



CITY HALL · ONE FRANK H. OGAWA PLAZA 4TH FLOOR · OAKLAND CALIFORNIA · 94612

Courtney A. Ruby, CPA, CFE
City Auditor

(510) 238-3378
FAX (510) 238-7640
TDD (510) 238-3254
www.oaklandauditor.com

July 29, 2022

Asha Reed, City Clerk
1 Frank H. Ogawa Plaza
Oakland, CA 94612

RE: Financial Analysis of “Fair Elections Act” ballot measure

Dear City Clerk Reed:

I am pleased to submit an impartial financial analysis of the “Fair Elections Act,” ballot measure, repealing the Limited Public Financing Act, which has been in effect since 1999, and enacts the Fair Elections Act enabling resident allocation of public financing for elective office campaigns. It would also modify the Campaign Reform and Lobbyist Registration acts and fund the Public Ethics Commission to implement the new Act. This Act would first apply to the 2024 elections.

The Office of the City Auditor prepared this analysis in accordance with Municipal Code Section 3.08.210, which requires the Office to prepare an impartial financial analysis of each measure qualifying for ballot placement.

If you have any questions, please contact Michael Houston, Assistant City Auditor at 510-238-3114.

Sincerely,

Courtney A. Ruby, CPA, CFE
City Auditor

Summary

This measure, if approved by a majority of Oakland voters, would repeal the Limited Public Financing Act (LPFA), which has been in effect since 1999, and enacts the Fair Elections Act (Act) enabling resident allocation of public financing for elective office campaigns. It would also modify the Campaign Reform and Lobbyist Registration acts and fund the Public Ethics Commission (PEC) to implement the new Act. This Act would first apply to the 2024 elections.

The proposed measure would specifically create the Democracy Dollars Program, consisting of vouchers (four \$25 vouchers, totaling \$100) to be distributed to eligible Oakland residents to support the campaigns of candidates for City Council, Mayor, City Auditor, City Attorney, and school board. The purpose is to expand participation for elective offices in Oakland. The Act would also extend the lobbying ban from one year to two years after a City official leaves government service to curb corruption and the appearance of corruption.

Financial Analysis

If the measure passes, and if the City Council adopts such an ordinance in the future, we estimate the City would incur approximately \$700,000 in one-time start-up costs, approximately \$1,600,000 in annual operating costs, and \$3,845,000 in additional budget appropriation every two years to the Democracy Dollar Fund (Fund). These estimated costs are described below.

One-time start-up costs

We estimate the City will incur \$700,000 in one-time start-up costs which include integrating the new system requirements into the existing campaign financial reporting system and establishing technical requirements.

Annual operating costs

We estimate the City will incur \$1,600,000 in annual operating costs to administer the Act. This estimate includes \$350,000 in annual non-staff-related administrative costs and \$1,250,000 in additional staffing costs to hire four additional staff to administer the Act.

Biennial budget for the Fund

The legislation requires the City Council to appropriate \$4 million every two years to fund the vouchers. This new program would replace the existing LPFA program currently

budgeted at approximately \$155,000 every two years. The net effect would be to increase the biennial budget by \$3,845,000.

Our independent analysis is based on the best information available at this time.