



May 21, 2024

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Approval of, and Authorization for the Director of the Harbor Department (Harbor Director) to Execute, the Attached Lease Option Agreement and, upon Satisfaction of All Option Conditions, a Long-Term Lease Agreement with Karls LLC, A California Limited Liability Company, for the Renovation and Operation of a Themed Retail Village (Project) on Harbor Parcels V, V1, V2, V3, V4 and a Portion of N-2, the Site known as Fisherman's Wharf at the Southwest Corner of Victoria Avenue and Channel Islands Boulevard, Oxnard, California Authorization for, and direction to, the Harbor Director to Submit the Project to the California Coastal Commission; and Find that the Project is Exempt from the California Environmental Quality Act; Direct filing of CEQA Notice of Exemption. RECOMMENDATION NOS. 1 and 2 REQUIRE 4/5THS VOTE.

Recommendations:

- 1) Approve and authorize the Director of the Harbor Department (Harbor Director) to execute the Lease Option Agreement (Option) attached as Exhibit 1 with Karls LLC, a California limited liability company (KARLS) for the renovation and operation of a themed retail village (Project) on Harbor Parcels V, V1, V2, V3, V4 and a portion of N-2, the site known as Fisherman's Wharf at the southwest corner of Victoria Avenue and Channel Islands Boulevard, Oxnard, California (Property). (Requires 4/5ths vote.)
- 2) Approve and authorize the Harbor Director to execute a long-term Lease Agreement (Lease) attached as Exhibit 2 with KARLS for the Project on the Property, upon satisfaction of all Option conditions. (Requires 4/5ths vote.)

- 3) Authorize and direct the Harbor Director to submit the proposed Project for the themed village, as described in the Option and Lease, to the California Coastal Commission and to pursue the Project until completion.
- 4) Authorize the Harbor Director to make corrections, clarifications, and technical modifications to the Option and Lease, provided such changes are consistent with the stated intent of the Option, do not result in the loss of any income to the County, and do not subject the County to additional costs.
- 5) Find that your Board's approval of the proposed Project as set forth in Recommendations 1 through 4 is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15301 and 15302, and that no exceptions set forth in CEQA Guidelines section 15300.2 preclude use of these exemptions. Alternatively, find that the proposed Project is statutorily exempt from CEQA pursuant to CEQA Guidelines section 15265, exempting local agencies from CEQA environmental document preparation requirements and shifting the burden of CEQA compliance to the California Coastal Commission under its CEQA exemptions for certified regulatory programs, in which case KARLS and the Harbor would provide the environmental materials that may be required by the California Coastal Commission. Direct the Harbor Director to timely file a CEQA Notice of Exemption.

Fiscal/Mandates Impact:

Mandatory:	No
Source of Funding:	Lessee
Funding Match Required:	N/A
Impact on Other Departments:	None

Summary of Revenue and Costs:	FY 2023-24	FY 2024-25
Revenue:		
Direct	\$ 15,000	\$ 20,000
Total Revenue	\$ 15,000	\$ 20,000
Costs:		
Direct Costs	\$ 0	\$ 0
Indirect Costs	\$ 0	\$ 0
Total Costs	\$ 0	\$ 0
Net Income	\$ 15,000	\$ 20,000

FY 2023-24 Budget Projection for Harbor Administration - Division 5100				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$ 12,407,216	\$ 12,700,000	\$ 12,173,722	\$ 526,278
Revenue	\$ 11,327,486	\$ 11,327,486	\$ 11,736,710	\$ 409,224
Gain/(Loss)	\$ (1,079,730)	\$ (1,372,514)	\$ (437,012)	\$ 935,502

*The table above excludes other financing sources.

Discussion:

In May 2022, the County issued a Request for Proposal for the redevelopment or renovation of Parcels V, V1, V2, V3, V4 and a portion of N-2, at the site commonly known as Fisherman's Wharf, located on the southwest corner of Victoria Avenue and Channel Islands Boulevard in Oxnard, California (Property). The Harbor Department selected the proposal submitted by Robert Dahl, doing business as KARLS which has now formed a California entity called Karls LLC, a California limited liability company (KARLS), to renovate the Property and develop it into a KARLS Adventure Village (Village). In April 2023, the Board approved and entered into an Exclusive Right to Negotiate Agreement with KARLS, to give it time to create a concept for the Village and agree to future lease terms.

