

**CALIFORNIA COASTAL COMMISSION**

SOUTH COAST DISTRICT OFFICE  
301 E. OCEAN BLVD, SUITE 300  
LONG BEACH, CA 90802-4325  
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# F10a

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to staff report

**LCP-5-DPT-21-0079-2  
(Dana Point Harbor Hotels)**

**JUNE 14, 2024**

**EXHIBITS**

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*\* Due to the length of Exhibit 1, only the resolutions, ordinances, and attachments referenced in the staff report are included. Other associated documents are on file in the Commission's South Coast District Office.*



July 29, 2020

Jack Ainsworth  
Executive Director  
California Coastal Commission  
301 E Ocean Blvd Suite 300  
Long Beach, CA 90802

**Subject: City of Dana Point Local Coastal Program Amendment No.19-0003  
(Dana Point Harbor Revitalization Plan and District Regulations for PA 3)**

Dear Mr. Ainsworth:

It is our pleasure to submit to you the attached Local Coastal Program Amendment (LCPA) for the proposed changes to the Dana Point Harbor Revitalization Plan and District Regulations for Planning Area 3.

The submittal, initiated by the Harbor Partners, LLC., includes modifications to the limitations of PA 3 that make the development of the hotels more feasible.

Staff has followed the same procedures, and utilized the same approval language in the attached City Council Resolution and Ordinance consistent with our local LCPA as we have for past LCPA submittals.

Overall, staff has analyzed the proposed changes and found them to be consistent with the LCP and consistent with chapter three of the Coastal Act.

During the review of the proposed LCPA, do not hesitate to reach out to me directly to answer any questions or to provide any additional information that may be of use to you while reviewing the proposal. I can be reached by email at [snicholas@danapoint.org](mailto:snicholas@danapoint.org) or by phone at (949) 248-3588.

Sincerely,

Sean Nicholas, AICP  
Senior Planner

## **Local Coastal Program Amendment LCPA19-0003**

**Public Review Process:** The following is the various ways the public was informed of the LCPA process:

- May 7, 2020 – The six (6) week review of the proposed amendments were made available to the public at City Hall, Community Development, and the Long Beach office of the Coastal Commission which has jurisdiction over Dana Point. The availability of the proposed amendments for public review were printed in the local paper advertising the availability of the proposed modifications, and was posted on the City's website.
- May 15, 2020 - Published in the local paper, posted on the City's website, a public notification of public hearing for the Planning Commission meeting of May 27, 2020, was provided welcoming comment on the proposed LCPA.
- May 27, 2020 - A public hearing was conducted by the Planning Commission within the Council Chambers at City Hall, and at the public hearing there was no members of the public that chose to speak on the proposed amendment, and after Planning Commission discussion recommended approval 5-0.
- June 5, 2020- Published in the local paper, posted on the City's website, a public notification of public hearing for the City Council meeting of June 16, 2020, was provided welcoming comment on the proposed LCPA.
- June 16, 2020- A public hearing was conducted by the City Council within the Council Chambers at City Hall, and at the public hearing there was no members of the public that chose to speak on the proposed amendment, and after City Council discussion approved the LCPA and ZTA 5-0.
- July 21, 2020- A second reading of the Ordinance for the Zone Text Amendment was conducted, and no members of the public were present to speak on the item and was approved by City Council.

**Local Coastal Program Amendment and Zone Text Amendment:** The City is requesting approval of the LCPA to adopt the proposed Zone Text Amendments (ZTA).

The Zone Text Amendments are for amendments to the Dana Point Harbor Revitalization Plan and District Regulations for Planning Area 3.

***Please note the detailed analysis and explanation of the proposed amendments are included in the attached staff reports, transmitted with this letter.***

**Local Coastal Program Amendment:** The components of the LCPA request include this City of Dana Point letter and the following information:

1. Proposed Zone Text Amendments to the Dana Point Harbor Revitalization Plan and District Regulations (DP Harbor Plan). (Copy Enclosed)
2. Copies of all Staff Reports with attachments. (Copies Enclosed)
3. Copies of final, adopted Council resolutions and ordinance approving the LCPA. (Copies Enclosed)
4. Copies of final, approved minutes of all public hearings at which the LCPA was discussed. (Copies Enclosed)
5. Environmental review documents pursuant to the CEQA (CEQA Notice of Exemption). (Copies Enclosed)
6. Summary of measures to ensure both public and agency participation:
  - a. Listing of members of the public, organizations, and agencies appearing at any public hearing or contacted for comment on the LCP amendment, and copies of speaker slips for all persons testifying at said hearings. (No public Comments were given)
  - b. Copies of hearing notices for all public hearings at which the LCPA was discussed or scheduled for discussion.
  - c. Proof of publications  
(Copies Enclosed)
7. A discussion of amendments relationship to and its effect on other sections of the certified LCP. (See Attachment A)
8. Zoning measures that will implement the LCPA. (See Attachment A)
9. An Analysis of conformity of the proposed LCPA with Chapter Three policies (See Attachment A)

**ATTACHMENT A****7. AMENDMENTS RELATIONSHIP TO AND ITS EFFECT ON OTHER SECTIONS OF THE PREVIOUSLY CERTIFIED LCP**

The proposed LCP amendment involves amendments to the Dana Point Harbor Revitalization Plan and District Regulations (DP Harbor Plan) associated with modifications to the development intensity of Planning Area 3 (PA 3). This update includes a mix of uses that is more reflective of the needs of the Harbor and being complimentary with the other services provided within other Planning Areas. In addition to the change of square footage of uses, the major amendment is to allow a market rate hotel in addition to the low-cost affordable overnight hotel. Pursuant to the DP Harbor Plan, at minimum the room for room replacement of the exiting Harbor Inn must be provided. This amendment recognizes that requirement and leaves the maximum allowed rooms uncapped to address off set of the new commercial rate rooms. No other components in the DP Harbor Plan are being modified thus all other regulations remain in place.

**8. ZONING MEASURES THAT WILL IMPLEMENT THE LCPA**

The proposed LCPA is an amendment to modify the development potential of PA 3. The modifications will allow for an additional market rate hotel consistent with the provisions of the DP Harbor Plan, and flexibility has been provided regarding low-cost overnight accommodations for review and analysis based on whatever proposal for PA 3 is submitted. No other elements of the DP Harbor Plan are being modified and there is sufficient guidance and regulations throughout the document to ensure compliance with all provisions.

**9. CONFORMITY OF THE PROPOSED LCPA WITH CHAPTER THREE POLICIES**

The amendments to the Zoning Code are consistent with the Coastal Act chapter three policies. The proposed amendments to the DP Harbor Plan will ensure development in PA 3 is complimentary to the surrounding planning areas, while allowing for both a market rate hotel and increased lower cost overnight accommodations. By providing more overnight accommodations in general will increase coastal access and not impact coastal resources. The components of the LCPA do not impact any land use provisions associated with coastal resources, hazard areas, coastal access concerns, and land use priorities contained in the certified Local Coastal Plan and thereby continues to be consistent with Coastal Act policies.

**CITY OF DANA POINT  
NOTICE OF EXEMPTION**

**Date:** July 22, 2020

**To:** County Clerk/County of Orange  
630 N. Broadway  
P.O. Box 238  
Santa Ana, California 92702  
Attn: EIR Clerk

**From:** City of Dana Point  
Community Development Department  
33282 Golden Lantern, Suite 209  
Dana Point, California 92629

**Project Title:** LCPA19-0003/ZTA19-0003, Amendments to PA 3 of the Dana Point Harbor Revitalization Plan and District Regulations

**Project Location:** Dana Point Harbor PA 3  
City of Dana Point, County of Orange

**DESCRIPTION OF NATURE, PURPOSE AND BENEFICIARIES OF PROJECT:** Amendments to the uses within the PA 3 portion of the Dana Point Harbor Revitalization Plan and District Regulations to modify the square footage of uses to be complimentary to the other planning areas and allow for a market rate hotel and additional low cost overnight accommodations.

**Name of Public Agency Approving Project:** City of Dana Point

**Name of Person or Agency Carrying Out Project:**

Dana Point Harbor Partners, LLC.  
c/o R.D. Olson Development  
520 Newport Center Dr. Suite #600  
Newport Beach, CA 92660  
(949) 271-1100

**Exempt Status:** (Check One)

Statutory Exemption

Section:

Ministerial (Sec. 15073):

Declared Emergency (Sec. 15071(a))

Emergency Project (Sec. 15071(b) and (c))

Categorical Exemption:

Class: N/A Section: 15265

**Reason Why Project is Exempt:** The project is Categorical Exempt as the project is associated with the adoption of a Local Coastal Program and no physical development is being proposed associated with the modifications proposed.

**Contact Person:** Sean Nicholas, Senior Planner - 949-248-3588

**RESOLUTION NO. 20-06-16-02**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DANA POINT, CALIFORNIA, LOCAL COASTAL PROGRAM AMENDMENT LCPA19-0003, FOR SUBMISSION OF ZTA19-0003 AS LOCAL COASTAL PROGRAM AMENDMENT LCPA19-0003 FOR APPROVAL AND CERTIFICATION BY THE CALIFORNIA COASTAL COMMISSION.**

**Applicant: R.D. Olson Development**

**The City Council of the City of Dana Point does hereby resolve as follows:**

**WHEREAS, in 1993, the City of Dana Point approved, and the California Coastal Commission certified, the Zoning Ordinance of the City of Dana Point; and**

**WHEREAS, on October 6, 2011, the California Coastal Commission certified the LCPA/ZTA for the Dana Point Revitalization Plan & District Regulations (Revitalization Plan), and was incorporated by reference (9.25.010) into the Dana Point Zoning Code (DPZC), thus part of the City's Implementation Plan; and**

**WHEREAS, the proposal is for a Local Coastal Plan Amendment (the "LCPA") and Zone Text Amendment (the "ZTA") to update the goals, policies, and provisions for Planning Area 3 (PA 3) of the Revitalization Plan; and**

**WHEREAS, the ZTA and LCPA will be consistent with and will provide for the orderly, systematic and specific implementation of the General Plan; and**

**WHEREAS, on May 7, 2020, the proposed ZTA and LCPA were made available for public review at City Hall and locations within the City of Dana Point, provided to the Coastal Commission Long Beach office, and available on the City of Dana Point's website; and**

**WHEREAS, the Planning Commission held a duly noticed public hearing as prescribed by law on May 27, 2020, to consider said LCPA and ZTA and unanimously approved a Resolution recommending approval; and**

**WHEREAS, the City Council did on June 16, 2020, hold a duly noticed public hearing as prescribed by law to consider the Zone Text Amendment and Local Coastal Program Amendment; and**

**WHEREAS, at said public hearing, upon hearing and considering all testimony and arguments, if any, of all persons desiring to be heard, the City Council considered all factors relating to ZTA19-0003 and LCPA19-0003; and**

**NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Dana Point as follows:**

**That the above recitations are true and correct and incorporated herein by reference;**

**That the proposed action complies with all other applicable requirements of State law and local Ordinances;**

**That the Zone Text Amendment under ZTA19-0003 is in the public interest;**

**That the Local Coastal Program Amendment (LCPA19-0003) is consistent with, and will be implemented in full conformity with the Coastal Act;**

**That the City Council has reviewed and considered the Notice of Exemption;**

**The City Council has reviewed the environmental analysis consistent with the California Environmental Quality Act (CEQA) and determined that the project is exempt from CEQA pursuant to Section 15265 of the California Guidelines for Implementation of the California Environmental Quality Act ("CEQA Guidelines"), as CEQA does not apply to a local government's preparation of a local coastal program amendment;**

**That the City Council adopts the following findings:**

**That the public and affected agencies have had ample opportunity to participate in the LCPA process. Proper notice in accordance with the LCP Amendment procedures has been followed.**

**That all policies, objectives, and standards of the LCPA conform to the requirements of the Coastal Act. The amendments to the DPZC are consistent with the Coastal Act policies that encourage coastal access and preservation of coastal and marine resources. That the DPZC as amended are in conformance with and adequate to carry out the Chapter Three policies of the Coastal Act and that the amendments to the DPZC is in conformance with and adequate to implement the Land Use Plan.**

**That Coastal Act policies concerning specific coastal resources, hazard areas, coastal access concerns, and land use priorities have been applied to determine the kind, locations, and intensity of land and water uses. As a Zone Text Amendment and Local Coastal Program Amendment, no specific development is proposed. Any future development that may occur will be reviewed for compliance with the City's Local Coastal Program and (in addition) for proposed development located within the Commission's appeal area, and the public access policies of the Coastal Act.**

**That the level and pattern of development reflected in the Land Use Plan, Dana Point Zoning Code (DPZC), and Zoning Map are not being modified by the proposed changes. The applicable Policy being amended is consistent with state law, is internally consistent with the**



General Plan, and does not represent any threat to the public health, safety, or welfare.

That a procedure has been established to ensure adequate notice of interested persons and agencies of impending development proposed after certification of the LCPA. Proper notice in accordance with the LCP Amendment procedures has been followed.

That the DPZC measures are in place which are in conformance with and adequate to carry out the coastal policies of the Land Use Plan.

H. That the City Council finds the following:

1. The City certifies that with the adoption of these amendments, the City will carry out the Local Coastal Program in a manner fully in conformity with Division 20 of the Public Resources Code as amended, the California Coastal Act of 1976.
  2. The City certifies that the Land Use Plan, as amended, is in conformity with and adequate to carry out the Chapter Three policies of the Coastal Act.
  3. The City certifies the implementing actions as amended, are in conformity with and adequate to carry out the provisions of the certified Land Use Plan.
  4. The Resolution of the City Council specifies that Local Coastal Program Amendment LCPA19-0003 be submitted to the Coastal Commission for certification.
- I. That the amendments to the Dana Point Zoning Code are shown in Ordinance 20-XX, and incorporated herein by this reference.
- J. The City Council approves the Dana Point Zoning Code Amendment ZTA19-0003 additional language in its entirety by separate Ordinance.
- K. ZTA19-0003 and LCPA19-0003 and other remaining applicable sections of the DPZC constitute the LCP for the applicable areas of the City of Dana Point.

The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 16<sup>th</sup> day of June, 2020.

  
Richard A. Viczorek, MAYOR

ATTEST:

  
Kathy Ward

City Clerk


STATE OF CALIFORNIA    )  
COUNTY OF ORANGE    ) ss.  
CITY OF DANA POINT    )

I, Kathy Ward, City Clerk of the City of Dana Point, do hereby certify that the foregoing Resolution No. 20-06-16-02 was duly adopted and passed at a regular meeting of the City Council on the 16<sup>th</sup> day of June, 2020, by the following roll-call vote, to wit:

AYES:           Council Member Debra Lewis, Council Member Joseph L. Muller,  
                  Council Member Paul N Wyatt, Mayor Pro Tem Jamey M. Federico,  
                  Mayor Richard A. Viczorek

NOES:           None

ABSENT:        None

  
\_\_\_\_\_  
KATHY WARD  
CITY CLERK

**ORDINANCE NO. 20-02**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DANA POINT, CALIFORNIA, APPROVING ZONE TEXT AMENDMENT ZTA19-0003 TO AMEND THE DANA POINT HARBOR REVITALIZATION PLAN AND DISTRICT REGULATIONS FOR PLANNING AREA 3 AND SUBMISSION AS PART OF LOCAL COASTAL PROGRAM AMENDMENT LCPA19-0003 FOR APPROVAL AND CERTIFICATION BY THE CALIFORNIA COASTAL COMMISSION.**

Applicant: R.D. Olson Development  
File No.: ZTA19-0003/LCPA19-0003

The City Council of the City of Dana Point does hereby ordain as follows:

WHEREAS, in 1993, the City of Dana Point approved, and the California Coastal Commission certified, the Zoning Ordinance of the City of Dana Point; and

WHEREAS, on October 6, 2011, the California Coastal Commission certified the LCPA/ZTA for the Dana Point Revitalization Plan & District Regulations (Revitalization Plan), and was incorporated by reference (9.25.010) into the Dana Point Zoning Code (DPZC), thus part of the City's Implementation Plan; and

WHEREAS, the proposal is for a Local Coastal Plan Amendment (the "LCPA") and Zone Text Amendment (the "ZTA") to update the goals, policies, and provisions for Planning Area 3 (PA 3) of the Revitalization Plan; and

WHEREAS, the ZTA and LCPA will be consistent with and will provide for the orderly, systematic and specific implementation of the General Plan; and

WHEREAS, on May 7, 2020, the proposed ZTA and LCPA were made available for public review at City Hall and locations within the City of Dana Point, provided to the Coastal Commission Long Beach office, and available on the City of Dana Point's website; and

WHEREAS, the Planning Commission held a duly noticed public hearing as prescribed by law on May 27, 2020, to consider said LCPA and ZTA and unanimously approved a Resolution recommending approval; and

WHEREAS, the City Council did on June 16, 2020, hold a duly noticed public hearing as prescribed by law to consider the Zone Text Amendment and Local Coastal Program Amendment; and

WHEREAS, at said public hearing, upon hearing and considering all testimony and arguments, if any, of all persons desiring to be heard, the City Council considered all factors relating to ZTA 19-0003, and LCPA 19-0003; and

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Dana Point as follows:

- A. That the above recitations are true and correct and incorporated herein by reference;
- B. The revisions to the Zoning Ordinance are attached hereto as Exhibit "A" showing all proposed changes in a strikethrough/underline format, and Exhibit "B" showing a "clean" copy of the proposed modifications and incorporated herein by reference;
- C. That the proposed action complies with all other applicable requirements of state law and local Ordinances;
- D. That the ZTA19-0003 and LCPA19-0003 is in the public interest;
- E. The City Council has reviewed the environmental analysis consistent with the California Environmental Quality Act (CEQA) and determined that the project is exempt from CEQA pursuant to Section 15265 of the California Guidelines for Implementation of the California Environmental Quality Act ("CEQA Guidelines"), CEQA does not apply to a local government's preparation of a local coastal program amendment;
- F. The proposed amendment to the DPZC is consistent with the General Plan;
- G. The City Council adopt Zone Text Amendment ZTA19-0003 for the reasons outlined herein including but not limited to: **providing a variety of visitor serving facilities within the Harbor Revitalization Plan including market rate and lower cost overnight accommodations.**
- H. That the City Council adopt the following findings:
  1. That the public and affected agencies have had ample opportunity to participate in the LCPA and ZTA process, in that proper notice in accordance with the LCPA procedures of the Dana Point Zoning Code (DPZC) has been followed. Notices were; 1) mailed on May 7, 2020, to notify adjacent agencies that the proposed changes were available for public review, hard copies were made available at City Hall, and was put on the City's website, 2) published in the Dana Point Times on May 15, 2020, for the notification of the 6 week review period, 3) published in the Dana Point Times on May 15, 2020, for the Planning Commission Public Hearing, and 4) posted at the Dana Point City Hall, the Dana Point Post Office, the Capistrano Beach Post Office, and on the City's website.

2. That all policies, objectives, and standards of the LCPA conform to the requirements of the Coastal Act, including that the Land Use Plan is in conformance with and adequate to carry out the Chapter Three policies of the Coastal Act, in that the amendments to the Revitalization Plan are consistent with the Coastal Act policies in that none of the modifications proposed will impact coastal resources or access to coastal resources. The provisions required, in particular associated with low cost visitor serving facilities is maintained, and a new low cost hotel is still being developed. In addition, 6,800 square feet of Boater Serving facilities are being replaced with new facilities.
3. That Coastal Act policies concerning specific coastal resources, hazard areas, coastal access concerns, and land use priorities have been applied to determine the kind, locations, and intensity of land and water uses, In that the Local Coastal Plan Amendments and Zone Text Amendments do not impact any land use provisions associated with coastal resources, hazard areas, coastal access concerns, and land use priorities contained in the certified Local Coastal Plan and thereby continues to be consistent with Coastal Act policies.
4. That the level and pattern of development proposed is reflected in the Land Use Plan, Zoning Code, and Zoning Map, in that the level and pattern of development as approved in these documents will be consistent with the original vision of PA 3 as the area will be primarily used for Visitor Serving Commercial uses, including a variety of low cost visitor serving facilities as required in both the Revitalization Plan and Coastal Act.
5. That a procedure has been established to ensure adequate notice of interested persons and agencies of impending development proposed after certification of the LCPA, in that the procedures and regulations in Chapter 9.61 "Administration of Zoning", constitute minimum standards for LCPAs and ZTAs within the City's Coastal Zone and applicable notification and process requirements would be applied to subsequent development requests as applicable if these amendments are approved.
6. That zoning measures are in place which are in conformance with and adequate to carry out the coastal policies of the Land Use Plan, in that the goal, policies, and regulations being modified in conjunction with the portions of the Revitalization Plan not amended will be sufficient to carry out the coastal policies of the Land Use Plan.

7. **The proposed amendment is consistent with the Dana Point General Plan and Local Coastal Program, in that Land Use Element Policy 1.1, 1.2, 1.3, and 1.6 requires development standards to be developed to address a wide range of development needs and uses for the community. The modifications will allow addition visitor serving commercial within the Visitor Serving Commercial zoning district of the Revitalization Plan. The provisions required by the Coastal Commission for low cost overnight accommodations are still being met and allows for the potential of an increase in facilities.**
  8. **The proposed amendment complies with all other applicable requirements of state law and local ordinances, in that the Amendments have been reviewed by staff to ensure there would be no impact or internal inconsistencies with any other local ordinances.**
- I. **That the City Council includes the following findings submitting the LCPA to the Coastal Commission:**
1. **The City certifies that with the adoption of these amendments, the City will carry out the Local Coastal Program in a manner fully in conformity with Division 20 of the Public Resources Code as amended, the California Coastal Act of 1976.**
  2. **The City include the proposed LCPA and ZTA for the Zoning Ordinance Cleanups in its submittal to the Coastal Commission and state that the amendment is to both the land use plan and to the implementing actions.**
  3. **The City certifies that the land use plan is in conformity with and adequate to carry out the Chapter Three policies of the Coastal Act.**
  4. **The City certifies the implementing actions as amended, are in conformity with and adequate to carry out the provisions of the certified Land Use Plan.**
  5. **The Ordinance of the City Council include the Zone Text Amendment, and Local Coastal Program Amendment numbers ZTA19-0003 and LCPA19-0003 when submitted to the Coastal Commission.**
  6. **The City finds that the Ordinance is exempt from CEQA pursuant to Section 15265 of the CEQA Guidelines.**
  7. **The City certifies that the amendments will be submitted to the Coastal Commission for review and approval as an Amendment to the Local Coastal Program.**

- J. That the City Council adopt ZTA19-0003, which would amend the Dana Point Local Coastal Program pursuant to LCPA19-0003, as shown in the attached Exhibit "A" and "B".
- K. That the City Council adopts Zone Text Amendment ZTA19-0003, which would amend the Dana Point Local Coastal Program pursuant to LCPA19-0003. The City Council approves the amendment for the reasons outlined herein and in the City Council Agenda Report, including but not limited to: updating provisions within the Harbor Revitalization Plan to accurately reflect potential development within PA 3 ensuring policy and requirements are relevant, accurate, and clear, thus the proposal is consistent with the General Plan, DPZC, and Coastal Act.

If any section, subsection, sentence, clause, phrase, or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

PASSED, APPROVED, AND ADOPTED this 21<sup>st</sup> day of July, 2020

  
Richard A. Viczorek, MAYOR

ATTEST:

  
KATHY WARD  
City Clerk

STATE OF CALIFORNIA     )  
COUNTY OF ORANGE     ) ss  
CITY OF DANA POINT     )

I, KATHY WARD, City Clerk of the City of Dana Point, California, do hereby certify that the foregoing Ordinance No. 20-02 was duly introduced at a regular meeting of the City Council on the 16 day of June, 2020, and was duly adopted and passed at a regular meeting of the City Council on the 21 day of July, 2020, by the following vote, to wit:

- AYES: Council Member Debra Lewis, Council Member Joseph L. Muller, Council Member Paul N Wyatt, Mayor Pro Tem Jamey M. Federico, Mayor Richard A. Viczorek
- NOES: None
- ABSTAIN: None
- ABSENT: None

  
KATHY WARD, CITY CLERK

ORDINANCE NO. 20-02

STATE OF CALIFORNIA )  
COUNTY OF ORANGE ) ss  
CITY OF DANA POINT )

AFFIDAVIT OF POSTING  
AND PUBLISHING

KATHY WARD, being first duly sworn, deposes, and says:

That she is the duly appointed and qualified City Clerk of the City of Dana Point;

That in compliance with State Laws of the State of California,  
ORDINANCE NO. 20-02, being:

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DANA AN  
ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DANA POINT,  
CALIFORNIA, APPROVING ZONE TEXT AMENDMENT ZTA19-0003 TO  
AMEND THE DANA POINT HARBOR REVITALIZATION PLAN AND  
DISTRICT REGULATIONS FOR PLANNING AREA 3 AND SUBMISSION  
AS PART OF LOCAL COASTAL PROGRAM AMENDMENT LCPA19-  
0003 FOR APPROVAL AND CERTIFICATION BY THE CALIFORNIA  
COASTAL COMMISSION.**

was published in summary in the Dana Point News on the 26<sup>th</sup> day of June, 2020, and in further compliance with City Resolution No. 91-10-08-01 on the 31<sup>st</sup> day of July, 2020, was caused to be posted in three (3) public places in the City of Dana Point, to wit:

Dana Point City Hall  
Capistrano Beach Post Office  
Dana Point Post Office

  
KATHY WARD, CITY CLERK  
Dana Point, California



## EXHIBIT "A"

### KEY:

### ATTACHMENT 1

Normal Text=Existing unmodified language

~~Bold Strikethrough Text~~=Proposed language to be removed

**Bold Underline Text**=Proposed language to be added

#### 1.1 Description of Dana Point Harbor Revitalization Plan

The amendment to this LCP establishes new land use policies and development standards that will allow for much needed upgrades to the visitor serving and marina services areas of Dana Point Harbor. As a result, the Dana Point Harbor Revitalization Plan has been planned and described as follows:<sup>1</sup>

The Dana Point Harbor Revitalization Plan (Revitalization Plan) establishes a new Visitor Serving Commercial area (the Commercial Core that includes the northerly portion of Planning Area 1 and Planning Area 2) that will replace and/or remodel all of the existing retail and restaurant buildings. The Commercial Core revitalization also includes the reconfiguration of all existing surface parking areas to provide additional parking, new boater loading and drop-off areas, a new dry-stack boat storage facility and improvements to several boater service and public restroom buildings. The initial phase of the proposed Dana Point Harbor Revitalization Plan provides for the relocation of certain yacht brokerage firms and other harbor-related offices uses to the new Commercial Core area.

Outside the Commercial Core area, the Dana Point Harbor Revitalization Plan provides for the future improvement of many of the existing Harbor facilities as funding sources are identified and jurisdictional approvals are obtained. Major components to enhance other Visitor Serving and Marine Commercial amenities are the replacement of the outdated Marina Inn **with a new hotel complex which may include two new hotels; ~~complex with an upgraded hotel~~**; the future renovation and/or expansion of the boater facilities on the Island, including expansion of the Dana Point and Dana West Yacht Clubs, restaurant renovations and modifications to the Harbor Patrol Offices to provide additional meeting rooms or staff office space; expansion of the OC Sailing and Events Center; and an upgraded boat shipyard. Other work anticipated to be performed includes the reconfiguration and/or reconstruction of the docks and needed repairs to portions of the seawall throughout the Marinas. Although specific ideas haven't been developed at this time,

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<sup>1</sup> This Local Coastal Program contains extensive description of planned future development (e.g. the Dana Point Harbor Revitalization Plan). However, the presence of those descriptions does not constitute any entitlement for the improvements described. All future non-exempt development will need to be reviewed, in the context of an application for coastal development permit, for consistency with the policies of this Local Coastal Program. The development ultimately approved may or may not be consistent with the descriptions provided herein.

some harbor users have identified a need to upgrade and expand facilities at Baby Beach to meet the growing needs of hand launched vessels and to expand the level of access for non-boating day use visitors as feasible. Policies in this plan encourage maintenance and improvement of such uses in the Harbor.

The proposed Dana Point Harbor Revitalization Plan Improvements are planned to occur in phases over approximately 5 to 20 years. The near-term improvements to the Commercial Core area (also referred to as Phase 1) are estimated to take approximately 2 to 5 years to complete after obtaining the necessary jurisdictional approvals. The long-term improvements (referred to as Phase 11) are anticipated to include revitalization of the Marinas, renovations to existing structures, street and infrastructure improvements, the reconfiguration of the area presently used for non-shipyard related activities to provide space for boat storage.

The Revitalization Plan has been developed with the specific intent of promoting Coastal Act compliance by enhancing public access opportunities, providing updated visitor serving commercial and marine recreational amenities, providing water quality improvements and promoting coastal resource preservation throughout the Harbor.

## 2.1 Overview

The Land use Plan for Dana Point Harbor is summarized on the Summary Table (Table 2-1) and shown on Exhibit 2-1, *Land Use Summary Table and Dana Point Harbor Land Use Plan*, respectively.

Table 2-1  
 LAND USE SUMMARY TABLE

Land Use Category	Planning Area	Gross Acres	Percent of Total Harbor
Marine Services Commercial (MSC)	1	24.0	9.2
Marine Services Commercial Recreation (R)		1.2	
Day Use Commercial (DUC)	2	18.1	6.5
Visitor Serving Commercial (VSC)	3	9.5	3.4
Marine Commercial (MC)	4	21.2	9.3
Marine Commercial Recreation (R)		4.4	
Recreation (R)	5	21.1	7.6
Educational/Institutional (E)	6	3.6	1.3
Conservation (C)	7	4.0	1.4
Education Basin	8	169.7	61.3
West & East Marinas	9, 10		
Marine Services & Harbor Entrance (M)	11, 12		
Totals:		276.8	100.0

The Dana Point Harbor Revitalization Plan would allow a new Visitor Serving Commercial Area (the Commercial Core) that includes the replacement and/or remodeling of all existing retail and restaurant buildings. The Commercial Core revitalization would also allow the reconfiguration of the main Marine Services Commercial area to provide enhancements to surface parking areas, new boater loading and drop-off areas, a dry stack boat storage facility and improvements to several boater service and public restroom buildings. The reconfiguration would also allow the relocation of certain yacht brokerage firms and other Harbor-related offices to the Commercial Core area (Planning Area 2) of the Harbor.

Outside the Commercial Core area, the Dana Point Harbor Revitalization Plan would provide for a number of future improvements (the remaining portion of Planning Area 1 and Planning Areas 3 through 7 [landside] and 8 through 12 [waterside]). Planning Area 3 includes the potential for one new hotel with lower cost overnight visitor accommodations with a minimum of 136 rooms and a second market rate hotel with up to 130 rooms. Planning Area 3 also includes the potential for conference facilities and other visitor serving amenities. ~~Planning Area 3 plans include the potential for a new hotel with conference facilities in addition to providing up to 220 new guest rooms and other visitor serving amenities.~~ Plans for the Island area of the Harbor (Planning Area 4) would allow for the future renovation and/or expansion of the Dana Point and Dana West Yacht Club, restaurant renovations and modifications to the Harbor Patrol Offices to provide additional meeting rooms or staff office space. Other work would be allowed to reconfigure and/or reconstruct the marina docks and

portions of the seawall in Planning Areas 8 through 12 and to add additional guest boater docks closer to the Commercial Core with a dinghy dock area adjacent to Dana Wharf, subject to a separate permitting and environmental review process.

The anticipated improvements that would be allowed by Dana Point Harbor Revitalization Plan would occur in phases over approximately 5 to 20 years. The near-term improvements (referred to as Phase 1) are estimated to take approximately 2 to 5 years to complete after obtaining the necessary jurisdictional approvals and consists of the northerly portion of Planning Area 1 and all of Planning Area 2, collectively referred to as the "commercial Core" area of the Harbor ("Marine Services Commercial" – the Embarcadero and shipyard area and "Day Use Commercial" – The Dana Wharf and Mariners Village areas). The long-term improvements (referred to as Phase 11) are anticipated to commence as funding sources are identified and jurisdictional approvals are obtained and consists of future improvements in Planning Areas 3-12 including renovations to structures and street improvements on the Island and reconfiguration of the Marinas. Future improvements may also occur in the southern portion of Planning Area 1 and includes reconfiguration of the area used for non-shipyard related activities such as boat storage, boat brokerages, jet-ski rentals and sales and hand launch vessel rentals to be included as part of the Revitalization Plan's surface boat storage area. There is also an existing park at this location that will be maintained and protected.

The Dana Point Harbor Revitalization Plan has been developed with the specific intent of promoting Coastal Act compliance by enhancing public access opportunities, providing updated visitor serving commercial and marine recreational amenities and promoting coastal resource preservation throughout the Harbor.

## 2.2 Land Use Designations.

### Commercial

....

#### **VISITOR SERVING COMMERCIAL (VSC)**

The Visitor Serving Commercial (VSC) designation is intended to provide a variety of visitor serving commercial overnight accommodations and ancillary uses and facilities in addition to visitor serving commercial, recreation uses and facilities supportive of the general community and serve the regional recreational needs of residents and guests of the County of Orange, City of Dana Point and visitors to the coast.

The VSC designation allows uses such as:

- Overnight visitor accommodations;
- Retail sales (includes outdoor retail);
- Boat docks;
- Boater Service facilities, including restrooms, laundry and storage;
- Parking areas and structures;
- Cafes, restaurants, vending machine food and beverage centers;
- Other uses and professional services or facilities customarily found in a hotel;
- Travel and commercial recreation services and uses;
- Public and commercial recreation facilities;

- Seasonal water taxi service facilities;
- Facility information offices and centers, information kiosks;
- Public works structures necessary for the permitted development;
- Communication facilities; and
- Public restrooms.

**The Dana Point Harbor Revitalization Plan would allow the future replacement of the existing lower cost Marina Inn with a new lower cost facility; and the construction of another new market rate hotel, with both hotels located closer to the waterfront than the existing hotel to promote a stronger pedestrian connection to the anticipated Pedestrian Promenade and Festival Plaza.**

~~The Dana Point Harbor Revitalization Plan would allow the future renovation or replacement of the existing lower cost Marina Inn with a new lower cost facility located in the present hotel location or relocated closer to the waterfront to promote a stronger pedestrian connection with the anticipated Pedestrian Promenade and Festival Plaza.~~

The boater facilities located adjacent to the revitalized Commercial Core and hotel would be allowed to be reconfigured to provide a linear park. Other enhancements to the boater facilities include upgrades to restrooms and laundry facilities, expansion of office square footage and the reconfiguration of surface parking areas. Associated with the design of the hotel, several boater service buildings may be relocated and/or replaced.

## 5.2 Overnight Visitor Accommodations and Recreational Facilities (R)

**The Dana Point Harbor Revitalization Plan contemplates the construction of two new hotels. One hotel will be a lower cost overnight visitor accommodations of not less than 136 rooms, plus additional lower cost overnight accommodations or amenities that may be required. The lower cost hotel will replace at minimum the 136 rooms of the existing Marina Inn with a new facility located closer to the waterfront to promote a stronger pedestrian connection with the Pedestrian Promenade and Festival Plaza. The lower cost overnight visitor accommodations is planned to provide additional guest amenities, including an expanded lobby area with guest services, a communal kitchen, ground floor beverage service and seating, upper floor beverage and food services and seating, fitness center, retail space, swimming pool, lockers and laundry. The second hotel is market rate and shall provide up to 130 rooms, up to 8,275 square feet of restaurant and kitchen space, up to 6,000 square feet of special function and meeting rooms with banquet kitchen, 600 square feet of ancillary retail space and a 1,700 square foot fitness center and other outdoor activity facilities. Within the hotel structure, boater service facilities of not less than 6,800 square feet will be provided.**

~~The Dana Point Harbor Revitalization Plan contemplates the future replacement of the existing Marina Inn with a new facility located in the present hotel location or relocated closer to the waterfront to promote a stronger pedestrian connection with the Pedestrian Promenade and Festival Plaza. The new hotel is planned to provide up to a maximum of 220 guest rooms with full-service guest amenities, including expanded lobby area with guest services, 2,750 square foot restaurant, up to 12,000 square feet of special function and meeting rooms, 500 square feet of ancillary retail space, a 1,500 square foot fitness center, pool and other outdoor activity facilities.~~

**The final design of the lower cost overnight visitor accommodations may also include connections to adjoining rooms, allowing multiple bedroom suite accommodations, microwaves and refrigerators, guest available communal kitchen facilities, guest available communal washers and dryers, and dormitory or hostel style accommodations. A majority of rooms would have private decks or balconies for guests to take advantage of the views and oceanfront climate.**

~~In addition to traditional hotel accommodations, the proposed hotel may include suites (up to 20 percent of the total number of rooms) that provide families with a bedroom, living area, dining rooms, kitchens, clothes washers and dryers. The final design of the hotel may also include connections to adjoining rooms, allowing multiple bedroom suite accommodations. The new hotel rooms would have private decks or balconies for guests to take advantage of the views and oceanfront climate. These suites would be intended to encourage longer visitor stays, particularly for families with children.~~

The Dana Point Harbor Revitalization Plan anticipates at some time in the future, plans will be prepared by interested parties to replace the existing Marina Inn. Conceivably, any future plans, in addition to offering overnight accommodations would also include ancillary services intended to enhance the financial viability of the facility and attract patrons.

The architectural character of the hotels will need to be compatible with the California Coastal theme of the new planned Commercial Core, possibly including terraced levels of buildings in various configurations to maximize views and break up building massing as viewed from surrounding vantage points. The hotel's building design would also emphasize providing adequate parking for guests and maintaining convenient access to parking areas for boaters. Parking areas may be provided using a combination of at-grade parking lots and some underground parking facilities, allowing direct access to the Harbor and hotel facilities. A parking deck with access directly from Dana Point Harbor Drive, Casitas Place or the Commercial Core area may also be considered as part of the overall hotel design to separate the main guest entrances from service and delivery functions.

Planning Area 5 includes a potential expansion of the OC Sailing and Events Center, which currently offers meeting rooms for recreational activities, community events and private parties, as well as sailing and ocean-related educational and instructional programs. The OC Sailing and Events Center may ultimately increase by approximately 6,000 square feet to a total of 17,000 square feet. There may be a seasonal water taxi pick-up/drop-off station adjacent to the facility. Additionally, locations for the provision of low-cost boating activities, including hand launch vessel rentals and marine sightseeing excursions the operation of sports fishing and/or charter boat concessions may be provided. Other enhancements include picnic area improvements, upgraded restrooms and reconfigured parking areas.

Contemplated circulation and access improvements in future phases of the Harbor Revitalization Plan may include the realignment of Dana Point Harbor Drive adjacent to the proposed facility to remove the existing traffic circle to improve traffic circulation. Currently, Cove Road provides secondary access to the Harbor.

5.2.1-1 Harbor visitor serving and overnight accommodations (Planning Area 3) will be enhanced by potential replacement ~~and/or remodeling~~ of the hotel complex with two new hotels to include conference and recreational facilities and amenities.

5.2.1-2 If demolition of the existing lower cost overnight accommodations (presently called the Marina Inn) in the Harbor is proposed, all 136 demolished units shall be replaced in the area designated as visitor serving commercial by the Dana Point Harbor Land Use Plan with units that are of equal or lower cost than the existing lower cost units to be demolished. A new and separate market rate hotel of up to 130 rooms may be constructed. To mitigate any absence of lower cost overnight accommodations at the new and separate market rate hotel, additional lower cost overnight accommodations or amenities above the 136 rooms may be required. Conversion of any existing units to high cost, replacement of any existing units with anything other than lower cost and construction of any new/additional units that are anything other than lower cost units shall require a Local Coastal Program Amendment to address Coastal Act issues associated with such proposals.

5.2.1-3 The conversion of any existing overnight accommodations located on public tidelands to timeshares or condominium/hotel units or any other type of Limited Use Overnight Visitor Accommodations shall be prohibited. The construction of new timeshares or condominium-hotel units or any other type of Limited Use Overnight Visitor Accommodation on public tidelands shall be prohibited. Limited Use Overnight Visitor Accommodations are any hotel, motel or other similar facility that provides overnight visitor accommodations wherein some or all of the units, rooms, lots or parcels or other segment of the facility may be sold to a subsequent purchaser who receives the right in perpetuity for life or a term of years to the recurrent, exclusive use or occupancy of a lot, parcel, unit, room(s) or segment of the facility, annually or on some other seasonal or periodic basis for a period of time that has been or will be allotted from the use or occupancy periods into which the facility has been divided and shall include, but not be limited to timeshare, condominium/hotel, fractional ownership hotel or uses of a similar nature.

5.2.1-4 The design of the lower cost overnight visitor accommodation hotel may also include connections to adjoining rooms, allowing multiple bedroom suite accommodations, microwaves and refrigerators, guest available communal kitchen facilities, guest available communal clothes washers and dryers to encourage longer visitor stays, particularly for families with children. Dormitory or hostel style accommodations may also be provided in addition to the 136 lower cost overnight visitor accommodations provided as rooms.

~~The design of any renovated or new hotel in addition to traditional guest accommodations may encourage longer visitor stays, particularly for families with children by providing up to twenty percent (20%) of the total number of rooms with guest amenities in addition to a bedroom that include a living area, dining room, kitchen, clothes washers and dryers.~~

5.2.1-5 Some hotel rooms may provide accommodations for larger groups by offering connections to adjoining rooms, allowing multiple bedroom suites.

5.2.1-6 The design of hotel rooms shall incorporate wherever possible the use of private decks or balconies to allow guests to take advantage of the Harbor views and enjoy the oceanfront climate.

5.2.1-7 The design of the hotel will be compatible with the California Coastal design theme of the Commercial Core area and terraced levels of buildings in various configurations to maximize public views and break up building massing as viewed from the surrounding public vantage points shall be encouraged as part of the design.

5.2.1-8 The hotel building design shall emphasize providing adequate parking for guests and maintaining convenient access to parking areas for boaters.

5.2.1-9 A parking deck with access directly from Dana Point Harbor Drive, Casitas Place or the Commercial Core area may be considered as part of the overall hotel design to separate the main guest entrances from service and delivery functions.

5.2.1-10 Future facilities providing overnight accommodations will be located in the area designated as Visitor Serving Commercial (Planning Area 3) by the Dana Point Harbor Land Use Plan.

## 6.2. Principal and other Permitted Uses

The following principal and other permitted uses in Planning Area 3 are subject to the approval of a Coastal Development Permit as provided in Chapter 11-16, *Discretionary Permits and Procedures*.

a. Lower cost overnight ~~Overnight~~ visitor accommodations must provide a minimum of 136 rooms, and additional lower cost overnight accommodations or amenities may be required. The second market rate hotel shall not exceed 130 rooms.

....

## 6.5 Development Standards and Requirements

The following standards shall apply except as otherwise established by an approved Coastal Development Permit per Chapter 11-16, *Discretionary Permits and Procedures*.

....

p. Replacement of Existing Hotel Units: In the event that demolition of the existing lower cost overnight visitor accommodations (presently called the Marina Inn) are proposed, all 136 demolished units shall be replaced in the area designated as Visitor Serving Commercial in the Dana Point Harbor Land Use Plan with units that are of equal or lower cost than the existing lower cost units to be demolished. A new and separate market rate hotel of up to 130 rooms may be constructed. If the second market rate hotel has no lower cost overnight on site, additional lower cost overnight visitor accommodations or amenities may be required to be provided in the new lower cost overnight accommodations hotel.

~~In the event that demolition of the existing lower cost overnight accommodations (presently called the Marina Inn) are proposed, all demolished units shall be replaced in the area designated as Visitor Serving Commercial in the Dana Point Harbor Land Use Plan with units that are of equal or lower cost than the existing lower cost units to be demolished.~~



~~Conversion of any existing units to high cost, replacement of any existing units with anything other than lower cost or the construction of any new/additional units that are anything other than lower cost units shall require a Local Coastal Program Amendment to address Coastal Act issues associated with such proposals.~~

- q. Longer Visitor Stays: The design of the lower cost overnight visitor accommodations hotel may also include connections to adjoining rooms, allowing multiple bedroom suite accommodations, microwaves and refrigerators, guest available communal kitchen facilities, guest available communal clothes washers and dryers, to encourage longer visitor stays, particularly for families with children. Dormitory or hostel style accommodations may also be provided in addition to the 136 lower cost accommodation rooms.

~~Longer Visitor Stays: The design of any renovated or new hotel in addition to traditional guest accommodations may encourage longer visitor stays, particularly for families with children, by providing up to twenty percent (20%) of the total number of rooms with guest amenities in addition to a bedroom, that includes a living area, dining room, kitchen, clothes washers and dryers. Some hotel rooms may provide accommodations for larger groups by offering connections to adjoining rooms or allowing multiple bedroom suites.~~

**DANA POINT HARBOR REVITALIZATION PLAN STATISTICAL TABLE 17-A\***

Land Use Category	Planning Area	Gross Acreage	Estimated Existing Square Footage	Maximum Square Footage (1)	
Visitor-Serving Commercial	3	9.5	136 rooms	<u>To Be Determined</u>	
Select-Service Lower Cost Hotel / Motel				220 rooms	
-- Function / Meeting				42,000	
-- Restaurant / Food Service				4,200 2,750	
-- Accessory Retail				350 500	
-- Fitness / Health Center				700 4,500	
<u>Market Rate Hotel</u>				130 rooms	
<u>-- Function / Meeting</u>				6,000	
<u>-- Restaurant / Food Service</u>				8,275	
<u>-- Accessory Retail</u>				600	
<u>-- Fitness / Health Center</u>				1,700	
Boater Service Building 2				3,600	4,000
Boater Service Building 3				3,600	3,000 6,600
Boater Service Building 4				5,000	3,800 7,000
Planning Area 3 Subtotals		9.5	8,600	28,625 31,350 (3)	

Footnotes: (1) Maximum Square Footage includes existing buildings to remain

(2) May include a Marine Retail Store

(3) For hotel, square footage subtotal includes ancillary uses only

(4) Includes OC Dana Point Harbor offices on the upper floor

(5) Boater Service Buildings in Planning Area 3 may be incorporated within hotel buildings

## **EXHIBIT "B"**

### **1.1 Description of Dana Point Harbor Revitalization Plan**

The amendment to this LCP establishes new land use policies and development standards that will allow for much needed upgrades to the visitor serving and marina services areas of Dana Point Harbor. As a result, the Dana Point Harbor Revitalization Plan has been planned and described as follows:<sup>2</sup>

The Dana Point Harbor Revitalization Plan (Revitalization Plan) establishes a new Visitor Serving Commercial area (the Commercial Core that includes the northerly portion of Planning Area 1 and Planning Area 2) that will replace and/or remodel all of the existing retail and restaurant buildings. The Commercial Core revitalization also includes the reconfiguration of all existing surface parking areas to provide additional parking, new boater loading and drop-off areas, a new dry-stack boat storage facility and improvements to several boater service and public restroom buildings. The initial phase of the proposed Dana Point Harbor Revitalization Plan provides for the relocation of certain yacht brokerage firms and other harbor-related offices uses to the new Commercial Core area.

Outside the Commercial Core area, the Dana Point Harbor Revitalization Plan provides for the future improvement of many of the existing Harbor facilities as funding sources are identified and jurisdictional approvals are obtained. Major components to enhance other Visitor Serving and Marine Commercial amenities are the replacement of the outdated Marina Inn with a new hotel complex which may include two new hotels; the future renovation and/or expansion of the boater facilities on the Island, including expansion of the Dana Point and Dana West Yacht Clubs, restaurant renovations and modifications to the Harbor Patrol Offices to provide additional meeting rooms or staff office space; expansion of the OC Sailing and Events Center; and an upgraded boat shipyard. Other work anticipated to be performed includes the reconfiguration and/or reconstruction of the docks and needed repairs to portions of the seawall throughout the Marinas. Although specific ideas haven't been developed at this time, some harbor users have

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<sup>2</sup> This Local Coastal Program contains extensive description of planned future development (e.g. the Dana Point Harbor Revitalization Plan). However, the presence of those descriptions does not constitute any entitlement for the improvements described. All future non-exempt development will need to be reviewed, in the context of an application for coastal development permit, for consistency with the policies of this Local Coastal Program. The development ultimately approved may or may not be consistent with the descriptions provided herein.

identified a need to upgrade and expand facilities at Baby Beach to meet the growing needs of hand launched vessels and to expand the level of access for non-boating day use visitors as feasible. Policies in this plan encourage maintenance and improvement of such uses in the Harbor.

The proposed Dana Point Harbor Revitalization Plan Improvements are planned to occur in phases over approximately 5 to 20 years. The near-term improvements to the Commercial Core area (also referred to as Phase 1) are estimated to take approximately 2 to 5 years to complete after obtaining the necessary jurisdictional approvals. The long-term improvements (referred to as Phase 11) are anticipated to include revitalization of the Marinas, renovations to existing structures, street and infrastructure improvements, the reconfiguration of the area presently used for non-shipyard related activities to provide space for boat storage.

The Revitalization Plan has been developed with the specific intent of promoting Coastal Act compliance by enhancing public access opportunities, providing updated visitor serving commercial and marine recreational amenities, providing water quality improvements and promoting coastal resource preservation throughout the Harbor.

## 2.1 Overview

The Land use Plan for Dana Point Harbor is summarized on the Summary Table (Table 2-1) and shown on Exhibit 2-1, *Land Use Summary Table and Dana Point Harbor Land Use Plan*, respectively.

Table 2-1  
 LAND USE SUMMARY TABLE

Land Use Category	Planning Area	Gross Acres	Percent of Total Harbor
Marine Services Commercial (MSC)	1	24.0	9.2
Marine Services Commercial Recreation (R)		1.2	
Day Use Commercial (DUC)	2	18.1	6.5
Visitor Serving Commercial (VSC)	3	9.5	3.4
Marine Commercial (MC)	4	21.2	9.3
Marine Commercial Recreation (R)		4.4	
Recreation (R)	5	21.1	7.6
Educational/Institutional (E)	6	3.6	1.3
Conservation (C)	7	4.0	1.4
Education Basin	8	169.7	61.3
West & East Marinas	9, 10		
Marine Services & Harbor Entrance (M)	11, 12		

Totals:		276.8	100.0
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The Dana Point Harbor Revitalization Plan would allow a new Visitor Serving Commercial Area (the Commercial Core) that includes the replacement and/or remodeling of all existing retail and restaurant buildings. The Commercial Core revitalization would also allow the reconfiguration of the main Marine Services Commercial area to provide enhancements to surface parking areas, new boater loading and drop-off areas, a dry stack boat storage facility and improvements to several boater service and public restroom buildings. The reconfiguration would also allow the relocation of certain yacht brokerage firms and other Harbor-related offices to the Commercial Core area (Planning Area 2) of the Harbor.

Outside the Commercial Core area, the Dana Point Harbor Revitalization Plan would provide for a number of future improvements (the remaining portion of Planning Area 1 and Planning Areas 3 through 7 [landside] and 8 through 12 [waterside]). Planning Area 3 plans include the potential for one new hotel with lower cost accommodations with a minimum of 136 rooms and a second market rate hotel with up to 130 rooms. Planning Area 3 includes the potential for conference facilities and other visitor serving amenities. Plans for the Island area of the Harbor (Planning Area 4) would allow for the future renovation and/or expansion of the Dana Point and Dana West Yacht Club, restaurant renovations and modifications to the Harbor Patrol Offices to provide additional meeting rooms or staff office space. Other work would be allowed to reconfigure and/or reconstruct the marina docks and portions of the seawall in Planning Areas 8 through 12 and to add additional guest boater docks closer to the Commercial Core with a dinghy dock area adjacent to Dana Wharf, subject to a separate permitting and environmental review process.

The anticipated improvements that would be allowed by Dana Point Harbor Revitalization Plan would occur in phases over approximately 5 to 20 years. The near-term improvements (referred to as Phase 1) are estimated to take approximately 2 to 5 years to complete after obtaining the necessary jurisdictional approvals and consists of the northerly portion of Planning Area 1 and all of Planning Area 2, collectively referred to as the "commercial Core" area of the Harbor ("Marine Services Commercial" – the Embarcadero and shipyard area and "Day Use Commercial" – The Dana Wharf and Mariners Village areas). The long-term improvements (referred to as Phase 11) are anticipated to commence as funding sources are identified and jurisdictional approvals are obtained and consists of future improvements in Planning Areas 3-12 including renovations to structures and street improvements on the Island and reconfiguration of the Marinas. Future improvements may also occur in the southern portion of Planning Area 1 and includes reconfiguration of the area used for non-shipyard related activities such as boat storage, boat brokerages, jet-ski rentals and sales and hand launch vessel rentals to be included as part of the Revitalization Plan's surface boat storage area. There is also an existing park at this location that will be maintained and protected.

The Dana Point Harbor Revitalization Plan has been developed with the specific intent of promoting Coastal Act compliance by enhancing public access opportunities, providing updated visitor serving commercial and marine recreational amenities and promoting coastal resource preservation throughout the Harbor.

## 2.2 Land Use Designations.

### Commercial

....

## **VISITOR SERVING COMMERCIAL (VSC)**

The Visitor Serving Commercial (VSC) designation is intended to provide a variety of visitor serving commercial overnight accommodations and ancillary uses and facilities in addition to visitor serving commercial, recreation uses and facilities supportive of the general community and serve the regional recreational needs of residents and guests of the County of Orange, City of Dana Point and visitors to the coast.

The VSC designation allows uses such as:

- Overnight visitor accommodations;
- Retail sales (includes outdoor retail);
- Boat docks;
- Boater Service facilities, including restrooms, laundry and storage;
- Parking areas and structures;
- Cafes, restaurants, vending machine food and beverage centers;
- Other uses and professional services or facilities customarily found in a hotel;
- Travel and commercial recreation services and uses;
- Public and commercial recreation facilities;
- Seasonal water taxi service facilities;
- Facility information offices and centers, information kiosks;
- Public works structures necessary for the permitted development;
- Communication facilities; and
- Public restrooms.

The Dana Point Harbor Revitalization Plan would allow the future replacement of the existing lower cost Marina Inn with a new lower cost facility; and the construction of another new market rate hotel, with both hotels located closer to the waterfront to promote a stronger pedestrian connection to the anticipated Pedestrian Promenade and Festival Plaza.

The boater facilities located adjacent to the revitalized Commercial Core and hotel would be allowed to be reconfigured to provide a linear park. Other enhancements to the boater facilities include upgrades to restrooms and laundry facilities, expansion of office square footage and the reconfiguration of surface parking areas. Associated with the design of the hotel, several boater service buildings may be relocated and/or replaced.

### **5.2 Overnight Visitor Accommodations and Recreational Facilities (R)**

The Dana Point Harbor Revitalization Plan contemplates the construction of two new hotels. One hotel will be a lower cost overnight visitor accommodations hotel of not less than 136 rooms, plus additional lower cost overnight accommodations or amenities that may be required. The lower cost hotel will replace at minimum the 136 rooms at the existing Marina Inn with a new facility located closer to the waterfront to promote a stronger pedestrian connection with the Pedestrian Promenade. The lower cost overnight visitor accommodations hotel is planned to provide additional guest amenities, including an expanded lobby area with guest services, a communal kitchen, ground floor beverage service and seating, upper floor beverage and food services and seating, fitness center, retail space, swimming pool, lockers and laundry. The second hotel is

market rate and shall provide up to 130 rooms, up to 8,275 square feet of restaurant and kitchen space, up to 6,000 square feet of special function and meeting rooms with banquet kitchen, 600 square feet of ancillary retail space and a 1,700 square foot fitness center and other outdoor activity facilities. Within the hotel structure, boater service facilities of not less than 6,800 square feet will be provided.

The final design of the lower cost visitor accommodations hotel may also include connections to adjoining rooms, allowing multiple bedroom suite accommodations, microwaves and refrigerators, guest available communal kitchen facilities, guest available communal washers and dryers, and dormitory or hostel style accommodations. A majority of rooms would have private decks or balconies for guests to take advantage of the views and oceanfront climate.

The Dana Point Harbor Revitalization Plan anticipates at some time in the future, plans will be prepared by interested parties to replace the existing Marina Inn. Conceivably, any future plans, in addition to offering overnight accommodations would also include ancillary services intended to enhance the financial viability of the facility and attract patrons.

The architectural character of the hotels will need to be compatible with the California Coastal theme of the new planned Commercial Core, possibly including terraced levels of buildings in various configurations to maximize views and break up building massing as viewed from surrounding vantage points. The hotel's building design would also emphasize providing adequate parking for guests and maintaining convenient access to parking areas for boaters. Parking areas may be provided using a combination of at-grade parking lots and some underground parking facilities, allowing direct access to the Harbor and hotel facilities. A parking deck with access directly from Dana Point Harbor Drive, Casitas Place or the Commercial Core area may also be considered as part of the overall hotel design to separate the main guest entrances from service and delivery functions.

Planning Area 5 includes a potential expansion of the OC Sailing and Events Center, which currently offers meeting rooms for recreational activities, community events and private parties, as well as sailing and ocean-related educational and instructional programs. The OC Sailing and Events Center may ultimately increase by approximately 6,000 square feet to a total of 17,000 square feet. There may be a seasonal water taxi pick-up/drop-off station adjacent to the facility. Additionally, locations for the provision of low-cost boating activities, including hand launch vessel rentals and marine sightseeing excursions the operation of sports fishing and/or charter boat concessions may be provided. Other enhancements include picnic area improvements, upgraded restrooms and reconfigured parking areas.

Contemplated circulation and access improvements in future phases of the Harbor Revitalization Plan may include the realignment of Dana Point Harbor Drive adjacent to the proposed facility to remove the existing traffic circle to improve traffic circulation. Currently, Cove Road provides secondary access to the Harbor.

