



CITY OF LONG BEACH

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OFFICE OF THE CITY MANAGER

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PATRICK H. WEST
CITY MANAGER

October 23, 2007

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 for an amount not to exceed \$102,288 for a period of one year and authorize the City Manager to grant two one-year extensions, including an adjustment to the monthly retainer not to exceed the Consumer Price Index, at the discretion of the City Manager. (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 contract between the City and Michael J. Arnold and Associates for Fiscal Year 2007 (FY 07) expired on September 30, 2007. 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 an active year for the City on the state level. Attachment A includes examples of some of the high-priority issues with 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 authorize the City Manager to grant two one-year extensions. This recommendation would result in a monthly payment of \$8,049. The total proposed contract would include \$96,588 for the annual retainer and up to \$5,700 for approved expenses, for a total contract amount not to exceed \$102,288.

TIMING CONSIDERATIONS

City Council action is requested on October 23, 2007 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 Victoria Bell on October 11, 2007.

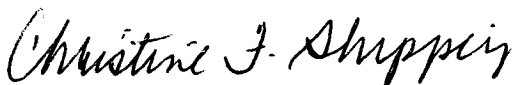
FISCAL IMPACT

The annual cost for this service for the first year is not to exceed \$102,288, based on a monthly retainer of \$8,049 and up to an annual total of \$5,700 for approved expenses. At the discretion of the City Manager, the two one-year extensions may be increased by an amount not to exceed the Consumer Price Index. 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,



PATRICK H. WEST
CITY MANAGER

Fiscal Year 2008 State Budget

The City was very involved in budget discussions this year. For example, Long Beach helped defeat a proposal to shift Proposition 42 (Prop 42) transportation spillover funding into the Prop 42 formula and lower the guaranteed amount of Prop 42 funding to cities, which would have potentially negatively impacted our transportation funding. Further, the City helped the State Administrative Office of the Courts secure \$5.9 million to begin the first steps of a public-private partnership to fund a new Long Beach Courthouse. Finally, Long Beach strongly advocated for a minimum of \$500 million for cities from Proposition 1B to fund local street and road improvements. The final budget included \$550 million for cities, and Long Beach's share is expected to be nearly \$8 million in 2008.

Infrastructure Bond Implementation Update

Long Beach provided input to the State Legislature throughout the year to ensure that our city would be well positioned to compete for bond funding under the implementation guidelines created by the Legislature. While thus far no specific projects have been included in the infrastructure bond language, a high-priority project list was developed and sent to each of our members for their consideration when making recommendations for bond funding allocations, in the event that the Legislature would be naming specific projects in the implementation bills. While specific projects were not included and the grants will be disbursed on a competitive basis, the Budget contains implementation language for some of the programs funded under Proposition 1B (Transportation) and Proposition 1C (Housing) that will allow the State to begin the process of soliciting proposals for competitive grants. Many of the bond implementation bills are now two-year bills, and the City will continue to track and provide input to best position Long Beach for bond funding opportunities.

Long Beach Courthouse Funding

As mentioned above, in January, the Governor's Budget proposed \$14.8 million from the State Court Facilities Construction Fund for the acquisition of four new Trial Court Facilities in Madera, Riverside, San Bernardino, and San Joaquin counties. Funding for the Long Beach Courthouse was not included. After that announcement, the City aggressively lobbied to include funding for the Long Beach Courthouse project in the State's Fiscal Year 2008 Budget.

The Governor's May Revise significantly increased the Judicial Council Infrastructure Fund from \$19.5 to \$100.7 million, including a recommendation from the State Department of Finance for \$5.9 million for the equity buy-out of Los Angeles County's interest in the Long Beach courthouse. The buy-out would allow the State's Administrative Office of the Courts (AOC) to assume full title and equity to the existing courthouse.

The final budget funds the Long Beach Courthouse at \$5.9 million for FY 08. Mike Arnold and Associates were heavily involved in supporting the passage of this item and worked with the AOC, the Department of Finance, and both budget committees as well as our legislative delegation.

