictions set forth in Sections (b) through (n) above. The Hotel Operator shall also maintain documentation of rates paid for Condominium Hotel occupancy and of its advertising and marketing efforts. All such records shall be maintained for ten years and shall be made available to the Executive Director and to any auditor required by Section (u) below. Within 30 days of commencing Condominium Hotel operations, the Hotel Operator shall submit notice to the Executive Director of commencement of Condominium Hotel operations.

u) Within 120 days of the end of the first calendar year of Condominium Hotel operations, the Hotel Operator shall retain an independent auditing company, approved by the Executive Director to perform an audit to evaluate compliance with the special conditions of the coastal development permit which are required by this Section regarding occupancy restrictions, notice, recordkeeping, and monitoring of the Hotel Operator. The Hotel Operator shall instruct the auditor to prepare a report identifying the auditor's findings, conclusions and the evidence relied upon, and such report shall be submitted to the Executive Director, within six months after the conclusion of the first year of Condominium Hotel operations.

Within 120 days of the end of each succeeding calendar year, the Hotel Operator shall submit a report regarding compliance with the special conditions of the coastal development permit which are required by this Section regarding occupancy restrictions, notice, recordkeeping, and monitoring of the Condominium Hotel to the Executive Director. The audit required after the first year of operations and all subsequent reports shall evaluate compliance by the Hotel Operator and owners of individual Condominium Hotel units during the prior one-year period. After the initial five calendar years, the one-year

reporting period may be extended to two years upon written approval of the Executive Director. The Executive Director may grant such approval if each of the previous reports revealed compliance with all restrictions imposed above. The Executive Director may, by written notice to the Hotel Operator, require a third party audit regarding the subject matter of the reports required in this section for the prior three (3) or fewer calendar years if he or she reasonably believes that the foregoing submitted reports are materially inaccurate. The governing documents for the Condominium Hotel shall require the Hotel Operator and each owner of a Condominium Hotel unit to fully cooperate with and to promptly produce any existing documents and records which the auditor may reasonably request. The expense of any such audit shall be payable by the owner's association for the Condominium Hotel project.

v) If the Hotel Owner and the Hotel Operator are or at any point become separate entities, the Hotel Owner and the Hotel Operator shall be jointly and severally responsible for ensuring compliance with the requirements identified above, and for reporting material non-compliance to the Executive Director. If the Hotel Owner and Hotel Operator are or become separate entities, they shall be jointly and severally liable for violations of the terms and conditions (restrictions) identified above.



Architects | Delawie Wilkes Rodrigues Barker

June 2, 2010

Mr. Bill Dodds, Vice President of Development
HOTEL DEL CORONADO
1500 Orange Avenue
Coronado, California 92118

RE: Hotel Del Coronado – Property Setback Increase
A|DWRB No. 07200

Dear Mr. Dodds:

This letter is to update you on the effects to the South Beach Guestroom and Conference Center building with the proposed change in the setback from the January 2010 "No Build" zone.

After review of the impact of setback modifications as proposed by Coastal Commission staff, modifications to the plan of the conference center would be governed by the offset along line B and the remainder of the plan would move parallel to that offset. The plan can't be rotated to the angle of the proposed setback or it will impact all levels and would result in additional space losses over and above the losses from a 30' shift. The proposed additional setback will result in a plan shift to the south of approximately 25'. The 5' gain from the original 30' shift analyzed in my previous letter will not be enough to gain back any of the over 20,000 buildable square footage lost. Any additional space can be added to the loading area to provide more maneuvering room but it will not be enough to gain back the loading position or make the space accessible for large trucks.

In conclusion, my analysis of the implications to the structure from the increased setback proposed by Coastal Commission staff has not changed from my April 7, 2010 report.

These implications are:

- Elimination of fourteen (14) guestroom keys, 10 ocean view and 4 bay view.
- Elimination of all five (5) breakout meeting rooms.
- Elimination of 29 below-grade parking spaces.
- Elimination of one (1) loading dock position.
- Inaccessible loading dock for large trucks.
- Reduction of kitchen square footage to unrealistic level rendering food service to large groups impossible.
- Elimination of fully recessed mechanical well resulting in more building mass and bulk.

Please contact me if you have any questions or concerns about my comments above.

Sincerely,

Signature on file

Frank Ternasky, AIA, LEED AP, Principal
Architects | Delawie Wilkes Rodrigues Barker

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April 7, 2010

Mr. Bill Dodds, Vice President of Development
HOTEL DEL CORONADO
1500 Orange Avenue
Coronado, California 92118

Re: Hotel Del Coronado – Property Setback Increase
A|DWRB No. 07200

Dear Mr. Dodds,

This letter is to summarize the effects to the South Beach Guestroom and Conference Center building due to the proposed 30' increase in the setback from the January 2010 "No Build" zone. Included are physical, or functional, effects as well as programmatic effects. I will comment on how the physical effects of the move can be mitigated or not, but I can't comment on how all of the programmatic effects modify the viability of the project or its proforma.

I will list the modifications made to each level of the floor plan to facilitate the additional setback, and describe the effects of each. Items on each level that are connected have different constraints on some levels and need to be taken into account when a modification is made. Therefore I will summarize the decision making for those elements at the most critical floor.

Parking Level P2:
North face of the parking level was moved southward to accommodate the additional proposed setback with the South wall and garage ramp moving approximately 14' south resulting in a loss of fourteen (14) self park guest spaces and a reduction to guestroom/conference center storage areas. The pit for the service elevator at the loading area above was rotated to match current elevator placement.

Loss of parking spaces and storage areas will need to be addressed as an overall concern for the project as a whole by the project Owners.

Parking Level P1:
North walls, South walls and ramp of the garage level moved as noted above. The movement of the South wall and ramp was to maintain the structural support and shear wall alignment with the main conference center volume at the first floor. This resulted in a loss of fifteen (15) valet guest spaces. The southward movement also reduced the area for the below grade loading dock, eliminating one dock position. The main service elevator orientation was changed to maintain adequate access within the dock area and maneuvering space for loading and unloading of the elevator.

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Again the loss of guest parking is an overall project issue for the Owner. The most concerning outcome of the southward movement is the constriction of the below grade loading area. This movement has removed what little room was available for large trucks to access the loading docks. The southern wall and truck entry ramp cannot move any further south as it will intrude into the street right of way for Avenida Del Sol. The ramp cannot be made any steeper for access to the below grade area. These large trucks are the main type of transport used by groups using a facility of this size. Two (2) truck bays are customary for similar facilities and are necessary to accommodate large groups utilizing this type of facility. This type of facility cannot function properly with only one large truck position. Even more important, the movement of the North wall of the loading dock, which is tied to the movement of the conference center volume above, makes the loading area inaccessible for the one large truck position that remains.

First Floor:
The entire conference center volume and pre-function space moved southward causing the elimination of one ocean view unit (2 keys) and all five (5) breakout meeting rooms (2,500 SF) at the southeast corner of the plan. The rotation of the main service elevator and the re-routing of the service access into the pre-function space move the restrooms for that side of the conference center westward. The combination of this westward move, the southward movement of the conference center main volume, and the fixed element of the below grade access ramp with required truck clearances, constricted the kitchen facility to 1,974 SF. The original program requirement for this function was 3,500 SF which was increased during our first design phases to almost 4,100 SF. The primary role of this kitchen is to provide conference center catering which demands adequate space for the simultaneous delivery of food for up to 500 guests. Additionally this kitchen will be providing room service to all of the guestrooms and poolside service at the South Beach and the Ocean Towers buildings.

The elimination of guestrooms is an overall project issue for the Owner. The elimination of the breakout meeting space is of concern due to the functions that are booked into spaces of this size. There is typically a requirement from function organizers that this size of facility have breakout meeting space. This will significantly impact the business opportunities of the Owner for selling this space. The loss of kitchen square footage is a functional deficiency. The kitchen will not have enough space to adequately deliver the service to the areas for which it was programmed.

Second Floor:
The southward movement of the conference center main volume and the rotation of the main service elevator resulted in the elimination of two (2) ocean view units and one (1) bay view units (6 keys). This movement has also eliminated the possibility of having a recessed mechanical equipment well at this level. Some of the programmatic elements that were located at the second and third floor were rearranged to accommodate the smaller area between the conference center main volume and the guestroom corridor to the South.

The elimination of guestrooms is an overall project issue for the Owner. The relocation of the mechanical equipment to the next level will be explained later.

Third Floor:
The southward movement of the conference center main volume and the rotation of the main service elevator resulted in the elimination of two (2) ocean view units and one (1) bay view units (6 keys). The relocation of program elements has resulted in the mechanical equipment being placed at the third floor.

The elimination of guestrooms is an overall project issue for the Owner. The relocation of the mechanical equipment to this level poses some issues since the overall height of this equipment and its required screening will increase the buildings bulk and mass. This will be most obvious at the entry drive elevation where the design currently has relief in the building mass to visually separate the two main functions: Guestrooms and Conference Center. The break in the massing was critical to maintaining the perception of two buildings upon entry to the resort. It also allowed the separation of different scales of architecture from a smaller residential feeling at the guestrooms to larger elements at the conference center. These two uses will now be blended into one large building upon arrival. There have been extensive efforts with the local jurisdiction and community to minimize the bulk of the facility, especially at this location. The neighboring residential buildings and their occupants, which look down on this portion of the project, were a very important factor in the development of the below grade loading area and the fully recessed mechanical equipment enclosure.

In Summary these are the implications of the southward extension of the fault line setback:

- Elimination of fourteen (14) guestroom keys, 10 ocean view and 4 bay view
- Elimination of all five (5) breakout meeting rooms
- Elimination of twenty-nine (29) below grade parking spaces
- Elimination of one (1) loading dock positions
- Inaccessible loading dock for large trucks
- Reduction of kitchen square footage to unrealistic level rendering food service to large groups impossible
- Elimination of fully recessed mechanical well resulting in more building mass and bulk

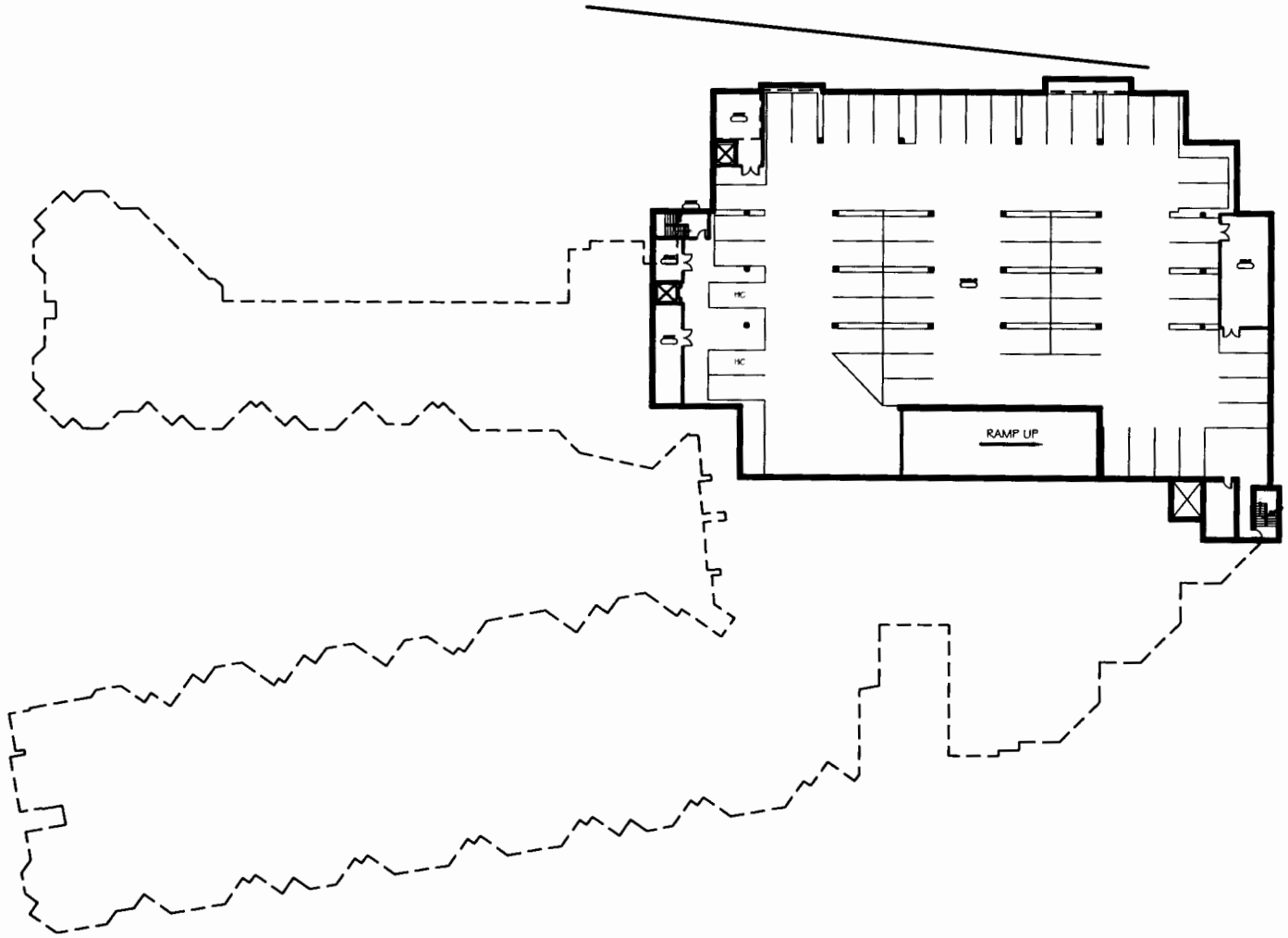
These are our preliminary findings based on a conceptual plan revision. There are many parts of the building design that are linked which may result in additional issues that we discover as the plans are refined further. These proposed modifications will alter the appearance of the building to the point where our objective to maintain the vernacular of the existing site and its Victorian architectural features appear unobtainable. The position of the, currently supportive, historical preservation stakeholders groups will also need to be revisited. Any seemingly minor modifications can have significant project implications especially with the constraints of the building envelope continuing to constrict. Please contact me if you have any questions or concerns about my comments above.

Sincerely,

Signature on file

Frank Ternasky, AIA, LEED AP, Principal
Architects | Delawie Wilkes Rodrigues Barker

Architects | Delawie
Wilkes
Rodrigues
Barker



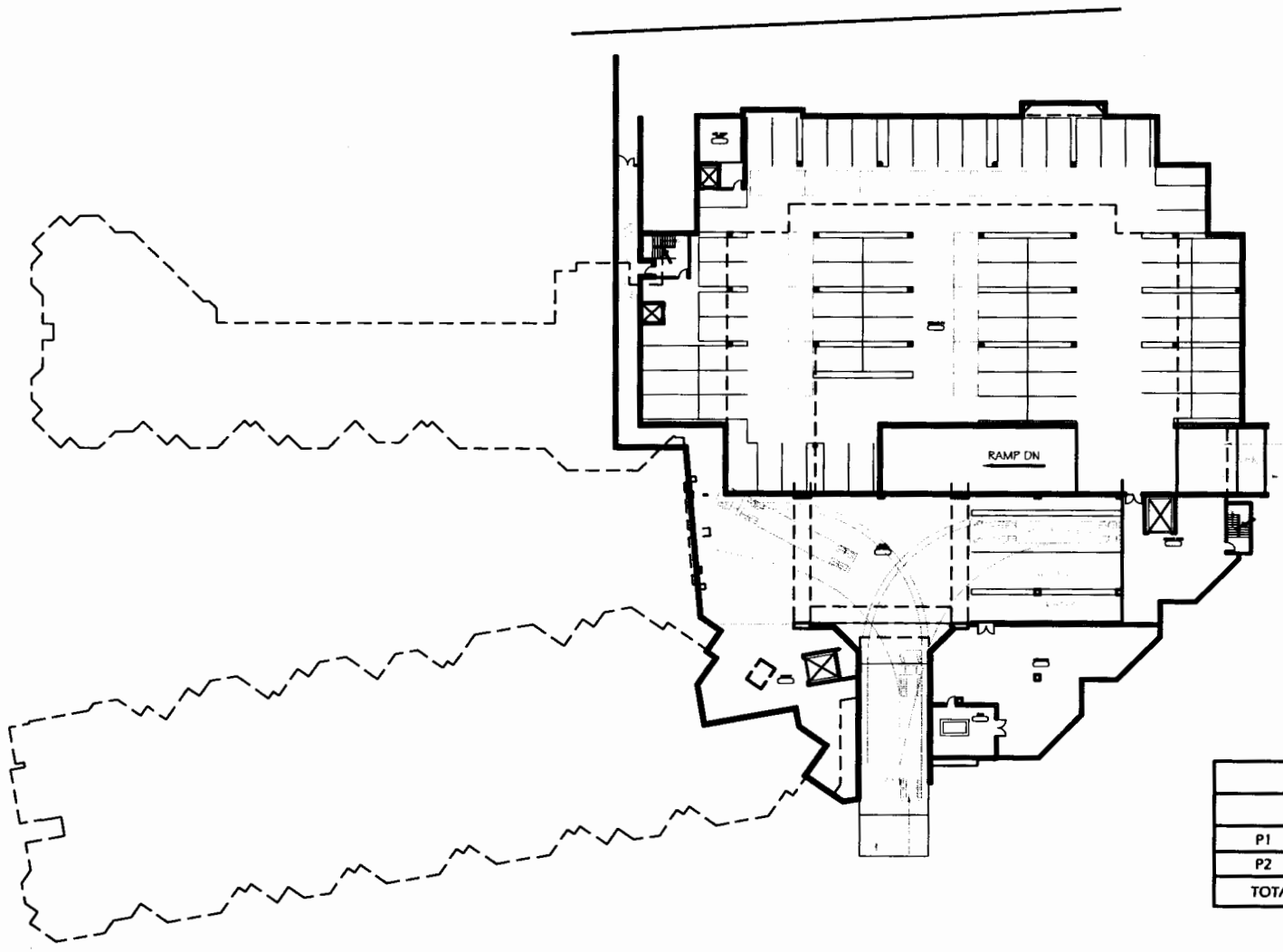
PARKING LEVEL P2 - REVISED SETBACK

SCALE: 1"=40'-0"

