

Dana Point Harbor Oversight Advisory Committee

Tuesday May 21, 2024 | 5:40 p.m. – 7:45 p.m.

MINUTES

Bob Langan, Committee Chair, called the meeting to order at 5:40 p.m. Committee members not in attendance; Wendy Marshall, Mike Frost (or the alternate representative from the City of Dana Point).

PRESENTATIONS/UPDATES:

-Orange County Supervisor Foley Update: Supervisor Foley was unable to attend the meeting as she was at the Orange County Board of Supervisor's session that ran long. Alyssa Napuri, Supervisor Foley's Deputy Chief of Staff, advised the committee during the slip rate discussion (see below) that the Supervisor wants the DPHOAC to consider whether the increases announced by the DPHP for years two through five should be a uniform increase (same percentage for all slip lengths) versus the tiered rate plan (percentage increases varied by slip length) announced as part of their 5 Year Rate Plan.

-Dana Point Harbor Partners Slip Rate Increase and 5 Year Rate Plan Discussion: An overview of the Dana Point Harbor Partners rationalization of their slip rate increase was given by Kelly Rinderknecht, Dana Point Marina General Manager and Brian Ward (representing the DPHP) to the DPHOAC. The power point presentation outlined the rate increase specifics for the June 1st increase, as well as years two through five of their 5 Year Rate Plan showing an average increase across all slip sizes of 9% per year. The increase percentage was tiered by slip length, with larger slip tenants being increased more than smaller slip tenants, to achieve the 9% average rate increase. When questioned by the committee, Mr. Ward indicated that no economic survey was done to support the notion that larger boat owners are better able to afford the higher percentages of increase, but rather the tiered approach favoring the small boat owners (35' and under) was implemented at the request of the Supervisor's office. In addition, there were several graphs representing the residence location of current slip tenants and those on the marina's wait list, supporting their opinion that current and future slip holders are primarily from Orange County. The presentation also showed the marinas used in determining the "market" used by the DPHP to set their rate increase. All of the marinas cited in the presentation are in Orange County and consist primarily of those in Newport Harbor.

Bob Langan, DPHOAC Chair, then made a presentation challenging the basis that the DPHP used to determine "market" citing that the DPHP are required by the terms of their lease with the county, to manage slip rates subject to the following: "Said prices will be market rate pricing as reasonably determined by Lessee; provided, however, that in all events such prices shall be consistent with the limitations on pricing as mandated by the Tidelands Grant". Mr. Langan then pointed out that on this basis the "market" should be determined by using not only the Orange County marinas, but all marinas in the Southern California Tideland Grant region which includes marinas from Ventura to San Diego. And in addition, any study done to determine the "market" must use data other than just marina rates. Regional socio-economic information must be included as well, to ensure that the marinas are accessible to as large a cross-section or residents as possible.

Questions from the committee were directed at both presenters during their time at the podium. Mr. Ward, in responding to Mr. Langan's presentation, stated that the DPHP are in compliance with the terms of their lease and as such are able to determine the "market" used to calculate/justify their slip rates and that the increases scheduled for June 1st are on the books. He explained that the slip rate increases are necessary to support the investment level required for the ongoing harbor revitalization. However, per a request made by Supervisor Foley in the spirit of transparency, the DPHP created the 5 Year Plan with annual increases versus more frequent increases that they are entitled to per their contract with the County of Orange. Mr. Ward stated in response to concerns from the committee about Dana Point Harbor becoming another Newport Beach Harbor, that the DPHP do not need Dana Point to be Newport Beach (in terms of slip rates) but rather they have a goal of getting the increases that they need and still be the best deal in town. He further stated that they (the DPHP) are not trying to force people out of the harbor but rather they are trying to do the right thing financially.

