

Seattle Ethics and Elections Commission Regular Meeting
November 1, 2023

The November 1, 2023, Seattle Ethics and Elections Commission (SEEC) Regular Meeting convened in Seattle Municipal Tower Conference Room 4080 and remotely. Commissioner Richard Shordt was present. Chair Zach Pekelis, Vice Chair Kristin Hawes, and Commissioners David Perez, Hardeep Singh Rekhi, and Chalia Stallings-Ala'ilima participated via Webex. Commissioner Susan Taylor was absent. Executive Director Wayne Barnett was present with staff Fedden Amar, Cliff Duggan, Polly Grow, and René LeBeau. Chrissy Courtney, Randal Fu, and Assistant City Attorneys Gary Smith and Joe Levan attended via Webex.

The Chair called the meeting to order at 4:00 p.m. It was noted that no written public comments were received.

Final Action Items

1. Approval of October 4, 2023, Commission Regular Meeting minutes

Upon hearing no comments or questions, the Chair entertained a motion to approve the minutes. Commissioner Perez so moved, and Commissioner Rekhi seconded. The October 4, 2023, SEEC Commission Regular Meeting minutes were unanimously approved.

2. Approval of Mandatory Limits on Campaign Contributions Rule (Rule 17.A)

The Director stated the rule increased the contribution limit from \$600 to \$650 as a result of inflation.

The Chair entertained a motion to approve the \$650 mandatory limit on campaign contributions effective January 1, 2024, and to authorize the Director to update Rule 17.A. of the

SEEC Elections Code Rules accordingly. The motion was made by Commissioner Stallings-Ala'ilima and seconded by Commissioner Perez. The rule was unanimously approved.

Discussion Items

3. Elections Code Rule 16.H. Maximum Campaign Valuations

The Chair stated that this was a continuation from the October 4 meeting discussion. In the eventuality that Councilmember Teresa Mosqueda is elected to the Metro King County Council, a special election will be held to fill the vacancy. The question in front of the Commission is whether to raise the \$375,000 Maximum Campaign Valuation (MCV) for a special election. The Chair invited members from the community to speak.

Mr. Michael Fertakis, a Principal with the Seattle campaign consulting firm Upper Left Strategies, thanked the Commissioner for the opportunity to give input. Mr. Fertakis said the purpose of the Democracy Voucher Program is ostensibly to give candidates who might not have traditional fundraising networks the ability to run for office while inviting more everyday people to have a say in the electoral process.

However, as these current contribution limits stand, they make it extremely difficult for people who don't have those traditional fundraising networks, or the ability to take significant time off of work to campaign. Most people who run are going to need help whether it is a campaign manager, fundraiser, treasurer, and/or a consultant. Mr. Fertakis has seen money issues come up mostly in the Primary Election cycle. If the candidate is starting their campaign in January, they will need to hire their staff and campaign team early on, which is going to have significant overhead costs.

For example, based off of the Public Disclosure Commission and SEEC for this election cycle, you may be looking at the cost of a full-time campaign manager anywhere from \$5,500 to \$7,000 a month, particularly if it's going to be City-wide. That person will probably be hired for a March to August timeline. The candidate may hire a general consultant. If a campaign is launched in January going through August, it might be \$1,000-\$2,000 a month. It may be anywhere from \$2,500 to \$3,750 a month from a fundraising perspective. A campaign treasurer might be anywhere from \$300-\$1,000 a month from the beginning of the campaign.

Mr. Fertakis said for the current Primary spending cap of \$187,500, the candidate has already spent \$101,500 on staffing overhead costs alone. For a City-wide race, that leaves essentially \$85,000 to spend on “paid contact” covering everything from walk pieces to thank-you notes. If doing a City-wide mail piece, that could be over half of the remaining budget.

In terms of making sure that people are able to get the help they need so that they are able to get more people from non-traditional campaign backgrounds to be able to run for office, Mr. Fertakis highly recommends raising the MCV to a more sustainable amount. This will allow people who are interested in running, but can't afford to take time off from work, to be able to hire the help they need to make sure they are able to campaign effectively.

The Chair thanked Mr. Fertakis for his remarks and asked about the costs of direct advertising other than a mailer. Mr. Fertakis said mail is going to be the most expensive form of communication for a candidate. It does not take into consideration such things as texting, cable television, broadcasts, or digital advertising. Mr. Fertakis said it is important that a campaign is able to access the resources needed in order to get their message out and not be drowned out completely by a PAC or Independent Expenditure.

