

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

FILE NO. 08-3050

**FROM: COUNCILMEMBER HERB J. WESSON, JR., CHAIR
COUNCILMEMBER ED P. REYES, MEMBER
AD HOC COMMITTEE ON ECONOMIC DEVELOPMENT IMPLEMENTATION**

COMMUNICATION FROM CHAIR AND MEMBER, AD HOC COMMITTEE ON ECONOMIC DEVELOPMENT IMPLEMENTATION relative to the establishment of a new Economic Development Department and association with a non-profit economic development organization.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE the establishment of a new Economic Development Department (EDD) and REQUEST the City Attorney to prepare and present within 30 days the necessary ordinance to effectuate the implementation of the EDD, as appropriate.
2. EXPRESS intent to enter into a contract with a Citywide Economic Development Nonprofit (CEDN).
3. INSTRUCT the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO) to identify a CEDN to provide economic development services on behalf of the City.
4. INSTRUCT and REQUEST as appropriate the CLA, CAO and City Attorney within 30 days to prepare and submit a term sheet specifying the major terms of a contract to be entered into with a CEDN, including, but not limited to:
 - a. Strategic plan development.
 - b. Focused investment in low-income and blighted communities.
 - c. Scope of services.
 - d. Deliverables and performance evaluation criteria.
5. INSTRUCT the CAO and CLA to report to the Ad Hoc Committee on Economic Development Implementation within 30 days with specific recommendations regarding staffing, budget and departmental impacts relative to the EDD.
6. REQUEST that the Mayor include the implementation of the EDD and use of a CEDN in the Fiscal Year 2013-14 Proposed Budget.
7. INSTRUCT the CLA and CAO to include in their report responses to the following questions:
 - a. What will be the role of the Council within the proposed economic development model, and how will Councilmembers be able to respond to their respective constituencies?
 - b. How can the City's purchasing power with companies with which it does business be leveraged to foster local hiring?

- c. How can the City leverage its position as largest payer of the County stormwater parcel tax hold the other 89 cities in the region accountable for stormwater runoff?
- d. How can the City address the inequity of bearing the brunt of providing affordable housing for the region's workforce while other cities in the region benefit from the jobs and the tax base?
- e. How can the City equitably allocate resources towards the replacement/repair/cleaning of sidewalks and roadways in the City center and its transit-oriented districts around rail stations to create desirability in neighborhoods and in turn foster economic development?
- f. How will land use/zoning (re-entitling) be integrated into fostering economic development in the City?

Fiscal Impact Statement: The CLA/CAO reports that the recommendations in this report are estimated to ultimately redirect approximately \$32.5 million in General Fund, Special Fund and other external costs in Fiscal Year 2013-14. Ongoing costs will be more specifically identified in a subsequent CLA and CAO report to the Ad Hoc Committee on Economic Development Implementation. The City is anticipated to benefit from improved investment of existing City resources and better positioning for future business growth, job creation and expansion of the local tax base. The recommendations in this report are in compliance with the City's Financial Policies in that General Fund expenditures and appropriations for priority programs are to be made against current revenue.

Community Impact Statement: None submitted.

SUMMARY

At a special meeting of the Ad Hoc Committee on Economic Development Implementation held on January 29, 2013, the Chair and member of the Committee considered a joint report from the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO), dated January 25, 2013, relative to the establishment of a new Economic Development Department, the proposed relationship with a non-profit economic development organization, and an analysis of the Consultant's report on the steps necessary for implementation of a new Department and non-profit entity.

The CLA and the CAO appeared before the committee to provide a brief overview of the joint report, and were joined by representatives of the City's consultant on this matter (HR&A Advisors, Inc.) who briefly presented their research, recommendations on the steps to establish an Economic Development Department and an association with an non-profit economic development entity, and the results of stakeholder outreach.

During discussion of the item, the Committee member who represents Council District One expressed concern regarding how the proposed economic development model would take into account questions and concerns such as the role of the Council within the proposed model; how can the City's purchasing power with companies with which it does business be leveraged to foster local hiring; and how the proposed model will integrate land use/zoning and quality-of-life issues such as stormwater runoff, the equitable distribution throughout the region of affordable housing, and repair/replacement of the City's sidewalks and roadways in order to foster economic development. The recommendations in the CLA and CAO report were then

amended to include an instruction to the CLA and CAO to include responses to these questions in the next report to the Committee.

After providing an opportunity for public comment, the Committee Chair and member moved to approve the recommendations in the joint CLA/CAO report as amended. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

COUNCILMEMBER HERB J. WESSON, JR., CHAIR
AD HOC COMMITTEE ON ECONOMIC DEVELOPMENT IMPLEMENTATION

COUNCILMEMBER ED P. REYES, MEMBER
AD HOC COMMITTEE ON ECONOMIC DEVELOPMENT IMPLEMENTATION

<u>MEMBER</u>	<u>VOTE</u>
WESSON:	YES
KREKORIAN	ABSENT
GARCETTI:	ABSENT
PERRY:	ABSENT
REYES:	YES

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