

File No. 190287

Committee Item No. 3

Board Item No. 24

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Rules Committee

Date April 22, 2019

Board of Supervisors Meeting

Date 4/30/19

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Memorandum of Understanding (MOU)            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 - Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 700                                     |
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OTHER (Use back side if additional space is needed)

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Completed by: Victor Young

Date April 18, 2019

Completed by: YY

Date 4/24/19

1 [Campaign and Governmental Conduct Code - Public Campaign Financing]

2  
3 **Ordinance amending the Campaign and Governmental Conduct Code to modify the**  
4 **deadline for participation in the City's public financing program and the operation of**  
5 **individual expenditure ceilings for participating candidates.**

6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
7 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
8 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
9 **Board amendment additions** are in double-underlined Arial font.  
10 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
11 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
12 subsections or parts of tables.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. Chapter 1 of the Campaign and Governmental Conduct Code is hereby  
15 amended by revising Sections 1.104, 1.108, 1.142, and 1.143, to read as follows:

16 **SEC. 1.104. DEFINITIONS.**

17 Whenever in this Chapter 1 the following words or phrases are used, they shall mean:

18 \* \* \* \*

19 "Total Supportive Funds" shall mean the sum of all contributions received by a  
20 candidate committee supporting a candidate for Mayor or the Board of Supervisors, other than  
21 any funds *that exceed the candidate's Individual Expenditure Ceiling in the candidate's Campaign*  
22 *Contingency Account exceeding the candidate committee's Trust Account Limit*, plus the  
23 expenditures made or expenses incurred by any person or persons for the purpose of making  
24 independent expenditures, electioneering communications or member communications in  
25 support of that same candidate.

1           ~~"Trust Account Limit" shall mean the amount of funds in the Campaign Contribution Trust~~  
2 ~~Account of a candidate committee supporting a candidate for Mayor or the Board of Supervisors whom~~  
3 ~~the Ethics Commission has certified as eligible to receive public funds under this Chapter such that the~~  
4 ~~expenditure of this amount would cause the candidate to reach, but not exceed, the candidate's~~  
5 ~~Individual Expenditure Ceiling. The Trust Account Limit shall be reduced as the candidate spends~~  
6 ~~money and shall be increased when his or her Individual Expenditure Ceiling increases.~~

7           \* \* \* \*

8  
9           **SEC. 1.108. CANDIDATE COMMITTEE CAMPAIGN CONTRIBUTION TRUST**  
10 **~~ACCOUNTS AND CAMPAIGN CONTINGENCY ACCOUNTS.~~**

11           ~~(a) CANDIDATE COMMITTEE CAMPAIGN CONTRIBUTION TRUST ACCOUNTS.~~

12           ~~(1) (a)~~ Establishment of Account. Each treasurer for a candidate committee shall  
13 establish a Campaign Contribution Trust Account for the candidate committee at an office of a  
14 bank located in the City and County of San Francisco. All expenditures by the candidate  
15 committee for the City elective office sought shall be made from that account.

16           ~~(2) (b)~~ Prohibition on Multiple Officeholder Accounts. All funds, services, or in-kind  
17 contributions received by a candidate committee for expenses incurred directly in connection  
18 with carrying out the candidate's usual and necessary duties of holding office shall be  
19 deposited, credited, or otherwise reported to the candidate committee's Campaign  
20 Contribution Trust Account. Such contributions shall be subject to the contribution limits in  
21 Section 1.114 of this Chapter 1. An elected officeholder may not establish or control any other  
22 committees or accounts for the purpose of making officeholder expenses. Nothing in this  
23 Section 1.108 shall prohibit an officer from spending personal funds on official activities.

