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Item No.: 6

~~Item~~: Communication from the Public

June 24, 2014

Honorable Councilmember Curren Price, Chair
Honorable Councilmember Paul Krekorian, Vice Chair
Honorable Councilmember Jose Huizar
Honorable Councilmember Gil Cedillo
Honorable Councilmember Nury Martinez
Economic Development Committee
200 N. Spring Street, Room 420
Los Angeles, CA 90012

Re: Grand Avenue Project, your June 24th Agenda

Honorable Chair, Vice-Chair and Members:

Related has been engaged with the City of Los Angeles in the reimagining of Grand Avenue and the revitalization of downtown Los Angeles for over a decade. Since the beginning, and to this day, we believe there is significant unmet potential on Grand Avenue and have appreciated working with government partners including the City who share that vision. We are proud to have delivered on the promises made to the City in 2007 to provide funding for Grand Park, move forward with residential projects including 20% affordable housing, and commit ourselves to making the Grand Avenue Project into a reality.

The City's 2007 approvals agreed to share Transient Occupancy Tax and Parking Occupancy Tax for the mixed use hotel, retail and parking components to be developed on Parcel Q, which was then anticipated as the first component of the project to be completed. Instead, though pressures from the recession delayed the Parcel Q project, the Joint Powers Authority of which the City is a member collected the rent for that site and used the \$50 million land lease payment for the park, which was opened to the public in August 2012. Related also went forward with the union construction of The Emerson (271 Unit 80/20 Residential Tower, Parcel M), which will be opening October 2014, and entered into the agreements necessary to provide the location for the Broad contemporary art museum and plaza, which will be opening in 2015.

Enclosed is the 2014 analysis prepared by the Los Angeles County Economic Development Corporation, which estimates that over \$371 million has already been expended on construction of these three components of the Project. Related has invested significantly in multiple project phases over the years in good faith reliance on the City's agreement to contribute TOT and parking occupancy tax for the project, subject to its approvals as required of any change in the hotel operator and verifying that assistance is still needed for the project. The City has now verified that the new project budget creates an even greater deficit for the hotel and has acknowledged that sbe/SLS, an LA based hotel, is an appropriate partner to replace the previously proposed hotel operator, Mandarin Oriental. The number of hotel rooms has increased in size from 275 rooms to 300 rooms.

Moreover, the job creation and revenue generation of this landmark project are truly exceptional, combined with extraordinary public benefits. This hotel on Parcel Q is part of a mixed use project including approximately 450 residences (20% affordable) and approximately 200,000 sf of retail/restaurant. The public benefit of affordable housing is unusual in comparison to other hotel projects the City has assisted. Also unlike other projects, the living wage agreement applies project-wide and not just to the hotel. There is also a Local Hiring Policy for both construction and permanent jobs, a Hotel Card Check Neutrality Agreement for the hotel labor and we will be managing construction under Project Labor Agreements, as we have with all previous and current phases of Grand Avenue. With a total of 7,385 temporary and 2,192 permanent new jobs projected, the project is projected to generate \$490 Million new tax revenues to the City and County over 25 years.

We concur with staff that the hotel funding gap is very significant and that measures to address it are essential to assist the feasibility of the project. In 2007, the TOT Rebates were approved for the then-projected Mandarin Oriental Hotel, and estimated at \$60.5 million. According to the City's consultant gap analysis, based on the current hotel flag and project proforma, the gap is now \$101.3 Million, not even counting significant prior expenditures made by Related to advance the project such as the \$50 million land lease payment on Parcel Q that funded Grand Park. According to the City's existing policy to limit assistance, the 50% Net New Revenues amount is \$69.1 Million while the maximum TOT is \$58.2 million. The 2007 commitments were not contingent on additional County contributions, but staff is now recommending that a minimum be provided of \$47.3M of TOT and the maximum cannot be reached of \$58.2M unless the County contributes additional financial assistance.

Since the County has already rejected this concept, this proposed condition poses a significant hurdle for the project's next steps. Moreover, the CLA's current analysis focuses on Parcel Q only while the 2007 agreements considered the project as a whole. The issue of tax revenues alone does not reflect all of the considerations in determining the benefits of the project to the City, including the amounts contributed to construction costs, the costs of operations, and other factors. Accordingly, recognizing the significant time pressure at this time since the MOU must be approved in July in accordance with the DDA with the Grand Avenue Authority, we ask that additional review be conducted thereafter, over the next several months, so that there is a full assessment of the type and amount of financial assistance that has been committed to the project by each party and the public benefits to the City.

