



Council Meeting: October 19, 2010

SUBJECT: Study Issue on Publicly-Funded Campaign Financing and Consideration of Moving From Odd-Year to Even-Year Elections

REPORT IN BRIEF

The City Council chose "Publicly Funded Campaign Financing and Consider Moving From Odd-Year to Even-Year Elections" as a 2010 study issue.¹

In 1976 the United States Supreme Court decided *Buckley v. Valeo* and set the boundaries for campaign finance reform. Pursuant to the decision, candidates' right to free speech prohibits governments from enacting mandatory campaign expenditure limits and from limiting campaign contributions below an amount that would prevent a candidate from running an effective campaign.

This report discusses how federal, state and local governments attempt to limit campaign spending while navigating the limitations imposed by the *Buckley* decision, and summarizes the Council subcommittee recommendations from the 2006 study issue on public campaign financing. Local governments take a variety of approaches, including no limits on campaign contributions or expenditures, mandatory contribution limits, mandatory contribution limits and voluntary expenditure limits, and voluntary contribution and expenditure limits with incentives.

This Report makes no recommendation on what public campaign finance option, if any, the City of Sunnyvale should adopt. The Report is for Council's information and provides the legal and factual background for a discussion on campaign contribution and expenditure limits and public campaign finance options.

BACKGROUND

PUBLICLY FUNDED CAMPAIGN FINANCING

FEDERAL

The Federal Election Campaign Act of 1971 (FECA), codified under 2 U.S.C. § 431 *et. seq.*, and the *Buckley* decision govern campaign contribution limits and campaign expenditure limits.

¹ The 2006 study issue on "City Council Election Process: Campaign Contribution Limits, Spending Limits, and Election of Council Members By Seat" was the basis of several years of study and discussion but did not result in the adoption of public campaign financing for Sunnyvale.

Campaign Contribution Limits

The United States Supreme Court held in *Buckley v. Valeo* that limits to both campaign contributions and campaign spending “implicate fundamental First Amendment rights to free speech.” The Court explained that campaign contribution limits are justifiable so long as the limit is closely related to the need to prevent corruption or the appearance of corruption. In *Buckley*, the Court upheld the \$1,000 contribution limit for federal elections set by the Federal Election Campaign Act of 1971 (FECA). Contribution limits are not justifiable, however, when they are set so low as to prevent candidates from “amassing the resources necessary for effective [campaign] advocacy.” For example, the Court recently held in the case of *Randall v. Sorrell* (2006), that Vermont’s \$200 contribution limit on statewide elections was “too restrictive” and therefore an unjustified violation of free speech.

Currently, under FECA, contribution limits by individuals to federal candidates are set at \$2,000 per election. Individual contributions to national political parties are limited to \$25,000 and contributions to state political party contributions are capped at \$10,000 per calendar year. Contributions by multi-candidate political committees are limited to \$5,000 to any particular candidate, \$15,000 to political committees established and maintained by a national political party, and \$5,000 to any other committee. Because the Court held in *Buckley* that a “ceiling on personal expenditures by a candidate in furtherance of his own candidacy...clearly and directly interferes with constitutionally protected freedoms,” there is no limit on personal funding of a candidate’s campaign.

Campaign Expenditure Limits and Public Funding

While contribution limits may be acceptable, the *Buckley* Court held that mandatory expenditure limitations “impose significantly more severe restrictions on protected freedoms of political expression and association.” Expenditure limits “necessarily reduce the quantity of expression by restricting the number of issues discussed, the depth of their exploration, and the size of the audience reached.” Therefore, any expenditure limits must pass strict scrutiny to be valid and are almost always invalid.

Campaign expenditure limits are valid, however, if candidates assume them voluntarily. To encourage presidential candidates to accept a voluntary limit, the federal government enacted the Presidential Campaign Fund Act in 1966, which provides candidates with public funds only if they agree to spend less than the limit (26 U.S.C. §§ 9001-13, 9031-42). The funding created under this Act is provided by taxpayers who indicate on their 1040 federal tax returns that they want to allocate \$3.00 of their taxes towards the Fund. In order to qualify for matching funds, a candidate in the primary election must first raise over \$5,000 in each of 20 states (i.e., over \$100,000), consisting of small contributions (\$250 or less) from individuals. Once this criterion has been

met, the candidate is then eligible for matching funds up to \$250 per individual contribution towards the candidate's primary election campaign. Candidates in the general election receive grants to cover all costs of the general election campaign, based on the 1974 figure of \$20 million, adjusted for inflation. This amounted to \$74.62 million in 2004. The federal government, however, only provides funds for presidential elections and not congressional elections.