24           ~~(3) Account Limits. A candidate committee controlled by a candidate for Mayor or the~~  
25 ~~Board of Supervisors whom the Ethics Commission has certified as eligible to receive public funds~~

1 ~~under this Chapter shall not, at any time before the date of the election for which the candidate has~~  
2 ~~been certified, have an amount of funds greater than the candidate committee's Trust Account Limit in~~  
3 ~~its Campaign Contribution Trust Account, unless those contributions are immediately transferred into~~  
4 ~~the candidate committee's Campaign Contingency Account.~~

5 ~~(b) CAMPAIGN CONTINGENCY ACCOUNTS FOR CANDIDATE COMMITTEES FOR~~  
6 ~~MAYOR AND THE BOARD OF SUPERVISORS.~~

7 ~~(1) Notwithstanding any other section of this Code, including Subsection (a)(2), a~~  
8 ~~candidate committee controlled by a candidate for Mayor or the Board of Supervisors whom the Ethics~~  
9 ~~Commission has certified as eligible to receive public funds under this Chapter may maintain a~~  
10 ~~Campaign Contingency Account separate from its Campaign Contribution Trust Account into which it~~  
11 ~~may deposit money contributions in anticipation that the Ethics Commission will raise the candidate's~~  
12 ~~Individual Expenditure Ceiling. All money contributions deposited into this account shall be reported~~  
13 ~~as if it were deposited into the candidate committee's Campaign Contribution Trust Account.~~

14 ~~(2) No candidate committee may deposit any funds into its Campaign Contingency~~  
15 ~~Account if the amount of funds in the candidate committee's Campaign Contribution Trust Account is~~  
16 ~~less than the candidate committee's Trust Account Limit.~~

17 ~~(3) No expenditures shall be made from a Campaign Contingency Account established~~  
18 ~~pursuant to this section. Funds may be transferred from the candidate committee's Campaign~~  
19 ~~Contingency Account to the candidate committee's Campaign Contribution Trust Account, provided~~  
20 ~~that the amount of funds in the Campaign Contribution Trust Account does not exceed the candidate~~  
21 ~~committee's Trust Account Limit. All funds that qualify as matching contributions and are transferred~~  
22 ~~from the Campaign Contingency Account to the Campaign Contribution Trust Account shall be eligible~~  
23 ~~to be matched with public funds in accordance with the procedures set forth in this Chapter. Within ten~~  
24 ~~days after the date of the election, the candidate committee shall turn over all funds in the Campaign~~  
25 ~~Contingency Account to the Election Campaign Fund.~~

1  
2           **SEC. 1.142. PROCESS FOR ESTABLISHING ELIGIBILITY; CERTIFICATION BY**  
3 **THE ETHICS COMMISSION.**

4           (a) STATEMENT OF PARTICIPATION OR NON-PARTICIPATION. Each candidate  
5 for the Board of Supervisors or Mayor must sign and file a Statement of Participation or Non-  
6 Participation in the public financing program. The statement must be filed by the candidate  
7 with the Ethics Commission no later than the third day following the deadline for filing  
8 nomination papers. On the statement, each candidate shall indicate whether ~~he or she~~ the  
9 candidate intends to participate in the public financing program. A statement of participation or  
10 non-participation may not be amended after the deadline ~~for filing nomination papers set forth in~~  
11 this subsection (a).

12           If any deadline imposed by this subsection (a) falls on a Saturday, Sunday, or legal holiday, the  
13 deadline shall be the next business day.

14           (b) DECLARATION BY CANDIDATE. To become eligible to receive public financing  
15 of campaign expenses under this Chapter I, a candidate shall declare, under penalty of  
16 perjury, that the candidate satisfies the requirements specified in Section 1.140. Candidates  
17 shall be permitted to submit the declaration and any supporting material required by the Ethics  
18 Commission to the Ethics Commission no earlier than nine months before the date of the  
19 election, but no later than the 70th day before the election. Once the declaration and  
20 supporting material are submitted, they may not be amended. The declaration and supporting  
21 material may be withdrawn and refiled, provided that the refiling is made no later than the 70th  
22 day before the election.

23           If any deadline imposed by this ~~s~~ subsection (b) falls on a Saturday, Sunday, or legal  
24 holiday, the deadline shall be the next business day.

1 (c) DETERMINATION OF ELIGIBILITY. The Executive Director of the Ethics  
2 Commission shall review the candidate's declaration and supporting material to determine  
3 whether the candidate is eligible to receive public funds under this Chapter 1. The Executive  
4 Director may audit the candidate's records, interview contributors, and take whatever steps  
5 the Executive Director deems necessary to determine eligibility. At the request of the  
6 Executive Director, the Controller shall assist in this review process.

