

DATE ISSUED: July 17, 2008 **REPORT NO. PC-08-088**

ATTENTION: **Planning Commission, Agenda of July 24, 2008**

SUBJECT: HANALEI HOTEL – PROJECT NUMBER 114212. PROCESS 3

OWNER/ Hanalei Associates, LLC
APPLICANT: Janay Kruger

SUMMARY

Issue(s): Should the Planning Commission approve or deny an appeal of the Hearing Officer's decision to approve the construction of an approximate 10,000 square-foot meeting room addition to an existing hotel located at 2770 Hotel Circle North in the Mission Valley Community Plan area?

Staff Recommendation: DENY the Appeal; and

1. **CERTIFY** Mitigated Negative Declaration No. 114212; and
2. **APPROVE** Site Development Permit No. 449629; and
3. **APPROVE** Planned Development Permit No. 559063.

Community Planning Group Recommendation: On August 1, 2007, the Mission Valley Unified Planning Committee voted 15-1-0 to approve the proposed project as conditioned by the staff. The Planning Committee recommendation was conditioned on the implementation of the Hotel Circle North sidewalk improvements after the current SDG&E underground project is complete; and the dedication of the San Diego River Trail easement (Attachment 7). Both of the committee recommendations are included within the permit as conditions of approval.

Environmental Review: The City of San Diego conducted an Initial Study which determined that the proposed project could have a significant environmental effect in the following areas(s): **LAND USE/MSCP AND HISTORICAL RESOURCES (ARCHAEOLOGY)**. Subsequent revisions in the project proposal create the specific mitigation identified in Section V of the Mitigated Negative Declaration. The project as revised now avoids or mitigates the potentially significant environmental effects previously identified, and the

preparation of an Environmental Impact Report will not be required.

Fiscal Impact Statement: None. All of the costs associated with the processing of this application are paid for by the project applicant.

Code Enforcement Impact: None.

Housing Impact Statement: The application proposes commercial infill development within a visitor commercial zone. No residential development is proposed with this application therefore, the proposed project will have no housing impacts.

BACKGROUND

The Hanalei Hotel is an existing visitor facility located at 2270 Hotel Circle North in the Mission Valley community (Attachment 1). The Mission Valley Community Plan designates the approximately 10-acre site for Commercial Recreational use as well as portions of the San Diego River as Open Space (Attachment 2). The property includes two zone designations with the vast majority of the site zoned MV-M/SP (Mission Valley - Multiple Use Zone within an adopted Specific Plan) and a small section of the parcel zoned the OF-1-1 (Open Space – Floodplain) along the San Diego River. The site is within the Atlas Specific Plan, approved by the City Council (R-272571) December 13, 1988.

The Hanalei was built in phases beginning in 1956 as the 22,092 square-foot Presidio Motel. During the decades of the 1960's and 70's the site was steadily added on to and expanded upon with conference and meeting facilities, a bar, restaurant, and new room towers. In 1996, the property underwent additional façade renovations which included a new lobby, a 2,000 square-foot porte cochere and landscape improvements. The hotel now occupies approximately 9.89 acres and is comprised of 240,654 square-feet of floor area which includes 477 rooms, conference and banquet facility and typical hotel related accessory uses.

The site is just north of the Interstate 8 Freeway and surrounded by similar commercial/visitor uses to the east and west. The property is adjacent to, and includes a portion of the San Diego River on the northern boundary and the River Walk Golf course is located on the opposite river bank (Attachment 1).

DISCUSSION

The project proposes an approximate 10,000 square-foot addition for an exhibit hall/ conference facility for large meetings and special events. Currently, the Hanalei employs a large tent structure within the parking lot to accommodate this type of gathering. The proposed addition would be located on the northwest side of the hotel and attached to the existing conference center (Attachment 5). The Atlas Specific Plan identifies a number of planned improvements for this site including 33 additional hotel rooms, 24,000 square feet of banquet and meeting facilities and additional dining and retail functions. The proposed 10,000 square foot banquet facility is shown in the approximate location as the approved 24,000 square foot facility in the Atlas

Specific Plan.

