

City of Oakland Public Ethics Commission



Photo: Greg Linhares, City of Oakland

Oakland Campaign Reform Act Guide

2018



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INTRODUCTION

The Oakland Campaign Reform Act (OCRA) adds local rules and restrictions in addition to the requirements and regulations of the California Political Reform Act (Gov. Code Sec. 81000 *et seq*). Candidates for Oakland elective office must comply with both California and Oakland campaign laws.

This *Oakland Campaign Reform Act Guide* is intended to provide an overview of the Oakland Campaign Reform Act and is to be **advisory only**. To the extent the Guide conflicts with the actual ordinance, administrative regulation or interpretation by the Public Ethics Commission (Commission), those authorities will govern the implementation and enforcement of the ordinance. All legal citations are to the Oakland Municipal Code (O.M.C.) unless otherwise noted.

The Oakland Public Ethics Commission is the administrative enforcement body for OCRA. If you have questions about this guide or your obligations under the law, contact Commission staff.

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Questions regarding the California Political Reform Act can be directed to the Fair Political Practices Commission (FPPC) at (866)275-3772.

SUMMARY OF THE OAKLAND CAMPAIGN REFORM ACT

The Oakland Campaign Reform Act (OCRA), as amended in 2016,¹ establishes local contribution limits, optional campaign expenditure limits, and electronic filing requirements for Oakland candidates and committees. OCRA also limits contributions from persons negotiating certain contracts with the City. It regulates the process by which contributions can be received or returned, how contributions from closely related entities can be attributed, and sets forth certain disclosure requirements for the distribution of independent mass mailings.

LOCAL OFFICES COVERED UNDER OCRA

OCRA applies to local candidates for “city office,” which is defined to include the office of Mayor, City Attorney, City Auditor, District and At-Large City Councilmembers, and elected Oakland School Board Directors. [Oakland Municipal Code (OMC) §3.12.040].

REPORTING OF CAMPAIGN ACTIVITIES

Most reporting requirements are imposed by the California Political Reform Act, and candidates and committees should refer to the *Campaign Disclosure Manual 2* for local candidates, published by the California Fair Political Practices Commission and available on their website at www.fppc.ca.gov. The FPPC also provides advice to candidates and committees via advice-line, available at (866) ASK-FPPC (866-275-3772).

ELECTRONIC FILING REQUIREMENT

Effective in 2013, and as amended by City Charter in 2014, OCRA requires any local candidate or local committee that is required by state or local law to file a campaign statement with the local filing officer to file that information in an electronic format with the Public Ethics Commission’s

Filing Campaign Disclosure Statements Online



Electronic filing of campaign disclosure statements is **mandatory** in Oakland for all campaign committees required to file campaign statements with the City of Oakland under the California Political Reform Act. This includes candidate-controlled committees, ballot measure committees, and general purpose political action committees, as well as organizations or entities such as major donors required to file late contribution or independent expenditure reports with the City of Oakland.

The City of Oakland provides a free, online filing system called NetFile to complete and e-file disclosure statements and reports. Getting set up is easy:

Step 1: Register

Register with the Public Ethics Commission by filing your committee’s FPPC Form 410 Statement of Organization. We will set up an account so you can create a NetFile User Account to file electronic disclosure statements. You will automatically receive notifications in advance of filing deadlines as well as updates about changes to campaign rules. Links are provided for free training.

Step 2: E-File

Log in to your NetFile User Account to file statements. You can use NetFile’s free software to record your committee’s financial transactions and keep committee information up-to-date, or upload your campaign statements from third-party software. Contact PEC staff for advice and technical support. We’re here to help!

Step 3: E-Sign

The City of Oakland requires candidates and campaign treasurers to have a signature card on file with the Public Ethics Commission. Once your signature card is approved, you can e-sign campaign statements using your Signer ID and PIN.

¹ The Oakland Campaign Reform Act was amended in November, 2016, to, among other things, shift the responsibility for receiving and retaining campaign statements from the City Clerk’s Office to the Public Ethics Commission, as required by voter changes to the City Charter §603. These changes to OCRA were approved by the City Council (13399 C.M.S.) and can be viewed on the PEC’s website by clicking on “Campaign Information.”

office. [Oakland Charter §603(b)(5)]. Once a candidate or committee is subject to the electronic filing requirements, the candidate or committee must continue to file all subsequent campaign statements electronically, regardless of the amount of contributions or expenditures made in other reporting periods. Contact the Public Ethics Commission for information about electronic filing of campaign information. [OMC §3.12.240].

VOLUNTARY EXPENDITURE CEILINGS

All candidates have a choice of whether to limit their campaign spending within pre-set expenditure ceilings, or spending limits. An “expenditure” is generally defined as any payment made to influence a voter's support or opposition to a candidate (or ballot measure). **The benefit of agreeing to limit campaign spending is that candidates who do so may receive contributions in greater amounts than those who do not.**

OCRA establishes a formula that sets the expenditure ceiling for each City office. Every year, the Public Ethics Commission adjusts those ceilings based on increases due to the cost of living (as measured by the Consumer Price Index for the San Francisco Bay Area). The Public Ethics Commission publishes expenditure ceilings for all City offices on the “Candidates” page of the Public Ethics Commission’s website.

File Your Form 301

Be sure to file your Form 301 before accepting any contribution at the higher contribution limit. The Form 301 declares that the candidate agrees to the voluntary expenditure ceiling and allows the candidate to accept the higher contribution limit. Failing to timely file the form will result in a monetary penalty from the Public Ethics Commission.

