

CITY OF DANA POINT

FINANCIAL REVIEW COMMITTEE MEETING



**THURSDAY
OCTOBER 26, 2017
4:00 P.M.**

ACTION MINUTES

Location: Public Works Conference Room, 33282 Golden Lantern, Suite 212, Dana Point, California 92629

CALL TO ORDER

The meeting of the Financial Review Committee of the City of Dana Point, California, was called to order by Chair Porter at 4:02 p.m. in the Dana Point Public Works Conference Room, 33282 Golden Lantern, Suite 212, Dana Point, California 92629

ROLL CALL OF FINANCIAL REVIEW COMMITTEE MEMBERS:

COMMITTEE MEMBERS PRESENT: Joseph Jaeger, Larry Rolapp, Greg Wall, Vice-Chair Buck Hill, Chair Brian Porter

STAFF PRESENT: Mark Denny, City Manager; Mike Killebrew, Assistant City Manager; City Attorney, Patrick Munoz; Kate Lasso, Management Analyst; DyAnne Weamire, Assistant Administrative Analyst; Yolanda Brenes, Sr. Administrative Assistant.

NEW BUSINESS

1. MINUTES OF THE FINANCIAL REVIEW COMMITTEE MEETING, SEPTEMBER 27, 2017

Vice-Chair Hill stated that he would like the minutes to reflect his Financial Review Committee priorities as follows:

“Vice-Chair Hill asked the Committee to consider adding various agenda items for the next Financial Review Committee meeting, including 1) re-baseline the FY18 and FY19 budgets to include the FY17 Actuals and Trends indicated; 2) Complete the analysis and recommend actions to control and reduce legal costs; 3) Study an approach to adopt monthly accrual accounting bookkeeping to allow City Staff and City Council understanding of monthly actual results with reports available within 3 weeks of the end of each month; 4) Spread the actual budgets out by month for FY18 and FY19 to allow monthly analysis of actual versus budget performance and facilitate delegation of authority to department managers to achieve budget.”

Member Wall stated that on Page 1 of the September 27, 2017 minutes, the minutes did not reflect his AYE vote to approve the minutes of August 29, 2017, as well as item #2 which also did not reflect his

AYE vote to approve the minutes of the Joint City Council and Financial Review Committee Workshop, September 12, 2017.

Staff Member Killebrew suggested that any areas that notate Toni Nelson as ABSENT should be struck from the minutes altogether as she had resigned and so would not be considered absent.

IT WAS MOVED BY VICE-CHAIR HILL AND SECONDED BY MEMBER WALL THAT THE MINUTES OF SEPTEMBER 27, 2017 BE APPROVED AS MODIFIED AND TO FORWARD TO CITY COUNCIL WITH THE RECOMMENDATION TO RECEIVE AND FILE.

The motion carried by the following vote:

AYES: Member Jaeger, Member Rolapp, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: None

2. CONSIDERATION OF IN-HOUSE VS. CONTRACT CITY ATTORNEY SERVICES MODEL

Staff Member Killebrew provided a staff report which was followed by various questions and comments from the Financial Review Committee members.

Member Jaeger provided a handout entitled: "In-House Vs. Contract City Attorney Services Model"

Member Rolapp provided a handout entitled: "City Attorney Services"

IT WAS MOVED BY MEMBER JAEGER, SECONDED BY VICE-CHAIR HILL THAT THE HIRING OF AN IN-HOUSE ATTORNEY BE PUT ON THE CITY COUNCIL'S AGENDA FOR THE NEXT REGULARLY SCHEDULED COUNCIL MEETING AS AN FRC RECOMMENDED POLICY TO BE ADOPTED BY COUNCIL.

The motion failed by the following vote:

AYES: Member Jaeger, Vice-Chair Hill

NOES: Member Rolapp, Member Wall, Chair Porter

ABSENT: None

3. FINANCIAL POLICY UPDATE

a. User Fee Subsidy Policy

Staff Member Killebrew provided a Financial Policy Update staff report. Discussion among the FRC and Staff members followed.

