

OCT 11 1994

9-13



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Loren E. Duff
EXECUTIVE SECRETARY

September 26, 1994

To: Board of Directors (Legal and Claims Committee--Information)
From: General Counsel
Subject: Status of General Counsel Department Reorganization

Report

There are two items regarding the review and reorganization of the Legal Department to be covered by this Board Letter. The first is to report on the selection of a management consulting firm to conduct a complete review of the department's organization and procedures. The second item is a status report on the matters raised by the Logan Report. It should be noted that the review of the Logan Report issues will continue to be addressed as part of the forthcoming management study.

Management Consulting Firm Selection

Due to several reasons, including the departure of the person conducting the management review of the Legal Department, it was decided to obtain the services of an outside consulting firm with expertise in evaluating legal departments and offices. The new consulting firm will review all of the past work on the department's organizational status and issue a comprehensive report including reorganizational recommendations. This study will be completed through assistance in the adoption of a strategic plan for the Department.

Four management consulting firms specializing in law office operations were interviewed.

The firm selected is Hildebrandt Management Consultants of Chicago, Illinois. This is a nationally recognized firm with regional offices throughout the United States. The day-to-day work on this contract will be handled by a person in their San Francisco office.

There will be the following three phases to the work:

Phase One: Information Gathering and Analysis

- Review and analyze Departmental statistical information
- Review and analyze written materials relating to Department policies and procedures, organization, management etc.
- Interview Department lawyers, staff, clients and outside counsel
- Take a snapshot of current workflow processes, resources and technology

Phase Two: Report and Recommendations

- Assessment of Department's current capabilities
- Recommendation for most cost-effective and efficient methods for allocating current legal resources
- Requirements for changes in staffing and resources
- Streamlining workflow process to improve efficiency, timeliness and responsiveness
- Identifying areas of technology that merit further review
- Guidelines for selecting, retaining and managing outside counsel
- Performance standards for in-house lawyers and staff as well as outside counsel
- Developing necessary management reports, procedures and controls
- A career development program for lawyers and staff
- A program to improve team building and motivation

Phase Three: Develop the Department Strategic Plan

Hildebrandt will begin its review in November or early December. A four-month timeframe is contemplated for completion of the first two phases.

Logan Report Review Status

In February of 1993, Robert J. Logan, a consultant retained by the Board to review the operations of the General Counsel's office. He issued a report which was based solely upon interviews of certain individuals. Therefore additional verification and review of his findings and recommendations has been necessary. Upon my selection as General Counsel in April of 1993, I commenced a review not only of the Logan Report, but added to that review certain goals as enumerated in the District's overall strategic plan. The purpose of this letter is to apprise you of the significant progress which has been made to date and to set forth a timeline for reorganization of the Legal Department (Department). Significant accomplishments of the Department were discussed in my May 16, 1994 Report to the Special Committee on Department Head Compensation.

As the Board is aware, the Logan Report recommendations tie somewhat into the District's overall strategic plan, and to specifically, the goals and strategies which this office has made a part of the District's strategic plan. In addition, organization of the office and assessments of work allocation and other administrative issues would be and have been a part of my independent evaluation of the office. The areas to be reported on can be organized by the following categories, policy/management issues, administrative issues and structural issues. The Board should be aware that because several processes are going on at the same time, much of the work done in response to the Logan Report also has been useful in the strategic planning effort.

I. Policy/Management Issues

A. The three department heads, General Manager, General Counsel and Auditor, have agreed in the Strategic Planning process to an interdepartmental cooperative objective which reads:

"Metropolitan's three departments (i.e. General Manager, General Counsel, and Auditor) are committed to working together to achieve Metropolitan's mission in a cost-effective manner, with particular emphasis on improved communication and coordination in areas

of joint responsibility, for example, policy formation on federal and state legislation."
(Strategic Plan Guiding Principle 2.8)

Such an objective responds directly to Mr. Logan's recommendations regarding a closer and more cooperative relationship between the General Manager and General Counsel, which as implemented will lead to a clarification of responsibilities as well as a willingness to work more closely with the General Counsel's office. This objective is an important step in the continuing process to foster a cooperative working relationship with the General Manager.

