

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.)	
	Thursday, March 27, 2025
CITY OF LOS ANGELES, ET AL.,)	(9:18 a.m. to 9:26 a.m.)
	(10:58 a.m. to 1:29 p.m.)
Defendants.)	(1:46 p.m. to 2:08 p.m.)

HEARING RE:

MOTION FOR ORDER FOR SETTLEMENT AGREEMENT COMPLIANCE
[DKT.NOS.767,863]

STATUS CONFERENCE RE A&M AUDIT

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

APPEARANCES: SEE PAGE 2

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JUDGE JAY GANDHI

Also present: LA CONTROLLER KENNETH MEJIA

LOS ANGELES MAYOR KAREN BASS

COUNCILMEMBER EUNISSES HERNANDEZ

MARQUEECE HARRIS-DAWSON

WENDY GREUEL

LAHSA REPRESENTATIVES

APPEARANCES :

(CONTINUED)

Also present:

LISA BROWN

KATHRYN BARGER

DIANE RAFFERTY

A&M REPRESENTATIVES

1 Los Angeles, California; Thursday, March 27, 2025; 9:18 a.m.

2 (Call to Order)

3 **THE COURT:** Thank you for your patience. I'd like to
4 get an update. First of all, thank the elected officials who
5 are here and recognize them. As the president of the council,
6 the chairman of the board, and this Court well recognizes that
7 I requested, but that was a polite way of saying, we have very
8 few of these court hearings. And when we're dealing with an
9 audit that hasn't been conducted of this City in decades, I
10 would hope and believe that this is important enough at the
11 request of the Court that that's all taken as please be here.

12 There's a lot of positive things that could happen
13 today without the leadership present. I have two ways of going
14 about this. The nice way is, how are we doing with Dr. Adams
15 Kellum's presence? Will she be here and when?

16 **MR. CHANDLER:** Good morning, Your Honor. (inaudible)
17 on behalf of LAHSA. We have Wendy Greuel, who's the chair --

18 **THE COURT:** Will she be here and when?

19 **MR. CHANDLER:** Wendy Greuel, the chairman of the
20 Commission --

21 **THE COURT:** Will she be here and when?

22 **MR. CHANDLER:** Dr. Kellum or the Chairman of the
23 Commission? I thought you -- when you had indicated earlier
24 said the chairman of the Commission, so we have the chairman of
25 the Commission that can be here --

1 **THE COURT:** Not acceptable to me. When will she be
2 here?

3 **MR. CHANDLER:** I will inquire further.

4 **THE COURT:** Have you placed that call to her? I have
5 two ways of doing this.

6 **MR. CHANDLER:** That's in process.

7 **THE COURT:** Is my message clear?

8 **MR. CHANDLER:** Yes, Your Honor. Thank you.

9 **THE COURT:** You're inconveniencing all the other
10 elected officials.

11 **MR. CHANDLER:** Okay. I thought you asked for the
12 chairman.

13 **THE COURT:** This is a request. I've got another way
14 of doing this. So we're done with this conversation.

15 **MR. CHANDLER:** Okay.

16 **THE COURT:** Auditor controller. Will the auditor
17 controller be here?

18 **MR. UMHOFFER:** Yes, Your Honor. I was told he's on
19 route.

20 **THE COURT:** I don't want to redo a few of the things
21 I have to say before I turn this over to the parties. It's
22 wasteful of time. Will the mayor be here?

23 **MR. UMHOFFER:** If I could have a moment to step
24 outside, Your Honor.

25 **THE COURT:** Step outside.

1 **MR. UMHOFFER:** Thank you.

2 **THE COURT:** I've got two ways of doing this. I'm not
3 making appearances yet. I want to know who's present and who's
4 not and if I need to take next steps. Summon two marshals. I
5 want the marshals up here.

6 And for you elected officials, first of all, once
7 again, I appreciate your courtesy. I would really request if
8 you have other meetings today that this takes precedence. I
9 think we can get through this quickly. And I don't think that
10 there should be anything more important on your agenda than
11 what we're about to discuss today. And maybe some steps
12 forward if we have the leadership in this room. Maybe some
13 positive things can happen.

14 And folks, just visit. Have a nice time out in the
15 audience. I don't mind the conversation. We're just waiting
16 now.

17 **MR. CHANDLER:** Your Honor, brief update.

18 **THE COURT:** Pardon me?

19 **MR. CHANDLER:** Yes. Dr. Kellum is currently in
20 Boston. Her chief of staff is here.

21 **THE COURT:** She's in Boston?

22 **MR. CHANDLER:** Yeah. But her chief of staff is here,
23 and the chairman of the --

24 **THE COURT:** That's not acceptable to me. She knew
25 about this. She was communicating with my special master as

1 late as last night. All right. Have a seat.

2 **(Pause)**

3 **THE COURT:** Okay. Ladies and gentlemen, Judge
4 Frimpong has been kind enough to give us this court. She has a
5 jury that is in deliberation and I've just been informed
6 they've reached a verdict. We had an agreement so that I could
7 have this court and you weren't shuffled off to a much smaller
8 court, which wouldn't contain you, that as soon as she had that
9 verdict, I would vacate temporarily. I choose not to move this
10 up to 8B. You wouldn't like the court and it couldn't
11 continue.

12 But as chairman of the board, I know that you're
13 busy. I'm going to ask you to remain with us today. And if
14 you have another meeting, I don't mean to be ungracious, I'm
15 going to have very few of these meetings and hopefully some
16 positive things can come out of it if the leadership is in the
17 room. It can turn another direction also. For you as the
18 president of the council, I'm going to ask the same courtesy.

19 After 35 years of not having a look at the City, we
20 need to decide where to go from here, maybe in a very positive
21 way. This doesn't have to be negative. I want to recognize
22 Councilwoman Hernandez. It's a pleasure. We've gathered just
23 too many people. Everybody's had notice. And that was my
24 gracious way of requesting. I could have ordered.

25 Now, I see the auditor controller. I want to thank

1 you for being present. I want to be hospitable. Come up and
2 join us for a moment. Thank you for your presence. We're not
3 going to do this in two or three different sessions. I'm
4 waiting to hear if the mayor's going to be present. I believe
5 she's at a Metro board meeting. This takes precedence.

6 Nice seeing you. How are you today? And when Judge
7 Frimpong comes down, hopefully that'll give a little bit more
8 time without embarrassment for folks to get here. She's got to
9 take a quick verdict. You'll probably be out in the hallway.

10 **MR. UMHOFFER:** Your Honor, the mayor's on her way.

11 **THE COURT:** Thank you very much. Very gracious of
12 the mayor, I want to start on a very positive note. How long
13 before she gets here?

14 **MR. UMHOFFER:** I was told about 10 minutes.

15 **THE COURT:** Okay. I think Judge Frimpong's coming
16 down for a moment to take that verdict. If we could ask her to
17 come down, Karlen, as quickly as possible, so we're not
18 inconveniencing her. She's got first priority because of the
19 jury. I don't think the verdict will take very long, but let's
20 just wait, see what we can do. So just remain seated for a
21 moment. Let's wait until Judge Frimpong gets here.

22 **(Recessed at 9:26 a.m.; to reconvene at 10:58 a.m.)**

23 **THE COURT:** This is Case No. 20-00291, L.A. Alliance
24 for Human Rights v. the City of Los Angeles. I'm going to
25 invite Special Master Martinez to come up and join me. I have

1 a seat here for you. I'm going to ask Jay Gandhi, my Special
2 Master, to come up and join me. But at the present time, I'd
3 like to lead off the discussion today.

4 I want to recognize and thank the Chairwoman of the
5 Los Angeles County Board of Supervisors, once again, and
6 appreciate your presence.

7 Mayor, I appreciate your presence as the Mayor of Los
8 Angeles. I appreciate the auditor controller's presence, and I
9 especially appreciate as well the presence of Marqueece
10 Harris- Dawson as the President of the Council. The
11 Councilwoman Hernandez is here. I wish Nithya Raman was here
12 also, but we'll leave that to the side. I want to thank you,
13 and I know you're being inconvenienced, but after 35 years, et
14 cetera, of an audit not taking place in the City that was
15 meaningful, this is an important date. And in the future, my
16 request is simply a humble way of having you here. I never
17 wanted to order you to be present, because it treats you
18 subserviently as another branch of government. I don't choose
19 that.

20 Also, with certain persons, I don't have authority to
21 order you here, but I would expect your wisdom would bring you
22 here on this important date. So I think we've resolved that
23 now, and thank you for your presence humbly.

24 I think as elected officials, you've inherited an
25 extraordinarily difficult task, and I imagine you came to court

1 today thinking that hell and brimstone would reign upon you.
2 Quite the opposite. At the end of this, I'm going to be asking
3 if there's anything that your branch of government can do to
4 resolve the problems that have been presented to you. And I
5 fully recognize that there has been some progress. How
6 meaningful that is, I'll leave that to you and the public. But
7 I don't want to discount that in any way.

8 And so therefore, let's start off on a positive note
9 and start showing you and the public how we got into this mess.
10 I'm going to go through lunch and give up my lunch time. I
11 expect you to, because you're busy. But I'm going to start
12 with coming to Los Angeles and being given the keys to the City
13 by Mayor Garcetti. "Judge Carter -- I'm a fan of Judge Carter,
14 and it's so great to have you here, and the keys to this City
15 are wide open to you." And I told him I would probably be his
16 worst nightmare.

17 Now, I've told this story to Mayor Bass privately. I
18 told that publicly. I'm in a billionaire's office. I'm being
19 told I have the keys to the City, and a phone call comes in
20 from the City where this billionaire literally is ashen because
21 he's being told not to talk to me. My first dealing with
22 certain elected officials, and I'm going to be blunt about
23 it. Unappreciated. Not to you, but unappreciated.

24 The double counting that went on has led me to
25 disbelieve much of the figures being submitted to you and many

1 of the figures being submitted to me. I've expressed that
2 before in terms of my distrust. I commend those of you who are
3 on the street and wonder why the rest of you aren't, because
4 whatever is being presented to you, I have grave doubts about
5 now, and you can't help but talk about hundreds and hundreds
6 and hundreds of homeless people, and they're not wrong, and
7 they're not lying to you. So, therefore, I question your
8 information and the information you're receiving from your
9 bureaucracies.

10 A gentleman stood in front of me on November 5th,
11 2020, and his name was General Jeff, and I just want to start
12 with what's being said to the Court, because, remember, I'm a
13 new judge. Well, I'm an old judge, but I'm listening to this
14 person in my presence who I barely know. He's addressing the
15 Court. That said, Skid Row, Skid Row Advisory Council is
16 active out in the streets because we live in Skid Row. We're
17 in Skid Row every day. I just came here today from Skid
18 Row. Matter of fact, right now, I'm mourning right now because
19 I was at the candlelight vigil last night. Three nights ago, I
20 was at another candlelight vigil. You know, Pete Clouseau,
21 David Lindley, Teaspoon. The coroner's van is frequently in
22 Skid Row. We may not know why it's always our community, but
23 it's in our community like the white van with the blue stripe
24 down the middle. That means death. That means someone just
25 died. Someone from our community, and we have no understanding

1 as to what the cause of death was. Who it was? Is there even
2 a next of kin? Has the next of kin been notified?

3 That scene, that white van with the blue stripe down
4 the middle, that causes trauma to our community members, myself
5 included, and there's a lot of concern. And so when we talk
6 about Project Room Key, because he was addressing Room Key at
7 that time, and this was General Jeff. When we talk about
8 Project Room Key, you know, there's a direct message to you
9 from the folks that have met you in your community that really
10 feel open enough, and they say, hey, General Jeff, the next
11 time you see the judge, tell him I'm ready for -- where is my
12 hotel room at? Tell him to make some, get those people, not
13 you, get those people to give us our hotel rooms. It's going
14 to get cold. It's about to be wet. We're about to be stuck in
15 the rain. What do I do with my stuff? Where are the answers?

16 This is real-time information, Judge. I appreciate
17 this opportunity to be able to give it to you today, along with
18 the City and the county, the City and the county and everyone
19 else, LAHSA and everybody. Like, where is the sense of
20 urgency? Why is the victim blaming going on in the
21 homelessness area, homeless industrial complex? The poverty
22 pimps are winning the narrative, and that's why we, the people
23 in Skid Row, are fighting very hard to change that narrative.
24 Thank you.

25 Now, when I say you've inherited a difficult task, I

1 don't know that anybody in your staff has gone back
2 historically, nor if you should be motivated to go back
3 historically and see the constant message that's been sent to
4 all of us, including the judiciary.

5 So we're going to take, if you'd put up the, first of
6 all, the Los Angeles Joint Powers Agreement, which all of you
7 know about, but we're going to remind ourselves of February
8 28th, and you can get a chair if you'd like to. And make sure
9 that the elected officials can see that, and if not, we need to
10 turn a screen or get something available to you.

11 You should have, I think, here in this courtroom, do
12 we have monitors on the jury seats that you occupy? Is it on
13 now? Okay. In my court, we don't, so this is a real
14 blessing. All right. I want you to go to 4B -- 4B, Joint
15 Powers Agreement. And down at the very last line, by memory,
16 this Joint Powers Agreement that was created was probably for a
17 very noble purpose. If you go back to the Los Angeles Times
18 editorial board, there had been bickering between the City and
19 the county for a long period of time over who had
20 responsibility over shelter or housing, and who had
21 responsibility for services. And that acuity level and that
22 variance had caused tremendous conflict.

23 So let's just say a noble purpose, hopefully with a
24 noble solution. But down at the bottom, it gave the authority,
25 the ability to sue and to be sued. In its own name, except

1 that in no event shall the authority have the power to sue the
2 parties to this agreement. Fair enough. And so along the way,
3 for the auditor controller, for the City, I'm going to ask with
4 approximately \$40 million, as you can anticipate, of the \$50.8
5 million that was given to providers in 2016 with no contract,
6 no payment schedule, with the City having financial problems at
7 the present time. Why there hasn't been a suit to retrieve
8 this money?

9 And I received an e-mail and disclosed to you from
10 Dr. Kellum Adams that agreements had been signed, and I'll show
11 you that document, but it gives no schedule with the City
12 having issues concerning money. It gives no payback, and what
13 I'm worried about is two or three years from now, everybody
14 simply says, we've forgotten this. And that's close to \$40
15 million. Dispersed with no milestone, no contract, no
16 accountability.

17 Now, I'm going to put up the next document, it's
18 from 2017. So, Jay, if you do this for a moment. It's been
19 quite a journey, historically, with the City. This is a HUD
20 report from 2007. This is from the inspector general. And
21 this is the mess that you've inherited as the present elected
22 officials, which you're not responsible for. Let me be that
23 clear. This isn't a criticism of you. It's how we got there,
24 and what, if anything, you're going to do about it.

25 What we audited and why. We audited the Los Angeles

1 Homeless Service Authority in the light of publicity, which
2 alleged mismanagement and misuse of the U.S. Department of
3 Housing and Urban Development, HUD funding. And there are
4 three findings. They found first that the authority did not
5 perform on-site fiscal monitoring of its project sponsors
6 during the past two years. So this isn't new, and the six
7 other reports I'm going to show you as we move towards the A&M
8 audit, this is old news to elected officials and to
9 LAHSA. There's no auditing going on. There's no transparency.
10 There's no accountability.

11 They did not perform 100 percent source
12 documentation. Watch linguistics. 100 percent, what does that
13 mean? That means they didn't perform any. And eventually, I'm
14 going to quarrel with words such as, our reports are
15 linguistics nightmares. Providers are providers, but we refer
16 to them as partners, subrecipients, recipients. There's all
17 sorts of nomenclature in each of these reports that the reader
18 tried to sort out these are providers.

19 Our audit objectives were to determine whether the
20 authority adequately monitored its project sponsors to ensure
21 compliance with HUD regulations, and second, to determine
22 whether the project sponsors administered their supportive
23 housing program grants in compliance with grant agreements and
24 other HUD program requirements.

25 Now, these are federal requirements. So I'm going to

1 raise the question, where's HUD in this? Where's their
2 responsibility also with this warning from the inspector
3 general? Not necessarily you as elected officials, but how bad
4 is this system? What we found, the authority did not perform
5 on-site fiscal monitoring of its project sponsors during the
6 past two years, so we also know, and it's going to sound pretty
7 redundant pretty soon, no auditing. They did not perform and
8 could not find the source documentation, at least in the two of
9 its project sponsors, and if you go back, that was our
10 sampling. There were only two project sponsors that they
11 looked at. So it sounds like when you read it, they examined
12 hundreds. No, they didn't. They examined two.

13 To ensure cash matching was eligible and supported of
14 the two project sponsors reviewed, one had applied ineligible
15 expenses as cash match, while the other was unable to support
16 its cash match due to poor financial management system.

17 Now, just kind of bookmark that in your mind for a
18 moment, because I think at the end, you're probably going to
19 agree with what I've concluded, and that is we're being told
20 all the way along the line the same thing over and over again,
21 which even makes me wonder why we spent \$2.8 million for the
22 excellent job that A&M did, because we've been told, we
23 attribute these deficiencies, et cetera, et cetera, to
24 management. So 2007, and Michelle, if you could put this off
25 to the side.

1 Okay. The next one, and by the way, there are
2 interims, but we're going to take the 2019. Most of you
3 weren't in office, but 2019 is the Ron Galperin controller,
4 your predecessor, Mr. Mejia, the entity tasked with connecting
5 the homeless housing and services in the region is the Los
6 Angeles Homeless Service Authority, LAHSA, a joint powers
7 authority of the City and county of Los Angeles, operating with
8 a \$300 million annual budget provided by federal, state,
9 county, and city funds. One of LAHSA's core functions is
10 street outreach to homeless population.

11 The City and County have spent more than \$54 million
12 funding just your outreach efforts over the past two years,
13 with the City paying \$10.3 million to LAHSA out of its general
14 fund. And this has got to hurt, because this comes out of your
15 general fund. This isn't pass-through money coming from HUD to
16 the County as a COC and out to you. This is coming out of your
17 general fund. And it's an entirely different situation that
18 the County finds itself in compared to you as the mayor.

19 Finding. LAHSA is "falling short" of its City goals
20 in 2018-2019, and I put that up there for yellow underlining
21 for you, and I'm going to attach these documents to the court's
22 hearing today. LAHSA failed to meet five City outreach
23 targets, in some cases reporting 4 or 6 percent success, and
24 reaching only dozens of people in need.

