



10.1B

DEPARTMENT OF
FINANCE

FINANCE ADMINISTRATION

CITY OF SACRAMENTO
CALIFORNIA

SACRAMENTO CITY HALL
730 I STREET
ROOM 215
SACRAMENTO, CA
95814-2684

PH: 916-808-1240
FAX: 916-808-5755
TDD (ONLY) 916-264-7227

May 28, 2003

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: PUBLIC FINANCING – FINANCING COMPONENT.

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report is for City Council discussion and further direction to staff.

CONTACT: Aaron B. Chong, Senior Management Analyst, 808-6762

FOR THE COMMITTEE MEETING OF: June 5, 2003

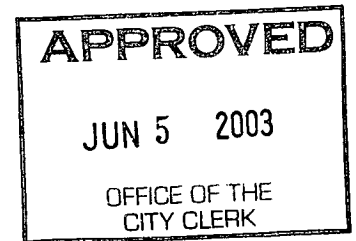
SUMMARY:

Last spring, the Law and Legislation Committee and the City Council heard comprehensive reports on the campaign reform issue. Remaining components of this issue are the Lobbyist Registration and Public Financing of Campaigns. The April 2002 report contained comments from stakeholders including Common Cause, the League of Women Voters and the Sacramento Metro Chamber of Commerce. The current report is for purposes of Council discussion and further direction to staff on Public Financing of Campaigns. The Lobbyist Registration issue is scheduled to come before Council on June 17, 2003.

COMMITTEE/COMMISSION ACTION:

At its March 19, 2002 meeting, the Law and Legislation Committee provided direction on several substantive provisions in the proposed ordinance and directed that the ordinance be forwarded to the full City Council for adoption.

- On a 2-1 vote, the Law and Legislation Committee recommended against the use of General Fund to finance the costs of the public financing component of the ordinance.



- On a 3-0 vote, the Committee recommended that voter approval be required for any spending limits/public financing ordinance.

The Law and Legislation Committee recommendations for public financing elements also included: (1) spending limitations for council and mayoral candidates; (2) raising expenditure ceilings for candidates; (3) statement of acceptance or rejection of public financing; (4) qualification for matching funds; (5) allocations and disbursements of funds; (6) maximum matching from campaign reform fund; and (7) financing for funding campaign reform fund. The details of these elements are highlighted in “ATTACHMENT F” on page 6.

BACKGROUND:

At the April 16, 2002 Council meeting, the City Council directed that this item be brought back after the November 2002 election in order to assess the City’s financial situation when considering this issue. In addition, the Council directed staff to report back with a proposed mechanism that would trigger public financing of campaigns. The Council also discussed spending limits and the concept of an oversight committee.

This report brings back the information requested by Council for discussion and further direction.

DISCUSSION:

Proposed Mechanism to Trigger Public Financing of Campaigns

Based on Council direction, staff is proposing a mechanism that would ‘trigger’ funding to support public financing of campaigns. This funding would be deposited in a separate account for this purpose.

In identifying the details of the proposed mechanism, the City Council’s approved financial policies of a sustainable budget, growing the reserve to 10% and protecting existing programs and service levels were adhered to. Some proposed trigger(s) for Council to consider include:

- Achieve a 10% General Fund reserve.
- Growth in cost of providing existing services and programs does not exceed tax revenue growth.
- Unallocated funding is available.

If the triggers identified by Council are met, then the Council would consider appropriating funding to the public financing fund as part of their budget deliberations.

Estimated Costs for Campaign Financing

Staff researched the Sacramento City election data beginning with calendar year 1992 through calendar year 2002 and extrapolated the maximum city match based on the public

Estimated Costs for Campaign Financing

Staff researched the Sacramento City election data beginning with calendar year 1992 through calendar year 2002 and extrapolated the maximum city match based on the public financing recommendation approved by the Law and Legislation Committee. Staff tabulated the numbers of council candidates per election, including Mayoral race election data.

Under the proposed public campaign financing ordinance recommended by the Law and Legislation Committee, a candidate would qualify to receive matching payments from the proposed Campaign Reform Fund “Fund” for a primary, general or special election only if he or she met all of the following requirements:

City Council Candidates	Mayoral Candidates
Filed a statement of acceptance of financing and has not rescinded such statement.	Filed a statement of acceptance of financing and has not rescinded such statement.
Raised and deposited in the candidate’s campaign contribution account at least \$5,000 consisting of contributions totaling \$250 or less per source other than themselves or their immediate family.*	Raised and deposited in the candidate’s campaign contribution account at least \$10,000 consisting of contributions totaling \$250 or less per source other than themselves or their immediate family.*
Opposed by a candidate who has qualified for payments from the Campaign Reform Fund or who has raised or deposited in his/her campaign contribution account minimum required amount.	Opposed by a candidate who has qualified for payments from the Campaign Reform Fund or who has raised or deposited in his/her campaign contribution account minimum required amount.

