



# CONFLICT OF INTEREST CODE

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Approved by Resolution 17-171  
February 21, 2017



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## **Section 1. Introduction**

In compliance with the Political Reform Act of 1974, California Government Code Section 81000, et seq., and specifically with Section 87300, et seq., the Arcata Fire Protection District hereby adopts this Conflict of Interest Code, which shall be applicable to all designated employees of the agency. The requirements of the Code are in addition to other requirements of the Act such as the general prohibition against conflicts of interest contained in Government Code Section 87100, and to any other state or local laws pertaining to conflicts of interest.

## **Section 2. Definition of Terms**

The definitions contained in the Political Reform Act of 1974, the regulations of the Fair Political Practices Commission (2 Cal. Adm. Code Sections 18100 et seq.) and any amendments to the Act or regulations, are incorporated by reference into this Conflict of Interest Code.

## **Section 3. Designated Employees**

The persons holding positions listed in Appendix A are designated employees. It has been determined that these officers and employees make or participate in the making of decisions, which may foreseeably have a material effect on financial interests.

## **Section 4. Disclosure Statements**

A designated employee shall be assigned one or more of the disclosure categories set forth in Appendix B. It has been determined that the financial interests set forth in a designated employees disclosure category are the types of financial interests which he or she foreseeably can affect materially through the conduct of his or her office. Each designated employee shall file statements of economic interests disclosing his or her financial interest as required by the applicable disclosure category.

## **Section 5. Place of Filing**

All designated employees required to submit a statement of economic interests shall file the original with the Secretary of the Board of Directors who shall be the filing officer for all designated employees excluding the Board of Directors.

Within five days of receipt of the statement of economic interests from the Board of Directors, the Board Secretary will make and retain a copy and forward the originals of



these statements to the Humboldt County Office of Elections, whom the FPPC has designated as the filing officer for elected officials. The Office of Elections shall forward the original statements to the California Fair Political Practices Commission.

## **Section 6. Time of Filing**

**Initial Statements** - All designated employees employed by the agency on the effective date of this Code shall file statements within thirty (30) days after the effective date of this Code.

### **Assuming Office Statements**

1. All persons assuming designated positions after the effective date of this Code, which are designated positions, shall file statements within thirty (30) days after assuming the position.
2. All persons appointed, promoted or transferred to designated positions after the effective date of the Code, shall file statements within ten (10) days after assuming office.

**Annual Statements** - All designated employees shall file statements no later than January 31<sup>st</sup> of each year. Original documents forwarded to the County must be submitted to the FPPC no later than April 1<sup>st</sup> of each year.

**Leaving Office Statements** - All persons who leave designated positions shall file statements within thirty (30) days after leaving office.

**Candidate Statements** – All candidates (including incumbents), for offices specified in Government Code Section 87200, must file statements no later than the final filing date for their declaration of candidacy. This statement shall not be required if the candidate has filed any statement (other than a leaving office statement) for the same jurisdiction within sixty (60) days before filing a declaration of candidacy or other nomination documents.

## **Section 7. Contents of Statements**

**Contents of Initial Statements** - Initial statements shall disclose any reportable investments and interest in real property held on the effective date of the Code.

**Assuming Office Statements** - Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office. Additionally, income (including loans, gifts, and travel payments) received during the twelve (12) months prior to the date the office is assumed.



**Contents of Annual Statements** - Annual statements shall disclose any reportable investments, interest in real property, business positions held and income (including loans, gifts, and travel payments) received during the period covered by the statement, provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the Code or the date of assuming office, whichever is later.

**Contents of Leaving Office Statements** - Leaving office statements shall disclose reportable investments, interests in real property, business positions held and income (including loans, gifts, and travel payments) received during the period between the closing date of the last statement filed and the date of leaving office.

**Contents of Candidate Statements** - Candidate statements shall disclose reportable investments, interests in real property and business positions held on the date of filing the declaration of candidacy. Additionally, income (including loans, gifts, and travel payments) received during the twelve (12) months prior to the date of filing the declaration of candidacy must also be reported.

## **Section 8. Manner of Reporting**

Disclosure statements shall be made on forms supplied by Arcata Fire Protection District and shall contain the following information:

**Contents of Investment and Real Property Reports** - When an investment or interest in real property is required to be reported, the statement shall contain the following:

1. A statement of the nature of the investment or interest.
2. The name of the business entity in which each investment is held and a general description of the business activity in which the business entity is engaged.
3. The address or other precise location of the real property.
4. A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000) or exceeds one million dollars (\$1,000,000).

**Contents of Personal Income Reports** - When personal income is required to be reported, the statement shall contain:

1. The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), or



greater than ten thousand dollars (\$10,000) or greater than one hundred thousand dollars (\$100,00);

3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made, a description of the gift, the amount or value of the gift and the date on which the gift was received.
5. In the case of a loan, the annual interest rate and security, if any, given for the loan and the term of the loan.

