COUNTY OF MARIN

6. CONFLICT OF INTEREST
Conflict of Interest

Conditions of Conflict

1. The individual makes, participates in or uses his or her official position to influence a governmental decision;
2. It is foreseeable that the decision will affect the individual’s economic interest;
3. The effect of the decision on the individual’s economic interest is material;
4. The effect of the decision on the individual’s economic interest is distinguishable from the effect on the general public.

All four conditions must be met for a conflict. A material effect is considered to have occurred when the decision accrues over a certain dollar amount (which may be revised from time-to-time by the California Fair Political Practices Commission) for the individuals’ personal income or assets, or the personal income or assets of their spouse or dependent children. This is regardless of the effect being positive or negative.

Attached is information from a pamphlet titled "Can I Vote" which is published by the California Fair Political Practices Commission (FPPC) and may help answer additional questions regarding conflict of interest issues.

updated January 2009
"Can I Vote"

"My home is near the proposed new shopping mall. Can I vote on the issue at next month's Planning Commission meeting?"

Many of you may have been confronted with such questions. This booklet is offered by the FPPC as a general overview of your obligations under the Political Reform Act's conflict-of-interest rules. Using non-technical terms, the booklet is aimed at helping you understand your obligations at the "big picture" level and to help guide you to more detailed resources.

Stripped of legal jargon:

- You have a conflict of interest with regard to a particular government decision if it is sufficiently likely that the outcome of the decision will have an important impact on your economic interests, and

- A significant portion of your jurisdiction does not also feel the important impact on their economic interests.

The voters who enacted the Political Reform Act by ballot measure in 1974 judged such circumstances to be enough to influence, or to appear to others to influence, your judgment with regard to that decision.

The most important thing you can do to comply with this law is to learn to recognize the economic interests from which a conflict of interest can arise. No one ever has a conflict of interest under the Act "on general principles" or because of personal bias regarding a person or subject. A conflict of interest can only arise from particular kinds of economic interests, which are explained in non-technical terms later in this booklet.

If you learn to understand these interests and to spot potential problems, the battle is mostly won because you can then seek help on the more technical details of the law from your agency's legal counsel or from the California Fair Political Practices Commission. The Commission's toll-free advice line is 1-866-ASK-FPPC (1-866-275-3772).

Under rules adopted by the FPPC, deciding whether you have a financial conflict of interest under the Political Reform Act is an eight-step process. If you methodically think through the steps whenever there may be a problem, you can avoid most, if not all, mistakes. These steps are spelled out and explained in general terms in this booklet.

If you learn nothing else from this booklet, remember these things:

- This law applies only to financial conflicts of interest; that is, conflicts of interest arising from economic interests.

- Whether you have a conflict of interest that disqualifies you depends heavily on the facts of each governmental decision.
• The most important proactive step you can take to avoid conflict of interest problems is learning to recognize the economic interests from which conflicts of interest can arise.

Here are the eight steps:

• **Step One**: Are you a "public official" within the meaning of the rules?

• **Step Two**: Are you making, participating in making, or influencing a governmental decision?

• **Step Three**: What are your economic interests? That is, what are the possible sources of a financial conflict of interest?

• **Step Four**: Are your economic interests directly or indirectly involved in the governmental decision?

• **Step Five**: What kinds of financial impacts on your economic interests are considered important enough to trigger a conflict of interest?

• **Step Six**: The important question: Is it substantially likely that the governmental decision will result in one or more of the materiality standards being met for one or more of your economic interests?

• **Step Seven**: If you have a conflict of interest, does the "public generally" exception apply?

• **Step Eight**: Even if you have a disqualifying conflict of interest, is your participation legally required?

Next, here is a non-technical explanation of each:

*Public Official*

**Step One: Are you a "public official," within the meaning of the rules?**

The Act's conflict-of-interest rules apply to "public officials" as defined in the law. This first step in the analysis is usually a formality - you are probably a public official covered by the rules. If you are an elected official or an employee of a state or local government agency who is designated in your agency's conflict-of-interest code, you are a "public official." If you file a Statement of Economic Interests (Form 700) each year, you are a "public official" under the Act (even if you are not required to file a Form 700, in some cases you may still be considered a public official because the definition covers more than specifically designated employees). The cases that are tougher to determine typically involve consultants, investment managers and advisers, and public-private partnerships. If you have any doubts, contact your agency's legal counsel or the FPPC.
Governmental Decision

**Step Two: Are you making, participating in making, or influencing a governmental decision?**

The second step in the process is deciding if you are engaging in the kind of conduct regulated by the conflict-of-interest rules. The Act’s conflict-of-interest rules apply when you:

- **Make** a governmental decision (for example, by voting or making an appointment).

- **Participate** in making a governmental decision (for example, by giving advice or making recommendations to the decision-maker).

- **Influence** a governmental decision (for example, by communicating with the decision-maker).

A good rule of thumb for deciding whether your actions constitute making, participating in making, or influencing a governmental decision is to ask yourself if you are exercising *discretion or judgment* with regard to the decision. If the answer is "yes," then your conduct with regard to the decision is very probably covered.

**When you have a conflict - Regulation 18702.5 (special rule for section 87200 public officials)**

Government Code section 87105 and regulation 18702.5 outline a procedure that public officials specified in section 87200 must follow for disclosure of economic interests when they have a conflict of interest at a public meeting. The full text of this law and regulation may be viewed in the Library and Publications section of the FPPC’s website at [http://www.fppc.ca.gov](http://www.fppc.ca.gov).

Public officials specified in section 87200 of the Government Code, such as council members, planning commissioners, and boards of supervisors, must publicly identify in detail the economic interest that creates the conflict, step down from the dais and **must then leave the room**. This identification must be following the announcement of the agenda item to be discussed or voted upon, but before either the discussion or vote commences.

Additionally, the disqualified official may not be counted toward achieving a quorum while the item is being discussed.

The identification of the conflict and economic interest must be made orally and shall be made part of the public record.

**Exceptions:**

- If the decision is to take place during a closed session, the identification of the economic interest must be made during the public meeting prior to the closed session but is limited to a declaration that the official has a conflict of interest. The economic interest that is the basis for the conflict need not be
disclosed. The official may not be present during consideration of the closed session item and may not obtain or review any non-public information regarding the decision.

- A public official is not required to leave the room for an agenda item on the consent calendar provided that the official recuses himself or herself and publicly discloses the economic interest as described above.

- A public official may speak as a member of the general public only when the economic interest that is the basis for the conflict is a personal economic interest, for example, his or her personal residence or wholly owned business. The official must leave the dais to speak from the same area as the members of the public and may listen to the public discussion of the matter.

**Examples:**

- The Arroyo City Council is considering widening the street in front of council member Smith’s personal residence, which he solely owns. Council member Smith must disclose on the record that his home creates a conflict of interest preventing him from participating in the vote. He must leave the dais but can sit in the public area, speak on the matter as it applies to him and listen to the public discussion.

- Planning Commissioner Garcia is a greater than 10% partner in an engineering firm. The firm represents a client who is an applicant on a project pending before the planning commission. Commissioner Garcia must publicly disclose that the applicant is a source of income to her requiring her recusal. Commissioner Garcia must step down from the dais and leave the room. Since this is not a personal interest that is the basis for the conflict, she **may not** sit in the public area and listen to the discussion.

