

Minutes

Public Service Committee

3:00 pm – 3:57 pm
Monday, May 14, 2007
Carnegie Town Hall
235 W. 10th Street



Members Present: J. Pat Costello, De Knudson and Kermit Stagers (at 3:20 pm)

Staff Present: City Clerk, Debra A. Owen and Assistant City Clerk, Tamara M. Jorgensen

Guests: Georgia Hanson, Jonathan Ellis, Argus Leader, and Dick Gregerson (at 3:25 pm)

1. Call To Order

- De Knudson called the meeting to order at 3:00 p.m. and introduced the guests to the meeting.

2. Approval of Minutes

- The minutes of the May 7, 2007 meeting were approved with the stipulation that "and the election booklet needs improvement" replaces "and the election booklet needs a rewrite" in the 5th bullet point. Committee Member Knudson requested that the minutes be posted to the Internet when they have been completed and approved in order to encourage interest, input and enthusiasm from outside entities.

3. HB 1048 Discussion

A. Opening Comments

- Debra Owen gave an update that she has researched on how the Secretary of State uses a 5% sampling for checking of the registered voters in regards to initiations and referendums or candidates. As Secretary of State Chris Nelson was unavailable, more conversations will occur regarding this subject as well as contacts with the Municipal League. Information has been requested regarding the rationale used in determining the 5% in order to present back to the committee.
- Discussion was held regarding the cursory/technical reviews that are currently handled by the City Clerk's Office. Sometimes known as a 'surface review', the petitions are reviewed for error regarding the correct counties, cities, legibility, and accurate timeframe allocations. Five to ten percent of the names are struck based on these inconsistencies. Discussion was held on when it is appropriate for the petitioner to correct inconsistencies before the items are delivered to the City Clerk's Office.
- Committee Member Knudson stated that, as this process continues, the committee encourages input and ideas from the staff of the City Clerk's Office because of the immediate contact and feedback from candidates in reference to election items.
- Discussion was opened for the guests to give their ideas regarding future ordinance revisions:

***The next Public Services Committee Meeting is scheduled for
Monday, May 21, 2007 at 3:00 pm at the Carnegie Town Hall.***

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- Reporting Process: Ms. Hanson advised the committee that the State is updating their book and she has just received the proposed wording for the new booklet. They are still missing the forms section (the instructions sheet and timeline) which will be added before it is printed at the end of May/first of June.
- Ms. Hanson stated that her biggest issue is the monthly reporting requirement overlapping with the 17 day report due prior to the election. The other item, on the city level, financial reports require itemization on every single expenditure. On the state level, including the governor, you lump the expenditures. Example, advertising is lumped in advertising - there is no breakdown on the *specific* advertising is used. The only thing that is itemized is contributions made to other candidates or committees.
- Ms. Owen stated that you also have to itemize your debt before you paid them. She looked at Chapter 12, section 25-13 – “the statement shall itemize all contributions and expenditures and shall include the name, resident’s address and place of employment for any person who contributed either the amount of \$100.00 or the equivalent thereof in the calendar year”. This was an issue in the previous April election and the City Attorney reviewed and agreed with this interpretation. Ms. Hanson asked if the future processes were going to encourage people to run for public office or if they were going to discourage people from running.
- Ms. Hanson indicated that HB 1048 is going to be the new state law anyway, it goes into law July 1st and it states: the expenditures section 24, number 25 – “the expenditures made during the reporting period shall be categorized. Disbursements ... shall be itemized into expense categories”. Councilor Costello indicated that he would interpret the itemization similarly (with the City Attorney). Debra Owen stated that the language of the statute was straightforward.
- The City’s reporting process was changed via ordinances which require additional reporting periods. The state does not require reports prior to the election and the City does. The City Council wanted more reporting periods than the state, which is why they adopted a stricter ordinance than the states.

3:20 pm. *Committee Chair Stagers arrived at the meeting. Committee Member Knudson gave him an update on the meeting information to this point.*

- Committee Member Costello suggested if you are going to require itemization on a detail basis then you should add a clause that if a firm is hired to perform multiple tasks; that they need to be held to the same standard of details as an individual. The process needs to be fair for everyone to circumvent the detail requirement by hiring someone to do everything.
- Ms. Hanson indicated that, in a city this size, you risk alienating a vendor by itemizing the specific areas where the money is spent. She indicates that she gets questioned by the vendors on ‘why did you use this/them, etc. She stated she has had this situation with printers in the past. Debra Owen stated that the nature of public advertising opened that door anyway. Basically a competing candidate (or their campaign manager) will know advertising was purchased for print or media time because of the nature releasing it to the public.
- Committee Member Knudson thanked the members for their input and asked that this discussion be tabled for future discussion in greater detail.

