



**Audit of the Harbor Department's
Management of the Channel Islands
Harbor Boat Slip Inventory**

Report Date: October 4, 2023

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: October 4, 2023

From: Jeffery S. Burgh

Subject: AUDIT OF THE HARBOR DEPARTMENT'S MANAGEMENT OF THE CHANNEL ISLANDS
HARBOR BOAT SLIP INVENTORY

We have completed our audit of the Harbor Department's (Department) management of the boat slip inventory for the Channel Islands Harbor (Harbor). Our overall audit objective was to evaluate the Department's management of the boat slip inventory related to compliance with regulations and the fiduciary responsibility to the public.

Executive Summary

Overall, we found that the Harbor-wide boat slip inventory generally complied with the Harbor Public Works Plan (PWP) requirements for slip counts and size distribution. Additionally, we determined that recent changes to the PWP to increase the percentage of larger slips were supported by public demand, as evidenced by marina waiting lists. We also found that the Department actively worked with marina operators to plan reconstruction that would reduce the number of unusable slips and maximize revenue by reducing slip vacancies.

However, we identified concerns with the methodology used by the Department to determine the slip inventory and noted improvements needed in managing live aboard slips. Specifically, we found that:

- The Department's current method for determining the boat slip inventory and size distribution in the Harbor could produce inconsistent and unreliable results.
- Permits may not have been issued to all live aboard renters based on discrepancies between the Harbor Patrol's listing of live aboard renters and marina-provided information.
- Department oversight practices could be improved to ensure compliance with the PWP's maximum percentage of slips rented for the purpose of living aboard a vessel in the Harbor.

Harbor Department management initiated corrective action to address our findings. Corrective action is planned to be completed by October 31, 2023.

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

Michael Tripp, Director, Harbor Department

October 4, 2023

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cc: Honorable Matt LaVere, Chair, Board of Supervisors
Honorable Kelly Long, Vice Chair, Board of Supervisors
Honorable Jeff Gorell, Board of Supervisors
Honorable Janice S. Parvin, Board of Supervisors
Honorable Vianey Lopez, Board of Supervisors
Sevet Johnson, Psy.D., County Executive Officer

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Background

The Ventura County (County) Harbor Department (Department) is responsible for operating the Channel Islands Harbor (Harbor) in compliance with the Channel Islands Harbor Public Works Plan (PWP). The PWP outlines requirements for governing and allocating Harbor resources, including recreational boat slips available for long-term and short-term public use. In September 2022, the California Coastal Commission (CCC) certified an amendment to the PWP, which modified slip inventory and size distribution requirements. The Department proposed the amendment to increase the number of larger slips and decrease the minimum number of recreational slips overall. The PWP currently requires a minimum of 1,950 recreational slips, with percent (%) minimums for specific-sized slips. Additionally, the PWP designates a target of 5% of the total recreational slips in the Harbor as guest slips and sets a maximum of 5% for live aboard use.

Seven privately operated marinas own and manage boat slips according to lease agreements with the County. Individuals who want to live aboard a vessel in the Harbor must coordinate with the marina operator and Harbor Patrol. The marina operator grants permission for live aboard status and assesses fees in addition to the standard slip rental rates. Harbor Patrol issues Vessel Residence Permits according to the policies and procedures outlined in the County Operations Manual for the Live Aboard Program.

The Department earns revenue from various sources related to boat slips in the Harbor. For example, the Department receives a portion of the marinas' revenue through lease agreements, guest dock rental fees, and permit fees. Because the Department operates as an enterprise fund, the Department encourages marina operators to keep docks clean and in good condition to maximize rental income. Additionally, the Department must be responsive to the community's needs and amend the PWP based on changing public demand. The Department works closely with marina operators on plans for repairs, major maintenance, and vacancies to help meet community needs.

