



OFFICE OF THE CITY CLERK

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CITY COUNCIL STAFF REPORT

Meeting: June 15, 2021

Subject

Consideration of Fiscal Year (FY) 2020-21 and FY 2021-22 Fee Schedule Amendments to Schedule A – General Fees to add an Annual Lobbyist Registration fee pursuant to Cupertino Municipal Code Chapter 2.100 regarding the regulation of lobbying activities

Recommended Action

Adopt Resolution No. 21-____, amending the Adopted FY 2020-21 and FY 2021-22 Fee Schedules to add an Annual Lobbyist Registration fee to Schedule A – General Fees pursuant to Cupertino Municipal Code Chapter 2.100 regarding the regulation of lobbying activities

Background

On February 16, 2021, Council adopted Ordinance No. 21-2222 adding the regulation of lobbying activities to Cupertino Municipal Code (CMC) Chapter 2.100 with an operative date of July 1, 2021 (Attachment B). The ordinance allows the City to investigate and audit lobbying activity within its jurisdiction related to City decisions. Lobbyists are required to register with the City annually, and CMC section 2.100.080 requires lobbyists to pay an annual registration fee set by the City Council. The fee charges are to recover the City's reasonable regulatory costs for lobbyist registration. The July 1, 2021 ordinance effective date was established in order to allow time for staff to develop the registration and report submittal process, estimate costs for fees, and for lobbyists to prepare for compliance.

Staff requests Council to amend the Adopted Schedule A - General Fee Schedule for Fiscal Year 2020-21 (effective immediately) and Fiscal Year 2021-22 (effective at the same date as that Fee Schedule on July 3, 2021). An amendment is necessary to add the proposed Annual Lobbyist Registration Fee. A resolution to amend the fee schedules reflecting staff's recommendation has been prepared for Council consideration (Attachment A).

Discussion

The City Clerk's Office has contracted with a vendor (NetFile) to administer the electronic filing system for registration and quarterly reports. The system provides a public portal for viewing filings and includes a procedure for filers to sign statements and reports under penalty of perjury.

The electronic filing system makes it easier for filers to comply with reporting obligations and provides the public with the information in a more accessible and consistent format. The electronic reporting requires less staff time to prepare paper filings for public access on the City website. This system provides efficiency in the electronic filing process, resulting in lower service fee costs. The contract with NeFile for e-filing and system administration for the lobbyist system is \$7,000 annually.

Lobbyist registration and fee collection are administered by the City Clerk's Office. Lobbyists register with the Clerk's Office and pay registration fees to cover the City's administrative costs. Lobbyists must renew their registration annually by January 15th of each year. The ordinance also includes a \$25 per day fine for delinquent fees, codified at CMC 2.100.080(c).

The Cupertino lobbyist registration ordinance is closely modeled after the City of Santa Clara's ordinance. The City of Santa Clara's fees were analyzed as a possible template for Cupertino's fees. Santa Clara's fees factor in a percentage of the City Clerk and City Clerk Administrator salaries, City Attorney's Office salaries, and the cost for a software program that is used to administer their program. In 2020, the City of Santa Clara had 68 registered lobbyist and the City of San Jose has 60 registered lobbyists. Considering the number of lobbyists registered in other cities, staff estimates that Cupertino will have a maximum of 50 registered lobbyists. For this initial year of lobbyist registration, Cupertino proposes to factor in a percentage of the City Clerk salary and registration software costs. The cost of registration is estimated to require 30 minutes of clerk staff time at the amount of \$38.96. The cost for the electronic filing system is estimated to be \$140 per lobbyists, for a total annual lobbyist registration fee of \$178.96

In addition to the annual fee, Santa Clara requires each registrant to pay a fee for each client that they are lobbying for in exchange for compensation of more than \$500. Although authorized by CMC section 2.100.080(b), a Client Registration Fee is not proposed to be imposed in Cupertino at this time since a year of administration, investigation, and enforcement will assist in estimating per client costs. Another consideration is that Cupertino's fee estimates for the first year are conservative. The lobbyist registration requirements are new for Cupertino, and the City wishes to incentivize registration. Further analysis and program development will be conducted after the first year of implementation and fee adjustments will be brought to Council as part of the FY 22-23 Proposed Fee Schedule. Overall, Cupertino will have a lower initial fee when compared to the City of Santa Clara and other cities.

For reference, the lobbying ordinance fees imposed by other jurisdictions are below:

Jurisdiction	Initial Registration Fee	Renewal Fee	Late Registration Fine	Client Registration Fee	Late Lobbyist Report Fee
City of Cupertino (proposed)	\$178.96	\$178.96	\$25/day	N/A	N/A
City of Santa Clara	\$745	\$745	\$25/day	\$128/client	N/A
Santa Clara County	\$180	\$60	\$60/day	N/A	\$10/day
City of San Jose	\$239	\$239	5% of unpaid fee/day	\$81/client	\$10/day

Sustainability Impact

Electronic filing of the registration filings will reduce paper consumption.

Fiscal Impact

The proposed fees for lobbyist registrations are expected to cover the City Clerk's office administrative costs. However, the program will be reviewed during the next annual fee cycle to determine if any adjustments should be made.

Prepared by: Kirsten Squarcia, City Clerk

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

A – Draft Resolution (with attached FY 20-21 and FY 21-22 amended Fee Schedule A – General Fees)

B – Adopted Ordinance No. 21-2222 Regulation of Lobbying Activities