



# CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

# R-14

333 West Ocean Boulevard • Long Beach, CA 90802 • (562) 570-6711 FAX (562) 570-7650

October 8, 2013

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute a contract and all necessary amendments for State legislative representation services provided by Michael J. Arnold and Associates, Inc., for an amount not to exceed \$105,432 for a period of one year; and authorize the City Manager to grant two, one-year extensions, including an adjustment to the total contract amount not to exceed the Consumer Price Index, at the discretion of the City Manager. (Citywide)

## DISCUSSION

The firm of Michael J. Arnold and Associates (Arnold and Associates) has successfully represented the City of Long Beach in State legislative affairs since 1983. Michael J. Arnold and Associates provides advice, technical legislative assistance, historical perspective and strong advocacy on City issues while maintaining excellent relationships with Legislators and staff in Sacramento.

The contract between the City and Michael J. Arnold and Associates for Fiscal Year 2013 (FY 13) expired on September 30, 2013. Based on the firm's unique knowledge and extensive understanding of the City of Long Beach and local government issues, as well as the reputation of the firm's partners in Sacramento, the approval of this contract is recommended.

During the past three years, the State legislature put forth numerous proposals to increase State revenues, many of which had the potential to harm local governments. Examples include: the Gas Tax Triple Flip of 2010, Redevelopment Agency dissolution in 2011, Redevelopment Agency dissolution clean-up legislation in 2012, and elimination of the Enterprise Zone Program in 2013. In each case, Long Beach was able to negotiate a more favorable outcome for the City, as compared to the State's original proposal. Arnold and Associates was intricately involved with each matter, providing advice and facilitating important communications between the City and the other parties.

Attachment A includes specific recent examples of high-priority issues Long Beach advocated for and against in Sacramento. Attachment B provides a brief biography of Michael J. Arnold and Associates, Inc., to illustrate the firm's qualifications.

It is recommended that the City Council approve a one-year contract with Michael J. Arnold and Associates, Inc., and authorize the City Manager to grant two, one-year extensions. This recommendation would result in a monthly payment of \$8,480. The total proposed contract would include \$101,759 for the annual retainer and up to \$3,672 for approved expenses, for a total contract amount not to exceed \$105,432.

HONORABLE MAYOR AND CITY COUNCIL

October 8, 2013

Page 2

TIMING CONSIDERATIONS

City Council action is requested on October 8, 2013 to ensure continuation of services from Michael J. Arnold and Associates.

This matter was reviewed by Deputy City Attorney Linda Vu and Budget Manager Dennis Strachota on September 24, 2013.

FISCAL IMPACT

The annual cost for service for the first year shall not exceed \$105,432 based on a monthly retainer of \$8,480, and up to \$3,672 in approved annual expenses. As compared to FY 13, this contract increases the monthly retainer by \$169 based on a Consumer Price Index (CPI) increase of 2.03 percent. The increase is entirely offset by a \$2,028 reduction in allowable annual expenses. The total contract amount remains stable at \$105,432, and has not increased since FY 09.

Funds to support this activity are budgeted in the General Fund (GP) in the City Manager's Office (CM), 56 percent of which is shared by departments and funds throughout the City that benefit from these services, including many non-General Fund operations. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



PATRICK H. WEST  
CITY MANAGER

## OVERVIEW OF FY 13 STATE SUCCESSES

- **Shoreline Gateway Project:** The Department of Finance (DOF) had previously denied a \$200 million private investment in Downtown Long Beach that will create 450 new residential units, 25,000 square feet of retail, and 800 new construction jobs. Long Beach successfully fought to have the project approved. In addition to the property tax increase, the Shoreline Gateway project is construction-ready and will result in significant sales tax, construction jobs, income tax, and multiplier effects for the region and the state.
- **SERRF Cap and Trade Exemption:** On September 20, 2012, CARB cited new evidence from a CalRecycle report that shows waste-to-energy produces less GHG emissions than landfills. The Board directed its Executive Director to exempt waste-to-energy facilities from the cap-and-trade program for the first compliance period. This exemption includes the City's South East Resource Recovery Facility (SERRF). A formal exemption for SERRF to the first cap and trade compliance period is expected in staff's recommendation to the CARB Board at its October 2013 meeting.
- **Natural Gas Cap and Trade Phase-in Plan:** The City engaged in the cap and trade discussion from the perspective of a natural gas provider. The current cap and trade plan would force Long Beach to incur a large majority of compliance costs in FY 14. Long Beach expects to receive approval to phase in compliance costs for residential and small business natural gas users over several years, instead of bear all costs in FY 14.
- **Enterprise Zone:** Over the past several years, there have been several efforts to dismantle the Enterprise Zone program to achieve savings for the State Budget. This year, the Governor took a different approach and proposed reforms to the program that end the current Enterprise Zone program and replace it with economic development incentives. The reform package creates a statewide sales tax exemption for manufacturing equipment, a State economic development fund to incent specific projects, and a much smaller hiring credit in specific areas of the state, including but not limited to current Enterprise Zone areas. Through the City's opposition, Long Beach was able to help negotiate an extension of the carryover credit from 5 to 10 years; allow for ex-offender hires to qualify for EZ incentives; and extend the manufacturing credit and hiring credit within existing Enterprise Zones through 2021. While this program will be significantly different than what the City has used in the past and the Enterprise Zone program as we know it will no longer exist, the reforms will continue to provide economic benefit to businesses.
- **Legislature Authority for Economic Opportunity:** Long Beach sponsored SB 470 (Wright) to provide cities with the option to sell land at "fair reuse value." This legislative authority was one the City had access to through redevelopment prior to its dissolution. Selling land that is returned to the City per the State approved Long Range Property Management Plan can be a way to encourage quality development that meets the City's and neighborhood needs. With the passage of SB 470, "fair reuse value" sales may be used in lieu of "fair market value" sales, which do not always generate the best use for the community.

