

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
(WESTERN DIVISION - LOS ANGELES)

LA ALLIANCE FOR HUMAN RIGHTS,) CASE NO: 2:20-CV-02291-DOC-KESx
ET AL.,)
) CIVIL
Plaintiffs,)
) Los Angeles, California
vs.)
) Tuesday, October 8, 2024
CITY OF LOS ANGELES, ET AL.,)
) (9:08 p.m. to 10:11 a.m.)
Defendants.)

HEARING RE BED PLAN REVIEW

BEFORE THE HONORABLE DAVID O. CARTER,
UNITED STATES DISTRICT JUDGE

APPEARANCES:

CONTINUED ON PAGE 2

For Plaintiffs:

ELIZABETH A. MITCHELL, ESQ.
MATTHEW UMHOFFER, ESQ.
Umhofer Mitchell & King
767 S. Alameda Street, Suite 270
Los Angeles, CA 90021
213-394-7979

For Defendants:

JENNIFER M. HASHMALL, ESQ.
Miller Barondess, LLP
1999 Avenue of the Stars, Suite 1000
Los Angeles, CA 90067
310-552-4400

Court Reporter:

Recorded; CourtSmart

Courtroom Deputy:

Karlen Dubon

Transcribed by:

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P.O. Box 8365
Corpus Christi, TX 78468
361 949-2988

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APPEARANCES FOR:

(CONTINUED)

Defendants:

LAUREN M. BRODY, ESQ.
Miller Barondess, LLP
1999 Avenue of the Stars, Suite 1000
Los Angeles, CA 90067
310-552-4400

ARLENE N. HOANG, ESQ.
JESSICA MARIANI, ESQ.
Los Angeles City Attorney's Office
200 N. Main Street, Room 675
Los Angeles, CA 90012
213-978-6952

Intervenor:

SHAYLA R. MYERS, ESQ.
Legal Aid Foundation of LA
7000 S. Broadway
Los Angeles, CA 90003
213-640-3983

Also present:

MATT SZABO

Los Angeles, California; Tuesday, October 8, 2024; 9:08 a.m.

--oOo--

THE COURT: Then, counsel, we'll go on the record then in *LA Alliance For Human Rights versus the City of Los Angeles*, 20-02291.

Just remain seated. And if you'd start with your appearances, please.

MS. MITCHELL: Good morning, Your Honor. Elizabeth Mitchell on behalf of Plaintiffs.

THE COURT: Morning.

MS. HASHMALL: Good morning, Your Honor. Mira Hashmall for the County --

THE COURT: Good morning.

MS. HASHMALL: -- of Los Angeles.

MS. BRODY: Lauren Brody, also for the County of Los Angeles.

THE COURT: Morning.

MS. MARIANI: Good morning, Your Honor. Deputy City Attorney Jessica Mariani.

THE COURT: Nice seeing you.

MS. HOANG: And good morning, Your Honor. Arlene Hoang, Deputy City Attorney.

THE COURT: Pleasure.

MS. MYERS: Good morning, Your Honor. Shayla Myers on behalf of the Intervenors.

1 **THE COURT:** I think today will be a rather short
2 hearing. And it's -- the key issue I think is your request for
3 response from the County concerning whether services would be
4 forthcoming in light of the 2,500 PSH beds that the City would
5 like to receive credit for in the LA Alliance case.

6 **MS. MITCHELL:** Correct. But those are 2,500 interim
7 shelter beds, Your Honor.

8 **THE COURT:** Interim. I'm sorry.

9 **MS. MITCHELL:** Not PSH.

10 **THE COURT:** I said PSH, my apologies.

11 And the County has stated in the past that they have
12 fulfilled their obligations. We all know that this runs at the
13 end of the year.

14 So, Ms. Mitchell, why don't you start with -- or the
15 County, it doesn't matter who starts, but it should be a very
16 brief hearing with just a yes or a no eventually. So let's
17 find out.

18 **MS. MITCHELL:** Sure, Your Honor. I mean, I think our
19 position is pretty clear on the papers.

20 The roadmap agreement ends at the end of this fiscal
21 year, so I think June 30th of 2025, and so those -- there's
22 4,100 interim shelter beds for which the County's funding will
23 end at the end of this fiscal year.

24 And due to not only the lack of funding but
25 additionally the, as I understand it, the increased bed rate

1 that needs to happen, the City cannot afford to keep those
2 4,100 beds open without migrating 2500 of them over to the
3 Alliance agreement.

4 The problem, Your Honor, is that the Alliance
5 agreement anticipates an overall increased number of beds,
6 right? And so what this would do is effectively decrease the
7 anticipated negotiated beds by 2,500.

8 I think the facts that we don't have and what the
9 County's position is on potentially extending that agreement to
10 continue funding 50 percent of those operational costs for the
11 4,100 existing shelter beds.

12 And while the roadmap agreement is certainly ending,
13 I think it is in the people of Los Angeles's interest to keep
14 those beds open. And it is in the County's stated interest to
15 keep those beds open as well.

16 I mean, we've heard from all supervisors, and it's
17 been in the news extensively, talking about the shelter crisis.
18 The County is repeatedly opening new shelters. There's no
19 reason the County shouldn't have a similar interest in
20 maintaining the existing shelters.

21 So the question I think needs to be answered from the
22 County is upon expiration, would the County agree to extend the
23 agreement and fund 50 percent of the service costs or
24 operational costs for those interim shelter beds.

25 **THE COURT:** I want to hear from the City, then

1 I'll -- Mira, I'll be right with you.

2 And I'd really like to know your position. I know
3 we've all locked arms politically. But behind the scenes, I've
4 got some doubts about that.

5 **MS. MARIANI:** Thank you, Your Honor.

6 I mean, I would like to start by saying I really
7 cannot underscore enough that the City does understand the need
8 for more housing and wants to create more beds and maintain
9 existing ones, including beds established pursuant to the
10 roadmap agreement with the County.

11 Those were the dual goals set forth in the --

12 **THE COURT:** Just a little slower.

13 **MS. MARIANI:** -- City's proposed --

14 **THE COURT:** Just a little slower.

15 **MS. MARIANI:** Sorry, Your Honor.

16 Those were the dual goals that were set forth in the
17 City's proposed bed plan submitted just a few weeks ago.

18 To achieve those goals, the City welcomes support
19 from the County, including a commitment to fund services for
20 roadmap beds beyond the expiration of the roadmap agreement, so
21 that the City is financially able to keep those beds open.

22 I want to stress nobody wants to be in a situation
23 where any of those beds, which the City invested enormous
24 capital to establish and which are still desperately in need,
25 are required to close due to lack of funding.

1 Our city administrative officer, Mr. Szabo, is here
2 and can elaborate further --

3 **THE COURT:** And, Matt, you're --

4 **MS. MARIANI:** -- if necessary.

5 **THE COURT:** -- welcome to come up any time. You're
6 not required but --

7 **MS. MARIANI:** Thank you.

8 But the County, pursuant to the -- throughout the
9 five-year term of the roadmap agreement, the County had agreed
10 to pay annual payments of \$60 million, which actually covered
11 less than half the per night bed costs of the roadmap beds.

