

# Agenda Report

DATE: August 16, 2021

**TO:** Honorable City Council

**FROM:** Mayor Victor M. Gordo

**SUBJECT: CONSIDER ENACTING LOCAL REGULATIONS GOVERNING CAMPAIGN CONTRIBUTION LIMITS FOR THE CITY OF PASADENA, AND DIRECT THE CITY ATTORNEY TO PREPARE AN ORDINANCE WITHIN 60 DAYS TO CODIFY SUCH DIRECTION IN THE PASADENA MUNICIPAL CODE**

## **RECOMMENDATION:**

It is recommended that the City Council:

- (1) Find that the proposed action is exempt from the California Environmental Quality Act pursuant to State CEQA Guidelines, Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
- (2) In accordance with California Government Code Section 85702.5, consider whether to enact local regulations governing campaign contribution limits for the City of Pasadena, and direct the City Attorney to prepare an ordinance within 60 days to codify the direction of the City Council in the Pasadena Municipal Code.

## **BACKGROUND:**

On March 8, 2021, the City Attorney provided information on changes to state law regarding local campaign contribution limits. As part of that briefing, the City Attorney noted the following:

- Pursuant to Assembly Bill 571, as of January 1, 2021 state campaign contribution limits will by default apply to city and county candidates when the city or county has not already enacted a contribution limit on such candidates (Attachment A - Gov't Code § 85702.5).
- Default limit for contributions to city and county candidates subject to AB 571 for 2021-2022 is set at \$4,900 per election (increases biennially).
- A local agency can adopt its own campaign contribution ordinance or resolution that is more, or less, restrictive, and can even set no limits.
- If a local ordinance/resolution is a voluntary limit, state mandated limits will apply.
- Local restrictions would be enforced at the local level.

It was noted at the March 8<sup>th</sup> City Council meeting that the matter would be referred to a City Council ad hoc committee for further discussion and recommendation. There was general consensus among members of the City Council that control over issues such as limits to campaign finance and contributions for candidates running for Mayor or City Council should be determined locally.

### **Ad Hoc Committee Discussion**

On June 28, 2021, an ad hoc committee consisting of Mayor Gordo, Councilmember Madison, and Councilmember Williams met with the City Attorney and City Clerk to discuss this issue. It was reaffirmed by the committee that a local ordinance be considered by the full City Council regarding campaign finance limits for City Council. The committee discussed the following three alternatives, with the committee recommending Alternative No. 1 as the preferred option for City Council consideration:

1. Adopt an ordinance that provides that there will be no dollar limits on local campaign finance contributions, which is consistent with what has existed historically in Pasadena prior to AB 571. It was noted by committee members that local disclosures of campaign contributions, which are posted online, already provide sunshine and transparency regarding individuals that participate financially in Pasadena City Council elections.
2. Adopt an ordinance that sets local campaign finance limits that are different than state limits. This would necessitate a discussion on what limits to set, how such limits would be enforced, any adjustments that might occur over time (such as CPI increases), and any unintended consequences created by campaign contribution limits (i.e. an increase to independent expenditures, which may result in less disclosure and reduced transparency regarding the source of political contributions).
3. Take no action and default to state limits for contributions for city candidates as set by AB 571 (currently \$4,900 per election from a single source). This is the campaign contribution limit that has been in effect since January 1, 2021, since the City has yet to enact local provisions such as those described in Alternatives Nos. 1 or 2 above.

### **Alternative 2 – Enforcement Provisions For Violations**

With regard to Alternative No. 2 (setting a local campaign finance limit different from the state limit of \$4,900), it is important to highlight the language in GC Section 85702.5(c) “The [Fair Political Practices] Commission is not responsible for the administration or enforcement of a contribution limit adopted pursuant to subdivision (a).” Therefore, if the City Council were to set a dollar limit different from the state limit, it will be the responsibility of the City to enforce violations of the City’s contribution limit.

Consistent with GC Section 85702.5(b), “A county or city that establishes a contribution limit pursuant to subdivision (a) may adopt enforcement standards for a violation of that limit, which may include administrative, civil, or criminal penalties.” As such, any

proposed ordinance to establish local campaign finance limits that differ from the state limit should include provisions related to enforcement, consistent with what is allowed under the law.

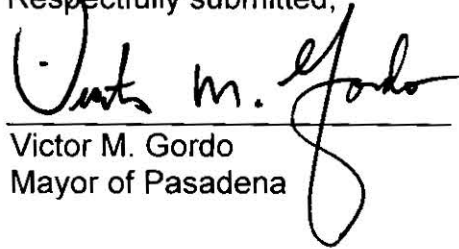
**Timing of Ordinance**

In terms of timing, if the City Council chooses to proceed with a local ordinance, it would be best to have the local regulations in place prior to the upcoming campaign period for 2022 Primary Nominating Election, with City Council Districts 3, 5, and 7 scheduled to be active in the upcoming election cycle. The official nomination period for the June 7, 2022 election opens on February 14, 2022, but it is not uncommon for prospective candidates to begin campaigning and seeking contributions much earlier, such as in the coming weeks and months. Therefore, if either Alternative 1 or 2 is pursued, the ordinance should be adopted as soon as possible.

**FISCAL IMPACT:**

There is no anticipated fiscal impact to the proposed action.

Respectfully submitted,



Victor M. Gordo  
Mayor of Pasadena