- **Parking Citation Collections:** The City sponsored AB 443 (Lowenthal) as a mechanism to increase parking citation collection rates. The Governor signed this bill, which give the Department of Motor Vehicles the ability to block vehicle transfers between family members if there are outstanding parking citations associated with the vehicle.
- **Oil Severance Tax:** SB 241 was introduced in the 2013 State Legislative Session to impose a tax on oil severance. After years of working with legislators on oil severance tax bills, most of the recent attempts at this tax have included the City's exemption language; SB 241, however, did not. Seeing the omission in SB 241, the City worked with Senator Evans to amend the bill and include the City's exemption language. SB 241 became a two-year bill in the 2013 legislative session.
- **Injection Well Moratorium:** Hydraulic fracturing was a hot topic in the 2013 State legislative session. While Long Beach only practices this procedure in certain instances of oil operations, the City regularly injects produced water into oil wells to prevent subsidence. Injecting produced water into the existing oil wells is not hydraulic fracturing; but nevertheless, these issues became intertwined in SB 395 (Jackson) and this bill would have disallowed the City to continue re-injecting produced water. SB 395 would have shut down the City's oil operations by preventing subsidence mitigation measures. The City was successful in turning this legislation into a 2-year bill.
- **Air Pollution Penalties:** As a result of the 2010 San Bruno pipeline explosion, and concerns over air quality near large oil refineries, Senator Wolk introduced SB 691 to significantly increase fines to Title V facility operators that violate certain air pollution permits. The City worked with the author's office to amend this bill. Amendments have made it very difficult for the increased penalties to impact SERRF.

## **Michael J. Arnold & Associates**

1127 11th Street, Suite 820 | Sacramento, CA 95814  
(P) 916.446.2646 | (F) 916.446.6095

### **Michael J. Arnold** - Legislative Advocate/President

[marnold@mjarnold.com](mailto:marnold@mjarnold.com)

Michael J. Arnold, President and Founder of Arnold & Associates, has been lobbying in Sacramento since 1971. Prior to the creation of Arnold & Associates, he spent nine years with the League of California Cities and three years with the California Medical Association. The rich personal background of Mr. Arnold combined with his highly developed understanding of legislative strategy and keen political insight form the basis from which effective representation is achieved.

Mr. Arnold holds a Masters of Public Administration (MPA) degree from UCLA. He also attended UCLA for undergraduate studies culminating in a BA degree in Political Science. Mr. Arnold holds general secondary and community college teaching credentials.

### **Kristian E. Foy** - Legislative Advocate/Legal Counsel

[kfoy@mjarnold.com](mailto:kfoy@mjarnold.com)

Kristian E. Foy is a member of the California State Bar. She graduated with honors from the University of the Pacific, McGeorge School of Law where she received her Juris Doctor degree. She earned her Bachelor of Science degree in Biology from UCLA.

While in law school, Ms. Foy concentrated her studies in the areas of environmental law and the legislative process. Prior to joining Arnold & Associates, Ms. Foy was employed in the legal department of Western Farm Credit Bank in Sacramento. She also served as a Legislative Intern to the Senate Judiciary Committee. Ms. Foy's legal background compliments the firm's objectives and commitment to ensure Long Beach has the best resources available whether legislative research, analysis, bill drafting or sponsorship of a measure is needed.

### **Nicole Sears** - Executive Assistant

[nsears@mjarnold.com](mailto:nsears@mjarnold.com)

Nicole A. Sears serves as the Executive Assistant for Arnold & Associates. Nicole came to work for Arnold & Associates in June, 2013. Prior to joining the firm, Nicole attended the University of California, Davis and acquired degrees in Anthropology, Communications, and Psychology. Nicole also obtained minors in Global and International Studies, Professional Writing, and Religious Studies. While attending university, Nicole was a laboratory assistant to Dr. Beth Ober and interned with Assembly Member Dr. Richard Pan.