25 Next, currently the goals are ill-defined and do not

1 align with benchmarks established by the County, leading to an
2 uncoordinated approach to outreach and data collection. Next,
3 LAHSA's insufficient street outreach performance is matched by
4 its loose review and reporting procedures.

5 If you turn to page 21 and you dig into this
6 document, there are unclear metrics and results, and for
7 LAHSA's reports to be meaningful, its metrics and expected
8 results need to be clear. HMS data needs to be accurate and
9 complete, and the results need to be consistent across the
10 entire COC.

11 So when we get to the A&M audit, keep asking
12 yourself, have we heard this redundantly before?

13 Turn to page 22 eventually so I make a record. Data
14 quality and reporting inconsistencies for City
15 outreach. During review, LAHSA provided the controller's
16 office with four separate reports for the same outreach
17 activities performed during the same time frame in fiscal 2017-
18 2018. Each report corrected prior results. In other words,
19 we're not getting one report that is accurate. Each report,
20 each query leads all of us to a different result and show
21 different outcomes that raise questions.

22 Now, that's a polite way of saying raise questions
23 about the agency's ability to measure performance and whether
24 it's accurately reporting results to its shareholders. A
25 clearer way that I can say it bluntly is we don't have accuracy

1 here in a way to report this. So these are nice auditor words,
2 a little bit protective, but I'm going to be blunt about it.
3 We don't have accuracy.

4 All right. Now we're going to turn, and I'll make a
5 record of all this and your staff can take it back, and I know
6 that there's no real motivation to go through this, except
7 maybe on the public's part. I want to turn to your 2021
8 Committee of Greater Los Angeles, May 19, 2021. Now this is
9 the committee that Fred O'Leary is involved in, Miguel Santana,
10 a whole group of really good private public servants. They
11 engaged Dr. Raphael Sonenshein. "No matter how many Angelenos
12 are doing tireless work," and I want to compliment right to
13 begin with. Your folks on the street. They're underpaid. And
14 I'm going to raise why we're paying, if the City's short of
15 money, \$430,000 bluntly, which I leave to you, and staff is
16 turning over \$300,000 with LAHSA, and I'm going to be blunt
17 with you. I've already made a record on three different
18 occasions that I will never go into LAHSA's offices building
19 again, because it's ostentatious, downtown, in a high-rise
20 effort, or area, that I will never step foot in again because I
21 don't think it serves the public good with that kind of money
22 expended. But I'll leave that to you and your finances, so
23 when you come back and tell me you're short of money, trust me,
24 we've got a real argument coming whether you have enough money
25 or not.

1 So let's hear the frustration with the Blue Ribbon
2 Committee. No matter how many Angelenos are doing tireless
3 work to help our region's most vulnerable, L.A.'s public
4 sectors still lack a shared set of quantifiable goals and a
5 consensus on the mission and skill of the work specific to
6 addressing region's homeless population.

7 We recommend a recalibration of the government's
8 structure. There's where I'm going to use the first word of
9 centrism, which you're going to see a centering recommendation
10 in a number of these reports. And ask us if we've really
11 restructured this or if we took all of this pressure in 2025 to
12 get our attention, resulting in a more coordinated and
13 strategic approach among state, county of Los Angeles, cities
14 and the service providers responsible for this crisis.

15 If you turn to 8, you'll see the road to this point
16 is paved with broken promises and new initiatives that fill us
17 with hope when adopted, but fail to fully reach our
18 objectives. So back in 2021, this committee is really laying
19 out the frustration of the public.

20 If you turn to page 6, eventually in the body,
21 governance can, and we can keep up, Maren, with that. Create a
22 framework for shared data information goals and best practices
23 and ask ourselves, what's different in the A&M report and the
24 county report from this constant message? Align authority and
25 responsibility so those with power can make changes are held

1 responsible. What's different than what we've been hearing?

2 So when we dig into A&M in a few moments and I ask
3 what your criticism is, keep all these documents in mind.

4 Now what I think is that this was a noble effort was
5 a gratuitous comment on my part, but what it effectively did
6 also was a byproduct where county officials weren't held
7 responsible, and this is long before your time. This is not a
8 criticism of you folks sitting here. But it created the
9 perfect Pillsbury Doughboy. Punch him in the stomach and LAHSA
10 pointed to the City. Talk to the City and they pointed back to
11 LAHSA or the County or the County pointed to the City. And so
12 what it really did is it took the responsibility of us as
13 elected officials off the table previously. And I'm not saying
14 that that was an intended consequence, but that's exactly what
15 happened. And that's why in their papers when L.A. Alliance
16 refers to LAHSA as a scapegoat, it's a pretty dramatic
17 word. But LAHSA would point back and say, well, we're not
18 getting this from the City or the County.

19 So that's our third document. You can dig into
20 it. There's a lot more I could say about it, but you don't
21 have time and I don't have the energy right now.

22 All right. The next report is in 2022. And by the
23 way, about this time, what I haven't interjected is this
24 Court's waking up. You'll go back and read in 2021, I start to
25 question that I can't track or understand where the \$600

1 million went. And it's dawning on me that the providers now
2 are keeping this documentation in-house and that nobody's
3 asking the providers what they did. And I'm going to say that
4 again. Nobody is asking our providers what they did or what
5 services they performed. So we're not asking that.

6 We may have providers who, quite frankly, committed
7 fraud and we'll never know. We may have providers who, for
8 want of a better word, underserviced their client, provide
9 minimal services for the money, and then we may have excellent
10 providers. And we as elected officials could never sort that
11 out.

12 So as the City was in the position of, Judge, we
13 can't give A&M and you the documentation until LAHSA got it,
14 the Court then gets push back. Well, Judge, LAHSA hasn't been
15 a party to this case. And I'll tell you the truth. I think
16 that was stonewalling. And I'm going to ask you, L.A.
17 Alliance, to address me and tell me why, since we've been going
18 around in this circle, like the Rocky Horror Picture Show, why,
19 if LAHSA thinks it's a separate entity, why it hasn't been
20 joined involuntarily and sued.

21 Because, quite frankly, the Court, every time it
22 bears past the City, which I have a good faith settlement with
23 the City, and thank you. And every time I bear into LAHSA, I'm
24 told, you don't have jurisdiction, Judge. Well, then maybe you
25 should bring that jurisdiction into the court if that's their

1 present position.

2 Okay. Let's go to the 2022 report. This is a
3 report. Hopefully it's up on your screen. This is from the
4 inspector general again. This is from HUD. And what does HUD
5 say? Well, on January 20th, HUD is right back to us. They
6 audited Los Angeles because of the homeless crisis in Los
7 Angeles, which has the highest number of unsheltered people in
8 the United States. And in addition, the Los Angeles City
9 Controller issued a report in 2019. So, Mr. Mejia is referring
10 back, Galperin again, criticizing LAHSA for falling short.

11 You can read this, but if you go down to the
12 findings, look at page 6. If we can flip that up quick. And
13 by the way, you're welcome to read all this. I'm just picking
14 up. Trust me, we can really get into this document, but the
15 authority did not perform monitoring subgrantees during the
16 term of the grants.

17 Now we have a new name for providers, don't we?
18 We've moved from subrecipients to subgrantees to partners. I
19 feel sorry for these elected officials trying to understand
20 these linguistics. These are providers.

21 I'll refer you to page 9. I'll refer you to page 12
22 in the findings, not to waste time. Your staff can look at
23 this and put this together. I'm blurry-eyed with it. You
24 don't have the authority supporting costs to its HMIS or
25 planning COC grants. There aren't adequate procedures and

1 controls. It sounds familiar. Didn't follow its cost
2 allocation plan.

3 I don't want to waste too much more time with it
4 because there's even more important documents. Now I'm going
5 to turn to 2024.

6 This is the audit from the County for a moment. I
7 want to compliment the County and I want to compliment the
8 mayor because, Mayor Bass, you agreed to this third-party
9 audit, much to your credit. I know it has to be uncomfortable
10 on occasion, but I've never heard a federal court break into
11 applause before. That occurred in your presence. And I want
12 to compliment you and the board because you conducted this
13 audit.

14 I will be very blunt with you. I don't know about
15 Measure A, but this came on the ballot, and I'm going to be
16 blunt about this, on November 19th. And I'm going to wonder if
17 the public wasn't entitled to this document because I don't
18 believe that this was suddenly prepared on November 18th,
19 because this document is extraordinarily critical. And I know
20 it's not in our self-interest in terms of taking money out of
21 the homeless. Quite the opposite. But I do question, and I
22 bluntly question, why this was released on the 19th and not
23 before the voters went to the polls. And I'll leave that to
24 you. Leave that to your own conscience.

25 So let's go through this for a moment. This is by

1 Oscar Valdez, November 19th, 2024. We completed a review of
2 losses, finance, contracts, risk management, and grants
3 management and compliance units as requested by the Board of
4 Supervisors on February 27th, 2024. That was your board agenda
5 item number four. Our review was completed in accordance with
6 the scope of the work report issued on April 23rd, 2024.

7 Okay, the first, and I'm never going to let this go.
8 There's a 50.8 million in Measure H capital advances. There
9 are no contracts. There are no milestones. And frankly, until
10 the L.A. Times caught this, I will subjectively believe that
11 there was no intent to pay this money back. I'm going to be
12 blunt about that. And I don't even know that you're catching
13 this. It's not even coming to your attention as elected
14 officials. And these are cash advances in fiscal year 2017 to
15 2018. And they also range from 2018 to 2020.

16 And I recently received a letter from LAHSA that
17 since our last hearing on January 9th, do you know how much
18 money has been collected? \$220,000. If we're so short of
19 money, why aren't these providers being sued?

20 And I also received a letter from Dr. Kellum Adams
21 that agreements have been signed, and that's meaningless to
22 me. These parties owe you that money, period. And a simple
23 agreement means they're waiting for us to either get senile or
24 die, or forget this. And if we're short of money, go get it.

25 Now hold on. I'll leave that to you. But this 50.8,

1 I put those providers up on the screen last time. And I'm
2 waiting at the end of this to put those providers right back up
3 on this screen and ask how we're going to get this money back,
4 because you need the cash, or at least you're going to throw
5 that to me. So we're almost done with it, but where's that
6 money?

7 The next is that they did not recoup. It's number
8 two, if you put that up, annual cash advances. So separate and
9 apart from this, we've got 15 million in outstanding cash
10 advances with 8 million over the fiscal years 2016-2017. But
11 the most interesting thing is you've got \$409,000 out
12 there. And what I'm hearing from LAHSA is as follows. Because
13 they're no longer providers, it's almost like we're giving up
14 on that \$409,000 because these subrecipient providers are no
15 longer doing business with us. And my response is if we're
16 short of money, why hasn't LAHSA sued? Because LAHSA can sue
17 and be sued. I leave that to you as elected officials, but if
18 you're going to tell me how short you are of money, then you've
19 got a real concern with the Court.

20 But what's even more interesting in subsection 2 is
21 they only review eight contracts, eight contracts. And of
22 those, all the contracts, 100 percent did not capture the
23 dates, 75 percent or six contracts did not match the dates in
24 the actual contract, 50 percent the start dates were
25 inaccurate, and "LAHSA does not have reliable and accurate

1 information about fundamental contracting metrics such as
2 quantity, timelessness, and terms." I'm quoting that.

3 Now, when we get to A&M's audits, please ask me
4 what's different to A&M's saying.

5 The next is the number three, I believe. And to me,
6 this is, let's see here. Now I want to get to the -- my
7 special master got a couple requests from the press. Judge
8 Carter, have you found fraud? I didn't respond to that for a
9 couple reasons. I leave that to you to define fraud. Is fraud
10 not performing any of these contracts? Certainly. Is fraud
11 underservicing and charging you more money for the services
12 performed? I leave that definition to you.

13 But in this section, LAHSA was unable to produce an
14 accurate list of all their contracts in the ETMS system.
15 Specifically, they initially informed us of 1,273 active
16 contracts as of May 2024, but they provided five different
17 contract listings. Now, I struggle with linguistics, folks,
18 and I don't know what listings means. I'm going to substitute
19 the word queries. And you can correct me if I'm wrong, but in
20 reading this document, they went through this five different
21 times, and guess what? The range of the active contracts, and
22 now, by the way, we are responsible because Adams Kellum is in
23 place now, are as follows. We have a run of six -- let me get
24 my notes for just a moment because I'm blurry eyed with
25 this. 676 to 1,078 in five different runs. We don't even know

1 the number of active contracts, so how can we actively even
2 have a forensic audit and discover what our providers have been
3 doing?

4 And since nobody is checking our providers, well, my
5 next question to all of you folks is, are you willing, LAHSA,
6 since you're not a part of the lawsuit, to undergo a forensic
7 audit to find out where this money went and if it was well
8 spent or not?

9 Judge Carter, you don't have jurisdiction.
10 Fine. Then I turn to L.A. Alliance. Why haven't they been
11 joined? Because this circle keeps twirling around with
12 everybody pointing the finger at everybody else, and hopefully
13 we'll end on a positive note.

14 Now, our sampling is really interesting. Go down
15 just a little bit. I've just told you about the 100 percent,
16 75 percent, and 50 percent, and all we have are eight entities
17 that we checked, folks. Of all these contracts, we've looked
18 at eight, and we are not doing well. I won't belabor it, but
19 read this document because I want to compliment the County for
20 at least undertaking this audit on your own request and not
21 pressure from the Court.

22 But number five, the inappropriate use of funds. I'm
23 going to call this commingling. And what this simply is is
24 that, look, you've got a provider like HUD or somebody else,
25 and you and I are faced with the situation now of when these

1 payments come due, we don't go into that funder's source or
2 wait for the payment. We simply go into another funder's
3 source. I won't say anything further, but I can imagine if a
4 lawyer did that, what would happen with our bar license. So I
5 leave you to define what that is.

6 You've got cash advantages -- cash deficiencies in
7 number seven, and if you turn to that, we'll skip some of this,
8 number seven. We only selected 33 percent or 12 of the
9 subrecipients, which means providers, working capital advances
10 totaling 34.6 million of the 50.8 million, and what do we find?
11 We find that in this limited survey that \$505,000 is an advance
12 by two subrecipients, and we have an understatement of the
13 amount, whatever that means.

14 Now look down to the next one by memory, \$5 million
15 of the rest. And what does that say? Well, that says that
16 they did not provide documentation. Does that sound familiar
17 to A&M? So the impact, as best can be said, is the increased
18 risk of misuse, and I leave that to you and the
19 misappropriation of funds, and we can't discover what's
20 occurring out there because nobody's checking our providers nor
21 demanding documentation from them.

22 And every time the Court intercedes, the Court's too
23 aggressive or it's not my jurisdiction, well, who the heck is
24 going to ask on behalf of the public then if you're not, as
25 elected officials? And I'd like you to be asking instead of me

1 because I'm only going back to the circuit on it. So I'm
2 asking you to help me as elected officials and assume this
3 responsibility and come up with some centrism.

4 Now I'm almost done, and then I'm going to turn it
5 over to you folks. We now are back to our Homeless Audit,
6 Pathways, Permanent Housing, and this is the committee, again,
7 that you've appointed. So we're right back with Sarah
8 Dusseault and Ali and Miguel.

9 **UNIDENTIFIED SPEAKER:** That's Kenneth Mejia's audit.

10 **THE COURT:** Oh, my apologies. You're absolutely
11 right. My apologies, Michelle.

12 This is, Mr. Mejia, your audit. It's a great
13 audit. My compliments. And I know that there's some conflicts
14 between you and Mr. Szabo, and I want to hear again what you
15 do, what's your function, what authority do you think you have
16 because you've got a real disagreement going on with the City
17 that's now harmful between you and Szabo to the American
18 public.

19 Because these programs have been able to be swept
20 under prior mayor's auspices and because the position of the
21 City has been once that occurs, you can't audit. That was
22 Szabo's position in my court. Then for 35 years, we've escaped
23 audits here until the Court, quite frankly, was overbearing and
24 the mayor was gracious with this third-party audit that nobody
25 thought would come out in glowing terms. We all knew that

1 there was going to be an issue. We talked about that. And I
2 was willing to take that on with transparency.

3 But your findings are as follows. The lagging
4 occupancy rate, Mr. Mejia, in the interim housing shelter
5 alone, is significantly below LAHSA's target
6 occupancy. Unoccupied beds cost an estimated \$218 million.

7 Now let me just stop. But you tell me you don't have
8 money? I'm coming back and asking why. Because all of this is
9 occurring before the fires take place. And in a moment, under
10 8.2, you're going to find that I'm going to be very gracious
11 and work with you because regardless of what L.A. Alliance may
12 say, this does cause a hiatus. This is a priority for your
13 folks out there. But at some point, this emergency is going to
14 end. And while this may be a priority, this will no longer be
15 an emergency. And right now, what's emerging is a slow train
16 wreck. And therefore, when the Court gets involved in six
17 months, or two months, or a year from now, we all better be on
18 the warning that this emergency can't extend forever. But it
19 is a priority. The Court recognizes that.

20 Okay, next. Severe data quality issues. The lack of
21 reliable information makes meaningful evaluation of system
22 performance difficult and impedes LAHSA's ability to hold
23 underperforming, and I'll say non-performing, and I'll
24 substitute the word -- well, providers accountable and prevents
25 the City from making informed decisions. The next

1 quote. LAHSA's program management and monitoring are vastly
2 inadequate. The agency does not have a formal process in place
3 to regularly review the performance providers, including
4 occupancy, placement, rates, and holding underperforming
5 service providers accountable by requiring significant
6 corrective action.

7 You've taken the position in my court that the City
8 has cut back your accounting staff. I really don't care to
9 enter into that dispute. But if your responsibility is, as you
10 said to the last judge, I'm writing blank checks. Remember
11 that? I've got the quote for you in a moment. Judge, I'm
12 writing blank checks. Then there has to be some accommodation
13 between you and Mr. Szabo and the mayor's office, et cetera, to
14 have you tell us what you think you can do so that we don't
15 have another third party audit and \$2.8 million put on the
16 City.

17 And what you can do, and I'll come back to you in
18 just a moment, so think about that. What are your duties? And
19 where are you reaching on the roadblock? Okay?

20 Now we're into the third -- or the second amended
21 draft of the Alvarez-Marcell assessment. And I left this
22 tentative because I'm going to give the folks an opportunity
23 out there to ask some questions. I'm not going to call on the
24 informal mayor of Skid Row right now, Kevin, and I apologize
25 for that, because what you would hear, I guarantee, is what I

1 heard last time, and I don't mean to cause you
2 embarrassment. It's not hitting the streets, folks. At least
3 it's not hitting the streets for the money being expended in a
4 meaningful manner. And if you want to hear from that, if you
5 want to challenge me, I'll invite the community to come up here
6 and talk to you.