**5.2.1-1 Harbor visitor serving and overnight accommodations (Planning Area 3) will be enhanced by potential replacement of the hotel complex with two new hotels to include conference and recreational facilities and amenities.**

**5.2.1-2 If demolition of the existing lower cost overnight accommodations (presently called the Marina Inn) in the Harbor is proposed, all 136 demolished units shall be replaced in the area designated as visitor serving commercial by the Dana Point Harbor Land Use**

Plan with units that are of equal or lower cost than the existing lower cost units to be demolished. A new and separate market rate hotel of up to 130 rooms may be constructed. To mitigate any absence of lower cost overnight visitor accommodations at the new and separate hotel, additional lower cost overnight accommodations or amenities above the 136 rooms may be required. A Local Coastal Program Amendment to address Coastal Act issues is required for other proposed modifications.

5.2.1-3 The conversion of any existing overnight accommodations located on public tidelands to timeshares or condominium/hotel units or any other type of Limited Use Overnight Visitor Accommodations shall be prohibited. The construction of new timeshares or condominium-hotel units or any other type of Limited Use Overnight Visitor Accommodation on public tidelands shall be prohibited. Limited Use Overnight Visitor Accommodations are any hotel, motel or other similar facility that provides overnight visitor accommodations wherein some or all of the units, rooms, lots or parcels or other segment of the facility may be sold to a subsequent purchaser who receives the right in perpetuity for life or a term of years to the recurrent, exclusive use or occupancy of a lot, parcel, unit, room(s) or segment of the facility, annually or on some other seasonal or periodic basis for a period of time that has been or will be allotted from the use or occupancy periods into which the facility has been divided and shall include, but not be limited to timeshare, condominium/hotel, fractional ownership hotel or uses of a similar nature.

5.2.1-4 The design of the lower cost overnight visitor accommodation hotel may also include connections to adjoining rooms, allowing multiple bedroom suite accommodations, microwaves and refrigerators, guest available communal kitchen facilities, guest available communal clothes washers and dryers to encourage longer visitor stays, particularly for families with children. Dormitory or hostel style accommodations may also be provided in addition to the 136 lower cost overnight visitor accommodations provided as rooms.

5.2.1-5 Some hotel rooms may provide accommodations for larger groups by offering connections to adjoining rooms, allowing multiple bedroom suites.

5.2.1-6 The design of hotel rooms shall incorporate wherever possible the use of private decks or balconies to allow guests to take advantage of the Harbor views and enjoy the oceanfront climate.

5.2.1-7 The design of the hotel will be compatible with the California Coastal design theme of the Commercial Core area and terraced levels of buildings in various configurations to maximize public views and break up building massing as viewed from the surrounding public vantage points shall be encouraged as part of the design.

5.2.1-8 The hotel building design shall emphasize providing adequate parking for guests and maintaining convenient access to parking areas for boaters.

5.2.1-9 A parking deck with access directly from Dana Point Harbor Drive, Casitas Place or the Commercial Core area may be considered as part of the overall hotel design to separate the main guest entrances from service and delivery functions.

5.2.1-10 Future facilities providing overnight accommodations will be located in the area designated as Visitor Serving Commercial (Planning Area 3) by the Dana Point Harbor Land Use Plan.

## 6.2. Principal and other Permitted Uses

The following principal and other permitted uses in Planning Area 3 are subject to the approval of a Coastal Development Permit, as provided in Chapter 11-16, *Discretionary Permits and Procedures*.

a. Lower cost overnight visitor accommodations must provide a minimum of 136 rooms, and additional lower cost overnight accommodations or amenities may be required. The second market rate hotel shall not exceed 130 rooms.

....

## 6.5 Development Standards and Requirements

The following standards shall apply except as otherwise established by an approved Coastal Development Permit per Chapter 11-16, *Discretionary Permits and Procedures*.

....

p. **Replacement of Existing Hotel Units:** In the event that demolition of the existing lower cost overnight accommodations (presently called the Marina Inn) are proposed, all 136 demolished units shall be replaced in the area designated as Visitor Serving Commercial in the Dana Point Harbor Land Use Plan with units that are of equal or lower cost than the existing lower cost units to be demolished. A new and separate market rate hotel of up to 130 rooms may be constructed. If the second market rate hotel has no lower cost overnight on site, additional lower cost overnight visitor accommodations or amenities may be required to be provided in the new lower cost overnight accommodations hotel.

q. **Longer Visitor Stays:** The design of the lower cost overnight visitor accommodations hotel may also include connections to adjoining rooms, allowing multiple bedroom suite accommodations, microwaves and refrigerators, guest available communal kitchen facilities, guest available communal clothes washers and dryers, to encourage longer visitor stays, particularly for families with children. Dormitory or hostel style accommodations may also be provided in addition to the 136 lower cost accommodation rooms.



**DANA POINT HARBOR REVITALIZATION PLAN STATISTICAL TABLE 17-A\***

Land Use Category	Planning Area	Gross Acreage	Estimated Existing Square Footage	Maximum Square Footage <sup>(1)</sup>
Visitor-Serving Commercial Lower Cost Hotel	3	9.5	136 rooms 2,000  450	To Be Determined
-- Function / Meeting				4,200
-- Restaurant / Food Service				350
-- Accessory Retail				700
-- Fitness / Health Center				
Market Rate Hotel				130 rooms
-- Function / Meeting				6,000
-- Restaurant / Food Service				8,275
-- Accessory Retail				600
-- Fitness / Health Center				1,700
Boater Service Building 2			3,600	
Boater Service Building 3			3,600	3,000
Boater Service Building 4			5,000	3,800
<b>Planning Area 3 Subtotals</b>		<b>9.5</b>	<b>8,600</b>	<b>28,625<sup>(3)</sup></b>

Footnotes: (1) Maximum Square Footage includes existing buildings to remain

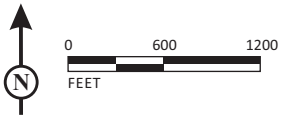
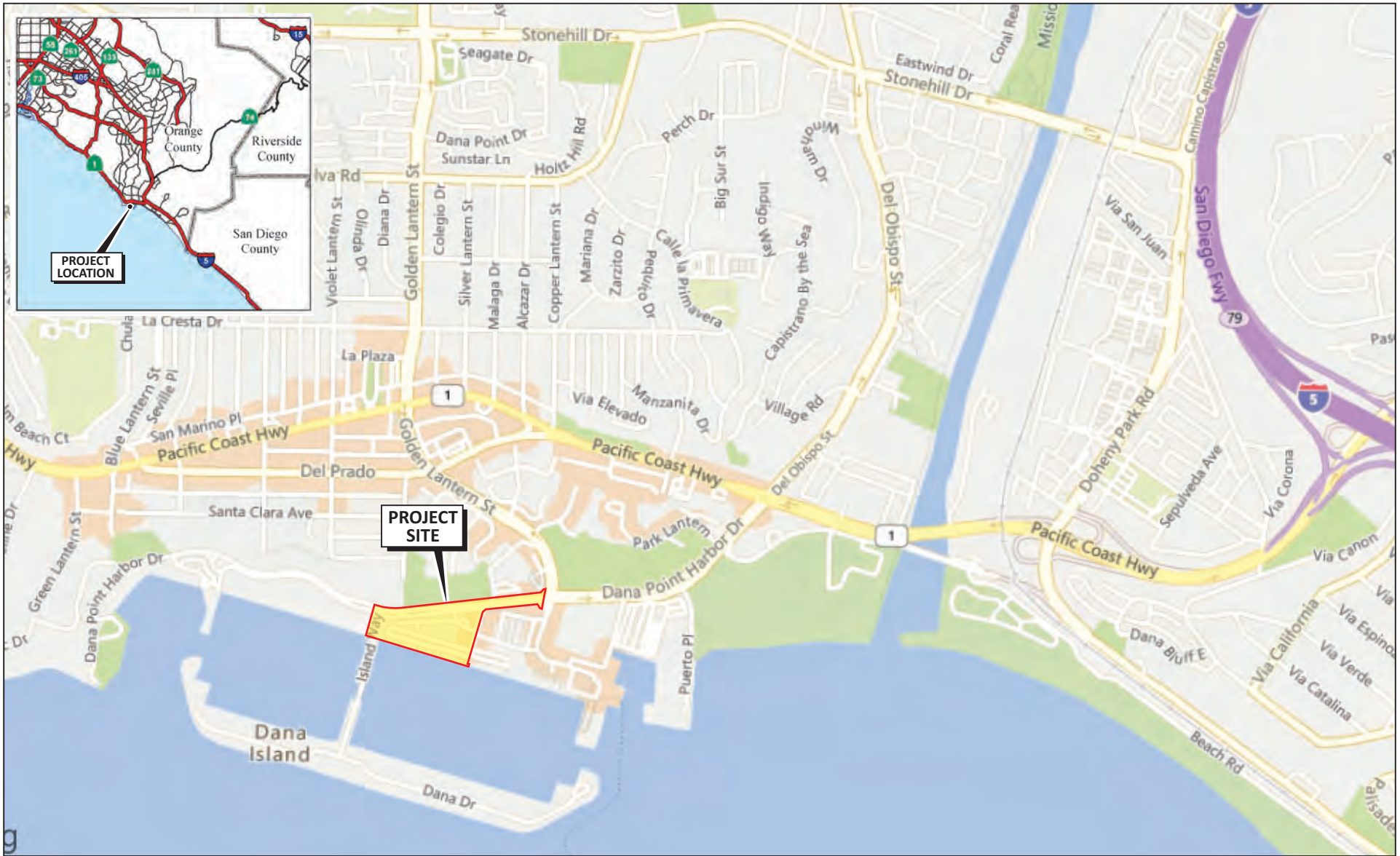
(2) May include a Marine Retail Store

(3) For hotel, square footage subtotal includes ancillary uses only

(4) Includes OC Dana Point Harbor offices on the upper floor

(5) Boater Service Buildings in Planning Area 3 may be incorporated within hotel buildings

# Exhibit 2 – Location Map



Regional Location Map

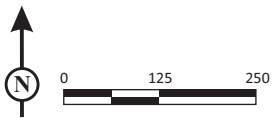


Planning Area Map

# Exhibit 3 – Existing Conditions Site Map



Project Vicinity Map/Aerial Photograph

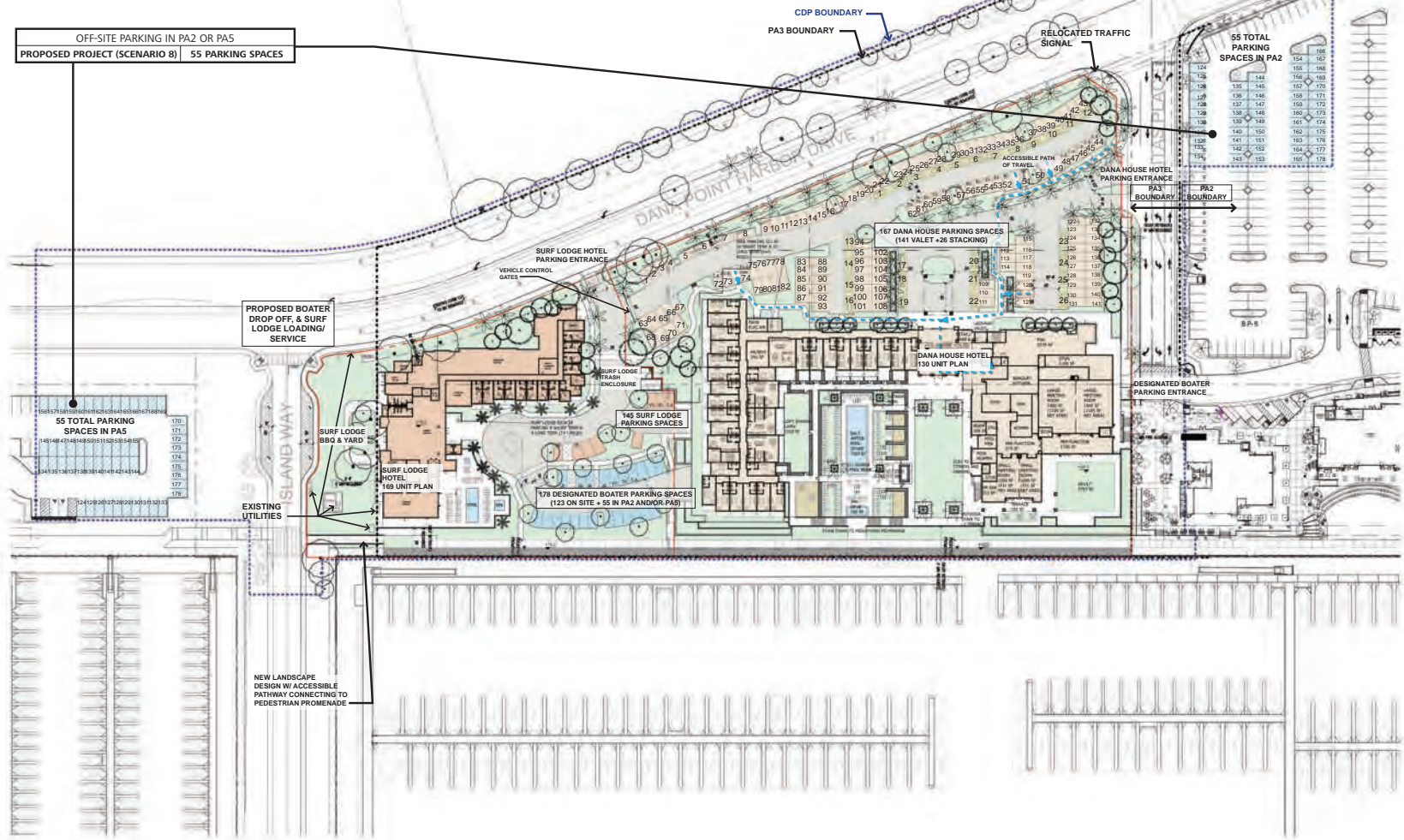




# Exhibit 4 – Project Plans

LEGEND	
	DESIGNATED BOATER PARKING = 178 SPACES (123 WITHIN PROPERTY + 55 IN COMMERCIAL CORE/WEST COVE)
	SURF LODGE/ LEASED COMMERCIAL PARKING = 145 SPACES
	DANA HOUSE VALET PARKING = 141 SPACES
	DANA HOUSE VALET STACKING PARKING = 26 SPACES
TOTAL = 490 SPACES	

LINETYPES LEGEND	
	PA3 BOUNDARY
	PROPERTY LINE
	(E) PARCEL BOUNDARIES
	OUTLINE OF PARKING STRUCTURE BELOW
	OUTLINE OF (E) MARINA INN
	(N) INTERNAL PROPERTY LINE
	STORM DRAIN
	CDP BOUNDARY



**R.D. OLSON**  
 DEVELOPMENT  
**WATG**  
 strategy planning architecture landscape interiors  
 WARE MALCOMB  
 burton  
 TAIT  
 1981 1984

- stamp | approval
- key plan
- 06/24/21 PRELIMINARY PLANS & SPECS
  - 05/27/21 PRELIMINARY PRICING
  - 03/08/21 CDP/DRAFT EIR SUBMITTAL REV5
  - 11/25/20 CDP/DRAFT EIR SUBMITTAL
  - 10/21/20 PLAN CHECK REVISIONS
  - 05/05/20 PLAN CHECK REVISIONS
  - 12/20/19 PLAN CHECK REVISIONS
  - 7/6/19 issue
  - issues | revisions

SITE PLAN - LEVEL 1

sheet title

project no. 174056 05/29/24

checked by:

drawn by: component

sheet no. **A1-01**

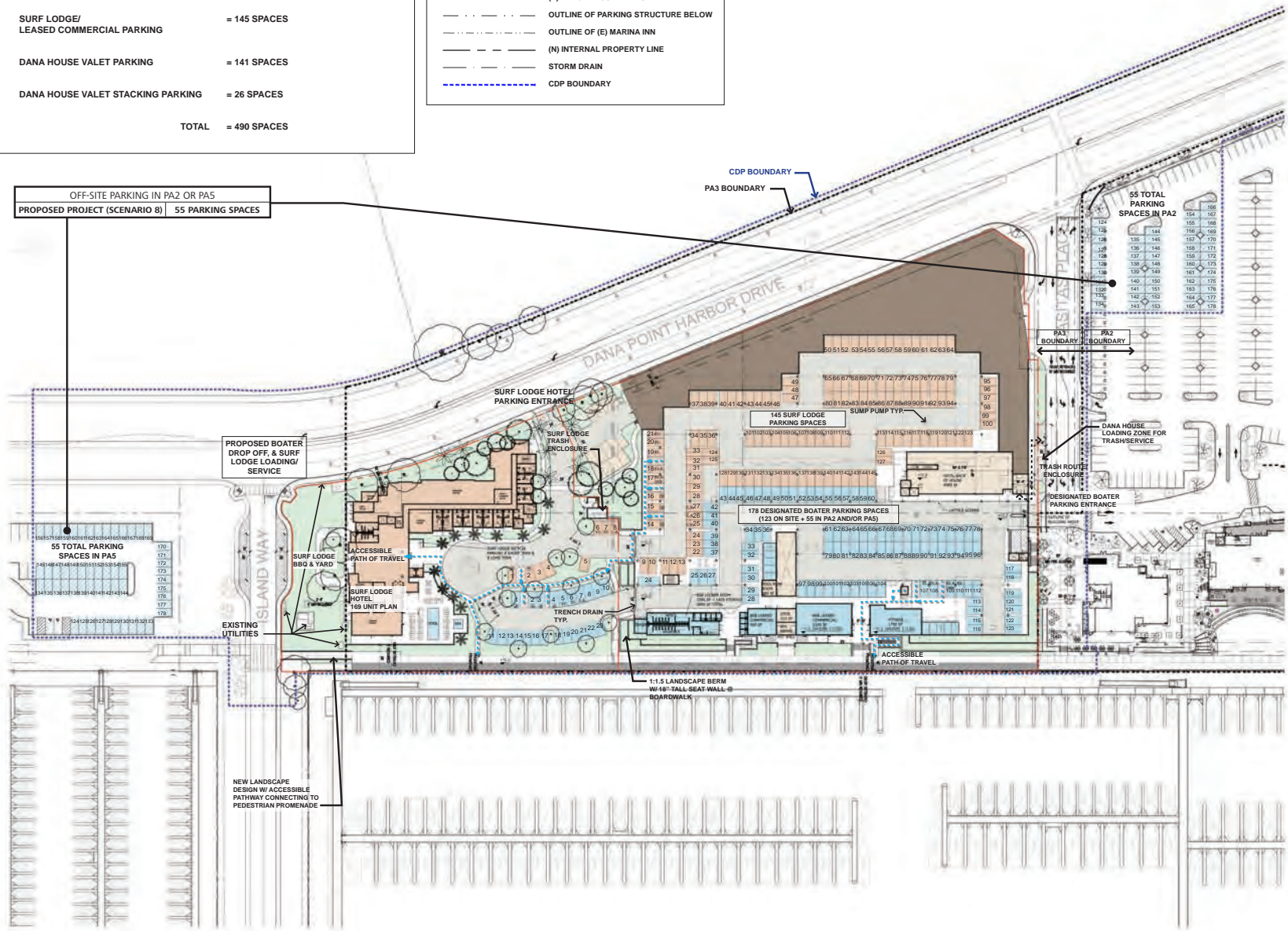
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**LEGEND**

- DESIGNATED BOATER PARKING = 178 SPACES  
(123 WITHIN PROPERTY + 55 IN COMMERCIAL CORE/WEST COVE)
  - SURF LODGE/ LEASED COMMERCIAL PARKING = 145 SPACES
  - DANA HOUSE VALET PARKING = 141 SPACES
  - DANA HOUSE VALET STACKING PARKING = 26 SPACES
- TOTAL = 490 SPACES**

**LINETYPES LEGEND**

- PA3 BOUNDARY
- PROPERTY LINE
- (E) PARCEL BOUNDARIES
- OUTLINE OF PARKING STRUCTURE BELOW
- OUTLINE OF (E) MARINA INN
- (N) INTERNAL PROPERTY LINE
- STORM DRAIN
- CDP BOUNDARY



WARE MALCOMB



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key plan

- ▲ 06/24/21 PRELIMINARY PLANS & SPECS
  - ▲ 05/27/21 PRELIMINARY PRICING
  - ▲ 03/08/21 CDP/DRAFT EIR SUBMITTAL REV5
  - ▲ 11/25/20 CDP/DRAFT EIR SUBMITTAL
  - ▲ 10/21/20 PLAN CHECK REVISIONS
  - ▲ 05/05/20 PLAN CHECK REVISIONS
  - ▲ 12/20/19 PLAN CHECK REVISIONS
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issues | revisions

SITE PLAN - PODIUM LEVEL

sheet title

project no. 174056

05/29/24

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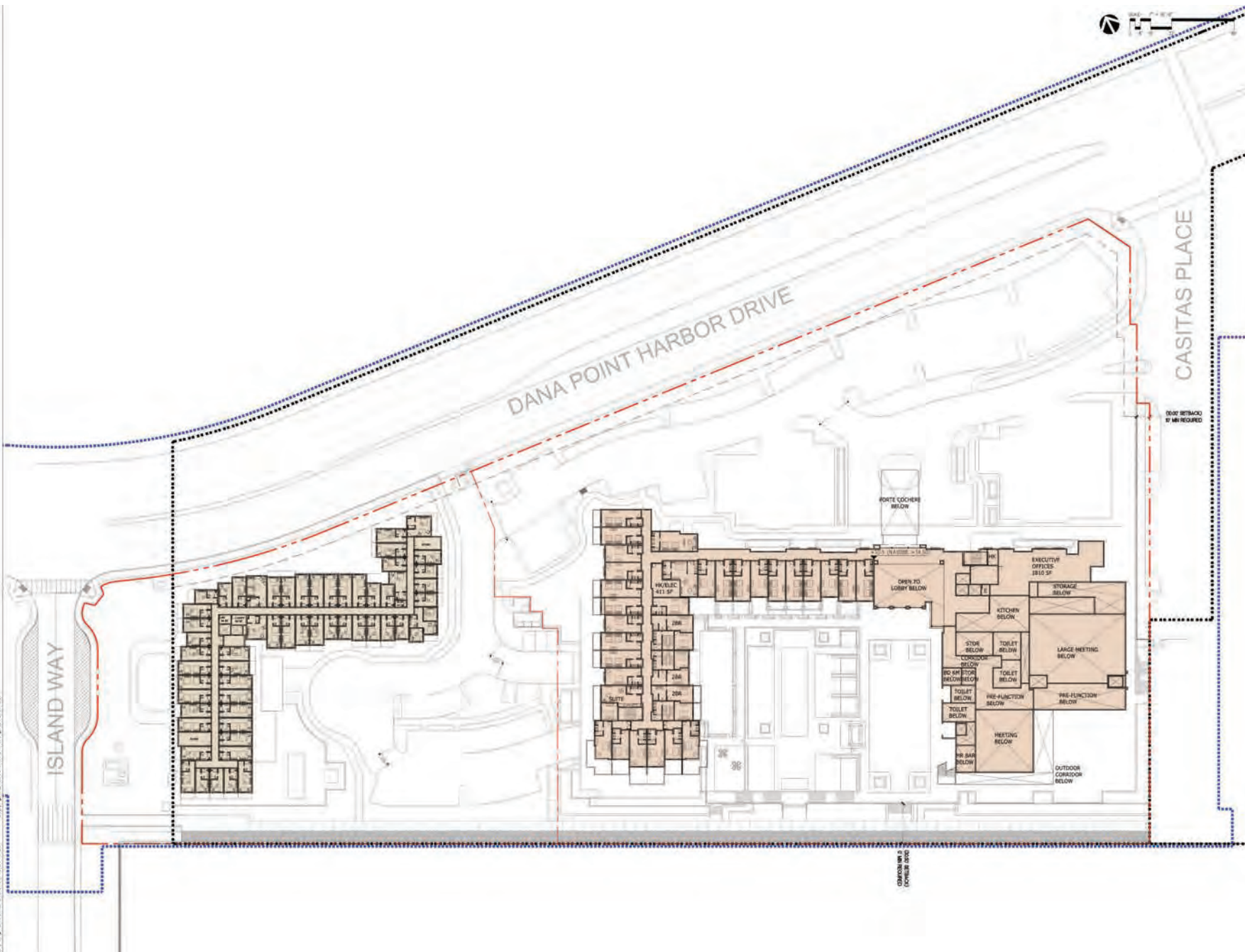
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- △ 11/25/20 CDP/DRAFT EIR SUBMITTAL
- △ 10/21/20 PLAN CHECK REVISIONS
- △ 05/05/20 PLAN CHECK REVISIONS
- △ 12/20/19 PLAN CHECK REVISIONS
- △ 10/16/19 ISSUE
- △ issues | revisions

SITE PLAN - LEVEL 2

sheet title

project no. 174056 05/29/24

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drawn by:

component

sheet no. **A1-01.2**



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- ▲ 03/08/21 CDP/DRAFT EIR SUBMITTAL REV
- ▲ 11/25/20 CDP/DRAFT EIR SUBMITTAL
- ▲ 10/21/20 PLAN CHECK REVISIONS
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- ▲ 12/20/19 PLAN CHECK REVISIONS
- NO date issue
- issues | revisions

SITE PLAN - LEVEL 3

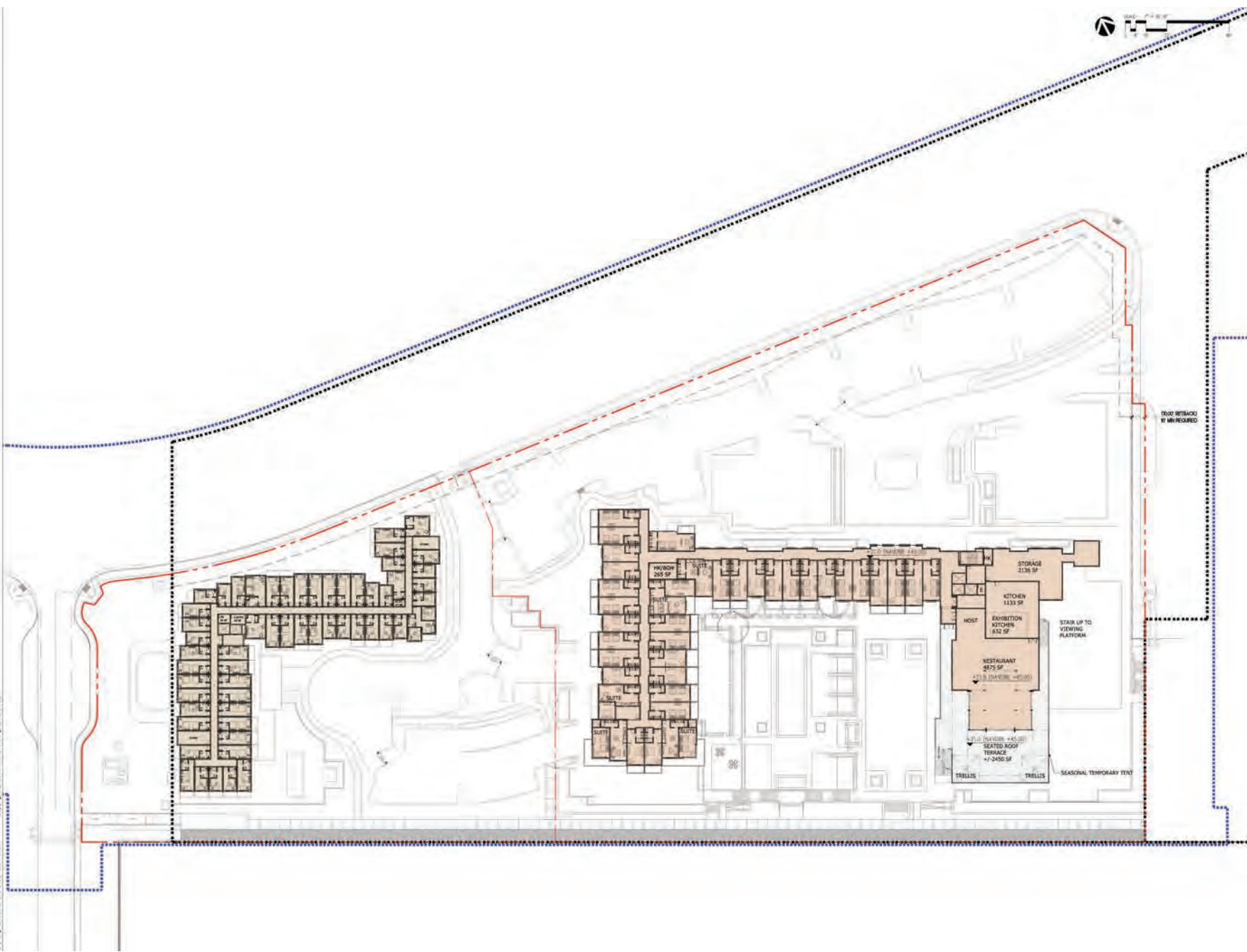
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component

sheet no. **A1-01.3**



DOOR REFRACED  
BY UNRECORDED

SEASONAL TEMPORARY FENT

TRELLIS

SEATED ROOF  
TERRACE  
44,000 SF

SEATED ROOF  
TERRACE  
42,966 SF

RESTAURANT  
4875 SF

EXHIBITION  
KITCHEN  
632 SF

KITCHEN  
255 SF

STORAGE  
234 SF

STORAGE  
1133 SF

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VIEWING  
PLATFORM

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## Exhibit 5 – Visual Analysis



Existing View



Proposed View

**DANA POINT HOTEL**

**View B01**

OPTION 2

(SCENARIO 1,4,6)





Proposed View

**DANA POINT HOTEL**  
**View B01**  
PROPOSED PROJECT  
(SCENARIO 7)





Proposed View

**DANA POINT HOTEL**

**View B01**

OPTION 1

(SCENARIO 8)





Proposed View

**DANA POINT HOTEL**

**View B01**

OPTION 3

MAXIMUM ALLOWED BY LCP





Existing View





Proposed View

**DANA POINT HOTEL**

**View B02**

OPTION 2

(SCENARIO 1,4,6)





Proposed View

**DANA POINT HOTEL**  
**View B02**  
PROPOSED PROJECT  
(SCENARIO 7)





Proposed View

**DANA POINT HOTEL**

**View B02**

OPTION 1

(SCENARIO 8)





**Proposed View**

**DANA POINT HOTEL**

**View B02**

OPTION 3

MAXIMUM ALLOWED BY LCP





Existing View



Proposed View

**DANA POINT HOTEL**

**View B03**

OPTION 2

(SCENARIO 1,4,6)





Proposed View

DANA POINT HOTEL  
View B03  
PROPOSED PROJECT  
(SCENARIO 7)





Proposed View

**DANA POINT HOTEL**

**View B03**

OPTION 1

(SCENARIO 8)







Proposed View

**DANA POINT HOTEL**

**View B03**

OPTION 3

MAXIMUM ALLOWED BY LCP





Existing View



Proposed View

**DANA POINT HOTEL**

**View J**

OPTION 2

(SCENARIO 1,4,6)





Proposed View

DANA POINT HOTEL  
View J  
PROPOSED PROJECT  
(SCENARIO 7)





Proposed View

**DANA POINT HOTEL**

**View J**

OPTION 1

(SCENARIO 8)





Proposed View

**DANA POINT HOTEL**

**View J**

OPTION 3

MAXIMUM ALLOWED BY LCP





Existing View



Proposed View

**DANA POINT HOTEL**

**View L**

OPTION 2

(SCENARIO 1,4,6)







Proposed View

DANA POINT HOTEL  
View L  
PROPOSED PROJECT  
(SCENARIO 7)





Proposed View

**DANA POINT HOTEL**

**View L**

OPTION 1

(SCENARIO 8)





Proposed View

DANA POINT HOTEL  
View L  
OPTION 3  
MAXIMUM ALLOWED BY LCP



## Exhibit 6 – Lower-Cost Accommodations Feasibility Analyses

### Memorandum

**Date:** February 15, 2023

**To:** California Coastal Commission District Manager

**RE:** Addendum to my On-Site Lower-Cost Lodging Feasibility Analysis for the Proposed Dana Point Harbor Redevelopment Project—Eight Scenarios, dated 11/15/2022

#### **Introduction:**

I am President of Maurice Robinson and Associates LLC (“MR&A”), and I have been engaged by Dana Point Harbor Partners (“DPHP”), the owner of the Marina Inn (“the Inn”) in the City of Dana Point (“City”), to review the financial feasibility of providing on-site lower-cost lodging as part of the proposed redevelopment plan (“Project”) for the Inn, under eight redevelopment scenarios as will be described later in this report.

I produced such a report on 11/15/2022, and this Addendum updates and slightly revises my original report, which was submitted with the application for Coastal permits dated 11/30/2022. The revisions in this Addendum involve an updated and slightly increased ADR for the Inn (by \$2 from \$184 to \$186, based on the actual results achieved for the full calendar year 2022), and slight revisions in the Internal Rates of Return (IRR) of the eight Scenarios. Additionally, Scenario 7 is now being presented as the Proposed Project, instead of Scenario 1.

#### **Description of Development Scenarios:**

Scenario 1 would consolidate all of the lower-cost lodging into one building—the Surf Lodge—and all of the market-rate lodging into a second building—the Dana House, located on the same site.

Scenario 2 would integrate 33 lower-cost rooms into the 130-room Dana House, reducing the market-rate rooms to 97.

Scenario 3 would have one hotel, the 220-room Surf Lodge, built on the site, with no market-rate lodging.

Scenario 4 would convert the dorm-style rooms into 11 regular lower-cost rooms; keep the Dana House as a 130-room market-rate hotel; and pay the In-Lieu Fees for the other 22 lower-cost rooms that would not be provided on site.

Scenario 5 would replace the 48 dorm-style beds and expand Surf Lodge to add 25 lower-cost rooms (all with private baths); and reduce the size of the Dana House to 100 market-rate rooms.

Scenario 6 would replace the 3-room, 48-bed, dorm-style area (as proposed in Scenario 1) with 9 lower-cost rooms with a total of 48 beds; and keep the Dana House as a 130-room market-rate hotel.

Scenario 7 would eliminate the dorm-style rooms in the Surf House; keep the Dana House as a 130-room market-rate hotel; and pay the In-Lieu Fees for the 33 lower-cost rooms that would not be provided on site.

Scenario 8 would replace the 48 dorm-style beds and expand Surf Lodge to add 33 lower-cost rooms (all with private baths); and keep the Dana House as a 130-room market-rate hotel.

**Project Background and Additional Detail:**

Scenario 7 (Proposed Project): As part of a major redevelopment of the Dana Point Harbor, DPHP proposes to replace the 136-room lower-cost Marina Inn with 136 rooms at the new Surf Lodge, charging similar room rates as in 2022 at the Marina Inn, adjusted in future years for inflation. DPHP also proposes to develop a market-rate hotel called the Dana House on the project site, with 130 rooms. 25% of these 130 market-rate rooms = 32.5 lower-cost rooms. DPHP proposes to pay an In-Lieu Mitigation Fee of \$127,000 for each of the 33 rooms required; thus, the Fee would be  $\$127,000 \times 33 = \$4,191,000$ .

The advantage of DPHP’s proposal is that all 136 replacement lower-cost units will be located on site—closer to the water than the current Marina Inn. The Surf Lodge would feature a communal kitchen and outdoor picnic areas, plus there would be lounges, restaurants, swimming pools, spas, rooftop terraces, and other public amenities throughout the Project site. This will be one of the few new coastal lodging properties with lower-cost units developed on site, alongside market-rate units—a truly diverse and inclusive new lodging project on the coast.

Scenario 1: In this alternative development scenario, DPHP would replace the 136-room lower-cost Marina Inn with 139 rooms at the new Surf Lodge. DPHP also proposes to develop the 130-room, market-rate Dana House on the project site. To mitigate the new rooms, DPHP proposes to add over 25% of the new bed count, or 48 beds, in 3 of the 139 Surf Lodge rooms, as lower-cost dormitory-style accommodations in a manner consistent with the recently-approved Headlands Wave Hotel.

Scenario 2: Coastal has requested that a financial feasibility analysis be prepared for an alternative development scenario, wherein the room rates charged at 25% of the market-rate rooms at the Dana House be restricted to lower-cost levels, in addition to the entire Surf Lodge being lower-cost. In this Scenario, there would be 136 lower-cost rooms in the Surf Lodge, and the Dana House would have 33 lower-cost rooms, plus 97 market-rate rooms. There would be no dormitory-style rooms, eliminating the lowest-cost beds. In this Scenario, the room mix at the Dana House would contain both lower-cost and market-rate rooms.

Scenario 3: In this Scenario, there would be 220 lower-cost rooms in the Surf Lodge and no Dana House. This is the least diverse lodging scenario, with no market-rate or dormitory-style rooms.

Scenario 4: The space within the Surf Lodge allocated for the 3 dorm-style rooms (and 48 beds) in Scenario 1 would be reconfigured as 11 lower-cost rooms, so the Surf Lodge could accommodate 147 lower-cost rooms (all with private bathrooms). The Dana House would be the same as in Scenario 1, with 130 market-rate rooms, and DPHP would pay an In-Lieu Fee of

\$2,794,000, which is the equivalent of \$127,000 for each of the 22 lower-cost rooms that would not be developed on site.

Scenario 5: The Surf Lodge would be redesigned to eliminate the dorm-style rooms, and expanded to contain 161 lower-cost rooms (all with private bath, and many different bed configurations), and the Dana House would be reduced in size, to contain only 100 market-rate rooms.

Scenario 6: The space within the Surf Lodge allocated for the 3 dorm-style rooms (and 48 beds) in Scenario 1 would be reconfigured as 9 relatively large, lower-cost rooms with 48 beds (suitable for families or small groups), so the Surf Lodge could accommodate 145 lower-cost rooms (all with private bathrooms). The Dana House would be the same as in Scenario 1, with 130 market-rate rooms.

Scenario 8: The Surf Lodge would be redesigned to eliminate the dorm-style rooms, and expanded to contain 169 lower-cost rooms (all with private bath, and many different bed configurations), and the Dana House would be the same as in Scenario 1, with 130 market-rate rooms.

### **Executive Summary of Financial Feasibility Findings:**

In Scenario 1, the Project is projected to cost approximately \$160 million to develop, and the financial feasibility is expected to be only marginally profitable, with an unlevered Internal Rate of Return (IRR) of 5.8%. Most real estate developers target 12% to 15% IRR for a new hotel project. DPHP is willing to accept this below-market return to complete the redevelopment of the Harbor.

In Scenario 2, the Project is projected to cost approximately \$159 million to develop; however, the restrictions on the room rates for 33 of the 130 rooms at the Dana House would result in significantly lower revenues, without much reduction in operating or development costs. Thus, the IRR for Scenario 2 is a negative 0.6%. In other words, DPHP wouldn't even receive its initial investment back on the Project. Thus, Scenario 2 is considered to be financially infeasible.

In Scenario 3, the 220-room Project is projected to cost approximately \$76 million; however, the absence of any market-rate rooms would result in an IRR of negative 0.9%--again, not a financially feasible project.

In Scenario 4, the Project is projected to cost approximately \$163 million (inclusive of the \$2.8 million In-Lieu Fees), and the income would be similar to Scenario 1, resulting in an IRR of 5.4%. This Scenario would be considered marginally feasible.

In Scenario 5, the Project is projected to cost approximately \$153 million to develop; however, the reduction of 30 market-rate rooms at the Dana House would result in significantly lower revenues, reducing the IRR for this Scenario to 2.7%. This Scenario would be considered financially infeasible.

In Scenario 6, the Project is projected to cost approximately \$161 million, and the income would be slightly more than in Scenario 1, resulting in an IRR of 5.7%. This Scenario would be considered marginally feasible.

In Scenario 7, the **Proposed Project** is projected to cost approximately \$163 million (inclusive of the \$4.2 million In-Lieu Fees), and the income would be slightly less than in Scenario 1, resulting in an IRR of 5.1%. This Scenario would be considered marginally feasible.

In Scenario 8, the Project is projected to cost the most, at approximately \$166 million, and the income would be greater than in Scenario 1 (due to the additional 30 lower-cost rooms), resulting in an IRR of 5.5%. This Scenario would also be considered marginally feasible.

The following Summary Table compares the eight Scenarios:

Summary of the Eight Scenarios					
Scenario	lower-cost rooms	market-rate rooms	Dev Cost	IRR	In-Lieu Fees
1	139	130	\$ 160,151,822	5.8%	\$ -
2	169	97	\$ 159,242,651	-0.6%	\$ -
3	220	0	\$ 75,645,409	-0.9%	\$ -
4	147	130	\$ 163,311,680	5.4%	\$ 2,794,000
5	161	100	\$ 153,306,374	2.7%	\$ -
6	145	130	\$ 161,200,317	5.7%	\$ -
7	136	130	\$ 163,285,031	5.1%	\$ 4,191,000
8	169	130	\$ 165,957,048	5.5%	\$ -

**Discussion of Financial Feasibility Analysis:**

The analysis made the following assumptions, as shown in the accompanying Excel workbook entitled *2.15.23 MRA Dana Point Hotel Feasibility Model*:

- The existing Marina Inn is achieving an average daily rate (ADR) of \$186 over the calendar year 2022. (In my prior report dated 11/15/2022, I had used the ADR from the trailing twelve months of operation through August of 2022, which was the most current rate at the time).
- To project the future ADR for the lower-cost rooms for the Project, this current ADR was increased by 3% per year; by mid-2025, this ADR becomes \$206.53.
- The market rate of the proposed Dana House would be \$425 in 2022 dollars; by mid-2026, this ADR becomes \$478.34.
- The 130-room Dana House is expected to open in mid-2026, for \$116 million.
- The Surf Lodge is expected to be completed first, opening in mid-2025, for \$48 million in Scenario 1, for the 139 rooms.
- In Scenario 2, elimination of the 3 dormitory-style rooms in the Surf Lodge is expected to reduce the development cost to \$47 million, for the 136 rooms.
- Applying standard ratios for other revenues and operating expenses, based on the planned facilities and service levels, generates the projected Net Operating Income (NOI) levels for the Project under the various Scenarios.

- In Scenario 2, 33 of the rooms at the Dana House would be priced at the lower-cost rates; the remaining 97 rooms would be priced at the market rates. This reduces the projected revenues and NOI at the Dana House significantly from the Scenario 1 levels.
- In Scenario 3, all 220 rooms in the Surf Lodge would be lower-cost, and there would be no Dana House. This reduces the overall revenues and NOI for the overall Project significantly.
- In Scenario 4, the \$2.8 million In-Lieu Fee, plus the cost of converting the three large dormitory-style rooms with 48 beds into 11 private rooms with an array of beds would offset the additional revenues, resulting in a similar overall return as Scenario 1.
- In Scenario 5, the expanded Surf Lodge would generate some additional revenues, but the smaller Dana House would generate significantly less revenues than in Scenario 1; overall, there would be a considerable loss in profitability due to the lost market-rate rooms.
- In Scenario 6, the reconfiguration of the 3 dorm-style rooms into 11 rooms with the same number of beds would make the economics very similar to Scenarios 1 and 4.
- In Scenario 7, the Proposed Project, the payment of a \$4.2 million In-Lieu Fee and the loss of the dorm-style rooms would reduce the return slightly from Scenarios 1, 4, and 6.
- In Scenario 8, the expansion of the Surf Lodge would cost more, and the overall occupancy level would decline slightly due to the additional 30 rooms, but the additional lower-cost rooms would not generate enough income to offset the additional development cost, resulting in a return similar to Scenarios 1, 4, 6, and 7.
- As noted above, the Internal Rate of Return (IRR) investment metric is negatively impacted most significantly in Scenarios 2 and 3, falling from a modest 5.8% in Scenario 1 to an infeasible negative 0.% in Scenario 2 and negative 0.9% in Scenario 3. Scenario 5's returns are also infeasible, while the returns in Scenarios 4, 6, 7 and 8 all slightly lower than Scenario 1.
- These significant reductions in IRR illustrate that the marginally feasible Project proposed in Scenario 7 would similarly be marginally feasible in Scenarios 1, 4, 6, and 8, and become infeasible in Scenarios 2, 3 and 5. As noted earlier, most real estate developers target 12% to 15% IRR for a new hotel project, a level none of these eight Scenarios attain.

**Other Factors:**

There are other reasons why Scenarios 2, 3 and 5 would be infeasible, even if the number of rate-restricted rooms in the Dana House were less than 33. These include the negative impacts on the Project's financing, operations, brand standards, and sale of the Project, as discussed in my 11/15/22 report, and repeated below:

1. Financing: A construction loan would need to be obtained to develop the Project. In order for a lender to be comfortable underwriting it, there would need to be sufficient Net Operating Income projected to be generated by the Project. As noted above, the requirement in Scenario 2 that some of the market-rate rooms of the Dana House be restricted to lower-cost rates (or eliminated altogether in Scenario 5) severely reduces the projected revenues, hampering the Project's ability to pay debt service. Completely eliminating all market-rate rooms in Scenario 3 also results in an unfinanceable project from a cash flow perspective. Additionally, lenders evaluate the Project for its collateral value in case they end up with the improvements in the event of a default or foreclosure.



No lender would want to own such a rate-restricted hotel as the Dana House in Scenario 2 or an all-affordable project as in Scenario 3, especially on a leasehold. Under those conditions, it would be unlikely that a lender could find a new borrower, or a brand, to take the hotel, so most lenders would pass on the opportunity to finance the project in either Scenario.

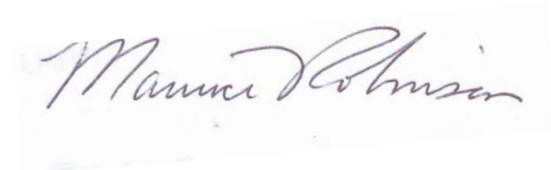
2. Operations: In Scenario 7, the operator of the Surf Lodge would be able to market and manage the entire lower-cost lodging operation, and the mix of services, amenities and facilities would be designed and focused on serving the needs of the lower-cost guests. Communal meals, social programming, transportation options, and other amenities would be tailored to the guests' needs, and certain fees would be eliminated or reduced accordingly. In this Scenario, at the Dana House, all of the guests would be paying market rates, including the resort fees and other charges, and they would be serviced accordingly. The higher level of facilities, services and amenities would be properly matched to the higher rates being paid, and the operator's fees would be aligned with the higher levels of revenue generated per guest room. In Scenario 2, however, integrating lower-cost rooms with the market-rate rooms in the Dana House would create a mismatch of the revenues with the facilities, forcing the operator into suboptimizing its own fees. The reduced revenues would force a reduction in the level of services or amenities in an attempt to achieve profitability, negatively impacting the experience of the market-rate guests and depressing the market-rate ADR. Scenarios 3 and 5 present no such mismatch; however, the relatively low level of room revenues translates into a similarly lower level of management fees, making it less desirable for an operator, since they would earn less fees for the same effort as managing a market-rate hotel.
3. Brands: Introducing the lower-cost lodging would be similarly undesirable for the hotel Brand. All Brands have minimum levels of standards and expect to be compensated for their services through fee arrangements that are calculated based on a percentage of revenues. In Scenario 2, the lower revenues generated by the lower-cost guests would impact the management and franchise fees of the Brand negatively. If the Operator reacted by cutting services or amenities to the guests, the operation might fall below the threshold required by the Brand's standards, resulting in a default under the Franchise or Management Agreement. I know of no major Brand that has entered into an arrangement such as proposed in Scenario 2, which may result in the Project being unbrandable, further reducing its financial feasibility. In Scenarios 3 and 5, there would be less of a problem—just a lower-tier Brand at the Surf Lodge, and correspondingly lower standards and fees.
4. Exit Strategy: Ultimately, for DPHP to realize a return on its investment in the Project, the hotels may eventually be sold to a third party. In Scenarios 1, 4, 5, 6, 7 and 8, the Dana House is perfectly saleable to a large universe of hotel owners, operators, Brands, and hotel REITs, which maximizes its sales price. In Scenario 2, this would no longer be true. I know of no hotel owners who would desire to own such a mixed-rate hotel, compared to a market-rate operation. This would result in either a longer time to sell, or a lower price, or both—further diminishing the financial feasibility of Scenario 2, compared to Scenario 1, 3, 4, 5, 6, 7 and 8. In these other Scenarios, the Surf Lodge would be initially developed, marketed,

operated and run as a lower-tier hotel, and thus the price would be correspondingly lower, compared to if there were market-rate hotel rooms.

\*\*\*\*\*

This completes my financial feasibility analysis of the proposed Project. If you have questions, please do not hesitate to contact me at Maurice@MauriceRobinson.com or 310-640-9656.

Sincerely,

A handwritten signature in dark ink that reads "Maurice Robinson". The signature is written in a cursive style and is centered within a light gray rectangular box.

R. Maurice Robinson, ISHC  
President,  
Maurice Robinson & Associates LLC

**Appendix A**  
**Statement of Qualifications**  
**R. Maurice Robinson, ISHC**

Mr. Robinson has over 40 years of experience as a consultant in the real estate and hospitality development industry. He is an expert in the field of facilitating full-service hotel development, ground leases, concession contracts, market and financial feasibility analysis, fiscal and economic benefit studies, structuring public subsidies for new hotel development, and public/private development partnerships. He specializes in public sector counseling, and typically assists California and Federal agencies in:

- facilitating hotel, commercial and residential development on public properties
- structuring hospitality development deals using public financing vehicles
- negotiating ground and building leases for new hospitality developments
- identifying and soliciting hospitality brands, operators, and developers
- valuing private investment on public lands
- providing expert witness testimony in disputes; and
- analyzing and structuring development and management agreements.

A partial list of his public-sector clients in California follows:

- Alameda
- California Coastal Commission
- Cathedral City
- Crescent City
- Del Mar
- Department of State Parks and Recreation
- Escondido
- Fresno
- Glendale
- Golden Gate Bridge District
- Healdsburg
- Inglewood
- Laguna Beach
- Long Beach
- Los Angeles, Community Redevelopment Agency
- Los Angeles, Department of Airports
- Los Angeles, Department of City Planning
- Los Angeles, Grand Ave JPA
- Manhattan Beach
- Metropolitan Water District
- Monterey County

- Mountain View
- Napa
- National Park Service
- Oceanside
- Orange County
- Palm Desert
- Poway
- Richmond
- Riverside
- Riverside County Transportation Commission
- San Diego City
- San Diego County
- San Diego Metropolitan Transit System
- San Diego Unified Port District
- San Jose, Redevelopment Agency
- San Mateo County
- San Mateo County Harbor District
- Santa Clara Valley Transportation Authority
- Santa Monica
- Solano County
- South Coast Air Quality Management District
- Southern California Association of Governments
- U.S. Department of Justice
- West Sacramento

Public clients and the hotels that have been developed, or are now being developed:

- City of San Diego's 170-room 5-diamond Lodge at Torrey Pines
- City of Manhattan Beach's 400-room Westdrift Autograph Hotel and Golf Course
- City of San Jose's downtown 506-room Marriott Hotel
- City of Beverly Hills's 200-room Montage Hotel & Residences
- City of Laguna Beach's 262-room Montage Resort and Residences
- National Park Service's 252-room Argonaut Hotel in San Francisco (conversion of the historic Haslett Warehouse on Fisherman's Wharf)
- National Park Service's 142-room Lodge at Cavallo Point in Golden Gate Park (conversion of the historic Fort Baker Army post near Sausalito).
- City of San Diego's Liberty Station 200-room Courtyard and 150-unit Homewood Suites (conversion of the ex-Naval Training Center adjacent to the airport)
- Port of San Diego's 253-room Springhill Suites and 147-unit Residence Inn
- Port of San Diego's 400-room InterContinental Hotel
- City of Mountain View's 255-room Ameswell Hotel
- City of Oceanside's 161-room Mission Pacific Hotel
- City of Oceanside's 226-room Hyatt Seabird Hotel

- Port of San Diego's proposed 1,600-room Gaylord Resort (under construction)
- Port of San Diego's proposed 450-room Harbor Island East Hotel (to be developed)
- City of Mountain View's proposed 180-room Joie de Vivre hotel (to be developed)

**Work with the California Coastal Commission:** In 2015, Mr. Robinson was a presenter and panelist at Coastal's Public Workshop #2 on lower-cost lodging in Chula Vista. Subsequently, he worked with Coastal staff and submitted a March 15, 2016, memo describing his suggested empirical methodology for establishing "lower-cost lodging" rates on a market-by-market basis, as opposed to a statewide basis. This methodology has since been adopted by Coastal staff, although they have often preferred the simpler, three-step version of his full ten-step methodology and have even referred to it as the "Robinson Method".

Additionally, in 2017, he assisted the California Department of Parks and Recreation with their Memorandum of Understanding with you, and he has since performed financial feasibility analyses for lower-cost, cabin-type accommodations at Topanga State Park and other State Parks. He has also spoken at the Coastal Conservancy's Cabin Workshop with State Parks in Oakland and at the California Coastal Law Conference in downtown Los Angeles.

**Affiliations:** Mr. Robinson is a member of the prestigious International Society of Hospitality Consultants (ISHC), where he served for nine years on the Board of Directors and as Chairman of the Professional Conduct Committee. Other professional memberships have included the Counselors of Real Estate (CRE), the American Society of Appraisers (ASA), and the Forensic Expert Witness Association (FEWA). He is also a member of the Board of Arbitrators for the Financial Industry National Regulatory Authority (FINRA).

**Background:** Mr. Robinson is President of Maurice Robinson & Associates LLC, providing advisory services to investors and developers in the Hospitality and Real Estate industries. Prior to founding his current firm in 1999, he was a Principal with KPMG Peat Marwick LLP, leading their western region Hospitality and Real Estate consulting practice for twelve years (1986-1998). Prior to KPMG, he was a Senior Consultant and Manager in the real estate and hospitality consulting practice of Pannell Kerr Forster (now PKF Consulting) for five years (1982-1986). His previous work experience also includes three years as Senior Economist with the real estate consulting firm of Williams-Kuebelbeck and Associates (1979-1982), and a year as an independent consultant (1978).

**Education:** Mr. Robinson holds a General Real Estate Appraisal certificate from the State of California; a Master of Public Administration degree from the University of Southern California; a Bachelor of Arts degree in economics from Macalester College in St. Paul, Minnesota; a certificate of environmental management with a specialty in public/private partnerships from the Environmental Management Institute in Los Angeles; and a professional designation in financial planning from UCLA.

**Speeches, Teaching and Writing:** Mr. Robinson is a frequent lecturer, having spoken more than two dozen times at various real estate and hospitality industry-related seminars and conferences across the United States, and was an annual guest lecturer at the UC Berkeley MBA program. He is the author of numerous articles, book chapters, and was the editor of KPMG’s Hospitality Update newsletter. He has co-authored an article entitled “How to Value Commercial Improvements in a National Park” in the Winter 2000/Spring 2001 edition of Real Estate Issues; a chapter entitled “Alternative Dispute Resolution in the Hospitality Industry” in the textbook Hotel Investments: Issues and Perspectives, 4<sup>th</sup> edition (2006); a chapter entitled “Converting Existing Historic Buildings into Hotels” in the textbook Hotel Sustainable Development: Principals and Best Practices, 1<sup>st</sup> edition (2011); and an article entitled “Issue Review Boards™ – The Next Wave of Alternative Dispute Resolution for the Hospitality Industry”.

**Awards:** Mr. Robinson received the coveted James Felt Creative Counselor Award from his peers in the real estate consulting community for his ground-breaking work appraising the Grand Canyon for the National Park Service (NPS). He is also the recipient of the Member of the Year award by his peers in the ISHC for his efforts in establishing an Alternative Dispute Resolution training program. In 2016, he facilitated the acquisition by the NPS of the final parcel of land to complete the 67-mile Backbone Trail in the Santa Monica Mountains, and has since hiked the entire trail.

**Contact info:**

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Fax: 310-640-9276.

Cell:310-713-3220.

E-mail: [Maurice@MauriceRobinson.com](mailto:Maurice@MauriceRobinson.com);

Web site: [www.MauriceRobinson.com](http://www.MauriceRobinson.com).

