



CITY CLERK DEPARTMENT
Long Beach, California

C-3

LARRY HERRERA
City Clerk

September 6, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

ADMINISTRATIVE DIVISION

Monique De La Garza
Administrative Officer

ELECTIONS BUREAU

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LEGISLATIVE BUREAU

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RECOMMENDATION:

Receive and file the Fair Political Practices Commission report to the Legislative Analyst which includes reference to the City of Long Beach Statement of Economic Interests (SEI) AB 1921 (Davis) Electronic Filing Pilot Project; and request that the City Council's State Legislation Committee consider amendment of its Legislative Agenda to support legislation to provide cities with ongoing authority to accept electronic filings of SEI forms.

DISCUSSION

Under the Political Reform Act, local public officials are required to complete and file paper SEI Form 700s with local filing officers annually by April 1 of each calendar year, and when a filer assumes or leaves a designated office or position. Designated filers also include candidates for local elected offices during a municipal election cycle. Typically, designated filers must disclose their personal assets and income, and if necessary, disqualify themselves from participating in decisions that may affect their personal economic interests.

The City of Long Beach co-sponsored the introduction of Assembly Bill (AB) 1921 (Davis) in order to participate in the Form 700 electronic filing pilot program authorized by AB 2607 (Chapter 498 of 2008). AB 1921 was approved by the Governor on July 9, 2010, and was enacted into law, effective January 1, 2011. The City of Long Beach is the only California city participating in the pilot program along with four counties.

As a result of our participation in the pilot program, the following performance results and benefits were achieved:

- Of 1,316 filers, 95% filed on-time;
- A 14% decrease in late filers down from 26% in 2009;
- As a result of electronic submittal, 328 hours in productivity savings by not having to inspect and scan filings;
- Reduction in the occurrence of amendments by virtue of the SEI system's ability to allow users to view and easily carryover prior year filing information; and

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- More effective interaction with filers, filing officials and the public, as well as more efficient, timely and complete dealings with late filers.

TIMING CONSIDERATIONS

Referral to the State Legislative Committee will permit the City to support legislation for ongoing authority to accept electronic filings that may be introduced in 2012.

FISCAL IMPACT

None

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LARRY HERRERA
CITY CLERK

Attachments:

FPPC Report to the Legislative Analyst: Statements of Economic Interests Electronic Filing Pilot Program (August 15, 2011)

FPPC Report to the Legislative Analyst: Statements of Economic Interests Electronic Filing Pilot Program



Submitted by Ann Ravel, FPPC Chair

August 15, 2011



FAIR POLITICAL PRACTICES COMMISSION

428 Street • Suite 620 • Sacramento, CA 95814-2329
(916) 322-5660 • Fax (916) 322-0886

August 15, 2011

Mr. Mac Taylor
Legislative Analyst
925 L Street, Suite 1000
Sacramento, CA 95814

Dear Mr. Taylor:

This report is submitted pursuant to the provisions of AB 2607, Chapter 498, Statutes of 2008. In September 2008, Governor Schwarzenegger signed into law AB 2607, authored by Assembly Member Davis, which added Government Code Section 87500.1 to the Political Reform Act. AB 2607 authorized the Counties of Los Angeles, Merced, Orange and Stanislaus to participate in a pilot program permitting the electronic filing of Statements of Economic Interests for specified filers. This pilot program began on January 1, 2009 and includes the reporting periods of 2008 through 2010. Santa Clara and Ventura Counties, as well as the City of Long Beach, were added to the final year of the ongoing pilot program by enactment of AB 1921 (Davis), Chapter 58, Statutes of 2010.

Section 87500.1 required the participating agencies to submit reports describing their experiences with the program to the Fair Political Practices Commission (FPPC) by July 1, 2011. The FPPC is required to transmit these reports, along with any comments, to your office by August 15, 2011. Your office shall then provide a report to the Legislature evaluating the pilot program, not later than February 1, 2012. Enclosed are the reports submitted by the Counties of Los Angeles, Orange, Santa Clara and Ventura, and the City of Long Beach. Although the Counties of Merced and Stanislaus were authorized to participate in the pilot program, insufficient funding deterred their efforts.

As you will read, each of the participating agencies concluded that the pilot project was an overwhelming success. The Commission's comments and recommendations are attached.

