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Telephone:  
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November 29, 2023

**MEMBERS OF THE LOS ANGELES CITY COUNCIL  
HOUSING & HOMELESS COMMITTEE**

**Delivered by Hand**

Los Angeles City Hall  
200 North Spring Street  
Los Angeles, California 90012

**RE: ITEM NO. 16 – AGENDA FOR WEDNESDAY NOVEMBER 30, 2023**  
**COUNCIL FILE NO. 20-0841-S39 – AUTHORIZATION OF ONE YEAR**  
**LEASE EXTENSION OF PATH LEASE WITH GENERAL SERVICES**  
**FOR GRIFFITH PARK BRIDGE SHELTER PROJECT**  
**PROJECT SITE: 3210-3248 RIVERSIDE DRIVE**  
**EXHAUSTION OF ADMINISTRATIVE REMEDIES LETTER**

Dear Councilmembers:

Why the opacity? Why the use of a legal structure which resembles a “rubic’s cube” with respect to the proposed authorization to PATH to operate a Bridge Shelter (serving up to 100 individuals for six months maximum under the City’s law defining “temporary homeless shelter”, i.e. “(bridge shelter” (LAMC Section 12.03))?

Millions are being spent on the homeless; but is it the bureaucracy that benefits most? To what extent is the money mis-spent or spent inefficiently?

We do not know; and nothing in the public record sheds any light on the answers.

Here are the facts:

1 There never was any City money for this bridge shelter project.

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2. Then-Mayor Garcetti decided to socially engineer the City's response to the homeless issue then existing when, back in 2019, he *de facto* told Councilman Ryu to find a park in the Council district where a bridge shelter project could be built (the goal being to use the parks to house the homeless and leverage park facilities in the process). Councilman Ryu chose this parking lot at Griffith Park.

3. Community buy-in to the bridge-shelter was bought with a promise that the facility would only be used for a maximum of three years as a bridge-shelter; following which, it could be converted to an Adult Senior Citizens Center (which had burned down years earlier (former Councilman LaBonge had promised to use his efforts to get it replaced. He failed.))

4. Because the City Charter assigns administration of all park property solely to the Board of Recreation & Park Commissioners (RAP Board), Mayor Garcetti (with the aid of the City Attorney) presented to the Board, back in September, 2019, a proposal where the RAP Board would issue a "license" to the City Office of General Services for a *maximum of three-years* (that "license" expired on July 7, 2023 – It was renewed, however, on June 1, 2023, for one year (now to expire July 7, 2024. – File No. 23-110).

5. Of course, part of the subterfuge was and is that the City Office of General Services does not operate homeless shelters. The City had and has zero money to operate homeless shelters. So what to do? Get the money from the state on an annual basis by laundering state homeless grants into this contrived, contorted machine. This is the reason why the operation of the facility must be "year-to-year". Operational dollars are simply not there. Meanwhile, using state homeless grants on a year-to-year basis has the benefit of feeding the homeless bureaucracy (at a very large cost) while many, many more homeless actually go hungry.

6. The state funding money laundering objective was accomplished by running the dollars for the operation of this facility through LAHSA. PATH, who actually runs the facility (PATH is nowhere mentioned in the RAP approval of June 1, 2023 referenced above (File No. 23-110)) contracts with LAHSA under a separate *Professional Services Contract* which also runs year-to-year. It is not clear what PATH is currently paid; but when the facility opened on July 10, 2020, PATH had been paid \$180,000 for six weeks work. The contract was renewed in late August, 2020, at, it is assumed (but we do not know (does Councilperson Raman know?)) the same \$180,000 per year (\$15,000 per month). How has PATH performed? We

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don't know because (i) the Controller has never initiated an audit of this project, (ii) the RAP Board has never initiated an audit of PATH's performance, and (iii) it is unknown whether LAHSA has ever initiated an audit. Who knows what General Services knows? These are unanswered questions which need to be answered before this matter is approved and forwarded to Council.