ACCEPTING EXPENDITURE CEILINGS

Candidates must agree to the expenditure ceilings in writing **before** they may begin collecting contributions at the higher amounts (see discussion of contribution limits below). Candidates make this agreement on OCRA Form No. 301, attached to this guide and available from the Public Ethics Commission’s office. OCRA Form 301 must be signed and filed with the Public Ethics Commission before receiving contributions at the higher limit, and no later than the time a candidate files papers for candidacy for City office (generally no later than 88 days before the election). [OMC §3.12.190]

WHEN EXPENDITURE CEILINGS ARE LIFTED

There are two situations in which a candidate who has chosen to voluntarily limit his or her campaign spending may nevertheless exceed the expenditure ceiling:

1. The first situation occurs if a candidate who agrees to limit spending is opposed by a candidate who does not. If the candidate who does not agree to limit his or her spending either makes expenditures or receives contributions equal to fifty (50) percent of the expenditure ceiling applicable to that race, then the candidate agreeing to limit spending is no longer bound by the expenditure ceiling.
2. The second situation occurs if an “independent expenditure committee” spends more than \$25,000 on a City Council or School Board district election, or \$116,000 in a City Attorney, Auditor, City Council At-Large, or Mayoral election (as adjusted for inflation).

If either of the above two situations occur, the applicable expenditure ceiling is no longer binding on any candidate running for the same office. In addition, any candidate who previously accepted the voluntary expenditure ceiling is permitted to raise contributions at the higher amounts. [OMC §3.12.220]

CONTRIBUTION LIMITS

Once a candidate has signed the Form 301 agreeing to accept voluntary limits on campaign spending, the candidate may accept contributions in greater amounts than if he or she chose not to limit spending. As explained above, these amounts are adjusted annually to account for cost of living increases.

CONTRIBUTIONS TO CANDIDATES WHO AGREE TO LIMIT SPENDING

For candidates agreeing to limit their spending, the most a candidate may receive from any **person** (and the most any person may contribute) is \$800 per election (as of January 2018). [OMC §3.12.050(B)] A person is broadly defined as any individual, business entity, committee or other organization or group of persons acting in concert. [OMC §3.12.040]

For candidates agreeing to limit their spending, the most a candidate may receive from any **broad-based political committee** (and the most any broad-based political committee may contribute) is \$1,600 per election (as of January 2018) [OMC §3.12.060(B)]. A “broad-based political committee” is any committee of persons which 1) has been in existence for more than six months, 2) receives contributions from one hundred (100) or more persons, and 3) acting in concert makes contributions to five or more candidates [OMC §3.12.040]. The Office of the City Attorney has advised that it is not necessary that all of the five or more candidates be running for a City office.

Broad-Based Political Action Committee

At the time OCRA was initially enacted, so-called “broad-based political committees” existed and had the same meaning under state law. This term is no longer used under state law but continues to have meaning and applicability under OCRA.

While political committees are no longer called or organized as “broad-based political committees,” some political committees, such as the recently created “small contributor committees,” may still qualify as “broad-based political committees” under OCRA. To help determine whether a political committee qualifies as a “broad-based political committee,” candidates can search the filings of state registered political committees using the California Secretary of State's website at www.sos.ca.gov.

CONTRIBUTIONS TO CANDIDATES WHO DO NOT AGREE TO LIMIT SPENDING

For candidates who do **not** agree to limit their spending, the most a candidate may receive from any person (and the most any person may contribute) is \$200 per election (as of January 2018). [OMC §3.12.050(A)] The most such candidates may receive from any broad-based political committee is \$400 per election (as of January 2018). [OMC §3.12.060(A)]

NO LIMIT ON PERSONAL CONTRIBUTIONS

Regardless of whether a candidate accepts or rejects voluntary limits on campaign spending, any candidate is free to contribute to or loan his or her campaign **any** amount of money from his or her own personal funds. The United States Supreme Court has ruled that the First Amendment prohibits any restriction on a candidate's ability to contribute or loan personal funds to his or her campaign.

Campaign Tip: Oakland offers a program that provides limited public financing to candidates in council district races. Candidates who choose to participate in the program voluntarily agree not to contribute or loan more than a specified amount of their personal funds as a condition of eligibility. For more information about Oakland's Limited Public Financing Program, contact the Public Ethics Commission.

AGGREGATION OF CONTRIBUTIONS

OCRA sets forth several circumstances in which the contributions by two or more entities are treated as coming from one person. This “aggregation” of contributions can have important consequences when determining whether contribution limits have been exceeded.

Contributions from two or more entities are aggregated (treated as coming from the same person) when one or more of the following conditions are present:

- The entities share a majority of members on their respective boards of directors;
- The entities share three or more, or a majority of, officers;
- The entities are owned or controlled by the same majority shareholder or shareholders;
- The entities are in a parent-subsidary relationship; or
- One entity finances, maintains, or controls the other entity’s contributions or expenditures [OMC §3.12.080(A)].

Aggregation also occurs in the following situations:

- Contributions made by entities that are majority-owned by any person shall be aggregated with the contributions of the majority owner and all other entities majority-owned by that person, unless those entities act independently in their decision to make contributions [OMC § 3.12.080(B)].
- The contributions of an entity whose contributions are directed and controlled by any person shall be aggregated with contributions made by that person and any other entity whose contributions are directed and controlled by that same person [OMC § 3.12.080(C)].
- If two or more entities make contributions that are directed and controlled by a majority of the same persons, the contributions of those entities shall be aggregated [OMC § 3.12.080(D)].

OCRA also prohibits any committee that supports or opposes any candidate from having as officers, individuals who serve as officers on any other committee that supports or opposes the same candidate. This restriction does not apply to campaign treasurers so long as the treasurers do not participate in or control in any way decisions on which candidates receive a contribution. [OMC §3.12.080(E)]

Finally, contributions by two individuals married to each other are treated as separate contributions and are not aggregated. However, contributions by a minor child are treated as a contribution from the parent and are attributed proportionately to each one. [OMC §3.12.100]

Examples:

- The law firm of Howard, Fine & Howard wants to contribute money to Candidate Doe. Candidate Doe has agreed to expenditure ceilings and is therefore entitled to receive up to \$800 in contributions from any person. Knowing that the law firm, as an entity, is restricted from giving Candidate Doe more than \$800, the firm directs each of its ten attorneys to contribute \$800 each, and then reimburses the attorneys from the law firm's operating account. Is there a problem here?

