

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

FILE NO. 08-3050

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

COMMUNICATION FROM CHAIR, AD HOC COMMITTEE ON ECONOMIC DEVELOPMENT IMPLEMENTATION and ORDINANCE relative to the establishment of a new Economic Development Department (EDD).

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

1. PRESENT and ADOPT the accompanying ORDINANCE adding Chapter 30 to Division 22 of the Los Angeles Administrative Code (LAAC) to create an EDD and to transfer and consolidate the economic development powers and duties of the Community Development Department (CDD) and other City departments to the new EDD, adding Section 7.27.2 to Article 4 of Chapter 1 of Division 7 of the LAAC to establish a procedure for the conveyance of real property interests owned or controlled by the City for economic development, and repealing Articles 1, 2, 3, and 5 of Chapter 13 of Division 8 of the LAAC.
2. ADOPT the proposed transfer of functions to the new EDD as shown in Option 1 of the Options Matrix that appears as Attachment 1 to the joint Chief Legislative Analyst (CLA)/City Administrative Officer (CAO) report dated April 2, 2013, attached to the Council file.
3. INSTRUCT the CAO and the CLA to report back in 30 days with a draft Request for Proposals (RFP) for a Citywide Economic Development Nonprofit (CEDN) to provide economic development services on behalf of the City. This report should include all items related to the February 5, 2013 Council action (attached to Council File 08-3050) that refer to the CEDN.
4. INCLUDE the function of Neighborhood Development and its related staff with Option 1 and transfer all related positions and funding to the Los Angeles Housing Department.
5. DELETE the transfer of the Brownfields Program, Public Works, Bureau of Sanitation position to EDD.

Fiscal Impact Statement: The CLA/CAO reports that the above recommendations have no impact on the General Fund. Funds proposed to create the EDD of approximately \$16.3 million include funds previously identified for existing departments and no new funds are proposed at this time. Approximately \$300,000 in direct costs associated with CDD Neighborhood Development positions is unassigned as their departmental placement is undetermined at this time. The option recommended to transfer non EDD-related programs to the Los Angeles Housing Department is estimated to achieve up to \$1.7 million in cost avoidance over other proposed options.

Community Impact Statement: None submitted.

SUMMARY

At a special meeting of the Ad Hoc Committee on Economic Development Implementation held on April 5, 2013, the Committee Chair considered a City Attorney report and Ordinance dated March 26, 2013 relative to creation of a new EDD, consolidation of the EDD City economic development activities, and creation of a mechanism for the conveyance of real property to foster economic development in the City. The Committee also considered a joint report from the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO), dated April 2, 2013, relative to recommendations for the budget and staffing of the EDD, authorization to release an RFP for a Citywide Economic Development Nonprofit (CEDN) to provide economic development services on behalf of the City, discussion of options for the consolidation of the CDD and the LAHD, and related matters.

The CLA and the CAO appeared before the committee to provide a brief overview of the joint report. During discussion of the item, the CAO reported that a policy decision by Council is necessary relative to determining whether the CDD's Neighborhood Development function should become its own department, transferred to either the EDD or the LAHD. The CAO recommends that the function be transferred to the LAHD. The CAO also reported that in addition to 100 positions in CDD to be transferred to the new EDD, CAO recommends transfer to the EDD of three positions in the Mayor's Office, one position in the CAO, and the Bureau of Sanitation (BOS) Brownfields function. The City Clerk's Business Improvement District function and positions in the CAO's office relative to asset management will be phased in. Lastly, CAO recommended approval of the Ordinance establishing the EDD.

The CLA concurred with the report by the CAO, but recommends that the Neighborhood Development and Neighborhood Improvement programs (which are block grant funded) be moved to the EDD rather than the LAHD.

The Committee Chair moved to amend the recommendations in the joint CLA/CAO report to: instruct the CLA/CAO to report back in 30 days with a draft RFP for a CEDN, include the Neighborhood Development function and related staff with Option 1 (as detailed in the joint CLA/CAO report) and transfer all related positions and funding to the LAHD, and to delete the transfer of the BOS Brownfields Program position to the EDD.

After providing an opportunity for public comment, the Committee Chair 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

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

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