

HARBOR DIVISION

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DATE: JUNE 17, 2025

FROM: OFFICE OF THE CITY ATTORNEY

SUBJECT: RESOLUTION NO. _____ - PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND FINANCIAL EVIDENCE GROUP

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 services for forensic accounting. The proposed Agreement is for a term of three years and a maximum compensation amount of two hundred and fifty thousand dollars (\$250,000). 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 that, in accordance with Charter Section 1022 the scope of work for the proposed Agreement can be more economically or feasibly provided by an independent contractor than by City employees;
3. Approve a Professional Services Agreement with Financial Evidence Group in the amount of \$250,000 for a three-year term;
4. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background – In accordance with Charter Section 275, the Office has determined that it requires a consultant to assist in the discharge of its duties to perform forensic accounting services related to employment wages and hours and Fair Labor Standards Act (FLSA) matters. These matters require specialized expertise and resources that exceed staff resources.

The Office’s previous three-year agreement with Financial Evidence Group Agreement No. 23-9964 for such services expires on July 5, 2025. The fiscal authority for the Agreement was \$150,000. The actual spending on accounting services was \$53,208.

Need for Services and Scope of Work – FEG will assist with forensic accounting services for disputes concerning hourly wages and related benefits. Forensic accounting services include analysis of timekeeping records, applicable employment Memoranda of Understanding and other materials concerning wages and related benefits. Additionally, should disputes or litigation arise, FEG will provide resources, and a skill set to address specialized employment matters which would augment those currently possessed by Harbor Department employees.

Competitive Counsel Selection Process – On February 12, 2025, the Office published a Request for Proposal (RFP) for forensic accounting (ID No. 219179). Regional Alliance Marketplace for Procurement Los Angeles (RAMPLA) reported notifications were sent to 674 registered firms, 177 firms viewed the RFP, and 49 firms downloaded the opportunity. Proposal submissions were due on March 21, 2025. A total of 8 firms submitted proposals. The Office convened a Selection Committee comprised of three Deputy City Attorneys. After reviewing the written proposals, the Committee elected to interview the two of three highest, rated applicants. The two firms participated in interviews, and the Committee determined FEG to be the best fit for the Harbor Department’s needs. FEG has experience advising public entities on disputes concerning hourly wages and related

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benefits and litigation support work. The firm is in Paso Robles, California and specializes in all aspects of forensic accounting.

PROPOSED AGREEMENT TERMS:

- **Term:** Three years (July 2025 to June 2028)
- **Contract Authority:** \$250,000
- **Scope of Work:** Forensic accounting services for disputes concerning hourly wages and related benefits
- **Standard City and City Attorney Agreement provisions**

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of a professional services agreement with Financial Evidence Group for forensic accounting, 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 the approval of an Agreement for professional services with FEG for a three-year term and total maximum compensation of \$250,000. If approved, spending under the proposed Agreement is anticipated to occur as follows:

<u>Fiscal Year</u>	<u>Amount</u>
FY 2025-26	\$125,000
FY 2026-27	\$50,000
FY 2027-28	\$75,000
Total	\$250,000

Fiscal Year (FY) 2025-26 funding in the amount of \$125,000 has been budgeted within the Harbor Department's Operating Budget, Account 544120 (Legal Services), Division 10300 (Office of the City Attorney). Funding for future years, if necessary, will be requested as part of the annual budget adoption process, subject to Board approval. A funding out clause is included in the Agreement.

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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: MM
CA Approval: MS



HELEN SOK
Deputy City Attorney

APPROVED:

By



STEVEN OTERA
General Counsel, Harbor Department

APPROVED:

By

Erica M. Calhoun for
EUGENE D. SEROKA
Executive Director