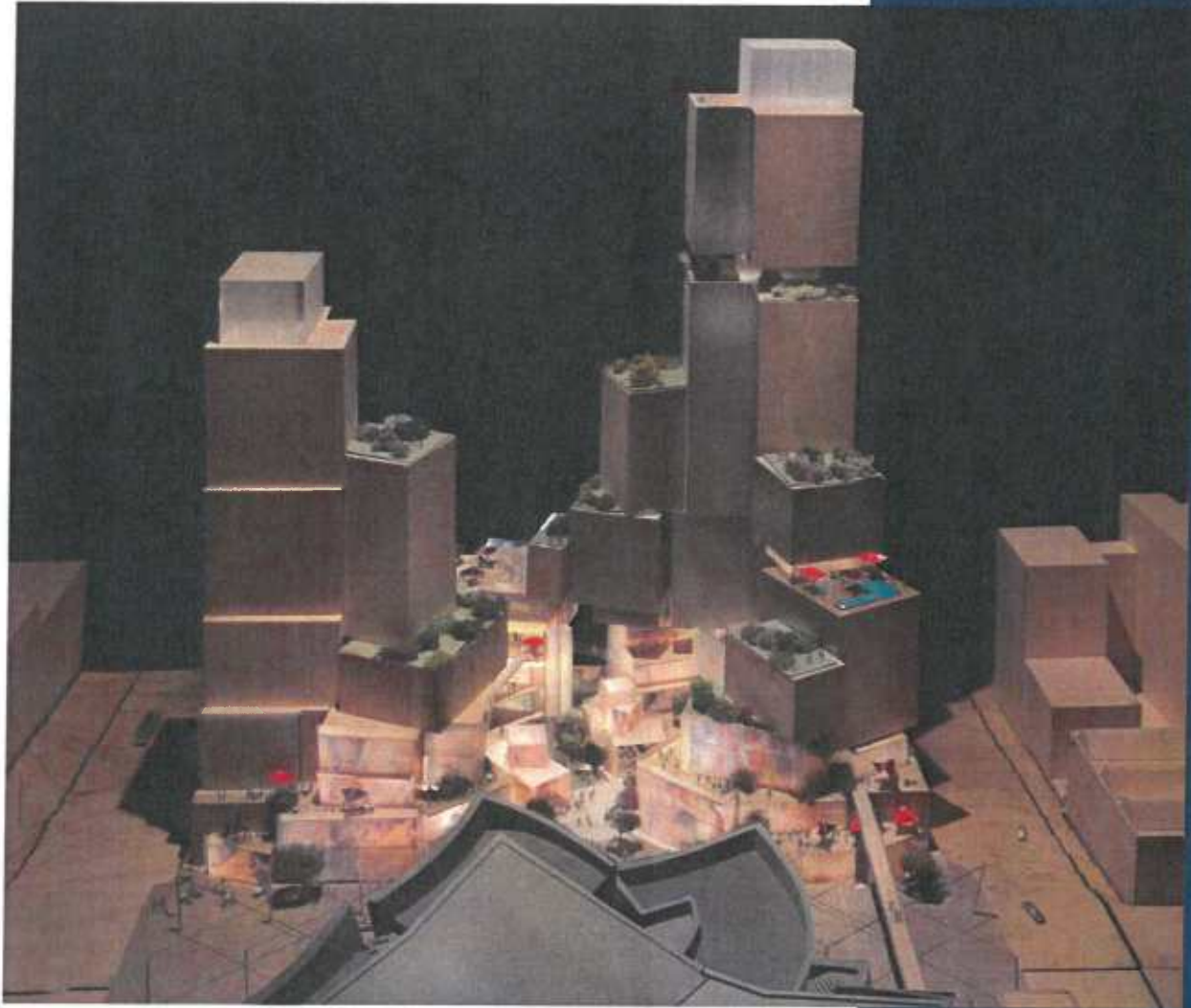
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We appreciate your consideration and look forward to working with the City to transform this vision into reality.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Witte', with a stylized flourish at the end.

WILLIAM A. WITTE
President, Related California



THE GRAND AVENUE PLAN:
AN ECONOMIC IMPACT
ANALYSIS

FINAL
REPORT

ECONOMIC AND POLICY ANALYSIS GROUP
Los Angeles County Economic Development Corporation

Executive Summary

The Los Angeles Grand Avenue Authority, established by a joint powers agreement between the City of Los Angeles Community Redevelopment Agency and Los Angeles County, has embarked upon a plan to transform upper Grand Avenue and revitalize the heart of the civic center of the City of Los Angeles by attracting both residents and visitors through a mix of new residential, commercial and cultural uses.

