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Date: November 18, 2016

To: Members of the Ethics Commission

From: Jarrod Flores and Pat Petersen, Education and Compliance Division

Subject: **AGENDA ITEM 10 – Education & Compliance Division Report for the November 28, 2016 Commission Meeting**

Summary

This report provides programmatic information and operational updates about work underway in the Education and Compliance Division

Action Requested

No action is required by the Commission, as this item is for informational purposes only.

SF Voters Approve New Restrictions on Lobbyist Gifts, Contributions and Bundling

In the November 8, 2016 election, San Francisco voters adopted Proposition T with 87 percent of the vote. An Ethics Commission-proposed measure, Prop. T enacts new restrictions on gifts, campaign contributions, and bundling by lobbyists. The measure will become operative on January 1, 2018. To help inform those who will be affected by the new law, we distributed an *FAQ on Measure T* (see Attachment 1) to over 300 lobbyists, campaign consultants, permit consultants, and developers on the day following the election. We anticipate developing additional materials and compliance guides in the new year as we begin to ramp up to the law's January 2018 operational date.

Campaign Finance Disclosure Program

On October 27, 2016, candidates and committees filed their required pre-election statements, disclosing all campaign activity covering through October 22. This latest data can be viewed on the Commission's Campaign Finance Dashboard pages at www.sfethics.org. Staff have prepared a final *Election '16* handout (see Attachment 2) to highlight some notable campaign figures based on these latest campaign filings.

The next campaign filing deadline is January 31, 2017, covering the period October 23, 2016 through December 31, 2016.

Statement of Economic Interests (Form 700) Disclosure Program

To provide an update about ongoing work to ensure full financial disclosure and accountability by every elected official and public employee who makes or influences governmental decisions by requiring online filing of Form 700s, this section below focuses on staff's activities to date and the groundwork that will be laid in 2017 in preparation for implementation in January 2018.

Background

In 2014, the Commission implemented mandatory electronic filing of the Form 700 for elected officials, department heads, and members of board and commissions. The Commission makes these electronically-filed Form 700s available on its website as PDFs, and on SF OpenData as a dataset. Some personal information is redacted from the on-line Form 700s,¹ although members of the public are also able to access unredacted reports at the public computers in the Commission's office and through Sunshine Ordinance requests.

As staff shared with the Commission in 2015, regulatory amendments will be necessary in order to continue the Commission's efforts in this regard, and expand the mandatory electronic filing requirement to cover all City employees and consultants who file a Form 700. The amendments would make all Form 700s filed by the additional filers – which we understand number approximately 3,200 – available online.

Currently, the Form 700s completed by these employees and consultants are filed with those employees' and consultants' departments. Typically, each department designates its own "filing officer" to collect these Form 700s. These forms are neither forwarded to the Ethics Commission nor posted online.

The transition to e-filing for all designated filers was originally planned for April 2016. However, following meetings in June, July and August 2015 with representatives from several City unions and other interested persons, union representatives requested that the implementation of online filing for designated filers be tabled for a year to allow them the opportunity to address concerns regarding the proposal's implications for City employees' privacy interests. During this hiatus, the state-mandated biennial review of designated filers was conducted; the resulting draft ordinance will be introduced to the Government Audit & Oversight Committee in early December, and presented to the Board of Supervisors for approval by year's end.

Staff met three times in October and early November 2016 with representatives from MEA, SEIU Local 1021, IFPTE Local 21, the Union of American Physicians and Dentists and the Police Officers Association (once) to address ongoing privacy concerns. Staff will continue to meet, as necessary, to keep affected individuals informed of the process.

¹ The redacted information includes telephone numbers, e-mails, names of sources of rental income, and street address information other than for economic interests that are real property interests.

2017 Groundwork

In late spring 2017, staff will begin checking with the City's departments to determine whether updates to the list of designated filers – and thus the Ordinance – is warranted. The process of constructing of the accounts for all Form 700 designated filers will begin in late summer 2017, and the effort will be completed by December 31, 2017.

