

**WEST HOLLYWOOD  
ETHICS REFORM TASK FORCE  
SPECIAL MEETING AGENDA  
WEDNESDAY, OCTOBER 21, 2015  
6:30 P.M.**

**WEST HOLLYWOOD CITY HALL  
8300 SANTA MONICA BOULEVARD  
COMMUNITY MEETING ROOM – 1<sup>ST</sup> FLOOR**

1. **CALL TO ORDER** (Robert Stern)
  - A. Pledge of Allegiance
  - B. Reminder to Speak Clearly into Microphone and to Silence All Mobile Devices
  - C. Roll Call
  - D. Approval of Minutes (August 31, 2015)
  
2. **RECOMMENDATIONS TO COUNCIL REGARDING CHANGES TO CAMPAIGN FINANCE, LOBBYISTS & GOVERNMENT ETHICS**

**PUBLIC COMMENT:** This time is set aside for members of the public to address the Task Force on matters related to ethics reform and the City's regulations.

**TASK FORCE comments and deliberations**
  
3. **COMMENTS FROM STAFF**

This time is set aside for staff to provide any announcements or updates relevant to the Task Force's business.
  
4. **ADJOURNMENT** – The Ethics Reform Task Force has completed its business and will adjourn.

**\*For a compilation of the City's current regulations and laws in this area visit**  
<http://www.weho.org/city-hall/boards-commissions/committees-and-task-forces/ethics-reform-task-force>

**ETHICS REFORM TASK FORCE MEMBERS:** Joseph Guardarrama, Elizabeth Ralston, Robert Stern  
**STAFF:** Melissa Crowder, Assistant City Clerk; Christi Hogin, Assistant City Attorney

If you require special assistance to participate in this meeting (e.g., a signer for the hearing impaired), you must call, or submit your request in writing to the Office of the City Clerk at (323) 848-6356 at least 48 hours prior to the meeting. The City TDD line for the hearing impaired is (323) 848-6496.

Special meeting-related accommodations (e.g., transportation) may be provided upon written request to the Office of the City Clerk at least 48 hours prior to the meeting. For information on public transportation, call 1-323-GO-METRO (323/466-3876) or go to [www.mta.net](http://www.mta.net).

This agenda was posted at City Hall, the West Hollywood Library on San Vicente Boulevard, and the West Hollywood Sheriff's Station.

If you would like additional information on any item appearing on this agenda, please contact Melissa Crowder at (323) 848-6356 or via email at [mcrowder@weho.org](mailto:mcrowder@weho.org).

**AFFIDAVIT OF POSTING**


State of California)

County of Los Angeles)

City of West Hollywood)

I declare under penalty of perjury that I am employed by the City of West Hollywood in the Office of the City Clerk and that I posted this agenda on:

Date: October 13, 2015

Signature:   
City Clerk's Office

**WEST HOLLYWOOD  
ETHICS REFORM TASK FORCE  
MINUTES  
MONDAY, AUGUST 31, 2015  
6:30 P.M.**

**WEST HOLLYWOOD CITY HALL  
8300 SANTA MONICA BOULEVARD  
COMMUNITY MEETING ROOM – 1<sup>ST</sup> FLOOR**

1. **CALL TO ORDER** – Chair Guardarrama called the meeting to order at 6:30 p.m.
  - A. Chair Guardarrama led the Pledge of Allegiance.
  - B. Chair Guardarrama reminded everyone to speak clearly into the microphone and to silence their phones.
  - C. Task Force Members Present: Joseph Guardarrama, Elizabeth Ralston, and Robert Stern.  
Staff Members Present: Assistant City Attorney Christi Hogin and Assistant City Clerk Melissa Crowder. No members were absent.
  - D. The Minutes of August 11, 2015 were approved.

2. **RECOMMENDATIONS TO COUNCIL REGARDING CHANGES TO CAMPAIGN FINANCE, LOBBYISTS & GOVERNMENT ETHICS**

**PUBLIC COMMENT:**

DAN MORIN, WEST HOLLYWOOD, spoke regarding the various topics under the purview of the Task Force and offered his support or opposition.

Assistant City Attorney Christi Hogin reported on her discussion with the City of Los Angeles regarding their electronic filing system for campaign finance reports, including the cost and implementation.

- Require electronic filing of all FPPC campaign finance reports and Statements of Economic Interests (Form 700s), and allow the public to access filings online. City staff will evaluate and choose the best vendor. **Motion by Task Force Member Guardarrama, seconded by Task Force Member Stern, and approved.**
- Require Independent Expenditure Committees to provide additional information in the disclaimers on mailers to list the top three (3) donors that contributed over \$1,000 within the prior year. This does not apply to State or County General Purpose Committees. **Motion by Task Force Member Stern, seconded by Task Force Member Guardarrama, and approved.**
- Change Administrative Regulation No. 102 "Receipt of Gifts" into an ordinance. **Motion by Task Force Member Guardarrama, seconded by Task Force Member Ralston, and approved.**

