

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Michael Tripp, Director, Harbor Department

Date: February 17, 2022

From: Jeffery S. Burgh

Subject: AMENDMENTS TO MANAGEMENT ACTIONS FOR THE AUDIT OF THE HARBOR DEPARTMENT'S PROPERTY DEVELOPMENT AND MAINTENANCE PRACTICES FOR CHANNEL ISLANDS HARBOR

We have received your amendments to management actions provided for the audit of the Harbor Department's property development and maintenance practices for Channel Islands Harbor as attached.

We continue to note that management actions taken or planned were responsive to the audit findings.

Attachment

cc: Honorable Carmen Ramirez, Chair, Board of Supervisors
Honorable Matt LaVere, Vice Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable Kelly Long, Board of Supervisors
Honorable Robert O. Huber, Board of Supervisors
Michael Powers, County Executive Officer



TO: Jeffrey S. Burgh, Auditor-Controller

FROM: Michael Tripp, Harbor Department Director

DATE: February 17, 2022

SUBJECT: AMENDMENTS TO MANAGEMENT ACTIONS FOR THE AUDIT OF THE HARBOR DEPARTMENT'S PROPERTY DEVELOPMENT AND MAINTENANCE PRACTICES FOR THE CHANNEL ISLANDS HARBOR – JANUARY 28, 2022

I respectfully request that the following amendments to the management actions (as noted in blue) be included as part of the audit record:

1.01 Public Works Plan

Management Action. Harbor Department management stated: The Harbor Department recently completed an extensive visioning process to help guide future development of the harbor. We will now compare the PWP with the ideas proposed in the vision process to determine if a wholesale amendment is the best path forward.

Based on Harbor Department management's personal experience completing a major amendment and update to a Local Coastal Program, a comprehensive update to the PWP would likely take 3-5 years to complete and cost over a million dollars in consultant fees alone.

The PWP is still effective at expediting development as long as the proposed development is consistent with the plan. There is an excellent opportunity to develop visitor-serving uses on the western side of the harbor that would be consistent with the PWP. There may also be other development opportunities in other areas of the harbor that could be consistent with the PWP and could be developed concurrently with the current PWP amendment.

The vision plan in some instances suggests replacing coastal-dependent uses with visitor-serving uses or combining residential uses with visitor-serving uses. Such changes would not only require an amendment to the PWP plan but may also require an amendment to the City of Oxnard's Local Coastal Program and General Plan.

Obtaining a PWP amendment that involves replacing a coastal-dependent use with any other use is challenging, because the Coastal Commission will require proof that the coastal-dependent use is no longer necessary. Adding residential uses to waterfront properties is also challenging, because residential uses are second to last in priority under the Coastal Act.

1.02 Strategic Planning

Management Action. Harbor Department management stated: We recognize the need to develop a plan to develop the harbor more efficiently. The Harbor Department will begin work on a strategic plan for development this year.

It should be noted that strategic planning efforts have occurred throughout the development and redevelopment of the Harbor. These efforts have been necessary for operational and capital budgeting and for strategic planning purposes to prioritize the needs of the Harbor as an enterprise fund.

2.02 Lack of Basic Maintenance

Management Action. Harbor Department management stated: We agree that more effort should be made to maintain the buildings. The COVID-19 pandemic hit retail uses hard, but we are beginning to see more inquiries into our vacant spaces. We also spoke with the Coastal Commission on January 24th, regarding potential redevelopment of the site.

The demolition of the Casa Sirena began at the end of December 2021 and is now underway. A previous bid to replace the hotel was abandoned due to the economic fallout from the great recession of 2008-2009. The Covid-19 pandemic has been especially hard on the hospitality business and delayed the demolition of the hotel that was planned by the current lessee. Despite these setbacks, the Harbor Department has continued to work diligently with the developer and other adjacent lessees and substantial progress has been made, including the current demolition of the Casa Sirena.

