

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. 2:20-cv-02291-DOC-KES

Date: November 20, 2024

Title: LA Alliance for Human Rights et al. v. City of Los Angeles et al.

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PRESENT:

THE HONORABLE DAVID O. CARTER, JUDGE

Karlen Dubon  
Courtroom Clerk

Not Present  
Court Reporter

ATTORNEYS PRESENT FOR  
PLAINTIFF:  
None Present

ATTORNEYS PRESENT FOR  
DEFENDANT:  
None Present

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**PROCEEDINGS (IN CHAMBERS): NOTICE OF A&M INFORMATION  
ON AUDIT PRICING AND DELAYS**

The Court received the attached letter and schedule from Alvarez and Marsal (“A&M”) further explaining the pricing and delays related to their audit. This information from A&M was provided to the Court in response to the City and County’s responses and objections to the amended scope and requirements of the A&M audit (Dkt. 814 and 818). A&M will present this information at the hearing in Los Angeles on November 21, 2024 at 8:30a.m.

The Clerk shall serve this minute order on the parties.

MINUTES FORM 11

Initials of Deputy Clerk: kdu

CIVIL-GEN

November 18, 2024

Hon. David O. Carter  
United States District Court  
Central District of California  
411 West Fourth Street, Courtroom 10A  
Santa Ana, CA 92701

Re: Supplemental Context to Data Delays and Complications

Dear Judge Carter:

This letter, along with the attached schedule titled *A&M Overview of Data Delays and Complications*, provides additional clarification and context regarding the recent developments communicated in our letter dated October 11, 2024. As noted in that correspondence, we provided an update on the status of the final report and detailed the developments that have impacted its delivery.

To enhance transparency and ensure clarity, we have prepared a schedule that highlights specific key examples referenced in the letter dated October 11, 2024. This document aims to contextualize the information shared in the previous letter and to offer further insights into the circumstances—specifically, data delays coupled with the condition and complexity of the data—that impacted the report.

We understand the importance of transparency and wish to address the pricing structure for this engagement. Due to the fixed-fee nature of this agreement, the pricing was limited to a budget of \$2,200,000, which was lower than the initially proposed cost range of \$2,800,000 to \$4,200,000. To align with the reduced budget, the pricing structure was adjusted to reflect the modified scope and the value of the work delivered rather than being tied to individual hours. This approach enabled us to concentrate on achieving a comprehensive assessment efficiently and effectively without being restricted by task-specific pricing.

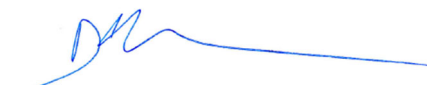
While the schedule does not itemize charges due to the fixed-fee nature of this engagement, it is intended to provide a clear rationale for the fixed monthly rate equating to \$440,000. These fees account for the additional effort and resources required to address the unforeseen complexities encountered during the engagement.

We trust this additional context and clarification will address any questions or concerns. Should you require further explanation or wish to discuss this matter in more detail, please do not hesitate to reach out.

Very truly yours,

**Alvarez & Marsal Public Sector Services, LLC**

By:



Name: Diane Rafferty

Title: Managing Director

**A&M Overview of Data Delays and Complications**  
as of November 18, 2024

The delays and complexity of the data, coupled with its condition, has required additional time and resources to allow A&M to conduct the necessary review and analysis of the data, given the integral role these data sets play in the project analyses and resulting final report. As requested by the Court, A&M prepared supplemental context to provide justification for the supplemental fees of the fixed-fee monthly cost of \$440,000 to the City of Los Angeles and delay in issuing the final report.

