

THE ORANGE COUNTY REGISTER

- CARS
- JOB
- DEALS
- HOMES
- CLASSIFIEDS

Cities Crime Traffic Education Watchdog Science Government California Nation Weather More [f](#) [t](#) [g+](#)

Orange County and Pope Francis: Native American priest to meet pope for Father Serra | Turning his life around: Former Tesoro High star quarterback went from heroin addict to his | Climber survived an avalanche at Mount Everest – now he's showcasing photos in Brea to | O.C. Volkswagen owners feel stalled after scandal, probable recall

TOP NEWS

NEWS

Irvine won't pay Great Park audit firms for over-budget work

Sept. 23, 2015 | Updated 10:02 a.m.



Aleshire & Wynder managing partner David Aleshire, at right, speaks in March at an Irvine city meeting. Aleshire recently wrote to City Manager Sean Joyce, at left, that pressure from city officials pushed the firm over budget on its audit work for the city.

MATT MASIN, MATT MASIN, STAFF PHOTOGRAPHER

This Week's Circulars

- ### MOST POPULAR
- Police determining whether to charge 20-year-old man in custody with hit-and-run death of
 - 7 adults, 2 children displaced after fire damages home in Santa Ana
 - Police K-9 accidentally bites homeless man in Santa Ana
 - Time running out for Karma the wolf-dog hybrid after supervisors stand by euthanization d
 - Dana Point beach battle turns in public's favor

IRVINE – City leaders on Tuesday declined to pay more than a quarter of a million dollars for over-budget work done by two firms hired to investigate spending on the Great Park project.

They did so on advice from City Manager Sean Joyce, who recommended handing over about \$56,000 of the roughly \$290,000 requested.

Officials split over the request. The vote to follow the staff recommendation was 2-2, with council members Lynn Schott and Jeff Lalloway in favor. Mayor Steven Choi and Councilwoman Christina Shea were opposed, and advocated for paying out all funds requested.

So far, the city has spent more than \$1.4 million for work in connection with the audit. Of that, \$778,000 went to forensic auditing firm, Hagen, Streiff, Newton & Oshiro Accountants, and \$539,211 went to law firm Aleshire & Wynder.

However, since the firms issued their final reports in March, concluding that officials had mismanaged the more than \$200 million spent on the park's development between 2005 and 2012, Aleshire & Wynder has completed more audit-related work for the city, including pursuing potential litigation targets. Another \$165,000 is budgeted for that work.

In addition, the law firm had requested about \$115,000 more for work done to complete the final audit report and about \$72,000 more for assisting city staff with public record requests associated with the review.

Joyce said the firm was entitled to another \$30,000 it wanted for work done at the city's direction on a court petition targeting former Mayor Larry Agran. That amount the council approved unanimously. Of the \$72,011 the firm requested for assisting with the records requests, Joyce said the firm deserved \$26,174.

In December, Aleshire & Wynder attorney Anthony Taylor told the council he could complete the audit if they approve \$240,000 more – \$180,000 for his law firm and \$60,000 for HSNO.

The council did, but the firm's recent requests for additional money surpass that. Schott said the council should have been told sooner about the mounting costs.

Taylor urged the council to pay his firm in full, pointing to unexpected "resistance" from targets of the audit, including voluminous records requests, as a main reason for the firm's extra work.

The practice of amending contracts to cover work done without budgetary authorization is something auditors scolded Great Park managers for allowing in their March reports, which concluded that the Great Park project had wasted taxpayer money.

"Significant project change orders are generally a sign of lack of definition of project scope at the beginning of the project, or poor project management," the law firm reported.

However, Taylor said Tuesday the situations aren't analogous.

He likened the decision to move ahead without requesting a budget adjustment to how a physician would handle a medical emergency.

"If a doctor is operating on the patient and there's an emergency, the doctor doesn't stop and revive the patient and say: 'Will you pay this? Is it OK if I do this?' They just take care of it," he said.

Schott disagreed. Approving such payments would set a dangerous precedent, she said.

"We need to really worry if we're sending a message today that any contractor can run past their contract authority and then say that, well, 'the job that we're doing is justified so now I'm going to submit a bill for you that I want you to pay,'" she said. "It doesn't matter if we're talking today about an attorney fee or tomorrow about the construction of a park."

Another reason was cited as playing a role in the cost overrun: In a letter dated July 23 to Joyce from David Aleshire, managing partner at Aleshire & Wynder, the attorney cites pressure from officials to finish the final report on a tight deadline.

For two to three weeks, Aleshire, Taylor, other attorneys and supporting staff "were working 18-hour days to get the report done," he said.

Taylor asked the council to put the amount being requested into perspective with the more than \$200 million spent at the Great Park that he was tasked with investigating.

"At the end of the day, even with the \$115,000 you're looking at roughly \$1.5 million spent and our firm incurring only about a third of those charges," he said. "If you were to do a comparison between the amount of money spent on the Great Park project that would be akin to 100 versus only less than 1 dollar spent on the audit...It is a big number but, by comparison to what the task was, of looking at tens of thousands of pages of documents, it is less than 1 percent of the overall cost of the Great Park project."

The firm has already written off more than \$90,000 in fees, he added.

The council, on a 2-2 vote, approved paying Aleshire & Wynder \$56,174 of the \$216,683 the firm had requested.

No representative from HSNO spoke at the meeting. The council rejected its request for \$67,257 tied to work done to complete its final audit report.

Ken Brown, director of administrative services, said contracts with the firms protect the city from having to pay beyond set budgets.

Shea said she felt the firm was being "nickel and dimed" by Irvine and apologized on the city's behalf.

Choi called denial of the payments "unprofessional," "unjust" and "unsound."

"I see (the firm's) effort to complete the job thoroughly instead of worry about whether they would be paid or not," he said.

Joyce, who has been city manager since 2006, said Choi's comments denigrating the staff recommendation had the potential to intimidate city employees.

"I think those statements ... could potentially have a chilling effect on our objective review and presentation to you for your informed decision," he said. "I can only promise you this: however unpleasant this is, it will not have an effect on me."

Councilwoman Beth Krom was absent from the meeting for the Yom Kippur holiday.

Contact the writer: 714-796-2221 or sdecrescenzo@ocregister.com