Respectfully submitted,

Ann Ravel, Chair

FPPC Report to the Legislative Analyst: Statements of Economic Interests
Electronic Filing Pilot Program

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FPPC Report to the Legislative Analyst: Statements of Economic Interests
Electronic Filing Pilot Program

BACKGROUND

Under the Political Reform Act, local public officials specified in Government Code Section 87200 (e.g., members of Boards of Supervisors, City Council Members, planning commissioners), or a local agency's Conflict of Interest Code (COIC) are required to complete and file Statements of Economic Interests (SEIs or the Form 700), disclosing their financial interests, including income, investments and real property. The vast majority of SEIs filed at the local level are retained by the local filing officer (e.g., County Clerk of the Board or City Clerk). Filing officers have several duties related to the SEIs, including notifying filers of their filing obligations, reviewing the forms, providing public access to the forms, following up with late and non-filers, assessing/waiving late fines, etc.

In September 2008, AB 2607 (Davis) was signed into law, adding Government Code Section 87500.1 to the Political Reform Act. Section 87500.1 authorized the Counties of Los Angeles, Merced, Orange and Stanislaus to participate in a pilot program permitting the electronic filing of SEIs. The electronic filing option was available for COIC filers only. Individual COIC filers were allowed to choose the electronic filing option or continue to file on paper. The electronic filing option was not made available to Government Code Section 87200 filers. The pilot program began on January 1, 2009, and as originally adopted, permitted electronic filing for the reporting years of 2008 through 2011.

Since the pilot program began, three additional bills authored by Assembly Member Davis have amended the pilot program. The first of these bills, AB 1149 (Chapter 139, Statutes of 2009), limited the reporting years to 2008 to 2010. The second, AB 1921 (Chapter 58, Statutes of 2010), authorized Santa Clara and Ventura Counties, as well as the City of Long Beach, to participate in the ongoing pilot program. The third bill, AB 182 (Chapter 96, Statutes of 2011), extends the pilot program termination date to December 31, 2012 instead of March 31, 2012.

Section 87500.1 sets out the following requirements for the electronic filing pilot program:

- Each participating agency shall use the standard form for electronic filing found online, as required by the Commission.
- A SEI filed electronically must include an electronic transmission that is submitted under penalty of perjury.
- The filing officer shall issue confirmation that notifies the filer that his or her SEI (or amendment) was received.
- The electronic filing system shall include firewalls, data encryption, secure authentication, and all necessary hardware and software and industry best practices to ensure that the security and integrity of the date and information contained in the SEIs are not jeopardized or compromised.
- The filing officer shall provide the public with a copy of the SEIs in accordance with current laws.

FPPC Report to the Legislative Analyst: Statements of Economic Interests Electronic Filing Pilot Program

- Each participating agency shall submit a report, as more fully explained below, to the Commission by July 1, 2011.

Based upon the reports submitted to the Commission, it appears that each of the participating agencies fully complied with the above requirements. Four of the five participating agencies (the Counties of Orange, Santa Clara, and Ventura and the City of Long Beach) are using a system developed by SouthTech Systems, Inc. The County of Los Angeles is using an in-house system developed by internal information technology and operations staff. (Due to lack of funding, the Counties of Merced and Stanislaus did not participate in the program.)

SUMMARY OF AGENCY REPORTS/FPPC COMMENTS

Each participating agency had a unique experience as summarized in the attached appendices; however, all agencies agree that electronic filing of the SEIs saved staff time and agency money. In addition, they believe that as filers, filing officers, filing officials,¹ and other agency contacts become more familiar with electronic filing, the costs and workload associated with electronic filing will continue to decrease and operational efficiencies will continue to increase.

Under Section 87500.1(g)(1), the reports submitted by each of the participating agencies are required to include:

1. A listing and estimate of associated operational efficiencies and related savings;
2. A listing and estimate of associated costs incurred from implementing and operating the pilot program;
3. A list of safety, security, or privacy issues encountered and explanation of how those issues were addressed;
4. Available information relating to feedback from electronic filing participants; and
5. Any other relevant information on the implementation of the pilot program.

1. Operational Efficiencies and Related Savings

Participating agencies report estimated annual cost savings ranging from \$21,120 to \$86,420. Several operational efficiencies were reported, including:

- More efficient and effective interaction with filers and filing officials
- A reduction in late filing
- A reduction in errors – both systems auto-populate basic cover page information
- Simplified filer notification process
- Simplified review process
- More accessible information for the public, filers, and filing officers
- Increased awareness of the SEI requirements for filers, filing officials, and filing officers

¹ A filing official retains copies of SEIs and forwards the originals to the filing officer. For example, the Ventura County Clerk of the Board (COB) is the filing officer for school districts and special districts within the county. Filers file with their respective district's filing official who retains a copy of each SEI and sends the original to the Ventura County COB.

