

# 2023 QUARTER 4 REPORT

## DANA POINT HARBOR PARTNERS



## **Marina and Drystack**

### **Operations**

#### **Marina**

- Marina entitlements are complete with Coastal Commission
- Dock Phases 1-3 completed and occupied
- Dock demolition and installation of Phase 4 (West 5-7 docks) commenced September 2023 with occupancies occurring through January 2024
- Dock demolition of Phase 5 (West docks 1-4) is scheduled to commence in February 2024
- Motion for summary judgement in boaters lawsuit granted by judge in favor of DPHP and entered on June 29, 2023. An appeal hearing has been filed and DPHP is awaiting schedule
- On January 26, 2024, the judge granted DPHP's motion for attorneys' fees as the prevailing party in the litigation after summary judgement was granted in favor of DPHP

#### **Drystack**

- Operations continue and are being managed to accommodate redevelopment work on premises
- Planning and entitlement efforts continue as DPHP looks to secure approvals with California Coastal Commission for revised layout. Not expected until 2025. DPHP is working with the City to amend the LCP to facilitate an increase in public access in the Drystack Area.

## Financials

Attached are the December 2023 financials for Dana Point Harbor Partners – Marina and Drystack components. As presented, the Marina component includes the Marina operations and Direct Tenants (Nordhavn, Shipyard and Fuel Dock). The Drystack component includes the Embarcadero operations (with Pure Watersports) and Direct Tenant (Verizon).

### 2023 to 2022 Marina Comparison

The following is a condensed comparison of December 2023 vs. December 2022 Marina results. Total revenue decreased 7% and net income decreased by 13% due to sizable slip count being out of service for renovations.

DPHP Marina	Current YTD 12/31/2023	Prior YTD 12/31/2022	% Change
<b>REVENUES</b>			
Slip Rental Income	18,144,801	19,818,286	-8%
Total Guest Fees	404,118	582,803	-31%
Total Office Rent	119,897	166,053	-28%
Sublease Income	1,535,871	1,121,183	37%
Broker & Charter Flat Fees	375,613	467,200	-20%
Direct Tenant Income	518,394	496,623	4%
Parking Income	226,251	271,042	-17%
Total Other Income	324,779	315,062	3%
<b>TOTAL REVENUES</b>	<b>21,649,724</b>	<b>23,238,253</b>	<b>-7%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	1,323,288	1,166,831	13%
Direct Expenses	3,700,632	3,523,546	5%
Administrative Expenses	2,688,406	2,876,424	-7%
Capital Expense & Property Tax	1,105,703	1,098,450	1%
County Rent	2,076,668	2,213,245	-6%
<b>TOTAL OPERATING EXPENSES</b>	<b>10,894,697</b>	<b>10,878,495</b>	<b>0%</b>
<b>NET OPERATING INCOME</b>	<b>10,755,027</b>	<b>12,359,758</b>	<b>-13%</b>

## 2023 to 2022 Drystack Comparison

The following is a condensed comparison of December 2023 vs. December 2022 Drystack results. Total revenue has decreased by 11% with boat storage decreasing to accommodate boats during revitalization. 2023 YTD operating expenses are less than 2022 expenses by 10% through the end of December.

<b>DPHP Drystack</b>	<b>Current YTD 12/31/2023</b>	<b>Prior YTD 12/31/2022</b>	<b>% Change</b>
<b>REVENUES</b>			
Boat Storage Income	942,329	1,051,749	-10%
Wet Slip Rentals	41,375	69,442	-40%
Launch Ramp Income	319,739	319,281	0%
Charter Slip Income	28,912	28,912	0%
Merchant Income	271,510	324,537	-16%
Total Other Income	12,754	14,626	-13%
<b>TOTAL REVENUES</b>	<b>1,616,619</b>	<b>1,808,548</b>	<b>-11%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	450,612	417,027	8%
Direct Expenses	134,765	219,327	-39%
Administrative Expenses	220,737	249,932	-12%
Capital Expense & Property Tax	5,726	6,312	-9%
County Rent	216,629	244,057	-11%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,028,469</b>	<b>1,136,656</b>	<b>-10%</b>
<b>NET OPERATING INCOME</b>	<b>588,150</b>	<b>671,892</b>	<b>-12%</b>

## Commercial Core and Parkscapes

### Operations and Revitalization

- Parking Structure:
  - Construction commencement notification went out to residents within 1,000 feet.
  - Utility Permit and Facilities Agreement with SCWD finalized, approved, and executed.
  - Received turn of Utility Permit from SoCalGas and SDGE on 1/24. Forwarded to County Counsel on 1/25. County comments expected week of 1/29/24.
  - Finalizing contract change orders with general contractors and required submittals to County for approval.
  - Construction barricade and parking/circulation plans complete. Construction barricades to be installed week of 1/29/24.
  - Groundbreaking ceremony scheduled for 2/7/24.
  
- Balance of Project:
  - All plans submitted and awaiting approval by the Building Department.
  - Preliminary coordination on timing and logistics for commencing future phases.