- A. Yes. The \$8,000 in contributions from its ten members will be attributed to the law firm since the members' contributions were financed and controlled by the firm. Thus, the firm has violated OCRA's \$800 contribution limit. In addition, the firm and its members may also be guilty of the serious crime of "money laundering" under State and local law if the true source of the contributions is not disclosed. In addition, Candidate Doe may be required to pay or "disgorge" the \$8,000 portion of the contribution to the City and State.

- MiniCorp USA makes gadgets within the City of Oakland. MicroCorp America is a nationwide finance company with branch offices in Oakland. Neither MiniCorp nor MicroCorp have anything to do with the other except that they are both majority owned by the same holding company, MegaCorp International. Both MiniCorp and MicroCorp have received separate invitations to a \$800 a plate fundraiser from Candidate Doe. Can both companies contribute the full amount?
 - A. Since both companies are majority owned by MegaCorp their contributions will be treated as coming from one person and thus the most both companies can contribute to Candidate Doe is \$800 combined, unless the entities act independently in their decisions to make contributions.

- Castaway Enterprises is a small company in Oakland equally owned by five members. Two of its owners, MaryAnn and Ginger, want to attend Candidate Doe's \$800 a plate fundraiser. Unknown to them, the other three owners have already authorized a \$800 contribution on behalf of the company. Can MaryAnn and Ginger contribute to the fundraiser?
 - A. Yes. Since MaryAnn and Ginger do not individually or collectively represent a majority interest in Castaway Enterprises, they may contribute their own personal funds and not have their contributions aggregated with any contribution by their company.

WHEN LOANS AND UNPAID BILLS BECOME CONTRIBUTIONS

Except for secured or guaranteed loans from a commercial lending institution made in the ordinary course of business and on terms available to everyone else, all loans to Oakland candidates are treated as **contributions** from the maker and guarantor (if any), and may not exceed the applicable contribution limits. [OMC §3.12.090(A)(C)]

All loans must be made in writing and filed with the campaign statement on which the loan is first reported. [OMC §3.12.090(B)]

Other than commercial loans, any extension of credit in excess of \$1,500 for a period of more than 90 days is also treated as a contribution subject to the applicable contribution limits **unless** the candidate can demonstrate good faith evidence of an intent to repay through a set payment schedule that is being adhered to through repayment of the extension of credit on a regular basis. [OMC §3.12.090(D)]

**Extension of Credit
Could Become a Contribution**

Be careful of a loan automatically becoming a "contribution" under OMC §3.12.090(D). It is not unusual for candidates to spend more money than they raise before the election. Candidates often hold fundraisers after the election to pay consultants, printers, caterers and others who provided them with campaign services.

What OMC §3.12.090(D) says is that if a candidate owes a vendor more than \$1,500 for more than 90 days, then that extension of credit will be treated as a contribution under OCRA. And since the permissible contribution limit is \$800 from any person, that extension of credit (read: unpaid bill) of more than \$1,500 will automatically constitute a violation of OCRA's contribution limits unless the candidate has established a set payment schedule with the vendor.

Campaign Tip: OCRA creates a strong incentive to pay all outstanding bills within 90 days. If this is not possible, try to arrange some form of a payment schedule in which all vendors are paid something on a regular basis. The amount and frequency of payments will obviously depend on the amount of the bill(s) and financial solvency of the campaign. The payments should also be great enough to dispel any reasonable allegation that the payments are merely a sham to avoid compliance with the law.

VOLUNTEER SERVICES AND TRAVEL EXPENSES

Volunteer personal services are not considered to be contributions or expenditures under OCRA and thus not subject to its contribution limits or expenditure ceilings. Neither are travel expenses that the individual incurs without reimbursement from the campaign. [OMC §3.12.180]

Example: Candidate Doe's roommate is an accountant who charges \$150 per hour in her tax preparation business. She recently volunteered ten hours of time preparing Ms. Doe's campaign statements. Candidate Doe has not received a contribution exceeding OCRA's contribution limit, nor has the campaign incurred a \$1,500 expense that would be counted against her expenditure ceiling.

SOLICITING, RECEIVING, AND RETURNING CAMPAIGN CONTRIBUTIONS

REQUIRED NOTICE ON ALL FUNDRAISING MATERIAL

All candidates for local office must include on all campaign fundraising material a notice that consists of the following language:

“The Oakland Campaign Reform Act limits campaign contributions by all persons (OMC §§3.12.050 and 3.12.060) and prohibits contributions during specified time periods from contractors doing business with the City of Oakland or the Oakland Unified School District (OMC §3.12.140).”

The above notice must be made in the equivalent of eight-point roman boldface type as shown above. The notice must also be in a color or print that contrasts with the background so it is easily legible and contained in a printed or drawn box that is set apart from any other printed matter. [OMC §3.12.140(P)]

Note: As a general principle, the notice should appear on any printed or electronic medium that solicits or instructs people how to make a campaign contribution. The notice would not be required on other campaign material that engages solely in election advocacy or the presentation or discussion of issues.

THE “ONE COMMITTEE/ONE CHECKING ACCOUNT” RULE

A candidate may only maintain one campaign committee and one campaign checking account for the City office being sought. Both OCRA and state law require that all expenditures for that office be paid from that account. [OMC §3.12.110]

Example: Candidate Doe has formed and registered her campaign committee and opened a campaign checking account at a local bank. During the campaign, she occasionally receives small cash contributions that she keeps in an envelope at campaign headquarters. When small expenses are incurred, such as ordering pizza for her precinct volunteers, she uses the money in the envelope. Is this practice okay?

No. While this example does not seem like an unreasonable practice, state and local law require that **all** contributions be first deposited into the campaign account before it is used for any expenditure. State law does permit expenditures of less than \$100 to be made in cash, but the cash must be obtained from the campaign account and not taken directly from cash contributions. State law also requires that no more than \$100 be deposited in a petty cash fund at any one time.

Campaign Tip: It is essential to establish sound record-keeping procedures for your campaign. For example, state law requires candidates to keep a record of all contributions and expenditures of more than \$25 — even if those contributions and expenditures are not required for disclosure on FPPC campaign statements!

