

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 THIRD AMENDMENT TO AGREEMENT NO. 28728 FOR LEGAL SERVICES

2 28728

3 THIS THIRD AMENDMENT TO AGREEMENT NO. 28728 FOR LEGAL  
4 SERVICES is made and entered, in duplicate, as of February 8, 2005, pursuant to a  
5 minute order adopted by the City Council of the City of Long Beach on February 8,  
6 2005, by and between THE LAW OFFICES OF M. BRIAN McMAHON, hereinafter  
7 referred to as "Special Counsel", and the CITY OF LONG BEACH, a municipal  
8 corporation, hereinafter referred to as "City" amending that certain agreement  
9 ("Agreement") between Special Counsel and City and identified by the City as Contract  
10 No. 28728.

11 WHEREAS, an Agreement for Legal Services with the Law Firm of M.  
12 Brian McMahon was entered into, for reference purposes only, on March 1, 2004, in the  
13 amount of \$200,000.00; and

14 WHEREAS, a First Amendment to Agreement for Legal Services was  
15 entered on July 6, 2004, adding \$100,000.00; and

16 WHEREAS, a Second Amendment to Agreement for Legal Services was entered  
17 on September 9, 2004, adding \$300,000.00; and

18 WHEREAS, a Third Amendment to Agreement No. 28728 for Legal  
19 Services is required to increase the amount by \$300,000.00 in connection with the  
20 litigation of Long Beach Oil Development Company vs. City of Long Beach, Case No.  
21 CV 03-6655;

22 NOW, THEREFORE, IT IS MUTUALLY AGREED by and between the  
23 parties hereto as follows:

24 Section 3 of said Contract No. 28728 is hereby amended in its entirety to  
25 read:

26 "3. Fee. City shall pay to Special Counsel in due  
27 course of payments compensation at the hourly rates  
28 identified in the staffing profile and reimbursement of costs

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 as further described in the 'Guidelines' also attached hereto,  
2 not to exceed Nine Hundred Thousand Dollars  
3 (\$900,000.00).

4 Sec. 2. Except as provided herein Agreement No. 28728, shall remain  
5 unchanged and in full force and effect.

6 IN WITNESS WHEREOF, the parties hereto have caused these presents  
7 to be duly executed with all the formalities required by law on the respective dates set  
8 forth opposite their signatures.

9 LAW OFFICE M. BRIAN McMAHON

10  
11 Dated: February 8, 2005

12 M. Brian McMahon  
13 M. Brian McMahon

14 CITY OF LONG BEACH  
15 a municipal corporation

16 Dated: 2-11-05

17 By [Signature]  
18 City Manager

19 The foregoing Third Amendment to Agreement No. 28728 for Legal  
20 Services

21 approved as to form this 11<sup>th</sup> day of February, 2005.

22 ROBERT E. SHANNON, City Attorney

23 By [Signature]  
24

25  
26  
27 RES:trb  
28 2/2/05

C:\MyDocuments\Gatekeeper\McMahon\LBOD\Third Amendment

1  
2  
3 GUIDELINES FOR BILLING

4 In addition to the provisions stated in the Agreement, the following  
5 guidelines for billing apply:

6 1. The City expects each individual working on the Matter to have the  
7 necessary experience to perform the Services required to protect or pursue the City's  
8 interests in the Matter in a cost effective manner.

9 2. The City expects Special Counsel to select the individual most suitable  
10 for the task required and the specific needs of the Matter, and to use the maximum  
11 efficiencies available. Billings for services performed by the inappropriate level of  
12 personnel will be reduced by the City based on rate adjustments for the appropriate  
13 level of personnel.

14 3. The City Attorney or designee may request a written budget and  
15 timeline for the Matter. The budget shall include all projected fees and costs to be  
16 incurred by Special Counsel for the Matter, commencing on the date that Special  
17 Counsel receives the request. The budget and timeline shall include the specific tasks  
18 to be performed (including such things as discovery and motions for trial, preparation of  
19 documents for transactional services, and anticipated research and investigations).  
20 Special Counsel shall identify the projected total hours that will be billed and who will be  
21 performing those hours of service, plus fees and costs for each task. The budget and  
22 timeline shall be a good faith estimate and as complete as possible. Any deviation  
23 from the budget and any deviation over 10% on any task identified in the budget must  
24 be discussed in advance with the City Attorney, or designee, and the billing related to  
25 that task is subject to adjustment so as to conform to the budget.

26 In addition, the City Attorney or designee may request a written budget  
27 and timeline similar to the one described above, but relating specifically to one or more  
28 tasks necessary to the Matter.

If the billings of Special Counsel are approaching the "not to exceed"

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 amount shown in Section 3 of the Agreement, then Special Counsel shall submit, in  
2 writing to the City Attorney or designee, the reasons why additional funds will be  
3 required to complete the Services. Special Counsel is cautioned that the City cannot  
4 pay invoices which reflect fees over the "not to exceed" amount in Section 3 of the  
5 Agreement.

6           4. The City will not pay for unnecessary review of texts, codes, rules of  
7 court, or other fundamental references. The City will pay the hourly rate for specific  
8 legal research which is unique to the Matter, assuming that Special Counsel has used  
9 maximum efficiencies and that Special Counsel has not already performed research in  
10 the same or similar areas of law.