7 So let's go through A&M's report for a moment. And I
8 told you with A&M that this would probably fundamentally change
9 who you are as a human being and that you were almost silly to
10 accept this contract. Where are you, folks? Yeah. And I'll
11 have you come up and just describe the process you've been
12 through. Because in reading this, I will tell you, folks,
13 behind the scenes, if you read the emails I read submitted to
14 me by Special Master Martinez, there was a lot of stonewalling
15 going on. And for the City, you paid some extra money because
16 LAHSA didn't produce in a timely manner, or kept telling us
17 that we had the information and redefining it. And that cost
18 the City unnecessary money.

19 If you don't have the documentation, just say you
20 don't have the documentation. But we ran up a significant bill
21 on the City, and I apologize to that now, because we couldn't
22 get the information from LAHSA. So we came back to you with
23 \$400,000, and we came back to the County with additional
24 resources we need. We couldn't get the documents that we
25 needed from LAHSA.

1 Okay. Key findings from the A&M report. Poor data
2 quality and integration. A&M report identified multiple
3 siloed, and you can literally put up -- well, let's leave my
4 notes out for a moment, but I'll make them part of the record.

5 A&M reported identifiable multiple siloed referral processes,
6 different data systems, and inconsistent prioritization and
7 lack of matching. I received a letter from Dr. Kellum Adams
8 Kellam -- Adams Kellam?

9 **UNIDENTIFIED SPEAKER:** Yeah. But let them just do
10 the presentation first.

11 **THE COURT:** No, just a minute. Adams Kellum?

12 **UNIDENTIFIED SPEAKER:** Yes.

13 **THE COURT:** Yeah. Do we have that letter from Dr.
14 Adams Kellum that we can put up quickly? I'm going to make
15 this all part of the record, because it's hard for you folks to
16 switch back and forth. But basically, LAHSA agrees, but states
17 that this issue extends beyond LAHSA's sole control. In other
18 words, she's pointing right back to you folks. And this is why
19 the system needs to be centralized, frankly.

20 And I'm going to try to end positively and ask you,
21 can you help our public and the Court, so I'm not interceding
22 unnecessarily in coming up with a system of centralization with
23 some true weight and power behind it, because this system is
24 not working.

25 So, number two, the quantification of funding for

1 city programs. We put up number two. Do you have that for
2 them? Our elected officials need to see this. Well, instead
3 of jumping around, let's just go to number two. My
4 fault. I'll just take the actual document, okay, so you can
5 see it. And if we put up the actual document, we just go to
6 two. There we go. Okay.

7 Number two, quantification of funding for City
8 programs. Here, A&M's report identifies 2.3 billion in funding
9 related to city program. Now, remember, this is only three
10 programs that we're monitoring, Roadmap, Inside Safe, L.A.
11 Alliance. You've got, I'll guarantee you, close to \$15 billion
12 out there in homelessness expended. We can add it up for you
13 if you want. You've got about \$25 billion statewide so far.

14 Now, in between all of this, let me just interject
15 one more thing. Elaine Howe, in the meantime, because most of
16 you weren't here as elected officials, your staff were, and I
17 don't know if this gets back to you, is reporting from the
18 state that they can't keep track of the homeless money flowing
19 from the state to local government.

20 A&M's report identifies \$2.3 billion in funding
21 related to City programs. We know this is a very small portion
22 of this amount spent by the City and County to combat
23 homelessness. And I remind you, this is only a three-program
24 audit that we're doing. Really, the total cost is probably 12
25 to \$15 million in Southern California. LAHSA, in response from

1 Dr. Adams, states that this is in part due to how the City
2 recorded its expenditures. Right back to the City. So you
3 poke LAHSA, points to the City, you point to the City, and they
4 say, we don't have the contracts, Judge, we can't provide them
5 because they're over with LAHSA. It's a perfect shield for
6 political responsibility. And I don't think you intended that,
7 but that's the end result of it.

8 Number three, a disjointed continuum of care
9 system. The A&M report states that the system is fractured and
10 requires reform. When have we heard that before? LAHSA agrees
11 that the current continuum of care structure is fragmented and
12 requires reform, and then goes on with a whole bunch of
13 futuristic promises about what they're going to do. And
14 frankly, I could care less. If they were going to do it, they
15 should have done it, or they should have given you a road map
16 now of elected officials, how they're going to do it. All
17 these promises now are meaningless.

18 Number four, limited financial oversight and
19 performance monitoring. A&M states that there are invoicing
20 inefficiencies and inadequate invoice validation. That's a
21 fancy way of saying we can't find the data. LAHSA agrees. If
22 you look at Dr. Adams, she agrees with it. And then goes on to
23 give me a whole bunch of futuristic things that might be
24 accomplished. There's a need for enhanced financial oversight
25 and transparency, she says, looking through her letter back to

1 the Court, which I've docketed.

2 Number five, lack of contractual clarity and
3 accountability. The report notes that contracts lack clear
4 definitions and accountability measures. LAHSA agrees. My
5 question once again and continually is, who monitors these
6 service providers? If we're giving them this kind of money, of
7 course they're going to accept it. Now where's the supporting
8 invoices and documents?

9 So let me turn to you, Mr. Mayor. First of all, your
10 site is excellent. It's professionally well done. I can
11 actually understand it. The public, I think, can understand
12 it. The problem you're running into that I see is you can't
13 get the information from LAHSA, and I'm going to continually
14 ask you and the City, when we have a request for proposal, that
15 request for proposal, as the president, you know, has to set
16 out, I'm requesting X amount of money, and here are my
17 milestones. Why isn't that going up on this data website that
18 I've proposed so we can see that because there's no HIPAA
19 violation here. And by the way, HIPAA was thrown back at this
20 court time and time again, but these are just milestones
21 without individuals, and that way, at least our public and you
22 would know, and we might get criticized, but at least we'd
23 know, hey, who's serving Top Ramen when they're charging us
24 \$15? Do we have two people out in the parking lot, and if
25 we're short of money, can we get the bad providers out and keep

1 the good providers and reward them? Maybe we even pay them
2 more for goodness sakes. You'll hear no blowback from the
3 court, but we don't even know. Because the providers won't
4 provide it, and now I've formed the conclusion, bluntly, they
5 don't have the documents. They don't have the data.

6 And if we went back right now with a forensic audit,
7 it might be a waste of \$2 million or more to prove that, but
8 I'm going to challenge all of you to a forensic audit in a
9 moment, and let's get rid of the bad ones and reward the good
10 ones so you're getting services. Okay, I'm almost done.

11 The cost of service variability. The A&M report
12 highlights variable program cost of service provider
13 performance and operational models very significantly. LAHSA
14 agrees, and LAHSA also states it has no provider checks, just
15 read what Dr. Kellum Adams is saying, but she goes on for four
16 paragraphs telling me what they've done, what they're going to
17 do after decades. It's falling on deaf ears, and they then
18 conclude with what your Blue Ribbon Committee concluded.

19 I strongly agree with A&M's recommendation for a
20 unified homeless strategy and funding priorities across the
21 City and County. Where's the governor? I mean, if we're going
22 to take this homeless industrial complex on, you're a part of
23 that, but you're not the ultimate solution, and so why isn't
24 the governor here? I didn't request him. I can't order him,
25 but he's an integral part of what you need, and if you're going

1 to come up with a centralized authority, Mayor Bass, I don't
2 know that you've got the power from the City's standpoint of \$4
3 million to be that omnibus leader. I don't know from the
4 County's perspective that you've got that power with the City,
5 but everybody's saying we need a central authority in agreeing
6 on that, and one of the examples is out in Venice.

7 I don't want to get too political, but a great
8 editorial in the L.A. Times the other day about one council
9 voting to approve a project in the City, and now it's tied up
10 with another one with Tracy Parks, and it'll probably never get
11 built, and your bills just keep going up. So who's going to
12 make that tough decision? Because you as elected officials,
13 you're going to get crucified by your public as soon as that
14 goes in. I get it, but somebody's got to start making it, or
15 we're just running up a bill, pretending with the American
16 public like we're doing something, and we're not.

17 Okay. I'm done. So I want to say to you, you've
18 inherited one heck of a mess, and this has occurred for
19 decades. So when I'm talking to you, I'm not bearing down on
20 you. I'm bearing down on every past official who saw this slow
21 train wreck occurring, and then I'm going to ask you, what are
22 you going to do about it, or is the Court going to have to do
23 something about this?

24 Now, first of all, I don't have the power to vote
25 where these projects go. I don't have the power to vote money,

1 do I? I can make your lives miserable, but I don't have that
2 power, unless I do a couple things. I can impose a monitor. I
3 can impose a receivership. I can stop your funding until you
4 get this website up with transparency. I choose not to, and I
5 question this. I will guarantee you, and I promise you I'll be
6 alive at the 2028 Olympics, and these streets will be
7 clean. You've already shown me that at the Academy Awards.
8 Could we find a homeless person between here and Union
9 Station? I couldn't. We swept those streets clean, and we'll
10 do it again.

11 No matter, Mayor -- I know your proclamation
12 (inaudible), you're not going to do that. I get it, but they
13 will be clean, because you'll be on the world stage, and
14 whether Trump comes out here as the president, or you, you're
15 on a national stage.

16 If we can do all these things, because of the Academy
17 Awards, and supposedly give our homeless hotel rooms at a
18 couple hundred times, then why aren't we doing that in the next
19 three or four years for the citizens of this City and County,
20 because you've shown me you can do it. So why are our citizens
21 waiting until two weeks before the Olympic Games to see the
22 cleanliness of Los Angeles? It's a fiction.

23 And by the way, I hope you run the marathon partially
24 through Skid Row. The folks out there would like to see it and
25 volunteer. Okay, now, I'm done.

1 Can you help by doing a couple things? First of all,
2 I don't trust you. Not you individually, I don't trust you as
3 an institution any longer. I want two more years of
4 jurisdiction, and I want to see LAHSA joined to this if it
5 continues to exist, and I want the County to stop stalling,
6 because you're part of my obstacle and problem. Just think
7 about that.

8 I want to go up through the Olympic Games. I want
9 two more years.

10 **UNIDENTIFIED SPEAKER:** Beyond '27.

11 **THE COURT:** Absolutely. Number two, I want you to
12 get together and call Gavin down here. He has a blog, and he's
13 busy blogging. And I'll request him and embarrass him, but get
14 him down here in a room with you. It doesn't have to be
15 here. I'm not the center of the universe, and start
16 coordinating with him, because he's in a box. If he doesn't
17 supply money, he's going to be criticized as not helping
18 you. But if you talk to him hypothetically, he might be
19 saying, I'm not getting anything back from my City and County
20 that gives me confidence in the money I'm giving. He's in a
21 box just like you folks are.

22 And Michelle and Judge Birotte will act as the
23 moderator or mediator if you want to, or do it yourselves. But
24 I'd like to hear a report back.

25 Now, the good news, I'm not going to do anything

1 today. I'm going to wait to see what the County does in terms
2 of your vote in early April. I don't care what you do. But
3 whatever you do, it has to be something to stop this train
4 wreck.

5 Mary, I think you've taken a little bit different
6 position. The council recently decided as of 24 or 48 hours
7 ago to explore that. Explore means nothing to me. It means
8 you're exploring it, which means you haven't had a vote
9 yet. I'm kind of waiting. So I'm going to reschedule
10 something in April at your convenience, and I'd like to hear
11 before I decide to take action that you're the leadership that
12 we all need. And God bless you because it's fallen to you for
13 decades of negligence. And it's fallen to you with decades of
14 unaccountability. And guess what? That's why you got elected,
15 to solve this problem.

16 So I apologize that this has fallen on you for all
17 these decades, but you're it. Next person up, like the Marine
18 Corps said.

19 Okay, now, do any of you, and I don't want to talk to
20 your staff. I'm done talking to your staff. I'm talking to
21 elected officials. Do any of you disagree with any portion of
22 this report? And if so, as elected officials, not your staff,
23 tell me what you disagree with. And A&M's here to answer your
24 questions. Otherwise, I'm going to make this draft final.

25 So take a moment, talk to your staff. Wendy Greuel

1 you're here. Thank you. Because I want to know that you've
2 read it now and not your staff and what they're feeding you,
3 because I've had this experience. I don't even think your
4 counsel is aware of half the things that happened in this court
5 and are caught by surprise because I don't think your City
6 attorney's informing them.

7 **(Pause)**

8 **THE COURT:** Hey, Karlen, thank you so much. We got a
9 mic. Go consult your staff. If you disagree with a portion.

10 **UNIDENTIFIED SPEAKER:** Judge, I think the public
11 wanted to hear the presentation. That's why they're here.

12 **THE COURT:** I understand that. I want to hear, first
13 of all, if they disagree. Which sections you disagree with and
14 why. And then to give A&M a chance to make your presentation
15 and to rebut whatever's being said. And also, our
16 conversations have been quite candid privately. You've dressed
17 this up in nice auditor language. You've said things like
18 extraordinarily difficult when you've said to me, we're not
19 able to get it, Judge. Okay? I'll leave that to the two of
20 you. But this audit is the only look we've had in decades at
21 this city.

22 **MS. BARGER:** Your Honor? Over here.

23 **THE COURT:** Oh, I'm directionally challenged. There
24 you go.

25 **MS. BARGER:** I guess, you know, I mean, overall, I

1 agree with the report. But there are little nuances and so,
2 oh, Supervisor Kathryn Barger, L.A. County.

3 I would ask the opportunity to sit down with you all
4 in terms of methodology and that was my concern from day one as
5 it relates to the County working with A&M because there are,
6 having been with the County for 35 years, there are certain
7 things, especially as it relates to methodology that can change
8 outcome. But overall, I do not disagree with it, but I would
9 like to at least have the opportunity -- I didn't know if it
10 was appropriate for me to be able to sit down with them.

11 **THE COURT:** More than fair.

12 **MS. BARGER:** Okay. So, you know, tentatively
13 overall, I agree, but there are some concerns regarding some of
14 the methodology that in turn affected the finding, not to the
15 point where it is an oh, my God, but at the same time, I want
16 to understand that portion, so I would like to set up a meeting
17 if that would be okay.

18 **THE COURT:** Done.

19 **MS. BARGER:** Okay.

20 **THE COURT:** Okay. Mayor, and take your time with
21 this.

22 **MAYOR BASS:** Sure. Well, first of all, let me join
23 with my colleague here, the Chair of the Board of Supervisors,
24 Kathryn Barger. I would like time as well to go through it.

25 You know, Judge, when we first met, I ran because I

1 knew the system was broken and I wanted to come here and I
2 wanted to make a difference. To me, though, the first
3 priority, the first mandate on day one was to save people's
4 lives and to get them off the street.

5 **THE COURT:** And by the way, let me verify that
6 publicly that we've had that conversation. Okay.

7 **MAYOR BASS:** To diagnose the system, to figure out
8 what was wrong, and to fix it. And so the approach that we
9 have taken, definitely not enough, was to go -- was to figure
10 out what was wrong, fix it, but getting people off the street
11 at the same time. So I know that there's a lot in this report
12 that I agree with. I would question some of the methodology.

13 The other thing is that the report points out what is
14 wrong, but not necessarily how it's supposed to be
15 resolved. And one problem I have with all of these discussions
16 is that you're talking about a system, but you're not talking
17 about the people. It doesn't start with what do the people who
18 are on the street need to get off the street. We focus on the
19 bureaucracy. We focus on the administration. But we don't
20 focus on the needs of the people. I would like to do
21 that. I'd like an opportunity to do that. I'd like an
22 opportunity to spend some time and dig into it. And I think we
23 had conversations along this line.

24 So I pointed out to you before you discovered it a
25 lot of the stuff that was wrong. We know this. The point is,

1 is how to fix it and what we're going to do about it.

2 **THE COURT:** Can you fix it?

3 **MAYOR BASS:** Yes. Well, put it this way. I believe
4 that we can stop people from dying on our streets. That's what
5 I believe.

6 **THE COURT:** Let's have that discussion publicly
7 now. Just like you and I are sitting down for pancakes. When
8 we meet for pancakes. Okay. How? Do you have the power, you
9 know, to get this county, city, constant decades discord,
10 dysfunctionality between, oh, my acuity level is seven. I'm
11 just a little bit bipolar. And the County says to you, your
12 problem City. You get to house me.

13 And then we get into a dispute whether I'm really an
14 eight or nine and whether it passes to this County to pay these
15 services. And the best analogy I can say is what I did years
16 ago when Mayor Garcetti was here. It's like two millionaires
17 in the parking lot of a fast food arguing over how to feed the
18 homeless person and they bicker while the homeless person dies,
19 because they can't sort out between the City and the County
20 this responsibility. And the problem is, how do we get that
21 functional other than us locking arms? That's a great
22 political phrase. That doesn't mean that's occurring, though,
23 between the two of you, because if I was to share and you were
24 to share, you'd know that there's some real disagreements
25 between the two of you and your staff.

1 **MAYOR BASS:** There's disagreements. Locking arms,
2 from my perspective, was not a political phrase.

3 **THE COURT:** Okay.

4 **MAYOR BASS:** It was something that was meant deeply,
5 because I believe the only way you're going to solve this
6 problem is by bringing both parts of government together. You
7 asked whether I had the authority. I don't single-handedly
8 have the authority, and neither does my colleague here. We
9 inherit some of this system between the City and the County,
10 and it's not unique to us. It's the entire state of
11 California. We meet weekly with the different mayors, and they
12 all go through the same differences that they have with the
13 County. But that does not mean that these differences are
14 antagonistic. I think we work hard to work together, and we
15 have a lot, lot more to do.

16 **THE COURT:** Sure.

17 **MAYOR BASS:** But it needs to be focused on the people
18 and what their needs are and not the administration.

19 **THE COURT:** But you agree that we're done. In other
20 words, we finally reached the point in 2025, going clear back
21 to 2007, that now there has to be a resolution.

22 **MAYOR BASS:** I think we reached the point much
23 earlier than that.

24 **MS. BARGER:** Yeah. And I just want to say this,
25 Supervisor Barger again on the record. The City is one of 88

1 cities in the county, and I have said this, and that is why we
2 set up the executive committee that has cities at the table,
3 and that is why we have a motion on Tuesday to address
4 LAHSA. Because at the end of the day, when the Measure H
5 passed and Measure A passed, the buck stops with the board.
6 And I've said that.

