

The Price of a Vote

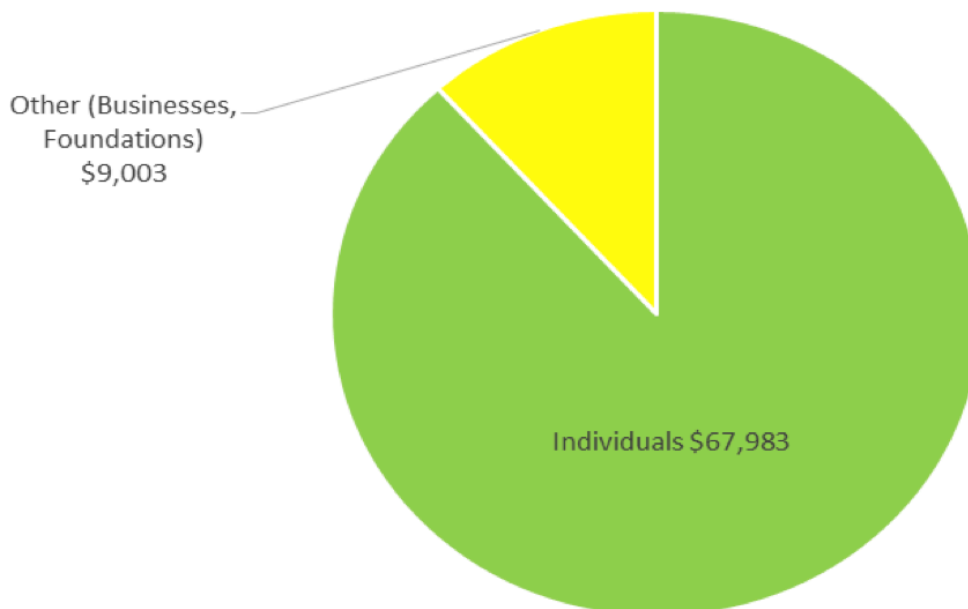
Democratic elections are decided by a simple equalitarian equation: one person, one vote. The most votes win, whether for a candidate or a measure.

But the price of one vote? Now that's a very different equation, as the 2016 Santa Monica election makes clear. One vote can be pricey indeed.

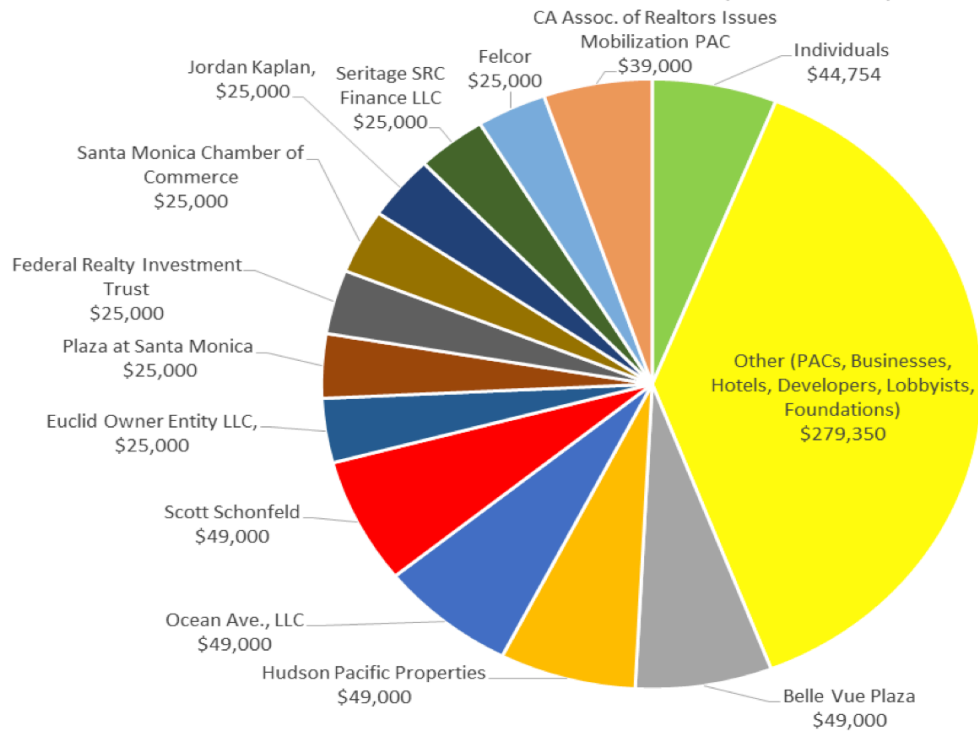
Let's do some arithmetic, based on the pie charts below which list contributors to the political action committees (PACs) supporting or opposing ballot measures in this election.

Take the red-hot development issue before Santa Monicans, Measure LV, the LUVE Initiative. As a baseline, we can use round numbers from the 2014 election data when 39% of the 65,000 registered voters cast ballots for ballot measures. For arguments sake, we'll assume both values rise in a presidential election year (especially this one), so figure that 45% of 70,000 registered voters actually choose to vote on ballot measures. Multiply one by the other; 31,500 votes will decide the measure with only 50% plus 1 or 15,751 votes needed to win. At today's price (the combined dollars of pro and anti PACs), the average cost of *one* LV vote is \$39.14, all things being equal.

