

CITY OF PASADENA

MEMORANDUM

To: Task Force on Good Government

From: Michele Beal Bagneris, City Attorney
Theresa E. Fuentes, Deputy City Attorney

MAB
TS

Date: February 9, 2006

Re: Preliminary Analysis of Proposed Amendments to TPA

The City Attorney's Office of the City of Pasadena is of the opinion that the currently proposed amendments to the Taxpayer Protection Amendment (Article XVII of the City Charter, "TPA") do not adequately address the following legal and practical infirmities.

BRIEF STATEMENT OF LEGAL INFIRMITIES

- 1. Campaign Contributions: The TPA remains overly broad in banning all campaign contributions to candidates for City office, and in banning entire categories of persons from the political process.**

The Task Force has proposed amending the TPA to narrow its ban on campaign contributions to apply only to those running for City office, and the City Attorney's Office believes this is a good first step. However, the TPA remains constitutionally suspect because of its wholesale foreclosure of allowing individuals and entities who receive "public benefits" from participating in the local political process through campaign contributions. Outright bans on contributions have been accepted by courts in extremely narrow situations, none of which are applicable here.

In addition, the TPA remains constitutionally questionable because it prohibits City public officials who vote to confer a "public benefit" from accepting campaign contributions from the recipient of the "public benefit."

- 2. Future Employment: The TPA still arbitrarily forecloses rights to pursue lawful employment.**

The TPA remains legally troublesome for its continued ban on appointed officials and City employees from seeking lawful employment from recipients of public benefits for up to five years. While justification has been presented to the Task Force to supposedly support such a ban for elected officials (i.e., election cycles), no justification for a ban of that length for appointed officials or City employees has been presented. Courts sustain limitations on opportunity for employment very carefully, since limitations on future employment impede achievement of economic security, which courts have held is essential for the pursuit of life, liberty and happiness. More narrowly drawn state regulations in the Political Reform Act already address the concerns of the TPA. The TPA's ban comes without supporting evidence of corruption.

OTHER ISSUES

1. Tracking of bids on contracts.

The proposed expansion of the TPA to apply to all bidders on contracts will require further expenditure of taxpayer resources. The City will have to come up with a separate tracking list, train staff to understand the new prohibition, and dedicate staff time to maintaining the list.

This office has mentioned to the Center for Governmental Studies its concern that an outright ban on campaign contribution is constitutionally suspect. Thus, expanding this ban could contribute to the TPA's constitutional infirmities, instead of limiting them.

2. Tracking nonprofits.

Even though the proposed amendments delete application of the TPA to trustees, directors, partners or officers of certain nonprofits, the proposed amendments would require continued tracking of these persons by the City for disclosure purposes only. To hopefully avoid confusion, the City will necessarily have to devise a separate list for this disclosure, which will require additional expenditures of taxpayer resources.

Even with separate lists, there may be confusion as to whether the TPA applies to the listed persons, and those persons may decide not to make campaign contributions for fear of at least being perceived as violating the TPA, or somehow otherwise acting improperly, thus chilling the exercise of their free speech rights. Finally, as written, the language proposing this tracking is very confusing.

3. Campaign Contribution Limits

While it is lawful for the City to impose campaign contributions, it is our understanding that this issue is beyond the scope of direction given to the Task Force by the City Council. We believe the Task Force was created to address the legal infirmities already in existence in the TPA, and not to get to the question of whether there should be campaign contribution limits within the City.

4. Enforcement by District Attorney

It is not clear that the District Attorney has the authority to take civil action, or that the City can delegate such authority to the District Attorney. We further question whether the City can mandate that any other public entity take criminal misdemeanor or civil enforcement action under our Charter. It may be the case that the City could request, and pursuant to contract pay for, outside enforcement by another governmental entity such as the County or State, subject to relevant state laws.

SUGGESTED LANGUAGE CLARIFICATIONS


1. Strike the word "clerk" from sections 1703(a)(9) and 1706.5(d).
2. In section 1703(b)(2) – add a comma between (3) and (4); add a comma before the phrase "and (6)"; delete the last sentence because it confuses the issue of whether the

