

CALIFORNIA COASTAL COMMISSION

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June 14, 2021

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Governor's Office of Planning & Research

July 07 2021**STATE CLEARINGHOUSE**Delivered via electronic mail: KNelson@DanaPoint.org

**Re: Dana Point Harbor Hotels
Coastal Commission Staff Comments on DEIR and NOC
State Clearinghouse No. 2020099024**

Dear Kurth Nelson:

Coastal Commission staff appreciate the opportunity to review and provide comment on the Draft Environmental Impact Report and Notice of Completion for the Dana Point Harbor Hotels project (Project). We also would like to acknowledge the significant collaboration that has taken place to date between interested stakeholders, and regional and state agency representatives, in the development of this significant project. Given the impacts of the project on public access, recreational amenities, and coastal resources near the Harbor area, as well as potential implications for other ongoing projects nearby, additional and more thorough project review will be required as part of a necessary Local Coastal Program amendment (LCPA) for the proposed project.

As correctly identified in Section 3.2.5 of the DEIR, it is important that the assessment of the Project's impacts to coastal resources contemplate a myriad of Coastal Act policies. For example, except for certain specific instances, fill of a wetland or other coastal waters is prohibited (Section 30233), and the marine resources (Section 30230), water quality (Section 30231), and environmentally sensitive habitat areas (Section 30240) associated with coastal resources are also protected. In addition, public views of scenic coastal resources (Section 30251), public access and recreation (Section 30210), and the public's ability to access the coast and coastal resources for water-oriented recreational activities (Section 30220) are also protected by the Coastal Act. Pursuant to Section 30519, the Commission relinquishes development review authority to the City of Dana Point, given the certification of a Local Coastal Program designating a harbor district and plan; nevertheless, the Commission may recommend appropriate local government LCPAs to accommodate uses of greater than local importance.

Therefore, the following comments address, in a preliminary manner, the issue of the Plan's consistency with the policies of the California Coastal Act of 1976 (specifically Chapter 3), the Dana Point Harbor Revitalization Plan (LCPAs MAJ-1-08/LUP and MAJ-1-10/IP), and other relevant policies derived from the California Coastal Act of 1976 and/or LCP. This letter is an overview of the main issues Commission staff have identified at this time based on the information that has been presented, and it is not an exhaustive analysis. The comments contained herein are

preliminary in nature, and those of Coastal Commission staff only, and should not be construed as representing the official opinion of the Coastal Commissioners.

Comments:

1.) Project Description and Architectural Considerations

The project site measures roughly 10 acres and includes development nearly within the entirety of Planning Area 3. Planning Areas 2 and 4 are only tangentially connected to the proposed project. Within the site of development, the existing Dana Point Marina Inn will be demolished along with two PA3 boater service buildings and parking areas. In their place, two new hotels—the Dana Point Surf Lodge and the Dana House Hotel—will be constructed.

The Surf Lodge is expected to be a four-story, 56,896 sq. ft. structure providing 139 lower-cost guest rooms and associated amenities. There would be no direct access to boating activities from this hotel. On the other hand, the Dana House Hotel is anticipated to be a four-story, 125,026 sq. ft. structure that includes 130 market-rate guest rooms, underground parking, and direct access on the podium level to a new sq. ft. boater service facility containing 3,800 sq. ft. of ancillary space for boaters and 3,000 sq. ft. of meeting space/marina office. Dana House Hotel will also see landscaping and pedestrian improvements connecting it directly to the adjacent Festival Plaza and Pedestrian Promenade along the East Cove Marina bulkhead. Surf Lodge will enjoy improvements to Island Way and Dana Point Harbor Dr to the west.

While the improvement is allowed and encouraged per Policy 5.2.1-1 of the Dana Point Harbor Revitalization Land Use Plan (LUP), the anticipated project differs greatly from the original plans. Per the LUP description on Page I-5.3, proposed would have been an entirely low-cost replacement hotel with 220 rooms, 2750 sq. ft. restaurant, 12,000 sq. ft. special function/meeting space, 500 sq. ft. retail, and 1500 sq. ft. gym/pool/outdoor amenities. Furthermore, Policy 5.2.1-2 requires a LCPA in the case that this plan is not realized. In Section 3.4 of the DEIR, it is acknowledged that a LCPA was submitted to the Commission on August 10, 2020 due to substantial differences in several architectural tenets from those established in Policies 5.2.1 of the LUP. In the LCPA submission, there is a general comparison between the scope of the currently proposed project and that which is laid out on Page I-5.3 of the LUP. To further address discrepancies stemming from specific LUP policies, especially Policies 5.2.1, the DEIR includes Table 4.9.C for consistency analysis. However, some important policies are missing or are incorrect. Therefore, please include the following LUP policies in Table 4.9.C (or further explanation in Section 3.3) of the DEIR to determine consistency:

- Policy 5.2.1-4: Conference and recreational facilities for the hotel complex will be replaced and/or remodeled per the description on Page I-5.3.
- Policy 5.2.1-5: Up to 20% of the total number of rooms would be offered “with guess amenities in addition to a bedroom, that include a living area, dining room, kitchen, clothes washers and dryers.”

