

## Communication from Public

**Name:** Coalition Memo  
**Date Submitted:** 06/14/2024 06:53 AM  
**Council File No:** 24-1100-S8  
**Comments for Public Posting:** California Clean Money Campaign, Ground Game LA, League of Women Voters of Greater Los Angeles, Los Angeles for Democracy Vouchers, RepresentUs LA, & Unrig LA

To: LA City Council Governance Reform Committee  
From: California Clean Money Campaign, Ground Game LA,  
League of Women Voters of Greater Los Angeles,  
Los Angeles for Democracy Vouchers, RepresentUs LA, & Unrig LA  
Date: June 14th, 2024  
Re: Ethics Charter Reforms - Council File 24-1100-S8

## ***Recommendations for Ethics Charter Reforms - Item #1***

We would like to begin by thanking Council President Krekorian and Councilmember Raman for their principled votes last month. While we are disappointed by the amendments that were adopted, we recognize the consensus position of the council on those issues. We ask that the remaining reforms moving forward are given proper consideration to ensure meaningful change at City Hall.

- 1. Minimum Protected Budget: Amend Sec. 711.a to establish a minimum annual budget of \$7.6-8.2 million that is adjusted annually to reflect inflation and permit a finding of “exigent circumstances” only if the city has declared a fiscal emergency.**

### *Current Budget:*

The proposed \$6.5 million budget for fiscal year 2025-2026 is inadequate and fails to ensure the Ethics Commission will be able to preserve its current staffing levels in the fiscal year it is implemented. The adopted budget for fiscal year 2024-2025 provides the Ethics Commission with approximately \$6.35 million. The Ethics Commission has estimated<sup>1</sup> that they would need a budget of \$7.15 million if they were to maintain current staffing levels in 2025-2026 while absorbing the combined costs of COLA increases, mandatory salary step increases, and the additional \$250k set aside for the special prosecutor fund.

### *Audit Backlog:*

The Ethics Commission is currently underfunded. For the Commission to truly fulfill its mandate, they must be allowed to make significant progress on the audit backlog. This will require a serious investment. The Ethics Commission has made great strides in tackling the audit backlog, but their work has multiplied because of three special elections in the last five years, plus an expanding workload with the matching-funds program. The Commission was finally beginning to wrap up audits of the 2020 elections just a few weeks before the 2024 primaries (38 of 44 audits completed as of April 17th).<sup>2</sup>

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<sup>1</sup> June 13th Letter from Executive Director Tristan and Commission President Daar  
[https://clkrep.lacity.org/online/docs/2024/24-1100-S8\\_misc\\_6-13-24.pdf](https://clkrep.lacity.org/online/docs/2024/24-1100-S8_misc_6-13-24.pdf)

<sup>2</sup> 4/17/2024 LA City Ethics Commission Executive Director's Report:  
<https://ethics.lacity.gov/PDF/agenda/2024/April/20240417-Item15-EDReport.pdf>

The Commission now faces a daunting task, with 99 campaign committees left to audit from the 2022 elections (14 of 99 audits begun as of April 17th, zero complete). One campaign committee alone spent a record-breaking \$108 million (more than four times what all city candidates spent in the 2017 and 2020 cycles combined). If the city is unable to provide election audits before those same seats are up for reelection four years later, the public is not receiving the type of transparency it both deserves and demands.

#### *A Sufficient Minimum Budget:*

A minimum adequate budget would be \$7.6 million. This would cover an increase of approximately nine staff.<sup>3</sup> The Commission could hire four new auditors. This would allow the Ethics Commission to audit elections within 1.5 years. The Commission could hire two new staff members, including a program manager devoted to administering the matching-funds program (which would also alleviate pressure on auditors currently first in line to help validate matching-funds claims). A \$7.6 million budget would also allow the Commission to hire a senior ethics officer for enforcement matters, an education position, and a project assistant to handle public records requests and processing of documents for other programs. For reference, many of these positions were included in the Ethics Commission's budget request for fiscal year 2023-2024, which sought a significant expansion in staffing.<sup>4</sup>

The current proposal does not provide detail for how the budget would be adjusted in accordance with revenues. Revenues have little to do with the largely salary-based costs of the Ethics Commission, and tying their budget to inflation is preferable. Inflation has a stronger relationship to the cost of living increases and labor agreement changes that come over time. Regardless of what method is chosen, language should be included to ensure funding will cover future COLA's, standard salary increases, or future labor agreements.

#### *Exigent Circumstances:*

The proposed language allows Council to effectively slash the Commission's budget if the "Council finds that exigent circumstances exist." These circumstances need to be defined, and a finding should only be permitted if the city has declared a fiscal emergency. Additionally, *the Council should be required to either receive majority support of the Ethics Commission to approve a finding of exigent circumstances or, if acting alone, approve the finding with a four-fifths vote of the Council.*

## **2. Limited Outside Counsel: Amend Sec. 708 to reflect the Ethics Commission's request to allow outside counsel for investigative and enforcement purposes.**

We would prefer to see a completely independent outside counsel, like the City of San Diego has, but believe retaining outside counsel for investigations and enforcement matters would be an acceptable way of adding independence while preserving portions of the City

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<sup>3</sup> The \$7.6 million figure is based upon the staffing levels and salary increases anticipated for fiscal year 2024-2025.