5. Meanwhile, the cost to construct the facility (\$7.1 Million (how the CAO comes up with \$5.812 million in its prior "Roadmap" report to Council (approved June 12, 2023 (CF 20-0841-S34) is not clear). Regardless, the project went way over-budget; as the original cost estimate was \$4.5 Million. There does not appear to be any accountability over this excess use of funds. One might inquire where this money to acquire, design, and construct the facility came from? It did not come from the City; but from HAAP funds (a one-time grant from the state). The problem at the time (between 2019-2020) was that the City needed to get the facility built; but the HAAP funds were the subject of a pending grant petition. So what did the City Council and Mayor do? They unlawfully dipped into the reserve fund and "borrowed" \$7.1 million in 2019, appropriated that "borrowed money", gave the reserve fund a promissory note; with the money to be repaid out of the HAAP funds once the state made the grant in May, 2020. This, of course, violates the Charter because the reserve fund is not a piggy-bank from which the City can "borrow money"(see Charter Sections 340-344); nor is this good public policy.

There is a related question: Who owns the bridge-shelter facility infrastructure? Rec. & Parks? General Services? This needs to be clarified.

So the upshot is that (i) there is no City money for this facility; (ii) the "license" to General Services to use the facility as a bridge shelter expires on July 7, 2024; (iii) there has been zero financial or operational accountability with respect to how the facility has been operated by PATH. We just do not know how well or poorly PATH has done in operating the facility. What percentage of the bridge-shelter residents have graduated to permanent housing? What are the shelter residents being taught in terms of the development of the social skills and coping skills needed to live in one's own apartment outside the shelter? We don't know.

Yet, the PATH "lease" with General Services is to be continued?

The agenda item references a Municipal Facilities Committee Report dated November 21, 2023, as the item being approved. That Report seeks authorization

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for the General Services Department to execute a lease extension for one year (from July 8, 2023, to July 7, 2024). The report also references an “*MOU Agreement*” between General Services and Recreation & Parks. That “*MOU Agreement*” is not attached; nor is any “*MOU Agreement*” referenced, discussed, or attached to the RAP Board Approval dated June 1, 2023 (No. 23-110). There is no “*MOU Agreement*” attached to the Municipal Facilities Committee Report.

### ***The need to eliminate the legal gymnastics.***

The Charter gives Rec. & Parks jurisdiction over park lands. (Charter Sections 591 and 594). Legally, it is not clear whether that jurisdiction is exclusive; or when or whether the City Council has the power (beyond Section 245 of the Charter) to reverse actions by the RAP Board. There are, however, specific limitations imposed in Charter Section 594 when park property is leased where Council Action (by ordinance) is contemplated.

Whether it be due to politics or Mayor Garcetti’s tendency to try to socially engineer everything, the legal structure currently posited runs counter to standard Rec. & Park policies and protocols. Normally, when a third party wishes to use park property (i.e. to provide educational or sports benefits; or as part of a commercial venture (Greek Theatre; or concessions at Griffith Park)), the third party enters into a *license agreement* directly with Rec. & Parks. The same is true for other City Agencies such as the Department of Water & Power (use of park property in aid of providing solar powering stations). There is no need to interpose General Services as a licensee because General Services does not operate bridge shelters; the City has no money to pay for General Services to engage in such an activity; and an unnecessary bureaucratic silo is created which (it is contended) unlawfully insulates Rec. & Parks from its duty to run the parks. PATH should be responsive directly to Rec. & Parks; and Rec. & Parks should not be delegating its authority to run to parks to General Services. This situation with the bridge shelter facility appears to represent the only time this has occurred. If this kind of disassociation by Rec. & Parks from its duties to operate the parks exists elsewhere, the Council needs to know about it.

There are protections built-in to the legal arrangements which are being ignored. This includes performance criteria (ignored by Rec. & Parks), indemnity and insurance arrangements (ignored by Rec. & Parks), and most importantly, the provision of security components protective of the interests of Rec. & Parks

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(which the RAP Board failed to countenance given that such concerns were completely omitted from its approval of June 1, 2023 (Board Report No. 23-110). This normal protocol attendant to permitting third-parties to make use of park lands (all of which promote public transparency and third-party accountability) have been ignored.

Why is that? Someone needs to ask.

