

HARBOR DIVISION

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**RECOMMENDATION APPROVED;
RESOLUTION NO. 17-8174 ADOPTED; AND
AGREEMENT NO. 17-3308-A APPROVED
BY THE BOARD OF HARBOR COMMISSIONERS**

OCTOBER 6, 2017

AMBER M. KLESGES
Board Secretary

DATE: SEPTEMBER 22, 2017

FROM: OFFICE OF THE CITY ATTORNEY

SUBJECT: RESOLUTION NO. 17-8174 - APPROVE FIRST AMENDMENT TO AGREEMENT 15-3308 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND MEYERS NAVE RIBACK SILVER & WILSON PLC

SUMMARY:

The Office of the City Attorney requests the Board of Harbor Commissioners (Board) to approve a First Amendment (Amendment) to Executive Director Agreement No. 15-3308 with Meyers Nave Riback Silver & Wilson PLC (Meyers Nave). The Amendment extends the term of the Agreement by three years through February 28, 2021 and increases the compensation by \$1,400,000. The term extension and additional compensation are necessary due to ongoing professional legal services for environmental matters. The City of Los Angeles Harbor Department (Harbor Department) is financially responsible for payment of expenses under the proposed Amendment.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f), of the Los Angeles City CEQA Guidelines;

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2. Approve the First Amendment to Agreement No. 15-3308 with Meyers Nave, extending the three-year term to a total of six years with \$1,400,000 additional compensation;
3. Approve budgetary transfer of \$523,677 from the Unappropriated Balance to Cost Center 0120, Account No. 54410, Program No. 000;
4. Direct the Board Secretary to transmit the Resolution to the Mayor for approval pursuant to Section 343(b) of the City Charter;
5. Direct the Board Secretary to notify the City Clerk of such transfer pursuant to Section 343(d) of the City Charter at the time of such transfer is made;
6. Direct the Board Secretary to forward the Agreement to the City Council for its approval pursuant to Section 373 of the City Charter;
7. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment to Agreement No. 15-3308; and
8. Adopt Resolution No. 17-8174.

DISCUSSION:

Background and Context – Meyers Nave was retained under Board Agreement No. 15-3308. The term for Agreement 15-3308 commenced March 1, 2015 and will terminate on February 28, 2018. The firm provides professional legal services for environmental matters including laws, rules and regulations governing and impacting the Harbor and their operations which include, but are not limited to, the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). The term extension and additional compensation is necessary to complete ongoing assignments related to the Harbor Department's environmental matters.

Selection Process - Because the City's Real Property Division (RPD) downtown was seeking outside legal counsel with the same environmental law specialty, our Harbor Division Office of the City Attorney used the RPD's Request for Proposals (RFP) for CEQA counsel and used a competitive selection process to assess and select from the proposers to the RFP. The RFP was issued in November 2014, for outside legal counsel services to assist the RPD in CEQA, NEPA and other related matters. Twenty (20) law firms responded to the RFP. Based upon a review of all proposals submitted, the Office of the City Attorney identified and subsequently interviewed four firms that were considered to be the most qualified to provide the services required by the Harbor Department. Interviews were conducted by a panel of Harbor CEQA attorneys and the

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General Counsel during the period of December 10 -19, 2014. Based upon the scores the Committee selected three firms (Meyers Nave, The Sohagi Law Group and Remy Moose and Manley) for agreements with the Harbor Department.

Proposed First Amendment- The First Amendment for Agreement No. 15-3308 with Meyers Nave extends the term of the agreement by three years and increases the compensation by \$1,400,000. The term extension and additional compensation are necessary due to ongoing legal services and related litigation support services for environmental legal matters. Further explanation of the potential proposed legal work to be performed under the First Amendment is set forth in a separate privileged and confidential legal memorandum from our Office to the Board.

Reason for City Council Approval- The term extension will increase the three-year term to a total of six years. As this is a six-year Agreement, the Harbor Department is required by the City Administrative Code to obtain City Council approval.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Amendment to Executive Agreement No.15-3308 to extend the term of the Agreement and increase the compensation for ongoing legal services for environmental matters. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance under Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed action is for the approval of a First Amendment to Agreement No. 15-3308 to extend the term from three years to six years and to increase the compensation by \$1,400,000 for a total of \$3,040,000. To date (through June 30, 2017) the amount expended has been \$691,126. The budget amount needed for fiscal year 2017-18 (FY 17/18) is \$1,098,874. Funding in the amount of \$575,197 has been approved for this Agreement as part of the annual budget adoption process in the FY 17/18 Operating Budget within the Harbor Department City Attorney's Office in Division No. 0120, Account No. 54410, and Program No. 000.

The remaining \$523,677 will be made available through a transfer from the Unappropriated Balance (UB) to City Attorney's Office in Division No. 0120, Account No. 54410, and Program No. 000. A previous budgetary transfer from the UB approved by the Board on August 17, 2017 increased the FY 17/18 Adopted Operating Expense Budget by \$11,192,370, from \$256,452,278 to \$267,644,648. Approval of this

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budgetary transfer request from the UB will increase the FY 17/18 Adopted Operating Expense Budget by \$523,677, from \$267,644,648 to \$268,168,325.

If Adopted Revenues of \$475,428,311 and Operating Expenses of \$268,168,325 come in at budget at the end of FY 17/18, then the fiscal-year-end Operating Margin will be 43.6%. However, as of August 2017, the current fiscal-year-to-date actual Operating Margin is 60.8% due in large part to lower than expected Operating Expenses. Staff will continue to monitor actual Operating Revenue and Expense forecasts to work to maintain at least a 45% Operating Margin by fiscal-year-end. Staff will notify the Board if projections begin to indicate that the actual FY 17/18 Operating Margin will fall below 45%.

Funding for future fiscal years if necessary, will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. A funding out clause is included in Agreement No. 15-3308. The schedule of compensation broken down by fiscal year is as follows:

Firm	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	TOTAL
Meyers Nave	\$49,057	\$332,207	\$309,863	\$1,098,874	\$1,000,000	\$250,000	\$3,040,000

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed First Amendments as to form and legality.

TRANSMITTALS:

1. First Amendment to Agreement 15-3308 extending its term from three to six years and increasing compensation to \$3,040,000.

FIS Approval: CS (initials)

CA Approval: CS (initials)



CHRISTOPHER B. BOBO
Assistant City Attorney

APPROVED:

By Janna B. Sidley
JANNA B. SIDLEY
General Counsel, Harbor Department

APPROVED:

By Eugene D. Seroka
FOR EUGENE D. SEROKA
Executive Director