



San Francisco Ethics Commission

Annual Report
July 1, 2003 - June 30, 2004

The Ethics Commission is pleased to present this report on the activities, progress, and accomplishments of its ninth year of operation to the Mayor, Board of Supervisors, and citizens of San Francisco.

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SAN FRANCISCO ETHICS COMMISSION ANNUAL REPORT FY 2003-2004

REVIEW OF THE NINTH YEAR

The Ethics Commission serves the citizens of San Francisco, employees, elected and appointed officials, and candidates for public office by enforcing the City's governmental ethics laws, providing education about them, and serving as a repository for information.

Commission members and staff are dedicated to the highest standard of public service and to the efficient and innovative fulfillment of the Commission's obligations under the Charter.

The Commission's duties as the City's ethics law administrator are wide-ranging. The Commission acts as filing officer for campaign finance disclosure statements, audits campaign finance statements for compliance with state and local laws, administers laws regulating lobbyists and campaign consultants, investigates complaints alleging ethics law violations, supports a whistleblower program, serves as the filing officer for financial disclosure statements required from officials, raises public awareness of ethics laws, researches and proposes ethics-related policy changes, and gives advice to candidates and office-holders.

The Ethics Commission faces a difficult crossroads. It is tasked with a daunting array of mandates created for noble purposes, yet these mandates arrive largely unfunded. The agency was designed for a staff and workload of 15 people yet had to manage through FY 03-04 with eight employees and for several months with seven or six. The City fiscal crisis hit the agency particularly hard and there continues to be an ongoing erosion of capability due to ever-increasing responsibilities in all divisions. Severe backlogs in the workloads of investigators, audits, campaign finance and enforcement are growing. In order to maintain high quality work, more and more duties are being postponed and the staff is constantly forced to adopt triage-type policies for competing demands. Without appropriate budgeting, it becomes a simple matter of time before quality begins to erode to the point that the Commission cannot meet its obligations. The City cannot afford to hobble its Ethics organization in this fashion. Such duties as the implementation of Proposition E, the creation of code governing permit consultant regulation at three City agencies, and acting as a filing agency for County Central Committee candidates all represent unfunded mandates to the Ethics Commission that eat up staff time and resources without concurrent financial support. This is an unstable and unsustainable downward spiral that must be addressed and soon.

In FY 03-04, the Commission marked the tenth anniversary of its creation by Charter amendment in 1993. The Commission worked to be at the forefront of government ethics work since its inception. Its record reflects a strong emphasis on innovative problem solving, and it has made important progress on such critical issues as public financing, conflict of interest regulation, and electronic access to government records. Despite the hardships perennially facing local government such as budget shortfalls and increased

mandates, the Commission has dedicated itself to providing a high standard of service in the important area of government accountability. Commissioners and staff look forward to continuing to serve the citizens of San Francisco with a renewed commitment to progress in years to come.

As in past years, Commissioners and staff delivered a comprehensive array of services to the citizens of San Francisco:

- Implementing new conflict of interest regulations;
- Making regulatory changes to the limited public finance program and the Campaign Finance Reform Ordinance;
- Continuing a successful workshop program on public finance, on-line filing, lobbying, and other issues under its jurisdiction;
- Upgrading and expanding the On-Line Filing System;
- Advising the Board of Supervisors on legislative matters and Charter reform measures;
- Administering reporting requirements for political committees, campaign consultants, lobbyists, and officials;
- Auditing campaign finance committees for accuracy and legal compliance;
- Supporting a whistleblower hotline, and interpreting ethics laws and regulations;
- Assessing and collecting registration fees and late fines;
- Issuing formal advice letters and fielding hundreds of citizen inquiries; and
- Investigating and resolving complaints of ethics law and campaign finance law violations.

Because of budget cuts and staffing shortages, FY 03-04 was a trying year for the Commission in terms of being able to perform all of its mandates effectively.

MANDATES AND ACCOMPLISHMENTS OF THE COMMISSION

Faced with budget cuts and staffing shortages, in FY 03-04, the Commission struggled to succeed in making important progress in fulfilling its mandates under the Charter.

Conflict of Interest Regulation.

The Commission spent close to a year developing proposals to strengthen the City's conflict of interest laws, which were approved by voters in the form of a Charter Amendment, Proposition E, at the November 2003 election.

The Charter Amendment was the first ever proposed by the Commission. It passed with nearly 61.94% of the vote (114,010 to 70,045) and took effect in December 2003. The necessary adoption of this amendment diverted substantial staff resources for implementation and execution, yet no additional revenues were provided for this effort. This has exacerbated the staff's ongoing struggle to ably perform its many mandates.

