



Legislation Text

File #: ID 16-858, **Version:** 1

AGENDA INFORMATION SHEET

DEPARTMENT: Materials Management

ACM: Bryan Langley

AGENDA DATE: August 16, 2016

SUBJECT

Consider adoption of an Ordinance of the City of Denton, Texas authorizing the City Manager to execute a professional services agreement between the City of Denton and Focused Advocacy, LLC to assist the City of Denton in advancing its State Legislative Program, assist Council and staff in addressing proposed legislation, and make the City aware of any legislative or administrative initiatives believed to be detrimental to the interests of the City; authorizing the expenditure of funds; and providing an effective date (File 6182-in the annual not-to-exceed amount of \$166,000 for a four (4) year total not-to-exceed \$664,000).

BACKGROUND:

As we prepare for the 85th Texas Legislature, staff has been working with our two legislative consultants-Focused Advocacy, LLC and Solutions for Local Control, LLC during the interim period. Recent trends of the Texas Legislature have been that each new session brings an increased number of city-related bills filed, with the majority proposing impediments to the ability of cities to govern from a local perspective. For the last several sessions, legislative leaders have continued to file and support bills that would lower or broaden the current cap on annual increases in property tax appraisals, impose a local revenue cap, enact costly unfunded mandates, or erode municipal authority to conduct local affairs. As Denton continues to grow, our legislative exposure continues to increase with potentially greater negative impacts to our budget, and more importantly, on our ability to deliver services in the best interest of our citizens. For the 84th Regular Session of the Texas Legislature (2015), legislators filed 6,476 bills, and more than 1,600 were city-related.

Staff feels that now, more than ever, it is important to continue our relationship with proven legislative consultants as part of our legislative strategy. Given the history of bad policy bills that our consultants have helped us defeat or mitigate, we feel that the benefits of contracting with such a professional service outweigh the costs (Exhibit 1). The City of Denton began using legislative consultants to assist with general government issues during the 80th Regular Session of the Texas Legislature (2007). Prior to that, only Denton Municipal Electric (DME) had used a legislative consultant to assist them with utility issues. Several area cities also currently utilize the services of Focused Advocacy, LLC for legislative consulting (Exhibit 2).

Also, Denton has been actively involved with the Texas Municipal League's (TML) Big City Lobby group since 2003. This group brings together representatives from TML and major Texas cities to work together on legislative strategy and coordinate support of beneficial legislation and opposition to detrimental legislation to cities. However, due to the unique characteristics of each city, Denton sometimes found itself without allies on

proposed legislation, such as on the college textbook sales tax exemption bills, or as the target of politically-motivated members as with the gas well legislation, HB 40.

It is difficult to place a dollar amount to the cost avoidance for the defeat of bad policy bills during the previous sessions, but the amount can easily run into several million dollars each session. Looking at the revenue cap issue in 2015, for example, the legislature attempted to pass SB 182, a bill that would have decreased the current eight percent cap and put a hard four percent cap on property tax increases by requiring a mandatory citizen election to raise taxes. Had this passed, the City of Denton alone stood to lose \$1.2 million annually or \$48 million cumulatively over a ten (10) year period. Finally, the legislature frequently files multiple bills restricting reasonable eminent domain and annexation authority, the authority of which is critical to our managed growth plans.

Focused Advocacy also tracked nearly 300 separate bills which had the potential to impact public power systems, including DME. In particular, they helped oppose and defeat legislation that would have deregulated Austin Energy. Deregulation proposals aimed at Austin have significant implications for all municipal-owned utilities (MOUs) statewide, including DME. The MOU deregulation issue will likely resurface in the 2017 session. They also helped us and our partners defeat legislation that would have capped the Austin Energy general fund transfer. Legislative mandates impacting the financial relationship between MOUs and their cities have significant implications for public power, whether aimed at a single system or not. Focused Advocacy was also instrumental in getting priority TMPA legislation passed that addressed the structure and efficiency of the agency.

Through the efforts of our consultants, cities maintained authority to exercise eminent domain and annexation, prevented further erosion of our tax base by helping to defeat SB 182, and helped defeat legislation that would have extended further exemptions to utility fees, among many other legislative efforts.

During the 85th Texas Legislature's Interim Session, numerous interim charges were given to the legislature by the Speaker of the House and the Lt. Governor to study and report back to the House and Senate members. Typically, these studies identify possible legislative actions and often result in the filing of bills in the next regular legislative session. Some of these interim charges may have an impact on the City of Denton. For example, the Senate Subcommittee on Revenue and Finance has been touring the state in an attempt to shore up support for the Lt. Governor's priority issue of imposing revenue caps on municipalities, thereby restricting governing bodies' ability to set policy and raise revenues appropriate to their communities.

As a result, staff recommends that the City and DME continue to have legislative consulting assistance to address these issues and hopefully minimize or eliminate any negative impacts of the 85th Legislative Session. In October 2010, staff entered into a two (2) year contract with Focused Advocacy, LLC for legislative services for general government issues and DME electric issues. The two (2) year contract amount was \$258,000, plus a two (2) year not-to-exceed amount of \$7,000 for reimbursable expenses. The contract was renewed in 2012 with a \$10,000 increase to \$268,000 and no change to the not-to-exceed reimbursable expenses. The current contract was renewed in 2014 with a 10% increase for a total of \$294,800 plus reimbursable expenses. This contract expires on September 30, 2016. The cost of the contract has been shared between the General Fund and the Electric Fund during this time period.. The attached proposed contract (Exhibit 4) contains a 10% increase, for a total two (2) year contract cost of \$324,000 plus \$8,000 for not-to-exceed reimbursable expenses. The contract also contains an option to renew for an additional two (2) year time period with no price increase.

Though not part of this contract, the City also plans to renew the contract with Solutions for Local Control,

LLC, run by former State Representative Fred Hill. The current contract contains a provision that allows the city to extend the agreement for an additional two-year term. City staff has been more than pleased with the services Mr. Hill provided under contract, starting in the 81st Interim Session, regarding issues specific to sales tax, appraisal/revenue caps, and community development and housing. His knowledge of critical finance issues of interest to the City and his relationship with current members of the legislature and leadership make him an invaluable consultant, particularly in an upcoming legislative environment which we anticipate will be hostile to municipal revenue bases. The Lt. Governor has made appointments to key Senate committees that are not well known for advocating on behalf of local government revenue sources. Consequently, it is all the more important we continue to draw on the respected and unparalleled experience Fred Hill brings to the table. The Solutions for Local Control, LLC agreement for legislative services for general government will be brought to City Council at a later date.

RECOMMENDATION

Award a Professional Services Agreement to Focused Advocacy, LLC in the four (4) year not-to-exceed amount of \$664,000.

PRINCIPAL PLACE OF BUSINESS

Focused Advocacy, LLC
Austin, TX

ESTIMATED SCHEDULE OF PROJECT

This is a two (2) year agreement with the option to renew for an additional two (2) year period. The contract will begin October 1, 2016.

FISCAL INFORMATION

The funding for this contract will be split between general fund operating account 160099.7850 and DME Denton Municipal Electric account 600001.7854.9210A. A purchase order for the 2016-17 fiscal year will issued in October.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Organizational Excellence**
Related Goal: **1.3 Promote effective internal and external communication**

EXHIBITS

Exhibit 1: Staff Memo
Exhibit 2: List of Municipal Clients
Exhibit 3: Ordinance
Exhibit 4: Contract

Respectfully submitted:
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Director of Finance

For information concerning this acquisition, contact: Lindsey Baker at 349-8234.