REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: February 22, 2019

TO: Honorable Members of the City Council

FROM:

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CF #: 13-1090-S1 Assignment No: 19-01-0001

REVIEW OF THE CITYWIDE ECONOMIC DEVELOPMENT STRATEGY

SUMMARY

On May 31, 2016, the Council approved actions submitted by the Economic and Workforce Development Department (EWDD) to develop a Citywide Economic Development Strategy (CEDS) to guide the City's economic development program (CF 13-1090-S1). On October 26, 2016, the City Council approved the Jobs and Business Advancement in Los Angeles Action Plan (Jobs Plan) approved by the Ad Hoc on Comprehensive Job Creation Plan (Ad Hoc Jobs) Committee (CF 15-0850). Consistent with these actions, EWDD conducted a Request For Proposal process and selected HR&A Advisors to prepare the CEDS.

In June 2018, EWDD transmitted the draft CEDS to Council for consideration. Both the Ad Hoc Jobs Committee and the Economic Development Committee held preliminary hearings on this matter (August 2018) and then instructed the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO) to report on the draft CEDS. This report is provided by the CLA in response to the instructions of the Committees. The CAO will be reporting under a separate cover regarding recommendations for budget and staffing considerations for the draft CEDS.

Following review of the draft CEDS and additional consideration of the Jobs Plan previously adopted by Council, we have determined that the City has an established, robust, and wide–ranging economic development framework that provides services and resources to improve the quality of life for people and communities, promote small businesses, attract and retain core industries, and stimulate growth in the City.

Further, we have determined that the Five-Year Implementation Plan in the draft CEDS did not incorporate actions approved in the Jobs Plan, which established the Business Advancement Team, Jobs and Economic Development (JEDI) Zones and a new marketing program among other actions. Further, the Five-Year Implementation Plan does not accurately capture City programs related to financial literacy and focused industry assistance. The draft CEDS should be revised to accurately reflect these City programs.

One specific element of the Five-Year Implementation Plan suggests alternative models for the organization of the economic development delivery structure. Our review has determined that existing programs are in place to meet the goals identified in the draft CEDS regarding the delivery structure, but that additional oversight could enhance delivery of services and programs. To that end, the Council may wish to consider the establishment an Economic Development Commission.

The draft CEDS and this review have also identified several services related to policy development, data analysis, and economic and industry analysis that are not currently available. Such services could be provided by either City staff or consultant support. Our report recommends that Council consider whether such service capacity should be developed.

Finally, this review evaluated the requirements of the U.S. Economic Development Administration (EDA) to ensure that the final CEDS will qualify the City to apply for grant programs to provide disaster and economic assistance. The draft CEDS provided by EWDD includes most of the elements required by the EDA, but additional work is required to complete an Evaluation Framework that is required by EDA grant requirements. To ensure that the City is eligible for federal funding, Council should direct EWDD to finalize the CEDS in a manner that provides all of the elements needed to support applications for U.S. EDA grants. Additionally, several Council Offices have requested amendments to the draft CEDS to more fully meet the economic development needs of their communities.

In recent years, Council has established a solid foundation for economic development initiatives to grow and thrive. The Jobs Plan facilitates coordination of existing programs, enhances economic development efforts, and sets forth new priorities to respond to businesses needs and job creation in the City.

RECOMMENDATIONS

That the City Council:

- 1. Instruct the Economic and Workforce Development Department, with the assistance of the Chief Legislative Analyst, to amend the draft Citywide Economic Development Strategy (CEDS) as follows and provide a final CEDS within 45 days:
 - A. Revise Goal 8 by removing reference to the Strategic Technical Services Group;
 - B. Revise the Five-Year Implementation Plan Actions and instruct staff to report as discussed in this report (Attachment 1), align the Actions in the final draft CEDS with existing program priorities and initiatives, including the Jobs Plan, with the assistance of the City Administrative Officer and the support of other City departments as necessary;
 - C. Revise the Focus Area Strategies as indicated in this report;
 - D. Include maps attached to this report (Attachment 4) and expanded Pico-Union Focus Area Census Tracts (Attachment 5) in the draft CEDS, and update all census and demographic information as necessary;
 - D. Prepare all elements of a CEDS necessary to be compliant with U.S. Economic Development Administration (EDA) grant applications, including the Evaluation Framework;
 - E. Include analyses necessary to ensure that all EDA grant-eligible areas are qualified to apply for EDA grants; and
 - F. Report on a definition for "economic development" to be included in the final CEDS.

2. Instruct EWDD to report with economic development program metrics annually.

FISCAL IMPACT

There is no impact to the General Fund associated with this report. Though the draft CEDS recommended a financing and staffing plan that would have had a fiscal impact on the General Fund, this report defers these actions pending an anticipated CAO report and consideration during the annual budget approval process.

DISCUSSION

On May 31, 2016, the Council approved actions submitted by the Economic and Workforce Development Department (EWDD) to develop a Citywide Economic Development Strategy (CEDS) to guide the City's economic development program (CF 13-1090-S1). At that time, Council instructed EWDD to prepare a Request for Proposals (RFP) to select a consultant who would assist the department in preparing the CEDS, which would include:

- consideration of individual communities
- tax policies
- job creation and workforce training
- City infrastructure, including housing, educational institutions, health care systems, and open space

On October 26, 2016, the City Council approved the Jobs and Business Advancement in Los Angeles Action Plan (Jobs Plan) approved by the Ad Hoc on Comprehensive Job Creation Plan (Ad Hoc Jobs) Committee (CF 15-0850). The Jobs Plan directed City staff to implement 14 strategies designed to improve the City's economic development framework and job creation efforts. Among these strategies was a recommendation that EWDD prepare a CEDS to establish a long-range plan for the City's economic development vision.

Consistent with these actions, EWDD conducted a RFP process and selected HR&A Advisors to prepare the CEDS. Over the course of a year, HR&A and EWDD conducted public outreach workshops throughout the City and working group meetings with multiple City departments in an effort to identify issues and opportunities for the City's economic development program. In June 2018, EWDD transmitted the draft CEDS to Council for consideration. Both the Ad Hoc Jobs Committee and the Economic Development Committee held preliminary hearings on this matter and then instructed the City Administrative Officer (CAO) and Chief Legislative Analyst (CLA) to report on the draft CEDS.