7 (d) DETERMINATION OF OPPOSITION. To determine whether a candidate for the  
8 Board of Supervisors is opposed as required under Section 1.140(b)(3) of this Chapter 1 or a  
9 candidate for Mayor is opposed as required under Section 1.140(c)(3) of this Chapter, the  
10 Executive Director shall review the material filed pursuant to Section 1.152 of this Chapter,  
11 and may review any other material.

12 (e) CERTIFICATION. If the Executive Director determines that a candidate for Mayor  
13 or the Board of Supervisors has satisfied the requirements of Section 1.140, the Executive  
14 Director shall notify the candidate and certify to the Controller that the candidate is eligible to  
15 receive public financing under this Chapter 1. The Executive Director shall not certify that a  
16 candidate is eligible to receive public financing if the candidate's declaration or supporting  
17 material is incomplete or otherwise inadequate to establish eligibility. *Except as provided in*  
18 *subsection (h), the The Executive Director shall determine whether to certify a candidate no later*  
19 *than 30 days after the date the candidate submits his or her declaration and supporting*  
20 *material, provided that the Executive Director shall make all determinations regarding whether*  
21 *to certify a candidate no later than the 55th day before the election.*

22 (f) RESUBMISSION. If the Executive Director declines to certify that a candidate is  
23 eligible to receive public financing under this Chapter 1, the Executive Director shall notify the  
24 candidate. Notwithstanding Section 1.142(b) of this Chapter, the candidate may, within five  
25

1 business days of the date of notification, resubmit the declaration and supporting material. If  
2 the candidate does not timely resubmit, the Executive Director's determination is final.

3 If, after viewing resubmitted material, the Executive Director declines to certify that a  
4 candidate is eligible to receive public financing under this Chapter, the Executive Director  
5 shall notify the candidate of this fact. Additional resubmissions may be permitted in the  
6 Executive Director's discretion. If the candidate fails to resubmit in the time specified by the  
7 Executive Director, or if no further resubmissions are permitted, the Executive Director's  
8 determination is final.

9 (g) APPEAL TO THE ETHICS COMMISSION. If the Executive Director declines to  
10 certify that a candidate is eligible to receive public financing under this Chapter I, the  
11 candidate may appeal the Executive Director's final determination to the Ethics Commission.  
12 The candidate must deliver the written appeal to the Ethics Commission within five days of the  
13 date of notification of the Executive Director's determination.

14  
15 **SEC. 1.143. ADJUSTING INDIVIDUAL EXPENDITURE CEILINGS.**

16 This Section 1.143 shall apply only if the Ethics Commission has certified that at least  
17 one candidate for Mayor or the Board of Supervisors is eligible to receive public funds under  
18 this Chapter I.

19 (a) The Executive Director shall adjust the Individual Expenditure Ceiling of a  
20 candidate for Mayor ~~to an amount equal to~~ by \$250,000 when the sum of the Total Opposition  
21 Spending against that candidate and the highest level of the Total Supportive Funds of any  
22 other candidate for Mayor ~~if such amount~~ is greater than \$1,475,000 ~~by any amount, provided that~~  
23 ~~the Executive Director may adjust a candidate's Individual Expenditure Ceilings only in increments of~~  
24 \$100,000. Thereafter, the Executive Director shall further adjust a candidate's Individual Expenditure  
25 Ceiling in increments of \$250,000, whenever the sum of the Total Opposition Spending against that

1 candidate and the highest level of the Total Supportive Funds of any other candidate for Mayor is  
2 greater than the candidate's current Individual Expenditure Ceiling by any amount.

3 (b) The Executive Director shall adjust the Individual Expenditure Ceiling of a  
4 candidate for the Board of Supervisors ~~to an amount equal to~~ by \$50,000 when the sum of the  
5 Total Opposition Spending against that candidate and the highest level of the Total Supportive  
6 Funds of any other candidate for the same office on the Board of Supervisors ~~if such amount~~ is  
7 greater than \$250,000 ~~by any amount, provided the Executive Director may adjust a candidate's~~  
8 ~~Individual Expenditure Ceiling only in increments of \$10,000.~~ Thereafter, the Executive Director shall  
9 further adjust a candidate's Individual Expenditure Ceiling in increments of \$50,000, whenever the sum  
10 of the Total Opposition Spending against that candidate and the highest level of the Total Supportive  
11 Funds of any other candidate for the same office is greater than the candidate's current Individual  
12 Expenditure Ceiling by any amount.

