Board of Supervisors Approves Option and Master Agreement for
Dana Point Harbor Revitalization

Santa Ana, Calif. (July 18, 2018) – Yesterday the Board of Supervisors unanimously approved the Option and Master Lease Agreements for the revitalization of Dana Point Harbor ("Harbor") with Dana Point Harbor Partners ("DPHP").

Supervisor Lisa Bartlett, whose Fifth District encompasses Dana Point Harbor said, “Today’s vote is a monumental accomplishment for the Harbor as well as all of Orange County. We have selected best-in-class partners who will work with the County to deliver a truly fantastic harbor that will be enjoyed for many generations to come. Not only will we revitalize an aging asset, but we will do so without public financing while minimizing impacts to the County and the community. As we move into the 90-day option period, the partnership is committed to providing public outreach, and I look forward to receiving input from our stakeholders.”

The proposed public-private partnership lease results in the greatest benefit to the County, as well as the lowest County expenses and the lowest impact on the Harbor Tidelands Funds. In addition to fully revitalizing and constructing a brand new state of the art complement of Harbor amenities, including two new hotels, new retail space and full upgraded docks and recreational improvements, the following highlights other major benefits to the County:

- Streamlined management structure for harbor operations, including one point of contact for lease administration and management for the County, as well as stakeholders, tenants and Harbor users.

- A reduction of County obligations and expenses during the 66-year lease term from more than $2 billion to less than $1.2 billion.

- DPHP assumption of risk and liability for entire premises, including an approximate $410,000,000 in obligations that are currently performed and paid for by OC Parks.

“The Dana Point Harbor revitalization project will be a great asset for the entire County, encouraging and enhancing public access for all residents,” said Chairman Andrew Do, First District Supervisor.

The County’s staff recommendations of DPHP was based on the partnership that offered the best combination of rent, development plan, past performance, development guarantees, joint ownership and cross collateralization and would result in a single cohesive master operator.
Vice Chairman Shawn Nelson, Fourth District Supervisor, said, “The residents of Orange County have been patiently waiting on the redevelopment of the Harbor. Now it’s up the master developer to get work building on the project.”

During the negotiations of the master lease, the developer agreed to take on numerous obligations and responsibilities that the County currently has that were above and beyond those in their original proposal, including: dredging, seawall maintenance, pier and slip maintenance, Dana Cove Fishing Pier maintenance, pump-out replacement, buoys and navigational aids, derelict vessel abatement, tree maintenance, parking lot maintenance, and shelter, restroom and parkscape maintenance.

“Revitalizing Dana Point Harbor will spur economic development and provide not only better access to the coast, but a wider array of activities for residents and visitors alike,” said Supervisor Michelle Steel, Second District.

As a result of DPHP’s acceptance of these obligations, the parties renegotiated the percentage rents from those that were in DPHP’s proposal. In addition in return for a potential decrease of approximately $250,000,000 in potential rent, DPHP has agreed to take on approximately $410,000,000 in obligations that the County currently performs.

During these negotiations, the County and its outside consultants also focused on keeping the County’s return within a reasonable market range. Generally, the long term yield requirements (including developer profit) have ranged between 10% and 12%, depending on the project and risk retained by the public entity lessor.

“The Harbor revitalization is intended to enhance public access opportunities, provide updated visitor-serving commercial and marine recreational amenities, provide water quality improvements and promote coastal resource preservation throughout the harbor. Once completed, the Harbor will be a space that all Orange County residents and visitors will benefit from,” said Supervisor Todd Spitzer, Third District.

The proposed options, leases and current revitalization plan are the result of nearly twenty years of effort by County officials, staff, consultants, stakeholders, with leadership by the Board. The structure will result in a project advantageous to the County that provides streamlined lease administration and management as well as a revitalized first class small boat marina for the use and enjoyment of the citizen of Orange County.

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