Site Development Permit for Environmentally Sensitive Lands

The proposed addition, though minor relative to the gross floor area proposed to be added to the existing hotel in the future, requires a Site Development Permit due to the project location within a Special Flood Hazard Area. The Land Development Code (Section 143.0110.b) establishes the applicable development regulations and entitlement process for development proposed with Environmentally Sensitive Lands (ESL), including the 100-year flood plain. In the case of the Hanalei Hotel project, the appropriate decision making process was determined to be a Process Three decision. This determination was based on Table 143-01A which applies a Process Three decision to non-residential development in the Floodplain.

Public comments received during the project review have questioned the staff determination regarding the decision making level and contend that a Process Four Planning Commission decision is required due to the project being within the Atlas Specific Plan. Staff disagrees with this opinion in that the Process Four level hearing as cited in Table 143.01A refers to projects proposing a new specific or precise land use plan and does not affect projects within an existing adopted land use plan. There was also a discussion that the City's Historical Resources Regulations should be applied to this project because the Mitigated Negative Declaration identifies mitigation requirements in the form of monitoring for historic resources during grading and construction. Staff rejects this notion as well. The Historical Resources Regulations apply only to development applications that include existing designated historical resources on the proposed project site. In the case of the Hanalei Hotel project, an environmental initial study determined only that the property is identified as having a high potential for historic resources but does not identify what those may include or where on the property they may exist. There are currently no historic resources on the hotel property and therefore, the Historic Resource Regulations do not apply.

Section 143.0111 establishes Limited Exceptions from the ESL regulations including subset (e) identifying development within the flood plain in Mission Valley as applicable only to the Federal Emergency Management Agency (FEMA) Special Regulations contained in Section 143.0146. The purpose and intent of the limited exception is to recognize the development potential within Mission Valley and to ensure new construction within the Special Flood Hazard Area is compliant with the location and construction requirements of FEMA.

The proposed addition to the Hanalei property would be conditioned to comply with all relevant local, state and federal regulations regarding development within the flood hazard area. Generally speaking, these regulations provide for development that is engineered and constructed to withstand flooding and would not significantly increase flood potential up or down stream of the project. The proposed addition has been reviewed by the Deputy City Engineer and determined not to be a significant improvement to the existing hotel facility. No additional alterations or improvements relative to flood measures to the existing hotel are required.

Planned Development Permit

The project also requires a Planned Development Permit (PDP) pursuant to Land Development Code Section 126.0602 because the applicable community plan for this property (Atlas Precise Plan) determines the appropriate discretionary entitlement process as a process three decision for commercial development. The PDP is required by the community plan but does not include deviations from any development regulation.

Community Plan Analysis:

The Atlas Specific Plan includes the proposal for an additional 34,000 square feet of banquet facilities to be constructed at the Hanalei Hotel site, north of the existing banquet facility. The proposed 10,000 square foot ballroom expansion is within the footprint as envisioned in the Specific Plan. The proposed development would include additional site improvements that are consistent with the goals and recommendations of the Atlas Specific Plan and are considered beneficial to the general public. These improvements include the dedication of a 10 foot wide easement on a portion of the property for a bicycle and pedestrian trail along the San Diego River, the addition of a new sidewalk and street trees within the public right-of-way along Hotel Circle North, and an overall increase in parking on the Hanalei Hotel sight. The river trail would be dedicated to provide connectivity between portions of the trail on either side of the project site as identified in the Mission Valley Community Plan. The sidewalk and street trees would provide pedestrian safety and landscape enhancements along the Hotel Circle North frontage where no walk or trees currently exist. On site parking would be accomplished by re-striping the current lot to include one space for each hotel room and the additional parking generated by the proposed expansion. The project would provide a total of 517 spaces where 477 were previously required.

