



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Campaign Finance Ordinance Update: Consideration of Voluntary Expenditure Limits and Public Financing of Municipal Election Campaigns; Consideration of Miscellaneous Updates and Cleanups to Campaign Finance Ordinance, and Consumer Price Index (CPI) Adjustments to Campaign Contribution Limits.

1. Motion to Note and File Report Regarding Voluntary Expenditure Limits and Public Financing of Municipal Election Campaigns
2. Motion Directing Staff Regarding Voluntary Expenditure Limits and Public Financing of Municipal Election Campaigns
3. Motion Directing Staff Regarding Miscellaneous Updates and Cleanups to Glendale Municipal Code Relating to the Single Election Cycle, Campaign Contribution Conflicts of Interest, and Organizational Disclosures
4. Resolution Adjusting the Campaign Contribution Limit of \$1,140 in the amount of CPI to \$1,190.

COUNCIL ACTION

Item Type: Action

Approved for _____ **July 13, 2021** _____ **calendar**

ADMINISTRATIVE ACTION

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RECOMMENDATION

The City Attorney recommends that the City Council receive this update and provide any direction it deems appropriate regarding: (1) Voluntary Expenditure limits, (2) Public Financing of Municipal Election Campaigns, and (3) Miscellaneous and Cleanup Updates to the Campaign Finance Ordinance outlined in the Report. The City Attorney also recommends that the Council adopt a resolution making the Consumer Price Index (CPI) adjustment to the City's individual campaign contribution limits as established by the Glendale Municipal Code, 1995 (GMC).

BACKGROUND/ANALYSIS

This report is divided into four sections: Section I provides an informational report on voluntary individual campaign expenditure limits, while Section II provides a discussion of publicly funded campaigns. Section III discusses miscellaneous and cleanup amendments to the Campaign Finance Ordinance that the Council may wish consider. Section IV provides information relating to the CPI adjustment to the City's campaign contribution limit, currently set by GMC Section 1.10.030(B) at \$1,140.

I. DISCUSSION OF VOLUNTARY EXPENDITURE LIMITS BY LOCAL CANDIDATES:

At City Council's request, staff presents this informational report on voluntary expenditure limits by candidates and voluntary personal contribution limits by candidates, where as a result of a candidate's voluntary limitation on his/her expenditures and personal contributions, the candidate's campaign contribution limits (from third parties) are increased. Voluntary limits on expenditures by a candidate, as well as voluntary limits by a candidate of his/her personal contributions is incentivized by an increase in campaign contribution limits in an effort to reduce the opportunity for persons or organizations to use their financial strength in an attempt to exercise control over candidates and the electoral process. It is important to note that in Buckley v. Valeo (1976) 424 U.S. 1, the U.S. Supreme Court held that setting limits on a candidate's election spending is unconstitutional because such limits contravene the First Amendment right to freedom of speech by placing a restriction on spending for communication for political purposes. Therefore, the implementation of caps on a candidate's own personal funds, and/or any expenditure limits must be voluntary.

The Los Angeles County Code of Ordinances (LACC) contains extensive provisions regarding voluntary expenditure limits. Additionally, some cities include voluntary expenditure limits in relation to, and as a part of, their public financing of campaigns, which interrelationship is discussed further below.

LACC Section 2.190.040 limits campaign contributions from a single source to \$300. That limit increases to \$1,500 if a candidate agrees to voluntary expenditure limits as summarized below.

Voluntary Expenditure Limits:

LACC Section 2.190.050 provisions afford candidates the ability to agree to limit their expenditures by \$.25 per resident of the county for county-wide offices and \$.75 per resident for supervisorial district for county supervisor offices. In adopting the voluntary expenditure limits program, the County Board of Supervisors made findings recognizing that while the citizens of the county should be allowed to make financial contributions to political campaigns for county offices, there is also a need to reduce the opportunity for persons or organizations to use their financial strength to attempt to exercise control over candidates and the electoral process. The findings supporting LACC's voluntary expenditure and voluntary personal funds limits also aim to reduce the opportunity for corruption and the appearance of corruption of the political process.