***Contents of Business Entity Income Reports*** - When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain:

1. The name, address and a general description of the business activity of the business entity;
2. In the case of a business entity which provides legal or brokerage services, the name of every person who paid fees to the business entity if the filer's pro rata share of fees from such person was equal to or greater than one thousand dollars (\$1,000);
3. In the case of a business entity not covered by paragraph (2), the name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than one thousand dollars (\$10,000).

***Contents of Management Position Reports*** - When management positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

***Acquisition of Disposal During Reporting Period*** - In the case of an annual or Leaving Office Statement, if an investment or interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

## **Section 9. Prohibition on Receipt of Honoraria**

No designated employee shall accept any honorarium from any source, if the employee would be required to report the receipt of income or gifts from that source on his/her statement of economic interests.

Subdivisions (a), (b), and (c) of the Government Code Section 89501 shall apply to the prohibitions in this section. This section shall not limit or prohibit payments, advances,



or reimbursements for travel and related lodging and substance authorized by Government Code Section 89506.

### **Section 10. Prohibition on Receipt of Gifts in Excess of \$470**

No designated employee shall accept gifts with a total value of more than \$470 in a calendar year from any single source, if the employee would be required to report the receipt of income or gifts from that source on his/her statement of economic interests.

Subdivisions (e), (f), and (g) of Government Code Section 89503 shall apply to the prohibitions in this section.

### **Section 11. Loans to Public Officials**

No elected officer of a state or local government agency shall, from the date of his/her election to office through the date that he/she vacates office, receive a personal loan from an officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has



been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans from a person, which, in the aggregate, do not exceed \$500 at any given time.
4. Loans made, or offered in writing, before January 1, 1998.

## **Section 12. Loan Terms**

Except as set forth in subdivision (b), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section. (3) Loans made, or offered in writing, before January 1, 1998.

Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.



## **Section 13. Personal Loans**

Except as set forth in the next paragraph, a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.
2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
  - a. The date the loan was made.
  - b. The date the last payment of \$100 or more was made on the loan.
  - c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months

This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.
2. A loan that would otherwise not be a gift as defined in this title.
3. A loan that would otherwise be a gift as set forth under subdivision (a), but on which the creditor has taken reasonable action to collect the balance due.
4. A loan that would otherwise be a gift as set forth under subdivision (a), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.
5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

## **Section 14. Disqualification**

Designated employees must disqualify themselves from making, participating in the making or using their official position to influence the making of any governmental decision, which will foreseeably have a material financial effect, distinguishable from its effect on the public generally, on:

1. Any business entity in which the designated employee has a direct or indirect investment worth more than two thousand dollars (\$2,000);



2. Any real property in which the designated employee has a direct or indirect interest worth more than two thousand dollars (\$2,000);
3. Any source of income, other than loans by a commercial lending institution in the regular course of business, aggregating five hundred dollars (\$500) or more in value received by or promised to the designated employee within twelve months prior to the time when the decision is made; or
4. Any business entity in which the designated employee is a director, officer, partner, trustee, employee or holds any position of management.
5. Any donor of, or intermediary or agent for a donor of, a gift or gifts aggregating \$470 or more provided to, received by, or promised to the designated employee within twelve(12) months prior to the time when the decision is made.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. (The fact that the designated employee's vote is needed to break a tie does not make his or her participation legally required for purposes of this section).

### **Section 15. Manner of Disqualification**

A designated employee required to disqualify himself or herself shall notify his or her supervisor in writing. This notice shall be forwarded to the Chairman of the Board, who shall record the employee's disqualification. Upon receipt of such statement, the supervisor shall reassign the matter to another employee.



## Appendix A

<b><u>Designated Positions</u></b>	<b><u>Disclosure Categories</u></b>
Members of the Board of Directors	All
Fire Chief	All
Battalion Chief(s)	All



## **Appendix B**

**General Provisions** - When a designated employee is required to disclose investments and sources of income, he/she need only disclose investments in business entities and sources of income from businesses or investments, which do business in the District, plan to do business in the District or have done business in the District within the last two years. In addition to other activities, a business entity is doing business within the District if it owns real property within the jurisdiction. When a designated employee is required to disclose interest in real property, he/she need only disclose those interests, which are located in whole or in part within the District or its "Sphere of Influence" as is established by the Local Agency Formation Commission of Humboldt County. Residence of the designated employee is not required to be reported.

Designated employees shall not be required to disclose interest in business entities when their interest and those of their immediate family do not in total exceed 10% ownership of the business.

**Disclosure Categories** - These categories are defined to parallel those listed in Form 700 as recommended by the Fair Political Practices Commission and County of Humboldt. (See Form 700 for additional disclosure and non-reportable interest's information).

Schedule A-1 – Investments; Stocks, Bonds & Other Interests

Schedule A-2 – Investments, Income, and Assets of Business Entities/Trusts

Schedule B – Interests in Real Property (Including Rental Income)

Schedule C – Income, Loans, & Business Positions (Income Other Than Gifts and Travel Payments)

Schedule D – Income; Gifts

Schedule E – Travel Payments, Advances, and Reimbursements