To find an example of how the normal procedures involving the use of park property are employed, one need look no further than a “*license*” issued by the RAP Board to Kounkuey Design Initiative on August 17, 2023, to enter onto the property adjacent to the bridge-shelter facility for the purpose of developing, crafting, and designing accessory uses such as a wellness hub, recreational space, and a community hub to be used by residents of the bridge-shelter along with other members of the community. (See Board Report No. 23-147). Apparently, the community is completely in the dark about this idea even though the license was approved by the RAP Board on August 17, 2023. Nothing is mentioned in the Municipal Facilities Report about this proposed use. However, it is relevant to the issue here because it demonstrates the proper way in which things are to be done. There is no “licensing” to General Services (where it is contemplated General Services would then “lease” to some third-party operator (i.e. PATH); who, in turn, would contract with LAHSA to provide homeless services under a Professional Services Contract in return for payment directly by LAHSA.

A similar direct licensing of PATH by the RAP Board needs to occur here as well. That is the correct and established manner in which things have been done.

Key to the broader issue is security for park users and nearby residents. There is no question that during the past three years, the presence of this bridge shelter on park property has presented and continues to present security issues near the facility. These have been ignored; and are being ignored in the proposed “lease” with PATH. While PATH is responsible for internal security within the facility; park rangers are responsible for security outside the facility. There is no provision anywhere to protect Rec. & Parks or the community written into this rubric’s cube of a legal structure. Again, police protection is provided by the park rangers, not LAPD. Who pays for the park rangers? Rec. & Parks. Who has to provide police protection? Rec. & Parks, via the park rangers. So why is the rent \$0 when Rec. &

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Parks is clearly absorbing an added cost on account of the existence of the bridge-shelter facility? No answer. How much of an added cost? We don't know. (Paging the Controller – Time for an audit of this project).

If this is to be done right, at a minimum, Rec. & Parks needs to be a named third-party beneficiary of the *professional services contract* between PATH and LAHSA. Any approval of a lease extension must clearly and specifically (i) incorporate the provisions of PATH's professional services contract with LAHSA, and (ii) provide express protection to Rec. & Parks should PATH default in its performance under its contract with LAHSA. In short, Rec. & Parks should be an express third-party beneficiary of the PATH's professional services contract with LAHSA. Until that is done, the one year lease extension should not be approved.

There is no prejudice to PATH here because the RAP Board already authorized the license to General Services through July 7, 2024. The PATH lease with General Services is a month-to-month lease going forward. Therefore, getting all the facts to the Council and to the public can occur. Delay of this matter is appropriate. In fact, the Council should send the matter back to Rec. & Parks with instructions to get answers to the questions noted herein: (i) has PATH performed well and efficiently; (ii) what is the nature of the security PATH provides; (iii) what is the cost to Rec. & Parks of having to provide added police protection (through the park rangers) of the areas surrounding the site; (iv) should Rec. & Parks be a named third -party beneficiary under PATH's professional services contract with LAHSA; (v) should LAHSA have to reimburse Rec. & Parks for the added cost of having to provide added police protection in the area surrounding the bridge-shelter facility; (vi) what is the length of time it is expected that the bridge-home facility will no longer be used; and (vii) can the City continue to rely on unknown future funding sources since neither Rec. & Parks, nor the City, have the money to fund the operation of this facility.

The cleanest way this can and should be done is then to have Rec. & Parks license PATH directly; consistent with normal City practices. Under such a "*license agreement*"(or permit) there would be no need for a "lease" involving General Services as a needless "middle entity". Such a protocol would be consistent with the Charter and provide added protection to Rec. & Parks because it would contemplate that LAHSA must reimburse Rec. & Parks for the cost of providing needed security to the site.

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There has been no discussion about this.

There needs to be. The matter should either be kept in Committee until answers are forthcoming with respect to PATH's performance, how much is PATH being paid, the true cost of operating this facility, how to properly protect the park and the surrounding community from unauthorized encampments on park property which continue to surround the facility, and whether the cost-benefit of continuing to maintain the facility's operation (despite the City's promise to the community that it would only be there three years, maximum) exists.

