

## **CITY OF HANFORD CONSULTANT**

### **SYNOPSIS**

The City of Hanford hired a financial consultant to assist the City in changing from a bi-annual budget to an annual budget. The consultant was also to help with the development and implementation of the City's 2012-2016 five year Capital Improvement Plan and Review. The Finance Department's business processes, operations, and other tasks specified in the proposed scope of work, were also to be assessed.

### **WHY THE GRAND JURY INVESTIGATED**

On September 8, 2010, the Grand Jury received a complaint alleging that the Hanford City Council violated portions of the Ralph M. Brown Act while hiring a financial consultant, as well as using improper practices in the hiring process. The complaint also alleged subterfuge and fraud on the part of the Mayor, the City Manager, and the City Council regarding the hiring of the financial consultant.

### **AUTHORITY**

Penal Code Section 925a: The Grand Jury may at any time examine the books and records of any incorporated city in the county.

### **METHOD OF INVESTIGATION**

The Grand Jury heard testimony from the complainant and several members of the City of Hanford staff. Documents relating to the issue were also examined.

### **BACKGROUND AND FACTS**

The August 17, 2010, City of Hanford Council meeting had on its consent calendar portion of its agenda, an item to hire a financial consultant as follows: Item (4e) "Approval of Agreement for Financial and Management Services for an amount not to exceed \$70,000 and amend the FY 2011 budget to appropriate fund balances to fund the Agreement." Section 4 of the Agenda provides "All items listed under the Consent Calendar are considered routine and will be enacted by one motion (Roll Call Vote required). For discussion of an item on the Consent Calendar, it will be removed at the request of any member of the City Council or any person in the audience and made a part of the regular agenda." At the meeting a member of the audience complained that the item should be removed from the consent calendar, as it was not a routine matter. The item was promptly removed and became a matter of public discussion.

During the public discussion, it was questioned why the City needed a consultant when it had an experienced financial staff. It was also questioned why the City did not seek a request for proposals (RFP) for the consulting work.

The City Manager stated that the Council had given him a short deadline to accomplish some changes in the method of budgeting, hence the reason for no RFP. The City Attorney stated that, while an RFP was usual, it was not a legal requirement. After lengthy discussion the item was approved by the Council with one vote in dissent.

The California Government Code (Section 37103) provides general powers to cities including the following: “The legislative body may contract with any specially trained and experienced person, firm or corporation for special services and advice in financial, economic, engineering, legal, or administrative matters. It may pay such compensation to these experts as it deems proper.”

While being questioned by the Grand Jury the complainant alleged that the Council violated the Brown Act by having serial meetings on the subject, stating that there were witnesses. Under oath, the complainant made conflicting comments and did not substantiate the allegations, so that portion of the testimony was rejected by the Grand Jury.

## **FINDINGS**

### Finding #1

The Grand Jury found no evidence to substantiate the allegation of serial meetings.

### Finding #2

The Brown Act requires a general description of the matters to be discussed. Item 4e of the agenda properly described the intent to hire a financial consultant.

### Finding #3

The agenda clearly states that the public may ask for discussion of a consent item.

### Finding #4

The Financial Consultant item was removed from the Consent Calendar and discussed as part of the regular agenda.

### Finding #5

The City of Hanford hired a financial consultant without using an RFP although the usual practice for the City of Hanford has been to use an RFP.

### Finding #6

California Government Code (Section 37103) authorizes the hiring and payment of accounting professionals without the need for an RFP process.

### Finding #7

No Brown act violations were discovered.

**RECOMMENDATIONS**

None

**COMMENT**

The question of the item to hire a financial consultant should not have been placed on the consent calendar. The process of moving that item to the regular calendar was done properly.

**RESPONSE REQUIREMENT**

None Required