12 The City and County entered into this --

13 **THE COURT:** Just -- that was about half the cost?

14 **MS. MARIANI:** It was slightly less is my
15 understanding.

16 **THE COURT:** So the City then had to come up with how
17 much? Let's put that in dollars and cents.

18 **MS. MITCHELL:** I think it was -- the County ended up
19 covering something like 42 percent of the operational costs, if
20 I'm not mistaken.

21 **THE COURT:** So we had 300 million eventually. Wasn't
22 it, Mira, 60 million for five years, 300 million total?

23 **MS. HASHMALL:** The County committed \$300 million --

24 **THE COURT:** So for roughly double --

25 **MS. HASHMALL:** -- to those --

1 **THE COURT:** -- that, I mean, we were another 300
2 million on top of that for services. In other -- I'm just
3 doing rough math, see. So let's --

4 **MS. MARIANI:** Sure.

5 **THE COURT:** -- walk through that again. If you said
6 42 percent, that leaves about 58 percent that the City had to
7 pick up. I don't mean had to, but picked up to supply these
8 services. So let's just say a little over double.

9 Now, Matt's rushed up here to give me the correct
10 figures.

11 **MS. MARIANI:** He is much better at math than I am so
12 I will defer to him.

13 **THE COURT:** But the point is, it's double -- in other
14 words, with the County's good faith in entering into 300
15 million, it cost the City another 300 million on top of that,
16 300 million plus, Matt, out of your pocket? Not yours but the
17 City's pocket.

18 **MR. SZABO:** Sure.

19 **THE COURT:** Okay.

20 **MR. SZABO:** Yes, Your Honor. At minimum because,
21 again, the 60 million covered -- can you hear me? Oh, I'm
22 sorry, Matt Szabo, City Administrative Officer, City of Los
23 Angeles.

24 The freeway agreement was structured so that the 60
25 million roughly covered about \$24 per bed per night.

1 **THE COURT:** Okay.

2 **MR. SZABO:** Okay.

3 **THE COURT:** Twenty-four.

4 **MR. SZABO:** About \$24 per bed per night.

5 **THE COURT:** Okay.

6 **MR. SZABO:** At the time that the agreement was made,
7 the nightly bed rate was \$50.

8 **THE COURT:** Right.

9 **MR. SZABO:** The nightly bed rate now is \$60. It is
10 set to increase. It is set to almost double by the end of the
11 fiscal year, at the same --

12 **THE COURT:** Okay.

13 **MR. SZABO:** -- time as the freeway agreement expires.

14 **THE COURT:** Okay.

15 **MR. SZABO:** So what the City was responsible for was
16 initially not just 50 percent of the operational costs but 100
17 percent of the capital costs, which we already invested.

18 **THE COURT:** Right.

19 **MR. SZABO:** At the end of next year, and the reason
20 we made the proposal as we did, Your Honor, is that just to
21 keep the roadmap beds open, we would -- the City would then be
22 responsible for all the capital costs that we put in, and then
23 the 100 percent of the operational costs which are double that
24 which -- as they were when we made the agreement.

25 So essentially not just doubling but almost

1 quadrupling the City's requirement just to keep the beds open,
2 which is why we made the proposal to migrate those beds into an
3 existing structure the -- of the Alliance agreement to -- and
4 we -- if we were to do that, it would require increased
5 resources for beds that would otherwise very likely need to be
6 closed for lack of financial capacity.

7 **THE COURT:** If the two of you can't come to an
8 agreement then with this settlement coming to an end, you would
9 lose what; you would lose 2500 PSH, correct?

10 **MR. SZABO:** So we're talking mostly, Your Honor, of
11 about interim housing. That's --

12 **THE COURT:** Forty-two hundred then.

13 **MR. SZABO:** -- the tiny home villages, the bridge
14 home, the Sprung shelters, those.

15 **THE COURT:** So about 4200.

16 **MR. SZABO:** There are about 4200 in total of those.

17 **THE COURT:** Okay.

18 **MR. SZABO:** As -- if there is no agreement -- again,
19 I'm not the decision-maker, the final decision-maker on this,
20 but I would be required to present options to the mayor and to
21 counsel to close up to 2500 beds.

22 **THE COURT:** Okay. All right.

23 Mira, let me turn back to you and the County.

24 **MS. HASHMALL:** Thank you, Your Honor.

25 So the County and the City in connection with the

1 roadmap agreement agreed to a five-year term. The County
2 devoted \$300 million in resources towards those beds, in
3 additions to enhance services.

4 The roadmap deal is coming to an end. But there's
5 already \$260 million committed by the County towards the City
6 with regards to the City/County MOU. And that provides for
7 interim housing beds.

8 So the County plans to work collaboratively with the
9 City. If the City decides to move those interim housing beds
10 over to the new agreement, then that's the City's decision.

11 The County doesn't have a concern about that. It
12 plans to continue supporting those City beds pursuant to the
13 new agreement.

14 **THE COURT:** Say that again.

15 **MS. HASHMALL:** Roadmap deal was five years. We're in
16 year four, year five essentially.

17 **THE COURT:** Five.

18 **MS. HASHMALL:** Right. We have a new City/County MOU.
19 It's not part of this case but it's between the City and the
20 County. The County --

21 **THE COURT:** I haven't seen that so --

22 **MS. HASHMALL:** The County has committed hundreds of
23 millions of dollars to -- in resources towards interim housing
24 and other shelter opportunities the City is putting up under
25 the City/County MOU.

1 So if the City elects to close -- move beds from the
2 roadmap agreement to that new structure, the County will be
3 supporting them in that.

4 **THE COURT:** I don't know what's happening, you know,
5 in these private discussions. I do know, though, when the
6 civic leaders are here or in another location, not necessarily
7 court, when we get the mayor together with Lindsay Horvath or
8 whomever, things seem to occur.

9 Have they had these kinds of discussions between
10 then? Without divulging the content, have they met at that
11 level? Because I was going to call them in on October 16th,
12 but there's no reason to if you two have an agreement. I don't
13 wish to have the mayor coming in or the chair.

14 But by the same token, if you haven't reached a
15 concrete agreement, if there's something of concern here, then
16 I just as soon ask them to come in and get some decisions at
17 their level.

18 **MR. SZABO:** So what I can say, Your Honor, is that I
19 feel comfortable in representing that there is agreement
20 between the City and the County on the path forward.

21 And that path forward was what we presented to the
22 Court, the plan that you requested, the plan that we developed
23 strategically, so that we would move exactly the number of beds
24 we would need to move to the Alliance agreement in order for us
25 to keep open all 4100.

1 **THE COURT:** So do you have that commitment from the
2 County?

3 **MR. SZABO:** I -- yes, we have that commitments to the
4 County that they would --

5 **THE COURT:** Hold on. I want to be very careful.

6 **MR. SZABO:** Yes.

7 **THE COURT:** I'm going to ask again. Do you have that
8 commitment from the County?

9 **MR. SZABO:** On the plan that we presented, yes.

10 **THE COURT:** And I don't know what that plan is.