2.04 Additional Maintenance and Custodial Duties

Management Action. Harbor Department management stated: We will assess our current workload and staff and determine if additional positions or contracting is necessary.

Harbor Department management met with the head of the maintenance to obtain a better understanding of the workload and needs of the section. Following the meeting, it was determined that adding an additional Maintenance Worker IV position would assist the department in meeting the harbor's maintenance needs. Human Resources staff is currently preparing a job bulletin for the position.



**Audit of the Harbor Department's
Property Development and Maintenance
Practices for Channel Islands Harbor**

Report Date: January 28, 2022

Office of the Auditor-Controller
County of Ventura, California
Jeffery S. Burgh, Auditor-Controller

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Michael Tripp, Director, Harbor Department

Date: January 28, 2022

From: Jeffery S. Burgh

Subject: **AUDIT OF THE HARBOR DEPARTMENT'S PROPERTY DEVELOPMENT AND MAINTENANCE PRACTICES FOR CHANNEL ISLANDS HARBOR**

We have completed our audit of the Harbor Department's (department) property development and maintenance practices for Channel Islands Harbor (harbor). Our overall objective was to determine whether the Harbor Department's property development and maintenance practices were appropriate to facilitate the department's fiduciary responsibilities to Ventura County and the County's residents.

Executive Summary

Overall, we found that the Harbor Department's property development and maintenance practices were adequate for many areas of Channel Islands Harbor. For example, development practices were compliant with laws and regulations and were formally documented and posted for public review at the time of our audit. We also determined that controls were in place to ensure that certain areas of the harbor were well-maintained and welcoming.

However, we identified concerns with property development planning and maintenance activities in meeting the Harbor Department's fiduciary responsibilities. Specifically, we found that:

- The outdated Public Works Plan may no longer effectively expedite development projects and, along with lack of strategic planning, may stall the envisioned future development of the harbor.
- Action was needed to secure the former Casa Sirena Hotel and to maintain and secure all other current and future vacant buildings, including Fisherman's Wharf, until the buildings are demolished, leased, or renovated.
- The department did not maintain a current inventory or prepare condition analyses of County-owned harbor properties.
- The Harbor Department Maintenance Division could benefit from additional staff resources due to additional maintenance and custodial duties.

Harbor Department management initiated corrective action to address our findings. Corrective action is planned to be completed by December 31, 2022.

Michael Tripp, Director, Harbor Department

January 28, 2022

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We appreciate the cooperation and assistance extended by you and your staff during this audit.

cc: Honorable Carmen Ramirez, Chair, Board of Supervisors
Honorable Matt LaVere, Vice Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable Kelly Long, Board of Supervisors
Honorable Robert O. Huber, Board of Supervisors
Michael Powers, County Executive Officer

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Background

The mission of the County of Ventura (County) Harbor Department (department) is: “To offer recreational and business opportunities to the residents of Ventura County, and tourism opportunities to the general public through the operation of the Channel Islands Harbor in a manner which meets our fiduciary responsibility to Ventura County and its residents.” To achieve this mission, the Harbor Department has focused efforts on property development in Channel Islands Harbor (harbor) through long-term ground leases to increase access to recreational, business, and tourism opportunities. Additionally, the Harbor Department Maintenance Division (Harbor Maintenance) provides maintenance, custodial, repair, and construction services to preserve and maintain public facilities in County-operated areas of Channel Islands Harbor.

The Harbor Department operates as an enterprise fund of the County with the objective of generating enough income from ground leases and the sale of goods and services to be self-sufficient. Roughly 50 percent of the department’s annual revenue is derived from rents from more than 30 leases with private businesses. Lessees are responsible for the development of leased parcels, including obtaining plans and permits and securing financing. The lessee must work closely with the Harbor Department to ensure proposed development plans (e.g., use, architecture, design) conform with the certified Public Works Plan or whether an amendment is needed. The lessee must also work with the department to obtain approvals for proposed development plans from the County’s Board of Supervisors before any development can begin.

