EXHIBIT "A"

PROPERTY DESCRIPTION

LEGAL DESCRIPTION FOR SEACOAST INN PROPERTY—800 SEACOAST DRIVE

Lots 1 to 15, inclusive, in Block 7, in South San Diego Beach, in the City of Imperial Beach, County of San Diego, State of California, according to Map Thereof No. 1071, filed in the Office of the County Recorder of San Diego County, July 6, 1907.

Also all that certain alley in said Block 7 lying and being east of and adjacent to Lots 1 and 7, inclusive, in said Block and West of and adjacent to Lots 8 and 12 in said Block, and also all of the other certain alley of said Block, lying between Lots 8,9, 10 and 11 on the south and Lots 12, 13, 14 and 15 on the north.

Also all that portion of Ocean Boulevard described as follows:

Commencing at the Southwest Corner of Said Block 7, and running thence Northerly along the West line of said Block as shown upon said Map to the Northwest Corner Thereof; Thence at right angles westerly to the high tide line of said Pacific Ocean; Thence Southerly along said high tide line to a point opposite and directly West of the Southwest Corner of said Block; Thence East to said Southwest Corner of said Block and being all that point of said boulevard lying between said Block 7 and the high tide of Pacific Ocean, and extending in a general Northerly direction from said south line of said Block projected Westerly to said high tide line, to the North line of said Block projected Westerly to said high tide line. Said alleys and said portion of Ocean Boulevard were vacated and closed to public use on December 9, 1908, by an order of the Board of Supervisors of San Diego County, recorded in Book 27, Page 432 and Page 433 of the records of said Supervisors Office.

Except any portion thereof lying below the Mean High Tide Line of the Pacific Ocean.

Together with the reversionary rights, if any, to the centerline of Seacoast Drive, Daisy Avenue, and Date Avenue adjacent Thereto.

EXHIBIT "B"

CHAPTER 19.89
DEVELOPMENT AGREEMENT PROCEDURES
IN EFFECT ON NOVEMBER 21, 2007

Title 19 ZONING

Chapter 19.89. DEVELOPMENT AGREEMENT PROCEDURES

19.89.010. Applications.

A. Authority for Adoption. These regulations are adopted under the authority of Government Code Sections 65864 through 65869.5.

B. Forms and Information.

1. The Community Development Director shall prescribe the form for each application, notice and document provided for or required under these regulations for the preparation and implementation of development agreements.

2. The Community Development Director may require an applicant to submit such information and supporting data, as the Community Development Director considers necessary to process the application.

C. Fees. The City Council shall by separate resolution fix the schedule of fees and charges imposed for the filing and processing of each application and document provided for or required under these regulations.

D. Qualification as an Applicant. Only a qualified applicant may file an application to enter into a development agreement. A qualified applicant is a person who has legal or equitable interest in the real property, which is the subject of the development agreement. Applicant includes authorized agent. The Community Development Director shall require an applicant to submit proof of his interest in the real property and of the authority of the agent to act for the applicant. Before processing the application, the Community Development Director shall obtain the opinion of the City Attorney as to the sufficiency of the applicant's interest in the real property to enter into the agreement.

E. Proposed Form of Agreement. Each application shall be accompanied by the form of development agreement approved by the City. This requirement may be met by designating the City's standard form of development agreement and including specific

proposals for changes in or additions to the language of the standard form.

F. Review of Application. The Community Development Director shall endorse on the application the date it is received. He shall review the application and may reject it if it is incomplete or inaccurate for processing. If he finds that the application is complete, he shall accept it for filing. The director shall review the application and determine the additional requirements necessary to complete the agreement. After receiving the required information, he shall prepare a staff report and recommendation and shall state whether or not the agreement proposed or in an amended form would be consistent with the general plan and any applicable specific plan. (Ord. 2004-1018 § 1 (part), 2004)

19.89.020. Notices and hearing.

A. Duty to Give Notice. The Community Development Director shall give notice of intention to consider adoption of development agreement and of any other public hearing required by law or these rules.

B. Requirements for Form and Time of Notice of Intention to Consider Adoption of Development Agreement.

1. Form of Notice. The form of the notice of intention to consider adoption of development agreement shall contain:

a. A time and place of the hearing;

b. A general explanation of the matter to be considered, including a general description of the area affected; and

c. Other information required by specific provisions of these regulations or which the planning director considers necessary or desirable.

2. Time and Manner of Notice. The time and manner of giving notice is by:

a. Publication or Posting. Publication at least once in a newspaper of general circulation, published and circulated in the City of Imperial Beach, or if there is none, posting in at least three public places in the City of Imperial Beach.

b. Mailing. Mailing of the notice to all persons shown on the last equalized assessment roll as owing real property within five hundred feet of the property, which is the subject of the proposed development agreement. If the number of owners to whom notice is to be mailed is greater than one thousand, the Community Development Director may, as an alternative, provide notice in the manner set forth in Section 65091 as amended of the Government Code.

3. Additional Notice. The City Council may direct that notice of the public hearing to be held before it shall be given in a manner that exceeds the notice requirements prescribed by State law.

4. Declaration of Existing Law. The notice requirements referred to in subsections (B)(2)(a) through (b) of this section are declaratory of existing law. (Government Code Section 65867 as amended and as incorporated by reference). If State law

prescribes a different notice requirement, notice shall be given in that manner.

C. Failure to Receive Notice. Lack of receipt by any person entitled to notice required by law or these regulations do not affect the authority of the City to enter into a development agreement.

D. Rules Governing Conduct of Hearing. The public hearing shall be conducted as nearly as may be in accordance with the procedural standards adopted under Government Code Section 65804 for the conduct of zoning hearings and applicable local procedural rules established by the City Council. Each person interested in the matter shall be given an opportunity to be heard. The applicant has the burden of proof at the public hearing on the proposed development agreement.

E. Irregularity in Proceedings. No action, inaction or recommendation regarding the proposed development agreement shall be held void or invalid or be set aside by a court by reason of any error, irregularity, informality, neglect or omission ("error") as to any matter pertaining to petition, application, notice, finding, record, hearing, report, recommendation, or any matters of procedure whatever, unless after an examination of the entire case, including the evidence, the court is of the opinion that the error complained of was prejudicial and that by reason of the error, the complaining party sustained and suffered substantial injury, and that a different result would have been probable if the error had not occurred or existed. There is no presumption that error is prejudicial or that injury was done if error was shown. (Ord. 2004-1018 § 1 (part), 2004)

19.89.030. Standards of review, findings and decision.

A. Determination by the City Council. After the hearing by the City Council, the City Council shall make its decision to approve or deny the proposed development agreement. The approval shall include the City Council's determination whether or not the development agreement proposed:

1. Is consistent with the objectives, policies, general land uses and programs specified in the general plan, the local coastal plan and any applicable specific plan;
2. Is compatible with the uses authorized in, and the regulations prescribed for, the land use district in which the real property is located;
3. Is in conformity with public convenience, general welfare and good land use practice;
4. Will not be detrimental to the health, safety and general welfare; and
5. Will not adversely affect the orderly development of the property or the preservation of property values.

B. Approval of the Development Agreement. If the City Council approves the development agreement, it shall do so by the adoption of an ordinance.

After the ordinance approving the development agreement takes effect, the City Council may enter into the agreement. (Ord. 2004-1018 § 1 (part), 2004)

19.89.040. Amendment and cancellation of agreement by mutual consent.

A. Initiation of Amendment or Cancellation. For an existing development agreement, either party may propose an amendment to or cancellation in whole or in part.

B. Procedure. The procedure and notice requirements for proposing an adoption of an amendment to or cancellation in whole or in part of the development agreement is the same as the procedure for entering into the agreement in the first instance. (Ord. 2004-1018 § 1 (part), 2004)

19.89.050. Recordation of development agreement, amendment or cancellation.

A. Within ten days after the City enters into the development agreement, the City Clerk shall have the agreement recorded with the County Recorder.

B. If the parties to the agreement or their successors in interest amend or cancel the agreement as provided in Government Code Section 65868, or if the City terminates or modifies the agreement as provided in Government Code Section 65865.1 for failure of the applicant to comply with good faith with the terms or conditions of the agreement, the City Clerk shall have notice of such action recorded with the County Recorder. (Ord. 2004-1018 § 1 (part), 2004)

19.89.060. Periodic review.

A. Time for and Initiation of Review. The City shall review the development agreement every twelve months from the date the agreement is entered into. The time for review may be modified either by agreement between the parties or by initiation in one or more of the following ways:

1. Recommendation of the Community Development Department;

2. Affirmative vote of at least three members of the City Council;

B. Notice of Periodic Review. The Community Development Director shall initiate the review proceeding by giving notice to the property owner that the City intends to undertake a periodic review of the development agreement. He or she shall give the notice as provided in Government Code Section 65091(a)(1) and (2).

C. Hearing. The City Council shall conduct a hearing at which the property owner must demonstrate good faith compliance with the terms of the agreement. The burden of proof on this issue is upon the property owner.

D. Findings Upon Hearing. The City Council shall determine, upon the basis of substantial evidence, whether or not the property owner has, for the period under review, complied i n good faith with the terms and conditions of the agreement.

E. Procedure Upon Findings. If the City Council finds and determines on the basis of substantial evidence that the property owner has complied in good faith with the terms and conditions of the agreement during the period under review, the review for that

period is concluded, and a notice of that determination shall be published and mailed as provided in subsection B of this section. If the City Council finds and determines on the basis of substantial evidence that the owner has not complied with the terms and conditions of the agreement, the City Council may set the matter for modification or termination of the agreement under the procedures set forth in Section 19.89.070 of this chapter. (Ord. 2004-1018 § 1 (part), 2004)

19.89.070. Modification or termination.

A. Proceedings Upon Modification or Termination. If, upon a finding, under Section 19.89.060(E) of this chapter, the City determines to proceed with modification or termination of the agreement, the City shall give notice as provided in Section 19.89.060(B) of this chapter to the property owner of its intention so to do. The notice shall contain:

1. The time and place of the hearing, which shall be conducted by the City Council;
2. A statement as to whether or not the City proposes to terminate or to modify the development agreement; and
3. Other information that the City considers necessary to inform the property owner of the nature of the proceeding.

B. Hearing on Modification or Termination. At the time and place set for the hearing on modification or termination, the property owner shall be given an opportunity to be heard. At the hearing, the City Council shall make a determination as to whether the development agreement should be terminated or modified. If, as a result of the hearing, the City Council finds and determines that the applicant or successor in interest has not complied in good faith with the terms and conditions of the agreement, the City may terminate or modify the agreement. The City Council may also modify or suspend the provisions of the development agreement if the City Council finds and determines implementation of the agreement poses a health or safety risk to the community. The City Council may refer the matter back to the Community Development Department for further review or for report and recommendation. The City Council may impose those conditions to the action it takes as it considers necessary to protect the interests of the City and/or the surrounding community. The decision of the City Council is final. (Ord. 2004-1018 § 1 (part), 2004)

19.89.080. Issuance of building permit.

A. A building permit may not be issued for any project approved pursuant to the development agreement process, if at the time for issuance the development agreement has been terminated.

B. If at the time a building permit is requested for any project approved pursuant to the development agreement process there is a hearing pending to determine the existence of default by the property owner or any obligor under the terms of the development agreement, then in such case no building permit may be issued without written approval of the City Manager. (Ord. 2004-1018 § 1 (part), 2004)

EXHIBIT "C"

EXISTING LAND USE ORDINANCES AND PLANS

Title 19 of the Imperial Beach Municipal Code and Ordinance No. 2007-1060 are on file with the City Clerk.