11 **MR. SZABO:** The plan to migrate the 2500 freeway
12 agreement beds --

13 **THE COURT:** Okay.

14 **MR. SZABO:** -- to the Alliance agreement.

15 **MS. MITCHELL:** There is no agreement by the alliance,
16 Your Honor, the reason being that that would effectively reduce
17 the overall number of beds available in the City of Los Angeles
18 by 2500 because the City is attempting to reuse or migrate,
19 what they call migrate, reuse those beds, which aren't new
20 beds, right, to absorb them within the Alliance agreement, and
21 the reason being because the roadmap agreement is closing.

22 If the County agrees to continue the roadmap
23 agreement, there is no reason for the alliance to absorb those
24 beds.

25 **THE COURT:** Any comments? Then I'll turn to Shayla

1 in just a moment.

2 **MS. HASHMALL:** The roadmap agreement has expired
3 under its terms at the end of the fiscal year. It's not going
4 to be extended. But the County has no objection to the City's
5 proposal of migrating the beds. And the County's committed to
6 supporting those beds under the new agreement.

7 **THE COURT:** Shayla.

8 **MS. MYERS:** I just have a couple of points of
9 clarification.

10 It appeared -- and I could be wrong -- that the City
11 intended to close some of the 4100 beds, irrespective of the
12 migration of the 2500 because of expiring leases, use of land,
13 the natural life of the shelters.

14 So how many of those 4100 beds will be closing as a
15 result of those sorts of decision-making?

16 **MR. SZABO:** Due to the natural -- there are -- I
17 don't have that number right now.

18 **THE COURT:** Well give us a guesstimate, Matt. We
19 won't --

20 **MR. SZABO:** It would be --

21 **THE COURT:** -- hold you to specifics.

22 **MR. SZABO:** -- somewhere between three and 500 that
23 are naturally expiring.

24 For example, there's -- there is the -- in Venice,
25 there's a Sprung shelter that is on metro property. And metro

1 has use for that property so we no longer will have access to
2 that property.

3 So there are cases -- which has happened through the
4 life of the freeway agreement is that we've had short-term use
5 for the land, three years, four years, and then we have to turn
6 the land back.

7 **THE COURT:** Right.

8 **MR. SZABO:** And it's those circumstances in which we
9 would be closing. But in those cases, we are actively looking
10 for replacement housing.

11 But it is the case that there will be some natural
12 turnover. But our goal would be to keep open the same number
13 of beds to try to replace those that we would lose to those
14 natural -- for those natural reasons.

15 **THE COURT:** So, Matt, once again, just to be certain,
16 just a guesstimate. You would have about 500 people that would
17 literally -- you know, we have questions about their housing or
18 shelter; or is it the opposite, we'd have about 3600 people?

19 **MR. SZABO:** In the event that the Court doesn't
20 accept the City's proposal there would be questions around
21 about 300 -- 3,000 of --

22 **THE COURT:** About 3,000.

23 **MR. SZABO:** -- our current, --

24 **THE COURT:** All right.

25 **MR. SZABO:** -- existing used interim housing beds.

1 **THE COURT:** Now, for all of us, wouldn't that be a
2 tremendous step backwards?

3 In other words, if we just take round numbers and
4 forget the programs for a moment and this overlap, I don't know
5 what Inside Safe's numbers are right now, but it's ranging
6 between, depending upon how many people return to the street or
7 not, about a thousand let's say success rate in terms of
8 shelter or housing at or up to 1800.

9 Those numbers vary, Shayla, depending upon how long
10 people are staying, how quickly they return. So I've seen some
11 statistics that say that really about less than a thousand have
12 been sheltered or housed for some period of time.

13 Statistically, though, if you measure the input, it
14 looks like about 1800 minus -- and I forget, I've got it at
15 home -- but 300 or so, about 1500.

16 Overall, that's a huge step backwards for us. I
17 mean, just in terms of numbers of people who are going back out
18 on the street, it almost eradicates the success or attempted
19 success of Inside Safe. That's disastrous.

20 The other thing I've always questioned is this. And
21 the City has a duty to supply services. But what we've been
22 doing is getting these settlements piecemeal, and then the
23 agreement to move forward with services at the same time.

24 So I may be wrong about this. I see you're shaking
25 your head. But I've always wondered why we're not reaching

1 these MOUs earlier, why in fact when the City is successful in
2 housing -- shelter, housing, whatever, these services are
3 automatically flowing from the County.

4 And one of the things I think happened to everyone
5 was that you settled first with the Court. And when you
6 settled first, I think Mayor Bass wisely decided -- well, I
7 shouldn't say that, but decided but wisely decided that she
8 wasn't going to put people inside with Inside Safe without
9 services.

10 But the County hadn't settled at that time, Mira. We
11 didn't settle until about nine months later I think with the
12 3500 bed spaces which were -- it put you in a box politically
13 because of your -- or humanely because if you're going to put
14 people inside and they don't have services, we're just
15 warehousing them and they're going to return to the street even
16 quicker.

17 So my guess is you had to go into the City coffer
18 someplace, Matt, to supply those services for a period of time.

19 **MR. SZABO:** One hundred percent.

20 **THE COURT:** Yeah.

21 **MR. SZABO:** The Inside Safe housing is 100 percent
22 funded in terms of the operations of the hotels and --

23 **THE COURT:** Exactly.

24 **MR. SZABO:** -- the leasing of the hotels by the City
25 general fund.

1 **THE COURT:** That's probably decreased your reserve
2 significantly, and maybe even the tobacco fund money that you
3 had to go into. I'm hearing rumors about that. I don't know
4 for sure.

5 But, well, you've got a potential disaster on your
6 hands. I mean, we're moving forward with Inside Safe with a
7 number of about a thousand plus or minus, and we're returning
8 potentially 3,000 to the streets.

9 **MR. SZABO:** And the proposal that the City put
10 forward would -- is designed to avert that disaster. That is
11 the goal.

12 Our goal here is to keep the beds open that we've
13 worked so hard to open, to keep people housed, and to put us in
14 a position where we can continue to add housing and fulfill our
15 agreement under the alliance.

16 **THE COURT:** And so what are you asking the Court to
17 do?

18 **MR. SZABO:** I'm -- we're asking the Court to approve
19 the updated, revised bed plan for the alliance settlement that
20 allows us to continue services for 2500 of the freeway
21 agreement beds, and count those towards our alliance commitment
22 of 12,915.

23 **THE COURT:** And once again from LA Alliance.

24 **MS. MITCHELL:** Your Honor, the -- I don't think that
25 we have an answer still on the question of whether the County

1 has considered at the board level extending the roadmap
2 agreement.

3 **THE COURT:** I already -- just a moment. Mira, that's
4 what I'm uncomfortable with. I know that there must be an MOU.
5 I accept that out there.

6 But I wasn't going -- I've held off on October 16th
7 inviting -- reinviting the mayor to come back and the
8 chairperson. I don't want them in and out of my court.
9 They've got a city to run.

10 By the same token, I would really like to hear from
11 their level that they've reached an accommodation because I
12 still don't feel comfortable with the answer between the two of
13 you frankly.

