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LEEANN PELHAM
EXECUTIVE DIRECTOR

Date: May 17, 2017

To: Members of the Ethics Commission

From: Kyle Kundert, Senior Policy Analyst

Re: **AGENDA ITEM 6: Public comment received to-date regarding the Proposition J Revision Project and Proposed Timeline for Consideration of Prop J and Additional Campaign Finance-Related Proposals**

Summary: This memorandum discusses topics raised by members of the public at the Commission's Interested Persons Meetings on May 9 and 11, 2017 regarding the Proposition J Revision Project. The following memorandum will 1) outline the topics and issues raised at the meetings, 2) highlight the related Staff review of additional campaign finance related proposals, and 3) propose a timeline for the Commission's continued consideration of these matters.

Action Requested: No other action is required at this time by the Commission, but Staff seeks the Commission's further policy guidance on issues highlighted in this memo and feedback on its proposed plan for public engagement on potential campaign finance reform recommendations.

Overview

At the Commission's April 24, 2017, regular meeting, the Commission received a memorandum outlining Staff's initial research and analysis of the Proposition J ("Prop J") Revision Project. That memorandum outlined the key areas of Prop J and provided initial legal and policy analysis of those provisions as well as an introductory timeline to move forward with further analysis and Interested Persons Meetings. In accordance with that timeline, Staff hosted two Interested Persons Meetings on May 9 and 11, 2017, at 25 Van Ness Ave. in San Francisco. In addition to Commission staff, Chair Keane attended the May 11 meeting. The following section summarizes the public comment received to date.

Discussion of Public Comment

Approximately 15 individuals representing a number of organizations and interests spoke at one or both meetings. Although the sentiments were wide and varied, several major items of concern were raised on a recurring basis, those include:

1. Actual or perceived political corruption;
2. The influence of money in politics (generally);
3. The undue influence of key 'political players' in the City as opposed to the average citizenry;
4. The complicated nature and structure of the Prop J Revision Project in its current form;
5. Potential constitutional concerns with several of the proposed revisions.

Staff heard comments from interested persons that provided context and anecdotal instances of corruption occurring within the City, including recently resolved investigations by Federal authorities. The comments, in particular, provided staff with a proposed framework to work from as we begin developing a record that will attempt to establish a nexus between the 'receivers' of public benefits and the political advantages they could provide.

Some public comment received reinforced a concern that the influence of money in politics is eroding (or has eroded) the public trust in the electoral process. Commenters relayed research and instances of perceived influence by large donors manipulating policy by making or otherwise contributing to public officials causes (both directly and indirectly) at the expense of the public in general.

Alternatively, a number speakers related the view that the proposal, as written, may potentially sweep up more political activity than is constitutionally valid. Additionally, several commenters expressed concern that some of the proposals provisions were duplicative or otherwise addressed by regulations already contained in the Campaign Finance Reform Ordinance or addressed elsewhere in the City ordinance.

In addition to substantive comments, nearly every commenter asked for a process and a timeline for the proposal which allowed interested stakeholders to continue to comment on the proposal as the Commission prepares it for presentation to the Board of Supervisors. With stakeholder's comments in mind, Staff has developed a proposed timeline for the Commission to consider which is attached to this memo as Attachment 1.

To assist in further analyzing these issues and possible approaches, written public comments are due June 12.

Campaign Finance Reform Ordinance Going Forward

Staff has been working diligently to research, analyze, and assist in the drafting of a number proposals related to the Campaign Finance Reform Ordinance ("CFRO"). Today, the Commission will receive two separate memoranda concerning Supervisor Farrell's proposal to require certain information from LLC donors, and Supervisor Peskin's proposal to increase transparency around bundled contributions, the solicitation of funds for ballot measure and independent expenditure committees and a contribution ban on certain persons with a financial interest in land use matters. Each of these proposals also share

the share a common goal to limit the instances of corruption or appearance of corruption, and undue influence in City politics.

In addition, the Commission will recall that its current Annual Policy Plan identifies a comprehensive review of the City's Public Financing system to begin in June. Staff is confirming room availability for June 2017 Interested Persons Meetings to continue the Commission's public dialogue regarding the public financing review. Staff is proposing that these meetings be tentatively scheduled for June 6 and 7.

Finally, in line with the Commission's Annual Policy Plan, Staff also has begun the planned review of CFRO in conjunction with the above proposals. The goal of this review is to ensure that current and proposed CFRO provisions are in-line with changes to the Political Reform Act, case law, and that the provisions of CFRO are as comprehensive and strong as possible in supporting its stated purpose to limit corruption, undue influence and to promote an informed electorate. Staff will continue to provide the Commission with memoranda related to the proposals above at upcoming Commission meetings for its further policy direction and action as proposed on the following aggressive timeline.

CFRO Review Timeline