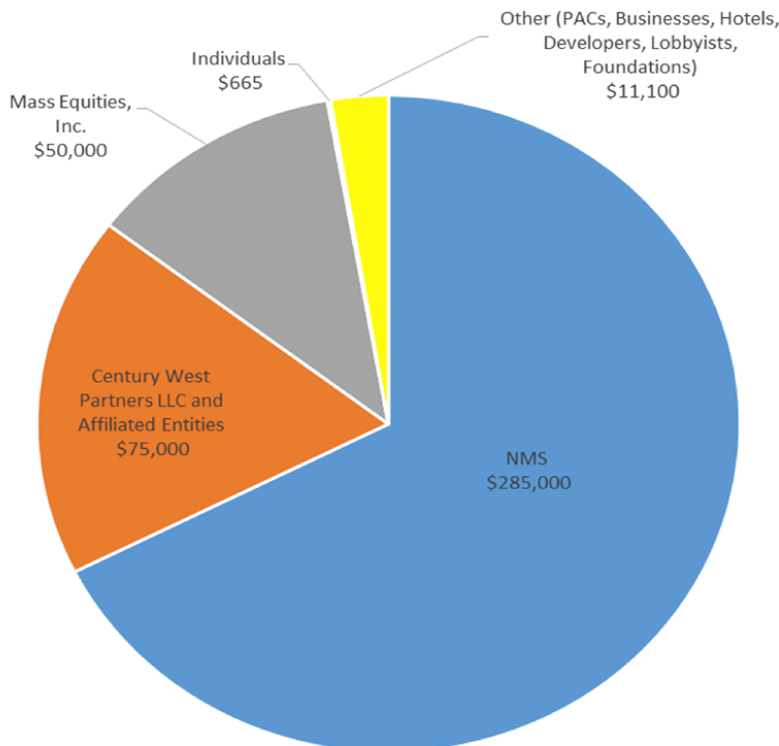
Residocracy Land Use Voter Empowerment (LUVE) Initiative \$76,986 in Donations (as of 10/28)



Santa Monica Forward Issues Committee - No on LV
 \$734,104 in Donations (as of 10/28)



No on LV, HOME - Housing & Opportunity for a
 Modern Economy PAC
 \$421,765 in Donations (as of 10/28)



But all things are emphatically not equal, because the financial muscles behind pro and con forces are wildly disproportionate.

The anti-LV PAC's *Housing and Opportunity For a Modern Economy*, and *Santa Monica Forward* have \$1,155,869 in play; the pro-LV *Residocracy* answers with \$76,986 (numbers accurate as of October 28th). Two scenarios illustrate how that money translates into *price per vote*.

Scenario	Distribution	Votes For	Votes Against	Price/vote 'Yes'	Price/vote 'No'
1	LV defeated 60/40	12,600	18,900	\$6.11	\$61.16
2	LV passes 60/40	18,900	12,600	\$4.07	\$91.73

A cynic might regard the ledger as evidence that for all our democratic platitudes, elections are bought and sold. But elections are self-interest writ large, and Santa Monicans are a passionate bunch that puts their monies where their mouths are.

The gain must be substantial for a group of individuals and companies/organizations to band into a PAC and then fund the risk of \$61-\$91 (or more) for *every single vote*, as will be the case in Measure LV's future.

Perusing data illustrated in these charts, one can see that conclusions aren't complicated; those who stand the most to gain put the most at risk. The level of one directly correlates to the level of the other. Development companies and their ancillary feeders – lawyers, architects, bankers, business interests, etc. – are deeply committed to preventing implementation of an initiative that will injure their economic and financial interests, just as the PTA finances advocacy for a tax measure that will garner revenue to enhance their schools.