Environmental Analysis:

An initial study was conducted that originally determined that no significant impacts would result through project implementation. However, after exempting the project from further environmental documentation, staff reconsidered the potential impact the project could have on historical resources and Multiple Habitat Planning Area (MHPA) Land Use. Therefore Mitigated Negative Declaration No. 114212 was prepared to mitigate potential impacts to the adjacent Multiple Habitat Planning Area and potential Archeological resources. Specific historical resource mitigation includes the retention of a qualified biologist and a licensed archeologist prior to and during any grading and construction activities. Mitigation for the MHPA implements the specific Land Use Adjacency Guidelines which are designed to protect adjacent sensitive biological resources. The Adjacency Guidelines include limitations on when construction may occur, noise, runoff and invasive species and fire suppression.

The initial study also considered potential impacts to Circulation/Parking, Hydrology, Water

Quality, and Geologic Conditions. The study concluded that no significant impacts would result in these areas due to the project implementation. The applicant would be required to re-stripe the parking areas in order to maintain parking requirements per the Land Development Code. The proposed structure would be conditioned to be constructed with the lowest floor elevated a minimum of two feet above the base flood elevation at that location. Otherwise, the structures would be required to be flood-proofed to a minimum of two feet above the base flood elevation, therefore resolving any FEMA issues. Water quality impacts would be avoided by adherence to the erosion control standards established by the City Grading Ordinance and through implementation of Best Management Practices required by the Stormwater Pollution Prevention Plan. Staff also determined that a geotechnical report would be required at the building permit stage. Therefore, no further specific mitigation was required for the areas of Circulation/Parking, Hydrology, Water Quality, and Geologic Conditions.

Appeal Issues:

On May 28, 2008, the Hearing Officer of the City of San Diego approved the Hanalei Hotel Site Development Permit and Planned Development Permit as a Consent Agenda item. There was no opposition in attendance however three letters of opposition were received prior to the hearing which provided appeal standing as interested persons. The Hearing Officer's decision to approve the project was appealed to the Planning Commission on June 10, 2008, alleging conflict with other matters, factual errors, new information and findings not supported (Attachment 10). These issues and the staff responses are discussed below:

Findings Not Supported: The appeal asserts that the project conflicts with CEQA and environmental law and is inconsistent with the Atlas Specific Plan and therefore, the findings to approve the project cannot be supported. The appeal also states that the project is inconsistent with the Atlas Specific Plan, which serves as the community plan for the project site, and therefore requires a Process Five plan amendment. The appeal states that the project is not consistent with the Atlas Plan because specific improvements have not been implemented including a 100 year flood channel and structured parking. The appeal contends that existing parking spaces within the 150 foot Design Sensitive Zone (a setback from the San Diego River) are also inconsistent with the Atlas Specific Plan.

Staff Response: Staff determined the appropriate entitlement process is based on Table 143-01A which applies a Process Three decision to *non-residential development in the Floodplain*. The Atlas Specific Plan also requires a Planned Development Permit decided in accordance with a Process Three decision. The Process Five decision alluded to in the appeal would only apply to a proposed new or amended land use plan within environmentally sensitive lands.

In regard to the improvements cited in the appeal, staff determined that these improvements would not required to be implemented with the minor addition to the existing hotel. The Atlas Specific Plan includes the improvements as part of the design criteria for the full build out and expansion of the Hanalei Hotel site in corporation with the development of the adjacent Hanalei Tower site. Full build out of the combined properties includes an additional 202 hotel rooms (33 assigned to the Hanalei Hotel property), 34,000 square feet of additional banquet facilities

(24,000 square-feet assigned to the Hanalei Hotel property) as well as additional dining and retail functions with no specified square footage. Staff determined that there is no nexus between the requested addition of a small meeting facility and the site improvements required for a complete build out. Staff also determined that the dedication and improvements associated with the river trail and the off-site improvements on Hotel Circle North were appropriate for the proposed addition. Likewise, the existing parking within the 150 Design Sensitive Zone is a previously conforming condition and would not be required to be relocated as a part of this application. The permit has been conditioned to require the recommended improvements to the parking with any future development of the site therefore; the project is consistent with the Atlas Specific Plan.

