



Council Agenda Report

From: Melissa Boyer, City Clerk

Subject: Introduction and First Reading of an Ordinance Amending Chapter 2.65 of the Municipal Code to Allow for Electronic and Paperless Filing of Fair Political Practices Commission (FPPC) Campaign Disclosure Statements

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: May 7, 2024

Facts

1. The City Clerk is the local filing officer for the City of Paso Robles, and is responsible for receiving, reviewing, and storing campaign disclosure information, as well as making it accessible to the public.
2. To provide a more efficient process, the City Clerk's Office will be implementing NetFile, an electronic/paperless filing system that accommodates online filing of several types of FPPC forms, including Forms 460, 470, 496, and 497, and meets the requirements of the Secretary of State.
3. In order for the City of Paso Robles to accept electronically filed statements, the City Council must adopt an ordinance (Attachment 1) approving the use of an online or electronic filing system, which shall include the legislative finding that the online or electronic system will operate securely and effectively and will not unduly burden filers.
4. While adoption of an ordinance is not required for the use of an electronic filing system for Form 700s, the implementation and utilization of NetFile for electronic/paperless filing for all Form 700 (Statement of Economic Interest) will significantly improve ease of access to Form 700s to the public as well as decrease the time that City Clerk staff spends managing the annual gathering, tracking, and filing of Form 700s.

Options

1. Take no action;
2. Introduce for first reading by title only an Ordinance amending Chapter 2.65 of the Municipal Code adding Section 2.65.050 "Electronic and Paperless Filing of Fair Political Practices Commission Campaign Disclosure Statements"
3. Provide alternative direction to staff.

Analysis and Conclusions

The Political Reform Act recognizes campaigns that spend or raise more than \$2,000 as "Controlled Committees." Under the Act, these committees are obligated to file detailed campaign finance statements, also known as Fair Political Practices Commission (FPPC) Form 460s. The City Clerk serves as the local filing officer for the City of Paso Robles, and is responsible for receiving, reviewing, and storing campaign disclosure information, as well as making it accessible to the public. The City Clerk's office currently accepts paper filings of such documents and staff have been manually redacting and

uploading forms to the City website.

Assembly Bill (AB) 2151 also requires cities to post any campaign statement, report, or other document required by the Political Reform Act to its city website within 72 hours of its filing. To provide a more efficient process, the City Clerk's Office is in the process of acquiring NetFile, an electronic/paperless filing system that accommodates online filing of several types of FPPC forms, including Forms 460, 470, 496, and 497, and meets the requirements of the Secretary of State. NetFile will ensure compliance with AB 2151, provide more transparency to the public, and offer an easier way for all filers to complete their required filings. There are currently 191 cities and 32 counties in California electronically filing Campaign Disclosure Statements through NetFile.

Government Code Section 84615 allows local government agencies to require an elected and appointed official, candidate, or committee to file FPPC campaign statements, reports, or other documents online or electronically with a local filing officer.

In order for the City of Paso Robles to accept electronically filed statements, the City Council must adopt an ordinance (Attachment 1) approving the use of an online or electronic filing system, which shall include the legislative finding that the online or electronic system will operate securely and effectively and will not unduly burden filers.

In terms of security, the NetFile system is a web-based, vendor-hosted application that utilizes "industry best practices" for securing data, using the same data encryption for online filings that is used by banks for online banking. NetFile stores and backs up data at three separate locations, creating the essential safety measures and redundancy that allows for recovery of information in the event of an emergency or disaster.

Implementation of the NetFile system will promote transparency and provide convenience for committees, individuals, and the public. It provides 24-hour filing and viewing accessibility of campaign finance information from any computer, anywhere. In certain instances, the NetFile system will also increase the accuracy of filed campaign statements by prohibiting any filings that may have inadvertently omitted information required under the Political Reform Act. To ensure a smooth transition, NetFile and the City Clerk's Office will offer extensive training to all filers.

Statement of Economic Interests (Form 700)

The City Clerk is responsible for the annual filing of Form 700s by 87200 Filers (City Council, Planning Commission, City Manager, City Treasurer, and City Attorney) and designated City staff, boards, commissions, and consultants. Form 700s occasionally need amendments or are submitted incomplete or without appropriate schedules attached. With the transition to electronic filing of campaign disclosure statements, staff recommends all future reports and other documents filed on behalf of Statement of Economic Interest filers be filed electronically. The Form 700 electronic filing system incorporates an initial review process that alerts the filer of errors at the time they enter their information, thereby minimizing the need for the City Clerk to request amendments. There are currently 237 cities and 51 counties in California using electronic filing systems for Form 700 filings.

The Form 700 component of NetFile does not require an ordinance and is simply an internal procedural change.

Proposed Ordinance

Staff is recommending amending Paso Robles Municipal Code Chapter 2.65 – ELECTIONS to include a new section, 2.65.050. The proposed ordinance will add Section 2.65.0050 “Electronic and Paperless Filing of Fair Political Practices Commission Campaign Disclosure Statements” to allow the electronic filing of an electronic/paperless filing system that accommodates online filing of several types of FPPC forms, including Forms 460, 470, 496, and 497.

Fiscal Impact

There is no fiscal impact associated with adoption of this ordinance. The NetFile system cost in the amount of \$5,900 per year was included in the City Clerk budget.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Recommendation (Option 2)

Introduce for first reading by title only an Ordinance amending Chapter 2.65 of the Municipal Code adding Section 2.65.050 “Electronic and Paperless Filing of Fair Political Practices Commission Campaign Disclosure Statements”.

Attachments

1. Ordinance XXXX – Amending Chapter 2.65 of the Municipal Code to include Section 2.65.050