



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Estimated Cost of Democracy Dollars
Ballot Measure-Supplemental

DATE: July 7, 2022

City Administrator Approval

Date: Jul 7, 2022

RECOMMENDATION

Resolution On The City Council's Own Motion Submitting To The Voters At The November 8, 2022, General Municipal Election A Measure That Would Establish Public Financing For Elections Of City And School Board Officials, Increase Transparency Regarding Independent Spending On City Elections, And Further Restrict The Ability Of Former City Officials And Directors To Act As Lobbyists By: (1) Repealing The Limited Public Financing Act And Adopting The Fair Elections Act To Enable Resident Allocation Of Public Financing For Elective Office Campaigns; (2) Amending The Campaign Reform Act And Lobbyist Registration Act; And 3) Amending Section 603 Of The Charter Of The City Of Oakland To Fund Public Ethics Commission Staff To Implement The Fair Elections Act; And Directing The City Clerk To Fix The Date For Submission Of Arguments And Provide For Notice And Publication, And Take Any And All Actions Necessary Under Law To Prepare For And Conduct The November 8, 2022, General Municipal Election.

REASON FOR SUPPLEMENTAL REPORT

At the July 5, 2022 Special City Council Meeting, staff was asked to provide an estimate of the cost to implement the Democracy Dollars Program a component of the proposed Public Financing Ballot Measure. This report is in response to that request.

ANALYSIS AND POLICY ALTERNATIVES

The following analysis is the current best estimate of costs of the proposed measure. Administration staff first became aware of this proposal when the Rules Request was submitted a few weeks ago, and only saw the text of the proposal when it was made public at the end of June. Staff has therefore had very little time to review in any level of significant detail. This analysis reflects staff's best understanding of the proposed changes. More accurate costing will require additional information and time not currently available.

Programmatic Staffing & Operations Needs

The Ballot Measure adds a staff of four to the Public Ethics commission in order to accomplish the programmatic elements of the democracy dollars program. While specific job classifications have not been identified, and indeed new classifications may need to be created, we estimate

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the cost of these positions and associated Internal Service, Supply and Material costs to be roughly \$1.0 million.

The program may also impose additional operating burdens on payment processing due to the need for rapid payment of campaign expenses for qualified candidates, and verification of the eligibility of those expenses. We estimate that another two positions and associated O&M may be needed to ensure timely processing of reimbursements during election season. We estimate those costs at \$400,000 annually.

Program Costs (Democracy Dollar Reimbursement Costs)

The cost of the Democracy dollars program will be limited by the number of qualifying candidates as reimbursements are capped due expenditure limits on qualifying campaigns. Staff estimates that such costs will range from \$8.0 to \$10.0 million per Four Year cycle. This requires an annual budget of between \$2.0 and \$2.5 million, with leftover funds carried forward to the next election cycle.

Technology Needs

There are substantial technology costs likely associated with this program if it is to run in a modern seamless fashion. Currently we estimate:

Onetime costs for Software acquisition, customization, configuration, and integration into the Oracle financial system of \$2.0 million and ongoing costs of \$1.0 million for annual subscription, vendor and ITD support.

Total Costs

Staff estimate that the program will have a total ongoing cost of between \$4.4M and \$4.9M. With an additional \$2.0 million in one-time startup costs. See the estimated fiscal impact by Fiscal Year (FY) in the **Table 1** below (assumes higher program cost estimate and the carryforward of Funds).

Table 1

Items (in \$millions)	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Staffing & Operations Costs	\$1.4	\$1.4	\$1.4	\$1.4
Program Costs (Democracy Dollars)	\$2.5	\$2.5	\$2.5	\$2.5
Technology Costs	\$3.0	\$1.0	\$1.0	\$1.0
Total	\$6.9	\$4.9	\$4.9	\$4.9

PUBLIC OUTREACH / INTEREST

No outreach was conducted.

COORDINATION

This report was prepared in coordination with the Information Technology Department.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed business tax ballot measure would generate an estimated \$20.9 million annually beginning in FY 2022-23

Environmental: There are no environmental opportunities associated with this project.

Race and Equity: The race and equity analysis has not been conducted and is unknown.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that City Council accepts this supplemental report.

For questions regarding this report, please contact Bradley Johnson, Budget Administrator, (510) 207- 5730.

Respectfully submitted,



ERIN ROSEMAN
Director of Finance
Finance Department