14 **MS. HASHMALL:** Your Honor, I can try and be more
15 clear. The roadmap agreement is not being extended. It's
16 expired under its terms.

17 The County is supporting the City's migration of
18 those beds so they do not have to close under the new
19 County/City MOU.

20 I don't believe the alliance has a basis for
21 objecting on the expiration of a contract that was already --

22 **THE COURT:** Well, --

23 **MS. HASHMALL:** -- set to expire.

24 **THE COURT:** -- yeah, I hear you fulfilled your duty.
25 I am not arguing nor contesting that under the present

1 agreement.

2 What I'm concerned about is how concrete this
3 agreement is. I haven't seen the MOU. I'm not entitled to see
4 the MOU apparently.

5 By the same token, I feel very comfortable when I
6 have Mayor Bass making a representation at her level, and very
7 comfortable with Lindsay Horvath making a representation.

8 And you're going to feel more or less comfortable and
9 make a decision, as well as Shayla, based upon that because too
10 many times we have good faith intermediaries dealing.

11 But I think these belong at the top levels of
12 government, a commitment quite frankly. And that's why you've
13 seen in the past that I've asked recently that the mayor or
14 whoever I'm dealing with actually sign it instead of an
15 attorney on behalf of, that way I know the mayor has considered
16 it, I know that Lindsay Horvath's considered it, or whomever.

17 Well where do we go from here? Because I don't want
18 to run the mayor in here unnecessarily, nor Lindsay Horvath.
19 By the same token, you've asked for an evidentiary hearing on
20 the 16th.

21 So any other comments, Shayla?

22 **MS. MYERS:** Yes, Your Honor. What I did not hear
23 from the City is whether if the LA Alliance's proposal that the
24 County pay for 50 percent of the bed rate going forward, the 16
25 million or whatever, whether the City would commit to

1 continuing that; because what I hear from Mr. Szabo is that
2 there is an expenditure.

3 So I just want to question the City if the County
4 were to agree, would the City then agree to continue those beds
5 and then open the additional 2500 beds as they're obligated
6 under the settlement agreement?

7 **MR. SZABO:** The plan that we presented was the plan
8 after judge -- careful analysis we put forward the plan that
9 would be required in order to not need to consider closing
10 beds, to keep every bed open, whether or not it -- the County
11 was paying for it.

12 If the Plaintiff's plan would work for the City, we
13 would have proposed it. There are issues with the Plaintiff's
14 plan beyond the County's objection.

15 It would not achieve the objectives that the City's
16 seeking in order to provide the capacity for the City to keep
17 all of the beds open. It would not.

18 **MS. MITCHELL:** And why not?

19 **MR. SZABO:** Because it does not cover the -- because
20 the 50 percent regime that was under the freeway agreement was
21 not sufficient.

22 The agreement that we have under the Alliance
23 settlement and the companion MOU provides that the County pays
24 for a hundred percent of the services.

25 And as I said in the beginning, when we made the

1 freeway agreement the rate was \$50, and now it's going to be as
2 high as \$115. And the County has agreed that they would cover
3 the total cost.

4 Having the County cover the total cost of those 2500
5 beds will allow the City to keep the remaining beds open and
6 invest the resources necessary to complete our obligation.

7 **THE COURT:** So it'll be able to keep the 4200 open as
8 well?

9 **MR. SZABO:** Correct. All 4200 will remain --

10 **THE COURT:** So if the County funds --

11 **MR. SZABO:** -- open under that proposal.

12 **THE COURT:** -- the 2500, you could keep the 4200.

13 **MR. SZABO:** Yes.

14 **THE COURT:** And we don't take a step backwards.

15 **MR. SZABO:** Correct.

16 **THE COURT:** In the freeway agreement, I've learned a
17 lot since that agreement. And you noticed in the LA Alliance
18 agreement I had one of my law clerks literally go to the
19 lectern and write-in.

20 And one of the things that we wrote in was this was
21 what I'm going to call a ground floor. In other words, the
22 expectation was this was minimal. But my hope was that more
23 would be done.

24 And I was trying to cover the very situation that
25 we're in because the County will literally argue in good faith

1 we fulfilled our obligation.

2 But I was asking in that agreement that we recognize
3 that there could be cost overruns and increases. And that's
4 why if you go back and look at that handwritten portion of that
5 agreement, it really was intended to say, and it did say, this
6 is the beginning.

7 Why are we going through this process? Why isn't the
8 City and the County in lockstep when instead of these
9 agreements and these finite amounts that when you place
10 somebody in housing or shelter that the services are in fact
11 covered by the County?

12 And why isn't that transparent so I'm not dealing
13 with an MOU that later on can be argued between the parties and
14 we're back in a year? Why isn't that -- why are we going
15 agreement by agreement between the County and the City?

16 **MR. SZABO:** I -- Judge, I think that's a larger
17 question. It has been the position of the City that a fair way
18 to proceed with housing for the homeless is that the City
19 provides the capital investment --

20 **THE COURT:** Sure.

21 **MR. SZABO:** -- and provides the land, and that the
22 County provides the services. That has been our position, so
23 there's no argument from the City on that point.

24 But we are also working within quite honestly the
25 confines of what are the available resources.

1 And there are many things that are going to happen.
2 For example, there's a measure on the November ballot that
3 could provide a significant, new, extended funding to the
4 County.

5 We'll have -- at that time, if those dollars are
6 available, we certainly would want to have those conversations.

7 But the proposal that the City put forward was within
8 the context of the previously approved agreements,
9 understanding that the County made a commitment and we wanted
10 to maximize their commitment for now.

11 But I don't -- the City is not arguing that this is
12 it. We just want to stabilize where we are so that we can be
13 in a position to build as we are able to secure additional
14 dollars.

15 And if the mayor were here, I'm sure she would say
16 that she's committed to seeking more federal dollars, more
17 state dollars. Not -- again, not to speak for her, but she's
18 mentioned that every time. She wants to know what -- how much
19 more we need to secure.

20 It's just that with the dollars that we have now, we
21 don't have the capacity as a city alone to keep those beds open
22 and move forward with the Alliance agreement given the increase
23 in the bed rate.

24 **THE COURT:** In the agreement with the County with the
25 3500 -- well, 3,000 plus 500 mental health beds, the Court

1 chose not to enter into any kind of delineation like 50/50, 50
2 for the rest of the cities, 50 percent with LA. That wasn't
3 appropriate on my part.

4 But there's been a lot of counsel people, you know,
5 in terms of letters to the Court, etcetera, who are complaining
6 on the City's behalf that they're not getting these bed spaces.

7 I don't know what the proper delineation is between
8 the counties, other cities, and the City of Los Angeles.
9 What's happening on the mental health beds? Have the two of
10 you worked out an accommodation somehow between the County and
11 the City?

12 Because I'm getting repetitive letters, frankly, that
13 those services aren't being applied. And Michelle's out there
14 and the auditors are out there seeing that these services in
15 some locations that are being spot-checked aren't being
16 applied.

17 Do you two have an MOU of some kind? Is there a
18 decision that it's 50/50 split or 60/40? Where are we with
19 those 3500 mental health spaces?

