



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

7-16

August 5, 1997

(Legal and Claims Committee--Action)  
**To:** Board of Directors (Executive Committee--Action)  
**From:** *for* General Manager Edward J. Meo III  
General Counsel W. J. [Signature]  
**Submitted by:** Gilbert F. Ivey [Signature]  
Senior Executive Assistant to the General Manager  
**Subject:** Third Amendment to Agreement No. 6523 with Munger, Tolles & Olson to Raise the Maximum Amount of the Contract by \$250,000 to a Maximum of \$923,000 as Allocated in the Project Budget for Legal and Related Consulting Services for the New Headquarters at Union Station.

## RECOMMENDATION

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It is recommended that the Board of Directors authorize the General Manager to execute a third amendment to Agreement No. 6523 with Munger, Tolles & Olson, in a form approved by the General Counsel to raise the maximum amount of the contract by \$250,000 to a maximum of \$923,000 as allocated in the project budget to provide for continuing legal and related consulting services for the development of the new headquarters at Union Station.

## BRIEF DESCRIPTION

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On November 19, 1996, the Board of Directors approved No. 5 to Appropriation No. 15247 (formerly 688), to increase funding to \$135,000,000 to complete funding of existing contracts for construction which are within the existing project budget for the new Headquarters. Of that amount, \$923,000 was allocated for consulting services of the lead negotiator, Munger, Tolles & Olson (Munger, Tolles), to provide legal and related services for the project. To continue the services through project completion and to reflect the budgeted amount, it is

necessary to amend the an existing consulting agreement with Munger, Tolles to increase the firm's length of services for another 10 months and to raise the maximum amount of the contract by \$250,000 to a maximum of \$923,000. Ongoing services include negotiation, strategy, analysis and oversight coordination for building design, schedule and budget and other duties as may be requested by Metropolitan's General Counsel.

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| <b>Contract Type</b><br><input type="checkbox"/> New<br><input checked="" type="checkbox"/> Amended<br><br><b>Contract Form</b><br><input type="checkbox"/> Lease<br><input checked="" type="checkbox"/> Professional Services | <b>Funding</b><br><input checked="" type="checkbox"/> Capital-Appropriation No. 15247<br><input type="checkbox"/> O & M<br><br><b>Budget Status</b><br><input checked="" type="checkbox"/> FY 97-98 Amount \$338,505<br><br><input type="checkbox"/> Out-Year Amount \$584,495 | <b>Type of Competition</b><br><input type="checkbox"/> RFQ<br><input type="checkbox"/> RFP NO.<br><input checked="" type="checkbox"/> Informal RFP<br><input type="checkbox"/> Other Competition<br><br><input type="checkbox"/> Sole Source |
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## **PURPOSE/BACKGROUND**

The law firm of Skadden, Arps, Slater, Meagher & Flom (Skadden, Arps) was originally retained in January 1994 to assist with the evaluation of sites, and with the negotiation of terms related to a new permanent headquarters site. The initial consulting agreement was for \$130,000. In October 1994, the Board of Directors approved a second and separate consulting agreement with Skadden, Arps for an additional \$360,000.

In August 1995, the main Skadden, Arps staff who assisted on the project, Richard S. Volpert, Partner, and Leslie A. Young, Real Estate Specialist, joined the firm of Munger, Tolles. At that time, the second agreement was terminated with Skadden, Arps and a new agreement was entered into with Munger, Tolles to provide for the continuing services of Mr. Volpert and Ms. Young. The services encompass negotiation, strategy, analysis and oversight coordination for building design, schedule, and budget; oversight of quality assurance; coordinating of construction and design tasks; monitoring budget and schedule; reviewing contracts; steering to resolution potential conflicts; representing Metropolitan at appropriate meetings; overseeing contractors, architects, and other consultants; and such other duties as may be requested by Metropolitan's General Counsel.

In August 1996, the Munger, Tolles agreement was amended to increase the maximum amount payable to \$423,000 and lengthen the term through January 31, 1997. In January 1997, the agreement was amended again to increase the maximum amount payable to \$673,000 and extend the term to January 31, 1998. The proposed increase would compensate Munger, Tolles for services to December 1, 1998, through project completion and follow up.

Staff believes that this increase is warranted because both consultants have extensive and specific knowledge of all aspects of the new headquarters at Union Station development, preservation of Metropolitan's existing project team is critical to the timely and efficient completion and delivery of the facility by the November 1998 occupancy target, and the demand for services and the complexity of issues associated with the project have escalated rapidly as building progresses into the tenant improvement phase.

### **MBE/WBE**

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No MBE/WBE goals have been established for this contract since there are no subcontracting opportunities.

### **CEQA COMPLIANCE/ENVIRONMENTAL DOCUMENTATION**

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The recommended action is categorically exempt from the California Environmental Quality Act (CEQA) because it involves data collection, research, experimental management and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource (State CEQA Guidelines, section 15306).

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| <p><b>RFP Statistics</b><br/> <u>N/A</u> Firms Requested RFP<br/> <u>3</u> Firms Submitted Proposals<br/> <u>N/A</u> Firms were Short-Listed</p> <p><b>Contracts with Consultant</b><br/> <input checked="" type="checkbox"/> Total No. <u>1</u><br/> <input checked="" type="checkbox"/> Maximum dollar Amount <u>\$923,000</u></p> | <p><b>Evaluation Criteria</b><br/> <u>Specific Experience with Downtown Los Angeles Real Estate Transactions</u></p> <p><b>Contractual Details</b><br/> <input checked="" type="checkbox"/> Anticipated Duration: <u>Through project completion and follow-up : December 1998.</u></p> |
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