STATE OF CALIFORNIA
SECRETARY OF STATE
PUBLIC MEETINGS ON CAL-ACCESS REPLACEMENT SYSTEM

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10:00 A.M.

Ronald Reagan Building
Auditorium
300 South Spring Street
Los Angeles, California

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SECRETARY PADILLA: Good morning, everybody. Thank you for joining us for this first of two hearings on the Cal-Access Replacement System. My name is Alex Padilla, and I’m honored to be your California Secretary of State. I’m joined on my right, your left, by Christine McKenzie, and on my left by the Acting Director of the Political Reform Division, Mary Wray.

I want to give a brief overview of why we’re all gathered here today by the power vested in me by the State of California to tee-up sort of the conversation and let you know where we are in the process of replacing the system, we know, love it or not, as Cal-Access.

I think we can all agree on one thing, that building a new system is long overdue, as users who are no doubt familiar with the frustrations, limitations and instability of the current system. As stakeholders, each of you has a critical role in this essential project. We’re interested in your input and your ideas, what features and functionality are a priority that may
not exist today, or at least not reliably, what preferred data entry methods we ought to consider, and how you would envision moving from a report-based system to a data-driven system, because technology has certainly come a long way since Cal-Access was first launched. And I believe your input is vitally important, and so did the legislature.

This meeting, and a subsequent meeting next Thursday in Sacramento, is part of a public outreach requirement under Senate Bill 1349 by Senator Bob Hertzberg. Our purpose here today is to listen to all of you, to hear your opinions, learn from your experience, and understand what features and functionalities you believe are the most important, and to get a sense of your priorities as we design a new system. We’re here to listen and to document your comments.

Within the time and budget limitations that we have for this project, we will do our very best to build a system that serves you and all Californians as best as possible.

So let’s go the announcement slide here.

As I mentioned, Mary Wray, to my left, is the Acting Division Chief of our Political Reform
Division. You’ll be hearing from her in the
months ahead.

Christine McKenzie, to my right, leads
our Project Management Office, and will also be
acting as our timekeeper today. So I want to
thank Christine, because keeping folks on time is
a difficult task. I’ve been trying to do it for
almost 20 years as an elected official.

To assist us in documenting and record
keeping, I’d like to introduce Marlee Nelson, our
court reporter. She’ll be taking notes and
recording this meeting.

And in the back, let me introduce both
Robert Negrete, as well as Rolando Chavez. They
work in our Secretary of State’s Office and they
helped you signing in on your way in and are
distributing speaker cards for those who may want
to come forward and offer comments during this
hearing.

A little bit of housekeeping. We have
scheduled two hours for this meeting. But
obviously if we’re in some very substantive,
helpful stuff we’re going to be flexible on the
timing today. We would like to have you limit
your comments to three minutes. We think brevity
helps us all focus and kind of get to the meat of the matter.

But we do invite you to submit any written comments you may have with further detail, further background for consideration, either to us here today in person, or you can also email them. We have established a dedicated email box at the address that you see here PRDCARS, so PRDCARDS@sos.ca.gov. And you can also follow the status of the project on our webpage at www.sos.ca.gov, that’s our home page, but if you add the /CARS-updates, you can follow along the project status updates on an ongoing basis.

And last but certainly not least, if you go out the doors behind you and go to the right, you’ll find the restroom, if or when you may need it this morning. So an important note to make, restrooms out and to the right.

Next slide please.

I wanted to kind of tee-up the conversation by providing context for who may not be as expert as all of us with Cal-Access and the need to replace it.

And our history here goes back to the year 1974 when California voters overwhelmingly
approved Proposition 9, the Political Reform Act of 1974. The PRA required the disclosure of campaign contributions and expenditures and regulates state lobbying activity. We were leaders at the time and we should be leaders again in this regard.

Three years later, in 1997, the PRA was amended by the Online Disclosure Act, a measure that paved the way for electronic and online submission of campaign and lobbying disclosure information over the internet, in the early days of the internet, I might add. And this was done for two primary objectives: First, to provide greater public access to vitally important information; second, to gradually eliminate paper filings of campaign finance and lobbying activity statements and reports. That was only 20 years ago. Here we are.

