



# Memorandum

**TO:** BLUE RIBBON TASK FORCE

**FROM:** Lee Price, CMC  
City Clerk

**SUBJECT: SUPPLEMENTAL REPORT ON  
ON-LINE FILING OF CAMPAIGN  
AND LOBBYIST REPORTS**

**DATE:** 04-11-05

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## **RECOMMENDATION**

Receive and file the report.

## **BACKGROUND**

On September 24, 2004, the new regulations regarding lobbyist registration and activity reporting became effective. On March 23, 2005, I provided an update on implementation and mentioned that the Making Government Work Better Committee had supported my recommendation to take the necessary steps to negotiate and enter into an agreement with NetFile, a unique, outside source for internet-based electronic filing and online viewing of campaign finance disclosure and lobbyist registration/ activity statements. The Task Force requested that I provide an update on the contract negotiations at the next meeting.

## **ANALYSIS**

Negotiations have begun with the vendor, NetFile. The expected outcome is as follows:

NetFile will develop and maintain a system that permits the City of San José and users authorized by the City to: 1) file FPPC Campaign Disclosure Forms in the CAL electronic format, to be available (in redacted<sup>1</sup> form) for public viewing of documents over the Internet through a link on the City's website; (2) maintain a database of the FPPC Campaign Disclosure Forms to track filings and generate filing deadline notices and amendment letters; and (3) allow the City to scan and upload reports not submitted electronically.

Additionally, once the vendor completes the necessary work on the back-end to incorporate the City's unique Lobbyist Registration and Activity Reports into the system<sup>2</sup>, users will be able to register and file quarterly reports for public viewing over the Internet through a link on the City's website and that database will be also maintained to allow staff to track filings and generate notices, as well as invoices.

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<sup>1</sup> A "redacted" form means that personal information (primarily addresses) will not be seen by the on-line user.

<sup>2</sup> NetFile is ready to launch Campaign Disclosure statements but will need to customize the database needed for Lobbyist registration and reports.

In short, NetFile's system will, among other things:

- Issue an ID number and password for Filers.
- Grant different user access and security levels for City staff.
- Store and edit general information about Filers.
- Store and edit all filings by individual statement periods.
- Maintain a calendar of events.
- Allow for entry of miscellaneous notes by the user.
- Merge applicable information from the database into Microsoft Word and print various notices, letters and invoices.
- Produce mailing labels from the file database for use by the City staff.
- Allow the public to search and view the database and complete list of electronic filings (with addresses redacted) via the Internet.
- Allow the public to search and view the database on and complete electronic filings (without addresses redacted) on a “kiosk” provided by the City located in the Office of the City Clerk (see footnote on Page 3).
- Track deadlines for filings and amendments
- Generate notices and other correspondence

Specifically, the system will provide for the following:

1. For Filers Using the Internet:

- Allow the City to provide to Filers who have their own access to the Internet, a user ID and password which is used to log on to a secure site hosted on NetFile's web server but accessible via the City's web site.
- Allow Filers who have their own access to the Internet, to log on to, enter data in, and upload to NetFile's secure site electronic formats of FPPC Campaign Disclosure Forms in the CAL format used by the California Secretary of State.
- Once the FPPC Campaign Disclosure Form has been uploaded, NetFile's secure site validates the submitted filing and notifies the Filer that the filing was accepted or, if declined, explains why the filing was declined.
- Allow Filers to print a copy, using Adobe Acrobat Reader, of the FPPC Campaign Disclosure Form that they upload to NetFile's secure site.
- Allow Filers to access earlier validated electronically filed FPPC Campaign Disclosure Forms.

2. For Filers Not Using the Internet:

- NetFile will provide to the City information for a Filer to file electronically using the current production version of the CAL format if they are so inclined instead of using NetFile's online service. System will allow any electronic filing in the current production version of the CAL format to be uploaded into NetFile's system either online or by some form of electronic media filed at the office of the City Clerk. This would give a Filer the ability to log on at the kiosk and manually enter their information, or to create their own forms at home on their personal computer.

3. For the City:

- Allow uploading to NetFile's secure site of FPPC Campaign Disclosure Forms submitted to the City in the current production version of the CAL format.
- Allows tracking of Filers and all FPPC Campaign Disclosure Forms in a database.
- Allow City to scan hard copy filings and post to the online searchable database (requires a liability waiver signed by the City absolving NetFile of any liability associated with manually redacted documents not under the control of NetFile during the redaction process).