STATE

State governments must abide by the general rules taken from the *Buckley* decision; contribution limits are valid so long as they are not set too low and spending limits are always suspect.

Campaign Contribution Limits

All but twelve states (Alabama, Indiana, Iowa, Mississippi, Missouri, Nebraska, North Dakota, Oregon, Pennsylvania, Texas, Utah and Virginia) have individual campaign contribution limits, but the limits vary significantly across the country. The highest individual limits for gubernatorial, senate and house campaigns are \$55,900 (New York), \$22,791 (Ohio) and \$22,791 (Ohio), respectively. The lowest limits for the same offices are \$840 (Arizona), \$320 (Montana) and \$320 (Montana), respectively. In addition to individual contribution limits, most states limit contribution to candidates made by state political parties, political action committees, corporations and unions. Only four states (Missouri, Oregon, Utah and Virginia) have no limit on contributions to political campaigns.

Campaign Expenditure Limits and Public Funding

Campaign expenditure limits are not as wide-spread as contribution limits. Sixteen states (Arizona, Connecticut, Florida, Hawaii, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New Mexico, North Carolina, Rhode Island, Vermont and Wisconsin) have voluntary limits and entice candidates to accept such limits by offering public funds. Of those 16 states, seven (Arizona, Connecticut, Maine, New Jersey, New Mexico, North Carolina and Vermont) offer full campaign funding for at least some state offices. The programs vary widely across the country. Some states offer funds for both statewide office and legislative office, while others offer it for one or the other. In addition, Portland, Oregon, and Albuquerque, New Mexico, both offer full public financing of campaigns for select local government positions.

In states and cities that provide full campaign funding, candidates must qualify usually by collecting a specified amount of small contributions (sometimes as low as \$5) from voters within their districts to indicate a broad base of support. After candidates qualify, they pledge not to accept private funding, including self-financing, with the exception of the "seed" money used to raise their qualifying small contributions. Candidates then receive funds to cover their

entire expenses for the primary and are then given additional funds for the general election.

A challenge for governments who seek to limit campaign expenditures is to try to ensure that candidates who agree to participate in the system remain competitive against those who choose not to participate. Governments have tried a number of methods, however, many have run into constitutional challenges. In *Davis v. FEC* (2008), the Supreme Court of the United States ruled that a New York law that gave participating candidates special fundraising privileges if their non-participating opponent spent more than \$350,000 of his own money was unconstitutional. The Court held that it coerced non-participating candidates to not spending their own money, which violates the non-participating candidates First Amendment right to free speech.

Other states provide additional funds when non-participating opponents exceed the campaign expenditure limit, but this too is being challenged as unconstitutional. In Arizona, a number of non-participating candidates filed a law suit arguing that they are limiting their campaign expenditures so as to not trigger the matching funds, which in effect is a limit on their free speech. The Trial Court agreed with the non-participating candidates and issued an injunction to stop payment of additional matching funds. The 9th Circuit then reversed the Trial Court's decision and reinstated the law. However, on June 8, 2010, the Supreme Court issued an order that reinstated District Court's injunction, which indicates that the Court will review the issue during the next term. These cases demonstrate that the constitutionality of providing public funds for campaigns is not a settled issue and that funds provided to a participating candidate should not affect what a non-participating candidate spends.

CALIFORNIA

Provisions 85300, *et. seq.*, of the Political Reform Act, as enacted under Proposition 34, regulates campaign finances of statewide elected positions.

Campaign Contribution Limits

As of 2010, contribution limits from individuals vary by position, from \$3,000 for legislature candidates, \$5,000 for Lt. Governor, Attorney General, Secretary of State, Treasurer, Insurance Commissioner, Controller, Board of Equalization, to \$20,000 for Governor. Contributions from Small Contributor Committees, which must have been in existence for at least 6 months, receive contributions from 100 or more persons of less than \$200, and make contributions to five or more candidates, are limited to \$6,000 to legislative candidates, \$10,000 to Lt. Governor, Attorney General, Secretary of State, Treasurer, Insurance Commissioner, Controller, Board of Equalization, and \$20,000 to Governor. Consistent with the holding in *Buckley*, candidates are not limited in the use of their own funds towards their campaign.