- Supervisor Robertson rents a home to a county employee. The county employee is the subject of a disciplinary matter in a closed session of the Board of Supervisors. During the open session prior to adjourning to closed session, Supervisor Robertson announces that he must recuse himself from participating in the closed session **but does not disclose that the reason for his recusal is a source of income nor does he name the county employee that is the source of income to him.** He may not attend the closed session or obtain any non-public information from the closed session.

_Economic Interests_

**Step Three: What are your economic interests? That is, what are the possible sources of a financial conflict of interest?**

From a practical point of view, this third step is the most important part of the law for you. The Act's conflict-of-interest provisions apply only to conflicts of interest arising
from economic interests. There are six kinds of such economic interests from which
conflicts of interest can arise:

- **Business Investment.** You have an economic interest in a business entity in
  which you, your spouse, your registered domestic partner, or your dependent
  children or anyone acting on your behalf has invested $2,000 or more.

- **Business Employment or Management.** You have an economic interest in
  a business entity for which you are a director, officer, partner, trustee,
  employee, or hold any position of management.

- **Real Property.** You have an economic interest in real property in which you,
  your spouse, your registered domestic partner, or your dependent children or
  anyone acting on your behalf has invested $2,000 or more, and also in
  certain leasehold interests.

- **Sources of Income.** You have an economic interest in anyone, whether an
  individual or an organization, from whom you have received (or from whom
  you have been promised) $500 or more in income within 12 months prior to
  the decision about which you are concerned. When thinking about sources of
  income, keep in mind that you have a community property interest in your
  spouse's or registered domestic partner's income, a person from whom your
  spouse or registered domestic partner receives income may also be a source
  of a conflict of interest to you. Also keep in mind that if you, your spouse, your
  registered domestic partner or your dependent children own 10 percent of
  more of a business, you are considered to be receiving "pass-through"
  income from the business's clients. In other words, the business's clients may
  be considered sources of income to you.

- **Gifts.** You have an economic interest in anyone, whether an individual or an
  organization, who has given you gifts which total $360 or more (changes to
  $390 or more beginning January 1, 2007) within 12 months prior to the
  decision about which you are concerned.

- **Personal Financial Effect.** You have an economic interest in your personal
  expenses, income, assets, or liabilities, as well as those of your immediate
  family. This is known as the "personal financial effects" rule. If these
  expenses, income, assets or liabilities are likely to go up or down by $250 or
  more in a 12-month period as a result of the governmental decision, then the
  decision has a "personal financial effect" on you.

On the Statement of Economic Interests (Form 700) you file each year, you disclose
many of the economic interests that could cause a conflict of interest for you.
However, be aware that not all of the economic interests that may cause a conflict of
interest are listed on the Form 700. A good example is your home. It is common for
a personal residence to be the economic interest that triggers a conflict of interest
even though you are not required to disclose your home on the Form 700.
Directly or Indirectly Involved?

Step Four: Are your economic interests directly or indirectly involved in the governmental decision?

An economic interest which is directly involved in " and therefore directly affected by " a governmental decision creates a bigger risk of a conflict of interest than does an economic interest which is only indirectly involved in the decision. As a result, the FPPC's conflict-of-interest regulations distinguish between economic interests that are directly involved and interests that are indirectly involved.

Once you have identified your economic interests, you must next decide if they are directly involved in the governmental decision about which you are concerned. The FPPC has established specific rules for determining whether each kind of economic interest is directly or indirectly involved in a governmental decision.

The details of these rules are beyond the scope of this guide. In general, however, an economic interest is directly involved if it is the subject of the governmental decision. For example, if the interest is real property, and the decision is about building a donut shop down the block from the property, then the interest is directly involved. If the interest is a business, and the decision is whether to grant a license for which the business has applied, the interest is directly involved.

These are just examples; you should contact your agency counsel, the FPPC and the specific regulations if you have questions as each case arises. Note also that the next step in the analysis "applying the right standard to determine whether an impact is material" depends in part on whether the interest is directly or indirectly involved. The regulations, Sections 18704 through 18704.5, and other helpful information can be found on the FPPC's web site, http://www.fppc.ca.gov.

Materiality (Importance)

Step Five: What kinds of financial impacts on your economic interests are considered important enough to trigger a conflict of interest?

At the heart of deciding whether you have a conflict of interest is a prediction: Is it sufficiently likely that the governmental decision will have a material financial effect on your economic interests? As used here, the word "material" is akin to the term "important." You will have a conflict of interest only if it is reasonably foreseeable that the governmental decision will have an important impact on your economic interests.

The FPPC has adopted rules for deciding what kinds of financial effects are important enough to trigger a conflict of interest. These rules are called "materiality standards," that is, they are the standards that should be used for judging what kinds of financial impacts resulting from governmental decisions are considered material or important.

There are too many of these rules to review in detail in this booklet. Again, you can seek advice for your agency counsel or the FPPC. However, to understand the rules at a "big picture" level, remember these facts:
• If the economic interest is directly involved in the governmental decision, the standard or threshold for deeming a financial impact to be material is stricter (i.e. lower). This is because an economic interest that is directly involved in a governmental decision presents a bigger conflict-of-interest risk for the public official who holds the interest.

• On the other hand, if the economic interest is not directly involved, the materiality standard is more lenient because the indirectly involved interest presents a lesser danger of a conflict of interest.

• There are different sets of standards for the different types of economic interests. That is, there is one set of materiality standards for business entities, another set for real property interests, and so on.

• The rules vary by the size and situation of the economic interest. For example, a moment’s thought will tell you that a $20,000 impact resulting from a governmental decision may be crucial to a small business, but may be a drop in the bucket for a big corporation. For example, the materiality standards distinguish between large and small businesses, between real property which is close or far from property which is the subject of the decision.

Does a Conflict of Interest Result?

Step Six: Is it substantially likely that the governmental decision will result in one or more of the materiality standards being met for one or more of your economic interests?

As already mentioned in the introduction, the heart of the matter is deciding whether it is sufficiently likely that the outcome of the decision will have an important impact on your economic interests.

What does "sufficiently likely" mean? Put another way, how "likely" is "likely enough?" The Political Reform Act uses the words "reasonably foreseeable." The FPPC has interpreted these words to mean "substantially likely." Generally speaking, the likelihood need not be a certainty, but it must be more than merely possible.

A concrete way to think about this is to ask yourself the following question: Is it substantially likely that one of the materiality standards I identified in step five will be met as a result of the government decision? Step six calls for a factual determination, not necessarily a legal one. Also, an agency may sometimes segment (break down into separate decisions) a decision to allow participation by an official if certain conditions are met. Therefore, you should always look at your economic interest and how it fits into the entire factual picture surrounding the decision.
"Public Generally" Exception

Step Seven: If you have a conflict of interest, does the "public generally" exception apply?

Now that you have determined that you will have a conflict of interest for a particular decision, you should see if the exceptions in Step 7 and Step 8 permit you to participate anyway. Not all conflicts of interest prevent you from lawfully taking part in the government decision at hand. Even if you otherwise have a conflict of interest, you are not disqualified from the decision if the "public generally" exception applies.