The project contains three elements. The first consists of changes and improvements to Grand Avenue itself to attract more pedestrian traffic. The second element involves the creation of a large public park stretching from the Los Angeles City Hall to the John Ferraro Building housing the Los Angeles Department of Water and Power. The third element is the construction of several new residential, commercial and cultural projects on the last remaining undeveloped parcels in the Bunker Hill Redevelopment Area.

As the Grand Avenue Authority’s selected developer, The Related Companies has proposed and commenced a multi-phased development plan for the implementation of the Grand Avenue project. To date this has included: master plan and entitlements for the plan area; design, development and completion of the Grand Park; and commencement of construction of two project elements on Parcels L and M, which include a 271-unit residential tower and a world class modern art museum.

Related is currently planning the next phase of development on Parcel Q as a mixed-use project including a hotel, retail and commercial uses, offices and more than 400 residential units. A future phase is anticipated which will add several residential mixed-use structures on Parcel W, which lies just east of Parcel Q.

The Economic and Policy Analysis Group of the Los Angeles County Economic Development Corporation (LAEDC) has conducted an economic analysis of the economic and fiscal impacts in Los Angeles County associated with Related’s Grand Avenue plan. The analysis is based on the projected increase in economic activity in the plan area, as well as the one-time economic and fiscal impacts from the construction phase.



One-Time Project Development Impacts

The total economic impact in Los Angeles County of the project development spending is shown in Exhibit E-1.

Exhibit E-1
Economic and Fiscal Impact of Project Development

Direct Development Expenditures (\$ millions)	\$ 1,848.0
Total Economic Impact:	
Output (\$ millions)	\$ 3,065.0
Employment (jobs)	20,500
<i>Direct</i>	<i>11,800</i>
<i>Indirect and induced</i>	<i>8,700</i>
Labor income (\$ millions)	\$ 1,298.7
Total Fiscal Impact (\$ millions):	
Federal tax revenues	\$ 243.1
State and local tax revenues	150.4

Source: Estimates by LAEDC

The total cost of the Grand Avenue plan is currently estimated to be \$1.8 billion. This activity will generate:

- ▶ 20,500 annual jobs;
- ▶ \$1.3 billion in labor income;
- ▶ \$3.1 billion in total output (business revenues);
- ▶ \$150 million in state and local taxes, of which \$43.1 million will be earned by the County and \$18.4 million will be earned by cities (mostly the City of Los Angeles).

1 Economic Impact Analysis

Economic impact analysis is used to estimate the overall economic activity, including spill-over and multiplier impacts, which occurs as a result of a particular business, event or geography.

The initial economic activity related to the initial development spending and to ongoing activities at the new property is the purchase of goods and services from local vendors and the wages and benefits paid to local workers.

This injection of funds into the county circulates from the project to the owner and employees of establishments that help supply the goods and services that the project purchases. These suppliers in turn hire workers and buy goods and services to facilitate their business.

The project developers will spend millions of dollars for the wages and benefits of construction employees. These workers, as well as employees of all suppliers, spend a portion of their incomes on groceries, rent, vehicle expenses, healthcare, entertainment, and so on. This recirculation of the original expenditures multiplies their impact through such indirect and induced effects.

The extent to which the initial expenditures multiply is estimated using economic models that depict the relationships between industries (such as the construction industry and its suppliers) and among different economic agents (such as industries and their employees).

These models are built upon actual data of expenditure patterns that are reported to the U.S. Bureau of Labor Statistics, the U.S. Census Bureau and the Bureau of Economic Analysis of the U.S. Department of Commerce. Data is regionalized so that it reflects and incorporates local conditions such as prevailing wages rates, expenditure patterns, and resource availability and costs.

The magnitude of the multiplying effect differs from one region to another depending on the extent to which the local region can fill the demand for all rounds of supplying needs. For example, the automobile manufacturing industry has high multipliers in Detroit and Indiana since these regions have deep and wide supplier networks, while the same industry multiplier in



Phoenix is quite small. In another example, the jobs multiplier for the construction industry is higher in, say, Arkansas, than in California because the same amount of spending will purchase fewer workers in Los Angeles than in Little Rock.

Multipliers can also differ from year to year as relative material and labor costs change and as the production “recipe” of industries change. For example, the IT revolution significantly reduced the job multiplier of many industries (such as manufacturing, accounting, architecture and publishing) as computers replaced administrative and production workers. ❖

Approach and Methodology

Economic impact analysis typically begins with an increase in final demand for an industry’s output, such as a purchase of legal services, or rent and utilities.