LACC, Section 2.190.060, allows a candidate to choose from four options to limit the candidate's personal funds contribution; the four options are:

1. Candidate will not contribute more than \$50,000 of candidate's personal funds;
2. Candidate will not contribute more than \$100,000 of candidate's personal funds;
3. Candidate will not contribute more than \$300,000 of candidate's personal funds; or
4. Candidate will not agree to any limitations on contribution of personal funds.

LACC Section 2.190.070, allows a candidate who has voluntarily limited his/her personal contribution amount, as well as voluntarily limited his/her expenditure amount, to have increased contribution limits to that candidate as follows:

- If a candidate commits to the \$100,000 personal funds limit, every candidate running for the same office, who has committed to the voluntary expenditure limit and \$50,000 personal funds limit, receives a five-time increase to their contribution limit. For example, the current limit of \$1,500 x 5 = the increased limit of \$7,500 per contribution.
- If a candidate commits to the \$300,000 personal funds limit, every candidate running for the same office, who has committed to the voluntary expenditure limit and \$50,000 personal funds limit, the contribution limit is increased by ten times.
- If a candidate commits to the \$300,000 personal funds limit, every candidate running for the same office, who has committed to the voluntary expenditure limit and \$100,000 personal funds limit, the contribution limit is increased by five times.
- If a candidate chooses the unlimited personal funds option, every candidate who has committed to the voluntary expenditure limit and \$50,000 personal funds limit, will have no contribution limit.

- If a candidate chooses the unlimited personal funds option, every candidate who has committed to the voluntary expenditure limit and \$100,000 personal funds limit, the contribution limit is increased by ten times.
- If a candidate commits to the \$50,000 personal funds limit or the \$100,000 personal funds limits, but declines to be bound by the voluntary expenditure limit, when the total expenditure of that candidate exceed 75% of the voluntary expenditure limit as set forth in the code, the voluntary expenditure limit for every candidate running for the same office, who has agreed to be bound by the voluntary expenditure, limit shall be double the allowed and applicable expenditure limit for that office.
- If a candidate commits to the to the \$300,000 personal funds limit or the unlimited personal funds option, but declines to be bound by the voluntary expenditure limit, other candidates running for the same office shall not be bound by any voluntary expenditure limit to which s/he should otherwise be committed.

If the Council wishes to implement a voluntary personal funds limit and voluntary expenditure limits, it should provide direction on what limits it would propose for personal contributions and voluntary expenditures, as well as a proposed factor on the cap of contributions it would propose.

II. DISCUSSION OF PUBLIC FINANCING OF CAMPAIGNS:

This section discusses the legal parameters of establishing a publicly or citizen funded campaign program, and provides a survey of other cities and any measures which they have implemented relating to publicly funded campaigns.

The Glendale City Charter contains no provisions relating to campaigns and campaigning. GMC Chapter 1.10 regulates local election campaigns. While GMC Chapter 1.10 contains no provisions relating to public funding of campaigns, it does “encourage greater access and participation in the political process through the placing of limits on the amount any person may contribute or otherwise cause to be available to candidates for election to the offices of city council, city clerk, and treasurer of and for the city of Glendale, including the regulation and disposition of unexpended contributions received by or on behalf of these candidates. This in turn is intended to reduce the appearance of undue influence and access by large contributors, and countering the perception that decisions are influenced more by the size of contributions than the best interests of the people of the city of Glendale.” GMC Sec. 1.10.010.

General law cities, counties and the state are prohibited from adopting public campaign financing systems due to a provision that became law as part of Proposition 73 in 1988, which amended the Political Reform Act of 1974 to provide that “no public officer shall expend and no candidate shall accept any public money for the purpose of seeking

elective office.” In 2017, Senate Bill 1107 was signed into law. Senate Bill 1107 would have allowed counties, general law cities and the state to also have the option of implementing public financing of elections. In 2019, the Third District Court of Appeal, in the matter of Howard Jarvis Taxpayer Assoc. et al v. Gavin Newsom, Governor et al., found that Senate Bill 1107 was inconsistent with the Proposition 73’s purpose, in that it directly contradicted Prop. 73’s specific prohibition of public financing of political campaigns.

