

Office of the City Manager

ACTION CALENDAR September 10, 2013

To: Honorable Mayor and Members of the City Council

From: () Christine Daniel, City Manager

Submitted by: Mark Numainville, City Clerk

Subject: Implementation of Proposed Electronic Filing Amendments to the Berkeley

Election Reform Act

RECOMMENDATION

Review the additional information provided by staff related to uploading data from campaign committees and adopt the recommendation of the Fair Campaign Practices Commission to amend the Berkeley Election Reform Act to provide for the electronic filing of campaign statements and reports.

FISCAL IMPACTS OF RECOMMENDATION

Potential additional costs of approximately \$12,000 annually (General Fund) to provide free upload function to committees. Moderate savings of staff resources related to the manual processing of campaign statements and reports.

CURRENT SITUATION AND ITS EFFECTS

State law now allows a local jurisdiction to require the electronic filing of campaign statements and provides for the electronic filing to serve as the filing of record, thus eliminating the need for hard copy statements to be filed. Electronic filing of campaign statements provides greater access to campaign data for the public by posting the information to the web quicker and in a format that is searchable and more easily viewed.

If the ordinance is approved by a two-thirds vote of the City Council, the new ordinance would be effective on January 1, 2014. As mandated by state law, the electronic filing requirement will only apply to committees that raise or spend \$1,000 or more.

On June 11, 2013, the City Council considered the recommendation of the Fair Campaign Practices Commission (FCPC) to amend the Berkeley Election Reform Act (BERA) and decided to defer the first reading of the ordinance to September in order to allow staff to engage the vendor in discussions regarding increased functionality for committees that keep and store their data in Excel spreadsheets.

The City currently contracts with NetFile for software that assists with the tracking, web posting, and processing of campaign statements. There are two components to

NetFile, the Agency Function and the Filer Function. The Agency Function is used by the City Clerk Department for tracking, processing, and web posting the statements. The Filer Function is used by campaign committees to store contribution and expenditure data, create campaign statements, and file the statements with the City.

The cost of the Filer Function is included with the purchase price of the Agency Function. Through the City's agreement with NetFile, the Filer Function is provided to campaign committees free of charge.

The Filer Function that is provided to Berkeley committees free of charge is a simplified version of the Professional Treasurer online filing software that NetFile markets to campaigns throughout California. There are several companies that compete with NetFile in the online filing software market, however, NetFile is the only vendor that provides campaign committees with free access to online filing software though its agreements with cities and counties. In addition, NetFile is the only company in California that has designed an Agency Function for cities and counties that offers automatic web posting and the ability to receive and track campaign statements electronically.

The free version of the NetFile software does not have the ability to upload data from Excel. The Professional Treasurer version, which is available for purchase by campaign committees, does have some upload ability.

The Council expressed an interest in exploring options that would allow committees to upload the data in Excel spreadsheets into the online filing system in order to create their campaign statements and file them electronically.

There are three potential options with regard to Excel upload.

Option 1: The City could Purchase licenses for the Professional Treasurer product through NetFile and provide those licenses to campaign committees free of charge.

The committees can then use Professional Treasurer to upload <u>some</u> of their Excel data, create their statements, and file them electronically. The cost to provide 20 committees with licenses is approximately \$12,000 per year. This cost would come from the City Clerk Department Budget which is fully funded by the General Fund.

The Professional Treasurer upload tool does <u>not</u> upload Loans, Non-Monetary Contributions, Miscellaneous Increases to Cash, and Expenditures. The NetFile upload tool only uploads Monetary Contributions. Data other than Monetary Contributions would need to be manually entered by the Treasurer. A step-by-step list for e-filing under this option is in Attachment 1.

Option 2: The City could Purchase licenses for a product that is a competitor to the NetFile Professional Treasurer product and provide those licenses to campaign committees free of charge.

One such company, DirectFile, does not provide an "automatic" upload tool similar to NetFile, however, all data types are uploaded by DirectFile staff. DirectFile staff can upload all types of transactions (Contributions, Loans, Expenditures, etc.). The cost to purchase 20 licenses through DirectFile would likely be comparable to the \$12,000 cost for NetFile licenses.