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- Simplified electronic instructions, references, tutorials, and helpful links (L.A. County)
- Ability to implement video training for filers and filing officials (SouthTech participants)

See:

<http://www.southtech-tutorials.com/eDisclosure/FilerDemo/tutorial.html>

<http://www.southtech-tutorials.com/eDisclosure/FilingOfficialDemo/tutorial.html>

FPPC comments: It is not clear in the reports if filing officers continue to perform a manual full review on at least 20 percent of the SEIs as required by current laws (Government Code Section 81010; FPPC Regulation 18115). Although the electronic filing systems appear to simplify the review process, a manual review is necessary to address issues that the system cannot. For example, reporting income from a sole proprietorship on Schedule C (Income, Loans, & Business Positions) instead of Schedule A-2 (Investments, Income, and Assets of Business Entities/Trusts), which is the correct schedule to report income from a business that a public official holds an investment interest of 10 percent or greater. Or, reporting the sale/disposal of real property on Schedule B (Interests in Real Property) but not reporting the income received from the sale on Schedule C. In addition, a manual review detects certain reporting irregularities derived only from experience, such as possible underreporting of sources of income from certain professions (sales, law, real estate, etc.).

2. Associated costs from implementing and operating the pilot program

As expected, the most significant costs for each agency are related to the implementation of the pilot program (e.g., purchasing or developing software, installation, licensing, testing). Agencies reported between \$100,000 and \$200,000 for initial costs. All agencies report a decrease in costs each year after the initial software purchase/implementation.

FPPC comments: It is not clear whether the participating agencies included pre-development costs (e.g., choosing vendor, additional staff time, training, etc.).

3. Safety, security, or privacy issues encountered

Each of the agencies using the SouthTech system note that prior to implementation, a third party conducted a penetration test and the security measures reflect the results of that test. In addition, each agency performed its own internal security/risk assessments. None of the agencies are aware of any security or safety issues (e.g., hacking and the unintended use of a filer's information).

Los Angeles County also indicates that there were no system security compromises or hacks from the Internet or internal county network. The county utilizes the industry standards for network security at the level of secured e-commerce transactions. System and application

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architecture and designs were reviewed through internal and external experts and revisions were made where necessary.

FPPC comments: Triggers for periodic intrusion testing should be established to identify vulnerabilities brought on by changes to the software or hosting environment.

4. Feedback from electronic filing participants

The overall feedback received by the agencies from their filers² was positive. The main complaint filers had was issues with the complexity of the passwords and the CAPTCHA requirement. (CAPTCHA is a type of challenge-response test used as an attempt to ensure that the response is generated by a person.)

In Los Angeles County, some filers were also unhappy because, while they could file electronically for their County positions, they did not have the benefit of filing electronically for their State or City filing requirements. Filers who have more than one filing obligation generally may file one “expanded” SEI to satisfy all filing requirements, but because the electronic filing system includes only specified local municipalities, filers were still required to file hard copies with other agencies.

FPPC comments: It appears that all filers are required to change their one-time randomly generated password to a personal password, but because a “complex” password is still required (8 characters that must include numeric, special symbol, and alpha characters), there were still several complaints. Software should include an automated password retrieval system; otherwise funds should be budgeted for staff time devoted to password helpdesk duties.

5. Other relevant information

In addition to allowing filers to electronically file SEIs, another benefit of the SouthTech systems is the Conflict of Interest Code (COIC) feature, which allows participating agencies to update and amend their COICs electronically.

As a result of this feature, the Orange County report highlights an issue that is likely very common, especially among larger agencies, indicating that implementing the electronic filing system made it readily apparent to the Board of Supervisors that the bulk of the agencies within the county did not understand the COIC and the amendment process.

FPPC Comments: While the COIC feature is a useful tool, there will likely need to be extensive training for all filing officials and agency contacts to maximize its value. We do not have

² Number of filers who filed electronically: Los Angeles County: 863 of 2,920; Orange County: 2,682 of 3,847; Santa Clara County: 2,414 of 3,491; Ventura County: 277 of 679; City of Long Beach: 773 of 1,298

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information about whether agencies within Los Angeles County are able to update/amend their COICs electronically.

FPPC Recommendations

FPPC recommends that participating agencies should be permitted to continue electronic filing on an ongoing basis. In addition, we recommend that all agency filing officers statewide be permitted to *allow* electronic filing. (Due to the large number of filers who elected to file on paper, we recommend that paper filing be phased out gradually.)

