

2024 QUARTER 4 REPORT

Revised March 3, 2025

DANA POINT HARBOR PARTNERS



Marina and Drystack

Operations

Marina

Marina Improvement Project

- In September 2024, DPHP received a letter from the California Coastal Commission (“CCC”) requesting specific information regarding slip layouts, slip counts and construction drawings. DPHP promptly responded in writing and provided the requested information to address the CCC’s questions. Joe Ueberroth met with the CCC staff on November 26, 2024 to discuss the requested information raised in the letter and remains in close communication with CCC staff to ensure all items are addressed.
- Dock Phases 1-6 have been completed with certificates of occupancy issued by County of Orange Public Works for phases 1-6 on 5/28/24, 3/28/24, 1/19/24, 1/19/24, 2/29/24 and 9/17/24, respectively.
- Dock W18 in Phase 7 received a temporary certificate of occupancy on 11/18/24 by County of Orange Public Works.
- Dock demolition of Phases 7-8 (West Island docks 16-21) commenced in September 2024 with initial Phase 7 slips delivered for occupancy in November and will be followed by Phase 8 in February 2025.

Boaters Lawsuit

- 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.
- In June 2024, boaters filed an appeal.
- Oral arguments on the appeal took place in court on December 17, 2024, with no further decisions rendered to date.

Slip Rates

- 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

- Operations continue and are being managed to accommodate redevelopment work on premises and 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.

Redevelopment

- Planning and entitlement efforts continue as DPHP looks to secure approvals with California Coastal Commission for revised layout. Not expected until late 2025.
- On February 20, 2024, 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 with respect to updated parking and striping plans for the Embarcadero area substantially comply with the original CDP13-0018(I) approval and that DPHP was in compliance with the conditions outlined in the CDP. The plans optimize the parking space requirements and on-site logistics during construction of the parking garage and do not affect the drystack building or parking which remain unchanged once completed. The drystack redevelopment work is not scheduled to commence until 2026 at the earliest.

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 December 2024 vs. December 2023 Marina results.

Year-to-date comparison indicates a 7% increase in revenue, a 4% decrease in operating expenses, and a 17% increase in operating income. The Marina continues to benefit from increased sublease demand as boaters seek temporary access to slips during the redevelopment sublease market rates. In 2024 DPHP ceased accruing for dredging expense, resulting in a reduction in capital expense year-over-year.

DPHP Marina	Current YTD 12/31/2024	Prior YTD 12/31/2023	% Change
REVENUES			
Slip Rental Income	19,082,454	18,144,801	5%
Total Guest Fees	294,158	404,118	-27%
Total Office Rent	215,876	119,897	80%
Sublease Income	2,109,579	1,535,871	37%
Broker & Charter Flat Fees	303,600	375,613	-19%
Direct Tenant Income	508,233	518,394	-2%
Parking Income	230,506	226,251	2%
Total Other Income	396,490	326,019	22%
TOTAL REVENUES	23,140,896	21,650,964	7%
TOTAL OPERATING EXPENSES			
Wages & Benefits	1,442,710	1,323,288	9%
Direct Expenses	3,806,016	3,700,632	3%
Administrative Expenses	2,843,061	2,688,406	6%
Capital Expense & Property Tax	250,121	1,105,703	-77%
County Rent	2,169,880	2,076,668	4%
TOTAL OPERATING EXPENSES	10,511,788	10,894,697	-4%
NET OPERATING INCOME	12,629,108	10,756,267	17%

2024 to 2023 Drystack Comparison

The following is a condensed comparison of December 2024 vs. December 2023 Drystack results. Launch ramp revenue has been increasing and administrative expenses have been reduced.

Year-to-date comparison indicates a 2% decrease in revenue, a 5% decrease in operating expenses, and a 4% increase in operating income. This decrease is directly attributable to vacancy loss created by redevelopment efforts.

DPHP Drystack	Current YTD	Prior YTD	
	12/31/2024	12/31/2023	% Change
REVENUES			
Boat Storage Income	857,561	942,329	-9%
Wet Slip Rentals	33,768	41,375	-18%
Launch Ramp Income	352,094	319,739	10%
Charter Slip Income	28,912	28,912	0%
Merchant Income	300,908	271,510	11%
Total Other Income	12,606	12,754	-1%
TOTAL REVENUES	1,585,849	1,616,619	-2%
TOTAL OPERATING EXPENSES			
Wages & Benefits	456,529	450,612	1%
Direct Expenses	131,190	134,765	-3%
Administrative Expenses	176,904	220,737	-20%
Capital Expense & Property Tax	5,400	5,726	-6%
County Rent	203,517	216,629	-6%
TOTAL OPERATING EXPENSES	973,540	1,028,469	-5%
NET OPERATING INCOME	612,309	588,150	4%

Commercial Core and Parkscapes

Revitalization and Operations

Revitalization

- Parking Structure:
 - All floors of parking structure completed in 4Q24.
 - Golden Lantern entrance realignment work commenced 1/13/25 and scheduled to be completed by 5/15/25. Main entrance temporarily closed off, new construction fencing installed, and wayfinding signage installed directing customers to enter via Casitas Place.
 - Parking structure finishes and underground utility work in progress and scheduled to be completed by 5/31/25.
 - North end retaining wall construction complete. Backfill and landscaping in progress, with an estimated completion of 4/30/25.
 - Other site work in progress includes footings for site lighting and trellis work, and CMU block for trash enclosures.

