

2023 QUARTER 2 QUARTERLY REPORT

DANA POINT HARBOR PARTNERS



Marina and Drystack

Operations

Marina

- Marina entitlements are complete with Coastal Commission
- Dock installation of Phase 4 underway
- Motion for summary judgement in boaters lawsuit granted by judge in favor of DPHP and entered on June 29, 2023

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 June 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 June 2023 vs. June 2022 Marina results. Total revenue decreased 8% and net income decreased by 18%. Sublease income continues to grow, but other income items have decreased due to the revitalization project.

DPHP Marina	Current YTD 6/30/2023	Prior YTD 6/30/2022	% Change
REVENUES			
Slip Rental Income	9,238,450	10,114,294	-9%
Total Guest Fees	170,404	304,387	-44%
Total Office rent	62,047	83,027	-25%
Sublease Income	627,311	499,185	26%
Broker & Charter Flat Fees	199,333	234,400	-15%
Direct Tenant Income	251,562	213,323	18%
Parking Income	97,850	126,807	-23%
Total Other Income	145,843	154,178	-5%
TOTAL REVENUES	10,792,800	11,729,601	-8%
TOTAL OPERATING EXPENSES			
Wages & Benefits	618,836	530,773	17%
Direct Expenses	1,727,133	1,404,423	23%
Administrative Expenses	1,358,816	1,453,454	-7%
Capital Expense & Property Tax	554,060	545,386	2%
County Rent	1,055,645	1,112,460	-5%
TOTAL OPERATING EXPENSES	5,314,491	5,046,496	5%
NET OPERATING INCOME	5,478,310	6,683,105	-18%

2023 to 2022 Drystack Comparison

The following is a condensed comparison of June 2023 vs. June 2022 Drystack results. Total revenue has decreased by 17% with boat storage decreasing in preparation for revitalization. 2023 YTD operating expenses are less than 2022 expenses by 12% through the end of June. Net Income decreased by 29% over prior year.

DPHP Drystack	Current YTD 6/30/2023	Prior YTD 6/30/2022	% Change
REVENUES			
Boat Storage Income	483,327	536,983	-10%
Wet Slip Rentals	16,935	43,952	-61%
Launch Ramp Income	94,165	123,611	-24%
Charter Slip Income	14,456	14,456	0%
Merchant Income	90,041	126,627	-29%
Total Other Income	6,869	7,969	-14%
TOTAL REVENUES	705,793	853,599	-17%
TOTAL OPERATING EXPENSES			
Wages & Benefits	213,143	179,869	18%
Direct Expenses	66,416	139,663	-52%
Administrative Expenses	110,656	120,747	-8%
Capital Expense & Property Tax	3,044	3,217	-5%
County Rent	104,818	119,451	-12%
TOTAL OPERATING EXPENSES	498,079	562,947	-12%
NET OPERATING INCOME	207,714	290,651	-29%

Commercial Core and Parkscapes

Operations and Revitalization Summary

Commercial Core Operations

- Tenant Specific Repairs
 - \$12K - Repairs to Harpoon Henrys emergency exit staircase
 - \$11K - HVAC repairs to Dana Point Yacht Club
 - \$10K - Repairs to Dana West Yacht Club staircase
 - \$3K - Roofing repairs to Aventura and Dana West Yacht Club
- General Property Expenses
 - \$102K - 24/7 security
 - \$13K - Parking lot/street sweeping seven days a week
 - \$68K - Janitorial
 - \$30K - Landscaping

Parkscapes Operations

- General Property Expenses
 - \$139K - 24/7 security
 - \$8K - Parking lot/street sweeping seven days a week
 - \$38K - Trash removal
 - \$10K - Plumbing repairs
 - \$25K - Janitorial
 - \$75K – Landscaping
 - \$15K – Removal of storm damaged trees
 - \$10K - Donation to the City of Dana Point State of the City event

Commercial Core Revitalization

- Received County clearance to pull grading permits for the Parking Structure and associated sitework
- Continued processing of County (and City relative to CDP) plan check comments on:
 - Buildings 6-12 and surface parking lot
- Continued processing of agreements with local utilities for purposes of obtaining utility permits

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 June 2023 vs. YTD June 2022 Commercial Core results. Total revenue decreased by 20%, and net operating income decreased by 26%. Tenant revenues decreased due to vacancies and inclement weather.

DPHP Commercial Core	Current YTD	Prior YTD	%
	06/30/23	06/30/22	Change
REVENUES			
Tenant Rent Income	2,382,661	3,028,305	-21%
Tenant Parking Income	278,385	329,384	-15%
Puerto Pl. Parking Income	41,020	46,399	-12%
Reimbursable Expense Income	290,404	357,651	-19%
Other Income	5,494	5,381	n/a
TOTAL REVENUES	2,997,964	3,767,120	-20%
OPERATING EXPENSES			
Wages & Benefits	151,069	114,837	32%
Direct Expenses	626,166	727,805	-14%
Administrative Expenses	191,973	276,786	-31%
Property Tax	16,145	15,834	2%
Insurance	102,772	102,290	0%
County Rent	146,875	134,489	9%
TOTAL OPERATING EXPENSES	1,235,001	1,372,040	-10%
NET OPERATING INCOME	1,762,963	2,395,080	-26%

Hotels – 2Q 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 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.
 - On 07/13/2023, CCC voted for a 12-month extension to its deadline for acting on the LCPA. CCC's extended time limit to act on the LCPA is 08/23/2024.

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 19.3% and net operating income (NOI) was down 57.3% versus YTD 2022 through Q2. Rooms revenue was impacted by a decline in leisure travel due to several rain events over the course of the quarter. 2022 expenses include an Insurance Premium rebate of \$414,687. Reversing out the entry results in YOY NOI decline of 30.2% versus last year.

DPHP Marina Inn	Current YTD 6/30/2023	Prior YTD 6/30/2022	% Change
REVENUES			
Rooms Revenue	2,012,514	2,555,573	-21.2%
Other Revenue	63,447	17,700	258.5%
TOTAL REVENUES	2,075,961	2,573,273	-19.3%
OPERATING EXPENSES			
Rooms Expenses	502,657	529,417	-5.1%
Food Expenses	89,096	85,225	4.5%
Administrative Expenses	623,456	631,349	-1.3%
Association Fees	41,523	182,274	-77.2%
Management Fees	76,184	216,226	-64.8%
Insurance	63,751	(380,228)	-116.8%
Property Tax	27,383	18,870	45.1%
County Rent	114,593	137,153	-16.4%
Equipment Leases	1,157	1,713	-32.5%
FF&E Reserve	78,725	81,123	-3.0%
TOTAL OPERATING EXPENSES	1,618,525	1,503,122	7.7%
NET OPERATING INCOME	457,436	1,070,151	-57.3%