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## **Contracting Practices by the City of San Carlos**

### **Issue**

Is the City of San Carlos continuing to engage in contracting activities that undermine citizen confidence?

### **Summary Report**

Twice in the past two years, the San Mateo County District Attorney investigated conflict of interest complaints leveled at the San Carlos City Council about its contracting practices. Over a period of months, concerned citizens raised questions about the appearances of dubious behavior in managing the bidding award process.

Recently, a political consultant to the city and one City Council member were questioned regarding an allegedly fraudulent invoice submitted to the South County Fire Authority. The District Attorney has since charged the consultant. Numerous complaints appeared in the newspapers, and several citizens requested that the Grand Jury investigate what appear to be conflicts of interest in the awarding of certain contracts. However, the District Attorney filed no charges of contract irregularities against the City Council, indicating the contracts were awarded to individuals who appeared to be city employees but in actuality were not.

Although the individuals in question may not have worked for the City of San Carlos as salaried employees, some were former employees. Those employees had close working relationships within City administration over protracted periods of time, had offices on city premises, and utilized city facilities. Despite repeated complaints and investigations about these activities, the San Carlos City Council continues to award contracts that give the appearance of a conflict of interest.

### **Recommendation**

The Grand Jury recommends that the City Council of San Carlos stop awarding multiple contracts, of any dollar amount, to persons with close working relationships with City administration without first establishing a fair, open, and appropriately advertised contracting process.

## CITY OF SAN CARLOS



August 23, 2005

Honorable Norman J. Gatzert  
Presiding Judge of the Superior Court  
Hall of Justice  
400 County Center; 2<sup>nd</sup> floor  
Redwood City, CA 94063-1655

Dear Judge Gatzert,

This is the City of San Carlos' formal response to the June 23, 2005 letter from the Superior Court communicating comments made by the Civil Grand Jury about "Contracting Practices by the City of San Carlos."

The Civil Grand Jury had two comments about contracting practices in our city. First it mentioned a matter regarding an invoice submitted to the South County Fire Authority. These comments should have been referred to that agency for comment.

The Civil Grand Jury also stated that "numerous complaints appeared in the newspapers and several citizens requested that the Civil Grand Jury investigate what appears to be conflicts of interest in the awarding of certain contracts." The only such complaint the City is aware of in this area was filed with the Civil Grand Jury. It alleged that two people currently holding contracts with the city violated government code section 1090 as they negotiated those contracts while they were still city employees. The City was contacted by the District Attorney and cooperated in his investigation of the matter. The District Attorney took three actions as a result of this review:

1. The District Attorney determined that the individuals in question were at no time employees of the City of San Carlos.
2. The District Attorney determined that the accusation was groundless and without merit.
3. The District Attorney forwarded these findings to the Civil Grand Jury two (2) months prior to the issuance of the Civil Grand Jury's letter in June.

The Civil Grand Jury concludes with a comment that the city should “stop awarding multiple contracts, of any dollar amount, to persons of close working relationships with city administration without first establishing a fair, open and appropriately advertised contracting process.” Here the City offer two comments in this area:

1. The city did not award any contracts of that type during this Civil Grand Jury’s tenure over the past year.
2. The City made significant enhancements to its contracting process, as well as changes to its conflict of interest reporting process, over one year ago. The City informed the Civil Grand Jury of the City Council’s actions in this area last summer in a letter from the Mayor.

I appreciate this opportunity to respond to the comments made by the Civil Grand Jury during the past year. As always, I look forward to continue working with San Mateo County and its Court System in the year ahead.

Sincerely,

/s/ INGE TIEGEL DOHERTY

Inge Tiegel Doherty  
Mayor