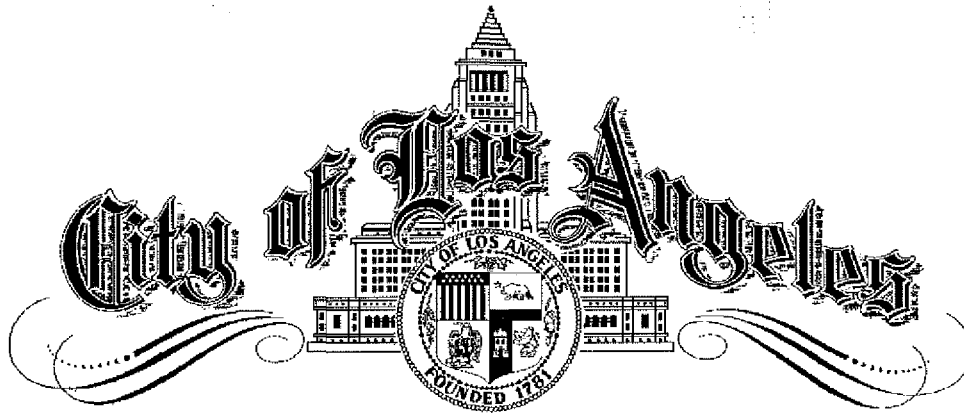


City Hall East  
200 N. Main Street  
Room 800  
Los Angeles, CA 90012

(213) 978-8100 Tel  
(213) 978-8312 Fax  
CTrutanich@lacity.org  
www.lacity.org/atty



**CARMEN A. TRUTANICH**  
City Attorney

**REPORT NO. R 1 3 - 0 0 8 7**  
**MAR 2 6 2013**

**REPORT RE:**

**DRAFT ORDINANCE CREATING AN ECONOMIC DEVELOPMENT DEPARTMENT  
AND CONSOLIDATING IN THE DEPARTMENT CITY ECONOMIC DEVELOPMENT  
ACTIVITIES, AND CREATING A MECHANISM FOR THE CONVEYANCE OF REAL  
PROPERTY TO FOSTER ECONOMIC DEVELOPMENT IN THE CITY**

The Honorable City Council  
of the City of Los Angeles  
Room 395 City Hall  
200 North Spring Street  
Los Angeles, California 90012

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration, approved as to form and legality, the enclosed draft ordinance creating an Economic Development Department that would be responsible for coordinating and enhancing economic development activities and creating job opportunities within the City.

Background and Summary of Ordinance Provisions

Your Honorable Body requested that this Office draft an ordinance as described above, and the enclosed draft ordinance incorporates the requested provisions. The draft ordinance consolidates economic development activities within the new department by transferring certain functions from the Community Development Department, as well as from other departments. Examples of programs to be transferred include the Workforce Development program and Community Development Block Grant Section 108 loans. The draft ordinance also transfers responsibility for the management, leasing and sales of real property for economic development purposes

from the Department of General Services to the new department. In addition, the draft ordinance creates a mechanism for the conveyance of real property at the fair reuse value, provided that the conveyance serves a public purpose and fosters economic development in the City.

Council Rule 38 Referral

This draft ordinance has been reviewed by the Office of the Chief Legislative Analyst, the Office of the City Administrative Officer and the Mayor's Office and the ordinance incorporates their comments and suggestions. The draft ordinance is being transmitted to the Community Development Department and the Department of General Services with a request that any comments be transmitted directly to the City Council or its committees when this matter is considered.

If you have any questions regarding this matter, please contact Assistant City Attorney Curtis S. Kidder at (213)978-7736 or Deputy City Attorney Miguel Dager at (213)978-7740. They or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By



WILLIAM W. CARTER  
Chief Deputy City Attorney

WWC:NV:vw  
Transmittal

**ORDINANCE NO. \_\_\_\_\_**

An ordinance adding Chapter 30 to Division 22 of the Los Angeles Administrative Code to create an Economic Development Department and to transfer and consolidate the economic development powers and duties of the Community Development Department and other City departments to the new Economic Development Department, adding Section 7.27.2 to Article 4 of Chapter 1 of Division 7 of the Los Angeles Administrative Code to establish a procedure for the conveyance of real property interests owned or controlled by the City for economic development, and repealing Articles 1, 2, 3, and 5 of Chapter 13 of Division 8 of the Los Angeles Administrative Code.

