

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

APPROVED
 By the Board of Directors of
 The Metropolitan Water District
 of Southern California
 at its meeting held

MAY - 9 1995

Loren E. Ruff
 EXECUTIVE SECRETARY

May 4, 1995

To: Board of Directors (Organization & Personnel Committee--Action)
 (Legal & Claims Committee--Action)

From: General Counsel

Subject: Authorization of Amend Consulting Services Contract with Hildebrandt, Inc. to Increase Maximum Contract Amount from \$70,000 to \$150,000.

RECOMMENDATION:

It is recommended that the Board authorize the amendment of Consulting Services Contract No. 4779 with Hildebrandt, Inc. to increase the maximum amount payable from \$70,000 to \$150,000.

N. Gregory Taylor
 N. Gregory Taylor
 General Counsel

Attachments
 NGT/Hildebrandt

EXECUTIVE SUMMARY:

The Legal Department entered into a consulting contract with Hildebrandt Inc. to perform a management audit. Phase 1 of the work is nearing completion and funding for Phase 2 is being requested. The original amount of the contract was \$70,000. An increase to a maximum amount of \$150,000 is sought.

DETAILED REPORT:

Hildebrandt, Inc. is a multidisciplinary consulting firm serving the legal profession, offering law firms and legal departments counsel and assistance in virtually all aspects of management. It is one of the two top national firms in this area of expertise.

After interviewing several candidates, Hildebrandt was selected to perform a management audit of the Legal Department. The General Counsel, pursuant to his delegated authority, entered into a \$70,000 contract for the first phase of this review.

To date, a preliminary evaluation of the department and a proposed document management, matter management systems and technology plan have been completed. Work on implementing the management systems has begun.

The original contract amount was to complete the overall review of the Department. With the exception of a review of outside counsel, that work has been essentially completed. It was contemplated that when this initial work was completed Hildebrandt would submit a proposal for additional consulting services to assist in implementing their recommendations. That proposal is attached as Exhibit 1 to this Board Letter. (The portion of the work being performed by Hildebrandt on implementing the management systems is actually part of the Phase 2 work.)

To date, Hildebrandt has submitted bills in the amount of \$80,701.13. It is recommended that the maximum amount under the contract be increased to a total of \$150,000. This is below the maximum estimated in the Phase 2 proposal. Hildebrandt's services will be prioritized and modified to come within the recommended maximum amount.

PHASE I (A)

PHASE ONE: INFORMATION GATHERING AND ANALYSIS

During phase one, we will:

- **Review and analyze Departmental statistical information.** Working with Metropolitan Water District staff, we will compile and analyze information for the current and past two years with respect to:
 - Department staffing records.
 - Operating budgets.
 - Cost analyses of the Department.
 - Workload information, including matters handled by type of matter and lawyer, number of new matters per year, number of closed matters, cycle time information and source of matter.
 - Time records or other hours data, if available.
 - Settlements or payout by type of case, location and disposition (settlement, arbitration, trial).
 - Management reports relating to such issues as financial analysis, staff utilization, workload analysis, matter disposition and the like.
 - Fees paid to outside counsel by firm and type of case and representative samples of outside counsel billing statements.
- **Review and analyze written materials relating to Departmental policies, and procedures, organization, management and the like.** These are likely to include:
 - Policies and procedures relating to:
 - Internal workflow including: case intake procedures, calendaring and docketing, case assignment, case management, supervision, quality control and guidelines for case disposition.

- Legal support including: personnel assignment, document production, filing systems and resource allocation.
 - Utilization of outside counsel, including selection of outside counsel, authority to employ, approval of invoices, accounting procedures, sample retention letters, guidelines for timekeeping and billing, management guidelines and performance evaluation processes.
 - Personnel matters, including job descriptions, education and skills requirements, training, performance evaluations and recruiting or hiring guidelines.
 - Interaction with District officials, departments, boards and commissions directly or indirectly connected with this project.
- Organizational structure and reporting relationships.
 - The Logan Study Report.
 - Any past and current Department and District Strategic Plans.
- **Interview Department lawyers, staff, clients and outside counsel.** To gain a comprehensive understanding of your Legal Department, we will interview:
 - All 14 lawyers in the Department, key administrative personnel and a cross-section of support staff, including paralegals and secretaries.
 - The 15 to 20 members of the Board who interact most closely with the Legal Department.
 - Approximately ten additional principal clients of the Department.
 - Lawyers (partners and associates) from approximately four to six outside law firms that have significant working relationships with the Metropolitan Water District.

These interviews will help us understand how the Department operates, the responsibilities of various personnel, the adequacy of the resources available to your Department, clients' satisfaction with your services and the key indicators of the Department and outside counsels' performance.

- **Take a snapshot of current workflow processes, resources and technology.**
 - Curt Canfield, the head of Hildebrandt's information services and systems group, will conduct an on-site review of information systems capabilities, utilization and needs. This will lay the groundwork for developing a technology plan for the Department.

Curt's study will focus on such issues as the type of technology (hardware and software) used in the Department and organization, how it is used, lawyer and staff's comfort level with technology, future needs, filing and records management systems and the like.
 - Curt will also work with your staff to prepare flow charts of select Legal Department services, which we will identify in our interviews and meetings.

PHASE I (B)
PHASE TWO: REPORT AND RECOMMENDATIONS

During phase two, we will prepare and deliver our report and recommendations. We will present the report at a meeting with you and others you designate.