The Online Disclosure Act led the Secretary of State at the time to develop and deploy a public website called the California Automated Lobby Activity and Campaign Contribution and Expenditure Search System. Say that ten times real fast. And so, thus, the term Cal-Access was born. The division deployed in 1999, and by 2001
the current electronic reporting systems that we know as Cal-Online and the Cal-File format were installed.

And since 1999, which was the earliest stages of Cal-Access after deployment, more than 1.2 million filings have been processed. And over the last four years -- excuse me, the last four election cycles, so eight years alone, the Political Reform Division has averaged appropriate 97,000 campaign and lobbying filings in election years, and 61,000 campaign and lobbying filings in non-election years. Three dozen different forms are used to report committee or lobbying entity type and activity. You get an appreciation for the increasing workload and the evolving, diversified workload, as well.

Let’s go to the next slide.

So as many of you again know, Cal-Access was built on what is now very old technology. The current campaign finance and lobbying activity filing process is a paper file transfer protocol online hybrid model that is an inefficient process, to say the least, often a manual process that has duplicate efforts, suboptimal data quality, and reporting that clearly does not meet
stakeholder needs.

Cal-Access is now a suite of applications developed in 13 different programming languages. It runs on a server cluster and associated components that are more than 15 years old, and runs on an uncommon version of the UNIX operating system called Tru64. Raise your hand if you know how to program in that? What? No one? Exactly. It’s not nimble and it’s not an elegant system.

It is what I referred to last year, right on this stage, as a Frankenstein monster of code. You get the picture.

So recognizing the system obstacles, it was my pleasure to partner with MapLight and the James Irvine Foundation close to two years ago to develop and deploy what has become now known as Power Search, an open-source search tool for campaign contributions that improved on the standard search functionality. The new search tool allows for easier search across campaign committees, measures and contributions.

We continued the partnership in later 2015 and throughout 2016 to bring forward new tools, like MapLight’s Independent Expenditure Search Engine to track the flow of money in the
independent expenditure side of things, followed by Quick Guide to Props, a great tool for tracking campaign finance of the many propositions that were on the ballot this last November, a wonderful tool that was at the fingertips for voters when they went to our website or downloaded our first ever agency app known as Vote California, still available, by the way, both for iPhone and Android. Go to Google Store and download it today. I wish we got royalties but we don’t, but it’s helpful.

These tools have helped us keep Cal-Access alive and as useful as we can to the public. But our end game is still to bring forward a new system, a modern system, a more effective system. Users, business groups, the legislature, good government organizations, journalists, the FPPC and SOS Staff have supported a replacement system, our call for a replacement system. And last year we began the preplanning process for replacement of Cal-Access. And I’m thankful that in September 2016 the legislature approved and the governor signed Senate Bill 1349 which legislatively calls for the development of a new data-driven online filing and disclosure
system.

So let’s go to the next slide.

Specifically, Senate Bill 1349 calls for several things. First, consultation with the Assembly Committee on Elections and Redistricting, the Senate Committee on Elections and Constitutional Amendments, the FPPC, users, filers, vendors and various other stakeholders in a public meeting to gather comments, and so we are gathered here today. The legislation also calls for the design, development and implementation of an online filing and disclosure system that is user friendly, permits easy, free upload or data entry, is data driven rather than form driven, and facilitates public searches of the data.

It also calls for a system that permits future compatibility with local campaign finance data. We know that many cities and counties across California had their own systems, but not all do. And in many ways, from a public interest and a press accountability perspective, it would be great if we had a centralized, consolidated way to access the data and analyze the data. And so we are building the foundation for that here, as well.
Overall, the target implementation date for the new system is early 2019. It sounds like two years away but it goes by fast, believe me. So at this point, let’s proceed with the public comment portion of our hearing. I want to turn over the floor to those of you who have come to share your comments, your ideas and your suggestions with us. We’re eager to hear your comments.

In order to speak and to get in line to speak, we ask that you each fill out and submit a speaker card. As we call your name, please make your way to the podium here and the microphone. And we’re going to afford you about three minutes. I’m not going to be hard and fast about those three minutes, but I think three minutes is sufficient to make some pretty compelling points. And we’ll try to keep us all on track and respect everybody’s time here today.