The Ethics Commission's new website and online resources will play a key role in staff's ability to provide timely assistance to an additional 2,500+ Form 700 filers. Our homepage will feature banner announcements of filing deadlines during the filing period. Webpage content has been reorganized to serve the filer, providing supporting legal content and reference materials of both the Ethics Commission and the Fair Political Practices Commission.

In addition to the to the general meetings for filing officers that are offered every February and March, offline resources will be expanded in the form of department-specific meetings, printed guides, FAQ sheets and brown-bag luncheons. The goal is to place reference materials into the hands of the filer, thus minimizing the number of e-mail inquiries and telephone calls that staff addresses during a busy filing season.

Staff will provide in-depth updates of the transition as appropriate.

FAQ on Proposition T

Restricting Gifts and Campaign Contributions from Lobbyists

Approved by San Francisco Voters on the November 8, 2016 General Election Ballot

Prepared by the San Francisco Ethics Commission

How was the measure placed on the ballot?

Proposition T was placed on the ballot by a unanimous vote of the San Francisco Ethics Commission in July, 2016.

What does Proposition T do?

The measure has three key provisions that:

1. ban lobbyists from making campaign contributions to elected officials at agencies the lobbyists are registered to lobby and to candidates seeking election to those offices;
2. ban lobbyists from transmitting to those officials and candidates contributions collected from others, a practice commonly known as “bundling;”
3. ban lobbyists from giving City officers gifts of any value, including gifts of travel, and it prohibits lobbyists from making those payments through others.

Do other jurisdictions have similar laws?

The lobbyist contribution ban is similar to restrictions in place for the State of California and in the City of Los Angeles.

How will the contribution and bundling bans apply?

The bans apply to campaign contributions a lobbyist makes or bundles to any local committee a City officer or candidate controls, including a controlled ballot measure committee.

The measure applies to all lobbyists that must register with the Ethics Commission.

The law establishes a new duty for lobbyists to identify the agencies they plan to lobby, and to amend registration information within five days of the changed circumstances (such as a new agency that will be lobbied.)

If a lobbyist fails to fail to disclose which agencies the lobbyist attempts to influence as required, the lobbyist will be prevented from making any contributions to any City elective officer or candidate and their controlled committees, and from delivering or transmitting, or delivering or transmitting through a third party, any others’ contributions to City officers or candidates and their committee.

Lobbyists will be subject to these bans for 90 days after their registration to lobby any agency ends.

Are contributions by a lobbying firm or employer of a lobbyist affected by this measure?

They could be, depending on the degree of involvement the lobbyist has in directing and controlling those contributions. The same aggregation criteria that exists in current city law will also be applied for purposes of the lobbyist contribution ban. The contributions of an entity whose contributions are directed and controlled by any lobbyist will be aggregated with contributions made by that lobbyist.

How does the gift ban apply?

Lobbyists will no longer be permitted to provide officials with things of value that state law defines as a gift. Gifts of travel – meaning a payment, advance or reimbursement for travel, and including transportation, lodging, and food and refreshment connected with the travel – will also be banned.

In addition, the measure clarifies that a lobbyist will be prohibited from making or acting as an intermediary for any payment to a third party that is earmarked for use in making gifts, including gifts of travel, to an officer of the City and County, or parent, spouse, domestic partner, or child of an officer of the City and County.

Are there any exceptions to the gift ban for non-profits that qualify as a lobbyist?

A limited exception will allow City officers to receive food and beverages worth \$25 or less at a public meeting held by a 501c3 non-profit organization that has qualified as a lobbyist when those refreshments are equally available to all attendees of the public event.

Will City officers be banned from receiving gifts a lobbyist would be prohibited from making?

Yes. City officers will also be prohibited from soliciting and receiving prohibited lobbyist gifts.

In addition, no officer of the City and County will be allowed to accept or solicit any such gift from a third party if the officer knows or has reason to know that the third party is providing the gift or gift of travel on behalf of a lobbyist.

Is there an appropriation required?