‘Attachment II’ provides detail on the analysis in determining potential public financing cost to the City.

The estimated cost for funding the Campaign fund per council district election is estimated at \$225,000 per primary and general Council election. The estimated cost for funding Mayoral candidates is \$500,000 per Mayoral election.

The estimates are intended to capture the full range of the potential cost to the City for primary and general elections.

Other Proposed Public Financing Elements

Spending Limitations

In order to receive matching public financing for his/her campaign, mayoral or council candidate must file a statement of acceptance of financing from the Campaign Reform Fund and limit their campaign spending to no more than \$75,000 for Council races and \$300,000 for mayoral races.

Lifting Expenditure Ceilings

When any candidate who has filed a statement of rejection of financing and spends in excess of 75% of the spending limitations for that office or an independent expenditure committee spends in excess of 50% for that office, then the spending limitations for all other candidates shall be lifted.

Statement of Acceptance or Rejection

At the time of filing the declaration of candidacy, a mayoral or council candidate shall file with the City Clerk either a statement of acceptance of financing or a statement of rejection of financing.

Qualification of Matching Funds

As noted earlier in the report, in order to qualify for matching funds from the city campaign reform fund, a candidate must meet all of the three following requirements:

1. File a Statement of Acceptance of Financing and has not rescinded the statement.
2. Limits on Contributions of Personal Funds by a Candidate
3. Allocation and Disbursements of Insufficient Funds

The Committee also voted to support the concept that candidates participate in at least one public forum and that they would have to sign some document with the City agreeing to participate in the forum.

Maximum Match from Campaign Reform Fund

The total maximum match for a council candidate from the Campaign Reform Fund is \$30,000. The total maximum match for a mayoral candidate is \$100,000.

Allocation and Disbursements of Insufficient Funds

In the event that there are insufficient funds in the proposed Campaign Reform Fund to allocate to all eligible candidates, the Law and Legislation Committee voted to recommend that the allocation be made pro-rata.

FINANCIAL CONSIDERATIONS:

The estimated cost for funding the Campaign fund per council district election is estimated at \$225,000 per primary and general Council election. The estimated cost for funding Mayoral candidates is \$500,000 per Mayoral election.

These estimates are intended to capture the full range of the potential cost to the City for primary and general elections.

ENVIRONMENTAL CONSIDERATIONS:

There are no environmental considerations associated with this report.

POLICY CONSIDERATIONS:

The Council must consider whether to proceed with public financing and to what extent public financing should be enacted.

ESBD CONSIDERATIONS:

There are no ESBD considerations. No goods or services are being purchased at this time.

Respectfully submitted:



