



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811

January 9, 2025

Ryan R. Plotz
The Mitchell Law Firm
P.O. Drawer 1008
426 First Street
Eureka, CA 95501

Re: Your Request for Formal Advice
Our File No. A-25-167

Dear Mr. Plotz:

This letter responds to your request for advice on behalf of Resort Improvement District No. 1 (“District”) Board of Directors’ member, Tristin Sanders, regarding the conflict of interest provisions of the Political Reform Act (the “Act”).¹

Please note that we are only providing advice under the conflict of interest provisions of the Act and not under other general conflict of interest prohibitions such as common law conflict of interest or Section 1090. Also note that we are not a finder of fact when rendering advice (*In re Oglesby* (1975) 1 FPPC Ops. 71), and any advice we provide assumes your facts are complete and accurate. If this is not the case or if the facts underlying these decisions should change, you should contact us for additional advice.

Finally, the Commission is not authorized and does not provide advice concerning past conduct. (Regulation 18329(b)(6)(A).) Therefore, nothing in this letter should be construed to evaluate any conduct that may have already taken place, and any conclusions apply only to future actions.

QUESTION

May Director Sanders participate in decisions regarding the proposed construction of a multi-use sports courts facility on District property located 378 feet from a parcel owned by Lost Coast Plaza, LLC, in which her spouse has a one-third ownership interest?

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

CONCLUSION

No. Due to her spouse's ownership interests, Director Sanders has an interest in Lost Coast Plaza, LLC, as a business entity and an interest in real property owned by Lost Coast Plaza, LLC, located 378 feet from the proposed multi-use sports courts facility. She also potentially has interests in Lost Coast Plaza, LLC, as a source of income, as well as in any sources of income to Lost Coast Plaza, LLC, such as Gypo Ale Mill. In regard to her interest in the LLC's real property, it is reasonably foreseeable that the decision will have a measurable impact on the value, because it will affect the amenities next door which may attract customers to the LLC's brewery and restaurant tenant. Additionally, the public generally exception does not apply where the official has not established that a significant segment of the jurisdiction will be affected by the decision, and the facts indicate that the LLC's property will be uniquely affected due to its proximity to the District's parcel. Based on the facts provided, Director Sanders has a disqualifying conflict of interest and may not make, participate in making, or use her official position to attempt to influence decisions related to this project.

FACTS AS PRESENTED BY REQUESTER

The Resort Improvement District No. 1 ("District") is an independent special district located in Shelter Cove, Humboldt County. Director Tristin Sanders is a member of the District's five-person governing Board.

The District owns and operates the Community Clubhouse, a multi-purpose public facility located at 1555 Upper Pacific Drive, Shelter Cove, California. The Clubhouse property also includes surrounding outdoor areas used for community recreation and District-sponsored activities.

As part of a grant-funded recreation improvement initiative, District staff issued a public works solicitation for the construction of a multi-use sports courts facility. The proposed project includes the construction of one full-sized basketball court with two inlaid pickleball courts, associated concrete flatwork, fencing, drainage improvements, accessibility (ADA) upgrades, and modifications to the adjacent parking area. All improvements will be constructed on District-owned property immediately adjacent to the Community Clubhouse.

The Board of Directors is scheduled to consider the award of the construction contract for this project at an upcoming meeting. Five bids were received on October 30, 2025, and District staff is recommending an award to the apparent low bidder. The agenda item for Board action includes staff reports, a bid tabulation, the proposed contract amount, and supporting documents.

Immediately north of the Community Clubhouse parcel lies a privately owned commercial parcel that is developed with the business known as the Gypo Ale Mill, a restaurant and brewery that serves residents and visitors in the Shelter Cove area. The property address is 1661 Upper Pacific Drive (APN 111-181-008-000). According to Humboldt County property records, fee title to this parcel is held by Lost Coast Plaza, LLC, ("Lost Coast Plaza" or "LLC"), a limited liability company.

Director Sanders' spouse holds a one-third membership interest in Lost Coast Plaza.² Her interest arises exclusively through her husband's interest in the LLC. You state that Director Sanders does not "receive income from Lost Coast Plaza, LLC or from the business operating on the parcel."³ She further understands that her spouse's membership interest results in proportional ownership in the LLC but does not involve participation in the management or operations of the business and does not involve receiving income tied to the performance of the business. The District does not have information indicating that her spouse receives rental income or other financial distributions, beyond those attributable to his ownership interest in the LLC.

Based on District measurements taken from GIS parcel mapping tools, the approximate distance between the proposed project construction area and the nearest boundary of the Lost Coast Plaza parcel is approximately 378 feet. This measurement is taken from property line to property line.