The approach used here is to use the budgeted expenditures for the construction of each phase of the project, combined with the estimated revenues of all operations once the properties are occupied. Data was provided by the client and supplemented with regional and local data and analysis to provide revenue estimates (where these were not provided by the client).

2 Development Plan

The Grand Avenue plan is a multi-phased development plan that would provide residential and commercial uses across five parcels depicted on the map at right. Primarily residential, the plan also includes a hotel, retail and restaurant space, and parking.

Phase 1 consists of a 300-room luxury hotel and a residential structure with a combination of 380 rental units and 52 luxury hotel-serviced condominiums. These structures will be developed on what is called Parcel Q, at the southeast corner of Grand Avenue and 1st Street. This phase also included a 12-acre park between Temple and 1st streets stretching from Los Angeles City Hall to the John Ferraro Building housing the Los Angeles Department of Water and Power. The park, completed and now named Grand Park, has been developed as a separate first phase.

Phase 2 of the Grand Avenue Plan consists of a structure housing the new Broad Museum between Grand Avenue and Hope Street (on Parcel L), and a residential tower of 271 rental units on Parcel M south of Disney Concert Hall.

Phase 3 will add several residential structures with a combination of up to 1,310 condominiums and apartments and retail/commercial space on Parcel W, just east of Parcel Q.

All phases include residential uses with retail and restaurant space to provide services, amenities and entertainment for residents and downtown visitors, and ample subterranean parking. The developer has allocated 20 percent of residential units to meet affordability requirements for low- and moderate-income households.

The original development timeline for the Phase 1 development on Parcel Q encountered challenges during the economic recession. As a result, the hotel and residences of Phase 1 were put on hold until financial and market conditions were to improve. The Grand Park, however, was completed in 2013 as a separate first phase of development. Groundbreaking for the Broad Museum on Parcel L and the residential tower on Parcel M occurred in January of 2013 with opening planned for 2014.

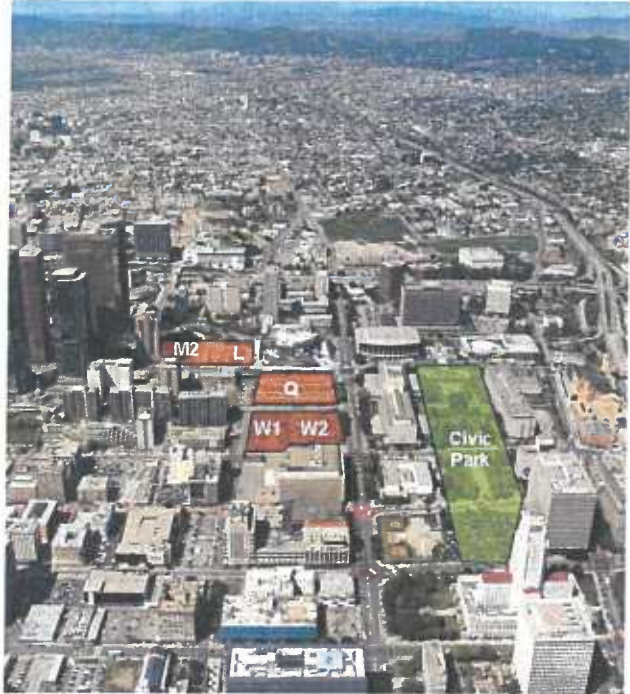


Exhibit 2-1
Net Square Feet of Space by Use

	Parcel Q	Parcels L & M	Parcel W
Residential (Rental)	315,000	222,421	888,722
Residential (Sale)	100,000	-	485,011
Hotel	300,000	-	-
Retail Uses	70,000	5,478	48,000
Food and Beverage	58,000	-	16,000
Health Club	36,000	-	-
Offices	45,000	-	-
Museum	-	84,580	-
Total	924,000	312,479	1,437,733

Source: Estimates by LAEDC

Plans for the development of Parcel Q have moved forward in 2013 with design changes pending the approval of the Grand Avenue Authority. ❖

**Exhibit 2-4
Detailed Fiscal Impact of Construction Activity**

By Type of Tax (\$ millions):	
Personal income taxes	\$ 128.8
Social insurance	114.6
Sales and excise taxes	47.7
Property taxes	43.1
Corporate profits taxes	34.2
Motor vehicle license	2.5
Other taxes and fees paid by businesses	13.8
Other taxes and fees paid by households	8.8
Total	\$ 393.5
By Type of Government (\$ millions):	
Federal	\$ 243.1
State	88.9
County	43.1
<i>Property taxes</i>	<i>35.3</i>
<i>Sales taxes</i>	<i>7.8</i>
Cities	18.4
<i>Property taxes</i>	<i>7.8</i>
<i>Sales taxes</i>	<i>3.3</i>
<i>Other fees and fines</i>	<i>7.3</i>
Total	\$ 393.5

Source: Estimates by LAEDC

Personal income taxes account for the largest single source of fiscal revenues to federal and state governments, reaching \$128.8 million as a result of the construction. Social insurance payments are made to both state and federal governments and will reach almost \$115 million. Other sources of tax revenues include sales and excise taxes, taxes on corporate profits, motor vehicle license and other taxes and fees paid by businesses and households.

