

San Francisco Ethics Commission

DRAFT FISCAL YEAR 2021-22 ANNUAL REPORT

July 1, 2021 – June 30, 2022

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Public service that builds public trust.

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Year in Review

Thank you for reviewing the Ethics Commission's Annual Report for Fiscal Year 2021-2022. We are pleased to issue this report to provide the Mayor, the Board of Supervisors, and all San Franciscans the highlights of the Commission's activities, challenges, and accomplishments during this fiscal year.

As an independent City department established by San Francisco voters in 1993 with the duty to impartially shape, administer, and enforce the city's ethics, campaign finance, and lobbying laws, the Ethics Commission has a core mission to promote broad, fair, and equal participation in city government.

At the center of this mission is the goal of promoting trust in the effective and equitable practices of local government by recognizing and removing obstacles to fair and equal participation.

When corrupt actions and pay-to-play practices occur as they have in the corruption scandals that unfolded in the City over the past two and half years, inequities are perpetuated and serve to systemically disenfranchise those with less privilege and access. This diminishes the ability of people to participate effectively in decisions that affect their lives.

The Ethics Commission's mandate "to assure that the governmental processes of the City and County promote fairness and equity for all residents and to maintain public trust in governmental institutions" stands in stark contrast to those practices. Our mission is to practice and promote the highest standards of integrity in government. We realize this by promoting compliance with the laws and by delivering impactful programs that promote fair, transparent, and accountable governmental decision making for the benefit of all San Franciscans.

We invite your ongoing participation in this vital work and welcome your feedback on this Report.

Year at a Glance



11,552 disclosure statements and reports filed with the Ethics Commission in FY22

90 percent of City Officials required to electronically file an Annual Statement of Economic Interests (Form 700) submitted their filings by the April 1, 2022 deadline

92 percent of Designated Employees required to electronically file an Annual Statement of Economic Interests (Form 700) submitted their filings by the April 1, 2022 deadline

81 percent of City Officials fulfilled their annual Ethics and Sunshine Training and Declaration by the April 1, 2022 deadline

\$67,098 in enforcement fines levied in 12 stipulated settlements approved by the Commission, which were among 85 investigative matters resolved in FY22



2,375 fulfilled requests for advice, guidance and support in FY22



262 Lobbyists registered with the Ethics Commission in calendar year 2021

34 Major Donors or Independent Expenditure Committees filed reports in connection with the February 15, 2022 and June 7, 2022 elections

61 Permit Consultants registered with the Ethics Commission in calendar year 2021

30 Primarily-formed Committees filed campaign finance statements in connection with the February 15, 2022 and June 7, 2022 elections



208 active Political Committees as of June 30, 2022

29 Campaign Consultants registered with the Ethics Commission

3 Major Developers filed reports regarding two projects in calendar year 2021

105 Public Records Act/Sunshine Ordinance Requests fulfilled



\$6.55 million annual operating budget with 34 staff positions in FY22

Mandate & Mission

What We Do

The Ethics Commission has responsibility for the impartial administration and enforcement of San Francisco laws relating to the provisions of the Charter, statutes and ordinances concerning campaign finance, lobbying, and governmental ethics. Established by San Francisco voters in November 1993, the Ethics Commission serves the citizens of San Francisco, candidates for City office, and City employees, elected and appointed officials through education and compliance guidance, by independently enforcing the laws, and by serving as a repository for public disclosures to support transparency and accountability in City elections and local government decision making.

The Commission acts as filing officer for over 80 different types of public disclosure statements and reports related to:

- Governmental ethics
- Campaign fundraising and spending by candidates and political committees
- Lobbying activities
- Other activities that are reported by:
 - City officials, including annual economic interest filings
 - Permit consultants
 - Campaign consultants
 - Major developers
 - Major donors

In addition, the Ethics Commission:

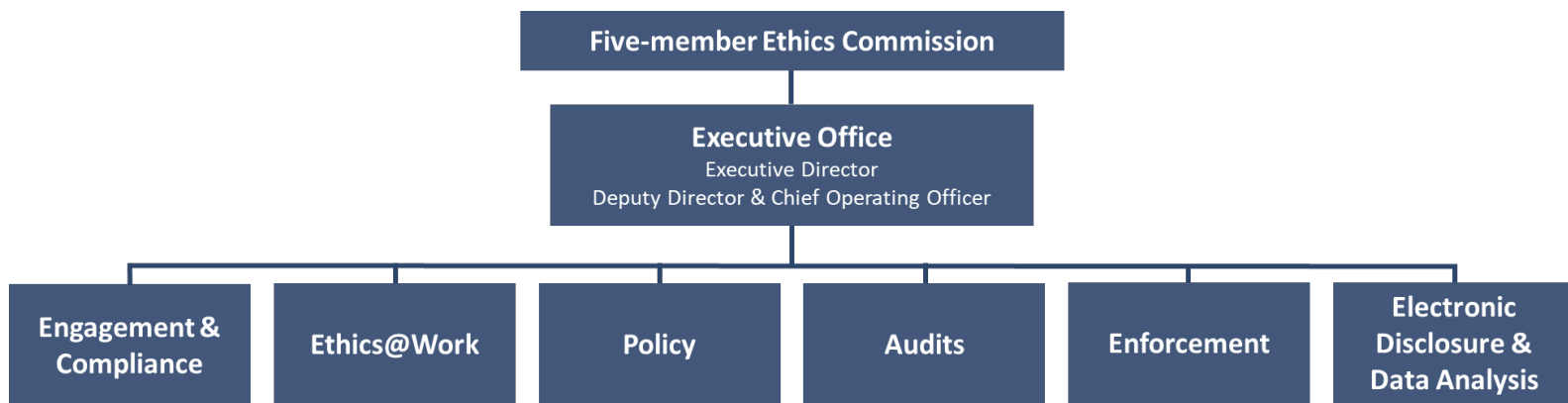
- Audits campaign and lobbying statements
- Investigates complaints alleging ethics and political reform law violations
- Raises public awareness of relevant laws and regulations
- Researches and proposes legislative changes
- Provides guidance and advice about the applicability of the City's political reform laws to:
 - Candidates for local office
 - Officeholders
 - Officers
 - City Employees
 - The general public

With its sworn responsibility to the public trust, members of the Ethics Commission are pledged to a high standard of excellence in government accountability. Together with its staff, the

Commission works to effectively implement the laws within its jurisdiction, and to ensure those laws are strong, workable in practice, and enforceable.

Organizational Structure

For the five-member Ethics Commission, Commissioners are appointed by: Mayor (1); City Attorney (1); District Attorney (1); Assessor (1); Board of Supervisors (1). The Commission elects its Chair and Vice-Chair annually.



Summary of Key Highlights

The following are key highlights of the Ethics Commission from fiscal year 2021-22.