Harbor Maintenance performs services across the harbor’s 310 acres of land and water, in addition to two miles of County-owned public beaches directly adjacent to the harbor, including Silver Strand and Hollywood beaches, and the State-owned La Janelle Shipwreck and Beach. Maintenance of these beaches includes regular cleanup and debris removal, and janitorial services for restrooms. Construction and repair services performed by Harbor Maintenance range from drywall repair to plumbing, welding, lighting, or painting for County-owned areas within Channel Islands Harbor.

Scope

Our overall objective was to determine whether the Harbor Department’s property development and maintenance practices for Channel Islands Harbor were appropriate to facilitate the department’s fiduciary responsibilities to Ventura County and the County’s residents. Specifically, we:

- determined whether development procedures complied with selected laws and regulations, including the California Coastal Act codified within the California Public Resources Code (PRC);
- verified that the department maintained appropriate documents to promote efficiencies in long-range planning; and
- determined whether internal controls over maintenance activities were adequate to preserve the value of County-owned landside properties.

We confirmed with County Counsel that the California Public Contract Code (PCC), including the bidding requirements of PCC Sections 22000 through 22045, does not apply to commercial development by lessees within the harbor. The Harbor Department’s lease agreements state that lessees own any privately funded development for the life of the lease. Accordingly, construction paid for with private funds and performed on leased property within the harbor is considered private development and is not performed under a public works contract.

Our audit procedures focused on commercial development projects completed in Channel Islands Harbor within the last 20 years. We also reviewed the department's development practices during 2021 and maintenance practices from 2018 through 2021.

The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors.

Findings

Overall, we found that the Harbor Department's property development and maintenance practices were adequate for many areas of Channel Islands Harbor. For example:

- Development practices within Channel Islands Harbor were compliant with all applicable codes and regulations that we reviewed.
- Development policies and procedures were formally documented and posted for public review at the time of our audit.
- Controls were in place to ensure that certain areas of the harbor, such as west harbor and beaches, were well-maintained and welcoming.

However, we identified concerns with property development planning and maintenance activities in meeting the Harbor Department's fiduciary responsibilities. Specifically, we found that envisioned future development in the harbor could be stalled without a comprehensive update to the certified Public Works Plan and engagement in a strategic planning process. Additionally, maintenance activities needed improvement, such as strengthening access controls to vacant buildings and increasing maintenance labor resources.

Most significantly, lack of building maintenance and security at the former Casa Sirena Hotel and at Fisherman's Wharf have resulted in public outcry and liability risk to the County for years. We have been informed that demolition of the dilapidated hotel started in December 2021. However, we urge the Harbor Department to secure the property until demolition is complete and to put controls in place to maintain and secure all other current and future vacant buildings, including Fisherman's Wharf.

Following are details of the areas where improvements were needed. Harbor Department management initiated corrective action in response to the audit as noted.

1. Property Development Practices

While the Harbor Department's development practices complied with the regulations we reviewed, improvements were needed to enhance and update the department's planning practices for property development. In June 2021, the Harbor Department, in conjunction with a consulting team, concluded a second visioning process for Channel Islands Harbor and presented a final report to the Board of Supervisors. The report outlined many of the opportunities for recreational and commercial uses of the unleased parcels within the harbor. However, the report made clear that this vision would not be possible without either updating or amending the PWP extensively. Therefore, updating the PWP and implementing a strategic planning process may significantly help to make the vision a reality.

1.01 Public Works Plan

The Channel Islands Harbor Public Works Plan (PWP or plan) is outdated and may no longer effectively expedite the planning and permitting processes for property development within Channel Islands Harbor. As outlined in California Public Resources Code (PRC) Section 30605, the purpose of the PWP is:

“To promote greater efficiency for the planning of any public works...development projects and as an alternative to project-by-project review....”