20 **MR. SZABO:** We do not have an agreement related to
21 the 3500 beds in terms of allocation or reservation or set
22 aside.

23 **THE COURT:** Sure. Why?

24 **MR. SZABO:** In our -- excuse me, sir?

25 **THE COURT:** Just a moment. Why?

1 **MR. SZABO:** The 3500 beds were established with a
2 settlement between the Plaintiffs and the County.

3 **THE COURT:** Right.

4 **MR. SZABO:** We were not part of that settlement.

5 **THE COURT:** I understand that. Do we have any kind
6 of accommodation? Because I continually get these letters from
7 different counsel people, depending upon the district. That's
8 how it got called to my attention.

9 And it seems to be regardless of what the mayor and
10 the chairman of the board are saying that there's some -- there
11 hasn't been a number set forth yet.

12 Has there? Is there some kind of an agreement
13 between the City and the County that I'm not aware of
14 concerning these 3,000 or 3500 spaces?

15 **MS. HASHMALL:** Your Honor, the County has met or
16 exceeded all of the benchmarks regarding putting up those new
17 resources under the Plaintiff, Alliance, and County agreement.

18 **THE COURT:** Oh, I understand that, Mira.

19 **MS. HASHMALL:** It has not ever been expressly tied to
20 geography but rather need and eligibility. And I think that
21 this is the problem when individuals who mean well don't
22 educate themselves on the criteria for entry on some of these
23 resources.

24 You actually have to be in a category of some level
25 of substance use disorder or severe mental health for some of

1 these resources --

2 **THE COURT:** Isn't the acuity score eight? And
3 correct me if I'm wrong. What's our acuity score? Shayla,
4 help me.

5 And while you're helping me, I've literally sat in a
6 parking lot and watched a county and a city bicker over a
7 person who was mentally ill and try to decide who was going to
8 take that person under their wing, and they both walk away.

9 Now, it wasn't this county. It was Anaheim in a
10 parking lot. And it was quite a sight, and it was an education
11 for me about five years ago about how that can occur on a much
12 greater level.

13 I'm just curious because I keep getting those
14 letters. In other words, I keep getting complaints from
15 individual council people that the services aren't matching the
16 intake in their council district.

17 **MS. HASHMALL:** Your Honor, I will say I think some of
18 that confusion has to do with the fact that the City's not
19 using the coordinated entry system with regards to placements.

20 And when you don't use that system, it does create an
21 impediment to application for resources because --

22 **THE COURT:** Okay.

23 **MS. HASHMALL:** -- that system was developed in order
24 to match individuals based on their need with the appropriate
25 service level.

1 **THE COURT:** Okay.

2 **MS. HASHMALL:** So when you go around the system, it's
3 going to create issues. And I think that that's what we are
4 seeing reflected in those individual --

5 **THE COURT:** Yeah.

6 **MS. HASHMALL:** -- councilmembers' correspondence.

7 **MS. MYERS:** Your Honor, and we just want to very,
8 very, very, very strongly agree with the County on this
9 particular position.

10 We are very, very concerned about the allocation of
11 resources that are sort of politically driven or driven by
12 council decision-making as opposed to need.

13 Where prior systems allowed for a match -- and this
14 was something that came out in the listening session -- that
15 allows for a match between the resources that an individual
16 needs to move off the streets and the decision-making of a
17 council office, that that person or that encampment should be
18 given resources.

19 The challenge is, is that I think what we're seeing
20 repeatedly and is part of the reason why so many people are
21 falling back into homelessness out of these interim programs is
22 this disconnect between the folks who need the services and the
23 ways in which those services are now being allocated.

24 And I think we're going to continue to see those
25 disconnects as we have conversations that are about this

1 councilmember isn't getting the resources as opposed to these
2 unhoused folks aren't getting the resources that they need to
3 come in.

4 And I think that's part of this push to allocate
5 resources between the City getting entitlement to a certain
6 number of beds as opposed to the rest of the County, even
7 though half of the unsheltered population of the County of Los
8 Angeles is outside of the City of LA.

9 **THE COURT:** Well, 76,000 to 45,000.

10 **MS. MYERS:** But if you look at the unsheltered
11 population, Your Honor, there's 52,000 unsheltered folks in the
12 County of Los Angeles, and 25,000 in the City of Los Angeles,
13 so half of the unsheltered population. And that's the
14 population that we would expect would be targeted for some of
15 these resources.

16 **THE COURT:** I'm going to close off in just a moment.

17 And I want to compliment Michelle Martinez. She
18 didn't know I was going to pay this compliment to her.

19 But I want to compliment you, Shayla, for being
20 there, the County, and the City. All of you folks had a
21 fabulous session out in Bob --

22 **MS. SPEAKER:** (Inaudible)

23 **THE COURT:** Yeah, Blumenfield's district. And those
24 were the people on the front lines doing the work. But I was
25 astounded to listen at that conversation. It was really

1 educational.

2 And I think that all of us should take hope from our
3 people on the front lines doing the everyday work. They were
4 really not only impassioned but those frontline workers are
5 doing a fabulous job.

6 It is a (indisc.) structurally it seems to be here at
7 the top. And, Michelle, why don't you tell them a little bit
8 about how that was put together?

9 Because when Michelle and I walked out, we were
10 wondering why there weren't groups like this taking place a
11 long time ago, why a special master's doing this.

12 And, number two, it was suggested that we ought to
13 have the City leaders in the same kind of room listening to the
14 providers who are out in the street, listening to the frontline
15 workers. It would probably be some of the best time that all
16 of us have spent together, you know.

17 So, Michelle, why don't you tell them what happened?
18 Because Shayla was there, she knows that. Mira, this is --
19 and, Liz, this is somewhat for you, okay? So --

20 **MS. MARTINEZ:** Yes, Judge. As I've been out making
21 observations in the field, I made a commitment to both the City
22 and County that I would share my observations so that we all
23 can learn and try to correct things in real time instead of
24 trying to address these in court.

25 And so it's been very I believe favorable both to the

1 City and County to have a better understanding on what's
2 happening in real time on the ground.

3 And one of the reasons why we decided to have this
4 learning session was trying to get an understanding of, one,
5 what's happening out with encampment resolutions and the
6 process that's taking place with care, care plus, or other
7 operations.

8 But more importantly, how the interconnections
9 between these systems are working, whether it's LASHA, whether
10 it's the City, whether it's the sanitation department, the
11 County and its various departments, and those that have to
12 interface with those platforms in real time.

13 What I can share and what we all have learned is that
14 the system that we currently have is a very top/down system.
15 It comes from the Federal government.

16 If you're part of the COC, you have to, you know,
17 input information into an HMIS system, a CES system. Then we
18 recognize that the County has its own systems and not -- that
19 are not truly connected with those systems.

20 And when you're out there on the ground and you're
21 trying to understand in real time who's receiving services,
22 where our folks are actually getting shelter, you start to
23 realize in a very short period of time that the people that
24 we're trying to help out in the streets sometimes are not
25 getting those placements in real time because of these systems.

