



FAIRFAX TOWN COUNCIL MEETING STAFF REPORT

MEETING DATE May 1, 2024
PREPARED FOR Mayor and Town Council
PREPARED BY Christine Foster, Deputy Town Clerk
SUBJECT Introduce, Waive First Reading, and Read by Title Only an Ordinance Adding a Chapter Called "Electronic Filing System," to the Town of Fairfax Municipal Code Approving Electronic and Paper Methods of Filing Campaign Finance Disclosure Statements.

RECOMMENDATION

Staff recommends the Town Council consider introducing an ordinance that will add a new chapter to the Town of Fairfax Municipal Code to establish an Electronic Filing System. This ordinance will approve both electronic and paper methods for filing Campaign Finance Disclosure Statements, providing greater transparency, accessibility, and efficiency in the disclosure process.

BACKGROUND

The Town currently operates a paper filing system to support Campaign Finance Disclosure Statements. Filers are required to hand deliver or mail-in paper copies of their statements with their wet signatures. The California Fair Political Practices Commission (FPPC) allows for Adobe Acrobat digitally signed statements, but the process has been cumbersome and confusing for some filers. Additionally, the FPPC's electronic filing system does not allow elected officials to efficiently file multiple positions, forcing filers to go outside the system to meet the filing requirements of the FPPC.

In compliance with Assembly Bill 2452 and subsequent legislative developments, local government agencies are encouraged to adopt electronic filing systems for Campaign Finance Disclosure Statements to enhance transparency and accessibility. The state's legislative framework, particularly the encouragement from the FPPC, advocates for the transition from paper-based to electronic systems to simplify compliance for officials and enhance public access to information.

DISCUSSION

The proposed electronic filing system by NetFile has been tailored to meet the needs of the Town of Fairfax, as outlined in the detailed proposal provided. This system not only aligns with state legislative requirements but also offers significant advantages in terms of transparency, user accessibility, and efficiency. The system will be secure, available free of charge for public viewing, and include necessary provisions for compliance under penalty of perjury. Moreover, the Netfile system automatically redacts and posts the statements to the City's website, eliminating the need for staff to manually complete this function within 72 hours of filing, a requirement of AB 2151. Furthermore, it offers an opt-in/opt-out mechanism, ensuring that no filer is unduly burdened by the transition to an electronic system.

Additionally, the FPPC provides AB1234 Ethics Training for local officials, mandated by state law to promote understanding and compliance with public service ethics laws and principles. This training is critical for ensuring that local officials are well-informed about their ethical obligations, including campaign finance reporting, conflict of interest, public service ethics, and the implications of non-compliance.

Recent changes in funding and the availability of resources have highlighted the necessity for local government agencies to proactively seek solutions that ensure uninterrupted access to AB1234 Ethics Training for their officials. Contracting with NetFile addresses this potential issue by providing an integrated solution that includes not only the electronic filing of Campaign Disclosure Statements and Form 700 filings but also a new addition for the AB1234 Ethics Training addon. This bundled service ensures that the Town of Fairfax remains compliant with state laws regarding campaign finance disclosure and ethical training requirements, while also benefiting from the efficiency and transparency of an electronic filing system.

The adoption of NetFile not only aligns with the FPPC's efforts to promote transparency and ethics in public service but also positions the Town as a proactive leader in adopting technology solutions that enhance governance and public trust. The proposal from NetFile, which includes comprehensive services for an annual fee of \$3,400, is a cost-effective measure to fulfill both the electronic filing requirements and the mandated AB1234 Ethics Training, ensuring that the Town's officials receive the necessary training without additional financial burden or administrative overhead.

FISCAL IMPACT

As stated, the annual cost of \$3,400 for the implementation of the NetFile system will be supported through the Elections Fund, 01-222.