This report is provided in response to the instructions of the Committees. The CLA has evaluated the documents provided by EWDD, including the appendices to the draft CEDS and the November 9, 2018, supplemental report. In addition, the CLA surveyed all Council Offices representing areas designated as Focus Areas in the draft CEDS to determine whether amendments were needed to the recommended strategies for these Focus Areas. Finally, the CLA received additional input from EWDD, the Housing and Community Investment Department

(HCID), Department of City Planning (DCP), and Convention and Tourism Department (CTD) which is reflected in this report.

This report provides a discussion of the definition of economic development to provide a consistent framework for discussion. The remainder of the report is then structured to follow the format of the Five-Year Implementation Plan provided in the draft CEDS.

Definitions of Economic Development

The draft CEDS provides an extensive review of economic conditions in the City and identifies strategies and actions to promote economic development in the City, but the document does not provide a clear definition of economic development, the clients served by the City's programs, or the programs currently offered by the City. As a result, some sections of the draft CEDS do not provide a clear context for its proposed actions. The term "economic development" should be defined to ensure that the public, the private sector, and City staff work under a unified vision toward specific goals.

The definition of "economic development" varies among jurisdictions based on their unique community needs, and can be adjusted to meet its needs. A clear understanding of what is meant by economic development will allow the City to establish well-defined goals and objectives that can facilitate the establishment of metrics by which to measure the City's progress. Examples of definitions used by other agencies are provided in Attachment 2.

Based on existing City programs and recent initiatives launched by the City, as well as review of definitions used by other agencies, below is a potential definition:

Economic development improves the quality of life for people and communities, promotes small businesses, attracts and retains core industries, and stimulates the City's growth.

Community/ People	Business/ Core Industries	City Growth / Real Estate Development		
Jobs	Location / Siting	Land Development		
Financial Literacy	Entitlements	Sales Tax Revenue		
Access to Retail, Quality Food,	Business Loans	Property Tax Growth		
Workforce Training	Incentives	Asset Management		
	Technical Assistance	Infrastructure		
		Marketing, Domestic and		
		International		

Tabla 1

Key priorities for each of these categories is provided below in Table 1.

Economic development encompasses a broad range of services with differing demands for funding and staffing, as well as very different impacts on communities and quality of life. It is important to note that "economic development" is not short-hand for a homogeneous set of activities, but rather pertains to a broad and diverse set of programs and objectives.

Infrastructure and basic city services are also an important foundation on which economic development occurs. The draft CEDS recognizes, for example, that providing affordable housing is an important and contributing factor to successful economic development. This report focuses on direct economic development programs rather than objectives, goals, or program improvements related to infrastructure, housing, or other contributing City services, which would require a much broader analysis.

This report recommends that EWDD, with assistance of the CLA, be instructed to report on a definition for "economic development" to be included in the draft CEDS.

I. CITYWIDE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

The draft CEDS is comprised of a primary document that describes the process for developing the CEDS; analysis of the City's economy; discussion of eight recommended Long-Term Goals to guide the development of City economic development policy and programs; a Five-Year Implementation Plan comprised of 16 actions and associated implementation procedures; and an evaluation of five Focus Areas that would receive additional policy and program support.

The CEDS is supported by technical appendices that provide in-depth analysis of the City's economy; a review of economic development governance in other cities; a Strengths-Weaknesses-Opportunities-Threats (SWOT) Assessment; summaries of the public hearings held to obtain input to inform the Long-Term Goals and Actions in the CEDS; and additional analysis to support applications for EDA grants.

The primary recommendations of the draft CEDS are provided in the Five-Year Implementation Plan. This section of the report identifies funding and staffing requirements to deliver an extensive set of programs, services, and policies that are tied to the eight Long-Term Goals discussed in the draft CEDS. These are grouped as a set within the Implementation Process for each of the 16 Actions to be carried out over five years.

The following provides a review of the 16 Actions, with recommendations for revisions to the Implementation Process provided in the draft CEDS. Generally, these Implementation Processes require in-depth consideration by the Council. Each carries substantial policy and fiscal responsibilities that should not be immediately approved in the draft CEDS, but rather addressed through additional policy review and departmental input. Further, these Implementation Processes should be coordinated with the Jobs Plan that was previously approved by Council.

Action 1 Actions to Strengthen the City's Economic Development Delivery System

The Five-Year Implementation Plan begins with Action 1.A which would restructure the City's governance of economic development and Action 1.B which would reallocate existing revenues or generate new revenues for the implementation of the Five-Year Implementation Plan.

Action 1.A

Action 1.A is titled "Restructure the City's Economic Development Delivery Structure," but actually addresses services associated with real estate and financial transactions, as well as policy development, metrics, and reporting.

The following analysis reviews City governance of economic development, the provision of real estate services, and the availability of planning and data services. This section concludes with a finding that the existing governance structure meets the Strategy identified in the draft CEDS with regard to real estate and financial transactions. Policy development, metrics, and reporting are not services currently available as a structured resource and could, if Council chooses, be developed as a new service.

In addition, although not discussed in the draft CEDS, if Council determines that additional oversight and public participation would enhance the organization and delivery of economic development services, a new Economic Development Commission could be created to provide departmental and program oversight.

(1) New Delivery Structure Proposal

The draft CEDS recommends the creation of a new entity called the Strategic Technical Services Group (STSG), which would:

- Manage City surplus property, package financial resources, perform transaction services,
- Attract and retain targeted industries,
- Market the City to retain and attract business, and
- Conduct research and analysis.

Four options were identified to create an implementation structure for the STSG:

- 1. Fund and staff a new unit within EWDD
- 2. Access services as needed by contract
- 3. Augment an existing City-affiliated nonprofit
- 4. Form or retain a new economic development-focused nonprofit

In its follow-up report of November 9, 2018, EWDD recommended that Council approve formation of the STSG as a unit within EWDD.

(2) Governance

The City's economic development programs are currently distributed throughout several departments and agencies, with oversight by the Mayor and Council, and, in some cases, independent commissions. Figure 13 (Attachment 3) of the draft CEDS provides a list of the 26 City departments and agencies providing economic development services in the City.