IDENTIFICATION OF CONTRIBUTOR

No contribution of \$100 or more can be deposited into a campaign checking account unless the name, address, occupation and employer of the contributor is “on file” in the records of the candidate. Cash contributions of \$100 or more are prohibited. [OMC §3.12.130]

Comment: State law requires candidates to itemize single or cumulative contributions of more than \$100 per election on their campaign statements. For individuals who contribute more than \$100 in total, the contributor's name, street address, occupation and employer must be given. If the contributor is self-employed, the campaign must provide the name of the contributor's business.

State law also requires candidates to return within 60 days any contribution of \$100 or more for which the campaign does not have on file the name, address, occupation and employer of the contributor. OCRA, however, imposes a much more stringent requirement than the state law provides — local candidates may not even **deposit** a contribution unless they already have obtained the contributor information.

Campaign Tip: It is a good idea for each campaign to create a form for all contributions of more than \$25 that includes the above information and which is filled out at the time the contribution is received. See Appendix IV for an example contributor card.

PROHIBITION ON CONTRACTOR CONTRIBUTIONS

OCRA contains an extensive prohibition on contributions coming from persons negotiating certain contracts with the City of Oakland or Oakland School Board. In essence, OCRA prohibits these “contractors,” as defined, from making **any** contribution to candidates for local office between the time negotiations on the affected contracts begin and 180-days after the completion or termination of negotiations on the contract.

APPLICABLE CONTRACTS

The prohibition on contractor contributions to Oakland candidates, or “contractor ban,” applies to contracts that would require City Council or School Board approval.

OCRA provides a list of contracts that require City Council approval as follows:

1. Contracts for the procurement of professional or consulting services exceeding \$15,000;
2. Contracts for the procurement of materials, supplies, commodities, equipment or services, other than professional or consulting services, exceeding \$50,000;
3. Contracts for the sale or lease of any building or land to or from the City;
4. Amendments to any of the contracts listed above.

The above list is not exhaustive. In addition, recent changes to City Council and City Administrator purchasing authority increased the financial thresholds for contracts that require approval by Council. [OMC §2.04, §2.41, and §2.42] Ultimately, regardless of the contract amount, the contractor ban applies to any contract that requires approval by the City Council. If you have a contract moving through the City Council process, you are likely prohibited from contributing to candidates for local office, including both incumbents and those running against incumbents; please seek Commission advice if you have questions about this prohibition.

OCRA further provides a list of contracts that require School Board approval as follows:

1. Contracts for the procurement of professional or consulting services exceeding \$25,000;
2. Contracts requiring School Board approval under Public Contract Code Section 20111;
3. Construction contracts exceeding \$25,000;
4. Contracts for the sale or lease of any building or land to or from the School District;
5. Amendments to any of the contracts listed above.

Again, the above is not an exhaustive list; therefore, regardless of the contract amount, the contractor ban applies to any contract that requires approval by the School Board.

If a person is an entity, the contractor restrictions also apply to all the entity’s principals, including, but not limited to, the following:

1. The entity’s board chair, president, chief executive officer, chief operating officer, chief financial officer, and any individual that serves in the functional equivalent of one or more of those positions;

2. Any individual who owns an ownership interest in the entity of 20 percent or more; and
3. An individual employee, independent contractor, or agent of the entity that is authorized to represent the entity before the City in regards to the contract.

WHEN THE PROHIBITION APPLIES

No person who proposes a contract that requires City Council or School District approval may make any contribution to a candidate for local office or current officeholder of the applicable board beginning from the “commencement of negotiations” until 180 days after the “completion” or “termination” of negotiations. [OMC §3.12.140(A)(B) & (C)] Each of these quoted terms has a specific meaning under OCRA as follows:

- The “**commencement of negotiations**” occurs when a contractor or representative formally submits a bid, proposal, qualifications or contract amendment to any elected or appointed...officer or employee or when any elected or appointed...officer or employee formally proposes submission of a bid, proposal, qualifications or contract amendment. [OMC §3.12.140(G) & (I)]
- The “**commencement of negotiations**” expressly does **not** include the unsolicited receipt of proposal or contract information; requests to be placed on mailing lists; routine requests for information about a particular contract, request for proposals, or any information or documents about them; or the attendance at an informational meeting. [OMC §3.12.140(J)]
- The “**completion of negotiations**” occurs when the City or School District executes the contract or amendment. [OMC §3.12.140(K)]
- The “**termination of negotiations**” occurs when 1) the contract or amendment is **not** awarded to the contractor or 2) the contractor files a written withdrawal from the negotiations which is accepted by an appointed or elected officer or employee of the respective public agency. [OMC §3.12.140(L)]

CONTRACTOR ACKNOWLEDGMENT

All potential and current contractors must execute a declaration acknowledging the prohibition on contractor contributions at the time they submit a bid, proposal, qualifications or contract amendment. Contracts may not be awarded to any contractors who have not signed this declaration. The declaration is typically provided by the contracting City department or agency. The Office of the City Clerk (or the School District) is required to receive and file copies of all contractor declarations and make a list of current contractors available for public inspection. [OMC §3.12.140(M)&(N)]

Campaign Tip: In addition to the required notice on all fundraising material (covered on pg. 10), candidates should carefully review all contributions to determine whether the party making it is bidding or negotiating for a City or School Board contract. This may require a call to the contributor or to the appropriate City or School Board staff members. Use of the sample contributor card, located in Appendix IV, can help ensure contractors are aware of the contractor ban and acknowledge their contract status.

INDEPENDENT EXPENDITURES

SPECIAL NOTICE REQUIREMENTS FOR PERSONS MAKING INDEPENDENT EXPENDITURES

Any person who makes independent expenditures for a mass mailing, slate mailing or other campaign materials that support or oppose any candidate for city office must place the following statement on the mailing in no smaller than 14-point type:

Notice to Voters
(Required by the City of Oakland)
This mailing is not authorized or approved by any
City candidate or election official.
It is paid for by [name, address, city, state]
Total cost of this mailing is: [amount].