ATTACHMENTS

- A. NetFile Proposal for Fairfax
- B. Ordinance



NetFile
2707 Aurora Road
Mariposa, CA 95338
Tel (209) 742-4100
Fax (209) 391-2200

October 24, 2023

Christine Foster
Deputy Town Clerk
Town of Fairfax
142 Bolinas Road
Fairfax, CA 94930

Dear Christine,

Thank you for the e-mail today. As promised, here is some background information as well as a proposal for our e-filing and administration systems for Campaign Disclosure filings, Form 700 SEI filings as well as our new for 2024 AB1234 Ethics Training add-on.

How NetFile Works

NetFile is a hosted solution that provides you with an extremely affordable solution that will enable you to electronically file Campaign Statements and/or Form 700 filings. No IT involvement is required. You don't have to waste time or effort or risk a breach of your own servers by hosting yourselves.

Who Uses NetFile?

NetFile is being used by almost 300 local government agencies in CA today. For Cities, NetFile dominates the market. Over 73% of Cities in CA use NetFile for their Form 700 filing system and over 90% of Cities use NetFile for their Campaign Disclosure filing system. In Northern CA alone we have over 150 agencies including Marin County and several Cities within the County as well.

Cost Information

NetFile does not charge setup fees. Our ongoing fee includes everything (unlimited training, support, and maintenance). All form changes and system updates are included as well. The cost for both systems for you would be as follows:

Form 700 SEI System: For approximately 25 filers: Please note, NetFile pays your initial \$1,000 FPPC agency application fee for paperless filing.

Campaign System: For all your Campaign Disclosure filers.

Ethics Training add-on: For you approximately 20 filers, to be available January 2024

Total for all systems: \$3,400/year ongoing

This rate can be guaranteed for up to 5 years.

All of our contracts offer 30-day out clauses for any reason so if you don't want to use it you don't have to. This gives you peace of mind.

ATTACHMENT A

Main System Features

- Hosted platform means you don't need to load any software on your servers or apply any updates or security patches
- Includes your setup, unlimited support, maintenance, and unlimited training
- Allows filers to cross jurisdictionally file Form 700s to all other NetFile Form 700 agencies
- Automated correspondence and generate filing status reports on the fly
- Filer portal (where the filer creates and electronically files their documents)
- Industry exclusive Form 700 mobile device filer platform
- Your 87200 filers can paperless file directly to the FPPC through the NetFile system
- Industry exclusive advanced public viewing portal that automatically shows the redacted filing online without you having to scan or upload documents
- Private viewing portal - we can lock down any number of computers you wish in your office that you can point the public to search unredacted documents
- NetFile pays for your initial FPPC \$1,000 Form 700 paperless application fee
- Exclusive Campaign Filer App training program that includes free web-based training by NetFile
- Free public viewing portal to display your FPPC 800 series form included

FPPC 87200 Compliant

NetFile is fully compliant with the paperless filing system of the FPPC. That means your 87200 filers can use NetFile instead of the FPPC's system. They can also add other outside state and local agencies to file an expanded statement filing which they cannot do in the FPPC system.

Ethics Training and Sexual Harassment Training Tracking & 800 Series Form Public Site

The NetFile Form 700 system also includes the ability to train and track all your Ethics Training filers as well as track all your Sexual Harassment Training filers and their filings. The system also comes with a free public viewing portal to display your FPPC 800 series forms.

How Long Does it Take to Setup?

Currently our lead time is 2 days to set up a new agency. This is subject to change. To become a paperless filing agency for Campaign Disclosure requires an ordinance change. We can send you ordinances from other Cities to review. For Form 700 the FPPC has to approve you to become paperless and this takes approximately 2 - 6 weeks. Again, NetFile pays your \$1,000 app fee.

NetFile Social Responsibility Program

Because City Clerks comprise our largest customer market segment, several years ago we developed a program geared towards giving back to the community of Clerks. We average over \$50k/year giving back to the Clerk Community. In the last couple of years, over 1,400 clerks have attended free workshops from NetFile to help them earn either their CMC or MMC accreditations.

