



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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May 29, 2025

Jose M. Sanchez
City Attorney
City of Modesto
409 13th Street, Suite 600
Oakland, California 94612

Re: Your Request for Formal Advice
Our File No. A-25-051

Dear Mr. Sanchez:

This letter responds to your request for advice regarding the conflict of interest provisions of the Political Reform Act (the “Act”).¹

Please note that we are only providing advice under the conflict of interest provisions of the Act and not under other general conflict of interest prohibitions such as common law conflict of interest or Section 1090.

Also note that we are not a finder of fact when rendering advice (*In re Oglesby* (1975) 1 FPPC Ops. 71), and any advice we provide assumes your facts are complete and accurate. If this is not the case or if the facts underlying these decisions should change, you should contact us for additional advice.

QUESTION

Under the Act, may Modesto City Council Member Jeremiah Williams take part in governmental decisions regarding the selection of a site for a new United Soccer League stadium, given that his residence and business (located on the same parcel) are located between 1,470 and 3,336 feet from the three potential locations for the stadium?

CONCLUSION

No, based on the scope of the stadium development project, which would potentially include development of an entertainment district expected to bring in tens of millions of dollars in additional local revenue, and the anticipated effect of boosting the local economy, there is clear and

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

convincing evidence that the stadium location decision would substantially affect Council Member Williams's real property interest.

FACTS AS PRESENTED BY REQUESTER

As part of a multi-year planning effort to achieve a more vibrant community and strengthen its economy, the City has explored attracting a professional sports team. In September 2024, the City entered into a Letter of Intent ("LOI") with the United Soccer League ("USL") to exclusively negotiate the potential of bringing a professional men's and women's soccer team to Modesto. The LOI provides for a one-year exclusive negotiating period followed by a six-month extension if necessary. As part of the LOI, the parties will discuss potential locations for the construction and operation of a 5,000 to 10,000-seat multi-purpose stadium ("Stadium") to serve as the home Stadium for men's and women's professional soccer teams. Discussions with USL will also include the type of ancillary development that may be constructed adjacent to, or in the vicinity of the Stadium. Other terms to be discussed between the parties are financing the construction of the Stadium, its ownership and management, and the licensing and real property agreements necessary for the Stadium.

Since September, City staff have identified three potential locations for the Stadium: two in downtown Modesto and one in West Modesto. Staff are ready to schedule a City Council workshop to discuss the locations and obtain City Council direction. The potential Stadium locations are within 1,470, 1,652, and 3,336 feet, respectively, of real property owned by Council Member Williams.

Council Member Williams's Property

Council Member Williams owns a .56 ± acre property in downtown Modesto (the "Property"). The Property consists of a vacant lot and a small warehouse that houses his cabinet shop business and two commercial rental units. Council Member Williams currently has planning entitlements to construct eight tiny homes (516 square feet each) on the Property. No building permits have been issued for the project. The surrounding uses are a mix of one to two-story commercial, religious, retail, and office space. The area is zoned Transition Downtown, which permits a mixture of uses, including residential, but at a reduced scale from the downtown urban core. None of the proposed Stadium locations will impact the zoning at Council Williams's Property, which will remain the same.

The Potential Stadium Locations

All of the locations under consideration would include creating a destination entertainment district in Modesto made up of the Stadium and ancillary parking, retail/restaurant, hotel, and office uses. Preliminary planning contemplates that in addition to the Stadium, the project will add 215,000 square feet of office space, 20,000 square feet of retail/restaurants, 125 rooms/65,625 square feet of hotel, and 1,128 parking spaces. For the "Downtown North" and "D Street" sites, a portion of such development would occur on property not owned by the City and require private property owners to make independent development decisions. No environmental review or traffic studies have been prepared for any of the sites. However, City planners do not anticipate that the

Stadium would be visible from Council Member Williams's Property and no traffic impacts have been identified at this time.²

The three sites under consideration are:

1. Downtown North

This site is located 1,470 feet from Council Member Williams's Property. This location would require a site assemblage of up to 14 acres, which would be made up of approximately 22 individual parcels in various ownerships and tenancies. Current uses of the properties to be assembled are a mix of the existing convention center, vacant lots, parking lots, office, retail, and one residential use. The area is zoned Urban and Transition Downtown. The Stadium use would be consistent with current zoning.

