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CITY AND COUNTY OF SAN FRANCISCO

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JOHN ST. CROIX
EXECUTIVE DIRECTOR

Date: March 18, 2015

To: Members, Ethics Commission

From: John St. Croix, Executive Director
By: Shaista Shaikh, Assistant Deputy Director

Re: Audit Selection of Year 2014 Campaign Committees and Lobbyists

This memorandum explains the Ethics Commission's audit selection guidelines and summarizes the levels of financial activity by the different types of committees and lobbyists that were active during 2014. At its March 23, 2015 meeting, the Commission will randomly select campaign committees and lobbyists to be audited.

I. Selection of Campaign Committees for Audit

Staff has determined that it will be able to audit ten recipient committees that were active in the June 3 and November 4, 2014 elections. The audit pool includes: ¹

- all candidates who ran for City elective office in the November 2014 election;
- ballot measure committees active in the June and November 2014 elections; and
- general purpose recipient and primarily formed candidate committees that were active in 2014.

Table I: Financial Activity Levels of Campaign Committees Active in 2014

Level of Financial Activity ²	Ballot Measure Committees (BMC)	Candidates (CTL)	General Purpose Committees (RCP)	No. of committees in audit pool	No. of committees to be selected
(1) Above \$100,000	18	6	7	31	6
(2) Above \$50,000 to \$100,000	1	6	3	10	2
(3) \$10,000 to \$50,000	3	6	10	19	2
Total	22	18	20	60	10

¹ There were two publicly financed candidates in the November 2014 who are not part of the audit pool because they are already subject to a mandatory audit. The pool also excludes candidates for county central committees, general purpose committees that were selected for audit through the 2013 random selection process, and committees with financial activity of less than \$10,000.

² For candidates and ballot measure committees, the level of financial activity is based on the sum of expenditures made by these candidates and committees from the time their committees were formed through December 31, 2014. For general purpose committees, the level of financial activity is based on the expenditures made in 2014.

The November 2014 ballot involved the election of candidates for the offices of Assessor, Public Defender, the Board of Education, the Community College Board and the District 2, 4, 6, 8 and 10 seats of the Board of Supervisors. The June and November 2014 ballots included 15 ballot measures, which resulted in 22 ballot measure committees that were formed to support or oppose one or more of these measures. In total, the 2014 audit pool includes 60 committees that spent \$10,000 or more. Staff recommends that the Commission select ten, or 17 percent, of the 60 committees for audit in the following manner: six committees from activity level greater than \$100,000; two committees from activity level of greater than \$50,000 to \$100,000; two committees from activity level of \$10,000 to \$50,000.

On January 1, 2014, there were 40 pending campaign audits. In order to meet its goal of eliminating the backlog of audits, staff requested the Controller's office's assistance in conducting 13 of the 40 audits. These 13 audits are near completion. Work on the remaining 27 audits that were conducted by Commission staff has been performed, with fewer than five audits left to be released. Audit staff is working on preparing these and the 13 audits conducted by the Controller's office for release and has begun work on the audits of the two supervisorial candidates who received public funds in the November 2014 election. Staff's goal, beginning with the 2014 audit pool, is to complete all audits prior to the next year's audit selection. Given the work involved with releasing the unfinalized audits, staff's goal to conduct timely audits and the Commission's new mandate of conducting lobbyist audits, staff recommends that the Commission select ten campaign committees for audit from the 2014 audit pool (see attached list).

II. Selection of Lobbyist Audits

Effective July 26, 2014, section 2.135 of the San Francisco Campaign and Governmental Conduct Code requires the Commission to conduct randomly selected audits of one or more lobbyists. Staff recommends that the Commission select four lobbying firms that were active during the period covering July 26 through December 31, 2014. Given that lobbyists in the same firm may share reporting obligations, staff recommends that selection be based on lobbying firm/employer; staff will audit all lobbyists within any firm that is selected by the Commission. In determining the audit pool, weight was given to lobbyists with greater activity for which staff used a mix of the number of contacts and payments reported.

Lobbyists must report the number of contacts they make with officials and the amount of payments they receive from clients. It is possible for a lobbyist to make several contacts but report a low compensation amount or report a high compensation amount with few contacts. The audit pool consists of three levels of activity into which lobbyists are grouped based on the higher level of the payments or contacts reported during July 26 through December 31 (see attached list).

Table II below shows the number of lobbyists in each level of activity according to the higher of payments or contacts reported. As shown below, staff recommends that the Commission select four, or 11 percent, of 37 lobbyist firms in the following manner: two from activity level greater than \$100,000 or 100 contacts; one from activity level of greater than \$50,000 to \$100,000 or 50 to 100 contacts; and one from activity level of \$10,000 to \$50,000 or 10 to 50 contacts.