Programmatic Updates

Expanded E-Filing Requirements for Economic Interest Statements (Form 700)

Expanded the electronic filing requirement for Statements of Economic Interests (Form 700) to over 4,700 designated employees who occupy positions in their departments' section of the City's Conflict of Interest Code.

Behested Payment Legislation

Developed legislation and engaged with stakeholders and the Board of Supervisors to revise City rules on behested payment from interested parties, which took effect in January 2022.

Support for Form 700 filing and Ethics and Sunshine Training

Provided guidance, online trainings, and compliance resources to City officials and employees to help them comply with their annual Form 700 filing and Ethics and Sunshine training requirements by the April 1 deadline. Over 90 percent of City officers and 92 percent of designated employees e-filed their Form 700 on time. Over 81 percent of City officials, including 100 percent of elected officers, completed their annual training requirement by the deadline.

Campaign Filing Support

Provided advice, filer support, guidance, and training to two candidates, 12 primarily-formed committees, and 34 Major Donors or Independent Expenditure Committees for the February 15, 2022 Consolidated Special Municipal Election and June 7, 2022 Consolidated Statewide Direct Primary Election.

Campaign Finance Dashboards

Published campaign finance dashboards for the [February 15, 2022](#) and [June 7, 2022](#) elections, and released new [campaign finance datasets](#) on the City's open data portal.

Major Developer Dashboard

Designed and launched the [Major Developer Dashboard](#) on the Commission's website. This provides a user-friendly method for the public to search for information regarding payments made by major donors to nonprofit organizations that contacted public officials regarding their projects.

SF Ethics Named as Model for "Innovative Transparency Solutions"

The Ethics Commission's work was highlighted by the nonpartisan Campaign Legal Center (CLC)

December 2021 report titled [Top Ten Transparency Upgrades for Ethics Commissions](#) “to provide state and local ethics commissions with innovative transparency solutions to improve how they effectively implement their ethics programs.”

Resolved Investigations

Resolved 85 investigative matters, including approval of 12 stipulated settlements that levied enforcement fines totaling \$67,098.

Lobbying Audits and Post-Filing Compliance Reviews

Initiated six lobbying audits and the development of a framework for conducting Form 700 post-filing compliance reviews.

Implementation of Budget and Legislative Analyst Recommendations

Implemented 15 of the 16 recommendations made by the Budget and Legislative Analyst in the performance audit of the Ethics Commission conducted at the request of the Board of Supervisors.

New Ethics Legislation

Based on its comprehensive review of the City’s ethics and conflict-of-interest laws, drafted a proposed ballot measure and regulation amendments on gifts and essential ethics provisions, with consideration of those proposals continuing into FY23.

Departmental Operations

FY22 Operating Budget & Staffing

Secured approval by Mayor and Board of Supervisors for FY22 annual operating budget of \$6.55 million with authority for 34 staff positions, including eight new positions. Prioritized its departmental FY22 Hiring Plan and filled seven staff vacancies while operating under both remote and hybrid work models.

Racial Equity Action Plan

Updated the Ethics Commission’s [Racial Equity Action Plan](#) and provided a 2022 Progress Report to the City’s Office of Racial Equity on May 2, 2022.

Return to In-person Meetings

Resumed in-person monthly Commission meetings in City Hall in March 2022 using a hybrid approach that enabled the public to participate onsite or via remote audio and video conferencing options.

Re-opening of In-person Services

Continued to perform all regular business in a fully remote environment during the pandemic in the initial months of the fiscal year before transitioning to a hybrid work model after re-opening

its physical office for in-person services.

Programmatic Updates

Transparency and Accountability through Public Filings

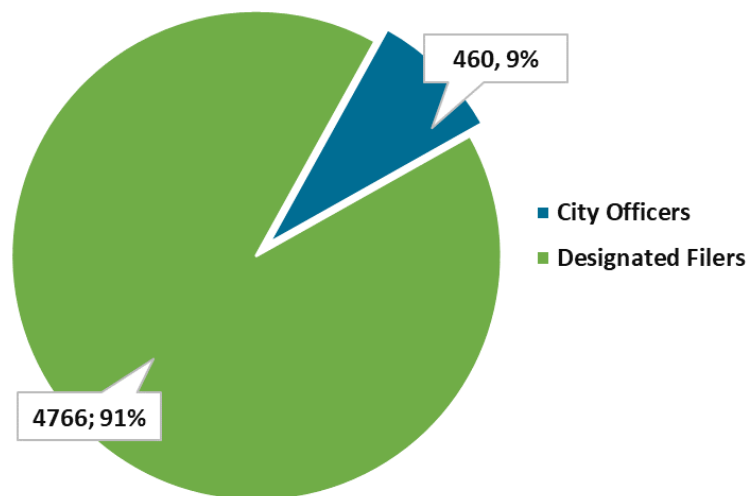
2022 Annual Filing and the Launch of Electronic Filing for All Form 700 Designated Filers

Public officials and designated employees throughout California who make or influence governmental decisions are required to disclose financial interests on a Statement of Economic Interests. This is also known as a Form 700.

The Form 700 provides information to the public about an official's personal economic interests to ensure that officials are making decisions in the best interest of the public and not enhancing their own personal finances. Annual Form 700 filings covering the 2021 calendar year were due by April 1, 2022.

In 2022, roughly 460 City officials were required to electronically file their Form 700. To further enhance public transparency, the Commission expanded this requirement effective January 1, 2022 to cover over 4,700 city employees whose positions are designated in their departments' section of the City's [Conflict of Interest Code](#).

Form 700 E-Filers, By Category



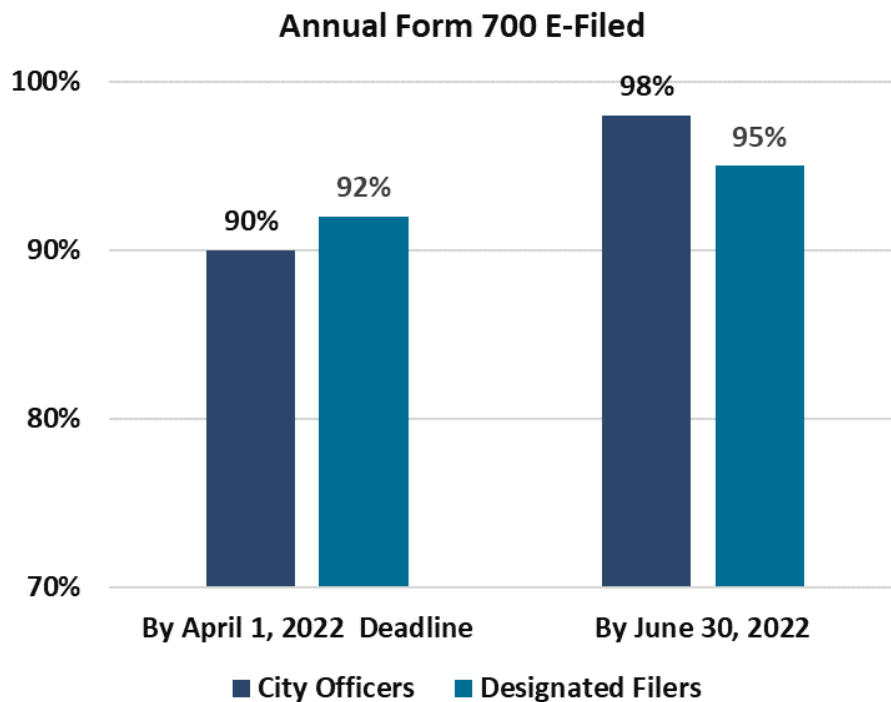
On schedule, January 1, 2022 marked the official launch of electronic filing for all designated Form 700 filers in the City and County of San Francisco. With electronic filing now in place, designated filers now file their Assuming office, Annual, and Leaving Office Form 700 statements

