



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 10, 2015

TO: Mayor and Councilmembers

FROM: City Attorney's Office

SUBJECT: Authorize Payment Of Attorney Fees To The Firm Of Cappello & Noël, LLP Relating To *Banales, et al., v. City of Santa Barbara*

RECOMMENDATION: That Council:

- A. Authorize the payment of \$599,500 to the law firm of Cappello & Noël, LLP for the cost of attorneys fees relating to *Banales, et al., v. City of Santa Barbara*; and
- B. Increase appropriations from General Fund reserves to the City Attorney's Office in the amount of \$500,000 to partially cover the settlement costs, with the remaining \$100,000 to be funded from the balance of appropriations established in the City Attorney's Office for litigation costs in the *Banales* case.

DISCUSSION:

In July 2014, the City was sued in the above-referenced matter. The lawsuit alleged that the City's at-large voting system for City Council Members has led to Latino vote dilution in violation of the California Voting Rights Act. By a 6-0 vote (Councilmember Hart was absent), on February 24, 2015, Council authorized settlement including the payment of attorney fees in the amount of \$599,500. These fees represent a small fraction of the City's potential liability if the case had gone to trial. Fee awards in other cities for similar lawsuits have ranged as high as \$3.5 million. The City Attorney's Office estimates that \$100,000 of the previously appropriated funds for special counsel will be unspent and can be used to fund the balance of the attorney fees to Cappello and Noël. It is very possible that there will be more money left on the contract, and if so, it will be returned to reserves at year end.

It should be noted that Cappello and Noël will receive additional attorney fees (as yet unquantified) upon completion of Phase 2 of the case. The City Attorney's Office will return this issue to Council at that time.

PREPARED BY: Ariel Calonne, City Attorney

APPROVED BY: City Administrator's Office