And again, a reminder, if you choose to submit your comments instead in writing or in addition to your verbal comments, additional background in writing, you can email it to PRDCARS@sos.ca.gov, or submit it to us in writing here today.
I introduced Christine McKenzie earlier. She is our timekeeper. She must like soccer because she has both yellow cards and red cards. At the end of the two minute mark, she’ll raise the yellow card. That’s your cue that you have one minute left. You don’t want to get another foul, because if your time is up you get the red card, you will be asked to leave the arena. Just kidding. It just means your time is up and we do need to move on to the next speaker.

So let’s proceed with the public comment. Mary, do you want to call our first contestant on the Price is Right?


SECRETARY PADILLA: Come on down.

MS. WRAY: She’s from California Common Cause. And behind that, can we ask David Montgomery from NetFile to be ready?

MS. FENG: We should host all hearings as a Price is Right format. That does make it more exciting. I need a big wheel.

So thank you. My name is Kathay Feng. I am with California Common Cause. I want to start by thanking Secretary of State Padilla for being a
wonderful partner in pursuing the modernization of Cal-Access, but also to recognize that this effort came with a gigantic coalition of organizations, business, labor, the government, civil rights who use this system, are beneficiaries of it, but also who struggle to manage the technology, because we are talking about a 1999 system.

I just Googled what technology we were using in 1999, just to refresh my memory, and also to remember that back then we were excited about Walkman, we were excited about VHS tapes. I recently had to tell my daughter -- when she found a VHS tape, she said, “What is this thing?” And I introduced a concept of rewinding to her, the idea that you had to fast forward and rewind everything. Beepers. And we were using flip phones. And now in 2017, we’re using smartphones, iPads, iPods. The technology in 20 years has leapfrogged, and we are still struggling to use 1999 technology through Cal-Access.

So fundamentally, when we all came together and agreed, and we don’t agree on many things, that Cal-Access needed to be reformed, is really around this concept that voters, journalists, watchdogs and users deserve to have a
system that’s modern, easy to use, easy to find information, and ultimately that serves the public with transparency and usability.

We wanted to have a system that was flexible and adaptable because come 2019, come 2029, the technology is going to change pretty quickly. So we need to make sure that we can absorb that, but also absorb the changes in laws. Each time we’ve changed laws around campaign finance, for instance, to require the top ten donors be reported, literally a new form had to be created. And what we’re hoping is that with a data-driven system, that you can take in that information, you’ve got algorithms that can accumulate to identify donors and do it through the computer, as opposed to doing it through a piece of paper that has to be filled out.

Skipping just really quickly to an important piece, we’d like to see an identity-based system, one where you can really match donor to donor. So sometimes between different campaigns, they might enter a person’s name in differently. Even with one person entering in that information, today you might include the middle initial, tomorrow you might not. And so
being able to have a system that recognizes as
you’re inputting that information, and maybe even
smartly suggesting, is this who you mean, would be
very helpful.

And lastly, we’d like to make sure that
we think about a future, that we might have a
statewide system, a system where when you go to
your local race you don’t have to go to the city
clerk and ask them for a piece of paper printout
of the campaign filings, but where you might be
able to go online and find that information.

Thank you.

SECRETARY PADILLA: Thank you, Kathay.

And thank you for being a good partner in all
these.

Next speaker.

And Mary, if you can call sort of --

MS. WREY: David --

SECRETARY PADILLA: -- yeah, one ahead?

So whoever is on the on-deck circle, you can have
a seat right behind the podium and be ready to go.

MS. WRAY: Okay.

David Montgomery from NetFile, followed
by David Tristan from the Los Angeles Ethics
Commission.
MR. MONTGOMERY: Hi. My name is David Montgomery from NetFile. We’re a software service provider based in Mariposa, California. We currently provide electronic filing systems, similar to Cal-Access, for 69 local cities and counties in California.