electronically, and these economic disclosure statements are accessible to the public [online](#) immediately following submission. Commission staff worked closely with its e-filing service provider, NetFile, to ensure features of the online system supported new business processes that were a part of the City's filing expansion.

Commission staff executed its outreach and training plan to keep departments updated. Essential training was provided on the e-filing system for designated departmental personnel who serve as the point-of-contact for Form 700 filers with the Ethics Commission. This included development of a user manual for departmental filing officers that featured step-by-step instructions on how to manage their departmental filings. To help them readily locate [online](#) key information, web pages were redesigned and new guides were created.

Responding to feedback received, the Commission also developed several micro tutorials to demonstrate in short videos how to use the e-filing system. Interactive training modules, other user-defined guidance materials, and the creation of a dedicated and ongoing Form 700 service-desk support portal were also established to support a seamless transition to e-filing for departmental filing officers and filers. In February and March, several virtual information sessions held by the Commission showed record turnout.

By the April 2022 annual filing deadline, 92 percent of designated employees e-filed their Form 700 on time. Over 90 percent of City commissioners, department heads, and elected officials had also filed on time. After additional Commission and departmental follow up, as of June 30, 2022, 95 percent of designated employees and 98 percent of City officials had e-filed their annual Form 700.



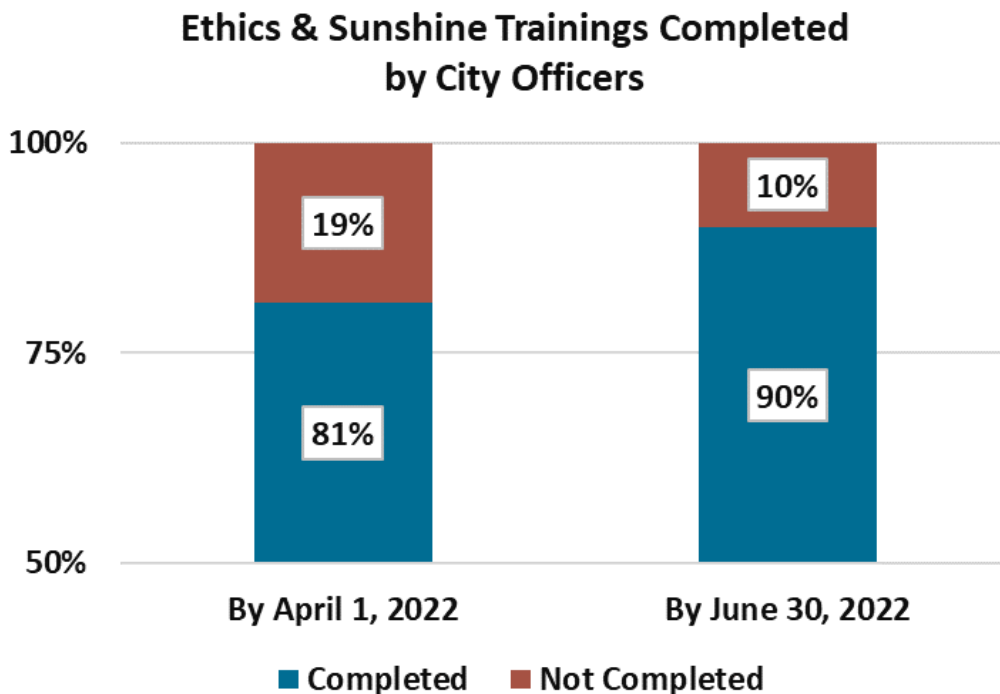
In supporting a successful transition to e-filing, the partnership of City departments was invaluable. Collaboration with Department Heads and departmental filing officers across 55 departments with impacted filers provided important feedback and logistical support. Critically, these efforts enabled the success of steps that were essential to achieve prior to the January launch date.

As a follow up to the 2022 annual filing, Commission staff presented a detailed [implementation report](#) on the Form 700 E-filing Expansion Project at the Commission’s May 2022 monthly meeting.

Annual Ethics and Sunshine Training Declarations

Annual Ethics Training and Sunshine Ordinance Training and Declarations were required to be fulfilled by elected officials, department heads, and commissioners and board members by April 1, 2022.

Over 81 percent of these City officials (including 100 percent of elected officers) completed their annual training requirement by the deadline. As of June 30, 2022, 90 percent of City officials had completed their annual Ethics and Sunshine Ordinance Training and Declaration.



To facilitate timely compliance of Form 700 and Ethics and Sunshine Ordinance Training requirements, Commission staff performed filing officer responsibilities and provided compliance support to City officials during the annual filing season, as well as for events involving a filer’s assuming or leaving office. Commission Staff provided informal advice and compliance guidance,

training, disseminated pre- and post- filing notices, administered filer e-filing accounts and filing obligations, tracked filer compliance, and conducted late filer procedures, where applicable. Additionally, staff provided advice and guidance to support individual departments with the administration of their Form 700 programs, including for designated employees and consultants.

To heighten public awareness of the Form 700 requirements and financial disclosure, staff updated the Commission's website with [new context and links](#) designed to improve the understanding and access to the latest filings. As in past years, the Commission made the information disclosed in Form 700 filings available on the City's open data portal, [DataSF](#). This year, staff revised the open datasets to include the disclosures filed by designated filers in all departments.

In addition, the Commission identified as an operational priority the development of an annual compliance review of Form 700 filings, as recommended in the Controller's June 2020 [Preliminary Assessment of San Francisco Public Works Contracting](#). With expanded use of the Commission's electronic filing system for Form 700 filings, access to regularly monitor compliance and strengthen oversight of officials' economic interest filings has been improved. Development of the review process began during the second half of FY22 with a compliance review framework for planning, conducting reviews, analyzing findings, developing recommendations, and publicly reporting on findings. Further refinement and implementation of this framework will continue into FY23.