Task / Deliverable Impacted	Party	Type of Delay	Explanation
Obtain an understanding of homelessness assistance services provided and/or obligated under each Program and the responsible party	City / LAHSA	Deficiency / Nonexistent Data	The A&M team was tasked with assessing homelessness assistance services provided across the Programs. To do this, the team needed to trace the flow of funds from key parties (City, LAHSA) to service providers and their contracts. However, challenges arose because neither the City nor LAHSA had processes that clearly tracked expenses by Program or service.  Therefore, while all parties have been generally responsive to the data requests, the A&M team undertook an iterative process of receiving data, reviewing data, and working with the parties to address any gaps or discrepancies in the data received, which in some cases led to additional data requests. To illustrate, the A&M team initially submitted 26 data requests to the City and 27 data requests to LAHSA; the current number of data requests is 71 and 67, respectively. <sup>1</sup>
Identify and document the types of projects/subprograms and services provided within each Program	LAHSA	Unforeseen Data Analysis; Deficiency / Nonexistent Data	In relation to Data Request #13 (issued on May 31, 2024) <sup>2</sup> , LAHSA provided approximately 280 contract documents on June 14, 2024 (comprising of base contracts and amendments, rather than unique contracts). To understand how the respective contracts pertained to the Programs, the A&M team created a crosswalk; specifically, the team extracted the site location of the contract documents provided to trace to the quarterly reports. The A&M team reviewed these documents which, after analysis, showed that contracts did not consistently have identifiable links to beds under the Programs, making it difficult to align financial records with the related Program.
Identify and document the types of projects/subprograms and services provided within each Program	LAHSA	Incomplete and Delayed Data	The A&M team identified approximately 100 contracts in financial records that did not appear to be provided. Therefore, on July 30, 2024 <sup>3</sup> , the A&M team requested a data crosswalk to help clarify which contracts corresponded to beds identified in the Roadmap and Alliance quarterly status reports to the Court. This data was delayed (completely received on September 13, 2024) and, even when received, lacked clarity, requiring additional analyses to reconcile various data sources.
Identify and document the types of projects/subprograms and services provided within each Program	LAHSA	Unforeseen Data Analysis	In addition to the analyses outlined above, the A&M team also reviewed the contracts provided in relation to Data Request #13, with a focus on specific sections (Subaward and Scope of Required Services ["SRS"]) in an attempt to understand the specific services funded under the Roadmap, Alliance, and Inside Safe Programs. Through this analysis, the A&M team identified that services within the SRS are funded according to the Enterprise Grant Management System ("EGMS") budget categories, which were then itemized for each contract. However, to accurately understand the services funded within each budget category (e.g., Supportive Services/Financial Services [Personnel], Supportive Services/Financial Services [Non-Personnel], Operating Costs [Personnel], etc.), the team was required to request supplementary data, specifically cost eligibility matrices, in an attempt to gain insights into the types of services funded under each category.
Quantify/analyze sources and uses/cash disbursements of funds by Program, type of expense, and fiscal year	City	Complex Data	A&M originally requested accounting detail from the City related to expenses under the Programs. Upon review, it did not appear that capital or acquisition costs required to set-up interim housing sites under Roadmap were included in the information provided. After discussion with the City, it was determined that the Roadmap Program's appropriations are reported within the CAO Funding Recommendation reports, which provide various details, including anticipated acquisition, capital, and operating costs for sites included in the Roadmap quarterly reports. A&M independently located and analyzed the CAO Funding Recommendations through the City Clerk's website. However, the complexity of these appropriations necessitated multiple follow-up meetings and additional data requests to understand how the appropriations are processed within the City's accounting system, as various departments, funds, and accounts are utilized to track actual expenditures related to the appropriations.
Obtain an understanding of the City-funded homelessness assistance services under the Programs	LAHSA	Data Incomplete; Unforeseen Data Analysis	In relation to Data Request #5 (issued on May 31, 2024) <sup>4</sup> the A&M team requested transaction-level details for revenues and expenditures, specifying that, if possible, the data should focus on funding sources, expenditures, and vendors related to the Programs. In response LAHSA originally provided data for the 'named' City-to-LAHSA contracts. However, as the A&M team's analysis progressed, it became apparent that the general ledger data was incomplete and a more comprehensive view of all City-funded contracts with LAHSA was necessary to thoroughly evaluate the service provider contracts linked to beds under the Programs. This data was ultimately provided on September 4, 2024, following extensive correspondence between the A&M team and LAHSA.
Quantify/analyze cash reimbursements from the City to LAHSA for service provider expenses	City / LAHSA	Complex Data; Incomplete Data	The A&M team's assessment includes analyzing the cash request process between the City and LAHSA. The complex processes involved in compiling and tracking each service provider contract under these cash requests, submission to the city, and accounting for payments received by the City, required multiple follow-up meetings and additional data requests to ensure a thorough understanding of the data provided to the A&M team. Additionally, on September 9, 2024, A&M received C-144656_City Recovery Roadmap Request #2 from the City and began analyzing this data. The A&M team subsequently discovered that this was an outdated version of the file, and a corrected file was provided on October 29, 2024 after A&M surfaced this issue, causing rework to several analyses. Discussions with LAHSA regarding the cash request processes are ongoing.
Quantify/analyze sources and uses/cash disbursements of funds by Program, service type, and fiscal year	LAHSA	Incomplete/ Non-Responsive Data	The EGMS system was identified as the repository for invoices submitted by service providers. The A&M team included exports from EGMS in its initial data request on May 31, 2024. LAHSA initially produced some invoices for service providers associated with the Inside Safe Program. The A&M team subsequently requested EGMS extracts for invoices related to Roadmap and Alliance, specifying smaller, more manageable increments (i.e., by specific contract) on July 23, 2024. LAHSA produced data on August 19, 2024; however, upon review, it was determined that the data was non-responsive (i.e., not linked to the invoices requested). LAHSA later provided responsive documents to subsequent EGMS requests. Nonetheless, the initial delay in producing EGMS invoices impeded A&M's ability to effectively analyze the flow of funds and assess the types of services being provided.

**Notes:**

<sup>1</sup> A small subset of documents was produced in response to interviews with City or LAHSA personnel and were not included in the formal request list.

<sup>2</sup> LAHSA Data Request #13: All contracts between LAHSA and service providers under the Program

<sup>3</sup> LAHSA Data Request #35: List that provides a crosswalk of LAHSA Grant IDs for the contracts pertaining to services at the site / location listed on the Roadmap and Alliance quarterly reports

<sup>4</sup> LAHSA Data Request #5: Transaction-level detail for revenues and expenditures by fund, department, and account/category/class. To the extent possible, this data may be limited to departments and/or funding sources encompassing the relevant Programs.