

- **Board of Directors**
Legal, Claims and Personnel Committee

June 12, 2001 Board Meeting

8-8

Subject

Authorize amendment to agreement with Riordan & McKinzie to increase the amount payable for legal services in connection with the negotiation and drafting of the contract(s) for the Cadiz Groundwater Storage and Dry-Year Supply Program to \$325,000

Description

At the April 2001 Board of Directors meeting, the Chief Executive Officer and General Counsel were directed to prepare contract(s) based on economic terms considered by the Board. Subject to review and certification of the environmental documents for the Program, the contracts would be reviewed and approved by the Board prior to execution and implementation of the Program.

The General Counsel has retained the law firm of Riordan & McKinzie to provide legal services relating to the drafting of the contract(s), in particular with respect to project financing issues. Agreement No. 38724 was executed in accordance with the General Counsel's authority pursuant to Section 6431 of the Metropolitan Water District Administrative Code. The firm has commenced work under the existing contract.

Thomas Harnsberger is the lead attorney responsible for performing the services required under the contract. Mr. Harnsberger is a principal in the firm's Real Estate Department with extensive experience in both real estate development and financing matters. Robert Stockstill, an associate with experience in project financing, will assist in the work.

The amount payable under the existing contract is \$100,000 in accordance with the General Counsel's authority. It is anticipated that the cost of negotiating and drafting the project contracts and related security instruments may total \$325,000.

The General Counsel seeks authority to amend Agreement No. 38724 with Riordan & McKinzie to increase the maximum compensation from \$100,000 to \$325,000 for the Cadiz Groundwater Storage and Dry-Year Supply Program.

Policy

Metropolitan Water District Administrative Code Section 6430(d).

CEQA

The proposed action is not defined as a project under the California Environmental Quality Act (CEQA), because the proposed action involves government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). In addition, the proposed action deals with continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines).

The CEQA determination for Option #1 is: Determine that the proposed action is not subject to CEQA per Section 15378(b)(4) and Section 15378(b)(2) of the State CEQA Guidelines.

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize amendment to Agreement No. 38724 with Riordan & McKinzie to increase maximum compensation from \$100,000 to \$325,000.

Fiscal Impact: Up to \$325,000 in costs for completion of contracts.

Option #2

Do not authorize the agreement amendment or appropriation increase.

Fiscal Impact: Inability of Metropolitan to obtain full benefit of outside counsel in the negotiation and drafting of the contract(s) for the Cadiz Groundwater Storage and Dry-Year Supply Program.

Staff Recommendation

Option #1

[Handwritten Signature]
for General Counsel

5/17/2001
Date

BLA #1078