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MEMORANDUM

To: City of San Jose
From: Patton Boggs LLP
Date: April 1, 2004
Subject: Quarterly Report on San Jose Federal Relations Activities

This memorandum highlights Patton Boggs federal relations work on behalf of the City of San Jose from January through March of 2004. Specifically, the report reviews –

- strategic planning undertaken with the City on legislative and funding issues;
- federal lobbying visits organized for City officials;
- transportation reauthorization advocacy, including successful inclusion in the House bill of BART extension authorization language and earmarks for \$17 million in City projects;
- FY2005 appropriations agenda development and execution;
- homeland security funding and policy activities;
- housing policy assistance; and
- federal grant opportunity tracking.

Strategic Planning Visit with San Jose

On January 13 and 14, Marek Gootman traveled to San Jose and conducted a range of meetings with City officials, including several agency leads and City Councilmembers. Topics included: (1) debriefing on FY2004 appropriations efforts; (2) planning for FY2005 appropriations requests; (3) pending federal legislation of interest to the City; and (4) identification of additional legislative opportunities. In addition, he presented the annual report to the City Council's Rules Committee.

Federal Lobbying Visits by San Jose Officials

To facilitate effective lobbying visits to Washington by many City officials during the first quarter, we focused significant effort on identifying and organizing meetings with Congress and the Administration, developing agendas, preparing background materials, briefing staff, and participating in the discussions. Specifically –

- BART to San Jose Outreach. On February 11-12, Vice Mayor Pat Dando and Councilmember Cindy Chavez traveled to Washington to conduct a series of 13 meetings with Congressional officials, standing in for Mayor Ron Gonzales.

The two central objectives of the visit were to: (1) update officials on the status of the BART to San Jose project prior to further action on the pending transportation reauthorization bill; and (2) to preview with the delegation the potential FY2005 appropriations requests from the City. In support of the BART-related agenda, Silicon Valley Manufacturing Group CEO Carl Guardino and Kurt Evans of VTA attended several of these discussions.

Meetings with principals included:

- Congressman Jim Oberstar (D-MN), Ranking Member of the House Transportation and Infrastructure Committee;
- Senator Dianne Feinstein (D-CA);
- Senator Barbara Boxer (D-CA);
- Congressman Richard Pombo (R-CA);
- Congresswoman Zoe Lofgren (D-CA);
- Congresswoman Anna Eshoo (D-CA).

Meetings with senior staff included:

- Majority Staff of the Senate Transportation Appropriations Subcommittee;
- Majority Staff of the House Transportation Appropriations Subcommittee;
- Majority Staff of the House Transportation and Infrastructure Committee;
- Office of Senator James Inhofe (R-OK), Chairman of the Senate Environment and Public Works Committee;
- Office of Congressman John Olver (D-MA), Ranking Member of the House Transportation Appropriations Subcommittee;
- Office of House Minority Leader Nancy Pelosi (D-CA);
- Office of Congressman Mike Honda (D-CA).

Finally, an introductory meeting was arranged with Stacey Carlson, the new Director of the State of California's Washington Office.

- National League of Cities. During the NLC annual conference, we framed and arranged a series of meetings designed to: (1) raise the profile of San Jose beyond the Bay Area delegation; (2) initiate dialogue on issues of mutual concern with other similarly situated cities, such as housing

initiatives and homeland security; and (3) advance other specific pending interests identified with City officials, such as water infrastructure projects.

For Councilwoman Nora Campos, we organized meetings with:

- Chief of Staff for Congressman Luis Gutierrez (D-IL);
- Congressman Charlie Gonzalez (D-TX);
- Congressman Brad Sherman (D-CA); and
- Director of Hispanic Initiatives for the House Minority Leader Nancy Pelosi (D-CA).

In addition, we initiated several meetings for Assistant City Manager Mark Linder and Intergovernmental Government Relations Director Betsy Shotwell. Discussions with agencies focused on pending San Jose / Santa Clara Valley Water District projects. Briefings with congressional staff reviewed the City's federal legislative agenda and pending FY2005 appropriations requests. The meetings included:

- Commissioner John Keys, Bureau of Reclamation
- Regional Liaison Vince Montante, Army Corps of Engineers;
- Legislative Director, Office of Congressman Mike Honda;
- Senior Policy Advisor to Congresswoman Zoe Lofgren.

Transportation

Over the past three months, we continued working with the San Jose delegation offices and other relevant congressional staff to affirm and advance the City's project priorities in the pending highway and transit (TEA-21) reauthorization bill. These ongoing efforts helped to achieve notable successes for the City in the bill recently passed by the House Transportation and Infrastructure Committee

Specifically, the House bill both authorizes future funding for the BART extension and directly funds three other top priority transportation projects identified through the City's selection processes. Beyond the BART extension, the bill includes City projects totaling \$17 million out of \$18 million originally sought. The earmarked projects and funding amounts are:

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| ▪ Silicon Valley Transportation Incident Management Center | \$6 million |
| ▪ Guadalupe River Trail | \$5.5 million |
| ▪ Coyote Creek Trail | \$5.5 million |

The Senate version of the bill passed in February 2004. That version does not yet include any specific Member project earmarks. The Senate is holding projects for inclusion during a conference with the House.

