

**ORDINANCE NO. 2505**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY AMENDING CITY CODE CHAPTER 2, ARTICLE XI, RELATING TO CAMPAIGN CONTRIBUTION LIMITS AND VOLUNTARY EXPENDITURE LIMITS**

**WHEREAS**, the California’s Political Reform Act (the “Act”) requires disclosure of campaign contributions and expenditures in connection with state and local elections and authorizes local agencies to enact campaign regulations that do not prevent compliance with the Act itself; and

**WHEREAS**, on February 10, 2020, the City Council of the City of Redwood City (the “City Council”) adopted Ordinance No. 2476 adding City Code Chapter 2, Article XI, relating to campaign contribution limits and voluntary expenditure limits; and

**WHEREAS**, the proposed ordinance (the “Ordinance”) amends Article XI of Chapter 2 of the Municipal Code to, among other things, revise eligibility requirements for voluntary campaign expenditure to receive benefits, to increase the voluntary campaign expenditure ceiling amount, and to remove gendered language.

**THE COUNCIL OF THE CITY OF REDWOOD CITY DOES ORDAIN AS FOLLOWS:**

**Section 1.** The recitals set forth above are true and correct, and are hereby incorporated herein by this reference as if fully set forth in their entirety.

**Section 2.** The City Council of the City of Redwood City amends Article XI of Chapter 2 of the Redwood City Code as shown in Exhibit A by adding the text shown in double underline (example) and deleting the text shown in strikeout (~~example~~), attached hereto and incorporated by reference. Wording in brackets ([example]) is informational only and is not to be included in the published ordinance.

**Section 3.** The proposed ordinance is not a project within the meaning of section 15378 of the CEQA Guidelines because it has no potential for resulting in physical change in the environment, either directly or ultimately. In the event that this ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility of a significant effect on the environment.

**Section 4.** The City Clerk is directed to cause this Ordinance to be published in the manner required by law.

**Section 5.** This ordinance shall go into effect thirty (30) days after the date of its passage and adoption.

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## **EXHIBIT "A"**

[Article XI of Chapter 2 (Administration) of the City Code is amended to read as follows:]

### **Article XI**

#### **Campaign Contribution Limits and Voluntary Expenditure Limits**

**Section 2.150 Findings and Purpose**

**Section 2.151 Definitions**

**Section 2.152 Candidate Campaigns Only**

**Section 2.153 Contribution Limits and Penalties**

**Section 2.154 Voluntary Campaign Expenditure Limits and Penalties**

**Section 2.155 Severability**

#### **2.150 FINDINGS AND PURPOSE:**

- A. The City Council hereby finds that preserving integrity and openness in the political process is a matter of the highest public interest; that the people of the City of Redwood City can be better served through a more informed electorate; that the trust of the people is essential to representative government; and that regulation of campaign contributions is necessary to promote public confidence in government and to protect the integrity of the electoral process.
- B. The City Council further finds that regulation of campaign contributions is required because the costs of running political campaigns have reached levels that lead to a public perception that special interests and wealthy individuals may have undue influence on or access to elected officials.
- C. It is the policy of the City to promote and encourage broad-based citizen involvement in the financing of election campaigns.
- D. The purpose of this article is to minimize the potentially corrupting influence and appearances of corruption caused by excessive contributions and expenditures in campaigns by providing for a reasonable voluntary campaign expenditure limit and mandatory contribution limits for City Council candidates.
- E. A further purpose of this article is to limit overall expenditures in campaigns, thereby allowing City Council candidates and incumbent City Councilmembers to spend less of their time on fundraising and more of their time communicating on issues of importance to voters and constituents.
- F. This article is also intended to provide impartial and non-coercive incentives that encourage City Council candidates to agree to voluntarily limit campaign expenditures.

## **2.151 DEFINITIONS:**

As used in this article, the words and phrases shall be defined in the same manner as they are defined in the Political Reform Act of 1974 (including any amendments thereto) as found in California Government Code Section 81000 et seq., unless defined otherwise in this section. For the purposes of this article, the terms below are defined as follows:

- A. "Candidate" means any individual listed on the ballot for election to any City office, or who otherwise has taken affirmative action to seek election to City office, or who receives a contribution or makes an expenditure, or who gives their consent for any other person to receive a contribution or make an expenditure with the purpose of bringing about their election to any City office. "Candidate" also means an officeholder in connection with a recall election relating to such officeholder.
- B. "Candidate committee" means a committee that is controlled directly or indirectly by a candidate or that acts jointly with a candidate in connection with the making of expenditures.
- C. "Contribution" means a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment except to the extent full and adequate consideration is received unless it is clear from the surrounding circumstances that it is not made for political purposes. Except as provided herein, "contribution" includes an expenditure made at the behest of a candidate or candidate committee unless full and adequate consideration is received for making the expenditure.

