

## COUNTY GOVERNMENT

# The Biggest Users: Here's Who Spent the Most Discounted Nights at County-Owned Hotel



The Dana Point Marina Inn, the county-owned hotel where an employee discount program was abused. (Photo credit: Expedia)

By **Thy Vo** (<http://voiceofoc.org/author/tvo/>) May 24, 2016

Former Dana Point Police Chief Lynn Koehmstedt was the most prolific user of a room rate discount at the county-owned Dana Point Marina Inn, staying at the hotel at a reduced rate for 159 nights, according to hotel records from the Orange County Auditor-Controller's office.

Koehmstedt, a county Sheriff's Department official who headed the department per the city's contract with the county, stayed in a suite between February and September 2013, including one stay that lasted 147 days.

Koehmstedt and other county employees who utilized the discount are now the subject of an internal investigation by the county "to determine the scope of unauthorized activity," **following an audit** released by Auditor-Controller Eric Woolery earlier this month.

The audit found 988 discounted nights were granted between 2009 and 2014 as part of a "friends and family" discount at the Marina Inn, a discount which was never approved by the Board of Supervisors or vetted by the county counsel's office.

It also raised questions about whether use of the discount should be considered a gift, and if it is a conflict of interest for employees who have oversight over the contract and performance of the Marina Inn's private operator, Great Western Hotel Corporation.

Paul Lawrence, the former operations manager at Dana Point Harbor who left in 2014 for a job with the city of Oceanside, signed off on many of the hotel discounts. He used the discount for 75 nights for dozens of people during 2013 and 2014, including himself, his wife, mother-in-law and daughter, according to records provided by the Auditor-Controller's office.



*Lt. Lynn M. Koehmstedt, former chief of police services in Dana Point, is now part of the department's homeland security division. Photo courtesy of Sheriff's Department website.*

Brad Gross, the former Harbor director who

**resigned a day after the audit** was made public, also utilized the discount for 13 nights.

Discounted rooms could go for \$35 to \$50 a night, compared to an average rate of \$102 a night, according to the audit.

Koehmstedt, a lieutenant in the Sheriff's Department, **stepped down as the Dana Point contract police chief in 2014** to take a position in the department's homeland security division.

When contacted for comment, Sheriff's Department spokesman Lt. Mark Stichter said Koehmstedt is prohibited from commenting on the issue and the ongoing internal investigation due to provisions within the state Police Officer's Bill of Rights.

Lawrence and Gross also did not return calls for comment.

Hotel discounts are commonly used in the hotel industry to fill rooms during off-peak seasons. The audit also noted that the discount could be used to reduce costs for the county, such as to house contractors working in Dana Point, who would bill their lodging costs to the county anyway.

But according to the audit, the discount was not a formal program and few records were kept by hotel management to document how discounts were approved and why. Records collected and compiled by the Auditor-Controller's office show who stayed in the hotel, how many nights they stayed, the relationship that allowed them to use the discount and who approved the discount. However, some of that information is missing in several instances.

**(View an excel spreadsheet of county employees, businesses and hotel employees who used the discount).**

Seven other county employees used the discount for a total of 53 nights.

Discounts were also approved for county contractors, lessees and operators at Dana Point Harbor, including:

- Harbor contractor Jack McCormick
- Tim Flanagan of Doheny Plumbing
- Kevin DeGanci, owner of Brig Restaurant
- Dana Wharf Sportfishing
- Pacific Asian Enterprises
- Steve Zdrakas, owner of Proud Mary restaurant
- Jack Balson, cousin of the owner of Woody Hut retail store
- Gemmel's Restaurant
- Ocean Institute

Dana Point Assistant City Manager Mike Killebrew is listed in documents as utilizing the discount for 17 nights, for himself and for two other individuals in 2013.

City Manager Doug Chotkevys said he was notified by the county of the audit's preliminary findings, including Killebrew's use of the discount, and immediately conducted an investigation.

"After we completed our investigation and interviewed Mr. Killebrew, we found that Mr. Killebrew did NOTHING wrong and in no way benefited from a 'friends and family' discount program," Chotkevys wrote in an email.

According to Chotkevys, the rooms were rented at a government rate for a city-sponsored event for the

principals and an actor of a theater production company, New Vision Theatre Company.

“I view it as entirely appropriate to seek the lowest price available when expending city funds for city-sponsored events,” Chotkey said. “I also have to question the reason why such a material finding, of this nature, was not included in the final audit report by the county auditor-controller and why we are even discussing this matter.”

As for Koehmstedt, Chotkey said he was a county employee and he did not have knowledge of Koehmstedt’s extended stay at the Marina Inn.

Meanwhile, Supervisor Todd Spitzer is taking a hard line on the audit and disagrees with Chotkey and others who suggest the audit went too far.

“This is not an intergovernmental discount. This is an informal, off-the-books discount. It’s not a program, it’s not recognized or sanctioned,” said Spitzer. “Someone cooked up a reduced rate and extended it to their friends and people they had relationships with – all inappropriate.”

Spitzer believes use of the discount by public employees should have been subject to state and county regulations for accepting gifts, and said those who may have violated those limits should be prosecuted by the district attorney.

“The fact of the matter is they got something they weren’t entitled to, and the general public is not entitled to, so therefore that is a gift,” said Spitzer. “Anything above and beyond – what any general member of the public is not entitled to – should be reported on form 700s.”

The [county’s gift ban ordinance...](#) prohibits businesses that contract with the county from giving gifts to public officials and to county employees, particularly those who might have influence over any government decisions related to that business. It also prohibits employees from accepting such gifts.

Violating those restrictions is considered a misdemeanor, and employees or appointed officials who violate the gift ban could be prosecuted, fired or removed from office.

**State law** also prohibits certain public employees from accepting more than \$460 in gifts from a single source in a calendar year. Gifts must be reported by officials on their annual statement of economic interests, or form 700.

Gross, Koehmstedt and Lawrence did not report any gifts on their economic disclosure forms.

Through its spokeswoman Jean Pasco, the county issued a short statement stating that “neither the [supervisors] nor county CEO ever authorized any type of discount or gift program” and employees are expected to follow the rules for accepting and reporting gifts outlined in a county ordinance and by the state.

“The County is confident that ongoing personnel and other administrative investigations will determine the scope of the unauthorized activity and restore the integrity of harbor operations,” Pasco wrote in an email.

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