Summary of Existing and Required Beds			
Hotel	Bed Count	Factor	Beds Required
Existing Marina Inn	201	n/a	201
New Dana House	184	25%	<u>46</u>
Total Required			<b>247</b>
New Surf Lodge (in Scenario 1)	<b>258</b>	n/a	<b>247</b>

Summary of the Eight Scenarios					
Scenario	lower-cost rooms	market-rate rooms	Dev Cost	IRR	In-Lieu Fees
1	139	130	\$ 160,151,822	5.8%	\$ -
2	169	97	\$ 159,242,651	-0.6%	\$ -
3	220	0	\$ 75,645,409	-0.9%	\$ -
4	147	130	\$ 163,311,680	5.4%	\$ 2,794,000
5	167	122	\$ 153,306,374	2.7%	\$ -
6	145	130	\$ 161,200,317	5.7%	\$ -
<b>7 (Proposed Project)</b>	<b>136</b>	<b>130</b>	<b>\$ 163,285,031</b>	<b>5.1%</b>	<b>\$ 4,191,000</b>
8	169	130	\$ 165,957,048	5.5%	\$ -

## Dana Point Harbor - Hotel Underwriting Analysis

### SCENARIO #1 (48 DORM BEDS)

Surf Lodge Hotel - 139 Affordable Rate Units	6/30/2024	12/31/2024	6/30/2025	12/31/2025	6/30/2026	12/31/2026	6/30/2027	12/31/2027	6/30/2028	12/31/2028	6/30/2029	12/31/2029
Dana House Hotel - 130 Market Rate Units	H1 2024	H2 2024	H1 2025	H2 2025	H1 2026	H2 2026	H1 2027	H2 2027	H1 2028	H2 2028	H1 2029	H2 2029
<b>CASH FLOW</b>												
Surf Lodge Development Costs	(16,036,139)	(16,036,139)	(16,036,139)									
Surf Lodge Net Operating Income				1,459,131	1,459,131	1,658,311	1,658,311	1,750,315	1,750,315	1,738,655	1,738,655	1,782,027
Surf Lodge Terminal Value (8.5% Cap Rate)				(22,408,681)	(22,408,681)							41,419,785
Dana House Development Costs	(22,408,681)	(22,408,681)	(22,408,681)	(22,408,681)	(22,408,681)							
Dana House Net Operating Income						3,267,956	3,267,956	3,848,002	3,848,002	4,249,028	4,249,028	4,210,773
Dana House Terminal Value (7.0% Cap Rate)												120,854,293
<b>TOTAL CASH FLOW</b>	<b>(38,444,820)</b>	<b>(38,444,820)</b>	<b>(38,444,820)</b>	<b>(20,949,550)</b>	<b>(20,949,550)</b>	<b>4,926,267</b>	<b>4,926,267</b>	<b>5,598,318</b>	<b>5,598,318</b>	<b>5,987,683</b>	<b>5,987,683</b>	<b>168,266,878</b>
<i>Unlevered IRR</i>	<b>5.78%</b>											

<i>Surf Lodge CF</i>	(16,036,139)	(16,036,139)	(16,036,139)	1,459,131	1,459,131	1,658,311	1,658,311	1,750,315	1,750,315	1,738,655	1,738,655	43,201,812
<i>Surf Lodge IRR</i>	3.6%											
<i>Dana House CF</i>	(22,408,681)	(22,408,681)	(22,408,681)	(22,408,681)	(22,408,681)	3,267,956	3,267,956	3,848,002	3,848,002	4,249,028	4,249,028	125,065,066
<i>Dana House IRR</i>	6.7%											

### SCENARIO #2 (25% AFFORDABLE IN DANA HOUSE)

Surf Lodge Hotel - 136 Affordable Rate Units	6/30/2024	12/31/2024	6/30/2025	12/31/2025	6/30/2026	12/31/2026	6/30/2027	12/31/2027	6/30/2028	12/31/2028	6/30/2029	12/31/2029
Dana House Hotel - 97 Market & 33 Affordable Rate Units	H1 2024	H2 2024	H1 2025	H2 2025	H1 2026	H2 2026	H1 2027	H2 2027	H1 2028	H2 2028	H1 2029	H2 2029
<b>CASH FLOW</b>												
Surf Lodge Development Costs	(15,733,082)	(15,733,082)	(15,733,082)									
Surf Lodge Net Operating Income				1,418,712	1,418,712	1,611,469	1,611,469	1,688,494	1,688,494	1,676,810	1,676,810	1,718,649
Surf Lodge Terminal Value (8.5% Cap Rate)				(22,408,681)	(22,408,681)							39,946,581
Dana House Development Costs	(22,408,681)	(22,408,681)	(22,408,681)	(22,408,681)	(22,408,681)							
Dana House Market Rate Net Operating Income						2,393,119	2,393,119	2,815,377	2,815,377	3,108,730	3,108,730	3,080,839
Dana House Affordable Rate Net Operating Income						7,341	7,341	76,993	76,993	120,686	120,686	104,499
Dana House Terminal Value (8.0% Cap Rate)												80,184,426
<b>TOTAL CASH FLOW</b>	<b>(38,141,763)</b>	<b>(38,141,763)</b>	<b>(38,141,763)</b>	<b>(20,989,969)</b>	<b>(20,989,969)</b>	<b>4,011,929</b>	<b>4,011,929</b>	<b>4,580,865</b>	<b>4,580,865</b>	<b>4,906,226</b>	<b>4,906,226</b>	<b>125,034,995</b>
<i>Unlevered IRR</i>	<b>-0.65%</b>											



**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 1**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	20	1,500	30,000
100-270	Land Maintenance Costs (Parkscapes)	Mo	20		
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 998</b>	<b>\$ 138,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	54,200	54,200
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 1,132</b>	<b>\$ 157,350</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 1**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants: Architect</u></b>				
300-110	Architect: Fee	SF	58,894	13.00	765,622
300-111	Architect: Reimbursables	% of Cost	10%	765,622	76,562
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	30%	352,000	105,600
300-150	BIM Consultant	LS	1	40,000	40,000
300-220	Interior Design Fees	SF	58,894	3.10	182,571
300-221	Interior Design Reimbursables	% of Cost	10%	182,571	18,257
300-223	Branding Consultant	LS	1	0	-
300-225	Tech Services: <i>Brand</i>	LS	1	0	-
300-226	Lighting Design: Fee	LS	1	35,000	35,000
300-229	MEP Engineer: Fee & Reimb.	SF	58,894	2.00	117,788
300-232	Kitchen Design Fees	LS	1	15,000	15,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	5,000	5,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	26,500	26,500
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	30%	340,000	102,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	102,000	5,100
300-240	Civil Engineer Fees	LS	1	132,000	132,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	132,000	6,600
300-242	Environmental Consultant Fee	% of Cost	30%	30,000	9,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	58,894	2.30	135,456
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	20,000	20,000
300-251	Code Consultant: Fee & Reimb.	LS	1	35,000	35,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	30%	70,000	21,000
300-254	Parking Study	% of Cost	30%	35,000	10,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	30%	110,000	33,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	30%	650,000	195,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	195,000	9,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	30%	50,000	15,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	30%	50,000	15,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	58,894	1.884	110,956
300-283	Soil/Compaction Testing	Site Area	68,747	1.00	68,747
300-284	SWPPP Compliance Inspection	SF	58,894	0.348	20,495
300-285	Accounting Administration Expense (to RDOD)	LS	1	30,000	30,000
300-290	Other Consultants Fees & Reimbursables	LS	1	15,000	15,000
300-295	Developers Reimbursables (to RDOD)	LS	1	35,000	35,000
300-300	Design Contingency	% of Cost	3.0%	2,437,505	73,125
<b>TOTAL CONSULTING COSTS</b>			<b>Per Room:</b>	<b>\$ 18,062</b>	<b>\$ 2,510,631</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 1**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	0		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	SF	58,894	16.98	1,000,000
400-200	Contingency On Fees	% of Cost	0.0%	1,000,000	-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 7,194</b>	<b>\$ 1,000,000</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	68,747	47.26	3,248,661
500-111	Soil Stabilization (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation				-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Island Way East Park	in 500-110			-
500-150	Parking Structure (contract w/ RDOC)	sf	67,545	110.00	7,429,957
500-160	Offsite Improvements				-
500-162	Traffic Signal / Entryway				-
500-165	Owner Supplied Items	LS	1	100,000	100,000
500-200	Building (contract w/ RDOC)	Bldg SF	58,894	248.24	14,619,656
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	2,824,470	2,824,470
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	1,114,558	1,114,558
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	1,048,379	1,048,379
500-230	Utilities During Construction	Rooms	139	75	10,425
500-235	Staging Costs (Job Site Office)	LS	1	20,000	20,000
500-240	Security During Construction	LS	1	80,000	80,000
500-245	General Liability/Builder's Risk Insurance	LS	1	200,000	200,000
500-246	Bonds	LS	1	25,000	25,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	19	15,000	285,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	285,000	14,250
500-260	Construction Cost Contingency	% of Cost	5.0%	31,020,356	1,551,018
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	23,405,723	3,978,973
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 262,952</b>	<b>\$ 36,550,346</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 1**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	139	8,000	1,112,000
600-120	FF&E: Public Space	Rooms	139	2,500	347,500
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	139	1,500	208,500
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	LS	1	20,000	20,000
600-132	PMS Systems	LS	1	60,000	60,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	139	425	59,075
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	139	375	52,125
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	20,000	20,000
600-144	Wireless	LS	1	40,000	40,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	40,000	40,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	139	325	45,175
600-226	Equipment: Spa	LS	1	0	-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	500,000	500,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	50,000	50,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	50,000	50,000
600-300	Equipment: Appliances	Rooms	139	200	27,800
600-325	FF&E/Purchase Agent	Mo	12	5,000	60,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	208,500	10,425
600-330	Procurement Management (to RDOD)	Mo	14	5,000	70,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	70,000	3,500
600-420	Warehousing & Installation	Rooms	139	1,000	139,000
600-600	FF&E Contingency	% of Cost	5.0%	3,165,100	158,255
600-700	FF&E Escalation	% of Cost	25.0%	3,323,355	830,839
<b>TOTAL FF&amp;E</b>			<b>Per Room:</b>	<b>\$ 29,886</b>	<b>\$ 4,154,194</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	300,000	300,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	20,000	20,000
700-300	Marketing				-
700-400	Working Capital	Rm	139	500	69,500
<b>TOTAL PRE-OPENING COSTS</b>			<b>Per Room:</b>	<b>\$ 2,874</b>	<b>\$ 399,500</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	44,910,771	1,347,323
<b>TOTAL CONTINGENCY</b>			<b>Per Room:</b>	<b>\$ 9,693</b>	<b>\$ 1,347,323</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	46,258,094	1,850,324
<b>TOTAL DEVELOPER FEE</b>			<b>Per Room:</b>	<b>13,312</b>	<b>\$ 1,850,324</b>
<b>TOTAL PROJECT COSTS</b>			<b>Per Room:</b>	<b>\$ 346,104</b>	<b>\$ 48,108,417</b>

## Dana Point Harbor - Surf Lodge SCEANRIO 1

### Operating Cash Flow Projection

Date: 15-Sep-22

	Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms	139		139		139		139		139	
Number of Occupied Rooms	35,515		38,051		39,320		39,320		39,320	
Average Occupancy	70.0%		75.0%		77.50%		77.5%		77.5%	
Average Daily Rate (T-12 thru Dec 2022 \$186, \$189 w/ dorm rooms)	206.53		212.72		219.10		224.58		230.19	
ADR pct change vs. LY			3%		3%		2.5%		2.5%	
RevPAR	\$ 144.57		\$ 159.54		\$ 169.80		\$ 174.05		\$ 178.40	
RevPAR pct Change vs. LY			10%		6%		2.5%		2.5%	
<b>REVENUE</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
ROOM	\$ 7,334,646	76.1%	\$ 8,094,306	76.3%	\$ 8,615,040	76.6%	\$ 8,830,416	76.5%	\$ 9,051,176	76.4%
FOOD & BEVERAGE	\$ 1,598,153	16.6%	\$ 1,712,306	16.1%	\$ 1,769,383	15.7%	\$ 1,822,465	15.8%	\$ 1,877,139	15.9%
PARKING	\$ 603,747	6.3%	\$ 684,923	6.5%	\$ 747,073	6.6%	\$ 769,485	6.7%	\$ 792,570	6.7%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 88,786	0.9%	\$ 95,128	0.9%	\$ 98,299	0.9%	\$ 101,248	0.9%	\$ 104,285	0.9%
OTHER	\$ 15,271	0.2%	\$ 16,362	0.2%	\$ 16,907	0.2%	\$ 17,415	0.2%	\$ 17,937	0.2%
<b>TOTAL REVENUE</b>	<b>\$ 9,640,603</b>	<b>100%</b>	<b>\$ 10,603,025</b>	<b>100%</b>	<b>\$ 11,246,702</b>	<b>100%</b>	<b>\$ 11,541,028</b>	<b>100%</b>	<b>\$ 11,843,107</b>	<b>100%</b>
<b>DEPARTMENTAL PROFITS</b>										
ROOM	\$ 5,721,024	78.0%	\$ 6,475,445	80.0%	\$ 6,978,182	81.0%	\$ 7,152,637	81.0%	\$ 7,331,453	81.0%
FOOD & BEVERAGE	\$ 383,557	24.0%	\$ 462,323	27.0%	\$ 530,815	30.0%	\$ 546,739	30.0%	\$ 563,142	30.0%
PARKING	\$ 271,686	45.0%	\$ 308,215	45.0%	\$ 336,183	45.0%	\$ 346,268	45.0%	\$ 356,656	45.0%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 48,832	55.0%	\$ 52,320	55.0%	\$ 54,064	55.0%	\$ 55,686	55.0%	\$ 57,357	55.0%
OTHER	\$ 15,271	100.0%	\$ 16,362	100.0%	\$ 16,907	100.0%	\$ 17,415	100.0%	\$ 17,937	100.0%
<b>TOTAL DEPT. PROFITS</b>	<b>\$ 6,440,370</b>	<b>66.8%</b>	<b>\$ 7,314,665</b>	<b>69.0%</b>	<b>\$ 7,916,152</b>	<b>70.4%</b>	<b>\$ 8,118,746</b>	<b>70.3%</b>	<b>\$ 8,326,545</b>	<b>70.3%</b>
<b>DEDUCTIONS FROM INCOME</b>										
ADMINISTRATIVE & GENERAL	\$ 848,373	8.8%	\$ 901,257	8.5%	\$ 944,723	8.4%	\$ 969,446	8.4%	\$ 994,821	8.4%
UTILITIES	\$ 177,573	1.8%	\$ 190,256	1.8%	\$ 196,598	1.7%	\$ 202,496	1.8%	\$ 208,571	1.8%
REPAIRS & MAINTENANCE	\$ 284,116	2.9%	\$ 304,410	2.9%	\$ 314,557	2.8%	\$ 323,994	2.8%	\$ 333,714	2.8%
SALES & MARKETING	\$ 723,045	7.5%	\$ 774,021	7.3%	\$ 809,763	7.2%	\$ 830,954	7.2%	\$ 852,704	7.2%
<b>TOTAL DEDUCTS FROM INCOME</b>	<b>\$ 2,033,107</b>	<b>21.1%</b>	<b>\$ 2,169,944</b>	<b>20.5%</b>	<b>\$ 2,265,641</b>	<b>20.1%</b>	<b>\$ 2,326,890</b>	<b>20.2%</b>	<b>\$ 2,389,809</b>	<b>20.2%</b>
<b>HOUSE PROFIT</b>	<b>\$ 4,407,264</b>	<b>45.7%</b>	<b>\$ 5,144,721</b>	<b>48.5%</b>	<b>\$ 5,650,511</b>	<b>50.2%</b>	<b>\$ 5,791,855</b>	<b>50.2%</b>	<b>\$ 5,936,736</b>	<b>50.1%</b>
<b>OTHER DEDUCTIONS</b>										
FF&E ESCROW	\$ 192,812	2.0%	\$ 318,091	3.0%	\$ 449,868	4.0%	\$ 577,051	5.0%	\$ 592,155	5.0%
BASE/SYSTEM FEES/CHAIN SVSCS	\$ 578,436	6.0%	\$ 742,212	7.0%	\$ 899,736	8.0%	\$ 923,282	8.0%	\$ 947,449	8.0%
ASSET MANAGEMENT FEE	\$ 121,594	1.3%	\$ 138,193	1.3%	\$ 145,860	1.3%	\$ 144,888	1.3%	\$ 148,502	1.3%
BUILDING/LIABILITY INSURANCE	\$ 80,000	0.8%	\$ 81,600	0.8%	\$ 83,232	0.7%	\$ 84,897	0.7%	\$ 86,595	0.7%
EQUIPMENT RENTAL/OTHER	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
PROPERTY TAXES/MISC TAXES	\$ 250,000	2.6%	\$ 255,000	2.4%	\$ 260,100	2.3%	\$ 265,302	2.3%	\$ 270,608	2.3%
GROUND LEASE	\$ 266,159	2.8%	\$ 293,004	2.8%	\$ 311,084	2.8%	\$ 319,125	2.8%	\$ 327,374	2.8%
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 1,489,001</b>	<b>15.4%</b>	<b>\$ 1,828,099</b>	<b>17.2%</b>	<b>\$ 2,149,880</b>	<b>19.1%</b>	<b>\$ 2,314,545</b>	<b>20.1%</b>	<b>\$ 2,372,683</b>	<b>20.0%</b>
<b>NET HOUSE PROFIT</b>	<b>\$ 2,918,263</b>	<b>30.3%</b>	<b>\$ 3,316,622</b>	<b>31.3%</b>	<b>\$ 3,500,631</b>	<b>31.1%</b>	<b>\$ 3,477,310</b>	<b>30.1%</b>	<b>\$ 3,564,053</b>	<b>30.1%</b>
<b>NOI PER KEY</b>	<b>\$ 20,995</b>		<b>\$ 23,861</b>		<b>\$ 25,184</b>		<b>\$ 25,017</b>		<b>\$ 25,641</b>	

**Dana Point Harbor - Dana House SCENARIO 1, 4, 6, 7, & 8  
Operating Cash Flow Projection**

Date: 15-Sep-22

	Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms	130		130		130		130		130	
Number of Occupied Rooms	32,741		34,639		36,062		36,062		36,062	
Average Occupancy	69.0%		73.0%		76.0%		76.0%		76.0%	
Average Daily Rate (T-12 thru Aug 2022 \$425) <sup>1</sup>	478.34		492.69		507.47		520.16		533.16	
ADR pct change vs. LY			3%		3%		2.5%		2.5%	
RevPAR	\$ 330.06		\$ 359.66		\$ 385.68		\$ 395.32		\$ 405.20	
RevPAR pct Change vs. LY										
<b>REVENUE</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
ROOM	\$ 15,661,132	60.0%	\$ 17,066,094	60.7%	\$ 18,304,463	61.4%	\$ 18,757,975	61.3%	\$ 19,226,924	61.2%
FOOD & BEVERAGE	\$ 8,512,530	32.6%	\$ 9,006,010	32.0%	\$ 9,376,120	31.5%	\$ 9,657,404	31.6%	\$ 9,947,126	31.6%
PARKING	\$ 792,320	3.0%	\$ 838,252	3.0%	\$ 872,700	2.9%	\$ 898,881	2.9%	\$ 925,848	2.9%
RESORT FEE	\$ 949,475	3.6%	\$ 1,004,517	3.6%	\$ 1,045,798	3.5%	\$ 1,077,172	3.5%	\$ 1,109,487	3.5%
MARKET	\$ 81,851	0.3%	\$ 86,596	0.3%	\$ 90,155	0.3%	\$ 92,860	0.3%	\$ 95,645	0.3%
OTHER	\$ 100,000	0.4%	\$ 110,000	0.4%	\$ 120,000	0.4%	\$ 123,600	0.4%	\$ 127,308	0.4%
<b>TOTAL REVENUE</b>	<b>\$ 26,097,307</b>	<b>100%</b>	<b>\$ 28,111,468</b>	<b>100%</b>	<b>\$ 29,805,237</b>	<b>100%</b>	<b>\$ 30,607,892</b>	<b>100%</b>	<b>\$ 31,432,338</b>	<b>100%</b>
<b>DEPARTMENTAL PROFITS</b>										
ROOM	\$ 11,745,849	75.0%	\$ 13,140,892	77.0%	\$ 14,274,361	78.0%	\$ 14,631,221	78.0%	\$ 14,997,001	78.0%
FOOD & BEVERAGE	\$ 1,872,757	22.0%	\$ 2,251,503	25.0%	\$ 2,531,552	27.0%	\$ 2,607,499	27.0%	\$ 2,685,724	27.0%
PARKING	\$ 356,544	45.0%	\$ 377,213	45.0%	\$ 392,715	45.0%	\$ 404,497	45.0%	\$ 416,632	45.0%
RESORT FEE	\$ 854,527	90.0%	\$ 904,065	90.0%	\$ 941,218	90.0%	\$ 969,455	90.0%	\$ 998,538	90.0%
MARKET	\$ 40,926	50.0%	\$ 43,298	50.0%	\$ 45,078	50.0%	\$ 46,430	50.0%	\$ 47,823	50.0%
OTHER	\$ 100,000	100.0%	\$ 110,000	100.0%	\$ 120,000	100.0%	\$ 123,600	100.0%	\$ 127,308	100.0%
<b>TOTAL DEPT. PROFITS</b>	<b>\$ 14,970,602</b>	<b>57.4%</b>	<b>\$ 16,826,971</b>	<b>59.9%</b>	<b>\$ 18,304,925</b>	<b>61.4%</b>	<b>\$ 18,782,701</b>	<b>61.4%</b>	<b>\$ 19,273,026</b>	<b>61.3%</b>
<b>DEDUCTIONS FROM INCOME</b>										
ADMINISTRATIVE & GENERAL	\$ 2,087,785	8.0%	\$ 2,164,583	7.7%	\$ 2,235,393	7.5%	\$ 2,295,592	7.5%	\$ 2,357,425	7.5%
UTILITIES	\$ 350,219	1.3%	\$ 356,473	1.3%	\$ 362,727	1.2%	\$ 373,609	1.2%	\$ 384,817	1.2%
REPAIRS & MAINTENANCE	\$ 916,734	3.5%	\$ 935,240	3.3%	\$ 973,674	3.3%	\$ 1,002,884	3.3%	\$ 1,032,971	3.3%
SALES & MARKETING	\$ 1,931,201	7.4%	\$ 2,024,026	7.2%	\$ 2,086,367	7.0%	\$ 2,142,552	7.0%	\$ 2,200,264	7.0%
<b>TOTAL DEDUCTS FROM INCOME</b>	<b>\$ 5,285,938</b>	<b>20.3%</b>	<b>\$ 5,480,321</b>	<b>19.5%</b>	<b>\$ 5,658,160</b>	<b>19.0%</b>	<b>\$ 5,814,637</b>	<b>19.0%</b>	<b>\$ 5,975,477</b>	<b>19.0%</b>
<b>HOUSE PROFIT</b>	<b>\$ 9,684,664</b>	<b>37.1%</b>	<b>\$ 11,346,650</b>	<b>40.4%</b>	<b>\$ 12,646,765</b>	<b>42.4%</b>	<b>\$ 12,968,064</b>	<b>42.4%</b>	<b>\$ 13,297,549</b>	<b>42.3%</b>
<b>OTHER DEDUCTIONS</b>										
FF&E ESCROW	\$ 521,946	2.0%	\$ 843,344	3.0%	\$ 1,192,209	4.0%	\$ 1,530,395	5.0%	\$ 1,571,617	5.0%
BASE MANAGEMENT FEE	\$ 782,919	3.0%	\$ 843,344	3.0%	\$ 894,157	3.0%	\$ 918,237	3.0%	\$ 942,970	3.0%
ASSET MANAGEMENT FEE	\$ 272,330	1.0%	\$ 320,667	1.2%	\$ 354,086	1.4%	\$ 350,898	1.4%	\$ 359,853	1.4%
BUILDING/LIABILITY INSURANCE	\$ 170,000	0.7%	\$ 173,400	0.6%	\$ 176,868	0.6%	\$ 180,405	0.6%	\$ 184,013	0.6%
EQUIPMENT RENTAL/OTHER	\$ 23,000	0.1%	\$ 23,000	0.1%	\$ 24,000	0.1%	\$ 24,000	0.1%	\$ 24,000	0.1%
PROPERTY TAXES/MISC TAXES	\$ 700,000	2.7%	\$ 714,000	2.5%	\$ 728,280	2.4%	\$ 742,846	2.4%	\$ 757,703	2.4%
GROUND LEASE (Ramp assumed)	\$ 678,557	2.6%	\$ 732,890	2.6%	\$ 779,109	2.6%	\$ 799,738	2.6%	\$ 820,916	2.6%
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 3,148,752</b>	<b>12.1%</b>	<b>\$ 3,650,645</b>	<b>13.0%</b>	<b>\$ 4,148,710</b>	<b>13.9%</b>	<b>\$ 4,546,518</b>	<b>14.9%</b>	<b>\$ 4,661,072</b>	<b>14.8%</b>
<b>NET HOUSE PROFIT</b>	<b>\$ 6,535,911</b>	<b>25.0%</b>	<b>\$ 7,696,005</b>	<b>27.4%</b>	<b>\$ 8,498,055</b>	<b>28.5%</b>	<b>\$ 8,421,546</b>	<b>27.5%</b>	<b>\$ 8,636,477</b>	<b>27.5%</b>
<b>NOI PER KEY</b>	<b>\$ 50,276</b>		<b>\$ 59,200</b>	17.7%	<b>\$ 65,370</b>	10.4%	<b>\$ 64,781</b>	-0.9%	<b>\$ 66,434</b>	2.6%

<sup>1</sup> STR Comp Set (Blue Lantern, Marriott Laguna Cliffs, Ranch, Surf & Sand, Inn @ the Mission) \$422 @ 63% T-12 thru Aug 2022

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 1, 2, & 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	32	1,500	48,000
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 1,206</b>	<b>\$ 156,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	126,300	126,300
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 1,765</b>	<b>\$ 229,450</b>

**Development Costs**  
**Dana Point Harbor - Dana House SCENARIO 1, 2, & 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants; Architect</u></b>				
300-110	Architect: Fee	SF	131,845	18.70	2,465,819
300-111	Architect: Reimbursables	% of Cost	10%	2,465,819	246,582
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	70%	352,000	246,400
300-150	BIM Consultant	LS	1	60,000	60,000
300-220	Interior Design Fees	SF	131,845	8.50	1,120,683
300-221	Interior Design Reimbursables	% of Cost	10%	1,120,683	112,068
300-223	Branding Consultant	LS	1	300,000	300,000
300-225	Tech Services: <i>Brand</i>	LS	1	200,000	200,000
300-226	Lighting Design: Fee	LS	1	80,000	80,000
300-229	MEP Engineer: Fee & Reimb.	SF	131,845	2.00	263,690
300-232	Kitchen Design Fees	LS	1	60,000	60,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	8,000	8,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	60,000	60,000
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	70%	340,000	238,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	238,000	11,900
300-240	Civil Engineer Fees	LS	1	360,000	360,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	360,000	18,000
300-242	Environmental Consultant Fee	% of Cost	70%	30,000	21,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	131,845	2.30	303,244
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	40,000	40,000
300-251	Code Consultant: Fee & Reimb.	LS	1	60,000	60,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	70%	70,000	49,000
300-254	Parking Study	% of Cost	70%	35,000	24,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	70%	110,000	77,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	70%	650,000	455,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	455,000	22,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	70%	50,000	35,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	70%	50,000	35,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	131,845	1.86	245,232
300-283	Soil/Compaction Testing	Site Area	188,404	1.00	188,404
300-284	SWPPP Compliance Inspection	SF	131,845	0.35	46,146
300-285	Accounting Administration Expense (to RDOD)	LS	1	50,000	50,000
300-290	Other Consultants Fees & Reimbursables	LS	1	35,000	35,000
300-295	Developers Reimbursables (to RDOD)	LS	1	50,000	50,000
300-300	Design Contingency	% of Cost	3.0%	7,613,417	228,402
	<b>TOTAL CONSULTING COSTS</b>		<b>Per Room:</b>	<b>\$ 60,322</b>	<b>\$ 7,841,819</b>



**Development Costs  
Dana Point Harbor - Dana House SCENARIO 1, 2, & 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	1		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	SF	131,845	11.38	1,500,000
400-200	Contingency On Fees				-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 11,538</b>	<b>\$ 1,500,000</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	188,404	34.91	6,576,880
500-111	Soil Stabilization/Bedrock Excavation (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation (contract w/ RDOC)	in 500-110			-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Corner Landscaping Feature				-
500-150	Parking Struct. excl. BSB's (contract w/ RDOC)	sf	48,912	110.00	5,380,313
500-160	Offsite Improvements				-
500-162	Traffic Signal/Entryway				-
500-165	Owner Supplies Items	LS	1	1,000,000	1,000,000
500-200	Building (contract w/ RDOC)	Bldg SF	131,845	300.20	39,580,199
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	4,543,500	4,543,500
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	3,427,914	3,427,914
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	3,224,376	3,224,376
500-230	Utilities During Construction	Rooms	130	80	10,400
500-235	Staging Costs (Job Site Office)	LS	1	130,000	130,000
500-240	Security During Construction	LS	1	100,000	100,000
500-245	General Liability/Builder's Risk Insurance	LS	1	400,000	400,000
500-246	Bonds	LS	1	20,000	20,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	32	20,000	640,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	640,000	32,000
500-260	Construction Cost Contingency	% of Cost	5.0%	65,065,582	3,253,279
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	64,144,334	10,904,537
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 609,411</b>	<b>\$ 79,223,398</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 1, 2, & 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	130	30,000	3,900,000
600-120	FF&E: Public Space	Rooms	130	17,000	2,210,000
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	130	10,000	1,300,000
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	in 600-132			-
600-132	PMS Systems	LS	1	600,000	600,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	130	425	55,250
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	130	375	48,750
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	60,000	60,000
600-144	Wireless	LS	1	100,000	100,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	100,000	100,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	130	325	42,250
600-226	Equipment: Spa				-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	1,250,000	1,250,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	85,000	85,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	80,000	80,000
600-300	Equipment: Appliances (contract w/ RDOC)	LS	1	63,000	63,000
600-325	FF&E/Purchase Agent	Mo	12	7,000	84,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	1,300,000	65,000
600-330	Procurement Management (to RDOD)	Mo	9	8,000	72,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	72,000	3,600
600-420	Warehousing & Installation	Rooms	130	1,000	130,000
600-600	FF&E Contingency	% of Cost	5.0%	10,498,850	524,943
600-700	FF&E Escalation	% of Cost	25.0%	11,023,793	2,755,948
	<b>TOTAL FF&amp;E</b>		<b>Per Room:</b>	<b>\$ 105,998</b>	<b>\$ 13,779,741</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	1,600,000	1,600,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	60,000	60,000
700-300	Marketing				-
700-400	Working Capital	Rm	130	1,500	195,000
	<b>TOTAL PRE-OPENING COSTS</b>		<b>Per Room:</b>	<b>\$ 14,346</b>	<b>\$ 1,865,000</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	104,596,158	3,137,885
	<b>TOTAL CONTINGENCY</b>		<b>Per Room:</b>	<b>\$ 24,138</b>	<b>\$ 3,137,885</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	107,734,043	4,309,362
	<b>TOTAL DEVELOPER FEE</b>		<b>Per Room:</b>	<b>33,149</b>	<b>\$ 4,309,362</b>
	<b>TOTAL PROJECT COSTS</b>		<b>Per Room:</b>	<b>\$ 861,872</b>	<b>\$ 112,043,405</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 2 & 7**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	20	1,500	30,000
100-270	Land Maintenance Costs (Parkscapes)	Mo	20		
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 1,020</b>	<b>\$ 138,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	54,200	54,200
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 1,157</b>	<b>\$ 157,350</b>

**Development Costs**  
**Dana Point Harbor - Surf Lodge SCENARIO 2 & 7**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants: Architect</u></b>				
300-110	Architect: Fee	SF	56,127	13.00	729,651
300-111	Architect: Reimbursables	% of Cost	10%	729,651	72,965
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	30%	352,000	105,600
300-150	BIM Consultant	LS	1	40,000	40,000
300-220	Interior Design Fees	SF	56,127	3.10	173,994
300-221	Interior Design Reimbursables	% of Cost	10%	173,994	17,399
300-223	Branding Consultant	LS	1	0	-
300-225	Tech Services: <i>Brand</i>	LS	1	0	-
300-226	Lighting Design: Fee	LS	1	35,000	35,000
300-229	MEP Engineer: Fee & Reimb.	SF	56,127	2.00	112,254
300-232	Kitchen Design Fees	LS	1	15,000	15,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	5,000	5,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	26,500	26,500
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	30%	340,000	102,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	102,000	5,100
300-240	Civil Engineer Fees	LS	1	132,000	132,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	132,000	6,600
300-242	Environmental Consultant Fee	% of Cost	30%	30,000	9,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	56,127	2.30	129,092
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	20,000	20,000
300-251	Code Consultant: Fee & Reimb.	LS	1	35,000	35,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	30%	70,000	21,000
300-254	Parking Study	% of Cost	30%	35,000	10,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	30%	110,000	33,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	30%	650,000	195,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	195,000	9,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	30%	50,000	15,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	30%	50,000	15,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	56,127	1.884	105,743
300-283	Soil/Compaction Testing	Site Area	68,747	1.00	68,747
300-284	SWPPP Compliance Inspection	SF	56,127	0.348	19,532
300-285	Accounting Administration Expense (to RDOD)	LS	1	30,000	30,000
300-290	Other Consultants Fees & Reimbursables	LS	1	15,000	15,000
300-295	Developers Reimbursables (to RDOD)	LS	1	35,000	35,000
300-300	Design Contingency	% of Cost	3.0%	2,370,428	71,113
<b>TOTAL CONSULTING COSTS</b>			<b>Per Room:</b>	<b>\$ 17,953</b>	<b>\$ 2,441,541</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 2 & 7**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	0		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	LS	1	1,000,000	1,000,000
400-200	Contingency On Fees	% of Cost	0.0%	1,000,000	-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 7,353</b>	<b>\$ 1,000,000</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	68,747	47.26	3,248,661
500-111	Soil Stabilization (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation				-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Island Way East Park	in 500-110			-
500-150	Parking Structure (contract w/ RDOC)	sf	67,545	110.00	7,429,957
500-160	Offsite Improvements				-
500-162	Traffic Signal / Entryway				-
500-165	Owner Supplied Items	LS	1	100,000	100,000
500-200	Building (contract w/ RDOC)	Bldg SF	56,127	248.24	13,932,785
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	2,824,470	2,824,470
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	1,114,558	1,114,558
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	1,048,379	1,048,379
500-230	Utilities During Construction	Rooms	136	75	10,200
500-235	Staging Costs (Job Site Office)	LS	1	20,000	20,000
500-240	Security During Construction	LS	1	80,000	80,000
500-245	General Liability/Builder's Risk Insurance	LS	1	200,000	200,000
500-246	Bonds	LS	1	25,000	25,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	19	15,000	285,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	285,000	14,250
500-260	Construction Cost Contingency	% of Cost	5.0%	30,333,259	1,516,663
500-300	Escalation (contract w/ RDOC)	% of Cost	17.0%	23,405,723	3,978,973
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 263,448</b>	<b>\$ 35,828,895</b>

**Development Costs**  
**Dana Point Harbor - Surf Lodge SCENARIO 2 & 7**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	136	8,000	1,088,000
600-120	FF&E: Public Space	Rooms	136	2,500	340,000
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	136	1,500	204,000
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	LS	1	20,000	20,000
600-132	PMS Systems	LS	1	60,000	60,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	136	425	57,800
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	136	375	51,000
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	20,000	20,000
600-144	Wireless	LS	1	40,000	40,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	40,000	40,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	136	325	44,200
600-226	Equipment: Spa	LS	1	0	-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	500,000	500,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	50,000	50,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	50,000	50,000
600-300	Equipment: Appliances	Rooms	136	200	27,200
600-325	FF&E/Purchase Agent	Mo	12	5,000	60,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	204,000	10,200
600-330	Procurement Management (to RDOD)	Mo	14	5,000	70,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	70,000	3,500
600-420	Warehousing & Installation	Rooms	136	1,000	136,000
600-600	FF&E Contingency	% of Cost	5.0%	3,121,900	156,095
600-700	FF&E Escalation	% of Cost	25%	3,277,995	819,499
<b>TOTAL FF&amp;E</b>			<b>Per Room:</b>	<b>\$ 30,129</b>	<b>\$ 4,097,494</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	300,000	300,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	20,000	20,000
700-300	Marketing				-
700-400	Working Capital	Rm	136	500	68,000
<b>TOTAL PRE-OPENING COSTS</b>			<b>Per Room:</b>	<b>\$ 2,926</b>	<b>\$ 398,000</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	44,062,030	1,321,861
<b>TOTAL CONTINGENCY</b>			<b>Per Room:</b>	<b>\$ 9,720</b>	<b>\$ 1,321,861</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	45,383,891	1,815,356
<b>TOTAL DEVELOPER FEE</b>			<b>Per Room:</b>	<b>13,348</b>	<b>\$ 1,815,356</b>
<b>TOTAL PROJECT COSTS</b>			<b>Per Room:</b>	<b>\$ 347,053</b>	<b>\$ 47,199,246</b>

## Dana Point Harbor - Surf Lodge SCENARIO 2 & 7

### Operating Cash Flow Projection

Date: 15-Sep-22

	Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms	136		136		136		136		136	
Number of Occupied Rooms	35,244		37,726		38,719		38,719		38,719	
Average Occupancy	71.0%		76.0%		78.0%		78.0%		78.0%	
Average Daily Rate (T-12 thru Dec 2022 \$186)	203.25		209.34		215.62		221.02		226.54	
ADR pct change vs. LY			3%		3%		2.5%		2.5%	
RevPAR	\$ 144.31		\$ 159.10		\$ 168.19		\$ 172.39		\$ 176.70	
RevPAR pct Change vs. LY			10%		6%		2.5%		2.5%	
<b>REVENUE</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
ROOM	\$ 7,163,326	75.8%	\$ 7,897,820	76.0%	\$ 8,348,827	76.3%	\$ 8,557,547	76.2%	\$ 8,771,486	76.1%
FOOD & BEVERAGE	\$ 1,585,998	16.8%	\$ 1,697,688	16.3%	\$ 1,742,364	15.9%	\$ 1,794,635	16.0%	\$ 1,848,474	16.0%
PARKING	\$ 599,155	6.3%	\$ 679,075	6.5%	\$ 735,665	6.7%	\$ 757,735	6.7%	\$ 780,467	6.8%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 88,111	0.9%	\$ 94,316	0.9%	\$ 96,798	0.9%	\$ 99,702	0.9%	\$ 102,693	0.9%
OTHER	\$ 15,155	0.2%	\$ 16,222	0.2%	\$ 16,649	0.2%	\$ 17,149	0.2%	\$ 17,663	0.2%
<b>TOTAL REVENUE</b>	<b>\$ 9,451,745</b>	<b>100%</b>	<b>\$ 10,385,121</b>	<b>100%</b>	<b>\$ 10,940,303</b>	<b>100%</b>	<b>\$ 11,226,768</b>	<b>100%</b>	<b>\$ 11,520,783</b>	<b>100%</b>
<b>DEPARTMENTAL PROFITS</b>										
ROOM	\$ 5,587,395	78.0%	\$ 6,318,256	80.0%	\$ 6,762,550	81.0%	\$ 6,931,613	81.0%	\$ 7,104,904	81.0%
FOOD & BEVERAGE	\$ 380,640	24.0%	\$ 458,376	27.0%	\$ 522,709	30.0%	\$ 538,390	30.0%	\$ 554,542	30.0%
PARKING	\$ 269,620	45.0%	\$ 305,584	45.0%	\$ 331,049	45.0%	\$ 340,981	45.0%	\$ 351,210	45.0%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 48,461	55.0%	\$ 51,874	55.0%	\$ 53,239	55.0%	\$ 54,836	55.0%	\$ 56,481	55.0%
OTHER	\$ 15,155	100.0%	\$ 16,222	100.0%	\$ 16,649	100.0%	\$ 17,149	100.0%	\$ 17,663	100.0%
<b>TOTAL DEPT. PROFITS</b>	<b>\$ 6,301,270</b>	<b>66.7%</b>	<b>\$ 7,150,311</b>	<b>68.9%</b>	<b>\$ 7,686,196</b>	<b>70.3%</b>	<b>\$ 7,882,969</b>	<b>70.2%</b>	<b>\$ 8,084,800</b>	<b>70.2%</b>
<b>DEDUCTIONS FROM INCOME</b>										
ADMINISTRATIVE & GENERAL	\$ 831,754	8.8%	\$ 882,735	8.5%	\$ 918,985	8.4%	\$ 943,048	8.4%	\$ 967,746	8.4%
UTILITIES	\$ 176,222	1.9%	\$ 188,632	1.8%	\$ 193,596	1.8%	\$ 199,404	1.8%	\$ 205,386	1.8%
REPAIRS & MAINTENANCE	\$ 281,955	3.0%	\$ 301,811	2.9%	\$ 309,754	2.8%	\$ 319,046	2.8%	\$ 328,618	2.9%
SALES & MARKETING	\$ 708,881	7.5%	\$ 758,114	7.3%	\$ 787,702	7.2%	\$ 808,327	7.2%	\$ 829,496	7.2%
<b>TOTAL DEDUCTS FROM INCOME</b>	<b>\$ 1,998,812</b>	<b>21.1%</b>	<b>\$ 2,131,292</b>	<b>20.5%</b>	<b>\$ 2,210,037</b>	<b>20.2%</b>	<b>\$ 2,269,826</b>	<b>20.2%</b>	<b>\$ 2,331,246</b>	<b>20.2%</b>
<b>HOUSE PROFIT</b>	<b>\$ 4,302,458</b>	<b>45.5%</b>	<b>\$ 5,019,019</b>	<b>48.3%</b>	<b>\$ 5,476,159</b>	<b>50.1%</b>	<b>\$ 5,613,143</b>	<b>50.0%</b>	<b>\$ 5,753,555</b>	<b>49.9%</b>
<b>OTHER DEDUCTIONS</b>										
FF&E ESCROW	\$ 189,035	2.0%	\$ 311,554	3.0%	\$ 437,612	4.0%	\$ 561,338	5.0%	\$ 576,039	5.0%
BASE/SYSTEM FEES/CHAIN SVSCS	\$ 567,105	6.0%	\$ 726,958	7.0%	\$ 875,224	8.0%	\$ 898,141	8.0%	\$ 921,663	8.0%
ASSET MANAGEMENT FEE	\$ 118,226	1.3%	\$ 134,289	1.3%	\$ 140,708	1.3%	\$ 139,734	1.2%	\$ 143,221	1.2%
BUILDING/LIABILITY INSURANCE	\$ 80,000	0.8%	\$ 81,600	0.8%	\$ 83,232	0.8%	\$ 84,897	0.8%	\$ 86,595	0.8%
EQUIPMENT RENTAL/OTHER	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
PROPERTY TAXES/MISC TAXES	\$ 250,000	2.6%	\$ 255,000	2.5%	\$ 260,100	2.4%	\$ 265,302	2.4%	\$ 270,608	2.4%
GROUND LEASE	\$ 260,668	2.8%	\$ 286,681	2.8%	\$ 302,294	2.8%	\$ 310,111	2.8%	\$ 318,131	2.8%
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 1,465,034</b>	<b>15.5%</b>	<b>\$ 1,796,082</b>	<b>17.3%</b>	<b>\$ 2,099,171</b>	<b>19.2%</b>	<b>\$ 2,259,523</b>	<b>20.1%</b>	<b>\$ 2,316,256</b>	<b>20.1%</b>
<b>NET HOUSE PROFIT</b>	<b>\$ 2,837,424</b>	<b>30.0%</b>	<b>\$ 3,222,937</b>	<b>31.0%</b>	<b>\$ 3,376,989</b>	<b>30.9%</b>	<b>\$ 3,353,620</b>	<b>29.9%</b>	<b>\$ 3,437,299</b>	<b>29.8%</b>
<b>NOI PER KEY</b>	<b>\$ 20,863</b>		<b>\$ 23,698</b>		<b>\$ 24,831</b>		<b>\$ 24,659</b>		<b>\$ 25,274</b>	

**Dana Point Harbor - Dana House SCEANRIO 2  
Operating Cash Flow Projection**

Date: 15-Sep-22

	Year 1				Year 2				Year 3				Year 4			
	97	33	130		97	33	130		97	33	130		97	33	130	
Number of Rooms																
Number of Occupied Rooms	24,075	9,034	33,109		25,492	9,636	35,128		26,554	10,238	36,792		26,554	10,238	36,792	
Average Occupancy	68.0%	75.0%	69.8%		72.0%	80.0%	77.0%		75.0%	85.0%	77.5%		75.0%	85.0%	77.5%	
Average Daily Rate (T-12 thru Aug 2022 Mkt \$425, Aff \$184)	478.34	207.09	404.33		492.69	213.31	416.05		507.47	218.64	427.10		520.16	224.11	437.77	
ADR pct change vs. LY																
RevPAR	\$ 325.27	\$ 155.32	\$ 282.13		\$ 354.74	\$ 170.65	\$ 308.01		\$ 380.60	\$ 185.84	\$ 331.16		\$ 390.12	\$ 190.49	\$ 339.44	
RevPAR pct Change vs. LY																
Aff Adj	Mkt	Aff	Total	Percent	Mkt	Aff	Total	Percent	Mkt	Aff	Total	Percent	Mkt	Aff	Total	Percent
<b>REVENUE</b>																
ROOM	\$ 11,516,257	\$ 1,870,832	\$ 13,387,089	60.3%	\$ 12,559,494	\$ 2,055,421	\$ 14,614,915	65.7%	\$ 13,475,291	\$ 2,238,482	\$ 15,713,772	70.5%	\$ 13,812,173	\$ 2,294,444	\$ 16,106,617	72.3%
FOOD & BEVERAGE	\$ 6,189,507	\$ 1,161,311	\$ 7,351,219	32.4%	\$ 6,535,533	\$ 1,235,238	\$ 7,770,772	34.2%	\$ 6,766,991	\$ 1,304,564	\$ 8,071,556	35.4%	\$ 6,970,001	\$ 1,343,701	\$ 8,313,702	36.5%
PARKING	\$ 576,138	\$ 172,946	\$ 749,084	3.0%	\$ 608,307	\$ 183,955	\$ 792,263	3.2%	\$ 629,851	\$ 194,280	\$ 824,130	3.3%	\$ 648,746	\$ 200,108	\$ 848,854	3.4%
RESORT FEE	\$ 690,413	\$ -	\$ 690,413	3.6%	\$ 728,963	\$ -	\$ 728,963	3.8%	\$ 754,780	\$ -	\$ 754,780	4.0%	\$ 777,423	\$ -	\$ 777,423	4.1%
MARKET	\$ 59,518	\$ 17,866	\$ 77,385	0.3%	\$ 62,842	\$ 19,004	\$ 81,846	0.3%	\$ 65,067	\$ 20,070	\$ 85,137	0.3%	\$ 67,019	\$ 20,672	\$ 87,692	0.4%
OTHER	\$ 72,715	\$ 27,285	\$ 100,000	0.4%	\$ 78,825	\$ 30,175	\$ 110,000	0.4%	\$ 86,607	\$ 33,393	\$ 120,000	0.5%	\$ 89,205	\$ 34,395	\$ 123,600	0.5%
<b>TOTAL REVENUE</b>	<b>\$ 19,104,948</b>	<b>\$ 3,250,241</b>	<b>\$ 22,355,188</b>	<b>100%</b>	<b>\$ 20,574,965</b>	<b>\$ 3,523,793</b>	<b>\$ 24,098,758</b>	<b>108%</b>	<b>\$ 21,778,587</b>	<b>\$ 3,790,789</b>	<b>\$ 25,569,376</b>	<b>114%</b>	<b>\$ 22,364,568</b>	<b>\$ 3,893,320</b>	<b>\$ 26,257,888</b>	<b>117%</b>
<b>DEPARTMENTAL PROFITS</b>																
ROOM	\$ 8,637,193	\$ 1,403,124	\$ 10,040,317	75.0%	\$ 9,670,811	\$ 1,582,674	\$ 11,253,484	77.0%	\$ 10,510,727	\$ 1,746,016	\$ 12,256,742	78.0%	\$ 10,773,495	\$ 1,789,666	\$ 12,563,161	78.0%
FOOD & BEVERAGE	\$ 1,361,780	\$ 174,197	\$ 1,535,976	22.0%	\$ 1,633,883	\$ 222,343	\$ 1,856,226	25.0%	\$ 1,827,088	\$ 260,913	\$ 2,088,001	27.0%	\$ 1,881,900	\$ 268,740	\$ 2,150,641	27.0%
PARKING	\$ 259,262	\$ 77,826	\$ 337,088	45.0%	\$ 273,738	\$ 82,780	\$ 356,518	45.0%	\$ 283,433	\$ 87,426	\$ 370,859	45.0%	\$ 291,936	\$ 90,049	\$ 381,984	45.0%
RESORT FEE	\$ 621,371	\$ -	\$ 621,371	90.0%	\$ 656,067	\$ -	\$ 656,067	90.0%	\$ 679,302	\$ -	\$ 679,302	90.0%	\$ 699,681	\$ -	\$ 699,681	90.0%
MARKET	\$ 29,759	\$ 8,933	\$ 38,692	50.0%	\$ 31,421	\$ 9,502	\$ 40,923	50.0%	\$ 32,534	\$ 10,035	\$ 42,569	50.0%	\$ 33,510	\$ 10,336	\$ 43,846	50.0%
OTHER	\$ 72,715	\$ 27,285	\$ 100,000	100.0%	\$ 78,825	\$ 30,175	\$ 110,000	100.0%	\$ 86,607	\$ 33,393	\$ 120,000	100.0%	\$ 89,205	\$ 34,395	\$ 123,600	100.0%
<b>TOTAL DEPT. PROFITS</b>	<b>\$ 10,982,080</b>	<b>\$ 1,691,364</b>	<b>\$ 12,673,444</b>	<b>57.5%</b>	<b>\$ 12,345,745</b>	<b>\$ 1,927,473</b>	<b>\$ 14,273,219</b>	<b>60.0%</b>	<b>\$ 13,419,690</b>	<b>\$ 2,137,782</b>	<b>\$ 15,557,472</b>	<b>61.6%</b>	<b>\$ 13,769,727</b>	<b>\$ 2,193,186</b>	<b>\$ 15,962,913</b>	<b>61.6%</b>
<b>DEDUCTIONS FROM INCOME</b>																
ADMINISTRATIVE & GENERAL	\$ 1,528,396	\$ 260,019	\$ 1,788,415	8.0%	\$ 1,584,272	\$ 271,332	\$ 1,855,604	7.7%	\$ 1,633,394	\$ 284,309	\$ 1,917,703	7.5%	\$ 1,677,343	\$ 291,999	\$ 1,969,342	7.5%
UTILITIES	\$ 261,317	\$ 88,902	\$ 350,219	1.6%	\$ 265,984	\$ 90,489	\$ 356,473	1.5%	\$ 270,650	\$ 92,077	\$ 362,727	1.4%	\$ 278,769	\$ 94,839	\$ 373,609	1.4%
REPAIRS & MAINTENANCE	\$ 674,111	\$ 252,945	\$ 927,056	4.1%	\$ 697,833	\$ 237,407	\$ 935,240	3.9%	\$ 726,511	\$ 247,163	\$ 973,674	3.8%	\$ 748,306	\$ 254,578	\$ 1,002,884	3.8%
SALES & MARKETING (CCC COMPLIANCE)	\$ 1,413,766	\$ 601,295	\$ 2,015,061	7.4%	\$ 1,481,398	\$ 634,283	\$ 2,115,680	7.2%	\$ 1,524,501	\$ 663,388	\$ 2,187,889	7.0%	\$ 1,565,520	\$ 681,331	\$ 2,246,851	7.0%
<b>TOTAL DEDUCTS FROM INCOME</b>	<b>\$ 3,877,590</b>	<b>\$ 1,203,160</b>	<b>\$ 5,080,751</b>	<b>20.3%</b>	<b>\$ 4,029,486</b>	<b>\$ 1,233,511</b>	<b>\$ 5,262,997</b>	<b>19.6%</b>	<b>\$ 4,155,056</b>	<b>\$ 1,286,937</b>	<b>\$ 5,441,993</b>	<b>19.1%</b>	<b>\$ 4,269,938</b>	<b>\$ 1,322,747</b>	<b>\$ 5,592,685</b>	<b>19.1%</b>
<b>HOUSE PROFIT</b>	<b>\$ 7,104,490</b>	<b>\$ 488,204</b>	<b>\$ 7,592,693</b>	<b>37.2%</b>	<b>\$ 8,316,259</b>	<b>\$ 693,962</b>	<b>\$ 9,010,222</b>	<b>40.4%</b>	<b>\$ 9,264,634</b>	<b>\$ 850,845</b>	<b>\$ 10,115,479</b>	<b>42.5%</b>	<b>\$ 9,499,789</b>	<b>\$ 870,438</b>	<b>\$ 10,370,227</b>	<b>42.5%</b>
<b>OTHER DEDUCTIONS</b>																
FF&E ESCROW	\$ 382,099	\$ 65,005	\$ 447,104	2.0%	\$ 617,249	\$ 105,714	\$ 722,963	3.0%	\$ 871,143	\$ 151,632	\$ 1,022,775	4.0%	\$ 1,118,228	\$ 194,666	\$ 1,312,894	5.0%
BASE MANAGEMENT FEE	\$ 573,148	\$ 97,507	\$ 670,656	3.0%	\$ 617,249	\$ 105,714	\$ 722,963	3.0%	\$ 653,558	\$ 113,724	\$ 767,081	3.0%	\$ 670,937	\$ 116,800	\$ 787,737	3.0%
ASSET MANAGEMENT FEE	\$ 159,427	\$ 612	\$ 160,039	1.0%	\$ 234,615	\$ 6,416	\$ 241,031	1.1%	\$ 259,061	\$ 10,057	\$ 269,118	1.2%	\$ 256,737	\$ 8,708	\$ 265,445	1.1%
BUILDING/LIABILITY INSURANCE	\$ 126,846	\$ 43,154	\$ 170,000	0.7%	\$ 129,383	\$ 44,017	\$ 173,400	0.6%	\$ 131,971	\$ 44,897	\$ 176,868	0.6%	\$ 134,610	\$ 45,795	\$ 180,405	0.6%
EQUIPMENT RENTAL/OTHER	\$ 17,162	\$ 5,838	\$ 23,000	0.1%	\$ 17,162	\$ 5,838	\$ 23,000	0.1%	\$ 17,908	\$ 6,092	\$ 24,000	0.1%	\$ 17,908	\$ 6,092	\$ 24,000	0.1%
PROPERTY TAXES/MISC TAXES	\$ 522,308	\$ 177,692	\$ 700,000	2.7%	\$ 532,754	\$ 181,246	\$ 714,000	2.8%	\$ 543,409	\$ 184,871	\$ 728,280	2.8%	\$ 554,277	\$ 188,568	\$ 742,846	2.9%
GROUND LEASE (Ramp assumed)	\$ 497,262	\$ 83,713	\$ 580,975	2.6%	\$ 537,094	\$ 91,030	\$ 628,124	2.6%	\$ 570,325	\$ 98,201	\$ 668,525	2.6%	\$ 585,413	\$ 100,811	\$ 686,224	2.6%
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 2,318,251</b>	<b>\$ 473,522</b>	<b>\$ 2,791,772</b>	<b>12.1%</b>	<b>\$ 2,685,505</b>	<b>\$ 539,975</b>	<b>\$ 3,225,481</b>	<b>13.1%</b>	<b>\$ 3,047,174</b>	<b>\$ 609,474</b>	<b>\$ 3,656,648</b>	<b>14.0%</b>	<b>\$ 3,338,110</b>	<b>\$ 661,441</b>	<b>\$ 3,999,551</b>	<b>14.9%</b>
<b>NET HOUSE PROFIT</b>	<b>\$ 4,786,239</b>	<b>\$ 14,682</b>	<b>\$ 4,800,921</b>	<b>25.1%</b>	<b>\$ 5,630,754</b>	<b>\$ 153,987</b>	<b>\$ 5,784,741</b>	<b>27.4%</b>	<b>\$ 6,217,460</b>	<b>\$ 241,371</b>	<b>\$ 6,458,832</b>	<b>28.5%</b>	<b>\$ 6,161,679</b>	<b>\$ 208,998</b>	<b>\$ 6,370,677</b>	<b>27.6%</b>
<b>NOI PER KEY</b>	<b>\$ 49,343</b>	<b>\$ 445</b>	<b>\$ 36,930</b>		<b>\$ 58,049</b>	<b>\$ 4,666</b>	<b>\$ 44,498</b>		<b>\$ 64,098</b>	<b>\$ 7,314</b>	<b>\$ 49,683</b>		<b>\$ 63,522</b>	<b>\$ 6,333</b>	<b>\$ 49,005</b>	



