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9 COUNTY OF LOS ANGELES

10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

12
13 LA ALLIANCE FOR HUMAN
RIGHTS, et al.,
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15 Plaintiffs,
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17 v.
18 CITY OF LOS ANGELES, et al.,
19
20 Defendants.

CASE NO. 2:20-cv-02291 DOC (KES)
COUNTY OF LOS ANGELES'S
UPDATE TO COURT RE
COUNTY'S SUPPORT FOR A&M'S
ASSESSMENT OF THE CITY'S
HOMELESSNESS PROGRAMS

Assigned to the Hon. David O. Carter
and Magistrate Judge Karen E. Scott

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1 The County of Los Angeles (the “County”) is pleased to report that it has
2 agreed to Alvarez & Marsal (“A&M”)’s expanded scope of work, attached hereto as
3 **Exhibit A.**

4 **A. Background**

5 The County has always expressed a willingness to support the ongoing
6 assessment by A&M of the City of Los Angeles (“City”)’s homelessness programs
7 under Inside Safe, the City-Plaintiffs’ settlement in this action (“LA Alliance”), and
8 the 2020 City-County Memorandum of Understanding, referred to as the “Freeway
9 Agreement” (together, “City Programs”). At the request of A&M and the Court, the
10 County agreed to voluntarily provide, and has already provided, all of the data and
11 information requested by A&M, including responses to its supplemental requests
12 and follow-up inquiries, to support A&M’s retrospective audit. The County also
13 agreed to pay A&M a fee of \$180,000.

14 A&M later proposed to expand the scope of its work and requested the
15 opportunity to conduct “fieldwork” with respect to the County – a component the
16 County objected to given the retrospective nature of the audit, and requested an
17 additional fee of \$440,000 for this work. In addition, the County previously
18 expressed reservations regarding the absence of a formal engagement with A&M
19 and the level of detail regarding A&M’s proposal, as well as concerns regarding
20 privacy, cost, and alignment with auditing standards and the scope of A&M’s
21 assessment pursuant to its May 12, 2024 engagement letter with the City. (*See Dkt.*
22 *814; Dkt. 828 at 99:12–104:17.*) However, the County understands that the integrity
23 of A&M’s assessment is of utmost importance to the Court, which believes that
24 A&M’s report will bring needed transparency to the public with respect to the City
25 Programs.

26 **B. The County and A&M Collaborated To Define The Scope Of Work**

27 After the Court’s November 21, 2024 status conference, the County engaged
28 with A&M to discuss its concerns and collaborated to gather additional details

1 regarding the expanded scope and cost, while also ensuring alignment through an
2 engagement letter.

3 After considerable back-and forth discussions, including several emails and a
4 lengthy phone call, the County obtained additional clarity regarding the scope and
5 cost. The County and A&M worked diligently to develop this proposal, which
6 incorporates A&M's responses to the County's inquiries for additional detail
7 regarding the nature and scope of fieldwork, as well as an explanation of how it
8 calculated its fee. A&M has informed the County that its fee derives from the fixed-
9 cost nature of its engagement with the City, and reflects services to be provided by
10 multiple, highly experienced members of A&M's team. Moreover, A&M has made
11 clear that it shares the County's concerns regarding the privacy rights of County
12 clients, and has therefore limited its fieldwork to avoid any incursion on the
13 confidentiality attendant to the County's provision of mental health and substance
14 use disorder services. The County wanted to note its appreciation for A&M's timely
15 responses to the County in order to define the parameters of proposed fieldwork.

16 Although A&M was not able to answer all of the County's questions at this
17 time, such as the lack of a clear rationale for the inclusion of site visits for a
18 retrospective audit, limited answers to the County's specific questions about the
19 methodology and general scope of A&M's inquiries at site visits, and the exact
20 number of contract sampling or staff/stakeholder interviews, the County is willing to
21 continue to work with A&M as needed, and these outstanding issues will not delay
22 A&M's ability to begin its fieldwork. A&M has prepared a preliminary workplan,
23 and has also represented in separate correspondence with the County that "[its] team
24 is prepared to make every effort to absorb reasonable supplemental fees and remain
25 within the fixed fee" of \$620,000, which includes the originally agreed fee of
26 \$180,000 and the additional \$440,000. Although flat rates are unusual for third-
27 party audits, based on the information the County has received from A&M, it is
28 willing to move forward and agrees to the proposed fee and scope of work as

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1 outlined in Exhibit A.

2 As a public entity, the County takes seriously its responsibility for
3 expenditures from the public fisc. This requires prudence and good contract
4 management practices, especially because the County is participating voluntarily in
5 A&M’s assessment, and the County is grappling with rising costs for the wide range
6 of services the County provides for its 10 million residents. For example, the daily
7 bed rates are rising for the service providers who are on the front lines of this
8 crisis—an issue that will have a significant financial impact on the County, which
9 administers housing across 88 municipalities and unincorporated areas, including
10 more housing for people experiencing homelessness in the City of Los Angeles than
11 the City administers.

12 Despite the natural limits of current-day fieldwork in a retrospective audit, the
13 County hopes that its cooperation with A&M’s expanded scope provides the Court
14 and the public with a more comprehensive view of the City Programs that are the
15 subject of A&M’s assessment.

