

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: May 9, 2024

PREPARED BY: Anthony J. Mejia, City Clerk

REQUEST: INTRODUCTION OF AN ORDINANCE ADDING SECTION 2.38.070 TO THE PALM DESERT MUNICIPAL CODE TO ALLOW FOR THE ELECTRONIC OR PAPER FILING OF CAMPAIGN FINANCE DISCLOSURE STATEMENTS

RECOMMENDATION:

Introduce an Ordinance entitled “AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, ADDING SECTION 2.38.070 TO THE PALM DESERT MUNICIPAL CODE APPROVING ELECTRONIC AND PAPER METHODS OF FILING CAMPAIGN FINANCE DISCLOSURE STATEMENTS.”

BACKGROUND/ANALYSIS:

Assembly Bill 2452 (AB 2452) went into effect on January 1, 2013, which added Government Code §84615. This law allows a local government agency to mandate online or electronic filing for an elected officer, candidate, committee, or other person who is required to file statements, reports, or other documents under the Political Reform Act, so long as the filer receives contributions or makes expenditures totaling two thousand dollars (\$2,000) or more in a calendar year.

The California Fair Political Practices Commission supports and encourages efforts to move from a paper-based reporting system to an electronic system. Electronic filing makes it easier for officials to comply with reporting obligations and provides the public with the information in a more accessible and consistent format.

On January 1, 2021, Assembly Bill 2151 (AB 2151) went into effect requiring a local government agency to post on its internet website, within 72 hours of the applicable filing deadline, a copy of any specified statement, report, or other document filed with that agency in paper format. This bill requires that the statement, report, or other document be made available for four years from the date of the election associated with the filing.

All Fair Political Practices Commission (FPPC) forms are public records. By shifting to an electronic system, the public can directly access campaign finance statements on the City’s website. The system is also beneficial to the end user by providing multiple prompts to ensure timely filing, storing previous statements for user reference, and permitting a single filing for multiple offices. Additionally, filers submitting their campaign finance statements electronically will greatly help with reducing the labor of complying with AB 2151.

For the City to use and accept electronic campaign filings, the City Council must adopt an Ordinance with required findings approving the use of an electronic system, which includes that the system:

- Will operate securely and effectively and will not unduly burden filers;
- Must be available free of charge to filers and the public for viewing filings; and
- Must include a procedure for filers to comply with the requirement that they sign statements and reports under penalty of perjury.

Although State law authorizes the City to mandate electronic filing, staff recognizes that such mandate could have a direct effect on those committees or individuals who do not have computer access or familiarity with computer programs. To ensure that the same opportunity to comply with the Political Reform Act is afforded to all committees/individuals without unduly burdening anyone, the City Clerk recommends the City Council approve an Opt-In/Out Program. In short, to ensure reporting continuity and accurate accounting of contributions/expenditures, once a committee/individual chooses to file a report electronically, the committee/individual is deemed “opted-in” and shall be required to file all future statements electronically using the City Clerk’s system. On the other hand, any committee/individual who wishes to continue to paper-file may “opt-out” of the electronic filing system by filing all original statements with the City Clerk. Should a committee/individual choose to only paper-file, the City Clerk will continue to accept such reports until the committee/individual “opts-in”.

Proposed Electronic System

Since April 2022, the City has contracted with NetFile for software to allow for the electronic filing of Statements of Economic Interest (Form 700). The implementation of this software was successful and has significantly improved the compliance rate and reduced user errors. Subsequently, the City amended the contract to add an online AB 1234 Ethics Training module for elected and appointed officials. The implementation of this module improved the efficiency of tracking compliance and issuing notifications and reminders about upcoming deadlines.

City staff has negotiated with NetFile who has agreed to allow the City to use the electronic filing system for campaign finance disclosure documents as a pilot program through June 30, 2025, without charge. If the City decides to end the pilot program, NetFile will transfer all stored data to the City and the program will end. Otherwise, the contract will automatically be renewed for a term ending June 30, 2028, at a three-year guaranteed price of \$1,600 annually.

Legal Review:

This report has been reviewed by the City Attorney’s office.

FINANCIAL IMPACT:

There is no fiscal impact associated with enacting the subject ordinance. If approved, the City will commence a pilot program through June 30, 2025, to allow for the electronic filing of campaign finance disclosure documents. If successful, the contract will be automatically renewed at a three-year guaranteed price of \$1,600 annually.

ATTACHMENT:

1. Draft Ordinance