Table II: Levels of Activity of Lobbyist Firms Active during 7/26/14 through 12/31/14³

Level of Financial Activity	Number of lobbyists	Number of lobbyists to be selected
(1) Above \$100,000 or above 100 contacts	8	2
(2) Above \$50,000 to \$100,000 or above 50 to 100 contacts	9	1
(3) \$10,000 to \$50,000 or 10 to 50 contacts	20	1
Total	37	4

³ Lobbyists who reported less than \$10,000 in payments and less than 10 contacts are excluded from the audit pool.

San Francisco Ethics Commission
2014 Audit Pool of Campaign Committees

Filer ID	Committee Name	Committee Type	Total Expenditures	Level of Financial Activity
1368526	NO ON E: STOP UNFAIR BEVERAGE TAXES, COALITION FOR AN AFFORDABLE CITY, WITH MAJOR FUNDING BY AMERICAN BEVERAGE ASSOCIATION CALIFORNIA PAC	BMC	\$9,244,797	1
1367199	YES ON F, WITH MAJOR SUPPORT FROM FC PIER 70, LLC	BMC	\$3,039,374	1
1369949	Stop the Housing Tax, No on G, a coalition of homeowners, renters, and real estate organizations	BMC	\$1,876,259	1
1367740	Committee for Reliable Transportation & Better, Safer Streets, Yes on A	BMC	\$1,219,279	1
1367433	LET SF KIDS PLAY - YES ON I, NO ON H, WITH MAJOR SUPPORT FROM ROBERT, WILLIAM, & JOHN FISHER	BMC	\$916,836	1
1367736	Children and Family First Committee, Yes on C	BMC	\$833,630	1
1367738	Committee for Better Wages, Yes on J	BMC	\$352,488	1
1366048	Yes on C	BMC	\$339,364	1
1364449	San Franciscans for a Safe and Affordable City, with major funding by Ron Conway, San Francisco Police Officers Association Issues PAC Committee and San Francisco Fire Fighters Local 798, Yes on J	BMC	\$330,953	1
1362913	Yes on E - Choose Health SF	BMC	\$298,031	1
1367823	San Franciscans Against Real Estate Speculation, A Committee for Proposition G	BMC	\$285,543	1
1365442	San Franciscans for Fire, Earthquake and Disaster Preparedness, Yes on A	BMC	\$269,614	1
1362775	No Wall on the Waterfront, Yes on Prop B, top contributors include Richard and Barbara Stewart	BMC	\$259,025	1
1365989	No on B 2014, sponsored by the San Francisco Alliance for Jobs and Sustainable Growth	BMC	\$172,260	1
1367310	Campaign for a Fair Economy and Higher Wages, sponsored by community and labor organizations, Yes on Proposition J	BMC	\$156,314	1
1369298	Coalition for Affordable Housing, a Committee for Proposition K	BMC	\$151,010	1

San Francisco Ethics Commission
2014 Audit Pool of Campaign Committees

Filer ID	Committee Name	Committee Type	Total Expenditures	Level of Financial Activity
1362060	COMMITTEE FOR A BRIGHTER SAN FRANCISCO FUTURE, SUPPORTING PROPS. A, C, I, J AND K AND OPPOSING PROP G 2014	BMC	\$140,552	1
1366989	Restore Transportation Balance, A Committee in Support of Proposition L	BMC	\$105,101	1
1359986	Re-Elect Malia Cohen for Supervisor 2014	CTL	\$341,551	1
1357023	Re-Elect Supervisor Mark Farrell 2014	CTL	\$283,380	1
1361734	Jane Kim for Supervisor, 2014	CTL	\$229,926	1
1360789	Re-Elect Supervisor Scott Wiener 2014	CTL	\$225,599	1
1370500	RODRIGO SANTOS FOR SAN FRANCISCO COMMUNITY COLLEGE BOARD 2014	CTL	\$194,371	1
1362566	Carmen Chu for Assessor-Recorder 2014	CTL	\$107,235	1
1341796	SAN FRANCISCO ALLIANCE FOR JOBS AND SUSTAINABLE GROWTH PAC	RCP	\$158,097	1
1317554	San Francisco Police Officers Association Issues PAC	RCP	\$157,283	1
1243324	UNITE HERE LOCAL 2 PAC	RCP	\$132,283	1
870449	BUILDING OWNERS AND MANAGERS ASSOCIATION OF SAN FRANCISCO POLITICAL ACTION COMMITTEE - INDEPENDENT EXPENDITURES AKA BOMA-SF-PAC-IE	RCP	\$129,382	1
941562	SAN FRANCISCO LABOR COUNCIL LABOR & NEIGHBOR PAC	RCP	\$129,214	1
842018	Alice B. Toklas Lesbian and Gay Democratic Club PAC	RCP	\$112,321	1
1347217	MAYOR ED LEE FOR SAN FRANCISCO COMMITTEE	RCP	\$111,535	1
1367676	Coalition to Protect Golden Gate Park	BMC	\$94,948	2
1369128	Hydra Mendoza for School Board, 2014	CTL	\$92,102	2
1362066	Shamann Walton for School Board 2014	CTL	\$67,293	2
1361966	KATY TANG FOR SUPERVISOR 2014	CTL	\$60,777	2
Pending	Committee to Elect Stevon Cook for School Board 2014	CTL	\$58,510	2
1367424	Carballo for District 2 Supervisor 2014	CTL	\$52,535	2
1304864	Committee to Elect Emily Murase for School Board 2014	CTL	\$50,037	2
982683	Committee on Jobs Government Reform Fund	RCP	\$95,165	2

