

# CITY OF LOS ANGELES

CALIFORNIA



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HOLLY L. WOLCOTT  
Executive Officer

When making inquiries relative to  
this matter, please refer to the  
Council File No.

June 22, 2012

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 08-3050,  
at its meeting held June 20, 2012.



City Clerk  
srb

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**TO THE COUNCIL OF THE  
CITY OF LOS ANGELES**

**Your                    JOBS AND BUSINESS DEVELOPMENT COMMITTEE**

**reports as follows:**

JOBS AND BUSINESS DEVELOPMENT COMMITTEE REPORT relative to the establishment of an economic development entity.

Recommendations for Council action, as initiated by Motion (Smith - Huizar for Cárdenas - Zine):

1. APPROVE in concept the establishment of an economic development entity, comprised of a new Economic Development Department and a new economic development nonprofit organization that will contract with the City to implement the City's economic development goals and projects.
2. DIRECT the City Administrative Officer/Chief Legislative Analyst (CAO/CLA), or designees, within 90 days to secure a consultant to assist in the development of the components of the new Department and the creation of the nonprofit entity including the development of the necessary roles, responsibility and tools that are required to implement the City's economic development goals; and for the consultant to provide a report to the CAO/CLA for submittal to the Mayor and Council on the new economic development entity including, but not limited to, the outline contained in the April 17, 2012 joint CAO/CLA report and attached to the Council file.
3. INSTRUCT the CAO/CLA, with the assistance of the Mayor, Community Development Department, Department of Finance, and other City departments and agencies as appropriate, to report to the Mayor and Council within 90 days of receipt of the consultant's report, an action plan to implement the economic development structure as contained in the April 17, 2012 joint CAO/CLA report and attached to the Council file, to include a City department oversight function, and one or more nonprofit economic development corporation(s).
4. INSTRUCT the CAO/CLA, or designees, to convene a task force with representatives of appropriate City, County, and State agencies and other stakeholder entities to report with an analysis of the economic development model and recommendations to revise those policies as appropriate.
5. INSTRUCT the CAO/CLA, or designees, with the assistance of City Departments as necessary the Offices of the Mayor and the City Attorney and other stakeholders, to report back with funding and details of the new economic development entities and identify personnel positions and funds to be transferred, develop a budget, and identify other transition and implementation steps necessary.
6. AMEND the Department of General Services, Asset Management Division Request For Proposal relative to the selection of a consultant to advise the City on Best Management Practices for management of the City's real estate portfolio to include the City's proprietary departments (Harbor Department, Los Angeles World Airports and the Department of Water and Power) and the Department of Recreation and Parks and request that their respective Boards to report to the Mayor and Council their approval and participation in the new Citywide economic development plan.

7. REQUEST the Mayor to set aside funds in the Fiscal Year 2012-13 Proposed Budget from the proceeds of the City's share of additional property tax payments due to the elimination of former Community Redevelopment Agency (CRA) in order to fund the consultant, staffing and program for the new Citywide economic development model.
8. DIRECT the Personnel Department to assist the CRA employees with finding jobs in other City Departments.
9. INSTRUCT the CAO/CLA to ensure that the scope of the analysis of the economic model should not ignore what was learned over the last several decades on the CRA, and to prioritize areas with infrastructure deficits, high population density, and block grant eligibility for economic development.

Fiscal Impact Statement: The CAO/CLA report that the creation of an economic development entity that will include costs for new executive/administrative staff, equipment/facilities, operating costs for a nonprofit entity, and other expenses, in addition to the use of existing City facilities, personnel, and funding resources may impact the General Fund. This additional fiscal impact can be better estimated once specific personnel requirements, facility, operational and equipment costs are identified in a subsequent report to the Mayor and Council regarding the establishment of an Economic Development Department.

Community Impact Statement: None submitted.

SUMMARY

On May 23, 2012, the Jobs and Business Development Committee considered a joint report from the CAO/CLA in response to Motion (Smith - Huizar for Cárdenas - Zine) relative to the establishment of an economic development entity. During the Committee discussion, the CAO, CLA and Mayor's deputy for Economic Development provided a thorough overview of the April 27, 2012 joint CAO/CLA report as attached to the council file. They responded to numerous related questions from the Committee members. The CLA made it clear during the meeting that the initiative is not to create a new bureaucracy but more of a centralization of functions to which the CAO added that the dissolution of the CRA provides an opportunity to look at City properties and evaluate or determine how they can better be utilized. The CAO further states that it is not so much as to handing the City properties over to the nonprofits but it is about maximizing it to which LA Mall was used as a good example of a City property that was better utilized.

