



**MICHAEL N. FEUER**  
CITY ATTORNEY

REPORT NO. R 1 4 - 0 3 3 3

SEP 1 2 2014

**REPORT RE:**

**DRAFT ORDINANCES AMENDING ARTICLE 9.7 OF THE LOS ANGELES  
MUNICIPAL CODE REGARDING CAMPAIGN FINANCE AND TO AMEND THE  
LOS ANGELES ADMINISTRATIVE CODE TO REVISE THE ETHICS COMMISSION  
REGULATIONS REGARDING PUBLIC MATCHING FUNDS**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Honorable Members:

As requested by your Honorable Rules, Elections, Intergovernmental Relations Committee at its August 15, 2014 meeting, this Office has prepared and now transmits for your consideration, approved as to form and legality, a draft Ordinance A amending the Los Angeles Municipal Code making changes to the City's Campaign Finance Ordinance. The draft ordinance was transmitted pursuant to Council Rule 38 to the City Ethics Commission, and their comments have been incorporated, where appropriate.

We additionally include Ordinance B which is the Ethics Commission's proposed companion changes to the Ethics Commission regulations, codified in the Los Angeles Administrative Code, relating to matching funds.

Time Limit for Council Action

Enactment of Ordinance B requires a slightly different Council process than Ordinance A. Pursuant to Charter Section 703, the process for considering Ordinance B requires Council to hold a public hearing and either approve or disapprove these

regulations within 60 days of the Ethics Commission's adoption of the regulations. If not disapproved within that timeframe, the Mayor has 10 days to approve or disapprove the regulations. If not disapproved by the Mayor, the regulations have the force of law.

These regulations were adopted by the Ethics Commission at a special meeting held on August 29, 2014. Accordingly, the 60 day time limit is October 28, 2014.

### Summary of Ordinances

The Ordinance A makes various changes to disclosure requirements, the matching funds program, contract bidder restrictions, contribution and fundraising rules and technical changes to the Municipal Code. The ordinance requires committees to disclose contact information including websites and social media accounts maintained for campaign purposes and also requires disclaimers on social media accounts that used for campaign purposes. The ordinance also clarifies that disclaimers are required on small electronic communications when the full disclaimer would be impractical and must include at a minimum, the committee identification number provided by the Fair Political Practices Commission or the person's name, if not a committee and also requires the full disclaimer when a user interacts with the communication.

The ordinance adds two circumstances in which contributions will be aggregated and considered from a single person so that when a person is prohibited from making a contribution the prohibition will also apply to a business entity in which the person has at least 20 percent interest and a committee for which the person provides twenty percent of the funding and participates in the committee's contribution decision. Also, the ordinance expands debarment for contract bidders violating the Charter or ordinance to include those persons or entities aiding and abetting the violations and also extends debarred to new entities formed by or with the same or similar management, ownership, or principal employees as a debarred person.

As instructed by the Committee, the ordinance does not include several proposed changes by the Ethics Commission including slate mailers, maximum matching funds and rate of match in the matching funds program.

Ordinance B contains proposed changes to the Ethics Commission regulations codified in the Administrative Code. Unlike a regular ordinance, the Council may not amend the regulations, but may only approve or disapprove the ordinance. The proposed changes to the regulations are technical in nature and made to ensure consistency with the changes in the Municipal Code. The changes primarily concern the submittal and processing of matching funds claims as well as return of matching funds.

As Candidate Filing Week will begin in early November for the City's 2015 election, we recommend that action be taken on the ordinance as soon as possible.

If you have any questions regarding this matter, please contact Deputy City Attorney Renee Stadel at (213) 978-7100. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON  
Chief Assistant City Attorney

DM:RS:as  
Transmittal

cc: City of Los Angeles Ethics Commission  
Chief Legislative Analyst, City of Los Angeles