- TPA applies to trustees, directors or officers of nonprofits, or, if the sentence is to be retained, add the word “only” between “disclosure under”.
3. As written, the phrase “unless there is reason to believe” in Section 1703(a)(8) could be unconstitutionally vague. Replace with a more concrete and specific standard, or end the sentence at “less than \$5,000.”
 4. Delete the phrase proposed to be added, or rewrite the added section to 1704(b) to read:
... jurisdiction of the City. Section 1704(a) shall apply to agencies outside the City on which a City public official sits only if the outside agency voluntarily provides to the City the information called for in Section 1703 for those public benefits granted by the outside agency.
 5. Rewrite Section 1704(c) to read:
No person who bids on a contract with the City, or enters into a lease agreement or land sales agreement with the City, with a value in excess of \$25,000, which requires approval by the City Council, shall make any campaign contribution to any member of or candidate for the City Council, or committee controlled by the member or candidate, from the time the Request for Proposal or other bid process has been issued or from the time negotiations commence, until the negotiations have terminated. Once negotiations have terminated, this Article continues to apply to the public benefit recipient. This section does not apply to low bid contracts as defined by Section 1002 of the City Charter.
 6. Delete Section 1706.5 or, if retained add a preamble to Section 1706.5 which reads:
The following campaign contribution limits are in addition to the restrictions set forth in Section 1704 above.
 7. If retained, rewrite parts of Section 1706.5 to read:
 - (a) City district races: No person may make, and no person may accept, a campaign contribution of more than one thousand dollars (\$1,000) per election.
 - (b) Mayoral race: No person may make, and no person may accept, a campaign contribution of more than two thousand dollars (\$2,000) per election.
 8. Reconsider who should be the enforcement authority in Section 1707.

CITY OF PASADENA

MEMORANDUM

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From: Michele Beal Bagneris, City Attorney
Theresa E. Fuentes, Deputy City Attorney 

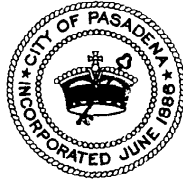
Date: February 14, 2006

Re: Potential Exclusion of Nonprofits from TPA
(revised from January 25, 2006 version, to exclude citations to 26 U.S.C. § 501(c))

The Task Force asked for a list of nonprofit organizations that had received a qualified public benefit from the City and are currently being tracked on the City's TPA lists. The City does not require a public beneficiary recipient to identify whether it is a nonprofit organization, and thus cannot identify with certainty all of the nonprofits on its lists. Nonetheless, the City can identify entities which are or appear to be nonprofits and which are currently being tracked for purposes of the TPA. The City provides this incomplete list as an information item only.

1. American Red Cross
2. California Institute of Technology
3. Fuller Seminary
4. Art Center College of Design
5. St. Philip the Apostle Church and School
6. Heritage Housing Partners
7. Union Station Foundation
8. Ecumenical Council of Pasadena Area Churches
9. Huntington Hospital
10. Community Development Block Grant Recipients:
 - a. Center for Community and Family Services, Inc.
 - b. Pasadena Development Corporation
 - c. Pasadena Enterprise Center
 - d. Ecumenical Council of Pasadena Area Churches
 - e. Housing Rights Center

- f. Institute of Popular Education (Instituto de Educacion popular del sur de California (IDEPSCA))
- g. Institute for Urban Research and Development
- h. Pasadena Neighborhood Housing Services, Inc.
- i. Center for Aging Resources
- j. Community Health Alliance of Pasadena
- k. El Centro de Accion Social, Inc.
- l. Journey House, Inc.
- m. Mother's Club Community Center, Inc.
- n. Pasadena Mental Health Association
- o. URDC Human Services corporation
- p. YWCA Pasadena-Foothill Valley
- q. Union Station Foundation
- r. Armenian Relief Society
- s. Child Care Information Services
- t. Pasadena Senior Center
- u. The Sycamores



OFFICE OF THE CITY ATTORNEY

MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Michele Beal Bagneris, City Attorney *MBB*
Theresa E. Fuentes, Deputy City Attorney

Date: February 23, 2006

Re: Task Force on Good Government's Final Recommendations

On February 21, 2006, the Task Force on Good Government finalized its recommendations to the City Council regarding proposed changes to the Taxpayer Protection Amendment (Article XVII of the City Charter, "TPA"). The City Attorney's Office attended each Task Force meeting.

The City Attorney's Office submitted various documents to the Task Force for its consideration, and the Task Force has appended those to its separate report to the Council in the February 27, 2006 agenda packet. The City Attorney's Office wishes to draw the Council's attention to its memorandum dated February 9, 2006, attached hereto and titled "Preliminary Analysis of Proposed Amendments to TPA," in which we address the Task Force's proposed changes. Their final recommendation incorporated many of our suggested language changes, however many of the other issues continue to concern us.

Two additional points warrant consideration by the Council. First, if amendments are placed on the ballot, the Council should propose adding a section to the TPA that provides clear authority for the adoption of guidelines for implementation of the TPA. The TPA does not address this issue. We believe that authority to do so is implicit in the TPA. On that basis, in August of 2005 the City Attorney's Office drafted, and Council adopted, guidelines for implementation of the TPA. The Task Force agreed that the authority to adopt guidelines was implicit, and did not warrant further consideration in its deliberations. Nonetheless, since the TPA does not expressly provide such authority, it should be added to any proposed ballot measure. We suggest the following:

Section 1707(e): The City may adopt guidelines for implementation of the TPA that are consistent with the findings and declarations set forth in Section 1702.