After consideration and having provided an opportunity for public comment, the Committee recommended approval of the recommendations in the joint CAO/CLA report as amended to add the direction for the Personnel Department to assist the CRA employees find jobs with other City Departments, and to make sure that the scope of the study will not ignore what was learned in the past and for the City to prioritize areas with infrastructure deficits, high population density, and block grant eligibility for economic development . This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

JOBS AND BUSINESS DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
GARCETTI:	YES
PARKS:	YES
LABONGE	ABSENT

**ADOPTED**  
*\*as amended*  
 JUN 20 2012  
*See attached Motions*  
**LOS ANGELES CITY COUNCIL**

EV  
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- Not Official Until Council Acts -

## MOTION

The City of Los Angeles has long needed a dynamic economic development entity focused on a citywide strategy. It is imperative for the City do everything in its power to create an economic development entity and implement an economic development strategy as soon as possible. The City is facing an unemployment rate and a poverty rate that is higher than both the Nation and the State, with 233,500 residents out of work and a poverty rate of 19.1%. Our residents must be our first priority and creating jobs, spurring economic opportunity and generating new and increasing existing revenues cannot wait months or years for the City to study options.

The City has also faced unprecedented budget deficits over the last several years and each year brings tougher decisions. The economic obstacles faced by the City have been further impacted by the loss of the Community Redevelopment Agency (CRA/LA), our ability to address these issues remains limited: cut our way to financial stability, tax our way to financial stability, and/or develop an economic strategy and adopt policies that will grow our revenues and put the City on a path to financial stability.

Throughout the Country there are successful models of consolidated economic development departments partnering with non-profit entities to implement programs and initiate projects that positively impact the economic vitality of a city.

The creation of a non-profit entity is an integral piece of any economic development strategy within the City of Los Angeles because only a non-profit can provide the broader range of tools the City needs to implement an economic development strategy, including the ability to leverage and engage in private partnerships. Therefore, expediting the study of the structure of a non-profit entity is necessary and possible while we await the results of the broader study.

In order for any economic development strategy or entity to move forward, it is necessary to identify funds that can be used to conduct a full review of the existing models that can meet the needs of the City as well as the seed funds to get the model off the ground in a timely manner.

These funds should be partnered with private sector matching funds to leverage city resources with privately raised funds, and should be made available in FY12-13 to ensure the City's ability to act swiftly in achieving its desired economic development goals.

As recommended by the June 19, 2012 joint CAO/CLA report, I THEREFORE MOVE,

1) To amend recommendation #2 in the JOBS AND BUSINESS DEVELOPMENT COMMITTEE report to reflect recommendation #3 in the HCED report to INSTRUCT CAO/CLA to report back in 45 days with a proposed structure for a not-for-profit entity including studying the feasibility of utilizing the Los Angeles Development Fund as said entity so that if the Council chooses to do so, the City may move forward while hiring and awaiting the report of the consultant;

2) Instruct the City Clerk to place on the first agenda after July 1, 2012 the following recommendations:

A. Authorize the Controller to transfer \$2 million from the Reserve Fund to the Unappropriated Balance and appropriate within the fund to a new account entitled Economic Development Model; and,

B. Direct the City Administrative Officer to identify either excess 2011-12 reversions to the Reserve Fund above 2012-13 budget and/or incremental revenue from Transit Occupancy Tax or sales tax above 2012-13 budget to repay the \$2 million loan and include repayment instructions in the Financial Status Report.

PRESENTED BY: *Herb J. Wesson, Jr.*  
HERB J. WESSON, JR.  
Councilmember, 10th District

JUN 20 2012

SECONDED BY: *E.G. H.*

ORIGINAL

**ADOPTED**  
*\*as amended*  
JUN 20 2012  
*see attached motion*  
LOS ANGELES CITY COUNCIL

**VERBAL MOTION**

I HEREBY MOVE that Council REFER Recommendation No. 2 of Amending Motion 20-D (Wesson - Garcetti) to the Budget and Finance Committee for consideration.

PRESENTED BY \_\_\_\_\_

PAUL KREKORIAN  
Councilmember, 2nd District

SECONDED BY \_\_\_\_\_

HERB WESSON  
Councilmember, 10th District

June 20, 2012

CF 08-3050

**ADOPTED**

**JUN 20 2012**

**LOS ANGELES CITY COUNCIL**