Conflict with Other Matters: The appeal contends that the project requires a Site Specific Survey and determination of location of historical resources. The appeal bases this conclusion on Section 143.0202 of the Land Development Code which states that a site specific survey shall be required when the City Manager determines that a historical resource may exist on the parcel. The appeal goes on to state that the project area is within an area identified as “sensitive” on the City’s Historical Resource Map.

Staff Response: The appeal incorrectly identifies the applicability of the LDC Historical Resource Regulations. Section 143.0210(a) states that the regulations of this division apply to development where historical resources *are present on the site*. The intent of the regulations is to protect, preserve and where damaged, restore the historical resources of San Diego. The City’s Historical Resource Map designates the Hanalei Hotel property as being within an area with a high *potential* for historic resources. However, no historic resources have been identified on the site and therefore, a site specific survey would not typically be required.

The City Manager [Mayor] delegates the responsibility to Environmental Staff in the Development Services Department to conduct analysis on proposed development projects and determine the need for additional technical studies and reports. As such, the authority to determine the need for a site specific survey is delegated to qualified City staff with knowledge and expertise in the field of Archaeology. This determination is made based on a thorough review of the Historical Resources Sensitivity Maps and confidential site specific archaeological mapping data along with technical reports from the surrounding area. These materials are reviewed and if warranted, a survey is conducted. A survey would not be necessary when there is enough empirical data to support further study in the form of testing and/or archaeological monitoring.

For the Hanalei Project, qualified Archaeological staff utilized the above background research as well as their own knowledge of other studies being conducted in the vicinity. Staff consulted with the archaeologist and Native American monitor for the adjacent project sites to determine whether a survey would provide new information. Although a formal archaeological survey was not conducted for this particular project, qualified Archaeological staff had recently been to the Hotel Circle North area for a site visit and walked through the Hanalei parking lot area. The project site was determined to be obstructed with existing development (e.g. asphalt and ornamental landscaping) and had been previously disturbed, therefore a Site Specific Survey

would not be required. The determination made by qualified Archaeological staff is consistent with the steps and procedures for determining the potential for impacts to historical resources in accordance with the LDC Historical Resources Regulation and Land Development Manual Historical Resources Guidelines.

The potential for impacts to Paleontological Resources were evaluated for this project in accordance with the CEQA Significance Thresholds (January 2007). Monitoring is generally required when a project would result in impacts due to grading and excavation into a high (1,000 cubic yards of cut) or moderate (2,000 cubic yards of cut) sensitivity fossil formation to a depth of 10 feet or greater. Grading for the proposed project would not exceed the thresholds as stated above and therefore would not result in impacts to Paleontological Resources. As such, monitoring was not required.

Traffic Study: The appeal states that a lack of a traffic study is not consistent with the California Environmental Quality Act (CEQA) contending that the figures used to calculate traffic impacts in the Atlas Specific Plan are out dated because it was adopted in 1988. The appeal states that nearby roads and freeways now operate at a Level of Service (LOS) of E or F. The appeal further states that the additional trips resulting from the proposed improvements could increase traffic by 1 percent and may be significant.

Staff Response: As correctly stated in the appeal, the proposed project's trip generation is consistent with the Atlas Specific Plan and was calculated using the approved land use plan data. Furthermore, this project is estimated to generate fewer average daily trips (ADTs) than the threshold requirements established by the *City of San Diego Traffic Impact Study Manual, July 1998*, and therefore does not require a traffic study. Additionally, the project is conditioned such that events in the new ballroom beginning or concluding between the peak traffic hours of 7:00 a.m. to 8:30 p.m. or 4:30 p.m. to 6:00 p.m. may accommodate no more than 50 non-hotel guests. This project condition further reduces the number of ADTs added to the local roadway network during the critical peak hours.

Noise Mitigation: The appeal contends that the mitigation for potential noise impacts to endangered species such as the California gnatcatcher and Least Bells Vireo is insufficient. Specifically, the appeal does not agree with the method of using an average of 60 decibels per hour for measuring potential noise impacts.

