

**REPORT OF INVESTIGATION
COMPLAINT NO. 03-163**

(1) Mr. Gary A. Anderson of Venice alleges that Mr. Steve Randall, while serving as the Director of Information Systems for the City of Venice, authorized the City's purchase of services and software from a company named Petra Software and that he was the owner of that company. The Complainant further alleges that some or all of the services and software for which the City was billed by Petra Software were either never provided or already was available to the City.

(2) The Executive Director of the Commission on Ethics noted that, based upon the information provided in the complaint, the above-referenced allegations were sufficient to warrant a preliminary investigation to determine if the Respondent's actions were violative of Sections 112.313(3), 112.313(7), and 112.313(6), Florida Statutes.

Allegation Concerning Doing Business with his Agency and/or Having a Conflicting Contractual Relationship

(3) Mr. Anderson alleges that on July 1, 2000, Mr. Randall submitted a memorandum to the City's Purchasing Director requesting that a City purchase order account be created for a new vendor, Petra Software. The Complainant provided a copy of the above-referenced memorandum (page seven of the complaint file), which reflects that the Respondent requested that the City's Purchasing Department create a "blanket order" for Petra Software for the purchase of computer support services consisting of programming, training, special projects, web design, web hosting, and setup. Mr. Anderson maintains that the Respondent owned this company and did not inform anyone with the City's Purchasing Department that he was the owner of the company. A review of the above-referenced memorandum confirms that Mr. Randall did not note in the memorandum that he had any affiliation with Petra Software, and he listed the contact person for the company as Mr. Jim Gardner. The Complainant notes that the Respondent subsequently submitted four invoices from Petra to the City on July 13, 2000, August 28, 2000, September 28, 2000, and February 28, 2001, for a total of \$12,140 in charges for services allegedly provided by the company. Mr. Anderson provided copies of the above-referenced invoices as pages three through six of the complaint file.

(4) A review of the City's financial records confirms that Petra Software was paid a total of \$12,140 with four separate City checks, whose amounts correspond with the amounts charged on the above-referenced four invoices. The City checks were made payable to Petra Software and Mr. Jim Gardner and were endorsed with a "deposit only" stamp from Petra Software Systems. The City's financial records further reflect that on July 28, 2000 Mr. Randall submitted a memorandum to the City's Purchasing Director requesting that the amount of the blanket order, which originally was limited to \$5,000, be increased to a total of \$10,000. This blanket purchase order had an expiration date of September 30, 2000. The records reflect that on February 12, 2001, Mr. Randall submitted another memorandum to the Purchasing Director requesting that a new blanket purchase order for Petra Software be approved for \$2,500, with a start date of October 1, 2000 and an expiration date of September 30, 2001. This memorandum notes, "I am requesting that Purchasing creates a blanket order

for Petra Software Vendor Number (7205) for the purchase of support services, which consists of programming, training, and special projects. Windows 2000 support, GroupWise, and PC installation." Mr. Randall subsequently requested in a March 1, 2001 memorandum to the Purchasing Director, an increase of \$2,500 for this blanket purchase order concerning Petra Software.

(5) Mr. Randall, who was interviewed in the presence of his attorney, Mr. R. William Rutter, Jr., advised that he has served as the Director of Information Systems for the City of Venice for the past 16 years (since September 30, 1988). The Respondent explained that his duties include supervising a staff of five employees. His department, he continued, monitors all of the computer systems and communications systems for the City, installs and maintains computer software programs, is responsible for maintaining the City's web site, and monitors the City's computer firewall protection to reduce problems from computer viruses. Mr. Randall acknowledged that he authored the July 1, 2000 memorandum to the City's Purchasing Director which created a blanket purchase order account for Petra Software. He further acknowledged that he authored and submitted the above-referenced four invoices for services that Petra Software provided to the City. However, Mr. Randall maintains that he was not aware at the time that he submitted the invoices that it was improper for him to have his private company engage in business with the City.

