

Memorandum

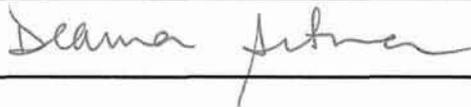
**TO: HONORABLE MAYOR
AND CITY COUNCIL**

FROM: Betsy Shotwell

SUBJECT: SEE BELOW

DATE: June 7, 2007

Approved



Date

6/12/07

**SUBJECT: FEDERAL LEGISLATIVE REPRESENTATION SERVICES IN
WASHINGTON D.C.**

RECOMMENDATION

- Approval to exercise the last option of an agreement with Patton Boggs LLP, from July 1, 2007 to June 30, 2008, in the amount of \$127,500;
- Approval of an amendment to the Agreement with Patton Boggs LLP to add an additional option period of six months from July 1, 2008, to December 31, 2008, in the amount of \$63,750 for the purposes of completing the Congressional Appropriations cycle and continued federal lobbying during the 110th Session.
- Authorization for the City Manager's Office to draft and submit a Request for Qualifications (RFQ) for legislative representation services in Washington D.C. for services commencing January 1, 2009 through June 30, 2013.

OUTCOME

With Council direction, Patton Boggs will continue to serve the City until December 31, 2008, with staff drafting a RFQ for federal legislative representation services for services starting on January 1, 2009.

BACKGROUND

The City of San José is often recognized as a leader in municipal services and for its quality of life. 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 City must possess the ability to respond to emerging trends with an informed legislative strategy.

Since January of 2003, Patton Boggs LLP has provided the City of San José with lobbying services and legislative and grant information on a regular basis. Patton Boggs assigned Edward Newberry and Marek Gootman as its key contacts for coordinating interaction with the City. These individuals are the City's representatives with Congressional offices and federal agencies through which the City pursues federal funding and legislative outcomes that are consistent with the City's legislative priorities adopted by the City Council each year. Highlights of their work on behalf of the City since 2003 is attached.

In addition to providing reports and communication, representatives of Patton Boggs visit San Jose to meet with the Mayor, Council members and City staff to report on Washington activities and to identify areas of federal legislative priority. At any time, the firm is available to assist Councilmembers and their staff by providing information and/or resolving specific federal legislative issues. The second, and last year of the firm's option to renew services with the City commences July 1, 2007.

ANALYSIS

Patton Boggs has provided continuity for the City's lobbying program and its staff has familiarity with City issues. The firm's fees are well within the range paid by other large cities for comparable services. The City is currently paying the firm \$ 122,500 for FY 2006-07, and on June 27, 2006, the City Council authorized the City to pay Patton Boggs \$127, 500 for the period of July 1, 2007 – June 31, 2008.

The requested six month extension of the agreement to December 31, 2008 would allow the City to solicit for interested federal lobbying firms nationwide. This also allows Patton Boggs to stay with the City while Congress is in session and to complete the Appropriations cycle. This process is planned to proceed based on the following tentative schedule:

Date	Milestone
May 2008	Release and distribute RFQ documents
July 2008	Deadline to submit RFQ responses
July 2008	Review RFQs and select top candidates
August – September 2008	Conduct interviews with top candidates
October 2008	Submit recommendation of the top candidate to the City Council for approval

ALTERNATIVES

Option 1: An alternative option would be to extend Patton Boggs option for six months (July-December 2007) and commence the RFQ process immediately for services starting January 1, 2008. This would significantly shorten the opportunity for drafting the RFQ and compress the timeframe for Patton Boggs to represent the City and potentially reduce their ability to

manage the City's appropriation requests through the regular time frame. This option is not recommended.

PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This document will be posted on the City's website for the June 26, 2007 City Council meeting where the Council and the public have the opportunity to comment. Should Council direct staff to pursue a Request for Qualifications process, RFQ's will be distributed nationwide to governmental publications and organizations.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, Budget, and the Federal lobbyist firm of Patton Boggs, LLP, in Washington, D.C.

BUDGET REFERENCE

Fund #/Name	Appn #	Appn. Name	Total Appn.	2007-2008 Proposed Budget (Page)**
001 (General Fund)	0112	City Manager's Office Non-Personal/Equipment	\$747,751 *	
443 (Low & Moderate Income Housing Fund)	0112	City Manager's Office Non-Personal/Equipment	18,375	XI-48

513 (SJ/Santa Clara Treatment Plant Operating Fund)	0112	City Manager's Office Non-Personal/Equipment	18,375	XI-71
523 (Airport Maintenance & Operation Fund)	0112	City Manager's Office Non-Personal/Equipment	24,500	XI-3
541 (Sewer Service & Use Charge Fund)	0112	City Manager's Office Non-Personal/Equipment	6,125	XI-74

*A portion of the City Manager's Office Non-Personal/Equipment appropriation is allocated to this contract.

** The Proposed Budget is scheduled to be adopted on June 19, 2007



BETSY SHOTWELL
Director, Intergovernmental Relations

Contact: For more information, contact Betsy Shotwell, Director of Intergovernmental Relations at 408-535-8270

Attachments

**FIRST AMENDMENT TO AGREEMENT
FOR CONSULTANT SERVICES
BETWEEN
THE CITY OF SAN JOSE
AND
PATTON BOGGS LLP**

THIS FIRST AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____ 2007, by and between the CITY OF SAN JOSE, a municipal corporation (hereinafter "CITY"), and PATTON BOGGS LLP (hereinafter "CONSULTANT").

RECITALS

WHEREAS, CITY and CONSULTANT first entered into that certain Agreement entitled "Agreement for Consultant Services between the City of San Jose and Patton Boggs, LLP, on December 20, 2005; and

WHEREAS, CITY and CONSULTANT desire to amend said Agreement to provide for an additional option period of six months beyond the approved Option Term ending June 30, 2008,

THE PARTIES HEREBY AGREE AS FOLLOWS:

A. That Section 2, entitled "Term of Agreement", paragraph B of the Agreement is hereby amended, to read as follows:

"B. This AGREEMENT may be extended at the sole discretion of the CITY for up to two one-year option periods, and one six month option period that commences upon July 1, 2008, and terminates on December 31, 2008. Before the expiration of this AGREEMENT, the City Manager may extend the term by written Notice of Exercise of Option."

B. That Section 4 of the Agreement is hereby amended to read as follows:

SECTION 4. COMPENSATION.

The compensation to be paid to CONSULTANT, including both payment for professional services and reimbursable expenses, shall not exceed One Hundred Ninety One Thousand Two Hundred Fifty Dollars (\$191,250). The rate and schedule of payment is set out in EXHIBIT D, entitled "COMPENSATION," which is attached hereto and incorporated herein.

C. That Exhibit D of the Agreement is amended to read as that Exhibit D attached hereto and incorporated by reference herein.