The shelter has spawned an increase in homeless encampments on the hillside that separates the park from nearby homes. No one in authority has meaningfully addressed this issue. The park is supposed to close at 10:00 pm. Yet these homeless encampments continue. The threat of fire is ever-present. If there is a fire, who will be responsible? That is not spelled out anywhere. It is ignored.

That is not right.

Finally, there is the issue of cost-effectiveness. There is an ever-present opportunity cost involved; since dollars wasted on extended bureaucracy are dollars which cannot be spent on the object of the effort – the homeless population.

There is no meaningful check and balance on how this \$2.196 Million is to be spent. In fact, spending already started on July 1, 2023; so the bureaucracy is already behind the curve.

How much of this \$2.196 million really gets down to the maximum number of homeless which can be served? How many homeless over the past three years have "graduated" to permanent housing? We don't know. We need to know.

Was the facility 100% occupied during the past three years? Answer: No due to Covid. The \$2.196 Million paid by LAHSA for one year (July 1<sup>st</sup> through June 30<sup>th</sup>) equates to \$61.00 per bed, per night (assuming all 100 beds are filled – something that needs to be known (the Controller really needs to audit this project). Back in 2020, the talk was \$50.00 per bed, per night. So the cost in three years has increased 22%. Why? Did PATH reduce its compensation when 100

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beds were not being used? We don't know. We need to know. What was paid during each of the last three years? We don't know. If the same amount (\$2.196 Million) was paid and only 75 beds were used, that equates to \$81.33 per bed; which is clearly excessive.

Again, to be kept in mind, is that residents can only stay at this bridge shelter facility for a maximum of six months (LAMC Section 12.03 defines "temporary shelter" as being six months maximum).

Are there any educational programs at the facility? Answer: We don't know. What about training in financial competence skills? Same response: We don't know. So, in the absence of any meaningful openness and accountability, how exactly are these funds being spent; and how effective is the expenditure?

In September and October of this year, I negotiated an additional \$439,000 over and above \$225,300 mandated Ellis monies for thirteen tenants who were being evicted from their RSO apartments to make way for a development in Hollywood. These monies were paid as a result of a market-based negotiation in the face of tenants having to involuntarily move from RSO units to market-rental units. The monies paid contemplated the need to have to make a three-year transition. Breaking this down (to create a comparison), and rounding down to \$400,000, this equates to \$854.70 per year (for each of the thirteen tenancies) (for 36 months), which is \$71.22 per month, or \$2.34 per day (per tenant). This is for an entire apartment, at market rates, not just a bed.

Compare \$2.34 per day for an apartment over three years to \$61.00 per bed (which admittedly includes meals), for just one year. The difference is 26 times which means that this \$2.196 Million is not going far enough. It is being wasted on bureaucracy.

Stated another way, for \$2.196 Million (for one year), instead of servicing just 100 people, this money could be used to subsidize the rents of 65 people for three years at a rent subsidy equal to \$500 per month.

Something is askew here and needs to be seriously examined.

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That is why this matter must either be kept in Committee or returned to the Rec. & Parks Board for further detailed follow-up, including a discussion of who owns this bridge-shelter structure and related infrastructure?

In addition, this needlessly exotic, overly complex, and unique legal structure needs to be revised to simplify matters and remove General Services from the bureaucratic loop; even assuming what the Rec. & Parks Board did in delegating its authority over park property to General Services was lawful under the Charter. As noted above, while the Charter does not explicitly state that the jurisdiction over Park Property is exclusively vested in Rec. & Parks, the City's pattern and practice over the years has been to *de facto* acknowledge that fact; as evidenced by the "license" recently issued to Kounkuey Design Initiative, Inc. to enter park property adjacent to the bridge-shelter facility to begin "pre-development", planning, and design activities on the park property which is adjacent to the bridge-shelter facility at Griffith Park. (Board Report No. 23-147 dated August 17, 2023).

Please, therefore, either continue the matter by retaining it in committee, or return it to Rec. & Parks so that these legal deficiencies can be cured and the public fully informed; and most importantly, so that it is clear that these monies are being expended in the most expeditious and cost-effective manner possible.

Thank you for your consideration of the points and issues raised in this letter.

Respectfully submitted,

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