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**DATE: MAY 16, 2023**

**FROM: OFFICE OF THE CITY ATTORNEY**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND FINANCIAL EVIDENCE GROUP FOR FORENSIC ACCOUNTING MATTERS**

**SUMMARY:**

The Office of the City Attorney (Office) requests approval of an Agreement between the City of Los Angeles Harbor Department (Harbor Department) and Financial Evidence Group (FEG) for professional forensic accounting services. The proposed Agreement is for a term of three years and maximum compensation of \$150,000. The Harbor Department is financially responsible for payment of expenses incurred under the proposed Agreement.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Find in accordance to Charter Section 1022 that the scope of work of the proposed Agreement can be more economically and feasibly provided by an independent contractor than by City employees;
3. Approve a Professional Services Agreement with Financial Evidence Group in the amount of \$150,000 for a three-year term;
4. Authorize the Executive Director and Board Secretary to execute and attest to the Agreement; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – In accordance with Charter Section 275, the Office has determined that it requires forensic accounting services to assist in the discharge of its duties to perform legal services in connection with claims disputing hourly wages and related benefits. These matters require specialized expertise and resources that exceed staff resources in this specialized area of accounting.

Need for Services and Scope of Work – Previously, the Office contracted with Bates for employment matters (AG19-3724). The three-year agreement for such services expired on March 23, 2023, and a replacement agreement is needed to meet the Harbor Department’s forensic accounting needs. Professional forensic accounting is necessary because the Harbor Department routinely receives employment claims, which routinely involve disputes concerning hourly wages and related benefits. Investigation of these matters and the preparation of legal defenses requires detailed accounting analysis of timekeeping records, applicable employment memoranda of understanding and other materials concerning wages and benefits. The specialized need exceeds the capacity of Harbor Department resources.

Competitive Selection Process – On February 1, 2023, the Office published a Request For Proposals (RFP) for Forensic Accounting Services on the City of Los Angeles Regional Alliance Marketplace for Procurement (RAMP). The Office sought qualified forensic accounting firms with special expertise related to claims disputing hourly wages and related benefits. RAMP reported notifications were sent to 583 registered firms, 112 firms viewed the RFP and 34 firms downloaded the opportunity. The due date for proposal submissions was March 10, 2023 and five (5) firms submitted an application.

Based upon the review of written proposals, the Office determined FEG was the most knowledgeable, experienced, and responsive firm in the area of forensic accounting for

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claims and employment matters. FEG is a Certified Public Accounting firm licensed in California and focused on litigation support and forensic accounting services.

The other four proposal submissions were from smaller in-state and out-of-state firms and a larger firm with 35 offices operating across 178 countries. These firms provided information about service approaches, procedures for confidentiality, specialized data analytic processes and general information about project work and similar services. However, based on the information provided it was difficult to assess whether the firms' experience matched the Harbor Department's specific needs. All four applications did not include in depth descriptions of relevant experience. Additionally, these firms offered higher rates or rates equivalent to FEG.

FEG offered a team of accountants with experience more in line with the Department's needs in handling individual claims of disputing hourly wages and related benefits. FEG has extensive experience working with public agencies in California, the Fair Labor Standards Act and wage and hour issues for various employee groups, including but not limited to sworn and civilian employees. FEG also demonstrated in-depth familiarity with memorandum of understanding agreements and payroll reporting and timekeeping system issues.

FEG's proposal submission substantially supported the firm's expertise and relevant experience with case descriptions detailing alleged issues, applicable law and communicated results. Additionally, FEG offered a team of accountants with competitive hourly rates. FEG was the most qualified firm, and the review team determined it was in the best interests of the Harbor Department to select the firm to provide forensic accounting services for employment matters.

An additional benefit FEG possesses is its founder and shareholder's prior history and working understanding of the City and the Harbor Department. The fact that FEG, as a result of this background knowledge, will not have to undergo a learning curve that the other proposers under this RFP would, further distinguished their proposal in terms of cost-effectiveness and the ability to efficiently provide services for Harbor Department matters.

**PROPOSED AGREEMENT TERMS:**

- **Term:** Three years from date of signature (approximately 2023-2026)
- **Contract Authority:** Maximum amount not to exceed \$150,000
- **Scope of Work:** Forensic accounting services in connection with claims disputing hourly wages and related benefits
- **Standard City and City Attorney Agreement provisions**

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**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of an Agreement with FEG for professional forensic accounting services, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The proposed action is for the approval of an Agreement for professional services with FEG for a three-year term and total maximum compensation of \$150,000. The Harbor Department is financially responsible for payment of expenses incurred under the proposed Agreement.

Fiscal Year 2023-24 funding in the amount of \$25,000 for forensic accounting services has been requested to be budgeted in the Operating Budget within the Harbor Department City Attorney's Office Account No. 54410 (Legal Fees & Services), Center No. 0120 and Program No. 000. Funding for future fiscal years, if necessary, will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. A funding out clause is included in the Agreement. Spending under the proposed Agreement is detailed below:

<b>Firm</b>	<b>FY 23/24</b>	<b>FY24/25</b>	<b>FY 25/26</b>	<b>TOTAL</b>
Financial Evidence Group	\$25,000	\$50,000	\$75,000	\$150,000

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**CITY ATTORNEY:**

The Office of the City Attorney has prepared and approved the proposed Agreement as to form and legality.

**TRANSMITTALS:**

1. Professional Services Agreement with Financial Evidence Group

FIS Approval: MB  
CA Approval: [Signature]

[Signature]  
HELEN SOK  
Deputy City Attorney

APPROVED:  
By [Signature]  
STEVEN OTERA  
General Counsel, Harbor Department

APPROVED:  
By Marla Bleavins  
EUGENE D. SEROKA  
Executive Director