In Santa Clara County, four cities (Gilroy, Milpitas, San Jose and Santa Clara) limit individual campaign contributions, ranging from \$100 to \$350 per contributor. Each of these cities, except for Milpitas, sets voluntary campaign expenditure limits and will increase the contribution limit increases if the candidate agrees to the limit.

Campaign Expenditure Limits and Public Funding

To conform with the holding in *Buckley*, campaign expenditure limits in California for statewide elections are voluntary. State candidates must file a statement accepting or rejecting the spending limits at the same time they file their statement of intention to run for office. A candidate who declined the voluntary spending limits in the primary but did not exceed the limits, may accept them for the general election.

In primary elections, voluntary campaign expenditures are set at \$6,000,000 for Governor, \$1,000,000 for Board of Equalization, \$600,000 for State Senate, \$400,000 for State Assembly, and \$4,000,000 for other statewide positions. In the general election the spending limit is \$10,000,000 for Governor, \$1,500,000 for Board of Equalization, \$900,000 for State Senate, \$700,000 for State Assembly, and \$6,000,000 for other statewide positions. To provide protection against self-financed competitors, a candidate who has accepted the voluntary spending limits is not bound by the limits if an opposing candidate contributes personal funds to his or her own campaign in excess of the spending limits. (85402a)

California does not provide public funds to encourage candidates to accept voluntary campaign expenditure limits. However, candidates who accept the limit are designated in the ballot pamphlet as having done so and only they may purchase space for a 250-word statement in the state ballot pamphlet. California Voters were asked in the June 2010 election to approve a proposition that would have created a pilot program to provide funds for the 2014 and 2018 campaigns for Secretary of State of California. Voters rejected Proposition 15 by a 57.5/42.5 margin.

Additionally, no California local governments provide complete public funding for campaigns to compel candidates to accept expenditure limits. Some, however, do provide partial funding to those candidates who agree to expenditure limits. For example, Oakland matches contributions up to \$100 per contributor up to a maximum of 15% of the campaign expenditure limit, which is between \$.50 and \$1.50 per resident, depending on the office. Sacramento matches every dollar in contributions within 90 days of the election up to \$250 per contributor to a maximum of \$30,000. To qualify for these matching funds, candidates must meet various criteria, such as raising at least 5% of the applicable spending limit in contributions of \$100 or less (Oakland), or \$7,500 in contributions of \$250 or less (Sacramento).

Four cities in Santa Clara County (Gilroy, Mountain View, San Jose and Santa Clara) set voluntary campaign expenditure limits. Gilroy, San Jose and Santa Clara compel candidates to accept the limit by increasing the maximum amount an individual can contribute to participating candidates. In Gilroy, the campaign contribution limit increases from \$100 to \$250 for candidates that agree to spend 50 cents or less per city resident. Similarly, San Jose will increase the campaign contribution limits, which range from \$100 to \$500 for non-participating candidates, to \$250 to \$1000 for those that do participate. Santa Clara will increase the individual contribution limit from \$250 to \$500 if the candidate agrees to spend less than \$29,889 per campaign (adjusted for inflation). In contrast to these cities, Mountain View instead will cover a portion of the costs of printing a 2000 word statement published in a voter pamphlet published by the county registrar of voters. No city in Santa Clara County, however, provides public funds for campaigns.

SUNNYVALE

Sunnyvale does not limit individual campaign contributions or set voluntary spending limits. The City does, however, require that all candidates seeking the office of City Councilmember file with the City a campaign statement for each person who donates a cumulative amount of one hundred dollars or more.

In 2006, the City Council designated "City Council Election Process: Campaign Contribution Limits, Spending Limits, and Election of Council Members by Seat" as a study issue assigned to the City Attorney's Office. The Council subsequently revised the study issue to campaign contributions and expenditure limits and public campaign funding. The study issue report on March 6, 2007, analyzed the applicable laws governing campaign contribution and expenditure limits and public campaign financing.

On March 6, 2007, the City Council tasked the Ethics Sub-Committee (Moylan, Spitaleri and Howe) to explore a structure for public campaign financing, to explore a new funding source and to prepare language for an advisory measure for the November 2007 ballot. The Sub-Committee's proposed advisory measure ballot language was submitted by the Sub-Committee to the Council for approval.

Public Financing Committee Report

On October 7, 2008, the Public Financing Committee (Moylan, Swegles and Lee) issued a report on the possibility of providing public financing for City Council elections. The Committee found that the cost to run a campaign for city council has increased dramatically in recent years. In the three years prior to the report, candidates spend an average of \$31,000 each running their campaigns, and the average winning candidate spent \$43,000. The Committee also found that in ten out of the last eleven races held prior to the report, the winning candidate outspent his/her opponent.