EXHIBIT "D"

SITE PLAN

The Site Plan (SPR 03-093) is on file with the City Clerk.

EXHIBIT "E"

CONDITIONS OF APPROVAL

A. PLANNING:

General Conditions:

1. Final building permit plans shall indicate and the site shall be developed substantially in accordance with the approved conceptual plans on file in the Community Development Department as of November 1, 2007 and with the conditions adopted herein.
2. The applicant shall submit a licensed surveyor's certificate upon completion of the foundation work that demonstrates proper placement of the structure relative to building setbacks from property lines and a certificate upon completion of framing that demonstrates and ensures that the building does not exceed the maximum roof level height of 40 feet above an average grade of 14 feet mean sea level grade.
3. Approval of this request shall not waive compliance with any portion of the Uniform Building Code and Municipal Code in effect at the time a building permit is issued.
4. Mechanical equipment, including solar collectors and panels or other utility hardware on the roof, ground, or buildings shall be screened from public view with materials harmonious with the building, and shall be located so as not to be visible from any public way. (19.83).
5. No improvements, structural or non-structural, may be placed on the roof deck. Only personal property, which does not obstruct views, is permitted on the roof deck while authorized person(s) are actually present on the roof deck.
6. All landscaped areas, including any in the public right-of-way, shall be maintained, at all times, in a healthy condition, free from weeds, trash, and debris.
7. It shall be the applicant's responsibility to assure that shoreline protection structures on adjacent properties are not damaged during construction on the subject site, and to repair any damage to the adjacent property's shoreline protection structures that may be caused by the construction on the subject site. The construction of temporary slopes shall be shored in compliance with CAL-OSHA requirements.
8. All sand excavated from the project site shall be analyzed for suitability as beach nourishment material. If determined to be suitable, any sand in excess of that required to provide berming along the first level wall shall be used for beach nourishment at such locations as may be determined appropriate by the City for compliance with sand nourishment programs. Local sand, cobbles or armor stones shall not be used for backfill or construction materials. Additionally, the applicant shall remove from the beach and seawall area any and all debris that result from the construction period and dispose of

such materials in an acceptable landfill site.

9. Within 60 days following project completion, the applicant shall submit certification by a registered civil engineer verifying that the seawall has been constructed in conformance with the final approved plans for the project.

10. Construction materials or equipment shall not be stored on the beach seaward of the western property line. Equipment shall be removed from the beach at the end of any given work day.

11. A Registered Engineer shall supervise the construction of the seawall.

12. The property owner shall be responsible for maintenance of the permitted seawall. Any debris or other materials which become dislodged after completion through weathering and coastal processes, which impair public access, shall be removed from the beach. Any future additions or reinforcements may require a coastal development permit. If after inspection it is apparent that repair and maintenance is necessary, the applicant shall contact the City to determine whether such a permit is necessary.

13. The applicant or applicant's representative shall, pursuant to Section 711.4 of the California Fish and Game Code, pay by certified or cashier's check payable to the San Diego County Clerk $2,500 plus a $50 documentary handling fee at the time the Notice of Determination is filed by the City, which is required to be filed with the County Clerk within five working days after project approval becomes final (Public Resources Code Section 21152).

14. Applicant shall pay off any unpaid negative balances in the Project Account Numbers (03-91/03-92/03-93/03-94/03-95/04-034) prior to issuance of building permit and prior to final inspection/certificate of occupancy.

15. The applicant or applicant's representative shall read, understand, and accept the conditions listed herein and shall, within 30 days, return a signed affidavit accepting said conditions.

16. The applicant shall comply and conform to the requirements, specifications, mitigation measures and conditions provided, by separate action or as specified herein, for the City Council approved Development Agreement applicable to this project, the certified Final EIR and Mitigation Monitoring & Reporting Plan, and the Specific Plan applicable to this project.

17. Building design and architectural treatment/style, project amenities and features shall conform and comply with the standards and requirements specified by the Seacoast Inn Specific Plan as adopted by the City Council. No deviation or modification shall be allowed unless prior approval for modifications have been granted by public hearing action by the City Council.

Prior to the Issuance of Construction or Grading Permits or Commencement of Site Work:

18. The applicant shall dedicate an easement over, under, along and across that portion of the property west (seaward) of the proposed seawall from the mean high tide line to the new seawall to the City of Imperial Beach for public use and access by City maintenance and emergency vehicles to the beach.

19. The applicant shall provide the City Community Development Department with a construction schedule in order to commence any site work. All construction activity on the beach shall be scheduled during low tides.

20. The applicant shall submit final plans for the shoreline protection device consistent with the recommendations contained in the Wave Runup engineering report prepared by Moffatt & Nichols dated November 2005 with an and update dated February 14, 2006, and a Geotechnical Study report prepared by TGR Geotechnical December 24, 2002 with an update dated May 18, 2005.

21. The applicant shall submit plans showing the locations, both on and off site that will be used as staging or storage areas for materials and equipment during the construction phase of the project. The staging/storage plan shall be subject to review and written approval of the Community Development Director. The plan shall also note that no work requiring encroachment on the public beach shall be allowed on weekend days between Memorial Day and Labor Day, and during predicted grunion runs, of any year.

    Disturbance to the beach more than 10 feet seaward of the existing hotel seawall during construction shall be prohibited except for beach replenishment. Construction activity up to 10 feet seaward of the existing seawall shall be allowed only for demolition of the existing seawall and for beach restoration. Beach replenishment will be allowed only under conditions stated in the Environmental Impact Report, Section 2.6, or in a beach replenishment program permitted by the U.S. Army Corps of Engineers. During grunion spawning periods forecasted by the California Department of Fish and Game, no construction activity shall be allowed seaward of the new seawall.

22. The applicant shall submit a traffic control plan for the diversion of traffic on Ocean Lane during construction. Ocean Lane shall remain open, except at intersection with Date Avenue, for vehicular traffic, including emergency vehicles during construction of the project. If traffic must be impeded, the applicant must submit a traffic control plan to the Public Works Director for approval at least 10 days prior to closure of Date Avenue and Ocean Lane intersection or closure of Date Avenue at Seacoast Drive.

23. The landowner, if required, shall execute and record a deed restriction in a form and content that is acceptable to the Community Development Director which shall provide: (a) that the applicant understands that the site may be subject to extraordinary hazard from waves during storms and from erosion or flooding, and the applicant assumes the liability from such hazards; and (b) that the applicant unconditionally waives any claim of liability on the part of the City of Imperial Beach and agrees to indemnify and hold harmless the City of Imperial Beach relative to its approval of the project for any damage due to natural hazards. The document shall run with the land, binding all successors and assigns, and shall be recorded free of prior liens.

24. The applicant shall pay a sand mitigation fee if required which shall be used for beach sand replenishment purposes, in lieu of providing sand to replace the sand and beach area that would be lost due to the impacts of the proposed shoreline protection structure. The mitigation fee shall be deposited in an interest-bearing account designated by the Executive Director of the California Coastal Commission and the City Manager of the City of Imperial Beach. The mitigation fee shall be determined in accordance with

Section 19.87.050 of the City of Imperial Beach Municipal Code, in consultation with the California Coastal Commission technical staff.

25. Form 7-B shall be submitted with the Building Permit Application.

26. Identify all BMPs on the site plan or a separate landscape or drainage plan in compliance with Form 7-B of the Storm Water Management Plan.

27. Provide this note on the plans: "All construction wastes shall be collected, stored and disposed of in an approved manner per Caltrans Storm Water Quality Handbook." Show the location of your waste container or dumpster on site. If you intend to set a dumpster in the public right of way an Encroachment Permit is required.

28. Show proposed drainage pattern with high point elevation and flow-lines elevation every 25'.

29. Provide a final soils report from a licensed soils engineer.

30. Locate on the site plan the sewer line for the new dwellings.

31. A final grading / Improvement plan is required for this project and shall be approved by the City Of Imperial Beach Engineer prior to permit issuance.

32. Provide this note on the plans: "BMPs shall be maintained through final inspection. If the building Inspector finds that BMPs are not in place during a regularly scheduled inspection, the inspection will not be complete and a re-inspection fee may be assessed at the discretion of the Building Official."

33. Project building plans shall show and ensure that the hot water tank P.T. discharge pipe is directly connected to the sanitary sewer system or the landscape area. A design that has the water discharge directly into the storm drain conveyance system onto an impervious surface that flows to a public street shall be avoided and would be in violation of the Municipal Storm Water Permit – Order 2001-01.

34. No building roof or landscape water drains may be piped to the street or onto impervious surfaces that lead to the street. A design that has these water discharges directly into the storm drain conveyance system (onto an impervious surface that flows to the street) is in violation of the Municipal Storm Water Permit – Order 2001-01.

35. Require the building foundation elevation be at least 1 foot above gutter line to minimize flooding during storm conditions.

36. Ensure construction design includes adequate storage for trash containers for regular trash, recycled waste, green waste as required by the City Public Works Director.

37. Install survey monuments, as specified and required by Public Works Director, on all property lines and/or adjacent to the property line. Record same with county office of records.

38. Applicant shall incorporate into project design and implement pre- and post construction Best Management Practices (BMPs), inclusive of site design, source control and treatment controls, and verify maintenance provisions through a legal agreement, covenant, CEQA mitigation requirement, and/or the conditions as required by the City Public Works Director.

39. Applicant shall submit for review and approval a Storm Water Pollution and Prevention Plan (SWPPP), project is greater than 1-acre in size, by City Public Works Director.

40. For alley, sidewalk or curb and gutter replacement ensure compliance with San Diego Regional Standard Drawing G-11 in that the "Area to be removed [must be] 5' or from joint to joint in panel, whichever is less." The distance between joints or score marks must be a minimum of 5 feet. Where the distance from "Area to be removed" to existing joint, edge or score mark is less than the minimum shown, "Area to be removed" shall be extended to that joint, edge or score mark.

41. For any work to be performed in the street submit a traffic control plan for approval by Public Works Director a minimum of 10 working days in advance of street work. Traffic control plan is to be per Regional Standard Drawings or Caltrans Traffic Control Manual.

Prior to Final Map Approval for Recordation:

42. The applicant shall dedicate an easement over, under, along and across that portion of the property west (seaward) of the proposed seawall from the mean high tide line to the new seawall to the City of Imperial Beach for public use and access by City maintenance and emergency vehicles to the beach.

Expiration Date:

43. Approval of Regular Coastal Permit (CP 03-091), Design Review (DRC 03-094), Site Plan Review (SPR 03-093), Tentative Map (TM 03-092) and Environmental Impact Report (EIA 04-034) is valid for three years from the date of final action, to **expire** on **December 5, 2010**, unless an appeal is filed to or by the California Coastal Commission. Any such appeal will stay the expiration date until the case is resolved and the permit will expire 3 years from the date the Commission acts on the appeal. In the event that no appeal is filed, conditions of approval must be satisfied, building permits issued, and substantial construction must have commenced prior to the expiration date, **or** unless a time extension is granted by the City pursuant to such a request for extension by the applicant. The applicant is responsible for tracking these expiration dates and shall, if necessary, file a written request for a time extension at least 45 days prior to said expiration dates, either the Coastal Commission decision or the City Council of the City of Imperial Beach Notice of Decision(s).

B. ENVIRONMENTAL CONDITIONS OF APPROVAL:

General:

All mitigation measures, as specified in the Draft and Final EIR Mitigation Monitoring and Reporting Plan (MMRP), shall, at a minimum be initiated or completed, by designated responsible parties.

