

HARBOR DIVISION

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DATE: APRIL 21, 2021

FROM: OFFICE OF THE CITY ATTORNEY

SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO AGREEMENT NO. 19-3675 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND ALVARADOSMITH PC FOR REAL ESTATE MATTERS

SUMMARY:

The Office of the City Attorney (Office) requests the Board of Harbor Commissioners (Board) approve a First Amendment to Agreement No. 19-3675 (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and AlvaradoSmith, PC (AlvaradoSmith) for legal services for real estate matters, litigation support, eminent domain and inverse condemnation. The proposed First Amendment is to increase the compensation authority by \$100,000 for a new total authority of \$300,000 and to expand the scope of work to include liability litigation defense counsel to handle claims and litigation arising out of auto accidents, as well as other liability claims. Such additional authorization and funding is required as a result of a management decision to self-insure automobile risks up to one million dollars, at which point Harbor Department insurance will commence contribution. The current term of the Agreement is September 18, 2019 to September 17, 2022, and there is no proposed term extension. The additional funds will allow AlvaradoSmith to provide liability litigation defense services over the remaining term of the Agreement. The Harbor Department is financially responsible for payment for legal services rendered under the proposed First Amendment.

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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;
2. Approve the First Amendment to Agreement No. 19-3675 with AlvaradoSmith PC increasing the authority by \$100,000, for a total of \$300,000;
3. Approve the First Amendment to Agreement No. 19-3675 with AlvaradoSmith PC expanding the scope of work to include liability litigation defense counsel to handle claims and litigation arising out of auto accidents;
4. Authorize the Executive Director and Board Secretary to execute and attest to the First Amendment to Agreement No. 19-3675; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background –

The Harbor Department recently canceled its auto insurance policy, thereby eliminating the possibility of defense and/or indemnity in claims and litigation arising from incidents involving Harbor Department vehicles, subject to a one million dollar retention, and has indicated that self-insurance of other risks formerly covered by insurance could be a continuing trend. Prior to this decision, the Harbor has customarily used its insurance policies to address claims and litigation arising out of occurrences, including auto accidents involving Harbor Department vehicles, resulting in a situation where Harbor Division attorneys have had to neither handle nor monitor disputes and/or litigation covered by these policies. Self-insuring Harbor Department risks, here auto risks, will change that dynamic significantly by requiring Harbor Division lawyers to address claims and litigation formerly handled by counsel appointed by the Harbor Department's insurer.

Based upon the demonstrated specific expertise, immediate need for liability litigation defense counsel and cost effectiveness, the Office recommends a First Amendment to Agreement No. 19-3675 with AlvaradoSmith PC. The proposed First Amendment increases the compensation authority by \$100,000 (from \$200,000 to an amount not to

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exceed \$300,000) and expands the Scope of Work to include liability litigation defense counsel to handle claims and litigation arising out of auto accidents, as well as other liability claims. The current term of the Agreement is September 18, 2019 to September 17, 2022, and there is no proposed term extension.

ENVIRONMENTAL ASSESSMENT:

The proposed action is for the approval of a First Amendment to Agreement No. 19-3675 between the City of Los Angeles Harbor Department and AlvaradoSmith for liability litigation defense counsel, which is an administrative activity. 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 a First Amendment to Agreement No. 19-3675 to increase the compensation authority by \$100,000 for a new total authority of \$300,000. There is no proposed term extension. The Harbor Department is financially responsible for payment for legal services rendered under the proposed First Amendment. Funding for the current Fiscal Year (FY 2020-21) in the amount of \$10,000 is available within the Harbor Department City Attorney's Office Account No. 54410 (Legal Fees & Services), Division No. 0120 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 Agreement No. 19-3675. The schedule of compensation broken down by fiscal year is as follows:

Firm	FY 20/21	FY 21/22	FY 22/23	TOTAL
AlvaradoSmith	\$10,000	\$200,000	\$90,000	\$300,000

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CITY ATTORNEY:

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

TRANSMITTALS:

1. Agreement No. 19-3675 with AlvaradoSmith
2. Proposed First Amendment to Agreement No. 19-3675

FIS Approval: MB

CA Approval: SO

Steven Otera
STEVEN OTERA
Assistant City Attorney

APPROVED:

By *Steven Otera*
JANNA B. SIDLEY
General Counsel, Harbor Department

APPROVED:

By *Marla Bleavins*
EUGENE D. SEROKA
Executive Director

Author: SO/ksh
Board Meeting: May 6, 2021