13 (c) The Executive Director shall promptly review statements filed pursuant to state and  
14 local law, including Government Code section 84204 and Sections 1.161, 1.162, and 1.163 of  
15 this Chapter 1, to determine whether a communication supports or opposes one or more  
16 candidates.

17 Factors the Executive Director shall use to determine whether the communication  
18 supports or opposes one or more candidates include the following:

- 19 (1) whether the communication clearly identifies one or more candidates;  
20 (2) the timing of the communication;  
21 (3) the voters targeted by the communication;  
22 (4) whether the communication identifies any candidate's position on a public  
23 policy issue and urges the reader or viewer to take action, including calling the candidate to  
24 support or oppose the candidate's position;  
25



1 (5) whether the position of one or more candidates on a public policy issue has  
2 been raised as distinguishing these candidates from others in the campaign, either in the  
3 communication itself or in other public communications;

4 (6) whether the communication is part of an ongoing series of substantially  
5 similar advocacy communications by the organization on the same issue; and

6 (7) any other factors the Executive Director deems relevant.

7 (d) Within one business day of the date that the Executive Director makes a  
8 determination under ~~S~~ subsection (c), either the candidate(s) identified in the communication or  
9 any candidate seeking the same City elective office as the candidate identified in the  
10 communication may object to the Executive Director's determination. The Executive Director  
11 shall respond to any objection within one business day of receiving the objection.

12 (e) Within one business day of the Executive Director's response, either the  
13 candidate(s) identified in the communication or any candidate seeking the same City elective  
14 office as the candidate identified in the communication may submit to the Executive Director a  
15 request that the Ethics Commission review the Executive Director's determination. Within one  
16 business day of receiving the request, the Executive Director shall notify each Commissioner  
17 of the candidate's request.

18 If within one business day of the Executive Director's notice, two or more members of  
19 the Commission inform the Executive Director that they would like to review the determination,  
20 the Executive Director shall schedule a meeting of the Commission on a date that occurs  
21 within one week of the Commissioners' requests. If three members of the Commission vote to  
22 overrule the Executive Director's determination, the Commission shall make a final  
23 determination based on the factors set forth above.

24 (f) If no candidate objects to the Executive Director's determination, if no candidate  
25 requests review by the Commission of the Executive Director's determination, if a request is

1 made and two or more members of the Commission do not request to review the  
2 determination, or within one week of two members of the Commission requesting to review  
3 the Executive Director's determination, at least three members of the Commission do not vote  
4 to overrule the Executive Director's determination, the Executive Director's determination shall  
5 become final.

6 The Executive Director shall determine whether to adjust the Individual Expenditure  
7 Ceilings of each candidate for Mayor or the Board of Supervisors pursuant to either  
8 ~~Subsection (a) or (b) of this Section~~ within one business day of a final determination.

9  
10 Section 2. Effective Date. This ordinance shall become effective 30 days after  
11 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
12 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
13 of Supervisors overrides the Mayor's veto of the ordinance.

14  
15 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
16 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
17 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
18 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
19 additions, and Board amendment deletions in accordance with the "Note" that appears under  
20 the official title of the ordinance.

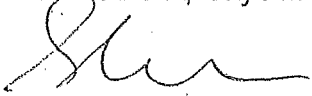
21  
22 Section 4. Severability. If any section, subsection, sentence, clause, phrase, or word  
23 of this ordinance, or any application thereof to any person or circumstance, is held to be  
24 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision  
25 shall not affect the validity of the remaining portions or applications of the ordinance. The

1 Board of Supervisors hereby declares that it would have passed this ordinance and each and  
2 every section, subsection, sentence, clause, phrase, and word not declared invalid or  
3 unconstitutional without regard to whether any other portion of this ordinance or application  
4 thereof would be subsequently declared invalid or unconstitutional.