The NetFile Difference

NetFile agencies have been electronically filing Campaign Statements since 2003. In 2012 legislation passed allowing these filings to be paperless. NetFile made history with our Campaign system having the first ever paperless campaign statement filed on January 22, 2013. Changing your ordinance is all you have to do. As mentioned above, I can send you samples of other agencies ordinances so you don't have to reinvent the wheel for your ordinance.

The California Political Treasurers Association endorsed NetFile as the preferred system for local government clients. Attached is a press release about this.

One of the most important advantages with NetFile is all your revenue spent with NetFile stays in the USA. Additionally, the philosophy at NetFile is that we are a Service Company not a Software Company. We feel our most important strength is the support we provide our clients. This starts at the top and percolates through every level of our organization.

Last but not least, NetFile was extremely proud of being chosen as the first ever Vendor of the Year at this year's 2023 annual CCAC conference in Palm Springs.

If you need any additional information, just let me know.

Best regards,

A handwritten signature in blue ink that reads "Tom Diebert". The signature is written in a cursive, flowing style.

Tom Diebert
Vice President, NetFile

Attachments



California Political Treasurer's Association

1127-11th Street, Suite 210
Sacramento, CA 95814

January 1, 2020

Tom Diebert
Vice President & COO
NetFile, Inc.
2707-A Aurora Road
Mariposa, CA 95338

Dear Tom:

One of the goals of the California Political Treasurer's Association (CPTA) is to promote the concept of paperless electronic filing for Campaign Disclosure statements in California at all levels.

As such, we would like to acknowledge NetFile, Inc. and their contributions over the years to the local Agency filing community, specifically County and City Agencies in California.

Our members have worked with several of these Agencies and applaud NetFile's efforts in making their Agency system work within the confines of Assembly Bill 2452 which allows local governments to electronically file Campaign Statements in California in a true paperless fashion. We know the first ever paperless filing in CA took place on January 22, 2013 through a CPTA treasurer filing to a NetFile Agency system. Since then we have seen NetFile being adopted by several local government Agencies in CA today.

As such, we recommend that all local government Agencies in CA go to a paperless filing system for their Campaign Disclosure filings. From the prospective of the CPTA, we recommend those Agencies use NetFile as their preferred solution.

NetFile's background in Campaign Disclosure gives them the unique advantage of having expertise nowhere else available for the local government filing community. The fact that NetFile accounts for over 70% of all filings made to the Secretary of State of CA gives them a distinctive advantage in Campaign Disclosure expertise not found anywhere else. All of the treasurers agree that any filings made to local governments that use the NetFile system, makes the process easy and results in the ultimate level of transparency.

We applaud NetFile's efforts in promoting paperless electronic filing in CA and endorse them as the solution of choice for California local government Agencies.

Sincerely,

Laura Ann Stephen
Vice President, Legislative Affairs

ORDINANCE NO. ____

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX
ADDING CHAPTER 2.04.30 – MUNICIPAL ELECTRONIC FILING SYSTEM, TO THE
FAIRFAX MUNICIPAL CODE APPROVING ELECTRONIC AND PAPER METHODS OF
FILING CAMPAIGN FINANCE DISCLOSURE STATEMENTS.**

SECTION 1. The Town Council of the Town of Fairfax does hereby ordain as follows:

WHEREAS, California Government Code Section 84615 provides that a legislative body of a local government agency may adopt an ordinance that requires an elected officer, candidate, committee, or other person required to file statements, reports, or other documents required by Chapter 4 of the Political Reform Act, except those whose contributions and expenditures each total less than Two Thousand Dollars (\$2,000) in a calendar year, to file such statements, reports, or other documents online or electronically with the Town Clerk; and

WHEREAS, the Town will enter into an agreement with a vendor certified by the Secretary of State for campaign disclosure documents that meets the requirements set by Government Code Section 84615; and

WHEREAS, the Town Council approves the use of an electronic system, which includes that: it will operate securely and effectively and will not unduly burden filers; it must be available free of charge to filers and the public for viewing filings; and it must include a procedure for filers to comply with the requirement that they sign statements and reports under penalty of perjury.