Notwithstanding our general recommendation, we believe it is critical to maintain FPPC's oversight over those agencies that choose to allow electronic filing. As electronic systems are developed, it will be important to address the adaptability of each system to future amendments as required with the implementation of a new form or law, as well as each agency's compliance with existing laws under its electronic filing system such as retention and filing officer review rules. For these reasons, we recommend that the FPPC be granted broad administrative authority to establish the parameters of electronic filing systems. In addition to those requirements currently established for electronic filing pursuant to Section 87500.1, as detailed above, we recommend each of the following:

- FPPC oversight of filing officer/official and filer training.
- FPPC certification of electronic filing systems.
- FPPC auditing of electronic filing systems.

Additionally, we encourage the Legislature to permit the FPPC to develop common database design requirements to be shared by all current and future participants in the electronic filing of SEIs. This foresight could guard against future costs incurred by the State if it is determined that electronic *disclosure* is desired and should be accomplished through a single website where the public can access all electronic filings.

FPPC recommends that the Legislature specifically require the electronic disclosure (posting online) for those who choose to allow electronic filing of SEIs. This important distinction between *e-filing* and *e-disclosure* has a profound implication on the ability of the public to meaningfully review and analyze submitted data. Nonetheless, all statements filed electronically, must be provided in an electronic format if requested by the public. (Government Code Section 81008.)

Conclusion

The FPPC believes the security measures required by the electronic filing systems under current Section 87500.1, including filer authentication, make the possibility of unauthorized access or fraudulent filings unlikely. In addition, other government agencies allow forms to be filed electronically, with no original (“wet” signature) required (e.g., lobbying entities that meet a certain monetary threshold are required to file quarterly reports electronically with the Secretary of State and the Internal Revenue Service (IRS) allows individuals to file taxes electronically.) The FPPC is supportive of reaching an ultimate goal of eventually hosting a single website where all electronic filings may be accessed.

Appendix A

Summary of Los Angeles County Report

1. Operational Efficiencies and Related Savings

As a result of the SEI electronic filing three-year pilot program, the Executive Office of the Los Angeles County Board of Supervisors reports the following:

- Reduced number of errors contained in the SEIs filed electronically
- Reduced staff hours for the SEI process
- Reduction in time needed to maintain rosters, collect SEIs and manage the annual filer audit
- Reduction in late filings and amendments
- Reduced cost for supplies
- Increased efficiency in processing amendments

Operational Costs and Savings

Description	2007	2008	2009	2010
<u>Staffing Hours</u>				
Regular Time	4,280	4,070	3,341	3,384
Overtime	75	0	0	0
Temporary staff	884	347	0	0
Total staff hours	5,239	4,417	3,341	3,384
Regular time cost	\$192,182	\$179,839	\$146,565	\$147,279
Overtime and temporary staff cost	\$15,500	\$5,900	\$0	\$0
Total staffing cost	\$207,682	\$185,739	\$146,565	\$147,279
Supplies (paper, postage, toner)	\$4,400	\$3,222	\$2,626	\$1,723
Total	\$212,082	\$188,961	\$149,191	\$149,002
Net savings from prior year*		\$23,121	\$39,770	\$188
Annual savings compared to 2007		\$23,121	\$62,891	\$63,080

*Net savings related to employee time reflects salary and benefits

Appendix A

2. Associated costs from implementing and operating the pilot program

	Year 1		Year 2		Year 3		Comments
	Fixed (\$)	Annual (\$)	Fixed (\$)	Annual (\$)	Fixed (\$)	Annual (\$)	
<u>Information Technology</u>							
Hardware Cost	9,840	0	0	0	0	0	Network & Servers
Software & License	2,550	679	0	679	0	679	Windows OS, SQL 2008, SSL
Support & Maintenance	0	2,018	0	2,018	0	2,018	Network & Server
Training*	7,000	0	3,500	0	0	0	Web Security, ASP.net
ProServ/Hosting*	0	23,508	0	23,508	0	23,508	Managed HW/OS, IIS
IT Development***	51,439	5,411	0	5,411	0	5,930	
Project Management***	16,010	2,965	0	2,965	0	1,482	
<u>Business Unit</u>							
Training	500	0	0	0	0	0	Online filing
Staffing	13,629	0	0	0	0	0	Filer setup, system testing
Total Cost	\$100,968	\$34,581	\$3,500	\$34,581	0	\$33,617	

* Training costs includes the technical training classes for IT staff and application training for end users. The technical training classes can vary from web and application development, tools and techniques, network security, intrusion detection/prevention, secure coding, network penetration, etc., and can usually be completed within 3-6 days. The application training for end users is the initial production training (Go-Live) provided to all COI administration staff, managers, and executive management prior to application going live. There are on-going trainings for new application releases, feature upgrades, modifications, reports, new user orientation, and etc. Training time for departmental staff time is included in the cost for IT Development and Project Management table entries.

