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JOHN ST. CROIX
EXECUTIVE DIRECTOR

Date: December 8, 2009
To: Members, Ethics Commission
From: John St. Croix, Executive Director
By: Steven Massey, Information Technology Officer
Re: Contracting for the Electronic Filing System

The Commission currently has a three-year contract with Netfile to provide an electronic filing system for campaign finance, lobbyist, campaign consultant and conflict of interest regulation. To contract out for professional services, the Commission obtained approval from the Civil Service Commission (CSC). In order to renew the contract, the Commission must again seek approval from the CSC. The current CSC approval to contract out for professional services will expire on September 30, 2010. When reviewing a request to contract out for professional services, the CSC takes into consideration whether the Commission has formally determined that contracting out is the most effective way to provide the electronic filing system. Staff is presenting this matter to the Commission for its consideration at this time in order to account for the time it takes for a contract to be approved by all parties in the City.

Staff recommends that the Commission endorse the proposal that contracting out is the most effective way to provide the electronic filing system. Netfile delivered on an ambitious deployment schedule to replace the Commission's previous On-Line Filing System (OLFS). Staff believes that Netfile went beyond contract specifications and invested a significant number of hours and resources at no additional cost to the Commission to meet requests and needs as they arose from staff, filers, and members of the public. The Commission has also invested significant time into building an electronic filing infrastructure with Netfile's system that is shared by jurisdictions statewide. Netfile is still the only vendor in California that offers a complete electronic filing system solution for agencies that is capable of meeting and that does meet the Commission's needs. For these reason, staff recommends that the Commission find that contracting out is the most effective way of providing an electronic filing system. The remainder of this memo provides some background on the Netfile contract and its implementation to date. Staff will be pleased to respond to any questions that Commissioners may have at the December 14 meeting.

Background

From 1999 through 2007, the Department of Technology (DT) provided an electronic filing system, called the On-line Filing System (OLFS), for the Commission to file the Fair Political Practices Commission (FPPC) Form 460. At the February 12, 2007 meeting, a representative from the DT informed the Commission that the DT would terminate support for the OLFS because the DT could no longer provide support for its software architecture and that building a new system to replace the OLFS would be a prohibitive financial investment.

At the April 9, 2007 meeting, the Commission endorsed staff's recommendation to contract out for an electronic filing service. On August 20, 2007, the Commission received approval from the CSC to contract out for electronic filing services. On October 31, 2007, the Commission entered into a contractual agreement with Netfile to provide the Commission with an electronic filing system and develop additional services and capabilities.

Contract Update

During the first two years of the contract, the Commission staff worked with Netfile to make substantial improvements in electronic filing system services. Significant accomplishments include:

- New forms in electronic format including FPPC Form 461, 465, 496 and 497 and the Statement of Economic Interests (SEI);
- Electronic filing of lobbyist reports to start in 2010.
- Public access to:
 - The Commission's filing records database, including a catalog of over 31,000 paper and electronic records for candidates, campaign committees, lobbyist, campaign consultant, and conflict of interest filings;
 - Over 10,000 scanned paper filings and 5,500 electronic filings;
 - A complete database download of all original and amended campaign finance transactions filed since 1998. This provides the public with the same transaction report and data used by Commission audit staff;
 - All campaign finance electronic filings in their original submission format;
 - Searchable transactions within five types of electronically filed FPPC forms;
 - Filing records that can be browsed by election and race; and
 - Filer/Non-Filer lists for conflict of interest forms including the Statement of Economic Interests.

On March 29, 2007, Commission staff held an interested persons meeting to solicit feedback for features that would be desirable to include in a new electronic filing system. The Commission and Netfile have addressed the following requests from treasurers and members of the public:

- Automate the calculation of summary and cumulative totals on campaign finance forms;
- Transfer transactions to applicable reporting periods and forms such that they need only be entered once;

- Tools to increase filer entry accuracy by storing contacts and connecting multiple transactions by the same individual;
- Make paper FPPC and local forms viewable on the Internet;
- Provide a spreadsheet download in a format accessible to members of the public and other institutions interested in reprocessing the data. Commission staff and Netfile worked to help facilitate a regular data transfer to the University of San Francisco's campaign finance web site project. It is also accessible from the new "DataSF" City-data catalog web site;
- Increase transparency of data stored off-site by making the filing records database accessible on the Internet; and
- Comply with existing Secretary of State electronic filing format standards.

There are currently 19 other California jurisdictions that use Netfile's electronic filing system, which has proven mutually beneficial to all the jurisdictions. The new electronic forms and many of the additional features added through the Commission's contract have benefitted local jurisdictions statewide. In turn, the Commission gained features at the request of other jurisdictions including:

- Secure encrypted access for campaign finance filers when accessing their electronic filing accounts;
- A new staff management system built from input from multiple jurisdictions;
- Tracking cumulative contribution totals from affiliated entities in the campaign finance filer application; and
- Upgrades to the SEI filing system to assist filers with completing the form accurately and viewing previous filings.