

# Money and Power

in the City of Angels



| Ava Alexandar



CENTER *for* GOVERNMENTAL STUDIES

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The Center for Governmental Studies (CGS), founded in 1983, helps civic organizations, decision-makers and the media to strengthen democracy and improve governmental processes by providing rigorous research, non-partisan analysis, strategic consulting and innovative models of public information and civic engagement.

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# Foreword

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The Center for Governmental Studies (CGS) has studied campaign finance reform and governance issues for more than 25 years. *Money and Power in the City of Angels* provides a comprehensive look at Los Angeles' 2009 municipal elections. In it we review the effectiveness of Los Angeles municipal campaign finance reforms and suggest additional reforms to strengthen existing campaign finance laws. Using data provided by MAPLight.org and the Los Angeles City Ethics Commission, we analyze money flowing to Los Angeles municipal candidates from many directions: contributions, independent expenditures, matching funds, interest groups, lobbyists and candidate controlled ballot measure committees.

CGS has written over 30 reports analyzing campaign finance problems and drafted numerous model laws proposing campaign finance reforms in California and other states across the nation. Recent CGS reports include:

- Loopholes, Tricks and End Runs: Evasions of Campaign Finance Laws, and a Model Law to Block Them (2009).
- Public Campaign Financing in North Carolina Judiciary: Balancing the Scales (2009).
- Public Campaign Financing in Florida: A Program Sours (2009).
- Model Law on Payments Influencing Candidates and Elected Officials (2008).
- Public Campaign Financing: New Jersey Legislature - A Pilot Project Takes Flight (2008).
- Public Campaign Financing: New Jersey Governor - Weeding Out Big Money in the Garden State (2008).
- Public Campaign Financing: Minnesota - Damming Big Money in the Land of 10,000 Lakes (2008).
- Mapping Public Financing in American Elections (2007).
- In The Dead of the Night: How Midnight Legislation Weakened California's Campaign Finance Laws, And How to Strengthen Them (2007).
- Keeping It Clean: Public Financing in American Elections (2006).
- Campaign Finance Disclosure Model Law (2004).

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The conclusions and recommendations expressed in this report are solely the responsibility of its authors and not of the directors or financial supporters of CGS.

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# Contents

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<b>FOREWORD</b>	iii
<b>EXECUTIVE SUMMARY</b>	1
<b>INTRODUCTION</b>	3
<b>Methodology</b>	3
<b>PART A</b>	5
<b>Background</b>	5
<b>Unanimous Votes</b>	5
<b>Campaign Contribution Reforms for Los Angeles City Council Races</b>	6
<b>PART B</b>	9
<b>Overview of Los Angeles City Campaign Contributions</b>	9
<b>Organizational vs. Individual Contributions</b>	9
Table 1. Contributions for Citywide Races	11
Table 2. Contributions for City Council Races	12
<b>Matching Funds</b>	13
<b>Incumbent v. Challenger Contributions</b>	14
Table 3. Incumbent vs. Challenger Contributions	15
<b>Independent Expenditures</b>	16
Table 4. Citywide Independent Expenditures	17
Table 5. Organizations that Made Independent Expenditures to Support/Oppose Citywide Candidates	18
Table 6. City Council Independent Expenditures	19
<b>District 5 - Open Seat Race</b>	20
Table 7. City Council District 5 Contributions	20
<b>Independent Expenditures in Open Seat Races</b>	21
Table 8. Independent Expenditures in Support of City Council District 5 Candidate Koretz	21
<b>PART C</b>	
<b>Agenda Setting, Access and Information</b>	23
Table 9. Contributions to Campaign Committees, Officeholder Accounts, and Independent Expenditures in Support of to 14-15 Council Members between 2005-2009	24
<b>Interest Groups and Lobbyists</b>	25
Table 10. Top 10 Interest Groups	25
Table 11. Labor Union Independent Expenditures	26
Table 12. Top Ten Earning Lobbyists 1/1/2007-6/30/2009	27
Table 13. Top Lobbyist Related Political Contributions	28
<b>Candidate Controlled Ballot Measure Committees</b>	29
Table 14. Candidate Controlled Ballot Measure Committee Contributions and Expenditures	30



Table 15. Sampling of \$100,000 and Up Contributions to Mayor Villaraigosa’s Committees	32
Table 16. Candidate Controlled Ballot Measure Committee Contributions to Ballot Measures	33
Table 17. Candidate Controlled Committee Contributions to Other Candidates	34
<b>Measure B</b>	34
<b>Measure B Contributions</b>	35
Table 18. Measure B Contributors Who Gave \$25,000 or More	36
Table 19. Unions that Gave to Measure B	37
Table 20. Politicians that Gave to Measure B	38
<b>CONCLUSION AND RECOMMENDATIONS</b>	39
<b>WORKS CITED</b>	41

# EXECUTIVE SUMMARY

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In 1990, a political scandal involving Mayor Tom Bradley caused Los Angeles voters to pass a comprehensive campaign finance reform law (Proposition H) to regulate money in Los Angeles municipal elections. Proposition H created a new system of public campaign financing and expenditure ceilings with a Los Angeles City Ethics Commission to enforce a new code of governmental ethics. These reforms were preceded in 1985 by a Los Angeles Charter Amendment, approved by the voters, which limited individual, corporate and labor contributions to no more than \$500 per contributor to city council candidates and \$1,000 to citywide candidates.

The purpose of public financing and expenditure ceilings is to cap candidates' demand for money, reduce the time they spend fundraising, increase the time they spend discussing issues with voters and encourage new candidates to run for public office. Candidates who qualify for public financing are provided with additional funding to communicate more effectively with voters.

Twenty years have passed since Los Angeles voters last sought to regulate money in local elections. This report revisits the issue of campaign finance reform in Los Angeles by analyzing campaign contribution, expenditure and public financing data during the city's 2009 municipal elections. Some key findings include the following:

- **Overview of Los Angeles City Campaign Contributions** – In 2009, 32 candidates for Los Angeles municipal offices received \$14 million in direct contributions, with the bulk of these contributions, about \$10 million, going to the 16 citywide candidates for mayor, city attorney and controller. Ten candidates received \$1.7 million in public matching funds, most of which went to citywide candidates. Organizations and individuals spent \$1.77 million in independent expenditures on these races.
- **Organizational vs. Individual Contributions** – One success of Los Angeles' reforms has been to shift candidate dependence away from organization to individual contributions. In 2009, individuals provided approximately 77% of all campaign contributions received, while organizations provided about 20%. The remaining 3% were unitemized contributions and candidate loans.
- **Matching Funds** – Public matching funds provide candidates, particularly those running for open seats, with the ability to raise smaller amounts from private contributors and still remain competitive. In order to qualify for matching funds, candidates must raise a minimum threshold amount in small contributions. The minimum threshold and small contribution amount varies by office. Matching funds release candidates from their dependence on large major contributors and focus their attention on small individual contributors. In 2009, however, most incumbents opted out of the matching fund program, while most challengers and open seat candidates accepted matching funds.
- **Incumbent v. Challenger Contributions** – Incumbents have an overwhelming fundraising advantage over challengers. Incumbents raised a combined total of \$5.3 million in private contributions, compared to challengers who raised a combined total of \$285,000, a ratio of over 19-to-1.



- **Independent Expenditures** – Independent expenditures made by unions, corporations and other entities comprised about \$1.77 million and were concentrated in races for open seats. While individuals provided the bulk of direct contributions in the 2009 municipal elections, organizations dominated independent expenditures.
- **Contributions to Open Seat Candidates in the 5<sup>th</sup> Council District** - The competitive nature of this open seat race caused contributions to explode. Of the roughly \$1.7 million connected with this race, individuals provided \$1.4 million (79%) in contributions compared to \$280,000 (16%) contributed by organizations.
- **Interest Groups and Lobbyists** – Labor unions are one of the most powerful interest groups participating in the political process. In 2009 Los Angeles municipal races, unions were responsible for almost \$800,000 (45%) of the \$1.77 million in independent expenditures.
- **Candidate Controlled Ballot Measure Committees** – The use of ballot measure committees has created a major loophole in the Los Angeles law, allowing candidates to gain access to millions of dollars in unlimited campaign contributions. Between 2006 and 2009, three Los Angeles municipal officeholders raised over \$9 million for ballot measure committees that they controlled. Candidate controlled ballot measure committees contributed over \$2 million to other political candidates and over \$145,000 to *Measure B, Green Energy and Good Jobs Los Angeles*.
- **Near Unanimous Voting on the Los Angeles City Council** – Unlike other, often polarized legislative bodies, the Los Angeles City Council has a nearly unanimous voting record. In 2009, city council votes were unanimous 99.993% of the time. While ideological agreement accounts for some of this unanimity, council members face retribution from fellow members if they break ranks and vote against the majority. This unanimity complicates assessments of the influence of campaign contributions. Most council members receive contributions from the same sources, and virtually all of them vote the same way.

## **Recommendations**

- 1) Contributions to candidate controlled ballot measure committees, which are currently unlimited, should be subject to the same limits as contributions to candidate committees.
- 2) The Los Angeles City Ethics Commission should release candidate controlled ballot measure committee contribution and expenditure data in the same electronic spreadsheet format that they use for candidate contributions and expenditures.
- 3) Lobbyists should be banned from acting as intermediaries who can deliver campaign contributions from their clients to officeholders or candidates that they have registered to lobby.
- 4) The Los Angeles City Ethics Commission should resume issuing periodic reports that list the top ten lobbyists.

# INTRODUCTION

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In the late 1980's, Los Angeles Mayor Tom Bradley's financial dealings with political supporters came under intense scrutiny. Political pressure forced an investigation and public hearings that ultimately lead to a package of reforms (Prop. H) being placed on the ballot by the city council and approved by voters in June of 1990. The reforms built on existing campaign contribution limits and included both a public financing program and the creation of the Los Angeles City Ethics Commission. Reformers believed that regulating campaign contributions would help stimulate more competitive campaigns, ensure that no one entity or individual could gain undue influence over the political process, improve voters' faith in local government and thus encourage greater voter participation in municipal elections.

As a result of these reforms (and contributions limits adopted in 1985), candidates for municipal office in Los Angeles today, unlike candidates for state office, collect the majority of their contributions from individuals rather than organizations and special interests. However, organizations and special interests continue to use other means to influence elected officials. They use lobbyists as intermediaries to deliver campaign contributions to elected officials, and they utilize independent expenditures to influence who wins competitive municipal races on Election Day.