IT WAS MOVED BY MEMBER JAEGER, SECONDED BY VICE-CHAIR HILL AND THEN SUBSEQUENTLY SECONDED BY MEMBER ROLAPP FOLLOWING A MODIFICATION TO THE ORIGINAL MOTION, THAT THE USER FEE SUBSIDY POLICY, INCLUDING A DRAFT FEE SCHEDULE IDENTIFYING SUBSIDIZED ITEMS, BE PUT ON THE CITY COUNCIL'S AGENDA FOR

THE DECEMBER 5, 2017 SCHEDULED COUNCIL MEETING AS AN FRC RECOMMENDED POLICY TO BE ADOPTED BY COUNCIL, TO INCLUDE THE NEW USER FEE SCHEDULE AS PROPOSED BY STAFF, AS WELL AS A SUMMARY OF THE ANTICIPATED ADDITIONAL REVENUE TO BE GENERATED BY THE NEW USER FEE SCHEDULE.

The motion passed by the following vote:

AYES: Member Jaeger, Member Rolapp, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: None

b. General Fund Reserve Policy

Staff member Killebrew briefly provided the model of the current General Fund Reserve Policy and asked for two members of the FRC committee to volunteer to meet with himself and Mr. Kavanaugh of GFOA to look into the details of the Reserve Policy and report their findings and recommendations back to the FRC.

Members Rolapp and Jaeger volunteered for the discussion.

PUBLIC COMMENTS

Joanie McKnight, resident of Dana Point, spoke regarding short term rentals.

4. OTHER ITEMS TO BE DISCUSSED:

- a. User Fee Study (Member Jaeger) – No Handout
- b. Transient Occupancy Tax – a brief discussion took place regarding information requested from September 27, 2017 meeting in regards to other cities tax rates and number of hotel rooms in local, coastal cities.
- c. City's List of Deferred Maintenance Projects – Facilities Fund 12 (Jaeger) – No handouts

Discussion among the FRC and Staff Member Killebrew ensued regarding the Deferred Maintenance and rollover projections. This item was tabled until the next regularly scheduled Financial Review Committee meeting of November 28, 2017.

- d. Financial Reporting (Jaeger) – no handouts
 - i. All City financial reports prepared by Staff should include an Executive Summary
 - ii. All Monthly and Quarterly reports should include prior year data
 - iii. Account Code references should be eliminated from all City reports
 - iv. The Budget should be allocated by month and actual results compared to the appropriate time period
 - v. Quarterly reports should be prepared on a modified accrual basis

These items were tabled until the next regularly scheduled Financial Review Committee meeting of November 28, 2017.

e. TEFRA Hearing (Rolapp)

Staff member Killebrew provided a staff report on this item. No action was taken on this item.

UNFINISHED BUSINESS

There is no Unfinished Business

STAFF REPORTS

Member Rolapp restated that he would like to see a calendar of events provided with the agenda packets prior to each meeting. He also suggested at a future meeting that there be a discussion about the utility undergrounding districts. Also would like to continue to see an update of the priority assignments on the agenda even if there are no updates to include “yes” “no” or “complete” to track. Lastly, he would like to see an adopted protocol by the FRC to outline how things are handled for future FRC committee members to follow.

Member Wall stated that he felt holding the FRC meetings in the Public Works Conference Room is more conducive to the interaction of ideas.

FINANCIAL REVIEW COMMITTEE REPORTS

ADJOURNMENT

There being no further business before the Financial Review Committee at this session, Chair Porter adjourned the meeting at 6:50 p.m.

DYANNE C. WEAMIRE
ASSIST. ADMIN. ANALYST

City of Dana Point
DRAFT Financial Review Committee Meeting Minutes of October 26, 2017

IN-HOUSE VS CONTRACT CITY ATTORNEY SERVICES MODEL
PREPARED BY: JOSEPH J. JAEGER
DATE: OCTOBER 26, 2017

SECTION 1 - IN-HOUSE SCENARIO 2 VS RUTAN & TUCKER CONTRACT

In-House - Scenario 2 - \$699,150 Rutan & Tucker Contract - 2018 - \$717,255

NOTE: Discuss 1,700 hour productive hour assumption. Vacation/Sick Leave 240 hours/year. Training / Other - 140 hours/year.

COMMENT: The addition of a legal secretary is not necessary (savings of \$86,300 to in-house scenario).