Aaron B. Chong
Senior Management Analyst

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

V: public financing 060503

PROPOSED PUBLIC FINANCING ELEMENTS

ATTACHMENT 4

	Council Members	Mayoral Candidates
<p>SPENDING LIMITATIONS</p>	<p>No Candidate for Council who files a statement of acceptance of financing from the Campaign Reform Fund shall make campaign expenditures in excess of the following amounts:</p> <p>\$75,000 during primary \$75,000 during general or special election.</p>	<p>No Candidate for Mayor who files a statement of acceptance of financing from the Campaign Reform Fund shall make campaign expenditures in excess of the following amounts:</p> <p>\$300,000 during primary \$300,000 during general or special election.</p>
<p>LIFTING EXPENDITURE CEILINGS</p>	<p>If a candidate who has filed a statement of rejection of financing makes campaign expenditures in excess of 75% of the recommended expenditure limitations for that office, or an independent expenditure committee spends in excess of 50% for that office, such expenditure limitations shall cease to be applicable to all other candidates.</p> <p>Any candidate for City office who receives contribution, has cash on hand or makes qualified campaign expenditures in excess of 75% of applicable expenditure limitations shall notify all opposing candidates and the City Clerk within 48 hours of such over expenditure.</p>	<p>Same as Council candidate.</p>
<p>STATEMENT OF ACCEPTANCE OR REJECTION</p>	<p>At the time of filing his/her declaration of candidacy, a candidate for the office of Mayor or City Council shall file with the City Clerk one of the following statements:</p> <p>(1) statement of acceptance of financing from the Campaign Reform Fund, or (2) statement of rejection of financing from the Campaign Reform Fund. (3)</p>	<p>Same as Council candidate.</p>
<p>QUALIFICATION FOR MATCHING FUNDS</p>	<p>Candidate must meet all of the following requirements:</p> <p>(1) filed statement of acceptance of financing and has not rescinded such statement; (2) raised and deposited in the candidate's campaign contribution account, after the first day of the election year or during a special election period, at least \$5,000, consisting of contributions totaling \$250 or less per source from sources other than themselves, spouses or dependent children; and (3) candidate is opposed by a candidate who has qualified for payments from the Campaign Reform Fund or has raised at least \$5,000</p> <p>For purposes of determining whether a candidate has raised the minimum amount specified, a loan, pledge, extension of credit, or a non-monetary contribution does not qualify.</p> <p>Candidates are allowed to begin fundraising for qualifying contributions 90 days before the qualification period.</p> <p>Candidate must agree to participate in at least one public forum.</p>	<p>Candidate must meet all of the following requirements:</p> <p>(1) filed statement of acceptance of financing and has not rescinded such statement; (2) raised and deposited in the candidate's campaign contribution account, after the first day of the election year or during a special election period, at least \$10,000, consisting of contributions totaling \$250 or less per source from sources other than themselves, spouses or dependent children; and (3) candidate is opposed by a candidate who has qualified for payments from the Campaign Reform Fund or has raised at least \$10,000</p> <p>For purposes of determining whether a candidate has raised the minimum amount specified, a loan, pledge, extension of credit, or a non-monetary contribution does not qualify.</p> <p>Candidates are allowed to begin fundraising for qualifying contributions 90 days before the qualification period.</p> <p>Candidate must agree to participate in at least one public forum.</p>

	Council Members	Mayoral Candidates
LIMITS ON CONTRIBUTIONS OF PERSONAL FUNDS BY A CANDIDATE	If a candidate has filed a statement of acceptance, the cumulative total of contributions made by that council candidate, spouse and dependent children shall not exceed \$7,500 in a single election period.	If a candidate has filed a statement of acceptance, the cumulative total of contributions made by that mayoral candidate, spouse and dependent children shall not exceed \$30,000 in a single election period.
ALLOCATION AND DISBURSEMENTS OF INSUFFICIENT FUNDS	In the event that there are insufficient funds available to satisfy the needs of the eligible candidates, allocation between mayoral and councilmember races shall be made pro-rata.	Same
MAXIMUM MATCH FROM CAMPAIGN REFORM FUND	For a contribution totaling \$250 or less from a single source, a matching ratio of one dollar (\$1.00) from the fund for each private dollar raised up to a maximum of \$30,000.	For a contribution totaling \$250 or less from a single source, a matching ratio of one dollar (\$1.00) from the fund for each private dollar raised up to a maximum of \$100,000.
FINANCING FOR FUNDING CAMPAIGN REFORM FUND	The Law and Legislation Committee has voted not to recommend the use of General Fund to finance the public finance program. The committee has directed staff to identify new non-general fund funding for financing the proposed public financing program.	Same

ATTACHMENT II

Detailed Analysis of Potential Public Financing Costs

For determining the maximum potential cost for public campaign financing match from the Fund, staff made the assumption that all of the council candidates were potentially eligible to matched City contributions from the Fund, since staff was unable to determine from the City data whether any of the council candidates had actually raised and deposited to their campaign account the minimum dollar threshold. As such, the estimated amount of matched funding required reflects the City's potential obligation including the possibility of more candidates running for office in these circumstances.

The maximum match from the proposed campaign reform fund for City Council candidates is \$30,000. The maximum match from the proposed campaign reform fund for Mayoral candidates is \$100,000.

Since 1992, there have been 12 elections: Six primary elections, two general elections and four special elections involving candidates.

Over the ten-year period, there were council races that consisted of simply an incumbent running unopposed to a district council race comprising up to six candidates. On mayoral races, the number of candidates per election ranged from six to eleven during the same ten-year period.

There were 79 potential council candidates possibly eligible for matching funds over a ten-year period. Incumbent council candidates who ran unopposed during an election not included in the 79 potential council candidates and were excluded from matching funds calculations.

