



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

September 15, 2026

Richard D. Pio Roda
City of San Leandro
City Attorney
300 Frank Ogawa Plaza, Suite 430
Oakland, California 94612

Re: Your Request for Advice
Our File No. A-26-087

Dear Mr. Pio Roda:

This letter is in response to your request for advice regarding the Political Reform Act¹ and Section 1090. Please note that we are only providing advice under Section 1090, not under other general conflict of interest prohibitions such as common law conflict of interest, including Public Contract Code. 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 Alameda 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).)

QUESTIONS

1. Under the Act, may City of San Leandro (the City) Finance Director Nicole Gonzales take part in governmental decisions involving CSG Consultants, Inc. (CSG), where her husband is an officer of the firm and has an ownership interest?
2. Under Section 1090, may the City continue to enter into contracts with CSG where the Director's spouse is an officer of the firm and has an ownership interest?

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.

CONCLUSIONS

1. No. Under the Act, Director Gonzales has a disqualifying business entity and source of income interests in CSG, therefore she may not make, participate in making, or in any way attempt to use her official position to influence any governmental decisions involving current or future contracts with CSG.

2. Yes. Section 1090 does not prohibit the City from entering into or continuing contracts with CSG, but only if Director Gonzales completely abstains from making or participating in the making of the contract.²

FACTS AS PRESENTED BY REQUESTER

City of San Leandro (the City) Finance Director Nicole Gonzales is a City employee who is required to file a Form 700. The City currently holds contracts with CSG Consultants, Inc. (CSG), which provides civil engineering support services including engineering review, inspection, surveying, and related public works and capital improvement project services when needed. In the future, the City anticipates entering into additional contracts with CSG for similar services.

Director Gonzales has been employed with the City in her current position since January 2025. She oversees the City's financial operations, accounting, budget, and procurement and purchasing processes. Regarding contracts the City enters with CSG, the Finance Director's role is limited to confirming budget availability, accounts payable, accounting, reviewing finance and payment related terms, and following the City's purchasing policy. The Finance Director also signs all contracts entered by the City. Director Gonzales could recuse from this role as needed and delegate the responsibilities to another employee in the Finance Department.

Aside from these functions, the Finance Department does not play a role in negotiating, deciding on or approving contracts between the City and CSG. The Finance Director does not make the decision to contract with CSG, nor does she supervise or oversee CSG personnel or direct their work under contracts with the City.

Director Gonzales' husband commenced working for CSG effective August 10, 2026. His title is President, which is a management level position, and his primary duties involve leading the firm's overall business strategy, financial performance, client relationships, and organizational success while ensuring the delivery of high-quality services. He does not oversee City projects under the existing contracts and is not involved in providing services to the City.

² You state that Director Gonzales could recuse herself from her role in overseeing the contract with CSG and delegate her responsibilities to another employee in the Finance Department. However, we caution that under the Act's recusal requirements, Director Gonzales may not participate in making or attempt to use her position in any way to influence a decision regarding the contract. Likewise, under Section 1090, she must completely abstain from making or participating in the making of the contract. Thus, Director Gonzales may not take part in any decision to delegate her responsibility to another employee, and any such decision must be made by the City or another City official without her involvement.

CSG is a 100 percent employee-owned company. Director Gonzales' husband has a \$250,000 ownership interest in CSG.

ANALYSIS

A. The Act.

The Act's conflict of interest provisions ensure that public officials will perform their duties in an impartial manner, free from bias caused by their own financial interests. (Section 81001(b).) Section 87100 prohibits any public official from making, participating in making, or in any way attempting to use his or her official 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 governmental decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on one or more of the official's interests enumerated in Section 87103. (Section 87103; Regulation 18700(a).) Relevant interests include:

- Any business entity in which the public official, or a member of the official's immediate family, has a direct or indirect investment worth \$2,000 or more. (Sections 82034, 82029, and 87103(a).)
- Any source of income, including a community property interest in a spouse's income, aggregating \$500 or more in the 12 months prior to the decision. (Sections 82030 and 87103(c).)
- Any business entity in which the official or the official's spouse is a director, officer, partner, trustee, employee, or holds a position of management. (Section 87103(d).)