2/27/2006
7.C.1.

Second, we are concerned that the new restriction proposed by the Task Force to ban campaign contributions from those who are negotiating contracts with the City adds to the potential constitutional infirmities of the TPA. (*See* the Task Force's proposed changes at Section 1704(c).) The Task Force consultant advised that he believed this would be constitutional, however we are concerned about the constitutionality since the case law is not clear on this point. We recommend deleting the proposed Section 1704(c).

Enclosure

cc: Cynthia J. Kurtz, City Manager
Jane L. Rodriguez, City Clerk

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**THE LEAGUE
OF WOMEN VOTERS®
PASADENA AREA**

1353 North Hill Avenue
Pasadena CA 91104
TEL 626-798-0965

FAX 626-798-0966
E-MAIL office@lwvpasadenaarea.org
www.lwvpasadenaarea.org

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CITY CLERK
CITY OF PASADENA

23 March 2006

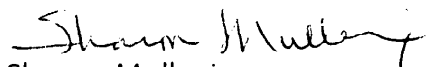
Mayor and City Council
City of Pasadena
117 East Colorado Blvd.
Pasadena, CA 91105

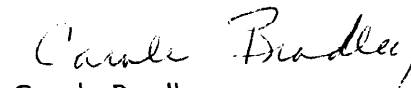
The League of Women Voters of the Pasadena Area commends the efforts of the Task Force on Good Government and its chairperson, John Van de Kamp, in working to address how to improve the Taxpayer Protection Act. One of the League's directors, Shirley Spencer, has observed the task force in action and wrote the enclosed personal opinion article about it which also appears in the League's April "Voter" which you all should have received.

The League has a long history of working for campaign finance improvements to ensure the public's right to know, combat corruption and undue influence, enable candidates to compete more equitably for public office and to promote citizen participation in the political process.

We look forward to seeing what becomes of the task force recommendations to the city council.

Sincerely,


Sharon Mullenix
President


Carole Bradley
Action Vice President

Enclosure

Copies to: C. Kurtz, City Manager
J. Rodriguez, City Clerk

OPINION

THE UNTOLD STORY OF PASADENA'S 'GOOD GOVERNMENT'

by Shirley Spencer

Given the national exposure of a culture of corruption in government, and Pasadena voters' enthusiasm for anti-corruption Measure B five years ago, it seemed politically correct and a demonstration of leadership for the Pasadena City Council to create a Task Force on Good Government six months ago. But then reality crept in.

On February 27, former California Attorney General and Task Force Chair **John Van de Kamp** reported the task force's recommendations to the Council. When he proposed strengthening, not softening the measure (now known as the Taxpayer Protection Amendment—TPA), it appeared to come as a distinct and unwelcome surprise—with one notable exception.

Carmen Balber of the **Foundation for the Protection of Taxpayers and Consumers**, the group that had put Measure B on the ballot originally, publicly endorsed the task force's recommendations. After nearly two hours of discussion, the city council decided that, no matter how flawed the TPA may be, the recommendations were too much, too soon, and put off a decision to submit a revised version to the voters.

The council members are going to continue to review the recommendations and, and apparently hope for some outside force to step up and challenge the TPA. Then, if they can find a court that will rule it unconstitutional, they can go back to life "as they knew it" before the TPA became a part of their political reality.

The city council cannot change the TPA without going to the voters. Since putting a local measure on the ballot during state elections (June or November 2006) costs \$122,000, compared with \$10,000 when there are city of Pasadena elections (March 2007), the council may opt to wait a year.

In the meantime, the TPA remains on the books, affecting the future careers of not

The Taxpayer Protection Amendment (TPA) was approved by Pasadena voters in March 2001 by a 60-percent margin, and was finally enacted in May 2005 after considerable legal wrangling and hundreds of thousands of dollars were spent on legal fees..

One of the country's toughest conflict-of-interest laws, the TPA bars public officials from accepting campaign contributions, gifts or a job from any entity to which they award a public benefit such as a city contract, a lucrative franchise or property.

only elected officials, but also senior city managers and members of commissions, such as planning commissioners who make decisions conferring public benefits valued at more than \$25,000, e.g., land-use variances, special use permits, or other exceptions to a pre-existing master plan or land use ordinance. Data on such "benefits" is being compiled and made available to interested parties by the City Clerk's office. For details, see agenda item for 2/27/06 on the City of Pasadena's website: <http://www.cityofpasadena.net/councilagendas>

The Non-profits Quandary

The TPA affects not only private, profit-making firms, but also non-profit entities. Directors and officers of any entity that has received a public benefit voted on by the city council are prohibited from making campaign contributions to the council member(s) who voted in favor of its receiving the benefit.