HOTEL DEL

DATE: APRIL 7, 2010

Architects | Delawie
Wilkes
Rodrigues
Barker



PARKING STUDY		
	EXISTING SPACES	REVISED SPACES
P1	82	81
P2	83	56
TOTAL	165	137

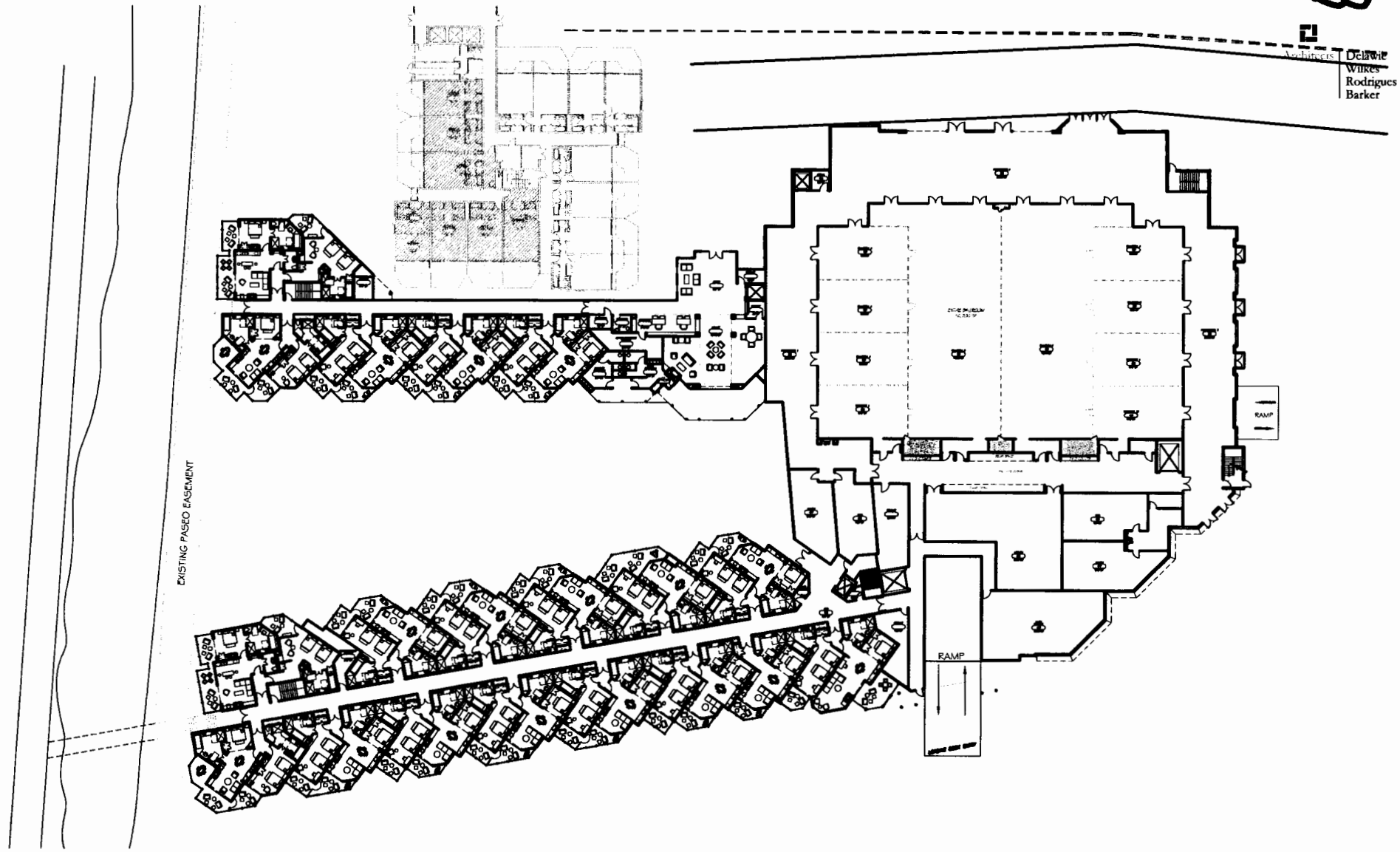
PARKING LEVEL P1 - REVISED SETBACK

SCALE: 1"=40'-0"

HOTEL DEL

DATE: APRIL 7, 2010

Architects
Delawie
Wilkes
Rodrigues
Barker



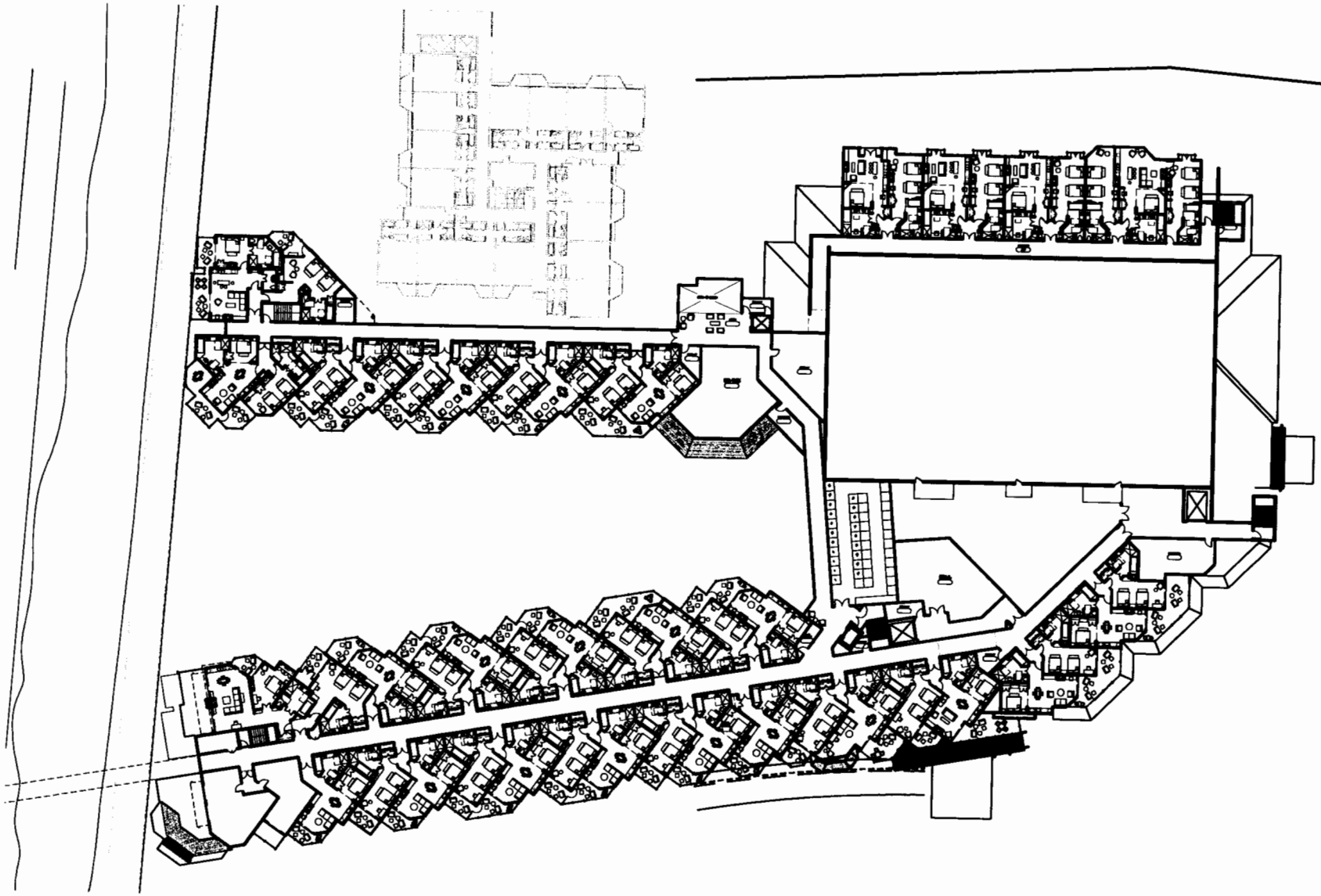
FIRST FLOOR PLAN - REVISED SETBACK

SCALE: 1"=40'-0"

HOTEL DEL

DATE: APRIL 7, 2010

Architects | Delawie Wilkes Rodrigues Barker



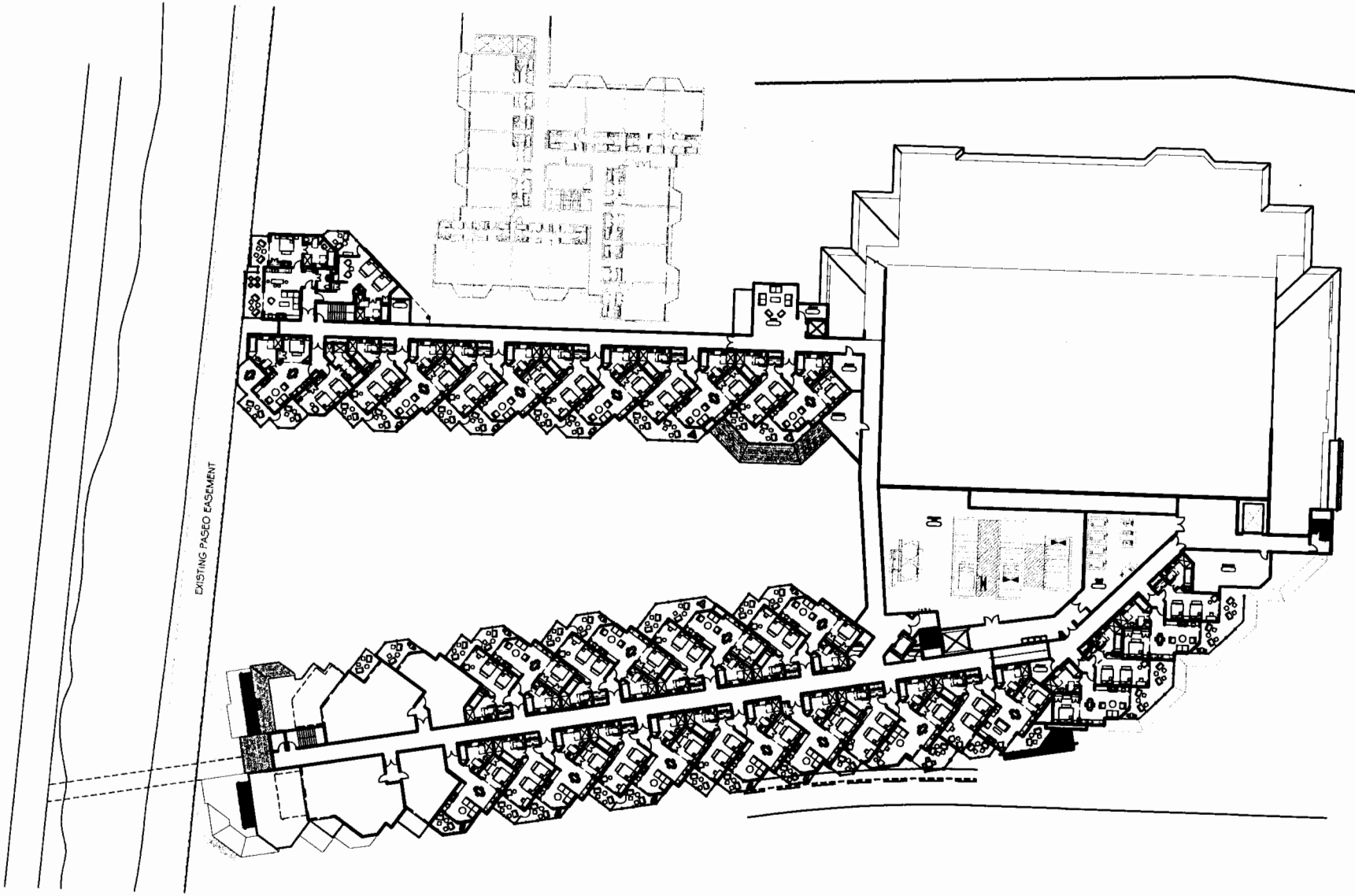
SECOND FLOOR PLAN - REVISED SETBACK

SCALE: 1"=40'-0"

HOTEL DEL

DATE: APRIL 7, 2010

Architects | Delawie Wilkes Rodrigues Barker



THIRD FLOOR PLAN - REVISED SETBACK

SCALE: 1"=40'-0"

HOTEL DEL

DATE: APRIL 7, 2010

Addressed to all Commissioners

W8a and b

LUIS A. CANTU G.

1710 Avenida del Mundo, # 1404
Coronado, CA 92118
(619) 435 6839

May 29, 2010

Diana Lilly, Coastal Program Analyst
California Coastal Commission
San Diego District Office
7575 Metropolitan Drive, Suite 103
San Diego, CA 92118-4421

JUN 02 2010

RE: Coastal Development Permit Appeals
A-6-COR-08-098 and A-6-COR-08-99

Dear Ms. Lilly,

I support the California Coastal Commission staff recommendation to DENY because of Geotechnical Issues the permit application for Hotel Del Partners, LP plan to relocate the conference center, south beach guest rooms, and underground parking at the Hotel Del Coronado.

Since the 7.2 El Mayor-Cucapah Earthquake on April 4 in Mexicali, Mexico severely shook Coronado, there have been hundreds of aftershocks and other earthquakes that continue to affect Coronado. Allowing the construction of new guest rooms and a conference center so close to known earthquake faults would be potentially hazardous. Public safety is of utmost importance.

Please follow the recommendations of the California Coastal Commission staff to DENY the permit application for Hotel Del Partners, LP based on the aforementioned grounds.

The most appropriate location for the new development would be on the northern side of the property where a large parking lot currently exists. This location is far enough away from the earthquake faults and meets the staff recommendations.

Sincerely,

Signature on file

LETTERS IN SUPPORT OF STAFF RECOMMENTDATION
(1 of 16 Identical)

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1710 Avenida del Mundo #908
Coronado, CA 92118
June 1, 2010

RECEIVED
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CALIFORNIA
COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

Diana Lilly, Coastal Program Analyst
California Coastal Commission
San Diego District Office
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108-4421

RE: Coastal Development Permit Appeals
A-6-COR-08-098 and A-6-COR-08-99

Dear Ms. Lilly,

I was in the Bay area in 1989 just after the October 17th earthquake. I remember talking to some long term residents as we viewed some of the destruction. I still remember them saying "You have to be pretty dumb to build that close to a fault line".

The current Appeal strikes me the same way. The Hotel Del people want to build so close to the fault line (and possibly on some of the offshoots of the fault line) that, in the event of an earthquake, severe damage would be guaranteed to occur. This is just plain dumb!

Of course, if they are planning to do the construction and then sell the Del, then it would be someone else's problem. Then the focus would shift to asking, "Who approved such construction and what caused them to approve something that is so obviously a bad move." I still think about the 1989 destruction and I have long wondered who approved that construction so many years ago. Surely, we are a bit smarter today.

I support the California Coastal Commission staff recommendation to DENY because of Geotechnical Issues the permit application for Hotel Del Partners, LP plan to relocate the conference center, south beach guest rooms, and underground parking at the Hotel Del Coronado.

Allowing the construction of new guest rooms and a conference center so close to known earthquake faults would be potentially hazardous. Public safety is of utmost importance.

Please follow the recommendations of the California Coastal Commission staff to DENY the permit application for Hotel Del Partners, LP based on the aforementioned grounds.

It is also important to recognize that there are many other reasons to deny this permit – the Staff has pointed out several of them. If the Commission rejects its Staff's recommendation, then it would be important to review the other issues that the Staff has indicated would also be grounds for Denial.

Sincerely,

Signature on file

Michael M. Gold

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CALIFORNIA
COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

Kelly Purvis
560 C Avene
Coronado, CA 92118
619.437.0137 jpurvis1@san.rr.com

May 30, 2010

California Coastal Commission
Attn: Diana Lilly
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108-4421
Re: Appeal No. A-6-COR-08-098
Re: Appeal No. A-6-COR-08-099

Dear Ms. Lilly,

For 125 years the Hotel del Coronado has graced the shores of the Pacific ocean. It is my sincere hope that the decision that is made by a divided Coronado City council in 2008 will not be approved by the Coastal Commission and that any future development will honor her past and historical significance, secure her financial future and maintain the standards of size and scale in keeping with our village atmosphere.

The plan that was approved by a 3-2 split vote is a significantly amended plan from the approved 2002 Adopted Master Plan. One of the Council members who voted in favor of the plan was defeated in the last election and his successor; Council Member Barbara Denny does not support the plan. Also, Councilmember Casey Tanaka who voted against the project was subsequently elected Coronado's Mayor. Two Council Members from the 2002 council, Mona Wilson and Patty Schmidt were against this project. It has grown to over 80,000 sq. feet. The guest rooms are no longer hotel/motel rooms but are re-designated as "Contels" even though zoning for this property is hotel/motel. This amended plan now utilizes the Oxford Building for administrative staff rather than originally designated guest rooms – an oversight according to the Hotel Del from the adopted 2002 plan. It adds an additional 5,000 feet to the Convention Center and is an entirely different parking plan from the one approved in 2002. The Hotel conducted a series of presentations in the community as well as appeared before the Planning Commission. I attended a hotel presentation and watched both Planning Commission meetings. I also read the complete agenda for the two Council meetings and submitted a letter not supporting the new plan to the City Council. With each meeting I gained new insight into what the plan entails and after careful and thoughtful consideration I feel prepared to make some observations and recommendations.

It is clear is that this proposal is a significant change from the 2002 Master Plan and that there is significant public concern to warrant additional time and scrutiny to carefully consider the consequences of this proposal. The timetable for approval was fast-paced and the agenda for the final City Council meeting became available at 3:45 p.m. on a Friday before a three day holiday weekend and the meeting was on Tuesday following that holiday. All agendas were quite detailed and each subsequent packet contained additional information. The complexities of the many issues and proposals regarding this plan are evident by the testimony of not only citizens but Planning Commissioners as well.

I believe the cumulative project changes indeed triggered the need by City Council to require a new EIR. I believe too that the traffic impact as well as emergency access to the adjacent streets and neighborhoods will be significant. I fear in an attempt to get additional off-site parking by adopting diagonal parking on Avenida del Sol we will create a dangerous situation for pedestrians attempting to access the public beach on an already congested public right of way. Finally, there continues to be issues with bus staging and the impacts of buses entering and exiting our community.

Further, I anticipate that the "contel" concept is one that may become attractive to other hotels/motels in our City and I have concerns about granting any additional contels until we fully understand their impacts to our city and especially to this our only hotel/motel zoned property on the ocean. I also have concerns about the "privatization" of beach front property actually reduces the amount of time the public has access to the pubic beach. I reviewed the Coastal Commission Staff Report A-6-COR-06-46 of July 20, 2006 which recommended denying the contels in the Beach Village and found many of the recommendations of the staff to have validity now that we have a better understanding of this type of facility.

The original 2002 Master Plan must be reconfigured with the now-identified fault zone requiring a buffer zone however is it prudent to give it license to increase square footage when the reconfiguraion is due to safety concerns in a potential earthquake zone? This is especially significant given the recent 7.2 magnitude Easter Day Earthquake and the multiple aftershocks in the last month. I also note that Hotel responded that it is necessary to increase room square footage to provide a 5-diamond standard and to remain competitive within the Hotel's competitive set of resorts. I was surprised to discover that the Hotel del Coronado before any new construction has more rooms than any comparables. Also they have a significant edge on inventory in the higher square footage range. Currently in the historic hotel and Beach Village they have 176 units ranging in size from 420-650 sq.ft. (140 units), 650-900 sq.ft. (27 units) and 900-1200 sq.ft. (9 units). The Del ranks among the highest for available conference space both indoors and out. They are the only hotel with National Historic Landmark Status and the only hotel which sits on one of the top five most beautiful beaches in the world. The Del also benefits from their location in one of the most desirable places to live in San Diego County with Coronado's unique village ambiance.