Implementation of this objective is on-going, for example, the General Manager has included the General Counsel and the Assistant General Counsel in his regularly scheduled meetings of the Senior Management of the District as well as all meetings of the General Manager and his Executive Council. (Division Heads.) Our attendance at such meetings has clearly enhanced our working knowledge of current issues facing the District as well as results in earlier input to such issues. Members of the Department also now attend on a regular basis the meetings of the member agency managers at which significant issues of concern to the district and its member agencies are also discussed. Such steps make clear that the General Counsel and General Manger do regularly interact with each other and follow the rule of "no surprises." All of these items respond to the Logan Report recommendation that the Department be involved at the early stages of negotiations and policy formation.

B. Organizational Structure of the Office

1. The Logan Report identified several issues with regard to the organization of the office. In particular, the report noted a concern with the number of supervisors with such a small office. In that regard, as a part of the process, a two-day Department off-site has been held, during which a mission statement for the Department as well as objectives by which to guide the work of the Department were developed. A mission statement for the Department was developed which reads as follows:

"The Mission of the Legal Department of The Metropolitan Water District of Southern California is to assist the District in achieving its mission by providing a full range of legal services for the District, its Board of Directors, District Management and staff. It is our role to serve as leaders in the

field by water laws applicable to the District and we commit to providing our services in a creative, timely, cost-effective and competent manner."

Additionally, the Department developed several guiding principles which are attached as Exhibit 1. Various process improvement teams were also established, composed of members of the staff to look at a variety of administrative and other issues. In particular, one group has examined and provided input into the manner in which the office should be organized. In that connection, as a part of the 1994-95 budget, I included a proposed reorganization for the Department based principally upon the concept of project teams. See Exhibit 2. While this organizational structure must be refined in light of retirements and other vacancies in the office, I would expect that the basic structure would be implemented as refined as experience dictates if it is validated by the forthcoming management review. Attached as Exhibit 3 is a brief description of the concepts which guide this organization. The organizational structure must remain flexible to take into account what will also provide the most efficient services to the General Manager who has also adopted a project management concept. Additionally, the attorney staff job descriptions are presently under review as part of the District-wide job classification study.

2. A review of all attorney's work has been undertaken personally by me, to assess the appropriate work allocation processes.

a. Part of my evaluation of work allocation issues involved the development of reports which indicate the allocation of attorney time over the past 6 years. Such information is an important part of an overall process to assess the amount of work, subject matter and to some extent will be used for more accurate budgeting in the future. It provides at least an historical perspective on the level of service, in terms of time commitment that has been made by the Department to the various divisions.

b. An electronic tracking system for assignments has been developed by the staff and will be used, pending a possible upgrade of software which would enable the Department to look at more sophisticated means of tracking work. This system will capture information such as date work was requested and the date completed, in order to provide

us a better means to judge the Department's responsiveness and productivity. I have established a technology committee headed by our Special Projects Supervisor, whose responsibilities already include all computer-based applications, to evaluate, with the assistance of the District's Information Systems Division and to make recommendations with regard to an integrated software package which would track attorneys' time, assignments and have case management capability. That committee is expected to make its recommendations within three months. Such a technical area may also benefit from the assistance of a consultant. In the interim, particularly because of the increasingly heavy load of condemnation work resulting from the Domenigoni and Inland Feeder Projects, staff, with the assistance of Information Systems has developed an electronic tracking system used for those cases specifically. This work will be integrated as part of the Hildebrandt review.

c. Interviews with all division heads were conducted on behalf of the General Counsel's office by members of the Human Resources and Training Group of the District's Human Resources Division. The interviews reflect a generally increasing level of satisfaction with the services the Department provides and are generally supportive of earlier involvement by the Department. I would expect such a customer survey to become an annual process and may look to the assistance of a consultant to design such a survey and assist in the interpretation of its results.