D. All other terms and provisions of the Agreement not expressly modified herein shall remain in full force and effect.

WITNESS THE EXECUTION HEREOF on the day and year first hereinabove written.
"CITY"

APPROVED AS TO FORM:

CITY OF SAN JOSE, a municipal corporation

Evet Loewen
Chief Deputy City Attorney

By _____
LEE PRICE
City Clerk

"CONSULTANT"

PATTON BOGGS LLP

By _____
Name:
Title:

EXHIBIT D
COMPENSATION

A. CITY shall pay CONSULTANT a monthly retainer of Ten Thousand Dollars (\$10,000) for the performance of all services required under this AGREEMENT. If the term of the AGREEMENT is extended in accordance with the provisions of Section 2, the monthly retainer for the two subsequent option periods shall be as follows:

1. For FY 2006-2007, \$10,208 per month for the first 11 months, with a 12th monthly payment of \$10,212, for a total not to exceed \$122,500.
2. For FY 2007-2008, \$10,625 per month, for a total not to exceed \$127,500.
3. For one six month extension from July 1, 2008 through December 31, 2008, an amount of \$10,625.00 per month, for a total not to exceed \$63,750.

B. The foregoing monthly retainer includes all actual, necessary and reasonable costs, expenses and disbursements paid or incurred by CONSULTANT in connection with or arising out of CONSULTANT's performance hereunder, and CITY shall not have any further liability or responsibility for such out-of-pocket expenses. The monthly retainer also includes the amounts for the minimum two annual visits to San Jose specified in this Agreement. Any expenses incurred in addition to the amount of the retainer amount shall be borne solely by CONSULTANT.

C. The maximum amount of compensation to be paid to CONSULTANT during the initial term and any option periods as provided in this AGREEMENT, including both payment for professional services and reimbursable expenses, shall not exceed One Hundred Ninety One Thousand and Two Hundred and Fifty Dollars (\$191,250.00). Any

hours worked for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to CITY.

MEMORANDUM

To: City of San Jose
From: Patton Boggs LLP
Date: June 8, 2007
Subject: Four-Year Summary of Federal Relations Activities and Results

This memorandum reviews Patton Boggs federal relations work and accomplishments on behalf of San Jose since being retained to represent the City in 2003. Over the past four years, we have focused on achievements in:

- (1) increasing and protecting the amount of federal funding to the City through project earmarks, agency funding reprogramming, agency policy initiatives, program eligibility changes, and grants; totaling nearly \$50 million for various City-led projects.
- (2) facilitating federal agency action or program flexibility to achieve local operational goals, such as securing flexibility for reservist pay reviews, expedited processing of economic development grant awards in time to execute a local contract, and assisting in negotiations with the Transportation Security Administration on funding for Explosive Detection System installation;
- (3) working with other local interests to successfully promote support for regional priorities like Silicon Valley Rapid Transit Corridor issue resolution, water district project funding and authorization, and housing authority special demonstration designations;
- (4) advancing specific legislative modifications with unique implications for the City, such as extension of the Municipal Health Service Program;
- (5) engaging in or coordinating high-priority multi-city coalition efforts on funding or policy issues with a direct impact on City functions, including such topics as homeland security, telecommunications, housing, and aviation;
- (6) advising the City and assessing impacts on emerging policy issues and legislation; and

- (7) promoting the profile and awareness of the City for access to potential resources by organizing meetings with national foundations, think tanks, federal agency leads, and key congressional interests on various issues.

CONTENTS

City Official Federal Advocacy Visits..... 2

Appropriations Projects..... 5

Transportation..... 7

Airport / Aviation..... 10

Homeland Security / Public Safety..... 11

Telecommunications 15

Housing and Community Development..... 16

Eminent Domain..... 18

Federal Courthouse..... 18

Municipal Health Services Program..... 19

Other Projects (representative sample)..... 19

Administration Budget Analysis..... 20

Federal Grant Opportunity Tracking..... 20

National Association Coordination and Support..... 20

City Official Federal Advocacy Visits

Over the past four years, we organized approximately 100 Congressional and federal agency meetings for the Mayor and Council Members to promote the City and advance its priorities.

In 2007, we helped to develop and implement an outreach agenda for Mayor Reed through two Washington visits, including targeted introductions with the congressional delegation, congressional leadership, and multiple federal agencies. Previously, we assisted former Mayor Gonzales with an average of three trips to Washington each year to advance the City’s federal funding and policy initiatives, particularly the BART extension. In addition, several Council Members have engaged in federal outreach on behalf of the City and in connection with municipal association activities.

2003

We organized three trips for Mayor Gonzales to Washington to discuss the BART extension and the City’s appropriations requests. More than two dozen meetings were arranged with member offices, including a meeting coordinated with Congressman Richard Pombo (R-CA) for Mayor Gonzales and Carl Guardino to talk House Majority Whip Roy Blunt (R-MO).

As part of the Mayor's Washington visits, we worked with the Silicon Valley Manufacturing Group to bring together the Washington representatives of major local companies, to discuss legislative strategy in support of the BART extension and pursue follow-up efforts. Congressman Honda and Congresswoman Lofgren both attended and participated in the strategy sessions, which included approximately fifteen lobbyists for Valley companies.

We also assisted officials from the City Manager's office and the City Council in their attendance at national association conferences and set up additional meetings in order to maximize their time in Washington. For example, when Vice Mayor Dando came to the National League of Cities' annual conference, we organized a series of meetings designed to (1) raise the profile of San Jose beyond the Bay Area delegation; (2) initiate a dialogue on homeland security funding policy concerns; and (3) advance other specific pending interests identified with City officials, such as early child development, stroke research and water infrastructure projects. Vice Mayor Dando's NLC role on homeland security issues resulted in some useful discussions at the start of that policy debate.

2004

We organized three policy visits to Washington aimed at raising San Jose's profile and promoting individual funding priorities. Vice Mayor Dando and Councilmember Chavez represented Mayor Gonzales in February, and the Mayor returned personally in April and September.

During these visits, the Mayor met with key Department of Transportation and Federal Transit Authority officials, as well as the San Jose delegation and a range of other Members and staff involved with transportation and appropriations committees of jurisdiction. We also met with the California Governor's Office in Washington, DC, in order to expand and deepen collaboration on shared policy goals.

In addition, we facilitated meetings for the Mayor to explore federal agency funding opportunities with senior Administration officials. We met with the Director of the Office of Community Services in the U.S. Department of Health and Human Services about tapping a variety of discretionary and competitive grant sources, including a possible new demonstration project in San Jose tied to the Strong Neighborhoods Initiative. We also met with senior staff to the White House Drug Policy Advisor concerning possible funding to increase law enforcement drug interdiction efforts.

2005

We helped to organize three advocacy trips in 2005 – for the Mayor in March and May, one tied to a visit by the Silicon Valley Leadership Group delegation of corporate and government leaders; and for Councilmember Campos in September. We also planned for another Mayor trip in October, which ultimately was postponed given the status of Congressional and Administration activity.