7 So you can't -- I mean, quite frankly, when I see the
8 letter that LAHSA wrote to you saying that the county did not
9 instruct them to get the money back, I question anyone's
10 intelligence that we'd have to tell them, based on a meeting we
11 had, that they should go collect the money or at least get the
12 verification of how that money was spent, because I'm not
13 convinced that that money, all of it -- I think all of that did
14 go to services. I think it was poor bookkeeping on their part,
15 and there's no excuse for that.

16 But at the end of the day, Your Honor, for me
17 personally, and I think for my board, because we are going to
18 be discussing this on Tuesday, but we have responded with the
19 Blue Ribbon Commission, and we are looking at accountability
20 and transparency and whether or not we create an entity on its
21 own, which I don't think is going to solve it. I don't think a
22 Department is going to solve this problem. Acknowledge the
23 fact that it's the Board of Supervisors who is the collector of
24 the money and then distributes it.

25 And it is the executive committee of which the mayor

1 sits on it, City of L.A., and then we have representatives from
2 every single region in the county, so that they all have skin
3 in the game and a voice in how that money is spent. We
4 approved the budget on Tuesday for the homeless, and I had some
5 concerns about the presentation. But at the end of the day, in
6 answer to your question, locking arms, we're going to lock
7 arms, but responsibility for how the money is spent is on the
8 County.

9 And then I would also say this, and I know my lawyers
10 are probably going to have me crawl into this, but I'm just
11 going to say it. What we agreed to in this room with the
12 agreement is only one part of what goes on on a day-to-day
13 basis, not only within the City of L.A., but across the
14 county. And so I don't want there to be this thought. I mean,
15 I know in your report, A&M, the issue regarding mental health
16 beds. That is an issue that keeps me up at night, and your
17 report is not going to make them come online any quicker. But
18 it is something we're very cognizant about and recognize that
19 housing alone is not going to address what's going on in the
20 street. It's an important piece, but if we don't have the
21 mental health beds, because many of the people that are
22 severely mentally ill are not ready to just be simply
23 warehoused, for lack of a better term.

24 So all of this to say to you that I don't want you to
25 think that I don't hold myself accountable, because I do. I've

1 walked Skid Row, and I've seen what you see, and I understand
2 why you get frustrated. But the mayor is a partner, not even,
3 but the mayor is a partner, as is the city council, because we
4 work with all of our cities. Because it's not -- I mean, L.A.
5 City is definitely ground zero, but the unhoused crisis is
6 regional, countywide, statewide, and quite frankly, across the
7 country. And the system is broken.

8 You saw in the audit that we asked for. We asked for
9 that audit. I think it was in response to a LAHSA meeting that
10 I went to where I think you mentioned Ramen was being
11 served. I mean, that kind of triggered it. And we did a deep
12 down dive because we wanted to understand how the
13 accountability was going on. It didn't get filed. We closely
14 monitor and are watching that.

15 I actually took myself off LAHSA and put someone on
16 LAHSA who has a passion for the finance side of things. So,
17 you know, I just don't want you to think that we don't take all
18 this seriously or that we recognize that the status quo is
19 working, because it's not, and we know that. I think you would
20 agree. We have to fix it. Right.

21 **THE COURT:** Okay. Let me be patient with that
22 because I need to bow to the legislative and executive. You're
23 the problem solvers. Courts only get involved when we read
24 something ridiculous like the Los Angeles Times
25 article. Excellent article. I think it's by Doug Smith out

1 there in the audience. But they call to our attention that we
2 seem to be plateauing at seven to eight deaths, like this is a
3 victory. Like how well we're doing. You've got to be kidding
4 me. That doubled since the time I've been involved in this
5 case. It's a tragedy for all of us.

6 Now let's hear from A&M and then get you out of here
7 in just a moment. But I want you to hear, you folks, you can
8 say anything you want to, but I would suggest a couple weeks so
9 that you can work. If you want to change any of the
10 methodology, I don't expect your findings are going to change,
11 but if they do, let me know.

12 But the end result, these findings are consistent
13 across the board. I can read the same thing in 2007, folks,
14 that I'm reading in 2018, 2019, 2022. And I want to
15 demonstrate to you that we've been told repeatedly, do we have
16 to go through another audit at the taxpayers' expense? Diane,
17 is it you? Anybody want to say anything?

18 **MS. RAFFERTY:** Thank you, Judge. I just want to make
19 a comment to Mayor Bass's comment. And everyone, our report,
20 it did change us. And the comment on the report, where are the
21 solutions, we are really interested in that. We weren't asked
22 to do that. We're contractually bound on what we're asked to
23 do. I think that's a real important step. And I would just
24 encourage you from our work and our analysis and being on the
25 streets and visiting so many places and talking to so many

1 people, whatever solutions you come up with, there has to be
2 the loop of accountability.

3 The solution isn't, you know, 200 more SUD beds or
4 mental health beds. It's absolutely important, but it's that
5 holistic care and that continuum of care because people wind up
6 right back on the street. And that's what we heard.

7 Yes, I had a temporary home or I had a shelter, but
8 I'm right back out on the street. And so we're seeing the same
9 people over and over again. And so what we were saying when we
10 were working, we said if we've met one homeless person, we've
11 met one homeless person. Very unique circumstances. Not
12 everyone has behavioral health needs. Not everyone has a drug
13 issue. But you have to treat people holistically and
14 understand the continuum of care.

15 And you and I had a conversation on an airplane from
16 D.C. because we're caregivers, and how important this work is,
17 and we understand how complicated it is. There's been many
18 audits and many reports, but hopefully this information gives
19 you some information to how do you move forward?

20 So we are very interested in that. I mean, I've said
21 this a thousand times, born and raised in L.A., you know, care
22 a lot about this city and this endeavor, but it's going to take
23 more than smart minds and money. It's going to take a plan
24 that really works. And talking about what's going on
25 nationally, there are some cities that are figuring it

1 out. And they're looking at how do you become homeless in the
2 first place, and what are those preemptive strikes that you can
3 do so we're not having so many on the street. So we give
4 encouragement. We would love to still be involved with
5 this. Like I said, Judge, it did change us.

6 I got off the freeway today, and I look at someone on
7 the street very differently than I did a year ago. And I think
8 all of us have been frustrated with just everything in the
9 past, and we know how complicated it is, tracing funds and
10 putting systems in place, but it has to be done because at the
11 end of the day, it's going to help each person on the street.

12 **THE COURT:** Anybody else want to make a
13 comment? Okay. Let's get together informally with the special
14 master, Diane, right back to you in a moment, and work on a
15 time between you folks with the City and your staff, mayor and
16 chairperson and president, that's comfortable for you, but by
17 early May. I mean, I think a month's plenty of time to get
18 together and take a look at this and see if there's a
19 methodology that you'd like to comment upon. Fair enough? But
20 not over a significant period of time past that.

21 **MS. RAFFERTY:** Thank you, Your Honor. Just one last
22 comment.

23 I know when we do reports like this, it's financially
24 based, and it can be seen as critical. And, yes, we do try and
25 soften words because we want people to accept the report and

1 not be defensive. All of us have to say how impressed we were
2 meeting with some of the staff from Inside Safe, incredible,
3 dedicated human beings that probably could do a different job
4 and make a little bit more money or not have the stress, going
5 into permanent supportive housing and the shelters. There are
6 some angels out there really fighting uphill battles.

7 So we don't want to paint a totally negative
8 picture. And for us as outsiders, we were very accepted by the
9 workers out there trying to show us what they're doing. And so
10 we really, really appreciate it. We're kind of a nuisance. We
11 kept showing up. But we really do appreciate that those people
12 that are out there working every single day with this
13 population deserve our respect. We just wanted to say thank
14 you to all of them.

15 **THE COURT:** Okay. Now I'm going to turn to the
16 parties. So I'll turn to L.A. Alliance first. And one of the
17 things we ought to take up in your presence right now and your
18 counsel is this 8.2. In other words, you've declared an
19 emergency. I want to hear L.A. Alliance's position on that
20 first of all.

21 **MS. MITCHELL:** Your Honor, the issue, if I may, the
22 issue about the emergency, about Section 8.2. Elizabeth
23 Mitchell, thank you, on behalf of the Alliance, I apologize.

24 **THE COURT:** By the way, we can go to Court Smart for
25 the court reporter. I want you to have lunch for the court

1 reporter. Lunch. But I want to go straight through because I
2 don't want the electeds sitting here when you tell me when
3 you're not. I'm sorry. Ms. Mitchell?

4 **MS. MITCHELL:** Yes. No, thank you, Your Honor.

5 So regarding the emergency issue on Section 8.2, the
6 City has brought to the attention that Section 8.2 of the
7 agreement specifically permits the City to declare an emergency
8 if there are certain things like fires, for example, and pause
9 the agreement during the pendency of the emergency. And the
10 City has taken the position that its obligations under this
11 agreement are paused.

12 The Alliance very much disagrees with that
13 position. Certainly the fires are now out, and the financial
14 issues, which the City is now trying to use to amend the
15 agreement, existed prior to the fires in January. Certainly
16 there was an emergency, and there's no dispute about that in
17 January. But these financial issues preexisted that emergency
18 and, in fact, caused the City to try to submit a proposed
19 updated bed plan back in the fall, in August, September,
20 October. We had a series of hearings where the City had been
21 asking to take 2,500 road map beds and use those for the
22 Alliance agreement.

23 We asked for an evidentiary hearing on that issue,
24 and the morning of the evidentiary hearing, the City and the
25 County got together, pursuant to the Court's request, in a

1 separate mediation, and there was an agreement that if Measure
2 A passed, because Measure A was scheduled to be voted on just
3 two weeks later, that there would be an agreement to pay for
4 those road map beds. There was an agreement by the County to
5 work out funding to pay for those road map beds if Measure A
6 passed. That was my understanding, Your Honor. I was not in
7 the room. That's my understanding of what occurred.

8 Measure A passed thereafter, and that offer was
9 rescinded. So now the City has come back to us to say, hey, we
10 still have a financial emergency, and we want to take not 2,500
11 road map beds but 3,000 road map beds and use those as part of
12 the Alliance agreement. And as we indicated six months ago
13 when we were in this court, Your Honor, that would reduce the
14 overall bed production by now 3,000 from 19,000 roughly to
15 16,000 roughly, which is unacceptable from the L.A. Alliance's
16 perspective and frankly goes against what the City previously
17 represented, which was that all of the Alliance beds would be
18 in addition to the road map beds.

19 So I think this claim that because of the fire in
20 January, now suddenly there is a fiscal emergency that
21 necessitates amending the agreement, I think is disingenuous,
22 Your Honor, because that fiscal emergency existed. The special
23 master raised this issue a year ago in her report, indicating
24 there was a massive budget shortfall that the CIO had been
25 predicting for this upcoming fiscal year, and there was no plan

1 to resolve it to address those beds.

2 So if we're going back, Your Honor, just specifically
3 to 8.2, and we have a lot of comments about the rest of it, and
4 I appreciate that the Court is patient, but we are out of
5 patience for this, because as we have heard, the system is
6 broken and there are the best of intentions in this
7 room. Nobody is doubting that there are the best of intentions
8 in this room. But for 24 years, going back to these audits, we
9 pulled audit after audit from HUD, going back to 2001, Your
10 Honor, and it says the same thing. And the City and the County
11 kept throwing money into this broken system. And now,
12 suddenly, everybody is surprised that nothing is working.

13 Because we entered into this agreement, assuming that
14 the infrastructure existed to see success. The goal of this
15 agreement was to substantially reduce the number of unsheltered
16 individuals on the street, to put us on a path towards
17 functional zero of unsheltered homelessness. That was the
18 point. But the infrastructure does not exist to get us there.

19 It is about the people, Mayor. It is about the
20 people. And the people are dying. We have seven to eight
21 people a day, thank you, Doug, dying on the street. And the
22 system is broken and we are out of patience. This agreement is
23 now three years in. And now we're saying things are going to
24 change? When in 2001, HUD was identifying these issues and
25 nothing changed. And in 2007, HUD identified these issues and

1 nothing changed. And in 2019, HUD and the controller and the
2 County and the City all identified these issues and nothing has
3 changed, because the system is broken. Because the culture is
4 broken, Your Honor.

5 It is a culture of unaccountability, lack of
6 efficiency, and the result is a waste of money, a waste of
7 time, and certainly a waste of lives. So for the City to sit
8 here now and claim under 8.2 that its obligations are paused
9 because now it has a fiscal emergency is disingenuous and L.A.
10 Alliance wholeheartedly regrets that, Your Honor.

11 **THE COURT:** Okay.

12 **MS. MITCHELL:** Go ahead, Matt.

13 **MR. UMHOFFER:** Thank you.

14 **THE COURT:** How do you really feel about this?
15 How do you really feel about this? All right.

16 **MR. UMHOFFER:** Thank you. Your Honor, we've looked at
17 this photograph before. It was taken in 1984, just outside of
18 this courtroom, just down the street from an angle looking up
19 at City hall. Forty years later, same angle, same problem.
20 And it's gotten much worse. That's 40 years.

21 Five years ago, we gathered in this courtroom,
22 previous mayor stood up and announced himself to be a member of
23 your fan club and City official after City official came up
24 here and spoke of locked arms and they spoke of wanting to
25 solve this problem with a FEMA style response to this

1 humanitarian crisis, a FEMA style response, immediate.

2 All hands on deck. Let's get people safe. That's
3 what that meant at that time and everybody in this courtroom
4 agreed. Five years and I think nine days ago, that's what
5 happened and here we are. The problem has gotten worse.

6 Three years ago we signed an agreement. Eventually a
7 new mayor came into the City with promises of fixing this
8 problem. The problem has gotten worse. The City is failing
9 and the County is failing. We have settlement agreements in
10 this case and the settlement agreement with the City
11 specifically targeted the goal as a substantial and meaningful
12 reduction in unsheltered homelessness. Can anybody in this
13 room that that goal has been accomplished? Can anybody in this
14 room say that we are on the path toward accomplishing that
15 goal? We are not. Let's be honest. The City is failing and
16 the County is failing.

17 And, Your Honor, you talked about inherited problems.
18 And, yes, 40 years of challenges on this is an inherited
19 problem. But I want to be clear and I don't like saying it.
20 Mayor Bass, I voted for you, the City is failing and you are
21 failing. Council Member Barger, when I lived in your district
22 I voted for you. The County is failing and you are failing and
23 I don't want you to.

24 This audit confirms that the City and the County are
25 failing. And when we have fires that render thousands more

1 people in the County homeless and then the City turns around
2 and says, we can't do the homelessness thing right now. The
3 City turns around -- I'm sorry, the City turns around and says
4 we can't do homelessness right now. It's shocking and
5 heartbreaking to everybody here.

6 And again, individual motives, I take no issue with
7 them, but we are failing at this. My colleague, Ms. Mitchell
8 is going to speak more about the ways in which the City is in
9 breach of the actual agreements, over which the Court has
10 jurisdiction. This City is in breach of its obligation around
11 creation of beds. It's trying to reduce the number of total
12 beds that are created, but it's also not on track to meet the
13 beds it committed to. And it is openly announcing its
14 intention to breach this agreement.

15 It is not reducing encampments, the other piece of
16 this. We create the beds and we reduce the encampments and get
17 people into beds. That's what the agreement was structured to
18 do and the City is announcing that taking an empty tent and
19 throwing it away is a encampment reduction.

20 The cleaning an area, cleaning a sidewalk is an
21 encampment reduction, indefensible. The City is failing, the
22 County is failing and after decades of audits, including this
23 one, I think the answer is clear, that they cannot solve this
24 problem without Court intervention.

25 We brought this case --

1 **THE COURT:** What are you asking of the Court? In
2 other words, I'm going to interrupt you for a moment, because
3 when you ask -- I want you to hear this, folks. What LA
4 Alliance is saying is, Judge, sanction all the way up to a
5 receivership. And so it occurred to me that you're still kind
6 of making up your mind what you're asking of the Court and I'm
7 going to be transparent of that.

8 What are you asking? Because first of all the
9 argument can be, Judge, we haven't breached yet, this is
10 anticipatory. Second, there wasn't a definition until
11 recently, although you disagree and I disagree with the City's
12 position that cleaning is encampment reduction. I think it's
13 silly, but that was their position.

14 But by the same token if they really believe that,
15 then there has to be a little bit of time. But number three,
16 this is a sole train wreck and if the Court is going to act,
17 everybody needs to be on notice, that this just didn't come out
18 of the blue, you know, all of a sudden.

19 What are you asking for? Are you asking for
20 monitoring? Are you asking for receivership? If you're asking
21 for a receivership, what does that look like? Are you asking
22 for money because you left that wide open and I think all of us
23 need to hear where we're potentially going?

24 **MR. UMHOFFER:** Your Honor, at the close of our
25 presentation, we anticipated asking for an order to show cause

1 from the Court as to whether a receivership should be imposed
2 on the City --

3 **THE COURT:** And, folks, you might as well --

4 **MR. UMHOFFER:** -- on the issue of --

5 **THE COURT:** -- stick around. You might as well hear
6 this because first of all tentatively you're going to have an
7 uphill push because I agree to this extent. This 8.2 gives you
8 the authority, Mayor, to declare an emergency. And I think
9 that in writing that paragraph to counsel, floods, fire and you
10 lead off with a fire, I've often wondered if 75,000 homeless
11 people control 10 million people or 10 million people control
12 75,000 people.

13 But here, the fire victims have to take priority,
14 period. But what can't happen is that this can't become an
15 emergency for a prolonged period of time, it could always be a
16 priority. But at some point, you're under a rebuilding phase.
17 And when that happens, the Court can be patient for a month,
18 for two months or a small period of time and work with you, but
19 I'm not going to accept that this is an emergency although it
20 may always be a priority.

21 So what you're hearing is, I'm a little reluctant
22 right now, subject to your presentation to take 8.2 as a --
23 other than a hiatus for a brief period of time, but also to
24 warn the City that this is not an emergency that extends
25 forever, although it'll always be a priority for our citizens.

1 And that we were getting into this mess a long time before this
2 fire. So whatever our financial issues were have nothing to do
3 -- well, have very little to do with this fire. We were in a
4 mess and going bankrupt quite frankly or close to it.

5 So you can make your presentation, but I think we
6 need to hear what's being asked, because I don't trust your
7 Council getting back to you. I'm going to be blunt about that.
8 I don't think meeting with a number of Council people that
9 you've been informed through the City Attorney's Office.

