

BOARD MEETING DATE: November 4, 2022

AGENDA NO. 6

PROPOSAL: Amend Contracts for Legislative Representation in Washington, D.C.

SYNOPSIS: The current contracts for legislative and regulatory representation in Washington, D.C. with Kadesh & Associates, LLC, Cassidy & Associates and Carmen Group, Inc., expire on January 14, 2023. Each of these contracts includes an option for two one-year extensions. This action is to consider approval of the first one-year extension of the existing contracts for Calendar Year 2023 with Kadesh & Associates, LLC for \$226,392; Cassidy & Associates for \$216,000; and Carmen Group, Inc. for \$222,090 as South Coast AQMD's legislative and regulatory representatives in Washington, D.C., to further the agency's policy positions at the federal level. Sufficient funding is available in the Legislative, Public Affairs & Media FY 2022-23 Budget.

COMMITTEE: Administrative, October 14, 2022; Recommended for Approval

RECOMMENDED ACTIONS:

1. Authorize the Chair to execute a first one-year extension of the contract with Kadesh & Associates for \$226,392;
2. Authorize the Chair to execute a first one-year extension of the contract with Cassidy & Associates, Inc. for \$216,000; and
3. Authorize the Chair to execute a first one-year extension of the contract with Carmen Group, Inc. for \$222,090.

Wayne Natri
Executive Officer

DJA:LTO:PFC

Background

After a competitive request for proposals process in 2021, the Board selected Kadesh & Associates (Kadesh), Cassidy & Associates (Cassidy) and the Carmen Group

(Carmen) for legislative and regulatory representation in Washington, D.C. for one year beginning on January 15, 2022, with an option for up to two one-year renewals upon satisfactory performance, at the Board's discretion. Each of the three one-year contracts will expire on January 14, 2023; however, each agreement includes an option for two one-year extensions.

In 2022, the firms of Kadesh, Cassidy and Carmen represented South Coast AQMD in Washington, D.C. and performed at a high professional level. The firms have been effective in working with the Board and staff to sustain active engagement in federal legislative, policy and regulatory issues with the Administration, Congressional Members and staff, industry, environmental and health organizations and other stakeholders.

Kadesh is a bipartisan federal advocacy firm specializing in California interests. Kadesh's team has considerable experience working as senior Congressional staffers in the House and the Senate. Mark Kadesh, President, is the primary contact with Ben Miller, Principal Consultant, for South Coast AQMD. Mr. Kadesh has extensive legislative and political experience and insights gained from his sixteen years working on Capitol Hill. For seven years he served as Chief of Staff to Senator Dianne Feinstein (D-CA). He previously served as Legislative Director for Senator Feinstein, handling and gaining in-depth knowledge of issues ranging from air quality, water, energy, tax, commerce, environmental regulations, air quality, transportation, finance, trade, and appropriations. Mr. Miller worked for more than seventeen years as an advisor for Members of the California Congressional Delegation. He served as the Chief of Staff for Representative Jared Huffman (D-CA) and has expertise working on air quality, water, environmental, infrastructure, transportation, natural resources, and climate issues.

Cassidy is a bipartisan federal government relations firm with more than 45 years of demonstrated experience. Amelia Morales, Executive Vice President, and Jed Dearborn, Senior Vice President, serve as South Coast AQMD's primary representatives. Ms. Morales joined Cassidy after serving as Deputy Staff Director and Senior Policy Advisor to the U.S. House Committee on Natural Resources since 2011. She served as chief policy advisor and strategist to then U.S. Representative and now U.S. Senator Ed Markey (D-MA), U.S Representative Grace Napolitano (D-CA), U.S. Representative Peter DeFazio (D-OR) and its current Ranking Member U.S. Representative Raul Grijalva (D-AZ). She was also the primary policy contact with House leadership, White House Legislative Affairs, Council on Environmental Quality, in addition to Departments under the committee's jurisdiction. Mr. Dearborn joined Cassidy after serving as Senior Counsel to the U.S. Senate Committee on Energy and Natural Resources, where he was responsible for negotiating and advancing legislation on electricity generation and transmission, natural gas transportation, cybersecurity, air quality and clean energy technologies such as energy storage and carbon capture,

utilization, and sequestration. Prior to the Committee, he served as Energy Counsel to Senator John Barrasso practiced energy regulatory law at a major law firm.