The following conditions shall also be incorporated into the project as additional requirements to assure conformance or compliance with City regulations, and are in addition to required EIR Mitigation Measures:

Air Quality:

Temporary impacts to air quality associated with construction activities are anticipated. Implementation of the following conditions during construction operations shall be required:

44. Water all active construction areas at least twice daily.
45. Cover all trucks hauling soil, sand, and other loose materials, or require trucks to maintain at least 2 feet of free board.
46. Pave/apply water three times daily, or apply nontoxic soil stabilizers, on all unpaved access roads, parking areas, and staging areas at the construction sites.
47. Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas at construction site.
48. Sweep streets daily (with water sweepers) if visible soil material is carried onto adjacent public streets.
49. Hydroseed or apply nontoxic soil stabilizers to inactive construction areas. Inactive construction areas are areas that have been previously graded and are inactive for 10 days or more.
50. Install sandbags, silt fences or other erosion control measures to prevent silt runoff to public roadways.
51. Replant vegetation in disturbed areas as quickly as possible.
52. Suspend excavation and grading activity when wind gusts exceed 25 MPH.

Biological Resources:

The following conditions shall be implemented to reduce potential impacts to the Pismo clam and grunion. Although not listed as an endangered or threatened species, the City has implemented a standard protocol for protection of Pismo Clams and Grunion, associated with construction activities by incorporating the following:

53. Impacts to Pismo clam shall be mitigated by avoiding vehicle use in the lower intertidal zone, and minimizing vehicle use in the middle intertidal zone (or conduct a survey at the time of construction to verify their absence); and
54. Disturbance to the beach below the high tide line (Mean Higher Water) during construction shall be prohibited except for beach replenishment. Beach replenishment will be allowed only under conditions stated in the Environmental Impact Report, Section 2.6, or in a beach replenishment program permitted by the U.S. Army Corps of Engineers. During grunion spawning periods forecasted by the California Department of Fish and Game, no construction activity shall be allowed seaward of the new seawall.

Geology:

The following geotechnical conditions shall be required in the planning and implementation of the project:

55. A comprehensive geotechnical evaluation, including development-specific subsurface exploration and laboratory test, shall be conducted prior to design and construction if previous studies need to be updated. The purpose of the subsurface evaluation shall evaluate the subsurface conditions in the area of the proposed structures and to provide information pertaining to the engineering characteristics of earth materials at the project site. From the data, recommendations for grading/earthwork, surface and subsurface drainage, foundations, pavement structure sections, and other pertinent geotechnical design considerations shall be formulated and submitted to City Building Official for approval.

56. Vibration induced settlement due to driving of sheet piles may occur during the construction of the seawalls. Nearby structures and pavement may experience distress due to the induced settlements. A vibration monitoring plan, in accordance with 2007 California Building Code requirements, shall be developed and implemented during construction of the sheet pile seawalls. The purpose of the plan would be to document construction induced vibrations and is subject to the approval of the City Building Official and/or Public Works Director prior to issuance of building or grading permits.

57. A baseline geotechnical reconnaissance shall be performed at each of the nearby structures to document pre-construction distress features, if any. Such an evaluation may include manometer surveys, crack measurements, and photographic/video documentation.

58. During construction, nearby structures shall be monitored for distress and/or settlement that may occur as a result of construction. Upon completion, a final evaluation of the nearby structures shall be performed, and the results compared with the initial baseline findings.

59. Liquefiable soils may be present on the site. The confirmation of their presence (or absence) shall be done through subsurface exploration (e.g. drilling) and laboratory testing.

60. Loose surficial soils that are not suitable for structural support in their current state are present on the sites. The loose surficial soils shall be mitigated by their removal during site grading. Much of the soils should be suitable for reuse as compacted fill.

61. The project has a potential for strong ground motions due to earthquakes. Accordingly, the potential for relatively strong seismic accelerations shall be considered in the design of proposed improvements.

Hydrology and Water Quality:

The potential for impacts to water quality would primarily occur as a result of construction activities. The following measures shall be implemented prior to initiation of construction activities:

62. Prior to City approval of construction permits, the final grading and drainage plans will be reviewed for compliance with SUSMP.

63. The proposed project includes a subterranean parking garage; therefore, excavation below the street level elevation may intercept the groundwater table. An updated geotechnical report shall be required prior to construction to ensure the appropriate measures are implemented. Temporary construction dewatering may be required during excavation. The applicant shall be responsible for obtaining an appropriate permit(s) for construction dewatering.

64. Project shall adhere to the Water Pollution Control Plan (WPCP) prepared by Landmark Consulting Engineers as conditioned and approved by the City of Imperial Beach including Construction and Permanent Best Management Practices (BMP) and other requirements pursuant to the City's Standard Urban Storm Water Mitigation Plan (SUSMP).

65. In order to provide the appropriate protection to the project site in case of a flood event, the applicant shall be required to Implement Flood Hazard Reduction Standards established for construction in order to assure protection from flooding (Imperial Beach Municipal Code 15.50.160).

66. In addition to building permits, a flood hazard area development permit may need to be obtained from the City Engineer prior to commencement of any construction (Imperial Beach Municipal Code 19.32.020).

Noise:

It is anticipated that the project will create temporary noise impacts associated with construction activities. During construction, equipment and material transport will also generate temporary noise, which could be a significant increase in levels for the adjacent residents. Therefore, the following conditions shall also be incorporated into the project as additional requirements to assure conformance or compliance with City regulations, and are in addition to required EIR Mitigation Measure.

67. To further deter construction noise from adjacent properties, the applicant shall be responsible for notifying residents and businesses within a 300-foot radius prior to shoring or pile driving activities.

68. Additionally, construction activities associated with implementation of pile driving shall be limited to the hours of 8 a.m. to 5 p.m., Monday through Friday.

69. The applicant shall notify all residents within 500 feet of the project site prior to pile driving activities. The applicant shall also incorporate the best available technology acoustical dampering features during pile driving or drilling, including but not limited to the installation of a ten (10) foot high sound attenuating wall at the property perimeters. Other Best Management Practices for construction noise abatement shall be employed, to the extent feasible, by the contractor throughout the construction phase, including limiting equipment warm-up to no more than fifteen (15) minutes prior to start of daily construction activities.

C. BUILDING:

70. This project is subject to all Model Codes, State Codes and City Ordinances adopted by

the City of Imperial Beach, including but not limited to the applicable 2007 California Building and Mechanical Code requirements for building design, ADA access for swimming pool and all areas of the hotel, garage ventilation, building sprinkler systems, alarm system, elevator access and controls.

71. Applicant shall submit a complete set of construction documents for building permit review including complete architectural, structural, civil, mechanical, electrical, plumbing, energy calculations and landscape/irrigation plans.

72. The project shall be fully fire sprinklered in accordance with NFPA 13 requirements and include an alarm system in conformance with NFPA 72 requirements and Knox box located near the main entry or specified by the Fire Department.

73. Building design shall comply with the Uniform Fire Code or the IFC requirements, if adopted by the City and applicable to this project.

74. Building design plans shall note that all elevator sizes and controls shall comply with the 2007 California Building Code requirements.

75. Building design and amenities shall conform to the requirements and specifications as adopted by the City Council for the Seacoast Inn Specific Plan, Development Agreement and EIR Mitigation Monitoring & Reporting Plan for this project.

D. PUBLIC WORKS:

76. For alley, sidewalk or curb and gutter replacement ensure compliance with San Diego Regional Standard Drawing G-11 in that the "Area to be removed [must be] 5' or from joint to joint in panel, whichever is less." The distance between joints or score marks must be a minimum of 5 feet. Where the distance from "Area to be removed" to existing joint, edge or score mark is less than the minimum shown, "Area to be removed" shall be extended to that joint, edge or score mark.

77. Relocate and replant, to the extent possible, existing Palm trees out of the public rights-of-way, including Seacoast Drive and/or Date Avenue. Applicant may incorporate any removed Palm trees into the landscape design for Seacoast Drive or Date Avenue.

78. Applicant shall remove sidewalk on Seacoast Drive frontage and construct an 8-foot-wide sidewalk with a design that conforms to the constructed sidewalk adjacent to Dunes Park and to the proposed improvements for Date Avenue. These sidewalk improvements must comply with applicable ADA accessibility requirements and applicable design criteria.

79. Remove existing driveway approach on Seacoast Drive and replace with new curb, gutter, and sidewalk, wherever not coincident with the new driveway approach, per Regional Standard drawings G-2 and G-7.

80. Applicant shall install new driveway approach(es) on Seacoast Drive in accordance with Regional Standard Drawing G-14A or an alternative meeting ADA accessibility requirements and as approved by the City Public Works Director. Asphalt cuts for said installation shall conform to the requirements and satisfaction of the City Public Works Director.

81. All street work construction requires a Class A contractor to perform the work. Street

repairs must achieve 95% sub soil compaction. Asphalt repair must be a minimum of four (4) inches thick asphalt placed in the street trench. Asphalt shall be AR4000 ½ mix (hot).

82. In accordance with I.B.M.C. 12.32.120, applicant must place and maintain warning lights and barriers at each end of the work site, and at no more than 50 feet apart along the side thereof from sunset of each day until sunrise of the following day, until the work is entirely completed. Barriers shall be placed and maintained not less than three feet high.

83. Advise the property owner that he/she must institute "Best Management Practices" to prevent contamination of storm drains, ground water and receiving waters during both construction and post construction. The property owner or applicant must provide the following documents to the City of Imperial Beach following before project may begin work:

- A certification of intent to comply with storm water requirements – Form 7-A.
- A checklist of selected BMPs and location of the BMPs on project plans for review by the City – Form 7-B and Table 7-3
- Certification of intent to maintain selected BMPs – Form 7-B.
- A Storm Water Management Plan –Form 7-B.

84. Additionally these BMP practices shall include but are not limited to:

- Contain all construction water used in conjunction with the construction. Contained construction water is to be properly disposed in accordance with Federal, State, and City statutes, regulations and ordinances.
- All recyclable construction waste must be properly recycled and not disposed in the landfill.
- Water used on site must be prevented from entering the storm drain conveyance system (i.e., streets, gutters, alley, storm drain ditches, storm drain pipes).
- All wastewater resulting from cleaning construction tools and equipment must be contained on site and properly disposed in accordance with Federal, State, and City statutes, regulations, and ordinances.
- Erosion control - All sediment on the construction site must be contained on the construction site and not permitted to enter the storm drain conveyance system. Applicant is to cover disturbed and exposed soil areas of the project with plastic-like material (or equivalent product) to prevent sediment removal into the storm drain system

85. Any disposal/transportation of solid waste/construction waste in roll-off containers must be contracted through EDCO Disposal Corporation unless the hauling capability exists integral to the prime contractor performing the work.

E. PUBLIC SAFETY:

86. Provide a note on the plans stating: "Approved numbers or addresses shall be provided for all new and existing buildings in such a position as to be plainly visible and legible from the street or road fronting the property and from any alley that fronts the property. Lettering shall be a minimum of four (4) inches high, with a minimum ¾ inch stroke, on

a contrasting background." CFC Section 901.4.4

87. Provide a note on the plans stating: "All electric, gas, and water meters shall be clearly marked to indicate the unit or portion of the building they serve."

