



Community Health Councils, Inc.



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May 24, 2012

Ad-Hoc Committee on Economic Development Implementation  
Los Angeles City Council  
200 North Spring Street  
Los Angeles, California 90012

Re: Council File #08-3050: Establishment of Economic Development Department

Dear Councilmembers,

Community Health Councils, Inc. has worked for decades to support, serve and represent low-income, historically segregated and marginalized racial and ethnic communities in Los Angeles, a portion of which each of you has been elected to represent. We endorse the position that Los Angeles needs a comprehensive economic development strategy and a structure to support it. However, we write today to express our deep concern with the minimal public engagement in the strategy development process and the seeming omission of combating poverty as a critical element of this strategy.

The history of economic development in Los Angeles is a history of divestment, displacement, and destruction of our communities. Today, the city's responsibility is not just to build the aggregate wealth of its citizens, but to ensure that this wealth is broadly shared.<sup>1</sup> Yet, the purpose of the new Economic Development Department (EDD), as articulated in its establishing ordinance, entirely omits the alleviation of poverty as an element.<sup>2</sup> This, despite the City Council's statement in a document circulated in a town hall meeting that the department's purpose would be to "address unemployment and poverty."<sup>3</sup> How can the legally articulated purpose of this department not include alleviating the poverty that currently afflicts 1.25 million people in Los Angeles?<sup>4</sup>

One explanation might be that low-income and historically segregated racial and ethnic communities have been largely excluded from shaping the city's economic development strategy. In its motion dated February 11, 2013, the City Council set an expectation that "processes will be established to provide for transparency, accountability and public input from constituents."<sup>5</sup> And yet to date minimal effort has been made to seek input from our communities regarding the scope of responsibility, oversight, and policies of the new EDD.

Of even greater concern is that this process has resulted in a proposed structure that threatens to exclude marginalized communities even more than before. Public-private partnerships of this type have been shown, on numerous occasions, to be far more responsive to the wishes of the development and financial sectors than to the city's neighborhoods, workers, and small business owners.<sup>6</sup> Subsidies of highly questionable economic benefit are regularly awarded, despite clear

conflicts of interest.<sup>7</sup> If Los Angeles is going to build a broadly shared prosperity, it must do so together, with all of its stakeholders represented. Contracting with a non-profit economic development entity is neither the promising nor responsible way to achieve transparency or the community's expectations for the new EDD.

On the basis of these concerns, **we call upon you to suspend any further action pertaining to the EDD or the Citywide Economic Development non-profit (CEDN) until more stakeholders can be included in the process.** We have several ideas that we believe deserve consideration before the City moves forward. These include:

- Preventing the privatization of the City's economic development functions;
- Prioritizing investment in low-income communities;
- Requiring broad community participation in the City's economic development decisions, including development of the strategic plan;
- Establishing equity and community benefit standards for the EDD and all development projects, including: at least 25% of all economic/community development investments allocated to low-income housing, regional not net loss zones, local hiring requirements for all construction and permanent jobs funded/created, living wage policy/requirement without exceptions, childcare facilities policy, responsible contractor policy, equal benefits policy, equal opportunity policy, healthy neighborhoods policy, labor peace agreement policy, prevailing wage policy and service worker retention policy.

We are ready and willing to engage with you in a process for determining an economic development strategy and structure that will build broadly shared wealth for all Angelenos.

Respectfully,



Lark Galloway-Gilliam, MPA  
Executive Director

CC: Councilmember Herb J. Wesson, Jr., Chair  
Councilmember Paul Krekorian  
Councilmember and Mayor-Elect Eric Garcetti  
Councilmember Jan Perry  
Councilmember Ed P. Reyes  
Miguel A. Santana, City Administrative Officer  
Gerry F. Miller, Chief Legislative Analyst

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<sup>1</sup> Consider as a model the Department Mission of the Office of Economic Development, City of Seattle (Washington).

<sup>2</sup> Los Angeles City Council, Final Ordinance No. 182500 (May 22 2013).

<sup>3</sup> Q&A Economic Development Initiative, City of Los Angeles EDI Town Hall.

<sup>4</sup> U.S. Census Bureau, 2007-2011 American Community Survey.

<sup>5</sup> CF 08-3050, Council Action (February 5 2013).

<sup>6</sup> Public-Private Power Grab: the Risk in Privatizing State Economic Development Agencies, Good Jobs First, January 2011 (<http://www.goodjobsfirst.org/sites/default/files/docs/pdg/powergrab/pdf>).

<sup>7</sup> Id.