10 Michelle?

11 **SPECIAL MASTER MARTINEZ:** Judge, I don't know.

12 **THE COURT:** Yeah? I'm talking to you Council people.

13 **SPECIAL MASTER MARTINEZ:** I don't know if they're
14 briefed or not.

15 **THE COURT:** Well, I'll leave that to you as the
16 president, but I had breakfast and lunch with a number of your
17 Council people who said, Judge, we didn't know this was coming.
18 And if you want me to name them, I will. So I'm really
19 concerned that this is getting from the City Attorney back to
20 you folks on the firing line, and in fact, it got so bad that
21 Michelle was sending out notices to each of the Council people
22 specifically until (inaudible) Kekorian (phonetic), your prior
23 Chair said, Judge, drop back and centralize that through my
24 office. But that's how bad it got because your Council wasn't
25 getting the communication from the Court. And that's why

1 you're here today to hear this. Where are we going?

2 Okay. So --

3 **MR. UMHOFFER:** Your Honor --

4 **THE COURT:** And by the way, this does not change the
5 terms. The City is arguing that this 8.2 changes the terms.
6 It doesn't change the term. This is the settlement period. It
7 may buy some time and a hiatus in the definition of emergency
8 but that doesn't let the City come back and renegotiate.

9 **MR. UMHOFFER:** That's correct, Your Honor.

10 **THE COURT:** Okay.

11 **MR. UMHOFFER:** And I believe that the Court has
12 jurisdiction to interpret and determine whether 8.2 applies.
13 And so if the Court were to come to a conclusion that the
14 emergency has passed, the City does not have the ability to
15 unilaterally get out of an agreement that it signed and
16 committed to. And so --

17 **THE COURT:** I don't know that I will today, Matt,
18 just as --

19 **MR. UMHOFFER:** Not asking you to.

20 **THE COURT:** -- a forewarning. I want to talk to the
21 Mayor. I want to talk to maybe Kathryn Barger through the
22 Special Master, I want to give them a little time. I don't
23 like the Court being pitted against, what is it, citywide
24 tragedy quite frankly. If they need a little bit more time,
25 they need time, but at some point, this passes from an

1 emergency into a rebuild and I don't know whether that's in May
2 or June, but it's coming pretty quickly.

3 **MR. UMHOFFER:** And, Your Honor, time has passed in
4 this case, five years since we started it. And so as my
5 colleague Ms. Mitchell pointed out, it is our job --

6 **THE COURT:** Right.

7 **MR. UMHOFFER:** -- to be short on patience. We are the
8 plaintiffs in this case. We got a deal with the City and the
9 County. The City is having an immense problem complying with
10 the agreement before the fire. We raised the City's non-
11 compliance with this agreement before the fire, before this
12 emergency was declared. The City is also having problems
13 complying with the agreement because the County isn't stepping
14 up.

15 **THE COURT:** We've been told informally that they
16 can't comply with the agreement, quite frankly. I'll put it
17 right out there.

18 **MR. UMHOFFER:** I am not certain at this point that the
19 City or the County can fully comply with either of the
20 agreement.

21 **THE COURT:** Okay. So, folks, you're hearing this.
22 This is a slow train wreck and this is coming down the line,
23 I'll leave that to you, because we've got some time, so
24 Ms. Kathryn or -- Chair?

25 **UNIDENTIFIED:** No, I just think that there's some

1 things that were said that were misrepresented. She said that
2 she heard, but then takes that as a gospel as it relates to the
3 agreement that we had when we left the courtroom. So I listen
4 to this a little frustrated because it's like -- and I get it,
5 you're lawyers and you've got to convince the Judge, but I
6 think there's a little misleading verbiage being made, so I'm
7 sitting here trying to be patient, but I don't know that now is
8 the time and place, I'll let my attorneys address that. But
9 it's just a little frustrating.

10 **THE COURT:** Okay. So let me ask, is there any reason
11 then to have the elected officials stay? In other words, we'll
12 get into the lawyers, et cetera, they can convey the
13 information back to you. I want you to take your time, except
14 you do want to go back to the controller, what do you do? Come
15 on up? And I want to hear this conflict again between the City
16 and the County because now it's caused a real problem. What
17 can you audit? I wish Mr. Zabel (phonetic) was here, because
18 he had a different opinion. What can you audit? And when do I
19 have to go to a third party auditor?

20 **MR. MEJIA:** Thank you, Your Honor. So it is our
21 position and the way that we read the City charter that my
22 office can audit the performance of any program whether if it's
23 housed underneath an elected official or not.

24 **THE COURT:** Now, let me stop you there and be clear.
25 When Mr. Zabel was here, he said you couldn't because any

1 program swept under the Mayor's umbrella, and I don't mean this
2 Mayor specifically, but the Mayor historically, like a homeless
3 problem stopped you from the performance audit. That's why we
4 went to a performance audit quite frankly of a third party.
5 Can you audit, performance?

6 **MR. MEJIA:** It is our belief that, yes, we can. We
7 can.

8 **THE COURT:** And the City's position?

9 **SPECIAL MASTER MARTINEZ:** He just did, he just --

10 **THE COURT:** No, I want to hear from the City now
11 again, I heard it from Zabel because he took the position that
12 they couldn't. Real simple, can they perform a performance
13 audit if the programs are under the Mayor's offices?

14 **MR. MARCUS:** Good afternoon, Your Honor, Scott Marcus
15 on behalf of the City of Los Angeles. Under the charter, the
16 controller cannot conduct a performance audit of other elected
17 offices or other elected officials. The controller can conduct
18 a performance audit of any City department. The controller can
19 also perform a financial audit of anything involving City
20 money.

21 **THE COURT:** So let's be clear then, if the Mayor, not
22 specific to this Mayor, but if any Mayor in the future decides
23 to sweep a program under his or her office, we can't have a
24 performance audit, which is where we've been for the past 35
25 years.

1 **MR. MARCUS:** The charter limits the powers and the
2 duties of the controller, Your Honor, it's Section 2.61.

3 **THE COURT:** So therefore, for the public to get any
4 look at the performance if a Mayor sweeps this under his or her
5 authority or bailiwick, we've got to go to a third party audit
6 and have this Court intersession and all of this drama going on
7 to get a third party performance audit.

8 **MR. MARCUS:** Your Honor, there's a number of ways
9 that it could take place. My -- the question that you asked is
10 whether the controller has the power under the charter to
11 conduct a performance audit of the Mayor's office and the
12 answer is no.

13 **MR. MEJIA:** Your Honor?

14 **THE COURT:** Yeah.

15 **MR. MEJIA:** So we have a disagreement with the City
16 Attorney's reading of the City charter, but even if that
17 interpretation were true, there's nothing stopping from an
18 elected office from voluntary submitting to a performance
19 audit, which has been done in the past from other elected
20 offices.

21 **THE COURT:** Now, I'm going to be a little bit
22 facetious but without the Court, quite frankly obnoxiously
23 pressing on occasion, in other words, you know, being gracious
24 I don't think we would have had this audit. In other words, if
25 I'm depending upon somebody voluntary it's only because the

1 Mayor stepped in and said, you know, Judge, I know it's going
2 to be bad, I'm willing to undertake this for transparency which
3 I think she deserves a tremendous amount of -- now we've got to
4 go begging for an audit in the future between the two of you?
5 That is ridiculous. How does that benefit the public?

6 And number two, this audit may be even more valuable
7 than a forensic audit because let's say we discovered two
8 providers with two fraudulent, you know, under servicing. Oh,
9 that make a headline in the LA Times or channel whatever, but
10 quite frankly the performance audit is even more valuable,
11 because this is all structure. Something significantly has to
12 change here, so the most valuable audit we could have. Say
13 that again, if we look through whatever number of contracts we
14 have that we don't even know about, he'd probably find under
15 performance on many occasions. He'd probably even find fraud
16 where people didn't perform.

17 So you can -- but you can't undertake a forensic
18 audit, right? Let me make that clear. You can undertake a
19 forensic audit, correct? Yes or no?

20 **MR. MEJIA:** Yes.

21 **THE COURT:** Okay. Now, if you can undertake a
22 forensic audit, the problem you've got is that all of the
23 documentation is over, most of it, with LAHSA because they're
24 doing the contracting. And so you go over to LAHSA and I'm
25 being told, Judge, you don't have jurisdiction because LAHSA is

1 not a party to the lawsuit and I guarantee you if Diane was
2 really forthcoming right now, she would tell me that she's
3 unable to get the documents from LAHSA.

4 That puts you in a heck of a position. See, it's the
5 perfect triangle of irresponsibility going on and how are you
6 going to get a forensic audit. How do we discover what
7 happened in 2019 with the \$600 million?

8 **MR. MEJIA:** Well, first, we would need to scope out
9 the forensic audit, we would also need to have enough resources
10 and capacity. The biggest issue on my office is the resource
11 constraint that we have in order to perform the --

12 **THE COURT:** And you complained about a special
13 master, that you'd be cut from ten to four auditors or
14 something like this and you thought you were being punished
15 quite frankly.

16 **MR. MEJIA:** Yeah, a third of our audit division cut.

17 **THE COURT:** Yeah. None of this interested the
18 monthly benefit unless we're going to have the Court constantly
19 interceding and requesting the volunteerism of the Mayor
20 because I don't think any public is going to stand for the last
21 35 years of non-accountability in the future.

22 So how are we going to work this out between the two
23 of you without running up a bill? And if Dr. Adams Kellum was
24 here, I would ask if she would voluntarily undertake a forensic
25 audit of LAHSA. If she answered no, I think she's going to get

1 crucified. If she answers yes, I think that would open up the
2 Pandora's Box because most of these contracts are with LAHSA
3 and I will tell you, we've had a heck of a time getting these
4 contracts from LAHSA, to the City's benefit, and the City
5 having to pay more money that you should have paid.

6 And I've seen the e-mails time and time again from
7 the special master and the frustration with A&M on this. Now,
8 are we going to do this? Because 35 years is a long time
9 without the City being accountable. How are we going to work
10 this out between you and Zabel or the Mayor or whoever?

11 **MR. MEJIA:** I think that's a conversation that, you
12 know --

13 **THE COURT:** Why don't you sit -- just talk to the
14 Mayor, she's right there. See, I don't have bureaucracy and
15 bureaucrats now and I don't have lawyers in my way. Why don't
16 you step down and talk to the Mayor for a moment.

17 **MAYOR BASS:** We talk all the time.

18 **MR. MEJIA:** We talk. We --

19 **THE COURT:** Well, talk again. Just talk to us in
20 public. We're your public. We pay your bills. Work this out
21 now.

22 We're waiting. I'm very patient.

23 **MR. MEJIA:** Oh, you want -- for the record? Oh.

24 **THE COURT:** I want the two of you to come up with a
25 solution, just like I'm asking elected officials, are we going

1 to get this for the public good --

2 **MR. MEJIA:** Sure.

3 **THE COURT:** -- in performance audits in the future
4 because the Court is going to be able to intercede every time
5 and I'm not going to go begging this mayor or some other mayor
6 for their voluntary acquiescence.

7 **MR. MEJIA:** Right.

8 **THE COURT:** Now, she's right there. You two have a
9 conversation instead of the bureaucracy. Come on, that's an
10 order, sit down and talk to her.

11 **MR. MEJIA:** My name is Kenneth Mejia, the controller,
12 but.

13 **THE COURT:** Go talk to her for a moment.

14 And you're the president of the Council, you've got
15 the 15 votes, the Mayor doesn't have a vote, so you might as
16 well air into this also. Come up with a solution so we're not
17 spending your money needlessly or the Court's not intermeddling
18 and badgering the two of you.

19 **(Pause)**

20 **THE COURT:** Okay. Matt, you're up while they're
21 talking. If you're coming to me with a receivership, what's
22 this supposed to look like? Let's get this right out on the
23 table. No, stand up here. We were fronting for the homeless
24 and have the death toll rise, are we going to punish the City
25 that's near bankruptcy?

1 **MR. UMHOFFER:** Yes.

2 **UNIDENTIFIED:** And, Matt, walk us through a partial
3 or full receivership too.

4 **MR. UMHOFFER:** Matthew Umhofer on behalf of the
5 Alliance. Your Honor, receiverships take a lot of different
6 forms.

7 **THE COURT:** No, I know that, what do you want?

8 **MR. UMHOFFER:** Specifically what we intend to seek is
9 a receivership that involves the appointment of a receiver --

10 **THE COURT:** A what?

11 **MR. UMHOFFER:** The appointment of a receiver that is
12 an individual like receiver/monitor --

13 **THE COURT:** Who?

14 **MR. UMHOFFER:** -- whose job it is -- we would like to
15 propose names, but I do not want to do that off the cuff, Your
16 Honor. I think that's a very, very --

17 **THE COURT:** Well, it's going to have to be an 800
18 pound gorilla.

19 **MR. UMHOFFER:** Absolutely, Your Honor.

20 **THE COURT:** Okay.

21 **MR. UMHOFFER:** So, you know -- so when Congress passed
22 the law regarding the compensation of victims of 9/11, Ken
23 Feinberg stepped in. Ken Feinberg is an extraordinary human
24 being.

25 **THE COURT:** I know who he is.

1 **MR. UMHOFFER:** And he took that, on that extraordinary
2 responsibility of resolving thousands and thousands of cases
3 and he did it without a single litigation shot being fired.
4 That's the level of gravitas that we're going to need.

5 **THE COURT:** How much are we going to pay him in a
6 bankruptcy? Anybody know what his fees are? I do.

7 **MR. UMHOFFER:** I know they're substantial but I also
8 know in that case he did it pro bono, Your Honor.

9 So I'm just saying we're going to -- so we absolutely
10 need somebody with gravitas and I want to give careful
11 consideration, I do not want to be off the cuff in terms of who
12 would be the receiver.

13 **THE COURT:** What's the function of this receiver?
14 What are they going to do?

15 **MR. UMHOFFER:** The receiver, from our perspective,
16 becomes the homelessness czar for the City.

17 **THE COURT:** Does that receiver tell Venice to build a
18 home site that's been stalled for four or two different --

19 **MR. UMHOFFER:** The receiver will have the power --

20 **THE COURT:** -- Council members and go against
21 authority of the Board out here? Because you've got local
22 folks like Tracy out there who's very concerned about that by
23 the way. Maybe we ought to build something on the west side of
24 LA for a change, wouldn't that be refreshing, send the
25 Mayflower and dumping it on the 14th District, wouldn't that be

1 refreshing, Mr. Hernandez's district, all the folks on the west
2 side might like to contribute.

3 **MR. UMHOFFER:** Your Honor, a receiver has the
4 authority that the Court delegates to the receiver. And if
5 that means that that receiver takes control of the budget
6 around homelessness in Los Angeles --

7 **THE COURT:** That's the budget. Now, that's a
8 different --

9 **MR. UMHOFFER:** That's correct.

10 **THE COURT:** Just a moment. We're going to walk
11 through this very slowly.

12 **MR. UMHOFFER:** I understand, Your Honor.

13 **THE COURT:** That doesn't mean that the budget, it's
14 far different than your position as an elected official because
15 nobody elected the Court, nobody elected the receivership, that
16 could be construed as a real intrusion of power. And I'm
17 trying to get a resolution from you, but let's hear the drama
18 of this for just a moment, because I'm having trouble sorting
19 through what this would even potentially look like.

20 **MR. UMHOFFER:** And, Your Honor, it will be
21 extraordinary because the failure of the City and the County is
22 extraordinary. And so this person would have budget control,
23 they would have the ability to spend what the City has
24 appropriated on these issues in order -- and in order to lead
25 the City effort on these issues.

1 So this person would have the authority vested by the
2 Court, because the City has failed on this, vested by the Court
3 to commandeer what it needs to within the City in order to
4 solve this problem.

5 **THE COURT:** Okay. The person comes in and says, you
6 know what, I like the Marriott Hotel downtown, if there's such
7 a thing, and I'm going to commandeer all the excess bed space.

8 **MR. UMHOFFER:** Your Honor, that obviously imposes
9 costs on private parties and so that's going to -- I'm talking
10 about control -- right now, the receivers controls the City.

11 **THE COURT:** I want to walk through this with you for
12 a moment, Matt, because that's really a dramatic action by a
13 Court. And if that was ever to be considered, I need to be
14 very certain what the attainable goals are and why the
15 legislative and executive branch can't accomplish this.

16 **MR. UMHOFFER:** Because they have not accomplished it,
17 Your Honor. That's exactly --

18 **THE COURT:** I know. Assume that is true.

19 **MR. UMHOFFER:** That's exactly the point. We brought
20 this case --

21 **THE COURT:** I know. I know.

22 **MR. UMHOFFER:** -- because the executive and
23 legislative branches have failed. We've given the --

24 **THE COURT:** Does this receiver then say to Traci
25 Park, Traci, I'm going to build this regardless of what you

1 think?

2 **MR. UMHOFFER:** Any receiver is going to have to
3 operate within the confines of legitimacy and within the
4 confines of the Court's order --

5 **THE COURT:** Those are big words.

6 **MR. UMHOFFER:** -- so a receiver -- I understand that.
7 If a receiver believes that it is appropriate for a shelter to
8 be built somewhere, they can also do things to build community
9 support for that, to inform the community, but if we need to
10 overcome some NIMBYism to get shelter and housing built we
11 should absolutely empower a receiver to do that. It's the kind
12 of power that I would expect this Court to exercise if faced
13 with that question.

14 **THE COURT:** I could do --

15 **MR. UMHOFFER:** And so I'm talking about endowing a
16 receiver with the authority of this Court.

17 **THE COURT:** I could do certain things. I could do
18 things that are drastic. I could order the City not to expend
19 anymore funds for providers until they have a public website.
20 I'm concerned about that because of the interim period of time.
21 The providers are going to come back and say, you're not
22 providing this in a period of time and a number of people die.

23 And so the Court has immense power, but if I exercise
24 that, I need to be certain that you folks have reached an
25 impasse where you can't get a setter or breachalism

1 (*12:46:13). I don't think I'm there yet. The bright message
2 is, I really want you to be successful, but I'm running out of
3 time too.

4 When I read an article in the LA Times that we're
5 supposed to claim victory because we've reached a pause of
6 seven to eight dead a day. That is not a success story.
7 Bright didn't write that headline, he wrote the article, but
8 somebody came in with a headline quite frankly that said, we've
9 only got seven or eight dead a day.

10 **MR. UMHOFFER:** And, Your Honor, we are at an endless
11 loop of let's give the City and the County one more chance.

