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Audit Findings on 101 Ash Street and other City Properties Raise Serious Concerns on Real Estate Deals Costing Taxpayers Millions of Dollars

SAN DIEGO – Today, the City of San Diego’s Audit Committee heard a Performance Audit of the City’s Major Building Acquisition Process, which includes the acquisitions of 101 Ash Street, Civic Center Plaza, Kearny Mesa Repair Facility, Palm Avenue Hotel and the Housing Navigation Center.

In 2015, the City of San Diego began a series of building acquisitions totaling more than \$230 million. Many questions have been raised about whether these acquisitions were in the best interest of the City. Overall, the Performance Audit found that a serious lack of policies and oversight caused the City to miss or skip key steps in the acquisition process, and allowed the prior City Administration to leave out or misrepresent key information about building acquisitions when presenting them to the City Council and the public.

“This Audit showed a clear lack of due diligence and a brazen willingness by professional staff to not adhere to best practices in order to facilitate bad real estate deals,” said Audit Committee Chair Vivian Moreno. “We have wasted millions of taxpayer dollars and are stuck with an uninhabitable building at 101 Ash Street, overpaid for the Navigation Center and can’t use the Kearny Mesa Repair Facility to repair our fire trucks. Moving forward, the reforms recommended by the City Auditor will help guard against fraud and the Council having incomplete information about major real estate acquisitions.”

The Audit has made 10 recommendations to help ensure the City follows best practices when acquiring major buildings and informs the City Council and the public of all material facts. Among some of the key recommendations include requiring a best practices checklist for building acquisitions and adding a section to the municipal code to provide an enforcement mechanism to ensure City staff accurately represent information to the City Council. For more information on the Performance Audit and recommendations, please view [here](#).

The Audit Committee requested staff work with the City Auditor to revise the management response and will return to the September Audit Committee meeting with those revisions and updated target implementation dates.