



CITY COUNCIL AGENDA REPORT

City of Anaheim CITY MANAGER'S OFFICE

DATE: AUGUST 9, 2022
FROM: CITY MANAGER'S OFFICE
SUBJECT: INDEPENDENT INVESTIGATION/AUDIT REGARDING
CAMPAIGN CONTRIBUTIONS AND CITY CONTRACTS
REQUEST FOR QUALIFICATIONS BID SUBMISSIONS

ATTACHMENT (Y/N): YES **ITEM # 25**

ACTION:

That the City Council, by Motion, discuss and review the bid proposals submitted to the Request for Qualifications (RFQ) for an independent investigation/audit regarding former Mayor Harry Sidhu's and the City Council's campaign contributions and potentially related contractors and agreements along with an evaluation of staff's involvement, if any, and whether any serial communications/meetings in violation of the Brown Act occurred in the context of the facts alleged in the federal investigation. This includes the possibility of selecting a vendor to conduct the independent investigation/audit and selecting a neutral to administer and oversee the investigation.

DISCUSSION:

At the June 7 City Council meeting, Council discussed conducting an independent audit to examine all campaign contributions to former Mayor Harry Sidhu and Council members and City contracts with those contributors. Council also discussed that the independent audit should investigate whether any malfeasance may have resulted in City funds paid to those contractors, including determining what the funds were used for. Council directed staff to develop a Request for Proposals (RFP) to contract with an independent firm to conduct a financial forensic audit of contracts and agreements with campaign contributors to the existing City Council and the former mayor and to present the proposed RFP to the City Council on June 21 in order for it to be approved, amended as needed, and to be put out to bid.

At the June 21 City Council meeting, staff presented information on how an investigation could be conducted utilizing a law firm and an outline of an RFP should Council direct staff to issue a RFP. At that same meeting, Council reviewed the draft outline of the RFP, amended the proposed scope based on their discussions and provided direction to staff to post the RFP and come back to Council with the proposals for Council selection.

The RFQ for the Independent Investigation/Audit was posted on the city website (via PlanetBids) on Thursday, June 23. Firms that have previously signed up to receive legal services RFQs received notice of the posting. In total, 106 firms were notified of the bid

posting. The RFQ submissions were due on July 7, 2022, at that time the city received two submissions. The RFQ was reposted to allow for additional bids and was due by July 29, 2022 at 5:00 p.m.

The following four bids were submitted and their proposals are attached for Council's review. Each firm was contacted and informed of the August 9 Council meeting and encouraged to attend should Council have questions.

1. Brower Law Group, APC
2. Hanson Bridgett, LLP
3. JL Group, LLC
4. King & Spalding LLP

Point of Contact/Neutral

The city also contacted two organizations to determine if there would be interested individuals to serve in the role as the neutral person to work with the law firm selected, serving as the administrator. The city contacted JAMS (Judicial Arbitration and Mediation Services) and Judicate West, both organizations provide mediators, arbitrators, and neutrals comprised of retired judges. Six retired judges have indicated their interest and availability in serving as a neutral administrator; they are listed below and their information is attached.

First Name	Last Name	Agency	Hourly Rate
Hon. Richard	Aronson	JAMS	\$900
Hon. Luis	Cardenas	JAMS	\$800
Hon. Raymond	Ikola	JAMS	\$1,000
Hon. Sheila	Sonenshine	JAMS	\$850
Hon. David	Thompson	JAMS	\$1,000
Hon. Clay	Smith	Judicate West	\$590

The City Council previously discussed entering into an agreement with a law firm to conduct the investigation/audit and hiring a neutral to oversee it. Staff has provided the four bid responses and biographies of the neutrals available to assist. Staff seeks Council direction on the next steps.

IMPACT ON BUDGET:

The impact on the budget as outlined in the bid responses varies with an estimate ranging from \$1.5 million to \$2.5 million for the investigation/audit. The cost of a neutral retired judge is independent of this figure and the additional cost/rate for those individuals is outlined above and will vary based on the length of the investigation/audit.

Respectfully submitted,

Jim Vanderpool
City Manager

Attachments:

1. Request for Qualifications Document
2. Bid Submissions
3. Neutral Biographies