Treasurers would create the campaign statement in DirectFile, or a similar product, then the statement would have to be uploaded, verified, and e-filed through NetFile so that the City could receive the statement electronically via the Agency Function. This process would be similar for any 3rd party product used for Excel upload. A step-by-step list for e-filing under this option is in Attachment 1.

There is added complexity to the e-filing process when using the various Excel upload processes described. Any upload, in any system, would have to be from a spreadsheet in the format prescribed by the vendor. In addition, the for-purchase e-filing products are more complex to use than the free version of NetFile. This is due to the fact that many of these products are designed for very large campaigns that hire professional treasurers to manage their filings.

Option 3: As stated in the Commission report, NetFile has added functionality to the free filing system so that campaigns will have greater access to the data they have entered. Campaign committees can currently download into Excel all the data they have entered into NetFile. They can then add columns to their downloaded spreadsheets to track other campaign activities. This allows campaigns to use the data for other purposes and eliminate the need to "double enter" the data in two locations.

BACKGROUND

Adopted by the voters in 1974, the Berkeley Election Reform Act (BERA) has been amended from time to time. Section 2.12.051 of the BERA provides for amendment through the "double green light" process which requires a two-thirds vote of the FCPC and the City Council to amend the law.

RATIONALE FOR RECOMMENDATION

Bringing these amendments forward is consistent with the purposes of the BERA by providing greater public access to campaign contribution and expenditure data. The amendment would also save some staff resources by streamlining the processing of campaign statements.

ALTERNATIVE ACTIONS CONSIDERED

Council may decide to maintain the current filing requirements.

The Council may adopt the amendments and direct the City Manager to enter into an agreement with a vendor to provide software licenses, free of charge, to Berkeley campaign committees in order to accommodate those committees that rely exclusively on Excel spreadsheets to create campaign statements. This option would result in additional costs for the City of approximately \$12,000.

The City Council may also decide to adopt the amendments with the understanding that the current download function in NetFile is adequate for Excel users and that the additional cost for licenses is not necessary.

CONTACT PERSON

Mark Numainville, City Clerk, 981-6900

Attachment:

1: Excel Procedures for Option 1, Option 2, and Option 3

Excel Procedures for Option 1, Option 2, and Option 3

Option 1: The City could Purchase licenses for the Professional Treasurer product through NetFile and provide those licenses to campaign committees free of charge.

To use the NetFile Professional Treasurer upload, Treasurers would:

- 1. Format their spreadsheet according to specified parameters.
- 2. Download and install two utility programs (Map Wizard and Data Loader)
- 3. Use Map Wizard to convert their spreadsheet to upload-ready files.
- 4. Use Data Loader to upload the files created by Map Wizard.
- 5. Login to Professional Treasurer.
- 6. Manually enter other data to complete filing (see below).
- 7. Create a draft filing.
- 8. Review the draft.
- 9. Complete the electronic verification and E-Filing process.

Step 6 includes manually entering all Loans, Non-Monetary Contributions, Miscellaneous Increases to Cash, and all Expenditures.

<u>Option 2:</u> The City could Purchase licenses for a product that is a competitor to the NetFile Professional Treasurer product and provide those licenses to campaign committees free of charge.

To use the DirectFile (or similar 3rd party product) upload, Treasurers would:

- 1. Obtain the pre-formatted Excel spreadsheet from DirectFile.
- 2. Enter the data into the spreadsheet.
- 3. Send the spreadsheet to DirectFile.
- 4. Login to DirectFile.
- 5. Create two files, a PDF and a .CAL version of their filing.
- 6. Contact DirectFile to insert the NetFile ID and PIN in the .CAL file.
- 7. Upload the .CAL file into NetFile free filer function.
- 8. Signors (Treasurer and Candidate) Login to NetFile and Complete Verification
- 9. E-File campaign statement.

<u>Option 3:</u> Campaign committees can currently download into Excel all the data they have entered into NetFile. They can then add columns to their downloaded spreadsheets to track other campaign activities.

To use the NetFile data download, Treasurers would:

- 1. Enter all transaction data into NetFile.
- 2. Click the Export to Excel Button.
- 3. Add columns as needed to track additional campaign activities.
- 4. Create and E-File statements directly from free Filer Function in NetFile.