



- Board of Directors
Legal and Claims Committee

3/10/2020 Board Meeting

8-4

Subject

Authorize an increase of \$100,000, to an amount not-to-exceed \$300,000, for a contract for legal services with Hanson Bridgett LLP to provide legal advice on deferred compensation plans, other employee benefits, taxes, and CalPERS matters; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary and Details

The General Counsel entered into a contract with the law firm of Hanson Bridgett LLP (Hanson Bridgett), as special counsel, on November 1, 2017, for the amount of \$100,000 to provide Metropolitan with legal, tax, and benefits advice on Metropolitan's deferred compensation plans and other employee benefits. Because it is an area of specialized expertise, Metropolitan has regularly retained special counsel for its deferred compensation plans. Hanson Bridgett has expertise and experience in public agency deferred compensation programs. The firm also has expertise in and provides advice on other tax, employee benefits, and CalPERS matters.

On September 11, 2018, the Board authorized an increase of \$100,000 for a total of \$200,000. At that time, Hanson Bridgett was assisting staff with development and documentation of Metropolitan's new deferred compensation plans, including the incorporation of changes to the plans requested by the participants, which allow participants' increased flexibility.

In 2019, Metropolitan further updated its deferred compensation plans to expand account management and investment options for participants and streamline plan administration. Hanson Bridgett assisted in these efforts and advised on issues such as disaster relief loan qualifications, de minimis account forfeitures, distribution restrictions, roll-in and rollover rules, deferral contributions, and trustee fiduciary duties. It has also consulted on a managed account services agreement with the record keeper. The firm also provides advice regarding other tax, employee benefits, and CalPERS matters. The firm regularly provides Metropolitan with current legislative and regulatory guidance on new laws, IRS rules, and U.S. Treasury regulations.

The costs incurred to date is approaching the \$200,000 limit. Staff requests authority to increase the maximum amount payable pursuant to this contract by \$100,000 to an amount not-to-exceed \$300,000 so that Hanson Bridgett can continue to provide these legal services to Metropolitan.

While the rate of expenditure is dependent upon the need for expert assistance, it is anticipated that the proposed increase will be adequate for up to two additional years.

Policy

Metropolitan Water District Administrative Code Section 6430: General Counsel's special counsel authority

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other 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 is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). Finally, it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, therefore the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize the General Counsel to increase the amount payable under its contract with Hanson Bridgett LLP by \$100,000 to an amount not-to-exceed \$300,000

Fiscal Impact: \$100,000 for the provision of the authorized legal services

Option #2

Do not authorize an increase in the maximum amount payable under this contract with Hanson Bridgett LLP

Fiscal Impact: No known fiscal impact but Metropolitan will not have access to the specialized expertise and assistance provided by this law firm

Staff Recommendation

Option # 1



Marcia Scully
General Counsel

2/26/2020

Date