(6) Mr. Randall related that he formed Petra Software in 1989 and that he operated the business as a sole proprietorship from his home while the company maintained a web site on the Internet. He stated that the business never was incorporated and that he registered Petra Software as a fictitious name in 1989. Records from the Sarasota Herald Tribune verify that the Respondent gave fictitious name notice in the newspaper in the months of May and June 1988 that he was beginning the operation of a business under the name of Petra Software Systems. Records from the Department of State, Division of Corporations, reflect that the Respondent registered Petra Software Systems as a fictitious name with the State on November 26, 1999. Mr. Randall explained that Petra was operated as a computer software consulting company and also performed computer hardware installation and maintenance for private companies and the City of Cape Coral. He added that he usually was the only person who worked for the company but that he occasionally hired independent contractors to work for Petra when work got busy. The Respondent noted that when he was hired for his position with the City of Venice in 1988, he told Mr. Bill Kern, the City's then Finance Director, who is now deceased, that he wished to continue operating Petra Software while working for the City and that Mr. Kern gave him permission to continue this work. He said he performed his work for Petra Software on the weekends and in the evening hours after his regular work hours for the City of Venice.

NOTE: A review of Mr. Randall's September 20, 1988 employment application for the City of Venice does not list Petra Software as part of his employment experience.

(7) Mr. Randall recalled that in 1999 Mr. George Hunt, the City's then City Manager, instructed him to create a web site for the City. He noted that when the City Manager made this request, he (Randall) had only three employees in his department and that he was in the middle of preparing the City's information systems for Y2K compliance while also making a

major purchase of personal computers for the City. He explained that he felt pressured to perform all of these duties with the small staff that he had working for his department, so he unilaterally decided to use Petra Software to help get some of the work completed. The Respondent related that his immediate supervisor during this period of time was Mr. Hunt. However, he stated that he did not ask Mr. Hunt or anyone else if he could have his private company perform services for the City. He added that he had never informed Mr. Hunt that he was the owner of Petra Software, as this thought never occurred to him. Mr. Randall advised that Petra Software never had a formal contract to perform services for the City. All services provided by Petra, he said, were billed through invoices that he filed with the City's Purchasing Department. The Respondent acknowledged that as the Director of the City's Information Systems Department, he unilaterally decided how much and what type of work would be performed by Petra Software for the City. He also was responsible for determining how much to charge the City for the work performed by Petra Software.

(8) The Respondent reiterated that he authored the memorandum (page 7 of the complaint file) which initiated the account that Petra had with the City. When asked why he listed Mr. Jim Gardner as the contact person for Petra Software on the memorandum instead of himself, he explained that he listed Mr. Gardner's name because he (Gardner) was the person who actually would be completing the work for the City on behalf of Petra Software and that he was not trying to hide the fact that he owned the company. The Respondent noted that Mr. Gardner is a friend of his that he has known for over 18 years. Mr. Gardner worked for Petra as an independent contractor when he (Randall) was too busy to complete work for the company himself, Mr. Randall said. He stated that he decided to use Mr. Gardner's services through Petra Software because it was an easy and efficient way of obtaining another "employee" to work for his short-handed department without actually having to hire someone.

(9) Mr. Randall further maintains that a second reason he decided to have Mr. Gardner work for the City through Petra was because the City's Network Administrator's position was vacant at that time and he considered possibly hiring Mr. Gardner for this position. Mr. Randall said, "My decision probably wasn't the correct way to go with this, but I looked at it as possibly being a win-win situation if I could get Jim in there [to fill the Network Administrator's position] and not have hurt feelings. And this was the way I could get him in there to see if he could do the job or not, because I did have a network position open, but I needed to make sure he could fit with the people who were there. This was just the basis of my decision." He acknowledged that Petra Software was not a sole source and that he could have hired a private company in which he had no pecuniary interest to help during this period of time that he felt pressured to complete a large number of projects. However, he said this would not have allowed him to use Mr. Gardener to work for his department to determine if he (Gardner) subsequently should be hired as an employee for the City's Information Systems Department. Mr. Randall noted that, ultimately, he did not hire Mr. Gardner as a City employee because their friendship became strained as a result of the controversy that arose when it became known that he had retained his own company to perform work for his City department.