The current PWP was first certified by the California Coastal Commission (CCC) in 1986 (i.e., 35 years ago) and relies on data from 1982 as the basis for some determinations, such as parking availability and traffic congestion. While the department has since amended the PWP six times to accommodate development projects not specifically described in or determined to conflict with the plan, projects can be delayed as each amendment passes through all required CCC certification stages. Completing a comprehensive update of the PWP may help align the plan with the new vision for the harbor and provide for a more expeditious development process. During this audit, we were made aware of the significant resources required to complete such an update. Analyzing the cost against the benefit of performing an update will help the department determine whether an update is realistic and economically feasible.

Recommendation. Harbor Department management should perform a cost-benefit analysis to determine whether a comprehensive update to the PWP reflecting the new vision for Channel Islands Harbor would be achievable.

Management Action. Harbor Department management stated: “The Harbor Department recently completed an extensive visioning process to help guide future development of the harbor. We will now compare the PWP with the ideas proposed in the vision process to determine if a wholesale amendment is the best path forward.”

1.02 Strategic Planning

The Harbor Department does not engage in a strategic planning process for long-range planning and development within Channel Islands Harbor. The department has already expended resources to conduct a comprehensive visioning process for future development within the harbor. However, the final report does not include actionable steps to achieve the ideas and concepts assembled during the visioning process. Strategic planning aims to set priorities and focus energy and resources to strengthen operations and more efficiently achieve goals. Establishing a strategic plan for future harbor development based on the visioning report will help the department communicate goals, objectives, and progress more effectively to residents and stakeholders. Strategic planning will also help the department assess the risks for various stages of development in the harbor and monitor performance over time.

Recommendation. Harbor Department management should implement a strategic planning process that regularly monitors and measures progress towards goals and objectives.

Management Action. Harbor Department management stated: “We recognize the need to develop a plan to develop the harbor more efficiently. The Harbor Department will begin work on a strategic plan for development this year.”

2. Property Maintenance Practices

Property maintenance practices were not always adequate to meet the Harbor Department’s fiduciary responsibility as the steward of County-owned properties at the harbor. Until buildings are leased, the Harbor Department is responsible for maintaining the properties. At a minimum, vacant buildings need to be secured from unauthorized access by the public and basic maintenance needs to be performed to prevent decay. However, these efforts have not been sufficient for certain vacant buildings. Lack of these and other maintenance measures discussed below could deter potential tenants and increase liability risk for the County.

2.01 Physical Access Controls

Physical access controls reported by the Harbor Department were not always sufficient to prevent unauthorized access, use, theft, or damage to vacant properties for which the department is responsible. On July 4, 2021, we visited each vacant or partially vacant structure within Channel Islands Harbor to test the reported controls, including the vacant former Casa Sirena Hotel and Lobster Trap Restaurant (Casa Sirena) and Whale’s Tail Restaurant (Whale’s Tail), as well as partially vacant Fisherman’s Wharf. We observed that, while many of the reported controls were present (e.g., parking lot barriers and no trespassing signs), the controls did not prevent the public from readily accessing and damaging the properties. For example:

- At Casa Sirena, which has been vacant since 2009, we identified multiple unauthorized access points to the interior of the hotel due to broken glass doors and windows. A substantial amount of broken glass was observed at various points both inside and outside of the building. Exhibit 1 shows that, at one access point, the floor inside the building was covered in what appeared to be a combination of shattered plaster and glass. Inside the room accessible through the broken window, we observed discarded clothing, fast food wrappers, and overturned furniture as far into the building as we could safely see. Insulation was hanging from the

Exhibit 1. Example of One Interior Room at Casa Sirena



Photo taken by auditor on July 4, 2021
Note: Profanity was redacted in the above image.

ceiling and many surfaces in this room had been graffitied. We could see that the interior doors leading further into the hotel were broken and access had been gained to at least two of the adjacent rooms. On the exterior, we noted what appeared to be significant smoke damage, apparently from a fire, in a second-floor hallway.