**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 3**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	20	5,250	105,000
100-270	Land Maintenance Costs (Parkscapes)	Mo	20		
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 972</b>	<b>\$ 213,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	54,200	54,200
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 715</b>	<b>\$ 157,350</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 3**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants: Architect</u></b>				
300-110	Architect: Fee	SF	93,214	13.00	1,211,776
300-111	Architect: Reimbursables	% of Cost	10%	1,211,776	121,178
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	100%	352,000	352,000
300-150	BIM Consultant	LS	1	40,000	40,000
300-220	Interior Design Fees	SF	93,214	3.10	288,962
300-221	Interior Design Reimbursables	% of Cost	10%	288,962	28,896
300-223	Branding Consultant	LS	1	0	-
300-225	Tech Services: <i>Brand</i>	LS	1	0	-
300-226	Lighting Design: Fee	LS	1	35,000	35,000
300-229	MEP Engineer: Fee & Reimb.	SF	93,214	2.00	186,427
300-232	Kitchen Design Fees	LS	1	15,000	15,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	5,000	5,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	26,500	26,500
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	50%	340,000	170,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	170,000	8,500
300-240	Civil Engineer Fees	LS	1	132,000	132,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	132,000	6,600
300-242	Environmental Consultant Fee	% of Cost	100%	30,000	30,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	93,214	2.30	214,391
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	20,000	20,000
300-251	Code Consultant: Fee & Reimb.	LS	1	35,000	35,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	100%	70,000	70,000
300-254	Parking Study	% of Cost	100%	35,000	35,000
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	100%	110,000	110,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	30%	650,000	195,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	195,000	9,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	30%	50,000	15,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	30%	50,000	15,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	93,214	1.884	175,614
300-283	Soil/Compaction Testing	Site Area	257,151	1.00	257,151
300-284	SWPPP Compliance Inspection	SF	93,214	0.348	32,438
300-285	Accounting Administration Expense (to RDOD)	LS	1	30,000	30,000
300-290	Other Consultants Fees & Reimbursables	LS	1	15,000	15,000
300-295	Developers Reimbursables (to RDOD)	LS	1	35,000	35,000
300-300	Design Contingency	% of Cost	3.0%	3,947,183	118,415
<b>TOTAL CONSULTING COSTS</b>			<b>Per Room:</b>	<b>\$ 18,480</b>	<b>\$ 4,065,599</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 3**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	0		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	LS	1	1,500,000	1,500,000
400-200	Contingency On Fees	% of Cost	0.0%	1,500,000	-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 6,818</b>	<b>\$ 1,500,000</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	257,151	47.26	12,151,751
500-111	Soil Stabilization (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation				-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Island Way East Park	in 500-110			-
500-150	Boater Service Building (contract w/ RDOC)	LS	1	5,000,000.00	5,000,000
500-160	Offsite Improvements				-
500-162	Traffic Signal / Entryway				-
500-165	Owner Supplied Items	LS	1	100,000	100,000
500-200	Building (contract w/ RDOC)	Bldg SF	93,214	248.24	23,139,024
500-205	General Conditions & Insurance (contract w/ RDOC)	% of Cost	19.2%	23,139,024	4,445,054
500-210	General Contractor Fee (contract w/ RDOC)	% of Cost	7.4%	23,139,024	1,721,110
500-215	General Contractor Contingency (contract w/ RDOC)	% of Cost	7.0%	23,139,024	1,618,915
500-230	Utilities During Construction	Rooms	220	75	16,500
500-235	Staging Costs (Job Site Office)	LS	1	20,000	20,000
500-240	Security During Construction	LS	1	80,000	80,000
500-245	General Liability/Builder's Risk Insurance	LS	1	300,000	300,000
500-246	Bonds	LS	1	25,000	25,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	19	15,000	285,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	285,000	14,250
500-260	Construction Cost Contingency	% of Cost	5.0%	48,916,605	2,445,830
500-300	Escalation (contract w/ RDOC)	% of Cost	17.0%	41,671,512	7,084,157
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 265,666</b>	<b>\$ 58,446,592</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 3**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b><u>FF &amp; E</u></b>				
600-110	FF&E: Guest Space	Rooms	220	8,000	1,760,000
600-120	FF&E: Public Space	Rooms	220	2,500	550,000
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	220	1,500	330,000
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	LS	1	20,000	20,000
600-132	PMS Systems	LS	1	60,000	60,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	220	425	93,500
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	220	375	82,500
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	20,000	20,000
600-144	Wireless	LS	1	40,000	40,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	40,000	40,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	220	325	71,500
600-226	Equipment: Spa	LS	1	0	-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	525,000	525,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	70,000	70,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	50,000	50,000
600-300	Equipment: Appliances	Rooms	220	200	44,000
600-325	FF&E/Purchase Agent	Mo	12	5,000	60,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	330,000	16,500
600-330	Procurement Management (to RDOD)	Mo	14	5,000	70,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	70,000	3,500
600-420	Warehousing & Installation	Rooms	220	1,000	220,000
600-600	FF&E Contingency	% of Cost	5.0%	4,376,500	218,825
600-700	FF&E Escalation	% of Cost	25%	4,595,325	1,148,831
	<b>TOTAL FF&amp;E</b>		<b>Per Room:</b>	<b>\$ 26,110</b>	<b>\$ 5,744,156</b>
<b>700</b>	<b><u>Pre-opening</u></b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	350,000	350,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	20,000	20,000
700-300	Marketing				-
700-400	Working Capital	Rm	220	500	110,000
	<b>TOTAL PRE-OPENING COSTS</b>		<b>Per Room:</b>	<b>\$ 2,227</b>	<b>\$ 490,000</b>
<b>800</b>	<b><u>Contingency</u></b>				
800-110	Contingency	% of Cost	3.0%	70,617,447	2,118,523
	<b>TOTAL CONTINGENCY</b>		<b>Per Room:</b>	<b>\$ 9,630</b>	<b>\$ 2,118,523</b>
<b>900</b>	<b><u>Developer's Fees</u></b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	72,735,970	2,909,439
	<b>TOTAL DEVELOPER FEE</b>		<b>Per Room:</b>	<b>13,225</b>	<b>\$ 2,909,439</b>
	<b>TOTAL PROJECT COSTS</b>		<b>Per Room:</b>	<b>\$ 343,843</b>	<b>\$ 75,645,409</b>

### Dana Point Harbor - Surf Lodge SCENARIO 3

#### Operating Cash Flow Projection

Date: 15-Sep-22

	Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms	220		220		220		220		220	
Number of Occupied Rooms	48,180		52,195		53,801		53,801		53,801	
Average Occupancy	60.0%		65.0%		67.0%		67.0%		67.0%	
Average Daily Rate (T-12 thru Dec 2022 \$186)	203.25		209.34		215.62		221.02		226.54	
ADR pct change vs. LY			3%		3%		2.5%		2.5%	
RevPAR	\$ 121.95		\$ 136.07		\$ 144.47		\$ 148.08		\$ 151.78	
RevPAR pct Change vs. LY			12%		6%		2.5%		2.5%	
<b>REVENUE</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
ROOM	\$ 9,792,451	75.8%	\$ 10,926,743	76.0%	\$ 11,600,839	76.3%	\$ 11,890,860	76.2%	\$ 12,188,132	76.1%
FOOD & BEVERAGE	\$ 2,168,100	16.8%	\$ 2,348,775	16.3%	\$ 2,421,045	15.9%	\$ 2,493,676	16.0%	\$ 2,568,487	16.0%
PARKING	\$ 819,060	6.3%	\$ 939,510	6.5%	\$ 1,022,219	6.7%	\$ 1,052,886	6.7%	\$ 1,084,472	6.8%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 120,450	0.9%	\$ 130,488	0.9%	\$ 134,503	0.9%	\$ 138,538	0.9%	\$ 142,694	0.9%
OTHER	\$ 20,717	0.2%	\$ 22,444	0.2%	\$ 23,134	0.2%	\$ 23,828	0.2%	\$ 24,543	0.2%
<b>TOTAL REVENUE</b>	<b>\$ 12,920,779</b>	<b>100%</b>	<b>\$ 14,367,960</b>	<b>100%</b>	<b>\$ 15,201,740</b>	<b>100%</b>	<b>\$ 15,599,788</b>	<b>100%</b>	<b>\$ 16,008,328</b>	<b>100%</b>
<b>DEPARTMENTAL PROFITS</b>										
ROOM	\$ 7,638,112	78.0%	\$ 8,741,395	80.0%	\$ 9,396,680	81.0%	\$ 9,631,597	81.0%	\$ 9,872,387	81.0%
FOOD & BEVERAGE	\$ 520,344	24.0%	\$ 634,169	27.0%	\$ 726,314	30.0%	\$ 748,103	30.0%	\$ 770,546	30.0%
PARKING	\$ 368,577	45.0%	\$ 422,780	45.0%	\$ 459,999	45.0%	\$ 473,799	45.0%	\$ 488,012	45.0%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 66,248	55.0%	\$ 71,768	55.0%	\$ 73,976	55.0%	\$ 76,196	55.0%	\$ 78,482	55.0%
OTHER	\$ 20,717	100.0%	\$ 22,444	100.0%	\$ 23,134	100.0%	\$ 23,828	100.0%	\$ 24,543	100.0%
<b>TOTAL DEPT. PROFITS</b>	<b>\$ 8,613,998</b>	<b>66.7%</b>	<b>\$ 9,892,555</b>	<b>68.9%</b>	<b>\$ 10,680,103</b>	<b>70.3%</b>	<b>\$ 10,953,522</b>	<b>70.2%</b>	<b>\$ 11,233,970</b>	<b>70.2%</b>
<b>DEDUCTIONS FROM INCOME</b>										
ADMINISTRATIVE & GENERAL	\$ 1,137,029	8.8%	\$ 1,221,277	8.5%	\$ 1,276,946	8.4%	\$ 1,310,382	8.4%	\$ 1,344,700	8.4%
UTILITIES	\$ 240,900	1.9%	\$ 260,975	1.8%	\$ 269,005	1.8%	\$ 277,075	1.8%	\$ 285,387	1.8%
REPAIRS & MAINTENANCE	\$ 385,440	3.0%	\$ 417,560	2.9%	\$ 430,408	2.8%	\$ 443,320	2.8%	\$ 456,620	2.9%
SALES & MARKETING	\$ 969,058	7.5%	\$ 1,048,861	7.3%	\$ 1,094,525	7.2%	\$ 1,123,185	7.2%	\$ 1,152,600	7.2%
<b>TOTAL DEDUCTS FROM INCOME</b>	<b>\$ 2,732,427</b>	<b>21.1%</b>	<b>\$ 2,948,673</b>	<b>20.5%</b>	<b>\$ 3,070,884</b>	<b>20.2%</b>	<b>\$ 3,153,962</b>	<b>20.2%</b>	<b>\$ 3,239,306</b>	<b>20.2%</b>
<b>HOUSE PROFIT</b>	<b>\$ 5,881,571</b>	<b>45.5%</b>	<b>\$ 6,943,883</b>	<b>48.3%</b>	<b>\$ 7,609,218</b>	<b>50.1%</b>	<b>\$ 7,799,560</b>	<b>50.0%</b>	<b>\$ 7,994,664</b>	<b>49.9%</b>
<b>OTHER DEDUCTIONS</b>										
FF&E ESCROW	\$ 258,416	2.0%	\$ 431,039	3.0%	\$ 608,070	4.0%	\$ 779,989	5.0%	\$ 800,416	5.0%
BASE/SYSTEM FEES/CHAIN SVSCS	\$ 775,247	6.0%	\$ 1,005,757	7.0%	\$ 1,216,139	8.0%	\$ 1,247,983	8.0%	\$ 1,280,666	8.0%
ASSET MANAGEMENT FEE	\$ 158,863	1.2%	\$ 183,202	1.3%	\$ 192,958	1.3%	\$ 191,554	1.2%	\$ 196,347	1.2%
BUILDING/LIABILITY INSURANCE	\$ 120,000	0.9% ##	\$ 122,400	0.9%	\$ 124,848	0.8%	\$ 127,345	0.8%	\$ 129,892	0.8%
EQUIPMENT RENTAL/OTHER	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
PROPERTY TAXES/MISC TAXES	\$ 400,000	3.1% ##	\$ 408,000	2.8%	\$ 416,160	2.7%	\$ 424,483	2.7%	\$ 432,973	2.7%
GROUND LEASE	\$ 356,340	2.8%	\$ 396,627	2.8%	\$ 420,043	2.8%	\$ 430,904	2.8%	\$ 442,048	2.8%
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 2,068,865</b>	<b>16.0%</b>	<b>\$ 2,547,025</b>	<b>17.7%</b>	<b>\$ 2,978,218</b>	<b>19.6%</b>	<b>\$ 3,202,259</b>	<b>20.5%</b>	<b>\$ 3,282,342</b>	<b>20.5%</b>
<b>NET HOUSE PROFIT</b>	<b>\$ 3,812,706</b>	<b>29.5%</b>	<b>\$ 4,396,858</b>	<b>30.6%</b>	<b>\$ 4,631,000</b>	<b>30.5%</b>	<b>\$ 4,597,301</b>	<b>29.5%</b>	<b>\$ 4,712,322</b>	<b>29.4%</b>
<b>NOI PER KEY</b>	<b>\$ 17,330</b>		<b>\$ 19,986</b>		<b>\$ 21,050</b>		<b>\$ 20,897</b>		<b>\$ 21,420</b>	

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 4**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	20	1,500	30,000
100-270	Land Maintenance Costs (Parkscapes)	Mo	20		
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 944</b>	<b>\$ 138,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	54,200	54,200
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 1,070</b>	<b>\$ 157,350</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 4**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants; Architect</u></b>				
300-110	Architect: Fee	SF	58,894	13.00	765,622
300-111	Architect: Reimbursables	% of Cost	10%	765,622	76,562
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	30%	352,000	105,600
300-150	BIM Consultant	LS	1	40,000	40,000
300-220	Interior Design Fees	SF	58,894	3.10	182,571
300-221	Interior Design Reimbursables	% of Cost	10%	182,571	18,257
300-223	Branding Consultant	LS	1	0	-
300-225	Tech Services: <i>Brand</i>	LS	1	0	-
300-226	Lighting Design: Fee	LS	1	35,000	35,000
300-229	MEP Engineer: Fee & Reimb.	SF	58,894	2.00	117,788
300-232	Kitchen Design Fees	LS	1	15,000	15,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	5,000	5,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	26,500	26,500
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	30%	340,000	102,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	102,000	5,100
300-240	Civil Engineer Fees	LS	1	132,000	132,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	132,000	6,600
300-242	Environmental Consultant Fee	% of Cost	30%	30,000	9,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	58,894	2.30	135,456
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	20,000	20,000
300-251	Code Consultant: Fee & Reimb.	LS	1	35,000	35,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	30%	70,000	21,000
300-254	Parking Study	% of Cost	30%	35,000	10,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	30%	110,000	33,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	30%	650,000	195,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	195,000	9,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	30%	50,000	15,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	30%	50,000	15,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	58,894	1.884	110,956
300-283	Soil/Compaction Testing	Site Area	68,747	1.00	68,747
300-284	SWPPP Compliance Inspection	SF	58,894	0.348	20,495
300-285	Accounting Administration Expense (to RDOD)	LS	1	30,000	30,000
300-290	Other Consultants Fees & Reimbursables	LS	1	15,000	15,000
300-295	Developers Reimbursables (to RDOD)	LS	1	35,000	35,000
300-300	Design Contingency	% of Cost	3.0%	2,437,505	73,125
<b>TOTAL CONSULTING COSTS</b>			<b>Per Room:</b>	<b>\$ 17,079</b>	<b>\$ 2,510,631</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 4**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	0		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	LS	1	1,000,000	1,000,000
400-200	Contingency On Fees	% of Cost	0.0%	1,000,000	-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 6,803</b>	<b>\$ 1,000,000</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	68,747	47.26	3,248,661
500-111	Soil Stabilization (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation				-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Island Way East Park	in 500-110			-
500-150	Parking Structure (contract w/ RDOC)	sf	67,545	110.00	7,429,957
500-160	Offsite Improvements				-
500-162	Traffic Signal / Entryway				-
500-165	Owner Supplied Items	LS	1	100,000	100,000
500-200	Building (contract w/ RDOC)	Bldg SF	58,894	248.24	14,619,656
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	2,824,470	2,824,470
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	1,114,558	1,114,558
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	1,048,379	1,048,379
500-230	Utilities During Construction	Rooms	147	75	11,025
500-235	Staging Costs (Job Site Office)	LS	1	20,000	20,000
500-240	Security During Construction	LS	1	80,000	80,000
500-245	General Liability/Builder's Risk Insurance	LS	1	200,000	200,000
500-246	Bonds	LS	1	25,000	25,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	19	15,000	285,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	285,000	14,250
500-260	Construction Cost Contingency	% of Cost	5.0%	31,020,956	1,551,048
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	23,405,723	3,978,973
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 248,646</b>	<b>\$ 36,550,976</b>



**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 4**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	147	8,000	1,176,000
600-120	FF&E: Public Space	Rooms	147	2,500	367,500
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	147	1,500	220,500
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	LS	1	20,000	20,000
600-132	PMS Systems	LS	1	60,000	60,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	147	425	62,475
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	147	375	55,125
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	20,000	20,000
600-144	Wireless	LS	1	40,000	40,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	40,000	40,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	147	325	47,775
600-226	Equipment: Spa	LS	1	0	-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	500,000	500,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	50,000	50,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	50,000	50,000
600-300	Equipment: Appliances	Rooms	147	200	29,400
600-325	FF&E/Purchase Agent	Mo	12	5,000	60,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	220,500	11,025
600-330	Procurement Management (to RDOD)	Mo	14	5,000	70,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	70,000	3,500
600-420	Warehousing & Installation	Rooms	147	1,000	147,000
600-600	FF&E Contingency	% of Cost	5.0%	3,280,300	164,015
600-700	FF&E Escalation	% of Cost	25%	3,444,315	861,079
<b>TOTAL FF&amp;E</b>			<b>Per Room:</b>	<b>\$ 29,288</b>	<b>\$ 4,305,394</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	300,000	300,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	20,000	20,000
700-300	Marketing				-
700-400	Working Capital	Rm	147	500	73,500
<b>TOTAL PRE-OPENING COSTS</b>			<b>Per Room:</b>	<b>\$ 2,745</b>	<b>\$ 403,500</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	45,066,601	1,351,998
<b>TOTAL CONTINGENCY</b>			<b>Per Room:</b>	<b>\$ 9,197</b>	<b>\$ 1,351,998</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	46,418,599	1,856,744
<b>TOTAL DEVELOPER FEE</b>			<b>Per Room:</b>	<b>12,631</b>	<b>\$ 1,856,744</b>
<b>TOTAL PROJECT COSTS</b>			<b>Per Room:</b>	<b>\$ 328,404</b>	<b>\$ 48,275,343</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 4**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	32	1,500	48,000
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 1,206</b>	<b>\$ 156,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	126,300	126,300
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 1,765</b>	<b>\$ 229,450</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 4**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b>Design Consultants; Architect</b>				
300-110	Architect: Fee	SF	131,845	18.70	2,465,819
300-111	Architect: Reimbursables	% of Cost	10%	2,465,819	246,582
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	70%	352,000	246,400
300-150	BIM Consultant	LS	1	60,000	60,000
300-220	Interior Design Fees	SF	131,845	8.50	1,120,683
300-221	Interior Design Reimbursables	% of Cost	10%	1,120,683	112,068
300-223	Branding Consultant	LS	1	300,000	300,000
300-225	Tech Services: <i>Brand</i>	LS	1	200,000	200,000
300-226	Lighting Design: Fee	LS	1	80,000	80,000
300-229	MEP Engineer: Fee & Reimb.	SF	131,845	2.00	263,690
300-232	Kitchen Design Fees	LS	1	60,000	60,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	8,000	8,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	60,000	60,000
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	70%	340,000	238,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	238,000	11,900
300-240	Civil Engineer Fees	LS	1	360,000	360,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	360,000	18,000
300-242	Environmental Consultant Fee	% of Cost	70%	30,000	21,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	131,845	2.30	303,244
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	40,000	40,000
300-251	Code Consultant: Fee & Reimb.	LS	1	60,000	60,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	70%	70,000	49,000
300-254	Parking Study	% of Cost	70%	35,000	24,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	70%	110,000	77,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	70%	650,000	455,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	455,000	22,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	70%	50,000	35,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	70%	50,000	35,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	131,845	1.86	245,232
300-283	Soil/Compaction Testing	Site Area	188,404	1.00	188,404
300-284	SWPPP Compliance Inspection	SF	131,845	0.35	46,146
300-285	Accounting Administration Expense (to RDOD)	LS	1	50,000	50,000
300-290	Other Consultants Fees & Reimbursables	LS	1	35,000	35,000
300-295	Developers Reimbursables (to RDOD)	LS	1	50,000	50,000
300-300	Design Contingency	% of Cost	3.0%	7,613,417	228,402
	<b>TOTAL CONSULTING COSTS</b>		<b>Per Room:</b>	<b>\$ 60,322</b>	<b>\$ 7,841,819</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 4**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	1		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Affordable Lodging In-Lieu Fee	25% of units	22	127,000	2,794,000
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	LS	1	1,500,000	1,500,000
400-200	Contingency On Fees				-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 33,031</b>	<b>\$ 4,294,000</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	188,404	34.91	6,576,880
500-111	Soil Stabilization/Bedrock Excavation (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation (contract w/ RDOC)	in 500-110			-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Corner Landscaping Feature				-
500-150	Parking Struct. excl. BSB's (contract w/ RDOC)	sf	48,912	110.00	5,380,313
500-160	Offsite Improvements				-
500-162	Traffic Signal/Entryway				-
500-165	Owner Supplies Items	LS	1	1,000,000	1,000,000
500-200	Building (contract w/ RDOC)	Bldg SF	131,845	300.20	39,580,199
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	4,543,500.00	4,543,500
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	3,427,914.00	3,427,914
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	3,224,376.00	3,224,376
500-230	Utilities During Construction	Rooms	130	80	10,400
500-235	Staging Costs (Job Site Office)	LS	1	130,000	130,000
500-240	Security During Construction	LS	1	100,000	100,000
500-245	General Liability/Builder's Risk Insurance	LS	1	400,000	400,000
500-246	Bonds	LS	1	20,000	20,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	32	20,000	640,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	640,000	32,000
500-260	Construction Cost Contingency	% of Cost	5.0%	65,065,582	3,253,279
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	64,144,334	10,904,537
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 609,411</b>	<b>\$ 79,223,398</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 4**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	130	30,000	3,900,000
600-120	FF&E: Public Space	Rooms	130	17,000	2,210,000
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	130	10,000	1,300,000
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	in 600-132			-
600-132	PMS Systems	LS	1	600,000	600,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	130	425	55,250
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	130	375	48,750
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	60,000	60,000
600-144	Wireless	LS	1	100,000	100,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	100,000	100,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	130	325	42,250
600-226	Equipment: Spa				-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	1,250,000	1,250,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	85,000	85,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	80,000	80,000
600-300	Equipment: Appliances (contract w/ RDOC)	LS	1	63,000	63,000
600-325	FF&E/Purchase Agent	Mo	12	7,000	84,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	1,300,000	65,000
600-330	Procurement Management (to RDOD)	Mo	9	8,000	72,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	72,000	3,600
600-420	Warehousing & Installation	Rooms	130	1,000	130,000
600-600	FF&E Contingency	% of Cost	5.0%	10,498,850	524,943
600-700	FF&E Escalation	% of Cost	25.0%	11,023,793	2,755,948
	<b>TOTAL FF&amp;E</b>		<b>Per Room:</b>	<b>\$ 105,998</b>	<b>\$ 13,779,741</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	1,600,000	1,600,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	60,000	60,000
700-300	Marketing				-
700-400	Working Capital	Rm	130	1,500	195,000
	<b>TOTAL PRE-OPENING COSTS</b>		<b>Per Room:</b>	<b>\$ 14,346</b>	<b>\$ 1,865,000</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	107,390,158	3,221,705
	<b>TOTAL CONTINGENCY</b>		<b>Per Room:</b>	<b>\$ 24,782</b>	<b>\$ 3,221,705</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	110,611,863	4,424,475
	<b>TOTAL DEVELOPER FEE</b>		<b>Per Room:</b>	<b>34,034</b>	<b>\$ 4,424,475</b>
	<b>TOTAL PROJECT COSTS</b>		<b>Per Room:</b>	<b>\$ 884,895</b>	<b>\$ 115,036,337</b>

## Dana Point Harbor - Surf Lodge SCENARIO 4

### Operating Cash Flow Projection

Date: 15-Sep-22

	Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms	147		147		147		147		147	
Number of Occupied Rooms	37,022		39,705		40,778		40,778		40,778	
Average Occupancy	69.0%		74.0%		76.0%		76.0%		76.0%	
Average Daily Rate (T-12 thru Dec 2022 \$186)	203.25		209.34		215.62		221.02		226.54	
ADR pct change vs. LY			3%		3%		2.5%		2.5%	
RevPAR	\$ 140.24		\$ 154.92		\$ 163.87		\$ 167.97		\$ 172.17	
RevPAR pct Change vs. LY			10%		6%		2.5%		2.5%	
<b>REVENUE</b>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
ROOM	\$ 7,524,608	75.8%	\$ 8,311,966	76.0%	\$ 8,792,712	76.3%	\$ 9,012,530	76.2%	\$ 9,237,843	76.1%
FOOD & BEVERAGE	\$ 1,665,988	16.8%	\$ 1,786,712	16.3%	\$ 1,835,001	15.9%	\$ 1,890,051	16.0%	\$ 1,946,753	16.0%
PARKING	\$ 629,373	6.3%	\$ 714,685	6.5%	\$ 774,778	6.7%	\$ 798,022	6.7%	\$ 821,962	6.8%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 92,555	0.9%	\$ 99,262	0.9%	\$ 101,945	0.9%	\$ 105,003	0.9%	\$ 108,153	0.9%
OTHER	\$ 15,919	0.2%	\$ 17,073	0.2%	\$ 17,534	0.2%	\$ 18,060	0.2%	\$ 18,602	0.2%
<b>TOTAL REVENUE</b>	<u>\$ 9,928,444</u>	<u>100%</u>	<u>\$ 10,929,697</u>	<u>100%</u>	<u>\$ 11,521,970</u>	<u>100%</u>	<u>\$ 11,823,666</u>	<u>100%</u>	<u>\$ 12,133,313</u>	<u>100%</u>
<b>DEPARTMENTAL PROFITS</b>										
ROOM	\$ 5,869,195	78.0%	\$ 6,649,573	80.0%	\$ 7,122,097	81.0%	\$ 7,300,149	81.0%	\$ 7,482,653	81.0%
FOOD & BEVERAGE	\$ 399,837	24.0%	\$ 482,412	27.0%	\$ 550,500	30.0%	\$ 567,015	30.0%	\$ 584,026	30.0%
PARKING	\$ 283,218	45.0%	\$ 321,608	45.0%	\$ 348,650	45.0%	\$ 359,110	45.0%	\$ 369,883	45.0%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 50,905	55.0%	\$ 54,594	55.0%	\$ 56,069	55.0%	\$ 57,752	55.0%	\$ 59,484	55.0%
OTHER	\$ 15,919	100.0%	\$ 17,073	100.0%	\$ 17,534	100.0%	\$ 18,060	100.0%	\$ 18,602	100.0%
<b>TOTAL DEPT. PROFITS</b>	<u>\$ 6,619,074</u>	<u>66.7%</u>	<u>\$ 7,525,260</u>	<u>68.9%</u>	<u>\$ 8,094,851</u>	<u>70.3%</u>	<u>\$ 8,302,086</u>	<u>70.2%</u>	<u>\$ 8,514,648</u>	<u>70.2%</u>
<b>DEDUCTIONS FROM INCOME</b>										
ADMINISTRATIVE & GENERAL	\$ 873,703	8.8%	\$ 929,024	8.5%	\$ 967,846	8.4%	\$ 993,188	8.4%	\$ 1,019,198	8.4%
UTILITIES	\$ 185,110	1.9%	\$ 198,524	1.8%	\$ 203,889	1.8%	\$ 210,006	1.8%	\$ 216,306	1.8%
REPAIRS & MAINTENANCE	\$ 296,176	3.0%	\$ 317,638	2.9%	\$ 326,222	2.8%	\$ 336,009	2.8%	\$ 346,089	2.9%
SALES & MARKETING	\$ 744,633	7.5%	\$ 797,868	7.3%	\$ 829,582	7.2%	\$ 851,304	7.2%	\$ 873,599	7.2%
<b>TOTAL DEDUCTS FROM INCOME</b>	<u>\$ 2,099,622</u>	<u>21.1%</u>	<u>\$ 2,243,053</u>	<u>20.5%</u>	<u>\$ 2,327,539</u>	<u>20.2%</u>	<u>\$ 2,390,507</u>	<u>20.2%</u>	<u>\$ 2,455,192</u>	<u>20.2%</u>
<b>HOUSE PROFIT</b>	<u>\$ 4,519,453</u>	<u>45.5%</u>	<u>\$ 5,282,207</u>	<u>48.3%</u>	<u>\$ 5,767,313</u>	<u>50.1%</u>	<u>\$ 5,911,580</u>	<u>50.0%</u>	<u>\$ 6,059,456</u>	<u>49.9%</u>
<b>OTHER DEDUCTIONS</b>										
FF&E ESCROW	\$ 198,569	2.0%	\$ 327,891	3.0%	\$ 460,879	4.0%	\$ 591,183	5.0%	\$ 606,666	5.0%
BASE/SYSTEM FEES/CHAIN SVSCS	\$ 595,707	6.0%	\$ 765,079	7.0%	\$ 921,758	8.0%	\$ 945,893	8.0%	\$ 970,665	8.0%
ASSET MANAGEMENT FEE	\$ 123,654	1.2%	\$ 140,813	1.3%	\$ 147,671	1.3%	\$ 146,635	1.2%	\$ 150,296	1.2%
BUILDING/LIABILITY INSURANCE	\$ 90,000	0.9%	\$ 91,800	0.8%	\$ 93,636	0.8%	\$ 95,509	0.8%	\$ 97,419	0.8%
EQUIPMENT RENTAL/OTHER	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
PROPERTY TAXES/MISC TAXES	\$ 270,000	2.7%	\$ 275,400	2.5%	\$ 280,908	2.4%	\$ 286,526	2.4%	\$ 292,257	2.4%
GROUND LEASE	\$ 273,815	2.8%	\$ 301,714	2.8%	\$ 318,367	2.8%	\$ 326,599	2.8%	\$ 335,045	2.8%
<b>TOTAL OTHER DEDUCTIONS</b>	<u>\$ 1,551,745</u>	<u>15.6%</u>	<u>\$ 1,902,696</u>	<u>17.4%</u>	<u>\$ 2,223,218</u>	<u>19.3%</u>	<u>\$ 2,392,345</u>	<u>20.2%</u>	<u>\$ 2,452,347</u>	<u>20.2%</u>
<b>NET HOUSE PROFIT</b>	<u>\$ 2,967,708</u>	<u>29.9%</u>	<u>\$ 3,379,511</u>	<u>30.9%</u>	<u>\$ 3,544,095</u>	<u>30.8%</u>	<u>\$ 3,519,235</u>	<u>29.8%</u>	<u>\$ 3,607,109</u>	<u>29.7%</u>
<b>NOI PER KEY</b>	<u>\$ 20,188</u>		<u>\$ 22,990</u>		<u>\$ 24,109</u>		<u>\$ 23,940</u>		<u>\$ 24,538</u>	

## Dana Point Harbor - Surf Lodge SCEANRIO 5

### Operating Cash Flow Projection

Date: 24-Sep-20

	Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms	161		161		161		161		161	
Number of Occupied Rooms	38,785		41,723		42,898		42,898		42,898	
Average Occupancy	66.0%		71.0%		73.0%		73.0%		73.0%	
Average Daily Rate (T-12 thru Dec 2022 \$186)	203.25		209.34		215.62		221.02		226.54	
ADR pct change vs. LY			3%		3%		2.5%		2.5%	
RevPAR	\$ 134.14		\$ 148.63		\$ 157.41		\$ 161.34		\$ 165.37	
RevPAR pct Change vs. LY			11%		6%		2.5%		2.5%	
<b>REVENUE</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
ROOM	\$ 7,882,923	75.8%	\$ 8,734,518	76.0%	\$ 9,249,977	76.3%	\$ 9,481,227	76.2%	\$ 9,718,257	76.1%
FOOD & BEVERAGE	\$ 1,745,321	16.8%	\$ 1,877,542	16.3%	\$ 1,930,430	15.9%	\$ 1,988,343	16.0%	\$ 2,047,993	16.0%
PARKING	\$ 659,343	6.3%	\$ 751,017	6.5%	\$ 815,071	6.7%	\$ 839,523	6.7%	\$ 864,708	6.8%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 96,962	0.9%	\$ 104,308	0.9%	\$ 107,246	0.9%	\$ 110,464	0.9%	\$ 113,777	0.9%
OTHER	\$ 16,678	0.2%	\$ 17,941	0.2%	\$ 18,446	0.2%	\$ 19,000	0.2%	\$ 19,570	0.2%
<b>TOTAL REVENUE</b>	<b>\$ 10,401,227</b>	<b>100%</b>	<b>\$ 11,485,325</b>	<b>100%</b>	<b>\$ 12,121,171</b>	<b>100%</b>	<b>\$ 12,438,556</b>	<b>100%</b>	<b>\$ 12,764,306</b>	<b>100%</b>
<b>DEPARTMENTAL PROFITS</b>										
ROOM	\$ 6,148,680	78.0%	\$ 6,987,614	80.0%	\$ 7,492,482	81.0%	\$ 7,679,794	81.0%	\$ 7,871,789	81.0%
FOOD & BEVERAGE	\$ 418,877	24.0%	\$ 506,936	27.0%	\$ 579,129	30.0%	\$ 596,503	30.0%	\$ 614,398	30.0%
PARKING	\$ 296,704	45.0%	\$ 337,958	45.0%	\$ 366,782	45.0%	\$ 377,785	45.0%	\$ 389,119	45.0%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 53,329	55.0%	\$ 57,369	55.0%	\$ 58,985	55.0%	\$ 60,755	55.0%	\$ 62,578	55.0%
OTHER	\$ 16,678	100.0%	\$ 17,941	100.0%	\$ 18,446	100.0%	\$ 19,000	100.0%	\$ 19,570	100.0%
<b>TOTAL DEPT. PROFITS</b>	<b>\$ 6,934,268</b>	<b>66.7%</b>	<b>\$ 7,907,818</b>	<b>68.9%</b>	<b>\$ 8,515,824</b>	<b>70.3%</b>	<b>\$ 8,733,836</b>	<b>70.2%</b>	<b>\$ 8,957,453</b>	<b>70.2%</b>
<b>DEDUCTIONS FROM INCOME</b>										
ADMINISTRATIVE & GENERAL	\$ 915,308	8.8%	\$ 976,253	8.5%	\$ 1,018,178	8.4%	\$ 1,044,839	8.4%	\$ 1,072,202	8.4%
UTILITIES	\$ 193,925	1.9%	\$ 208,616	1.8%	\$ 214,492	1.8%	\$ 220,927	1.8%	\$ 227,555	1.8%
REPAIRS & MAINTENANCE	\$ 310,279	3.0%	\$ 333,785	2.9%	\$ 343,188	2.8%	\$ 353,483	2.8%	\$ 364,088	2.9%
SALES & MARKETING	\$ 780,092	7.5%	\$ 838,429	7.3%	\$ 872,724	7.2%	\$ 895,576	7.2%	\$ 919,030	7.2%
<b>TOTAL DEDUCTS FROM INCOME</b>	<b>\$ 2,199,604</b>	<b>21.1%</b>	<b>\$ 2,357,082</b>	<b>20.5%</b>	<b>\$ 2,448,582</b>	<b>20.2%</b>	<b>\$ 2,514,825</b>	<b>20.2%</b>	<b>\$ 2,582,874</b>	<b>20.2%</b>
<b>HOUSE PROFIT</b>	<b>\$ 4,734,665</b>	<b>45.5%</b>	<b>\$ 5,550,736</b>	<b>48.3%</b>	<b>\$ 6,067,242</b>	<b>50.1%</b>	<b>\$ 6,219,012</b>	<b>50.0%</b>	<b>\$ 6,374,578</b>	<b>49.9%</b>
<b>OTHER DEDUCTIONS</b>										
FF&E ESCROW	\$ 208,025	2.0%	\$ 344,560	3.0%	\$ 484,847	4.0%	\$ 621,928	5.0%	\$ 638,215	5.0%
BASE/SYSTEM FEES/CHAIN SVSCS	\$ 624,074	6.0%	\$ 803,973	7.0%	\$ 969,694	8.0%	\$ 995,084	8.0%	\$ 1,021,145	8.0%
ASSET MANAGEMENT FEE	\$ 128,629	1.2%	\$ 147,086	1.3%	\$ 154,465	1.3%	\$ 153,357	1.2%	\$ 157,191	1.2%
BUILDING/LIABILITY INSURANCE	\$ 100,000	1.0%	\$ 102,000	0.9%	\$ 104,040	0.9%	\$ 106,121	0.9%	\$ 108,243	0.8%
EQUIPMENT RENTAL/OTHER	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
PROPERTY TAXES/MISC TAXES	\$ 300,000	2.9%	\$ 306,000	2.7%	\$ 312,120	2.6%	\$ 318,362	2.6%	\$ 324,730	2.6%
GROUND LEASE	\$ 286,854	2.8%	\$ 317,052	2.8%	\$ 334,923	2.8%	\$ 343,583	2.8%	\$ 352,469	2.8%
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 1,647,580</b>	<b>15.8%</b>	<b>\$ 2,020,670</b>	<b>17.6%</b>	<b>\$ 2,360,088</b>	<b>19.5%</b>	<b>\$ 2,538,436</b>	<b>20.4%</b>	<b>\$ 2,601,992</b>	<b>20.4%</b>
<b>NET HOUSE PROFIT</b>	<b>\$ 3,087,084</b>	<b>29.7%</b>	<b>\$ 3,530,066</b>	<b>30.7%</b>	<b>\$ 3,707,153</b>	<b>30.6%</b>	<b>\$ 3,680,575</b>	<b>29.6%</b>	<b>\$ 3,772,586</b>	<b>29.6%</b>
<b>NOI PER KEY</b>	<b>\$ 19,174</b>		<b>\$ 21,926</b>		<b>\$ 23,026</b>		<b>\$ 22,861</b>		<b>\$ 23,432</b>	

1-10	11-18	19->
3.0%	3.0%	4.0%

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 5**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	20	1,500	30,000
100-270	Land Maintenance Costs (Parkscapes)	Mo	20		
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 862</b>	<b>\$ 138,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	54,200	54,200
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 977</b>	<b>\$ 157,350</b>



**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 5**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants; Architect</u></b>				
300-110	Architect: Fee	SF	66,334	13.00	862,342
300-111	Architect: Reimbursables	% of Cost	10%	862,342	86,234
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	30%	352,000	105,600
300-150	BIM Consultant	LS	1	40,000	40,000
300-220	Interior Design Fees	SF	66,334	3.10	205,635
300-221	Interior Design Reimbursables	% of Cost	10%	205,635	20,564
300-223	Branding Consultant	LS	1	0	-
300-225	Tech Services: <i>Brand</i>	LS	1	0	-
300-226	Lighting Design: Fee	LS	1	35,000	35,000
300-229	MEP Engineer: Fee & Reimb.	SF	66,334	2.00	132,668
300-232	Kitchen Design Fees	LS	1	15,000	15,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	5,000	5,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	26,500	26,500
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	30%	340,000	102,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	102,000	5,100
300-240	Civil Engineer Fees	LS	1	132,000	132,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	132,000	6,600
300-242	Environmental Consultant Fee	% of Cost	30%	30,000	9,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	66,334	2.30	152,568
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	20,000	20,000
300-251	Code Consultant: Fee & Reimb.	LS	1	35,000	35,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	30%	70,000	21,000
300-254	Parking Study	% of Cost	30%	35,000	10,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	30%	110,000	33,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	30%	650,000	195,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	195,000	9,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	30%	50,000	15,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	30%	50,000	15,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	66,334	1.884	124,973
300-283	Soil/Compaction Testing	Site Area	68,747	1.00	68,747
300-284	SWPPP Compliance Inspection	SF	66,334	0.348	23,084
300-285	Accounting Administration Expense (to RDOD)	LS	1	30,000	30,000
300-290	Other Consultants Fees & Reimbursables	LS	1	15,000	15,000
300-295	Developers Reimbursables (to RDOD)	LS	1	35,000	35,000
300-300	Design Contingency	% of Cost	3.0%	2,617,866	78,536
<b>TOTAL CONSULTING COSTS</b>			<b>Per Room:</b>	<b>\$ 16,748</b>	<b>\$ 2,696,402</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 5**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	0		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	SF	66,334	16.98	1,126,329
400-200	Contingency On Fees	% of Cost	0.0%	1,126,329	-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 6,996</b>	<b>\$ 1,126,329</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	68,747	47.26	3,248,661
500-111	Soil Stabilization (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation				-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Island Way East Park	in 500-110			-
500-150	Parking Structure (contract w/ RDOC)	sf	59,028	110.00	6,493,054
500-160	Offsite Improvements				-
500-162	Traffic Signal / Entryway				-
500-165	Owner Supplied Items	LS	1	100,000	100,000
500-200	Building (contract w/ RDOC)	Bldg SF	66,334	248.24	16,466,538
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	2,824,470	2,824,470
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	1,114,558	1,114,558
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	1,048,379	1,048,379
500-230	Utilities During Construction	Rooms	161	75	12,075
500-235	Staging Costs (Job Site Office)	LS	1	20,000	20,000
500-240	Security During Construction	LS	1	80,000	80,000
500-245	General Liability/Builder's Risk Insurance	LS	1	200,000	200,000
500-246	Bonds	LS	1	25,000	25,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	19	15,000	285,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	285,000	14,250
500-260	Construction Cost Contingency	% of Cost	5.0%	31,931,984	1,596,599
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	23,405,723	3,978,973
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 232,966</b>	<b>\$ 37,507,556</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 5**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	161	8,000	1,288,000
600-120	FF&E: Public Space	Rooms	161	2,500	402,500
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	161	1,500	241,500
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	LS	1	20,000	20,000
600-132	PMS Systems	LS	1	60,000	60,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	161	425	68,425
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	161	375	60,375
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	20,000	20,000
600-144	Wireless	LS	1	40,000	40,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	40,000	40,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	161	325	52,325
600-226	Equipment: Spa	LS	1	0	-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	500,000	500,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	50,000	50,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	50,000	50,000
600-300	Equipment: Appliances	Rooms	161	200	32,200
600-325	FF&E/Purchase Agent	Mo	12	5,000	60,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	241,500	12,075
600-330	Procurement Management (to RDOD)	Mo	14	5,000	70,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	70,000	3,500
600-420	Warehousing & Installation	Rooms	161	1,000	161,000
600-600	FF&E Contingency	% of Cost	5.0%	3,481,900	174,095
600-700	FF&E Escalation	% of Cost	25%	3,655,995	913,999
	<b>TOTAL FF&amp;E</b>		<b>Per Room:</b>	<b>\$ 28,385</b>	<b>\$ 4,569,994</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	300,000	300,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	20,000	20,000
700-300	Marketing				-
700-400	Working Capital	Rm	161	500	80,500
	<b>TOTAL PRE-OPENING COSTS</b>		<b>Per Room:</b>	<b>\$ 2,550</b>	<b>\$ 410,500</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	46,606,880	1,398,206
	<b>TOTAL CONTINGENCY</b>		<b>Per Room:</b>	<b>\$ 8,685</b>	<b>\$ 1,398,206</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	48,005,087	1,920,203
	<b>TOTAL DEVELOPER FEE</b>		<b>Per Room:</b>	<b>11,927</b>	<b>\$ 1,920,203</b>
	<b>TOTAL PROJECT COSTS</b>		<b>Per Room:</b>	<b>\$ 310,095</b>	<b>\$ 49,925,290</b>

**Dana Point Harbor - Dana House SCENARIO 5  
Operating Cash Flow Projection**

Date: 24-Sep-20

	Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms	100		100		100		100		100	
Number of Occupied Rooms	25,550		27,010		28,105		28,105		28,105	
Average Occupancy	70.0%		74.0%		77.0%		77.0%		77.0%	
Average Daily Rate (T-12 thru Aug 2022 \$425) <sup>1</sup>	478.34		492.69		507.47		520.16		533.16	
ADR pct change vs. LY			3%		3%		2.5%		2.5%	
RevPAR	\$ 334.84		\$ 364.59		\$ 390.75		\$ 400.52		\$ 410.54	
RevPAR pct Change vs. LY										
<b>REVENUE</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
ROOM	\$ 12,221,619	59.9%	\$ 13,307,597	60.6%	\$ 14,262,507	61.3%	\$ 14,619,070	61.2%	\$ 14,984,546	61.1%
FOOD & BEVERAGE	\$ 6,643,000	32.6%	\$ 7,022,600	32.0%	\$ 7,307,300	31.4%	\$ 7,526,519	31.5%	\$ 7,752,315	31.6%
PARKING	\$ 618,310	3.0%	\$ 653,642	3.0%	\$ 680,141	2.9%	\$ 700,545	2.9%	\$ 721,562	2.9%
RESORT FEE	\$ 740,950	3.6%	\$ 783,290	3.6%	\$ 815,045	3.5%	\$ 839,496	3.5%	\$ 864,681	3.5%
MARKET	\$ 63,875	0.3%	\$ 67,525	0.3%	\$ 70,263	0.3%	\$ 72,370	0.3%	\$ 74,541	0.3%
OTHER	\$ 100,000	0.5%	\$ 110,000	0.5%	\$ 120,000	0.5%	\$ 123,600	0.5%	\$ 127,308	0.5%
<b>TOTAL REVENUE</b>	<b>\$ 20,387,754</b>	<b>100%</b>	<b>\$ 21,944,654</b>	<b>100%</b>	<b>\$ 23,255,255</b>	<b>100%</b>	<b>\$ 23,881,601</b>	<b>100%</b>	<b>\$ 24,524,953</b>	<b>100%</b>
<b>DEPARTMENTAL PROFITS</b>										
ROOM	\$ 9,166,214	75.0%	\$ 10,246,850	77.0%	\$ 11,124,755	78.0%	\$ 11,402,874	78.0%	\$ 11,687,946	78.0%
FOOD & BEVERAGE	\$ 1,461,460	22.0%	\$ 1,755,650	25.0%	\$ 1,972,971	27.0%	\$ 2,032,160	27.0%	\$ 2,093,125	27.0%
PARKING	\$ 278,240	45.0%	\$ 294,139	45.0%	\$ 306,063	45.0%	\$ 315,245	45.0%	\$ 324,703	45.0%
RESORT FEE	\$ 666,855	90.0%	\$ 704,961	90.0%	\$ 733,541	90.0%	\$ 755,547	90.0%	\$ 778,213	90.0%
MARKET	\$ 31,938	50.0%	\$ 33,763	50.0%	\$ 35,131	50.0%	\$ 36,185	50.0%	\$ 37,271	50.0%
OTHER	\$ 100,000	100.0%	\$ 110,000	100.0%	\$ 120,000	100.0%	\$ 123,600	100.0%	\$ 127,308	100.0%
<b>TOTAL DEPT. PROFITS</b>	<b>\$ 11,704,706</b>	<b>57.4%</b>	<b>\$ 13,145,362</b>	<b>59.9%</b>	<b>\$ 14,292,462</b>	<b>61.5%</b>	<b>\$ 14,665,612</b>	<b>61.4%</b>	<b>\$ 15,048,566</b>	<b>61.4%</b>
<b>DEDUCTIONS FROM INCOME</b>										
ADMINISTRATIVE & GENERAL	\$ 1,631,020	8.0%	\$ 1,689,738	7.7%	\$ 1,744,144	7.5%	\$ 1,791,120	7.5%	\$ 1,839,371	7.5%
UTILITIES	\$ 269,399	1.3%	\$ 274,210	1.2%	\$ 279,021	1.2%	\$ 287,391	1.2%	\$ 296,013	1.2%
REPAIRS & MAINTENANCE	\$ 715,400	3.5%	\$ 729,270	3.3%	\$ 758,835	3.3%	\$ 781,600	3.3%	\$ 805,048	3.3%
SALES & MARKETING	\$ 1,508,694	7.4%	\$ 1,580,015	7.2%	\$ 1,627,868	7.0%	\$ 1,671,712	7.0%	\$ 1,716,747	7.0%
<b>TOTAL DEDUCTS FROM INCOME</b>	<b>\$ 4,124,513</b>	<b>20.2%</b>	<b>\$ 4,273,233</b>	<b>19.5%</b>	<b>\$ 4,409,868</b>	<b>19.0%</b>	<b>\$ 4,531,823</b>	<b>19.0%</b>	<b>\$ 4,657,179</b>	<b>19.0%</b>
<b>HOUSE PROFIT</b>	<b>\$ 7,580,193</b>	<b>37.2%</b>	<b>\$ 8,872,129</b>	<b>40.4%</b>	<b>\$ 9,882,594</b>	<b>42.5%</b>	<b>\$ 10,133,788</b>	<b>42.4%</b>	<b>\$ 10,391,386</b>	<b>42.4%</b>
<b>OTHER DEDUCTIONS</b>										
FF&E ESCROW	\$ 407,755	2.0%	\$ 658,340	3.0%	\$ 930,210	4.0%	\$ 1,194,080	5.0%	\$ 1,226,248	5.0%
BASE MANAGEMENT FEE	\$ 611,633	3.0%	\$ 658,340	3.0%	\$ 697,658	3.0%	\$ 716,448	3.0%	\$ 735,749	3.0%
ASSET MANAGEMENT FEE	\$ 205,513	1.0%	\$ 242,923	1.2%	\$ 268,714	1.3%	\$ 266,087	1.3%	\$ 272,933	1.3%
BUILDING/LIABILITY INSURANCE	\$ 170,000	0.8%	\$ 173,400	0.8%	\$ 176,868	0.8%	\$ 180,405	0.8%	\$ 184,013	0.8%
EQUIPMENT RENTAL/OTHER	\$ 23,000	0.1%	\$ 23,000	0.1%	\$ 24,000	0.1%	\$ 24,000	0.1%	\$ 24,000	0.1%
PROPERTY TAXES/MISC TAXES	\$ 700,000	3.4%	\$ 714,000	3.3%	\$ 728,280	3.1%	\$ 742,846	3.1%	\$ 757,703	3.1%
GROUND LEASE (Ramp assumed)	\$ 529,971	2.6%	\$ 571,969	2.6%	\$ 607,730	2.6%	\$ 623,823	2.6%	\$ 640,345	2.6%
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 2,647,872</b>	<b>13.0%</b>	<b>\$ 3,041,971</b>	<b>13.9%</b>	<b>\$ 3,433,460</b>	<b>14.8%</b>	<b>\$ 3,747,689</b>	<b>15.7%</b>	<b>\$ 3,840,990</b>	<b>15.7%</b>
<b>NET HOUSE PROFIT</b>	<b>\$ 4,932,321</b>	<b>24.2%</b>	<b>\$ 5,830,157</b>	<b>26.6%</b>	<b>\$ 6,449,134</b>	<b>27.7%</b>	<b>\$ 6,386,099</b>	<b>26.7%</b>	<b>\$ 6,550,396</b>	<b>26.7%</b>
<b>NOI PER KEY</b>	<b>\$ 49,323</b>		<b>\$ 58,302</b>	18.2%	<b>\$ 64,491</b>	10.6%	<b>\$ 63,861</b>	-1.0%	<b>\$ 65,504</b>	2.6%

<sup>1</sup> STR Comp Set (Blue Lantern, Marriott Laguna Cliffs, Ranch, Surf & Sand, Inn @ the Mission) \$422 @ 63% T-12 thru Aug 2022

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 5**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	32	1,500	48,000
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 1,568</b>	<b>\$ 156,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	126,300	126,300
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 2,295</b>	<b>\$ 229,450</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 5**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants; Architect</u></b>				
300-110	Architect: Fee	SF	117,326	21.02	2,465,819
300-111	Architect: Reimbursables	% of Cost	10%	2,465,819	246,582
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	70%	352,000	246,400
300-150	BIM Consultant	LS	1	60,000	60,000
300-220	Interior Design Fees	SF	117,326	8.50	997,271
300-221	Interior Design Reimbursables	% of Cost	10%	997,271	99,727
300-223	Branding Consultant	LS	1	300,000	300,000
300-225	Tech Services: <i>Brand</i>	LS	1	200,000	200,000
300-226	Lighting Design: Fee	LS	1	80,000	80,000
300-229	MEP Engineer: Fee & Reimb.	SF	117,326	2.00	234,652
300-232	Kitchen Design Fees	LS	1	60,000	60,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	8,000	8,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	60,000	60,000
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	70%	340,000	238,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	238,000	11,900
300-240	Civil Engineer Fees	LS	1	360,000	360,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	360,000	18,000
300-242	Environmental Consultant Fee	% of Cost	70%	30,000	21,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	117,326	2.30	269,850
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	40,000	40,000
300-251	Code Consultant: Fee & Reimb.	LS	1	60,000	60,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	70%	70,000	49,000
300-254	Parking Study	% of Cost	70%	35,000	24,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	70%	110,000	77,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	70%	650,000	455,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	455,000	22,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	70%	50,000	35,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	70%	50,000	35,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	117,326	1.86	218,226
300-283	Soil/Compaction Testing	Site Area	188,404	1.00	188,404
300-284	SWPPP Compliance Inspection	SF	117,326	0.35	41,064
300-285	Accounting Administration Expense (to RDOD)	LS	1	50,000	50,000
300-290	Other Consultants Fees & Reimbursables	LS	1	35,000	35,000
300-295	Developers Reimbursables (to RDOD)	LS	1	50,000	50,000
300-300	Design Contingency	% of Cost	3.0%	7,383,145	221,494
	<b>TOTAL CONSULTING COSTS</b>		<b>Per Room:</b>	<b>\$ 76,046</b>	<b>\$ 7,604,640</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 5**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	1		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	SF	117,326	11.38	1,334,817
400-200	Contingency On Fees				-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 13,348</b>	<b>\$ 1,334,817</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	188,404	34.91	6,576,880
500-111	Soil Stabilization/Bedrock Excavation (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation (contract w/ RDOC)	in 500-110			-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Corner Landscaping Feature				-
500-150	Parking Struct. excl. BSB's (contract w/ RDOC)	sf	42,744	110.00	4,701,866
500-160	Offsite Improvements				-
500-162	Traffic Signal/Entryway				-
500-165	Owner Supplies Items	LS	1	1,000,000	1,000,000
500-200	Building (contract w/ RDOC)	Bldg SF	117,326	300.20	35,221,559
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	4,543,500	4,543,500
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	3,427,914	3,427,914
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	3,224,376	3,224,376
500-230	Utilities During Construction	Rooms	100	80	8,000
500-235	Staging Costs (Job Site Office)	LS	1	130,000	130,000
500-240	Security During Construction	LS	1	100,000	100,000
500-245	General Liability/Builder's Risk Insurance	LS	1	400,000	400,000
500-246	Bonds	LS	1	20,000	20,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	32	20,000	640,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	640,000	32,000
500-260	Construction Cost Contingency	% of Cost	5.0%	60,026,095	3,001,305
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	64,144,334	10,904,537
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 739,319</b>	<b>\$ 73,931,937</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 5**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	100	30,000	3,000,000
600-120	FF&E: Public Space	Rooms	100	17,000	1,700,000
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	100	10,000	1,000,000
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	in 600-132			-
600-132	PMS Systems	LS	1	600,000	600,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	100	425	42,500
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	100	375	37,500
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	60,000	60,000
600-144	Wireless	LS	1	100,000	100,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	100,000	100,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	100	325	32,500
600-226	Equipment: Spa				-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	1,250,000	1,250,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	85,000	85,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	80,000	80,000
600-300	Equipment: Appliances (contract w/ RDOC)	LS	1	63,000	63,000
600-325	FF&E/Purchase Agent	Mo	12	7,000	84,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	1,000,000	50,000
600-330	Procurement Management (to RDOD)	Mo	9	8,000	72,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	72,000	3,600
600-420	Warehousing & Installation	Rooms	100	1,000	100,000
600-600	FF&E Contingency	% of Cost	5.0%	8,710,100	435,505
600-700	FF&E Escalation	% of Cost	25.0%	9,145,605	2,286,401
	<b>TOTAL FF&amp;E</b>		<b>Per Room:</b>	<b>\$ 114,320</b>	<b>\$ 11,432,006</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	1,600,000	1,600,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	60,000	60,000
700-300	Marketing				-
700-400	Working Capital	Rm	100	1,500	150,000
	<b>TOTAL PRE-OPENING COSTS</b>		<b>Per Room:</b>	<b>\$ 18,200</b>	<b>\$ 1,820,000</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	96,509,600	2,895,288
	<b>TOTAL CONTINGENCY</b>		<b>Per Room:</b>	<b>\$ 28,953</b>	<b>\$ 2,895,288</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	99,404,888	3,976,196
	<b>TOTAL DEVELOPER FEE</b>		<b>Per Room:</b>	<b>39,762</b>	<b>\$ 3,976,196</b>
	<b>TOTAL PROJECT COSTS</b>		<b>Per Room:</b>	<b>\$ 1,033,811</b>	<b>\$ 103,381,084</b>



