

OC Developers Tapped for \$300M Dana Point Harbor Re-Do

Retail, Hotels, Marina in Project's 7-Year Plan

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Three of Newport Beach real estate firm shave been tapped to head the redevelopment of Dana Point Harbor, a mixed-use project projected to cost nearly \$300 million to build new restaurants, shops, hotels and other waterfront properties.

The County of Orange last week disclosed that it had selected a partnership between Burnham Ward Properties, R.D. Olson Development and Bellwether Financial Group as its preferred choice to be master developers for the massive project, where construction could begin next year.

The project, expected to be built out over seven years, would update and replace the existing facilities at the county-owned harbor in Dana Point that were largely constructed in the early 1970s and have been eyed for redevelopment for nearly 20 years.

Current facilities include about 80,000 square feet of commercial space, the 136-room Dana Point Marina Inn, 2,409 boat slips, and nearly 4,000 parking spaces, according to county records.

The just-selected development group—operating as Dana Point Harbor Partners LLC—was chosen largely due to its experience “with large-scale and complex ground-up developments and the refurbishment of existing projects,” according to county filings.

“We’re looking to build a world-class harbor,” said Bryon Ward, a partner in Burnham Ward Properties.

The commercial portion of the project, running 116,727 square feet, would be headed by Burnham Ward, which has overseen development of Costa Mesa’s South Coast Collection and OC Mix, plus Newport Beach’s Castaway Commons, among other area retail projects.

About 77,000 square feet of the commercial space would incorporate restaurants and outdoor dining space, while a market hall and food court would be another 32,000 square feet, according to county documents.

A 9,000-square-foot surfing museum, plus a small amount of office and marina-related retail would also be part of Burnham Ward's portion, which would be on about 29 acres.

R.D. Olson, California's most active hotel developer for several years running, would add two more hotels to its portfolio under its portion.

The hotels would be built on a 3.5-acre site on Dana Point Harbor Drive, and would replace Marina Inn.

A 130-room boutique hotel—the same number of rooms as R.D. Olson's Lido House project under construction in Newport Beach—would be built, along with a 136-room hotel with more affordable rooms, according to county documents.

The brands and operators for the proposed hotels—which would be the third and fourth coastal projects that R.D. Olson has taken up in Orange County the past few years—haven't been disclosed.

Lido House falls under the Autograph Collection of Marriott International, while Huntington Beach's Pasea Hotel & Spa—a waterfront hotel that R.D. Olson opened last year in a venture with Irvine-based Pacific Hospitality—is run independently under the latter company's Meritage Collection.

Bellwether Financial, a Newport Beach investment group that has marina holdings in Long Beach and Marina Del Rey, among other locations, would run the renovated marina and boat storage component of the project.

That portion of the harbor would consist of 2,296 boat slips and 388 dry boat-storage spots. Those facilities are on about 20.5 acres, county documents show.

Bellwether is headed by Joe Ueberroth, who has been in the marina business for more than 20 years. He's the son of investor and former baseball commissioner Peter Ueberroth, who also organized the Olympics in Los Angeles in 1984.

A 2,503-space parking structure would also be built as part of the Dana Point Harbor Partners' project, which along with existing spaces that would remain, would boost the harbor's total parking to 4,880 spaces.

The development group has proposed that the county help subsidize \$20 million in costs for building the parking structure at the harbor, records show.

Dana Point Harbor Partners estimates its project should bring in about \$47 million in rent payments to the county in the first 10 years of the 50-year lease the county and the partnership would sign before work begins.

By the 20-year mark of the lease, those payments are estimated to rise to \$117 million, and by the end of the lease, \$508 million in project payments have been forecast by the development group.

Oct. 17 Vote

The three Newport Beach firms bested a group consisting of San Jose-based DJM Capital Partners, Pacific Marina Development in Newport Beach, and Aliso Viejo-based Pacifica Hotels to get the county's nod for the project.

The Board of Supervisors will take up county staff's recommendation to select the Dana Point Harbor Partners group as the master developers on Oct. 17.

Ward declined to discuss specific aspects of his venture's project, since the supervisors have yet to comment or vote on the final selection of the development group.

"We want to honor and respect the process," he said.

Assuming the hearing goes smoothly, Dana Point Harbor Partners will have three months to negotiate with the county over financial terms of the master lease.

The group has indicated that it has "internal capacity to fund the project without using institutional equity sources and the ability to secure construction financing for all project components from one lender," according to county documents.