This governance structure is established by the Charter and the Administrative Code, which provides certain authorities and roles for the Mayor, Council, proprietary departments, and the Board of Public Works. Each of these governing bodies has independent authority and can establish and operate program services and tools within that authority. Regardless of any changes to the City's economic development delivery structure, certain responsibilities and authorities will remain distributed due to the authorities prescribed by the City Charter.

The draft CEDS provides information on four high performing cities (New York, Philadelphia, Austin, and London) as a point of comparison to economic development delivery in Los Angeles. New York, Philadelphia, and London coordinate a majority of their economic development efforts through a city-affiliated economic development nonprofit. Marketing efforts in these cities are also accomplished through the use of city-affiliated nonprofits. The City of Austin, which has the most comparable government structure to Los Angeles, coordinates its economic development efforts through an on-budget economic development department which implements marketing efforts in coordination with a regional chamber of commerce.

The "strong mayor" governance structure of New York, Philadelphia, and London results in a single set of priorities for economic development policy and initiatives, creating uniform implementation throughout departments and agencies. The mayors of these cities also make appointments to the city-affiliated economic development non-profits, allowing them to exercise considerable influence over those agencies. The governance structure of these cities differs greatly from the Los Angeles governance structure. Attempting to overlay a single implementing authority over the City's program could result in difficulty determining priorities and implementing policies. In addition, any changes to the governance structure may necessitate changes to the Charter and Administrative Code. Finally, the other cities are not in the State of California, which provides additional legal constraints that the City must consider, such as limitations regarding redevelopment agencies and municipal control of the educational system.

The strength of the distributed nature of economic development in the City is that it provides opportunity for a wide range of community and business input. It also allows for the development and implementation of programs and services within the context of specialists in the broad range of areas engaged in economic development, such as infrastructure, transportation, tourism, and planning.

(3) Business Assistance and Real Estate Transactions

EWDD recently established the Business Assistance Team (BAT) to enhance coordination of business services. This resulted from actions approved in the Jobs Plan adopted by Council. The BAT is responsible for providing assistance to businesses seeking to access City programs and resources, including assistance in coordinating multiple City departments to resolve delays in securing permits, licenses, and inspections.

In addition, EWDD has an established real estate division known as the EWDD Asset Management Unit (AMU) which has staff experienced in property development and access to outside contractors to provide assistance with real estate transactions. The CAO and CLA also have access to these services and experience with said transactions. The AMU, CAO, and CLA coordinate all activities related to both private real estate transactions and implementation of the City's Asset Management Framework which administers the disposition of City-owned property.

As a result, our Office has determined that previous actions of the Council and Mayor to create the BAT and the EWDD Asset Management Unit provide some of the services that were otherwise recommended through the formation of the STSG under options 1 and 2 in the draft CEDS. As these services are already available, options 3 and 4 would also seem unnecessary.

(4) Research and Analysis

The City does not currently conduct regular benchmark and metric analysis of its economic development programs. As a result, decision-makers are not able to effectively determine whether programs are over or under subscribed, serving target clientele, adequately sized to community needs, or meeting the needs of those served. Further, it is not possible to determine whether programs are effectively reaching all communities of the City.

The Administrative Code currently obligates the EWDD to:

"prepare, maintain and update, as necessary, a comprehensive analysis of the City's economic environment, including physical, economic and social factors of economic development" (Chap. 20, Art. 1, Sec 22.1005).

EWDD is able to provide information by request and departments provide reports as required for grant programs, but the Department does not have a budget or staff dedicated to providing a structured program of data collection, analysis, and publication of the City's economic condition. The draft CEDS has identified trend monitoring and reporting and information services as an important component currently missing from the City's economic development program.

EWDD should report annually with metrics concerning all City economic development programs. All City departments, including proprietary departments, should assist EWDD with their economic development program metrics and comply with the Administrative Code requirement that obligates such reporting.

In addition, the City does not currently have an established economic development research and analysis program that evaluates the City's economic condition, market conditions in the nation, industry indicators, demographics, and related data elements that could be useful in marketing the City's programs, refining the delivery of existing programs, or developing new programs. Also, the City does not have a single office focused on research into emerging economic development policies and programs, identification of financial resources, or other related policy and planning activities. Services such as these could be provided by in-house staff or consultants.

(5) New Economic Development Commission

Another option to increase oversight and public participation in the economic development delivery structure, not discussed in the draft CEDS, would be to establish an Economic Development Commission (Commission). The Commission could advise the Mayor and City Council on matters relating to economic development, small and medium sized businesses, marketing the City as an investment opportunity, and improvements to City programs. The Commission could also serve as an advisory body on City economic development programs and policies. Unlike the Small Business Commission established by Council under the Jobs Plan, this Commission would focus on the broad range of economic development programs, services, and policies of the City.

Additional Commission duties may include:

- Production of an annual report or score card of Citywide economic development efforts
- Monitoring of legislation that would affect the economic development of the City
- Recommendations regarding proposed programs to the City Council
- Recommendations and reports regarding innovative economic development solutions
- Creation of yearly economic development objectives for the City
- Recommendations regarding geographies or emerging industries which require additional programmatic support

The proposed Commission could be comprised of City employees from departments which oversee economic development programs such as EWDD, the Mayor's Office, GSD, CAO, and CLA. An Economic Development Commission could also formalize economic development service coordination as suggested by the CEDS.

(6) Conclusions

The draft CEDS included recommendations for the formation of an STSG that would provide a range of services related to economic development transactions and research and analysis of economic conditions in the City. Many of these services, however, are currently being implemented by the EWDD under the Jobs Plan, with additional support from the Mayor, CAO,

and CLA. Formation of an STSG focused on transactions would be duplicative of efforts currently underway.

An STSG focused on research and analysis, however, would offer a new set of resources that are currently not available with the City. A focused STSG could:

- Collect and analyze existing City programs and report metrics to decision makers
- Collect and report economic data on the City, region, State and nation
- Evaluate industry indicators and research emerging industries
- Research and evaluate emerging economic development programs and policies
- Develop new City economic development programs
- Evaluate and develop geography-focused and industry-focused programs

An STSG focused on these services could be structured through a limited City staff assisted by consultants, or a larger staff comprised of policy specialists and demographers.

Finally, an Economic Development Commission would provide an additional level of oversight over City programs, monitor implementation of programs and services, develop new policies, and increase opportunities for participation by the public and businesses in the City's deliberative process.