**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	20	1,500	30,000
100-270	Land Maintenance Costs (Parkscapes)	Mo	20		
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 957</b>	<b>\$ 138,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	54,200	54,200
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 1,085</b>	<b>\$ 157,350</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants; Architect</u></b>				
300-110	Architect: Fee	SF	58,894	13.00	765,622
300-111	Architect: Reimbursables	% of Cost	10%	765,622	76,562
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	30%	352,000	105,600
300-150	BIM Consultant	LS	1	40,000	40,000
300-220	Interior Design Fees	SF	58,894	3.10	182,571
300-221	Interior Design Reimbursables	% of Cost	10%	182,571	18,257
300-223	Branding Consultant	LS	1	0	-
300-225	Tech Services: <i>Brand</i>	LS	1	0	-
300-226	Lighting Design: Fee	LS	1	35,000	35,000
300-229	MEP Engineer: Fee & Reimb.	SF	58,894	2.00	117,788
300-232	Kitchen Design Fees	LS	1	15,000	15,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	5,000	5,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	26,500	26,500
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	30%	340,000	102,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	102,000	5,100
300-240	Civil Engineer Fees	LS	1	132,000	132,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	132,000	6,600
300-242	Environmental Consultant Fee	% of Cost	30%	30,000	9,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	58,894	2.30	135,456
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	20,000	20,000
300-251	Code Consultant: Fee & Reimb.	LS	1	35,000	35,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	30%	70,000	21,000
300-254	Parking Study	% of Cost	30%	35,000	10,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	30%	110,000	33,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	30%	650,000	195,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	195,000	9,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	30%	50,000	15,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	30%	50,000	15,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	58,894	1.884	110,956
300-283	Soil/Compaction Testing	Site Area	74,197	1.00	74,197
300-284	SWPPP Compliance Inspection	SF	58,894	0.348	20,495
300-285	Accounting Administration Expense (to RDOD)	LS	1	30,000	30,000
300-290	Other Consultants Fees & Reimbursables	LS	1	15,000	15,000
300-295	Developers Reimbursables (to RDOD)	LS	1	35,000	35,000
300-300	Design Contingency	% of Cost	3.0%	2,442,955	73,289
<b>TOTAL CONSULTING COSTS</b>			<b>Per Room:</b>	<b>\$ 17,353</b>	<b>\$ 2,516,244</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	0		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	LS	1	1,000,000	1,000,000
400-200	Contingency On Fees	% of Cost	0.0%	1,000,000	-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 6,897</b>	<b>\$ 1,000,000</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	74,197	47.26	3,506,202
500-111	Soil Stabilization (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation				-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Island Way East Park	in 500-110			-
500-150	Parking Structure (contract w/ RDOC)	sf	67,545	110.00	7,429,957
500-160	Offsite Improvements				-
500-162	Traffic Signal / Entryway				-
500-165	Owner Supplied Items	LS	1	100,000	100,000
500-200	Building (contract w/ RDOC)	Bldg SF	58,894	257.71	15,177,656
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	2,824,470	2,824,470
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	1,114,558	1,114,558
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	1,048,379	1,048,379
500-230	Utilities During Construction	Rooms	145	75	10,875
500-235	Staging Costs (Job Site Office)	LS	1	20,000	20,000
500-240	Security During Construction	LS	1	80,000	80,000
500-245	General Liability/Builder's Risk Insurance	LS	1	200,000	200,000
500-246	Bonds	LS	1	25,000	25,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	19	15,000	285,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	285,000	14,250
500-260	Construction Cost Contingency	% of Cost	5.0%	31,836,347	1,591,817
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	23,405,723	3,978,973
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 257,980</b>	<b>\$ 37,407,137</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	145	8,000	1,160,000
600-120	FF&E: Public Space	Rooms	145	2,500	362,500
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	145	1,500	217,500
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	LS	1	20,000	20,000
600-132	PMS Systems	LS	1	60,000	60,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	145	425	61,625
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	145	375	54,375
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	20,000	20,000
600-144	Wireless	LS	1	40,000	40,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	40,000	40,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	145	325	47,125
600-226	Equipment: Spa	LS	1	0	-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	500,000	500,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	50,000	50,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	50,000	50,000
600-300	Equipment: Appliances	Rooms	145	200	29,000
600-325	FF&E/Purchase Agent	Mo	12	5,000	60,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	217,500	10,875
600-330	Procurement Management (to RDOD)	Mo	14	5,000	70,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	70,000	3,500
600-420	Warehousing & Installation	Rooms	145	1,000	145,000
600-600	FF&E Contingency	% of Cost	5.0%	3,251,500	162,575
600-700	FF&E Escalation	% of Cost	25%	3,414,075	853,519
	<b>TOTAL FF&amp;E</b>		<b>Per Room:</b>	<b>\$ 29,432</b>	<b>\$ 4,267,594</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	300,000	300,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	20,000	20,000
700-300	Marketing				-
700-400	Working Capital	Rm	145	500	72,500
	<b>TOTAL PRE-OPENING COSTS</b>		<b>Per Room:</b>	<b>\$ 2,776</b>	<b>\$ 402,500</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	45,889,575	1,376,687
	<b>TOTAL CONTINGENCY</b>		<b>Per Room:</b>	<b>\$ 9,494</b>	<b>\$ 1,376,687</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	47,266,262	1,890,650
	<b>TOTAL DEVELOPER FEE</b>		<b>Per Room:</b>	<b>13,039</b>	<b>\$ 1,890,650</b>
	<b>TOTAL PROJECT COSTS</b>		<b>Per Room:</b>	<b>\$ 339,013</b>	<b>\$ 49,156,913</b>

## Dana Point Harbor - Surf Lodge SCENARIO 6

### Operating Cash Flow Projection

Date: 24-Sep-20

	Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms	145		145		145		145		145	
Number of Occupied Rooms	35,989		38,635		39,694		39,694		39,694	
Average Occupancy	68.0%		73.0%		75.0%		75.0%		75.0%	
Average Daily Rate (T-12 thru Dec 2022 \$186, \$190 w/ bunk rooms)	207.62		213.85		220.26		225.77		231.41	
ADR pct change vs. LY			3%		3%		2.5%		2.5%	
RevPAR	\$ 141.18		\$ 156.11		\$ 165.20		\$ 169.33		\$ 173.56	
RevPAR pct Change vs. LY			11%		6%		2.5%		2.5%	
<b>REVENUE</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
ROOM	\$ 7,471,969	76.2%	\$ 8,262,020	76.4%	\$ 8,743,028	76.7%	\$ 8,961,603	76.6%	\$ 9,185,643	76.5%
FOOD & BEVERAGE	\$ 1,619,505	16.5%	\$ 1,738,586	16.1%	\$ 1,786,219	15.7%	\$ 1,839,805	15.7%	\$ 1,894,999	15.8%
PARKING	\$ 611,813	6.2%	\$ 695,435	6.4%	\$ 754,181	6.6%	\$ 776,807	6.6%	\$ 800,111	6.7%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 89,973	0.9%	\$ 96,588	0.9%	\$ 99,234	0.9%	\$ 102,211	0.9%	\$ 105,278	0.9%
OTHER	\$ 15,475	0.2%	\$ 16,613	0.2%	\$ 17,068	0.1%	\$ 17,580	0.2%	\$ 18,108	0.2%
<b>TOTAL REVENUE</b>	<b>\$ 9,808,735</b>	<b>100%</b>	<b>\$ 10,809,242</b>	<b>100%</b>	<b>\$ 11,399,730</b>	<b>100%</b>	<b>\$ 11,698,007</b>	<b>100%</b>	<b>\$ 12,004,139</b>	<b>100%</b>
<b>DEPARTMENTAL PROFITS</b>										
ROOM	\$ 5,828,136	78.0%	\$ 6,609,616	80.0%	\$ 7,081,852	81.0%	\$ 7,258,899	81.0%	\$ 7,440,371	81.0%
FOOD & BEVERAGE	\$ 388,681	24.0%	\$ 469,418	27.0%	\$ 535,866	30.0%	\$ 551,942	30.0%	\$ 568,500	30.0%
PARKING	\$ 275,316	45.0%	\$ 312,946	45.0%	\$ 339,382	45.0%	\$ 349,563	45.0%	\$ 360,050	45.0%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 49,485	55.0%	\$ 53,123	55.0%	\$ 54,579	55.0%	\$ 56,216	55.0%	\$ 57,903	55.0%
OTHER	\$ 15,475	100.0%	\$ 16,613	100.0%	\$ 17,068	100.0%	\$ 17,580	100.0%	\$ 18,108	100.0%
<b>TOTAL DEPT. PROFITS</b>	<b>\$ 6,557,093</b>	<b>66.8%</b>	<b>\$ 7,461,716</b>	<b>69.0%</b>	<b>\$ 8,028,747</b>	<b>70.4%</b>	<b>\$ 8,234,200</b>	<b>70.4%</b>	<b>\$ 8,444,931</b>	<b>70.4%</b>
<b>DEDUCTIONS FROM INCOME</b>										
ADMINISTRATIVE & GENERAL	\$ 863,169	8.8%	\$ 918,786	8.5%	\$ 957,577	8.4%	\$ 982,633	8.4%	\$ 1,008,348	8.4%
UTILITIES	\$ 179,945	1.8%	\$ 193,176	1.8%	\$ 198,469	1.7%	\$ 204,423	1.7%	\$ 210,555	1.8%
REPAIRS & MAINTENANCE	\$ 287,912	2.9%	\$ 309,082	2.9%	\$ 317,550	2.8%	\$ 327,077	2.8%	\$ 336,889	2.8%
SALES & MARKETING	\$ 735,655	7.5%	\$ 789,075	7.3%	\$ 820,781	7.2%	\$ 842,257	7.2%	\$ 864,298	7.2%
<b>TOTAL DEDUCTS FROM INCOME</b>	<b>\$ 2,066,681</b>	<b>21.1%</b>	<b>\$ 2,210,118</b>	<b>20.4%</b>	<b>\$ 2,294,377</b>	<b>20.1%</b>	<b>\$ 2,356,388</b>	<b>20.1%</b>	<b>\$ 2,420,090</b>	<b>20.2%</b>
<b>HOUSE PROFIT</b>	<b>\$ 4,490,412</b>	<b>45.8%</b>	<b>\$ 5,251,598</b>	<b>48.6%</b>	<b>\$ 5,734,370</b>	<b>50.3%</b>	<b>\$ 5,877,812</b>	<b>50.2%</b>	<b>\$ 6,024,841</b>	<b>50.2%</b>
<b>OTHER DEDUCTIONS</b>										
FF&E ESCROW	\$ 196,175	2.0%	\$ 324,277	3.0%	\$ 455,989	4.0%	\$ 584,900	5.0%	\$ 600,207	5.0%
BASE/SYSTEM FEES/CHAIN SVSCS	\$ 588,524	6.0%	\$ 756,647	7.0%	\$ 911,978	8.0%	\$ 935,841	8.0%	\$ 960,331	8.0%
ASSET MANAGEMENT FEE	\$ 122,993	1.3%	\$ 140,187	1.3%	\$ 147,057	1.3%	\$ 146,058	1.2%	\$ 149,708	1.2%
BUILDING/LIABILITY INSURANCE	\$ 90,000	0.9%	\$ 91,800	0.8%	\$ 93,636	0.8%	\$ 95,509	0.8%	\$ 97,419	0.8%
EQUIPMENT RENTAL/OTHER	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
PROPERTY TAXES/MISC TAXES	\$ 270,000	2.8%	\$ 275,400	2.5%	\$ 280,908	2.5%	\$ 286,526	2.4%	\$ 292,257	2.4%
GROUND LEASE	\$ 270,894	2.8%	\$ 298,805	2.8%	\$ 315,425	2.8%	\$ 323,576	2.8%	\$ 331,939	2.8%
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 1,538,586</b>	<b>15.7%</b>	<b>\$ 1,887,116</b>	<b>17.5%</b>	<b>\$ 2,204,994</b>	<b>19.3%</b>	<b>\$ 2,372,410</b>	<b>20.3%</b>	<b>\$ 2,431,860</b>	<b>20.3%</b>
<b>NET HOUSE PROFIT</b>	<b>\$ 2,951,826</b>	<b>30.1%</b>	<b>\$ 3,364,482</b>	<b>31.1%</b>	<b>\$ 3,529,376</b>	<b>31.0%</b>	<b>\$ 3,505,401</b>	<b>30.0%</b>	<b>\$ 3,592,981</b>	<b>29.9%</b>
<b>NOI PER KEY</b>	<b>\$ 20,357</b>		<b>\$ 23,203</b>		<b>\$ 24,341</b>		<b>\$ 24,175</b>		<b>\$ 24,779</b>	

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 7**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	32	1,500	48,000
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 1,206</b>	<b>\$ 156,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	126,300	126,300
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 1,765</b>	<b>\$ 229,450</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 7**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b>Design Consultants; Architect</b>				
300-110	Architect: Fee	SF	131,845	18.70	2,465,819
300-111	Architect: Reimbursables	% of Cost	10%	2,465,819	246,582
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	70%	352,000	246,400
300-150	BIM Consultant	LS	1	60,000	60,000
300-220	Interior Design Fees	SF	131,845	8.50	1,120,683
300-221	Interior Design Reimbursables	% of Cost	10%	1,120,683	112,068
300-223	Branding Consultant	LS	1	300,000	300,000
300-225	Tech Services: <i>Brand</i>	LS	1	200,000	200,000
300-226	Lighting Design: Fee	LS	1	80,000	80,000
300-229	MEP Engineer: Fee & Reimb.	SF	131,845	2.00	263,690
300-232	Kitchen Design Fees	LS	1	60,000	60,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	8,000	8,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	60,000	60,000
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	70%	340,000	238,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	238,000	11,900
300-240	Civil Engineer Fees	LS	1	360,000	360,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	360,000	18,000
300-242	Environmental Consultant Fee	% of Cost	70%	30,000	21,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	131,845	2.30	303,244
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	40,000	40,000
300-251	Code Consultant: Fee & Reimb.	LS	1	60,000	60,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	70%	70,000	49,000
300-254	Parking Study	% of Cost	70%	35,000	24,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	70%	110,000	77,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	70%	650,000	455,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	455,000	22,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	70%	50,000	35,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	70%	50,000	35,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	131,845	1.86	245,232
300-283	Soil/Compaction Testing	Site Area	185,104	1.00	185,104
300-284	SWPPP Compliance Inspection	SF	131,845	0.35	46,146
300-285	Accounting Administration Expense (to RDOD)	LS	1	50,000	50,000
300-290	Other Consultants Fees & Reimbursables	LS	1	35,000	35,000
300-295	Developers Reimbursables (to RDOD)	LS	1	50,000	50,000
300-300	Design Contingency	% of Cost	3.0%	7,610,117	228,303
	<b>TOTAL CONSULTING COSTS</b>		<b>Per Room:</b>	<b>\$ 60,296</b>	<b>\$ 7,838,420</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 7**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	1		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Affordable Lodging In-Lieu Fee	25% of units	33	127,000	4,191,000
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	SF	131,845	11.38	1,500,000
400-200	Contingency On Fees				-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 43,777</b>	<b>\$ 5,691,000</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	185,104	34.91	6,461,682
500-111	Soil Stabilization/Bedrock Excavation (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation (contract w/ RDOC)	in 500-110			-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Corner Landscaping Feature				-
500-150	Parking Struct. excl. BSB's (contract w/ RDOC)	sf	48,912	110.00	5,380,313
500-160	Offsite Improvements				-
500-162	Traffic Signal/Entryway				-
500-165	Owner Supplies Items	LS	1	1,000,000	1,000,000
500-200	Building (contract w/ RDOC)	Bldg SF	131,845	298.09	39,301,199
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	4,543,500	4,543,500
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	3,427,914	3,427,914
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	3,224,376	3,224,376
500-230	Utilities During Construction	Rooms	130	80	10,400
500-235	Staging Costs (Job Site Office)	LS	1	130,000	130,000
500-240	Security During Construction	LS	1	100,000	100,000
500-245	General Liability/Builder's Risk Insurance	LS	1	400,000	400,000
500-246	Bonds	LS	1	20,000	20,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	32	20,000	640,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	640,000	32,000
500-260	Construction Cost Contingency	% of Cost	5.0%	64,671,385	3,233,569
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	64,144,334	10,904,537
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 606,227</b>	<b>\$ 78,809,491</b>



**Development Costs  
Dana Point Harbor - Dana House SCENARIO 7**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	130	30,000	3,900,000
600-120	FF&E: Public Space	Rooms	130	17,000	2,210,000
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	130	10,000	1,300,000
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	in 600-132			-
600-132	PMS Systems	LS	1	600,000	600,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	130	425	55,250
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	130	375	48,750
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	60,000	60,000
600-144	Wireless	LS	1	100,000	100,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	100,000	100,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	130	325	42,250
600-226	Equipment: Spa				-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	1,250,000	1,250,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	85,000	85,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	80,000	80,000
600-300	Equipment: Appliances (contract w/ RDOC)	LS	1	63,000	63,000
600-325	FF&E/Purchase Agent	Mo	12	7,000	84,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	1,300,000	65,000
600-330	Procurement Management (to RDOD)	Mo	9	8,000	72,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	72,000	3,600
600-420	Warehousing & Installation	Rooms	130	1,000	130,000
600-600	FF&E Contingency	% of Cost	5.0%	10,498,850	524,943
600-700	FF&E Escalation	% of Cost	25.0%	11,023,793	2,755,948
	<b>TOTAL FF&amp;E</b>		<b>Per Room:</b>	<b>\$ 105,998</b>	<b>\$ 13,779,741</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	1,600,000	1,600,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	60,000	60,000
700-300	Marketing				-
700-400	Working Capital	Rm	130	1,500	195,000
	<b>TOTAL PRE-OPENING COSTS</b>		<b>Per Room:</b>	<b>\$ 14,346</b>	<b>\$ 1,865,000</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	108,369,852	3,251,096
	<b>TOTAL CONTINGENCY</b>		<b>Per Room:</b>	<b>\$ 25,008</b>	<b>\$ 3,251,096</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	111,620,947	4,464,838
	<b>TOTAL DEVELOPER FEE</b>		<b>Per Room:</b>	<b>34,345</b>	<b>\$ 4,464,838</b>
	<b>TOTAL PROJECT COSTS</b>		<b>Per Room:</b>	<b>\$ 892,968</b>	<b>\$ 116,085,785</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 8**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	20	1,500	30,000
100-270	Land Maintenance Costs (Parkscapes)	Mo	20		
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 821</b>	<b>\$ 138,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	54,200	54,200
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 931</b>	<b>\$ 157,350</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 8**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants; Architect</u></b>				
300-110	Architect: Fee	SF	67,300	13.00	874,900
300-111	Architect: Reimbursables	% of Cost	10%	874,900	87,490
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	30%	352,000	105,600
300-150	BIM Consultant	LS	1	40,000	40,000
300-220	Interior Design Fees	SF	67,300	3.10	208,630
300-221	Interior Design Reimbursables	% of Cost	10%	208,630	20,863
300-223	Branding Consultant	LS	1	0	-
300-225	Tech Services: <i>Brand</i>	LS	1	0	-
300-226	Lighting Design: Fee	LS	1	35,000	35,000
300-229	MEP Engineer: Fee & Reimb.	SF	67,300	2.00	134,600
300-232	Kitchen Design Fees	LS	1	15,000	15,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	5,000	5,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	26,500	26,500
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	30%	340,000	102,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	102,000	5,100
300-240	Civil Engineer Fees	LS	1	132,000	132,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	132,000	6,600
300-242	Environmental Consultant Fee	% of Cost	30%	30,000	9,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	67,300	2.30	154,790
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	20,000	20,000
300-251	Code Consultant: Fee & Reimb.	LS	1	35,000	35,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	30%	70,000	21,000
300-254	Parking Study	% of Cost	30%	35,000	10,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	30%	110,000	33,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	30%	650,000	195,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	195,000	9,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	30%	50,000	15,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	30%	50,000	15,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	67,300	1.884	126,793
300-283	Soil/Compaction Testing	Site Area	68,747	1.00	68,747
300-284	SWPPP Compliance Inspection	SF	67,300	0.348	23,420
300-285	Accounting Administration Expense (to RDOD)	LS	1	30,000	30,000
300-290	Other Consultants Fees & Reimbursables	LS	1	15,000	15,000
300-295	Developers Reimbursables (to RDOD)	LS	1	35,000	35,000
300-300	Design Contingency	% of Cost	3.0%	2,641,284	79,239
<b>TOTAL CONSULTING COSTS</b>			<b>Per Room:</b>	<b>\$ 16,098</b>	<b>\$ 2,720,522</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 8**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	0		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	SF	67,300	16.98	1,142,731
400-200	Contingency On Fees	% of Cost	0.0%	1,142,731	-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 6,762</b>	<b>\$ 1,142,731</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	68,747	47.26	3,248,661
500-111	Soil Stabilization (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation				-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Island Way East Park	in 500-110			-
500-150	Parking Structure (contract w/ RDOC)	sf	73,206	110.00	8,052,634
500-160	Offsite Improvements				-
500-162	Traffic Signal / Entryway				-
500-165	Owner Supplied Items	LS	1	100,000	100,000
500-200	Building (contract w/ RDOC)	Bldg SF	67,300	248.24	16,706,334
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	2,824,470	2,824,470
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	1,114,558	1,114,558
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	1,048,379	1,048,379
500-230	Utilities During Construction	Rooms	169	75	12,675
500-235	Staging Costs (Job Site Office)	LS	1	20,000	20,000
500-240	Security During Construction	LS	1	80,000	80,000
500-245	General Liability/Builder's Risk Insurance	LS	1	200,000	200,000
500-246	Bonds	LS	1	25,000	25,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	19	15,000	285,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	285,000	14,250
500-260	Construction Cost Contingency	% of Cost	5.0%	33,731,961	1,686,598
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	23,405,723	3,978,973
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 233,121</b>	<b>\$ 39,397,532</b>

**Development Costs  
Dana Point Harbor - Surf Lodge SCENARIO 8**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	169	8,000	1,352,000
600-120	FF&E: Public Space	Rooms	169	2,500	422,500
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	169	1,500	253,500
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	LS	1	20,000	20,000
600-132	PMS Systems	LS	1	60,000	60,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	169	425	71,825
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	169	375	63,375
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	20,000	20,000
600-144	Wireless	LS	1	40,000	40,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	40,000	40,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	169	325	54,925
600-226	Equipment: Spa	LS	1	0	-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	500,000	500,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	50,000	50,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	50,000	50,000
600-300	Equipment: Appliances	Rooms	169	200	33,800
600-325	FF&E/Purchase Agent	Mo	12	5,000	60,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	253,500	12,675
600-330	Procurement Management (to RDOD)	Mo	14	5,000	70,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	70,000	3,500
600-420	Warehousing & Installation	Rooms	169	1,000	169,000
600-600	FF&E Contingency	% of Cost	5.0%	3,597,100	179,855
600-700	FF&E Escalation	% of Cost	25%	3,776,955	944,239
	<b>TOTAL FF&amp;E</b>		<b>Per Room:</b>	<b>\$ 27,936</b>	<b>\$ 4,721,194</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	300,000	300,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	20,000	20,000
700-300	Marketing				-
700-400	Working Capital	Rm	169	500	84,500
	<b>TOTAL PRE-OPENING COSTS</b>		<b>Per Room:</b>	<b>\$ 2,453</b>	<b>\$ 414,500</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	48,692,579	1,460,777
	<b>TOTAL CONTINGENCY</b>		<b>Per Room:</b>	<b>\$ 8,644</b>	<b>\$ 1,460,777</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	50,153,356	2,006,134
	<b>TOTAL DEVELOPER FEE</b>		<b>Per Room:</b>	<b>11,871</b>	<b>\$ 2,006,134</b>
	<b>TOTAL PROJECT COSTS</b>		<b>Per Room:</b>	<b>\$ 308,636</b>	<b>\$ 52,159,490</b>

**Development Costs**  
**Dana Point Harbor - Dana House SCENARIO 1, 2, & 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>100</b>	<b><u>Land/Acquisition Cost</u></b>				
100-121	Land Acquisition RFP	LS	1	25,000	25,000
100-231	ALTA Survey	LS	1	63,750	63,750
100-265	Property Taxes During Development	Mo	32	1,500	48,000
100-275	Phase I Environmental	LS	1	5,000	5,000
100-276	Phase II Environmental	LS	1	15,000	15,000
<b>TOTAL LAND/ACQUISITION COSTS</b>			<b>Per Room:</b>	<b>\$ 1,206</b>	<b>\$ 156,750</b>
<b>200</b>	<b><u>Financing/Legal Fees</u></b>				
200-230	Legal: Developer	LS	1	3,150	3,150
200-231	Legal: Land Use/EIR	LS	1	126,300	126,300
200-260	Finance/Legal Management (to RDOD)	LS	1	100,000	100,000
<b>TOTAL FINANCING/LEGAL FEES</b>			<b>Per Room:</b>	<b>\$ 1,765</b>	<b>\$ 229,450</b>

**Development Costs**  
**Dana Point Harbor - Dana House SCENARIO 1, 2, & 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>300</b>	<b><u>Design Consultants; Architect</u></b>				
300-110	Architect: Fee	SF	131,845	18.70	2,465,819
300-111	Architect: Reimbursables	% of Cost	10%	2,465,819	246,582
300-113	Plan Reproduction	LS	1	10,000	10,000
300-117	City Planning Expediter	LS	1	0	-
300-120	EIR Submittal	% of Cost	70%	352,000	246,400
300-150	BIM Consultant	LS	1	60,000	60,000
300-220	Interior Design Fees	SF	131,845	8.50	1,120,683
300-221	Interior Design Reimbursables	% of Cost	10%	1,120,683	112,068
300-223	Branding Consultant	LS	1	300,000	300,000
300-225	Tech Services: <i>Brand</i>	LS	1	200,000	200,000
300-226	Lighting Design: Fee	LS	1	80,000	80,000
300-229	MEP Engineer: Fee & Reimb.	SF	131,845	2.00	263,690
300-232	Kitchen Design Fees	LS	1	60,000	60,000
300-233	Kitchen Design Reimbursables				-
300-234	Laundry Design Fees (Design-Build)	LS	1	8,000	8,000
300-235	Laundry Design Reimbursables				-
300-236	Fire Protection Engineering Fee	LS	1	60,000	60,000
300-237	Fire Protection Engineering Reimbursables				-
300-238	Landscape Architect Fee	% of Cost	70%	340,000	238,000
300-239	Landscape Architect Reimbursables	% of Cost	5%	238,000	11,900
300-240	Civil Engineer Fees	LS	1	360,000	360,000
300-241	Civil Engineer Reimbursables	% of Cost	5%	360,000	18,000
300-242	Environmental Consultant Fee	% of Cost	70%	30,000	21,000
300-243	Environmental Consultant Reimbursables				-
300-244	Structural Engineer Fees	SF	131,845	2.30	303,244
300-245	Structural Engineer Reimbursables				-
300-250	Dry Utility Consultant: Fee & Reimb.	LS	1	40,000	40,000
300-251	Code Consultant: Fee & Reimb.	LS	1	60,000	60,000
300-252	Acoustical Study: Fee & Reimb.	LS	1	15,000	15,000
300-253	Traffic Study	% of Cost	70%	70,000	49,000
300-254	Parking Study	% of Cost	70%	35,000	24,500
300-255	Environmental Report				-
300-257	Sewer Study				-
300-258	Soil/Geotechnical Engineer: Fee	% of Cost	70%	110,000	77,000
300-259	Soil/Geotechnical Engineer: Reimbursables				-
300-260	Development Management (to RDOD)	% of Cost	70%	650,000	455,000
300-261	Development Management Reimb (to RDOD)	% of Cost	5.0%	455,000	22,750
300-262	Construction Estimator: Fee & Reimb.				-
300-272	Signage Consultant: Fee	% of Cost	70%	50,000	35,000
300-274	Pool/Spa Design & Eng: Fee	% of Cost	70%	50,000	35,000
300-281	Moisture Protection Engineer	LS	1	0	-
300-282	Special Inspections	SF	131,845	1.86	245,232
300-283	Soil/Compaction Testing	Site Area	188,404	1.00	188,404
300-284	SWPPP Compliance Inspection	SF	131,845	0.35	46,146
300-285	Accounting Administration Expense (to RDOD)	LS	1	50,000	50,000
300-290	Other Consultants Fees & Reimbursables	LS	1	35,000	35,000
300-295	Developers Reimbursables (to RDOD)	LS	1	50,000	50,000
300-300	Design Contingency	% of Cost	3.0%	7,613,417	228,402
	<b>TOTAL CONSULTING COSTS</b>		<b>Per Room:</b>	<b>\$ 60,322</b>	<b>\$ 7,841,819</b>

**Development Costs  
Dana Point Harbor - Dana House SCENARIO 1, 2, & 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>400</b>	<b><u>Fees/Permits/Reimbursables</u></b>				
400-110	Use Permit & Dev. Plan Fees	LS	1		-
400-112	Plan Check Fees/Design Review	LS	1		-
400-113	City EIR	LS	1		-
400-115	Sewer Connection Fee	LS	1		-
400-116	Public Works Engineering (C&L) Plan Check Fee	LS	1		-
400-117	Building (ASMEP&FP) Plan Check Fee	LS	1		-
400-118	Swimming Pool Plan Check Fee ( <i>Design-Build</i> )	LS	1		-
400-119	Traffic Impact Fee	LS	1		-
400-120	Foothill/Eastern Transportation Corridor Fee	LS	1		-
400-121	School Impact Fees	LS	1		-
400-122	Additional Development Rights	LS	1		-
400-123	Commercial SMIP Fee	LS	1		-
400-125	Parks and Recreation	LS	1		-
400-126	Fire Department Plan Check Fee	LS	1		-
400-130	Water Connection Fee	LS	1		-
400-132	Electric & Gas Utility Connection Fees	LS	1		-
400-133	Fire Department Permit Fee	LS	1		-
400-134	Building Permit Fee	LS	1		-
400-135	Misc.	LS	1		-
400-136	Building Inspection	LS	1		-
400-137	Grading Permit	LS	1		-
400-138	Foundation Permit	LS	1		-
400-139	Public Art	LS	1		-
400-140	Liquor License	LS	1		-
400-141	MEP Permit Fees	LS	1		-
400-142	Health Department Plan Check/Permit	LS	1		-
400-150	Overnight Packages	LS	1		-
400-155	Utility Hookup Fees	LS	1		-
400-160	Other Reimbursables	LS	1		-
400-170	Refundable Bonds/Deposits	LS	1		-
400-171	Fee Placeholder Assumption	SF	131,845	11.38	1,500,000
400-200	Contingency On Fees				-
	<b>TOTAL FEES/PERMITS/REIMBURS.</b>		<b>Per Room:</b>	<b>\$ 11,538</b>	<b>\$ 1,500,000</b>
<b>500</b>	<b><u>Construction &amp; General Contractor Costs</u></b>				
500-110	Sitework (contract w/ RDOC)	Site Area	188,404	34.91	6,576,880
500-111	Soil Stabilization/Bedrock Excavation (contract w/ RDOC)	in 500-110			-
500-114	Utility Relocation (contract w/ RDOC)	in 500-110			-
500-116	Demolition (contract w/ RDOC)	in 500-110			-
500-131	Corner Landscaping Feature				-
500-150	Parking Struct. excl. BSB's (contract w/ RDOC)	sf	63,090	110.00	6,939,893
500-160	Offsite Improvements				-
500-162	Traffic Signal/Entryway				-
500-165	Owner Supplies Items	LS	1	1,000,000	1,000,000
500-200	Building (contract w/ RDOC)	Bldg SF	131,845	300.20	39,580,199
500-205	General Conditions & Insurance (contract w/ RDOC)	LS	1	4,543,500	4,543,500
500-210	General Contractor Fee (contract w/ RDOC)	LS	1	3,427,914	3,427,914
500-215	General Contractor Contingency (contract w/ RDOC)	LS	1	3,224,376	3,224,376
500-230	Utilities During Construction	Rooms	130	80	10,400
500-235	Staging Costs (Job Site Office)	LS	1	130,000	130,000
500-240	Security During Construction	LS	1	100,000	100,000
500-245	General Liability/Builder's Risk Insurance	LS	1	400,000	400,000
500-246	Bonds	LS	1	20,000	20,000
500-247	Miscellaneous Insurance				-
500-250	Construction Management (to RDOD)	Mo	32	20,000	640,000
500-251	Construction Management Reimb (to RDOD)	% of Cost	5.0%	640,000	32,000
500-260	Construction Cost Contingency	% of Cost	5.0%	66,625,162	3,331,258
500-300	Escalation (contract w/ RDOC)	% of Cost	17%	64,144,334	10,904,537
	<b>TOTAL CONSTRUCTION</b>		<b>Per Room:</b>	<b>\$ 622,007</b>	<b>\$ 80,860,957</b>



**Development Costs  
Dana Point Harbor - Dana House SCENARIO 1, 2, & 6**

Account Code	Account Description	Unit	Quantity	Unit Cost	Total Cost
<b>600</b>	<b>FF &amp; E</b>				
600-110	FF&E: Guest Space	Rooms	130	30,000	3,900,000
600-120	FF&E: Public Space	Rooms	130	17,000	2,210,000
600-121	FF&E: Restaurant	LS	1	0	-
600-125	OS&E	Rooms	130	10,000	1,300,000
600-126	Office Furniture	in 600-120			-
600-130	Computers, Printers & Software	LS	1	20,000	20,000
600-131	POS Systems	in 600-132			-
600-132	PMS Systems	LS	1	600,000	600,000
600-133	Public Safety 800Mhz Radio System	LS	1	60,000	60,000
600-134	Telephone Systems	Rooms	130	425	55,250
600-135	Pay Per View System				-
600-136	SmartTV System (Enseo)	Rooms	130	375	48,750
600-137	Televisions	in 600-110,120			-
600-140	Low Voltage Connections	LS	1	60,000	60,000
600-144	Wireless	LS	1	100,000	100,000
600-145	Audio/Visual System Design	LS	1	20,000	20,000
600-146	Audio/Visual System Installation	LS	1	100,000	100,000
600-147	Security	LS	1	20,000	20,000
600-148	Speakers	LS	1	30,000	30,000
600-170	Art	in 600-110,120			-
600-200	Exterior Signage	Ea	3	25,000	75,000
600-220	Interior Signage	Rooms	130	325	42,250
600-226	Equipment: Spa				-
600-240	Equipment: Kitchen (contract w/ RDOC)	LS	1	1,250,000	1,250,000
600-250	Equipment: Laundry (contract w/ RDOC)	LS	1	85,000	85,000
600-251	Equipment: Water Softener	LS	1	25,000	25,000
600-275	Equipment: Fitness	LS	1	80,000	80,000
600-300	Equipment: Appliances (contract w/ RDOC)	LS	1	63,000	63,000
600-325	FF&E/Purchase Agent	Mo	12	7,000	84,000
600-326	OS&E/Purchase Agent	% of Cost	5.0%	1,300,000	65,000
600-330	Procurement Management (to RDOD)	Mo	9	8,000	72,000
600-331	Procurement Management Reimb (to RDOD)	% of Cost	5.0%	72,000	3,600
600-420	Warehousing & Installation	Rooms	130	1,000	130,000
600-600	FF&E Contingency	% of Cost	5.0%	10,498,850	524,943
600-700	FF&E Escalation	% of Cost	25.0%	11,023,793	2,755,948
	<b>TOTAL FF&amp;E</b>		<b>Per Room:</b>	<b>\$ 105,998</b>	<b>\$ 13,779,741</b>
<b>700</b>	<b>Pre-opening</b>				
700-110	Pre-Open Franch Fee				-
700-130	Pre-Opening Svc Accounts (Tel, Cable, T1, etc)	LS	1	10,000	10,000
700-200	Pre-opening Costs	LS	1	1,600,000	1,600,000
700-250	Pre-Opening Asset Management (to RDOD)	LS	1	60,000	60,000
700-300	Marketing				-
700-400	Working Capital	Rm	130	1,500	195,000
	<b>TOTAL PRE-OPENING COSTS</b>		<b>Per Room:</b>	<b>\$ 14,346</b>	<b>\$ 1,865,000</b>
<b>800</b>	<b>Contingency</b>				
800-110	Contingency	% of Cost	3.0%	106,233,717	3,187,012
	<b>TOTAL CONTINGENCY</b>		<b>Per Room:</b>	<b>\$ 24,515</b>	<b>\$ 3,187,012</b>
<b>900</b>	<b>Developer's Fees</b>				
900-100	Developer's Fee (to RDOD)	% of Cost	4.0%	109,420,729	4,376,829
	<b>TOTAL DEVELOPER FEE</b>		<b>Per Room:</b>	<b>33,668</b>	<b>\$ 4,376,829</b>
	<b>TOTAL PROJECT COSTS</b>		<b>Per Room:</b>	<b>\$ 875,366</b>	<b>\$ 113,797,558</b>

**Dana Point Harbor - Surf Lodge SCEANRIO 8**  
Operating Cash Flow Projection

Date: 24-Sep-20

	Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms	169		169		169		169		169	
Number of Occupied Rooms	39,478		42,563		43,796		43,796		43,796	
Average Occupancy	64.0%		69.0%		71.0%		71.0%		71.0%	
Average Daily Rate (T-12 thru Dec 2022 \$186)	203.25		209.34		215.62		221.02		226.54	
ADR pct change vs. LY			3%		3%		2.5%		2.5%	
RevPAR	\$ 130.08		\$ 144.45		\$ 153.09		\$ 156.92		\$ 160.84	
RevPAR pct Change vs. LY			11%		6%		2.5%		2.5%	
<b>REVENUE</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
ROOM	\$ 8,023,875	75.8%	\$ 8,910,263	76.0%	\$ 9,443,587	76.3%	\$ 9,679,677	76.2%	\$ 9,921,669	76.1%
FOOD & BEVERAGE	\$ 1,776,528	16.8%	\$ 1,915,319	16.3%	\$ 1,970,836	15.9%	\$ 2,029,961	16.0%	\$ 2,090,860	16.0%
PARKING	\$ 671,133	6.3%	\$ 766,128	6.5%	\$ 832,131	6.7%	\$ 857,095	6.7%	\$ 882,807	6.8%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 98,696	0.9%	\$ 106,407	0.9%	\$ 109,491	0.9%	\$ 112,776	0.9%	\$ 116,159	0.9%
OTHER	\$ 16,976	0.2%	\$ 18,302	0.2%	\$ 18,832	0.2%	\$ 19,397	0.2%	\$ 19,979	0.2%
<b>TOTAL REVENUE</b>	<b>\$ 10,587,208</b>	<b>100%</b>	<b>\$ 11,716,418</b>	<b>100%</b>	<b>\$ 12,374,877</b>	<b>100%</b>	<b>\$ 12,698,905</b>	<b>100%</b>	<b>\$ 13,031,474</b>	<b>100%</b>
<b>DEPARTMENTAL PROFITS</b>										
ROOM	\$ 6,258,623	78.0%	\$ 7,128,210	80.0%	\$ 7,649,305	81.0%	\$ 7,840,538	81.0%	\$ 8,036,552	81.0%
FOOD & BEVERAGE	\$ 426,367	24.0%	\$ 517,136	27.0%	\$ 591,251	30.0%	\$ 608,988	30.0%	\$ 627,258	30.0%
PARKING	\$ 302,010	45.0%	\$ 344,757	45.0%	\$ 374,459	45.0%	\$ 385,693	45.0%	\$ 397,263	45.0%
RESORT FEE	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
MARKET	\$ 54,283	55.0%	\$ 58,524	55.0%	\$ 60,220	55.0%	\$ 62,027	55.0%	\$ 63,887	55.0%
OTHER	\$ 16,976	100.0%	\$ 18,302	100.0%	\$ 18,832	100.0%	\$ 19,397	100.0%	\$ 19,979	100.0%
<b>TOTAL DEPT. PROFITS</b>	<b>\$ 7,058,258</b>	<b>66.7%</b>	<b>\$ 8,066,929</b>	<b>68.9%</b>	<b>\$ 8,694,067</b>	<b>70.3%</b>	<b>\$ 8,916,643</b>	<b>70.2%</b>	<b>\$ 9,144,939</b>	<b>70.2%</b>
<b>DEDUCTIONS FROM INCOME</b>										
ADMINISTRATIVE & GENERAL	\$ 931,674	8.8%	\$ 995,896	8.5%	\$ 1,039,490	8.4%	\$ 1,066,708	8.4%	\$ 1,094,644	8.4%
UTILITIES	\$ 197,392	1.9%	\$ 212,813	1.8%	\$ 218,982	1.8%	\$ 225,551	1.8%	\$ 232,318	1.8%
REPAIRS & MAINTENANCE	\$ 315,827	3.0%	\$ 340,501	2.9%	\$ 350,371	2.8%	\$ 360,882	2.8%	\$ 371,708	2.9%
SALES & MARKETING	\$ 794,041	7.5%	\$ 855,299	7.3%	\$ 890,991	7.2%	\$ 914,321	7.2%	\$ 938,266	7.2%
<b>TOTAL DEDUCTS FROM INCOME</b>	<b>\$ 2,238,934</b>	<b>21.1%</b>	<b>\$ 2,404,509</b>	<b>20.5%</b>	<b>\$ 2,499,833</b>	<b>20.2%</b>	<b>\$ 2,567,462</b>	<b>20.2%</b>	<b>\$ 2,636,936</b>	<b>20.2%</b>
<b>HOUSE PROFIT</b>	<b>\$ 4,819,324</b>	<b>45.5%</b>	<b>\$ 5,662,421</b>	<b>48.3%</b>	<b>\$ 6,194,234</b>	<b>50.1%</b>	<b>\$ 6,349,181</b>	<b>50.0%</b>	<b>\$ 6,508,003</b>	<b>49.9%</b>
<b>OTHER DEDUCTIONS</b>										
FF&E ESCROW	\$ 211,744	2.0%	\$ 351,493	3.0%	\$ 494,995	4.0%	\$ 634,945	5.0%	\$ 651,574	5.0%
BASE/SYSTEM FEES/CHAIN SVSCS	\$ 635,232	6.0%	\$ 820,149	7.0%	\$ 989,990	8.0%	\$ 1,015,912	8.0%	\$ 1,042,518	8.0%
ASSET MANAGEMENT FEE	\$ 131,215	1.2%	\$ 150,374	1.3%	\$ 158,046	1.3%	\$ 156,923	1.2%	\$ 160,844	1.2%
BUILDING/LIABILITY INSURANCE	\$ 100,000	0.9%	\$ 102,000	0.9%	\$ 104,040	0.8%	\$ 106,121	0.8%	\$ 108,243	0.8%
EQUIPMENT RENTAL/OTHER	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
PROPERTY TAXES/MISC TAXES	\$ 300,000	2.8%	\$ 306,000	2.6%	\$ 312,120	2.5%	\$ 318,362	2.5%	\$ 324,730	2.5%
GROUND LEASE	\$ 291,983	2.8%	\$ 323,431	2.8%	\$ 341,933	2.8%	\$ 350,775	2.8%	\$ 359,846	2.8%
<b>TOTAL OTHER DEDUCTIONS</b>	<b>\$ 1,670,174</b>	<b>15.8%</b>	<b>\$ 2,053,447</b>	<b>17.5%</b>	<b>\$ 2,401,125</b>	<b>19.4%</b>	<b>\$ 2,583,038</b>	<b>20.3%</b>	<b>\$ 2,647,754</b>	<b>20.3%</b>
<b>NET HOUSE PROFIT</b>	<b>\$ 3,149,149</b>	<b>29.7%</b>	<b>\$ 3,608,974</b>	<b>30.8%</b>	<b>\$ 3,793,109</b>	<b>30.7%</b>	<b>\$ 3,766,142</b>	<b>29.7%</b>	<b>\$ 3,860,249</b>	<b>29.6%</b>
<b>NOI PER KEY</b>	<b>\$ 18,634</b>		<b>\$ 21,355</b>		<b>\$ 22,444</b>		<b>\$ 22,285</b>		<b>\$ 22,842</b>	

	Full Year - Summary - Earnings Statement																	Compare					
	Year - January-December, 2022 - Primary Forecast																						
	January 2022 (ACT)	February 2022 (ACT)	March 2022 (ACT)	April 2022 (ACT)	May 2022 (ACT)	June 2022 (ACT)	July 2022 (ACT)	August 2022 (ACT)	September 2022	October 2022	November 2022	December 2022	Total		Budget Last Year January-December 2021		Variance		Actuals Last Year January-December 2021		Variance		
	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	%REV	AMT	%REV	AMT	%REV	AMT	%REV	AMT	%REV	
Marina Inn Dana Point																							
AVAILABLE ROOMS	4,278	3,864	4,278	4,140	4,278	4,140	4,216	4,216	4,080	4,216	4,080	4,216	50,002		49,984		10	0.0	49,984		10	0.0	
OCCUPIED ROOMS	1,598	2,136	2,851	2,443	2,541	3,127	3,440	3,091	2,806	2,270	2,162	2,176	30,641	99.3	27,083	99.3	3,558	0.0	30,310	99.4	1,111	-0.1	
OCCUPANCY %	37.4	55.3	66.6	59.0	59.4	75.5	81.6	73.3	68.8	53.8	53.0	53.6	61.3		54.2		7.1	0.0	60.6		0.6	-0.1	
AVERAGE ROOM RATE	134.16	150.73	169.80	179.84	180.26	203.94	235.85	202.58	210.83	192.01	161.73	158.34	186.51	99.3	140.50	99.3	46.01	0.0	169.03	99.4	17.47	-0.1	
REV/PAR	50.12	83.32	113.16	106.12	107.07	154.04	192.44	148.52	145.00	103.38	85.65	81.72	114.29		76.13		38.30	0.0	102.50		11.79	-0.1	
DEPARTMENT REVENUE																							
TOTAL ROOMS REVENUE	214,994	321,960	484,098	439,344	458,051	637,726	811,340	626,161	591,593	435,968	349,618	344,551	5,714,703	99.3	3,805,141	99.3	1,909,562	0.0	5,123,370	99.4	591,933	-0.1	
TOTAL OTHER INCOME REVENUE	5,775	3,054	1,998	2,859	1,626	2,379	1,427	4,335	4,315	3,979	3,964	2,892	38,612	0.7	27,500	0.7	11,112	0.0	31,341	0.6	7,277	-0.1	
TOTAL DEPARTMENT REVENUE	220,169	325,024	486,096	442,203	459,677	640,105	812,766	630,496	595,908	439,947	353,582	347,443	5,753,315	100.0	3,832,641	100.0	1,920,674	0.0	5,154,711	100.0	588,606	0.0	
DEPARTMENT EXPENSE																							
ROOM EXPENSE MINUS TA COMMISSION	60,755	57,474	81,588	69,027	72,286	72,252	78,791	83,214	80,574	84,301	77,192	74,267	891,721	15.5	825,626	21.5	66,094	-6.0	824,490	16.0	67,231	-0.1	
TRAVEL AGENT COMMISSIONS	13,176	12,879	19,364	19,548	19,722	31,348	37,479	34,707	26,622	17,871	14,334	14,127	261,176	4.6	152,206	4.0	108,970	0.0	238,236	4.6	22,940	-0.0	
TOTAL FOOD EXPENSE	8,354	13,600	17,955	12,111	13,285	19,920	19,799	17,544	12,156	15,655	12,058	10,688	173,120	0.0	99,903	0.0	73,217	0.0	138,924	0.0	34,197	0.0	
TOTAL DEPARTMENT EXPENSE	82,285	83,953	118,907	100,686	105,293	123,519	136,069	135,466	119,351	117,823	103,584	99,081	1,326,017	23.0	1,077,735	28.1	248,282	-5.1	1,201,649	23.3	124,368	-0.1	
TOTAL DEPARTMENT PROFIT	137,884	241,071	367,189	341,517	354,384	516,586	676,698	495,030	476,557	322,025	248,997	248,362	4,427,298	77.0	2,754,906	71.6	1,672,392	5.1	3,953,061	76.2	474,239	0.3	
UNDISTRIBUTED EXPENSE																							
TOTAL ADMIN AND GENERAL EXPENSE	13,605	18,976	16,742	18,878	22,797	17,555	25,277	21,384	23,467	21,427	19,213	23,696	242,821	4.2	223,023	5.8	19,798	-1.6	244,616	4.7	1,788	-0.2	
CREDIT CARD COMMISSIONS	8,550	9,222	15,947	14,987	21,166	22,480	22,591	21,774	16,239	12,052	9,688	9,520	185,395	2.7	108,447	2.8	76,908	0.4	142,690	2.8	42,656	-0.2	
TOTAL INFORMATION & TELECOMMUNICATIONS EXPENSE	2,642	2,972	2,942	2,574	2,621	2,384	2,657	3,721	2,902	2,947	2,947	2,429	30,948	0.6	20,948	0.8	9,999	-0.2	24,882	0.7	654	-0.1	
TOTAL FRANCHISE FEES	5,910	4,931	4,996	18,744	5,439	7,147	5,791	7,327	3,466	3,369	3,582	3,613	74,116	1.3	82,340	2.2	6,724	-0.9	79,866	1.6	5,778	-0.2	
TOTAL SALES & MARKETING EXPENSE	13,802	12,752	12,347	15,758	13,273	13,524	12,545	14,211	14,616	13,946	13,745	13,545	163,958	2.8	165,719	4.3	1,765	-1.5	149,893	2.9	14,125	-0.2	
TOTAL REPAIRS & MAINTENANCE EXPENSE	21,875	25,434	39,484	23,501	23,846	16,844	20,112	22,885	21,556	23,037	23,416	21,749	281,727	4.9	188,739	4.9	92,988	0.0	283,690	5.6	1,950	-0.0	
TOTAL UTILITIES EXPENSE	19,000	21,047	31,460	23,342	22,423	17,981	25,184	30,973	23,150	19,128	18,211	18,203	269,787	4.7	211,218	5.6	46,569	-0.8	242,600	4.7	27,167	-0.0	
TOTAL UNDISTRIBUTED EXPENSE	85,385	95,336	123,427	117,684	111,665	97,913	115,152	121,866	105,485	95,905	88,901	89,316	1,251,975	21.8	1,012,442	26.4	239,533	-4.7	1,178,148	22.9	73,827	-1.2	
GROSS OPERATING PROFIT	52,499	145,735	243,762	223,833	242,779	418,673	561,546	378,164	371,072	226,120	161,095	155,046	3,175,323	55.2	1,742,464	45.5	1,432,839	9.7	2,774,913	53.8	400,410	1.0	
FIXED EXPENSE																							
ASSOCIATION FEES	27,851	28,101	28,980	28,260	32,383	37,137	37,137	0	26,910	26,910	26,910	26,910	327,052	5.7	322,920	8.4	4,132	-2.7	385,445	7.5	58,355	-1.0	
MANAGEMENT FEE	6,605	9,761	14,583	13,256	13,837	19,156	24,383	18,809	17,877	13,195	10,607	10,423	172,494	3.0	114,985	3.0	57,509	0.0	154,635	3.0	37,899	0.0	
ASSET MANAGEMENT FEES	-54,779	54,779	0	7,372	0	0	26,549	0	7,500	7,500	7,500	7,500	63,931	1.1	72,053	1.9	-6,113	-0.8	121,003	2.3	-57,068	-2.3	
INCENTIVE FEE	0	0	131,656	0	0	0	0	0	0	0	0	0	131,656	2.3	0	0	131,656	2.3	0	0.0	131,656	2.3	
LIABILITY INSURANCE	3,503	3,503	13,012	6,778	-413,797	6,776	6,896	9,512	5,055	5,055	5,055	5,055	-343,600	-6.0	58,896	1.5	-402,498	-7.5	59,847	1.2	-403,447	-7.3	
PROPERTY TAX	3,145	3,145	0	0	9,435	3,145	3,145	3,145	3,207	3,207	3,207	3,207	37,988	0.7	37,740	1.0	248	-0.1	37,740	0.7	248	-0.1	
PERSONAL PROPERTY TAX	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	28,155	0.7	-28,155	-0.7	0	0.0	0	0.0	
GROUNDINGS & BLDG LEASES	22,128	12,961	20,151	29,217	24,518	27,978	37,137	46,896	27,471	20,277	16,300	16,017	301,252	5.2	176,508	4.6	124,744	0.6	251,290	4.9	49,962	0.2	
EQUIPMENT LEASES	251	251	341	242	385	243	350	350	359	359	359	359	3,849	0.1	4,308	0.1	-459	-0.0	4,347	0.1	-489	-0.1	
FF&E RESERVE	0	0	19,444	17,688	18,387	25,604	32,511	25,220	23,836	17,594	14,143	13,898	208,325	3.6	0	0.0	208,325	3.6	13,352	0.3	194,973	3.4	
OWNER'S EXPENSE	54,779	-54,779	0	0	0	0	0	0	0	0	0	0	0	0.0	0	0.0	0	0.0	-57,354	-1.1	57,354	1.1	
TOTAL FIXED BEFORE INT & DEP	63,684	57,222	227,747	102,811	-314,872	120,040	168,109	103,931	112,216	94,097	84,082	83,369	902,937	15.7	815,565	21.3	87,372	-5.6	970,306	18.8	67,369	-3.1	
TOTAL NET OPERATING INCOME (LOSS)	-11,185	88,013	16,015	121,022	557,651	298,633	393,436	269,233	258,856	132,023	77,013	71,677	2,272,386	39.5	926,899	24.2	1,345,487	15.3	1,804,608	35.0	467,779	4.3	

# Lower-Cost Visitor-Serving Accommodations Technical Memorandum

City of Dana Point LCP Amendment  
for the Dana Point Harbor Revitalization

DRAFT November 3, 2022

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## Summary

This technical memorandum describes the methodology and analysis used to determine the threshold cut-off between lower-cost and mid-cost hotels relative to the proposed replacement of the Dana Point Marina Inn with the Surf Lodge Hotel. The methodology follows that used in the update to the Morro Bay Local Coastal Program, approved by the Coastal Commission in 2021.

The central focus of this methodology is to calculate the threshold average daily rate (ADR) that determines if a hotel should be considered as a lower-cost hotel. This threshold ADR is the average ADR for economy-class hotels in the jurisdiction, with economy-class hotels defined as those with an ADR in the 20<sup>th</sup> to 40<sup>th</sup> percentile range of all hotels when ranked from lowest to highest.

This analysis is based on a survey of the best available room rates that a Californian would have agreed to in order to book a double-occupancy room for the peak season (July and August) of 2022. The survey covered hotels in the Coastal Zone in Orange County and the area within one mile of the Coastal Zone (collectively referred to as the coastal area). The one-mile area was used to ensure that the survey covered a wide range of hotels, because there are fewer hotels within just the Coastal Zone. Limiting the survey to the Coastal Zone-plus-one-mile area also ensured that the survey included the coastal tourism area without extending too far into the John Wayne Airport area, which includes many hotels focused primarily on business travel.

The analysis finds lower-cost hotels would have a peak season 2022 ADR of \$230 or less. The Marina Inn's average ADR for July and August, 2022, was \$219, placing it in the economy-class group of hotels. The analysis identifies 23 hotels in the coastal area that qualify as lower-cost hotels.

Under the current LCP and the proposed LCP amendment, the proposed Surf Lodge must provide rooms at a rate equal to or less than the existing Marina Inn. For the trailing twelve-month period ending in August 2022, the Marina Inn had an ADR of \$183.70. By providing rooms at an annualized ADR of \$183.70, adjusted in the future for inflation, the proposed Surf Lodge will satisfy Section 30213 of the Coastal Act requiring that lower cost visitor facilities be protected. The hotel would provide evidence of the lower-cost, annualized ADR in an annual report.



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## 1. INTRODUCTION

According to the California Coastal Commission’s (the Commission) Local Coastal Program (LCP) Update Guide, lower-cost visitor-serving accommodations (LCVSA) are one of the primary issues that should be addressed by coastal cities to protect, encourage, and, where feasible, provide lower-cost visitor-serving accommodation facilities. This is necessary to ensure that jurisdictions remain in compliance with the California Coastal Act (Coastal Act) and that the coast remains accessible to the public.

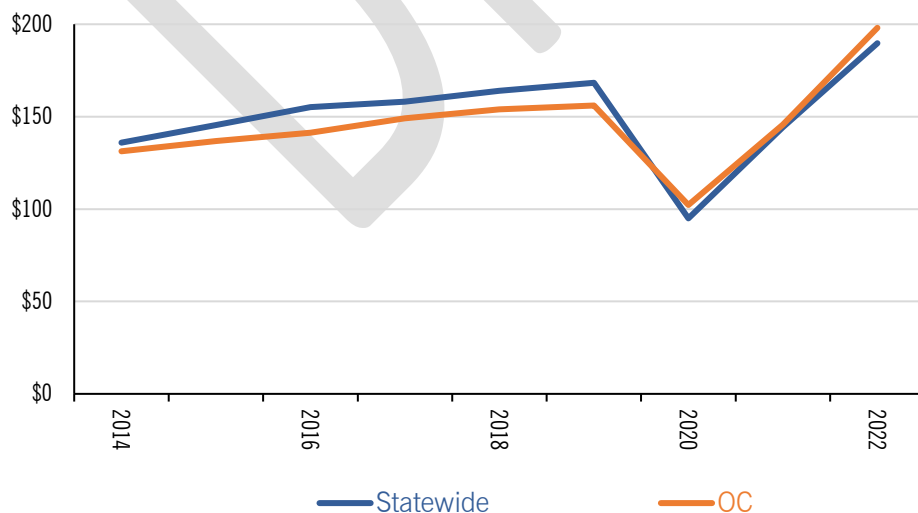
Preserving LCVSA is especially important as accommodation prices continue to rise, especially in coastal jurisdictions throughout California. As discussed below, Dana Point, with several major resorts, has some of the highest ADR rooms in coastal Orange County.

### 1A. Average Daily Room Rates

The average daily room rate (ADR) is the amount of room revenue (excluding taxes and revenues from food sales, parking, etc.) divided by the number of occupied rooms. It is, in essence, a measure of how much the average customer is paying for lodging for one night.

As shown in Figure 1, over the past eight years (May 2014 to May 2022), the ADR statewide and in Orange County steadily increased until the dramatic downturn with the COVID-19 pandemic. Since then, ADRs have bounced back, exceeding the pre-pandemic levels. Statewide, the 2022 ADR was 40 percent higher than that in 2014, and in Orange County the increase was 51 percent.

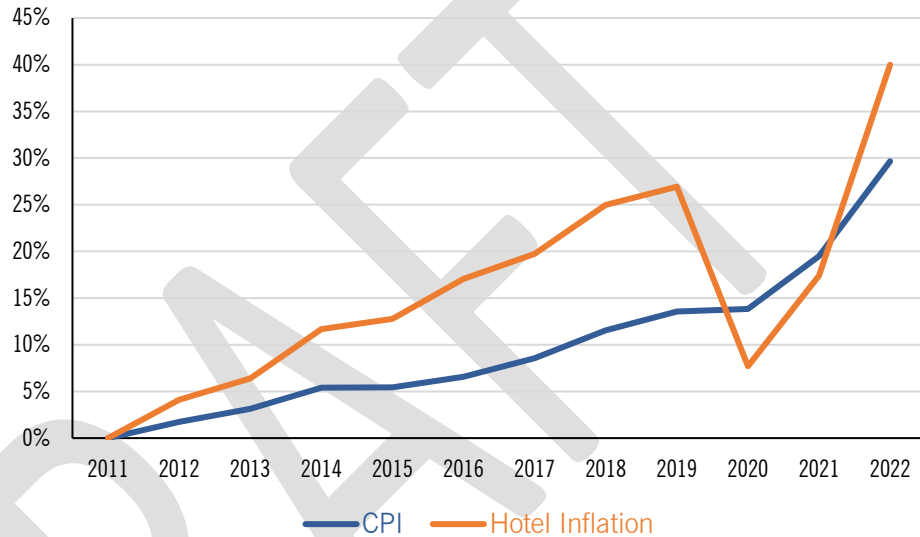
Figure 1: ADR; California and Orange County; May 2014 to May 2022



Source: PlaceWorks, 2022, using data from Smith Travel Research.

