



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Julie Edmonds-Mares
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: May 31, 2016

Approved

Date 05/31/16

**SUBJECT: INTERGOVERNMENTAL RELATIONS: PLAN FOR THE USE OF THE
\$200,000 INTERGOVERNMENTAL RELATIONS RESERVE**

RECOMMENDATION

Approve the following 2016-2017 Proposed Operating Budget amendments to the General Fund:

1. Eliminate the Intergovernmental Relations Reserve in the amount of \$200,000.
2. Increase the City Manager's Office Non-Personal/Equipment Budget by \$200,000.

BACKGROUND

The purpose of this Manager's Budget Addendum (MBA) is to respond to City Council's approved direction on January 12, 2016 regarding City Council Agenda Item 3.6 (b) Analyze legislative advocacy staffing/service models for the City's representation in Sacramento and issue a Request for Information to obtain State legislative advocacy services. Direction was also given in Item 3.6 (c) to return to City Council with a comprehensive approach for enhancing the management of the City's California State legislative agenda and bring forward appropriate funding proposals through the FY 2016-2017 budget process.

The primary goal of the Intergovernmental Relations Office (IGR) is to advance, initiate and protect the City's interest through legislative advocacy efforts at the State and Federal levels that strengthen the City's capacity to improve life standards for the residents of San José. The City's IGR function is responsible for monitoring state and federal government activities, developing legislative programs approved by City Council, managing the City's federal legislative advocacy firm, and coordinating legislative activities with other entities.

To strengthen the City's legislative program, a number of initiatives have been undertaken in two key areas. The following is a brief description of work efforts accomplished to date, or currently underway, to improve and enhance the effectiveness of the City's legislative agenda.

- **Strategic Program Priorities.** For the first time, on January 12, 2016, the City Council adopted a more focused list of the City's top State and Federal priorities *2016 Top Legislative Priorities* (Attachment A) and IGR created a work plan for each of these priorities. The streamlining of the City's priorities focuses advocacy in key issue areas

such as the need for State funding for transportation infrastructure, to end homelessness and water quality protection.

- Citywide Intergovernmental Relations Capacity Building.** Success for our legislative goals and objectives is a citywide effort that requires a multipronged approach. The team is working to expand legislative capacity of our Senior Staff and subject matter experts to directly engage with our delegation and testify at key hearings. The City Manager has instituted proactive one-on-one meetings with our delegation to discuss timely issues of concern and interest to the City, as well as provide our top legislative priorities. IGR legislative trainings have occurred to assist Council and Department staff with the City's processes for recommending to Council positions on pending legislation. The City is actively engaging with the League of California Cities (LOCC) to influence legislative issues with our City officials and staff serving on the Board of Directors and three 2016 Policy Committees (two elected /one staff) in the areas of Transportation/Public Works, Housing and Economic Development, and Revenue and Taxation.

ANALYSIS

A review of the IGR office operational model was conducted including an intergovernmental benchmarking study of cities in California, Texas and Washington. In addition, as directed by Council, a Request for Proposal (RFP) for "State Legislative Advocacy Services" was initiated.

Legislative Resources and Staffing Model

The current San José IGR model includes a total of three staff as well as contractual legislative services. There are 1.5 employees in the City of San José's Sacramento Office consisting of the City's Legislative Advocate and a part-time secretary. The Director of IGR is located full time at City Hall with a Staff Technician position assigned part time to support this function. IGR also contracts with a firm to represent the City in Washington, D.C. With an annual budget of \$608,000, the City's investment in legislative advocacy is below that of all but one of the other cities surveyed. Shared below are the details of the recent benchmarking exercise where other jurisdictions provided information on their current resources.

City	Population	# of IGR Employees	State Lobbyist Budget**	Total IGR Budget
Los Angeles*	3,857,799	N/A	\$358,319	\$808,319
Phoenix	1,506,439	5	\$252,000	\$1,063,000
San Diego	1,338,348	3	\$206,825	\$366,825
Dallas	1,257,676	5	\$332,139	\$1,107,133
San José**	1,000,000	3	\$207,945	\$607,702
Seattle	662,400	10.5	\$200,000	\$2,850,000
Austin	842,592	5	\$1,260,000	\$1,800,000
San Francisco	825,863	3	\$840,510	\$1,394,066

* Would Not Disclose. Data lists reflect lobbyist information as reported on Secretary of State/Congressional Websites.

** Budget for employees in San José. All other surveyed cities contract out for State legislative services.

The majority of the cities surveyed with comparable populations indicated that their intergovernmental relations operations ranged from 3 to 10.5 dedicated staff persons with defined roles and duties. These duties include individuals who serve as: a director, assistant director with staff assigned specifically to State or Federal issue areas. The average annual resource allocation for the centralized function was \$1.3 million (excluding the City of Los Angeles' budget which reflected only partial data).

