

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

FILE NO. 08-3050

**FROM: COUNCILMEMBER TONY CÁRDENAS, CHAIR
COUNCILMEMBER ERIC GARCETTI, MEMBER
AD HOC COMMITTEE ON ECONOMIC DEVELOPMENT STRUCTURE**

COMMUNICATION FROM CHAIR AND MEMBER, AD HOC COMMITTEE ON ECONOMIC DEVELOPMENT STRUCTURE relative to consultant analysis and recommendations regarding the City's establishment of an Economic Development Department and a non-profit economic development entity.

Recommendations for Council action:

1. REQUEST the consultant, HR&A Advisors, Inc., to circulate the final report and conduct outreach to stakeholders for input on the new model and report in 60 days with the results of the outreach.
2. INSTRUCT the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO) to report on the following: costs related to implementation of the new economic development delivery model; next steps to achieve implementation; and options of creating a non-profit.

Fiscal Impact Statement: The CLA/CAO reports that there is no direct impact on the General Fund if the recommendations in this report are approved. The report from HR&A Advisors, Inc. concludes that now is a prudent time to begin implementation of a new economic development delivery system; however, this recommendation does not require additional funds or a net change in staffing at this time. Further discussion relative to potential costs in Fiscal Year 2013-14 will be provided as part of a CLA/CAO report that will address next steps toward implementation.

Community Impact Statement: None submitted.

SUMMARY

At a meeting of the Ad Hoc Committee on Economic Development Structure held on December 12, 2012, the Committee considered a joint report from the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO), relative to consultant analysis and recommendations regarding the City's establishment of an Economic Development Department and a non-profit economic development entity.

In June 2012, the Council approved, in concept, the establishment of an economic development entity comprised of a new Economic Development Department and a non-profit economic development entity that will contract with the City to implement the City's economic development goals and projects. Additionally, the Council instructed the CLA/CAO to secure a consultant to assist in the development of the components of the new Department and the creation of the non-profit entity, and for the consultant to provide a report to the CAO/CLA for submittal to the Mayor and Council. The CLA/CAO selected HR&A Advisors, Inc., (Consultant) to conduct the necessary analysis and prepare the requested report.

The CLA and the CAO appeared before the committee and reported that consultant will be presenting an Executive Summary of its report relative to the establishment of an economic

development framework, which is the first step in the Committee's consideration and Council review of this issue. The CLA/CAO tasked the Consultant with examining best practices throughout the country, and other economic development entities and their challenges and outcomes. The CLA/CAO recommends that once the Consultant's final report is released, that the Consultant conduct outreach to stakeholders on the report and come back before the Committee.

The Consultant, HR&A Advisors, Inc., submitted an Executive Summary of their report which is attached to the CLA/CAO report dated December 11, 2012 (contained in Council File No. 08-3050) and presented an overview of their findings and recommendations to the Committee. HR&A Advisors advised the Committee that the final report will be provided to the City on December 14, 2012.

After providing an opportunity for public comment, the Committee moved to approve the recommendations in the CLA/CAO report as amended to request that HR&A Advisors, Inc. report back in 60 days instead of 30 days relative to the results of outreach on the final report. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

COUNCILMEMBER TONY CÁRDENAS, CHAIR
AD HOC COMMITTEE ON ECONOMIC DEVELOPMENT STRUCTURE

COUNCILMEMBER ERIC GARCETTI, MEMBER
AD HOC COMMITTEE ON ECONOMIC DEVELOPMENT STRUCTURE

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

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