



City of San Buenaventura

CITY COUNCIL APPOINTMENTS
RECOMMENDATION COMMITTEE

Councilmember Cheryl Heitmann
Councilmember Lorrie Brown
Mayor Matt LaVere

Supplemental Information Packet

Agenda Related Items - Meeting of July 30, 2020
Supplemental Packet Date: July 30, 2020 – 11:30 a.m.

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available in the City Clerk's Office, 501 Poli Street, Room 204, Ventura, during normal business hours as well as on the City's Website – www.cityofventura.ca.gov
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AGENDA ITEM 2
VENTURA PORT DISTRICT BOARD

CITY MANAGER'S OFFICE
CITY OF VENTURA

Dear Mayor Lavere

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City of Buenaventura

May 29, 2020

As business tenants of Ventura Harbor we are very concerned about its present and future growth and sustainability. Ventura Harbor is a beautiful jewel of the City of Ventura. As we are well aware the City of Ventura does not operate or direct the future of this jewel. However, the city does have a significant impact through the periodic selection of the Port Commissioners that do in fact direct the Harbor. This selection is far more critical than often recognized. Individuals selected for the Port Commission in the past have at times represented great vision and recognition that the businesses success are directly related to the Port's success. In essence these businesses are not just tenants but partners in the future of Ventura Harbor.

Over the last few years the direction of the Port District has become of great concern to the tenants. We have in fact formed a Ventura Harbor Tenant Group and met on a regular basis over the last two years seeking to resolve various issues and have become more proactive in the Ports future. Toward that end we have also been very active in the selection or renewal of Port Commissioners selected by the City Council. Our interest in those appointments has always been to seek independent, free thinking, business knowledgeable, and committed individuals with a high degree of integrity.

During the last few years many of these areas have been lacking and have led to the Port becoming involved in many disadvantageous situations. Some prime examples of this are the Parker Project, Blackbeards/BS Taproom, Ellison agreement violation and a significant increase in tenant lawsuits. Other disconcerting items are mentioned below. Toward that end we would like to very strongly suggest that the current commissioner, Brian Brennan, not be renewed. During his tenure he has never taken a vote that was in any way questioning or contrary to the commission chair, something that has not been the case for three other previous commissioners. Additionally, in 2018 Mr. Brennan was absent for over 30% of the commission meetings and this would have been higher but the Commission voted to cancel two meetings specifically due to his absence and a lack of Quorum because of that absence. In fact because of those absences, the commission, under Mr. Ashworth's Chairmanship and subsequently under Mr. Stevens voted to amend the Board Handbook to remove and reword the clause regarding absences to "excused absences" without regard to a number or percentage. Although this is a volunteer position, excessive absences are not acceptable and a person serving in this position should be making the commitment to follow through with the time commitment. No other commissioner has had such absences in over 9 years and possibly much longer. Mr. Brennan has been present for most of 2019 and 2020 although often late for the closed sessions. We appreciate Mr. Brennan's environmental concerns and his interest in serving. However, it is not helpful to have a commissioner who, when he is present, does nothing more than ratify the decisions made by the chair, especially when those decisions have been questionable as discussed below. We feel that it is in the Harbor's best interest that a new more independent individual with the ability to make the time commitment be considered.

It has become clear to the tenants impacted by the Port's decisions that the Commission is primarily concerned with the shellfish project and not with the current operations of the harbor, including the welfare of the businesses. While it would follow that keeping the current sources of income robust would provide the funding needed for the more ambitious project, the current leadership either lacks this understanding or lacks knowledge on what allows businesses to thrive. As just one example, prior to Covid-19, community events that would bring large numbers of people to the harbor and therefore large increases in income have been cut from the budget. Pirates day was reduced from two days to one and the month-long Tall Ships attraction was eliminated. As you know, the Port receives % rent from each business and in February 2020, the Port collected less rent than in February 2019 when the tall ships attraction was at the harbor. When questioned on why these revenue-generating events are being cut, flimsy excuses are given. Many are aware that Ventura Harbor Village Shopping Center is dated and in need of repair and updating. Though an initiative has been marketed as a "Village Refresh", all the center will receive is paint and hopefully eventually new signage. It will fall short of what is really needed to prepare the complex for the future.

So where is the money going that could have been invested in growth? Besides the monies that have been spent on the shellfish project, legal expenses and settlements have skyrocketed. In 2019, legal expenses were \$226k and in 2020, \$450k was budgeted. As of the beginning of May, already \$334k (75% of the year's allocation) has been spent on legal fees alone. These numbers do not include settlement costs and although the Commission does NOT report out the settlement of litigation from closed session, the check register is public and the payments to three former or prospective tenants can be seen. Furthermore, we are aware of at least two more large, costly and potentially embarrassing notices of claim that have been mishandled are likely to become lawsuits as soon as the courts reopen. The increased legal fees and legal settlements are illustrative of the poor judgment used in both creating the situations which caused the aggrieved parties to sue and in allowing those situations to then spiral into costly litigation requiring settlements. In fact, many of us tenants have experienced this treatment first-hand even if we have not resorted to litigation over our mishandled grievances.

Additionally, the tenants have now met a few times without Port District staff to work on marketing initiatives for the benefit of the entire harbor and to pool our own money towards these initiatives because management isn't interested in assisting. At least one marketing opportunity involving television exposure for the harbor was too good to pass up even if tenants had to chip in money in addition to the monthly CAM and promotion fees that are already paid. These are the types of things that should be coordinated by management and not rejected outright because management's focus is elsewhere and nominal amounts of money may be involved. Speaking of money, there is a complete lack of transparency as to how the CAM charges and promotional fees we do pay are spent.

In sum, we believe the Port District's actions well prior to Covid-19 will greatly reduce the amount of income it receives from tenants in the future. Meanwhile the district is creating deficits with its excessive spending on shellfish, litigation and settlements and other projects for which it will overpay tremendously. We have also heard no discussion regarding acquiring title to Parcel 8 to revive potential income-generating projects there. The budget projections are overly rosy and the District was headed for financial calamity even before Covid-19 hit. Now without a reverse in course, the damage could be irreversible.