This exception exists because you are less likely to be biased by a financial impact when a significant part of the community has economic interests that are substantially likely to feel essentially the same impact from a governmental decision that your economic interests are likely to feel. If you can show that a significant segment of your jurisdiction has an economic interest that feels a financial impact which is substantially similar to the impact on your economic interest, then the exception applies.

The "public generally" exception must be considered with care. You may not just assume that it applies. There are specific rules for identifying the specific segments of the general population with which you may compare your economic interest, and specific rules for deciding whether the financial impact is substantially similar. Again, contact your agency counsel, the FPPC and the specific rules for advice and details. The regulations outlining the steps to apply the "public generally" exception can be found on the FPPC website at http://www.fppc.ca.gov under regulations 18707-18707.9.

Are you required to participate?

Step Eight: Even if you have a disqualifying conflict of interest, is your participation legally required?

In certain rare circumstances, you may be called upon to take part in a decision despite the fact that you have a disqualifying conflict of interest. This "legally required participation" rule applies only in certain very specific circumstances in which your government agency would be paralyzed, unable to act. You are most strongly encouraged to seek advice from your agency legal counsel or the FPPC before you act under this rule.

Conclusion

Generally speaking, here are the keys to meeting your obligations under the Political Reform Act's conflict-of-interest laws:

- Know the purpose of the law, which is to prevent biases, actual and apparent, which result from the financial interests of the decision-makers.

- Learn to spot potential trouble early. Understand which of your economic interests could give rise to a conflict of interest.
• Understand the "big picture" of the rules. For example, know why the rules distinguish between directly and indirectly involved interests, and why the public generally exception exists.

• Realize the importance of the facts. Deciding whether you have a disqualifying conflict of interest depends just as much, if not more, on the facts of your particular situation as it does on the law.

• Don't try to memorize all of the specific conflict-of-interest rules. The rules are complex, and the penalties for violating them are significant. Learn to understand the "big picture." You'll then be able to look up or ask about the particular rules you need to apply to any given case.

• Don't be afraid to ask for advice. It is available from your agency's legal counsel and from the FPPC.

An important note:
You should not rely solely on this booklet to ensure compliance with the Political Reform Act, but should also consult the Act and Commission regulations. The Political Reform Act is set forth at Cal. Gov. Code §§81000-91014, and the Fair Political Practices Commission regulations are contained in Title 2, Division 6 of the California Code of Regulations. Both the Act and regulations are available on the FPPC's web site, http://www.fppc.ca.gov. Persons with obligations under the Act or their authorized representatives are also encouraged to call the FPPC toll-free advice line "1-866-ASK-FPPC" as far in advance as possible.

How to Contact Us:
• Mail:
  Fair Political Practices Commission
  428 J Street, Suite 620
  Sacramento, CA 95814

• Website:
  www.fppc.ca.gov

• Telephone:
  Toll-free advice line: 1-866-ASK-FPPC(1-866-275-3772)
  Regular line: 1-916-322-5660
  Enforcement hot-line: 1-800-561-1861

Published by the California Fair Political Practices Commission (revised 7-27-05)
Marin County's Conflict of Interest Code

The Marin County Board of Supervisors is required by the Political Reform Act to adopt and promulgate a conflict of interest code, which requires members of certain Commissions to report their economic interests.

Attached is a portion of the most recent version of Marin's Conflict of Interest Code (Resolution No. 2008-62) as it pertains to Commissions, which was adopted on June 17, 2008. Please be advised that this Code may be updated from time-to-time, so please check with your Commission staff member for the most recent information.

Also attached is information from a pamphlet titled "Your Duty to File," which is published by the California Fair Political Practices Commission and is a basic overview of the State Economic Disclosure Law and reporting requirements for Public Officials.

updated January 2009
PLEASE NOTE

The attached information is current as of June 17, 2008. However, the County of Marin's Conflict of Interest Code is updated from time-to-time.

Please check with staff for the most current information.
RESOLUTION NO. 2008- 62
RESOLUTION OF THE MARIN COUNTY BOARD OF SUPERVISORS
AMENDING ITS CONFLICT OF INTEREST CODE

WHEREAS, on July 20, 1999, the Board of Supervisors adopted Resolution No. 99-100 to adopt and promulgate a conflict of interest code, as required by the Political Reform Act, Government Code Section 81000, et seq.

WHEREAS, the Political Reform Act also requires each state and local government agency to review its conflict of interest code biennially to determine if it is accurate or, alternatively, that the code must be amended; and

WHEREAS, a review of the designated positions that make or participate in government decisions has shown that certain positions should be added, others deleted, position titles revised due to position changes, County departmental structure changes and changes in boards and commissions and language changes are needed to conform to the code; and

WHEREAS, on December 18, 2007, the Board of Supervisors adopted Resolution No. 2007-170 approving revisions to the County of Marin’s conflict of interest code updating designation of these individuals and board and commission members who are required to report their economic interests; and

WHEREAS, modifications of attachment A, “Required Filers,” of Resolution No. 2007-170 is necessary to reflect the deletion of the Director of Parks, Open Space and Cultural Services, the addition of the Director of Parks and Open Space, and the addition of the Director of Cultural and Visitor Services; and

WHEREAS, modifications of Attachment B, “Designated Employees,” of Resolution No. 2007-120 is necessary to reflect the following revisions:

1. The renaming of the Department of Parks, Open Space and Cultural Services to the Department of Parks and Open Space; and
2. The addition of the Department of Cultural and Visitor Services; and
3. The renaming of various positions under the Department of Parks and Open Space; and
4. The addition of Deputy Director Cultural and Visitor Services

WHEREAS, a modification of Attachment C, “Designated Committees and Commissions,” of Resolution No. 2007-170 identifying the Board appointed committees and commissions who are required to file statements of economic interest have been determined necessary to reflect the addition of the Marin Economic Commission.

NOW, THEREFORE, BE IT RESOLVED, that the Conflict of Interest Code be amended as follows:

Attachment A to the County’s Conflict of Interest Code is replaced with the attached revised Attachment A, reflecting the deletion of the Director of Parks, Open Space and Cultural Services, the addition of the Director of Parks and Open Space, and the addition of the Director of Cultural and Visitor Services. Attachment B to the County’s
Conflict of Interest Code is replaced with the attached revised Attachment B, reflecting the renaming of the Department of Parks, Open Space and Cultural Services to the Department of Parks and Open Space, the addition of the Department of Cultural and Visitor Services, the renaming of various positions under the Department of Parks and Open Space, and the addition of Deputy Director Cultural and Visitor Services. Attachment C to the County's Conflict of Interest Code is replaced with the attached revised Attachment C, reflecting the addition of the Marin Economic Commission

PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Marin held on this 17th day of June, 2008, by the following vote:

AYES: SUPERVISORS Harold C. Brown, Jr., Judy Arnold, Susan L. Adams, Charles McGlashan

NOES: NONE

ABSENT: SUPERVISOR Steve Kinsey
Voting members of the following County appointed committees and commissions shall file statements of economic interests:

