

CITY OF PHOENIX ETHICS HANDBOOK

CITY OF PHOENIX VISION AND VALUES

We are dedicated to serving our customers.

We work as a team.

We each do all we can.

We learn, change, and improve.

We focus on results.

We work with integrity.

We make Phoenix better!

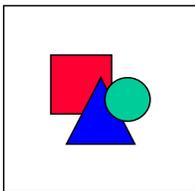
Over 1000 City of Phoenix employees participated in the development of our Vision and Values. The City's Vision and Values give us a focus, something we all can support and understand. Operating under the principles of our Vision and Values is hard work, but it will establish the City of Phoenix as an organization where every one of us has the power to make a difference. This book has been developed to help you understand how important your contribution is to the City and to help you make the decisions that will keep Phoenix the Best-Run City in the World.

I. City of Phoenix Ethics Policy

It is the policy of the City of Phoenix to uphold, promote and demand the highest standards of ethics from all of its employees and officials, whether elected, appointed or hired. Accordingly, all City employees and members of City boards, commissions, committees and the City Council should maintain the utmost standards of personal integrity, truthfulness, honesty and fairness in carrying out their public duties, avoid any improprieties in their roles as public servants, and never use their City position or powers for improper personal gain. See City Code, Ch. 2, Art. II, § 2-52*.

Comment: The proper operation of municipal government requires all City employees and members of City boards, commissions, committees and the City Council remain independent, impartial, and responsible only to the public. You hold office or were hired for the public's benefit, and it is your responsibility to uphold the Constitution of the United States and the Arizona Constitution. In your official acts, you are bound to observe the highest standards of morality, and discharge faithfully the duties of your office or position regardless of personal considerations, recognizing that the public interest must be your primary concern. Democratic government can function properly only when the citizenry has confidence in how its government is run. Public trust is built largely upon the perceptions that citizens have regarding their City employees, City Council members, and members of City boards, commissions and committees. Once public confidence is destroyed, it is difficult to re-establish. As a result, a public agency may not be able to function effectively. Moreover, individual careers or reputations may be irreparably damaged. Hence it is imperative for you to foster the highest standards of personal integrity and honesty in discharging your public duties. You should remind yourself constantly of the civic trust that you hold by reason of your position. You should never compromise your honesty or integrity for personal gain or advancement. Always remain sensitive to the values of the public you serve.

*Because the City has adopted this policy as an ordinance, all City employees and members of City boards, commissions, and committees, and the City Council must obey it.



II. Applicable Laws and Policies

A. Attendance

1. **Boards, Commissions and Committees.** The City's attendance policy for members of boards, commissions and committees provides that, if a member fails to attend three consecutive regular meetings, or more than fifty percent of all meetings of such groups held over a calendar year period, the City Council may declare the seat vacant and appoint a replacement. See City Code, Art. 1 § 2-40.
Comment: Members of City boards, commissions and committees are expected to attend all regularly scheduled meetings and should make every effort to do so. The City Council appointed you for your experience, background and perspective in a particular policy area, and wants the benefit of your consideration and judgment. Moreover, your board, commission or committee cannot conduct any business unless a quorum is present. Accordingly, if you must miss a meeting because of business, vacation or illness, please advise the chairperson of your board, commission or committee in advance of the meeting.
2. Employees are expected to begin and end work at assigned times and to adhere to lunch and rest break times as defined by their position. See A.R. 2.14. Carelessness or not observing work schedules or break rules can lead to disciplinary action. In addition, City employees are expected to be productive during work time. Loafing, tardiness and abuse of paid time destroy the public respect and trust for what we do.
Comment: Each employee when hired is given a schedule which specifies the work week, including beginning and ending times, lunch length and time, and rest break information. Employees who qualify for overtime will receive compensatory time off or extra pay according to the specific rules governing the position. Most professional, supervisor, and managerial staff do not receive compensatory time or paid overtime. Check with your supervisor to see if you are eligible to receive compensation for overtime worked. Supervisors are understanding of the occasional unpredictable events which cause employees to be late or absent. Unexplained and excessive absences or tardiness are not easily excused.

B. Conflicts of Interest

Pursuant to Chapter 11, Section 1 of the City Charter, Phoenix has adopted Arizona's Conflict of Interest Laws. The full text of those statutes appears in Appendix B.

Comment: City employees and members of City boards, commissions, committees and the City Council must be constantly on guard against conflicts of interest. In short, you should not be involved in any activity which might be seen as conflicting with the responsibilities of your position with the City. The people of Phoenix have a right to expect that you act with independence and fairness toward all groups and not favor a few individuals or yourself. Appendix A of this Handbook presents various examples of how the Conflict of Interest Laws operate.

C. Contracts with the City

Arizona law prohibits any employee, City Council Member, or member of a board, commission or committee who has "a substantial interest in any contract, sale, purchase or service to such public agency" from participating in any way with the transaction. See A.R.S. § 38-503(A) (reprinted in Appendix B). Also, Arizona law has a flat prohibition against any City employee or anyone officially representing the City from providing certain goods and services to the City without competitive bidding. See A.R.S. § 38-503(C). Two other statutes prohibit municipal and public officers from being personally involved in housing or redevelopment projects. See A.R.S. § § 36-1406 and 36-1477.