Part of the increase in ADRs has been inflationary. The CPI for US household spending for lodging away from home increased at an annualized rate of 3.4 percent per year from 2011 to 2022, while the overall CPI increased 2.4 percent per year. Figure 2 shows the percent inflation for all goods and for lodging away from home. Adjusting for inflation in household spending for lodging away from home, the statewide ADR increased 11 percent from 2014 to 2022, and the Orange County ADR increased 20 percent.

Figure 2: Consumer Price Index for All Urban Consumers, All Items (CPI) and Lodging Away from Home (Hotel Inflation) as Percent Change by Year; US; May 2011 to May 2022



Source: PlaceWorks, 2022, using data from the US Bureau of Labor Statistics as reported on the Federal Reserve Economic Data website.

**1B. The Proposed Project**

The current LCP Amendment proposed by the City of Dana Point (city) reflects several components in one specific project, the Dana Point Harbor Revitalization, rather than a comprehensive general plan and LCP update. Thus, this report focuses on the availability of LCVSAs in specific project rather than citywide efforts to preserve and expand LCVSAs over time.

Within the Dana Point Harbor Revitalization, the specific components (hereinafter the proposed project) addressed in this report are:

- + The removal of the existing lower-cost Marina Inn (136 rooms)
- + The development of a new lower-cost hotel, the Surf Lodge (136 rooms)

The issue addressed by this report is the average daily rate (ADR) at which or below a hotel is considered to provide lower-cost visitor-serving accommodation.

## 1C. Data Sources

PlaceWorks used on a variety of data sources to analyze LCVSA. Some of these data sources include:

- + Coastal Commission staff reports and analyses, especially the LCP update for the City of Morro Bay
- + Smith Travel Research (STR) reports
- + Southern California Association of Governments Existing Land Use Database
- + Google Earth / Google Maps
- + Hotel websites and phone calls to hotels
- + California Coastal Commission guidance on the LCP update process

### 1C(i) STR Data

The analysis considered using STR data to calculate a threshold ADR for classifying lower-cost hotels. However, the STR classification has economy as the cheapest of six classes. As of May 2022, the ADR for STR economy-class hotels in Orange County was \$94, 54.2 percent of the statewide ADR for all hotels. Therefore, the analysis uses the methodology employed in the Morro Bay LCP update approved by the Commission.

The STR Report identifies 37 economy-class hotels (based on the STR methodology) in the coastal cities of Orange County (excluding hotels identified as closed), but only seven of these, or 18.9 percent, report data that are included in the STR performance results, including ADR. For all other hotel classes in the coastal cities, the STR Report identifies 83 hotels, and 54 of these hotels, or 65.1 percent, report data that are included in the STR performance results. Finally, the economy class hotels in the coastal cities that report results to STR account for only 11.5 percent of all hotels in the coastal cities reporting results. Thus, using the average ADR for the STR classification of economy-class hotels in the coastal cities would result in a threshold ADR that only represents about the cheapest six percent of reporting hotels as LCVSA.

Using the data for STR-classified economy-class hotels in the coastal cities of Orange County is a statistically poor basis for drawing public policy conclusions regarding a threshold ADR for determining LCVSA. To provide a larger pool of data for an ADR threshold for lower-cost hotels, PlaceWorks conducted a survey of rates for hotels and motels in Dana Point and the coastal area of Orange County. In addition, the analysis uses the methodology employed in the Commission-approved LCP Update for Morro Bay: using the 20<sup>th</sup> to 40<sup>th</sup> percentile of ADRs to determine the threshold ADR for lower-cost hotels ensures that a larger number of rooms would be protected relative to using the lowest 11.5 percent of reporting hotels.

### 1C(ii) Hotel Rate Survey

The survey was conducted in June and July 2022. Hotel and motel prices were obtained using internet searches and phone calls for the hotels and motels without an internet site. The list of motels was compiled using data from STR, SCAG existing land use data, and Google Earth and Google Maps. The data represent the best available rate per night for double occupancy. The dates queried were July midweek (July 19 to 20), July weekend (July 22 to July 24), August midweek (August 23 to 24), and August weekend (August 26 to 28). The next nearest date was used if a hotel had no basic rooms available for the date(s). The resulting data is a weighted average based on the number of midweek and weekend nights in July and August, and thus represent an average ADR for the 2022 peak season. The actual ADR achieved by each hotel may be different, and in the case of more expensive hotels, which charge higher rates for rooms with views, balconies, and suites, would likely be higher. Nevertheless, the ADR data does represent what a Californian booking a room online, in advance, would have agreed to pay for a standard two-bed double-occupancy room.



Existing Marina Inn (photo from Google Earth, April 2022)

## 2. DEFINING LOWER-COST VISITOR-SERVING ACCOMMODATIONS

To comply with Coastal Act Section 30213, there must be a clear definition of lower-cost accommodations in each community. This definition varies based on both the location and accommodation type. For instance, campgrounds,

cabins, cottages, yurts, hostels, and similar uses are by their nature usually lower cost, and many LCPs identify and protect these facilities as a matter of policy. Hotels and motels may or may not be defined as lower cost, depending on factors such as room rates, types of amenities, and overall quality (California Coastal Commission 2015).

## 2A. Previous Lower-Cost Definitions and Issues

The Commission has historically defined lower-cost or affordable accommodations by looking at market conditions (typically in the county where the jurisdiction updating its LCP is located) and comparing those conditions to a statewide per night room average. This definition has varied slightly between different jurisdictions. In 2008, the Commission indicated that lower cost should be defined by a certain percentage of the statewide average room rate, as calculated by Smith Travel Research ([www.STR.com](http://www.STR.com)) or another comparable study or website (California Coastal Commission 2014). In recent years, coastal cities have used several different variations of this calculation that have been approved by the Commission.

## 2B. Most Recent Lower-Cost Definition

Starting in 2014, the Commission conducted several workshops on the issue of LCVSAs. At the November 3, 2016, workshop, the Commission announced a definition for the calculation of lower-cost hotels and motels that reflects the local market. This method was developed by Maurice Robinson & Associates and consists of a 10-step process that includes obtaining market data from Smith Travel Research, surveying prices through online travel agencies, and calculating average annual rates for the city or county, accounting for both the high and low season. However, this method is time-intensive due to the need to conduct hotel surveys.

As an alternative, the Commission developed a simplified version that all jurisdictions can use to determine their low-cost thresholds. These thresholds are developed by organizing all hotel rates from low to high and dividing the dataset into four tiered classes of affordability based on where each hotel's price falls in the overall range of prices. These thresholds are as follows:

- + Budget: Lowest 20 percent of average room rates
- + Economy: Next 20 percent of average room rates
- + Mid-price: Next 30 percent of average room rates
- + Upscale: Top 30 percent of average room rates

Using ADR data and price thresholds, the simplified method is as follows:

- + Obtain room rate data (from Smith Travel Research or from a survey data) for all local hotels.

- + Rank the hotels from lowest ADR to highest ADR
- + Identify which hotels and motels should be included in the economy segment (i.e., those with an ADR that is in the 20<sup>th</sup> to 40<sup>th</sup> percentile range).
- + Determine the average ADR for economy segment hotels and motels.
- + Use the average ADR as the threshold cutoff between lower-cost and mid-cost hotels and motels in the local area.

The ADR for the economy segment of hotels and motels is to be used as a threshold for lower-cost accommodations, as long as this threshold does not exceed 125 percent of the statewide ADR. This is the methodology that was used in the Commission-approved LCP update Morro Bay (2021) and in the proposed LCP Update by the City of Pismo Beach.

## 2C. Methodology

To determine the area's average ADR, the peak season ADRs for each hotel are put in a table, listed from the lowest ADR to the highest ADR. Figure 3 shows each hotel in the coastal area of Orange County, ranked from the lowest ADR on the left to the highest ADR on the right.

If there were exactly 100 hotels, each with a different ADR, the 20<sup>th</sup> percentile ADR would simply be the ADR for the 20<sup>th</sup> hotel, counting from the lowest. Similarly, the 40<sup>th</sup> percentile ADR would be the ADR for the 40<sup>th</sup> hotel, counting from the lowest.

However, it is more complicated when there are fewer than 100 hotels, which is the case in each of the three geographic areas evaluated for this project. When there are fewer than 100 hotels, the 20<sup>th</sup> percentile value and the 40<sup>th</sup> percentile value will likely lie in between the ADR data for two of the hotels.

There are several statistical approaches to interpolate the 20<sup>th</sup> and 40<sup>th</sup> percentile values. Each approach may produce slightly different estimates. Rather than work out the statistical formulas by hand, the simplest approach, and the one used in the analysis, is to utilize the built in Microsoft Excel function *percentile.exc* applied to the range of ADRs, ranked lowest to highest, for all hotels.

For example, there are 72 hotels included in the survey for the coastal area of Orange County. Using the *percentile.exc* function, the 20<sup>th</sup> percentile ADR value is \$204. There is one hotel with an ADR of \$201 and the next hotel has an ADR of \$206. The hotel with an ADR of \$201 is included in the budget-class hotels (its ADR is less than or equal to the 20<sup>th</sup> percentile ADR of \$205). Similarly, the hotel with an ADR of \$206 is included in the economy-class hotels (its ADR is greater than the 20<sup>th</sup> percentile ADR of \$205).

Similarly, the 40<sup>th</sup> percentile ADR value using the *percentile.exc* function is \$256. There is one hotel with an ADR of \$256, and it is included in the

economy-class hotels (its ADR is less than or equal to the 40<sup>th</sup> percentile ADR of \$256). The next hotel (by increasing ADR) has an ADR of \$257. It is included in the mid-price-class hotels because its ADR is greater than the 40<sup>th</sup> percentile ADR of \$256.

The final step is to determine the threshold ADR for lower-cost hotels. The threshold ADR is the average ADR of the economy class hotels. For the example of the coastal area of Orange County, the average ADR of the economy-class hotels is \$230. The hotels with a peak season ADR less than or equal to this lower-cost threshold of \$230 are considered to be lower cost. It is worth noting that this definition includes all 14 of the budget class hotels (i.e., those with a peak season ADR below the 20<sup>th</sup> percentile) and 8 of the 15 economy class hotels. Figure 3 on the following page shows the average ADR for the economy class hotels in the coastal area of Orange County, which defines the threshold for lower-cost hotels.

There is a follow-on process to determine the threshold ADR that defines the boundary between middle-cost and high-cost hotels. However, this was not an issue in the present case.

### **3. LOWER-COST HOTELS AND MOTELS IN COASTAL ORANGE COUNTY**

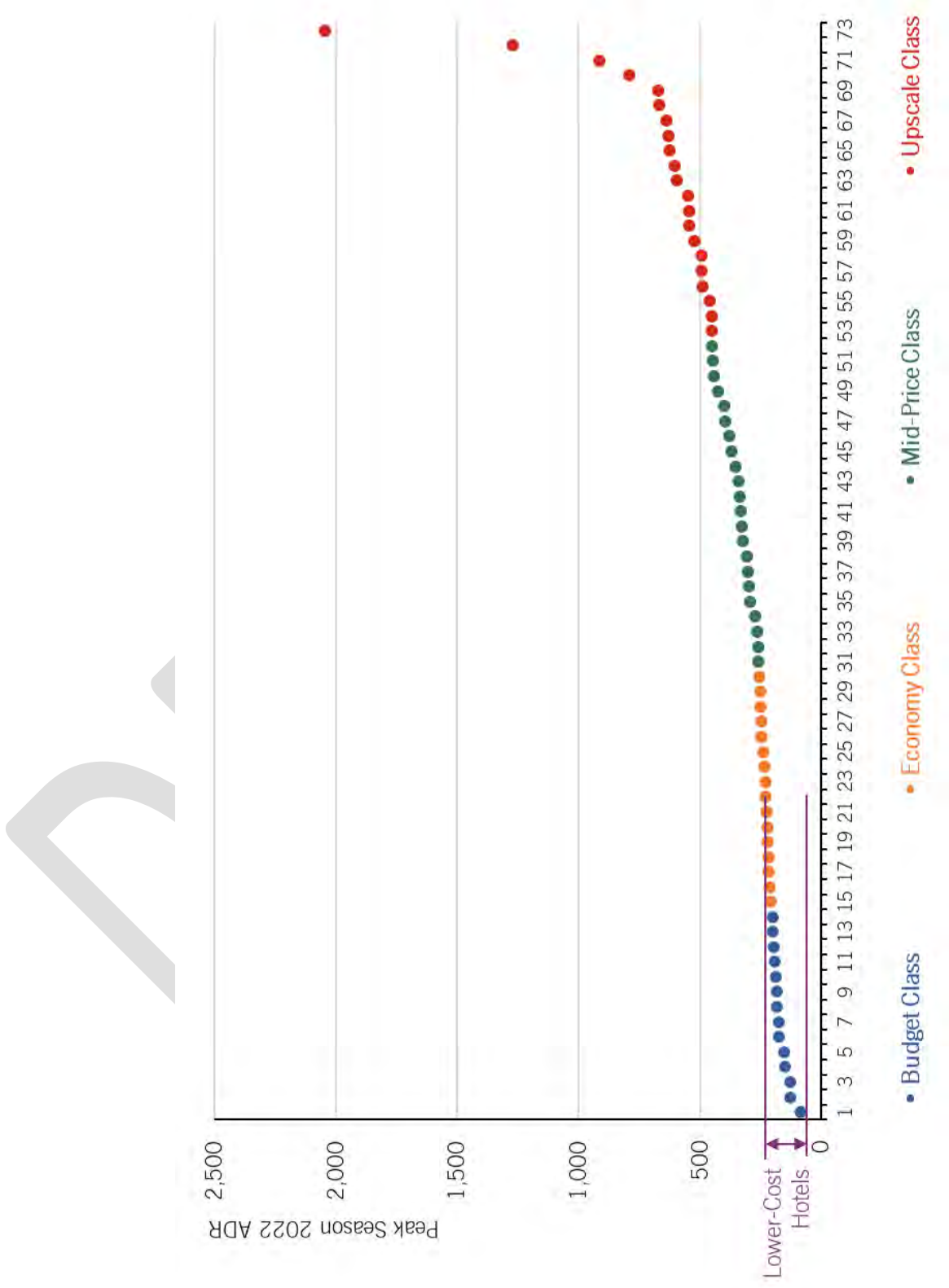
As discussed in more detail below, using only hotels and motels in Dana Point to determine a threshold for LCVSA is problematic because there are several expensive resorts, which skews the results. To provide a more comprehensive basis, the analysis took into consideration the room rates at all hotels and motels in the coastal area of Orange County, which was defined as the Coastal Zone and the area within one mile of the Coastal Zone. The analysis looked at three geographic areas:

- + The coastal area in Dana Point, which includes the entire city.
- + The coastal area in south Orange County, which includes and extends from the City of San Clemente (i.e., the boundary between Orange and San Diego counties) to the City of Laguna Beach (to but not including Crystal Cove State Park).
- + The coastal area of all of Orange County.

The ADR data (representing the best available rates for July and August 2022) used in the analysis is provided in an Appendix at the end of this report in Table A-1 (Dana Point), Table A-2 (coastal south Orange County), and



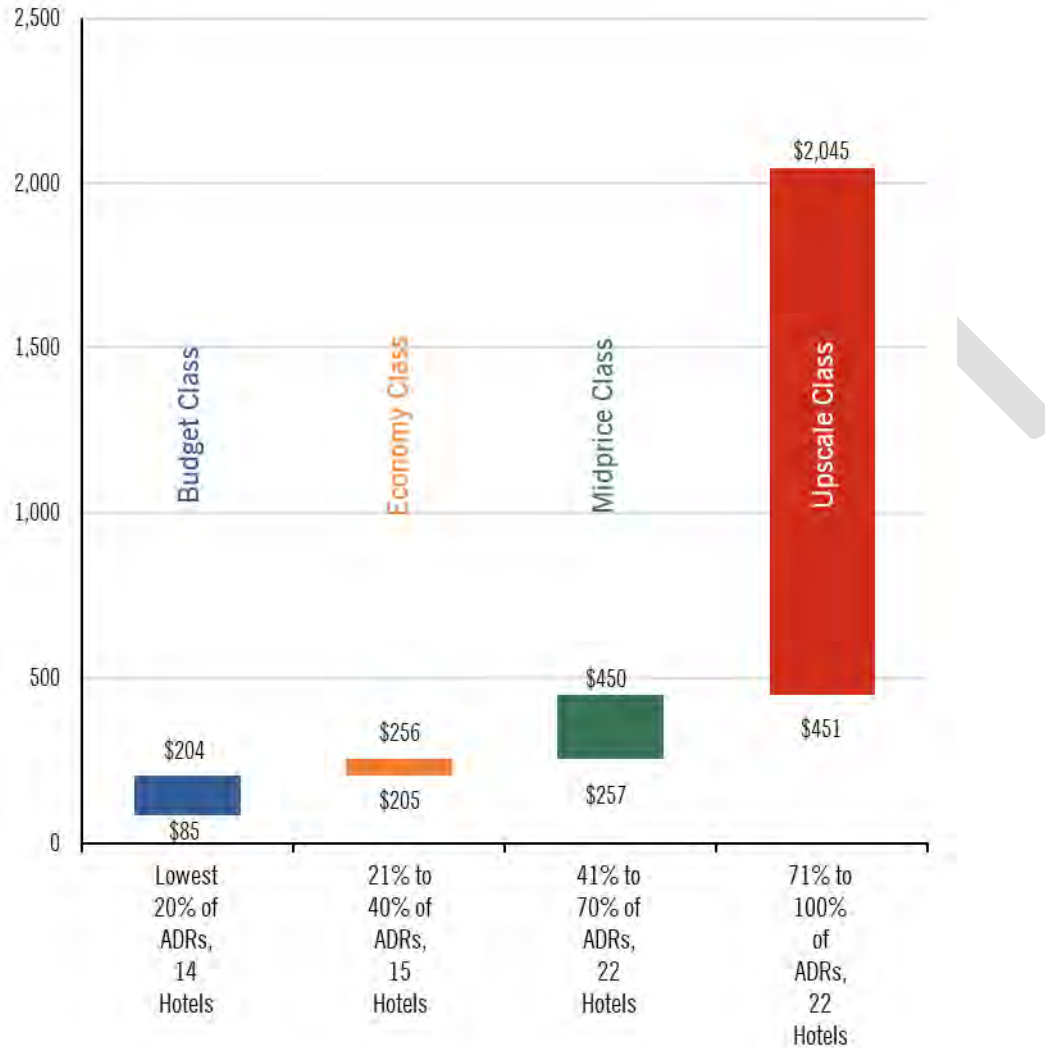
Figure 3: Individual Hotel ADRs by Hotel Classification and Lower Cost Hotels; Coastal Area of Orange County; Peak Season 2022



Source: PlaceWorks, 2022.

Table A-3 (coastal Orange County). The map at the end of the report shows the boundaries and the approximate location of the hotels. Figure 4 below shows the range of ADRs and the number of hotels in coastal Orange County for each of the four classes of hotels.

Figure 4: Range of ADRs and Number of Hotels by Hotel Class; Coastal Orange County; Peak Season 2022



Source: PlaceWorks, 2022.

### 3A. Lower-cost Threshold for Dana Point

For each of the three geographies considered, the analysis ranked the ADRs from lowest to highest and then used the 20th-percentile and 40th-percentile data to identify the economy segment of all hotels and motels, as described previously. The average ADR for the economy segment of hotels and motels would represent the threshold cutoff between lower-cost and mid-cost accommodations. These data are presented in Table 1 below.

Table 1: Definition of Economy Segment Hotels and Motels and the Average ADR of the Economy Segment Hotels and Motels; Dana Point, Coastal South Orange County, and Coastal Orange County; Peak Season (July and August) 2022.

Geographic Coverage	20 <sup>th</sup> Percentile ADR	40 <sup>th</sup> Percentile ADR	Average ADR of Economy Segment Hotels
City of Dana Point	252	362	280
Coastal South Orange County	237	321	272
Coastal Orange County	204	256	230

Source: PlaceWorks, 2022.

Based solely on hotels and motels in Dana Point, the threshold for determining lower cost would be a peak season ADR of \$280. Using a slightly larger area, coastal South Orange County, the threshold ADR decreases to \$272. However, using all of coastal Orange County as a basis, the threshold ADR for determining lower-cost hotels declines to a peak season ADR of \$230.

The final part of the methodology requires that the threshold be lower than the 125 percent of the statewide ADR. For the peak season of 2022, the statewide ADR was \$204, and 125 percent of this statewide rate would be \$255, higher than the threshold of \$230.

Thus, the analysis finds that lower-cost visitor-serving accommodations would have a peak season 2022 peak season ADR less than or equal to \$230. Table 2 identifies the 23 hotels and motels in coastal Orange County that thus qualify as lower cost. The list includes the Dana Point Marina Inn, with its actual peak season ADR of \$219. It was not included in the calculation of the threshold ADR for lower-cost hotels because it is the subject of this analysis.

Table 2: Lower-Cost Hotels and Motels; Coastal Orange County: Peak Season 2022

Hotel	City	Peak Season ADR	Number of Rooms
House of Trestles	San Clemente	85	
Newport Bay Inn	Costa Mesa	129	
Oceana Boutique Hotel	San Clemente	130	18
Hotel Miramar San Clemente	San Clemente	150	
Motel 6 Costa Mesa, CA - Newport Beach	Costa Mesa	157	95
Sunset Inn Costa Mesa	Costa Mesa	175	31
Cozy Inn Costa Mesa	Costa Mesa	178	29

Hotel	City	Peak Season ADR	Number of Rooms
Travelodge by Wyndham OC Airport/ Costa Mesa	Costa Mesa	185	120
OC Hotel Costa Mesa	Costa Mesa	186	57
OceanView Motel	Huntington Beach	189	30
Extended Stay America - Orange County - Huntington Beach	Huntington Beach	194	104
Surf City Inn	Huntington Beach	196	18
The Patriots' Boutique Motel	San Clemente	200	15
Ramada by Wyndham Costa Mesa/Newport Beach	Costa Mesa	201	137
Ocean Surf Inn and Suites	Sunset Beach	206	30
Surfbreak Hotel	San Clemente	210	
Best Western Harbour Inn & Suites	Sunset Beach	214	27
Holiday Inn Express & Suites Costa Mesa, an IHG Hotel	Costa Mesa	216	62
Dana Point Marina Inn	Dana Point	219	136
Best Western Plus Newport Mesa Inn	Costa Mesa	221	97
The Beachfront Inn & Suites at Dana Point	Dana Point	219	31
Casablanca Inn	San Clemente	225	
Always Inn San Clemente Bed & Breakfast	San Clemente	230	

Source: PlaceWorks, 2022.

#### 4. THE PROPOSED PROJECT AND LCVSA

As discussed above, LCVSAs would have a peak season 2022 ADR of \$230 or less. The existing Marina Inn had an ADR of \$219 for the peak season of 2022. In addition, the current LCP and the proposed amendment designate the Marina Inn as a LCVSA.

In the city's current LCP (approved in 2011), the Development Standards and Requirements (section 6.5) requires:

- p) Replacement of Existing Hotel Units: In the event that demolition of the existing lower cost overnight accommodations (presently called the Marina Inn) are proposed, all demolished units shall be replaced in the area designated as Visitor Serving Commercial in the Dana Point Harbor Land Use Plan with units that are of equal or lower-cost than the existing lower cost units to be demolished.*

*Conversion of any existing units to high cost, replacement of any existing units with anything other than lower cost or the construction of any new/additional units that are anything other than lower cost units shall require a Local Coastal Program Amendment to address Coastal Act issues associated with such proposals.*

The city's proposed amendment to the LCP (LCPA19-003) includes similar requirements:

5.2 *Overnight Visitor Accommodations and Recreational Facilities (R)*

*The Dana Point Harbor Revitalization Plan contemplates the construction of two new hotels. One hotel will be a lower cost overnight visitor accommodations hotel of not less than 136 rooms, plus additional lower cost overnight accommodations or amenities that may be required. The lower cost hotel will replace at minimum the 136 rooms at the existing Marina Inn with a new facility located closer to the waterfront to promote a stronger pedestrian connection with the Pedestrian Promenade. The lower cost overnight visitor accommodations hotel is planned to provide additional guest amenities, including an expanded lobby area with guest services, a communal kitchen, ground floor beverage service and seating, upper floor beverage and food services and seating, fitness center, retail space, swimming pool, lockers and laundry. The second hotel is market rate and shall provide up to 130 rooms, up to 8,275 square feet of restaurant and kitchen space, up to 6,000 square feet of special function and meeting rooms with banquet kitchen, 600 square feet of ancillary retail space and a 1,700 square foot fitness center and other outdoor activity facilities. Within the hotel structure, boater service facilities of not less than 6,800 square feet will be provided.*

*The final design of the lower cost visitor accommodations hotel may also include connections to adjoining rooms, allowing multiple bedroom suite accommodations, microwaves and refrigerators, guest available communal kitchen facilities, guest available communal washers and dryers, and dormitory or hostel style accommodations. A majority of rooms would have private decks or balconies for guests to take advantage of the views and oceanfront climate.*

*The Dana Point Harbor Revitalization Plan anticipates at some time in the future, plans will be prepared by interested parties to replace the existing Marina Inn. Conceivably, any future plans, in addition to offering overnight accommodations would also include ancillary*

*services intended to enhance the financial viability of the facility and attract patrons.*

The proposed project would replace the 136-room Marina Inn with the 136-room Surf Lodge. Under the current LCP and the proposed amendment, the new hotel would be limited to an ADR that qualifies as lower cost, i.e., an ADR at or below \$230, and that is equal to or lower than the ADR of the existing Marina Inn. As of August 2022, the Marina Inn's trailing twelve-month ADR was \$183.70. The proposed Surf Lodge would thus be limited to an annual ADR of \$183.70, adjusted for inflation. The hotel would provide evidence of the lower-cost, annualized ADR in an annual report. At this ADR, the proposed project and the proposed LCP amendment satisfy the requirements of the Coastal Act for the preservation of lower-cost visitor-serving accommodations.

*30213. Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.*

*The commission shall not: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, motel, or other similar visitor-serving facility located on either public or private lands; or (2) establish or approve any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities.*

## 5. ALTERNATIVE ACCOMMODATIONS

The primary purpose of this report is to evaluate whether the Dana Point Marina Inn should be classified as lower-cost accommodations, which is based on ADRs at hotels and motels. However, there are two alternative types of accommodation that may offer lower-cost lodging: short-term rentals and campgrounds. The availability of these alternatives is described in the following sections.

### 5A. Short-Term Rentals

An ongoing trend in coastal communities and other popular locations in California is the propagation of private short-term rentals (STRs). Owners of private homes and apartments advertise primarily on the internet. STRs supplement the local accommodation market and provide an alternative to hotels, motels, or campgrounds. Many of these accommodations are larger and can allow an entire family to stay in one home together, rather than requiring multiple hotel rooms. Furthermore, many have common areas, full kitchens, or multiple bathrooms.

In 2016, the City of Dana Point created a short-term rental (STR) program. This program was implemented using the city's Municipal Code Business Regulations. Following a public referendum, the city stopped issuing new permits under this program in 2017. From 2020 to 2022, the city worked to develop an update to the STR Program. The first part of that update, covering STRs in the Coastal Zone is currently pending before the California Coastal Commission. As of October 1, 2021, there were 131 active short-term rental permits. The approximate locations of these active permits are shown in Figure 4.

A survey of rates for STRs was not conducted for this report because the focus of the report is hotels and motels qualifying as lower-cost accommodations. However, a cursory review of asking rates suggests some available STRs are individual room rentals that are similar to hotel and motel lodging, albeit usually with shared restrooms. A portion of these individual room rentals have rates that are comparable to economy-class hotels. However, the majority of short-term rentals were for multifamily and single-family detached dwelling units. And while the rates were substantially above asking rates for motels and hotels, the two are not comparable because these dwelling unit STRs include full kitchens, living areas, and multiple bedrooms.

The city has approved an ordinance, which is now before the Commission, to allow and regulate new short-term rentals in the Coastal Zone. The ordinance would limit the number of non-primary short-term rentals (the owner rents out homes other than their primary residence to visitors) to 185 citywide. There are no limits on primary short-term rentals (the property is the owner's primary residence, and it is rented when traveling or living elsewhere) and home stay short-term rental (the owner rents out a portion of their home while continuing to live in the home while visitors are renting). The primary and non-primary rentals are not exactly comparable to lower-cost hotel accommodations because they include kitchens and living spaces that are not present in a conventional hotel. However, the home-stay rentals are much closer in scale and cost to conventional hotels, and thus, present the potential to substantively increase the number of lower-cost accommodation units in Dana Point.

Figure 5: Approximate Location of Short-Term Rentals; Dana Point; October 2021



Source: City of Dana Point, via <http://maps.digitalmapcentral.com/production/vcommunityview/cities/danapoint/index.aspx?map-Name=short%20term%20rental%20permits2021>.

### 5B. Campgrounds

There is one campground in Dana Point and two others in proximity to the city, one at San Onofre and one at Crystal Cove.

Doheny State Beach is located in Dana Point. The online reservation system currently lists 110 campsites that are either reserved or available for a reservation. Prices range from \$50 to \$65 per night.

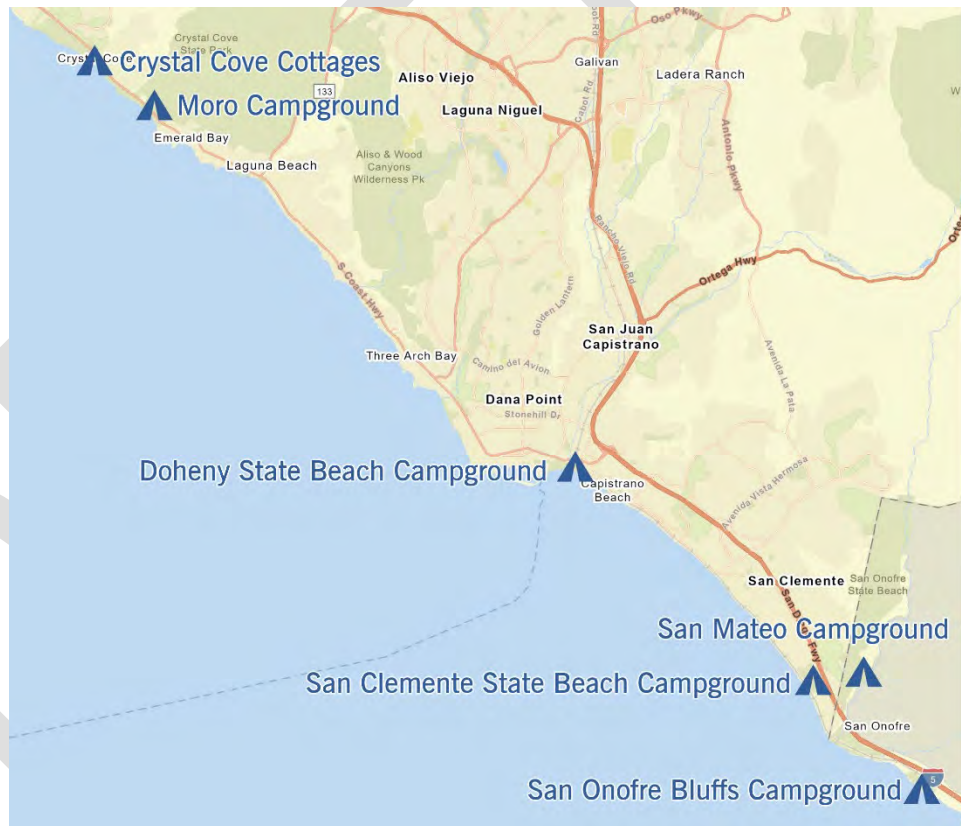
Crystal Cove State Park is located between the cities of Irvine, Laguna Beach, and Newport Beach. Visitors can stay in cottages with kitchens or at the campground. There are 14 individual cottages, ranging in price from \$104 to \$288 per night. There are another 10 dorm-style cottages, with shared kitchens, baths, and living space, and private rooms that range in price from \$41 to \$121 per night. The park also has Moro Campground. The online reservation system currently has 51 campsites that are either reserved or available for



a reservation, with prices ranging from \$55 to \$75 per night. Crystal Cove State Park extends miles inland from the ocean, with additional opportunities for hiking and primitive camping, but this is well beyond the Coastal Zone.

San Clemente State Beach is located at the southern end of the city of San Clemente. The online reservation system currently has 58 RV campsites that are either reserved or available for reservations at \$70 per night. There are another 62 tent campsites ranging in price from \$45 to \$50 per night and two group campsites.

South of San Clemente, in San Diego County, San Onofre State Beach has two campgrounds, San Mateo campground and San Onofre Bluffs campground. There are 333 tent or RV campsites between the two campgrounds. The camp sites range in price from \$45 to \$70 per night.



It does not appear that any of the campgrounds are suitable for significant expansion to increase the availability of lower-cost accommodations. In addition, the high cost of land in and around Dana Point likely inhibits the feasibility of developing new campsites at locations other than existing public beaches and parks. Finally, it is also not clear if the California Department of Parks and Recreation has plans for improvements at these campgrounds.

## Appendix

Table A-1: City of Dana Point Hotels and Motels

Hotel	Address	Peak Season 2022 ADR (\$)
The Beachfront Inn & Suites at Dana Point	34734 Coast Hwy, Capistrano Beach, CA 92624	219
DoubleTree Suites by Hilton Hotel Doheny Beach - Dana Point	34402 E Pacific Coast Hwy, Dana Point, CA 92629	237
Best Western Plus Marina Shores Hotel	34280 E Pacific Coast Hwy, Dana Point, CA 92629	256
Best Western Plus Dana Point Inn-By-The-Sea	34744 E Pacific Coast Hwy, Dana Point, CA 92624	305
Blue Lantern Inn, A Four Sisters Inn	34343 Street of the Blue Lantern, Dana Point, CA 92629	401
Riviera Beach Resort	34630 E Pacific Coast Hwy, Capistrano Beach, CA 92624	451
Riviera Shores Resort by Diamond Resorts	34642 E Pacific Coast Hwy, Dana Point, CA 92624	522
Laguna Cliffs Marriott Resort & Spa	25135 Park Lantern, Dana Point, CA 92629	543
Waldorf Astoria Monarch Beach	1 Monarch Beach Resort N, Dana Point, CA 92629	913
The Ritz-Carlton, Laguna Niguel	One Ritz Carlton Dr, Dana Point, CA 92629	1,270

Source: PlaceWorks, 2022

20th percentile ADR: \$241

40th percentile ADR: \$343

Lower-cost Threshold ADR: \$280

Hotels in orange type are in the economy-class range.

Table A-2: South Coastal Orange County Hotels and Motels

Hotel	Address	Peak Season 2022 ADR (\$)
House of Trestles	2717 S El Camino Real, San Clemente, CA 92672	85
Oceana Boutique Hotel	135 Avenida Algodon, San Clemente, CA 92672	130
Hotel Miramar San Clemente	2222 S El Camino Real, San Clemente, CA 92672	150
The Patriots' Boutique Motel	711 S El Camino Real, San Clemente, CA 92672	200
Surfbreak Hotel	1819 S El Camino Real, San Clemente, CA 92672	210
The Beachfront Inn & Suites at Dana Point	34734 Coast Hwy, Capistrano Beach, CA 92624	219
Casablanca Inn	1601 N El Camino Real, San Clemente, CA 92672	225
Always Inn San Clemente Bed & Breakfast	177 Avenida Cabrillo, San Clemente, CA 92672	230
DoubleTree Suites by Hilton Hotel Doheny Beach-Dana Point	34402 E Pacific Coast Hwy, Dana Point, CA 92629	237
Sonder La Ensenada	1600 S Coast Hwy, Laguna Beach, CA 92651	244
Americas Best Value Inn San Clemente Beach	2002 S El Camino Real, San Clemente, CA 92672	250
Comfort Suites San Clemente Beach	3701 S El Camino Real, San Clemente, CA 92672	250
Best Western Plus Marina Shores Hotel	34280 E Pacific Coast Hwy, Dana Point, CA 92629	256
Rodeway Inn San Clemente Beach	1301 N El Camino Real, San Clemente, CA 92672	260
Seaside Laguna Inn & Suites	1661 South Coast Highway, Laguna Beach, California 92651	263
Travelodge by Wyndham San Clemente Beach	2441 S El Camino Real, San Clemente, CA 92672	300
Best Western Plus Dana Point Inn-By-The-Sea	34744 E Pacific Coast Hwy, Dana Point, CA 92624	305
The Tides Laguna Beach	460 N Coast Hwy, Laguna Beach, CA 92651	321
Crescent Bay Inn Laguna Beach	1435 N Coast Hwy, Laguna Beach, CA 92651	327
The Volare, Ascend Hotel Collection	111 Avenida de la Estrella, San Clemente, CA 92672	335
Hampton Inn & Suites San Clemente	2481 S El Camino Real, San Clemente, CA 92672	340
Art Hotel Laguna Beach	1404 N Pacific Coast Hwy, Laguna Beach, CA 92651	350
Laguna Beach Lodge	30806 S Coast Hwy, Laguna Beach, CA 92651	371
14 WEST Boutique Hotel	690 S Coast Hwy, Laguna Beach, CA 92651	376
Laguna Riviera	825 S Coast Hwy, Laguna Beach, CA 92651	395
Blue Lantern Inn, A Four Sisters Inn	34343 Street of the Blue Lantern, Dana Point, CA 92629	401
Capri Laguna	1441 S Coast Hwy, Laguna Beach, CA 92651	425
La Casa Del Camino	1289 S Coast Hwy, Laguna Beach, CA 92651	441
Casa Tropicana Boutique Beachfront Hotel	610 Avenida Victoria, San Clemente, CA 92672	450
Riviera Beach Resort by Diamond Resorts	34630 Pacific Coast Hwy, Capistrano Beach, CA 92624	451
Riviera Beach Resort	34630 E Pacific Coast Hwy, Capistrano Beach, CA 92624	451
Beachcomber Inn	533 Avenida Victoria, San Clemente, CA 92672	460
The Inn at Laguna Beach	211 N Pacific Coast Hwy, Laguna Beach, CA 92651	493
Laguna Beach House	475 N Coast Hwy, Laguna Beach, CA 92651	493
Riviera Shores Resort by Diamond Resorts	34642 E Pacific Coast Hwy, Dana Point, CA 92624	522

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Hotel	Address	Peak Season 2022 ADR (\$)
Laguna Cliffs Marriott Resort & Spa	25135 Park Lantern, Dana Point, CA 92629	543
Casa Laguna Hotel & Spa	2510 S Coast Hwy, Laguna Beach, CA 92651	545
Pacific Edge Hotel	647 S Coast Hwy, Laguna Beach, CA 92651	549
Surf and Sand Resort	1555 S Coast Hwy, Laguna Beach, CA 92651	626
Hotel Joaquin	985 N Coast Hwy, Laguna Beach, CA 92651	629
The Ranch at Laguna Beach	31106 Coast Hwy, Laguna Beach, CA 92651	637
Waldorf Astoria Monarch Beach	1 Monarch Beach Resort N, Dana Point, CA 92629	913
The Ritz-Carlton, Laguna Niguel	One Ritz Carlton Dr, Dana Point, CA 92629	1,270
Montage Laguna Beach	30801 S Coast Hwy, Laguna Beach, CA 92651	2,045

Source: PlaceWorks, 2022.

20th percentile ADR: \$237

40th percentile ADR: \$321

Lower-cost Threshold ADR: \$272

Hotels in orange type are in the economy-class range.

Table A-3: Coastal Orange County Hotels and Motels

Hotel	Address	Peak Season 2022 ADR
House of Trestles	2717 S El Camino Real, San Clemente, CA 92672	85
Newport Bay Inn	2154 Newport Blvd, Costa Mesa, CA 92627	129
Oceana Boutique Hotel	135 Avenida Algodon, San Clemente, CA 92672	130
Hotel Miramar San Clemente	2222 S El Camino Real, San Clemente, CA 92672	150
Motel 6 Costa Mesa, CA - Newport Beach	2274 Newport Blvd, Costa Mesa, CA 92627	157
Sunset Inn Costa Mesa	2100 Newport Blvd, Costa Mesa, CA 92627	175
Cozy Inn Costa Mesa	325 W Bay St, Costa Mesa, CA 92627	178
Travelodge by Wyndham Orange County Airport/ Costa Mesa	1400 Bristol St Suite A, Costa Mesa, CA 92626	185
OC Hotel Costa Mesa	2430 Newport Blvd, Costa Mesa, CA 92627	186
OceanView Motel	16196 CA-1, Huntington Beach, CA 92649	189
Extended Stay America - Orange County - Huntington Beach	5050 Skylab Rd, Huntington Beach, CA 92647	194
Surf City Inn	16220 CA-1, Huntington Beach, CA 92649	196
The Patriots' Boutique Motel	711 S El Camino Real, San Clemente, CA 92672	200
Ramada by Wyndham Costa Mesa/Newport Beach	1680 Superior Ave, Costa Mesa, CA 92627	201
Ocean Surf Inn and Suites	16555 CA-1, Sunset Beach, CA 90742	206
Surfbreak Hotel	1819 S El Camino Real, San Clemente, CA 92672	210
Best Western Harbour Inn & Suites	16912 Pacific Coast Hwy, Sunset Beach, CA 90742	214
Holiday Inn Express & Suites Costa Mesa, an IHG Hotel	2070 Newport Blvd, Costa Mesa, CA 92627	216
The Beachfront Inn & Suites at Dana Point	34734 Coast Hwy, Capistrano Beach, CA 92624	219
Best Western Plus Newport Mesa Inn	2642 Newport Blvd, Costa Mesa, CA 92627	221
Casablanca Inn	1601 N El Camino Real, San Clemente, CA 92672	225
Always Inn San Clemente Bed & Breakfast	177 Avenida Cabrillo, San Clemente, CA 92672	230
Huntington Surf Inn	720 Pacific Coast Hwy, Huntington Beach, CA 92648	231
DoubleTree Suites by Hilton Hotel Doheny Beach-Dana Point	34402 E Pacific Coast Hwy, Dana Point, CA 92629	237
Sonder La Ensenada	1600 S Coast Hwy, Laguna Beach, CA 92651	244
Huntington Beach Inn	800 Pacific Coast Hwy, Huntington Beach, CA 92648	245
Americas Best Value Inn San Clemente Beach	2002 S El Camino Real, San Clemente, CA 92672	250
Comfort Suites San Clemente Beach	3701 S El Camino Real, San Clemente, CA 92672	250
Best Western Plus Marina Shores Hotel	34280 E Pacific Coast Hwy, Dana Point, CA 92629	256
Hilton Irvine/Orange County Airport	18800 MacArthur Blvd, Irvine, CA 92612	257
Rodeway Inn San Clemente Beach	1301 N El Camino Real, San Clemente, CA 92672	260
Seaside Laguna Inn & Suites	1661 S. Coast Highway, Laguna Beach, California 92651	263
Le Chateau Garden Bistro Ayres Hotel	325 Bristol St, Costa Mesa, CA 92626	273

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Hotel	Address	Peak Season 2022 ADR
Newport Channel Inn	6030 West Coast Hwy, Newport Beach, CA 92663	292
Holiday Inn Express Newport Beach, an IHG Hotel	2300 West Coast Hwy, Newport Beach, CA 92663	299
Travelodge by Wyndham San Clemente Beach	2441 S El Camino Real, San Clemente, CA 92672	300
Best Western Plus Dana Point Inn-By-The-Sea	34744 E Pacific Coast Hwy, Dana Point, CA 92624	305
The Tides Laguna Beach	460 N Coast Hwy, Laguna Beach, CA 92651	321
Crescent Bay Inn Laguna Beach	1435 N Coast Hwy, Laguna Beach, CA 92651	327
Little Inn By the Bay	2627 Newport Blvd, Newport Beach, CA 92663	332
The Volare, Ascend Hotel Collection	111 Avenida de la Estrella, San Clemente, CA 92672	335
Hampton Inn & Suites San Clemente	2481 S El Camino Real, San Clemente, CA 92672	340
Art Hotel Laguna Beach	1404 N Pacific Coast Hwy, Laguna Beach, CA 92651	350
Laguna Beach Lodge	30806 S Coast Hwy, Laguna Beach, CA 92651	371
14 WEST Boutique Hotel	690 S Coast Hwy, Laguna Beach, CA 92651	376
Laguna Riviera	825 S Coast Hwy, Laguna Beach, CA 92651	395
Blue Lantern Inn, A Four Sisters Inn	34343 Street of the Blue Lantern, Dana Point, CA 92629	401
Capri Laguna	1441 S Coast Hwy, Laguna Beach, CA 92651	425
La Casa Del Camino	1289 S Coast Hwy, Laguna Beach, CA 92651	441
Hyatt Regency Newport Beach	1107 Jamboree Rd, Newport Beach, CA 92660	446
Casa Tropicana Boutique Beachfront Hotel	610 Avenida Victoria, San Clemente, CA 92672	450
Riviera Beach Resort by Diamond Resorts	34630 Pacific Coast Hwy, Capistrano Beach, CA 92624	451
Riviera Beach Resort	34630 E Pacific Coast Hwy, Capistrano Beach, CA 92624	451
Beachcomber Inn	533 Avenida Victoria, San Clemente, CA 92672	460
Balboa Inn	105 Main St, Newport Beach, CA 92661	487
The Inn at Laguna Beach	211 N Pacific Coast Hwy, Laguna Beach, CA 92651	493
Laguna Beach House	475 N Coast Hwy, Laguna Beach, CA 92651	493
Riviera Shores Resort by Diamond Resorts	34642 E Pacific Coast Hwy, Dana Point, CA 92624	522
Laguna Cliffs Marriott Resort & Spa	25135 Park Lantern, Dana Point, CA 92629	543
Casa Laguna Hotel & Spa	2510 S Coast Hwy, Laguna Beach, CA 92651	545
Pacific Edge Hotel	647 S Coast Hwy, Laguna Beach, CA 92651	549
The Waterfront Beach Resort, a Hilton Hotel	21100 Pacific Coast Hwy, Huntington Beach, CA 92648	595
Balboa Bay Resort	Balboa Bay Resort	604
Surf and Sand Resort	1555 S Coast Hwy, Laguna Beach, CA 92651	626
Hotel Joaquin	985 N Coast Hwy, Laguna Beach, CA 92651	629
The Ranch at Laguna Beach	31106 Coast Hwy, Laguna Beach, CA 92651	637
VEA Newport Beach, A Marriott Resort & Spa	900 Newport Center Dr, Newport Beach, CA 92660	666
Hyatt Regency Huntington Beach Resort and Spa	21500 Pacific Coast Hwy, Huntington Beach, CA 92648	671
Lido House, Autograph Collection	3300 Newport Blvd, Newport Beach, CA 92663	792
Waldorf Astoria Monarch Beach	1 Monarch Beach Resort N, Dana Point, CA 92629	913

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Hotel	Address	Peak Season 2022 ADR
The Ritz-Carlton, Laguna Niguel	One Ritz Carlton Dr, Dana Point, CA 92629	1,270
Montage Laguna Beach	30801 S Coast Hwy, Laguna Beach, CA 92651	2,045

Source: PlaceWorks, 2022.

20th percentile ADR: \$204

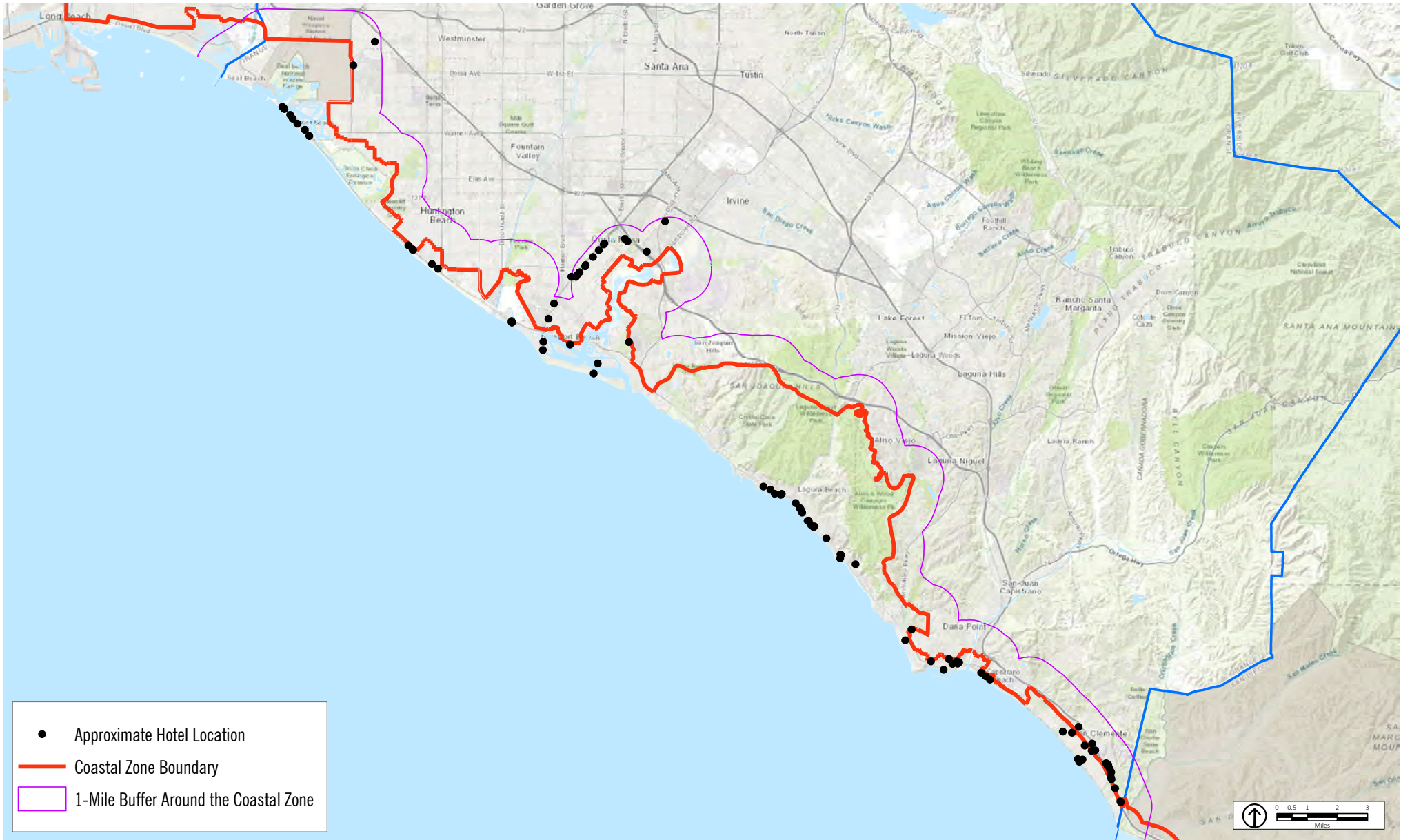
40th percentile ADR: \$256

Lower-cost Threshold ADR: \$230

Hotels in orange type are in the economy-class range.

DRAFT

APPROXIMATE LOCATION OF HOTELS INCLUDED IN THE RATE SURVEY





## MEMORANDUM

Date: DRAFT March 1, 2023

To: Anthony Wrzosek, Vice President, Planning & Development  
R.D. Olson Development

From: Steve Gunnells, Chief Economist

Subject: Response to Question 2, Notice of Incomplete II

In the December 14, 2022 Notice of Incomplete II, California Coastal Commission staff asked for additional information about the analysis of average daily rates in regard to lower-cost visitor-serving accommodations and the Dana Point Marina Inn. Each of staff's four requests is addressed below.

*2a. An additional column, for comparison purposes to the peak season ADRs, in Table 1 of the Technical Memorandum that calculates the average annualized ADR of Economy Segment Hotels in Dana Point.*

The original analysis used a survey of best available rates for peak season (July and August) 2022. Based on these rates, the analysis identified those hotels that were economy class based on the 20<sup>th</sup> to 40<sup>th</sup> percentile ranking of peak season ADRs. In response to the Coastal Commission staff, STR Trend Reports for the hotels identified as economy class in each of the three geographic areas considered were obtained. With the timing of the request, the most recent STR data included the 12-month average for the period from January through December 2022. An additional column with the annual ADR is added to Table 1:

**Table 1: Definition of Economy Segment Hotels and Motels and the Average ADR of the Economy Segment Hotels and Motels; Dana Point, Coastal South Orange County, and Coastal Orange County; Peak Season (July and August) 2022.**

Geographic Coverage	20 <sup>th</sup> Percentile ADR	40 <sup>th</sup> Percentile ADR	Average 2022 Peak Season ADR of Economy Segment Hotels	Average Trailing 12-Month ADR (Dec, 2022)
City of Dana Point	\$252	\$362	\$280	\$198
Coastal South Orange County	\$237	\$321	\$272	\$183
Coastal Orange County	\$204	\$256	\$230	\$177

Source: PlaceWorks, 2022.

Note: As discussed in the original report, Coastal South Orange County and Coastal Orange County includes the area within the California Coastal Zone and the area within one mile of the Coastal Zone.

*2b. Justification for why the coverage area for the study of “Coastal Orange County” LCVSAs was defined as “the Coastal Zone and the area within one mile of the Coastal Zone”, and whether hotels solely within the coastal zone could be used, or additional area beyond 1-mile radius could be included,*

#### *Going Beyond the Coastal Zone*

Going beyond the Coastal Zone and expanding the geographic area used to determine the threshold ADR which would qualify a hotel as a lower-cost visitor-serving accommodation was an intentional choice because there are quite a few lower- and moderately-priced hotels just outside of the Coastal Zone boundary (within one mile of the coastal zone boundary), most notably along South El Camino Real in San Clemente and along Newport Boulevard in Costa Mesa. Even though these hotels are not in the Coastal Zone, they are close enough to the beaches and other coastal resources that they are part of the market area for coastal visitors.

As a whole, the hotels within one mile of the Coastal Zone have a peak season ADR lower than the average for the hotels within the Coastal Zone. Thus, including the hotels just outside of the Coastal Zone acts to lower the threshold ADR for determining whether a hotel operates as lower-cost visitor-serving accommodation. For the proposed project, this is a more restrictive condition than using the average ADR for only the hotels within the Coastal Zone.

Table A-3 from the original report is included at the end of this memo. In the version at the end of this memo, those hotels located outside of the Coastal Zone but within one mile are indicated with strikethrough text. From the original table, orange text shows the hotels with ADRs in the 20<sup>th</sup> to 40<sup>th</sup> percentile range, which are used to determine the threshold ADR for lower-cost visitor-serving accommodations, using the Coastal Zone plus one mile area. The economy-class hotels would have had a 2022 peak season ADR between \$204 and \$256. In the table presented at the end of this memo, green high-lighting is used to indicate the economy-class hotels (those in the 20<sup>th</sup> to 40<sup>th</sup> percentile 2022 peak season ADR range) using only hotels located in the Coastal Zone. These economy-class hotels would have had a peak season ADR between \$244 and \$339. Finally, the average peak season 2022 ADR for economy-class hotels using the Coastal Zone plus one mile area would have been \$230; using only hotels in the Coastal Zone the average ADR would have increased to \$290.

#### *Stopping at One Mile*

Limiting the extent of the expanded analysis area to one mile from the Coastal Zone was also an intentional choice, based on the unique geography of Orange County. Going farther away from the Coastal Zone, hotels transition from primarily serving the coastal-visitor leisure-travel market to primarily serving the business travel market. This is especially true in central Orange County with the airport area in Newport Beach, the Irvine Business Complex, and South Coast Metro area in Costa Mesa. Based on PlaceWorks’ expertise with development and economic patterns in Orange County, a one-mile boundary most effectively splits the two travel markets.

Extending the analysis area farther than one mile in central Orange County would fundamentally alter the character of what is being evaluated. There could be additional area included in Huntington Beach and parts

of Southern Orange County that would not necessarily pick up primarily business-travel hotels. However, varying the geographic boundary might be viewed as less objective.

*2c. Page 10 of the Technical Memorandum states that “The final part of the methodology requires that the threshold be lower than the 125 percent of the statewide ADR.” However, as correctly noted in the City’s response and the letter dated June 2, 2022 from Sherman L. Stacey, the Commission has typically viewed lower-cost hotel rates as less than 75% of the annualized statewide average, with seasonal flexibility for those rates in some particular cases (i.e., “peak season rates”). Using the Commission’s typical methodology, the lower-cost rate of the 2022 peak season would be \$153. Please discuss whether the project proponent has or will consider this rate for some or all lower-cost rooms proposed.*

The October 26, 2016 Coastal Commission staff report (Public Workshop: Lower Cost Visitor Serving Accommodations, Th6), discusses methods to determine which hotels should be considered lower-cost visitor-serving accommodations. Noting that some of these methods can be complex, costly, and time-consuming, staff recommends that the Commission allow that a jurisdiction can simply use a threshold ADR that is 75 percent of the statewide average ADR.