KARLS intends to construct a strawberry and maritime dual-themed Village which would have a mix of retail uses such as toy and bookstores, children's and adult clothing stores, a country and maritime themed kitchen and home goods store, food markets, a café, restaurants, as well as a small hotel, playgrounds, park areas and children's rides (Project). KARLS has extensive knowledge of this industry from its decades of owning and operating seven similar villages in Germany. KARLS intends to construct a pedestrian pier along the waterway to enable the community ample walking access at the Property. KARLS may also host outdoor farmer markets, live music and street performers on the pier. KARLS would maintain full control of the restaurants and shops located within the Village and employ all of the employees within the Village. The Village would provide free entry and parking for all visitors. The renovation of the aged Fisherman's Wharf site would include (i) improving or replacing the existing buildings including renovating electrical infrastructure, plumbing, roofing, HVAC system, elevators and kitchens, (ii) making general aesthetic enhancements and ADA-compliant improvements to the parking lots, walkways, and promenades, and (iii) renovating the urchin dock. KARLS has also agreed to upgrade the public park at the Property. The Harbor Department has agreed to upgrade the commercial fishing wharf/urchin dock as part of the Project.

KARLS has hosted over twenty public workshops to receive community feedback regarding the Project and has received a highly favorable response. KARLS has incorporated much of the feedback into the Project. If the Project is approved by your Board, it is anticipated that KARLS will spend a minimum of \$16.6 million dollars on the Project, and the Harbor Department will spend at least a million dollars upgrading the commercial fishing wharf. The term of the proposed Lease Agreement (Lease) would be thirty years with a ten-year option for KARLS to extend the Lease. However, KARLS would be required to build a pedestrian pier at least 20 feet wide along the waterside of the Project in order to qualify for the term extension. It is anticipated that KARLS would pay a minimum of \$500,000 annually in rent.

Karls LLC, a California limited liability company, is a single purpose entity owned by Robert Dahl, its Managing Member. Because Karls LLC, a California limited liability company, is a newly established company with foreign ownership, the County is requiring a security deposit of \$582,000 in the Lease, which is equal to approximately one years' worth of minimum rent. The security deposit is twice the amount that is traditionally required under Harbor leases.

The Harbor Department requests that your Board approve the Lease Option Agreement (Option) attached as Exhibit 1 and Lease attached as Exhibit 2 with KARLS. The Option is for a one-year term and may be extended up to three years. The Option would give KARLS the time to create the architectural plans for the Project, including conceptual drawings, schematic plans, design development plans, and construction drawings. KARLS would also use the option period under the Option to secure any necessary permits for the Project from the City of Oxnard and the California Coastal Commission. Upon full completion of the required elements of the Option, KARLS would have the right to enter the long-term Lease with the County to develop the Project.

Staff is requesting your Board's authorization and direction for the Director to submit the proposed Project to the Coastal Commission and to pursue the Project to completion. Any needed amendments to the County's Certified Public Works Plan would be submitted to your Board for review prior to submission to the Commission.

Your Board's approval of the proposed Project involves maintenance, repair and replacement of existing visitor-serving structures and facilities on the same site as they are currently located, will have substantially the same purpose and capacity, and involves negligible or no expansion of capacity. The KARLS' themed village Project as described in the Option and Lease is designed to be the equivalent of the prior Fisherman's Wharf themed use. The Harbor Department has been working to accomplish a renovated project at this location for many years, while continuing to operate many of the existing Fisherman's Wharf uses and structures. Therefore, staff has determined that the proposed Project is categorically exempt pursuant to CEQA Guidelines sections 15301 and 15302. Staff has also determined that no unusual

circumstances or other factors set forth in CEQA Guidelines section 15300.2 preclude use of these categorical exemptions.

Alternatively, your Board's approval of the proposed Project is statutorily exempt from CEQA pursuant to CEQA Guidelines section 15265 exempting local agencies from environmental document preparation requirements and shifting the burden of CEQA compliance to the California Coastal Commission under its CEQA exemptions for certified regulatory programs, in which case KARLS and the Harbor would provide the required environmental materials to the California Coastal Commission. A CEQA Notice of Exemption would be filed upon your Board's approval of the Project.

Strategic Plan:

The proposed Project would support the County's Strategic Plan Priorities of Fiscal Responsibility and Economic Vitality. KARLS themed village would provide much-needed investment into the aging County visitor-serving Property. This Project would also meet the aims of Goal 2 which is to foster a thriving business ecosystem to create jobs, increase wages, and strengthen the local economy.

The County Executive Office, the Auditor-Controller's Office and County Counsel have reviewed this letter.

If you have any questions regarding this item, please contact me at (805) 973-5952.



Michael Tripp
Director

- Exhibit 1: Lease Option Agreement
- Exhibit 2: Lease Agreement
- Exhibit 3: Harbor Parcel Map