Reminders to City Officers and Employees Regarding Statement of Incompatible Activities

Departments' Statements of Incompatible Activities (SIA) are a tool to help inform all City officers and employees about activities that the City deems incompatible with their public duties. Statements identify those outside activities (including self-employment) incompatible with their department and are therefore restricted. These activities can include those that conflict with official duties, have excessive time demands, or are subject to the review of the department. SIA prohibitions can apply to these activities whether they are compensated or uncompensated.

To help officials and employees become more familiar with their department's SIAs, City law requires them to be distributed to all employees each year by April 1. The Commission provided the 2022 [annual SIA reminder notice](#) on March 4 to all City departments to facilitate their distribution.

Other Public Disclosures Regarding Actions Taken by City Officials

The Ethics Commission administers other public disclosure filings that support open and fair City decision-making and public transparency about actions taken by City officials.

Disclosures Regarding City Contractors

Certain [public disclosures](#) required to be filed with the Commission help support elected officials in complying with restrictions on contributions from City contractors and help campaigns determine who may be prohibited from contributing to them. During FY22, 690 Notification of Contract Approval forms (Form SFEC-126f4) were submitted by City Officials. Additionally, 42 Notification of Submission of Proposal filings (Form SFEC-126f2) were submitted by City departments.

Recusals

Officials may be required to [recuse](#) themselves from acting on matters before them due to conflicts of interest. They may also be required to publicly state that recusal and the basis for their recusal. During FY22, City officials filed 60 unique Notifications of Recusal reports (Form SFEC-3209b) with the Ethics Commission.

Behested Payments

Public disclosure reports were required in certain circumstances when officials [behested a payment](#) to a third party principally for legislative, governmental, or charitable purposes. From the beginning of FY22 through January 22, 2022, City officials filed three Behested Payments by City Officials reports (Form SFEC-3610b) with the Commission.

The relevant regulations changed in January 2022 when legislation about behested payments took effect. This banned City officials and other Form 700 filers from soliciting behested payments from persons who are an “interested party” to them as defined in the law.

Gifts of Travel, Lodging, or Subsistence

Elected City officers are required to publicly disclose certain [gifts of travel](#), lodging or subsistence under specified circumstances when those gifts are paid for in part or in whole by a person other than the City and County of San Francisco. During FY22, officers filed five Gifts of Travel reports (Form SFEC-3216b) with the Commission.

Compliance Support and Public Engagement for 2022 Elections

The City’s Campaign Finance Reform Ordinance regulates local candidate and ballot measure campaigns, independent expenditure and primarily-formed committees, and major donors, incorporates state campaign finance laws, and imposes additional reporting requirements and limitations.

In FY22, Commission staff fulfilled filing officer responsibilities and compliance support for two candidate committees, 12 primarily-formed committees, and 34 Major Donors or Independent Expenditure Committees for the February 15, 2022 Consolidated Special Municipal Election and

June 7, 2022 Consolidated Statewide Direct Primary Election to facilitate timely compliance with applicable campaign reporting requirements.

Commission staff provided informal advice and guidance, disseminated pre- and post- filing notices, reviewed filed campaign statements to ensure they conformed with applicable state and local laws, administered filer accounts and requirements, tracked filer compliance, executed late filer procedures, and terminated inactive filers.

As of June 30, 2022, there were 208 active campaign committees including 31 local candidates, and 9 primarily-formed committees participating in the November 8, 2022 General Election. Staff also conducted a live virtual information session for local candidates and their committee treasurers to inform them about applicable campaign finance and public financing rules and regulations for the November 8, 2022 election.

The campaign finance program received significant technological improvements in FY22. Accessible online, the [February 15, 2022](#) and [June 7, 2022](#) dashboards enable the public and press to track the contributions and expenditures of campaign committees seeking to influence voters. The tools enable users to see aggregated contributions, top contributors, fundraising totals, a map view of contribution locations, a graph of fundraising totals over time, and track late contributions and expenditures.

Staff also released new [campaign finance datasets](#) on the City's open data portal, [DataSE](#), in April 2022. The new datasets provide improved reliability and data structure. The data also includes information previously unavailable, including a complete list of all committees and filings in the Commission's records for over twenty years. Notably, these datasets helped advance a new application programming interface (API) for more robust campaign finance data search and display functions to promote broad public engagement in using the data.

In other areas of campaign activities regulated by the Commission, 29 campaign consultants were registered with the Ethics Commission as of June 30, 2022, of which 11 were new registrants. A campaign consultant is a person or entity that receives or is promised \$1,000 or more in a calendar year for providing either campaign management services or campaign strategy services. They are required to submit quarterly reports with the Ethics Commission.

Improving Compliance and Public Disclosures for Lobbying, Permit Consultant and Major Developer Programs

Throughout the year, Commission staff helped lobbyists, permit consultants, and major developers with timely compliance with their respective registration and reporting requirements. In this capacity, staff disseminated pre- and post- filing notices, reviewed filed disclosure reports, administered filer accounts and requirements, tracked filer compliance, executed late filer procedures, terminated inactive filers, and provided other guidance.

Lobbying

The City's Lobbyist Ordinance requires persons defined as lobbyists under the law to register and file public reports disclosing their lobbying activities with the Ethics Commission.

In calendar year 2021, 249 contact lobbyists were registered with the Ethics Commission, of which 62 were new registrants. These contact lobbyists together reported representing 412 clients, of which 332 had contacts with city officials made on their behalf. The total economic consideration reported in 2021 was \$12,749,139. In addition, 13 expenditure lobbyists also registered in calendar year 2021.

This fiscal year, staff used the Commission's lobbyist API to launch [new datasets](#) on the City's open data portal, DataSF, to empower the public to analyze and research lobbyist disclosures. The datasets include a complete list of filings in the Commission's records for over a decade, a directory of registered lobbyists, and detailed activity data including contacts, payments, activity expenses, contributions, and payments to influence.

Permit Consultants

City laws also impose registrations and reporting requirements on permit consultants. These are entities paid to contact certain departments (including the Department of Building Inspection, the Entertainment Commission, the Planning Department, or the Department of Public Works) to facilitate the approval of certain City permits. They have been required to register and file quarterly reports with the Commission since 2015. They disclose client information, compensation, City officers and employees contacted, the relevant permits, and some information on contributions.

In calendar year 2021, 61 permit consultants disclosed reportable activity with the Ethics Commission, of which seven were new registrants. Combined, they represented 493 clients.

Major Developers

Local Laws impose reporting requirements on Major Developers, defined as entities that sponsor any non-residential "major" real estate development project located in the City and County of San Francisco. These developments must have an estimated construction cost of more than one million dollars.

In calendar year 2021, three Major Developers filed reports associated with two projects and filed a total of six quarterly disclosure reports with respect to qualifying development projects.