SECTION 2- COMPARISON OF VARIOUS CITY CONTRACT HOURLY LEGAL FEES

<u>CITY</u>	<u>RETAINER</u>	<u>OUTSIDE OF RETAINER</u>	<u>LAW FIRM</u>
Dana Point	\$247	\$253	Rutan & Tucker
Laguna Beach	\$142	\$235	Rutan & Tucker
Laguna Niguel	N/A	\$195	Terry E. Dixon, Esq.
San Clemente	\$185	Various	Best Best & Krieger
San Juan Capistrano	\$185	Various	Best Best & Krieger

*City of San Clemente Study
Copy Provided by Larry Rokopp
10/27/17*

City Attorney Services

Objective

To analyze the option of continuing to contract out for City Attorney services and conduct a Request for Proposal (RFP) or to consider contracting in for City Attorney services, which would entail hiring a City Attorney and the necessary staff to support this position.

Background

The City Attorney is appointed by the City Council as the Attorney for the City and legal advisor to the City Council. The City Attorney is committed to represent, support and provide legal advice to the Mayor and City Council, City Manager, department heads and staff members of the various City departments; to defend the City in litigation; to initiate litigation at the direction of the City Council; to render timely legal advice to City boards, commissions and committees; to research and provide information on legal issues and to prepare legal documents.

The City of San Clemente (City) utilizes the contracting out model for City Attorney services. The City has contracted with the firm Rutan and Tucker to provide City Attorney services since 1980. Rutan and Tucker provides legal services on a nationwide basis, with a variety of specialties, including but not limited to governmental agencies. The majority of our services predominantly come out of their Costa Mesa, CA office. The City has averaged an annual expenditure of \$701,000, since 2009. For fiscal year 2014, that has just concluded, the City incurred 2493 in billable hours from Rutan and Tucker. For a detailed expenditure and billable hour's summary, please refer to Attachment I.

In addition to Rutan and Tucker's contracted service, the City, as a member of the California Joint Powers Authority (CJPIA), has pooled legal coverage for liability claims filed against the City. The CJPIA coverage is included in the City's annual liability premium. This coverage represents a significant case load, which ranges from, but not limited to, subsidence claims, trip and fall claims and workers compensation claims. While Rutan and Tucker handles the liability claims and lawsuits filed against the City that are excluded from CJPIA's coverage. Those claims are typically the result of 1) breach of contract issues, 2) land use entitlements, or 3) administration of an ordinance.

On April 15, 2014 the City Council directed staff to review both contracting in and contracting out models for City Attorney services. City Council also requested staff to create a policy governing City Attorney services. In the event of a Request for Proposal (RFP), City Council directed staff to not let cost be the only motivating factor in selecting an attorney and for firms that participate in the RFP process to have a proven track record working with local government. Staff would also recommend creating a subcommittee comprised of two Councilmembers and appropriate staff to oversee the evaluation process. In addition, staff would also propose that varying models be added into the scope of services that would allow for a variety of staffing models. For instance, the RFP could request a model that represents a "part time" local City Attorney. This, in addition to other staffing model options would give the City alternatives to review, as it assesses the appropriate service levels for a new contract, while comparing their proposed costs. The RFP

City Attorney Services

would also incorporate a transition clause, which would provide proposers the opportunity to submit relevant information, steps and potential costs attributed to a new firm assuming the role of City Attorney for San Clemente. Staff anticipates a RFP process commencing in September of 2014, with proposals being received in October, evaluations and interviews occurring through November and an award by the City Council in late November or early December of 2014.

For discussion, some City Attorneys are city employees, and some are members of private law firms. There are City Attorneys who are elected, and some are appointed by the city manager. However, most City Attorneys' are appointed by the City Council, as this is the case in San Clemente. Some City Attorney's serve for a specified term, and some serve at the pleasure of the appointing authority.

Based on data generated by the League of California Cities, City Councils directly appoint the City Attorney in 464 of California's 478 incorporated cities. Of those, approximately two-thirds are contract City Attorneys from outside firms; the remaining one-third are hired as in-house City Attorneys. Voters directly elect their City Attorney in eleven charter cities and City Managers appoint the City Attorney in three charter cities.

