

13-0934-51

ECONOMIC DEVELOPMENT

MOTION

ENERGY & ENVIRONMENT

Power agencies around the country offer economic development rate incentives to attract and retain businesses in their service territories. Eligibility requirements vary by program but are intended to encourage businesses to expand and generate job growth. For example, a business may obtain a temporary reduced power rate if it moves into a building that had previously been vacant, constructs new facilities within the service territory, or focuses on a certain field, such as biomedical research. In most cases, the business must show that it is locating to or expanding in the area, in part, because of the energy incentive.

The Los Angeles Department of Water and Power (DWP) offered a reduced five-year electric rate to businesses that located or expanded in the City's State Enterprise Zone. The State Enterprise Zone, which was created to stimulate economic development, included areas of the East San Fernando Valley, Hollywood, Central Los Angeles, East Los Angeles, and the Harbor Gateway.

The economic development program, which was funded by the DWP and managed by the Los Angeles Community Development Department, was also open to DWP business customers whose average energy consumption had grown by 35 percent over the prior year due to an increase in production. Businesses had to demonstrate that they followed state-mandated energy efficiency standards and that the additional energy consumption was from business growth in order to be eligible.

The City stopped accepting applications for the program last year after the state Legislature repealed the Enterprise Zones Act and dissolved the Enterprise Zones.

While businesses who were already participating in the program, at the time of the dissolvent, continue to maintain their rate for the remainder of their five-year agreement, the DWP does not offer any similar incentives to other businesses that may be considering expanding or relocating to Los Angeles.

As Los Angeles seeks to attract and retain business in the City, a DWP incentive should be considered as a mechanism to support local economic development.

I THEREFORE MOVE that Council request/instruct the Department of Water and Power, in conjunction with the Economic Workforce and Development Department, to report on the status of the Enterprise/Empowerment Zone Rate Subsidy Program and its impact on economic development and new job creation in Los Angeles.

I FURTHER MOVE that Council request the Department of Water and Power to report on developing economic development incentives for businesses who are moving to or expanding in Los Angeles and creating new local jobs.

DEC 10 2014

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PRESENTED BY:

FELIPE FUENTES,
Councilmember 7th District

SECONDED BY:

ORIGINAL