The Committee agreed that the City should adopt a voluntary campaign expenditure limit and that a well-designed public financing program was the best way to convince candidates to accept such a limit. The Committee recommended that the voluntary expenditure limit be set at \$1.00 per registered voter in the City (there are currently around 50,000) and that public campaign financing should be limited to one-half of that amount. To qualify for public financing, the Committee recommended that candidates be required to satisfy three criteria. First, the candidate must have at least one opponent. Second, the candidate signs an agreement to spend less than the expenditure limit. And third, the candidate raises at least \$2,500 in campaign contributions from at least 100 sources other than the candidate. Additionally, each of the 100 contributions must be \$5.00 or more, and 80% of the contributions must be made from Sunnyvale sources.

The Committee estimated that a partial public funding of council elections would cost the City between \$100,000 and \$300,000 every other year, depending on the number of candidates that ran for a council seat. To fund campaigns, the City could either “drop[] an equivalent amount of spending from low-priority programs during an even numbered year (when the programs budget is handled), or ... us[e] the unallocated Service Level Set-Aside fund, which was created for this purpose (adding a new service to an existing program).”

In its report, the Committee explained that there are three options to implement a public campaign financing program. The City could create the program by: (i) council vote, (ii) ballot measure, or (iii) both. City Council, however, declined to take action in 2008, and decided to revisit the matter as a repeat study issue in 2010.

MOVING FROM ODD-YEAR TO EVEN-YEAR ELECTIONS

Sunnyvale is on Odd-Year Election Schedule

As a Charter city, the timing of Sunnyvale’s council elections is established by Section 601 of its Charter. Section 601 provides that Seats 1, 2 and 3 were filled in 1977, and every fourth year thereafter, and Seats 4, 5, 6, and 7 were filled in 1979, and every fourth year thereafter. Consequently, Sunnyvale’s council elections are always in odd years under the Uniform District Election Law (UDEL). In contrast, many federal, state and local elections are held in even years.

Costs of Even and Odd Year Elections

The County Registrar of Voters’ provided a cost estimate for the City’s current odd-year elections of between \$342,000 and \$416,000. The actual costs depend on the number of other jurisdictions sharing election costs with the City. The low estimate of \$342,000 is based on the actual cost when the Cupertino High School district, the Fremont Union High School District and

the Santa Clara Unified School District all had ballot measures on the same November 2009 ballot. If fewer jurisdictions schedule an election on odd years, the costs to the City increase as there are fewer agencies to divide fixed costs by.

The County Registrar of Voters provided a cost estimate if the City of Sunnyvale moves to even-year elections. These estimates are \$315,000 in November 2012 for seats 4, 5, 6, and 7; and \$303,000 in November 2014 for seats 1, 2 and 3.

It follows that changing to even-year elections could save the City between \$39,000 and \$113,000 per election. This is because the total cost of conducting an odd-numbered year election is allocated to a smaller number of participating jurisdictions. The amount chargeable to each jurisdiction in an odd-numbered year election is usually much higher than the amount chargeable in an even-numbered year election. There are many jurisdictions participating in even-year statewide elections. Multiple jurisdictions—federal, state, county, city, school and special districts—share the cost of elections. The portion attributable to federal, state and county, which is approximately 70% of the total cost of an even-year election, is absorbed by the county. As a result, the amount chargeable to each local jurisdiction is lower in an even-year election in comparison to an odd-year election.

Additional Year for Incumbent's Term

If the City moves from odd-year to even-year elections it will need to adjust the terms of the incumbent Council seats by one extra year to make the transition. If the City were to adopt a Charter change in 2011, the first available election to submit the Charter measure, then incumbents whose terms would expire in 2013 would continue in office until the even-year election in 2014, and Council members whose terms would expire in 2015 would continue in office until the even-year election in 2016.

Charter Amendment Required

The City would need to submit a Charter amendment to the voters to change the elections from odd to even years and to extend the terms of incumbents by one year to allow the transition to even-year elections. The cost of a Charter amendment in November 2010 was approximately \$166,000 (the deadline for submitting a ballot measure for the November 2010 ballot was August 2010); the cost of a Charter amendment for the City election in 2011 will be approximately \$40,700 because of the other City ballot measures already on the ballot. There is also a one-time charge of \$20,000 to reprogram the election year change in the Registrar's information management system.

