

# CITY OF LOS ANGELES

CALIFORNIA

**ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT**

1200 W. 7TH STREET  
LOS ANGELES, CA 90017

JAN PERRY  
GENERAL MANAGER



ERIC GARCETTI  
MAYOR

April 21, 2016

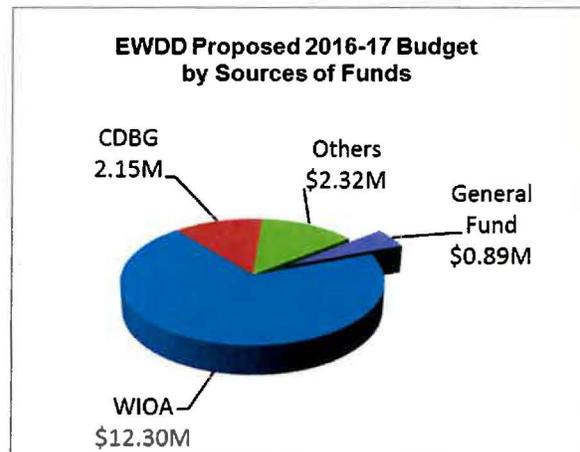
Budget and Finance Committee  
c/o Richard Williams  
City Clerk  
200 North Spring Street, Room 395  
Los Angeles, CA 90012

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**SUBJECT: ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT  
COMMENTS REGARDING THE FISCAL YEAR 2016-17 PROPOSED  
BUDGET**

In a letter dated February 29, 2016, the Chair of the Budget and Finance Committee requested comments from City departments regarding the Mayor's Proposed budget for Fiscal Year (FY) 2016-17. This correspondence discusses the Economic and Workforce Development Department's (EWDD) proposed budget.

As the graph illustrates, the EWDD is substantially a Workforce Innovation and Opportunity Act (WIOA) grant funded department, responsible for administering the City's federal, state, and local workforce development programs, planning, coordinating and implementing economic development activities within the City. The department helps individuals find permanent employment through the utilization of education, services, and job training. The EWDD provides workforce development services for City residents and businesses through a network of adult and youth centers located throughout the City.



In addition, the EWDD is responsible for the acquisition and disposition of real property for economic development. The department works with businesses, government, and community partners to implement economic initiatives that create growth and build sustainable communities.

### **EWDD NON-DEPARTMENTAL BUDGET HIGHLIGHTS**

The FY16-17 proposed budget provides funding for several workforce development programs to help address homelessness, youth employment and residents seeking employment services. The EWDD is proposed to receive \$11.5 million in General City Purposes (GCP) funds to support the City's efforts to increase the opportunity for job seekers to find employment, job training, and supportive services. A summary of GCP funding is provided in Table 1 on the next page.

**City Comprehensive Homeless Strategy.** The FY16-17 proposed budget includes \$2 million in GCP funds for EWDD to provide job development services, including subsidized employment and supportive case management to help prepare individuals who are homeless for continued employment. If approved, this project will be an expansion of the grant-funded Los Angeles Regional Initiative for Social Enterprise (LA RISE) demonstration project, which

Table 1

| NON-DEPARTMENTAL GENERAL CITY PURPOSES FUNDING |                  |
|--|------------------|
| Program  | Proposed Funding |
| LA RISE Homelessness Strategy                  | \$ 2.0           |
| Gang Injunction Curfew Settlement Agreement    | 7.5              |
| Summer Youth employment Program                | 2.0              |
| <b>Total Non-Departmental GCP</b>              | <b>\$ 11.5</b>   |
| <i>Funding shown in millions.</i>              |                  |

provides employment services to job seekers with a history of homelessness and/or incarceration. The EWDD will allocate funding for these services through its existing network of 17 Worksource Centers to implement program activities.

**Gang Injunction Curfew Settlement Agreement.** The budget proposes \$7.5 million in GCP funding for EWDD to provide employment services to eligible participants of the gang injunction settlement agreement. Supportive services will be provided through the City’s workforce development system and will include job readiness development, vocational, and mentoring services to assist individuals with gaining necessary job skills. Additional details will be available pending court approval of the settlement agreement.