After passage of Proposition E, the Commission developed and sent implementing regulations to the Board of Supervisors in stages, holding hearings to solicit public comment, and then refining proposals before sending them to the Board for consideration.

Regulations governing gifts from subordinates and post-employment restrictions took effect in March 2004. A second set of regulations, concerning incompatible activities, became effective in May; and a third set, regulating disclosure of personal, professional, and business relations, took effect in June.

Another set became effective after the end of the fiscal year in July 2004. These regulations govern gifts from restricted sources, decisions involving family members, the prohibition on dual office holding, compensated advocacy, referrals, and the ability of officers and employees to rely on hypothetical examples set forth in the regulations.

Commission staff designed and conducted an education program to inform officials and employees about the new regulations.

Limited Public Financing Program.

Supervisory candidates may be eligible to receive matching funds from the City pursuant to its limited public financing program. Funding for the program is capped at \$2 per resident per year, about \$1.6 million, which must cover candidate grants and administrative costs. FY 03-04 was the program's second cycle of operation.

Although 48 out of 65 candidates running for the Board of Supervisors in November 2004 expressed interest in participating in the public financing program, 25 supervisory candidates actually applied. Available funds of \$670,000 in the FY 04-05 budget were insufficient to disburse the maximum allowable amount (\$43,750) to each of these candidates, so the Commission applied its pro-rata formula, setting aside \$26,800 for each of the 25 candidates who applied. Subsequently, the Mayor and the Finance Committee of the Board of Supervisors indicated support for a supplemental appropriation to enable the Commission to provide funding up to the maximum \$43,750 to each of the 23 candidates who were later certified as eligible to receive public funds. Thus, in early FY 04-05, the Commission announced that it would no longer prorate funding under the Election Campaign Fund in the November 2, 2004 election.

The Commission proposed a number of regulatory changes to the Campaign Finance Reform Ordinance which affected the public financing program. The new regulations covered expenditures and contributions, filing requirements, and the use of campaign funds. Among other things, the regulations identified the various forms that applicants for public financing must file; clarified that non-monetary contributions are not considered matching contributions, that not all qualifying contributions need be made by written instrument, and that applicants for public financing must provide the address of the contributor's primary residence; and conformed existing regulations to the changes

that were enacted to the Campaign Finance Reform Ordinance in 2003, including the lowering of the amount of contributions needed to qualify for the program from \$7,500 to \$5,000 and the extension of the period of time to apply for public funds by approximately 18 days. The regulations were adopted by the Board of Supervisors, signed into law by the Mayor, and took effect in March 2004.

The Commission continued an active education program, producing materials and providing advice. Commission staff conducted four public financing workshops for candidates and campaign staff in January, April, June, and July. In addition, staff provided individual advice upon request throughout the year. Staff members also updated its Board of Supervisors' Candidate Guide and the forms that supervisorial candidates are required to file.

Commission audit staff completed all audits of campaign finances for candidates who qualified for public financing in FY 02-03, the initial year of the program; and submitted a report evaluating the program's first year to the Mayor and the Board of Supervisors.

Campaign Finance Reporting.

The Commission administers and enforces the City's Campaign Finance Reform Ordinance (CFRO), which sets voluntary ceilings on campaign expenditures by candidates and imposes mandatory limits on contributions to candidates.

The Commission administers the spending ceilings pursuant to the terms of the Ordinance. It faced a legal challenge over its decision to lift the spending limit in the November 2003 District Attorney's race. In *Hallinan, et al v. SF Ethics Commission, et al*, CPF-03-503662, Superior Court Judge Ronald Quidachay ruled for the Commission.

Under the Charter, the Commission serves as filing officer for five categories of local candidates and committees:

1. Candidates seeking election to local office and their controlled committees,
2. Committees formed or existing primarily to support or oppose candidates seeking election to local office,
3. Committees formed or existing primarily to support or oppose qualification or passage of a ballot measure being voted on only in San Francisco,
4. County general purpose committees active only in San Francisco, and
5. Candidates and candidate committees for county central committee office.

As filing officer, the Commission promotes compliance by candidates and committees and maintains records of reports filed. It audits campaign statements and imposes penalties for failure to adhere to filing deadlines and reporting requirements. It also imposes fines for late statements. The fine policy is distributed to all filers.

The Commission routinely reviews the CFRO and all other ordinances under its jurisdiction, enacts enabling regulations, and proposes substantive and housekeeping changes to improve the operation of the laws.