In addition, the City retained the services of the Association of California Cities Orange County (ACCOC) to do a study/survey of Southern California and some San Diego County cities in regards to if they utilize an in-house or contracted City Attorney services. Their study provides a very comprehensive survey with annual "fully loaded" salaries for in-house City Attorneys, budgets related to City Attorney Departments, and the additional staff in the City Attorney Departments. Please refer to the results of their study, Attachment II. The following is a brief summary of their study:

- OC Cities: Contracts with an outside firm 29
- OC Cities: In-house 5
- SDC Cities: Contracts with an outside firm 3
- SDC Cities: In-house 4

At the April 15, 2014 City Council meeting, the agenda report included a listing of cities that utilized both in-house and out-house services. At that meeting the City Council requested staff to update the list to include population to those cities with in-house versus out-sourced City Attorney service, refer to Attachment III. Based on the 9 cities who utilize in-house services, the average population for a City to retain in-house services is 179,000. Of the 9 cities in Orange and San Diego County that have in-house City Attorney services, the average budget to fund these services was \$2.2 million. These costs exclude third party legal services. Of those 9 cities, the average staff size, including the City Attorney is 12 employees.

There are pros and cons to either model of in-house and contracted City Attorney services, the following breaks out some simple points for both models:

In-House City Attorney Services

Pro's	Con's
Increased availability	More costly to fund
Becomes part of executive team	Heavy involvement in day to day operations
Potential minimize litigation costs	Long term pension obligations incurred

Contract City Attorney Services

Pro's	Con's
Reduced costs	Decreased availability
Utilize variety of specialized services	Limited role with agency
As-needed services	Increased costs as litigation needs increase

Funding Options

After thorough review, it was determined that the funding needed to bring City Attorney services in-house would significantly exceed the budgeted amount for FY2015, \$496,270. If the City Council directed staff to seek an in-house City Attorney, staff would need to seek additional funding. Staff would also need to analyze the on-going fiscal impact to funding a staff for City Attorney services.

Conclusion

Based on comparative costs and the City's population, the monies needed to fund an in-house City Attorney model as well as the per capita comparison, this model appears cost prohibitive and not necessarily needed for San Clemente's population of 64,882. The City's current model of contracting out City Attorney services provides flexibility to the as-needed services, in which the City can control costs when appropriate.

Recommendations

Based on the fact that a majority of Orange and San Diego County cities that do not exceed San Clemente's population utilize contracted City Attorney services and that the City would have to incur significant increase in budget to have in-house City Attorney services, it is recommended the City conduct a Request for Proposal (RFP) for City Attorney services. The RFP would include a draft policy that the focuses on the goals and performance of the City Attorney function. In addition, the RFP should include performance measures and fiscal reporting that align with the City Council direction.

Fiscal Impact of Recommendations

None, utilize adopted budget for FY2105, \$496,270.

Legal Cost Analysis

Objective

To review and analyze legal costs and determine methods of cost reduction and efficiencies

Executive Summary

Rutan and Tucker, LLC has provided legal services to the City of San Clemente for the past 44 years. The contract with Rutan and Tucker provides City Attorney and Assistant City Attorney services, designated office hours and attendance at all regular City Council and Planning Commission meetings.

The services provided by Rutan and Tucker are a valuable resource to the City. The law firm provides a depth of knowledge with attorneys specializing in every aspect of the law. The firm has helped guide the development of the City from a small beach community to a City with over 63,000 residents.

The City, as a member of the California Joint Powers Authority (CJPIA), has pooled coverage for liability claims filed against the City. Legal fees for claims and litigation for covered events or situations are included in the City's annual liability premium. Rutan and Tucker handles the liability claims and lawsuits filed against the City that are excluded from coverage. These claims are typically the result of 1) breach of contract issues, 2) land use entitlements, or 3) administration of an ordinance.

The cost of providing legal services varies from year to year, primarily due to the amount of litigation initiated by the City or against the City by other parties. In order to determine if cost reductions or greater efficiencies could be achieved, an internal team of City staff members examined the cost of legal services, the contract with Rutan and Tucker and the City's policies and procedures. The result of that review is the basis for the recommendations contained in this report.