Candidates and elected officials also raise funds through alternative means. They create ballot measure committees, which they control, and raise unlimited amounts of campaign contributions through them. Candidates and elected officials can utilize these funds to make contributions to other candidates and ballot measure committees and thus curry favor with contributors, constituents and other candidates. A recent Fair Political Practices Commission (FPPC) decision to require candidates to reveal the particular measure a candidate controlled ballot measure committee was formed to support tightens the laws that regulate candidate controlled ballot measure committees.<sup>1</sup>

The relationship between candidates, ballot measures and candidate controlled ballot measure committees plays a significant role in the political process, as illustrated in a 2009 in a ballot measure offered to voters. *Measure B, Green Energy and Good Jobs Los Angeles*, received over \$200,000 in contributions from candidate committees and candidate controlled ballot measure committees. Some suggested that Measure B was a "power grab" by city council members, while others suggested that a history of union support of political candidates encouraged politicians to support the measure that would have provided DWP with a near monopoly on solar power in Los Angeles.

## ***Methodology***

This report uses descriptive statistics to analyze the 2009 Los Angeles municipal elections. CGS collected electronic lobbyists reports and contribution, expenditure and independent expenditure data from MAPLight.org and the Los Angeles City Ethics Commission between September 2009 and June 2010. CGS collected public matching fund data electronically from the Los Angeles City Ethics Commission. MAPLight.org provided interest group data. The Los Angeles City Ethics Commission

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<sup>1</sup> California Code of Regulations Title 2, Section 18521.5 (new section operative March 1, 2009).

## INTRODUCTION

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provided Measure B contribution data and candidate controlled ballot measure committee contribution and expenditure data in pdf formats only.<sup>2</sup>

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<sup>2</sup> Providing ballot measure and candidate controlled ballot measure committee campaign data in an online spreadsheet format would facilitate future research in this important area of study.

## ***Background***

The Los Angeles City Council is the legislative body of the nation's second largest city. Los Angeles has 15 full-time city council members who meet three days per week. California's local elections, including city council elections, are non-partisan. Los Angeles City Council members are subject to term limits and may serve a maximum of three full four-year terms in office. Every two years, during odd-numbered years, half of the city council members are up for election.

Los Angeles City Council is comparatively smaller than other large cities, such as New York with 51 city council members and Chicago with 50 members. The Council has 19 committees dealing with issues such as "budget & finance," "planning & land use management" and "public safety." Los Angeles City Council members currently receive the highest city council salary in the nation, just under \$179,000 per year. Although city council members have less power than federal or state legislators, their legislative duties are similar: the city council enacts city ordinances, levies taxes, ratifies city contracts and adopts or modifies the city budget. City voters also elect a mayor, city attorney and controller, all of whom serve four year terms. These citywide officials also may only serve three terms.

## ***Unanimous Votes***

While many governing bodies have polarized voting records, Los Angeles City Council seemingly strives for unanimity. In the first seven months of 2009, Los Angeles City Council members voted 1,854 times – and only 13 times (.007%) were there dissenting votes. During that period, nine dissenting votes were cast from one of two council members (Greig Smith with 5 dissents and Richard Alarcon with 4 dissents) and four votes had more than one council member dissenting. The nearly perfect unanimous voting record of Los Angeles City Council makes it almost impossible to detect linkages between campaign contributions and council legislative decisions.<sup>3</sup> If any relationship does exist, it is hidden behind closed doors.

This astounding record of nearly 100% unanimous voting is the result of two significant factors. The first is that most members of L.A. City Council are ideologically in sync. The second is more troubling: the cost of opposing fellow council members is high. According to council insiders, members face retribution for casting votes against the projects of other council members. If a city council member votes against an ordinance for another member's district, he or she can expect that member to oppose ordinances that will improve their own district in the future.

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<sup>3</sup> If, for example, one contributor made a contribution, or bundled a number of contributions, to a candidate or officeholder and that member was the only vote against a particular issue, then one might conclude, particularly if this happened often, that those contributions had an effect on the recipient's vote. Unanimity, however, makes it impossible to detect such contribution-linked-to-vote patterns.

## **Campaign Contribution Reforms for Los Angeles City Council Races**

In the 1970's and 1980's, the growing influence of campaign contributions led to the call for campaign finance reform for Los Angeles municipal elections. In 1985, a Charter Amendment created campaign contribution limits for primary elections of \$1,000 for candidates for mayor, city attorney and controller and \$500 for candidates for city council. In run-off elections (if necessary), contribution limits were the same.<sup>4</sup> These limits have not been increased since 1985, even to take into account cost of living increases.

Later, the city allowed elected officials to create officeholder accounts that were subject to contribution limits for mayor, city attorney and controller of \$1,000 per year and \$500 per year for city council members. Officeholder account balances cannot exceed \$75,000 during any fiscal year, and officeholder account expenditures cannot exceed \$75,000 during the fiscal year. These payments may be used for legislative and governmental purposes only and may not be used for political campaign purposes.

In 1990, voters continued their efforts to limit the influence of special interests by adopting Proposition H. The proposition incorporated many of the recommendations in the 1989 CGS reports, "*Money and Politics in the Golden State: Financing California's Local Elections*" and "*Money and Politics in Local Elections: The Los Angeles Area.*" Prop. H provided partial matching funds for qualifying candidates, mandated additional contribution and expenditure reporting requirements, restricted the amount of personal money a candidate participating in matching funds program could contribute to his or her own campaign, shortened the period in time for fundraising and created the Los Angeles City Ethics Commission.

Under Prop. H, city council candidates are eligible for public matching funds once they have raised \$25,000 in contributions of \$250 or less. Mayoral candidates must raise \$150,000 in contributions of \$500 or less, and city attorney and controller candidates must raise \$75,000 in contributions of \$500 or less.<sup>5</sup> Matching funds eligibility is also contingent upon a candidate's agreement to limit spending and whether an opposition candidate has qualified for matching funds or has raised, spent or has \$50,000 or more in cash. Primary election spending limits for city council candidates are currently, \$330,000 in the primary and \$275,000 for the run-off election, if one is held. Mayoral spending limits for participating candidates are \$2,251,000 for the primary election and \$1,800,000 for the run-off. City attorney spending limits are \$1,013,000 for the primary election and \$788,000 for the run-off election, while participating controller candidates spending limits are \$900,000 for the primary election and \$676,000 for the run-off.

For the primary election, city council candidates who are eligible for matching funds receive a dollar-for-dollar match for contributions up to \$250, and citywide candidates receive a dollar-for-dollar match on contributions up to \$500. Run-off election candidates receive a "block-grant in the amount

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<sup>4</sup> If a candidate receives 50.1% of the vote in the primary election, there is no runoff or general election.

<sup>5</sup> Los Angeles City Ethics Commission. *INVESTING IN THE PUBLIC TRUST: Campaign Finance Reform in the City of Los Angeles 15 Years After Proposition H*. 2005. pp. 11-12

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of one-sixth of total public funds available... plus continued matching funds at the dollar-to-dollar rate.”<sup>6</sup>

Proposition H called for a “fundraising window” that prohibits city council candidates from raising contributions except 18 months prior to and nine months post election day. Citywide candidates are allowed to raise contributions 24 months prior election day.

Prop. H also established a “wealthy candidate” provision that allowed candidates to raise contributions in excess of the contribution limits if an opposing wealthy candidate contributes more than \$30,000 to his or her campaign. When the “wealthy candidate” provision was triggered, opponents could accept contributions over the proscribed contribution limits until the excess in contribution limits equaled the amount the “wealthy candidate” gave to their campaign. However, on June 26, 2008, the U.S. Supreme Court struck down a similar provision of the Bipartisan Campaign Reform Act of 2002 (BCRA) in *Davis v. FEC*<sup>7</sup> that allowed congressional candidates to increase contribution limits when an opponent used personal funds above certain thresholds. Given the Supreme Court ruling in *Davis v. FEC* and upon the advice of the City Attorney’s Office, the Los Angeles City Ethics Commission announced that the “wealthy candidate provision” would no longer be enforced in Los Angeles municipal elections.

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<sup>6</sup> Ryan, Paul, *Beyond BCRA: Cutting-Edge Campaign Finance Reform at the Local Government Level*. National Civic Review, Vol. 92, Number 1, Spring 2003. (National Civic League and Jossey-Bass), p 8.

<sup>7</sup> New York congressional candidate, Jack Davis, brought suit against the FEC arguing that the “millionaire’s amendment” to the *Bipartisan Campaign Reform Act* (BCRA) was unconstitutional. The United States Supreme Court, in a 5-4 vote, ruled that portions of BCRA violated the First Amendment and discriminated against wealthy candidates that used their own money to finance their own election. *Davis v. FEC*, 128 S. Ct. 2759 (2008).





### **Overview of Los Angeles City Campaign Contributions**

For the 2009 election, Los Angeles municipal candidates received \$14 million in direct contributions and \$1.7 million in matching funds. Almost \$1.77 million in independent expenditures were spent for or against them. Table 1 shows that contributions in races for mayor, city attorney and controller totaled just over \$10 million including approximately \$946,000 in matching funds. Individuals contributed \$7.7 million (77%) of total campaign contributions, while organizations contributed about \$2.1 million (20%). Candidate loans and unitemized contributions were about \$350,000 (3%) of total contributions for all citywide races. Independent expenditures played a significant role in the 2009 citywide races. Organizations and individuals spent \$1.67 million independent expenditures.

City council candidates raised approximately \$4 million in direct contributions with approximately \$3 million coming from individuals and just under \$900,000 from organizations. Candidates received another \$800,000 in matching funds (Table 2). Approximately \$100,000 in independent expenditures was spent by organizations and individuals (Table 6).

### **Organizational vs. Individual Contributions**

One of the goals of the campaign finance reforms of the 1980's and 1990's was to promote broad public participation and to increase the public trust in the electoral process. Contribution limits require candidates to seek financial support from a wide range of individuals, and they reduce the influence of large donors on the election and policy making process. The 2009 municipal election data supports the conclusion that the \$500 and \$1,000 contribution limits reduced the impact of organizational donors. Prior to the reforms, trends in Los Angeles City Council contributions mirrored the nation's state and federal election contributions with the majority of money raised coming from organizations.<sup>8</sup> During the post reform years, a seismic shift occurred; now the majority of contributions come from individuals.<sup>9</sup>

In the hotly contested race for city attorney in 2009, candidates raised more than \$5 million in direct contributions, with just under \$4 million (77%) from individual donors, approximately \$1 million (20%) from organizations and the remaining 3% from nonmonetary and unitemized contributions. The ultimate winner of the city attorney race, Carmen Trutanich, raised approximately \$2 million in direct contributions with about \$1.5 million (75%) from individuals, about \$400,000 (20%) from organizations and about 4% from unitemized contributions and loans. His leading opponent, Councilmember Jack

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<sup>8</sup> Los Angeles City Ethics Commission. *Investing in Competition: Campaign Finance Reform in the City of Los Angeles*, June 1998, p. 49.

