

# Grego adamant taxpayers should pay his legal bill

By Kathryn Reed

A \$937.50 check to South Lake Tahoe City Councilman Bruce Grego signed by the city manager and city treasurer is not sitting well with Grego's colleagues. How it got approved is unknown. Other council members have said it will be a topic of conversation at Tuesday's meeting even though it is not on the agenda.

(The council meeting starts an hour earlier than normal – 8am – at Lake Tahoe Airport with discussion about how to replace outgoing City Manager Dave Jinkens.)

The check to Grego is for expenses he incurred last year when he was seeking an opinion from the Fair Political Practices Commission as to whether he had a conflict of interest regarding the convention center project or what is generically called Redevelopment Area No. 3.



Bruce Grego

Normally the city attorney reviews potential conflicts. If an FPPC ruling is sought, it's the city attorney who writes the letter, not outside counsel. Grego enlisted Dennis Crabb of Rollston, Henderson, Crabb & Johnson, Ltd. in South Lake Tahoe to help in his quest. He, not the city, hired Crabb to work with the FPPC to determine if having Lakeside Park Association

as a client would be a conflict.

The FPPC said there is no conflict, which has allowed Grego to vote on convention center issues.

Crabb on May 6, 2009, billed Grego \$937.50 for 3.75 hours of work. The city wrote a check dated March 11, 2010, as reimbursement to Grego for that amount.

Grego said he submitted the invoice at least six months ago. Why the delay in payment is not known. A copy of the invoice was not available Friday because city offices were on furlough.

However, Grego really tried to get paid last summer, according to an exchange of emails. At that time he was denied reimbursement. Why there is a reversal of opinion is not known.

A memo to Grego from then City Attorney, now Assistant City Attorney, Jacqueline Mittelstadt dated Aug. 20, 2009, says, "Given that the South Lake Tahoe City Code does not authorize a single council member to hire outside counsel, nor allows the City Manager or City Attorney to retroactively hire legal counsel, I replied with the attached memoranda dated July 27, 2009 to Mr. Jinkens. As you can see, I recommended that this invoice be discussed with the City Council Finance Committee so that, if there were an appetite for Council approval of the fees, the matter could plausibly be taken as a consent item. As you can see from the note on the Memo, Mr. Jinkens replied 'My question is would reimbursement be legal?' The response is unfortunately, no. The City Code and the purchasing regulations do not appear to allow a retroactive payment for legal fees incurred by a single council member. It would require City Council consensus to return the item to the Council for approval in order to reimburse you for these fees. I did vet the issue with the finance committee and they did not feel they could approve the fees either. Full council

consensus and subsequent action would be required. Please let myself or Mr. Jinkens know if you would like this matter to be placed on the Council agenda.”

The finance committee is Councilmen Hal Cole and Jerry Birdwell.

“When I was mayor, Bruce came to me with this bill. I told him that individual council members do not have the authority to spend city money without the consent of the City Council. The City Council did not approve this expenditure,” Birdwell said. “What makes this worse is that Bruce went behind the council’s back to get the city to pay it anyway.”

Birdwell believes Grego must pay the money back to the city.

“To vote is paramount to what we do on the council. I think it was appropriate. It was a moderate charge,” Grego said of the bill. “I think it should be addressed as a public expense and not a personal expense. Because this matter directly dealt with my ability to vote, that is a legitimate claim for reimbursement.”

When Grego spoke with *Lake Tahoe News* on Friday he said Cole’s letter to the FPPC was written by outside counsel, with expenses paid directly to the city.

“If I need legal advice, that’s what my city attorney is for. I would not seek outside counsel,” Cole told LTN. “If I did that, it would be my expense. If (the city) hired someone else, I didn’t know it.”

Jinkens is out of town. In an email he said, “I am having checked some background information in response to your voice message and will respond when I receive it. I am out of town but will reply this weekend.”

He was advised a story would be published Saturday. No response was forthcoming. Therefore it is not known if outside

legal counsel was ever really sought in Cole's case, and if it were, what the fee was and to whom it was paid.

(The FPPC ruled Cole couldn't vote on Project 2 because he owns property too close to the proposed project.)

A series of emails dated March 1, 2010, involving Jinkens, his assistant Tina Shannon, Redevelopment Director Gene Palazzo and City Attorney Patrick Enright ultimately authorize the March 2010 check to Grego to be written. Enright did not return a phone call Friday.

"Please have a check processed to reimburse Councilmember Grego in the above amount from the New Plan Area Account" is handwritten by Palazzo on a printed email to him from Shannon.

The email in part from Shannon says, "Dave (Jinkens) told me to process the payment and expense to RDA, as was done with Mr. Cole's opinion."

This would indicate the money being used is from Redevelopment Area No. 2, which the city will vote on Tuesday. With city offices being closed, it's not known how or why the money is from that account.

"You raise a good question 'Why wasn't it billed to the City Attorney's Office?'," Mayor Kathay Lovell said. "The city attorney can seek another opinion. They often do that if they don't have the expertise or it's a time issue."

Neither Lovell nor Cole was aware of the Grego reimbursement until *Lake Tahoe News* telephoned. Birdwell was not issued a copy of the warrants with his April 6 agenda packet. Councilman Bill Crawford was the only council member besides Grego who knew about the issue.

"It looks to me that Mr. Grego and perhaps the city manager's behavior is ethically questionable," Crawford said. "Mr. Crabb sent the bill to Mr. Grego. That was his client, not the city,

so I don't think it's correct to reimburse Mr. Grego under those circumstances."

Grego said Crabb did not want to bill the city. Grego didn't have an explanation for why the former South Lake Tahoe city attorney would make that decision. Crabb did not return a phone call Friday.

Grego started the whole process with now former City Attorney Cathy DiCamillo, who no longer lives in the city. He said he didn't like her draft letter to the FPPC. He said he didn't want to wait for her to return from vacation to craft a final version because the vote on the Mello-Roos bonds regarding the convention center was going to be up for a vote.

But the reality is the vote was June 4. This was after DiCamillo had retired. Mittelstadt and Enright occupied her office June 1.

"It's definitely money well spent. The benefit of my actions are the benefit of the public," Grego said. "I voted to stop the issuance of \$25 million of bonds. My vote did matter."

The vote was 5-0.

When Grego was asked how he could keep voting against funding most of the training/education requests from city staff to do their job, he said those moderate charges are different.

"This is something that went to the foundation of why I ran for office and the issues regarding the hole and trying to find a solution," Grego said as to why he believes taxpayers should pay for outside legal advice that is usually handled in house.