

Mayor and Council Communication

DATE: 11/19/24

M&C FILE NUMBER: M&C 24-1013

LOG NAME: 12SHORT-TERM RENTAL LITIGATION ADDL FUNDS

SUBJECT

(ALL) Adopt Resolution Authorizing an Increase of \$300,000.00 in the Total Amount to be Paid to the Law Firm of Kelly Hart & Hallman LLP as Outside Counsel to Assist and Represent the City in Matters Relating to Lawsuits Challenging the City's Short-Term Rental Ordinances for a Total Amount of \$450,000.00

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution authorizing an increase in the amount of \$300,000.00 to the maximum amount to be paid the law firm of Kelly Hart & Hallman LLP as outside legal counsel to assist and represent the City in matters related to lawsuits filed challenging the City's short-term rental ordinances, for a total amount of \$450,000.00.

DISCUSSION:

The City has historically not permitted short-term rentals in residential districts. The City Council adopted Ordinance Number 23110-02-2018 to confirm this prohibition. This year the Fort Worth City Council adopted Ordinance Number 26005-02-2023 requiring registration of short term rentals where are allowed by zoning. The City has been sued in a lawsuit challenging the City's new short-term rental ordinances, Cause No. 236-342969-23, *Kelray LLC, et al. v. City of Fort Worth*.

Due to the complex nature of the litigation and the importance to the City and the current caseload of the City Attorney's Office, the City desires the law firm of Kelly Hart & Hallman, LLP to represent the City in any litigation related to the short-term rental ordinances.

Litigation is still pending, and it is estimated that an additional amount of approximately \$300,000.00 beyond the current authorized \$150,000.00 will be needed for the legal services necessary to bring these lawsuits to a successful conclusion.

Adoption of this Resolution will increase the amount of compensation to be paid to the Law Firm of Kelly Hart & Hallman, LLP, by \$300,000.00, for a total amount of \$450,000.00. Funding is budgeted in the Lawsuit Expenses account within the Risk Financing Fund for the Human Resources Department.

Legal fees are not expected to exceed \$450,000.00.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the recommendation, funds are available in the current operating budget, as previously appropriated, in the Risk Financing Fund. Prior to an expenditure being incurred, the Human Resources Department has the responsibility to validate the availability of funds.

Submitted for City Manager's Office by: ALL ACMs 6122

Originating Business Unit Head: Leann Guzman 8973

Additional Information Contact: Leann Guzman 8973