Background and Discussion

In FY 2011, the City spent \$674,000 for legal services provided by Rutan and Tucker. A retainer fee of \$113,400 a year is paid to provide office hours and meeting attendance. Legal services provided outside of office hours are billed in six minute increments at \$240 per hour. An analysis of legal invoices showed 56% of the cost was liability claims or lawsuits filed, 15% was the retainer and 29% or \$204,000 was staff requests for attorney services. Attachment "A" provides a ten-year summary of legal expenses by fund.

A team of City staff members, representing every department, was formed to review and analyze the City's legal services costs and process for services. The team's objectives were:

- Identify the services that should be provided by the City Attorney
- Identify the inefficiencies in the current system

Legal Cost Analysis

- Identify consistent ways to monitor and control costs
- Identify other service delivery methods that would boost productivity and potentially lower costs

The team reviewed the City's contract with Rutan and Tucker, along with the existing policies and procedures, to develop a number of recommendations for consideration.

Recommendation #1 – Staff will determine the appropriate level of services provided by the City Attorney's office.

At least an hour each week is set aside to allow the City Attorney's office to review agenda reports, contracts, resolutions and ordinances during office hours. Often, the reports come back to staff with corrections to grammar or sentence structure. The legal review team recommends changes to the departmental internal controls to ensure the quality of the documents prior to submittal to the City Clerk for processing. This would allow the City Attorney more time to concentrate on contracts, resolutions and ordinances.

The review team also recommends additional staff training by the Attorney's office on preparation of contracts, resolutions and ordinances in order to reduce the amount of time the Attorney's office spends on these tasks during office hours and "billable" hours. Training will be video recorded and would be required training for all new staff joining the City.

The City has established templates for Public Works and Professional Services agreements. The basic terms and conditions contained in the document are protected so changes can not be made. The review team's observation is that Attorney review is not always consistent and is dependent upon which attorney is reviewing the agreements. A policy should be established to ensure proper review and approval while maintaining consistency.

Recommendation #2 – Review and potentially reduce the retainer fee.

The City's contract with Rutan and Tucker provides for City Attorney services for unlimited attendance at all regular City Council and Planning Commission meetings, attendance at special meetings on an as-requested basis and weekly office hours at City Hall. Office hours are defined in the contract as 3-1/2 hours on the first and third Tuesdays, 8 hours on the second and fourth Tuesdays and alternating hours (3-1/2 or 8 hours) on the months with five Tuesdays.

The legal review team is recommending a decrease in the number of hours allocated to office hours and a reduction in the retainer based on the following observations:

- Office hours are not fully utilized by staff and internal procedures should be changed for efficient use of attorney hours. Schedule A contains the suggestions the team is recommending for better utilization of attorney time.
- More complex issues require research that can not be completed during office hours. A reduction in office hours and retainer cost would offset the cost of attorney work charged on an hourly basis.

Legal Cost Analysis

The legal review team also recommends a reduction in the retainer fee for City Attorney attendance at Planning Commission meetings. The Community Development Director estimates that there were at least 14 meetings over the past year where the issues discussed during the meetings did not require City Attorney attendance. With the issuance of the agenda one week prior to the meeting, staff can give notice to the City Attorney of their need to be at the meeting.

The legal review team recommends either a negotiated reduction in the retainer fee or a "credit" for unused attorney hours, similar to the way the Police Contract handles unused hours included in the contract. The savings would be offset by an increase in the number of requests for services that would be billed at the hourly rate. However, the review team believes that the attorney time would be more productive and focused than hours spent during office hours.

Recommendation #3 – Revise the City's Policy and Procedure for the use of legal services and revise the request for legal services form.

An internal policy and procedure was developed in 1991 to manage staff's use of legal services and control costs. The policy requires staff to budget by program for legal services; review monthly charges and manage the use of attorney services through a formal request for attorney services that must be signed by the Department Director.

The legal review team is recommending that the policy be expanded to document the proper procedure for use of office hours and requests for attorney services. It is also recommended to revise the form to include a "not to exceed" amount that must be agreed upon by the attorney and Department Head. The City Attorney's office would be responsible for monitoring expenditures for the request and once the negotiated amount is reached, staff would be notified before any more work was performed. Any additional work would be negotiated and both parties would agree upon the remaining time and cost.