Note: The above notice requirement only applies to persons who make independent expenditures for a “mass mailing, slate mailing or other campaign materials.” State law defines a “mass mailing” as more than two hundred substantially similar pieces of mail. A “slate mailing” is any mass mailing that supports or opposes a total of four or more candidates or ballot measures. While the term “other campaign material” is undefined, it may include other forms of campaign communication that do not total 200 pieces.

New local law as of 2016: A committee, as defined by the California Political Reform Act, must disclose the names of the individuals from whom the committee received its two highest cumulative contributions of \$5,000 or more on all mass mailings and television advertisements that are independent expenditures supporting or opposing a candidate or measure being voted upon only in the City.

California law imposes similar disclosure requirements on mass mailings. To facilitate compliance with both state and local law, the Commission has advised (PEC Advice Letter 16-01) that a committee could modify the above disclosure language slightly to read as follows:

Notice to Voters
(Required by the City of Oakland)
This mailing was not authorized, approved or paid for by a candidate for City
office, a committee controlled by a candidate for City office, or an election official.
It is paid for by [name, address, city, state]
Total cost of this mailing is: [amount].

The above language, which merges the language required by the California Political Reform Act with that required by the Oakland Campaign Reform Act, satisfies Oakland’s local law.

BALLOT MEASURE COMMITTEES CONTROLLED BY CANDIDATES OR ELECTED CITY OFFICIALS

A candidate-controlled ballot measure committee is a campaign committee that is established to raise and spend money on behalf of one or more ballot measures in California, and that is under the legal control of a political candidate. According to the State Fair Political Practices Commission, a ballot measure committee is considered to be controlled by a candidate if the candidate (or his or her representative) has significant influence on the actions or decisions of the committee. (See FPPC *Campaign Disclosure Manual 3: Information for Ballot Measure Committees*, available on the FPPC’s website at www.fppc.ca.gov.)

Under OCRA, a candidate or elected City Official who controls a ballot measure committee is prohibited from doing the following:

1. Directly or indirectly using, or influencing the use of, ballot measure committee funds to support the candidate’s or elected City Official’s election;
2. Directly or indirectly using, or influencing the use of, ballot measure committee funds to support or oppose other candidates;
3. Transferring ballot measure committee funds to another committee supporting the candidate’s or elected City Official’s election, or supporting or opposing other candidates. [OMC §3.12.115]

OFFICEHOLDER COMMITTEES AND LEGAL DEFENSE FUNDS

OCRA authorizes two additional types of accounts in addition to a campaign account. The first is an officeholder committee that every elected City Official is permitted to establish for those expenses associated with holding public office. [OMC §3.12.150(A)] The second is a legal defense fund which any candidate or elected City Official may establish to defray attorney fees and other legal costs incurred in the defense of any civil, criminal or administrative action arising directly out of a campaign, election process or the performance of governmental activities. [OMC §3.12.170(A)]

The primary significance of these funds is that expenditures can be paid from them without counting against the campaign expenditure ceilings applicable to the office being sought or held. [OMC §§3.12.150(F); 3.12.170(C)]

OFFICEHOLDER COMMITTEE

State law allows local candidates who win the election to continue to maintain their campaign committee after the election to receive contributions and to use campaign funds to offset officeholder expenses. During non-election years, Form 460 is filed on a semi-annual basis if the committee remains open. State law further requires that the committee name include the candidate’s last name, office sought, and year of the election, and that this name remain intact until and unless the candidate decides to run for re-election, in which case the candidate may re-designate the committee or create a new committee for the future office sought. See FPPC *Disclosure Manual 2 – Information for Local Candidates, Superior Court Judges, Their Controlled Committees, and Primarily Formed Committees for Local Candidates*, available on the FPPC’s website at www.fppc.ca.gov.

Oakland law allows each elected City Official to maintain an officeholder committee for expenses associated with holding the office currently held by the elected City Official. Contributions to the officeholder committee must be made by separate check or other separate written instrument, and single contributions may not be divided between the officeholder committee and any other candidate committee. OCRA imposes a limit on the total amount the officeholder committee may receive in contributions per year in office as follows (OMC 3.12.150(A)):

District Councilmembers, City Auditor, and School Board Directors	\$25,000
Councilmember-At-Large	\$30,000
Mayor	\$50,000

Annual contributions received by or made to the officeholder committee are subject to the same contribution limits that apply to candidate committees; this means that an elected City Official may receive contributions from any person or broad-based political committee of up to \$200/400 annually if the candidate did **not** accept voluntary expenditure ceilings, or up to \$800/1,500 annually if he or she accepted expenditure limits. [OMC §3.12.150(E)]

Contributions to an officeholder committee must be made by check or “other separate written instrument.” The contribution must be earmarked or designated in some way as a contribution to the officeholder committee, such as a note on the “memo” line of a check or with an accompanying note or letter from the contributor.

Creating an Officeholder Committee

Establishing and using an officeholder committee can be tricky. The reason is that state law permits an elected City Official to receive contributions into only one campaign account – whether for campaign or officeholder purposes.

To accept officeholder contributions under Oakland law, a candidate must establish an “officeholder” committee by re-designating their campaign committee after the election and after all campaign related expenses and debts have been paid.

Officeholder committee funds may NOT be used for an elected City Official’s own campaign-related expenses, nor may they be transferred to another candidate committee (including one’s own).

See Officeholder Committees Fact Sheet (Appendix III) for more information.

The limits on aggregate contributions cap the total amount of contributions an officeholder committee may receive for every year in office. There is no requirement that this money be spent annually, and it may accrue for as long as the elected City Official holds elective office.

Persons and broad-based political committees may contribute, up to their permissible maximum levels, only once per election to a candidate’s campaign committee, but may make annual contributions to an officeholder committee.

Campaign Tip: Do not receive or deposit contributions to the officeholder committee unless you have something in writing from the contributor that expressly designates that the money is to be deposited into the officeholder committee.

