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LEEANN PELHAM
EXECUTIVE DIRECTOR

Date: April 8, 2019
To: Members of the Ethics Commission
From: Pat Ford, Senior Policy Analyst
Re: **AGENDA ITEM 6 – Staff Policy Report**

Summary: This memorandum provides updates on ongoing policy projects, pending local legislation, and other operational projects involving the Policy Division to assist the Commission, the public, and Staff in engaging with the Commission's policy work.

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

This memo provides an operational update on the Commission's policy projects. Section I provides status reports about ongoing policy projects that the Commission has identified as policy priorities as part of its Policy Prioritization Plan.

Section II provides information about ongoing operations and projects that, while not a part of the Commission's Policy Prioritization Plan, regularly require the attention and resources of the Policy Division.

I. Policy Prioritization Plan – Status of Ongoing Initiatives

The following sections describe the status of the Commission's current policy priorities.

A. Review of the City's Public Financing System

As part of the first phase of the Commission's review of the City's public campaign financing program, Policy presented draft regulations and a draft ordinance at the November 2018 meeting aimed at making the program more effective and workable. The Commission approved an amended version of the ordinance at its regularly scheduled February meeting. Supervisor Mar introduced the ordinance (File No. 190287) before the Board at its March 12th meeting. Policy is also in communication with other members of the Board to provide information about the ordinance and the Commission's review process that produced it and to encourage support of the ordinance. Policy is continuing to assist the Audits Division and the Engagement and Compliance Division to update and improve the written resources that are available to program participants.

As part of the second phase of the review project, which examines more fundamental components of the program, Staff has drafted initial findings and recommendations, which

are presented under Agenda Item 4. Policy anticipates bringing a draft ordinance based on the Commissions discussion of these recommendations for consideration at the regularly scheduled May meeting.

B. Review of Campaign Finance Reform Ordinance Regulations

This project seeks to update and improve existing regulations and develop new regulations to clarify new provisions of the Code created by the Anti-Corruption and Accountability Ordinance. A set of draft amendments to various regulations appears for discussion purposes under Agenda Item 5. These amendments would affect various regulations that support Article I, Chapter I (Campaign Finance Reform Ordinance), Article III, Chapter II (Government Ethics Ordinance), and Article III, Chapter VI (Behested Payments Disclosures). Staff will agendize the amended regulations at the May meeting with the requisite public notice so that the Commission may choose to take action on the regulations at that time.

C. Paid Online Political Communications

The Commission has identified research and a possible legislative proposal regarding paid online political communications as its third policy priority. As reported at the Commission’s last meeting, Staff have been tracking the development of this nationwide issue over several months, engaging with subject matter experts and reviewing the developing field of literature on this topic. Work on this priority project over the next quarter will include developing additional content for the Commission’s website as an effective way to help inform the public about the law regarding these advertisements. Policy staff will pursue this in conjunction with the Engagement and Compliance Division.

II. Miscellaneous Policy Administrative Projects

A. Pending San Francisco Legislation

1. Initiative Ordinance – “Sunlight on Dark Money Initiative” (Mar)

As described in the March Policy Report, five members of the Board of Supervisors submitted an initiative ordinance to the Department of Elections that would amend provisions of the Campaign and Governmental Conduct Code to, among other things, prohibit political contributions from persons with a financial interest in a land use matter and change disclaimer requirements for certain political communications. Although this initiative ordinance does not require a vote of the Board of Supervisors, it will be the subject of a hearing before the election. Staff is reviewing the implications of these potential changes to City law and will be submitting written comment for the hearing.

2. Legislation Affecting the Public Financing Program (No File Number) (Mar)

At the February 12th meeting of the Board of Supervisors, Supervisor Mar announced that he would introduce an ordinance making amendments to the City’s public financing program. Supervisor Mar has not yet introduced such an ordinance. Staff continues to monitor any further developments.

B. Trustee Election Disclosures Implementation

In 2018, the Board of Supervisors and the Mayor approved amendments to the Administrative Code to institute financial reporting by candidates and third parties making expenditures in elections for members of the Retirement Board, Health Service Board, and Retiree Health Care Trust Fund Board. As the Commission's Engagement & Compliance division operationalizes systems and processes for campaign disclosures in this spring's "trustee elections," Policy continues to collaborate with E&C and EDDA staff to implement those new public disclosure requirements.

C. Form 700 E-Filing For All

Policy is assisting other divisions in developing systems and processes and to support electronic filing of all Form 700 filings. Currently, only elected and appointed officials and department heads file the Form 700 in electronic format, and City employees file in paper form with their respective departments. Policy will likely bring a regulation to the Commission require e-filing by all filers and will engage with bargaining units in regard to this change in filing requirements.

D. ACAO Implementation

Provisions of the Anti-Corruption and Accountability Ordinance (ACAO), which was approved by the Commission, the Board, and the Mayor in 2018, became operative on January 1, 2019. As the Engagement and Compliance and EDDA Divisions implement these new provisions, Policy is continuing to provide guidance and advice. The implementation process includes new disclosure forms, updates to the Commission's website and candidate guides, and development of regulations to provide more clarity about the new law.