- Policy 5.2.1-6: Hotel rooms may be connected or adjoined to form multiple bedroom suites.
- Policy 5.2.1-7: Hotel rooms shall incorporate private decks or balconies fronting the Harbor and ocean whenever feasible.
- Policy 5.2.1-8: The design of the hotel will be compatible with the California Coastal design theme of the Commercial Core area and will be terraced to maximize public views.
- Policy 5.2.1-9: The hotel building design will provide adequate guest and boater parking, and will maintain convenient access for boaters.
- Policy 5.2.1-10: A parking deck with access directly from Dana Point Harbor Dr, Casitas Pl, or the Commercial Core area to the hotel will be considered so as to separate main guest entrances from service/delivery functions.
- Policy 5.2.1-11: All future facilities providing overnight accommodations will be located in PA3.

Please also make sure that this analysis is included in the LCPA prior to implementation of the project as proposed.

2.) Overnight Accommodations

Based on Section 3.3 of the DEIR, there is particular concern that there would be a reduction in lower-cost overnight visitor accommodations. The amount of lower-cost guest rooms currently proposed is nearly half of the original figure cited in the LUP. This issue is somewhat addressed in the consistency analysis found in Table 4.9.C of the DEIR. To mitigate against loss of lower-cost overnight visitor accommodation, it is stated that “all 136 [Marina Inn] shall be replaced in the [same] area... with units that are of equal or lower cost than the existing lower cost units to be demolished” and that “additional lower cost overnight accommodations or amenities above the 136 rooms may be required.” Despite the DEIR’s findings of consistent mitigation, the proposed allotment of 139 lower-cost units will be proportionately lower than before, and it is still lower than the 220 units previously projected in the LUP.

In furtherance of Section 30213 of the Coastal Act, Commission staff thus strongly urge the Project to adopt either of the following two alternatives:

- a.) Lower-Cost Room Provision. Where feasible, the applicant would ensure that 25% of the total stock of market-rate and/or high-cost units proposed will be low-cost, either through the conversion of the proposed units or the construction of additional units. While there are no current requirements in the DPHRP or broader Dana Point LCP that necessitate this provision, such a provision, or a similar low-cost room provision, is consistent with past Commission actions, namely Redondo Beach LCPA 2-08, Newport Beach LCPA 1-07, and San Buenaventura LCPA 1-08 and 2-08. Statewide, there are numerous other examples of hotel developments conditioned to mitigate for both the loss of low-cost units and their replacement with high-cost units in a similar manner. Before implementation of the project, the applicant will concur with the City as

to feasibility and execution of this provision, and the two parties will agree on a location for these additional units within the project site.

- b.) In-Lieu Mitigation Fee. To ensure that overnight accommodations are available at a range of price points in the Coastal Zone, the applicant, and all other successors and assigns, would submit an in-lieu mitigation fee of \$100,000 for each of high-cost rooms constructed, for 25% of the quantity of such high-cost rooms constructed, and adjusted per the Consumer Price Index (CPI), to be paid prior to the issuance of the of the Certificate of Occupancy for the hotel, or within 3 years of approval, whichever is sooner, and ensure that the funds will be directed toward the State Coastal Conservancy, to support expanding availability of lower-cost overnight visitor accommodations in the Coastal Zone. The preferred use of the in-lieu fee is for the additional provision of low-cost accommodations in Dana Point. As a result, the proposed development would increase the amount of visitor-serving opportunities in the Coastal Zone and also contribute toward providing lower-cost accommodations where not feasible on-site.

In recent years the Commission has found that provision of an in-lieu fee does not result in tangible lower cost rooms in the same way as new on-site lower cost components of a high-cost or mixed-cost hotel development, and therefore encourages development of on-site lower cost rooms whenever possible.

3.) Public Access and Recreational Facilities

Similarly, adequate access to day use and recreational facilities is paramount to ensure the public enjoyment of the coastal resources within the project site. The project proposes to demolish two existing boater service facilities along the southern edge of Planning Area 3, to be replaced with an underground facility on the podium level of the Dana House Hotel, with direct access to nearby boat slips. Section 4.12.3.4 of the DEIR claims that “parking for boater service facilities and designated boater parking will also be required as part of the proposed project.”