Shelter Cove is a small coastal community in which the limited number of commercial businesses are generally clustered around the Community Clubhouse, airport, and adjacent roadways. The area surrounding the Clubhouse includes several commercial or visitor-serving establishments located within close proximity to one another, including restaurants such as Mi Mochima, Airport Deli & Market, Delgada Pizza & Bakery, Surf Point Coffee + Bistro, Mario's Marina Bar & Grill, and the Gypso Ale Mill, as well as nearby lodging facilities such as the Inn of the Lost Coast and the Shelter Cove Oceanfront Inn. Because Shelter Cove's commercial activity is concentrated in this compact district, multiple businesses and lodging establishments—along with their associated parcels—may experience general increases in visitor activity, visibility, or traffic patterns associated with recreational improvements at or near the Community Clubhouse. The community's golf course, airport, and other tourist-oriented facilities are also situated within this same general area.⁴ The District is not entering into any agreement or contractual arrangement with Lost Coast Plaza. Director Sanders, her spouse, or any associated entities in connection with the project.

ANALYSIS

Section 87100 prohibits any public official from making, participating in making, or otherwise using their official position to influence a governmental decision in which the official

² It is commonly understood that the owners of an LLC are members. LLCs protect their members against personal liabilities. (See Overview, Limited liability company, www.ftb.ca.gov/file/business/types/limited-liability-company, as viewed December 31, 2025.)

³ We understand this to mean that Director Sanders does not personally receive income from the LLC. However, we note that she does have an interest in income received by her spouse to the extent that she has a community property interest in the income. Please note that Director Sanders should verify that she accurately states her community property interests on her filed Statement of Economic Interests. She may amend her filings using the past year forms found on our website: www.FPPC.ca.gov/Form700.html.

⁴ You provided a map that shows the District's parcel and the Lost Coast Plaza property, as well as many additional nearby properties; however, none of the above-listed businesses appear on the map.

has a financial interest. A public official has a “financial interest” in a governmental decision, within the meaning of the Act, if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on one or more of the public official’s interests. (Section 87103; Regulation 18700(a).) Section 87103 defines “financial interests” to include, relevant to these facts:

- An interest in a business entity in which the official, any business entity in which the public official has a direct or indirect investment worth \$2,000 or more (Section 87103(a); or, is a director, officer, partner, trustee, employee, or holds any position of management (Section 87103(d)).
- Any real property in which the public official has a direct or indirect interest worth \$2,000 or more (Section 87103(b), including a pro rata share of interests in real property of any business entity or trust in which the individual or immediate family owns, directly, indirectly, or beneficially, a 10-percent interest or greater (Section 82033).
- An interest in a source of income to the official or promised income, which aggregates to \$500 or more within 12 months prior to the decision. (Section 87103(c).)

For purposes of this section, “indirect investment or interest” means any investment or interest owned by the spouse or dependent child of a public official, by an agent on behalf of a public official, or by a business entity or trust in which the official, the official’s agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or greater. (Section 87103.)

Additionally, under Section 82030, “income” to an official includes a pro rata share of any income of any business entity in which the individual has an ownership interest of 10 percent or greater and includes an official’s community property interest in a spouse’s income.

Due to her spouse’s greater than 10 percent ownership interest, Director Sanders has an interest in Lost Coast Plaza, as a business entity, under Section 87103. She also an interest in the real property parcel owned by Lost Coast Plaza located 378 feet from the proposed multi-use sports courts facility under Section 82033. Finally, the facts state that her spouse receives rental income and other financial distributions attributable to his ownership interest in Lost Coast Plaza. While the exact income has not been specified, we note that Director Sanders has an interest in Lost Coast Plaza as a source of income if her community property interest in her spouse’s income from the business (received or promised) is \$500 or more in the 12 months prior to the decision. Additionally, due to her spouse’s ownership interest, she also has an interest in any sources of income to Lost Coast Plaza, including its tenant Gyppo Ale Mill, if her community property share of her spouse’s pro rata share of the income from the source (received or promised) is \$500 or more in the 12 months prior to the decision.

Foreseeability & Materiality

Regulation 18701(a) states that an effect on an interest is presumed foreseeable if the interest is explicitly involved in the decision. An interest is explicitly involved if it is a named

party in, or the subject of, a governmental decision before the official or the official's agency. A financial interest is the "subject of a proceeding" if the decision involves the issuance, renewal, approval, denial or revocation of any license, permit, or other entitlement to, or contract with, the financial interest, and includes any governmental decision affecting a real property financial interest as described in Regulation 18702.2(a)(1)-(6).⁵

If a financial interest is not explicitly involved in the decision, a financial effect is reasonably foreseeable if it "can be recognized as a realistic possibility and more than hypothetical or theoretical." (Regulation 18701(b).) If the financial result cannot be expected absent extraordinary circumstances not subject to the public official's control, it is not reasonably foreseeable. (*Ibid.*)

Real Property

The reasonably foreseeable financial effect of a government decision on an official's interests in real property is material if the decision "[i]nvolves property located 500 feet or less from the property line of the parcel unless there is clear and convincing evidence that the decision will not have any measurable impact on the official's property." (Regulation 18702.2(a)(7).)

