

BOARD MEETING DATE: April 4, 2014

AGENDA NO. 6

PROPOSAL: Recognize Revenue, Increase Appropriation and Amend/Execute Contracts with Outside Counsel

SYNOPSIS: Legal is currently being assisted in environmental lawsuits by outside law firms and in other matters requiring specialized legal counsel. This action is to reflect revised revenue projections for the remainder of the fiscal year (FY 2013-14), increase the FY 2013-14 Legal Budget by \$650,000 and amend or execute contracts to expend these funds with prequalified counsel approved by the Board as well as specialized legal counsel with monies to be appropriated as the need arises.

COMMITTEE: Administrative, March 14, 2014, Recommended for Approval

RECOMMENDED ACTIONS:

1. Increase Legal's FY 2013-14 Services and Supplies Major Object, Professional and Special Services account and increase General Fund revenues by \$650,000.
2. Authorize the Chairman or the Executive Officer, depending on whether the amount exceeds \$75,000, to amend or execute contracts with prequalified counsel approved by the Board as well as specialized legal counsel in a total amount not to exceed \$1,149,500 in FY 2013-14, as the need arises.

Barry R. Wallerstein, D.Env.
Executive Officer

KRW:vmr

Background

The FY 2013-14 Budget for Legal included \$249,500 for litigation expenses in environmental law cases and specialized legal counsel. Several firms, principally Woodruff Spradlin & Smart, Shute Mihaly & Weinberger, Slover & Loftus and Perkins Coie have been assisting Legal with environmental litigation and special litigation matters. The monies for these matters have been and will be expended on lawsuits,

including those involving a challenge to permitting a power plant in Desert Hot Springs and defending EPA's approval of Rule 1315 (District's internal offset accounts); Exide Technologies; the fire pit amendments to Rule 444; litigation on the arsenic amendments to Rule 1420.1; and a hearing before the Surface Transportation Board on approval of the Railroad Rules.

Although the Board has already approved an additional \$250,000, this will not be enough to cover existing and expected costs. The expenses in these matters, and the other matters handled by specialized legal counsel, require additional funding. Accordingly, Legal is requesting the transfer of additional funds in the amount of \$650,000, for a total expected expenditure of \$1,149,500 this fiscal year. Additional funding will be requested from the Board as need is identified.

Proposal

In order to defend on-going and threatened litigation, it is necessary to appropriate additional funds for expenditure by outside counsel. It is expected that on-going lawsuits, and new litigation that is possible, as well as matters requiring specialized legal counsel will require an additional \$650,000 to be appropriated to prequalified counsel approved by the Board, as well as specialized legal counsel, as the need arises.

Resource Impacts

Sufficient funds will be available in Legal's FY 2013-14 Budget upon approval of this Board letter.