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<tr>
<th>COMMISSION/COMMITTEES</th>
<th>DISCLOSURE CATEGORIES</th>
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<td>Airport Land Use Planning Commission</td>
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<td>Alcohol &amp; Drug Advisory Board</td>
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<td>Assessment Appeals Boards #1 and #2</td>
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<td>County Service Area #29 (Paradise Cay)</td>
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<td>Disability Access Appeals Board</td>
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<td>Health Council of Marin</td>
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<td>Human Rights Commission</td>
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<td>Integrated Pest Management Commission</td>
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<td>Mental Health Board</td>
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<td>Peace Conversion Commission</td>
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<td>Committee</td>
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<td>Residential Rehabilitation Loan Committee</td>
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<td>Retirement Board</td>
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<td>Tamalpais Design Review Board</td>
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<td>Wildlife and Fisheries Committee</td>
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<td>Women's Commission</td>
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<td>Workforce Investment Board</td>
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ATTACHMENT D
DISCLOSURE CATEGORIES FOR DESIGNATED POSITIONS
CONFLICT OF INTEREST CODE
COUNTY OF MARIN

CATEGORY 1

All sources of income, reportable interests in real property and investments and business positions in business entities located in or doing business in Marin County.

CATEGORY 2

Investments and business positions in business entities and sources of income which provide services, supplies, materials, machinery or equipment of the type utilized by the agency.

CATEGORY 3

Investments and business positions in business entities and sources of income which provide library services, supplies, materials, machinery or equipment of the type utilized by the library.

CATEGORY 4

Investments and business positions in business entities and sources of income which provide fire fighting services, supplies, materials, machinery or equipment of the type utilized by the Fire Chief.

CATEGORY 5

Any reportable interests in real property; any reportable investments and business positions held in business entities which have done business with the county government in the previous two (2) years; any reportable income from business entities which have done business with the county government in the previous two (2) years; any reportable income from individuals who are County employees.

CATEGORY 6

Investments and business positions in business entities and income from sources which are providers of health care services, including but not limited to pharmacies, physicians, etc.

Investments and business positions in business entities and/or nonprofit corporations and income from sources which may be the recipient of patient referrals for the delivery of health care services or supplies by the employee’s hospitals.

Investments and business positions in business entities or nonprofit corporations and income from sources which are of the type which provide consultant services to any business entity or nonprofit corporation made reportable by this disclosure category.
CATEGORY 7

All sources of income, investments and business positions in business entities located in or doing business in Marin County.

CATEGORY 8

Investments and business positions in business entities and sources of income which provide transportation and road services, supplies, materials, machinery or equipment for review or approval by the Public Works Department; any reportable interests in real property.

CATEGORY 9

Any income from any employee of the County.

CATEGORY 10

Reportable interests in real property.

Investments and business positions in any business entity located in or doing business in Marin County or income from any source if the business entity or source of income manufactures or sells supplies, machinery or equipment of the type utilized by the County.

Investments and business positions in any business entity or income from any source if the business entity or source of income is a contractor or subcontractor engaged in the performance of work or services of the type utilized by the County.

CATEGORY 11

*Consultants.

Consultants shall disclose pursuant to Category I, subject to the following limitation:

The chief administrative officer of the County may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. Such determination shall be a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.
ATTACHMENT E
PLACE OF FILING
CONFLICT OF INTEREST CODE
COUNTY OF MARIN

DESIGNATED EMPLOYEES:

Where: Elections Department
       3501 Civic Center Dr., Room 121
       San Rafael, CA 94903

From the list of designated employees the Director of Human Resources shall be required to enclose in each appointment packet and termination packet a Form 700 - Statement of Economic Interests. The employee will submit the completed statement to his or her department, which shall make and retain a copy and forward the original to the County Clerk for filing.

PLANNING COMMISSIONERS:

Where: Elections Department
       3501 Civic Center Dr., Room 121
       San Rafael, CA 94904

The County Clerk shall furnish to each Planning Commissioner upon their appointment, annually and upon their termination, a Form 700 - Statement of Economic Interests. The members will submit the completed Form 700 - Statement of Economic Interests to the County Clerk for filing.

COMMITTEES & COMMISSIONS:

Where: Clerk of the Board of Supervisors
       3501 Civic Center Dr., Room 329
       San Rafael, CA 94903

The Clerk of the Marin County Board of Supervisors shall furnish to each designated member upon their appointment, annually and upon termination a Form 700 – Statement of Economic Interests. The members will submit the completed Form 700 – Statement of Economic Interests to the Clerk of the Marin County Board of Supervisors for filing.
Can I vote?

A Basic Overview
Of Public Officials’
Obligations Under the
Political Reform Act’s
Conflict-of-Interest Rules

Agenda
Item #8
City
Purchase
of 4.5
Acres for
New Park

California
Fair Political
Practices
Commission
"My home is near the proposed new shopping mall. Can I vote on the issue at next month's Planning Commission meeting?"

Many of you may have been confronted with such questions. This booklet is offered by the FPPC as a general overview of your obligations under the Political Reform Act's conflict-of-interest rules. Using non-technical terms, the booklet is aimed at helping you understand your obligations at the "big picture" level and to help guide you to more detailed resources.

Stripped of legal jargon:

➢ You have a conflict of interest with regard to a particular government decision if it is sufficiently likely that
the outcome of the decision will have an important impact on your economic interests, and

➢ a significant portion of your jurisdiction does not also feel the important impact on their economic interests.

The voters who enacted the Political Reform Act by ballot measure in 1974 judged such circumstances to be enough to influence, or to appear to others to influence, your judgment with regard to that decision.

The most important thing you can do to comply with this law is to learn to recognize the economic interests from which a conflict of interest can arise. No one ever has a conflict of interest under the Act "on general principles" or because of personal bias regarding a person or subject. A conflict of interest can only arise from particular kinds of economic interests, which are explained in non-technical terms later in this booklet.

An important note...

You should not rely solely on this booklet to ensure compliance with the Political Reform Act, but should also consult the Act and Commission regulations. The Political Reform Act is set forth at Cal. Gov. Code §§81000-91014, and the Fair Political Practices Commission regulations are contained in Title 2, Division 6 of the California Code of Regulations. Both the Act and regulations are available on the FPPC's web site, http://www.fppc.ca.gov. Persons with obligations under the Act or their authorized representatives are also encouraged to call the FPPC toll-free advice line — 1-866-ASK-FPPC — as far in advance as possible.
If you learn to understand these interests and to spot potential problems, the battle is mostly won because you can then seek help on the more technical details of the law from your agency’s legal counsel or from the California Fair Political Practices Commission. The Commission’s toll-free advice line is 1-866-ASK-FPPC (1-866-275-3772).

Under rules adopted by the FPPC, deciding whether you have a financial conflict of interest under the Political Reform Act is an eight-step process. If you methodically think through the steps whenever there may be a problem, you can avoid most — if not all — mistakes. These steps are spelled out and explained in general terms in this booklet.

If you learn nothing else from this booklet, remember these things:

- This law applies only to financial conflicts of interest; that is, conflicts of interest arising from economic interests.

- Whether you have a conflict of interest that disqualifies you depends heavily on the facts of each governmental decision.