Restrictions on non-profits are especially significant in this "volunteer" city. Citizens prominent in civic life are often major contributors to city officials' campaigns. Council and other incumbents

therefore may have to either self-fund their campaigns or reach beyond the politically active citizens whose groups may have benefited from council decisions the year before an election.

Since there are no restrictions on contributions to challengers' campaigns, incumbents may be at a disadvantage during the next campaign cycle (as in 2007) when city council members seek contributions for their re-election bids. This lack of parity would have a significant impact on the mayoral race in March 2007.

The Task Force on Good Government recommended eliminating the restrictions on campaign contributions with respect to non-profits, but until the council takes the next step, they remain in effect.

The unsung hero

John Van de Kamp was the unsung hero of the reform effort. Under his leadership, the task force came to see the value of the anti-corruption measure and wanted to strengthen rather than destroy it.

Some council members appeared before the task force with a strong sense of entitlement and objections to "outsiders" coming to Pasadena to put the conflict-of-interest measure on the ballot. Van de Kamp repeatedly and politely reminded them that 60 percent of the voters approved the measure.

John Van de Kamp has been one very underestimated man (perhaps only by me and some of the council). I have enormous respect for him, his integrity, and his political astuteness in dealing with this issue.

Yes, political life has changed in Pasadena. Perhaps the council should have named it the task force **FOR** good government. Now it remains to be seen what action the council takes on suggested revisions to the Taxpayer Protection Act.

Shirley Spencer served as a League monitor of the Pasadena Task Force on Good Government.

Rodriguez, Jane

From: Robert Stern [rstern@cgs.org]
Sent: Monday, April 03, 2006 10:35 AM
To: Rodriguez, Jane
Cc: 'John Van de Kamp'
Subject: FW: Volunteer personal services

John Van de Kamp asked that I send you a memo that I sent him after last month's city council meeting on the TPA.

Bob Stern

Robert M. Stern
President

~~~~~  
Center for Governmental Studies  
10951 Pico Blvd., Ste. 120  
Los Angeles, CA 90064  
Phone: (310) 470-6590 ext. 117  
Cell: (310) 806-2934  
Fax: (310) 475-3752  
Website: www.cgs.org  
Email: rstern@cgs.org

-----Original Message-----

From: Robert Stern [mailto:rstern@cgs.org]  
Sent: Tuesday, March 07, 2006 9:59 AM  
To: John Van de Kamp (jvandekamp@deweyballantine.com)  
Cc: 'Steve Levin'  
Subject: Volunteer personal services

John

I talked to Steve and he indicated that he may have been incorrect in interpreting the Political Reform Act. Govt. Code Section 82015 (g) expressly excludes "volunteer personal services" from the definition of contribution. Thus, an accountant who volunteers to prepare campaign statements, a person who walks precincts, or a lawyer who provides campaign advice are not making campaign contributions. However, if the accountant pays her bookkeeper to prepare the statements, or the lawyer pays an associate to provide the advice, or a labor union pays its employees to walk precincts, these would be contributions. A hard question: what if a photographer takes pictures of a candidate? The film and supplies would be contributions but the sessions would not be. In such a case, the candidate should pay the small amount for the film and supplies if the candidate does not want to receive a contribution.

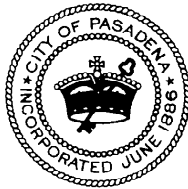
I hope this clarifies the law on volunteer personal services.

Bob Stern

Robert M. Stern  
President

~~~~~  
Center for Governmental Studies
10951 Pico Blvd., Ste. 120
Los Angeles, CA 90064
Phone: (310) 470-6590 ext. 117
Cell: (310) 806-2934
Fax: (310) 475-3752

04/10/2006
4.A.



OFFICE OF THE CITY CLERK

APRIL 10, 2006

TO: CITY COUNCIL
FROM: CITY CLERK
SUBJECT: FINAL RECOMMENDATIONS OF THE TASK FORCE ON GOOD GOVERNMENT

On February 27, 2006, the Task Force on Good Government presented its final recommendations to the City Council. After some discussion, there was a general consensus of the City Council to calendar the item for further Council discussion in the near future. An excerpt of the February 27th Council minutes is attached pertaining to the subject item.

In the event Council determines to place a measure on a future ballot, the following information is provided pertaining to election options, costs and timing.