The City Attorney is recommending that the City build and maintain a library of written opinions previously provided to staff and City Council. The opinions will be scanned into the City's electronic document management system (EDMS) and can be easily accessed. Staff could refer to prior opinions and verify its applicability before engaging the City Attorney's office for services.

Recommendation #4 – Work with Rutan and Tucker to revise some of the current business practices to work more efficiently with the potential of reducing cost where possible.

Currently, City Attorney hours are scheduled in half-hour or hour increments. If meetings are concluded within a shorter time frame, the City Attorney is free to discuss other issues but does not have staff waiting in queue. In order to use City Attorney office hours more productively, the legal team is recommending changes to the scheduling of appointments and the use of the City's in-house "Lync" system to conduct video conference meetings. Staff issues that did not get on the day's schedule will be put on a "waiting" list. If the Attorney has available time, staff on the wait list can be contacted by video call. Staff and the City Attorney can talk, video conference or share documents via the Lync system. This would maximize the use of office

Legal Cost Analysis

hours. Another use for the Lync system would be for “virtual meetings” conducted with staff from offices outside of City Hall joining the meeting via video conference. This would eliminate driving between offices and save staff time and fuel.

Conclusion

The legal review team has recommended action items that would provide for a more efficient system. In addition, the items listed on Schedule “B” are common sense and practical tips that will improve staff’s depth of knowledge and help streamline and improve internal processes.

Recommendations

Staff recommends the following actions:

1. Staff will determine the appropriate level of services provided by the City Attorney’s office
2. Review and potentially reduce the retainer fee
3. Revise the City’s Policy and Procedure for the use of legal services and revise the request for legal services form
4. Work with Rutan and Tucker to revise some of the current business practices to work more efficiently with the potential of reducing cost where possible

Fiscal Impact of Recommendations

Capital Impact
Operations & Maintenance Impact
Forecast Impact

Council Action:

The Legal Cost Analysis recommendations were approved by City Council.

Legal Cost Analysis

Attachment "A" Ten-Year History of Legal Expenses

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
General Fund	266,438	233,982	279,731	227,048	256,261	287,796	313,353 ¹	266,808	977,575 ²	458,210 ³
Special Revenue Funds										
Street Improvement	0	0	0	0	0	0	0	0	1,152	0
Gas Tax	0	0	0	0	0	0	0	0	0	0
Misc. Grants	0	0	0	0	0	0	0	0	0	0
Air Quality Imp.	0	0	0	0	0	0	0	0	0	0
Police Grants	0	0	0	0	0	0	0	0	0	0
Reserve	0	0	0	0	0	0	0	0	0	0
Capital Project Funds										
Parks Acquisition & Dev.	0	0	0	0	0	0	0	0	0	0
Local Drainage Facilities	0	0	0	0	0	0	0	0	0	0
RCFPP	6,698	37	0	250	4,257	0	0	3,456	0	0
Public Facilities Const.	0	0	0	0	0	0	0	0	0	0
Developers Imp.	0	0	0	0	0	0	0	0	0	0
Debt Service Funds										
Negocio Debt Svc	0	0	963	0	525	0	0	0	9,438	5,881
Enterprise Funds										
Water	158	518	597	15,169	824	2,795	7,809	10,747	3,264	888
Sewer	1,893	56	1,136	9,995	5,785	2,817	1,407	3,743	624	96
Storm Drain	8,803	2,144	96	40	0	0	0	0	0	0
Solid Waste	3,506	9,754	14,631	3,170	0	440	667	2,464	648	15,700
Golf	0	0	0	0	0	44	0	710	0	0
Clean Ocean	0	9,071	2,607	200	1,156	2,590	4,571	2,155	6,075	3,017
Internal Service Funds										
Central Services	0	0	39	0	1,035	110	3,672	4,279	0	0
Information Technology	0	0	0	160	0	0	115	0	0	0
Contract Fleet Services	0	0	0	0	0	0	0	0	0	0
Fleet Replace. Reserve	0	0	0	0	0	0	0	0	0	0
Medical Insurance	0	0	0	0	0	0	0	0	0	0
Workers' Compensation	0	0	0	0	0	0	0	0	0	6,227
General Liability Ins. ⁴	303,696	475,158	341,188	374,836	143,775	339,469	247,601	273,853	355,119	173,208
Redevelopment Agency Funds										
Low & Moderate Housing	13,356	6,116	5,757	5,227	555	1,884	962	7,730	15,610	10,645
Debt Service	1,137	0	0	0	0	0	0	1,129	0	0
Capital Projects	58,976	22	386	2,759	0	176	966	250	1,194	200
Total All Funds	664,661	736,858	647,130	638,853	414,172	638,120	581,122	577,324	1,370,699	674,072

