

## Ethics

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### California Pushes the Envelope on Advocacy

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California cities and counties have reason to cheer. After enduring years of frustration because the state government was taking local government revenues away, they have formed a political action committee and persuaded voters to approve Proposition 1A in November 2004 with a large majority. Local government officials hope this state constitutional amendment will restore predictability and certainty to local revenues.

Proposition 1A allows the state to borrow—but not permanently take—local government revenues in the event of a fiscal emergency, according to the League of California Cities (LCC). Governor Schwarzenegger gave his support to the ballot measure, as did many state legislative leaders from both parties.

#### Going on the Offensive

Rod Gould, city manager of San Rafael and current president of the City Managers' Department of the LCC, puts it this way: "It was an invigorating change for many of us to work for the passage of 1A. . . . It was the simple difference one feels [going] from passively receiving ill treatment to actively responding to limit it in the future. After years of making the same good-government arguments to state legislators and staffs about the harm to local services done by ongoing state raids on property taxes, only to be roundly ignored or worse, it was great to go on the offensive.

"Because cities can neither endorse candidates nor provide campaign donations, we are comparative small fry in the sea of interest groups with influence in Sacramento. The initiative process offered cities and counties a way around the legislature directly to the people of California. Those people, whether asked for signatures, donations, or votes, resoundingly stated their opposition to further state thievery of local funds. It put local government at the table. What a rush! Now, our challenge is to stay there and make the most of our newfound status as players in the state political arena."

Gould's perspective is widely shared among city and county managers throughout the state. Arne Croce, city manager of San Mateo, says that Proposition 1A has changed the political landscape in California. He cites two realities underlying the need for change: 1) a 25-year voter trend toward taking authority away from local officials to make decisions on taxes; and 2) the lack of a constituency for good government in the state legislature.

"Since good-government advocacy is now required to address the needs of our communities, a campaign structure to support it is also necessary," Croce explains. City and county staff cannot spend public time or resources on these activities, so the work must be done outside the normal work environment.

Croce estimates that CITIPAC will need \$1 million in annual contributions to sustain the local government influence. He is urging his colleagues to give a personal contribution of \$25 per month to demonstrate leadership and was disappointed that only 40 percent of California managers made contributions toward the Proposition 1A initiative.

### **What About Political Neutrality?**

While some managers worried that the profession would get tarred as too political, with high-profile advocacy, there was little negative fallout. Orange County Chief Executive Officer Tom Mauk says that managers did a good job in raising ethical issues before moving into action.

He recalls a conversation in which someone put forward an idea of raising funds from contractors that could have posed problems. Upon hearing of an idea like soliciting funds from contractors that provide park maintenance, other managers pointed out the ethical problems and kept their colleague from crossing this line.

Chris McKenzie, executive director of LCC, echoes this view. Once the LCC and ICMA had developed ethics advice that was tailored to California law, they made sure that it was broadly publicized. "The guidance was effective, as was the preaching that we did about the kinds of issues that can raise concerns," says McKenzie. (To read the advice, go to the "Ethics" topic area at <http://icma.org>, and click on "Political Activity.")

Neither McKenzie nor LCC Legal Counsel JoAnne Speers received a single complaint about Prop 1A advocacy activities. (Speers notes that one city got into hot water on an unrelated local ballot measure when city staff used city letterhead to send out messages, forgetting that it is improper to use city materials, equipment, or time in support of a local ballot measure, even when it is unanimously supported by the city council.)

Most governing bodies gave quick support to Proposition 1A, but a few did not. Gordon Anderson says that the city of Santa Monica was reluctant to support Proposition 1A initially because of the belief that ballot-box government is not good government. He found himself in an awkward position when he was asked to brief the Santa Monica Chamber of Commerce before the city council had taken a position. He stuck to the facts, rather than advocating the measure. As a result, the chamber almost did not support Proposition 1A, though it ultimately did so.

One issue that concerns Anderson is that employees might feel pressured to make financial contributions when their boss is the advocate for doing so. He

notes that managers need to be careful that their enthusiasm for a ballot measure not be misconstrued as strong-arming employees for donations.

### **Grass-Roots Campaign**

The initiative was launched after the LCC had hired 14 regional representatives three years ago to strengthen grass-roots advocacy. The expansion was funded by a significant dues increase, which city governments paid to the municipal league. Once the positions were in place, local officials spearheaded a separate fund-raising effort to create CITIPAC, the political action committee.

The new structure and the additional staff resources made it possible to build a coalition with county governments, special districts, and unions, setting up legal structures for a campaign and researching the best approaches to protecting locally raised revenues.

When asked to assist with fundraising for the campaign, some managers limited their role to providing ideas on whom to approach for contributions or strategies on fundraising. Others were more assertive and made personal appeals for contributions.

Rather than taking a visible role in encouraging their own employees to make contributions, Arne Croce says, some city managers reached out to department directors in a nearby city to encourage them to donate to the campaign. Some state associations were generous in supporting it. Examples that Croce notes are the finance directors' association, which contributed \$50,000 to the campaign, and the Municipal Management Association of Northern California, which donated \$25,000.

Dave Rowlands, city manager of Chula Vista, says that if local governments get behind an initiative like this one, they need to commit themselves to winning it. He describes these activities as critical to the successful campaign:

- Appoint a statewide committee, organized by region, to coordinate activities.
- Hold regular meetings, so that people feel obligated to follow up and stay in touch.
- Coordinate telephone calls to private companies, so that a large contribution can be solicited, rather than several small ones.
- Set fund-raising targets by region.
- Designate lead people in each geographic area.
- Encourage elected officials to make phone calls for contributions.
- Contribute personally to the campaign, to establish credibility.
- Tap campaign contributions from elected officials' coffers.

