



Council Communication

TO: Honorable Mayor and Councilmembers

FROM: Christopher W. Payne, Town Attorney & Risk Manager, 503-6168

MEETING DATE: April 12, 2022

SUBJECT: Contingency Request – Legal Services Fund

STRATEGIC INITIATIVE: N/A

RECOMMENDED MOTION

A motion to approve a general fund contingency transfer to the legal services fund in the amount of \$175,000.

BACKGROUND/DISCUSSION

The budget for the Town Attorney’s Office contains a line item for legal services (10026205-51200), which is used to pay for outside professional legal services as the need for such arises throughout the fiscal year. These services include matters such as general legal services (for example, the Town engages an outside law firm on a flat fee agreement to provide legal services for employment-related legal matters because the Attorney’s Office does not have an employment attorney on staff), outside investigations, legal claims that are brought by the Town, legal claims brought against the Town that are not directly

attributable to claims arising from specific departments, as well as other miscellaneous legal matters. For legal fees incurred in defending or paying claims brought against the Town that are attributable to specific Town departments, those fees and claims are paid out of departmental budgets and not the Town Attorney's legal services budget. For fiscal year 2022, the budget for legal services is \$285,000.

Due to a number of unforeseen legal issues, investigations, and claims that have arisen so far in FY22, the legal services budget will be exceeded. I estimate that an additional \$175,000 will be needed to ensure that there are sufficient funds in the legal services budget for the remainder of FY22. The following is a breakdown of the categories of some of the matters that were unforeseen and have significantly impacted the legal services budget:

- Over \$26,000 in fees to date for multiple investigations involving code of ethics complaints.
- Over \$43,000 in fees to date in defending the Town in a lawsuit challenging the November 2022 bond election.
- Approximately \$30,000 in fees for an outside investigation into claims that Town employees improperly utilized Town resources for political purposes.

There will be additional fees related to both the code of ethics complaints and the bond election lawsuit because legal services are billed in arrears, and the amounts shown above only include the fees that have billed been to date.

FINANCIAL IMPACT

If the request is approved, \$175,000 will be transferred from FY 2022 General Fund Contingency (10091110.59100) to the General Counsel Legal Services budget (10026205.51200).

The financial impact was reviewed by Christopher Scott, Management and Budget Analyst.

STAFF RECOMMENDATION

Staff recommends approval of the contingency request as presented.

Respectfully submitted,

Christopher W. Payne
Town Attorney & Risk Manager