- At Fisherman's Wharf, as shown in Exhibit 2, we observed several boarded-up windows to vacant units that could indicate intentional damage to the building. We also noted damage to buildings that appeared to be caused by environmental wear and lack of regular maintenance such as wood rot and peeled paint. We also identified several areas that appeared to be encampments with sleeping bags, pillows, and personal belongings tucked into corners throughout the vacant sections of the property.

Exhibit 2. Example of Exterior Building Damage at Fisherman's Wharf



Photo taken by auditor on July 4, 2021

- At the Whale's Tail, we noted that the building was locked, with no broken windows and doors or apparent signs of damage other than general wear from years of sitting vacant. While we did not see any evidence of unauthorized access to the building, we were informed by department management that break-ins or attempted break-ins have occurred in the past. The Whale's Tail is equipped with an active security system, which may have contributed to this building being in better condition than the other vacant buildings in the harbor.

The current ease of access to Casa Sirena and vacant buildings at Fisherman's Wharf presents a potential liability to the County, including public safety concerns and the risk of substantial damage to the properties or surrounding properties.

Recommendation. Harbor Department management should implement additional controls to prevent unauthorized access and use of Casa Sirena and Fisherman's Wharf, and any other current and future vacant properties, until the properties are demolished, leased, or remodeled.

Management Action. Harbor Department management stated: “The demolition of the Casa Sirena Hotel began on December 27th. The site now has construction fencing around it and an onsite security guard. We have stepped up efforts to rent out space at Fisherman’s Wharf and have two new tenants. Additionally, we are updating the lighting at the site, and have recently installed twelve (12) LED parking lamps.

“We’ve also installed additional lighting at the Whale’s Tail and are in the process of reissuing the Request for Proposals for the property.”

2.02 Lack of Basic Maintenance

While activities such as graffiti abatement and boarding up broken windows occur because of intentional damage, basic routine maintenance has not been performed on certain vacant properties within Channel Islands Harbor for years. In our review of daily rounds and supervisor work-split sheets, the Casa Sirena, Fisherman’s Wharf, and Whale’s Tail properties were noticeably absent from the daily and weekly maintenance duties. During our site visit in July 2021, we observed that both the interior and exterior of Casa Sirena and vacant buildings at Fisherman’s Wharf were in extreme states of disrepair as partially described in Finding 2.01 above. Some of the damage noted at these properties was not caused intentionally but instead indicated a lack of regular maintenance (e.g., wood rot, peeling paint, and missing shingles). As a result, Casa Sirena and certain buildings in Fisherman’s Wharf have deteriorated to the point that demolition appears to be the only option.

Recommendation. To promote future development as outlined in the visioning report, properties available for lease should be routinely maintained to preserve the value of the property and attract potential lessees. As demolition has already started for Casa Sirena beginning in December 2021, Harbor Department management should assess whether any of the vacant buildings at Fisherman’s Wharf can be reasonably salvaged. Appropriate resources should be put toward that effort and toward other current and future vacant buildings to prevent decay and preserve the value of the properties.

Management Action. Harbor Department management stated: “We agree that more effort should be made to maintain the buildings. The COVID-19 pandemic hit retail uses hard, but we are beginning to see more inquiries into our vacant spaces. We are also speaking with the Coastal Commission on July 24th, to discuss potential redevelopment of the site.”

2.03 Property Inventories, Condition Analyses, and Maintenance Schedules

Harbor Maintenance does not prepare formal property inventories, condition analyses, or maintenance schedules for areas of responsibility. The County of Ventura Strategic Plan¹ outlines goals and objectives to help guide County departments in fulfilling the community’s needs. Under Focus Area #3 *Environment, Land Use & Infrastructure*, Strategic Goal 2 stated:

¹ The most recent Ventura County Strategic Plan covered the period from 2011 through 2016. The responsibility to maintain these structures and public areas extends beyond the expiration of the Countywide strategic plan, which remains a useful framework for evaluating maintenance procedures.

“Provide, operate, and maintain infrastructure, public facilities, and associated services that protect and enhance our community, environment, and economic well-being.”