88. No on-street parking shall be allowed in Ocean Lane, south of Date Avenue.

EXHIBIT "F"

SCHEDULE OF PERFORMANCE

The following Project milestones and corresponding deadlines are material terms and conditions of the Agreement and are binding upon Developer:

Milestone	Deadline
1. Submittal of construction plans to City for review	Within 270 days from date of approval by California Coastal Commission
2. Commencement of construction	Within 180 days from issuance of building permits or grading permits, whichever is earlier
3. Completion of construction of on-site and off-site improvements	400 days from commencement of construction

JONES LANG LASALLE HOTELS.

Jones Lang LaSalle Hotels
355 South Grand Avenue, Suite 3100
Los Angeles, CA 90071
tel +1 213 680 7900 fax +1 213 680 4933

www.joneslanglasallehotels.com

4 February 2008

Mr. Ash Israni
Pacifica Companies
1785 Hancock Street, Suite 100
San Diego, CA 92110

Dear Mr. Israni:

We have updated our analysis of the Seacoast Inn, as of February 4, 2008. The original report was prepared by us in March 20, 2002.

Based on our analysis we have drawn the following conclusions:

- A renovated and expanded 78-room hotel that was built-out and "finished" to a consistent three-star quality level could achieve occupancy of 63% - 65% at an average daily rate of $135 - $140.
- Without a substantial subsidy by the City of Imperial Beach, we do not believe there is any economic justification for building a four-star quality level.
- Since the rate ceiling is imposed by the location (not the physical asset) there is not likely to be an appreciable difference between the rates for a renovated hotel versus an all-new construction.
- We understand that the cost to deliver the building in the architectural renderings shown to us would be a minimum of $25 million, at $321,000 per key, if all-new construction. In order to make the project economically viable, it will be necessary to sell units off in a condo-hotel ownership format or to obtain a subsidy from the City.

Imperial Beach

Long known for its affordable, Navy-base proximate housing, the City of Imperial Beach was characterized by its rough atmosphere and seedy beachfront. Over the past decade, the City has undergone a significant makeover and has become more visitor-friendly, commercially viable and overall more aesthetically pleasing. However, the City is still a low-status beach community, due mainly to the beach water quality problems.

The revitalization may also have suffered a set-back as the featured location in a television show "John from Cincinnati". The one season duration of the show and the effect of the image that the show conveys of the Imperial Beach are still unknown. So long as the image is of a "rundown surfing community", the City's image should not be impaired.

Beach Water Quality

In 1997, a $260 million sewage treatment facility was opened to address the sewage spills emanating from Tijuana. This brought down the water contamination, but the beaches in the South Bay continue to be one of the most polluted in the country.

EXHIBIT NO. 8
APPLICATION NO.
A-6-IMB-07-131
Applicant's Analysis of
Proposed Room Rate
California Coastal Commission

The sewage contamination in the Tijuana River that moves from the estuary mouth and north along the coast result in contamination and closures of the south San Diego county beaches. As a result, water quality at these impacted beaches is extremely poor.

Between April 2006 and March 2007, San Diego experienced 25 closures due to sewage. Out of this there were 17 beach closures between Imperial Beach and the Mexican border.

Winter season rains overwhelm the border sewage treatment facility each year. From April 2007 till date, various beaches in Imperial Beach were closed for a total of 42 days, with an average close period of 10.5 days. As a point of reference, various Coronado beaches experienced a total of 30 days of closure, Mission Bay a total of 6 days of closure and Oceanside experienced a total of 11 days of closure.

Beach Closures from Sewage Spills

Beach	No. of Events	Total Days Closed	Average Closed Days
Imperial Beach	*4*	*42*	*10.5*
Coronado Beach	3	30	10.0
Mission Bay	1	6	6.0
Oceanside	2	11	5.5

Source: www.healthebay.com

Redevelopment

The City of Imperial Beach is now implementing a community redevelopment plan to improve the aging portions of the commercial corridor along Palm Avenue and Seacoast Drive. In 2005, the Redevelopment Agency and City Council adopted the Five Year Implementation Plan that includes the following projects:

- Redevelopment of 9th and Palm Avenue Commercial Property;
- Façade Improvement Program;
- Old Palm Avenue Revitalization Project;
- Residential Rehabilitation Loan Program; and
- Rehabilitation of low-income units.

Housing

In 2007, home sale prices for new homes have declined by 5.6% in Central San Diego County. Imperial Beach was no exception the median resale price for a single family house in Imperial Beach fell by 7.4% over last year to $451,000. During the same period the median resale price for condos decreased by 9.1% over last year to $400,000.

Median House Prices

		Resale						New			All Home Sales		
		Single-Family			Condominiums			All Combined New			All Combined		
Place	Zip	Sales	Median	% Chg	Sales	Median	% Chg	Sales	Median	% Chg	Sales	Median	% Chg
Imperial Beach	*91932*	*83*	*$451,000*	*-7.4%*	*46*	*$400,000*	*-9.1%*	*54*	*$257,500*	*-25.4%*	*183*	*$425,000*	*-10.5%*
Mission Bch, Pacific Bch	92109	205	$850,000	-2.3%	269	$500,000	-8.0%	101	$577,000	48.3%	575	$650,000	-3.7%
Oceanside S	92054	229	$540,000	0.0%	141	$408,500	9.7%	117	$406,500	4.8%	487	$469,000	-4.2%
Oceanside N	92057	498	$470,000	-7.8%	182	$256,500	-16.9%	158	$599,500	-8.3%	838	$450,000	-4.7%
Central San Diego County		5012	$540,000	0.9%	3958	$390,000	-6.9%	2728	$375,500	3.2%	11698	$452,000	-5.6%

Not surprisingly, Imperial Beach still lags most other beach communities in housing values.

Although Imperial Beach's stringent code enforcement has created a beach zone that is more aesthetically appealing than Pacific Beach, it would not be reasonable to assume that a hotel in Imperial Beach would obtain the same average daily rate as in Pacific Beach or Mission Beach. We believe that, for the foreseeable future, Imperial Beach will continue to attract value-conscious guests who cannot or will not pay the rates currently being obtained in Pacific Beach or more prestigious San Diego addresses.

Oceanside Hotel Project Stalls Out

Oceanside, a previously oft-maligned beach community, commenced its urban renewal program approximately 30 years ago. Despite the fact that the City and State spent more than $100 million on a 375-acre area of downtown Oceanside, the City has been unable to effect the successful development of a traditional hotel near its pier.

The most recent developer selected to develop a hotel proposed a 302-room hotel with 72-time share units and a $9.9 million subsidy. The most recent proposal calls for 336-room hotel with 48-time share units and a $27 million subsidy. The two-block convention oriented hotel is slated to cost $187 million or $430,000 per key. This project has been delayed twice due to the lack of financing.

Extrapolation from Oxnard/Ventura

Like Imperial Beach, Oxnard and Ventura are greatly influenced by the presence of the U.S. Navy. In Ventura County, the Navy employs 16,300 people.

Imperial Beach's renewal will most likely enable it to achieve a "status-neutral" position, much like the beach resorts in working class Oxnard/Ventura.

These waterfront properties are summarized below:

Hotel	Year Opened	No. of Rooms
Marriott Ventura Beach	1986	285
Four Points Ventura Harbor	1984	105
Crowne Plaza Ventura Beach	1972	258
Casa Sirena Marina	1971	176
Embassy Suites Mandalay Beach	1986	248
Total		**1,072**

Presented in the following table is a summary of the performance of the five best-quality oceanfront hotels in the Oxnard/Ventura Beach area.

Oxnard/Ventura Beach Comparables					
Year	Rooms Available	Occupancy %	Rooms Sold	Average Daily Rate	Room Yield
2003	447,516	56.5%	252,981	$107.51	$60.78
2004	451,140	54.9%	247,519	$113.92	$62.50
2005	445,345	56.8%	252,823	$119.23	$67.69
2006	401,699	62.4%	250,584	$127.02	$79.24
2007	391,280	62.5%	244,730	$137.52	$86.01

Source: Smith Travel Research

Our occupancy and ADR forecast for the Seacoast Inn, stated in 2007 dollars is presented below:

$$64\% \times \$137 = \$87.68$$

Extrapolating from Mission Bay

We tested the reasonableness of these results by studying the actual results for new hotels in the Pacific Beach area and attempted to quantify the "discount" for an Imperial Beach address. As Mission Bay had a history of occasional water problems, while most Mission Bay sites tested by Surf riders received "A" scores, the beaches were closed for 12 days in the last year for water quality issues.

Presented below is a summary of the recent performance of the Mission Bay market:

Mission Bay Hotel Performance

Year	Rms Available	Occ %	Rooms Sold	ADR	Room Yield
2005	890,965	76.60%	682,100	$160	$123
2006	899,725	78.50%	706,300	$170	$133
2007	899,725	75.60%	680,000	$183	$138

Source: PKF Consulting Inc.

The median home price (single and multi-family) in the 92109 zip code was $705,000 as compared to $425,000 in Imperial Beach. In housing, there is an approximately 40% discount.

If we apply this 40% discount to the RevPAR for the Mission Bay hotels, the RevPAR for a comparable quality hotel in the Imperial Beach is suggested as $83.40, as follows:

$$\$139 \times (1 - 40\%) = \$83.40$$

Because of the remoteness of the area's midweek demand generators and the subject's winter beach closures, we believe that a three-star hotel in Imperial Beach will function with relatively lower occupancy levels and a relatively higher ADR. Our occupancy and ADR forecast, stated in 2007 dollars is presented below:

$$\$83.40 = 65\% \times \$128$$

Conclusion

We are of the opinion that a moderate tier hotel at the subject site would achieve stabilized year occupancy of 63% – 65% and average daily rate of $135 - $140. These room revenue results are not likely to produce a net operating income that would be sufficient to support the cost of construction for this hotel, estimated at $25 million at $321,000 per key. As a traditional hotel the subject property is not feasible.

This consulting report is subject to the attached Assumptions and Limiting Conditions. If you should have any further questions, please do not hesitate to call.

Best regards,

Karen Johnson, MAI
Executive Vice President

John Snyder
7400 Boston Court
La Mesa, CA 91941

March 18, 2008

Diana Lilly
Coastal Planner
California Coastal Commission
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108

Dear Ms. Lilly:

As a former resident of the City of Imperial Beach I am aware that the Coastal Commission has heard an appeal on the construction of a new Seacoast Inn, and I wish to add my voice in support of this project.

From the years 2001 to 2005, I resided within walking distance of this project and know the area well. I truly believe the proposed improvements will be a great asset to the Imperial Beach Community and the most Southern Beach on the California Coast. Furthermore, as a citizen committed to the environment, the proposed "green" design, improved coastal access should meet the goals and mission of the Coastal Commission.

Thank you, for your consideration I urge you to support this project.

Sincerely

John Snyder

EXHIBIT NO. 9
APPLICATION NO.
A-6-IMB-07-131
Letters of Support
California Coastal Commission

CALIFORNIA YACHT · SALES

http://californiayachtsales.com

California Yacht Sales
2040 Harbor Island Drive
San Diego, CA 92101, USA

Tel 619-295-9669
Fax 619-295-9909
Email ian@californiayachtsales.com

February 27, 2008

Diana Lilly, Coastal Planner
California Coastal Commission
San Diego Coast District
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108

Received
MAR 10 2008
California Coastal Commission
San Diego Coast District

Re: New Seacoast Inn in Imperial Beach

Dear Ms. Lilly:

Your comments at February's Coastal Commission meeting missed the point completely.

How can it be that I understood that the proposed hotel needs to be 100% condo financed to be viable in our community? It should not be difficult for you to recognize that it will take some incentive for a developer to take the risk of investing in the Imperial Beach market. After many public hearings and discussions, I believe everybody understood that the hotel would be 100% condo financed.

