

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2005 JAN 20 PM 7:52

To: Oakland City Council
From: Executive Director, Public Ethics Commission
Date: February 1, 2005

Re: A REPORT AND RESOLUTION AUTHORIZING AND REALLOCATING UP TO \$50,000 TO FUND THE LIMITED PUBLIC FINANCING MATCHING PROGRAM FOR THE DISTRICT 2 SPECIAL ELECTION

SUMMARY

At its meeting of January 18, 2005, the City Council requested a report regarding the application of the Limited Public Financing Act ("Act") to the special election scheduled for May 17, 2005, to fill the District 2 City Council seat. This report provides analysis of the potential fiscal impacts of providing matching funds for eligible candidates and, consistent with the position of the Public Ethics Commission ("Commission"), recommends that the Council reallocate funds for the program. The identified funding source would be the Public Support Contingency account. The recommended amount is \$50,000.

The Oakland City Council adopted the Limited Public Financing Act in 1999. The Act provides matching campaign funds to qualified candidates for city and school board offices. The Commission oversees and administers the matching fund program.

Since its inception, the program has been implemented in the April, 2001 special election in District 6, in both the March and November, 2002 city-wide elections, but was temporarily suspended for the 2004 election cycle. The temporary suspension of the Act expired after the November 2004 general election. Thus, under the Act's current provisions, eligible candidates could demand financing for their campaigns.

FISCAL IMPACT

Under the existing ordinance, the City is required to appropriate into a special fund an amount of money sufficient to fund all candidates eligible to receive public matching funds for the District 2 special election. The Act contains no formula that specifies how much the City must allocate for any given election or budgetary cycle.

The current ordinance limits the total amount of public funds allocated to each candidate to 15 percent of the voluntary expenditure ceiling per election for the office being sought.

Item: _____
ORA/Council
2/1/05

The voluntary "expenditure ceiling" is established under the Oakland Campaign Reform Act (OCRA) and must be updated each year by the City Clerk to reflect changes in the cost of living. The 2004 expenditure ceiling for District 2 candidates is \$95,000.00. Based on this voluntary expenditure ceiling, possible funding scenarios for the upcoming special election are shown in the chart below. **The Ethics Commission recommends that \$50,000 be allocated to fund the District 2 special election in May of 2005.**

May 17, 2005 Special Election	Maximum Public Matching Funds Available (15%)	1 Candidate at 100% and 1 at 50%	2 Candidates at 100%	2 Candidates at 100% & 1 Candidate at 50%	3 Candidates at 100%	4 Candidates at 100%
CC Dist 2	\$14,250.00	\$21,375.00	\$28,500.00	\$35,625.00	\$42,750.00	\$57,000.00

Since the Council temporarily suspended the Limited Public Financing Program as part of the FY 2003-05 budget adoption, no funding was set aside for this program for the last and current fiscal years (i.e., FY 2003-04 and FY 2004-05). Therefore, an alternative source of funding must be identified to fund the recommended \$50,000 allocation. **It is staff's recommendation that the Public Support Contingency set-aside, funded at \$100,000 per year and included in the Non-Departmental budget within the General Purpose Fund – be used to provide the \$50,000 funding.** This account is reserved to fund unanticipated items at the Council's discretion.

BACKGROUND

The Act provides that the City match the first \$100 of specified campaign contributions received between eighty-eight (88) days before the close of the nomination period and the day of the election. Candidates must receive contributions totaling at least five percent of their voluntary campaign expenditure limit in order to qualify for the program. The maximum a candidate can receive is 15 percent of Oakland's voluntary expenditure ceiling for the office being sought.

The matching fund program was first implemented in the April, 2001, special election in District 6 and in the City-wide elections of both March and November, 2002. In June, 2003, the City Council adopted an ordinance suspending the matching fund program during the 2004 election cycle. If the Council chooses not to provide matching funds for the District 2 special election, an ordinance will be prepared to continue the suspension of the program.

The pertinent provisions of the Act are as follows:

Item: _____
ORA/Council
2/1/05

Section 3.13.050 establishes an account known as the "Election Campaign Fund." Section 3.13.060 states: "The Oakland City Council shall appropriate to the Election Campaign Fund, under the City's current two year budget cycle, an amount sufficient to fund all candidates for city office eligible to receive limited matching funds from the Election Campaign Fund. . .The amount of funds to be allocated to the election Campaign Fund shall be based on a consideration of anticipated campaign activity, anticipated administrative costs, and existing unspent funds within the account. The amount of funds to be allocated to the Election Campaign Fund shall not exceed \$460,000 for any two-year budget cycle. . ." Section 3.13.110(b) states: "The total amount of public funds allocated to each candidate shall not exceed 15 percent of the voluntary expenditure ceiling per election for the office being sought.

