

# 2022 QUARTER 1 QUARTERLY REPORT

## DANA POINT HARBOR PARTNERS



## **Marina and Drystack – 1Q 2022**

### **Operations and Revitalization Summary**

#### **Marina**

- Marina entitlements complete with the California Coastal Commission
- Demolition permit received from County of Orange – demo to commence mid-June 2022
- Building permit in process with County with expectation by early June
- DPHP working with County to comply with lease requirements prior to commencement
- “Pardon Our Mess” communication to be sent in June
- DPHP defending against DPBA lawsuit – subpoenas delivered April 21, 2022 to three litigants
- DPHP and County jointly pursuing dredging plan with Army Corps of Engineers in conjunction with breakwater study

#### **Drystack**

- Substantial Conformance with CDP application submitted to the City of Dana Point
- Plan check commenced with City of Dana Point
- Partial comments received from City in February 2022 = once complete a DPHP response to be delivered to the City likely in June 2022

## Financial Summary

Below are the YTD 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 YTD 2022 vs. YTD 2021 Marina results. Revenue grew 27% and net income grew by 44%. 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 3/31/2022	Prior YTD 3/31/2021	% Change
<b>REVENUES</b>			
Slip Rental Income	5,116,179	3,945,546	30%
Total Guest Fees	124,189	143,464	-13%
Total Office rent	41,513	41,513	0%
Sublease Income	240,689	153,264	57%
Broker & Charter Flat Fees	118,000	123,500	-4%
Direct Tenant Income	106,533	106,985	0%
Parking Income	54,860	45,801	20%
Total Other Income	77,777	76,193	2%
<b>TOTAL REVENUES</b>	<b>5,879,740</b>	<b>4,636,267</b>	<b>27%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	265,777	263,070	1%
Direct Expenses	723,520	726,471	0%
Administrative Expenses	772,895	673,092	15%
Capital Expense & Property Tax	272,235	273,412	0%
County Rent	560,851	426,588	31%
<b>TOTAL OPERATING EXPENSES</b>	<b>2,595,278</b>	<b>2,362,633</b>	<b>10%</b>
<b>NET OPERATING INCOME</b>	<b>3,284,462</b>	<b>2,273,633</b>	<b>44%</b>

## 2022 to 2021 Drystack Comparison

The following is a condensed comparison of YTD 2022 vs. YTD 2021 Drystack results. Revenue has decreased by 7% 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
	3/31/2022	3/31/2021	
<b>REVENUES</b>			
Boat Storage Income	270,687	300,497	-10%
Wet Slip Rentals	27,662	25,018	11%
Launch Ramp Income	51,574	59,200	-13%
Charter Slip Income	7,228	6,108	18%
Merchant Income	48,642	43,132	13%
Total Other Income	4,524	4,932	-8%
<b>TOTAL REVENUES</b>	<b>410,316</b>	<b>438,886</b>	<b>-7%</b>
<b>TOTAL OPERATING EXPENSES</b>			
Wages & Benefits	90,483	101,670	-11%
Direct Expenses	101,622	75,734	34%
Administrative Expenses	54,598	57,729	-5%
Capital Expense & Property Tax	1,608	7,125	-77%
County Rent	59,753	64,608	-8%
<b>TOTAL OPERATING EXPENSES</b>	<b>308,065</b>	<b>306,867</b>	<b>0%</b>
<b>NET OPERATING INCOME</b>	<b>102,252</b>	<b>132,019</b>	<b>-23%</b>

## Commercial Core – 1Q 2022

### Operations and Revitalization Summary

#### Commercial Core

- Received City comments on third Substantial Conformance to CDP, and forecasting response late May/early June
- Received minor County plan check comments on Buildings 6-12. Response to comments pending City approval of Substantial Conformances to CDP.
- Received County plan check comments on Building 2,3,4, and 5b, and the design team is reviewing
- 1<sup>st</sup> Quarter Security Report
  - 24/7 Dedicated Guard Coverage via golf cart and foot patrol
  - 2 - Graffiti/Vandalism
  - 46 - Crime/Police Interactions
  - 3 - Public Intoxications
  - 6 - Homeless Incidents
  - 26 - Parking Violations
  - 2,653 - General Security Checks and Patrols
- Installed bike racks throughout the commercial core to accommodate up to 72 electric bikes
- Completed grind and overlay at the Dana Point Yacht Club public parking lot
- Converted all landscape equipment to electric – Mowers and Blowers
- Converted 34515 Golden Lantern (Harbor Jewelers) into a community room showcasing up to date videos and renderings. The room will be staffed to welcome the publics inquiries on the upcoming project.
- Harbor Grill closes September 30, 2022

