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 Deputy: mm

Reseda Neighborhood Council

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Council File 22-0560 Municipal Lobbying Ordinance / Updates **Against unless Amended**

When is a lobbyist not a lobbyist? When the Los Angeles City Council finds it politically advantageous to exclude its favored organizations, apparently. That is the premise that comes before you today. Will this body, which desperately needs to earn back the public trust after the leaked Fed Tapes, move to weaken long fought-for ethics reforms¹, or will it remember that the supposed purpose of this body is "restoring the faith of the people of Los Angeles in their city government?"²

Our city's Governmental Ethics Ordinance is exceptionally clear, and should serve as the guiding light in our current journey to restore credibility to Los Angeles city government³. "One of the best ways to attract talented people to public service is to assure that the government is respected for its honesty and integrity; that its decisions are made on the merits, untainted by

¹CITY ETHICS ORDINANCE

<https://clkrep.lacity.org/online/docs/1996/96-0657.pdf>

²Council File 22-1197 New Ad Hoc Committee / City Government Reform / Increase Transparency and Limit Corruption / Los Angeles Residents Trust

https://clkrep.lacity.org/online/docs/2022/22-1197_misc_10-11-22.pdf

³MUNICIPAL ETHICS AND CONFLICTS OF INTEREST

https://codelibrary.amlegal.com/codes/los_angeles/latest/lamc/0-0-0-133770

any consideration of private gain; and that the rules governing their conduct during and after leaving government service are as clear and complete as possible. A governmental ethics ordinance that is as clear, tough, fair, comprehensive and effective as any in the nation is therefore needed." The proposal by Council President Paul Krekorian to exempt 501(c)(3)s and 501(c)(5)s from the lobbying ordinance undermines this purpose, deliberately steering us back to the rocky shores of clandestine backroom dealings and pay for play lobbying practices. Reverse course now. For the sake of the city, we urge this committee to return to the original mission of the Ad Hoc committee and cease undermining it.

The Neighborhood Councils are trying to help you. We have fought to see the municipal lobbying ordinance (MLO) updated not just because we are furious with how this City has been run, but also because the people of Los Angeles are equally furious. The City cannot function this way, not now that the extent of the corruption has been exposed to the light of day. The genie cannot be put back into the bottle. As unpleasant as it may seem to some City Council members, we do now have to put in place the structural framework to maximize honesty and integrity.

The need for real reform could not be clearer to those of us volunteering on Neighborhood Councils. Our meetings are rife with misrepresentation. We were fortunate enough to uncover some small portion of it. But what we did uncover was so disturbing that 45 Neighborhood Councils, in an unprecedented show of unity across every council district, demanded the scheduling of the MLO, which has not been comprehensively updated since 1994. This is why the Neighborhood Council system exists. We are here to flag these colossal failures so you don't have to guess when the people of Los Angeles have had enough.

With Nury Martinez having resigned and this Committee's formation we had hoped that MLO reform would finally have a chance. Twice before, the City Council has allowed recommended updates by the Ethics Commission to die without so much as a vote. We knew that the likelihood of former Council President Nury Martinez scheduling this file was practically non-existent. Nury was fond of running the city in a way that suited her own love of power. Now that we have been presented with these insulting, backpedaling amendments, we have to wonder if she was the only one more concerned with wielding power than governing the city. Given how her career ended in disgrace, is that really the path you want to follow?

That is why the unpaid elected members of the Neighborhood Council system, whose political lives do not revolve around such practices as donations, fundraising, and independent expenditures, took it upon themselves to do what was right — because City Council would not. We hoped after the release of the horrifying Fed Tapes that perhaps the City Council would learn that the citizens of this City have had enough. It used to be impossible to oust an incumbent. We would remind you that it's quite a different story now. Do you think the people of Los Angeles will look kindly on what you are attempting to do right now? The Reseda Neighborhood Council does not think so.

In not one of the 45 Brown Act-compliant meetings did Neighborhood Council members call for the massive exemption of labor unions or multi-billion dollar 501(c)(3)s. Not once did we say that we would love it if paid lobbyists could be exempted to serve on commissions. We did not band together so that we could see the City Council spit in our faces and tell us it's raining. We did this because we are sick of reading story after story about embarrassing ethics violations.

