

MEMORANDUM

TO: Board of Directors of Crestline Village Water District

FROM: Ronald A. Van Blarcom, General Counsel

RE: Proposal to enter a new Legal Services Engagement Agreement

DATE: November 10, 2021

It has been my pleasure to serve as the General Counsel to Crestline Village Water District for approximately 30 years (I can't remember if I started in April 1991 or 1992). For the last 12 years or so, the month of November has been the time that the Board reviews our legal services engagement agreement and determines whether to proceed under the same arrangement for the coming year.

I have no intention to resign or retire (although I serve at the pleasure of the Board – so that is up to your Board). However, this year I am proposing changes to our engagement agreement as summarized below.

Proposal to enter a new Engagement Agreement, effective December 1, 2021

The current agreement is dated November 1, 2008, and it has been approved, with no changes, every year since that date. An explanation of my rationale for changes follows the summary of the proposed changes below.

- Change in billing arrangement from payment in advance (for the next month) to payment in arrears (after the end of the month)
- Increase in the “monthly amount” (for up to 10 hours of legal services) from \$2,000 to \$2,500 per month
- Increase in the “hourly rate” (for legal services in excess of 10 hours) from \$250 per hour to \$300 per hour

Rational

Billing arrangement: I do not recall why we chose to have the retainer amount paid in advance. It makes more sense for legal fees to be paid in arrears, particularly if there will be months in which the hourly rate is charged for time in excess of the “up to 10 hour” retainer. The District has paid for my November 2021 services. Under the proposed new engagement agreement, I will present a bill for December 2021 legal services in early January 2022, and bill the District for legal services in the same manner in subsequent months.

Monthly amount: When I first started with the District, I charged an hourly rate for services. In a matter months, when the Board asked if I would regularly attend the monthly Board meeting, we changed the arrangement. I charged a “flat fee” for attending

the monthly Board meeting, and I charged by the hour for all additional services provided during the month. After 15+ years, in November 2008, the District Board and I mutually agreed on a slightly different arrangement, and we *extended* the “flat fee” concept into a monthly payment concept. We agreed that 10 hours per month was the correct approximation, and I offered a reduced rate in exchange for a regular monthly payment (\$2,000 per month for “up to” 10 hours). We agreed to review the arrangement each year to determine whether the number of hours and/or the rate needed to be adjusted. In reviewing the arrangement this year, I am recommending that the number of monthly hours remain the same (up to 10 hours per month has proven accurate for the last 12 years). However, due to the lack of regular increases, the monthly amount has become much lower than currently charged in the legal community. The requested increase to \$2,500 per month for up to 10 hours is approximately equal to a 2% increase per year over the 12 years (2% per year is less than the cost of living in most of those 12 years).

Hourly rate: Also in November 2008 (based on the same legal services “history” of the prior 15+ years), we agreed that our arrangement should include a “safeguard” against an extensive amount of legal services needed in any one month. There were a handful of months in that prior 15+ year history when I provided 20, 30, or even more than 40 hours of legal services in a single month. We agreed that, in those rare instances, the District would pay an hourly rate for legal services in excess of 10 hours. Over the last 12 years, there have been several months when legal services exceeded 10 hours (by an hour or two), but there were also months when legal services were less than 10 hours (by an hour or two). Consequently, it has not been necessary to invoice the District for “additional time.” The last two months, however, (September - 35.7 total hours and October - 26.2 total hours) have constituted that “rare instance.” Therefore, my proposal includes the hourly rate “safeguard” with an increase in the rate to \$300 per hour (also equal to about 2% per year over the 12 years).

Van Blarcom Legal Services

Agreement provides up to 10 hours per month for flat payment of \$2,000, and \$250 per hour for any hours over 10 each month.

