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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

7-14

May 19, 1998

To: Board of Directors (Committee on Communications and Legislation--Action)

From: *for* General Manager Edward J. Meas III

Submitted by: John R. Maloy
Chief of Communications J. Maloy

Subject: Ratification of the Third Amendment to Agreement No. 9172 with The Furman Group, Inc., for consulting services

RECOMMENDATION

It is recommended that the Board of Directors ratify the General Manager's execution of the Third Amendment to Agreement No. 9172 with The Furman Group, Inc.

EXECUTIVE SUMMARY

In August 1997, Metropolitan's Board directed a reorganization of all legislative activities and public affairs functions into a unified Communications Division, and articulated specific expectations with respect to the achievement of Metropolitan's legislative objectives.

To supplement staff efforts on these legislative activities, Metropolitan continues to retain specialized consultants to assure that Board expectations are realized.

To ensure that the Board is fully informed with respect to these consultant activities, it is staff's intention to present all ongoing contracts for public relations and legislative consultants to the Board for ratification.

Agreement No. 9172, with The Furman Group, Inc., is one of several contracts staff is presenting to the Board under this process, which will take place over the next few months. Furman Group staff work primarily with Metropolitan's Washington, D.C. office.

In November 1994, Metropolitan's Board of Directors voted to establish a Washington, D.C. office, and at that time, recognized that it would be necessary to develop a

“comprehensive federal advocacy program which includes agreements with several Washington, D.C. firms to provide representation with a broader array of perspectives and contacts...” As a result of that Board decision, Metropolitan has contracted with The Furman Group since 1996.

The firm provides strategic counsel on relations with federal legislators and their staffs, as well as with regulatory authorities, and assists Metropolitan with its coalition development efforts.

DETAILED REPORT

In August 1997, Metropolitan's Board directed a reorganization of all legislative activities, as well as traditional public affairs functions, into a unified Communications Division. At that time, the Board articulated its specific expectations with respect to the achievement of Metropolitan's legislative objectives. To supplement staff efforts on these legislative activities, Metropolitan has continued to retain consultants with particular expertise in legislative process and/or water policy to assure that Board expectations are realized.

To ensure that the Board is fully informed with respect to these consultant activities, it is staff's intention to present all ongoing contracts for public relations and legislative consultants to the Board for ratification. Agreement No. 9172, with The Furman Group, Inc., is one of several contracts that staff will present to the Board under this process, which will take place over the next few months.

In November 1994, Metropolitan's Board of Directors voted to establish a Washington, D.C. office to strengthen our outreach efforts to federal legislators and regulatory agencies. As a part of these efforts, Metropolitan's Board recognized that it would be necessary to develop a “comprehensive federal advocacy program which includes agreements with several Washington, D.C. firms to provide representation with a broader array of perspectives and contacts in order to increase the scope and effectiveness of Metropolitan's activities and influence.”

As a result of this prior Board decision, Metropolitan has contracted with The Furman Group since March 1996. Agreement No. 9172 was awarded as a sole-source contract, with a maximum payable of \$75,000 for the initial 12-month period. Under a Third Amendment, which became effective in March 1998, the maximum amount payable has now increased to \$100,000 annually, inclusive of expenses. The annual renewal provision of this Third Amendment is consistent with Metropolitan's policies for securing consulting and professional services which will be required on an ongoing basis. The consultant continues to be paid on a monthly retainer basis, which has not increased since the initial contract, but the maximum payable was increased to accommodate any additional travel expenses which might be incurred on Metropolitan's behalf (the consultant's home office is located in Las Vegas, Nevada).

The Furman Group provides services in the following areas:

1. Developing strategy to pursue legislative and regulatory goals at the federal level; and
2. Assisting Metropolitan in its coalition development efforts.

Staff feels that The Furman Group is uniquely qualified to perform these services. Hal Furman, the principal of the firm, is the primary Metropolitan contact. Mr. Furman's background includes experience as a former Associate Solicitor with the U.S. Department of the Interior, which gives him special knowledge of federal law as it pertains to the Colorado River. He has good working relationships with the Senate leadership, and in particular with the Energy and Natural Resources Committee. He is also an expert on federal appropriations.

Recent activities of The Furman Group have included identifying potential funding for Bay/Delta Category III projects; pursuing revisions to the current federal Endangered Species Act; assisting with Colorado River efforts related to habitat protection and salinity control; supporting Metropolitan's overall education efforts to improve its visibility among legislators and regulators; and providing input for the mark-up of the Salton Sea legislation. The Furman Group has also assisted Metropolitan staff in securing various appointments with high-level officials for "Washington Day 1998."

Mr. Furman has also represented Metropolitan on other federal legislation which could force relocations of the District's and Member Agencies' water distribution infrastructure to accommodate transportation improvements, such as the Alameda Corridor, as provided for in the reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA).

Staff anticipates that Metropolitan's federal legislative and regulatory efforts will require increased and ongoing attention for Metropolitan to meet its water supply and operational goals, and protect the interests of its Member Agencies. Staff requests the Board reaffirm its support for these activities by ratifying the Third Amendment to Agreement No. 9172.

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