¹ Lehman Brothers/Sun Cal

² North Beach, Target purchase agreement, HOA litigation, public improvement bond.

³ North Beach, code enforcement, public improvement bond.

⁴ Avenida San Juan, Callan, HOA litigation

Legal Cost Analysis

Schedule "B"

Legal Review Team Suggestions for Staff Use of Legal Services

Develop and provide staff training on:

1. Policy and procedure for appropriate use of legal services during office hours
2. Preparation of standard contracts, resolutions or ordinances
3. The cost of legal services and what is considered "billable".

Manage the City Attorney Calendar:

1. Specify which attorney will be at office hours. Staff will strive to consult with the same attorney on an issue to avoid conflicting opinions or corrections to another attorney's work.
2. Be prepared for your meeting. Be on time and stay on topic. Scan and send documents for City Attorney review prior to the meeting.
3. Discuss the issue with your supervisor and other staff members to determine if your topic is a legal issue requiring interpretation or a City policy issue. Only take legal issues to the City Attorney.
4. Prioritize items prior to the meeting to make sure critical items are discussed. Gauge how much time is needed for the meeting and schedule the appropriate amount of time.
5. Do not use office hours to obtain City Attorney signatures on standard agreements. The Clerk's office will be responsible for obtaining signatures on these agreements.

Division Library:

1. Maintain files with specific legal questions already answered by the attorney.
2. Keep copies of e-mails or other written correspondence produced by the attorneys filed by general topics (easements, elections, vehicle vending, etc.).
3. Refer to the files to determine if the question/issue has already been addressed by the attorney. If so, check to see if the legal opinion is still valid or if attorney hours are needed to update the opinion.

Develop Division Related Templates:

1. If your division has specialized documents that are used only by your division, develop a standard document template that can be used by all staff in your division. Have the City Attorney's office review and approve the template.

City of Dana Point
DRAFT Financial Review Committee Meeting Minutes of October 26, 2017

City Attorneys: Contracted v. In-house

34 Orange County Cities
 7 San Diego County Cities

City	Does your City have an "in-house" City Attorney that is considered a City staff member, or does the City contract with an outside firm to handle attorney services?	Annual cost for the City Attorney's salary and benefits	If the City has an Attorney that is a City staff member: Additional City Attorney Department staff	City Attorney Department Total Budget
Summary: Out of the 34 cities in Orange County, 29 cities contract with an outside firm to handle attorney services and 5 have an "in-house" City Attorney. Out of 7 cities in San Diego County, 3 cities contract with an outside firm and 4 have an "in-house" City Attorney. Costs for "in-house" City Attorneys range from about \$160,000 to over \$300,000, while City Attorney Department Staff can range from a few additional staff members to a team of over 20 individuals. The total department budget for those cities that have "in-house" City Attorneys can range from anywhere between \$1 million to \$2 million.				
Orange County (OC)				
Aliso Viejo	Contracts with an outside firm			
Anaheim	In-house	\$230,500 in salary (2014)	In addition to the City Attorney, the City Attorney's office includes 23 other lawyers (11 in the Civil Division and 12 in the Criminal Division), an office administrator, two paralegals, 2 litigation specialists, and 5 legal assistants.	Total budget for 2014/15 is \$7,312,457. This includes all in-house staff salary and benefits, operational costs including pass-through payments to other departments, and budgeted outside counsel costs. (You can view 2013 salaries, which includes the City Attorney's office, here.)
Brea	Contracts with an outside firm			
Buena Park	Contracts with an outside firm			
Costa Mesa	Contracts with an outside firm			
Cypress	Contracts with an outside firm			
Dana Point	Contracts with an outside firm			
Fountain Valley	Contracts with an outside firm			
Fullerton	Contracts with an outside firm			
Garden Grove	Contracts with an outside firm			
Huntington Beach	In-house	Approximately \$284,000 in salary and benefits (2014)	Chief Assistant City Attorney, Administrative Assistant, 2 Assistant City Attorneys, 2 Senior Deputy City Attorneys, Deputy City Attorney, 3 Legal Assistants, Part-Time Analyst, Intern	Total budget for 2013/2014 is \$2,262,363
Irvine	Contracts with an outside firm			
La Habra	Contracts with an outside firm			
La Palma	Contracts with an outside firm			
Laguna Beach	Contracts with an outside firm			
Laguna Hills	Contracts with an outside firm			
Laguna Niguel	Contracts with an outside firm			
Laguna Woods	Contracts with an outside firm			
Lake Forest	Contracts with an outside firm			
Los Alamitos	Contracts with an outside firm			
Mission Viejo	Contracts with an outside firm			
Newport Beach	In-house	\$295,749 in salary and benefits (2014) (You can view the full City Attorney contract here.)	3 Assistant City Attorneys, 1 Paralegal, 1 Administrative Assistant to the City Attorney Part-time Paralegal (for FY 15/16)	The total salaries and benefits budget for 2015/2016 is \$1,287,413, which includes the personnel in the link below. The total expenditure budget for the City Attorney's Office in 2015/2016, including operating expenditures and capital outlay, is \$1,579,326. Budgeted Staffing

