



Date: December 17, 2024

To: Honorable Mayor and Members of the City Council

From: Patrick Q. Sullivan, City Attorney

By: Jessica C. Corona, Law Office Administrator | JCorona@TorranceCA.gov

Subject: City Attorney – Appropriate Funds and Approve Eighth Amendment to Fee Agreement for Legal Services. Expenditure: \$1,500,000 (Non-General Fund).

RECOMMENDATION

Recommendation of the City Attorney that City Council:

1. Appropriate \$1,500,000 from the Airport Fund's fund balance to the Airport Fund's fiscal year 2024-25 operating budget; and
2. Approve an eighth amendment to the fee agreement with law firm Rutan & Tucker, LLP of Costa Mesa, CA (C2020-038) in the amount of \$1,500,000, for a new not-to-exceed amount of \$9,473,371.70, to cover costs and provide legal services relating to the 2020 Los Angeles Regional Water Quality Control Board Order/Hi-Shear litigation.

FUNDING

Funding is available in the Airport Fund's fiscal year 2024-25 operating budget.

DISCUSSION

On January 1, 2020, the City of Torrance (City) entered into a fee agreement with the law firm of Rutan & Tucker, LLP of Costa Mesa, CA (C2020-038) in the amount of \$165,000 to provide legal services relating to the 2020 Los Angeles Regional Water Quality Control Board Order/Hi-Shear litigation.

On August 25, 2020, City Council approved a first amendment to increase the fee agreement to an amount not-to-exceed \$515,000. On May 25, 2021, City Council approved a second amendment to increase the fee agreement to an amount not-to-exceed \$1,115,000. On May 10, 2022, City Council approved a third amendment to increase the fee agreement to an amount not-to-exceed \$1,765,000. On April 11, 2023, City Council approved a fourth amendment to increase the fee agreement to an amount not-to-exceed \$2,415,000. On October 17, 2023, City Council approved a fifth amendment to increase the fee agreement to an amount not-to-exceed \$4,315,000. On December 19, 2023, City Council approved a sixth amendment to increase the fee agreement by \$1,900,000 to an amount not-to-exceed \$6,215,000. On March 26, 2024, City Council approved a seventh amendment to increase the fee agreement by \$1,758,371.70 to an amount not-to-exceed \$7,973,371.70.

The City has been advised by counsel that additional funding is necessary to support the City's response to the Los Angeles Regional Water Quality Control Board Order, including substantial expert and remediation expenses as well as on-going federal litigation against Hi-Shear.

The approval of the eighth amendment of \$1,500,000 will increase the agreement to a new not-to-exceed amount of \$9,473,371.70.

It is important to note that the City receives reimbursement for legal services and certain expenses related to this matter from Chubb Group of Insurance Companies, Liberty Mutual and Resolute Management, Inc. The City anticipates that it will continue to receive such reimbursements. Since August 1, 2019, the City has received \$5,194,661.18 in reimbursement proceeds.

ATTACHMENT

1. Eighth Amendment to Fee Agreement C2020-038

**EIGHT AMENDMENT TO FEE AGREEMENT FOR
LEGAL SERVICES (C2020-038)**

This Eight Amendment to Fee Agreement for legal services (“Amendment”) is made and entered into as of December 17, 2024, by and between the **CITY OF TORRANCE**, a municipal corporation (“CITY”), and **RUTAN & TUCKER**, a limited liability partnership (“FIRM”).

RECITALS:

- A. CITY and FIRM entered into a Fee Agreement C2020-038 for Legal Services (“Fee Agreement”) on January 1, 2020, in the amount of \$165,000 for services relating to the 2020 Los Angeles Regional Water Quality Control Board Order/Hi-Shear Litigation.
- B. On August 25, 2020, City Council approved an appropriation of \$350,000 from the Airport Fund Balance and approved a First Amendment to increase the Fee Agreement to an amount not to exceed \$515,000.
- C. On May 25, 2021, City Council approved an appropriation of \$600,000 from the Airport Fund Balance and approved a Second Amendment to increase the Fee Agreement to an amount not to exceed \$1,115,000.
- D. On May 10, 2022, City Council approved an appropriation of \$650,000 from the Airport Fund Balance and approved a Third Amendment to increase the Fee Agreement to an amount not to exceed \$1,765,000.
- E. On April 11, 2023, City Council approved an appropriation of \$650,000 from the Airport Fund Balance and approved a Fourth Amendment to increase the Fee Agreement to an amount not to exceed \$2,415,000.
- F. On October 17, 2023, City Council approved an appropriation of \$1,500,000 from the Airport Fund Balance and approved a Fifth Amendment to increase the Fee Agreement to an amount not to exceed \$4,315,000.
- G. On December 19, 2023, City Council approved an appropriation of \$1,900,000 from the Airport Fund Balance and approved a Sixth Amendment to increase the Fee Agreement to an amount not to exceed \$6,215,000.
- H. On March 26, 2024, City Council approved a Seventh Amendment in the amount of \$1,758,371.70, funded by the NONFEAP14 - Airport Soils/Groundwater Remediation Clean-up Project, to increase the Fee Agreement to an amount not to exceed \$7,973,371.70.

- I. The CITY is satisfied with the level of service provided by FIRM. The City is being reimbursed for expenses with respect to the Fee Agreement by various insurance carriers.
- J. Both parties wish to amend the contract to increase the Fee Agreement by \$1,500,000 for a new not to exceed amount of \$9,473,371.70. The funds in this contract are used for not only attorneys fees, but also significant environmental consultant costs, expert witnesses, and other related costs.

AGREEMENT:

- 1. Services to be Performed by FIRM.
FIRM will continue to provide the services set forth in the Fee Agreement, amendments, and incorporated into this Eighth Amendment by this reference. FIRM warrants that all services set forth in the Fee Agreement and this Amendment will be performed in a competent, professional, and satisfactory manner.
- 2. FIRM's Fee.
For services rendered, FIRM will be paid in accordance with the Fee Agreement; provided, however, that in no event will the total amount of money paid the FIRM, for services contemplated by the Fee Agreement, as amended, exceed the sum of **\$9,473,371.70** unless otherwise first approved in writing by CITY.
- 3. In all other respects, the Fee Agreement and amendments are ratified and reaffirmed and remain in full force and effect.

CITY OF TORRANCE,
a municipal corporation

RUTAN & TUCKER,
a limited liability partnership

George K. Chen, Mayor

By: _____
Alan Fenstermacher
Partner

ATTEST:

Rebecca Poirier, MMC
City Clerk

APPROVED AS TO FORM:
PATRICK Q. SULLIVAN
City Attorney

By: _____
Tatia Y. Strader
Assistant City Attorney