Recommendation: Direct EWDD, with the assistance of the CLA, to remove Action 1.A from the Five-Year Implementation Plan.

Action 1.B

The draft CEDS identified 19 sources of funding that could be developed to support the City's economic development programs. Additionally, the draft CEDS and the November 9, 2018 EWDD report identified staffing needed to implement the CEDS upon approval.

The CAO is expected to report independently on the finance plan provided in the draft CEDS. We do not recommend at this time that any additional funding be approved, but rather that decisions on these matters be considered following the CAO report and in the City's annual budget process.

Recommendation: Direct the CAO to report on the draft CEDS financing and staffing plan.

Action 2 Targeted Geographic and Industry Assistance

Six Actions have been developed to implement planning and land use policies to align recent initiatives such as Measure JJJ with community planning efforts, and provide tools to support economic development at the community level.

Action 2.A

Geography-specific and industry-specific programs ensure focused support in communities that are economically distressed and on industries that are significant contributors to the local economy or emerging industries that could provide significant growth opportunities for the local economy.

A significant component of geography focused economic development is the ability to generate new opportunities, resources, and capacity in economically distressed communities. This allows the City to ensure greater equity in the distribution of resources, though it also requires greater attention to issues such as displacement of residences and businesses.

The City had previously relied extensively on the Community Redevelopment Agency/Los Angeles (CRA/LA) to deliver geographic-focused economic development services to areas of need. With the dissolution of CRA/LA, new programs based on geography are needed. State law has been amended to allow for the creation of programs within a focus area. In addition, the Jobs Plan recommended creation of a new economic development program based on area, the Jobs and Economic Development Incentive (JEDI) Zones. Current geography and industry-based programs include the following:

Geography Focus

- Federal Comprehensive Economic Development Strategy (federal CEDS)
- Opportunity Zones
- Promise Zones
- Community Revitalization and Investment Authority (CRIA)
- Enhanced Infrastructure Financing District (EIFD)
- Neighborhood Infill Finance and Transit Improvements Act (NIFTI)
- JEDI Zones
- Business Improvement Districts (BIDs)

Industry Focus

- **Building Industry**
- Hospitality, Conventions, and Tourism
- Film and Television/Entertainment and Digital Media
- International Trade
- Los Angeles Cleantech Incubator (LACI)
- Grid110
- Altasea (Bluetech Incubator in the Port of LA)

The City currently does not have a centralized process to evaluate either specific geographic areas of the City or emerging industries to determine whether focused assistance would be appropriate. Such efforts are currently provided by the EWDD, CLA, and CAO. Until such time as policies for these programs have been adopted and program guidelines are in place, no additional staff is needed. Once Council begins to approve such community-based geographic economic development focus areas, additional staffing would be required.

Recommendation: Direct EWDD, with the assistance of the CLA, to report on the feasibility of the Implementation Process for Action 2.A.

Action 2.B

This Action recommends development of a toolkit to spur neighborhood revitalization with targeted capital investments, small business support, and other tools that support and preserve affordability in the community. The implementation process identifies several programs, policies and projects that could be implemented. This Action is complementary to the JEDI Zone program approved by Council in the Jobs Plan. A report on JEDI Zone implementation is pending from EWDD and this Action should be aligned with the findings and recommendations pending in that report.

Recommendation: Direct EWDD, with the assistance of the CLA, to align Action 2.B with the Jobs Plan/JEDI Zone implementation.

Action 2.C

Action 2.C seeks to develop an affordability toolkit to ensure that local, small, and disadvantaged businesses are not displaced by increasing rents and land values. Innovative concepts such as a commercial space bonus to encourage the development of affordable commercial uses require evaluation by the DCP. Some implementation components of this Action would adjust or revise existing business assistance programs administered by EWDD, while others include budgetary allocations and new fees that should be evaluated by the CAO.

Recommendation: Direct EWDD, with the assistance of the CLA, DCP, and CAO. to report on the feasibility of the Implementation Process for Action 2.C.

Action 2.D and Action 2.E

These Actions relate to planning activities of the DCP. Action 2.D recommends review of the City's industrial land use preservation policies, while Action 2.E concerns the integration of planning efforts with economic development objectives. DCP is currently in the process of expedited review of the City's 35 Community Plans. In addition, DCP is updating the Economic Development Element of the City General Plan. Finally, the City has begun to implement several of the programs identified in the Implementation Process, such as the Clean Up Green Up program.

Recommendation: Direct EWDD, with the assistance of the CLA and DCP, to revise Action 2D/E to reflect current City programs and DCP's efforts with regard to the Community Plans and the Economic Development Element of the General Plan.

Action 2.F

Action 2.F concerns the management of City properties, otherwise known as Asset Management. The draft CEDS makes recommendations relative to properties owned by the City that have been designated as surplus, including numerical goals for properties to be designated for economic development uses and negotiated outcomes for those properties.

In May 2016, the City Council adopted the City Asset Management Framework (Framework) (CF 12-1549-S3) to guide the use of City property deemed to be surplus. The Framework was developed to manage competing uses for surplus City property. In addition to economic development uses, surplus City properties could be used for affordable housing, parks, homeless facilities, or other municipal purposes. The Framework ensures a thorough review of any proposed use for surplus property and provide the opportunity to weigh the various competing priorities in the City. Recently, the City has prioritized homeless facilities and affordable housing.

On February 13, 2019 the Council adopted a CAO and Municipal Facilities Committee (MFC) report that addressed the matter of surplus property (CF 18-0856). In that report, the CAO reviewed 428 properties owned by the City that are designated as surplus. Of those properties, four (4) have been designated for housing or homeless navigation centers; 152 were recommended to be removed from the surplus property list; and 272 were recommended for potential sale or transfer. Of those properties recommended for sale or transfer, however, 150 are eligible for the Own a Piece of Los Angeles program, which makes parcels less than 5,000 square feet in size available to adjacent property owners. Of the remaining 122 properties, 47 were deemed undevelopable, 60 are potential single-family housing sites, and 15 border state or federal land.

The other significant component of City Asset Management involves the leasing of City-owned property, some of which contains space that could be leased to private entities. GSD is responsible for leasing in City properties. Additional analysis is needed to fully evaluate the City's lease program to determine opportunities to support the City's economic development program. The Asset Management Framework is currently being implemented, as approved by Council, so this Action should be revised to reflect the status of the program to date. The numerical goals identified by the draft CEDS, however, do not reflect the status of surplus properties in the City as reported by the CAO in August 2018 and should be modified accordingly.