** Pro Serv/Hosting costs are the annual charges related to management and hosting of web facing internet services.

*** Costs for system development and project management reflect the salary and benefits of IT staff assigned to this project.

3. Safety, security, or privacy issues encountered

There were no system security compromises or hacks from the Internet or the internal county network to the electronic filing system, applications, or the network. Through the logs of Intrusion Prevention

Appendix A

System (IPS), the county was able to learn network traffic patterns with potential penetration attempts; therefore, successful filtering and policies were derived and applied accordingly.

4. Feedback from electronic filing participants

Over the three-year pilot program, an average of 96 percent of filers who filed electronically stated that they would file electronically again if offered. In Pilot Year 3, there was an increase in filers who were not satisfied with the electronic filing system. L.A. County staff assessed this change and determined that the increase was related to several factors. This was the first time all filers were allowed the option of electronic filing, which included members of smaller committees and commissions, many of whom had little experience with online transactions. A higher volume of calls was received related to using the password system. In addition, several callers were confused because while they could electronically file for their county positions, if they held additional city and/or state position(s), they did not have the option to electronically file for those positions.

5. Other Relevant Information

In developing the electronic filing application, a Business Analysis (BA) was conducted to fully understand the multiple levels of business process details and reporting needs. As a result of the analysis, it was determined that the application was to be a secured web-based front end with Microsoft CRM as administrative management in the back end with SQL database.

Multiple meetings and interviews took place with project stakeholders, staff members, and the management team in order to gather information and develop an approved Business Requirements Document (BRD) to work from. Once the project scope was defined, system and application architecture was developed and built. During the application development phase the project team had recurring meetings to clarify work processes, identify business efficiencies, and provide solutions to business problems. The new application had multiple rounds of User Acceptance Testing (UAT) by different members of the project team as well as from outside of the project team.

With all the tools used to develop the application, the only Open Source software used was iTextSharp. Software developers can use iTextSharp to programmatically create and manipulate Adobe compatible Portable Document Format (PDF) documents on Microsoft's .NET Framework.

6. Conclusion

Los Angeles County's electronic filing pilot program was designed to provide a platform for more efficient and effective SEI filing, thus supporting the intent of the Political Reform Act. The pilot program has proven effective in all desired outcomes. As a result of the pilot experience, Los Angeles County plans to expand use of the electronic filing system with filing officers in county departments. If the Executive Office can achieve yearly operational unit savings of approximately \$63,000 in an electronic filing population of only 863 filers, the payoff from use of the system throughout the county will be very substantial. Los Angeles County's departments account for 7,900 filers. If use of the system were to be

Appendix A

expanded to all agencies whose conflict of interests codes are approved by the Board of Supervisors, there could be more than 17,000 e-filers in Los Angeles County.

Los Angeles County strongly recommends that the electronic filing of SEIs be offered to all state and local agencies throughout California.

Appendix B

Summary of Orange County Report

1. Operational Efficiencies and Related Savings

As a result of the SEI electronic filing three-year pilot program, the office of the Orange County Clerk of the Board (COB) reports the following:

- Reduced staffing efforts
- Faster response time
- Distributed workload to authority filing officials and contact persons who can accurately maintain their filer's information-database accuracy
- Reduced paper, copy, postage, etc costs
- Reduced costs to the filer
- Reduced phone calls asking for information
- Reduced number of late filings
- Reduced number of amendments
- Filings match code adoptions
- Code amendments are tracking reality
- Less review of forms required when filed electronically
- Able to assist small authorities with conflict of interest code process & reduce their workload
- Instant general public review from kiosk without staff intervention
- Able to track filer filing status to send reminders to those who have not started or are midway in the process
- Filers have 24/7 access and can complete as information is known

2. Associated costs from implementing and operating the pilot program

Reporting Year	Filings	Electronic Filings	Staffing costs*	Other costs**	System Costs	Filer Costs***
2007	3,174	N/A	\$179,506	\$5,848	\$200,000*	\$3,174
2008	3,345	1,795	\$160,393	\$3,100	\$0	\$1,550
2009	3,505	2,106	\$103,110	\$2,798	\$0	\$1,399
2010	3,814	2,682	\$57,283	\$2,334	\$7,500	\$1,167

* Staffing costs throughout the report are calculated using average hourly rate including overhead.