This fiscal year, Commission staff designed and launched a [Major Developer Dashboard](#) on the Commission's website, which provides an easy and user-friendly way for the public to search for information regarding payments made by major donors to nonprofit organizations that contacted public officials regarding the Major Developers' project.

Pursuing Effective Ethics Laws through Conflict-of-Interest Policy Review

The Ethics Commission reviews the City's ethics rules to ensure that they are effectively serving their intended purposes and to assess whether changes to the law are required to better promote government ethics and protect the public's trust in San Francisco government. A comprehensive [Government Ethics and Conflict of Interest Review project](#) remained the Commission's top policy priority throughout FY22 after having been initiated during the prior fiscal year. The purpose of the project was to evaluate whether current law adequately identifies and prohibits conduct that could give rise to a conflict of interest or undermine fair and objective governmental decision making.

In the wake of a major scandal that came to light in January 2020 when the Federal Bureau of Investigation (FBI) announced a federal corruption case against then-Director of the Department of Public Works, Mohammed Nuru, and local businessman Nick Bovis, a number of recent cases have tested and highlighted shortcomings of existing regulations. These cases included nine in which other city officials and contractors were also charged by the FBI with public corruption crimes. The cases included charges of attempting to bribe a public official, giving and receiving gifts in exchange for favorable treatment by the City, and laundering gifts to disguise their source and nature.

As part of the Commission's ethics and conflict-of-interest review project, three comprehensive reports were presented to the Commission and the public in FY22.

- The first staff report, published in August 2021, focused on City rules regarding [gifts to individual City officials](#) and how identified weaknesses in the rules could be addressed.
- The second report was published in September and centered around [gifts made to City departments](#).
- The third report was issued in December 2021 and covered a variety of [essential ethics provisions](#), including recommendations to strengthen the City's bribery rule and expand ethics training requirements for City officials.

These reports led the Commission to draft proposals in the form of an ordinance to be placed before the voters. Originally, the June 2022 ballot was targeted. Its development included meetings with advocates, good government groups, members of the regulated community, and outreach to peer ethics agencies to examine best practices and identify improvements in San Francisco's laws.

Action by the Commission to place the ordinance directly before San Francisco voters on the June ballot was not possible due to a continuing "meet and confer" process. Under state law, that process must be completed with affected public employee bargaining units prior to undertaking

certain actions that would impact those employees. The Department of Human Resources and City Attorney's Office advised the Commission that the Commission could not yet act on the proposed ballot measure and regulation amendments because meet and confer had not yet been concluded with the bargaining unit representing City managers by the deadline for submitting a measure for the June ballot. Commission efforts to continue and successfully conclude the meet and confer process continued to be a priority through the end of the fiscal year and into FY23.

In developing approaches for the Commission's consideration, the Government Ethics and Conflicts of Interests Review project also presented opportunities to further advance racial equity goals through programmatic aspects of the Commission's work. Staff researched racial equity tools and applied them to the recommendations developed. The framework used to explore these issues was presented in detail in a May 2022 staff memorandum to the Commission. That report also outlined how embedding a racial equity lens into the Commission's ongoing policy work can strengthen that work going forward and help develop strategies and actions that reduce racial inequalities and improve success for all groups.

Changes to City's Behested Payments Law

The first phase of the Commission's Government Ethics and Conflict of Interest Review project resulted in legislation developed to prohibit City officials and specified City employees from soliciting behested payments from persons defined in the law as "interested parties."

In December 2021, the Board of Supervisors unanimously approved changes to the law to ban City officers and designated employees from soliciting behested payments from interested parties. Enactment of the new prohibition eliminated the City's behested payment disclosure filing that previously required officials to report behested payments solicited from interested parties. The new rules took effect in January 2022.

Following enactment of the new rules, feedback received from the Mayor's Office, members of the Board, Department Heads, and other City officials about the new behested payments provisions indicated concerns about the impact of the new law and how provisions of the new law would be interpreted. Between April and June 2022, the Commission received seven requests for informal advice from city departments, including how department officials should determine what entities may or may not be "interested parties" to them and what types of solicitations are allowed.

Commission staff continued to seek opportunities to clarify or strengthen rules regarding behested payments. This included feedback from interested parties. Staff considered whether those potential improvements would be best achieved through additional legislative changes, clarifying regulations, or additional compliance resources.

Proposition E was proposed to prevent members of the Board of Supervisors from seeking behested payments from contractors if the Board had approved their contracts. Also, the legislative amendment process required amendments be approved by both a two-thirds vote of

the Board of Supervisors (rather than a simple majority) and a majority vote of the Ethics Commission (who previously did not have a role in the process).

After passage and enactment of Proposition E, additional legislation was introduced in June 2022 at the Board of Supervisors and by the Mayor to further modify the City's behested payments rules. The proposals sought to amend the law in light of feedback received about the clarity and workability of the December 2021 revisions. As of the end of the fiscal year, those provisions remained unchanged as the new proposals were under consideration for potential action by the Commission and the San Francisco Board of Supervisors in early FY23.

Promoting Accountability and Public Transparency Through Audits

The Commission's Audit Division is responsible for the campaign and lobbying audit programs. Top operational priorities for FY22 included the development of a lobbying audit workplan and initiating lobbying audits, and developing the process to conduct Form 700 post-filing compliance reviews.

The Commission is required to conduct mandatory audits of all publicly financed candidates and may select other candidate and non-candidate-controlled committees for discretionary audits using objective standards, to determine whether a committee materially complied with applicable requirements of state and local laws.

Following the filling of one auditor vacancy in November 2021, the Audit Division focused on audit process reviews to ensure standardization of processes and procedures, and on completing the implementation of all program enhancement recommendations of the Budget and Legislative Analyst (BLA) 2020 performance audit.

During the second half of FY22, the Audit Division developed a lobbying audit workplan and initiated six lobbying audits, with audit reporting anticipated in early FY23.

Commission staff also started the development of a Form 700 post-filing compliance review process by establishing a framework including phases for planning, conducting reviews, analyzing findings, developing recommendations, and reporting. Its implementation is expected to continue into FY23.

In addition to implementing the program enhancement recommendations provided by the Budget & Legislative Analysis, staff initiated two mandatory campaign audits of publicly financed candidates from the 2019 election with reporting planned for early FY23. In FY22, the Division also began planning for six of the 16 mandatory campaign audits from the 2020 election. Initiation of these audits commenced in late FY22 and will continue as a division priority into FY23.

Enhancing Program Impact and Efficiency in Enforcement

During FY22, the Commission continued to make headway on core program and business process improvements in the Enforcement Division. Significant progress was made in hiring investigators, including new and vacant positions.