As stated above, officeholder committees may be used for any “political, governmental or lawful purpose” for those expenses associated with holding the office currently held by the elected city officer. OCRA sets forth a long list of permissible expenditures from the officeholder committee, such as for office furniture, office rent, fundraising for the officeholder

committee, donations to tax-exempt organizations, and other expenses incurred in connection with government-related activities. [OMC §3.12.150(B)]

OCRA also expressly **prohibits** officeholder committee funds being used for the following activities or purposes:

- Expenditures in connection with a future election for any city, county, regional, state or federal elective office;
- Expenditures for campaign consulting, research, polling, photographic or similar services for election to other elective office;
- Membership in any athletic, social, fraternal, veteran or religious organization;
- Supplemental compensation for city employees for performing an act that would be required or expected of them in the regular course of their city duties;
- Any expenditure that would violate the California Political Reform Act. [OMC §3.12.150(C)]

Finally, OCRA prohibits officeholder committee funds from being transferred to any candidate committee. [OMC §3.12.150(D)]

LEGAL EXPENSE FUND

An elected City Official or candidate for city office may receive contributions for a separate legal expense fund for attorney fees and legal costs incurred to defend against actions arising directly out of the conduct of the campaign or election process, or the performance of the candidate's or elected City Official's governmental activities and duties. [OMC §3.12.170]

All contributions to a legal expense fund must be "earmarked" by the contributor at the time the contribution is made. The contributions must be first deposited into the elected City Official's appropriate bank account before being deposited into the legal expense fund. The legal expense fund may be in the form of certificates of deposit, interest-bearing savings accounts, money market or similar accounts, which shall be established only for the legal expense fund. [OMC §3.12.170(A)]

Unlike officeholder or campaign committees, there is no limit to the amount a person or broad-based political committee may contribute to a legal expense fund. [OMC §3.12.170(B)] There is also no limit on the total amount that a legal expense fund can receive in any given year. Expenditures made from the legal expense fund are not subject to the voluntary campaign expenditure ceilings. [OMC §3.12.170(C)]

DONATION OF OFFICE SPACE

A related provision to officeholder committees and legal expense funds is the provision that permits a person or broad-based political committee to donate office space to elected City Officials in furtherance of their duties and responsibilities. A donation of this kind will not be considered an expenditure by, or non-monetary contribution to, an elected City Official **if** the donation is made to the City and accepted pursuant to Oakland City Charter Section 1203 for use elected City Officials (or to the School District for use by the School District board of directors), **and** the name, address, employer and occupation of the donor, and the current market value of the donated office space, are provided to the City Clerk.

ENFORCEMENT

Persons who violate the Oakland Campaign Reform Act are subject to criminal, civil, administrative, and other penalties. Note: A copy of the Public Ethics Commission's Complaint Procedures and Complaint Forms are available from the Commission and posted on its website.

LIABILITY

In addition to a committee itself, all principal officers of the committee are jointly and severally liable for violations by the committee. For committees controlled by a candidate, the candidate and the committee's treasurers are deemed to be principal officers. When two or more parties are jointly and severally liable, each party is independently liable for the full extent of the violation.

An agent acting on behalf of a principal officer is also jointly and severally liable for violations that arise out of the agent's actions. The following are presumed to be agents of a committee: 1) a current or former officer of the committee, 2) an employee of the committee, 3) a person who has received compensation or reimbursement from the committee, and 4) a person who holds or has held a position within the committee organization that reasonably appears to be able to authorize expenditures for committee activities.

In addition, any person who receives a financial benefit because of a violation of OCRA shall be liable for disgorging to the City's general fund up to the amount of the financial benefit received as a result of the violation.

PENALTIES

If, after an administrative hearing pursuant to its Complaint Procedures, the Public Ethics Commission determines that a violation under OCRA has occurred, the Commission may administer penalties and fines not to exceed \$5,000 per violation or three times the amount of the unlawful contribution or expenditure, whichever is greater. [OMC §3.12.270(B)]

INJUNCTIVE RELIEF

The Public Ethics Commission, or any individual residing in the City, may seek a court order to stop violations or to compel compliance with certain provisions of OCRA. [OMC §3.12.280] The court may award litigation costs or attorney's fees to a complainant or respondent who prevails in a civil action for injunctive relief. [OMC §3.12.300]

DISQUALIFICATION

In addition to any other penalty, if an official receives a contribution above the contribution limits, the official shall not be permitted "to make, participate in making or in any way attempt to use his or her official position to influence a governmental decision in which the contributor has a financial interest." [OMC §3.12.330] This language is borrowed from the California Political Reform Act's provisions on financial conflict of interest. The significant difference is that OCRA prohibits an official from participating in any decision affecting the

contributor's financial interests, while state law restricts participation only if the official's financial interests are at stake.

APPENDIX I



OCRA Form 301



Candidate Acceptance of Campaign Expenditure Ceilings Oakland Campaign Reform Act

DUE DATE: OCRA Form 301 is due before receiving any contributions at the higher amount allowed for candidates who accept the voluntary expenditure ceiling under sections 3.12.050(b) and 3.12.060(b) of the Oakland Campaign Reform Act.

FOR OFFICE USE ONLY
Date Received

ACCEPTANCE:

I, _____, hereby declare that I am a candidate for the Office of _____, in the City of Oakland’s General Municipal Election, to be held on _____, and I declare that I have established a campaign committee in order to solicit contributions towards my candidacy.

I, _____, hereby accept expenditure ceilings as defined in Sections 3.12.050(c), 3.12.060(c), 3.12.190, 3.12.200, 3.12.210 and 3.12.220 of the City of Oakland’s Campaign Reform Act. I agree that once accepted, the expenditure ceiling is irrevocable except as waived, pursuant to the City of Oakland Campaign Reform Act at Section 3.12.220.

I hereby certify that the above statement is true and correct.

Signature: _____

Date: _____

Sign and submit this form to:
Public Ethics Commission
1 Frank Ogawa Plaza, Room 104
Oakland, CA 94612
(510) 238-3593
ethicscommission@oaklandnet.com

Local candidates are required to follow state and local campaign finance, advertising, and ethics rules. For more detail about Oakland’s laws and public financing for City Council district candidates, contact the Public Ethics Commission.