** Other costs include paper, toner, postage, envelopes, labels, etc. (\$2/non-electronic filer).

*** Filer costs include copies for self, authority & filing officer, envelopes, postage, etc. to submit completed form (\$1/non-electronic filer).

**** One time development costs (includes 2-year license fee/maintenance at \$7,500/year)

3. Safety, security, or privacy issues encountered

No reports of any hacking, unintended use of a filer's information or filing profile area by another or any other indication of intentional or unintentional use of the system to create or recreate a filer's SEI through electronic filing.

Appendix B

4. Feedback from electronic filing participants

In 2010, the county added a satisfaction survey score card for filers to complete once they submitted their SEIs. It also allowed the filer to comment if they wanted. Of the 2,687 SEIs filed electronically, 1,224 participants elected to participate in the survey.

- 72% rated their experience at 70%
- 63% rated their experience at 80%
- 50% rated their experience at 90%
- Total average rating for all respondents was 80%

The most common complaints were related to the complexity of the password and the CAPTCHA requirements. (CAPTCHA is a type of challenge-response test used as an attempt to ensure that the response is generated by a person.) However, filers who have used the system more than once adjusted to the high security requirements, and they have a much better experience.

In addition, there were some issues related to Adobe. The system uses Adobe Reader, which had recently been updated, and the update affected the ability of filers to view previously filed SEIs.

5. Other Relevant Information

During this automation project development, it became very apparent that the majority of filing officials and agency contacts within the county do not understand the SEI filing and conflict of interest code (COIC) processes. The electronic filing system has allowed the Clerk of the Board (COB) staff to meet with and train/educate some of the filing officials/contacts within the county, but it will likely take several years to fully train/educate all filing officials and agency contacts within the county.

6. Conclusion

The SEI electronic filing pilot project for Orange County has been a tremendous success. Not only has it assisted the COB staff in reducing the time that it takes to process the SEIs, but it has allowed COB staff to spend more time tracking and reviewing the SEIs. In addition, BOC staff has had more time to assist filing officials in other agencies within the county.

More important than operational efficiencies and related savings gained is the ability for filing officers, filing officials, and filers to meet the level of compliance with the Political Reform Act and FPPC regulations that the public expects and desires.

Appendix C

Summary of Santa Clara County Report

Santa Clara County was added to the ongoing SEI electronic filing pilot program with the passage of AB 1921 (Davis), Chapter 58, Statutes of 2010. Filers were offered the electronic filing option for the 2010 annual SEIs.

1. Operational Efficiencies and Related Savings

Implementation of electronic filing for the County of Santa Clara allowed the Office of the Clerk of the Board (COB) to:

- More efficiently and effectively interact with filers, filing officials and the public
- Provide instant access to information
- Be more proactive in dealing with late filers
- Streamline work, resulting in increased productivity
- Significantly reduce the number of staff hours dedicated to processing forms through using the automated system
- Reduce the number of errors in reviewing and processing forms
- Automatically notify filers as to which forms are due for filing and when
- Allow filers to copy information from prior year's forms and easily amend forms
- Allow filers to complete automated reviews prior to submittal to avoid mistakes, freeing staff to devote time to other important functions

Operational Costs	Baseline* Reporting Year 2008	Reporting Year 2009**	Reporting Year 2010***	Percent Savings (Pilot to Baseline)	Notes
Staffing Hours	3,104	2,716	1,614		1
Total Costs	\$180,032	\$157,528	\$93,612		2
Net Savings from Prior Year		\$22,504	\$63,916		
Annual Savings Compared to 2008 Baseline			\$86,420	48%	

1. Hours are calculated based on 1,552 annual productive hours, excluding breaks, leaves, and holidays. 1,552 hours represents one full-time equivalent staff
2. Cost is based on an average "fully-loaded" hourly rate of \$58 for the COB staff. Rate includes salary, benefits, and allocated overhead costs.

*Pre-pilot (paper process)

**Pre-pilot (option to complete form online and print a hard copy for submission)

***Electronic filing option

2. Associated costs from implementing and operating the pilot program

Appendix C

Description	Reporting Year 2009 (pre-pilot) One-Time Hosted Solution Implementation Cost	Reporting Year 2010 (Pilot Year 3) Implementation Cost	Notes
Software licenses	\$98,806	0	
Professional services – installation, configuration, testing and training	\$9,044	0	
Software maintenance and technical support	0	\$14,821	
Filing official training by COB staff	\$2,784	\$2,784	1
County implementation staffing	\$4,640	0	2
Total cost	\$115,274	\$17,605	

1. Based on annual training of six hours/day for four days for filing official training sessions conducted by two COB staff.
2. Third party vendor costs include majority of implementation costs. County absorbed relatively minor additional implementation staffing costs for tasks such as coordinating with the vendor, legacy data validation, and quality assurance testing – estimated at 80 hours, one full-time equivalent staff.

