

Economic Development Department: Just Another Sleazy Slush Fund

Details Written by Jack Humphreville 22 Feb 2013



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LA WATCHDOG - The City of Los Angeles is broke according to the City Hall establishment that is pushing for the passage of Proposition A, the PERMANENT half cent increase in our already regressive sales tax to a whopping 9½%, one of the highest in the country.

But the City's "fiscal crisis" certainly does not appear to be an impediment to the City Council's creation of a new Economic Development Department designed to replace the notoriously corrupt Community Redevelopment Agency ("CRA") that was dissolved (some say looted) by the State in February 2012.

This will require our cash strapped City to "redirect" \$32.5 million from the General Fund, Special Funds, the Department of Water and Power, and other sources starting at the beginning of the

Fiscal Year 2013-14.

There is no doubt that the City would benefit from a coordinated and streamlined economic development program that would help businesses grow and prosper, create high quality jobs, and expand our local tax base.

However, the formation, operations, financials, and management of the Economic Development Department (and its nonprofit affiliate) must be open and transparent, unlike the CRA which served as a slush fund for the pet projects of the members of the City Council.

For openers, the City Council and its Ad Hoc Committee on Economic Development Implementation (chaired by Herb Wesson) need to conduct open hearings and reach out to the Neighborhood Councils and the rest of the City so that the citizens of Los Angeles have a thorough understanding this new economic entity.

This is critically important given the dubious reputation of the CRA and its many busted deals, including, but certainly not limited to, Cirque de Soleil at Hollywood and Highland, Hal Katersky's Cesspool on Vine (1601 North Vine), and the controversial Mid-Town Crossing development at San Vicente and Pico.

We also need a better understanding of the mission of the Economic Development Department and how it intends to promote City wide development without interference from meddling Council Members who are only interested in their own district.

The citizens of Los Angeles have a right to know how the Economic Development Department is going to be managed, the proposed managers, and what are the checks and balances to make sure it does not turn into

another CRA.

Unfortunately, the report by HR&A Advisors and their politically connected subcontractors is nothing but consultant gobbledygook that is only understood by those that are trying to pull the wool over our eyes.

Most importantly, we need a thorough understanding of how the City intends to finance the Economic Development Department, not only the sources of next year's \$32.5 million of "redirected" funds, but the continuing sources of revenue over the next five to ten years.

What we do not need is another CRA that is loaded with over \$750 million of off balance sheet debt financed by revenue that belongs to General Fund or, heaven forbid, the DWP Ratepayers.

One of the major missions of the Economic Development Department is to ensure that "City policies create a business friendly environment."

This is almost laughable as the City Council is trying to jam a PERMANENT half cent increase in our sales tax down our throats, a stunt that the business community views as creating a hostile investment environment.

The City's image in the business community has been further damaged by its overtly pro union environment, whether it is by attacking Wal-Mart, the nation's largest importer; the proposed card check provisions of the Exclusive Trash Franchise program; or the Company employee provision of the Clean Truck Program at the Port of Los Angeles that infuriated the trucking industry.

But the biggest impediment to economic development is the City's precarious financial position and the unwillingness of our spineless Elected Elite to make the organizational and personnel decisions that are necessary for the City to LIVE WITHIN ITS MEANS.

After all, who wants a sleazy partner who is about to go broke?

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