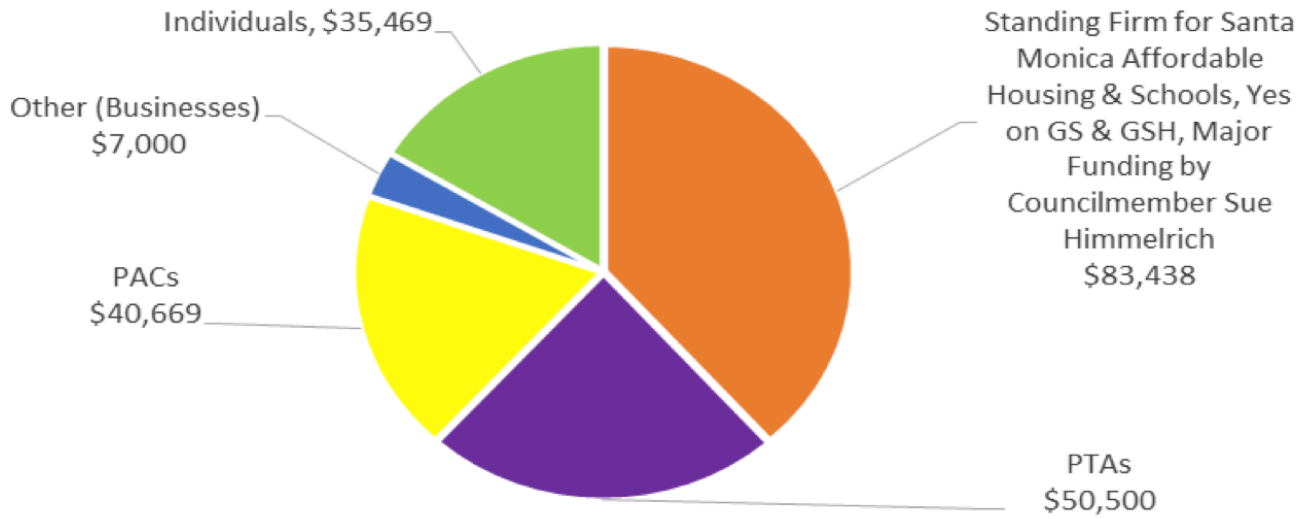
In fact, the HOME PAC is funded by developers of apartments and their backers – NMS \$285,000, Century West \$75,000 and Mass Equities \$50,000 - equaling 97% of the total. SM Forward Issues Committee likewise is funded 94% by business interests that have projects pending or on the horizon in the Downtown Plan. For example, all three Ocean Avenue hotel developers (Ocean Ave. LLC/Miramar \$49,000, BelleVue Plaza/Gehry Hotel \$49,000, Felcor/Wyndam \$25,000) while horizon projects like Seritage/Sears (\$25,000), Scott Schonfeld/owner of Promenade food court and an office building adjacent to the proposed I-10 freeway off ramp redo (aka Gateway Access Mobility Plan (GAMP)) (\$49,000) and Hudson Pacific Properties, owners of two office buildings near the EXPO line (\$49K) weighed in with significant contributions. Lobbyists from the Harding Laramore Kozal Kutcher law firm supported their clients with \$40,000 in contributions and another \$13,100 from family members.

Look no further than the *Campaign for Public Education and Affordable Housing*, the PAC that supports Measure GS/GSH against virtually no organized opposition except resident concern if this is the right way to fund this kind of effort (see next paragraph). Council Member Sue Himmelrich has contributed 38% of the \$217,076 war chest devoted to the measures' passage. That's passion, with the will and means to fund it.

No less passionate, but lacking the will or means to form a PAC are those who believe a small, affluent city with a \$600M annual budget ought to fix schools and provide affordable housing

Campaign for Public Education & Affordable Housing - Yes on GS & GSH

\$217,076 in Donations (as of 10/28)



Scenario	Distribution	Votes For	Votes Against	Price/'Yes'	Price/'No'
1	GS/GSH defeated 60/40	12,600	18,900	\$17.23	\$0
2	GS/GSH passes 60/40	18,900	12,600	\$11.49	\$0

The larger question is who has the largest dogs in this election foxhunt, coupled with the corollary of what do they have to gain? Mind you, these numbers – the price per vote – will climb dramatically when we get the next batch of required campaign disclosures statements. Serious money pours in as the hunt reaches its climax. Likewise, if the total vote count is less than postulated above, the numbers per vote will rise further.

The college bond Measure V is funded almost entirely by affiliated non-profit organizations with a keen interest in the fortunes of Santa Monica College - SM College Foundation (\$200,000), KCRW Foundation Inc. (\$125,000) and Santa Monica Associated Students (\$125,000) with \$537,524 raised in support.

No anti-bond measure PAC has been formed by folks who think SMC has been run like a real estate company that never says 'no' to a deal, continually expanding while running out of money to finish anything, forcing Trustees to repeatedly come back asking the bank (residents) to pony up again, albeit coupled with fervent unmet promises to 'do better' so additional funds won't be required for 'decades'.

Scenario	Distribution	Votes For	Votes Against	Price/vote 'Yes'	Price/vote 'No'

The money is democracy at work, as self-interest becomes collective and ultimately determines public policy. Financial power is a huge thumb on the election scale and its rewards can be staggering, as shown by Measure V whose PAC funding risk is easiest to quantify and illustrates the dollar rationale: if the \$345M bond passes, a \$537,524 advocacy investment will produce a 642% return. Remember, the bond is like a mortgage, so with interest it will cost residents of Santa Monica and Malibu at least \$720M via property taxes with ability to pass through to renters.

Never forget, however, that while money influences it cannot decide; citizens have the final say. In 2014, Measure D drew a tsunami of outside money try to defeat local control of the Santa Monica airport, outspending the resident PAC by more than 9:1. When the returns were in, the aircraft owners spent \$85 per vote to lose, while the Measure LC PAC spent about \$9 per vote to win.

For the individual voter, whose single ballot could cost dearly, the challenge is to sift through the likely consequences of her or his choices. In that regard, a good thing to keep in mind while standing at the voting booth is the price of your vote, who is paying for it, and what that party has to gain.

Be sure to make it worth the price.