Stand-alone special municipal election

Section 1206 of the City Charter provides that the City Council may call a special municipal election by ordinance or resolution. Election Code Section 9255(a)(2) also provides that the legislative body may propose a Charter amendment on its own motion. Council may determine the special election date, provided the election is held on a Tuesday and the election is not held on the day before, the day of, or the day after a state holiday. Formal resolutions calling such an election would need to be adopted at least 88 days prior to the election date.

As a good rule of thumb, staff should be directed at least four months in advance of the targeted election date to prepare the formal resolutions calling the election, which would include the proposed ballot language and text of the measure. This would allow time for City Council to review and make changes to the proposed ballot language or Charter amendment text prior to the 88-day legal deadline to adopt formal resolutions. The option of calling a stand-alone special municipal election is the most expensive option, and would cost in the low \$200,000's to conduct such an election. This option would have a significant workload impact for City Clerk staff, and department projects would be delayed for about a 4-5 month period as the department prepares to administer the election.

Consolidated special municipal election

A second option would allow the City Council to call a special municipal election and consolidate said election with the State general election to be held on Tuesday, November 7, 2006. Formal resolutions calling the election would need to be adopted and filed with the Registrar-Recorder/County Clerk and the Executive Officer for the Los Angeles County Board of Supervisors at least 88 days in advance of the election (August 11, 2006). The County Clerk's Office recommends cities file such election resolutions 120 days in advance (July 10th) in order to allow the County sufficient time for election preparation functions, but the legal deadline is 88 days.

In order to meet the County's recommended deadline, should the Council wish to place a measure on the November 7th ballot, it is suggested City staff be directed in early June to prepare the formal resolutions, which would allow time for City Council to review and make any modifications, if necessary, to the ballot language or text of the Charter amendment. Because the cost for a consolidated election would be shared between the County and the City, this option would cost approximately \$122,000 based on a recent cost estimate from the County Registrar's Office. There is a minimal workload impact to City Clerk staff in processing the measure, as this election is administered by the County Clerk.

Regular municipal election

The third option would be to place a measure on the next regular municipal ballot (March 6, 2007 primary municipal election). Again, the legal deadline to place a measure on the ballot is 88 days (Friday, December 8, 2006) prior to the election. However, as mentioned above, additional time (at least one month) should be figured in to allow staff to prepare formal resolutions and for City Council to review and make changes to any proposed ballot language or text, and adopt the formal resolutions prior to the 88-day deadline. Since the City is already conducting a regular election (and sharing costs with the PUSD for its Board of Education races), it would cost approximately \$10,000 to add a measure to this ballot for costs associated with the additional pages in the sample ballot pamphlet and translations pertaining to the measure. There is a minimal workload impact as City Clerk's staff administers this election, regardless of whether there are measures on the ballot.


JANE RODRIGUEZ
City Clerk

include the potential for parking school and ARTS buses underneath the power lines.

Councilmember Holden raised concerns regarding the utilization of both Madison and Willard Elementary Schools as public park sites because each site creates a perceived accessibility issue for the public due to the fencing needed to protect children during school hours.

Councilmember Tyler suggested that further cooperative efforts for emergency planning with PUSD be explored.

The following persons spoke in support of the City Manager's recommendation, and some speakers noted this is a good first step:

Mr. Rob Filback, representing Invest in Kids - One LA
Ms. Oralia Garza de Cortes, Pasadena resident and representing Invest in Kids - One LA
Mr. Peter Dreier, Pasadena resident
Mr. Greg Spiegel, representing All Saints Church, One LA and partner organizations
Ms. Anita Fromholtz, Pasadena resident
Mr. Mark Persico, Pasadena resident
Mr. George Brunder, Pasadena resident
Mr. Mike Babcock, member of the Pasadena Board of Education
Mr. Ed Honowitz, President, Pasadena Board of Education

Councilmember Haderlein suggested that consideration be given to expanding the Student Bus Pass Program to include not only all PUSD students, but also Pasadena residents. He also requested that staff utilize the Parks Master Plan during the implementation of the initiatives in order to understand the City's needs and identify the best uses for the additional recreation facilities.

It was moved by Councilmember Little, seconded by Vice Mayor Madison, to approve the City Manager's recommendation. (Motion unanimously carried) (Absent: None)

FINAL RECOMMENDATIONS OF THE TASK FORCE ON GOOD GOVERNMENT

Recommendation of Task Force on Good Government: It is recommended that the City Council:

(A) Concur with the Task Force on Good Government's proposed changes to the City Charter, Article XVII, Taxpayer Protection Act, as set forth in the "redline" text shown on Exhibit 1 of the agenda report to accomplish the following:

(1) **Non-profits** - The ban on receiving personal or campaign advantages should not apply to officers and directors

from 501 (c)(3), (4), and (6) organizations (other than officers and directors of political action committees or who control political action committees controlled by such organizations), except that disclosure of such persons would continue to be required. Section 1703 (b)(2).