Objectives for the visits included addressing issues related to the Silicon Valley BART Extension project; advancing the FY2006 appropriations agenda; exploring other federal agency and foundation funding opportunities; and promoting various policy positions related to economic development and business vitality in the region.

Over the course of these visits, the Mayor participated in approximately thirty congressional meetings with various House and Senate Committee leadership and staff, the San Jose delegation, and other members of the California delegation. We also met again with the Director and staff of the California Governor's Office regarding assistance in advocating for the BART extension.

Additionally, we arranged meetings with senior Administration officials to review local connections to special initiatives, identify potential new sources of funding for local activities, and raise the City's profile. We organized a discussion with the SBA Administrator regarding City participation in small business development promotion efforts. We also secured a meeting with the First Lady's Special Projects Director related to a nascent youth development initiative, highlighting some of the City's anti-gang and early education programs.

In the non-governmental sector, we facilitated an introductory meeting with three senior representatives of the Annie E. Casey Foundation to discuss the Mayor's likely agenda as chair of the NLC Youth, Education, and Families Council, as well as ideas and opportunities related to education and self-sufficiency projects. We also participated in meetings between the Mayor and the Public Education Network to help identify future connections.

We subsequently arranged for meeting between Councilmember Campos and members of the delegation to reinforce the City's funding requests. We also set up meetings with an official from the Department of Education to discuss future funding opportunities and with a scholar at the New America Foundation to discuss replication of the City's Strong Neighborhoods Initiative.

2006

Aligned with trips for the U.S. Conference of Mayors annual meeting and a Partnership for Livable Communities award, we arranged a series of advocacy meetings. These visits included meetings with the congressional delegation and relevant committee staff, Department of Transportation, and Department of Housing and Urban Development.

Discussions centered on promoting the FY2007 appropriations agenda, adjustments to affordable housing policies and program operations, community development program reforms, telecommunications reform, and local impacts of other federal policy proposals. The meetings also addressed future options to address FTA concerns about assuring operational financing for the BART extension in order to move the project back into the federal funding process.

We also helped to convene a separate small group of mayors for a dialogue on how to advance implementation of the NLC Institute for Youth, Education and Families education agenda, including the mayors of Boston, Denver, Louisville, Trenton, Providence, Nashville, and Baton Rouge.

2007

For newly-elected Mayor Reed, we helped to arrange a series of targeted meetings in February and June that centered on introductions to key congressional and federal agency interests to discuss his new vision for the City, initiate working relationships, and explore various funding and policy issues. These topics included the FY2008 appropriations agenda, airport security financing, economic

development affordable housing programs, energy and environmental sustainability, and federal facilities.

In addition to the congressional delegation, we organized meetings with a range of senior officials in the Transportation Security Administration, Department of Commerce, Department of Housing and Urban Development, Department of Energy, Environmental Protection Agency, General Services Administration, and House Speaker's Office. We assisted in developing the agendas, preparing briefing points, and direct follow-up with contacts.

Appropriations Projects

In general, we worked with the City Manager's office to establish a structured process and criteria for City leads to identify, develop, and advance the most viable appropriations requests to the congressional delegation. Beginning in the FY2004 funding cycle, we initiated that process – meeting with agency leads, prepared background papers and justifications, conducting staff briefings, completing supplemental forms and letters, facilitating delegation and committee meetings and four Congressional leadership visits to the City, and otherwise advocating for the identified projects.

FY2003

Because we assumed representation of the City at the end of the prior year federal appropriations cycle, our impact was limited to about one month of end-stage work on previously submitted projects. Those projects involved the BART extension and support for Santa Clara Valley Water District requests. City appropriations totaled \$100,000 for a childcare outreach effort initiated by Congressman Honda, and \$250,000 for BART.

FY2004

Appropriations for San Jose project priorities totaled \$2.625 million (\$625,000 to the City and \$2 million for BART). Specific funded City-led projects included:

- Silicon Valley Rapid Transit Corridor Project -- \$2 million
- Smart Start program training enhancements -- \$400,000
- Strong Neighborhoods Initiative youth facility construction -- \$125,000
- San Jose Police Department communications equipment -- \$100,000

Labor-HHS-Education earmarks submitted by Democratic House members were stripped from the final Omnibus Appropriations bill were, cut in retaliation for failing to support passage earlier that year. Had those earmarks not been cut, the San Jose House delegation was likely to secure some additional funding for any of three more projects targeted for that bill.

FY2005

Funding for San Jose project priorities totaled \$4,119,750 (\$1,619,750 to the City and \$2.5 million for BART). Specific City-led projects included:

- Silicon Valley Rapid Transit Corridor Project -- \$2.5 million

- North San Pedro water and wastewater infrastructure improvements -- \$700,000
- Almaden Express Pedestrian Overcrossing -- \$500,000
- San Jose B.E.S.T At-Risk Youth and Anti-Gang Program -- \$250,000
- Tully-Senter School Hub construction --\$97,000
- Maple Leaf Shopping District improvements -- \$72,750

In addition, the City endorsed and promoted several Santa Clara Valley Water District projects that received a total of \$8 million.

FY2006

The budget deficit and enormous financial cost of the Iraq war and rebuilding after the hurricanes put short-term and long-term constraints on federal budgeting. Overall, the trend was toward a very austere budget, with most domestic programs receiving notable cuts in funding. The number and size of earmarked projects were reduced across all bills, in some cases by more than 50%.

Nevertheless, funding thus far for San Jose project priorities totals \$7.25 million (\$750,000 to the City and \$6.5 million for BART). Specific funded City-led projects included:

- Silicon Valley Rapid Transit Corridor Project -- \$6.5 million
- Gang Prevention Task Force Anti-Violence Public Outreach Campaign -- \$400,000
- Youth Science Institute facility improvements (RDA project) -- \$200,000
- Blackford Williams Community Center (SNI project) -- \$150,000

The City again endorsed and supported several Santa Clara Valley Water District projects that received a total of \$10.5 million.

In addition, the City supported successful efforts led by the Santa Clara County Housing Authority to secure a Moving-to-Work program designation “preference” for the City and County as a rider to FY2006 appropriations.

Earmarks were stripped from the Labor-HHS-Education conference bill, due to overall budget constraints and House conferees declining to declare as “emergency” the need to fund certain core programs. In contrast to FY2004, all projects were removed – Republican and Democrat, Senate and House. This conference bill failed to pass the House and is being reconsidered, but prospects still are not strong for earmarks to be incorporated in a revised version. Three of the City’s highest-priority projects worth up to \$1 million were targeted for the bill, so some additional funding was likely without the general earmark elimination.

