

TOURISM: \$400 MILLION BEING SPENT ON ICONIC HOTEL

## Hotel Del's Plan Sees Room For More Grandeur

By [Mariel Concepcion](#)

Monday, November 11, 2019



Founded in 1888, the Hotel Del is going through an almost \$400 million multiyear redevelopment and expansion plan. Photo courtesy of Hotel del Coronado.

In late October, **Hotel del Coronado**, a Curio Collection by Hilton, and a historic beachfront hotel located in the city of Coronado, filed a WARN notice with the Employment Development Department. The filing stated that up to 160 employees could be temporarily laid-off from Jan. 1, 2020 to July 1, 2020.

A spokesperson for the hotel has clarified that the filing is a legally mandated formality and that a very small number of employees, if any, would be impacted, the reason for the possible interruption is a continuation of the historic hotel's almost \$400 million multiyear redevelopment and expansion plan.

"The California law states if you have 50 or more people that could possibly be laid off due to renovation or closure, 30 days prior, you must notify the state," said Harold Rapoza Jr., the property's general manager. "We have temporary closures of some of our outlets, retail and spa, and about 160 employees could be impacted. But our goal is to reactivate temporary amenities where we can place these team members so they don't lose a lot of their work hours... Our goal is that none

are terminated out of our system and that they will continue to get their benefits. But some hours might be impacted.”

## The Master Plan

That aside, Rapoza speaks excitedly about the recent and current renovations, known as “The Master Plan,” at the Hotel del Coronado. This past summer, Serea, a sea-to-table coastal cuisine restaurant, replaced the hotel’s former anchor eatery, at 1500 Ocean. The property also converted to all-valet parking to better manage the flow of guests, he said, adding that some of the local companies involved with the expansion are Heritage Architecture & Planning (historic preservation), Burton Landscape Studio (landscape architect), Hale Engineering (civil engineer) and OBR Architecture (architecture), among others.

Now, the Hotel del Coronado is undergoing a continuation of the massive project, which kicked off during the fall of 2018. This will include the revamping of the hotel’s main entry, which will receive new landscaping, a signalized intersection and a pedestrian crosswalk between the hotel and the bay, as well as revamping of the pools and some additional meeting spaces.

## A Grand Entrance

“The entrance is one of the more exciting parts of this transformation,” said Rapoza. “Right now, it is a little underwhelming... not a good sense of arrival. We are changing it to make it more of a grand entrance, from Avenida del Sol, and more of a grand landscaping. The other exciting part is the reimagining of the front porch, which will be restored to its original glory, which some might recognize from the (1958 Marilyn Monroe) movie, ‘Some Like it Hot.’”

As a result, the entrance to the hotel has been temporarily relocated to the north side of the property, where a three-level parking structure has already been completed, he said.

Approved by the City of Coronado in 2008 and by the California Coastal Commission in 2010, the expansion of the Hotel del Coronado, founded in 1888 and owned by The Blackstone Group, is scheduled to be completed by late 2021. Once the current part is finished, the next phase will begin in January 2020, according to Rapoza, and will include an overhaul of all retail spaces, spas, fitness and the remaining food outlets.

## Renovation of Towers

In August 2021, the hotel’s two towers will be under renovation, he said. The final area to open will be the south side part of the property, which will include an event center and the addition of 142 guest rooms, said Rapoza. The rooms will be developed as whole-ownership, limited term use condominiums. With these new rooms, there will be a total of 898 guestrooms on the property, he said.

“There are... 78 in total... cottages and villas... owned by individual people that they own and use and then give back to us as inventory,” said Rapoza, that “we (then) sell (room nights) for them and we have a 50% split on the revenue.” The existing Beach Village, opened in 2007, also has condo hotel units, much like the new 142 room build-out will have, he said.

Carl Winston, director of the L. Robert Payne School of Hospitality and Tourism Management at San Diego State University, said it is smart for the Hotel del Coronado to undergo such an intense renovation project for a number of reasons.

For one, “it is (over) 100 years old,” he said. “Buildings are not typically made to last that long. One can only renovate so much. Maintenance cost and frequency only gets worse with time.”



The expansion of the Hotel del Coronado is scheduled to be completed by late 2021. Photo courtesy of Hotel del Coronado.

## Mega Hotel

Winston adds that the addition of guest rooms will make the hotel a “true mega hotel” at over 900 rooms, which has obvious advantages (for example, the ability to host more guests and up the amount of overnight stays which likely translates into increased revenue). Lastly, he adds that while it is sometimes difficult to balance historic charm and modern efficiency, at the end of the day, while it is costly to own and operate a property like Hotel del Coronado, it is undoubtedly an irreplaceable asset to the city.



Prior to this project, Hotel Del has been through various smaller renovations, including in 1973, when 214 guest rooms were added as part of the Ocean Tower, as well as some meeting spaces; in 1979, when 97 guest rooms were constructed; and in 2007, when 78 condo hotel units were added to the property, said Rapoza.

## National Security

The Hotel Del has also been at risk of sale in the past. In 2016, The Blackstone Group had planned to sell the property as part of a larger \$6.5 billion nationwide portfolio deal to China’s Anbang Insurance Group Inc., but the transfer was apparently called off due to federal government concerns about the hotel’s proximity to the Coronado Naval Base.

Unable to sell, Blackstone opted to refinance the property for a reported \$712 million in new debt. Before that, in 2011, Blackstone helped get the Hotel del Coronado through that era’s tourism downturn, when it backed a \$425 million recapitalization of the property’s debt and assumed a 60% ownership stake.

Despite its sometimes shaky financial history, Rapoza said the Hotel Del will soon be ready to resume its iconic glory, and, it is hoped, remain a staple to the community and in business for years to come.

“This is a very iconic, legendary resort here — it’s been alive for 131 years,” said Rapoza. “The goal is to preserve the historic integrity and build experiences that will keep families and customers coming back another 131 years.”