Because of a travel conflict as well as the hearing location outside of San Diego County I cannot appear in person at the pmeeting. I was very disappointed that the original hearing scheduled for San Diego County was postponed as I had intended to attend because of the importance of this decision. The Hotel del Coronado is a vital component of our community. It is a fact that its economic viability is critical to not only its owners but to the residents of Coronado. In 2002, in community meetings and with a full EIR process we negoitiated and compromised to adopt the 2002 Master Plan. Now because of the 2003 identification of the Alquist-Priolo Earthquake Fault Zone the hotel has submitted a significantly amended master plan. This decision was too important to rush. I recommend that you DENY the plan and recommend that the hotel work with the many residents who have expressed concerns to continue the process. Require a new EIR and ultimately adopt a plan that is supported by a relevant EIR and a united community and City Council that enhances this jewel for generations to come.

Sincerely,

Signature on file

Kelly G. Purvis

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CALIFORNIA COASTAL COMMISSION
SAN DIEGO AREA
7575 METROPOLITAN DRIVE, SUITE 103
SAN DIEGO, CA 92108-4421
(619) 767-2370

W8a/b

49th Day:	Waived
Staff:	Diana Lilly-SD
Staff Report:	May 26, 2010
Hearing Date:	June 9-11, 2010

STAFF REPORT AND RECOMMENDATION ON APPEAL

LOCAL GOVERNMENT: City of Coronado

DECISION: Approval with Conditions

APPEAL NO.: A-6-COR-08-98 & A-6-COR-08-99

APPLICANT: Hotel Del Partners, LP

PROJECT DESCRIPTION: Revisions to the approved master plan to include relocation of the proposed conference center and south beach guest rooms, relocation of the on-site bus staging area from adjacent to R.H. Dana Place to Orange Avenue, the addition of surface parking adjacent to the entry garden and R.H. Dana Place; retention of the laundry facility; and the repositioning of the southerly end of the Paseo del Mar public easement to connect to the public easement/walkway adjoining the Coronado Shores development. Conversion of all 144 new hotel rooms previously approved to condo-hotel ownership. These multiple room suites, referred to as the south beach guest rooms, would have 144 rooms available for rent, subdivided as 85 limited term occupancy condominium hotel units and 30 resort/hotel managed commercial units (non-habitable management condominium units, e.g. lobby and maintenance closets).

PROJECT LOCATION: 1500 Orange Avenue, Coronado (San Diego County) APN 537-630-35

APPELLANTS: Coastal Commissioners Patrick Kruer and Sara Wan; Concerned Citizens for Keeping the Hotel Del Beautiful

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SUMMARY OF STAFF RECOMMENDATION:

The staff recommends that the Commission, after public hearing, determine that a substantial issue exists with respect to the grounds on which the appeal has been filed.

Staff also recommends that the Commission DENY the de novo permit application.

The primary issues raised by the subject development relate to the Coastal Act and LCP requirements that new development be designed in such a way as to minimize geologic hazard and to provide and promote lower cost, overnight visitor serving facilities. The

proposed project is a redesign of a previously approved hotel expansion and renovation project resulting from the discovery of an earthquake fault line running through the southern portion of the site, approximately 200 feet north of Avenida del Sol (see Exhibit #3). Thus, the master plan was redesigned to avoid the placement of new structures within 20 feet on either side of a 10-foot wide fault zone, for a total 50 foot wide buffer or "no-build zone" through the site (see Exhibit #4).

After additional meetings and exchanges between the applicant and one of the original project appellants (UNITE HERE), the applicant issued a revised Fault Hazard Zone encompassing what they considered to be the minimum adequate no-build zone. The revised Fault Hazard Zone ranges from a total width of 55 feet to 75 feet.

The applicant has provided extensive documentation and technical reports supporting the proposed fault zone/no-build zone. However, the Commission's geologist has reviewed the studies and the data in the reports, and has concluded that the no-build zone now proposed by the applicants continues to be too narrow—that is, it does not include all of the secondary faults suggested by the existing data. In addition, the data does not support the applicant's conclusion that secondary faults are only capable of a few inches of movement in the next earthquake.

Therefore, in order to adequately assure the stability and structural integrity of the proposed development and minimize risks to life and property, as required by the LCP, staff is recommending a no-build zone between 11 feet and 26 feet larger than proposed by the applicant. Accommodating this no-build zone would require a redesign to the northern side of the proposed new conference center/guestroom/underground parking garage. Staff's recommended no-build zone would allow for the construction of new structures on the site, but not in the size or arrangement desired by the applicant.

The applicant contends that there is no way to accommodate the recommended no-build zone and construct a viable project. Only the applicant can determine whether the required reconfiguration, which could potentially require reducing the size of the conference facilities, the number of rooms, the size of the rooms, etc., could be done while achieving the project goals and meet other considerations such as providing adequate parking. The Commission cannot redesign the project to this degree through special conditions requiring simply that no structures be located in the no-build zone, particularly given the applicant's position that there is no viable project that could be located outside of this zone. Therefore, staff is recommending denial of the project.

Another serious concern raised by the proposed development is the impact the proposed new high-end condo hotel rooms have on the availability of affordable overnight accommodations and public access and recreation. Ideally, development on such a prime visitor-serving oceanfront lot would be for high-priority visitor-serving uses, such as traditional hotel rooms, restaurants, or public recreational facilities, rather than low-priority condo-hotels. But condo-hotels, if conditioned to ensure that owner occupancy is strictly limited and monitored, do provide additional overnight accommodations for the public--just not as many as if the site were developed with a traditional hotel with the

same number of hotel units. The applicant has provided some of the conditions typically required by the Commission to ensure the condo-hotels operate as visitor-serving uses, but not all of them. This could be addressed through special conditions requiring revisions to the proposed CC&Rs; however, since the project must be denied for public safety reasons, no such condition has been attached.

In addition, the room rates at the new condo-hotel will be very high end. The Coastal Act and the certified LCP promote the development of lower-cost visitor and recreational facilities. New overnight accommodations in prime visitor-serving locations should serve people with a range of incomes, either directly on site or indirectly through contribution of a fee towards the construction of lower cost overnight accommodations. The applicant has stated that the public benefits proposed with the development, including widened sidewalks along Orange Avenue; a new entry garden on the hotel property; the realigned public walkway alongside the beach; the addition of 21 new public parking spaces; signalization of crosswalks; the correction of adverse drainage conditions at the Avenida del Sol cul-de-sac; and $1,000,000 which must be paid to the City of Coronado for public improvements within the city, provide adequate improvements to public access and recreation. The applicant also notes that when the first phase of the hotel master plan was approved, the applicant dedicated 2.1 acres of sandy beach to public use. In addition, the applicant has offered to pay a fee of $540,000 in-lieu of providing lower cost overnight accommodations.

While laudable, staff disagrees that these improvements and dedications provide adequate mitigation for the loss of land area that could otherwise have been used for affordable accommodations. The sidewalks and intersections improvements are appropriate upgrades given the amount of new vehicle and pedestrian traffic expected to result from the proposed development and the proposed relocation of the public walkway is required to accommodate the proposed development. The money given to the City is not required to be used for improvements to public access and recreation, or for improvements in the vicinity of the Hotel. The dedication of sandy beach area and the proposed removal of riprap on the beach and access improvements to Avenida del Sol are positive benefits to the public. However, they do not address the growing inability of much of the public to enjoy overnight visits to the coast because of the lack of affordable accommodations, and as such, the project would have a significant adverse impact on public access to and along coast.

In past actions, this problem has been addressed through special conditions or suggested modifications. For the City of Oceanside LCPA #1-07, the Commission required payment of a fee of $30,000 for 50% of the number of new high-cost units being developed when the proposal also involves the loss of existing hotel/motel units. This provision is designed to mitigate the loss of oceanfront land that could otherwise have been available to develop with lower-cost facilities, and was intended to encourage rehabilitation of existing hotel/motel inventory.

For the high-end hotel in the Port of San Diego at Lane Field, the Commission required that the applicant fund a program, in partnership with the Port District for construction of

a non-profit hostel in the downtown area providing a minimum of 400 beds, or pay a mitigation fee of $30,000 for 25% of the approximately 800 higher cost units constructed (approximately $6,000,000).

The proposed fee of $540,000 would not be adequate to fund the construction of lower-cost overnight accommodations. In the case of the proposed project, staff would recommend that a fee of $30,000 be assessed for 25% of the 144 proposed luxury units (36 units), for a total fee of $1,080,000, to be used for the construction of lower cost overnight visitor serving facilities in the area. However, again, because the recommendation is for denial due to public safety reasons, no condition has been attached.

Other issues raised by the project include the potential for flooding, shoreline stability, and impacts to public access and recreation from the proposed relocation of the public walkway. While these issues have the potential for impacts to coastal resources, they could have been addressed through special conditions requiring flooding mitigation measures and prohibiting any development from encroaching further seaward than existing development. The appellants have also raised the potential for significant impacts to public views and the visual aesthetics of the area. It is staff's position that these impacts would be minimal, and could be addressed through conditions requiring final plans consistent with the proposed development. However, because of significant public safety concerns noted above, staff is recommending denial of the proposed project and as such, no special conditions are proposed.

Although the City approved the proposed building construction and the condo-hotel conversion as separate coastal development permits, both permits describe the 144 new rooms as condo-hotel units, and thus, the conversion to condo-hotels must be considered part of both the Master Plan permit and the condo-conversion permit. Therefore, both City permits are the subject of this report.

Standard of Review: The certified City of Coronado LCP and public access policies of the Coastal Act.

SUBSTANTIVE FILE DOCUMENTS: Appeal Applications by Commissioners Kruer and Wan dated 10/27/08; Appeal from Concerned Citizens for Keeping the Hotel Del Beautiful dated 10/23/08; Appeal from UNITE HERE Local 30 dated 10/27/08 (since withdrawn); Coronado Resolution #10-08 & #8315; Certified City of Coronado Local Coastal Program (LCP).

I. Appellants Contend That: The project, as approved by the City, is inconsistent with the certified LCP with respect to the protection of public recreation and visitor-serving facilities, and visual quality. Thus, they claim that the project is also inconsistent with the public access and recreation provisions of the LCP, as well as with the public access policies of Chapter 3 of the Coastal Act.

II. Local Government Action: On October 7, 2008, the Coronado City Council approved two appealable coastal development permits for the project. The development was approved with conditions including requirements intended to limit condo-owners and their guests to a period of not more than 90 days per calendar year with a maximum of 25 days of use during any immediately preceding 50 day time period.

III. Appeal Procedures: After certification of a municipality's Local Coastal Program (LCP), the Coastal Act provides for limited appeals to the Coastal Commission of certain local government actions on coastal development permit applications. One example is that the approval of projects within cities and counties may be appealed if the projects are located within mapped appealable areas. The grounds for such an appeal are limited to the assertion that "development does not conform to the standards set forth in the certified local coastal program or the [Coastal Act] public access policies." Cal. Pub. Res. Code § 30603(b)(1).

After the local government has taken final action on an appealable project, it must send a notice of that final action (NOFA) to the Commission. Cal. Pub. Res. Code § 30603(d); 14 C.C.R. § 13571. Upon proper receipt of a valid NOFA, the Commission establishes an appeal period, which runs for 10 working days. Cal. Pub. Res. Code § 30603(c); 14 C.C.R. § 13110 and 13111(b). If an appeal is filed during the appeal period, the Commission must "notify the local government and the applicant that the effective date of the local government action has been suspended," 14 C.C.R. § 13572, and it must set the appeal for a hearing no later than 49 days after the date on which the appeal was filed. Cal. Pub. Res. Code § 30621(a).

Section 30625(b)(2) of the Coastal Act requires the Commission to hear an appeal of the sort involved here unless the Commission determines that no substantial issue is raised by the appeal. If the staff recommends "substantial issue" and no Commissioner objects, the Commission will proceed directly to a de novo hearing on the merits of the project then, or at a later date.

If the staff recommends "no substantial issue" or the Commission decides to hear arguments and vote on the substantial issue question, proponents and opponents will have 3 minutes per side to address whether the appeal raises a substantial issue. It takes a majority of Commissioners present to find that no substantial issue is raised. If the appeal is found to raise a substantial issue, the Commission will proceed to a full public hearing on the merits of the project either immediately or at a subsequent meeting. If the Commission conducts the de novo portion of the hearing on the permit application, the applicable test for the Commission to consider is whether the proposed development is in conformity with the certified Local Coastal Program.

In addition, for projects located between the sea and the first public road paralleling the sea, Sec. 30604(c) of the Coastal Act requires that, for a permit to be granted, a finding

must be made by the approving agency, whether the local government or the Coastal Commission on appeal, that the development is in conformity with the public access and public recreation policies of Chapter 3 of the Coastal Act.

The only persons qualified to testify before the Commission at the "substantial issue" stage of the appeal process are the applicant, persons who opposed the application before the local government (or their representatives), and the local government. Testimony from other persons must be submitted in writing. At the time of the de novo portion of the hearing, any person may testify.

IV. Staff Recommendation on Substantial Issue.

The staff recommends the Commission adopt the following resolution for the first permit:

1. **MOTION:** ***I move that the Commission determine that Appeal No. A-6-COR-08-098 raises NO substantial issue with respect to the grounds on which the appeal has been filed under § 30603 of the Coastal Act.***

STAFF RECOMMENDATION:

Staff recommends a **NO** vote. Failure of this motion will result in a de novo hearing on the application, and adoption of the following resolution and findings. Passage of this motion will result in a finding of No Substantial Issue and the local action will become final and effective. The motion passes only by an affirmative vote of the majority of the appointed Commissioners present.

RESOLUTION TO FIND SUBSTANTIAL ISSUE:

The Commission hereby finds that Appeal No. ***A-6-COR-08-098*** presents a substantial issue with respect to the grounds on which the appeal has been filed under § 30603 of the Coastal Act regarding consistency with the Certified Local Coastal Plan and/or the public access policies of the Coastal Act.

The staff recommends the Commission adopt the following resolution for the second permit:

2. **MOTION:** ***I move that the Commission determine that Appeal No. A-6-COR-08-099 raises NO substantial issue with respect to the grounds on which the appeal has been filed under § 30603 of the Coastal Act.***

STAFF RECOMMENDATION:

Staff recommends a **NO** vote. Failure of this motion will result in a de novo hearing on the application, and adoption of the following resolution and findings. Passage of this motion will result in a finding of No Substantial Issue and the local action will become

final and effective. The motion passes only by an affirmative vote of the majority of the appointed Commissioners present.

RESOLUTION TO FIND SUBSTANTIAL ISSUE:

The Commission hereby finds that Appeal No. ***A-6-COR-08-099*** presents a substantial issue with respect to the grounds on which the appeal has been filed under § 30603 of the Coastal Act regarding consistency with the Certified Local Coastal Plan and/or the public access policies of the Coastal Act.

V. Findings and Declarations.

1. Project Description/History. In June 2002, the Coronado City Council approved a coastal development permit for the Hotel del Coronado Master Plan authorizing numerous changes and upgrades to the property, including an increase of approximately 144 guestrooms, a 19,700 sq.ft. conference center, relocation of the health spa and tennis courts, improvements to the southern and eastern facades of the main Hotel building, exterior improvements to Grande Hall, relocation of the Hotel driveway entrances, development of below-grade parking structures, landscape and walkway enhancements, an off-street bus drive and staging area off of R.H. Dana Place, and a total of 1,170 on-site parking spaces. The permit was appealed by the Commission because of concerns about impacts to public access and recreation (A-6-COR-02-111).

As a result, the City withdrew the permit, and coordinated with Commission staff to revise the project to address the coastal issues raised by the City's approval of the project. On August 27, 2002, the Coronado City Council approved issuance of an appealable coastal development permit amendment for the Hotel Del Coronado Master Plan (CP 3-02). The amended permit was not appealed.

The hotel is located on the seaward side of the City of Coronado, at the northernmost portion of the Silver Strand, at the northwest intersection of Orange Avenue and Avenida del Sol and south of R.H. Dana Place.

A-6-COR-08-98

On October 7, 2008, the Coronado City Council approved the two subject appealable coastal development permits addressing numerous revisions to the approved Master Plan. The first permit (City of Coronado Hotel del Coronado 2008 Amended Master Plan CP 5-08 and CDP #A-6-COR-08-098) covers a variety of physical improvements to the hotel site. The revisions to the Master Plan have been proposed in response to the discovery of an earthquake fault line through the Hotel del Coronado property. Thus, the previously approved new guestrooms and a conference center on the east side of the property, at the intersection of Orange Avenue and Highway 75, have been relocated to the western side of the property, adjacent to the beach and the terminus of Avenida del Sol. Other physical changes include moving the on-site bus staging area from adjacent to R.H. Dana

Place to Orange Avenue; the addition of surface parking adjacent to the entry garden and R.H. Dana Place; improvements to Avenida del Sol including raising the street to improve drainage; and repositioning of the southerly end of the Paseo del Mar public easement to connect to the public easement/walkway adjoining the Coronado Shores development (see Exhibits #3 and #4). No changes are proposed to the existing Historic Hotel, the recently approved North Beach Village Cottages and Villas, the existing California Cabana Building or the existing Ocean Towers building.

Overall, the proposed square footage of buildings on the site would increase from approximately 868,360 sq.ft. to 968,163 sq.ft. The total number of new guestrooms would remain at 144, and the proposed new buildings heights would remain approximately the same at a maximum 44 feet. As approved by the City, the major changes to the floor area of the primary proposed new buildings can be summarized as follows:

	Previously Approved (Area, sq.ft.)	Proposed (Area, sq.ft.)	Net Change (Area, sq.ft.)
South Beach Guestrooms	58,600 sf	90,600	+32,000 sf
Conference Center Conference Space	50,000	55,000	+ 5,000
Conference Center Guestrooms	10,000	35,200	+25,200

The approved master plan would have removed the laundry building and a portion of the existing power plant building adjacent to Orange Avenue; the proposed plan will retain all of the laundry and power plant buildings. The Oxford building, on the corner of Avenida del Sol and Orange Avenue, was to be converted to guestrooms; under the proposed plan, the Oxford Building will remain as administrative offices. A total of 21 new public parking spaces would be created.

The proposed new South Beach Guestrooms would be located approximately 44 feet seaward of the previously-approved location, and as a result, the existing public walkway, now located between a parking lot and a berm, would be relocated approximately 44 feet seaward, and cut into the seaward side of the existing berm, next to public sandy beach.

The project also involves street improvements to Avenida del Sol and regrading the street to slope easterly towards Orange Avenue to correct flooding that currently can occur at the street end, and to install storm drain improvements to improve water quality. As part of these improvements, the street end would be raised approximately 5 feet in height, new parking spaces would be provided, and the existing Paseo del Mar public walkway would be extended around the existing street cul-del-sac to connect with the public walkway in front of the Coronado Shores property. Currently, there is no direct connection between the two public walkways and pedestrians usually walk across the middle of the cul-de-sac to connect to each other which is a less than ideal pedestrian/vehicle condition. A new concrete ramp for pedestrians and lifeguard vehicles would be constructed from the cul-de-sac to the beach in the same location where access is available today. Existing stray riprap located around the street end on the sandy beach would be removed.