I think the biggest thing I’d like to point out is that from the public point of view the Cal-Access system is the Political Reform Division. I mean, from the outside world, that’s how they interact with you. So the thing that’s bothered me the most over the course of the last 17 years on this project is kind of the very passive attitude the PRD has had about the Cal-Access system and not taking a very vigorous leadership in terms of pushing the system forward and having a vision for what it’s going to be, all right?

And I have a couple points, I think, of what that visions needs to include.

One is electronic filing should become the law of the land. If the documents have been e-filed, there should be no requirement then to file the exact same document on paper. Sending a 5,000 page report via FedEx overnight is just
ridiculous in 2017.

Number two, campaign statements that include transaction activity, we should have a policy goal that every single type of report like that, the 460, 461, 496, 497, anything that’s got a transaction, it eventually should become purely electronically filed, so that way the public can see any transaction activity that occurs in the campaign finance universe.

Having the FPPC maintain separate campaign finance forms, like the T-10 and the Form 462, on their public website is a horrible practice and there should be no reason why that happens. From the public’s point of view, that even kind of seems like you’re obscuring information. It’s not a good public disclosure attitude.

Also, electronically reported activity should be instantly available. Right now you have to wait up to 24 hours to download data from the Cal-Access system via the giant .zip file of doom that has to be parsed and returned into something meaningful. People that are interested in watching campaign finance documents come into the e-filing system should be notified. You shouldn’t
have to sit there and hit the page and say daily filing log, who’s filed, who’s filed? You should be able to subscribe to say, hey, I want to know when Gavin Newsom files his gubernatorial statement. I want to be notified. I’d like something as simple as an RSS feed, email notifications, or whatnot.

The public should be able to easily search every campaign finance transaction that exists in the universe across all committees and all transaction types. Like Google, you put in a small part of your search and you get a billion documents back, and then you can filter down to find what you’re interested in.

Currently, NetFile provides a service called Cal-Access.com, which is a very hard to remember website name, where you can actually search across all 69 of our local jurisdictions that do e-filing, as well as the entire Cal-Access database updated nightly on our system. So there’s just shy of 20 million campaign finance transactions that can be viewed at any point in time, casting a wide net and then filtering down by agency, by transaction type, by date range, by whatever criteria you’d like to use.
In fact, the Secretary of State, if you want to put that on your website today, no offense to the MapLight guys, but our search is much better. And it covers everything in the campaign finance universe, including the 401s and everything. So, you know, you could probably just hook in a Secretary of State page to our API whenever you want.

I’ve got lots of other stuff but, you know --

SECRETARY PADILLA: Well, again, you’re invited to submit additional comments in writing. I will say one thing, since you mentioned the FPPC, they were invited to participate with us today, I believe, and Jodi Remke had a scheduling conflict so she was unable to join us today, but will be up on the dais with us on Thursday in Sacramento, for those of you who will be there, as well, or watching -- are we streaming on Thursday?

MS. WRAY: Yes, we are.

SECRETARY PADILLA: Yes, we are. Okay.

Next speaker.

MR. TRISTAN: Good morning, Secretary of State Padilla. My name is David Tristan with the City of Los Angeles Ethics Commission.
And I want to start by saying thank you for taking on this project. I think this is one that’s very critical in terms of public disclosure of campaign finance and other information that’s filed with the Secretary of State.

I don’t want to go into a lot of details in terms of the suggestions that we’ve made to some of the staff already. We will be submitting a public document. But I did want to focus on one key thing for us as a local charter city.

We developed and have been using our own campaign finance system for over -- since 1999. We understand the importance of providing information in one place for all individuals, press, public and others to see. But we also think it’s extremely important for local jurisdictions to have the opportunity to display information in what makes more sense for constituents in that jurisdiction.

For example, in Los Angeles we have a lot of disclosure that’s much greater than what’s required on state forms. So we want to continue to have the ability, not only to display that information, what makes more sense locally, but also be able to have the ability to ensure that
people going to see what information is available
don’t simply go to the Secretary of State and are
misinformed about all the other information that
might be available locally. Because the state
requirement is going -- will not be broad enough
to cover the things that we’re disclosing locally,
such as public matching funds information,
campaign literature information, audio-video
pieces of campaigns and other information that
over the next six months we’re looking to
implement.