Our recommendations are likely to focus on such issues as:

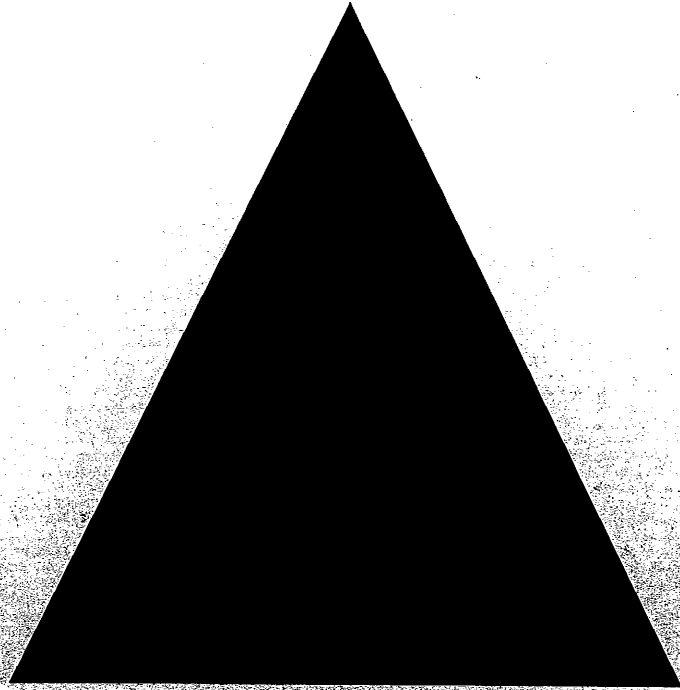
- Our assessment of the Department's current capabilities, including analysis of workflow processes, use of technology, organization, structure and reporting responsibilities, staffing and client service needs and response level.
- The most cost-effective and efficient methods for allocating your *current* legal resources, focusing on such issues as:
 - The most effective organizational structure.
 - The most cost-effective and efficient approach for handling litigation.
 - The types of service you should provide in-house and whether others should be exported within other corporate operations or outsourced.
 - Defining responsibilities for Department personnel.

- Whether non-legal personnel within the Department or organization can be trained to undertake certain tasks.
- Policies and procedures for recruiting, training and supervising lawyers and staff to ensure a high level of competency.
- Requirements for changes in staffing and resources.
- Streamlining workflow processes to improve the efficiency, timeliness and responsiveness of your legal services. This is likely to involve the use of information technology as well as changes in work allocation, operating procedures and the like. This might include fine-tuning your systems for document production, filing and information retrieval, calendaring and docketing, case management, quality control, and the like.
- 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 the necessary management reports, procedures and controls to ensure that the streamlined workflow meets performance goals and objectives.
- A career development program for lawyers and staff.
- A program to improve team building and motivation.

After this meeting, we will send you a copy of our report and recommendations in concise, outline form.

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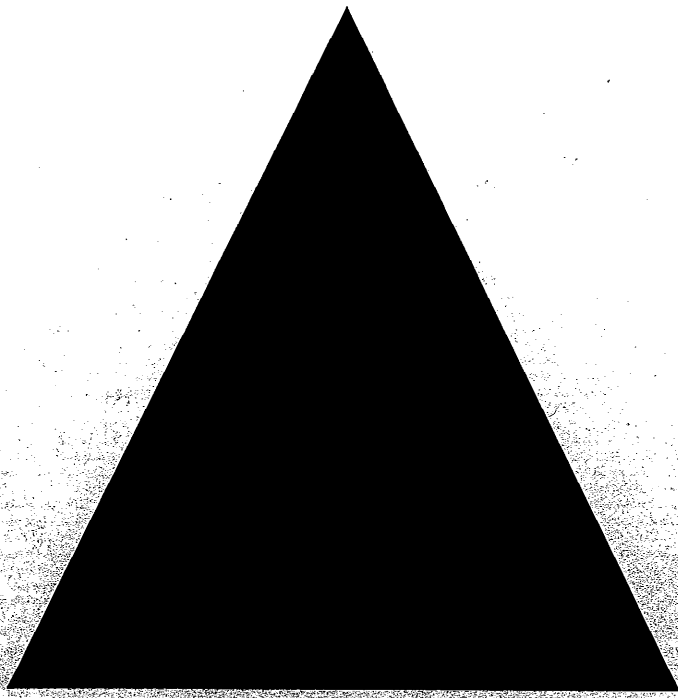
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**PHASE TWO: STRATEGIC PLANNING AND IMPLEMENTATION
BUDGET ASSUMPTIONS**

- I. The budget does not include:
 - A. Hardware.
 - B. Software.
 - C. Programming or system integration services.
- II. MIS or system integrators will work directly with Chris Neal to enable:
 - A. Mail and fax-enabling of word processing and integration with the DMS.
 - B. Integration of CD-ROM research tools.
 - C. Windows management and "electronic desktop".
- III. Hildebrandt Consultants will:
 - A. Meet with Department personnel to review technology and systems recommendations and develop the strategic plan in those areas.
 - B. Work with Department personnel to develop a strategic plan for the non-technology related issues.
 - C. Provide management consulting services to assist with implementation and follow-through on our Phase One recommendations relating to management, personnel, staffing, structure and reorganization. A Hildebrandt consultant will spend one-day on site per month for six months.
 - D. Spend one week on-site to assist MIS, System Vendors and Legal Department in:
 - 1. Developing specifications for the development or customization of the Document Management and Matter Management Systems.
 - 2. Planning the migration of existing database applications into the integrated Matter Management and Document Management Systems.
 - E. Spend three days on-site participating in acceptance testing of the Document Management and Matter Management Systems to assure that systems have been designed to specification.
 - F. Spend one week on-site assisting the Legal Department in developing procedures for operation and implementation of the Document Management and Matter Management Systems.
 - G. Spend three days on-site conducting a post-rollout implementation review to assure that the Document Management and Matter Management Systems are being used effectively.

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