SUMMARY OF ADVOCACY EFFORTS

Container Fee Legislation

One of the City's top legislative priorities for the year was SB 974, Senator Lowenthal's Container Fee Legislation. Mike Arnold and Associates aggressively supported this legislation and testified at every hearing on behalf of the City. SB 974 (Lowenthal) would require the Ports of Long Beach, Los Angeles and Oakland to impose and collect a container fee of up to \$30 per Twenty-Foot Equivalent (TEU) by January 1, 2009. SB 974 would dedicate one-half of the funding from the container fee to the Southern California Congestion Fund for the purposes of funding projects that improve the flow and efficiency of container cargo to and from the ports. Eligible projects would include rail improvement, on-dock rail facilities, grade separated interchanges, and truck on/off ramps. The other half of the funding would be used for projects that reduce air pollution caused by the movement of container cargo to and from the Ports of Long Beach and Los Angeles. This bill has become a two-year bill, and Senator Lowenthal and Governor Schwarzenegger are expected to work together on this bill over the next few months.

C-17 State Support

The City continued to advocate on all fronts for additional C-17 production orders. Securing additional production orders for the Boeing C-17 plant in Long Beach is at its core a federal issue, but the State plays a role in the City's efforts to request additional production orders from Congress and the Pentagon. As such, the City worked with Assemblymember Karnette's office to introduce AJR 32, a resolution to encourage Congress and the President to more quickly make available the funding necessary to ensure the continued vitality of the C-17. The resolution passed the Assembly and the Senate with no opposition.

Air Quality

This year Long Beach supported SB 1028, a bill that would require the California Air Resources Board (CARB) to: (1) adopt and enforce rules and regulations to meet air quality standards; and (2) adopt measures that are sufficient, in conjunction with measures adopted by the regional air districts and the United States Environmental Protection Agency, to attain the national air quality standards. Specifically, SB 1028 requires CARB to adopt and enforce every feasible rule and regulation pertaining to motor vehicle emissions that will lead to the state achieving the ambient air quality standards as required by the federal Clean Air Act. SB 1028 also specifies that CARB should require the development of new technologies or the improvement of existing technologies, if necessary, to carry out its duties under the bill. This bill passed both the Assembly and the Senate, and was recently signed by the Governor.

Safe Routes to School Construction Program

The City supported AB 57 (Soto), a bill that would eliminate the sunset date for the Safe Routes to School construction program within Caltrans and allocate federal transportation safety funding for local bicycle and pedestrian safety programs. This bill would enhance the City's efforts to provide a safer experience for students traveling to and from school on bicycle or foot. This program is important for improving health and safety, as well as reducing traffic congestion in our communities. This bill passed both the Assembly and the Senate, and was recently signed by the Governor.

SUMMARY OF ADVOCACY EFFORTS

Smoking in Vehicles When Minors Are Present

In May, the City Council adopted a resolution in support of SB 7 (Oropeza), which would prohibit smoking in vehicles when a minor is a passenger and impose a fine of up to \$100 for violations. As directed by the City Council, the City actively supported Senator Oropeza in her efforts to pass this legislation. This bill passed both the Assembly and the Senate, and was recently signed by the Governor.

Post Employment Benefits Obligations

As the fifth largest city in California with a health care benefits program totaling \$60 million annually for both employees and retirees, the City is exploring all pre-funding options to reduce its future Other Post Employment Benefits (OPEB) obligations. In accordance with the adopted 2007 State Legislative Agenda, the City took an official position of support for AB 554, a bill that would permit all public employees in California to contract with the California Public Employees' Retirement System (CalPERS) to pre-fund OPEB, including health care benefits. Specifically, this legislation will provide Long Beach with greater flexibility to meet its OPEB obligations by permitting, but not requiring, participation in CalPERS' OPEB pre-funding program. This bill passed both the Assembly and the Senate, and was recently signed by the Governor.

Housing

The City opposed SB 303 (Ducheny), a bill with major land use implications for local governments. The basic intent for the legislation is to require local agencies to complete all zoning for their regional housing needs (RHNA) at the beginning of the five-year planning period instead of the current 10-year timeframe. There were many problems with this bill, including how all of these new mandates will be funded. The bill was amended in the Senate Environmental Quality Committee in order to place the open space element of the general plan on par with the housing element. If SB 303 is adopted, it would essentially, "mirror" the housing element. Additionally, the open space changes in the bill were extreme. For example, local agencies would have to develop inventories, programs, and determine the open space needs for each income category. Moreover, open space elements would have to be submitted to the Department of Resources for a substantial compliance determination at the same time the local agency submits its housing element to the California Department of Housing and Community Development (HCD). At the request of many cities, including Long Beach, on July 3, the bill was held in committee after a motion for a vote failed to receive a second. It is now a two-year bill and the City will track it next year in case the author decides to move it again.