- Require disclosure of Behested Payments over \$1,000. **Motion by Task Force Member Guardarrama, seconded by Task Force Member Stern, and approved.**
- Require the City to provide space for three candidate forums and encourage each candidate to submit a two-minute taped statement for display on the City's website and television channel. The candidate forums will not be sponsored or organized by the City. **Approved by consensus.**
- Require the archiving of any campaign material that requires a mass mailing disclaimer per GC § 84305 would be required to submit the mass mailings and other qualifying campaign material to the City Clerk within 24 hours of production or distribution. **Motion by Task Force Member Guardarrama, seconded by Task Force Member Stern, and approved.**
- Increase campaign contribution limits to include a cost of living adjustment consistent with the adjustment applicable to rent controlled units. **Motion by Task Force Member Guardarrama, seconded by Task Force Member Stern, and approved.**
- Require lobbyists to submit quarterly reports of expenditures over \$5,000 made to influence decisions of the City, including the portion of a lobbyist's salary attributable to lobbying activity in the City. **Motion by Task Force Member Stern, seconded by Task Force Member Guardarrama, and approved.**

3. **COMMENTS FROM STAFF**

Assistant City Attorney Hogin indicated that she will prepare a Staff Report for City Council consideration. The Task Force commented that they want to review it prior to it being presented to City Council. The Task Force set another meeting to review the draft Staff Report.

4. **ADJOURNMENT** – The Ethics Reform Task Force adjourned at 7:42 p.m. to its next meeting which is scheduled for October 21, 2015 at 6:30 p.m.

CITY COUNCIL

November 2, 2015

**SUBJECT: ETHICS REFORM TASK FORCE 2015  
FINAL REPORT TO CITY COUNCIL**

**APPROVED BY: ETHICS REFORM TASK FORCE  
Joseph Guardarrama  
Robert Stern  
Elizabeth Ralston**

**PREPARED BY: CITY ATTORNEY'S OFFICE  
(Christi Hogin, Assistant City Attorney)**

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**STATEMENT OF THE SUBJECT:**

The Task Force was created by City Council to evaluate the City's laws and regulations pertaining to government ethics and, if warranted, recommend revisions. This report details the Task Force's activities and summarizes its recommendations to Council.

**DISCUSSION:**

**Task Force Creation**

At the request of Mayor Horvath and Councilmember D'Amico, the City Council created the Task Force and appointed to it professionals with expertise in the area of government and political ethics reform. The Ethics Reform Task Force was charged with the task of soliciting testimony from residents and stakeholders, examining the current regulations, and, if warranted, recommending measures consistent with the City's values of transparent and fair government. The Task Force examined the ethical issues as they pertained to elected and appointed officials, City staff, and those who do business with the City.

The Task Force was instructed to have at least three community meetings in different areas of the City and directed to consider the following four topics: (1) Government Ethics (including disclosures, recusals, and behested payments); (2) Campaign Finance (including electronic filings, matching funds, Independent Expenditure disclosures, requirements for signatures, and regulation of contributions from lobbyists and city contractors); (3) Lobbyists (including reporting and best practices); and 4) Enforcement.

The Task Force was comprised of three members. Robert Stern is a longtime reformer and activist for government ethics. He is past President of the Center for Governmental Studies, based in Los Angeles, and was the first general counsel of the California Fair Political Practices Commission, the agency in charge of

administering California's campaign disclosure, ethics and lobbying laws. He is the co-author of the Center's study: "The New Gold Rush: Shaping California's Campaign Finance Laws." He has been described by *The Washington Monthly* magazine as a "campaign finance guru" and in the *Sacramento Bee* as the "godfather of modern political reform in California." He was a principal co-author of the Political Reform Act of 1974 (Proposition 9) and principal drafter of the City of Los Angeles' Ethics and Public Campaign Financing laws.

Joseph Guardarrama's day job is an attorney with Kaufman Legal Group practicing in the areas of Government Ethics, Campaign Finance, and Election Law. He serves on the Board of Directors of the California Political Attorneys Association. He is familiar to the City for his seven years of service on the Planning Commission and as a previous candidate for City Council. He also served as Vice President of the Board of Directors of Equality California.

Elizabeth Ralston is the past President of the League of Women Voters of Los Angeles, an organization committed to informed citizen participation in government. She co-chaired the League's study of retirement benefits for employees of the City of Los Angeles and is a consultant on state and local finance for the League of Women Voters of California.

All three task force members brought extensive practical experience as well as professional credentials to their work. The Task Force members volunteered their time to the City at the request of the City Council. The Task Force was staffed by Assistant City Attorney Christi Hogin and Assistant City Clerk Melissa Crowder.