5  
6 Section 5. Under Campaign and Governmental Conduct Code Section 1.103, the City  
7 may enact this ordinance without voter approval only if (a) the ordinance furthers the purposes  
8 of Campaign and Governmental Conduct Code Article I, Chapter 1; (b) the Ethics  
9 Commission approves the ordinance in advance by at least a four-fifths vote of all its  
10 members; (c) the ordinance has been available for public review at least 30 days before the  
11 ordinance is considered by the Board of Supervisors or any committee of the Board of  
12 Supervisors; and (d) the Board of Supervisors approves the proposed amendment by at least  
13 a two-thirds vote of all its members.

14  
15 APPROVED AS TO FORM:  
16 DENNIS J. HERRERA, City Attorney

17 By:

  
18 ANDREW SHEN  
Deputy City Attorney

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22  
23  
24  
25

## LEGISLATIVE DIGEST

[Campaign and Governmental Conduct Code - Public Campaign Financing]

**Ordinance amending the Campaign and Governmental Conduct Code to modify the deadline for participation in the City's public financing program and the operation of individual expenditure ceilings for participating candidates.**

### Existing Law

1. Deadline for participation in the City's public financing program.

Under Campaign and Governmental Conduct Code ("C&GC Code") Section 1.142(a), candidates who wish to participate in the City's public financing program must file their statements of participation by the local deadline for filing nomination papers.

2. Operation of individual expenditure ceilings

Candidates who participate in the City's public financing program are subject to an adjustable spending cap, referred to as an individual expenditure ceiling. Once they qualify, supervisory candidates are subject to an individual expenditure ceiling of \$250,000, and mayoral candidates are subject to an individual expenditure ceiling of \$1,475,000. C&GC Code §§ 1.140(b)(4), 1.140(c)(4). As the election progresses, individual expenditure ceilings for publicly financed candidates increase based on the amount of supportive funds that benefit competing candidates and spending by third-parties who oppose their candidacies. *Id.* § 1.143. The Ethics Commission increases these individual expenditure ceilings in increments of \$10,000 for supervisory candidates, and \$100,000 for mayoral candidates.

### Amendments to Current Law

1. Deadline for participation in the City's public financing program.

The proposed legislation would allow candidates who wish to participate in public financing to file their statements of participation up to three days after the nomination deadline.

2. Operation of individual expenditure ceilings

The proposed legislation would increase the increments by which the Ethics Commission adjust individual expenditure ceilings – to \$50,000 for supervisory candidates, and \$250,000 for mayoral candidates. The proposal would also make it more likely that these ceilings will increase, by authorizing the Ethics Commission to increase individual expenditure ceilings as soon as a publicly financed candidate exceeds the candidate's current ceiling by any amount.

Background Information

Under Campaign and Governmental Conduct Code Section 1.103, the Board of Supervisors may amend or repeal provisions of the City's public financing program only if:

- (a) the amendment furthers the purposes of this Chapter;
- (b) the Ethics Commission approves the proposed amendment in advance by at least a four-fifths vote of all its members;
- (c) the proposed amendment is available for public review at least 30 days before the amendment is considered by the Board of Supervisors or any committee of the Board of Supervisors; and
- (d) the Board of Supervisors approves the proposed amendment by at least a two-thirds vote of all its members.

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## Ethics Commission City and County of San Francisco

