



Agenda Date: 2/1/2005  
Agenda Placement: 6H

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Linda Holbrook for Robert Westmeyer - County Counsel  
County Counsel  
**REPORT BY:** Linda Holbrook, Legal Administrative Specialist, 253-4520  
**SUBJECT:** Amendment No. 3 to Agreement No. 4761 with Trucker Huss

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### **RECOMMENDATION**

County Counsel requests approval of and authorization for the Chair to sign Amendment No. 3 to Agreement No. 4761 with the law firm of Trucker Huss increasing the hourly rates to be charged in the provision of legal advice involving tax and employee benefit matters to the County.

### **EXECUTIVE SUMMARY**

Since 1998 the County of Napa has contracted with Trucker Huss to provide legal services when complex interpretations of the Internal Revenue Code are involved. Although it has never occurred, the Agreement also provides that Trucker Huss will represent the County in any related tax litigation.

The services of Trucker Huss are utilized by this Office, the Auditor and the Human Resources Division. Costs are paid out of the County Counsel budget to enable review of the charges by the County's legal counsel and to centralize the County's legal services costs within the County Counsel's budget. Trucker Huss' services have also been utilized in qualifying the County's 401(a) deferred compensation plan.

The Agreement with Trucker Huss provides for a maximum annual expenditure of \$25,000. Today's amendment is required because the firm has increased its hourly rate. There is not an expectation of a need to change the maximum annual contract amount since the firm's charges are based on services requested by the County and actually rendered.

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes

Where is it budgeted?	County Counsel
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Trucker Huss provides specialized legal services in tax-related matters. The firm has significant experience in this field. Sufficient funding is included in the County Counsel's adopted FY 2004-2005 budget.
Is the general fund affected?	Yes
Future fiscal impact:	The Office of the County Counsel is a General Fund budget. Thus, continuing to utilize Trucker Huss will have an unknown future effect on the General Fund since costs are based on actual services requested and rendered. Costs tend to average \$10,000 annually although it has exceeded that amount in the past due to unforeseen tax and health benefit issues arising. That type of extraordinary activity is not expected to recur in the foreseeable future. The current Agreement provides for a maximum annual expenditure of \$25,000. Should the costs exceed that amount approval by the Board would be required.
Consequences if not approved:	The advice would have to be provided by County Counsel staff or another law firm with tax expertise. It is not expected that switching to a different law firm with the required expertise would result in any significant cost savings. Reassigning this area to the County Counsel's Office will not result in cost savings either, since the Office does not have the level of tax expertise needed to answer such questions without researching the issue to a degree that would not be required by a law firm specializing in tax/employee benefit matters.  To conclude, not continuing to retain Trucker Huss would, more likely than not, result in increased costs to the General Fund.
Additional Information:	None.

## **ENVIRONMENTAL IMPACT**

**ENVIRONMENTAL DETERMINATION:** General Rule. It can be seen with certainty that there is no possibility the proposed action may have a significant effect on the environment and therefore CEQA is not applicable [See Guidelines For the Implementation of the California Environmental Quality Act, 14 CCR 15061(b)(3)].

## **BACKGROUND AND DISCUSSION**

Since 1998 the County of Napa has contracted with Trucker Huss to provide tax and employee benefit related legal services. Virtually all of these legal services involve federal income tax issues related to the County's two deferred compensation plans, health and retirement benefits and actions by the California Public Employees' Retirement System (CalPERS). These services are often requested by the Auditor or Human Resources. For cost-containment purposes, the charges must be approved by County Counsel.

The County utilizes two attorneys in the firm. The proposed amendment will increase the rates for those two attorneys as follows:

1. Lee Trucker: \$345 to \$375. An increase of approximately 8 percent.
2. Elizabeth Groenewegen: \$235 to \$250. An increase of approximately 7 percent.

Due to the expertise that Trucker Huss provides in these specialized areas, the County Counsel recommends the continued retention of Trucker Huss at their revised hourly rates as set forth above.

**SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Lorenzo Ziálcita