

# 2022 QUARTER 4 QUARTERLY REPORT

## DANA POINT HARBOR PARTNERS



## **Marina and Drystack**

### **Operations**

#### **Marina**

- Marina entitlements are complete with Coastal Commission
- Dock installation commenced with Phase 1 (W10-W12 docks) in September 2022 and completed in December 2022
- Demolition of Phase 2 expected to commence shortly
- DPHP continues defending against DPBA lawsuit

#### **Drystack**

- Operations continue and being managed to accommodate redevelopment work
- Request for extension of construction commencement submitted to County in December
- Initial comments received from City planning continue to be addressed

## Financials

Attached are the December 2022 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).

### 2022 to 2021 Marina Comparison

The following is a condensed comparison of December 2022 vs. December 2021 Marina results. Revenue grew 15% and net income grew by 18%. Sublease and Parking income continue to grow, and 2022 Slip Rental Income increased due to the rate adjustment in October 2021.

<b>DPHP Marina</b>	Current YTD 12/31/2022	Prior YTD 12/31/2021	% Change
<b>REVENUES</b>			
Slip Rental Income	19,818,286	16,996,958	17%
Total Guest Fees	582,803	689,119	-15%
Total Office rent	166,053	166,053	0%
Sublease Income	1,121,183	779,665	44%
Broker & Charter Flat Fees	467,200	469,520	0%
Direct Tenant Income	496,623	468,096	6%
Parking Income	271,042	256,065	6%
Total Other Income	315,062	398,310	-21%
<b>TOTAL REVENUES</b>	<b>23,238,253</b>	<b>20,223,786</b>	<b>15%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	1,166,831	1,166,666	0%
Direct Expenses	3,523,546	3,174,512	11%
Administrative Expenses	2,876,424	2,632,030	9%
Capital Expense & Property Tax	1,098,450	953,927	15%
County Rent	2,213,245	1,862,060	19%
<b>TOTAL OPERATING EXPENSES</b>	<b>10,878,495</b>	<b>9,789,194</b>	<b>11%</b>
<b>NET OPERATING INCOME</b>	<b>12,359,758</b>	<b>10,434,592</b>	<b>18%</b>

## 2022 to 2021 Drystack Comparison

The following is a condensed comparison of December 2022 vs. December 2021 Drystack results. Total revenue has decreased by 12% with boat storage decreasing in preparation for revitalization. 2022 YTD direct expenses increased from YTD 2021 due to parking lot repairs and tree removal costs in March 2022. Net Income decreased by 29% over prior year.

DPHP Drystack	Current YTD	Prior YTD	% Change
	12/31/2022	12/31/2021	
<b>REVENUES</b>			
Boat Storage Income	1,051,749	1,152,838	-9%
Wet Slip Rentals	69,442	116,081	-40%
Launch Ramp Income	319,281	359,814	-11%
Charter Slip Income	28,912	25,039	15%
Merchant Income	324,537	386,768	-16%
Total Other Income	14,626	17,362	-16%
<b>TOTAL REVENUES</b>	<b>1,808,548</b>	<b>2,057,902</b>	<b>-12%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	417,027	414,753	1%
Direct Expenses	219,327	163,024	35%
Administrative Expenses	249,932	261,521	-4%
Capital Expense & Property Tax	6,312	1,034	511%
County Rent	244,057	272,092	-10%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,136,656</b>	<b>1,112,423</b>	<b>2%</b>
<b>NET OPERATING INCOME</b>	<b>671,892</b>	<b>945,479</b>	<b>-29%</b>

## Commercial Core and Parkscapes

### Operations and Revitalization Summary

#### Commercial Core

- Continued processing of County (and City relative to CDP) plan check comments on:
  - Parking Structure and associated sitework, and Building 5b
  - Buildings 6-12 and surface parking lot
  - Buildings 2, 3, and 4
- Submitted Buildings 1, 5a and Wharf sitework for County plan check review

#### Parkscapes

- 2022 Stormwater Management Program
  - Approximately 1.3 tons of sediments, and trash related waste recaptured from the catch basin filtration systems installed at 58 locations.
  - In addition, approximately 20 pounds of usable recyclable material has been separated and recycled.
- Partnered with California State Parks and the California Coastal Commission to recycle 101.86 pounds of fishing line
- \$33K spent on Puerto Place road repairs
- \$35K spent on refurbishing picnic shelters 10, 11 and 12
- \$275K spent in Holiday Décor with an estimated 115,000 people visiting over the Holidays

## Financial Summary

Below are the YTD 2022 financials for the Dana Point Harbor Partners - Commercial Core component. The Commercial Core component includes retail shops, restaurants, whale watching, Catalina Express, office spaces, and yacht clubs.