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Orange	In-house	City Attorney 1: \$222,051 in salary and benefits; City Attorney 2: \$181,600 in salary and benefits (2012)	2 City Attorneys, a Senior Assistant City Attorney, 2 Legal Secretaries, an Executive Assistant, an Assistant City Attorney II	Total budget for 2013/2014 is \$1,299,281
Piacentia	Contracts with an outside firm			
Rancho Santa Margarita	Contracts with an outside firm			
San Clemente	Contracts with an outside firm			
San Juan Capistrano	Contracts with an outside firm			
Santa Ana	In-house	\$245,595 in salary and benefits (2012)	2 Senior Assistant City Attorneys, Chief Assistant City Attorney, 4 Assistant City Attorneys, Deputy City Attorney, 2 Senior Paralegals, 2 Senior Legal Secretaries	Total budget for 2013/2014 is \$2,180,985
Seal Beach	Contracts with an outside firm			
Stanton	Contracts with an outside firm			
Tustin	Contracts with an outside firm	Retainer is \$3,700 per month (2014)		
Villa Park	Contracts with an outside firm			
Westminster	Contracts with an outside firm	\$258,174 in salary (2014)	City Manager and City Clerk	Total budget for 2013/2014 is \$460,794
Yorba Linda	Contracts with an outside firm			
San Diego County (SDC)				
Carlsbad	City Staff	\$338,847 in salary and benefits (2012)	City Attorney, 3 Assistant City Attorneys, Legal Assistant, Secretary to City Attorney, H/Admin. Assistant	Total budget for 2013/2014 is \$1,316,806
Encinitas	Contracts with an outside firm			
Escondido	City Staff	\$359,758 in salary and benefits (2012)	City Attorney, Assistant City Attorney/Litigation, Assistant City Attorney, Sr. Deputy City Attorney, 5 Dep. City Attorneys, 2 Legal Assistants, an Executive Assistant-City Attorney, 2 Legal Secretaries, a Department Assistant, and a Department Specialist (2012)	Total budget for 2014/2015 is \$2,006,700
Oceanside	City Staff	\$296,355 in salary and benefits (2012)	City Attorney, Assistant City Attorney, Supervising Deputy City Attorney, Assistant City Attorney, Deputy City Attorney II, Deputy City Attorney I, Legal Secretary, Paralegal II, and 2 Legal Secretaries	Total budget for 2013/2014 is \$1,529,114
Poway	Contracts with an outside firm			
San Marcos	Contracts with an outside firm			
Viola	City Staff	\$297,306 in salary and benefits (2012)	City Attorney, 2 Assistant City Attorneys, Paralegal, Staff Assistant-Confidential	Total budget for 2013/2014 is \$1,079,692

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