



**Office of the Washington State Auditor
Pat McCarthy**

May 2, 2019

Dora Alvarez-Roa, Mayor
City of Wapato
205 E. 3rd St.
Wapato, WA 98951

Dear Mayor Alvarez-Roa:

Our Office was contacted by citizens with concerns regarding the City of Wapato. We examined these concerns and would like to share the results with you.

Concern No. 1: Public employees are using City equipment for the personal good of the former Mayor.

Result: This concern was not specifically reviewed during our audit. However, while onsite we did not observe any inappropriate use of City equipment.

Concern No. 2: The City did not follow bid laws when purchasing the former Mayor's vehicle or procuring construction services for the pool and community center. Also, the City did not surplus the vehicle that was traded in when purchasing the former Mayor's vehicle.

Result: We reviewed this concern and determined that the City did not competitively procure or formally claim an exemption for the purchase of the Chevrolet Impala or the GMC Yukon Denali. Also, the City did not follow bidding requirements when awarding the swimming pool renovation project. In addition, the City did not approve the surplus of the vehicle that was traded in for the Denali. We did not review the community center project because it was below the state bid threshold.

We have reported these issues to the City in the 2018 accountability report, finding number 2018-006.

Concern No. 3: The City is moving money from the transportation benefit district fund to pay for cemetery repair work. Also, the City is going outside of the budget and moving money to pay for the pool/community center construction.

Result: We reviewed this concern and did not identify any transfer of money from the transportation benefit district to the cemetery fund. However, the City paid \$125,894 through the Garbage Fund for construction of the swimming pool, which is an unallowable use of restricted funds. We also identified that the City exceeded its budget for four funds during 2018.

We have reported these issues to the City in the 2018 accountability report, finding number 2018-003.

Concern No. 4: City Council meetings were not properly advertised and did not provide adequate notice. Also, one meeting was held in mid-June without a quorum.

Result: We reviewed the City's compliance with the Open Public Meetings Act (OPMA) regarding proper advertisement and notice for regular and special meetings. We determined that the City did not comply with OPMA requirements for holding regular meetings at regularly scheduled times and did not ensure a quorum was in attendance when taking action.

We have reported these issues to the City in the 2018 accountability report, finding number 2018-002.

Concern No. 5: The Wapato community is starting to become concerned that the former Mayor is violating RCW 42.52.160 over the use of persons, money, or property for private gain. Aside from having public work employees at his house, he drives the Denali he purchased for personal business.

Result: We reviewed this concern as part of our audit and determined that the former Mayor violated the Code of Ethics for Municipal Officers (RCW 42.23) when he used his position as Mayor to create the City Administrator position and terms of the contract he was later appointed to fill. Please note that RCW 42.52.160 is for state officers, not municipal officers. We did not specifically review the concern regarding the use of public employees at his private residence or personal use of City vehicles. However, while onsite we did not observe any such activity.

This information has been included in the 2018 accountability report, in finding number 2018-001.

Concern No. 6: The mayor of Wapato recently resigned his position, and was immediately appointed to what appears to be a no-bid seven year contract to be the City Administrator at a salary much higher than the market rate (95K per year w/ benefits, Denali vehicle, and \$500 monthly allowance for gas). The entire arrangement appears to be a textbook example of quid pro quo.

Result: We reviewed these concerns as part of our audit and determined that the former Mayor violated the Code of Ethics for Municipal Officers (RCW 42.23) when he used his position as Mayor to create the City Administrator position and terms of the contract he was later appointed to fill.

This information has been included in the 2018 accountability report, in finding number 2018-001.

Concern No. 7: There are reports of the new City Administrator walking around with thousands of dollars of City money in his pocket offering signing bonuses for potential new employees.

Result: We considered these concerns during our audit. Specifically, we reviewed cash receipts to verify that all funds collected were deposited. We also reviewed bank activity and hiring practices. We could not substantiate the specific concerns related to the handling of cash. However, we did identify weaknesses over the cash receipting and deposits, which is included in the 2018 accountability report, in finding number 2018-004.

During our review of payroll, we determined that the City did not follow its personnel policy when hiring 11 employees during 2018 and 2019, which is reported in the 2018 accountability report, in finding number 2018-005. We could not substantiate the concerns regarding signing bonuses.

Concern No. 8: Water bills have been suspiciously erratic. When some customers inquire, their bill is adjusted, while others do not have the opportunity to provide justification for the billing errors.

Result: We considered these concerns during our audit. Specifically, we reviewed utility billings and adjustments for 2018 and identified concerns with meter reading errors that resulted in significant adjustments to utility accounts that were not performed properly. In addition, we identified weaknesses over the utility billing process, which are included in the 2018 accountability report, in finding number 2018-004.

Concern No. 9: On September 4, 2018, Juan Orozco resigned his elected Mayor position and was appointed Administrator of City of Wapato. The City of Wapato has not been responsive to fulfilling Public Records Requests. As such, a copy of Juan Orozco's contract has not been attained. Orozco's contract was never considered or approved by the Wapato City Council. Moreover, Orozco's contract is inconsistent with AGO opinions prohibiting agreements that bind future board. Based on the above, it is clear that the City Administrator Contract between the City of Wapato and Juan Orozco is invalid, and must be rescinded.

Result: We reviewed these concerns pertaining to the City Administrator's contract as part of our audit. Public records requests are outside of our audit authority. The City Council approved the appointment of the City Administrator on September 4, 2018. This contract included paying the City Administrator's salary of \$95,000 per year, for the full term of seven years, plus severance pay for six months, even in the event that the City Administrator contract was terminated. This would bind future councils, which is prohibited under Attorney General Opinion 61-62 No. 114 (3).

This information has been included in the 2018 accountability report, in finding number 2018-001.

Concern No. 10: The former Mayor resigned and gave himself the City Administrative position that makes almost \$100,000 per year.

Result: We reviewed this concern pertaining to the City Administrator's contract as part of our audit and determined that the former Mayor violated the Code of Ethics for Municipal Officers (RCW 42.23) when he used his position as Mayor to create the City Administrator position and terms of the contract he was later appointed to fill. This information has been included in the 2018 accountability report, in finding number 2018-001.

Concern No. 11: Is the City Administrator required to work 40 hours, and is the City getting the services they are paying him for?

Result: This contract requires the City Administrator to devote the time necessary to accomplish the work, as an exempt position. It is considered a full-time position, and the employee is granted flexibility to determine the hours of such work.

If you have any questions about our work in this area, please contact Ann Strand, Audit Manager, at 509-454-7848.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy

Washington State Auditor