Chart showing hours recap for 2020-2021

Month	Hours	Amount Due Per Agreement	Amount Billed / Payed
Nov 2020	9.8	\$2000	\$2000
Dec 2020*	3.5	\$2000	\$2000
Jan 2021**	11.3	\$2325	\$2000
Feb 2021**	13.6	\$2900	\$2000
Mar 2021**	12.1	\$2525	\$2000
April 2021	12.4	\$2600	\$2000
May 2021**	8.6	\$2000	\$2000
June 2021	11.4	\$2350	\$2000
July 2021	9.4	\$2000	\$2000
Aug 2021	10.8	\$2200	\$2000
TOTALS (10 months)	102.9	\$22,900	\$20,000
Sept 2021	35.7	\$8425	\$8425 / \$2000
Oct 2021	26.2	\$6050	\$6050 / \$2000

*Meeting cancelled

**COVID-19 (attended meeting via Zoom)

Chart for Last 5 years

Year	16-17	17-18	18-19	19-20	20-21 (10 months)*	Total
Hours	122.5	115.2	99.4	103.8	102.9	543.8
Effective Rate	\$196	\$208	\$241	\$231	\$194	\$213

*Nov 2020 through Aug 2021

**ENGAGEMENT AGREEMENT FOR
GENERAL COUNSEL SERVICES**

THIS ENGAGEMENT AGREEMENT FOR GENERAL COUNSEL SERVICES is made between Crestline Village Water District (“Client”) and Ronald A. Van Blarcom (“Lawyer”) effective December 1, 2021 (the “Commencement Date”). Client and Lawyer agree as follows:

1. Services. Client engages Lawyer to act as General Counsel to Client on a part-time basis (approximately 10 attorney hours per month) and to provide all legal services reasonably required to represent Client as General Counsel (“Services”).

2. Fees. Client agrees to pay Lawyer \$2,500.00 per month for up to 10 hours of time in providing the Services, payable on the last day of the month. Additionally, should Client desire to engage Lawyer to provide Services outside the scope of General Counsel Services, or regularly require Services beyond the 10 attorney hours per month, Client and Lawyer will either enter into a new Engagement Agreement or amend this Engagement Agreement as may be necessary to provide for such additional services on a matter by matter basis. Hours in excess of 10 attorney hours per month that are not covered by a new or amended Engagement Agreement will be charged by Lawyer and paid by Client at Lawyer’s standard hourly rate of \$300.00 per hour.

3. Term and Termination. Client will take formal action, usually in January of each year, to appoint its General Counsel. Lawyer will agree to accept such appointment annually in accordance with this Agreement. However, this Engagement Agreement may be terminated by either party for any reason immediately, upon prior written notice. Termination of this engagement shall not relieve Client of the obligation to pay the amounts owed to Lawyer for services rendered and costs incurred prior to such termination. After receiving a termination notice, and as of the effective date of termination, Lawyer shall immediately cease to render additional services, except for such services as Lawyer may be required to provide under applicable law or as Lawyer deems reasonably necessary to transfer the Services to Client or to successor legal counsel and Lawyer shall be compensated for all such services. Client will fully cooperate with Lawyer’s efforts to withdraw and transfer any such matters. Likewise, Client will take all steps necessary to free Lawyer of any obligation to perform further legal services, including without limitation, the execution of any documents necessary to complete Lawyer’s discharge or withdrawal. The rights of Lawyer hereunder are in addition to those created by statute or recognized by rules of professional conduct.

4. Costs and Expenses. Client agrees to pay Lawyer extraordinary costs and expenses reasonably incurred in rendering Services. However, Lawyer shall not be required to advance any amount to pay costs or expenses attributable to Client. Extraordinary costs and expenses may include, without limitation, messenger and other delivery fees, charges for outside assisted legal research, travel expenses such as mileage, parking, airfare, meals and hotel accommodations, process server’s fees, filing fees and other charges assessed by courts

and other public agencies, expert's fees or consultant's fees, costs for copying by outside services, and other similar items. All such items will be charged to Client at Lawyer's cost.

5. Statements. As soon as practicable after the end of each month, Lawyer will send Client a statement setting forth the fees and costs incurred by Client for the month just ended. Client will pay the fees and costs, within fifteen (15) days after receiving said statement. Any amounts outstanding more than thirty (30) days are subject to a late fee of one and one-half percent (1.5%) per month.

6. Results. Lawyer has made no promises or guarantees to Client concerning the outcome of any matter handled as General Counsel, and nothing in this Agreement shall be construed as such a promise or guarantee.