(2) **Contracts with the City** - The TPA should be amended so that its provisions also cover persons who are bidding on or negotiating for contracts that are worth over \$25,000 except those who are bidding on or receiving low bid contracts. Section 1704 (c).

(3) **Contribution Limitations** - The TPA should be amended to apply contribution limits to Pasadena races: \$1,000 per election for City Council and \$2,000 per election for Mayor, adjusted for cost of living increases every two years, rounded off to the nearest \$100. Section 1706.5.

(4) **Ballot Measure Committees** - The TPA should also cover Pasadena public officials who raise money for local ballot measure committees that the official controls. Section 1703 (c) (3).

(5) **Outside Election Races** - The TPA should only apply to officials and candidates in city races and not elections outside of Pasadena. Section 1703 (c)(3).

(6) **Enforcement** - The City should authorize the City Attorney to bring criminal actions except in cases involving elected City officials in which case the City Attorney should refer the complaint to the L.A. County District Attorney's office. The current law that allows citizens to bring private civil actions should not be changed. Section 1707 (a) and (c).

(7) **Subpoena Power** - The TPA should give subpoena authority to the City Attorney and where referrals are made to it, the L.A. County District Attorney. Section 1707 (d).

(8) **Agencies Outside the City** - The TPA should only apply to Councilmembers or other City officials serving on outside boards as City representatives (e.g., the Burbank Airport Authority), if these other agencies have reporting requirements allowing compliance with the TPA. Section 1704 (b).

(9) **Thresholds** - The thresholds for determining which decisions should be affected by the TPA should be the same (over \$25,000) in most instances. The only exceptions would be the grant of a tax abatement, exception or benefit, which should remain at over \$5,000 in a twelve-month period and awarding of franchises worth over \$50,000 in gross receipts. The thresholds should be adjusted for cost of living increases every five years and rounded off to the nearest \$1,000. Section 1703 (a) (7) and (9).

(10) **Disclosure Implementation** - The files of the City listing those persons who would be prohibited from providing personal advantages to City officials who have made a decision benefiting them should be posted on the internet so that the records are available to the public in an easy-to-use and timely manner. Section 1705 (c).

(11) **Cumulation** - The TPA should eliminate the need

to cumulate public benefits in amounts under \$5,000 unless it is clear that the amounts will meet or exceed the thresholds. Section 1703 (a) (8).

(12) **Franchises** - The TPA should be clarified to require that the franchise has to be awarded by the City. Section 1703 (a) (4).

(B) It is further recommended that the City Council cause to be placed on the ballot at the next available city-wide election the Task Force on Good Government's proposed changes to the City Charter, Article XVII, Taxpayer Protection Amendment.

John Van de Kamp, Chair of the Task Force on Good Government, and consultant Steve Levin, Center for Governmental Studies, introduced the item, summarized the final report, provided an overview of the recommendations to City Council and responded to questions.

The Chair commended the City Attorney, City Clerk, and Consultant staff that was assigned to support and assist the Task Force in reviewing the Taxpayer Protection Amendment.

Responding to Councilmember Streator's request for reasons the Task Force was recommending campaign contribution limitations, the Chair stated that implementation of such a provision would limit the appearance of corruption and strengthen the public's confidence in the political process in Pasadena.

Consultant Levin provided information regarding the State's disclosure process and the method in determining if a Councilmember were in control of a ballot measure committee.

Councilmember Little suggested that language be crafted that would have the TPA apply evenly to all candidates by prohibiting companies or persons receiving a public benefit from contributing to any Councilmember or Mayoral campaign.

Vice Mayor Madison stated his concerns that the TPA is fundamentally flawed due to the constitutional legal issues surrounding the measure and that the City Council may have given the Task Force an impossible assignment.

Councilmember Haderlein was excused at 9:40 p.m.

Councilmember Gordo stated that the public is interested in full disclosure of political contributions made during elections and raised concerns that by implementing campaign contribution limits, political action committees may utilize independent expenditures as a means of bypassing the disclosure process and therefore, deny the transparency that the public desires. The Chair stated that the limits recommended by the Task Force are purposely set at a high level in order to encourage political participation through contributions while limiting the influence of money on the political process.

Councilmember Gordo also expressed concern that those individuals with abundant financial resources could independently fund a political campaign and, based on contribution limits, have an advantage over those candidates who required financial support through political contributions.

Councilmember Little was excused at 10:19 p.m.