**Summer Youth Employment Program.** General Fund dollars were used to place approximately 1,000 young people in jobs or work experience during the 2015 summer youth employment campaign. The Mayor’s budget proposes to continue funding for the City’s Summer Youth Employment Program (SYEP) in FY16-17 with \$2 million in GCP. Young people between the ages of 14 and 24 will earn the minimum wage rate in a six-week work experience program, and receive personal enrichment and financial literacy training while developing work place skills. These funds will support the placement of 909 young people at worksites in the public, private and non-profit sectors.

**DEPARTMENTAL BUDGET OVERVIEW**

The proposed FY16-17 budget for EWDD salaries and expense is \$17.7 million. These funds will support a department staffing level of 171 full-time employees who implement economic and workforce development programs. As can be seen in Table 2 below, the proposed budget represents a \$2.6 million or 12.7% reduction when compared to the FY15-16 Adopted Budget.

Table 2

The reduction in funding is due to (1) the elimination of one-time General Fund for workforce development programs which provide

| Total EWDD Special and General Fund: |   |
|--------------------------------------|---|
| 2015-16 Adopted Budget:              | \$ 20.22M  |
| 2016-17 Proposed Budget:             | \$ 17.66M  |
| <i>Funding shown in millions.</i>    |   |

services for vulnerable populations, (2) reduced funding from the Community Development Block Grant (CDBG), (3) other expiring grants, and (4) the deletion of 19 long-time vacant positions. The impact of the General Fund reduction is described in the sections that follow. Also, to support the incremental growth of the City’s economic development efforts, EWDD is requesting City Council consideration for activities that are critical to the acquisition and disposition of real properties on the department’s current list of real estate assets.

**EWDD ITEMS FOR COUNCIL CONSIDERATION**

**Real Estate Asset Management**

The FY15-16 Adopted Unappropriated Balance (UB) included \$1 million for Citywide economic development asset management activities. In a transmittal dated September 1, 2015 (C. F. 12-1549-S4), the EWDD requested Mayor and Council approval to transfer funds from the UB to EWDD to implement economic development activities, including several technical positions to carry out real estate asset management activities. The accompanying CAO report recommended six-month funding for three new EWDD positions this fiscal year. The EWDD is requesting review and approval by Council of the recommendations in the EWDD and CAO reports for C. F. 12-1549-S4.

In January 2015, the City entered into a series of Option Agreements with CRA/LA giving the City the right to purchase and market ten CRA/LA-owned properties for future disposition and development (C.F. #14-0425). These "Future Development" properties represent significant development opportunities that maximize benefits for communities and the City's General Fund.

Since January 2015, a working group assigned by the Mayor's Office and jointly led by the Economic and Workforce Development Department (EWDD) and Housing and Community Investment Department (HCID) has worked on implementing the solicitation of these properties for purchase by third party developers. The initial terms to exercise the Options expire in January 2017. Five of the ten properties expire later in 2017 or early 2018:

- |                        |                          |
|------------------------|--------------------------|
| 1. Reseda Town Center  | 4. Westlake Theater, and |
| 2. Wilmington Block 27 | 5. Marlton Square.       |
| 3. Bunker Hill Y-1     |                          |

Along with the affected Council Offices, the Mayor, CLA, CAO and HCID are currently engaged with the various Future Development projects, each of which has a different scope and disposition strategy.

There are some costs associated with the City's efforts to exercise and dispose of the Future Development properties. The Option Agreements require the City to fund appraisal costs for the properties. On April 15, 2016, City Council approved the recommendation to identify \$300,000 in the UB and appropriate the funds to EWDD in the FY15-16 budget. These funds will cover appraisal costs and the development of Requests for Proposals or similar materials, for which consultant expertise is critical. As illustrated in Table 3 below, the EWDD is requesting consideration from Council to approve the re-appropriation of \$700,000 from the FY15-16 UB to EWDD for property analysis, development, and disposition activities, including funding for three new resolution authority positions to carry out real estate asset management activities.