As discussed above, in FY 03-04, the Board of Supervisors approved regulatory changes developed by the Commission for implementing amendments that had been proposed by the Commission and adopted by the Board in the last fiscal year. The regulations, which took effect in July, affected expenditures and contributions, filing requirements, and the use of campaign funds.

Regular semi-annual filings took place on July 31, 2003, January 12, 2004 and February 2, 2004. Additional filings fell in September and October, and filings occasioned by the March 2004 election fell in January and February. The Commission reminded filers in advance of the deadlines, sent out notices to delinquent filers, and posted electronic reports on its web site, www.sfgov.org/ethics/, within 24 hours.

The Commission collected \$50,377 in late fines for FY 03-04. Staffing shortages and work volume impaired its ability to reach budget projections that had anticipated higher revenues at \$104,294. The Commission continued to refer non-responsive accounts to the San Francisco Bureau of Delinquent Revenues. The Bureau collected \$4,136 on the Commission's behalf. Under the terms of the Commission's memorandum of understanding with BDR, up to 75% of collected late fines are credited to the City's General Fund as revenues collected for the Commission.

Pursuant to a policy adopted in the last fiscal year, the Commission initiated its first small claims action against a delinquent filer. After settlement talks involving an overdue fine of \$1,110 came to an impasse, the Commission filed a court action. Fines Collection Officer Oliver Luby represented the Commission. The court entered a judgment of \$710, the same amount sought by the Commission in the settlement talks. The defendant, a candidate for the Democratic County Central Committee, paid the amount in full.

At the close of the fiscal year, approximately 346 past due accounts for which the Commission sent specific written notices (SWN) were on file covering reporting periods from 2001 to 2003. The total does not include an unspecified number of FY 03-04 accounts for which SWNs had not yet been issued. Forty-three of the past due accounts were classified as non-responsive, indicating committees that failed to reply to multiple contacts including phone calls and SWNs.

Pursuant to regulations adopted by the Commission that became effective in August 2004, an expedited enforcement procedure for non-filers was established. Under this procedure, non-responsive committees are posted to the Commission's website.

Mass Mailing Disclosures.

The Commission continued to serve as the filing officer for the City's ordinance regulating political mail paid for by a candidate for City elective office. The ordinance

requires that candidates submit copies of mailed materials to the Commission within five days of putting the material in the mail. It also requires an itemized statement of the costs of the mailing. In addition, the Commission continued to enforce a provision requiring committees making independent expenditures for mass mailings that support or oppose any candidate for City elective office to place a disclaimer on the mailings.

Audit Program.

The California Political Reform Act of 1974 and the City's CFRO require officeholders, candidates, and campaign committees that support or oppose either ballot measures or candidates to file finance statements to disclose campaign contributions and expenditures made in connection with a campaign.

The Commission serves as filing officer for statements required to be filed locally. The statements cover disclosure of monetary and non-monetary contributions, including loans and enforceable promises, expenditures (including loans), unpaid bills, and miscellaneous increases to cash. Filers must also keep detailed records of receipts and expenditures of \$25 or more.

The Commission audits the statements for compliance. Its process is outlined in an audit manual available to the public. Filers at various levels of financial activity are selected for audit by random drawing at Commission meetings. In addition, all candidates who are certified to receive public funds must undergo an audit of their campaign records.

By random drawing at its April 2003 meeting, the Commission selected, out of a pool of 122, sixteen committees active in 2001 and 2002 to be audited. Committees already subject to public finance audit were excluded from the pool.

The selected Committees comprise three levels of financial activity: (1) four committees with activity of more than \$100,000; (2) six committees with financial activity ranging from \$50,000 to \$100,000; and (3) six committees with financial activity between \$1,000 and \$49,999.

Randomly-selected committees for audit were as follows:

Level 1: Andrew Lee for Supervisor, Lazarus for City Attorney, Coalition for Fair Water Rates (No on A), and Yes on R (HOPE-Homeownership Program).

Level 2: Alice B. Toklas LGBT Democratic Club, San Franciscans for Voter Rights, Eisenberg for Attorney, Strunsky for Supervisor, SF for Affordable Clean Energy (Yes on D), and Calvin Louie for Community College Board.

Level 3: Yes on S (Medical Marijuana), Protect Our Neighborhoods (Yes on D), San Franciscans for a Better Future (Yes on N & R), Committee for Better Parks, San Francisco Late Night Coalition, and the Bernal Heights Democratic Club.