Staff made the assumption that each of the seventy-nine City Council candidates received a City match from the Campaign Reform Fund at \$30,000 each. This would total \$2.37 million over a ten-year period or approximately **\$474,000 per election**.

Since 2002, the City of Sacramento City Clerk's office has been tracking campaign contribution data. There were 8 candidates running in four district council races during the 2002 primary election. By applying the public match requirements mentioned earlier to the 2002 race, staff calculated only 4 candidates would have qualified for city matching funds. Three of the candidates would have received the full \$30,000 match and one candidate would have received a maximum match of \$20,846 or 69% of the potential city match of \$30,000. The total amount of matching City money under this scenario would have been **\$110,846** for the 2002 Primary election.

In addition, since 50% of the council candidates were candidates able to meet the requirements eligible to receive matching funds, staff extrapolated the percentage to the total possible annual obligation discussed earlier of \$474,000. The amount of city matching funds under this scenario totaled **\$237,000**.

Finally, since 46% of the potential \$240,000 could have been allocated under the previous scenario, staff also applied the 46% to the total potential obligation of \$474,000 to calculate the last condition. This scenario estimated a potential match of **\$218,040 per primary and general Council election.**

There were 27 mayoral candidates over three mayoral elections, or approximately 9 candidates per election. At \$100,000 match, the total potential match for mayoral candidates over the ten-year period could total \$2.7 million or **\$900,000 per mayor election**, averaged over three elections.

Staff analyzed the campaign contribution data available the 2000 mayoral races. There were eleven candidates in the 2000 mayoral race. Five of the candidates did not raise over \$1000 in contributions. The remaining six candidates raised at least \$10,000 and met the proposed campaign match threshold.

Should Council decide to provide a funding match for Mayoral candidates, staff estimates that **approximately \$500,000 would be required per mayoral election.** Staff arrived at this estimate by determining that six of the eleven mayoral candidates in the 2000 race or 55% of the total mayoral candidates raised the minimum required for the proposed city match. Staff then applied this 55% to the maximum \$900,000 to arrive at an estimated cost of \$500,000.



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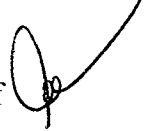
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June 3, 2003

MEMORANDUM

TO: Mayor Fargo and City Council Members

FROM: Aaron Chong, Law and Legislation Committee Staff 

RE: Additional Background Detail for Council Item 10.1B – Public Financing .

Additional detail information was requested regarding City Council Item 10.1B – Public Financing – Financing Component that is scheduled for discussion before the City Council this Thursday, June 5, 2003 at 7pm.

The following information provides additional historical background regarding the City Council's action taken at the April 16, 2002 meeting.

BACKGROUND:

At the April 16, 2002 Council meeting, the City Council directed that this item be brought back after the November 2002 election in order to assess the City's financial situation when considering this issue. In addition, on a 7-2 vote, the Council directed staff to:

- **To request that staff report back to full Council after the budget issue is cleared up with a public financing ordinance that would not require a vote of the public.**
- **Consider appropriating \$200,000 cap per year with trigger mechanism to fund an ordinance.**
- **Outlining options for oversight including the possibility of establishing a committee.**

- **Consider raising the spending limits and the dollar match for the Mayor to reflect the last three or four mayoral races and to insure that it is more in line with what is required.**

This report brings back the estimated cost of public financing and a possible trigger mechanism requested by Council for discussion and further direction. Staff is currently working on the oversight options and the spending limits/dollar match for the Mayoral races.

10.1 B

From: <Barnonhill@aol.com>
Date: 6/5/03 11:03AM
Subject: "We're NOT Sacramento Roadkill" June 5th!

Have had no response to this message. I hope more of you are planning on attending tomorrow night. Jean Riker and I will have your t-shirt available.

HolLynn

----- Original Message -----

From: Hollynn D'Lil

To: HolLynn D'Lil

Sent: Sunday, June 01, 2003 5:04 PM

Subject: Wear Your "We're NOT Sacramento Roadkill" June 5th!

Hello All. Our t-shirts are ready and available to be worn June 5th to attend the meeting with the city re the new ADA Coordinator! It's really important to go to that meeting and wear your t-shirt! It will show them that we are not forgetting and will never forget what they are trying to do to us with the Barden appeal. It will show that we have serious intentions of holding them accountable. It will show that the new ADA Coordinator position had better not be window dressing, but a real position with real power for a highly-qualified individual. It will show that we are organized and cohesive, and a political force to reckon with.