(10) The Respondent advised that Mr. Gardner was the only person who worked for the City through Petra Software. He stated that he supervised Mr. Gardner's work for the City

and that he (Gardner) performed all of the work that is listed on the four invoices that he submitted to the City's Purchasing Department. Mr. Randall explained that he had a verbal agreement with Mr. Gardner that he would be paid by Petra Software for forty percent of whatever the City was invoiced for the work that he (Gardner) performed. The Respondent further explained that he (Randall) kept forty percent of what Petra Software invoiced the City, ten percent was donated to charity, and the remaining ten percent was reinvested in Petra Software. Mr. Randall provided copies of his checking account register records which reflect that he paid Mr. Gardner a total of \$5,180 in cash and checks between July 25, 2000 and March 20, 2001.

(11) Mr. Randall recalled that he was questioned by then City Manager Hunt in May 2001 about his involvement in Petra Software and, subsequent to informing Mr. Hunt that he owned the company, Mr. Hunt told him that he was being placed on administrative leave for approximately one week and that he was to bring back with him a letter of resignation and a written account of how this matter occurred when they next met to discuss his involvement in Petra Software. The Respondent noted that when he next met with the City Manager approximately one to two weeks later, Mr. Hunt told him, subsequent to reprimanding him, that he could continue to work for the City but that he was being suspended without pay for two weeks because he had engaged in activity that was prohibited by State statute. This amounted, Mr. Randall said, to an approximate \$2,300 penalty. The Respondent stated that as a result of his being disciplined for his actions concerning this matter, he told Mr. Hunt that he would shut down Petra Software Systems and that he subsequently dissolved the company within a few weeks.

NOTE: City personnel records reflect that Mr. Randall received a four percent "across the board" raise on August 29, 2001, effective October 1, 2001, which was equivalent to a \$2,431.94 annual increase in his salary.

(12) Mr. Hunt, who also was interviewed in the presence of his attorney, Mr. R. William Rutter, Jr., advised that he served as the Venice City Manager from November 15, 1991 through January 30, 2004, at which point he resigned. Mr. Hunt recalled that he met with Mr. Randall in May 2001 and told him that what he had done (contracting with his own company to perform services for the City) was prohibited by the State's Ethics Statutes. Mr. Randall, Mr. Hunt continued, appeared to be "befuddled" when he told him this and responded that he did not know that what he had done was illegal. Mr. Randall, Mr. Hunt said, explained that he had contracted with his own company to have Mr. Gardner perform work for the City's Information Systems Department because he was running behind schedule on project deadlines and that this enabled him to get projects completed quickly. Mr. Hunt vaguely recalled that Mr. Randall told him that he did not hire another company to work on the Information Systems projects because the bid process would have further delayed his scheduled deadlines. He stated that he did not ask Mr. Randall if he attempted to hide his association with Petra Software by placing only Mr. Gardner's name as a contact person for Petra on the purchase request that he submitted to the City's Purchasing Director. Mr. Hunt confirmed that he placed Mr. Randall on administrative leave and instructed Mr. Joe Slapp, the City's then Public Safety Director, to investigate whether or not the Respondent had charged the City for services that were not performed by Petra Software.

(13) Mr. Hunt also noted that City policy requires employees to advise him in writing of any outside employment and that Mr. Randall had not done this. When he questioned Mr. Randall about this matter, he (Randall) said that he had informed the City's former Finance Director, Mr. Kern, about his involvement in Petra when he was hired by Mr. Kern, the former City Manager recalled. However, Mr. Hunt explained that he was unable to confirm this claim because Mr. Kern is deceased and that he was unable to locate any written records concerning this matter.

(14) Mr. Hunt stated that he considered terminating Mr. Randall's employment because of his poor judgment concerning contracting with Petra Software, but that after weighing all of the information concerning Mr. Randall's behavior he decided to suspend him without pay for two weeks and to issue him a letter of reprimand. He explained that he decided on the above-referenced discipline, as opposed to terminating Randall's employment with the City, based upon the information that he received from Mr. Slapp that there was no evidence that Randall's actions involved a theft from the City. He noted that Mr. Randall's years of employment with the City, his knowledge of the City's Information systems, and his devotion as an employee who regularly worked over 40 hours per week also weighed heavily on his decision not to terminate him. A copy of the May 22, 2001 memorandum that Mr. Hunt sent to the City's Mayor and Council Members explaining his discipline of Mr. Randall is appended as Exhibit A.

(15) Mr. Larry Miller, the City's Purchasing Director, verified by telephone that the four invoices that were appended to the complaint (pages 3 through 6 of the complaint file) were the only invoices that the City received from Petra Software. He added that, as a department head, Mr. Randall had the authority to submit a request to create a purchase order for a new vendor but that the Respondent never mentioned his ownership of Petra Software to him.

