

Memorandum

TO: Board of Directors (cc: David Dickson and Mary Rogren)

FROM: Patrick T. Miyaki

DATE: April 18, 2017

RE: **Hanson Bridgett Billing Rates – Proposed Restructuring and Increase**

Hanson Bridgett has had a long standing relationship with the District that dates back to 1966, and I have had the privilege of serving as the District's General Counsel since 2008. We very much appreciate the opportunity to serve the District.

In 2008, when our firm renewed its relationship with the District, we entered into an Agreement that specifies that our legal services will be provided at the respective hourly rates of the individuals providing the services, with a discount of not less than 10% from our standard billing rates. The Agreement established the billing rate for me and Allison Schutte (and Ray McDevitt, who has since retired). The Agreement provides for an annual increase in those billing rates based on the Consumer Price Index (CPI), and the annual CPI increase has been implemented each year (except not for 2017). However, the billing rates otherwise have not been reviewed since 2008.

The current system of using an individual attorney's standard billing rate and applying a discount has resulted in significant differences in billing rates among the attorneys who provide legal services to the District. In addition, by not reviewing the rates on a periodic basis (which I take full responsibility for), some attorney's rates have not been adjusted to account for promotions and increased experience. For example, several associates who worked on District matters in 2008 have advanced to senior counsel and partner. Furthermore, the discount applied to our standard rates has grown significantly over the last 9 years. For example, my standard rate is \$575, and my current rate for the District is \$302.

I propose that we restructure the billing rate structure based on the level of attorney providing the legal services and the categories of legal services provided, with a higher rate structure for attorneys providing specialized legal services. I also propose a three year rate schedule as follows:

General Services	Year 1	Year 2	Year 3
Partner	\$325	\$335	\$350
Senior Counsel	\$295	\$305	\$320
Associates	\$260	\$270	\$285

Litigation Services	Year 1	Year 2	Year 3
Partner	\$395	\$405	\$420
Senior Counsel	\$365	\$375	\$390
Associates	\$330	\$340	\$355

Employee Benefits	Year 1	Year 2	Year 3
Partner	\$425	\$435	\$450
Senior Counsel	\$395	\$405	\$420
Associates	\$360	\$370	\$385

The rates above are discounted from our standard rates by 20%-45%.

As the District's General Counsel, my rate would be the same general services rate regardless of what type of matter I work on. We also do not charge for travel time to attend Board meetings.

We provide our legal services to the District in an efficient and cost-effective manner, and we work closely with the District's General Manager and staff to coordinate our legal services in a way that provides the most value to the District.

There are a variety of ways to address billing rates for legal services, and I would be happy to discuss alternative approaches with the Board. The approach proposed is one that many of our public agency clients have implemented, and we think is a good approach for the District.

I will be ready to discuss this with the Board at the May 9 Board meeting. In the meantime, please do not hesitate to contact me if you have any questions or if you want to discuss this proposal.

Thank You.

PTM:ld