

BOARD MEETING DATE: January 6, 2017

AGENDA NO. 4

**PROPOSAL:** Appropriate Funds and Authorize Amending/Initiating Contracts with Outside Counsel and Specialized Legal Counsel and Services

**SYNOPSIS:** Legal is currently being assisted in environmental lawsuits by outside law firms and in other matters requiring specialized legal counsel and services, including ongoing litigation. This action is to appropriate \$500,000 from Undesignated Fund Balance to Legal's FY 2016-17 Budget and amend or initiate contracts to expend these funds with prequalified counsel approved by the Board as well as specialized legal counsel and services.

**COMMITTEE:** Administrative, December 9, 2016; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Appropriate \$500,000 from Undesignated (Unassigned) Fund Balance to Legal's FY 2016-17 Budget, Services and Supplies Major Object, Professional and Special Services, and.
2. Authorize the Chairman or the Executive Officer, depending on whether the amount exceeds \$75,000, to amend or initiate contracts with prequalified counsel approved by the Board, as well as specialized legal counsel and services, in a total amount not to exceed \$1,279,500 in FY 2016-17, as the need arises.

Wayne Natri  
Executive Officer

KRW:wmr

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**Background**

The FY 2016-17 Budget for Legal included \$279,500 for litigation expenses in environmental law cases and specialized legal counsel and services; however, this will not cover current and anticipated costs of legal counsel and specialized counsel and services.

Due to the complexity of certain cases, particularly the SoCalGas case, and the other matters handled by specialized legal counsel and related services, will require an additional amount of up to \$500,000. Monies will be expended on other lawsuits and legal proceedings, including defending an appeal filed by Communities for a Better Environment to a CEQA challenge of a project by Phillips 66 at its Los Angeles/Carson Refinery that will reduce ship emissions; retaining expert witnesses to assist with an abatement proceeding involving the PBF Refinery in Torrance; defending environmentalists' challenge to the December 2015 RECLAIM amendments; assisting with responses to comments on the EIR for the Tesoro Los Angeles Refinery Integration Project; and, as mentioned previously, prosecuting the District's lawsuit against SoCalGas, and seeking to enforce SoCalGas' obligation under the Order for Abatement to fund a health study regarding health effects from the leak. In the Phillips 66 case we will be reimbursed for litigation costs once the case is closed. To date, litigation costs on the Phillips 66 matter have totaled \$281,140.41. Accordingly, Legal is requesting an appropriation of funds in the amount of \$500,000, for a total expected expenditure of \$1,279,500 this fiscal year.

**Proposal**

In order to defend ongoing and threatened litigation, it is necessary to appropriate additional funds for expenditure by outside counsel. It is expected that ongoing lawsuits as well as matters requiring specialized legal counsel will require an additional \$500,000 to be appropriated to prequalified counsel approved by the Board and with specialized legal counsel and services, as the need arises.

**Resource Impacts**

Sufficient funds will be available in Legal's FY 2016-17 Budget upon approval of this Board letter.