Comment: As with other conflicts of interest, any City employee or member of a City board, commission, committee or the City Council in such a situation must (i) make known the substantial interest involved and (ii) refrain from voting upon or otherwise participating in the transaction or the making of such contract or sale. Also, you cannot provide certain goods and services to the City-even if you do not participate in the process-unless the competitive bidding process is used. Other prohibitions may apply if federal funds are involved.

D. Disclosure of Confidential Information

Arizona law provides that, during a person's employment or service with the City and for two years thereafter, no City employee or member of a City board, commission, committee or the City Council may disclose or use confidential information without appropriate authorization. See A.R.S. § 38-504(B) (reprinted in Appendix B).

Comment: City employees and members of City boards, commissions, committees and the City Council often have access to important non-public information regarding the property, operations, policies or affairs of the City. Such information may concern real estate transactions, expansion of public facilities or other City projects. The leaking of this inside information may benefit a few at the expense of a possible monetary loss to the City and a deterioration of public confidence. If you are privy to confidential information, you may not disclose that information to any private citizen and should disclose it to other public employees only if appropriate.

E. Discrimination

Chapter XI, Section 2 of the City Charter provides: "No person shall be appointed to, removed from or in any way favored or discriminated against with respect to any city position because of race, color, ancestry, national origin, sex, political or religious opinions or affiliations." Discrimination on the basis of sexual orientation is also prohibited.

Harassment on the basis of sex is a violation of Title VII of the U.S. Civil Rights Act of 1964, as amended. The United States Equal Employment Opportunity Commission (EEOC) defines sexual harassment as "unwelcome" sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when: 1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; or 2) submission to or rejection of such conduct is used as the basis for employment decisions affecting an individual; or 3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Comment: All people must be recognized, honored and mutually respected. The United States and Arizona Constitutions, as well as numerous federal, state and local laws, outlaw various forms of discrimination. You should make available to every person-whether they are applying for a City service, job or position-every consideration, treatment, advantage or favor that is the general practice to make available to all citizens. The equality of opportunity both to enter into public service, besides being the object of various federal, state and local laws, is a central factor in achieving efficient public service and good morale. It is the responsibility of all City employees, members of boards, commissions and committees and the City Council to help create an environment where all members, employees and citizens are respected and valued.

F. Employment

1. **Incompatible Employment.** City employees may have outside employment, so long as it does not interfere with City employment and is approved in writing by the Department head. (See City Policy A.R. 2.62.)

Comment: As a City employee you must avoid engaging in or accepting private employment or rendering service for private interests when such employment or service is incompatible with the proper discharge of your official duties or would tend to impair your independence or judgment or action in the performance of those official duties. For example, a City right-of-way agent who has knowledge of the City's plans to purchase particular property cannot first purchase that property for another person or company.

2. **Representing Private Interests Before City Agencies.** For twelve months following a person's employment or service with the City, Arizona law prohibits City employees and members of City boards, commissions, committees and the City Council from representing another person for compensation before a public agency concerning any matter with which that officer or employee was directly concerned and personally participated in by a substantial and material exercise of administrative discretion. See A.R.S. § 38-504(A) (reproduced in Appendix B).

Comment: City employees and members of City boards, commissions, committees and the City Council may appear before City agencies on behalf of constituents in the course of performing duties as a representative of the electorate or in the performance of public or civil obligations, as long as they are not representing any private person, group or interest for compensation that is contingent on such activity.

3. **Employment of Relatives.** Arizona law prohibits City employees and members of City boards, commissions, committees and the City Council from being involved in the appointment, hiring or supervision of a relative. See A.R.S. § 38-481 (reproduced in Appendix C), and A.R. 2.91.

Comment: Because hiring and supervising a relative is a special type of a conflict of interest, it must be avoided.

4. **Discussion of Future Employment.** When a City employee has been offered or is discussing future employment with a person, firm or any other business entity that is presently dealing with the City concerning matters within the employee's current official duties, that person should disclose such possible future employment to the City Attorney's Office. (See A.R. 4.01).

Comment: City employees should be aware that they are vulnerable to offers of future employment by private parties in exchange for favors and/or information obtained through the person's position.

G. Gifts, Favors and Extra Compensation

1. The City's Gift Policy (A.R. 2.93) provides that "No City employee shall accept any gift, service or favor which would lead toward favoritism or the appearance of favoritism in any way." Additionally, Arizona law prohibits City employees and members of City boards, commissions, committees and the City Council from receiving anything of value or any compensation other than their normal salary

for any service rendered in connection with that person's duties with the City. See A.R.S. § 38-505(A) (reproduced in Appendix B).

Comment: City employees and members of City boards, commissions, committees and the City Council should not accept any gifts (monetary or otherwise, such as a service, loan, thing or promise), gratuities, or favors from anyone other than the City for the performance of acts within the regular course of official duties. You should refuse any gifts or favors which reasonably may be interpreted to be offered in order to influence a municipal decision. Compensation for performing your public duty is limited to salaries, fringe benefits and any personal satisfaction that you may derive from doing a good job.

While you are the first to decide whether to accept any gift, you must recognize that others will decide if there is "the appearance of favoritism" for your having accepted a gift.

Finally, you should be wary of accepting any gifts or benefits from individuals doing business with the City or whose financial interests are affected by City action.