The first objective described under this goal specifically identifies the Harbor Department as one of the agencies responsible for meeting this objective. The objective stated:

“Complete an inventory, condition analysis, and proactive maintenance schedule for all County facilities and associated services.”

Harbor Department management noted that a full inventory of properties could be pieced together from a variety of maintenance task lists used by Harbor Maintenance for planning and assigning tasks. However, compiling a complete inventory of harbor properties and periodically assessing the condition of these properties will help the County meet the strategic goal noted above and maintain public infrastructure in the harbor. Additionally, developing comprehensive maintenance schedules that outline the interval of regular maintenance activities for each of these properties will help ensure regular maintenance occurs for all areas under the department’s care. These schedules will also help the department plan required resources and any additional equipment needed to accomplish maintenance obligations.

Recommendation. Harbor Department management should formally document the current inventory of properties and facilities that the department is responsible for maintaining and regularly assess the condition of the inventoried areas. The department should also prepare formal maintenance schedules for all areas of responsibility. The inventories, condition analyses, and maintenance schedules should include any vacant or non-leased properties under the department's care until leased.

Management Action. Harbor Department management stated: “Harbor Maintenance and Asset Management staff will work together to create an inventory of all properties under our control. We will also develop procedures to ensure that the properties are properly maintained.”

2.04 Additional Maintenance and Custodial Duties

The Harbor Department could benefit from an additional maintenance employee or leveraging the County’s General Services Agency (GSA) staff due to an increase in maintenance and custodial duties within Channel Islands Harbor. In 2018, due to expiration of the cooperation agreement between the County and the City of Oxnard (City), the Harbor Department assumed the maintenance and custodial duties of City parks within the harbor. This included the associated parking lots, restrooms, irrigation, and lighting, which were previously the City's responsibility. However, the number of nine authorized positions for Harbor Maintenance has not changed since Fiscal Year 2015-16. While the Harbor Department has contracted with third parties to provide landscaping and janitorial services for most of the harbor parks, this offsets only some, but not all, of the extra responsibilities. Further, the new cooperation agreement between the City and the County, executed on May 18, 2021, stated that the County will continue to be responsible for these additional duties. Adding an authorized maintenance position or leveraging GSA staff may help ensure adequate resources are available to perform all maintenance and custodial services on time and in a quality manner.

Recommendation. The Harbor Department should consider increasing the number of authorized maintenance positions or contracting with GSA to help meet increased maintenance and custodial needs.

Management Action. Harbor Department management stated: “We will assess our current workload and staff and determine if additional positions or contracting is necessary.”

2.05 Written Policies and Procedures

Harbor Maintenance did not have written policies and procedures. The department used checklists for individual maintenance activities, inspection forms, daily rounds sheets, activity logs, and status reports. However, no document outlined the division's policies related to maintenance activities. Formalizing pertinent policies and procedures will help ensure consistency related to the performance of maintenance tasks and aid in the onboarding of new employees.

Recommendation. Harbor Department management should formalize maintenance policies and procedures, perhaps through the development of a handbook or manual.

Management Action. Harbor Department management stated: “The department will evaluate the current duties of maintenance staff and determine if a handbook or manual is necessary to formalize policies.”

2.06 Incomplete Checklists

Checklists used by Harbor Maintenance for routine inspections or maintenance activities were not always complete. Of 87 checklists we reviewed, 7 (8%) were missing staff signoffs or dates performed, or a signoff was not required as evidence that maintenance staff completed the task. To rely on these documents as evidence that maintenance staff completed the task or inspection, each checklist needs to be complete and accurate.

Recommendation. Harbor Department management should remind staff to review checklists after each activity or inspection to ensure no missing signoffs, dates, or blank fields.

Management Action. Harbor Department management stated: “We will remind staff at our next staff meeting of the importance of reviewing checklists after each activity or inspection.”

Auditor’s Evaluation of Management Action

We believe that management actions taken or planned were responsive to the audit findings. Harbor Department management planned to complete corrective action by December 31, 2022.