

1 HYDEE FELDSTEIN SOTO, City Attorney (SBN 106866)
2 DENISE C. MILLS, Chief Deputy City Attorney (SBN 191992)
3 KATHLEEN KENEALY, Chief Assistant City Attorney (SBN 212289)
4 ARLENE N. HOANG, Deputy City Attorney (SBN 193395)
5 JESSICA MARIANI, Deputy City Attorney (SBN 280748)
6 200 North Main Street, City Hall East, 6th Floor
7 Los Angeles, California 90012
8 Telephone: 213-978-7508
9 Facsimile: 213-978-7011
10 Email: Arlene.Hoang@lacity.org

11 Attorneys for Defendant
12 CITY OF LOS ANGELES

13 **UNITED STATES DISTRICT COURT**
14 **CENTRAL DISTRICT OF CALIFORNIA**

15 LA ALLIANCE FOR HUMAN RIGHTS,
16 et al.,

17 Plaintiffs,

18 v.

19 CITY OF LOS ANGELES, a Municipal
20 entity, et al.,

21 Defendants.

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

Hon. David O. Carter
United States District Judge

**DEFENDANT CITY OF LOS
ANGELES' RESPONSE RE:
COURT ORDER RE ALVAREZ &
MARSAL ENGAGEMENT LETTER
[DKT. 815]**

1 The City of Los Angeles (“City”) hereby submits the following response to the
2 Court’s November 4, 2024 *Order Ordering the City Of Los Angeles To Sign Amended*
3 *Letter* (“Order”) [Dkt. 815]. The City requires clarification from Alvarez & Marsal
4 (“A&M”) concerning the contents of Amendment Two to Engagement Letter dated May
5 17, 2024 (“Amendment Two”).

6 As of September 25, 2024, upon approval by the City Council and the Mayor, the
7 City authorized paying A&M up to \$2,470,000 to complete the independent assessment
8 of three of the City’s homelessness Programs.¹ In Amendment Two to its initial
9 engagement letter, A&M proposed its assessment be “amended to include a review of
10 services funded by the County of Los Angeles, limited to their involvement with the
11 Programs” which were already subject to the audit. *See* Dkt. 815 at 2, ¶ 1(a). A&M
12 notes its “scope of work will be revised in accordance with the court order dated October
13 21, 2024 granting a time extension for the assessment per the Engagement Letter to
14 Wednesday, January 15, 2025 due to data delays from the Los Angeles Homeless
15 Services Authority (‘LAHSA’)” and further referenced “unforeseen delays in receiving
16 the necessary data from the County of Los Angeles.” *See* Dkt. 815 at 2, ¶ 1(b).
17 Amendment Two does not attribute any delays to the City. *See* Dkt. 815; *see also* Dkt.
18 799 (“This need for extension is due to LAHSA’s inability to respond to Alvarez and
19 Marsal’s outstanding data requests in a timely fashion.”). In Amendment Two, A&M
20 “estimates an increase in its fixed fee price of \$1,060,000 for a total fixed fee of
21 \$3,530,000” and estimates “\$620,000 of the total fixed fees are attributed to services
22 provided in relation to the County of Los Angeles.” *See* Dkt. 815 at 3, ¶ 2(a). It is
23 unclear from Amendment Two what the estimated remaining \$440,000 increase is based
24 upon.

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27
28 ¹ The Programs are: (1) Freeway Agreement – Roadmap Program; (2) Inside Safe
Program; and (3) Alliance Settlement Program (the “Programs”).

1 Furthermore, on November 4, 2024, the County filed a *Response to Court Minute*
2 *Order Re: Production of Confidential Data And Information; Objections to Order*
3 *Requesting Data* [Dkt. 814], objecting both to permitting A&M’s proposed fieldwork
4 relating to County services, and to the cost estimate of \$620,000 attributed to services
5 provided in relation to the County. *See* Dkt. 814 at pp. 3-4.

6 Although the City welcomes A&M’s proposed inclusion of a review of services
7 funded by the County for the three City Programs subject to the audit and hopes it will
8 lead to more comprehensive audit results, the City agrees with the County that the
9 County should enter into a separate engagement letter with A&M, which would allow
10 the County to pay A&M directly for the auditors’ services. *See* Dkt. 814 at p. 5. In light
11 of the County’s objections filed on November 4, 2024, the City requires clarification
12 from A&M as to the scope of work A&M intends to proceed with, and a corresponding
13 fee estimate that details the bases for any proposed increase in budget², including to
14 which entity the increase is attributable.

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16 DATED: November 6, 2024 HYDEE FELDSTEIN SOTO, City Attorney
17 DENISE C. MILLS, Chief Deputy City Attorney
18 KATHLEEN KENEALY, Chief Asst City Attorney
19 ARLENE N. HOANG, Deputy City Attorney
20 JESSICA MARIANI, Deputy City Attorney

21 By: /s/Arlene N. Hoang
22 Arlene N. Hoang, Deputy City Attorney
23 Counsel for Defendant City of Los Angeles

24 ² The City questions whether any increase in fee beyond the \$2,470,000 already
25 authorized by the City Council to be spent on this audit is necessary and whether A&M
26 could instead accept the Court’s suggestion to enlist *pro bono* support from UCLA’s
27 Luskin Institute or USC, which was raised as recently as two weeks before Amendment
28 Two was proposed. *See* 10-03-24 Tr. at 57:8-17 [Dkt. 783] (“I guarantee if we called
USC or UCLA or some of these other folks, that there are volunteers out there through
different programs and different students who could do some spot checking that
wouldn’t cost the City or County money at all.”); and 10-16-24 Tr. at 62:5-63:24 [Dkt.
791].