11           5. The City acknowledges the benefit of communications between  
12 attorneys in the firm. The City does, however, expect that intra-office conferences will  
13 only be held as needed, and will be kept to a minimum. Intra-office conferences shall  
14 be for the purpose of discussing strategy and legal issues which directly further the  
15 Matter. The City will not pay for conferences which are supervisory or instructional  
16 (including conferences regarding case management). Any invoice which lists an intra-  
17 office conference that exceeds these guidelines must contain a full explanation and is  
18 subject to reduction by the City. The City will not pay for "team meetings" and the City  
19 will scrutinize all intra-office conferences for "value added" to the Matter by the intra-  
20 office conference, for the number of individuals attending the intra-office conference,  
21 the length of the conference, the subject(s) discussed at the conference and who  
22 participated in it and will, in the City's sole discretion, determine if such value was  
23 added.

24           6. The City will not pay for local telephone calls; incoming facsimiles;  
25 postage; time spent on filing, calendaring, indexing pleadings, and photocopying;  
26 conferences with Clerks of Court or court reporters; proofreading; re-drafting due to  
27 substandard work; time billed by summer associates; time for more than one individual  
28 at a trial, hearing, court appearance, arbitration, mediation, deposition, third party

1 meeting, conference call or similar event (unless approved in advance by the City);  
2 opening, closing or organizing files; or other similar tasks.

3           7. Vague billing which does not contain sufficient information to allow the  
4 City's reviewer of the invoice to determine the nature of the task, the reason for the task  
5 and the individual performing the task is subject to reduction by the City. Examples of  
6 vague billing include but are not limited to the following: Attention to Matter, Review  
7 case and issues, Conference, Review correspondence, Arrangements, Telephone call,  
8 Discovery, Trial Preparation, Meeting, Update strategy, Motion work, Work on case or  
9 project, Pleadings, Work on file or discovery, Prepare for "xxxx", Review documents,  
10 Legal Research or analysis.

11           8. All Services billed by attorneys and paralegals must be actual legal  
12 services requiring the expertise of a legal provider. The City will not pay for more than  
13 eight (8) hours of Services per day without a detailed explanation of the need for time  
14 over eight hours and may reduce the invoice if the explanation is unsatisfactory, in the  
15 City's sole discretion.

16           9. The City will reimburse for facsimiles sent by but not received by  
17 Special Counsel and photocopies made at a rate not to exceed \$.12 per page; the  
18 number of pages of facsimiles and to whom they were sent, and the number of pages  
19 of photocopies made must appear on the invoice. Special Counsel shall limit the  
20 making of photocopies and the sending of facsimiles. The City will reimburse actual  
21 costs for computerized legal research if it is reasonable and necessary; however, these  
22 charges are subject to review by the City.

23           10. The City will not reimburse for overtime, word processing (document  
24 production), supplies, anything identified on an invoice as "miscellaneous", or any other  
25 unidentified charges.

26           11. Special Counsel shall normally use the U.S. Mail and regular attorney  
27 services to send and to file papers and other materials. The City reserves the right to  
28 reduce excessive charges for messengers and Federal Express or other similar

1 services which are not fully explained or which are not necessary, in the City's  
2 determination.

3 12. A. The City will reimburse travel costs of Special Counsel only as  
4 described herein. Travel costs not addressed in these Guidelines are not reimbursable.  
5 Travel costs must be reasonable. The City will not reimburse for travel by more than  
6 one person of Special Counsel, unless approved in writing by the City Attorney or  
7 designee in advance of such travel. The City will not reimburse for excess costs  
8 caused by an indirect route chosen for Special Counsel's personal reasons

9 B. As used in these Guidelines, "local travel" means travel that is 100  
10 miles or less from the office of Special Counsel or from his/her home. "Extended travel"  
11 means travel that is more than 100 miles from the office of Special Counsel or from  
12 his/her home.

13 C. The City will not reimburse for local travel. However, the City will  
14 reimburse for the actual cost of parking that is necessitated by local travel. The City will  
15 not reimburse for meals in connection with local travel. While Special Counsel is on  
16 local travel, the City will pay fifty percent (50%) of the hourly rate of Special Counsel.

17 D. The City must approve all extended travel in advance. The City will  
18 reimburse fifty percent (50%) of the actual costs of extended travel, unless Special  
19 Counsel can substantiate the need for full reimbursement. Special Counsel shall use  
20 its best efforts to make airline reservations far enough in advance to take advantage of  
21 reduced air fares and shall take advantage of other promotional air fares that reduce  
22 costs. In any case, travel by air shall be at economy, coach, or other lower fare. The  
23 City will not reimburse for travel insurance.

24 Special Counsel should use a rental car while on extended travel only  
25 when necessary and when the cost of a rental car will be less than other forms of  
26 ground transportation. If the use of a rental car meets the preceding criteria, then the  
27 City will reimburse for a compact vehicle for one person, a mid-sized vehicle for two  
28 persons, and a standard size vehicle for three or more persons. The City will not

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 reimburse for luxury vehicles, vans, or 4x4 vehicles.

2           The City will reimburse Special Counsel, while on extended travel, for the  
3 reasonable, actual costs for meals, excluding the cost of alcoholic beverages, and for  
4 lodging at hotels which are moderately priced for the locale, but will not reimburse for  
5 laundry or movies.

6           E. Special Counsel shall submit a travel expense report on the City's form  
7 after completing extended travel. Special Counsel shall submit receipts or other  
8 evidence of payment relating to each item for which Special Counsel seeks  
9 reimbursement.

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

ADDENDUM

<u>NAME</u>	<u>POSITION/TITLE</u>	<u>HOURLY RATE</u>
M. BRIAN McMAHON		\$350.00
RANDY R. MERRITT		\$290.00
DEBBIE MCMAHON		\$ 35.00