



FACT SHEET ON DISQUALIFICATION FROM MUNICIPAL DECISIONS PART 5: PERSONAL FINANCES

The City's Ethics Ordinance includes laws that prohibit City Officials from influencing municipal decisions when it is reasonably foreseeable that those decisions will have a material financial effect on their economic interests. This fact sheet is one of a series of fact sheets designed to offer general conflict of interest guidance to City Officials who participate in making municipal decisions. This particular fact sheet is focused on conflicts that stem from a City Official's personal finances. Keep in mind that the information offered in this fact sheet should not be considered a substitute for the actual language contained in the local and state law.

GENERAL RULES

- ❖ The Ethics Ordinance prohibits City Officials from participating in a municipal decision if it is reasonably foreseeable (i.e., a realistic possibility) that the decision will have a "material financial effect" on the personal finances of the official or the official's immediate family.
- ❖ The term "immediate family" means an official's spouse (or registered domestic partner) and any dependent children.
- ❖ A municipal decision has a financial effect on your personal finances if it increases or decreases your personal expenses, income, assets, or liabilities, or those of your immediate family members. This effect is considered "material" if you or your immediate family member will receive a measurable financial benefit or loss from the decision.
- ❖ For example, Ryan, the Executive Director of a City department, has a teenage son who is looking for a summer job. Ryan knows that the Park & Recreation department has openings for temporary workers at several Recreation Centers. Under the personal finances rules, however, he may not take any action to influence the hiring process.
- ❖ Note that the "measurable" impact rule replaces the \$250 threshold that existed under prior law). Under the current personal finances law, for example, a City Official is precluded from using his or her official position to dismiss a \$100 parking ticket received by an immediate family member.
- ❖ When determining whether or not a decision will impact your personal finances, do not consider any financial effect the decision will have on the value of your real property or on the revenues, expenses, assets, or liabilities of a business entity in which you have a direct or indirect investment interest. If you believe there could be a financial effect on such interests, consult the Ethics Commission's Fact Sheets pertaining to disqualification based on "Interests in Real Property" or "Interests in Business Entities," respectively.

EXCEPTIONS

- ❖ A personal financial effect does not include:
 - ✓ changes in benefits applied equally to all City employees in the same bargaining unit or other representative group;
 - ✓ stipends for officials attending meetings of bodies formed by the City;
 - ✓ the use of City vehicles, cell phones, etc. for the purpose of carrying out official duties; or
 - ✓ personal rewards obtained from using a private credit card or membership rewards program in connection with City-approved travel.

INSIGNIFICANT FINANCIAL EFFECT

- ❖ Notwithstanding the rules set forth above, there are circumstances in which a municipal decision's financial effect is so minor that it does not rise to the level of being "material." In other words, a City Official does not have a disqualifying conflict of interest in a municipal decision if the financial effect of the decision is nominal or inconsequential.
- ❖ Although only a measurable financial effect will trigger disqualification in the context of an official's personal finances, it's possible that such an effect could still be considered insignificant. Please contact the Ethics Commission for additional guidance if you believe the impact of a decision on your personal finances will be insignificant.

PUBLIC GENERALLY

- ❖ Even if the financial effect of a municipal decision on your personal finances is material, you will not be disqualified from participating in that decision if you can establish that the financial effect on your personal finances is indistinguishable from the financial effect on the public generally.
- ❖ A decision affecting your personal finances is entitled to the "public generally" exception if the financial impact on you is essentially the same as it is on at least 25% of all individuals residing in the City of San Diego.
- ❖ When determining whether a municipal decision's financial impact on you is disproportionate to its impact on other City residents, consider your personal finances as well as those of your immediate family.
- ❖ In addition, the "public generally" exception will likely apply in the following special circumstances: (1) the imposition of taxes or assessments for water, utility, or other broadly provided public services applied equally or proportionally to everyone; (2) changes to parking rates, permits, and fees that apply to the entire City; (3) ordinances that restrict on-street parking, impose traffic controls, deter vagrancy, reduce nuisance, or improve public safety; (4) decisions that affect all renters of residential property; (5) situations in which the law requires a board or commission to contain appointees representing a particular trade or profession and there is no unique effect on the appointee; and (6) states of emergency. Contact the Ethics Commission for assistance with these circumstances.

CONTRACTS

- ❖ If the municipal decision involves a contract, be sure you also review the Ethics Commission's "Fact Sheet on Financial Interests in a Contract."

Determining whether or not you have a conflict of interest in a particular municipal decision can be a complicated matter. Do not hesitate to contact the Ethics Commission at (619) 533-3476 for additional assistance.

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