

# 2024 QUARTER 2 REPORT

## DANA POINT HARBOR PARTNERS



## Marina and Drystack

### Operations

- **Marina**
  - Dock Phases 1-5 completed with certificates of occupancy issued by County for phases 1-5 on 5/28/24, 3/28/24, 1/19/24, 1/19/24 and 2/29/24, respectively.
  - Dock demolition of Phase 6 (West Island docks 13-15) commenced in June 2024 with 141 slips expected to be delivered in August 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.
  - In April 2024, DPHP noticed tenants with slip rate increase letters notifying them of new rates effective June 1, 2024.
  - On June 1, 2024, new rates went into effect with a weighted average increase of 7.9%.
  
- **Drystack**
  - Operations continue and are being managed to accommodate redevelopment work on premises as well as accommodate construction of the 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 submitted to the City of Dana Point 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.
  - In June 2024, DPHP was notified by the City of Dana Point's Director of Community Development that the DPHP Drystack changes substantially comply with the original CDP13-0018(l) approval and that DPHP was in compliance with the conditions outlined in the CDP.

## 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 June 2024 vs. June 2023 Marina results.

Year-to-date comparison indicates a 3% increase in revenue, a 4% increase in operating expenses, and a 2% increase in operating income.

<b>DPHP Marina</b>	Current YTD 6/30/2024	Prior YTD 6/30/2023	% Change
<b>REVENUES</b>			
Slip Rental Income	9,154,715	9,238,450	-1%
Total Guest Fees	124,351	170,404	-27%
Total Office Rent	140,080	62,047	126%
Sublease Income	993,896	627,311	58%
Broker & Charter Flat Fees	165,700	199,333	-17%
Direct Tenant Income	224,898	251,562	-11%
Parking Income	107,471	97,850	10%
Total Other Income	195,819	145,843	34%
<b>TOTAL REVENUES</b>	<b>11,106,930</b>	<b>10,792,800</b>	<b>3%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	673,450	618,836	9%
Direct Expenses	1,851,819	1,727,133	7%
Administrative Expenses	1,405,194	1,358,816	3%
Capital Expense & Property Tax	553,560	554,060	0%
County Rent	1,035,736	1,055,645	-2%
<b>TOTAL OPERATING EXPENSES</b>	<b>5,519,760</b>	<b>5,314,491</b>	<b>4%</b>
<b>NET OPERATING INCOME</b>	<b>5,587,171</b>	<b>5,478,310</b>	<b>2%</b>

## 2024 to 2023 Drystack Comparison

The following is a condensed comparison of June 2024 vs. June 2023 Drystack results. Launch Ramp revenue has been increasing and Administrative Expenses have been reduced.

Year-to-date comparison indicates a 4% decrease in revenue, a 6% decrease in operating expenses, and operating income remained constant.

<b>DPHP Drystack</b>	<b>Current YTD</b>	<b>Prior YTD</b>	
	<b>6/30/2024</b>	<b>6/30/2023</b>	<b>% Change</b>
<b>REVENUES</b>			
Boat Storage Income	428,690	483,327	-11%
Wet Slip Rentals	15,585	16,935	-8%
Launch Ramp Income	118,200	94,165	26%
Charter Slip Income	14,456	14,456	0%
Merchant Income	90,339	90,041	0%
Total Other Income	7,663	6,869	12%
<b>TOTAL REVENUES</b>	<b>674,934</b>	<b>705,793</b>	<b>-4%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	229,128	213,143	7%
Direct Expenses	65,100	66,416	-2%
Administrative Expenses	73,738	110,656	-33%
Capital Expense & Property Tax	2,700	3,044	-11%
County Rent	96,359	104,818	-8%
<b>TOTAL OPERATING EXPENSES</b>	<b>467,025</b>	<b>498,079</b>	<b>-6%</b>
<b>NET OPERATING INCOME</b>	<b>207,910</b>	<b>207,714</b>	<b>0%</b>

# Commercial Core and Parkscapes

## Operations and Revitalization

- Parking Structure:
  - Pad certification received on 5/23/24 and building permit on 5/28/24.
  - The fourth substantial compliance determination was issued by the City of Dana Point and received on 6/10/24.
  - Parking structure construction is underway, with 40% of the slab on grade poured and the next 20% scheduled for 7/30/24.
  - The first elevated deck pour is scheduled for 7/31/24, with the second one scheduled for 8/6/24.
  - Completed the installation of additional barricades and directional signage for site work and construction staging/parking.
  - Underground utility work is underway with the first phase near the management office.
  - Dry utility permits scheduled to be received 7/30/24.
  