Director Sanders has an interest in the real property owned by Lost Coast Plaza, and this property is 378 feet from the District's parcel. It is foreseeable that the decision to add a sports facility to the neighboring parcel would result in an increase in business for the LLC's tenant and thus increase the rental value or development value of the property. Because the facts do not establish a lack of measurable impact on the official's property, Director Sanders has a disqualifying financial interest in the decision under the real property materiality standard in Regulation 18702.2 and may not take part in the decision. Notably, we do not need to further analyze the impacts on any other interest Director Sanders has in the business entity or sources of income under Regulation 18702.1 due to this determination.

⁵ Under Regulation 18702.2(a)(6), the official's real property is the "subject of the decision" if the decision:

Involves construction of, or improvements to, streets, water, sewer, storm drainage or similar facilities, and the [official's] parcel will receive new or improved services that provide a benefit or detriment disproportionate to other properties receiving the services.

Although the construction involves improvements to the District's parcel, no facts were provided as to whether the construction would involve improvements to nearby streets, water, sewer, storm drainage or other facilities that would impact the Lost Coast Plaza's parcel. The official's interest in the parcel will be explicitly involved in any decision that affects the Lost Cost Plaza's services as described above, unless those impacts are the same for other properties receiving the services.

Public Generally Exception

Commonly referred to as the “public generally” exception, Regulation 18703(a) permits a public official to take part in a governmental decision that affects one or more of the official’s interests if the decision’s financial effect on the interest is indistinguishable from its effect on the public generally. (See Section 87103.) A governmental decision’s financial effect on a public official’s financial interest is indistinguishable from its effect on the public generally if the official establishes that a “significant segment” of the public is affected and the effect on the official’s financial interest is not “unique” compared to the effect on the significant segment. (Regulation 18703(a).)

A significant segment of the public includes 25 percent of: all businesses or non-profit entities within the official’s jurisdiction, all real property, commercial real property, or residential real property within the official’s jurisdiction, or all individuals within the official’s jurisdiction. (Regulation 18703(b)(1)(A-C).) Regulation 18703(d) defines “jurisdiction” as the designated geographical area the official was elected to represent or the area to which the official’s authority and duties are limited if not elected.” A “unique effect” on an official’s financial interest relevant to these facts includes a disproportionate effect on the income producing potential of the official’s business entity; and a disproportionate effect on the official’s business entity or real property resulting from the proximity of the project at issue. (Regulation 18703(c)(1) and (2).)

In this matter, the multi-use sports court facility will be located on a District parcel 378 feet from the Lost Coast Plaza property. Due to this close proximity, the decision has the potential to increase the value of the Lost Coast Plaza property by adding amenities to the area and attracting additional customers who would be within walking distance of its tenant, Gyppo Ale Mill, a brewery and restaurant. Although the request for advice mentions several businesses in the general area of the District parcel, there is no indication that they comprise at least 25 percent of all business real property in the jurisdiction. Further, the facts indicate that none of the businesses in the area share the LLC’s proximity. Therefore, the official has not established that a significant segment would be affected by the decision, and the financial effect on the official’s interests will be unique. The public generally exception does not apply.⁶ Director Sanders must recuse herself from the decision in accordance with Regulation 18707.

⁶ Section 1090 generally prohibits public officers, while acting in their official capacities, from making contracts in which they are financially interested. However, we need not further consider Section 1090 as the facts do not indicate that Director Sanders has a financial interest in the contract decision related to the LLC’s property for purposes of Section 1090. We have advised in past letters that “an official has a financial interest in a contract only when there is a sufficient connection between the contract in question and the interest held by the official” and that an official does not have a financial interest in a contract decision under Section 1090 solely because the official owns property in proximity to the area at issue. (See for example, *Van Mullen* Advice Letter, No. A-25-075 [official with a residence 900 feet from an oil pipeline does not have a financial interest under Section 1090 in litigation settlement agreements related to the change of operator and owner of the pipeline permit solely because the official’s property is near a pipeline at issue in the litigation.]; and *Bordsen* Advice Letter, No. A-17-059, [several officials did not have a financial interest in a contract involving frontage road improvements affecting the officials’

If you have other questions on this matter, please contact me at KHarrison@fppc.ca.gov.

Sincerely,

Dave Bainbridge
General Counsel

L. Karen Harrison

By: L. Karen Harrison
Senior Counsel, Legal Division

KH:aja

real properties and business interests, simply because the officials' interests were adjacent to the project and would peripherally benefit along with numerous other properties and business along the route.] .)