A-6-COR-08-99

The second appealable permit (CP 6-08 and CDP #A-6-COR-08-099) approved conversion of all 144 new hotel rooms previously approved to condo-hotel ownership. These multiple room suites, referred to as the south beach guest rooms, would have 144 rooms available for rent, subdivided as 85 limited term occupancy condominium hotel units and 30 resort/hotel managed commercial units (non-habitable management condominium units, e.g. lobby and maintenance closets).

Although the City approved the condo-hotel conversion as a separate coastal development permit, it is important to note that the both permits describe the 144 new rooms as condo-hotel units, and thus, the conversion to condo-hotels must be considered part of both the Master Plan permit and the condo-conversion permit. Therefore, both City permits are the subject of this report.

The permits were approved with a number of special conditions and limitations on use of the condominiums. Occupancy by the same persons is limited to not more than 25 consecutive days, and unit owners are allowed to occupy a unit up to a total of 90 cumulative days per calendar year, not exceeding 25 consecutive days at any one time. Unit owners are further limited to a maximum of 25 days use within any immediately preceding 50 day time period. In other words, owners can occupy units for up to 90 days in a year, which can be used in blocks up to 25 days at a time, but not more than 25 days of any 50-day period.

Fault Zone

The project approved by the City was designed to avoid a fault zone identified as 10 feet in width, with a 20 foot-wide setback on both sides of the fault zone, for a total no-build zone of 50 feet (see Exhibit #4). Since that time, the applicant has revised the project to increase the width of the designated fault zone to increase the "structural setback zone" (the no-build area) from a range of 55 feet to 75 feet wide (see Exhibit #6). These revsions are discussed in detail below under the de novo findings; the Commission's review on the substantial issue question is based on the project as approved by the City.

The revision is a result of an agreement reached between the applicant and one of the original project appellants, UNITE HERE Local 30 (see Exhibit #16). The agreement provides that the Hotel must implement various sustainable development features such as implementing a Transportation Demand Management program and providing bicycle racks, offering to pay an in lieu fee of $540,000 to be deposited in a fund to provide for lower cost overnight accommodations within or in close proximity to the coastal zone, and revise the Fault Hazard Zone as described. After reaching the agreement in January 2010, UNITE HERE withdrew their appeal.

The standard of review is the certified City of Coronado LCP and public access policies of the Coastal Act.

2. <u>Public Access and Recreation</u>. The appellants assert that the proposed project raises several issues with regard to consistency with the certified LCP pertaining to protection of visitor-serving facilities and public access and recreation, and consistency with the public access policies of Chapter 3 of the Coastal Act.

Relevant policies in the certified LUP include the following:

III. <u>ADOPTED POLICY</u>

It is the policy of the City of Coronado to:

B. <u>RECREATION AND VISITOR SERVING FACILITIES</u>

2. Maintain the quality and number of existing visitor accommodations at or above their present levels, and encourage the provision of new low-cost visitor accommodations and the expansion of existing low-cost visitor accommodations.

IV. <u>ADOPTED ACTION PROGRAM</u>

The following actions are adopted goals of the City of Coronado:

8. That the City encourage preservation of the City's visitor-accommodations.

The City's Implementation Plan includes the following policies for properties in the Hotel-Motel Zone, including the subject site:

Chapter 86.32
H-M – HOTEL-MOTEL ZONE

86.32.010 Purpose and intent.
It is the purpose and intent of this chapter to provide for areas in appropriate locations where centers providing for the needs of tourists, travelers and transient occupants may be established, maintained and protected. The regulations contained herein are designed to encourage the provision of "transient rental" facilities (other than "time-share complexes"), restaurants, and other activities providing for the convenience, welfare or entertainment of the transient.

86.32.020 Principal uses permitted.
The following uses shall be allowed in the H-M Zone:
A. Hotels and motels which provide habitable or dwelling units of which not more than six units or 15 percent (whichever is greater) shall be occupied by a resident occupant;
B. Restaurants with entertainment facilities subject to the provisions of CMC 86.56.030;

C. Restaurants serving food and beverages only within buildings and/or adjoining patios;
D. Assembly halls, theaters, or other public or semi-public buildings subject to the provisions of CMC 86.55.280;
E. Private clubs and lodges except those the chief activities of which are a service customarily carried on as a business subject to the provisions of CMC 86.55.280;
F. Art galleries;
G. Gift shops;
H. Other uses that, in the opinion of the Planning Commission, are consistent with the intent and purpose of this chapter.

Coastal Act public access policies include the following:

Section 30210

In carrying out the requirement of Section 4 of Article X of the California Constitution, maximum access, which shall be conspicuously posted, and recreational opportunities shall be provided for all the people consistent with public safety needs and the need to protect public rights, rights of private property owners, and natural resource areas from overuse.

Section 30211

Development shall not interfere with the public's right of access to the sea where acquired through use or legislative authorization, including, but not limited to, the use of dry sand and rocky coastal beaches to the first line of terrestrial vegetation.

Section 30213

Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred…

Section 30221

Oceanfront land suitable for recreational use shall be protected for recreational use and development unless present and foreseeable future demand for public or commercial recreational activities that could be accommodated on the property is already adequately provided for in the area.

Section 30222

The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.

The appellants contend that since the City of Coronado's LCP does not specifically provide for condo-hotel type developments, the project may not be consistent with the underlying land use. In addition, the proposed change in ownership of the hotel units may result in a use on the site that functions, at least to some extent, as a residential use and thus, could lessen the overall visitor-serving use of the existing hotel, inconsistent with the certified LCP and the public access and recreation policies of the Coastal Act.

The subject site is zoned and designated for Hotel-Motel uses. The subject site is the only H-M zoned site located adjacent to the beach and the Hotel del Coronado is the only hotel located immediately adjacent to the beach in the City (the City does have two bayfront hotels). Due to its prime location adjacent to the beach, public amenities, and accessibility, it may be most appropriate to develop the subject site only with a use that truly and exclusively serves the visiting public by providing year-round overnight accommodations in all rooms. In addition, the conversion to condominium ownership raises concerns regarding the long-term security and viability of visitor amenities on the subject site. In its approval of the project, the City included some of the special conditions the Commission has recently required of condo-hotel projects to ensure the units will be made available for public rental. However, the conditions are not identical to those most recently required for condo hotels, and questions remain about how the hotel owner and/or operator will assume responsibility for ensuring that the condo-hotel units function as an overnight facility, and these issues have not been fully addressed by the City's permit action.

In addition, the City's LCP encourages the provision of new low-cost visitor accommodations and expansion of existing low-cost visitor accommodations. Condo-hotels generally do not offer accommodations at what can be considered “lower-cost,” raising questions about the adequacy of supply of lower-cost visitor-serving accommodations in the coastal zone. Furthermore, the rooms themselves would consist entirely of high-end luxury units, thus encouraging exclusive uses on the shoreline. When exclusive visitor accommodations are located on the shoreline, they occupy area that would otherwise be available for lower cost visitor and recreational facilities.

There are several ways in which the increasing exclusivity of San Diego County shoreline development could have been addressed at the proposed project site. In review of coastal development elsewhere in the coastal zone, the Commission has required either the provision of lower cost visitor overnight accommodations within proposed development or allowed for the payment of a fee in-lieu of actual construction of such affordable accommodations. Such fees are used for land acquisition, construction and/or to subsidize the provision of lower cost visitor-serving overnight accommodations within a high-cost facility or off-site in the project vicinity. Provision of low-cost accommodations either directly or through contributions to organizations such as San Diego Hostelling International USA (Hostelling International is a non-profit organization with more than 4,000 hostels in over 60 countries, including two in San Diego), and/or developing campgrounds on public tidelands would also be a suitable means to offset the impact of high-cost hotels on land that would otherwise be available to serve a larger

segment of the population with lower cost visitor facilities. The project, as approved by the City, did not include an evaluation of these impacts, or any mitigation measures.

Because the project has the potential to adversely impact visitor-serving accommodations, and public access and recreation, the project is potentially inconsistent with the policies of the certified LCP and public access provisions of the Coastal Act. Therefore, the Commission finds that a substantial issue exists with respect to the consistency of the local government action with the City's certified Local Coastal Program.

3. Visual Quality. The appellants assert that the proposed project is inconsistent with the certified LCP requirements protecting visual resources. Relevant policies in the LCP include the following:

IV. ADOPTED ACTION PROGRAM

It is the policy of the City of Coronado to: […]

B. RECREATION AND VISITOR SERVING FACILITIES

6. Maintain high standards for visual aesthetics and preserve these scenic qualities as recreational resources. […]

8. That new hotel/motel facilities may be developed as permitted uses within designated commercial use areas provided that such development also maintains the scale, height, and bulk requirements of surrounding development. […]

H. VISUAL RESOURCES AND SPECIAL COMMUNITIES

1. Consider and protect as a resource of public importance of scenic and visual qualities of the community.

2. Require that permitted development be sited and designed to safeguard existing public views to and along the ocean and by shores of Coronado, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas. […]

10. Require that development in the entire community generally be compatible in height and bulk with existing development to preserve the scale and character of the community.

IV. ADOPTED ACTION PROGRAM

The following actions are adopted goals of the City of Coronado: […]

H. VISUAL RESOURCES AND SPECIAL COMMUNITIES

8. That the City adopt a program of shoreline improvement to insure maximum esthetic value with particular emphasis on the removal of rip-rap.

The relocation of the proposed guest rooms and conference center to the oceanside of the hotel will increase the bulk and scale of development visible from and adjacent to the beach, which could result in adverse visual impacts. The proposed development will also be located further seaward than the previously approved structures, which could potentially impact public views. The City did not do a visual analysis specifically comparing the height and bulk of the amended development to the approved development. In addition, the permit also includes improvements to the street end at Avenida del Sol that involve raising the street elevation, which has the potential to adversely impact ocean views from this public street.

In summary, the development approved by the City appears to be inconsistent with several provisions of the certified LCP as well as the public access and recreation policies of the Coastal Act. Therefore, the City's action raises a substantial issue regarding consistency with the requirements of the LCP and the public access and recreation policies of the Coastal Act as asserted by the appellants.

I. STAFF RECOMMENDATION ON THE COASTAL PERMIT

The staff recommends the Commission adopt the following resolutions:

1. MOTION: ***I move that the Commission approve Coastal Development Permit No A-6-COR-08-098 for the development proposed by the applicant.***

STAFF RECOMMENDATION OF DENIAL:

Staff recommends a **NO** vote. Failure of this motion will result in denial of the permit and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

RESOLUTION TO DENY THE PERMIT:

The Commission hereby denies a coastal development permit for the proposed development on the ground that the development will not conform with the provisions of the certified LCP as well as the public access and recreation policies of Chapter 3 of the Coastal Act. Approval of the permit would not comply with the California Environmental Quality Act because there are feasible mitigation measures or alternatives that would substantially lessen the significant adverse impacts of the development on the environment.

2. MOTION: ***I move that the Commission approve Coastal Development Permit No A-6-COR-08-099 for the development proposed by the applicant.***

STAFF RECOMMENDATION OF DENIAL:

Staff recommends a **NO** vote. Failure of this motion will result in denial of the permit and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

RESOLUTION TO DENY THE PERMIT:

The Commission hereby denies a coastal development permit for the proposed development on the ground that the development will not conform with the provisions of the certified LCP as well as the public access and recreation policies of Chapter 3 of the Coastal Act. Approval of the permit would not comply with the California Environmental Quality Act because there are feasible mitigation measures or alternatives that would substantially lessen the significant adverse impacts of the development on the environment.

II. Findings and Declarations.

The Commission finds and declares as follows:

1. Project Description/History. The project description and history is described above under the substantial issue findings on Page 7 of this report and is incorporated herein by reference.

2. Geotechnical Issues. The relevant LCP and Coastal Act policies are as follows:

A. SHORELINE ACCESS

1. Preserve existing shoreline access over public lands

B. RECREATION AND VISITOR SERVING FACILITIES […]

3. That no new development shall be permitted on existing sandy beach areas. An exception would be allowed for new or expanded permanent lifeguard facilities, restroom facilities, or bike paths if it can be determined that adverse impacts to public beaches are negligible or when public safety or health requires it, and provided that no less environmentally damaging alternatives exist. […]

E. DIKING, DREDGING, FILLING AND SHORELINE STRUCTURES

1. Require that new development shall assure coastal stability and structural integrity, and neither create nor contribute significantly to erosion or geologic stability.

2. Permit revetments, breakwaters, groin, harbor channels, seawalls, cliff retaining walls, and other such construction that alters natural shoreline processes when required to serve coastal-dependent uses or to protect existing structures or public beaches in danger from erosion and when designed to eliminate or mitigate adverse impacts on local shoreline sand supply. […]

G. HAZARD AREAS

1. Require that new development in areas of high geologic, flood or fire hazard be designed in such a way to minimize risks to life and property.

2. Require that new development be designed in such a way to assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs.

Geologic Hazard

The Coronado fault traverses the subject site. This fault has been defined as an active (Type B) fault by the State of California, and in 2003, portions of the Hotel Del site were designated as being within an Alquist-Priolo Earthquake Fault Zone. The Alquist-Priolo Earthquake Fault Zoning Act of 1972 was passed by the legislature as a result of the San Fernando earthquake in southern California. The Act is intended to deal with the specific hazard of active faults that extend to the earth's surface, creating a surface rupture hazard. The Act requires that the State Geologist (the head of the California Geological Survey – CGS) designate zones approximately ¼-mile wide along known active faults. Within these zones, a site-specific fault hazard investigation must be prepared for development proposals.

The purpose of such an investigation is to accurately locate the fault and all its branches in order to ensure that no structure for human habitation will be placed across the trace of a known active fault. Because of the difficulty in assuring that all branches of a fault have been encountered, the Act further states that unless proven otherwise, the area within fifty feet of an active fault is presumed to be underlain by active branches of the fault. The fault investigation is used to determine (A) the location and width of the fault zone and (B) the appropriate setback from the identified fault zone.

The Commission's geologist, Dr. Mark Johnsson, has reviewed the various reports and testing done at the subject site by the applicant. According to Dr. Johnsson, ideally, a fault hazard investigation would make use of multiple trenches through the younger materials at a site. In the trench, experienced geologists will be able to see if any of the soil or sediment horizons have been offset by faults, and materials in the soils and sediments can be dated by radiocarbon or other means to establish the timing of movement along these faults. The applicant has indicated that trenching was not

attempted at the subject site because the applicant's consultants felt that the combination of sandy soils and a high ground water table would make the trenching difficult and dangerous.

Instead, a series of transects of conventional borings and Cone Penetrometer Test (CPT) borings were performed. In addition, seismic reflection surveys along these transects were undertaken for imaging of sediment layers, and two-dimensional cross sections were obtained. Based on these investigations, the applicant recommended a 20 foot wide "no-build" zone on either side of a 10-foot wide fault zone as satisfying the requirements of the Alquist-Priolo Act, and the City of Coronado accepted this Fault Zone Designation pursuant to the Alquist-Priolo Act.

Although the Coastal Commission has no responsibility for administering the Alquist-Priolo Act, the Commission can use the provisions of the Act as guidance in determining if the LCP requirement that new development in areas of high geologic hazard be designed in such a way to minimize risks to life and property and assure stability and structural integrity, has been met.

The applicant has noted that subsequent to the City action, project opponents filed an action in the Superior Court of San Diego regarding the adequacy of the CEQA study and Alquist-Priolo Act investigation. On December 4, 2009, the court issued a favorable ruling for the City in the case of Unite Here Local 30 vs. City of Coronado in which the petition was denied on all grounds. In the ruling, the court found that the City did not violate CEQA, the Alquist-Priolo Act or the Public Records Act. The court found that there was substantial evidence in the record to support the City's decision to approve the project.

Legally, this decision does not affect the Commission's review under the Coastal Act. In addition, for the seismic issues, the Court deferred to the City's determination of Alquist-Priolo compliance. It did not examine the evidence itself to see if in its own opinion the requirements of Alquist-Priolo were met. In other words, the Court did not hold that there was no evidence of additional faulting, it simply upheld the City's resolution of this issue as adequate.

In addition to the studies submitted by the applicant, the former project appellant, UNITE HERE, has submitted numerous responses, rebuttals, and reinterpretations of the applicant's data. Specifically, UNITE HERE's re-interpretation of the data identifies several possible faults both east and west of the main trace, and identifies these faults, together with the main trace of the Coronado fault, as a "negative flower structure." Such a feature, common in strike-slip faults such as the Coronado fault, takes the form of numerous secondary faults radiating outward from the main fault as the trace of the fault is followed to the surface.

The applicant's consultants disagree with the identification of many of the potential secondary faults; they contend that any secondary faults that do exist would only exhibit minor movement during an earthquake; they contend that the mat foundation proposed

for the buildings would be able to resist such modest movement; and they reiterate that the identified 10-foot wide fault zone plus the recommended 20 foot setbacks ("no build zone") are adequate.

After additional meetings and exchanges between the applicant's and UNITE HERE's geologists, UNITE HERE issued a revised Fault Hazard Zone encompassing what it considered to be the minimum adequate "structural setback" or "no-build" zones. Referring to the transect lines shown and describe in Exhibit #17, it concluded that the no-build zone should be widened relative to the recommendations as follows (from south to north, perpendicular to the fault):

Line C: 30 feet west and 35 feet east of the fault zone
Line B: 20 feet west and 25 feet east of the fault zone
Line D: 20 feet west and 30 feet east of the fault zone

UNITE HERE further opined that secondary faults not included in this zone will have movements of a few inches or less, and that the applicant's structural engineer indicates that the structure will be built to accommodate this amount of movement. As a result of these discussions, the applicant revised the proposed project to conform to the above "no build zone", and minor adjustments were made to the northwest side of the proposed guesthouse/conference center/parking structure such that no buildings would be sited within the "no build zone." UNITE HERE subsequently withdrew its appeal of the Coastal Development Permit.

However, after review of the voluminous reports submitted by both the applicants and UNITE HERE, Dr. Johnsson has determined that the identification of several possible faults both east and west of the main trace and the presence of numerous secondary faults radiating outward from the main fault is a reasonable, and perhaps likely, interpretation of the faulting present at the subject site.

Dr. Johnsson's review of the data, in combination with discussions with Chris Wills of the California Geological Survey, has led to his conclusion that either a more conservative (larger) interpretation of the potential fault zone or a wider setback from the fault is appropriate in this case. The Coastal Act does not distinguish between primary or secondary faulting nor does it find that secondary faulting is not a geologic hazard. Dr. Johnsson has identified secondary faulting as a geologic hazard. Furthermore, he cannot support the applicant's contention that the "secondary" faults will have movement of only a few inches. On the contrary, Dr. Johnsson believes the entire fault movement in the next earthquake could easily be taken up by any one of the traces—or a new trace—rather than the trace that has been identified as the "main" trace. Finally, because there was no trenching across the fault zone that would have allowed for direct observations of the fault traces, it is prudent to establish wider setback zones to account for the uncertainty inherent in using indirect means of identifying fault zones.