Expanded State Legislative Advocacy Services

Given the limited resources currently allocated, there are opportunities to expand the City's legislative advocacy efforts. Consistent with City Council direction, the 2016-2017 Proposed Budget includes an ongoing amount of \$200,000 in an Intergovernmental Relations Reserve. The plan for the use of these funds was to be brought forward through this MBA process. The RFP process that is almost finished identified the scope of work in the area of State legislative advocacy. The identified services are designed to augment and complement the existing efforts in this area and include the following:

- **Monitoring** – The selected firm(s) shall serve as a reliable and consistent channel of information to and from the State Legislature; monitor and provide regular reports on current legislation, the State budget process, or any legislative events that may directly or indirectly impact City. The firm should also obtain and maintain a bill tracking service and forward all bills and their analyses that could have an impact on the City.
- **Legislative Advocacy** – The City's positions on key State issues are determined annually by the City Council and the selected firm(s) will receive direction from the City's Intergovernmental Relations Director and Legislative Advocate on issues that promote the City's positions.
- **Establish an Active Presence** – The selected firm(s) should actively establish a strong identity and presence in Sacramento on behalf of City. This effort will be reinforced by day-to-day legislative activities on behalf of the City and approved by the City's Intergovernmental Relations Director and the City's Legislative Advocate.
- **State Budget Issues/Grant Proposals** – The selected firm(s) should focus efforts advancing the City's legislative objectives during the creation of the Governor's Proposed Budget and Governor's Revised Budget, and any budget trailer bills designed to make the City whole and should advance the City's legislative objectives during the final phases of Legislative action on spending. The selected firm(s) will identify potential State grants which align with the City's mission and values and assist in the writing of grant proposals and the acquiring of letters of support for grant proposals.

The RFP was released in March 18, 2016 and the responses were due April 13, 2016. City team members established an evaluation panel consisting of staff from the Airport, Environmental Services Department, Housing Department, IGR Office and the Mayor's Office. Interviews of the applicants took place in May and staff anticipates that the evaluation process will be completed in the coming weeks.

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Moving forward in the coming fiscal years, the IGR office will continue to advance the ongoing work described above and, subject to Council approval, expand legislative capacity at the State level with the new State Legislative Advocacy Service provider. Should a new provider be selected to support efforts at the State level, the integration of the City's Legislative Advocate and contractual services will be a high priority for the team.

In conclusion, the City of San José is often recognized as a leader in municipal services and for its quality of life for its residents. This reputation is a direct outgrowth of the City government's ability to make informed public policy decisions and influence the direction in which the City is headed at a regional, state and national level. Recognizing that federal and state legislative activities impact local government, the IGR office is taking steps to enhance the City's legislative proficiency. This enhanced proficiency is expected lead to stronger presence and proactive approach to State and Federal legislative activities. Approval of this MBA will allocate funds for Council consideration to support these efforts, particularly at the State level.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

/s/

JULIE EDMONDS-MARES
Deputy City Manager



JENNIFER A. MAGUIRE
Senior Deputy City Manager/
Budget Director

For additional information please contact Betsy Shotwell, Director of IGR, at (408)-535-8270.

Attachment A – City of San José's Top 2016 Federal and State Legislative Priorities

CITY OF SAN JOSÉ'S TOP LEGISLATIVE PRIORITIES FOR 2016

As adopted by the San José City Council January 12, 2016

STATE LEGISLATIVE PRIORITIES

- **Rental Inclusionary Housing** -- Support legislation to override the Palmer v. City of Los Angeles ruling that invalidated inclusionary housing. Priority pending BIA v. City of San José case at the U.S. Supreme Court. (Housing)
- **Smart Meters** - Conduct legislative and regulatory advocacy that reduces barriers to the implementation of emerging technologies. Formally request the CPUC to adopt tariff structures that allow for the widespread use of SmartMeters and accessory devices to enable the installation of Internet of Things devices and next generation communications technologies. (Office of Economic Development)
- **Wastewater Treatment Plant** -- Support legislation, that promotes state mandated Greenhouse Gas (GHG) reduction (AB 32) in particular, wastewater treatment plant exemptions from GHG reduction. (Environmental Services)

FEDERAL LEGISLATIVE PRIORITIES FOR 2016

- **FAA Reauthorization** - Advocate for adjusting the ceiling for Passenger Facilities Charges (PFCs), maintain Airport Improvement Program Funding, support the modernization of the national air traffic control system, requires stronger environmental impact review criteria, and passage of federal legislation that provides a permanent exemption from the alternative minimum tax on airport bond funding. (Airport)
- **Federal HOME funding** - Ensure that the Administration and Congress protect HOME. (Housing)
- **Retiree Healthcare** - Secure Treasury/IRS approval regarding tax issues related to public retiree health care contributions. (City Manager's Office)
- **SJ TechHire** - Secure grant funding from the U.S. Department of Labor to fund SJ TechHire. (Office of Economic Development / work2future)

ATTACHMENT A

STATE and FEDERAL LEGISLATIVE PRIORITIES

- **BART to Silicon Valley** – Support policies that promote the funding and development of this key project. (Transportation)
- **End Homelessness** - Support legislation and secure funding sources to end homelessness to benefit unhoused veterans, youths, families, individuals with mental and/or physical disabilities, and victims of domestic violence. (Housing)
- **Mayor’s Gang Prevention Task Force (MGPTF)** Seek Department of Justice (DOJ), California Gang Reduction Intervention and Prevention (CalGRIP) and other funding that supports the efforts of the MGPTF that includes the City’s Youth Intervention Services and the San José Bringing Everyone’s Strengths Together (BEST) community based organizations. (Parks Recreation and Neighborhood Services)
- **Transportation Funding** – Support legislation that generates transportation funding for pavement maintenance and rehabilitation of local streets and roads. (Transportation)
- **Vision Zero** – Support policies that promotes the goals of Vision Zero and allows for the use of automated speed enforcement and other technologies that address transportation safety. (Transportation)
- **Water Infrastructure & Sustainability** - Advocate for funding for projects for potable water and reuse projects, wastewater treatment, nonpoint source pollution control, and watershed and estuary management. Accelerate authorization for indirect and direct potable reuse projects. Support legislation to generate additional revenues for water infrastructure improvements and provides for the funding of programs mandated for compliance and to address drought resilience. (Environmental Services)