

**Representation Letter, Dated March 5,  
2014, from Colantuono & Levin, PC for  
LAFCO 3157**

**Attachment 2**

RECEIVED  
MAR 05 2014

**LAFCO**  
San Bernardino County

Holly O. Whatley  
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Los Angeles, CA 90071-3137  
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SANDRA J. LEVIN, OF COUNSEL

March 5, 2014

VIA E-MAIL AND U.S. MAIL

Kathleen Rollings-McDonald  
Executive Officer  
San Bernardino County LAFCo  
215 North D Street, Suite 204  
San Bernardino, CA 92415-0490

Re: **Representation of San Bernardino LAFCO re Sphere of Influence  
Establishment for County Service Area 120**

Dear Kathy:

As you asked, I write to propose the terms under which we agree to represent San Bernardino LAFCO ("you" or "LAFCO") regarding the Sphere of Influence Establishment for County Service Area 120. This will be our sole project for you; if we can assist you on other matters, please let me know. Colantuono & Levin, PC and all of its professionals are very pleased to have the opportunity to represent you in this matter.

This letter sets forth the basis upon which our firm will provide legal services to you and bill you for services and costs. The firm maintains a conflict of interest index which lists all clients of our firm and matters in which we represent them. We will not represent any party with an interest that may be adverse to an indexed person without first determining if a professional conflict of interest would arise. We propose to index the following with respect to this matter:

Client-Affiliated Parties:

San Bernardino Local Agency Formation Commission

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Adverse Parties:

City of Upland  
City of Rancho Cucamonga  
City of Fontana  
City of Rialto  
City of San Bernardino  
Inland Empire RCD  
San Bernardino County (CSA 120)  
Cucamonga Valley Water District  
West Valley Water District  
San Bernardino Valley MWD  
Inland Empire Utilities Agency  
San Bernardino Associated Governments (aka, SanBAG)

Please let me know if any of these names are incorrect or if there are other parties with an interest in this matter that we should list. Unless we hear from you to the contrary, we will assume that the above listing is accurate and complete.

We have reviewed our files and our conflicts index and have no other client relationships which would interfere with our ability to represent you in this matter except as follows: We currently represent the City of Rialto in a pending lawsuit challenging the City's extraterritorial wastewater rates as violating Proposition 218. (*Nguyen v. Rialto*, SBSC Case No. CIVDS1309032). The subject matter of that lawsuit has no factual relationship to the project for which you seek to retain us. However, we understand the City of Rialto did provide some feedback to LAFCO at the initial study phase of the CEQA review process for the proposed sphere of influence update for CSA 120. The City of Rialto, however, has agreed to waive any potential or actual conflict created by our representing you in the above matter.

Also, we represent the City of San Bernardino as one of a large coalition of cities throughout the state defending a telephone user tax refund case (*Sipple et al v. Alhambra et al*, LASC Case No. BC462270). However, in the retainer agreement with our firm on that matter, the City of San Bernardino explicitly agreed to waive in advance any conflicts on future unrelated matters, which waiver encompasses your retention of our firm to advise LAFCO regarding the sphere of influence update described above. Moreover, that tax refund claim has no factual relationship to the project for which you seek to retain us.

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Because the LAFCO Commission has authority with respect to changes of organization affecting local governments in San Bernardino County and because we wish to represent those local governments (the cities of San Bernardino and Rialto) on matters unrelated to LAFCO, we will need your written consent to do so. Signing this letter provides that consent. You should consider carefully whether to do so and may wish to consult your General Counsel on that point. There may be at least the perception that our ability to vigorously assert your interests may be impaired by our duties of loyalty to cities and other local governments subject to LAFCO's authority. We believe we can effectively represent you and local governments in San Bernardino County on unrelated matters. However, you should judge that matter for yourself. Of course, consistent with our ethical obligations, we will not represent entities on matters that are factually related to matters on which we represent LAFCO; nor we will represent entities on matters in which any confidences we learn from LAFCO may be pertinent.

As we have discussed, the nature of the matter makes it impossible for us to precisely estimate the total amount of fees you may incur. You will receive monthly statements informing you of the fees and costs incurred during the prior month. We will, of course, do our best to represent you efficiently and without undue expense.

Please make payments payable to Colantuono & Levin, PC directly to our Penn Valley office at:

Colantuono & Levin, PC  
11364 Pleasant Valley Road  
Penn Valley, CA 95946-9000

Our federal employer identification number is 75-3031545.