- Balance of Project:
  - All plans submitted to Orange County Development Services (with courtesy submission to City for input) and awaiting approval.
  - Captain Dave's building plans submitted to the County of 6/24/24. Anticipate initial comments first half of August. Actively bidding General Contractor scope.
  - Preliminary feasibility studies in progress for long-term plans to improve boater buildings that are in disrepair.
  - Continued coordination on timing and logistics for commencing future commercial core 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 June 2024 vs. YTD June 2023 Commercial Core financial results. Net Operating Income decreased by 19% primarily due to lower revenue because of three vacant restaurant suites, and higher expenses due to increases in building repairs and maintenance, insurance premiums, and parkscapes maintenance. However, June comparative tenant sales were up 3% from 2023 and represent the highest comparative June sales in the past 5 years.

<b>DPHP Commercial Core</b>	Current YTD	Prior YTD	%
	06/30/24	06/30/23	Change
<b>REVENUES</b>			
Tenant Rent Income	2,260,795	2,382,661	-5%
Tenant Parking Income	262,271	278,385	-6%
Puerto Pl. Parking Income	19,864	41,020	-52%
Reimbursable Expense Income	269,021	290,404	-7%
Other Income	2,249	5,494	-59%
<b>TOTAL REVENUES</b>	<b>2,814,200</b>	<b>2,997,964</b>	<b>-6%</b>
<b>OPERATING EXPENSES</b>			
Wages & Benefits	125,509	151,069	-17%
Direct Expenses	745,031	626,166	19%
Administrative Expenses	240,888	191,973	25%
Property Tax	16,459	16,145	2%
Insurance	177,283	102,772	73%
County Rent	75,315	146,875	-49%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,380,485</b>	<b>1,235,000</b>	<b>12%</b>
<b>NET OPERATING INCOME</b>	<b>1,433,715</b>	<b>1,762,964</b>	<b>-19%</b>

#### Other variances:

County Rent decreased by 49% due to rent abatement starting on March 1, 2024 (per section 4.2.1a of the Ground Lease) because of the commencement of redevelopment work. Percentage rent still applies.

Puerto Place parking income decreased by 52% due to inclement weather conditions in the first quarter of 2024, and timing of June revenue deposit. In addition, 2023 includes \$5K income for event use of parking lot that is absent for 2024.

## Hotels – 2Q 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. Second reading of the LCPA by City Council is anticipated on 09/03/2024.
- Hotel Entitlement - LCPA (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. This was its second 12-month extension.
  - 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 11/20/2023. CCC staff was not available for a meeting between 11/20/2023-01/30/2024. An in-person meeting at CCC's Long Beach office was conducted on 01/30/2024. On 04/18/2024, 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 04/18-22/2024. The final draft of the suggested modifications was coordinated on 05/29/2024.
  - CCC unanimously approved the LCPA with Suggested Modifications on 06/14/2024.
  - The LCPA with Suggested Modifications was unanimously approved by the City of Dana Point on 07/16/24. A second reading of the LCPA by City Council is anticipated on 09/03/2024.
- Hotel Entitlement – EIR & CDP (City)
  - City has scheduled an EIR Scoping Meeting at City Council Chambers on 08/14/2024.
  - Thereafter, City anticipates a remaining 6-month process for updating the EIR and CDP. Planning Commission is targeted for February 2025.

### 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 0.2% and net operating income (NOI) was up 4.2% versus YTD 2023 through Q2. Expenses were efficiently controlled in Q2 2024 versus 2023 with savings in maintenance, utilities, and labor.

<b>DPHP Marina Inn</b>	Current YTD 6/30/2024	Prior YTD 6/30/2023	% Change
<b>REVENUES</b>			
Rooms Revenue	1,945,429	2,012,514	-3.3%
Other Revenue	135,369	63,447	113.4%
<b>TOTAL REVENUES</b>	<b>2,080,798</b>	<b>2,075,961</b>	<b>0.2%</b>
<b>OPERATING EXPENSES</b>			
Rooms Expenses	515,238	502,657	2.5%
Food Expenses	84,242	89,096	-5.4%
Administrative Expenses	631,521	623,456	1.3%
Association Fees	43,660	41,523	5.1%
Management Fees	71,478	76,184	-6.2%
Insurance	66,306	63,751	4.0%
Property Tax	16,596	27,383	-39.4%
County Rent	91,229	114,593	-20.4%
Equipment Leases	1,055	1,157	-8.8%
FF&E Reserve	83,012	78,725	5.4%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,604,337</b>	<b>1,618,525</b>	<b>-0.9%</b>
<b>NET OPERATING INCOME</b>	<b>476,461</b>	<b>457,436</b>	<b>4.2%</b>