

2024 QUARTER 1 REPORT

DANA POINT HARBOR PARTNERS



Marina and Drystack

Operations

- **Marina**
 - Dock Phases 1-4 completed with certificates of occupancy issued by County for phases 1-4 on 3/28/24, 1/19/24, 1/19/24 and 2/29/24, respectively.
 - Dock demolition of Phase 5 (West docks 1-4) commenced in February 2024 with 191 slips expected to be delivered in June 2024 for occupancy.
 - 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.
 - On February 22, 2024, DPHP delivered to the County of Orange a notice of proposed increases in slip rates in accordance with the Master Lease, along with a comprehensive market rate survey, location analyses of current tenants and wait list participants, and a five-year rate plan.

- **Drystack**
 - Operations continue and are being managed to accommodate redevelopment work on premises as well as accommodate construction of parking garage.
 - On March 12, 2024, a notification was sent to Dry Storage tenants notifying them that the \$12 per foot rate that was put into effect in September 2021 will be enforced for all tenants, removing any and all discounts that had existed in the area.
 - Planning and entitlement efforts continue as DPHP looks to secure approvals with California Coastal Commission for revised layout. Not expected until 2025.
 - DPHP has submitted to the City an updated parking and striping plan for the Embarcadero area. The plan is optimized to account for parking space requirements and on-site logistics. This is an interim plan during the construction of the parking garage and does not affect the Drystack building or parking which remain unchanged.

Financials

Attached are the 2024 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).

2024 to 2023 Marina Comparison

The following is a condensed comparison of YTD March 2024 vs. YTD March 2023 Marina results. Year-to-date comparison indicates a 1% decrease in revenue, a 2% increase in operating expenses and a 4% decrease in operating income resulting from mix of slips in redevelopment and corresponding vacancies.

DPHP Marina	Current YTD 3/31/2024	Prior YTD 3/31/2023	% Change
REVENUES			
Slip Rental Income	4,493,005	4,698,577	-4%
Total Guest Fees	41,224	73,755	-44%
Total Office Rent	32,533	33,121	-2%
Sublease Income	462,132	275,645	68%
Broker & Charter Flat Fees	84,600	110,000	-23%
Direct Tenant Income	110,777	107,555	3%
Parking Income	42,689	42,689	0%
Total Other Income	92,424	74,060	25%
TOTAL REVENUES	5,359,385	5,415,402	-1%
TOTAL OPERATING EXPENSES			
Wages & Benefits	317,522	273,116	16%
Direct Expenses	875,644	880,840	-1%
Administrative Expenses	679,184	640,254	6%
Capital Expense & Property Tax	277,030	277,030	0%
County Rent	509,858	541,399	-6%
TOTAL OPERATING EXPENSES	2,659,238	2,612,640	2%
NET OPERATING INCOME	2,700,147	2,802,762	-4%

2024 to 2023 Drystack Comparison

The following is a condensed comparison of YTD March 2024 vs. YTD March 2023 Drystack results. Year-to-date comparison indicates a 4% decrease in revenue, a 2% decrease in operating expenses and a 10% decrease in operating income resulting from movement of tenants to accommodate redevelopment and parking structure.

DPHP Drystack	Current YTD	Prior YTD	% Change
	3/31/2024	3/31/2023	
REVENUES			
Boat Storage Income	220,164	242,121	-9%
Wet Slip Rentals	5,315	4,895	9%
Launch Ramp Income	39,480	29,140	35%
Charter Slip Income	7,228	7,228	0%
Merchant Income	35,316	38,455	-8%
Total Other Income	4,034	3,251	24%
TOTAL REVENUES	311,537	325,090	-4%
TOTAL OPERATING EXPENSES			
Wages & Benefits	107,682	100,786	7%
Direct Expenses	41,009	30,188	36%
Administrative Expenses	32,618	52,184	-37%
Capital Expense & Property Tax	1,350	1,608	-16%
County Rent	49,223	52,211	-6%
TOTAL OPERATING EXPENSES	231,883	236,977	-2%
NET OPERATING INCOME	79,653	88,112	-10%

Commercial Core and Parkscapes

Operations and Revitalization

- Parking Structure:
 - Updated parking and striping plan for the Embarcadero area submitted to City. Plan optimized to account for parking space requirements and on-site logistics. City to sign-off on plan as a minor update to 3rd substantial compliance document.
 - On June 10th, the City issued a certificate of Substantial Compliance, confirming that the current in-place parking plan is in compliance with the approved CMPPP.
 - Demo and rough grading completed by site work General Contractor on April 26, 2024.
 - General Contractor for vertical portion of parking structure mobilized on April 29, 2024. Targeting geopier completion of May 15, 2024.
 - Pad certification scheduled for May 24, 2024, followed by issuance of building permit for the parking structure building. Parking structure building construction to commence shortly thereafter.
 - Wet utility approvals have been obtained for sewer and water (SCWD). Underground work targeted to commence July 8, 2024. Dry utility approvals are pending for electricity and gas (SDG&E, Socal Gas).