Once passed by the House, the bills will go to a conference committee to resolve differences. That process could take a substantial amount of time; in 1998, the last conference committee on surface transportation authorizing legislation lasted for two months. Projects already earmarked in the House bill are not likely to be eliminated during conference, but probably will be reduced by some

amount (perhaps as much as 20%). We will continue to consult with the Senate and House delegations to assure that funding for these projects is preserved in the conference.

FY2005 Appropriations

The annual federal budget and appropriations cycle for FY2005 began on February 1 with public release of the President's Budget proposal. On February 5, we provided a summary of the proposed budget's implications for programs relevant to San Jose. The City's budget office supplemented that analysis with a March 2 memo incorporating more specific information about annual federal receipts.

Based on City priorities, we worked closely with the City Manager's office and individual City departments to collect, clarify, and prioritize potential FY2005 federal funding requests. That process began with preparing guidance for internal agency efforts to identify potential projects, followed by a series of January meetings in San Jose to review ideas with agencies.

In early February, we initiated discussions with the San Jose Congressional delegation to assess the potential list of funding priorities and define which projects individual Members might like to pursue. Throughout February and early March, we worked to further develop the project requests and finalize materials for submission. With City agencies, we coordinated supplemental support from local stakeholders. We also drafted transmittal letters and completed detailed paperwork required by individual offices and subcommittees. We communicated regularly with delegation staff regarding the projects, justifications, account targeting, and prioritization.

The FY2005 appropriations requests advanced with the delegation include:

- BART Extension (*supporting VTA lead submission*)
- Bioscience Business Incubator and Innovation Center Improvements
- North Pedro Housing Site Water-Sewer Infrastructure
- Health Worker Training Initiative / Silicon Valley Workforce Investment Network
- School-Community Innovation and Cooperation Program
- Library Family Literacy Program
- San Jose BEST Youth Gang Reduction Program
- Law Enforcement Wireless Broadband Network and Mobile Technologies
- Tully-Senter School Hub Construction (SNI)
- Maple Leaf Shopping District Rehabilitation (SNI)
- Almaden Expressway Pedestrian Overcrossing (SNI)

While Patton Boggs was not responsible for submission of the BART extension project request, the project remains the City's top funding priority, and we continue to provide extensive support commensurate with its place on the City's priority list. Beyond ongoing contacts with Congressional offices on behalf of the City, we reviewed the proposed VTA submission and provided guidance to the City on content and responses to delegation concerns.

In addition, we continue to register City support for several Santa Clara Valley Water District's requests: (1) the South Bay Water Recycling Program, (2) the Guadalupe River Flood Protection Project, and (3) the Upper Guadalupe River Flood Protection Project; and (4) Upper Penitencia Creek Flood Protection Project.

Homeland Security

We continued to advance the City's homeland security agenda on three tracks: (1) delivering greater direct funding through FY2005 annual appropriations and the Urban Area Security Initiative, (2) assuring favorable treatment for San Jose and similarly situated localities in pending legislation that creates statutory authority for appropriations and modifies current funding mechanisms; and (3) pressing for Department of Homeland Security responsiveness to common city problems in program administration. In addressing these areas, we maintained a lead role working with the coalition of the largest, high-risk urban areas that we helped to initiate in early 2003.

- FY2005 Appropriations. Following release of the President's FY2005 budget, we began to undertake a vigorous education and advocacy effort to reinforce the proposed doubling in funding for UASI designees and making further State grant allocations according to risk. Enacting the budget proposal in the Congress will be challenging because appropriations committees are dominated by members who do not represent urban areas or large states. We contacted several offices and provided information to support the City's policy positions.
- Legislative Activity. With regard to pending legislation, we worked with our coalition partners over the past three months to engage the House Homeland Security Committee in amending provisions of the "Faster and Smarter Funding for First Responders Act" (H.R. 3266) during full committee consideration, which took place on March 18. This bill would establish a new competitive state and Regional First Responder Grant Program, replacing the current State block grant and UASI funding systems. These efforts helped to secure several modifications and clarifications to the bill that would be important to San Jose, such as:
 - expanding eligible use of funds to include some construction and capital improvements to emergency operations centers and target hardening, as well as interoperable communications systems and educational curricula;
 - establishing in statute that funds may be used for overtime / backfill personnel costs related to heightened threat levels and training, with no capped percentages;
 - allowing an in-kind non-federal match;
 - providing DHS flexibility to approve overtime and personnel costs whenever appropriate, not exclusively under a heightened threat level (e.g. special events of national or regional significance, like sporting events);
 - 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 / first responder functions.

- Administrative Issues. DHS recently announced the formation of a task force of state and local officials to address problems in releasing previously appropriated homeland security funds. The group is comprised of state, city, and county representatives drawn from the leadership of the intergovernmental associations. The objective is to determine how to change current systems to speed local access to State and UASI grant funding. We have begun responding to requests for information and policy recommendations for task force consideration.

Housing

We responded to specific housing questions, such as proposals for modifications to the Community Development Block Grant allocation mechanism and to the status of the “Improving Homeownership in High-Cost States Act” (H.R. 3507). We also initiated discussions with sponsors of H.R. 3507 about leading the formation of a city coalition to support this measure.

Federal Grant Opportunity Tracking

On a regular and ongoing 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. We have also addressed specific questions from City departments regarding potential grant opportunities.

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Please let us know if we can provide any further detail on the issues discussed in this memo.