Allegation Concerning Misuse of Official Position

(16) The Complainant alleges that Mr. Randall corruptly misused his official position by billing the City of Venice, through Petra Software, for services that never were provided, and by billing the City for the purchase of computer software that already was available to the City. The Complainant advised, when interviewed by telephone, that he has no direct knowledge of the matters alleged in his complaint. He explained that he obtained the information relative to this allegation from Mr. John Patten, a journalist who authors the web site, [Venice Florida! dot com](http://www.venflorida.com).

(17) A review of the four subject invoices submitted to the City by Petra Software which list the services that the company allegedly provided to the City does not reflect that the company charged the City for the purchase of any computer software. The invoice dated February 28, 2001 refers to "New software setup and personal computer installation," but it does not state that new software was purchased, as alleged by the Complainant. No witnesses contacted relative to this investigation had any evidence indicating that Petra Software ever billed the City for the purchase of computer software.

(18) Mr. Patten explained by telephone that he reported about the Respondent's activities concerning Petra Software on his web site and had reviewed the four invoices that the Respondent submitted to the City on behalf of Petra Software (Pages 3 through 6 of the complaint file) while researching his news stories. He opined that all of the services that are listed on the invoices are services that Mr. Randall should have been providing to the City as the Director of the City's Information Systems Department. Mr. Patten further stated that he is familiar with costs associated with web site design and hosting and that he believes the Respondent overcharged the City for the web site-related services that Petra Software allegedly provided. The Respondent, Mr. Patten said, charged the City (through Petra Software on the August 28, 2000 invoice) \$1,200 for 12 months of web hosting. However, Mr. Patten maintains that Mr. Randall told him that he had hosted the City's developmental version of its web site on ChristianWebHost.com and that the Respondent actually placed the City's web site on a "sub-folder" of Petra Software's web site at ChristianWebHost.com. Mr. Patten explained that during the period of time in question, ChristianWebHost.com charged \$107 Per year for hosting a web site, but inasmuch as the Respondent assigned the City's web site to a sub-folder of Petra Software's web site, the cost of hosting the City's web site presented no additional expenses for Petra Software. He added that, other than Mr. Randall's claim, there is no evidence that the City's web site was ever hosted anywhere.

(19) Mr. Patten further stated that he reviewed a computer disk which contained the 20 to 25 page web site that the Respondent claims Petra Software was developing for the City in July and August 2000 and for which Petra charged the City \$3,500 in design and layout fees. He opined that the design was amateurish and was developed from a Microsoft software program (Microsoft FrontPage), which could be purchased for under \$100. He maintains that the Respondent and/or Mr. Gardner merely cut and pasted text and pictures onto the templates provided in the software program and that he (Mr. Patten) could have completed the project in less than six hours.

(20) Then Venice City Manager Hunt recalled that in May 2001 he was advised by City Purchasing Director Miller that Mr. Randall may have been doing business with or was somehow involved in Petra Software and that this company had been doing business with the City. Mr. Hunt reiterated that when he learned of this activity, he placed Mr. Randall on administrative leave and instructed then Director of Public Safety Slapp to conduct an investigation to determine if Mr. Randall was engaged in any improper behavior. Mr. Hunt explained that he chose Mr. Slapp to perform this investigation because he (Slapp) formerly served as the Chief of Police for the City and was well suited to conduct the investigation.

(21) Mr. Hunt stated that Mr. Slapp informed him, subsequent to conducting his initial investigation, that Mr. Randall was the owner of Petra Software and that the City's financial records confirmed that Petra had been paid \$12,140 between July 13, 2000 and February 28, 2001 for services that the company claimed to have provided to the City's Information Systems Department, the same department that Mr. Randall supervises. Mr. Hunt indicated that his concerns then turned to whether or not Mr. Randall was guilty of theft for charging the City for services that may not have been performed by Petra and said he instructed Mr. Slapp to investigate this matter further to determine whether or not a theft had occurred. Mr. Slapp, Mr. Hunt continued, subsequently told him that he had obtained a copy of a computer