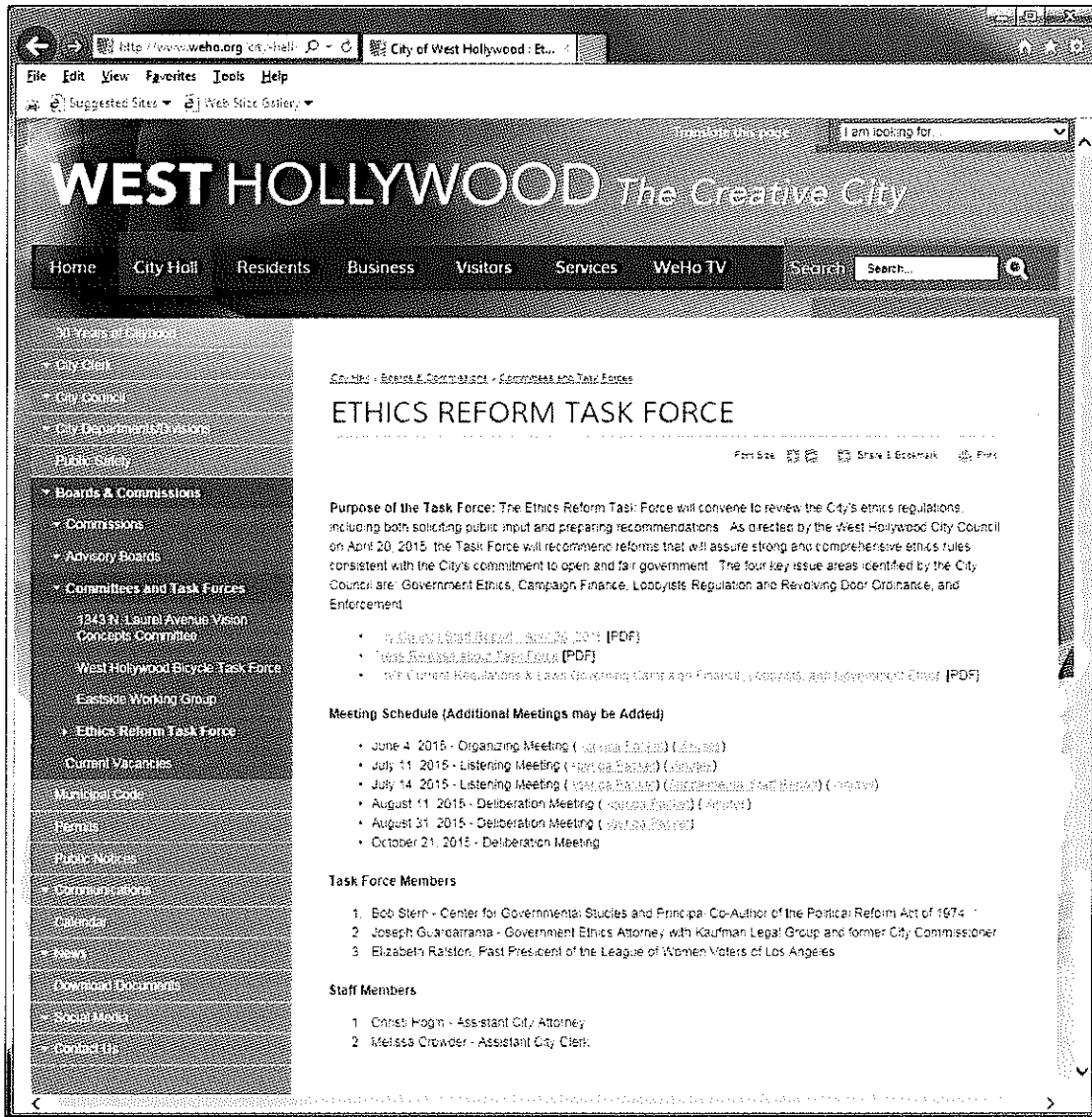
#### Organization and Outreach

The Task Force is subject to the Brown Act and conducted all of its meetings in public, following public notice of its agenda and the time/place of its meeting. The Task Force held six meetings: June 4, July 11 and 14, August 11 and 31, and October 21, 2015. To foster public participation, the Task Force held one listening meeting at Plummer Park on a weekday evening and one at the West Hollywood Library on a Saturday afternoon. All other meetings were held at City Hall.

The Task Force and staff sought to inform all interested residents and affected parties. In addition to complying with the meeting notice requirements of the Brown Act, notice was sent to former Council candidates, former Councilmembers, former Planning Commissioners, current Commissioners, registered lobbyists, and the local media. The City also issued a press release to encourage the local media to take an interest in the assessment of the City's ethics regulations and to help spread the word about the opportunities for public engagement. The City established a dedicated email address for those interested in providing comments without attending the Task Force meetings; on all

announcements of Task Force meetings, the public was invited to email written comments to [ethics@weho.org](mailto:ethics@weho.org).

The City also established a dedicated page under the City Hall/Boards & Commissions tab on the City's website. The information gathered was available to the public at <http://www.weho.org/city-hall/boards-commissions/committees-and-task-forces/ethics-reform-task-force>.



### The City's Current Regulations

The Task Force reviewed the City's current regulations, which are comprised of the following:

**Code of Conduct for Elected and Appointed Officials-** Defines the role of elected and appointed officials in the governance of the City and includes policies and implementing rules intended to advance the City's goals of providing efficient and high quality services to its residents and providing a safe and productive work environment for its employees.

**AB 1234 Policy-** Authorizes elected and appointed officials to incur expenses in connection with specific City business activities, requires prior approval by City Council for specified activities, establishes procedures for reimbursement of expenses, and establishes a per diem rate based on the travel destination (Washington, DC, Sacramento, or local). The policy was last updated by City Council Resolution No. 14-4583 on June 23, 2014.