1 And I won't go into full detail as we did and we are
2 trying to answer, you know, ask and answer some of these
3 questions because I will actually be back out in the field to
4 actually understand in real time with a service provider from
5 the very beginning of outreach and engagement to actually
6 completing the application process in the HMIS system, to the
7 referral process, so that I can see myself in real time.

8 And I will be coming back, providing those
9 observations both to the City and County and to the Court to
10 really gather more information.

11 But what I just can tell you in short, Judge, again
12 is that I truly believe that the current system that is in
13 place is not benefitting those with high acuity or those that
14 truly need the resources because of the way the system was
15 created, and no fault of the County, not fault of the City, no
16 fault of LAHSA.

17 This is a system that was created at the Federal
18 level. They never came down, you know, I -- and maybe they
19 have. But I'm sure HUD or those that created this system never
20 came down to actually observe or ask the locals if the HMIS
21 system or the CES system or County systems, how they would be
22 able to integrate into a fully regional, functional system.

23 And, you know, I'm -- I continue to be very perplexed
24 after five years. And finally the research that I'm doing and
25 being on the ground, I could tell you that there are a lot of

1 folks who are exiting this system. And many of the
2 councilmembers are stressing this, as you said in your letter.

3 What I would say is that the reason why they're
4 exiting these systems and why they're not getting these
5 placements immediately is because you don't have a full system
6 that is interconnected.

7 And so there is a lot of displacement that is
8 happening; and, again, no fault of the City, no fault of the
9 County. But it's the system as a whole and how it was created
10 that is not sufficient for the problem here in the City of Los
11 Angeles. That is the main difference.

12 These systems may work in a smaller community in
13 Idaho or somewhere else. But when you're dealing with this
14 many unhoused folks with a lack of shelter and demand, the
15 system does not work in its entirety for the problem that we
16 are facing here today.

17 And I've said that to you more than once. But I will
18 continue to go out and continue to have these learning sessions
19 because I believe that they are important.

20 And this is a moment in time where I think everyone
21 that's in this business can recognize that those service
22 providers, those volunteers that are out there in the street
23 trying to help those unhoused people, it's not that they don't
24 want these folks to get place. It's the determination, the
25 criteria, the eligibility, the information that's being asked.

1 And, more importantly, Judge, that if you don't have
2 some form of subsidy and the duration of how long you've
3 actually been homeless, you may not get placed in one of those
4 beds because that's how the system was created.

5 And I know that LAHSA, and I know a lot of times
6 folks want to pick on LAHSA, beat LAHSA up.

7 But what I can tell you here today is that there are
8 times that LAHSA has recognized and is trying to make the
9 changes necessary to create a localized system that is going to
10 help place people faster into these beds.

11 And so I just wanted to reiterate that they are doing
12 everything that they can with this new leadership. And I want
13 to give them kudos because I'm actually starting to see it as
14 I'm out there with some of the providers.

15 But it's taking -- it's going to take them time to
16 try to create a system that's localized -- that's able to help
17 certain council districts and other cities throughout this
18 region to get folks placed appropriately and in an efficient
19 time, because we're not seeing that at this time because of the
20 way the system was designed.

21 **THE COURT:** Matt, in a perfect world we wouldn't be
22 here with you and the County because every time you placed a
23 person who needed services, that would automatically follow

24 What we've been doing to move this iceberg in a sense
25 is having to reach agreements and then designated, you know,

1 spaces from the County. It shouldn't be agreement by
2 agreement. It should be an automatic between you and the City.
3 I mean the County.

4 And that's what I'm concerned about. I don't know
5 what that MOU looks like. But we're constantly running into
6 that repetitive problem that we have to enter into the next
7 settlement with a designated number of mental health spaces or
8 beds, and if that's not met, you have to pick that up.

9 I'm guessing that you're minimally double the amount
10 of money of that 300 million. Just doing the rough math,
11 you've got to be up to six to 700 million, three to 400 million
12 of which the City picked up.

13 And my question to both of you would be, hey, that
14 was our agreement, and it may be fulfilled contractually. But
15 why wasn't this occurring automatically? As you put a person
16 in, why wasn't the County matching you, regardless of this
17 agreement of 300 million?

18 And I know that we've fulfilled our agreement.
19 That's not in question right now. That's what we need to get
20 to.

21 The second thing is the night before we met on the
22 last occasion -- and I would have counseled Lindsay Horvath
23 coming in. I didn't know about Dr. (inaudible) Adams, her --
24 had a grandchild, okay?

25 And I wasn't aware until right before that Mayor Bass

1 wasn't available. She was in Mexico. Because really we needed
2 all the folks here. And so I would have counseled that.

3 We got some information in terms of this website.
4 And I really would like to see this website created with the
5 cooperation between you and Mejia over at the controller's
6 office.

7 And we got a lot of information literally the night
8 before. And I want to commend LAHSA for it. I got a 6:00 a.m.
9 email from Dr. Adams about her crew. But there was no time to
10 put that up in a meaningful way on the website.

11 Are you and the controller still cooperating?

12 **MR. SZABO:** Absolutely, Your Honor. We're --

13 **THE COURT:** Okay.

14 **MR. SZABO:** -- in constant communication, almost
15 daily.

16 **THE COURT:** Great.

17 **MR. SZABO:** We're in a good position there.

18 **THE COURT:** You have my compliments about that.

19 I'm going to ask, though, that that information be
20 put up on October 16th again. I want to see if that website is
21 truly progressing or if it's just the Court pushing and it goes
22 up, you know, the night before, etcetera, because somehow this
23 has to occur in perpetuity for the benefit of the public.

24 You also moved from 25 percent what I call fronting
25 providers to 40 percent. I -- Michelle, you had me listen to

1 the committee to the early hours.

2 What's -- what may be happening is in good faith as
3 the providers want to get paid out front or they say that they
4 can't operate, you're getting in a situation where you're
5 paying or fronting money not knowing what you're paying for.
6 In other words, it's here.

7 Somehow we either have to catch up or get a system
8 where there is more accountability on that front side. So I --
9 it's a political decision to go from 25 to 40 percent. That's
10 my -- not my decision.

11 But it's got to put you in a terrible and stressful
12 situation where the Court's bearing down saying, you know,
13 where are the invoices, and you've got providers saying, we
14 can't provide if you don't go from 25 percent to 40 percent.

15 So you're paying, once again, invoices without
16 knowing what's occurring. Somehow we've got to get to the
17 point where the invoice goes up, the substantiating paperwork
18 is there.

19 Now, I'm going to frighten you for a moment. I'm not
20 going to do this. I'm going to repeat this. I'm not going to
21 do this, got it?

22 (No audible response.)

23 But for a while I thought, wait a minute, why don't I
24 just put an injunction on the City that you stop paying all of
25 the bills until you have those invoices and this underlying

1 information?

2 What's wrong with that? A tremendous amount. A lot
3 of people would be hurt. You know, we don't want to stop
4 providers. So for a period of time we'd have people that were
5 really harmed by that.

6 But somehow we've got to get to that point, Matt. So
7 on October 16th, no surprise, I need Mejia back in here. I'd
8 appreciate you being in here.