We need to speak with one voice about our demands for this new position, which should have been established under Section 504 of the 1973 Rehabilitation, 30 years ago! What follows are some suggestions for our collective position:

1. The Sacramento ADA Coordinator must have the power to halt city projects until they are brought into compliance with the ADA and California laws and standards that regulate architectural and programmatic accessibility for people with disabilities.
2. The Sacramento ADA Coordinator must report directly to the Mayor and City Manager, and have a salary commensurate with that level of authority.
3. The Sacramento ADA Coordinator must have the following qualification:
 - a. Thorough demonstrated knowledge of the ADA
 - b. Thorough demonstrated knowledge of California laws and standards which protect the rights of people with disabilities to have equal access to city programs, services, and activities.

- c. Thorough demonstrated knowledge of the history of the disability rights movement
 - d. Thorough demonstrated knowledge of the needs of the diverse member groups of the disability population
 - e. Experience in working effectively within a large organization
4. A minimum of 3 members of SSAC and the local CDR chapter must participate in setting the recruitment and selection criteria as well as participate in devising the interview processes for the Sacramento ADA Coordinator.
5. A minimum of 3 members of SSAC and the local CDR chapter must participate and have final decision making authority in the interview and selection process for the Sacramento ADA Coordinator.

Please let me know asap if you are going to attend, and/or if you have any questions/objections about our collective stance on the ADA Coordinator position as described above. We will have t-shirts available for purchase at 6:30 a.m. on Thursday, June 5th at 730 I Street, the new City Hall. The t-shirts cost \$10. (You're really going to want one! They look terrific and mark a moment in our disability history, our long struggle for equality.)

See you TONITE!

----- Headers -----

Return-Path: <hdlil@earthlink.net>

Susan Barnhill, editorial consultant for DREES' website:
<http://www.station504.com>
916 372-4006, fax 372-4044

April 12, 2002

The Honorable Heather Fargo
City Council Members
City Hall
915 I Street
Sacramento, CA 95814

Dear Mayor Fargo and City Council Members:

We are writing to ask that the City Council take action on the long stalled proposal to enact public financing of local elections in Sacramento.

While we appreciate the extensive consideration that Council Members, collectively and individually, have devoted to campaign finance reform in the last three years, this central component has not been resolved and we believe deserves prompt attention.

There has been a long and ongoing demonstration of the public's desire to have public financing enacted in Sacramento. In 1990 Sacramento voted to support public financing with a 63% vote in favor of the advisory Measure W. In November 1999, the Campaign Reform Committee appointed by the city council recommended enactment of public financing. When the Campaign Reform Committee presented their recommendations to the council in May 2000, enactment of public financing was included, and the full council voted 7-2 to support the concept. Recently a KCRA/Sacramento Bee poll showed a strong majority approval for public financing. The poll showed that support for allocating taxpayer funds to candidates running for office cut across every demographic group.

The concept of matching funds for candidates who are viable, have the ability to raise other funds, and will accept voluntary spending limits is now in effect in several cities in California. Since the council began this discussion three years ago, public financing has now been enacted in Oakland, San Francisco and Petaluma. These cities have joined Los Angeles and Long Beach which have had public financing in effect for some time.

The courts have consistently upheld public financing. Public financing allows spending limits to be enforced because candidates voluntarily limit how much they spend on their campaigns in order to receive public funds. Public financing allows for more political speech by a larger and more diverse group of candidates because it provides more opportunity to get political messages out to voters. Public financing broadens the political dialogue and enhances democracy in elections.

We urge the council to move now to adopt public financing of local elections. Please inform us of the status of this proposal.

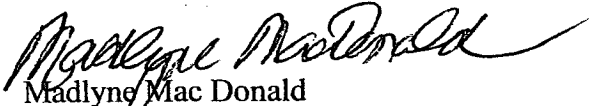
Thank you very much for your consideration.