**Resolution No. 14-4554 re Donated Tickets and Passes-** Limits the purposes for which tickets and passes may be distributed by the City and to public officials to ensure that all tickets and passes received by the City are distributed in furtherance of the City's stated public purposes and in accordance with state law and regulations.

**Administrative Regulation No. 102 re Gifts-** Prohibits City officials and employees from accepting a gift from any person or entity with business before the City unless the gift: (i) is edible and can be shared (such as candy); (ii) can be displayed publicly in City Hall (such as flowers and art) and is conveyed to the City Manager immediately upon receipt; or (iii) is turned over to the City Manager immediately upon receipt and used as a raffle prize, the proceeds from which shall be donated to charity or deposited in the City's general fund.

**Administrative Regulation No. 414 re Employee Political Activities-** Prohibits employees from using City funds and resources for campaign activities, prohibits City employees and officials from engaging in campaign activities while in uniform or other clothing issued by the City or on the City's property during working hours, and establishes enforcement procedures and penalties for violating the policy.

**Administrative Regulation No. 306 re Travel Reimbursement-** Establishes a procedure for officers and employees to request authorization to incur travel expenses and/or apply for reimbursement of travel expenses, and establishes a per diem rate of \$50.

**WHMC chapter 2.76 (election and campaign regulations)-** Places a \$500 limit on contributions to any candidate in a single election, prohibits campaign contributions earlier than 24 months before the election for which the contribution is made, prohibits candidates from using funds raised in an election on a subsequent campaign, and places restrictions on campaign accounts of elected candidates (officeholder accounts).



**WHMC chapter 2.72 (lobbying)**- Requires lobbyists communicating with any elected official or any officer or employee of the City to register and pay a fee. Registration requires a lobbyist to provide the City with information specified in WHMC § 2.72.020 either in a written statement or a statement on the record at a public meeting

### The Task Force's Meetings

On June 4, 2015, the Task Force held an organizational meeting at which it defined the scope and schedule of its meetings. The Task Force decided to rotate the responsibility of chairing the meetings among the members and directed staff to schedule two meetings in different locations to solicit community input. The Task Force wanted to hear directly from the public about the issues that were on their mind. These two initial meetings were held on a Saturday afternoon in the Council Chambers at West Hollywood Library and on a Tuesday evening in Plummer Park. In addition to the two "listening meetings," the Task Force scheduled two additional deliberation meetings (which meetings also included an opportunity for community input).

On Saturday afternoon, July 11, 2015, the Task Force held its first listening meeting at City Council Chambers. Staff provided an overview of the laws and rules related to government ethics and the City's scope of regulatory authority in the four areas that Council directed the Task Force to consider. The Task Force received public comment, during which ten persons spoke (their names are available in the Task Force's minutes, which can be found on the City's website) regarding the following topics:

- Misleading campaign literature – this was the topic that the Task Force heard the most about. Those who spoke on it were very concerned about false literature and hit pieces. Some spoke more generally about negative campaigning.
- Campaign finance laws – a few people mentioned that the cost of running a campaign may prevent some good candidates from running.
- Campaign donations from City consultants and developers – someone suggested that the City agenda packets include information about donors.
- Several people commented on the Council deputy positions and the perception of political patronage.
- Vote by mail and electioneering at the polling places or improper assistance with mail-in ballots.
- Commission and Advisory Board appointments.
- Voter turnout – some expressed disappointment over low voter turnout and suggested consolidation of the City's election with the County of Los Angeles.
- Online reporting of FPPC forms – a couple of people commented on the fact that the City's current method of posting information does not

enable residents to conduct word searches or easily analyze the information.

The Task Force held a second listening meeting on Tuesday evening, July 14, 2015 at Plummer Park, during which four people spoke (their names are available in the Task Force's minutes, which can be found on the City's website) offered public comment regarding the following concerns:

- Campaign contribution limits and independent expenditure committees – concern was expressed that IEs were not regulated and the candidates benefit from unlimited IE expenditures, which frustrates the purpose of term limits, as well as interest in disclosure of IE contributors.
- City's gift policy -- concern was expressed that developers and lobbyists gain favor through gifts, especially meals.
- Campaign literature – false or misleading hit pieces distributed too late to rebut.
- One speaker asserted voter fraud allegations and rumors involving vote-by-mail ballots.
- There are not enough candidate forums and City should consider sponsoring some.
- Lobbyists and contractors participating in campaigns – concern that campaign contributions and serving on committees to get candidates elected translate into greater influence on decisionmakers.
- Revolving door ordinance – prohibition on former officials lobbying the City may not be strict enough.
- It was suggested that the City consider the lobbyist ordinance adopted by San Francisco.

*NOTE: Here are the basics of the San Francisco Lobbying Ordinance:*

Defines a lobbyist as someone who

- Is paid to contact a City officer;
- To influence local legislative or administrative action;
- On behalf of a client or employer.

Basic duties of lobbyists in San Francisco are these:

- Register as a lobbyist;
- Complete online trainings provided by the Ethics Commission;
- File a disclosure report every month describing efforts to influence local legislative or administrative action (including who was contacted, on whose behalf, and about what); and
- Retain documents to support disclosure reports.

