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OFFICE OF THE  
CITY MANAGER

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 101  
915 I STREET  
SACRAMENTO, CA  
95814-2684

August 5, 1998

~~APPROVED~~  
BY THE CITY COUNCIL

*Intent motion to  
reject below proposed  
policy.*

PH 916-264-5704  
FAX 916-264-7618  
TDD (ONLY) 916-264-7227

AUG 18 1998

Mayor and City Council  
City of Sacramento

OFFICE OF THE  
CITY CLERK

Honorable Members in Session:

**SUBJECT: PROPOSED POLICY FOR THE CITY TO PAY THE COST OF REAL PROPERTY APPRAISALS USED TO ASSESS A CITY OFFICIAL'S POTENTIAL CONFLICT OF INTEREST WHILE CONDUCTING CITY BUSINESS**

**LOCATION/COUNCIL DISTRICT:**

City wide.

**RECOMMENDATION:**

This report recommends that the City Council adopt a policy to pay for appraisals to determine whether members of the City Council and Planning Commission have a conflict of interest due to ownership interests in real property. Councilmembers and Planning Commissioners with ownership interests in real property, including their residences, would have the option of abstaining in potential conflict of interest situations arising in the context of City business or, upon prior consent of the Council, to obtain an appraisal at the expense of the City. Upon obtaining an appraisal showing no foreseeable conflict of interest, the official could (and should) submit the appraisal to the Fair Political Practices Commission (FPPC) and seek written advice from that agency on whether a conflict exists.

**CONTACT PERSONS:**

**David Martinez, Deputy City Manager (264-5704)**

**FOR COUNCIL MEETING OF:**

August 18, 1998

City Council  
Re: Proposed Policy  
August 5, 1998  
Page 2

**SUMMARY:**

This policy would authorize the City to pay the cost of appraisals used to assess a City official's potential conflict of interest in the conduct of City business. The Political Reform Act prohibits officials from participating in a decision that will have a foreseeable material effect on an official's financial interest. Where the official's financial interest is real property (including the official's residence), determining whether a conflict of interest exists requires an estimate of the potential financial effect of the decision on the value of the real property. Estimating the potential financial effect is not an easy task, and it is sometimes necessary to obtain an appraisal of the potential financial effect.

**BACKGROUND INFORMATION:**

In the normal course of conducting City business, there are occasions when a City official may face a decision that could foreseeably impact his/her personal financial interests. The most common interests tend to be "sources of income" and "ownership interests in real property." The City Council, Planning Commission, city employees, and board/commission members designated in the City's conflict of interest code are prohibited from participating in decisions that could effect their financial interests. Although City officials have historically abstained from conflict situations, this is not the only course of action that an official may take. In the case of a potential conflict of interest due to an official's ownership interest in real property, the official may choose to determine the reasonably foreseeable financial effect of a decision on the value of his/her financial interest. The potential financial effect could be assessed through an appraisal process. Unlike a traditional real property appraisal, which is designed to establish the fair market value of property, this type of appraisal has as its purpose the prediction of the reasonable foreseeable financial effect of a decision on the official's real property interest. Because of the technical expertise needed to prepare this type of appraisal in addition to ensuring autonomy, it is recommended that any appraisal requested under this policy be prepared by an independent appraiser.

Because the issue of an official's conflict of interest arises in the context of his/her performance of official duties for which he/she has been elected or appointed, it is recommended that the City bear the cost of an appraisal used to determine actual financial impact. It is also recommended that only members of the City Council and Planning Commission be covered by this policy.

To the best of our knowledge, the City of Palo Alto is the only jurisdiction to have adopted a policy of this type.

City Council  
Re: Proposed Policy  
August 5, 1998  
Page 3

**FINANCIAL CONSIDERATIONS:**

Two appraisers were contacted regarding the cost of an appraisal for the purpose described in this report. They estimated the cost to be \$1,500 to \$2,000 for a residential property. If a commercial property is being appraised, the cost would fall in the range of \$3,500 to \$10,000 depending on the type of property and the complexity of the analysis.

**ENVIRONMENTAL CONSIDERATIONS:**

None.

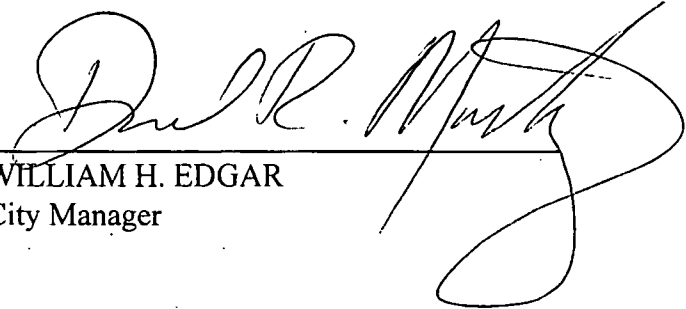
**POLICY CONSIDERATIONS:**

The proposed policy would require the City, upon approval of the City Council, to pay the cost of an appraisal used to assess a City official's potential conflict of interest relative to City business.