The Commission is required to undertake an analysis of the geologic conditions of the site and make a determination about the ability of this new development to minimize

risks to life and property from geologic hazards. Based on his review of the data, Dr. Johnsson has concluded that the no-build zone now proposed by the applicant continues to be too narrow—that is, it does not include all of the secondary faults suggested by the existing data—and further, that secondary faults cannot be assumed to only be capable of a few inches of movement in the next earthquake. In addition, Dr. Johnsson notes the applicant has confused the issue of geologic fault hazard (which can result from main or secondary faulting) with mitigation of possible movement through structural design. The steps for the analysis of fault hazard are to first develop a good understanding of the fault zone, then to establish a setback from the fault zone, where the setback depends to a great extent upon the quality of the data used to define the active fault zone. Once the fault zone and setback are established, then engineering options can be considered that minimize the remaining risks.

Dr. Johnsson believes that there is clear indication of an offset of stratigraphic units beyond the zone identified above (the applicant's identified no-build zone, as modified by UNITE HERE). Specifically, there are concerns with indications of an offset between CPT borings CPT-24 and CPT-210 in Line B (which runs parallel to the shoreline, in the central portion of the new conference facility); and between CPT borings CPT-312 and CPT-314 in Line C (which runs parallel to the shoreline, close to the existing Ocean Tower buildings). Such an offset is a warning flag that a fault may lie between these borings, and certainly warrants further investigation. Especially in Line C, data are sparse and thus a conservative interpretation (i.e. wide fault zone delineation) is necessary in order to have a reasonable degree of confidence that the identified fault zone encompasses all of the likely faults.

With more data (either from trenches, more CPT borings, or seismic reflection profiles of better resolution than currently available), it might be possible to better delineate or narrow the fault zone. In the absence of such data, Dr. Johnsson's recommendation is that the fault zone be extended to include these offsets. A conservative approach would extend the fault zone to the easternmost boring in each line (CPT-210 in line B and CPT-314 in line C). When the only information about the fault boundary is that it likely lies somewhere between the two points, the conservative assumption is that the fault could extend almost to the point where no additional offset is observed, and the point without offset would set the outer limit of the fault zone. However, after discussing the uncertainties involved with Mr. Wills, Dr. Johnsson has concluded that a less conservative approach is adequate. This less conservative approach assumes that the fault zone does not extend beyond the outermost point of observed offset. This approach extends the fault zone only to the westernmost borings (CPT-24 in line B and CPT-312 in line C).

Thus, Dr. Johnsson's recommendation is that the fault zone be identified as follows (see Exhibit #5):

Line C: 46 feet east of the fault zone
Line B: 51 feet east of the fault zone
Line D: 30 feet east of the fault zone

Only the eastern limit of the fault zone has been defined, because this is the side of the fault that structures (specifically, the guest room/conference center/underground parking building) are proposed. These limits establish staff's recommended fault zone. Staff further recommends that there be no additional development setback that would extend beyond the fault zone boundaries. Therefore, staff's recommended fault zone is also the recommended no-build zone. All structural foundation elements must be located outside of the fault/no-build zone as defined above.

Comparing staff's recommendation with the applicant's proposal:

Applicant:	Staff:
Line C: 35 feet east	Line C: 46 feet east
Line B: 25 feet east	Line B: 51 feet east

(Line D is located on the easternmost portion of the site where no new structures are proposed, thus is not noted).

In addition to disagreements between the applicant and staff over the location of the fault zone, staff disagrees with the characterization of the offsets observed at the outer zone as being secondary faults that are capable of only a few inches of displacement. As noted previously, the Coastal Act does not distinguish between main and secondary faults. Also, there is no evidence that the next large movement of the Coronado fault will occur only along the zone that the applicant has identified as the main fault. Dr. Johnsson has concluded that future displacement could occur along any portion of the fault zone and that this displacement could be larger than a few inches. Using a methodology that correlates potential displacement with fault length, rupture depth and magnitude, Dr. Johnsson has estimated that the Coronado fault could have a maximum displacement of 11.8 inches (See Exhibit #17, April 29, 2010 memo) during a major earthquake on the fault. Avoidance of the fault zone would place the proposed development away from the zone that could experience the impacts resulting from up to 11.8 inches of displacement during some future seismic event. Even with avoidance of the fault zone, the proposed development would experience major shaking from an earthquake on the Coronado fault, similar to the amount of shaking that would be experienced by other structures near the fault.

Therefore, staff's recommendation would require the proposed guest room/conference center/parking structure be redesigned or moved to accommodate a no-build zone that is between 11 feet and 26 feet larger than proposed by the applicant. As noted, the quality and quantity of the data is not ideal, and an even more conservative interpretation of the potential fault zone could certainly be made. In addition, it could be argued that requiring an additional building setback from the fault zone would be most protective of life and property. However, given that the fault or "no-build" zone has been defined in such a manner as to give a reasonably high degree of confidence that all of the faults have been captured, the Commission believes this recommendation reflects a balanced,

reasonable approach to ensuring that the proposed structure is not located over an active fault.

The Commission notes that this would still result in a building envelope up to 250 feet in width and 550 feet in length, excluding the area proposed to be developed as the new entry way. It clearly would require a substantial redesign of the proposed structure. However, the applicant has indicated that there is no way to redesign the project to accommodate the required fault zone and still achieve the project goals (see Exhibit #18).

As an alternative to minimizing the hazard risk through relocation of structures outside the fault zone, the applicant has suggested that the engineering designs incorporated into the building will mitigate for the potential risks to life and property from fault rupture. Specifically, the proposed development includes 4 foot thick reinforced concrete mat foundation and walls that will be 18 inches thick to accommodate both hydraulic forces and potential liquefaction. The applicant has analyzed the foundation design for loadings by displacement and has determined that it is adequate to accommodate the recommended 11.8 inches of displacement, with less than 0.5 inches of deflection in the building (May 19, 2010 Report by Degenkolb, entitled, Expanded Structural Investigation of the Impact of Site Faulting On the proposed Hotel Del Coronado Conference Center Coronado, California). Unlike a foundation that is tied into bedrock, the mat foundation will support the building upon the base layer of sand. During a seismic event, there will be movement of the bedrock, and this will transfer up through the overlying sand. However, the sand layer is not a rigid layer. The sand will not move as a block, but rather as individual grains. Thus, the sand will move around the foundation or pile up against the foundation and walls, rather than transfer all the displacement into the foundation. The foundation must be designed to remain stable for this shift of the sand. However, the foundation does not have to be designed to accommodate the northern end of the building being displaced from the rest of the building by up to 12 inches.

The bulk of the building will be south of the fault zone, and only a section of the building, approximately 11 to 26 feet by 190 feet, will be on the identified fault zone. To be conservative, the applicant has analyzed the impacts of this encroachment into the fault zone as being 30 feet by 190 feet, with the 30-foot face being perpendicular to the rupture direction and the 190-foot face being parallel to the rupture direction. The bedrock displacement will result in a pile-up of sand against the 30-foot section of the building that would be within the displacement zone. Some sand might flow around the building, and there could temporarily be a gap in the sand between the building and the opposing 30-foot section of building, where the bedrock has moved away from the building. The analysis assumes that soil and hydrostatic pressures up to 10,000 pounds per square foot could be applied to the 30-foot section of building. Under these assumptions, the building has been designed such that the maximum displacement forces that might be exerted on the building are less than 60% of the building's capacity. The staff engineer has reviewed the analysis of the building design and concurs with the

applicant that the foundation and building design will prevent significant damage to the building from the maximum anticipated fault displacement[1].

However, the LCP standard is that new development in areas of high geologic hazard must be designed in such a way to minimize risks to life and property. The Commission finds the appropriate geologic standard for minimizing risks where there is an identified fault zone is to locate new structures outside the fault zone.

As indicated above, both the quality and quantity of the data delineating the fault zone is not ideal and a more conservative, and precautionary, interpretation of the potential fault zone and associated hazard exposure is certainly supportable. The applicant is suggesting that in practical terms, the structural engineering design will compensate for any concerns in the delineation of the fault zone and disagreement over the amount of possible displacement and thus minimize risk to life and property, consistent with the LCP provision. The Commission disagrees; construction within a fault zone does not minimize risk. The Commission's policy approach is traditionally to minimize risk rather than attempt to mitigate a known hazard condition.

Over the years, the Commission has seen numerous examples along the coast where both geologic analyses and engineering reports have indicated, for example, that a proposed structure would be safe for its economic or structural life; and yet, sometimes within a few years, the Commission is presented with requests for some form of shoreline protection because the previous risk analysis fails. Even when such technical analyses use the best information and science available, it is impossible to be exact when dealing with natural forces that are not predictable in any absolute terms. Therefore, it is prudent to assume a reasonably conservative interpretation of the available information and delineate a broader fault zone, and then preclude construction altogether within it.

In the case of the proposed project, there are alternatives that will avoid the potential displacement impacts that can occur from development within the identified fault zone. A redesign accommodating the required fault zone would allow for an expansion of the hotel on the subject site, just not the expansion most desired by the applicant. The no project alternative is also an option. The site contains an existing, viable hotel complex with 697 existing traditional hotel rooms at the Hotel del Coronado, and 78 condo-hotel units, that are expected to continue to function on the site regardless of the proposed

[1] This assessment is limited to the concerns related to displacement across the fault zone. During a seismic event, the building will likely experience a large amount of shaking that will be similar to the forces experienced by all buildings near the fault. Shaking, and damage from shaking, are factors of soil conditions, building design and building orientation, as well as proximity to the fault. Strict adherence to the seismic building codes and standards will minimize critical building damage from shaking; the use of earthquake straps, quake wax, locking cabinets, and such can reduce loss of personal items in the buildings. Most coastal development has been in seismically active areas that will be subject to some shaking and earth movement during the life of the structure. This shaking will be similar in and out of the coastal zone, and typically, the Commission relies upon the local building codes for building stability during a seismic event. Staff has continued this practice, and the only seismic building design conditions that have been analyzed by staff are from potential fault displacement and potential liquefaction.

expansion. Nevertheless, only the applicant can determine whether the required reconfiguration, which could potentially require reducing the size of the conference facilities, the number of rooms, the size of the rooms, etc., could be done while achieving the project goals and meet other considerations such as providing adequate parking. The Commission cannot redesign the project to this degree through special conditions requiring simply that no structures be located in the fault zone, particularly given the applicant's position that there is no viable project that could be located outside of the fault zone identified by Dr. Johnsson.

In summary, the Commission finds that allowing the proposed construction in a fault zone with structural mitigation would not minimize the known hazard risks to life and property. Therefore, only if all foundation elements of the proposed project are located outside of the fault zone as defined by the Commission's staff geologist as described above, can the Commission find that the seismic hazards at the site will be adequately addressed and the project consistent with the geologic hazard provisions of the LCP. Therefore, the project must be denied.

Encroachment on the Beach/Flooding/Sea Level Rise

The proposed new South Beach Guestrooms would be located approximately 44 feet seaward of the approved location, and as a result, the existing public walkway, known as the Paseo del Mar, would be relocated approximately 44 feet seaward as well. The Paseo is located on Hotel del Coronado property within an easement dedicated to the City for public purpose uses. The path is currently located between the hotel parking lot and an iceplant-covered sandy berm (underlain by riprap) on the beach. Views towards the water are limited or non-existent from this portion of walkway because it is lower in elevation than the adjacent berm. As proposed, the new walkway would be placed on top of, and partially cut into the side of the berm, and will not encroach any further seaward than the existing berm (see Exhibits #8 and 9). Thus, as proposed, the relocation of the walkway will significantly improve public views from the Paseo.

However, moving this public amenity and the proposed guestroom building closer to the water raises concerns that in the future, shoreline protection that encroaches on the beach and impacts public access and recreation, might be necessary to the protect the subject development from flooding and wave action. The project site is within an area subject to flood inundation. At this time, the threat of flooding comes more from the inland (bayward) side of the site than from the oceanside, but flooding from the oceanside is clearly possible and sea level rise expected over the next decades will only exacerbate the threat.

The applicant has acknowledged there is a risk of flooding and intends to address it by elevating the finished floor of the guest rooms and conference center to +14 and +16 feet MSL respectively, and temporary sandbagging if ever necessary.

The Commission's staff coastal engineer, Lesley Ewing, has reviewed the proposed project and the potential risk of flooding. According to Ms. Ewing, the main concern for

the property and the proposed development will be from waves overtopping the revetment and the water that will be carried onto the property from the overtopping. The applicant anticipates that there could be almost 1.5 feet of water on the site if sea level is 2.5 feet higher than present and a high wave event were to coincide with a high tide. High tides are a regular occurrence, so there is a high likelihood that with rising sea level there will be overtopping of the revetment during times of high storm waves. The overtopping would make it very dangerous to use the public accessway. It would also inundate the low-lying areas of the site. In addition, the proposed parking under the conference center would be subject to flooding when there is wave overtopping or when the site is subject to flooding from overland flows. There is little guarantee that hotel staff will be able to successfully deploy sand bags or flood shields to prevent site inundation. The hotel may opt to undertake such efforts within the hotel grounds; but, the sand bag option alone would not be adequate to address flood risks to the proposed development. In addition, if the structure exceeds its anticipated life, or if sea level accelerates beyond that anticipated for the next 75-years, flooding will be an even more regular occurrence.

However, Ms. Ewing has concluded that the proposed finished floor elevations for the buildings would be above the level that could be expected to be inundated under current flooding conditions and above the inundation levels that could be expected with the 3.5 to 4-feet of sea level rise, the rise that is at the high end of the rise that is predicted to occur in the next 75 years.

In addition, if flooding should become a concern in the future, there will be options to address the flood problem that will not require augmentation of the revetment. There is room on the landward side of the accessway and revetment to install flood barriers if such protection becomes needed in the future. There may also be options to erect vertical barriers next to the buildings or allow the lower story to accommodate floodwaters and move the habitable portions of the hotel property onto the second floor. Such measures are not anticipated to be necessary in the coming 75 years, but are options for addressing future flooding that would not include modifications to the revetment. An option to minimize the risk from flooding of the parking facility could be to close the parking facility whenever there is a chance of flooding and require that all vehicles leave the parking areas.

In order to ensure that the proposed project will not adversely impact public access and recreation, or create a risk to life and property, the Commission would typically impose several conditions on the project. These conditions would include a requirement that no seaward expansion of the berm be permitted in the future, an agreement that the public accessway be maintained and kept open to the public and, if necessary, relocated landward in order to preserve public access, a waiver of rights to future shoreline protection for the proposed development, and submittal of a flood control plan that includes protection measures that will be implemented during major storm events to avoid damage to property. However, because the project must be denied due to the public safety concerns detailed earlier in this report, no conditions have been added.

Therefore, as proposed, the project cannot be found consistent with the shoreline access and shoreline structure policies of the LCP.

The proposed project site is adjacent to an area that could be subject to potential tsunami inundation. The tsunami inundation maps recently issued by the California Emergency Management Agency show the inundation zone to be seaward of the existing sand berm. The proposed walkway would be in the potential inundation zone and many of the hotel patrons could be expected to spend part of their hotel time at the beach where they would be at risk from tsunamis. In order to protect hotel guests and visitors using the more seaward walking path from tsunami risk, the Commission would typically impose conditions on the project to provide both tsunami evacuation signs at appropriate locations on the paths and to provide some educational materials about tsunamis in the hotel areas. However, because the project must be denied due to the public safety concerns detailed earlier in this report, no conditions have been added. Therefore, as proposed, the project cannot be found consistent with the shoreline access and shoreline structure policies of the LCP.

The proposed project would involve the placement of approximately 700 sq.ft. of concrete on the sandy beach to create a new ramp from the improved street at Avenida del Sol to the beach. The new ramp will be in the same location as the existing ramp, but will be rebuilt to accommodate the road elevation. The new ramp would provide public access to the beach for pedestrians and lifeguard vehicles, and will replace the existing beach stairway, which would be removed as part of the street elevation, storm drain improvements, and public accessway improvements at the street end. As part of these improvements, the existing scattered riprap located on the beach around the street end will be removed. Overall, the amount of material removed from the beach as part of the street end improvement is expected to be significantly greater than the amount of concrete placed on the beach, and any adverse impacts to the beach from this portion of the project would be negligible, consistent with the certified LCP.

3. <u>Public Access and Recreation</u>. The relevant LCP and Coastal Act policies are cited above under the substantial issue findings of this report and are incorporated herein by reference.

<u>Lower-Cost Visitor-Serving Facilities</u>

Pursuant to the public access policies of the Coastal Act, and particularly section 30213, the relevant portions of which are echoed in the Coronado LCP, the Commission has the responsibility to both protect existing lower-cost facilities, and to ensure that a range of affordable facilities be provided in new development along the coastline of the state. In light of current trends in the market place and along the coast, the Commission is increasingly concerned with the challenge of providing lower-cost overnight accommodations consistent with the Coastal Act. Recent research in support of a Commission workshop concerning hotel-condominiums showed that only 7.9% of the overnight accommodations in nine popular coastal counties were considered lower-cost. Although statewide demand for lower-cost accommodations in the coastal zone is

difficult to quantify, there is no question that camping and hostel opportunities are in high demand, and that there is an on-going need to provide more lower-cost opportunities along California's coast. For example, the Santa Monica hostel occupancy rate was 96% in 2005, with the hostel being full more than half of the year. State Parks estimates that demand for camping has increased 13% between 2000 and 2005. Nine of the ten most popular campgrounds are along the coast.

The proposed 144 hotel-condo rooms themselves would consist entirely of high-end luxury units, thus encouraging exclusive uses on the shoreline. The existing Hotel del Coronado has a starting room rate of approximately $270 per night. The applicant has not stated what the rates would be for the proposed units, but it is reasonable to conclude that they will be at least as high as those for the existing property. When exclusive visitor accommodations are located on the shoreline, they occupy area that would otherwise be available for lower cost visitor and recreational facilities. There is a place for higher-end facilities in the City of Coronado, but they should be as one component of a wide range of overnight accommodations available to serve all segments of the population, to ensure the shoreline is available to everyone.

The applicant has submitted an "informal" survey of overnight accommodations in the Coronado and South Bay region, with rates for a one-night stay on or about Tuesday, September 22, 2009 (see Exhibit #19). The survey was not intended to be comprehensive, but rather to give a snapshot of rates in the region. As a side note, the survey is not comparable to the survey of room rates performed by Commission staff in 2007 that was done to determine a formula for "affordability" in room rates (ref. CDP A-6-IMB-07-131/Seacoast Inn). For that survey, Commission staff surveyed average daily room rates for all hotels in California during the peak season room (July and August). To ensure that the lower cost hotels and motels surveyed meet an acceptable level of quality, including safety and cleanliness, only AAA rated properties were surveyed. In contrast, the survey submitted by the applicant looked at the lowest available room rate for a Tuesday in the late fall, and includes facilities that may not meet AAA standards. Thus, it is possible that the room rates included in this survey are significantly lower than the average for a one or two star hotel on a weekend during the peak summer season.