Charter cities, on the other hand, have the legal authority to implement publicly funded campaign programs in an effort to ensure that everyone has an equal and fair opportunity to participate in the elective government process, to mitigate or reduce the influence of large contributors, and to encourage competition for elective office regardless of financial status.

Staff has researched six California charter cities: Los Angeles, San Francisco, Sacramento, Oakland, Long Beach and Richmond, which already have public financing programs. The stated legislative purposes of these cities with public financing programs includes the following: to reduce of the influence of large contributors with a specific financial stake in matters before the City Council; to provide a neutral source of campaign financing in the form of limited public matching funds; to increase the value of smaller contributions to candidates; to allow candidates and officeholders to spend a lesser proportion of their time on fund raising and commit a greater proportion of their time to issues of importance to their constituents; to encourage competition for elective office; and to help preserve public trust in governmental and electoral institutions. The requirements of the public financing programs for each of the cities is summarized below:

City of Los Angeles

Under the City of Los Angeles’ program, qualified contributions from individuals are matched at a 6:1 rate. If a candidate meets the program requirements, the city will pay the candidate \$6 in public funds for every matchable dollar of a qualified contribution received by the candidate. There is a maximum cap of \$114, which is the most that may be matched per contributor for city council candidates, and a cap of \$214 for citywide candidates. Therefore, for city council candidates the maximum matching funds a candidate would receive would be \$114 multiplied by 6 for a total maximum amount of \$684, and for other citywide candidates (such as city attorney, controller, treasurer) the maximum matching funds a candidate would receive would be \$214 multiplied by 6, for a maximum matching funds cap of \$1,284.

The requirements are contained in Los Angeles Municipal Code (LAMC) Sections 49.7.1 et seq. and Los Angeles Administrative Code (LAAC) Sections 24.31 through 24.38. They include the requirement that candidates who receive matching funds comply will either participate in a debate with opponents, or conduct a townhall meeting, as well as requiring the candidate and candidate’s committee treasurer attend a mandatory training before receiving any matching funds.

To qualify for matching funds, candidates must also do all of the following:

- Limit the amount they contribute or lend to their own campaign to \$37,000 per election for city council candidates and \$148,100 per election for citywide candidates;
- Receive a minimum cumulative threshold of qualified contributions from individuals who reside in the city;
- Qualified contributions consist of at least \$5 from 100 individuals who reside in the candidate's council district or, for citywide candidates, in the city.

The City of Los Angeles extended \$1,992,626 in matching funds to candidates in the 2020 Election.

City of Long Beach

All candidates applying for matching funds must adhere to the expenditure limitations of the Long Beach Campaign Reform Act. Additionally, to apply for matching funds, a candidate must meet qualifications, depending upon the office sought (e.g. the monetary requirements are different for city council candidates than they are for city attorney candidates). For example, a city council candidate seeking matching funds: (a) may not exceed the applicable expenditure ceilings (\$40,000 in primary elections and \$20,000 in runoff elections); (b) must raise at least \$5,000 in contributions of \$400 or less within the election cycle and only the first \$100 of each contribution may be counted toward achieving the qualifying total of \$5,000; (c) must be opposed by a candidate who has qualified for matching funds, or who has raised at least \$10,000. Candidates who qualify for and apply for matching funds in the primary nominating election shall receive \$1 in matching funds for every \$2 raised through contributions (\$1 to \$1 for runoff election).

City and County of San Francisco

In November 2000, San Francisco voters created a voluntary system of limited public financing for candidates to the Board of Supervisors. The program was extended in 2006 to include mayoral candidates. Candidates who meet established criteria can qualify to receive limited amounts of public funds for their campaigns. The program is intended to allow candidates to spend less time fundraising and more time focusing on issues important to their constituents.

Under San Francisco's program, candidates certified as eligible to receive public financing may receive up to the following amounts in public funds: \$1,200,000 (non-Incumbent mayoral candidates), \$1,185,500 (incumbent mayoral candidates), \$255,000 (non-Incumbent supervisorial candidates) or \$252,000 (incumbent supervisorial candidates). In order to receive public funds, candidates must demonstrate, among other requirements, that they have raised a certain amount of contributions from individuals who reside in San Francisco.

