

Newport Beach-based developer gets go-ahead for \$330 million Dana Point Harbor renovation



Renderings of the proposed Dana Point Harbor Revitalization project provided by R.D. Olson Development

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Dana Point Harbor merchants and boaters let out a collective sigh of relief on Tuesday, July 17, as a more-than-20-year-old plan to renovate Dana Point Harbor moved closer to reality.

The Orange County Board of Supervisors unanimously approved a master lease agreement with Dana Point Harbor Partners to finalize the details to begin a \$330 million renovation of the 47-year-old harbor.

With the OK, the development group will have a 90- to 120-day option period in which to take a deeper dive into the project and make adjustments to the 66-year lease.

The board also voted to go forward on a second lease agreement in which the county will pay \$20 million for the harbor's dry boat storage.

"The harbor is over 47 years old," said Supervisor Lisa Bartlett, who oversees the 5th District and served on the Dana Point City Council for eight years. "We're tired of using Band-Aids. Now is the time to move forward."





A dock in Dana Point Harbor that has been damaged by sea lions in Dana Point on Wednesday, Dec. 13, 2017.
(Photo by Leonard Ortiz, Orange County Register/SCNG)

Bartlett, on Tuesday, spoke about plans made at least 15 years ago which would have put the financial strain on the county and pointed to the benefit of a private developer.

“They take the financial risk,” she said. “We’ve secured the coastal development, completed the infrastructure. We’ve made a lot of strides. There is no other project like it.”

A dozen people spoke at the meeting, nine in support of the lease approval and three against.

Those in opposition questioned how much money would be taken from the overall OC Parks budget and what impact that could have on other areas of the county and its park systems.

“No one district should be allowed to drain the park’s budget,” said Karen Lang McNab, representing Friends of Coyote Hill. “We are in dire need of parks and open space. We’d like to see changes made in how this budget is being developed.”

Supervisor Shawn Nelson, who oversees the 4th District, made it clear that the harbor is for everyone in Orange County, not just those who live in or near Dana Point. He also said avoiding any renovation ultimately would prove more costly to the county.

“We have a very expensive asset there,” he said. “Unless there is something specific we should fix, this is the best deal we could have negotiated.”

In addition to the renovation, new amenities and recreational improvement, there are other county benefits, the board said. These include streamlined harbor operations, a reduction in county expenses from \$2 billion to less than \$1.2 billion.

Dana Point Harbor Partners also assumes risk and liability for the entire premises and for \$410 million in obligations now paid by OC Parks.

A review of the lease agreement also highlighted the cost to the county for Harbor Patrol along the coastline.

“It’s important to renew the [discussion on Harbor Patrol](#),” said Supervisor Todd Spitzer. “This (lease agreement) is not about that gap, that gap stands on its own. This deal is a respectable financial deal.”

With the lease approved, the development group will work with the city of Dana Point to make sure changes it made to the commercial core plan meet with the wishes of city leaders. Next, the city would need to grant site plan approvals, which could take six to nine months.

The project includes reconstruction of the commercial core, the east and west marinas, the Marina Inn Hotel and 52 guest slips. Under the proposed partnership, the developer will design, fund and build the improvements, then operate those portions of the harbor on the 66-year lease, before returning the property to the county.

Construction will be phased and begin with the building of a parking structure to accommodate 1,800 cars. Ground could be broken on the structure as early as next year and could be completed within nine months. Next would be work on Dana Wharf and the land side.

Construction on the docks and two hotels will start upon receipt of entitlement, which Dana Point Harbor Partners says could be within 24 to 30 months. There are plans to remodel the existing Marina Inn until the developer receives entitlements, then demolish it and build the new hotels.

“When you take a look at what this harbor provides, this is a self-sustaining park,” Dana Point Mayor Pro Tem Joe Muller said Tuesday. “The city of Dana Point is very much behind this. This is an incredible impact project to South Orange County and all of Orange County.”

Jim Miller, who has operated Coffee Importers for 37 years and is president of the Dana Point Harbor Merchant Association and vice-chairman of the Dana Point Harbor Advisory Group, was on the initial harbor task force in 1998 and has been to 150 public hearings. On Tuesday, he complimented Bartlett for her vision and commended the choice of Dana Point Harbor Partners.

While he is ecstatic with the board’s vote, he said, he also asked that he and the other harbor stakeholders have a voice during the upcoming review period.

“We would like to review the parking plan, leases, the marketing plan and tenant improvement,” he said.

For Donna Kalez, whose father Don Hansen started Dana Wharf Sportfishing and Whale Watching as the harbor’s first business in 1971, Tuesday’s vote was monumental.

“As I sat there listening to the supervisors, 20 years of this experience and all the emotions overwhelmed me,” she said. “I remembered my dad at those first meetings with Supervisor Tom Wilson drafting the guiding principals. Supervisor Lisa Bartlett should be commended for getting this project through and never giving up. Supervisor Shawn Nelson had me in tears as he rallied support and told everyone that it’s not just a Fifth District, it’s an all district, park.”