3. The evaluation of bringing the risk management, claims and worker's compensation functions to the General Counsel's office is on-going and is currently expected to be resolved with the General Manager after the General Manager has had adequate opportunity to review the impact on the organizational structure of such a change within his Department and to analyze the effect the pending retirement of the Risk Manager will have on the overall function.

II. Administrative Issues

A. **Centralized Filing**

The Logan Report suggested that the Department evaluate the feasibility of a centralized filing system,

particularly for litigation purposes. An evaluation of the current filing system used in the Department and after consultation with outside law firms and other public law offices, reveals that no industry-wide standard exists and indeed, because of the necessary commitment of full-time clerical staff to operate a centralized filing system, that such a system appears not to be cost effective for this Department. However, in lieu of such a centralized system, the staff will implement a centralized filing index and a centralized or standard set of files that all attorneys will be required to utilize in order that all files are organized and maintained in a standard manner. Additionally, with a centralized index, location of the files and responsibility for the files will be clarified. The Logan Report may have overlooked the fact that even under the existing system, copies of litigation documents, such as pleading, etc. are immediately entered into a docketing system so that in the event a document is lost, we are able to verify whether it was even received in the first instance by the Department and the docketing system also maintains a record of to whom the matter was assigned. Use of the centralized index and the standardization of files can be accomplished with the existing work force. Again, this will be further reviewed by the Hildebrandt consultants.

B. Opinions

Mr. Logan also expressed a concern with regard to the manner in which opinions of the office are classified and with regard to the establishment of procedures to ensure the quality and consistency of the work product. It should be noted that a complete index of legal opinions is maintained. A process to ensure that opinions are properly classified as either confidential or not confidential will be established and appropriate coding on the computerized retrieval system has already been put in place. Staff has also prepared a procedure which is presently undergoing review within the office, to ensure that not only is there an early awareness that an opinion has been requested, but that the opinion receives the proper level of review prior to publication. The recommended procedures establish a uniform level of review for opinions based upon the category and level of importance of the subject-matter and have been drafted for review by the Hildebrandt consultants.

C. Contract Standards

Mr. Logan suggested the development of standard checklists for contracts and eminent domain matters. Those check lists have been developed. In addition, in light of the

volume of eminent domain cases presently underway for the Domenigoni Reservoir Project and the Inland Feeder Project, staff developed an electronic monitoring program in order to provide immediate access as to the status of the various cases and to ensure that critical timelines are met.

Additionally, as part of a District-wide productivity measure, we have been in discussion with the Information Systems Division and the Contracts Review Committee (an inter-divisional task force which deals with District-wide contract issues) to begin an evaluation of an electronic contract review check-list which has the potential to expedite contract review by establishing certain standard contract provisions which would then only require minimal legal review.

D. Special Counsel Billings

Mr. Logan recommended that the responsibility for reviewing and approving special counsel billings should be centralized. In part, this was already being done, since the General Counsel in fact approves all expenditures for special counsel. This occurs following the staff attorney assigned to the matter reviewing and approving the billing following an administrative review of the billing for mathematical accuracy and whether previous balances have been paid. In order to provide a uniform criteria by which to review the bills, the staff has developed internal guidelines by which all special counsel billings would be measured. This will be reviewed and implemented as part of the forthcoming management review.

E. Procedures Manual

The Logan Report also suggested that an internal office procedure manual be created. This has been done by establishing a loose-leaf format so that updates can be easily done and the contents expanded or deleted as necessary. Work on this is continuing.

III. Staffing

The Logan Report recommended that the General Counsel should request additional attorneys if it would improve work product and/or create savings by reducing outside counsel costs. This analysis will be completed in the forthcoming management study.

Conclusion

The retention of the Hildebrandt Management Consultants and the undertaking of a comprehensive review of the Legal Department will accelerate completion of the organization review of the Legal Department. They bring a national perspective to law office management, which should be of greatest assistance.

Work continues on various other Logan Report recommendations as well as continuing efforts with regard to meeting the Department's responsibilities as outlined in the Strategic Plan.

