



CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

C-13

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GERALD R. MILLER
CITY MANAGER

October 3, 2006

HONORABLE MAYOR AND COUNCILMEMBERS
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a contract for state legislative representation services provided by Michael J. Arnold and Associates for an amount not to exceed \$102,261 for a period of one year. (Citywide)

DISCUSSION

The firm of Michael J. Arnold and Associates has successfully represented the City of Long Beach in Sacramento before the State Legislature and various state agencies since 1983. Michael J. Arnold and Associates provides invaluable advice, technical legislative assistance, historical perspective, and strong advocacy on City issues, as well as maintains excellent relationships with Legislators and staff in Sacramento.

The purchase order between the City and Michael J. Arnold and Associates for Fiscal Year 2006 (FY 06) expired on September 30, 2006. 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 an annual contract is recommended.

Summary of Last Year's Advocacy Efforts

The past fiscal year was a tremendously active year for the City on the state level. Attachment A includes examples of a few of the high-priority issues the City faced and which Michael J. Arnold and Associates was intricately involved. Attachment B provides further information on the qualifications of Michael J. Arnold and Associates.

Contract Amount

It is recommended that the City Council approve a one-year contract with Michael J. Arnold and Associates and grant a 3.2 percent Consumer Price Index (CPI) increase over last year's amount to cover anticipated cost increases. This recommendation would result in a monthly payment of \$8,049 (previously \$7,799). The total proposed contract would include \$96,583 for the annual retainer and up to \$5,700 for approved expenses, for a total contract amount not to exceed \$102,283.

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TIMING CONSIDERATIONS

City Council action is requested on October 3, 2006 to ensure continuation of services from Michael J. Arnold and Associates.

This letter was reviewed by Deputy City Attorney Lori A. Conway and Budget Management Officer David Wodynski on September 26, 2006.

FISCAL IMPACT

The annual cost for this service is not to exceed \$102,283, based on a monthly retainer of \$8,049 and up to an annual total of \$5,700 for approved expenses. Funds to support this activity are budgeted in the General Fund (GP) in the City Manager's Office (CM), a portion of which is shared by departments and funds throughout the City that benefit from these services, including many non-General Fund operations.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



GERALD R. MILLER
CITY MANAGER

ATTACHMENT A

Enterprise Zones

Since early-2005, the City actively supported various bills that would extend the life of Enterprise Zones (EZ). The City's EZ is set to expire in January 2007, and Long Beach strongly supported legislation to extend the life of the current EZ designation. It became clear that legislation to extend the life of current EZs would not be supported in Sacramento and the City changed tactics to compete for a new 15-year designation. Michael J. Arnold and Associates' assistance was invaluable as the firm worked closely with City staff, the authors and our delegation to draft and include an amendment to AB 1550 (Arambula) to allow for a smooth transition as the City undergoes the designation process for an Enterprise Zone. Under this amendment, if the City receives a conditional designation letter from the State Department of Housing and Community Development, this bill would ensure a "smooth transition" by extending benefits to all eligible businesses in the new EZ. Conversely, if this bill is not signed into law and the City receives a conditional designation, Long Beach could have a period of up to six to nine months where businesses will not be able to access the credits. AB 1550 passed both houses and is awaiting the Governor's signature.

Department of Boating and Waterways (DBW) Funding

This year's FY 07 State Budget included funding for additional low-interest loans for marina repairs throughout the state. In the Governor's original budget submission, Long Beach expected to receive \$5,380,000 in funding for Alamitos Bay Basin 1 and \$500,000 in funding for Basins 2 and 3. Michael J. Arnold and Associates worked with Senator Lowenthal, a member of the Senate Budget Committee, to dedicate unspent carryover funding to Long Beach and other marinas throughout the State. The Senator was successful in his efforts and was instrumental in obtaining \$3.1 million in added funds for Basin 1, completing the funding requirement for that project.

Transportation Issues

During the development of the State Legislature's transportation bond package, Michael J. Arnold and Associates successfully communicated the City's three main priorities to our delegation, all of which were included in the bond. The City's main priorities for the transportation bond were: funding for goods movement projects (such as the I-710 freeway improvements); air quality improvement projects; and local street repair. The City also strongly supported a constitutional amendment to fix the Proposition 42 transportation funding loophole (i.e. where funds can be diverted if the Legislature declares a fiscal emergency), which the Legislature has placed on the November ballot.

Proposition 49 Implementation

Per the City Council's direction in April, the City actively advocated for the maximum amount of Proposition 49 funds for Long Beach, which would enable the City to provide after-school programs. SB 638 sets the implementation requirements for Proposition 49 funding and allows the State to distribute the \$550 million included in the FY 07 State Budget for Proposition 49. Michael J. Arnold and Associates advocated for SB 638 on behalf of the City, which passed the Legislature and was signed by the Governor on September 21, 2006.