Recommendation: Direct EWDD, with the assistance of the CLA, to revise Action 2F to align with the Asset Management Framework and the goals established for surplus property in the MFC report adopted on February 13, 2019 (CF 18-0856).

Action 3 Actions to Empower City Residents

Four Actions are recommended in this section to create financial and economic security for disadvantaged Angelenos and to ensure that growth is equitably distributed across the City.

Action 3.A

Action 3.A recommends that HCID develop a comprehensive financial empowerment program. Such a program already exists and assists 10,000 families annually. HCID is a national leader in financial literacy programs and continues to refine and develop its programs to meet community needs. As this program is already in operation, HCID should rather be directed to present any necessary program adjustments or improvements to Council. The Implementation Process in this Action should be revised to reflect the status of the program to date.

Recommendation: Direct EWDD with the assistance of the CLA to revise Action 3A to reflect current financial empowerment programs operated by HCID.

Action 3.B

Action 3.B includes a wide range of programs related to educational and family programs, workforce development, and small business support. This includes a recommendation to designate marijuana tax revenues to support these programs. The CAO will be reporting independently concerning revenue recommendations in the draft CEDS, including this revenue action. Recommendations concerning workforce development should be directed to the Workforce Development Board for consideration and implementation. Finally, the Council authorized EWDD to form a Small Business Commission (SBC) to develop small business assistance programs. The small business support recommendations in this Action should be referred to the SBC for consideration.

Recommendation: Direct EWDD, with the assistance of the CLA, to 1) request the Workforce Development Board to review and comment on implementation of the workforce development actions in Action 3B and 2) request the Small Business Commission, once appointed, to review and comment on implementation of the small business support actions in Action 3B.

Action 3.C

Action 3.C concerns the shortage of affordable housing in the City. Independent of the CEDS, HCID has reported with a proposed allocation of funds collected under the new Linkage Fee program. That allocation proposal includes expanded funding for home ownership programs, as well as funding for innovative housing solutions.

Recommendation: Direct EWDD, with the assistance of the CLA and HCID, to revise Action 3C to reflect the current status of the City's affordable housing programs and request the Linkage Fee Review Committee to review and comment.

Action 3.D

Action 3.D recommends limitations or a ban on predatory lending. The draft CEDS reports that the Los Angeles County Department of Consumer and Business Affairs is evaluating such a ban. City staff should coordinate such actions with the County and determine whether additional City action is required or whether the County's effort can be implemented in the City. Concurrently, the City Council adopted several actions within the context of the Municipal Bank discussion to seek opportunities to expand banking services in "banking deserts" across the City.

Recommendation: Direct EWDD, with the assistance of the CLA, to revise Action 3D to incorporate Council adopted actions taken as part of the Municipal Bank discussion to expand banking services in "banking deserts."

Action 4 Actions to Strengthen City Businesses and Industries

Four actions have been identified to promote diversity and entrepreneurship in growth industries; streamline services; support core industries; market the City's programs and services; and address the impact of potentially disruptive technologies.

Action 4.A

This Action seeks to promote diversity and entrepreneurship in growth industries with efforts such as expanding the City's existing procurement procedures that seek to engage disadvantaged businesses; encourage major companies to expand opportunities based on gender, race, age, and educational level; and ensure that the City's innovative business incubators support underrepresented entrepreneurs.

Recommendation: Direct EWDD, with the assistance of the CLA, to report on the feasibility of the Implementation Process for Action 4.A.

Action 4.B

Support for core industries and streamlining services to support these industries is the purpose behind the recommendations in Action 4.B. The City has a long history of taking such actions. The LATCB is the City's primary agent for marketing Los Angeles as a tourist destination, supporting local hotels and restaurants. The CTD was recently restructured to further align the City's efforts to support the tourism and hospitality industry. Likewise, the City has placed great emphasis on its support for the entertainment industry. FilmLA coordinates all filming activity in the City; the Board of Public Works has staff dedicated exclusively to solving film-related issues; all City departments have designated representatives to participate in programs focused on the entertainment industry; and the Citywide Film Task Force was created to ensure that the City representatives and entertainment industry representatives have a standing venue in which to share important information and discuss solutions to industry needs and issues. As the City is already implementing several of the efforts listing in this Action, it would be appropriate to revise Action 4.B.

Recommendation: Direct EWDD with the assistance of the CLA to revise Action 4.B to align new resources with existing programs and services; incorporate marketing programs discussed under Action 4.C; and develop a process to identify core industries that could benefit from additional City support.

Action 4.C

The City's marketing efforts for business attraction and retention are largely implemented by the Mayor's Office with some assistance from EWDD and LATCB. The Mayor's Office currently implements programs in collaboration with several agencies designed to market Los Angeles to businesses nationwide and overseas. The Mayor's Office has also implemented the Mayor's Export Program to assist businesses seeking to expand into the export market. EWDD provides some marketing of City programs through their BusinessSource Centers which provide information on programs such as the Small Business Loan program.

The LATCB is responsible for marketing efforts focused on the convention industry, leisure travel, travel trade, and media. LATCB implements domestic and international advertising campaigns for leisure tourism and also works to retain conventions and seeks opportunities to draw in new conventions to the City.

The Jobs Plan included an instruction to create a comprehensive list of marketing services and implement a coordinated marketing campaign for the City's business incentives. In April 2018, EWDD reported that the implementation of this strategy is ongoing.

Since EWDD has initiated a marketing program to attract and retain businesses as provided under the Jobs Plan, and other efforts are underway in the Mayor's Office and the LATCB, there is no need to establish an STSG that would initiate new marketing programs. In addition, both the LATCB and the CTD have indicated that expanding the LATCB's program beyond the hospitality and tourism industry could dilute their effectiveness.

Recommendation: Direct EWDD with the assistance of the CLA, to remove the recommendation that the LATCB coordinate the City's marketing program.

Action 4.D

This Action recognizes that rapid technological advancements have the potential to be disruptive and that the City should be prepared to meet the demands these new technologies could place on the public and private sector alike. Autonomous vehicles, for example, have the potential to disrupt everything from planning and land use to City general fund revenues. The several implementation recommendations in the Action are based on the formation of a Task Force to develop a policy direction to address these concerns. The Implementation Process should be refined to provide an appointment and establishment process for the Task Force and ensure that a periodic review is incorporated.