Because of staff changes experienced by the Commission during the fiscal year, which required the Chief Auditor to devote her time to fulfilling other Commission mandates, and because audit staff was engaged in preparations for the public financing program in November 2004, the Commission was able to finish only seven of these audits. Work on the others remains in progress. Audits are posted on the Commission's web site as they are completed.

Electronic Filing.

Under the San Francisco Electronic Filing Ordinance, committees that receive contributions or make expenditures that total \$5,000 or more in a calendar year must file certain campaign statements electronically as well as on paper.

The City's On-Line Filing System (OLFS), recognized by government agencies nationally as a model, provides free filing for all disclosure statements required by state and local law. It is compatible with the state of California's standardized CAL filing format and contains search and sort capabilities for the financial data posted on the Commission's web site.

Use of the OLFS is free, but the City also accommodates filers who use software from third party vendors approved by the California Secretary of State. Most electronically filed reports used the OLFS in FY 03-04. Others were prepared using Statecraft, NetFile, and CompleteCampaigns.com.

Amendments to the electronic filing ordinance took effect in August 2003. Proposed by the Commission in the previous fiscal year, they expanded the Commission's authority to require additional electronic disclosure and increased the per-diem fine for late electronic statements from \$10 to \$25. The Commission notified filers that once a committee is subject to the electronic filing requirements, the committee must continue to file electronic copies of campaign statements, regardless of the amount of contributions received or expenditures made during each reporting period, until the committee terminates as a committee.

The Commission initiated a security review of the OLFS in FY 03-04. The review was conducted by the Department of Telecommunications and Information Services. DTIS also completed a server upgrade, begun in the previous fiscal year, enabling electronic files received by the Commission to be logged in automatically, saving staff time at busy filing deadlines. In addition, the upgrade is anticipated to save the Commission \$8,000 annually in its DTIS work-order by making it possible for files to be uploaded by Commission staff, rather than DTIS personnel.

The Commission updated its handbook on use of the OLFS, and held public workshops for campaign treasurers in July and September.

Lobbyist Registration and Reporting.

Lobbyists are required by ordinance to register with the City and to file quarterly reports of activity intended to influence local legislative or administrative action. The Commission reviews lobbyist statements to ensure completeness and accuracy. It assesses penalties for failure to adhere to deadlines and other requirements.

Registration is triggered by a threshold level of activity based on the number of City officials contacted and/or the amount of payments received or made. The threshold varies according to the type of lobbying engaged in. For example, a contract lobbyist must register with the Commission if he or she contracts for economic consideration to contact any officer of the City on behalf of another person and receives or becomes entitled to receive at least \$3,200 in economic consideration within any three consecutive calendar months in exchange for lobbyist services, or has at least 25 separate contacts with officers of the City within any two consecutive calendar months. An expenditure lobbyist is any person who makes payments to influence local legislative or administrative action totaling \$3,200 or more in value within any three consecutive months. A business and organization lobbyist is any business or organization whose members or employees, as a regular part of their employment or duties, contact City officers on behalf of that business or organization, provided that the business or organization compensates its employees or members for their lobbyist services and the compensated employees or members have a total of at least 25 separate contacts with the City officers within any two consecutive calendar months.

Statements must disclose which City officials were contacted, the positions advocated by the lobbyist, and any campaign contributions or gifts donated. Contract lobbyists are required to disclose the names of their clients and how much money they received from them. Lobbyists who advocate on their own behalf are required to disclose payments made for the purpose of influencing local legislative or administrative action.

The Commission summarizes statements in quarterly reports it issues two to three weeks after the filing deadlines. The reports are posted on the Commission's web site.

The Lobbyist Ordinance requires the Commission to conduct quarterly workshops on the laws related to lobbying. Due to a lack of interest, no lobbyist workshop was held in FY 03-04. In March 2004, the Commission advised lobbyists that because of a shortage of staff due to budgetary constraints, the Commission would not offer a lobbyist workshop during that quarter. Staff continued to provide both formal and informal advice regarding the duties of persons under the Ordinance.

At the close of the fiscal year, there were 41 lobbyists registered with the Commission. Lobbyist registration fees for 03-04 totaled \$31,943; \$2,625 in fines were collected.

Campaign Consultant Registration and Reporting.

The Regulation of Campaign Consultants Ordinance, passed in 1997, requires anyone who earns \$1,000 or more in a calendar year due to work as a campaign consultant to register with the Commission and submit quarterly reports.

Consultants are required to report names of clients, services provided, payments received, contributions and gifts made to local officials, and other information. The Commission prepares summaries of the quarterly filings, posted on the web site, and publishes a manual.