Scope

Our overall audit objective was to evaluate the Department's management of the Channel Island Harbor boat slip inventory related to compliance with regulations and the fiduciary responsibility to the public. Specifically, with focus on practices in place during October through December 2022, we:

- evaluated the Department's methodology for determining the boat slip inventory;
- determined whether the Harbor-wide boat slip inventory and distribution complied with current regulations; and
- evaluated the impact of changes or variances in slip count and distribution on revenue to the Harbor Department.

During the audit, we utilized a geographic information system application developed by the County Information Technology Services Department. The application allowed us to measure and count boat slips using aerial imaging of the Harbor as of October 16, 2022. We established an independent methodology for determining the boat slip inventory using the application, which included converting the length of side ties and end ties to slips based on a conversion rate. We did not include revetment side lengths in our count as accessibility differs at each marina.

We established a conversion rate of 60 feet and under in uninterrupted length to equal one slip to recognize the current higher demand for larger slips. This also reflected the length of boats actually docked at side ties and end ties at the time of our count, which averaged approximately 50 feet. A small boat size of 25 feet was established to reflect the most prevalent small boat size noted during our count. Therefore, an 85-foot end tie could accommodate these two sized boats and was counted as two slips. We acknowledge that our methodology results in a conservative inventory count because the Department relies on Notices of Impending Development (NOIDs) and marina rental information, which may report that same 85 feet as three slips rather than two.

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-wide boat slip inventory generally complied with PWP requirements for slip counts and size distribution as illustrated in Exhibit 1 below.

Exhibit 1. Boat Slip Inventory Compliance as of October 16, 2022: PWP vs. Auditor

PWP Requirements for Slip Inventory	Auditor Count ^a	Compliant?	
Recreational Slip Requirements:			
Minimum Total Recreational Slips	1,950	1,973	Yes
Target Recreational Slips Available for Guest Use	98 (5.0%)	90 (4.6%)	Yes
Harbor-wide Slip Requirements^b:			
Total Harbor-wide Slips	No Requirement	2,039	No Requirement
Minimum Slips 32 Feet or Under in Length	510 ^c (25%)	741 (36%)	Yes
Minimum Slips 38 Feet or Under in Length	1,020 ^c (50%)	1,268 (62%)	Yes
Maximum Slips for Live Aboard Use	102 ^d (5.0%)	119 ^e (5.8%)	No-Finding 2.02

^a Our count did not include slips that were clearly unusable due to damage or disrepair.

^b Harbor-wide totals include slips for recreational use and slips in the commercial fishing marina.

^c We calculated the minimum number of slips required to meet the size distribution requirements by multiplying the auditor's total Harbor-wide slip count by the percent minimum mandated by the PWP.

^d We calculated the maximum number of slips allowed for live aboard use by multiplying the auditor's total Harbor-wide slip count by the percent maximum mandated by the PWP.

^e The number of slips used by live aboard renters was provided to the auditor by marina operators.

We also found that:

- Changes to the PWP to increase the number of larger slips were made to support community needs and consequently maximize potential revenue. We determined that larger slips are in higher demand, as evidenced by marina waiting lists, and are rentable at a higher rate per foot. The waiting lists provided showed that 92% of the requested slips were larger than 32 feet.
- The Department actively worked with marina operators to plan reconstruction that would reduce the number of unusable slips and ultimately reduce slip vacancies across the Harbor. We noted that two marinas' vacancies made up 68% of the combined marina-reported vacancies. However, both had

NOIDs in development or recently approved by the CCC. These two marinas also reported the highest numbers of unusable slips due to disrepair. Vacancy rates at these marinas would be expected to decrease after reconstruction, significantly reducing the vacancy rates Harbor-wide. The remaining five marinas we reviewed all reported vacancy rates of less than 10%.

- Harbor Patrol enforced the requirements for live aboard renters, such as conducting vessel inspections and issuing warnings to boaters with expired Vessel Residence Permits. These enforcement activities helped ensure the Department received all permit fee revenue from permitted live aboard renters.

However, we identified concerns with the methodology currently used by the Department to determine the slip inventory, which could produce inconsistent and unreliable results. We also found that, without a requirement to reconcile marina rental information with the Harbor Patrol's status file, the Department may be unknowingly noncompliant with the PWP's maximum allocation for live aboard slips.

