

1 Alfred J. Landegger, Esq. (SBN 84419)
alfred@landeggeresq.com
2 Marie D. Davis, Esq. (SBN 246011)
marie@landeggeresq.com
3 Evelyn Zarraga, Esq. (SBN 296835)
evelyn@landeggeresq.com
4 LANDEGGER VERANO & DAVIS, ALC
15760 Ventura Boulevard, Suite 1200
5 Encino, California 91436
Telephone: (818) 986-7561
6 Facsimile: (818) 986-5147

7 Attorneys for Defendant, East Los Angeles Remarkable
Citizen's Association, Inc.
8

9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **FOR THE COUNTY OF LOS ANGELES**
11

12 LORENA YEPEZ, individually, and on behalf of
all others similarly situated,

13 Plaintiff,

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15 v.

16 EAST LOS ANGELES REMARKABLE
17 CITIZEN'S ASSOCIATION, INC., a Nonprofit
Corporation; and DOES 1 through 10, inclusive,
18

19 Defendants.
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CASE NO.: 22STCV31819

CLASS ACTION

*[Assigned for all purposes to Judge David S.
Cunningham III, Dept. 11]*

**DECLARATION OF KARINA ANDRADE
OF EAST LOS ANGELES
REMARKABLE CITIZEN'S
ASSOCIATION, INC. IN SUPPORT OF
MOTION FOR PRELIMINARY
APPROVAL OF CLASS ACTION
SETTLEMENT**

DECLARATION OF KARINA ANDRADE

I, Karina Andrade, do hereby declare as follows:

1. I am an individual currently residing in the County of Los Angeles, State of California, and am over 18 years of age. I have personal knowledge of the facts set forth herein and could and would competently testify thereto if called to do so.

2. I am the Vice President of East Los Angeles Remarkable Citizens' Association, Inc and have served East Los Angeles Remarkable Citizens' Association, Inc. for 15 years in various executive and administrative positions.

3. East Los Angeles Remarkable Citizens' Association, Inc. ("EL ARCA") is a nonprofit organization providing community-based services for developmentally disabled individuals, fragile seniors and their families. EL ARCA's mission is to advance the quality of life of families and developmentally disabled individuals in a compassionate and caring environment. EL ARCA provides services to meet client's needs in the facilities as well as in the community. The nature of EL ARCA's services requires that work is performed in-person (face to face) with consumers.

4. EL ARCA has encountered significant financial difficulties as a result of the increase in the cost of doing business and no proper reimbursement increase from the federal and state entities that fund programs. In addition, EL ARCA is required to have the facilities staffed for capacity regardless of attendance. EL ARCA provides fee-for-service programs and only gets paid for days when consumers come to program. From October 2022 to the current fiscal year, EL ARCA has struggled and has suffered losses due to the elimination of Covid-19 authorized remote service funding for our programs. Over 50% of consumers in our medical-component program decided not to return to in-center/in-person services in October 2022. As of today, EL ARCA has not been able to recover the enrollment numbers in this program.

5. Funding for EL ARCA comes from the state and federal government. The reimbursement rates for transportation, medical-component program and regional center services have not kept up with the year-to-year inflation and rise in cost of running the business. Our adult day health care program has the same daily reimbursement rate that it had in the 1990's with no expectation that an increase will take place anytime in the future.

1 6. EL ARCA has additionally encountered financial difficulties because of the
2 coronavirus pandemic. The COVID-19 pandemic meant the immediate closure of EL ARCA sites
3 for in-person services. During this period, several programs were fully or partially disrupted due to
4 families not being interested in receiving remote/telehealth services from us. In addition, the absence
5 rate in our programs has grown to 30-40% on any given day because COVID-19 continues being a
6 consistent and permanent concern for the families. Prior to 2020 and prior to COVID-19, only 10-
7 15% of the consumers were absent on any given day.