In accordance with LUP Policy 4.1.1-5, boater serving facilities will be rehabilitated and relocated closer to Planning Area 2, which is designated Day Use Commercial (DUC). However, of concern is that recreational facilities will not be fully accessible to the public in the same manner as before, as directed by LUP Policy 6.1.1-3. If the project is implemented, the marina offices and the dry boat storage space will no longer be standalone and above-ground, which may deter some day users. In addition, members of the public will park in a covered and gated parking structure, as opposed to surface parking, and it is ambiguous in the DEIR if it would be paid or free of charge. Lastly, the location of the of the proposed boater serving facility may particularly encumber visitors of the Surf Lodge, whom would be at a greater distance. Consequently, it is important to include additional description in the DEIR regarding public access, expressly as it relates to the newly proposed recreational facility and any potential impacts to ancillary boating use as established in Section 30224 of the Coastal Act. Operating hours and fee schedules for boat and slip rentals, as well as pricing for parking, if any, would be particularly helpful.

4.) Transportation and Mobility

The DEIR references Appendix L, PA 3 Parking Assessment, and Appendix K, Traffic Impact Analysis. Appendix L mentions that parking will likely be in short supply during periods of high demand, and that the number of proposed parking spaces is not adequate, except when considered under a “shared parking analysis.” Page 4.12-16 of the DEIR corroborates these findings, confirming that during an anticipated “worst-case scenario,” where hotel and convention hall occupancy would be 100%, there are only 19 surplus parking spaces across the entire project area. The analysis does not consider boater parking beyond the 178 dedicated access-controlled parking spaces required for the new boater service facility. Low parking vacancy rates may potentially impact public access and mobility within the harbor area, especially during the weekends when visitors from other locales utilize these ancillary facilities and infrastructure capacity is strained. Thus, the finding that “impacts would be less than significant, and no mitigation is required” in providing adequate parking may not be correct or complete.

Likewise, in echoing comments made by Caltrans, Commission staff find that a discussion of general transportation safety improvements, especially for bicyclists and pedestrians, is important to include as part of Appendix K, as stipulated in Coastal Act Sections 30220-224, 30233, 30234, 30250, 30252, and 30255.

As a result, please discuss transportation improvements within the context of LUP Policies 6.2.3, 6.2.4, 6.2.5, 6.3.1, and IP Policies 6.5 and 14.2, and others that are not currently described in Table 4.9.C under the consistency analysis. Continued coordination with Caltrans and Orange County Transportation Authority (OCTA) is encouraged in order to enhance multimodal transportation availability and increasingly further the project’s transportation and mobility strategies to correspond to Coastal Act Section 30252 and the DPHRP.

5.) Environmental Impacts

Please make sure that the project’s proposed landscaping and vegetation plans are in conformity with Policies 7.1.2 of the LUP. These include tree maintenance procedures, nesting and foraging habitat specifications, and marine habitat protections. The project description should also correspond to the general environmental description provided in the LUP for the area:

“All of the trees within Dana Point Harbor, including the native trees, were planted as landscape, ornamental trees. Of the approximately 525 eucalyptus (*Eucalyptus* sp.) trees, a non-native species, approximately 175 of the eucalyptus trees are large with good ecological or aesthetic value; the remaining trees are small or leggy, with little canopy cover. Approximately 40 native California sycamore (*Platanus racemosa*) trees are located east of Island Way in Planning Areas 1 through 3. The sycamore trees throughout the Harbor are typically large and healthy. Also located throughout the Harbor are approximately 25 pines (*Pinus* sp.) that are generally less than 20 feet in height. Additionally, there are Norfolk Island Pines (*Araucaria*

heterophylla) located near the OC Sailing and Events Center. Other common trees included Coral trees (*Erythrina* sp.), Bay Fig (*Ficus macrophylla*), and various species of palm....

The nearest anticipated construction to the bluff areas [in Planning Area 7] includes possible... expansion and replacement of the existing Marina Inn that are also contemplated. Construction in these areas would not encroach into the native habitat in Planning Area 7 and therefore would not impact potentially sensitive species.”

6.) Cumulative Impacts

There are other major projects within the Coastal Zone of the City of Dana Point occurring in parallel, namely the [Serra Siding Extension Rail Project](#) (SCH No. 2021020118) and [Doheny Village Zoning District Update Project](#) (SCH No. 2020030428). Please draft a brief cumulative impacts analysis referencing these and other relevant projects in the vicinity, and ensure that it is incorporated into Sections 4.9.10 and 6.3 of the DEIR.

Please note that the comments provided herein are preliminary in nature. More specific comments may be appropriate as the project develops and site-specific plans are assigned. Coastal Commission staff request notification of any future activity associated with this project or related projects. Additionally, the comments contained herein are those of Coastal Commission staff only and should not be construed as representing the opinion of the Coastal Commission itself. Thank you again for the opportunity to comment on the Final DEIR. We look forward to future collaboration on preservation of coastal resources within the South Coast region. If you have any questions or concerns, please do not hesitate to contact us at the Coastal Commission’s Long Beach office.

Sincerely,



Shahar Amitay
Environmental Services Intern

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