



DATE ISSUED: July 26, 2006

REPORT NO: 06-104

ATTENTION: Council President and City Council  
Docket of Aug. 1, 2006

## REPORT TO THE CITY COUNCIL

SUBJECT: Lobbying Services in Sacramento, CA and Washington, D.C.

REFERENCE:

### REQUESTED ACTION:

1. Authorize the Mayor to execute an Agreement with Patton Boggs, LLP for federal lobbying services for calendar year 2006.
2. Authorize the Mayor to execute a contract with the joint venture of Sloat Higgins Jensen & Associates and Marston+Marston, Incorporated for state lobbying services for calendar year 2006.
3. Appropriate \$221,000 from the unappropriated reserves to cover contract costs.

### STAFF RECOMMENDATION:

1. Accept the Lobbying Services Report
2. Authorize the Mayor to execute an Agreement with Patton Boggs, LLP.
3. Authorize the Mayor to execute an Agreement with the joint venture of Sloat Higgins Jensen & Associates/Marston+Marston, Incorporated.
4. Appropriate \$221,000 from the unappropriated reserves to cover contract costs.

### SUMMARY:

For more than 40 years, the City has contracted with government relations firms to ensure that the City maintains effective advocacy before the legislative and executive branches of Federal & State government. These advocates, working through the Community and Legislative Services Division, enact City adopted policy regarding:

Federal & State funds;  
Federal & State Legislative goals;  
Federal & State Regulatory goals

### **Patton Boggs, LLP**

In June 2003, the City of San Diego entered into a contract for federal lobbying services with Patton Boggs, LLP. Patton Boggs, LLP is a full service legal and lobbying firm, however the contractual arrangement is strictly for lobbying services, not for outside legal counsel.

To date, Patton Boggs, LLP has provided the City with sound past performance. Over the past two years, the City's lobbyists have been instrumental in securing over \$4.5 million in federal appropriations successes including:

- Park Boulevard / Harbor Drive Pedestrian Bridge -- \$2.8 million;
- San Ysidro Pilot Village Traffic Circle -- \$300,000;
- City Heights Hope Village Housing -- \$150,000;

- San Diego Family Justice Center -- \$150,000;
- Crisis Intervention Team -- \$550,000;
- San Diego Mobile Law Enforcement Technology -- \$100,000;
- Camp Hope -- \$50,000.

In addition to the funding successes, Patton Boggs, LLP has been influential in a number of policy decisions that have material impact on the City. Since the inception of the Homeland Security Funding grant programs, the City's lobbyist have been instrumental in moving away from formula based distribution of grants to the risk-based distribution. They have fast become one of the most knowledgeable and respected firms on municipal issues related to Homeland Security funding and policy.

Furthermore, Patton Boggs has strongly advocated for the appropriation of federal funds to support wastewater and water infrastructure through programs that the City derives benefit from, such as the Clean Water and Drinking Water State Revolving Loan Program (SRF), Bureau of Reclamation Title 16 and challenge grant programs.

Additionally, the firm employs a strong team of consultants with expertise in all important policy areas. While the firm proposes to dedicate a day-to-day manager for the City's account, the firm has also committed, at no additional costs, to bring additional whatever resources they have to bear on any issue the City may deem as a priority. This has been beneficial for the City as seen in the firm's research and strategy development for wastewater interests at the Point Loma Waste Water Treatment Plant (PLWTP) such as funding and support for a large scale pilot test of technology called biological aerated filtration (BAF) as potential new treatment for the PLWTP.

Finally, the firm has expressed a willingness to work with the City mindful of the current budget environment. Consistent with the previous contract, Patton Boggs, LLP will operate under a retainer of \$15,000.00 per month.

**Sloat Higgins Jensen & Associates/Marston+Marston, Inc.**

In November 2000 the City entered into a contract for state lobbying services with Sloat Higgins Jensen & Associate/Marston+Marston, Inc. The agreement authorized the City to extend the contract on a month-to-month basis beginning in December 2002. Because of solid past performance and the favorable contract provisions, the City exercised those month-to-month provisions.

On December 31, 2005, the City of San Diego's contract for State lobbying representation and consulting expired. Prior to the expiration of that contract, the City released a request for proposals from qualified firms for State lobbying services. The department received proposals from three qualified firms. A Selection Committee comprised of City employees from Governmental Relations, Police, Environmental Services, Waste Water and Water departments conducted interviews with the three firms. Based upon those interviews and one firm's withdrawal from consideration, the Selection Committee determined that the services of Sloat Higgins Jensen & Associates/Marston+Marston Incorporated are needed and best suited to advance and protect the City's interests and to maintain continuity in the legislative process.