Tenant Comparative Sales Analysis						
As of March,2022						
Area	Year	Jan	Feb	Mar	Total	SPSF
<b>Total Property</b>						
110,418	2018	3,537,159	3,592,421	4,401,378	11,530,958	104
117,052	2019	3,471,017	3,284,568	4,796,617	11,552,202	99
117,741	2020	3,833,481	4,341,814	2,379,241	10,554,536	90
117,741	2021	3,059,993	3,319,767	4,720,066	11,099,826	94
117,741	2022	4,293,039	4,970,187	6,172,717	15,435,943	131
					<b>39.06% Variance</b>	

## Parkscapes

- 1<sup>st</sup> Quarter Security Report
  - 24/7 Dedicated Guard Coverage via SUV and foot patrol
  - 15 - Graffiti/Vandalism Incidents
  - 4 - Public Intoxications
  - 1 - Trespassing
  - 29 - Crime/Police Interactions
  - 4 - Parking Violations
  - 3,132 - General Security Checks and Patrols
- Into the County of Orange for permits to make necessary repairs to the fishing pier decking, pile caps, railings, and broken hardware.
- Built two new cinder block enclosures to house the new County of Orange fuel spill booms. New booms were used during the Huntington Beach oil spill.
- Converted all landscape equipment to electric – Mowers and Blowers
- Rebuilt 6 picnic shelters on the Island

## 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 YTD 2022 vs. YTD 2021 Commercial Core results. Revenue grew 32%, and net income grew by 33%. This is largely due to Covid restrictions being lifted. Operating expenses increased by 30% 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	%
	3/31/2022	3/31/2021	Change
<b>REVENUES</b>			
Tenant Rent Income	1,371,761	1,028,615	33%
Tenant Parking Income	143,262	59,811	140%
Puerto Pl. Parking Income	14,779	23,388	-37%
Reimbursable Expense Income	164,980	176,247	-6%
<b>TOTAL REVENUES</b>	<b>1,694,783</b>	<b>1,288,062</b>	<b>32%</b>
<b>OPERATING EXPENSES</b>			
Wages & Benefits	57,917	62,180	-7%
Direct Expenses	354,155	313,393	13%
Administrative Expenses	154,927	92,209	68%
Property Tax	15,834	15,676	1%
Insurance	101,091	25,729	293%
County Rent	66,034	66,554	-1%
<b>TOTAL OPERATING EXPENSES</b>	<b>749,958</b>	<b>575,741</b>	<b>30%</b>
<b>NET OPERATING INCOME</b>	<b>944,825</b>	<b>712,320</b>	<b>33%</b>

## Hotels – 1Q 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 September 2022.



## Financial Summary

Below are the YTD 2022 financials for Dana Point Harbor Partners – Hotel component. As presented, the Hotel component includes the Marina Inn operations. Revenues were up 57% versus Q1 2021. Net operating income (NOI) shows as flat versus Q1 2021, but there is an Incentive Management Fee (IMF) of \$131,656 paid to the hotel manager per contract for their performance in 2021. Reversing out the IMF results in NOI of \$231,301, a 123% increase versus last year.

