



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Richard Doyle  
Margaret McCahan

**SUBJECT:** SEE BELOW

**DATE:** June 7, 2018

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**SUBJECT: ACTIONS RELATED TO AMENDMENTS TO AGREEMENTS FOR  
LEGAL SERVICES RELATING TO IMPLEMENTATION OF THE  
ALTERNATE PENSION REFORM SETTLEMENT FRAMEWORK**

## RECOMMENDATION

- a. Adopt a resolution authorizing the City Attorney to negotiate and execute amendments to agreements for legal services relating to implementation of the Alternate Pension Reform Settlement Framework approved by the voters at election in November 2016, as follows:
1. A sixth amendment to the continuation agreement with Renne Public Law Group, LLP (formerly Renne Sloan Holtzman & Sakai LLP) (RPLG) for legal services in connection with labor relations matters, increasing the amount of compensation by \$50,000 for a total amount not to exceed \$1,845,000, and extending the term through June 30, 2019; and
  2. A ninth amendment to the agreement with Hanson Bridgett LLP (Hanson Bridgett) for legal services in connection with the City's retirement plans and other benefit plans and programs, increasing the amount of compensation by \$15,000 for a total amount not to exceed \$465,000, and extending the term through June 30, 2019; and
  3. A ninth amendment to the agreement with Ice Miller LLP (Ice Miller) for legal services in connection with retiree health and dental benefits and related tax issues, extending the term through June 30, 2019 with no increase in the amount of compensation.
- b. Adopt the following 2017-2018 Appropriation Ordinance amendments in the General Fund:
1. Increase the City-Wide appropriation to the City Attorney's Office for Fiscal Reform Plan Outside Legal Counsel by \$65,000; and
  2. Decrease the Fiscal Reform Plan Implementation Reserve by \$65,000.

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## **OUTCOME**

Execution of the amendments to the agreements with RPLG, Hanson Bridgett, and Ice Miller will allow these law firms to continue to provide legal services related to employment, labor and implementation of the alternate pension reform settlement framework agreed to by the bargaining groups and City voters.

## **BACKGROUND**

The City Council in May 2011 approved a Fiscal Reform Plan to achieve savings and/or new revenues to eliminate the General Fund structural deficit, restore services to the January 2011 level, and to open facilities built or under construction within five years.

### **Renne Public Law Group, LLP (formerly Renne Sloan Holtzman & Sakai LLP)**

On July 21, 2011, the City Attorney executed an agreement with the law firm of Renne Sloan Holtzman & Sakai LLP for a term ending December 31, 2013, in a total amount not to exceed \$250,000, to provide legal services for a wide array of labor relations and employment matters. Under this agreement, RPLG represents the City in litigation relating to pension reform. This agreement has been amended and continued since that time to increase the total compensation and to extend the term. The current total compensation under this contract is \$1,795,000, with the term expiring on June 30, 2018. The recommended action asks to increase the contract amount by \$50,000 for a total amount not to exceed \$1,845,000, and extends the term through June 30, 2019. Effective March 1, 2018, Renne Sloan Holtzman & Sakai LLP split into two firms, Renne Public Law Group, LLP and Sloan Sakai Yeung & Wong LLP. The City will enter into a Consent to Assignment, Assumption Agreement and Release to assign the rights and obligations of Renne Sloan Holtzman & Sakai LLP under this agreement to Renne Public Law Group, LLP.

### **Hanson Bridgett LLP**

On May 21, 2012, the City Attorney executed an agreement with the law firm of Hanson Bridgett for a term ending June 30, 2013, in a total amount not to exceed \$50,000, to provide legal services relating to the City's retirement plans. This agreement has been amended since that time to expand the scope of services to include other City benefit plans and programs, to increase the total compensation, and to extend the term. The current total compensation under this contract is \$450,000, with the term expiring on June 30, 2018. The recommended action asks to increase the contract amount by \$15,000 for a total amount not to exceed \$465,000, and extends the term through June 30, 2019.

Ice Miller LLP

On May 4, 2011, the City Attorney executed an agreement with the law firm of Ice Miller for a term ending June 30, 2012, in a total amount not to exceed \$50,000, to provide legal services relating to the establishment of an Other Post-Employment Benefits (OPEB) 115 trust, and to provide advice relating to that trust. This agreement has been amended since that time to expand the scope of services to include federal tax legal advice, to increase the total compensation, and to extend the term. The current total compensation under this contract is \$500,000, with the term expiring on June 30, 2018. The recommended action asks to extend the term through June 30, 2019 with no increase in the amount of total compensation.

**ANALYSIS**

The Association of Legal Professionals (ALP) represents the attorneys and other legal professionals in the Office of the City Attorney, except for the managing attorneys that are in Unit 99. Many of the labor and pension issues in the Alternate Pension Reform Settlement are issues which have been and may continue to be part of the labor negotiations with ALP. Additionally, because ALP and Unit 99 attorneys are part of the City's retirement plan, the City is required to use outside counsel.

The legal issues referenced above require attorneys with specialized expertise and extensive public sector experience.

Management attorneys in the City Attorney's Office will coordinate and provide legal advice, as appropriate, on many of the labor and pension issues and will also provide oversight services for outside counsel. When appropriate, certain other attorneys may provide legal services on matters where no conflicts of interest exist.