Following a vacancy in the Director of Enforcement position in October 2021, that position was filled in early February 2022. Three senior investigator positions were also filled in FY22. Two Investigator positions remained vacant at the end of FY22.

Successfully completing these hirings and onboarding and training new staff will continue to be a key Division priority for FY23. The Division also adopted a [Training Plan](#) to guide the further development of legal and investigative expertise by leveraging existing knowledge and skills within the Division and relationships with peer agencies in other jurisdictions.

Investigation Process and Caseload Management

The Commission made significant progress in FY22 to optimize the efficiency and impact of Enforcement Division cases. The Division continued to operationalize the discretionary factors that the Commission adopted in August 2019 to govern the Enforcement Division's review of complaints and prioritization of investigative resources.

The Division continued implementation of its [Case Closure Plan](#), which identifies standardized practices to achieve more efficient case resolution and resolve all investigations that are more than two years old. Both policies are designed to accomplish the efficient and timely resolution of significant cases to achieve the most impactful enforcement program and support the purposes of the laws administered by the Commission.

The Commission implemented its [Streamlined Administrative Resolution Program \(SARP\)](#), which the Commission first adopted in February 2021 along with its significantly expanded Fixed Penalty Policy. Through the SARP program, cases involving violations warranting lower levels of penalties can be resolved in a less time-intensive manner, allowing Enforcement Division resources to focus on more complex and severe violations.

As with all stipulated settlements considered by the Ethics Commission, those issued under SARP also require action by the Commission in a publicly noticed meeting and an acknowledgment of responsibility by the Respondent for the violations identified.

In FY22, 35 cases were resolved through SARP. In FY23, the Division will seek to evaluate the performance of the SARP program and report to the Commission on any improvements that could further the program's purposes.

The Division collaborated with the Commission’s Electronic Disclosure and Data Analysis Division on a project to improve the efficiency and ease of filing a complaint. In September 2021, staff launched a [new online complaint form](https://sfethics.org) at sfethics.org. The new online experience includes a tool to determine if a complaint is within the jurisdiction of the Ethics Commission prior to submission. The online system can accept sworn and anonymous complaints and provides filers with immediate confirmation of receipt.

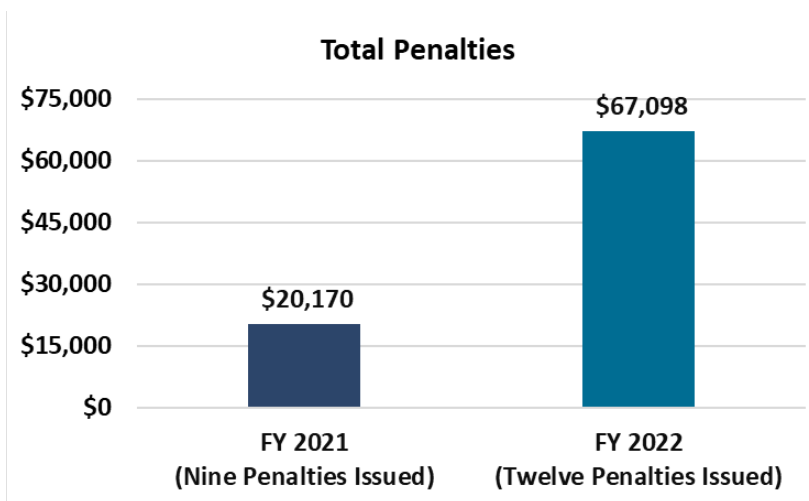
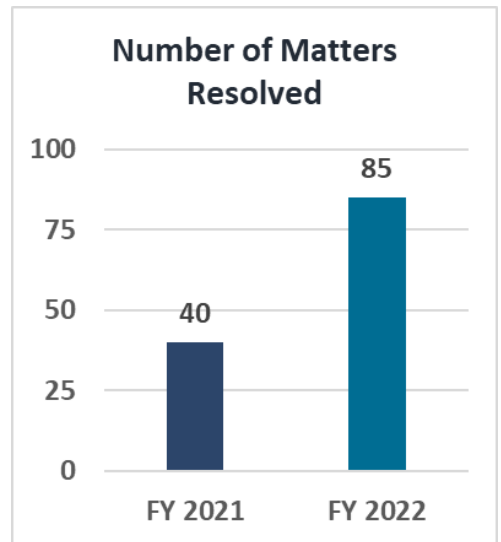
The Commission continues to optimize its investigations with the development of a new Enforcement Division Case Management System. This system is designed to provide an integrated platform for creating, tracking, and reporting on enforcement matters, linked directly to the Division’s case files. Developed in-house to improve workflows through more automated document management processes, the system was being finalized at the end of FY22 for internal testing by enforcement staff in early FY23. The tool’s targeted launch date is December 31, 2022.

Enforcement Matters Resolved

In FY22, 149 enforcement matters were initiated. This is primarily composed of complaints received from members of the public but also reflects cases initiated by the Enforcement Division based on information obtained through proactive reviews of public disclosure filings and media reports. As of June 30, 2022, 110 matters were in progress, including matters initiated during FY22 as well as older matters initiated in prior fiscal years.

The Commission resolved 85 enforcement matters. Twelve of these matters resulted in penalties being imposed by the five-member Ethics Commission, which together represented \$67,098 in penalties. By comparison, the Commission resolved 40 cases in FY21, with nine cases resulting in \$20,170 in penalties assessed.

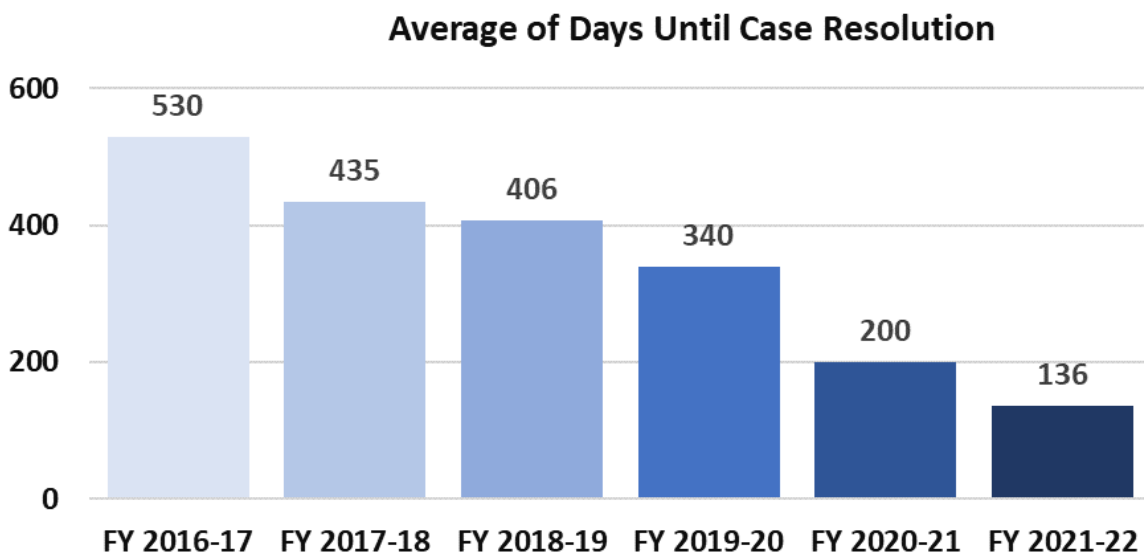
In FY22, 56 matters were dismissed through preliminary review, and 17 investigations were closed without a finding of violation. The Division also consults with members of the public who believe they may know of a violation but who seek information before filing a complaint. Thirty-eight such consultations occurred in FY22 without the consultation resulting in a complaint being filed.