At the close of the fiscal year, 29 campaign consultants were registered with the Commission. They paid \$14,998 in fees and \$4,031 in fines.

A new ordinance prohibiting campaign consultants and employees of campaign consultants from lobbying current and former clients took effect in March. Under this law, a campaign consultant may not lobby a current client or a former client for whom the consultant had filed a client termination statement within 48 months prior to communicating with the person.

Financial Disclosure by City Officials and Employees.

The California Political Reform Act and the San Francisco Conflict of Interest Code require public officials and employees with significant decision-making authority to disclose their personal financial interests.

The Commission serves as the filing officer for Statements of Economic Interests (SEI). In this capacity it undertakes a number of responsibilities. It notifies filers of deadlines and requirements, issues instructions on how to complete the forms, reviews filings, assesses penalties, and requests amended filings where necessary. A list of officials who have filed is maintained on the Commission's web site.

Hundreds of designated employees file SEIs with their department heads rather than the Ethics Commission. These reports are maintained at the departmental office. The Commission instructs department heads about their duties as filing officers for their designated employees. It also surveys departments to confirm that all designated employees have filed.

Commission staff provides filing packets to department heads and commission secretaries containing SEI forms, a designated filers list, and instructional materials. It also contacts departments and commissions to make sure they are aware of the April 1 filing deadline and of their responsibilities under the filing ordinance. Staff conducted its annual SEI training session with commission secretaries in March.

Under Proposition E, approved by the voters in November 2003, appointing authorities were required for the first time to report the names of appointees to the Ethics

Commission, streamlining the Commission's task of tracking individuals covered by the reporting obligation. In addition, any officer or employee who fails to file his or her statement within 30 days of receiving notice from the Ethics Commission of a failure to file may be subject to disciplinary action by his or her appointing authority, including removal from office or termination of employment.

At the close of the fiscal year, 654 of 685 identified filers with the Ethics Commission had filed their statements, thirty-four of whom were assessed late fines. Staff engaged in considerable follow-up with late filers and non-filers.

The names of late filers who do not respond to repeated inquiries from the Commission are referred to the California Fair Political Practices Commission for possible enforcement action.

Sunshine Ordinance Matters.

The San Francisco Sunshine Ordinance requires department heads and commissioners who are required to file Statements of Economic Interests with the Ethics Commission to sign an annual declaration stating under penalty of perjury that they have read the Sunshine Ordinance and have attended, or will attend, an annual training on the Sunshine Ordinance.

By the end of the fiscal year, approximately 581 declarations had been filed with the Ethics Commission. Staff continued to educate designated filers of their responsibility under the Sunshine Ordinance, and to follow up with late filers from the current year.

In FY 03-04, the Commission faced a complaint about administrative action it had taken under the City's public records laws. The matter was reviewed by the Sunshine Ordinance Task Force. The Task Force forwarded its findings to the Commission, which referred them to the Executive Director of the Oakland Public Ethics Commission for final resolution. In early FY 04-05 the issue was resolved with a finding by the Commission that there was no further action necessary, in effect dismissing the case.

Also in FY 03-04, the Commission convened a discussion with the Sunshine Ordinance Task Force about the two agencies' mutual responsibilities in making government information available to the public. In July 2003, the Commission heard testimony from the Task Force Chair, and discussed issues of common concern, in particular staffing questions and the Task Force's investigative referrals to the Commission.

Permit Consultant Regulation.

A new ordinance regulating consultants who assist applicants seeking building and other City permits at the Departments of Building Inspection, Public Works, and Planning was adopted at the Board of Supervisors in June, with an effective date of December 15, 2004. Under the ordinance, the Commission is required to conceive, draft, and adopt a code of conduct for permit processing within 60 days of December 15, 2004.

The law requires that, failing a previous finding of public policy, all permit applicants must be treated on a first-come, first-served basis. It subjects City employees to disciplinary action for favoring applicants with intentional preferential treatment.

During consideration of the legislation by the Board of Supervisors, Commission staff was called upon by the Budget Analyst's Office to provide several estimates of the cost of the many iterations of the legislative proposal. Chairperson Michael Garcia served as the Commission's liaison to the Board during the course of the Board's review of the new ordinance, which occurred over several months and many meetings.

Investigations and Enforcement.

The San Francisco Charter charges the Ethics Commission with authority to investigate alleged violations of laws governing campaign finance, lobbying, conflicts of interest, and governmental ethics. In addition, the Improper Government Activities Ordinance, also known as the Whistleblower Ordinance, directs the Commission to investigate charges of retaliation directed against complainants.

