

TO: Board of Directors
FROM: Paul E. Shoenberger, P.E., General Manager
DATE: September 9, 2026
SUBJECT: General Legal Counsel Services

RECOMMENDATION

Approve a five-year contract with Atkinson, Andelson, Loya, Ruud & Romo to provide General Legal Counsel Services to Mesa Water District, designate Jeffrey Hoskinson as Primary Counsel, and authorize execution of the contract.

STRATEGIC PLAN

Goal #1: Provide an abundant, local, reliable and safe water supply.
Goal #2: Perpetually renew and improve our infrastructure.
Goal #3: Be financially responsible and transparent.
Goal #4: Increase public awareness of Mesa Water.
Goal #5: Attract, develop and retain skilled employees.
Goal #6: Provide excellent customer service.
Goal #7: Actively participate in regional and statewide water issues.
Goal #8: Practice continual business improvement.

PRIOR BOARD ACTION/DISCUSSION

At its February 11, 2021 meeting, the Board received information that staff was preparing a Request for Proposals for General Legal Counsel Services.

At its April 27, 2021 Committee meeting, the Board directed staff to move forward with conducting in-person interviews for General Legal Counsel Services.

At its May 25, 2021 Committee meeting, the Board directed staff to schedule interviews with the three highest ranked firms (listed here in alphabetical order): Atkinson, Andelson, Loya, Ruud & Romo; Burke, Williams & Sorensen, LLP; and Rutan & Tucker, LLP.

At its July 6, 2021 meeting, the Board conducted interviews with three firms and retained the firm of Atkinson, Andelson, Loya, Ruud & Romo (AALRR) as Mesa Water District's (Mesa Water®) General Legal Counsel.

At its September 8, 2021 meeting, after an extensive selection process, the Board approved a five-year contract with AALRR to provide General Legal Counsel Services to Mesa Water.

At its February 11, 2026 meeting, the Board received information that staff was preparing a Request for Proposals for General Legal Counsel Services. The Board directed staff to bring the topic to a future meeting for discussion.

At its March 11, 2026 meeting, the Board directed staff to conduct a thorough and complete



Request for Proposal process and return to the Board with a strong recommendation for the most qualified firm to provide Mesa Water with General Legal Counsel Services.

BACKGROUND

"Prohibit evergreen contracts" was first included in the 2013 Strategic Plan as one of the five components of Goal #3, *Be financially responsible and transparent*. Upon further discussion at its March 21, 2015 workshop, the Board delved more deeply into the review of Mesa Water's support services' contracts. The Board directed staff to administer a competitive selection process for services that had not been competitively selected up to that time, including: Legal Services, Water Industry Advocates, Electrical Maintenance/Repair, and Electrical Maintenance.

In 2017, the Board directed staff to prepare a resolution establishing and documenting the selection processes for General Legal Counsel and Independent Auditor to further solidify the best practice of prohibiting evergreen contracts. On June 8, 2017, the Board adopted Resolution No. 1501 Establishing a Policy for the Selection Process for the Appointment of General Legal Counsel and Independent Auditor.

In 2021, the Board approved a five-year contract with AALRR to provide Mesa Water's General Legal Counsel Services through October 31, 2026. As written, the contract has two 1-year extensions available that the Board could consider approving, if desired.

DISCUSSION

Mesa Water uses a robust business model that focuses on managing the District's core processes with internal staff while using supplemental support services for activities that are not performed on a routine basis or that require expertise that internal staff cannot provide. General Legal Counsel is one such example. Since January 1, 2018, AALRR has represented Mesa Water as General Legal Counsel; their contract is set to expire on October 31, 2026.

Mesa Water is seeking qualified law firms to serve as contracted General Legal Counsel whose primary role is to independently represent the District while providing expert legal advice to the Board, General Manager, and other designated staff. Attendance at a variety of meetings will be required, including Board meetings, workshops, etc., as specified.

The selected law firm will be expected to provide a broad range of general legal services, including but not limited to Brown Act compliance, ethics, environmental law, eminent domain, contract law, public works contracts, bidding and construction law, special district operations, legislative and regulatory advocacy, recycled and desalinated water regulation and permitting, operations and procedure of Local Agency Formation Commission (LAFCO), regulation of groundwater (and associated pumping charges), and general litigation. An operational knowledge of the roles and functions of the following organizations is essential to performing the role as General Legal Counsel to the District: Association of California Water Agencies (ACWA), California Department of Water Resources (DWR), State Water Project (SWP), Metropolitan Water District of Southern California (MWD), Municipal Water District of Orange County (MWDOC), Orange County

Water District (OCWD), State Water Resources Control Board (SWRCB), Santa Ana Regional Water Quality Control Board (RWQCB) and the SWRCB Drinking Water Division.

In addition, the successful firm shall possess sufficient resources to ensure that the demands of the District's legal needs will be met on a timely basis. This relationship will be on a consulting or contractual basis, as opposed to a staff position.

