



CITY COUNCIL STAFF REPORT

DATE: MAY 4, 2016 UNFINISHED BUSINESS

SUBJECT: CONTINUED DISCUSSION ON CITY ATTORNEY SERVICES AND
OUTSIDE LEGAL SERVICES CONTRACTS

FROM: David H. Ready, City Manager

BY: Chief of Staff/City Clerk

SUMMARY

The City Council requested an item be placed on this agenda to continue discussion on in-house versus contracted city attorney services. Additionally, the City Council requested discussion on continuing specific outside specialized legal service contracts.

RECOMMENDATION:

Direct City Staff as appropriate.

STAFF ANALYSIS:

At the request of the City Council, City Staff prepared a report for discussion by the City Council relating to the delivery of legal services to the City – specifically to discuss options to continue to contract for city attorney services or to provide an in-house city attorney and staff. A copy of the February 17, 2016, Staff Report is attached for reference.

To provide additional clarity on the part-time status of the City Attorney, while the City Attorney contract provides a retainer for the services of Douglas C. Holland, and requires him to be on site three-days per week – the City Attorney does not qualify as part-time. In 2015, the City Attorney reported 1,455 hours worked on retainer and an additional 530 hours, for total hours of 1,985. Douglas C. Holland serves as City Attorney only for the City of Palm Springs, and does not serve as City Attorney to any other City.

In 2015, the City received 4,373 Attorney work hours from Woodruff, Spradlin & Smart for general and transactional services (not including litigation).

ITEM NO. 4.C.

For cost comparison it is important to note, should the City Council choose an in-house attorney in addition to the estimated costs outlined in the February 17, 2106, Staff Report, an estimated 800 hours may be needed to continue the same level of current general and transactional services.

Since the preliminary discussion City Staff was able to do a quick voluntary survey of cities in California with population of 30,000 to 80,000 (Survey Results Attached). To summarize the results of 91 cities responding to our survey request:

In-House City Attorney	18 cities	20 percent
Contracted City Attorney	71 cities	78 percent
Elected City Attorney	2 cities	2 percent

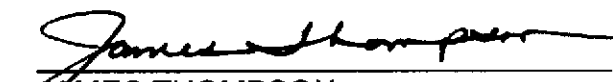
Additionally, all the cities in the Coachella Valley (Desert Hot Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta and Indio) have contract city attorney services.

The City Council requested cost information to provide office space for the City Attorney and Departmental Staff. Staff anticipates sufficient office space can be located and/or created at City Hall for under \$100,000.

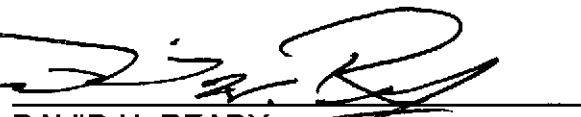
Additionally, the City Council requested discussion on continuing specific outside specialized legal service contracts as well at this meeting.

FISCAL IMPACT:

The costs of legal services are discussed in the February 17, 2016, Staff Report. No fiscal impact at this time relating specifically to this discussion item.



JAMES THOMPSON
Chief of Staff/City Clerk



DAVID H. READY
City Manager

Attachments:

February 17, 2016 Staff Report
City Attorney Service Survey



CITY COUNCIL STAFF REPORT

DATE: FEBRUARY 17, 2016 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.

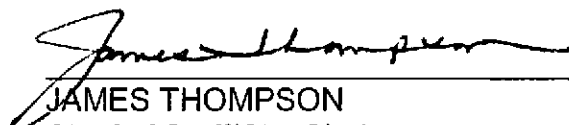
Such an organizational model may include the city attorney office be responsible for: City Council and Staff general and transactional services, contract management of outside legal counsel, planning, planning commission, code enforcement, general personnel, airport, claims, etc.

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.

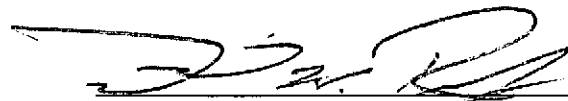
Other costs such as supplies, equipment online library and legal research databases, memberships, training and temporary staff for leave, etc., is estimated at \$100,000 per year. In addition to salary, benefits, and other costs, the city would need to provide office space for the City Attorney and Departmental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

CITY ATTORNEY
Population between 30,00 to 80,000

City	In-house	Contracted	Directly Elected	Approximate Population
Apple Valley		X		70,500
Arcadia		X		57,000
Azusa		X		48,000
Baldwin Park		X		76,000
Banning		X		32,000
Beaumont		X		40,000
Bell		X		36,000
Bell Gardens		X		43,000
Bellflower		X		78,000
Beverly Hills		X		38,000
Brea		X		45,000
Brentwood	X			54,000
Buena Park		X		80,000
Calabasas		X		25,000
Calexico		X		42,000
Camarillo		X		67,000
Campbell		X		41,000
Carson		X		80,000
Ceres	X			47,000
Cerritos		X		50,000
Chino Hills		X		74,799
Claremont		X		36,000
Colton		X		53,000
Corona		X		48,000
Coronado		X		24,000
Culver City	X			40,000
Cupertino	X			58,302
Cypress		X		50,000
Danville	X			43,055
Diamond Bar		X		56,000
East Palo Alto		X		30,000
East Vale		X		58,000
El Centro		X		45,000
Encinitas		X		60,000
Folsom	X			73,000
Fountain Valley		X		56,000
Gardena		X		60,000
Gilroy		X		52,000
Glendora		X		50,073
Hanford		X		56,000
Highland		X		54,000

Huntington Park		X		60,000
La Mesa		X		58,000
La Mirada		X		48,000
La Puente		X		42,000
Laguna Niguel	X			64,000
Lake Elsinore		X		55,000
Lake Forest		X		80,800
Lincoln		X		44,000
Lodi	X			64,000
Lompoc		X		43,000
Lynwood		X		70,000
Madera	X			63,000
Manhattan Beach		X		40,000
Manteca		X		67,096
Menifee		X		85,000
Milpitas		X		72,000
Monrovia		X		40,000
Monterey Park		X		62,000
Mountain View	X			77,014
National City	X			59,000
Newark	X			44,000
Novato				53,000
Palo Alto	X			66,955
Paramount		X		55,000
Perris		X		71,000
Petaluma	X			59,000
Pico Rivera		X		64,000
Pittsburg		X		67,000
Placentia		X		52,000
Pleasanton	X			72,000
Porterville		X		55,000
Poway		X		49,000
Rancho Palos Verdes		X		45,000
Rancho Santa Margarita		X		50,000
Redondo Beach			X	68,000
Rocklin		X		60,000
Rosemead		X		55,000
San Bruno	X			44,000
San Clemente		X		65,000
San Jacinto		X		46,000
San Luis Obispo	X			47,000
San Rafael			X	59,000
San Ramon	X			76,000
Santa Cruz		X		63,000
Santee		X		55,800
Tulare		X		62,000
Tustin		X		78,000