Table 3

| REAL ESTATE ASSET MANAGEMENT              |            |                                |                |                |
|---|------------|--------------------------------|----------------|----------------|
| Classification                            | Class Code | Section                        | Annual Amount  | 9-Month Amount |
| Property Manager III                      | 1964-3     | Real Estate Development        | 134,676        | 98,314         |
| Property Manager II                       | 1964-2     | Relocation/Property Management | 124,361        | 90,797         |
| Industrial Commercial Fin Ofcr II         | 9191-2     | Real Estate Development        | 92,436         | 87,881         |
| Consultant Services                       | -          | Real Estate Development        | -              | 292,922        |
| Other Expense                             | -          | Real Estate Management         | -              | 130,086        |
| <b>Total Real Estate Asset Management</b> |            |                                | <b>351,473</b> | <b>700,000</b> |

The EWDD request includes funding for real estate and appraisal services and other related expenses such as department administrative support and lease costs. Access to General Fund dollars is essential for EWDD to carry out this work, meet the time constraints under the Option Agreements with CRA/LA, and perform similar tasks on other City-owned real property assets.

**One-Time General Fund Support**

In FY14-15, EWDD received \$1.7 million in one-time Capital Improvement Expenditure Program (CIEP) funds to support workforce development programs previously funded with CDBG public services funds. The City-managed YouthSource Centers in Boyle Heights and Watts, Hire LA, Cash for College, and the Day Laborer programs was also approved for one-time General Funds in FY15-16.

The **Hire LA** program, with the assistance of the LA Chamber of Commerce, secures job pledges to hire young adults into unsubsidized employment. The **Cash for College** program helps to expand access to education and career opportunities through participation in college fairs and financial aid workshops. For FY16-17, the Mayor has increased the Hire LA goal from 11,000 to 15,000 job placements. The EWDD is requesting \$285,000 in General Fund to provide Hire LA services for approximately 2,000 youth who are not eligible for Workforce Innovation and Opportunity Act (WIOA) funded services.

The **YouthSource Centers in Boyle Heights and Watts** are primarily funded with the WIOA grant. Through the WIOA grant, the YouthSource Centers provide work readiness, educational achievement, and school dropout recovery services to WIOA eligible youth. The EWDD is requesting \$573,000 in General Fund to provide workforce development services to approximately 235 youth who are not eligible to receive services funded with state or federal grants.

Table 4

**FY2016-17 Workforce Development General Fund Programs**

| Program                           | 2015-16             | 2016-17         |              |
|-----------------------------------|---------------------|-----------------|--------------|
|                                   | Adopted Budget      | Proposed Budget | % Change     |
| Day Laborer                       | \$ 750,000          | \$ -            | -100%        |
| City-Managed Youthsource Centers* | 573,000             | -               | -100%        |
| Hire LA                           | 285,000             | -               | -100%        |
| Cash for College                  | 49,000              | -               | -100%        |
| <b>Total</b>                      | <b>\$ 1,657,000</b> | <b>\$ -</b>     | <b>-100%</b> |

\*YouthSource sites are located in Boyle Heights and Watts.

In FY2015-16, the **Day Laborer Program** received \$750,000 to provide services for 19,000 individuals at seven sites located throughout the City:

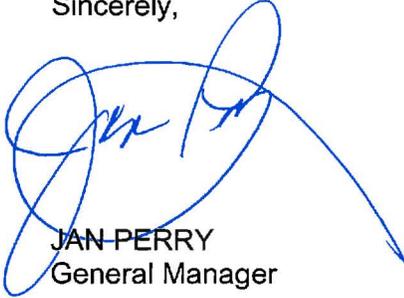
- |                 |                    |
|-----------------|--------------------|
| 1. Downtown LA  | 5. North Hollywood |
| 2. Hollywood    | 6. Van Nuys, and   |
| 3. Harbor City  | 7. Westlake.       |
| 4. Cypress Park |                    |

Currently the Day Laborer Program is not proposed to receive General Fund in FY16-17, and the Program is not eligible to receive WIOA funding. This program seeks to increase worker capacity and opportunity for employment for persons participating in the casual labor force. The service impact would likely result in the elimination of all seven day laborer services. The EWDD is requesting \$750,000 in General Fund to restore funding for a total of seven day laborer sites.

**CONCLUSION**

The EWDD appreciates the support of the Mayor, City Council and others for the proposed GCP funding that will provide services for youth and adult job seekers, persons who are homeless, and residents eligible within the gang injunction curfew settlement agreement. The department will continue to implement economic and workforce development programs within its budgeted resources. We look forward to working with the members of the Budget and Finance Committee to develop a City budget that addresses the needs of the residents of the City of Los Angeles.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jan Perry", is written over a large, loopy blue scribble.

JAN PERRY  
General Manager

JP:JW:zd