The federal government will collect almost 62 percent of all tax receipts, earning \$243 million consisting mainly of social insurance taxes, personal income taxes and corporate profits taxes. The state of California will collect \$89 million, which includes sales tax revenues, personal income taxes, corporate profits taxes, royalties and rents, fees and licenses, and motor vehicle license fees. The county will collect \$43.1 million, largely from property taxes and its share of sales tax revenues. Cities will receive \$18.4 million from a share of property taxes and licenses and fees.

Economic and detailed fiscal impacts by phase are provided in the Appendix.

The total economic impacts spill across industries through indirect and induced effects. The complete list of estimated impacts by industry sector is shown in Exhibit 2-5.

**Exhibit 2-5
Distribution of Impacts of Construction Activity by Industry Sector**

	Jobs	Labor Income (\$ millions)	Output (\$ millions)
Utilities	10	\$ 2.2	\$ 15.6
Construction	11,830	829.5	1,855.0
Manufacturing	150	10.0	75.0
Wholesale trade	230	16.8	41.1
Retail trade	2,300	91.5	186.2
Transportation and warehousing	390	20.5	55.3
Information	130	17.6	61.1
Finance and insurance	580	45.8	154.1
Real estate and rental	430	13.0	176.2
Professional, scientific technical	860	82.4	136.7
Management of companies	40	4.0	7.8
Administrative and waste services	610	22.7	39.3
Educational services	240	10.9	17.9
Health and social services	1,110	68.2	118.8
Arts, entertainment and recreation	200	7.0	16.1
Accommodation and food services	710	19.0	46.6
Other services	610	30.1	49.4
Government	70	7.1	12.8
Total	20,500	\$ 1,298	\$ 3,065

Source: Estimates by LAEDC

Of the 20,500 jobs generated, 11,830 will be in the construction sector. However, virtually all industry sectors will experience a positive economic impact from the project construction spending, including professional and technical services, health and social services, retail trade, finance and insurance and accommodation and food services.

The values in the exhibit should be interpreted as illustrative of industry effects rather than precise given model and data limitations. A description of these industries is provided in the Appendix. ❖

and other operational functions. The Broad Foundation provided its estimated aggregate annual operating budget which was used as a proxy for museum revenues. This may understate the actual impact of this parcel.

Estimates for activities expected to occur on Parcel W were derived through extrapolation of data and estimates for Parcel Q on a square foot basis.

Using these methods, annual revenues of the ongoing activities at Grand Avenue Plan properties are estimated and summarized in Exhibit 4-1.

Exhibit 4-1
Estimated Annual Revenues at Grand Avenue Plan Properties
 (\$ millions)

	Parcel Q	Parcels L & M	Parcel W	Total
Retail and food and beverage	\$ 101.8	\$ 2.1	\$ 50.9	\$ 154.8
Hotel room and events revenue	43.6	-	-	43.6
Residential rents	12.6	7.8	23.2	43.6
Office activity	16.1	2.2	8.1	26.4
Hotel F&B revenues	25.7	-	-	25.7
Museum	-	10.0	-	10.0
Property mgmt	1.6	-	5.7	7.3
Parking	3.6	0.2	1.0	4.9
Health club	1.4	-	-	1.4
Total Annual Revenues	\$ 206.4	\$ 22.4	\$ 88.9	\$ 317.7

Source: Grand Avenue L.A., LLC; Estimates by LAEDC

The majority of the ongoing revenues will occur on Parcel Q. Not only is this the largest parcel, but the property will contribute the lion's share of activity because of its mix of uses, which includes a 300-room hotel. ❖

New Resident Spending

In addition to the ongoing activity occurring at the redeveloped property, a significant impact of the Grand Avenue Plan on the local economy will come from the addition of the new resident households (and their spending) to the neighborhood.

To quantify this impact, the annual income and spending for each new household is first estimated, and then the share of spending that would likely be directed to businesses in Los Angeles County is calculated.

Expected monthly rents and sales prices for each residential unit were provided by the developer, including those set aside to meet affordability criteria.