The Chair stated that the current MCV limit is \$375,000 total for the Primary and General City-wide Elections. He asked for Mr. Fertakis' opinion on what an appropriate increase might be. Mr. Fertakis replied an appropriate increase would allow a candidate to hire staff. This year the challenge was finding staff who would be able to do the job and were paid a wage that allows them to live in Seattle. Keeping in mind staffing costs, Mr. Fertakis mentioned a MCV increase anywhere from \$450,000-\$500,000 would allow candidates to be able to get their message out. He cautioned that most of the expenses apply specifically to the Primary, and that a special election in 2024 would allow much less time to prepare their campaign.

The Chair asked the Director and Ms. LeBeau about thoughts on not only increasing the MCV but changing the allocation of funds available. The Chair wondered if the ratio might be 66 percent/Primary and 34 percent/General. The Director did not have any objections but stated that it seems to be a huge change to act upon today; it may be considered before the City-wide elections in 2025. Commissioner Shordt asked if there was a statute on allocations and if the Commission had the authority to make these kinds of changes. The Director said it was a new fundamental issue and he would look into the process.

The Chair said it has been three years since the MCV limit was increased. And everyone is aware of record-breaking inflation in practically every area of consumer spending – including campaign spending. The Chair is particularly sensitive about the campaigns' need to ensure campaign staff can earn a livable wage and that the campaigns can adequately staff at all phases of the campaign. The Chair shared his perspective of a modest \$75,000 increase to \$450,000 MCV for At-large Councilmember positions.

Commissioner Perez asked if the percentage allocation would change. The Chair responded that changing the allocation would have to be reviewed by Legal to see if the Commission has the authority to do so.

Commissioner Perez would be interested in the policies of why the SEEC micromanages how much a campaign can spend in the Primary and the General Elections. Why is the SEEC in the business of telling candidates how to run their campaign and how they have to allocate their resources? The Commissioner asked Mr. Fertakis, as a campaign insider, how he might advise on allocation. Commissioner Perez also wondered what is accomplished by making an allocation whatsoever instead of allowing campaigns to decide for themselves within individual limits and overall limits.

Mr. Fertakis said the allocation issue he was alluding to was in terms of timeline. If a 2024 campaign starts January 1 and goes to the August Primary, that is roughly eight months' time. From August to the General Election is under four months. With the current 50-50 allocation, the candidate would have to decide if they should launch a campaign in January or wait a couple of months. However, by that time, other campaigns may have launched and begun building support as well as holding endorsement meetings. If a candidate is working full-time, they would have to hire staff early. Mr. Fertakis stated that raising the MCV cap will help with this issue.

Commissioner Shordt said he would be concerned with the change of allowing campaigns full access to their MCV. As an example, if there were 35 candidates running in a race and each candidate could use \$375,000, it would total \$13,125,000. The Commissioner does not know if the Democracy Voucher Program will have that amount available if campaigns spend a majority of funds on the front end.

The Chair made the point as a reminder that the Elections Code invites the Commission to reasonably adjust the maximum campaign valuations before every election cycle. Prior to this election cycle, the Chair believes this is something that had not been discussed since October 2020. The Chair would like to have this conversation held with the Commission on a biannual basis. Commission Stallings-Ala'ilima pointed out that the 2020 MCV Rule set the limit for both the 2021 and the 2023 elections.

The Vice Chair voiced a concern that the rule mentions an analysis of the election cycle, including an analysis of the cost of running a competitive campaign. While there have been recent conversations around the valuation issue, the Commission does not have input of an actual analysis of the election cycle and what might be appropriate if looking at an adjustment. The Vice Chair is disinclined to increase the MCV for the 2024 special election and would appreciate a more thorough analysis in advance of the planned adjustment.

Commissioner Shordt inquired on the way people were asked to come and give public comments. The Director said an email was sent to many campaign professionals. Only two people from Upper Left Strategies replied. Mr. Fertakis commented that this is also consultants' busiest time of the year with the General Election less than a week away.

The Chair said he adheres to the view that the MCV limit is probably an outdated figure. The Chair voiced concern that it will discourage participation in next year's election, particularly given that it will occur in a presidential election year which typically has a higher turnout and more candidates than an odd number year. The Chair said this matter should be revisited in advance of the 2025 election cycle but favors a moderate increase to \$450,000 if there is a special election in 2024. The Vice Chair noted the Chair is proposing a 20 percent increase to the MCV.

Mr. Fertakis mentioned it is his understanding that there will be more voter participation with a 2024 special General Election taking place in November. Projected turnout could be north of 80 percent suggesting that there will be significantly more voters that a campaign needs to reach.