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

1. Boat Slip Inventory Methodology

The Department had not established a methodology for independently and consistently converting side tie and end tie lengths into slips within the Harbor. Management stated that the Department's current inventory relied on two main factors:

- 1) Slip count and sizes from NOIDs were treated as a "fixed" inventory for the related marinas, which we acknowledge complied with PWP requirements. The PWP states: "The County shall maintain an up-to-date harbor-wide accounting of the total number of slips existing and approved through NOIDs, with a breakdown by slip size category." However, side/end ties were generally allocated to multiple smaller boats in NOIDs, which may overrepresent the availability of smaller slips because, in practice, side/end ties were most often used to accommodate larger boats.
- 2) Marina-provided rental information was used for those marinas without recent or planned reconstruction. This information included counts based on how side tie and end tie lengths were rented when the information was provided to the Department. Some issues that might cause discrepancies in Harbor-wide slip counts when relying on marina-provided rental information include:
 - The changing number and size of boats renting side ties and end ties in each marina over time would result in a changing slip inventory.
 - If the marina rents all or some of the revetment side of the docks, those side tie lengths may or may not be included in the marina's slip inventory.
 - Slip inventories may not be updated to exclude slips that are unusable due to damage or disrepair.

As a result, the Department's current inventory accounts for slips from side tie and end tie lengths differently depending on the source of the information. We determined this issue was the primary cause

of the discrepancy between our inventory count and the Department's. We also determined that relying on NOIDs as a "fixed" inventory without a process for tracking unusable slips caused the Department's inventory to include slips that did not currently exist. This factor reconciled the remaining difference between our slip count and the Department inventory. In comparing the marina-provided inventory, the Department inventory, and our slip count, we identified the following variances shown below in Exhibit 2.

Exhibit 2. Recreational Boat Slip Count: Marina vs. Department vs. Auditor

Recreational Slip Counts ^a	Marina Total ^b	Department Total	Auditor Total
Privately Operated Marinas	1,915	1,973	1,828
Business Owned ^c	-	68	55
Harbor Operated	-	105	90
Recreational Slip Total	-	2,146	1,973

^a Recreational slip totals only include slips designated for recreational boating, including live aboard slips, and do not include slips within the commercial fishing marina.

^b Marina operators only provided counts for slips within the privately operated marinas.

^c Business Owned total includes slips that are privately owned and managed by a business that does not function primarily as a public marina but provides recreational services or some public rentals.

Due to the variances in Department slip totals compared to our slip count, the Department's current size distribution also differed from our calculations. While we determined that the Department met the PWP requirements based on our count, the Department's inventory showed that the current slip size distribution exceeded the PWP requirements by more than our calculations. This could lead the Department to believe that the PWP minimum slip size distribution has been met when, in actuality, the requirement has not been reached. The variances in slip size distribution are shown below in Exhibit 3.

Exhibit 3. Slip Size Distribution: Department vs. Auditor

Slip Size Distribution	PWP Minimum	Department Total	Auditor Total
Harbor-wide Slip Total		2,212	2,039
Slips 32 Feet or Under in Length	25%	950 (43%)	741 (36%)
Slips 38 Feet or Under in Length	50%	1,524 (69%)	1,268 (62%)

Recommendation. Harbor Department management should formally develop a methodology for converting side tie and end tie lengths into slips independent of marina-provided rental information. This methodology should be applied consistently across all marinas and should be reflected in new NOIDs before submission to the CCC. Additionally, management should update the PWP to reflect the revised process for defining and determining slip inventory and size distribution in the Harbor. This update should include the following:

- the definition of a "slip" within the Harbor;
- an explanation of how side ties and end ties are to be converted to slips, including consideration for revetment side lengths; and
- a process for deducting unusable or nonexistent slips from the inventory.

Management Action. Harbor Department management stated: “The Harbor Department will adopt a methodology to accurately and consistently count slips and will incorporate this methodology into future NOIDs. As part of the next PWP amendment, the harbor department will add the methodology to the document.”