The Downtown North site is more than five blocks away from Council Member Williams's Property via the existing City streets. There is an active Union Pacific rail line (currently freight only but with a planned expansion to passenger rail) and a transit center between his Property and the Downtown North location. Major institutions located between the Property and the Downtown North location include the new Stanislaus County Courthouse and Modesto City Hall.

2. D Street

This site is also located downtown and approximately 1,652 feet from Council Member Williams's Property. The D Street location would also require an assemblage of up to 14 acres made up of approximately 14 individual parcels in various ownerships and tenancies. Current uses on the properties are a mix of civic, commercial, and office. These properties are currently zoned Urban Downtown. The Stadium use would be consistent with current zoning. The D Street location is five blocks away from the Property via City streets. The Union Pacific rail line and the transit center also separate this location from Council Member Williams's Property.

3. The Municipal Golf Course

This location is an approximately 73-acre property, which is the site of a closed municipal golf course and the existing John Thurman Field, a minor league baseball stadium. Of the three locations under consideration, the Golf Course location is the only site owned entirely by the City. Uses surrounding the Golf Course are predominantly residential. This location would require rezoning to a mixed-use designation. Due to the size of the property, a Stadium in this location would likely involve discussions around a much larger planned community that would include new residential development in addition to the Stadium and ancillary uses described above. Council Member Williams's Property is approximately 3,336 feet from the Municipal Golf Course. The properties are separated by more than five City blocks and Highway 99, a major grade-separated six-lane freeway that divides the City.

² There is an entrance to Highway 99 that could be impacted by the downtown Stadium locations which may potentially impact traffic circulation on surrounding streets, including Council Member Williams's street but no traffic studies have been prepared at this time.

In a follow-up email, you sent additional materials relating to the Stadium project's anticipated impacts. A report prepared by a consulting agency indicates that the estimated spending and impacts associated with all land uses proposed for the Downtown Site (i.e., stadium, offices, hotel, retail/restaurants, and parking) would include an estimated \$28.6 million in total spending in year one (2028) and \$62.6 million in total spending by year five (2032). A presentation prepared by City staff also indicated that the potential sites were reviewed not only for opportunities to create a stadium, but also an entertainment district that would have the goal of boosting the local economy and supporting local business. The presentation also noted that the proposed Downtown locations could potentially displace existing businesses and residents. It would also present the opportunity to remove blighted areas in the central part of the City.

ANALYSIS

Under Section 87100 of the Act, “[a] public official at any level of state or local government shall not make, participate in making or in any way attempt to use the official’s position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest.” “A public official has a financial interest in a decision within the meaning of Section 87100 if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the official, a member of the official’s immediate family,” or on certain specified economic interests. (Section 87103.) Among those specified economic interests are: any business entity in which the public official has a direct or indirect investment worth two thousand dollars (\$2,000) or more; any real property in which the public official has a direct or indirect interest worth two thousand dollars (\$2,000) or more; and any source of income aggregating five hundred dollars (\$500) or more in value provided, promised to, or received by the public official within 12 months prior to the time when the decision is made. (Section 87103(a)-(c).)

Council Member Williams has an economic interest in the Property. He also has interests in his cabinet shop business and rentals as business entities and sources of income.³

Regulation 18701(a) provides the applicable standard for determining the foreseeability of a financial effect on an economic interest explicitly involved in the governmental decision. It states, “[a] financial effect on a financial interest is presumed to be reasonably foreseeable if the financial interest is a named party in, or the subject of, a governmental decision before the official or the official’s agency. A financial interest is the subject of a proceeding if the decision involves the issuance, renewal, approval, denial or revocation of any license, permit, or other entitlement to, or contract with, the financial interest, and includes any governmental decision affecting a real property financial interest as described in Regulation 18702.2(a)(1)-(6).”

Under Regulation 18702.2(a)(1)-(6), the reasonably foreseeable financial effect of a governmental decision on a parcel of real property in which an official has a financial interest, other than a leasehold interest, is material whenever the governmental decision:

³ Council Member Williams also has a source of income interest in any tenants of the rental units. However, no information regarding tenants was provided, and analysis of effects on those tenants is unnecessary, given our analysis and conclusion below.

