

CITY OF PHILADELPHIA

BOARD OF ETHICS
PACKARD BUILDING
1441 Sansom Street
2nd Floor
Philadelphia, PA 19102-3026
(215) 686 - 9450
FAX 686 - 9453

September 30, 2010

The Honorable Michael Nutter
Mayor
City of Philadelphia
215 City Hall
Philadelphia, Pennsylvania 19107

Re: Board of Ethics FY10 Annual Fiscal Report

Dear Mayor Nutter:

Please accept this letter as the 2010 Annual Fiscal Report of the Board of Ethics. Section 3-806(k) of the Philadelphia Charter requires the Board to submit an annual fiscal report to you, City Council, the Chief Clerk of City Council, and the Department of Records no later than three months after the end of each fiscal year. Detailed financial information concerning FY10 is attached and reports that expenditures totaling \$700,086 were made, as follows:

Table with 2 columns: Class and FY10 Total Amount Spent. Rows include Salaries (\$677,779), Purchase of Services (\$19,683), Materials, Supplies, & Equipment (\$2,624), and Total (\$700,086).

FY10 Activity

Training: During FY10, the Board and its staff provided in-person ethics training sessions for hundreds of City officials, employees and board and commission members. At the same time, and with the support of the Division of Technology, Board staff continued its preparation for an online ethics training pilot project. Much work still remains on this project, but the Board's goal is to make online training available to City officials, employees and board and commission members during FY11. Online training will be more efficient and less costly than requiring City officials and employees to leave their offices to attend ethics training sessions at an out-of-office site. For members of City boards and commissions, most of whom are not City employees, online ethics training will mean that they can receive mandatory training at a time that is convenient for them and will not interrupt their work day.

Financial Disclosure: The Board maintained its outreach efforts to thousands of City officials, employees, and board and commission members who are required to file financial disclosure statements. At least two email reminders were sent to these individuals explaining the financial disclosure requirements and encouraging filers to contact the Board if they needed assistance.

Advice: On an almost daily basis, the Board provided guidance and information during FY10 to City officials and employees and board and commission members concerning compliance with the City's Public Integrity Laws. During FY10, there were five Formal Board Opinions, 15 Advices of Counsel, and dozens of responses to requests for informal general guidance through the Board's "Ask for Advice" website feature. City officials, employees, and board and commission members have come to rely on the Board to provide this advice, and members of the public frequently contact the Board for information on the City's ethics laws. Each of these contacts with the Board is a significant step toward ethical government in Philadelphia.

Enforcement: The Board continued its enforcement activity in FY10 with three cases that were settled in FY10. Penalty payments totaling \$59,690 were received in FY10. These payments were made pursuant to the three agreements reached in FY10 and agreements reached in previous years. During FY10, the Board also successfully concluded its effort to collect a judgment for an unpaid penalty imposed in a 2007 Board enforcement action against a political action committee. This was the only time that a Board penalty was not promptly paid. The effort to collect the penalty in this case resulted in payments in FY10 totaling \$16,440 and demonstrated that the Board will seek enforcement of orders issued by the Court of Common Pleas.

Legislative Support: For the first time since its inception, the Board and its staff were active participants in legislative efforts to improve the City's public integrity laws. Based upon its experience since 2007 in administering and enforcing the City's Campaign Finance Law, we were able to offer technical input and make suggestion both formally through testimony and informally through a series of staff-to-staff meetings on several bills that were introduced and eventually approved by City Council. These bills amended the City's existing Campaign Finance Law and created a completely new Lobbying Law that the Board will implement and administer.

FY11 Fiscal Challenges

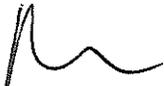
The Board began FY10 with a budget of \$810,000 and a staff of nine. Two staff members resigned during the fiscal year, and the Board expects to fill one of the two vacancies in the near future. The current FY11 appropriation in Class 100 is inadequate to fill the second vacancy. The Board is therefore deeply concerned that its reduced staff size will have a direct impact on the ability to accomplish its mandates, which now also include implementation of changes to the Campaign Finance Law and the brand new Lobbying Law.

