



AGENDA STAFF REPORT

DATE: July 23, 2018

TO: Honorable Mayor and City Council

THRU: Jill R. Ingram, City Manager

FROM: Victoria L. Beatley, Director of Finance/City Treasurer

SUBJECT: **First Amendment to Legal Services Agreement with Richards, Watson & Gershon**

SUMMARY OF REQUEST:

That the City Council adopt Resolution 6848 approving the First Amendment to the Legal Services Agreement with Richards, Watson & Gershon and authorizing the City Manager to execute the amendment on behalf of the City.

BACKGROUND AND ANALYSIS:

Attorneys from Richards, Watson & Gershon (RWG), have been serving as City Attorney since 1972, as well as counsel to the Redevelopment Agency and other subsidiary agencies. The most recent update to the firm's contract with the City was approved and executed in 2007. RWG's rates have remained stable under the contract since 2007. RWG now proposes the following changes to the agreement:

1. Change existing section 2 to reflect the fact that Craig Steele has been serving as City Attorney and counsel to other subsidiary agencies since 2016.
2. Change references to the Redevelopment Agency to the Successor Agency.
3. Increase the firm's monthly retainer fee from \$20,000 to \$20,500. This retainer fee has been in effect and unchanged since 2007.
4. Increase the current hourly rates for "Special Services" and "City Prosecutor Services" by \$10 per hour, to \$310 and \$175 respectively. It should be noted that the existing contract gives the firm the authority to raise the "Special Services" rate automatically each year from \$300 per hour by the same percentage as the annual salary increases granted to the City's management employees. The firm has not increased those rates, and the proposed \$10 per hour increase now is less than the rate

RWG would have been entitled to charge had the firm increased the rates each year. RWG does not typically provide "City Prosecutor Services," and would do so only in special circumstances.

ENVIRONMENTAL IMPACT:

There is no environmental impact related to this item.

LEGAL ANALYSIS:

RWG prepared the proposed contract amendment, but the City Attorney has abstained from providing legal advice on this item as it pertains to the compensation to be paid to his firm.

FINANCIAL IMPACT:

The annual cost of the monthly retainer fee increase, \$6,000, is included in the approved FY 2018 - 2019 budget. Although "Special Services" projects are difficult to predict, fees for such projects are expected to be covered by the existing legal budget. Based on last year's "Special Services" billings, the proposed increase would have resulted in an increase in fees billed of less than \$5,000. It should be noted that in the last two fiscal years RWG recovered significant amounts of attorneys' fees expended in two litigation matters, and that RWG estimates that it closed the FY 2017 - 2018 fiscal year significantly under budget.

RECOMMENDATION:

That the City Council adopt Resolution 6848 approving the First Amendment to the Legal Services Agreement with Richards, Watson & Gershon and authorizing the City Manager to execute the amendment on behalf of the City.

SUBMITTED BY:

Victoria L. Beatley

Victoria L. Beatley, Director of Finance/City Treasurer

NOTED AND APPROVED:

Jill R. Ingram

Jill R. Ingram, City Manager

Prepared by: Richards, Watson & Gershon staff

ATTACHMENTS:

- A. Resolution 6848
- B. First Amendment to Legal Services Agreement