**MBE/WBE:**

None.

Respectfully submitted,



WILLIAM H. EDGAR  
City Manager

*for*

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

## RESOLUTION ESTABLISHING PROCEDURES FOR CITY PAYMENT OF CONFLICT OF INTEREST RELATED REAL PROPERTY APPRAISAL COSTS

WHEREAS, pursuant to the Political Reform Act of 1974, Government Code Sections 81000, et seq., City Council Members and City Planning Commissioners are from time to time required to analyze whether their financial interests may create a conflict of interest in a particular City decision or action; and

WHEREAS, conflict of interest analyses sometimes require completion of expert real property appraisals which are beyond the expertise of City staff; and

WHEREAS, the expense of conflict of interest related real property appraisals should be borne by the City, rather than individual Council Members or City Planning Commissioners, because conflicts of interest can impair the integrity and legality of City decisions and because participation in City decisions and actions to the greatest extent allowable by law is necessary in order to allow Sacramento residents to evaluate the performance of their elected representatives; and

WHEREAS, the City Council has determined it is in the public interest to establish procedures specifying the manner in which City-paid conflict of interest related real estate appraisals may be obtained.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

The City Council hereby adopts the following policy authorizing City payment for City Council Member and City Planning Commissioner conflict of interest related real estate appraisals.

### CITY PAYMENT FOR CONFLICT OF INTEREST RELATED REAL PROPERTY APPRAISALS

#### 1. Applicability.

This policy authorizes the City Manager to obtain real property appraisals at the City's expense in the manner specified herein when in the opinion of the City Manager such appraisals are necessary in order to provide City Council Members and City Planning Commissioners with

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_ 4

competent and complete conflict of interest advice pursuant to the Political Reform Act of 1974, Government Code Sections 81000, et seq. or other applicable provisions of federal, state or local law.

**2. Definitions.**

“Real Property Appraisal” shall mean an appraisal necessary for completion of conflict of interest advice and shall consist of a qualified real estate appraiser’s professional evaluation, conducted in the manner specified by the City Manager, of the value, or impact upon the value, of real property in which a City Council Member, City Planning Commissioner or entity which is a source of income to a City Council Member or City Planning Commissioner has an actual or legally imputed financial interest.

**3. Requests for Real Property Appraisals, Council Review, and Approval of Requests.**

A. Any City Council Member or City Planning Commissioner may make a request to the City Manager (in writing) that the City Manager obtain a real property appraisal on behalf of the City when, in the opinion of the City Manager, such appraisal is necessary to provide the City Council Member or City Planning Commissioner with competent and complete conflict of interest advice pursuant to the Political Reform Act of 1974, Government Code Sections 81000, et seq. or other applicable provisions of federal, state, or local law.

B. The City Manager shall notify the City Council (in writing) of the request within ten (10) working days of its receipt. The notice shall contain all information pertinent to the request, including the need for the appraisal and its estimated cost, if such an estimate is available. The notice shall also contain the date of the next regular City Council meeting that the issue is expected to be considered for agendizing. A copy of the notice shall be forwarded to the City Clerk so that the Clerk may include the issue on the agenda (date so noted in the notice) under “Council Ideas & Questions”.

C. At the first regular City Council meeting following notice from the City Manager under “Council Ideas & Questions”, the City Council may elect to raise the issue of whether to agendize Council review of the propriety of the request. If the Council elects to agendize the issue for review, the City Manager will prepare and forward a report to the City Clerk for inclusion on the Council agenda. Council review shall be agendized for the next regular City Council meeting, at which time the City Council may vote to approve, reject, or conditionally approve the request.

D. If the City Council fails to agendize Council review of the propriety of the request at the first regular City Council meeting following notice from the City Manager, the City Manager shall prepare and execute any documents and instructions needed to obtain the real property appraisal pursuant to the contract authority granted by the Sacramento City Code.

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D. If the City Council fails to agendize Council review of the propriety of the request at the first regular City Council meeting following notice from the City Manager, the request shall be deemed approved, and the City Manager shall prepare and execute any documents and instructions needed to obtain the real property appraisal pursuant to the contract authority granted by the Sacramento City Code.

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**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_ 5

**4. Appropriations.**

The City Manager shall include in the proposed budget a recommended appropriation level for real property appraisals. No appraisals shall be authorized or conducted unless the City Council has duly appropriated sufficient funds to cover the costs of such appraisals.

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MAYOR

ATTEST:

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CITY CLERK

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MAYOR

ATTEST:

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0300  
Clyde