

HARBOR DIVISION

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DATE: MAY 21, 2020

FROM: OFFICE OF THE CITY ATTORNEY

**SUBJECT: RESOLUTION NO. _____ - LEGAL SERVICES AGREEMENT
BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND
DANNING GILL FOR BANKRUPTCY MATTERS**

SUMMARY:

The Office of the City Attorney (Office) requests the Board of Harbor Commissioners (Board) approve a Legal Services Agreement (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and Danning Gill Israel & Krasnoff LLP (Danning Gill) for legal services for bankruptcy issues. The Agreement is for a term of three years with compensation authority of \$150,000. The Harbor Department is financially responsible for payment for legal services rendered under the proposed Agreement.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f), of the Los Angeles City CEQA Guidelines;

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2. Find in accordance to Charter Section 1022 that the scope of work of the proposed Agreements can be more economically and feasibly provided by an independent contractor than by City employees;
3. Approve a Legal Services Agreement with Danning Gill Israel & Krasnoff LLP in the amount of \$150,000 for a three-year term;
4. Authorize the Executive Director and Board Secretary to execute and attest to the Agreement; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background – In accordance with Charter Section 275, the Office has determined that it requires outside legal counsel to assist it in the discharge of its duties to perform legal services in connection with bankruptcy issues requiring specialized expertise and resources that exceed staff resources in this highly specialized area of law. Since 2006, the Office has not had an agreement for legal services for bankruptcy matters. The prior Agreement with Buchalter Nemer for a term of three years with an authority amount of \$25,000 expired on August 7, 2009.

Need for Services and Scope of Work – The Agreement (Transmittal 1) is necessary to augment the Harbor Division's ability to address any fallout that could include bankruptcies, or the threat of bankruptcy, in the economic aftermath following the COVID-19 pandemic. In the past, the Harbor's use of outside counsel for bankruptcy issues have frequently arisen in the context of unlawful detainer proceedings, which we foresee as a potential scenario in the near term.

Competitive Counsel Selection Process – The Office relied on a 2018 competitive Request for Proposals (RFP) selection process previously conducted by the Los Angeles World Airports (LAWA) for outside legal counsel regarding potential bankruptcy matters. Since the LAWA RFP focused on experience with bankruptcy proceedings, experience and ability representing clients in all phases of dispute resolution and litigation before state and federal courts, and administrative agencies, relying on this selection process was appropriate.

The Harbor Division assessed and selected from the proposers to the LAWA's Bankruptcy counsel RFP. Four (4) law firms responded to the RFP. Based upon their RFP proposal, the Office recommends Danning Gill as the most qualified and in the best

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interests of the Harbor Department. The firm possesses specialized legal expertise and relevant experience with bankruptcy proceedings, as well as, experience with bankruptcy proceedings involving foreign corporations or other entities.

PROPOSED AGREEMENT TERMS:

- **Term:** Three years from date of signature (approximately 2021-2024).
- **Contract Authority:** Maximum amount not to exceed \$150,000.
- **Scope of Work:** Bankruptcy proceedings, or the threat of bankruptcy proceedings, involving both domestic and foreign corporations or other entities.
- **Standard City and City Attorney Agreement provisions.**

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a legal services Agreement between the City of Los Angeles Harbor Department and Danning Gill for bankruptcy matters, which is an administrative activity involving continuing administrative activities. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed action is for the approval of an Agreement for legal services for a three-year term and compensation authority of \$150,000. The Harbor Department is financially responsible for payment for legal services rendered under the proposed Agreement. Funding in the amount of \$50,000 has been included as part of the annual budget adoption process in the Fiscal Year 2020-21 Operating Budget within the Harbor Department City Attorney's Office Account No. 54410 (Legal Fees & Services), Division No. 120 and Program No. 000. Funding for future fiscal years, if necessary, will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. A funding out clause is included in the Agreement.

Firm	FY 20/21	FY21/22	FY 22/23	TOTAL
Danning Gill Israel & Krasnoff LLP	\$50,000	\$50,000	\$50,000	\$150,000

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KRASNOFF LLP

CITY ATTORNEY:

The Office of the City Attorney has prepared and approved the proposed Agreement as to form and legality.

TRANSMITTALS:

1. Legal Services Agreement with Danning Gill

FIS Approval: MB

CA Approval: [Signature]


STEVEN OTERA
Assistant City Attorney

APPROVED:

By Janna
JANNA B. SIDLEY
General Counsel, Harbor Department

APPROVED:

By Mark
EUGENE D. SEROKA
Executive Director

Author: SO/ksh
Board Meeting: June 18, 2020