I respect the fact that you are charged with the responsibility of protecting public access to both the beach and that you want access to lower cost accommodations. I agree with your comments: *" There are many positive aspects of the applicant's proposal but it shouldn't come at the expense of removing existing hotel rooms. It is clear from the public input on this project that the public wants a hotel on this site. A hotel is what they should get."*

I would argue that we are not removing hotel rooms with the approach of funding via 100% condo financing, rather, the net result will be more rooms available. The current structure has 38 units or a maximum of 13,870 "hotel days" per year. The proposed hotel will have 78 rooms or 28,470 total days per year. I expect that even if the investors in the condos use their privileges to the fullest and at peak times there will still

be more rooms available to the public – 28,470 less 7020 for a total of 21,450 days available to the public. A net increase of 7,580 days. Further, the hotel will deed a significant stretch of the beach to the public. Yes, room rates are likely to be higher than currently charged – would you book into the Seacoast Inn in its present state? It is not an option for me or my clients. The proposed hotel will have a restaurant and conference facilities available to the public and I agree with you: *"It is entirely appropriate to upgrade this facility at this time"*

Ms. Lilley, your position needs to be re-visited.

Sincerely,

Ian Bossenger
Owner, California Yacht Sales Inc.
Residence: 168 Imperial Beach Blvd.
Imperial Beach, CA 91932

CC: Greg Wade, Community Development Director

Received
MAR 10 2008
California Coastal Commission
San Diego Coast District

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February 28, 2008

Diana Lilly, Coastal Planner
California Coastal Commission
San Diego Coast District
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108

Re: New Seacoast Inn in Imperial Beach

Dear Ms. Lilly:

I was disappointed to hear about your comments at February's Coastal Commission meeting. Specifically, I find your comments to be misleading when you stated, "Attached to your staff report you will find many letters in support of a new beachfront hotel in Imperial Beach. Staff is in full agreement with this sentiment, however, that is not the project that is before you today."

I emphatically do support and continue to support exactly the hotel before the Commission in February. After many public hearings and discussions, I believe everybody understood that the hotel wants to be 100% condo financed.

I should emphasize the unique economic conditions of Imperial Beach and the higher risks taken by a developer in the Imperial Beach market that is problematic at best. Therefore 100% condo financing is needed.

I fully understand and completely support the following:

1. The hotel wishes to use 100% condo financing.
2. The 78 room hotel will provide more rooms to the public than the current hotel even if the condo investors use their rooms for the maximum of 90 days per year.
3. The hotel has many energy and resource saving features that should please the Commission.

4. The hotel will deed a significant stretch of the beach to the public.
5. The hotel will have a restaurant and conference facilities available to the public.
6. The room rates to be charged by the new hotel will be very reasonable and one of the best, most affordable, rates on the California coast.
7. The current hotel is barely fit for human habitation, and therefore the loss of today's units is not a loss.

In summary, I fully support this hotel and its 100% condo financing.

Sincerely,

Constance Kirto
Executive Director
Imperial Beach Health Center

Paul Brown
Job Corps Center

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February 28, 2008

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7575 Metropolitan Drive, Suite 103
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Sincerely,

Joan Brooks, Pres. Friends of the Library

Sheila Davis - 1017 Hemlock Ave., Imp. Bch.

Imperial Beach Chamber of Commerce
Founded 1951

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SAN DIEGO COAST DISTRICT

February 28, 2008

Ms. Diana Lilly
Coastal Program Analyst
California Coastal Commission – San Diego District
7575 Metropolitan Dr., Suite 103
San Diego, CA 92108-4402

Dear Ms. Lilly,

This letter is submitted to specifically clarify previous information provided in our letter of January 8, 2008.

The Imperial Beach Business Improvement District (BID) supports the redevelopment project for the Seacoast Inn as previously stated. Moreover, the BID further supports the developer's condo-hotel financing plan. Imperial Beach is negatively impacted economically in the development of visitor serving infrastructure required for support and improvement of beach recreation and eco-tourism opportunities for the general public. Coupled with the negative impact of cross-border pollution, Imperial Beach urgently "needs a break." Resolved, "100 per cent condo financing" of hotel operations is not a perfect arrangement in most coastal cities. We strongly believe, however, that Imperial Beach has very different circumstances and challenges than other Southern California beach towns.

In summary, the developer's finance plan for the Seacoast Inn redevelopment should be approved on a one-time, limited basis and allowed due to the unique economic impacts facing the city.

Thank you for your kind consideration in this matter.

Sincerely,

Jack Van Zandt
Co-Chairman, Imperial Beach Business Improvement District
702 Seacoast Drive, Suite A
Imperial Beach, CA 91932

702 Seacoast Drive
Imperial Beach, CA 91932
Phone 619-424-3151 - Fax 619-424-3008
E-mail: ibchamber@yahoo.com www.IB-Chamber.com

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COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

February 28, 2008

Diana Lilly, Coastal Planner
California Coastal Commission
San Diego Coast District
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108

Re: New Seacoast Inn in Imperial Beach

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I should emphasize the unique economic conditions of Imperial Beach and the higher risks taken by a developer in the Imperial Beach market that is problematic at best. Therefore 100% condo financing is needed.

I fully understand and completely support the following:

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In summary, I fully support this hotel and its 100% condo financing.

Sincerely,

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CALIFORNIA
COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

February 28, 2008

Diana Lilly, Coastal Planner
California Coastal Commission
San Diego Coast District
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108

Re: New Seacoast Inn in Imperial Beach

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7. The current hotel is barely fit for human habitation, and therefore the loss of today's units is not a loss.

In summary, I fully support this hotel and its 100% condo financing.

Sincerely,

Pleasant Valley (citizen IB)

Connie A Boyle
221 Donax ave #5
Imperial Beach ,California

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COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

To the Coastal Commission,

I am writing this letter in support of the Seacoast Inn. I do no know why it should be so hard to make some amazing differences to Imperial Beach by improving an obvious sore spot on the beach. What are people thinking?? I live in IB and bought there because of the proximity to the ocean. have come to realize that there are a lot of people that are building some beautiful places there and we need to have growth to equal the growth of the houses being renovated. I for one think the hotel is an eyesore, and people wh oppose it have to get out of the 1960's. There is going to be growth and we can make IB a proud place to be. I am tired of the endless delays that have gone on for many years. The rooms will be at reasonable rate, the design features the green design and it will be such a conquest for IB. We need to start seriously revitalizing the city. I do not know why there is so much opposition to this design . Let us do this right and get things going in the right direction.

Connie Boyle

Connie Boyle

February 6, 2008

Diana Lilly, Coastal Planner
California Coastal Commission
San Diego Coast District
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108

Dear California Coastal Commission:

As resident of Imperial Beach we would like to express our strong support for the new Seacoast Inn hotel development. This project will clearly enhance coastal access and services for the citizens of Imperial Beach and tourists alike who want to spend a few days in an affordable beach town.

We can't imagine a better project in terms of providing a beachfront hotel that everyone can enjoy. If you have seen the current Seacoast Inn you would understand what a vast improvement this project will bring to our coastline. Without a doubt this hotel will attract more people to our coast by providing more rooms to stay in, more beach to play on, and an ocean front restaurant for everyone to enjoy.

The City and Developer have worked for years in designing a project that fits within the character of our small town and they have succeeded! This project respects our coastal environment by opening up view corridors, returning beach front to the public domain, and in designing a "green" hotel that eco-tourists will want to stay in while visiting one of the best birding areas in Southern California.

The City's agreement with the developer ensures the new Seacoast Inn will remain a hotel forever to the benefit of the City, local businesses, and the people who will work there. This is one of those rare projects that has community wide support and deserves your support as well.

Please vote in favor of the new Seacoast Inn as approved by the City of Imperial Beach.

Sincerely,

Richard "Tad" and Melinda Wolicki
1384 Seacoast Drive
Imperial Beach, CA 91932
(619) 575-7070

Received
FEB 11 2008
California Coastal Commission
San Diego Coast District

DL

Johanna Bot & Tim Thomas
1632 Seacoast Drive #E,
Imperial Beach, CA 91932

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FEB 0 8 2008
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COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

Diana Lilly,
Project Manager,
San Diego District Coast Office,
7575 Metropolitan Avenue, Suite 103,
San Diego, CA 92108-4402

January 27, 2008

Dear Ms. Lilly,

We own a beachfront condo in Imperial Beach (address shown above) and have plans to visit our home there on a frequent basis. We are excited to hear about the new Seacoast Inn project bringing added vitality to this community.

We see talented and innovative entrepreneurs opening businesses near the I.B. pier and this new project will bring much-need traffic and tourism to the area to help support their efforts and keep their businesses viable.

It is a great shame that there has been such a delay in the approval of such a worthy project. We hope that things may move along speedily now that the project has been thoroughly investigated. We really like the concept of underground parking, the eco-tourism aspects, the dedication of 35 feet of beach for public use and many other well-thought and attractive features.

We look forward to hearing more news soon.

Yours sincerely,
Johanna Bot & Tim Thomas

T. J. Thomas

Imperial Beach Chamber of Commerce

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COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

March 4, 2008

Ms. Diana Lilly
Coastal Program Analyst
California Coastal Commission – San Diego District
7575 Metropolitan Dr., Suite 103
San Diego, CA 92108-4402

Dear Ms. Lilly,

This letter is submitted to specifically clarify support for the Seacoast Inn redevelopment project in Imperial Beach. The Imperial Beach Chamber of Commerce membership strongly recommends approval for the developer's project, as well as the 100 percent condo-hotel financing plan.

The property will function as a traditional hotel, but requires specialty financing to produce a viable construction plan due to the economic circumstances found in Imperial Beach.

The new hotel design is a model for coastal compliance initiatives. The increase in the number of available rooms ensures that the hotel will offer more opportunity to coastal visitors, not less. The proposed operation directly supports improvement of visitor serving activities, eco-tourism opportunities and is responsive to city development initiatives.

Imperial Beach suffers from the "Broken Window Theory." The existing unsatisfactory condition of the Seacoast Inn is a major contributor to the worn and run-down image we struggle with as an impacted beach town. Poor economic growth, low sales and transient occupancy tax revenue, unmaintained absentee-owned property along Seacoast Drive and the stigma of cross border pollution all distract from normal initiative to improve visitor-serving opportunities. Clearly, approval of a 100 percent condo-hotel financing strategy is not appropriate for coastal development in Coronado or La Jolla. For Imperial Beach, it means the beginning of financial sustainment and improvement of eco-tourism and public beach recreation opportunities in a more visitor friendly and safer environment.

We most strongly recommend with utmost urgency that the commission approve a one-time, special circumstance to allow the developer's financing plan for the Seacoast Inn to go forward at the soonest possible time.

Thank you for your attention in this matter.

Sincerely,

Cynthia Melcher
President
Imperial Beach Chamber of Commerce

March 10, 2008

Diana Lilly - Coastal Planner
California Coastal Commission
San Diego Coast District
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108

Re: Seacoast Inn Project in Imperial Beach

Dear Ms. Lilly:

I wrote to you prior to the February appeal hearing, and I also attended the appeal hearing. I must say that I was deeply disappointed in both your staff report presentation you made to the commission as well as the outcome of the hearing.

I completely understand the fear and concern of the commission in regards to 100 percent condo hotel financing and how it may limit the public access to beach areas. However, in the case of the Seacoast Inn, it is imperative that this be allowed. And I, as one of the many Imperial Beach residents who feel this way, am completely in support of and completely understand that this project would be 100 percent condo hotel financed.

