

BUSINESS

# Dated marina at the west end of Harbor Island will be demolished, rebuilt as \$50M resort-like facility



Harbor Island West Marina at 2040 Harbor Island Drive is slated to be entirely redeveloped with replacement docks, resort-style boater amenities and a public viewing deck. (Courtesy, HIW Associates/AO)

Last month, Port of San Diego  
Commissioners gave final approval to the \$50

million Harbor Island West Marina project, which promises to create a boater's paradise with all new docks and amenities

BY JENNIFER VAN GROVE

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Built between 1970 and 1972, the 26-acre marina at 2040 Harbor Island Drive on the western most portion of Harbor Island, a landmark familiar to locals who frequented the once-popular-but-now shuttered Boathouse Restaurant, is long past its prime.

The facility has aged so much that all 11 of the marina's docks, which hold 620 boat slips of varying size, need replacing. The three wood buildings that cater to the needs of boat owners and house some storefronts are also teardowns.

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A sweeping redevelopment project a decade in the making promises to rebuild everything on site and has cleared all the necessary bureaucratic hurdles, providing the marina and its owner, HIW Associates, L.P, with a new lease on life.

Last month, Port of San Diego Commissioners gave final approval to the \$50 million Harbor Island West Marina project, which was originally submitted to the agency in 2013 and first went before the board in 2014.

Commissioners praised the redevelopment as “absolutely beautiful” and “first class.”

The board’s actions included adopting the environmental analysis, authorizing the issuance of a coastal development permit, and approving interim and long-term lease terms.

“(We are) definitely a bit relieved to get the project formally approved with the initial entitlements and that

some of the heavy lifting is out of the way,” said Eric Leslie, who manages the property and co-owns the project’s development company Beauchamp Leslie Management & Development. “Even though the approval process took way longer than we ever expected, it may have benefited us because it is a better project than when we started. Now we are looking forward to building and operating what is going to be the premier marina property in Southern California.”

HIW Associates now has an 18-month window to finalize planning documents and secure financing. The company is hoping, however, to complete the required work by this time next year and start construction in January 2025, Leslie said.

The more than 50-year-old Harbor Island West Marina consists of 3.8 acres of land and 22 acres of water. HIW Associates owns the marina and leases the land from the Port of San Diego, which controls the tidelands traversing San Diego Bay. The company, which Leslie described as a

family owned business, sought to redevelop the property in an effort to cement its tenancy and legacy on the waterfront.

“The existing ownership bought this property back in 1981. And I’ve been operating it for them since 1990,” Leslie said. “And as we got closer to the end of the lease term, it became necessary to do some future planning for redeveloping the property because it was approaching the end of its useful life.”

The just-approved project will replicate nearly everything on site, including the highly trafficked fuel dock at the tip of the peninsula.

In the water, the existing 11 docks and supporting concrete piles will be entirely rebuilt in a phased approach to allow continued operations — only the four existing abutments that support dockside access ramps will remain in place. The end result will be a slight increase in total slips to 623 slips that can accommodate a wider range of boat sizes.

One slip will be reserved for free use by not-for-profit entities.

On land, the current run-down one- and two-story buildings will be razed. They will be replaced with 15,682 square feet of modern marina facilities spread across two, 2-story buildings, separated by a wide, partially shaded walkway.

The larger, western building will house the main shower room for boaters, as well as retail storefronts for yacht brokers and sailing schools. A counter service cafe or market is also planned. The eastern building will be replete with resort-style amenities to create a boater's paradise. The boater service building will, for instance, have a lounge, workout room and business center. And the adjacent pool area, as depicted in architectural plans and renderings, comes with a hot tub, chaise lounge chairs, a fire pit and lounge area, a barbecue area, outdoor dining furniture and a movie wall.





A rendering of the Harbor Island West Marina main pool area that overlooks the marina and includes a hot tub, chaise lounge chairs, a barbecue area, outdoor dining furniture and a movie wall. (Courtesy, HIW Associates/AO)

The development also promises reconstruction of a 6,000 square-foot viewing deck overlooking Harbor Island's West Basin that will be open to the public. Even the standalone boater restroom building on the western portion of the project site will be demolished and rebuilt. And another boater recreation area with a hot tub and barbecue area is planned next to the restroom building. In addition, the project calls for an entirely new 12-foot-wide public promenade, additional landscaping, and

modernization of lighting and utilities. The existing 351-space parking lot will shrink slightly in square footage but be redone with 380 spaces, including 12 spaces available to the public. The project will also provide parking for 25 bikes.

“When this was designed in 1971, it was essentially a place to park boats. But the way people use the boats, and the market, has evolved over the years, so it’s more of a destination. And so (you need to have) a swimming pool and a barbecue area and a boater’s lounge and a workout room so that (the marina) becomes more of a destination and a place to park your boat,” Leslie said. “We’re trying to create somewhat of a resort-club atmosphere and that’s what I think the consumer is going to demand.”

HIW Associates is required to spend at least \$45 million on the project, as a condition of its new lease. The firm will, however, likely spend between \$50 million and \$55 million on the replacement facilities, given increasing costs, Leslie said.



In exchange for making substantial improvements to the marina, HIW Associates has secured a 50-year lease agreement — a 40-year base term with a 10-year option to extend — with the port. The long-term agreement will go into effect after pre-construction work is completed.

The lease includes minimum annual rent of \$895,000 in the years one and two, with a steep increase to \$1.8 million in year three that is followed by additional increases in years four and five. The minimum rent will then be adjusted every five years thereafter. The company is expected, however, to pay rent on a percentage base, starting at 22 percent of slip revenue and increasing to 25 percent of slip revenue toward the end of the term.

The latter percentage rent is precedent-setting for the Port of San Diego, which only recently started to charge more than 22 percent of slip rates.

“Port staff regularly benchmarks percentage rental rates with other similarly-situated entities and properties both on and off of port tidelands. The percentage rental rates

for this lease are based on those benchmarks, a review of recent market comparables, as well as a consideration of other factors such as length of lease term, magnitude of investment, location and size of the leasehold among others,” Adam Meyer, who is the port’s assistant director of real estate, told the Union-Tribune. “Fixed slip rental rate increases were negotiated to keep pace with anticipated market rent over the term of the lease.”

The port expects to net \$29.3 million in rent over the lifetime of the 50-year lease agreement, according to a staff report prepared for commissioners.

Commissioners spoke highly of the marina project.

“It’s an absolutely beautiful redevelopment. It’s exactly what we want here at the Port of San Diego,”

Commissioner Frank Urtasun said.

Commissioner Dan Malcolm characterized the redevelopment as “first class,” and an example of the kind

of quality the agency expects from existing and prospective port tenants.

“There’s no guarantee that you’re going to be a tenant perpetually around this bay,” he said. “You’ve got to earn it and you need to invest in your leasehold.”

The environmental analysis, which was conducted in 2019 and finalized in November, found that the project would not have a significant effect on the environment with mitigation measures. Mitigation measures include a marine mammal and green sea turtle monitoring program, an eel grass monitoring plan, a best-in-industry process for installing piles, and sediment sampling and remediation, among other things.



Jennifer Van Grove

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