Due to the opposing opinions regarding the definition of the "market" Supervisor Foley, communicating through her Deputy Chief of Staff, committed to funding a third-party study of the proposed rate increase methodology for years two through five of the 5 Year Rate Plan. The committee requested that the study incorporate variables other than just slip rates, such as the residence location of slip lessees in other marinas and the related socio-economic data. In addition, it was asked that the study include marinas outside of Orange County as well as the Newport Beach marinas. A recommendation by the committee was made to have the county start the process toward a market study by first having the County of Orange Real Estate Department determine the factors to be used in a market study and report back to the committee at the next meeting for discussion and agreement before issuing an RFP for the actual study. Ms. Napuri agreed. Mr. Ward then stated the DPHP would oppose any recommendation that would suggest the partners are not entitled to raise rates at their discretion per their contract. Ms. Napuri then set the expectation of what the study findings could be used for as she indicated that the County of Orange is of the opinion that the DPHP are in compliance with the terms of their lease and that they have the right to set rates for the marina slips per the signed agreement. She reiterated that the June 1st increase is in stone. She said the study could

be used to determine a tiered versus uniform rate plan for years two through five and to better clarify what the “market” is for future discussions.

Discussion regarding the method used to apply the 9% annual rate increases detailed in the 5 Year Rate Plan was tabled until the June meeting.

A motion was made by committee member Darcie Harris to have an independent third party audit the DPHP wait list used to support the rate increases based on demand as one of the determining factors. The motion was seconded by Bob Langan. Discussion was held and a vote was taken and the motion failed.

-DPHP Report on the Status of the Dana Point Harbor Yacht Clubs: Mr. Ward reported that the DPHP want to maintain two yacht clubs in the harbor. He indicated that the partners have been in discussions with both the Dana West Yacht Club and the Dana Point Yacht Club about their status going forward as they both have leases in place. Mr. Ward felt that the DWYC would stay in its current location as the building is in good shape and has been heavily invested in by the club. This statement is in contrast with the original site plans, approved for the revitalization, that showed DWYC being removed. Mr. Ward stated that revised plans would be forthcoming. He indicated that the DPYC would likely move to a new location with a footprint more in line with their current membership needs and that it is in the hands of the DPYC to decide. If the move is approved by the DPYC membership, the new building would be constructed while the DPYC operates in their current space.

-Dana Point Harbor Oversight Manager Update: Christian Gagne, the Dana Point Harbor Oversight Manager for the County of Orange, provided the committee with a consolidated list of questions submitted by the public, to Supervisor Foley’s home page, regarding the announced slip rate increase by the DPHP. Rather than consume time with a discussion of the individual questions at this meeting, Mr. Gagne advised the committee that his office would formulate answers to the questions and give them to the committee at the next meeting and have them posted on the Supervisor’s home page under the Dana Point Harbor tab for the public to view.

-O.C. Parks Update: Michael Wilson, O.C. Parks, reported that the potential expansion of the OC Sailing and Event Center was not possible at this time and did not specify the factors leading to that decision. However, Mr. Willson advised the committee that a contract has been executed with IDS, an Orange County space planning firm, to prepare a plan for the OCSEC structure that efficiently utilizes the space for its current users. IDS will meet with all of the users individually to look at their business plan, storage needs, etc. One of the caveats of the contract with IDS is that their proposed space plan needs to stay within the existing footprint to avoid involvement by the California Coastal Commission. Mr. Wilson was asked to send a list of current stake holders, licensed by the county, to the DPHP to confirm that no one under the partner’s purview will be left out of the plan. The time line on the study will be 6 to 8 months. Mr. Wilson also reported that the new roof on the conference portion of the OCSEC would be completed mid-June and that the state grant to help rebuild the east and west docks is still in play.

Bob Langan adjourned the meeting at 7:45 p.m.

ACTION ITEMS:

1. Dana Point Harbor Oversight Manager’s answers to the public questions asked re. the DPHP slip rate increase.
2. OC Real Estate’s recommendation for the factors to be used in the marina “market” study.
3. OC Parks list of stakeholders of the OC Sailing and Event center to DPHP for their review.

JUNE AGENDA ITEMS: (the committee confirmed that the next meeting will be June 5th)

1. Dana Point Harbor Oversight Manager’s presentation of the answers to the public questions regarding the new slip rates.
2. The Orange County Real Estate Department presentation on what factors should be used to determine the DPH marina “market”.
3. Discussion about the use of a uniform slip rate increase versus a tiered rate increase for years two through five of the 5 Year Rate Plan.