APPENDIX II

Public Ethics Commission

2018

CITY OF OAKLAND CAMPAIGN CONTRIBUTION AND EXPENDITURE LIMITS PER THE OAKLAND CAMPAIGN REFORM ACT 2018

LIMITATIONS ON CONTRIBUTIONS FROM PERSONS (§3.12.050)

For candidates who do not adopt the expenditure ceilings (3.12.050(A))	\$200
For candidates who adopt the expenditure ceilings (3.12.050(B))	\$800

LIMITATIONS ON CONTRIBUTIONS FROM BROAD-BASED POLITICAL COMMITTEES (§3.12.060)

For candidates who do not adopt the expenditure ceilings (3.12.060(A))	\$400
For candidates who adopt the expenditure ceilings (3.12.060(B))	\$1,600

EXPENDITURE CEILINGS FOR MAYOR AND OTHER CITYWIDE OFFICES WHO VOLUNTARILY AGREE TO EXPENDITURE CEILINGS (§3.12.200)

Mayor	\$454,000
City Auditor	\$325,000
City Attorney	\$325,000
Council Member At-Large	\$325,000
District 1 Council Member	\$143,000
District 2 Council Member	\$142,000
District 3 Council Member	\$143,000
District 4 Council Member	\$136,000
District 5 Council Member	\$136,000
District 6 Council Member	\$136,000
District 7 Council Member	\$138,000
District 1 School Board Director	\$95,000
District 2 School Board Director	\$95,000
District 3 School Board Director	\$95,000
District 4 School Board Director	\$91,000
District 5 School Board Director	\$91,000
District 6 School Board Director	\$91,000
District 7 School Board Director	\$92,000

INDEPENDENT EXPENDITURE COMMITTEE THRESHOLD/EXPENDITURE CEILINGS LIFTED (§3.12.220)

Citywide offices	\$116,000
District offices	\$25,000

APPENDIX III

Officeholder Committees FACT SHEET

CA Political Reform Act/FPPC Rules for Officeholder Committees

State law allows local candidates who win the election to continue to maintain their campaign committee after the election to receive contributions and to use campaign funds to offset officeholder expenses. During non-election years, the Form 460 is filed on a semi-annual basis as long as the committee remains open. State law further requires that the committee name include the candidate’s last name, office sought, and year of the election, and that this name remain intact until and unless the candidate decides to run for re-election, in which case the candidate may re-designate the committee or create a new committee for the future office sought.

See FPPC *Disclosure Manual 2 – Information for Local Candidates, Superior Court Judges, Their Controlled Committees, and Primarily Formed Committees for Local Candidates*, available on the FPPC’s website at www.fppc.ca.gov.

Oakland Campaign Reform Act (OCRA) Rules for Officeholder Committees

Oakland law allows each elected City Official to maintain an officeholder committee for expenses associated with holding office. Contributions to the officeholder committee must be made by separate check or other separate written instrument, and single contributions may not be divided between the officeholder committee and any other candidate committee. The Oakland Campaign Reform Act (OCRA) imposes a limit on the total amount the officeholder committee may receive in contributions per year in office as follows (OMC 3.12.150A):

District Councilmembers, City Auditor, and School Board Directors	\$25,000
Councilmember-At-Large	\$30,000
Mayor	\$50,000

In addition, annual contributions received by or made to the officeholder committee shall be subject to the contribution limits under OCRA; however, expenditures made from the officeholder committee shall not be subject to the voluntary expenditure ceilings in OCRA (OMC 3.12.150E and 3.12.150F). No funds may be transferred from the officeholder committee of an elected City Official to any other candidate committee (OMC 3.12.150D).

A contributor may contribute up to the contribution limit to the officeholder committee each year it is in existence, in addition to making contributions at the applicable limit to the elected City Official’s campaign committee for a future election.

Transitioning a Campaign Committee into an Officeholder Committee

A candidate may decide to maintain the campaign committee in lieu of creating an officeholder committee; however, the candidate would be limited to the contribution limits that applied to their contributors during the election. In other words, an individual who contributed to the candidate's campaign at the maximum amount would not be able to contribute again to the campaign committee, until and unless the campaign committee is re-designated as a campaign committee for the candidate's re-election. Even then, the contributor would be limited to the maximum contribution limit for the next election.

By establishing an officeholder committee, an elected City Official can receive a new set of contribution limits as outlined above and subject to OCRA's officeholder expenditure rules listed below. The new limits are in addition to the limits allowable for campaign contributions and are applied annually rather than per-election. To trigger the ability to accept officeholder contributions, a candidate must establish an "officeholder" committee by re-designating the campaign committee as follows:

1. After the election, pay all campaign expenses and debts. Do not terminate the campaign committee.
2. After the elected official is sworn into office, file an amended Form 410 pursuant to state rules to add "Officeholder" to the committee name (the name must still include the candidate's last name, the prior office sought, and the year of the election). There is no required deadline for transitioning the committee from a campaign committee to an officeholder committee, except that, once a committee is renamed with "Officeholder," it can no longer accept campaign contributions, pay campaign debts, or make other campaign expenditures. The new "Officeholder" committee can only receive officeholder contributions and make officeholder expenditures per OMC 3.12.150 and is subject to the new annual contribution limit for "Officeholder" committees.
3. Any funds that remain in the account as it becomes an officeholder committee may not exceed the total amount the officeholder committee may receive in contributions per year in office under OMC 3.12.150A.
4. A contributor may not give to the campaign committee for the prior election and to the officeholder committee in the same calendar year; however, if and once the candidate forms a new campaign committee for their re-election or election to another office, a contributor may contribute up to the maximum amount to the officeholder committee and the future campaign committee.

Note: In lieu of the above campaign committee re-designation process, an officeholder could instead create a new campaign committee for re-election while in office, designate it with the name "officeholder," and use that committee for officeholder contributions and expenditures; however, the officeholder committee must have a zero balance before the candidate begins to accept campaign contributions and make campaign expenditures for the candidate's future re-election, as OCRA prohibits any transfer of officeholder funds to another candidate committee.