16
17 DATED: December 24, 2024

MILLER BARONDESS, LLP

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20 By: 
21 MIRA HASHMALL
22 Attorneys for Defendant
23 COUNTY OF LOS ANGELES
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EXHIBIT A



December 4, 2024

Miller Barondess, LLP
ATTN: Mira Hashmall
2121 Avenue of the Stars
26th Floor
Los Angeles, CA 90067

Re: Proposed Fieldwork for the County of Los Angeles

Dear Mira Hashmall:

This letter is to outline the proposed scope and associated costs pertaining to County-funded services for the beds created in relation to the three programs within the scope of this assessment: 1) Freeway Agreement – Roadmap Program, 2) Inside Safe Program, and 3) City-Plaintiffs Alliance Settlement Program (the “City Programs”). This proposed scope would only be conducted after a signed engagement letter between the two parties.

1. Background

- (a) Alvarez & Marsal Public Sector Services LLC (“A&M”) was retained to conduct an independent assessment of the City Programs (reference the letter of engagement dated May 17, 2024 [the “Engagement Letter”]). Specifically, the financial and performance assessment set forth in the Engagement Letter was limited to a review of funding from the City of Los Angeles and the three identified City Programs. This assessment has a lookback period of June 1, 2020 through June 30, 2024.
- (b) As outlined in the Engagement Letter, A&M’s assessment includes conducting a comprehensive analysis and evaluation of the City Programs limited to the funding by the City of Los Angeles, specifically whether the City Programs:
 - i. Increase, reduce, or otherwise impact housing and shelter placements and stability of people experiencing homelessness.
 - ii. Assist or hinder people experiencing homelessness in enrolling and receiving proper care and services including behavioral health, access to treatment beds, and substance use treatment.
 - iii. Increase, reduce, or otherwise impact the number of individuals experiencing unsheltered and chronic homelessness.
 - iv. Reduce, increase, or otherwise impact barriers to individuals attempting to obtain permanent housing.
 - v. Increase the prospects that outreach services and referrals result in securing shelter, housing and /or treatment or rehabilitative services for people utilizing homelessness assistance projects.
 - vi. Result in individuals obtaining shelter and permanent housing.

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- (c) During the course of this assessment, the A&M team determined that services funded by the County of Los Angeles offer critical insights that are essential to the evaluation of the City Programs.

2. Proposed Scope of Services

- (a) Analyze and review data produced by the County of Los Angeles under the Protective Order dated October 30, 2024 to obtain an understanding of the services in relation to the City Programs.
- (b) Conduct a review and analysis of a representative sample of contracts between the County of Los Angeles and service providers, along with relevant documentation, such as policies, guidelines and standard operating procedures related to services at the identified sites. This review will be conducted to gain a thorough understanding of the supportive services provided, including intensive case management, to serve as a foundation for assessing compliance with the terms and conditions specified in contractual agreements or other applicable departmental policies and procedures. Further, this analysis will focus on services provided at the sites identified for fieldwork, specifically the identified permanent supportive housing sites established by the City of Los Angeles pursuant to the City-Plaintiffs Alliance Settlement as well as at Homeless Initiative funded high service need interim housing sites that serve people experiencing homelessness within the City of Los Angeles.
- (c) Conduct up to ten (10) site visits at permanent supportive housing sites established by the City of Los Angeles as well as at Homeless Initiative funded high service need interim housing sites that serve people experiencing homelessness within the City of Los Angeles under the Programs. *As discussed on November 21, 2024, A&M understands the sensitivity of conducting site visits at mental health/SUD beds, and therefore, will not conduct site visits at these locations.*
- (d) Confer with the County regarding locations and methodology, as needed, to ensure contracts and facilities share alignment with the City Programs.
- (e) Interview stakeholders to gather perspectives and insights, as needed, based on data analysis and fieldwork.
- (f) Formulate observations/findings for the final report.

3. Estimated Cost of Services

- (a) A&M will perform the services described herein for a fixed fee of \$620,000, which includes any additional expenses A&M incurs for travel and administrative expenditures.
- (b) This fixed fee is composed of high-level data analysis for \$180,000 and fieldwork for \$440,000. The estimated cost for fieldwork was derived based on the fixed monthly fee outlined in the original Engagement Letter, with the expectation that the required scope

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of services could be completed within the one-month timeframe specified. To accommodate the tight turnaround for the report, the team made every effort to absorb supplemental fees and remain within the fixed fee, even though the work may ultimately extend over an eight-week period.

- (c) For this scope of services, A&M has estimated a team of eight (8) professionals, including three (3) Managing Directors, one (1) Senior Director, and one (1) Director for approximately 1,800 hours. The average billable rate for this proposal is approximately \$345 per hour. While the typical hourly rates for this type of team and engagement range from \$325 to \$800, these rates are not directly attributable to this proposal, as the work is being offered under a fixed-fee agreement.
- (d) A&M will issue monthly invoices to the County of Los Angeles in the amount of \$310,000 for services rendered during December 2024 and January 2025. These invoices will be submitted in the months immediately following the respective service periods. Invoices are payable upon receipt.

4. Term

- (a) Upon the finalization and execution of the contract currently under review as of the date of this letter, A&M estimates that the scope of services, encompassing data analysis, fieldwork, subsequent follow-up activities, and report writing, will be completed within a period of six (6) to eight (8) weeks, subject to the availability of data and the timeliness of its provision.

If you have any questions or require additional information about this scope or associated costs, please do not hesitate to reach out. We are committed to ensuring this assessment delivers valuable insights. Thank you for your collaboration and support.

Very truly yours,

Alvarez & Marsal Public Sector Services, LLC

By: 
Name: Diane Rafferty
Title: Managing Director