The Board also continues to be concerned that, because it is not represented in all matters by the City Solicitor, it will be impossible in the FY11 budget to hire outside counsel should the Board be faced with an outside legal challenge. Since its inception, the Board has been fortunate to be represented in such challenges by *pro bono* counsel, and the value of their representation is in excess of \$1 million. We must face the reality that such generous volunteer legal services may no longer be available, especially in this increasingly difficult economic climate. There will be a major primary election for Mayor, City Council and other City elective offices in FY11. If faced with a legal challenge during that election without *pro bono* counsel, the Board and its mandates will be severely disadvantaged because the total FY11 Class 200 appropriation of \$110,400 will not be sufficient to meet the costs of outside legal services. We will be forced to suspend training, advisory, or enforcement activity in order to permit existing staff to focus only on the litigation.

Conclusion

In FY10 the Board of Ethics proudly continued its record of service to the citizens of Philadelphia and to the pursuit of ethics and accountability in City government. You again have our assurance that the Board and its staff will continue this important work toward honesty, integrity, and transparency in City government.

Sincerely,



Richard Glazer
Chair

cc: City Council Members
Michael Decker, City Council Chief Clerk
Joan Decker, Records Commissioner

**Board of Ethics
FY10 Fiscal Report Detail**

Class 100 – List of Positions

Class	Name	Title	Annual Salary	Actual Salary
101	Cheatam, Danielle	Information Specialist	34,000	24881.24
101	Cooke, Michael	Director of Enforcement	95,000	93176.00
101	Creamer, Jr., J. Shane	Executive Director	124,800	122,404.00
101	Formica, Tina	Administrative Assistant	49,332	49,332.00
101	Massar, Nedda	Deputy Executive Director	118,000	115,734.00
101	Meyer, Evan	General Counsel	114,400	112,204.00
101	Nayak, Maya	Associate General Counsel	95,000	93,176.00
101	Vasquez, Hortencia	Clerical Assistant	27,000	27000.00
101	West, Brandon	Information Specialist	34,000	3,517.24
	Total			641,424.48
100	Salary Control			36,354.27
	Grand Total Class 100			677,778.75

Class 200 – Purchase of Services

Class	Class Description	Vendor	Vendor Description	Amount Paid
210	Postal Services	Time Cycle	Delivery Service	3036.18
210	Postal Services	UPS	Delivery Service	12.72
211	Transportation	American Express	Travel	697.80
240	Advertising	Metro	Publication of Plain English	3827.00
250	Professional Services	Paul Jablow	Consultant	2700.00

**Board of Ethics
FY10 Fiscal Report Detail**

250	Professional Services	L Discovery	Computer Forensics, E-Discovery	3575.00
255	Dues	The Council on Governmental Ethics Laws	Membership Dues	445.00
258	Court Reporters	Class Act	Court Reporting	2342.07
260	Repair & Maintenance Charges	Xerox	Copier Maintenance	1456.66
266	Maintenance & Support – Computer Hardware & Software	Insight Public Sector	Software Maintenance	1349.30
299	Other Expenses	Reliable Copy Service	Copy Charges	105.60
299	Other Expenses	PNC Bank	Copy Charges	123.50
299	Other Expenses	Wachovia Bank	Copy Charges	12.50
	Total			19683.33

Class 300 & 400 – Materials, Supplies & Equipment

Class	Class Description	Vendor	Vendor Description	Amount Paid
304	Books & Other Publications	Thomson West	Books	1178.50
304	Books & Other Publications	America Legal Publishing	Books	125.00
320	Office Materials & Supplies	Nestle Waters of North America	Water and Cooler Rental	49.45
320	Office Materials & Supplies	Staples	Office Supplies	1155.58
427	Computer Equipment	Hewlett Packard	Printer exchange	115.56
	Total			2624.09

Total FY10 Expenses = 700,086.17