

LOCAL NEWS

RIVERSIDE: Sewer plant design bid under scrutiny

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Riverside public works management might have influenced the bid award process for a \$10.5 million sewer design plant contract, according to a city-ordered investigation.

The outside law firm the city hired to probe allegations of contract steering found no wrongdoing, according to a preliminary report from the firm. However, the report acknowledges that employees may have been pressured on how to award the contract because of preference to hire local firms to help Riverside's economy.

The initial findings from Cihigoyenette, Grossberg & Clouse, were obtained this week by The Press-Enterprise through public records requests and weeks of legal wrangling with the city. The city also released a report Thursday, dated April 8 and titled "Final Memorandum," from an earlier internal city probe conducted by Chief Finance Officer Paul Sundeen.

The investigations stem from a March email that former Deputy City Attorney Raychele Sterling sent the City Council. Sterling's email said several city employees told her they were directed by superiors to bypass procedures and give contracts to friends of City Manager Brad Hudson.

Employees who raised questions or complained were berated and threatened with termination, according to Sterling's email.

City officials have denied the allegations, and Sundeen previously said his investigation found them to be without merit.

Sterling was fired May 13.

CITY INVESTIGATIONS

The law firm's investigator did not find that Hudson's friendships influenced who got contracts or that Hudson pressured anyone to award contracts to someone specific, the report stated.

But the section of the report about the sewer plant design contract includes a caveat, and Sterling's comments raise further questions about how that contract was awarded.

On Sept. 1, 2009, the contract was given to Camp Dresser & McKee, or CDM, which competed with CH2MHill for the work.

Cihigoyenette's report notes, "To the extent that any public works managers pressured staff to award the contract to the firm with (Hudson's) alleged friend as a subcontractor, such pressure emanated from a pervasive desire within the city to award contracts to capable local business to stimulate the local economy," rather than to reward Hudson's friends.

CH2MHill has a Riverside office; CDM's local office is in Rancho Cucamonga, and it was subcontracting with Riverside-based Albert A. Webb Associates, the firm various contracts were allegedly steered to.

Matthew A. Webb, president of Albert A. Webb Associates, has acknowledged a friendship with Hudson, but has said the firm gained work based on merit and that jobs for the city are only a small portion of its business.

According to Cihigoyenette's report, the employees Sterling says told her of favoritism denied making those comments when questioned by an investigator.

The April 8 "Final Memorandum" from Sundeen and the city's human resources director and internal audit manager on their findings indicates they interviewed public works managers who had allegedly ordered contract steering, but did not speak with the employees who Sterling said told her about the issue.

Sundeen was on vacation Friday and could not be reached for comment.

In her email to the council, Sterling wrote that in 2009 she met with principal engineer Warren Huang and sewer plant manager Craig Justice about drafting a contract for Camp Dresser & McKee, or CDM. Huang was overseeing selection of a design firm for the sewer plant project.

Scoring sheets showed another firm, CH2MHill, had scored higher in the evaluation process, but Huang and Justice said they had been directed to "fix" it to ensure CDM was the winner, Sterling's email claimed.

The internal and outside investigations both found that score sheets Sterling saw were preliminary and didn't include reference check scores, which put CDM in the lead.

Sterling said Friday she can't discuss her 2009 meeting with Huang and Justice because of attorney-client privilege, but she noted that the city attorney's office typically gets involved in bid awards only after a firm has been selected.

"If they were coming to me to draft the final contract, how is it that the scoring wasn't done?" Sterling asked. "You don't draft a final contract when the process is still going on."

Documents obtained by The Press-Enterprise include a May 29, 2009, email from Justice to Huang listing points for negotiation with CDM; and a June 3, 2009, memo Huang and Justice wrote to Deputy Public Works Director Tom Boyd asking which firm to select because CDM's and CH2MHill's scores were just a few points apart.

City documents show that although Hill was ahead after written proposals and two rounds of interviews were scored, CDM scored better on references — 94 points to Hill's 76 points. Then, each firm's reference check scores were added four times, once for each person on the scoring panel.

On the final score sheet, CDM was the leader with 1,352 points, while Hill had 1,326 points. Had the reference check scores been added just once for each firm, CDM would have finished with 1,070 points and Hill with 1,097.

EMAIL ACCESS

In response to a public records request by The Press-Enterprise, Cihigoyenetche also provided a report on Scudiero's investigation into three complaints Sterling filed with the city in February and April 2011 alleging retaliation by Hudson and City Attorney Greg Priamos.

The complaint against Hudson alleges he improperly accessed her city emails to get information about "disclosures made to me by city employees of improper and unethical practices in the public works department," and because she is a political supporter of Councilman Davis.

The law firm's investigator found that Hudson had a legitimate reason to look at Sterling's emails "based upon concerns that he had received in February 2011 from a public works employee about (Sterling) improperly interfering in public works business affairs." The report also says Hudson cited a 2009 complaint about Sterling's conduct.

No further information about those concerns is included in the documents from Cihigoyenetche, and Sterling said she has never been questioned about or given

details of any such concerns. Hudson was out of the country Friday and could not be reached.

Sterling said city employees brought their concerns to her because they didn't feel comfortable going to the Human Resources department, but she never stepped outside her role as a city attorney.

"There would be no reason for me to make this stuff up," she said. "I got fired for doing the right thing — where's my incentive?"

Earlier this month, Huang said that he was questioned by the Riverside County District Attorney's office about the contract steering allegations, and Sterling and Councilman Paul Davis said Friday they also had been contacted by district attorney's officials.

A district attorney's spokesman has refused to confirm or deny whether the office is investigating.

The Cihigoyenette law firm refused to release some of the documents and materials collected for the investigation, claiming they are exempt from the Public Records Act because they are "preliminary drafts, notes, and intra-agency memoranda" and are part of a continuing investigation into Sterling's allegations.

It was unclear when a final report would be available. Jean Cihigoyenette did not return a call for comment Friday.

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