DISCUSSION

Campaign Contribution Limits

The Supreme Court has held that contribution limits are permissible so long as they are “closely drawn” to match a “sufficiently important interest,” such as preventing corruption or the appearance of corruption.

Proponents of campaign contribution limits believe that they help prevent the influence of special interest groups. If candidates cannot accept more than a certain amount, proponents argue that, if elected, candidates will not feel as though they have to “repay” the donor. Additionally, they argue that contribution limits “level the playing field” between those able to solicit large donations and those that cannot.

Opponents argue that because candidates cannot be limited in the amount they spend on their own campaigns, contribution limits disproportionately benefit wealthier candidates who would be able to supplement their campaigns out of their own pocket. They also argue that contribution limits require candidates to spend more time fund raising and less time getting their message out because candidates are required to solicit a greater number of individual contributions rather than receiving a few large donations.

Ordinances governing contribution limits vary greatly by jurisdiction. Often there are different limits applicable to whether the contribution is from an individual, a business, or a political action committee. Additionally, the amount allowed to be donated may vary depending on whether the party is contributing directly to a candidate, to a political party, or to a political action committee. Furthermore, jurisdictions may allow candidates to accept larger donations as an incentive to agree to abide by voluntary spending limits.

Campaign Expenditure Limits

Unlike contribution limits, which may be permissible if not so stringent as to infringe on the First Amendment right to free speech, mandatory expenditure limits are generally deemed to be unconstitutional. Therefore, expenditure limits have been implemented on a voluntary basis, with incentives for compliance. Jurisdictions may compel candidates to accept an expenditure limit by increasing the contributions they may accept, give participating candidates special recognition in city newsletters or websites, or even provide “matching funds” out of a public fund.

Public Funding of Campaigns

Relying on the *Buckley* holding that Congress may “condition acceptance of public funds on an agreement by the candidate to abide by specified expenditure limitations,” some cities and states have various schemes to provide public funds to those candidates who voluntarily agree to expenditure restrictions. Proponents of public financing of campaigns claim that candidates

elected free of special-interest money will be less beholden to traditional funding sources. Further, they believe it will give candidates more time to communicate their message rather than raising funds, and remove the fundraising advantage enjoyed by incumbents. The main opposition to the system is that the money used towards the funding should be spent elsewhere. Opponents also state that monetary donations are one of the most common means for ordinary citizens to participate in politics. Supporters counter that private funding allows wealthy individuals and special interests to have a greater political voice because of the far larger contributions they can afford to make than ordinary citizens. They believe that public funding "levels the playing field" and allows candidates that represent less wealthy constituents to have access to the same amount of campaign funds.

According to proponents of these "clean election" systems, studies of the schemes in Maine and Arizona, which became active in 2000, have shown that the systems have worked to restore voters' faith in the election process, dramatically improved diversity among candidates running for public office and substantially reduced the amount of money spent on campaigns. In Arizona, the percentage of candidates electing to use the public funding has increased each year and the disparity between the campaign financing between incumbents and challengers has decreased. In Arizona's 2004 election, when all 90 state legislators and four Corporation Commissioners were up for election, 109 of 200 of candidates accepted public financing. Clean Elections candidates were elected to all four Corporation Commission seats in 2004, as well as 42 of the 90 seats in the state legislature. In Maine, the number of legislative candidates in primaries has increased 20% since the inception of the public financing system, and as of 2004 71% of primary candidates for Maine's legislature agreed to the voluntary expenditure limits and took advantage of the public campaign financing.

FISCAL IMPACT

The fiscal impact will vary depending on which campaign financing limit, if any, the Council decides to adopt. If mandatory campaign contribution limits are enacted, the fiscal impact will be limited to staff costs for the development, adoption and enforcement of the ordinance. If voluntary campaign expenditure limits are enacted, the fiscal impact for development and adoption of the ordinance will be similar to contribution limits.

If the City includes publicly-funded incentives for contribution or expenditure limits the fiscal impact will depend on the number and scope of the incentives. Fiscal impacts would result from a city pre-election newsletter, consultant costs for reviewing and maintaining campaign finance disclosure statements, and publication of candidate statements at City expense.²

² The City currently pays for candidate statements only if a candidate submits a petition with 250 qualifying signatures.

The options with the greatest fiscal impact would be either City matching of funds for candidates accepting a voluntary expenditure limit or public funding of campaigns. If the City were to set an expenditure limit of \$1 per resident for full public financing of campaigns, public costs for four council seats with two candidates each would be approximately \$1,120,000. (8 x 140,000) If the City were to provide public funds for 50% of the cost of the election based on the same limit, cost would drop to \$560,000 for a four seat election.