Carmen Group is a bipartisan government affairs firm with decades of experience in legislative representation and government relations, including building industry coalitions. Gary Hoitsma, Executive Managing Associate, and Dal Harper, Executive Managing Director, are the primary representatives for South Coast AQMD. Mr. Hoitsma leads Carmen Group's Transportation and Environment Practice. He served eight years as a top aide to U.S. Senator James M. Inhofe (R-OK), current chairman of the Senate Armed Services Committee and former chairman of the Environment & Public Works Committee. He worked closely with Senator Inhofe to develop and coordinate legislative strategies and communicate clear positions on a wide variety of critical public policy issues. Previously, he served as special assistant to the administrator of the Federal Highway Administration at the U.S. Department of Transportation, where coordinated public affairs and congressional relations activities and helped build interest group coalitions for administration transportation policies. Mr. Harper brings two decades of government relations including legislation and agencies such as Department of Commerce, Department of Interior, Department of Transportation, U.S. EPA, General Services Administration and the National Park Service.

While the 117th Congress is still in progress, below are some of the accomplishments and issues worked on by these three firms in 2022:

- **U.S. EPA Clean Trucks Plan** – Members of Congress and staff, coordinated efforts with likeminded industry to urge the Administration to release the proposed Clean Truck Plan rule. The consultants assisted in garnering participation in the Office of Management and Budget 12866 meeting process to urge for the strongest possible NO_x standards for heavy-duty trucks beginning with Model Year 2027. After publication of the proposed rule, consultants assisted in organizing and garnering support for a Congressional letter with 66 Representatives and Senators in support of the strongest possible heavy-duty vehicle requirements for the Clean Trucks Plan. Ongoing efforts are to urge U.S. EPA to finalize a rule by the end of 2022.
- **U.S. EPA Working Group with South Coast AQMD, San Joaquin APCD, Bay Area AQMD and CARB** – Building upon Senator Alex Padilla's request to U.S. EPA to form a Working Group on behalf of South Coast AQMD and the other large California air agencies, consultants are maintaining close contact with Congressional offices to elevate air quality issues and the need for federal action to reduce NO_x emissions from heavy-duty trucks, ocean-going vessels, locomotives, aircraft and off-road equipment. The Congressional discussions in parallel with the Working Group efforts with U.S. EPA are a critical component of a "Whole of

Government” approach which spans legislative, regulatory and policy actions on the local, state and federal levels.

- **Increased Fiscal Year (FY) 2022 Appropriations –**
 - Targeted Airshed Grants increased from \$59 million in FY 2021 to nearly \$62 million in FY 2022.
 - Diesel Emissions Reduction Act (DERA) increased from \$90 million in FY 2021 to \$92 million in FY 2022.
 - Section 103/105 increased from \$229.5 million in FY 2021 to \$231.5 million in FY 2022, plus approximately \$100 million in the American Rescue Plan Act.

- **H.R. 5376, the “Inflation Reduction Act”** – Since the beginning of the Biden Harris Administration, the consulting firms have been strategically advocating for South Coast AQMD legislative priorities to address emissions related to goods movement and other federally regulated sources; research, development and demonstration projects; funding prioritization for nonattainment areas and environmental justice, air monitoring, energy, and other air quality programs. This effort entailed a bicameral approach in meeting with Members of Congress and their staff (California and out-of-state), Committees, the Administration, industry and others. Examples include the Offices of Senators Dianne Feinstein, Alex Padilla, and Jim Inhofe; Representatives Tony Cardenás, Ken Calvert, Nanette Barragán, Lisa Blunt Rochester, Raul Ruiz, Mike Thomson; White House Council on Environmental Quality, U.S. Department of Transportation Port Envoy and Climate; and Majority and Minority for House Energy and Commerce and Senate Environment and Public Works. After multiple versions of reconciliation legislation, the Inflation Reduction Act passed containing provisions in alignment with South Coast AQMD’s advocacy priorities, including, but not limited to:
 - Two new programs which provide funding for nonattainment areas –
 - **Clean Vehicles:** \$600 million to U.S. EPA to award grants to help replace medium-duty vehicles with zero-emitting vehicles such as garbage trucks, tow trucks, and school buses. Plus, \$400 million specifically for vehicles that would serve communities located in nonattainment areas. States, municipalities and tribal government are eligible to apply.
 - **Grants to Reduce Air Pollution at Ports:** \$2.25 billion to U.S. EPA to award grants for the purchase of zero-emissions port equipment and technology. An additional \$750 million is provided for ports located in nonattainment areas. Air agencies are eligible to apply for grants.
 - **DERA** – \$60 million for DERA in addition to annual appropriations. Air agencies are eligible to apply for funds.

