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September 2, 2021

Mr. Kurt Ulrich, City Administrator
City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

VIA ELECTRONIC MAIL

Re: City of Ramsey Attorney RFP Follow-up

Dear Mr. Ulrich:

Thank you for your communication of Friday, August 27, 2021, informing us that we were one of two firms that remained under consideration for providing civil legal services to the City of Ramsey. Let me again state; we would be very pleased to be Ramsey's civil counsel. To that end, we are happy to answer questions and clarify our proposal in response to the Councils request for consideration of a lower retainer rate. Your Excel breakdown for the last three (3) years of billing was very helpful.

Prior to delving into the financial aspects of our proposal, please let me confirm that Donald Kohler would be my primary backup. He has functioned in this role for over twenty (20) years. During that time, he has "stepped in" all of perhaps six (6) times throughout my representation as City Attorney for the different cities I was responsible to. As indicated in my presentation, it has always been my practice to prioritize my municipal clients, allowing me to be the individual you would always have on hand. Mr. Kohler's role is truly that of an emergency back-up, and he is an excellent, experienced attorney.

As noted in our proposal to the City of Ramsey, we have proposed a "flat fee." This is really intended to include all manner of representation, including what would appear to be "retainer" and "non-retainer" hours in your spreadsheet. The "pressure valve" that is imbedded in our proposal on page eight is the provision that says that we can bill for litigation matters that exceed ten (10) hours in any given months. What that means is if a litigation matter ends up taking say, fifteen (15) hours in the course of a month, the City would be billed an additional five (5) hours, or fifteen (15) hours less the 10-hour allowance. We do this because we believe that routine or relatively minor litigation issues are part and

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parcel of normal municipal representation and should not be charged separately unless they are unusually demanding in nature. In the sixteen (16) years we represented Fridley, we were regularly in court on code enforcement matters as part of that civil contract. In that entire period, we never exceeded the 10-hour monthly cap for that service. Similarly, in both Afton and Newport, the surcharge was a relatively rare, every-few-years kind of event. In all three (3) of those cities, exceptions came from major condemnation cases. Again, billings were reduced by the 10-hour per month allowance in those instances. In all cases, the flat-rate amount remained unvaried over a period of more than ten (10) years.

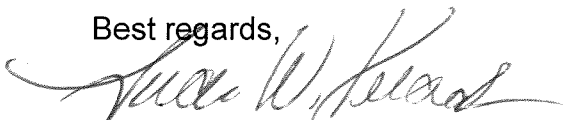
That same page eight of the proposal reveals our core billing rate of \$150 per hour. That amount is for all lawyers on all matters. We do not charge our public clients separate rates for litigation and non-litigation. Paralegals are billed at \$80 per hour on municipal matters. ***We are certainly willing to bill on an hourly rate, but we do encourage, for the reasons we noted in the proposal, the utilization of a flat fee to eliminate the disincentives inherent in an hourly system.***

The data you provided helps demonstrate the concept. Over the past three (3) years, the difference between billing the City for the hours it actually paid for in retainer and non-retainer matters, a \$150 per hour rate would have resulted in a total billing of \$159,795. Under our flat fee proposal, it would have resulted in a total billing of \$153,000, or a \$6,795 savings overall to the City. Our experience has been our cities benefit overall from this arrangement. It tends to even out costs in anomalous years. Moreover, actual hours tend to increase as the staff and council gain greater confidence that increased utilization of counsel will not result in an increase in fees.

We are keenly aware of the financial difficulties our cities face, as well as the strong desire to keep controllable costs to a minimum. Should 2019 represent an anomaly, we would be happy to use the 2020 figure as a baseline and propose a \$4,050.00 monthly flat fee. We would, however, ask the City to be flexible in returning to the proposed number if another 2019 were to occur and create a situation within which our effective hourly rate would be closer to \$100 (it would have been about \$111 in 2019 had we been operating under the proposal).

Once again, please accept our sincere appreciation to the Council for this wonderful opportunity to serve as your legal counsel.

Best regards,



Frederic W. Knaak