3. Safety, security, or privacy issues encountered

Since system implementation, Santa Clara County has encountered no safety, security, or privacy issues or problems. The county purchased the same hosted solution that was already in use by Orange County, so Santa Clara County has benefited from security audits of the system previously conducted jointly by the third party vendor and Orange County in advance of that county's implementation.

4. Feedback from electronic filing participants

More than 2,600 filers, representing over half of the total filers, filed electronically during the Santa Clara County pilot's first year in 2010. More than 1,138 filers chose to participate in an optional feedback survey. Nearly one-third (or 353) of the total 1,138 survey participants rated their experience as 10, on a scale of 1 to 10 (with 1 being poor and 10 being excellent). More than half of the survey participants (599) rated their experience as 8, 9, or 10. The average rating of all participants was 6.8.

The main complaint from filers related to the complexity of the passwords; however, the "strong" password rules currently in place are considered appropriate to protect the type of private user information contained in the system, including home addresses and general financial investments. Such "strong" password rules comply with State and Federal standards for the type of data in the system.

5. Other Relevant Information

Appendix C

In 2010, all agencies within the county were requested to update their conflict of interest codes. Because so many of the codes had not been updated for several years, there were numerous changes in the "designated employees" who are required to file an SEI, which resulted in an increase in assuming office and leaving office SEIs.

6. Conclusion

The Santa Clara County COB has effectively utilized the electronic filing of SEIs as a key tool for efficiently fulfilling its responsibilities under the Political Reform Act. In just one year, the effect of the pilot and implementation of electronic filing has demonstrated significant operational efficiencies and cost savings. The COB expects that the efficiencies and cost savings will improve further as automation increases. Such savings through automation are especially important given an increasing number of SEI filings that would otherwise be processed through a cumbersome and time-intensive manual process in the face of increasing budgetary constraints.

An unexpected benefit of upgrading to a more powerful tracking system has been increased awareness of the rules and requirements of the SEI process among filers, filing officials, and COB staff. The new system has also encouraged and assisted local filing officials and filers to improve the tracking of their forms. Santa Clara County COB believes that its experience with electronic filing demonstrates a highly efficient means of doing business that warrants consideration for statewide adoption.

Appendix D

Summary of Ventura County Report

Ventura County was added to the ongoing SEI electronic filing pilot program with the passage of AB 1921 (Davis), Chapter 58, Statutes of 2010. Filers were offered the electronic filing option for the 2010 annual SEIs.

1. Operational Efficiencies and Related Savings

The implementation of electronic filing has allowed the Office of the Ventura County Clerk of the Board (COB) to:

1. More efficiently and effectively interact with filers and filing officials
2. Distribute workload to filing officials/contact persons who can accurately maintain their filer's information – database accuracy
3. Reduce the number of late filings
4. Reduce paper, copy, postage costs
5. Reduce time, paper and postage to the filer
6. Reduce number of amendments
7. Allow filers to complete form and schedules with reviews for accuracy prior to submittal into the system
8. Reduce the number of duplicate filings
9. Reduce the number of requests for confirmed copies

Operational Costs	Reporting Year 2009 (Pre-Pilot, Paper Process)	Pilot First Year Reporting Year 2010 (E-Filing)	Notes (see below)
Total staff hours	1,353	1,060	COB and IT staff
Total staff costs	\$83,566.30	\$62,657.70	COB and IT staff
Total supplies (paper, toner, etc.)	\$143.50	\$75.00	
Postage, copy, envelopes, etc.	\$536.30	\$393.50	
TOTAL	\$84,246.10	\$63,126.00	
Net Savings from prior year		\$21,119.90	

- Hours are calculated based on 2,596 annual productive hours, excluding breaks, leaves and holidays. 2,956 hours represents four full-time equivalent (COB and IT) staff.
- Rates include salary, benefits, and allocated overhead.
- The totals focus on the COB and IT staff, but do not take into account the time saved by filers and filing officials.