The applicant's survey found that in the City of Coronado, there are 17 visitor accommodations with a total 1,947 rooms. Out of these, only 110 rooms (6%) have room rates starting at less than $100 per night, even at that off-season time. Out of the 751 hotel rooms listed in the survey for National City, 578 were available at less than $100 a night, but none of these hotels are located in the Coastal Zone. The one hotel that is in the Coastal Zone in National City, the Best Western Marina Gateway, averages $109 per night for a Tuesday in late September.

Similarly, there are very few hotels or motels of any kind in the Coastal Zone in Chula Vista, although the survey found a number of low-cost motels clustered around E Street, east of Interstate 5. The survey indicates at the one hotel in the Coastal Zone, the Good Nite Inn, the starting room rate is $47.

Imperial Beach's supply of overnight accommodations continues to shrink. In September 2009, the Seacoast Inn was shut down due to safety code violations, leaving only the Sand Castle Inn, (14 rooms) starting at $130.

The survey demonstrates that overall, opportunities for affordable overnight accommodations near the shoreline even in the relatively moderate-cost south San Diego Bay cities are very limited. In comparison, Coronado is fairly well served with hotels and motels, reflecting its status as a major vacation destination city. It also demonstrates that even in the off-season, 94% of the accommodations in Coronado start at over $100 a night. All of the three waterfront hotels (beach or bay) are high-end only resorts.

There is a place for higher-end facilities in along the shoreline, but it should be as one component of a wide range of overnight accommodations available to serve all segments of the population, to ensure the shoreline is available to everyone. The proposed project involves the addition of new condo-hotel accommodations, which cannot be considered high-priority uses but can be visitor-serving, when appropriately conditioned (see condo-hotel discussion, below). However, when no lower cost units are proposed as part of a new overnight accommodation project, the Commission has typically required mitigation to ensure a range of accommodation rates are made available to visitors. When high end or even moderately priced visitor accommodations are located on the shoreline, they occupy area that would otherwise be available for lower cost visitor and recreational facilities. Thus, the expectation of the Commission, based upon several precedents, is that developers of sites suitable for overnight accommodations will provide facilities which serve people with a range of incomes. If development cannot provide for a range of affordability on-site, the Commission requires off-site mitigation.

The applicant has submitted a detailed list of the public amenities and improvements associated with the proposed development (see Exhibit #19.5). These include improvements such an improved beach walkway along the seaward side of the project, improved sidewalks, storm drains, street median improvements on Orange Avenue, 21 new public street parking spaces, and $1,000,000 cash contribution to the City for miscellaneous public improvements. The applicant also notes that when the first phase of the hotel master plan was approved, the applicant dedicated 2.1 acres of sandy beach to public use. Many of these improvements were required as part of the original master plan and some have already occurred. According to the applicant, these improvements provide $20,000,000 worth of public benefits.

While laudable, staff believes that these improvements and dedications do not provide adequate mitigation for the loss of land area that could otherwise have been used for affordable accommodations. The sidewalks and intersections improvements are appropriate upgrades given the amount of new vehicle and pedestrian traffic expected to result from the proposed development and the proposed relocation of the public walkway is required to accommodate the proposed development. The money given to the City is not required to be used for improvements to public access and recreation, or for improvements in the vicinity of the hotel. The dedication of sandy beach area and the proposed removal of riprap on the beach and access improvements to Avenida del Sol

clearly are positive benefits to the public. But they do not address the inability of much of the public to enjoy overnight visits to the coast because of the lack of affordable accommodations. As such, the project would have a significant adverse impact on public access to and along coast.

What the proposed improvements do not address in any way is the scarcity of lower-cost overnight accommodations. In order to be consistent with the LUP policy requiring that lower cost visitor facilities be protected, encouraged, and, where feasible, provided, a mechanism by which to promote the future development of lower cost accommodation is necessary. In past actions, this problem has been addressed through special conditions or suggested modifications. Although the Commission prefers the actual provision of lower-cost accommodations in conjunction with projects, where necessary, the Commission has used in-lieu fees to provide lower-cost opportunities. For example, the Commission has required an in-lieu fee in permits to convert the Highlands Inn in Monterey County and the San Clemente Inn to timeshares. In addition, the Commission required a similar in-lieu fee for the conversion of a 130-unit hotel (not yet constructed) located on the bluffs in Encinitas to a 100-unit condo-hotel, with 30 units required to remain as traditional hotel units (6-92-203-A4/KSL), for the Surfer's Point Resort development in Encinitas (#A-6-ENC-07-51), and for Oceanside LCPA #1-07 (Downtown District), the Commission approved a requirement that a $30,000 fee be paid for 50% of the number of new high-cost units being developed, when existing units are demolished, in order to mitigate the loss of oceanfront land that could otherwise have been available to develop with lower-cost overnight facilities. The fee is to be used for the specific purpose of constructing lower-cost overnight accommodations (such as a hostel, tent campsites, etc.) in the coastal zone in the vicinity of the development in question.

For the high-end hotel in the Port of San Diego at Lane Field, the Commission required that the applicant fund a program, in partnership with the Port District for construction of a non-profit hostel in the downtown area providing a minimum of 400 beds, or pay a mitigation fee of $30,000 for 25% of the approximately 800 higher cost units constructed (approximately $6,000,000).

The $30,000 fee amount was established based on figures provided to the Commission by Hostelling International (HI) in a letter dated October 26, 2007. The figures provided by HI are based on two models for a 100-bed, 15,000 sq. ft. hostel facility in the Coastal Zone. The figures are based on experience with the existing 153-bed, HI-San Diego Downtown Hostel. Both models include construction costs for rehabilitation of an existing structure. The difference in the two models is that one includes the costs of purchase of the land and the other is based on operating a leased facility. Both models include "Hard" and "Soft Costs" and start up costs, but not operating costs. "Hard" costs include, among other things, the costs of purchasing the building and land and construction costs (including a construction cost contingency and performance bond for the contractor). "Soft" costs include, among other things, closing costs, architectural and engineering costs, construction management, permit fees, legal fees, furniture and equipment costs and marketing costs. Based on these figures, the total cost per bed for

the two models ranges from $18,300.00 for the leased facility to $44,989.00 for the facility constructed on purchased land.

In looking at the information provided by HI, it should be noted that while two models are provided, the model utilizing a leased building is not sustainable over time and thus, would likely not be implemented by HI. In addition, the purchase building/land model includes $2,500,000.00 for the purchase price. Again, this is not based on an actual project, but on experience from the downtown San Diego hostel. The actual cost of the land/building could vary significantly and as such, it makes sense that the total cost per bed price for this model could be too high, or it could be too low. In order to take this into account, the Commission finds that a cost per bed generally midrange between the two figures provided by HI is most supportable and likely on the conservative side. Therefore, the in lieu fee assessed in this particular case, is $30,000.00 per bed.

Accordingly, the Commission has typically required that 25% of new, higher cost units should be mitigated at a fee of $30,000 per high-end unit. The subject development is for 144 hotel rooms, thus, a mitigation fee should be assessed for 25% (36) of the rooms, to offset the cost of constructing new lower cost accommodations. This works out to be a total of $1,080,000. However, because the recommendation is for denial due to public safety reasons, no condition has been attached.

In response to Commission staff's concerns regarding the need for mitigation, the applicant has offered to pay a fee of $540,000 in-lieu of providing lower-cost overnight accommodations on or off-site. However, the above analysis of the cost of providing lower-cost accommodations demonstrates that this amount would not likely be adequate to provide any new lower-cost accommodations, and thus would not be sufficient mitigation to offset the loss of prime beachfront land to high end accommodations. Therefore, as proposed, the project does not ensure that public access to and along the coast is enhanced, and does not encourage or provide lower-cost overnight accommodations, and must be denied.

Condo-Hotels and Permitted Use

The subject site is zoned and designated H-M Hotel-Motel Zone, which allows the following uses:

> A. Hotels and motels which provide habitable or dwelling units of which not more than six units or 15 percent (whichever is greater) shall be occupied by a resident occupant; […]

The City of Coronado found that the proposed condo-hotels are permitted at the subject site because condo-hotels are the same use as hotel. The Commission respectfully disagrees. A condo-hotel is a distinct use not identical to a traditional hotel, because a portion of the time the units could be occupied by owners and not the general public. It is a mix of hotel and residential uses. While in concept any addition to the hotel stock is supported by the recreational policies of the Coastal Act, the Commission is concerned

that cumulatively the construction of new condo-hotels will eliminate opportunities for traditional hotels to locate and expand in prime visitor-serving locations.

However, the City's Hotel-Motel zone is somewhat unusual in that it allows a 15% residential component within hotel projects (or 6 units, whichever is greater). There are currently 697 existing traditional hotel rooms at the Hotel del Coronado, and 78 condo-hotel units (the Beach Village condo-hotels, approved by the Commission in August 2006 as A-6-COR-06-46). The proposed 144 condo-hotel units would bring the number of condo-hotel units to 222, which would be 25% of the total 901 units on the site, over the 15% residential allowed within in HM zone.

However, condo-hotels are only *partially* residential in nature. One way of looking at condo hotels is that for the proposed project, condo owners may occupy their units a maximum of 25% of the time. Thus, only 25% of the 222 condo-hotels can be strictly defined as residential, bringing the total number of "residential" units on the site to 56, or approximately 6% of the total number of units.

In addition, as noted, the Commission previously found that condo-hotels can be found a permitted use at this location, when special conditions were placed on the permit designed to ensure the units operated as close to a traditional hotel as possible.

As required by the approved permit, the Commission has received data on how the Beach Village condo-hotels have been operating for the periods of June 2007 through July 2008 and August 2008 through July 2009. Exhibit #19 and Exhibit #20 are tables showing the use, occupancy and average daily rate for the condo hotels for these periods. The data shows that the vast majority of the time the units are occupied, they are occupied by non-owners. For example, for the month of July 2009, the 78 units had 2418 available room nights (78 units x 31 days). Owner occupied room nights totaled 217 (9%), while guest occupied room nights totaled 1532 (63%). The remaining room nights were vacant. Vacancy rates in the period were lowest in August 2008, when the total occupancy was 82%, consisting of 9% owners, 76% guests.

When these units were first proposed, the applicants suggested that most owners would likely make their units available for rental during the summer, because owners receive a percentage of the room rental fees, and rates (thus, their income) are higher during the summer. Owners would then use their rooms during the off-season, when hotel occupancy is typically low. The data partially supports this; for example, the highest number of room nights occupied by owners in 2009 occurred in July. But the month with the lowest number of owner-occupied rooms in 2009 was June (51 nights), with 1,465 guest-occupied nights—the third highest of the year.

Because of the economic recession, it is possible that the pattern of last two years occupancy rates for the luxury casitas are unusual, and the Commission will continue to monitor the yearly reports. Use patterns for the proposed units may also show a distinct pattern; the proposed units will have a level of amenities closer to the existing hotel than the individual casitas previously approved. However, the data up to this point

demonstrates that the condo-hotel units on this site are being occupied primarily by guests, not by owners, and that the units do have availability during the peak summer season, and thus, are serving as a visitor-serving resource.

Therefore, because of the unusual nature of the City's H-M zone, and past Commission action allowing condo-hotels on the subject site, in this particular case, the proposed condo-hotel can be found consistent with the allowable uses as long as the use remains primarily visitor-serving and strict conditions are placed on the operation of the condo-hotel units to ensure the development functions as an overnight accommodation.

The City did place special conditions on the project similar to those typically proposed by the Commission, but with several significance differences. Modifications to the approved CC&Rs would be necessary to require the applicant or any successor-in-interest as hotel owner-operator to maintain the legal ability to ensure compliance with the terms and conditions of the permit at all times in perpetuity and be responsible in all respects for ensuring that all parties subject to this permit comply with the terms and conditions of this permit. Revisions would be necessary in order to ensure each owner of an individual condominium unit would be jointly and severally liable with the hotel owner-operator for violations of the terms and conditions of this permit, and this condition recorded on each individual deed, so that every owner would be aware of the responsibility and liability associated with ownership of these units. Other minor modifications would place restrictions on the use, rental and marketing of the units, prohibit conversion to timeshare or residential use, and contain detailed provisions for the monitoring and recording of hotel occupancy and use by the general public and the owners of individual hotel units throughout each year, to ensure that the restrictions set forth in the special conditions are being complied with. It is staff's understanding that the applicant is in agreement with the various changes that would be required to the CC&Rs, with the exception of the condition requiring each owner to be jointly and severally liable for violations of the condition. However, because the recommendation is for denial due to public safety reasons, no conditions have been attached.

In summary, given the history of visitor and non-visitor-serving uses permitted and approved on the site, the Commission finds that in this particular case, if conditioned, the proposed condo-hotel project could be found a permitted use. However, because the project cannot be approved for public safety reasons, the proposed project cannot be conditioned, and thus is not consistent with the certified Land Use Plan and the public access policies of the Coastal Act.

4. <u>Visual Quality</u>. The LCP policies cited above require development to maintain high standards for visual aesthetics. Permitted development must be sited and designed to safeguard existing public views to and along the ocean and shores of Coronado, be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas. Development must be generally compatible in height and bulk with existing development to preserve the scale and character of the community.

The previously approved master plan and the proposed master plan differ in many ways, but the most significant changes have to do with the general shift of structures away from Orange Avenue and towards Avenida del Sol and the beach.

Exhibit #2 shows an aerial view of the existing hotel, Exhibit #3 shows the approved master plan, and Exhibit #4 depicts the proposed master plan. New conference rooms proposed at the existing Facilities Buildings along Orange Avenue will instead be located on the existing parking lot near Avenida del Sol. Existing historic structures at the Facilities Area will be retained, while other structures will be removed and landscaping and pedestrian improvements installed along Orange Avenue. Both the approved and the proposed plan include relocating the main entrance to the hotel from Orange Avenue to a driveway off of Avenida del Sol.

Guestrooms previously approved to be located at the corner of Avenida del Sol and the beach, referred to as the South Beach Guestrooms, have been revised and expanded to run along the length of much of Avenida del Sol. An area previously proposed as a surface parking lot next to Avenida del Sol would now contain guestrooms, conference rooms, and underground parking.

The roof line of the proposed development would be slightly higher than the approved structure (55.5 feet as measured from Mean Sea Level compared to 54 feet MSL), with the same maximum height of 60 feet MSL (see Exhibits #12 and #13).

The potential impacts to public views resulting from the proposed redesign occur in three main areas: from the beach and public walkway; from Avenida del Sol, and from Orange Avenue/SR 75.

Beach and Paseo Views

The proposed building would be located approximately 44 feet further seaward than the approved structure, but would step down from three to two to one story towards the beach, unlike the approved structure, which maintains three stories on the beach side. As discussed above, the existing Paseo del Mar public walkway is also being relocated seaward and being cut into the top of the existing berm. As proposed, the setback between the relocated Paseo and the seaward edge of the new building would be approximately 54 feet, a greater distance than the 45 feet setback that would have been between the existing walkway and the approved building. The proposed structure will be located roughly the same distance from the relocated Paseo that the existing Ocean Towers and California Cabana Building hotel buildings (adjacent and upcoast) are from the existing Paseo. As approved by the City, no portion of the building may "extend seaward of a straight line connecting the tower elements of the southwesterly or seaward corners of the existing Hotel del Coronado Ocean Towers building and the closest Coronado Shores building." Thus, combined with the proposed stepping down of the building, the new structure is not expected to "tower" above or overshadow pedestrians and bicycles as they move along the walkway.

The proposed structure will be considerably smaller in scale than the existing towers that will surround it. The adjacent Ocean Towers hotel building consists of two 7-story towers, while the Coronado Shores condominium towers on the south side of Avenida del Sol consist of ten 15-story towers. The proposed structure will certainly be highly visible from the beach, but the bulk and scale of the structure will be well within the community character.

Avenida del Sol

The proposed Master Plan improvements would have the most significant impact on public views as seen from Avenida del Sol, under either the approved plan or the proposed plan. Avenida del Sol is not a designated view corridor, a scenic highway, or a major coastal access route. It is, however, a public street that is often used to access the shoreline, as there is free parallel parking along both sides of the street, and beach access at the end of the cul-de-sac. Currently, the area next to the street consists of surface parking for the hotel. There are no views of the water down the street or across the hotel property from the inland side of Avenida del Sol, until the crest of the street is reached approximately half way down the street towards the ocean. At this point, views of the water are available from the street and sidewalk, which expand closer to the water.

Under the approved plan, the 3-story South Beach Guestrooms would have been located alongside the length of approximately one half of the street towards the street end, with a parking structure, partially below grade and partially above grade towards the Orange Avenue end of the street. Under the proposed plan, approximately three quarters of the street would be lined with the new 3-story conference/guest room/underground parking structure. The approved guestroom would have been setback from the street end to create a small landscaped area at the street end, which might have opened up views from the street end and sidewalk. The proposed structure would have a landscaped strip varying between 15 and 23 feet between the building and the sidewalk, and would not be set back as far from the street end as the approved building.

The proposed structure would be similar in bulk and scale to the approved guestroom building, but likely larger and taller than the parking structure would have been (final plans were never prepared for the parking structure, so an exact comparison is difficult to make). However, it is unlikely that the difference in size or setback of the two plans will be significant as experienced from the public street or sidewalk. There are no views across the site currently until approximately half way down the street towards the ocean, and these brief views will be lost under either the existing or proposed development scenario. Existing views of sea and sky from the public street will be slightly altered (see discussion below), but will remain open and available. The approved plan would have provided a greater seascape viewshed to the north from the street end, but the proposed plan will relocate the Paseo to provide much improved views from along that walkway. On balance, this is an improvement to public views. It appears that the most significant impact the proposed Master Plan revisions would have on views would be from some of the condominiums at the Coronado Shores Towers inland towards the historic Hotel structure. However, these private views are not protected under the LCP.

The proposal to raise the street end approximately 5 feet will have a minor impact on views of the water from Avenida del Sol. The first glimpse of water views which now occurs approximately half way down the street will likely be delayed by several hundred feet. Views from the street end will remain the same, and the improvements in water quality, the improved walkway and beach accessway will serve to offset the brief loss of water views as seen from halfway down the street.

Orange Avenue/SR 75

As described, the proposed revisions to the Master Plan would preserve additional historic buildings previously approved for demolition, including the laundry building. Bruce Coons, Executive Director of Save Our Heritage Organization (SOHO) has reviewed the project (see Exhibit #22). SOHO's mission is to preserve, promote and support preservation of the architectural, cultural and historical of the San Diego region. Mr. Coons states that the location planned for the Conference Center under the approved Master Plan would have blocked the view to the historic hotel from various locations on Orange Avenue, from Pomona Street, and from the Boathouse. He concludes that the revised location of the conference center will have the least impact on views from many locations. The new development would not block views of the hotel from Orange Avenue any more than they are currently blocked with existing landscaping. The Commission agrees that the proposed conference room will not adversely impact views of the historic hotel from Orange Avenue, nor are there any significant views across the site from Orange Avenue that would be impacted by the proposed development.