- The most important proactive step you can take to avoid conflict of interest problems is learning to recognize the economic interests from which conflicts of interest can arise.

On the next page are the eight steps:
Eight steps to help you decide

Step One: Are you a "public official" within the meaning of the rules?

Step Two: Are you making, participating in making, or influencing a governmental decision?

Step Three: What are your economic interests? That is, what are the possible sources of a financial conflict of interest?

Step Four: Are your economic interests directly or indirectly involved in the governmental decision?

Step Five: What kinds of financial impacts on your economic interests are considered important enough to trigger a conflict of interest?

Step Six: The important question: Is it substantially likely that the governmental decision will result in one or more of the materiality standards being met for one or more of your economic interests?

Step Seven: If you have a conflict of interest, does the "public generally" exception apply?

Step Eight: Even if you have a disqualifying conflict of interest, is your participation legally required?
Next, here is a non-technical explanation of each:

**Public Official**

**Step One — Are you a “public official,” within the meaning of the rules?**

The Act’s conflict-of-interest rules apply to “public officials” as defined in the law. This first step in the analysis is usually a formality — you are probably a public official covered by the rules. If you are an elected official or an employee of a state or local government agency who is designated in your agency’s conflict-of-interest code, you are a “public official.” If you file a Statement of Economic Interests (Form 700) each year, you are a “public official” under the Act (even if you are not required to file a Form 700, in some cases you may still be considered a public official because the definition covers more than specifically designated employees). The cases that are tougher to determine typically involve consultants, investment managers and advisers, and public-private partnerships. If you have any doubts, contact your agency’s legal counsel or the FPPC.

**Governmental Decision**

**Step Two — Are you making, participating in making, or influencing a governmental decision?**

The second step in the process is deciding if you are engaging in the kind of conduct regulated by the
conflict-of-interest rules. The Act’s conflict-of-interest rules apply when you:

- **Make** a governmental decision (for example, by voting or making an appointment).

- **Participate** in making a governmental decision (for example, by giving advice or making recommendations to the decision-maker).

- **Influence** a governmental decision (for example, by communicating with the decision-maker).

A good rule of thumb for deciding whether your actions constitute making, participating in making, or influencing a governmental decision is to ask yourself if you are exercising *discretion or judgment* with regard to the decision. If the answer is “yes,” then your conduct with regard to the decision is very probably covered.

**When you have a conflict —**

**Regulation 18702.5 (special rule for section 87200 public officials)**

Government Code section 87105 and regulation 18702.5 outline a procedure that public officials specified in section 87200 must follow for disclosure of economic interests when they have a conflict of interest at a public meeting. The full text of this law and regulation may be viewed in the Library and Publications section of the FPPC’s website at http://www.fppc.ca.gov.

Public officials specified in section 87200 of the Government Code, such as council members, planning commissioners, and boards of supervisors, must pub-
licly identify in detail the economic interest that creates the conflict, step down from the dais and must then leave the room. This identification must be following the announcement of the agenda item to be discussed or voted upon, but before either the discussion or vote commences.

Additionally, the disqualified official may not be counted toward achieving a quorum while the item is being discussed.

The identification of the conflict and economic interest must be made orally and shall be made part of the public record.

Exceptions:

• If the decision is to take place during a closed session, the identification of the economic interest must be made during the public meeting prior to the closed session but is limited to a declaration that the official has a conflict of interest. The economic interest that is the basis for the conflict need not be disclosed. The official may not be present during consideration of the closed session item and may not obtain or review any non-public information regarding the decision.

• A public official is not required to leave the room for an agenda item on the consent calendar provided that the official recuses himself or herself and publicly discloses the economic interest as described above.
• A public official may speak as a member of the general public only when the economic interest that is the basis for the conflict is a personal economic interest, for example, his or her personal residence or wholly owned business. The official must leave the dais to speak from the same area as the members of the public and may listen to the public discussion of the matter.

Examples:

— The Arroyo City Council is considering widening the street in front of council member Smith’s personal residence, which he solely owns. Council member Smith must disclose on the record that his home creates a conflict of interest preventing him from participating in the vote. He must leave the dais but can sit in the public area, speak on the matter as it applies to him and listen to the public discussion.

— Planning Commissioner Garcia is a greater than 10% partner in an engineering firm. The firm represents a client who is an applicant on a project pending before the planning commission. Commissioner Garcia must publicly disclose that the applicant is a source of income to her requiring her recusal. Commissioner Garcia must step down from the dais and leave the room. Since this is not a personal interest that is the basis for the conflict, she may not sit in the public area and listen to the discussion.

— Supervisor Robertson rents a home to a county employee. The county employee is the sub-
ject of a disciplinary matter in a closed session of the Board of Supervisors. During the open session prior to adjourning to closed session, Supervisor Robertson announces that he must recuse himself from participating in the closed session but does not disclose that the reason for his recusal is a source of income nor does he name the county employee that is the source of income to him. He may not attend the closed session or obtain any non-public information from the closed session.

Economic Interests

Step Three — What are your economic interests? That is, what are the possible sources of a financial conflict of interest?

From a practical point of view, this third step is the most important part of the law for you. The Act’s conflict-of-interest provisions apply only to conflicts of interest arising from economic interests. There are six kinds of such economic interests from which conflicts of interest can arise:

➢ **Business Investment.** You have an economic interest in a business entity in which you, your spouse, your registered domestic partner, or your dependent children or anyone acting on your behalf has invested $2,000 or more.

➢ **Business Employment or Management.** You have an economic interest in a business entity for which you are a director, officer, partner, trustee, employee, or hold any position of management.
➤ **Real Property.** You have an economic interest in real property in which you, your spouse, your registered domestic partner, or your dependent children or anyone acting on your behalf has invested $2,000 or more, and also in certain leasehold interests.

“*The most important thing you can do to comply with this law is to learn to recognize the economic interests from which a conflict of interest can arise.*”

➤ **Sources of Income.** You have an economic interest in anyone, whether an individual or an organization, from whom you have received (or from whom you have been promised) $500 or more in income within 12 months prior to the decision about which you are concerned. When thinking about sources of income, keep in mind that you have a community property interest in your spouse’s or registered domestic partner’s income — a person from whom your spouse or registered domestic partner receives income may also be a source of a conflict of interest to you. Also keep in mind that if you, your spouse, your registered domestic partner or your dependent children own 10 percent or more of a business, you are considered to be receiving "pass-through" income from the business’s clients. In other words, the business’s clients may be considered sources of income to you.

➤ **Gifts.** You have an economic interest in anyone, whether an individual or an organization, who has
given you gifts which total $390 or more within 12 months prior to the decision about which you are concerned.

➢ **Personal Financial Effect.** You have an economic interest in your personal expenses, income, assets, or liabilities, as well as those of your immediate family. This is known as the "personal financial effects" rule. If these expenses, income, assets or liabilities are likely to go up or down by $250 or more in a 12-month period as a result of the governmental decision, then the decision has a "personal financial effect" on you.

On the Statement of Economic Interests (Form 700) you file each year, you disclose many of the economic interests that could cause a conflict of interest for you. However, be aware that not all of the economic interests that may cause a conflict of interest are listed on the Form 700. A good example is your home. It is common for a personal residence to be the economic interest that triggers a conflict of interest even though you are not required to disclose your home on the Form 700.
Directly or Indirectly Involved?