FY2007

Unfortunately, Congress did not finalize all but two appropriations bills and instead passed a long-term continuing resolution which funded the majority of the federal government at existing levels and eliminated all pending earmarks. (Through a separate process, we did help to identify and secure \$2 million for the Blossom Hill / Monterey Overcrossing by reprogramming of previously unspent federal earmarks.)

Nevertheless, work with City staff and the congressional delegation to develop and justify San Jose projects throughout the year produced very favorable results in the underlying House and Senate bills, several of which are carrying over for FY2008. Although the bills generally included fewer projects and lower funding levels, with identified earmarks reduced by up to 70%, and the decision not to pursue a BART request excluded the largest potential funding sources, efforts on City-led projects for San Jose yielded more than \$1.45 million in the pending bills –

- San Jose International Airport runway guardlights -- \$400,000
- Homeless Job Training Initiative -- \$300,000
- Blossom Hill / Monterey Pedestrian Overcrossing -- \$200,000 (supplemental to \$2 million through reprogrammed funding)
- Services for New Americans program, providing outreach and coordinated assistance to immigrant communities -- \$200,000
- “Smart Start” partnership with National Hispanic University for early childhood development training and certification programs -- \$350,000
- San Jose BEST At-Risk Youth Program -- “soft earmark” (no specified funding level prior to conference)

Again, some of the City’s other projects likely would have received some funding had the appropriations process been brought to its normal conclusion.

Transportation

Ranking among the highest priorities for San Jose, efforts to advance the City’s transportation agenda yielded \$33.4 million for City-led highway project requests in the transportation reauthorization bill and \$2.5 million through other sources, as well as various important policy outcomes for the BART extension and \$11.25 million in annual appropriations over three years for the BART project.

More generally, we worked with VTA and other local stakeholders to develop and execute a mutual long-term strategy for advancing the BART extension project in Congress and with the Federal Transit Administration (FTA). The objective was to ensure the City’s heightened lobbying efforts would serve as a compliment to the existing efforts of VTA. These activities included regular coordinated outreach to appropriations and authorizing committee Members and staff, leveraging the City’s elected leadership, as well as local visits to San Jose by the Chairmen of those committees.

2003

For potential City earmarks in the highway and transit bill reauthorization, we advised and assisted agency staff in developing and submitting funding requests for three proposals (Silicon Valley ITS Center, Guadalupe River Clean-up, and the Coyote Creek Trail), which Congressman Honda and Congresswoman Lofgren ultimately advanced for inclusion in the reauthorization. We helped to identify viable projects, contributed to justifications, and advocated on priorities with the delegation. By the end of 2003, both chambers of Congress had introduced the shells of legislation for the bill, and the Senate Environment and Public Works Committee had marked up the largest parts of the Senate’s version of the bill.

In order to expand support for the FY2004 BART extension appropriations request, we initiated and helped the Silicon Valley Manufacturing Group to organize a trip for Congressman Ernest Istook (R-OK), then Chairman of the House Appropriations Transportation and Treasury Subcommittee, which oversaw annual transportation funding. That visit contributed to the increase in FY2004 appropriations to \$2 million, despite “not recommended” status from the FTA.

2004

We continued activities in promoting the BART extension and individual City projects, although the highway and transit reauthorization bill advanced and then stalled in a contentious conference between the House and the Senate. The House version of the bill included \$17 million in funding for the City’s three projects.

In order to expand support for the BART extension project and other City priorities in the transportation reauthorization and FY2005 appropriations bills, we initiated and helped the Silicon Valley Manufacturing Group to organize two Congressional leadership visits to San Jose, designed to more personally engage them and garner support --

- Senator Richard Shelby (R-AL), Chairman of the Senate Transportation Appropriations Subcommittee and Chairman of the Senate Banking Committee, the committees of jurisdiction over annual transportation funding and transit provisions of the transportation reauthorization.
- Congressman Don Young (R-AK), Chairman of the House Transportation and Infrastructure Committee that has oversight for the highway and transit provisions of the transportation reauthorization bill.

These visits contributed to success in increased FY2005 appropriations at \$2.5 million for BART, as well as a \$16 million increase in City-specific project funding from the final transportation reauthorization in the next year.

2005

After being reintroduced and renegotiated in the new Congress, the highway and transit reauthorization bill (SAFETEA-LU) finally became law in August 2005. We worked with the City’s Transportation Department to update and promote the City project requests, including two new projects that secured additional funding. Throughout these phases, we communicated regularly with congressional staff to reinforce City priorities.

For specific San Jose priorities, the bill included: (1) \$33.4 million in total funding for all of the transportation projects advanced by the City, (2) authorization for the Silicon Valley Rapid Transit Corridor project, including a symbolic \$11 million funding level for development, and (3) an important policy modification to facilitate federal approval of the BART extension.

Beyond the formula allocations through states, the City advocated for and received specifically earmarked funding for five project requests --

I-880 / Stevens Creek Boulevard Interchange	\$12.6 million
Guadalupe River Trail	\$6.4 million
Silicon Valley Traffic Incident Management Center	\$6.4 million
U.S. Corridor 101 - Capitol Interchange to Tully Road Interchange	\$4 million
Coyote Creek Trail	\$4 million

With regard to the BART extension, we continued to work closely with VTA representatives and other local interests to seek supportive language for the Silicon Valley Rapid Transit Corridor project. The final bill included language authorizing the continued development of the BART extension, which effectively allows VTA to continue the process of developing the project for a Full Funding Grant Agreement (FFGA). The House delegation also led a successful effort to include language that grandfather the BART extension as one of just four transit projects nationwide to will have its FFGA application assessed on evaluation standards in place prior to a recent change by the Federal Transit Administration (FTA), notably strengthening the position for ultimate federal funding approval.

In addition, we consulted with Senator Boxer's office about including the BART extension among some specific transit projects that Congress targeted for special emphasis in the bill by providing a "symbolic" earmark for their development. The final bill included an \$11 million funding level for the BART extension, which did not guarantee actual funding at that level, but was intended to convey the strong level of support the project enjoys with the Congressional delegation and aid in the annual appropriations process.

Finally, we worked with the Silicon Valley Leadership Group to organize a site visit to San Jose by Congressman Knollenberg (R-MI), the new Chairman of the House Appropriations Subcommittee on Transportation-Treasury-Housing and Urban Development. That bill is the target for the BART extension funding (as well as other City project requests). Chairman Knollenberg spent a day touring projects and meeting with business leaders, concluding in a dinner with the Mayor. The Chairman's direct experience in the City afforded favorable context on the value of project requests as final decisions were made on the FY2006 bill, including the \$6.5 million for the BART extension, a \$1.5 million increase over the initial Senate funding level.

2006

Outside of the regular FY2007 appropriations process, we helped the City to secure \$2 million for the Blossom Hill / Monterey Pedestrian Overcrossing project. Funds were made available by congressional action to reprogram prior appropriations to projects in Souther California that were identified as unobligated for those purposes. This funding was guaranteed and therefore not subject to withdrawal when earmarks were removed. We subsequently worked with City staff to resolve a bureaucratic problem that delayed access to the funds.