Recommendation: Direct EWDD, with the assistance of the CLA, to report on the implementation process of Action 4.D.

II. CEDS IN SUPPORT OF U.S. EDA GRANTS

In addition to serving as the City's long-term economic development strategy, the CEDS is a prerequisite for U.S. EDA grant applications. In order to meet the EDA grant requirements, the CEDS must include the following sections:

- Summary Background
- SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis
- Strategic Direction/Action Plan
- Evaluation Framework

EDA grants fund a wide range of technical, planning, public works, and infrastructure projects and include the following funding opportunities:

- Disaster Supplemental Assistance
- Public Works and Economic Adjustment Assistance Program
- Economic Development Research and National Technical Assistance

EDA evaluates grant applications based on the following parameters:

- Alignment with one of EDA's investment priorities:
 - Recovery and Resilience
 - Critical Infrastructure
 - Workforce Development and Manufacturing
 - Exports and Foreign Direct Investment.
- Effectively address the creation and/or retention of high-quality jobs.
- Leverage public and private resources and demonstrate the capacity to commence the project promptly, to use funds quickly and effectively, and provide a clear scope of work that includes a description of specific, measurable project outputs.

Proposed projects for grant funds must be consistent with the CEDS, and the City will be required to detail how the project will support the economic development needs and objectives outlined in the CEDS. To continue to be eligible for funding, the City will be required to provide an annual report and update the CEDS every five years.

EDA Requirements/Eligibility

EDA grants can fund between 50 and 80 percent of project costs, depending on the severity of the region's per capita income/unemployment rate. In order to be eligible for funding, projects must be located in a self-defined region in economic distress, defined by meeting one of the following:

- an unemployment rate that is at least one percentage point greater than the national average unemployment rate;
- per capita income that is 80 percent or less of the national average per capita income; or
- a "Special Need," as determined by EDA. There are numerous special needs defined, including being located in an Opportunity Zone.

Per EDA, the City may draw its own boundaries. The area need not be contiguous or defined by political boundaries. The draft CEDS appendix includes a list of census tracts Citywide that meet either the unemployment or per capita income requirement. We note that this data is now out of date and does not include Opportunity Zones. Our Office has produced a Citywide and Council district maps that show EDA eligible census tracts (Attachment 4). We recommend that these maps be amended into the draft CEDS.

Completion of CEDS Components for EDA Grants

The draft CEDS provides most of the components necessary to comply with the requirements of the U.S. EDA grant programs. Additional components are needed to complete the Implementation Plans, as discussed above, to meet the U.S. EDA requirements that a CEDS contain a Strategic Direction/Action Plan. Further, an Evaluation Framework needs to be prepared.

A key component of the federal EDA Grant CEDS requirement is the Strategic Direction/Action Plan, which contains the vision statement, goals, objectives, and action plan of the City's economic development strategy. The vision statement is the City's overarching economic development objective over the next 10 to 20 years. Goals are broad and build upon the vision, while objectives are specific, measurable actions that support the obtainment of the goals. The Action Plan incorporates the vision, goals, and objectives and presents concrete, specific activities to bring the economic development strategy to fruition. The Action Plan includes steps required from inception to completion, responsible departments, costs, funding sources, and timeframe. Based on the new information provided above, additional analysis and work is necessary to complete the draft CEDS. Our Office will work with EWDD and the CAO to make adjustments to this section that will become part of the final CEDS recommended to be adopted by the Council.

An Evaluation Framework is also required by EDA to gauge progress on the implementation of the CEDS and is to be used by the City to self-score progress during each annual report. Analysis of the draft CEDS shows that while the Five-Year Implementation items include short-term accountability metrics, the Evaluation Framework, which includes performance measures such as jobs created/retained, gross domestic product per capita, unemployment, wages, etc., are missing. It is recommended that EWDD provide the City Council with a comprehensive Evaluation Framework consistent with federal requirements before final adoption.

As requested by Council, the draft CEDS focuses on five areas of the City that have been historically disenfranchised. These areas overlap Council Districts and include:

- East Los Angeles (CD 14);
- Eastern San Fernando Valley (CD 2, 6, 7);
- Harbor (San Pedro, Wilmington, and Harbor City-Gateway) (CD 15);
- Pico Union/Westlake (CD 1, 13); and
- South Los Angeles (CD 8, 9, 10, 15).

Each Focus Area strategy incorporates long-term goals to support economic prosperity and includes a set of specific implementation actions drawn from the Citywide Implementation Plan and tailored to that area. However, we note that there are areas in the City that are EDA-eligible, but located outside a Focus Area. We recommend that the draft CEDS should be revised to ensure that these additional areas are eligible to receive EDA funding.

Revised Focus Areas

To ensure that the Focus Areas were consistent with the Council District vision for the area, our Office met with all Council Districts contained within the CEDS Focus Areas to obtain feedback

on the Focus Areas long-term goals and Implementation Plan actions. Based on these discussions, we recommend the following amendments to the Focus Areas. Two amendments were requested for a specific Focus Area, but upon further analysis these amendments are more appropriate to be applied Citywide.

- Harbor Focus Area (CD 15)
 - (HA.1 Creation of a Clean and Green Logistics and Transportation Hub) Add the Port of Los Angeles as a lead entity.
 - (HA.2 Corridor Revitalization at the LA Waterfront) + (HA.3 Develop Programs to Support Export Industries and Employees) Add the Port of Los Angeles as a supporting entity.
 - Long Term Goal 4 Leverage infrastructure investments to enable economic growth in the Harbor Area) Clean and re-develop brownfield sites, ensure infrastructure and streetscape environment is conducive to economic development.
- South Los Angeles Focus Area (CD 8, 9, 10, 15)
 - (Long Term Goal 1 Ensure that regional growth benefits all South Los Angeles residents) Ensure streetscape environment is conducive to economic development.
 - (Long Term Goal 3 Create wealth and economic security for disadvantaged residents) Create opportunities for disadvantaged residents in the healthcare and entertainment fields.
- Eastern San Fernando Valley Focus Area (CD 2, 6, 7)
 - (EV. 1 Creation of an Intensified Manufacturing and Job Hub in Sun Valley) Explore the feasibility of creating a Cleantech incubation center in Sylmar and support film industry growth in the area.
 - (EV.2 Van Nuys Transit Investments for Corridor Revitalization) Ensure that design of future developments around the Van Nuys transit corridor recognize the character of the community.
- Pico-Union/Westlake Focus Area (CD 1, 13)
 - Amend the boundary of the focus area as follows:
 - From Benton Way and 3rd Street, continue the boundary west to 3rd
 Street and Hoover Street
 - Continue the boundary south along Hoover Street to Hoover Street and 6th Street
 - Continue the boundary west along 6th Street to 6th Street and Vermont Avenue
 - Continue the boundary north along Vermont Avenue to Vermont