Until the beginning of FY 04-05, the Commission operated a whistleblower hotline to receive complaints about alleged improper governmental activity. Since passage of Proposition C in November 2003, the Controller's Office has initiated a whistleblower hotline (554-CITY), which was consolidated with the Commission's existing line in August. The Controller assigns whistleblower complaints to the Ethics Commission and other departments as appropriate.

The Commission provides a complaint form on which complaints can be filed. This form is available at the Commission office and online; complaints are also accepted by e-mail.

During the fiscal year, the Commission received 43 complaints and initiated three of its own. Twenty of these complaints were resolved by year's end; with complaints pending from prior years, the Commission had, at the close of the fiscal year, 44 complaints under review. During the fiscal year, the Commission reached a record \$39,750 in settlement of complaints.

The Commission refined its guidelines for determining priority among complaints for purposes of timely action. Where a complaint alleges failure to report information, Commission investigative staff will now consider -- among other things -- the importance to the public of the omitted information. Where a complaint alleges other violations, investigators will consider -- among other things -- whether the respondent is a candidate in the current election. Despite these guidelines, the Commission remains severely constrained in its ability to process and finalize complaints because it has only one investigator whose time is also consumed by the administration of both the Campaign Consultant and Lobbyist Ordinances. Unless the Commission is able to achieve full funding for its enforcement program, the current backlog of complaints will likely increase.

Policy Recommendations.

The Commission is charged with making policy recommendations on issues under its jurisdiction.

As noted above, the Commission devoted considerable resources to developing regulations to implement new amendments to the City's conflict of interest laws.

It also saw its proposals for increased electronic filing and suggested amendments to the Campaign Finance Reform Ordinance take effect and developed implementation procedures and regulations for both. This success has, however, necessitated better computer processing and memory upgrades which are expensive and not in the Commission's budget.

Pursuant to a resolution of the Board of Supervisors, the Commission conducted a public hearing to seek recommendations for screening applicants to City commissions and at-will employment, for training commissioners and staff in conflicts laws and Sunshine requirements, and for developing policies to promote ethical conduct of commissioners and staff. The Commission adopted recommendations and sent them to the Board in October 2003.

The Commission also responded to requests for input and advice from other City agencies. At the request of the 2002-2003 Civil Grand Jury, the Commission filed a response to recommendations contained in the Grand Jury's management audit of the Department of Building Inspection. At the request of the Elections Commission, the Commission opined on the "material financial effect" of a proposed ballot measure that would combine the Police Department and the Sheriff's Office and reclassify deputy sheriffs so that they would be subject to the same labor negotiation rules as police officers and firefighters.

Education and Training.

The Commission conducts ongoing informational programs about ethics-related laws and requirements. It produces educational materials and actively publicizes its outreach activities through public notices. On a daily basis, staff continues to provide oral advice to citizen inquiries; frequently, staff also provides tutorials to office visitors seeking information and clarification on laws within the Commission's jurisdiction. In addition, the Commission provides written advice letters on a host of issues.

During FY 03-04, the Commission presented numerous public workshops under its own auspices, and also upon request by various civic and educational institutions. Topics covered included conflict of interest rules, campaign finance reporting, public financing, lobbying, use of the Commission's public finance database, and departmental filing requirements for Statements of Economic Interests.

Commissioners Paul Melbostad and Robert Planthold, Executive Director Virginia Vida and Deputy Director Mabel Ng made a number of presentations to civic organizations in Fall 2003 explaining Proposition E, the Commission's Charter Amendment regarding conflicts of interest. They were featured speakers at meetings of the SF Planning and Urban Research Association (SPUR), the Alice B. Toklas LGBT Democratic Club, the SF League of Conservation Voters, the SF Women's Political Committee, the Retired Employees of the and County of San Francisco, the Republican County Central Committee, the Noe Valley Democratic Club, the San Francisco Chamber of Commerce, the Harvey Milk Lesbian & Gay Democratic Club, San Francisco Tomorrow, the Sunset District Democratic Club, and others.

Advice and Information.

As stated above, Commission staff is available each workday to answer public inquiries about San Francisco ethics laws. In FY 03-04, the Commission responded to hundreds of requests for information from residents and others both by phone and at the counter in the Commission office. The Commission's formal advice letters are posted on its web site.

AFFILIATIONS

The Commission is a member of the Council on Governmental Ethics Laws (COGEL), and participates in its annual conference. Executive Director Virginia Vida and Deputy Director Mabel Ng attended the annual conference in Austin in September. The 2004 conference will be held in San Francisco in December, with the Ethics Commission designated as the host of the meeting.