disk which contained the work product completed by Petra Software relative to a web site that the company was developing for the City. Mr. Hunt recalled that Mr. Slapp told him that he took the disk to three software companies that develop web sites and asked for an estimate of how much each of the companies would have charged the City for comparable work. He maintains that Mr. Slapp subsequently informed him that each of the companies quoted him a price higher than what Petra charged for its work on the web site. Mr. Hunt noted that Mr. Slapp reported his findings to him orally and that he does not recall if he (Slapp) gave him the names of the software companies that provided the quotes. Mr. Hunt provided a copy of an undated letter from Mr. Slapp to Mr. Herb Levine, a resident who was critical of his handling of this matter, in which Mr. Slapp notes that he had at least three people perform research on the Internet to obtain a price range of what companies normally charge for web page design. This research, he said, determined that the amounts ranged from \$80.00 to \$150.00 per hour. Mr. Slapp closes his letter to Mr. Levine by noting that the above-referenced hourly range from the Internet research was considerably higher than the hourly amount charged by Petra. A copy of the letter is appended as Exhibit B. Mr. Hunt added that in addition to Internet web site development, Petra Software charged the City for personal computer installation, software setup and technical support, and network support. It is his understanding that these services were provided by Petra.

(22) Mr. Hunt noted that he also obtained a memorandum from the then acting Director of the City's Information Systems Department, Tracy Howell, which verified that Mr. Gardner actually had worked a number of hours at City Hall on projects for the City. A copy of the above-referenced May 16, 2001 memorandum is appended as Exhibit C.

(23) Mr. Slapp stated by telephone that he learned of Mr. Randall's involvement in Petra Software while performing a routine records search of Petra Software and found fictitious name records which reflected that Mr. Randall owned the company. He recalled that he immediately reported his findings to the City Manager, and Mr. Hunt instructed him to investigate this matter to determine if Mr. Randall was guilty of theft by charging the City for services that his company had not actually performed. Mr. Slapp explained that he questioned Mr. Randall about his involvement in Petra Software and that Mr. Hunt subsequently placed him (Randall) on administrative leave. He related that he then had an employee of the City's Information Systems Department, Mr. Lance Heiss, review the work that Petra Software had completed on the developmental web site that was being produced for the City and provide him with an estimate of how many hours of work had been performed by Petra. Mr. Slapp stated that he then researched at least three web sites on the Internet to obtain the above-referenced range of hourly rates for web site design work and reported his findings to Mr. Hunt that Petra Software charged the City less than what other companies may have charged the City for comparable work. He did not recall the names or addresses of the Internet sites that he accessed for this information. Mr. Slapp acknowledged that he is not an expert in web site design and that he did not have any web site design companies review the work that had been performed by Petra Software to obtain a more accurate estimate. He explained that he did not contact any web site design companies because he was satisfied with the information that he obtained from his research on the Internet. Mr. Slapp recalled that he reported the findings of his investigation to Mr. Hunt in a two page memorandum, but City staff has been unable to locate any evidence of this document.

(24) The Respondent maintains that he and/or Petra Software did not bill the City for any services that were not provided. Mr. Randall noted that the \$3,500 that he billed the City on July 13, 2000 did not only involve design work on the City's developmental web site, but also included the formulation of "management documentation policies" which involved a plan for the City's future use of the Internet web site to provide services to the community. Mr. Randall reiterated that Mr. Gardner performed all of the work on the web site design as he was busy with his other duties for the City. He provided a copy of the compact disk which contains the work that was completed on the City's developmental web site by Petra Software. A review of this material reflects that the disk contains 26 "HTML documents" and that each of these documents encompasses a "page" of the web site. The documents vary in length from one to six printed pages of material each and pertain to various departments within the Venice City government. Mr. Randall advised that he calculated the amount to charge the City for the work on the developmental web site based upon the amount of work completed by Mr. Gardner, not an hourly rate. He explained that he was aware from his knowledge of the industry that web site design costs average approximately \$3,000 per five to ten pages of layout. The Respondent said he used this average when he determined how much to charge the City and that he billed the City much less than what other companies would have charged for similar work of the same quantity and quality.