It is assumed that all units will be rented to households with spending patterns typical to residents of Los Angeles County. Further, it is assumed that the residential towers will experience a 92.7 percent occupancy rate based on the *American Community Survey, 2007-2011* five-year rental vacancy rate for the 90012 zip code area. A higher occupancy rate would translate into higher local spending and larger impacts; the inverse would be true for a lower occupancy rate.

Using expected rents, the income levels of future tenants and homeowners are estimated using data of the percentage of income typically dedicated to housing costs. According to the U.S. Census Bureau's *American Community Survey* report on housing characteristics, the median household in the downtown zip code of 90012 area of Los Angeles that rents its primary residence pays at least 35 percent of its before-tax income in housing costs. Therefore, the average annual pre-tax income for households living in Grand Avenue residences will exceed \$98,660, and the aggregate annual income of all new residents will exceed \$100 million.

To estimate the local expenditures of typical Los Angeles County households, household spending patterns described in the *Consumer Expenditure Survey, 2012-13* of the Bureau of Labor Statistics of the U.S. Department of Commerce are applied to the household incomes implied by the rents.

The survey disaggregates spending for various categories, including housing, transportation, food, health care, etc. It is assumed that only the following categories represent local retail spending: food away from home, alcoholic beverages, housekeeping supplies,

Economic and Fiscal Impact

The operational revenues and residential spending estimates are used as inputs to determine the total economic impact in Los Angeles County of all ongoing activity occurring at the Grand Avenue properties. This is presented in Exhibit 4-4.

Exhibit 4-4

Total Annual Economic and Fiscal Impact of Ongoing Operations

Direct Annual Revenues (\$ millions)	\$	317.7
New Resident Household Spending (\$ millions)		57.1
Total Economic Impact:		
Output (\$ millions)	\$	500.7
Employment (jobs)		5,030
<i>Direct</i>		3,710
<i>Indirect and induced</i>		1,320
Labor income (\$ millions)	\$	188.9
Total Fiscal Impact (\$ millions):		
Federal tax revenues	\$	40.9
State and local tax revenues		62.5
Source: Estimates by LAEDC		

It is estimated that ongoing activity at the Grand Avenue properties will generate economic output in Los Angeles County of over \$500 million annually, and support 5,030 jobs with a labor income of \$189 million.

Moreover, this economic activity is projected to generate almost \$62.5 million in state and local taxes and more than \$40 million in federal taxes. The disaggregation of taxes by type and by level of government is shown in Exhibit 4-5.

The largest component of overall tax revenues is property taxes. As a redevelopment project, the new properties of the Grand Avenue Plan will generate an annual increase in property taxes in addition to the ongoing property taxes of workers, residents and business that are impacted by the Grand Avenue project, as the assessed value of the property will rise by at least the value of construction. This may understate the actual reassessment. The property tax rate in this area is estimated to be 1.22 percent. Applied to the construction spending, this implies an annual increase in property tax revenues of \$21.8 million, which is shared among the County of Los Angeles, the City of Los Angeles, Los Angeles School District, the Community College District, and other taxing entities.

Personal income taxes are estimated to be \$18.4 million annually, paid to federal and state governments. Similarly, social insurance payments are made to both state and federal governments and will be \$18.2 million. Sales and excise taxes are estimated to reach \$17 million as a result of the new activity occurring at the property. This category includes transient occupancy taxes which will be earned from the new hotel. Other sources of tax revenues include taxes on corporate profits, motor vehicle license and other taxes and fees paid by businesses and households.

Exhibit 4-5

Detailed Annual Fiscal Impact of Ongoing Operations

By Type of Tax (\$ millions):	
Personal income taxes	\$ 18.4
Social insurance	18.2
Sales and excise taxes	17.0
Property taxes	13.6
Incremental property taxes	21.8
Corporate profits taxes	8.2
Motor vehicle license	0.5
Other taxes and fees paid by businesses	4.4
Other taxes and fees paid by households	1.3
Total	\$ 103.4
By Type of Government (\$ millions):	
Federal	\$ 40.9
State	16.2
County	30.7
<i>Property taxes</i>	29.1
<i>Sales taxes</i>	1.6
Cities	15.6
<i>Property taxes</i>	6.4
<i>TOT taxes</i>	6.3
<i>Sales taxes</i>	0.7
<i>Other fees and fines</i>	2.3
Total	\$ 103.4

Source: Estimates by LAEDC

The federal government will collect almost 40 percent of all tax receipts, earning \$40.9 million annually, consisting mainly of social insurance taxes, personal income taxes and corporate profits taxes. The state of California will collect \$16 million annually, consisting of sales tax revenues, personal income taxes, corporate profits taxes, royalties and rents, fees and licenses, and motor vehicle license fees. The county will collect more than \$30 million, largely from property taxes and its share of sales tax revenues. Cities will receive \$15.6 million from a share of property taxes, the transient occupancy tax and licenses and fees. Most of these tax revenues will be earned by the City of Los Angeles.

