

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 06/26/06		Item Number: <u> A-7 </u>	
AGENDA ITEM: Approval of a Budget Amendment to Increase Revenue through the transfer of the LAX Litigation Award of Attorney's Fees into the General Fund Miscellaneous Revenue Account and Increase the Appropriation to the City Attorney's Legal Services Budget for Fiscal Year 2005-2006.			
Contact Person/Dept.: Carol Schwab/City Attorney		Phone Number: (310) 253-5660	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: Yes ☐ No ☒		Action Item: Yes ☒ No ☐	
Public Notification: Master Notification List (06/21/2006)			
Department Approval: Carol Schwab, City Attorney (06/21/2006)		CAO Approval: Martin R. Cole for Jerry B. Fulwood (06/21/2006)	
City Controller Approval: Marlee Chang (06/21/2006)			

RECOMMENDATION:

Staff recommends that the City Council approve a budget amendment to transfer the amount of \$140,000.00 from the General Fund into the City Attorney's Legal Services line item 10113100.611600 to cover outstanding costs for outside counsel this fiscal year. Staff also recommends adding the revenue in the amount of \$129,000 from the LAX Litigation Award of Attorney's Fees to the General Fund miscellaneous revenue account 10115100.386100.

A four-fifths affirmative vote is required to amend the budget.

BACKGROUND AND ANALYSIS:

In December 2004, the City Council authorized the City Attorney to initiate litigation against the City of Los Angeles regarding the proposed expansion of the Los Angeles International Airport (LAX). The City joined with several other entities, including the City of Inglewood and the County of Los Angeles, to become Plaintiffs in a joint lawsuit. The Plaintiffs contracted with the firm of Chevalier, Allen & Lichman to represent them. During the course of the litigation, the City of Culver City spent approximately \$140,000.00. This money came out of the City Attorney's Budget Legal Services line item.

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In late 2005, the parties reached a stipulated settlement; however, negotiations continued until recently. This settlement included reimbursement to the Plaintiffs for attorney's fees. After processing costs, the City received a check for \$129,000.00. As per City procedure, this amount was deposited into the General Fund.

As discussed in the recent City Attorney's Office budget study session, the office spends about \$500,000 annually from the City Attorney's budget for outside counsel. The adopted budget for fiscal year 2005-2006 only allotted \$261,686 for legal services. This amount has already been expended. The office has covered some of the additional costs using all available salary savings from the vacant Deputy City Attorney position, but there is currently a shortfall of approximately \$65,000.00 for outstanding invoices and there will be additional invoices coming in between now and the close of the fiscal year. The City requires invoices for all services to be paid out of available funds during the year in which they were incurred, so these invoices cannot be carried over to the next fiscal year.

FISCAL ANALYSIS:

The City Attorney's Office requests a budget amendment to transfer the amount of \$140,000.00 into the Legal Services line item 10113100.611600 to cover outstanding invoices and those that will be received between now and June 30, 2006. As noted above, the General Fund will be increased by \$129,000 for the reimbursement from the LAX Litigation Award of Attorney's Fees

MOTIONS:

A four-fifths affirmative vote is required for the motions to pass.

That the City Council:

1. Approve a budget amendment to appropriate \$140,000.00 from the General Fund into the City Attorney's Legal Services line item 10113100.611600; and
2. Increase revenue in the amount of \$129,000 from the LAX Litigation Award of Attorney's Fees to the General Fund miscellaneous revenue account 10115100.386100; and
3. Direct the City Attorney to prepare the necessary budget amendment documents and the Budget & Finance Department to process the transfer.