- Balance of Commercial Core Project:
 - Continued predevelopment planning for future commercial core phases.
 - Planning for the closure of the Waterfront buildings (Buildings 6 –12) and relocation of some tenants in anticipation of the commencement of Phase 3 sitework and building construction by 3Q25.
 - Active leasing discussions are underway with prospective tenants for future Commercial Core phases.

Operations

- Holiday Schedule:
 - 10/31/24 – Little Folk Club Halloween Sing Along, Crafts & Trick-or-Treat
 - 11/13/24-1/13/25 – Harbor Holiday Décor / Lights Live Nightly
 - 11/28/24 – Turkey Trot
 - 12/1/24-12/31/24 – Whale on the Wharf Scavenger Hunt
 - 12/3/24 – Giving Machine Giving Tuesday Launch Event
 - 12/5/24 & 12/6/24 – Free Santa Visit/Photos
 - 12/5, 12/12 & 12/20 – Holiday Carolers
 - 12/7 – Kids Crafts on the Wharf
 - 12/7-12/8 – Santa Paws Pet Project Foundation Fundraiser
 - 12/11/24 – Singers Company Performance
 - 12/13-12/15 – 49th Annual Boat Parade of Lights
 - 12/13/24 – Little Folk Club Holiday Sing Along
 - 12/13/24 – Holiday Wellness Walk with Supervisor Foley
 - 12/21/24 – Modern Makers Mart, Holiday Market
 - 12/29/24 – Hannukah Celebration on the Wharf
 - + 8 sessions of Yoga in the Park at Bump Out Park

- Maintenance and Projects:
 - Enlisted Hamilton Biological to conduct the annual tree inspection for nesting birds. Written report with findings received.
 - Contracted with West Coast Arborist to complete the annual tree trimming for both the Commercial Core and Parkscapes.
 - Dana Point Harbor shuttle hours extended to 7:00 am to 11:00 pm to accommodate both employees and the public.
 - Holiday lights installed throughout the Harbor.
 - Pathway for pedestrians and bikes created from the Embarcadero to the Wharf for greater public accessibility to the merchants.
 - Additional signage installed throughout the Commercial Core to assist with pedestrian and vehicle movement throughout the construction zones.
 - Parking lot repairs with slurry and stripe at both the Puerto Place public parking lots.

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 December 2024 vs. YTD December 2023 Commercial Core financial results. Net Operating Income decreased by 27% primarily due lower revenue resulting from tenant rent reductions during Golden Lantern construction closure, three vacant restaurant suites, and higher expenses due to increases in building repairs and maintenance, insurance premiums, and parkscares maintenance.

DPHP Commercial Core	Current YTD	Prior YTD	%
	12/31/24	12/31/23	Change
REVENUES			
Tenant Rent Income	4,859,747	5,305,258	-8%
Tenant Parking Income	714,471	722,351	-1%
Puerto Pl. Parking Income	124,586	158,299	-21%
Reimbursable Expense Income	585,075	632,050	-7%
Other Income	3,349	5,937	-44%
TOTAL REVENUES	6,287,228	6,823,895	-8%
OPERATING EXPENSES			
Wages & Benefits	311,034	265,952	17%
Direct Expenses	1,923,368	1,528,607	26%
Administrative Expenses	541,287	422,059	28%
Property Tax	33,274	32,604	2%
Insurance	195,038	102,772	90%
County Rent	213,949	295,429	-28%
TOTAL OPERATING EXPENSES	3,217,950	2,647,423	22%
NET OPERATING INCOME	3,069,278	4,176,472	-27%

Other variances:

County Rent decreased by 28% 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. Direct Expenses are up primarily due to the addition of a parking shuttle program and parking lot management during construction (\$314K). Administrative Expenses are up primarily due to recruitment fees (\$55K), leasing costs (\$15K), and Parkscares maintenance (\$27K).

Hotels – 4Q 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 occurred on 09/03/2024.
- Hotel Entitlement – EIR & CDP (City)
 - City has conducted an EIR Scoping Meeting at City Council Chambers on 08/14/2024.
 - Due to increased scrutiny by special interest groups, City is providing additional analysis within the updated Draft EIR. The Draft EIR is targeted for its 45-day public review period to start at the end of February 2025.
 - The City's scheduling of Planning Commission will be based on the magnitude of public comments to the DEIR that must be addressed within the following FEIR. The earliest anticipated Planning Commission date is June 23, 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 down 1.0% and net operating income (NOI) was up 4.3% versus YTD 2023 through Q4.

DPHP Marina Inn	Current YTD 12/31/2024	Prior YTD 12/31/2023	% Change
REVENUES			
Rooms Revenue	4,658,415	4,748,321	-1.9%
Other Revenue	335,777	297,911	12.7%
TOTAL REVENUES	4,994,192	5,046,232	-1.0%
OPERATING EXPENSES			
Rooms Expenses	1,170,337	1,156,492	1.2%
Food Expenses	190,042	208,932	-9.0%
Administrative Expenses	1,362,004	1,469,757	-7.3%
Association Fees	96,059	90,863	5.7%
Management Fees	206,216	212,327	-2.9%
Insurance	133,825	115,669	15.7%
Property Tax	30,507	34,775	-12.3%
County Rent	298,442	302,840	-1.5%
Equipment Leases	3,069	4,328	-29.1%
FF&E Reserve	199,586	199,576	0.0%
TOTAL OPERATING EXPENSES	3,690,087	3,795,559	-2.8%
NET OPERATING INCOME	1,304,105	1,250,673	4.3%