Prohibitions applicable to Lobbyists:

- Generally make gifts worth more than \$25 to City officers;

- Lobby to attain future employment;
- Falsely claim to lobby on someone else's behalf; or
- Violate any other part of the Lobbyist Ordinance.

In addition to the issues raised by the public, the Task Force expressed interest in considering following topics:

- Electronic filing of FPPC reports and Form 700s;
- Independent Expenditure Committee disclaimers;
- Consolidation of the City's local election dates with state and County of Los Angeles election dates;
- Adopting an ordinance to codify City regulations regarding gifts;
- Reporting of lobbyist expenditures;
- Restrictions on lobbying by paid campaign staff;
- Behested payment limit and recusal requirements;
- City-sponsored/hosted candidate forums;
- Archiving campaign materials on the City's website; and
- Campaign contribution limit increase and cost of living adjustments.

On August 11, 2015, the Task Force met at City Hall to receive additional public comment and commence deliberation regarding its recommendations. Public comment was provided by Steven Afriat, a lobbyist who has served as a campaign consultant for elections in the City of West Hollywood. Among other points, he suggested that campaign contribution limits actually encourage IE committees, suggesting that contribution limits on candidate-controlled committees may be counter-productive to the goal of knowing the identity of contributors. He also suggested that distinguishing between paid campaign consultants and campaign volunteers may just target a handful of people without achieving any objective. He also commented that reporting lobbyists' income does not serve any purpose, distinguishing the money spent by his clients from gifts or money spent on elected officials. The Task Force agreed to consider several proposed recommendations, which were analyzed by staff and discussed in detail by the Task Force on August 31, 2015.

On August 31, 2015, the Task Force held a second deliberation meeting at City Hall to discuss its proposed recommendations. At that meeting, staff provided the Task Force with an analysis of the proposed recommendations and the Task Force received public comment from one speaker, Dan Morin, who commented on the Task Force's proposed recommendations as presented in the staff report.

### The Task Force's Recommendations

Following deliberation and consideration of public input, the Task Force reached a consensus on the following eight recommendations (and one non-recommendation), organized according to the four categories established by the City Council:

## 1. Regulation of Government Ethics:

- a. **Codify the City's Gift Policy as an Ordinance.** (Motion by Task Force Member Guardarrama, seconded by Task Force Member Ralston, and approved.) The City currently restricts the kinds of gifts that may be accepted by City officials and employees by Administrative Regulation No. 102, which prohibits City officials and employees from accepting a gift from any person or entity with business before the City unless the gift (i) is edible and can be shared (such as candy); (ii) can be displayed publicly in City Hall (such as flowers and art) and is conveyed to the City Manager immediately upon receipt; or (iii) is turned over to the City Manager immediately upon receipt and used as a raffle prize, the proceeds from which shall be donated to charity or deposited in the City's general fund.

The public expressed concern that developers and lobbyists appear to gain favor through gifts, especially meals, despite the City's existing gift policy.

The Task Force recommends that the City Council adopt an ordinance codifying the City's gift policy in the WHMC and expand it to prohibit both receiving and making gifts to City officials and employees. The recommendation would change current policy in two ways:

- (i) **Manner of enforcement.** The legal difference between a policy and an ordinance is the method of enforcement. Employees may be disciplined for violating City policy and, at the Council's sole discretion, commissioners may be removed from their office for violating City policy. A councilmember may be censured for violating City policy. However, violations of City ordinances are punishable as misdemeanors or infractions or the City may impose administrative fines. Placing the gift restrictions in the Municipal Code would also increase public awareness of the standard.
- (ii) **Reciprocal prohibition.** City policies apply to City employees and officials. The current policy only prohibits accepting certain gifts. The recommended ordinance would also prohibit making the gift.

- b. **Require Disclosure of Behested Payments over \$1,000.** (Motion by Task Force Member Guardarrama, seconded by Task Force Member Stern, and approved.) The public expressed concern that charitable donations may result in developers and lobbyists having greater influence over decisionmakers, and behested payments are a form of donations that the Task Force decided to consider. The City currently does not regulate behested payments, except to the extent that they are required to be disclosed by state law.

Behested payments are payments made at the behest of elected officials to be used for legislative, governmental or charitable purposes. Behested payments present a risk of quid-pro-quo corruption because an official may feel compelled to reward a person (i.e., a developer) for making a donation to the official's favorite charity or cause, for instance. State law requires reporting of behested payments solicited by elected officials totaling \$5,000 or more per calendar year from a single source.

The City may adopt an ordinance lowering the monetary threshold for reporting behested payments solicited by City officials, which may impose limits and mandatory recusal. Lowering the disclosure amount on behested payments would serve the same goal as campaign contribution limits. An effective cap should be low enough to serve the purpose of transparent government but high enough to allow reasonable activities that do not warrant additional regulation. Also, the City may require officials to recuse themselves from decisions affecting individuals who have made a behested payment on behalf of the official within a specific period of time. Following a discussion on the issue, the Task Force decided not to recommend a recusal requirement, ultimately concluding that disclosure served the primary purpose of promoting transparency and accountability.

The Task Force considered a range of potential regulations of behested payments, and recommends that the City Council require disclosure of behested payments over \$1,000. Implementing this recommendation would require adoption of an ordinance adding a section to Chapter 2.76 of the WHMC. Additionally, the City Clerk would need to develop a process to receive filings and make them publicly available.