Please be assured of our ongoing commitment to provide cost effective and high quality legal services to the Board and the District.

Recommendation

For information only.


N. Gregory Taylor

KLT:ljo/gld:db
Attchs.
db:reorg.bdl

<p style="text-align: center;">LEGAL DEPARTMENT'S GUIDING PRINCIPLES</p>

1. **We believe that we should deal in an open and honest manner with our clients.**
2. **We believe that we should provide leadership in decision-making after collaborative review.**
3. **When providing service to our clients, we believe in the value of being straight-forward, providing efficient service without sacrificing accuracy and creativity, and striving to provide levels of service that exceed their expectations and needs.**
4. **We will strive to help our clients achieve their goals or desires whenever legally possible.**
5. **We will view each task, big or small, as important by not overlooking the obvious, and by not assuming the solution or answer can be found in the past.**
6. **We believe that communication inside and outside the department is crucial to serving our clients.**
7. **We believe in the principle of teamwork, integrity, and professionalism should guide the work of the department.**
8. **We believe that we should treat each other with respect, consideration, and appreciation.**
9. **We believe that we must develop trust within the department in order to fulfill our mission.**
10. **We should treat our clients and one another as we would expect to be treated in the same circumstances.**
11. **We should reward employees for their efforts and contributions.**
12. **We should be committed to the ongoing professional development of all our staff.**

General Counsel

Greg Taylor

Assistant General Counsel

Karen Tachiki

Colorado River Team

Karen Tachiki *
[Norm Flette]
[Diana Mahmud--Power]
Vacancy

Bay Delta Team

Jarlath Oley *
Jamie Roberts
[Norm Flette]

Litigation/Construction/Claims
Right of Way

Lauren Brainard *
Joe Vanderhorst
Diana Mahmud
Charissa Renardo
Grant Burton
[K. Schlickemyer]
(Para-Legal)

Administrative/Human Resources
Finance

Sydney Bennion *
Henry Torres
Setha Schlang

Regulatory/Environmental Compliance
(Ground Water & Water Quality)

Vic Gleason *
Norm Flette
John Clairday
[Henry Torres]

*Team Leader
reorg.8

Organization

1. Team Leader

a. Team leader designated by General Counsel or Assistant General Counsel on the basis of experience in the area of law which is central to the overall project and leadership qualities.

b. Team leader is responsible for all of the work of the team, including, subject to the criteria described below, making determinations of what should be sent to the third floor for review.

c. Team leader is responsible for allocation of the work of the team. This would include when the General Counsel or Assistant have work to assign to the team, it would be made through the team leader. However, to resolve issues of priority, since most members of the staff would be a member of more than one team and would have other substantive assignments, such issues would be resolved by the Assistant General Counsel.

2. Functioning

a. Teams would meet on a regular basis and would be calendared such that the General Counsel and Assistant would be on notice and could attend. The Assistant General Counsel would meet on a regular basis with the teams.

b. The team leaders report directly to the Assistant General Counsel.

c. When a major assignment, (to be defined) or case is assigned a work plan/strategy would be developed by the team and approved by the General Counsel, this assures early input by the General Counsel into major activities of the department and forces us all to think and plan more systematically than we presently do.

d. The team would also then have some role in the annual evaluation of staff.

Other Matters

For those matters that do not fall within a team, the attorneys would report directly to the Assistant General Counsel.

Authority

The team leader would be responsible for the work product of the team and would have discretion to decide what needs to be reviewed by the team leader, and what types of matters can be signed off by individual members of the team. In terms of criteria as to what needs to be reviewed by the Assistant General Counsel and General Counsel, the following could be considered as a starting point:

1. Matters of policy
2. Matters which depart from important historical practice.
3. Matters which establish new precedent.
4. Political/personal sensitivities
5. Board matters
6. Department head relations
7. Member agency relations.

The team leader would be the one who is responsible for making the call as to when to send something to the third floor.

Additions and changes to the team would be approved by the Assistant General Counsel.