

GOVERNMENT & ADMINISTRATION COMMITTEE

Fallen Leaf Lake Community Services District

Citizen Complaint #C36-02/03

Reason for the Report

The complaint alleges that the Fallen Leaf Lake Community Services District (FLLCSD) awarded a marina/store contract in an unethical and unprofessional manner.

Scope of the Investigation

The Grand Jury interviewed the following:

- Five current residents of Fallen Leaf Lake;
- Chief Assistant District Attorney of El Dorado County;
- Representative of Local Agency Formation Commission (LAFCO) from El Dorado County;
- A Board Member of Fallen Leaf Lake Community Services District (FLLCSD);
- County Counsel of El Dorado County.

The Grand Jury also reviewed the following items:

- By-laws of FLLCSD;
- FLLCSD Charter;
- *A Local Official's Guide to Ethics Laws*, Spring 2002, Institute for Local Self Government;
- Minutes of meetings of the Board of Directors, FLLCSD;
- Inventory of Local Agencies, LAFCO, El Dorado County;
- Numerous e-mail messages among residents regarding Board meetings, Marina/Store Request for Proposal (RFP), and awarding of contract;
- Five RFP for the Fallen Leaf Lake Store and Marina;
- Past Grand Jury complaint & investigation filed on 1992/93 regarding concession policies and practices of the Board of Directors, FLLCSD;
- Marina/Store gross receipts from 1999-2002;
- Various letters from Fallen Leaf Lake community residents.

Background

The Fallen Leaf Lake Community Services District (FLLCSD) meeting of February 17, 2003 was to review responses from applications for a bid to operate the Fallen Leaf Lake concessions (marina, store, and related functions). This meeting was to be an open forum to review the recommendations from a committee of two Board members, which was a short list of three applications. The presentation was to be made to the full Board for action and to allow the public to participate in an open discussion. The complaint alleges that two of the three applicants were not given a full and fair hearing. It also alleges that the meeting was not conducted in a business-like and ethical manner.

The current marina/store operator refused to supply profit and loss data. Therefore, the profit and loss data was not included in the RFP application packet, which might well account for the lack of public response to the RFP.

It should be noted that only four of the five applicants supplied the financial data with their RFPs. The current operator of the marina/store refused to supply this information when he submitted his RFP.

The vote for the RFP was tied two to two and the tie was broken by the Board member whose close relative received the contract. The participation of a Board member, who is related to the successful bidder, while possibly legal, leaves the question regarding ethical standards expected of a public official. In reviewing the minutes, and other testimony offered, the question arises whether or not the bidding process was fair.

It was noted that the FLLCSD Charter does not include the position of a general manager. With the presence of a general manager some of these issues may have been avoided and the continuity of communication and focus of business matters would be enhanced. In addition, the Charter does not contain a Code of Ethics.

This Grand Jury's investigation revealed other issues of concern to community residents. Among those issues were a past action where Fire Department monies were "loaned" for use of parks and recreation development. This occurred approximately ten years ago. To this date these monies have not been completely repaid.

Findings

- F1. A Request For Proposal (RFP) was mailed to 50 applicants. Five responded. Three were interviewed.
- F2. Profit and loss statements of the marina/store from previous years were not made available to FLLCSD Board members or potential contract bidders.

Note: In response to a widely disseminated e-mail critical of this Grand Jury from a FFL Board member to fellow Board members.

This Grand Jury has never publicly impugned the integrity of any witness in any case. We have done and will continue to do our very best in fact gathering from relevant sources from either side on a public issue presented to us. We are not a criminal Grand Jury. Our mission is to assist the public in improving the performance of the several levels of government. To those who feel otherwise, we can only pledge our consistent dedication to our mission.