The report also indicates that a more complex methodology may be used when the resulting threshold ADR will be less than 125 percent of the statewide average ADR, because anything over 125 percent of the statewide ADR is not lower cost:

*Preliminary Staff Recommendation 1 – Defining Lower Cost Hotel Rate*

*Staff recommends that the Commission utilize Robinson’s simplified method (described above) to determine lower cost hotel rates when evaluating new hotel projects. However, this determination only needs to be made if the proposed hotel rates would be less than 125% of the statewide average rate. The reason for only applying the method if the proposed rate would be less than 125% of the statewide average is because hotels with more expensive rates are not lower or moderate cost, and there is no reason to conduct an analysis to demonstrate this fact. Thus, the vast majority of new hotel projects would not need to perform the analysis (i.e., if the proposed rates are more than 125% of the statewide average, then they are not considered lower or moderate cost in any case). For new hotel projects that are less than 125% of the statewide average daily rate, this will require project applicants to develop the information needed to follow the simplified Robinson method. However, local governments, through certification of new or amended LCP policies could carry out the method for a community or jurisdiction, providing a threshold rate for lower cost hotels that can be increased based on an appropriate index, with periodic updates to the survey (e.g., every ten years).*

*Coastal Commission Staff Report, Th6, October 16, 2016, page 30.*

The statement on page 10 of the Technical Memorandum is simply demonstrating that the threshold ADR being used to determine whether the Dana Point Marina Inn and the replacement Surf Lodge qualify as lower cost meets this standard of being less than 125 percent of the statewide ADR. The analysis does not use the 125 percent datum as the threshold but uses a lower threshold based on actual report results of hotels in the

analysis area, following the methodology used in the LCP Update for Morro Bay, which was approved by the Coastal Commission in 2021.

Dana Point's current LCP and the proposed amendment require that the proposed Surf Lodge provide rooms at or below the rate charged by the existing Marina Inn. For the Marina Inn, the trailing 12-month as of December 2022 was \$186.

*2d. For the feasibility scenarios where dorm-style rooms are contemplated (Scenarios 1 and 6), please discuss in-depth the methodology to calculate the lower-cost ADR per dormitory bed.*

There are very few dorm-style lodging facilities in Orange County. Along the coast, there is House of Trestles in San Clemente, which features an 8-bed dorm room renting for \$24 to \$39 per bed. Inland, there are BP Hostels in Anaheim, which features two, 6-bed dorm rooms renting for \$26 to \$40 per bed; and two in Santa Ana—the Orange Mago Garden House, with three, 3-bed dorm rooms renting for \$50 per bed, and Homes for the Soul, with a 5-bed dorm room renting for \$21 per bed. Hostel International used to have a facility in Fullerton with three, 4-bed dorm rooms, but that has closed.

The Surf Lodge proposed room configuration in Scenario 1 would feature three, 16-bed dorm rooms renting for prices ranging from \$20 to \$40 per bed. The relatively crowded conditions (16 beds per room at the Surf Lodge vs. 3, 5, 6 or 8 beds per room at the competitive facilities) would likely result in lower per-bed occupancy levels for these three dorm rooms, or bed rental prices at the lower end of the range, or both. In other words, if beds were priced at \$20, bed occupancy might be about 70% on an annual basis. If beds were priced at \$30, annual bed occupancy would be lower, at about 45%. In either pricing strategy, the average room rates for each of the entire 16-bed dorm rooms would be higher than the ADR of the other 136 standard private guest rooms, but we do not expect that the total revenues from these three dorm rooms would increase the overall ADR of the Surf Lodge significantly from the \$186 level expected from the 136 standard private rooms.

The Surf Lodge proposed room configuration in Scenario 6 would feature nine, 5-to-6-bed dorm rooms renting for prices ranging from \$25 to \$50 per bed. We do not expect these nine smaller dorm rooms would achieve total revenues per room significantly different than the 136 standard private rooms in the facility.

In any case, we understand that the Commissioners are not in favor of the development of these dorm-style rooms, so we are not presenting either of these scenarios as our preferred alternative.

Table A-3: Coastal Orange County Hotels and Motels

(Table from original report; strikethrough text indicates hotels within one mile of the coastal zone but outside of the Coastal Zone.)

Hotel	Address	Peak Season 2022 ADR
House of Trestles	<del>2717 S El Camino Real, San Clemente, CA 92672</del>	85
Newport Bay Inn	<del>2154 Newport Blvd, Costa Mesa, CA 92627</del>	129
<del>Oceana Boutique Hotel</del>	<del>135 Avenida Algodon, San Clemente, CA 92672</del>	130
Hotel Miramar San Clemente	<del>2222 S El Camino Real, San Clemente, CA 92672</del>	150
<del>Motel 6 Costa Mesa, CA – Newport Beach</del>	<del>2274 Newport Blvd, Costa Mesa, CA 92627</del>	157
<del>Sunset Inn Costa Mesa</del>	<del>2100 Newport Blvd, Costa Mesa, CA 92627</del>	175
<del>Cozy Inn Costa Mesa</del>	<del>325 W Bay St, Costa Mesa, CA 92627</del>	178
<del>Travelodge by Wyndham Orange County Airport/ Costa Mesa</del>	<del>1400 Bristol St Suite A, Costa Mesa, CA 92626</del>	185
<del>OC Hotel Costa Mesa</del>	<del>2430 Newport Blvd, Costa Mesa, CA 92627</del>	186
<del>OceanView Motel</del>	<del>16196 CA-1, Huntington Beach, CA 92649</del>	189
<del>Extended Stay America – Orange County – Huntington Beach</del>	<del>5050 Skylab Rd, Huntington Beach, CA 92647</del>	194
<del>Surf City Inn</del>	<del>16220 CA-1, Huntington Beach, CA 92649</del>	196
<del>The Patriots' Boutique Motel</del>	<del>711 S El Camino Real, San Clemente, CA 92672</del>	200
<del>Ramada by Wyndham Costa Mesa/Newport Beach</del>	<del>1680 Superior Ave, Costa Mesa, CA 92627</del>	201
Ocean Surf Inn and Suites	16555 CA-1, Sunset Beach, CA 90742	206
Surfbreak Hotel	1819 S El Camino Real, San Clemente, CA 92672	210
Best Western Harbour Inn & Suites	16912 Pacific Coast Hwy, Sunset Beach, CA 90742	214
<del>Holiday Inn Express &amp; Suites Costa Mesa, an IHG Hotel</del>	<del>2070 Newport Blvd, Costa Mesa, CA 92627</del>	216
The Beachfront Inn & Suites at Dana Point	34734 Coast Hwy, Capistrano Beach, CA 92624	219
<del>Best Western Plus Newport Mesa Inn</del>	<del>2642 Newport Blvd, Costa Mesa, CA 92627</del>	221
Casablanca Inn	1601 N El Camino Real, San Clemente, CA 92672	225
Always Inn San Clemente Bed & Breakfast	177 Avenida Cabrillo, San Clemente, CA 92672	230
Huntington Surf Inn	720 Pacific Coast Hwy, Huntington Beach, CA 92648	231
DoubleTree Suites by Hilton Hotel Doheny Beach-Dana Point	34402 E Pacific Coast Hwy, Dana Point, CA 92629	237
Sonder La Ensenada	1600 S Coast Hwy, Laguna Beach, CA 92651	244

Hotel	Address	Peak Season 2022 ADR
Huntington Beach Inn	800 Pacific Coast Hwy, Huntington Beach, CA 92648	245
Americas Best Value Inn San Clemente Beach	2002 S El Camino Real, San Clemente, CA 92672	250
Comfort Suites San Clemente Beach	3701 S El Camino Real, San Clemente, CA 92672	250
Best Western Plus Marina Shores Hotel	34280 E Pacific Coast Hwy, Dana Point, CA 92629	256
Hilton Irvine/Orange County Airport	18800 MacArthur Blvd, Irvine, CA 92612	257
Rodeway Inn San Clemente Beach	1301 N El Camino Real, San Clemente, CA 92672	260
Seaside Laguna Inn & Suites	1661 S. Coast Highway, Laguna Beach, California 92651	263
Le Chateau Garden Bistro Ayres Hotel	325 Bristol St, Costa Mesa, CA 92626	273
Newport Channel Inn	6030 West Coast Hwy, Newport Beach, CA 92663	292
Holiday Inn Express Newport Beach, an IHG Hotel	2300 West Coast Hwy, Newport Beach, CA 92663	299
Travelodge by Wyndham San Clemente Beach	2441 S El Camino Real, San Clemente, CA 92672	300
Best Western Plus Dana Point Inn-By-The-Sea	34744 E Pacific Coast Hwy, Dana Point, CA 92624	305
The Tides Laguna Beach	460 N Coast Hwy, Laguna Beach, CA 92651	321
Crescent Bay Inn Laguna Beach	1435 N Coast Hwy, Laguna Beach, CA 92651	327
Little Inn By the Bay	2627 Newport Blvd, Newport Beach, CA 92663	332
The Volare, Ascend Hotel Collection	111 Avenida de la Estrella, San Clemente, CA 92672	335
Hampton Inn & Suites San Clemente	2481 S El Camino Real, San Clemente, CA 92672	340
Art Hotel Laguna Beach	1404 N Pacific Coast Hwy, Laguna Beach, CA 92651	350
Laguna Beach Lodge	30806 S Coast Hwy, Laguna Beach, CA 92651	371
14 WEST Boutique Hotel	690 S Coast Hwy, Laguna Beach, CA 92651	376
Laguna Riviera	825 S Coast Hwy, Laguna Beach, CA 92651	395
Blue Lantern Inn, A Four Sisters Inn	34343 Street of the Blue Lantern, Dana Point, CA 92629	401
Capri Laguna	1441 S Coast Hwy, Laguna Beach, CA 92651	425
La Casa Del Camino	1289 S Coast Hwy, Laguna Beach, CA 92651	441
Hyatt Regency Newport Beach	1107 Jamboree Rd, Newport Beach, CA 92660	446
Casa Tropicana Boutique Beachfront Hotel	610 Avenida Victoria, San Clemente, CA 92672	450
Riviera Beach Resort by Diamond Resorts	34630 Pacific Coast Hwy, Capistrano Beach, CA 92624	451

Hotel	Address	Peak Season 2022 ADR
Riviera Beach Resort	34630 E Pacific Coast Hwy, Capistrano Beach, CA 92624	451
Beachcomber Inn	533 Avenida Victoria, San Clemente, CA 92672	460
Balboa Inn	105 Main St, Newport Beach, CA 92661	487
The Inn at Laguna Beach	211 N Pacific Coast Hwy, Laguna Beach, CA 92651	493
Laguna Beach House	475 N Coast Hwy, Laguna Beach, CA 92651	493
Riviera Shores Resort by Diamond Resorts	34642 E Pacific Coast Hwy, Dana Point, CA 92624	522
Laguna Cliffs Marriott Resort & Spa	25135 Park Lantern, Dana Point, CA 92629	543
Casa Laguna Hotel & Spa	2510 S Coast Hwy, Laguna Beach, CA 92651	545
Pacific Edge Hotel	647 S Coast Hwy, Laguna Beach, CA 92651	549
The Waterfront Beach Resort, a Hilton Hotel	21100 Pacific Coast Hwy, Huntington Beach, CA 92648	595
Balboa Bay Resort	Balboa Bay Resort	604
Surf and Sand Resort	1555 S Coast Hwy, Laguna Beach, CA 92651	626
Hotel Joaquin	985 N Coast Hwy, Laguna Beach, CA 92651	629
The Ranch at Laguna Beach	31106 Coast Hwy, Laguna Beach, CA 92651	637
VEA Newport Beach, A Marriott Resort & Spa	900 Newport Center Dr, Newport Beach, CA 92660	666
Hyatt Regency Huntington Beach Resort and Spa	21500 Pacific Coast Hwy, Huntington Beach, CA 92648	671
Lido House, Autograph Collection	3300 Newport Blvd, Newport Beach, CA 92663	792
Waldorf Astoria Monarch Beach	1 Monarch Beach Resort N, Dana Point, CA 92629	913
The Ritz-Carlton, Laguna Niguel	One Ritz Carlton Dr, Dana Point, CA 92629	1,270
Montage Laguna Beach	30801 S Coast Hwy, Laguna Beach, CA 92651	2,045

Source: PlaceWorks, 2022.

20th percentile ADR:	\$204 (Coastal Zone plus one mile)	\$244 (Coastal Zone only)
40th percentile ADR:	\$256 (Coastal Zone plus one mile)	\$339 (Coastal Zone only)
Lower-cost Threshold ADR:	\$230 (Coastal Zone plus one mile)	\$290 (Coastal Zone only)

Hotels in orange type are in the economy-class range using the Coastal Zone plus one mile.

Hotels in green shading are in the economy-class range using only the Coastal Zone.

# GAINES & STACEY, LLP

3197-A Airport Loop Drive  
Costa Mesa, CA 92626  
949-640-8999

To: Brenda Wisneski  
Kurth Nelson  
City of Dana Point

From: Sherman L. Stacey

Date: June 2, 2022

Re: Lower cost accommodation rates at the Coastal Commission

cc: Anthony Wrzosek

The certified Dana Point LCP provides that if the Marina Inn is replaced, the rates at the replacement shall be equal to or less than the existing rates at the Marina Inn. The project proponent, Dana Point Harbor Partners (“DHP”), has proposed to replace the Marina Inn with the 136 room Surf Lodge. In its draft suggested modifications to LCP-A-5-DPT-20-0047 the language referring to existing rates at Marina Inn was deleted and replaced by a rate limited to no higher than 75% of the statewide average. The calculation of 75% of the statewide average presently appears to be approximately \$130 per room per night. This rate limitation would make the project not feasible. The Coastal Commission has shown flexibility in other cases that have allowed different measures for lower cost accommodations and has allowed seasonal flexibility for those rates.

## 1. Public Resources Code Section 30213

The City and the Coastal Commission are limited in both the Local Coastal Program and the Coastal Development Permit decisions to find consistency with Chapter 3 policies and with the public access and recreation policies in the Coastal Act. The principal provision in the Coastal Act is Public Resources Code § 30213 which is part of the public access and recreation policies. Section 30213 provides as follows:

Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.

The commission shall not: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, motel, or other similar visitor-serving facility located on either public or private



lands; or (2) establish or approve any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities.

A finding that a rate limitation no higher than 75% of the statewide rate should not be found consistent with Section 30213 because the project cannot be accomplished with this rate limitation. The suggested modification would require that overnight room rentals be fixed at an amount which cannot be accepted by DPHP as the revenue cannot support the cost of construction and operations.

## 2. The Shore Hotel Used Previous Existing Rates.

On December 12, 2019, the Coastal Commission approved CDP 5-18-0972 for the 164 room Shore Hotel in Santa Monica. Two motels with 72 lower cost rooms were demolished. The Coastal Commission limited 72 rooms in price to replace the 72 lower cost rooms. The Shore Hotel was not limited to 75% of the statewide rate. Rather the Coastal Commission limited the Shore Hotel to a rate determined by the rate at the time of demolition in 2009 (adjusted for changes in CPI) This would be akin to Surf Lodge being limited to the existing rates at the Marina Inn prior to its demolition as expressed currently in the certified LCP. The calculation of this rate for The Shore Hotel resulted in a rate of \$188 per night. This higher rate was allowed in an after-the-fact CDP and is higher than DPHP has proposed for the Surf Lodge.

## 3. The Dillon's Beach Resort was Allowed Much Higher Rates as Lower Cost.

On February 12, 2021, the Coastal Commission approved CDP 2-20-0018 for the permanent placement of 25 recreational vehicles at Dillon's Beach Resort in Marin County. The Coastal Commission limited rates on six of the accommodations. Four of the six "structures" that would comprise the lower cost facilities were 21 foot long Airstream trailers (Model E), pictured on Exhibit A hereto<sup>1</sup>. The remaining two structures (Model A) were also on wheels with interior dimensions less than 8 feet wide and 21 feet long as depicted on Exhibit B hereto<sup>2</sup>. The applicant's proposed rates were shown in a large shaded yellow box, and the limited rates were shown in the lower and smaller unshaded box, both on Exhibit C hereto<sup>3</sup>.

The Commission found that seasonally adjusted rates from between \$99 and \$149 in Winter season to between \$199 to \$249 in Summer season qualified as lower cost<sup>4</sup>. According to the Applicant's shaded table on Exhibit C, the maximum capacity of all of the six proposed lower cost units is 4 persons. This is no less than the capacity of the Surf Lodge double queen rooms.

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<sup>1</sup> Exhibit A is a copy of Page 9 of Exhibit 3 to the Staff Report adopted as Findings for CDP 2-20-0018.

<sup>2</sup> Exhibit B is a copy of Page 3 of Exhibit 3 to the Staff Report adopted as Findings for CDP 2-20-0018.

<sup>3</sup> Exhibit C is a copy of Page 1 of Exhibit 4 to the Staff Report adopted as Findings for CDP 2-20-0018.

<sup>4</sup> See page 37 of Staff Report adopted as Findings for CDP 2-20-0018.

The Commission noted in its findings that the use of the statewide rate was for a two person occupancy and that adjustments should be made for higher available occupancy. This adjustment was found to be 10% for each additional person which could be accommodated. But even with a 20% adjustment for two additional occupants, the rates permitted were only lower in the winter season.<sup>5</sup> The permitted Winter rates up to \$199 per night and Summer season rates up to \$249 per night far exceeded 75% of the statewide average adjusted by 20% ( $\$130 \times 120\% = \$156$ ). Although there were “minimum” rates of \$99 for Winter and \$149 for Summer, there was no requirement that these “minimum” rates ever be charged.

The rate structure accepted by the Commission allowed seasonal adjustments between Winter and Summer. Seasonal adjustments are also necessary for the Surf Lodge. Oceanfront accommodations vary greatly in demand between Winter and Summer. The rates approved at Dillon's Beach are greater than what Surf Lodge proposed. There is no manner in which to reconcile why a 21 foot Airstream trailer is lower cost at \$249 per night in rural Marin County but a much larger hotel room at Surf Lodge in urban Orange County is only lower cost if rented for \$130 per night.

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<sup>5</sup> The Commission Staff Report adopted as Findings for CDP 2-20-0018 also noted that the kitchen facilities provided in the recreational vehicles (which can be seen in Exhibit B hereto) allowed lower cost preparation of meals. The Surf Lodge proposed a large communal kitchen where guests can also achieve lower costs from preparation of meals. Dillon's Beach is in a rural area where restaurant facilities are very limited while Surf Lodge is in a dense urban area with a wide range of lower and higher cost restaurants available to guests within walking distance of Surf Lodge.



Airstream Specs	
Length	21' 8"
Width	8'
Height	9' 3"
Capacity	4

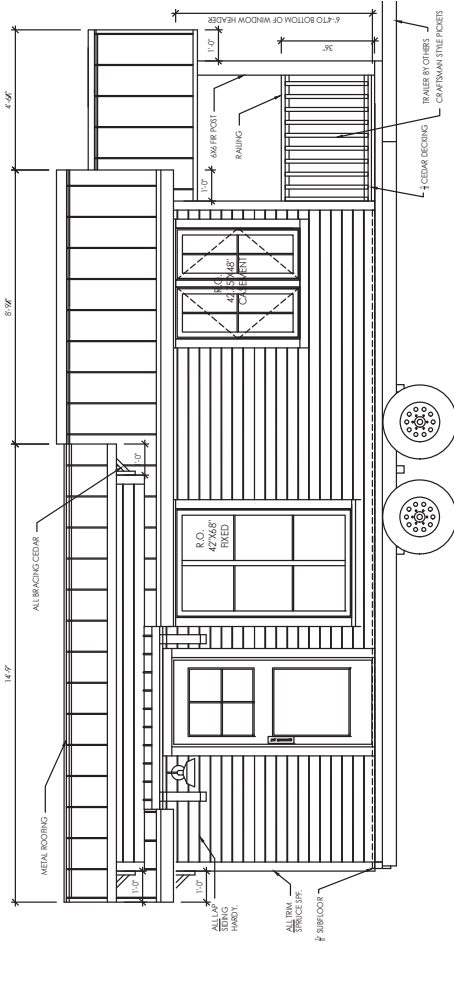


117

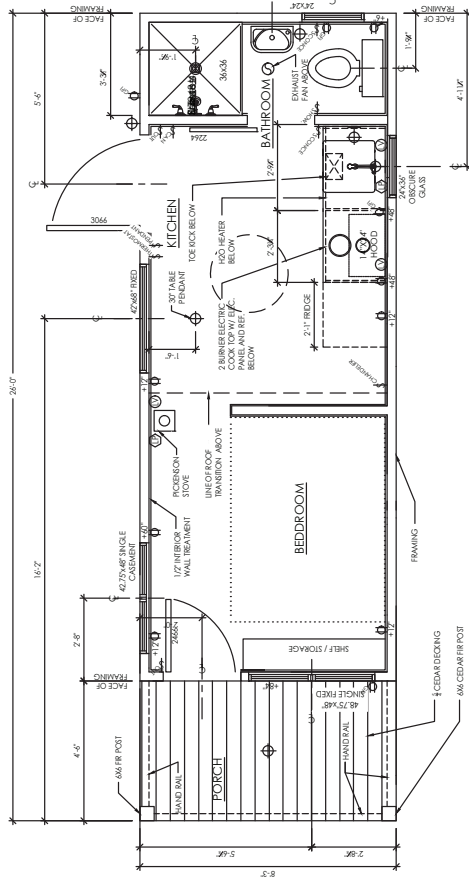
Exact unit specifications not finalized, but this model or something significantly similar will be placed on sites marked with RV model E on the Proposed RV Park Layout



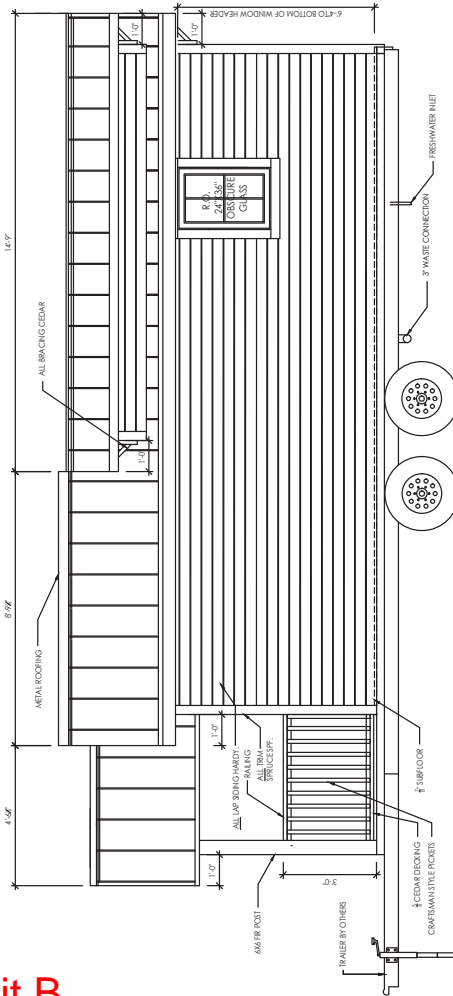
UNITE



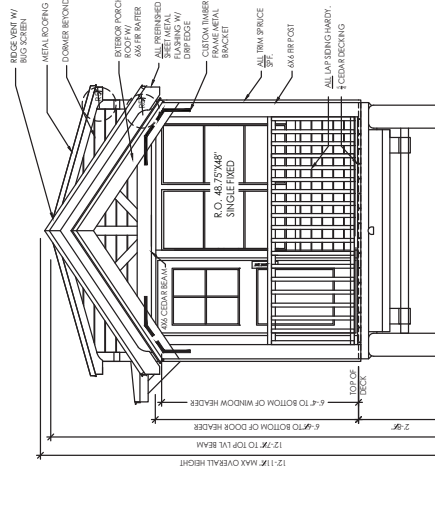
111 PASSENGER SIDE ELEVATION  
DILLON BEACH - 26' - Ver. 2



112 FIRST FLOOR PLAN  
DILLON BEACH - 26' - Ver. 2



113 DRIVER SIDE ELEVATION  
DILLON BEACH - 26' - Ver. 2



114 AFT ELEVATION  
DILLON BEACH - 26' - Ver. 2

## Dillon Beach Resort Proposed Rental Fee Rates

<b>RV Park &amp; Cabins</b>									
	<i>Model A</i>	<i>Model A2</i>	<i>Model B</i>	<i>Model B2</i>	<i>Model C</i>	<i>Model ADA</i>	<i>Model D</i>	<i>Model E</i>	<i>Cabins</i>
Maximum Occupancy	4	4	4	4	4	4	6	4	6
Summer Highest Nightly Rate	\$299	\$299	\$349	\$349	\$399	\$399	\$449	\$249	\$599
Summer Lowest Nightly Rate	\$199	\$199	\$249	\$249	\$299	\$299	\$349	\$149	\$549
Winter Highest Nightly Rate	\$249	\$249	\$299	\$299	\$399	\$399	\$449	\$199	\$599
Winter Lowest Nightly Rate	\$99	\$99	\$249	\$249	\$399	\$399	\$449	\$99	\$549
Current Number of Units	4	0	2	0	4	0	2	0	3
Planned Number of Units	4	2	2	3	4	1	6	3	3
Length	26'	26'	32'	28'	28'	26'	36'	21'8"	32'
Width	8'3"	8'3"	10'	10'	10'	10'	10'	8'	20'
Height	13' 11"	12' 11"	13' 11"	12' 11"	13' 11"	12' 11"	13' 11"	9' 3"	15'
Footprint	215 ft <sup>2</sup>	215 ft <sup>2</sup>	320 ft <sup>2</sup>	280 ft <sup>2</sup>	280 ft <sup>2</sup>	260 ft <sup>2</sup>	360 ft <sup>2</sup>	174 ft <sup>2</sup>	640 ft <sup>2</sup>

### Dillon Beach Resort Proposed Low-cost Accommodation Provisions

The above Rental Fee Rate Structure will be modified to include six low-cost units offered at the rates shown below, to be adjusted annually according to the Consumer Price Index (CPI):

	<b>Low-Cost Units</b>
<b>Summer High</b>	\$249
<b>Summer low</b>	\$149
<b>Winter High</b>	\$199
<b>Winter Low</b>	\$99

# GAINES & STACEY, LLP

3197-A Airport Loop Drive  
Costa Mesa, CA 92626  
949-640-8999

To: Brenda Wisneski  
Kurth Nelson  
City of Dana Point

From: Sherman L. Stacey

Date: March 20, 2023

Re: City LCP Amendment  
Lower cost accommodation rates at the Coastal Commission

cc: Anthony Wrzosek

At the top of page 3 in the Notice of Incomplete Application dated December 14, 2022, regarding the City's LCP Amendment LCP-5-DPT-21-0079-2, the Coastal Commission cites to my memorandum to you dated June 2, 2022. In my June 2, 2022 memorandum, I made note of the prior suggested modification to LCP-5-DPT-20-0047-1 requiring a "lower-cost" accommodation rate should equal to 75% of the statewide average. This rate has been mentioned in Coastal Commission staff reports and findings. But the Notice of Incomplete Application fails to note that I immediately stated that development of any hotel in Dana Point Harbor would not be feasible at that 75% rate. The memorandum also describes specific circumstances where that 75% rate was not applied.

My June 2, 2022 memorandum points out two recent Coastal Commission decisions where that 75% rate was not applied or where an in-lieu fee was imposed rather than a rate limitation. In addition, the Commission has made other recent decisions where alternative options for lower cost accommodations were implemented. These additional decisions along with the decisions which I referenced in my June 2, 2022 memorandum, are as follows:

1. Coastal Commission CDP 5-18-0972 (Shore Hotel). The project demolished 72 rooms considered by the Commission to be lower-cost to build a 164 room hotel. But replacement rooms found to be lower-cost room were not limited to the 75% rate. Rather, the rates were limited to the historic 2009 rate for the demolished rooms adjusted for inflation. When calculated, the rate allowed in 2021 was \$187.25/night. This is similar to the provisions of Dana Point Harbor LCP Section 5.2.1-2 which limit rates on any replacement hotel for the Marina Inn to be no higher than the rates at the Marina Inn which

happen in 2022 to have been \$186.00/night. Further, for the 96 additional market rate rooms at Shore Hotel (similar to the 130 additional market rate room for Dana House) no rooms with a rate limitation were required. Rather, an in-lieu fee of \$2,300,000 was imposed. Dana Point Harbor Partners (“DPHP”) proposes the payment of a similar in lieu fee for the Dana House Hotel as its preferred scenario 7.

2. Coastal Commission CDP 2-20-0018 (Dillon’s Beach Resort). The Commission found rates from \$99-\$149 in the Winter season to \$199-\$249 in the Summer season to be lower-cost and satisfy Section 30213. These rates are significantly different than 75% of statewide average and higher than the rates sought by DPHP for the Surf Lodge.
3. Coastal Commission CDP 5-21-0139 (Fairmont Miramar). The Commission found that no lower-cost rooms were feasible and required instead the payment of an in-lieu fee of \$6,477,000. A similarly calculated fee is proposed by DPHP in its preferred scenario 7.
4. San Diego Port District CDP. In November 2021, the Coastal Commission did not appeal a local CDP for a 450 room hotel which allowed the option of developing 25% of the rooms at a lower cost rate or payment of an in lieu fee of \$11,300,000.
5. Coastal Commission CDP A-5-VEN-21-0011 (Wynkoop Properties). The Commission approved a 79 room hotel with 10 lower-cost rooms (measuring 70 sf to 120 sf in area each) served by three common bathrooms; and required an in lieu fee of \$889,000 for the 7 rooms not provided at lower-cost.
6. Coastal Commission LCP Amendment LCP-4-MAL-21-0073-2 (Sea View Hotel). The Commission approved an LCP Amendment for the City of Malibu, authorizing the construction of a 39 room hotel with no lower-cost accommodation and the payment of an in-lieu fee of \$800,000.

In the City’s LCPA No. LCP-5-20-0047-1, the Coastal Staff proposed suggested modifications rejected the alternatives of (1) providing 48 dormitory style beds in Surf Lodge (a lower-cost alternative previously approved by the Commission in CDP A-5-DPT-17-0063 (Wave Hotel); or providing 13 additional lower-cost rooms at Surf Lodge (in a size consistent with other Surf Lodge rooms) with the payment of an in-lieu fee for the remaining 20 rooms to reach a total of 25% of the proposed rooms in Dana House.

Rather than reflecting a typical lower-cost rate of 75% of statewide average is necessary to satisfy Section 30213, the decisions of the Commission reflect a variety of rates and in-lieu fees which it applies inconsistently to projects. DPHP has offered three alternatives that match prior Commission decisions, each of which has been rejected by the Commission Staff.

## Exhibit 7 – Offsite Lower-Cost Accommodations Proposal

### Overnight Marine Educational Programs and Expanded Environmental Justice at Dana Point Harbor



## PROPOSAL



# Executive Summary

The County of Orange (“County”), in conjunction with Dana Point Harbor Partners (“DPHP”), the City of Dana Point, and in partnership with local nonprofits such as the Ocean Institute, proposes overnight marine educational programming and renovation of the OC Sailing and Events Center to create free overnight accommodations for disadvantaged groups. The nonprofit partner would be identified through a competitive Request for Proposal Process as identified in the County’s procurement policy.

DPHP agrees to enhance the existing OC Sailing and Events Center to include permanent overnight accommodations available to Sea Coastal Access & Marine Program (“Sea CAMP”) participants, schools and low-income serving community groups. These enhancements include, but are not limited to, creation of classroom learning centers, installation of an elevator for ADA access, kitchen and dining hall community spaces, public art by the sea, overnight accommodations for up to 36 students and 2 supervising adults, and the addition of public restrooms.

DPHP also agrees to create an endowment fund to support environmental justice programming affecting the Dana Point Harbor as outlined in the City of Dana Point’s Coastal Development Permit. This programming includes hospitality internships, beachside exercise classes for fixed income seniors, disability inclusive outdoor / sea recreation, sailing experiences for youth, and indigenous land stewardship in partnership with the Sacred Places Institute. Additionally, DPHP’s endowment would cover expenses for accommodations, meals, transportation assistance, and program administration for at least ten (10) years, ensuring that disadvantaged groups or schools have access to these enriching experiences along the California coast through Sea CAMP.

One possible educational program concept is the Ocean Institute’s Sea CAMP. The Sea CAMP improves upon the CA Coastal Commission approved Newport Beach FiiN Program and aims to provide free, immersive educational experiences centered on ocean education and environmental stewardship to disadvantaged groups or schools in and around Orange County that have not had the opportunity to develop a relationship with nature through immersion in a coastal setting.

Sea CAMP, hosted at the OC Sailing and Events Center would offer year-round, two (2) spirit- and three (3)-day, age and grade appropriate field trips and camp-like experiences for students. Activities would range from exploring tide pools and conducting research on marine ecology to studying renewable energy and deep-sea exploration. Accommodations would be provided on-site, with meals catered by local partners and transportation available for participating groups.

- Target: Title 1 schools, inland schools, at-risk youth organizations, and non-profit youth centered organizations.
- Duration: 10 years
- Number of two- and three-day programs: 488
- Number of students served: 14,640 (30 students per program)

Partners include but are not limited to the County of Orange, the City of Dana Point, Sacred Places Institute, Dana Point Aquatic Foundation, California Inclusive Sailing, Dana Point Jazzercise, Ocean Institute, Mariners 936 a Sea Scouts unit for the Boy Scouts of America, and Dana Point Harbor Partners.

## Background

The Dana Point Harbor (“Harbor”) is in Capistrano Bay on the Southern Orange County coastline. The Harbor is a County facility located within the City of Dana Point (“City”) and offers recreational boaters, County residents, tourists, and others a number of recreational activities, retail shopping, and dining opportunities. The Harbor is operated under the direction of the OC Parks, a County agency, and is owned by the County. Most of the Harbor is operated by DPHP under a master ground lease. More than 50 years ago, the County was designated by the Tidelands Act as the trustee of the Harbor for the people of the State of California.

The Harbor is bordered by the Pacific Ocean to the south; Dana Point Headlands and Old Cove Marine Preserve to the west; Doheny State Beach to the east; and a variety of commercial, hotel, residential, and park uses to the north. Interstate 5 (I-5), located approximately two miles east of the Harbor, runs north-south through the City and provides regional access to the Harbor. The Harbor is primarily accessible from Pacific Coast Highway and the Street of the Golden Lantern via Dana Point Harbor Drive. Secondary access is provided by Cove Road and the Pacific Ocean. Land uses surrounding the Harbor include marine service businesses, commercial retail, restaurants, parking, public waterways, yacht clubs, harbor patrol and sheriff facilities, hotels, harbor-related public recreational areas, the Ocean Institute, and public parks. Residential and commercial uses are located to the north and west along the coastal bluffs, outside of the Harbor boundaries.

The Coastal Act §30213 requires that lower-cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred. The County aims to partner with a local non-profit, such as the Ocean Institute, to address Coastal Act §30213 by providing lower-cost opportunities to inland, non-profit groups, or Title 1 elementary schools. The possibilities to combine the Harbor’s recreation and environmental traditions with the provision of lower-cost opportunities are the guiding force for the Sea CAMP program.

## Overnight Accommodations at the OC Sailing and Events Center



The OC Sailing and Events Center is managed by OC Parks as a local community center offering sailing classes, marine based educational programs, certain fitness and athletic programs and summer camps. Other activities have included room rentals for meetings, weddings and parties as requested by the

public. The Center sits adjacent to Baby Beach and is surrounded on three sides by water. The Center includes a large room with a prep-kitchen and adjacent courtyard, smaller meeting, and office space, a second courtyard/open space, storage space, a boathouse which accommodates meetings and classes, and a floating dock accessed via the public sidewalk.

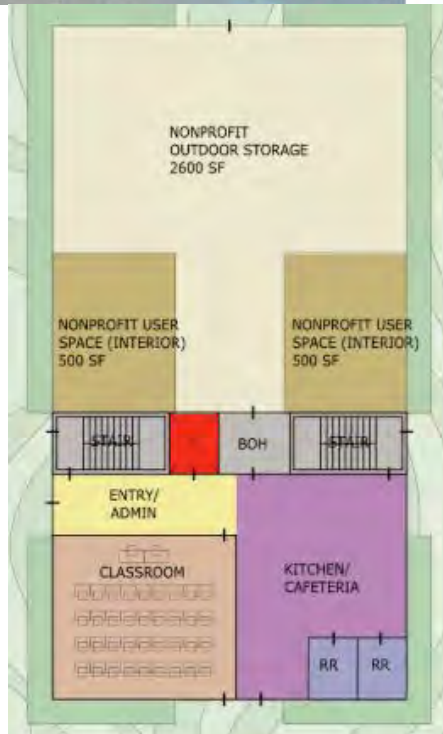
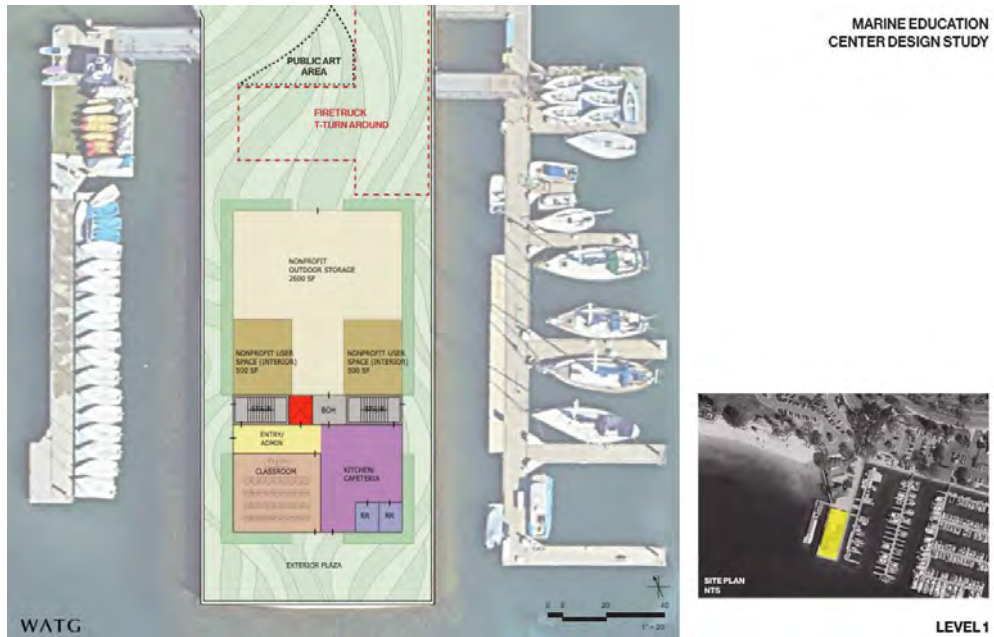


DPHP agrees to update existing facilities to create permanent accommodations to support overnight accommodations for youth and organizations serving disadvantaged families. By investing in these upgrades, the facility can create a conducive environment for overnight educational programs, empowering youth with valuable knowledge and skills while fostering personal growth and social development. Moreover, the improved facilities could offer affordable coastal lodging options for the public, ensuring accessibility to enriching experiences while promoting environmental appreciation and stewardship.

1. Sleeping Accommodations: Incorporating dormitory-style rooms for children and private cabins for adults to provide comfortable lodging options for participants.
2. Restroom Facilities: Upgrading restroom facilities to ensure cleanliness, accessibility, and convenience for all attendees.
3. Enhanced Learning Spaces: Creating dedicated areas equipped with educational resources, interactive displays, and multimedia tools to facilitate engaging and immersive learning experiences.
4. Improved Dining Facilities: Enhancing dining areas to offer nutritious meals, accommodate dietary needs, and foster social interaction among participants.
5. Outdoor Learning Environments: Developing outdoor classrooms, nature trails, and observation areas to promote hands-on exploration, environmental stewardship, and an appreciation for the natural world.
6. Visitor Amenities: Install amenities such as outdoor seating areas, shade structures, and open green spaces for leisure activities.
7. Safety Measures: Implementing essential safety features such as emergency exits, first aid stations, and round-the-clock security to prioritize the well-being and security of all participants throughout their stay.

By prioritizing these upgrades, the facility can create a conducive environment for holistic learning and personal growth, enriching the experiences of youth engaged in overnight educational programs.

### PROPOSED: OCSEC Level 1- Community and Classroom Space





PROPOSED: OCSEC Level 2 – Overnight Accommodations



## DPHP Endowment: Environmental Justice Expansion

In addition to supporting the renovation of the OC Sailing and Event Center and Sea CAMP activities at the center, DPHP would create a financial endowment to support the programming at the Harbor outlined below and in the Coastal Development Permit with the City of Dana Point.

- Existing Education and Sailing Program for Underserved Youth. On an annual basis, the anticipated Dana Point Harbor Hotels' CDP will supplement the approved Dana Point Harbor Marina CDP 5-19-0971's Education and Sailor Program for Underserved Youth. DPHP Endowment to support 100 additional underserved youths annually.
- Sailing Experience for Youth. The hotel shall sponsor 10 young Mariners through the Mariners 936 program. Mariners 936 is a co-ed Sea Scout boating program for young people ages 14 through 18 and the Mariner Junior program is for those 12-14. Members learn nautical skills and how to sail a variety of boats, from 14- foot Capris to 38-foot fully equipped yachts, not to mention the 118' Tall Ship 'Spirit of Dana Point'. Activities include day sails, weekend trips, an annual week-long summer cruise, and exciting weekend competition events with other Sea Scout groups. Mariners 936 endowment fund totals \$15,000 annually, the hotel shall sponsor 10 Mariners through the endowment. DPHP Endowment to contribute \$5,000 annually.
- Ocean Access Education for Title 1 Students. The hotel shall support at minimum 10 Adopt-A-Class per year to support ocean access and education for Southern California Title I students. Founded in 1977, Ocean Institute is a 501(c)(3) nonprofit with the mission of using the ocean as our classroom to inspire children to learn. Ocean Institute is one of the leading resources for nonformal education executed on the ocean for students all around the Southern California region. One of the most successful programs run by Ocean Institute is their Adopt-A-Class. The Adopt-A-Class program is long-standing (20+ years) which brings approximately 10,000 Title I students annually to Ocean Institute each year at no charge to the school/student. DPHP Endowment to contribute \$25,000 annually.
- Hospitality Internships. The hospitality industry supports more than 83,000 jobs and generates \$590 million in state and local tax revenues within the County of Orange. The hotel shall create and fund a hospitality internship program for 10 students per year to support career development in a competitive market. DPHP Endowment to contribute \$13,000 annually.
- Exercise for Fixed Income Seniors. The hotel shall support at least one class per week at Dana Point Jazzercise. Dana Point Jazzercise has a 40-year history of providing classes to at least 40 fixed income seniors daily at the County Sailing and Events Center. By supporting 1 class per week, the Hotel will allow Dana Point Jazzercise to expand their classes to offer low impact cardio dance classes for seniors at the Sailing and Events Center, in addition to strength and stretch workouts throughout common space in the Harbor. DPHP Endowment to contribute \$6,000 annually.
- Inclusive Outdoor Recreation. The hotel shall support initiatives to incorporate California Inclusive Sailing experience at the Dana Point Harbor at least once per month. California Inclusive Sailing is a grassroots volunteer-based charity that promotes inclusive outdoor recreation. The volunteer

team transfers disabled residents safely and comfortably onto the RS Venture, which can accommodate four people and participants are encouraged to invite physical therapists, family members, and service dogs for a full inclusive experience. DPHP Endowment to contribute \$18,000 annually.

- Sailing Experience for Disabled Persons. Dana Point Aquatic Foundation’s mission is to provide access to and support for community sailing and boating, and boating safety education, regardless of physical, developmental or economic limitations; to promote environmental stewardship, with deference to the Dana Point area; and to support diverse recreational, social, and cultural experiences for the general public at the Orange County Sailing and Events Center. Dana Point Aquatic Foundation’s Adaptive Boating program provides on-the-water therapy and teaches safe boating and sailing to individuals with special needs. DPAF clinics cover: basic boating and water safety, terminology and skill development on Capris 14-foot sailboats, kayaks, and standup paddleboards. The program expands to accessible sailing instruction, with a high instructor-student ratio to maximize safety while facilitating hands on experiential learning. DPHP Endowment to contribute \$18,000 annually.
- Indigenous Land Stewardship. The hotel shall make an annual contribution to Sacred Places Institute’s Orange County Indigenous Land Rematriation & Fellowship Program. The Dana Point Harbor lies within the ancestral lands of the Acjachemen Nation. To support displaced communities, including the tribal communities who have called this area home since time immemorial, the hotel shall annually sponsor five fellows of Acjachemen Nation lineage to participate in the Sacred Places Institute Orange County Indigenous Land Rematriation & Fellowship Program. The Fellowship program prioritizes Indigenous land return as one of the most promising strategies to achieve long-term community resilience and sustainability. This work is all to support tribal land and water stewardship, climate resiliency planning, co-management, access, and, where identified as a priority by local tribal communities, acquisition. DPHP Endowment to contribute \$25,000 annually.

## Ocean Institute: Sea Coastal Access & Marine Program (“Sea CAMP”)

### Introduction

The overarching goal of this program is to allow students to experience the California Coast in Dana Point through recreational and educational programs that include overnight accommodations. Specifically, the program would offer two (2)- and three (3)-day, age and grade appropriate field trips and camp-like experiences to disadvantaged groups or schools that have not had the opportunity to develop a relationship with nature through immersion in a coastal setting.

### Program

The following is an example of the types of programs that could be funded in partnership with Ocean Institute. The range of programs identified have been selected to provide immersive nature experiences, spanning grades 4-12, with approximately 30 students per class, and with a duration of two to three days each. In this way, Ocean Institute widens the net of participants as teacher-partners evaluate the best fit for their students. All Ocean Institute programs are aligned with Next Generation Science Standards.

### Key Program Parameters:

- Target: Title 1 schools, inland schools, and at-risk youth organizations.
- Duration: 10 years

- Number of two- and three-day programs: 488
- Number of students served: 14,640 (30 students per program)

## Educational and Recreational Activities

### 1. Naturalist Academy: 3-Day Residential Camp, Middle and High School

**Program:** A deep dive into environmental stewardship. This is a 3-day immersive camp, designed around developing meaningful connections to the natural world around us. Students will be immersed in nature through educational stations steeped in scientific methodology and explorations. During their stay, campers will sail on the *Spirit of Dana Point*, conduct research on the R/V *Sea Explorer*, learn about our local ecology in our labs, and then visit the local tide pools and native plant garden. A robust journal documenting experiences and discoveries is a special artifact that each participant develops during their adventure.

#### Schedule:

##### Day 1

Arrival at Ocean Institute at 6 pm

6:00 pm -7:00 pm Dinner and Icebreaker Activity

7:00 pm -9:00 pm Tour of Ocean Institute Facilities, Touch Tanks, and Journaling

9:00 pm -10:00 pm Get ready for bed.

10:00 pm Lights out

##### Day 2

6:30 am -7:00 am Breakfast

7:00 am – 9:00 am Native Plant Garden Exploration and Plant Identification

9:00 am -9:30 am Snack Break/Bathroom

10:00 am -12:30 pm Sailing on board the *Spirit of Dana Point*

12:30 pm - 1:00 pm Lunch

1:00 pm -3:30 pm Climbing Aloft on the Yard and Rowing Longboat (Maritime Rotations)

3:30 pm – 4:00 pm Snack/Bathroom Break

4:00 pm – 6:00 pm Tide Pool Hike in the Dana Point MPA\*

6:30 pm -7:30 pm Dinner

7:30 pm -9:00 pm Journaling and Documentary; time for students to shower.

9:00 pm -10:00 pm Get ready for bed.

10:00 pm Lights out

##### Day 3

6:30 am - 7:00 am Breakfast

7:00 am - 9:00 am Cruise

9:00 am - 9:30 am Snack

9:30 am - 11:30 am Geology Harbor Hike

11:30 am – 12:00 pm Closing Circle/ Snack Break/Goodbye

\*Tide pooling and schedule are dependent on tides and weather conditions.

### 2. Watershed Science Overnight, 4th-5th Grade

**Program:** Students learn about the hydrologic cycle and what lives in a watershed. A hands-on demonstration with a model of a watershed shows the effect of human impact on our fragile



environment. An interactive discussion and examination of live tidepool animals reinforce the connection between pollution and a healthy ecosystem, including what can be done to maintain the health of a watershed. The program drives home why everyone needs to understand how we all affect our local watersheds.

**Schedule:**

**Day 1**

3:30 pm -4:00 pm: Welcome and Orientation  
4:00 pm -6:00 pm: Soil Lab- Site Observations, Soil Analysis, Data Collection, Presentations  
6:00 pm -6:45 pm: Dinner  
6:45 pm -7:00 pm: Introduction to Watersheds  
7:00 pm -9:00 pm: Night Lab Rotations (40 min each)- Groundwater Engineering & Aquifer Model, Fish Dissection, and Water Quality  
9:00 pm -10:00 pm: Night-Time Rules, Get Ready for Bed  
10:00 pm: Lights Out!

**Day 2**

6:00 am: Wake up!  
6:00 am -6:30 am: Get ready, pack up luggage.  
6:30 am -7:00 am: Breakfast  
7:00 am -9:00 am: Boat Cruise  
9:30 am: Send off, see you next time!  
9:30 am: Send off, see you next time!

### 3. Life in the Abyss Overnight, 5th-6th Grade

**Program:** This overnight adventure combines our popular Living Systems Lab/Cruise with activities that explore the fascinating world of nocturnal and deep-sea animal adaptations. In the evening, students investigate shark adaptations, pilot our remotely operated vehicles, dissect a cow eye to look at low light adaptations, and visit the Maddie James Seaside Learning Center, where our squid light attracts animals of the night. In the morning, students venture out to sea to conduct hands-on investigations of benthic and pelagic habitats with the added excitement of lowering student-designed cups ~700 feet to see the dramatic effects of pressure.

**Schedule:**

**Day 1**

3:30 pm - 4:00pm: Welcome and Orientation  
4:00 pm -6:00pm: Daytime Rotations (25 min each)- Squid Dissection, Habitats & Adaptations, Water Quality, Jelly Life Cycle & Food Chain  
6:00 pm - 6:45 pm: Dinner  
6:45 pm -7:00pm: Introduction to Nighttime Rotations  
7:00 pm -9:00pm: Nighttime Rotations (25 min each)- ROV Exploration, Cow Eye Dissection, Food Chains of the Deep, Bioluminescence  
9:00 pm -10:00pm: Night-Time Rules, Get Ready for Bed  
10:00 pm: Lights Out!

**Day 2**

6:00 am: Wake up!  
6:00 am-6:30 am: Get ready, pack up luggage.  
6:30 am-7:00am: Breakfast  
7:00 am-9:00 am: Boat Cruise

9:30am: Send off, see you next time!

#### 4. SeaFloor Explorer Overnight, Middle School

**Program:** During the overnight, students become sea floor scientists and are immersed in challenging research activities that focus on core/micropaleontology, underwater seismology, hydrothermal vent communities, and more. They delve into deep-sea technology as they design and test their own ROV. Their experience culminates in a morning research cruise aboard the R/V *Sea Explorer*, where students will survey the sea floor using scientific equipment, including a gravity corer and side scan sonar.

##### Schedule:

###### **Day 1**

3:30 pm-4:00 pm: Welcome and Orientation  
4:00 pm-6:00 pm: Seafloor Day Rotations (40 min each)- Seismology, Coring, Archaeology  
6:00 pm-6:45 pm: Dinner  
6:45 pm-7:00 pm: Introduction to ROV Exploration  
7:00 pm-7:45 pm: ROV Building  
7:45 pm-9:00 pm: Nighttime Rotations (25 min each)- ROV, Driving, Life on the Deep Sea Floor, Sediment Analysis  
9:00 pm-10:00 pm: Night-Time Rules, Get Ready for Bed  
10:00 pm: Lights Out!

###### **Day 2**

6:00 am: Wake up!  
6:00 am-6:30 am: Get ready, pack up luggage.  
6:30 am-7:00 am: Breakfast  
7:00 am-9:00 am: Boat Cruise  
9:30 am: Send off, see you next time!

#### 5. Engineers Wanted: Renewable Energy Overnight, Middle and High School

**Program:** Students will discuss and engineer different ways to harness power through renewable sources. Students explore the following renewable resources: wind, hydro and solar. In each of the stations, students will design, engineer, and then test one of the renewable resources. They will then discuss positive and negative concerns for renewable energy, including cost, conservation, efficiency, space, etc. Students will also board the tall ship, Spirit of Dana Point, and put their knowledge to the test by harnessing wind power and setting sail in the open ocean.

##### Schedule:

###### **Day 1**

3:30 pm School Arrives  
4:00 pm - 4:05 pm Program Introduction- PowerPoint Presentation  
4:05 pm - 4:30 pm Group Introductions- Energy Sticks and Ocean Acidification  
4:30 pm -6:00 pm Day Rotations (30 min stations): 1. Magnets and Circuits 2. Bernoulli's Principle and Fireflies 3. Forces of the Ocean  
6:00 pm -7:00 pm Dinner  
7:00 pm -9:00 pm Night Rotations (40 min stations): 1. Wind Turbines 2. Solar Cars 3. Wave-Energy Devices  
9:00 pm -9:30 pm Nighttime Prep

10:00 pm Lights Out!

### **Day 2**

5:30 am -6:00 am Wake Up and Pack Up

6:00 am -6:25 am Breakfast

6:30 am -9:00 am Sail on Spirit of Dana Point

9:00 am -9:30 am Goodbyes

## **6. Science of Surf Overnight, High School**

**Program:** This program focuses on the Strands Beach case study between Surfrider Foundation and the CA Coastal Commission with the City of Dana Point. By connecting policy to ocean, students will examine water quality conditions from a recreation perspective and will collect and contribute data. Along the way, they will learn about the role of civic engagement in beach access and the individuals and organizations that actively participate to ensure beach access is secured/maintained.

### **Schedule:**

#### **Day 1**

3:30 pm -4:00 pm: Welcome and Orientation

4:00 pm -6:00 pm: Field Rotations (40 min each)- Baby Beach/Access/Microplastics Survey, Strands Case, Design a Beach

6:00 pm - 6:45 pm: Dinner

6:45 pm -7:00 pm: Introduction to Night Rotations

7:00 pm -9:00pm: Night Rotations (30 min each)- Sand Lab, Wave Tank, Blue Water Task Force, Longshore Model/Animal Adaptations

9:00 pm -10:00 pm: Night-Time Rules, Get Ready for Bed

10:00 pm: Lights Out!

#### **Day 2**

6:00 am: Wake up!

6:00 am – 6:30 am: Get ready, pack up luggage.

6:30 am – 7:00 am: Breakfast

7:00 am – 9:00 am: Boat Cruise

## **Meals**

Meals would be catered by our local restaurant partners at Brio Tuscan Grille and Subway Sandwiches. Additional food and meals would be prepared in Ocean Institute's Safe Serve certified kitchen onsite. All meals are served by food-handler certified Ocean Institute staff.

## **Transportation**

It is envisioned that the participating groups will come to the Harbor by bus or car. Ocean Institute has a long history of success in supporting partners in identifying transportation resources in their community. To accommodate those who have interest in participating but are unable to secure transportation due to financial obstacles, a portion of the budget has been allocated to provide a stipend. Transportation reserves will roll over each year, and any unused funds from the transportation reserves will be used to provide additional programs or offset unexpected expenses if necessary. In addition, the Orange County Transportation Agency operates a Youth Ride Free OC Bus program that provides free bus passes to

students throughout the County (<https://octa.net/getting-around/bus/oc-bus/fares-and-passes/overview/youth-ride-free/>) and the City operates a free trolley (<https://visitdanapoint.com/dana-point-trolley/>) that could be used for transportation purposes.

## Target Beneficiaries

The Sea CAMP program will reach and serve multiple qualified groups of approximately 30 students (grades 4-12) and chaperones throughout the year if appropriate. Groups or schools would be from Title I, inland schools, or at-risk youth serving organizations. Dana Point Aquatic Foundation whose mission includes bridging the gap between the sea and our disabled community members.

## Program Commencement

Recruitment for programs will begin immediately after funding for hotel development has been secured, endowment has been created, and with the first program being delivered in accordance with the approved Coastal Development Permit.

## Administration & Budget

A nonprofit partner, such as the Ocean Institute, would administer all aspects of the Sea CAMP program, including recruiting students, training, and preparing staff, communicating with participants prior to their arrival, ordering food and supplies, implementing the program, assessing impact, and reporting. Budget includes approximately \$3 million for construction of the new OC Sailing and Event Center Lodging, and \$2 million for the endowment fund.

## Reporting

An annual report to all stakeholders shall be made, which includes the program accomplishments, number of participants served, finances, and other relevant information, and will be provided by January 31st of each year.