Air Quality Legislation

In 2006, Michael J. Arnold and Associates tracked and advocated for a number of air quality bills, a subject of strong interest to the City. Those bills included:

- **SB 760 (Lowenthal):** Imposes a \$30 fee on each shipping container processed at the Ports of Los Angeles and Long Beach and specifies the allocation and expenditure of the container fee revenues for rail system improvements, port security and environmental pollution mitigation.
- **SB 762 (Lowenthal):** Allows harbor agencies to establish permit systems to authorize drivers and motor carriers to enter their ports.
- **SB 764 (Lowenthal):** Establishes a process for restricting future air pollutant emissions generated by activities at the Ports of Long Beach and Los Angeles and requires each port, by January 1, 2011, to reduce emissions from vessels, cargo handling equipment, locomotives, and commercial vehicles to 2001 inventory levels.
- **AB 1101 (Oropeza):** Defines "Diesel Magnet Sources," and requires air districts to develop diesel reduction measures and plans to reduce emissions from designated sources.
- **SB 459 (Romero):** Allows the South Coast Air Quality Management District (SCAQMD), starting July 1, 2007, to impose a fee on railroad companies that operate within the counties of the south coast air basin, the revenue from which would fund projects and activities that mitigate the air quality and public health impacts of locomotive emissions.
- **AB 888 (De La Torre):** Would authorize the South Coast Air Quality Management District to regulate vehicular air emissions at rail yards within the district.
- **AB 1222 (Jones):** Requires CARB to establish a Remote Sensing Pilot Program, which is designed to monitor air pollutants emitted from locomotives and test the efficacy of the remote sensor technology.
- **AB 32 (Nuñez):** Requires CARB to adopt a statewide greenhouse gas emissions limit that would gradually impose a limit between 2010 and 2020 and create regulations to roll back greenhouse gas emissions to 1990 levels by 2020.
- **SB 927 (Lowenthal):** A bill similar to SB 760, which the Senator introduced because SB 760 was held up in the Assembly Appropriations Committee.

The Governor signed AB 1222 into law in 2005. AB 32 passed the Legislature is expected to be signed by the Governor.

Tanker Incentive Package

Michael J. Arnold and Associates was instrumental in drafting and working with Assemblymember Karnette's office to introduce AB 2731, a bill designed to help attract additional aerospace manufacturing work to California and Long Beach by offering tax incentives if the proposed Air Force Tanker would be built in Long Beach.

While ultimately the Leadership did not move this bill forward, the effort was successful in raising awareness of the need to attract the tanker, and the bill may be reintroduced next year.

Telecom Reform

On August 31, 2006 the California Legislature approved AB 2987. This legislation enables state franchising of video and cable television providers under the authority of the State's Public Utilities Commission, while preempting the current local government system. Michael J. Arnold and Associates assisted in consistently communicating Long Beach's opposition in Sacramento, including testifying at hearings and scheduling meetings with members and the Speakers' staff to discuss concerns and amendments. While the bill has undergone many iterations and a number of city issues have been addressed, Long Beach continues to oppose the bill as a number of critical issues were not resolved. The bill is currently with the Governor awaiting his decision.

Metropolitan Transportation Authority (MTA) Board Change

In May, the City Council directed the City Manager to oppose SB 1507, which would significantly alter the Metropolitan Transportation Authority's (MTA) Board of Directors structure, utilizing a top-down approach driven from Sacramento rather than a bottoms-up approach driven by the region and its cities. The City officially opposed the bill, and Michael J. Arnold and Associates actively lobbied against the bill on behalf of the City. The bill passed the Senate Committee on Transportation and Housing, but was never brought up for a vote on the Senate floor and therefore died at the end of the session.

Residential Care Facilities

During the adoption of the State Legislative Agenda, the City Council added a new item related to supporting legislation that provides more local government control on regulation of re-entry points for sex offenders and parolees (commonly referred to as "six-packs"). SB 1795 would require that local governments be informed of any potential applications for residential care facilities in order to help prevent overcrowding. Michael J. Arnold and Associates communicated the City's support for this bill, which has passed the Legislature and is currently before the Governor.



Arnold and Associates - Staff

Michael J. Arnold - Legislative Advocate/President
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

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 our commitment to ensure that clients have the best resources available whether they need legislative research, analysis, bill drafting or sponsorship of a measure.

Matthew M. Welty - Legislative Advocate
mwelty@mjarnold.com

Matthew M. Welty is the newest addition to the Governmental Advocacy team at Arnold and Associates. Prior to joining the firm, Mr. Welty worked for the California State University and also served as an independent technical consultant to several Silicon Valley startups. Mr. Welty is a dedicated philanthropist, volunteering hundreds of hours of community service annually. Mr. Welty is also a founding member of the Bay Area Youth Technology Academy (BAYTA), a California Non-profit providing bay area youth with access to high technology and technical instruction.

Mr. Welty is currently pursuing a degree in Criminal Justice Administration with a certificate in Public Policy at California State University, Sacramento.

Melissa S. Ramel - Executive Assistant
mramel@mjarnold.com

Melissa S. Ramel serves as the Executive Assistant for Arnold & Associates. Melissa came to work for Arnold & Associates in February 2006. Prior to joining the firm, Melissa worked for California Attorneys for Criminal Justice (CACJ) where she enjoyed five years of being the Legislative Assistant and later the Program Associate. Upon leaving CACJ, the Board of Governors honored Melissa with a Certificate of Recognition & Appreciation, an awarded previously not given to an employee, for the key role she played in CACJ's transition from Los Angeles to Sacramento. She is a proud alumnus of the University of California, Davis where she received her B.A. in Political Science and History. She is currently an active member of the Cal Aggie Alumni Association.