



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lee Wilcox

SUBJECT: SEE BELOW

DATE: May 29, 2018

Approved

Date

6-8-18

SUBJECT: AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF SAN JOSE AND QUINTANA CRUZ, LLC FOR STATE LEGISLATIVE ADVOCACY SERVICES

RECOMMENDATION

Adopt a resolution authorizing the City Manager or designee to execute an amendment to the Agreement for Consultant Services to include additional services and increase the total compensation paid to Quintana Cruz, LLC (Quintana) for State Legislative Advocacy Services from \$120,000 to \$245,000 for the period of June 19, 2018 to June 30, 2019, for a total contract amount of \$485,000 subject to the appropriation of funds.

OUTCOME

Authorization to negotiate and execute an Amendment to the Agreement for Consultant Services Agreement between Quintana and the City of San José (City) to provide for additional services including, but not limited to, representation specific to Community Choice Aggregation (CCA). This representation will allow the City to have a direct voice with any proposed CCA legislation or actions taken at the State level which will advance the San José Clean Energy Program.

BACKGROUND

On June 21, 2016, the City and the firm of Gonzalez, Quintana, Hunter and Cruz, LLC entered into an agreement for State Lobbying Services to assist the City's Legislative Representative located in Sacramento. At the end of 2017, the firm of Gonzalez, Quintana, Hunter and Cruz, LLC dissolved, creating two separate firms. In order to ensure uninterrupted representation with the lobbyists currently acting on behalf of the City, a Consent to Assignment was entered into on February 8, 2018, authorizing the City to continue the existing contract with Quintana.

In April of 2018, with the goal of modernization, the City made the determination to transfer to a fully contract firm model for legislative advocacy services. As a result, the workload of Quintana has increased and, as a result, increased compensation is warranted. In addition to the firm's scope of services established in the Consent to Assignment, a new scope of work for Quintana is proposed. Specifically, staff feels that it is necessary to supplement our existing advocacy services with a legislative advocate who specializes in California Energy Commission (CEC), the California Public Utilities Commission (CPUC), and CCA issues. This will give the City greater support in the creation and launching of the San José Clean Energy Program, as well as navigating the CEC and CPUC processes for energy and transportation regulations.

Given the highly technical nature of the issue area and work involved, along with the increased workload, Quintana proposed a monthly retainer of \$20,000. This would include the current retainer of \$10,000, an additional \$3,000 for the CCA representative and \$7,000 for the increased workload. The current contract will be increased by an amount not to exceed \$245,000, for a total contract amount of \$485,000.

ANALYSIS

On August 8, 2017, City Council passed Ordinance No. 29978 calling for the creation of the San José Clean Energy Program to focus on the implementation of Community Choice Aggregation (CCA) with the goal of increasing the City's green footprint. This passage makes San José the largest city in California to adopt a CCA approach.

CCAs are an alternative approach to how an individual receives energy. Instead of each individual purchasing energy directly from an investor owned utility energy company, the CCA purchases a large portion of energy and supplies it to their residents and businesses. This not only allows for a lower cost per Mw to each consumer due to bulk discounts, but it also allows the CCA to invest in and implement the usage of alternative and renewable sources of energy. This approach typically results in lower energy costs to the individual households.

It is important for the success of the creation of San José's CCA that the City has input on current CCA legislation and rulemaking at the State level. However, these policies and regulations are complex and technical, and therefore require a legislative advocate with extensive knowledge and experience with the California Public Utilities Commission, California Energy Commission along with the legislative process and proceedings. Quintana has proposed that they can provide this expertise for a monthly cost of \$3,000. Furthermore, this advocate's experience in CEC and CPUC processes can also be used to impact energy and transportation regulations of interest to the City.

The City's Intergovernmental Relations service model was modified and streamlined in April 2018 from a City Lobbyist supplemented by contracted firm to a service model that is overseen by the City Manager's Office Chief of Staff and Intergovernmental Relations Director supported by a contracted firm. This is the model which is used by most large cities and municipalities and

HONORABLE MAYOR AND CITY COUNCIL

May 29, 2018

Subject: Amendment to the Agreement with Quintana Cruz, LLC for State Legislative Advocacy Services

Page 3

provides significant savings overall to the City. With the closure of the City's Sacramento IGR Office and associated reduction in staff, as recommended in the 2018-2019 Proposed Operating Budget, the anticipated workload for Quintana will increase. Quintana monthly increase for the additional services and workload is \$7,000, or \$84,000 annually.

If this Amendment is negotiated and executed, the maximum amount of the State Lobbying Services Contract will increase to \$485,000, with the City gaining an expert in CCA execution and additional services from Quintana.

EVALUATION AND FOLLOW-UP

No additional follow up action with the City Council is expected at this time.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 19, 2018 Council Meeting.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, City Manager's Budget Office, and the State lobbyist firm of Quintana Cruz, LLC.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action

COST SUMMARY/IMPLICATIONS

Funding associated with the actions recommended in this memorandum are included in the City Manager's Office non-personal/equipment budget as outlined in the 2018-2019 Proposed Operating Budget.

HONORABLE MAYOR AND CITY COUNCIL

May 29, 2018

Subject: Amendment to the Agreement with Quintana Cruz, LLC for State Legislative Advocacy Services

Page 4

BUDGET REFERENCE

The table below identifies the appropriation and funds proposed to provide for the contract recommended as part of this memorandum.

Fund	Appn. #	Appn. Name	Amt. for Contract	2017-2018 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. #)
001	0112	Non-Personal/Equipment City Manager's Office	\$245,000	VIII-58	N/A

*Subject to the adoption of the 2018-2019 Proposed Operating Budget by the City Council on June 19, 2018.

CEQA

Not a Project, Agreement/Contracts (New or Amended), PP10-066(e), Services that involve no physical changes to the environment.

/s/
LEE WILCOX
Chief of Staff
City Manager's Office

For questions, please contact Bena Chang, Intergovernmental Relations Director, 408-975-3240.