9 And right now I think I'm going to go ahead and
10 request that the mayor and Lindsay Horvath be here. I'd really
11 like to hear from their level, okay, that they've really
12 reached an accommodation, and say that publicly to all of us.

13 And that's not any, you know, denigration of you or
14 Mira. But these decisions should be represented by our
15 government leaders.

16 **MS. SPEAKER:** Your Honor, I'm aware that Chair
17 Horvath may have a conflict on October 16th.

18 **THE COURT:** Then I can change the date. You know, in
19 other words I'm requesting. But at some point we're all going
20 to get together. So you tell me.

21 I set the 16th because I thought it was available
22 last time when everybody walked out. I could set the following
23 week. There's nothing magic about it.

24 So would all of you get together? Remember, I don't
25 have jurisdiction. They don't have to come. But by the same

1 token, there should be a public, you know, statement on their
2 part that they are working together because for so long,
3 regardless of what's been said, behind the scenes there's been
4 a lot of strife.

5 So I hear politically that we're all working
6 together. I've got some concerns behind the scenes that we
7 really are, okay, Matt?

8 **MR. SZABO:** Okay.

9 **THE COURT:** Let's leave this -- Elizabeth, what are
10 you asking? You're asking for a evidentiary hearing. But if
11 you had documentation, if the mayor came in here and the
12 chairman of the board came in here, would that give you a
13 comfort level, not to say yay or nay, but would you still be
14 asking for evidentiary hearing at this time?

15 **MS. MITCHELL:** Yes, Your Honor. And I'd like to
16 explain why.

17 **THE COURT:** Please.

18 **MS. MITCHELL:** Because what the County has suggested
19 is that, you know, this isn't the County's fault, right,
20 they're going to pay for these regardless, whether they're
21 under the Alliance agreement or the roadmap agreement.

22 But the roadmap agreement isn't extending, and I
23 recognize that.

24 And the reason why is because their financial
25 contribution would be reduced, right, if they are being

1 migrated under the Alliance agreement.

2 I don't know that there is an actual consideration at
3 the board level that the overall number of beds created as a
4 result of these agreements are being reduced by 2500 by doing
5 this migration.

6 **THE COURT:** Right.

7 **MS. MITCHELL:** And I would like somebody at the board
8 level to understand that and to explain to this Court why that
9 is an acceptable situation in the County, whether that's a
10 financial issue, whether that's a motivation issue, whatever
11 the reason is.

12 I think that the public and I think that this Court
13 should hear what the reason is, but that the County is
14 comfortable with reducing the number of beds.

15 **THE COURT:** Matt.

16 **MR. UMHOFFER:** Your Honor, my -- the only thing I'd
17 add to that is to be very crystal clear about it because this
18 is said in open court.

19 Mr. Szabo has said that one of the reasons, if not
20 the chief reason, that 2500 beds needs to come under the
21 Alliance agreement is that the County is not going to be
22 supporting the beds at the level that they have under the
23 roadmap agreement.

24 **THE COURT:** Right.

25 **MR. SZABO:** Okay. So we have that causal link there.

1 The migration of these beds from the roadmap
2 agreement, I hate using that term. It is an overall reduction
3 in the number of beds available for people living on the
4 streets of 2500.

5 **THE COURT:** Yeah.

6 **MR. UMHOFFER:** And we are at this point trying to
7 understand the facts so that we can understand whether there's
8 a violation of our agreement as by the City or by the County
9 because under our agreement, the City had to create a certain
10 number of beds over the existing beds, and that includes the
11 roadmap beds.

12 And so if we're borrowing from the roadmap beds, we
13 are reducing the number of beds that are being created. This
14 case has contributed to the creation of or commitments to the
15 creation of 20,000 beds thereabouts.

16 But this will reduce that number. And the City of
17 Los Angeles, the people of Los Angeles deserve to know why the
18 County would be making a choice that would result in a
19 reduction of the total number of beds that was -- that were
20 envisioned to be created under these two agreements.

21 And so my concern here is that we don't have enough
22 facts to make that determination yet, which is why we need that
23 evidentiary hearing. We need more facts. We need to
24 understand the math. Mr. Szabo has laid out in open court some
25 of the math.

1 But at the end of the day we need to get to the
2 bottom of what -- of precisely what's happening, why it's
3 happening, and whether there is a violation by the City of the
4 agreement contemplated by the migration of those beds or
5 potentially a violation of our -- the County's commitment
6 because the County's commitment goes beyond those 3,000 beds
7 into providing services for the beds that the City creates.

8 **THE COURT:** Okay.

9 **MR. UMHOFFER:** So that's where we are.

10 **MS. HASHMALL:** Your Honor, I have to respond to that.

11 **THE COURT:** Sure, Mira.

12 **MS. HASHMALL:** That was not an accurate reflection of
13 either the statements in court today or the reality on the
14 ground.

15 The roadmap beds are -- the roadmap agreement is
16 expiring under its terms. I think we've heard Mr. Szabo
17 explain that the financial structure where the City was
18 committing \$300 million to share approximately half of the
19 operational costs of those beds are no longer in the City's
20 interest because they don't want to have to fund their half of
21 those operational costs.

22 And the numbers themselves have been --

23 **THE COURT:** Okay.

24 **MS. HASHMALL:** -- superseded by subsequent events.

25 The County's not closing beds. The agreement

1 expires. And the County is funding the beds that the City is
2 electing to migrate over to the Alliance settlement.

3 And I think Mr. Szabo has also confirmed that
4 actually that structure is more beneficial to the City because
5 the County's actually going to be funding more, not less.

6 So it would be helpful maybe for the lawyers to talk
7 outside of court --

8 **THE COURT:** Okay.

9 **MS. HASHMALL:** -- so we can explain the facts. And I
10 think that probably would be more efficient than an evidentiary
11 hearing because the County is not stopping funding, the
12 County's not denying services.

13 And, again, what we're talking about is operational
14 costs: janitorial, kitchen, supplies, lights, beds, blankets.

15 **THE COURT:** Right.

16 **MS. HASHMALL:** We are not talking about any
17 specialized services that are uniquely within the paradigm of
18 the County departments.

19 We're talking about operational costs. And the
20 County is going to be funding the costs for beds that the City
21 migrates into the Alliance agreement pursuant to an agreement
22 between the County and the City.

23 **THE COURT:** Fair enough.

24 **MR. UMHOFFER:** And, Your Honor, those are factual
25 representations that need to be borne out in an evidentiary

1 hearing.

2 **THE COURT:** Well, --

3 **MR. UMHOFFER:** So --

4 **THE COURT:** -- just a moment.

5 Shayla, I want to turn back to you if you had any
6 comment.

7 **MS. MYERS:** Yes, Your Honor.

8 I did actually have a question about another category
9 of beds that --

10 **THE COURT:** Go ahead and ask it.

11 **MS. MYERS:** Sure. There are 2,000 beds that are
12 funded under time-limited subsidies, those subsidies obviously
13 pursuant to the terms of the agreement.

14 The City's no longer required to fund them after the
15 ending of the agreement. Does the City intend to continue to
16 fund those agreements?

