

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,

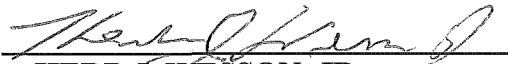
1) To amend recommendation #2 in the JOBS AND BUSINESS DEVELOPMENT COMMITTEE report to reflect recommendation #3 in the HCED report to INSTRUCT CAO/CLA to report back in 45 days with a proposed structure for a not-for-profit entity including studying the feasibility of utilizing the Los Angeles Development 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.
Councilmember, 10th District

JUN 20 2012

SECONDED BY:



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