**WHEREAS**, the City of Los Angeles is a Charter City and the City Council is vested with all powers under the City Charter to enact ordinances regarding municipal affairs; and

**WHEREAS**, the City Council finds that with the elimination of The Community Redevelopment Agency of the City of Los Angeles, California certain economic development and financing tools that are necessary to revitalize communities and generate economic growth and development, expand the job base within the City and increase City revenues are no longer available; and

**WHEREAS**, the City Council finds that despite the existence of large industry clusters, institutions of higher education, a large and diverse population, access to international markets and vast municipal resources, expansion of economic activity in the City has lagged due in part to the complexity of the economic development processes and policies within the City; and

**WHEREAS**, the City Council finds that the creation of a new economic development model that will help the City meet its goals of creating new jobs, attracting new businesses and industries to the City, retaining existing businesses and industries and increasing general fund revenues are municipal concerns which will promote the health, safety and welfare of its residents by improving employment, retail, housing and commercial opportunities and aiding the City in providing necessary municipal services; and

**WHEREAS**, the City Council finds that the creation of an Economic Development Department tasked with, among other things, simplifying and consolidating the City's economic development processes and policies and partnering with private entities in development activities will create a more business friendly environment and allow the City to best leverage its use of City funds and resources with other public and private funding sources and resources; and

**WHEREAS**, the City Council finds that the transfer of City-owned real property, whether by sale or lease, conditioned on the development and future use of the property so as to promote economic development is a valid exercise of the City Charter powers

and that such real property is not surplus property or land within the meaning of the Los Angeles Administrative Code or California Government Code Section 54220, et seq.

**NOW, THEREFORE,**

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. Chapter 30 is added to Division 22 of the Los Angeles Administrative Code to read as follows:

**CHAPTER 30, ARTICLE 1**

**ECONOMIC DEVELOPMENT DEPARTMENT**

**Sec. 22.1000. Creation of Economic Development Department.**

There is hereby created a department of City government to be known as the Economic Development Department, hereinafter referred to in this Chapter as the Department.

**Sec. 22.1001. Purpose of the Department.**

It shall be the purpose of the Department to provide for the proper planning, coordination, promotion, stimulation, implementation and management of economic development activities within the City as part of a new economic development model whereby the City can more readily partner with other public entities and private entities to best leverage public and private funds to foster economic development within the City. Responsibility for management and implementation of economic development programs and activities previously assigned to other City departments is hereby transferred to the Department as necessary for the Department to commence transaction of business and to exercise powers under this Chapter.

**Sec. 22.1002. Economic Development Department-Policy and Management.**

The City Council, from time to time, will, upon recommendation from the appropriate Council Committee or the Mayor, or upon its own initiative, establish or amend policies governing the activities of the Economic Development Department.

The Department shall be under the administration, supervision and management of a General Manager of Economic Development, who shall be the General Manager and Chief Administrative Officer of the Department.

**Sec. 22.1003. Appointment of General Manager of Economic Development.**

The General Manager shall be appointed and removed as provided in Charter Section 508.

**Sec. 22.1004. Appointment and Removal of Assistant General Managers.**

The General Manager shall have the power to appoint and remove Assistant General Managers as may be authorized, who shall assist the General Manager in the performance of his or her duties. As provided in Charter Section 1001, Assistant General Managers shall be exempt from the provisions of Article X of the Charter.

The Assistant General Managers shall, in addition to other assigned duties, be authorized to exercise all powers and duties of the General Manager in the General Manager's absence.