<sup>9</sup> Los Angeles City Ethics Commission, *2001 ELECTION STUDY: Campaign Finance Reform in Los Angeles: Lessons from the 2001 City Elections*, p 13. [http://ethics.lacity.org/PDF/report\\_2001Study.pdf](http://ethics.lacity.org/PDF/report_2001Study.pdf)

Weiss, raised over \$2.9 million in direct contributions with about \$2.3 million (79%) from individuals, \$550,000 (19%) from organizations and \$60,000 (2%) from unitemized contributions and loans.<sup>10</sup>

The race with the second largest amount of contributions – the race for Los Angeles City mayor -was also the least competitive in fundraising. Candidates raised approximately \$3.4 million in direct contributions with approximately \$2.6 million (76%) from individuals, about \$750,000 (22%) from organizations and about 2% in unitemized contributions. However, more than \$3.1 million in direct contributions went to one candidate, Mayor Antonio Villaraigosa, and the remaining \$250,000 was divided among the six challengers with Walter Moore receiving the bulk of these contributions – approximately \$230,000.

The Office of City Controller was an open seat, but it also failed to be a competitive race. Candidates raised approximately \$1.5 million in direct contributions with the lion's share of contributions raised by sitting Councilmember Wendy Greuel, who received about \$1.4 million in contributions. The majority of the remaining contributions went to Nick Patsaouras, who received about \$146,000 in direct contributions. Individuals provided about \$1.1 million (73%) in contributions for the city controller race, and organizations provided about \$346,000 (23%).

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<sup>10</sup> Almost all loans were provided by the candidate to his or her campaign.

**Table 1. Contributions for City Wide Races**

Candidate or Office Holder	Winner	Office	Total Contributions**	Matching Funds	Total Organizational Contributions**	Total Individual Contributions	Unitemized Contributions	Loans from Candidate
Antonio Villaraigosa (In)	√	M	\$3,124,129	Rejected	\$744,586	\$2,374,140	\$5,402	--
Bruce H. Darian (Ch)		M	\$3,152	Accepted	\$200	\$782	382	\$2,170
David Raymond Hernandez (Ch)		M	\$6,535	Accepted	--	\$5,615	\$920	--
Phil Jennerjahn (Ch)		M	\$5,616	Rejected	--	--	\$302	\$5,314
Walter Moore (Ch)		M	\$229,617	\$67,872	\$3,850	185,035	\$40,732	--
Craig X Rubin (Ch)		M	\$1,281	Rejected	--	\$173	\$8	\$1,100
Gordon Turner (Ch)		M	\$4,471	Rejected	\$700	\$3,550	\$221	--
<b>Mayoral Totals</b>			<b>\$3,374,801</b>	<b>\$67,872</b>	<b>\$749,336</b>	<b>\$2,569,295</b>	<b>\$47,967</b>	<b>\$8,584</b>
Carmen A. Trutanich (OS)	√	CA	\$1,970,074	\$683,303	\$410,142	\$1,486,544	\$14,713	\$59,000
Jack Weiss (OS)		CA	\$2,905,634	Rejected	\$544,573	\$2,300,141	\$5,920	\$55,000
Michael Amerian (OS)		CA	\$327,908	\$128,865	\$48,516	\$185,383	\$3,509	\$90,500
David Berger (OS)		CA	\$16,030	Accepted	--	\$15,780	\$250	--
Noel Weiss (OS)		CA	\$2,901	Accepted	--	\$2,394	\$507	--
<b>City Attorney Totals</b>			<b>\$5,222,547</b>	<b>\$812,168</b>	<b>\$1,003,231</b>	<b>\$3,990,242</b>	<b>\$24,899</b>	<b>\$204,500</b>
Wendy Greuel (OS)*	√	CC	\$1,370,818	Rejected	\$318,680	\$1,011,434	\$12,594	\$20,000
Kathleen "Suzy" Evans (OS)		CC	\$5,739	Accepted	--	\$1,839	--	\$3,900
Nick Patsaouras (OS)		CC	\$146,214	\$65,737	\$27,725	\$115,899	\$1,090	\$1,500
Sherree Saperstein (OS)		CC	\$300	Rejected	--	\$300	--	--
<b>Controller Totals</b>			<b>\$1,523,071</b>	<b>\$65,737</b>	<b>\$346,405</b>	<b>\$1,129,472</b>	<b>\$13,684</b>	<b>\$25,400</b>
<b>All City Totals</b>			<b>\$10,120,419</b>	<b>\$945,777</b>	<b>\$2,098,972</b>	<b>\$7,689,009</b>	<b>\$86,550</b>	<b>\$238,484</b>

In: Incumbent

OS: Open Seat

Ch: Challenger

CA: City Attorney

CC: City Council

M: Mayor

\*Does not include nonmonetary contributions

\*\* Organizational contributions include organizations, political parties and committees.

\*\*\* Total Contributions do not reflect repaid loans.

\*\*\*\*Candidates that failed to raise contributions are not included in this table.

**Table 2. Contributions for City Council Races**

Candidate or Office Holder	Winner	District	Total Contributions**	Matching Funds	Total Organizational Contributions**	Total Individual Contributions	Unitemized Contributions	Loans
Reyes (In)	√	1	\$232,569	Rejected	\$80,710	\$149,525	\$2,334	--
Rosas (Ch)		1	\$6,057	Accepted	\$500	\$3,692	\$1,865	--
Zine (In)	√	3	\$320,013	Rejected	\$100,046	\$216,667	\$3,300	--
Bornstein (Ch)		3	\$11,232	Rejected	--	\$1,232	--	\$10,000
Koretz (OS)	√	5	\$546,961	\$203,062	\$179,162	\$358,219	\$10,251	--
Vahedi (OS)		5	\$336,478	\$248,690	\$36,298	\$249,603	\$24,227	\$20,600
Bleich (OS)		5	\$238,796	\$95,846	\$18,030	\$216,795	\$3,971	--
Galperin (OS)		5	\$291,004	\$90,751	\$22,110	\$264,862	\$4,032	--
Ritter- Simon (OS)		5	\$186,565	\$85,879	\$22,976	\$133,549	\$5,040	\$25,000
Schwartz (OS)		5	\$196,646	\$89,515	\$6,200	\$168,135	\$1,311	\$21,000
Alarcon (In) (U)	√	7	\$26,214	Rejected	\$10,225	\$15,489	--	--
Perry (In) (U)	√	9	\$360,095	Rejected	\$105,725	\$252,465	\$1,905	--
Rosendahl (In)	√	11	\$262,366	Accepted	\$47,625	\$210,450	\$4,291	--
Garcetti (In)	√	13	\$683,024	Rejected	\$159,433	\$511,196	\$12,395	--
Slossberg (Ch)		13	\$16,362	Accepted	--	\$13,719	\$2,643	--
Hahn (In)	√	15	\$280,228	Accepted	\$96,305	\$178,405	\$5,616	--
<b>City Council Race Totals</b>			<b>\$3,994,610</b>	<b>\$813,743</b>	<b>\$885,345</b>	<b>\$2,944,003</b>	<b>\$83,181</b>	<b>\$76,600</b>

In: Incumbent

U: Unopposed

OS: Open Seat

\*Candidates that failed to raise over \$1,000 in contributions are not included in this table.

\*\* Organizational contributions include organizations, political parties and committees.

\*\*\* Total Contributions do not reflect repaid loans.

Table 2 illustrates that the trend of individuals providing the majority of contributions continued in 2009 city council races. Total contributions for all Los Angeles city council races were about \$4 million with almost \$3 million (75%) coming from individuals and just under \$900,000 (22%) coming from

organizations. The balance of contributions - \$160,000 (3%) came from unitemized contributions and candidate loans.

## ***Matching Funds***

The purpose of matching funds is to reduce the actual or perceived corruption of candidates and officeholders. The Los Angeles scheme was designed so that candidates would relinquish the right to spend beyond a certain limit in exchange for matching funds, which greatly lessened the need of participating candidates to raise money from private donors.

According to the Los Angeles City Charter, public matching funds are meant to:

- (A) To assist serious candidates in raising enough money to communicate their views and positions adequately to the public without excessive expenditures or contributions, thereby promoting public discussion of the important issues involved in political campaigns.
- (B) To limit overall expenditures in campaigns, thereby reducing the pressure on candidates to raise large campaign funds for defensive purposes, beyond the amount necessary to communicate reasonably with voters.
- (C) To provide a source of campaign financing in the form of limited public matching funds.
- (D) To substantially restrict fund-raising in non-election years.
- (E) To increase the value to candidates of smaller contributions.
- (F) To reduce the excessive fund-raising advantage of incumbents and thus encourage competition for elective office.
- (G) To help restore public trust in governmental and electoral institutions.<sup>11</sup>

Thus, public matching funds provide candidates, particularly those running for open seats, with the ability to raise a relatively limited amount of funds to compete. It releases candidates from their dependence on large major contributors and focuses their attention on individual contributors.

Between 1990 and 2001, candidate participation in matching funds program steadily grew. Since then, however, incumbent participation has declined dramatically. Perhaps the most striking fact in the 2009 Los Angeles City elections is that so many incumbents opted-out of public financing. Only two out of seven incumbents, Janice Hahn and Bill Rosendahl, chose to accept public financing, although neither received any public funds because their opponents did not meet the required fundraising threshold.

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<sup>11</sup> Los Angeles City Charter, Article IV – Elections. [http://ethics.lacity.org/PDF/laws/law\\_charter471.pdf](http://ethics.lacity.org/PDF/laws/law_charter471.pdf)

Every other incumbent declined matching funds. Insiders say that most incumbents do not accept matching funds because they do not wish to be subject to fundraising and expenditure limits and can raise considerably more funds as an incumbent as can their challenger.

Conversely, most challengers and candidates running for open seats chose to accept public financing. Four out of five candidates running for city attorney accepted public financing, two out of four candidates running for controller accepted public financing and six out of six candidates running for the open seat in District 5 opted for public financing. The public financing total for 2009 city races was approximately \$1.8 million, with each candidate receiving an average of about \$176,000. The median amount was \$93,000.

### ***Incumbent vs. Challenger Contributions***

Challengers face an uphill battle when competing against incumbents. Theorists have long debated the overwhelming advantages incumbent politicians have at all levels of public office, suggesting incumbents are helped by name recognition, higher visibility, ability to raise more contributions and loyalty from voters gained through constituent services. Term limits also cause political candidates to wait for incumbents to be termed-out in order to run for an open seat against less powerful opponents.

An incumbent's fiscal advantage, coupled with a history of high re-election rates, make it unlikely that even a relatively strong challenger can successfully compete against the average incumbent. Incumbents often raise significant contributions to discourage challengers from even entering the race. Los Angeles incumbents raised about \$5.3 million in combined direct contributions, as compared to challengers who raised a combined total of just \$285,000 in direct contributions. Table 3 illustrates the incumbent advantage. Mayor Villaraigosa was the fundraising leader, raising approximately \$3.1 million compared to his nearest challenger, Walter Moore, who raised just \$230,000.