- Celebrate milestones by holding parties to have fun and recognize progress.
- Maximize news coverage by going to editorial boards.
- Hire a public relations campaign coordinator.

Tom Mauk and Arne Croce emphasize another element of success, namely, that cities reached out to counties and special districts to build a broad coalition of local governments. "One value of the Proposition 1A experience was the process and not the specifics," says Mauk. "Everyone coalesced around the need to strengthen local revenues. The positive effects of the cooperation continue to linger."

### **Buy Back Home Rule?**

While the victory at the ballot box was sweet, some communities have paid dearly in the short run. To gain Governor Schwarzenegger's support, local leaders agreed to give up two years of local revenues (\$1.3 billion) to the state. For Orange County, the revenue loss amounts to roughly \$28 million per year.

While Governor Schwarzenegger has promised to give back vehicle license fees to local governments as an offset, amounting to \$13 million of the \$26.5 million owed to Orange County this year, the shortfall will require some service reductions. Orange County has put a series of public budget workshop slides on its Web site, at <http://ocgov.com>, to help educate its residents about the county's financial picture and strategic goals.

The city of Salinas, birthplace of novelist John Steinbeck, garnered national headlines when the budget deal required that community to consider closing all of its libraries. To avoid closing the libraries, the community has raised \$678,000 in donations, enough to keep the three branches open for 10 hours a week through December 31, 2005.

Still, more than half of the library staff had to be laid off. City officials have put a 1/2-cent sales-tax measure on the ballot for November 2005, giving Salinas residents another opportunity to pay higher sales taxes if they want to keep the libraries open.

Many observers point to the passage of Proposition 13 in 1978 as a critical factor in the local revenue problem. When this author interviewed one of ICMA's past presidents, Wes McClure, in the August 1978 issue of *Public Management* and asked him if he thought voters had reached the level of government they wanted to, he said, "It is the only level of government they could reach. . . . When they had an antigovernment measure in front of them, they took a shotgun approach and didn't worry about where it was aimed. . . . If they had had a choice, they might have been more selective in limiting state spending or federal spending."

There was also the issue of trust. As a former ICMA executive director, Mark Keane, wrote in that same issue of *Public Management*, "California voters did not trust public officials, from the governor on down, who said passage of Jarvis-Gann [Proposition 13] would hurt badly. . . . Polls taken both by CBS News right after passage of Jarvis-Gann and by the Opinion Research Corporation within three days showed that those favoring major tax cuts did not want services cut. Moreover, they did not believe services needed to be cut."

In *PM*, Keane cited another factor in the voters' discontent: the declining buying power of an average hour's pay. "Taxes, on the other hand, have not declined as a percent of income. . . . Property taxes remained the same proportion of wages in 1976 as they were in 1966."

What has changed since that time? Will California once again start a trend that sweeps other states? Dr. Laurence Rutter, former ICMA associate director and staff member for the Future Horizons Committee (1979), now works in the radio broadcast industry and lives in San Luis Obispo. He remains an astute observer of the local government profession and the shifting sands of public opinion.

"Ballot propositions are a foolish way to govern a state," says Dr. Rutter. "But that is the way most decisions are made in California. The state of California has squeezed local governments in favor of other interests, leaving local governments with few options to raise revenues for needed services.

"It is hard to say whether or not Proposition 1A will be good for local governments, but it is naïve to think that Governor Schwarzenegger can deliver on his promises.

"What I worry about," says Dr. Rutter, "is how we are making decisions about the future of our communities. There is no incentive to build houses now. Local governments are only interested in building facilities that can generate sales taxes. While our government leadership gives lip service to the importance of creating moderately priced housing, there is no incentive to do so."

Dr. Rutter gives the example of San Luis Obispo, where voters recently turned down a referendum to develop a shopping center that the mayor and a majority of the city council supported. When he asked the mayor if he would have supported the shopping-center project if there had been no sales-tax increment connected to it, the mayor equivocated.

### **A Credible Profession**

Because of the way city and county managers handled themselves in the Proposition 1A campaign, their reputation for professionalism remains strong. Dr. Rutter says that he met San Luis Obispo City Manager Kenneth Hampian when he and city staff were out in that community drumming up support for the initiative. The media in San Luis Obispo and surrounding communities continue to show respect for the city and county managers who work in the region.

ICMA Executive Director Bob O'Neill says that the implications of Proposition 1A are huge. "The real question is how managers can influence decisions in an environment that increasingly is shaped by initiatives. City and county managers can no longer go to the state legislature and make arguments just on the basis of facts. They are looking for a way to have a voice again while taking care not to injure the profession."

Perhaps, a profession that cares so deeply about good government can supply the leadership and connection with the public needed so that communities can make wiser and more informed decisions about their future. If assertive advocacy is part of this leadership role, managers will need to be vigilant about what is ethical and what is not so they can maintain their professional reputation and image.

**—Elizabeth Kellar**  
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Ethics advice is a popular service provided to ICMA members. The inquiries and advice are reviewed by the Committee on Professional Conduct, the ethics committee of the ICMA Executive Board. Some of the inquiries are revised and published as a regular feature in PM, to give guidance to members in the big and little ethical decisions they make daily. If you have a question about your obligations under the ICMA Code of Ethics, call Elizabeth Kellar at 202/962-3611; e-mail, [ekellar@icma.org](mailto:ekellar@icma.org); or Martha Perego at 202/962-3668; e-mail, [mperego@icma.org](mailto:mperego@icma.org).