2. City employees and members of City boards, commissions, committees and the City Council must consider ethical principles before accepting personal gifts of entertainment and sports/athletic activities.

Comment: After the above gifts policy is applied, if you accept the entertainment or sports/athletic activity gift and do not personally pay for it, you must declare the gift with the City Clerk Department, within two working days, using the "Declaration Form." Gifts should be declared regardless of whether or not the gifts are used by the employee. See Appendix E for a copy of the Declaration Form and examples of such gifts.

There are three examples of gifts that do not require declaration:

1. A personal gift from a friend or relative.
2. Winning or receiving a promotional gift from a community business, where the opportunity to win/receive the gift is open to the community in general.
3. Employees who pay for the ticket or elect to make a charitable contribution in the name of the donor for the face value of the gift do not need to file a declaration.

All other gifts accepted should be declared regardless of whether or not you use the gift.

H. Political Activity

Chapter XXV, Section 11 of the City Charter prohibits any person holding a position with the City from participating in political campaigns for City elective office in any way beyond voting and privately expressing personal opinions. See A.R. 2.16.

Comment: As citizens, City employees and members of City boards, commissions, committees and the City Council can and should exercise their rights to register and vote in all elections including City elective offices. The City Attorney, in Opinion No. 90-012, determined that the provisions of Chapter XXV, Section 11 of the City Charter, do not apply to citizen members of City board and commissions and, therefore, they may participate in political campaigns for City elective office. City Council members are specifically excluded from the provisions of this Section of the Charter. Although other City officers and City employees may participate as private citizens on campaigns for non-City offices and issues, they may not participate in or contribute to political campaigns for City elective offices.

I. Public Access: Open Meetings and Public Records

Numerous Arizona and City laws require that meetings of public bodies be open to the public and that public records be available for inspection. See Open Meetings Laws (A.R.S. § 38-431 through 431.09 and City Charter Ch. 4, § 5) and Public Records Laws (A.R.S. § 39-121 through 121.03 and City Charter, Ch. 4, § 21).

Comment: As declared in state statute, it is the official public policy of Arizona that meetings of public bodies be conducted openly. Also, Arizona law allows broad access to public records. Open government gives the public confidence that public affairs are being performed properly. The City has published a separate brochure on this subject for your use that is available from the City Clerk's office (262-6811).

J. Use of City Equipment, Facilities or Personnel for Private Gain

City employees and members of City boards, commissions, committees and the City Council should not use City facilities, equipment, personnel or supplies for private purposes, except to the extent they are lawfully available to the public.

Comment: Public respect for its government is weakened when City-owned facilities and equipment are used by City employees and members of City boards, commissions, committees and the City Council for personal gain. City office supplies, work materials, vehicles and equipment are to be used only for City work. Taking City goods for private use is not a "fringe benefit;" it is stealing. See A.R.S. § 13-1802. Also, it is improper (and maybe unlawful) for supervisors to use subordinates for their personal benefit. Finally, you should avoid waste of public supplies and equipment.

K. Software Management

City of Phoenix employees, members of boards, commissions, and committees and the City Council should not make, use, accept or install illegal copies of computer software, documentation, or templates. See A.R. 1.86 and O.P. 6.401.

Examples of software copyright violations are:

- installing a single-user copy of a software program on several computers,
- allowing six or more employees to concurrently use a five-user licensed LAN software package,
- borrowing a copy of a single-user licensed program without that person removing it from their computer for the duration of the loan,
- loaning a person a copy of a single-user licensed software program as an evaluation copy without removing it from your computer for the duration of the evaluation,
- making more back up copies of the software than allowed in the license agreement.

The City Auditor Department conducts periodic audits to insure compliance with City policies on software.

Comment: The legality of software is ideally established by possession or accountability of the following five items: the original software diskettes, the License, the original manuals, documented evidence of purchase, or copy of the completed product registration.

The illegal copying of software for personal or commercial use is commonly referred to as "piracy." Simply put, piracy is stealing. Piracy can result in civil and criminal penalties and disciplinary action up to and including dismissal.

L. Electronic Mail Electronic mail systems, including internet, should be used only for City business unless otherwise authorized. All electronic mail is considered official City business and must be retained for one month in accordance with the City's Records Management Program. In general, electronic mail communications are Public Records and subject to disclosure under the Public Records Law ARS 39-101 et. seq. See A.R. 1.63.

Comment: The City will not read electronic message content as a routine matter, but reserves the right to do so without prior notification. The City may electronically scan mail messages for the presence of specific content such as viruses or passwords and to maintain system integrity.

III. Procedures

A. Where to Seek Advice

1. **City Employees.** Any employee who observes unlawful or improper actions by any representative of the City is expected to discuss the improper actions with their supervisor or bring the improper action to the attention of the Management Audit Control ("MAC") Committee (Phone: 261-8999).
It is frequently necessary to consult administrative regulations, personnel rules and departmental directives to determine whether a particular action is allowable. The MAC Committee has the authority to clarify policy ambiguities and to investigate allegations of improper conduct.
The MAC Committee is comprised of the City Auditor, the City Attorney and the Assistant City Manager and is staffed by the manager's personal aide. The Committee maintains strict standards of confidentiality, and will not voluntarily release information about your inquiry. The Committee will accept anonymous complaints.
2. **Members of City Boards, Commissions, Committees and the City Council.** If you are uncertain about whether a conflict of interest or other ethical problem exists, you should contact an attorney in the City Attorney's Office (262-6761), identify yourself and explain the situation. If time permits, please submit your request in writing to the City Attorney directly. If your request relates to a conflict of interest, A.R.S. § 38-507 requires that the request be confidential, although the official opinion of the City Attorney is required by this law to be a public record.