<sup>4</sup> 2022 Ethics Commission Budget Request for Fiscal Year 2023-2024 - Executive Summary:  
<https://drive.google.com/file/d/1XebQB5JxlFCeJDH7je23Twz7zLa1-58S/view?usp=sharing>

Attorney's role with the Commission. The proposed language only allows the Ethics Commission to retain outside counsel when investigating or enforcing against elected officials, their offices or campaigns. It fails to include situations that involve the opponents of elected officials or the vast majority of city officials who the City Attorney is also obligated to serve. We strongly support all of the Ethics Commission's requested amendments on this matter.<sup>5</sup>

**3. Eligibility to Serve on Commission: Amend 700.b to prohibit *any* relative of a city officeholder from being appointed to the Ethics Commission. Amend 700.b to bring the definitions of “campaign consultant” and “major donor” into alignment. Amend 700.b to prohibit recent candidates and/or elected officials from serving on the Ethics Commission.**

The proposed language calls for 700.b to be amended to bar an appointing authority from appointing *their* relative to the Ethics Commission, but does not prohibit them from appointing the relative of another city officeholder. No relatives of city officeholders should be eligible to serve on the Ethics Commission. The conflict of interest exists regardless of who appointed the individual.

Section 700.b prohibits campaign consultants from being appointed to the Commission, but that is defined *very* broadly. Anyone who has “provided compensated advice or services to a political campaign or to a committee controlled by a City officeholder in the prior 12 months” is prohibited from being appointed to the Commission. This would include entry level field staff who do paid canvassing in the final days of a campaign. This language could also include individuals who do not traditionally do campaign work, but get paid to build a friend's campaign site, take headshots, or cater food at an event. Arguably, interns who receive gift cards to cover gas expenses could also be included.

Paradoxically, the proposed language suggests “major donors” be defined using a dollar amount, as someone contributing over \$10k in a year. This threshold is extremely high, as an individual could make maximum contributions to a candidate in every single council race on the ballot in the City of LA and still fall thousands of dollars short. It is fundamentally unfair to bar someone from service due to earning a single dollar through work on a campaign in a year, while in turn allowing someone who donated \$9,999 in the year prior. We strongly suggest lowering this threshold and applying it equally to *both* consultants and donors so there is a clear and consistent standard.

There are currently provisions limiting recent Ethics Commissioners from seeking local city office after they leave. However, there are no corresponding limitations prohibiting recent city candidates or former city elected officials from serving on the Ethics Commission. Recent candidates or officeholders in the City of LA should be prohibited from serving on the Ethics Commission. It makes little sense to ban low level staff from serving on the body while allowing candidates who recently fundraised hundreds of thousands of dollars to serve on the body instead.

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<sup>5</sup> June 13th Letter from Executive Director Tristan and Commission President Daar  
[https://clkrep.lacity.org/online/docs/2024/24-1100-S8\\_misc\\_6-13-24.pdf](https://clkrep.lacity.org/online/docs/2024/24-1100-S8_misc_6-13-24.pdf)

**5. Removal Powers: Eliminate proposed changes to section 700.e, which makes it easier to potentially remove a commissioner, weakens Mayor's authority, and suggests Commissioners owe a greater obligation to their appointing authority.**

The current removal process is applied equally, regardless of who appointed the Commissioner. The current charter does provide a lower vote threshold for situations in which the Mayor supports removing an Ethics Commissioner, but that applies across the board and is not specific to their appointee. Authority is derived from the Mayor's unique position as an elected official chosen citywide, the counterweight to Council, and the individual ultimately responsible for the administration of departments. The proposed changes weaken the Mayor's authority, and potentially leaves Commissioners vulnerable to increased pressure (real or perceived) from their *individual* appointing authority.

**6. Matching-Funds Trust Fund: Amend relevant charter sections to give the city the freedom to adopt a different system of public financing via ordinance.**

Exactly one year ago today, the full Council asked for a report back on models for changing and/or expanding our methods for providing public financing of elections.<sup>6</sup> Unfortunately, the report is still not back. We encourage the committee to consider potentially including language that would revise relevant charter sections that limit us to utilizing a "limited matching funds program" to language that would permit a different method of public financing, like democracy vouchers and/or grants, without the need to amend the charter.<sup>7</sup>

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We appreciate the committee's continued engagement on reform. Establishing an adequate budget that is meaningfully protected, and enhancing the independence of the Commission's legal counsel are essential pillars of the package originally proposed by the Commission. We hope to see the committee advance language to the ballot that warrants strong support from our coalition and the public.

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<sup>6</sup> Council File 23-0359:

<https://cityclerk.lacity.org/lacityclerkconnect/index.cfm?fa=ccfi.viewrecord&cfnumber=23-0359>

<sup>7</sup> To be clear, we do not want to see the implementation of a new public financing system included in this change, and do not want to alter the charter obligations to provide a system for public financing or provision of funding for the system. These are technical changes necessary to utilize the matching funds trust fund for something other than a "limited matching funds program." Any change to a new program would require change via ordinance after the report is given full consideration.