



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811

July 22, 2026

Joshua Nelson
Partner
Best Best & Krieger LLP
500 Capitol Mall, Suite 2500
Sacramento, California 95814

**Re: Your Request for Advice
Our File No. A-26-043**

Dear Mr. Nelson:

This letter responds to your request for advice on behalf of the North Tahoe Public Utility District (“District”) and Director Phil Thompson regarding Government Code Section 1090, et seq.¹ Please note that we are only providing advice under the Act and Section 1090, not under other general conflict of interest prohibitions such as common law conflict of interest.

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.

We are required to forward your request regarding Section 1090 and all pertinent facts relating to the request to the Attorney General’s Office and the Placer County District Attorney’s Office, which we have done. (Section 1097.1(c)(3).) We did not receive a written response from either entity. (Section 1097.1(c)(4).) We are also required to advise you that, for purposes of Section 1090, the following advice “is not admissible in a criminal proceeding against any individual other than the requestor.” (See Section 1097.1(c)(5).)

QUESTION

Does Section 1090 prohibit Director Thompson from taking part in, or the District from entering into, contracts with Castillo Snow Plowing (the “Company”) for snow removal services, given his receipt of income from, and ownership interest in assets of, the Company, if it is the

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.

lowest responsive and responsible bidder to the District's public invitation for bids for snow removal?

CONCLUSION

Yes. The landlord-tenant exception does not apply, and Section 1090 prohibits the District from contracting with the Company for snow removal.

FACTS AS PRESENTED BY REQUESTER

Director Thompson previously owned and operated a snow removal business. On his retirement, Director Thompson transferred equipment used in his snow removal business, including trucks, snow plows, and related snow removal equipment ("Equipment") to Maria Castillo, who operates the snow removal Company as a sole proprietor. The transfer was structured as a lease-to-own ("Agreement"). The Agreement requires payments for a period of years. The final payment will be made in a number of years. Upon final payment, title to the Equipment will transfer to the Company. Director Thompson has no other financial relationship with Company or its owners, or any other connection to or control of Company. The annual payments from the Company pursuant to the Agreement are more than \$500.

The District currently has a contract for snow removal services. This contract will expire shortly. The District will be issuing a public invitation for bids and anticipates entering into a contract with the lowest responsive proposer, in accordance with applicable laws and regulations on public contracting ("Contract"). As discussed in the *Nelson* Advice Letter, No. A-26-045, the rule of necessity does not apply to allow the District to enter into a contract with the Company because there are alternative sources that are available to provide those services to the District, and Section 1090 prohibits any such contract.

ANALYSIS

Section 1090 generally prohibits public officers or employees, while acting in their official capacities, from making contracts in which they are financially interested. Section 1090 is "concerned with any financial interests, other than perhaps a remote or minimal interest, which would prevent the officials involved from exercising absolute loyalty and undivided allegiance to the best interests of" their respective agencies. (*Stigall v. City of Taft* (1962) 58 Cal.2d 565, 569.) Section 1090 is intended not only to strike at actual impropriety, but also to strike at the appearance of impropriety. (*City of Imperial Beach v. Bailey* (1980) 103 Cal.App.3d 191, 197.)

In light of our prior advice that the rule of necessity does not apply, you inquire whether another exception that might allow the Contract to proceed, assuming the Company bids and is the lowest responsive bidder. Specifically, you ask whether the landlord-tenant relationship that the Legislature expressly identified as a "remote interest" for the purposes of Section 1090 applies to allow the contract. (Section 1091(b)(5).)

The Attorney General and the courts have often observed, "any analysis of questions arising under section 1090 must adhere to the applicable rules of statutory construction. Section

1090's conflict-of-interest ban must be interpreted broadly and enforced assiduously to promote the statute's salutary purpose, while exceptions to the rule must be construed narrowly to avoid undermining that purpose." (94 Ops. Cal. Atty. Gen. 22, 25 (2011).)

Here, Director Thompson has structured the sale of his former businesses in such a manner that he retains ownership of trucks, snow plows, and related snow removal equipment, and receives payments in installments. Upon final payment, title to the Equipment will transfer to the Company. He is not a landlord for the Company, rather, he is a lender to the Company and retains an ownership interest in the Equipment utilized by the Company to carry out its operations until the Company has paid it off. Therefore, the landlord-tenant exception does not apply, and Section 1090 prohibits the District from contracting with the Company.

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

Sincerely,

Dave Bainbridge
General Counsel

Zachary W. Norton

By: Zachary W. Norton
Senior Counsel, Legal Division

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