Councilmember Holden raised the issue that the Task Force did not adhere to the charge given to it by the City Council, which related to the constitutional issues of the TPA, and by addressing campaign contribution limits, the Task Force was acting outside its purview. He stated his concerns that campaign contribution limits would further act as a deterrent to those with limited resources to seek public office in Pasadena. He stated for the record that examining the issue of campaign contribution limitations was a stretch of the Task Force's charge.

Carmen Balber, representing the Foundation for Taxpayer and Consumer Rights, spoke in favor of the recommendations presented to the City Council and commended the effort of the Task Force on Good Government.

In response to a question, Task Force Chair John Van de Kamp clarified that the proposed contribution limits would apply separately to the primary election and to the general election.

Councilmember Haderlein returned at 10:36 p.m.

Vice Mayor Madison suggested that the recommendations from the Task Force be agendaized for further discussion at the March 6, 2006 City Council meeting. The City Attorney stated that the City Council would need to adopt the election resolutions at the March 6, 2006 meeting in order to meet the deadlines for the June 2006 ballot, and suggested that if the item were agendaized for the March 6, 2006 meeting, then the City Council should direct the City Attorney to draft proposed language for the election resolutions.

Councilmember Little returned at 10:38 p.m.

Councilmember Streater stated her concerns regarding the lack of time needed to discuss the issues properly and, given that the TPA is currently being implemented by the City, she suggested that the City Council utilize additional time as an opportunity to review the recommendations of the Task Force, discuss the proposed changes, present new changes, and draft new language accordingly.

The City Council agreed by consensus to direct staff to calendar this item for further Council discussion in the near future.

The Mayor and City Council expressed their gratitude to the Task Force members, the staff of the Center for Governmental Studies, and City staff for the hard work and dedication required to provide the recommendations to the Council.

**REPORTS AND COMMENTS
FROM COUNCIL
COMMITTEES**

**REPORTS FROM
REPRESENTATIVES**

**ORAL STATUS REPORT FROM CITY'S APPOINTEE ON
THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS
GOVERNING BOARD (Councilmember Tyler)**

Councilmember Tyler provided a status report regarding recent legal issues surrounding the San Gabriel Valley Council of Governments (COG).

Following concerns stated by Vice Mayor Madison, Councilmember Streater requested that the City Attorney's Office examine the COG's financial issues and the potential legal and liabilities issues that may pertain to the City, if any.

Councilmember Little expressed his concerns regarding the COG's handling of the situation and the need for future potential changes to the relationship that the City of Pasadena has with the organization. He requested that the City Council continue to be apprised of the situation in order to determine if future changes are needed.

It was noted that an update report will be provided to the Council within approximately one month.

Councilmember Streater reported, pursuant to the requirements of AB 1234, that she attended on behalf of the City a joint sponsored seminar of the Independent Cities Association and the Los Angeles County Police Chiefs Association on February 17-19, 2006 to discuss issues in working together during emergencies.

**RECOMMENDATIONS FROM
OFFICERS AND
DEPARTMENTS**

**SUPPORT FOR AN INITIATIVE TO CLOSE THE
PROPOSITION 42 "LOOPHOLE" THEREBY SECURING
LOCAL TRANSPORTATION FUNDS**

Recommendation of City Manager:

- (1) Adopt a resolution to support a measure to secure local transportation funding; and
- (2) Authorize the Mayor to send correspondence to the appropriate authorities stating Pasadena's position. (Resolution No. 8566)

The City Manager summarized the agenda report.

It was moved by Councilmember Little, seconded by Councilmember Tyler, to approve the City Manager's recommendation. (Motion unanimously carried) (Absent: None)

CITY OF PASADENA

MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Michele Beal Bagneris, City Attorney
Theresa E. Fuentes, Deputy City Attorney



Date: July 17, 2006

Re: Remaining Constitutional Issues Presented by the TPA

The City Attorney's Office of the City of Pasadena is pleased to have worked with the Task Force on Good Government as the Task Force debated and finalized its recommendations to the City Council to amend the Taxpayer Protection Amendment (Article XVII of the City Charter, "TPA"). Considering that we believe the Council desired to remedy those provisions which were constitutionally questionable, it is our opinion that two potential legal infirmities remain in the TPA even after the Task Force's efforts.

BRIEF STATEMENT OF LEGAL INFIRMITIES

- 1. Campaign Contributions: The TPA remains overly broad in banning all campaign contributions to candidates for City office, and in banning entire categories of persons from participating in the political process.**

The Task Force has proposed amending the TPA to narrow its ban on campaign contributions to apply only to those running for City office, and the City Attorney's Office believes this is a good first step. However, the TPA remains constitutionally suspect because of its wholesale foreclosure of allowing individuals and entities who receive "public benefits" from participating in the local political process through campaign contributions. Outright bans on contributions have been accepted by courts in extremely narrow situations, none of which are applicable here.