The term "contribution" does not include a payment made by the occupant of a home or business for costs related to any meeting or fund raising event held in the occupant's home or business; or volunteer personal or professional services or the donation of goods by any individual if the services or goods are donated without any understanding or agreement that they shall be directly or indirectly repaid to him or her.

- D. "Individual" means a natural person and shall not include a partnership, corporation, association, firm, business entity, committee, club, or other organization.
- E. "Organization" means a partnership, corporation, association, firm, business entity, committee, club, union, or company.

## **2.152 CANDIDATE CAMPAIGNS ONLY:**

The provisions of this article apply to election campaigns for candidates only. The provisions of this article do not apply to any referendum or initiative election.

## **2.153 CONTRIBUTION LIMITS AND PENALTIES:**

- A. Contribution Limit Established. For any particular election, including a recall election, no individual or organization shall make, and no candidate, candidate committee, treasurer, or other person acting on behalf of a candidate committee shall solicit or accept from any individual or organization, any contribution that will cause the total amount contributed by such individual or organization to exceed \$1,000.
- B. Return of Contributions. Any contribution or portion thereof that exceeds the limits in this section shall be returned to the contributor within 72 hours of receipt.
- C. Not Applicable to Personal Funds. The limits imposed by this section shall not apply to contribution of a candidate's personal funds to the candidate's own campaign, or to any loan that is personally guaranteed by the candidate or is secured by property owned by the candidate.
- D. Penalties.
  - 1. Any person who knowingly or willfully violates any provision of this section is guilty of a misdemeanor. Prosecution for violations of this section must be commenced within four (4) years of the date on which the violation occurred.
  - 2. In addition to other penalties provided by law, a fine of one thousand dollars (\$1,000.00) for each violation of this section may be imposed. If evidence of a violation of this section is presented to the City Clerk, the City Clerk shall send written notice to the candidate or committee of the alleged violation and request its correction within three (3) business days of the date on the written notice. If no correction has been made within the allotted time, the candidate or committee shall cease and desist all contributions, expenditures, and campaign communications, and pay the fine set forth above to the General Fund of the City.
  - 3. In addition to other penalties provided by law, the City may bring suit in a court of competent jurisdiction to seek an injunction or other appropriate relief, whether temporary or permanent, to halt any violation of this section. Nothing in this section shall be deemed to restrict a suit for damages on behalf of the City or on behalf of any other person or entity.

## **2.154 VOLUNTARY CAMPAIGN EXPENDITURE LIMITS AND PENALTIES:**

- A. Notice to City Clerk. Each candidate for election to the City Council in November 2020, and for each City Council election thereafter, shall, prior to the time they file nomination papers with the City Clerk, advise the City Clerk in writing on a form provided by the City whether or not the candidate will opt to voluntarily limit their campaign expenditures and fund raising in accordance with the voluntary campaign expenditure limits set forth in this section. The agreement to voluntarily limit campaign expenditures shall pertain to all expenditures incurred by the candidate or the candidate's committee in support of their candidacy and shall include such expenditures which a candidate or candidate's committee is required to report

pursuant to the California Political Reform Act of 1974, as amended, whether those expenditures are made before or after the filing of nomination papers.

- B. Opportunity to Reverse Decision Accepting Expenditure Limit. Within three business days after the deadline to file nomination papers with the City Clerk, a candidate that previously accepted the voluntary campaign expenditure limit will have one opportunity to notify the City Clerk that they have decided not to accept the voluntary campaign expenditure limit. The candidate shall thereafter be relieved of abiding by the expenditure limit.
- C. Benefits and Incentives.
  - 1. The City Council candidate will receive the benefits and incentives prescribed in subsection (2) when the City Council candidate does all of the following:
    - a. Voluntarily agrees to limit campaign expenditures in accordance with this section; and
    - b. Thereafter abides by that agreement; and
    - c. Either forms a controlled campaign committee in accordance with California Government Code Section 84101, or files a Form 470 with the Fair Political Practices Commission stating they will not receive campaign contributions or make campaign expenditures of \$2,000 or more during the calendar year.
  - 2. A City Council candidate who performs each of the acts delineated in subsection (1) shall receive the following benefits and incentives at no cost to themselves or their candidate's campaign committee:
    - a. Candidates who agree to abide by the voluntary campaign expenditure limits shall be identified prominently on the City's website with a 400-word written statement. The statement will appear exactly as submitted with no editing by staff. A statement that exceeds 400 words will be returned to the candidate who shall be responsible for editing the statement to comply with the 400-word limit and resubmitting the statement. One photograph of the candidate supplied by the candidate shall be allowed as part of the statement.
      - i. The candidate's statement must be submitted electronically to the City Clerk.
      - ii. The candidate's statement must conform to candidate statement guidelines provided by the City Clerk and the content shall be consistent with the requirements of Elections Code Section 13307(a)(1).
      - iii. A disclaimer shall accompany all such website postings that City Council candidate statements have been posted by the City Clerk in the form submitted by the candidate without editing, proofreading, or spell checking by the City Clerk, that the opinions and statements set forth are those of the candidates to whom they are attributed and do not reflect the City's official positions on issues addressed in the statement, that the candidate's

statement is not a City endorsement of any candidate's candidacy, that the information is submitted to the voters by the City as a service to assist voters and for informational purposes only, and that the statement is not intended to, and does not, exempt any candidate or statement author from civil or criminal liability for any false, slanderous or libelous statements set forth on the City's website.