Appendix

Details by Parcel

Exhibit A-1

One-Time Incremental Economic and Fiscal Impact of Project Development by Parcel

	Grand Park	Parcel Q	Parcel L	Parcel M	Parcel W	Project Total
Direct Development Expenditures (\$ millions)	\$ 56.7	\$ 770.6	\$ 195.0	\$ 120.0	\$ 705.0	\$ 1,847.3
Total Economic Impact:						
Output (\$ millions)	\$ 100.4	\$ 1,270.9	\$ 332.9	\$ 197.9	\$ 1,162.7	\$ 3,064.9
Employment (jobs)	750	8,310	2,550	1,290	7,600	20,500
Labor income (\$ millions)	\$ 47.4	\$ 526.8	\$ 160.5	\$ 82.0	\$ 482.0	\$ 1,831.0
Total Fiscal Impact (\$ millions):						
Federal tax revenues	\$ 8.6	\$ 99.2	\$ 29.1	\$ 15.4	\$ 90.7	\$ 243.1
State and local tax revenues	\$ 4.5	\$ 63.1	\$ 15.3	\$ 9.8	\$ 57.7	\$ 150.4

Source: Estimates by LAEDC

Exhibit A-2

One-Time Incremental Government Revenue from Project Development by Parcel

	Grand Park	Parcel Q	Parcel L	Parcel M	Parcel W	Project Total
By Type of Tax (\$ millions):						
Personal income taxes	\$ 4.7	\$ 52.3	\$ 15.8	\$ 8.1	\$ 47.9	\$ 128.8
Social insurance	4.4	45.9	15.1	7.2	42.0	114.6
Sales and excise taxes	1.3	20.3	4.4	3.2	18.6	47.7
Property taxes	1.1	18.3	4.0	2.9	16.8	43.1
Corporate profits taxes	0.8	14.9	2.6	2.3	13.6	34.2
Motor vehicle license	0.1	1.0	0.3	0.2	0.9	2.5
Other taxes and fees paid by businesses	0.4	5.9	1.3	0.9	5.4	13.8
Other taxes and fees paid by households	0.3	3.6	1.1	0.6	3.3	8.8
Total	\$ 13.1	\$ 162.3	\$ 44.4	\$ 25.3	\$ 148.5	\$ 393.5
By Type of Government (\$ 000):						
Federal	\$ 8,606	\$ 99,188	\$ 29,113	\$ 15,446	\$ 90,744	\$ 243,096
State	2,823	36,947	9,605	5,754	33,802	88,931
County	1,144	18,331	3,983	2,855	16,771	43,083
Property taxes	938	15,018	3,267	2,339	13,740	35,302
Sales taxes	205	3,313	716	516	3,031	7,781
Cities	489	7,829	1,703	1,219	7,163	18,403
Sales taxes	88	1,420	307	221	1,299	3,335
TOT taxes	206	3,304	719	515	3,023	7,766
Property taxes	5	55	18	9	50	136
Other fees and fines	189	3,051	660	475	2,791	7,166
Total	\$ 13,062	\$ 162,295	\$ 44,404	\$ 25,273	\$ 148,479	\$ 393,513

Source: Estimates by LAEDC

Description of Industry Sectors

The industry sectors used in this report are established by the North American Industry Classification System (NAICS). NAICS divides the economy into twenty sectors, and groups industries within these sectors according to production criteria. Listed below is a short description of each sector as taken from the sourcebook, *North American Industry Classification System*, published by the U.S. Office of Management and Budget (2007).

Agriculture, Forestry, Fishing and Hunting: Activities of this sector are growing crops, raising animals, harvesting timber, and harvesting fish and other animals from farms, ranches, or the animals' natural habitats.

Mining: Activities of this sector are extracting naturally-occurring mineral solids, such as coal and ore; liquid minerals, such as crude petroleum; and gases, such as natural gas; and beneficiating (e.g., crushing, screening, washing and flotation) and other preparation at the mine site, or as part of mining activity.

Utilities: Activities of this sector are generating, transmitting, and/or distributing electricity, gas, steam, and water and removing sewage through a permanent infrastructure of lines, mains, and pipes.