B. What to Do if You are Uncertain

The existence of an ethical issue often does not arise until a meeting already is underway. Obviously, you do not have time to call the MAC Committee or the City Attorney's Office for advice. Rather than risk an inadvertent violation of law, the safest course of action is simply to declare that a conflict may exist that prevents you from participating. Indeed, if there is a consistent theme to this Handbook, it would be: "If in doubt, don't."

C. How to Declare a Possible Conflict

If you think that a conflict of interest (or even a possible conflict) exists, then you simply should announce that fact as soon as the possible conflict comes to your attention. For example, as soon as members of City boards, commissions, committees and the City Council realize that a conflict exists on a given matter, they should fully disclose the conflicting interest on the record for the minutes. From that point on you may not participate in any manner (by discussing, questioning or voting) in that matter. Although you are not required to leave the meeting, you cannot be counted for purposes of constituting a quorum.

When the minutes of the meeting are available, the staff will send a copy to the City Clerk's Office with a note explaining that a conflict of interest was declared.

You should not feel bad about declaring a conflict and not participating. Indeed, members of the City Council often declare possible conflicts to avoid any hint of impropriety.

D. Where to Report Improper Behavior

City employees and members of City boards, commissions, committees and the City Council have a duty to prevent any improper governmental actions. Hence, there is no shame in being a "whistleblower" if another employee or appointed or elected officer is acting improperly. Moreover, you should never attempt to use your authority or influence for the purpose of intimidating, threatening, coercing, commanding or influencing any person with the intent of interfering with that person's duty to disclose such improper activity.

If you believe that you or someone else may have violated a law:

1. **City Employees** - You can report (confidentially, if desired) any observed problem or wrongdoing to the MAC Committee (261-8999) (City Manager's Letter 608).
2. **Members of City Boards, Commissions, Committees and the City Council** - Contact the City Attorney's Office (262-6761).

IV. Penalties and Sanctions

Violations of the law and any of the policies set forth in this Ethics Handbook may expose a City employee or member of a City board, commission, committee and the City Council to a variety of penalties-including reprimand, removal from office, termination of employment and criminal prosecution.*

In the case of a City employee, any disciplinary action must be conducted in conformance with the procedures established by the City Charter and in accordance with personnel rules and regulations. Additional penalties authorized by law also may be imposed.

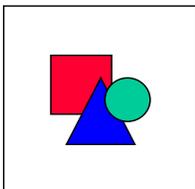
In the case of City board, commission and committee members, § 2-51 of the City Code makes the violation of any policy set forth in the Handbook sufficient cause for removal from office.

In the case of a member of the City Council, not only could they be subjected to a recall movement, but also they could suffer civil and criminal penalties authorized by law.

City employees and members of City boards, commissions and committees and the City Council must recognize the serious consequences of violating some of the laws set forth in this Ethics Handbook. For example, intentional violation of the "Conflict of Interest Laws" constitutes a Class 6 felony, which is punishable upon conviction by imprisonment for up to one and one-half years and/or a fine of up to one hundred fifty thousand dollars. Negligent violation of the law constitutes a Class 1 misdemeanor, which is punishable by imprisonment for up to six months and/or a fine of up to two thousand dollars. In addition, a person found guilty of violating the law automatically forfeits their public office.

Ultimate responsibility for complying with the law rests with individual members of public bodies. Therefore, in situations involving potential conflicts of interest, doubts as to the application of the law should be resolved by disqualification rather than by participation.

* For example, the penalties for violating Arizona's Open Meetings laws include nullification of action taken [A.R.S. § 38-431.05], removal from office, a civil penalty of up to \$500, an assessment of all costs and attorney's fees incurred in the lawsuit and such other equitable relief that the court deems appropriate. A.R.S. § 38-431.07(A).



Appendix A: Examples

The following examples are provided to give you an idea how Arizona's Conflict of Interest Laws would be applied. Of course, each situation will be decided upon the unique fact circumstances involved. The goal of these examples- and indeed this entire Handbook-is to help develop greater sensitivity to ethical considerations. If you are in doubt of what you should do, opt not to participate.

A. Conflicts of Interest

Listed below are illustrative examples of situations involving potential violations of Arizona's Conflict of Interest statutes. (All of the examples assume that the City employee or officer is a member of the public agency that is reviewing the matter in question.)