OUTREACH

The Commission has a strong institutional commitment to educate the public about San Francisco's ethics laws and to support campaign reform and government accountability efforts consistent with City policy throughout the state and elsewhere.

Staff members are in routine communication with community organizations about the requirements of the laws and the record of compliance. Regular outreach activities touch a wide variety of individuals and organizations, including neighborhood associations, political clubs, unions, business groups, lobbyists, campaign consultants, reporters, and others.

Among the public presentations made by members and staff in FY 03-04 were the following:

In July and August, Commissioner Robert Planthold delivered remarks about the work of the Commission to meetings of retired City employees, including members of Local 21

IFPTE. Commissioner Planthold, then the Commission Chair, was also featured on Comcast Cable TV's City Desk Newshour program.

In October, Commissioner Michael Garcia addressed representatives of the Outer Mission Residents' Association on Proposition E.

Campaign Finance Officer (later Commissioner) Joe Lynn made a presentation to candidates for the Green Party Central Committee in November. Campaign Finance Assistant Kevin DiLiban provided a presentation to candidates for Democratic County Central Committee. Commissioner Lynn delivered a presentation on electronic log to the California League of Cities.

Deputy Director Mabel Ng, and the Commission's lawyers, Deputy City Attorneys Claire Sylvia and Chad Jacobs, made a presentation about the requirements governing statements of incompatible activities to a group of human resource managers at the Civil Service Commission in June. Deputy Director Ng also attended a Civil Service Commission meeting in July to provide comments on statements of incompatible activities, in particular the statement submitted by the Department of Elections.

The Commission occasionally serves as host to foreign visitors seeking to learn about San Francisco ethics laws. In February, Deputy Director Ng met with Xiaobing Gong, Director-General of the Department of Judicial Assistance and Foreign Affairs at the Ministry of Justice of the People's Republic of China. They discussed the Commission's investigation and enforcement processes.

In April, Public Finance Administrator/Chief Auditor Shaista Shaikh and Deputy Director Ng met with Sirikit Syah, a 2004 Eisenhower fellow from Indonesia, to discuss the Commission's role in campaign finance reporting. Ms. Syah, a journalist, activist, and educator, founded LKM Media Consumers' Board, Indonesia's only media watchdog organization. She is also chair of the Indonesian Broadcasting Commission, East Java Province.

The Commission encourages active participation in its monthly meetings by interested community members. Regular meetings are held on the second Monday of each month at 5:30 p.m. at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 408, San Francisco. Agendas of the meetings are posted in accordance with the San Francisco Sunshine Ordinance and are mailed to a large and expanding list.

BUDGET

The Commission's budget for FY 03-04 included \$176,944 in departmental revenues (requiring average collections of \$14,745 per month) and \$732,574 in general fund support. Actual revenues fell short of projections by \$42,442. The Commission's annual approved budget totals are as follows:

FY 94 - 95	\$157,000
FY 95 - 96	\$261,000
FY 96 - 97	\$313,274
FY 97 - 98	\$394,184
FY 98 - 99	\$475,646
FY 99 - 00	\$610,931
FY 00 - 01	\$727,787
FY 01 - 02	\$877,740
FY 02 - 03	\$777,731
FY 03 - 04	\$909,518

The FY 03-04 budget reflected the loss of one Auditor position and one 0.5 FTE Assistant Investigator position.

During the fiscal year, a previously identified 5% contingency cut in the budget was implemented, requiring a reduction of \$36,342. It was absorbed in salary savings affecting the executive director (\$11,172), senior clerk typists (\$14,306 and \$5,722), and assistant investigator (\$5,142).

In effect, during the fiscal year, the Commission experienced significant staffing losses. The Executive Director was on personal leave for three months before her retirement on June 1, 2004; the position was vacant and not filled until August 9, 2004. The Campaign Finance Officer resigned on December 1, 2003, and the position was vacant until March 27, 2004. Since August 12, 2003, when the incumbent left the Commission to return to graduate school, the Campaign Finance Assistant position has remained unfunded. However, the Commission was able to use temporary salaries to fill the position from August 18, 2003 until March 1, 2004. The position remained vacant for the fiscal year and is still unfunded, depriving the Commission of a very important first-line contact with members of the public. The Ethics Investigator became a part-time employee in January 2004, which meant that the Commission did not actually have anyone who could focus on complaints until the new full-time investigator was hired on May 10, 2004. The Commission's lone investigator has a caseload that has consistently averaged more than 40 complaints.