2007

With the elimination of FY2007 earmarks, we worked inside the Department of Transportation to determine early on the process for allocation of previously earmarked funding and informed City staff about those options prior to formal release of guidance, in order to best position for competitive advantage as appropriate.

In addition, we identified and apprised City staff about several new agency initiatives that fit local funding needs, including the Urban Partnership designation that could provide preferences for congestion mitigation efforts and Intelligent Transportation Systems. Based on interactions with senior officials about these efforts, we provided information about agency interests and objectives to be most responsive.

Airport / Aviation

Efforts on behalf of San Jose International Airport began with resolution of inadequate federal security staffing levels and subsequently expanded to encompass funding and policy issues related to installation of in-line Explosive Detection Systems and reauthorization of the Federal Aviation Administration.

Initially, our work centered on narrow technical interventions supporting airport leadership. When the airport experienced security staffing level problems in late 2003, we helped work with the congressional delegation to successfully persuade the Transportation Security Administration to temporarily increase staff and reduce customer wait times over the holiday season. In 2004, we assisted City and airport officials in pursuing congressional support for Department of Transportation approval of a cargo route to China.

In mid-2006, we began to expand work with airport staff on broader and more substantial funding issues, particularly related to installation of in-line Explosive Detection Systems. Those ongoing activities involved research and negotiations with the Transportation Security Administration, including:

- helping to craft updated requests and justifications for EDS installation discretionary support;
- identifying and interpreting key issues for resolution;
- developing alternative funding approaches and providing ongoing information about the funding process and options
- direct advocacy with the TSA Director, Assistant Director for Operational Process and Technology, Office of General Counsel, and other senior staff;
- briefing and coordinating action with congressional delegation staff to promote TSA responsiveness;
- preparing TSA congressional hearing questions and draft letters related to airport prioritization for EDS installation funding; and
- monitoring working with authorizing committee staff to expand the options for future EDS reimbursements; and
- promoting increased overall appropriations available for EDS support, in tandem with other similarly situated airport sponsors.

In addition, we assisted airport officials in assessing policy and local priorities for the upcoming Federal Aviation Administration reauthorization bill, including various funding and administrative changes. These issues included enhancements to the Passenger Facilities Charge, increases to the Airport Improvement Program, and tax treatment of airport bonds. We also helped to coordinate with other airports on positions of mutual benefit and responded to congressional delegation staff questions about local impacts of various policy options.

Homeland Security / Public Safety

We worked extensively on securing directed homeland security funding and related policy issues to assure increased resources to San Jose, helping to deliver a total of \$16.5 million to the City as an Urban Area Security Initiative (UASI) designee, providing greater flexibility in the use and administration of those funds, and protecting the funding source from disadvantageous legislative modifications.

To achieve those goals, we both advocated independently for San Jose to be part of an expanded UASI program when it was not initially included, and we partnered to initiate and coordinate a coalition of large, high-risk cities that are similarly situated to San Jose.

2003

After analyzing the homeland security funding opportunities in the FY 2003 appropriations bill and grant authorization bills, we began an effort to obtain direct funding for San Jose, and coordinate with large municipalities both nationwide and within California in order to increase a funding agenda that would jointly benefit the City.

San Jose was not one of the 30 cities that received FY2002 funding from the UASI program. We subsequently communicated with the Department of Homeland Security on substantive policy concerns regarding the distribution criteria and expanding next set of designations to include the City. We also organized a meeting for the Mayor with Congressman Harold Rogers (R-KY), Chairman of the House Homeland Security Appropriations Committee, and advocated with him to assure that the future UASI federal distribution model would adequately account for San Jose risk characteristics. In November 2003, the Department of Homeland Security announced a new round of FY2004 grants totaling \$675 million for the Urban Area Security Initiative, of which \$9,982,442 was allocated to San Jose.

More generally, we helped to initiate a coalition of large and high-risk municipalities to enhance leverage and capacity in developing and advocating homeland security funding issues of mutual concern. The initial issues we focused on included: (1) reimbursements for incremental expenses incurred in responding to heightened threat levels, and allowing overtime costs as an eligible expense; (2) creating a new basis for distributions to address disproportionately low funding levels to the States and localities responsible for the largest and high-risk populations; and (3) laying the groundwork for more direct funding to localities.

During passage of the emergency supplemental appropriations and the Senate Homeland Security Bill (S. 1245 in the 107th Congress), we engaged in defining and advancing this policy agenda, working through the California delegation and others. To advance our objectives, with our coalition partners, we prepared background papers, policy papers, and draft report language. We contacted

and met with key members of the House and Senate Leadership, Appropriations Committees, new Homeland Security Committee, and Rules Committee to seek support for these positions. We also initiated contacts with DHS programmatic and policy offices, such as the Office of Domestic Preparedness, to discuss the City's participation in new grant programs and to gather information about selection criteria for other funding opportunities, as well as discuss concerns about current funding mechanisms.

In the emergency supplemental appropriations, our efforts resulted in the bill: (1) providing for some overtime cost reimbursements and directing the Department of Homeland Security (DHS) to prepare recommendations for more expansive overtime support in future State block grants; (2) requiring DHS to assess and recommend a new risk-based distribution formula for State block grant funding, including the possibility of direct funding for localities; (3) increasing the level of required State passthrough to localities in the new critical infrastructure program; and (4) preventing inclusion of a statutory per capita requirements for distribution of the remainder of State block grants after the 0.75% formula baseline is applied, which would lock in disproportionately low funding to big States and big cities.

The Senate homeland security authorizing bill also evidenced our work on behalf of the City with such results as: (1) more guidance to States that internal funding allocations need to follow threat; (2) a prominent and defined role for local government officials to participate in State planning and funding approval processes; (3) expanded high-threat area opportunities; (4) mandated 80% pass-through to localities; (5) waiver authority for local match requirements; (6) allowances for overtime expense reimbursements; and (7) waiver authority for caps on overtime expenditure amounts. For those items on which we did not succeed, we either secured statements in the record from supporters or laid the groundwork for future action on the Senate floor and in the House.

2004

Once San Jose secured UASI funding status, we continued to advocate aggressively for the City's homeland security funding agenda in several areas, performing a facilitating role in the coalition of the large, high-risk municipalities that we helped to initiate last year, and working with the Governor's representative. Objectives included: (1) increasing FY2005 appropriations for the UASI program and maximizing funding flexibility; (2) preserving other key first response/homeland security grant funding from which the City derived notable assistance, including Emergency Performance Management Grants (EPMG) and Metropolitan Medical Response System (MMRS) grants; and (3) negotiating for favorable treatment under pending House and Senate legislation that creates statutory authority for future appropriations and modifies current funding mechanisms.