Why do I support this and why do I feel that the commission needs to allow this? Due to the economy and housing market such as it is, this is the only feasible way to improve the old, dilapidated Seacoast Inn and actually provide MORE public access to our beach by providing a decent hotel, which will include additional rooms, as well as additional beach space which the developer will be giving back to the public. Your concern that the public won't be getting a hotel is completely off base. We WILL be getting a hotel. The Seacoast Inn will operate completely as a traditional hotel despite it's financing mechanism.

Moreover, if your concern is that the owners of the units will use their units all the time and therefore not allowing the public to be able to use them, that is way off base. One of the stipulations in the Developer Agreement is limited use with large time frames in between the use. Even if they wanted to, they would only be able to stay, at the most three weeks during the summer months. That is less than one third of the summer month time span of June, July and August. Also, in this depreciated housing market, someone could outright purchase a condo or home here in Imperial Beach within blocks of the beach and stay year round if they choose to. People who are going to purchase with the Seacoast Inn project are really doing it as an investment, more than likely, not for personal use.

This project will help stimulate the economy of Imperial Beach. It will help with eco-tourism through promotion of, green features and accessibility to the coast line and the Estuary. The Coastal Commission should take this opportunity to showcase a project that

Receiver
MAR 12 2008
California Coastal Commission
San Diego Coast District

meets all of their requirements, even if it includes 100 percent condo hotel financing. Again, this financing mechanism is the only way to build a hotel of this kind in this type of city, which include the type of stipulations and limitations that have been written into the Development Agreement. Even if this hotel were to sell to another owner, the Development Agreement stays in place, which includes the limitations set on condo owners.

I implore that the commission approve this project, with it's 100 percent condo hotel financing, even if for a one time special circumstance, and allow the Seacoast Inn to move forward and become the beautiful showcase it can be.

Thank you for your time and attention in this matter.

Sincerely,

Tina Barclay
1061 11th St.
Imperial Beach, CA 91932

JANICE WINEKE
8130 Second Street
Downey, CA 90241-3624
(562) 862-5300 * FAX (562) 862-0053

February 27, 2008

Diana Lilly, Coastal Planner
California Coastal Commission
San Diego Coast District
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108

Re: New Seacoast Inn in Imperial Beach

Dear Ms. Lilly:

I wrote you previously in support of the new Seacoast Inn and was disappointed to hear about your comments at February's Coastal Commission meeting. Specifically, I find your comments to be misleading when you stated, "Attached to your staff report you will find many letters in support of a new beachfront hotel in Imperial Beach. Staff is in full agreement with this sentiment, however, that is not the project that is before you today."

I emphatically did support and continue to support exactly the hotel before the Commission in February. After many public hearings and discussions, it is inconceivable that you would even hint that a member of the public didn't understand what he or she was supporting.

I should emphasize the uniquely low socio-economic status of Imperial Beach and the higher risks taken by a developer to build a new hotel in a market that is problematic at best. Therefore 100% condo financing is needed.

I fully understand and completely support the following:

1. The hotel wishes to use 100% condo financing.
2. The 78 room hotel will provide more rooms to the public than the current hotel even if the condo investors use their rooms for the maximum of 90 days per year.
3. The hotel has many energy and resource saving features that should please the Commission.

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California Coastal Commission
San Diego Coast District

4. The hotel will deed a significant stretch of the beach to the public.
5. The hotel will have a restaurant and conference facilities available to the public.
6. The room rates to be charged by the new hotel will be very reasonable and one of the best, most affordable, rates on the California coast.
7. The current hotel is barely fit for human habitation, and therefore the loss of today's units is not a loss.

In summary, I fully support this hotel and its 100% condo financing.

I trust you will not misinterpret my support in the future.

Sincerely,

CC: Greg Wade, Community Development Director

Diana Lilly
California Coastal Commission
7575 Metropolitan Dr. Suite #103
San Diego, CA 92108

Received
MAR 21 2008
California Coastal Commission
San Diego Coast District

March 19, 2008

Dear Ms. Lilly,

I am writing you in regards to, and still in support of, The Seacoast Inn project in Imperial Beach. I am aware of your statements at the Coastal Commission Hearing on February 7th of this year, and for my part I would like to apologize for not being clearer in the letter that I sent to you dated January 12, 2008. I was working under the assumption that by voicing my support for the project, I was giving my full go ahead to all aspects of the project – including the financing. I understand how very easily you may have taken my response to mean limited support to the project, so I would like to clear that up now.

I can see why one might have reservations on 100% condo/hotel financing, I had them myself. Then I looked deeper into what the developer was planning. The unique curved design of the hotel, the underground parking and the deeding back of such a large amount of property are great features that will add value to the beach front and the community; however, these extra aspects will add significantly to the cost of construction for this project. In addition the downward trending market and the lag time to "get the word out" after completion of construction are adding to the difficulties of an already complicated project.

Throughout, the developer has taken strides towards quality and benefit to the community – from choice of materials to energy and resource saving features. It is this attention to detail, in conjunction with the desire for a quality project that has put me so much in support of the financing plan. If you knew me, that would have a greater impact as I am considered old-fashioned in regards to business and conservative (at best) in regards to finance. By the way, I am only 42 in case that sounded like my father. That said, when I reviewed all this in my head, I was reminded that the developer is entitled to adequate compensation. We do not want to make this so burdensome that it becomes impossible for them to give it their okay. This has all the earmarks of a good project.

Ms. Lilly, I don't know how much you know about our area here, or how big of an impact this project can have on its surroundings, and I don't mean to insult you if you are well versed, but the difference can be enormous. I have a brother who stayed at the existing hotel at the beginning of February. I asked him about the hotel, he had nothing to say (as his nature is "if you can't say something good, don't say anything at all). He only continued by speaking of the proximity to the ocean. We have before us the opportunity to have a hotel that is as exciting as the view it will offer. It will help the pride and dignity of the city as well as its residents, who have backed it with unprecedented support, and can become a focal point for the city and future development.

I thank you for your time in reading this letter as well as dealing with this matter. If you find that you cannot support it, I ask that you at least not impede it. I also want to reiterate that I do not want to keep the existing hotel and that I am in support of 100% hotel/condo financing and the project as a whole.

Respectfully,

Bd. Iacomitt

CC: Greg Wade, Imperial Beach Community Development Director
Allison Rolfe, Pacifica Companies Representative

THE
SECURITIES
CENTER, INC.

245 "E" Street, Chula Vista, California 91910-2942 (619) 426-3550

March 12, 2008

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

Re: Seacoast Inn in Imperial Beach, CA

Dear Ms. Lilly,

I wrote to you previously, in my letter of January 22, in support of the new Seacoast Inn and I was dumbfounded to hear about your comments at the February Coastal Commission meeting when you said, "Attached to your staff report you will find many letters in support of a new beachfront hotel in Imperial Beach. Staff is in full agreement with this sentiment, however, that is not the project that is before you today."

I completely understood the hotel project that was proposed both then and now. And I continue to support the construction of the property as a condo-hotel as it was proposed and presented to the public. I have also recently met with Imperial Beach Councilman Fred McLean and it is inconceivable that you are impeding this project; not over some environmental issue, or over the esthetic value of the property or it's economic value to the surrounding neighborhood and businesses, but over the method of financing. The City of Imperial Beach is seeking to improve it's socio-economic status and this developer is seeking the best risk/reward approach to making this property add value to the community.

When built, this hotel will have more room nights available to the public than the current hotel property even if the condo investors use their rooms to the maximum. The proposed hotel has many energy and resource saving features that should be considered a great plus to your approval of this development. The Seacoast Inn will deed a significant stretch of the beach to the public. This property will have both restaurant and conference facilities available to the public. The room rates will be very reasonable and affordable. Maybe most importantly, the existing hotel property needs to be replaced as it is barely habitable and will not be redeveloped.

Received
MAR 13 2008
California Coastal Commission
San Diego Coast District

MEMBER: Securities Investor Protection Corporation

Yes, I fully support this hotel being built as a condo-hotel and, yes, I don't understand you impeding the collective strong will of the City of Imperial Beach, it's unanimous City Council, and the many citizens of Imperial Beach that I have personally spoken to that favor bringing this positive change to the Imperial Beach beachfront.

It is not your role to misrepresent or misinterpret their interests or mine. I would be pleased to meet with you personally or with the entire Commission if you choose.

Thank you for the opportunity to address this important issue.

Sincerely,

James E. Biddle
President

cc: City of Imperial Beach, Greg Wade, Community Development Director
Pacifica Companies

SWIA

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COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

March 21, 2008

Diana Lilly, Coastal Planner
California Coastal Commission
San Diego Coast Office
7575 Metropolitan Drive, Suite 103
San Diego, CA
FAX # 619-767-2384

RE: SUPPORT Seacoast Inn Project

Dear Ms. Lilly,

The Southwest Wetlands Interpretive Association (SWIA), based in Imperial Beach, is a 501(c)(3) non-profit organization founded in 1979. SWIA is dedicated to education in and acquisition, preservation and restoration of coastal wetlands.

As stated in our original letter of support, dated January 15, 2008, SWIA has long supported the concept of eco-tourism and the benefits derived from not only the education gained by visiting eco-tourists but the economic benefits gained by our host community, the City of Imperial Beach. Additionally we described our City's struggle to offer decent overnight accommodations or a venue that could support larger tour groups, meetings, or small conferences.

The owner of the Seacoast Inn is challenged by the low socio-economic status of Imperial Beach and the inherent risks associated with developing a new hotel in a problematic market. The proposed 100% condo financing is certainly appropriate and necessary to meet these challenges.

The increase in rooms available to the public at a very reasonable rates, availability of conference space, return of private beach to the people of California and numerous "green" building elements incorporated into this project are factors that also weigh heavily in its favor.

After careful review and understanding of all of the proposed project elements, including the 100% condo financing funding mechanism, it has earned our unreserved support.

Sincerely,

Fred Cagle
President

Southwest Wetlands Interpretive Association ▪ P.O. Box 575 ▪ Imperial Beach, CA 91933
tel. (619) 575-0550 ▪ fax (619) 424-6420 ▪ www.swia4earth.org

Printed on recycled paper. 30% post-consumer waste. Printed with soy-based ink.

SWIA

March 21, 2008

Diana Lilly, Coastal Planner
California Coastal Commission
San Diego Coast Office
7575 Metropolitan Drive, Suite 103
San Diego, CA
FAX # 619-767-2384

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Sincerely,

Fred Cagle
President

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CALIFORNIA
COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

Southwest Wetlands Interpretive Association ▪ P.O. Box 575 ▪ Imperial Beach, CA 91933
tel. (619) 575-0550 ▪ fax (619) 424-6420 ▪ www.swia4earth.org

PACIFICA
COMPANIES

March 19, 2008

Chairperson Patrick Kruer and Members of the
California Coastal Commission
San Diego District Coast Office
Deborah Lee, District Manager
Diana Lilly, Coastal Planner
7575 Metropolitan Avenue, Suite 103
San Diego, CA 92108-4402

RECEIVED
MAR 21 2008
CALIFORNIA
COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

RE: Seacoast Inn Appeal – **De Novo Hearing**

Dear Chairperson Kruer and Members of the Commission:

Please find enclosed the additional information requested at our Substantial Issue hearing in February.

As we have stated previously, the Seacoast Inn requires condo hotel financing in order to be feasible. In the past we have said that we need 100% condo hotel financing, however, that was a misstatement. Although we would like to have 100% of the rooms sold to individuals who will participate in the realization of this hotel, 100% participation does not equal the total cost of the project. Therefore, even with 100% condo-hotel participation, Pacifica Companies must still make up the financial gap required to finance the project. In other words, 100% condo hotel financed does not equal a 100% financed project.