**Sec. 22.1005. Powers and Duties of the General Manager.**

Subject to the provisions of this Chapter, as well as applicable Federal, State and local laws, the General Manager shall:

- (a) Have full charge and control of all work of the Department;
- (b) Have centralized authority over the planning, coordinating, promoting, implementing and managing of all economic development activities within the City;
- (c) Be responsible, upon the provision of resources, for the proper administration of Department activities including the administration of any publically funded economic development activity, whether funded by Federal, State, County or other governmental agencies or departments via grants-in-aid, block grants, special revenue sharing, loans, loan guarantees, new market tax credits, industrial development bonds and other economic development programs, and of any privately funded economic development activity, including public-private partnerships with financial institutions, investors, for-profit and non-profit corporations or any other person or entity and other activities assigned by the Council and the Mayor in order to carry out the functions set forth in this Chapter;
- (d) Recommend to the Council and Mayor a four-year City-wide economic development strategy with input from the Mayor, the City Council, interested private economic development entities and the City's other economic development partners that will be updated annually and that will set forth, among other things, the intended use of funds for economic development activities;

(e) Assist businesses with navigating the City's business-related processes and procedures and provide assistance to such entities in accessing State or federal programs;

(f) Establish a more business-friendly environment within the City to achieve the goals of increasing jobs, stimulating business activity and growing the City tax base;

(g) Evaluate the Los Angeles Small Business Source Program and make recommendations and/or implement changes to the program to ensure the City fulfills its objective of assisting small businesses;

(h) Establish a workforce development team to manage federal development initiatives and establish partnerships with industry groups and educational institutions to further develop job training programs for City residents;

(i) Manage WorkSource Center and YouthSource Center programs and other comprehensive employment and training programs to ensure that program priorities are consistent with the City-wide economic development strategy;

(j) Execute contracts and contract amendments in accordance with the Charter and Los Angeles Administrative Code to implement economic development projects, programs and activities;

(k) Prepare, maintain and update; as necessary, a comprehensive analysis of the City's economic environment, including physical, economic and social factors of economic development;

(l) Provide technical assistance and information relative to economic development to City departments, bureaus, agencies, officers and offices;

(m) Expend the funds of the Department in accordance with the provisions of the budget appropriations;

(n) Certify all expenditures to the Chief Accounting Employee of the Department; and

(o) Submit to the Mayor, with a copy to Council, an annual administrative budget prior to the beginning of each fiscal year covering the anticipated revenues and expenditures of the Department.

**Sec. 22.1006. Duties of Other Departments and Offices to Cooperate with Department.**

All departments, employees and officers of the City shall cooperate to the fullest extent with the Department to transfer and consolidate all economic development duties and functions into the Department; provided, however, that no such department, employee or officer shall be required to do anything which would conflict with the lawful, proper and necessary conduct of his, her or its duties.

**CHAPTER 30, ARTICLE 2**

**CONTROL, ACQUISITION AND DISPOSITION OF REAL PROPERTY  
FOR ECONOMIC DEVELOPMENT**

**Sec. 22.1007. Control of Real Property for Economic Development.**

Notwithstanding the authority provided to the Department of General Services in Division 22 of Chapter 21 of this Code, the Department shall have charge, superintendence and control of all City-owned real property, the use of which currently is or is intended to be for economic development purposes, projects or activities.

**Sec. 22.1008. Real Property.**

The Department shall, subject to the provisions of this Chapter, as well as applicable Federal, State and local laws, have the powers provided in this Section for the acquisition, development and disposition of real property for economic development purposes, projects and activities.

(a) **Acquisition of Real Property.** The Department, subject to Council authorization, shall have the power and is authorized to acquire any real property by purchase, lease, gift, devise or any other means authorized by law that may be necessary or convenient to carry out its economic development functions under this Chapter.

(b) **Demolition and Clearance of Real Property.** Except as otherwise provided in the Charter, the Department is authorized to perform the following powers on City-owned real property:

(1) Demolish and clear buildings, structures and other improvements as necessary to carry out the purposes and objectives of this Chapter;

(2) Take such actions as it deems reasonably necessary to prepare real property for development; and

(3) Take such actions as it deems reasonably necessary to remedy any hazardous material or condition.