1. The City employee or member of a City board, commission, committee or the City Council (or a relative) owns property in such close proximity to property that is the subject of a zoning or license application that the granting or denial of the application could affect the value of the employee's or member's property.
2. The City employee or member of a City board, commission, committee or the City Council (or a relative) has done work in the past for a firm seeking a City contract and anticipates doing further work for the firm in the future. A potential conflict exists regardless of whether the work involves the matter that is the subject of the contract. (However, mere past association does not of itself constitute a conflict if the business relationship is not a continuing one.)
3. The City employee or member of a City board, commission, committee or the City Council (or a relative) is an officer of a corporation that operates a chain of stores. An application by a competitor seeks zoning approval for a store within the service area of one of the stores owned by the member's corporation.
4. The City employee or member of a City board, commission, committee or the City Council (or a relative) is a developer who files an application for approval of a project. Not only must the City employee or member disqualify himself from consideration of the application, the member also may not participate in the matter by personally presenting the application to the public body. (However, someone else may present the application on behalf of City employees and members of City boards, commission and committees and the City Council.)
5. The City employee or member of a City board, commission, committee or the City Council (or a relative) is a realtor who has had discussions concerning a listing agreement with the owner of property that is the subject of a zoning application. If the City employee or member of a City board, commission, committee or the City Council wishes to pursue the agreement, he should disqualify himself from considering the application. If the City employee or member of a City board, commission, committee or the City Council does not disqualify himself, he should not subsequently enter into the listing agreement.
6. A proposed amendment to the City Code seeks to regulate a specific type of business activity. The City employee or member of a City board, commission, committee or the City Council (or a relative) has an exclusive franchise or right to conduct the activity in the City.
7. The City employee or member of a City board, commission, committee or the City Council (or a relative) has an interest in property that will be uniquely affected by a proposed land use plan, and the adoption of the plan could affect the value of the property (e.g., the plan confers special benefits on the property that are not applied to other similarly situated properties).
8. The close relative of a City employee or a member of a City board, commission, committee or the City Council is in business with a person whose application or contract is being considered by the public agency.
9. The City employee or member of a City board, commission, committee or the City Council receives more than five percent of his total annual income from a corporation that has an application or a contract pending before the public body.
10. The City employee or member of a City board, commission, committee or the City Council is seeking the award of a professional services contract from the City, unless the contract will be awarded through competitive bidding to the lowest bidder. A conflict of interest exists in the absence of competitive bidding regardless of whether the City employee or member of a City board, commission, committee or the City Council participates in awarding the contract. In other words, a City employee or member of a City board, commission, committee or the City Council is prohibited from contracting with the City unless the contract will be awarded through competitive bidding.

11. The City employee or member of a City board, commission, committee or the City Council (or a close relative) is a paid employee of an organization which receives funds appropriated by the City council, including federal and state funds administered by the City.

B. No Conflict of Interest Exists

Following are illustrative examples of situations that do not constitute violations of the Conflict of Interest Laws. (Again, all examples assume that the City employee or member of a City board, commission, committee or City Council is a member of the public agency that is reviewing the matter in question.)

1. The City employee or member of a City board, commission, committee or the City Council (or a relative) is a member of a trade association that has applied for an amendment to the City Code that is being considered by the public agency.
2. The City employee or member of a City board, commission, committee or the City Council (or a relative) owns a property in an area that is included in a proposed land-use plan that is being considered by the public body (unless that plan would uniquely affect the property of the City employee or a member of City board, commission, committee or the City Council).
3. The City employee or member of a City board, commission, committee or the City Council (or a relative) is the nonsalaried officer of a nonprofit corporation that has an application that is being considered by the public body.
4. The City employee or member of a City board, commission, committee or the City Council is a tenant of a property owner who is seeking a City contract (unless the contract would affect the pecuniary or proprietary interests of the City employee or member of a City board, commission, committee or the City Council).
5. The City employee or member of a City board, commission, committee or the City Council is the attorney for a contracting party (as long as the City employee or member of a City board, commission, committee or the City Council does not represent the person in regard to the contract).
6. The City employee or member of a City board, commission, committee or the City Council owns less than 3% of the shares of a corporation that has an application being considered by the public body. The City employee or member of a City board, commission, committee or the City Council does not have a conflict if the total annual income from dividends, including the value of stock dividends from the corporation, does not exceed 5% of the total annual income of the City employee or member of a City board, commission, committee or the City Council and any other payments made to him by the corporation do not exceed 5% of his total annual income.
7. The City employee or member of a City board, commission, committee or the City Council is an advocate for or against a matter before the public agency and has publicly stated that he will or will not support the matter (unless the matter will affect the pecuniary or proprietary interest of the City employee or member of a City board, commission, committee or the City Council).
8. The City employee or member of a City board, commission, committee or the City Council (or a relative) contracts to purchase services or goods from a firm that does business with the City (as long as the contract is unrelated to official actions taken by the City employee or member of the City board, commission, committee or the City Council, and the City employee or member of a City board, commission, committee or the City Council receives no benefit from the firm as a result of official action).

Appendix B:

ARIZONA STATUTES RE: CONFLICT OF INTEREST OF OFFICERS AND EMPLOYEES

§ 38-501. Application of article

A. This article shall apply to all public officers and employees of incorporated cities or towns, political subdivisions and of the state and any of its departments, commissions, agencies, bodies or boards.

B. Notwithstanding the provisions of any other law, or the provisions of any charter or ordinance of any incorporated city or town to the contrary, the provisions of this article shall be exclusively applicable to all officers and employees of every incorporated city or town, or political subdivision or the state and any of its departments,

commissions, agencies, bodies or boards and shall supersede the provisions of any other such law, charter provision or ordinance.