City council incumbents raised a combined total of about \$2.2 million, while challengers raised a combined total of just under \$34,000. Councilmember Eric Garcetti, in his contested race for District 13, raised the most campaign contributions for a city councilmember, about \$700,000, while Councilmember Richard Alarcon raised the lowest direct contribution total, about \$26,000. All told, incumbents out-raised challengers by about 19 to 1 in direct contributions. It is worth noting that not a single incumbent was defeated or even seriously challenged in the 2009 municipal election. Only three of the 21 challengers for city council races raised more than \$1,000.

**Table 3. Incumbent v. Challenger Fundraising**

Candidate or Office Holder	Winner	Office/ Council District	Total Contributions***	Matching Funds
Villaraigosa (In)	√	M	\$3,124,129	Rejected
Moore (Ch)		M	\$229,617	\$67,872
Darian (Ch)		M	\$3,152	Accepted
Hernandez (Ch)		M	\$6,535	Accepted
Jennerjahn (Ch)		M	\$5,617	Rejected
Rubin (Ch)		M	\$1,281	Rejected
Turner (Ch)		M	\$4,471	Rejected
Reyes (In)	√	1	\$232,569	Rejected
Zine (In)	√	3	\$320,513	Rejected
Alarcon (In) (U)	√	7	\$26,214	Rejected
Perry (In) (U)	√	9	\$360,095	Rejected
Rosendahl (In)	√	11	\$262,366	Accepted
Garcetti (In)	√	13	\$683,024	Rejected
Hahn (In)	√	15	\$280,228	Accepted
Incumbent Totals			\$5,289,138	--
Rosas (Ch)		1	\$6,057	Accepted
Bornstein (Ch)		3	\$11,232	Rejected
Slossberg (Ch)		13	\$16,363	Accepted
Challenger Totals			\$284,325	\$67,872

Ch: Challenger

In: Incumbent

U: Unopposed

OS: Open Seat

\*Candidates that failed to raise \$1,000 in contributions are not included in this table.

\*\* Organizational contributions include organizations, political parties and committees.

\*\*\* Total Contributions do not reflect repaid loans.

\*\*\*\* 37 Candidates for municipal office raised \$1,000 or less and thus did not report contribution totals.



## ***Independent Expenditures***

One result of contribution limits has been the growing proliferation of independent expenditures as a form of political participation and a means of influencing electoral outcomes. An independent expenditure is political spending by an individual or a group that expressly supports or opposes a candidate without the prior knowledge or cooperation of the candidate. The California Fair Political Practice Commission reported that, between 2000 and 2006, independent expenditures in California's state legislative races rose from \$376,000 to a whopping \$23.48 million.<sup>12</sup> This trend is also evident in Los Angeles municipal elections. "Independent expenditures are skyrocketing in Los Angeles politics and threaten the integrity of the campaign finance system. Independent spending has risen in meteoric fashion from a previous high of \$323,201 in 1993 to an astounding \$3,197,752 in the 2001 elections."<sup>13</sup> However, in the 2009 Los Angeles municipal elections, independent expenditures fell to about \$1.77 million due to the noncompetitive nature of most of the races.

Many consider independent expenditures to be a major loophole that allows special interests to exert undue influence on the election process despite contribution limits. Reformers argue that, when candidates benefit from large independent expenditures, they are influenced almost as much as by direct contributions. In addition, it is difficult to track or prove inappropriate candidate coordination of independent expenditures.

For more than twenty years, California's reformers have tried to reduce the influence of powerful interests by passing a series of campaign finance laws directed at contribution limits, disclosure and matching funds. However, restricting independent expenditure laws will require the U.S. Supreme Court to reverse its 1976 ruling in *Buckley v. Valeo*.<sup>14</sup>

The 2009 Los Angeles City municipal elections illustrate the use of independent expenditures as a means to bypass contribution limits. Total contributions received by all municipal candidates reached approximately \$14 million with an additional \$1.77 spent by independent expenditure committees.<sup>15</sup> While individuals provided the bulk of direct contributions in the 2009 municipal elections, organizations dominated the use of independent expenditures. Organizations spent more than \$1.7 million in total independent expenditures compared to just three individuals spending only \$48,000 in independent expenditures. While \$1.67 million (94%) of all independent expenditures were made for the mayoral, city attorney and controller races, a mere \$101,270 (6%) of independent expenditures went toward city council races. The bulk of these city council independent expenditures (\$100,632)

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<sup>12</sup> California Fair Political Practices Commission, *Independent Expenditures: The Giant Gorilla in Campaign Finance*. June 2008. p. 9.

<sup>13</sup> Center for Governmental Studies. *Eleven Years of Reform: Many Successes -- More to be Done*, Center for Governmental Studies, Los Angeles, 2001. p. 37.

<sup>14</sup> The Federal Elections Campaign Act (FECA) reformed federal election law, placed limits on campaign contributions and independent expenditures, required disclosure of campaign expenditures and placed limits on candidate expenditures. However, in the landmark ruling in *Buckley v. Valeo* [424 U.S. 1 (1976)], the United States Supreme Court struck down some of its provisions, including limitations on independent expenditures. The Court held that independent expenditures were not a corrupting influence and that only the threat of corruption would justify a First Amendment restriction.

<sup>15</sup> Contributions and independent expenditures totaled \$15.9 million.

were spent on the District 5's open seat, \$88,536 of which was spent in support of Paul Koretz's successful bid for 5<sup>th</sup> council district seat.

**Table 4. Citywide Independent Expenditures**

Candidate or Office Holder	Winner	Office	Total IE Supporting	Total IE Opposing (no show of support for other candidates)	Total Organizational IE	Total Organizational Opposing IE
Antonio Villaraigosa (In)	√	M	\$207	--	\$207	--
Bruce H. Darian (Ch)		M	--	--	--	--
David Raymond Hernandez (Ch)		M	--	--	--	--
Phil Jennerjahn		M	--	--	--	--
Walter Moore		M	--	--	--	--
Craig X Rubin		M	--	--	--	--
Gordon Turner		M	--	--	--	--
Carmen A. Trutanich	√	CA	\$964,958	\$351,409	\$943,492	\$351,409
Jack Weiss		CA	\$123,366	--	\$121,470	--
Michael Amerian		CA	--	--	--	--
David Berger		CA	--	--	--	--
Noel Weiss		CA	--	--	--	--
Wendy Greuel	√	CC	\$163,779	--	\$163,779	--
Kathleen "Suzy" Evans		CC	--	--	--	--
Nick Patsaouras		CC	--	\$60,375	--	\$60,375
Sherree Saperstein		CC	--	--	--	--
<b>Citywide Totals</b>			<b>\$1,254,460</b>	<b>\$411,784</b>	<b>\$1,228,948</b>	<b>\$411,784</b>

In: Incumbent OS: Open Seat Ch: Challenger

\* Organizational contributions include organizations, political parties and committees.

Table 4 shows that organizations provided all \$1.67 million in independent expenditures for citywide races. Of that, more than \$1.2 million was spent in support of candidates and over \$400,000 was spent in opposition to candidates.

**Table 5. Organizations that Made Independent Expenditures to Support/Oppose Citywide Candidates**

<b>Organization/Supporter</b>	<b>Support/Oppose</b>	<b>Candidate</b>	<b>Total</b>
AAGLA (Apartment Association of Greater Los Angeles) PAC	Support	C. Trutanich	\$8,400
Association for Los Angeles Deputy Sheriffs PAC	Support	C. Trutanich	\$100,000
Citizens for Dependable and Reliable Leadership (527)	Support	J. Weiss	\$27
Community Research and Information Center	Support	A. Villaraigosa	\$146
Community Research and Information Center	Support	J. Weiss	\$661
Community Research and Information Center	Support	W. Greuel	\$146
Cutting Edge Consultants, Inc.	Support	J. Weiss	\$1,750
International Brotherhood of Electrical Workers Local 11 PAC	Support	J. Weiss	\$35,777
International Brotherhood of Electrical Workers Local 11 PAC	Support	W. Greuel	\$24,750
International Brotherhood of Electrical Workers Local 11 PAC	Oppose	N. Patsouras	\$24,750
L.A. Airport Peace Officers Association PAC	Support	C. Trutanich	\$16,000
Local 18 Water and Power Defense League (IBEW)	Support	J. Weiss	\$34,450
Local 18 Water and Power Defense League (IBEW)	Support	W. Greuel	\$112,490
Local 18 Water and Power Defense League (IBEW)	Oppose	N. Patsouras	\$35,625
Los Angeles County Democratic Party - State Issues & Advocacy Committee	Support	J. Weiss	\$5,000
Los Angeles County Federation of Labor AFL-CIO Council on Political Education	Oppose	C. Trutanich	\$351,409
Los Angeles County Federation of Labor AFL-CIO Council on Political Education	Support	J. Weiss	\$43,805
Los Angeles Police Protective League PAC	Support	C. Trutanich	\$745,800
National Women's Political Caucus - San Fernando Valley	Support	W. Greuel	\$1,349
New Majority California PAC	Support	C. Trutanich	\$9,947
Pacific Palisades Democratic Club	Support	A. Villaraigosa	\$61
Pacific Palisades Democratic Club	Support	W. Greuel	\$61
Southwest Regional Council of Carpenters PAF (Political Action Fund)	Support	C. Trutanich	\$63,345
United Firefighters Of Los Angeles City Local Union #112	Support	W. Greuel	\$24,983
<b>Total Independent Expenditures</b>			<b>\$1,640,731</b>

Unions and PACs made the overwhelming majority of independent expenditures for citywide races. During the 2009 election cycle, unions and their PACs spent over \$1.6 million in independent expenditures, with only about \$55,000 in independent expenditures for citywide made by others.

**Table 6. City Council Independent Expenditures**

Candidate or Office Holder	Winner	District	Total IE	Total Organizational IE	Total Individual IE
Reyes (In)	√	1	--	--	--
Rosas (Ch)		1	--	--	--
Zine (In)	√	3	\$96	\$96	--
Bornstein (Ch)		3	--	--	--
Koretz (OS)	√	5	\$88,537	\$63,536	\$25,000
Vahedi (OS)		5	--	--	--
Bleich (OS)		5	\$4,147	\$4,147	--
Galperin (OS)		5	--	--	--
Ritter-Simon (OS)		5	\$1,349	\$1,349	--
Schwartz (OS)		5	\$6,600	\$6,600	--
Alarcon (In) (U)	√	7	\$96	\$96	--
Perry (In) (U)	√	9	\$96	\$96	--
Rosendahl (In)	√	11	\$157	\$157	--
Garcetti (In)	√	13	\$96	\$96	--
Slossberg (Ch)		13	--	--	--
Hahn (In)	√	15	\$96	\$96	--
<b>City Council Totals</b>			<b>\$101,271</b>	<b>\$76,270</b>	<b>\$25,000</b>

Ch: Challenger      In: Incumbent      U: Unopposed      OS: Open Seat

\* Organizational contributions include organizations, political parties and committees.