## 2. Regulation of Campaign Finance:

- a. **Electronic filing systems for campaign finance reports.** (Motion by Task Force Member Guardarrama, seconded by Task Force Member Stern, and approved.) Currently, campaign finance reports are submitted directly to the City Clerk's office, which manually

reviews filings for errors, requests amendments if the errors are identified, and prepares correspondence to candidates regarding filings if necessary. The public expressed concern that although the filings are currently available online, they are not easily searchable. Implementing an electronic filing system would require amending the WHMC to require electronic submittal of campaign statements, and the City would need to obtain software or retain a vendor to implement electronic filing. The Task Force asked staff to inquire about the cost of purchasing one of these systems.

The City Clerk obtained a quote from NetFile, which is used by several cities including the City of Santa Barbara. NetFile provided a quote of \$2,750 per quarter to host electronic filing of all campaign finance reports and up to 200 Form 700 filings, which would include setup, ongoing maintenance, ongoing training, ongoing support, and document storage. NetFile is able to accept campaign finance statements (FPPC Forms 410, 460, 461, 465, 470, 496, and 497) and Statements of Economic Interests (Form 700),<sup>1</sup> check submissions for errors, follow up with filers to coordinate amendments and corrections of filed reports (if necessary), generate status updates for the City, and communicate with filers. Additionally, NetFile would host filed reports for public viewing and make any necessary redactions. This service would relieve the City Clerk's office of a significant amount of labor hours, particularly during campaign cycles, improve the public's access to filings, ensure that filings are accurate, and allow the City to free IT resources currently used to host documents that would be stored with the vendor.

The City of Los Angeles designed its own electronic filing system for campaign finance reports and will license it for around \$30,000; however, it would require in-hour technical support in order to tailor the program to West Hollywood's requirements.

The Task Force recommends that the City Council explore further the products on the market and identify a suitable option; once that is done, adopt an ordinance adding a section to Chapter 2.76 of the WHMC to require electronic filing of campaign finance reports, and adopt a policy requiring the electronic filing of Form 700s.

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<sup>1</sup> Certain public officials are required by state law to file a Statement of Economic Interests (Form 700) disclosing their investments and sources of income, and the City broadened the list of officials required to make these financial disclosures. The City's designated filers and disclosure categories specifying the types of interests to be reported are detailed in the City's conflict of interest code.

- b. **Independent Expenditure Committee Disclosures.** (Motion by Task Force Member Stern, seconded by Task Force Member Guardarrama, and approved.) Currently, the City does not require IE disclose the names of their donors; however, IEs must comply with the minimum disclosure requirements set forth in the California Political Reform Act and FPPC Regulations, including the requirement that committee information appear in no less than 10 point type on the outside of mass mailings, on door hangers, flyers, posters, and oversized campaign buttons and bumper stickers, and in newspaper ads. The Task Force was provided an FPPC IE Disclosure Chart summarizing the minimum disclosure requirements set forth in state law and regulations. Pursuant to Government Code § 81013, the City may impose additional disclosure requirements.

By far, the regulation of IEs generated the most public comment, mostly looking to eliminate or minimize their involvement in city elections. Legal constraints prevent the City from limiting the political participation of IEs altogether; their regulation should be limited to disclosure requirements. The City cannot ban IEs or place a limit on contributions to or expenditures of IEs. After careful analysis of the public's concerns and legal constraints, the Task Force recommends that the City Council adopt an ordinance adding a section to Chapter 2.76 of the WHMC requiring IEs to list the top three (3) donors that contributed over \$1,000 within the prior year to read as follows:

*"An advertisement for or against a ballot measure or an independent expenditure for or against a candidate that is a campaign mass mailing or a print advertisement shall include a disclosure area on the largest page of the campaign mass mailing or print advertisement that satisfies all of the following:*

*(1) The disclosure area shall have a solid white background so as to be easily legible, and shall be in a printed or drawn box on the bottom of the page that is set apart from any other printed matter. All text in the disclosure area shall be black in color.*

*(2) The text "Ad Paid for by a Committee Whose Top Funders Are:" shall be located at the top of the disclosure area and centered horizontally in the disclosure area. The text shall be in an Arial equivalent type with a type size of at least 12-point for advertisements smaller than 93 square inches and at least 14-point for advertisements that are equal to, or larger than, 93 square inches.*

*(3) Immediately below the text described in paragraph (2) shall be the names of the three largest contributors of \$1,000 or more to the committee that disseminated the advertisement. The*

*contributors shall each be disclosed on a separate horizontal line, in descending order, beginning with the largest contributor. The name of each of the contributors shall be centered horizontally in the disclosure area. The text shall identify each identifiable contributor in an Arial Narrow equivalent type with a type size of at least 10-point for advertisements smaller than 93 square inches and at least 12-point for advertisements that are equal to, or larger than, 93 square inches.*

*(4) The text "Paid for by [name of the committee that paid for the advertisement]" shall be located at the bottom of the disclosure area and shall be in an Arial Narrow equivalent type with at least 8-point type size for pages smaller than 8.5 inches and at least 10-point type size for pages that are equal to, or larger than, 8.5 inches by 11 inches."*