Specific accomplishments of Sloat Higgins Jensen & Associates during the past two years include:

- Booking Fees Reimbursement - Secured special legislation in 2000 to ensure the City of San Diego receives its \$5.2 million reimbursement from the State. Over the following five budget sessions, the Governor and Legislature proposed repealing the booking fee program. Working with the Mayor, City Council, city staff and legislative leaders, the funding was reinstated. Unfortunately, the 2004-05 budget repealed the continuous appropriation for the program, so discussions with the Governor commenced. The Governor included the booking fee reimbursements in his proposed budget and the legislature adopted the FY 2006-2007 budget including \$35 million for the program.
- AB 451 (Yee) - Jet Fuel Sales Tax Distribution – Under previous law, the City was losing sales tax revenue on jet fuel due to an agreement between the City of Oakland and United Airlines. That agreement allowed Oakland to collect all tax revenue on gasoline purchased by United anywhere in the State, rather than where the fuel is delivered to the aircraft. A two year effort resulted in the Governor signing AB 451 that remedies the situation by defining the point of sale as the point of delivery. San Diego will now be receiving the sales tax on the fuel delivered to United Airlines planes within the city limits.
- Local Government Revenue Protections – The 2004 budget deliberations were stalled due to differences of opinion on local government finance. Sloat Higgins Jensen was very active in the effort to constitutionally protect local government revenues and in organizing the “Big 10 Mayors” (Mayors from the 10 most populous cities in the state). These efforts, combined with the work of the League of California Cities and the California State Association of Counties was an effective lobbying strategy and ultimately led to the passage of Proposition 1A.
- San Diego’s 6 to 6 Program - Since SHJ&A has represented the City of San Diego, we have successfully sponsored four legislative proposals to allow the City of San Diego’s “6 to 6” program to operate. State law did not allow the “6 to 6” program to operate due to hours of operation and contracting out limitations. In 2004, Assemblywoman Kehoe authored another bill to extend an earlier Kehoe bill that allowed the City to operate the “6 to 6” program without obtaining a special license or permit. Without this extension, the City would have needed to obtain licensing for 32 school sites and would have led to fewer students enrolled in the program. In 2005, Senator Kehoe successfully authored SB 707 providing greater flexibility to before and after school programs to meet the needs of families and continue to receive funding.
- SB 816 (Kehoe) Net Energy Metering - In 2005, Senator Kehoe introduced, and ultimately passed SB 816 on behalf of the City of San Diego. The bill increased the net metering cap for the electrical service region served by San Diego Gas and Electric. SHJ&A had been representing the City’s interests related to net metering for a number of years. The result was two bills signed by the Governor and strongly supported by the City: AB 58 (Keeley) eliminating the sunset on net-metering authorization in existing law, thereby allowing net metering for systems up to one (1) Megawatt (MW) to continue indefinitely; and AB 2228 (Negrete-McCloud) requiring electrical corporations to provide eligible digester biogas customer-generators with net energy metering under a pilot program.
- AB 2041 (Vargas)- Automatic External Defibrillators (AED) - Another sponsored bill advanced by SHJ&A and Marston+Marston allowed for all Good Samaritans that act in good faith to save a life with an AED, and those that acquire AEDs to be immune from liability if certain training requirements were met. Working at both the local level and in Sacramento, a bill

was finalized that allowed building operators, public and private, to install AEDs in public facilities where they can be quickly and easily accessed to save lives without the fear of liability.

FUTURE ACTIONS

It is the intent of the Mayor to again solicit request for proposals for both the state and federal lobbying contracts in late calendar year 2006. Both existing firms will be invited to submit.

It is also the intent of the Mayor to bring back to council a proposed plan for how to properly document and account for those lobbying services that benefit various enterprise department funds since both Patton Boggs LLP and Sloat Higgins Jensen & Associates spend a significant percentage of their time in assisting the City on various policy matters that impact enterprise funded services.

FISCAL CONSIDERATIONS:

Contracts with the two firms expired on December 31, 2005 and extensions were not finalized and approved before the end of FY 2006. The firms have been providing services with the understanding that the City was working toward finalizing the contracts. As a result of the contracts expiring and other Departmental savings, \$101,000 of FY 2006 appropriated funds were returned to the general fund.

As mentioned above, both lobbying firms spend a considerable amount of time focusing on City issues specific to enterprise funds. However, the accounting for that time needed improvement. Given the insufficient controls that existed, the Mayor declined in FY 2006 to charge enterprise funds for lobbying services.

Given the need to pay for services rendered between January to June 2006 (\$165,000) and the decision to not charge enterprise funds without adequate controls and documentation (\$56,000), an additional appropriation of \$221,000 from the unappropriated reserves is necessary to cover the costs of the contracts through June 2007.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

June 10, 2003, the City Council authorized the Governmental Relations Department to contract with Patton Boggs, LLP. October 30, 2000 the City Council authorized the Governmental Relations Department to contract with Sloat Higgins Jensen & Associates/Martson+Marston, Inc.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None

---

Originating Department

---

Deputy Chief/Chief Operating Officer