I will have primary responsibility for your representation, and the firm will use other attorneys and legal assistants in the best exercise of our professional judgment. If at any time you have questions, concerns or criticisms, please contact me at once. Naturally, we expect you to keep us reasonably informed of all significant developments in matters relating to this representation.

We review all statements before they are issued to ensure that the amount charged is appropriate. The statement for fees is simply the product of the hours

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worked multiplied by the hourly rates for the attorneys and legal assistants who did the work.

Our hourly rates are based upon the experience, reputation and ability of the lawyer or legal assistant performing the services, and for 2014 range between \$195 and \$450 per hour for attorneys' time, and between \$125 and \$145 for the time of paralegals and legal assistants. As a courtesy to you, however, we agree to cap our rates for providing advisory services on the above matter at \$270. If the matter proceeds to litigation and LAFCO requests that we continue to represent it, we will cap our litigation rates at \$350. Our rate structure in general and the rates of particular lawyers may be increased from time to time, and are usually adjusted as of the beginning of each calendar year.

It may be necessary to bill you for items such as, but not limited to, authorized travel, long distance telephone calls, filing fees, photocopying, computerized legal research outside the scope of our Westlaw contract and the like. These items are separately itemized on our statement as "disbursements." These amounts will be billed in addition to our fees.

We will send you monthly statements, and expect payment within 15 days of the billing date. If payment is not received within 30 days of the billing date, we reserve the right to charge interest on the unpaid balance at the rate of 1% per month and to terminate our representation.

We rarely have disputes with clients over our fees. Nevertheless, you should be aware that you are entitled to require that any fee dispute be resolved by binding arbitration in Los Angeles or Nevada Counties pursuant to the arbitration rules for legal fee disputes of the respective County Bar Association. We agree that all disputes between us regarding the services rendered or fees charged not resolved via County Bar fee arbitration will be submitted to binding arbitration in Los Angeles County to be conducted by ADR Services, Inc. in accordance with its commercial arbitration rules. **YOU SHOULD REVIEW THIS PARAGRAPH CAREFULLY AND, IF YOU WISH, SEEK INDEPENDENT LEGAL COUNSEL REGARDING IT, AS YOU AND WE ARE AGREEING TO FOREGO SIGNIFICANT RIGHTS IN THE EVENT OF A DISPUTE BETWEEN US, INCLUDING THE RIGHT TO A JURY TRIAL.**

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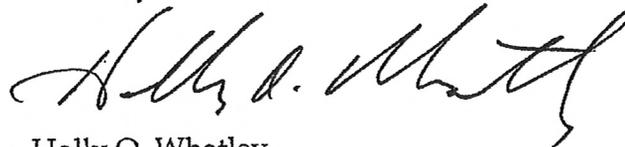
You have the right to terminate our representation at any time. We have the same right, subject to an obligation to give you reasonable notice to arrange alternative representation. In either circumstance, you agree to secure new counsel to represent you as quickly as possible and to cooperate fully in the substitution of the new counsel as counsel of record in any litigation in which we subsequently agree to be involved. Notwithstanding the termination of our representation, you will remain obligated to pay to us all fees and costs incurred prior thereto.

You agree that we may, in our discretion, maintain all or part of your client file in electronic format. You also agree that following termination of our attorney-client relationship, we will not be required to maintain your client file for more than two years. If you ask us to deliver your file to you, you agree that delivery of an electronic version, together with any materials that cannot be saved electronically, satisfies our obligation to release all your client papers and property to you. Two years after termination of our relationship, and after reasonable notice, you agree that we will be free to destroy your client file, including all electronic records. We may also discharge our obligation to maintain your file prior to the expiration of two years by mailing a copy to you at your address last known to us. You agree that "reasonable notice" means our mailing a notice of our intent to destroy your client file to you at that address.

I apologize for the formality of this letter, but we are required by California law to provide this information to you in writing. We are also required to inform you that we currently maintain professional liability insurance coverage.

Please review the foregoing and, if it meets with your approval, execute it and return it to me by fax, mail or email. If you have any questions, please feel free to call me at the direct-dial number above. Thank you for the opportunity to represent you!

Sincerely,



Holly O. Whatley

HOW:hw

Enclosure (duplicate original and return envelope)

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On behalf of San Bernardino LAFCO, I agree to retain Colantuono & Levin, PC to provide legal services as set forth above.

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_, 2014

By: \_\_\_\_\_

Title: \_\_\_\_\_