MEMBERSHIP AND ADMINISTRATION

The Ethics Commission has five non-salaried members and, during FY 03-04, funding for a staff of fewer than nine, supported on occasion by one or two interns throughout the year.

Commission membership was as follows:

<u>Commissioner</u>	<u>Appointed By</u>	<u>Terms of Service</u>
Michele Anglade	City Attorney	3-02 to 2-08
Michael L. Garcia	Board of Supervisors	5-02 to 2-05 (renewable)
Waukeen Q. McCoy	Mayor	2-02 to 2-06
Paul Melbostad	District Attorney	1-02 to 12-03
Joe Lynn		12-03 to 2-07
Robert R. Planthold	Assessor	2-02 to 2-04
Emi Gusukuma		3-04 to 2-10

Commissioners Robert Planthold and Michael Garcia served as Chairperson and Vice-Chairperson, respectively, until February 2004. In March, Commissioner Garcia took over as Chairperson and Commissioner Michele Anglade became Vice-Chair. Commissioner Joe Lynn took over for Commissioner Paul Melbostad as the appointee of the District Attorney in December 2003. Commissioner Emi Gusukuma became the Assessor's appointee in March 2004, replacing Commissioner Planthold.

Executive Director Virginia Vida went on sick leave in February/March 2004 and retired in June 2004. Deputy Director Mabel Ng served as acting director until the Commission's new Executive Director, John St. Croix, took over in August 2004.

The Commission engaged in an extensive search process for a new Executive Director. It worked with the Department of Administrative Services and the City Attorney's Office to evaluate and identify selection criteria, undertake outreach, and consult with subject matter experts to develop exam and interview questions. The nationwide search continued into the new fiscal year with public input as part of the process.

Other staff members were Grace Chau, Public Finance Auditor; Frank Lester, Campaign Finance Assistant, who left the Commission to return to graduate school in August; Kevin De Liban, temporary Campaign Finance Assistant; Marvin Ford, Public Finance Clerk; Shannon Hardin, Ethics Investigator/Legal Analyst, who became a part-time employee in January 2004 so that she could pursue her own law practice; Richard Mo, Investigator/Legal Analyst, who joined the Commission in May; Oliver Luby, Fines Collection Officer, who took a two-month leave of absence to study for the California Bar exam in the summer 2004; Joseph Lynn, Campaign Finance Officer who resigned in December and became the District Attorney's appointee on the Commission; SarahLeah Dang, Campaign Finance/Budget Officer, who joined the Commission in April; Shaista Shaikh, Public Finance Administrator; and Jennifer Taloa, Principal Clerk.

The Commission was fortunate to have several bright and capable individuals who played a major role in getting the Commission's files in order, running errands, and providing other supportive services that enabled regular staff to attend to other duties. Interns

included Kristian Ongoco, a graduate student in public administration at San Francisco State University; Surabhi Saraswat, a senior at Princeton University; Jarrod Flores, a senior at the University of California Berkeley; Kennita Choice, a YouthWorks intern and senior at the International Studies Academy; Christina Yang, a recent graduate of University High School now attending Barnard; Kiger Lau, a recent graduate from Lowell High School now attending Brandeis University; and Annette Lim, an attorney who continues to volunteer her time.

FUTURE INITIATIVES

The Commission will continue to fulfill its mandated duties in the forthcoming years, with a particular focus on achieving the following broad objectives:

- The Commission will continue to administer the public financing program for candidates for the Board of Supervisors in FY 06-07, when such offices are up for election. In the odd-numbered years when there is no election for the Board, the Commission will continue to perform audits, produce reports, and prepare for the next round of elections.
- With the adoption of the conflict of interest amendments by the voters in the November 2003 election, the Commission will work with various City departments, boards and commissions to establish statements of incompatible activities for the respective departments, boards and commissions. The Commission anticipates that it will devote many hours of staff time to this task, as well as to advising City officers and employees and members of the public about the changes in the law.
- The Commission will continue to monitor the application of laws within its jurisdiction and will continue to propose amendments and regulations as appropriate.
- The Commission will host the 26th annual conference of the Council on Governmental Ethics Laws that will be held in San Francisco on December 5-8, 2004.

Respectfully submitted,

Michael L. Garcia
Chairperson
November 19, 2004

The San Francisco Ethics Commission FY 2003-2004 Annual Report
was prepared by Marc Slavin, independent contractor,
and edited by the members and staff of the Ethics Commission.

San Francisco Ethics Commission

FY 03-04 Organization Chart