For FY2005 appropriations, we engaged with relevant appropriations staff and the delegation regarding outstanding homeland security demands, problems experienced in targeting funds according to risk and need, and the overall case for additional, directed funding. We also drafted and secured signatories on detailed multi-city Mayoral letters to appropriators that outlined our issues. We pursued several amendments to increase funds to Urban Area Security Initiative designees, and assuring that State Formula Grant distributions are targeted based more on risk, receiving support from the City's full House and Senate delegation.

As a result, the final FY2005 Homeland Security appropriation increased UASI funding by \$160 million, eliminating a proposed 10% cap on overtime expenditures, newly allowing use of funds for

target hardening purposes, and waiving aspects of federal law to permit funds to be drawn in advance of expenditure. It held prior funding for EPMG and preserved MMRS grants.

We also continued to engage our coalition partners in extensive negotiations with relevant House and Senate committees as they moved pending proposals toward inclusion in the September 11th Intelligence Reform bills. We secured fundamental changes in strengthening the position of high-risk urban areas; expanding the use of funds for overtime and some construction purposes; and lowering or eliminating non-federal match requirements.

In conference we sought further modifications and clarifications in several areas that would benefit San Jose and similarly situated cities. We briefed the California delegation conferees, prepared policy analysis papers, and conducted media outreach. Some of the specific policy changes sought included: maximizing the amount of funding distributed based upon threat criteria, which would benefit both San Jose and California; grandfathering existing UASI designees, and their plans and decision-making structures, as eligible recipients under any new grant system; creating procedural safeguards to hold the State plans accountable to major urban areas by requiring incorporation of existing UASI efforts and establishing new review and comment systems; eliminating a non-federal match requirement; and narrowing supplantation limits and permitting federal funds to be used in place of local funding for expenditures that serve a dual purpose of terrorism preparedness and traditional law enforcement.

We also contributed advice to staff of a DHS task force of state and local officials on progress in changing current systems to improve local access and utilization of homeland security grant funding.

2005

We continued advocacy on the long-standing funding and legislative issues, primarily focused on UASI and other smaller federal funding streams through which the City underwrites core activities, as well as proposed changes to first responder grants.

The UASI program remained under threat of pending legislation for major modifications that could reduce and dilute the resources available to San Jose and the other large, high-threat municipalities. Partnering with representatives from the California Governor's DC office and San Francisco, we developed and organized a series of briefings for lead officials of the California UASI designees to discuss the importance of continued UASI funding and preservation of the current program structures. These meetings included discussions with senior staff to the White House Homeland Security Council, House and Senate Homeland Security Committees, House and Senate Appropriations Committees, Department of Homeland Security, and key members of the California House and Senate congressional delegation.

We also maintained our annual dealings with House and Senate Appropriations Committee staff about incorporating priority funding and policy elements into the FY2006 appropriations bill, including funding levels for UASI, MMRS, and EPMG programs; risk-based allocations for State first responder grants; flexibility to undertake construction, overtime, and maintenance activities; and waiver of limits on advance funding drawdowns.

Nearly all of the City's identified priorities were incorporated in the final FY2006 appropriations bill. Despite criticizing the overall \$6.6 billion in unspent prior appropriations and generally cutting first

responder grants, the conference agreement preserved UASI funding (the largest source for the City) at \$765 million, only a 10% reduction from FY2005, compared against a 50% cut in State Homeland Security Grants. Key policy provisions sought by the City also were included, such as removing a mandatory 10% set-aside for EMS activities, preserving the UASI allowance for limited construction projects, avoiding caps on operational costs, and permanent continuation of the waiver that allows advance drawdown of UASI federal funds. Furthermore, the distribution of State grants was changed to reflect risk factors after the minimum base distribution, which should provide additional funding to California for passthrough to the City. Other notable funding achievements sought by the City included preservation of level funding for MMRS grants and a \$5 million increase to the EPMG program.

In addition, we continued working on advancing legislative changes to changing first responder grant programs that protect the UASI funding source and provide for greater risk-based distributions. Most of those issues were carried over from 2004 efforts, and we sustained advocacy with relevant House and Senate committees, preparing policy proposals, drafting legislation and amendments, and crafting joint-city letters to appropriators and authorizers advocating for certain positions.

Specifically, we assisted in securing additional Senate co-sponsors and support for amendments to appropriations bills related to changes in federal funding distributions and keeping the current UASI program intact. After that effort failed on the Senate floor, we successfully advocated remove harmful legislative provisions that were attached to the appropriations bill and the Patriot Act reauthorization. We continued to engage in negotiations with relevant House and Senate Homeland Security Committee staff on a compromise structure for a modified regional grant program that preserves the most advantageous aspects of the UASI system.

2006

Action on homeland security issues related to funding in the FY2007 appropriations process, program administrative concerns, and potential impacts on grant programs due to proposed reforms of the Department of Homeland Security and the Federal Emergency Management Agency.

Throughout the appropriations cycle we continued a lead role in advocacy and High-Risk Urban Area Coalition efforts, focusing on continuation of Urban Area Security Initiative funds that represent the majority of funding to the City. Congress ultimately increased funding for the UASI program (while other grant sources were cut), preserved key administrative policy provisions, and rejected proposed set-asides that may be inconsistent with regional strategic plans and needs assessments.

With regard to homeland program administration issues, we secured and circulated draft DHS guidelines and documents for review and comment, provided input to DHS senior staff on program development and implementation, and identified opportunities for the City to participate in DHS decision-influencing teams. In anticipation of the potential need for a UASI grant extension to accommodate contracting delays outside of City control, we also worked with DHS to affirm receptivity to an extension request.

In addition, we addressed issues related to legislation moving all homeland security grants to FEMA oversight, thereby separating out agency responsibilities for risk assessment and grants, and

potentially shifting allocations based on risk of terrorism to a more universal all-hazards approach likely to dilute resources for the City. We helped to secure report language explicitly protecting the current distribution of terrorism-focused funding. We also helped to generate a statement by the House Homeland Security Committee Chairman that reinforces the position.

We also engaged on other pending public safety issues with direct relevance to San Jose, such as implementation of interoperable communications grant programs. Specifically, we continue to deal with the National Telecommunications and Information Administration as they develop criteria for nearly \$1 billion in new grant funding targeted to interoperable communications system needs, trying to assure that those factors reflect the local circumstances in San Jose.

In addition, as Congress considered imposing financial penalties on localities with “sanctuary city” policies, we assisted the City in analyzing applicability to San Jose and clarifying federal misperceptions about the local policy on cooperation with federal agencies around law enforcement and illegal immigrant status.

Telecommunications

Throughout the past four years, we worked on a variety of telecommunications issues with impacts on the City’s revenue and regulatory authority.