The measure provides one-time funding of \$115,000 for the Ethics Commission to modify its online lobbyist registration technology to accommodate the changes made by this measure for administrative and enforcement purposes.

When will the law take effect?

Because of the technology changes that will be required to implement the new law, the law will become operational on January 1, 2018.

Can this law be amended or changed at a later date?

Yes. In general, voter-approved measures can only be amended by later voter-approved measures. But this measure also allows the Board of Supervisors to amend its provisions if:

- The amendment furthers the purposes of the Lobbyist Ordinance;
- The Ethics Commission approves the proposed amendment in advance by at least a four-fifths vote of all its members;
- The proposed amendment is available for public review at least 30 days before the amendment is considered by the Board of Supervisors or any committee of the Board of Supervisors; and
- The Board of Supervisors approves the proposed amendment by at least a two-thirds vote of all its members.

What is the Ethics Commission?

San Francisco voters established the Ethics Commission in November 1993 through a ballot measure that amended the City Charter. The Ethics Commission serves the public, city employees and officials and candidates for public office through education and enforcement of ethics laws. It oversees the registration and regulation of lobbyists, candidates and campaign consultants, among many other duties.

Who appoints Members of the Ethics Commission?

Each of the five members of the Ethics Commission is appointed by different appointing authority and may serve one six-year term in office. The Mayor, the Board of Supervisors, the District Attorney, the City Attorney, and the Assessor-Recorder each have one appointment to the Ethics Commission.

If I have questions about how the new law will apply to me, where can I get additional information or advice?

Please feel free to contact the Ethics Commission's Education and Compliance division with any questions about your responsibilities under the law. We can be reached at (415) 252-3100 during normal business hours and will be happy to assist you.

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Info | Election '16

November 17, 2016

Among the San Francisco Ethics Commission's Charter-mandated responsibilities is the duty "[t]o advocate understanding of the charter and City ordinances related to campaign finance...and the roles of elected and other public officials, City institutions and the City electoral process."

Charter Sec.3-699.11(10)

Did you know...?

**\$50.3
million**

...in fundraising was reported by Ballot Measure Committees through the election day to support or oppose 24 local measures on the November ballot...

...and candidates for City elective office reported raising **\$2.5 million** for their campaigns as of the last pre-election statements they were required to file in late October.

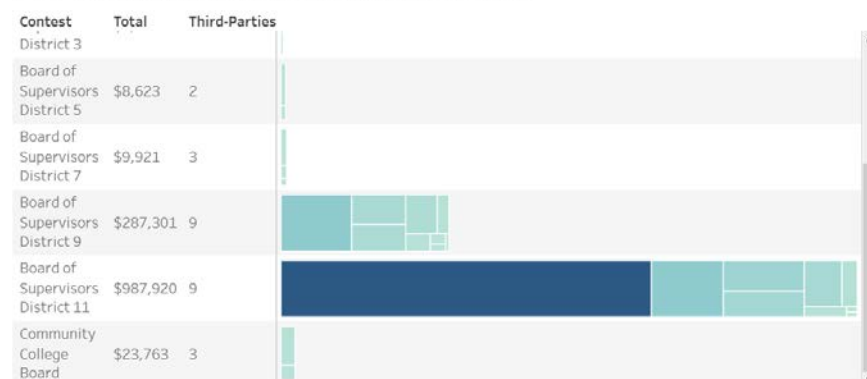
Want to learn more? Campaign committees may continue to raise and spend during the post-election period. The next deadline for committees to report campaign activities covering through December 31, 2016 is January 31, 2017. Latest info will be summarized on Ethics Commission Campaign Finance Dashboards at www.sfethics.org.

