



## Item 7a - Staff Memo

Ryan Micik, Chair  
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Nicolas Heidorn, Executive Director

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TO: Public Ethics Commission  
FROM: Nicolas Heidorn, Executive Director  
DATE: September 29, 2023 (Revised October 18, 2023)  
RE: Amendment to the PEC's Limited Public Financing Act of 2024 Proposal

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Staff recommends that the Public Ethics Commission (Commission or PEC) adopt a minor amendment to its Limited Public Financing Act of 2024 (LPF) proposal, which is presently pending before the City Council, to remove the \$155,000 cap in the amount the PEC can spend on the proposed program.

*This memo is the same as the September 29, 2023, memo for the cancelled October 11, 2023 PEC meeting, except the status of the PEC's LPF legislation has been updated. The attached Resolution and the language in Exhibit A are unchanged from the prior meeting.*

### **Background (Updated October 18, 2023)**

At its August 9, 2023, meeting, the Commission adopted a proposal recommending that the City Council enact the LPF of 2024, or a substantively similar ordinance, which would establish a reimbursement-based public financing program for City Council District candidates for the 2024 election cycle only. That proposal is pending before the City Council, and may be adopted by the City Council at its November 7, 2023, meeting.

The proposed LPF ordinance, as originally proposed by the PEC, provides that “The Public Ethics Commission shall finance the public financing program from its discretionary funds *in an amount not to exceed \$155,000 over the 2023-2025 fiscal years.*” (Empasis added.) \$155,000 is the amount that the City Council appropriated to the PEC in discretionary funding for the 2023-2025 Budget, and is consistent with the amount that has been budgeted to the PEC for its LPF program in the past.

However, it is possible that the PEC may receive additional “carry-forward” funds from the prior LPF program, or that the City Council may direct that these prior unexpended funds be made available to the PEC for the proposed LPF program. There are \$37,566.24 in unexpended candidate funds and \$21,522.39 in unexpended administrative funds from prior LPF programs. If these funds are allocated to the PEC, the PEC may not be able to use them for the proposed LPF of 2024, because of the \$155,000 cap to that proposed program. This proposed amendment would require that the PEC instead allocate a *minimum* of \$155,000 in its discretionary funding for the LPF.

The PEC was set to consider this proposed amendment at its October 11, 2023 regular meeting, prior to the City Council taking up the PEC's LPF proposal at its October 17 City Council meeting. However, the October 11 meeting was cancelled. To not delay the adoption process, in consultation with the Chair, staff recommended that the City Council adopt the amendment as part of its first reading of the ordinance on October 17. If the PEC approves the amendment proposed here at its October 25 special meeting, the LPF ordinance will be adopted as-is at the Council's November 7 meeting. If the PEC does not approve this change, staff will ask that the ordinance will be amended back on November 7, for a likely final adoption later in December or January.

## Staff Recommendation

**Staff recommends that the PEC adopt a resolution recommending to the City Council, as an *additional alternative to its prior proposal, the adoption of the Limited Public Financing Act of 2024, but instead requiring the PEC to allocate a minimum of \$155,000 to the public financing program.***

The proposed change would only affect Section 3.13.060(B) of the proposed LPF of 2024 language that the PEC previously adopted. The proposed change would be as follows, or a substantively similar amendment:

The Public Ethics Commission shall allocate a minimum of ~~finance the public financing program from its discretionary funds in an amount not to exceed~~ \$155,000 over the 2023-2025 fiscal years from its discretionary funds to the public financing program.

While the PEC previously authorized the City Council to adopt a “substantively similar” ordinance to the language the PEC proposed for the LPF of 2024, it is possible changing the public financing spending cap to a floor may be deemed a substantive change, which would require that the PEC first recommend this change for the City Council to be able to enact it. Under Measure W, the City Council may generally only make amendments to the Democracy Dollars Program that “are consistent with its purpose and approved by a two-thirds ( $\frac{2}{3}$ ) vote of the Councilmembers, provided that the Commission has first approved specific findings and recommendations by a two-thirds ( $\frac{2}{3}$ ) vote of the Commissioners that the City Council amend the Act.”

The attached resolution is identical to the Resolution the PEC adopted at its August 9, 2023, meeting, except for the change to Section 3.13.060(B) described above. This recommendation requires a two-thirds vote.

**Attachments:** Draft Resolution; Exhibit A to the Draft Resolution