San Francisco more recently formulated an ordinance to raise San Francisco's matching funds program's public-to-private dollar matching rate to six-to-one for campaign contributions of up to \$150 given by city residents. For example, if a San Francisco resident contributed \$150 to a local candidate participating in the program, the city would match the contribution with \$900 in public funds, raising the total value of the resident's contribution to \$1,050.

City of Sacramento

Currently, the city of Sacramento is not implementing its public campaign financing program. As of June 22, 2021, the following message appears on Sacramento's website:

"The City of Sacramento has adopted local campaign finance regulations for public campaign financing (also referred to as matching funds). These regulations pertain to provisions for financial support for a candidate for elective office through payment of public 'matching' dollars, restrict spending, and place limits on contributions. **The Campaign Reform Fund has not been funded since Fiscal Year 2010/2011. Therefore, public financing is not available.** Limits to contributions remain in full force and effect and can be reviewed by visiting the Contribution Limits webpage."

City of Oakland

The city of Oakland has a Limited Public Financing Act which provides a limited amount of campaign funds for candidates running for Oakland city council district seats. The requirements are contained in Oakland Code of Ordinances (OCO) Sections 3.13.010 et seq.

To apply for public financing, a candidate must be certified by the City Clerk to appear on the ballot for the office of Oakland city councilmember in Districts 1 – 7 and be opposed by another candidate. Candidates for citywide offices, such as the office of mayor, city auditor, city attorney, and at-large council member, along with candidates for the Oakland Unified School District Board of Directors, are not eligible for public financing. (OCO Section 3.13.060). The amount of funds available to qualifying candidates depends on how much money was budgeted by city council and how many candidates are running for the qualifying seats. Oakland's website, updated January 20, 2021 but referencing a nomination closing period in August 2018, reports that the available money to candidates is currently "a total of roughly \$153,000 available to be distributed among eligible candidates. In past years, the amount distributed per candidate has ranged between \$8,000 and \$25,000. No candidate may receive more than 30% of Oakland's voluntary spending limit for the office being sought." Enforcement of Oakland's ordinance may include the imposition of fines, penalties and the return of public financing received. (OCO Sections 3.13.180 and 3.12.200). The city auditor is tasked with conducting audits of all candidates receiving public financing to ensure compliance with the rules of the program. (OCO Section 3.13.100)

City of Richmond

The city of Richmond's public matching funds are appropriated and allocated by the city council, in accordance with a matching funds formula set forth in Richmond Municipal Code Section 2.43.030(c). Once a candidate becomes qualified, the city clerk, in accordance with the formula, disburses funds to the candidate as follows:

- (1) For \$10,000.00 in total matchable contributions -- disburse \$2,500.00.
- (2) For \$15,000.00 in total matchable contributions -- disburse \$2,500.00.
- (3) For \$20,000.00 in total matchable contributions -- disburse \$2,500.00.
- (4) For \$25,000.00 in total matchable contributions -- disburse \$2,500.00.
- (5) For \$30,000.00 in total matchable contributions -- disburse \$2,500.00.

For a total limit per candidate of \$12,500.00 in matching funds per election.

To qualify for matching funds, the mayoral and city council candidates must meet all of the criteria set forth in Richmond Municipal Code Section 2.43.020, as follows:

“(1) The candidate files the following "public funding request" with the City Clerk: 'I request public matching funds for my campaign and agree to the City of Richmond's conditions and requirements on the use of such funds.'

(2) The candidate is certified to appear on the ballot for the election for which matching funds are sought and the candidate is opposed by at least one other certified candidate for the same office.

(3) The total amount of contributions accepted by the candidate in connection with the election for which matching funds are sought shall not exceed \$75,000.00. Any candidate who accepts contributions in excess of \$75,000.00 shall no longer be considered a "qualified candidate" and shall return all matching funds previously received, pursuant to Section 2.43.050.”

According to the city of Richmond's website, the matching fund program is available “if and only if, the City Council of the City of Richmond has appropriated and allocated campaign matching funds when it adopts the City's annual budget.”