Note: District 5 accounted for \$100,632 of total independent expenditures and all of individual independent expenditures.

Table 6 demonstrates that, in 2009 city council races, organizations were responsible for just over \$75,000 (75%) in independent expenditures; one individual (David C. Rubin), was responsible for 100% of the independent expenditures made by individuals in city council races, which amounted to 25% of independent expenditures. Independent expenditures in city council races were concentrated on open seats with new candidates in tight races.

### ***District 5 - Open Seat Race***

**Table 7. District 5 Contributions**

<b>Candidate or Office Holder</b>	<b>Winner</b>	<b>Total Contributions**</b>	<b>Matching Funds</b>	<b>Total Organizational Contributions</b>	<b>Total Individual Contributions</b>	<b>Unitemized Contributions</b>	<b>Loans</b>
Koretz	√	\$546,961	\$203,062	\$179,162	\$358,219	\$10,251	--
Vahedi		\$336,478	\$248,690	\$36,298	\$269,603	\$24,227	--
Bleich		\$238,796	\$95,846	\$18,030	\$216,795	\$3,971	--
Galperin		\$239,225	\$90,751	\$17,130	\$218,857	\$3,238	--
Ritter-Simon		\$186,565	\$85,879	\$22,976	\$133,549	\$5,040	\$25,000
Schwartz		\$196,646	\$89,515	\$6,200	\$168,135	\$1,311	\$21,000
<b><i>District 5 Totals</i></b>		<b><i>\$1,744,671</i></b>	<b><i>\$813,743</i></b>	<b><i>\$279,796</i></b>	<b><i>\$1,365,158</i></b>	<b><i>\$48,038</i></b>	<b><i>\$46,000</i></b>

\*Candidates that failed to raise contributions are not included in this table.

\*\* Organizational contributions include organizations, political parties and committees.

District 5 was the only city council race without an incumbent running for reelection. The competitive nature of this race caused contributions and independent expenditures to skyrocket. Total contributions to candidates for District 5 were approximately \$1.7 million, with individuals providing \$1.4 million (82%) and organizations giving about \$280,000 (16%) of total contributions. Contributions to the two runoff contenders, Paul Koretz and David Vahedi, closely mirrored the overall trend of Los Angeles City campaign contributions. Koretz received approximately \$545,000 in contributions, with individuals providing about \$358,000 (66%) and organizations providing about \$180,000 (33%) in contributions. The remaining 1% were unitemized contributions. Vahedi received approximately \$336,000 in direct contributions, with approximately \$270,000 (80%) coming from individual contributors and the balance coming from organizations and unitemized contributions.

## ***Independent Expenditures in Open Seat Races***

As races become more competitive, the role of independent expenditures is amplified. In the 2009 Los Angeles City Council races, independent expenditures played a relatively insubstantial role. However, in the race for City Council District 5, the role of independent expenditures was significant. While Koretz outraised Vahedi by about \$190,000, he also benefited from almost \$90,000 in independent expenditures (Table 8). His strongest support came from unions that spent about \$62,000 in independent expenditures. There were no independent expenditures made in support of Vahedi. Koretz beat Vahedi for the District 5 City Council seat by just 722 votes out of a little more than 36,000 votes cast. Independent expenditures may have been decisive.

**Table 8**

<b>Independent Expenditures in Support of City Council District 5 Candidate Koretz</b>	
Community Research and Information Center	\$661
Cutting Edge Consultants, Inc.	\$1,250
International Brotherhood of Electrical Workers Local 11 PAC	\$19,790
Local 18 Water and Power Defense League (IBEW)	\$19,885
Los Angeles County Federation of Labor AFL-CIO Council on Political Education	\$4,201
Los Angeles County Federation of Labor, AFL-CIO	\$17,750
David C. Rubin	\$25,000
<b>Total Independent Expenditure Support</b>	<b>\$88,537</b>





### ***Agenda Setting, Access and Information***

Agenda setting - deciding what issues will be addressed - is an essential component of the policy process and usually influenced by the following factors: 1) a problem or crisis; 2) changing views of stakeholders; 3) pressure or influence by stakeholders over legislators; or 4) changes in public opinion.<sup>16</sup> The focus of this part of the study will be on how some stakeholders (interest groups and lobbyists) may attempt to influence the agenda setting and policy making process through campaign contributions. "Both members and contributors admit that, at minimum, contributions ensure access—a necessary if not sufficient condition for insider influence. Doors are open to lobbyists representing groups that have supported members' campaigns..."<sup>17</sup>

There can be little doubt that campaign contributions provide contributors with a benefit that average voters do not get – access to decision makers. Access provides major contributors with powerful tools to engage in the policy process. Access to candidates and the policy process provide contributors with the opportunity to "make their case" or to "educate" policy makers about how supporting or opposing certain types of legislation might impact their organization and community. Access also provides contributors with information that they can use either to combat legislation or reformulate their business plan to adjust to upcoming legislative outcomes.

While there is little *quantitative* evidence that campaign contributions impact legislative voting, the general public believes that campaign contributions influence lawmakers at all levels of government and this leads to the appearance of corruption. Gregory Wawro's research of campaign contributions and congressional roll call votes (1999) and campaign contributions and legislative entrepreneurship (1997), for example, found no quantitative evidence to link campaign contributions with either voting records or entrepreneurial behavior at the congressional level. Some theorists believe that the influence of campaign contributions from special interests is greater in committee settings where an elected official can act as an advocate to shape legislation in ways that will be beneficial to large donors.<sup>18</sup>

Campaign contribution limits have successfully restrained organizations from providing excessive or overly influential contributions to Los Angeles City Council members. But, interestingly, many organizations provide contributions to most or all elected officials as a means of gaining access to city council members, and they provide these contributions year after year (Table 9). It is likely that these contributions are made in order to gain access to elected officials or gain information about or play a role in agenda setting.

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<sup>16</sup> Kingdon, John W. "Agendas, Alternatives, and Public Policies." Addison-Wesley Educational Publishers, Inc. New York. 1995. p. 17.

<sup>17</sup> Quirk, Paul J. and Sarah A. Binder. "The Legislative Branch." Oxford University Press Inc. New York, NY, 2005. p. 120

<sup>18</sup> Hall, Robert L., and Frank W. Wayman, "Buying Time: Moneyed Interests and the Mobilization of Bias in Congressional Committees," *American Political Science Review* 84 (September 1990): pp.797-820.

**Table 9. Contributions to Campaign Committees, Officeholder Accounts and Independent Expenditures in Support of to 14-15 Council Members between 2005-2009**

<b>Name</b>	<b>Interest Group</b>	<b>City</b>	<b>State</b>	<b>Number of Council Members Receiving \$</b>	<b>Total to Council Members 2005-09</b>
United Firefighters Of Los Angeles City, Local 112	Police & firefighters unions and associations	LA	CA	14 (Not Parks)	\$120,198
Apartment Association of Greater Los Angeles	Building operators & managers	LA	CA	14 (Not Weiss)	\$61,853
United Food And Commercial Workers Union, Local 770	Food service & related unions	LA	CA	14 (Not Parks)	\$27,500
Motion Picture Association of America	Motion picture production & distribution	Encino	CA	14 (Not Zine)	\$24,750
Playa Capital Company, LLC	General real estate	LA	CA	14 (Not Rosendahl)	\$24,000
Walt Disney Company	Broadcasting & motion pictures	Burbank	CA	14 (Not Weiss)	\$23,750
UA Plumber's Local Union 78	Construction unions	LA	CA	14 (Not LaBonge)	\$23,650
BNSF Railway Company	Railroads	Fort Worth	TX	14 (Not Parks)	\$22,500
Paramount Pictures Group	Motion picture production & distribution	LA	CA	15	\$22,000
Retired Los Angeles City Employees, Inc.	State & local government employee unions	Simi Valley	CA	14 (Not Zine)	\$21,000
Official Police Garage Association of Los Angeles	Police & firefighters unions and associations	Simi Valley	CA	14 (Not Perry)	\$20,500
Central City Association Of LA PAC	General business associations	LA	CA	15	\$19,670
Management Employees Association	General labor unions	LA	CA	15	\$16,000
<b>Total Contributions</b>					<b>\$427,370</b>

## ***Interest Groups and Lobbyists***

Interest groups play an important role in agenda setting and the overall policy process. Interest groups promote ideas and advocate for or block policy change. Interest groups may pressure politicians for policy changes by building alliances with other stakeholders and raising the public profile of an issue.

According to the data set forth in (Table 10), the following interest groups dominated the 2009 election: lawyers and law firms, real estate, public sector unions, general trade unions, business services, TV and movie industry, securities and investment, health professionals, lobbyists and construction services. These interest groups look to city government to facilitate their work process. The Los Angeles City Council, for example, ratifies contracts and creates zoning laws. The television and motion picture industry might look to city government to ease restrictions and costs on work permits, reduce taxes or otherwise reduce barriers to filming in Los Angeles.

**Table 10**

<b>Contributions from Top 10 Interest Groups</b>	
<b>(3/3/2007 - 12/31/2009)</b>	
Lawyers/Law Firms	\$1,937,413
Real Estate	\$1,912,960
Public Sector Unions	\$1,459,632
General Trade Unions	\$859,561
Business Services	\$590,833
TV & Movie Production/Distribution	\$510,197
Securities & Investment	\$473,739
Health Professionals	\$381,990
Lobbyists	\$314,890
Construction Services	\$314,658

Some of the most powerful interest groups participating in the political process are labor unions. In the 2009 Los Angeles municipal races, unions were responsible for almost \$800,000 (45%) of the \$1.77 million in independent expenditures (Table 11). Unions were most active in the race for city attorney, spending over \$500,000 to support or oppose one of the two major candidates. In the surprisingly noncompetitive race for controller, labor unions still spent almost \$200,000 on independent expenditures. In the race for District 5, they spent about \$62,000 in independent expenditures.