Creating an Officeholder Committee

Establishing and using an officeholder committee can be tricky. The reason is that state law permits an elected City Official to receive contributions into only one campaign account – whether for campaign or officeholder purposes.

To accept officeholder contributions under Oakland law, a candidate must establish an "officeholder" committee by re-designating their campaign committee after the election and after all campaign related expenses and debts have been paid.

Officeholder committee funds may NOT be used for an elected City Official's own campaign-related expenses, nor may they be transferred to another candidate committee (including one's own).

Officeholder Expenditure Rules

Under OCRA section 3.12.150B, expenditures from an officeholder committee may be made for any political, governmental, or other lawful purpose such as the following:

1. Expenditures for fundraising (including solicitations by mail) for the officeholder per statute;
2. Expenditures for office equipment, furnishings and office supplies;
3. Expenditures for office rent;
4. Expenditures for salaries of part-time or full-time staff employed by the officeholder for officeholder activities;
5. Expenditures for consulting, research, polling, photographic or similar services except for campaign expenditures for any city, county, regional, state or federal elective office;
6. Expenditures for conferences, meetings, receptions, and events attended in the performance of government duties by (1) the elected City Official (2) a member of the elected City Official's staff; or (3) such other person designated by the elected City Official who is authorized to perform such government duties;
7. Expenditures for travel, including lodging, meals and other related disbursements, incurred in the performance of governmental duties by (1) the elected City Official, (2) a member of the elected City Official's staff, (3) such other person designated by the elected City Official who is authorized to perform such government duties, or a member of such person's household accompanying the person on such travel;
8. Expenditures for meals and entertainment directly preceding, during or following a governmental or legislative activity;
9. Expenditures for donations to tax-exempt educational institutions or tax exempt charitable, civic or service organizations, including the purchase of tickets to charitable or civic events, where no substantial part of the proceeds will have a material financial effect on the elected City Official, any member of his or her immediate family, or his or her committee treasurer;
10. Expenditures for memberships to civic, service or professional organizations, if such membership bears a reasonable relationship to a governmental, legislative or political purpose;
11. Expenditures for an educational course or educational seminar if the course or seminar maintains or improves skills which are employed by the elected City Official or a member of the elected City Official's staff in the performance of his or her governmental responsibilities;
12. Expenditures for advertisements in programs, books, testimonials, souvenir books, or other publications if the advertisement does not support or oppose the nominations or election of a candidate for city, county, regional, state or federal elective office;
13. Expenditures for mailing to persons within the city which provide information related to city-sponsored events, school district-sponsored events, an official's governmental duties or an official's position on a particular matter pending before the Council, Mayor, or School Board;

14. Expenditures for expressions of congratulations, appreciation or condolences sent to constituents, employees, governmental officials, or other persons with whom the elected City Official communicates in his or her official capacity;
15. Expenditures for payment of tax liabilities incurred as a result of authorized officeholder expense fund transactions;
16. Expenditures for accounting, professional and administrative services provided to the officeholder fund;
17. Expenditures for ballot measures.

OCRA section 3.12.150C specifically prohibits the following expenditures from officeholder committees:

1. Expenditures in connection with a future election for any city, county, regional, state or federal elective office;
2. Expenditures for campaign consulting, research, polling, photographic or similar services for election to city, county, regional, state or federal elective office;
3. Membership in any athletic, social, fraternal, veteran or religious organization;
4. Supplemental compensation for employees for performance of an act which would be required or expected of the person in the regular course or hours of his or her duties as a city official or employee;
5. Any expenditure that would violate the provisions the California State Political Reform Act, including Government Code Sections 89506 and 89512 through 89519.

Termination of the Officeholder Committee

The officeholder committee shall be terminated at the time the elected City Official's term of office ends or he or she leaves that office, whichever is earlier. An officeholder committee may not transfer funds to a campaign committee for a future election or to any other campaign committee. If the elected City Official runs for re-election, the new campaign committee is a separate committee for a separate election and does not impact the existing officeholder committee. If the elected City Official wins re-election, it is advised that the campaign committee for the candidate's re-election become the candidate's new officeholder committee according to the above procedures.

APPENDIX IV

[Insert Name of Candidate Committee and FPPC ID#]

Individual Contributor Verification Card

Complete all of the information below:

Amount of the Contribution: \$ _____ Date of the Contribution: _____

Contributor Name (Print): _____
Street Address (no P.O. Boxes): _____
City/State/Zip: _____
For donors of at least \$100 (cumulatively), the following information is required:
Occupation: _____ Employer: _____
(If self-employed, provide the name of business)

Please verify that your contribution is not a prohibited contribution by marking the box next to each item below:

- I am not contributing more than \$800 for this election. I understand that, for purposes of contribution limits, my personal contributions are aggregated with the contributions of a business in which I own a majority interest, and that contributions from multiple entities also are aggregated when the conditions are such that the entities:
 - 1) share the majority of members of their board of directors;
 - 2) share three or more, or a majority of, officers;
 - 3) are owned or controlled by the same majority shareholder(s);
 - 4) are in a parent-subsidiary relationship; or
 - 5) one entity finances, maintains, or controls the other entity's contributions or expenditures. (OMC 3.12.080)

- I am not contracting or proposing to contract with the City or OUSD, currently or within the past 180 days, on a contract requiring approval by City Council, and I do not hold any of the following positions with an entity doing so:
 - 1) board chair, president, chief executive officer, chief operating officer, chief financial officer, or the functional equivalent of one or more of those positions;
 - 2) owner with ownership interest of 20% or more; or
 - 3) employee, independent contractor, or agent of the entity who is authorized to represent the entity before the City or OUSD in regards to the contract. (OMC 3.12.140)

Signature required of all contributors:	
I certify that this contribution is not prohibited under Oakland's Campaign Reform Act as specified above.	
X _____	_____
Contributor Signature	Date