12 **THE COURT:** I hear your frustration. But I want you
13 to go back and if you come to me, sanctions seem ridiculous in
14 a City that's broke, a monitor might be possible, but now we're
15 not bluffing, if I appoint that, I've got to have some teeth
16 behind it and mean what I do, or if you're asking for a
17 receivership, are you asking that the Court take over the
18 entire City? First of all, I would be working with a
19 bureaucracy that is not functioning from my situation. I don't
20 know that I want to work with those same people anymore.
21 That's doomed to failure.

22 And number two, am I going to create an alternative
23 structure and then build the city? In other words, go back and
24 think, if you're asking for this drama of a receivership how
25 that really works and why the Court would be more effective

1 than you folks who have this power to solve this.

2 So I'm giving you a chance. Solve it. We're out of
3 time. I can't say it enough and every time I say it, it sounds
4 like I don't mean it now, solve it, you've heard it.

5 Okay. I'm going to hear your presentation but --

6 **MR. UMHOFFER:** I second that --

7 **THE COURT:** -- let them go.

8 **MR. UMHOFFER:** I second that motion, Your Honor.

9 **THE COURT:** Okay. You tell me what that receivership
10 is supposed to look like or a monitor et cetera, but be finite
11 about that, because I'm not just going to declare a
12 receivership for the drama of some front page headline --

13 **MR. UMHOFFER:** Absolutely.

14 **THE COURT:** -- because first of all, that removes all
15 your political careers. You understand if I do that, you're
16 dead politically. Did you get that? Do you hear me? You can
17 pick up that in the LA Times or you can pick it up in the New
18 York Times, then you pick that up in Paris before the Olympics,
19 that's the last thing I want to do. But we're out of time now,
20 we're out of patience and you've got to solve this.

21 Okay. You go back and you think, what do you really
22 want to ask Judge Carter.

23 **MR. UMHOFFER:** Yes, Your Honor.

24 **THE COURT:** Okay. And you be finite about that.

25 Don't give me a conclusion that, Judge, you can sanction all

1 the way up to sanctions and then a receivership. You go back
2 and tell me what exactly is feasible and attainable and what
3 works up the ladder in terms of sanctions potentially so that
4 you have every folks from the legislative and executive branch
5 to solve this. Still in this position after decades, you need
6 to solve it now. Okay? Okay, Matt.

7 **MR. UMHOFFER:** Thank you, Your Honor.

8 **THE COURT:** Okay. All right. Now, I want to hear
9 from you folks, so you're the attorneys. And I'll hear from
10 Shayla. Anything?

11 Council present, yeah, absolutely right. You've got
12 the votes, the Mayor doesn't have the votes. She can close
13 your budget.

14 So first.

15 **MR. HARRIS-DAWSON:** Well, one very enlightening
16 hearing today, it's the first time I'm hearing from lots of
17 these folks. I want to thank the folks who did the audit. And
18 just this is the only thing I have to offer on -- Marqueece
19 Harris-Dawson and President of the Los Angeles City Council.

20 **THE COURT:** Pleasure.

21 **MR. HARRIS-DAWSON:** Thank you. The -- as I sit and
22 listened to the audit and the different audits over decades,
23 over most of my adult life, these audits have been coming out.
24 The challenge for us as Council members is, even if the audit
25 were perfect and there was a receipt for every dollar and you

1 could trace down what was bought with that receipt and there
2 were still people in the street the way they are, it'd be
3 completely meaningless.

4 **THE COURT:** Right.

5 **MR. HARRIS-DAWSON:** And so the question is, how do we
6 get to the point that we have resolution of the problem and how
7 do we document and repeat that. And so what's exciting is,
8 whether it's Council Member Hernandez in the First District or
9 Bob Blumenfield in the Third District, we're figuring out
10 solutions on the ground, at the Council office level, at the
11 provider -- at the individual provider level, at the housing
12 level, we're figuring out solutions. And what I would really
13 love is if somebody would come and study that, study what
14 works, and then tell us how to grow that, as opposed to, you
15 know, sort of box checking around, you know, where dollars are
16 going or not going.

17 In point of fact is, widespread, no one in this
18 courtroom agrees -- disagrees with the statement that the
19 problem is not being solved on a broad scale, and everybody
20 agrees that there needs to be solutions and what I would offer
21 on behalf of the Council is, there are solutions in isolated
22 areas that can be broadened and I just think the Court, the
23 plaintiffs, us, all of us need to look at that with a
24 magnifying glass as opposed to trying to come up with a perfect
25 spreadsheet that accounts for every dollar.

1 **THE COURT:** And I think that we need to recognize
2 that there was a 5 percent drop in homelessness. Now, whether
3 you believe the figure or not --

4 **MR. HARRIS-DAWSON:** After 10 percent last year.

5 **THE COURT:** Hold on. The year before. Now, this
6 audit, I've got -- or this last one, I've got some real
7 questions about it. But at least if it was going up 20 percent
8 and you went down 5 percent, you need to hear some recognition
9 about that, but by the same token, I'm a little skeptical of
10 LAHSA coming out and I'll be blunt about this with an early
11 report without USC involved, with 10 to 11 percent less people
12 on the street taking the audit, my view is that they're in a
13 political battle for their lives right now and I think anybody
14 recognizes that, with the County vote coming up and the City
15 exploring this and they're putting out early information. And
16 that's curious because for years, we've been asking for this
17 information before June or July and suddenly, we get this
18 unverified information. That causes me a lot of concern.

19 Now, that doesn't mean it's not happening, it just
20 means I'm really skeptical of that. That's political
21 gamesmanship. So we can't get it until June or July or August
22 before, why is it coming out now, hurriedly now that's
23 unverified by USC. We've got rain on that particular night and
24 we've got 10 to 11 percent less people on the street. KKV
25 point and time count. I'm supposed to accept that?

1 Ms. Hernandez, Council Vu (phonetic), by the way it was a
2 pleasure to have breakfast with you the other day.

3 **MS. HERNANDEZ:** Thank you. Thank you, Your Honor.

4 **THE COURT:** And how's the park doing over there? I
5 know Echo, but how about that other park, MacArthur?

6 **MS. HERNANDEZ:** The park is doing a lot better.

7 **THE COURT:** They're doing a lot better, isn't it?

8 **MS. HERNANDEZ:** Yes. Working very closely with the
9 Mayor to make sure we get the accurate resources. We solarized
10 lights, we have clean teams there seven days a week, it's
11 looking a lot better, so I hope people can stop by and check it
12 out because --

13 **THE COURT:** I have.

14 **MS. HERNANDEZ:** Yeah.

15 **THE COURT:** You don't know, but I've been by it. And
16 it looks a lot better and by the way, some of the businesses
17 back there are very appreciative, you need to hear this.
18 There's a lot more safety factor out there. But I'm convinced
19 of one thing, there's a guy named Steve Lopez over at the LA
20 Times who really focused on this. I would hate to think that
21 every time LAS or Channel 5 or Channel 7 or whatever writes an
22 article that someone would respond and that's our response to
23 clean up that front page article. It ought to be across the
24 board in the City of Industry and other places, that aren't
25 getting this notoriety, so I'm wondering if we're just reacting

1 to the press sometimes.

2 **MS. HERNANDEZ:** Well, I will tell you that, no, we're
3 not. Since I got elected into office MacArthur Park has been a
4 priority of mine. It's the densest neighborhood in the entire
5 West Coast and we're working closely with the Mayor to bring in
6 those resources, opioid settlement dollars. And it's also a
7 location where many hands on deck. I'm working very closely
8 with the County departments, Department of Public Health to
9 secure resources. They pay for an overdose response team that
10 walks the area of the park, have already reversed 24 overdoses,
11 so that is an example of what happens when different levels of
12 government come together to address a crisis.

13 So MacArthur Park is doing great and we're going to
14 keep working together to keep bringing the resources there.

15 **THE COURT:** Okay. I want to hear from Shayla Myers.
16 We've neglected to -- we'll get right back to you.

17 **MS. MYERS:** Thank you, Your Honor. I appreciate the
18 opportunity to talk about this. I do want to pull it back to
19 the audit and I want to echo the Council President and his
20 comments that if we address everything in this audit, all of
21 the spreadsheets, we would still have tens of thousands of
22 people who are unhoused on the street.

23 You know, we represent the Los Angeles Community
24 Action Network whose members are unhoused every day on the
25 streets of skid row. While it's important to recognize some of

1 the challenges that are uplifted in the audit, at the end of
2 the day, fixing the billing and invoicing problems that have
3 been identified are not going to ensure the folks on skid row
4 are housed.

5 And there are a number of issues that we have with
6 the audit and the approaches and we'd like the opportunity to
7 also work with the audit team. The biggest concern that we
8 have with the audit is that it doesn't seem to address the
9 first and foremost question which is whether or not the City is
10 actually constructing the beds that they have promised to
11 construct.

12 The City has been putting forth reports indicating
13 that they are creating beds. Those reports change on a regular
14 basis. We know, Your Honor mentioned Venice Del which is a
15 program -- it's a housing unit that is being constructed as in
16 progress. It's no longer in progress. They had to remove it
17 from their reports.

18 The reality is is these reports and what the City
19 says it is building is not being investigated for purposes of
20 this report. And I raise that because I think at the end at
21 the day, with 525,000 too few affordable units for the people
22 who need them in the County of Los Angeles, my understanding of
23 the settlement agreement was that it was about bringing on
24 board resources to ensure that folks who were on the streets
25 would have housing units available to them.

1 The audit raises a number of concerns, throughout the
2 audit, that the beds that have been identified by the City
3 don't actually exist, are not actually on line or not being
4 tracked appropriately.

5 Over 2,000 of the road map beds have been allocated
6 for the time limited subsidy program, which is a significant
7 resource that the City continues to invest in to get people off
8 the streets. But the audit doesn't address any of the program
9 requirements of the time limited subsidies and it seems to take
10 for granted that those subsidies actually existed and were
11 continued to be provided.

12 We raise these issues because this agreement was very
13 much about bringing new resources on board. And if the audit
14 at the end of the day does not verify that those resources were
15 actually brought on board does not verify that the City is
16 actually meeting the obligations as it says that it is, then
17 the audit will have done no work to instill confidence that the
18 City is fulfilling its obligations.

19 At the end of the day, this was a sanction for the
20 City's failure to abide by it, had nothing to do with LAHSA and
21 it had nothing to do with the County. So we're just very
22 concerned that the City continues to get off scout free in
23 terms of what their obligations are under the settlement.

24 And, Your Honor, I really want to address the LAPD
25 issue because -- and I know that that gets ignored frequently

1 when we talk about what's going on in this courtroom, but at
2 the core of the settlement agreement between the LA Alliance
3 and the City of Los Angeles is the issue of criminalization and
4 the way in which LAPD is being used to enforce these
5 agreements.

6 The audit was unable to receive information from the
7 Los Angeles Police Department related to homelessness data.
8 And yet for the past five years, the LAPD has tracked
9 homelessness data that they have made available when it has
10 been appropriate and convenient for them. They have special
11 orders and directives that have indicated how that information
12 should be tracked, that I don't believe were provided to the
13 auditors to be able to look into. They were told to look at
14 publicly available data, data that doesn't necessarily track
15 anything, but when asked, when asked by the City Council or in
16 other spaces to track that information, they had the
17 opportunity to do that.

18 And so we are concerned again that the audit is
19 focusing on aspects that are popular to points to, whether it's
20 LAHSA or the County, and as a result of that, by forming the
21 conversations around those issues, that actually impacts
22 unhoused folks on a day to day basis, are getting ignored
23 because we're focusing on line items and budgets in those kinds
24 of spreadsheets.

25 So we would just -- we'd like the opportunity to work

1 with the auditors before this becomes final, to point out data
2 sources that we believe exists, that we've seen exist, that the
3 City has produced, because it cannot be the case that the City
4 continues to not be held accountable because of their --
5 because of what they represent are issues.

6 **THE COURT:** How's the Mayor Dundon --

7 **SPECIAL MASTER MARTINEZ:** No, we still have the LA
8 Alliance.

9 **THE COURT:** I'll be right to them. How has the Mayor
10 done and you as the auditor/controller, have you worked out
11 this problem for us, to your collective responsibility or do we
12 have to keep going to a third party and paying for this or
13 asking you to volunteer?

14 **MR. MEJIA:** You need my name again? Oh, Kenneth
15 Mejia, City controller.

16 So for the question that you wanted me to estimate, I
17 did ask the Mayor how we can go about future related oversight
18 for programs underneath her and I asked her and I will let her
19 answer for herself.

20 **MAYOR BASS:** Karen Bass, Mayor of Los Angeles. The
21 City controller and I have worked together I think very well in
22 many ways.

23 **THE COURT:** Uh-huh.

24 **MAYOR BASS:** But I won't agree to this. I do not
25 agree to it because it is not consistent with the charter and

1 because I fundamentally don't think it is right for one elected
2 official to audit another.

3 **THE COURT:** Now, for both of you then, how do we then
4 not let 20, 30, you know, this extraordinary period of time go
5 by without a performance audit and is there some future court
6 long after I'm gone going to have to come begging to each of
7 you or one of you as the future mayor, not you at that time
8 probably, ten years from now and ask for volunteerism, we're
9 going to be told no.

10 And so therefore, any program that you or a future
11 mayor decide to sweep under your umbrella we don't get a look
12 at. That's just not good for the public.

13 **MAYOR BASS:** I would agree, and I think that it can
14 be looked at. And I think that it's very important that
15 whatever programming we do be outcome driven and the outcome is
16 getting people off the street and housed permanently. And that
17 should be the performance standard. And I think programs
18 should be designed that way.

19 You know, I'm actually sitting next to another former
20 controller who faced the same situation. Wendy Greuel was a
21 City controller a few years ago and was in the same situation
22 where the Mayor didn't agree to an internal or an external
23 audit.

24 **THE COURT:** Okay. So what we're left with is
25 takeaway, we're not going to have another performance, quite

1 frankly audit, unless you have this Court or another court in
2 the future badgering the elected officials or asking for your
3 consent. That's my takeaway from this.

4 **MAYOR BASS:** And maybe my attorney could address that
5 as well, because I don't think it means that no audit would be
6 done --

7 **THE COURT:** Yeah. And/or --

8 **MAYOR BASS:** -- I think it's a question by who.

9 **THE COURT:** -- a forensic audit also, I mean, I think
10 that this covers the bailiwick that the City is not going to
11 get another look, except for the drama that we've gone through
12 quite frankly.

13 Now, I'm speaking directly to officials, I've had
14 enough counsel for a moment. I'm really talking to you, you're
15 the decisionmakers. These attorneys act as a buffer quite
16 frankly. I -- really if that's the position we're in, how do
17 we break that impasse or do we. Or is this City been doomed
18 and I mean doomed to another 20 or 30 years without
19 accountability.

20 **MR. MARCUS:** Your Honor, if I may, Scott Marcus for
21 the City, the controller does have the ability to conduct a
22 financial audit. There are inspection rights between the City
23 and LAHSA and the contracts that the controller can take
24 advantage of. The Court is --

25 **THE COURT:** But he'll tell me that he can't get, as

1 he has, or A&M can't get the documents from LAHSA and LAHSA
2 quite frankly gave my auditors a very difficult time because a
3 lot of these documents didn't exist and you ought to read the
4 e-mail streams, they are frustrating.

5 Now, you can't defend that, Ms. Greuel, because you
6 weren't there. But I can tell you point out, I'm watching
7 these e-mail streams come from Michelle through LAHSA and it's
8 ridiculous.

9 **MS. GREUEL:** Judge, is it okay if I say something?

10 **THE COURT:** Yeah, but I wouldn't defend LAHSA right
11 now in this, you might defend them in the past because --

12 **MS. GREUEL:** I -- what I wanted to say is that we
13 will provide any information that we are asked for and if
14 there's an issue, you should let me know.

15 **THE COURT:** You don't have it, Wendy, because you
16 haven't asked your providers for it and you let -- not you
17 personally, you let your providers keep this house and nobody
18 checked. We don't know what the heck they did with this money.

19 **MS. GREUEL:** I'm just making a commitment to you that
20 we will provide the information requested and I think that's
21 what you're wanting to hear today, Judge, is that -- is you
22 want action, so I will say that as well.

23 **THE COURT:** Fair enough.

24 **MS. GREUEL:** And I will say with the Mayor, and as a
25 former controller, I've also tried to audit at the time a

1 performance audit and was told we could not and it was my
2 predecessor as well, Laura Chick --

3 **THE COURT:** Right.

4 **MS. GREUEL:** -- because of the charter.

5 But I will say this Mayor said come on in and do
6 this. Previous Mayors did not do that. So it would take a
7 charter change to allow for that performance audit, I'm not
8 sure, but it also is in a cooperation that is the City Council
9 members and the Mayor whenever they get funded say part of that
10 is a performance audit. I mean, there's things that you can do
11 to do that, but it is a charter -- and I lived through it, I
12 fought in the public, and in the news at the time with
13 Chutanich (phonetic) about it wanting to be able to do a
14 performance audit and was not. So I just want to give you that
15 history so you know.

16 **THE COURT:** But if we can't resolve this problem,
17 Wendy, you're going to end up pushing a Court that doesn't want
18 to be there more and more towards intervention. In other
19 words, if we can't resolve this for the public, in terms of
20 transparency and accountability, you're going to end up pushing
21 this Court or another court into a position of being very
22 aggressive and entering into the legislative and proper
23 functioning of the executive branches where we really don't
24 want to be there.

25 So if you can't solve it at some point, we're going

1 to not want to be complicit in it, because otherwise by me not
2 taking action I become part of you and I'm complicit in it.
3 And I don't want to do that.

4 So I'm not hearing a solution yet, I'm hearing an
5 impasse and what you're putting the Court in a position of
6 eventually, so you hear the slow train wreck is that all of a
7 sudden LA Alliance starts to gain credibility if I can't even
8 get accountability and transparency then you don't leave me
9 many options in the future except sitting docilly by and doing
10 nothing and trust me, that's not this Court. I'm trying to
11 give you every opportunity. You really need to solve this.

12 **SPECIAL MASTER MARTINEZ:** It's LA Alliance now.

13 **THE COURT:** Okay. LA Alliance, we're almost done.

14 **SPECIAL MASTER MARTINEZ:** We still have the
15 encampment resolution issue, LA Alliance from the A&M report.

16 **THE COURT:** Okay. Michelle's whispering in my ear.

17 **SPECIAL MASTER MARTINEZ:** LA Alliance on the A&M
18 report.