(25) Mr. Randall stated that the \$1,200 web hosting charge that appears on the August 28, 2000 Petra Software billing statement was for 12 months of web hosting and that it was charged in advance. He related that in August 2000 the City's web site was in a developmental stage and was being constructed. The Respondent explained that although the site was not accessible to the public during this construction phase, it was necessary to have the site hosted by a web host company while it was being developed to allow it to be debugged. He acknowledged that the City's web site was hosted by Christian Web Host, Inc., and that Petra Software paid a "minimal" fee to this company in order to have the developmental City web site hosted. Mr. Randall could not recall the amount that Petra Software was charged by Christian Web Host for this service, but he confirmed that the City's developmental web site was hosted on the same account as Petra Software. The Respondent maintains that there was an additional fee charged by Christian Web Host to host the City's site on Petra's account, but he again could not recall the amount of this charge. He acknowledged that the City's developmental web site never was completed and that a few months subsequent to charging the City for 12 months of web hosting the Florida League of Cities began hosting the City's web site and a completely new web site was designed. Mr. Randall could not recall how many months of the 12 month period of time that Petra Software charged the City for web hosting had expired prior to changing the web hosting company to the Florida League of Cities, but he explained that Petra Software did not reimburse the City for any unused portion of this service because Petra had purchased the web hosting service from Christian Web Host in a 12 month block of time.

(26) Ms. Tammy Fields of Christian Web Host verified by telephone that the Respondent opened an account with her company in March 2000 under the domain name of Petra Software and that this account has been cancelled. She advised that the billing records do not reflect that this account had a sub account for the City of Venice. However, she cautioned

that the City's developmental web site may have been listed under another account or domain name and, therefore, without a domain name or other identification she could not confirm whether or not Mr. Randall hosted the City's developmental web site with Christian Web Host. Mr. Randall could not recall the domain name or any other account information for the City's developmental web site. Ms. Fields further stated that, although Christian Web Host offers a lower rate if a customer chooses to obtain 12 months of web hosting service, the company does not require that its services be purchased in 12 month increments and customers are allowed to obtain hosting services on a month-to-month basis. She maintains that billing information is confidential and she would not confirm how much the Respondent was billed for hosting the Petra Software web site with Christian Web Host.

(27) The Respondent maintains that Mr. Gardner performed all of the other projects for the City that are listed on the Petra Software billing statements and that he calculated these charges to the City based upon how many hours it took Mr. Gardner to complete these projects. He stated that he kept the number of hours worked by Mr. Gardner in his head and, therefore, he does not have any records to document how many hours Mr. Gardner worked for the City.

(28) Mr. Gardner verified by telephone that he worked for Mr. Randall as an independent contractor for Petra Software. He advised that he has been friends with the Respondent for approximately 15 years, having attended the same church. Mr. Randall, Mr. Gardner said, approached him in July or August 2000 and asked if he would be willing to work for Petra to design a web site for the City of Venice. Mr. Gardner related that he never had performed any professional web page design work prior to this time, but he accepted the Respondent's offer and began to work on the City's developmental web site. He reported that he worked on the design of the web site at his home approximately two to three hours per night, three to five nights per week and approximately four hours on Saturdays. This activity, Mr. Gardner continued, occurred for six to eight weeks and ended some time in September 2000 when the Respondent assigned him to the installation of personal computers at various City buildings. Mr. Gardner note that he worked on the design of approximately ten to fifteen of the web pages relative to the City's developmental web site and that the Respondent worked on the design of the remaining web pages for the site. He does not know when or where the Respondent performed these duties. Mr. Gardner stated that the developmental web site was posted to a Christian web hosting company, but he was not involved in this process and does not recall the name of the hosting company, the price for hosting the site, or when the company began hosting the web site.

(29) Mr. Gardner recalled that around Labor Day 2000 the Respondent instructed him to help City staff with the installation of over 100 personal computers throughout all of the various departments of the City government. He said the installation of the personal computers took a few weeks and was completed near the end of October 2000 and that his work for Petra Software ended around this period of time. Mr. Gardner does not recall having provided the City with any technical or application support, as listed on the invoices that were submitted to the City by the Respondent on behalf of Petra Software, other than occasionally fielding telephone calls from Mr. Randall to answer various questions about computer hardware configuration. He estimated that he spent a total of no more than five hours

engaged in this activity. Furthermore, Mr. Gardener does not recall that he provided network support or router configuration and setup, as noted on the invoices, although he stated that on one occasion he spent approximately two hours running computer cables for the City's computers. He added that he does not recall having worked on the City's Client Express Access system.

