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When making inquiries relative to this
matter, please refer to
Council File No. 22-0560

KAREN R. BASS
MAYOR

March 7, 2023

RE: Council file No. 22-0560

On March 6, 2023, the Ad Hoc Committee on City Governance Reform (Committee) considered a report from the Committee dated February 6, 2023, relative to the City's lobbying law and updates to the Municipal Lobbying Ordinance (MLO).

After an opportunity for public comment was provided, the Chair of the Committee read several recommendations into the record, as summarized below:

1. ADOPT the recommendations in the Report from the City Ethics Commission dated May 5, 2022, and request that the City Attorney prepare and present an Ordinance codifying changes to the MLO, with the following changes:
 - a. Amend proposed Los Angeles Municipal Code (LAMC) Section (§) 48.01(E) to clarify that a "proposed or pending matter of municipal legislation" includes matters without a Council file or official report that are newly raised by lobbying entities or their clients.
 - b. Amend proposed LAMC § 48.03(C) as follows:

“C.” A person performing pursuant to an ~~agency contract~~ a contract with a City agency unless seeking a change in law, regulation, or policy. For purposes of this section, a written response to a written request from an agency, pursuant to an agency contract, directed individually to a contracted party for information, input, or feedback shall not constitute a communication involving a potential change in law, regulation, or policy.
 - c. Amend proposed LAMC § 48.03(E) as follows:

“E.” An organization or employee of an organization that is exempt from federal taxation pursuant to § 501(c)3 or § 501(c)5 of the Internal Revenue Code. ~~when either of the following applies:~~

 - i. These nonprofit organizations, if they pay any employee more than \$5,000 annually on lobbying activities, must instead report quarterly to the City Ethics Commission with the following summarized information:
 - a. The name of the individuals paid more than \$5,000 annually to lobby the City of Los Angeles
 - b. The matter(s) the individual is advocating on behalf of
 - c. The city departments or officials the individual communicated with
 - d. Any associated non-salary costs

ii. "Nonprofit filers" must be provided a cure period if found to be out of compliance for the first time.

iii. "Nonprofit filers" and the organizations' employees are not lobbying entities subject to the lobbying entity restrictions relating to contributions, serving as commissioners, or gifts.

iv. "Nonprofit filers" are subject to the prohibitions (§ 48.04), recordkeeping responsibilities (§ 48.05), filing provisions (§ 48.06), and enforcement (§ 48.12) sections of the MLO except as otherwise provided here.

~~"1." The organization was created primarily to provide food, clothing, shelter, child care, health care, legal services, vocational services, relief, or other similar assistance to disadvantaged people at a significantly below market rate.~~

~~"12." A 501(c)(3) organization is exempt from regulation under the MLO if it had gross receipts of less than \$2 million in the previous tax year.~~

d. Amend the Governmental Ethics Ordinance § 49.5.2 as follows:

"J." "Restricted source" means the following:

"1." For elected City officers, a restricted source is the following:

"a." A person who registers or is required to register as a lobbying entity under Section 48.07. ~~or is a client, as defined in Section 48.02.~~

"2." For all other City officials, a restricted source is the following:

"a." A person who seeks to influence decisions of the City official's agency and registers or is required to register as a lobbying entity under Section 48.07. ~~or is a client, as defined in Section 48.02;~~

e. Amend LAMC § 48.05 to require lobbying records to be maintained for at least five years.

f. Amend LAMC § 48.11 to require lobbyists and nonprofit filers to disclose that they are lobbyists or nonprofit filers and the name of their client or employer whenever they *give public comment or make a presentation on behalf of a client or employer in any meeting subject to the Brown Act* or communicate in writing on behalf of a client or employer with City personnel.

- g. Amend LAMC § 48.12 and the Los Angeles Administrative Code throughout to change the City Ethics Commission's criminal, civil, and administrative statute of limitations from four to five years.
 - h. Add a new requirement that prohibits lobbying entities from delivering or bundling campaign contributions for City candidates and officeholders, modeled after San Francisco's 2016 law.
2. REQUEST the City Ethics Commission to make recommendations regarding whether a fee for the filing of a "nonprofit filer" is appropriate and if so, what the procedure for quantifying it should be.
 3. REQUEST the City Ethics Commission, with assistance of the City Attorney, to report on a broader set of disclosure requirements for any individual or organization, whether or not a registered lobbyist, when that individual or organization is being compensated for making a presentation or offering public comment at any meeting subject to the Brown Act.
 4. REQUEST the City Ethics Commission develop an outreach campaign to nonprofit filers to educate them of their responsibilities under this new regime.
 5. REQUEST the City Attorney, with the assistance of the City Ethics Commission, to make any technical changes or adjustments to the above instructions to effectuate the intent of these instructions.

The Committee continued the item in Committee for consideration at a future meeting.

Respectfully,



Mandy Morales
Legislative Assistant, Ad Hoc Committee on City Governance Reform