Attachment #1 is a Preliminary Construction Cost Estimate for the Seacoast Inn. As you will see the total costs, including soft costs and the value of the land (at today's cost), are expected to be more than $34,000,000. If we sell all 78 hotel rooms at the anticipated price of $345,000 each, we will raise $26,910,000, leaving a gap of $7,840,660.

Attachment #2 is our operating pro-forma. You will find three scenarios. The first shows the revenues we would expect under a traditional hotel financing structure, the second assumes that we have 50% condo-hotel participation, and the third assumes 100% condo-hotel participation.

1785 Hancock Street, Suite 100 • San Diego, CA 92110
(619) 296-9000 • Fax (619) 296-9090
www.pacificahost.com • www.pacificacompanies.com

EXHIBIT NO. 10
APPLICATION NO.
A-6-IMB-07-131
Applicant's Analysis of
Condo Financing Need
California Coastal Commission

The assumptions made on developing the three pro-formas are as follows:

1. 0% Condo Participation – Hotel construction and development is completely financed by developer. Hotel achieves a 63.8% occupancy rate and an average rate of $125.01. Revenues subtracted from operating costs do not come close to covering the very large debt service.

2. 50% Condo Participation – With 50% participation, the debt service is reduced by approximately $500,000. Hotel revenues would decline however, as many of the room nights sold would be consumed by condo owners rather than transient tourists paying the higher rate. However, since the restrictions on condo ownership prohibit more than 25 of the owners' nights to be used during summer, a majority of the usage would be in the slower off-season and not displace revenue. Additionally, those off-season rooms would increase food and beverage revenue. At 50% participation, we project a 68.6% occupancy (more rooms sold to ownership during winter season) but an average rate of $105.36 (lower rate as rooms are consumed at zero rate by owners). All told, total revenue would go down approximately $200,000, a much less significant decrease than the corresponding decrease in debt service. In this case, revenues come closer to covering the large debt service, but a large gap still exists.

3. 100% Condo Participation - With 100% participation, the debt service is reduced by approximately another $500,000. Hotel revenues would decline however, not as dramatically as debt. At 100% participation, we project a 73.4% occupancy (more rooms sold to ownership during winter season) but an average rate of $88.31 (lower rate as rooms are consumed at zero rate by owners). All told, total revenue would go down approximately another $200,000 against debt dropping $500,000, leaving an additional $300,000 to cover operational expenses. This scenario brings the revenues up and the debt service down making it the most feasible scenario although the net income is still negative in the early years.

The bottom line is that because of the restriction in usage for condo owners to 25 consecutive days during high season, the impact of selling condo units decreases revenue at a much slower rate than it decreases the debt, thereby improving the chances of achieving profitability. Please refer to Attachment #3 for a graphic representation of this point.

Although the Seacoast Inn project has high costs and low projected revenues, Pacifica Companies can make it work because we bought the land many years ago at a much reduced rate. High rates of condo participation remain essential, however.

Most importantly, even with the 100% condo-hotel participation scenario Pacifica must also participate substantially in the financing of the hotel and assume the associated risk. Additionally, Pacifica will continue to own the common areas of the hotel and has a vested interest in the long-term success of the Seacoast Inn.

Please contact me if you have any questions or comments. I can be reached at 619-296-9000 x118.

Thank you very much.

Sincerely,

Allison Rolfe

Allison Rolfe
Project Manager

Attachments Enclosed

ATTACHMENT 1

SEACOAST INN @ IMPERIAL BEACH
Preliminary Construction Cost Estimate

3/19/08

	Quantity	Cost/SF/Unit	Extended Cost
CONSTRUCTION COST ESTIMATE			
Design & Engineering Fees	Lot		$785,000
Demolition	Lot		$100,000
Sitework Landscaping & drives	Lot		$300,000
Earthwork/Excavation	16,000	$20	$320,000
Soils Mitigation Allowance	Lot		$500,000
Water Features	2	$50,000	$100,000
Underground Garage Construction - 111 Cars	42,752	$50	$2,137,600
Service & Maintenance Areas	2,705	$120	$324,600
Parking Control Equipment	Lot		$25,000
Shoring Allowance	Lot		$450,000
Dewatering Allowance	Lot		$350,000
Function Rooms/Restaurant/Kitchen/Lobby/Administration	18,858	$250	$4,714,500
Guestrooms & Circulation	65,532	$155	$10,157,460
Guestroom Decks/Patios	6,815	$100	$681,500
Outdoor Terrace	9,000	$25	$225,000
Pool & Spa Allowance	Lot		$100,000
Construction Contingency			$200,000
Design & Construction Subtotal			$21,470,660
FURNITURE, FIXTURES & EQUIPMENT (FF&E)			
Guestrooms	78	$15,000	$1,170,000
Restaurant Kitchen	Lot		$150,000
Laundry & Guest Laundry	Lot		$85,000
Function Rooms, Restaurant, & Public Areas	Lot		$300,000
Signs	Lot		$45,000
FF&E Contingency			$80,000
FF&E Subtotal			$1,830,000
TOTAL			$23,300,660
SOFT COSTS (architect, permits, pre-opening costs, etc.)			$3,450,000
LAND COSTS (today's cost)			$8,000,000
GRAND TOTAL			$34,750,660

ATTACHMENT 2
SEACOAST INN
TRADITIONAL FINANCING

nperial Beach Resort
IUDGET 2008

Pacifica Host Budget 2008

	TOTAL	January	February	March	April	May	June	July	August	Septembr	October	Novembr	December
EVENUE													
ROOMS	2,276,765	72,540	96,135	136,375	150,579	143,629	236,925	411,302	411,302	261,495	184,493	99,450	72,540
FOOD	278,598	11,346	12,115	14,844	15,688	19,596	30,025	49,300	49,700	30,225	21,695	12,568	11,496
BEVERAGE	34,780	967	1,131	1,451	1,521	1,451	3,510	8,705	8,705	3,510	1,693	1,170	967
TELEPHONE	4,553	242	283	363	380	363	439	544	544	439	423	293	242
OTHER	15,728	980	1,079	1,270	1,313	1,270	1,453	1,706	1,706	1,453	1,416	1,102	980
OTAL REVENUE	2,610,424	86,075	110,743	154,303	169,481	166,309	272,352	471,557	471,957	297,122	209,720	114,582	86,225
EPARTMENTAL EXPENSES													
ROOMS	501,569	32,004	33,419	38,663	39,328	38,881	46,806	56,706	56,706	47,543	45,157	34,351	32,004
FOOD	298,570	16,011	16,490	18,795	19,751	26,947	32,532	40,446	40,688	28,616	24,540	17,327	16,426
BEVERAGE	30,132	1,038	1,036	1,163	2,812	2,871	3,329	4,757	4,757	3,329	2,934	1,068	1,038
TELEPHONE	7,558	401	469	602	631	602	728	903	903	728	702	486	401
OTHER	9,835	522	611	783	821	783	948	1,175	1,175	948	914	632	522
OT DEPT EXPENSES	847,665	49,977	52,026	60,007	63,344	70,085	84,343	103,987	104,229	81,165	74,248	53,864	50,391
EPARTMENTAL PROFIT	1,762,760	36,099	58,717	94,296	106,137	96,224	188,008	367,569	367,727	215,957	135,472	60,718	35,834
INDISTRIBUTED EXP													
ADMIN & GEN	244,508	17,992	16,529	17,914	20,139	18,238	20,997	28,400	26,491	21,666	23,330	16,737	16,076
MARKETING	107,496	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958
REPAIRS & MAINT	156,746	13,120	12,889	13,120	13,004	13,120	13,004	13,120	13,120	13,004	13,120	13,004	13,120
UTILITIES	136,615	10,026	10,430	11,219	11,393	11,219	11,970	13,010	13,010	11,970	11,816	10,526	10,026
OT UNDIST EXP	645,365	50,095	48,806	51,211	53,494	51,535	54,930	63,488	61,579	55,598	57,224	49,226	48,179
ROSS OPERATING PROFIT	1,117,394	-13,997	9,911	43,085	52,642	44,689	133,079	304,081	306,149	160,359	78,248	11,493	-12,345
	42.8%												
IXED CHARGES													
MANAGEMENT FEES	91,071	2,902	3,845	5,455	6,023	5,745	9,477	16,452	16,452	10,460	7,380	3,978	2,902
LAND RENT	0	0	0	0	0	0	0	0	0	0	0	0	0
EQUIP LEASE	5,400	450	450	450	450	450	450	450	450	450	450	450	450
PROPERTY TAXES	247,500	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625
TAXES-OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
INSURANCE	69,600	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
INTEREST EXP	1,545,000	128,750	128,750	128,750	128,750	128,750	128,750	128,750	128,750	128,750	128,750	128,750	128,750
RENOVATION HOLD	91,071	2,902	3,845	5,455	6,023	5,745	9,477	16,452	16,452	10,460	7,380	3,978	2,902
OT FIXED EXPENSES	2,049,641	161,428	163,316	166,535	167,671	167,115	174,579	188,529	188,529	176,545	170,384	163,581	161,428
IET INCOME	-932,247	-175,425	-153,405	-123,450	-115,029	-122,426	-41,500	115,552	117,620	-16,186	-92,136	-152,088	-173,773
OOMS AVAILABLE	28,548	2,418	2,262	2,418	2,340	2,418	2,340	2,418	2,418	2,340	2,418	2,340	2,418
OOMS OCCUPIED	18,213	967	1,131	1,451	1,521	1,451	1,755	2,176	2,176	1,755	1,693	1,170	967
CCUPANCY %	63.8%	40.0%	50.0%	60.0%	65.0%	60.0%	75.0%	90.0%	90.0%	75.0%	70.0%	50.0%	40.0%
VERAGE RATE	$125.01	$75.00	$85.00	$94.00	$99.00	$99.00	$135.00	$189.00	$189.00	$149.00	$109.00	$85.00	$75.00