C. Other prohibitions in the state statutes against any specific conflicts of interest shall be in addition to this article if consistent with the intent and provisions of this article.

§ 38-502. Definitions

In this article, unless the context otherwise requires:

1. "Compensation" means money, a tangible thing of value or a financial benefit.
2. "Employee" means all persons who are not public officers and who are employed on a full-time, part-time or contract basis by an incorporated city or town, a political subdivision or the state or any of its departments, commissions, agencies, bodies or boards for remuneration.
3. "Make known" means the filing of a paper signed by a public officer or employee which fully discloses a substantial interest or the filing of a copy of the official minutes of a public agency which fully discloses a substantial interest. The filing shall be in the special file established pursuant to § 38-509.
4. "Official records" means the minutes or papers, records and documents maintained by a public agency for the specific purpose of receiving disclosures of substantial interests required to be made known by this article.
5. "Political subdivision" means all political subdivisions of the state and county, including all school districts.
6. "Public agency" means:
 - (a) All courts.
 - (b) Any department, agency, board, commission, institution, instrumentality, or legislative or administrative body of the state, a county, an incorporated town or city and any other political subdivision.
 - (c) The state, county and incorporated cities or towns and any other political subdivisions.
7. "Public competitive bidding" means the method of purchasing defined in title 41, chapter 4, article 3, or procedures substantially equivalent to such method of purchasing or as provided by local charter or ordinance.
8. "Public officer" means all elected and appointed officers of a public agency established by charter, ordinance, resolution, state constitution or statute.
9. "Relative" means the spouse, child, child's child, parent, grandparent, brother or sister of the whole or half blood and their spouses and the parent, brother, sister or child of a spouse.
10. "Remote interest" means:
 - (a) That of a nonsalaried officer of a nonprofit corporation.
 - (b) That of a landlord or tenant of the contracting party.
 - (c) That of an attorney of a contracting party.
 - (d) That of a member of a nonprofit cooperative marketing association.
 - (e) The ownership of less than three percent of the shares of a corporation for profit, provided the total annual income from dividends, including the value of stock dividends, from the corporation does not exceed five percent of the total annual income of such officer or employee and any other payments made to him by the corporation do not exceed five percent of his total income.
 - (f) That of a public officer or employee in being reimbursed for his actual and necessary expenses incurred in the performance of official duty.

(g) That of a recipient of public services generally provided by the incorporated city or town, political subdivision or state department, commission, agency, body or board of which he is a public officer or employee, on the same terms and conditions as if he were not an officer or employee.

(h) That of a public school board member when the relative involved is not a dependent, as defined in § 43-1001, or a spouse.

(i) That of public officer or employee, or that of a relative of a public officer or employee, unless the contract or decision involved would confer a direct economic benefit or detriment upon the officer, employee or his relative, or any of the following:

(i) Another political subdivision.

(ii) A public agency of another political subdivision.

(iii) A public agency except if it is the same governmental entity.

(j) That of a member of a trade, business, occupation, profession or class of persons consisting of at least ten members which is no greater than the interest of the other members of that trade, business, occupation, profession or class of persons.

11. "Substantial interest" means any pecuniary or proprietary interest, either direct or indirect, other than a remote interest.

§ 38-503. Conflict of interest; exemptions; employment prohibition

A. Any public officer or employee of a public agency who has, or whose relative has, a substantial interest in any contract, sale, purchase or service to such public agency shall make known that interest in the official records of such public agency and shall refrain from voting upon or otherwise participating in any manner as an officer or employee in such contract, sale or purchase.

B. Any public officer or employee who has, or whose relative has, a substantial interest in any decision of a public agency shall make known such interest in the official records of such public agency and shall refrain from participating in any manner as an officer or employee in such decision.

C. Notwithstanding the provisions of subsections A and B of this section, no public officer or employee of a public agency shall supply to such public agency any equipment, material, supplies or services, unless pursuant to an award or contract let after public competitive bidding, except that:

1. A school district governing board may purchase, as provided in § § 15-213 and 15-323, supplies, materials and equipment from a school board member.
2. Political subdivisions other than school districts may purchase through their governing bodies, without using public competitive bidding procedures, supplies, materials and equipment not exceeding three hundred dollars in cost in any single transaction, not to exceed a total of one thousand dollars annually, from a member of the governing body if the policy for such purchases is approved annually.

D. Notwithstanding subsections A and B of this section and as provided in § § 15-421 and 15-1441, the governing board of a school district or a community college district may not employ a person who is a member of the governing board or who is the spouse of a member of the governing board.

§ 38-504. Prohibited acts

A. No public officer or employee may represent another person for compensation before a public agency by which he is or was employed within the preceding twelve months or on concerning any matter with which such officer or employee was directly concerned and in which he personally participated during his employment or service by a substantial and material exercise of administrative discretion.

B. During the period of his employment or service and for two years thereafter, no public officer or employee may disclose or use for his personal profit, without appropriate authorization, any information acquired by him in the course of his official duties which has been clearly designated to him as confidential when such confidential designation is warranted because of the status of the proceedings of the circumstances under which the information was received and preserving its confidentiality is necessary to the proper conduct of government business. No public

officer or employee shall disclose or use, without appropriate authorization, any information acquired by him in the course of his official duties which is declared confidential by law.