The Chair asked Messrs. Smith and Levan their opinion of moving to vote on the increased MCV. Mr. Levan's understanding was for the Director to receive feedback and have a discussion at this meeting to have a sense of the Commission's interest. If the Commission is able to decide today, amending the rule would require a motion.

The Chair mentioned again that it does say prior to each election cycle; but unsure how an election cycle is defined. From the Chair's perspective, the reason to act was Ms. LeBeau's schedule in terms of printing materials needed to be distributed to candidates. If the staff is telling the Commission that formalizing any decision can be put on hold, the Chair does not feel the need to vote today.

Mr. Levan responded that it was not Legal's intention to stand in the way of the Commission acting. Mr. Smith wondered whether formal adoption of the rule at the December meeting would present any issue with Ms. LeBeau's timeline. Ms. LeBeau said the main concern was regarding large printing and mailing costs. This was addressed at the October meeting with the Commission approving the \$225,000 budget for special election outreach.

It was Mr. Smith's expectation that the Commission would receive guidance at this meeting and then go through the publication process to formally adopt the rule at the December meeting. The Chair is generally supportive of increasing the MCV amount but less inclined to adjust the allocation at this time. The Chair questioned the origin of the 50-50 split and wondered if the Commission has the authority to alter the allocation.

Commissioner Stallings-Ala'ilima cautioned that it may be difficult to get a quorum next month due to holiday activities. Because the Commission currently has no unanimity on the issue, the Chair believed it would be helpful for the Director to provide some clear direction.

Commissioner Perez made the motion that the Director prepare a draft Rule 16.H. reflecting that the MCV be raised from \$375,000 to \$450,000 for now, maintaining the same allocation between the primary and general elections. Commissioner Stallings-Ala'ilima seconded the motion.

The motion was approved by Chair Pekelis and Commissioners Perez, Rekhi, Shordt, and Hastings-Ala'ilima, with Vice Chair Hawes voting against approval. With no abstentions, the Chair stated the motion carries.

The Chair thanked Mr. Fertakis for his presence at the meeting.

4. Democracy Voucher Program report

Ms. LeBeau provided a Program update and a list of candidates who have been released from their MCV along with the dates each candidate reached their maximum payout. Of the 14 candidates in the District City Councilmember races, 12 have been released from their cap limit. The Democracy Voucher website and Portal are kept up to date so the public knows which candidates can no longer accept vouchers. This information is also helpful for the other district candidates.

Ms. LeBeau mentioned there is approximately \$2.3M in funds remaining which is comparable to the 2019 election cycle. Approximately 110,000 vouchers have come in from 30,000 people. The use of campaign forms has increased as campaigns are out to get as many

signatures as possible. The voucher distribution is pretty standard across the City with higher usage in the politically active districts with hot open seats.

Commissioner Stallings-Ala'ilima thanked Ms. LeBeau for the Commission updates. The Chair and Vice Chair also voiced their appreciation. The Chair said Seattle is really like the crown jewel of cities with election programs. The concern is to make sure that this program continues to operate at a high level and is attractive for all candidates.

5. Executive Director's report

The Director reported that on October 27 he, Ms. LeBeau, and Aaron McKean from the Campaign Legal Center participated in a House State Government & Tribal Relations work session dealing with current issues related to state elections. They led a successful discussion on the management of the Democracy Voucher Program.

The Director requested the Commission's approval to attend the 2023 Council on Governmental Ethics Laws (COGEL) Annual Conference in Kansas City, Missouri, December 3-6. The Director will be a panelist on the Campaign Finance Session "Roadmaps & Pitfalls of Public Financing Programs". The trip requires Commission approval as City funds would be used for travel, lodging, registration, and meal expenses.

The Vice Chair asked about the benefits of the Director being at the conference in person. The Director responded that the most important aspect is meeting with his colleagues for the first time since 2019. It is important to see and hear what people have accomplished in the field.

After discussion, the Chair and Commissioners granted unanimous consent for the Director to attend the 2023 COGEL Annual Conference.

The Director asked if the Commission would like him to attend the December 6 Commission Regular Meeting remotely from Kansas City. The Chair suggested the Director

send an email out closer to the next meeting to summarize items to be voted on to make sure of maximum participation.

Commissioner Stallings-Ala'ilima asked if the draft MCV Rule 16.H. would need to be voted on at the December meeting for the purpose of a January 1, 2024, effective date. The Chair answered in the affirmative.

The Chair asked the Commission if there were any other matters to take up before adjourning. Hearing none, the Chair adjourned the November 1, 2023, SEEC Commission Regular Meeting at 5:06 p.m.