- (1) Involves the adoption of or amendment to a development plan or criteria applying to the parcel;
- (2) Determines the parcel's zoning or rezoning, other than a zoning decision applicable to all properties designated in that category; annexation or de-annexation; inclusion in or exclusion from any city, county, district, or local government subdivision or other boundaries, other than elective district boundaries;
- (3) Would impose, repeal, or modify any taxes, fees, or assessments that apply to the parcel;
- (4) Authorizes the sale, purchase, or lease of the parcel;
- (5) Involves the issuance, denial or revocation of a license, permit or other land use entitlement authorizing a specific use of or improvement to the parcel or any variance that changes the permitted use of, or restrictions placed on, the property; or
- (6) Involves construction of, or improvements to, streets, water, sewer, storm drainage or similar facilities, and the parcel will receive new or improved services that provide a benefit or detriment disproportionate to other properties receiving the services.

(Regulation 18702.2(a).)

Based on the facts provided, including the fact that none of the proposed Stadium locations will impact the zoning at Council Williams's Property, Council Member Williams's real property interest is not explicitly involved in the decisions relating to the stadium location. Likewise, given that his business entity and source of income interests are not the subject of the governmental decisions, they are not explicitly involved in the decisions and a different standard for determining reasonable foreseeability applies.

Where, as here, an official's economic interest is not explicitly involved in the governmental decision, the applicable standard for determining the foreseeability of a financial effect on the economic interest is found in Regulation 18701(b). That regulation provides, "[a] financial effect need not be likely to be considered reasonably foreseeable. In general, if the financial effect can be recognized as a realistic possibility and more than hypothetical or theoretical, it is reasonably foreseeable. If the financial result cannot be expected absent extraordinary circumstances not subject to the public official's control, it is not reasonably foreseeable."

The financial effect of a governmental decision on a parcel of real property in which an official has a financial interest involving property 1,000 feet or more from the property line of the official's property is presumed not to be material. This presumption may be rebutted with clear and convincing evidence the governmental decision would have a substantial effect on the official's property. (Regulation 18702.2(b).)

Because each of the potential stadium locations is located more than 1,000 feet away, it is presumed that the decision relating to the stadium location would not have a reasonably foreseeable, material financial effect on Council Member Williams's Property. That presumption may be rebutted with clear and convincing evidence of a substantial effect on the official's property.

City staff indicated the proposed Stadium locations have been studied not only with the Stadium itself in mind but also with consideration for a potential entertainment district. The project is large in scale, involving the construction of a 5,000 to 10,000-seat multi-purpose stadium, 215,000 square feet of office space, 20,000 square feet of retail/restaurants, 125 rooms/65,625

square feet of hotel, and 1,128 parking spaces. One of the goals of the project is to boost the local economy and support local businesses. A report prepared by a consulting agency anticipates the project will lead to tens of millions of dollars in increased annual spending in the area. Taking the project's details into consideration, including its scope and its intended and anticipated economic impacts, this establishes clear and convincing evidence of a substantial effect on Council Member Williams's real property, as it appears likely that the value of the largely vacant property would increase if one of the potential Downtown sites were selected for the Stadium project. As such, Council Member Williams is prohibited from taking part in the selection of the Stadium location. Given this conclusion with respect to his real property interest, it is unnecessary to further analyze the financial effects the decisions may have on Council Member Williams's business entity and source of income interests.

Segmentation

We note that under certain circumstances, a public official disqualified from one decision may participate in other related decisions if the official's participation does not affect the decision in which he or she has a conflict of interest. (Regulation 18706.) The Commission has consistently advised that an official may segment a decision in which the official has a conflict of interest from other decisions in which they do not have a conflict of interest to allow participation by the official in one or several related decisions if the decisions are not too interrelated to be considered separately.

The Commission has advised that some decisions may be too interrelated and may not be considered separately, such as when the resolution of one decision will effectively determine, affirm, nullify, or alter the result of the other decision. (Regulation 18706(b).) Segmentation may only apply if the decisions can be broken down into separate decisions that are not inextricably interrelated to the decisions in which you have a disqualifying conflict of interest.

If the Municipal Golf Site is first chosen as the location for the Stadium project, then it may be possible to segment subsequent decisions allowing Council Member Williams to take part in those decisions. Likewise, after any of the three potential sites are selected as the Stadium location, it may be possible to segment certain subsequent, relatively minor decisions, such that Council Member Williams may take part in them. If Council Member Williams has questions regarding segmentation at a later stage of the Stadium development process, he may wish to contact us for additional advice.

If you have other questions on this matter, please contact me at kcornwall@fppc.ca.gov.

Sincerely,

Dave Bainbridge
General Counsel

By:



KC:aja

Kevin Cornwall
Senior Counsel, Legal Division