



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Sarah Zárata

SUBJECT: SEE BELOW

DATE: June 2, 2021

Approved

Date

06/03/21

SUBJECT: AGREEMENT BETWEEN THE CITY OF SAN JOSE AND CRUZ STRATEGIES FOR STATE LEGISLATIVE ADVOCACY SERVICES

RECOMMENDATION

Authorize the City Manager to negotiate and execute an agreement with Cruz Strategies, LLC to provide state legislative advocacy services for a six-year term beginning July 1, 2021 through June 30, 2027, with a maximum compensation amount not to exceed \$1.8 million, subject to City Council appropriation of funds.

OUTCOME

Council's action will allow the City to have continuing representation from Cruz Strategies, LLC at the state level to provide strategic advocacy on the City's top legislative, funding, and regulatory priorities.

BACKGROUND

On June 25, 2019, Council approved a two-year and four-month contract with Cruz Strategies for state legislative advocacy services. This contract expires October 31, 2021.

On January 29, 2021, the City issued a Request for Proposals (RFP) for state legislative advocacy services. The Administration posted the RFP on Biddingo, the City's e-procurement system, and closed the solicitation on February 26, 2021. The Administration conducted outreach to 24 advocacy firms that represent local jurisdictions and private sector clients to provide information on the RFP and to encourage proposals. The City also advertised the opportunity in Capitol Morning Report, an online report widely read by lobbying firms, legislators, staff, and interest groups in Sacramento. Ten firms viewed the RFP. The City received a single response to this solicitation from Cruz Strategies. For state legislative

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advocacy and lobbying services, it is not unusual to receive only one RFP response if the client currently has a lobbyist.

ANALYSIS

A three-member RFP evaluation team comprised of the City Manager's Office and the Mayor's Office developed the scope of work and evaluation criteria in the RFP. The evaluation criteria were as follows:

Proposal Responsiveness (Pass/Fail): The proposal responds to all requirements in the RFP including response to questions, all required forms, and references.

Experience of Proposer (25%): The proposer has experience conducting legislative and regulatory advocacy and government relations by working with the California legislature, Governor, state agencies and stakeholder groups.

Firm's Scope of Work and Services (35%): The firm's scope of work and services align with the categories outlined in the RFP including legislative and regulatory advocacy, establishing an active presence for the City at the state, bill tracking/monitoring services, and state budget and grant advocacy.

Example of Firm's Success and Legislative and Regulatory Knowledge (10%): The firm understands policies that impact the City, and has a successful record of accomplishment of advocating for its clients' priorities.

Customer Satisfaction/Firm Reputation (10%): The firm has a reputation for customer satisfaction.

Fee Structure/Cost (10%): The proposed fee structure and overall contract cost.

Local Business Enterprise (5%): The firm is a local business.

Small Business Enterprise (5%): The firm is a small business. In accordance with City policy, only local businesses can qualify for the small business enterprise criteria.

Evaluation

Cruz Strategies represents or has represented several public agencies including County of Sacramento, San Mateo County, and the San Diego County Water Authority. Cruz Strategies is also the City of San José's current representative. The Cruz Strategies proposal includes a subcontract with Strategies 360, who has expertise in energy and California Public Utilities

Commission and California Energy Commission, to provide advocacy services for San José Clean Energy.

The Administration evaluated the Cruz Strategies proposal per the evaluation criteria. Cruz Strategies received the following evaluation:

Proposal Responsiveness: Pass

Evaluation Criteria	Potential Points	Evaluation Team Average Score
Experience of Proposer	25	24
Firm's Scope of Work and Services	35	33
Examples of Firm's Success and Legislative/Regulatory Knowledge	10	9
Customer Satisfaction/Firm Reputation	10	9
Fee Structure (Cost)	10	10
Local Business Enterprise	5	0
Small Business Enterprise	5	0
TOTAL	100	85

CONCLUSION

Cruz Strategies scored well in the evaluation. The selection of Cruz Strategies would be a continuation of the current state legislative advocacy services contract with the firm. The Administration is satisfied with the existing work and services provided by Cruz Strategies. The Administration recommends that the award go to Cruz Strategies, with their subconsultant, Strategies 360.

EVALUATION AND FOLLOW-UP

No additional follow-up will be needed with the approval of this memorandum.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

The Administration will post this memorandum on the City’s Council Agenda website for the June 15, 2021 Council Meeting.

COORDINATION

The Administration coordinated this memo with the City Attorney’s Office and the City Manager’s Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

COST SUMMARY/IMPLICATIONS

Annual costs of \$240,000 are included in the City Manager’s Office non-personal/equipment budget and annual costs of \$60,000 are included in the Community Energy Department’s non-personal/equipment budget, as outlined in the 2021-2022 Proposed Operating Budget, which is scheduled to be heard by the City Council on June 15, 2021 for approval. The fee schedule is identified below:

1. **AMOUNT OF RECOMMENDATION OF AGREEMENT:**

Year 1: July 1, 2021 – June 30, 2022	\$300,000
Year 2: July 1, 2022 – June 30, 2023	\$300,000
Year 3: July 1, 2023 – June 30, 2024	\$300,000
Year 4: July 1, 2024 – June 30, 2025	\$300,000
Year 5: July 1, 2025 – June 30, 2026	\$300,000
Year 6: July 1, 2026 – June 30, 2027	\$300,000
Total Agreement Costs	<u>\$1,800,000</u>

2. **SOURCE OF FUNDING:** The agreement will be funded by the Office of the City Manager’s Non-Personal/Equipment appropriation in the General Fund, and the Community Energy Department’s Non-Personal/Equipment appropriation in the San José Clean Energy Fund.

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BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn Name	Total Appn	Amt. for Contract	2021-2022 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
001	0112	City Manager's Office Non-Personal/Equipment	\$1,715,026	\$240,000	VIII-57	N/A
501	0782	Community Energy Department Non-Personal/Equipment	\$9,137,801	\$60,000	X-87	N/A

*The 2021-2022 Proposed Operating Budget was released on May 4, 2021 and is scheduled to be reviewed and approved by City Council on June 15, 2021 and adopted on June 22, 2021.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
SARAH ZARATE
Director, City Manager's Office of
Administration, Policy, and
Intergovernmental Relations

For questions, please contact Alexandria Felton, Interim Intergovernmental Relations Director, at 408-535-8116.