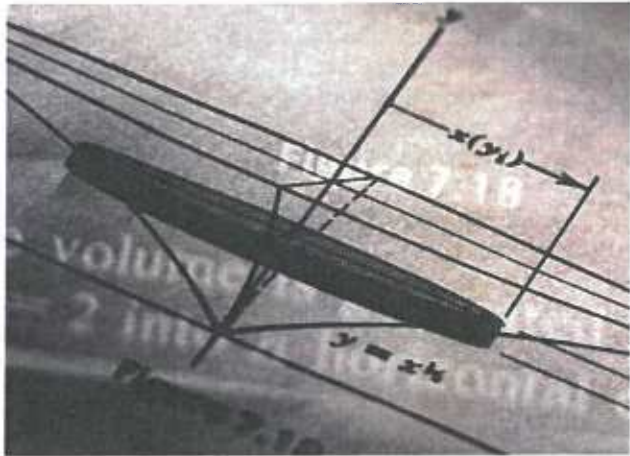
Construction: Activities of this sector are erecting buildings and other structures (including additions); heavy construction other than buildings; and alterations, reconstruction, installation, and maintenance and repairs.

Manufacturing: Activities of this sector are the mechanical, physical, or chemical transformation of material, substances, or components into new products.

Wholesale Trade: Activities of this sector are selling or arranging for the purchase or sale of goods for resale; capital or durable non-consumer goods; and raw and intermediate materials and supplies used in production, and providing services incidental to the sale of the merchandise.

Retail Trade: Activities of this sector are retailing merchandise generally in small quantities to the general public and providing services incidental to the sale of the merchandise.

Transportation and Warehousing: Activities of this sector are providing transportation of passengers and cargo,



warehousing and storing goods, scenic and sightseeing transportation, and supporting these activities.

Information: Activities of this sector are distributing information and cultural products, providing the means to transmit or distribute these products as data or communications, and processing data.

Finance and Insurance: Activities of this sector involve the creation, liquidation, or change of ownership of financial assets (financial transactions) and/or facilitating financial transactions.

Real Estate and Rental and Leasing: Activities of this sector are renting, leasing, or otherwise allowing the use of tangible or intangible assets (except copyrighted works), and providing related services.

Professional, Scientific, and Technical Services: Activities of this sector are performing professional, scientific, and technical services for the operations of other organizations.

Management of Companies and Enterprises: Activities of this sector are the holding of securities of companies and enterprises, for the purpose of owning controlling interest or influencing their management decision, or administering, overseeing, and managing other establishments of the same company or enterprise and normally undertaking the strategic or organizational planning and decision-making of the company or enterprise.

Ms. Sedgwick joined the LAEDC team in June of 2008 as an Economic Research Assistant for the Kyser Center for Economic Research. In that role she assisted both Economic Research and the Consulting Practice of the LAEDC with data collection and research, managing multiple data sets covering the State of California, Southern California, its counties and their sub-regions. In addition to writing sections of LAEDC's Economic Forecasts, she was responsible for the "Business Scan" containing a collection of Los Angeles County economic indicators; the annual "L.A. Stats" report, containing the most frequently requested statistics for Los Angeles and its surrounding counties; and was a regular contributor to the weekly economic newsletter, "e-Edge."

Before joining the LAEDC, Ms. Sedgwick managed an industrial and steel supply company located in the Inland Empire. There she identified and targeted a diverse customer base, and analyzed product and customer patterns in the local industrial market to successfully increase revenues.

A Southern California native, Ms. Sedgwick received her Bachelor of Arts in Economics from the University of Southern California (USC) with a minor in Architecture. She has been a member of the national and the Los Angeles Chapter of the National Association for Business Economics (NABE) since 2008.

Somjita Mitra, Ph.D.
Economist

Somjita Mitra joined the Economic and Policy Analysis Group as an Economist in June 2013. She is involved in planning, designing and conducting research and analysis for consulting clients and local businesses and governments, as well as for LAEDC's internal departments. Her focus is in regional analysis, economic impact studies and the industrial and occupational structure of local economies.

Before joining the LAEDC, Dr. Mitra was an Economist for a local economic research and litigation consulting company evaluating economic damages, estimating lost profits, identifying key economic issues and developing necessary analytical and empirical frameworks. Prior to this, Dr. Mitra was a Project Director for a consumer research firm in Los Angeles where she managed projects that identified and analyzed key market issues for small, local firms as well as multinational corporations.

Dr. Mitra received her Bachelor of Arts in Economics and Political Science from the University of California, Los Angeles and her Master of Arts in Politics, Economics and Business as well as her Ph.D. in Economics from Claremont Graduate University. Dr. Mitra enjoys volunteering in the local community and is actively involved in both women's welfare and animal rescue organizations. ❖