

HUMAN SERVICES DEPARTMENT AND DISTRICT ATTORNEY'S FAMILY SUPPORT DIVISION BUILDING

Summary

The Grand Jury investigated the procedures and implementation of the County's site selection process for a new Human Services building. The Jury found evidence of a flawed process and questionable procedures. The Grand Jury recommends that the Board of Supervisors institute procedures to prevent repetition.

On June 4, 2002, the involved county departments recommended to the Board of Supervisors that the Human Services building project be cancelled, primarily for financial and environmental reasons. The Board postponed a final decision for 120 days. Regardless of the final decision by the Board, the Grand Jury's findings, conclusions, and recommendations in this report remain valid.

Reason for Investigation

The Grand Jury received a citizen complaint regarding the letter of intent approved by the Board of Supervisors to proceed toward awarding a contract to lease a new Human Services building. The complainant alleged that the Board was acting contrary to taxpayer interests in selecting the more costly site and that the involvement of a former Board member in the project constituted elements of preferential treatment, conflict of interest, and insider information.

Background

The Sonoma County Human Services Department is currently housed at seven sites, along with adjunct sites for the District Attorney's Family Support Division. Human Services occupies approximately 165,000 sq.ft. of office space and Family Support uses approximately 40,000 sq.ft. As early as 1994, county officials determined that the Human Services Department required more office space. The county initially planned to provide new office space by renovating the existing Human Services building and erecting a new building adjacent to it at the County Center site. However, those plans were abandoned when studies commissioned by the county indicated the project would overtax the county's antiquated central heating and air conditioning system. In June 1995, a county committee studying an expansion project began thinking about building on a site away from the County Center.

By 1996, Human Services indicated that their future needs to serve an expanding clientele would require approximately 250,000 sq.ft. In addition, to improve efficiency and provide greater convenience for its clients, it was desirable to consolidate the department's scattered locations into a single site. Since no such space existed in currently owned or leased county buildings, the Board of Supervisors resolved to begin a process to identify sites in target areas suitable for construction of a building to be leased by the county to house both Human Services and Family

Support (HS/DAFSD). To this end, the county retained the Crocker Company, a local consulting firm, to identify, research, and analyze potential sites suitable for development of the project. County officials determined that leasing a new building would be financially advantageous because federal and state governments would provide up to 90 percent of the lease costs.

During this same time, the Board of Supervisors, acting in its capacity as the Board of Directors for the Southwest Santa Rosa Redevelopment Agency, had become increasingly aware of the need for a large “magnet” enterprise to anchor the redevelopment site specifically in the Roseland area. Simultaneously, the city of Santa Rosa had similar interests and concerns. A large segment of the proposed development area lies within the city limits; and the city’s involvement with property development, rights of way, and eminent domain proceedings would necessarily require Santa Rosa’s active participation in the project. The Board had instructed the Crocker Company to give particular emphasis to the Southwest Santa Rosa (SWSR) area in their examination of potential sites.

Crocker proceeded with the study, and in September 1997 presented to the County Real Estate Manager a set of 21 sites with the potential to be offered a Request for Proposal. Soon thereafter, the Real Estate Manager was approached by a former member of the Board of Supervisors requesting that another site (Roseland Assemblage *) be added to the list. This site, previously researched and excluded by Crocker, was added along with two others. Crocker reexamined the three sites and, in November 1997, gave the Board a Revised Site Selection Study of 24 potential sites. Crocker evaluated the sites, relying on criteria set forth by county staff. Roseland Assemblage was the only site to receive Crocker’s lowest rating. Although Crocker had been directed to pay particular attention to Roseland/SWSR, they found no site there to clearly recommend, citing problems of infrastructure, traffic, environmental questions, site availability, and potential toxic clean-up costs.

In March 2001, the Board of Supervisors approved a non-binding Letter of Intent with the developer of the Roseland Assemblage site to negotiate the potential lease of a new building.

Investigative Procedures

The Grand Jury:

Sought to answer the following questions:

- Was a fair, impartial, and open process employed throughout the site selection process by the County?
- Was there evidence of unfair use of insider information (parties with prior knowledge of the County’s inclinations)?
- Was there a “Level Playing Field” for all participants in the Request for Proposal process?
- Was there any evidence of preferential treatment (participants given undue consideration in deference to their past associations with Board members or other county officials)?
- Did the County act contrary to the best interests of the taxpayers by heavily weighting the process in favor of the Roseland Redevelopment Area?

Interviewed the following persons:

County of Sonoma
Director, General Services Department
Real Estate Manager
Director, Human Services Department
Crocker Company representatives
Redevelopment Agency Director
Santa Rosa Deputy City Manager
Keegan & Coppin real estate representative
Former member, Sonoma County Board of Supervisors.

Reviewed the following documents:

Site Selection Study, The Proposed HS/DAFSD Project, September 1997, conducted by the Crocker Company
Request for Proposal for Leased Office Space issued February 8, 2000
Sonoma County's March 2001 Proposed Non-binding Letter of Intent with Civic Renewal Company
Multiple agenda items of Board of Supervisors meetings dealing with the proposed HS/DAFSD Project, dated October 1997 through April 2001
Multiple Closed Session discussion items and materials of the Board of Supervisors dealing with the proposed Project, dated April 2000 through November 2001
Personal calendars of the Real Estate Manager
Agreement for Consulting Services between the County of Sonoma and the Crocker Company
Santa Rosa Redevelopment Agency (Southwest Redevelopment Project) Phase I and Phase II (Public Improvements)
Environmental Impact Report of Water Agency in Re: Roseland Redevelopment Area
Closed Session Minutes of the Board of Supervisors
Human Services building in-process working draft contract
Minute Order of the Board of Supervisors creating an ad hoc committee to meet with Santa Rosa representatives and report back on SWSR/Roseland Annexation
Memorandum of Understanding between the City of Santa Rosa and Sonoma County, dated October 6, 1999, discussing the Roseland Project Area and newly adopted Southwest Project Area
Selection objectives from the February 8, 2000 Request for Proposals
Several Press Democrat articles
Responses to the Request for Proposals from two developers
Numerous reports and documents considered at meetings of the Human Services Building Study Committee
County of Sonoma Agenda Item Summary Report titled Human Services
Department/District Attorney Family Support Division Co-Location lease Project, dated June 4, 2002.

