

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
EXTERNAL RELATIONS DEPARTMENT**

TO: Mayor and City Council

FROM: Jim Campbell, External Relations Director

THROUGH: Terry M. Brechtel, City Manager

COPIES: Veronica M. Zertuche, Deputy City Attorney; File

SUBJECT: EXTENSION OF FEDERAL REPRESENTATION CONTRACT

DATE: February 6, 2003

SUMMARY AND RECOMMENDATION

An ordinance authorizing the City Manager to exercise a one-year contract extension with Loeffler, Jonas & Tuggey, L.L.P., to provide federal government affairs services. These services begin on February 1, 2003 and conclude on January 31, 2004, with the option of an additional one-year contract extension. The annual amount for professional services is \$172,800. The retainer is inclusive of all reasonable and ordinary expenses.

Staff recommends approval of this ordinance.

BACKGROUND

The City has retained consultants to represent its federal interests in Washington, D.C. since 1994. As a result of a Request for Qualifications process in 1998, the City retained the firm of Arter & Hadden on a one-year contract with two one-year renewal options. On May 1, 2001, Arter & Hadden informed the City of San Antonio that Tom Loeffler, who had been the principal consultant on the City's contract, would be leaving the firm to establish his own legal/government affairs firm, "Loeffler, Jonas & Tuggey, L.L.P." On June 14, 2001, the City Council approved, through Ordinance number 94008, the assignment of the federal representation contract from Arter & Hadden to Loeffler, Jonas & Tuggey, L.L.P.

On September 19, 2002, the San Antonio City Council adopted its Fiscal Year 2002-2003 budget, which included an elimination of programs, across-the-board reductions and reductions in force. During budget negotiations, the City Manager asked all City departments to identify budget cuts of between five and ten percent to bridge a shortfall of approximately \$44 million. In order to achieve the level of reductions requested by the City Manager, the External Relations Department proposed a four percent reduction in the value of its federal government affairs contract, effective October 1, 2002. In a letter dated August 13, 2002 (see copy attached), the

director of the External Relations Department informed Loeffler, Jonas & Tuggey, L.L.P., that a four percent reduction was being proposed to the City Council and City Manager as part of the department's deficit reduction package. On October 31, 2002, City Council ratified the reduction by adopting Ordinance No. 96651. The current contract expires January 31, 2003.

POLICY ANALYSIS

A Request for Proposal (RFP) for federal government affairs services was issued on November 2, 2001. Thirty-three firms were mailed RFP packets and advertisements were placed in the *Washington Post* and *Roll Call* newspapers. On November 26, 2001, three firms responded to the RFP. The City Council's State and Federal Initiatives Committee, comprised of Councilmembers Conner (Chair), Barrera, Castro, Perez, and Schubert, accepted staff's recommendation to interview the following firms: (1) *Government Relations Inc.*, (2) *The Ferguson Group L.L.C.*, and (3) *Loeffler, Jonas & Tuggey, L.L.P.* on January 7, 2002. After the interviews, the committee recommended to the full Council that the City engage the services of *Loeffler, Jonas & Tuggey, L.L.P.* The principals assigned to the City of San Antonio contract include: Thomas G. Loeffler, W. James Jonas III, Jon W. Plebani, Daniel L. Cohen, Michael J. Frazier, Mark A. Franz, Jose E. Martinez, and Everett Bierman. All principals have extensive experience in legislative and regulatory affairs. Provided below is a brief biographical summary of each member of the lobby team:

- *Thomas Loeffler* is a former member of the U.S. House of Representatives (1978-1986) serving the 21st Congressional District. He served in President Ronald Reagan's Administration in the area of Central American foreign policy.
- *W. James Jonas III* began practicing law in 1987 with an emphasis in Texas state, county, and municipal governmental issue.
- *Jon Plebani* served in President Clinton's Administration as a Special Advisor to the President on Haiti. He also served as the Chief of Staff to the Majority Whip of the House of Representatives and Staff Director for the Chairman of the House Budget Committee.
- From 1986-1993, *Dan Cohen* served as the legislative liaison for the American Israel Public Affairs Committee. In addition, Mr. Cohen has held several senior staff positions in the U.S. House of Representatives Appropriations Committee.
- *Michael J. Frazier* served as the Assistant Secretary of Transportation during the Clinton Administration. He also served as the Chief of Staff to U.S. Senator Carol Moseley-Braun and as a legislative assistant to U.S. Senator Edward Kennedy.
- *Mark A. Franz* formerly served as the Vice Chancellor for Federal Relations at the University of Texas System and as the Chief of Staff to U.S. Senator Kay Bailey Hutchison.
- *Jose E. Martinez* served as President and CEO of the Free Trade Alliance San Antonio. Mr. Martinez also served as the Director of the United States Trade and Development Agency.

The scope of services for the contract includes: (1) assisting in the formulation and adoption by City Council of the City's Federal Initiatives Program for the Second Session of the 107th Congress and the First Session of the 108th Congress; (2) effectively communicating City Council policy positions to the Bexar County Congressional Delegation and other members of Congress and the Executive branch; (3) assisting in the passage of such legislative initiatives; (4) informing members of Congress, including but not limited to the Bexar County Congressional Delegation, of provisions of proposed or pending legislation the City opposes due to negative or adverse impact on the City's interests; (5) preparing testimony and assisting with the scheduling of witnesses before congressional committees; (6) assisting with the coordination of the City's legislative program with the National League of Cities, United States Conference of Mayors and other groups and cities; (7) assisting in affecting regulatory development of City interests; and (8) providing timely information and advice on federal funding opportunities to support City programs and services and facilitating federal consideration of City applications.

