

County of San Luis Obispo

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JIM GRANT
COUNTY ADMINISTRATOR

Review and Evaluation of Allegations Regarding a Potential Conflict of Interest between County Public Works Director, Paavo Ogren and a Los Osos Community Services District Board member, Maria Kelly

Prepared by Jim Grant, County Administrator, San Luis Obispo County

October 4, 2011

Allegations:

On June 17, 2011, Cal Coast News.com, an on-line website, posted an article which revealed that County Public Works Director, Paavo Ogren, and a Los Osos Community Services District (LOCSO) Board member, Maria Kelly were in a personal relationship, raising allegations of a potential conflict of interest and accusations that they have been conspiring to help push through a \$200 million sewer project in Los Osos.

Scope of the Inquiry

On June 21, 2011, the Board of Supervisors directed the County Administrator to review the matter. Based on Board direction, the scope of my review was focused on Mr. Ogren's involvement regarding the allegations above, as well as Mr. Ogren's participation in the LOCSO bankruptcy proceedings and the ongoing litigation over the Los Osos groundwater basin as it relates to the Los Osos Wastewater Project. The scope of the review did not include the actions of Ms. Kelly as the County has no authority regarding the activities of a LOCSO Board member. Additionally, the review was limited to the length of time of the dating relationship. It should be noted that Ms. Kelly resigned from the LOCSO Board on June 16, 2011.

Conclusions:

Based on my review of relevant Board reports, state legislation, discussions with County Counsel and Human Resources, interviews with Mr. Ogren, interviews with other County staff and a variety of other information and documents, my conclusions are as follows:

1. Mr. Ogren and Ms. Kelly have been in a dating relationship since the January 2011. Prior to that, a friendship revolving around their children, work and mutual friends had existed for over four years.

In my interviews with Mr. Ogren he acknowledged that he has known Ms. Kelly for many years but has only been in a dating relationship since January 2011. Interviews with others supported Mr. Ogren's statements. Mr. Ogren also acknowledged that he had numerous telephone conversations with Ms. Kelly over those years prior to dating her.

2. No Conflict of Interest exists as a result of a personal relationship between Mr. Ogren and Ms. Kelly.

Neither the materials reviewed nor the interviews of County staff revealed evidence that the relationship between Mr. Ogren and Ms. Kelly resulted in a conflict of interest regarding accusations that they conspired to push through a \$200 million sewer project in Los Osos. Additionally, there is also no evidence that Mr. Ogren attempted to exercise control regarding the bankruptcy or water litigation proceedings.

State legislation AB 2701 (Blakeslee), enacted in 2006, gave the County sole control over the planning, building and financing of a Los Osos wastewater project. The LOCSD Board of Directors had no power or authority over the wastewater project after AB 2701 became law. As such, Ms. Kelly's election to the LOCSD Board in November 2008 gave her no special power or authority over the wastewater project.

AB 2701 specifically states, in part, "It is the intent of Legislature in enacting this section and amending Section 61105 to authorize the County of San Luis Obispo to design, construct, and operate a wastewater collection and treatment project that will eliminate these discharges, particularly in the prohibition zone, to avoid a wasteful duplication of effort and funds, and to temporarily prohibit the Los Osos Community Services District from exercising those powers. "

Since 2007 the County controlled project has gone through a complex and multifaceted review, approval and appeal process. This project has had immense scrutiny from the public, County Planning Commission, the California Coastal Commission and the Board of Supervisors. A few significant milestones are noted below:

- June 2006 – The Board of Supervisors held the first public hearing on the project and adopted policies in support of AB 2701.
- August 2007 – The project's Technical Advisory Committee, consisting of 13 community members (including Ms. Kelly as one of four environmental members) compiled a Pro/Con analysis of project alternatives after holding approximately 35 public meetings.
- August 2009 – The County obtained a Coastal Development Permit from the County Planning Commission and certified the Environmental Impact Report.
- September 2009 – The Board of Supervisors approves the Coastal Development Permit.
- June 2010 – The California Coastal Commission approves the project's Coastal Development Permit.
- March 2011 – the Board of Supervisors declared its intent to proceed with project implementation.

Based upon the provisions of AB 2701 and the rigorous public approval process that the wastewater project has been subjected to, I find there is no factual basis for the alleged conflict of interest by Mr. Ogren regarding his relationship with Ms. Kelly.