Findings

- F1. The Board of Supervisors held no public hearings to explain the site selection criteria of the Human Services Building Project. They were discussed only in Closed Session.
- F2. The weight given to non-economic criteria (social, political, community benefit, etc.) was not made clear to prospective participants in the site selection process.
- F3. During the site selection process, the Crocker Company made clear in its report that manifest environmental problems existed in the Roseland Redevelopment Area: infrastructure issues of right of way, eminent domain, parking, and hazardous materials cleanup.
- F4. A former member of the Sonoma County Board of Supervisors was on the Board when the need for a new Human Services building project was identified and endorsed.
- F5. This same former board member was instrumental in the development and presentation of the Roseland Assemblage Proposal, which was offered to the Board of Supervisors during the first year following that supervisor's retirement.
- F6. The Roseland Assemblage site, located within the Roseland Redevelopment Area, includes land in which the former supervisor, among others, holds a financial interest.
- F7. Sonoma County has no written policy concerning former County officials seeking to do business with the county.
- F8. The State of California has a law that restricts former state employees seeking to do business with the state.
- F9. Orange County has a "Revolving Door" policy that reads as follows:
"A public official or employee shall not meet or confer with a former county official or employee who is acting as a lobbyist within one year following termination of the former official or employee from county employment."
- F10. It is unclear which entity, the County or the developer, would bear the ultimate cost of cleanup and infrastructure development.
- F11. No building is leased by the County for more than 20 years. The proposed Roseland building would be leased for 30 years.

Conclusions

The Grand Jury finds no evidence of illegal use of insider information by any of the parties to the selection process. However, involvement of a recently retired member of the Board as a participant in the 1997 site selection process does give the appearance of impropriety in that it could have offered a decided advantage to the former member. The Board of Supervisors should avoid even the appearance of preferential treatment for former Board members or other county officials.

Although a fair, impartial, and open site selection process had been agreed upon by the Board of Supervisors and the Crocker Company, the heavy emphasis placed on the Roseland/SWSR Redevelopment Area by the Board has resulted in at least the perception of reducing the other 23 sites to the status of “window dressing.”

In the Request for Proposal process, all participating bidders had equal access to the same printed criteria and stipulations. What all did NOT have, however, was information relative to the high degree of emphasis which the Board of Supervisors placed upon the SWSR/Roseland Redevelopment Area. Of the five pre-qualified participants who began the proposal process, three dropped out almost immediately when they determined that the social and political aspects of the criteria were going to outweigh the purely economic aspects.

In response to the complainant’s allegation that the Board of Supervisors acted contrary to the best interests of the taxpayers by heavily weighting the process in favor of the Roseland Redevelopment Project as a prospective site for the new building, the Grand Jury concludes that the Board acted within the scope of its purview. The challenge of balancing the social and economic benefits of placing the facility in the Roseland area versus a possibly more immediately buildable and less costly alternative outside the urban core of the County is an appropriate one for elected representatives.

The Grand Jury observes the appearance of impropriety in at least two areas: The sequence of events and policy machinations leading up to the selection of the Roseland Redevelopment Area as the site for the new building gives the impression of a “stacked deck.”

The continued involvement of a former member of the Board of Supervisors in the ongoing discussions of site and process, after that member subsequently became a member of a competing firm, leaves much to be desired. The Grand Jury is concerned with the sequence of events that led to the site selection and contract negotiations.

While the Grand Jury makes no findings regarding the social advantages or disadvantages of locating the Human Services Building in the preferred site, it is concerned with potential extraordinary costs to the taxpayers. Aside from the costs and complexities of acquiring parcels that comprise the site and a railroad right-of-way, the site is located in a toxic area known as a “brownfield.” There are still open questions on the extent and nature of the contamination and whether a portion of the cleanup costs will to be borne by the taxpayers.

The Grand Jury believes that the preferred developer will have difficulty keeping the costs of the lease within the limits to qualify for maximum state and federal reimbursements.

Recommendations

- R1. The Board of Supervisors should establish a written policy that makes clear to future bidders and the public alike exactly what the parameters of any Request for Proposal will be, and should make provisions for strictly adhering to that policy.
- R2. The Board of Supervisors should hold public meetings to explain areas such as housing needs, social objectives, economic considerations, and contingent liabilities whenever projects such as the new Human Services Building are under consideration.
- R3. The Board of Supervisors should adopt a written policy prohibiting County officers and employees from conducting business with any former officer or employee for a period of one year after leaving the County's employ (the so-called "Revolving Door" policy).
- R4. Residents of Sonoma County need to be vigilant in their oversight of the County's dealings in both business and public policy. For more information, residents should obtain a copy of Agenda Item #37, June 4, 2002 Board of Supervisors meeting, in which staff recommends cancellation of the project.

Required Responses to Findings

Board of Supervisors: F1, F2, F7, F10, and F11

Required Responses to Recommendations

Board of Supervisors: R1 through R3