- Balance of Project:
 - All plans submitted to Orange County Development Services (with courtesy submission to City for input) and awaiting approval.
 - Preliminary feasibility studies in progress for long-term plans to improve boater buildings that are in disrepair.
 - 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.

2024 to 2023 Commercial Core Comparison

Below is a condensed comparison of the YTD March 2024 vs. YTD March 2023 Commercial Core financial results. Net Operating Income decreased by 32% primarily due to lower revenue because of three vacant restaurant suites (including the recent closure of El Torito), and higher expenses due to increases in building repairs and maintenance, and insurance premiums.

DPHP Commercial Core	Current YTD 03/31/24	Prior YTD 03/31/23	% Change
REVENUES			
Tenant Rent Income	1,084,441	1,111,143	-2%
Tenant Parking Income	104,515	111,210	-6%
Puerto Pl. Parking Income	8,805	16,000	-45%
Reimbursable Expense Income	135,904	143,381	-5%
Other Income	0	1,530	-100%
TOTAL REVENUES	1,333,665	1,383,264	-4%
OPERATING EXPENSES			
Wages & Benefits	54,638	74,728	-27%
Direct Expenses	408,548	312,317	31%
Administrative Expenses	121,487	96,425	26%
Property Tax	16,459	16,145	2%
Insurance	177,283	102,772	73%
County Rent	71,875	75,000	-4%
TOTAL OPERATING EXPENSES	850,290	677,388	26%
NET OPERATING INCOME	483,375	705,877	-32%

Other variances:

County Rent decreased by 4% due to rent abatement starting on March 1, 2024 (per section 4.2.1a of the Ground Lease) as a result of the commencement of redevelopment work. Percentage rent still applies.

Puerto Place parking income decreased by 45% due to inclement weather conditions affecting beach activity.

Hotels – 1Q 2024

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. Contrary to the mutual agreement between CCC staff and City staff, CCC released a status letter of 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 10/31/2023, 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.
 - Based on CCC staff availability, an LCPA coordination conference call was arranged and conducted on November 20, 2023. CCC staff was not available for a meeting between November 20, 2023, and January 30, 2024. An in-person meeting at CCC's Long Beach office was conducted on January 30, 2024. On April 18, 2024, CCC released a draft of suggested modifications (that appear to deviate from the last 16 months of coordination with CCC staff). Follow-up video conference calls occurred on April 18 and 22, 2024. The draft of the suggested modifications is currently being revised.
 - A CCC public hearing for the LCPA is anticipated to occur during June through August 2024 timeframe.

Financial Summary

Below are the YTD 2024 financials for Dana Point Harbor Partners – Hotel component. The Hotel component includes the Marina Inn operations. Revenues were up 2.9% and net operating income (NOI) was up 152.2% versus YTD 2023 through Q1. Expenses were efficiently controlled in Q1 2024 versus 2023 with savings in maintenance, utilities, and labor.

DPHP Marina Inn	Current YTD 3/31/2024	Prior YTD 3/31/2023	% Change
REVENUES			
Rooms Revenue	808,617	833,188	-2.9%
Other Revenue	56,370	7,330	669.0%
TOTAL REVENUES	864,987	840,518	2.9%
OPERATING EXPENSES			
Rooms Expenses	230,222	237,572	-3.1%
Food Expenses	37,298	34,719	7.4%
Administrative Expenses	284,266	327,612	-13.2%
Association Fees	21,325	24,306	-12.3%
Management Fees	28,506	35,886	-20.6%
Insurance	33,196	32,307	2.8%
Property Tax	9,051	13,691	-33.9%
County Rent	46,463	48,685	-4.6%
Equipment Leases	515	716	-28.1%
FF&E Reserve	34,529	29,655	16.4%
TOTAL OPERATING EXPENSES	725,371	785,149	-7.6%
NET OPERATING INCOME	139,616	55,369	152.2%