Avenue and Sunset Boulevard

- Continue the boundary east along Sunset Boulevard to Sunset
- Boulevard and Echo Park Avenue
- Continue the boundary south along Echo Park Boulevard to Lucas Avenue and 3rd Street
- Continue the boundary west along 3rd Street to meet the existing focus area boundary
- Citywide

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- Ensure sidewalk vendors have access to small business support programs, such as incubators, micro-loans, and the opportunity to purchase/lease vending equipment at a subsidized cost.
- Ensure businesses have access to high speed internet.

ATTACHMENT 1

TABLE OF RECOMMENDEDACTIONS TO ALIGN FIVE YEARIMPLEMENTATION PLAN WITHEXISTING CITY PROGRAMS ANDSERVICES

Action	Action Title	Recommendation					
Action 1	Actions to Strengthen the City's E	conomic Development Delivery System					
1.A	Restructure the City's Economic Development Delivery Structure	Direct EWDD, with the assistance of the CLA, to remove Action 1.A from the Five-Year Implementation Plan.					
1.B	Unlock new and Resilient Funding Sources for Economic Development	Direct the CAO to report on the draft CEDS financing and staffing plan.					
Action 2	Targeted Geographi	c and Industry Assistance					
2.A	Develop Transformative, Industry-Focused and Place-Based Initiatives	Direct EWDD, with the assistance of the CLA, to report on the feasibility of the Implementation Process for Action 2.A.					
2.B	Create Neighborhood and Corridor Revitalization Toolkit and Pilot Projects	Recommendation: Direct EWDD, with the assistance of the CLA, to align Action 2.B with the Jobs Plan/JEDI Zone implementation.					
2.C	Create a Commercial Affordability Toolkit	Direct EWDD, with the assistance of the CLA, DCP, and CAO. to report on the feasibility of the Implementation Process for Action 2.C.					
2.D	Revisit and update Industrial Land Preservation Policies	Direct EWDD, with the assistance of the CLA and DCP, to revise Action 2D/E to					
2.E	Actions to Strengthen the City's Economic Development Delivery System	reflect current City programs and DCP's efforts with regard to the Community Plans and the Economic Development Element of the General Plan.					
2.F	Enhance Implementation of Asset- Management Functions	Direct EWDD, with the assistance of the CLA, to revise Action 2F to align with the Asset Management Framework and the goals established for surplus property in the MFC report adopted on February 13, 2019 (CF 18-0856).					
Action 3	Actions to Empower City Residents						
3.A	Support Economic Empowerment	Direct EWDD with the assistance of the CLA to revise Action 3A to reflect current financial empowerment programs operated by HCID.					
3.B	Increase Workforce Participation for Underrepresented Groups	Direct EWDD, with the assistance of the CLA, to 1) request the Workforce Development Board to review and comme on implementation of the workforce development actions in Action 3B and 2) request the Small Business Commission, once appointed, to review and comment o implementation of the small business support actions in Action 3B.					

3.C	Support Equity Building through Affordable Housing	Direct EWDD, with the assistance of the CLA and HCID, to revise Action 3C to reflect the current status of the City's affordable housing programs and request the Linkage Fee Review Committee to review and comment.				
3.D	Action 3.D – Ban or Limit Predatory Lending	Direct EWDD, with the assistance of the CLA, to revise Action 3D to incorporate Council adopted actions taken as part of the Municipal Bank discussion to expand banking services in "banking deserts."				
Action 4	Actions to Strengthen C	City Businesses and Industries				
4.A	Promote Diversity and Entrepreneurship in Growth Industries	Direct EWDD, with the assistance of the CLA, to report on the feasibility of the Implementation Process for Action 4.A.				
4.B	Streamline Services and Support for Core Industries	Direct EWDD with the assistance of the CLA to revise Action 4.B to align new resources with existing programs and services; incorporate marketing programs discussed under Action 4.C; and develop a process to identify core industries that could benefit from additional City support.				
4.C	Market the City and Support Business Expansion	Direct EWDD with the assistance of the CLA, to remove the recommendation that the LATCB coordinate the City's marketing program.				
4.D	Shape the Implementation of Disruptive Technologies	Direct EWDD, with the assistance of the CLA, to report on the implementation process of Action 4.D.				
	Optional/Additional R	ecommendations				
	Economic Development Commission	If the Council wishes, the City Attorney may be requested prepare and present an ordinance which would establish an Economic Development Commission.				
	Additional Services Unit	If the Council wishes, the CLA, with the assistance of the CAO, can be instructed to provide a feasibility report regarding the creation of service capacity for economic development policy development, metrics, data analysis, and economic and industry analysis.				

ATTACHMENT 2

ECONOMIC DEVELOPMENT DEFINITIONS AND RESOURCES FROM PRIVATE, STATE, AND FEDERAL ENTITIES

California Association for Economic Development (CALED)

From a public perspective, local economic development involves the allocation of limited resources – land, labor, capital and entrepreneurship in a way that has a positive effect on the level of business activity, employment, income distribution patterns, and fiscal solvency. These are just a few of the ways in which economic development helps communities:

- 1. Increased Tax Base...the additional revenue provided by economic development supports, maintains, and improves local infrastructure, such as roads, parks, libraries, and emergency medical services.
- 2. Job Development...economic development provides better wages, benefits, and opportunities for advancement.
- 3. Business Retention...businesses feel appreciated by the community and, in turn, are more likely to stay in town, contributing to the economy.
- 4. Economic Diversification...a diversified economic base helps expand the local economy and reduces a community's vulnerability to a single business sector.
- 5. Self-sufficiency...a stronger economic base means public services are less dependent on intergovernmental influences and alliances, which can change with each election.
- 6. Productive Use of Property...property used for its "highest and best use" maximizes the value of that property.
- 7. Quality of Life...more local tax dollars and jobs raise the economic tide for the entire community, including the overall standard of living of the residents.
- 8. Recognition of Local Products...successful economic development often occurs when locally produced goods are consumed in the local market to a greater degree.

