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CITY ETHICS COMMISSION

Helen E. Zukin
President

Sean Treglia
Vice President

Michael Camufiez

Nedra Jenkins

Paul H. Turner

LeeAnn M. Pelham
Executive Director

200 North Spring Street
City Hall – 24th Floor
Los Angeles CA 90012
(213) 978-1960
(213) 978-1988 Fax
<http://ethics.lacity.org>

Whistleblower Hotline:
(213) 978-1999
(800) 824-4825

Hand Delivery

August 11, 2008

The Honorable Richard Alarcón, Chair
The Honorable Janice Hahn, Vice Chair
The Honorable Dennis Zine, Member
Education and Neighborhoods Committee
Los Angeles City Council
c/o Karen Kalfayan, City Clerk
200 N. Spring Street, Room 395
Los Angeles, CA 90012

**Re: Education and Neighborhoods Committee Consideration of
Neighborhood Council Financial Disclosure Forms**

Dear Committee Chair Alarcón and Honorable Members:

Over the past six months, the City Ethics Commission has been asked to consider and recommend a process of financial disclosure for our City's vital system of Neighborhood Councils that would promote transparency and accountability in that system while balancing the unique, limited role that Neighborhood Councils play in shaping City decisions. I write today on behalf of the Commission to express our strong ongoing support for the financial disclosure recommendations our agency first transmitted to the Council on March 20 of this year. We call on the Education and Neighborhoods Committee to endorse the Ethics Commission's proposed CEC Form 52, or a form with a similar level of disclosure, and to recommend its adoption by the full City Council.

***The Ethics Commission Recommends Limiting Financial Disclosure Filings for
Neighborhood Council Boards to Actions that Create or Second a Neighborhood Council File***

In contrast to proposals that would require broad disclosure by all Neighborhood Council board members as a matter of course – annually, on assuming office, and when leaving office – the City Ethics Commission believes that a more limited approach is appropriate. As we communicated to the Council on February 19, and further detailed in our March 20 Council transmittal (copies attached), while we very much support the goals of effective financial disclosure, the Commission has concluded that disclosure should be required of Neighborhood Council board members at this time *only* when submitting a specific Neighborhood Council File (NCF). As proposed by the Commission, CEC Form 52 would only be filed whenever an NCF is created or seconded. For some individuals who serve on Neighborhood Council boards, that would mean never having to file. For others, it may mean only filing a statement two or three times a year.

Unlike public officials who have authority to make City decisions, Neighborhood Councils were created to be solely advisory. Moreover, simply because a Neighborhood Council has the ability to initiate or second the creation of an NCF does not imbue it with decision-making authority over public policy. Indeed, the City Council retains complete discretion and authority to consider, or decline to consider, any NCF. Consequently, we believe it is important to give this factor significant weight when evaluating how financial disclosure should apply to Neighborhood Councils. We strongly believe that disclosure tied to action on an NCF more effectively balances the goals of transparency and accountability with the practical reality that the responsibilities of the volunteer, part-time citizen activists who make up our Neighborhood Councils fundamentally differs from those in City government with broader, decision making authority.

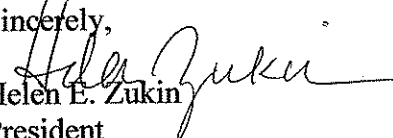
The Commission Believes That the Disclosures Required of Neighborhood Council Boards Should be Proportional to Their Advisory Duties

The level of disclosure required should be proportional to the advisory nature of Neighborhood Council board members' duties. Disclosure requirements should be tied narrowly to the NCF rather than the more extensive financial disclosure that is modeled after state Form 700. The Commission continues to support CEC Form 52 as the simplest and most appropriate tool for disclosure under these circumstances. A similar form, with more narrowly tailored disclosure than Form 700 would also be appropriate. At the time action on an NCF is taken, Form 52 disclosures would identify certain core financial interests of the board member: employers, real estate interests and business interests. Additional disclosures would be triggered only for the particular NCF that is being initiated or seconded. In this regard, Form 52 asks board members to either make an affirmative statement that they have no other financial interests or benefits that relate to the NCF, or to list those interests or benefits that do relate.

In contrast, disclosures modeled after a more complex Form 700 would require specific detailing of the board members' sources of income, investments, real property, gifts and travel. In its discussions, the Commission expressed a clear and deep concern that such broad requirements for Neighborhood Council boards would be unnecessary and overly burdensome – and therefore could serve, intentionally or not, as a disincentive to greater citizen engagement. Clearly, Neighborhood Council involvement in local government is of great benefit to our large, diverse city. The Commission anticipates a severe chilling effect on local Neighborhood Council participation in the political life of Los Angeles if disclosures as broad as a Form 700 are required. We are confident the City Council does not want this outcome.

On behalf of the Commission, we thank you for your consideration and again urge your support of the Commission's proposal.

Sincerely,


Helen E. Zukin
President

cc: Michele Siqueiros, President, Board of Neighborhood Commissioners
BongHwan Kim, General Manager, Department of Neighborhood Empowerment
Gerry Miller, Chief Legislative Analyst