- c. **Cost of Living Increase to campaign contribution limit.** (Motion by Task Force Member Guardarrama, seconded by Task Force Member Stern, and approved.) Campaign contributions typically take one of two forms: they are either made directly to a candidate (or a candidate-controlled committee) or to an IE. Candidate contribution limits are designed to discourage quid-pro-quo corruption, or "buying" a candidate. A low contribution limit is intended to assure that if a candidate takes office, he or she will not feel indebted to high campaign donors. However, alternative mechanisms are available for donors to support candidates (such as IECs and PACs), which are not subject to contribution limits or disclosure requirements. Local election campaigns can cost tens of thousands of dollars, and contribution limits that are too low may drive a higher proportion of campaign donations to these "underground" and largely unregulated alternatives. A higher contribution limit would allow a greater proportion of campaign funds to remain transparent. An ideal contribution limit would balance the City's dual desires of deterring corruption and encouraging transparency.

The Task Force considered recommending that the City raise its \$500 contribution limit, and compared the contribution limits of other cities in Los Angeles County. Rather than recommend a flat increase to the contribution limit, the Task Force recommends that a cost of living adjustment be added to the contribution limit. Other cities have incorporated cost of living adjustments into their campaign contribution limits. The cost of living adjustment would allow marginal increases without compromising the City's goal of preventing improper influence over decisionmakers.



One option for the campaign contribution cost of living adjustment reflect the adjustment applicable to rent-controlled units in the City. WHMC § 17.36.020 allows an annual increase in rent-controlled units on or after September 1 of each year in the amount of seventy-five percent of the increase in the Consumer Price Index ("CPI") during the preceding twelve months (from May of the prior year to May of the current year), rounded to the nearest one-quarter of one percent, with a maximum CPI adjustment of seven percent.

Because the City's regular elections currently occur in March every two years, the City may wish to consider an alternative cost of living adjustment similar to that adopted by the City of San Diego, which adjusts contribution limits based on changes in the CPI for the two-year period ending December 31 of the previous year, requires rounding to the nearest fifty dollars, and does not affect contribution limits applicable to past elections, special elections, or special run-off elections held in the same calendar year in which the limits are adjusted.

Whatever standard is used, the Task Force recommends that the formula be set so that the increases do NOT occur during a campaign cycle. Given that the new state law (SN 415) will require a change in the City's election date, the City will need to be mindful of this particular logistical issue if the City Council moves forward with this recommendation.

An ordinance amending Section 2.76.030 will be required to implement this recommendation, and the City will need to engage in a public relations campaign to ensure that the public is aware of the change in the contribution limit.

### **3. Regulation of Lobbyists:**

- a. **Require Lobbyists to File Quarterly Reports of Expenditures Over \$5,000.** (Motion by Task Force Member Stern, seconded by Task Force Member Guardarrama, and approved.) The public expressed concern regarding the influence that lobbyists appear to have over decisionmakers. The City's existing lobbyist ordinance currently requires lobbyists to register with the City, pay a fee and provide certain information regarding the lobbyist's employer and the subject matter of the lobbyist's engagement. However, neither state law nor the WHMC requires lobbyists to disclose expenditures made to influence City decisions.

The Task Force engaged in considerable discussion regarding lobbyist regulation. It considered the City of Los Angeles' lobbyist ordinance, which provides that lobbyists shall not

A. Do any act with the purpose and intent of placing any City official under personal obligation to the lobbyist, the lobbying firm, or to the lobbyist's or firm's employer or client.

B. Fraudulently deceive or attempt to deceive any City official with regard to any material fact pertinent to any pending or proposed municipal legislation.

C. Cause or influence the introduction of any municipal legislation for the purpose of thereafter being employed or retained to secure its passage or defeat.

D. Cause any communication to be sent to any City official in the name of any nonexistent person or in the name of any existing person without the consent of such person.

E. Make or arrange for any payment to a City official, or act as an agent or intermediary in making any such payment by any other person, if the arrangement or the payment would violate any provision of the City's Governmental Ethics Ordinance (Los Angeles Municipal Code Section 49.5.1, et seq.)

The Task Force also considered the San Francisco lobbyist ordinance, summarized above, and the extent to which lobbyist ordinances apply to lawyers. Public comment from an experienced lobbyist suggested that requiring lobbyists to report income would not be effective. However, increased disclosure generally makes the decisionmaking process more open and transparent. The Task Force also considered, but decided not to recommend, that the City Council prohibit paid campaign consultants from serving as lobbyists in the City.

Ultimately, the Task Force reached a consensus to recommend that the City Council require lobbyists to submit quarterly reports of expenditures over \$5,000 made to influence decisions of the City, including the portion of a lobbyist's salary attributable to lobbying activity in the City. Implementing this recommendation will require an ordinance amending Chapter 2.72 of the WHMC. Additionally, the City Clerk would need to develop a process for filing lobbyist disclosures if the vendor selected by the City to manage electronic filings is unable to manage lobbyist filings.