C. No public officer or employee may use or attempt to use his official position to secure any valuable thing or valuable benefit for himself that would not ordinarily accrue to him in the performance of his official duties, which thing or benefit is of such character as to manifest a substantial and improper influence upon him with respect to his duties.

D. Notwithstanding subsection A, neither the director of the department of gaming nor any other employee of the department of gaming may be employed within the gaming industry or represent another person for compensation before the department of gaming for a period of two years from the last day of the person's employment with the department of gaming.

§ 38-505. Additional income prohibited for services

A. No public officer or employee may receive or agree to receive directly or indirectly compensation other than as provided by law for any service rendered or to be rendered by him personally in any case, proceeding, application, or other matter which is pending before the public agency of which he is a public officer or employee.

B. This section shall not be construed to prohibit the performance of ministerial functions including, but not limited to, the filing, or amendment of tax returns, applications for permits and licenses, incorporation papers and other documents.

§ 38-506. Remedies

A. In addition to any other remedies provided by law, any contract entered into by a public agency in violation of this article, is voidable at the instance of the public agency.

B. Any person affected by a decision of a public agency may commence a civil suit in the superior court for the purpose of enforcing the civil provisions of this article. The court may order such equitable relief as it deems appropriate in the circumstances including the remedies provided in this section.

C. The court may in its discretion order payment of costs, including reasonable attorney's fees, to the prevailing party in an action brought under subsection B.

§ 38-507. Opinions of the attorney general, county attorneys, city or town attorneys and house and senate ethics committee

Requests for opinions from either the attorney general, a county attorney, a city or town attorney, the senate ethics committee or the house of representatives ethics committee concerning violations of this article shall be confidential, but the final opinions shall be a matter of public record. The county attorneys shall file opinions with the county recorder, the city or town attorneys shall file opinions with the city or town clerk, the senate ethics committee shall file opinions with the senate secretary and the house of representatives ethics committee shall file opinions with the chief clerk of the house of representatives.

§ 38-508. Authority of public officers and employees to act

A. If the provisions of § 38-503 prevent an appointed public officer or a public employee from acting as required by law in his official capacity, such public officer or employee shall notify his superior authority of the conflicting interest. The superior authority may empower another to act or such authority may act in the capacity of the public officer or employee on the conflicting matter.

B. If the provisions of § 38-503 prevent a public agency from acting as required by law in its official capacity, such action shall not be prevented if members of the agency who have apparent conflicts make known their substantial interests in the official records of their public agency.

§ 38-509. Filing of disclosures

Every political subdivision and public agency subject to this article shall maintain for public inspection in a special file all documents necessary to memorialize all disclosures of substantial interest made known pursuant to this article.

§ 38-510. Penalties

A. A person who:

1. Intentionally or knowingly violates any provisions of § § 38-503 through 38-505 is guilty of a class 6 felony.
2. Recklessly or negligently violates any provision of § § 38-503 through 38-505 is guilty of a class 1 misdemeanor.

B. A person found guilty of an offense described in subsection A of this section shall forfeit his public office or employment if any.

C. It is no defense to a prosecution for a violation of § § 38-503 through 38-505 that the public officer or employee to whom a benefit is offered, conferred or agreed to be conferred was not qualified or authorized to act in the desired way.

D. It is a defense to a prosecution for a violation of § § 38-503 through 38-505 that the interest charged to be substantial was a remote interest.

§ 38-511. Cancellation of political subdivision and state contracts; definition

A. The state, its political subdivisions or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the state, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the state, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.

B. Leases of state trust land for terms longer than ten years canceled under this section shall respect those rights given to mortgagees of the lessee by § 37-289 and other lawful provisions of the lease.

C. The cancellation under this section by the state or its political subdivisions shall be effective when written notice from the governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time.

D. The cancellation under this section by any department or agency of the state or its political subdivisions shall be effective when written notice from such party is received by all other parties to the contract unless the notice specifies a later time.

E. In addition to the right to cancel a contract as provided in subsection A of this section, the state, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the state, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract.

F. Notice of this section shall be included in every contract to which the state, its political subdivisions, or any of the departments or agencies of either is a party.

G. For purposes of this section, "political subdivisions" do not include entities formed or operating under title 48, chapter 11, 12, 13, 17, 18, 19 or 22.

Appendix C:

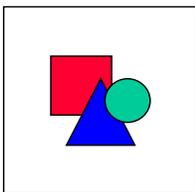
ARIZONA STATUTE RE: EMPLOYMENT OF RELATIVES

§ 38-481. Employment of relatives; violation; classification; definition

A. It is unlawful, unless otherwise expressly provided by law, for an executive, legislative, ministerial or judicial officer to appoint or vote for appointment of any person related to him by affinity or consanguinity within the third degree to any clerkship, office, position, employment or duty in any department of the state, district, county, city or municipal government of which such executive, legislative, ministerial or judicial officer is a member, when the salary, wages or compensation of such appointee is to be paid from public funds or fees of such office, or to appoint, vote for or agree to appoint, or to work for, suggest, arrange or be a party to the appointment of any person in consideration of the appointment of a person related to him within the degree provided by this section.