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3:25 pm. *Mr. Dick Gregerson arrived at the meeting at this time.*

Committee Member Knudson read the following correspondence received from Joel Rosenthal:

- First of all the Public really does not care who contributes — as long as they don't have to pay. The Public thinks that all elected officials are influenced by contributions. Only competing campaigns and the Argus Leader care. If you really wanted to do something regulate their activity during the campaign.
- Understand no matter what system you devise there will always be people who will try to game the system and look for loopholes and ways around the rules.
 - 1) Have complete transparency and full disclosure
 - 2) Create a system of electronic or Internet filing of basically all contributions and expenditures contemporaneously basically as they happen. This would dispense with reports and summaries and once established practically eliminate any work by the City Clerks office.
- As a matter of personal preference I would dispense with any limits as long as there is complete disclosure and consistent with the State and Federal rules I would not permit any corporate contributions.
- As I see it this is how it would work (the devil of course is in the details — and they would have to be worked out by the Committee and the Council).
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 - All persons (candidates or not) when they start taking or spending money would have to file with the City Clerk. The City Clerk would have established a web site and the person or committee would within some short period of time perhaps 48 hours of receiving any contribution would post them on the website for everybody to see.
- Expenditures — The person or committee would be required to open a separate checking account for the campaign. In the event of any disputes the checking account records would be available that would have a complete audit trail. All payments for any purpose would have to be made by check or debit card. Debit card expenditures would be reported, as they were a check. If a credit card is used, then when the credit card bill is paid then each campaign related expenditure would be reported. The payee, amount and purpose of the expenditure would be reported,

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- Contributions — All contributions by check in any amount would be reported, name and address of the contributor. All cash contributions of \$10 or more would be reported with name and address.
- Regarding PAC and Political Parties. When these contributors make a contribution to a candidate for City office they would be subject to the same rules, having to set up an account with the City Clerk etc. However — PACs if not a new but rather an established PAC would have to list all contributions they received in the past 24 months, addresses and amounts.
- Recognized Political Parties (keep in mind they are already regulated and there is a pretty high bar to becoming recognized- would not have to list contributions as they already are filing and they are subject to limits) but would have to file all expenditures contemporaneously as they are made on behalf of candidates for City office.
- For ballot issues I see the same rules applying.

The above items submitted to the record.

- Committee Member Stagers stated he had a concern with having too many details. Wants general guidelines and don't get bogged down with every check reported, etc. Total disclosure but general guidelines.
- Ms. Owen indicated that, while electronic filing may seem to be the optimal procedure from a convenience standpoint; there is a strong concern regarding original signatures. If there should ever be action taken in the future, there needs to be a tracking mechanism in place for the actual form with the signature. Ms. Hanson indicated that the States procedure indicates that filing electronically can be done with the understanding that the original paperwork also has to be received within a week. Debra Owen indicated that the City Clerk's Office did allow PAC's (and candidates) to email paperwork to meet the deadline with the original documents usually being received the next day.
- Ms. Knudson suggested the ability to fill out the forms online by going to the City's website to an election section of the city's website. Mr. Costello suggested checking with the City's IT Department to see if this kind of a form could be implemented. He thought that emails with a hard copy to follow would be a good way to move forward with this process. Mr. Stagers suggested that the City Clerk's Office check into the ability to perform this task. Compliance is the main concern for the City Clerk's Office and this suggestion can be researched if this is the consent of the committee. Ms. Hanson pointed out that we have individuals who struggle with paperwork and indicated that going online may be a challenge for some candidates or their personnel – simplicity is as important as security.
- Ms. Owen suggested that a timeline be followed regarding getting the ordinance revisions in place; updating the election manuals; reviewing a process of putting the financial forms online that 'link' so that all of the reports can be handled and printed. This will give the committee direction in their work.

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- Discussion was held regarding the need for Political Action Committee designation reforms regarding fundraising, cash transactions, and definitions. The City Clerk's Office would like to revise the PAC forms in the future to insure the proper reporting processes are used. All PAC's did report and were put online in a timely manner.
- Mr. Gregerson stated that he felt that the PACs were easy to get around concerning the limitations. One person can form their own PAC. You can't give as an individual but you can form your own PAC and the 'sky is the limit'. He stated that corporations cannot contribute to PACs but that partnerships could. He thought that limitations should be placed on what individuals could contribute to PAC's. Ms. Hanson thought that this was being addressed in the new laws.
- Committee Member Pat Costello stated that the PAC conversation started with last week's meeting. He stated that the conversation was that either you had to eliminate the PAC contributions or limit the amount of the contributions made by the individual because he felt that the PACs were being used to circumvent the limits on the contributions that could be made by individuals or that the PAC contribute cannot exceed a certain dollar amount.
- Mr. Costello indicated that he felt that campaigns should be funded by the people who vote and that the PAC's don't vote. Ms. Knudson agreed with his analogy.
- Ms. Owen reminded the committee that state law does not preempt us from limitations on contributions to campaigns.
- Mr. Gregerson gave a brief history on how and why PACs were started and that they were set up initially so people could get around individual campaign contribution reporting. Mr. Gregerson suggested that the ability to contribute using cash should be eliminated.
- The 10-48 definition of PACs states 'person or organization'. The definition may need to be refined or clarified.
- Ms. Knudson stated that she spoke with Darrin Smith recently and that she may be bringing forward more information regarding the conversation at the next meeting. She would like anyone that has past experience to be encouraged to bring forward suggestions for changes. Other conversations included a suggestion from Mr. Bob Jamison that, once you are in office, that you are required to file an annual report. Mayor Munson told Ms. Knudson that he felt the 48 hour requirement needs to be refined and also wanted to know if we were working with Chris Nelson's office.
- Discussion was held regarding the next meeting which will be on Monday, May 21, 2007, at 3:00 p.m. in the Multipurpose Room of the Carnegie Town Hall.

4. Adjournment at: 3:57 p.m.

Tamara M. Jorgensen
Assistant City Clerk