Now at the behest of unregistered backroom lobbying by the LA Federation of Labor, which previously lobbied racist Councilmembers to rig our districts, lobbied to disenfranchise the voices of renters, lobbied to put Nithya Raman's district in a blender, and lobbied to install a chosen Councilmember in CD 10, the City Council⁴ is suddenly considering a broad exemption for labor that does not exist in any other municipality in the nation. Does the City Council realize that the LA Fed has not had a lobbyist registered since 2015? Seems a bit improbable. This body seems to think the citizens of Los Angeles are stupid. It seems to think that we aren't paying attention. Our eyes are wide open, and we're outraged.

In the last meeting, where broad exemptions for 501(c)(3)s and 501(c)(5)s were pondered without any advance notice to the public, there was even an attempt to add 501(c)(6)s — trade organizations — to the mix. The irony is that it was a lobbyist representing a 501(c)(6) for the concrete industry that brought the depth of this problem to the attention of many neighborhood councils. It's almost as if you are compulsively seeking to reward bad behavior as opposed to actually dealing with the problem in a way that inspires confidence and trust in city government. Ethics reform is not an acceptable venue for political horse trading. How have you become so lost that you think that this behavior is remotely acceptable? Whose indictment will it take for this City Council to wake up?

None of you are asking the question of whether a nonprofit exemption actually enhances the public good and the public trust. Chicago, in 2019, unanimously repealed its nonprofit exemption⁵ after the ComEd utility scandal⁶ came to light, which implicated numerous nonprofits in their lobbying and bribery scandal⁷. Long Beach is currently considering drastically narrowing their exemption⁸. In San Jose, industries connected to nonprofit lobbyists are so notorious⁹ for lobbying for big business-connected legislation, such as fossil fuel and rideshares, that their

⁴Inside the L.A. County Fed: Humbled by racist leak, fearful more tapes might be out there
<https://www.latimes.com/california/story/2022-11-05/leaked-audio-rattles-powerful-l-a-labor-federation>

⁵City Council passes ethics reforms today

<https://www.chicago.gov/city/en/depts/ethics/provdrs/lobby/news/2019/july/ethReform.html>

⁶Commonwealth Edison Agrees to Pay \$200 Million to Resolve Federal Criminal Investigation Into Bribery Scheme

<https://www.justice.gov/usao-ndil/pr/commonwealth-edison-agrees-pay-200-million-resolve-federal-criminal-investigation>

⁷Multiple Charities Supported By ComEd Lobbied For Bills Favorable To The Utility Giant

<https://www.wbez.org/stories/multiple-charities-supported-by-comed-lobbied-for-bills-favorable-to-the-utility-giant/9cfecb6a-3753-404c-a40e-06ff60f40412>

⁸Ethics Commission set to recommend tougher lobbying rules

<https://lbpost.com/news/ethics-commission-set-to-recommend-tougher-lobbying-rules>

⁹Should San Jose require nonprofits to register as lobbyists?

<https://sanjosespotlight.com/should-san-jose-require-nonprofits-to-register-as-lobbyists/>

behavior has caused legislators and constituents to question such an exemption as well. Currently, nonprofits frequently lobby the City of Los Angeles for contracts worth up to millions of dollars. The potential for conflict of interest and liability is incredibly high, and yet this body seems completely oblivious to those possibilities.

You pretend that the actions on the table would benefit the City, but in fact they would strengthen the interconnected bad behavior we have already seen. Nonprofits and labor lobbyists already work hand-in-hand with industry lobbying. For instance, the lobbyists for Build With Strength were subject to the largest unregistered lobbying fine in the City's history in 2021.¹⁰ However, those same lobbyists were still misrepresenting themselves to Neighborhood Councils well after that stipulation agreement was signed. That same coalition includes lobbyists for labor unions and representatives from nonprofits. These are not union lobbyists seeking to consult the city about their contract or represent their workers in a hearing, they are lobbyists seeking to influence legislation in a way that is financially advantageous, the same as any other entity. The Reseda Neighborhood Council cannot forget that the Build With Strength coalition erroneously reported one of our own board members to the Ethics Commission in an attempt to silence their voice. These are the people who need newly opened exemptions?

The Reseda Neighborhood Council opposes these changes to the lobbying ordinance. We oppose the watering down of our ethics laws. Have some courage and stand up for what's right. The eyes of the City are upon you.

¹⁰Executive Summary: This item presents proposed stipulations in Case No. 2021-08, In the Matter of JCI Worldwide, Inc. and Seth Jacobson, and Case No. 2021-11, In the Matter of Steven Crosby and Crosby Consulting.
<https://ethics.lacity.org/PDF/agenda/2021/October/20211020-Item6-Stipulation-JCI.pdf>