Sober Living Facilities

In accordance with the adopted 2007 State Legislative Agenda, the City has been supporting legislation that would help alleviate problems at the local level with respect to siting and operations of sober living facilities. Long Beach supported both AB 724 (Benoit) and SB 992 (Wiggins). AB 724 defined what constitutes sober living facilities for the purpose of providing operations and local government with a definition of these facilities. SB 992 required the Department of Alcohol and Drug Programs to license Adult Recovery Maintenance Facilities, and would apply existing alcohol and drug

SUMMARY OF ADVOCACY EFFORTS

abuse treatment recovery facility licensure standards to these facilities. It also defined Adult Recovery Maintenance Facilities and required that they receive a license from the State. Both of these bills have become two-year bills, and the City will continue to work on them and similar bills next year.

Air Quality Management District Board Composition

The City played a role this year in crafting sections of SB 886. This bill creates a new seat on the South Coast Air Quality Management District (SCAQMD) board for the City of Los Angeles, and rebalances the current Eastern and Western Cities seats, which represent the other cities in Los Angeles County, by moving all Gateway COG cities from the Eastern to the Western sector. This change will increase local government representation on the board by allowing the Western Cities to choose their own representative (whereas earlier the City of Los Angeles always held the seat), allow the Gateway COG to be reunited with Compton and Avalon (who are currently in the Western Sector), and adjust the two regions to be fairly equal in population and providing a solid governing structure for the SCAQMD. Further, this bill allows the current Long Beach representative to the SCAQMD (who represents the Eastern Cities) to serve out the remainder of her term as the Western Cities representative effective January 1, 2008. This bill passed both the Assembly and the Senate, and was recently signed by the Governor.

Michael J. Arnold and Associates, Inc.

Legislative Advocates and Consultants

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Michael J. Arnold & Associates, Inc. (Arnold & Associates) is an advocacy firm located in Sacramento, California. Arnold & Associates provides services to clients principally in the fields of local government, health care and mortgage lending. The goal of Arnold & Associates is to provide professional, high-quality advocacy services to a select group of clients who desire direct access to the legislative process. The two lobbyists are Michael J. Arnold and Kristian E. Foy. Support staff are Melissa Ramel and Laurie Ellis.

Michael J. Arnold is the project manager. He has been lobbying in Sacramento since 1971. He spent eight years with the League of California Cities and three years with the California Medical Association before establishing Arnold & Associates in 1982. Kristian Foy has been a registered lobbyist since 1994. She graduated from the Mc George School of Law in 1994 and is a current member of the California State Bar.

Arnold & Associates represents the cities of Long Beach, Escondido, Oxnard, Porterville, Redondo Beach and Santa Paula. During his eight years with the League of California Cities, Michael Arnold handled all aspects of municipal government affairs. He holds a Masters in Public Administration from UCLA and has worked for cities directly.

The cities represented by Arnold & Associates are all “full-line,” multi-service, independent cities. Representation of cities by Arnold & Associates gives each city more ability to stay current on issues, deal with legislative developments and work within the structure of the League of California Cities than any of the cities would have individually.

This becomes extremely important in dealing with the Legislature, in opposing county-driven requests for funding formula changes and in offsetting the desires of “contract cities” within the structure of the League of Cities.

The firm of Arnold & Associates is well known by the Legislature and in the Governor’s Office. Arnold & Associates is not identified as having a special relationship with one particular political party. To the contrary, the firm has spent years developing relationships with legislators from both political parties and works effectively within both the Republican and the Democratic caucuses. Friendships form the basis for some legislative relationships, but professional expertise in representing clients is the reputation that Arnold & Associates has in Sacramento and is the reputation that Arnold & Associates strives to maintain. With respect to the Governor’s office, the state departments and the state agencies, the relationships between Arnold & Associates and these entities and individuals are excellent.