

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
 FAX (415) 252-0461

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TO: Budget and Finance Sub-Committee

FROM: Budget and Legislative Analyst



SUBJECT: March 6, 2019 Budget and Finance Sub-Committee Meeting

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Item 10 File 19-0192	Department: Department of Elections (DOE)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would retroactively approve a voting system contract between the Department of Elections and Dominion for a term of four years and three months, from January 2019 through March 2023, and an amount not to exceed \$8,460,000. The contract provides for two one-year options to extend through March 2025, for a total not to exceed \$12,660,000. According to the Department of Elections, the contract is retroactive because the Department and Dominion completed negotiations in January 2019 and the resolution to approve the contract is dated February 2019. However, Dominion’s services will not begin until closer to the November 2019 election. The Department has not incurred any expenses under the contract. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Department of Elections selected Dominion following a competitive a Request for Proposals (RFP) in February 2018 to lease a new voting system, including voting equipment and services, to collect, count, tabulate and report votes for all City elections. Dominion, which has been the City’s voting system provider since 2008, was the only qualified proposer that responded to the RFP. Three firms that offer complete voting systems meet the California Secretary of State’s voting system requirements. Of these firms, only two – Sequoia Voting Systems (acquired by Dominion in June 2010) and Election System & Software – offer rank choice voting. • The new system would accommodate ranked-choice voting, increasing the number of possible candidates voters may select from three to ten. The new system would capture images of each ballot that the Department will post on its website, allowing members of the public to view the ballots online and double check the official posted tallies. The digital images the new system creates of voted ballots will facilitate the City implementing Post-Election Risk Limited Audits. • The City is developing an open-source voting system for implementation at the end of the term of the contract. The two one-year options to extend provide flexibility in case the system is not completed in time within four years. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The contract authorized by the proposed resolution would cost the City an amount not to exceed \$8,460,000 over the initial term of four years and three months. If the two one-year options are exercised, the cost would increase by \$4,200,000, for a total not to exceed \$12,660,000. Sufficient funding is provided in the Department of Elections FY 2018-19 budget. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

In February 2018, the Department of Elections issued a Request for Proposals (RFP) to lease a new voting system, including voting equipment and services, to collect, count, tabulate, and report votes for all City elections. Dominion Voting Systems, Inc. (Dominion), which has been the voting system provider since 2008, was the only qualified proposer that responded to the RFP. According to Mr. John Arntz, Department of Elections Director, Dominion has provided high quality service throughout its tenure as voting systems provider. The Department of Elections and Dominion have negotiated and agreed on a contract for the new system.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve a voting system contract between the Department of Elections and Dominion for a term of four years and three months, from January 2019 through March 2023, and an amount not to exceed \$8,460,000. The contract provides for two one-year options to extend through March 2025, for a total not to exceed \$12,660,000. Under the contract, Dominion would provide the lease of a voting system, a license to use the voting system software, maintenance, and support services.

According to Mr. Arntz, the contract is retroactive because the Department and Dominion completed negotiations in January 2019 and the resolution to approve the contract is dated February 2019. However, Dominion's services will not begin until closer to the November 2019 election. The Department of Elections has not incurred any expenses under the contract.

The voting system would be able to accommodate ranked-choice voting. Voters would be able to select up to 10 candidates per contest, compared with three selections allowed under the previous voting system. To promote transparency in elections, the new system would capture images of all ballots with the system's interpretation of each vote marking. Auditors and members of the public would be able to review ballot images posted online and double check the posted vote tallies. The digital images the new system creates of voted ballots will facilitate the City implementing Post-Election Risk Limited Audits.

Sole Respondent to RFP

As noted above, Dominion was the only qualified proposer to the RFP. According to Mr. Arntz, the Department notified all voting system vendors whose systems are the Secretary of State has approved for use in California. According to Mr. Arntz, three firms that offer complete

voting systems meet the California Secretary of State’s voting system requirements.¹ Of these firms, only two – Sequoia Voting Systems (Sequoia) and Election System & Software – offer rank choice voting. Sequoia was acquired by Dominion in June 2010.²

The Department of Elections is working with the Department of Technology to develop an open source voting system. The City seeks to complete the system by the time the Dominion contract expires in March 2023. According to Mr. Arntz, the two option years in the contract provide flexibility in case the open source system is not ready by that time.

FISCAL IMPACT

The contract approved by the proposed resolution would cost the City an amount not to exceed \$8,460,000 over the initial four year and three month term. If the two option years are exercised, the department would incur an additional cost of \$4,200,000, for a total not to exceed \$12,660,000. The annual payments to Dominion are shown in Table 1 below.

Table 1: Annual Payments from Department of Elections to Dominion

Year	Amount
Year 1 – 2019	\$2,160,000
Year 2 – 2020	2,100,000
Year 3 – 2021	2,100,000
Year 4 – 2022	2,100,000
<i>Subtotal – Initial Four-Year Term</i>	<i>\$8,460,000</i>
Option Year 1 – 2023	\$2,100,000
Option Year 2 – 2024	2,100,000
<i>Subtotal – Two Option Years</i>	<i>\$4,200,000</i>
Total	\$12,660,000

The contract budget is fixed in each of the initial four years, although the number of elections varies in each year: November 2019, March 2020, November 2020, March 2022, and November 2022. According to Mr. Arntz, the contract is funded by the General Fund and is included in the Department of Elections FY 2018-19 budget.

RECOMMENDATION

Approve the proposed resolution.

¹ The Secretary of State’s Office of Voting Systems Technology Assessment examines, tests, and certifies voting systems. All direct recording electronic voting machines must have an accessible voter-verified paper audit trail. The vendors certified by the Secretary of State are: Dominion, Election Systems & Software, and, Hart InterCivic). According to the Secretary of State’s website, Sequoia Voting Systems (which is owned by Dominion) and Election System & Software offer ranked-choice voting.

² The Department of Elections originally entered into a contract with Sequoia in 2007. The contract was transferred to Dominion in 2010 when Dominion acquired Sequoia. The contract between the Department of Elections and Dominion expired in December 2018.