Step Four — Are your economic interests directly or indirectly involved in the governmental decision?

An economic interest which is directly involved in — and therefore directly affected by — a governmental decision creates a bigger risk of a conflict of interest than does an economic interest which is only indirectly involved in the decision. As a result, the FPPC’s conflict-of-interest regulations distinguish between economic interests that are directly involved and interests that are indirectly involved.

Once you have identified your economic interests, you must next decide if they are directly involved in the governmental decision about which you are concerned. The FPPC has established specific rules for determining whether each kind of economic interest is directly or indirectly involved in a governmental decision.

The details of these rules are beyond the scope of this guide. In general, however, an economic interest is directly involved if it is the subject of the governmental decision. For example, if the interest is real property, and the decision is about building a donut shop down the block from the property, then the interest is directly involved. If the interest is a business, and the decision is whether to grant a license for which the business has applied, the interest is directly involved.

These are just examples; you should contact your agency counsel, the FPPC and the specific regulations

| FPPC | 13 | (revised 7/05) |
if you have questions as each case arises. Note also that the next step in the analysis — applying the right standard to determine whether an impact is material — depends in part on whether the interest is directly or indirectly involved. The regulations — Sections 18704 through 18704.5 — and other helpful information can be found on the FPPC’s web site, http://www.fppc.ca.gov.

**Materiality (Importance)**

Step Five — What kinds of financial impacts on your economic interests are considered important enough to trigger a conflict of interest?

At the heart of deciding whether you have a conflict of interest is a prediction: Is it sufficiently likely that the governmental decision will have a material financial effect on your economic interests? As used here, the word "material" is akin to the term "important." You will have a conflict of interest only if it is reasonably foreseeable that the governmental decision will have an important impact on your economic interests.

The FPPC has adopted rules for deciding what kinds of financial effects are important enough to trigger a conflict of interest. These rules are called "materiality standards," that is, they are the standards that should be used for judging what kinds of financial impacts resulting from governmental decisions are considered material or important.

There are too many of these rules to review in detail in this booklet. Again, you can seek advice for your
“Public officials, whether elected or appointed, should perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who have supported them.”

-- California Political Reform Act of 1974

agency counsel or the FPPC. However, to understand the rules at a “big picture” level, remember these facts:

- If the economic interest is directly involved in the governmental decision, the standard or threshold for deeming a financial impact to be material is stricter (i.e. lower). This is because an economic interest that is directly involved in a governmental decision presents a bigger conflict-of-interest risk for the public official who holds the interest.

- On the other hand, if the economic interest is not directly involved, the materiality standard is more lenient because the indirectly involved interest presents a lesser danger of a conflict of interest.

- There are different sets of standards for the different types of economic interests. That is, there is one set of materiality standards for business entities, another set for real property interests, and so on.

- The rules vary by the size and situation of the economic interest. For example, a moment’s thought will tell you that a $20,000 impact resulting from a governmental decision may be crucial to a small business, but may be a drop in the bucket for a big corporation. For example, the materiality standards
distinguish between large and small businesses, between real property which is close or far from property which is the subject of the decision.

Does a Conflict of Interest Result?

Step Six — Is it substantially likely that the governmental decision will result in one or more of the materiality standards being met for one or more of your economic interests?

As already mentioned in the introduction, the heart of the matter is deciding whether it is sufficiently likely that the outcome of the decision will have an important impact on your economic interests.

What does "sufficiently likely" mean? Put another way, how "likely" is "likely enough?" The Political Reform Act uses the words "reasonably foreseeable." The FPPC has interpreted these words to mean "substantially likely." Generally speaking, the likelihood need not be a certainty, but it must be more than merely possible.

A concrete way to think about this is to ask yourself the following question: Is it substantially likely that one of the materiality standards I identified in step five will be met as a result of the government decision? Step six calls for a factual determination, not necessarily a legal one. Also, an agency may sometimes segment (break down into separate decisions) a decision to allow participation by an official if certain conditions are
met. Therefore, you should always look at your economic interest and how it fits into the entire factual picture surrounding the decision.

"Public Generally" Exception

Step Seven — If you have a conflict of interest, does the "public generally" exception apply?

Now that you have determined that you will have a conflict of interest for a particular decision, you should see if the exceptions in Step 7 and Step 8 permit you to participate anyway. Not all conflicts of interest prevent you from lawfully taking part in the government decision at hand. Even if you otherwise have a conflict of interest, you are not disqualified from the decision if the "public generally" exception applies.

This exception exists because you are less likely to be biased by a financial impact when a significant part of the community has economic interests that are substantially likely to feel essentially the same impact from a governmental decision that your economic interests are likely to feel. If you can show that a significant segment of your jurisdiction has an economic interest that feels a financial impact which is substantially similar to the impact on your economic interest, then the exception applies.

The "public generally" exception must be considered with care. You may not just assume that it applies. There are specific rules for identifying the specific seg-
ments of the general population with which you may compare your economic interest, and specific rules for deciding whether the financial impact is substantially similar. Again, contact your agency counsel, the FPPC and the specific rules for advice and details. The regulations outlining the steps to apply the "public generally" exception can be found on the FPPC website at http://www.fppc.ca.gov under regulations 18707-18707.9.

**Are you required to participate?**

Step Eight — Even if you have a disqualifying conflict of interest, is your participation legally required?

In certain rare circumstances, you may be called upon to take part in a decision despite the fact that you have a disqualifying conflict of interest. This "legally required participation" rule applies only in certain very specific circumstances in which your government agency would be paralyzed, unable to act. You are most strongly encouraged to seek advice from your agency legal counsel or the FPPC before you act under this rule.

**Conclusion**

Generally speaking, here are the keys to meeting your obligations under the Political Reform Act's conflict-of-interest laws:
➢ Know the purpose of the law, which is to prevent biases, actual and apparent, which result from the financial interests of the decision-makers.

➢ Learn to spot potential trouble early. Understand which of your economic interests could give rise to a conflict of interest.

➢ Understand the “big picture” of the rules. For example, know why the rules distinguish between directly and indirectly involved interests, and why the public generally exception exists.

➢ Realize the importance of the facts. Deciding whether you have a disqualifying conflict of interest depends just as much — if not more — on the facts of your particular situation as it does on the law.

➢ Don’t try to memorize all of the specific conflict-of-interest rules. The rules are complex, and the penalties for violating them are significant. Learn to understand the “big picture.” You’ll then be able to look up or ask about the particular rules you need to apply to any given case.

➢ Don’t be afraid to ask for advice. It is available from your agency’s legal counsel and from the FPPC.
How To Contact Us:

Mail:
Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, CA 95814

Website:
www.fppc.ca.gov

Telephone:
Toll-free advice line:
  1-866-ASK-FPPC
  (1-866-275-3772)
Regular line: 1-916-322-5660
Enforcement hot-line:
  1-800-561-1861
Your Duty To File

A Basic Overview of State Economic Disclosure Law And Reporting Requirements For Public Officials

Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, CA 95814
Toll-free advice line: 1 (866) ASK-FPPC
Web site: www.fppc.ca.gov
A Basic Overview of State Economic Disclosure Law And Reporting Requirements

Introduction

The Political Reform Act of 1974 (Gov. Code sections 81000-91014) requires many state and local public officials and employees to disclose certain personal financial holdings. The Act, which frequently has been amended, began as a ballot initiative approved by over 70 percent of California voters in the wake of the Watergate political scandals.