## Financial Summary

The Commercial Core component includes retail shops, restaurants, whale watching, Catalina Express, office spaces, and yacht clubs.

### 2023 to 2022 Commercial Core Comparison

Below is a condensed comparison of the YTD December 2023 vs. YTD December 2022 Commercial Core results. Net Operating Income decreased by 18%, primarily due to lower revenue because of 1) two vacant restaurant suites, and 2) decreases in tourism and visitors to the Harbor resulting in lower tenant percentage rent and parking income. Visitors to December's "Holiday In The Harbor" resulted in record breaking tenant sales.

<b>DPHP Commercial Core</b>	Current YTD	Prior YTD	%
	12/31/23	12/31/23	Change
<b>REVENUES</b>			
Tenant Rent Income	5,305,258	6,220,191	-15%
Tenant Parking Income	722,351	826,013	-13%
Puerto Pl. Parking Income	158,299	173,649	-9%
Reimbursable Expense Income	632,050	738,596	-14%
Other Income	5,937	7,021	-15%
<b>TOTAL REVENUES</b>	<b>6,823,895</b>	<b>7,965,470</b>	<b>-14%</b>
<b>OPERATING EXPENSES</b>			
Wages & Benefits	265,952	282,880	-6%
Direct Expenses	1,528,611	1,633,543	-6%
Administrative Expenses	422,056	515,465	-18%
Property Tax	32,604	31,979	2%
Insurance	102,772	102,289	0%
County Rent	295,429	292,595	1%
<b>TOTAL OPERATING EXPENSES</b>	<b>2,647,424</b>	<b>2,858,751</b>	<b>-7%</b>
<b>NET OPERATING INCOME</b>	<b>4,176,470</b>	<b>5,106,719</b>	<b>-18%</b>

## Hotels – 4Q 2023

### Operations and Revitalization Summary

#### Hotels

- Hotel Development Submittals (County)
  - Schematic Design Documents approved by the County on 06/05/2019.
  - Preliminary Plans & Specs to be submitted following the approval of the Local Coastal Program Amendment (LCPA) by the California Coastal Commission (CCC) and the City of Dana Point.
- Hotel Entitlement (City and CCC)
  - LCPA approved by the City of Dana Point on 07/21/20.
  - City submitted the LCPA application to CCC on 07/29/20.
  - CCC approved a 12-month extension to review the LCPA on 10/07/20.
  - As mutually agreed by City and CCC, City withdrew the CCC LCPA application, and promptly resubmitted it on 11/30/2021. CCC released a status letter (incomplete application) on 12/13/2021. CCC released a second status letter (incomplete application) on 12/14/2022. CCC deemed the City LCPA application as complete on 04/17/2023.
  - During July 2023, CCC voted itself a 12-month extension (technically through August 2024) for the LCPA Hearing.
  - On October 31, 2023, the City informed us that CCC District Supervisor Eric Stevens is no longer on our project or the LCPA. The District Supervisor replacement has been identified as Amrita Spencer. An LCPA coordination conference call was conducted on November 20, 2023. CCC staff has not been available for a meeting since that call. An in-person meeting at CCC's Long Beach office is confirmed for January 30, 2024.

### Financial Summary

Below are the YTD 2023 financials for Dana Point Harbor Partners – Hotel component. The Hotel component includes the Marina Inn operations. Revenues were down 13.6% and net operating income (NOI) was down 44.7% versus YTD 2022 through Q4. Rooms revenue was impacted by a decline in leisure travel in the market which suppressed room rates and occupancy. 2022 expenses include an Insurance Premium rebate of \$414,687. Reversing out the entry results in YOY NOI decline of 32.7% versus last year.

<b>DPHP Marina Inn</b>	Current YTD 12/31/2023	Prior YTD 12/31/2022	% Change
<b>REVENUES</b>			
Rooms Revenue	4,748,321	5,722,550	-17.0%
Other Revenue	222,907	31,303	612.1%
<b>TOTAL REVENUES</b>	<b>4,971,228</b>	<b>5,753,853</b>	<b>-13.6%</b>
<b>OPERATING EXPENSES</b>			
Rooms Expenses	1,144,069	1,124,629	1.7%
Food Expenses	208,031	183,716	13.2%
Administrative Expenses	1,348,357	1,341,219	0.5%
Association Fees	90,863	90,778	0.1%
Management Fees	212,327	422,578	-49.8%
Insurance	115,669	(331,377)	-134.9%
Property Tax	64,955	52,543	23.6%
County Rent	302,840	339,761	-10.9%
Equipment Leases	3,418	3,858	-11.4%
FF&E Reserve	199,576	208,349	-4.2%
<b>TOTAL OPERATING EXPENSES</b>	<b>3,690,105</b>	<b>3,436,054</b>	<b>7.4%</b>
<b>NET OPERATING INCOME</b>	<b>1,281,123</b>	<b>2,317,799</b>	<b>-44.7%</b>