(30) Mr. Gardner recalled that he and Mr. Randall discussed placing his (Gardner's) name as the person to contact for Petra Software on paperwork that the Respondent was submitting to the City relative to this business arrangement. Mr. Gardner explained that, even though he was aware that Mr. Randall was the owner/operator of Petra Software, he did not think that it was unusual to only list his name on the paperwork because Mr. Randall told him that he would be performing most of the work for Petra Software. He stated that he did not consider that there might be a conflict of interest created with the Respondent's having retained his own company to perform work for the City because he assumed that Mr. Randall knew what he was doing. Mr. Gardner verified that he was paid approximately \$5,000 by the Respondent for his work for the City. He explained that his pay was determined by the number of hours he worked for the City, and he noted that he was paid in either cash or check directly by Mr. Randall.

(31) Mr. Heiss, the Assistant to the Director for the City's Information Systems Department, stated by telephone that he has served as the assistant to the Respondent for the past three years and has a total of 13 years of service with the City's Information Systems Department. He recalled that he first learned that the Respondent had contracted with his own company to provide computer support to the City in May 2001 when then City Manager Hunt informed him, along with the other staff of the Information Systems Department, that Mr. Randall had been placed on administrative leave pending the outcome of an investigation. Mr. Heiss noted that the Respondent previously had talked to him briefly about having a private computer consulting company that he operated on his own time, but he never mentioned the name of the company or told him that he had opened a purchase order account to bill the City for services provided by Petra Software. He acknowledged that in early 2001 the Information Systems Department staff was short-handed and that Mr. Randall brought Mr. Gardner to the Department to help install 140 personal computers that the City had purchased. The Respondent, Mr. Heiss noted, introduced Mr. Gardner as a friend of his and said that he might hire him to work for the Department after trying him out on the installation of the personal computers, but he did not say that Mr. Gardner was employed as an independent contractor for Petra Software. He maintains that if Mr. Randall had told him that he planned to have his own company perform services for the City, he would have warned him that this was improper and advised him against engaging in this activity.

(32) Mr. Heiss recalled that Mr. Gardner worked for the City for approximately four to five weeks while the personal computers were being installed and brought online. He could not provide an estimate for the number of hours that Mr. Gardner worked at the City, but verified that it was many hours which included working late into the evenings and on the weekends. Mr. Heiss said he did not observe Mr. Gardner perform any duties for the City other than the installation of the personal computers. He noted that Gardner talked to him about having worked on the City's mainframe server concerning the Client Access Express installation, but

he did not observe this work being performed. Mr. Heiss also noted that during this period of time he was not involved in the development of the City's web site, and he acknowledged that Mr. Gardner might have worked on this project at a location other than City's Information Systems Department. However, he said that he thought it was unusual that neither Mr. Randall nor Mr. Gardner ever mentioned having worked on the development of the web site inasmuch as the Respondent usually discusses all Information Systems Projects with him.

(33) Mr. Sean Patronis and Mr. Tom Keels, both Coordinators of Computer Applications for the Florida State University's Administrative Information Services Department, reviewed the compact disk that contains a copy of the work that was completed on the City's developmental web site. Mr. Patronis advised that he has approximately four years of experience in Professional web site design, and Mr. Keels related that he has five years of Professional experience in this field. Each described the developmental web site as being a simple design that used templates from Microsoft FrontPage, which would not have required much expertise in the area of web site design. Mr. Keels estimated that he would have charged a maximum of \$880 in 2000 for this work product. Mr. Patronis estimated that he would have charged the City of Venice \$700 to \$1,000 for an identical web site design. He noted that web site design 'companies generally charge their customers a per Page fee which can reach \$100 or more Per Page for designs that are complex. Mr. Patronis opined that Petra Software's design would have fetched a considerably lower per Page fee because it lacked a dynamic form and contained no custom graphics. Both Mr. Keels and Mr. Patronis further advised that in 2000 web hosting companies routinely charged \$15 to \$30 per month to host web sites similar in size to the City's developmental web site.