Request for Proposal

In July 2026, staff sent out a Request for Proposal (RFP) through PlanetBids to competitively select a vendor for General Legal Counsel Services following the procurement process outlined below:

- Upon receipt, the Selection Panel will review and rank the proposals;
- The Selection Panel will interview the highest ranked firms; and
- The Selection Panel will return to the Board with a strong recommendation for a firm to provide Mesa Water with General Legal Counsel Services.

The following five firms submitted proposals:

- Aleshire & Wynder, LLP
- AALRR
- Burke, Williams & Sorensen, LLP
- Kidman Gagen Law
- Woodruff & Smart APC

Each of the firms provided a qualified proposal based on the scope of work requirements. The Selection Panel – comprised of both internal and external panelists – ranked the five proposals, in order: AALRR; Kidman Gagen Law; Aleshire & Wynder, LLP; Burke, Williams & Sorensen, LLP; and Woodruff & Smart APC.

Interviews, Rankings & Cost Proposals

The Selection Panel conducted in-person interviews with the four highest ranked firms on Wednesday, September 2, 2026. The interview scores were combined with the proposal scores to produce the following rankings:

Firm	Rank	Percentage
AALRR	1	85%
Kidman Gagen Law	2	83%
Aleshire & Wynder	3	79%
Burke, Williams & Sorensen	4	78%

Upon reviewing the firms' individual cost proposals following the interview phase, the Selection Panel determined that pricing should not be a determining factor in retaining a firm to provide General Legal Counsel Services as the differing agency cost differences were negligible.

Following a wide-ranging evaluation of the four firms during the proposal and interview stages, the Selection Panel and the effective RFP process successfully narrowed the field to the two highest-ranking contenders.

Evaluation of the Two Top-Ranked Firms

When evaluating the procurement of General Legal Counsel Services for Mesa Water over the next five years, the Board faces a choice between two distinct models: the full-service operations of AALRR and the highly specialized boutique operations of Kidman Gagen Law.

AALRR Advantages

- **Deep Institutional Knowledge & Continuity:** Mesa Water has a combined history of over 65 years of continuous legal representation between AALRR and its predecessor, Bowie, Arneson, Wiles & Giannone. This unique history provides an unmatched level of institutional knowledge.
- **Long-Term Lead Counsel Expertise:** The firm's current lead attorney has served Mesa Water since 1985. This offers 40+ years of direct, deeply historical context on the District's water supply, infrastructure, and past legal precedents.
- **Crucial Guidance During Executive Transition:** Mesa Water is entering a critical transition period at the General Manager position over the next two to three years. Maintaining the same legal counsel provides a safety net. This historical stability will be invaluable for guiding incoming leadership and new staff through important legal and operational decisions.
- **Vast Internal Resource Pool:** As a prominent full-service firm with over 300 attorneys across California, AALRR offers an expansive bench of legal talent. Beyond their dedicated Water Law and Environmental practice groups, they can seamlessly handle complex public construction guidance and litigation, contract review, and CEQA compliance under one roof. This reduces the need to hire costly external special counsel.

AALRR Disadvantages

- **The Double-Edged Sword of Longevity:** While a 65-year history ensures stability, it can also be viewed as a vulnerability. Decades of reliance on a single institutional partner can sometimes result in complacent processes, a lack of fresh legal perspectives, or a resistance to modernizing long-standing legal strategies.
- **Succession and Key-Person Risk:** Relying heavily on a lead attorney who has managed the account since 1985 presents a distinct succession risk. When that principal counsel eventually transitions or retires, the District will face an abrupt loss of foundational knowledge if an intentional handoff is not carefully managed.
- **Corporate Scale vs. Personalized Attention:** Because of AALRR's immense corporate footprint, Mesa Water risks receiving less individualized focus compared to a dedicated boutique firm. The District has recently experienced a reduction in responsiveness.
- **Higher Cost Structure:** Large, full-service firms traditionally carry extensive corporate overhead. This structure can sometimes translate to steeper hourly billing rates compared to smaller, specialized practices. Mesa Water has seen an increase in legal fees over the past few years.

- **Persistent Conflicts of Interest:** Because of AALRR's broad roster of municipal clients, the firm faces conflicts of interest when representing Mesa Water regarding the City of Costa Mesa, amongst others, as well as an inability to represent Mesa Water on ACWA's Legal Affairs Committee. These recurring conflicts have resulted in Mesa Water spending additional staff time and resources going out to contract for external special legal counsel to handle matters when AALRR is legally conflicted out.