Marina Inn Dana Point P & L - Summary - Earnings Statement						
Quarter - January-March, 2022						Description
Actuals		Actuals Last Year January-March 2021		Variance		
AMT	%REV	AMT	%REV	AMT	%REV	
12,420		12,240		180		AVAILABLE ROOMS
6,585		5,355		1,230		OCCUPIED ROOMS
53.0		43.8		9.3		OCCUPANCY %
154.97		121.12		33.85		AVERAGE ROOM RATE
82.16		52.99		29.17		REVPAR
						<b>DEPARTMENT REVENUE</b>
1,020,452	98.9	648,591	98.8	371,861	0.2	TOTAL ROOMS REVENUE
10,836	1.1	8,194	1.2	2,642	-0.2	TOTAL OTHER INCOME REVENUE
<b>1,031,288</b>	<b>100.0</b>	<b>656,786</b>	<b>100.0</b>	<b>374,503</b>	<b>0.0</b>	<b>TOTAL DEPARTMENT REVENUE</b>
						<b>DEPARTMENT EXPENSE</b>
199,817	19.4	144,954	22.1	54,863	-2.7	ROOM EXPENSE MINUS TA COMMISSION
45,419	4.5	17,427	2.7	27,991	1.8	TRAVEL AGENT COMMISSIONS
39,909	0.0	9,017	0.0	30,892	0.0	TOTAL FOOD EXPENSE
<b>285,145</b>	<b>27.6</b>	<b>171,399</b>	<b>26.1</b>	<b>113,746</b>	<b>1.6</b>	<b>TOTAL DEPARTMENT EXPENSE</b>
<b>746,143</b>	<b>72.4</b>	<b>485,387</b>	<b>73.9</b>	<b>260,756</b>	<b>-1.6</b>	<b>TOTAL DEPARTMENT PROFIT</b>
						<b>UNDISTRIBUTED EXPENSE</b>
49,324	4.8	64,748	9.9	-15,424	-5.1	TOTAL ADMIN AND GENERAL EXPENSE
33,719	3.3	15,662	2.4	18,057	0.9	CREDIT CARD COMMISSIONS
8,559	0.8	8,095	1.2	464	-0.4	TOTAL INFORMATION & TELECOMMUNICATIONS EXPENSE
15,837	1.6	14,833	2.3	1,005	-0.8	TOTAL FRANCHISE FEES
38,801	3.8	40,563	6.2	-1,762	-2.4	TOTAL SALES & MARKETING EXPENSE
79,987	7.8	37,193	5.7	42,795	2.1	TOTAL REPAIRS & MAINTENANCE EXPENSE
71,117	6.9	51,792	7.9	19,325	-1.0	TOTAL UTILITIES EXPENSE
<b>297,345</b>	<b>28.8</b>	<b>232,885</b>	<b>35.5</b>	<b>64,460</b>	<b>-6.6</b>	<b>TOTAL UNDISTRIBUTED EXPENSE</b>
<b>448,798</b>	<b>43.5</b>	<b>252,502</b>	<b>38.4</b>	<b>196,296</b>	<b>5.1</b>	<b>GROSS OPERATING PROFIT</b>
						<b>FIXED EXPENSE</b>
84,514	8.2	77,542	11.8	6,972	-3.6	ASSOCIATION FEES
30,949	3.0	19,704	3.0	11,245	0.0	MANAGEMENT FEE
0	0.0	28,927	4.4	-28,927	-4.4	ASSET MANAGEMENT FEES
131,656	12.8	0	0.0	131,656	12.8	INCENTIVE FEE
20,017	1.9	12,663	1.9	7,354	0.0	LIABILITY INSURANCE
6,290	0.6	9,435	1.4	-3,145	-0.8	PROPERTY TAX
55,439	5.4	0	0.0	55,439	5.4	GROUND & BLDG LEASES
843	0.1	674	0.1	169	0.0	EQUIPMENT LEASES
19,444	1.9	0	0.0	19,444	1.9	FF&E RESERVE
<b>349,152</b>	<b>33.9</b>	<b>148,945</b>	<b>22.7</b>	<b>200,207</b>	<b>11.2</b>	<b>TOTAL FIXED BEFORE INT &amp; DEP</b>
<b>99,645</b>	<b>9.7</b>	<b>103,557</b>	<b>15.8</b>	<b>-3,911</b>	<b>-6.1</b>	<b>TOTAL NET OPERATING INCOME (LOSS)</b>