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File No. 09977.00000

December 13, 2011

John Schatz, Esq.
Santa Margarita Water District
P.O. Box 7775
Laguna Niguel, CA 92607-7775

Re: Proposal for Legal Services

Dear Mr. Schatz:

Best Best & Krieger LLP is happy to submit a proposal to represent the Santa Margarita Water District on the Cadiz Valley Water Conservation, Recovery and Storage Project (the "Project") Specifically, we would provide legal representation relating to the Project's compliance with the California Environmental Quality Act ("CEQA"). Our services would include reviewing the draft Environmental Impact Report ("DEIR") and any responses received on that document, assisting with preparation of responses to comments on the DEIR, the Final EIR and related findings and resolution, and attend any hearings as necessary. In the event of litigation, we would also be available to defend the EIR. Additionally, we can assist with any other matters related to the Project at your direction.

I would be the primary attorney on this matter assisted by my colleague Charity Schiller. My rate for this matter would be \$450 an hour and Ms. Schiller's would be \$295. We estimate that it would take approximately 18 hours to review and assess the DEIR and related documents at a cost of approximately \$6,700. With regard to the other EIR-related tasks, it is difficult to predict the amount of time required for these tasks as we do not know the breadth and number of the comment letters. As a rule of thumb for a project of this scope and controversy, we would estimate 30 hours for assisting with the responses to comments, and 20 hours to assist with the findings and resolutions at a cost of \$18,600. We estimate attendance at hearings and meetings would be approximately 10 hours at a cost of \$4,500.



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Page 2

Please let me know if you have any questions. If the District would like to retain us, please let me know and we will prepare a retainer agreement for your review.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michelle Ouellette'. The signature is fluid and cursive, with a large loop at the end.

Michelle Ouellette
of BEST BEST & KRIEGER LLP

MO:hjb
cc Jill Willis, Esq.