

# 2022 QUARTER 3 QUARTERLY REPORT

## DANA POINT HARBOR PARTNERS



## **Marina and Drystack**

### **Operations**

#### **Marina**

- Marina entitlements are complete with Coastal Commission
- Demolition of Phase 1 commenced in August 2022
- Dock installation commenced with Phase 1 (W10-W12 docks) in September 2022 with an anticipated completion in November 2022
- DPHP continues defending against DPBA lawsuit with subpoenas served and plaintiff depositions taking place in October 2022

#### **Drystack**

- Substantial Conformance with CDP application submitted to the City of Dana Point
- Plan check commenced with City of Dana Point
- Initial, partial comments received from City continue to be addressed

## Financial Summary

Attached are the September 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 September 2022 vs. September 2021 Marina results. Revenue grew 25% and net income grew by 43%. 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 9/30/2022	Prior YTD 9/30/2021	% Change
<b>REVENUES</b>			
Slip Rental Income	15,021,163	11,710,476	28%
Total Guest Fees	499,276	565,502	-12%
Total Office rent	124,540	124,540	0%
Sublease Income	806,749	543,123	49%
Broker & Charter Flat Fees	350,800	367,620	-5%
Direct Tenant Income	362,223	350,049	3%
Parking Income	207,199	193,850	7%
Total Other Income	239,275	233,392	3%
<b>TOTAL REVENUES</b>	<b>17,611,225</b>	<b>14,088,552</b>	<b>25%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	827,831	836,489	-1%
Direct Expenses	2,438,465	2,320,065	5%
Administrative Expenses	2,020,582	1,909,670	6%
Capital Expense & Property Tax	820,372	824,713	-1%
County Rent	1,680,847	1,315,732	28%
<b>TOTAL OPERATING EXPENSES</b>	<b>7,788,096</b>	<b>7,206,669</b>	<b>8%</b>
<b>NET OPERATING INCOME</b>	<b>9,823,129</b>	<b>6,881,883</b>	<b>43%</b>

## 2022 to 2021 Drystack Comparison

The following is a condensed comparison of September 2022 vs. September 2021 Drystack results. Revenue has decreased by 11% with boat storage decreasing in preparation for revitalization. 2022 YTD direct expenses increased from YTD 2021 due to \$79k in parking lot repairs and tree removal costs in March 2022. Net Income decreased by 23% over prior year.

DPHP Drystack	Current YTD	Prior YTD	% Change
	9/30/2022	9/30/2021	
<b>REVENUES</b>			
Boat Storage Income	802,965	884,560	-9%
Wet Slip Rentals	61,902	90,025	-31%
Launch Ramp Income	261,572	301,885	-13%
Charter Slip Income	21,684	18,204	19%
Merchant Income	273,869	301,925	-9%
Total Other Income	11,688	12,236	-4%
<b>TOTAL REVENUES</b>	<b>1,433,681</b>	<b>1,608,835</b>	<b>-11%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	298,061	302,440	-1%
Direct Expenses	177,291	137,114	29%
Administrative Expenses	190,190	203,018	-6%
Capital Expense & Property Tax	4,825	4,825	0%
County Rent	183,558	207,700	-12%
<b>TOTAL OPERATING EXPENSES</b>	<b>853,925</b>	<b>855,095</b>	<b>0%</b>
<b>NET OPERATING INCOME</b>	<b>579,755</b>	<b>753,739</b>	<b>-23%</b>

## Commercial Core and Parkscapes

### Operations

#### Commercial Core

- City of Dana Point approved the Third Substantial Conformance to CDP on August 22, 2022
- Now that the City approved the Third Substantial Conformance to CDP, continue to process County plan check comments on:
  - Parking Structure and associated sitework, and Building 5b
  - Buildings 6-12 and surface parking lot
  - Buildings 2, 3, and 4
- Annual tree trimming and bird nest inspections scheduled for early fourth quarter
- Selected trees to be removed prior to years end to accommodate the start of the project
- Holiday décor to remain consistent as last year. Installation scheduled for mid-October.
- Per SCWD guidelines, landscape watering reduced to MWF and turned off at non-functional areas.

#### Parkscapes

- \$155K pier repair project complete.
- Per SCWD guidelines, landscape watering reduced to MWF and turned off at non-functional areas.

## 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 the September 2022 YTD vs. September 2021 YTD Commercial Core results. Revenue is 15% higher for 2022 compared to the same quarter of 2021 and net operating income was up 17% through September.

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.

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	Prior YTD	%
	9/30/2022	9/30/2021	Change
<b>REVENUES</b>			
Tenant Rent Income	4,886,561	4,278,855	14%
Tenant Parking Income	613,159	383,538	60%
Puerto Pl. Parking Income	142,488	167,452	-15%
Reimbursable Expense Income	564,104	574,829	-2%
Other Income	6,970	5,538	26%
<b>TOTAL REVENUES</b>	<b>6,213,282</b>	<b>5,410,213</b>	<b>15%</b>
<b>OPERATING EXPENSES</b>			
Wages & Benefits	170,276	176,933	-4%
Direct Expenses	1,177,936	1,047,066	12%
Administrative Expenses	317,077	315,018	1%
Property Tax	15,834	15,676	1%
Insurance	102,290	43,239	137%
County Rent	227,052	215,805	5%
<b>TOTAL OPERATING EXPENSES</b>	<b>2,010,464</b>	<b>1,813,736</b>	<b>11%</b>
<b>NET OPERATING INCOME</b>	<b>4,202,818</b>	<b>3,596,477</b>	<b>17%</b>

## Hotels – 3Q 2022

### 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.
  - City withdrew the CCC LCPA application on 12/15/2021 and will resubmit.
  - CCC LCPA hearing is anticipated during Q1 2023.

## 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 14.5% and net operating income (NOI) was up 23.1% versus YTD 2021 through September, 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 \$1,608,654 a 2.1% decrease versus last year due to end of rent abatement and reinstating FF&E reserve contributions that were suspended during the pandemic.

<b>DPHP Marina Inn</b>	Current YTD 9/30/2022	Prior YTD 9/30/2021	% Change
<b>REVENUES</b>			
Rooms Revenue	4,580,475	4,002,019	14.5%
Other Revenue	26,698	22,852	16.8%
<b>TOTAL REVENUES</b>	<b>4,607,173</b>	<b>4,024,871</b>	<b>14.5%</b>
<b>OPERATING EXPENSES</b>			
Rooms Expenses	872,783	769,417	13.4%
Food Expenses	138,740	96,195	44.2%
Administrative Expenses	979,434	869,347	12.7%
Association Fees	195,137	196,397	-0.6%
Management Fees	303,792	187,029	62.4%
Insurance	(356,030)	43,072	-926.6%
Property Tax	28,305	28,305	0.0%
County Rent	256,585	174,593	47.0%
Equipment Leases	2,607	3,925	-33.6%
FF&E Reserve	162,479	13,352	1116.9%
<b>TOTAL OPERATING EXPENSES</b>	<b>2,583,832</b>	<b>2,381,632</b>	<b>8.5%</b>
<b>NET OPERATING INCOME</b>	<b>2,023,341</b>	<b>1,643,239</b>	<b>23.1%</b>