Enforcement staff track the average number of days it takes for an enforcement matter to be resolved. The average number of days to resolve an enforcement matter is a figure that is affected by multiple factors, including the number and complexity of complaints received and the number of investigators on staff at the time.

In FY22, it took on average 108 days to resolve an enforcement matter, including matters that resulted in penalties, closure, or dismissal.

Because it does not include cases that are still active and not yet resolved, the figure continually changes as more cases are resolved. As illustrated in the chart below, this average resolution time furthers a trend of more timely case resolutions that has continued for the last several fiscal years.



Whistleblower Retaliation

Article IV of the San Francisco Campaign & Governmental Conduct Code assigns responsibility for administering the City’s Whistleblower Protection Ordinance to both the Controller’s Office and the Ethics Commission. The Ordinance charges the Controller’s Office with administering a whistleblower program for citizens and employees to report the misuse of City funds, improper government activities by City officers and employees, deficiencies in the quality and delivery of government services, and wasteful and inefficient City government practices. The Ordinance charges the Ethics Commission with investigating complaints of retaliation against a City officer, employee, or contractor for having engaged in protected whistleblowing activity.

Below is a summary of the Ethics Commission’s Whistleblower Retaliation activities:

- In FY22, the Commission resolved 18 complaints
 - One complaint was closed after investigation
 - 17 complaints were dismissed in preliminary review

- The Commission received a total of 16 complaints in FY22
 - This number reflects one of every eight complains received by the city
 - The remaining complaints were referred to the Controller's Office
 - At the end of FY22, the Enforcement Division had five retaliation matters under preliminary review and two retaliation matters under formal investigation.

The Commission imposed no administrative penalties in retaliation matters during FY22. Given that the Commission's investigations did not substantiate retaliation in FY22, information about disciplinary actions that may have been taken by the departments as a result of those complaints was not solicited.

During FY22, the adverse employment actions alleged to have been taken against employees identifying themselves as whistleblowers included:

- Poor work performance evaluation report by employer identifying errors in employee's work
- Employer delayed signing transfer paperwork
- Employer indicated intention to issue a verbal warning
- Negatively-toned emails and a hostile work environment from the employer
- Access to an employee's email removed by employer
- Law enforcement (not employer) assaulted reporter and failed to take a report on the incident
- Requested alternative work schedule denied by employer
- Employee selected for Disaster Service Work deployments by employer and required employee to work onsite more hours than a co-worker
- Co-worker yelled at employee and held a work assignment in their face
- Employee bid for an earlier work schedule rejected by employer
- Employee terminated by employer
- Disparaging public comments about an employee by the employer while creating a hostile work environment
- Worker's compensation claim denied by employer, who then investigated the employee for insurance fraud
- Employer did not interview employee for a position for which they applied
- Commissioner removed from a subcommittee by their Commission
- Employer photographed employee not wearing a mask and leaving their assigned work location

The most common basis for a whistleblower case being dismissed during FY22 was that the complainant had not engaged in protected activity as defined by the Whistleblower Protection Ordinance. The kinds of alleged reporting activity that complainants cited as protected activity typically concerned issues of workload disagreements, office protocol, or other personnel management issues, which are not protected activity under the law. There is a limited scope of reporting activity that constitutes protected whistleblower activity: only those who report

improper government activity, misuse of City funds, deficiencies in the quality and delivery of government services, wasteful and inefficient government practices, or unlawful activity by a City contractor are protected against retaliation under the law.

The most common basis for closing a retaliation investigation without a finding of liability was that substantial evidence demonstrated good cause, meaning the evidence demonstrated that actions alleged to be retaliatory were applied to other employees who had not filed complaints, employee performance issues, or conduct issues that pre-dated any protected whistleblowing activity and persisted after that whistleblowing activity.

Under a new requirement of the Whistleblower Protection Ordinance that took effect in January 2020, all departmental supervisors must take a training in whistleblower protection awareness. This training was developed in 2019 through the collaboration of the Controller, Department of Human Resources (DHR), and the Ethics Commission. It highlights the duty that supervisors have under the law to retain the confidentiality of retaliation complaints and to refer retaliation complainants to the Ethics Commission. The training is accessed through DHR's employee learning management system (SF Learning Portal).

DHR data reflects that some 8,964 City officers and employees were required to take this training. As of the end of FY22, around 8,895 (or approximately 99.2 percent) had completed the training. The Whistleblower Protection Ordinance provides that an appointing authority may impose discipline on a supervisor who fails to maintain confidentiality or to assist an employee in filing a retaliation complaint. However, the current Ordinance does not identify penalties for failure to complete the required training.

Departmental Operations

Business Continuity During COVID-19

During the initial months of FY22, the Ethics Commission continued its regular daily business operations remotely. During this period, staff worked diligently to develop necessary logistics and protocols to enable the re-opening of the Commission's physical office for in-person public services on November 15, 2021, per the City's requirements. Following directives issued on December 24 by the City's Department of Human Resources (DHR) that urged all City offices to maximize telework in light of the COVID-19 omicron surge, the Commission's physical office was closed again on December 24, 2021 to help protect the health and safety of its employees and the public.

City departments resumed a regular on-site presence on March 7, 2022, following directives from the Mayor and DHR. Through the end of FY22, the Commission's public services continued in a

hybrid manner, with staff providing public services both onsite and online, and by telephone, email, and appointment.

The Commission continued to conduct its regular monthly meetings remotely until February 2022. Pursuant to the Mayor's Forty-Fifth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency Dated February 25, 2020, issued February 10, 2022, the Ethics Commission resumed its in-person meetings in City Hall starting in March 2022. The monthly meetings thereafter were held using a hybrid approach that allowed the public to attend the meeting in person or to access the meeting via audio and video conferencing.

Commission Leadership & Membership Changes

FY22 saw significant change in the composition of the Ethics Commission.

