



# NEWPORT BEACH

## City Council Staff Report

November 27, 2018  
Agenda Item No. 16

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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**TITLE:** Professional Services Agreement with Environmental Science Associates for Environmental Services for a Proposed 275-Room Hotel Project Located at the Newport Dunes Resort (PA2016-175)

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### **ABSTRACT:**

Staff requests approval of a Professional Services Agreement with Environmental Science Associates (ESA) for environmental consulting services for a proposed 275-room hotel development proposed at the Newport Dunes Resort, 1130 Back Bay Drive.

### **RECOMMENDATION:**

- a) Determine that the action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because it will not result in a physical change to the environment, directly or indirectly; and
- b) Approve the Professional Services Agreement with ESA, and authorize the Mayor and City Clerk to execute the agreement.

### **FUNDING REQUIREMENTS:**

There is no fiscal impact related to this item. The consulting service cost of \$287,200 will be reimbursed to the City by the Applicant, Newport Bayside Resort, LLC.

### **DISCUSSION:**

Newport Bayside Resort, LLC (Applicant) is proposing a 275-room, 201,498 square-foot hotel. It is anticipated that an environmental impact report (EIR) will be required for the project. Staff has selected the environmental consulting firm ESA to prepare the EIR. Consistent with City Council Policy F-14, City Council authorization is required for the Professional Services Agreement because the “not to exceed” amount of \$287,200 is in excess of the \$120,000 limit by the City Manager.

### Settlement Agreement

In 1983, the City, the County of Orange, and Newport Dunes, Inc. (property operator at that time) signed a settlement agreement to resolve jurisdictional and entitlement disputes relating to the development of the Newport Dunes Resort. The Settlement Agreement (last amended in 2012) establishes the following land use and development entitlements:

1. Family Inn. A 275 room “family inn,” not to exceed 500,000 square feet of gross floor area.
2. Interim Dry Boat Storage. Up to 450 dry boat storage spaces as an interim use and pending construction of the family inn.
3. Restaurant Uses. Up to 32,000 square feet of net public area of restaurant facilities.
4. Commercial Uses. Up to 12,000 square feet of gross floor area for commercial, office, storage or retail uses.
5. RV Spaces and Facilities. A 444 space recreational vehicle park with recreation vehicle support center, including a convenience store, equipment rental facility, a recreation/meeting room, clubhouse, restrooms, showers, laundry facility, storage, swimming pool, and maintenance facility.
6. Boat Slips/Marina. A 430 boat slip marina.
7. Marina Clubhouse and Storage. Up to 9,600 square feet of floor area for a marina clubhouse and for storage facilities.
8. Caretaker Residences. One caretaker residence for the restaurant uses and one caretaker residence for the recreational vehicle park.
9. Temporary Enclosure. One temporary enclosure for specified events.

### Proposed Project

The ancillary facilities of the proposed hotel include a 917-square-foot coffee shop, gift/sundry shop, business center, approximately 13,000 square feet of meeting space, spa/fitness facilities, 3,190-square-foot restaurant, pool, tennis courts, sand volleyball courts and picnic area.

The project site is located on 14.3 acres within the Newport Dunes Resort. The Newport Dunes Resort consists of 100 acres of State tidelands property held in trust by the County of Orange and leased to a private operator.

The project includes the following discretionary actions:

1. Planned Community Development Plan – A Development Plan to allow for the classification of land within the project boundaries and establishment of development standards.

2. Site Development Review – For development of the hotel and associated structures and improvements.
3. Conditional Use Permit – For ongoing regulation of hotel operations and ancillary facilities.
4. Traffic Study – Preparation of a traffic study pursuant to the City's Traffic Phasing Ordinance (TPO).
5. Coastal Development Permit – To ensure project consistency with the California Coastal Act of 1976 and the City's certified Local Coastal Program (issued by the California Coastal Commission).

Regarding the coastal development permit (CDP) mentioned above, the City has a certified Local Coastal Program (LCP) and the project site is located within the City's CDP jurisdiction area. However, development within the Newport Dunes Resort was authorized by a CDP previously approved by the California Coastal Commission (Coastal Commission). Pursuant to Section 21.54.070(D) of the City's certified LCP, amendments to CDPs approved by the Coastal Commission must be processed by the Coastal Commission. Therefore, the Coastal Commission will utilize the EIR in their review of the CDP.

#### Consultant Selection

Consistent with City Council Policy F-14 and the City Manager's Administrative Procedures Manual, a request for proposals was sent to 23 candidate firms. Nine proposals were received. ESA was selected based on the firm's qualifications, experience and competitive cost. The Applicant was apprised of the proposal, including the scope of work, budget and schedule, and agrees with the selection.

#### **ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

#### **NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

#### **ATTACHMENTS:**

Attachment A – Professional Services Agreement with ESA  
Attachment B – Conceptual Project Site Plan