Sincerely,



Jim Knox
Executive Director
California Common Cause

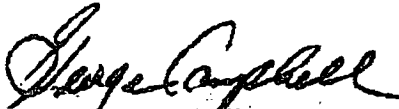
Rachel Watkins
President
Colonial Village Neighborhood Association



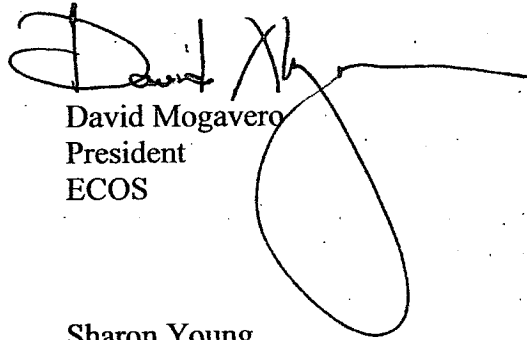
Madlyne Mac Donald
President
League of Women Voters of Sacramento



Bill Powers
Legislative Director
Congress of California Seniors



George Campbell
President
100 Black Men of Sacramento, Inc.

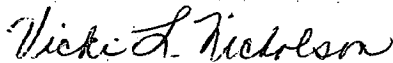


David Mogavero
President
ECOS



Howard Lawrence
President
Area Congregations Together (ACT)

Sharon Young
Chair
Fremont Park Neighborhood Association

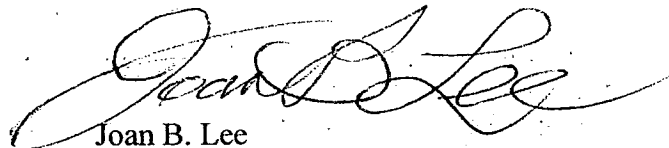


Vicki Nicholson
Public Policy Chair
American Association of University Women

Gil Ramirez
President
Gardenland/Northgate Neighborhood
Association



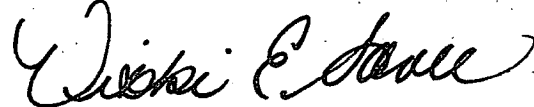
Tom Burruss
President
Avondale Action Committee



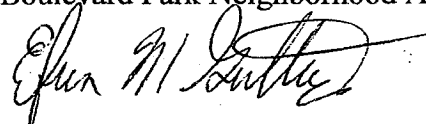
Joan B. Lee
Chair
Gray Panthers of Sacramento



Suzanne Ventura
President
Boulevard Park Neighborhood Association



Vikki E. Savee
Chapter Contact
Greater Sacramento Alliance for Democracy



Efren M. Gutierrez
Chicano Consortium

Bill Maynard
Hagginwood Captain's
Neighborhood Association

Clifford W Cobb

Clifford Cobb
Director
Henry George School of Social Science

Carrie Cornwell

Carrie Cornwell
President
Land Park Neighborhood Association

Rebecca Sandoval

Rebecca Sandoval
President
League of United Latin American Citizens
Lorenzo Patino Council

Tom Sumpter

Tom Sumpter
President
McClatchy Drug Free Zone

Joyce Whittaker
President
Meadowview Neighborhood Association

Rev. Melvin Rogers

Rev. Melvin Rogers
President
Oak Park Drug Free Zone

Lotar A. Lampe
President
Oak Ridge/Christian Brothers Drug Free Zone

Carl Pinkston

Carl Pinkston
President
Peace Action, Sacramento-Yolo Chapter

Betty Kemp
President
Sacramento Area Black Caucus

David R. Shorey

David Shorey
County Council Member
Sacramento County Green Party

Bud Aungst

Bud Aungst
President
Sacramento High Drug Free Zone

Arlene Krause
Executive Director
Sacramento Housing Alliance

Chris Tooker

Chris Tooker
President
Sacramento Open Space

Alta Tura

Alta Tura
President
Sacramento Urban Creeks Council

Alan Wade

Alan Wade
President
Save the American River Association

Vicki Lee

Vicki Lee
President
Sierra Club

Blane Smith-Crowley
President
Sierra-Curtis Neighborhood Association

Michael Boyd

Dick Johnson
President
South Pocket Homeowners Association

Mary Brill

Peter Keat

Bill Magavern
Southside Park Neighborhood Association

Kay Knepprath

Dan Weitzman
President
Tahoe Park Neighborhood Association

Marni Leger

Anne Rudin

Arnie Godmintz
President
Town and Country Democratic Club

Ida Sydnor

Vickey L. Scott
President
Valley Center Neighborhood Association

Mary Tappel

Elaine L. Williams

Earl Withycombe

Charles Zell

Members of City of Sacramento
Campaign Reform Committee

Robert Waste, Chair

Donna W. Chipps

Sam Walton

Brenda Usher
President, Board of Directors
Women's Civic Improvement Club

Ellen Schwartz
Women's International League
for Peace and Freedom