This Report includes updated information which staff has received, as of July 5, 2021, from the Los Angeles Ethics Commission and the City of Long Beach regarding the utilization of matching funds by candidates. Should staff receive additional information, it will be included in the presentation to the City Council.

Information Relating to the Utilization of Public Funds by Candidates:

After the publication of the report for the June 29, 2020 Council meeting, staff was asked to review and summarize academic literature regarding how candidates have used public financing. Although an exhaustive review of such literature cannot be

conducted at this time, provided below is a summary of how the agencies which have a matching fund program report candidate utilization of public funds:

According to the guide for public financing published by the San Francisco Ethics Commission, a candidate may use public funds to pay for qualified campaign expenditures and to repay loans used to pay for qualified campaign expenditures. Examples of qualified campaign expenditures are: campaign literature and mailings; campaign office rent and utility expenses; radio/television advertisements; staffing expenses related to campaign activities; consultants and other professional campaign services. Examples of non-qualified campaign expenditures are: expenses related to administrative or judicial proceedings; payment of administrative, civil or criminal fines or late filing fees; payment of inaugural activities or officeholder expenses after the election date; any costs incurred after the election date which did not directly affect the outcome of the election; transferring funds to a committee formed for a future election; repayment of a loan or a portion of a loan which was used to pay for non-qualified expenditures.¹

Staff has been in contact with the City of Los Angeles Ethic Commission relating to information on the utilization of their matching funds program. Per the Ethics Commission, the matching funds program has been in effect for approximately 25 years, and has changed substantially over the last 4 election cycles; due to the changes, the Ethics Commission has not been compiling statistical data relating to candidate usage of said funds. While there have been discussions regarding whether the City of LA should limit the candidate expenditures of public/matching funds to certain items, ultimately it was determined that it would not be a good policy to dictate what a candidate can spend public/matching funds on. It would also be very difficult to audit/enforce compliance with such a mandate. Therefore, the Ethics Commission provides the candidates receiving matching funds the flexibility to spend the funds on any allowable campaign expenditure. There is also no requirement for candidates to maintain a list of what they are spending the public/matching funds on.

Staff has also been in communication with the City of Long Beach, who also reports that the city itself does not require that the candidates who receive public/matching funds keep a list of how they used said funds. Candidates are required to file their Form 460 and list their campaign activities accordingly. The City of Long Beach retains data relating to how many candidates received public/matching funds during each election cycle: in 2006 seven candidates received matching funds totaling \$160,997; in 2010 one candidate received matching funds in the amount of \$7,583; in 2014 five candidates received matching funds totaling \$121,490; in 2016 one candidate received matching funds in the amount of \$17,159; in 2018 five candidates received matching funds totaling \$445,555; and in 2020 three candidates received matching funds totaling \$36,052.

¹ **Supplemental Guide For Public Financing, November 2020 Election**, By: San Francisco Ethics Commission, page 26.

Advantages and Disadvantages of Public Financing of Campaigns:

Advantages:

A matching funds program inspires greater participating from more diverse and small donors and constituents, which in turn may yield a higher candidate participating with more diverse candidates. There are studies which show a decrease in wealthy donor contribution in elections where matching funds have been available, compared to prior elections.² The City of Glendale has a cap, currently set at \$1,140 (subject to CPI adjustments) which mitigates wealthy donor contributions by limiting third party contributions to the maximum cap.

A publically financed matching funds program has also shown to increase funding from individuals versus large organizations, as well as decreased funding from non-resident residents.³

Disadvantages:

Arguments disfavoring public funding of campaigns state that a public funding takes already scarce funding away from other public programs⁴ and places an increased burden on the taxpayer to fund such programs.⁵

If the City Council is desirous of establishing a matching funds program, the program should be required to have the following:

- Appropriate and allocate public funds to be utilized as campaign matching funds by qualified candidates;
- Establish clear criteria for determining a candidate's qualification to participate in the matching fund program - including but not limited to voluntary campaign expenditure caps, designating which seats qualify for the program;
- Establish a clear application process and designate appropriate staff to oversee the process; and
- Create, or designate, a department or section dedicated to administering the program and conducting audits.

² **2018 Fair Elections in Berkeley**, *Bergen Smith*, December 19, 2019, By: Hamsini Sridharan and Laura Curlin (December 19, 2019)

³ Ibid.