2. Live Aboard Program Management Practices

While Harbor Patrol had developed procedures for overseeing the Live Aboard Program (Program), we identified areas in need of improvement stemming from Harbor Patrol’s status file of live aboard renters. Harbor Patrol is responsible for confirming that all individuals who live aboard a vessel in the Harbor are registered with the Department and issued a permit. To accomplish this objective, Harbor Patrol maintains a status file listing of Harbor-wide information for all permitted live aboard renters. Keeping a complete and accurate listing of individuals residing within the Harbor will help ensure that all annual permit fees are received and that the Department complies with PWP and Program requirements.

2.01 Status File Discrepancies

Discrepancies between Harbor Patrol’s status file and the live aboard information provided by the marinas indicated that Program procedures were not always adequate to ensure the status file was reliable, complete, and current. Our review of the status file as of October 2022 showed 92 issued live aboard permits while, in response to our audit request, the marinas reported a combined total of 119 live aboard renters during the same period. We noted two main causes for this discrepancy:

- 1) The marinas did not always communicate live aboard information regularly to Harbor Patrol.
- 2) The Program’s operating manual lacked written procedures requiring periodic reconciliation of the status file to information from the marinas.

If the marinas do not inform Harbor Patrol of live aboard renters on a regular basis, inspections may not occur, and permits may not be issued. This may result in lost revenue to the Department and may increase the risk of safety concerns to renters and the environmental health of the Harbor.

Recommendation. Harbor Department management should revise Program procedures to require that marinas regularly provide live aboard renter information. Harbor Patrol staff should periodically reconcile the status file with the marina-provided live aboard information and resolve any discrepancies.

Management Action. Harbor Department management stated: “The Harbor Department will develop a procedure to more accurately keep an accounting of the Harbor’s live aboard numbers. These numbers will be reconciled with the anchorage lessees quarterly.”

2.02 Maximum Live Aboard Allocation Compliance

The Department's monitoring practices for total slips used by live aboard renters in the Harbor could be improved to ensure compliance with the PWP's maximum allocation. We noted that the percentage of total slips used for this purpose appeared to exceed the 5% maximum based on the live aboard totals provided by the marinas during our audit. The slips allocated for live aboard use as a percentage of Harbor-wide slips during October 2022 was calculated as follows in Exhibit 4:

Exhibit 4. Live Aboard Inventory: Department vs. Auditor

Live Aboard Count	Department Total	Auditor Total
Harbor-wide Slip Total	2,212	2,039
Department Status File: 92	4.2%	4.5%
Marina Reported: 119	5.4%	5.8%

Without a reliable slip inventory (discussed in Finding 1) and up-to-date status file (discussed in Finding 2.01), the Department may be unaware that the percentage allocated for live aboard use exceeds the maximum allowance. We also noted that lease agreements with all but one of the seven marinas specified a maximum live aboard percentage that, when combined across all seven marinas, exceeded the PWP maximum percentage allowance. Specifically, six lease agreements, which account for 92% of all privately operated marina slips, allow 10% of each marina's inventory to be rented for live aboard use. Without improved monitoring and amending either the lease agreements with the marinas or the PWP, the Department is at risk of being out of compliance with this provision indefinitely.

Recommendation. Harbor Department management should determine whether amendments could be made to either the marina lease agreements or the PWP to ensure the maximum allowance for live aboard slips is consistent between the documents. Harbor Patrol should monitor the current percentage of Harbor-wide live aboard slips as part of the periodic reconciliation recommended above in Finding 2.01.

Management Action. Harbor Department management stated: "The Harbor Department will use the more accurate slip numbers and live aboard procedures to ensure that the maximum number of live aboards is consistent with the PWP. We will not grant new live aboard permits, unless the total number of live aboards is less than 5% of the total slips in the harbor. In the future, we may modify the PWP to allow a maximum of 10% of the total slips in the harbor to be accessible to live aboards."

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 October 31, 2023.