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF FAIRFAX DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 2. The Town Council hereby approves the addition of Section 2.04.30 - Electronic Filing System - to be added to Chapter 2.04 – Municipal Elections, to read as follows:

2.04.030 Electronic Filing System.

A. Required Use of Electronic Filing System.

1. Except as set forth in subsection B of this Section 2.04.30, any elected officer, candidate, committee, other person required to file specified statements, reports, forms, or other documents with the Town Clerk as required by Chapter 4 (commencing with Section 84100 of Title 9 of the California Government Code, also known as the Political Reform Act), and that has received contributions or made expenditures of \$2,000 or more in a calendar year, may electronically file such statements using the Town's online system according to procedures established by the Town Clerk. However, to ensure reporting continuity, once a statement, report, form, or other document is filed electronically on behalf of any elected officer, candidate, committee, or other person, all future statements, reports, forms, and other documents filed on behalf of that officer, candidate, committee, or other person must be filed electronically.

2. An elected officer, candidate, committee, or other person may choose not to use the electronic filing system by filing all original statements, reports, forms, or other documents in paper format with the Town Clerk, until such time as the Town Council determines that electronic filing is mandatory for all filers.

B. Paper Filing Not Required After Electronic Filing. Any elected officer, candidate,

committee, or other person who has electronically filed a statement, report, form, or other document using the Town's online system is not also required to file a copy of that document in a paper format with the Town Clerk.

- C. **Filing Options When a Copy Must be Filed with Town Clerk.** In any instance in which an original statement, report, form, or other document must be filed with the Secretary of State or other agency, and a copy of that document is required to be filed with the Town Clerk, the filer may electronically file a copy with the Town Clerk, or may file in a paper format.
- D. **Paper Filing When Cannot File Electronically.** If, for technical reasons, the Town's system is not capable of accepting a particular type of statement, report, form or other document, an elected officer, candidate, committee, or other person shall timely file that document in paper format with the Town Clerk.
- E. **Internet Posting of Data.** The Town Clerk shall ensure that the Town's system makes all electronically filed statements, reports, forms, or other documents available on the internet in an easily understood format that provides the greatest public access. The data shall be made available free of charge and as soon as possible after receipt/deadline. The data made available on the internet shall not contain the street name of the persons or entity representatives listed on the electronically filed forms or any bank account number required to be disclosed by the filer. The Town Clerk's office shall also make a complete, unredacted copy of the statement, report, form, or other document available to the Fair Political Practices Commission for Government Code Section 87200 filers.
- F. **Records Retention.** The Town Clerk's office shall maintain records according to the Town's records retention schedule and applicable State law commencing from the date filed, a secured, official version of each online or electronic statement, report, form, or other document, which shall serve as the official version of that record.

SECTION 3: Severability. That the Town Council hereby declares that it would have passed this Ordinance sentence by sentence, paragraph by paragraph, and section by section, and does hereby declare that any provisions of this Ordinance are severable, and, if for any reason any sentence, paragraph or section of this Ordinance shall be held invalid, such decision shall not affect the validity of the remaining parts of this Ordinance.

SECTION 4: Publication. This Ordinance shall be published and posted according to law and shall take effect and be in force from and after 30 days after its passage and adoption.

The foregoing Ordinance was introduced at a regular meeting of the Town Council on the first of May 2024, and duly adopted at the next regular meeting of the Town Council on the ____ day of _____ 2024, by the following vote, to wit:

AYES:
NOES:
ABSENT:

Barbara Coler, Mayor

Attest: _____
Christine Foster, Deputy Town Clerk