⁴ **Ace Project, The Electoral Knowledge Network, Advantages and Disadvantages of Public Funds to Political Parties and Candidates**

<https://aceproject.org/ace-en/topics/pc/pca/pca02/pca02a/pca02a5>

⁵ **Should Election Campaigns Only Be Funded By the Government?** Kialo Debate Platform, Kialo.com

III. MISCELLANEOUS AND CLEANUP AMENDMENTS:

The City Attorney suggests that the Council consider the following provisions for review and possible amendments:

GMC Section 1.10.060 - Contribution prohibition—Contractors or subcontractors doing business with the city or applicants seeking entitlement; prohibition on voting.

GMC Section 1.10.060, prohibits campaign contributions to candidates from applicants seeking entitlements from the City Council, the Housing Authority or the Successor Agency, appellants, and contractors of applicants, seeking entitlements, with a total anticipated or actual contract value of \$50,000 or more, from making a contribution to an individual holding city elective office. Additionally, GMC Section 1.10.060 prohibits subcontractors, of applicants seeking entitlements, with a total anticipated or actual subcontract value of \$25,000 or more from making a contribution to an individual holding a city office. GMC Section 1.10.060 also prohibits members of the City Council from receiving contributions as prohibited therein and disqualifies councilmembers and Successor Agency and Housing Authority members who have received a campaign contribution prohibited by GMC Section 1.10.060 within the 12 months preceding the consideration of certain matters (as stated therein) before their respective bodies. These prohibitions apply not only to the entity that is the contractor, subcontractor or land use applicant but also the members of their boards of directors (whether for profit or nonprofit), certain key positions such as CEO, COO, CFO, and any individual owning 10% or more of such entity.

Possible considerations for amendments to GMC Section 1.10.060 might include:

1. Contributions from attorneys involved in litigation. The Council may desire to extend the prohibition on participation and voting to matters involving litigation from attorneys representing a party in litigation who have provided campaign contributions to a councilmember. For example, a councilmember would be deemed to have a conflict of interest and would be prohibited from participating in the discussion of the settlement of a matter if the attorney for the party with a claim or interest adverse to the City made a campaign contribution to the councilmember. In the recent past, councilmembers have made it a practice to recuse themselves from matters involving an attorney who has provided a contribution in the previous 12 months even though they are not legally obligated to do so. Council could choose to codify that practice.

2. Prohibition on Participating or Voting on Matters Affecting Contributors. The Council could consider modifying the prohibition on participating or voting on matters affecting campaign contributions. As noted above, Section 1.10.060 has two primary components. It prohibits councilmembers from receiving contributions from contractors or subcontractors, or from applicants for entitlements while the applicant is pending and for 12 months after the last approval. It also prohibits councilmembers from participating or voting on matters pertaining to contracts or land use entitlements if it has received a contribution in the previous 12 months. Since the enactment of Section 1.10.060, there have been times when a councilmember has received a contribution

from an individual without the knowledge that the individual is a person related to a particular project, such as an individual on a nonprofit board or an individual who works for a sub-consultant for a land use applicant. In these circumstances, the Councilmember would have to recuse even though he or she was not aware at the time of accepting the contribution that doing so might conflict him or her from participating in a project in the future. If the Council is concerned about this, there are a couple of ways to address it.

For example, some cities with prohibitions on campaign contributions from persons affected by Council votes only prohibit the contribution from a person affected by the vote, but do not prohibit participation of voting:

- The City of Pasadena's City Charter, Article XVII, Taxpayer Protection provisions, Sections 1703 and 1704 set a 12-month conflict period for the receipt of campaign contributions by public officials who have approved or voted to approve contracts or benefits between the city and an individual, corporation or other entity for a value in excess of \$25,000 over any 12-month period. It does not prohibit participating or voting on matters before the City Council.
- The City of Los Angeles' Charter, Article IV, governing elections and campaign finance, Section 470 prohibits campaign contributions to any elected city official or a candidate for city office by persons who submit bids or proposals or other solicitations for contracts with an anticipated value of at least \$100,000. The same prohibition applies to subcontractors who are expected to receive at least \$100,000 from the prime contract. The prohibition is effective for 12 months after the contract is signed.
- The City of Santa Monica's Charter, Article XIII prohibits a person who has received a public benefit – including a contract, franchise or land use entitlement – from providing any campaign or personal advantage (including campaign contributions, gifts, or employment) for a period of at least 2 years after the official leaves office or six years from the date of the granting of the public benefit. It does not prohibit participating or voting on matters before the City Council.