(c) **Conveyance of City Interests in Real Property.** The Department is authorized to convey any interest owned or controlled by the City in real property at its fair reuse value to carry out the public purposes and objectives of this Chapter in accordance with the procedures set forth in Section 7.27.2 of this Code. Any such conveyance shall be made pursuant to one or more agreements requiring the development, use and maintenance of such real property for economic development, and such agreement(s) shall additionally require as a condition precedent to the conveyance that one or more deed restrictions be recorded against the conveyed interest restricting the development and use and requiring the maintenance of such real property so as to insure that the economic development purpose for which the conveyance was made is fulfilled for such period of time as is determined to be appropriate. The conveyance of any such interest under the terms and conditions stated herein shall not render the real property as "surplus property" within the meaning of Chapter 1, of Article 4 of the Los Angeles Administrative Code (commencing with Section 7.21), nor shall it render the real property as "surplus land" within the meaning of Section 54221 of the California Government Code.

**Sec. 22.1009. Relocation of Displaced Persons.**

If and to the extent the execution of any agreement or any aspect of development or operation of an economic development project or activity results in the permanent or temporary displacement of any occupants of a site, the Department shall insure full compliance with applicable statutes and regulations with respect to relocation planning, advisory assistance and payment of monetary benefits.

Sec. 2. Section 7.27.2 is hereby added to Article 4, of Chapter 1 of Division 7 of the Los Angeles Administrative Code to read as follows:

**Sec. 7.27.2. Private Sale Procedures for Economic Development Purposes.**

Notwithstanding any other provision of this Code, the Economic Development Department is authorized to convey any interest owned or controlled by the City in any real property below its fair market value, subject to the Council making a finding that the conveyance at the price with the terms and conditions imposed thereon serves a public purpose. Such conveyance may be made by either sale or lease; however, the sale or lease shall be first approved by the City Council after public hearing and shall be subject to approval by the Mayor.

Any disposition of real property, whether by sale or lease, which is made at a price below fair market value shall be supported by findings and an appraisal setting forth the following:

- (a) The estimated fair market value of the interest to be conveyed, determined at the highest and best use;



(b) The purchase price or present value of the lease payments which the lessee will be required to make during the term of the lease;

(c) The conditions and covenants imposed by the City for the conveyance ("City Conditions") and an estimate of the increased development costs to be incurred by the developer of the real property as a result of compliance with the City Conditions;

(d) The estimated value of the interest to be conveyed determined at the use and with the City Conditions ("Fair Reuse Value"); and

(e) An explanation as to why the sale or lease of the real property will assist in the economic development of the City, with reference to all supporting facts and materials relied upon in making this explanation.

City's approval of a conveyance of any interest in real property at a price below the fair market value but at or above the Fair Reuse Value, along with a finding that the price of the conveyance upon the terms and conditions for development imposed thereon constitutes a public benefit.

Nothing contained herein shall be interpreted to authorize the Department to mortgage any real property in contravention of Charter Section 104(a) or to acquire, whether by eminent domain or voluntary sale, or to dispose of any real property in a manner not otherwise authorized by law.

Sec. 3. Articles 1, 2, 3, and 5 of Chapter 13 of Division 8 of the Los Angeles Administrative Code are repealed as of the effective date of this ordinance.

Sec. 4. **Severability.** If a court of competent jurisdiction finds any provision of this ordinance invalid, then the remaining provisions shall remain in full force and effect.

Sec. 5. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles; one copy on the bulletin board located at the Main Street entrance to Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of \_\_\_\_\_.

JUNE LAGMAY, City Clerk


By \_\_\_\_\_ Deputy

Approved: \_\_\_\_\_

\_\_\_\_\_  
Mayor

Approved as to Form and Legality

Carmen A. Trutanich, City Attorney

By  \_\_\_\_\_  
Curtis S. Kidder, Assistant City Attorney

Date: March 22, 2013

File No. \_\_\_\_\_