### 2022 to 2021 Commercial Core Comparison

The following is a condensed comparison of December 2022 YTD vs. December 2021 YTD Commercial Core results. Revenue is 9% higher for 2022 compared to 2021, and net operating income was up 10% for 2022.

Parking revenue growth attributed to Catalina Express adding an extra departure to their schedule during the summer months, and an increase in Catalina Express parking fees from \$14.00 per parking space per day to \$20.00 per parking space per day.

Although two major restaurants (Waterman's Harbour and Harbor Grill) vacated mid 2022, tenant sales increased 14%.

The total operating expenses increased from 2021 due to increase in insurance premiums, major sewer line repairs, and increase in vendor contracts as a result of the 2022 minimum wage increase.

<b>DPHP Commercial Core</b>	Current YTD 12/31/2022	Prior YTD 12/31/2021	% Change
<b>REVENUES</b>			
Tenant Rent Income	6,220,191	5,742,266	8%
Tenant Parking Income	826,014	564,679	46%
Puerto Pl. Parking Income	173,649	201,490	-14%
Reimbursable Expense Income	738,596	772,834	-4%
Other Income	7,021	8,728	-20%
<b>TOTAL REVENUES</b>	<b>7,965,471</b>	<b>7,289,997</b>	<b>9%</b>
<b>OPERATING EXPENSES</b>			
Wages & Benefits	286,637	257,784	11%
Direct Expenses	1,633,543	1,538,881	6%
Administrative Expenses	511,708	497,580	3%
Property Tax	31,979	31,509	1%
Insurance	102,290	43,239	137%
County Rent	292,595	281,275	4%
<b>TOTAL OPERATING EXPENSES</b>	<b>2,858,751</b>	<b>2,650,268</b>	<b>8%</b>
<b>NET OPERATING INCOME</b>	<b>5,106,720</b>	<b>4,639,729</b>	<b>10%</b>

# Hotels

## 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 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 LCPA hearing is anticipated during Q2 or Q3 2023 (if CCC does not grant itself another 12-month extension).

## Financial Summary

Below are the YTD 2022 financials for Dana Point Harbor Partners – Hotel component. The Hotel component includes the Marina Inn operations. Revenues were up 11.6% and net operating income (NOI) was up 28.5% versus YTD 2021 through December, but there is a one-time expense correction not related to operations for an Insurance Premium rebate of \$414,687. Reversing out the entry results in NOI of \$1,904,841, a 5.5% increase versus last year. County rent increased due to end of rent abatement, FF&E reserve increased as it was suspended during the pandemic and reinstated in mid-2021, and Association Fees for general park maintenance around the Harbor decreased as allocation of this cost was shifted to the Marina.

<b>DPHP Marina Inn</b>	Current YTD 12/31/2022	Prior YTD 12/31/2021	% Change
<b>REVENUES</b>			
Rooms Revenue	5,722,550	5,123,370	11.7%
Other Revenue	31,303	31,341	-0.1%
<b>TOTAL REVENUES</b>	<b>5,753,853</b>	<b>5,154,711</b>	<b>11.6%</b>
<b>OPERATING EXPENSES</b>			
Rooms Expenses	1,124,629	1,062,726	5.8%
Food Expenses	183,716	138,924	32.2%
Administrative Expenses	1,339,490	1,120,794	19.5%
Association Fees	90,778	385,445	-76.4%
Management Fees	422,578	275,638	53.3%
Insurance	(331,377)	59,847	-653.7%
Property Tax	52,543	37,740	39.2%
County Rent	339,761	251,290	35.2%
Equipment Leases	3,858	4,347	-11.2%
FF&E Reserve	208,349	13,352	1460.4%
<b>TOTAL OPERATING EXPENSES</b>	<b>3,434,325</b>	<b>3,350,103</b>	<b>2.5%</b>
<b>NET OPERATING INCOME</b>	<b>2,319,528</b>	<b>1,804,608</b>	<b>28.5%</b>