- **Commercial vehicle tax credit** – \$7,500 up to \$40,000 depending on vehicle weight and providing the highest amount for the cleanest engines.
- **Air Monitoring** – \$280 million to support the national ambient air quality monitoring system, air quality sensors, and other related activities.
- **Consumer Home Energy Rebates** – \$9 billion to electrify home appliances and for energy efficient retrofits.
- **Consumer Home Energy Efficiency Tax Credits** – 10 years of consumer tax credits to make homes energy efficient and to run on clean energy, including heat pumps, rooftop solar, electric HVAC and water heaters.
- **Light-Duty Vehicles** – \$4,000 consumer tax credit for lower/middle income individuals to buy used clean vehicles, and up to \$7,500 tax credit to buy new clean vehicles.
- **Bureau of Reclamation** – \$4 billion with priority for the portion of the Colorado River basin, which the Salton Sea is an adjacent area and receives water, for ecosystem and habitat restoration projects to address issues directly caused by drought in an inland body of water.
- **Air Quality and Environmental Justice** – Programs that support air quality and environmental justice issues. Some programs of note:
 - ***Climate Pollution Reduction Grants***: \$5 billion for a competitive grant program for state planning and implementation of programs, policies, measures, and other investments that will achieve or facilitate greenhouse gas emission reductions. Air agencies are eligible to apply for grants.
 - ***Environmental and Climate Justice Block Grants***: \$3 billion for grants and to provide technical assistance for activities that benefit disadvantaged communities including pollution monitoring and prevention and environmental remediation; investments in low- and zero-emission and resilient technologies and related infrastructure and other purposes. Entities eligible to apply are States, local government, and tribal government and in partnership with community-based non-profits.
 - ***Neighborhood Access and Equity Grant Program***: \$3 billion for a new program to support neighborhood equity, safety and affordable transportation access with four competitive grants to reconnect communities divided by existing infrastructure barriers, mitigate negative impacts of transportation facilities including air pollution and other environmental impacts.

The consultants have represented South Coast AQMD through their advocacy efforts. Continued representation in Washington, D.C. is necessary to further the agency’s legislative, regulatory and policy objectives. The South Coast and Coachella Valley Air Basins nonattainment status and the threat of Clean Air Act sanctions require substantial, consistent engagement with Congress and the Administration. Of specific interest in 2023 to assist South Coast AQMD with nonattainment issues in federal

responsibility through funding, regulations, and policy to address emissions from heavy-duty trucks, ocean-going vessels, locomotives, aircraft, and off-road equipment. Additional areas of interest are energy, infrastructure, residential and commercial building efficiencies, environmental justice, air monitoring and related programs. The consulting firms will also assist South Coast AQMD advocate for favorable program guidance and/or funding from the American Rescue Plan, Bipartisan Infrastructure Law, Inflation Reduction Act, Appropriations and other legislation.

Proposal

Staff recommends retaining Kadesh & Associates, Cassidy & Associates and Carmen Group for Calendar Year 2023, given their successful efforts in 2022 and their ability to build upon these efforts in the coming year. Continuity of representation is critical to strategically advocate with pending nonattainment and Clean Air Act issues.

Pursuant to the original contract, the Board has discretion to exercise options for the two one-year extensions. This proposal is to approve the first one-year extension for all three consulting contracts.

Resource Impacts

The Legislative, Public Affairs, and Media Budget for FY 2022-23 has sufficient funds for legislative advocacy in Washington, D.C.