In summary, the proposed revisions to the Master Plan would increase the bulk and scale of development adjacent to Avenida del Sol. However, the proposed structures will not block any significant public views that will not be maintained from the street end, and the project will not be out of character with the surrounding development. The revisions will improve some views of the historic hotel as seen from surrounding areas. Therefore, as proposed, the project can be found consistent with the visual protection policies of the certified LCP. The recommendation for denial is based on the geologic hazard and public safety issue.

5. Water Quality/Biological Resources/Landscaping. Relevant policies of the LCP include the following:

III. ADOPTED POLICY

It is the policy of the City of Coronado to:

D. WATER AND MARINE RESOURCES/ENVIRONMENTALLY SENSITIVE HABITAT AREAS

5. Maintain, enhance and, where feasible, restore marine resources. Special protection shall be given to areas and species of special biological or economic

significance. Uses of the environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.

6. Maintain and, where feasible, restore the biological productivity and the quality of coastal waters and wetlands appropriate to maintain optimum populations of marine organisms and for the protection of human health through minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and encouraging waste water reclamation, and maintaining natural vegetation buffer areas that protect riparian habitats.

7. Protect against any significant disruption of habitat values in environmentally sensitive habitat areas; only allow uses dependent on such resources within such areas, and encourage mitigation of adverse environmental impacts resultant within such areas from permitted development. Efforts improving the quality of such habitat shall be encouraged.

Avenida del Sol currently crowns near Orange Avenue. with approximately the easterly ¼ of the length of the street sloping and draining east. The remaining ¾ of the length of the street slopes and drains westerly towards the beach, to the cul-de-sac, into a single catch basin which drains to the public sandy beach. The cul-de-sac frequently floods during high tides, storm surges, or heavy rain events and also accumulates sand, kelp, and debris due to the low elevation of the cul-de-sac and its inability to drain. The May 7, 2002 Hotel del Coronado Master Plan EIR Mitigation Monitoring & Reporting Program includes extensive drainage and water quality mitigation measures, including eliminating storm drain beach outfalls and connecting storm drain systems into the City's drainage/sewer system with dry weather diverters that will divert all nuisance and first flush water into the sanitary sewer system.

Per the City of Coronado's direction, the proposed project includes raising the Avenida del Sol cul-de-sac from its current elevation of approximately 8 feet about MSL, to an approximate elevation of 13 feet MSL. This would allow stormwater to collect in basins at Avenida del Sol and Orange Avenue and then discharge to the Bay, versus directly to the ocean as it does currently. The Commission's water quality staff has reviewed the project, and concur that it will have a positive impact on water quality.

The existing berm where the new Paseo will be constructed is covered with iceplant and other exotic ornamental vegetation. A biological resource survey of the subject site did not identify any sensitive plant or animal resources within the area where the proposed improvements would occur. Proposed landscape improvements include enhancing the dunes with native, drought tolerant dune plants and grasses; however, a final landscape plan has not yet been developed, and the project does not specifically disallow the use of all invasive plant materials. Typically the Commission would require that a final landscape plan prohibiting the use of invasive be developed. However, because the

project must be denied for public safety reasons, no conditions can be attached. Thus, as proposed, the project cannot be found consistent with the resource protection policies of the LCP, and must be denied.

6. <u>Parking/Traffic</u>. Relevant policies of the LCP include the following:

III. <u>ADOPTED POLICY</u>

It is the policy of the City of Coronado to:

J. <u>LOCATING AND PLANNING NEW DEVELOPMENT</u>

2. Assure that new development permitted within the City be designed to maintain public access to the coast by:

A. Providing adequate parking facilities or providing substitute means of serving the development with public transportation.

D. Encouraging nonautomobile circulation within the development when feasible.

The original 2001 EIR for the approved Master Plan did not identify significant impacts resulting from project implementation on any roadway segment or intersections affected by project traffic. The approved project included relocation of the main hotel entryway to Avenida del Sol. The proposed amended Master Plan proposes a minor revision to the location of this entryway; the entry would occur approximately 120 feet west of the Orange Avenue/Avenida del Sol intersection, as compared to 200 feet in the approved plan. Thus, the amended EIR for the current project evaluated potential traffic impacts with particular regard for circulation and the potential for stacking along Avenida del Sol, and identified no new impacts or required mitigation measures.

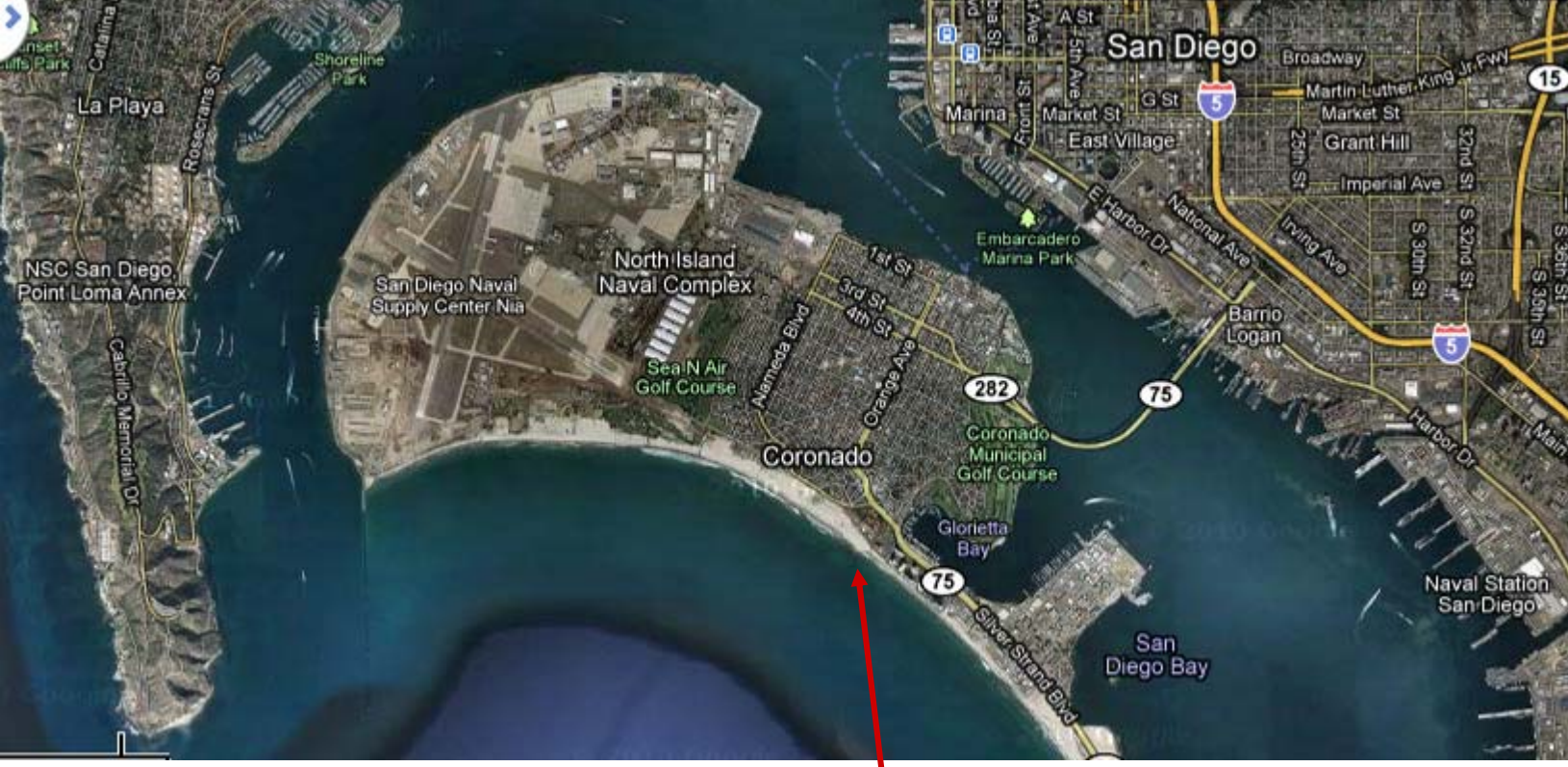
The proposed project would have more conference space than the previously approved project, but the same number of guest units as the previously approved project, thus, the amended EIR concluded impacts to traffic would be less than significant. The proposed amended Master Plan would increase the number of onsite parking spaces to approximately 1,192, compared to the 1,170 in the approved Master Plan, 89 spaces more than the minimum required by the Municipal Code. The hotel has developed a transportation demand management program to encourage the use of transit, carpools, bicycles, and other alternative modes of transportation for guests and employees.

Therefore, the proposed project can be found consistent with the parking and circulation policies of the certified LCP. The recommendation of denial is based upon other factors discussed herein.

7. Local Coastal Planning. As described above, as proposed, the project is not consistent with the geologic hazard policies of the LCP. The proposed structures are located in an area of high geologic, and flood hazard, but has not been designed in such a way to minimize risks to life and property, or to assure that stability and structural integrity is maintained. The applicant has indicated the project cannot be redesigned to avoid the fault zone. Thus, only denial of the proposed development will allow the City to continue implementation of its certified LCP without prejudice.

8. California Environmental Quality Act (CEQA). Section 13096 of the Commission's administrative regulations requires Commission approval of a Coastal Development Permit to be supported by a finding showing the permit is consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse effect which the activity may have on the environment.

The project as proposed will result in unmitigatable risks to life and property, and to the stability and structural integrity of the proposed building. The applicant has indicated there is no way to redesign the project to avoid the fault zone identified by the Commission's geologist and still maintain a viable project. Thus, the "no project" alternative (denial) is the only feasible alternative that would substantially lessen any significant adverse impacts the development would have on the environment. Therefore, the Commission finds that the proposed project is not the least environmentally damaging feasible alternative and is not consistent with the requirements of the Coastal Act to conform to CEQA.



Site

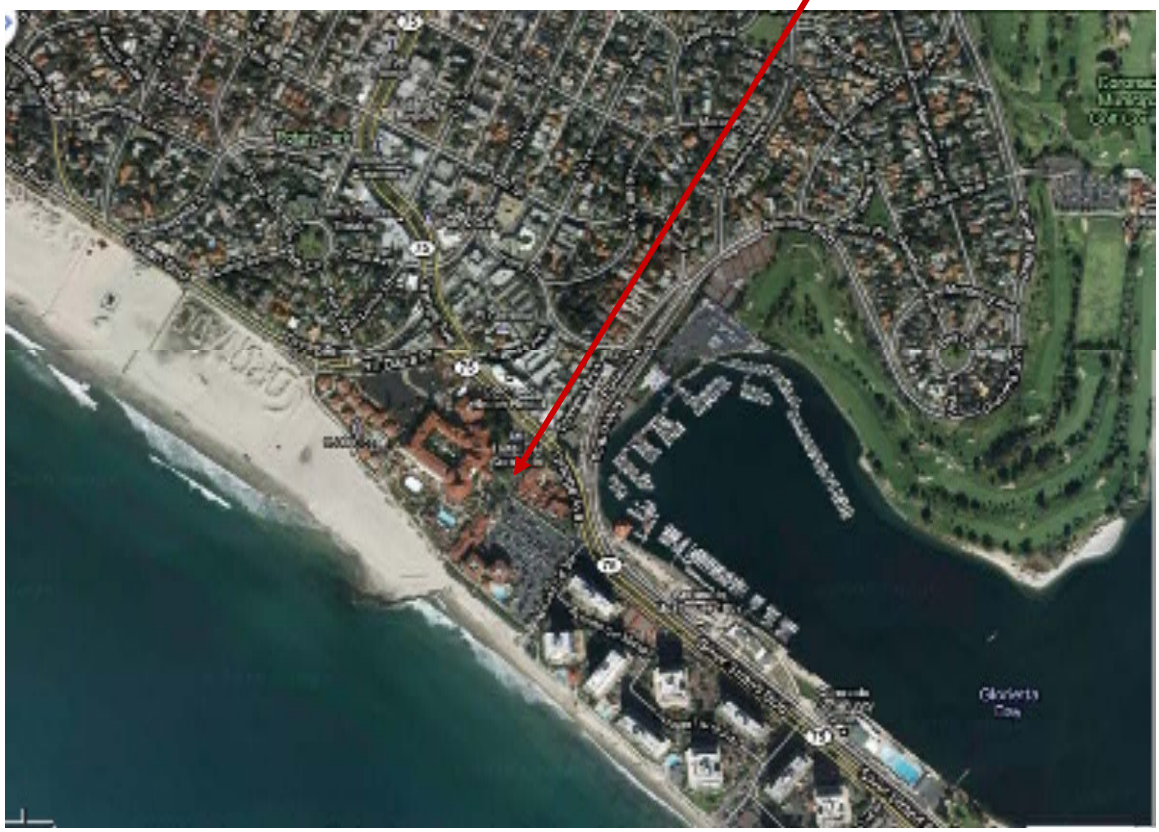


EXHIBIT NO. 1
APPLICATION NO.
A-6-COR-08-98 & 99
Location Map
California Coastal Commission

EXHIBIT NO. 2
APPLICATION NO.
A-6-COR-08-98 & 99
Existing Hotel Site
California Coastal Commission

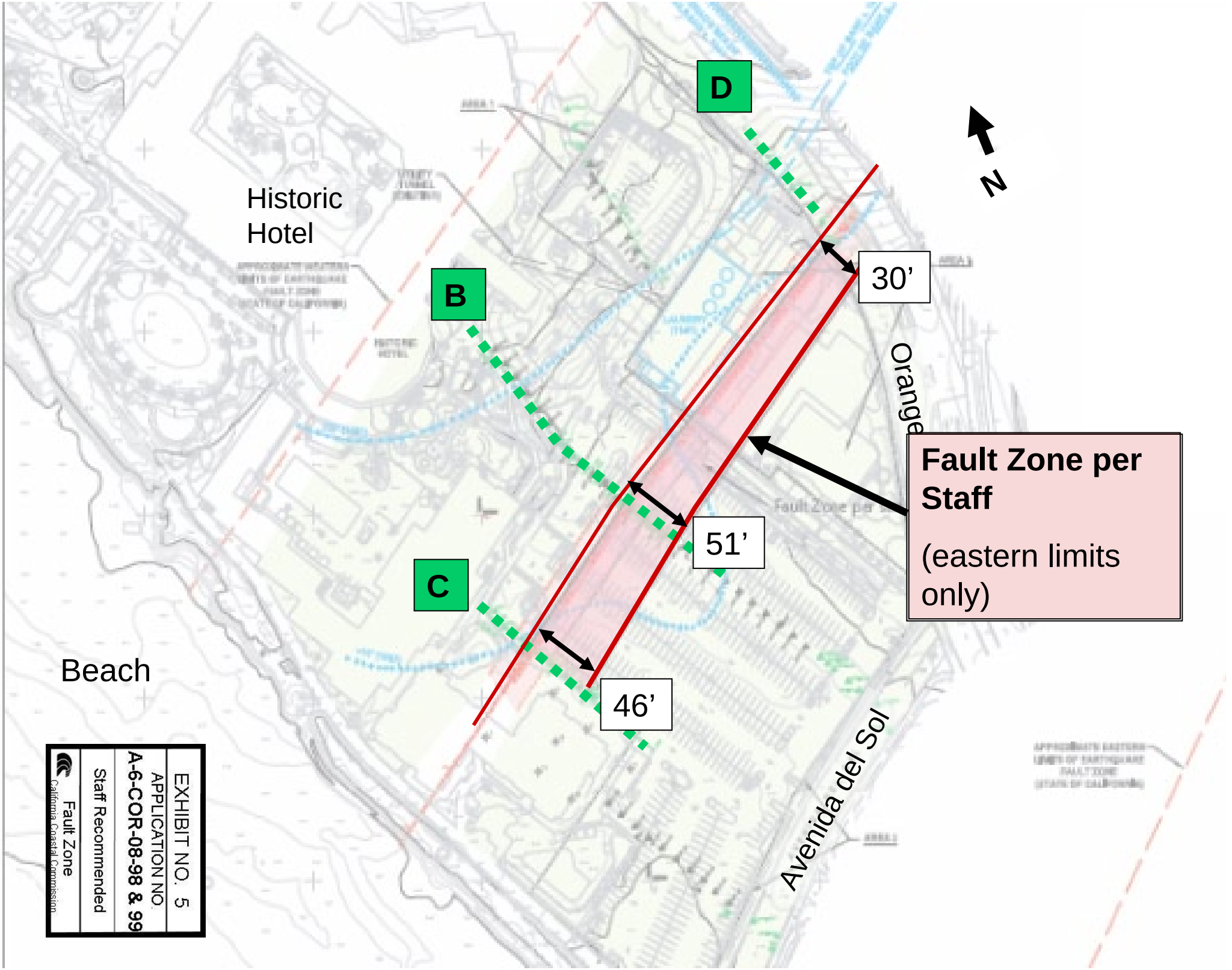
Existing Hotel Complex

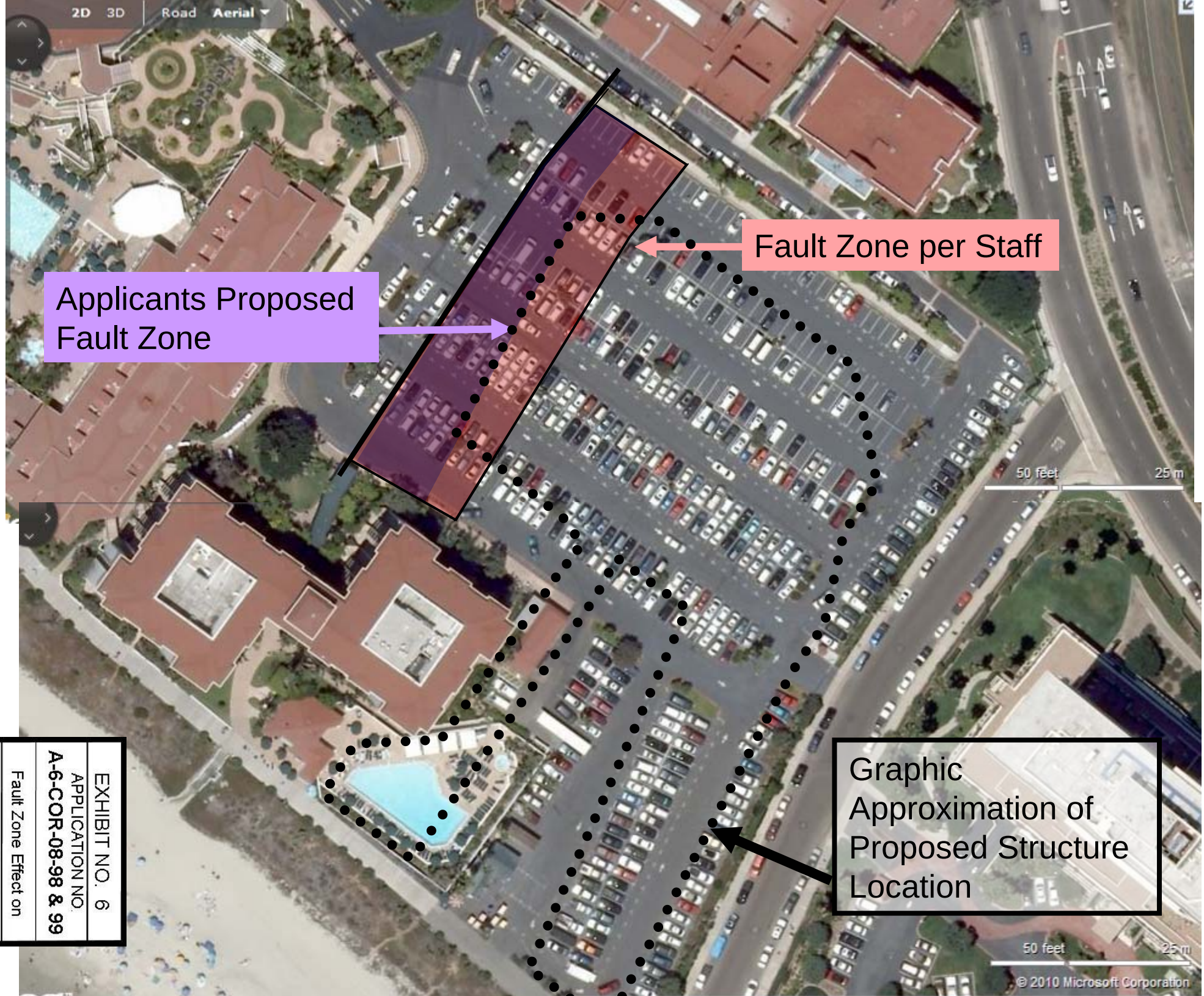
EXHIBIT NO. 3
APPLICATION NO.
A-6-COR-08-98 & 99
Approved Site Plan
California Coastal Commission

