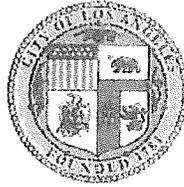


JUNE LAGMAY  
CITY CLERK

CITY OF LOS ANGELES  
CALIFORNIA

OFFICE OF THE  
CITY CLERK  
ELECTION DIVISION

HOLLY L. WOLGOTT  
EXECUTIVE OFFICER



SPACE 300  
555 RAMIREZ STREET  
LOS ANGELES, CA 90012  
(213) 978-0444  
FAX: (213) 978-0376

JACOB WEXLER  
CHIEF OF ELECTIONS

ANTONIO R. VILLARAIGOSA  
MAYOR

September 4, 2012

Honorable Members of the Los Angeles City Council  
c/o Office of the City Clerk  
City Hall, Room 395  
Los Angeles, CA 90012

**SUBJECT: IMPACT OF PROPOSED CHANGES TO THE CITY'S CAMPAIGN  
MATCHING FUND PROGRAM (MUNICIPAL CODE SECTION 49.7.27)**

**Summary**

On August 22, 2012, the City Council discussed a series of proposals to revise the City's Campaign Finance laws. At that meeting, Councilmembers Englander and Cárdenas introduced a motion (C.F. 12-1269) proposing that the rate at which candidates receive matching funds be increased for candidates that qualify for the ballot by submitting 1,000 valid signatures, as compared to candidates that qualify for the ballot by submitting 500 valid signatures and paying a \$300 filing fee.

This Office has reviewed the two draft ordinances that have been prepared by the Office of the City Attorney to implement Council direction regarding the City's Campaign Finance laws and specifically Municipal Code Sections 49.7.27. For this section, Draft Ordinance B provides for immediate implementation, and Draft Ordinance A provides for implementation for the 2015 Municipal Elections. If Municipal Code Section 49.7.27 is implemented for the 2013 Municipal Elections, the proposed Ordinance B would cause both budgetary and operational impacts, described below, that would be difficult for this Office to mitigate in the limited time available.

**Background**

Individuals interested in becoming candidates for City Office must file a petition for nomination with the City Clerk. Pursuant to Section 310(c) of the City's Election Code, candidates may either file a petition with between 500 and 1,000 signatures (with 500 signatures qualifying) and pay a filing fee of \$300, or file a petition with between 1,000 and 2,000 signatures (with 1,000 signatures qualifying) in lieu of paying the fee. To be valid, a signature must be from a voter registered in the City for Citywide candidates, or in the Council District for City Council candidates (Election Code Section 310(h)).

AN EQUAL EMPLOYMENT OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER

The proposed ordinance would allow candidates that qualify for the ballot by filing at least 1,000 valid signatures to receive City matching funds at a rate of two-to-one for the Primary Election, and four-to-one in the General Election. Candidates that qualify by filing at least 500 valid signatures in combination with a \$300 filing fee would receive matching funds in a one-to-one ratio. Candidates could access the accelerated matching fund rate (2 to 1 and 4 to 1) in one of two ways. First, candidates could file at least 1,000 valid signatures on their petition for nomination, and pay no fee. Second, candidates could file at least 500 valid signatures on their petition for nomination in conjunction with the \$300 filing fee and file an additional petition with at least 500 different valid signatures solely for the purpose of qualifying for the accelerated matching funds rate. The \$300 fee would not be returned.

### **Budgetary Impact of the Proposed Ordinance**

Historically, nearly all candidates have chosen to submit 500 valid signatures and pay the \$300 filing fee. Since 2007, there have been 199 nominating petitions filed by candidates for City-administered elections, and only 4 candidates of these 199 (2%), submitted 1,000 valid signatures in lieu of paying the filing fee.

If the new accelerated rate is approved, the ratio is expected to nearly invert, as candidates that intend to receive matching funds would have an incentive to file additional signatures in order to qualify for the accelerated matching fund rate. Based on discussions with the City Ethics Commission, it is assumed that 80 percent of all City candidates in the 2013 Municipal Elections will submit additional signatures in an effort to qualify for the accelerated rate.

The City Clerk is anticipating that there will be approximately 130 candidates filing nominating petitions for City races in 2013. As discussed above under the current system, two percent, or three candidates of the 130 total, would be expected to seek to submit 1,000 valid signatures in lieu of the filing fee. Under the proposed Ordinance B, 80 percent of the 130, or 104 candidates, will be expected to submit 1,000 valid signatures. Thus, 101 more candidates will submit twice as many signatures as was previously anticipated.