### Meeting Summary – Summary of Actions Taken and Matters Discussed at Ethics Commission's February 15, 2019 Meeting

Tuesday, February 19, 2019

Contact: Pat Ford (415) 252-3100

- Chair Chiu called the meeting to order at 2:05 pm with all members present and welcomed new Commissioner Fern M. Smith.
- Under Item 2, received public comment on matters appearing or not appearing on the agenda.
- Approved two matters on its Consent Calendar:
  - Unanimously (5-0) adopted a motion by Vice-Chair Kopp and seconded by Commissioner Smith to approve Item 3, Draft Minutes for the Ethics Commission's January 18, 2018 regular meeting.
  - Unanimously (5-0) adopted a motion by Chair Chiu and seconded by Commissioner Smith to approve Item 4, the Proposed Stipulation, Decision, and Order *In the Matter of Joseph Certain (Ethics Commission Complaint No. 1718-012)*.
- Provided comment and received public comment thanking former Commission Member Paul A. Renne for his service on the Commission following the completion of his term of service on February 1, 2019. By unanimous vote (5-0), approved a motion by Vice-Chair Kopp and seconded by Commissioner Lee to adopt a Resolution in honor of Commissioner Renne. Chair Chiu presented former Commissioner Renne with an engraved plaque on the Commission's behalf.
- Re-elected Commissioner Daina Chiu to serve as Chair of the Commission for 2019 by a vote of 4-1 (with Commissioner Kopp in the Dissent). Elected Commissioner Noreen Ambrose to serve as Vice-Chair for 2019 by a vote of 4-1 (with Commissioner Kopp in the dissent).
- Heard a Staff presentation and received public comment on Item 7, an informational presentation on Ethics Commission campaign disclosure dashboards.
- Discussed and took public comment on draft ordinances regarding the public financing program under Item 8. Adopted four motions:
  - A motion by Chair Chiu and seconded by Commissioner Kopp to change the deadline for publicly financed candidates to file their Statement of Participation or Non-Participation to three days after the nomination filing deadline was approved 5-0.

- A motion by Chair Chiu and seconded by Commissioner Kopp to change the increments for adjusting the Individual Expenditure Ceilings ("IEC") of publicly financed candidates from \$10,000 to \$50,000 in a Supervisorial race and from \$50,000 \$250,000 in a Mayoral race was approved 5-0.
- A motion by Vice-Chair Ambrose and seconded by Commissioner Kopp to adjust a candidate's IEC when opponent activity exceeds the candidate's IEC by any amount was approved 5-0.
- A motion by Vice-Chair Ambrose and seconded by Commissioner Lee to eliminate contingency accounts was approved 4-1 (Commissioner Kopp in the dissent).
  
- Commissioner Kopp left the meeting at 5:00 pm.
- Discussed Item 9, the monthly Staff Policy Report and provided the opportunity for public comment. No action was taken.
- Heard a Staff presentation and provided the opportunity for public comment on Item 10, the monthly Staff Enforcement Report. No action was taken as the item was for informational purposes only.
- Discussed and received public comment on Item 11, the Executive Director's monthly report. No action was taken as the item was for informational purposes only.
- Provided the opportunity for public comment on Item 12 regarding the status of complaints received or initiated by the Ethics Commission. The Commission had no discussion and took no action on the item.
- Provided the opportunity for public comment under Item 13, items for future meetings. Executive Director Pelham announced the Commission's monthly meeting in April has been changed to Friday, April 12 at 1:30 p.m. due to scheduling issues.
- Under Item 14, unanimously (4-0) approved a motion by Commissioner Lee and seconded by Commissioner Smith to adjourn the meeting and adjourned at 5:39 pm.

Draft Minutes for the February 15, 2019, regular meeting will be available upon their completion and will be included on the Agenda for the Commission's next Regular Meeting. The next meeting of the Ethics Commission is scheduled for Friday, March 15, 2019, at 2:00 pm in City Hall Room 416. For further information, please feel free to contact the Ethics Commission at [ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org) or (415) 252-3100

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ETHICS COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2019 MAR -5 PM 4:03

BY         

DAINA CHIU  
CHAIR

March 5, 2019

NOREEN AMBROSE  
VICE-CHAIR

Angela Calvillo, Clerk of the Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

QUENTIN L. KOPP  
COMMISSIONER

YVONNE LEE  
COMMISSIONER

**Re: Proposed Ordinance – First Phase of Ethics Commission’s Review of the Public Campaign Financing Program**

FERN M. SMITH  
COMMISSIONER

Dear Ms. Calvillo:

LEEANN PELHAM  
EXECUTIVE DIRECTOR

At its February 15, 2019 Regular Meeting, the Ethics Commission voted by a four-fifths majority to support several procedural amendments to City law that seek to strengthen the City’s public campaign financing program. The ordinance would amend the Campaign and Governmental Conduct Code (the “Code”) to update several operational components of the program that the Commission believes would serve to further encourage candidate participation. The Ethics Commission is hereby formally transmitting the attached ordinance to the Board of Supervisors for the Board’s consideration and urges the Board to enact the ordinance into law. The Commission requests that the ordinance be introduced at the next possible meeting of the Board.