**Table 11. Labor Union Independent Expenditures**

<b>Union</b>	<b>Support/Oppos</b>	<b>Candidate</b>	<b>IE Spending</b>
Los Angeles County Federation of Labor AFL-CIO Council on Political Education	Oppose	Carmen A. Trutanich	\$351,409
Southwest Regional Council of Carpenters PAF	Support	Carmen A. Trutanich	\$63,345
International Brotherhood of Electrical Workers Local 11 PAC	Support	Jack Weiss	\$35,777
Local 18 Water and Power Defense League (IBEW)	Support	Jack Weiss	\$34,450
Los Angeles County Federation of Labor AFL-CIO Council on Political Education	Support	Jack Weiss	\$43,805
International Brotherhood of Electrical Workers Local 11 PAC	Support	Paul Koretz	\$19,790
Local 18 Water and Power Defense League (IBEW)	Support	Paul Koretz	\$19,885
Los Angeles County Federation of Labor AFL-CIO Council on Political Education	Support	Paul Koretz	\$21,951
Local 18 Water and Power Defense League (IBEW)	Support	Wendy Greuel	\$112,490
United Firefighters Of Los Angeles City Local Union #112	Support	Wendy Greuel	\$24,983
International Brotherhood of Electrical Workers Local 11 PAC	Oppose	Nick Patsaouras	\$24,750
Local 18 Water and Power Defense League (IBEW)	Oppose	Nick Patsaouras	\$35,625
<b>Total Independent Expenditures by Unions</b>			<b>\$788,259</b>

**Table 12. Top Ten Earning Lobbyists 1-1-2007 to 12-31-2009**

<b>Firm Name</b>	<b>Total Amount</b>
Jeffer Mangels Butler & Marmaro LLP	\$9,191,884
Craig Lawson & Co., LLC	\$6,978,635
Latham & Watkins LLP	\$6,775,876
Cerrell Assoc Inc	\$6,392,797
Ek & Ek	\$4,619,280
Consensus Inc.	\$3,886,050
Allen Matkins Leck Gamble Mallory & Natsis LLP	\$3,821,442
Armbruster Goldsmith & Delvac, LLP	\$3,423,664
Arnie Berghoff & Assoc	\$3,108,538
Rose & Kindel	\$3,021,473

Lobbyists are an important weapon in the interest group arsenal. Lobbyists, like other interest group actors, attempt to build long-term relationships with politicians, providing them with campaign contributions and information. According to the Los Angeles City Charter, if lobbyists are registered to lobby an agency or office, they are prohibited from making campaign contributions to candidates running for that office or agency.<sup>19</sup> Lobbyists, however, may deliver clients' contributions to political candidates, acting as intermediaries to distribute funds provided by a client to a candidate. Lobbyists may also make contributions to candidates or offices they are not registered to lobby.

Table 12 shows the top ten money-making lobbyists for the 2007-2009 period. Table 13 lists the top lobbyists delivering contributions from clients for the 2007-2009 period.

Between 2007 and 2009, the top ten earning lobbyists made between \$3 million and over \$9 million. Eight of these top-ten earning lobbyists did not act as intermediaries for clients or deliver contributions to Los Angeles City Council candidates at levels high enough to place them in the top five contribution deliverers. However, two top-ten lobbyist money-makers, Cerrell Associates, Inc. and Afriat Consulting Group, Inc., were in the top six lobbyists acting as intermediaries for clients providing contributions. Cerrell Associates and clients transmitted \$47,600 to eight city council candidates and one citywide candidate over a three year period. Afriat Consulting Group and clients delivered almost \$77,000 to 16 city council candidates and two citywide candidates.

<sup>19</sup> Charter § 470(c)(11). December 13, 2006.

**Table 13. Top Lobbyist Related Political Contributions**

<b>Consulting Group</b>	<b>Candidates</b>	<b>Number of Candidates</b>	<b>Total Contributions between 2007-2009</b>
Rose & Kindel	Alarcon, Cardenas, Delgadillo, Essel, Galatzan, Garcetti, Hahn, Koretz, Krekorian, LaBonge, Parks, Perry, Reyes, Rosendahl, Smith, Trutanich, Vahedi, Villaraigosa, Weiss and Wesson	20 Municipal Candidates	\$130,000
Urban Solutions, LLC	Aguilar*, Alarcon, Cardenas, Englander**, Essel, Garcetti, Greuel, Hahn, Huizar, Koretz, Parks, Perry, Reyes, Rodriguez***, Smith, Villaraigosa, Wesson and Zine	18 Municipal Candidates	\$112,525
Ken Spiker & Associates Inc	Alarcon, Cardenas, Delgadillo, Englander**, Essel, Garcetti, Greuel, Hahn, Huizar, Koretz, LaBonge, Parks, Reyes, Ridley-Thomas, Rosendahl, Smith, Trutanich, Villaraigosa, Wesson and Zine	20 Municipal Candidates	\$81,900
Afriat Consulting Group Inc	Alarcon, Cardenas, Chick, Delgadillo, Englander**, Essel, Garcetti, Greuel, Hahn, Huizar, Koretz, LaBonge, Perry, Reyes, Rosendahl, Weiss, Wesson and Zine	18 Municipal Candidates	\$77,150
Cerrell Associates Inc	Englander**, Essel, Garcetti, Hahn, Huizar, Perry, Reyes, Trutanich, Weiss	9 Municipal Candidates	\$47,600
<b>Total</b>			<b>\$449,175</b>

\*Yoli Flores Aguilar ran for School Board in 2007.

\*\*Mitchell Englander is running for Los Angeles City Council District 12 in 2011.

\*\*\*Monica Rodriguez ran for Los Angeles City Council District 7 in 2007.

## ***Candidate Controlled Ballot Measure Committees***

Under existing law, candidates can control ballot measure committees and raise additional contributions and make expenditures through them. Until recently, California law did not require candidates to disclose and identify the ballot measure the committee was formed to support.<sup>20</sup> While new regulations on candidate controlled ballot measure committees require candidates to disclose what measure it was formed to support (along with additional expenditure disclosure requirements), these committees are still not subject to contribution limits.<sup>21</sup> Candidates may utilize this loophole in the campaign finance laws to raise and spend unlimited amounts of money on ballot measure campaigns. Such large contributions and expenditures to committees controlled by such candidates can lead to corruption or the appearance of corruption.<sup>22</sup>

Between 2006 and 2009, three Los Angeles municipal candidates raised over \$9 million for candidate controlled ballot measure committees (Table 14). Mayor Villaraigosa controlled three ballot measure committees and nearly all of the \$9 million, \$145,000 of which he contributed to the Measure B campaign (Table 15). Jack Weiss raised \$176,000 for a candidate controlled ballot measure committee to defend against a potential recall effort, and Jose Huizar raised \$20,000 for the LAUSD Ethics & Campaign Reform - Yes on Measure L campaign. Between 2006 and 2009, expenditures from these ballot measure committees exceeded \$11 million (Table 14). The bulk of these expenditures (\$11.3 million) were made by Mayor Villaraigosa's three candidate controlled ballot measure committees.

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<sup>20</sup> Milligan, Molly, *Loopholes, Tricks and End Runs. Evasions of Campaign Finance Laws, and a Model Law to Block Them*. Center for Governmental Studies 2009. p. 8.

<sup>21</sup> *Ibid.*

<sup>22</sup> Los Angeles municipal candidates are subject to stricter campaign contribution limits than are federal and state candidates, so they may have disincentives to raise money through other sources.

**Table 14**

<b>Candidate Controlled Ballot Measure Committee Contributions and Expenditures</b>				
<b>Candidate</b>	<b>Ballot Measure Committee/Office Holder Account</b>	<b>Total Contributions</b>	<b>Total Expenditures</b>	<b>Year</b>
Huizar	Committee for LAUSD Ethics & Campaign Reform - Yes on Measure L	\$20,500	\$20,500	2007
<b>Huizar</b>	<b>All Ballot Measure Committees</b>	<b>\$20,500</b>	<b>\$20,500</b>	<b>2007</b>
Villaraigosa	Mayor's Committee for Governmental Excellence and Accountability	\$2,251,999	\$4,183,999	2006-2009
Villaraigosa	Yes on Prop S	\$3,267,854	\$3,546,733	2007-2009
Villaraigosa	Partnership for Better Schools	\$3,706,150	\$3,524,969	2006-2007
<b>Villaraigosa</b>	<b>All Ballot Measure Committees</b>	<b>\$9,226,003</b>	<b>\$11,255,701</b>	<b>2006-2009</b>
Weiss	Citizens to Keep Councilmember Jack Weiss Fighting for the Public Interest/No Recall	\$176,582	\$132,182	2007-2009
<b>Weiss</b>	<b>All Ballot Measure Committees</b>	<b>\$176,582</b>	<b>\$132,182</b>	<b>2007-2009</b>
<b>All Candidates</b>	<b>All committees</b>	<b>\$9,423,085</b>	<b>\$11,408,383</b>	<b>2006-2009</b>

\*Yes on Prop S: A Coalition of Firefighters, Police Officers, Taxpayers, Workers, Business Leaders & Mayor Villaraigosa. Major Funding by change to Win Political Education Account and Los Angeles Police Protective League PAC Committee. Prop. S was a measure to expand Los Angeles' telephone tax to other modes of communication, such as cell phones and telegrams.



According to the FPPC's 2009 report, *The Billion Dollar Money Train*, state and legislative candidates in California have raised more than \$1 billion between 2001-2009 in direct contributions, legal defense funds, candidate controlled ballot measure committees and officeholder accounts. In California, candidate controlled ballot measure committees contributions "increased more than 200,000% between 2001-02 and 2005-06."<sup>23</sup> The trend of skyrocketing contributions to candidate controlled ballot measure committees is also reflected in Los Angeles municipal candidates.

Mayor Villaraigosa, the leader in candidate controlled ballot measure committee contributions, raised more than \$9 million raised and received contributions of as much as \$500,000. Major contributors included: unions, insurance companies, entertainment companies, railroads and retails companies. Table 15 below displays a sampling of contributions of \$100,000 or more received by the Mayor for his ballot measure committees.

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<sup>23</sup> California Fair Political Practices Commission, *The Billion Dollar Money Train. Fundraising By Candidates for State Office Since Voters Enacted Contribution Limits*. April 2009. p. 4 (emphasis added).