One of the Act's stated purposes declares:

Assets and income of public officials which may be materially affected by their official actions should be disclosed and in appropriate circumstances the officials should be disqualified from acting in order that conflicts of interest may be avoided. (Cal. Gov't. Code section 81002(c).)

In its findings and declarations, the Act adds:

Public officials, whether elected or appointed, should perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who have supported them. (Cal. Gov't. Code section 81001(b).)

The Act and its practical implementation have a broad reach across California government. Many tens of thousands of public workers, ranging from the governor to local department heads to board and commission members, are required to file public, personal financial disclosure reports known as "statements of economic interests."

The Act establishes a complex, decentralized system of managing this disclosure in which each state and local government agency is required to adopt and implement a separate conflict-of-interest code. The administration of this decentralized system is divided between the Fair Political Practices Commission and re-
sponsible officials at more than 7,000 state and local agencies.

Employees and officeholders at virtually all state and local agencies, as well as candidates for public office, use the Fair Political Practices Commission’s form 700 to file their statements of economic interests. The statements are sometimes informally referred to as “SEIs,” “700s” or “conflict-of-interest statements.” The form is available from your agency or in an interactive version on the FPPC web site. Form 700 amendment schedules, also available from your agency and the web site, are used to file amendments to a previously filed statement.

Most of these forms are not filed directly with the FPPC. Rather, they are filed with the agency’s filing officer or filing official, or, in the case of candidates, with election offices or local clerk offices. In some cases, the agency will forward the original form to the FPPC while retaining a copy.

Filers must sign the form 700 under penalty of perjury (see section 81004 of the Act). Once filed, the form is a public document and must be made available to the public on request (section 81008). Public officials are generally not required to list their home addresses or home telephone numbers on the form.

The forms alert public officials about their own economic interests and potential areas of conflict in relation to their duties, and provide information to members of the public who may monitor official actions for any conflicts.

While sometimes popularly called “conflict-of-interest statements,” the forms list only personal financial interests and don’t in themselves disclose any conflicts of interests. Any conflict of interest under the Political Reform Act can only come about if a public official makes or participates in making a government decision that has a reasonably foreseeable material financial effect on the official’s personal financial interests. Also, the law does not require all relevant personal financial interests (such as ownership of a personal residence in most cases) to be disclosed on the statement of economic interests.

The form 700 includes extensive instructions on how to fill it out. Your agency or the FPPC can provide individual help if you have further questions about the form, or where and when to file it.

The FPPC and agencies have the authority to levy penalties when a statement of economic interests is not filed on time. The FPPC also has the authority to levy administrative fines of up to $5,000 per violation of the Political Reform Act, or to seek civil penalties in the courts. The FPPC does not have the power to bring criminal charges but may refer cases to another law enforcement authority such as a district attorney.
Who must disclose?

The Act establishes two categories of public officials and employees who must disclose their personal financial interests. See Chart 1 on Page 1 for a basic diagram of how the law works.

I. Officials required to disclose under section 87200 of the Government Code

Section 87200 contains a specific list of officials, including high-ranking elected officeholders, who are subject to the most extensive disclosure requirements under the Act. These officials are listed in Chart 2, found in the right column of this page.

Officials specified in section 87200, and candidates for the elective offices specified in section 87200, must file form 700 periodically to disclose certain investments, interests in real property, sources of income, gifts, loans and business positions. These officials are sometimes informally referred to as “87200 filers.”

II. Officials and employees required to disclose under section 87300

Every state and local government agency is required to adopt a “conflict-of-interest code” under the Act (see Cal. Gov’t. Code section 87300). The Act lists the provisions required for such codes (section 87302) and requires that each code be approved by a “code reviewing body” (section 87303).
The law requires this decentralized system. Section 87301 states:

It is the policy of this act that Conflict of Interest Codes shall be formulated at the most decentralized level possible, but without precluding intra-departmental review. Any question of the level of a department which should be deemed an "agency" for purposes of Section 87300 shall be resolved by the code reviewing body.

When an agency adopts or amends its conflict-of-interest code, how does it determine which agency positions are covered under the code and which are not?

Each agency conflict-of-interest code must designate, or include, the employee positions within that agency "which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest" of the employee (section 87302(a)).

These officials and employees must file form 700 periodically and disclose certain investments, interests in real property, sources of income, gifts, loans and business positions. These filers are sometimes informally referred to as "designated employees" or "code filers."

In some cases, consultants to government agencies are required to file statements of economic interests under agency conflict-of-interest codes. Generally speaking, consultants who perform the duties of a government employee over a significant period of time, or who make or participate — without significant intervening review — in the making of government decisions, may be required to file (See FPPC Regulation 18701).

Every state and local government official, employee and consultant must refrain from making or participating in a government decision that has a reasonably foreseeable material financial effect on his or her personal financial interests, regardless of whether the individual is required to file a statement of economic interests.

Unlike the officials who must disclose under section 87200 of the Act, certain employees designated under agency conflict-of-interest codes may have to make only limited disclosures of their financial interests. The amount of disclosure will depend upon their duties. In general, those employees in positions with broader decision-making authority will have to provide broader disclosure of their personal financial interests.

Agencies must amend their conflict-of-interest codes when necessary to add or delete designated positions and disclosure categories. Conflict-of-interest codes are reviewed every two years. If an employee believes the amount of disclosure required for his or her position should be revised, those concerns can be addressed by the agency, including during the review process.

The FPPC reviews conflict-of-interest codes for all state agencies and all multi-
county agencies -- approximately 1,000 codes. Codes adopted by other local agencies are reviewed by the appropriate county board of supervisors or city council, depending upon the jurisdiction of the agency (see section 82011).

The FPPC has adopted regulations to assist agencies in adopting conflict-of-interest codes. All state agencies and most local agencies now use a regulation (FPPC Regulation 18730) as the body of their individual conflict-of-interest codes, with each agency adding its individual list of designated employees and the types of disclosure required of different employee positions. This regulation can be found on the FPPC web site, www.fppc.ca.gov. FPPC staff members also provide assistance or training on conflict-of-interest codes to local and state agencies and code-reviewing bodies. Check the FPPC web site or call 1-866-ASK-FPPC for a schedule of upcoming training seminars.