The City Attorney's Office released three Requests for Qualifications (RFQ) in 2009-2011 to develop a pool of law firms that could provide advisory counsel and legal services on labor relations matters for all employee units in the City of San José. Law firms selected as a result of this Request for Qualifications process include RPLG for labor and related issues, Hanson Bridgett for retirement plan issues, and Ice Miller for tax-related issues including the establishment of the revised Retirement Health Care Administration. The City Attorney's Office intends to release a new RFQ for future legal services covered by the agreements in this memorandum.

RPLG is currently providing legal services to the City during negotiations with the bargaining units. Additional compensation for services provided is required, and their continued participation is essential for continuity and successful completion of pending labor relations matters. Hanson Bridgett has provided assistance with the modifications to the City's Municipal Code to implement Measure B provisions. As a result of the agreement between the City and the bargaining groups and the approval of City voters for the Settlement Framework, additional compensation for services is required for their

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continued assistance to modify the City's Municipal Code to implement the Settlement Framework. Ice Miller is currently providing advice on federal tax issues with regard to the modifications to the City's Retirement Plans due to Measure B, and their continued assistance is required in assessing federal tax implications/consequences for a variety of City retirement proposals, including those contemplated in the Framework Settlement Agreements.

**PUBLIC OUTREACH**

This memorandum will be posted on the City's website as part of the June 19, 2018 City Council Agenda.

**COST SUMMARY/IMPLICATIONS**

This memorandum recommends allocating \$65,000 of the \$71,000 in the Fiscal Reform Plan Implementation Reserve to the Fiscal Reform Plan Outside Legal Counsel appropriation to provide for the completion of legal services through June 30, 2019.

**Amount of Recommendation for RPLG contract: \$200,000**

Original Agreement – July 21, 2011	\$250,000
First Amendment – June 22, 2012	\$300,000
Continuation Agreement – February 4, 2014	\$425,000
Amendment to Continuation – September 15, 2014	\$220,000
2nd Amendment to Continuation – June 25, 2015	\$250,000
3rd Amendment to Continuation – May 16, 2016	\$200,000
4th Amendment to Continuation – January 4, 2017	\$50,000
5th Amendment to Continuation – June 23, 2017	\$100,000
Proposed 6th Amendment to Continuation	\$50,000
<b>TOTAL</b>	<b><u>\$1,845,000</u></b>

**Amount of Recommendation for Hanson Bridgett contract: \$15,000**

Original Agreement – May 21, 2012	\$50,000
First Amendment – October 2, 2012	\$100,000
Second Amendment – May 31, 2013	\$0
Third Amendment – March 5, 2014	\$100,000
Fourth Amendment – January 9, 2015	\$0
Fifth Amendment – June 16, 2015	\$0
Sixth Amendment – May 6, 2016	\$100,000
Seventh Amendment – January 20, 2017	\$100,000
Eighth Amendment – March 15, 2017	\$0
Proposed Ninth Amendment	\$15,000
<b>TOTAL</b>	<b><u>\$ 465,000</u></b>

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**Amount of Recommendation for Ice Miller contract: \$0**

Original Agreement – May 4, 2011	\$50,000
First Amendment – April 4, 2012	\$0
Second Amendment – May 22, 2012	\$50,000
Third Amendment – January 31, 2013	\$50,000
Fourth Amendment – June 12, 2013	\$100,000
Fifth Amendment – June 3, 2014	\$0
Sixth Amendment – June 30, 2015	\$50,000
Seventh Amendment – May 6, 2016	\$100,000
Eighth Amendment – January 13, 2017	\$100,000
Proposed Ninth Amendment	\$0
<b>TOTAL</b>	<b>\$ 500,000</b>

**2. Source of Funding: General Fund – Alternate Pension Reform Settlement**

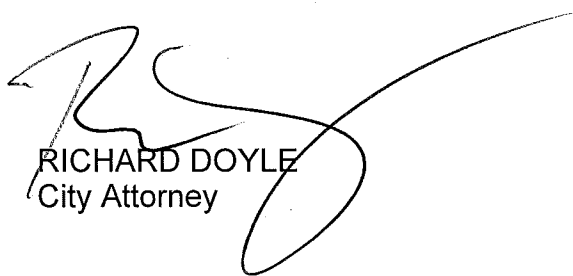
**BUDGET REFERENCE**

The table below identifies the fund and appropriations proposed to fund the contracts recommended as part of this memorandum.

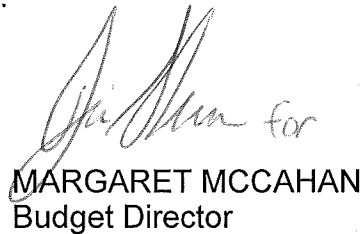
Fund #	Appn. #	Appn. Name	Current Total Appn.	Rec. Budget Action	2017-2018 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	3898	Fiscal Reform Plan Outside Legal Council	N/A	\$65,000	Page 913	N/A
001	8325	Fiscal Reform Plan Implementation Reserve	\$71,000	(\$65,000)	Page 945	06/20/2017, ORD 29962

**CEQA**

Not a Project; File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.



RICHARD DOYLE  
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MARGARET MCCAHAN  
Budget Director

For questions please contact Richard Doyle, City Attorney, at (408) 535-1900.