(Source: https://caled.org/everything-ed/econ-dev-faqs/)

California Business and Economic Development

The Governor's Office of Business and Economic Development (GO-Biz) serves as the State of California's leader for job growth and economic development efforts. GO-Biz offers a range of services to business owners including: attraction, retention and expansion services, site selection, permit assistance, regulation guidance, small business assistance, international trade development, assistance with state government, and much more.

Services

We offer a range of services to business owners including: attraction, retention and expansion services, site selection, permit assistance, regulatory guidance, small business assistance, international trade development, assistance with state government, and much more. We have staff dedicated to support businesses who are experts in the following areas:

- 1. California Business Investment Services (CalBIS)
- 2. California Community Reinvestment Grants Program

- 3. California Competes Tax Credit
- 4. Innovation and Entrepreneurship
- 5. International Affairs and Business Development
- 6. Permit Assistance
- 7. Small Business Assistance
- 8. Zero Emission Vehicles (ZEV)

Other GO-Biz affiliations include:

- 1. California Infrastructure and Economic Development Bank (Ibank)
- 2. Visit California
- 3. California Film Commission

(Source: http://www.business.ca.gov/Programs)

U.S. Economic Development Administration (EDA) Programs

Public Works

Empowers distressed communities to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term, private sector jobs and investment.

Economic Adjustment

Assists state and local interests in designing and implementing strategies to adjust or bring about change to an economy. The program focuses on areas that have experienced or are under threat of serious structural damage to the underlying economic base. Under Economic Adjustment, EDA administers its Revolving Loan Fund (RLF) Program, which supplies small businesses and entrepreneurs with the gap financing needed to start or expand their business.

Planning

Supports local organizations (Economic Development Districts, Indian Tribes, and other eligible areas) with short and long-term planning efforts. The Comprehensive Economic Development Strategy (CEDS) Content Guidelines, provides suggestions, tools, and resources for developing comprehensive economic development strategies.

Regional Innovation Strategies

Supports innovation and entrepreneurship capacity-building activities by creating and expanding cluster-focused proof-of-concept and commercialization programs and early-stage seed capital funds through the i6 Challenge and the Seed Fund Support (SFS) Grant competition, respectively.

Trade Adjustment Assistance for Firms

A national network of 11 Trade Adjustment Assistance Centers to help strengthen the

competitiveness of American companies that have lost domestic sales and employment because of increased imports of similar goods and services.

University Centers

A partnership of the federal government and academia that makes the varied and vast resources of universities available to the economic development community.

Research and National Technical Assistance

Supports research of leading edge, world class economic development practices and information dissemination efforts.

Local Technical Assistance

Helps fill the knowledge and information gaps that may prevent leaders in the public and nonprofit sectors in distressed areas from making optimal decisions on local economic development issues.

Economic Development Integration

EDA possesses broad and deep experience in successfully coordinating resources across multiple programs and special initiatives. Based upon this experience and EDA's historic track record of successful collaboration with a range of stakeholders (both federal and non-federal), the Office of Management and Budget (OMB) has designated EDA to lead the federal government's efforts to maximize the integration of economic development resources from all sources, including federal, state, local and philanthropic, to achieve more impactful and sustainable outcomes for communities across America.

(Source: https://www.eda.gov/programs/eda-programs/)

ATTACHMENT 3

LIST OF CITY DEPARTMENTS WITH ECONOMIC DEVELOPMENT RESPONSIBILITIES (FIGURE 13 OF THE DRAFT CEDS)

	Core Economic Development Services									
	Strategic Planning and Policy	Real Estate Devel- opment Support	Infrastruc- ture Devel- opment	Asset Manage- ment	Business and Indus- try Devel- opment	Small Busi- ness	Workforce Develop- ment	Business Improve- ment Districts	Tourism Develop- ment	
City Government				-						
Mayor's Office									•	
City Council										
Appointed Offices										
Chief Legislative Analyst	•	٠		•					_	
City Administrative Officer	•	•	•	•						
City Clerk								•		
Finance	-							•		
City Departments										
EWDD	•	•		•		•	•			
Housing + Community Investment		•								
Housing Authority				•						
City Planning		- 6						-		
Buildings & Safety										
Cultural Affairs					•	•	•			
General Services				•						
Public Works	1		•	•						
Neighborhood Empowerment										
Recreation & Parks			•	•						
Transportation	•		•	•					_	
City Proprietary Depa	artments									
Los Angeles World Airports			•	•					•	
Port of Los Angeles			•	•						
Water & Power			•	•						
County Entities		Section in		1		1	1		1	
Metro	•		•	•		1				
L.A. Economic Devel- opment Corporation	•				•					
Nonprofit Entities						and the second				
Los Angeles Development Fund	•	•	•							
Restore Neighborhoods LA		•	•						-	
Special-Purpose Entit	ties		1.00		vit de 199		***			
L.A. Tourism and Convention Board									•	
Film LA					•					
L.A. Homeless Services Authority		•			-		•			
Workforce Development Board					•		•			

DRAFT

Indirect Provision

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ATTACHMENT 4

AREAS ELIGIBLE FOR U.S. EDA GRANT FUNDING UNDER AN APPROVED CEDS
































ATTACHMENT 5

PICO-UNION EXPANDED FOCUS AREA CENSUS TRACTS

Pico-Union Expanded Focus Area Census Tracts

Tract	Label
06037191301	191301
06037191302	191302
06037191410	191410
06037191420	191420
06037192700	192700
06037195710	195710
06037195720	195720
06037195802	195802
06037195803	195803
06037195804	195804
06037195901	195901
06037195902	195902
06037195903	195903
06037197500	197500
06037208302	208302
06037208402	208402
06037208501	208501
06037208502	208502
06037208610	208610
06037208620	208620
06037208710	208710
06037211120	211120
06037211120	211120
06037211121	211121
06037211122	211122