**Table 15. Sampling of \$100,000 and Up Contributions to Mayor Villaraigosa's Committees**

<b>Ballot Measure Committee</b>	<b>Contributor</b>	<b>Yearly Contributions</b>	<b>Year</b>
Partnership for Better Schools	Jerry Perenchio	\$500,000	2007
Yes on Proposition S	Change to Win Political Education Account	\$500,000	2007
Yes on Proposition S	Los Angeles Police Protective League (LAPPL)	\$250,025	2008
Yes on Proposition S	AFSCME, AFL-CIO	\$250,000	2008
Yes on Proposition S	Service Employees Int'l Union	\$250,000	2007
Partnership for Better Schools	Zenith Insurance Company	\$200,000	2007
Partnership for Better Schools	Edith Wasserman	\$150,000	2007
Yes on Proposition S	Boone Pickens	\$150,000	2008
Yes on Proposition S	United Firefighters of LA City Local 112-	\$125,000	2008
Mayor's Comm for Govt*	Laborer's International Union of N.A.	\$100,000	2007
Mayor's Comm for Govt*	Zenith Insurance Company	\$100,000	2007
Mayor's Comm for Govt*	Marc Nathanson	\$100,000	2006
Mayor's Comm for Govt*	Zenith Insurance Company	\$100,000	2006
Yes on Proposition S	Laborer's International Union of N.A.	\$100,000	2008
Partnership for Better Schools	Stephen Bing	\$100,000	2007
Partnership for Better Schools	SEIU-Union Local 434-B State PAC	\$100,000	2007
Partnership for Better Schools	Zenith Insurance Company	\$100,000	2007
Partnership for Better Schools	L.A. Arena Company	\$100,000	2007
Partnership for Better Schools	Forever 21, Inc.	\$100,000	2007
Partnership for Better Schools	Girardi & Keese	\$100,000	2007
Partnership for Better Schools	Majestic Realty Co.	\$100,000	2007
Partnership for Better Schools	Eric Smidt	\$100,000	2007
Yes on Proposition S	IBEW Local Union No. 18	\$100,000	2008
Yes on Proposition S	Maguire Properties, L.P.	\$100,000	2008
Yes on Proposition S	Majestic Realty Co.	\$100,000	2008
Yes on Proposition S	Southern CA Pipe Trades District Council #16	\$100,000	2008
Yes on Proposition S	Anschutz Entertainment Group, Inc.	\$100,000	2007
Yes on Proposition S	UFCW International Union, CLC	\$100,000	2007
Yes on Proposition S	Union Pacific Railroad	\$100,000	2007
Yes on Proposition S	Unite Here TIP State & Local Fund	\$100,000	2007
Yes on Proposition S	Edith Wasserman	\$100,000	2007

- Mayor's Committee for Governmental Excellence and Accountability
- Table 15 is merely a sampling of \$100,000 or more contributions and is in no way meant to be comprehensive.

**Table 16**

<b>Candidate Controlled Ballot Measure Committee Contributions to Ballot Measures</b>			
<b>Candidate/Candidate Controlled Ballot Measure Committee</b>	<b>Ballot Measure Committee/Office Holder Account</b>	<b>Contributions</b>	<b>Year</b>
Villaraigosa - Mayor's Committee for Gov. Excellence	Yes on Prop S	\$545,000	2008
Villaraigosa - Yes on Prop S	Mayor's Committee for Governmental Excellence and Accountability	\$185,024	2008
Villaraigosa - Mayor's Committee for Govt. Excellence	Measure B Solar Energy and Job Creation Program City	\$145,000	2009
Villaraigosa - Mayor's Committee for Govt. Excellence	Prop. S - Reduction of Tax Rate & Modern of Comm Users Tax City of Los Angeles	\$25,187	2007
Villaraigosa - Mayor's Committee for Govt. Excellence	Prop. H. Affordable Housing General Obligation Bonds	\$25,000	2006
Villaraigosa - Mayor's Committee for Govt. Excellence	R - Traffic Relief. Rail Ext. Reduce Foreign Oil Dep County	\$25,000	2008
Villaraigosa - Mayor's Committee for Govt. Excellence	A - Special Gand & Youth Violence Prevention After School City	\$25,000	2008
Villaraigosa - Mayor's Committee for Govt. Excellence	Prop. 8 (opposition) Eliminate Right of Same- Sex Couples to Marry. Int. Statewide	\$25,000	2008
Villaraigosa - Mayor's Committee for Govt. Excellence	Prop. 1D - Kindergarten - University Public Ed Facilities Statewide	\$5,000	2006
Villaraigosa - Mayor's Committee for Govt. Excellence	Prop. 1A, 1B, 1C, 1D, & 1E - TMS Fndg: Hwy Sfty; Ed Fac; Dis Prep..	\$5,000	2006
<b>Villaraigosa</b>	<b>All Ballot Measure Committees</b>	<b>\$1,010,211</b>	<b>2006-09</b>

\* Yes on Prop S: A Coalition of Firefighters, Police Officers, Taxpayers, Workers, Business Leaders & Mayor Villaraigosa. Major Funding by Change to Win Political Education Account and Los Angeles Police Protective League PAC Committee

Between 2006 and 2009, Mayor Villaraigosa's candidate controlled ballot measure committees contributed about \$1 million to support other state and city ballot measures and ballot measure committees (Table 16). Between 2006 and 2007, his ballot measure committee provided almost \$2.7 million to support candidates for the Board of Education (Table 17). One Board of Education candidate, Tamar Galatzan, received \$2.2 million, and another, Dr. Richard Bladovic, received \$483,000 in contributions from Mayor Villaraigosa's *Partnership for Better Schools* ballot measure committee.

**Table 17**

<b>Candidate Controlled Committee Contributions to Other Candidates</b>			
<b>Candidate/Candidate Controlled Ballot Measure Committee</b>	<b>Ballot Measure Committee/Office Holder Account</b>	<b>Contributions</b>	<b>Year</b>
Villaraigosa - Partnership for Better Schools	Tamar Galatzan - Board of Education	\$2,209,197	2006-2007
Villaraigosa - Partnership for Better Schools	Dr. Richard Bladovic - Board of Education	\$482,693	2006-2007
Villaraigosa - Partnership for Better Schools	Yolie Flores Aguilar - Board of Education	\$2,500	2006
<b>Villaraigosa</b>	<b>All Candidates</b>	<b>\$2,694,390</b>	<b>2006-09</b>

It is a troubling practice to prohibit candidates from raising more than \$500 or \$1,000 in contributions for their campaigns, in order to prevent undue contributor influence, yet allow them to raise over \$500,000 contributions for a controlled ballot measure committee. If a candidate or officeholder is allowed to raise very large contributions for ballot measure committees, it is reasonable to assume that they may feel indebted to their contributors and may grant them access or legislative favors.

## **Measure B**

The Green Energy and Good Jobs for Los Angeles Act (Measure B) illustrates why candidate controlled ballot measure committees are problematic. Measure B was a local ordinance that called for the Department of Water and Power (DWP) to install 400 megawatts of solar panels (owned by DWP) around Los Angeles by DWP. Mayor Villaraigosa supported the measure and the city council placed it on the March 2009 special election ballot.<sup>24</sup> While the measure was placed on the ballot by a unanimous vote, several members later backed away from the measure. "Councilman Bill Rosendahl said he voted to put the measure on the ballot so he and the other members of the city council could learn more about it (and) Councilman Greig Smith ... announced that he regret[ed] voting hastily to put the measure on the ballot."<sup>25</sup> Los Angeles voters defeated the measure by a margin of 50.5% to 49.5%

Measure B was strongly supported by the Sierra Club, Natural Resources Defense Council, League of Conservative Voters, Coalition for Clean Air, Heal the Bay, the American Lung Association, Department of Water and Power (DWP) and the International Brotherhood of Electrical Workers, Local 18 (IBEW).<sup>26</sup> Supporters said the measure would help implement *The Global Warming Solutions Act of 2006*, create

<sup>24</sup> LA City Clerk Connect. Council File: 09-1100-S8. *Green Energy and Good Jobs for Los Angeles Program/March 2009 Municipal Election*.

<http://cityclerk.lacity.org/lacityclerkconnect/index.cfm?fa=ccfi.viewrecord&cfnumber=09-1100-S8>

<sup>25</sup> BallotPedia, *Los Angeles Solar Panels, Proposition B, March 2009*

[http://www.ballotpedia.org/wiki/index.php/Los\\_Angeles\\_Solar\\_Panels,\\_Proposition\\_B,\\_March\\_2009](http://www.ballotpedia.org/wiki/index.php/Los_Angeles_Solar_Panels,_Proposition_B,_March_2009).

<sup>26</sup> Ibid.

jobs and be a stimulus for California's economy.<sup>27</sup> They pointed to an analysis performed by Huron Consulting Group on the three-part Solar L.A. program<sup>28</sup> that indicated that Measure B was "doable."<sup>29</sup> The strong financial support from unions associated with DWP raised eyebrow among community activists and opponents who believed that the measure would provide DWP with a monopoly, increase taxes, hurt the California economy and benefit unions at the public's expense. Suspicions were further aroused when H. David Nahai, DWP General Manager, told L.A. City Council members that he could not provide a financial analysis of the proposal prior to the special election, which was followed by a Los Angeles Times article that found DWP and Nahai had been in discussions about the proposal for a year.<sup>30</sup> According to the article, Nahai, "defended his handling of the solar plan, saying that he did not know with certainty until late September that the mayor and Working Californians...had decided to pursue the ballot measure."

LA Weekly reported that "the unusual speed of the decision, apparent lack of transparency, huge costs to Los Angeles residents and virtual absence of serious public debate drew instant criticism from local media, City Controller Laura Chick and concerned citizens."<sup>31</sup> The Los Angeles Times told voters to reject Measure B, calling it "a power grab...by the City Council and the Union that represents DWP."<sup>32</sup> Other opponents described the measure as nothing more than "a back room deal, a smokescreen trick to use something everyone wants to cover up a power grab by the mayor and city council."<sup>33</sup>

## **Measure B Contributions**

In 2008 and 2009, *Green Energy and Good Jobs Los Angeles – Yes on Proposition B: A Coalition of working men and women, environmentalists, taxpayers and the Coalition to Protect CA's Future* raised \$1,663,000. Measure B contributors had deep pockets – seven contributors gave \$100,000 or more – and provided the measure with more than \$784,000 or 47% of its total contributions (Table 18). Leading this group of contributors with a contribution of \$145,000 was the Mayor's Committee for Governmental Excellences and Accountability controlled by Mayor Villaraigosa. Three other \$100,000 or more contributors were IBEW affiliates that gave a combined total of more than \$338,000.

Table 18 illustrates that 23 (30%) contributors giving contributions of \$25,000 or more (\$1.4 million) or 86% of total contributions to Measure B. These major contributors included: IBEW, firefighters and teachers' unions, philanthropists, solar power companies and politicians. Measure B received relatively

<sup>27</sup> Ibid.

<sup>28</sup> Measure B was one part of the Solar L.A. Program.

<sup>29</sup> BallotPedia, *Los Angeles Solar Panels, Proposition B, March 2009*, [http://www.ballotpedia.org/wiki/index.php/Los\\_Angeles\\_Solar\\_Panels,\\_Proposition\\_B,\\_March\\_2009](http://www.ballotpedia.org/wiki/index.php/Los_Angeles_Solar_Panels,_Proposition_B,_March_2009).

<sup>30</sup> Zahniser, David. *DWP solar plan was rushed to ballot despite months-earlier talks*. Los Angeles Times. February 2, 2009.