#### 4. Voter Education and Participation:

- a. **Election Date Consolidation.** (Discussed, but no recommendation.) The Task Force considered recommending that the City move its election date from its current scheduled date of March in odd-numbered years to November in even-numbered years to allow consolidation of City elections with county elections. However, the Task Force decided not to recommend consolidation because California Senate Bill 415 (Hueso), which was pending during the Task Force deliberations, was signed by the Governor on September 1, 2015. SB 415 requires cities with low voter turnout to consolidate their local elections with statewide election dates starting in 2018, and staff has determined that the City is required to change its election date as a result of SB 415.
- b. **Candidate forums.** (Approved by consensus.) Candidate forums provide an opportunity for the public to become informed about candidates. The public expressed concern that there are not enough candidate forums during an election campaign. During the March 2015 election cycle, public forums for city council candidates were co-sponsored by the West Hollywood Chamber of Commerce and the League of Women's Voters of Los Angeles Education Fund. Both were held in City Council Chambers at no cost to the sponsor. The integrity and effectiveness of candidate forums entirely depends on the extent to which they are conducted in a fair and impartial manner.

The Task Force considered recommending that the City host candidate forums. On one hand, City-sponsored candidate forums may provide candidates a low-cost opportunity to communicate their message to the public. However, City-sponsored candidate forums may be perceived as less fair and impartial than forums sponsored by independent organizations. The public is likely to feel that incumbent City Councilmembers have influence over the forum's scheduling, selection of questions, and the public's access to the event. If this perception is strong enough, non-incumbents and/or the public may continue to demand an independent forum in addition to the City-sponsored event. Additionally, any irregularities in the event (even those outside of the City's control) have the potential to negatively affect the public's perception of the City.

After carefully considering the interest in increasing voter participation while maintaining the integrity and fairness of independent candidate forums, the Task Force decided to recommend that the City provide space for three candidate forums

during each election campaign (but not sponsor the forums) and encourage each candidate to submit a two-minute taped statement for publication on the City's website and television channel.

The City Council may adopt a resolution accepting the Task Force's recommendation and directing staff to take the necessary steps to implement it during upcoming elections. Alternatively, the City Council may adopt a resolution prior to each election requiring the City to engage the League of Women Voters to conduct the candidate forums and entertain requests by any group that desires to host a candidate forum.

- c. **Archiving Campaign Material on City Website.** (Motion by Task Force Member Guardarrama, seconded by Task Force Member Stern, and approved.) The public expressed concern about campaign material containing false, misleading and negative information, and being distributed so close to the election date that other candidates do not have time to respond. Additionally, the public expressed concern about voter turnout.

The Task Force felt that election campaigns would be fairer and voters would be more informed and likely to vote if campaign materials are widely distributed. Also, a candidate who is the target of a negative, false, or misleading campaign advertisement has a greater opportunity to respond if he or she is promptly made aware of the advertisement. The City Clerk currently maintains a page on the City's website dedicated to election information at <http://www.weho.org/city-hall/city-clerk/election-information>, which contains information about candidates, Election Day information and election results. The City currently does not post copies of campaign materials on its website.

The Task Force recommends that the City archive campaign materials with an intended audience of 200 or more persons on the City's website. Campaign committees would be required to submit qualifying campaign material to the City within 24 hours of production or distribution. This recommendation can be implemented by adoption of an ordinance adding the requirement to Chapter 2.76 of the WHMC. The City Clerk's office will need to develop a process to accept, post and monitor submissions.

While this recommendation may address some of the public's concerns, it will present some challenges to the City. Enforcement will be difficult because it is almost impossible for the City to know when 200 copies of campaign literature are produced or distributed. Also, the City has no way to fact-check campaign material, and

archiving campaign material may give voters the impression that something is true because it appears on the City's website. Finally, because not every candidate has the resources to produce mass mailings, the 200 copy threshold may create a disadvantage to candidates with fewer resources, and the public expressed concern that the expense of campaigns in the City is prohibitive.

### Documents Considered by the Task Force

The Task Force considered the following documents during its deliberations:

- City Council Staff Report regarding creation of the Task Force
- Code of Conduct for Elected and Appointed Officials
- AB 1234 Policy
- Resolution No. 14-2552 regarding Donated Tickets and Passes
- Administrative Regulation No. 102 regarding Gifts
- Administrative Regulation No. 414 regarding Employee Political Activities
- Administrative Regulation No. 306 regarding Travel Reimbursement
- WHMC Chapter 2.76 (election and campaign regulations)
- WHMC Chapter 2.72 (lobbying)
- January 22, 2014 NetFile Press Release (electronic filings)
- FPPC Independent Expenditure Disclosure Chart (2014)
- City Council Resolution supporting SB 415
- Grassrootslab Infographic Describing Contribution Limits in LA County
- Electronic Filing Proposal from SouthTech Systems
- Los Angeles Times Articles:
  - Emily Alpert Reyes, "Follow the Money? It's Not Always So Easy," August 15, 2015;
  - Emily Alpert Reyes, "L.A. Wants More Details About Business Groups That Donate to City Campaigns," August 27, 2015
- Opinion editorial pieces written by Mr. Guardarrama on government ethics.
- Cathleen Decker, "Politics at the Local Level Pointless? That's What Many Californians Think," *Los Angeles Times*, September 12, 2015.