Staff Response: The biological mitigation measures were developed in coordination with the California Department of Fish and Game and the U.S. Fish and Wildlife Service pursuant to the 1997 Implementing Agreement between the City of San Diego and those agencies. The noise mitigation measures outlined within the Mitigated Negative Declaration would be conducted pursuant to the protocol survey guidelines established by the U.S. Fish and Wildlife Service and is consistent with management directives for covered species developed in the City of San Diego Multiple Species Conservation Program Subarea Plan and the City's Biological Guidelines.

The Mitigated Negative Declaration states that no clearing, grubbing, grading, or other construction activities shall occur between March 15 through September 15 until certain

requirement have been met to the City's satisfaction. A qualified biologist shall conduct a survey in those areas subject to noise level exceeding 60dBA hourly average. Should it be determined that the California gnatcatcher is present, then the applicant will be required to implement attenuation measures that would ensure that noise levels do not exceed the 60 dBA hourly at the edge of the habitat. Additionally, the applicant would be required to have an acoustical tion (approved by the City) conduct an analysis two days per week showing that the construction activities are not exceeding the 60 dBA hourly average.

Flood Water Displacement Study: The appeal contends that the project should have been required to study the floodwater displacement effects the project may have on adjacent properties.

Staff Response: The Land Development Code permits development in a Special Flood Hazard Area with an approved Site Development Permit. The code further states that development in the Special Flood Hazard Area within the Mission Valley Community Plan area is subject only to the FEMA Special Regulations contained within LDC Section 143.0146. These Special Regulations generally provide an approved method of project review for the City Engineer and standards for construction. The proposed 10,000 square-foot addition within the existing Hanalei complex was determined to be a minor project by the City Engineer and therefore did not require any technical studies related to the Special Flood Hazard Area. The draft development permits include conditions (22 through 30) that are designed to implement the design and construction requirements of Section 143.0146. Therefore, the project is designed and conditioned to be developed in accordance with both FEMA standards and compliance with the Land Development Code.

Factual Error: The appeal contends that the project was incorrectly reviewed relative to the required number of on-site parking spaces. This assumption was based on a project file copy of a shared parking analysis the applicant provided early in the review process (Appeal Attachment 2). The appeal states that the analysis was based on an area calculation of 6,800 square feet when in fact the proposed project is 10,000 square feet and therefore there should be additional on-site parking required.

Staff Response: Appeal Attachment 2 is a document from an analysis provided in a very early review of this project. The Consultant Parking Report was not used in this project. Per Land Development Code Sections 142.0510 (d) (1) and Section 142.0530 Table 142-05F, the project is required to provide 516 parking spaces: 416 parking spaces for the existing 416 guestrooms (at a rate of one space per guestroom); and 100 spaces for the proposed ballroom space (at a rate of 10 spaces per 1,000 square feet). The project is proposing 517 parking spaces and therefore is in full compliance with the automobile parking requirements of the Land Development Code.

Conclusion:

The proposed expansion of the existing Hanalei Hotel to add a 10,000 square-foot conference and banquet facility is consistent with the purpose and intent of the Mission Valley Community

Plan and the Atlas Specific Plan. The proposed development complies with the development regulations of the Mission Valley Planned District Ordinance and the Environmentally Sensitive Lands Regulations. The project has been determined not to be a significant improvement within the flood plain and has been conditioned to comply with regulations for development within the Special Flood Hazard Area. The reasons provided to appeal the project are without merit as the project does not conflict with other matters, the review and permit conditions were based on accurate information, there is no factual error and all of the findings can be supported.

ALTERNATIVES:

1. **Approve** Site Development (SDP) Permit No. 449629, and Planned Development Permit No. 559063 with modifications; or
2. **Deny** Site Development (SDP) Permit No. 449629, and Planned Development Permit No. 559063, if the findings required to approve the project cannot be affirmed.

Respectfully submitted,

Mike Westlake
Program Manager
Development Services Department

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BROUGHTON/JPH

Attachments:

1. Project Location Map
2. Community Plan Land Use Map
3. Aerial Photograph
4. Project Data Sheet
5. Project Site Plans
6. Draft Permit with Conditions
7. Draft Resolution with Findings
8. Community Planning Group Recommendation
9. Ownership Disclosure Statement
10. Appeal Application