



City of Chula Vista

Staff Report

File#: 17-0410, **Item#:** 3.

RESOLUTION NO. 2017-190 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ADOPTING A CITY COUNCIL POLICY REGARDING ELECTRONIC SIGNATURE USE

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Adoption of the resolution would: 1) establish that electronic signatures are effective on City documents when certain requirements regarding the security and integrity of electronic signatures are met; 2) authorize the City Manager to determine the technologies or vendors that satisfy these requirements, as well as the documents for which the City would accept electronic signatures; and 3) authorize the City Manager and City Clerk, in consultation with the City Attorney, to develop administrative policies and procedures to implement the Council policy.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Not applicable.

DISCUSSION

An electronic signature is any electronic symbol that represents an individual's acceptance or adoption of a statement or transaction. It may be as simple as typing a name or checking a box. Regulations related to use of electronic signatures have been in place for nearly 20 years. Electronic signatures that meet certain requirements are recognized as valid and legally binding under the United States Electronic Signatures in Global and National Commerce (ESIGN) Act, the California Uniform Electronic Transactions Act (UETA), and California Government Code section 16.5.

Benefits of using electronic signatures include: reduction of paper generation; significant decrease in

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time and cost associated with transmitting, approving, and retaining physical documents; as well as creation of an audit trail of the modification, editing, and approval/signing of documents. Analysis following implementation of electronic signatures in the City of Palo Alto indicated a 70% reduction in turnaround time for the signing of contracts and a \$42 average savings per completed transaction.

In 2016, the City Clerk's Office coordinated signatures for 397 documents, consisting of agreements, minutes, resolutions, and ordinances, which generally required one to four signatures per document. Assuming the parties would have been amenable to signing electronically, and applying an estimated \$35-per-transaction cost reduction, the savings would have been nearly \$14,000. Savings includes hard-dollar costs, such as those associated with mailing, printing, scanning, and physical storage, as well as productivity gains from reducing the manual processing of paper documents.

A common concern with electronic signatures is the ability to verify the identity of the person affixing the signature. A variety of options for authentication exist through electronic signature technologies which require signers to prove their identity before being given access to documents to sign. Staff has researched various electronic signature platforms that offer a high degree of security and integrity. Several vendors offer cloud-based document and signature management systems that feature multi-factor identity verification (e.g. by email and phone), password protection, and/or other form of identity and signature verification processes, without requiring signers to have specialized software. Some vendors also offer integration with some of the City's existing technologies, such as Laserfiche, the City's electronic records management system, which magnifies the benefits of reducing processing time and ensuring appropriate records management.

The proposed policy would allow the City to authorize the use of electronic signatures on City documents while also allowing it to balance flexibility and security. Specifically, the policy would: 1) establish that electronic signatures are effective on City documents when certain requirements regarding the security and integrity of electronic signatures are met; 2) authorize the City Manager to determine the particular technologies or vendors that satisfy these requirements, as well as the documents for which the City would accept electronic signatures; and 3) authorize the City Manager and City Clerk, in consultation with the City Attorney, to develop administrative policies and procedures to implement the policy.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Councilmember, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. Implementing use of electronic signatures supports the City's goal of Operational Excellence by reducing paper

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generation; decreasing the time and cost associated with transmitting, approving, and retaining physical documents; as well as the creation of an audit trail of the modification, editing, and approval/signing of documents.

CURRENT YEAR FISCAL IMPACT

The pilot program has an estimated impact of \$6,073 during the current fiscal year. Staff is not requesting an appropriation at this time as funds are included in the FY 2017/2018 budget.

ONGOING FISCAL IMPACT

Should the pilot program be successful and electronic signatures be implemented more widely, ongoing funding would be identified as part of the regular budget process. Staff anticipates that future costs would be offset by savings (mailing costs, hourly staff, etc.).

ATTACHMENTS

1. Exhibit 1 - Proposed Council Policy Regarding Electronic Signature Use

Staff Contacts: Kerry Bigelow, City Clerk; David Bilby, Finance Director; Edward Chew, Director of ITS