San Francisco Ethics Commission
2014 Audit Pool of Campaign Committees

Filer ID	Committee Name	Committee Type	Total Expenditures	Level of Financial Activity
991525	SAN FRANCISCO LABOR COUNCIL LABOR & NEIGHBOR INDEPENDENT EXPENDITURE POLITICAL ACTION COMMITTEE	RCP	\$73,515	2
1318200	National Union of Healthcare Workers Candidate Committee for Quality Patient Care and Union Democracy	RCP	\$56,084	2
1371708	No on L, San Franciscans Against Gridlock	BMC	\$32,193	3
1373648	Yes on J and G, Chinese Progressive Association 'nonprofit 501(c)3'	BMC	\$18,179	3
1366967	Committee to Pass Laura's Law 2014	BMC	\$16,800	3
1363726	Mark Murphy for School Board 2014	CTL	\$37,305	3
1365070	Lee Hsu for Board of Education 2014	CTL	\$34,120	3
1368414	Committee to Elect Thea Selby for San Francisco Community College Board 2014	CTL	\$28,814	3
1363280	Reelect Public Defender Jeff Adachi 2014	CTL	\$21,824	3
1366873	Ed Donaldson For District 10 Supervisor 2014	CTL	\$21,238	3
1369070	John Rizzo for Community College Board 2014	CTL	\$13,787	3
932123	GOLDEN GATE RESTAURANT ASSOCIATION PAC	RCP	\$49,801	3
891575	SF FORWARD SPONSORED BY SAN FRANCISCO CHAMBER OF COMMERCE	RCP	\$45,953	3
1367704	Transport Workers Union Local 250A COPE Fund	RCP	\$37,507	3
1245538	SF Moderates	RCP	\$31,536	3
961946	San Francisco Young Democrats	RCP	\$26,972	3
1351724	FDR Democratic Club of San Francisco	RCP	\$26,446	3
931558	Asian Pacific Democratic Club Political Action Committee	RCP	\$23,326	3
861576	Residential Builders Association of San Francisco PAC	RCP	\$16,768	3
1330472	SAN FRANCISCO PARENT POLITICAL ACTION COMMITTEE	RCP	\$16,735	3
991741	District 11 Democratic Club	RCP	\$15,532	3

San Francisco Ethics Commission
Audit Pool of Lobbyists Based on Payments and Contacts Covering 7/26/14-12/31/14

Lobbyist Employer	Amount	Number of Contacts with Officials/Depts.	Level of Activity for Audit Pool (higher of payments or contacts)
San Francisco Chamber Of Commerce	\$9,064	153	1
Reuben, Junius & Rose, Llp	\$23,437	137	1
Lapointe And Associates	\$160,000	41	1
Platinum Advisors	\$802,800	41	1
Goodyear Peterson Hayward & Associates	\$492,748	28	1
Sfaa	\$102,000	9	1
Bmwl & Partners, Inc	\$275,000	3	1
Hms Associates	\$375,000	3	1
Pacific Gas And Electric Company	\$17,175	87	2
Committee On Jobs	\$5,380	66	2
Building Owners And Managers Association Of San Francisco		66	2
Bergdavis Public Affairs	\$8,225	59	2
Hanson Bridgett Llp	\$50,884	18	2
Ground Floor Public Affairs	\$90,500	17	2
Lewis Loeven	\$58,500	7	2
Coalition For Better Housing	\$90,000	3	2
Public Advocacy Partners	\$66,000	3	2
Michael Yaki	\$10,000	44	3
Andrew Gregg	\$8,000	31	3
Airbnb	\$1,304	30	3
Barbary Coast Consulting	\$12,487	25	3
Karin Flood	\$304	23	3
Baybio	\$2,400	19	3
Trust Company Of The West		18	3
Edward Dau	\$344	15	3
Tzk Broadway, Llc	\$0	13	3
Tishman Speyer Properties, L.p.	\$3,773	12	3
Fortress Capital Formation, Llc	\$72	11	3
Sgc Strategic Communications	\$2,750	11	3
Cisco Systems, Inc.	\$1,961	10	3
Philip Lesser	\$27,500	7	3
Farella Braun And Martel	\$10,840	6	3
Willie Brown	\$50,000	4	3
James Ross	\$37,500	3	3
Phong La	\$29,500	3	3
Daniller Consulting Inc.	\$36,000	1	3
John Newman	\$25,000		3