"Indirect investment or interest" includes any investment or interest owned by the official's spouse. (Section 87103.) "Income" includes any community property interest in a spouse's income. (Section 82030(a).)

Based on the facts provided, Director Gonzales has a business entity interest in CSG because of her spouse's ownership interest of \$250,000 and his management level position as President. She also has a source of income interest in CSG due to her community property interest in her spouse's salary and ownership-related income from CSG.

Regulation 18701(a) provides that 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. (Regulation 18701(a).) Here, the decisions at issue pertain to current or future contracts with CSG. Thus, CSG is explicitly involved, and the financial effect is presumed reasonably foreseeable.

Regulation 18702.1, which provides the materiality standards for a financial interest in a business entity, provides that the reasonably foreseeable financial effect is material if the entity is a named party in, or the subject of, the decision, including any decision in which the entity bids on or enters into a contract with the agency. (Regulation 18702.1(a)(1)(C).) Regulation 18702.3 provides that the effect on a source of income is material if the source is a business entity that will be financially affected under the standards in Regulation 18702.1. (Regulation 18702.3(a)(4).)

CSG is explicitly involved because it has current, and potentially future, contracts with the City. Therefore, it is reasonably foreseeable that decisions regarding CSG contracts will have a material financial effect on Director Gonzales' financial interests in CSG. Accordingly, the Act prohibits Director Gonzales from taking part in City decisions regarding CSG contracts; she must not make, participate in making, or use her official position to influence any decisions relating to City contracts with CSG.

B. Section 1090.

Section 1090 generally prohibits public officers, while acting in their official capacities, from making contracts in which they are financially interested. Section 1090 applies to virtually all state and local officers, employees, and multimember bodies, whether elected or appointed, at both the state and local levels. Section 1090 is concerned with financial interests, other than remote or minimal interests, that prevent public officials from exercising absolute loyalty and undivided allegiance in furthering the best interests of their agencies. (*Stigall v. 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.)

Under Section 1090, "the prohibited act is the making of a contract in which the official has a financial interest" (*People v. Honig* (1996) 48 Cal.App.4th 289, 333), and officials are deemed to have a financial interest in a contract if they might profit from it in any way. (*Id.*) A contract that violates Section 1090 is void, regardless of whether the terms of the contract are fair and equitable to all parties. (*Thomson v. Call* (1985) 38 Cal.3d 633, 646-649.)

Here, Director Gonzales would have a financial interest, for purposes of Section 1090, in any contract that financially benefits her spouse under community property laws. (See *Thorpe v. Long Beach Community College Dist.* (2000) 83 Cal.App.4th 655, 659.) Therefore, Director Gonzales has a financial interest in any contract between the City and CSG due to her spouse's employment as President and her spouse's ownership interest in CSG.

The facts state that Director Gonzales has not been involved in any aspect of contracting between CSG and the City. The Finance Department does not play a role in negotiating, deciding on, or approving contracts between the City and CSG. The Finance Director does not make the decision to contract with CSG, nor does she supervise or oversee CSG personnel or direct their work under contracts with the City. Moreover, as discussed above, she is disqualified under the Act from taking part in the decision regarding contracts with CSG.

“When an employee, rather than a board member, is financially interested in a contract, the employee’s agency is prohibited from making the contract only if the employee was involved in the contract-making process. Therefore, as long as the employee plays no role whatsoever in the contracting process (either because such participation is outside the scope of the employee’s duties or because the employee disqualifies himself or herself from all such participation), the employee’s agency is not prohibited from contracting with the employee or the business entity in which the employee is interested.” (Conflicts of Interest, California Attorney General’s Office, (2010), p. 62; see also 80 Ops.Cal.Atty.Gen. 41 (1997) [Section 1090 does not apply to an employee (in contrast to members of multimember boards, where participation is presumed) absent actual participation].)

Accordingly, as long as Director Gonzales completely abstains from making or participating in the making of any potential contract between the City and CSG, Section 1090 would not prohibit the City from entering into that contract.

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

Sincerely,

Dave Bainbridge
General Counsel

/s/ John M. Feser Jr.

By: John M. Feser Jr.
Senior Counsel, Legal Division

JF:aja