<sup>31</sup> Heimpel, Daniel, *L.A.'s Solar-Energy Ballot-Measure Melodrama*. LA Weekly. January 15, 2009. <http://www.laweekly.com/2009-01-15/news/l-a-39-s-solar-energy-ballot-measure-melodrama/>

<sup>32</sup> Opinion. *Vote no on Charter Amendment B*. Los Angeles Times, February 26, 2009. <http://www.latimes.com/news/opinion/editorials/la-ed-measureb26-2009feb26,0,2365192.story>

<sup>33</sup> Kaye, Ron, *Measure B: How To Go Solar Without Corruption*. <http://ronkayela.com/2009/01/measure-b-how-to-go-solar-with.html>. January 14, 2009.

few small donations. Only 27 (about 36%) contributors gave a total of \$7,550 in contributions of \$1,000 or less.<sup>34</sup>

**Table 18**

<b>CONTRIBUTORS WHO GAVE \$25,000 OR MORE</b>	<b>AMOUNT</b>
<b><i>Mayor's Committee for Governmental Excellences and Accountability</i></b>	<b><i>\$145,000</i></b>
<b><i>IBEW Local Union No. 11</i></b>	<b><i>\$123,627</i></b>
<b><i>IBEW Local 18 Water &amp; Power Defense League Issues</i></b>	<b><i>\$115,500</i></b>
<b><i>CA State Assn of Electrical Workers</i></b>	<b><i>\$100,000</i></b>
<b><i>Solar Integrated Technologies</i></b>	<b><i>\$100,000</i></b>
<b><i>Southern CA. IBEW-NECA Labor Mgmt Corp.</i></b>	<b><i>\$100,000</i></b>
<b><i>Union Roofing and Contracting Association</i></b>	<b><i>\$100,000</i></b>
IBEW Educational Committee	\$75,000
Committee to Protect CA's Future	\$50,000
IBEW (in DC)	\$50,000
IBEW Local 16	\$50,000
LA County Federal of Labor Issues & Initiatives Committee	\$50,000
NECA/IBEW NLMCC	\$50,000
Stephen Bing	\$50,000
Zenith Insurance	\$50,000
Working Californians Issues Committee	\$45,000
Strengthening California through Leadership	\$30,000
AECOM Tech Corp	\$25,000
Edith Wasserman	\$25,000
Padilla for Senate	\$25,000
Piping Industry Progress and Education	\$25,000
United Firefighters of Los Angeles Local 112	\$25,000
United Teachers Los Angeles PACE Issues	\$25,000
<b><i>TOTAL CONTRIBUTIONS OVER \$100,000</i></b>	<b><i>\$784,127</i></b>
<b><i>TOTAL CONTRIBUTIONS OVER \$25,000</i></b>	<b><i>\$1,434,127</i></b>

Tables 19 and 20 show the strong support Measure B enjoyed from unions and politicians. Unions contributed over \$900,000 or 55% of total contributions between 2008 and 2009. Some politicians and their committees also generously supported Measure B. Six committees controlled by California politicians provided about \$217,000 (13%) of total contributions for Measure B. Table 20 shows that

<sup>34</sup> Measure B had a total of 76 unique contributors.

Mayor Villaraigosa provided \$145,000, the largest contribution by a committee controlled by a politician. Other politicians whose committees contributed to Measure B include: Assemblyman Filipe Fuentes (\$20,000), State Senator Alex Padilla (\$25,000), Assemblyman John Perez (\$15,000), State Controller John Chiang (\$10,000) and Assemblyman Warren Furutani (\$2,500).

**Table 19**

<b>Unions that Gave to Measure B</b>	<b>Amount</b>
IBEW Local Union No. 11	\$123,627
IBEW Local 18 Water & Power Defense League Issues	\$115,500
CA State Assn of Electrical Workers	\$100,000
Southern CA. IBEW-NECA Labor Mgmt Corp.	\$100,000
Union Roofing and Contracting Association	\$100,000
IBEW Educational Committee	\$75,000
IBEW (in DC)	\$50,000
IBEW Local 16	\$50,000
LA County Federation of Labor Issues & Initiatives Committee	\$50,000
NECA/IBEW NLMCC	\$50,000
Piping Industry Progress and Education	\$25,000
United Firefighters of Los Angeles Local 112	\$25,000
United Teachers Los Angeles PACE Issues	\$25,000
Plumbers and Steamfitters Local Union No. 447 Commercial Account	\$15,000
United Union Roofers, Waterproofers and Allied Works Education and Leg. Fund	\$5,000
UFCW Local 770	\$2,500
UA Plumbers and Pipefitters Local 230	\$500
Plumbers and Steamfitters Local Union no 398 of Pomona	\$250
<b>Total</b>	<b>\$912,377</b>

**Table 20**

<b>Politicians that Gave to Measure B</b>	<b>Amount</b>
Mayor's Committee for Governmental Excellences and Accountability	\$145,000
Padilla for Senate	\$25,000
Fuentes for Assembly 2008	\$20,000
John Perez for Assembly	\$15,000
John Chiang for Controller	\$10,000
Furutani for Assembly	\$2,500
<b>Total</b>	<b>\$217,500</b>

While there is no evidence to suggest that Los Angeles City officials supported Measure B because of past or potential future campaign contributions from unions affiliated with DWP, activists and campaign finance reformers continue to speculate about the relationship between campaign contributions from IBEW and Mayor Villaraigosa's support and the Los Angeles City Council's unanimous vote to put Measure B on the ballot against the advice of experts hired by the city.<sup>35</sup>

<sup>35</sup> In the report to the city, the consulting firm, P.A. Consulting, called the plan "extremely risky" and considerably more expensive than DWP reported. While DWP indicated that the solar plan would cost about \$1.5 billion, P.A. Consulting found that the plan would cost Los Angeles closer to \$3.6 billion. The Los Angeles Times also reported that Council President Garcetti received an email from P.A Consulting's Chief Legislative Analyst, George Miller, saying, "Bottom line is they do not believe that the department can deliver on this program at all, and that the costs associated with the program are way understated."



# CONCLUSIONS & RECOMMENDATIONS

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While fund raising is a necessary part of the current political environment, the regulation of political money has been a significant goal of local reformers in Los Angeles for over two decades.

The passage of campaign finance reforms in the 1980s and 1990s for Los Angeles municipal elections limited and stemmed the massive flow of contributions from organizations and fundamentally altered the candidate contribution landscape. During the 2009 Los Angeles municipal elections, for example, 75% of all campaign contributions came for individuals and just 25% from organizations. By contrast, in California state races organizations still provide the lion's share of campaign contributions.

Challengers nonetheless continue to face almost insurmountable obstacles when competing with incumbents in fundraising or at the polls. In 2009, all municipal candidates raised a total of almost \$14 million in campaign contributions. Incumbents raised over \$5 million, open seats candidates for controller, city attorney and District 5 raised \$8.7 million and all challengers during the 2009 municipal elections raised just \$285,000. In other words, challengers during the 2009 municipal elections raised just a little more than \$1 for every \$19 raised by incumbents. This overwhelming incumbent advantage makes it nearly impossible for challengers to compete in municipal elections.

Organizations and special interests also utilize alternative means, such as independent expenditures, to influence elections outcomes in competitive races. Special interests and organizations spent 56 times more in independent expenditures than did individuals during the 2009 municipal elections. While the vast majority of independent expenditure spending is made by special interests and organizations, it remains only about 10% of total political campaign spending in Los Angeles. In 2009, candidates received \$14 million in direct contributions compared to about \$1.77 million spent on independent expenditures.

Additionally, special interests and organizations often hire firms to lobby municipal candidates. While such lobbyists are prohibited from making campaign contributions to the candidates for office they are registered to lobby, they currently are permitted to act as intermediaries and deliver contributions from their clients to these candidates. Between 2007-2009, the top lobbyist acting as intermediaries for clients delivered to Los Angeles municipal candidates a combined total of over \$400,000 in campaign contributions.

Finally, candidate controlled ballot measure committees provide some candidates with access to large amounts of unregulated contributions.<sup>36</sup> Although ballot measure committee contributions and expenditures must be reported, there is no contribution limit for ballot measure committees and expenditures are required to be only loosely tied to the proposed measure.

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<sup>36</sup> In California candidate controlled ballot measure committees must be created for the purposes of a particular ballot measure.

Upon review of the 2009 municipal elections data, CGS recommends the following additional reforms to tighten the municipal elections code and improve disclosures:

- 1) Contributions to candidate controlled ballot measure committees are skyrocketing and because expenditures by these committees are required to be only loosely tied to the purposes of these committees, elected officials have access to unlimited campaign contributions. In order to protect the public trust and neutralize the appearance of corruption, contributions to candidate controlled ballot measure committees should be limited to the same amount as contributions to candidate committees.
- 2) In order to increase public disclosure and facilitate the review of contributions to candidate controlled ballot measure committees, the Los Angeles City Ethics Commission should disclose candidate controlled ballot measure committee contribution and expenditure data in the same online spreadsheet format that it provides for candidate contributions and expenditure data.
- 3) Lobbyists play a unique role in the legislative and policymaking process. Because they are permitted to act as intermediaries for their clients, they can bundle together campaign contributions from numerous clients and thereby deliver very large contributions to elected officials and political candidates. This creates, at the very least, the appearance of impropriety. Lobbyists should be banned from acting as intermediaries or delivering campaign contributions from their clients to offices or candidates they are registered to lobby.
- 4) Finally, to increase disclosure and provide researchers, news reporters and other stakeholders with the ability to monitor lobbying activities, the Los Angeles City Ethics Commission should resume issuing periodic reports identifying the top ten lobbyists.

These reforms would strengthen the Los Angeles City's law, provide the public with additional tools to monitor campaign contributions and continue to build the public trust.

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# Money and Power in the City of Angels

Twenty years have passed since voters modified Los Angeles' campaign finance laws to regulate money in municipal elections. Those reforms successfully reduced candidate dependence on large organizational contributions, but lobbyists and special interests have found ways around those reforms and continue to flood the system with contributions and independent expenditures.

- Organizations and special interests provide candidates and elected officials with unlimited amounts of money by contributing to ballot measure committees that the candidates and officials control. Between 2006 and 2009, three Los Angeles municipal office holders raised almost \$10 million for such committees, with some contributions as large as \$500,000.
- Special interest use of independent expenditures has also skyrocketed. In 2009, labor unions spent almost \$800,000 or 45% of all independent expenditures in municipal races.

*Money and Power in the City of Angels* recommends four reforms to reduce special interest influence and improve disclosure of money flowing to Los Angeles municipal office holders:

- Contributions to candidate controlled ballot measure committees should be limited to the same amount as the contributions to candidate committees.
- The Los Angeles City Ethics Commission should disclose candidate controlled ballot measure committee contribution and expenditure data in an online spreadsheet format.
- Lobbyists should be banned from acting as intermediaries and delivering campaign contributions from their clients to officeholders or candidates.
- The Ethics Commission should resume issuing reports identifying the top ten lobbyists.

CGS helps civic organizations, decision-makers and the media to strengthen democracy and improve government processes by providing rigorous research, nonpartisan analysis, strategic consulting and innovative media models of public information and civic engagement.

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