2004

We worked with the City Manager’s office to address San Jose’s concerns about legislation that would extend the moratorium on state and local government taxation of the Internet. The proposal included a provision to prohibit local governments from continuing to collect telecommunications taxes when traditional telecommunications services are bundled with Internet service that would otherwise not be subject to local taxation. This provision threatened the current ability of California municipal governments to tax telephone services under Voice Over Internet Protocol (VOIP), contrary to a compromise position previously reached in the Senate, seriously undermining the City’s Utility User Tax (UT) revenue base. We developed policy positions and consulted with the Senate delegation on various proposals to avoid the negative impacts the bill would have on the City’s tax revenue. After several attempts at developing a compromise, the Senate passed a two-year extension on the moratorium, successfully averting the problem.

2005

We analyzed and began advancing the San Jose positions on anticipated changes to the Telecommunications Act of 1996, working in tandem with other California cities and the California League of Cities. Concerns include pre-emption of the Utility User Tax; franchise fees and agreements; right-of-way fees; public, educational, and governmental broadcast requirements; and the option of providing municipal broadband. We began gathering data from the City on likely budgetary impacts that various policy proposals would have, which will help to guide positions to be advanced in protecting local priorities. We held preliminary discussions with committee staff, as well as delegation staff and other California city interests about identifying specific issues of shared priority and coordinating advocacy efforts. We also engaged with the National League of Cities, the U.S. Conference of Mayors, and the National Association of Telecommunications Officers and Advisors in their negotiations with industry groups.

2006

When hearings and the legislative process began to reform the Telecommunications Act, we began to respond on general issues as well as some specific to San Jose. Throughout the process, we provided local impact information and proposal assessments to the delegation, including Representative Eshoo and Senator Boxer who sit on the committees with jurisdiction over telecommunications reforms. We also coordinated positions and advocacy with DC representatives of other large California cities, the League of California Cities, and California State Association of Counties. As we forecasted, the reform stalled after the full House and the Senate Commerce Committee passed differing versions, with deep divisions in scope and policy approaches.

San Jose interests conformed with the general municipal priorities of preserving current franchise revenue levels, maintaining local prerogatives in managing rights-of-way, and assuring adequate build-out of services in lower-income and geographically undesirable areas. The final House bill provisions protected revenues and the ability to set constraints on access to local rights-of-way, but despite bipartisan efforts toward floor amendments, which we helped to facilitate, it did not address concerns about right-of-way enforcement in local courts or minimum build-out coverage. The Senate Committee bill addressed local rights-of-way enforcement, but created other concerns related to application of an accounting standard that could narrow the basis of total revenue on which franchise fees can be collected, as well as build-out standards.

Specific to San Jose, we worked to help the City retain its ability to require delivery of I-Net services as part of local service agreements. San Jose is almost unique in its current position vis a vis franchise negotiations. We developed a policy approach, drafted legislative language, and prepared justifications that led to Senator Boxer advancing the amendment during committee consideration. The amendment would provide a limited exception for new I-Net requirements in those areas where an administrative proceeding has commenced. Although not adopted in committee, we are well-positioned to renew efforts during the crafting of the new bills in the future.

With regard to the San Jose Utility User Tax (UUT), we worked with City Staff to determine the potential impact of the U.S. Treasury Department decision not to impose the Federal Excise Tax (FET) on long distance and bundled telephone communication services, and of pending legislation in both the House and Senate to eliminate the FET all together. In our ongoing efforts to preserve local revenue, we coordinated with other California localities to raise the issue of unintended potential impacts with the lead House sponsor of the FET elimination bill, as well as relevant Senate offices. We drafted and recommended clarifying language to show federal intent not to preempt local taxes tied to the FET, and received assurances that recommendations would be addressed should the bill move to a vote.

Housing and Community Development

In consultation with the City's Housing Department and the Housing Authority of the County of Santa Clara, we advanced opposition in 2003 and 2004 to policy changes to the Section 8 Housing Choice Voucher Program that have a negative fiscal impact on San Jose. The combined efforts by the coalition of large, high-cost localities that we helped to organize, the California Governor's DC representative, and numerous housing groups, achieved incremental reversals and improvements to policies that ultimately covered most immediate funding shortfalls.

We continued to work with the high-cost locality coalition and broader housing advocate community to assure that congressional interests remain engaged until further policy modifications are achieved, including provision of sufficient Section 8 funding and more reasonable implementation of potential reforms in the FY2005 and FY2006 appropriations processes. Immediate objectives included requiring the program to more accurately assess Fair Market Rents and incorporate additional local-specific data into its funding formula, and replenish housing agency reserves in a timely manner.

We also advised and assisted the City regarding status, implications, and recommended actions on other housing and community development legislative and funding issues, such as authorization of the Samaritan Initiative for comprehensive homeless services and proposed modifications to Community Reinvestment Act regulations.

During FY2006 appropriations consideration, we worked on behalf of the City with other municipal interests to successfully preserve the Community Development Block Grant (CDBG) program, albeit with a 7% funding reduction. The Administration had sought to eliminate CDBG through consolidation with 17 other grant programs with narrowed allocation criteria, reducing consolidated funding by 50%, and shifting responsibility to the U.S. Department of Commerce. In addition, we focused with a few similarly situated municipalities on preventing elimination of the Section 108 Loan Guarantee program, which the City uses to a greater extent than many other localities. We also positioned for dealing with potential formula changes to CDBG allocations.

Per the City's request, we monitored the new legislation proposing changes to the structure and requirements of the Government Sponsored Enterprises, Fannie Mae and Freddie Mac, the largest buyers of secondary mortgages particularly for low-income homebuyers, advocating on the City's behalf for two positions related to affordable housing.

In a successful effort led by the Santa Clara County Housing Authority, we also supported a Moving-to-Work program designation "preference" for the City and County as a rider to FY2006 appropriations legislation.

For FY2007, CDBG funding levels continued to be the focus of heavy lobbying by national associations, which we supported by restating City interest and information about local uses. As a result of the intense national efforts, CDBG appropriations exceeded FY2006. In addition, given their importance to San Jose redevelopment efforts in the past, we participated in a small group that successfully advocating against elimination of the HUD Section 108 Loan Guarantee Program and Brownfields Economic Development Initiative Program, and symbolic amounts of funding are anticipated, positioning to at least sustain those programs for consideration in a more favorable congressional environment.