17 And I would note, Your Honor, that a significant
18 number of folks who are moving from Inside Safe into permanent
19 housing are funded through time-limited subsidies.

20 So it might be helpful for the Court to also know
21 whether or not the time-limited subsidies that are being used
22 for Inside Safe are the roadmap time-limited subsidies or
23 whether there are other pools of time-limited subsidies.

24 **MR. SZABO:** There are multiple pools of time-limited
25 subsidies. And the reason we're counting those differently,

1 those are annual allocations, annual appropriations for a
2 subsidy for a year as opposed to a bed that exists that can
3 exist for multiple years.

4 But our plan, our -- that we submitted for the
5 Alliance agreement includes a significant allocation for time-
6 limited subsidies.

7 We will -- short answer is, yes. I can't be specific
8 on the number. But time-limited subsidies for permanent
9 housing will -- is and will continue to be a robust portion of
10 our homelessness program.

11 **MS. MYERS:** But my question has to do with the
12 supplanting issue. So there's 2,000 time-limited subsidies
13 that are currently being counted towards the roadmap.

14 Understanding that the City is going to count a
15 significant number towards the LA Alliance settlement as well
16 in the future, are they the same time-limited subsidies?

17 Understanding that these of course are fungible, but
18 is the City going to continue to fund 2,000 that they funded
19 under the roadmap and additional beds for time-limited
20 subsidies under the Alliance agreement?

21 What -- is there going to be an increase in the
22 number or is this like the interim shelter beds?

23 **MR. SZABO:** That's going to be -- that's -- that
24 would be an annual decision that we would make on how much we
25 can put in the TLS program.

1 I can say that there will be -- I'm comfortable in
2 saying that there will be at least that many on an ongoing
3 basis. But I can't commit to a number in part because it's
4 entirely dependent on the plan that we submitted.

5 If for some reason the Court doesn't accept our plan,
6 we will have to completely rework and restructure. And in
7 addition to proposing beds for closure, permanent, existing
8 beds for closure, we'll need to look to fill the gaps with
9 other kinds of subsidies.

10 So I can't give you an answer on that right now. I
11 can say that on a go-forward basis we will have a minimum of
12 the amount of permanent housing subsidies as we do now.

13 **MS. MYERS:** And will those count towards the LA
14 Alliance settlement?

15 **MR. SZABO:** Potentially.

16 **MS. MYERS:** And then the other question that I have
17 has to do with the funding of the interim services under the LA
18 Alliance agreement.

19 So it's my understanding that the County pays a
20 higher rate for the interim beds under the LA Alliance
21 agreement than under the roadmap agreement.

22 **MR. SZABO:** I'm sorry, can you repeat that?

23 **MS. MYERS:** The County pays a higher rate under the
24 LA Alliance agreement than under the roadmap agreement.

25 **MR. SZABO:** The County under the Alliance agreement

1 pays the full cost of operations; whereas under the roadmap
2 freeway agreement they just -- they essentially gave us a check
3 for 60 million at the beginning of the year that represented
4 about just under 50 percent of the cost.

5 So the County would pay the full cost what it is
6 today, which is \$60, what it is likely to be in January, which
7 is \$69, and what it is likely to be in July, which is as much
8 as \$113.

9 So their agreement doesn't -- it isn't a fixed number
10 in terms of the rate. They'll pay whatever the rate is for the
11 basic bed rate within the confines of their agreement, which is
12 a maximum of 3100 units.

13 **MS. MYERS:** So then the operations cost is
14 effectively the day rate, whatever the day rate is.

15 **MR. SZABO:** Whatever the -- correct.

16 **MS. MYERS:** And so if -- and this is just a
17 hypothetical because I think it gets to the LA Alliance's
18 proposal.

19 If, for example, the County were to agree to pay the
20 bed rate, the day rate for the 2500 beds, would the City then
21 commit to open an additional 2500 beds consistently with its LA
22 Alliance agreement?

23 So as if to say if the County would agree to put in
24 place the same requirements for funding, would the City then
25 have capacity to open up the 2500 additional units that it's

1 obligated to do under the settlement agreement?

2 **MR. SZABO:** I can't commit to that right now. I'd
3 have to do analysis and come back with an answer. But we
4 haven't -- I'll just leave it at that. I'd have to do analysis
5 and come back with an answer.

6 **THE COURT:** Okay. Here's where I tentatively feel
7 comfortable without finalizing it.

8 I'm going to invite counsel to meet and come up with
9 a date when Mayor Bass is available and when the chairman of
10 the board's available. I assumed that that was the 16th. And
11 that Dr. Adams is available.

12 I don't want to have an evidentiary hearing until I
13 hear from the City and County leaders and their
14 representations.

15 I think Mayor Bass by her locking arms has been
16 somewhat successful in turning the increase and starting a
17 decrease. And the numbers were ten percent of the City, less
18 of course in the County.

19 And if we have representations from that level, the
20 Court has more of a comfort level than just moving into an
21 evidentiary hearing. But eventually, without any denigration,
22 Matt and Liz, we may get there.

23 But I'd prefer the first step of literally hearing
24 from the government leaders and paying them the courtesy.

25 I'm not satisfied not because of your answers but

1 your position with the answers I've received today.

2 I trust Mayor Bass's representations. I trust
3 Lindsay's. I trust yours also. But I think now that this is a
4 leadership issue and that the leaders need to be fully
5 committed and on the record.

6 So if you'd meet and confer and come up with a date
7 that those three persons would be available, I would appreciate
8 it.

9 And I want to compliment you if in fact we have
10 turned that corner, that's the first time in the City in a long
11 time that we've had a decrease of ten percent.

12 Imagine the disaster now if we take Inside Safe and
13 whatever those numbers are and we unload 3500 people; because
14 what will happen is politically people will claim success
15 depending upon the program by segmenting it out to the public.
16 I call it propaganda.

17 But in reality, we've gone down in numbers. And when
18 you take it holistically, that message will be lost because the
19 representation will be that this program is doing well or this
20 program is doing well when in fact we're having a catastrophe
21 on our hands.

22 I just can't imagine putting 3500 people or even
23 thinking about it back on the street. It erases all of your
24 good efforts, okay.

25 I'll be here most of the day. So would you go out

1 and meet-and-confer?

2 I see staff from Mayor Bass's office here. I
3 appreciate your attendance today. And tell her I paid her a
4 compliment today, okay, for her leadership.

5 But if you go out and give me a date, I'd appreciate
6 that. And if it's not the 16th, then give me another date.
7 But that's when I would appreciate the leaders being here.

8 And after that then I'll decide if an evidentiary
9 hearing is necessary or not, okay?

10 **MS. SPEAKER:** Thank you, Your Honor.

11 **THE COURT:** All right, counsel. Thank you very much.

12 **MS. HASHMALL:** Thank you, Your Honor.

13 **MS. SPEAKER:** Thank you, Your Honor.

14 **(This proceeding was adjourned at 10:08 a.m.)**

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CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

October 9, 2024

Signed

Dated

TONI HUDSON, TRANSCRIBER