19 **THE COURT:** Okay. And then let's wrap this up.

20 **SPECIAL MASTER MARTINEZ:** LA Alliance.

21 **THE COURT:** LA Alliance, A&M report.

22 **MS. MITCHELL:** A whole lot to say, Your Honor, but I
23 understand that we'll be back in a couple of weeks to talk
24 maybe more substantively about motions and outcomes.

25 **THE COURT:** I think about early May to give everybody

1 a chance to meet --

2 **MS. MITCHELL:** I did.

3 **THE COURT:** -- as the Chairperson of the Board, you
4 go through your vote, the City can decide as the president,
5 what you're going to do or not with LAHSA. I know that takes a
6 little bit of time, the Mayor, et cetera, so I'm thinking May
7 and I'm thinking about that time whether we have an emergency
8 by that point or not or we're back. I'm thinking about not
9 April, not precipitous, but I'm looking at May.

10 **MS. MITCHELL:** Thank you, Your Honor. Regarding,
11 specifically regarding the audit, one I think it does support
12 what everybody in this room has said, is that it is a broken
13 system so I'm very much looking forward to what the potential
14 solutions and they do have to be the 800 pound gorilla
15 solutions.

16 But a very specific question I do have for A&M is
17 actually regarding these time limited subsidies that Ms. Meyers
18 raised and I think it's an excellent point I'm very concerned
19 about the statement on page 65, addressing the 2,293 scattered
20 sites which are the time limited subsidies for the road map and
21 there's a statement, approximately 70 percent of the contracts
22 did not report financial expenditures in fiscal year 2023 to
23 2024. A&M requested supporting work papers from LAHSA, however
24 LAHSA was unable to provide the requested documentation and
25 instead furnished a memorandum that was not sufficient to

1 permit reconciliation of the misaligned -- misalignment in
2 contracts, therefore A&M could not validate the reported number
3 of TLS beds or the total expenses necessary to support those
4 beds.

5 I'm not an auditor. And so I would really like that
6 in very simple language. Like does that mean we have 1,600
7 missing beds, what is going on with those, that's about, if my
8 calculations are right, 1,600 beds that could not be verified.
9 Do I understand that correctly?

10 **MS. BROWN:** Lisa Brown for A&M. I don't know if I
11 can answer the bed count question directly, but what happened
12 is in the financial data, there are clearly contracts that are
13 linked to time limited subsidies. Alternatively we asked LAHSA
14 outside of the financial data, please give us a list of all of
15 the contracts that relate to the scattered sites, TLS beds that
16 are in the quarterly reports. And there was a large
17 misalignment, which is the 70 percent you see there, between
18 the list of contracts they gave us separately outside of the
19 financial data.

20 So we asked them, you know, we see this large
21 discrepancy, can you please help us reconcile that. And the
22 memorandum that we were given on how they calculate that number
23 of beds did not have anymore specific information on the
24 contracts to allow us to kind of align and figure out what that
25 discrepancy may be.

1 **MS. MITCHELL:** I guess fundamentally, could you
2 confirm that those beds are in existence, that the time limited
3 subsidies are being used and that people are in those beds or
4 using those subsidies?

5 **MS. BROWN:** I mean, I don't think at this point in
6 time we can verify that.

7 **MS. MITCHELL:** Thank you.

8 **THE COURT:** Which is back to the auditor controller's
9 part that you noted with \$212 million in terms of wasted money
10 for non-occupancy.

11 **SPECIAL MASTER MARTINEZ:** Yeah, very few concerning,
12 especially --

13 **THE COURT:** Here.

14 **SPECIAL MASTER MARTINEZ:** I would just say that it's
15 also very concerning if those time limited subsidies are being
16 counted as interim housing or potentially permanent supportive
17 housing and being counted towards the LA Alliance agreement. I
18 want you all to keep that in mind if we're unable to verify.
19 If we are not able to verify, you're not going to be able to
20 count those. So just please keep that in mind.

21 **THE COURT:** I think we're done. Any other comments
22 by any other parties?

23 **SPECIAL MASTER MARTINEZ:** The County?

24 **THE COURT:** My apologies.

25 **MS. HASHMALL:** Thank you, Your Honor, Mira Hashmall

1 for the County of Los Angeles. You know, I'm a lawyer, so I
2 don't play politics, I deal with facts, I deal with evidence, I
3 deal with the law and there were a couple of misstatements
4 today that I think really need to be addressed before the
5 Court, if I may.

6 First, there was a statement with regards to
7 discussions between the County and the City regarding Measure A
8 and that's in connection with a hearing that was back in
9 October of 2024, there was no agreement. The record of the
10 hearing will make clear the conversations that were going on at
11 that time, it's on the transcript, it's in the record. There
12 was a misstatement about that that needs to be clarified,
13 number one.

14 Number two, the County and City are continuing to
15 have conversations and working together on matters that go far
16 beyond this lawsuit. I want to echo what Supervisor Varga
17 said, that the County has engaged in significant resources,
18 thousands of beds that it funds, operates and has in the City
19 of Los Angeles that has nothing to do with this agreement, any
20 settlement in this case.

21 So there is a big picture of resources and I think
22 it's important that we never lose sight of the County's overall
23 commitment to homelessness, even if it's not a specific bed or
24 resource in an agreement in this case.

25 The other thing I'd like to reiterate is that the

1 County has been consistently committed to transparency, that's
2 why the Board ordered a LAHSA audit back in 2024. That's why
3 the Board is looking carefully at a plan for how to improve the
4 delivery of homeless service for county-wide.

5 And that's also why the County stepped up and agreed
6 to support the A&M audit of the City's programs, providing data
7 and information and resources and opening up some of its
8 subject matter experts, so that they would get the benefit of
9 what's really happening on the ground with those resources.

10 We filed something with the Court, sort of
11 identifying some areas that we think could require potential
12 conversation or clarification. The supervisor has indicated
13 she thinks it would be productive to maybe sit down and get
14 down to more of the specifics of the County resources, because
15 sometimes you don't really understand it, if you're just
16 looking at the service, but that has been an open door and
17 transparency policy that the County has had throughout.

18 And finally I'd like to just make clear there have
19 been statements here about the County and the City allegedly
20 not in compliance. That is completely wrong. The County is
21 fully and completely in compliance with its settlement
22 obligations. It's not the subject of any motion before the
23 Court. It has met or exceeded all of its milestones and
24 benchmarks in connection with an agreement with the plaintiffs
25 and it has supported the City in connection with other

1 resources and beds.

2 With regards to the road map agreement, the County
3 funded \$300 million towards those beds and resources over the
4 last five years. And the agreement is just coming to an end,
5 according to its terms, but the County is standing by all of
6 its obligations under its agreement with the Alliance and it's
7 standing by its agreements with the City, with regards to other
8 resources.

9 So from our perspective, we want to be sure that
10 there's no lack of clarity, there's no misstatements, there's
11 no misunderstanding with regard to the County's role in
12 connection with these proceedings today.

13 **THE COURT:** So --

14 **SPECIAL MASTER MARTINEZ:** Thank you, Your Honor.
15 Just very quickly I wanted to give my Special Master report and
16 I just wanted to clarify as well for the record regards to the
17 road map beds that are -- the parties continue to speak about
18 and I want to be very clear that the reason why the City of Los
19 Angeles wanted to utilize those beds is because I am the one
20 who suggested that they could possibly transfer those beds to
21 the LA Alliance. And I mentioned to the LA Alliance to have an
22 open mind as well, as I mentioned to the Court, to have an open
23 mind so the City of Los Angeles never wanted to double count or
24 utilize those beds to take advantage of the situation. I
25 brought that idea up to them, because prior to them signing on

1 to the LA Alliance agreement, many of the prior Council members
2 and certain Council members worked really hard to put up tiny
3 homes and none of those beds, they were not going to get credit
4 for, nor did they get creditor for for the LA Alliance
5 agreement.

6 And so I was just trying to do my best to help those
7 Council members out. And so I just suggested that idea. So
8 not one Council member, not the City of Los Angeles was trying
9 to say, hey, let me pull a fast one on the LA Alliance or the
10 Court. I wanted to just state that for the record.

11 Number two, I wanted to also state for the record in
12 regards to the County, as discussed in its points to the A&M
13 and also during the learning session, and I think it's very
14 important to highlight this point that when we talk about
15 acuity levels and who's responsible for care and specifically
16 in regards to mental health, I think it's imperative to
17 understand that when we're dealing with service providers, with
18 outreach workers, with the City of Los Angeles and cities
19 period, who's responsible to sharing information or providing
20 the appropriate information to these folks who are on the
21 ground.

22 So if you anxiety, you have some form of mental
23 health illness and you're not severely mentally ill, that's
24 typically the high acuity, typically that is the issues and
25 concerns of the County. You go ahead and submit that, you get

1 help from the County. But if you don't have high severe mental
2 health issues, typically you have to go through a health
3 managed care system. Well guess what, folks, a lot of these
4 outreach workers on the ground don't know that.

5 So they're trying to go through the system and they
6 never are able to get the folks on the ground help. And these
7 are just going into the abyss, but no one is telling these
8 outreach workers what they need to do to give these basic folks
9 care.

10 And so someone, and I don't know who that is, if it's
11 the County, if it's training, who is supposed to help the City
12 of Los Angeles or City or LAHSA to help these outreach workers,
13 navigators or whomever, the appropriate training that if
14 someone doesn't have the acuity level that the County's
15 responsible for that's under the 1 to 5 or 5 to 6, whatever the
16 levels are, I don't know specifically, if the County's not
17 responsible for if they have to go through a -- through the
18 managed care MediCal, this is who you need to communicate with.
19 But unfortunately that is not happening in the system right now
20 and during our learning session that we had, we heard that time
21 and time and -- from the various providers and the outreach
22 workers.

23 But we also heard it from the County as well that
24 that is not their responsibility. And sure 'nuf, it's not, the
25 County is responsible for a certain segment of the population

1 and I respect that, but at what point in time is the City of
2 Los Angeles or anyone else that is part of this homeless
3 response system going to tell these outreach workers who are
4 they supposed to call to get the appropriate care for the
5 people that they're helping out on the ground. And
6 unfortunately they know what that process looks like.

7 And so what I'm going to ask is that it's -- we have
8 a process, whether it's the County or someone else, if you all
9 can please share that with the City of Los Angeles or with
10 myself so that we can help these outreach workers, that would
11 be greatly appreciated, thank you.

12 **THE COURT:** Jay.

13 **SPECIAL MASTER GANDHI:** I just want to make a final
14 comment as we prepare, as you all prepare for the May hearing,
15 I don't want to lose sight of some of the first principles and
16 the first principles are that the City will always confront
17 major challenges, including as a victim of the fire that burned
18 my home and destroyed my life.

19 So the City will confront challenges, there's no
20 exception in the settlement agreement, however, for that. The
21 City has an obligation to create beds. Beds are not created.
22 Agreement is breached or appears to be breached. And so in
23 May, let's focus on the remedies or potential remedies.
24 Understood, Alliance?

25 **MR. UMHOFFER:** Yes, Your Honor.

1 **THE COURT:** And while we're sharing, we're all
2 undertaking this tragedy, my daughter's home burned also.
3 Jay's home burned. I don't think there's any of us, Mayor, who
4 don't want this to be a priority. But at some point the
5 emergency ends and if the City was going bankrupt or close to
6 it before the fire ever occurred.

7 Folks, you've got to solve this or if not, the Court
8 is going to step in and that's why I'm saying, and LA Alliance,
9 you're not coming to me with just a broad request for a
10 receivership, you better be very specific in terms of what
11 you're asking of the Court, because if I act, I need to number
12 one know that I've got the power to do so, and it's just not an
13 action by the Court that's taken up to the Circuit that
14 overturns me.

15 Now, I did that one time before and I'll be very
16 specific with you. Transparent. I had a pretty good idea when
17 I told Garcetti, Mayor Garcetti to put a billion dollars in
18 jail or into a trust fund, and I had a pretty good idea when I
19 said clear skid row in 180 days I was going to get reversed.
20 But I'd reached the level of there was no place else to go.
21 Nothing was happening.

22 Now, what nobody knows is I actually had 600 beds in
23 the audience. I could have cleared most of the women with
24 housing in skid row, but I'll be transparent to you, I didn't
25 know what to do with all the guys out there.

1 What did I ask for in that opinion? I asked for an
2 accounting, if you recall and I asked for an audit, both
3 forensically and I asked for a performance audit, didn't I? We
4 have wasted, rather the Circuit I will never disagree with,
5 we've wasted three years since that opinion, waiting for an
6 audit to take place. And, Mayor, only because you volunteered
7 this are we here, or we would still be going through 30 years
8 of non-transparency. That cannot happen.

9 So unless the two of you can work this out in some
10 way the Court's going to have to. And I'm not sure what to do
11 about that, because then I am intruding. I've got a great
12 chance of a reversal, I understand that. But if I don't, then
13 I'm complicit, I'm sitting here doing nothing and nobody's
14 going to question you by the way except the Court. It's not in
15 your interest as politicians to question this. And I mean that
16 in good faith.

17 Now, you've done a lot of soul searching, I know
18 that. You're reputable people. This mess has fallen on you.
19 I get it. But I am your worst nightmare like I told Garcetti.
20 And unfortunately, that's the position I'm going to take very
21 aggressively. Okay? Please work this out for me.

22 If you two can't agree, then that starts to gain some
23 credibility and so does Liz and you're forcing me into a
24 position where I will act.

25 All right. Now, I think we should excuse the folks

1 with this. Yeah. The remainder is the increased reporting
2 concerning encampment reductions and the specific metrics
3 necessary by the City and I said that I would leave this for
4 oral argument today. I've already decided that encampment
5 reduction is not cleaning. Because there, the person has
6 cleaning, comes right back to the same location, that was never
7 envisioned. This is meaningful encampment reduction.

8 And the next thing is, I think the Mayor is in a hard
9 space and that is, you're struggling right now with, well I
10 cleaned the encampment, I really don't want to use 4118 or
11 criminal wise as Shayla is concerned, by the same token the
12 folks are right back there, they're right back in the same
13 location. Now, that's cleaned up in MacArthur Park
14 substantially, okay. A lot of places you've been successful.
15 By the same token, go over to Franklin, they just moved up the
16 street, okay.

17 And so every time you clean up, that leaves the
18 public with a situation well, this was supposed to be
19 meaningful because there's a school or a park and lastly I'll
20 toss this out to you. We've focused so much on the homeless,
21 the 75,000, haven't we? We keep talking about homeless. No.
22 It's the person also who can't take their kid to the park.

23 If the person down in Marqueece's district, which is
24 one of the most affluent districts, if they can't fly to
25 Europe, they've got to use their parks, their schools, their

1 streets. And so it's not the homeless, it's the whole city of
2 maybe 200, you know, 2 million people, well we've got 4 million
3 here, trust me, but 2 million people who may be earning 18 to
4 \$25 an hour. And when we fail here, we talk about homeless for
5 75,000, what we're really talking about all these millions of
6 people who just can't use their parks. That's what I'm also
7 really concerned about because I'm so focused on the 75,000
8 that we can't lose -- your district especially, the (indisc.)
9 district and the 14th and your district, because you're not the
10 west side of LA. And I'm not saying the west is all that can
11 get on a plane, but they're going to do a lot better than your
12 constituents and we can't use the park, who's suffering? It's
13 not only the homeless, it's about 2 million out there or more
14 who are between 18 and \$25 an hour. There's something terribly
15 wrong with that.

16 And that's why I'm telling you I need two more years
17 or I've got to do something because I can't see the City swept
18 clean, even though the Mayor doesn't say that that will happen,
19 I believe you, but we did it with the Academy Awards. And I
20 can't see people sit three or four years or three years before
21 the Olympic Games with our present situation all of a sudden on
22 the world stage, we're clean for two weeks. That doesn't make
23 sense to me. And it doesn't make sense to your constituents.

24 Yeah, what is -- Michelle, ask the question.

25 **SPECIAL MASTER MARTINEZ:** So was there communication

1 with the parties as moving -- when we move forward as it
2 pertains to the increased reporting on encampment reductions
3 and the specific metrics?

4 **MR. MARCUS:** Scott Marcus on behalf of the City. No,
5 Your Honor, we understood that we would be having argument
6 about the encampment reductions --

7 **SPECIAL MASTER MARTINEZ:** That's today.

8 **MR. MARCUS:** -- today. That being said though, as
9 the Court indicated, I don't know if the electeds could
10 possibly be excused before the lawyers --

11 **THE COURT:** Yeah, I don't think --

12 **MR. MARCUS:** -- do their business.

13 **THE COURT:** -- the elected officials need to be here
14 for this. This is attorney. So, folks, let me first of all
15 recognize you on the record and thank you. These are tough
16 discussions. These are really hard transparent discussions.
17 Mayor, I want to thank you. Thank you.

18 Auditor controller Mejia, I want to thank you. Thank
19 you. Chairman of the Board, thank you. And by the way, thank
20 Lindsey Horvath on the way back there for being so candid one
21 time and saying, LAHSA is us, we all knew it, she stood up in
22 court and said LAHSA is us and we are LAHSA. Just thank her on
23 her prior statement, okay. You won't know what it's about.

24 **MS. RAFFERTY:** Really briefly, Judge.

25 **THE COURT:** Yeah, hold on.

1 **MS. RAFFERTY:** There's been a lot of requests to work
2 with us if there's something we misinterpreted --

3 **THE COURT:** Yeah, what about billable hours? Since
4 we're going to run up the bill and we can't agree, hold on.

5 **MS. RAFFERTY:** It's now pro bono.

6 **THE COURT:** Okay. Team, listen to this. This is
7 going to cost you, Mayor. Going to cost you.

8 **MS. RAFFERTY:** No, we're more than willing to work
9 with all the parties if there's something that was interpreted
10 wrong.

11 **UNIDENTIFIED:** Oh, Palisades (phonetic).

12 **MS. RAFFERTY:** But I do have to make one comment
13 about Ms. Meyers. We understand the difference between
14 spreadsheets and outcomes, but if you do not understand how
15 much money comes in and where the money's going and how it hits
16 the street, you'll be able to measure outcomes.

17 So we understand that, but you have to understand the
18 dollars first, but that's -- but we're available to any of you
19 who need to meet with.

20 **THE COURT:** All right. We're going to take a brief
21 recess. No, we're taking a recess now. We're going to get off
22 the stand, we're going to come back in about 15 minutes. You
23 wanted to say something?