With regard to HUD-proposed modifications to the CDBG funding allocation formula announced in 2006, we monitored the progress of House hearings and Administration efforts to advance the draft legislation. The proposal closely resembled "Alternative 4" in the HUD report, establishing a single formula with minimum grant thresholds to reduce the number of direct recipients by about 150 communities, and modifying "need-based" inputs and weights to reflect income variables, economic trends, substandard housing, and demographics measuring consumption of public services. Under the proposed changes, San Jose would lose only about 1% of current funding levels, but many surrounding communities would lose much more and place additional strains on the City;

recognizing that the challenge, we began to assess positions of various interests and the best position for City response. However, given the change in control of Congress, CDBG formula reforms are extremely unlikely to be given serious consideration

Eminent Domain

In 2005, we began to monitor and assist the City on response to potential federal legislation restricting use of eminent domain powers for economic development initiatives, addressing Congressional dissatisfaction with the recent U.S. Supreme Court ruling in *Kelo v. City of New London*. The House and Senate introduced numerous pieces of legislation limiting local governments' use of eminent domain. We helped to frame and present the case to the delegation on the importance of allowing prudent exercise of eminent domain authority for economic development purposes, consistent with current California law. With the primary support and most immediate consideration tied to a provision in FY2006 Senate appropriations text, we focused on negotiated language that left California standards intact. The final result was somewhat more limiting than optimal, but applies federal limits narrowly, leaves sufficient flexibility for further federal administrative interpretations of eligible exercise based on California criteria, and does not restrict projects in which federal funds are not involved.

In 2006, Congress continued to consider possible national constraints on exercise of local land use authorities, we monitored and argued against enactment of federal legislation that would restrict current California standards for exercise of eminent domain or expand local government liability to compensate developers for zoning limitations or "regulatory takings." We worked with a group of large municipalities concerned about implications for urban revitalization, as well as municipal and environmental associations, including those with a national profile or representatives on committees of jurisdiction.

As the eminent domain debate concentrated on Senate action, we participated in ongoing consultations with Senate Judiciary Committee staff on various drafts of an eminent domain bill, seeking to assure consistency with California standards, such as allowing "blight" to be addressed and precluding new direct access to federal courts for adjudication of local eminent domain conflicts. We provided background information on eminent domain utilization and analysis of legislative proposal impacts.

We also advocated the City's position against a House bill effort to expand the current standards of a regulatory taking, so that localities would be subject to greater liability for existing land use regulations that limit the use of property and arguably diminish its value. The bill helped developers claim compensation for common zoning decisions on matters like size of buildings, environmental impacts, or nonconforming uses, and allowed developers / property owners to sue directly in federal court, rather than pursuing claims in State courts with experience in resolving technical local zoning and land-use regulation issues, potentially making it more difficult for localities to defend. We again provided information and analysis to both the City and the delegation, and after House passage, secured commitments from Senate supporters to prevent the bill from moving forward prior.

Federal Courthouse

Over several years, we advised the City and Redevelopment Agency on process and prospects around potential siting and construction of a new federal courthouse in downtown San Jose, liaising

with the congressional delegation, General Services Administration (GSA), and U.S. Administrator of the Courts.

Upon prioritization by Mayor Reed and a focus on the interaction of potential sites with future BART construction, we became more deeply engaged in that effort by facilitating his direct meetings with the GSA leadership and developing a clear set of action steps for the City to take in order to advance the project in an orderly manner and with the greatest prospects for success. This plan led to initial commitments by GSA senior officials to help promote necessary local steps in technical reviews and contracting in order to assure that no federal agency impediments would delay moving forward.

Municipal Health Service Program Extension

We successfully worked with a four-city coalition to secure an extension of the Medicare waiver for San Jose that allowed continuation of the Municipal Health Service Program demonstration from 2004 through 2006. The waiver allowed for an expanded array of outpatient clinic services not normally covered, including prescription drugs, dentistry and dentures, podiatry, optometry, and mental health services. We assisted lead sponsors in the Senate and House through delegation and committee staff contacts, providing policy justifications and identifying legislative mechanisms.

With the subsequent expiration of the Municipal Health Services Medicare waiver extension previously secured, we explored prospects for a further extension. After consulting with the relevant committees of jurisdiction and potential sponsors for legislation, and City staff feedback in dealing with the three other impacted localities, we determined that another extension was not realistic and recommended planning for an orderly transition to conclude the program.

Other Projects (representative sample)

- **Federal Tax Withholding:** We took a lead role in organizing other large cities to support repeal of new legislation requiring municipal governments that expend more than \$100 million in outside contracts to withhold three percent from all payments for goods and services, incurring significant new administrative and potential contract costs for the City. We drafted and submitted a U.S. Conference of Mayors resolution under Mayor Reed's sponsorship.
- **Reservist Pay Reviews:** Responding to Council interest, we helped City staff to work with the U.S. Department of Defense in securing authority and creating a system that enables release for expedited and accurate review of reservist pay to help the City determine supplemental wages.
- **Right-of-Way Access Rates:** We helped the Department of Public Works to identify federal land right-of-way schedules and criteria for energy pipelines access rates, in order to help set baselines for negotiation on proposed energy company access across City-owned property. We worked with the federal Bureau of Land Management to provide this guidance.
- **Electronic Transportation Development Center:** As the Redevelopment Authority moves forward with its energy-efficient vehicle prototype project, we established a dialogue with the Department of Energy and other federal agencies in an effort to explore partnership and funding opportunities for the project. We identified agency leads and secured reviews of various

technologies under consideration. We also organized direct meetings with Mayor Reed and senior staff in the Department of Energy's Office of Energy Efficiency and Renewable Energy.

- **Federal Agency Facilitation:** We assisted the Redevelopment Agency in expediting U.S. Department of Housing and Urban Development headquarters approval of pending Section 108 loan guarantee applications in time to execute a local contract. We also explored contacts with program offices in the U.S. Department of Health and Human Services and U.S. Department of Education regarding the status and potential for early childhood development funding.
- **Youth Violence/Anti-Gang Initiatives:** After identifying an interest in the Senate Judiciary Committee to promote new initiatives to reduce youth violence and gang activity, we started dialogue with staff to include San Jose in a potential hearing and subsequent policy and funding discussions. We worked with the City to compile and transmit information about successful local efforts and identify potential hearing witnesses.

Administration Budget Analysis

Each year the appropriations process begins in early February with the release of the President's Budget proposal. On the City's behalf, we participated in White House and agency briefings for local and state representatives, and we provided the City with a comprehensive analysis of the proposed budget's impact on priority interests for municipal governments.

Federal Grant Opportunity Tracking

On a regular and on-going basis we provide the City with notices of federal and other funding opportunities for a variety of programs for which it is eligible, highlighting particularly relevant notices, especially in law enforcement, homeland security, water resources and airports. We also meet with agency program offices to proactively identify interests and future funding, and we answer City questions regarding these grant program opportunities. In some cases, we help to draft and secure congressional letters of support for submissions. In the past six months of 2007, we identified and circulated more than 80 potential competitive grants.

National Association Coordination and Support

In addition to narrower city coalition efforts, we monitored and participated on behalf of the City in selected U.S. Conference of Mayors (USCM) and National League of Cities (NLC) policy activities of high priority to San Jose and with clear local impact.

We also provided some support to the Mayor and Councilmembers in participation at related conferences and events. For example, we drafted and submitted multiple USCM resolutions for the Mayor's sponsorship and commented on other proposed resolutions for any co-sponsorship or potential concerns.