**Background**

The Commission is currently engaged in detailed review of the public financing program. This review is being undertaken in two phases. The first phase focused on procedural aspects of the program with the goal of improving candidate participation rates and program outcomes by reducing candidate compliance burdens without affecting the program’s basic parameters. This phase of the review resulted in a revised set of regulations, revisions to administrative review processes, improvements to written candidate materials, and the approval of the ordinance that is attached to this letter. The second phase of the review, which is currently ongoing, examines more foundational aspects of the program, such as the qualification requirements for candidates, the total amount of public financing that candidates may receive, and the model under which candidates receive funds.

**Overview of Proposal**

The ordinance would make three procedural changes to the public financing program.

Allow Participating Candidates to Use One Consolidated Campaign Account. First, the Commission’s proposed ordinance would end the requirement that publicly financed candidates maintain two separate bank accounts. Under current law, a candidate must keep



all contributions in a "trust account." However, if the candidate receives contributions in excess of her spending limit, any excess contributions must be moved to a separate "contingency account." This requirement has not strengthened the program's outcomes and, therefore, has resulted in an unnecessary compliance step required of participants. The ordinance would change the Code to allow participants to keep all contributions in a single campaign trust account but would still require them to abide by their applicable spending limit.

Allow Additional Time for All Candidates to File the Required Statement of Participation or Non-Participation. Secondly, the ordinance would move the deadline for the filing of candidates' Statement of Participation or Non-Participation, which all candidates must file in order to be eligible for the program. Currently, the deadline is the same day that candidate nomination papers are due under the Elections Code. The ordinance would change the deadline for candidates to file the Statement of Participation or Non-Participation to the third day *after* the deadline for filing nomination papers. This change would allow all candidates additional time to submit their required filing, and also allows candidates who may decide to enter a race only shortly before the deadline for filing nomination papers to have a full opportunity to consider participation in the program.

Increase the Increments by which Individual Expenditure Ceilings Must be Adjusted. Lastly, the ordinance would increase the minimum increments by which spending limits are adjusted for participating candidates when those limits are required to be adjusted. Although all participants must agree to abide by an initial spending limit to qualify for the program, that limit may be periodically increased based on opponent activity in their race. By increasing the minimum increment for spending limit increases, the ordinance would reduce the overall number of spending limit increases that a candidate must track while still raising spending limits to the same levels as under current law. This would diminish undue complexity for participating candidates in complying with the spending limits when they are adjusted.

During its meeting on February 15, 2019, the Commission approved a motion by a vote of 4-1 to recommend adoption of the proposed ordinance. The Commission urges the Board's support for the proposed ordinance.

If you have any questions for the Ethics Commission or would like any additional information from our office, please feel free to contact me at (415) 252-3100.

Sincerely,

**LeeAnn Pelham**

LeeAnn Pelham  
Executive Director

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Kanishka Karunaratne Cheng, Mayor's Office  
LeeAnn Pelham, Executive Director, Ethics Commission  
John Arntz, Director, Department of Elections  
Ben Rosenfield, City Controller, Office of the Controller

FROM: Victor Young, Assistant Clerk  
Rules Committee

DATE: March 26, 2019

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Rules Committee has received the following proposed legislation, introduced on March 12, 2019:

**File No. 190287**

**Ordinance amending the Campaign and Governmental Conduct Code to modify the deadline for participation in the City's public financing program and the operation of individual expenditure ceilings for participating candidates.**

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [victor.young@sfgov.org](mailto:victor.young@sfgov.org).

c: Mawuli Tugbenyoh, Mayor's Office  
Rebecca Peacock, Mayor's Office  
Andres Power, Mayor's Office  
Patrick Ford, Ethics Commission  
Todd Rydstrom, Office of the Controller  
Natasha Mihal, Office of the Controller

Print Form

# Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2019 MAR 11 AM 9:36

BY \_\_\_\_\_  
Time stamp  
or meeting date *zh*

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [ ] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Topic submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Mar

Subject:

Campaign and Governmental Conduct Code - Public Campaign Financing

The text is listed:

Ordinance amending the Campaign and Governmental Conduct Code to modify the deadline for participation in the City's public financing program and the operation of individual expenditure ceilings for participating candidates.

Signature of Sponsoring Supervisor: *[Signature]*

For Clerk's Use Only

