



California Fair Political Practices Commission

April 9, 1986

Gordon C. Phillips
City Attorney
City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277

Re: Your Request for Advice
Our File No. I-86-082

Dear Mr. Phillips:

This is in response to your letter dated March 4, 1986, requesting advice under the Political Reform Act of 1974.^{1/}

FACTS

The spouse of the City Manager for the City of Redondo Beach has an investment interest in the TRW Company valued at \$1,000. TRW is negotiating with the City to enter into an agreement to develop a substantial part of their existing Redondo Beach site. If approved, the City would authorize TRW to construct improvements of probably over \$30,000,000.

You asked whether or not the City Manager has a financial interest in the decision which would require disqualification.

ANALYSIS

Section 87100 provides that no public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence

^{1/} Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Since the name of the party about whom the advice is requested was not supplied, our advice here is only Informal Assistance, pursuant to 2 Cal. Adm. Code Section 18329 (copy enclosed).

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a governmental decision in which he knows or has reason to know he has a financial interest. (Section 87100.)

An 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 or a member of his or her immediate family or on:

(a) Any business entity in which the public official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.

* * *

For purposes of this section, indirect investment or interest means any investment or interest owned by the spouse or dependent child of a public official, by an agent on behalf of a public official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or greater.

Section 87103.

Commission regulation 2 Cal. Adm. Code Section 18702.1 provides that a public official shall not make, participate in making or use his or her official position to influence a governmental decision if any business entity in which the official has a direct or indirect investment of \$1,000 or more appears before the official in connection with the decision. A person or business entity appears before an official in connection with the decision if the person or entity initiates the proceeding or is a named party in the proceeding concerning the decision.

Since the TRW Company is applying to the City to enter into an agreement and is a named party to the proceeding, it is appearing before the City.

The City Manager has an investment interest of \$1,000 or more in TRW and consequently may not make or participate in the making of negotiations or any decision to enter into a development agreement with TRW.

Furthermore, even if TRW were not "appearing" before the City, due to the large financial effect upon TRW,

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disqualification would be required under 2 Cal. Adm. Code Section 18702.2. Because only an investment interest is involved, sale of the spouse's stock on the stock exchange would eliminate only financial interest in the decision.

CONCLUSION

The City Manager for the City of Redondo Beach may not make or participate in the decision to approve the development of TRW's existing Redondo Beach site.

If you have any additional question, please feel free to contact me at (916) 322-5901.

Sincerely,



Jeanette E. Turvill
Legal Assistant
Legal Division

JET:plh



CITY OF REDONDO BEACH
CALIFORNIA

415 DIAMOND STREET
REDONDO BEACH, CALIFORNIA 90277

March 4, 1986

Fair Political Practices Commission
State of California
P. O. Box 807
Sacramento, CA 95804

Gentlemen:

I request an opinion on whether or not the City Manager of the City of Redondo Beach has a material financial interest under Government Code § 87000 et seq to require disqualification under the following facts:

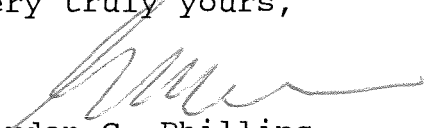
The wife of the City Manager owns 11 shares of common stock of TRW which were acquired under an employee purchase plan in which she participated in 1978 and 1979. The stock was acquired during marriage and although registered in her name, is community property.

During 1985 the stock had a market value of \$1,000.

TRW is negotiating with the City to enter into a development agreement to develop a substantial part of their existing Redondo Beach site. If the development agreement were approved, it would authorize TRW to construct improvements of probably over \$30,000,000.

It is difficult to assess the financial effect the construction, if completed, would have upon TRW.

Very truly yours,


Gordon C. Phillips
City Attorney



California Fair Political Practices Commission

March 10, 1986

Gordon Phillips
City Attorney
City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277

Re: A-86-082

Dear Mr. Phillips:

Your letter requesting advice under the Political Reform Act has been received by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact me directly at (916) 322-5901.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or unless more information is needed to answer your request, you should expect a response within 21 working days.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jeanette E. Turvill".

Jeanette E. Turvill
Legal Assistant
Legal Division

JET:plh