<table>
<thead>
<tr>
<th>Chart 3 — Examples of where form 700 is filed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• City Councilperson Rodriguez must disclose under section 87200 of the Political Reform Act. She files her form 700 with the city clerk (filing official), who retains a copy and forwards the original to the FPPC (filing officer). The city clerk also receives and retains forms filed by employees of city agencies who have been designated in the city’s conflict-of-interest code. For the employees’ forms, the city clerk is the filing officer.</td>
</tr>
<tr>
<td>• State Senator Smith is an official specified in Gov. Code section 87200. She files her form 700 with the secretary of the senate (filing official), who retains a copy and forwards the original to the FPPC (filing officer).</td>
</tr>
<tr>
<td>• The Department of Social Services is a state agency and has adopted a conflict-of-interest code designating those positions within the agency that must file form 700. The code requires the forms to be filed with the agency. However, the code also states that the personnel division will retain a copy of the form filed by the agency director and forward the original to the FPPC. The personnel division is the filing officer for forms filed by the employees and is the filing official for the director. The FPPC is the filing officer for the director.</td>
</tr>
<tr>
<td>• Chief Jones occupies a position designated by the conflict-of-interest code adopted by the Siskiyou County Fire Services District, a local government agency. The form 700s from Jones and the district’s elected board members are filed with and retained by the county. As set out in the conflict-of-interest code, forms filed by all other designated employees are filed with and retained by the district.</td>
</tr>
</tbody>
</table>
An outline of the disclosure process — Chart 4

1. Two types of filers:
   — “87200 filers” whose positions are listed in Gov. code section 87200
   — “Designated officials” — state and local government agencies are required to adopt a conflict-of-interest code and designate decision makers who file disclosure statements

2. Types of statements filed on form 700:
   — Assuming office/initial
   — Annual
   — Leaving Office
   — Candidate
   — Amended statements

3. Places to file the form:
   — Section 87200 filers file with their state, city or county agency, which in most cases retains a copy and forwards the original to the FPPC
   — “Designated officials” file their forms with their agency
     1) Most of these original retained by agency
     2) Some originals forwarded to the FPPC (such as state department heads, board and commission members, selected multi-county agencies) with copies retained by the agency
     3) Senate and Assembly staff members file directly with the FPPC
   — Candidate statements are filed with the appropriate election official, such as the local registrar of voters or clerk

4. Filing officers and filing officials
   — Filing officer retains original statements
     1) Supplies forms, notifies filers
     2) Logs statements, notifies non-filers
     3) Reviews statements and requests amendments
     4) Imposes late filing penalties
     5) Provides public access
   — Filing official retains copy and forwards original to filing officer
     1) Supplies forms, notifies filers
     2) Sends names of filers to filing officers
     3) Logs forms sent to filing officer
     4) Provides public access to copies of forms
Where do I file my form 700?

The Act mandates a decentralized system for filing, reviewing and retaining the form 700 statements of economic interests. This system is specified in section 87500 of the Government Code. Examples can be found in Chart 3 on Page 5, and the process is outlined in Chart 4 on Page 6.

Candidates file their statements of economic interests with their election official, such as their registrar of voters or city clerk.

The vast majority of public officials and employees file their form 700 with a filing officer at their own agency. This person reviews, logs and files the statement, provides public access to the form and performs other duties.

In most other cases, public officials and employees file their statement with a filing official at their agency, who acts as an intermediary and, after making a copy, forwards the original statement to the FPPC or to a county filing officer.

The FPPC receives — and is the filing officer for — approximately 20,000 statements of economic interest filed on an intermediary basis with other agencies. These statements include the officials specified in section 87200 as well as the following:

- designated employees of the state senate and state assembly
- members appointed to state boards and commissions
- state department heads (agency secretaries, directors and chief deputy directors of state agencies)
- employees of certain multi-county agencies

Regulation 18115 explains the respective roles of filing officers and filing officials. Briefly, filing officers assess fines for late-filed statements, review all statements for facial compliance, perform an in-depth review of some statements, and refer problems to the FPPC for potential enforcement actions. The FPPC now has an expedited and streamlined enforcement program for late-filed statements of economic interests.

Deadlines for filing statements of economic interests (form 700)

Candidates for certain elected positions must file a candidate statement prior to their election. Each type of statement has a specified “reporting period” (such as a calendar year) and is filed on the form 700 statement of economic interests.

Upon assuming his or her public office or job, an official first files an “assuming office” or “initial” statement of economic interests. After that, the official or employee files an annual statement each year until he or she leaves office, at which time a leaving office statement must be filed.

Candidate statements: Candidates for elective offices specified in section 87200 must file form 700 no later than the deadline for filing a declaration of candidacy to appear on a ballot. State and local elec-
tions occur throughout the year, and filing times vary. Some local conflict-of-interest codes may require candidates for other elective offices (such as school board or city clerk) to file candidate statements. Most do not have this requirement.

Assuming Office Statements:

- elected officials: file 30 days after assuming office.

- appointed officials under section 87200: file 30 days after assuming office or 10 days after appointment or nomination if subject to state Senate or judicial confirmation.

- other appointed officials: file 30 days after assuming office or 30 days after appointment or nomination if subject to state Senate confirmation.

Initial statements (officials whose positions are added to a new or amended conflict of interest code): file 30 days after the effective date of the conflict-of-interest code or amendment to an existing code.

Annual Statements:

- elected state officers; judges and court commissioners; members of state boards and commissions specified in section 87200: file on March 1.

- elected CalPERS board members: file on April 1.

- all others: file on April 1. (Some local agency conflict-of-interest codes may specify a different date.)

Leaving office statements: file within 30 days of leaving office.

Amendments: an amendment to a form 700 may be filed at any time—there is no deadline. A filer may submit more than one amendment.

Expanded Statements: many officials hold more than one position covered under the Act and may combine all of their filing obligations on one form, with a copy containing an original signature filed with each agency.

Exceptions:

There are several exceptions to the filing deadlines:

- Elected state officers (newly elected) may not be required to file assuming office statements. They file a candidate
statement, then the next annual statement.

➤ An official who completes a term of office and, within 30 days, begins a new term in the same office is not required to file a leaving or assuming office statement (such as when an elected official is reelected to the same office).

➤ An official who leaves an office and, within 30 days, assumes another position with the same agency, or in the same jurisdiction (such as when a city planning commissioner is elected mayor) is not required to file a leaving or assuming office statement.

➤ An official who assumes office between October 1 and December 31, and who properly files an assuming office statement, is not required to file the next annual statement, but will wait until the following year.

➤ A candidate who has filed an assuming office or an annual statement within 60 days prior to filing a declaration of candidacy is not required to file a candidate statement.

➤ Certain statements may be combined. For example, if an official who normally files an annual statement on March 1 leaves office between January 1 and February 28, he or she can combine the annual and leaving office statements, as long as the statement is filed by March 1.

➤ Retired judges who serve part-time, pro tempore judges, and part-time court commissioners are required to file form 700 only if they serve 30 days or more in a calendar year.

➤ Any deadline that falls on a Saturday, Sunday or official state holiday is automatically moved to the next business day.

**Important note**

This Fair Political Practices Commission fact sheet discusses provisions of California's Political Reform Act relating to economic disclosure and reporting requirements for public officials. While we hope you find the information helpful, **you should not rely on the fact sheet alone to ensure compliance with the Act.** If you have any questions, consult the Act and FPPC regulations, your agency's filing official or legal counsel, or call the FPPC's toll-free help line at 1-866-ASK-FPPC (1-866-275-3772). This fact sheet, the Act, regulations and other important information are on our web site, www.fppc.ca.gov.

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**A good idea -**

*Call for toll-free advice at:*

1-866-ASK-FPPC

(1-866-275-3772)