The 2012-13 Budget provided \$345,000 for the City Clerk to review and validate candidate nominating petitions. This amount was based on the assumption that most candidates would seek to qualify for the ballot by submitting 500 valid signatures and paying the \$300 filing fee. The \$345,000 primarily pays for temporary employees who are hired during the statutory 35-day petition filing period (City Election Code, Section 310(g)). The cost of reviewing petitions is driven entirely by the number of signatures that have to be reviewed. There are no economies of scale gained from reviewing more signatures. Therefore, a petition with twice as many signatures to verify will take twice as long to process and cost twice as much.

The total estimated additional cost of reviewing twice as many signatures for 101 City candidates is approximately \$218,000. This is based on the budgeted cost of verifying 160<sup>1</sup> 500-signature petitions for \$345,000 (\$2,156.25 per petition). Since the cost of verifying a 1,000-signature petition will be twice that of a 500-signature petition, the additional cost for each of the 101 1,000-signature petitions will be \$2,156.25, or a total unbudgeted additional cost of \$218,000.

### **Operational Impact of Proposed Ordinance B**

In addition to the funding shortfall that would result from implementing proposed Ordinance B in 2013, this Office has concerns relative to serious operational impacts. The City Clerk will take every possible step to mitigate these impacts, but given the anticipated scale of the 2013 elections, these impacts increase the risk to the integrity of the election. Specific operational impacts are as follows:

- Twice the amount of signatures to check but not twice the legal time to do so. For the March 5, 2013 Primary, the time allotted to the City Clerk to check nominating petitions is November 10 to December 15, 2012, pursuant to the City's Election Code. That period of time cannot be extended without changing the Election Code by ordinance, and the window of opportunity to do so has closed since the Charter requires all Election Code changes to be adopted six months in advance of a pending election.
- Managing a Larger Petition Review Staff. In order to review the additional petitions in the statutory timeframe, and given space and workstation limitations, the City Clerk would have no recourse but to run double shifts during the review period. This would pose supervisory problems and increase the potential for error since our permanent supervisory staff is limited in number but would be forced to oversee additional shifts. In addition, during the petition review period, the County provides support for their voter registration database. The County does not typically provide support for extended hours and their unavailability during those times could cause a bottleneck.
- Candidate Confusion. As drafted, the ordinance would permit candidates to either file one petition containing 1,000 signatures or two separate petitions - one petition (500 signatures) to qualify as a candidate, and a second petition (additional 500 signatures) to qualify for accelerated matching funds. The same information would be required from signers on both petitions, but circulators and candidates would have to fully understand and keep separate the two petitions and understand that only the signatures on the nominating petition would be used to qualify them for the ballot.

---

<sup>1</sup> The total number of candidates submitting petitions is estimated at 160, which includes 130 City candidates and 30 candidates for the Los Angeles Unified School District and the Los Angeles Community College District Boards.

- Systems Functionality. The system used to manage petition verification is currently designed to track valid signatures and to catch duplicate signatures for one petition. As discussed, the proposed ordinance would permit candidates to opt to submit two separate petitions. We could not use the same system to track and catch duplicates on two separate petitions. The Clerk will have to use a new, as yet untested, method to do so.

#### **Conclusion**

Due to the serious budgetary and operational impacts of implementing Municipal Code Section 49.7.27, it is recommended that if the City Council chooses to approve this proposal in concept, that implementation be postponed to the 2015 Election as provided for in the City Attorney's Draft A proposal. The additional time will provide the Election Division with the opportunity to include costs associated with the proposal in the Budget, to adjust the Election Code if necessary, and to develop, test, evaluate, and refine implementation procedures.

#### **Recommendation**

Relative to Municipal Code Section 49.7.27, that the Council APPROVE City Attorney Draft Ordinance A granting matching funds at an accelerated rate for those candidates that submit at least 1,000 valid signatures on their nominating petition operational for the 2015 Municipal Elections.

#### **Fiscal Impact Statement**

Approval of the recommendation to defer implementation of the proposed ordinance will have no impact on the 2012-13 Budget. However, if the ordinance is implemented now, the cost to implement in 2012-13 is estimated to be \$218,000. Funding for this purpose has not been included in the 2012-13 Budget but will be included in future proposed budgets if adopted for future implementation.

If you have any questions regarding these proposed amendments, please contact me directly at (213) 978-1020.

Sincerely,



June Lagmay  
City Clerk

JL/HW:arnm  
EXE-035-12