4. For All FPPC Campaign Disclosure Forms Uploaded to NetFile's Secure Site:

- Produces two versions in .pdf format of the FPPC Campaign Disclosure Form: one version, not accessible by the public, will include all information as filed; the other version, accessible by the public, will have all street addresses blocked from view.

5. For the Public:

- Allows the public to search and view electronically filed documents (with street addresses blocked from view) over the Internet.
- If a document was not available electronically, NetFile's secure site will notify the searcher that the document is available for viewing in the office of the City Clerk<sup>3</sup>.

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<sup>3</sup> Paper copies will continue to be made available for review in the Office of the City Clerk. Additionally, a public accessible computer will be available for convenient review and research capability. Reports scanned in-house for uploading to the system will not be redacted.

The immediate goals:

Briefly stated, the goals are to:

1. Get as much information “into the system” as soon as possible.
2. Launch on-line filing for 2006 candidates for Mayor and City Council by the end of the year.
3. Implement on-line filing for lobbyists by March of 2006.

The proposed timeline:

May 1, 2005:	Execute Contract
June 1, 2005:	NetFile installs version of system
June 13, 2005:	NetFile to start administration (staff) training on system
July 31, 2005:	City to have input historical committee data into system <sup>4</sup>
July 1–Dec. 31, 2005:	Training sessions on electronic filing procedures (to include candidates/committees) and on how staff can prepare notification letters. Launch on-line filing for candidates in 2006 Mayoral and Council District races.
March 31, 2006:	Lobbyist forms to be added into the system and ready for on-line filing

Next Steps:

The greatest challenges are to staff in the Office of the City Clerk because there is very little historical information already in an electronic format ready for converting into the NetFile data base. An Access database has been developed to track the new lobbyist program so information is already available in an electronic format that will be easy for NetFile to convert after it designs the database (based on the City’s format for lobbyist registration and activity reports). Campaign disclosure information is, however, all paper-based. There currently is no electronic access to statements filed, nor are there any electronic logs that can be converted to the NetFile system.

Options for “digitizing” or otherwise converting information to the NetFile system:

1. Scanning of campaign disclosures forms filed in the Office of the City Clerk can be done by the City’s contract vendor, Kinko’s/FedEx (without redacting) at a reasonable cost. The statements would be converted to “pdf” and uploaded in “kiosk mode” (hosted on NetFile’s server) for public review and research at a computer station accessible to the public in the Office of the City Clerk.
2. Historical information about committees (name of candidate, committee name, form number, date filed, period covered, etc) will have to be created in-house in an Excel format based on the physical review of campaign filings. Information must be “keyed in”

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<sup>4</sup> Developing a historical data is the greatest challenge since there are no campaign disclosure records in an electronic format in the Office of the City Clerk to convert. Alternatives are discussed on Page 5 of this memo.

before the information collected can be converted to the NetFile system. Although this will be a time-consuming endeavor, the pay-off will be significant for two reasons: 1) It will provide immediate access to information about on-going committees; and 2) it will establish in the system the committee information to allow them to file electronically in the future.

3. Working in partnership with committees who already use third-party software to prepare campaign and officeholder account disclosure forms would provide a real edge in getting this information in an electronic format easily ready for NetFile to input. Outreach to officeholders and their treasurers has begun to ascertain how many have used third-party software in the past for preparing campaign disclosure statements, who of those have archived electronically the information and who would be willing to share their files for the purpose of data conversion.

Several decisions need to be made:

1. How far back do we go? (one year, two years, back to committee formation? and if so, which committees?)
2. What do we include in the electronic-historical database? (campaign disclosure records are filed for all candidates for local office, all City officeholder accounts, the vast array of political action committees, and soon reports on Council fundraising activities).
3. Do we want to require on-line filing in the future? If so, we will need to address this mandate by ordinance adoption.

The more information about what has been filed in the past we try to include, the more resources (staff and contract services) it will take. Preliminarily, my recommendation would to begin in phases, starting with the current Mayor and City Council campaign and officeholder committees. The next phase might include the last two or three years of activities by political action committees primarily formed to actively support or oppose City candidates and/or ballot measures. Going back any further than these suggestions would be a substantial work effort made even more difficult in these times of short staffing and heavy workloads. As we move to on-line filing there will be fewer and fewer “paper records” to convert; but in the meantime, it is important to keep in mind that the vision of “transparency” as it relates to campaign disclosure in a large city may be a work in progress.

LEE PRICE, CMC  
CITY CLERK