Like Pasadena, Los Angeles, and Santa Monica, the Council could choose to not limit councilmembers participation in matters or votes, but limit its regulations to prohibited campaign donations from parties who have received a public benefit from the City.

If that alternative is not palatable to the Council, the Council could also choose to limit the conflict to contributions where the Councilmember willfully accepted or had knowledge at the time of the receipt of the contribution that the contributor is associated with a project or matter that will come before Council. While there may be drafting or enforcement challenges with this approach, the City Attorney's Office would endeavor to draft a workable approach if the Council seeks to ensure conflicts are avoided while at

the same time avoiding recusals caused by a lack of knowledge of the association of a contributor to a particular project that is brought to Council up to a year later.

Lastly, the Council could authorize a councilmember with a conflict under this provision to return the contribution and negate the conflict. For example, while Government Code (GC) Section 84308 prohibits an officer of an agency (not including councilmembers) who received a contribution of more than \$250 within the preceding 12 months from participating in the consideration and decision of a contract involving the contributing party, and their related “participants” and “agents,” the FPPC has interpreted that section to allow an officer to return the contribution within 30 days of discovery of the connection between the donor and a project coming before the officer’s public body. Miklos Advice Letter, FPPC 1-07-125, August 8, 2007.

Staff seeks direction as to whether Council desires to modify Section 1.10.060.

3. Appellants on Land Use Appeals. The current prohibition on receipt of contributions and participating or voting on entitlements pertains to the applicants of said land use entitlements and their related consultants. However, in the event an entitlement is granted by a subordinate body such as Planning Commission or Design Review Board, the prohibitions do not apply to organizations or individuals who appeal such approvals to the City Council. So as to avoid a claim of speaker-based discrimination, it is recommended that the Council amend the ordinance to include land use appellants and any consultants when different than an applicant.

Amendments to GMC Section 1.10.030 – Activities that May Occur Outside the Single Election Cycle

GMC 1.10.030 sets the campaign contribution limits to be received by candidates from sources in a single election cycle, as well as addresses surplus funds, and contributions received by officeholder accounts. The campaign contribution limitations limit contributions during “a single election cycle” – which is defined as the period commencing on the first day of the month of the date that is 180 days prior to the date of the election up to the election date, provided that contributions can be made after the election date solely to pay off campaign debt.

Staff is proposing the revision to eliminate any confusion as to the requirement that candidates may not solicit or receive contributions except during the “single election cycle,” by adding the following to subsection B of Section 1.10.30 as follows:

“Except as provided herein, a candidate for city council, city clerk or city treasurer, and his or her controlled committee, shall not solicit or accept any contribution or contributions outside of the single election cycle; provided, however, Nothing in this section is intended to prohibit a candidate for city council, city clerk or city treasurer or the candidate’s controlled committee acting on behalf of such candidate, from expending funds which the candidate or the candidate’s controlled committee already has for any lawful purposes including the payment of outstanding campaign loans, or to

limit the amount a candidate can contribute to his or her candidacy directly or by a personal loan ~~for city council, city clerk or city treasurer~~ from his or her own personal funds outside of a single election cycle."

The proposed amendments to GMC Section 1.10.030, Subsection B, would further clarify and confirm that while candidates cannot solicit or receive campaign contributions outside of the Election Cycle as defined in GMC Section 1.10.020, they can do other things such as loaning themselves funds, expending the funds which they already have in their candidate accounts and paying off outstanding campaign loans. This is how the City Attorney's Office interprets the current language and we are only seeking to make it more clear.