Campaign Finance Dashboards:

Third- Party Expenditures

Third-Party Expenditures

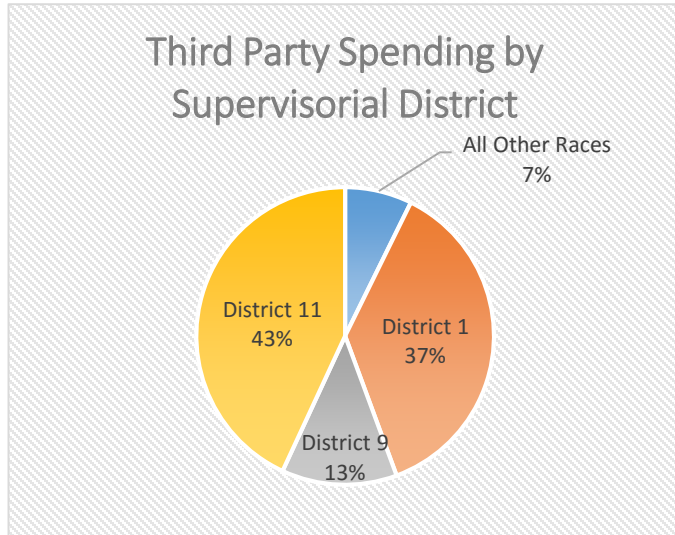
The following bar graph summarizes the independent expenditures made in support or opposition of candidates and who made the expenditure. Hover over a bar to reveal the payer. Click a bar to reveal expenditure details. Mouse over the candidate or contest header and click the - or + to roll up expenditures. The data was last updated November 14, 2016.



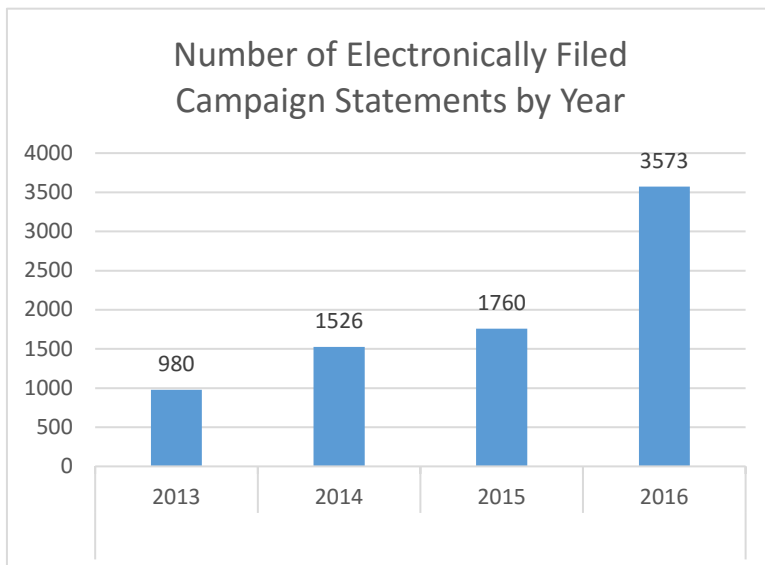
Third party spending to support or oppose candidates running for City office is reported to the Ethics Commission and summarized on our Campaign Finance Dashboards. Though the election may be over, we will continue to update that information as necessary with any new or amended reports that are filed in connection with the November 2016 election.

Did you know...?

>92% ... of the roughly \$2.3 million in total **third-party spending affecting the 49 City candidates was supportive spending** to benefit those candidates' campaigns.



80% of total reported third-party spending to date was spent in just two Supervisorial races - Districts, 1 and 11. Another 13% was spent to affect campaigns in District 9.



The Ethics Commission has had an unprecedented increase in the number of campaign statements electronically filed in 2016. Filings are more than double the number received in 2015. (Note: Electronic filing became the document of record in 2013. In prior years, committee were required to file paper and electronic copies of their statements.)

Still A Fan of Transparency and Accountability? Yes, there's still time for *you* to help!

Although the November 2016 election is coming to a close, the Ethics Commission's duty to provide timely and useful public information about money in City politics continues. If you're a fan of transparency and accountability who has viewed our campaign finance dashboards, let us know what you think. We invite your ideas and suggestions to help ensure our public disclosure tools are informative and easy to use. Contact us at ethics.commission@sfgov.org, or drop us a line at 415.252.3100. We look forward to hearing from you and appreciate your help.