In addition, the TPA remains constitutionally questionable because it prohibits City public officials who vote to confer a "public benefit" from accepting campaign contributions from the recipient of the "public benefit."

This office's position remains as stated in the pleadings it filed in the previous litigation. More importantly, recent case law supports this office's position. In *Randall v. Sorrell* (June, 2006) --- S.Ct. ---, 2006 WL 1725360, the United States Supreme Court struck down Vermont's 1997 campaign finance statute's expenditure limits and contribution limits¹ for violating First Amendment free speech protections. While the Supreme Court

¹ The amount any single individual could contribute to the campaign of a candidate for state office during a two-year general election cycle was: \$400 for governor, lieutenant governor, and other statewide offices; \$300 for state senator; and \$200 for state representative. None of these amounts were indexed to account for inflation.

recognized that anticorruption objectives could justify some level of contribution limits, the Supreme Court recognized that such limits could sometimes work more harm to protected First Amendment interests than their anticorruption objectives could justify. In particular, the Supreme Court found that the statute's contribution limits were not "closely drawn" to match a "sufficiently important interest." The Supreme Court weighed five factors in finding that the limits were not "closely drawn," namely:

- (1) the limits significantly restrict funding available to challengers to run competitive campaigns (on the assumption that incumbents receive at least some small benefit from their incumbency);
- (2) the limits applied to political party contributions as well, thus harming the particularly important political right to associate in a political party;
- (3) the inclusion of reimbursement expenses for volunteers under the limits counted against any contribution the volunteer may give, effectively hampering a campaign's ability to use volunteers, or a volunteer's ability to freely associate on behalf of a candidate;
- (4) the fact that the limits were not adjusted for inflation, and would over time become so relatively small as to be meaningless; and
- (5) there was no "special justification" or evidence of actual corruption for such low or restrictive limits.

The complete contribution ban in the TPA does not seem "closely drawn." At least three of the factors relied on by the Supreme Court in *Randall* would tip the scales toward a conclusion that the TPA's ban is unconstitutional. First, the ban only applies to contributions to incumbents. This does more than cancel out any benefits of incumbency, and goes so far as to put an incumbent at a significant disadvantage. Second, the TPA ban cannot be adjusted for inflation – because it is already at zero. Finally, there is no evidence of any corruption in Pasadena politics, much less evidence of particularly insidious corruption arising out of contributions from recipients of public benefits that could justify a complete ban.

It is difficult to predict how a court may apply the "closely drawn" to match a "sufficiently important interest" test, but even the dissenting opinion recognized, "We can all imagine dollar limits that would be laughable . . ."

2. Future Employment: The TPA still arbitrarily forecloses rights to pursue lawful employment.

The TPA remains legally troublesome for its continued ban on appointed officials and City employees from seeking lawful employment from recipients of public benefits for up to five years. While justification has been presented to the Task Force to supposedly support such a ban for elected officials (i.e., election cycles), no justification for a ban of that length for appointed officials or City employees has been presented. Courts sustain limitations on opportunity for employment very carefully, since limitations on future employment impede achievement of economic security, which courts have held is essential for the pursuit of life, liberty and happiness. More narrowly drawn state regulations in the Political Reform Act already address the concerns of the TPA. The TPA's ban comes without supporting evidence of corruption.

The City Council's Legislative Committee greatly narrowed the ban, by recommending deleting its application to elected or appointed officials, and by reducing the length of time to which it applies to employees, so that it only applies for one year after the employee departs from office or for two years from the date the employee approves the public benefit. This office, however, is not confident that even those time limits will pass constitutional scrutiny.

OTHER ADMINISTRATIVE ISSUES

The Legislative Committee at one point asked the City Attorney's Office to comment on administrative issues remaining in enforcement of the TPA. This office views the items below as the most critical administrative issues.

1. Tracking of bids on contracts.

The proposed expansion of the TPA to apply to all bidders on contracts will require further expenditure of taxpayer resources. The City will have to come up with a separate tracking list, train staff to understand the new prohibition, and dedicate staff time to maintaining the list.

2. Tracking nonprofits.

Even though the proposed amendments delete application of the TPA to trustees, directors, partners or officers of certain nonprofits, the proposed amendments would require continued tracking of these persons by the City for disclosure purposes only. To hopefully avoid confusion, the City will necessarily have to devise a separate list for this disclosure, which will require additional expenditures of taxpayer resources.

Even with separate lists, there may be confusion as to whether the TPA applies to the listed persons, and those persons may decide not to make campaign contributions for fear of at least being perceived as violating the TPA, or somehow otherwise acting improperly, thus chilling the exercise of their free speech rights.