



November 7, 2025

Ms. Tina Friend, City Manager
City of Coronado
c/o City of Coronado
1825 Strand Way
Coronado, CA 92118

Subject: Coronado Ferry Landing

Dear Ms. Friend,

We appreciate the City's interest in the future success of the Coronado Ferry Landing. I, along with Port staff and our Commissioners, share your and your City Council's goal of ensuring that this important and iconic property is improved so the public can enjoy it for decades to come.

The Port and the City of Coronado have had a long and positive history of collaboration, whether it be on public safety through our Municipal Services Agreement, public access through Tidelands Park and the golf course or community amenities including restaurants, lodging and artwork. Even on areas that have been points of contention, like Grand Caribe, the Port paid \$3 million to buy out the lease to help advance a solution responsive to community concerns.

In keeping with that spirit of cooperation, I'd first like to offer an apology for not personally responding to the Mayor's September 3, 2025 letter. While the letter was addressed to our Board and I was not copied, we are adopting new protocols to ensure that future communications of this kind receive timely responses.

As you know, at the October 14, 2025 closed session, our Board directed staff not to accept the Port Coronado Associates' (PCA) proposal. While we cannot discuss the content of that closed session, we can state that no decision regarding the future of the property has been made, including for the Port to assume operations. Without an acceptable renewal proposal being placed on the table by PCA, the existing lease is set to expire in accordance with its terms on June 30, 2026. If no proposal is received that is **acceptable given the current state of the site**, possession will naturally revert to the Port in the short term. The Port understands the City's desire to minimize any disruption to the current subtenancies and will therefore extend the leases of the current subtenants. Numerous subtenants have reached out to Port staff and have been told the same.

Port staff's main concern with PCA's proposal is that the amount they propose (\$20 million) to invest to **improve and modernize** the Coronado Ferry Landing, as has been promised to the public, is insufficient after deducting the amount needed to correct the safety and maintenance deficiencies that currently exist on the site. Most of the buildings still have their original roofing, windows, plumbing, HVAC and electrical systems dating back to the 1980s and are well past their service life. The property's core building systems, including fire protection, roofing, and mechanical, may pose serious functional and safety risks. PCA has said they were not given notice of these maintenance deficiencies, but surely as the tenant responsible for such upkeep, they should know the current state of their leasehold. PCA has an obligation under its lease to "perform all maintenance, which includes all painting, repairs, and replacements necessary to maintain and preserve the Leased Premises (Coronado Ferry Landing) and improvements in a good, safe, healthy, and sanitary condition, satisfactory to Lessor and in compliance with all applicable laws." (See enclosed PCA Lease Amendment No. 5).

As a side note, the Port has become aware of the current deficiencies and the condition of the Coronado Ferry Landing because of two Port commissioned expert studies. The first is the JLL Facility Condition Assessment, a copy of which is enclosed and was provided to PCA in February of this year. The report identifies extensive deferred maintenance (up to \$12 million) across Coronado Ferry Landing.

In addition, PCA's proposal does not address up to five million dollars in maintenance deficiencies for the waterside improvements. Also enclosed is the Ball Maritime Group inspection report, a copy of which was provided to PCA in April of this year and that identifies structural decay and safety hazards at the Coronado Ferry Landing and adjacent docks – conditions such as missing light poles with exposed electrical wiring, and warped and rotting decking. Underwater divers found evidence of structural compromise. The report finds safety hazards that, if not addressed, might put visitors and residents of Coronado at risk.

This would mean the vast majority of the \$20 million PCA proposes to invest into their project would need to be dedicated to extensive deferred maintenance and leave little for new investment at the site. Moreover, PCA's proposal makes clear that if granted a lease extension, they do not intend to begin maintenance repairs until 2028 – three years from now. Even then, their plan excludes any work on the pier, despite significant deterioration documented in the report. At this week's City Council meeting, concern was expressed that if the Port does not move forward with PCA's proposal, the improvements needed will be delayed. However, PCA's proposal suggests that such a delay is in fact contemplated as part of their project proposal. The Port believes Coronado residents and visitors should not be forced to wait years for essential safety and maintenance work to commence.

We understand the natural frustration of not knowing the details of the negotiations with PCA. That said, the City Council's criticism of the Port for considering PCA's proposal in closed session overlooks the legal framework that governs such matters. As you know,

under California law, including the Brown Act, real estate negotiations are expressly recognized as a special category of discussion that may be held in closed session. This provision, which has been utilized by the City of Coronado, exists to protect the public's financial and legal interests by allowing decision-making bodies to negotiate responsibly and confidentially without disclosing sensitive information that could compromise the outcome for the public agency. Public disclosure of confidential real estate negotiations might be used to the agency's financial disadvantage. This protection is particularly important to an agency like the Port that collects no tax dollars and uses the money it earns to reinvest in the tidelands, including those within the City of Coronado. The Port, as a fiduciary of public assets, has an obligation to ensure that any potential lease or redevelopment agreement serves the public's interest and that its negotiating position remains secure.

As noted, no decision on the future of the Ferry Landing has been made. Although we have notified PCA of Port staff's concerns with its proposal, to avoid any potential misunderstanding of staff's position, concurrently with this letter to you, we are sending a letter to PCA reiterating Port staff's concerns with PCA's current proposal.

On behalf of the San Diego Unified Port District, I thank you for your interest in this important project. We greatly value our relationship and partnership with the City of Coronado, and we look forward to continued discussions to ensure the Coronado Ferry Landing is improved and remains a treasured site for years to come.

Respectfully,



Scott Chadwick
President and CEO

cc: Mayor John Duncan
Coronado City Council