- iv. The candidate's statement may be printed in English and/or other language of the candidate's choice; however, the City will not provide translation services to the candidate and more than one statement in different languages will not be permitted if cumulatively the statements would exceed 400 words.
  - v. Candidates may submit one statement at any time prior to the election. The City Clerk will post the statement within five (5) business days following receipt of the statement by the candidate.
  - vi. Candidates will appear on the website in the alphabetical order drawn by the Secretary of State for the ballot.
  - vii. The website will clearly identify whether each candidate has agreed to the voluntary expenditure limits.
- b. Candidates who agree to abide by the voluntary campaign expenditure limits may so state on their campaign materials, whether tangible or intangible, such as mass mailings, advertisements, and signs. This subsection is set forth for clarity, and is not intended to act as a regulation of campaign materials.
3. In addition to any regular City Council election, the benefits and incentives of this section shall also be available in any recall election.

D. Other City Council Candidate Statements on City's Website.

City Council candidates who do not agree to voluntary campaign expenditure limits, candidates who agreed to voluntary campaign expenditure limits and then violated the agreement, or candidates who otherwise do not qualify for inclusion on the City's website may submit a statement to appear on the website below candidates that agree to voluntary expenditure limits by tendering a fee to the City Clerk in an amount established by Council resolution.

E. Calculation of Voluntary Campaign Expenditure Limit

1. A candidate for district City Councilmember who voluntarily agrees to expenditure ceilings shall not make qualified expenditures exceeding two dollars and thirty-six cents (\$2.36) per resident in the electoral district for each election in which the candidate is seeking elective office. Residency of each electoral district shall be determined by the latest decennial census population figures available for that district. The City Clerk shall publish the expenditure ceiling amounts no later than sixty (60) business days following adoption of this ordinance.
2. Beginning on January 1, 2024, the City Clerk shall in even-numbered years increase the expenditure ceiling amounts based upon a finding that the cost of living in the immediate San Francisco Bay Area, as shown on the CPI for all items in the San Francisco Bay Area as published by the U.S. Department of Labor, Bureau of Statistics, has increased. The adjustment called for by this section shall be the cost of living adjustment (COLA) computed by reference to the CPI as indexed from a base year that commences in October 2021 (by way of example, on January 1, 2024, the City Clerk will adjust the voluntary expenditure ceiling amounts by determining the increase in CPI from October 2021-October 2023). The increase shall be rounded to the nearest thousand. The City Clerk shall publish the adjusted expenditure ceiling amounts no later than February 1<sup>st</sup> of each even-numbered year.
3. The voluntary campaign expenditure limit called for by this section shall include any expenditures made by the candidate or by the candidate's campaign committee in connection with the preparation and publication of the candidate's statement of qualifications in the sample ballot pamphlet published in accordance with California Elections Code Section 13307.
4. The following shall not count toward the voluntary campaign expenditure limit:
  - a. Filing fees related to the candidacy, including the candidate statement filing fee, fees paid to the Secretary of State to open or maintain a committee, and fees to translate the candidate statement.
  - b. Contributions returned by the candidate within thirty (30) days of receipt.
  - c. Legal fees and costs incurred in connection with litigation arising out of a campaign for City office.
  - d. Non-monetary contributions as defined by the Fair Political Practices Commission.
  - e. Post-election party expenses.
  - f. Post office box expenses.

F. Penalties. Any violation of this section, including the filing of false reports that entitle the candidate to the benefits conferred by this section, and further including a

candidate not to abiding by the voluntary campaign expenditure limits agreed upon, shall, within seventy-two (72) hours of the City's knowledge of the violation:

1. Be forwarded to a newspaper of general circulation for publication; and
2. Be posted on the City's website, and
3. Be posted at a reasonably accessible location at City Hall; and
4. Result in removal of the 400-word written statement by the candidate that committed the violation from the City's website, unless a fee is paid and the statement relocated in accordance with Section 2.154(D).

**2.155 SEVERABILITY:**

Each section and provision of this article shall be considered severable and the invalidity of any section or provision of this article shall not affect the validity or enforceability of any other section or provision. The City Council of the City of Redwood City hereby declares that it would have adopted this article and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional.