



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

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REVISÉD
EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
FEBRUARY 17, 2011

SUBJECT: FEDERAL ADVOCACY IN WASHINGTON, DC

ACTION: APPROVE PROPOSED FEDERAL ADVOCACY STRUCTURE IN WASHINGTON, D.C.; AND, PERMIT THE FEDERAL ADVOCACY CONTRACT FOR MANATT, PHELPS & PHILLIPS TO EXPIRE

RECOMMENDATION

- A) Direct the Chief Executive Officer to implement an advocacy structure in Washington, D.C. without a lead firm; and,
- B) Direct the Chief Executive Officer not to exercise a six month option to extend the federal advocacy services currently provided by Manatt, Phelps & Phillips at a monthly rate of \$51,500.

ADDITIONAL INFORMATION

The Board of Directors has two prominent issues with respect to the structure of our federal advocacy efforts in Washington, DC.

The first issue relates to the structure of our contracted federal advocacy team in Washington, DC. The issue here is whether to retain a lead firm (Exhibit A1) or to retain firms with separate and distinct capabilities, with no lead firm (Exhibit A2). If we decide to have a lead firm, the Board must decide whether to extend its current contract with Manatt, Phelps & Phillips or initiate a new Request For Proposal for a new lead firm. If the Board opts not to have a lead firm, the Board has the option of permitting the Chief Executive Officer to consider retaining Manatt, Phelps & Phillips at a lower cost or to seek to retain another firm to address the needs of our agency.

A second issue is the organization of our agency's staffing in Washington, DC. The Board could decide to proceed without a lead advocacy firm and add to our agency's roster a senior level representative in Washington, DC. This individual would have the responsibility to coordinate the daily activities of our contracted federal advocates and

would represent our agency at high level meetings with Members of Congress and their aides and with representatives of the Executive Branch, including, but not limited to, senior officials at the U.S. Department of Transportation.

With respect to the issue of assigning an agency staff person to work in Washington, DC, this has been done. As of February 14, 2011, Joshua Englander was employed by our agency and his tasks will include, but not be limited to, monitoring Congressional hearings, regularly meeting with members of our Congressional Delegation, working in cooperation with national organizations like the American Public Transportation Association and the American Association of Highway Transportation Officials, among other responsibilities. He will also be involved with the other members of our advocacy team, will be involved in advocacy team management, and will participate in regularly scheduled conference calls and meetings with our Board members and staff in Los Angeles County and Washington, DC. We believe this represents an important improvement in our overall approach to issues in Washington, DC.

RATIONALE

As a public agency, we utilize a variety of means to ensure that Los Angeles County's transportation interests, as outlined in our Board-approved Legislative Program, are aggressively and effectively advanced in Washington, D.C. Federal advocates enhance our ability to communicate our legislative goals and program objectives to representatives of both the Executive and Legislative branches of government. Federal advocates can play a significant role in securing our county's fair share of federal transportation funding.

Following a six month period of representing our agency, it is the opinion of staff that our Board-approved advocacy agenda can successfully proceed without retaining the professional services of Manatt, Phelps & Phillips.

Staff believes that our current lobbying team, augmented by the possible addition of an individual and/or firm with strong ties to the incoming GOP majority in the U.S. House of Representatives and White House, can achieve the goals outlined in the Legislative Program adopted unanimously by the Board of Directors on December 9, 2010.

Additional dynamics also impact this recommendation. Our agency will be hiring an Executive Director of Government Relations to oversee, among other functions, matters related to the Federal government. This individual will be charged with bolstering our already aggressive effort to advance innovative financial concepts with the Executive Branch and Congress. Our agency will also be hiring a Government Relations staffer for our agency in Washington, DC to represent our agency and advance our Board-approved Legislative Program.

The option of extending the Manatt contract for another six months was considered by staff, but is not recommended. Further, staff does not recommend that we commence a new solicitation for federal advocacy services. It is the conclusion of staff that a lead, or

“umbrella” firm, is not necessary for the favorable consideration of our legislative agenda in Washington, DC.

FINANCIAL IMPACT

The funding of \$309,000 was expended for services rendered by Manatt, Phelps & Phillips on behalf of our agency. This amount was outlined in a six month contract initiated on August 1, 2010 and which concluded on January 31, 2011. The duration of the contract included a rate of compensation set at a monthly rate of \$51,500, with two six month options. The one month contract extension approved last month by the Board for the month of February cost an additional \$51,500.

DISCUSSION

Following an extended period without a lead federal advocacy team in Washington, DC, our agency sought to bolster its existing federal advocates by bringing on a firm that would expand our outreach, specifically with the Executive Branch. This was done because a strategic assessment of our current capabilities in Washington, DC illustrated that our ability to impact the Executive Branch remains less than robust and needs to be strengthened. This is important because the single most important legislative vehicle for our agency – the authorization of a new surface transportation bill – will be heavily influenced by input from the White House and more specifically, the U.S. Department of Transportation and to an extent, the Office of Management and Budget.

Specifically, the assessment of our current roster of federal advocates (Exhibit B) demonstrates that we have sufficient coverage with respect to members of the Los Angeles County Congressional Delegation. Cliff Madison has excellent relationships among our delegation members and key leaders in the House on committees with jurisdiction over transportation-related matters. Further, our current team of federal advocates, specifically Kadesh and Associates, maintains a strong relationship with the offices of our two United States Senators. In addition, we have the resources of the C2 Group, which is well positioned with many GOP offices, including, but not limited to, the Ranking Member of the U.S. Senate’s Committee on Finance and the House Committee on Ways and Means. The recurring theme of our assessment is that our agency needs more robust representation with respect to the White House and the Executive Branch of Government more generally.

During the period in which Manatt, Phelps & Phillips has been under contract with our agency the firm has had a considered and thoughtful impact on our legislative program. Their input has included, but not been limited to, assisting in editing legislative language associated with advancing our transit and highway programs, arranging meetings with key policymakers and offering insight into the political environment in Washington, D.C. The firm has also hosted a number of gatherings for our broader advocacy team, where our legislative agenda was discussed and plans were made on our efforts for the duration of the 111th Congress. The lead contact for the firm, Ambassador James

Jones, has been responsive to agency inquiries and has generally been available to discuss policy matters related to our main legislative goals; advancing our 30/10 initiative and seeking ways to advance our accelerated highway program.

~~Notwithstanding the competency of the firm and its general responsiveness, staff does not recommend that their contract of \$51,500 per month be renewed. The expectation of the firm was that they would vastly expand our contacts with the Executive Branch, including the U.S. Department of Transportation and the Office of Management and Budget. Further, the firm was expected to be creative, aggressive and resourceful in advancing our Board-approved agenda in Washington, D.C. The firm's performance on these important benchmarks was, in general, inadequate to justify exercising an option to extend their current contract at a monthly rate of \$51,500.~~

ATTACHMENTS

- Exhibit A1: "Lead" Firm Model
- Exhibit A2: No "Lead" Firm Model
- Exhibit B: Federal Legislative Assignments/Tasks

Prepared by: Raffi Haig Hamparian
 Government Relations Director For Federal Affairs



Paul Taylor
Deputy Chief Executive Officer



Arthur T. Leahy
Chief Executive Officer

Exhibit A1: "Lead" Firm Model

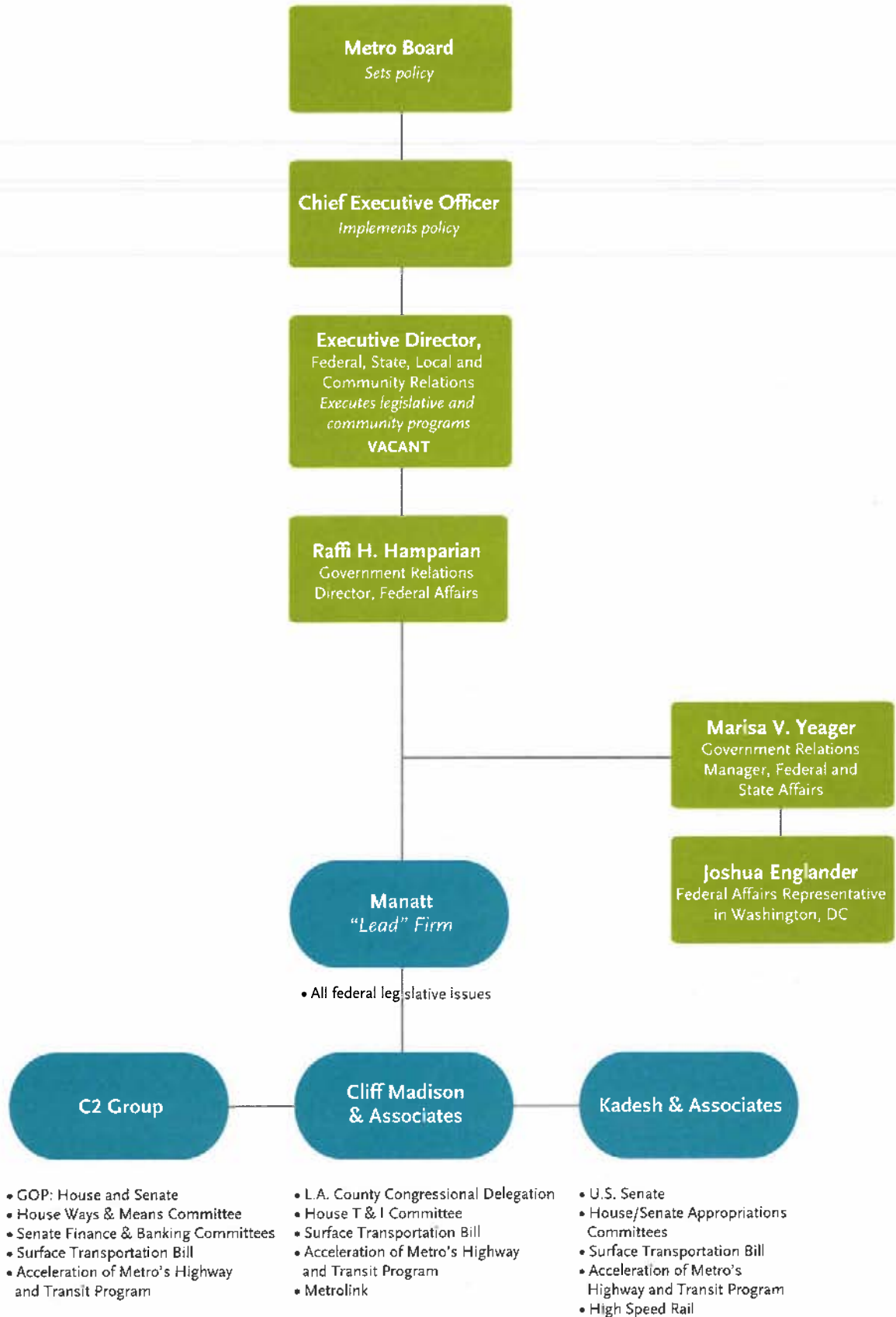


Exhibit A2: No “Lead” Firm Model

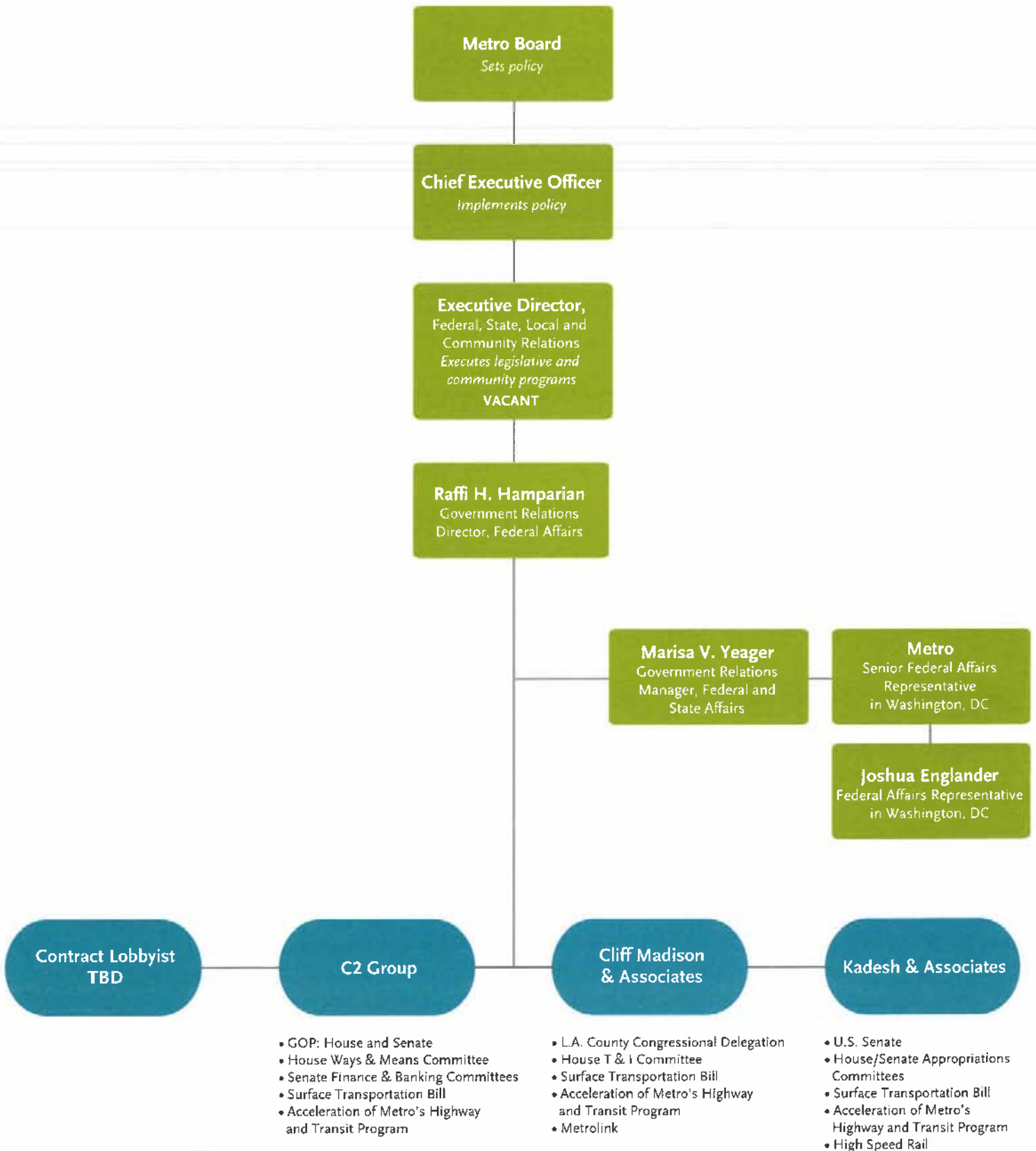


Exhibit B

2010/2011 Federal Legislative Assignments/Tasks		
Objective/Outreach		
	Current Lobbyist	Manatt
White House	Gap Identified by Metro staff	All
US Department of Transportation	John Cline	All
House	Madison	All
Senate	Chris/Mark	All
ARRA Stimulus	Madison	All
ARRA Project Updates	Madison	All
ARRA Stimulus #2	All	All
Authorization Matters	Metro Staff/All	All
US Department of Transportation	John Cline	All
High Speed Rail	Marisa/Raffi/ Mark/Chris/Cliff	All
Measure R Updates	Metro Staff	All
New Starts	All	All
Non-Federal New Starts	All	All
Positive Train Control	Kadesh/Kierig/Madison	All
Policy/ Legislative Issues		
	Current Lobbyist	Manatt
30/10 Transit	All	All
Acceleration of Highway Program	All	All
Alternative Fuels Excise Tax Credit	John Cline	All
Appropriations	Chris Kierig	All
ARRA TIGER	All	All
ARRA TIGGER	All	All
ARRA Stimulus #2	All	All
Climate Change (Cap&Trade, Air Quality, Sustainability)	Chris Kierig/Mark Kadesh	All
CMAQ - 100% Provision	John Cline	All
Ferry Boat Formula	Madison/Marisa	All
Goods Movement	John Cline	All
Growing States/High Density Formula Program	John Cline	All
High Speed Rail	Mark/Chris	All
Liveable Communities	Joh Cline	All
New Starts	John Cline/Kent Woodman/Jane Starke	All
Non- Federal New Starts	All	All
Positive Train Control	Chris Kierig	All
Rail Modernization	John Cline	All
Transit Operating Assistance	Metro Staff	All
Rail Safety Legislation	John Cline	All
Rail Car Procurement	John Cline/Jane SutterStarke (counsel)	All
Recission	Metro Staff	All
SAFETEA-LU Authorization	All	All
SILO/LILO	John Cline	All
Southern California Legislative Roundtable -East Coast	Metro Staff	All
Organizations		
	Current Lobbyist	Manatt
CAGTC	Metro Staff	All
APTA	Metro Staff/Cline	All
ASHTO	Metro Staff	All
Metrolink	Metro Staff/Madison	All
LOSSAN	Metro Staff	All
SCAG	Metro Staff	All
SCR TTC	Metro Staff	All