



CITY COUNCIL STAFF REPORT

DATE: *continued to March 2, 2016*
~~FEBRUARY 17, 2016~~ *Unfinished*
~~NEW BUSINESS~~

SUBJECT: PRELIMINARY DISCUSSION ON CITY ATTORNEY SERVICES

FROM: David H. Ready, City Manager

BY: Chief of Staff/City Clerk

SUMMARY

At the February 3, 2016, City Council meeting, Mayor Moon requested the City Manager place a discussion item on the next regular meeting agenda to discuss in-house vs. contracted city attorney services.

RECOMMENDATION:

Direct Staff as appropriate.

STAFF ANALYSIS:

City of Palm Springs Charter Section 407 requires the City Council appoint a city attorney, and Section 408 authorizes the City Council to enter into a contract with the City Attorney.

In 2005, the City Council, after an RFP process, appointed Douglas C. Holland as the City Attorney, and entered into a contract with the law firm of Woodruff, Spradlin & Smart for legal services.¹

The current agreement provides a monthly retainer for the services of Douglas C. Holland in the amount of \$25,679, and requires the City Attorney to be on-site, 3-days per week for transactional and general services. The billing rate for a partner or associate attorney and all other work performed by attorneys is \$206 per hour, and the rate for legal assistants is \$133 per hour, along with reimbursement of

¹ The Agreement provides an annual CPI increase not to exceed four (4) percent per year. Section 9 provides the contract remains in effect until terminated by either party, and the City may terminate the contract at any time without cause. The current agreement is posted on the City's website, under City Attorney.

costs. The City, however, is not charged for clerical staff, and as a cost containment measure, the City is not charged for travel time or mileage.

While the vast majority of the city attorney work is performed by Woodruff, Spradlin & Smart at the above rates, the City retains the services of other law firms for specialty work. Other firms have included the following and their respective billing rates for partner:

Liebert, Cassidy & Whitmore (Labor Negotiations)	\$325 per hour
Best, Best & Krieger (RDA)	\$325 per hour
Kane, Ballmer & Berkman (RDA)	\$350 per hour

Below are total costs for legal services for this fiscal year to date and the previous three fiscal years.

	FY 2012-13	FY 2013-14	FY 2014-15	YTD 2015-16
Woodruff (General and Transactional)	\$ 778,528	\$ 765,356	\$ 931,720	\$ 446,601
Woodruff (Litigation)	\$ 679,784	\$ 1,520,801	\$ 1,737,697	\$ 654,342
All other Legal Firms	\$ 116,602	\$ 366,866	\$ 585,120	\$ 140,100
TOTAL LEGAL COSTS	\$ 1,574,914	\$ 2,653,023	\$ 3,254,537	\$ 1,241,043

The annual costs for legal services are not entirely predictable; due to the number and severity of any claim or litigation filed, and the number and complexity of special projects required by the City Council or City Staff, in any given year.

If the City Council were to consider transitioning to an in-house, city employee city attorney, an organizational model would likely be as follows:

	Salary ²	Benefits	Total
City Attorney	\$ 240,000	\$ 96,000	\$ 336,000
Assistant City Attorney	\$ 150,000	\$ 60,000	\$ 210,000
Legal Assistant/Paralegal	\$ 90,000	\$ 36,000	\$ 126,000
Administrative Assistant	\$ 75,000	\$ 30,000	\$ 105,000
Other Costs (described below)			\$ 100,000
Contract Svc. – Specialty Labor/Personnel			\$ 90,000
TOTAL ESTIMATED COSTS			\$ 967,000

² City Staff has not performed a comprehensive compensation/benefits study for the position of city attorney or other positions. The estimated city attorney salary is based on the median salary of the benchmark cities: Burbank, Downey, Riverside, and Escondido.

Cost analysis for comparison would be the costs for the Woodruff general and transactional services (i.e. \$931,720 for FY 2014-15) to the total estimated costs for in-house city attorney department (i.e. \$967,000), as all other legal services costs such as litigation and specialized legal services are assumed to continue to be contracted legal services and not performed by in-house city attorney staff.

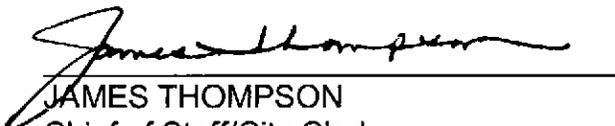
Such an organizational model may include the city attorney office be responsible for: City Council and Staff general and transactional services, contract management of outside legal counsel, planning, planning commission, code enforcement, general personnel, airport, claims, etc.

The City would still require outside legal counsel for labor negotiations, litigation services, and specialty attorneys, with costs noted above. Additionally, it is unknown if the City could retain the competitive hourly rate of \$206 per hour for litigation, currently paid pursuant to the current comprehensive legal services contract with Woodruff, Spradlin & Smart.

Other costs such as supplies, equipment online library and legal research databases, memberships, training and temporary staff for leave, etc., is estimated at \$100,000 per year. In addition to salary, benefits, and other costs, the city would need to provide office space for the City Attorney and Departmental Staff and all related overhead costs and office start-up costs.

FISCAL IMPACT:

The costs of legal services are discussed above. No fiscal impact at this time relating specifically to this discussion item.



JAMES THOMPSON
Chief of Staff/City Clerk



DAVID H. READY, Esq., Ph.D.
City Manager