Amendment to GMC Section 1.11.020 – Organizational Disclosure Ordinance: Subcommittees or Sub-Organizations

GMC Section 1.11.030 requires disclosure by City Councilmembers, Board or Commission members who hold any of the relationships defined in the Political Reform Act of 1974 and GMC Section 1.11.020 with applicants before them. One of the relationships defined in GMC Section 1.11.020 is an organizational relationship or membership. The proposed amendments would also require disclosure where a **sub-committee or sub-organization** of a civic organization or non-profit organization is appearing before the City Council, a board or commission, even if a councilmember, board or commission member is not directly a member of the sub-committee/organization, but is a member of the "parent" organization.

Staff seeks direction on the miscellaneous and cleanup items to the campaign finance ordinance items set forth in this Section III of this Report.

IV, RESOLUTION ADJUSTING CAMPAIGN CONTRIBUTION LIMITS:

On October 18, 2016, the City Council adopted Ordinance No. 5889, which included amendments to GMC Section 1.10.030(B) increasing the campaign contribution limits from \$1,000 per person to \$1,100. On February 5, 2019, the City Council adopted Ordinance No. 5921 to amend certain provisions of the GMC in order to update them in accordance with Measure P's (which was voted on by Glendale residents on June 5, 2018) amendments to the City Charter changing the general municipal election date from April in odd numbered years to coincide with the statewide primary election in even numbered years commencing March 3, 2020. Ordinance No. 5921 also included amendments to GMC Section 1.10.030(F) enabling the City Council to review the contribution limits in July of each odd numbered year, commencing July 1, 2019, and make CPI adjustments to the contribution limits by Resolution. "The adjustment shall be rounded up to the nearest ten dollars (\$10.00)." GMC Section 1.10.030(F)

The last CPI adjustment was implemented on July 9, 2019, when the City Council, by Resolution 19-80, adjusted the individual contribution limit from \$1,100 to \$1,140. The current CPI adjustment is 4.33%. This percentage is based on the month ending April of 2021 and accounts for a 2-year adjustment. Applying this CPI adjustment to the

current contribution amount of \$1,140, the increase is \$49.36, which rounded up to the nearest ten dollars, as set forth above, yields a \$50 increase. Under this adjustment, the new campaign contribution limit will be \$1,190, effective July 1, 2021 pursuant to GMC Section 1.10.030(F). Staff recommends adoption of the attached Resolution adopting this CPI increase.

FISCAL IMPACT

There is no fiscal impact associated with the updates and clean-ups to various campaign-related provisions of the GMC.

There is no fiscal impact associated with the CPI adjustment to the Campaign Contribution Limits. There also is no fiscal impact associated with receiving the informational report on Public Financing of Campaigns and Voluntary Expenditure Caps. However, should the City Council choose to direct staff to implement a publicly funded election program, there would be an associated fiscal impact, which will depend upon the amounts designated by the City Council to be made available to be disbursed as matching funds to the qualifying candidates, the criteria for making matching contributions, and the number of candidates in elections. Additionally, it is anticipated that a public financing/matching program will require more administrative activity from Finance, City Clerk and City Attorney. The public financing programs of Los Angeles, San Francisco, and Oakland are administered by Ethics Commissions. A public financing program would be beyond the current staffing capabilities of City staff and would require additional staffing to implement. If Council provides direction to further explore a public financing tool, staff will research and assess the administrative costs and staffing that would be necessary.

ALTERNATIVES

Alternative 1: The City Council note and file the informational matters pertaining to publicly funded campaigns and voluntary expenditure limits and direct staff to bring back ordinance changes pertaining to the miscellaneous and cleanup items addressed in this Report. The Council may choose to adopt the resolution implementing the CPI increase on campaign contributions

Alternative 2: The City Council may choose to direct staff pertaining to publicly funded campaigns and/or voluntary expenditure limits and direct staff to bring back ordinance making changes pertaining to the miscellaneous and cleanup items addressed in this Report. The Council may choose to adopt the resolution implementing the CPI increase on campaign contributions

Alternative 3: The City Council may choose to note and file the entire Report.

Alternative 4: The City Council may choose any alternative not identified by staff.

CAMPAIGN DISCLOSURE

Not applicable.

EXHIBIT(S)

1. Chapter 1.10 of the Glendale Municipal Code – Local Election Campaign Regulations