24 **UNIDENTIFIED:** Yeah, I just wanted to make sure --

25 **THE COURT:** I can't hear you.

1 **(Multiple voices (indisc.))**

2 Absolutely. And remember, what I'm requesting -- 15
3 minutes, folks.

4 **(Recessed at 1:28 p.m.; reconvened at 1:46 p.m.)**

5 **THE COURT:** We're back in session and this concerns
6 the increased reporting on the encampment reductions and the
7 metrics necessary for production by the City. And I left that
8 for oral argument today, counsel, so who'd like to begin?

9 **MR. MARCUS:** Thank you, Your Honor, Scott Marcus on
10 behalf of the City.

11 Your Honor, the City read the order, Docket 874 that
12 the Court issued I believe earlier this week, that the City may
13 not report the care and Care Plus metrics, tents, makeshift
14 shelters, cars and RVs, but could only report reductions when
15 the persons associated with those tents, shelters, cars and RVs
16 were given shelter.

17 One, grants relief that was not requested in the
18 motion or even in the reply; and two, ignores the stipulation
19 entered into between the parties that was approved by this
20 Court that required the City to use the very metrics.

21 These are actually metrics that the Alliance
22 proposed. The Alliance proposed that the City, for its
23 encampment reduction metrics count the number of tents, make
24 shift shelters, cars and RVs that were removed. That was
25 Alliance's proposal. The City agreed to it. The Court blessed

1 it.

2 The stipulation did not include a specific number of
3 people experiencing homelessness who must receive shelter in
4 connection with those reductions. Nor did it include the
5 additional reporting that the Alliance is now requesting
6 because neither of those are required under the settlement
7 agreement.

8 As I stated, the City actually initially proposed
9 when we were discussing about milestones, the City initially
10 proposed encampment locations and numbers of people, as that
11 term is colloquially used, and in fact, the City started out
12 those negotiations using LAHSA's definition of encampments.
13 That is what we proposed. And that proposal noted that the
14 involvement of care and Care Plus in encampment reductions and
15 noted that the Care Plus operations include the homeless
16 engagement teams, that the City funds through LAHSA, that
17 provide outreach and offers of shelter.

18 This was all contained in some of the documents that
19 were put forward by the Alliance, both in the old motion for
20 sanctions from a year ago, Docket 668-1, as well as the new
21 motion to compel 863-6.

22 That was the City's initial proposal. The Alliance
23 came back and said, no, we have a different proposal, we have a
24 different metric, we want you to count the tents, make shift
25 shelters and cars and RVs that you pull off the city streets.

1 It was clear, Your Honor, from a hearing a year ago
2 that that is what the County -- excuse me, that is what the
3 Alliance was requesting the City count, it's what the City was
4 agreeing to count. This is the March 7th, 2024 hearing. It's
5 docketed at 681.

6 And throughout that, it is clear that these were the
7 metrics that everyone was agreeing to. There was no discussion
8 and no requirement of tying it to a specific number of people
9 being outreached, or a specific number of people being housed,
10 because those are not required under the settlement agreement.

11 And, in fact, this Court made a point of stating that
12 we all needed to understand that this was an agreement that in
13 the future about whether this is an agreement or not, this is
14 an agreement period. That was the Court on page 95, lines 11
15 through 17 of docket 681.

16 So for the last year, the City has reported the
17 metrics that the Alliance asked us to report, that everyone
18 knew we would be reporting. If I could go back, I also want to
19 point out, Your Honor, for the Alliance to claim that none of
20 these metrics are tied to outreach is incorrect. These metrics
21 are often tied to outreach, are often tied to offers of
22 shelter, as I indicated, the Care Plus operations are led by
23 the homeless engagement teams that the City funds through
24 LAHSA. And, in fact, the A&M audit report acknowledges that
25 these Care Plus engagements include outreach. This is at the

1 second amended draft report, Docket No. 870, I believe it's
2 pages 39 and 102.

3 So what we have, Your Honor, is a motion by the
4 Alliance asking to undo the stipulation we agreed to a year
5 ago. It's buyer's remorse. They don't like the terms that
6 they proposed, the terms that the City agreed to and the terms
7 that the Court blessed.

8 The City has done for the last year exactly what we
9 were asked to do. We reported the metrics as requested by the
10 Alliance. They now want to change those, that's fine. But the
11 City can't be faulted for doing what they asked us to do, what
12 the Court told us to do and what the City agreed to do.

13 If, in fact, the Court rules that the metrics being
14 used by the City are inappropriate for whatever reason, then we
15 have to come up with new metrics. Either we need to come up
16 with a new number, if the Court is going to require that any
17 tent, make shift shelter, car or RV taken off the road, or off
18 the public way, has to include an offer of shelter for it to be
19 included as an encampment reduction metric, we'll have to come
20 up with a new number because the 9,800 was not based on that
21 additional requirement that is not in the settlement agreement,
22 or we'll have to come up with a new metric entirely, maybe
23 going back to the original metric proposed by the City, based
24 on the LAHSA definition of encampments.

25 **THE COURT:** All right. Thank you. Who would like to

1 be the next? Myra, did you want to --

2 **MS. MITCHELL:** No, Your Honor, the County does not
3 have a position on this motion.

4 **THE COURT:** I understand. But I just wanted to make
5 sure out of courtesy. Shayla?

6 **MS. MITCHELL:** I mean, Your Honor, yes, we'd like to
7 be heard on this issue obviously. I don't know if you want to
8 hear from the Alliance first, but happy to weigh in as well.

9 **THE COURT:** Your choice.

10 **MS. MITCHELL:** I'm here, Your Honor, I might as well
11 talk if that's okay with the Court.

12 **THE COURT:** Thank you.

13 **MS. MITCHELL:** So at no point has the Alliance ever
14 agreed that care and Care Plus cleanings could or should be
15 counted, that in fact, just a few months after we entered into
16 this agreement which is a stipulated sanction, not voluntary, I
17 think it was in March or April of last year we got word that
18 the City was using care or Care Plus clean ups to include these
19 metrics and we contacted the City I think it was in August of
20 last year, specifically asking for the locations, because we
21 were concerned that care and Care Plus was being utilized. And
22 that was never the anticipated goal. Reductions are permanent
23 in nature as the Court indicated and as we briefed. So at no
24 point did we indicate that was okay.

25 The reason that the metrics for tents, RVs, vehicles

1 and makeshift shelters were used is because that's what LAHSA
2 was counting during the PIC count. So when we were trying to
3 identify numbers and metrics to figure out exactly what numbers
4 we could use, that came up as something LAHSA specifically
5 counted during the point in time count, so it was a number.
6 Because otherwise, there was no other estimation of how many
7 quote/unquote encampments are within the City of Los Angeles.

8 The definition, the LAHSA definition the City was
9 coming up with was very vague. It was like somewhere between
10 50 and a hundred people and because it was so vague we wanted
11 more specific metrics, using the numbers that were included in
12 the PIC count. That has no -- at no point did we ever agree
13 that care and Care Plus numbers should be used, that basic city
14 clean ups could be used, reductions to us always had the simple
15 meaning as we indicated in our briefing and as the Court
16 indicated of a permanent reduction and that is what we believed
17 we were agreeing to and that is what we believe that the City
18 was reporting and should be reporting.

19 So I think, and I don't think that the Court in its
20 order indicated that it has to be tied to a specific order, you
21 know, specific offer of housing, but the order says that the
22 City is only to report encampment reductions that have a more
23 permanent meaning, such that people are moved off of the
24 street. And I think that's the point, is that it needs to have
25 a more permanent meaning, not that there has to be a one to one

1 tie, but the ultimate goal as we made clear this morning has
2 always been a reduction in unsheltered homelessness on the
3 street. And that's why these shelters were intended to go up
4 and the people were intended to move into those shelters.

5 And so reporting care and Care Plus clean ups has
6 never been part of our goal, that's never something that was
7 raised during negotiations. And so we obviously agree with the
8 Court, agree with the plaintiffs, that they need to be
9 reporting more permanent reductions.

10 Now, if we need to separately meet and confer about
11 how they're going to do that, I'm happy to do that so that we
12 can make sure that we're getting appropriate metrics. But I
13 don't think that anything involved in the briefing or in the
14 Court's order would require any type of new negotiation from
15 the numbers, because I think we reached in the agreement, as to
16 the stipulated sanction last year, the agreement remains, Your
17 Honor.

18 If the Court has additional questions, I'm happy to
19 answer them or I'm happy to turn the lectern over to my
20 colleague.

21 **THE COURT:** Okay.

22 **MS. MITCHELL:** Thank you.

23 **MS. MYERS:** Your Honor, as intervenors who are not
24 party to the settlement agreement, obviously what we are only
25 party to is what is presented to the Court and what the Court

1 rules on. And at this point, we don't think there's actually
2 an agreement that the Court has ruled on related to this quote
3 encampment resolutions that has been approved by the Court.

4 And the reason why we keep going back to this is that
5 our clients were allowed to intervene in this case because they
6 represent unhoused folks, who are subject to the City's conduct
7 related to their tents, makeshift encampments and RVs.

8 **THE COURT:** Uh-huh.

9 **MS. MYERS:** The parties, the LA Alliance and
10 representing the business community, the City of Los Angeles
11 are having a fight about whether or not the rules are about
12 housing folks or throwing away their property for purposes of
13 counting towards encampment resolutions.

14 Neither the LA Alliance or the City of Los Angeles
15 put forth a plan for this Court to institute as an order that
16 would have given the intervenors the opportunity to weigh in
17 for purposes of due process related to that order.

18 We keep going back to that, Your Honor, because the
19 suggestion that there is an enforceable order that would
20 require and incentivize the City to discard 10,000 encampments,
21 makeshift encampments which are made up of people's belongings,
22 tents and RVs is incredibly problematic.

23 We do not believe that this Court should be
24 incentivizing or rewarding or insisting that the City of Los
25 Angeles is destroying unhoused people's belongings. To

1 Ms. Mitchell's point and to Your Honor's point in the proposed
2 order -- in the order that you issued related to this, if the
3 goal is about bringing people in, actually reducing
4 encampments, then Your Honor's interpretation of the settlement
5 agreement that the two parties reached, but Your Honor has
6 never weighed in makes sense.

7 But if the Court is inclined to rule that this has to
8 do with disposing of tents or disposing of RVs or disposing of
9 people's encampments, then we would ask for the opportunity to
10 be heard on that because it really does implicate people's
11 interests that are not present in this courtroom, except to the
12 extent that the intervenors are part of this and the suggestion
13 that the LA Alliance and the City of Los Angeles can negotiate
14 an agreement about people's belongings is incredibly
15 problematic. Thank you, Your Honor.

16 **THE COURT:** Thank you. Mr. Marcus?

17 **MR. MARCUS:** Thank you, Your Honor. Just to address
18 a couple of points raised by the Alliance. They slipped in the
19 word permanent and they did so in their documentation, their
20 pleadings as well that the reductions that the Alliance meant
21 were a more permanent reduction. There is no requirement in
22 the settlement agreement of a permanent reduction because it's
23 very much outside the City's ability to control such a thing,
24 as I think the Court has indicated earlier when we were talking
25 about Inside Safe and trying to keep those encampment areas

1 from repopulating.

2 There's a lot of factors that go into that, that's
3 largely out of the City's control, which is why the City didn't
4 agree to any type of permanency of reduction in the settlement
5 agreement and didn't do so in the stipulation as well.

6 The stipulation that the Alliance and the City
7 entered to that was agreed to or blessed by this Court for the
8 9,800 number wasn't tied to that, any kind of permanence. It
9 wasn't tied to specific offers of outreach or specific offers
10 of shelter as the Court's order yesterday indicated it needs to
11 be.

12 So that number, that agreement is now void if there
13 are now additional elements that have to be considered to count
14 it as a metric. So that agreement isn't still in existence, it
15 does not remain. We have to come up with a new one if that's
16 the way the Court wants to rule with respect to what metrics
17 could be covered.

18 And I will -- I do have to give Ms. Myers a little
19 bit of credit, because literally one year ago she said almost
20 the same thing in objection to the Court agreeing to the
21 stipulation that the Alliance and the City entered into because
22 she noted, and this is at Docket 681, pages 78 through 80, that
23 she noted that the stipulation was about taking property out of
24 the public right of way, in her words, untied and untethered to
25 offering shelter or bringing people inside.

1 Your Honor, we all knew what the City agreed to
2 because it's based on the numbers and the metrics the Alliance
3 asked us to agree to. We shouldn't be faulted for doing what
4 we all agreed we would be doing. If the Court wants to change
5 that metric, wants to impose a new metric on the City, of
6 course we will follow that order, but we now need to meet and
7 confer and come up with a new metric and a new number.

8 **THE COURT:** All right. Thank you.

9 **MS. MITCHELL:** I mean, I think I will just address
10 just a couple of points, Your Honor. I think the word
11 reduction necessarily means reduce, permanently reduce, yes, I
12 agree that the word permanently was not in the stipulated
13 sanction that we agreed to, but that is the plain meaning of
14 the word as we cited and as the Court agreed to.

15 So I don't think there's no changing of an agreement
16 here. It's very specific that this has to be permanently
17 reduced and that's what we negotiated for, so we believed we
18 were getting. And so I think at this point it's just an
19 interpretation by the Court which is properly done. And at
20 that, I think we'll submit. Thank you, Your Honor.

21 **THE COURT:** Thank you. Anybody else?

22 All right. Let me take that under submission and
23 think about that for a while. Is there any other business
24 before the Court today?

25 **MS. MYERS:** Your Honor, I'd like to raise something.

1 **THE COURT:** Please.

2 **MS. MYERS:** I just want to raise this issue that I
3 previously raised with the audit and the representation from
4 the Los Angeles Police Department that they don't track
5 information related to homelessness. We work with a number of
6 community organizations that get data. One of those
7 organizations, the Human Rights Watch, is to receive data from
8 the Los Angeles Police Department, in response to a Public
9 Records Act request that was able to quantify when arrests were
10 done of people who were unhoused.

11 That's consistent with our understanding and I
12 believe the press' understanding about how the LAPD has tracked
13 data for a very long time related to people who are unhoused.
14 2018 and 2019 the LAPD released quarterly reports that
15 specifically tracked the number of people who were arrested
16 that were unhoused, the number of victims who were unhoused.

17 They released memoranda in 2018 and 2016 that
18 specifically outlined how the LAPD would track homelessness and
19 the housing status of people that were arrested as part of a
20 broader push by the LAPD to provide transparency related to
21 these issues.

22 I just received that data, Your Honor, from Human
23 Rights Watch, and I'm raising that here, but I'm just very,
24 very concerned about the City's representation about
25 transparency related to this information and limitations.

1 Your Honor made a specific order to the City of Los
2 Angeles for the audit to include specific points and the
3 suggestion that the LAPD represented that that was not possible
4 to the auditors is incredibly concerning to us. We're happy to
5 share that information, but I didn't want the Court proceeding
6 to end without us being able to put that on the record.

7 **THE COURT:** Thank you very much. Anything further?

8 **MR. MARCUS:** Your Honor, if I could just clarify that
9 the Alliance's other motion, the motion for compliant -- motion
10 to compel compliance at 863, that's being continued to the next
11 May hearing; is that correct?

12 **THE COURT:** Yes.

13 **MR. MARCUS:** Thank you.

14 **THE COURT:** Okay. Anything else?

15 No, thank you very much. Thank you for your courtesy
16 today.

17 **MS. MITCHELL:** Your Honor, I did just want to advise
18 the Court that we will be briefing the receivership issue so
19 that it's very clear and out there and it's something that
20 people can respond to.

21 **THE COURT:** Yeah. I'm trying to unartfully say, if
22 I'm going to be asked to consider something like, there's a
23 huge difference between the word receivership which captures
24 the public's imagination. And actually something that is
25 meaningful and I need to proceed, if I ever considered that or

1 monitoring, what that looks like. And I need to be able to
2 climb what I call an escalation letter, so that the legislative
3 and executive branches always have a chance to go about their
4 powers before a Court intercedes. I should be the last entity
5 interceding and that should only be because I truly find and
6 feel that there's a necessity which you've argued and it climbs
7 now to seven or eight plateauing, so be specific. Because when
8 you left me with the ordinary phrase sanctions, bankruptcy?
9 Number two, receivership. Wow.

10 But number three, I don't intend to let go of you
11 folks unless I have to, because I'm worried about what happens
12 in 2028. And so what you're both hearing is, I don't believe
13 you. I don't believe you that these streets aren't going to be
14 swept clean. You've already shown me that in the Academy
15 Awards. You folks out in skid row know it, I know it. And you
16 couldn't find a homeless person between here and the Academy
17 Awards. And if that's going to happen it makes me wonder why
18 the common every day citizen, whether they're earning \$18 an
19 hour or, you know, \$1,000 an hour, why we can't do that in the
20 next two or three years or if we're just putting on a show for
21 the world for two weeks. Our citizens here are the folks that
22 count over and above the Olympic Games and they deserve the
23 right to have, you know, us resolve this problem.

24 That's the transparent concern I've got going and if
25 I share that with you, number two, I really don't want the

1 Court interceding if I don't have to, but if I don't and this
2 continues then I'm complicit. I'm accepting this. And for too
3 long I think we've had many mis-consent decrees, that have been
4 nice pieces of paper that might have captured some article in
5 the press turned out to be meaningless.

6 I talk to my colleagues about some of these consent
7 decrees that we're entered into. Well, at some point that has
8 to end, this is too serious, okay. So I really appreciate our
9 elected officials being here today, don't you? And I don't
10 mean to denigrate the attorneys, but it's their call. You're a
11 wonderful advocate, you're a wonderful buffer for these folks,
12 let them discuss between the auditor and the Mayor, how in the
13 heck are we going to get an audit in the next 30 or 35 years
14 with this going back and forth about what their authority is in
15 the charter. And any time the Mayor or the Council decides to
16 sweep this, the public's going to be in a situation of non-
17 transparency and non-accountability. And maybe we got into
18 this slow train wreck just because of that. Okay?

19 So that's kind of my transparent position on that. I
20 don't know quite frankly where I'm going with it then. I'm
21 waiting. I'm just praying and hoping that these folks over
22 here who weren't part of the problem, they now are responsible
23 for the problem. Come up with something for the benefit of the
24 public that we can all live with.

25 Okay. All right. Have a good day.

(Proceedings concluded at 2:08 p.m.)

CERTIFICATION

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



March 29, 2025

Signed

Dated

TONI HUDSON, TRANSCRIBER