ATTACHMENT 2
SEACOAST INN 50% CONDO-HOTEL PARTICIPATION

nperial Beach Resort
UDGET 2008

Pacifica Host Budget 2008

	TOTAL	January	February	March	April	May	June	July	August	Septembr	October	Novembr	December
EVENUE													
ROOMS	2,062,983	72,525	96,135	136,394	150,579	143,649	236,925	301,644	307,125	261,495	184,537	99,450	72,525
FOOD	290,222	12,670	13,441	16,171	17,013	21,437	30,025	49,296	49,696	30,225	23,538	13,893	12,820
BEVERAGE	36,147	1,138	1,302	1,622	1,692	1,622	3,510	8,704	8,704	3,510	1,864	1,341	1,138
TELEPHONE	4,895	285	326	406	423	406	439	544	544	439	466	335	285
OTHER	16,549	1,083	1,181	1,373	1,415	1,373	1,453	1,706	1,706	1,453	1,518	1,205	1,083
OTAL REVENUE	2,410,796	87,700	112,384	155,965	171,122	168,486	272,352	361,894	367,775	297,122	211,923	116,224	87,850
EPARTMENTAL EXPENSES													
ROOMS	508,576	33,679	35,097	40,343	41,006	40,561	46,806	53,414	53,578	47,543	46,840	36,029	33,679
FOOD	302,988	16,514	16,994	19,299	20,255	27,647	32,532	40,445	40,687	28,616	25,240	17,831	16,929
BEVERAGE	30,487	1,082	1,081	1,208	2,857	2,915	3,329	4,757	4,757	3,329	2,978	1,113	1,082
TELEPHONE	8,126	472	540	673	702	673	728	903	903	728	774	557	472
OTHER	10,574	615	703	876	914	876	948	1,175	1,175	948	1,007	724	615
OT DEPT EXPENSES	860,750	52,362	54,415	62,399	65,733	72,672	84,343	100,694	101,100	81,165	76,839	56,253	52,777
EPARTMENTAL PROFIT	1,550,046	35,338	57,970	93,566	105,389	95,814	188,008	261,200	266,675	215,957	135,085	59,971	35,073
NDISTRIBUTED EXP													
ADMIN & GEN	239,118	18,036	16,573	17,959	20,184	18,297	20,997	25,439	23,678	21,666	23,390	16,781	16,120
MARKETING	107,496	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958
REPAIRS & MAINT	156,746	13,120	12,889	13,120	13,004	13,120	13,004	13,120	13,120	13,004	13,120	13,004	13,120
UTILITIES	139,992	10,447	10,852	11,642	11,815	11,642	11,970	13,010	13,010	11,970	12,239	10,948	10,447
OT UNDIST EXP	643,352	50,561	49,272	51,679	53,961	52,017	54,930	60,526	58,765	55,598	57,707	49,692	48,645
ROSS OPERATING PROFIT	906,693	-15,223	8,697	41,888	51,429	43,797	133,079	200,674	207,909	160,359	77,378	10,279	-13,572
	37.6%												
IXED CHARGES													
MANAGEMENT FEES	82,519	2,901	3,845	5,456	6,023	5,746	9,477	12,066	12,285	10,460	7,381	3,978	2,901
LAND RENT	0	0	0	0	0	0	0	0	0	0	0	0	0
EQUIP LEASE	5,400	450	450	450	450	450	450	450	450	450	450	450	450
PROPERTY TAXES	247,500	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625
TAXES-OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
INSURANCE	69,600	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
INTEREST EXP	1,035,150	86,263	86,263	86,263	86,263	86,263	86,263	86,263	86,263	86,263	86,263	86,263	86,263
RENOVATION HOLD	82,519	2,901	3,845	5,456	6,023	5,746	9,477	12,066	12,285	10,460	7,381	3,978	2,901
OT FIXED EXPENSES	1,522,689	118,940	120,828	124,049	125,184	124,629	132,092	137,269	137,708	134,057	127,900	121,094	118,940
IET INCOME	-615,995	-134,163	-112,131	-82,161	-73,755	-80,832	987	63,405	70,202	26,302	-50,523	-110,815	-132,511
OOMS AVAILABLE	28,548	2,418	2,262	2,418	2,340	2,418	2,340	2,418	2,418	2,340	2,418	2,340	2,418
OOMS OCCUPIED	19,581	1,138	1,302	1,622	1,692	1,622	1,755	2,176	2,176	1,755	1,864	1,341	1,138
CCUPANCY %	68.6%	47.1%	57.6%	67.1%	72.3%	67.1%	75.0%	90.0%	90.0%	75.0%	77.1%	57.3%	47.1%
VERAGE RATE	$105.36	$63.73	$73.84	$84.09	$88.99	$88.56	$135.00	$138.62	$141.14	$149.00	$99.00	$74.16	$63.73

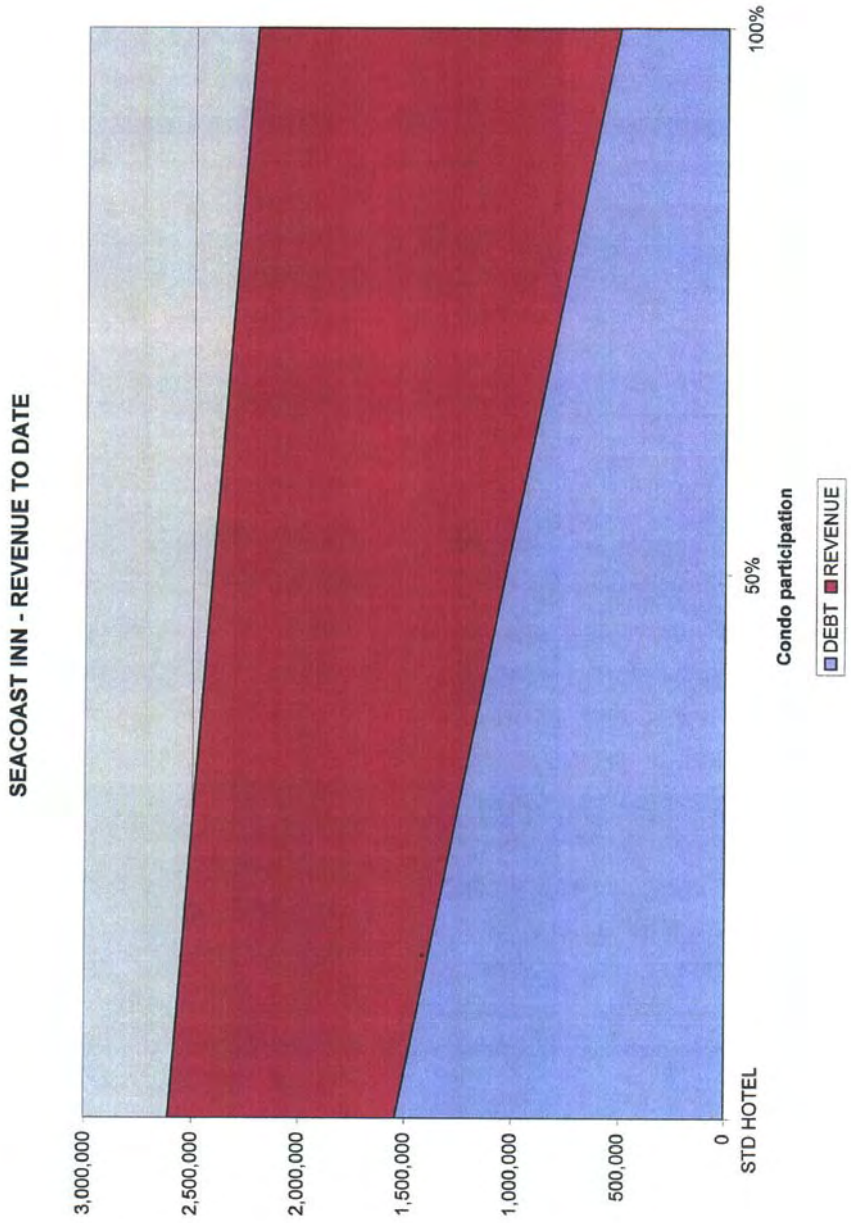
ATTACHMENT 2
SEACOAST INN 100% CONDO-HOTEL PARTICIPATION

nperial Beach Resort
UDGET 2008

Pacifica Host Budget 2008

	TOTAL	January	February	March	April	May	June	July	August	Septembr	October	Novembr	December
EVENUE													
ROOMS	1,849,224	72,525	96,135	136,394	150,579	143,649	236,925	197,505	197,505	261,495	184,537	99,450	72,525
FOOD	301,782	13,987	14,758	17,488	18,331	23,264	30,025	49,296	49,696	30,225	25,366	15,210	14,137
BEVERAGE	37,507	1,308	1,472	1,792	1,862	1,792	3,510	8,704	8,704	3,510	2,034	1,511	1,308
TELEPHONE	5,235	327	368	448	466	448	439	544	544	439	509	378	327
OTHER	17,365	1,185	1,283	1,475	1,517	1,475	1,453	1,706	1,706	1,453	1,620	1,307	1,185
OTAL REVENUE	2,211,113	89,332	114,016	157,597	172,754	170,628	272,352	257,755	258,155	297,122	214,065	117,856	89,482
EPARTMENTAL EXPENSES													
ROOMS	515,504	35,347	36,764	42,011	42,673	42,229	46,806	50,290	50,290	47,543	48,508	37,696	35,347
FOOD	307,381	17,015	17,495	19,799	20,755	28,341	32,532	40,445	40,687	28,616	25,935	18,331	17,429
BEVERAGE	30,841	1,126	1,125	1,252	2,901	2,960	3,329	4,757	4,757	3,329	3,023	1,157	1,126
TELEPHONE	8,691	543	611	744	773	744	728	903	903	728	844	627	543
OTHER	11,308	706	795	968	1,005	968	948	1,175	1,175	948	1,098	816	706
OT DEPT EXPENSES	873,724	54,737	56,790	64,774	68,108	75,241	84,343	97,569	97,811	81,165	79,408	58,627	55,151
EPARTMENTAL PROFIT	1,337,389	34,595	57,227	92,823	104,646	95,387	188,008	160,185	160,343	215,957	134,658	59,228	34,330
NDISTRIBUTED EXP													
ADMIN & GEN	233,727	18,080	16,618	18,003	20,228	18,355	20,997	22,627	20,718	21,666	23,447	16,826	16,164
MARKETING	107,496	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958	8,958
REPAIRS & MAINT	156,746	13,120	12,889	13,120	13,004	13,120	13,004	13,120	13,120	13,004	13,120	13,004	13,120
UTILITIES	143,349	10,867	11,272	12,062	12,234	12,062	11,970	13,010	13,010	11,970	12,659	11,368	10,867
OT UNDIST EXP	641,318	51,024	49,736	52,142	54,425	52,494	54,930	57,715	55,805	55,598	58,184	50,156	49,109
ROSS OPERATING PROFIT	696,071	-16,430	7,491	40,681	50,222	42,893	133,079	102,471	104,538	160,359	76,473	9,072	-14,778
	31.5%												
IXED CHARGES													
MANAGEMENT FEES	73,969	2,901	3,845	5,456	6,023	5,746	9,477	7,900	7,900	10,460	7,381	3,978	2,901
LAND RENT	0	0	0	0	0	0	0	0	0	0	0	0	0
EQUIP LEASE	5,400	450	450	450	450	450	450	450	450	450	450	450	450
PROPERTY TAXES	247,500	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625	20,625
TAXES-OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
INSURANCE	69,600	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
INTEREST EXP	509,850	42,488	42,488	42,488	42,488	42,488	42,488	42,488	42,488	42,488	42,488	42,488	42,488
RENOVATION HOLD	73,969	2,901	3,845	5,456	6,023	5,746	9,477	7,900	7,900	10,460	7,381	3,978	2,901
OT FIXED EXPENSES	980,288	75,165	77,053	80,274	81,409	80,854	88,317	85,163	85,163	90,282	84,125	77,319	75,165
ET INCOME	-284,217	-91,594	-69,563	-39,593	-31,187	-37,961	44,762	17,308	19,375	70,077	-7,652	-68,246	-89,943
OOMS AVAILABLE	28,548	2,418	2,262	2,418	2,340	2,418	2,340	2,418	2,418	2,340	2,418	2,340	2,418
OOMS OCCUPIED	20,941	1,308	1,472	1,792	1,862	1,792	1,755	2,176	2,176	1,755	2,034	1,511	1,308
CCUPANCY %	73.4%	54.1%	65.1%	74.1%	79.6%	74.1%	75.0%	90.0%	90.0%	75.0%	84.1%	64.6%	54.1%
VERAGE RATE	$88.31	$55.45	$65.31	$76.11	$80.87	$80.16	$135.00	$90.77	$90.77	$149.00	$90.73	$65.82	$55.45

ATTACHMENT 3


SEACOAST INN - REVENUE TO DATE
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
STD HOTEL
50%
100%
Condo participation
DEBT
REVENUE