(34) Mr. Chris Gamache, of Auto Data Direct, Inc., who advised that he has served as the company's Chief Technology Officer since 2000, said his duties include designing web Pages. He also reviewed the compact disk that contains the developmental City of Venice web site that was completed by Petra Software and opined that the site was an unprofessional Product that used a simple template method of design with no apparent modifications to the Microsoft FrontPage program that was used to produce it. He estimated that in 2000 this product would have been worth approximately \$500. Mr. Gamache explained that he based this estimate on the fact that in 1999 or 2000 he produced a web site using Microsoft FrontPage that was twice the size of the web site in question and that he charged \$1,000 for his work. He further recalled that in 2000 web hosting fees averaged approximately \$50 Per month for a site similar in size to the subject web site.

END OF REPORT OF PRELIMINARY INVESTIGATION

From: George N. Hunt, City Manager

Subject: Steve Randall

Date: May 22, 2001

Staff has completed their investigation of purchasing procedures in the Information Systems Department. It has been determined that the City received goods and services in value that is in excess of payments made to Petra Software Systems, the company owned by Mr. Randall. With this established, I have determined "no harm, no foul" and am suspending Mr. Randall for two weeks (ten days) without pay, effective May 21, 2001. This suspension is for poor judgement used by him in his decision to use his own company to provide service to the City which is a 'violation of State Statute 112.313 and also not disclosing the use of the company. The suspension falls within the guidelines outlined in the penalties section of the Statute. Mr. Randall's failure to uphold the highest standards of ethical conduct as evidenced by his decision to use his own company and his failure to disclose the use of the company require significant discipline. I will also be dedicating time, upon his return, to working with Mr. Randall, on improving his decision making ability as it relates to ethical considerations so that he can win back the confidence we all had in him originally based on his strong work ethic.

cc. Charter Officers Information
Systems Staff Steve Randall

**Department Of Public Safety
City of Venice, Florida**

Herb Levine
802 Harbor Drive South
Venice, Fl. 34285

[NOTE: No date given on this letter, but this would have been somewhere around May or June of 2002, around the same time that Hunt and Slapp begrudgingly admitted that they had a copy of the web site; at this point in time, the pair were still refusing to release a copy of the disc with the web site on it to the public and both Venice Florida! Dot com and the Venice Taxpayers League were making verbal threats about the Freedom of Information Act in an attempt to gain a copy of the disc JP, venfl.com]

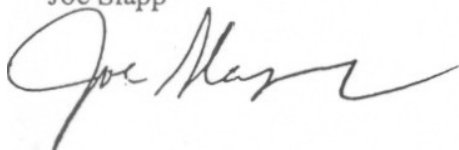
In regards to your request about copies of appraisals from companies for work done by Petra Software, I would like to supply you with the following explanation.

First of all, there obviously is a misunderstanding of what was said, and what was done by me when I was checking into this matter.

What I did do was have at least three people check on the internet for me to come up with examples of what companies normally charge for web page design. The norm seemed to range from \$80.00 and hour to \$150.00 per hour.

I wanted this information to have some means of measuring what the costs for this type work would

Joe Slapp



cc: George Hunt
Robert Anderson

INFORMATION SYSTEMS DEPARTMENT
City of Venice, Florida

MEMORANDUM

To: George Hunt
City Manager

From: Tracy Howell
Acting as Director of Information Services

Subject: C. Stephen Randall

Date: May 16, 2001

We have compiled data in response to the C. Stephen Randall case that you may find helpful in your research. Below are statements from employees that work in the Information Department in regard to support from Petra Software (Jim Gardner). You will also find the attached documents pertaining to Petra Software for your review.

TRACY HOWELL (ACTING AS DIRECTOR OF INFORMATION SERVICES)

I assisted Steve with the software changes to the new pc's we received. I worked with him at the end of February. I only assisted him in this project for one weekend, in which Jim Gardner was here.

LANCE HEISS (ADMINISTRATIVE AIDE)

During our installation of the new computer systems at the beginning of 2001, I worked with Steve and Jim Gardner after hours and on several weekends to work on the software image and physically install new workstations. Although I do not recall specific dates and hours, I do know it was several days and from approximately 5 to 8 hours on any given day.

NANCY HURLEY (SENIOR PROGRAMMER)

During the month of February our office installed new computer systems throughout City Hall. Mr. Gardner assisted with that installation. I recall his presence on several evenings, a Saturday, and the Presidents' Day holiday.