# Exhibit 8 – Public Access and Recreation Benefits Proposal

DRAFT 11/13/2023		
DPHP - DPH HOTELS - ENVIRONMENTAL JUSTICE PROGRAM		
Proposed LUP Policy No.	DPH HOTELS LCPA - DRAFT SUGGESTED MODS	DPH HOTELS CDP - DRAFT LETTER
Section 2.2	The Dana Point Harbor Revitalization Plan would allow the future replacement of the existing lower cost Marina Inn with a new lower cost hotel which maintains the number of existing Marina Inn rooms with such new rooms offered at no more than the annualized rates at the Marina Inn as of October 2021, adjusted for inflation from that month; and the construction of another new market rate hotel, with both hotels located closer to the waterfront than the existing hotel to promote a stronger pedestrian connection to the anticipated Pedestrian Promenade and Festival Plaza.	<b>Visitor Serving Commercial (VSC) - Lower Cost Rates &amp; In-Lieu Mitigation Fee.</b> As part of a redevelopment of the Dana Point Harbor, DPHP proposes to replace the 136-room lower-cost Marina Inn with 136 rooms at the new Surf Lodge, charging similar room rates (annualized ADR) as the Marina Inn, adjusted in future years for inflation. For the trailing 12-month period ending in October 2021, the Marina Inn had an annualized ADR of \$172 as referenced in the November 18, 2021 response documents submitted to CCC staff. DPHP proposes to provide Surf Lodge's 136 rooms at an annualized ADR of \$172, adjusted for changes in the Consumer Price Index (CPI) starting in October 2021, and to be adjusted in the future according to CPI. DPHP also proposes to develop a market-rate hotel called Dana House on the project site, with 130 rooms. Twenty-five percent (25%) of these 130 market-rate rooms equals 32.5 rooms. DPHP proposes to pay an in-lieu mitigation fee for the 32.5 rooms that would not be provided on the project site. As of Q2 2023, the Turner Building Cost Index (TCI) is 1365. This is a 1.4475 x the referenced 2015 TCI of 943. The anticipated in-lieu mitigation fee is \$4,704,401, as of Q2 2023. The total number of proposed rooms at the project site is 266, of which, fifty-one percent (51%) will be lower-cost. This will be one of the few new coastal lodging properties with lower-cost units developed on site, alongside market-rate units -- a truly diverse and inclusive new lodging project on the California coast.
5.2.1-2	If demolition of the existing lower cost overnight accommodations (presently called the Marina Inn) in the Harbor is proposed, all 136 demolished units shall be replaced in the area designated as visitor serving commercial by the Dana Point Harbor Land Use Plan with hotel units that are of equal or lower cost than the existing lower cost hotel units to be demolished adjusted for future inflation. A new and separate market rate hotel of up to 130 rooms may be constructed. To mitigate any absence of lower cost overnight accommodations at the new and separate market rate hotel, payment of a mitigation fee, may be required as described in Policy 5.2.1-22	
5.2.1-22	As provided in LUP Policy 5.2.1-2 lower cost rates will be offered for the proposed lower cost hotel. The lower cost rates (annualized ADR) will be equal or less than the existing Marina Inn's annualized ADR as of October 2021, adjusted for inflation from that month. Mitigation for any hotel rooms that are not limited to lower cost rates shall be by payment of a fee in an amount equal to 25% of the non-lower cost rate rooms multiplied by \$100,000, adjusted from 2015 for increases in construction costs as described by the Turner Building Construction Cost Index. Such mitigation fee shall be paid (prior to completion of construction) to the Dana Point Tidelands Fund 108. Such fee shall be used to modify and/or expand the Orange County Sailing and Events Center located in Harbor Area 5 for the purpose of accommodating overnight programs for underserved youth in Orange County and/or to expand coastal access at Dana Point Harbor.	
5.2.1-23	To complement existing Harbor initiatives for underserved youth, the hotels shall participate by contributing financially to expand existing programming required by CDP 5-19-0971 by serving 100 additional youths.	<b>Existing Education and Sailing Program for Underserved Youth.</b> On an annual basis, the anticipated Dana Point Harbor Hotels' CDP will supplement the approved Dana Point Harbor Marina CDP 5-19-0971's Education and Sailor Program for Underserved Youth with 100 additional underserved youths.
5.2.1-24	To complement existing Harbor initiatives for underserved youth, the hotels shall participate by directly participating in programs providing sailing education for disabled youth, ocean access education for Title 1 students, and hospitality internships.	<p><b>Sailing Experience for Youth.</b> The hotel shall sponsor 10 young Mariners through the Mariners 936 program. Mariners 936 is a co-ed Sea Scout boating program for young people ages 14 through 18 and the Mariner Junior program is for those 12-14. Members learn nautical skills and how to sail a variety of boats, from 14-foot Capris to 38-foot fully equipped yachts, not to mention the 118' Tall Ship 'Spirit of Dana Point'. Activities include day sails, weekend trips, an annual week-long summer cruise, and exciting weekend competition events with other Sea Scout groups. Mariners 936 endowment fund totals \$15,000 annually, the hotel shall sponsor 10 Mariners through the endowment. DPHP to contribute \$5,000 annually.</p> <p><b>Ocean Access Education for Title 1 Students.</b> The hotel shall support at minimum 10 Adopt-A-Class per year to support ocean access and education for Southern California Title I students. Founded in 1977, Ocean Institute is a 501(c)(3) nonprofit with the mission of using the ocean as our classroom to inspire children to learn. Ocean Institute is one of the leading resources for nonformal education executed on the ocean for students all around the Southern California region. One of the most successful programs run by Ocean Institute is their Adopt-A-Class. The Adopt-A-Class program is long-standing (20+ years) which brings approximately 10,000 Title I students annually to Ocean Institute each year at no charge to the school/student. DPHP to contribute \$25,000 annually.</p> <p><b>Hospitality Internships.</b> The hospitality industry supports more than 83,000 jobs and generates \$590 million in state and local tax revenues within the County of Orange. The hotel shall create and fund a hospitality internship program for 10 students per year to support career development in a competitive market. DPHP to contribute \$13,000 annually.</p>

DPHP - DPH HOTELS - ENVIRONMENTAL JUSTICE PROGRAM

Proposed LUP Policy No.	DPH HOTELS LCPA - DRAFT SUGGESTED MODS	DPH HOTELS CDP - DRAFT LETTER
5.2.1-25	To complement existing Harbor initiatives for underserved persons the hotels shall participate by directly participating in programs providing exercise for fixed income seniors, sailing experience for disabled persons, and indigenous land stewardship.	<p><b>Exercise for Fixed Income Seniors.</b> The hotel shall support at least one class per week at Dana Point Jazzercise. Dana Point Jazzercise has a 40-year history of providing classes to at least 40 fixed income seniors daily at the County Sailing and Events Center. By supporting 1 class per week, the Hotel will allow Dana Point Jazzercise to expand their classes to offer low impact cardio dance classes for seniors at the Sailing and Events Center, in addition to strength and stretch workouts throughout common space in the Harbor. DPHP to contribute \$6,000 annually.</p> <p><b>Inclusive Outdoor Recreation.</b> The hotel shall support initiatives to incorporate California Inclusive Sailing experience at the Dana Point Harbor at least once per month. California Inclusive Sailing is a grassroots volunteer-based charity that promotes inclusive outdoor recreation. The volunteer team transfers disabled residents safely and comfortably onto the RS Venture, which can accommodate four people and participants are encouraged to invite physical therapists, family members, and service dogs for a full inclusive experience. DPHP to contribute \$18,000 annually.</p> <p><b>Sailing Experience for Disabled Persons.</b> Dana Point Aquatic Foundation’s mission is to provide access to and support for community sailing and boating, and boating safety education, regardless of physical, developmental or economic limitations; to promote environmental stewardship, with deference to the Dana Point area; and to support diverse recreational, social, and cultural experiences for the general public at the Orange County Sailing and Events Center. Dana Point Aquatic Foundation’s Adaptive Boating program provides on-the-water therapy and teaches safe boating and sailing to individuals with special needs. DPAF clinics cover: basic boating and water safety, terminology and skill development on Capris 14-foot sailboats, kayaks, and standup paddle boards. The program expands to accessible sailing instruction, with a high instructor-student ratio to maximize safety while facilitating hands on experiential learning. DPHP to contribute \$18,000 annually.</p> <p><b>Indigenous Land Stewardship.</b> The hotel shall make an annual contribution to Sacred Places Institute’s Orange County Indigenous Land Rematriation &amp; Fellowship Program. The Dana Point Harbor lies within the ancestral lands of the Acjachemen Nation. To support displaced communities, including the tribal communities who have called this area home since time immemorial, the hotel shall annually sponsor five fellows of Acjachemen Nation lineage to participate in the Sacred Places Institute Orange County Indigenous Land Rematriation &amp; Fellowship Program. The Fellowship program prioritizes Indigenous land return as one of the most promising strategies to achieve long-term community resilience and sustainability. This work is all to support tribal land and water stewardship, climate resiliency planning, co-management, access, and, where identified as a priority by local tribal communities, acquisition. DPHP to contribute \$25,000 annually.</p>

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June 14, 2021

**VIA EMAIL:**

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33282 Golden Lantern, Suite 209  
Dana Point, California 92629  
knelson@danapoint.org

**RE: COMMENTS ON DANA POINT HARBOR HOTELS PROJECT DRAFT EIR (SCH No. 2020099024)**

Dear Mr. Nelson:

On behalf of UNITE HERE Local 11 (“**Local 11**”), this Office respectfully provides the following comments<sup>1</sup> to the City of Dana Point (“**City**”) regarding the above-referenced Draft Environmental Impact Report (“**DEIR**”)<sup>2</sup> for the proposed demolition of the Dana Point Marina Inn, two boater service buildings and parking areas, and the development of two new hotels (“**Project**”) located on a 10-acre site (“**Site**”).

In short, the DEIR fails to adequately assess the Project’s impact under the California Environmental Quality Act (“**CEQA**”).<sup>3</sup> Local 11 is seriously concerned with the Project’s impacts on vehicle miles traveled (“**VMT(s)**”), which inherently implicates the Project’s impact on air quality and greenhouse gas emissions (“**GHG(s)**”), which are masked by various flaws in the Draft EIR. So too, the DEIR fails to consider feasible mitigation measures or identify proper overriding consideration findings. Until the issues discussed herein are addressed, Local 11 respectfully urges the City to stay any action on the MND and other Project approvals.

**I. STANDING OF LOCAL 11**

Local 11 represents more than 25,000 workers employed in hotels, restaurants, airports, sports arenas, and convention centers throughout Southern California and Phoenix—including approximately 190 members who live and/or work in the City. The union has a First Amendment right to lobby public officials in connection with matters of public concern, like compliance with applicable zoning rules and CEQA, just as developers, other community organizations, and individual residents do. Here, its members also serve the community near the Project Site and, thus,

<sup>1</sup> Page citations contained herein are to the page’s stated pagination (referenced herein as “**p. #**”), or to the page’s location in the referenced PDF document (referenced herein as “**PDF p. #**”).

<sup>2</sup> Including all appendices (referenced herein as “**APP-#**”). All DEIR documents were retrieved from City website. (See <https://www.danapoint.org/departments/community-development/planning/environmental-documents>.)

<sup>3</sup> Pub. Res. Code § 21000 *et seq.*, and inclusive of 14 Cal. Code Regs. § 15000, *et seq.* (“**CEQA Guidelines**”).



have an interest that the Project adequately mitigate its VMT/traffic impacts, which in turn reduces the Project's mobile emissions affecting air quality and GHGs.

Protecting its members' interest in the environment and zoning laws concerning public welfare is part of Local 11's core function. Recognizing unions' interest in these issues, California courts have consistently upheld unions' standing to litigate land use and environmental claims. (See *Bakersfield Citizens v. Bakersfield* (2004) 124 Cal.App.4th 1184, 1198.) Furthermore, Local 11 has public interest standing given the proposed action relates to the City's public duty to comply with applicable zoning and CEQA laws, and where Local 11 seeks to have that duty enforced. (See e.g., *Rialto Citizens for Responsible Growth v. City of Rialto* (2012) 208 Cal.App.4th 899, 914-916, n6; *La Mirada Avenue Neighborhood Assn. of Hollywood v. City of Los Angeles* (2018) 22 Cal.App.5th 1149, 1158-1159; *Weiss v. City of Los Angeles* (2016) 2 Cal.App.5th 194, 205-206; *Save the Plastic Bag Coalition v. City of Manhattan Beach* (2011) 52 Cal.4th 155, 166.)

## II. THE DEIR FAILS TO SATISFY CEQA'S EIR REQUIREMENTS

### A. BRIEF BACKGROUND ON CEQA

CEQA requires lead agencies to analyze the potential environmental impacts of its actions in an environmental impact report. (See, e.g., Pub. Res. Code § 21100; *Cmtys. for a Better Env't v. S. Coast Air Quality Mgmt. Dist.* (2010) 48 Cal.4th 310.) The EIR is the very heart of CEQA. (*Dunn-Edwards v. BAAQMD* (1992) 9 Cal.App.4th 644, 652.) "The 'foremost principle' in interpreting CEQA is that the Legislature intended the act to be read so as to afford the fullest possible protection to the environment within the reasonable scope of the statutory language." (*Cmtys. for a Better Env't v. Cal. Res. Agency* (2002) 103 Cal.App.4th 98, 109.)

#### 1. CEQA's Purpose

CEQA has two primary purposes. First, CEQA is designed to inform decision makers and the public about the potential, significant environmental effects of a project. (See CEQA Guidelines § 15002(a)(1).) To this end, public agencies must ensure that their analysis "stay in step with evolving scientific knowledge and state regulatory schemes." (*Cleveland National Forest Foundation v. San Diego Assn. of Governments ("Cleveland II")* (2017) 3 Cal.5th 497, 504.) Hence, an analysis which "understates the severity of a project's impacts impedes meaningful public discussion and skews the decisionmaker's perspective concerning the environmental consequences of the project, the necessity for mitigation measures, and the appropriateness of project approval." (*Id.*, on remand ("*Cleveland III*") (2017) 17 Cal.App.5th 413, 444; see also *Citizens of Goleta Valley v. Board of Supervisors* (1990) 52 Cal.3d 553, 564 [quoting *Laurel Heights Improvement Assn. v. Regents of University of California* (1988) 47 Cal.3d 376, 392].)

Second, CEQA requires public agencies to avoid or reduce environmental damage by requiring the implementation of "environmentally superior" alternatives and all feasible mitigation measures. (CEQA Guidelines § 15002(a)(2) & (3); see also *Citizens of Goleta Valley*, 52 Cal.3d at 564.) If a project has a significant effect on the environment, the agency may approve the project only if it finds that it has "eliminated or substantially lessened all significant effects on the environment where feasible" and that any significant unavoidable effects on the environment are "acceptable due to overriding concerns." (Pub. Res. Code § 21081; see also CEQA Guidelines § 15092(b)(2)(A) & (B).)





## 2. Standard of Review for EIRs

Although courts review an EIR using an ‘abuse of discretion’ standard, that standard does not permit a court to “uncritically rely on every study or analysis presented by a project proponent in support of its position ... [,] [a] clearly inadequate or unsupported study is entitled to no judicial deference.” (*Berkeley Keep Jets Over the Bay v. Bd. of Port Comm’rs.* (2001) 91 Cal.App.4th 1344, 1355 [quoting *Laurel Heights*, 47 Cal.3d at 409 n. 12].) A prejudicial abuse of discretion occurs “if the failure to include relevant information precludes informed decisionmaking and informed public participation, thereby thwarting the statutory goals of the EIR process.” (*San Joaquin Raptor/Wildlife Rescue Center v. County of Stanislaus* (1994) 27 Cal.App.4th 713, 722; see also *Galante Vineyards v. Monterey Peninsula Water Management Dist.* (1997) 60 Cal.App.4th 1109, 1117; *County of Amador v. El Dorado County Water Agency* (1999) 76 Cal.App.4th 931, 946.)

## 3. Substantial Evidence

Under CEQA, substantial evidence includes facts, a reasonable assumption predicated upon fact, or expert opinion supported by fact; not argument, speculation, unsubstantiated opinion or narrative, clearly inaccurate or erroneous evidence, or evidence of social or economic impacts that do not contribute to, or are not caused by, physical impacts on the environment. (See e.g., Pub. Res. Code §§ 21080(e), 21082.2(c), and CEQA Guidelines §§ 15064(f)(5) & 15384.) As such, courts will not blindly trust bare conclusions, bald assertions, and conclusory comments without the “disclosure of the ‘analytic route the . . . agency traveled from evidence to action.’” (*Laurel Heights Improvement Assn. v. Regents of University of California* (1988) 47 Cal.3d 376, 404 405 [quoting *Topanga Assn. for a Scenic Community v. County of Los Angeles* (1974) 11 Cal.3d 506, 515]; see also *Citizens of Goleta Valley* (1990) 52 Cal.3d at 568-569.)

### B. THE DEIR ANALYSIS OF VMT IS INADEQUATE AND MUST BE REDONE

CEQA requires analysis of traffic impacts related to a project. (See *Kings County Farm Bureau v. Hanford* (1990) 221 Cal.App.3d 692, 727.) In particular, CEQA requires analysis of project-related traffic impacts in a manner that does not minimize cumulative impacts. (See e.g., *Cleveland III*, 17 Cal.App.5th at 444-445 [traffic analysis based on methodology with known data gaps that underestimated traffic impacts necessarily prejudiced informed public participation and decisionmaking]; *Kings County Farm Bureau*, 221 Cal.App.3d at 718, 727 [rejecting determination that less than one percent to area emissions was less than significant because analysis improperly focused on the project-specific impacts and did not properly consider the collective effect of the relevant projects on air quality]; *Save Cuyama Valley v. County of Santa Barbara* (2013) 213 Cal.App.4th 1059, 1072 [upheld the use of same thresholds for immediate and cumulative impacts when its application was “undoubtedly more stringent cumulative-impact threshold”]; *Al Larson Boat Shop, Inc. v. Board of Harbor Comm’rs*, (1993) 18 Cal.App.4th 729, 749 [upheld where cumulative impacts were not minimized or ignored].) The relevant inquiry is not only the relative amount of increased traffic that the Project will cause, but whether any additional amount of Project traffic should be considered significant in light of the already serious problem. (See *Los Angeles Unified School District v. City of Los Angeles* (1997) 58 Cal.App.4th 1019, 1025.)

A prejudicial abuse of discretion occurs under CEQA “if the failure to include relevant information precludes informed decisionmaking and informed public participation, thereby thwarting the statutory goals of the EIR process.” (*San Joaquin Raptor/Wildlife Rescue Center v. County of Stanislaus* (1994) 27 Cal.App.4th 713, 722; see also *Galante Vineyards v. Monterey Peninsula Water Management Dist.* (1997) 60 Cal.App.4th 1109, 1117; *County of Amador v. El*



*Dorado County Water Agency* (1999) 76 Cal.App.4th 931, 946.) The EIR must disclose information that is needed for a reasoned analysis of the issues. (See *Madera Oversight Coalition v. County of Madera* (2011) 199 Cal.App.4th 48, 104.)

While the courts review an EIR using an “abuse of discretion” standard, “the reviewing court is not to ‘uncritically rely on every study or analysis presented by a project proponent in support of its position.’ A ‘clearly inadequate or unsupported study is entitled to no judicial deference.” (*Berkeley Keep Jets Over the Bay v. Bd. of Port Comm’rs.* (2001) 91 Cal.App.4th 1344, 1355 [emphasis added] [quoting *Laurel Heights Improvement Assn. v. Regents of University of California* (1988) 47 Cal. 3d 376, 391 409, fn. 12].) Substantial evidence in the record must support any foundational assumptions used for the impact analyses in the EIR. (See e.g., *Citizens of Goleta Valley v. Board of Supervisors* (1990) 52 Cal. 3d 553, 568 [EIR must contain facts and analysis, not just bare conclusions]; *Laurel Heights*, 47 Cal. 3d at 392-93 [agency’s conclusions must be supported with substantial evidence].)

Here, the Draft EIR claims that the Project would have no VMT impact because it would achieve a VMT per service population of 21.9, which is more than 15 percent less than the regional average of 27.1. (DEIR, pp. 4.12-17 – 4.12-18; APP-K, pp. 35-36.) However, this VMT conclusion is unsubstantiated for the following reasons.

### **1. Failure to Substantiate Regional Average Consistent with County Guidelines**

The Draft EIR fails to substantiate the purported regional average of 27.1 VMT per service population. (DEIR, p. 4.12-17; APP-K, p. 35.) The Orange Final Draft Guidelines for Evaluating Vehicle Miles Traveled Under CEQA (“**County Guidelines**”),<sup>4</sup> which the Draft EIR relies upon, specifies only average VMT per capita and per employee values (i.e., 17.9 and 24.1, respectively). (County Guidelines, p. 24.) Alternatively, under the Southern California Association of Governments (“**SCAG**”) 2020-2045 Regional Transportation Plan/ Sustainable Communities Strategy (“**2020 RTP/SCS**”),<sup>5</sup> Orange County had an average 24.1 daily VMT per service population (i.e., residents + employees)<sup>6</sup> in 2016 and 23.24 VMT per capita in 2019. (2020 RTP/SCS, PDF p. 122).<sup>7</sup> The Project’s purported 21.9 VMT per service population exceeds 15 percent below any of these documented averages and, thus, would constitute a significant impact requiring mitigation and/or alternative to lessen the impact. Moreover, according to the Draft EIR environmental consultant LSA (who also help prepare the County Guidelines), comparing a project’s VMT service population “is not equivalent” to the County Guideline VMT rates. (County Guidelines, PDF pp. 28, 67.)

### **2. Inappropriate inclusion of Hotel Patrons in the Service Population Analysis**

Including hotel patrons in the ‘service population’ comparison is inconsistent with the common usage of that term. According to and the California Air Pollution Control Officers Associated (“**CAPCOA**”) CEQA & Climate Change report, service population is defined as “the sum of

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<sup>4</sup> <https://ocds.ocpublicworks.com/sites/ocpwocds/files/2020-12/Transportation%20Implementation%20Manual%20-%202020.pdf>.

<sup>5</sup> [https://scag.ca.gov/sites/main/files/file-attachments/0903fconnectsocial-plan\\_0.pdf?1606001176](https://scag.ca.gov/sites/main/files/file-attachments/0903fconnectsocial-plan_0.pdf?1606001176).

<sup>6</sup> County Guidelines, PDF pp. 27, 66 (noting RTP/SCS calculated VMT by “service population” or “population plus employment”).

<sup>7</sup> See 2020 RTP/SCS Program EIR, p. 3.17-56 (Tbl. 3.17-16), [https://scag.ca.gov/sites/main/files/file-attachments/fpeir\\_connectsocial\\_complete.pdf?1607981618](https://scag.ca.gov/sites/main/files/file-attachments/fpeir_connectsocial_complete.pdf?1607981618).



the number of *residents* and the number of *jobs* supported by the project” (emphasis added)<sup>8</sup>—*not hotel guests*. This definition is equally understood by numerous air districts, such as South Coast Air Quality Management District (“**SCAQMD**”),<sup>9</sup> Bay Area Air Quality Management District (“**BAAQMD**”),<sup>10</sup> Placer County Air Pollution Control District (“**PCAPCD**”),<sup>11</sup> and San Luis Obispo Air Pollution Control District (“**SLOAPCD**”).<sup>12</sup> By including the hotel guests, the Draft EIR is not doing an apples-to-apples comparison to regional averages, which are either based on per capita (i.e., residents), employee, or residents + employees (i.e., service population). This improperly inflates the service population and, therefore, lowers the Project’s VMT per service population. Again, this is entirely inconsistent and not equivalent to the County Guideline thresholds.

### 3. Artificially inflated Service Population with Unsubstantiated Guests per Room

The DEIR analysis assumes 2.1 guests per room without any evidence to support such a conclusion. This is much higher than the 1.5 guests per room assumption used by other cities and organizations.<sup>13</sup> Utilizing this 1.5 rate in the DEIR’s calculation (DEIR, p. 4.12-18), the Project would have a service population of 470.6 (113 employees and 357.6 guests)<sup>14</sup> and a VMT per service population of 27.8,<sup>15</sup> which exceeds the purported regional average of 27.1. By using an unsubstantiated guest per room rate, the DEIR artificially inflates the Project’s service population in order to avoid a finding of significant impact requiring additional mitigation. The use of any rate must be supported by substantial evidence. Here, data can readily be retrieved by the existing

<sup>8</sup> CAPCOA (Jan. 2008) CEQA & Climate Change, p. 71-72, <http://www.capcoa.org/wp-content/uploads/2012/03/CAPCOA-White-Paper.pdf>.

<sup>9</sup> SCAQMD (9/28/10) Minutes for the GHG CEQA Significance Working Group # 15, p. 2 (“SP (population plus employment)”), [http://www.aqmd.gov/docs/default-source/ceqa/handbook/greenhouse-gases-\(ghg\)-ceqa-significance-thresholds/year-2008-2009/ghg-meeting-15/ghg-meeting-15-minutes.pdf](http://www.aqmd.gov/docs/default-source/ceqa/handbook/greenhouse-gases-(ghg)-ceqa-significance-thresholds/year-2008-2009/ghg-meeting-15/ghg-meeting-15-minutes.pdf).

<sup>10</sup> BAAQMD (May 2017) CEQA Air Quality Guidelines, PDF p. 99 (“determined by adding the number of residents to the number of jobs estimated for a given point in time”), [https://www.baaqmd.gov/~media/files/planning-and-research/ceqa/ceqa\\_guidelines\\_may2017-pdf.pdf?la=en](https://www.baaqmd.gov/~media/files/planning-and-research/ceqa/ceqa_guidelines_may2017-pdf.pdf?la=en).

<sup>11</sup> PCAPCD (Oct. 2016) CEQA thresholds of Significance Justification Report, PDF p. 2 (“Service Population (Residents + Employees)”), <https://www.placer.ca.gov/DocumentCenter/View/2061/Threshold-Justification-Report-PDF>.

<sup>12</sup> SLOAPCD (Mar. 28, 2012) GHG Threshold and Supporting Evidence, PDF p. 4 (Service Population (Residents + Employees)”), <https://storage.googleapis.com/slocleanair-org/images/cms/upload/files/Greenhouse%20Gas%20Thresholds%20and%20Supporting%20Evidence%204-2-2012.pdf>.

<sup>13</sup> See e.g., City of Los Angeles (Jan. 2017) Draft EIR for Lizard Hotel Project, PDF p. 24 (Tbl. IV.E-7, table note “b”), <https://planning.lacity.org/eir/SpringStHotel/DEIR/DEIR%20Sections/Spring%20St%20Hotel%20IV.E%20Greenhouse%20Gas%20Emissions.pdf>; Colorado Waterwise (undated) Water Savings Analysis for St. Regis Resort, PDF p. 2 (assuming “assume that the average occupancy is 1.5 guests per room and there is an occupancy rate of 80% ...”), <https://coloradowaterwise.org/Resources/Documents/BP%20Project/St%20Regis%20Resort%20report.pdf>; Lansing State Journal (4/13/17) Dwyer: Greater Lansing breaks tourism records in 2016 (... based on an average of 1.5 guests per hotel room....), <https://www.lansingstatejournal.com/story/opinion/contributors/viewpoints/2017/04/13/dwyer-greater-lansing-breaks-tourism-records/100460438/>; City of Los Angeles (Sep. 2017) Fig + Pico Conference Center Hotels Draft EIR, PDF p. 11 (using 1.5 guests per hotel room), <https://planning.lacity.org/eir/FigPico/files/4.9.2%20Police%20Protection.pdf>.

<sup>14</sup> Calculated: (266 rooms x 1.5 persons per room x 0.80) + (48 hostel beds x 1 person per bed x 0.80) = 357.6 hotel patrons. (See APP-K, p. 35)

<sup>15</sup> Calculated: (13,086 daily VMTs / 470.6 service population) = 27.80705 VMTs/sp.



Marina Inn and/or the other five hotels within 1.5 miles of the Site.<sup>16</sup> In sum, not only is using guests as a VMT service population denominator likely improper under governing law, but using a 2.1 per room guest count is arbitrary and capricious.

#### **4. Failure to Consider Regional Nature of the Hotel**

The Draft EIR fails to recognize that this Project would be considered significant under the Governor's Office of Planning and Research ("OPR") guidance concerning redevelopment projects. Under OPR's VMT Technical Advisory, which is attached to LSA's report in the County Guidelines, redevelopment projects that consist of "regionally-serving retail, and increases overall VMT compared to with existing uses, then the project would lead to a significant transportation impact." (County Guidelines, PDF p. 103.) Here, the Project is a hotel, which is inherently regionally serving in this tourist destination and, therefore, will increase VMTs as compared to the existing Site conditions.

#### **5. Failure to Consider Feasible Mitigation**

Due to the above errors, the Draft EIR incorrectly concludes the Project would have no VMT impact and, thus, requires no mitigation. But for these errors, the Project avoids numerous feasible VMT mitigation measures offered in the County Guidelines and OPR (County Guidelines, PDF pp. 111-113, 122-123), as well as CAPCOA<sup>17</sup> and SCAG.<sup>18</sup> At a minimum, the City should consider the following mitigation measures that promote public transit, reduce VMTs, increase the Project's overall efficiency, and which all have the additional benefit of further reducing the Project's mobile emissions affecting air quality and GHG emissions:

- Require Project employer to participate in Orange County Transportation Authority ("OCTA") Emergency Ride Home program.
- Free OCTA passes for all employees/workers at the hotel.
- Establish a rideshare program that includes on-site transit/rideshare information, assistance for employees to form carpool/vanpools, and gift gas cards to reward participation, and other measures consistent with CAPCOA VMT reduction measures.<sup>19</sup>
- Establish a local hire program with a goal of 40 percent of total full/part-time jobs are held by local residents.
- Free OCTA day pass to hotel guests (upon request).
- Increase the number of electric vehicle parking spaces.
- Require the Project achieve CalGreen Tier 1 or 2 compliance.
- Achieve at least a gold rating under the U.S. Green Building Council's Leadership in Energy Efficiency and Design (LEED®) green building program or equivalent green building standards.

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<sup>16</sup> According to Google Maps, the following hotels are within 1.5 miles of the Site: Blue Lantern Inn, A Four Sisters Inn; Laguna Cliffs Marriott Resort & Spa; Best Western Plus Marina Shores Hotel; DoubleTree Suites by Hilton Hotel Doheny Beach - Dana Point; The Beachfront Inn & Suites at Dana Point.

<sup>17</sup> See CAPCOA (Aug. 2010) Quantifying Greenhouse Gas Mitigation Measures, pp. 83, 155, 218-269 (listing and describing 15 measures as part of a "Commute Trip Reduction Program"), <http://www.capcoa.org/wp-content/uploads/2010/11/CAPCOA-Quantification-Report-9-14-Final.pdf>.

<sup>18</sup> SCAG (Sep. 2020) 2020 RTP/SCS Connect SoCal Addendum, pp. 4.0-21 – 4.0-22 (noting "employer trip reduction measures" and "commute trip reduction marketing"), [https://scag.ca.gov/sites/main/files/file-attachments/fpeir\\_connectsocial\\_addendum\\_4\\_mitigationmeasures.pdf?1606004420](https://scag.ca.gov/sites/main/files/file-attachments/fpeir_connectsocial_addendum_4_mitigationmeasures.pdf?1606004420).

<sup>19</sup> Supra fn. 17.



### C. THE DEIR FAILS TO IDENTIFY OVERRIDING CONSIDERATIONS

The DEIR should identify facts relating to a CEQA-compliant statement of overriding considerations. (See *Lawler v. City of Redding* (1992) 7 Cal.App.4th 778 [vacating city's approval of a sports facility on city-owned land in an unincorporated area until adopting measures to sufficiently mitigate noise impacts].) When approving a project that will have significant environmental impacts not fully mitigated, a lead agency must adopt a "statement of overriding considerations," finding that the project's benefits outweigh its environmental harm. (Pub. Res. Code § 21081(b); see also CEQA Guidelines § 15043; *Sierra Club v. Contra Costa County* (1992) 10 Cal.App.4th 1212, 1222.) An overriding statement expresses the larger, more general reasons for approving the project, such as the need to create new jobs, provide housing, generate taxes, and the like. (See *Concerned Citizens of S. Central LA v. Los Angeles Unif. Sch. Dist.* (1994) 24 Cal.App.4th 826, 847.) It must fully inform and disclose the specific benefits expected to outweigh environmental impacts, supported by substantial evidence. (See CEQA Guidelines §§ 15043(b) & 15093(b); see also *Sierra Club*, 10 Cal.App.4th at 1223.) However, an agency may adopt a statement of overriding considerations *only after* it has imposed all feasible mitigation measures to reduce a project's impact to less than significant levels. (See CEQA Guidelines §§ 15091 & 15126.4.) Hence, decisionmakers may not approve a project when feasible mitigation measures can substantially lessen or avoid such impacts. (See e.g., Pub. Res. Code § 21002; CEQA Guidelines § 15092(b)(2).) So too, additional overriding considerations may be necessary to adequately override those additional impacts that the DEIR underestimates.

To the extent that overriding considerations are needed, key among the findings that the lead agency must make is that:

"Specific economic, legal, social, technological, or other considerations, including the provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or alternatives identified in the environmental impact report ... [and that those] benefits of the project outweigh the significant effects on the environment." (Pub. Res. Code § 21081(a)(3) & (b), emphasis added.)

Here, the DEIR fails to identify significant impacts and/or incorporate feasible mitigation measures. Nor does the DEIR identify any overriding considerations. To the extent the City considers approving the Project with significant environmental impacts, such as the VMT impacts alleged herein this comment letter, the City should consider the overriding benefits to hospitality workers that service the Project Site and who will likely suffer the brunt of significant VMT impacts that have a direct link to air quality and climate change impacts caused by the Project.

### D. DEIR RECIRCULATION IS REQUIRED

CEQA requires a lead agency to recirculate an EIR when significant new information is added to the EIR following public review but before certification. (See Pub. Res. Code § 21092.1.) New information is significant if "the EIR is changed in a way that deprives the public of a meaningful opportunity to comment upon a substantial adverse environmental effect of the project" including, for example, "a disclosure showing that ... [a] new significant environmental impact would result from the project." (CEQA Guidelines § 15088.5.) Here, recirculation is required



because the Draft EIR fails to analyze the Project's VMT impacts and fails to implement all feasible mitigation measures and/or demonstrate proposed mitigation measures are infeasible. Neither the public nor decisionmakers can meaningfully comment and consider the Project's impacts absent this information and, thus, a recirculated DEIR that addresses the issues discussed herein is necessary.

### III. CONCLUSION

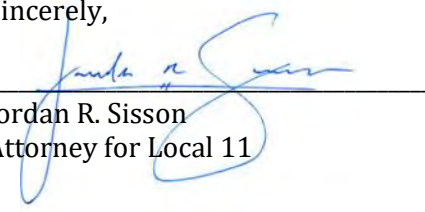
In sum, Local 11 is seriously concerned with the Project's impacts on VMTs that infect the Project's environmental analysis and mitigation. The errors discussed herein must be cured through a recirculated CEQA review that considers all feasible mitigation and an adequate statement of overriding consideration. Until then, Local 11 respectfully urges the City to stay any action on the DEIR or other Project approvals.

Local 11 reserves the right to supplement these comments at future hearings and proceedings for this Project. (See *Cmtys. For a Better Env't*, 184 Cal.App.4th at 86 [EIR invalidated based on comments submitted after Final EIR completed]; *Galante Vineyards v. Monterey Peninsula Water Management Dist.* (1997) 60 Cal.App.4th 1109, 1120 [CEQA litigation not limited only to claims made during EIR comment period].)

Finally, on behalf of Local 11, this Office requests, to the extent not already on the notice list, all notices of CEQA actions and any approvals, Project CEQA determinations, or public hearings to be held on the Project under state or local law requiring local agencies to mail such notices to any person who has filed a written request for them. (Pub. Res. Code §§, 21092.2, 21167(f) and Gov. Code § 65092 and LAMC § 197.01.F.) Please send notice by electronic and regular mail to Jordan R. Sisson, Esq., 801 S. Grand Ave., 11<sup>th</sup> Fl., Los Angeles, CA 90017 ([jordan@gideonlaw.net](mailto:jordan@gideonlaw.net)).

Thank you for consideration of these comments. We ask that this letter and any attachments be placed in the administrative record for the Project.

Sincerely,

  
\_\_\_\_\_  
Jordan R. Sisson  
Attorney for Local 11





June 27, 2022

Shahar Amitay  
Coastal Program Analyst  
California Coastal Commission  
South Coast District Office  
301 E. Ocean Blvd. Suite 300  
Long Beach, CA 90802

**Re: Application No: LCP-5-DPT-21-0079-2  
Dana Point Harbor Hotels**

Dear Mr. Amitay:

On June 21, 2022 the Sierra Club's Sierra Sage Group and Westwind Sailing held an online meeting with R.D. Olson (RDO) to discuss the proposed above-referenced application.

We are submitting the following for file inclusion and review by Coastal Commission staff and Coastal Commissioners:

- Minutes of June 21, 2022 online meeting with Sierra Club, Westwind Sailing and RDO.
- Ritz-Carlton Half Moon Bay Plastic Use and Waste Reduction Report

We were advised by RDO that they would be finalizing their submittal to staff by June 30, 2022 and planned on an October hearing date. With this tight timeline, we respectfully ask that staff feel free to contact Penny Elia, Sierra Club representative, for clarification or further explanation on anything we have included in this submittal.

Based on our review of available materials and documentation, as well as our takeaways from the online meeting with RDO, we are not able to support the project as proposed without significant improvements to EJ and environmental components.

Thank you for the opportunity to share our thoughts and concerns with you.

Respectfully,

Sierra Sage Group/Orange County

Copy: Karl Schwing  
Eric Stevens  
Shannon Vaughn  
Dani Ziff

Attachments: June 21, 2022 Meeting Minutes  
Ritz-Carlton Half Moon Bay Plastic Use and Waste Reduction Report

**Meeting Minutes**  
**Dana Point Harbor Revitalization – Hotel Component**

**June 21, 2022**  
**11:30 AM – 12:45 PM**

Present: Anthony Wrzosek and Sharon Ying – R. D. Olson (RDO)  
Penny Elia and Sharon Koch – Sierra Club  
Diane Wenzel – Westwind Sailing

I. Update on Written Project Description/LCP Amendment

The proposed average daily rates (ADRs) for the rooms in each hotel, schematics of rooms per type (including square footage, fixtures and appliances, balconies, etc.), hotel guest and public amenities, boater service facility square footages, anticipated commercial uses, parking allotments, site elevations and conditions, sea-level rise mitigation and adaptation measures, and architectural considerations (e.g., bird-safe glass, landscaping, terraced articulation and modulation, view corridors, etc.).

Discussion re: fact that there are two distinct products being proposed by RDO. A higher end product and a lower cost product. Given that water is at a premium and desal plants are being proposed and denied by the Coastal Commission due to a variety of reasons, it seems unfathomable that two hotels, both with pools, are even being considered for this area that once was the site of a very modest property that served the entire community and visitors from all walks of life – all under one roof. Water conservation will be discussed in more detail later in these meeting minutes, but there are many environmental downsides to two properties in this location. Furthermore, it would appear as though both lower cost and high end guests could be accommodated in one hotel - - not two.

The grassy area at the corner of Island Way and the “communal BBQ area” that is proposed for the benefit of low cost hotel guests only was discussed. This has long been a popular public area used for picnics and special events such as Festival of Whales and other well-attended public events. We suggested opening this BBQ area up to the public in addition to adding picnic tables. Also requested that the developer consider an art project or contest that would be included in the EJ component to enhance the multiple power and sewer structures in this area (these structures have footprints of approximate 8’ x 8’ and 4’ x 4’ and make for a nice palette or other design element). This had been a program the County of Orange Harbor Department and City of Dana Point considered for many years, but was never followed through on. As a side note, it’s sad to see that that the topiary whale that was on this grassy area for decades has been removed. That was quite an historical icon as was the lady that had it originally planted, Dana Point historian, Doris Walker.





Discussion about the outdoor service kitchen and public access that should not preclude adequate boater parking. We were assured there would be more than adequate boater parking.

RDO advised that the small viewing platform on Island Way was mitigation for the loss of public access and views from the grassy area addressed above and had been approved by the Commission. We do not feel this is adequate and shared our concerns.

## II. Environmental Justice Initiatives

The Sierra Club invited Westwind Sailing to participate in the online meeting with RDO given that they have a long history of providing quality EJ programs to the immediate underserved community. Diane Wenzel, owner of Westwind, attended the meeting and advised RDO that the only way Westwind and other non-profit EJ groups in the harbor learned of the project was via the local newspaper. Westwind (partnering with Dana Point Aquatic Foundation and the State of CA Division of Boating and Waterways), Sea Scouts, the two junior sailing clubs in the harbor and the outrigger canoe clubs were never approached by the development team heading up the renovation for the Harbor, including RDO. Diane was able to explain to Tony how their partnership worked with the State and encouraged him to not go outside of the immediate community since there are a number of groups that would benefit from local programs and have an excellent track record as far as performance. We returned to this topic later in the meeting.

### A. Swimming lessons in hotel pools

RDO feels it is not appropriate to mix EJ swimming lessons with their guests' pool experience, at either pool, and we agree to the extent that the swimming lessons would require most of the pool. We did not suggest having the swimming lessons combined, but rather set aside a time for the swimming lessons that would be private – in both pools. We reminded RDO that the Commissioners spent a lot of time discussing swimming lessons and we also reminded RDO that in order to conduct safe and proper sailing, kayaking, boating lessons, and the like, children must know how to swim – that's a priority. No matter what water recreational opportunities are provided, the ability to swim is mandatory. We suggested that RDO partner with Dana Hills High School (DHHS) that is just minutes up Golden Lantern. The high school has a perfect pool for swimming lessons and is available many hours out of the day for an EJ swimming lesson program. RDO might be able to even partner with the high school on swimming instructors. RDO suggested working with a YMCA, but the YMCA is much more crowded all day long and much farther away. RDO would need to provide bus transportation to and from the DHHS swimming pool and the harbor as needed. Bus transportation is an important component of any and all EJ programs since transportation is one of the most expensive elements of any program.

### B. Overnight programs for multi-day sailing and educational excursions.

Unclear as to whether or not this was agreed upon by RDO, but definitely should be part of the program and include food and beverage at both properties. We stressed the need of making

sure all of these children are nourished given the strenuous nature of swimming and other water recreation. This includes having ice chests with adequate food and beverage on board the buses and other means of transportation. Any type of program, no matter what the duration, must include provision of food and beverage in a healthy, satisfying and safe manner.

C. Partnerships with regional Title 1 schools/districts

We identified for RDO the local Title 1 schools, many of which the Harbor non-profits already partner with. This is why we are asking RDO to work with the existing non-profits and EJ groups - - many programs could be turnkey with the assistance of these groups.

D. Partnerships with Whale Tail grant applicants and recipients.

We explained how beneficial this partnership would be, and also encouraged RDO to host Coastal Cleanup Day events as we have done for many years in the Harbor with Sea Scouts and other groups involved with the two yacht clubs. Both on land and on-the-water cleanups. Adopt-A-Beach programs are also available through the CCC, and this could include segments of the entire harbor – not just the beaches, but also public areas. The CCC’s Public Education division has so much to offer any EJ program, not just the Whale Tail grant program. Again, strongly encourage RDO to embrace and work with CCC’s Public Education.

E. Scholarships and workforce development programs for underserved youth in the hospitality industry.

We stressed the importance of this program as it relates to our older children/young adults. Penny worked in the hospitality industry for over 25 years and made several suggestions as to how this program could operate and how beneficial it would be. Every department within both properties should develop a program and curriculum to service this sector of the underserved youth.

F. Dedication of hotel amenities at no cost to community partners/non-profits working in the environmental justice communities for conventions, conferences, meetings, fundraising events, educational events, and when required, overnight accommodations for meeting and event planners. Consideration of discount program for food and beverage for the events described.

G. Free or low-cost public boating and recreational activities offered by the hotel operators for lower-cost hotel guests or members of the underserved public.

H. Financial contributions towards expansion of proposed or existing programs for underserved youth in the community.

Financial contributions are always needed, but what is really needed are hands-on programs developed and implemented by RDO and the development team with the assistance of the EJ groups in the harbor. There is a team ready to go in the Harbor - - we will continue to encourage RDO and the entire development team to work with those that have the best grasp

of how to get things done quickly and in a professional manner. All of these existing groups were overlooked by the developers, and having partnerships with groups like this is essential to a successful operation in the harbor.

RDO provided us with the following overview of how they perceive the EJ program:

Marina portion of the harbor renovation recently approved by CCC. Within the CDP an educational program was required for underserved youth. This is a partnership program for 1000 youth/year from low income and other underserved communities. Goal is to educate underserved youth with ocean related activities in the form of sailing classes, paddle boarding, swimming, kayaking, and the like. Program has been approved by CCC and will be implemented when slips are renovated. That work will start before end of year. RDO is willing to supplement the program in the hotel area - - approximately 10%, or 100 youth per year. Program that was approved by CCC is in staff report. Ten percent supplement of the program only – no more. Marina CDP identified Surfrider, Big Brothers/Big Sisters, Orange Coast College.

This suggested 10% or 100 underserved youth/year is completely inadequate, and while we feel Surfrider may be up to the task of assisting with programs, the local Big Brothers/Big Sisters may not be the best option. We are also unclear as to why it is necessary to reach out to OCC when Westwind Sailing is right there in the harbor and already has programs that are turnkey.

We once again took this opportunity to explain to RDO that these organizations are great, but they don't all have local programs already in existence that need and deserve funding and support. We also asked that RDO consider including Sierra Club's Inspiring Connections Outdoors program that work with Title 1 schools and inner city children, and have experience in the harbor with whale watching educational outings and other programs.

RDO has committed to sending an outline of the suggestions that were made to all of us on the call so we can work collectively. Sharon Koch asked to have another call before the end of June when RDP plans on submitting their documentation to CCC so that we are clear on what RDO has agreed to as they are asking for a letter of support. A draft of these meeting minutes were sent to RDO with a follow up request for another online meeting on June 23, 2022. The RDO outline and scheduling of call was to occur before COB Friday, June 24, 2022, but did not. Again, a program that has no definition, is really not a program, and the Sierra Club wants to know that we are all on the same page as our goals and that of the developer seem very different at this phase of the permit.

### III. Boater Service Facilities

In addition to the conditions set forward by the Coastal Commission, provide ADA access to all boating and water-related recreational amenities, including ADA lift for boaters and/or sailors. This lift will be critical to implementing environmental justice programs with Westwind Sailing or other educational outlets in the harbor.

Tony advised that he is not the marina expert and we asked him to share this with the larger development team since this isn't really a water related issue. The lift is on land and simply transfers the disabled sailor onto the boat deck. Here is an article about the most recent

installation of an ADA lift in Newport Harbor <https://www.latimes.com/socal/daily-pilot/news/story/2022-05-13/newport-beach-shows-off-new-human-lift-to-improve-access-for-disabled-boaters>. We helped RDO understand that there are only four lifts on the coast - - only four in the entire state. Let's make Dana Point the 5<sup>th</sup>! RDO sounded like they may be willing to work on this, and fully understood the concept, but we are hoping for a more definite commitment. The disabled community is included in the CCC's EJ Policy and with that inclusion, must be accommodated along with the other EJ communities identified in the policy.

IV. Parking Management Plan

In addition to the conditions set forward by the Coastal Commission, provide the required number of ADA parking spaces based on total capacity parking, including areas for large van or bus ADA access to accommodate groups or classes of disabled individuals.

ADA spaces were discussed and RDO advised that ADA EV charging stations were being included. We are not sure if ADA parking spaces for large vehicles are on the current plans, but urge CCC to add this condition of development. Based on our discussion, it sounds like there will be adequate ADA parking for guests of the hotels.

V. Discussion of Baby Beach Boat Launch

RDO advised that CCC had asked them to have a boat launch adjacent to the hotels, but RDO advised that was not possible. There is an existing boat launch at Baby Beach that the County is in charge of, but we are not clear on how this will be implemented by RDO for the boating community or EJ programs. RDO also seemed unclear as to their directive from CCC staff.

VI. Discussion of public restroom availability in the area immediately surrounding the hotels.

It would appear that there will be more than ample area for the public and boaters within the hotel facilities. We reviewed the drawings and Tony identified the area for restrooms, showers, and other facilities for the public and boaters.

VII. Discussion of sea level rise impacts on proposed underground parking facility.

"County owns seawall and it's their problem" appears to be the way RDO views sea level rise. We discussed managed retreat and how sea level rise is really everyone's problem – no one singularly owns this challenge. This conversation didn't gain much traction since it's easy to ignore SLR, not plan for it, and just hope someone else will take care of it. In the case of this development it would appear the developers are relying solely on the County to address SLR.

VIII. Discussion of implementation of water conservation (including use of recycled water) and water quality components and programs for entire property/development.

Landscaping

Conservation – restrictors in guest rooms, water service in restaurants & bars

Use of bottled water

Two of RDOs most recent hotels have all of the above according to Tony, including water refill stations on each guest room floor. We suggest refill stations in all of the public areas of the hotels as well, including the porte cocheres and pre-function areas. So many hotels in this area and virtually NO conservation programs. We advised Tony that Sierra Club is adamantly opposed to bottled water (especially plastic) and he assured us that there would be refill stations. We suggested a hotel amenity of a refillable water bottle – preferably not plastic. City of Dana Point should have taken more steps for conservation, but their focus appears to be on only more and more development. Desal is the last resort for water, but apparently this is what the City of Dana Point is counting on given the massive development throughout that city that has been going on for years now, and now two new hotels with two pools. Where will the water come from? We advised RDO that landscaping should not consist of just drought resistance plants, but rather native habitat that will allow for yet another opportunity to educate guests. Tree of Life Nursery <https://californianativeplants.com> just up Ortega Hwy. was recommended as a resource for native habitat and educational opportunities. Recycled water is throughout the entire harbor - the purple pipe was installed years ago as confirmed by OC Parks just recently. Not clear on what the plan is for implementation of recycled water, but there was a commitment to look into this. RDO was aware that purple pipe is throughout harbor, but again, no commitments and this should be a condition of development.

IX. Discussion of implementation of alternative energy components for entire property.

Number of EV charging stations – adding ADA charging stations. Typically RDO put in more than competition per Tony.

Solar power is one example of renewable energy. Sharon Koch advised that Orange County has signed on to Community Choice Energy Program (OCPA <https://www.ocpower.org>), but not sure what level they have committed to, but this allows for a few alternatives. There's a San Diego option as well. Tony advised VRF mechanical systems – the latest and greatest in heating and A/C has the lowest energy use and extremely quiet. This isn't the answer the Sierra Club was hoping for. We would like to see a commitment to renewable energy, beginning with solar power. As we discussed, the Pacific Ocean is a huge reflective body that could provide a lot of solar power to these two properties. This really should be required and a condition for development. Solar panels and back up batteries could save these properties a lot of money in the long term. These savings could be passed along to the EJ programs.

The online meeting ended at approximately 12:45 PM. The one item not discussed is the requirement for a robust recycling program at both properties. The Coastal Commissioners required this of the Ritz-Carlton Half Moon Bay during enforcement action a few years ago, and we recommend a program similar to this. The Ritz's first report is provided as a supporting document to these minutes.

# HALF MOON BAY AUDIT: Assessment & Recommendations

Prepared for The Ritz-Carlton Half Moon Bay

Submitted August 26, 2019



## AUDIT PROCESS

### AUDIT OBJECTIVE

The objective is to conduct a plastics use and waste reduction audit completed by a qualified entity, and to seek means to reduce plastics use at The Ritz-Carlton Half Moon Bay in Half Moon Bay, California.

### INTERVIEW SCHEDULE

During the onsite audit the following stakeholders were engaged:

Time	Area	Title	Department
8:30-9:00am	Meet and greet in Club Lounge	General Manager and Hotel Manager	Executive Office
9:00-10:00am	Kitchens	Executive Sous-Chef	Culinary
10:00-10:30am	Bar, Restaurant, Room Service, Restaurant Kitchen & Staff Kitchen	Assistant Director of F&B and F&B Voyager	F&B
10:30-10:45am	Banquet, Functions, Meeting Room Set-Up	Assistant Director of F&B and F&B Voyager	F&B
10:45-11:00am	Garbage Area	Chief Engineer and Republic Rep	Engineering
11:00 -12:00pm	Retail Area, Spa, Gym, Laundry	Assistant Rooms Executive	Rooms Division
12:45-3:00pm	Purchasing Office	Purchasing Supervisor and Executive Sous-Chef	Purchasing
3:00-4:00pm	Room, Housekeeping Pantry & Cart, Pool, Recreation area, Hotel Cleaning	Director of Housekeeping and Assistant Rooms Executive	Rooms Division
4:00-5:00pm	Follow-up	General Manager and Hotel Manager	Executive Office

### AUDIT BOUNDARY

The onsite portion of the audit was conducted on Monday, July 29<sup>th</sup> at The Ritz-Carlton Half Moon Bay in Half Moon Bay, California. The following departments were observed and reviewed:

1. Rooms
2. Housekeeping
3. Recreation Areas including pool
4. Food & Beverage
  - a. Restaurants
  - b. Bars
  - c. In-Room Dining
  - d. Kitchens
  - e. Staff Kitchen
5. Events: Banquet, Functions, Meeting Rooms, Set Up Areas
6. Garbage Area / Waste Disposal / Maintenance
7. Retail Outlets
8. Spa
9. Gym / Fitness Center
10. Laundry

Property review included Back of House and all common areas.

## **SOURCES OF PLASTIC AND WASTE**

The types of single-use plastics common to hotel environments include: water bottles, room keys, guest room and bathroom amenities packaging, laundry collection and bags, cleaning supplies, straws, take-away containers and cutlery, plastic wrap, plastic bags, and spa amenities packaging.

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## **PART I: CURRENT BEST PRACTICES**

In addition to future reduction of plastic materials in hotel operations, the following best practices were seen by or discussed with the auditor. Best practices include a combination of products and staff practices that reduce waste.

### **Best practices in rooms include:**

- No plastic bag in trash bins
- Recycling bins present in guestrooms
- Guest room refrigerators are filled upon request (this reduces plastic packaging)
- No slippers (this reduces plastic packaging)
- Washable/reusable robes
- Donation of plastic toiletries to charity

### **Best practices in the food & beverage department include:**

- Paper Straws

### **Best practices that influence the entire property or the property's grounds include:**

- Hotel employee environmental committee
  - Cleaning supplies are purchased in bulk and measured to prevent over chemical usage
  - Water tolerant planting
  - Coastal Clean-up
  - LED low consumption light bulbs throughout resort
  - Electric transportation for internal resort use with 6 electric charging stations in garage
-

## PART II: IMPLEMENTATION RECOMMENDATIONS

In addition to compliance with potentially forthcoming state legislation on reduction of plastic materials in hotel operations, the following recommendations can address the issue of plastic and waste at the hotel by December 2020. The recommendations represent a combination of managerial practices that are proven to reduce waste via associate engagement as well as actions for specific high priority materials identified.

**Recommendation 1: Reduce plastic linen collection bags and change to reusable/washable collection bags.** Linen collection bags made from used sheets can replace and reduce plastic linen collection bags. Collecting used linens and towels from rooms can be done with reusable/washable linen collection bags.



**Recommendation 2: Reduce plastic cups to paper alternatives in gym and spa.** Reduce plastic cups in the gym and spa to a paper alternative (ideally a compostable paper cup).



**Recommendation 3: Reduce plastic utensils throughout the property.** Replace plastic utensils in all Food & Beverage outlets with wood alternatives.



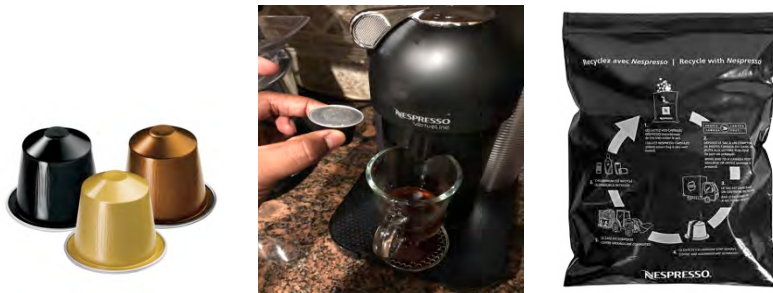
**Recommendation 4: Beta- test reusable bathroom amenity dispensing containers in guest rooms.** In conjunction with a Marriott Corporate initiative to reduce in-room bath amenity plastic usage, RCHMB will participate in a test to utilize reusable bathroom amenity dispensing containers.



**Recommendation 5: Reduce 40% of plastic water bottles in guest rooms.** Ritz-Carlton Half Moon Bay in Half Moon Bay has made a commitment to reduce plastic water bottles in guest rooms by **100%**.



**Recommendation 6: Return Nespresso coffee cups to company.** Send Nespresso aluminum coffee cups back to the provider using their proprietary pre-postage bags. [Please note, due to size and coffee contents, Nespresso single-use aluminum coffee cups are only recyclable by the Nespresso Company.]



**Recommendation 7: Create a plan to separate waste into recyclables, compost, and landfill on the property.**

Collaborate with Republic Services waste management company to create a program to separate waste into recyclables, compost, and landfill on the property. This should include increased containers for waste separation and pick-up, as well as signage in the back-of-house areas to promote the increase of recycling by associates. Republic will then collect each respective waste component and dispose of it properly. This should lead to a reduction of waste being sent to landfill.



**Recommendation 8: Create an education plan for associates about recycling.** Education plan to include training for associates, particularly in Housekeeping and Food & Beverage departments, with recycling etiquette and other useful information on moving towards a zero-waste hotel operation.

**Recommendation 9: Host two employee beach cleanups to retrieve plastic and golf balls.**

# Exhibit 10 – CEQA Comment Letter by CCC Staff

## CALIFORNIA COASTAL COMMISSION

South Coast Area Office  
301 E Ocean Blvd, Suite 300  
Long Beach, CA 90802  
(562) 590-5071



June 14, 2021

Kurth B. Nelson III, Principal Planner  
City of Dana Point, Community Development Department  
33282 Golden Lantern, Suite 209  
Dana Point, California 92629

Governor's Office of Planning & Research

**July 07 2021**

**STATE CLEARINGHOUSE**

Delivered via electronic mail: [KNelson@DanaPoint.org](mailto: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....

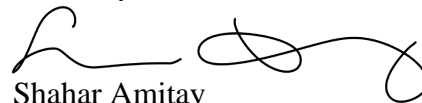
The nearest anticipated construction to the bluff areas [in Planning Area 7] includes possible... expansion and replacement of the existing Marina Inn that are also contemplated. Construction in these areas would not encroach into the native habitat in Planning Area 7 and therefore would not impact potentially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

cc: Brenda Wisneski, City of Dana Point  
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