



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: July 27, 2005 REPORT NO. RA- 05-28

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of August 2, 2005

SUBJECT: Fourth Amendment to Agreement with Kane, Ballmer & Berkman

SUMMARY:

Issue - Should the Redevelopment Agency approve the Fourth Amendment to the Agreement between the Redevelopment Agency of the City of San Diego and Kane, Ballmer & Berkman for Legal Services, for an amount not to exceed \$200,000?

Executive Director's Recommendation – Approve the Fourth Amendment to the Agreement between the Redevelopment Agency of the City of San Diego and Kane, Ballmer & Berkman for Legal Services, for an amount not to exceed \$200,000.

Fiscal Impact – Funds in the amount of \$200,000 are available within budgeted levels of tax increment and developer funds within the City Heights, College Community, Crossroads, North Bay, North Park, Naval Training Center and San Ysidro Redevelopment Project Areas.

BACKGROUND

On December 3, 2001, the Redevelopment Agency authorized the Executive Director to execute a three-year agreement with Kane, Ballmer & Berkman as Special Agency Counsel, for the provision of legal services to the Redevelopment Agency, including its corporations, for a total amount not to exceed \$1,500,000. Since that time, three amendments to the initial agreement were authorized, bringing the maximum compensation to \$2.3 million as shown in the table below.

Agreement with Kane, Ballmer & Berkman		
	Approval Date	Amount
Initial Agreement	December 3, 2001	\$1,500,000
1 st Amendment	September 2, 2003	\$452,860
2 nd Amendment	September 14, 2004	\$160,000
3 rd Amendment	June 21, 2005	\$210,000
Total		\$2,322,860

DISCUSSION

The City Attorney serves as General Counsel to the Redevelopment Agency. In the recent budget presentation and in the joint memorandum from the City Attorney and City Manager dated June 17, 2005, the City Attorney has advised the Mayor and City Council of his intent to save the City legal fees by maximizing the use of in-house attorneys.

On June 21, 2005, the Third Amendment to the Agreement with Kane, Ballmer & Berkman was approved by the Redevelopment Agency and extended the term of the current agreement through June 30, 2005, and increased the compensation in the amount of \$210,000, specifically for projects within the project areas administered by the Southeastern Economic Development Corporation (SEDC) and the Centre City Development Corporation (CCDC).

During the development of the Third Amendment, it was contemplated that a competitive process would be undertaken to seek outside special counsel, and that a new agreement would be negotiated and authorized within the next few months for the next three-year period.

Since that time, as described in his memorandum to the Mayor and City Council dated June 21, 2005, the City Attorney has determined it best to continue the work with the current outside special counsel to develop a plan for maximizing the use of in-house attorneys for Redevelopment Agency legal support. This will ensure the consistency of the delivery of work product for the projects in progress throughout the Redevelopment Agency’s project areas while an implementation plan is developed.

To that end, it is recommended that the term of the current agreement with Kane, Ballmer & Berkman be further extended through September 30, 2005, and that the maximum compensation be increased by \$200,000 for the project areas administered by the City Redevelopment Agency, to a maximum not-to-exceed amount of \$2,522,860. The increase of \$200,000 is proposed to be allocated among seven of the City’s redevelopment project areas as shown in the table below.

Fourth Amendment with Kane, Ballmer & Berkman	
Project Area	Amount
City Heights	\$50,000
College Community	\$35,000
Crossroads	\$20,000
Naval Training Center	\$25,000
North Bay	\$25,000
North Park	\$25,000
San Ysidro	\$20,000
Total	\$200,000

ALTERNATIVE

Do not approve the Fourth Amendment to the Agreement with Kane, Ballmer & Berkman for legal services for the Redevelopment Agency.

Respectfully submitted,

Debra Fischle-Faulk
Deputy Executive Director

Approved: Hank Cunningham
Assistant Executive Director

Attachment: Fourth Amendment to Agreement
Kane, Ballmer & Berkman

