

Sent via email only to: [JLam@agclawfirm.com](mailto:JLam@agclawfirm.com)

July 31, 2024

John W. Lam, City Attorney  
City of Chico  
Alvarez-Glasman & Colvin  
13181 Crossroads Pkwy North  
Suite 400 - West Tower  
City of Industry, CA 91746

**Re: Confidential Settlement Communications, Warren, et al. v. City of Chico, et al.,  
2:21-cv-00640-MCE-DMC**

Dear Mr. Lam:

We write to engage in settlement discussions in response to your July 15, 2024 letter in which you propose the City and Plaintiffs enter a new settlement agreement due to the *City of Grants Pass v. Johnson* decision (“*Grants Pass*”). As the contents of this letter concern settlement, they are covered by Rule 408 of the Federal Rules of Evidence and should be treated as confidential.

Since receiving your letter we have been attempting to reach our seven clients. As you know, most of our clients are unhoused and do not have reliable phones or access to email. Unfortunately, we have not reached everyone.

However, we have authority from our clients who we have reached to accept the City’s offer to enter into a new settlement agreement with some additions to the City’s proposed terms. We believe it is appropriate to begin settlement discussions with the City now, as we continue to reach all of our clients.

We propose a new settlement agreement with the following terms:

1. City agrees to continue funding and operating the Pallet Shelter with the 177 units through at least the end of the Settlement Agreement, subject to the operating requirements, rules and policies currently in place and agreed to in Paragraphs 4, 5 and 6 of the Settlement. The one exception to this is that the City may determine the admissions process rather than follow the process in the “Shelter Expectations” document, and will maintain the shelter at a 95% occupancy rate or higher;
2. City agrees to provide for one alternative site at a location of the City’s choosing that is within ½ mile of food services and public transportation, and subject to the reasonable rules Plaintiffs agreed to in the recent dispute resolution process. If an Authorized

Occupant violates a rule, the City may expel that person after a written warning and a reasonable opportunity to cure the violation. The site will have amenities currently provided at the alternative site and the shade, available shipping pallets, barbeques, and lighting discussed in the recent dispute resolution process. This site will stay open until the earlier of 1) each person at the site and referred to the site under the current Settlement by the City being eligible for and receiving indoor shelter without an occupancy time limit or permanent housing, or 2) the end of the five-year Settlement period;

3. All City pre-enforcement and enforcement of Anti-Camping Ordinances and Regulations will be consistent with local, state, and federal laws and: a) 72-hour notice to Homeless Persons with all available shelter listed; and b) an in person visit from City staff during the 72 hour period to provide a referral to available shelter space, as defined in Chico Municipal Code § 9.20.020(G) and offer of transportation to available shelter space. If a person receives the above information and referral and relocates to someplace other than public property the person will not be cited or arrested. If the person relocates to other public property, the City can enforce its ordinances against that person. A person is not entitled to another 72-hour notice or referral unless it has been at least 6 months since the last notice. The City will pause enforcement during extreme weather as defined by the City's criteria for cooling and warming centers;
4. Paragraphs 11 and 12 remain;
5. Paragraph 16 remains with modifications made in the Court's Minute Order Dated February 5, 2024. ECF 201; and
6. To the extent any Plaintiffs have received citations for any of the Anti-Camping Ordinances and Regulations since enforcement resumed under the Settlement, the City will dismiss the citations.

We and Plaintiffs are glad to know that the City is committed to keeping the Pallet Shelter open through the settlement period. This shelter has been a tremendous benefit to Chico's unhoused community members by providing safe and indoor temporary housing and to the Chico community at large by providing an alternative to public spaces. This shelter has been successful because its low-barrier rules meet the immediate needs of many unhoused people in Chico. The settlement incorporates best practices to assist homeless persons move from the outside into temporary shelter, and the community has benefited from the City's use of these best practices.

This proposed second settlement provides the City the flexibility and discretion it says it needs to protect the public's health, safety, and peaceful enjoyment by eliminating the steps the City was

required to take before issuing the 72-hour notice and significantly streamlining the process to provide Homeless Persons notice and a referral to available shelter. At the same time, it maintains some of the best practices of how to assist unhoused community members with moving indoors and ultimately into permanent housing, which were negotiated over many months and have benefited Chico's unhoused and housed community members.

Please understand that we disagree strongly with the City that the *Grants Pass* decision warrants a new settlement agreement when the parties were well aware this case was on appeal throughout the litigation and the parties spent multiple months negotiating the settlement. We will vigorously defend a Rule 60 motion and, if needed, continue to litigate this case.

If the parties cannot agree on the terms of a new settlement and the City proceeds with a Rule 60 motion, Plaintiffs reserve their rights to initiate a dispute resolution pursuant to Paragraph 16 of the Settlement regarding the City's failure to follow the process agreed to for any modifications of the agreement.

We look forward to hearing from you, and I am available to talk over the phone this week to get the terms of a new settlement finalized. You may reach me at [ssteinheimer@lsnc.net](mailto:ssteinheimer@lsnc.net) or 916-551-2150.

Sincerely,



Sarah Steinheimer  
Regional Counsel

cc: Eric G. Salbert, Deputy City Attorney, City of Chico