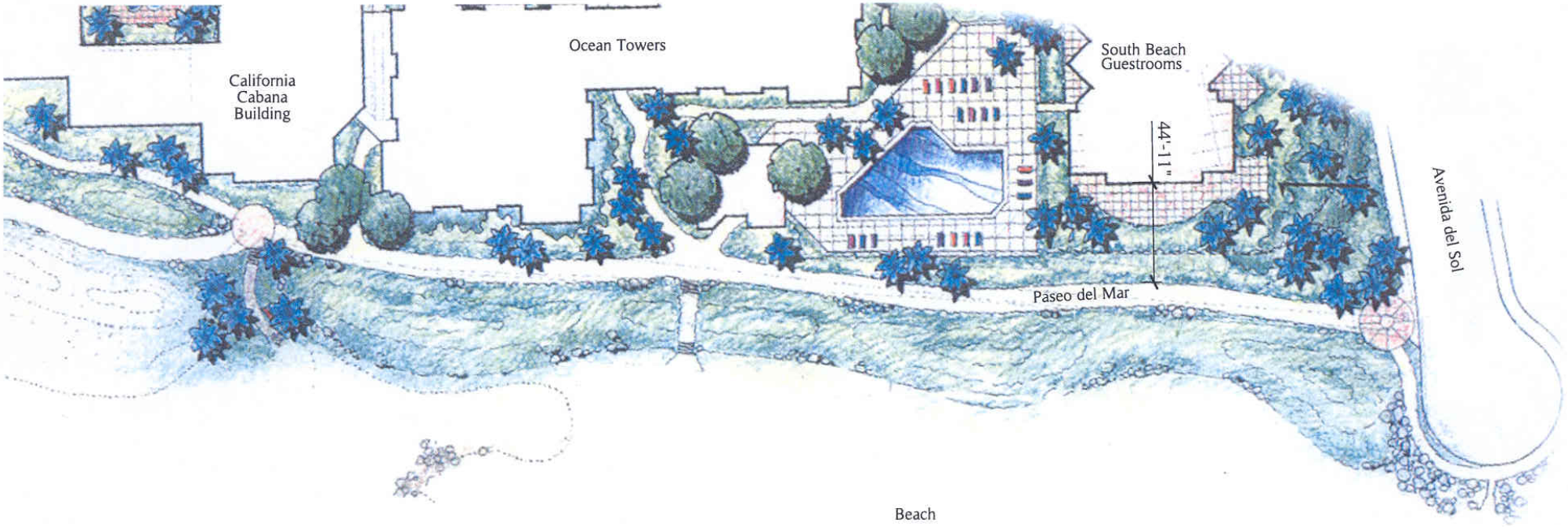
Approved Site Plan with Approximate Location of Fault Zone

EXHIBIT NO. 4
APPLICATION NO.
A-6-COR-08-98 & 99
Proposed Site Plan
California Coastal Commission

Proposed Site Plan


D
B
C
N
Historic Hotel
30’
51’
46’
Fault Zone per Staff
(eastern limits only)
Beach
Avenida del Sol
EXHIBIT NO. 5
APPLICATION NO.
A-6-COR-08-98 & 99
Staff Recommended
Fault Zone
California Coastal Commission


2D 3D
Road Aerial
Fault Zone per Staff
Applicants Proposed Fault Zone
50 feet
25 m
Graphic Approximation of Proposed Structure Location
50 feet
25 m
© 2010 Microsoft Corporation
EXHIBIT NO. 6
APPLICATION NO.
A-6-COR-08-98 & 99
Fault Zone Effect on
Proposed Structure
California Coastal Commission



Approved Shoreline Setback and Paseo del Mar

EXHIBIT NO. 7
APPLICATION NO.
A-6-COR-08-98 & 99
Approved Shoreline Setback
California Coastal Commission

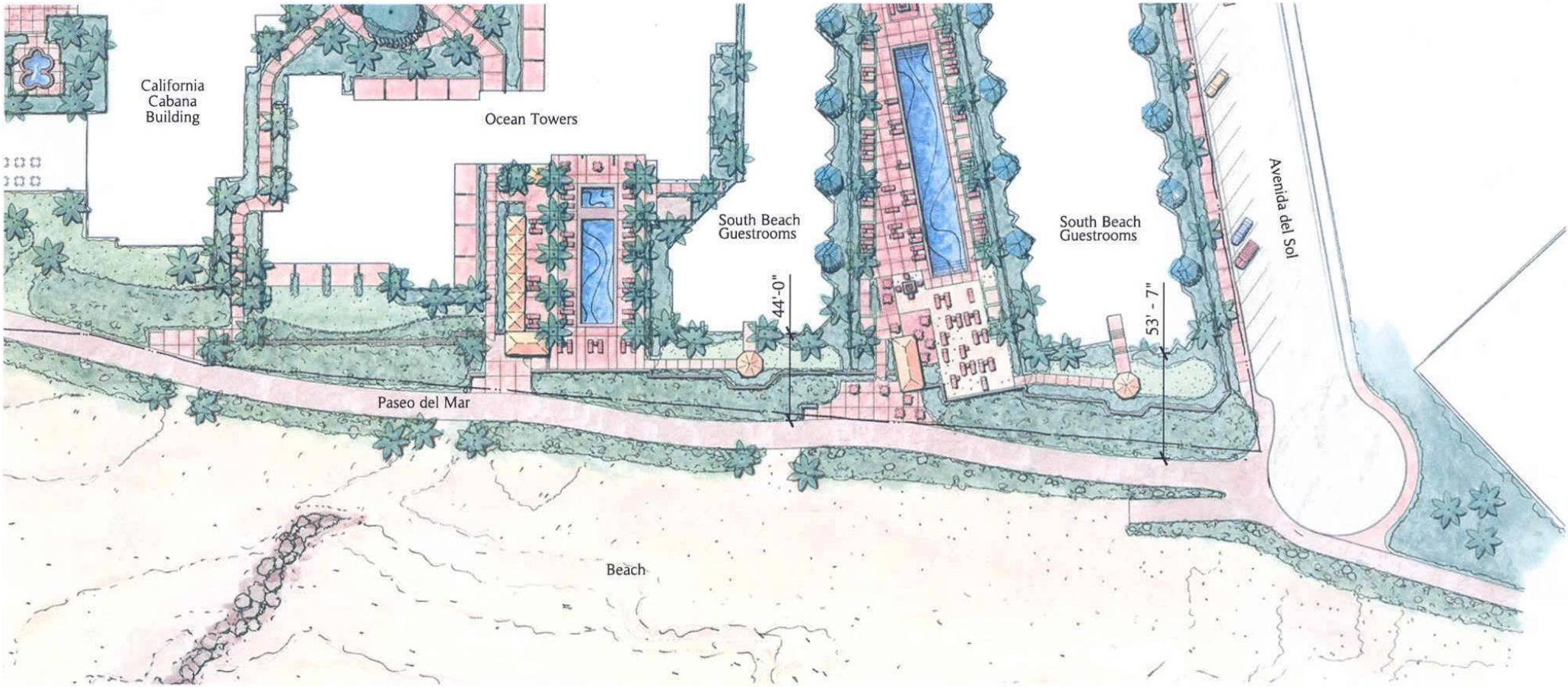
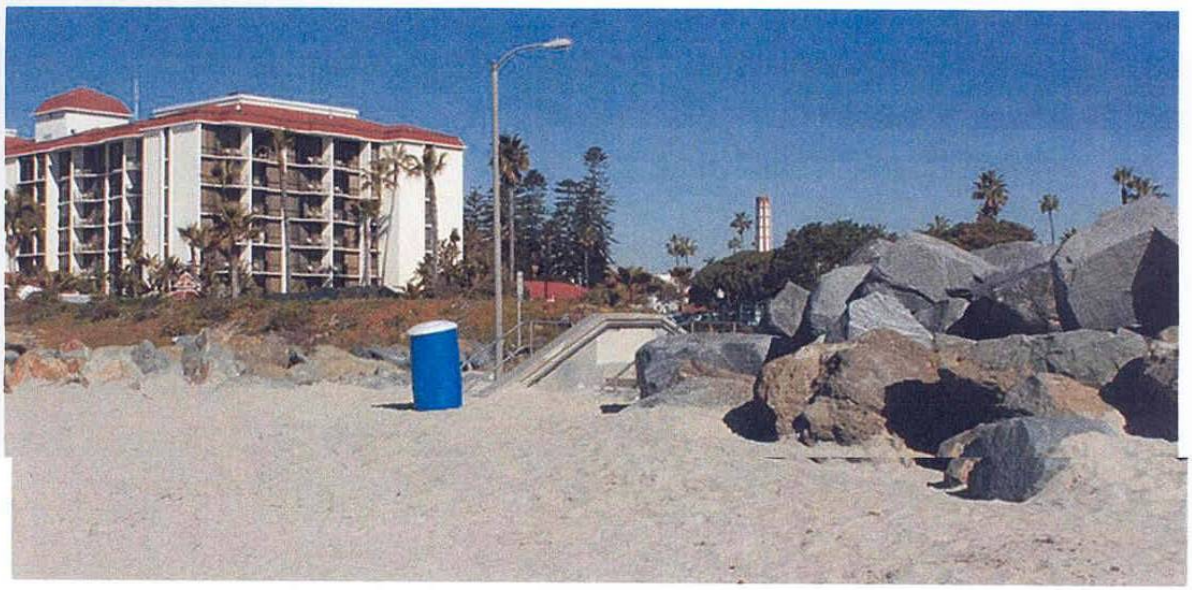


EXHIBIT NO. 8
APPLICATION NO.
A-6-COR-08-98 & 99
Proposed Shoreline Setback
California Coastal Commission

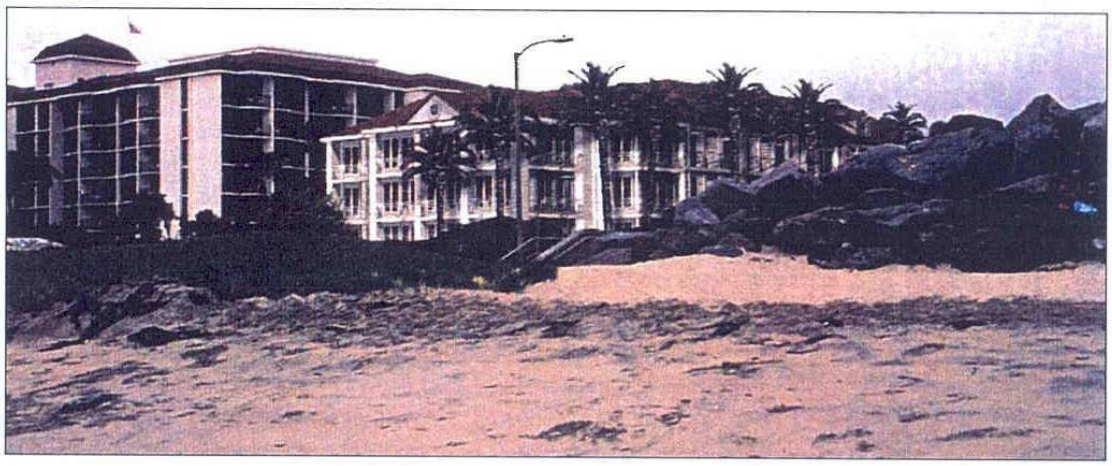
Proposed Shoreline Setback and Paseo del Mar Improvements Site Plan

Proposed Paseo del Mar Relocation (Aerial)

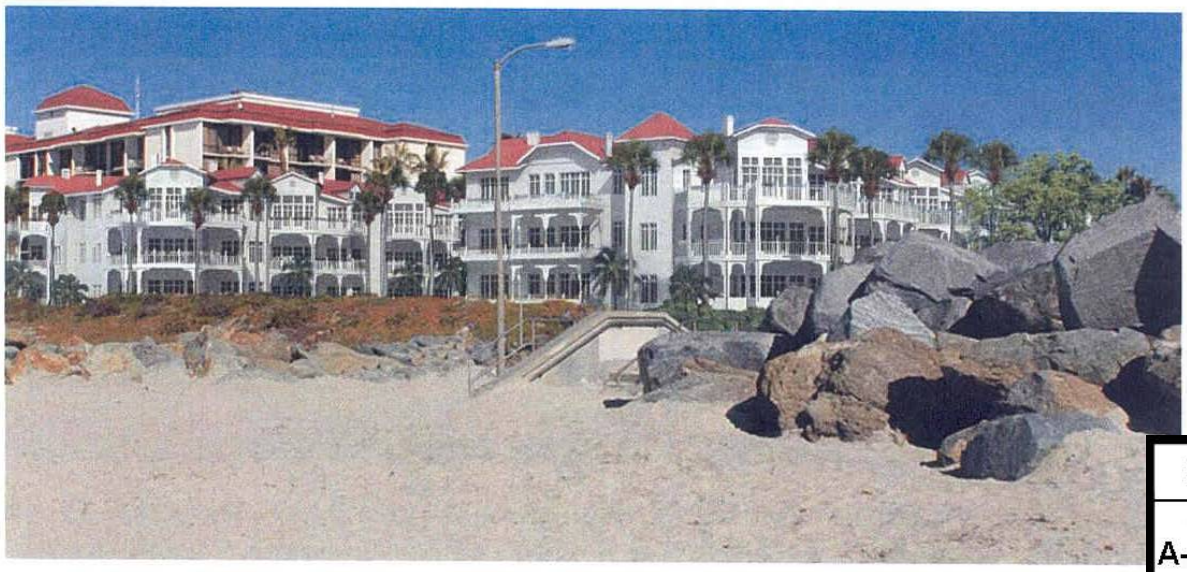
EXHIBIT NO. 9
APPLICATION NO.
A-6-COR-08-98 & 99
Proposed Paseo
Relocation
California Coastal Commission



View 6A Existing Conditions – View from the Beach

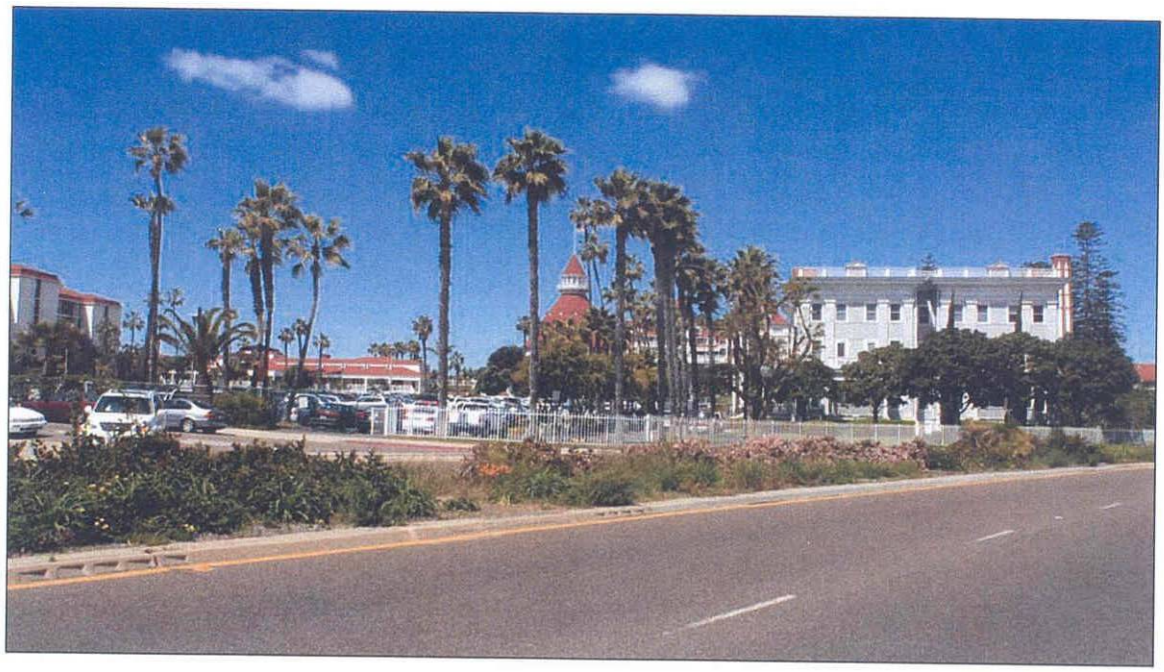


View 6B Approved Master Plan – South Beach Guestrooms, View from the Beach



View 6C Amended Master Plan – South Beach Guestrooms, View from the Beach

EXHIBIT NO. 10
APPLICATION NO.
A-6-COR-08-98 & 99
View Analysis



View 7A Existing Conditions - View from SR75 View from Bus Stop (near Boathouse)

View 7B Amended Master Plan - View from SR75 View from Bus Stop (near Boathouse)
(*Note: Mature palm trees will be installed, approximately 24' brown trunk height*)

Figure 5-O - South Beach Guestroom Building - View from Paseo del Mar

View from the Paseo del Mar walkway

gure om Building - View from Avenida del Sol

APPROVED MASTER PLAN F
THE HOTEL DEL CORONAD

View from Avenida del Sol

California Coastal Commission

EXHIBIT NO. 11
APPLICATION NO.
A-6-COR-08-98 & 99
Approved Elevations

Approved Elevations

Figure 5-D · South Beach Guestrooms - View From Paseo

View from the Paseo del Mar walkway

Fig rooms - View From Avenida del Sol

View from Avenida del Sol

California Coastal Commission

EXHIBIT NO. 12

APPLICATION NO.

A-6-COR-08-98 & 99

Proposed Elevations

Click here to see
the rest of the exhibits.

Proposed Elevations