In addition, we are in the process of
redoing our system where it will be connecting
additional information that we have, not only in
our office, such as lobbying information,
information on Form 700s and contractors bidder
information, but also information that the city as
a whole collects. And our goal ultimately is to
be able to provide useful information that tells
individuals and provides them with information
that might make their decision-making process a
more well informed one, not only in terms of
campaign contributions but other activity that
donors might have locally with the jurisdiction.

So thank you for your time.
SECRETARY PADILLA: Thank you. Thank you.

Next speakers.

MS. WRAY: David Gould, California Political Treasurer’s Association.

SECRETARY PADILLA: And he’ll be followed by?

MS. WRAY: I don’t have any other speaker cards.

Do we have any more? Pardon me? After David’s, I know, not a lot of cards.

MR. GOULD: Not a lot of talkers here.

I’m David Gould. I’m the President of the California Political Treasurer’s Association.

We’ve been in business for the last 20-some-odd years. Even though we are all competitors, we all belong to this association that represents pretty much all of the elected officials in the State of California, and over ten percent of the PACs nationwide.

We, of course, would love to see a robust electronic filing system which Cal-Access, of course, is not quite. And we would love to see a system where it would be able to possibly incorporate all of the local jurisdictions
filings, as well, so that everybody would be able
to see everything at the same time, and it would
make our job easier and the public’s ability to
disseminate the information a lot more easily.

We have been partners with people in the
Political Reform Division since the beginning.
And, you know, we are not the enemy. You know, we
try to make everything available to the public in
the way that everybody wants it to be. And we’d
love to help in any way we can to incorporate
anything that you -- you know, any input that we
can share or whatever.

I mean, I will -- there is a document
being written, okay, for us that will be provided
to you guys. And I think that’s about it.
SECRETARY PADILLA: All right.
MR. GOULD: Thank you.
SECRETARY PADILLA: I’ll just make a
brief comment, since we now have two speakers who
have commented on the relationship between what
we’re doing at the state level versus what may be
happening at local jurisdictions. That was a
negotiation point, if you will, during the
legislative process. And we tried to strike the
middle ground of ensuring, at a minimum, the
capability requirement. So it’s very much on our mind, Mr. Gould.

But at the same time, different jurisdictions at the local level are doing it differently. So trying to not necessarily mandate or preempt what’s going on locally, trying to figure out what that right balance is and to afford ourselves that time as this evolves, that compatibility will lay the foundation for what we are able to achieve in the future.

MS. WRAY: Any other speakers?
SECRETARY PADILLA: Any other speaker cards for this morning?
MS. WRAY: I have none.
SECRETARY PADILLA: All right. Going once? Going twice?

Then before I say gone, let me offer some closing comments and some more housekeeping, I guess, because this is the first, as I mentioned, of two required public hearings that we’re happy to have.

We started in Southern California. How often does that happen in state government? Our follow-up meeting will be this next Thursday in Sacramento at 10:30 a.m. in the Secretary of State
Auditorium at 1500 11th Street in Sacramento, just a block south of the capitol, an auditorium that looks a lot like this.

I want you to know that we will seriously consider all the input that’s been provided here today and that we expect to hear on Thursday of next week. As we develop the project requirements for the new online filing and disclosure system, a solicitation document will be released in the late summer or early fall of this year. And we are required to submit a report to the legislature by December of this year on the status of where we are.

Once a vendor is in place, we will begin design, development and implementation, followed by testing, with a target date for full deployment in February 2019, so in a short 24-month time period, Ambitious but, I think, doable and, as you said earlier, long overdue.

So I want to thank you for your participation today. I look forward to bringing forward a robust, user-friendly system that will be the nation’s model for public disclosure of campaign finance and lobbying information.

If there’s nothing further, thank you.
Be in touch. Follow us. Email us. We want to continue to hear from you, but thank you for taking the time to be here today, with a little bit of rain making the roads of Los Angeles even that much more fun to navigate. Have a great weekend.

(The meeting adjourned at 10:37 a.m.)
REPORTER’S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February, 2017.

[Signature]

Martha Nelson
Certified Transcriber
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