The fiscal impact for the proposal of the former Campaign finance Sub-Committee is based on the number of registered voters in the City, with an expenditure limit tied to \$1 per registered voter and the City contributing 50% of the costs. With approximately 50,000 registered voters, the cost to the City for a 3 seat election with 2 candidates for each seat would be approximately \$150,000 and costs for a 4-seat election with 2 candidates each would be approximately \$200,000. Costs would increase or decrease if there are more or less candidates for each seat.

Council requested that the cost savings for moving to even-year elections be included in the public campaign financing RTC as a possible offset of public campaign financing costs, with the cost savings from switching to an even-year election used to fund public campaign financing. Based on the estimates received from the Registrar of Voters, cost savings to the City by switching to even year elections range from \$39,000 to \$113,000 per election. Accordingly, these cost savings could be used to fund some, but not all, of the cost of public campaign financing.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

ALTERNATIVES

1. Accept Study Issue Report on Publicly Funded Campaign Financing and Consideration of Moving from Odd-Year to Even-Year Elections.
2. Do not proceed at this time with publicly funded campaign financing.
3. Direct staff to proceed with drafting an ordinance to enact campaign contribution limits, set amount of contribution limit, and whether limit is voluntary or mandatory.
4. Direct staff to proceed with drafting an ordinance to enact campaign expenditure limits, set amount of expenditure limit, and City-funded incentives.

5. Direct staff to proceed with drafting an ordinance for City-funded public campaign financing, set amount of City funding, and designate funding source for public campaign financing.
6. Provide direction on switching from odd-year to even-year elections and direct staff to draft a charter amendment and related reports to place ballot measure on 2011 ballot.
7. Direct staff to draft a Charter amendment and related reports for the adoption of the proposed public campaign financing and to initiate placing the Charter amendment on the 2011 ballot.
8. Do not switch from odd-year to even-year elections.
9. Other public campaign funding options suggested by Council.

RECOMMENDATION

Staff recommends that the Council approve Alternative 1 and select the appropriate other alternatives that reflect the Council's direction after discussion and debate of public campaign financing.

As discussed in the prior study issue, campaign finance reform and public campaign financing is an important political issue with citizens and candidates holding strong views both for and against campaign contribution and expenditure limits, whether voluntary or mandatory. Campaign contribution limits, expenditure limits and non-resident limits are subject to challenge under First amendment free speech and freedom of association protections. That said, it is possible to enact well-crafted campaign contribution limits, whether voluntary or mandatory. Mandatory campaign expenditure limits, on the other hand, are consistently invalidated as infringing on the First Amendment and any expenditure limit should be voluntary and incentive-based. The cities in Santa Clara County that have a voluntary expenditure limit allow increased contribution caps upon agreement to an expenditure limit but do not provide public campaign funding.

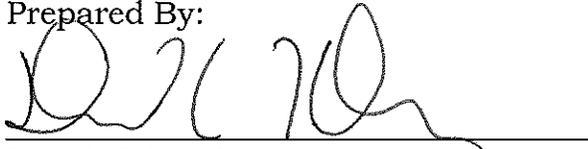
The primary focus of this study issue is public campaign financing. This is an issue with strong proponents and opponents. It is legally permissible and will require spending City general funds for political campaign purposes. If the City changes to even-year instead of odd-year elections, some but not all of the costs of public campaign financing can be offset by election savings.

Whether to adopt campaign expenditure limits with supporting public campaign financing is an important policy decision for the Council. Staff is not recommending for or against an expenditure limit and public campaign financing. This staff report is intended to present an impartial review of the factual and legal issues for Council's information and discussion. The Council will need to provide direction on whether it wants to proceed with adopting a publicly-funded campaign ordinance, submit the issue as a Charter

amendment to the voters, or elect to not pursue public campaign financing at this time. A consideration with a Charter amendment enacting public campaign financing is that it will require another Charter amendment if in the future the Council decides that the publicly-funded campaign financing is not working for the City.

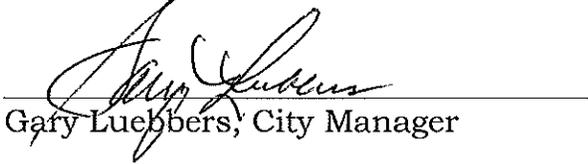
The Council will also need to provide direction on whether to prepare a Charter amendment to change from odd-year to even-year elections.

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