

Communication from Public

Name: HR&A Advisors, Inc.

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Comments for Public Posting: May 20, 2025 Memo from HR&A Advisors, Inc. (HR&A) confirming its proposed fee of \$460,000 for completing Phase 1 of the Los Angeles Public Bank Study scope of work, covering feasibility analyses and banking model selection. This is consistent with HR&A's submission dated September 2, 2022, in response to the City of Los Angeles' (City) request for proposals (Ramp ID 202431), which was subsequently awarded by the City.

Memorandum

To: **City of Los Angeles, Office of the Chief Legislative Analyst**

From: HR&A Advisors, Inc.

Date: May 20, 2025

Re: Cost Estimate for Los Angeles Public Bank Study

HR&A Advisors, Inc. (HR&A) confirms its proposed fee of \$460,000 for completing Phase 1 of the Los Angeles Public Bank Study scope of work, covering feasibility analyses and banking model selection. This is consistent with HR&A's submission dated September 2, 2022, in response to the City of Los Angeles' (City) request for proposals (Ramp ID 202431), which was subsequently awarded by the City.

As described in our proposal, work in Phase 1 will include the following:

During Phase 1, our team will conduct holistic assessments of the four proposed banking models. Our analysis will start by identifying the problems a public bank is intended to solve, landscaping the City's financial and operational capacity to establish a bank, and unify stakeholders on the bank's specific goals. Next, we will conduct feasibility analyses to assess each model's start-up requirements, operating model, and long-term viability. We will also assess how each public banking model might impact the City as a whole—identifying economic, fiscal, environmental, and socioeconomic impacts related to the City of Los Angeles priority areas. Finally, we will develop implementation plans for each banking model and design a proposed governance structure. After completing all phases of study, our team will create a summary report, assessment matrix, and presentation to educate all stakeholders and facilitate a discussion that will culminate in the City's decision of whether to move forward with one of the four proposed public banking models. Throughout Phase One, our team will lead internal and external community and stakeholder engagement that will focus on gathering market data, soliciting public feedback, and building consensus.

At the time of submission, HR&A planned to serve as the prime contractor and deliver this scope of work with subcontractor Duane Morris LLP. The joint total fee for our two firms totaled \$460,000 for Phase 1. This reflected our firms' respective hourly rates for anticipated staff. We recognize that several conditions have changed since the proposal was submitted, including updates to HR&A's hourly rates and the in-principle agreement we had with Duane Morris at the time.

Based on these factors, HR&A 1) commits to delivering to the City the Phase 1 scope we described, 2) to do so with Duane Morris or another equally reputable and capable subcontractor if Duane Morris can no longer perform this work, and 3) that we will work with the City to amend HR&A's

proposal to reflect intervening changes without meaningfully altering Phase 1 services and deliverables.