

REPORT TO THE CITY COUNCIL



DATE: September 4, 2018

TITLE: Ordinance Relating to Electronic and Paperless Filing of Fair Political Practices Commission (FPPC) Campaign Disclosure Statements

Prepared by: Jerry Soriano, City Clerk

RECOMMENDATION

Introduce for First Reading and read by title only, "An Ordinance of the City Council of the City of Desert Hot Springs adding Chapter 2.68 "Electronic and Paperless Filing of Fair Political Practices Commission Campaign Disclosure Statements" of Title 2 "Administration and Personnel" to the Desert Hot Springs Municipal Code relating to electronic and paperless filing of Fair Political Practices Commission campaign disclosure statements.

BACKGROUND / DISCUSSION

On January 1, 2013, Assembly Bill 2452 went into effect adding Government Code 84615 of the Political Reform Act of 1974 which allows a local government agency to require online or electronic filing for an elected officer, candidate, committee, or other person who is required to file statements, reports, or other documents under the Political Reform Act.

In order to file electronically, the City Council must adopt an ordinance (Exhibit 1) approving the use of online or electronic filing, which shall include a legislative finding that the online or electronic filing system will operate securely and effectively and would not unduly burden filers.

The law prescribes criteria that must be satisfied by a local government agency to require online or electronic filing of statements, reports, or other documents, which include the following:

- Only accepts filings in standardized record format developed by and compatible with the Secretary of State and associated filing system;
- Includes a procedure for filers to comply with the requirement that they sign statements and reports under penalty of perjury pursuant to GC §81004;
- Ensures the integrity of the data transmitted and shall include safeguards against efforts to tamper with, manipulate, alter, or subvert the data;
- Makes all data available on the Internet in an easily understood format that provides the greatest public access; and
- Enables filers to complete and submit filings free of charge.

Campaign Disclosure Filing and the City Clerk Role

The Political Reform Act recognizes campaigns that spend or raise more than \$2,000 as "Controlled Committees." Under the Act, these committees are obligated to file detailed campaign finance statements, also known as Form 460s.

The City Clerk is the local filing officer for the City of Desert Hot Springs, and is responsible for receiving, reviewing, storing, and making accessible to the public, campaign disclosure information which is currently maintained in multiple binders available at City Hall.

The number of campaign statements filed for elections held since 2008 is approximately 235. Each statement includes approximately 11 schedules and 80 line-items for review per filer.

Review time is approximately .5 to 1.0 hour per filer, depending on whether amendments are required.

To provide a more efficient process, the City Clerk acquired NetFile, an electronic and paperless filing system that is able to accommodate the online filing of several different types of required forms by the FPPC, including Forms 460, 470, 496, and 497, which are commonly used in Desert Hot Springs' local election campaigns.

To ensure a smooth transition, NetFile and the City Clerk will offer extensive training to filers and committees. One-on-one training will be scheduled with individual filers and campaign treasurers that will cover the entire electronic filing process. This will include the set-up of filer accounts, explaining the online filing process, showing how to input data and save reports, preparing statements for e-signature, and finalizing statements for electronic filing.

Finally, implementation of the NetFile system will promote transparency and provide convenience for committees, individuals, and the public. It provides 24-hour filing and viewing accessibility of campaign finance information from any computer, anywhere. In certain instances, the NetFile system will also increase the accuracy of filed campaign statements by prohibiting any filings that may have inadvertently omitted required information under the Political Reform Act (e.g. missing addresses or the stated occupation of individual donors).

Statement of Economic Interest (Form 700)

In addition to campaign disclosure, the City Clerk will be converting Statement of Economic Interest Form 700 Filers to electronic filing. This component of NetFile does not require an ordinance and is simply an internal procedural change. The City Clerk is currently responsible for the annual filing of approximately 50 Form 700s which include the City Council, Planning Commission, Community and Cultural Affairs Commission, Public Safety Commission, and designated City staff. Form 700s occasionally need amendments or are submitted incomplete or without marked schedules attached. The Form 700s electronic filing incorporates an initial review process that alerts the filer of errors at the time he or she is entering their information, thereby minimizing the need for the City Clerk to request amendments.

FISCAL IMPACT

The NetFile system cost is \$5,000 per year. Funds have been appropriated in the FY 2018-19 Operating Budget and will be charged to Account No. 001-41-13-4320 (City Clerk / Contract Services).

EXHIBIT(S)

1) Ordinance