Appendix D

2. Associated costs from implementing and operating the pilot program

Description	Reporting Year 2009 (Pre-Pilot) One-Time Implementation Cost	Reporting Year 2010 (Pilot Year) Implementation Cost
Software license	\$45,383.81	N/A
Professional services – installation, configuration, conversion, testing and training	\$4,485.00	N/A
Software maintenance and technical support	N/A	\$9,423.29
New server to host web component; use of existing server to test new application	\$8,330.00	N/A
County implementation IT staffing	\$18,976.00	\$18,976.00
Total Costs	\$100,968	\$34,581

3. Safety, security, or privacy issues encountered

There were no known system security compromises from the Internet or the internal county network to the electronic filing system.

4. Feedback from electronic filing participants

Of the 228 electronic filers, 128 filers completed opted to complete a survey to provide feedback. On a scale of 1 to 10, the average rating was 6.9. There were 45 written comments received and most felt that electronic filing was a great improvement over paper filing. The comments corresponding with the lower survey ratings were related to password complexity and log-on issues.

5. Other Relevant Information

In December 2010, the COB office and SouthTech Systems trained 120 filing officials on using the new electronic filing system. In 2011, when the system was available for electronic filing of the 2010 annual statements, filing officials within the various agencies were able to provide assistance to their filers.

6. Conclusion

In just one year, electronic filing has generated savings and significant operational efficiencies for filers and filing officers. As a result of the pilot experience, Ventura County will use electronic review and submittal of the conflict of interest codes during the 2012 biennial review. Further, the county will be implementing conflict of interest code amendments for all county departments and agencies so that the Clerk of the Board of Supervisors may become the filing officer for all county employees required to file an SEI.

Appendix D

Savings in staff time and overall costs are expected to further improve over time as automation increases and as filing officials and filers continue to acclimate to the electronic filing system. The Ventura COB office believes their experience demonstrates a highly efficient means of doing business that warrants consideration for statewide adoption of electronic filing of the SEIs.

Appendix E

Summary of City of Long Beach Report

The City of Long Beach was added to the ongoing SEI electronic filing pilot program with the passage of AB 1921 (Davis), Chapter 58, Statutes of 2010. Filers were offered the electronic filing option for the 2010 annual SEIs.

1. Operational Efficiencies and Related Savings

In the City of Long Beach, the following performance results and benefits were achieved:

- 24/7 global access to filer accounts, and necessary forms and instructions, thereby minimizing the chance of lost instructions, cover pages and related schedules
- Achievement of 95 percent on-time filing
- A 14 percent decrease in late filers
- A decrease in staff hours used to file by 328 hours
- Reduction in occurrence of Amendments by virtue of SEI system's inability to allow users to view and easily carryover prior year filing information
- More effective interaction with filers, filing officials and the public, as well as more efficient, timely and complete dealings with late filers

2. Associated costs from implementing and operating the pilot program

Description	2008 (Paper based)	2009 (Pre-Pilot)*	2010 (Pilot Year)	Savings (Pre-Pilot to Pilot)
Staffing Hours	1,488	1,435	584	850
Staffing Costs	\$74,446	\$71,778	\$29,236	\$42,542
Software	\$35,000	\$16,164	\$16,164	0
Total	\$109,446	\$87,942	\$45,400	\$42,542

*Filers had the option to complete an SEI online and print a hard copy for signature and submission

3. Safety, security, or privacy issues encountered

Since system implementation, the City of Long Beach has encountered no safety, security, or privacy issues or problems. The city is a hosted solution, similar to the hosted solution in Santa Clara County. The City of Long Beach has benefited from security audits of the system previously conducted jointly by the third party vendor and Orange County in advance of that county's implementation.

4. Feedback from electronic filing participants

Of the 773 electronic filers, 331 filers chose to complete the 2010 user survey. The average rating on a scale of 1 to 10 was 7.28.

5. Other Relevant Information

Appendix E

While the counties participating in the pilot program include a number of departments and/or other agencies, the City of Long Beach report is based on the City Clerk Department only. The other city departments that participated did not track their experiences.

The city was able to integrate payroll information from the Human Resources department into the electronic filing system, which ensures that designated positions, employee names, and disclosure categories match on a centralized and departmental level. In addition, there was 100% compliance in 2010 for leaving office statements.

6. Conclusion

With the use of modern technology to simplify compliance with the Political Reform Act, local government agencies are able to generate productivity savings that would otherwise be consumed by paper-based processes. The city believes that savings in staff time and overall costs will continue to improve. In addition, the electronic filing system has increased awareness for the SEI rules and requirements for filers and filing officials. The city recommends that electronic filing be extended on a permanent basis as an efficient option for the processing of SEIs at the local government level.