B. Any executive, legislative, ministerial or judicial officer who violates any provision of this section is guilty of a class 2 misdemeanor.

C. The designation executive, legislative, ministerial or judicial officer includes all officials of the state, or of any county or incorporated city within the state, holding office either by election or appointment, and the heads of the departments of state, county or incorporated cities, officers and boards or managers of the universities.



Appendix D:

KEY CITY LAWS

Political Activity:

Chapter 25, Section 11 of the Phoenix City Charter, which provides:

1. No officer or employee of the City shall directly or indirectly solicit or receive or be in any manner concerned in soliciting or receiving any assessment, subscription or contribution on behalf of any candidate for City of Phoenix elective office from any person holding a position with the City.
2. No person holding a position with the City, except elected officials, shall take any part in political management, affairs or campaigns in any election for City of Phoenix elective office further than to vote and privately express opinions."

Employment Relationship of Family Members:

City of Phoenix Administrative Regulation 2.91 provides:

Definition

For purposes of this policy, "relative" means the spouse, child, child's child, parent, grandparent, brother or sister of the whole or half-blood and their spouses, and the parent, brother, sister, or child of a spouse. A court-appointed legal guardian or an individual who has acted as a parent substitute is also included within this definition.

Policies

(a) Appointment of Relatives to City Employment

No officer or employee of the City of Phoenix shall appoint any relative, as defined above, to any position within the City. Officers and employees within the City authorized to make appointment shall disqualify themselves from considering or making appointments, or from participating in the appointment process. Written notice of such disqualification shall be forwarded to the City Manager. Consideration and appointment of candidates shall be in accordance with the directions of the City Manager.

(b) Immediate Supervisory Relationships

No officer or employee shall be permitted to directly supervise a relative as defined above. Department heads are responsible for enforcing this policy. Every attempt should be made to reassign or transfer employees who may find themselves by reason of marriage, promotion, or reorganization, in an immediate supervisory relationship with a relative. As a last resort, the layoff rule shall be utilized.

By way of example, direct or immediate supervision includes, but is not limited to, any participation in the hiring decision, promotional decision, work assignment decision, shift assignment decision, disciplinary decision, or the evaluation process of another employee. Irrespective of the immediate supervisory relationship, no officer or employee shall participate in any manner in a decision involving the pecuniary interest of a relative as defined above, including hiring, promotion(s), discipline, and merit increase(s). In addition, no officer or employee shall in any way attempt to influence others in the decision regarding the pecuniary or employment (assignments, shifts, discipline, etc.) interests of a relative.

(c) Disclosure of Relationship

An officer or employee, in addition to disqualifying himself/herself from participation in any decision regarding the pecuniary or employment interest of a relative, shall make known the

existence of the relationship and the interest by filing, in writing, with the City Clerk a paper disclosing the relationship and the interest involved.

Appendix E:

DECLARATION OF GIFTS

1. SAMPLE DECLARATION FORM

This form should be used to declare the acceptance of a gift of entertainment and/or sports/athletic activities.

GIFT OF A SPORTING/ATHLETIC ACTIVITY OR ENTERTAINMENT EVENT

Your Name _____ Work Phone _____

Department _____

Event/Activity _____

Date of Event _____ Monetary Value _____

Name of Person or Business Gift is from _____

Address of the Person or Business Listed Above _____

cc: Department Head

2. SAMPLE LIST OF TICKETS TO DECLARE

SAMPLE LIST OF SPORTS/ATHLETIC EVENT GIFTS TO DECLARE

Arizona Cardinals Football Game	Phoenix Regional Rodeos
Arizona State University Games	Professional Bowling Tournaments where fees are charged
Boxing Events	Rattler's Football Games
Coyotes Hockey Games	Rounds of Golf
College Bowl Games	Special Closed Circuit TV Sporting Events where fees are charged
Diamond Back Baseball Games	Spring Practice League Games
Fiesta Bowl	Spring Baseball Games
LPGA	Summer Games
Masters Golf	Super Bowl
National Finals Rodeo	U.S. Open Golf
NBA All Star Games	U.S. Open Tennis
NCAA Final Four Games	University of Arizona Games
Phoenix Roadrunner Games	World Series
Phoenix Suns Tickets	Any gift of sports/athletic events with a monetary value
Phoenix Open Golf Tournament	Phoenix International Raceway Events

SAMPLE LIST OF ENTERTAINMENT GIFTS TO DECLARE

Amusement Park Tickets	Red River Opry
Arizona Jewish Theatre Company	Phoenix Theatre Tickets
Arizona Shakespeare Festival	Phoenix Zoo Tickets
Arizona Theatre Company	Renaissance Festival
Arizona Ballet	St. George Productions, Inc.
Theme Park Tickets	Arizona State University Plays, Concerts, Ballets, Operas
Botanical Gardens	Symphony Hall Performances
Desert Stages	Theatrical Agencies Productions
Gammage Broadway Series	Sundome Center for Performing Arts
IMAX Theatre	University of Arizona Plays, Concerts, Ballets, Operas
Water Amusement Parks	Helen K. Mason Center for Performing Arts
Little Theatre Tickets	Zoo Tickets
Miniature Golf Tickets	Any gift of entertainment with a monetary value
Museum Tickets	

Inside Phoenix Last modified 06/20/2000 09:23:08