



Expo

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DATE: OCTOBER 5, 2006

TO: BOARD OF DIRECTORS

FROM: RICHARD D. THORPE 
CHIEF EXECUTIVE OFFICER

**ACTION: AUTHORIZE THE CEO TO INCREASE HOURLY RATES FOR
LEGAL SERVICES**

RECOMMENDATION

Authorize the CEO to increase hourly rates sought by Authority Counsel, effective October, 2006 through October, 2007.

SUMMARY

When the Board approved the legal services contract with Nossaman, Guthner, Knox and Elliot as General Counsel and Robinson & Pearman as Deputy General Counsel at its October, 2005 Board Meeting, their proposal contained a request for an annual 5% hourly increase in their rates starting in July, 2006. The Board decided to defer the rate increase until October, 2006 when both firms had worked for a full year with the Authority.

Counsel for both firms went along with the deferment and Authority staff promised to bring back this issue in October, 2006. Since both firms have now worked for a full year and since the work performed by both firms has been satisfactory, staff is recommending approval of the rate increase sought by both firms. Any future increase will be brought back to the Board for approval.

DISCUSSION

When the Authority Board selected Nossaman, Guthner, Knox and Elliott as General Counsel at its October, 2005 Board Meeting, their proposal included a provision which called for yearly 5% rate increases starting in FY06-07. Robinson & Pearman had a similar provision in their contract. When the

contracts were awarded to these firms, the Board did not explicitly address this annual 5% rate increase. Counsel asked that the 5% rate increase be included in their Legal Services Contract with the Authority, but staff felt that any increases in hourly rates should be subject to authorization by the Authority Board. When this issue was raised at the start of the FY06-07 fiscal year, Board Members expressed concern with awarding a rate increase to both firms after less than a year of work for the Authority, so it was determined that any increase would be deferred until October, 2006, after the firms had worked for the Authority for a full year.

Both firms agreed to defer their rate increases until October, 2006; however, Nancy Smith of the Nossaman firm indicated that she would not be able to serve as General Counsel to the Authority if the rate increase was not approved retroactive to July 1, 2006. As a result, the Board approved a substitution of attorneys at the Nossaman firm and chose George Joseph as General Counsel in August, 2006. Both Joseph of Nossaman and Bob Pearman of Robinson & Pearman, agreed to work at the original rate approved by the Board through October, 2006.

The 5% rate increase proposed by both the Nossaman firm and Robinson & Pearman would result in rate increases for partners, all associates, law clerks and paralegals. Nossaman's new rates would be as follows:

	Hourly Rate 2005-2006	New Hourly Rate 2006-2007 with 5% increase
Partner/Of Counsel	\$350	\$367.50
Senior Associate	\$295	\$309.75
Junior Associate	\$250	\$262.50
Law Clerks	\$185-\$225	Standard rates, not-to-exceed \$225
Paralegal	\$120	\$126

Robinson & Pearman's new rates would be as follows:

	Hourly Rate 2005-2006	New Hourly Rate 2006-2007 with 5% increase
Partner	\$275	\$288.75
Associate	\$195	\$204.75
Law Clerk	\$95	\$99.75

In order to adequately assess the justification for future rate increases on an annual basis, these annual rate increases should be brought before the Board for consideration each October, instead of June as originally proposed by Counsel.

FINANCIAL IMPACT

The Authority included \$385,000 for legal services in the FY07 budget. Rate increases for both firms were factored into the projections for the fiscal year budget.

NEXT STEPS

None

ATTACHMENT(S)

None