8 7. As a Human Services organization, labor costs are EL ARCA's single largest cost
9 factor. EL ARCA has experienced significant labor cost increases since 2017, including because of
10 the City of Los Angeles and County of Los Angeles legislated minimum wage increases. This has
11 stretched operational budgets, adversely impacting cash flow and overall funding needed to maintain
12 workforce levels. Personnel costs have also continuously increased because of the pandemic and
13 labor force shortages. Further, our vendors have had to comply with the legislated minimum wage
14 levels noted above. Accordingly, not only have our direct labor costs increased substantially, but
15 costs also passed on to us from our vendors have increased proportionately.

16 8. In addition to the substantive cost increases occurring over long periods of time as
17 detailed above, the advent of the COVID-19 pandemic required significant operational adjustments
18 which led to unexpected, incurred costs. The process of further equipping programs to counter the
19 effects of COVID-19 has stressed the agency's cash flow during this particularly uncertain time.
20 General equipment, increased use of janitorial supplies and personal protective equipment and other
21 items have been impacted by continuously increasing inflation.

22 9. For the past several years, EL ARCA has experienced general cost of living and
23 inflationary increases in all major cost categories, and other expenses related to standard service-
24 delivery models. EL ARCA's fiduciary responsibility involves the preservation of cash flow as a de-
25 facto contingency fund, a reserve for unforeseen events including disruptions in funding provided by
26 systems of care.

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10. EL ARCA is paid in arrears for its work funded by the state and the federal government and typically receives payment between thirty (30) and sixty (60) days from when expenses are incurred by EL ARCA. In some cases, it can be as long as one-hundred twenty (120) days after services are delivered before payment is received. This reimbursement arrangement can affect EL ARCA's cash flow severely.

11. Furthermore, as much of the organization's funding is based on cost-reimbursement services, EL ARCA's cash flow is critical for timely payment of its staff and other expenses. The pandemic's adverse impact in the economy and subsequent increased in cost of living has made our need for cash flow so much more dire as the organization's workforce would not be able to accommodate any delays in payment or reimbursement for their services. In addition, there could be other legal consequences for not meeting payroll requirements in a timely manner.

12. The COVID-19 recovery remains slow. However, EL ARCA is positive that it may recover over time and keep its doors open, provided that EL ARCA is granted the payment terms that were negotiated in the parties' Class Action Settlement Agreement.

13. If the Court requires additional financial information from EL ARCA, EL ARCA is willing to provide such information confidentially for the Court's review.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this Declaration was executed this 26th day of February 2024, in the County of Los Angeles, California.


Karina Andrade, Declarant

PROOF OF SERVICE

Yopez v. East Los Angeles Remarkable Citizen's Association Inc., et al.
22STCV31819

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

I, Sandy S. Sespene, state that I am employed in the aforesaid County, State of California; I am over the age of eighteen years and not a party to the within action; my business address is 3055 Wilshire Blvd., 12th Floor, Los Angeles, California 90010. My electronic service address is ssespene@wilshirelawfirm.com.

On **February 28, 2024**, I served the foregoing **DECLARATION OF KARINA ANDRADE OF EAST LOS ANGELES REMARKABLE CITIZEN'S ASSOCIATION, INC. IN SUPPORT OF MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT**, on the interested parties by placing a true copy thereof, enclosed in a sealed envelope by following one of the methods of service as follows:

Alfred J. Landegger (SBN 84419)
alfred@landeggeresq.com
Marie D. Davis (SBN 246011)
marie@landeggeresq.com
Evelyn Zarraga (SBN 296835)
evelyn@landeggeresq.com
Ida Mamedova
ida@landeggeresq.com
LANDEGGER VERANO & DAVIS, ALC
15760 Ventura Boulevard, Suite 1200
Encino, California 91436
Telephone: (818) 986-7561
Facsimile: (818) 986-5147

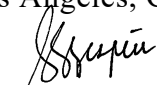
Attorneys for Defendant

(X) **BY ELECTRONIC SERVICE:** Based on a court order or an agreement of the parties to accept electronic service, I caused the documents to be sent to the persons at the electronic service addresses listed above via third-party cloud service **CASEANYWHERE**.

(X) **BY UPLOAD:** I hereby certify that the documents were uploaded by my office to the State of California Labor and Workforce Development Agency Online Filing Site.

I declare under the penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

Executed on February 28, 2024, at Los Angeles, California.



Sandy S. Sespene