KEY ISSUES AND IMPACTS

The key issue, given the current budget shortfalls, is whether to fund the matching fund program for the upcoming special election in District 2, and if so, at what level. During the special election held in District 6 in April, 2001, there were four candidates on the ballot. Three of the four applied for and received public matching funds. Two candidates received very close to the maximum \$13,500 available to candidates in that election, and the third qualified for approximately 50 percent of the maximum amount. Applying that same scenario of two fully funded and one half-funded candidates to the upcoming District 2 special election, the cost for the matching fund program would total approximately \$35,625. Other possible scenarios are shown in the chart above. The actual funds needed to implement the program will depend largely on the number of viable candidates, the shortened campaign fundraising period prior to the election, and the effect that the Act may have in encouraging people to run for office who might not otherwise choose to do so.

If more candidates qualify than anticipated, the Commission will be required to allocate the total amount of public matching funds on a pro rata or other equitable basis. If fewer candidates qualify than anticipated, any remaining funds would remain in the Election Campaign Fund as required under the Act for use in future elections or for additional costs in administering and auditing the program.

SUSTAINABLE OPPORTUNITIES

Not applicable.

DISABILITY AND SENIOR CITIZEN ACCESS

Not applicable.

Item: _____
ORA/Council
2/1/05

RECOMMENDATION AND ACTION REQUESTED

The Oakland Public Ethics Commission recommends that the City Council adopt the proposed resolution and reallocate up to \$50,000 for the limited public financing matching program for the District 2 special election to be held on May 17, 2005. It is staff's recommendation that the Public Support Contingency set-aside, funded at \$100,000 per year and included in the Non-Departmental budget within the General Purpose Fund – be used as a funding source.

Respectfully submitted,



Daniel D. Purnell, Executive Director
Public Ethics Commission

FORWARDED TO THE OAKLAND CITY COUNCIL


OFFICE OF THE CITY ADMINISTRATOR

Item: _____
ORA/Council
2/1/05

A. Powell
FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S. 2005 JAN 20 PM 7:52

RESOLUTION AUTHORIZING AND REALLOCATING UP TO \$50,000 TO FUND THE LIMITED PUBLIC FINANCING MATCHING PROGRAM FOR THE DISTRICT 2 SPECIAL ELECTION

WHEREAS, the Oakland City Council adopted the Limited Public Financing Act of the City of Oakland (the "Act") on December 14, 1999, and which Act took effect on January 1, 2001, and

WHEREAS, Section 3.13.050 of the Act establishes the "Election Campaign Fund" within the City of Oakland; and,

WHEREAS, Section 3.13.060(a) of the Act provides that the Oakland City Council shall appropriate to the Election Campaign Fund, under the City's current two year budget cycle, an "amount sufficient to fund all candidates" for city office eligible to receive limited matching funds from the Election Campaign Fund; and,

WHEREAS, Section 3.13.060(b) of the Act provides that the amount of funds to be allocated to the Election Campaign Fund "shall be based on a consideration of anticipated campaign activity, anticipated administrative costs, and existing unspent funds within the account;" and,

WHEREAS, on February 1, 2005, the Oakland City Council directed the preparation of a resolution authorizing the use of limited public matching funds for the District Two special election in May 2005; and,

WHEREAS, since the Council temporarily suspended the Limited Public Financing Program as part of the FY 2003-05 budget adoption, no funding was set aside for this program for FY 2003-04 nor FY 2004-05, and an alternative source of funding must be used to fund the Program during the May 2005 special election; now, therefore be it

RESOLVED: that the sum of \$50,000 be reallocated from the Public Support Contingency account within the Non-Departmental budget in the General Purpose Fund

to the Election Campaign project to provide limited public matching funds pursuant to the Act in the District Two Special Election.

IN COUNCIL, OAKLAND, CALIFORNIA

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, AND
 PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
 LATONDA SIMMONS
 Interim City Clerk and Clerk of the
 Council of the City of Oakland,
 California