Kidman Gagen Advantages

- **The Benefit of a Fresh Perspective:** Appointing a new firm introduces a clean slate and a fresh pair of eyes to Mesa Water's legal strategies. A new counsel can audit long-standing practices, challenge outdated institutional habits, and inject modern, innovative approaches.
- **Proven Success with the Boutique Model:** Mesa Water has previously thrived under a smaller, highly focused legal operation. Prior to the firm's merger with AALRR, the District was represented by Bowie, Arneson, Wiles & Giannone—a tight-knit boutique office. Kidman Gagen offers a return to this preferred, specialized framework. Their smaller roster—anchored by veterans like Arthur Kidman and Andrew Gagen—guarantees consistent partner-level attention and a deeply customized client relationship.
- **Hyper-Focused Public Water Expertise:** Kidman Gagen specializes almost exclusively in public water agency representation, with an emphasis particularly on County Water Districts such as Mesa Water. Their legal team offers expert-level proficiency in Southern California water rights, Proposition 218 rate-setting compliance, groundwater litigation, and Brown Act governance. This is a key strength to Mesa Water.
- **Minimal Conflict Risk:** As a boutique firm representing only a small, highly selective handful of public water agencies, Kidman Gagen has an exceptionally clean client roster. This structural footprint means they have virtually no conflicts of interest with local municipalities like the City of Costa Mesa, guaranteeing consistent representation without forcing the District to frequently hire outside special counsel. Kidman Gagen is already on ACWA's Legal Affairs Committee and would be able to represent Mesa Water there.

Kidman Gagen Disadvantages

- **Leadership Transition:** Transitioning to an entirely new legal counsel simultaneously as Mesa Water navigates a critical General Manager transition over the next two to three years introduces compound operational risk. The lack of shared historical context between new management and new counsel could lead to a steeper learning curve and potential friction during high-stakes decision-making.
- **Limited Scope and Resource Bandwidth:** The primary vulnerability of a specialized boutique firm is its constrained internal footprint. In the event of concurrent or massive legal crises, a small roster of core attorneys can find their bandwidth stretched thin.
- **Dependence on Outsourced Special Counsel:** If Mesa Water faces complex legal issues outside the realm of traditional water law, Kidman Gagen may lack the internal departments to handle it under one roof. Mesa Water would likely need to retain external "special counsel," adding administrative layers and costs.
- **Lesser Institutional Knowledge of Mesa Water:** Kidman Gagen may have less institutional knowledge of Mesa Water's historical operations, governance practices, prior legal matters,

and organizational context compared to AALRR, which could result in a longer ramp-up period and reduced continuity in legal counsel.

Staff's Recommendation

The Selection Panel strongly recognizes the distinct advantages presented by Kidman Gagen Law. Their specialized boutique model aligns closely with the high level of responsiveness and dedicated client care that Mesa Water historically enjoyed during its years with Bowie, Arneson, Wiles & Giannone. Furthermore, introducing a new firm offers the clear benefit of a fresh perspective. Because they represent only a small, highly selective handful of public water agencies, they have virtually no conflicts of interest with local municipalities.

However, staff looked at this procurement through the lens of Mesa Water's broader organizational horizon. Retaining AALRR preserves unmatched institutional memory. While this multi-decade longevity can carry the risk of complacency, designating Jeff Hoskinson as the new primary counsel directly mitigates this concern. It injects a fresh leadership dynamic while fully maintaining the structural stability of the existing firm. Crucially, the firm's lead attorney has served Mesa Water since 1985. Transitioning to Mr. Hoskinson as primary counsel ensures that this 40-year archive of direct legal context remains seamlessly accessible within the same firm structure. This continuity provides a vital safety net. AALRR's deep historical knowledge will serve as an invaluable anchor, guiding new staff and incoming upper management through critical, high-stakes legal decisions during this pivotal transition period.

While Kidman Gagen Law offers an exceptional alternative, the imperative for stability makes AALRR the most prudent choice. Appointing Jeff Hoskinson bridges the gap perfectly -- delivering a new primary counsel to guide the account forward while securing the unbroken institutional continuity the District needs most over the next few years. That said, staff would need to consult with AALRR to determine whether this option is feasible, given Mr. Hoskinson's current workload and his interest and availability to represent Mesa Water on a day-to-day basis.

Staff recommends that the Board approve a five-year contract with AALRR to provide General Legal Counsel Services to Mesa Water, designate Jeffrey Hoskinson as Primary Counsel (if feasible), and authorize execution of the contract.

If the Board determines that an alternative approach is preferable, staff has prepared three options for the Board's consideration and discussion.

1. Approve a five-year contract with Kidman Gagen to provide General Legal Counsel Services, designate Andrew Gagen as Primary Counsel, and authorize execution of the contract;
2. Approve a five-year contract with AALRR to provide General Legal Counsel Services, affirm Rob Anslow as Primary Counsel, and authorize execution of the contract; or
3. Direct staff to schedule a Special Board Meeting to interview the two top-ranked firms of AALRR and Kidman Gagen.

FINANCIAL IMPACT

In Fiscal Year 2026, \$213,000 was budgeted for Legal Services; \$353,330 was spent.

In Fiscal Year 2027, \$300,000 is budgeted for Legal Services; \$64,925 has been spent to date.

ATTACHMENTS

None.

Revised