FINANCIAL IMPACT

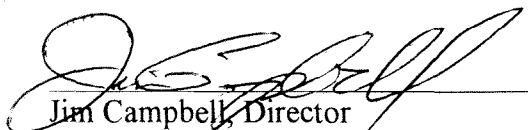
A \$14,400 monthly retainer is the fee for professional services. The annual amount totals \$172,800. The retainer is inclusive of all reasonable and ordinary expenses. The fee represents a 4 percent reduction over the 2002 contract amount. Sufficient funds in the amount of \$172,800 have been budgeted in the FY 2002-2003 External Relations budget.

SUPPLEMENTAL INFORMATION


In accordance with Ordinance No. 80329, relating to recently adopted revisions of the City's ethics ordinance, attached are the Disclosure Forms for the firm of *Loeffler, Jonas & Tuggey, LLP*.

COORDINATION

This item has been coordinated with the Office of Management and Budget and the City Attorney's Office.


Jim Campbell, Director
External Relations

Reviewed and Approved by:


Terry M. Brechtel
City Manager

City of San Antonio Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

N/A

(2) the identity of any **business entity** that would be a party to the discretionary contract:

Loeffler Jonas & Tuggey LLP

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

N/A

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

Tom Loeffler
W. James Jonas III
Tim Tuggey
Robert Rosenthal
J.D. Pauerstein

¹ A **business entity** means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

N/A

Political Contributions

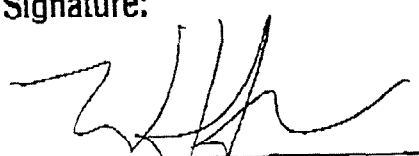
Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
Ed Garza	\$ 5,000	5/23/2001
Tim Bannwolf	\$ 1,000	5/31/2001
John Sanders	\$ 1,000	1/09/2002
Toni Morehouse	\$ 1,000	1/16/2002
Bobby Perez	\$ 500	2/20/2002
Ed Garza	\$ 5,000	5/14/2002
David A. Garcia	\$ 1,000	6/12/2002
Toni Morehouse	\$ 500	6/20/2002
Carroll Schubert	\$ 2,400	8/07/2002

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

N/A

Signature: 	Title: Partner Company: Loeffler Jonas & Tuggey LLP	Date: 10/24/2002
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² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

**FIRST AMENDMENT
TO FEDERAL REPRESENTATION
SERVICES AGREEMENT**

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, this First Amendment to the Federal Representation Services Agreement ("First Amendment") is entered into by the CITY OF SAN ANTONIO, a Texas Municipal corporation ("City"), acting by and through its City Manager pursuant to and duly authorized by Ordinance No. _____, passed and approved on _____, 2002, and Loeffler, Jonas & Tuggey L.L.P. ("Consultant"), acting by and through its duly authorized designated officer.

- A. City and Consultant entered into the Federal Representation Services Agreement ("Agreement") pursuant to City of San Antonio Ordinance No. 95210 dated January 24, 12002.
- B. City and Consultant agree to amend specific provisions of the Agreement as set out in this First Amendment.
 - 1. Article 4.1: is amended to reflect that Consultant will be compensated in the amount of \$14,400.00 per month, inclusive of all expenses.

Except as otherwise expressly modified hereby, all terms and provisions of the Agreement are ratified and confirmed and shall remain in full force and effect, enforceable in accordance with their terms.

EXECUTED AND SIGNED this 30th day of OCTOBER, 2002.

CITY OF SAN ANTONIO

City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

LOEFFLER, JONAS & TUGGEY L.L.P.

Name: W. JAMES JONAS III
Title: PARTNER

ATTEST:

Name: KELLY L. ABLES
Title: ASSISTANT

CITY OF SAN ANTONIO

EXTERNAL RELATIONS DEPARTMENT

P.O. BOX 839966

SAN ANTONIO, TEXAS 78283-3966

TEL: 210-207-8109

FAX: 210-207-8544

August 13, 2002

Mr. Tom Loeffler
Loeffler, Jonas & Tuggey LLP
1801 K Street, NW, Suite 340
Washington DC 20006

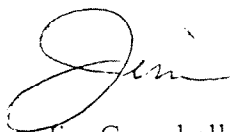
Dear Mr. Loeffler:

As you probably are aware, the City of San Antonio is facing its most difficult budget challenge in over a decade. The City Manager's budget, which will be presented to the City Council on August 15, 2002, will include an elimination of programs, across-the-board reductions and reductions in force. City departments have been asked to identify five to ten percent in budget cuts.

Aside from personnel costs, the largest single line item in the External Relations Department budget is "fees to professional contractors." In order to achieve the level of reductions requested by the Management Team, I have included in my proposed cuts a four percent reduction in the value of the state and federal government affairs contracts, effective October 1, 2002. I cannot predict which reductions the Mayor and Council will accept, but I wanted you to know that a reduction in your contract is a possibility.

If the City adopts my proposal as part of the deficit reduction package, I will need your consent to amend your contract by action of the Council. I can assure you this action was taken only after very careful consideration and in concert with other significant budget reductions. Please feel free to call me if you have any questions.

Sincerely,



Jim Campbell, Director
External Relations

*Delivered to
L. Jones 8/14/02
C*