Over the course of the year, three new Commissioners were sworn in:

- Commissioner Theis Finlev was appointed by the City Attorney on December 16, 2021 to fill the seat vacated by Commissioner Noreen Ambrose on July 16, 2021.
- Commissioner Michael S. Romano was appointed by the District Attorney on February 7, 2022 to fill the seat vacated by Commissioner James Bell on January 31, 2022.
- Commissioner Argemira Flórez Feng was appointed by the Assessor-Recorder on March 21, 2022 to fill the seat vacated by Commissioner Daina Chiu at the end of her term on March 18, 2022.

In addition, the Commissioners elected Yvonne Lee as their Chair and Larry Bush as Vice-Chair in February 2022.

Implementing the Budget and Legislative Analyst Audit

During FY22, the Commission continued to implement the recommendations contained in the August 2020 Budget and Legislative Analyst (BLA) performance audit of the Commission's operations. This audit was conducted at the request of the Board of Supervisors to assess a range of Commission functions for the effectiveness and efficiency of those operations. The Commission reviewed and discussed the [audit and its recommendations](#) in its August 2020 meeting under [Agenda Item 6](#).

The Ethics Commission fully agreed with the report's 16 recommendations. In its response to the final audit report, the Ethics Commission noted the steps taken to begin implementing work process enhancements informed by the audit's findings. The Board of Supervisors' Government Audit and Oversight Committee discussed the audit at its November 19, 2020 meeting ([BOS File No. 201158](#)) and filed the report without taking further action.

In April 2022, [staff reported to the Commission](#) that implementation of 14 of the 16 recommendations had been completed. The remaining two were underway. As of June 30, 2022, 15 of the 16 recommendations were completed, with the last remaining recommendation, conducting lobbyists audit, in progress.

Departmental Budget

The Ethics Commission's budget is comprised of two main components - an operating budget, and the Election Campaign Fund.

The Election Campaign Fund is established in the City's Campaign Finance Reform Ordinance Sec. 1.138 and provides a dedicated source of funding for use in providing qualified candidates for the offices of Mayor or Board of Supervisors with a limited amount of public financing for their election campaigns.

The Commission's annual approved operating budget for FY22 was \$6.55 million with authority for 34 staff positions. The Commission's budget proposals and related documents are available on its [website](#).

This budget included funding for eight new positions, which were added to:

- Establish the Ethics@Work outreach and training program to help equip City officials, employees, and contractors with practical tools to navigate ethical issues and promote a citywide culture of integrity;
- Reduce enforcement case resolution times and increase the number, proportion, and severity of cases investigated by the Ethics Commission; and
- Develop and implement standardized methods to track and regularly report on the performance of the department's core functions.

Departmental budget submissions for the fiscal year beginning July 1, 2022 were due to the Mayor's Office on February 22, 2022. The Mayor's FY23 budget instructions did not ask departments to meet any budget reduction targets owing to the City's \$100+ million budget surplus, however departments were asked to continue providing services within existing budget levels.

Departments are required to hold two public meetings concerning their budget priorities where members of the public may provide input prior to the department finalizing a proposed budget. The Commission held its first public hearing at a special meeting of the Commission on January 21, 2022 and its second hearing at its regular meeting on February 11, 2022.

On February 22, 2022, the Commission submitted to the Mayor's Office its [FY23 Ethics Commission Budget request](#), which called for a 10.4 percent increase in the Commission's operating budget to ensure the continuity of core transparency, compliance, and oversight functions and to build capacity necessary for the Commission to deepen its civic and community engagement.

The [proposed FY23 City budget](#) issued by the Mayor on June 1, 2022, recommended only a portion of the Commission's requests which included one new position (Executive Secretary), reclassification of three existing positions, and increases to operational services. On June 15, the Board of Supervisors' Budget and Appropriations Committee heard a [presentation on the Ethics Commission's FY23 departmental budget](#).

The City's \$14 billion budget for FY23 was approved by the Board of Supervisors on July 26, 2022 and signed by the Mayor on July 27, 2022. As adopted, the total FY23 operating budget for the Ethics Commission is \$7.6 million with authority for 35 staff positions.

Hiring Plan

In FY22, the Commission continued to focus on its Hiring Plan as a top priority to fill vacancies in an expedited manner with recruitment support from DHR through an annual work order. Due to remote and hybrid operations during this fiscal year, staff performed recruitment, hiring, and most of onboarding activities remotely.

The Commission welcomed five new staff members in FY22. Three staff vacancies also arose during the year, of which two were filled resulting in internal promotions. At the end of the fiscal year there were nine vacant positions, of which five were under active recruitment.

Racial Equity Action Plan

The Ethics Commission honors and values diversity, inclusion, and engagement in its own operations and is committed to promoting racial equity and to creating and sustaining a work environment that reflects and engages the diversity of our communities.

The 2019 creation of the [City's Office of Racial Equity \(ORE\)](#) required each Department to develop a Racial Equity Action Plan. Each plan, in turn, would specify the steps it would take in a shared citywide commitment to ensuring equitable and inclusive outcomes in San Francisco.

In December 2020, the Commission unanimously adopted the [Ethics Commission Racial Equity Action Plan](#) and submitted it to ORE pursuant to [Ordinance No 188-19](#).

ORE also directed City departments to submit a separate Racial Equity Progress Report by May 2, 2022. The Progress Report was designed by ORE for the City’s departmental leaders to reflect on their department’s racial equity work in the past year and to highlight areas of focus for the coming year ([Part A](#)). The Progress Report also included a Budget Equity Tool worksheet. This helped departments align priority areas for advancing racial equity with an inventory of departmental functions, programs, and services ([Part B](#)). An updated version of the Ethics Commission’s [Racial Equity Action Plan](#) was provided to ORE on time.

The Commission’s Racial Equity Action Plan will remain a living document that continues to expand and evolve to reflect full breadth of our departmental commitments to racial equity, and the full breadth of our experiences, aspirations and practices as a Commission and staff team.

With a commitment to developing a diverse and equitable leadership team that will foster a culture of inclusion and belonging, the Commission in its Racial Equity Action Plan identified an action to incorporate its senior leadership’s demographics in the department’s annual report. In alignment with that goal, the current demographic information is provided below.

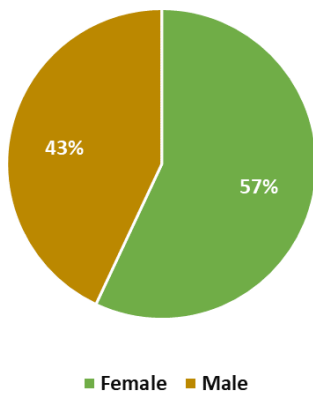
Ethics Commissioners’ Ethnicities

White: 3
 Asian: 1
 Hispanic: 1

Ethics Commissioners’ Genders

Female: 2
 Male: 3

Ethics Commission Staff Senior Leadership Gender



Ethics Commission Staff Senior Leadership Ethnicity