7. Arbitration.

A. Any dispute hereunder, or concerning the rights of any of the parties hereto, including, but not limited to, any dispute over the amount of fees or costs due and owing and any dispute over alleged malpractice, may, if any such dispute cannot be resolved between the parties hereto, be decided by arbitration by a retired judge of the Superior Court to be agreed upon by the parties, if either makes such request in a timely fashion as determined by Business and Professions Code section 6201. Client understands that it may well be entitled to a jury trial as to any claim against Lawyer for malpractice or for other claims and that Client waives hereby any such right. Client represents that it has had the opportunity to consult independent counsel of its choice regarding its waiver of any right to a jury as specified above and as to the other terms of this Agreement and has either done so or has knowingly and willingly of its own free choice chosen not to consult such independent counsel. If the parties cannot agree upon an arbitrator, the presiding judge of the Superior Court shall be requested to appoint a retired judge to act in such capacity, upon petition of any party hereto.

B. In the event the presiding judge fails or refuses for thirty (30) days after a request to make such appointment, the court shall be petitioned to appoint a lawyer licensed to practice in California as sole arbitrator. In the event that the parties arbitrate or otherwise litigate any dispute arising from this agreement or Lawyer's representation of Client, the prevailing party will be entitled to its costs and reasonable attorneys' fees.

8. Entire Agreement. This Agreement contains the entire understanding among the parties hereto and supersedes any prior understandings and agreements among them with respect to the subject matter herein. There are no representations, agreements, arrangements or understandings among the parties, oral or written, relating to the subject matter of this Agreement that are not fully expressed herein. Any statements, promises or inducements, whether made by any party or agent of any party, that are not contained in this written Agreement shall not be valid or binding. This Agreement may not be enlarged, modified or altered except by a written agreement signed by all the parties hereto. The place of performance of this Agreement will be California, and this Agreement is governed by the

law of California both as to interpretation and performance. The parties agree to submit to the jurisdiction of the California State or Federal Courts with respect to any action that is brought to enforce the terms of this Agreement.

9. Notice. All notices, requests, demands or other communications necessary to be given hereunder shall be in writing and shall be deemed to have been given if delivered or if mailed by United States Mail, postage prepaid, to the parties at the following addresses (or at such other addresses as a party may notify the other party of in writing in accordance with this section).

If to Lawyer address to: Ronald A. Van Blarcom
Attorney at Law
204 N. California Street
Orange, CA 92866

If to Client address to: General Manager
Crestline Village Water District
777 Cottonwood Drive
Crestline, CA 92325

10. Retention of Client's File. Client is entitled to a copy of the file materials maintained or generated by Lawyer with respect to Client's representation by Lawyer, except those undisclosed work product materials reflecting Lawyer's impressions, conclusions, opinions, legal research or theories (hereinafter "Client File"), upon reasonable notice and at Client's expense. Where Lawyer withdraws, the Client cancels this Agreement and substitutes Lawyer out as attorney of record in any litigation in which Lawyer was representing the Client, or upon completion of the work for which Lawyer was retained by Client, the Client is entitled, upon giving Lawyer reasonable notice, to custody of the original Client File and Lawyer, at his expense, is entitled to keep a copy of any of the Client File materials he deems desirable. At the conclusion of the handling by Lawyer of the matter to which this Agreement pertains, Lawyer may at any time, in Lawyer's absolute discretion, store the original Client File or destroy all or part of said file.


11. Opinion Letters in Connection with Financings. In connection with financings, it is often customary for the lender/underwriter to request an "Opinion of General Counsel" providing representations and legal opinions with regard to the status of the Client. For a separate, additional, flat fee equal to \$10,000 or 1/10th of one percent (0.1%) of the total amount of the financing (whichever is greater), such an opinion letter will be provided. The fees for General Counsel Services in paragraph 2 of this Agreement and the standard hourly rate in paragraph 2 of this Agreement do not apply to provision of any such opinion letter, and such an opinion letter will not be provided except upon payment of the additional flat fee described above.

12. Counterparts. This Agreement, consisting of four (4) pages, may be executed in counterparts, each of which may be deemed an original, and taken together they shall constitute one and the same agreement.

AGREED AND ACCEPTED:

RONALD A. VAN BLARCOM
ATTORNEY AT LAW

Dated: November 10, 2021

By: 
Ronald A. Van Blarcom

CRESTLINE VILLAGE WATER DISTRICT

Dated: _____

By: _____