

WEST BASIN MUNICIPAL WATER DISTRICT

DECEMBER 5, 2006 - Communications

Little, Fernandez

DECEMBER 21, 2006 – Sp. Board Meeting

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## ACTION CALENDAR

FEDERAL, STATE, AND LOCAL  
GOVERNMENTAL AFFAIRS CONSULTANTSSUMMARY:

As an independent agency, West Basin Municipal Water District (District) desires to position itself as an influential leader to government and industry groups, particularly in the areas of water recycling, ocean-water desalination and conservation. Key to the District's success is an integrated team of legislative and governmental affairs consultants that compliment District staff in achieving targeted outcomes in a variety of arenas, including Washington, D.C., Sacramento and local cities.

To best determine the District's future needs as they relate to governmental affairs consultants, staff has conducted a thorough evaluation to identify consultant criteria best suited to promote the District's agenda on the federal, state and local level. This process began with several meetings consisting of District management and staff to determine strategies and goals for the District's governmental affairs program.

This memo highlights recommendations regarding the process, criteria, and timeframe for selection of these consultants by the District's Board of Directors.

Consultant Selection Process:

- 1) Evaluation of Current Consultants: Staff met with each of the five state and local consulting firms currently representing the District. Staff also met with The Furman Group, the District's sole advocacy firm in Washington, D.C. Each firm was provided an opportunity to outline their respective strengths, describe their accomplishments to date on behalf of the District, and recommend strategies for the legislation session going forward.

At the conclusion of each meeting, staff requested that each firm submit a summary of legislative and other accomplishments achieved while representing the District during the past legislative session or calendar year. Staff also requested a detailed strategy for the 2007 legislative session from the Consultant's perspective, highlighting the Consultant's recommendations as to how the District could achieve successful legislative outcomes in areas of key interest. To date, staff has received a summary report from only two of the five state and local consultants.

- 2) Establishment of Criteria for Future Consultants: Staff has developed detailed criteria to maximize the benefit the District receives from its governmental affairs consultants. This criterion ensures that the services provided by consultants are in alignment with the legislative and outreach goals of the District and result in tangible accomplishments.

The criteria for these consultants include the following:

- Significant experience managing policy issues related to water supply, water recycling, water conservation, desalination, energy and public utilities;
- Demonstrated ability to conceptualize and draft water related legislation and regulatory and administrative code;
- Strong relationships with the current Administration, Legislative Leadership and water related committee members;
- Proven emphasis on water related clients and experience with government agencies, associations and coalitions;
- Ability to immediately marshal forces in support or opposition to pending legislation; and
- Key relationships with Southern California government bodies (including County Board of Supervisors, Local Cities, and Los Angeles Mayor's Office, etc.)

- 3) Identification of Candidate Firms and Selection Process: Based on the District's criteria as a framework, staff consulted widely with experts in the water industry, with water utilities and other Districts, as well as with experts in Sacramento to identify governmental affairs consultants best suited to further the District's legislative agenda. These sources included policy advisors to the Assembly Speaker, the Governor's Office, the Metropolitan Water District, the Association of California Water Agencies, and other respected entities.

Based on that input, staff has identified several consulting firms that meet the District's criteria, and is developing an evaluation process designed to assess each firm's suitability to represent the District. Several factors will be evaluated, including each firm's:

- Reputation and integrity,
- Portfolio of legislative accomplishments, particularly for water clients,
- Ability to exert leadership and build coalitions,
- Demonstrated expertise in complex water, energy and PUC issues,
- Rate of success on sponsored legislation, particularly controversial bills,
- Ability to influence legislation and public policy,
- Demonstrated success in grantsmanship and bond initiative development,
- Success in forging relationships with key legislative officials, and
- Ability to operate free from conflicts of interest or competing priorities.

Staff is in the process of inviting candidate firms to an interview session in mid-December. Each firm will present their qualifications to a District panel comprised of the District's General Manager, Communications Manager, Legislative Analyst, as well as third-party experts.

Based on the outcome of this interview process, staff shall recommend a slate of governmental affairs consultants to the Communications Committee and the full Board of Directors.

- 4) Timing Issues and Interim Requirement for Services: The District's professional services agreements with current governmental affairs consultants expires on December 31, 2006.

While staff plans to bring recommendations forward to the Communications Committee and Board regarding the District's future roster of consultants in January, critical timing issues require immediate consideration.

In particular, the District requires effective representation in Sacramento during the critical month of January. During this time, all legislation must be submitted through the Legislative Counsel's Office prior to January 26, 2007. Concurrently, the Governor's Budget will be developed and issued, requiring significant input and analysis on behalf of the District.

On the federal level, the month of January is similarly critical, as key Committee assignments and introduction of key legislation moves rapidly. Without effective representation on desalination and other key water issues, the District would be disadvantaged.

For these reasons, staff recommends that two firms be retained by the District prior to year-end in order to provide continuity and to ensure that the District is effectively represented in both Sacramento and Washington, D.C. during the critical first month of the new Legislative Sessions.

On the federal level, staff recommends a renewal of the annual contract with The Furman Group, a widely-respected firm with key expertise on critical desalination issues.

On the state level, staff recommends a two-month extension of the contract with Lang Hansen O'Malley & Miller for state advocacy services. This would serve to bridge the District's representation on the state level until the Board selects its complete roster of consultants.

On local political or legislative issues, staff is recommending that in-house expertise be utilized until the Board can review recommendations and select governmental affairs consultants for 2007. Staff expects to bring recommendations forward to the Communications Committee in mid-January, and to the full Board in late January.

FISCAL IMPACTS:

Funds for such services are included in the Fiscal 2006-2007 Public and Governmental Affairs budget.

ENVIROMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Communications Committee on December 5, 2006 and recommended for approval at the December 21, 2006 Special Board meeting.

RECOMMENDED MOTION:

That the Board authorizes the General Manager to enter into:

1. An agreement with The Furman Group for federal advocacy services for the 2007 calendar year with at total not-to-exceed contract amount of \$135,000, plus out-of-pocket expenses; and
2. An agreement with Lang Hansen O'Malley & Miller for state advocacy services on a month to month basis, beginning in January 2007 and not to exceed two months, with a total not-to-exceed contract amount of \$5,000 per month, plus out-of-pocket expenses.

LIST OF EXHIBITS:

Exhibit "A" – The Furman Group's Scope of Work

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